

UP MSME 1-Connect

PROJECT REPORT

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PROJECT:

Wet Wipes Manufacturing unit

PROJECT REPORT

Of

WET WIPES

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Wet Wipes Manufacturing 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.]

PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **WET WIPES**
- 6 Name of the project / business activity proposed : **WET WIPES MANUFACTURING UNIT**
- 7 Cost of Project : Rs.17.43 Lakhs
- 8 Means of Finance
- Term Loan Rs.10.4 Lakhs
- Own Capital Rs.1.74 Lakhs
- Working Capital Rs.5.29 Lakhs
- 9 Debt Service Coverage Ratio : 3.08
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 28%
- 13 Employment : 15 Persons
- 14 Power Requirement : 20.00 HP
- 15 Major Raw materials : Non woven fabric, Cleansing Ingredients,
: Preservatives and Packing Material
- 16 Estimated Annual Sales Turnover (Max Capacity) : 175.00 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	10.55
Furniture & Fixtures	1.00
Working Capital	5.88
Total	17.43

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.74
Working Capital(Finance)	5.29
Term Loan	10.40
Total	17.43

WET WIPES MANUFACTURING UNIT

Introduction:

Wet wipes, also known as wet towels, disinfecting wipes, or moist towelettes, are small, pre-moistened pieces of paper or fabric that often come folded and individually wrapped for convenience. They are mainly used for cleaning or disinfecting. Wipes can be a paper, tissue or nonwoven; they are subjected to light rubbing or friction, in order to remove dirt or liquid from the surface. Consumers want wipes to absorb, retain or release dust or liquid on demand. One of the main benefits that wipes provide is convenience – using a wipe is quicker and easier than the alternative of dispensing a liquid and using another cloth/paper towel to clean or remove the liquid. Most wipes are made of non-woven fabric similar to those used in dryer sheets. The need for these handy, cleaning wipes started when people began traveling a lot. During these trips, they realized a necessity to clean up quickly and easily without stopping at a hotel or motel.



Uses & Market Potential:

Wet wipes are used for cleaning purposes like personal hygiene and household cleaning. Disposable wet wipes are moistened pieces of non-woven fabric that are used for cleaning or hygienic purposes. The wipes market is expected to witness market growth at a rate of 6.81% in the forecast period of 2021 to 2028. The rise in awareness regarding hygiene among consumers across the globe acts as one of the major factors driving the growth of wipes market. The increase in demand for clean-label products made from recyclable chemicals and renewable resources and rise in demand for specialty wipes for household to industrial including aerospace sector accelerate the wipes market growth. The introduction of various kinds of wipes such as intimate, wet, flushable, feminine and scented in accordance with their diversified applications and the increase in popularity of the wet wipes as they are known to be one of the best hygienic products further influence the wipes market. Additionally, rapid urbanization and industrialization increase in distribution of online wipes, expansion of retail sector, increase in health consciousness among people, change in lifestyle and surge in disposable income positively affect the wipes market. Furthermore, product innovations and new launches extend profitable opportunities to the wipes market players in the forecast period of 2021 to 2028.

Product:

Wet Wipes

Raw Material:

The raw materials required are:

- Non-Woven Fabric (such as Cotton and Rayon)
- Cleansing Ingredients
- Preservatives (Methyl and Propyl Paraben)
- Packaging Material (such as thermo-molded plastic tubs, etc.)

Manufacturing Process:

The steps are:

- Raw material procurement
- Formula Preparation
- Non-woven treatment
- Packaging

Area:

The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and polishing area. Also, some of the area of building is required for office staff facilities, office furniture, etc. Thus, the approximate total area required for complete industrial setup is 1500-2000Sqft.

Cost of Machines:

Machine	Quantity	Rate
Non-woven Roll Unwinding & Slitting Machine	1	300000
Charging Tank	1	55000
Wet Wipe Making Machine	1	415000
Vertical form fill and seal machine	1	285000
Total Amount		1055000

Power Requirement- The estimated Power requirement is taken at 20 HP.

