

MILK TOFFEE



INTRODUCTION:

Toffee is made out of skimmed milk powder, glucose and sugars and Cocoa. Milk Toffees have good demand in cities, urban and semi-urban areas and institutions. As the product is based on real Milk. They are a delicacy to children. Being relatively free of artificial flavours, they are also a healthier product.

OBJECTIVE:

The primary objective of the model report is to facilitate the entrepreneurs in understanding the importance of setting up unit of Milk Toffee plant. This model report will serve as guidance to the entrepreneurs on starting up such a new project and basic technical knowledge for setting up such a facility.

RAW MATERIAL AVAILABILITY:

The main raw material for Milk Toffee are Skimmed Milk Powder, Glucose and Sugars and Cocoa and easily available in most parts of India.

SUITABLE LOCATION:

Milk Toffee can be manufactured at any location.

MARKET OPPORTUNITIES:

All over the India it has heavy demand. Its market is rising day by day although different types are available in the market; children are very fond of this Milk Toffee.

PROJECT DESCRIPTION:

CAPACITY OF THE PROJECT:

- The capacity of the project is 48 MT of Milk Toffee per year.

PRODUCTION TARGET:

- Qty.: 33.60 MT/Annum or 2.80 MT/Month.
- The scheme is worked out per shift (8 Hour) basis and 300 working days per annum.

MANUFACTURING PROCESS:

Production process involves extracting fresh Milk, sugar is added and the whole mass is cooked. The cooked mixture is spread to a thin layer of 1cm thickness and then dried. The thin sheet is cut to size by a Toffee Cutter and wrapped in a cellophane film to avoid moisture being absorbed.

PROJECT COMPONENT AND COST:**FINANCIAL ASPECTS:-****APPLICATION OF FUNDS**

Particular	Amount
Land & Building:	200 sq. meter covered area on rent
Plant & Machinery	247,500.00
Office Equipment & Furniture	50,000.00
Working Capital	905,478.86
Pre-Operative Expenses	25,000.00
Total	1,227,978.86

SOURCE OF FUND

Particular	Amount
Own Capital	560,122.72
Loan from Banks	223,125.00
Loan for Working Capital	444,731.15
Total	1,227,978.86

FIXED ASSETS

(1)	Land And Building:			Value (Rs.)
	Land & Building 200 sq. meter covered area on rent			96,000 per annum
(2)	Machinery And Equipment:			
S. N.	Description (Name of machine with specification)	Qty.	Rate	Value (Rs.)
	Production Unit			
i	Electric Jacketted Kettle	1	55,000.00	55,000.00
ii	Cooling Plates	1	10,000.00	10,000.00
iii	Batch Formers	1	15,000.00	15,000.00
iv	Toffee Cut & Wrap Machine	1	15,000.00	15,000.00
v	Stainless Steel Vessels	1	10,000.00	10,000.00
vi	Cabinet Dryer	1	75,000.00	75,000.00
vii	Kneading & Cooking Table	1	25,000.00	25,000.00
viii	Weighing Machine	1	10,000.00	10,000.00
ix	Miscellaneous Equipments / Items	-	-	10,000.00
	Total Cost of Machinery & Equipments			225,000.00
	Electrification & Installation Charges @ 10%			22,500.00
	Total Cost of Production Unit			247,500.00
	Furniture & Fixtures		-	50,000.00
3	Pre-Operative Expenses:			- 25,000.00
	Total Fixed Capital (2+3)			- 272,500.00

RAW MATERIAL REQUIREMENT & STOCK

Particulars	Mode	Year' 1
Capacity Utilisation		70 %
Daily Production at 100% capacity	160	
No of Working days per annum	300	
Annual Production	Kg	33,600.00
Wastage	%	2.00
Net Production	Kg	32,928.00
Gross Consumption		
Skimmed Milk Powder	Kg	19,756.80
Sugar	Kg	9,878.40
Glucose	Kg	3,292.80
Cocoa / Flavour Essences	-	-
Rate (Per Kg)		
Skimmed Milk Powder	Rs	200.00
Sugar	Rs	40.00
Glucose	Rs	60.00
Cocoa / Flavour Essences	-	-
Annual Consumption		
Skimmed Milk Powder	Rs	3,951,360.00
Sugar	Rs	395,136.00
Glucose	Rs	197,568.00
Cocoa / Flavour Essences	Rs	420,000.00
Total		4,964,064.00
Stock of Raw Material	30 days	408,005.26
Stock of WIP	02 day	21,651.29
Purchase Cost of Raw Material	Rs	5,393,720.55

WORKING CAPITAL REQUIREMENT

Particulars	Days	Year' 1
Raw Material	30	408,005.26
Work in Process	2	21,651.29
Finished Goods	10	162,779.03
Receivables	30	562,520.00
Advance/Security		200,000.00
Total		1,354,955.58
Less: Creditors	30	449,476.71
Net Current Assets		905,478.86
Paid Stock		142,958.86
75% of Paid Stock		107,219.15
60% of Book Debts		337,512.00
Bank Limits		444,731.15
Margin for Working Capital		460,747.72

