



AN ISO 9001 : 2015 CERTIFIED COMPANY

Detailed project report

Sample edition

Projections from FY 2027-28

Project report

Chocolate

Installed capacity 670 kg per day

Sector Bakery and confectionery

Total project cost ₹253.68 lakh

Illustrative sample
Figures are representative

Project at a glance

Chocolate
670 kg per day

Product	Chocolate	Sector	Bakery and confectionery
Installed capacity	670 kg per day	Annual capacity	2,01,000 kg per year
Selling price (ex-GST)	₹505 per kg	Working days	300 a year
Manpower	40 people	Plant and machinery	₹122.23 lakh
Total project cost	₹253.68 lakh	Promoter's contribution	₹63.42 lakh (25%)
Term loan	₹190.26 lakh (75%)	Cash credit limit	₹31.94 lakh
Revenue, Year 3	₹710.54 lakh at 70%	Net profit, Year 3	₹72.88 lakh
Return on investment	28.7% a year	Break-even, Year 3	42.6% of capacity
Average DSCR	2.18	Payback period	3.0 years

This is an illustrative sample. Its figures are generated from industry-typical ratios to show the format and depth of an NPCS project report. They are not taken from any NPCS report or any real project, and should not be used for investment or lending decisions.

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1 Introduction

The product covered in this sample is chocolate, made in a plant sized at 670 kg per day (2,01,000 kg per year at full capacity). The unit is costed as a complete project, from land and building through to working capital, and its applications range from retail stores to hotels.

The sections that follow show how such a unit would be costed and financed, and how its profit, cash flow and loan repayment would look over the first five years. At 70% capacity utilisation in Year 3, the model unit earns revenue of ₹710.54 lakh and a net profit of ₹72.88 lakh.

2 Uses and applications

The product is bought for these main uses:

- Retail stores
- Bakeries
- Gifting
- Hotels

3 Market potential

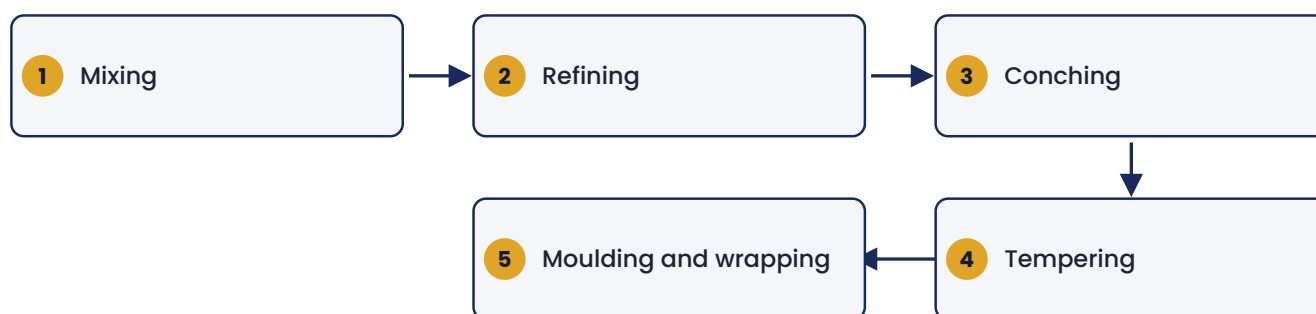
Demand for chocolate comes from impulse buying at kirana and modern trade counters, festival and corporate gifting around Diwali and Raksha Bandhan, and bakeries and cake shops that buy compound and couverture in bulk. Large brands dominate national shelves, so a new unit usually competes through private-label supply, regional distribution, gifting packs and bulk chocolate for bakers. Heat is the main constraint, as chocolate softens and blooms in Indian summers and needs cool storage and careful distribution.

The usual customers for a unit of this kind are kirana and modern retail stores; bakeries and cake shops; corporate and festival gifting buyers; hotels, restaurants and caterers; ice cream and dessert makers; and private-label brand owners.

Because demand and competition vary from one district to the next, the market section of a full report is prepared for the promoter's chosen location, with a list of existing manufacturers.

4 Manufacturing process

The manufacturing process runs in five stages. Each stage is described below, and the flow chart shows the sequence.



