PROJECT REPORT

Of

DAIRY FARM(COW)

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Dairy Farm Unit(Cow).

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.]

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ABOUT DAIRY COW FARMING

Dairy cow farming means 'raising highly milk productive cows commercially for milk production purpose'. It's absolutely a part of agriculture or animal husbandry, enterprise for long term milk production from cows. Commercial dairy cow farming business is not a new idea. People are raising dairy cows for milk production from the ancient time. Dairy cow farming business is still a profitable business venture throughout the world. There are numerous new and established dairy cow farms available around the world. Here we are describing more about the advantages of dairy cow farming business, and the necessary steps for starting this profitable business.

ADVANTAGES OF COMMERCIAL DAIRY COW FARMING BUSINESS

There are numerous advantages of starting commercial dairy cow farming business. Here we are shortly describing the main advantages of this business.

- Milk and milk products have a huge demand throughout the world. This is the main advantages of starting dairy cow farming business.
- Nowadays, dairy industry is one of the most appealing sectors all over the world.
- Demands of milk will never reduce, it will increase gradually in accordance with current population growth. Even both vegetarians and non-vegetarians drink milk.
- You don't have to worry about marketing the products. Because it is among the traditional business and you will be able to sell your products easily.
- Dairy cow farming business doesn't pollute the environment, it's eco-friendly.
- You can start dairy production by using your family labor. It's a good idea to properly utilize your family labor.
- Proper business plan and good care and management can ensure maximum profits. So it can be a great source of income and employment for the unemployed educated young.
- There are numerous highly productive dairy cows available throughout the world. You can choose any breed depending on your area and business purpose.
- Along with profits, you can ensure nutrition for your family members through setting up commercial dairy cow farming business.

ABOUT A2 MILK

To begin with A2 milk benefits, A2 milk is the milk produced by cows that have only A2 beta casein protein. Cow milk is available in two types of beta-casein proteins. These proteins are A1 and A2, which differ from each other by a single amino acid. Most of the dairy herds in Asia and Africa produce A2 milk. Our Indian breeds such as Gir and Sahiwal are best when it comes to giving us high-quality A2 milk. European cows, on the other hand, produce A1 milk.

WHY A2 MILK?

The reason behind growing demand for A2 milk is that it is believed that A2 is the original and natural protein which existed in cow milk since the very beginning, and A1 protein came along much later as a mutation with the increase in demand for high quantity and quality milk. The human body reacts to both the proteins (A1 and A2) differently because A1 has an amino acid called histidine and A2 has an amino acid called proline.

As compared to A1 milk, A2 milk is much easier to digest for people with weak digestion. The A1 protein creates a protein fragmentation during digestion, known as beta-casomorphin-7 or BCM-7, which leads to discomfort. Talking about A2 milk benefits, it doesn't contain BCM-7.

A2 is the purest and unaltered type of organic milk produced. Produced by cows that have been reared with care and reverence. These cows are fed by fodder, greens, vegetables, jaggery and natural foods, clean water and kept in healthy conditions. No special solutions or medicines are given to them to alter their milk. No machines are used and the upkeep and milking process is traditional and in the Vedic way. Our cows give much less milk compared to European ones. That is why European cow A1 milk is easily and cheaply available. A2 milk has high demand but desi cow A2 milk dairies are limited as most dairies converted to European cow A1 milk as they produce almost 5 times more milk in a day compared to desi cows. It is believed that A2 milk is safe to consume for infants as well, who have very sensitive digestive systems.

A2 MILK BENEFITS

One of the important A2 milk benefits is that is easy to consume by most lactose intolerant people too. It is very healthy and easily digestible. Compared to being as healthy as a mother's milk, the A2 milk contributes equally in building immunity, increasing metabolism and in providing Omega 3 fatty acids. These fatty acids contribute highly to mental growth too.

WHY NOT A1 MILK?

There have been reports implicating A1 protein/BCM-7 in negative health effects like Ischaemic heart disease, Type 1 diabetes, autism, inflammatory response and digestive discomfort etc.

PROMOTING A2 MILK

The high quantity producing European cows have practically replaced the high quality producing Indian breeds, in many dairies in the country. The economics work in favor of European cows and hence dairies can supply milk cheaply. The issue of quality is being ignored. In India, even the government has been taking steps to promote native breeds of every region. Besides the government, some private entities to have realized the health benefits of A2 milk. Slowly we are seeing a resurgence in desi Indian cow occupying a place in a high quality focused dairies. These dairies give the utmost care to their desi cows and no corners are cut to produce this premium milk. Being the largest milk producer in the world, India carries the responsibility to promote the best quality milk.

