

UP MSME 1-Connect

PROJECT REPORT

PROJECT: JAMUN CANDY

PROJECT REPORT

Of

JAMUN CANDY

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Jamun Candy Manufacturing unit.

The objective of the pre-feasibility report is primarily to facilitate potential entrepreneurs in project identification for investment and in order to serve his objective; the document covers various aspects of the project concept development, start-up, marketing, finance and management.

[We can modify the project capacity and project cost as per your requirement. We can also prepare project report on any subject as per your requirement.]

PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **JAMUN CANDY**
- 6 Name of the project / business activity proposed : **JAMUN CANDY MAKING UNIT**
- 7 Cost of Project : Rs.18.45 Lakhs
- 8 Means of Finance
- Term Loan Rs.11.61 Lakhs
- Own Capital Rs.1.84 Lakhs
- Working Capital Rs.4.99 Lakhs
- 9 Debt Service Coverage Ratio : 2.98
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 26%
- 13 Employment : 10 Persons
- 14 Power Requirement : 20.00 HP
- 15 Major Raw materials : Sugar, Liquid glucose syrup, citric acid, flavou and other ingredients
- 16 Estimated Annual Sales Turnover (Max Capacity) : 167.44 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	12.30
Furniture & Fixtures	0.60
Working Capital	5.55
Total	18.45

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.84
Working Capital(Finance)	4.99
Term Loan	11.61
Total	18.45

JAMUN CANDY MAKING UNIT

Introduction:

Candy or Sweet is the most popular type of confectionery over the world, and there is certainly something about this unique product that holds many mysterious qualities. Candy is made by dissolving sugar in water or milk to form a syrup, which is boiled until it reaches the desired concentration or starts to caramelize. Candy comes in a wide variety of textures, from soft and chewy to hard and brittle. Candies are usually liked by all age groups of people as a confectionery. That are consumed after meal, dinners as smooth refresher. It drives away bad smell from mouth and refreshes the breath. Sometime it causes good Sensation while chewing. Packets of toffees or candies can be distributed as gift packs on various occasions specially witnessed on birthday parties.



Uses & Market Potential:

A shot of sugar makes people persevere longer and keeps them focused. A few pieces of candy while taking on a big project — from yardwork to homework — might go a long way.

Packed with vitamins, fiber, and particularly high levels of antioxidants known as polyphenols. The Indian confectionery market includes sugar-boiled confectionery, hard-boiled candies, toffees and other sugar-based candies. Sugar-boiled confectionery like Jamun (Black Plum) candy has penetrated an estimated 17% of the households only, suggesting a large potential for growth. Considering the 25% penetration in the urban market, the confectionery industry could hope to be in for a more promising future. Revenue in the Confectionery & Snacks segment is projected to reach US\$72,263m in 2021. The market is expected to grow annually by 6.4% (CAGR 2021-2025). According to "India Candy Market By Type, By Organized Vs Unorganized, Competition Forecast and Opportunities, 2011-2021", the candy market in India is anticipated to grow at a CAGR of over 9% during 2016 - 2021, on account of rising middle class households, coupled with increasing working as well as youth population.

Product:

Jamun Candy

Raw Material:

Raw material that are:

- Sugar
- Liquid Glucose Syrup
- Citric Acid
- Flavours
- Other Ingredients

Manufacturing Process:

- Raw material procurement
- Heating
- Cooling
- Kneading
- Shaping
- Quality Inspection
- Packaging

Area:

The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and polishing area. Also, some of the area of building is required for office staff facilities, office furniture, etc. Thus, the approximate total area required for complete industrial setup is 1500-2000Sqft.

Cost of Machines:

S.N.	Item Description	Rate
1	S.S Steam jacketed Vacuum Cooker	150000
2	Mild steel cooling plate	60000
3	Kneading machine(batch Mixer)	100000
4	Batch Roller	120000
5	Automatic Plast-O-Plast rotary seamless sweet forming machine	115000
6	Sweet forming die	25000

7	Three-way cooling conveyor	150000
8	Vibratory sieve	55000
9	Automatic candy wrapping machine	175000
10	Automatic Pillow Packing	280000
	Sub-Total	12,30,000

Power Requirement- The estimated Power requirement is taken at 20 HP.

