

PROJECT REPORT

Of

BODY LOTION

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Body Lotion**.

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.]



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PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **BODY LOTION**
- 6 Name of the project / business activity proposed : **BODY LOTION MAKING UNIT**
- 7 Cost of Project : Rs.24.33 Lakhs
- 8 Means of Finance
- | | |
|-----------------|---------------|
| Term Loan | Rs.18.9 Lakhs |
| Own Capital | Rs.2.43 Lakhs |
| Working Capital | Rs.3 Lakhs |
- 9 Debt Service Coverage Ratio : 2.33
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 32%
- 13 Employment : 8 Persons
- 14 Power Requirement : 20.00 HP
- 15 Major Raw materials : Water, Oil,Emulsyfing wax,Stearic Acid,Preservatives & Fragrances
- 16 Estimated Annual Sales Turnover (Max Capacity) : 100.44 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	20.00
Furniture & Fixtures	1.00
Working Capital	3.33
Total	24.33

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.43
Working Capital(Finance)	3.00
Term Loan	18.90
Total	24.33

BODY LOTION

Introduction: A Body lotion is a low-viscosity topical preparation intended for application to the skin. By contrast, creams and gels have higher viscosity, typically due to lower water content. Body Lotions are applied to external skin with bare hands, a brush, a clean cloth, or cotton wool. While a lotion may be used as a medicine delivery system, many lotions, especially hand lotions and body lotions are meant instead to simply smooth, moisturize, soften and perhaps perfume the skin.

Types of body lotion: Different types of body lotion are available in the market, which are as follows:

- Dry skin care body lotion
- Soft skin care body lotion
- General purpose body lotion.

Note: This project report is based upon general purpose body lotion.



Benefits & Market Potential: Body lotion provides many benefits to people who make time to use it on a regular basis:

- Replenish extra dry or rough spots on the skin
- Rehydrated Dry Skin
- Soften the roughest parts of your body
- It is used to keep the body warm during cold season
- It is used to prevent cracked heels, lips, and skin

The body lotion segment of the Indian skin care market was an underpenetrated segment in 2011. Since the penetration of this segment was only 16% and was growing at a fast pace, it was the ideal decision to enter this market with their differentiated product proposition. Various skincare factors have led to increase in demand for body lotions. The global body lotion market is experiencing considerable growth owing to the increase in awareness of skin hygiene among the customers. These lotions can be used for oily, dry, and normal skin. Aftermath of the Novel Corona Virus has drastically reshaped trends of various industries and will have a similar impact on the body lotion market as well. The creams and lotions of over two hundred metric tons was produced in the south Asian country of India during fiscal year 2020.

Machinery & Equipments : Basic machines & equipments are as follows:

S No.	Machine	Unit	Price
1.	Ointment manufacturing plant 100 kg gmp model	1	1850000
2.	Other machines & equipments		150000
	Total Amount		2000000

Raw material: Major raw materials are as follows:

1. Water: aloe water, rose water, glycerin etc.
2. Oil: i.e. sweet almond oil, mineral oil, olive oil, sunflower oil, palm oil, aloe butter etc.
3. Emulsifying wax
4. Stearic acid
5. Preservative & Fragrance

Assuming Average raw material cost per bottle of 500 ml to be Rs 120-150

Manufacturing Process: All raw materials are procured from vendor and stored in raw material warehouse as per production requirement. The raw material are brought to plant and fed to their respective storage vessels utilizing appropriate material handling equipment. The measured quantity of raw material is inducted into mixer vessel utilizing appropriate feed control system using sensors like load cell and flow meter, from their respective storage vessels using appropriate pumps. The raw materials are inducted in their required sequence and mixed for predetermined time as per requirement of product. The temperature during mixing is maintained using water jackets of mixer vessel. Once the mixing is complete the product is pumped into holding tank of filling machine, from where it's filled in open tubes by the filling machine followed by which their bottoms are crimped using a crimping machine. The important details can be requested to be printed by the vendor supplying tubes for product or inject printing machine can be installed online, to print the same. The product filled tubes are then packed in cartons and sent for sale.

Area:

The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and auxiliary like Generator setup. Also some of the area of building is required for office staff facilities,

documentation, office furniture, etc. Thus, the approximate total area required for complete industrial setup is 1500 to 2000Sqft.

