



## **Model Detailed Project Report**

### **FLAVOURED MILK**

**Prepared by**

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## 1. INTRODUCTION



Coffee beverage imparts refreshing and stimulating effect and is extremely popular throughout the world. Almost entire consumption of coffee is in the form of beverages, with or without milk or cream, chilled or hot. Though the consumption of coffee is increasing day by-day in the country, no attempt has so far been made to commercialize a ready to serve coffee beverage on a large scale except limited efforts made by a few co-operative milk marketing societies in some states. The non-availability of the cost of manufacture of the product appears to be one of the main reasons that the food industry has not taken up its production in organized way. This profile highlights the cost of manufacture for ready to serve coffee flavored milk drink.

## 2. MARKET POTENTIAL:

The availability of coffee flavored milk in the compared to its potential demand is very small in volume. As the national awareness has caught on among the consumers, the demand for such drinks is increasing. It is equally liked by all irrespective of age. It could register good sale at airports, bus stops, railway stations, restaurants, hotels, picnic spots, college canteens, etc. Hence the availability of market would not be a big challenge for such nutritional products.

### **3. PRODUCT DESCRIPTION**

#### **3.1 PRODUCT BENEFITS**

All milk, including flavoured milk, contains a unique combination of nutrients important for growth and development in kids, and for optimal health and disease prevention in adults. Regular milk and chocolate milk contain beneficial carbohydrates and proteins needed for recovery, replenishment and adaptation after exercise. However, chocolate milk has a better combination of carbohydrate and protein and is more suitable for post-exercise recovery. This makes it a better post-exercise drink. Flavored milk benefits are that it has all of the required nutrients found in unflavored milk such as calcium, phosphorus, magnesium, potassium, protein, riboflavin, niacin and vitamins A, B12 and D. It contributes only 3% of added sugars in the diets of children between 2-18 years. In addition, children who drink milk, either flavoured or white, have better nutrient intakes and similar body weights as non-milk drinkers.

#### **3.2 RAW MATERIAL**

Basic Raw material requirement are as follows:

1. Milk
2. Chemicals, flavors, color and other material etc.
3. Packaging material for milk
4. Sugar

### 3.3 MANUFACTURING PROCESS


The fresh cow and buffalo milk received is first standardized to its fat content. The milk is then heated to 40 C and filtered through a double muslin cloth. Then again heated to 60 C and stabilizers like TSC & DSHP added @ 0.002%. This milk is then passed to homogenizer for breaking the fat globules and make uniformity in the product. On other side, the coffee powder of 5% concentration is added to hot water and filtered through a muslin cloth. Finally homogenized milk, hot coffee water , other flavours and sugar syrup are mixed in proper proportion and heated to 85C for 30minutes. The sterilized bottles are cooled at room temperature and then stored in wooden crates.






## 4. PROJECT COMPONENTS



### 4.1 Land & Building

The approximate total area required for complete small-scale factory setup is 1200-1500 Sq. ft. approximately smooth production

### 4.2 Plant & Machinery

<b>Water Treatment unit</b>	Water treatment plant and system operators run the equipment, control the processes, and monitor the plants that treat water to make it safe to drink.	
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<p><b>Boiler</b></p>	<p>It's a steam generating equipment which along with its accompanying systems generates &amp; delivers steam at required temperature &amp; pressure.</p>	
<p><b>S.S.Tank 1000 Lt.cap.</b></p>	<p>It's a stainless steel tank used to store given liquid &amp; particulate solid.</p>	
<p><b>Plate heat exchanger</b></p>	<p>It's a type of heat exchanger i.e. it's used to transfer heat in between fluids.</p>	
<p><b>Homogeniser</b></p>	<p>This equipment is used in the production of liquid mixtures in which the said mixture, is forced through a small passage at high velocity. This machine reduces solute globule size to a very small size in order to prevent aggregate formation.</p>	
<p><b>Bottling plant (including bottle washer, filter, crown corking m/c &amp; sterilizer)</b></p>	<p>This is an entire system of machines used to wash, dry, fill, cap, sterilize &amp; package bottles.</p>	

<p><b>Testing equipment</b></p>	<p>There are different equipment's used to test quality of final product like lactometer, gravity meter etc.</p>	
<p><b>Weighing balance</b></p>	<p>It's a simple weight measuring device use to determine weight of given object using standard weights.</p>	

**Note:** Approx. Total Machinery cost shall be Rs 26.09 lakhs excluding GST and Transportation Cost.

### 4.3 Power Requirement

The borrower shall require power load of 15 KW which shall be applied with Power Corporation. However, for standby power arrangement the borrower shall purchase DG Set.