Process flow for chocolate

- 1 Mixing.** Cocoa mass, sugar and milk powder are mixed into a paste.
- 2 Refining.** The paste is refined to a very fine particle size.
- 3 Conching.** Chocolate is stirred warm for hours to develop flavour and smoothness.
- 4 Tempering.** Chocolate is cooled and reheated so it sets with a glossy snap.
- 5 Moulding and wrapping.** Chocolate is deposited in moulds, cooled and wrapped.

5 Raw materials

The main raw materials are cocoa mass and butter, sugar, milk solids, and emulsifiers. In Year 3, at 70% utilisation, raw materials cost ₹328.82 lakh, about 46.3% of sales. The table shows how this cost splits between materials.

Raw material	Share of cost	Year 3 cost (₹ lakh)
Cocoa mass and butter	40.0%	131.53
Sugar	35.0%	115.09
Milk solids	20.0%	65.76
Emulsifiers	5.0%	16.44
Total raw materials	100.0%	328.82

6 Plant and machinery

The machinery list below covers the main production equipment, costed at ₹122.23 lakh in total. Prices are indicative. A full report gives specifications and supplier names, and a bank-format DPR uses the quotations you obtain.

Machinery and equipment	Indicative cost (₹ lakh)
Melangeur	24.45
Conche	30.56
Tempering machine	18.33
Moulding line	30.56
Wrapping machine	18.33
Total plant and machinery	122.23

7 Land, building and utilities

The model includes land and site development of ₹17.57 lakh and building and civil works of ₹72.55 lakh, covering the production shed, raw material and finished goods stores, and an office. Other fixed assets such as electrification, furniture, laboratory equipment and a DG set add ₹15.01 lakh.

Utilities in Year 3 cost ₹37.52 lakh for power and fuel, or 5.3% of sales. The plant also needs a reliable water supply for cleaning and domestic use, and for the process where required.

8 Manpower

A team of 40 runs the plant, from management and supervision to skilled operators and helpers. The Year 1 wage bill is ₹80.76 lakh, rising 5% a year.

Category	Number	Monthly wage (₹)	Annual cost (₹ lakh)
Management, supervision and administration	6	29,000	20.88
Skilled workers and operators	14	18,500	31.08
Semi-skilled and unskilled workers	20	12,000	28.80
Total (Year 1)	40		80.76

9 Licences and approvals

A unit of this kind typically needs the following registrations and approvals. Requirements vary by state and by the exact product, so confirm them with the local authorities before applying.

- Udyam (MSME) registration
- GST registration
- Consent to establish and consent to operate from the State Pollution Control Board
- Factory licence or registration under the applicable labour law, where the workforce threshold applies
- Fire safety NOC, where required
- Trade licence from the local body
- FSSAI licence and compliance with the chocolate standard (Regulation 2.7.4)
- Declaration of vegetable fat on the label where used
- FSSAI packaging and labelling rules

10 Project cost and means of finance

Setting up the unit costs ₹253.68 lakh in all, of which plant and machinery is ₹122.23 lakh. The estimate includes a 5% contingency on building and machinery, pre-operative expenses and the margin money needed to start working capital.

Cost of project	₹ lakh
Land and site development	17.57
Building and civil works	72.55
Plant and machinery	122.23
Other fixed assets (electrification, furniture, lab equipment, DG set)	15.01
Contingencies	9.74
Preliminary and pre-operative expenses	5.93
Margin money for working capital	10.65
Total cost of project	253.68

Means of finance

Funding follows a 75:25 split between bank loan and promoter's contribution, with a term loan of ₹190.26 lakh and promoter funds of ₹63.42 lakh. The bank also provides a cash credit limit of ₹31.94 lakh for working capital.

