

CANDLE MAKING UNIT

Introduction



In the 20th century, candles continued to evolve, adapting to changing tastes and lifestyles. Scented candles, adorned with various fragrances, became popular as a way to enhance home ambiance.

Decorative candles, in a myriad of shapes, sizes, and colors, transformed candles into stylish home decor items. Today, candles are not just functional objects; they are symbols of relaxation, romance, and spirituality. A candle is an ignitable wick embedded in wax, or another flammable solid substance such as tallow, that provides light, and in some cases, a fragrance. A candle can also provide heat, or be used as a method of keeping time. The candle can be used during the event of a power outage to provide light. One of the most universal articles used as a source of light and for their aesthetic appeal, which can be used to read, work, in households and industries, and used for prayer at alters, shrines and temples is known as candle. Candle is a round stick of wax with a wig through it, which is lit to give light as it burn.

Market Potential

The candle industry has experienced significant growth in recent years, driven by various factors such as changing consumer preferences, increased focus on home decor and wellness, and the rise of aromatherapy.

Key Factors Driving Market Growth

1. **Home Decor and Ambiance:** Candles have become a popular choice for creating a cozy and inviting atmosphere in homes. Scented candles, in particular, can enhance mood and reduce stress.
2. **Aromatherapy and Wellness:** The therapeutic benefits of aromatherapy, including stress relief, relaxation, and improved mood, have fueled the demand for scented candles.
3. **Gifting and Occasions:** Candles are frequently used as gifts for various occasions, such as birthdays, anniversaries, and holidays.
4. **Online Sales and E-commerce:** The growth of e-commerce has made it easier for consumers to purchase candles from a variety of brands and retailers.
5. **Diverse Product Offerings:** The candle industry offers a wide range of products, including scented candles, pillar candles, votive candles, and specialty candles, catering to diverse consumer preferences.

Raw Material Description

Major Raw Material that are used are mentioned below:

- Wax
- Wicks
- Dyes & Fragrance Oil (Optional)

Plant & Machinery Details

Major Machines that are used are mentioned below:

Automatic candle making machine: An automatic candle-making machine is a sophisticated piece of equipment designed to streamline the candle production process. It automates various stages, from melting wax to packaging the finished candles, significantly increasing efficiency and production capacity.



Manufacturing Process

Detail Process is explained below:

1. Wax Preparation:

- **Melting:** The desired type of wax (paraffin, soy, beeswax, etc.) is loaded into the machine's melting tank.
- **Heating:** The wax is heated to a specific temperature to ensure it's in a liquid state.

2. Wick Insertion:

- **Pre-cut Wicks:** Pre-cut wicks of the appropriate length are placed into the molds.
- **Wick Holders:** The machine ensures that the wicks are securely positioned in the center of each mold.

3. Wax Pouring:

- **Automated Pouring:** Melted wax is precisely poured into the molds using automated dispensing systems.
- **Level Control:** The machine regulates the amount of wax poured into each mold to maintain consistency.

4. Cooling and Solidification:

- **Cooling Cycle:** The filled molds are transferred to a cooling chamber, where they are cooled to solidify the wax.
- **Temperature Control:** The temperature in the cooling chamber is controlled to optimize the cooling process.

5. Demolding:

- **Mold Release:** Once the candles have solidified, the molds are opened, and the candles are released.
- **Automated Demolding:** The machine can automatically eject the candles from the molds.

6. Trimming and Finishing:

- **Wick Trimming:** Excess wick is trimmed to the desired length.
- **Labeling:** Labels can be automatically applied to the candles.
- **Packaging:** The finished candles are packaged for sale.

