

PROJECT REPORT

Of

MOUTH FRESHNER UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Mouth Freshner 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.]

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PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **MOUTH FRESHNER**
- 6 Name of the project / business activ **MOUTH FRESHNER MANUFACTURING UNIT**
- 7 Cost of Project : Rs. 12.47 Lakhs
- 8 Means of Finance
- Term Loan Rs. 7.72 Lakhs
- Own Capital Rs. 1.25 Lakhs
- Working Capital Rs. 3.15 Lakhs
- 9 Debt Service Coverage Ratio : 3.66
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 6-7 Months
- 12 Break Even Point : 42%
- 13 Employment : 15 Persons
- 14 Power Requirement : 10.00 KW
- 15 Major Raw materials : Fennel, dry dates, cardomon etc.
- 16 Estimated Annual Sales Turnov : 58.00 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	7.08
Miss Assets	1.50
Furniture & Fixtures	
Working Capital	3.89
Total	12.47

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.25
Working Capital(Finance)	3.50
Term Loan	7.72
Total	12.47

1. INTRODUCTION

MOUTH FRESHNER (FLAVOURED)



Mouth Freshener known as Mukhwas is an after-meal snack or digestive aid widely used as a mouth freshener. Unlike the common idea of mouth freshener which is associated with mint or mint sprays, mukhwas generally contain various seeds and nuts, like fennel seeds, anise seeds and sesame seeds to name a few. Mouth fresheners help freshen the breath, cover up bad odor and maintain good oral hygiene.

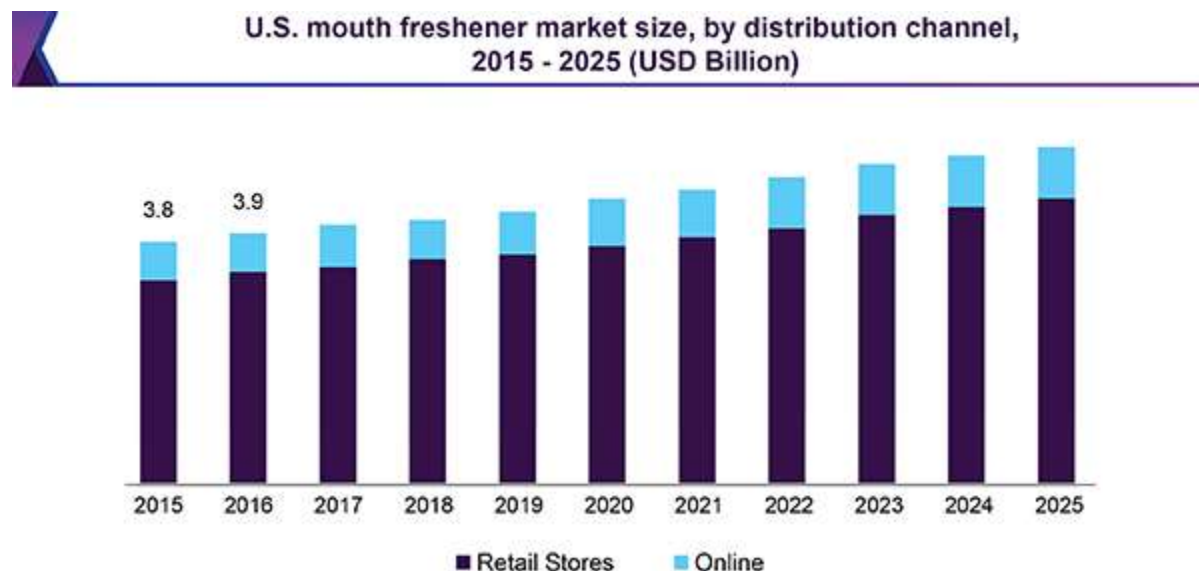
Indian meals are divided in multiple courses and is heavy in nature, therefore mukhwas /mouth fresheners become an essential part of the meal, as it acts both as a digestive aid after a heavy meal and breath freshener. Several Indian restaurants too serve mukhwas after the meal.