SELLING & ADMINISTRATION EXPENSES

Particular	Year I
i Postage	18,000.00
ii Commission on sales	60,000.00
iii Office Expenses	29,000.00
iv Tour & Travel	18,000.00
v Printing & Stationary	20,000.00
vi Advertisement	52,000.00
vii Telephone	20,000.00
viii Repair & Maintenance	22,000.00
ix Conveyance	27,000.00
x Sales expenses	34,000.00
xi Insurance	20,000.00
xii Misc. Expenses	30,000.00
Total	350000.00

STAFF AND LABOUR EXPENSES

S. No.	Description	No.	Salary PM	Total Salaries-Year I
(a) Administrative & Supervisory				
i	Production Incharge cum accountant	1	15,000.00	180,000.00
Total Salaries				180,000.00
(b) Skilled & Unskilled-Wages				
i	Skilled Worker	1	10,000.00	120,000.00
ii	Semi Skilled Worker	1	8,000.00	96,000.00
iii	Helper	2	5,000.00	120,000.00
Total				336,000.00
Grand Total				516,000.00

MANUFACTURING AND PROFIT & LOSS
ACCOUNT

Particulars	Year' 1
Sales Value @ Rs 205 per Kg	6,750,240.00
Cost of Production:	
Raw Material Consumed:	
Opening Stock	-
Add: Purchases	5,393,720.55
	5,393,720.55
Less: Closing Stock	408,005.26
Raw Material Consumption	4,985,715.29
Add: Op Stock of WIP	-
	4,985,715.29
Less: Cl Stock of WIP	21,651.29
	4,964,064.00
Power & Fuel	300,000.00
Manufacturing Wages	336,000.00
Bonus & Incentives	16,800.00
Packaging Materials	60,000.00
Rent	96,000.00
Raw material storage & ins.	4,800.00
Cost	
Carriage inward	37,756.04
Depreciation	44,625.00
Total Cost of Production	5,860,045.04
Add: Op. Stock of Finish. Goods	-
	5,860,045.04
Less: Cls. Stock of F.Goods	162,779.03
Cost of Sales	5,697,266.01
Gross Profit	1,052,973.99
	0.16
Selling & Admin Cost:	
Expenses	350,000.00
Salary	180,000.00
Financial Expenses:	
Interest on Term Loan	30,400.78
Interest on W.Capital	55,591.39
Pre. Expenses	5,000.00
Profit Before Taxation	431,981.81
Taxation	129,594.54
Net Profit After Taxation	302,387.27
Cash withdrawal	120,954.91
Transfer to Reserves	181,432.36
Cumulative Reserves	181,432.36
% of PBT on Sales	6.40

BALANCE SHEET

Particulars	Year' 1
Liabilities:	
Capital	560,122.72
Reserve & Surplus	181,432.36
Secured Loan:	
Term Loan	178,500.00
Unsecured loan:	
Current Liabilities:	
Bank Borrowings	444,731.15
Sundry Creditors	449,476.71
	<u>1,814,262.94</u>
Assets:	
Fixed Assets:	
Gross Block:	297,500.00
Less: Depreciation	44,625.00
	<u>252,875.00</u>
Current Assets:	
Inventories	592,435.58
Receivables	562,520.00
Advance/Security	200,000.00
Cash & Bank Balance	186,432.36
Preliminary Expenses	20,000.00
	<u>1,814,262.94</u>
Difference	0.00

RATIO ANALYSIS

Particulars	Year' 1
NET PROFIT RATIO	
NP*100/Total sales	3.97
RATE OF RETURN	
NP*100/Total Investment	18.15

BREAK EVEN ANALYSIS

Fixed Cost	
Rent	96000.00
Interest on Borrowing	30400.78
40% of Salaries	72000.00
40% of Utilities	120000.00
25% of Admin Exp	87500.00
Depreciation	44625.00
	450525.78
BREAK EVEN POINT	$\frac{\text{Fixed Cost} * 100}{\text{Fixed Cost} + \text{Profit}}$
	62.72

ADDRESS OF MACHINERY & EQUIPMENT SUPPLIERS:

- M/s Bajaj Processpack Maschinen Pvt. Ltd., 7/27, Jai Lakshmi Industrial Estate, Sahibabad Industrial Area, Sahibabad, Dist. Ghaziabad (U.P.) - 201301.
- M/s Jayems Engineering Works, Strand Road, Kolkata – 700 001
- M/s Sarkar machinery, 49, P. K. Guha Road, Near Kumarpara Party Office, Kolkata, West Bengal, 700028
- M/s A.M. I. Engineering, Station Road, Opp. Veena Cinema, Patna – 800 001.
- M/s FMC Asia-Pacific Inc., Complete Fruits and Vegetable Plant, Compre- Krision House, Saki Vihar Road, Saki- hensive Line of Equipments for Tomato Process-Naka, Mumbai-400 072.