

PROJECT REPORT FOR
MILK PROCESSING



PREPARED FOR

MR. xxxxxxxxxxxxxxxxxxxx
ADDRESS: xxxxxxxxxxxxxxxxxxxx

PREPARED BY:

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Project For:
MILK PROCESSING

I. PROJECT AT A GLANCE

1. About the Promoter : Mr. xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
Add:xxxxxxxxxxxxxxxxxxxxxxxxxxxxx
2. Project Cost : Rs. 25.00 Lakhs
3. Mean of Finance
- A) T. L. facility from Bank : Rs.16.13 Lakhs
- B) Promoter's contribution : Rs.1.25 Lakhs
- C) Working Capital (CC) : Rs.7.62 Lakhs
- D) Subsidy : Rs.8.75 Lakhs
4. Rate of Interest : 11.00% Per Annum
5. Repayment : 60 monthly instalments, EMI @ 0.35 Lakhs
6. Nature of Project : Milk Processing (Products- Pasteurized milk, Curd, Paneer, Khoa, Ghee
7. Employment Potential : 5 Nos
8. Nature of the Firm : Proprietary Firm
9. Average Debt Coverage ratios : **2.63**

Project For : Milk Processing

III. ECONOMICS OF THE PROJECT

A. COST OF PROJECT

(Rs. Lacs)

S.No.	Particulars	Total	Spent	Bal. To be spent
1	Land (Free Hold)	-	-	-
2	Civil Works	3.00	0.00	3.00
3	Plant & Machinery	12.50	0.00	12.50
4	Misc. Fixed Assets (Furniture & Electicals)	1.00	0.00	1.00
5	Preliminary and Pre operative expenses	0.48	0.00	0.48
6	Working Capital	8.02	0.00	8.02
		25.00	0.00	25.00

Means of Finance :

a) Own Contribution (5%)	1.25
b) T L facility from Bank (95%)	16.13
c) CC facility from Bank (95%)	<u>7.62</u>
	25.00
d) Subsidy Entitlement Under PMEGP scheme @ 35% Category- SC	8.75

B. PROFITABILITY STATEMENT

(Rs. Lacs)

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Sales	46.04	53.72	61.39	65.23	69.06	69.06
	Add : Increase in Cl.Stock	4.18	2.66	2.62	2.55	2.69	2.52
	Total Turnover	50.22	56.38	64.01	67.78	71.75	71.58
2	RM Consumption	21.35	24.91	28.47	30.25	32.03	32.03
3	Overheads						
	a) Direct	9.11	10.18	11.26	11.92	12.51	13.12
	b) Indirect	4.50	4.95	5.45	5.72	6.00	6.30
4	Balance	15.26	16.34	18.83	19.90	21.21	20.14
5	Interest on TL & CC	2.56	2.27	1.93	1.57	1.15	0.91
6	Depreciation	2.28	1.95	1.68	1.44	1.24	1.07
7	Preliminary expenses W/off	0.10	0.10	0.10	0.10	0.10	-
8	Profit after Interest & Dep.	10.33	12.02	15.13	16.79	18.72	18.15
9	Income Tax	3.41	3.97	4.99	5.54	6.18	5.99
10	Profit after Tax	6.92	8.05	10.13	11.25	12.54	12.16
11	Add: Depreciation & Pre Exp.	2.37	2.05	1.77	1.54	1.34	1.07
12	Add : Interest on TL	2.56	2.27	1.93	1.57	1.15	0.91
13	Cash Accruals	11.85	12.37	13.84	14.36	15.03	14.15
14	Instalments of TL & Interest	5.12	5.12	5.12	5.12	5.12	-
15	DSCR	2.31	2.41	2.70	2.80	2.93	-
16	Average DSCR	2.63					
17	N.P. to Total receipts	15.03	15.00	16.51	17.25	18.16	17.61

Project For :
Milk Processing

C. CASH FLOW STATEMENT

(Rs. Lacs)

