

Annexure-E

PROJECT PROPOSAL FOR DAIRY MARKETING OUTLET/ DAIRY PARLOUR UNDER DAIRY ENTREPRENEURSHIP DEVELOPMENT SCHEME (DEDS) 2017-18

1. INTRODUCTION

- 1.1 India is endowed with a largest livestock population in the world having a total bovine population of 304 million compared to the world's total bovine population of 1400 million. It accounts for 57.3% of the world's buffalo population and 14.17% of the cattle population.
- 1.2 There has been a major improvement in milk production, which increased from 17 million tones in 1951 to 127.9 million tones during 2011-12. The per capita availability of milk has reached to 290 gm. per day during the year 2011-12 which is more than the world average of 284 gm. per day.
- 1.3 Recognizing the importance of the Sector Several key initiatives were taken by the govt. and implemented different schemes/ programme like operation flood programee, intensive dairy development programme, clean milk production programme, assistance to cooperatives and venture capital fund for dairy etc. which helps the small, marginal farmers and landless labourers for their livelihood.
- 1.4 Now Department of Animal Husbandry, Dairying & Fisheries, Ministry of Agriculture, Govt. of India is now implementing another Central Sector Scheme "DAIRY ENTREPRENEURSHIP DEVELOPMENT SCHEME" during 2017-18 in all the states and Union territories throughout the countries.

2. OBJECTIVE OF THE PROJECT

- 2.1 The Orissa State Cooperative Milk Producers' Federation was established in the year 1980 under Operation Flood –II Programme . Since inception, OMFED, as the apex Dairy Cooperative of the State is dedicatedly working for the Socio-Economic Development of the Dairy Farmers and also serving to meet the requirement of the consumers by ensuring supply of pasteurized quality milk and a wide range of delicious indigenous milk products.

2.2 In order to generate, more self employment under DEDS and provide infrastructure for dairy sector the financial assistance is extended to the beneficiaries by setting up dairy parlour so as to ensure for supply of quality milk and product to the both, urban and rural based consumers at affordable prices.

3. TYPE OF PROJECT

3.1 For establishment of semi permanent structure at different towns/ NACs/ Sub Division and Block headquarters etc.

3.2 For construction of outlet in Govt. land / Private land or rented premises for operating parlour.

4. POTENTIAL AREAS

4.1 OMFED is giving emphasis for procurement of milk in a large scale from the milk farmers. Simultaneously, ensuring for availability of packed milk in hygienic condition along with all range of milk product at the door step of the consumers.

4.2 There is a lack of selling outlets at both rural and urban areas due to non availability of infrastructural facility.

4.3 The dairy sectors are intending to extend their service for sale of milk and milk products by setting up parlours at different towns/ NACs/ Sub Division and Block Headquarters etc.

PROJECT DETAILS

COST OF PROJECT AND MEANS OF FINANCE

COST OF PROJECT		
Sl.No.	Particulars	Rs.(in.Thousand)
1	Cost of Land & Building	50.00
2	Interior Designing	35.00
3	Furniture & Fixture	10.00
4	Branding Support by Omfed	5.00
5	Cold Chain	40.00
9	Working Capital	10.00
	TOTAL	150.00
MEANS OF FINANCE		Rs.(in.Thousand)
(A)	Equity:-	
	(i) Share Capital From Promoters (Including Internal Accural)	50.00
	(ii) Unsecured Loan	0.00
	(iii) Subsidy	25.00
	Total	75.00
(B)	Debt :-	
	(i) Term Loan	75.00
	Total	75.00
	Grand Total	150.00

DEDS

Cost of Production and Profitability Estimates

The detailed computation of the cost of production and profitability have been given in financial annexure (F-1) and further details in subsequent annexure. The computation of Profitability estimates and Cost of Production are based on the following assumptions:-