Source of funds	₹ lakh
Promoter's contribution (25%)	63.42
Term loan from bank (75%)	190.26
Total means of finance	253.68
<i>Cash credit limit for working capital (separate)</i>	<i>31.94</i>

11 Working capital

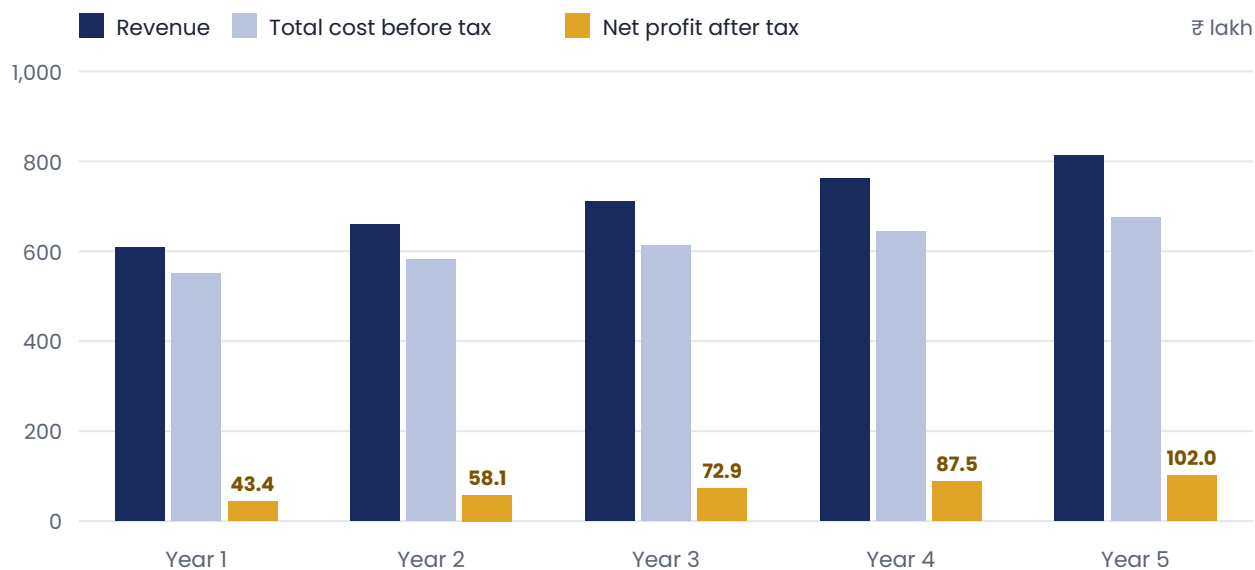
The unit needs ₹42.59 lakh of working capital in Year 1, based on 15 days of raw material stock, 7 days of finished goods and 21 days of customer credit, net of 15 days of supplier credit. Of this, ₹31.94 lakh comes from the bank and ₹10.65 lakh from the promoter.

Particulars (₹ lakh)	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Raw material stock (15 days)	11.58	12.55	13.51	14.48	15.44
Work in progress (1 days)	1.08	1.16	1.25	1.33	1.42
Finished goods (7 days)	8.65	9.31	9.99	10.66	11.34
Trade receivables (21 days)	35.04	37.96	40.88	43.80	46.72
Total current assets	56.35	60.98	65.63	70.27	74.92
Less: trade creditors (15 days)	13.76	14.90	16.05	17.19	18.34
Working capital requirement	42.59	46.08	49.58	53.08	56.58

