

PROJECT REPORT

Of

SWEET DARK CHOCOLATE

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Sweet Dark 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 Entrepreneur : xxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxx
- Pin: xxxxxx State: xxxxxxxxx
- Mobile xxxxxx
- 5 Product and By Product : **SWEET DARK CHOCOLATE**
- 6 Name of the project / business activity proposed : **SWEET DARK CHOCOLATE MAKING UNIT**
- 7 Cost of Project : Rs.13.42 Lakhs
- 8 Means of Finance :
 Term Loan Rs.10.08 Lakhs
 Own Capital Rs.1.34 Lakhs
 Working capital Rs.2 Lakhs
- 9 Debt Service Coverage Ratio : 2.25
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 37%
- 13 Employment : 8 Persons
- 14 Power Requirement : 25.00 HP
- 15 Major Raw materials : Cocoa Powder,Cocoa Liquor,Cocoa Butter,Sugar,Lecithin,Vanilla
- 16 Estimated Annual Sales Turnover (Max Capacity) : 65.64 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Building /Shed 1000 Sq ft	4.00
Plant & Machinery	6.20
Furniture & Fixtures	1.00
Working Capital	2.22
Total	13.42

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.34
Working Capital(Finance)	2.00
Term Loan	10.08
Total	13.42

SWEET DARK 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 and has it uses like it can be used as an ingredient of beverages and various kind of confectionery. The demand of chocolates is high, specifically Dark 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. Lot of chocolates made in factories today are used to make Chocolate candies. 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 is estimated to have value of Rs.650 crores a year. India's chocolate market is also estimated to belong to 22,000-24,000 tons per

annum production region and is valued to have excess of 80 million USD (560 crores approx.). They are consumed widely in all parts of the country whether it be a town, city or rural area. Most attractive thing about this product is that it can be consumed in every season.

Raw Material: Major raw materials are as follows:

1. Cocoa Powder
2. Cocoa Liquor
3. Cocoa Butter
4. Sugar
5. Lecithin
6. Vanilla

Machinery & equipments: Major machines and equipments are as:

S No.	Machine	Unit	Price
1.	Melanger-Wet stone Grinder(Capacity 10-100 Kg)	1	100000/-
2.	Chocolate Moulding Machine	1	100000/-
3.	Chocolate Melting & Tempering Machine(Capacity 15-30kg.)	1	126000/-
4.	Chocolate Grinding Machine(Capacity 10-100 kg/hr)	1	45000/-
5.	Automatic Roasting Machine(Capacity 50 Kg)	1	180000/-
6.	Chocolate Refrigerator(Capacity 100 Ltr.)	1	8500/-
7.	Other Machineries		60000
	Total Amount		619500
	Net Amount(Round off)		620000

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

- **Roasting and Winnowing the Cocoa:** Initially chocolate manufacturers roast the cocoa beans so as to develop the flavour and colour of beans. Then the outer shell of beans is removed and inner cocoa bean is broken down into fine pieces called “cocoa nibs”. The cocoa nibs are then passed through a series of sieves, which sort the nibs according to their 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 butter and liquor in appropriate variations as per the variety of dark chocolate being produced. After blending is completed, moulding is the final stage for chocolate processing. In moulding cocoa liquor is allowed to cool and harden into different shapes depending on the mould.
- **Packaging and Distribution:** The final step in this process is to pack the finished products in different packets or cartoons 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 1000 to 1500Sqft. Civil Work cost will be Rs. 4 Lacs (Approx.)

Power Requirement: The power consumption required to run all the machinery could be approximated as 25 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 License
- NOC from State Pollution Control Board

FINANCIALS

PROJECTED CASH FLOW STATEMENT					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Own Contribution	1.34	-			
Reserve & Surplus	2.03	3.22	4.75	6.07	7.07
Depriciation & Exp. W/off	1.43	1.24	1.08	0.94	0.81
Increase In Cash Credit	2.00				
Increase In Term Loan	10.08	-	-	-	-
Increase in Creditors	0.42	0.07	0.05	0.05	0.05
TOTAL :	17.30	4.53	5.88	7.06	7.94
APPLICATION OF FUND					
Increase in Fixed Assets	11.20	-	-	-	-
Increase in Stock	1.99	0.32	0.29	0.30	0.31
Increase in Debtors	1.25	0.24	0.22	0.23	0.24
Repayment of Term Loan	1.12	2.24	2.24	2.24	2.24
Taxation	-	-	-	0.91	1.06
Drawings	1.00	1.50	3.00	3.20	4.00
TOTAL :	16.56	4.31	5.75	6.88	7.86
Opening Cash & Bank Balance	-	0.74	0.96	1.09	1.26
Add : Surplus	0.74	0.22	0.13	0.17	0.08
Closing Cash & Bank Balance	0.74	0.96	1.09	1.26	1.34

