PROJECT REPORT

Of

MILK CHOCOLATE

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Milk Chocolate.

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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PROJECT AT A GLANCE

1	Name of the Entreprenuer		xxxxxxxxxx	
2	Constitution (legal Status)		xxxxxxxxxx	
3	Father / Spouse Name		xxxxxxxxxxxx	
4	Unit Address	:	xxxxxxxxxxxxxxxxxxxxxxx	
			District : xxxxxxx	
			Pin: xxxxxxx	State: xxxxxxxxxx
			Mobile xxxxxxx	
5	Product and By Product	:	**MILK CHOCOLATE**	
6	Name of the project / business activity proposed :		**MILK CHOCOLATE MANUFACTURING UNIT**	
7	Cost of Project	:	Rs.14 Lakhs	
8	Means of Finance			
	Term Loan		Rs.8.1 Lakhs	
	Own Capital		Rs.1.4 Lakhs	
	Working capital		Rs.4.5 Lakhs	
9	Debt Service Coverage Ratio	:	2.97	
10	Pay Back Period	:	5	Years
11	Project Implementation Period	:	5-6	Months
12	Break Even Point	:	44%	
13	Employment	:	8	Persons
14	Power Requirement	:	10.00	HP
15	Major Raw materials	:	Cocoa Butter, Cocoa Beans, Sugar, Milk Powder, Other material & Packing material	
16	Estimated Annual Sales Turnover (Max Capacity)	:	70.34	Lakhs
17	Detailed Cost of Project & Means of Finance			

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	7.30
Furniture & Fixtures	1.70
Working Capital	5.00
Total	**14.00**

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.40
Working Capital(Finance)	4.50
Term Loan	8.10
Total	**14.00**

MILK CHOCOLATE

Introduction: Chocolates are very popular foods in the world and is a basic confectionery item. Chocolates are the favourite of children. It has been traded internationally for decades, mostly from the under-developed to the developed world. Chocolates has great levels of complexity and flavours. It is made from the fruit of cocoa tree, which also has other uses like it can be used as an ingredient of beverages and various kind of confectionery. The demand of chocolates is high, specifically Milk Chocolate because of its health benefits. Sometimes chocolate can also be used to remove grudges and bad feelings among individuals and can be given as gift to build a healthy relationship among individuals and families.

Uses & Market Potential: Chocolates are common dessert after meal and dinners. Lots of chocolates made in factories today are used to make Chocolate candy. Nowadays, chocolates are also given as presents in many festival and occasions in our country. Sometimes it causes good sensation while chewing.

India's chocolate market estimated to have value ofRs.650 crores a year. India's chocolate market is also estimated to belong to 22,000-24,000 tons per annum production region andisvalued to have excess of 80 millionUSD(560 crore approx.). They are consumed widely in all parts of the country whether it bea town, city or rural area. Most attractive thing about this product is that it can be consumed in every season.

Raw Material: Raw materials required are as follows:

1. Cocoa
2. Cocoa Butter
3. Sugar
4. Lecithin
5. Vanilla
6. Milk Powder
7. Packing material

Machinery requirements: Major machines & equipments are as follows:

S No.	Machine	Unit	Price
1.	Chocolate Moulding Machine	1 set	100000
2.	Chocolate Tempering Machine(Capacity 15-30kg.)	1 set	126000
3.	Chocolate Grinding Machine(Capacity 10-100 kg/hr)	1 set	45000
4.	Automatic Roasting Machine (Roaster) (Capacity 50 Kg)	1 unit	180000
5.	Chocolate Refrigerator(Capacity 100 Ltr.)	1 unit	8500
6.	Chocolate Mixer	1 unit	150000
7.	Other equipments & hand tools	Ls	120000
	Total Amount		**729500**
	Net Amount (Round off)		**730000**

Manufacturing Process: Step wise process of chocolate manufacturing is as follows:

- **Roasting and Winnowing the Cocoa:** Initially chocolate manufacturers roast the cocoa beansso as to develop the flavour and colour of beans. Then the outer shell of beans is removed and inner cocoa bean is broken down intofine pieces called “cocoa nibs”. The cocoa nibs are then passed through a series of sieves, which sort the nibs according totheir size in a process called “winnowing”.