Manpower Requirement— Following manpower is required:

- Machine operator-2
- Skilled/unskilled worker-2
- Helper-3
- Manager cum Accountant-1
- Sales Personnel-2

FINANCIALS

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	2.51	3.87	6.19	9.18
Add: Additions	1.84	-	-	-	-
Add: Net Profit	4.16	5.37	6.81	8.49	9.90
Less: Drawings	3.50	4.00	4.50	5.50	7.00
Closing Balance	2.51	3.87	6.19	9.18	12.08
CC Limit	4.99	4.99	4.99	4.99	4.99
Term Loan	10.32	7.74	5.16	2.58	-
Sundry Creditors	2.93	3.48	4.06	4.66	5.28
TOTAL :	20.75	20.09	20.40	21.41	22.35
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	12.90	12.90	12.90	12.90	12.90
Gross Dep.	1.91	3.53	4.91	6.09	7.09
Net Fixed Assets	11.00	9.37	7.99	6.81	5.81
Current Assets					
Sundry Debtors	4.06	5.02	5.91	6.84	7.81
Stock in Hand	4.41	5.26	6.14	7.05	8.00
Cash and Bank	1.28	0.43	0.36	0.71	0.72
TOTAL :	20.75	20.09	20.40	21.41	22.35

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PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	87.00	107.64	126.67	146.61	167.44
Total (A)	87.00	107.64	126.67	146.61	167.44
<u>B) COST OF SALES</u>					
Raw Material Consumed	58.50	69.62	81.16	93.12	105.54
Electricity Expenses	1.34	1.57	1.79	2.01	2.24
Repair & Maintenance	2.18	2.69	3.17	3.67	4.19
Labour & Wages	10.02	12.72	15.52	18.31	21.61
Depreciation	1.91	1.62	1.38	1.18	1.00
Cost of Production	73.94	88.22	103.02	118.29	134.58
Add: Opening Stock /WIP	-	2.46	2.94	3.43	3.94
Less: Closing Stock /WIP	2.46	2.94	3.43	3.94	4.49
Cost of Sales (B)	71.48	87.74	102.52	117.78	134.03
C) GROSS PROFIT (A-B)	15.52	19.89	24.15	28.82	33.41
	17.84%	18.48%	19.06%	19.66%	19.95%
D) Bank Interest i) (Term Loan)	1.26	1.03	0.74	0.46	0.18
ii) Interest On Working Capital	0.55	0.55	0.55	0.55	0.55
E) Salary to Staff	7.81	10.00	11.60	13.11	15.27
F) Selling & Adm Expenses Exp.	1.74	2.69	3.80	5.13	5.86
G) TOTAL (D+E+F)	11.36	14.27	16.69	19.25	21.86
H) NET PROFIT	4.16	5.63	7.45	9.57	11.55
	4.8%	5.2%	5.9%	6.5%	6.9%
I) Taxation	-	0.26	0.64	1.08	1.65
J) PROFIT (After Tax)	4.16	5.37	6.81	8.49	9.90

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	1.84	-	-	-	-
Reserve & Surplus	4.16	5.63	7.45	9.57	11.55
Depriciation & Exp. W/off	1.91	1.62	1.38	1.18	1.00
Increase In Cash Credit	4.99	-	-	-	-
Increase In Term Loan	11.61	-	-	-	-
Increase in Creditors	2.93	0.56	0.58	0.60	0.62
TOTAL :	27.44	7.80	9.41	11.35	13.17
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	12.90	-	-	-	-
Increase in Stock	4.41	0.85	0.88	0.91	0.96
Increase in Debtors	4.06	0.96	0.89	0.93	0.97
Repayment of Term Loan	1.29	2.58	2.58	2.58	2.58
Taxation	-	0.26	0.64	1.08	1.65
Drawings	3.50	4.00	4.50	5.50	7.00
TOTAL :	26.16	8.65	9.49	11.00	13.16
Opening Cash & Bank Balance	-	1.28	0.43	0.36	0.71
Add : Surplus	1.28	- 0.85	- 0.07	0.35	0.01
Closing Cash & Bank Balance	1.28	0.43	0.36	0.71	0.72

