



MODEL PROJECT REPORT



PROJECT REPORT ON COFFEE FLAVOURED MILK

SWAVALAMBI BHARAT ABHIYAN

INTRODUCTION

Coffee beverage imparts refreshing and stimulating effect and is extremely popular throughout the world. Almost entire consumption of coffee is in the form of beverages, with or without milk or cream, chilled or hot. Though the consumption of coffee is increasing day by-day in the country, no attempt has so far been made to commercialize a ready to serve coffee beverage on a large scale except limited efforts made by a few co-operative milk marketing societies in some states. The non availability of the cost of manufacture of the product appears to be one of the main reasons that the food industry has not taken up its production in organized way. This profile highlights the cost of manufacture for ready to serve coffee flavored milk drink.

MARKET POTENTIAL

The availability of coffee flavored milk in the compared to its potential demand is very small in volume. As the national awareness has caught on among the consumers, the demand for such drinks is increasing. It is equally liked by all irrespective of age. It could register good sale at airports, bus stops, railway stations, restaurants, hotels, picnic spots, college canteens, etc. Hence the availability of market would not be a big challenge for such nutritional products.

BASIS AND PRESUMPTIONS

- 1 . The scheme is based on 75% efficiency 24 hrs. a day for 300 days a year.
- 2 . Time period required to achieve full capacity utilization is possibly 4-5 years.
- 3 . Labour wages is as per the rates prevailing in the area.
- 4 . Interest rate for total capital investment has been taken @14% per annum for both fixed and working capital.
- 5 . Marging money is 25% of total capital investment.
- 6 . Pay back period of the projects is 7 years.
- 7 . Land cost & construction cost have been taken @ Rs 10/sq ft. and Rs 300/sq. ft. respectively.

TECHNICAL ASPECTS

PROCESS OF MANUFACTURE

The fresh cow and buffalo milk received is first standardized to its fat content. The milk is then heated to 40 C and filtered through a double muslin cloth. Then again heated to 60 C and stabilizers like TSC & DSHP added @ 0.002% . This milk is then passed to homogenizer for breaking the fat globules and make uniformity in the product. On other side, the coffee powder of 5% concentration is added to hot water and filtered through a muslin cloth. Finally homogenized milk, hot coffee water and sugar syrup are mixed in proper proportion and heated to 85C for 30minutes. The sterilized bottles are cooled at room temperature and then stored in wooden crates.

QUALITY CONTROL AND STANDARS

As per PFA Regulations

PRODUCTION CAPACITY (PER ANNUM)

QUANTITY	465000 (crates of 24 bottles 200 ml)
Value	Rs 418.5 Lakhs

MOTIVE POWER

80 HP

POLLUTION CONTROL

As per the state govt. pollution control board.

FINANCIAL ASPECTS

A . FIXED CAPITAL

I) LAND AND BUILDING

LAND – 10,000 Sq. Ft. @ Rs 10/sq.ft. = 1,00,000

BUILD AREA– 4150 sq.ft.@Rs 300 per sq.ft = 1245000

S.NO.	LAND & BUILDING	SIZE	AMOUNT IN Rs @300/sq.ft.
1	Production Hall	40' x 50'=2000 sq.ft.	600000
2	Store (RM)	30' x 30' =900 sq. ft.	270000
3	Store (F.P)	30'x3 0'=900 sq.ft.	270000
4	Laboratory	10'x15'=150 sq.ft	45000
5	office	10' x 5'=50 sq.ft.	15000
6	W.C. & Bath	10'x5'=50sq.ft.	15000
	Land & Building area Total	100000 +1245000	1345000

II MACHINERY AND EQUIPMENT

S.NO.	PARTICULARS	QTY	RATE(IN RS.)	TOTAL IN RS.
1	Water Treatment unit	1	50,000	50,000
2	Boiler	1	1,25,000	1,25,000
3	S.S.Tank 1000 Lt.cap.	3	20,000	60,000
4	Plate heat exchanger	1set	50,000	50,000
5	Homogeninser (2000 Ltrs./hrs cap.	1 set	1,50,000	1,50,000
6.	Bottling plant (including bottle washer, filter, crown corking m/c & sterilizer of 100 bottle/min	1 Set	1200000	1200000
7	Testing equipment		50000	50000
8	Weighing balance	1	5000	5000
	Total			1690000
	Erection & electrification @10%			169000
	Glass bottle in wooden crates 8000 crates@ Rs per crate			720000
	Cost of office equipment tables etc.			30000
	Total			2609000

