

# PROJECT REPORT

Of

## WAX CANDLES

### PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Wax Candles**

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.]



**Lucknow Office:** Sidhivinayak Building ,  
27/1/B, Gokhlley Marg, Lucknow-226001

**Delhi Office :** Multi Disciplinary Training  
Centre, Gandhi Darshan Rajghat,  
New Delhi 110002

**Email :** [info@udyami.org.in](mailto:info@udyami.org.in)  
**Contact :** +91 7526000333, 444, 555

## INTRODUCTION

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.



Although it is an age of electrical illumination, light out of wax candles has got its charm and pleasure. Wax

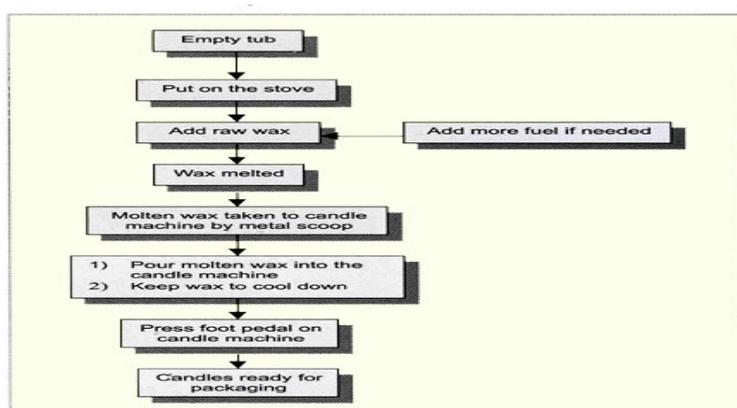
candles in fact are daily house-hold necessity for a few occasional necessity for all including for churches and others.

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.

## MANUFACTURING PROCESS

The main raw material for the candles is paraffin wax and is a controlled item and the Directorate of Industries of the state makes its allocation to the user. The other raw materials i.e stark acid, wick etc. may be purchased from local market.

Free wick is to be winded in required moulds in the given grews, lubricate the lubricating oil, screw the moulds as per the number given, melt the wax and add colour mix it well. Pour the melted wax into the ready moulds, keep the moulds for cooling for about ½ an hour, unscrew the plates of the moulds and take out the candles from it and pack it in either number or weight



## **MARKET POTENTIAL**

Candles are mass consumption items and are widely used for lighting and illumination in household, churches and other religious places, hotels and restaurants etc. the demand for candles is increasing day by day due to its various usage's. Artistic and decoration candles also have very good potential .

## PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : XXXXXXXX
- 2 Constitution (legal Status) : XXXXXXXX
- 3 Father's/Spouce's Name : XXXXXXXXX
- 4 Unit Address : XXXXXXXXX
- Taluk/Block: XXXXX  
 District : XXXXX  
 Pin: XXXXX State: XXXXX  
 E-Mail : XXXXX  
 Mobile XXXXX
- 5 Product and By Product : Wax Candles
- 6 Name of the project / business activity proposed : Wax Candles Manufacturing
- 7 Cost of Project : Rs. 4.56 Lacs
- 8 Means of Finance  
 Term Loan Rs. 1.17 Lacs  
 KVIC Margin Money As per Project Eligibility  
 Own Capital Rs. 0.46 Lacs
- 9 Debt Service Coverage Ratio : 7.69
- 10 Pay Back Period : 5 Years Years
- 11 Project Implementation Period : 6 Months Months
- 12 Break Even Point :
- 13 Employment : 6 Persons
- 14 Power Requirement : 2 KVA
- 15 Major Raw materials : Free wick, Wax, Lubricating Oil
- 16 Estimated Annual Sales Turnover : Rs. 18.17 Lacs
- 16 Detailed Cost of Project & Means of Finance

### COST OF PROJECT

(Rs. In Lacs)

Particulars	Amount		
Land	Rented/Owned		
Plant & Machinery	0.80		
Furniture & Fixtures	0.50		
Working Capital Requirement	3.08		
<b>Total</b>	<b>4.38</b>		

