

PROJECT REPORT FOR
**DETERGENT SOAP & POWDER
MANUFACTURING UNIT**



PROMOTER:

XXXXXXXXXXXXXXXXXXXXXXXXXX

PROJECT LOCATION:

XXXXXXXXXXXXXXXXXXXXXXXXXX

PREPARED BY:

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Project For:
**Detergent Soap & Powder
Manufacturing Unit**

I. PROJECT AT A GLANCE

1. About the Promoter : xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
Project Location: xxxxxxxxxxxxxxxxxxxxxxxx
2. Project Cost : Rs 8.00 Lakhs
3. Mean of Finance
- A) T. L. facility from Bank : Rs. 5.64 Lakhs
 - B) Beneficiary contribution : Rs. 0.80 Lakhs
 - C) C.C. facility from Bank : Rs. 1.55 Lakhs
 - D) Subsidy under PMEGP Scheme : Rs.2.80 Lakhs
5. Rate of Interest : 11.00% Per Annum
6. Repayment : 60 monthly instalments, EMI @ 0.12 Lakhs
7. Nature of Project : Detergent Soap & Powder
8. Employment Potential : 2 Nos
9. Nature of the Firm : Proprietary Firm
10. Average Debt Coverage ratios : **2.26**

II. ABOUT THE PROJECT

INTRODUCTION

Detergents are also known as Synthetic Detergents. They are different from oil-based soap though both soaps and detergents are surfactants. Their important application is cleaning. Because of a number of advantages Detergents are popular than soaps and its demand is always there if the product possesses both quality and price effectiveness. There are a number of varieties of detergents varying in percentages of active matter present in them and also different colors. Manufacturing process is very simple and only mixing is involved. Hence, this product is best suited for manufacturing in small-scale sector.

BASIS AND PRESUMPTIONS

1. Single shift of eight hours a day, 25 days a month and 300 days in a year is presumed. Efficient Machines and workers are also presumed.
2. Minimum six months period is considered for achieving full capacity utilization.
3. Labour rates are as per the prevailing rates.
4. An average interest rate of 11% is considered.
5. The estimates are drawn for a production capacity generally considered techno economically viable for model type of manufacturing activity.
6. The information supplied is based on a standard type of manufacturing activity viable for model type of manufacturing activity.
7. The information supplied is based on a standard type of manufacturing activity utilizing conventional techniques of production at optimum levels of performance.

IMPLEMENTATION SCHEDULE

Normally six months are required for the complete implementation of the project, including machinery erection, raw materials procurement etc.

PROCESS OF MANUFACTURE

Acid slurry is first neutralized with soda ash and mixture is kept for one hour for completion of reaction. Other ingredients such as STEP, TSP, Glauber's salt, CMC, Colours, Perfume etc. are then blended to the neutralized acid slurry with continuous mixing. The mixture is then dried, slaved and packed in suitable pickings

MARKET POTENTIAL

Indeed, marketing is not a simple task. In the country, a number of public sectors, Govt. sectors are making Detergent Soap & powder, besides many small manufacturers. Detergent is a consumer item. Hence, there is a scope for this item, if production and marketing is done effectively.

According to India Detergent Market Outlook, 2021, the overall market for detergent is growing with a CAGR of 13.06% from the last five years. Detergents are available in three forms, namely powder detergent, bar detergent and liquid detergent. Powder detergents are widely accepted by Indian consumers and dominate the industry. Even though detergent bars are still used in rural areas, they are fast disappearing from the market because of ineffectiveness.

The detergent industry in India is mostly captured by organized players, but unorganized regional players have a significant hold on the rural areas. HUL, Rohit Surfactants, P&G, Nirma and Jyothy Laboratories are the major players in the organized market. They have popular brands like Ghari, Surf Excel, Active Wheel, Rin, Tide, Nirma, Ariel, Mr. White and Henko in their product portfolio. It is common consumer item and the demand for which is increasing. It is becoming popular both in rural and in urban areas. Therefore, marketing of this product may not be a problem.