A self-sustainable system needs to be in place for these dairies. This is where the A2 milk steps in for being healthy and organic. Organic methods of farming coupled with a biogas plant could solve economic problems by raising a livestock. Milk is a major source of protein in our diet. And we ought to ensure that the milk we are drinking is healthy and nutritious. As an aware consumer, we need to know the way our cows are being raised and only happy desi cows give the best healthy milk.

PROJECT AT GLANCE

NAME OF FIRM	:	***XXXX***	
NATURE OF INDUSTRY	:	Indigenous Indian Cow Farm	
FARM LOCATION	:	XXXX	
CAPACITY OF DAIRY	:	50 Ltrs Milk Per day	
FINANCIAL ASSITANCE REQUIRED	:	Term Loan	5.00 Lacs

COST OF PROJECT

(Rs. In Lacs)

Particulars	Amount	% Margin	Margin	Finance
Land	Rented			
Building and Civil Work	2.25	10%	0.22	2.03
Plant & Machinery (Milking Machine & Refridgerator)	0.70	10%	0.07	0.63
Cow Purchase (live Stock)	2.50	10%	0.25	2.25
Other assets	0.10	10%	0.01	0.09
IDCP	0.08	100%	0.08	-
Total	**5.63**		**0.63**	**5.00**

MEANS OF FINANCE

Particulars	Amount
Own Contribution	0.63
Term Loan	5.00
Total	**5.63**

PROJECTED BALANCE SHEET

PARTICULARS	YEAR1	YEAR2	YEAR3	YEAR4	YEAR5	YEAR6
LIABILITIES						
Proprietor Capital						
Opening Balance						
Add:- Addition During the Year	0.63	3.22	3.98	4.73	5.53	6.39
Add:-Profit During the Year	3.09	1.75	1.85	2.15	2.46	2.73
Less:- Drawings During the Year	0.50	1.00	1.10	1.35	1.60	2.20
Closing Capital	3.22	3.98	4.73	5.53	6.39	6.93
Secured Loans						
Term Loan From Bank	5.00	3.91	2.82	1.72	0.63	(0.00)
Current Liabilities						
Sundry Creditors	0.02	0.03	0.04	0.05	0.06	0.07
	8.24	**7.92**	**7.59**	**7.30**	**7.09**	**6.99**
TOTAL :						
ASSETS						
Fixed Assets						
Gross Block	5.70	5.70	5.70	5.70	5.70	5.70
Depreciation	0.09	0.42	0.72	0.98	1.21	1.42
Net Block	**5.61**	**5.28**	**4.98**	**4.72**	**4.49**	**4.28**
Current Assets						
Cash and Bank	2.63	2.64	2.61	2.58	2.60	2.71
TOTAL :	**8.24**	**7.92**	**7.59**	**7.30**	**7.09**	**6.99**

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	YEAR1	YEAR2	YEAR3	YEAR4	YEAR5	YEAR6
Capacity Utilisation %						
A) SALES						
Sale of Milk	6.48	6.58	6.88	7.18	7.48	7.78
Total (A)	***6.48***	***6.58***	***6.88***	***7.18***	***7.48***	***7.78***
B) COST OF SALES						
Feed Cost	1.26	1.26	1.28	1.34	1.38	1.45
Power & Fuel	0.10	0.11	0.12	0.13	0.14	0.15
Labour & Wages	1.56	1.56	1.58	1.59	1.61	1.62
Cost of Production	2.92	2.92	2.97	3.06	3.13	3.23
Add : Opening Stock	-	-	-	-	-	-
Less : Closing Stock	-	-	-	-	-	-
Cost of Sales (B)	**2.92**	**2.92**	**2.97**	**3.06**	**3.13**	**3.23**
C) GROSS PROFIT (A-B)	3.56	3.66	3.91	4.12	4.35	4.55
G.P.Ratio	**54.98%**	**55.58%**	**56.83%**	**57.42%**	**58.20%**	**58.52%**
D) Interest on Term Loan	0.13	1.24	1.40	1.28	1.17	1.07
F) Adm & Selling Expenses Exp. (inc Rent)	0.26	0.33	0.36	0.43	0.49	0.54
G) Depreciation	0.09	0.34	0.30	0.26	0.23	0.21
TOTAL	**0.47**	**1.90**	**2.06**	**1.97**	**1.89**	**1.82**
I) NET PROFIT	**3.09**	**1.75**	**1.85**	**2.15**	**2.46**	**2.73**
N.P.Ratio	**47.72%**	**26.66%**	**26.93%**	**29.92%**	**32.93%**	**35.12%**
L) Profit After Tax	3.09	1.75	1.85	2.15	2.46	2.73
M) DEPRECIATION ADD BACK	0.09	0.34	0.30	0.26	0.23	0.21
N) NET CASH ACCRUALS	3.18	2.09	2.15	2.41	2.70	2.94

