



MODEL PROJECT REPORT



PROJECT REPORT ON CONFECTIONERY AGRO

SWAVALAMBI BHARAT ABHIYAN

PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : XXXXXXXX
- 2 Constitution (legal Status) : XXXXXXXX
- 3 Father's/Spouse's Name : XXXXXXXX
- 4 Unit Address : XXXXXXXX
- Taluk/Block: XXXXX
District : XXXXX
Pin: XXXXX
E-Mail : XXXXX
Mobile XXXXX
- State:
- 5 Product and By Product : **Confectionery**
- 6 Name of the project / business activity proposed : **Confectionery**
- 7 Cost of Project : Rs20lac
- 8 Means of Finance
- | | | |
|-------------------|---------------|----------------------------|
| Term Loan | Rs.12.14 Lacs | |
| KVIC Margin Money | - | As per Project Eligibility |
| Own Capital | Rs.2 Lacs | |
| Working Capital | Rs.5.86 Lacs | |
- 9 Debt Service Coverage Ratio : 3.87
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 6 Months
- 12 Break Even Point : 27%
- 13 Employment : 6 Persons
- 14 Power Requirement : 5.00 HP
- 15 Major Raw materials : Condensed Milk, coca powder, butter,Cane.Sugar
- 16 Estimated Annual Sales Turnover : 32.08 Lacs
- 16 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lacs)

Particulars	Amount
Land	Leased/Owned
Building & Civil Work (2500 Sq Ft)	4.00
Plant & Machinery	8.19
Furniture & Fixtures	0.80
Pre-operative Expenses	0.50
Working Capital Requirement	6.51
Total	20.00

MEANS OF FINANCE

Particulars	Amount
Own Contribution @10%	2.00

Term Loan	12.14
Workign Capital Finance	5.86
Total	20.00

	General	Special
Beneficiary's Margin Monery (% of Project Cost)	10%	5%

PROJECT REPORT ON CONFECTIONARY



INTRODUCTION:

Confectionary products have been in existence from time immemorial. Confectionary products are generally divided into hard candy (sugar cream), lozenges, caramels, toffee, chocolates & sugar coated candies. The development of confectionary industry is linked with the progress of sugar industry and its production fluctuates with the availability of sugar and its price. Confectionary Industry thus comprises an important segment of industrial activity in the food processing industry and has made considerable progress in the country, since Independence. Confectionary is mainly consumed by children as their most favourable edible sweets. It is also distributed on different festivals to the guests like birthday parties, marriage-celebrations, parties, etc. The consumption of these sweets is increasing day by day. To meet this ever growing demand, many units in urban and the semi-urban areas have come up. But there is a still good scope for new small scale units to manufacture quality production to meet the ever growing demand in the country.

MARKET:

Quality confectionary is of great nutritional value and forms an important part of a balanced diet for all age groups particularly amongst the children. Confectionary is

one of the important mass consumption items and has a demand in urban and rural areas. It is estimated that there are at present over 5,000 small and cottage scale units in the country manufacturing a wide range of products. Most of the small scale confectionary units are catering to the semi-urban and the rural markets, whereas large units are marketing their products mostly in the urban areas and export markets. Manufacture of confectionery products is techno-economically feasible in the small scale sector and offers a substantial scope for further development in the small towns, villages and backward areas of the country to provide additional employment and better utilization of the surplus sugar resources available presently in the country to meet the local demands.

TARGET:

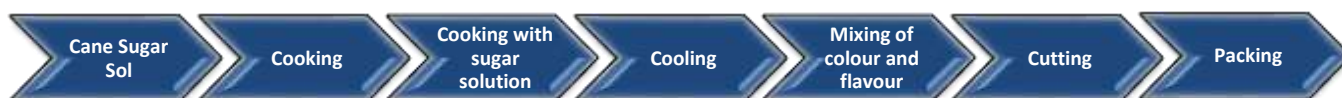
Assuming that the Unit shall operate for single shift of eight hours per day for three hundred days per annum

(a) Quantity	66000 Kg.
(b) Value	Rs. 37,62,000/-

PROCESS:

These are manufactured by preparing a solution of cane sugar to which invert sugar or glucose syrup or a chemical reagent (doctor), for bringing about partial inversion, is added. The syrup is cooked to a temperature of F, in an open pan or a steam jacketed kettle. In the open fire boiling 310-320 Degree F process, however, a certain amount of caramelisation takes place which imparts characteristic flavour to the product. Alternative process, therefore, consists of cooking the syrup in a steam jacketed kettle to a temperature of 310-320 Degree F in an open pan or a vacuum cooker under suction and cooked under vacuum to F. Vacuum cooking gives a light coloured products and prevents 310-320 Degree F caramelisation. A supersaturated sugar solution with a glass like consistency is obtained. The product is then quickly cooled by spreading on an oiled, water cooled table, plat or cast iron slab. Flavouring and colouring materials are added and the product is thoroughly mixed. It is cut into various shapes by frame cutters worked manually.

PROCESS FLOW:



RAW MATERIAL:

The requirement at installed capacity and cost of Raw Materials are shown below:

Sl.No.	Item	Total
1.	Sugar	19.80
2.	Glucose Syrup commercial	1.25
3.	Condensed Milk, coca powder, butter etc.	1.50
4.	Chemical flavour & colour etc.	0.70
5.	Packing Material	1.75
	Total;	25.00

Power: The power is available from the state Electric supply corporation Grid. The annual consumption of power is estimated Rs.72,000/-PA Load (5Kw)

Water: The unit need to use very clean water for the process as it is producing food items. The unit will need 5000 liters of clean and soft water. It is available from both ground water sources and public supply.

Manpower: Manpower required by the unit including skilled workers is locally available. The requirement and annual costs of manpower at the installed capacity

CRITICAL FACTORS FOR THE PROJECT:

1. Markets for sugar confections is highly competitive and price focuses, so one has to assure the market before setting-up the manufacturing unit.
2. The plant preferable to easy accessible by road and in proximity to cities or towns to cater rural and urban market both.
3. Proper selection of raw materials, additives, flavours and machinery is of utmost important to make project sustainable in competitive markets in long run.

FINANCIAL ASPECTS:

PROJECTED BALANCE SHEET

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Capital Account	2.00	2.00	2.00	2.00	2.00
Retained Profit	6.72	15.56	26.91	40.66	56.71
Term Loan	12.14	9.11	6.07	3.04	0.42
Cash Credit	5.86	5.86	5.86	5.86	5.86
Sundry Creditors	1.05	1.23	1.40	1.58	1.75
Provisions & Other Liab	0.36	0.40	0.44	0.48	0.53
TOTAL :	28.13	34.15	42.67	53.61	67.26
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	12.99	12.99	12.99	12.99	12.99
Gross Dep.	1.67	3.15	4.43	5.54	6.50
Net Fixed Assets	11.32	9.84	8.56	7.45	6.49
Current Assets					
Sundry Debtors	3.21	4.10	4.69	5.29	5.88
Stock in Hand	4.35	5.08	5.80	6.53	7.25
Cash and Bank	6.75	12.38	20.59	31.01	43.97
Deposits & Advances	2.50	2.75	3.03	3.33	3.66
TOTAL :	28.13	34.15	42.67	53.61	67.26

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PROJECTED CASH FLOW STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Share Capital	2.00	-			
Reserve & Surplus	7.46	9.83	12.61	15.28	17.83
Depreciation & Exp. W/off	1.67	1.48	1.28	1.11	0.96
Increase in Cash Credit	5.86	-	-	-	-
Increase In Term Loan	12.14	-	-	-	-
Increase in Creditors	1.05	0.18	0.18	0.18	0.18
Increase in Provisions	0.36	0.04	0.04	0.04	0.05
TOTAL :	30.54	11.52	14.10	16.60	19.01
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	12.99	-	-	-	-
Increase in Stock	4.35	0.73	0.73	0.73	0.73
Increase in Debtors	3.21	0.89	0.59	0.59	0.59
Increase in Deposits & Adv	2.50	0.25	0.28	0.30	0.33
Repayment of Term Loan	-	3.04	3.04	3.04	2.62
Taxation	0.75	0.98	1.26	1.53	1.78
TOTAL :	23.80	5.88	5.89	6.18	6.05
Opening Cash & Bank Balance	-	6.75	12.38	20.59	31.01
Add : Surplus	6.75	5.64	8.21	10.42	12.96
Closing Cash & Bank Balance	6.75	12.38	20.59	31.01	43.97