- **Grinding the Cocoa Nibs:** In this process cocoa nibs are ground into cocoa powder in a chocolate grinding machine, which crushes the nibs utilizing its stone grinders and simultaneously melts the cocoa powder obtained from crushing into thick concentrate of cocoa called cocoa liquor.

- **Mixing:** A mixer is used to blend all the raw material component along with Cocoa Liquor so as to obtain a blend of chocolate, the mixing process is slow and elongated over a period of time so as to obtain a uniform blend.

- **Blending Cocoa Liquor and Moulding Chocolate:** The blend obtained from mixing is further refined, so as to bring the particle size of added sugar down to the required fineness. Then cocoa blend is blended again with cocoa liquor, sugar, milk powder, cocoa butter & other preservatives in appropriate variations as per the variety of chocolate being produced.After blending is completed, moulding is the final stage for chocolate processing. In mouldingchocolate blend is allowed to cool and harden into different shapes depending on the mould they are fed in.

- **Packaging and Distribution:** The final step in this process is to pack the finished products in different packets in packaging machine followed by packing in cartons of different sizes and are distributed in the market for sale.

Area: The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and auxiliary like Generator setup. Also some of the area of building is required for office staff facilities, documentation, office furniture, etc. Thus, the approximate total area required for complete industrial setup is 1800 to 2000Sqft.

Power Requirement: The power consumption required to run all the machinery could be approximated as 15 Hp

Manpower Requirement: There are requirement of skilled machine operators to run the machine set. Experience quality engineers are required for desired quality control. Some helpers are also required to transfer the material from one work station to other. Office staffs are required to maintain the documentation. The approximate manpower required is 8 including 1 Supervisor, 1 Plant operator, 1 unskilled worker, 1 Helper and 1 Security guard. 3 Skilled worker including Accountant, Manager and Sales person.

Bank Term Loan: Rate of Interest is assumed to be at 11%

Depreciation: Depreciation has been calculated as per the Provisions of Income Tax Act, 1961

Approvals & Registration Requirement:

Basic registration required in this project:

- GST Registration
- Udyog Aadhar Registration (Optional)
- Choice of a Brand Name of the product and secure the name with Trademark if require.
- FSSAI Registration

Implementation Schedule:

S No.	Activity	Time required
1.	Acquisition of premises	1-2 Months
2.	Procurement & installation of Plant & Machinery	1-2 Months
3.	Arrangement of Finance	1.5-2 Months
4.	Requirement of required Manpower	1 Month
5.	Commercial Trial Runs	1 Month
	Total time Required (some activities shall run concurrently)	5-6 Months

FINANCIALS

PROJECTED BALANCE SHEET					
PARTICULARS	**I**	**II**	**III**	**IV**	**V**
SOURCES OF FUND					
Capital Account					
Opening Balance	-	1.90	3.75	5.74	7.76
Add: Additions	1.40	-	-	-	-
Add: Net Profit	2.50	4.35	4.99	6.02	6.54
Less: Drawings	2.00	2.50	3.00	4.00	4.50
Closing Balance	1.90	3.75	5.74	7.76	9.80
CC Limit	4.50	4.50	4.50	4.50	4.50
Term Loan	7.20	5.40	3.60	1.80	-
Sundry Creditors	0.48	0.55	0.59	0.64	0.68
TOTAL :	**14.09**	**14.20**	**14.43**	**14.69**	**14.98**
APPLICATION OF FUND					
Fixed Assets (Gross)	9.00	9.00	9.00	9.00	9.00
Gross Dep.	1.27	2.35	3.28	4.07	4.76
Net Fixed Assets	7.74	6.65	5.72	4.93	4.24
Current Assets					
Sundry Debtors	3.01	3.57	3.93	4.31	4.69
Stock in Hand	2.71	3.07	3.36	3.66	3.97
Cash and Bank	0.63	0.90	1.41	1.80	2.08
TOTAL :	**14.09**	**14.20**	**14.43**	**14.69**	**14.98**