- | | |
|--------|---|
| (I) | No. of working days have been taken as 360 days per annum |
| (II) | The capacity utilisation in first year, Second Year and onwards have been estimated to be 50%, 100%, 110%, 121%, 133% and 146% respectively. |
| (III) | The prices of salable finished goods are based on prevailing marketing price. |
| (IV) | Every year the incremental sale is 10% more than the previous. |
| (V) | Term Loan is Rs. 75 thousand and Subsidy is Rs.25 thousand. |
| (VI) | Interest on Term Loan is 15% on average balance. |
| (VII) | Repayment of Term Loan is Rs.15 thousand. But it is Rs.5 thousand in 1st Year. |
| (VIII) | There is an incremental of 10% on recurring expenses except Depreciation and Misc Expenses. |
| (IX) | Depreciation has been calculated Straight Line Method considering the Depreciation Rate of 10%. Depreciation has been used for calculating Profitability and for computing Liability. |

Cash Flow:-

The position of Cash Flow has been computed and given in annexure 3 in fund flow chart. It can be seen that the position of cash flow is good from first year itself. The unit is having good amount of surplus and it goes in increasing fund of surplus shows financial viability. Thus the repayment of term loan in 6 years is easily possible.

Projected Balance Sheet:-

The year wise Projected Balance Sheet and Profit & Loss Accounts for 6 years has been prepared in Annexure-1 & 2 of this report. Increasing amount of cash balance depicts the financial soundness.

Debt Service Coverage Ratio:-

D.S.C.R. has been calculated for the first 6 years because the repayment of term loan gets completed within 6 years. The average D.S.C.R. in Annexure-4 has been comes to 366.30% which shows the sound and surplus position for repayment of term loan and its interest.

IRR & Break Even Analysis:-

The IRR of the project is 21.32% and Breakeven Point is s.12 Lakh Sale (Calculated in annexure-9) of this report. It shows that the unit has much higher flexibility for survive with lower capacity running also.

Annexure:-1

PROJECTED BALANCE SHEET

Sl.No.	Particulars	As per estimates for the year					
		(Amount in Thousand)					
		1st	2nd	3rd	4th	5th	6th
1	SOURCES OF FUND						
(a)	Equity Share Capital	50.00	50.00	50.00	50.00	50.00	50.00
(b)	Reserve & Surplus	9.39	40.56	81.33	133.13	197.52	275.89
(c)	Capital Subsidy	25.00	25.00	25.00	25.00	25.00	25.00
(d)	Term Loan	70.00	55.00	40.00	25.00	10.00	0.00
(e)	Unsecured Loan	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL	154.39	170.56	196.33	233.13	282.52	350.89
2	REPRESENTED BY:-						
(a)	Gross Block of Fixed Assets	140.00	135.50	126.50	117.50	108.50	99.50
	Less: Depreciation	4.50	9.00	9.00	9.00	9.00	9.00
	NET BLOCK	135.50	126.50	117.50	108.50	99.50	90.50
(b)	Current Assets	18.00	18.00	18.00	18.00	18.00	18.00
	Less: Current Liabilities	8.00	8.00	8.00	8.00	8.00	8.00
	NET CURRENT LIABILITIES	10.00	10.00	10.00	10.00	10.00	10.00
(c)	Cash & Bank	8.89	34.06	68.83	114.63	173.02	250.39
	TOTAL	154.39	170.56	196.33	233.13	282.52	350.89

Annexure:-2

DEDS							
ESTIMATION OF PROFITABILITY							
Sl.No.	Particulars	As per estimates for the year					
		(Amount in Thousand)					
		1st	2nd	3rd	4th	5th	6th
	Capacity Utilisation	50%	100%	110%	121%	133%	146%
1	GROSS INCOME:	798.37	1596.73	1756.40	1932.04	2125.25	2337.77
	(i) Sales (net of return)	798.37	1596.73	1756.40	1932.04	2125.25	2337.77
2	COST OF SALES:	778.10	1556.19	1708.51	1875.37	2058.22	2258.66
	(i) Purchase	716.60	1433.19	1576.51	1734.16	1907.58	2098.33
	(ii) Rent / Financial Cost	18.00	36.00	37.80	39.69	41.67	43.76
	(iii) Electricity	6.00	12.00	13.20	14.52	15.97	17.57
	(iv) Salaries and wages	30.00	60.00	66.00	72.00	78.00	84.00
	(v) Depreciation	4.50	9.00	9.00	9.00	9.00	9.00
	(vi) Insurance & Misc Expenses	3.00	6.00	6.00	6.00	6.00	6.00
3	Operating Profit before Interest (1-2)	20.27	40.54	47.89	56.67	67.02	79.11
4	Interest on Loan	10.88	9.38	7.13	4.88	2.63	0.75
5	Operating Profit after Interest(3-4)	9.39	31.16	40.77	51.80	64.40	78.36
6	Retained Profit(3-4)	9.39	31.16	40.77	51.80	64.40	78.36
7	Cummulative Profit	9.39	40.56	81.33	133.13	197.52	275.89

