

# PROJECT REPORT

Of

# CHOCOLATE MILK

## PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Chocolate Milk Making unit.

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.]



**Lucknow Office:** Sidhivinayak Building ,  
27/1/B, Gokhley Marg, Lucknow-226001

**Delhi Office :** Multi Disciplinary Training  
Centre, Gandhi Darshan Rajghat,  
New Delhi 110002

**Email :** [info@udyami.org.in](mailto:info@udyami.org.in)  
**Contact :** +91 7526000333, 444, 555

**PROJECT AT A GLANCE**

- 1 Name of the Entrepreneur : xxxxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **CHOCOLATE MILK**
- 6 Name of the project / business activity proposed : **CHOCOLATE MILK MAKING UNIT**
- 7 Cost of Project : Rs.20.47 Lakhs
- 8 Means of Finance
- Term Loan Rs.16.92 Lakhs
- Own Capital Rs.2.05 Lakhs
- Working Capital Rs.1.51 Lakhs
- 9 Debt Service Coverage Ratio : 2.57
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 26%
- 13 Employment : 12 Persons
- 14 Power Requirement : 30.00 HP
- 15 Major Raw materials : Liquid Chocolate, Sugar, Milk and Other Additives
- 16 Estimated Annual Sales Turnover (Max Capacity) : 151.80 Lakhs
- 17 Detailed Cost of Project & Means of Finance

**COST OF PROJECT**

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	18.20
Furniture & Fixtures	0.60
Working Capital	1.67
<b>Total</b>	<b>20.47</b>

**MEANS OF FINANCE**

Particulars	Amount
Own Contribution	2.05
Working Capital(Finance)	1.51
Term Loan	16.92
<b>Total</b>	<b>20.47</b>

# CHOCOLATE MILK MAKING UNIT

## Introduction:

Chocolate milk is a milk typically flavored with cocoa and sugar. Milk is considered a complete protein — meaning it provides all nine essential amino acids your body needs. Milk naturally contains a type of sugar called lactose. Chocolate milk also contains added sugar in the form of sucrose. Chocolate milk, whether served hot or cold, is more than just a favorite drink that many people have loved since childhood. It's also a great source of several important nutrients. Nutrient-rich chocolate milk can help you refuel and rehydrate within the critical 30-minute recovery window after exercise. It contains a combination of carbohydrates and protein to refuel and repair muscles, fluids to rehydrate, and electrolytes to replenish what is lost in sweat. It has the added bonus of bone-building nutrients, like calcium, to help maintain strong bones and prevent stress fractures.

The essential nutrients in chocolate milk:

- Promote normal blood pressure (calcium)
- Help convert food into energy (riboflavin and niacin)
- Help build and maintain lean muscle (protein)



## **Uses & Market Potential:**

Chocolate milk is rich in protein, which helps build muscle mass. Several studies have also found that drinking chocolate milk significantly increases endurance, which helps you keep exercising longer. Chocolate Milk can also replace regular milk in any dessert-inspired drink, featuring other sweet ingredients like bananas and peanut butter. The global chocolate milk market was valued at USD 7,784.41 million in 2020, and it is projected to register a CAGR of 4.67% during the forecast period (2021-2026).

The COVID-19 pandemic resulted in the generation of opportunities for many dairy snack food and beverage private players to emerge in the markets to cater to the inflated demand. The demand for innovative dairy products, including chocolate milk products, is consistently high in the developed countries, as these beverage snacks are a quick and convenient source of nutrition and energy. The global chocolate milk market is segmented by type into dairy-based chocolate milk and non-dairy-based chocolate milk. With some good benefits of chocolate milk for all age groups the demand is increasing for the product in urban as well as in rural areas.

## **Product:**

Chocolate Milk

## **Raw Material:**

The raw materials required are:

- Liquid Chocolate
- Sugar
- Milk
- Other Additives

## **Manufacturing Process:**

The steps are:

- Procurement of Milk
- Heating Process
- Stabilizers are added
- Homogenization
- Liquid chocolate is added to hot water
- Mixing of ingredients & heating
- Filling of milk in bottles
- Packaging & Dispatch

## **Area:**

The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and polishing area. Also, some of the area of building is required for office staff facilities, office furniture, etc. Thus, the approximate total area required for complete industrial setup is 1500-2000Sqft.

