

PROJECT PROFILE

ON

SOFT TOFFEE

Month & Year
Aug 2010

**PREPARED BY
TANSTIA-FNF SERVICE CENTRE
B-22, INDUSTRIAL ESTATE
CHENNAI-600032**

Supported by

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STIFTUNG **FÜR DIE FREIHEIT**

SOFT TOFFEE

1. Introduction

Toffees are confectionery products made from milk solids, sugar, cocoa, and caramel, soft in texture, and a delicacy among children. They consume the product as a pastime pleasure. It is consumed extensively on birthday occasions, parties, weddings, auspicious ceremonies and festive occasions. It is also served on all airline flights and therefore gained wide acceptance.

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 also stock the product.

3. Packaging

The processed product is packed in twist and wrap wax coated paper.

4. Production capacity

- The plant will be in operation for three 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 1500 kilograms.
- The total production per month will be 37.5 M.T while the annual production is estimated at 450 M.T
- The time period required for achieving full capacity utilization is one year.

5. Sales revenue

- The ex-factory selling price will be Rs. 170 per kilogram thereby yielding a sales revenue of Rs. 765.00 lakhs on full capacity utilization.

6. Production process outline.

The required quantity of melted hard fat, glucose, sugar and a trace of salt are placed in a heavy duty mixer and stirred to form a uniform mass. The creamed mass is placed in a cooker kettle and cooked at a steam pressure of 7 bar at 135 degrees centigrade. Vanillin and butter are added after steam has been turned off. The cooked batch is poured on to the cooling table and made into slabs, cooled and then passed through the pulling machine, sizer and cutter to get toffees, which are then wrapped and packed.

7. Quality specifications

- Sulphated ash - Maximum 2.5%
- Ash - Maximum 1.0%
- Acid insoluble ash - Maximum 0.2%
- Reducing sugars as dextrose - Minimum 10%
- Sucrose - Minimum 60%
- Fat - Minimum 4%
- Total protein - Minimum 3%
- Total plate count - Maximum 10,000 per gram
- Coliforms - Absent
- Salmonella - Absent
- Streptococci - Absent

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

SI	Description	Sq. feet
1	Processing area	2000
2	Raw material store	300
3	Sugar storage room	200
4	Other raw materials storage room	200
5	Finished goods store	300
6	Packaging material storage room	100
7	Quality control laboratory	200
8	Office	200
9	Machinery spares room	100
10	Toilets	100
11	Miscellaneous space	300
12	Total	4000

Lease rent – Rs. 6.00 per square foot

Total rent per month – Rs. 24000

Lease advance – Rs. 100000

11. Costing of machinery and equipment

SI	Description	Rs. lakhs
1	Stainless steel mixer	0.550
2	Toffee cooker	1.000
3	Cooling tables – 2 nos	0.600
4	Pulling machine	0.500
5	Batch roller	1.000
6	Rope sizer	1.100
7	Cut and wrap machine	5.000
8	Total	9.750
9	Laboratory equipment	0.600
10	Grand total machinery and equipment	10.350

12. Project cost

SI	Description	Rs. lakhs
1	Land	On lease
2	Civil works	On lease
3	Plant machinery	9.750
4	Laboratory equipment	0.600
5	Transport vehicle (1 LCV)	7.500
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	1.000
11	Cost of machinery spares	0.500
12	Cost of office equipment	1.000
13	Deposits if any	0.800
14	Company formation expenses	0.100
15	Gestation period expenses	1.500
16	Sales tax registration expenses	0.100
17	Initial advertisement and publicity	10.000
18	Contingencies	0.500
19	Working capital margin money	23.101
20	Total	57.951

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	3	0.750
3	Maintenance Engineer	1	0.300
4	Skilled workers	3	0.180
5	Unskilled workers	9	0.360
6	Packing workers	9	0.360
7	Administrative staff	2	0.500
8	Sales staff	2	0.300
9	Van driver	1	0.070
10	Security staff	3	0.180
11	Total	34	3.400

b. Raw material requirement per month

SI	Description	Qty (kgs)	Rate / kg (Rs)	Value (Rs. lakhs)
1	Sugar	10500	24.00	2.520
2	Whole milk powder	10800	240.00	25.920
3	Glucose syrup	11000	27.00	2.970
4	Hydrogenated fat	5000	70.00	3.500
5	Vanillin flavour	75	120.00	0.090
6	Salt	40	10.00	0.004
7	Butter	1050	250.00	2.625
8	Total raw material	38465		37.629

c. Packaging material requirement per month

SI	Description	Qty	Rate / unit (Rs)	Value (Rs. lakhs)
1	Primary packaging material – wax paper wrapper film			4.000
2	Secondary packing material - Poly propylene pouches			0.500
3	Cartons and straps	5000 nos	40	2.000
4	Total			6.500

Total raw + packaging material = Rs. 44.129 lakhs

d. Utilities per month

SI	Description	Rs. lakhs
1	Power 20000 kwh @ Rs. 6.00 per unit	1.200
2	Water	0.020
3	Boiler fuel	0.000
4	Total utilities	1.220

e. Contingent expenses per month

SI	Description	Rs. lakhs
1	Rent for processing shed	0.240
2	Postage and stationery	0.020
3	Telephones, fax etc.	0.050
4	Consumable stores	0.020
5	Repairs and maintenance	0.113
6	Local transports, loading and unloading	0.250
7	Advertisement and publicity @ 5% of sales	3.187
8	Insurance	0.022
9	Sales expenses @ 1% of sales	0.638
10	Miscellaneous expenses @ 1% of sales	0.638
11	Trade incentives @ 2% of sales	1.275
12	Taxes @ 4%	2.550
13	Total contingent expenses	9.003

f. Total working capital requirement per month

SI	Description	Rs. lakhs
1	Salaries and wages	3.400
2	Raw material and packaging material	44.129
3	Utilities	1.220
4	Contingent expenses	9.003
5	Total	57.752

14. Means of finance

SI	Description	Rs. lakhs
1	Total Project Cost	57.951
2	Equity	19.124
3	Debt	38.827
4	Working capital margin money	23.101

15. Financial analysis

SI	Description	Rs. lakhs
1	Total recurring cost per year	693.024
2	Depreciation on land and building	0.000
3	Depreciation on machinery and vehicle	1.362
4	Depreciation on furnaces	0.000
5	Depreciation on moulds and fixtures	0.010
6	Depreciation on office equipment	0.050
7	Interest on long term loan @ 13.5%	5.242
8	Interest on short term borrowings@ 13.5%	4.678
9	Total cost of production	704.366

16. Turnover per year

SI	Item	Qty	Rate/unit (Rs)	Total Rs. lakhs
1	Soft toffee	450 MT	170,000	765.00

17. Viability analysis

SI	Description	Value
1	Net profit before income tax (Rs. lakhs)	60.634
2	Net profit ratio	7.9%
3	Internal rate of return	20.3%
4	Break even percentage	44%
5	Debt service coverage ratio	1.892

List of machinery supplier for Soft Toffee

The Ravalgoan Sugar Farm Limited, Factory - P.O. Ravalgoan 423108, District Nashik, Maharashtra