

# UP MSME 1-Connect

## PROJECT REPORT

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**PROJECT:**

Cocoa Butter Manufacturing unit

**PROJECT REPORT  
OF  
COCOA BUTTER MANUFACTURING UNIT  
(SMALL SCALE)**

**PURPOSE OF THE DOCUMENT**

This particular pre-feasibility is regarding Cocoa Butter Manufacturing 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.]

## PROJECT AT GLANCE

1	<b>Name of Proprietor/Director</b>	XXXXXXXXXX	
2	<b>Firm Name</b>	XXXXXXXXXX	
3	<b>Registered Address</b>	XXXXXXXXXX	
4	<b>Nature of Activity</b>	XXXXXXXXXX	
5	<b>Category of Applicant</b>	XXXXXXXXXX	
6	<b>Location of Unit</b>	XXXXXXXXXX	
7	<b>Cost of Project</b>	19.63	Rs. In Lakhs
8	<b>Means of Finance</b>		
	i) <b>Own Contribution</b>	1.96	Rs. In Lakhs
	ii) <b>Term Loan</b>	14.67	Rs. In Lakhs
	iii) <b>Working Capital</b>	3.00	Rs. In Lakhs
9	<b>Debt Service Coverage Ratio</b>	3.21	
10	<b>Break Even Point</b>	32%	
11	<b>Power Requirement</b>	20	KW
12	<b>Employment</b>	8	Persons
13	<b>Details of Cost of Project &amp; Means of Finance</b>		

<b>COST OF PROJECT</b>	
(in Lacs)	
<b>PARTICULARS</b>	<b>Amount</b>
Land & Building	Owned/Rented
Plant & Machinery	14.50
Furniture & Fixture	0.80
Miscellaneous Assets	1.00
Working capital Required	3.33
<b>Total</b>	<b>19.63</b>

<b>MEANS OF FINANCE</b>	
(in Lacs)	
<b>PARTICULARS</b>	<b>Amount</b>
Own Contribution @ 10%	1.96
Term Loan @ 90%	14.67
Working Capital (Bank Finance)	3.00
<b>Total</b>	<b>19.63</b>

# COCOA BUTTER (SMALL SCALE)

## 1. INTRODUCTION



Cocoa butter is a pure, stable fat that is pressed out of cacao beans. It is considered vegetable fat. It is also vegan and contains no dairy products, despite using the word butter in its name. Cocoa butter is usually extracted by the Broma process, letting the butter drip off of roasted cocoa beans in a hot room. The beans are then ground into cocoa powder while the butter is used in making chocolate and personal care products. Chocolate's continuous phase is formed by cocoa butter, which is a key element. As a result, it is responsible for the glossy appearance, texture, and melting behaviour of enticing chocolate. Cocoa butter is a healthy ingredient that can be used in both sweet and savoury recipes to give creaminess to beverages and desserts. It can be used in place of coconut butter or oil, as well as a butter substitute in vegan or dairy-free recipes. Cocoa butter is good for cooking at high temperatures. Because of its high smoke point; it won't burn easily. Cocoa beans from the *Theobroma cacao* plant, are used to make cocoa butter and cocoa powder. The process begins with roasting cocoa beans, stripping them of their hulls, and revealing cocoa nibs. The cocoa nibs are ground into a paste (called cocoa liquor), which is then pressed to release the fat. This fat, called Theobroma oil, is cocoa butter.

## **2. MARKET POTENTIAL**

The cocoa butter market is expected to reach US\$ 6.7 Bn in 2021. The market value has been forecast to total US\$ 9.8 Bn by 2031, exhibiting growth at a CAGR of 3.8% from 2021-to 31. Cocoa butter is one of the most stable fats globally, which has various uses in chocolate confectionery, cosmetics, pharmaceuticals, and other products. Cocoa beans are preferred by manufacturers for the primary production of all chocolates by consumers because of their medicinal and nutritional uses. Cocoa butter is a crucial ingredient in most chocolates (white, milk chocolate, and dark chocolate). This application continues to dominate the consumption of cocoa butter. The global cocoa butter market is expected to gain from the increasing use of cocoa butter in goods such as milk chocolate, dark chocolate, drinking chocolate, and other drinks. Pharmaceutical companies make extensive use of the physical properties of cocoa butter. For example, it is considered the ideal base for medicinal suppositories as a non-toxic solid at room temperature that melts at body temperature. Cocoa butter is rich in fatty acids, so it is often touted to hydrate, nourish and improve elasticity. By type, the organic cocoa butter segment is expected to see considerable growth in the forthcoming years. Organic cocoa butter has intact nutritional value as for processing the butter; beans are not roasted. As a result, the flavor of organic cocoa butter is vibrant and intense. The fats in cocoa butter form a protective layer on the skin to retain moisture. Cocoa butter also contains natural plant compounds called phytochemicals, a substance that improves blood flow to the skin and protects against harmful UV rays. Everyday use of cocoa butter is to smooth scars, wrinkles, and other marks on the skin. All these benefits of cocoa butter make it a desirable cosmetic ingredient that can further drive the demand for the product across the cosmetics & personal care industry. There is a strong demand for substitutes due to the increasing prices of cocoa butter. However, alternatives like palm oil, soybean oil, rapeseed oil, and cottonseed oil can restrain the growth of