### 4.4 Manpower Requirement

16 Manpower are required for the Flavoured Milk Manufacturing Process.

Includes:

1 Plant Operator

4 Skilled Labour

6 Unskilled Labour

4 Administrative Staffs

1 Accountant

## 5. FINANCIALS

### 5.1 Cost of Project

<b>FINANCIAL ASSISTANCE REQUIRED</b>				
Term Loan of Rs. 20.02 lakh and Working Capital limit of Rs.3 Lacs				
(in Lacs)				
<b><u>COST OF PROJECT</u></b>	<b>PARTICULARS</b>	<b>AMOUNT</b>	<b>Own Contribution</b>	<b>Bank Finance</b>
	<b>Land &amp; Building</b>		25.00%	75.00%
			Owned /rented	
	<b>Plant &amp; Machinery</b>	26.09	6.52	19.57
	<b>Furniture &amp; Fixtures and Other Assets</b>	0.60	0.15	0.45
	<b>Working capital</b>	4.00	1.00	3.00
	<b>Total</b>	<b>30.69</b>	<b>7.67</b>	<b>23.02</b>

### 5.2 Means of Finance

<b><u>MEANS OF FINANCE</u></b>	<b>PARTICULARS</b>	<b>AMOUNT</b>
	Own Contribution	7.67
	Bank Loan	20.02
	Working capital Limit	3.00
	<b>Total</b>	<b>30.69</b>

### 5.3 Projected Balance Sheet

(in Lacs)					
<b>PROJECTED BALANCE SHEET</b>					
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
<b><u>Liabilities</u></b>					
Capital					
opening balance		6.90	7.83	11.00	15.09
<i>Add:- Own Capital</i>	7.67				
Add:- Retained Profit	3.23	5.68	9.17	14.08	18.71
Less:- Drawings	4.00	4.75	6.00	10.00	15.00
Closing Blance	6.90	7.83	11.00	15.09	18.80
Term Loan	17.79	13.35	8.90	4.45	-
Working Capital Limit	3.00	3.00	3.00	3.00	3.00
Sundry Creditors	0.67	0.76	0.86	0.97	1.09
Provisions & Other Liab	0.35	0.42	0.50	0.60	0.73
<b>TOTAL :</b>	<b>28.71</b>	<b>25.36</b>	<b>24.27</b>	<b>24.11</b>	<b>23.61</b>
<b><u>Assets</u></b>					
<b>Fixed Assets ( Gross)</b>	26.69	26.69	26.69	26.69	26.69
Gross Dep.	3.97	7.35	10.23	12.68	14.76
<b>Net Fixed Assets</b>	<b>22.72</b>	<b>19.34</b>	<b>16.46</b>	<b>14.01</b>	<b>11.93</b>
<b>Current Assets</b>					
Sundry Debtors	2.32	2.85	3.35	3.89	4.47
Stock in Hand	2.35	2.42	2.69	2.98	3.30
Cash and Bank	1.33	0.76	1.77	3.23	3.91
<b>TOTAL :</b>	<b>28.71</b>	<b>25.36</b>	<b>24.27</b>	<b>24.11</b>	<b>23.61</b>



## 5.4 Projected Cash Flow

(in Lacs)					
<b>PROJECTED CASH FLOW STATEMENT</b>					
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
<b><u>SOURCES OF FUND</u></b>					
Own Margin	7.67				
Net Profit	3.23	5.72	9.75	16.22	22.93
Depreciation & Exp. W/off	3.97	3.38	2.88	2.45	2.08
Increase in Cash Credit	3.00	-	-	-	-
Increase In Term Loan	20.02	-	-	-	-
Increase in Creditors	0.67	0.09	0.10	0.11	0.12
Increase in Provisions & Oth lib	0.35	0.07	0.08	0.10	0.12
<b>TOTAL :</b>	<b>38.91</b>	<b>9.26</b>	<b>12.81</b>	<b>18.88</b>	<b>25.25</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	26.69				
Increase in Stock	2.35	0.07	0.27	0.30	0.32
Increase in Debtors	2.32	0.53	0.50	0.54	0.58
Repayment of Term Loan	2.22	4.45	4.45	4.45	4.45
Drawings	4.00	4.75	6.00	10.00	15.00
Taxation	-	0.04	0.58	2.14	4.22
<b>TOTAL :</b>	<b>37.59</b>	<b>9.83</b>	<b>11.80</b>	<b>17.42</b>	<b>24.57</b>
Opening Cash & Bank Balance	-	1.33	0.76	1.77	3.23
Add : Surplus	1.33	(0.57)	1.01	1.45	0.68
Closing Cash & Bank Balance	<b>1.33</b>	<b>0.76</b>	<b>1.77</b>	<b>3.23</b>	<b>3.91</b>