Power Requirement –The power consumption required to run all the machinery could be approximated as 20hp

Manpower Requirement- There are requirement of skilled machine operators to run the machine set. Experience quality engineers are required for desired quality control. Some helpers are also required to transfer the material from one work station to other. Office staffs are required to maintain the documentation. The approximate manpower required is 8 including 1 Supervisor, 1 Plant operator, 1 unskilled worker, 1 Helper and 1 Security guard. 3 Skilled worker including Accountant, Manager and Sales person.

Bank Term Loan: Rate of Interest is assumed to be at 11%

Depreciation: Depreciation has been calculated as per the Provisions of Income Tax Act, 1961

Approvals & Registration Requirement:

Basic registration required in this project:

- GST Registration
- Udyog Aadhar Registration (Optional)
- Choice of a Brand Name of the product and secure the name with Trademark if require.
- NOC from State Pollution Control Board
- License from cosmetic and drug control board.

Implementation Schedule:

S No.	Activity	Time required
1.	Acquisition of premises	1-2 Months
2.	Procurement & installation of Plant & Machinery	1-2 Months
3.	Arrangement of Finance	1.5-2 Months
4.	Requirement of required Manpower	1 Month
5.	Commercial Trial Runs	1 Month
	Total time Required (some activities shall run concurrently)	5-6 Months

FINANCIALS

PROJECTED CASH FLOW STATEMENT					
PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	2.43	-			
Reserve & Surplus	3.34	6.04	8.59	11.55	14.92
Depriciation & Exp. W/off	3.10	2.64	2.25	1.92	1.63
Increase In Cash Credit	3.00				
Increase In Term Loan	18.90	-	-	-	-
Increase in Creditors	1.80	0.26	0.28	0.29	0.31
TOTAL :	32.57	8.94	11.12	13.76	16.86
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	21.00	-	-	-	-
Increase in Stock	3.75	0.57	0.61	0.64	0.68
Increase in Debtors	1.90	0.40	0.33	0.35	0.37
Repayment of Term Loan	2.10	4.20	4.20	4.20	4.20
Taxation	-	0.60	0.86	1.16	1.49
Drawings	2.50	3.00	5.00	7.00	9.00
TOTAL :	31.25	8.77	10.99	13.35	15.74
Opening Cash & Bank Balance	-	1.32	1.49	1.61	2.03
Add : Surplus	1.32	0.17	0.13	0.41	1.12
Closing Cash & Bank Balance	1.32	1.49	1.61	2.03	3.14

PROJECTED BALANCE SHEET					
PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	3.27	5.70	8.44	11.83
Add: Additions	2.43	-	-	-	-
Add: Net Profit	3.34	5.43	7.73	10.40	13.43
Less: Drawings	2.50	3.00	5.00	7.00	9.00
Closing Balance	3.27	5.70	8.44	11.83	16.26
CC Limit	3.00	3.00	3.00	3.00	3.00
Term Loan	16.80	12.60	8.40	4.20	-
Sundry Creditors	1.80	2.06	2.34	2.63	2.94
TOTAL :	24.87	23.37	22.18	21.67	22.20
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	21.00	21.00	21.00	21.00	21.00
Gross Dep.	3.10	5.74	7.99	9.90	11.54
Net Fixed Assets	17.90	15.26	13.01	11.10	9.46
Current Assets					
Sundry Debtors	1.90	2.30	2.63	2.98	3.35
Stock in Hand	3.75	4.32	4.93	5.57	6.24
Cash and Bank	1.32	1.49	1.61	2.03	3.14
TOTAL :	24.87	23.37	22.18	21.67	22.20