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
A CASH INFLOW :							
1	Collection from Debtors	42.21	49.24	56.27	59.79	63.31	63.31
2	T.L. from Bank	16.13					
3	CC from bank	8.02					
4	Capital	1.25					
5	Subsidy	8.75	-				
	TOTAL (A)	76.35	49.24	56.27	59.79	63.31	63.31
B CASH OUTFLOW :							
1	Cost of Project	16.98			-		
2	Payment to creditors	20.46	23.87	27.28	28.99	30.69	30.69
3	Direct overheads	9.11	10.18	11.26	11.92	12.51	13.12
4	Indirect Overheads	4.50	4.95	5.45	5.72	6.00	6.30
5	Interest on Bank Loan	2.56	2.27	1.93	1.57	1.15	0.91
6	Income Tax	3.41	3.97	4.99	5.54	6.18	5.99
7	Term Loan Repayment	2.56	2.86	3.19	3.56	3.97	-
8	Drawings	0.50	0.55	0.61	0.67	0.73	0.81
	TOTAL (B)	60.08	48.64	54.71	57.95	61.24	57.82
SUMMERY:							
	Op. Cash & Bank Balance.	-	16.27	16.86	18.43	20.26	22.34
	Add : Surplus / (Deficit)	16.27	0.60	1.56	1.84	2.07	5.48
	Cl. Cash & Bank Balance.	16.27	16.86	18.43	20.26	22.34	27.82

Project For :
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D. BALANCE SHEET

(Rs. Lacs)

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
A ASSETS :							
1	Fixed Assets	14.23	12.27	10.59	9.15	7.91	6.84
2	Investments	-	-	-	-	-	-
3	Current Assets	24.29	32.02	41.32	51.15	61.66	75.43
4	Loans & Advances						
5	Pre Exp. Not written off	0.38	0.29	0.19	0.10	-	-
TOTAL (A)		38.90	44.58	52.11	60.40	69.57	82.27
B LIABILITIES:							
1	Capital	16.42	23.92	33.45	44.04	55.85	67.20
2	Secured loans						
	Term Loan	13.57	10.71	7.53	3.97	-	-
3	Unsecured Loans	-	-	-	-	-	-
4	Current Liabilities						
	Cash Credit	8.02	8.02	8.02	8.02	8.02	8.02
	Sundry Creditors	0.89	1.93	3.11	4.37	5.71	7.04
TOTAL (B)		38.90	44.58	52.11	60.40	69.57	82.27

Project For :
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(Rs. Lacs)

E. CAPITAL ACCOUNT

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Op. Balance	-	16.42	23.92	33.45	44.04	55.85
2	Additions	10.00	-	-	-	-	-
3	Net Profit for the year.	6.92	8.05	10.13	11.25	12.54	12.16
	Sub Total	16.92	24.47	34.06	44.70	56.58	68.01
4	Less : Drawings	0.50	0.55	0.61	0.67	0.73	0.81
5	Cl. Balance	16.42	23.92	33.45	44.04	55.85	67.20

(Rs. Lacs)

