MODEL PROJECT REPORT

PROJECT REPORT ON CHOCOLATE MILK

SWAVALAMBI BHARAT ABHIYAN

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PROJECT AT A GLANCE

1	Name of the Entreprenuer		xxxxxxxxxx
2	Constitution (legal Status)	:	xxxxxxxxxx
3	Father / Spouse Name		xxxxxxxxxxxx
4	Unit Address :		xxxxxxxxxxxxxxxxxxxxxx
			District : xxxxxxx Pin: xxxxxxx State: xxxxx Mobile xxxxxxx
5	Product and By Product	:	**CHOCOLATE MILK**
6	Name of the project / business activity proposed :		**CHOCOLATE MILK MAKING UNIT**
7	Cost of Project	:	Rs.20.47 Lakhs
8	Means of Finance Term Loan Own Capital Working Capital		 Rs.16.92 Lakhs Rs.2.05 Lakhs Rs.1.51 Lakhs
9	Debt Service Coverage Ratio	:	2.57
10	Pay Back Period	:	5 Years
11	Project Implementation Period	:	5-6 Months
12	Break Even Point	:	26%
13	Employment	:	12 Persons
14	Power Requirement	:	30.00 HP
15	Major Raw materials	:	Liquid Chocolate, Sugar, Milk and Other Additives
16	Estimated Annual Sales Turnover (Max Capacity)	:	151.80 Lakhs
17	Detailed Cost of Project & Means of Finance		

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	18.20
Furniture & Fixtures	0.60
Working Capital	1.67
Total	**20.47**

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.05
Working Capital(Finance)	1.51
Term Loan	16.92
Total	**20.47**

CHOCOLATE MILK MAKING UNIT

Introduction:

Chocolate milk is a milk typically flavored with cocoa and sugar. Milk is considered a complete protein — meaning it provides all nine essential amino acids your body needs. Milk naturally contains a type of sugar called lactose. Chocolate milk also contains added sugar in the form of sucrose. Chocolate milk, whether served hot or cold, is more than just a favorite drink that many people have loved since childhood. It's also a great source of several important nutrients. Nutrient-rich chocolate milk can help you refuel and rehydrate within the critical 30-minute recovery window after exercise. It contains a combination of carbohydrates and protein to refuel and repair muscles, fluids to rehydrate, and electrolytes to replenish what is lost in sweat. It has the added bonus of bone-building nutrients, like calcium, to help maintain strong bones and prevent stress fractures.

The essential nutrients in chocolate milk:

- Promote normal blood pressure (calcium)
- Help convert food into energy (riboflavin and niacin)
- Help build and maintain lean muscle (protein)

Uses & Market Potential:

Chocolate milk is rich in protein, which helps build muscle mass. Several studies have also found that drinking chocolate milk significantly increases endurance, which helps you keep exercising longer. Chocolate Milk can also replace regular milk in any dessert-inspired drink, featuring other sweet ingredients like bananas and peanut butter. The global chocolate milk market was valued at USD 7,784.41 million in 2020, and it is projected to register a CAGR of 4.67% during the forecast period (2021-2026).

The COVID-19 pandemic resulted in the generation of opportunities for many dairy snack food and beverage private players to emerge in the markets to cater to the inflated demand. The demand for innovative dairy products, including chocolate milk products, is consistently high in the developed countries, as these beverage snacks are a quick and convenient source of nutrition and energy. The global chocolate milk market is segmented by type into dairy-based chocolate milk and non-dairy-based chocolate milk. With some good benefits of chocolate milk for all age groups the demand is increasing for the product in urban as well as in rural areas.

Product:

Chocolate Milk

Raw Material:

The raw materials required are:

- Liquid Chocolate
- Sugar
- Milk
- Other Additives

Manufacturing Process:

The steps are:

- Procurement of Milk
- Heating Process
- Stabilizers are added
- Homogenization
- Liquid chocolate is added to hot water
- Mixing of ingredients & heating
- Filling of milk in bottles
- Packaging & Dispatch

Area:

The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and polishing area. Also, some of the area of building is required for office staff facilities, office furniture, etc. Thus, the approximate total area required for complete industrial setup is 1500-2000Sqft.

Cost of Machines:

Machine	Quantity	Rate
Water Treatment Unit	1	80000
Boiler	1	125000
SS Tank	1	80000
Plate Heat Exchanger	1	95000
Homogenizer	1	195000
Bottling Plant (including bottle washer, filter & sterilizer)	1	1195000
Other Equipment's	-	50000
Total Amount		**1820000**

Power Requirement- The estimated Power requirement is taken at 30 HP.