## 5.5 Projected Profitability

(in Lacs)					
<b>PROJECTED PROFITABILITY STATEMENT</b>					
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
Capacity Utilisation %	<b>60%</b>	<b>65%</b>	<b>70%</b>	<b>75%</b>	<b>80%</b>
<b><u>SALES</u></b>					
<b>Gross Sale</b>					
Flavoured Milk	69.60	85.58	100.56	116.74	134.12
<b>Total</b>	<b>69.60</b>	<b>85.58</b>	<b>100.56</b>	<b>116.74</b>	<b>134.12</b>
<b>COST OF SALES</b>					
Raw Material Consumed	28.80	32.76	37.04	41.67	46.66
Electricity Expenses	2.16	2.38	2.61	2.87	3.16
Depreciation	3.97	3.38	2.88	2.45	2.08
Wages & labour	14.04	15.44	16.99	18.69	20.56
Repair & maintenance	1.39	2.14	2.51	2.92	3.35
<b>Cost of Production</b>	<b>50.37</b>	<b>56.10</b>	<b>62.04</b>	<b>68.60</b>	<b>75.81</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>1.68</b>	<b>1.87</b>	<b>2.07</b>	<b>2.29</b>
<b>Less: Closing Stock /WIP</b>	<b>1.68</b>	<b>1.87</b>	<b>2.07</b>	<b>2.29</b>	<b>2.53</b>
Cost of Sales	48.69	55.91	61.84	68.38	75.57
<b>GROSS PROFIT</b>	<b>20.91</b>	<b>29.67</b>	<b>38.72</b>	<b>48.36</b>	<b>58.55</b>
	<b>30.05%</b>	<b>34.67%</b>	<b>38.51%</b>	<b>41.43%</b>	<b>43.66%</b>
Salary to Staff	7.80	8.58	9.44	10.38	11.42
Interest on Term Loan	1.97	1.73	1.24	0.75	0.27
Interest on working Capital	0.30	0.30	0.30	0.30	0.30

Rent	2.40	2.64	2.90	3.19	3.51
selling & adm exp	5.22	10.70	15.08	17.51	20.12
<b>TOTAL</b>	<b>17.69</b>	<b>23.95</b>	<b>28.97</b>	<b>32.14</b>	<b>35.62</b>
NET PROFIT	3.23	5.72	9.75	16.22	22.93
	<b>4.63%</b>	<b>6.68%</b>	<b>9.70%</b>	<b>13.89%</b>	<b>17.10%</b>
Taxation		0.04	0.58	2.14	4.22
PROFIT (After Tax)	3.23	5.68	9.17	14.08	18.71

## 5.6 Production and Yield

<b><u>COMPUTATION OF PRODUCTION OF FLAVOURED MILK</u></b>		
<b>Items to be Manufactured</b>		
Flavoured Milk		
Machine Production capacity per Hour	100.000	Ltr
Working hours in a day	8	
Production Per Day	800.00	Ltr
No of Working Days in Month	25	
No of Working Days in a Year	300	
Machine capacity per annum	240,000	Ltr
<b>Production per annum</b>	<b>1,200,000</b>	<b>200 ml Bottles</b>

<b>Production of Flavoured Milk</b>		
<b>Production</b>	<b>Capacity</b>	<b>Ltr</b>
1st year	60%	720,000.00
2nd year	65%	780,000.00
3rd year	70%	840,000.00
4th year	75%	900,000.00
5th year	80%	960,000.00

<b>Raw Material Cost</b>			
<b>Year</b>	<b>Capacity Utilisation</b>	<b>Rate (per 200 ml)</b>	<b>Amount (Rs. in lacs)</b>
1st year	60%	4.00	28.80
2nd year	65%	4.20	32.76
3rd year	70%	4.41	37.04
4th year	75%	4.63	41.67
5th year	80%	4.86	46.66