the cocoa butter market due to cost efficiency. In addition, alternatives to cocoa butter improve the fat profile of the finished product and the stability of the fat. Thus, these can further restrain the demand for products.

### **3. PRODUCT DESCRIPTION**

#### **3.1 PRODUCT USES**

Cocoa butter is used in many, or almost all, types of chocolate. Cocoa butter is high in fatty acids and hydrates the skin deeply, making it a wonderful addition to body moisturizers and lip balms. It contains oleic, palmitic, and stearic acids, all of which nourish the skin.

#### **3.2 RAW MATERIAL REQUIREMENT**

- **Cocoa beans:** Cocoa beans from the *Theobroma cacao* plant are used to make cocoa butter.



**Other:** Packing material.

### 3.3 MANUFACTURING PROCESS

This process can be broken down into the following steps-

- Raw material procurement
- Processing
  - Cleaning cocoa beans
  - Roasting cocoa
  - Peeling and crushing cocoa beans
  - Grinding
  - Extraction/Pressing
  - Filtration
  - Packing
- Testing (Quality Control)

## 4 PROJECT COMPONENTS

### ➤ PLANT & MACHINERY

This is a semi-automatic type of plant and the production capacity is set to be 100-150 kgs of batch per day.

#### **Machines-**

- Cocoa Beans cleaning machine
- Cocoa Beans roasting machine
- Peeling & Crushing machine
- Grinding machine
- Pressing machine
- Cooling tunnel
- Packaging machine

**PROJECTED PROFITABILITY STATEMENT****(in Lacs)**

<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>50%</b>	<b>55%</b>	<b>60%</b>	<b>65%</b>	<b>70%</b>
<b>SALES</b>					
<b>Gross Sale</b>					
Cocoa Butter	69.60	82.91	94.99	108.06	122.18
<b>Total</b>	<b>69.60</b>	<b>82.91</b>	<b>94.99</b>	<b>108.06</b>	<b>122.18</b>
<b>COST OF SALES</b>					
Raw Material Consumed	43.20	49.90	57.15	65.01	73.51
Electricity Expenses	2.40	2.90	3.17	3.43	3.70
Depreciation	2.41	2.05	1.74	1.49	1.27
Wages & labour	6.48	7.45	8.20	9.02	9.92
Repair & maintenance	1.74	2.07	2.37	2.70	3.05
Consumables	1.39	1.66	1.90	2.16	2.44
Packaging	1.04	1.24	1.42	1.62	1.83
<b>Cost of Production</b>	<b>58.66</b>	<b>67.27</b>	<b>75.96</b>	<b>85.43</b>	<b>95.73</b>
<b>Add: Opening Stock</b>	<b>-</b>	<b>1.96</b>	<b>2.24</b>	<b>2.53</b>	<b>2.85</b>
<b>Less: Closing Stock</b>	<b>1.96</b>	<b>2.24</b>	<b>2.53</b>	<b>2.85</b>	<b>3.19</b>
Cost of Sales	56.71	66.99	75.67	85.12	95.38
<b>GROSS PROFIT</b>	<b>12.89</b>	<b>15.92</b>	<b>19.32</b>	<b>22.95</b>	<b>26.80</b>
<b>Gross Profit Ratio</b>	<b>18.53%</b>	<b>19.20%</b>	<b>20.34%</b>	<b>21.24%</b>	<b>21.93%</b>
Salary to Staff	2.64	3.04	3.49	4.02	4.62
Interest on Term Loan	1.44	1.27	0.91	0.55	0.19
Interest on working Capital	0.33	0.33	0.33	0.33	0.33
Rent	2.40	2.64	2.90	3.19	3.51
Selling & Administrative Exp.	0.35	1.24	1.42	1.62	1.83
<b>TOTAL</b>	<b>7.16</b>	<b>8.52</b>	<b>9.06</b>	<b>9.71</b>	<b>10.49</b>
NET PROFIT	5.73	7.40	10.26	13.24	16.31
Taxation	0.20	0.37	0.80	1.43	2.27
PROFIT (After Tax)	5.54	7.04	9.46	11.80	14.04
<b>Net Profit Ratio</b>	<b>7.95%</b>	<b>8.49%</b>	<b>9.95%</b>	<b>10.92%</b>	<b>11.49%</b>