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PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	45.14	53.61	59.01	64.58	70.34
Total (A)	**45.14**	**53.61**	**59.01**	**64.58**	**70.34**
B) COST OF SALES					
Raw Material Consumed	20.77	23.62	25.44	27.26	29.07
Elecricity Expenses	1.13	1.22	1.32	1.41	1.50
Repair & Maintenance	4.51	5.36	5.90	6.46	7.03
Labour & Wages	6.80	7.14	8.22	9.45	10.87
Depreciation	1.27	1.08	0.93	0.80	0.68
Cost of Production	34.48	38.43	41.80	45.37	49.16
Add: Opening Stock /WIP	-	2.02	2.29	2.52	2.75
Less: Closing Stock /WIP	2.02	2.29	2.52	2.75	3.00
Cost of Sales (B)	32.46	38.17	41.57	45.13	48.91
C) GROSS PROFIT (A-B)	12.69	15.45	17.44	19.45	21.42
	28.10%	**28.81%**	**29.55%**	**30.12%**	**30.46%**
D) Bank Interest (Term Loan)	0.88	0.72	0.52	0.32	0.12
ii) Interest On Working Capital	0.50	0.50	0.50	0.50	0.50
E) Salary to Staff	6.55	7.21	7.93	8.72	9.59
F) Selling & Adm Expenses Exp.	2.26	2.68	2.95	3.23	3.52
TOTAL (D+E)	**10.18**	**11.10**	**11.89**	**12.77**	**13.73**
H) NET PROFIT	2.50	4.35	5.54	6.69	7.70
I) Taxation	-	-	0.55	0.67	1.15
J) PROFIT (After Tax)	2.50	4.35	4.99	6.02	6.54

PROJECTED CASH FLOW STATEMENT					
PARTICULARS	**I**	**II**	**III**	**IV**	**V**
SOURCES OF FUND					
Own Contribution	1.40	-			
Reserve & Surplus	2.50	4.35	5.54	6.69	7.70
Depriciation & Exp. W/off	1.27	1.08	0.93	0.80	0.68
Increase In Cash Credit	4.50				
Increase In Term Loan	8.10	-	-	-	-
Increase in Creditors	0.48	0.07	0.04	0.04	0.04
TOTAL :	**18.25**	**5.50**	**6.52**	**7.52**	**8.42**
APPLICATION OF FUND					
Increase in Fixed Assets	9.00	-	-	-	-
Increase in Stock	2.71	0.36	0.29	0.30	0.31
Increase in Debtors	3.01	0.56	0.36	0.37	0.38
Repayment of Term Loan	0.90	1.80	1.80	1.80	1.80
Taxation	-	-	0.55	0.67	1.15
Drawings	2.00	2.50	3.00	4.00	4.50
TOTAL :	**17.62**	**5.23**	**6.00**	**7.14**	**8.14**
Opening Cash & Bank Balance	-	0.63	0.90	1.41	1.80
Add : Surplus	0.63	0.27	0.51	0.39	0.28
Closing Cash & Bank Balance	**0.63**	**0.90**	**1.41**	**1.80**	**2.08**

COMPUTATION OF MAKING OF MILK CHOCOLATE			
Item to be Manufactured Milk Chocolate			
Manufacturing Capacity per day		30	Kg
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		9,000	Kg
Total Production per Annum		90,000	100 gm each packet
Year		Capacity Utilisation	MILK CHOCOLATE
I		60%	54,000.00
II		65%	58,500.00
III		70%	63,000.00
IV		75%	67,500.00
V		80%	72,000.00