PROJECTED CASH FLOW STATEMENT

PARTICULARS	YEAR1	YEAR2	YEAR3	YEAR4	YEAR5	YEAR6
SOURCES OF FUND						
Increase In Own contribution	0.63	-	-	-	-	-
Profit Before Tax	3.09	1.75	1.85	2.15	2.46	2.73
Depreciation	0.09	0.34	0.30	0.26	0.23	0.21
Increase In Term Loan from bank	5.00	-	-	-	-	-
Increase In Sundry Creditors	0.02	0.01	0.01	0.01	0.01	0.01
TOTAL :	**8.83**	**2.10**	**2.16**	**2.42**	**2.71**	**2.94**
APPLICATION OF FUND						
Increase in Fixed Assets	5.70	-	-	-	-	-
Increase in Drawings	0.50	1.00	1.10	1.35	1.60	2.20
Repayment of Term Loan from Bank		1.09	1.09	1.09	1.09	0.64
TOTAL :	**6.20**	**2.09**	**2.19**	**2.44**	**2.69**	**2.84**
Opening Cash & Bank Balance	-	2.63	2.64	2.61	2.58	2.60
Add : Surplus	2.63	0.01	(0.03)	(0.02)	0.01	0.11
Closing Cash & Bank Balance	**2.63**	**2.64**	**2.61**	**2.58**	**2.60**	**2.71**

MILK PRODUCTION & PROCESSING PLANT FEASIBILTY STUDY

OPERATIONAL ASSUMPTIONS

		No. of Days
1	No days of Plant Operation	300
	No of days of feeding cows	365
	Total Number of Cows	5
	Milk /Proudction Per day(Capacity)	50
	Lactation Ratio	70%
	Lactation Days	285
	Milk /Proudction Per day	35
	Milk /Proudction Per annum	**9,975**

2	Sales Price Assumptions:	Price (Rs/KG)
	Milk	65

Sale Price	YEAR1	YEAR2	YEAR3	YEAR4	YEAR5	YEAR6
Milk	65	66	69	72	75	78

Increased By 2-5% Annually

3	Fodder Cost Assumptions:	Price (Rs/KG)	Consumption (Kg/Cow/Day)
	Dry Fodder	6	4
	Green Fodder	4	2
	Nutritious Fodder	24	2

4	Raw Material Cost:	Price (Rs/KG)	Consumption (Kg/Cow/Day)	No of cows	Total Cost/ Day
	Dry Fodder	5	5	5	125.00
	Green Fodder	4	2	5	40.00
	Nutritious Fodder	18	2	5	180.00
	No of feeding days				365.00
	TOTAL ANNUAL RAW MATERIAL COST(In lacs				**1.26**

5	Raw Material Price	YEAR1	YEAR2	YEAR3	YEAR4	YEAR5	YEAR6
	Feed Cost	1.26	1.26	1.28	1.34	1.38	1.45

Increased By 2-5% Annually

6 **Cost of Employees**

Position	Numbers	CTC/Year/ Person Rs (000s)	Total Cost Rs in Lacs
Unskilled Workmen	1	72,000	0.72
Skilled Workmen	1	84,000	0.84
Total Cost of Employees	**2**		**1.56**

7	Overhead As %age of Sales	YEAR1	YEAR2	YEAR3	YEAR4	YEAR5	YEAR6
	Selling, General & Admn Exp	4.00%	5.00%	5.25%	6.00%	6.50%	7.00%

8	Rate of Interest on Term Loan	10.00%	P.A.

XXXX

COMPUTATION OF CAPACITY OF THE PROJECT (Indigenous Indian Cow Farm)

