



CONFECTIONERY STORE

Introduction

Confectionery is the art of making confections, which are food items that are rich in sugar and carbohydrates. In general, however, confectionery is divided into two broad categories: bakers' confections and sugar confections. The occupation of confectioner encompasses the categories of cooking performed by both pastry chef and the sugar worker. Bakers' confectionery, also called flour confections, includes principally sweet pastries, cakes, and similar baked goods. Sugar confectionery includes candies, candied nuts, chocolates, chewing gum, bubble gum, pastillage, and other confections that are made primarily of sugar. In some cases, chocolate confections (confections made of chocolate) are treated as a separate category, as are sugar-free versions of sugar confections.

Market Potential

India is the most attractive Confectionery Store market in the world. Confectionery Store market is maturing in India over the years but still it is highly fragmented and have high scope for development. There are around 3-5 million Confectionery stores in the country making it a US\$ 197 billion market. Growing youth segment and working women population, rising incomes and rising purchasing power, higher brand consciousness, changing consumer preference, growing urbanization, Increase in number of upper middle class and rising internet penetration are the biggest drivers in the growth of Confectionery Store industry of India. Also, rapid real estate infrastructure development, easy access to credit, wave of new shopping mall projects increased efficiency due to development in supply chain and growing interest of investors are also helping Confectionery Store sector to grow in India.

Assumptions

1. For SME unit having yearly turnover of 90 lakhs, the Nayak Committee recommendation has been implemented by all the banks. Hence, we have worked out the funding requirement accordingly.
2. Sales of such trading units is majorly impacted by the selection of business location. The entrepreneur should examine all business aspects while selecting this location. Normally, Confectionery Store is established in a prevalent market area. Thus, we have assumed that the unit has been set up in a market area.
3. The shop premises of this unit is taken on lease. 450 sq. ft. is the proposed area which shall be spacious for stock display and stock-keeping.
4. Computation of Closing Stock is done on the basis of Working Capital cycle which is assumed to be of 1 month.
5. DSCR is high because of the term loan component is lesser than working capital requirement. We have not considered repayment for working capital and it is running on a continuous basis.

Cost of Project

Particulars	Amount (Rs. in Lakhs)
Premises (Lease)	-
Interior Civil Work including False Ceiling, Wall Rack, Partition Rack, etc. (450 sq. ft. @ Rs. 800 per sq. ft.) (Shop Premises)	3.60
Furniture and Fixtures	2.48
Electrical Equipment	2.12
Desktop and Printer	0.30
Software Cost (Tally/SAP)	0.30
Inverter (10 kv office inverter)	0.25
Preliminary & Preoperative Expenses	1.42
Sub-total (A)	10.47
Working Capital Margin @ 25% of Total WC Requirement	0.75
Total Project Cost	11.22
Total Working Capital Required (Lump sum) (B)	3.00
MEANS OF FINANCE	
Total Funds Required (A+B)	13.47
<u>Loan Component-</u>	
TERM LOAN (75% of A)	7.85
WORKING CAPITAL (75% of B)	2.25
Total	10.10
Equity	3.37
Total	13.47

Detailed Cost Element

Sl. No.	Particulars	Quantity	Rate	Amount (Rs. in Lakhs)
Electrical Equipment				
1	AC	2	30000	0.60
2	CCTV	3	20000	0.60
3	Fan	4	2500	0.10
4	Light	4	3000	0.12
5	Fridge	2	35000	0.70
Total				2.12
Furniture and Fixtures				
1	Chairs	LS		0.15
2	Shelves	LS		1.50
3	Cash counter	LS		0.40
4	Trolleys	10	2500	0.25
5	Baskets	10	800	0.08
6	Weighing machine	2	5000	0.10
Total				2.48

Preliminary Expenses

Particulars	Amount (Rs. in Lakhs)
Incorporation Expenses	0.10
Project Report Preparation	0.10
Interior Designer's Fee	0.25
Legal Charges - Drafting for agreements, contracts, stamp paper, notary and affidavit cost	0.05
Salary (2 months)	0.48
Rent Expenses (2 months; Rs. 40/sq. ft.)	0.36
Interest Cost for Both Term Loan And CC (period before commercial production_2 MONTHS)	0.08
Total	1.42

Salary

Designation	Manpower	Amount (Rs. in Lakhs)
Billing staff and sales executive	1	1.44
Staff	2	2.40