COMPUTATION OF RAW MATERIAL					
Item Name		Quantity of Raw Material	Unit	Unit Rate	Total CostPer Annum (100%)
Cocoa Butter		2,250.00	Kg	1,020.00	22,95,000.00
Cocoa Beans		1,400.00	Kg	150.00	2,10,000.00
Sugar		3,600.00	Kg	20.00	72,000.00
Milk Powder		1,800.00	Kg	380.00	6,84,000.00
Other materials & Packing material					2,00,000.00
					-
Total					**34,61,000.00**
Total Raw material in Rs lacs					34.61

Raw Material Consumed	Capacity Utilisation		Amount (Rs.)		
I	60%		20.77		
II	65%		23.62	5% Increase in Cost	
III	70%		25.44	5% Increase in Cost	
IV	75%		27.26	5% Increase in Cost	
V	80%		29.07	5% Increase in Cost	

COMPUTATION OF SALE					
Particulars	**I**	**II**	**III**	**IV**	**V**
Op Stock	-	2,700.00	2,925.00	3,150.00	3,375.00
Production	54,000.00	58,500.00	63,000.00	67,500.00	72,000.00
	54,000.00	61,200.00	65,925.00	70,650.00	75,375.00
Less : Closing Stock(15 Days)	2,700.00	2,925.00	3,150.00	3,375.00	3,600.00
Net Sale	51,300.00	58,275.00	62,775.00	67,275.00	71,775.00
Sale Price per 100 gm Packet	88.00	92.00	94.00	96.00	98.00
Sale (in Lacs)	**45.14**	**53.61**	**59.01**	**64.58**	**70.34**

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
Finished Goods					
(15 Days requirement)	2.02	2.29	2.52	2.75	3.00
Raw Material					
(10 Days requirement)	0.69	0.79	0.85	0.91	0.97
Closing Stock	**2.71**	**3.07**	**3.36**	**3.66**	**3.97**

COMPUTATION OF WORKING CAPITAL REQUIREMENT			
Particulars	**Amount**	**Margin(10%)**	**Net Amount**
Stock in Hand	2.71		
Less:			
Sundry Creditors	0.48		
Paid Stock	**2.23**	**0.22**	**2.00**
Sundry Debtors	3.01	0.30	2.71
Working Capital Requirement			**4.71**
Margin			0.52
MPBF			**4.71**
Working Capital Demand			**4.50**

BREAK UP OF LABOUR				
Particulars		Wages	No of	Total
		Per Month	Employees	Salary
Supervisor		18,000.00	1	18,000.00
Plant Operator		12,000.00	1	12,000.00
Unskilled Worker		10,000.00	1	10,000.00
Helper		8,000.00	1	8,000.00
Security Guard		6,000.00	1	6,000.00
				54,000.00
Add: 5% Fringe Benefit				2,700.00
Total Labour Cost Per Month				56,700.00
Total Labour Cost for the year (In Rs. Lakhs)			5	6.80

BREAK UP OF SALARY				
Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Manager		20,000.00	1	20,000.00
Accountant cum store keeper		18,000.00	1	18,000.00
Sales		14,000.00	1	14,000.00
Total Salary Per Month				52,000.00
Add: 5% Fringe Benefit				2,600.00
Total Salary for the month				54,600.00
Total Salary for the year (In Rs. Lakhs)			3	6.55

COMPUTATION OF DEPRECIATION				
Description	Land	Plant & Machinery	Furniture	**TOTAL**
Rate of Depreciation		**15.00%**	**10.00%**	
Opening Balance	Leased	-	-	-
Addition	-	7.30	1.70	9.00
	-	7.30	1.70	9.00
		-	-	
TOTAL		7.30	1.70	9.00
Less : Depreciation	-	1.10	0.17	1.27
WDV at end of Ist year	-	6.21	1.53	7.74
Additions During The Year	-	-	-	-
	-	6.21	1.53	7.74
Less : Depreciation	-	0.93	0.15	1.08
WDV at end of IInd Year	-	5.27	1.38	6.65
Additions During The Year	-	-	-	-
	-	5.27	1.38	6.65
Less : Depreciation	-	0.79	0.14	0.93
WDV at end of IIIrd year	-	4.48	1.24	5.72
Additions During The Year	-	-	-	-
	-	4.48	1.24	5.72
Less : Depreciation	-	0.67	0.12	0.80
WDV at end of IV year	-	3.81	1.12	4.93
Additions During The Year	-	-	-	-
	-	3.81	1.12	4.93
Less : Depreciation	-	0.57	0.11	0.68
WDV at end of Vth year	-	3.24	1.00	4.24