PROJECT AT A GLANCE - TOP SHEET

1 Name of the Beneficiary	XXXXXX			
2 Constitution(Legal Status)	Individual			
3 Father/Spouse Name	XXXXXXX			
4 Unit Address	XXXXXX			
	Taluk/Block:	XXXXXX		
	District :	XXXXXX		
	Pin:	XXXXXX	State:	XXXXXX
	E-Mail :	XXXXXX		
	Mobile	XXXXXX		
5 Cost of Project	:	Rs.	4.11	in Lakhs
(i) Plant & Machinery			2.50	in Lakhs
(ii) Furniture & Fixtures			0.50	in Lakhs
(iii) Working Capital Required			1.11	in Lakhs
6 Means of Finance	:	Rs.		
(i) Term Loan			2.70	in Lakhs
(ii) Working Capital			1.00	in Lakhs
(iii) Own Capital			0.41	in Lakhs
			4.11	in Lakhs
7 Debt Service Coverage Ratio	:		5.40	
8 Break Even Point	:		42.97%	
9 Plant & Machinery	:	Automatic Candle Making Machine		
10 Major Raw materials	:	Wax/Wicks/Dyes & Fragrance Oil(Optional)		
11 Employment	:		3	
12 Power Requirement	:		4.00	
13 Name of the project / business activity	:	Candles Making Unit		

PROJECTED BALANCE SHEET

PARTICULARS	YEAR-I	YEAR-II	YEAR-III	YEAR-IV
<u>SOURCES OF FUND</u>				
Capital Account	-	2.62	5.15	7.66
Add: Addition	0.41			
Add : Net Profit	2.71	3.53	4.51	5.86
	3.12	6.15	9.66	13.51
Less : Drawings	0.50	1.00	2.00	3.00
NET OWN FUNDS	2.62	5.15	7.66	10.51
Term Loan	2.16	1.44	0.72	-
Cash Credit	1.00	1.00	1.00	1.00
Sundry Creditors	0.57	0.65	0.73	0.83
Provisions & Other Liab	0.50	0.53	0.55	0.58
TOTAL :	6.84	8.76	10.66	12.92
<u>APPLICATION OF FUND</u>				
Fixed Assets	3.00	3.00	3.00	3.00
Less : Depreciation	0.43	0.79	1.10	1.37
Net Fixed Assets	2.58	2.21	1.90	1.63
Current Assets				
Sundry Debtors	3.26	3.90	4.49	5.11
Stock in Hand	0.60	0.69	0.78	0.88
Cash and Bank	0.40	1.96	3.49	5.30
TOTAL :	6.84	8.76	10.66	12.92
	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	YEAR-I	YEAR-II	YEAR-III	YEAR-IV
Capacity Utilisation %	50%	55%	60%	65%
<u>SALES</u>				
Gross Receipts/Sale	32.63	39.03	44.87	51.05
Total	32.63	39.03	44.87	51.05
<u>COST OF SALES</u>				
Purchase & Consumables	16.97	19.44	21.99	24.76
Electricity Expenses	2.94	3.51	4.04	4.59
Other Direct Expenses	1.96	2.34	2.69	3.06
Cost of Production	21.86	25.29	28.72	32.42
Add: Opening Stock /WIP	-	0.60	0.69	0.78
Less: Closing Stock /WIP	0.60	0.69	0.78	0.88
Cost of Sales	21.26	25.20	28.62	32.32
GROSS PROFIT	11.37	13.83	16.24	18.73
	34.85%	35.43%	36.20%	36.70%
Salary to Staff	6.20	7.44	8.55	9.41
Selling & Adm Expenses Exp.	1.63	2.15	2.60	3.01
Depriciation	0.43	0.36	0.31	0.27
Interest on Term Loan	0.30	0.24	0.16	0.08
Interest on Working Capital	0.11	0.11	0.11	0.11
TOTAL (D+G)	8.66	10.30	11.74	12.88
NET PROFIT	2.71	3.53	4.51	5.86
	8.30%	9.05%	10.05%	11.47%
CASH ACCRUALS	3.13	3.90	4.82	6.12

PROJECTED CASH FLOW STATEMENT

PARTICULARS	YEAR-I	YEAR-II	YEAR-III	YEAR-IV
<u>SOURCES OF FUND</u>				
Capital	0.41	-	-	-
Reserve & Surplus	2.71	3.53	4.51	5.86
Depriciation & Exp. W/off	0.43	0.36	0.31	0.27
Increase in Cash Credit	1.00	-	-	-
Increase In Term Loan	2.70	-	-	-
Increase in Creditors	0.57	0.08	0.08	0.09
Increase in Provisions	0.50	0.03	0.03	0.03
TOTAL :	8.31	4.00	4.93	6.24
<u>APPLICATION OF FUND</u>				
Increase in Fixed Assets	3.00	-	-	-
Increase in Stock	0.60	0.09	0.09	0.10
Increase in Debtors	3.26	0.64	0.58	0.62
Repayment of Term Loan	0.54	0.72	0.72	0.72
Drawings	0.50	1.00	2.00	3.00
TOTAL :	7.91	2.45	3.40	4.44
Opening Cash & Bank Balance	-	0.40	1.96	3.49
Add : Surplus	0.40	1.55	1.54	1.80
Closing Cash & Bank Balance	0.40	1.96	3.49	5.30