Mouth freshener is primarily used as an oral hygiene product in order to reduce or prevent bad odor of mouth. Different types of mouth fresheners are available in market including mouth spray, chewing gums, breath strips, flavored candies, mouth wash and many more. The market players are

offering mouth fresheners in the forms of liquid, sprays, tablet, and gums. Both the sugar-free and conventional mouth fresheners are available in online and offline retail stores. A wide range of flavors such as mint, menthol, fruit flavors, chocolate, and spices & herbs are added to the mouth fresheners by the product manufacturers to provide a variety of choices to the consumers. The use of mouth freshener is quite common among youths and adult population.

2. MARKET POTENTIAL:

The global mouth freshener market was worth USD 12.31 billion in 2018 and is expected to expand at a significant CAGR of 5.0% during the forecast period. Increasing awareness regarding oral care is among the prominent factors driving growth. Moreover, increasing the usage of tobacco and alcohol is propelling product demand.



Furthermore, the high consumption of junk food, tobaccos, and alcohol has led to an increase in oral problems such as plaque, stained teeth, and bad odor. For instance, according to the World Health Organization (WHO), half of the global population suffers from oral problems. This factor is anticipated to drive the adoption of mouth fresheners, which in turn is projected to drive the mouth freshener market growth.

In countries such as India, consumers prefer to have mouth freshener after meals as well. The availability of a wide variety of mouth fresheners is projected to impel market growth soon. The growing awareness of oral care is one of the major trends being witnessed in the global mouth fresheners market over the forecast period.

3. PRODUCT DESCRIPTION

3.1 PRODUCT BENEFITS & MARKET SEGMENT

- Mouth fresheners help in combating bad breath and they are like your quick fix for killing the odour, after a heavy meal. There are various types of natural mouth fresheners available in your kitchen cabinet and they are easy to carry.
- Cardamom is widely used as a mouth freshener in India since it is effective in fighting bad breath. It also fights ulcers or other infections of the mouth.
- Helps in digestion of food.
- Mouth Freshener contains many magic seeds that can help you lose weight, by boosting metabolism.

Market Segment

- a) Retail stores segment is anticipated to continue dominating the market in terms of the market share. Easy availability is the prominent factor driving the segment growth. Presence of a large number of outlets and easy product availability are expected to fuel the growth of this distribution channel in near future.
- b) Online stores segment is anticipated to witness robust CAGR of 5.6% during the forecast period. Increasing internet penetration in rural areas, faster and trusted delivery by various online portals, and easy replacements options are driving the segment. Also, the young working consumers with hectic schedule prefer online distribution channels due to easy access and doorstep service. This factor is projected to bode well for the segment growth in the forthcoming years.

3.2 Raw Material sources

Following raw material is required as the major raw material for the mouth freshener manufacturing process.

S.N.	Description	Amount
1	plain fennel	Rs. 90-110 Per KG
2	Dry Dates	Rs. 180-200 Per KG
3	Cardamom	Rs.1000 Per KG
4	Sugar candy (Mishri)	Rs. 40-50 Per KG

5	Mint Ball	Rs. 300-350 Per KG
6	Parafin Oil	Rs.120-150 Per Liter
7	Sugar coated Fennel	Rs.160-170 Per KG

Average raw material (cost per KG): Rs. 250-300

3.3 Machine Description

1. **Mixing machine:** Mixing machine is used for the mixing of all the ingredients of mouth freshener.



2. **Packaging Machine:** Used for packaging of mouth freshener into small packets like: 10 Gram, 20 gram packets.



3. **Batch coder:** Batch coding (also known as lot coding) is a critical part of traceability. The Food and Drug Administration (FDA) defines the code as “a specific identified portion of a batch, that is uniform and that is intended to meet specifications for identity, purity, and composition”.



Other Equipments:

- Storage tank: for storing of raw material and mixed unpacked mouth freshener.



3.4 MANUFACTURING PROCESS

- Procurement of raw material.
- Putting all the raw material into the mixer machine for mixing of ingredients.
- Sent the mixture into packaging section after mixing process.

- Packaging and wrapping of raw material with the help of packaging machine.
- Marking of Batch number, Date of manufacturing and expiry date with the help of coding machine.
- Packaging of goods in carton.
- Transportation of goods according to market demand.

4. PROJECT COMPONENTS

4.1 Land

Land required 1000 square feet approx.