F. PRODUCTION AND SALES

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	Capacity utilisation	0.60	0.70	0.80	0.85	0.90	0.90
1	Production per annum (Kilo liter)						
	Pasteurized, Standardized Milk	51.90	60.55	69.20	73.53	77.85	77.85
	Curd	6.57	7.67	8.76	9.31	9.86	9.86
	Khoa	3.29	3.83	4.38	4.65	4.93	4.93
	Paneer	3.29	3.83	4.38	4.65	4.93	4.93
	Ghee	0.66	0.77	0.88	0.93	0.99	0.99
2	Cl.Stock of Finished Goods (Kilo liter)						
	Pasteurized, Standardized Milk	4.33	5.05	5.77	6.13	6.49	6.49
	Curd	0.55	0.64	0.73	0.78	0.82	0.82
	Khoa	0.27	0.32	0.37	0.39	0.41	0.41
	Paneer	0.27	0.32	0.37	0.39	0.41	0.41
	Ghee	0.05	0.06	0.07	0.08	0.08	0.08
3	Sales per annum (Kilo liter)						
	(Tot Production less Cl. Stock)						
	Pasteurized, Standardized Milk	47.58	55.51	63.44	67.40	71.37	71.37
	Curd	6.02	7.03	8.03	8.53	9.03	9.03
	Khoa	3.01	3.51	4.02	4.27	4.52	4.52
	Paneer	3.01	3.51	4.02	4.27	4.52	4.52
	Ghee	0.60	0.70	0.80	0.85	0.90	0.90
4	Sales per annum						
	Pasteurized, Standardized Milk @ Rs. 55 per litrs	26.17	30.53	34.89	37.07	39.25	39.25
	Curd @ Rs. 80 per Kg.	4.82	5.62	6.42	6.83	7.23	7.23
	Khoa @ Rs. 200 per kg.	6.02	7.03	8.03	8.53	9.03	9.03
	Paneer @ Rs. 200 per kg.	6.02	7.03	8.03	8.53	9.03	9.03
	Ghee @ Rs. 500 per kg.	3.01	3.51	4.02	4.27	4.52	4.52
	Total Sale	46.04	53.72	61.39	65.23	69.06	69.06
5	Sundry Debtors (Credit period allowed 30 days)	3.84	4.48	5.12	5.44	5.76	5.76
6	Collection from Debtors	42.21	49.24	56.27	59.79	63.31	63.31
7	Total cost of Production	30	35	40	42	45	45
8	Cost per KILO LTRS	0.46	0.51	0.51	0.51	0.51	0.51
9	Value of Closing Stock	2.54	3.29	3.72	3.95	4.17	4.23

Production

Sr. No.	Installed capacity (Kilo liter)	Year 1 0.60	Year 2 0.70	Year 3 0.80	Year 4 0.85	Year 5 0.90	Year 6 0.90
Input							
Milk procured (6% fat) (Installed capacity 300 LPD * 365 days)	109.50	65.70	76.65	87.60	93.08	98.55	98.55
Output							
1 Pasteurized, Standardized Milk - 79% (in Ltrs)		51.90	60.55	69.20	73.53	77.85	77.85
2 Curd: milk used 10% (Ltrs)		6.57	7.67	8.76	9.31	9.86	9.86
3 Khoa : milk used 5 % (Ltrs)		3.29	3.83	4.38	4.65	4.93	4.93
4 Paneer: Milk used 5%		3.29	3.83	4.38	4.65	4.93	4.93
5 Ghee for sale (Ltrs) : Milk used 1%		0.66	0.77	0.88	0.93	0.99	0.99

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(Rs. Lacs)

G. RAW MATERIAL CONSUMPTION AND INVENTORY

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	RM Purchases	19.71	23.00	26.28	27.92	29.57	29.57

Raw Material requirement (Input)

S.No.	Items	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Milk Procured (Kilo Liter)	65.70	76.65	87.60	93.08	98.55	98.55
2	Purchase of milk (@ Rs. 30 liter)	19.71	23.00	26.28	27.92	29.57	29.57
3	Total cost of R.M	19.71	23.00	26.28	27.92	29.57	29.57

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RAW MATERIAL CONSUMPTION AND INVENTORY

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	RM cost for total production	19.71	23.00	26.28	27.92	29.57	29.57
2	Cl. Stock of RM (assumed 30 days consumption)						
	O/p Stock		1.64	3.56	5.75	8.08	10.54
	Add : Addition	1.64	1.92	2.19	2.33	2.46	2.46
	Closing Stock	1.64	3.56	5.75	8.08	10.54	13.00
3	RM Purchases	21.35	24.91	28.47	30.25	32.03	32.03
4	Creditors (Credit period allowed 15 days)	0.89	1.04	1.19	1.26	1.33	1.33
5	Payment to Creditors	20.46	23.87	27.28	28.99	30.69	30.69

