

# DAIRY PRODUCTS PARLOR

## 1. INTRODUCTION

The northeastern region of India is renowned for its milk's luxurious and creamy consistency, a characteristic attributed to the natural diet of the cattle. Within Uttarakhand, native cattle breeds like the Garhwali and Kumaoni are celebrated for their milk yield, contributing to the region's exceptional milk quality. Notably, the ghee produced here is characterized by its golden hue, nutty aroma, and exceptional flavor, stemming from the use of the highest-grade milk. Uttarakhand's dairy products have earned recognition for their distinct taste and quality. Establishing a Dairy Products Parlour business in Uttarakhand would tap into the region's abundant natural resources and meet the local's fervor for dairy items.

## 2. PRODUCT & ITS APPLICATION

Uttarakhand's dairy industry produces a wide variety of high-quality dairy products, including milk, ghee, butter, yogurt, cheese, paneer, and khoya. These goods are used in a variety of culinary preparations, ranging from traditional Indian sweets to worldwide recipes. They are used in cooking, and baking, as sauces, and as main ingredients in a variety of recipes. In Uttarakhand, dairy products contribute to the local economy and meet the desire for organic and locally sourced meals.

## 3. DESIRED QUALIFICATION FOR PROMOTER

A promoter wishing to open a profitable dairy products parlor in Uttarakhand should be well-versed in dairy farming, food safety standards, and marketing. They must know about dairy product processing and must possess a great sense of quality control. Financial acumen, supply chain management experience, and an awareness of local customer preferences are other desired qualifications.

## 4. BUSINESS OUTLOOK AND TRENDS

Organic and locally sourced meals are getting more popular among consumers. The dairy sector in Uttarakhand may capitalize on this trend by emphasizing natural and organic practices. Uttarakhand's historic dairy farming and production offers a distinct selling factor. The concept of artisanal and handcrafted dairy products is gaining popularity. Customers are drawn to the idea of supporting local communities while also enjoying dairy products with a distinctly regional flavor.

## 5. KEY BUSINESS ELEMENTS

- Location: Choosing a place with a greater density of population can ensure faster replenishment of inventory and a consistent supply of fresh products.
- Product Quality: To create confidence and reputation, maintaining constant high-quality standards is key to a successful dairy business.
- Local Sourcing: Purchasing raw milk from local dairy farms will not only build a strong community but also ensure regular supply and upkeep of inventory.
- Product Diversification: Introduction of new dairy products or flavors can enhance the visibility of the business and attract customers.

## 6. MARKET POTENTIAL AND MARKETING ISSUES; IF ANY

Uttarakhand's market potential is significant, driven by local demand and health-conscious customers. However, competition is fierce, necessitating an emphasis on premium quality, branding, and distribution. Efforts must be made to overcome distribution issues in steep terrain. Product differentiation is one way of creatively engaging more customers. Engaging customers, being green, and adjusting to market developments are all other crucial initiatives to capture the market.

## 7. SUPPLY OF RAW MATERIAL

Uttarakhand has unique cattle breeds and a strong network of local dairy farmers. This ensures a consistent and substantial supply of raw milk. Partnerships with these farms or the establishment of collecting centers can streamline the procurement process.

## 8. BUSINESS MODEL

The following business model explains important factors to consider when starting and running a successful retail dairy store:

- Offering High-Quality Dairy Products as a Value Proposition: This includes providing milk, butter, ghee, yogurt, cheese, paneer, and traditional Indian sweets, all of them with greater quality and freshness.
- Customer Groups:
  - Locals: The business must be able to meet the local community's daily dairy needs.
  - Foodservice Businesses: This includes supplying dairy products to local restaurants, cafes, and bakeries.
- Revenue streams: The business must leverage retail and wholesale sales. Besides, one must provide an online ordering and delivery platform for customers.

## 9. BUSINESS PROCESS

The business process starts from,

- Sourcing Raw Materials: Purchasing fresh raw milk from local dairy providers.
- Processing and Production: Preparing other dairy products while maintaining quality control.
- Retail Operations: Maintaining a store with a diverse range of dairy products.
- Marketing and promotion: Doing campaigns & raising brand recognition.
- Distribution: Ensuring timely deliveries to local restaurants and customers.
- Online Sales and Delivery: Facilitating online orders and delivery.