### **Cost of Machines:**

<b>Machine</b>	<b>Quantity</b>	<b>Rate</b>
Water Treatment Unit	1	80000
Boiler	1	125000
SS Tank	1	80000
Plate Heat Exchanger	1	95000
Homogenizer	1	195000
Bottling Plant (including bottle washer, filter & sterilizer)	1	1195000
Other Equipment's	-	50000
<b>Total Amount</b>		<b>1820000</b>

**Power Requirement-** The estimated Power requirement is taken at 30 HP.

**Manpower Requirement-** Following manpower is required:

- Machine operator-2
- Skilled/unskilled worker-3
- Helper-4
- Manager cum Accountant-1
- Sales Personnel-2

# **FINANCIALS**



**PROJECTED PROFITABILITY STATEMENT**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>A) SALES</u></b>					
Gross Sale	80.19	97.20	114.43	132.61	151.80
<b>Total (A)</b>	<b>80.19</b>	<b>97.20</b>	<b>114.43</b>	<b>132.61</b>	<b>151.80</b>
<b><u>B) COST OF SALES</u></b>					
Raw Material Consumed	45.00	53.55	62.42	71.63	81.18
Electricity Expenses	2.01	2.35	2.69	3.02	3.36
Repair & Maintenance	1.60	1.94	2.29	2.65	3.04
Labour & Wages	12.22	15.64	19.09	22.90	26.34
Depreciation	2.79	2.37	2.02	1.72	1.46
<b>Cost of Production</b>	<b>63.63</b>	<b>75.86</b>	<b>88.51</b>	<b>101.93</b>	<b>115.38</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>0.64</b>	<b>0.76</b>	<b>0.89</b>	<b>1.02</b>
<b>Less: Closing Stock /WIP</b>	<b>0.64</b>	<b>0.76</b>	<b>0.89</b>	<b>1.02</b>	<b>1.15</b>
Cost of Sales (B)	62.99	75.74	88.38	101.79	115.24
<b>C) GROSS PROFIT (A-B)</b>	<b>17.20</b>	<b>21.46</b>	<b>26.05</b>	<b>30.82</b>	<b>36.56</b>
	<b>21.44%</b>	<b>22.07%</b>	<b>22.77%</b>	<b>23.24%</b>	<b>24.08%</b>
D) Bank Interest i) (Term Loan )	1.84	1.50	1.09	0.67	0.26
ii) Interest On Working Capital	0.17	0.17	0.17	0.17	0.17
E) Salary to Staff	8.06	10.16	12.19	14.88	17.55
F) Selling & Adm Expenses Exp.	1.60	2.43	3.43	3.71	4.55
<b>G) TOTAL (D+E+F)</b>	<b>11.67</b>	<b>14.26</b>	<b>16.88</b>	<b>19.43</b>	<b>22.53</b>
<b>H) NET PROFIT</b>	<b>5.53</b>	<b>7.20</b>	<b>9.18</b>	<b>11.39</b>	<b>14.03</b>
	<b>6.9%</b>	<b>7.4%</b>	<b>8.0%</b>	<b>8.6%</b>	<b>9.2%</b>
I) Taxation	0.24	0.59	1.00	1.60	2.43
<b>J) PROFIT (After Tax)</b>	<b>5.29</b>	<b>6.61</b>	<b>8.18</b>	<b>9.79</b>	<b>11.60</b>



**PROJECTED CASH FLOW STATEMENT**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>SOURCES OF FUND</u></b>					
Own Contribution	2.05	-	-	-	-
Reserve & Surplus	5.53	7.20	9.18	11.39	14.03
Depreciation & Exp. W/off	2.79	2.37	2.02	1.72	1.46
Increase In Cash Credit	1.51	-	-	-	-
Increase In Term Loan	16.92	-	-	-	-
Increase in Creditors	0.45	0.09	0.09	0.09	0.10
<b>TOTAL :</b>	<b>29.24</b>	<b>9.66</b>	<b>11.29</b>	<b>13.20</b>	<b>15.59</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	18.80	-	-	-	-
Increase in Stock	0.79	0.15	0.16	0.16	0.17
Increase in Debtors	1.34	0.28	0.29	0.30	0.32
Repayment of Term Loan	1.88	3.76	3.76	3.76	3.76
Taxation	0.24	0.59	1.00	1.60	2.43
Drawings	4.90	5.10	6.30	7.50	9.00
<b>TOTAL :</b>	<b>27.94</b>	<b>9.88</b>	<b>11.50</b>	<b>13.33</b>	<b>15.67</b>
Opening Cash & Bank Balance	-	1.30	1.08	0.86	0.73
Add : Surplus	1.30	- 0.22	- 0.22	- 0.13	- 0.09
Closing Cash & Bank Balance	<b>1.30</b>	<b>1.08</b>	<b>0.86</b>	<b>0.73</b>	<b>0.65</b>

**COMPUTATION OF CLOSING STOCK & WORKING CAPITAL**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>Finished Goods</u></b>					
(3 Days requirement)	0.64	0.76	0.89	1.02	1.15
<b><u>Raw Material</u></b>					
(1 Day requirement)	0.15	0.18	0.21	0.24	0.27
<b>Closing Stock</b>	<b>0.79</b>	<b>0.94</b>	<b>1.09</b>	<b>1.26</b>	<b>1.42</b>