### MEANS OF FINANCE

Particulars	Amount		
Own Contribution 10%	0.44		
Term Loan	1.17		
Working capital	2.77		
<b>Total</b>	<b>4.38</b>		
	General	Special	
KVIC Margin Monery Urban	15%	25%	
KVIC Margin Monery Rural	25%	35%	

**PROJECTED BALANCE SHEET**

<b>PARTICULARS</b>	<b>IST YEAR</b>	<b>IIND YEAR</b>	<b>IIRD YEAR</b>	<b>IVTH YEAR</b>	<b>VTH YEAR</b>
<b><u>SOURCES OF FUND</u></b>					
Capital Account	0.44	0.44	0.44	0.44	0.44
Retained Profit	1.10	2.51	4.35	7.03	10.04
Term Loan	0.94	0.70	0.47	0.23	-
Cash Credit	2.77	2.77	2.77	2.77	2.77
Sundry Creditors	0.03	0.18	0.21	0.24	0.27
Provisions	0.10	0.45	0.65	0.80	0.95
<b>TOTAL :</b>	<b>5.38</b>	<b>7.05</b>	<b>8.89</b>	<b>11.51</b>	<b>14.47</b>
<b><u>APPLICATION OF FUND</u></b>					
<b>Fixed Assets ( Gross)</b>	1.30	1.30	1.30	1.30	1.30
Gross Dep.	0.15	0.29	0.42	0.54	0.63
Net Fixed Assets	1.16	1.01	0.88	0.76	0.67
<b>Current Assets</b>					
Sundry Debtors	1.43	1.79	2.09	2.39	2.69
Stock in Hand	1.68	2.06	2.41	2.76	3.10
Cash and Bank	1.11	2.20	3.52	5.61	8.02
<b>TOTAL :</b>	<b>5.38</b>	<b>7.05</b>	<b>8.89</b>	<b>11.51</b>	<b>14.47</b>

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**PROJECTED CASH FLOW STATEMENT**

<b>PARTICULARS</b>	<b>IST YEAR</b>	<b>IIND YEAR</b>	<b>IIIRD YEAR</b>	<b>IVTH YEAR</b>	<b>VTH YEAR</b>
<b><u>SOURCES OF FUND</u></b>					
Share Capital	0.44	-			
Reserve & Surplus	1.10	1.41	1.84	2.68	3.01
Depriciation & Exp. W/off	0.15	0.15	0.13	0.11	0.10
Increase in Cash Credit	2.77	-	-	-	-
Increase In Term Loan	1.17	-	-	-	-
Increase in Creditors	0.03	0.15	0.03	0.03	0.03
Provisons	0.10	0.35	0.20	0.15	0.15
<b>TOTAL :</b>	<b>5.76</b>	<b>2.06</b>	<b>2.20</b>	<b>2.97</b>	<b>3.29</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	1.30	-	-	-	-
Increase in Stock	1.68	0.38	0.35	0.35	0.35
Increase in Debtors	1.43	0.36	0.30	0.30	0.30
Repayment of Term Loan	0.23	0.23	0.23	0.23	0.23
<b>TOTAL :</b>	<b>4.64</b>	<b>0.98</b>	<b>0.88</b>	<b>0.88</b>	<b>0.88</b>
Opening Cash & Bank Balance	-	1.11	2.20	3.52	5.61
Add : Surplus	1.11	1.08	1.32	2.09	2.41
Closing Cash & Bank Balance	<b>1.11</b>	<b>2.20</b>	<b>3.52</b>	<b>5.61</b>	<b>8.02</b>