Project For : Detergent Soap & Powder Manufacturing Unit

III. ECONOMICS OF THE PROJECT

A. COST OF PROJECT

(Rs. Lacs)

S.No.	Particulars	Total	Spent	Bal. To be spent
1	Building Construction	2.00	0.00	2.00
2	Plant & Machinery Detergent Cake Plodder Machine, Detergent soap Mixer, Soap Cutting Machine, Roller	3.58	0.00	3.58
3	Furniture & Electricals	0.69	0.00	0.69
4	Working Capital	1.73	0.00	1.73
		8.00	0.00	8.00

Means of Finance :

a) Own Contribution (10%)	0.80
b) T L facility from Bank (90%)	5.64
c) C.C. Facility from Bank (90%)	1.55
	8.00
d) Subsidy Entitlement Under PMEGP scheme @ 35%	2.80

B. PROFITABILITY STATEMENT

(Rs. Lacs)

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Sales	11.62	13.95	16.27	18.60	19.76	20.92
	Add : Increase in Cl.Stock	1.24	0.70	0.79	0.89	0.89	0.95
	Total Turnover	12.87	14.65	17.07	19.48	20.65	21.87
2	RM Consumption	6.31	7.52	8.73	9.95	10.60	11.26
3	Overheads						
	a) Direct	2.78	3.02	3.29	3.55	3.84	4.15
	b) Indirect	1.02	1.06	1.11	1.15	1.19	1.24
4	Balance	2.75	3.05	3.93	4.84	5.03	5.22
5	Interest on TL & CC	0.76	0.66	0.54	0.41	0.27	0.19
6	Depreciation	0.84	0.72	0.62	0.54	0.47	0.40
7	Preliminary expenses W/off	-	-	-	-	-	-
8	Profit after Interest & Dep.	1.15	1.66	2.77	3.88	4.29	4.63
9	Income Tax	-	-	-	0.39	0.43	0.46
10	Profit after Tax	1.15	1.66	2.77	3.50	3.86	4.17
11	Add: Depreciation & Pre Exp.	0.84	0.72	0.62	0.54	0.47	0.40
12	Add : Interest on TL	0.76	0.66	0.54	0.41	0.27	0.19
13	Cash Accruals	2.75	3.05	3.93	4.45	4.60	4.76
14	Instalments of TL & Interest	1.66	1.66	1.66	1.66	1.66	0.19
15	DSCR	1.66	1.84	2.37	2.68	2.77	-
16	Average DSCR	2.26					
17	N.P. to Total receipts	9.89	11.91	17.00	18.80	19.54	19.93

Project For : Detergent Soap & Powder Manufacturing Unit
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C. CASH FLOW STATEMENT

(Rs. Lacs)

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
A	CASH INFLOW :						
1	Collection from Debtors	11.14	13.37	15.59	17.82	18.93	20.05
2	T.L. from Bank	5.64					
3	CC from bank	1.55					
4	Capital	0.80	-	-	-	-	-
5	Subsidy	2.80	-				
	TOTAL (A)	21.93	13.37	15.59	17.82	18.93	20.05
B	CASH OUTFLOW :						
1	Fixed Assets	6.27			-		
2	Payments to creditors	5.26	6.27	7.28	8.29	8.83	9.38
3	Direct overheads	2.78	3.02	3.29	3.55	3.84	4.15
4	Indirect Overheads	1.02	1.06	1.11	1.15	1.19	1.24
5	Interest on Bank Loan	0.76	0.66	0.54	0.41	0.27	0.19
6	Income Tax	-	-	-	0.39	0.43	0.46
7	Term Loan Repayment	0.90	1.00	1.12	1.24	1.39	-
8	Drawings	0.25	0.28	0.30	0.33	0.64	0.70
	TOTAL (B)	17.24	12.28	13.64	15.37	16.59	16.12
	SUMMARY:						
	Op. Cash & Bank Balance.	-	4.70	5.78	7.73	10.19	12.54
	Add : Surplus / (Deficit)	4.70	1.08	1.96	2.45	2.35	3.93
	Cl. Cash & Bank Balance.	4.70	5.78	7.73	10.19	12.54	16.46

Project For : Detergent Soap & Powder Manufacturing Unit
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D. BALANCE SHEET

(Rs. Lacs)