Approximate rent for the same is Rs.20000-22000 per month.

4.2 Plant & Machinery

Main Machinery section

S.N.	Item Description	Rate
1	Mixing Machine	1,50,000
2	Packaging Machine	1,10,000
3	Batch Coder Machine	3,00,000
4	Other equipment's- Bins, collection tank, storage tank (Ls)	40,000
	Sub-Total	6,00,000
	GST @18%	1,08,000
	Total	7,08,000

5. FINANCIALS

5.1 Cost of Project

COST OF PROJECT			
(in Lacs)			
PARTICULARS	AMOUNT	Own Contribution	Bank Finance
		10.00%	90.00%
Land & Building		Owned /rented	
Plant & Machinery	7.08	0.71	6.37
Miscellaneous Assets	1.50	0.15	1.35
Working capital	3.89	0.39	3.50
Total	12.47	1.25	11.22

5.2 Means of Finance

MEANS OF FINANCE	
(in Lacs)	
PARTICULARS	AMOUNT
Own Contribution	1.25
Bank Loan	7.72
Working capital Limit	3.50
Total	12.47

5.3 Projected Balance Sheet

(in Lacs)					
PROJECTED BALANCE SHEET					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Liabilities</u>					
Capital					
opening balance		2.51	3.92	4.77	6.14
Add:- Own Capital	1.25				
Add:- Retained Profit	3.77	4.91	5.85	6.87	7.87
Less:- Drawings	2.50	3.50	5.00	5.50	6.00
Closing Balance	2.51	3.92	4.77	6.14	8.01
Term Loan	6.86	5.15	3.43	1.72	-
Working Capital Limit	3.50	3.50	3.50	3.50	3.50
Sundry Creditors	1.12	1.27	1.43	1.59	1.76
Provisions & Other Liab	0.25	0.38	0.56	0.68	0.84
TOTAL :	14.25	14.22	13.69	13.62	14.12
<u>Assets</u>					
Fixed Assets (Gross)	8.58	8.58	8.58	8.58	8.58
Gross Dep.	1.21	2.25	3.14	3.90	4.55
Net Fixed Assets	7.37	6.33	5.44	4.68	4.03
Current Assets					
Sundry Debtors	1.55	1.80	2.01	2.23	2.46
Stock in Hand	3.76	4.25	4.77	5.30	5.85
Cash and Bank	1.57	1.83	1.47	1.41	1.78
TOTAL :	14.25	14.22	13.69	13.62	14.12

5.4 Projected Cash Flow

(in Lacs)					
PROJECTED CASH FLOW STATEMENT					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	1.25				
Net Profit	3.77	4.91	5.94	7.08	8.30
Depriciation & Exp. W/off	1.21	1.04	0.89	0.76	0.65
Increase in Cash Credit	3.50	-	-	-	-
Increase In Term Loan	7.72	-	-	-	-
Increase in Creditors	1.12	0.15	0.16	0.17	0.17
Increase in Provisions & Oth lib	0.25	0.13	0.19	0.11	0.17
TOTAL :	18.82	6.22	7.18	8.12	9.29
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	8.58				
Increase in Stock	3.76	0.49	0.51	0.53	0.55
Increase in Debtors	1.55	0.25	0.21	0.22	0.23
Repayment of Term Loan	0.86	1.72	1.72	1.72	1.72
Drawings	2.50	3.50	5.00	5.50	6.00
Taxation	-	-	0.10	0.22	0.43
TOTAL :	17.25	5.96	7.54	8.18	8.92
Opening Cash & Bank Balance	-	1.57	1.83	1.47	1.41
Add : Surplus	1.57	0.26	(0.36)	(0.06)	0.37
Closing Cash & Bank Balance	1.57	1.83	1.47	1.41	1.78