**PROJECTED PROFITABILITY STATEMENT**

<b>PARTICULARS</b>	<b>IST YEAR</b>	<b>IIND YEAR</b>	<b>IIIRD YEAR</b>	<b>IVTH YEAR</b>	<b>VTH YEAR</b>
Capacity Utilisation %					
<b>A) SALES</b>					
Gross Sale(Wax Candles)	17.10	21.42	25.02	28.62	32.22
<b>Total (A)</b>	<b>17.10</b>	<b>21.42</b>	<b>25.02</b>	<b>28.62</b>	<b>32.22</b>
<b>B) COST OF SALES</b>					
Raw Mateiral Consumed	8.72	10.92	12.76	14.60	16.43
Electricity Expenses	0.80	0.96	1.12	1.28	1.44
Repair & Maintenance	0.34	0.43	0.50	0.57	0.64
Labour & Wages	3.36	3.70	4.07	4.47	4.92
Depreciation	0.15	0.15	0.13	0.11	0.10
<b>Cost of Production</b>	<b>13.37</b>	<b>16.16</b>	<b>18.58</b>	<b>21.03</b>	<b>23.53</b>
<b>Add: Opening Stock /WIP</b>	-	0.81	0.97	1.13	1.30
<b>Less: Closing Stock /WIP</b>	0.81	0.97	1.13	1.30	1.46
Cost of Sales (B)	12.56	16.00	18.41	20.87	23.37
<b>C) GROSS PROFIT (A-B)</b>	4.54	5.42	6.61	7.75	8.85
	<b>27%</b>	<b>25%</b>	<b>26%</b>	<b>27%</b>	<b>27%</b>
D) Bank Interest (Term Loan )	0.12	0.09	0.07	0.04	0.02
Bank Interest ( C.C. Limit )	0.30	0.30	0.30	0.30	0.30
E) Salary to Staff	2.16	2.33	2.52	2.72	2.94
F) Selling & Adm Expenses Exp.	0.86	1.29	1.88	2.00	2.58
<b>TOTAL (D+E)</b>	<b>3.44</b>	<b>4.02</b>	<b>4.77</b>	<b>5.07</b>	<b>5.84</b>
H) NET PROFIT	1.10	1.41	1.84	2.68	3.01
I) Taxation	-	-	-	-	-
J) PROFIT (After Tax)	1.10	1.41	1.84	2.68	3.01
K) DIVIDEND	-	-	-	-	-
L) RETAINED PROFIT	1.10	1.41	1.84	2.68	3.01

**COMPUTATION OF MANUFACTURING OF WAX CANDLES**

Items to be Manufactured Wax Candles

Manufacturing Capacity	Wax Candles	150.00	kgs Per Day
		-	
No. of Working Hour		10	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum	Wax Candles	45.00	Tonne per Annum
		-	
Year		Capacity Utilization	
		Wax Candles	
IST YEAR		50%	22.50
IIND YEAR		60%	27.00
IIIRD YEAR		70%	31.50
IVTH YEAR		80%	36.00
VTH YEAR		90%	40.50

**COMPUTATION OF SALE****WAX CANDLES**

Particulars	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Op Stock	-	1.13	1.35	1.58	1.80
Production	22.50	27.00	31.50	36.00	40.50
	22.50	28.13	32.85	37.58	42.30
Less : Closing Stock	1.13	1.35	1.58	1.80	2.03
Net Sale	21.38	26.78	31.28	35.78	40.28
Sale Price Per tonne	80,000.00	80,000.00	80,000.00	80,000.00	80,000.00
<b>Sale (in Lacs)</b>	<b>17.10</b>	<b>21.42</b>	<b>25.02</b>	<b>28.62</b>	<b>32.22</b>

**COMPUTATION OF ELECTRICITY**

<b>(A) POWER CONNECTION</b>				
Total Working Hour per day			10 Hrs	
Electric Load Required			2 KVA	
Load Factor			0.08	
Electricity Charges			6.5 per unit	
Total Working Days			300	
<b>Electricity Charges ( 10 Hrs Per day )</b>				
=10*300 * 6.50 * 0.746 * 10				1,45,470.00
Add : Minimim Charges (@ 10%)				14,547.00
				1,60,017.00
Total cost of Power & Fuel at 100%				1.60
<b>Year</b>		<b>Capacity</b>		<b>Amount</b>
				<b>(in Lacs)</b>
IST YEAR		50%		0.80
IIND YEAR		60%		0.96
IIIRD YEAR		70%		1.12
IVTH YEAR		80%		1.28
VTH YEAR		90%		1.44