12 Projected profitability

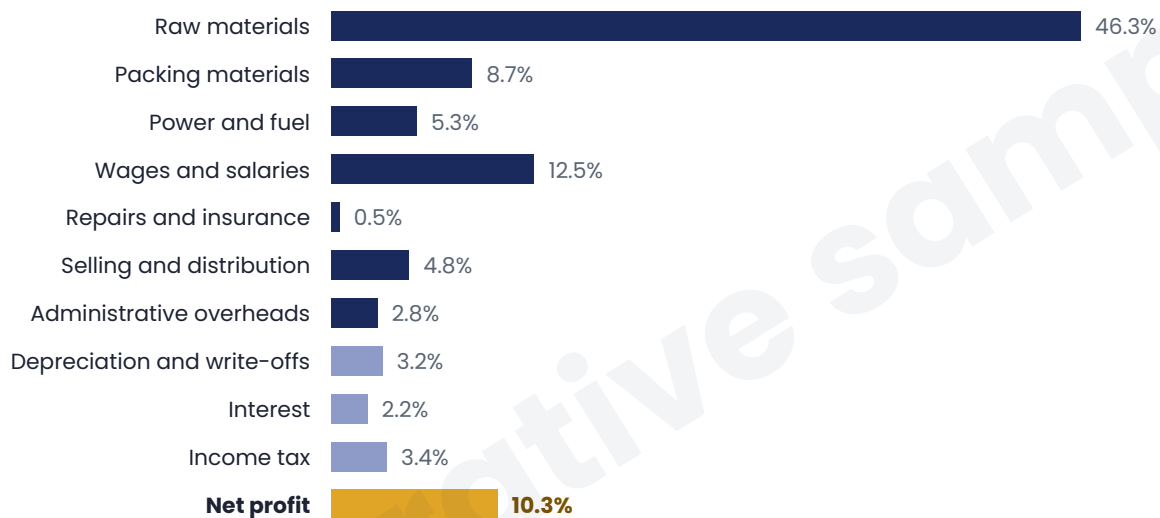
As utilisation climbs from 60% to 80%, sales increase from ₹609.03 lakh to ₹812.04 lakh. Operating profit in Year 3 is ₹135.58 lakh, a margin of 19.1%, and net profit after tax grows from ₹43.37 lakh in Year 1 to ₹101.98 lakh in Year 5.

Particulars (₹ lakh)	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Capacity utilisation (%)	60%	65%	70%	75%	80%
Revenue from operations	609.03	659.78	710.54	761.29	812.04
Raw materials consumed	281.85	305.33	328.82	352.31	375.80
Packing materials	52.88	57.29	61.70	66.10	70.51
Power and fuel	32.16	34.84	37.52	40.20	42.88
Wages and salaries	80.76	84.80	89.04	93.49	98.16
Repairs and maintenance	2.44	2.57	2.70	2.83	2.97
Insurance	0.88	0.88	0.88	0.88	0.88
Cost of production	450.97	485.71	520.66	555.81	591.20
Gross profit	158.06	174.07	189.88	205.48	220.84
Selling and distribution expenses	29.25	31.68	34.12	36.56	38.99
Administrative overheads	18.30	19.22	20.18	21.19	22.25
Operating profit (EBITDA)	110.51	123.17	135.58	147.73	159.60
Depreciation	28.37	24.57	21.30	18.46	16.03
Preliminary expenses written off	1.19	1.19	1.19	1.19	1.17
Interest on term loan	19.61	16.46	12.40	7.90	2.91
Interest on cash credit	3.51	3.51	3.51	3.51	3.51
Profit before tax	57.83	77.44	97.18	116.67	135.98
Income tax	14.46	19.36	24.30	29.17	34.00
Profit after tax	43.37	58.08	72.88	87.50	101.98



Revenue, total cost before tax and net profit after tax, ₹ lakh

Where each rupee of sales goes in Year 3



Each cost head as a percentage of Year 3 sales

13 Cash flow statement

Cash generated from profit and depreciation covers the term loan repayments in every year. The closing cash balance builds up to ₹274.22 lakh by the end of Year 5.

Particulars (₹ lakh)	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Sources of funds					
Promoter's contribution	63.42	–	–	–	–
Term loan from bank	190.26	–	–	–	–
Cash credit (working capital) from bank	31.94	–	–	–	–
Net profit after tax	43.37	58.08	72.88	87.50	101.98
Depreciation	28.37	24.57	21.30	18.46	16.03
Preliminary expenses written off	1.19	1.19	1.19	1.19	1.17
Increase in trade creditors	13.76	1.14	1.15	1.14	1.15
Total sources	372.31	84.98	96.52	108.29	120.33
Application of funds					
Fixed assets	237.10	–	–	–	–
Preliminary and pre-operative expenses	5.93	–	–	–	–
Increase in inventories	21.31	1.71	1.73	1.72	1.73
Increase in trade receivables	35.04	2.92	2.92	2.92	2.92
Repayment of term loan	17.00	36.77	40.83	45.33	50.33
Drawings	–	–	–	–	–
Total application	316.38	41.40	45.48	49.97	54.98
Net cash flow	55.93	43.58	51.04	58.32	65.35
Opening cash balance	–	55.93	99.51	150.55	208.87
Closing cash balance	55.93	99.51	150.55	208.87	274.22

14 Projected balance sheet

The projected balance sheet balances in every year. Net worth grows from ₹102.05 lakh at the end of Year 1 to ₹427.23 lakh at the end of Year 5, while the term loan outstanding falls from ₹173.26 lakh to nil.