Manpower Requirement– Following manpower is required:

- Machine operator-2
- Skilled/unskilled worker-3
- Helper-4
- Manager cum Accountant-1
- Sales Personnel-2

FINANCIALS

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Capital Account					
Opening Balance	-	2.44	3.95	5.83	8.11
Add: Additions	2.05	-	-	-	-
Add: Net Profit	5.29	6.61	8.18	9.79	11.60
Less: Drawings	4.90	5.10	6.30	7.50	9.00
Closing Balance	2.44	3.95	5.83	8.11	10.71
CC Limit	1.51	1.51	1.51	1.51	1.51
Term Loan	15.04	11.28	7.52	3.76	-
Sundry Creditors	0.45	0.54	0.62	0.72	0.81
TOTAL :	**19.43**	**17.27**	**15.48**	**14.10**	**13.03**
APPLICATION OF FUND					
Fixed Assets (Gross)	18.80	18.80	18.80	18.80	18.80
Gross Dep.	2.79	5.16	7.19	8.91	10.37
Net Fixed Assets	16.01	13.64	11.61	9.89	8.43
Current Assets					
Sundry Debtors	1.34	1.62	1.91	2.21	2.53
Stock in Hand	0.79	0.94	1.09	1.26	1.42
Cash and Bank	1.30	1.08	0.86	0.73	0.65
TOTAL :	**19.43**	**17.27**	**15.48**	**14.10**	**13.03**
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	80.19	97.20	114.43	132.61	151.80
Total (A)	**80.19**	**97.20**	**114.43**	**132.61**	**151.80**
B) COST OF SALES					
Raw Material Consumed	45.00	53.55	62.42	71.63	81.18
Elecricity Expenses	2.01	2.35	2.69	3.02	3.36
Repair & Maintenance	1.60	1.94	2.29	2.65	3.04
Labour & Wages	12.22	15.64	19.09	22.90	26.34
Depreciation	2.79	2.37	2.02	1.72	1.46
Cost of Production	63.63	75.86	88.51	101.93	115.38
Add: Opening Stock /WIP	-	0.64	0.76	0.89	1.02
Less: Closing Stock /WIP	0.64	0.76	0.89	1.02	1.15
Cost of Sales (B)	62.99	75.74	88.38	101.79	115.24
C) GROSS PROFIT (A-B)	17.20	21.46	26.05	30.82	36.56
	21.44%	**22.07%**	**22.77%**	**23.24%**	**24.08%**
D) Bank Interest i) (Term Loan)	1.84	1.50	1.09	0.67	0.26
ii) Interest On Working Capital	0.17	0.17	0.17	0.17	0.17
E) Salary to Staff	8.06	10.16	12.19	14.88	17.55
F) Selling & Adm Expenses Exp.	1.60	2.43	3.43	3.71	4.55
G) TOTAL (D+E+F)	**11.67**	**14.26**	**16.88**	**19.43**	**22.53**
H) NET PROFIT	5.53	7.20	9.18	11.39	14.03
	6.9%	**7.4%**	**8.0%**	**8.6%**	**9.2%**
I) Taxation	0.24	0.59	1.00	1.60	2.43
J) PROFIT (After Tax)	5.29	6.61	8.18	9.79	11.60

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Own Contribution	2.05	-	-	-	-
Reserve & Surplus	5.53	7.20	9.18	11.39	14.03
Depriciation & Exp. W/off	2.79	2.37	2.02	1.72	1.46
Increase In Cash Credit	1.51	-	-	-	-
Increase In Term Loan	16.92	-	-	-	-
Increase in Creditors	0.45	0.09	0.09	0.09	0.10
TOTAL :	**29.24**	**9.66**	**11.29**	**13.20**	**15.59**
APPLICATION OF FUND					
Increase in Fixed Assets	18.80	-	-	-	-
Increase in Stock	0.79	0.15	0.16	0.16	0.17
Increase in Debtors	1.34	0.28	0.29	0.30	0.32
Repayment of Term Loan	1.88	3.76	3.76	3.76	3.76
Taxation	0.24	0.59	1.00	1.60	2.43
Drawings	4.90	5.10	6.30	7.50	9.00
TOTAL :	**27.94**	**9.88**	**11.50**	**13.33**	**15.67**
Opening Cash & Bank Balance	-	1.30	1.08	0.86	0.73
Add : Surplus	1.30	- 0.22	- 0.22	- 0.13	- 0.09
Closing Cash & Bank Balance	**1.30**	**1.08**	**0.86**	**0.73**	**0.65**