**COMPUTATION OF CLOSING STOCK & WORKING CAPITAL**

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR	
<b>Finished Goods</b>						
(15 Days requirement)	0.81	0.97	1.13	1.30	1.46	
<b>Raw Material</b>						
(30 Days requirement)	0.87	1.09	1.28	1.46	1.64	
<b>Closing Stock</b>	<b>1.68</b>	<b>2.06</b>	<b>2.41</b>	<b>2.76</b>	<b>3.10</b>	

**COMPUTATION OF WORKING CAPITAL REQUIREMENT**

Particulars	Total Amount		Own Margin		Bank Finance
<b>Stock in Hand</b>	1.68	25%	0.42	75%	1.26
<b>Sundry Debtors</b>	1.43	25%	0.37	75%	1.06
	3.11		0.79		2.32
<b>Sundry Creditors</b>	0.03		-		0.03
	<b>3.08</b>		<b>2.77</b>		<b>2.77</b>
<b>WORKING CAPITAL (HYP) FRESH DEMAND</b>			<b>2.77</b>		
			<b>2.77</b>		

**BREAK UP OF LABOUR**

Particulars		Wages	No of	Total
		Per Month	Employees	Salary
Skilled Worker		10,000.00	1	10,000.00
Unskilled Worker		6,000.00	3	18,000.00
				28,000.00

Annual Cost ( in lacs)

3.36

**BREAK UP OF SALARY**

Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Accountant		10,000.00	1	10,000.00
Marketing Executive		8,000.00	1	8,000.00
Total Salary Per Month				18,000.00

Annual Cost ( in lacs)

2.16

**COMPUTATION OF DEPRECIATION**

Description	Land	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		15.00%	10.00%	
<b>Opening Balance</b>	Leased	-	-	-
Addition	-	0.80	0.50	1.30
Less : Depreciation	-	0.12	0.03	0.15
WDV at end of Ist year	-	0.68	0.48	1.16
Additions During The Year	-	-	-	-
Less : Depreciation	-	0.10	0.05	0.15
WDV at end of IIInd Year	-	0.58	0.43	1.01
Additions During The Year	-	-	-	-
Less : Depreciation	-	0.09	0.04	0.13
WDV at end of IIIrd year	-	0.49	0.38	0.88
Additions During The Year	-	-	-	-
Less : Depreciation	-	0.07	0.04	0.11
WDV at end of IV year	-	0.42	0.35	0.76
Additions During The Year	-	-	-	-
Less : Depreciation	-	0.06	0.03	0.10
WDV at end of Vth year	-	0.35	0.31	0.67

**REPAYMENT SCHEDULE OF TERM LOAN**

11%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
<b>I</b> ST YEAR	Opening Balance						
	Ist Quarter	1.17	-	1.17	0.03	0.06	1.11
	IInd Quarter	1.11	-	1.11	0.03	0.06	1.05
	IIIRD Quarter	1.05	-	1.05	0.03	0.06	0.99
	Ivth Quarter	0.99	-	0.99	0.03	0.06	0.94
					0.12	0.23	
<b>II</b> ND YEAR	Opening Balance						
	Ist Quarter	0.94	-	0.94	0.03	0.06	0.88
	IInd Quarter	0.88	-	0.88	0.02	0.06	0.82
	IIIRD Quarter	0.82	-	0.82	0.02	0.06	0.76
	Ivth Quarter	0.76	-	0.76	0.02	0.06	0.70
					0.09	0.23	
<b>III</b> RD YEAR	Opening Balance						
	Ist Quarter	0.70	-	0.70	0.02	0.06	0.64
	IInd Quarter	0.64	-	0.64	0.02	0.06	0.59
	IIIRD Quarter	0.59	-	0.59	0.02	0.06	0.53
	Ivth Quarter	0.53	-	0.53	0.01	0.06	0.47
					0.07	0.23	
<b>IV</b> TH YEAR	Opening Balance						
	Ist Quarter	0.47	-	0.47	0.01	0.06	0.41
	IInd Quarter	0.41	-	0.41	0.01	0.06	0.35
	IIIRD Quarter	0.35	-	0.35	0.01	0.06	0.29
	Ivth Quarter	0.29	-	0.29	0.01	0.06	0.23
					0.04	0.23	
<b>V</b> TH YEAR	Opening Balance						
	Ist Quarter	0.23	-	0.23	0.01	0.06	0.18
	IInd Quarter	0.18	-	0.18	0.00	0.06	0.12
	IIIRD Quarter	0.12	-	0.12	0.00	0.06	0.06
	Ivth Quarter	0.06	-	0.06	0.00	0.06	0.00
					0.02	0.23	

