

# **PROJECT PROFILE**

ON

## **DIGESTIVE CANDIES**

Month & Year

Aug 2010

**PREPARED BY  
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## DIGESTIVE CANDIES

### **1. Introduction**

Digestive candies or sweets are prepared from sugar along with invert sugar, extracts of tamarind, pepper, ajowan, jeera and lahari namak. It can also contain some amounts of mint extracts. They are basically fun products used in the event of indigestion. A common example is “Hajmola” candy prepared by Dabur India Limited.

### **2. Market**

The major market outlets are the “A” and “B” class outlets. The product also finds placement in self service counters and departmental stores. Some “C” class outlets and pharmacies also stock the product.

### **3. Packaging**

The processed product is packed in twist and wrap cellophane wrapper.

### **4. Production capacity**

- The plant will be in operation for two shifts a day with each shift of 8 hours duration.
- The plant operates to a production capacity of 500 kilograms per shift.
- The estimated production per day is 1000 kilograms.
- The total production per month will be 25.0 M.T while the annual production is estimated at 300 M.T
- The time period required for achieving full capacity utilisation is one year.

#### **5. Sales revenue**

- The ex-factory selling price will be Rs. 100 per kilogram thereby yielding a sales revenue of Rs. 300 lakhs on full capacity utilisation. The MRP is fixed at Rs. 140 per kilogram.

#### **6. Production process outline.**

Equal quantities of pepper, jeera and ajowan are ground fine in a micropulveriser. The mixture is boiled in water till the extraction of their water soluble constituents is complete. The solution is filtered and the filtrate concentrated once again till a thick syrup like mass is obtained. This extract is used for mixing with sugar in the preparation of digestive candy.

The required quantity of sugar and extracts of pepper, jeera and ajowan per batch is taken in the candy cooker. Lahori Namak is also added in trace quantities. The mixture is boiled with the required quantities of invert sugar and citric acid. When the desired consistency is achieved, it is poured on to the cooling tables and rolled to the desired sizes in the roller. The candy former forms the candies to the desired shapes and sizes when it begins to harden. The candies are further rolled on to the cooling conveyer wherein the product is brought to room temperature before being twist wrapped in the wrapping machine. They are then packed into weights of one kilogram in polypropylene pouches before being dispatched into the market.

#### **7. Quality specifications**

- Sulphated ash - Maximum 1.5%
- Ash - Maximum 1.0%
- Acid insoluble ash - Maximum 0.5%
- Sulphur dioxide - Maximum 350 parts per million.

#### **8. Pollution control measures**

Not necessary as there are no pollutants or effluents.

#### **9. Energy conservation measures**

Common measures will do.

**10. Land and construction cost for the proposed unit**

The proposed unit is to be set up in a leased area. The area required is 4600 square feet as detailed below:

SI	Description	Sq. feet
1	Processing area	3000
2	Sugar storage room	300
3	Raw material (others) storage room	200
4	Finished goods storage room	200
5	Packaging material storage room	100
6	Laboratory	200
7	Office space	200
8	Machinery spares room	100
9	Toilet space	200
10	Miscellaneous space	100
<b>11</b>	<b>Total</b>	<b>4600</b>

Lease rent per square foot – Rs. 8.00

Total rent per month – Rs. 36800

Lease advance – Rs. 2.00 lakh

**11. Costing of machinery and equipment**

SI	Description	Rs. lakhs
1	Baby boiler and accessories	2.850
2	Candy cooker	2.339
3	Cooling tables (2 nos)	1.600
4	Batch roller	2.386
5	Roto plant candy former	3.600
6	Cooling conveyer	1.928
7	Wrapping machines (2 nos)	8.440
<b>8</b>	<b>Total Machinery</b>	<b>23.143</b>
9	Laboratory equipment	1.000
<b>10</b>	<b>Grand total machinery and equipment</b>	<b>24.143</b>

## 12. *Project cost*

SI	Description	Rs. lakhs
1	Land	On lease
2	Civil works	On lease
3	Plant machinery	23.143
4	Laboratory equipment	1.000
5	Transport vehicle (Tata Ace)	3.760
6	Pollution control equipment	0.000
7	Energy conservation equipment	0.000
8	Cost of power connection	0.500
9	Cost of electrification	1.000
10	Erection and commissioning	1.500
11	Cost of machinery spares	0.350
12	Cost of office equipment	1.000
13	Deposits if any	1.000
14	Company formation expenses	0.100
15	Gestation period expenses	1.000
16	Sales tax registration expenses	0.100
17	Initial advertisement and publicity	10.000
18	Contingencies	0.500
19	Working capital margin money	7.763
<b>20</b>	<b>Total</b>	<b>52.716</b>