## **5.7 Sales Revenue**

<b><u>COMPUTATION OF SALE</u></b>					
<b>Particulars</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
Op Stock	-	24,000.00	26,000.00	28,000.00	30,000.00
Production	720,000	780,000	840,000	900,000	960,000
Less : Closing Stock	24,000	26,000	28,000	30,000	32,000
<b>Net Sale</b>	<b>696,000</b>	<b>778,000</b>	<b>838,000</b>	<b>898,000</b>	<b>958,000</b>
Avg sale price per 200 ml	10.00	11.00	12.00	13.00	14.00
<b>Sales (in Lacs)</b>	<b>69.60</b>	<b>85.58</b>	<b>100.56</b>	<b>116.74</b>	<b>134.12</b>

## 5.8 Working Capital Assessment

(in Lacs)					
<b>COMPUTATION OF CLOSING STOCK &amp; WORKING CAPITAL</b>					
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
<b><u>Finished Goods</u></b>					
	1.68	1.87	2.07	2.29	2.53
<b><u>Raw Material</u></b>					
	0.67	0.55	0.62	0.69	0.78
<b>Closing Stock</b>	<b>2.35</b>	<b>2.42</b>	<b>2.69</b>	<b>2.98</b>	<b>3.30</b>

<b>COMPUTATION OF WORKING CAPITAL REQUIREMENT</b>					
(in Lacs)					
<b>TRADITIONAL METHOD</b>					
<b>Particulars</b>	<b>Amount</b>	<b>Own Margin</b>		<b>Bank Finance</b>	
Finished Goods & Raw Material	2.35				
Less : Creditors	0.67				
<b>Paid stock</b>	<b>1.68</b>	<b>25%</b>	<b>0.42</b>	<b>75%</b>	<b>1.26</b>
<b>Sundry Debtors</b>	<b>2.32</b>	<b>25%</b>	<b>0.58</b>	<b>75%</b>	<b>1.74</b>
	<b>4.00</b>		<b>1.00</b>		<b>3.00</b>
<b>WORKING CAPITAL LIMIT DEMAND ( from Bank)</b>					
<b>3.00</b>					

## 5.9 Power, Salary & Wages Calculation

Particulars	value	Description
Power connection required	15	KWH
consumption per day	120	units
Consumption per month	3,000	units
Rate per Unit	10	Rs.
power Bill per month	30,000	Rs.

### BREAK UP OF LABOUR CHARGES

Particulars	Wages	No of	Total
	Rs. per Month	Employees	Salary
Skilled (in thousand rupees)	12,000	4	48,000
Plant Operator	15,000	1	15,000
Unskilled (in thousand rupees)	9,000	6	54,000
<b>Total salary per month</b>			<b>117,000</b>
<b>Total annual labour charges</b>	<b>(in lacs)</b>		<b>14.04</b>

### BREAK UP OF Staff Salary CHARGES

Particulars	Salary	No of	Total
	Rs. per Month	Employees	Salary
Accountant	15,000	1	15,000
Administrative Staffs	12,500	4	50,000
<b>Total salary per month</b>			<b>65,000</b>
<b>Total annual Staff charges</b>	<b>(in lacs)</b>		<b>7.80</b>

## 5.10 Depreciation

<b>COMPUTATION OF DEPRECIATION</b>			(in Lacs)
<b>Description</b>	<b>Plant &amp; Machinery</b>	<b>Furniture</b>	<b>TOTAL</b>
Rate of Depreciation	<b>15.00%</b>	<b>10.00%</b>	
<b>Opening Balance</b>	-	-	-
Addition	26.09	0.60	26.69
Total	26.09	0.60	26.69
Less : Depreciation	3.91	0.06	3.97
<b>WDV at end of Year</b>	<b>22.18</b>	<b>0.54</b>	<b>22.72</b>
Additions During The Year	-	-	-
Total	22.18	0.54	22.72
Less : Depreciation	3.33	0.05	3.38
<b>WDV at end of Year</b>	<b>18.85</b>	<b>0.49</b>	<b>19.34</b>
Additions During The Year	-	-	-
Total	18.85	0.49	19.34
Less : Depreciation	2.83	0.05	2.88
<b>WDV at end of Year</b>	<b>16.02</b>	<b>0.44</b>	<b>16.46</b>
Additions During The Year	-	-	-
Total	16.02	0.44	16.46
Less : Depreciation	2.40	0.04	2.45
<b>WDV at end of Year</b>	<b>13.62</b>	<b>0.39</b>	<b>14.01</b>
Additions During The Year	-	-	-
Total	13.62	0.39	14.01
Less : Depreciation	2.04	0.04	2.08
<b>WDV at end of Year</b>	<b>11.58</b>	<b>0.35</b>	<b>11.93</b>