COMPUTATION OF PRODUCTION

Production Capacity	25 Kg/Hr
No. of Working Hour	10
Total	250 Kg
No of Working Days per month	25
No. of Months	12
Total Production Per Annum	75,000 Kg

Year	Capacity Utilisation	Kg
YEAR-I	50%	37,500
YEAR-II	55%	41,250
YEAR-III	60%	45,000
YEAR-IV	65%	48,750

COMPUTATION OF SALE

Particulars	YEAR-I	YEAR-II	YEAR-III	YEAR-IV
Op Stock	-	1,250	1,417	1,547
Production	37,500	41,250	45,000	48,750
	37,500	42,500	46,417	50,297
Less : Closing Stock	1,250	1,417	1,547	1,677
Net Sale	36,250	41,083	44,869	48,621
Rate Per Kg	90.00	95.00	100.00	105.00
Net Sale (in lacs)	32.63	39.03	44.87	51.05

COMPUTATION OF DEPRECIATION

Description	Plant/Machinery Equipments	Furniture	TOTAL
Rate of Depreciation	15.00%	10.00%	
Opening Balance	-	-	-
Addition	2.50	0.50	3.00
	2.50	0.50	3.00
Less : Depreciation	0.38	0.05	0.43
WDV at end of Year-1	2.13	0.45	2.58
Additions During The Year	-	-	-
	2.13	0.45	2.58
Less : Depreciation	0.32	0.05	0.36
WDV at end of Year II	1.81	0.41	2.21
Additions During The Year	-	-	-
	1.81	0.41	2.21
Less : Depreciation	0.27	0.04	0.31
WDV at end of Year III	1.54	0.36	1.90
Additions During The Year	-	-	-
	1.54	0.36	1.90
Less : Depreciation	0.23	0.04	0.27
WDV at end of Year IV	1.31	0.33	1.63

TERM LOAN

Year	Opening Balance	Repayment	Closing Balance	Interest @ 11%
1st	2.70	0.54	2.16	0.30
2nd	2.16	0.72	1.44	0.24
3rd	1.44	0.72	0.72	0.16
4th	0.72	0.72	0.00	0.08

BREAK EVEN POINT & RATIO ANALYSIS							
Particulars				1st Year	2nd Year	3rd Year	4th Year
Fixed Cost				9.16	10.68	12.14	13.59
Variable Cost				21.36	24.91	28.32	31.71
Total Cost				30.52	35.59	40.45	45.30
Sales				32.63	39.03	44.87	51.05
Contribution (Sales-VC)				11.26	14.12	16.55	19.34
Capacity				50%	55%	60%	65%
B.E.P in %				41%	42%	44%	46%
Break Even Sales in Rs.				13.26	16.23	19.74	23.31
Net Profit Ratio				8.30%	9.05%	10.05%	11.47%

<u>CALCULATION OF D.S.C.R</u>				
PARTICULARS	YEAR-I	YEAR-II	YEAR-III	YEAR-IV
<u>CASH ACCRUALS</u>	3.13	3.90	4.82	6.12
Interest on Term Loan	0.30	0.24	0.16	0.08
Total	<u>3.43</u>	<u>4.13</u>	<u>4.98</u>	<u>6.20</u>
<u>REPAYMENT</u>				
Instalment of Term Loan	0.54	0.72	0.72	0.72
Interest on Term Loan	0.30	0.24	0.16	0.08
Total	<u>0.84</u>	<u>0.96</u>	<u>0.88</u>	<u>0.80</u>
DEBT SERVICE COVERAGE RATIO	4.10	4.32	5.67	7.76
AVERAGE D.S.C.R.			5.40	