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
A	ASSETS :						
1	Fixed Assets	5.43	4.71	4.08	3.54	3.08	2.67
2	Investments	-	-	-	-	-	-
3	Current Assets	6.42	8.79	12.22	16.33	20.40	26.14
4	Loans & Advances	-	-	-	-	-	-
5	Pre Exp. Not written off	-	-	-	-	-	-
	TOTAL (A)	11.85	13.49	16.30	19.87	23.47	28.81
B	LIABILITIES:						
1	Capital	4.50	5.88	8.35	11.51	14.73	18.20
2	Secured loans						
	Term Loan	4.75	3.75	2.63	1.39	-	-
3	Unsecured Loans	-	-	-	-	-	-
4	Current Liabilities						
	Cash Credit	1.55	1.55	1.55	1.55	1.55	1.55
	Sundry Creditors	1.05	2.30	3.76	5.42	7.19	9.06
	TOTAL (B)	11.85	13.49	16.30	19.87	23.47	28.81

Project For :
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(Rs. Lacs)

E. CAPITAL ACCOUNT

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Op. Balance	-	4.50	5.88	8.35	11.51	14.73
2	Additions	3.60	-	-	-	-	-
3	Net Profit for the year.	1.15	1.66	2.77	3.50	3.86	4.17
	Sub Total	4.75	6.16	8.65	11.84	15.37	18.90
4	Less : Drawings	0.25	0.28	0.30	0.33	0.64	0.70
5	Cl. Balance	4.50	5.88	8.35	11.51	14.73	18.20

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(Rs. Lacs)

F. PRODUCTION AND SALES

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	Capacity utilisation	0.50	0.60	0.70	0.80	0.85	0.90
1	Production per annum (Nos.)						
	Detergent Soap & Powder Production	50.72	60.86	71.00	81.14	86.22	91.29
2	Cl.Stock of Finished Goods (Nos.)						
	Detergent Soap & Powder Production	4.23	5.07	5.92	6.76	7.18	7.61
3	Sales per annum (MT) (Tot Production less Cl. Stock)						
	Detergent Soap & Powder Production	46.49	55.79	65.08	74.38	79.03	83.68
4	Sales per annum						
	Detergent Soap & Powder Production (Avg. Selling Price @ 25 per Products)	11.62	13.95	16.27	18.60	19.76	20.92
	Total Sale	<u>11.62</u>	<u>13.95</u>	<u>16.27</u>	<u>18.60</u>	<u>19.76</u>	<u>20.92</u>
5	Sundry Debtors (Credit period allowed 15 days)	0.48	0.58	0.68	0.77	0.82	0.87
6	Collection from Debtors	11.14	13.37	15.59	17.82	18.93	20.05
7	Total cost of Production	9.09	10.54	12.02	13.50	14.44	15.41
8	Cost per MT	0.18	0.17	0.17	0.17	0.17	0.17
9	Value of Closing Stock	0.76	0.88	1.00	1.13	1.20	1.28

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PRODUCTION

S.No.	Particulars	Installed capacity (MT.)	Year 1 0.50	Year 2 0.60	Year 3 0.70	Year 4 0.80	Year 5 0.85	Year 6 0.90
1	Production of Thermocol Material(Detergent Soap & Powder)	101.43	50.72	60.86	71.00	81.14	86.22	91.29

Installed Capacity Nos./ Hrs	45.00
Per Day Working Hours	8.00
Less: Lunch Hours	1.00
Net	<u>7.00</u>
Total Production per day	0.32 MT
Total production per annum	101.43 MT
Total Working Days	365.00
Weekly off	26.00
Holidays	7.00
Machine Break down	10.00
Net Working days	<u>322.00</u>

Project For :
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Unit**

(Rs. Lacs)

G. RAW MATERIAL CONSUMPTION AND INVENTORY

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Production (MT.) (Output)	50.72	60.86	71.00	81.14	86.22	91.29
2	RM Purchases	5.83	6.94	8.06	9.19	9.78	10.39

Raw Material requirement (Input)

S.No.	Items	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Requirement of Raw material Detergent Cake,Slurry, Sodium silicate,Dolomite,Soda ash,Cbs-x (ciba),Aos,Perfume,Caustic, Industrial salt,Stpp,Sles noodles, colouring salt,Color,Polymer	5.33	6.39	7.46	8.52	9.05	9.59
2	Packaging Material	0.50	0.55	0.61	0.67	0.73	0.81
3	Total cost of R.M	5.83	6.94	8.06	9.19	9.78	10.39