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
Finished Goods					
(3 Days requirement)	0.64	0.76	0.89	1.02	1.15
Raw Material					
(1 Day requirement)	0.15	0.18	0.21	0.24	0.27
Closing Stock	**0.79**	**0.94**	**1.09**	**1.26**	**1.42**

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net
			Amount
Stock in Hand	0.79		
Less:			
Sundry Creditors	0.45		
Paid Stock	**0.34**	**0.03**	**0.30**
Sundry Debtors	1.34	0.13	1.20
Working Capital Requirement			**1.51**
Margin			0.17
MPBF			**1.51**
Working Capital Demand			**1.51**

REPAYMENT SCHEDULE OF TERM LOAN 11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	Cl Balance
I	Opening Balance						
	Ist Quarter	-	16.92	16.92	0.47	-	16.92
	Iind Quarter	16.92	-	16.92	0.47	-	16.92
	IIIrd Quarter	16.92	-	16.92	0.47	0.94	15.98
	Ivth Quarter	15.98	-	15.98	0.44	0.94	15.04
					1.84	1.88	
II	Opening Balance						
	Ist Quarter	15.04	-	15.04	0.41	0.94	14.10
	Iind Quarter	14.10	-	14.10	0.39	0.94	13.16
	IIIrd Quarter	13.16	-	13.16	0.36	0.94	12.22
	Ivth Quarter	12.22		12.22	0.34	0.94	11.28
					1.50	3.76	
III	Opening Balance						
	Ist Quarter	11.28	-	11.28	0.31	0.94	10.34
	Iind Quarter	10.34	-	10.34	0.28	0.94	9.40
	IIIrd Quarter	9.40	-	9.40	0.26	0.94	8.46
	Ivth Quarter	8.46		8.46	0.23	0.94	7.52
					1.09	3.76	
IV	Opening Balance						
	Ist Quarter	7.52	-	7.52	0.21	0.94	6.58
	Iind Quarter	6.58	-	6.58	0.18	0.94	5.64
	IIIrd Quarter	5.64	-	5.64	0.16	0.94	4.70
	Ivth Quarter	4.70		4.70	0.13	0.94	3.76
					0.67	3.76	
V	Opening Balance						
	Ist Quarter	3.76	-	3.76	0.10	0.94	2.82
	Iind Quarter	2.82	-	2.82	0.08	0.94	1.88
	IIIrd Quarter	1.88	-	1.88	0.05	0.94	0.94
	Ivth Quarter	0.94		0.94	0.03	0.94	0.00
					0.26	3.76	

Door to Door Period	60	Months
Moratorium Period	6	Months
Repayment Period	54	Months

CALCULATION OF D.S.C.R

PARTICULARS	I	II	III	IV	V
CASH ACCRUALS	8.08	8.99	10.20	11.51	13.06
Interest on Term Loan	1.84	1.50	1.09	0.67	0.26
Total	9.91	10.49	11.28	12.18	13.32
REPAYMENT					
Repayment of Term Loan	1.88	3.76	3.76	3.76	3.76
Interest on Term Loan	1.84	1.50	1.09	0.67	0.26
Total	3.72	5.26	4.85	4.43	4.02
DEBT SERVICE COVERAGE RATIO	**2.67**	**1.99**	**2.33**	**2.75**	**3.32**
AVERAGE D.S.C.R.			**2.57**		

Assumptions:

1. Production Capacity of Chocolate Milk Making unit is taken at 2000 Bottles per day. First year, Capacity has been taken @ 60%. Capacity of one bottle is 500 ml.

2. Working shift of 10 hours per day has been considered.

3. Raw Material stock and Finished goods closing stock has been taken for 1 day and 3 days respectively.

4. Credit period to Sundry Debtors has been given for 5 days.

5. Credit period by the Sundry Creditors has been provided for 3 days.

6. Depreciation and Income tax has been taken as per the Income tax Act,1961.

7. Interest on working Capital Loan and Term loan has been taken at 11%.

8. Salary and wages rates are taken as per the Current Market Scenario.

9. Power Consumption has been taken at 30 HP.

10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.