Manpower Requirement– Following manpower is required:

- Machine operator-3
- Skilled/unskilled worker-4
- Helper-5
- Manager cum Accountant-1
- Sales Personnel-2

FINANCIALS

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	2.82	4.71	7.36	10.54
Add: Additions	1.74	-	-	-	-
Add: Net Profit	4.08	5.28	6.45	7.68	9.04
Less: Drawings	3.00	3.40	3.80	4.50	6.00
Closing Balance	2.82	4.71	7.36	10.54	13.58
CC Limit	5.29	5.29	5.29	5.29	5.29
Term Loan	9.24	6.93	4.62	2.31	-
Sundry Creditors	2.88	3.43	4.00	4.58	5.20
TOTAL :	20.24	20.36	21.27	22.73	24.07
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	11.55	11.55	11.55	11.55	11.55
Gross Dep.	1.68	3.12	4.34	5.39	6.28
Net Fixed Assets	9.87	8.43	7.21	6.16	5.27
Current Assets					
Sundry Debtors	4.22	5.22	6.15	7.13	8.17
Stock in Hand	4.54	6.56	7.66	8.80	9.99
Cash and Bank	1.61	0.14	0.25	0.63	0.65
TOTAL :	20.24	20.36	21.27	22.73	24.07

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PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	90.48	111.94	131.85	152.86	175.00
Total (A)	90.48	111.94	131.85	152.86	175.00
<u>B) COST OF SALES</u>					
Raw Material Consumed	57.60	68.54	79.91	91.69	103.92
Electricity Expenses	1.34	1.57	1.79	2.01	2.24
Repair & Maintenance	1.81	2.24	2.64	3.06	3.50
Labour & Wages	16.19	20.24	24.29	28.66	33.24
Depreciation	1.68	1.44	1.22	1.04	0.89
Cost of Production	78.63	94.02	109.85	126.47	143.79
Add: Opening Stock /WIP	-	2.62	3.13	3.66	4.22
Less: Closing Stock /WIP	2.62	3.13	3.66	4.22	4.79
Cost of Sales (B)	76.01	93.51	109.32	125.91	143.22
C) GROSS PROFIT (A-B)	14.47	18.43	22.53	26.94	31.78
	16.00%	16.46%	17.09%	17.63%	18.16%
D) Bank Interest i) (Term Loan)	1.13	0.92	0.67	0.41	0.16
ii) Interest On Working Capital	0.58	0.58	0.58	0.58	0.58
E) Salary to Staff	7.06	8.61	10.33	13.12	15.48
F) Selling & Adm Expenses Exp.	1.63	2.80	3.96	4.28	5.25
G) TOTAL (D+E+F)	10.39	12.91	15.53	18.39	21.47
H) NET PROFIT	4.08	5.52	7.00	8.55	10.31
	4.5%	4.9%	5.3%	5.6%	5.9%
I) Taxation	-	0.24	0.55	0.87	1.27
J) PROFIT (After Tax)	4.08	5.28	6.45	7.68	9.04

PROJECTED CASHFLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	1.74	-	-	-	-
Reserve & Surplus	4.08	5.52	7.00	8.55	10.31
Depreciation & Exp. W/off	1.68	1.44	1.22	1.04	0.89
Increase In Cash Credit	5.29	-	-	-	-
Increase In Term Loan	10.40	-	-	-	-
Increase in Creditors	2.88	0.55	0.57	0.59	0.61
TOTAL :	26.08	7.50	8.79	10.18	11.81
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	11.55	-	-	-	-
Increase in Stock	4.54	2.02	1.10	1.14	1.19
Increase in Debtors	4.22	1.00	0.93	0.98	1.03
Repayment of Term Loan	1.16	2.31	2.31	2.31	2.31
Taxation	-	0.24	0.55	0.87	1.27
Drawings	3.00	3.40	3.80	4.50	6.00
TOTAL :	24.47	8.97	8.68	9.80	11.80
Opening Cash & Bank Balance	-	1.61	0.14	0.25	0.63
Add : Surplus	1.61	1.47	0.11	0.38	0.02
Closing Cash & Bank Balance	1.61	0.14	0.25	0.63	0.65