## BREAK EVEN POINT ANALYSIS

Year	I	II	III	IV	V
<b>Net Sales &amp; Other Income</b>	17.10	21.42	25.02	28.62	32.22
Less : Op. WIP Goods	-	0.81	0.97	1.13	1.30
Add : Cl. WIP Goods	0.81	0.97	1.13	1.30	1.46
<b>Total Sales</b>	<b>17.91</b>	<b>21.58</b>	<b>25.18</b>	<b>28.78</b>	<b>32.38</b>
<b>Variable &amp; Semi Variable Exp.</b>					
Raw Material & Tax	8.72	10.92	12.76	14.60	16.43
Electricity Exp/Coal Consumption at 85%	0.68	0.82	0.95	1.09	1.22
Wages & Salary at 60%	3.31	3.62	3.95	4.32	4.71
Repair & Maintenance	0.34	0.43	0.50	0.57	0.64
Selling & administrative Expenses 80%	0.68	1.03	1.50	1.60	2.06
Intt. On Working Capital Loan	0.30	0.30	0.30	0.30	0.30
<b>Total Variable &amp; Semi Variable Exp</b>	<b>14.04</b>	<b>17.12</b>	<b>19.97</b>	<b>22.48</b>	<b>25.38</b>
<b>Contribution</b>	<b>3.87</b>	<b>4.46</b>	<b>5.21</b>	<b>6.30</b>	<b>7.00</b>
<b>Fixed &amp; Semi Fixed Expenses</b>					
Electricity Exp/Coal Consumption at 15%	0.12	0.14	0.17	0.19	0.22
Wages & Salary at 40%	2.21	2.41	2.63	2.88	3.14
Interest on Term Loan	0.12	0.09	0.07	0.04	0.02
Depreciation	0.15	0.15	0.13	0.11	0.10
Selling & administrative Expenses 20%	0.17	0.26	0.38	0.40	0.52
<b>Total Fixed Expenses</b>	<b>2.76</b>	<b>3.06</b>	<b>3.37</b>	<b>3.62</b>	<b>3.99</b>
<b>Capacity Utilization</b>	<b>50%</b>	<b>60%</b>	<b>70%</b>	<b>80%</b>	<b>90%</b>
<b>OPERATING PROFIT</b>	<b>1.10</b>	<b>1.41</b>	<b>1.84</b>	<b>2.68</b>	<b>3.01</b>
<b>BREAK EVEN POINT</b>	<b>36%</b>	<b>41%</b>	<b>45%</b>	<b>46%</b>	<b>51%</b>
<b>BREAK EVEN SALES</b>	<b>12.80</b>	<b>14.77</b>	<b>16.30</b>	<b>16.55</b>	<b>18.45</b>

**CALCULATION OF D.S.C.R**

<b>PARTICULARS</b>	<b>IST YEAR</b>	<b>IIND YEAR</b>	<b>IIIRD YEAR</b>	<b>IVTH YEAR</b>	<b>VTH YEAR</b>
<b><u>CASH ACCRUALS</u></b>	1.25	1.56	1.97	2.79	3.11
Interest on Term Loan	0.12	0.09	0.07	0.04	0.02
Total	1.37	1.65	2.04	2.83	3.12
<b><u>REPAYMENT</u></b>					
Instalment of Term Loan	0.23	0.23	0.23	0.23	0.23
Interest on Term Loan	0.12	0.09	0.07	0.04	0.02
Total	0.35	0.33	0.30	0.28	0.25
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>3.87</b>	<b>5.04</b>	<b>6.75</b>	<b>10.27</b>	<b>12.50</b>
<b>AVERAGE D.S.C.R.</b>			<b>7.69</b>		

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