Total Number of Cows	5	Litres of Milk per day
Milk /Proudction Per day(Capacity)	50	days
Lactation Ratio	1	
Lactation Days	285	
Milk /Proudction Per day	35	
Milk /Proudction Per annum	9,975	

COMPUTATION OF PRODUCTS TO BE PRODUCED

QUANTITY WISE

Particulars	YEAR1	YEAR2	YEAR3	YEAR4	YEAR5	YEAR6
	(3Months Working)					
Milk in Ltrs	9,975	9,975	9,975	9,975	9,975	9,975
Total Produce (in Kgs)	**9,975**	**9,975**	**9,975**	**9,975**	**9,975**	**9,975**

COMPUTATION OF SALES

Particulars	YEAR1	YEAR2	YEAR3	YEAR4	YEAR5	YEAR6
Milk in Ltrs	9,975	9,975	9,975	9,975	9,975	9,975
Rs per litre	65	66	69	72	75	78
Total Sales (Rs in Lacs)	**6.48**	**6.58**	**6.88**	**7.18**	**7.48**	**7.78**

COMPUTATION OF FEED COST

Particulars	YEAR1	YEAR2	YEAR3	YEAR4	YEAR5	YEAR6
Raw Material Consumed	1.26	1.26	1.28	1.34	1.38	1.45
Total Direct Cost (Rs in Lacs)	**1.26**	**1.26**	**1.28**	**1.34**	**1.38**	**1.45**

COMPUTATION OF SALARY EXPENSES

Particulars	YEAR1	YEAR2	YEAR3	YEAR4	YEAR5	YEAR6
Managerial Staffs	1.56	1.56	1.58	1.59	1.61	1.62
Total Salary Expenses (Rs in	**1.56**	**1.56**	**1.58**	**1.59**	**1.61**	**1.62**

COMPUTATION OF DEPRECIATION

Description	Live Stock	Plant & Machinery	Building	**TOTAL**
Rate of Depreciation		**15.00%**	**10.00%**	
Opening Balance		-	-	-
Addition During The year	2.50	0.70	2.25	5.45
Add:- IDCP	0.11	0.03	0.10	0.25
Less : Depreciation	-	0.03	0.06	0.09
WDV at end of Year 1	2.61	0.70	2.29	5.61
Less : Depreciation	-	0.11	0.23	0.34
WDV at end of Year 2	2.61	0.60	2.06	5.28
Less : Depreciation	-	0.09	0.21	0.30
WDV at end of Year 3	2.61	0.51	1.86	4.98
Less : Depreciation	-	0.08	0.19	0.26
WDV at end of Year 4	2.61	0.43	1.67	4.72
Less : Depreciation	-	0.06	0.17	0.23
WDV at end of Year 5	2.61	0.37	1.51	4.49
Less : Depreciation	-	0.06	0.15	0.21
WDV at end of Year 6	2.61	0.31	1.35	4.28

CALCULATION OF D.S.C.R

PARTICULARS	YEAR2	YEAR3	YEAR4	YEAR5	YEAR6
Cash Accruals	2.09	2.15	2.41	2.70	2.94
Interest on Term Loan	1.24	1.40	1.28	1.17	1.07
Total	**3.33**	**3.55**	**3.69**	**3.87**	**4.01**
REPAYMENT					
Instalment of Term Loan	1.09	1.09	1.09	1.09	0.64
Interest on Term Loan	1.24	1.40	1.28	1.17	1.07
Total	**2.33**	**2.49**	**2.37**	**2.26**	**1.71**
DEBT SERVICE COVERAGE RATIO	**1.43**	**1.42**	**1.56**	**1.71**	**2.35**
AVERAGE D.S.C.R.			**1.69**		