5.5 Projected Profitability

(in Lacs)					
PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	50%	55%	60%	65%	70%
<u>SALES</u>					
Gross Sale					
MOUTH FRESHENER	58.00	67.45	75.39	83.64	92.18
Total	58.00	67.45	75.39	83.64	92.18
COST OF SALES					
Raw Material Consumed	42.00	47.59	53.47	59.66	66.18
Electricity Expenses	0.59	0.65	0.71	0.78	0.86
Depreciation	1.21	1.04	0.89	0.76	0.65
Labour	4.80	5.28	5.81	6.39	7.03
Repair & maintenace	0.58	0.67	0.75	0.84	0.92
Packaging Charges	0.71	1.01	1.13	1.00	0.65
Cost of Production	49.89	56.24	62.76	69.44	76.29
Add: Opening Stock /WIP	-	1.66	1.87	2.09	2.31
Less: Closing Stock /WIP	1.66	1.87	2.09	2.31	2.54
Cost of Sales	48.23	56.03	62.54	69.21	76.06
GROSS PROFIT	9.77	11.42	12.85	14.42	16.12
GP Ratio	16.84%	16.93%	17.04%	17.24%	17.49%
staff charges	0.72	0.79	0.87	0.96	1.05
Interest on Term Loan	0.76	0.67	0.48	0.29	0.10
Interest on working Capital	0.39	0.39	0.39	0.39	0.39

Rent	2.40	2.64	2.90	3.19	3.51
selling & adm exp	1.74	2.02	2.26	2.51	2.77
TOTAL	6.00	6.51	6.90	7.34	7.82
NET PROFIT	3.77	4.91	5.94	7.08	8.30
	6.49%	7.28%	7.88%	8.47%	9.00%
Taxation			0.10	0.22	0.43
PROFIT (After Tax)	3.77	4.91	5.85	6.87	7.87

5.6 Production and Yield

<u>COMPUTATION OF PRODUCTION OF MOUTH FRESHENER</u>		
Items to be Manufactured		
MOUTH FRESHENER		
Machine capacity per hour	100	KG
Working Hours in a Day	8	Hours
Working Days in a month	25	Days
Working Days Per annum	300	Days
machine capacity per annum	30,000	KG
Final Output		
1 packet size	10	Gram
MOUTH FRESHENER Packets in a Day	10000	Packets
MOUTH FRESHENER Packets Per Annum	3,000,000	Packets

5.8 Working Capital Assessment

(in Lacs)					
COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Finished Goods</u>					
	1.66	1.87	2.09	2.31	2.54
<u>Raw Material</u>					
	2.10	2.38	2.67	2.98	3.31
Closing Stock	3.76	4.25	4.77	5.30	5.85

COMPUTATION OF WORKING CAPITAL REQUIREMENT					
TRADITIONAL METHOD					
Particulars	Amount	Own Margin		Bank Finance	
Finished Goods & Raw Material	3.76				
Less : Creditors	1.12				
Paid stock	2.64	10%	0.26	90%	2.38
Sundry Debtors	1.55	10%	0.15	90%	1.39
	4.19		0.42		3.77
WORKING CAPITAL LIMIT DEMAND (from Bank)				3.50	

5.10 DSCR

<u>CALCULATION OF D.S.C.R</u>					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	4.98	5.95	6.73	7.63	8.53
Interest on Term Loan	0.76	0.67	0.48	0.29	0.10
Total	5.74	6.62	7.21	7.92	8.63
<u>REPAYMENT</u>					
Instalment of Term Loan	0.86	1.72	1.72	1.72	1.72
Interest on Term Loan	0.76	0.67	0.48	0.29	0.10
Total	1.62	2.38	2.20	2.01	1.82
DEBT SERVICE COVERAGE RATIO	3.55	2.78	3.29	3.95	4.75
AVERAGE D.S.C.R.	3.66				