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PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	57.00	68.99	78.87	89.36	100.44
Total (A)	57.00	68.99	78.87	89.36	100.44
B) COST OF SALES					
Raw Material Consumed	36.00	41.25	46.80	52.65	58.80
Electricity Expenses	1.61	1.77	1.93	2.10	2.26
Repair & Maintenance	1.14	1.38	1.58	1.79	2.01
Labour & Wages	5.92	6.81	7.63	8.70	9.56
Depreciation	3.10	2.64	2.25	1.92	1.63
Cost of Production	47.77	53.85	60.19	67.14	74.26
Add: Opening Stock/WIP	-	2.55	2.95	3.37	3.81
Less: Closing Stock/WIP	2.55	2.95	3.37	3.81	4.28
Cost of Sales (B)	45.22	53.46	59.77	66.70	73.79
C) GROSS PROFIT (A-B)	11.78	15.53	19.10	22.66	26.65
	20.66%	22.51%	24.22%	25.36%	26.53%
D) Bank Interest (Term Loan)	2.05	1.67	1.21	0.75	0.29
ii) Interest On Working Capital	0.33	0.33	0.33	0.33	0.33
E) Salary to Staff	3.78	4.73	5.81	6.45	7.10
F) Selling & Adm Expenses Exp.	2.28	2.76	3.15	3.57	4.02
TOTAL (D+E)	8.44	9.49	10.51	11.11	11.73
H) NET PROFIT	3.34	6.04	8.59	11.55	14.92
	5.9%	8.8%	10.9%	12.9%	14.9%
I) Taxation	-	0.60	0.86	1.16	1.49
J) PROFIT (After Tax)	3.34	5.43	7.73	10.40	13.43

COMPUTATION OF MAKING OF BODY LOTION			
Item to be Manufactured Body Lotion			
Manufacturing Capacity per day		100	Kg
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		30,000	Kg
Total Production per Annum		60,000	500 ml Bottles
Year		Capacity Utilisation	BODY LOTION
I		50%	30,000.00
II		55%	33,000.00
III		60%	36,000.00
IV		65%	39,000.00
V		70%	42,000.00

Raw Material Consumed	Capacity Utilisation	Rate per bottle	Amount (Rs.)
I	50%	120.00	36.00
II	55%	125.00	41.25
III	60%	130.00	46.80
IV	65%	135.00	52.65
V	70%	140.00	58.80

COMPUTATION OF SALE					
Particulars	I	II	III	IV	V
Op Stock	-	1,500.00	1,650.00	1,800.00	1,950.00
Production	30,000.00	33,000.00	36,000.00	39,000.00	42,000.00
Less : Closing Stock(15 Days)	30,000.00 1,500.00	34,500.00 1,650.00	37,650.00 1,800.00	40,800.00 1,950.00	43,950.00 2,100.00
Net Sale	28,500.00	32,850.00	35,850.00	38,850.00	41,850.00
Sale Price per bottle	200.00	210.00	220.00	230.00	240.00
Sale (in Lacs)	57.00	68.99	78.87	89.36	100.44

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
Finished Goods					
(15 Days requirement)	2.55	2.95	3.37	3.81	4.28
Raw Material					
(10 Days requirement)	1.20	1.38	1.56	1.76	1.96
Closing Stock	3.75	4.32	4.93	5.57	6.24

COMPUTATION OF WORKING CAPITAL REQUIREMENT			
Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	3.75		
Less:			
Sundry Creditors	1.80		
Paid Stock	1.95	0.20	1.76
Sundry Debtors	1.90	0.19	1.71
Working Capital Requirement			3.47
Margin			0.39
MPBF			3.47
Working Capital Demand			3.00

<u>BREAK UP OF LABOUR</u>				
Particulars		Wages	No of	Total
		Per Month	Employees	Salary
Supervisor		15,000.00	1	15,000.00
Plant Operator		10,000.00	1	10,000.00
Unskilled Worker		8,000.00	1	8,000.00
Helper		8,000.00	1	8,000.00
Security Guard		6,000.00	1	6,000.00
				47,000.00
Add: 5% Fringe Benefit				2,350.00
Total Labour Cost Per Month				49,350.00
Total Labour Cost for the year (In Rs. Lakhs)			5	5.92

<u>BREAK UP OF SALARY</u>				
Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Manager		12,000.00	1	12,000.00
Accountant cum store keeper		10,000.00	1	10,000.00
Sales		8,000.00	1	8,000.00
Total Salary Per Month				30,000.00
Add: 5% Fringe Benefit				1,500.00
Total Salary for the month				31,500.00
Total Salary for the year (In Rs. Lakhs)			3	3.78