As at year end (₹ lakh)	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Liabilities					
Promoter's capital	63.42	63.42	63.42	63.42	63.42
Reserves and surplus	43.37	101.45	174.33	261.83	363.81
Term loan	173.26	136.49	95.66	50.33	–
Cash credit from bank	31.94	31.94	31.94	31.94	31.94
Trade creditors	13.76	14.90	16.05	17.19	18.34
Total liabilities	325.75	348.20	381.40	424.71	477.51
Assets					
Gross fixed assets	237.10	237.10	237.10	237.10	237.10
Less: accumulated depreciation	(28.37)	(52.94)	(74.24)	(92.70)	(108.73)
Net fixed assets	208.73	184.16	162.86	144.40	128.37
Preliminary expenses not written off	4.74	3.55	2.36	1.17	–
Inventories	21.31	23.02	24.75	26.47	28.20
Trade receivables	35.04	37.96	40.88	43.80	46.72
Cash and bank balance	55.93	99.51	150.55	208.87	274.22
Total assets	325.75	348.20	381.40	424.71	477.51

15 Depreciation

Fixed assets are depreciated on the written-down value method, at 15% a year for plant and machinery, 10% for building and 10% for other assets. Land carries no depreciation.

Preliminary and pre-operative expenses are written off in equal parts over five years.

Particulars (₹ lakh)	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Building and civil works (cost ₹76.18 lakh, 10% WDV)					
Opening written-down value	76.18	68.56	61.70	55.53	49.98
Depreciation	7.62	6.86	6.17	5.55	5.00
Closing written-down value	68.56	61.70	55.53	49.98	44.98
Plant and machinery (cost ₹128.34 lakh, 15% WDV)					
Opening written-down value	128.34	109.09	92.73	78.82	67.00
Depreciation	19.25	16.36	13.91	11.82	10.05
Closing written-down value	109.09	92.73	78.82	67.00	56.95
Other fixed assets (cost ₹15.01 lakh, 10% WDV)					
Opening written-down value	15.01	13.51	12.16	10.94	9.85
Depreciation	1.50	1.35	1.22	1.09	0.98
Closing written-down value	13.51	12.16	10.94	9.85	8.87
Total depreciation	28.37	24.57	21.30	18.46	16.03
Preliminary expenses written off	1.19	1.19	1.19	1.19	1.17

16 Term loan repayment

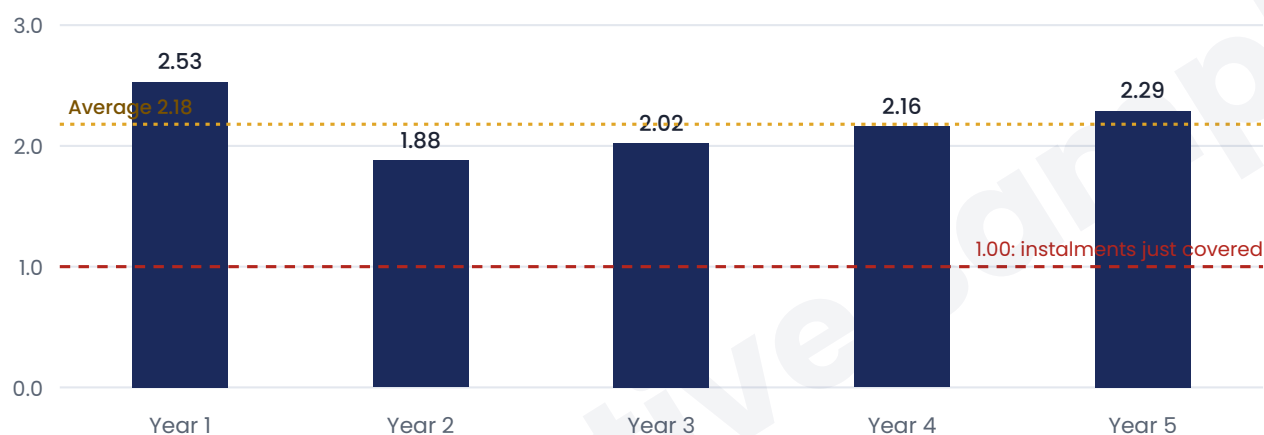
The term loan of ₹190.26 lakh carries interest at 10.5% a year. Only interest is paid during the 6-month moratorium, after which the loan is repaid in 54 equal monthly instalments of ₹4,43,614. The month-by-month schedule is in the annexure.