5.12 Repayment schedule

Repayment Schedule							
						Interest	11.00%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
1st	Opening Balance						
	1st month	-	7.72	7.72	-	-	7.72
	2nd month	7.72	-	7.72	0.07	-	7.72
	3rd month	7.72	-	7.72	0.07	-	7.72
	4th month	7.72	-	7.72	0.07		7.72
	5th month	7.72	-	7.72	0.07		7.72
	6th month	7.72	-	7.72	0.07		7.72
	7th month	7.72	-	7.72	0.07	0.14	7.58
	8th month	7.58	-	7.58	0.07	0.14	7.44
	9th month	7.44	-	7.44	0.07	0.14	7.29
	10th month	7.29	-	7.29	0.07	0.14	7.15
	11th month	7.15	-	7.15	0.07	0.14	7.01
	12th month	7.01	-	7.01	0.06	0.14	6.86
					0.76	0.86	
2nd	Opening Balance						
	1st month	6.86	-	6.86	0.06	0.14	6.72
	2nd month	6.72	-	6.72	0.06	0.14	6.58
	3rd month	6.58	-	6.58	0.06	0.14	6.44
	4th month	6.44	-	6.44	0.06	0.14	6.29
	5th month	6.29	-	6.29	0.06	0.14	6.15
	6th month	6.15	-	6.15	0.06	0.14	6.01
	7th month	6.01	-	6.01	0.06	0.14	5.86
	8th month	5.86	-	5.86	0.05	0.14	5.72
	9th month	5.72	-	5.72	0.05	0.14	5.58
	10th month	5.58	-	5.58	0.05	0.14	5.43
	11th month	5.43	-	5.43	0.05	0.14	5.29
	12th month	5.29	-	5.29	0.05	0.14	5.15
					0.67	1.72	
3rd	Opening Balance						
	1st month	5.15	-	5.15	0.05	0.14	5.01
	2nd month	5.01	-	5.01	0.05	0.14	4.86
	3rd month	4.86	-	4.86	0.04	0.14	4.72
	4th month	4.72	-	4.72	0.04	0.14	4.58
	5th month	4.58	-	4.58	0.04	0.14	4.43
	6th month	4.43	-	4.43	0.04	0.14	4.29

	7th month	4.29	-	4.29	0.04	0.14	4.15
	8th month	4.15	-	4.15	0.04	0.14	4.00
	9th month	4.00	-	4.00	0.04	0.14	3.86
	10th month	3.86	-	3.86	0.04	0.14	3.72
	11th month	3.72	-	3.72	0.03	0.14	3.58
	12th month	3.58	-	3.58	0.03	0.14	3.43
					0.48	1.72	
4th	Opening Balance						
	1st month	3.43	-	3.43	0.03	0.14	3.29
	2nd month	3.29	-	3.29	0.03	0.14	3.15
	3rd month	3.15	-	3.15	0.03	0.14	3.00
	4th month	3.00	-	3.00	0.03	0.14	2.86
	5th month	2.86	-	2.86	0.03	0.14	2.72
	6th month	2.72	-	2.72	0.02	0.14	2.57
	7th month	2.57	-	2.57	0.02	0.14	2.43
	8th month	2.43	-	2.43	0.02	0.14	2.29
	9th month	2.29	-	2.29	0.02	0.14	2.15
	10th month	2.15	-	2.15	0.02	0.14	2.00
	11th month	2.00	-	2.00	0.02	0.14	1.86
	12th month	1.86	-	1.86	0.02	0.14	1.72
					0.29	1.72	
5th	Opening Balance						
	1st month	1.72	-	1.72	0.02	0.14	1.57
	2nd month	1.57	-	1.57	0.01	0.14	1.43
	3rd month	1.43	-	1.43	0.01	0.14	1.29
	4th month	1.29	-	1.29	0.01	0.14	1.14
	5th month	1.14	-	1.14	0.01	0.14	1.00
	6th month	1.00	-	1.00	0.01	0.14	0.86
	7th month	0.86	-	0.86	0.01	0.14	0.72
	8th month	0.72	-	0.72	0.01	0.14	0.57
	9th month	0.57	-	0.57	0.01	0.14	0.43
	10th month	0.43	-	0.43	0.00	0.14	0.29
	11th month	0.29	-	0.29	0.00	0.14	0.14
	12th month	0.14	-	0.14	0.00	0.14	-
					0.10	1.72	
	DOOR TO DOOR	60	MONTHS				
	MORATORIUM PERIOD	6	MONTHS				
	REPAYMENT PERIOD	54	MONTHS				

7. ASSUMPTIONS

Item	Remarks
Sales Volume Increase Per Annum	5%
Sales Price Increase Per Annum	5%
Increase in Staff Salaries	10% Per annum
Increase in Utilities	10% Per Annum
Loan Period	5 years
Loan Installments	Monthly
Financial Charges	10% per annum
Working Days Per annum	300 Days

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