COMPUTATION OF DEPRECIATION				
Description	Land	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		15.00%	10.00%	
Opening Balance	Leased	-	-	-
Addition	-	20.00	1.00	21.00
	-	20.00	1.00	21.00
		-	-	
TOTAL		20.00	1.00	21.00
Less : Depreciation	-	3.00	0.10	3.10
WDV at end of Ist year	-	17.00	0.90	17.90
Additions During The Year	-	-	-	-
	-	17.00	0.90	17.90
Less : Depreciation	-	2.55	0.09	2.64
WDV at end of IIInd Year	-	14.45	0.81	15.26
Additions During The Year	-	-	-	-
	-	14.45	0.81	15.26
Less : Depreciation	-	2.17	0.08	2.25
WDV at end of IIIrd year	-	12.28	0.73	13.01
Additions During The Year	-	-	-	-
	-	12.28	0.73	13.01
Less : Depreciation	-	1.84	0.07	1.92
WDV at end of IV year	-	10.44	0.66	11.10
Additions During The Year	-	-	-	-
	-	10.44	0.66	11.10
Less : Depreciation	-	1.57	0.07	1.63
WDV at end of Vth year	-	8.87	0.59	9.46

REPAYMENT SCHEDULE OF TERM LOAN					11.0%		
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter		18.90	18.90	0.52	-	18.90
	IInd Quarter	18.90	-	18.90	0.52	-	18.90
	IIIrd Quarter	18.90	-	18.90	0.52	1.05	17.85
	Ivth Quarter	17.85	-	17.85	0.49	1.05	16.80
					2.05	2.10	
II	Opening Balance						
	Ist Quarter	16.80	-	16.80	0.46	1.05	15.75
	IInd Quarter	15.75	-	15.75	0.43	1.05	14.70
	IIIrd Quarter	14.70	-	14.70	0.40	1.05	13.65
	Ivth Quarter	13.65		13.65	0.38	1.05	12.60
					1.67	4.20	
III	Opening Balance						
	Ist Quarter	12.60	-	12.60	0.35	1.05	11.55
	IInd Quarter	11.55	-	11.55	0.32	1.05	10.50
	IIIrd Quarter	10.50	-	10.50	0.29	1.05	9.45
	Ivth Quarter	9.45		9.45	0.26	1.05	8.40
					1.21	4.20	
IV	Opening Balance						
	Ist Quarter	8.40	-	8.40	0.23	1.05	7.35
	IInd Quarter	7.35	-	7.35	0.20	1.05	6.30
	IIIrd Quarter	6.30	-	6.30	0.17	1.05	5.25
	Ivth Quarter	5.25		5.25	0.14	1.05	4.20
					0.75	4.20	
V	Opening Balance						
	Ist Quarter	4.20	-	4.20	0.12	1.05	3.15
	IInd Quarter	3.15	-	3.15	0.09	1.05	2.10
	IIIrd Quarter	2.10	-	2.10	0.06	1.05	1.05
	Ivth Quarter	1.05		1.05	0.03	1.05	0.00
					0.29	4.20	

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

<u>CALCULATION OF D.S.C.R</u>					
PARTICULARS	I	II	III	IV	V
<u>CASH ACCRUALS</u>	6.44	8.07	9.98	12.31	15.06
Interest on Term Loan	2.05	1.67	1.21	0.75	0.29
Total	8.49	9.75	11.20	13.06	15.35
<u>REPAYMENT</u>					
Repayment of Term Loan	2.10	4.20	4.20	4.20	4.20
Interest on Term Loan	2.05	1.67	1.21	0.75	0.29
Total	4.15	5.87	5.41	4.95	4.49
DEBT SERVICE COVERAGE RATIO	2.04	1.66	2.07	2.64	3.42
AVERAGE D.S.C.R.			2.33		

<u>COMPUTATION OF ELECTRICITY</u>				
<u>(A) POWER CONNECTION</u>				
Total Working Hour per day		Hours		8
Electric Load Required		HP		20
Load Factor				0.7460
Electricity Charges		per unit		7.50
Total Working Days				300
Electricity Charges				2,68,560.00
Add : Minimim Charges (@ 10%)				
<u>(B) DG set</u>				
No. of Working Days			300	days
No of Working Hours			0.3	Hour per day
Total no of Hour			90	
Diesel Consumption per Hour			8	
Total Consumption of Diesel			720	
Cost of Diesel			65.00	Rs. /Ltr
Total cost of Diesel			0.47	
Add : Lube Cost @15%			0.07	
Total			0.54	
Total cost of Power & Fuel at 100%				3.22
	Year	Capacity		Amount
				(in Lacs)
	I	50%		1.61
	II	55%		1.77
	III	60%		1.93
	IV	65%		2.10
	V	70%		2.26

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