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>A) SALES</u>					
Gross Sale	32.08	40.99	46.93	52.87	58.81
Total (A)	32.08	40.99	46.93	52.87	58.81
<u>B) COST OF SALES</u>					
Raw Mateiral Consumed	15.00	17.50	20.00	22.50	25.00
Elecricity Expenses	0.43	0.50	0.57	0.64	0.72
Repair & Maintenance	-	0.41	0.47	0.53	0.59
Labour & Wages	4.75	5.23	5.75	6.32	6.96
Depreciation	1.67	1.48	1.28	1.11	0.96
Consumables and Other Expenses	0.96	1.23	1.41	1.59	1.76
Cost of Production	22.81	26.35	29.48	32.69	35.98
Add: Opening Stock /WIP	-	2.85	3.33	3.80	4.28
Less: Closing Stock /WIP	2.85	3.33	3.80	4.28	4.75
Cost of Sales (B)	19.96	25.87	29.00	32.22	35.51
C) GROSS PROFIT (A-B)	12.11	15.11	17.92	20.65	23.30
	38%	37%	38%	39%	40%
D) Bank Interest (Term Loan)	1.05	1.27	0.92	0.57	0.22
Bank Interest (C.C. Limit)	0.59	0.59	0.59	0.59	0.59
E) Salary to Staff	2.38	2.61	2.87	3.16	3.48
F) Selling & Adm Expenses Exp.	0.64	0.82	0.94	1.06	1.18
TOTAL (D+E)	4.65	5.28	5.32	5.37	5.46
H) NET PROFIT	7.46	9.83	12.61	15.28	17.83
I) Taxation	0.75	0.98	1.26	1.53	1.78
J) PROFIT (After Tax)	6.72	8.85	11.35	13.75	16.05

COMPUTATION OF MANUFACTURING OF Confectionery**Items to be Manufactured****Confectionery**

Manufacturing Capacity per day	-	220.00	Kg
	-		
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		66,000.00	Kg
Year		Capacity	Kg
		Utilisation	
IST YEAR		60%	39,600
IIND YEAR		70%	46,200
IIIRD YEAR		80%	52,800
IVTH YEAR		90%	59,400
VTH YEAR		100%	66,000

COMPUTATION OF RAW MATERIAL

Item Name		Quantity of	Recovery	Unit Rate of	Total Cost
		Raw Material		/MT	Per Annum
Sugar	100%				19.80
Glucose Syrup commercial					1.25
etc.					1.50
Chemical flavour & colour etc.					0.70
Packing Material					1.75
Total (Rounded off in lacs)					25.00
Annual Consumption cost	(In Lacs)				
					25.00

Raw Material Consumed	Capacity Utilisation	Amount (Rs.)
IST YEAR	60%	15.00
IIND YEAR	70%	17.50
IIIRD YEAR	80%	20.00
IVTH YEAR	90%	22.50
VTH YEAR	100%	25.00

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>Finished Goods</u>					
(30 Days requirement)	2.85	3.33	3.80	4.28	4.75
<u>Raw Material</u>					
(30Days requirement)	1.50	1.75	2.00	2.25	2.50
Closing Stock	4.35	5.08	5.80	6.53	7.25

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars			Total
			Amount
Stock in Hand			4.35
Sundry Debtors			3.21
		Total	7.56
Sundry Creditors			1.05
Working Capital Requirement			6.51
Margin			0.65
Working Capital Finance			5.86

BREAK UP OF LABOUR

Particulars		Wages	No of	Total
		Per Month	Employees	Salary
Skilled Worker		9,000.00	2	18,000.00
Unskilled Worker		6,000.00	3	18,000.00
				36,000.00
Add: 10% Fringe Benefit				3,600.00
Total Labour Cost Per Month				39,600.00
Total Labour Cost for the year (In Rs. Lakhs)				4.75

3.00

BREAK UP OF SALARY

Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Manager		Self	1	-
Accountant		8,000.00	1	8,000.00
Sales		10,000.00	1	10,000.00
Total Salary Per Month				18,000.00
Add: 10% Fringe Benefit				1,800.00
Total Salary for the month				19,800.00

Total Salary for the year (In Rs. Lakhs)

