



Milky Way Farms



Presented by

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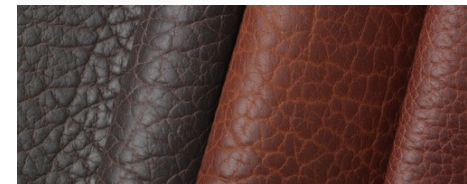
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Content

- Description
- Market Analysis
- Farm Strategy
- Investment costs
- Variable costs
- Financing
- Calculation of Financing costs
- Revenue
- Cashflow
- Conclusion

Description

- Milky Way Farms is primarily focused in producing high quality milk
- We also produce raw materials for different products made from buffaloes.



Market Analysis

- India is world leader in milk production. But, It is soon going to be world leader in population.
- India's population is predominantly vegetarian; milk serves as an important part of daily diet.
- Economic growth will spur demand for milk
- Growing focus on health and nutrients in urban market

Market Analysis

- Company name: Milky Way Farms
- Location: Kotha Eadara, Andhra Pradesh, India
- Area: 40000m²
- Type of cattle : Murrah buffalo
- Number of Buffalos : 1000
- Main Product: Milk
- Number of Labour: 50
- Selling Price of Milk: Rs 45
- Competitors: Local Dairy Farmers

Farm Strategy

- Freshly calved murrah buffalos in 1st and 2nd lactation will be purchased.
- They will be bought and divided based on their lactation and dry days to ensure constant supply of milk through out year.
- In case of death adult animal buffalo, new buffalo will be purchased from the money of insurance.
- Batches will be divided such that increasing number lactation days are there in subsequent years.
- The milk production is maximum in buffalo's third, fourth and fifth lactation.
- The annual milk yield of farm is dependent on the number of lactation days of the buffalos and lactation.
- New buffalos will be bought using money gained by selling it and its calves.

Investment costs

- Property costs:

Name	Cost(in Rs)	Depreciation Rate (in %)	Depreciation costs(in Rs)
Land(40000m ²)	10000000	0	0
Land Registration	500000	0	0
Site Development	1000000	2	20000
Roads	1000000	2	20000
Total	12500000		40000

Investment costs

- Construction costs

Name	Cost(in Rs)	Depreciation Rate (%p.a)	Depreciation costs(in Rs)
Construction of Shed for animals	10000000	2	200000
Construction of Shed for calves	4000000	2	80000
Storage tanks and office rooms	2000000	2	40000
Miscellaneous	5000000	2	10000
Total	16500000		330000

Investment Costs

- Equipment and Machinery Costs:

Name	Cost(in Rs)	Depreciation Rate(%p.a)	Depreciation costs(in Rs)
Milking Machines	4000000	10	400000
Chaff cutter and equipment	3000000	10	300000
Mini vans	2000000	20	400000
Water bore	800000	10	80000
Milk cans	2000000	10	200000
Miscellaneous	200000	10	20000
Total	12000000		1400000

Investment Costs

- Total Capital Costs:

Type of cost	Cost (in Rs)	Depreciation costs(in Rs)
Property	12500000	100000
Cost of Animals	80000000	0
Transportation of animals	1500000	0
Construction	16500000	330000
Vehicles, Machinery & Equipement	12000000	1400000
Miscellaneous and Unexpected	2000000	0
Total	124500000	1830000

Variable costs

- Feeding cost:
 - On an average feeding cost per buffalo per day is Rs 120.
 - Total Feeding Cost= Rs 43800000
- Labour Cost:
 - Total No. of employees=50
 - Salary of Employee per month=Rs 5000
 - Total labour costs per year = Rs 3000000.

Variable Costs

- Running costs:

Name	Cost(in Rs)
Feed	43800000
Labour	3000000
Electricity	1000000
Insurance Premium(5%)	4000000
Medical Expenses	1000000
Fuel	3000000
Total	55800000

Financing

- Total of investment and financing

Total Investment	124500000	
25% Own capital funds	31125000	
75% Bank Loan	93375000	12% interest,6 years Repayment period

Note All numbers are in Rupees

Calculation of financing costs: Interest paid on debt

Year	Balance of Debt	Interest Rate(%p.a)	Interest Costs(in Rs)	Repayment Loan(in Rs)
1	93375000	12	11205000	15562500
2	77812500	12	9337500	15562500
3	62250000	12	7470000	15562500
4	46687500	12	5602500	15562500
5	31125000	12	3735000	15562500
6	15562500	12	1867500	15562500

Turnover/Revenue

Year	Average yield/yr/animal(in L)	No of Buffalos	Total yield(in L)	Price of milk	Revenue
1	2000	1000	2000000	45	90000000
2	2200	1000	2200000	45	99000000
3	2200	1000	2200000	45	99000000
4	2300	1000	2300000	45	103500000
5	2400	1000	2400000	45	108000000
6	2000	1000	2000000	45	90000000
7	2200	1000	2200000	45	99000000
8	2200	1000	2200000	45	99000000
9	2300	1000	2300000	45	103500000
10	2400	1000	2400000	45	108000000

Cash Flow Calculation

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
Revenue	90000000	99000000	99000000	103500000	108000000	90000000	99000000	99000000	103500000	108000000
Depreciation costs	-1830000	-1830000	-1830000	-1830000	-1830000	-1830000	-1830000	-1830000	-1830000	-1830000
Financing costs	-11205000	-9337500	-7470000	-5602500	-3735000	-1867500	0	0	0	0
Running costs	-55800000	-55800000	-55800000	-55800000	-55800000	-55800000	-55800000	-55800000	-55800000	-55800000
Profit before tax	21165000	32032500	33900000	40267500	46635000	30502500	41370000	41370000	45870000	50370000
Taxes(30%)	6349500	9609750	10170000	12080250	13990500	-9150750	-12411000	-12411000	-13761000	-15111000
Profit after tax	14815500	22422750	23730000	28187250	32644500	21351750	28959000	28959000	32109000	35259000
Cash flow	16645500	24252750	25560000	30017250	34474500	23181750	30789000	30789000	33939000	37089000
Repayment credit	-15562500	-15562500	-15562500	-15562500	-15562500	-15562500	0	0	0	0
Reinvesting						-2000000				
Dividend	1083000	8690250	9997500	14454750	18912000	5619250	30789000	30789000	33939000	37089000

Conclusion

- Dairy farming is very lucrative business
- Milky way farms cumulative dividend over 10 years is Rs.191362750
- In future, we would like expand our business by increasing the number of buffalos, start milk processing plant.



**Thank
You!!!**