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(10 Days requirement)	2.46	2.94	3.43	3.94	4.49
<u>Raw Material</u>					
(10 Days requirement)	1.95	2.32	2.71	3.10	3.52
Closing Stock	4.41	5.26	6.14	7.05	8.00

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	4.41		
Less:			
Sundry Creditors	2.93		
Paid Stock	1.49	0.15	1.34
Sundry Debtors	4.06	0.41	3.65
Working Capital Requirement			4.99
Margin			0.55
MPBF			4.99
Working Capital Demand			4.99

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	11.61	11.61	0.32	-	11.61
	IInd Quarter	11.61	-	11.61	0.32	-	11.61
	IIIrd Quarter	11.61	-	11.61	0.32	0.65	10.97
	Ivth Quarter	10.97	-	10.97	0.30	0.65	10.32
					1.26	1.29	
II	Opening Balance						
	Ist Quarter	10.32	-	10.32	0.28	0.65	9.68
	IInd Quarter	9.68	-	9.68	0.27	0.65	9.03
	IIIrd Quarter	9.03	-	9.03	0.25	0.65	8.39
	Ivth Quarter	8.39		8.39	0.23	0.65	7.74
					1.03	2.58	
III	Opening Balance						
	Ist Quarter	7.74	-	7.74	0.21	0.65	7.10
	IInd Quarter	7.10	-	7.10	0.20	0.65	6.45
	IIIrd Quarter	6.45	-	6.45	0.18	0.65	5.81
	Ivth Quarter	5.81		5.81	0.16	0.65	5.16
					0.74	2.58	
IV	Opening Balance						
	Ist Quarter	5.16	-	5.16	0.14	0.65	4.52
	IInd Quarter	4.52	-	4.52	0.12	0.65	3.87
	IIIrd Quarter	3.87	-	3.87	0.11	0.65	3.23
	Ivth Quarter	3.23		3.23	0.09	0.65	2.58
					0.46	2.58	
V	Opening Balance						
	Ist Quarter	2.58	-	2.58	0.07	0.65	1.94
	IInd Quarter	1.94	-	1.94	0.05	0.65	1.29
	IIIrd Quarter	1.29	-	1.29	0.04	0.65	0.65
	Ivth Quarter	0.65		0.65	0.02	0.65	0.00
					0.18	2.58	

Door to Door Period 60 Months
Moratorium Period 6 Months
Repayment Period 54 Months

CALCULATION OF D.S.C.R

PARTICULARS	I	II	III	IV	V
<u>CASH ACCRUALS</u>	6.07	6.99	8.20	9.67	10.90
Interest on Term Loan	1.26	1.03	0.74	0.46	0.18
Total	7.33	8.02	8.94	10.13	11.08
<u>REPAYMENT</u>					
Repayment of Term Loan	1.29	2.58	2.58	2.58	2.58
Interest on Term Loan	1.26	1.03	0.74	0.46	0.18
Total	2.55	3.61	3.32	3.04	2.76
DEBT SERVICE COVERAGE RATIO	2.87	2.22	2.69	3.33	4.02
AVERAGE D.S.C.R.			2.98		

Assumptions:

1. Production Capacity of Jamun Candy unit is taken at 1000 KG per day. First year, Capacity has been taken @ 30%.
2. Working shift of 10 hours per day has been considered.
3. Raw Material stock and Finished goods closing stock has been taken for 10 days.
4. Credit period to Sundry Debtors has been given for 14 days.
5. Credit period by the Sundry Creditors has been provided for 15 days.
6. Depreciation and Income tax has been taken as per the Income tax Act,1961.
7. Interest on working Capital Loan and Term loan has been taken at 11%.
8. Salary and wages rates are taken as per the Current Market Scenario.
9. Power Consumption has been taken at 20 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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