## 13. *Working capital requirements per month*

### a. *Salaries and wages*

SI	Description	No of persons	Total salary / month (Rs. lakhs)
1	Production Manager	1	0.400
2	Production supervisor cum chemist	2	0.500
3	Skilled workers	2	0.200
4	Unskilled workers	4	0.200
5	Packing workers	4	0.160
6	Administrative staff	2	0.500
7	Sales staff	2	0.300
8	Driver	1	0.100
<b>7</b>	<b>Total</b>	<b>18</b>	<b>2.360</b>



**b. Raw material requirement per month**

SI	Description	Qty (kgs)	Rate / kg (Rs)	Value (Rs. lakhs)
1	Sugar	20000	24.000	4.800
2	Invert sugar syrup	6000	24.00	1.440
3	Citric acid	250	160.00	0.400
4	Jeera, pepper, rock salt, ajowan etc	250	150.00	0.375
5	<b>Total raw material</b>	<b>26500</b>		<b>7.015</b>

**c. Packaging material requirement per month**

SI	Description	Qty	Rate / unit (Rs)	Value (Rs. lakhs)
1	Candy cellophane wrapper film	1000 kgs	100	1.000
2	Polypropylene pouches	250 kgs	100	0.250
3	Cartons and straps	1000 nos	40	0.400
4	<b>Total</b>			<b>1.650</b>

**Total raw + packaging material = Rs. 8.665 lakhs**

**d. Utilities per month**

SI	Description	Rs. lakhs
1	Power 6000 kwh @ Rs. 5.50 per unit	0.330
2	Water	0.100
3	Boiler fuel	0.150
4	<b>Total utilities</b>	<b>0.580</b>

**e. Contingent expenses per month**

<b>SI</b>	<b>Description</b>	<b>Rs. lakhs</b>
1	Rent for processing shed	0.368
2	Postage and stationery	0.020
3	Telephones, fax etc.	0.050
4	Consumable stores	0.020
5	Repairs and maintenance	0.160
6	Local transports, loading and unloading	0.160
7	Advertisement and publicity @20% of sales	5.000
8	Insurance	0.025
9	Sales expenses @ 1% of sales	0.250
10	Miscellaneous expenses @ 1% of sales	0.250
11	Trade incentives @ 2% of sales	0.500
12	Taxes @ 4%	1.000
<b>13</b>	<b>Total contingent expenses</b>	<b>7.803</b>

<b>SI</b>	<b>Description</b>	<b>Rs. lakhs</b>
1	Salaries and wages	2.360
2	Raw material and packaging material	8.665
3	Utilities	0.580
4	Contingent expenses	7.803
<b>5</b>	<b>Total</b>	<b>19.408</b>

**14. Means of finance**

<b>SI</b>	<b>Description</b>	<b>Rs. lakhs</b>
1	Total Project Cost	52.716
2	Equity	17.396
3	Debt	35.320
4	Working capital margin money	7.763



**15. Financial analysis**

SI	Description	Rs. lakhs
1	Total recurring cost per year	232.896
2	Depreciation on land and building	0.000
3	Depreciation on machinery and vehicle	2.790
4	Depreciation on furnaces	0.000
5	Depreciation on moulds and fixtures	0.020
6	Depreciation on office equipment	0.100
7	Interest on long term loan @ 13.5%	4.768
8	Interest on short term borrowings@ 13.5%	1.572
<b>9</b>	<b>Total cost of production</b>	<b>242.146</b>

**16. Turnover per year**

SI	Item	Qty	Rate/unit (Rs)	Total Rs. lakhs
1	Digestive candies	300,000 kgs	100	300

**17. Viability analysis**

SI	Description	Value
1	Net profit before income tax (Rs. lakhs)	57.854
2	Net profit ratio	19.2%
3	Internal rate of return	29.2%
4	Break even percentage	54%
5	Debt service coverage ratio	2.176

*List of machinery suppliers for digestive candies*

1. Mangal Engineering Works, Factory Area, Patiala 147001, Punjab. Tel: 0175 - 2364702; Fax: 0175 - 2360652
2. Emersion Engineering Enterprise, Near Gate Station, Surendarnagar, 363001, Gujarat.; Tel: 02752 -221940
3. The Ravalgoan Sugar Farm Limited, Factory - P.O. Ravalgoan 423108, District Nashik, Maharashtra.