III - PRE-OPERATIVE EXPENSES

TOTAL FIXED CAPITAL	AMOUNT
Land and Building	1345000
Machinery and equipment's	2609000
Pre-operative expenses	30000
Total	3984000

B. WORKING CAPITAL (PER MONTH)

i. PERSONNEL

S.NO.	DESIGNATION	NO.	SALARY IN Rs.	TOTAL IN Rs
1	Manager	1	6000	6000
2	Production Supervisor	1	3000	3000
3	Sales Supervisor	1	3000	3000
4	Accountant	1	3000	3000
5	Clerk-cum-typist	1	1500	1500
6	Skilled workers	4	1500	6000
7	Unskilled workers	15	1000	15000
8	Peon	1	1000	1000
9	Watchman	1	1000	1000
	Total			42500

II- RAW MATERIALS (PER MONTH)

S.NO.	PARTICULARS	QTY.	RATE IN Rs.	TOTAL IN Rs
1	Milk	187500 Lt.	13/Lt	2437500
2	Sugar	10500 kg	14/kg	147000
3	Instant coffee	1425 kg	110/kg	156750
4	Stabilizer (Trisodium citrate)	LS		10000
5	Crown caps	62 cartons of gross carton	1200/each	74400
	Total			2825650

III- UTILITIES

S.NO.	UTILITIES	AMOUNT IN RS
1	Electricity	10000
2	Water	3000
3	Fuel	15000
	Total	28000

IV- OTHER EXPENSES

S.NO.	OTHER CONTINGENT EXPENSES	AMOUNT IN Rs
1	Postage & stationery	700
2	Telephone	1000
3	Consumable stores	2500
4	Transport Charges	10000
5	Repairs and maintenance	5000
6	Publicity & Advertisement	10000
7	Insurance	2000
8	Taxes	2000
9	Miscellaneous Expenditure	5000
	Total	38,200
S.NO.	TOTAL RECURRING EXPENSES	AMOUNT IN Rs
1	Personnel	42500
2	Raw Material	2825650
3	Utility	28000
4	Other contingent Expenses	38200
	Total	2934350

C- TOTAL CAPITAL INVESTMENT

S.NO	DESCRIPTION	AMOUNT IN Rs.
i	Fixed capital	3984000
ii	Working capital for 2 months	5868700
	Total	9852700

FINANCIAL ANALYSIS

1 – COST OF PRODUCTION (PER ANNUM)

S.NO	COST OF PRODUCTION PER ANNUM	TOTAL Rs IN LAKHS
i	Recurring expenses	35212200
ii	Depreciation on building @5 %	62250
iii	Depreciation on machinery @10%	188900
iv	Depreciation on bottles@ 20 %	144000
v	Interest on total capital investment @ 14%	1379378
	Total	36986728
	Or say	36987000

2. Turnover (per annum)

S.NO.	ITEM	QTY.	RATE IN Rs	TOTAL INRs
1	Coffee flavored milk in 200 ml Bottle	465000 crates of 24 bottles	90/crate	41850000

3. NET PROFIT (PER ANNUM)

Turnover – Cost of production

Rs. 41850000 – Rs 36987000

= Rs. 4863000

4. NET PROFIT RATIO

= Net Profit (p.a.) x 100

Turnover (p.a.)

= 486300 x 100

4185000

= 11.6%

5. RATE OF RETURN ON TOTAL CAPITAL INVESTMENT

= Net Profit(p.a.) x 100

Total investment

$$= \frac{4863000}{9852700} \times 100$$

$$= 49.3 \%$$

6. BREAK EVEN POINT

$$= \frac{\text{Annual Fixed Cost}}{\text{Annual Net Profit}} \times 100$$

Annual Fixed Cost + Annual Net Profit

S.NO	FIXED COST	AMOUNT In RS
1	40% Salaries	204000
2	40% Utilities	134400
3	40% contingencies	183360
4	Total Depreciation	395150
	Total interest	1379378
	Total	2296288
	Or say	22.96 lakhs

$$\text{B.E.P.} = \frac{22.96}{48.63} \times 100$$

$$= 47.21 \%$$

$$= 32\%$$