2.38

3.00

COMPUTATION OF DEPRECIATION

Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		10.00%	15.00%	10.00%	
Opening Balance	Leased	-	-	-	-
Addition	-	4.00	8.19	0.80	12.99
	-	4.00	8.19	0.80	12.99
Less : Depreciation	-	0.40	1.23	0.04	1.67
WDV at end of Ist year	-	3.60	6.96	0.76	11.32
Additions During The Year	-	-	-	-	-
	-	3.60	6.96	0.76	11.32
Less : Depreciation	-	0.36	1.04	0.08	1.48
WDV at end of IIInd Year	-	3.24	5.92	0.68	9.84
Additions During The Year	-	-	-	-	-
	-	3.24	5.92	0.68	9.84
Less : Depreciation	-	0.32	0.89	0.07	1.28
WDV at end of IIIrd year	-	2.92	5.03	0.62	8.56
Additions During The Year	-	-	-	-	-
	-	2.92	5.03	0.62	8.56
Less : Depreciation	-	0.29	0.75	0.06	1.11
WDV at end of IV year	-	2.62	4.28	0.55	7.45
Additions During The Year	-	-	-	-	-
	-	2.62	4.28	0.55	7.45
Less : Depreciation	-	0.26	0.64	0.06	0.96
WDV at end of Vth year	-	2.36	3.63	0.50	6.49

REPAYMENT SCHEDULE OF TERM LOAN

11.5%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
IST YEAR	Opening Balance						
	Ist Quarter	-	12.14	12.14	-	-	12.14
	Iind Quarter	12.14	-	12.14	0.35	-	12.14
	IIIrd Quarter	12.14	-	12.14	0.35	-	12.14
	Ivth Quarter	12.14	-	12.14	0.35	-	12.14
					1.05	-	
IIND YEAR	Opening Balance						
	Ist Quarter	12.14	-	12.14	0.35	0.76	11.38
	Iind Quarter	11.38	-	11.38	0.33	0.76	10.62
	IIIrd Quarter	10.62	-	10.62	0.31	0.76	9.86
	Ivth Quarter	9.86		9.86	0.28	0.76	9.11
					1.27	3.04	
IIIRD YEAR	Opening Balance						
	Ist Quarter	9.11	-	9.11	0.26	0.76	8.35
	Iind Quarter	8.35	-	8.35	0.24	0.76	7.59
	IIIrd Quarter	7.59	-	7.59	0.22	0.76	6.83
	Ivth Quarter	6.83		6.83	0.20	0.76	6.07
					0.92	3.04	
IVTH YEAR	Opening Balance						
	Ist Quarter	6.07	-	6.07	0.17	0.76	5.31
	Iind Quarter	5.31	-	5.31	0.15	0.76	4.55
	IIIrd Quarter	4.55	-	4.55	0.13	0.76	3.79
	Ivth Quarter	3.79		3.79	0.11	0.76	3.04
					0.57	3.04	
VTH YEAR	Opening Balance						
	Ist Quarter	3.04	-	3.04	0.09	0.76	2.28
	Iind Quarter	2.28	-	2.28	0.07	0.76	1.52
	IIIrd Quarter	1.52	-	1.52	0.04	0.55	0.97
	Ivth Quarter	0.97		0.97	0.03	0.55	0.42
					0.22	2.62	

CALCULATION OF D.S.C.R

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>CASH ACCRUALS</u>	8.39	10.33	12.63	14.86	17.01
Interest on Term Loan	1.05	1.27	0.92	0.57	0.22
Total	9.43	11.59	13.54	15.42	17.23
<u>REPAYMENT</u>					
Instalment of Term Loan	3.04	3.04	3.04	2.62	2.62
Interest on Term Loan	1.05	1.27	0.92	0.57	0.22
Total	4.08	4.30	3.95	3.18	2.84
DEBT SERVICE COVERAGE RATIO	2.31	2.70	3.43	4.84	6.06
AVERAGE D.S.C.R.			3.87		

COMPUTATION OF SALE

Particulars	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Op Stock	-	3,960.00	4,620.00	5,280.00	5,940.00
Production	39,600.00	46,200.00	52,800.00	59,400.00	66,000.00
	39,600.00	50,160.00	57,420.00	64,680.00	71,940.00
Less : Closing Stock	3,960.00	4,620.00	5,280.00	5,940.00	6,600.00
Net Sale	35,640.00	45,540.00	52,140.00	58,740.00	65,340.00
Sale Price per MT	90.00	90.00	90.00	90.00	90.00
Sale (in Lacs)	32.08	40.99	46.93	52.87	58.81