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RAW MATERIAL CONSUMPTION AND INVENTORY

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	RM cost for total production	5.83	6.94	8.06	9.19	9.78	10.39
2	Cl. Stock of RM (assumed 30 days consumption)						
	O/p Stock	-	0.49	1.06	1.74	2.50	3.32
	Add : Addition	0.49	0.58	0.67	0.77	0.82	0.87
	Closing Stock	0.49	1.06	1.74	2.50	3.32	4.18
3	RM Purchases	6.31	7.52	8.73	9.95	10.60	11.26
4	Sundry Creditors (Credit period allowed 60 days)	1.05	1.25	1.46	1.66	1.77	1.88
5	Payment to creditors	5.26	6.27	7.28	8.29	8.83	9.38

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(Rs. Lacs)

H. DIRECT OVERHEADS

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Manpower						
a	Skilled Worker 1 no.@ Rs.10,000 per month	1.20	1.32	1.45	1.60	1.76	1.93
b	Unskilled Worker 1 no.@ Rs.6,000 per month	0.72	0.79	0.87	0.96	1.05	1.16
2	Power and Fule @ Rs. 3000 per month	0.36	0.36	0.36	0.36	0.36	0.36
3	Other Production Overheads	0.50	0.55	0.61	0.64	0.67	0.70
	Total	2.78	3.02	3.29	3.55	3.84	4.15

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I. INDIRECT OVERHEADS

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Advertisement & Publicity	0.25	0.28	0.30	0.33	0.37	0.40
2	Repairs & Maint. (5% of machinery cost)	0.27	0.24	0.20	0.18	0.15	0.13
3	Misc. Expenses	0.50	0.55	0.61	0.64	0.67	0.70
		<u>1.02</u>	<u>1.06</u>	<u>1.11</u>	<u>1.15</u>	<u>1.19</u>	<u>1.24</u>

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J. TERM LOAN REPAYMENT AND INTEREST THEREON

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	TL / Op. Bal.	5.64	4.75	3.75	2.63	1.39	-
2	Repayment during the year	0.90	1.00	1.12	1.24	1.39	-
3	Cl. Balance	4.75	3.75	2.63	1.39	-	-
4	Interest at 11 per cent p.a.	0.58	0.47	0.36	0.23	0.08	-
5	Total repayment with Interest	1.66	1.66	1.66	1.66	1.66	0.19
6	Interest on CC (at 12 per cent p.a.)	0.19	0.19	0.19	0.19	0.19	0.19
	Total Interest	0.76	0.66	0.54	0.41	0.27	0.19

Term Loan Repayment Schedule

MONTHS	EMI	INTEREST	PRINCIPAL REPAYMENT	OST PRINCIPAL
0				5.64
1	0.12	0.05	0.07	5.57
2	0.12	0.05	0.07	5.50
3	0.12	0.05	0.07	5.43
4	0.12	0.05	0.07	5.36
5	0.12	0.05	0.07	5.28
6	0.12	0.05	0.07	5.21
7	0.12	0.05	0.07	5.13
8	0.12	0.05	0.08	5.06
9	0.12	0.05	0.08	4.98
10	0.12	0.05	0.08	4.90
11	0.12	0.04	0.08	4.83
12	0.12	0.04	0.08	4.75
First Year	1.47	0.58	0.90	
13	0.12	0.04	0.08	4.67
14	0.12	0.04	0.08	4.59
15	0.12	0.04	0.08	4.51
16	0.12	0.04	0.08	4.43
17	0.12	0.04	0.08	4.34
18	0.12	0.04	0.08	4.26