PROJECTED BALANCE SHEET					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Capital Account					
Opening Balance	-	2.38	4.09	5.85	7.81
Add: Additions	1.34	-	-	-	-
Add: Net Profit	2.03	3.22	4.75	5.16	6.01
Less: Drawings	1.00	1.50	3.00	3.20	4.00
Closing Balance	2.38	4.09	5.85	7.81	9.82
CC Limit	2.00	2.00	2.00	2.00	2.00
Term Loan	8.96	6.72	4.48	2.24	-
Sundry Creditors	0.42	0.49	0.54	0.58	0.63
TOTAL :	13.75	13.30	12.86	12.63	12.45
APPLICATION OF FUND					
Fixed Assets (Gross)	11.20	11.20	11.20	11.20	11.20
Gross Dep.	1.43	2.67	3.75	4.68	5.50
Net Fixed Assets	9.77	8.53	7.45	6.52	5.70
Current Assets					
Sundry Debtors	1.25	1.50	1.71	1.94	2.19
Stock in Hand	1.99	2.32	2.61	2.91	3.22
Cash and Bank	0.74	0.96	1.09	1.26	1.34
TOTAL :	13.75	13.30	12.86	12.63	12.45

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PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	37.52	44.85	51.41	58.34	65.64
Total (A)	37.52	44.85	51.41	58.34	65.64
B) COST OF SALES					
Raw Material Consumed	17.87	20.85	22.93	25.02	27.10
Electricity Expenses	1.75	1.95	2.14	2.34	2.53
Repair & Maintenance	1.50	1.79	2.06	2.33	2.63
Labour & Wages	7.81	8.98	10.78	12.94	15.52
Depreciation	1.43	1.24	1.08	0.94	0.81
Cost of Production	30.36	34.81	38.99	43.56	48.60
Add: Opening Stock /WIP	-	1.10	1.28	1.46	1.66
Less: Closing Stock /WIP	1.10	1.28	1.46	1.66	1.86
Cost of Sales (B)	29.26	34.64	38.80	43.36	48.39
C) GROSS PROFIT (A-B)	8.25	10.21	12.60	14.97	17.25
	22.00%	22.77%	24.52%	25.67%	26.28%
D) Bank Interest (Term Loan)	1.09	0.89	0.65	0.40	0.15
ii) Interest On Working Capital	0.22	0.22	0.22	0.22	0.22
E) Salary to Staff	3.78	4.54	5.44	6.53	7.84
F) Selling & Adm Expenses Exp.	1.13	1.35	1.54	1.75	1.97
TOTAL (D+E)	6.22	6.99	7.85	8.90	10.18
H) NET PROFIT	2.03	3.22	4.75	6.07	7.07
	5.4%	7.2%	9.2%	10.4%	10.8%
I) Taxation	-	-	-	0.91	1.06
J) PROFIT (After Tax)	2.03	3.22	4.75	5.16	6.01

<u>COMPUTATION OF MAKING OF SWEET DARK CHOCOLATE</u>			
Item to be Manufactured Sweet Dark Chocolate			
Manufacturing Capacity per day		25	Kg
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		7,500	Kg
Total Production per Annum		75,000	Packet of 100 gm
Year		Capacity	SWEET DARK CHOCOLATE
		Utilisation	
I		45%	33,750.00
II		50%	37,500.00
III		55%	41,250.00
IV		60%	45,000.00
V		65%	48,750.00

<u>COMPUTATION OF RAW MATERIAL</u>					
Item Name	Quantity of Raw Material	Unit	Unit Rate	Total CostPer Annum (100%)	
Cocoa Butter	1,650.00	Kg	1,050.00	17,32,500.00	
Cocoa Powder	4,200.00	Kg	200.00	8,40,000.00	
Sugar	2,200.00	Kg	22.00	48,400.00	
Vanilla	1,100.00	Kg	500.00	5,50,000.00	
Other Consumables	Lumsum			8,00,000.00	
Total				39,70,900.00	
Total Raw material in Rs lacs					39.71

Raw Material Consumed	Capacity Utilisation	Amount (Rs.)	
I	45%	17.87	
II	50%	20.85	5% Increase in Cost
III	55%	22.93	5% Increase in Cost
IV	60%	25.02	5% Increase in Cost
V	65%	27.10	5% Increase in Cost

COMPUTATION OF SALE					
Particulars	I	II	III	IV	V
Op Stock	-	1,125.00	1,250.00	1,375.00	1,500.00
Production	33,750.00	37,500.00	41,250.00	45,000.00	48,750.00
	33,750.00	38,625.00	42,500.00	46,375.00	50,250.00
Less : Closing Stock(10 Days)	1,125.00	1,250.00	1,375.00	1,500.00	1,625.00
Net Sale	32,625.00	37,375.00	41,125.00	44,875.00	48,625.00
Sale Price per Packet	115.00	120.00	125.00	130.00	135.00
Sale (in Lacs)	37.52	44.85	51.41	58.34	65.64

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
Finished Goods					
(10 Days requirement)	1.10	1.28	1.46	1.66	1.86
Raw Material					
(15 Days requirement)	0.89	1.04	1.15	1.25	1.36
Closing Stock	1.99	2.32	2.61	2.91	3.22