Particulars (₹ lakh)	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Opening balance	190.26	173.26	136.49	95.66	50.33
Interest	19.61	16.46	12.40	7.90	2.91
Principal repaid	17.00	36.77	40.83	45.33	50.33
Closing balance	173.26	136.49	95.66	50.33	—

17 Debt service coverage

Cash available for debt service covers the term loan instalments 2.18 times on average, and never less than 1.88 times (Year 2).

Particulars (₹ lakh)	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Net profit after tax	43.37	58.08	72.88	87.50	101.98
Depreciation and write-offs	29.56	25.76	22.49	19.65	17.20
Interest on term loan	19.61	16.46	12.40	7.90	2.91
Total available for debt service (A)	92.54	100.30	107.77	115.05	122.09
Principal repayment	17.00	36.77	40.83	45.33	50.33
Interest on term loan	19.61	16.46	12.40	7.90	2.91
Total debt service (B)	36.61	53.23	53.23	53.23	53.24
DSCR (A / B)	2.53	1.88	2.02	2.16	2.29

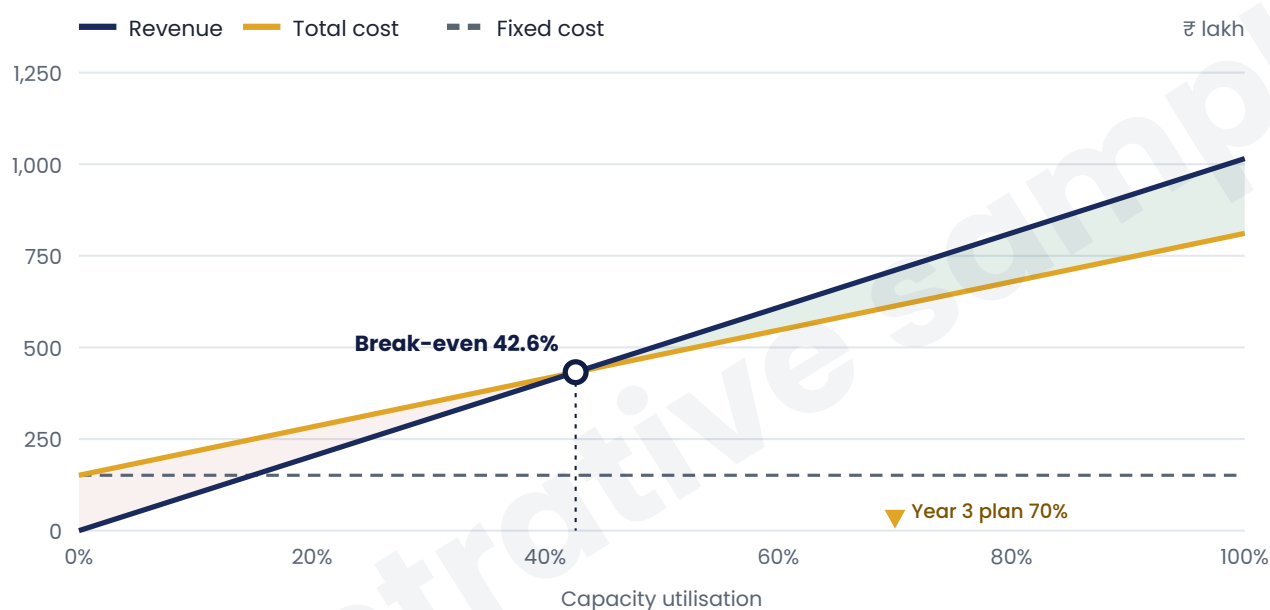


DSCR by year. A ratio above 1.00 means cash accruals cover the term loan instalments.