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(10 Days requirement)	2.62	3.13	3.66	4.22	4.79
<u>Raw Material</u>					
(10 Days requirement)	1.92	3.43	4.00	4.58	5.20
Closing Stock	4.54	6.56	7.66	8.80	9.99

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	4.54		
Less:			
Sundry Creditors	2.88		
Paid Stock	1.66	0.17	1.49
Sundry Debtors	4.22	0.42	3.80
Working Capital Requirement			5.29
Margin			0.59
MPBF			5.29
Working Capital Demand			5.29

REPAYMENT SCHEDULE OF TERMLOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	10.40	10.40	0.29	-	10.40
	Iind Quarter	10.40	-	10.40	0.29	-	10.40
	IIIrd Quarter	10.40	-	10.40	0.29	0.58	9.82
	Ivth Quarter	9.82	-	9.82	0.27	0.58	9.24
					1.13	1.16	
II	Opening Balance						
	Ist Quarter	9.24	-	9.24	0.25	0.58	8.66
	Iind Quarter	8.66	-	8.66	0.24	0.58	8.09
	IIIrd Quarter	8.09	-	8.09	0.22	0.58	7.51
	Ivth Quarter	7.51		7.51	0.21	0.58	6.93
					0.92	2.31	
III	Opening Balance						
	Ist Quarter	6.93	-	6.93	0.19	0.58	6.35
	Iind Quarter	6.35	-	6.35	0.17	0.58	5.78
	IIIrd Quarter	5.78	-	5.78	0.16	0.58	5.20
	Ivth Quarter	5.20		5.20	0.14	0.58	4.62
					0.67	2.31	
IV	Opening Balance						
	Ist Quarter	4.62	-	4.62	0.13	0.58	4.04
	Iind Quarter	4.04	-	4.04	0.11	0.58	3.47
	IIIrd Quarter	3.47	-	3.47	0.10	0.58	2.89
	Ivth Quarter	2.89		2.89	0.08	0.58	2.31
					0.41	2.31	
V	Opening Balance						
	Ist Quarter	2.31	-	2.31	0.06	0.58	1.73
	Iind Quarter	1.73	-	1.73	0.05	0.58	1.16
	IIIrd Quarter	1.16	-	1.16	0.03	0.58	0.58
	Ivth Quarter	0.58		0.58	0.02	0.58	- 0.00
					0.16	2.31	

Door to Door Period 60 Months
Moratorium Period 6 Months
Repayment Period 54 Months

CALCULATION OF D.S.C.R

PARTICULARS	I	II	III	IV	V
<u>CASH ACCRUALS</u>	5.76	6.72	7.67	8.73	9.94
Interest on Term Loan	1.13	0.92	0.67	0.41	0.16
Total	6.89	7.64	8.34	9.14	10.09
<u>REPAYMENT</u>					
Repayment of Term Loan	1.16	2.31	2.31	2.31	2.31
Interest on Term Loan	1.13	0.92	0.67	0.41	0.16
Total	2.28	3.23	2.98	2.72	2.47
DEBT SERVICE COVERAGE RATIO	3.02	2.36	2.80	3.36	4.09
AVERAGE D.S.C.R.			3.08		

Assumptions:

1. Production Capacity of Wet Wipes Manufacturing unit is taken at 1600 Packets per day. First year, Capacity has been taken @ 30%. One Packet contains 10 wipes.
2. Working shift of 10 hours per day has been considered.
3. Raw Material stock and Finished goods closing stock has been taken for 10 days.
4. Credit period to Sundry Debtors has been given for 14 days.
5. Credit period by the Sundry Creditors has been provided for 15 days.
6. Depreciation and Income tax has been taken as per the Income tax Act,1961.
7. Interest on working Capital Loan and Term loan has been taken at 11%.
8. Salary and wages rates are taken as per the Current Market Scenario.
9. Power Consumption has been taken at 20 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

DISCLAIMER

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