<b>PROJECTED BALANCE SHEET</b>					<b>(in Lacs)</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>					
<b>Capital</b>					
Opening balance		3.50	5.54	7.49	10.29
Add: - Own Capital	1.96				
Add: - Retained Profit	5.54	7.04	9.46	11.80	14.04
Less: - Drawings	4.00	5.00	7.50	9.00	11.00
<b>Closing Balance</b>	<b>3.50</b>	<b>5.54</b>	<b>7.49</b>	<b>10.29</b>	<b>13.33</b>
Term Loan	13.04	9.78	6.52	3.26	-
Working Capital Limit	3.00	3.00	3.00	3.00	3.00
Sundry Creditors	1.44	1.66	1.91	2.17	2.45
Provisions & Other Liability	0.40	0.48	0.58	0.69	0.83
<b>TOTAL:</b>	<b>21.38</b>	<b>20.46</b>	<b>19.49</b>	<b>19.41</b>	<b>19.61</b>
<b><u>Assets</u></b>					
<b>Fixed Assets (Gross)</b>					
Gross Dep.	2.41	4.45	6.20	7.68	8.95
<b>Net Fixed Assets</b>	<b>13.90</b>	<b>11.85</b>	<b>10.10</b>	<b>8.62</b>	<b>7.35</b>
<b>Current Assets</b>					
Sundry Debtors	2.32	2.76	3.17	3.60	4.07
Stock in Hand	2.96	3.41	3.87	4.36	4.91
Cash and Bank	2.20	2.44	2.36	2.83	3.28
<b>TOTAL:</b>	<b>21.38</b>	<b>20.46</b>	<b>19.49</b>	<b>19.41</b>	<b>19.61</b>

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<b>PROJECTED CASH FLOW STATEMENT</b>						<b>(in Lacs)</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	1.96					
Net Profit	5.73	7.40	10.26	13.24	16.31	
Depreciation & Exp. W/off	2.41	2.05	1.74	1.49	1.27	
Increase in Cash Credit	3.00	-	-	-	-	
Increase In Term Loan	14.67	-	-	-	-	
Increase in Creditors	1.44	0.22	0.24	0.26	0.28	
Increase in Provisions & Oth liabilities	0.40	0.08	0.10	0.12	0.14	
	-					
<b>TOTAL:</b>	<b>29.61</b>	<b>9.75</b>	<b>12.34</b>	<b>15.10</b>	<b>18.00</b>	
<b><u>APPLICATION OF FUND</u></b>						
Increase in Fixed Assets	16.30					
Increase in Stock	2.96	0.44	0.46	0.50	0.54	
Increase in Debtors	2.32	0.44	0.40	0.44	0.47	
Repayment of Term Loan	1.63	3.26	3.26	3.26	3.26	
Drawings	4.00	5.00	7.50	9.00	11.00	
Taxation	0.20	0.37	0.80	1.43	2.27	
<b>TOTAL:</b>	<b>27.41</b>	<b>9.51</b>	<b>12.42</b>	<b>14.63</b>	<b>17.54</b>	
Opening Cash & Bank Balance	-	2.20	2.44	2.36	2.83	
Add : Surplus	2.20	0.24	-0.08	0.47	0.46	
Closing Cash & Bank Balance	<b>2.20</b>	<b>2.44</b>	<b>2.36</b>	<b>2.83</b>	<b>3.28</b>	

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

<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
CASH ACCRUALS	7.94	9.08	11.20	13.29	15.31
Interest on Term Loan	1.44	1.27	0.91	0.55	0.19
<b>Total</b>	<b>9.38</b>	<b>10.35</b>	<b>12.11</b>	<b>13.84</b>	<b>15.50</b>
<b><u>REPAYMENT</u></b>					
Instalment of Term Loan	1.63	3.26	3.26	3.26	3.26
Interest on Term Loan	1.44	1.27	0.91	0.55	0.19
Total	3.07	4.53	4.17	3.81	3.45
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>3.05</b>	<b>2.29</b>	<b>2.90</b>	<b>3.63</b>	<b>4.49</b>
<b>AVERAGE D.S.C.R.</b>					<b>3.21</b>