18 Break-even analysis

The break-even point in Year 3 is 42.6% of installed capacity. Below that level the unit would not cover its fixed costs, interest and depreciation; above it, each additional unit sold adds to profit. Cash break-even is lower, at 36.3%.

Particulars (₹ lakh)	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Revenue from operations	609.03	659.78	710.54	761.29	812.04
Variable costs	396.14	429.14	462.16	495.17	528.18
Contribution	212.89	230.64	248.38	266.12	283.86
Fixed costs (incl. depreciation and interest)	155.06	153.20	151.20	149.45	147.88
Break-even as % of installed capacity	43.7	43.2	42.6	42.1	41.7
Cash break-even as % of installed capacity	35.4	35.9	36.3	36.6	36.8
Break-even sales	443.59	438.25	432.54	427.53	423.04



Break-even chart at Year 3 prices and costs, scaled to full capacity. Shaded areas show the loss zone (left) and profit zone (right).

19 Financial ratios

Liquidity and leverage improve over the projection. The current ratio stays at or above 2.46, while debt-equity drops from 1.70 to zero as the term loan is repaid.

Ratio	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Current ratio	2.46	3.43	4.50	5.68	6.94
Quick ratio	1.99	2.93	3.99	5.14	6.38
Debt-equity ratio (term loan / net worth)	1.70	0.85	0.41	0.16	0.00
Total outside liabilities / net worth	2.15	1.14	0.61	0.31	0.12
Interest coverage ratio	3.50	4.88	7.11	11.23	22.18
DSCR	2.53	1.88	2.02	2.16	2.29
Gross profit margin (%)	26.0	26.4	26.7	27.0	27.2
Operating profit (EBITDA) margin (%)	18.1	18.7	19.1	19.4	19.7
Net profit margin (%)	7.1	8.8	10.3	11.5	12.6
Return on capital employed (%)	26.3	29.5	31.2	31.5	31.0
Break-even (% of installed capacity)	43.7	43.2	42.6	42.1	41.7

20 Key assumptions

- Commercial production starts in April 2027, and all assets are in use from the first year.
- Capacity utilisation of 60% in Year 1, rising to 80% by Year 5, over 300 working days a year.
- Selling price of ₹505 per kg, excluding GST, held constant through the projection.
- Raw materials at 46.3% of sales, packing materials at 8.7%, power and fuel at 5.3%, and selling and distribution at 4.8%.
- Wages and salaries rise by 5% a year; repairs and administrative overheads rise by 5% a year.
- Working capital based on 15 days of raw material, 1 day of work in progress, 7 days of finished goods and 21 days of receivables, less 15 days of creditors.
- Term loan at 10.5% interest with a 6-month moratorium and 54 monthly instalments; cash credit at 11% on 75% of the working capital requirement.
- Depreciation on the written-down value method at Income Tax Act rates; income tax at a flat 25% of profit for simplicity.
- Contingency of 5% on building and machinery; preliminary and pre-operative expenses written off over five years.
- All amounts in ₹ lakh unless stated otherwise, excluding GST.

21 Conclusion

In summary, the sample project needs ₹253.68 lakh, breaks even at 42.6% of capacity in Year 3 and repays its term loan from its own cash flow, with a payback period of about 3 years. A report for an actual project replaces these representative figures with local land and building costs, machinery quotations and a market survey for the chosen location.

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Website
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A Annexure: monthly loan repayment schedule

Term loan of ₹190.26 lakh at 10.5% a year. Amounts in ₹ lakh.