**COMPUTATION OF WORKING CAPITAL REQUIREMENT**

<b>Particulars</b>	<b>Amount</b>	<b>Margin(10%)</b>	<b>Net Amount</b>
Stock in Hand	0.79		
Less:			
Sundry Creditors	0.45		
<b>Paid Stock</b>	<b>0.34</b>	<b>0.03</b>	<b>0.30</b>
Sundry Debtors	1.34	0.13	1.20
<b>Working Capital Requirement</b>			<b>1.51</b>
<b>Margin</b>			0.17
<b>MPBF</b>			<b>1.51</b>
<b>Working Capital Demand</b>			<b>1.51</b>

**REPAYMENT SCHEDULE OF TERM LOAN**

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
<b>I</b>	Opening Balance						
	Ist Quarter	-	16.92	16.92	0.47	-	16.92
	Iind Quarter	16.92	-	16.92	0.47	-	16.92
	IIIrd Quarter	16.92	-	16.92	0.47	0.94	15.98
	Ivth Quarter	15.98	-	15.98	0.44	0.94	15.04
					1.84	1.88	
<b>II</b>	Opening Balance						
	Ist Quarter	15.04	-	15.04	0.41	0.94	14.10
	Iind Quarter	14.10	-	14.10	0.39	0.94	13.16
	IIIrd Quarter	13.16	-	13.16	0.36	0.94	12.22
	Ivth Quarter	12.22		12.22	0.34	0.94	11.28
					1.50	3.76	
<b>III</b>	Opening Balance						
	Ist Quarter	11.28	-	11.28	0.31	0.94	10.34
	Iind Quarter	10.34	-	10.34	0.28	0.94	9.40
	IIIrd Quarter	9.40	-	9.40	0.26	0.94	8.46
	Ivth Quarter	8.46		8.46	0.23	0.94	7.52
					1.09	3.76	
<b>IV</b>	Opening Balance						
	Ist Quarter	7.52	-	7.52	0.21	0.94	6.58
	Iind Quarter	6.58	-	6.58	0.18	0.94	5.64
	IIIrd Quarter	5.64	-	5.64	0.16	0.94	4.70
	Ivth Quarter	4.70		4.70	0.13	0.94	3.76
					0.67	3.76	
<b>V</b>	Opening Balance						
	Ist Quarter	3.76	-	3.76	0.10	0.94	2.82
	Iind Quarter	2.82	-	2.82	0.08	0.94	1.88
	IIIrd Quarter	1.88	-	1.88	0.05	0.94	0.94
	Ivth Quarter	0.94		0.94	0.03	0.94	0.00
					0.26	3.76	

Door to Door Period      60 Months  
Moratorium Period        6 Months  
Repayment Period         54 Months

**CALCULATION OF D.S.C.R**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>CASH ACCRUALS</u></b>	8.08	8.99	10.20	11.51	13.06
Interest on Term Loan	1.84	1.50	1.09	0.67	0.26
Total	9.91	10.49	11.28	12.18	13.32
<b><u>REPAYMENT</u></b>					
Repayment of Term Loan	1.88	3.76	3.76	3.76	3.76
Interest on Term Loan	1.84	1.50	1.09	0.67	0.26
Total	3.72	5.26	4.85	4.43	4.02
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>2.67</b>	<b>1.99</b>	<b>2.33</b>	<b>2.75</b>	<b>3.32</b>
<b>AVERAGE D.S.C.R.</b>			<b>2.57</b>		

### **Assumptions:**

1. Production Capacity of Chocolate Milk Making unit is taken at 2000 Bottles per day. First year, Capacity has been taken @ 60%. Capacity of one bottle is 500 ml.
2. Working shift of 10 hours per day has been considered.
3. Raw Material stock and Finished goods closing stock has been taken for 1 day and 3 days respectively.
4. Credit period to Sundry Debtors has been given for 5 days.
5. Credit period by the Sundry Creditors has been provided for 3 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 30 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

## **DISCLAIMER**

The views expressed in this Project Report are advisory in nature. SAMADHAN assume no financial liability to anyone using the content for any purpose. All the materials and content contained in Project report is for educational purpose and reflect the views of the industry which are drawn from various research material sources from internet, experts, suppliers and various other sources. The actual cost of the project or industry will have to be taken on case to case basis considering specific requirement of the project, capacity and type of plant and other specific factors/cost directly related to the implementation of project. It is intended for general guidance only and must not be considered a substitute for a competent legal advice provided by a licensed industry professional. SAMADHAN hereby disclaims any and all liability to any party for any direct, indirect, implied, punitive, special, incidental or other consequential damages arising directly or indirectly from any use of the Project Report Content, which is provided as is, and without warranties.