

PROJECT PROFILE

ON

**KHOA
(WOMEN ONLY)**

Month & Year
Aug 2010

**PREPARED BY
TANSTIA-FNF SERVICE CENTRE
B-22, INDUSTRIAL ESTATE
CHENNAI-600032**

Supported by

Friedrich Naumann
STIFTUNG **FÜR DIE FREIHEIT**

KHOA (WOMEN ONLY)

1. Introduction

Khoa or condensed milk is used in all households during festive occasions to prepare sweets. It is also used in many sweetmeat shops to prepare gulab jamuns and other sweets. Khoa is a very versatile product. It can be used in combination with various cereal and pulse flours; nuts like almonds, cashews, pistachios, and fruit titbits. Sweetened khoa can be flavoured with cardamom, pistachio, almonds, vanilla, and many more to suit individual tastes. Being a versatile and commonly consumed product, it has a good market potential.

2. Market

The major market outlets are the “ A” and “B” class outlets. The product also finds placement in self service counters and departmental stores. All sweetmeat shops manufacture and sell Khoa.

3. Packaging

Khoa is packed in butter paper and enclosed in a carton. The packaging weights are normally 50 grams and 100 grams.

4. Production capacity

- The plant will be in operation for one shift a day.
- The plant will process 250 litres of milk per day.
- The yield of khoa will be 38 kilograms per day.
- The time period required for achieving full capacity utilization is six months.

5. Sales revenue

- With the milk procurement price at Rs. 18.00 per litre and the resulting khoa sold at Rs. 320 per kg., the annual sales revenue will be Rs. 36.48 lakhs on full capacity utilization. The total quantity of milk processed will be 75000 litres per annum yielding 11400 kilograms of khoa.

6. Production process outline.

Milk received from the dairies is collected in cans and stored in the can cooler. Thirty litres of milk is poured into each pan and evaporated to dryness by heating over a simmering flame lasting two hours and with constant stirring. On attaining the desired consistency the product is removed, cooled and packed in butter paper and cartons prior to dispatch.

7. Quality specifications

- Only whole milk should be used.
- The minimum fat content of the dried mass should be 20%.

Citric acid can be used to a maximum extent of 0.1% of the dried mass.

8. Pollution control measures

Not necessary as there are no pollutants or effluents.

9. Energy conservation measures

Common measures will do.

10. Land and construction cost for the proposed unit

The processing area is to be taken up on lease. The area required is 1000 square feet as described below.

SI	Description	Sq. feet
1	Processing area	400
2	Milk store room	100
3	Finished goods store room	100
4	Packaging material store room	100
5	Washing area	100
6	Administrative office	100
7	Toilet space	100
8	Total	1000

Lease rent – Rs. 8.00 per square foot

Total rent per month – Rs. 8000

Lease advance – Rs. 50000

11. Costing of machinery and equipment

SI	Description	Rs. lakhs
1	Aluminum cans for storage of milk – 5 nos	0.250
2	Khoa machine with stainless steel parts and covers. Pan with stainless steel scraper and driven by a 0.5 HP motor and reduction gear box. Heating by normal cooking gas. Number of units required – 2	1.000
3	Weighing scales – 3 nos	0.210
4	Can cooler – 1no	0.350
5	Total	1.810
11	Laboratory equipment	0.100
12	Grand total machinery and equipment	1.910

12. Project cost

SI	Description	Rs. lakhs
1	Land	On lease
2	Civil works	On lease
3	Plant machinery	1.810
4	Laboratory equipment	0.100
5	Transport vehicle (1 Tata Ace)	3.760
6	Pollution control equipment	0.000
7	Energy conservation equipment	0.000
8	Cost of power connection	0.100
9	Cost of electrification	0.200
10	Erection and commissioning	0.200
11	Cost of machinery spares	0.050
12	Cost of office equipment	0.100
13	Deposits if any	0.200
14	Company formation expenses	0.100
15	Gestation period expenses	0.200
16	Sales tax registration expenses	0.100
17	Initial advertisement and publicity	5.000
18	Contingencies	0.250
19	Working capital margin money	1.029
20	Total	13.199

13. Working capital requirements per month

a. Salaries and wages

SI	Description	No of persons	Total salary / month (Rs. lakhs)
1	Production Manager (female)	1	0.150
2	Skilled worker	1	0.060
3	Unskilled worker	1	0.040
4	Packing worker	1	0.040
5	Driver	1	0.070
6	Total	5	0.360

b. Raw material requirement per month

SI	Description	Qty (kgs)	Rate / kg (Rs)	Value (Rs. lakhs)
1	Milk	6250	18.00	1.125
2	Sodium hypochlorite – disinfectant	25	15.00	0.004
3	Total raw material	6275		1.129

c. Packaging material requirement per month

SI	Description	Qty	Rate / unit (Rs)	Value (Rs. lakhs)
1	Primary packaging material – wax paper and cartons	9500 nos	2.00	0.190
2	Cartons and straps	190 nos	40	0.076
3	Total			0.266

Total raw + packaging material = Rs. 1.395 lakhs

d. Utilities per month

SI	Description	Rs. lakhs
1	Power 100 kwh @ Rs. 5.50 per unit	0.006
2	Water	0.010
3	Cooking gas	0.030
4	Total utilities	0.046

e. Contingent expenses per month

SI	Description	Rs. lakhs
1	Rent for processing shed	0.080
2	Postage and stationery	0.010
3	Telephones, fax etc.	0.050
4	Consumable stores	0.010
5	Repairs and maintenance	0.290
6	Local transports, loading and unloading	0.100
7	Advertisement and publicity	0.000
8	Insurance	0.008
9	Sales expenses @ 1% of sales	0.028
10	Miscellaneous expenses @ 1% of sales	0.028
11	Trade incentives @ 2% of sales	0.056
12	Taxes @ 4%	0.112
13	Total contingent expenses	0.772

f. Total working capital requirement per month

SI	Description	Rs. lakhs
1	Salaries and wages	0.360
2	Raw material and packaging material	1.395
3	Utilities	0.046
4	Contingent expenses	0.772
5	Total	2.573

14. Means of finance

SI	Description	Rs. lakhs
1	Total Project Cost	13.199
2	Equity	4.355
3	Debt	8.844
4	Working capital margin money	1.029

15. Financial analysis

SI	Description	Rs. lakhs
1	Total recurring cost per year	30.876
2	Depreciation on land and building	0.000
3	Depreciation on machinery and vehicle	0.660
4	Depreciation on furnaces	0.000
5	Depreciation on moulds and fixtures	0.020
6	Depreciation on office equipment	0.100
7	Interest on long term loan @ 13.5%	1.194
8	Interest on short term borrowings@ 13.5%	0.208
9	Total cost of production	33.058

16. Turnover per year

SI	Item	Qty	Rate/unit (Rs)	Total Rs. lakhs
1	Khoa	11400	320	36.48

17. Viability analysis

SI	Description	Value
1	Net profit before income tax (Rs. lakhs)	3.422
2	Net profit ratio	9.4%
3	Internal rate of return	21.3%
4	Break even percentage	58%
5	Debt service coverage ratio	1.912

List of machinery suppliers for Khoa

1. Ambika Engineering Works, Industrial Plot No. 6, Mahuva Road, Taloja 364140, Gujarat.; Tel: 02842 - 222141; Fax: 02842 - 222141
2. Varsha Machinery Corporation, C-6, Shivaji Stadium, Mangalwar Peth, Kolhapur 416012, Maharashtra.; Tel: 0231 - 2640584; Fax: 0231 - 2642014