## 5.11 Repayment schedule

REPAYMENT SCHEDULE OF TERM LOAN								
							Interest	11.00%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance	
<b>1st</b>	Opening Balance							
	1st month	-	20.02	20.02	-	-	20.02	
	2nd month	20.02	-	20.02	0.18	-	20.02	
	3rd month	20.02	-	20.02	0.18	-	20.02	
	4th month	20.02	-	20.02	0.18		20.02	
	5th month	20.02	-	20.02	0.18		20.02	
	6th month	20.02	-	20.02	0.18		20.02	
	7th month	20.02	-	20.02	0.18	0.37	19.65	
	8th month	19.65	-	19.65	0.18	0.37	19.28	
	9th month	19.28	-	19.28	0.18	0.37	18.91	
	10th month	18.91	-	18.91	0.17	0.37	18.53	
	11th month	18.53	-	18.53	0.17	0.37	18.16	
	12th month	18.16	-	18.16	0.17	0.37	17.79	
					1.97	2.22		
<b>2nd</b>	Opening Balance							
	1st month	17.79	-	17.79	0.16	0.37	17.42	
	2nd month	17.42	-	17.42	0.16	0.37	17.05	
	3rd month	17.05	-	17.05	0.16	0.37	16.68	
	4th month	16.68	-	16.68	0.15	0.37	16.31	
	5th month	16.31	-	16.31	0.15	0.37	15.94	
	6th month	15.94	-	15.94	0.15	0.37	15.57	
	7th month	15.57	-	15.57	0.14	0.37	15.20	
	8th month	15.20	-	15.20	0.14	0.37	14.83	
	9th month	14.83	-	14.83	0.14	0.37	14.46	
	10th month	14.46	-	14.46	0.13	0.37	14.09	
	11th month	14.09	-	14.09	0.13	0.37	13.72	
	12th month	13.72	-	13.72	0.13	0.37	13.35	
					<b>1.73</b>	<b>4.45</b>		
<b>3rd</b>	Opening Balance							
	1st month	13.35	-	13.35	0.12	0.37	12.97	
	2nd month	12.97	-	12.97	0.12	0.37	12.60	
	3rd month	12.60	-	12.60	0.12	0.37	12.23	
	4th month	12.23	-	12.23	0.11	0.37	11.86	
	5th month	11.86	-	11.86	0.11	0.37	11.49	
	6th month	11.49	-	11.49	0.11	0.37	11.12	
	7th month	11.12	-	11.12	0.10	0.37	10.75	



	8th month	10.75	-	10.75	0.10	0.37	10.38
	9th month	10.38	-	10.38	0.10	0.37	10.01
	10th month	10.01	-	10.01	0.09	0.37	9.64
	11th month	9.64	-	9.64	0.09	0.37	9.27
	12th month	9.27	-	9.27	0.08	0.37	8.90
					<b>1.24</b>	<b>4.45</b>	
<b>4th</b>	Opening Balance						
	1st month	8.90	-	8.90	0.08	0.37	8.53
	2nd month	8.53	-	8.53	0.08	0.37	8.16
	3rd month	8.16	-	8.16	0.07	0.37	7.78
	4th month	7.78	-	7.78	0.07	0.37	7.41
	5th month	7.41	-	7.41	0.07	0.37	7.04
	6th month	7.04	-	7.04	0.06	0.37	6.67
	7th month	6.67	-	6.67	0.06	0.37	6.30
	8th month	6.30	-	6.30	0.06	0.37	5.93
	9th month	5.93	-	5.93	0.05	0.37	5.56
	10th month	5.56	-	5.56	0.05	0.37	5.19
	11th month	5.19	-	5.19	0.05	0.37	4.82
	12th month	4.82	-	4.82	0.04	0.37	4.45
					<b>0.75</b>	<b>4.45</b>	
<b>5th</b>	Opening Balance						
	1st month	4.45	-	4.45	0.04	0.37	4.08
	2nd month	4.08	-	4.08	0.04	0.37	3.71
	3rd month	3.71	-	3.71	0.03	0.37	3.34
	4th month	3.34	-	3.34	0.03	0.37	2.97
	5th month	2.97	-	2.97	0.03	0.37	2.59
	6th month	2.59	-	2.59	0.02	0.37	2.22
	7th month	2.22	-	2.22	0.02	0.37	1.85
	8th month	1.85	-	1.85	0.02	0.37	1.48
	9th month	1.48	-	1.48	0.01	0.37	1.11
	10th month	1.11	-	1.11	0.01	0.37	0.74
	11th month	0.74	-	0.74	0.01	0.37	0.37
	12th month	0.37	-	0.37	0.00	0.37	-
					<b>0.27</b>	<b>4.45</b>	
	DOOR TO DOOR	60		MONTHS			
	MORATORIUM PERIOD	6		MONTHS			
	REPAYMENT PERIOD	54		MONTHS			