COMPUTATION OF ELECTRICITY

(A) POWER CONNECTION				
Total Working Hour per day		Hours	8	
Electric Load Required		HP	5	
Load Factor			0.7460	
Electricity Charges		per unit	8.00	
Total Working Days			300	
Electricity Charges (8 Hrs Per day)				71,616.00
Add : Minimim Charges (@ 10%)				
(B) D.G. SET				
No. of Working Days			300	days
No of Working Hours			-	Hour per day
Total no of Hour			-	
Diesel Consumption per Hour			8	
Total Consumption of Diesel			-	
Cost of Diesel			65.00	Rs. /Ltr
Total cost of Diesel			-	
Add : Lube Cost @15%			-	
Total			-	
Total cost of Power & Fuel at 100%				0.72
Year		Capacity		Amount
				(in Lacs)
IST YEAR		60%		0.43
IIND YEAR		70%		0.50
IIIRD YEAR		80%		0.57
IVTH YEAR		90%		0.64
VTH YEAR		100%		0.72

BREAK EVEN POINT ANALYSIS

Year	I	II	III	IV	V
Net Sales & Other Income	32.08	40.99	46.93	52.87	58.81
Less : Op. WIP Goods	-	2.85	3.33	3.80	4.28
Add : Cl. WIP Goods	2.85	3.33	3.80	4.28	4.75
Total Sales	34.93	41.46	47.40	53.34	59.28
Variable & Semi Variable Exp.					
Raw Material & Tax	15.00	17.50	20.00	22.50	25.00
Electricity Exp/Coal Consumption at 85%	0.37	0.43	0.49	0.55	0.61
Manufacturing Expenses 80%	0.77	1.31	1.50	1.69	1.88
Wages & Salary at 60%	4.28	4.70	5.17	5.69	6.26
Selling & administrative Expenses 80%	0.51	0.66	0.75	0.85	0.94
Intt. On Working Capital Loan	0.59	0.59	0.59	0.59	0.59
Total Variable & Semi Variable Exp	21.51	25.18	28.50	31.86	35.28
Contribution	13.42	16.28	18.90	21.48	24.00
Fixed & Semi Fixed Expenses					
Manufacturing Expenses 20%	0.19	0.33	0.38	0.42	0.47
Electricity Exp/Coal Consumption at 15%	0.06	0.08	0.09	0.10	0.11
Wages & Salary at 40%	2.85	3.14	3.45	3.79	4.17
Interest on Term Loan	1.05	1.27	0.92	0.57	0.22
Depreciation	1.67	1.48	1.28	1.11	0.96
Selling & administrative Expenses 20%	0.13	0.16	0.19	0.21	0.24
Total Fixed Expenses	5.95	6.45	6.30	6.20	6.17
Capacity Utilization	60%	70%	80%	90%	100%
OPERATING PROFIT	7.46	9.83	12.61	15.28	17.83
BREAK EVEN POINT	27%	28%	27%	26%	26%
BREAK EVEN SALES	15.50	16.43	15.79	15.40	15.24

PLANT & MACHINERY

	PARTICULARS	QTY.	RATE	AMOUNT IN RS.
1	Vaccum Cooker	2	2,75,000.00	5,50,000.00
2	Toffee sizing machine	1	7,000.00	7,000.00
3	Pedal press with one set of die	1	12,500.00	12,500.00
4	Plasto plast rotary machine with motor cutter and an drying unit	1	1,00,000.00	1,00,000.00
5	Lozenges machine hand driver	1	5,000.00	5,000.00
6	Extro roller for lozenges machine	5	800.00	4,000.00
7	Toffee cutter (High speed steel blade)	1	2,500.00	2,500.00
8	Boiling Pan	1	8,000.00	8,000.00
9	Wooden working table with aluminium top	1	3,500.00	3,500.00
10	Sugar grinder	1	8,000.00	8,000.00
11	Mixer machine small size	1	8,000.00	8,000.00
12	Cooling table	1	5,000.00	5,000.00
13	Polythene bag sealing machine	1	2,000.00	2,000.00
14	Packing machine	1	85,000.00	85,000.00
15	Platform weighing scale	1	3,500.00	3,500.00
16	Misc. equipment eg. Siever, lablles, spartula, thermometer, jugs Buckets drums etc		LS	15,000.00
				8,19,000.00