(Rs. Lacs)

H. DIRECT OVERHEADS

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Labour	6.23	6.85	7.54	7.91	8.21	8.62
2	Power and Fule (0.04 KL/ hrs * Rs 69)	1.13	1.25	1.37	1.51	1.66	1.83
3	Packing and forwarding Expenses	1.25	1.53	1.75	1.86	1.97	1.97
4	Other Mfg. Overheads	0.50	0.55	0.61	0.64	0.67	0.70
	Total	9.11	10.18	11.26	11.92	12.51	13.12

Labour Cost**Factory**

Particulars	No	Days	Rate per day	Total
Unskilled	3	146	400	175200
Skilled Oprators & Supervisor	1	146	600	87600
Total				<u>262800</u> 2.63

Office Staff

Name	No	Rate per mc Yearly	Total
Manager cum Accountant	1	30000	360000
Total			<u>360000</u> 3.60
Total Labour cost (Factory + staff)			6.23

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I. INDIRECT OVERHEADS

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Travelling & Conveyance	1.50	1.65	1.82	1.91	2.00	2.10
2	Repairs & Maint.	1.50	1.65	1.82	1.91	2.00	2.10
3	Electricity Expenses (Off.)	0.50	0.55	0.61	0.64	0.67	0.70
4	Telephone Expenses	0.50	0.55	0.61	0.64	0.67	0.70
5	Misc. Expenses	0.50	0.55	0.61	0.64	0.67	0.70
		<u>4.50</u>	<u>4.95</u>	<u>5.45</u>	<u>5.72</u>	<u>6.00</u>	<u>6.30</u>

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J. TERM LOAN REPAYMENT AND INTEREST THEREON

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	TL / Op. Bal.	16.13	13.57	10.71	7.53	3.97	-
2	Repayment during the year	2.56	2.86	3.19	3.56	3.97	-
3	Cl. Balance	13.57	10.71	7.53	3.97	-	-
4	Interest at 11 per cent p.a.	1.65	1.35	1.02	0.65	0.24	-
5	Total repayment with Interest	5.12	5.12	5.12	5.12	5.12	-
6	Interest on CC (at 12 per cent p.a.)	0.91	0.91	0.91	0.91	0.91	0.91
	Total Interest	2.56	2.27	1.93	1.57	1.15	0.91

Term Loan Repayment Schedule

MONTHS	EMI	INTEREST	PRINCIPAL REPAYMENT	OST PRINCIPAL
0				16.131
1	0.35	0.15	0.20	15.93
2	0.35	0.15	0.20	15.72
3	0.35	0.14	0.21	15.52
4	0.35	0.14	0.21	15.31
5	0.35	0.14	0.21	15.10
6	0.35	0.14	0.21	14.89
7	0.35	0.14	0.21	14.67
8	0.35	0.13	0.22	14.46
9	0.35	0.13	0.22	14.24
10	0.35	0.13	0.22	14.02
11	0.35	0.13	0.22	13.79
12	0.35	0.13	0.22	13.57
First Year	4.21	1.65	2.56	
13	0.35	0.12	0.23	13.34
14	0.35	0.12	0.23	13.12
15	0.35	0.12	0.23	12.88
16	0.35	0.12	0.23	12.65
17	0.35	0.12	0.23	12.42