## 5.12 Financial Ratio Analysis

<b>FINANCIAL INDICATORS</b>					
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
TURNOVER	69.60	85.58	100.56	116.74	134.12
GROSS PROFIT	20.91	29.67	38.72	48.36	58.55
<b>G.P. RATIO</b>	<b>30.05%</b>	<b>34.67%</b>	<b>38.51%</b>	<b>41.43%</b>	<b>43.66%</b>
NET PROFIT	3.23	5.72	9.75	16.22	22.93
<b>N.P. RATIO</b>	<b>4.63%</b>	<b>6.68%</b>	<b>9.70%</b>	<b>13.89%</b>	<b>17.10%</b>
CURRENT ASSETS	6.00	6.03	7.81	10.10	11.68
CURRENT LIABILITIES	4.02	4.18	4.37	4.58	4.81
<b>CURRENT RATIO</b>	<b>1.49</b>	<b>1.44</b>	<b>1.79</b>	<b>2.21</b>	<b>2.43</b>
TERM LOAN	17.79	13.35	8.90	4.45	-
TOTAL NET WORTH	6.90	7.83	11.00	15.09	18.80
<b>DEBT/EQUITY</b>	<b>2.58</b>	<b>1.70</b>	<b>0.81</b>	<b>0.29</b>	<b>-</b>
TOTAL NET WORTH	6.90	7.83	11.00	15.09	18.80
TOTAL OUTSIDE LIABILITIES	21.82	17.53	13.27	9.03	4.81
<b>TOL/TNW</b>	<b>3.16</b>	<b>2.24</b>	<b>1.21</b>	<b>0.60</b>	<b>0.26</b>
PBDIT	9.47	11.13	14.17	19.72	25.58
INTEREST	2.27	2.03	1.54	1.05	0.57
<b>INTEREST COVERAGE RATIO</b>	<b>4.18</b>	<b>5.48</b>	<b>9.18</b>	<b>18.70</b>	<b>45.27</b>
WDV	22.72	19.34	16.46	14.01	11.93
TERM LOAN	17.79	13.35	8.90	4.45	-
<b>FACR</b>	<b>1.28</b>	<b>1.45</b>	<b>1.85</b>	<b>3.15</b>	<b>-</b>

### 5.13 DSCR

<u>CALCULATION OF D.S.C.R</u>					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	7.20	9.07	12.05	16.53	20.80
Interest on Term Loan	1.97	1.73	1.24	0.75	0.27
<b>Total</b>	<b>9.17</b>	<b>10.80</b>	<b>13.29</b>	<b>17.28</b>	<b>21.06</b>
<u>REPAYMENT</u>					
Instalment of Term Loan	2.22	4.45	4.45	4.45	4.45
Interest on Term Loan	1.97	1.73	1.24	0.75	0.27
Total	4.19	6.18	5.69	5.20	4.71
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>2.19</b>	<b>1.75</b>	<b>2.34</b>	<b>3.32</b>	<b>4.47</b>
<b>AVERAGE D.S.C.R.</b>	<b>2.76</b>				