REPAYMENT SCHEDULE OF TERM LOAN

						Intt.	10.00%
Year	**Particulars**	**Amount**	**Addition**	**Total**	**Interest**	**Repayment**	**Cl Balance**
YEAR1	Opening Balance						
	April	-	-	-	-	-	-
	May	-	-	-	-	-	-
	June	-	-	-	-	-	-
	July	-	-	-	-	-	-
	August	-	-	-	-	-	-
	September	-	-	-	-	-	-
	October	-	5.00	5.00	0.04	-	5.00
	November	5.00	-	5.00	0.04	-	5.00
	December	5.00	-	5.00	0.04	-	5.00
	January	5.00		5.00	0.04	-	5.00
	February	5.00		5.00	0.04	-	5.00
	March	5.00	-	5.00	0.04	-	5.00
					0.25		
YEAR2	Opening Balance						
	April	5.00	-	5.00	0.04	0.091	4.91
	May	4.91	-	4.91	0.04	0.091	4.82
	June	4.82	-	4.82	0.04	0.091	4.73
	July	4.73	-	4.73	0.04	0.091	4.64
	August	4.64	-	4.64	0.13	0.091	4.55
	September	4.55	-	4.55	0.22	0.091	4.45
	October	4.45	-	4.45	0.14	0.091	4.36
	November	4.36	-	4.36	0.12	0.091	4.27
	December	4.27	-	4.27	0.12	0.091	4.18
	January	4.18	-	4.18	0.13	0.091	4.09
	February	4.09	-	4.09	0.11	0.091	4.00
	March	4.00	-	4.00	0.11	0.091	3.91
					1.24	**1.09**	
YEAR3	Opening Balance						
	April	3.91	-	3.91	0.13	0.091	3.82
	May	3.82	-	3.82	0.11	0.091	3.73
	June	3.73	-	3.73	0.11	0.091	3.64
	July	3.64	-	3.64	0.13	0.091	3.54
	August	3.54	-	3.54	0.11	0.091	3.45
	September	3.45	-	3.45	0.11	0.091	3.36
	October	3.36	-	3.36	0.13	0.091	3.27
	November	3.27	-	3.27	0.11	0.091	3.18
	December	3.18	-	3.18	0.11	0.091	3.09
	January	3.09	-	3.09	0.13	0.091	3.00
	February	3.00	-	3.00	0.10	0.091	2.91
	March	2.91	-	2.91	0.12	0.091	2.82
					1.40	**1.09**	
YEAR4	Opening Balance						
	April	2.82	-	2.82	0.12	0.091	2.73
	May	2.73	-	2.73	0.10	0.091	2.63
	June	2.63	-	2.63	0.10	0.091	2.54
	July	2.54	-	2.54	0.12	0.091	2.45
	August	2.45	-	2.45	0.10	0.091	2.36
	September	2.36	-	2.36	0.10	0.091	2.27
	October	2.27	-	2.27	0.12	0.091	2.18
	November	2.18	-	2.18	0.10	0.091	2.09
	December	2.09	-	2.09	0.10	0.091	2.00
	January	2.00	-	2.00	0.12	0.091	1.91
	February	1.91	-	1.91	0.10	0.091	1.81
	March	1.81	-	1.81	0.11	0.091	1.72
					1.28	**1.09**	

YEAR5	Opening Balance						
	April	1.72	-	1.72	0.11	0.091	1.63
	May	1.63	-	1.63	0.10	0.091	1.54
	June	1.54	-	1.54	0.09	0.091	1.45
	July	1.45	-	1.45	0.11	0.091	1.36
	August	1.36	-	1.36	0.10	0.091	1.27
	September	1.27	-	1.27	0.09	0.091	1.18
	October	1.18	-	1.18	0.11	0.091	1.09
	November	1.09	-	1.09	0.09	0.091	1.00
	December	1.00	-	1.00	0.09	0.091	0.90
	January	0.90	-	0.90	0.11	0.091	0.81
	February	0.81	-	0.81	0.09	0.091	0.72
	March	0.72	-	0.72	0.08	0.091	0.63
					1.17	**1.09**	
YEAR6	Opening Balance						
	April	0.63	-	0.63	0.11	0.091	0.54
	May	0.54	-	0.54	0.08	0.091	0.45
	June	0.45	-	0.45	0.08	0.091	0.36
	July	0.36	-	0.36	0.10	0.091	0.27
	August	0.27	-	0.27	0.08	0.091	0.18
	September	0.18	-	0.18	0.08	0.091	0.09
	October	0.09	-	0.09	0.10	0.090	(0.00)
	November	(0.00)	-	(0.00)	0.08	-	(0.00)
	December	(0.00)	-	(0.00)	0.08	-	(0.00)
	January	(0.00)	-	(0.00)	0.10	-	(0.00)
	February	(0.00)	-	(0.00)	0.08	-	(0.00)
	March	(0.00)	-	(0.00)	0.09	-	(0.00)
					1.07	**0.64**	

DOOR TO DOOR	60	MONTHS
MORATORIUM PERIOD	5	MONTHS
REPAYMENT PERIOD	55	MONTHS

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