18	0.35	0.11	0.24	12.18
19	0.35	0.11	0.24	11.94
20	0.35	0.11	0.24	11.70
21	0.35	0.11	0.24	11.46
22	0.35	0.11	0.25	11.21
23	0.35	0.10	0.25	10.96
24	0.35	0.10	0.25	10.71
Second Year	4.21	1.35	2.86	
25	0.35	0.10	0.25	10.46
26	0.35	0.10	0.25	10.21
27	0.35	0.09	0.26	9.95
28	0.35	0.09	0.26	9.69
29	0.35	0.09	0.26	9.43
30	0.35	0.09	0.26	9.16
31	0.35	0.08	0.27	8.90
32	0.35	0.08	0.27	8.63
33	0.35	0.08	0.27	8.36
34	0.35	0.08	0.27	8.08
35	0.35	0.07	0.28	7.80
36	0.35	0.07	0.28	7.53
Third Year	4.21	1.02	3.19	
37	0.35	0.07	0.28	7.24
38	0.35	0.07	0.28	6.96
39	0.35	0.06	0.29	6.67
40	0.35	0.06	0.29	6.38
41	0.35	0.06	0.29	6.09
42	0.35	0.06	0.29	5.80
43	0.35	0.05	0.30	5.50
44	0.35	0.05	0.30	5.20
45	0.35	0.05	0.30	4.89
46	0.35	0.04	0.31	4.59
47	0.35	0.04	0.31	4.28
48	0.35	0.04	0.31	3.97
Fourth Year	4.21	0.65	3.56	
49	0.35	0.04	0.31	3.65
50	0.35	0.03	0.32	3.34
51	0.35	0.03	0.32	3.02
52	0.35	0.03	0.32	2.69
53	0.35	0.02	0.33	2.37
54	0.35	0.02	0.33	2.04
55	0.35	0.02	0.33	1.71
56	0.35	0.02	0.34	1.37
57	0.35	0.01	0.34	1.03
58	0.35	0.01	0.34	0.69
59	0.35	0.01	0.34	0.35
60	0.35	0.00	0.35	0.00
Fifth Year	4.21	0.24	3.97	

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(Rs. Lacs)

K. WORKING CAPITAL

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Total Inventory	4.18	6.84	9.47	12.02	14.71	17.23
2	Sundry Debtors	3.84	8.31	13.43	18.86	24.62	30.37
	Total	8.02	15.16	22.90	30.89	39.33	47.61
3	Bank C.C.limit available. (95 per cent)	7.62	14.40	21.75	29.34	37.36	45.22
4	Own contribution (5%)	0.40	0.76	1.14	1.54	1.97	2.38

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L. CURRENT ASSETS

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Cl. Stock of Materials	2	4	6	8	11	13
2	Cl. Stock of Finished Goods	2.54	3.29	3.72	3.95	4.17	4.23
	Total Inventory	4.18	6.84	9.47	12.02	14.71	17.23
3	Cash and bank Balance	16.27	16.86	18.43	20.26	22.34	27.82
4	Sundry Debtors	3.84	8.31	13.43	18.86	24.62	30.37
	Total	24.29	32.02	41.32	51.15	61.66	75.43

M. FIXED ASSETS AND DEPRECIATION

(Rs. Lacs)

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Civil Works						
	Op. Balance	-	2.70	2.43	2.19	1.97	1.77
	Additions	3.00	-				
	Total	3.00	2.70	2.43	2.19	1.97	1.77
	Less : Depreciation	0.30	0.27	0.24	0.22	0.20	0.18
	Cl. WDV	2.70	2.43	2.19	1.97	1.77	1.59
2	Plant & Machinery						
	Op. Balance	-	10.63	9.03	7.68	6.53	5.55
	Additions	12.50	-				
	Total	12.50	10.63	9.03	7.68	6.53	5.55
	Less : Depreciation	1.88	1.59	1.35	1.15	0.98	0.83
	Cl. WDV	10.63	9.03	7.68	6.53	5.55	4.71
3	Misc. Fixed Assets						
	Op. Balance	-	0.90	0.81	0.73	0.66	0.59
	Additions	1.00	-				
	Total	1.00	0.90	0.81	0.73	0.66	0.59
	Less : Depreciation	0.10	0.09	0.08	0.07	0.07	0.06
	Cl. WDV	0.90	0.81	0.73	0.66	0.59	0.53
	Total Depreciation	2.28	1.95	1.68	1.44	1.24	1.07
	Cl. WDV	14.23	12.27	10.59	9.15	7.91	6.84