REPAYMENT SCHEDULE OF TERM LOAN						11.0%	
Year	**Particulars**	**Amount**	**Addition**	**Total**	**Interest**	**Repayment**	**Cl Balance**
I	Opening Balance						
	Ist Quarter	-	8.10	8.10	0.22	-	8.10
	Iind Quarter	8.10	-	8.10	0.22	-	8.10
	IIIrd Quarter	8.10	-	8.10	0.22	0.45	7.65
	Ivth Quarter	7.65	-	7.65	0.21	0.45	7.20
					0.88	0.90	
II	Opening Balance						
	Ist Quarter	7.20	-	7.20	0.20	0.45	6.75
	Iind Quarter	6.75	-	6.75	0.19	0.45	6.30
	IIIrd Quarter	6.30	-	6.30	0.17	0.45	5.85
	Ivth Quarter	5.85		5.85	0.16	0.45	5.40
					0.72	1.80	
III	Opening Balance						
	Ist Quarter	5.40	-	5.40	0.15	0.45	4.95
	Iind Quarter	4.95	-	4.95	0.14	0.45	4.50
	IIIrd Quarter	4.50	-	4.50	0.12	0.45	4.05
	Ivth Quarter	4.05		4.05	0.11	0.45	3.60
					0.52	1.80	
IV	Opening Balance						
	Ist Quarter	3.60	-	3.60	0.10	0.45	3.15
	Iind Quarter	3.15	-	3.15	0.09	0.45	2.70
	IIIrd Quarter	2.70	-	2.70	0.07	0.45	2.25
	Ivth Quarter	2.25		2.25	0.06	0.45	1.80
					0.32	1.80	
V	Opening Balance						
	Ist Quarter	1.80	-	1.80	0.05	0.45	1.35
	Iind Quarter	1.35	-	1.35	0.04	0.45	0.90
	IIIrd Quarter	0.90	-	0.90	0.02	0.45	0.45
	Ivth Quarter	0.45		0.45	0.01	0.45	- 0.00
					0.12	1.80	

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	3.77	5.43	5.92	6.81	7.22
Interest on Term Loan	0.88	0.72	0.52	0.32	0.12
Total	4.65	6.15	6.44	7.13	7.35
REPAYMENT					
Repayment of Term Loan	0.90	1.80	1.80	1.80	1.80
Interest on Term Loan	0.88	0.72	0.52	0.32	0.12
Total	1.78	2.52	2.32	2.12	1.92
DEBT SERVICE COVERAGE RATIO	**2.61**	**2.44**	**2.78**	**3.36**	**3.82**
AVERAGE D.S.C.R.			**2.97**		

COMPUTATION OF ELECTRICITY				
(A) POWER CONNECTION				
Total Working Hour per day		Hours	8	
Electric Load Required		HP	10	
Load Factor			0.7460	
Electricity Charges		per unit	7.50	
Total Working Days			300	
Electricity Charges				1,34,280.00
Add : Minimim Charges (@ 10%)				
(B) DG set				
No. of Working Days			300	days
No of Working Hours			0.3	Hour per day
Total no of Hour			90	
Diesel Consumption per Hour			8	
Total Consumption of Diesel			720	
Cost of Diesel			65.00	Rs. /Ltr
Total cost of Diesel			0.47	
Add : Lube Cost @15%			0.07	
Total			**0.54**	
Total cost of Power & Fuel at 100%				1.88
Year		**Capacity**		**Amount**
				(in Lacs)
I		60%		1.13
II		65%		1.22
III		70%		1.32
IV		75%		1.41
V		80%		1.50

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