19	0.12	0.04	0.08	4.18
20	0.12	0.04	0.08	4.09
21	0.12	0.04	0.09	4.01
22	0.12	0.04	0.09	3.92
23	0.12	0.04	0.09	3.84
24	0.12	0.04	0.09	3.75
Second Year	1.47	0.47	1.00	
25	0.12	0.03	0.09	3.66
26	0.12	0.03	0.09	3.57
27	0.12	0.03	0.09	3.48
28	0.12	0.03	0.09	3.39
29	0.12	0.03	0.09	3.30
30	0.12	0.03	0.09	3.21
31	0.12	0.03	0.09	3.11
32	0.12	0.03	0.09	3.02
33	0.12	0.03	0.10	2.92
34	0.12	0.03	0.10	2.83
35	0.12	0.03	0.10	2.73
36	0.12	0.03	0.10	2.63
Third Year	1.47	0.36	1.12	
37	0.12	0.02	0.10	2.53
38	0.12	0.02	0.10	2.43
39	0.12	0.02	0.10	2.33
40	0.12	0.02	0.10	2.23
41	0.12	0.02	0.10	2.13
42	0.12	0.02	0.10	2.03
43	0.12	0.02	0.10	1.92
44	0.12	0.02	0.11	1.82
45	0.12	0.02	0.11	1.71
46	0.12	0.02	0.11	1.61
47	0.12	0.01	0.11	1.50
48	0.12	0.01	0.11	1.39
Fourth Year	1.47	0.23	1.24	
49	0.12	0.01	0.11	1.28
50	0.12	0.01	0.11	1.17
51	0.12	0.01	0.11	1.06
52	0.12	0.01	0.11	0.94
53	0.12	0.01	0.11	0.83
54	0.12	0.01	0.12	0.71
55	0.12	0.01	0.12	0.60
56	0.12	0.01	0.12	0.48
57	0.12	0.00	0.12	0.36
58	0.12	0.00	0.12	0.24
59	0.12	0.00	0.12	0.12
60	0.12	0.00	0.12	0.00
Fifth Year	1.47	0.08	1.39	

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Unit**

(Rs. Lacs)

K. WORKING CAPITAL

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Total Inventory	1.24	1.94	2.74	3.63	4.52	5.47
2	Sundry Debtors	0.48	0.58	0.68	0.77	0.82	0.87
	Total	1.73	2.52	3.42	4.40	5.34	6.34
3	Bank C.C. (90 per cent)	1.55	2.27	3.07	3.96	4.81	5.70
4	Own Contribution (10%)	0.17	0.25	0.34	0.44	0.53	0.63

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(Rs. Lacs)

L. CURRENT ASSETS

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Cl. Stock of Materials	0.49	1.06	1.74	2.50	3.32	4.18
2	Cl. Stock of Finished Goods	0.76	0.88	1.00	1.13	1.20	1.28
	Total Inventory	1.24	1.94	2.74	3.63	4.52	5.47
3	Cash and bank Balance	4.70	5.78	7.73	10.19	12.54	16.46
4	Sundry Debtors	0.48	1.07	1.74	2.52	3.34	4.21
	Total	6.42	8.79	12.22	16.33	20.40	26.14

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M. FIXED ASSETS AND DEPRECIATION

(Rs. Lacs)

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Building Construction						
	Op. Balance	-	1.80	1.62	1.46	1.31	1.18
	Additions	2.00	-				
	Total	2.00	1.80	1.62	1.46	1.31	1.18
	Less : Depreciation	0.20	0.18	0.16	0.15	0.13	0.12
	Cl. WDV	1.80	1.62	1.46	1.31	1.18	1.06
2	Plant & Machinery						
	Op. Balance	-	3.04	2.59	2.20	1.87	1.59
	Additions	3.58	-				
	Total	3.58	3.04	2.59	2.20	1.87	1.59
	Less : Depreciation	0.54	0.46	0.39	0.33	0.28	0.24
	Cl. WDV	3.04	2.59	2.20	1.87	1.59	1.35
3	Furniture & Electricals						
	Op. Balance	-	0.59	0.50	0.42	0.36	0.31
	Additions	0.69	-				
	Total	0.69	0.59	0.50	0.42	0.36	0.31
	Less : Depreciation	0.10	0.09	0.07	0.06	0.05	0.05
	Cl. WDV	0.59	0.50	0.42	0.36	0.31	0.26
	Total Depreciation	0.84	0.72	0.62	0.54	0.47	0.40
	Cl. WDV	5.43	4.71	4.08	3.54	3.08	2.67