Annexure:-3

PROJECTED FUNDS FLOW STATEMENT

As per estimates for the year (Amount in Thousand)

SL.NO.	Particulars	Year					
		1st	2nd	3rd	4th	5th	6th
1	SOURCES						
(a)	Net Profit (after Tax)	9.39	31.16	40.77	51.80	64.40	78.36
(b)	Depreciation	4.50	9.00	9.00	9.00	9.00	9.00
(c)	Increase in Capital	50.00	0.00	0.00	0.00	0.00	0.00
(d)	Increase in Term Liabilities (including Unsecured Loan)	100.00	0.00	0.00	0.00	0.00	0.00
(f)	Derease in :						
(i)	Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00
(ii)	Other Non-Current Assets	0.00	0.00	0.00	0.00	0.00	0.00
(g)	Others	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL	163.89	40.16	49.77	60.80	73.40	87.36
2	USES						
(a)	Net Loss	0.00	0.00	0.00	0.00	0.00	0.00
(b)	Decrease in term Liabilities (Including Unsecured Loan)	5.00	15.00	15.00	15.00	15.00	10.00
(c)	Increase in :						
(i)	Fixed Assets	140.00	0.00	0.00	0.00	0.00	0.00
(ii)	Other Non-Current Assets		0.00	0.00	0.00	0.00	0.00
(d)	Dividend Payments	0.00	0.00	0.00	0.00	0.00	0.00
(e)	Increase in working Capital	10.00	0.00	0.00	0.00	0.00	0.00
	TOTAL	155.00	15.00	15.00	15.00	15.00	10.00
3	Long Term Surplus(+)/Deficit(-)(1-2)	8.89	25.16	34.77	45.80	58.40	77.36
	Opening Balance	0.00	8.89	34.06	68.83	114.63	173.02
	Closing Balance	8.89	34.06	68.83	114.63	173.02	250.39

Annexure:-4

COMPUTATION OF D.S.C.R

Particulars	Year					
	As per estimates for the year (Amount in Thousand)					
	1st	2nd	3rd	4th	5th	6th
Net Profit (after Tax)	9.39	31.16	40.77	51.80	64.40	78.36
Depreciation	4.50	9.00	9.00	9.00	9.00	9.00
Interest on Term Loan	10.88	9.38	7.13	4.88	2.63	0.75
TOTAL	24.77	49.54	56.89	65.67	76.02	88.11
Payment of Term Loan	5.00	15.00	15.00	15.00	15.00	10.00
Interest on Term Loan	10.88	9.38	7.13	4.88	2.63	0.75
TOTAL	15.88	24.38	22.13	19.88	17.63	10.75
D.S.C.R.	156.03%	203.24%	257.14%	330.43%	431.34%	819.63%
AVERAGE D.S.C.R	366.30%					

Annexure:-5

Calculation of Working Capital						
Sl.No.	Items	Holding Period (in Days)	1st Year	2nd Year	3rd Year	4th Year
			Gross Amt.	Gross Amt.	Gross Amt.	Gross Amt.
As per estimates for the year (Amount in Thousand)						
A.Current Assets:-						
1	Finished Goods	2.00	8.00	8.00	8.00	8.00
2	Receivables	2.00	9.00	9.00	9.00	9.00
5	Others	25.00	1.00	1.00	1.00	1.00
	TOTAL		18.00	18.00	18.00	18.00
B.Less:-						
Current Liability :-						
1	Creditors	21.00	8.00	8.00	8.00	8.00
	TOTAL		8.00	8.00	8.00	8.00
Net Working Capital						
			10.00	10.00	10.00	10.00