Profitability Statement

Particulars	Amount (Rs. in lakhs)				
	Year- 1	Year- 2	Year- 3	Year- 4	Year- 5
<u>A. INCOME</u>					
Total Working Days in a Year	300	300	300	300	300
Estimated Sales per Day	0.30	0.33	0.36	0.40	0.44
Annual Sales	90.00	99.00	108.90	119.79	131.77
Total income during the year	90.00	99.00	108.90	119.79	131.77
<u>B. OPERATING EXPENSES</u>					
Stock Consumed (75% of Sales)	63.00	69.30	76.23	83.85	92.24
Salary	3.84	4.03	4.23	4.45	4.67
Rent	2.16	2.27	2.38	2.50	2.63
Power & utilities	3.60	3.67	3.75	3.82	3.90
Depreciation and Amortization	1.08	1.08	1.08	0.97	0.97
Administrative and General Expenses	1.80	1.98	2.18	2.40	2.64
Total Operating Expenses	75.48	82.33	89.85	97.99	107.04
Operating Profit (A-B)	14.52	16.67	19.05	21.80	24.73
<u>C.FINANCIAL EXPENSES</u>					
Interest on Term Loan	0.61	0.47	0.34	0.21	0.07
Interest on WC Loan	0.19	0.19	0.19	0.19	0.19
Total Expenses	0.80	0.66	0.53	0.40	0.26
Net Profit Before Tax	13.72	16.01	18.52	21.40	24.47
Provision for Tax	3.43	4.00	4.63	5.35	6.12
Profit after Tax (PAT)	10.29	12.00	13.89	16.05	18.35

Breakeven Point

Break Even Point (BEP)		Amount (Rs. In Lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
A.	Net Sales	90.00	99.00	108.90	119.79	131.77
B.	Variable Cost					
	Stock Consumed	63.00	69.30	76.23	83.85	92.24
	Power and Utility	3.60	3.67	3.75	3.82	3.90
	Total Variable Cost	66.60	72.97	79.98	87.67	96.14
C.	Contribution (A-B)	23.40	26.03	28.92	32.12	35.63
D.	Fixed cost					
	Salary	3.84	4.03	4.23	4.45	4.67
	Rent Expenses	2.16	2.27	2.38	2.50	2.63
	Interest on Term Loan	0.61	0.47	0.34	0.21	0.07
	Interest on WC Loan	0.19	0.19	0.19	0.19	0.19
	Depreciation and Amortization	1.08	1.08	1.08	0.97	0.97
	Total Fixed Cost	7.88	8.04	8.22	8.32	8.53
E.	Breakeven Point	34%	31%	28%	26%	24%
F.	Cash BEP	29%	27%	25%	23%	21%

Debt-Service Coverage Ratio

		Amount (Rs. In lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
i	Profit	10.29	12.00	13.89	16.05	18.35
ii	Depreciation	1.08	1.08	1.08	0.97	0.97
iii	Interest	0.61	0.47	0.34	0.21	0.07
A	Total (i + ii + iii)	11.98	13.56	15.31	17.23	19.40
i	Interest	0.61	0.47	0.34	0.21	0.07
ii	Principal repayment	1.57	1.57	1.57	1.57	1.57
B	Total (i + ii)	2.18	2.04	1.91	1.78	1.64
	DSCR (A / B)	5.50	6.63	8.02	9.70	11.81

Interest on Term Loan and Principal Repayment

Refer Annexure I for Loan Repayment Schedule.

We have assumed the repayment tenure of term loan for a period of 5 years, Rate of interest being 8.5% p.a.

Address of Vendors

Name of the Vendor	Address and Contact Number
Rookman Sweet house	H B Road, Fancy Bazar, Guwahati 781001
Om Sai traders	Nehru marker, golghar, Varanasi
Kiranshree sweets & confectionery	S C Road, Athgaon, Guwahati

ANNEXURE - 1

Year	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Annually
I													
Principal													
Opening	7.85	7.72	7.59	7.46	7.33	7.20	7.07	6.94	6.81	6.67	6.54	6.41	
Repaid	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	1.57
Closing	7.72	7.59	7.46	7.33	7.20	7.07	6.94	6.81	6.67	6.54	6.41	6.28	
Interest	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.61
II													
Principal													
Opening	6.28	6.15	6.02	5.89	5.76	5.63	5.50	5.37	5.24	5.10	4.97	4.84	
Repaid	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	1.57
Closing	6.15	6.02	5.89	5.76	5.63	5.50	5.37	5.24	5.10	4.97	4.84	4.71	
Interest	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.03	0.47
III													
Principal													
Opening	4.71	4.58	4.45	4.32	4.19	4.06	3.93	3.80	3.66	3.53	3.40	3.27	
Repaid	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	1.57
Closing	4.58	4.45	4.32	4.19	4.06	3.93	3.80	3.66	3.53	3.40	3.27	3.14	
Interest	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.02	0.02	0.34
IV													
Principal													
Opening	3.14	3.01	2.88	2.75	2.62	2.49	2.36	2.22	2.09	1.96	1.83	1.70	
Repaid	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	1.57
Closing	3.01	2.88	2.75	2.62	2.49	2.36	2.22	2.09	1.96	1.83	1.70	1.57	
Interest	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.21
V													
Principal													
Opening	1.57	1.44	1.31	1.18	1.05	0.92	0.79	0.65	0.52	0.39	0.26	0.13	
Repaid	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	1.57
Closing	1.44	1.31	1.18	1.05	0.92	0.79	0.65	0.52	0.39	0.26	0.13	0.00	
Interest	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.07