**REPAYMENT SCHEDULE OF TERM LOAN**

Interest 11.00%

<b>Year</b>	<b>Particulars</b>	<b>Amount</b>	<b>Addition</b>	<b>Total</b>	<b>Interest</b>	<b>Repayment</b>	<b>Closing Balance</b>
<b>1st</b>	Opening Balance						
	1st month	-	14.67	14.67	-	-	14.67
	2nd month	14.67	-	14.67	0.13	-	14.67
	3rd month	14.67	-	14.67	0.13	-	14.67
	4th month	14.67	-	14.67	0.13		14.67
	5th month	14.67	-	14.67	0.13		14.67
	6th month	14.67	-	14.67	0.13		14.67
	7th month	14.67	-	14.67	0.13	0.27	14.40
	8th month	14.40	-	14.40	0.13	0.27	14.13
	9th month	14.13	-	14.13	0.13	0.27	13.86
	10th month	13.86	-	13.86	0.13	0.27	13.58
	11th month	13.58	-	13.58	0.12	0.27	13.31
	12th month	13.31	-	13.31	0.12	0.27	13.04
					<b>1.44</b>	<b>1.63</b>	
<b>2nd</b>	Opening Balance						
	1st month	13.04	-	13.04	0.12	0.27	12.77
	2nd month	12.77	-	12.77	0.12	0.27	12.50
	3rd month	12.50	-	12.50	0.11	0.27	12.23
	4th month	12.23	-	12.23	0.11	0.27	11.95
	5th month	11.95	-	11.95	0.11	0.27	11.68
	6th month	11.68	-	11.68	0.11	0.27	11.41
	7th month	11.41	-	11.41	0.10	0.27	11.14
	8th month	11.14	-	11.14	0.10	0.27	10.87
	9th month	10.87	-	10.87	0.10	0.27	10.60
	10th month	10.60	-	10.60	0.10	0.27	10.32
	11th month	10.32	-	10.32	0.09	0.27	10.05
	12th month	10.05	-	10.05	0.09	0.27	9.78
					<b>1.27</b>	<b>3.26</b>	
<b>3rd</b>	Opening Balance						
	1st month	9.78	-	9.78	0.09	0.27	9.51
	2nd month	9.51	-	9.51	0.09	0.27	9.24
	3rd month	9.24	-	9.24	0.08	0.27	8.97
	4th month	8.97	-	8.97	0.08	0.27	8.69
	5th month	8.69	-	8.69	0.08	0.27	8.42
	6th month	8.42	-	8.42	0.08	0.27	8.15
	7th month	8.15	-	8.15	0.07	0.27	7.88
	8th month	7.88	-	7.88	0.07	0.27	7.61
	9th month	7.61	-	7.61	0.07	0.27	7.34
	10th month	7.34	-	7.34	0.07	0.27	7.06
	11th month	7.06	-	7.06	0.06	0.27	6.79
	12th month	6.79	-	6.79	0.06	0.27	6.52

				<b>0.91</b>	<b>3.26</b>		
<b>4th</b>	Opening Balance						
	1st month	6.52	-	6.52	0.06	0.27	6.25
	2nd month	6.25	-	6.25	0.06	0.27	5.98
	3rd month	5.98	-	5.98	0.05	0.27	5.71
	4th month	5.71	-	5.71	0.05	0.27	5.43
	5th month	5.43	-	5.43	0.05	0.27	5.16
	6th month	5.16	-	5.16	0.05	0.27	4.89
	7th month	4.89	-	4.89	0.04	0.27	4.62
	8th month	4.62	-	4.62	0.04	0.27	4.35
	9th month	4.35	-	4.35	0.04	0.27	4.08
	10th month	4.08	-	4.08	0.04	0.27	3.80
	11th month	3.80	-	3.80	0.03	0.27	3.53
	12th month	3.53	-	3.53	0.03	0.27	3.26
				<b>0.55</b>	<b>3.26</b>		
<b>5th</b>	Opening Balance						
	1st month	3.26	-	3.26	0.03	0.27	2.99
	2nd month	2.99	-	2.99	0.03	0.27	2.72
	3rd month	2.72	-	2.72	0.02	0.27	2.45
	4th month	2.45	-	2.45	0.02	0.27	2.17
	5th month	2.17	-	2.17	0.02	0.27	1.90
	6th month	1.90	-	1.90	0.02	0.27	1.63
	7th month	1.63	-	1.63	0.01	0.27	1.36
	8th month	1.36	-	1.36	0.01	0.27	1.09
	9th month	1.09	-	1.09	0.01	0.27	0.82
	10th month	0.82	-	0.82	0.01	0.27	0.54
	11th month	0.54	-	0.54	0.00	0.27	0.27
	12th month	0.27	-	0.27	0.00	0.27	-
				<b>0.19</b>	<b>3.26</b>		
	DOOR TO DOOR	60	MONTHS				
	MORATORIUM PERIOD	6	MONTHS				
	REPAYMENT PERIOD	54	MONTHS				

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