## 10. MANPOWER REQUIREMENT

Sr. No	Particulars	No.	No. of month in a year	Wages/Salaries per month (Rs. In Lakhs)	Annual Expense (Rs. In Lakhs)
1	Self-employed	1	12	0.50	6.00
2	Skilled	3	12	0.20	7.20
3	Unskilled	1	12	0.12	1.44
4	Accountant	1	12	0.20	2.40
	<b>Sub Total</b>				<b>17.04</b>
5	Statutory Requirements( PPF, ESI, Gratuity etc.) at 25%				4.26
	<b>Total</b>				<b>21.30</b>

## 11. IMPLEMENTATION SCHEDULE

Sr. No.	Activity	Time Required (in months)
1	Acquisition of premises	1
2	Construction (if applicable)	1.5
3	Procurement & installation of Plant & Machinery	2.5
4	Arrangement of Finance	1
5	Recruitment of required manpower	1
6	Total time required (some activities shall run concurrently)	3

## 12. COST OF PROJECT

Sr. No	Particulars	Annual Expenses (Rs. in lakhs)
1	Pre-operative and preliminary Exp.	0.24
2	Machinery	5.47
3	Equipment and Furniture Exp.	4.24
4	Working Capital	14.27
	<b>Total Project Cost</b>	<b>24.22</b>

## 13. MEANS OF FINANCE

Bank-term loans are assumed @ 60%

Sr. No.	Particulars	Annual Expenses (Rs. in lakhs)
1	Promoter's contribution	9.69
2	Bank Finance	14.53
	<b>Total</b>	<b>24.22</b>

## 14. LIST OF MACHINERY REQUIRED

### A. Machinery

Sr. No	Particulars	Unit	Price per Unit (Rs. in lakhs)	Total Amount (Rs. in lakhs)
1	Milk Pasteurizer	1	3.50	3.50
2	Temperature Monitoring Tools	2	0.01	0.01
3	Holding Tanks	4	0.01	0.04
4	Cream Separator	1	0.01	0.01
5	Churning Equipment	1	0.05	0.05
6	Heat-Sealing Machines	2	0.05	0.10
7	Presses	1	0.10	0.10
8	Molds	1	0.06	0.06
<b>Total Amount</b>				<b>3.87</b>
Tax, Transportation, Insurance, etc.				1.00
Electrification Exp.				0.60
<b>Grand Total Amount</b>				<b>5.47</b>

**B. Furniture & Equipment**

Sr. No.	Particulars	Unit	Price per Unit (Rs. in lakhs)	Total Amount (Rs. in lakhs)
1	Stainless Steel Containers	4	0.10	0.40
2	Mixers and Agitators	2	0.20	0.40
3	Stainless Steel Utensils	-	0.25	0.25
4	Cheesecloth and Muslin	20	0.05	1.00
5	pH Meters	2	0.02	0.04
6	Milk Cans	10	0.05	0.50
7	Cleaning Equipment (brushes, mop, buckets, sanitizing solutions)	-	0.15	0.15
8	Safety Equipment (food-grade gloves, hairnets, aprons, fire extinguishers)	-	0.05	0.05
9	Labeling Equipment (printers and labels)	1	0.40	0.40
10	Shelves and Storage Units	4	0.20	0.80
11	Quality Control Tools (equipment for ensuring product quality and safety)	-	0.25	0.25
	<b>Total</b>			<b>4.24</b>

Local manufacturers in India offer a wide range of machines and equipment. The entrepreneur can avail machines and required tools after thorough research and analysis. Below is the tentative list of machinery suppliers in India. Besides these, online platforms such as India Mart can also be explored for ordering machinery online.