### 5.14 Break Even Point Analysis

<u>BREAK EVEN POINT ANALYSIS</u>					
Year	I	II	III	IV	V
Net Sales & Other Income	69.60	85.58	100.56	116.74	134.12
Less : Op. WIP Goods	-	1.68	1.87	2.07	2.29
Add : Cl. WIP Goods	1.68	1.87	2.07	2.29	2.53
<b>Total Sales</b>	<b>71.28</b>	<b>85.77</b>	<b>100.76</b>	<b>116.96</b>	<b>134.36</b>

<b>Variable &amp; Semi Variable Exp.</b>					
Raw Material Consumed	28.80	32.76	37.04	41.67	46.66
Electricity Exp/Coal Consumption at 85%	1.84	2.02	2.22	2.44	2.69
Wages & Salary at 60%	13.10	14.41	15.86	17.44	19.19
Selling & administrative Expenses 80%	4.18	8.56	12.07	14.01	16.09
Interest on working Capital	0.3	0.3	0.3	0.3	0.3
Repair & maintenance	1.39	2.14	2.51	2.92	3.35
<b>Total Variable &amp; Semi Variable Exp</b>	<b>49.61</b>	<b>60.19</b>	<b>70.00</b>	<b>78.78</b>	<b>88.28</b>
<b>Contribution</b>	<b>21.67</b>	<b>25.58</b>	<b>30.76</b>	<b>38.18</b>	<b>46.08</b>
<b>Fixed &amp; Semi Fixed Expenses</b>					
Electricity Exp/Coal Consumption at 15%	0.32	0.36	0.39	0.43	0.47
Wages & Salary at 40%	8.74	9.61	10.57	11.63	12.79
Interest on Term Loan	1.97	1.73	1.24	0.75	0.27
Depreciation	3.97	3.38	2.88	2.45	2.08
Selling & administrative Expenses 20%	1.04	2.14	3.02	3.50	4.02
Rent	2.40	2.64	2.90	3.19	3.51
<b>Total Fixed Expenses</b>	<b>18.44</b>	<b>19.86</b>	<b>21.00</b>	<b>21.96</b>	<b>23.15</b>
<b>Capacity Utilization</b>	<b>60%</b>	<b>65%</b>	<b>70%</b>	<b>75%</b>	<b>80%</b>
<b>OPERATING PROFIT</b>	<b>3.23</b>	<b>5.72</b>	<b>9.75</b>	<b>16.22</b>	<b>22.93</b>
<b>BREAK EVEN POINT</b>	<b>51%</b>	<b>50%</b>	<b>48%</b>	<b>43%</b>	<b>40%</b>
<b>BREAK EVEN SALES</b>	<b>60.67</b>	<b>66.59</b>	<b>68.81</b>	<b>67.27</b>	<b>67.49</b>

## **6. LICENSE & APPROVALS**

- Obtain the GST registration.
- Additionally, obtain the Udyog Aadhar registration Number.
- Fire/pollution license as required.
- FSSAI License
- Factory License
- Choice of a Brand Name of the product and secure the name with Trademark if required.

## **7. ASSUMPTIONS**

1. Production Capacity of Flavoured Milk is 800 Ltr per day. First year, Capacity has been taken @ 60%.
2. Working shift of 8 hours per day has been considered.
3. Raw Material stock is for 7 days and Finished goods Closing Stock has been taken for 10 days.
4. Credit period to Sundry Debtors has been given for 10 days.
5. Credit period by the Sundry Creditors has been provided for 7 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 15 KW.
10. Increase in sales and raw material costing has been taken @ 5% on a yearly basis.

## Limitations of the Model DPR and Guidelines for Entrepreneurs

### Limitations of the Model DPR

- i. This model DPR has provided only the basic standard components and methodology to be adopted by an entrepreneur while submitting a proposal under the Formalization of Micro Food Processing Enterprises Scheme of MoFPI.
- ii. This is a model DPR made to provide general methodological structure not for specific entrepreneur/crops/location. Therefore, information on the entrepreneur, forms and structure (proprietorship/partnership/cooperative/ FPC/joint stock company) of his business, details of proposed DPR, project location, raw material base/contract sourcing, entrepreneurs own SWOT analysis, detailed market research, rationale of the project for specific location, community advantage/benefit from the project, employment generation and many more detailed aspects not included.
- iii. The present DPR is based on certain assumptions on cost, prices, interest, capacity utilization, output recovery rate and so on. However, these assumptions in reality may vary across places, markets and situations; thus the resultant calculations will also change accordingly.