

# UP MSME 1-Connect

## PROJECT REPORT

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PROJECT:

**DETERGENT POWDER**

**PROJECT REPORT**

**Of**

**DETERGENT POWDER**

**PURPOSE OF THE DOCUMENT**

This particular pre-feasibility is regarding Detergent Powder making Unit.

The objective of the pre-feasibility report is primarily to facilitate potential entrepreneurs in project identification for investment and in order to serve his objective; the document covers various aspects of the project concept development, start-up, marketing, finance and management.

[We can modify the project capacity and project cost as per your requirement. We can also prepare project report on any subject as per your requirement.]

## **Introduction**

Synthetic detergents occupy a vital place in the present age particularly when the modern society is constantly looking for quick, effective and economic cleaning agents. Synthetic detergents emerged as a regular industry after Second World War only. The development of this industry is closely linked with Petro-chemical industry which forms the basic for its raw materials. Detergents when dissolved in water acquire better cleaning properties and hence facilitate easy removal of dirt & dust and grease etc.

Apart from their use in clothes washing, detergents also have applications in the following industries.

1. In industry, in laundry and dry cleaning.
2. In textile processing, grain milling, metal plating and foods canning.
3. In dairy foods and beverages processing and in restaurants.
4. In plant maintenance and industrial house-keeping.

## **Market Potential.**

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.

On the basis of pricing, the organized detergent market can be further divided into three categories, such as popular (economy), mid-range and premium. The popular category consists of brands like Ghari, Nirma and Wheel; the mid-range category consists of Tide, Rin and Mr. White; and the premium category includes Surf Excel, Henko and Ariel. Hindustan Unilever dominates the high-priced premium and mid-range category, whereas Ghari dominates the low-priced popular category.

**Cost of Project.**

S.NO.	PARTICULARS		AMOUNT
1	Land & Building		420000.00
2	Plant and Machinery		147500.00
3	Furniture & Fixture		62500.00
4	Computer		50000.00
4	Preoperative expenses		15000.00
5	Margin for Working Capital		327700.00
	<b>Total</b>		<b>1022700.00</b>

**Means of Finance.**

S.NO.	PARTICULARS		AMOUNT
1	Own Contribution		546700.00
2	Term Loan		476000.00
	<b>Total</b>		<b>1022700.00</b>

**Fixed Capital**

(i)	Land and building		Amount(In Lakhs)	
i)	Land	200 Sq mtr.		Nil
ii)	Working Shed	140 Sq. mtr@Rs3000 sq.mtr		420,000.00
	<b>Total</b>			<b>420,000.00</b>
(ii)	<b>Machinery and Equipment</b>			
S.no	Description	Qty. nos.	Price/unit	Amount (In Rs.)
1	Mixer/Blender (hand operated) 100 kg capacity properly lined inner side	1	65,000.00	65,000.00
2	Trays/Pan made of stainless steel	5	2,200.00	11,000.00
3	Grinding Machine	1	32,500.00	32,500.00
4	Weighing Machine	1	12,000.00	12,000.00
5	Weighing balance for packing	1	15,000.00	15,000.00
6	Miscellaneous like Gloves, Bag seaving machine			12,000.00
	<b>Total</b>			<b>147500.00</b>
7	Furniture and Fixture/ Office Equipment			62500.00
8	Computers			50000.00
	<b>Total Fixed Capital</b>			<b>680000.00</b>

**Total Capital Investment**

			Rs.
1	Total Fixed Capital		680000.00
2	Working Capital for 3 Months		1277700.00
	<b>Total</b>		<b>1957700.00</b>

**Total working capital**

				Rs.
1	Salary and Wages	(i)		92,000.00
2	Raw Material	(ii)		281,400.00
3	Utilities	(iii)		41,000.00
4	Other Contingent Expenses	(iv)		11,500.00
	<b>Total(Per Month)</b>			<b>425,900.00</b>
	<b>Working Capital for 3 months</b>			<b>1,277,700.00</b>

**Staff and labour**

S.No.	Designation	No.	Salary(Rs.)	Total(In. Rs.)
1	Production Manager	1	20,000.00	20,000.00
2	Skilled Worker	2	15,000.00	30,000.00
3	Un Skilled Worker	2	12,000.00	24,000.00
4	Clerk/Typist	1	10,000.00	10,000.00
5	Peon/Watchman	1	8,000.00	8,000.00
	<b>Total(Per Month)</b>	<b>7</b>		<b>92,000.00</b>

**Raw Materials**

S.No.	Particulrs	Rate(Rs)/Kg	Quantity	Total(In. Rs.)
1	Soda Ash	21.00	6500 Kg	136,500.00
2	Acid Slurry	74.00	625 Kg	46,250.00
3	T.S.P	45.00	1000 Kg	45,000.00
4	Sodium Silicate	10.00	1315 Kg	13,150.00
5	Sodium Sulfate	8.00	2250 Kg	18,000.00
6	Urea	26.00	500 Kg	13,000.00

7	Ethanolamine	50.00	125 Kg	6,250.00
8	Trialkylamine	50.00	65 Kg	3,250.00
9	Sodium perporate	120.00	125 Kg	15,000.00
	<b>Total(Per Month)</b>			<b>281,400.00</b>

#### Utilities

		(Units)	Rate	Amount
1	Power	5500 K w h	7	38,500.00
2	Water			2,500.00
	<b>Total(Per Month)</b>			<b>41,000.00</b>

#### Other contingent expenses

S.No.	Particulars			Amount(In.Rs)
1	Repair and Maintenance			1500.00
2	Postage and Stationery			1000.00
3	Telephone Charges			1000.00
4	Transporatation and Freight			2000.00
5	Sales Expenses			5000.00
6	Other Maufacturing Expenses			1000.00
	<b>Total(Per Month)</b>			<b>11500.00</b>

#### Financial Analysis

##### Cost of Production

S.No.	Particulars	In. Rs.
1	Total Recurring Expenditure	5110800.00
2	Depreciation on Plant and Machinery @ 15%	22125.00
4	Depreciation of Furniture/Fixture & Office Equipment @ 10 %	6250.00
5	Depreciation of Computers @ 60 %	30000.00
6	Finance Cost	171120.00
	<b>Total Cost Of Production</b>	<b>5340295.00</b>

**Turnover (per annum)**

S.No.	Particulars	Qty(nos.)	Rate (in Rs)	In. Rs.
1	Detergent Powder	150000Kgs/Annum	40.00	6,000,000.00
TOTAL TURNOVER				6000000.00

**Profit**

Rs 659705/=

Percentage Profit on Sales

11%

**Ratios**

i) Rate of Return on Total Capital Investment

= Net Operating Profit/ Invested Capital

= 34%

ii) Return on Assets

=Sales/Average total Assets

=0.97

iii) Return on Equity

= Sales/ Stockholder's Equity

= 1.21

iv) Debt to Equity Ratio

= Total Term Liabilities/Total Shareholder's Equity

= 0.9

iv) Interest Coverage Ratio

= Earning before Interest & Tax/ Interest Expense

= 4.86.

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