1. Sunshine Scientific Equipments  
Office No. 303, Third Floor,  
D-288-89/10 Wadhwa Complex,  
Vikas Marg, Laxmi Nagar- 110092,  
Delhi, India
2. Microtech Engineering  
L-89, Krishan Vihar,  
Near Bharat Shakti Public School- 110086,  
New Delhi, India
3. Bharat Sales Service  
Kh.No.145, Gali No-2,  
Old Mustafabad, Near Tripal Factory,  
Brijpuri- 110094,  
New Delhi, India

**15. SALES REALISATION**

Sr. No	Product	Total Amount (Rs.in lakhs)
1	Milk	131.4
2	Ghee	1.755
3	Yoghurt	4.5
4	Khoya	2.43
5	Paneer	2.97
6	Cheese	8.775
	<b>Total</b>	<b>151.83</b>

**16. PROFITABILITY CALCULATIONS**

The basis of profit calculation:

Sr. No	Particulars	Annual Expenses (Rs. in lakhs)
A.	Sales realization	151.83
B.	Cost of production	
i)	Raw materials	108.00
ii)	Utilities	1.95
iii)	Manpower Cost (Salaries/wages)	21.30
iv)	Administrative expenses	0.13
v)	Selling & distribution expenses	2.76
vii)	Rent	2.00
viii)	Interest	0.48
	<b>Total (B)</b>	<b>136.62</b>
	No of Unit production	171450
	Cost of Goods Sold per unit	Rs. 80 (Rupees Eighty)
	Gross profit/loss (A – B)	15.21
	Less: Depreciation	0.90
C.	PBIT	14.31
D	Income-tax	1.43
E	<b>Net profit/loss</b>	<b>12.88</b>
F.	Repayment (Annual)	0.16
G	Retained surplus (E-F)	12.72

The production capacity of the unit is estimated at 90%.

**17. BREAKEVEN ANALYSIS**

(Rs. in lakhs)

Fixed cost	
Land & Building Rent	2.00
Depreciation	0.90
Interest	0.48
Manpower	6.39
<b>Total Fixed cost</b>	<b>9.77</b>
Variable cost	
Raw materials	108.00
Utilities	1.95
Manpower	14.91
Administrative expenses	0.13
Selling & distribution expenses	2.76
<b>Total Variable cost</b>	<b>127.75</b>
Variable cost per Unit	74.51
Revenue per unit	88.56
Margin per Unit	14.04
Number of Liters for Break Even Point	69585
Actual Capacity	171450

## 18. STATUTORY/GOVERNMENT APPROVALS

It is important to comply with food safety and business regulations before starting a food industry-related business.

1. Shop and establishment license is necessary for operating a dairy business wherein working hours, employment conditions, and other regulatory requirements are stipulated.
2. FSSAI-Food safety license registration is a must-have document for dairy food preparation to meet legal requirements. The Food Standards and Safety Authority of India (FSSAI) is the primary authority in charge of food safety regulation and oversight. As a result, according to the law, FSSAI Basic Registration is required.
3. The food sector is seen as a polluting industry due to the emissions of smoke from cooking and food waste washings. As a result, the food business needs a pollution license/certificate or approval for operation from the State Pollution Control Board to be established. The Central Pollution Control Board has categorized hotels and restaurants as Large Hotels, Medium Hotels, Small Bakeries, and Small Hotels.
4. Registration of dairy business for Goods and Service Tax (GST) with the Goods and Service Tax Network (GSTIN) as it applies to dairy products.

## 19. TRAINING CENTERS AND COURSES

There are few specialized Institutes that provide degree certification in dairy technology and dairy business. Few most famous and authenticate Institutions are as follows:

1. National Dairy Research Institute (NDRI)  
GT Rd, near Jewels Hotel, Nyaypuri,  
Karnal-132001,  
Haryana, India
2. Haryana Dairy Development Cooperative Federation Ltd. (HDDCF),  
Bay Nos. 21, Sahkarita Bhawan,  
22, Sector 2, Panchkula-134109,  
Haryana, India
3. National Bank for Agriculture And Rural Development.  
Plot C-24, G Block, Bandra Kurla complex,  
BKC Road, Bandra East, Mumbai-400051,  
Maharashtra, India.

Swayam portal (link: <https://swayam.gov.in/>) can also be accessed for enhanced learning on business commerce, accounting, production, marketing, and areas of entrepreneurship.

### Disclaimer

Only few machine manufacturers are mentioned in the profile, although many machine manufacturers are available in the market. The addresses given for machinery manufacturers have been taken from reliable sources, to the best of knowledge and contacts. However, no responsibility is admitted, in case any inadvertent error or incorrectness is noticed therein. Further the same have been given by way of information only and do not carry any recommendation.