COMPUTATION OF WORKING CAPITAL REQUIREMENT			
Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	1.99		
Less:			
Sundry Creditors	0.42		
Paid Stock	1.58	0.16	1.42
Sundry Debtors	1.25	0.13	1.13
Working Capital Requirement			2.54
Margin			0.28
MPBF			2.54
Working Capital Demand			2.00

BREAK UP OF LABOUR				
Particulars	Wages Per Month	No of Employees	Total Salary	
Supervisor	20,000.00	1	20,000.00	
Plant Operator	18,000.00	1	18,000.00	
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	
				62,000.00
Add: 5% Fringe Benefit				3,100.00
Total Labour Cost Per Month				65,100.00
Total Labour Cost for the year (In Rs. Lakhs)		5		7.81

BREAK UP OF SALARY				
Particulars	Salary Per Month	No of Employees	Total Salary	
Manager	12,000.00	1	12,000.00	
Accountant cum store keeper	10,000.00	1	10,000.00	
Sales	8,000.00	1	8,000.00	
Total Salary Per Month				30,000.00
Add: 5% Fringe Benefit				1,500.00
Total Salary for the month				31,500.00
Total Salary for the year (In Rs. Lakhs)		3		3.78

COMPUTATION OF DEPRECIATION					
Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		10.00%	15.00%	10.00%	
Opening Balance	Leased		-	-	-
Addition	-	4.00	6.20	1.00	11.20
	-	4.00	6.20	1.00	11.20
		-	-	-	
TOTAL		4.00	6.20	1.00	11.20
Less : Depreciation	-	0.40	0.93	0.10	1.43
WDV at end of Ist year	-	3.60	5.27	0.90	9.77
Additions During The Year	-	-	-	-	-
	-	3.60	5.27	0.90	9.77
Less : Depreciation	-	0.36	0.79	0.09	1.24
WDV at end of IInd Year	-	3.24	4.48	0.81	8.53
Additions During The Year	-	-	-	-	-
	-	3.24	4.48	0.81	8.53
Less : Depreciation	-	0.32	0.67	0.08	1.08
WDV at end of IIIrd year	-	2.92	3.81	0.73	7.45
Additions During The Year	-	-	-	-	-
	-	2.92	3.81	0.73	7.45
Less : Depreciation	-	0.29	0.57	0.07	0.94
WDV at end of IV year	-	2.62	3.24	0.66	6.52
Additions During The Year	-	-	-	-	-
	-	2.62	3.24	0.66	6.52
Less : Depreciation	-	0.26	0.49	0.07	0.81
WDV at end of Vth year	-	2.36	2.75	0.59	5.70

<u>REPAYMENT SCHEDULE OF TERM LOAN</u>						11.0%	
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	10.08	10.08	0.28	-	10.08
	IInd Quarter	10.08	-	10.08	0.28	-	10.08
	IIIRD Quarter	10.08	-	10.08	0.28	0.56	9.52
	Ivth Quarter	9.52	-	9.52	0.26	0.56	8.96
					1.09	1.12	
II	Opening Balance						
	Ist Quarter	8.96	-	8.96	0.25	0.56	8.40
	IInd Quarter	8.40	-	8.40	0.23	0.56	7.84
	IIIRD Quarter	7.84	-	7.84	0.22	0.56	7.28
	Ivth Quarter	7.28		7.28	0.20	0.56	6.72
					0.89	2.24	
III	Opening Balance						
	Ist Quarter	6.72	-	6.72	0.18	0.56	6.16
	IInd Quarter	6.16	-	6.16	0.17	0.56	5.60
	IIIRD Quarter	5.60	-	5.60	0.15	0.56	5.04
	Ivth Quarter	5.04		5.04	0.14	0.56	4.48
					0.65	2.24	
IV	Opening Balance						
	Ist Quarter	4.48	-	4.48	0.12	0.56	3.92
	IInd Quarter	3.92	-	3.92	0.11	0.56	3.36
	IIIRD Quarter	3.36	-	3.36	0.09	0.56	2.80
	Ivth Quarter	2.80		2.80	0.08	0.56	2.24
					0.40	2.24	
V	Opening Balance						
	Ist Quarter	2.24	-	2.24	0.06	0.56	1.68
	IInd Quarter	1.68	-	1.68	0.05	0.56	1.12
	IIIRD Quarter	1.12	-	1.12	0.03	0.56	0.56
	Ivth Quarter	0.56		0.56	0.02	0.56	0.00
					0.15	2.24	

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
<u>CASH ACCRUALS</u>	3.46	4.46	5.83	6.10	6.83
Interest on Term Loan	1.09	0.89	0.65	0.40	0.15
Total	4.56	5.35	6.48	6.50	6.98
<u>REPAYMENT</u>					
Repayment of Term Loan	1.12	2.24	2.24	2.24	2.24
Interest on Term Loan	1.09	0.89	0.65	0.40	0.15
Total	2.21	3.13	2.89	2.64	2.39
DEBT SERVICE COVERAGE RATIO	2.06	1.71	2.24	2.46	2.92
AVERAGE D.S.C.R.			2.25		

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