Annexure:-6

Calculation of Interest on Term Loan						
Particulars	As per estimates for the year (Amount in Thousand)					
	Year					
	1st	2nd	3rd	4th	5th	6th
Opening Balance	75.00	70.00	55.00	40.00	25.00	10.00
Closing Balance	70.00	55.00	40.00	25.00	10.00	0.00
Average Balance	72.50	62.50	47.50	32.50	17.50	5.00
Interest @ 15%	10.88	9.38	7.13	4.88	2.63	0.75

Annexure:-7

SALE PROJECTION

Sl.No.	Name of the Products	Unit	Average Quantity			Unit MRP & Cost		Total MRP & Cost	
			Day	Month	Year	MRP	Cost	MRP	Cost
1	Milk	Ltr	50		18000	40.00	38.00	720000.00	684000.00
2	Whole Milk Curd	Ltr	5		1800	30.00	26.24	54000.00	47232.00
3	Sweet Curd	Cup	10		3600	12.00	10.00	43200.00	36000.00
4	Rabidi	Cup	5		1800	18.00	14.58	32400.00	26244.00
5	Paneer	Kg	0.5		180	135.00	125.38	24300.00	22568.40
6	BMS/ Lassi	Pkt			9000	10.00	8.00	90000.00	72000.00
7	Ghee	Kg		10	120	515.00	476.00	61800.00	57120.00
8	SFM	Btl		100	1200	20.00	17.10	24000.00	20520.00
9	Dairy Whitener	Kg		4	48	360.00	321.60	17280.00	15436.80
10	Peda/ Khoa	Kg	0.05		18	35.00	30.87	630.00	555.66
11	Rasgula/Chenapoda	Kg	0.1		36	170.00	153.16	6120.00	5513.76
12	Bread	No	3		1000	23.00	21.00	23000.00	21000.00
13	Others							500000.00	425000.00
								1596730.00	1433190.62

Annexure:-8

Details of Cost of Project		
Cost Head of the Project	Sub Components	Cost ('000)
1. Land & Building		50
(a) Free Hold	(i) Construction Cost/Renovation Cost	
(b) Lease Hold	(i) Security Deposit + Renovation Cost	
(c) Movable Cabin	(i) Cost of Construction of 8'x8'x8' cabin	
2. Interior Designing		35
	(a) Construction of Shelves	
	(b) Electrical Fittings	
	(c) Front Counter Table Display	
	(d) Basin / Water Supply Pipes	
3. Furnitures & Fixtures		10
	(a) Chairs (Min 2 Nos)	
	(b) Tools (Min 2 nos)	
	(c) Fan	
	(d) Lights	
	(e) Ice Box	
	(f) Waste Bin	
4. Branding and Visibility		5
	(a) Outside RoofTop Tin Signage	
	(b) Pillar Flex Branding	
	(c) Pillow Branding	
	(d) SunBoard Product cum Pricing Chart	
5. Cold Chain with Accessories		40
	(a) Bottle Cooler	
	(b) Dee Freezer	
	(c) Stabilizer	
	(d) Induction Cooker / Gas Stove	
6. Working Capital		10
	(a) Stock and Debtors	
	(b) Recurring Expenditure	
	(i) Gas Fuel Cost	
	(ii) Vehicle Fuel Cost	
	(iii) Electricity Bill	
	(iv) Water Bill	
	(v) Consumables	
TOTAL COST OF THE PROJECT		150

\Annexure:-9

COMPUTATION OF IRR			
Year	Net Profit	Depreciation	Total Inflow
A.	Total Investment		-150.00
B.	Cash Inflow(Year wise)		
1st	9.39	4.50	13.89
2nd	31.16	9.00	40.16
3rd	40.77	9.00	49.77
4th	51.80	9.00	60.80
5th	64.40	9.00	73.40
6th	78.36	9.00	87.36
Internal Rate of Return(IRR)			21.32%
COMPUTATION OF BREAK EVEN POINT			
A.	Fixed Cost		
	(i)	Rent / Financial Cost	36.00
	(ii)	Electricity	12.00
	(iii)	Salaries and wages	60.00
	(iv)	Depreciation	9.00
	(v)	Insurance & Misc Expenses	6.00
Total Fixed Cost			123.00
B.	Contribution		
	Sales		1596.73
	Variable Cost		1433.19
	Contribution		163.54
	PV Ratio		10.24%
Break Even Point (BEP)		Rs.	1200.920
Say		Rs.	12 Lakh