No.	Month	Opening balance	Interest	Principal	Instalment	Closing balance
1	Apr 2027	190.26	1.66	–	1.66	190.26
2	May 2027	190.26	1.66	–	1.66	190.26
3	Jun 2027	190.26	1.66	–	1.66	190.26
4	Jul 2027	190.26	1.66	–	1.66	190.26
5	Aug 2027	190.26	1.66	–	1.66	190.26
6	Sep 2027	190.26	1.66	–	1.66	190.26
7	Oct 2027	190.26	1.66	2.77	4.44	187.49
8	Nov 2027	187.49	1.64	2.80	4.44	184.69
9	Dec 2027	184.69	1.62	2.82	4.44	181.87
10	Jan 2028	181.87	1.59	2.84	4.44	179.03
11	Feb 2028	179.03	1.57	2.87	4.44	176.16
12	Mar 2028	176.16	1.54	2.89	4.44	173.26
13	Apr 2028	173.26	1.52	2.92	4.44	170.34
14	May 2028	170.34	1.49	2.95	4.44	167.40
15	Jun 2028	167.40	1.46	2.97	4.44	164.43
16	Jul 2028	164.43	1.44	3.00	4.44	161.43
17	Aug 2028	161.43	1.41	3.02	4.44	158.41
18	Sep 2028	158.41	1.39	3.05	4.44	155.36
19	Oct 2028	155.36	1.36	3.08	4.44	152.28
20	Nov 2028	152.28	1.33	3.10	4.44	149.18
21	Dec 2028	149.18	1.31	3.13	4.44	146.04
22	Jan 2029	146.04	1.28	3.16	4.44	142.89
23	Feb 2029	142.89	1.25	3.19	4.44	139.70
24	Mar 2029	139.70	1.22	3.21	4.44	136.49
25	Apr 2029	136.49	1.19	3.24	4.44	133.24
26	May 2029	133.24	1.17	3.27	4.44	129.97
27	Jun 2029	129.97	1.14	3.30	4.44	126.68
28	Jul 2029	126.68	1.11	3.33	4.44	123.35
29	Aug 2029	123.35	1.08	3.36	4.44	119.99
30	Sep 2029	119.99	1.05	3.39	4.44	116.60
31	Oct 2029	116.60	1.02	3.42	4.44	113.19
32	Nov 2029	113.19	0.99	3.45	4.44	109.74
33	Dec 2029	109.74	0.96	3.48	4.44	106.27
34	Jan 2030	106.27	0.93	3.51	4.44	102.76
35	Feb 2030	102.76	0.90	3.54	4.44	99.22
36	Mar 2030	99.22	0.87	3.57	4.44	95.66
37	Apr 2030	95.66	0.84	3.60	4.44	92.06
38	May 2030	92.06	0.81	3.63	4.44	88.43
39	Jun 2030	88.43	0.77	3.66	4.44	84.76

No.	Month	Opening balance	Interest	Principal	Instalment	Closing balance
40	Jul 2030	84.76	0.74	3.69	4.44	81.07
41	Aug 2030	81.07	0.71	3.73	4.44	77.34
42	Sep 2030	77.34	0.68	3.76	4.44	73.58
43	Oct 2030	73.58	0.64	3.79	4.44	69.79
44	Nov 2030	69.79	0.61	3.83	4.44	65.97
45	Dec 2030	65.97	0.58	3.86	4.44	62.11
46	Jan 2031	62.11	0.54	3.89	4.44	58.21
47	Feb 2031	58.21	0.51	3.93	4.44	54.29
48	Mar 2031	54.29	0.48	3.96	4.44	50.33
49	Apr 2031	50.33	0.44	4.00	4.44	46.33
50	May 2031	46.33	0.41	4.03	4.44	42.30
51	Jun 2031	42.30	0.37	4.07	4.44	38.23
52	Jul 2031	38.23	0.33	4.10	4.44	34.13
53	Aug 2031	34.13	0.30	4.14	4.44	29.99
54	Sep 2031	29.99	0.26	4.17	4.44	25.82
55	Oct 2031	25.82	0.23	4.21	4.44	21.61
56	Nov 2031	21.61	0.19	4.25	4.44	17.36
57	Dec 2031	17.36	0.15	4.28	4.44	13.08
58	Jan 2032	13.08	0.11	4.32	4.44	8.76
59	Feb 2032	8.76	0.08	4.36	4.44	4.40
60	Mar 2032	4.40	0.04	4.40	4.44	–