

PROJECT REPORT

Of

PERFUME MANUFACTURING UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Perfume 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.]



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PERFUME MANUFACTURING UNIT

Introduction

Perfume is a mixture of fragrant essential oils or aroma compounds, fixatives and solvents, used to give the human body, animals, food, objects, and living-spaces an agreeable scent. It is usually in liquid form and used to give a pleasant scent to a person's body. Ancient texts and archaeological excavations show the use of perfumes in some of the earliest human civilizations. Modern perfumery began in the late 19th century with the commercial synthesis of aroma compounds such as vanillin or coumarone, which allowed for the composition of perfumes with smells previously unattainable solely from natural aromatics alone.

The word perfume derives from the Latin perfumer, meaning "to smoke through". Perfumery, as the art of making perfumes, began in ancient Mesopotamia, Egypt, the Indus Valley Civilization and maybe Ancient China. It was further refined by the Romans and the Arabs.

In India, perfume and perfumery existed in the Indus civilization.

Fragrance Notes

Perfume is described in a musical metaphor as having three sets of notes, making the harmonious scent accord. The notes unfold over time, with the immediate impression of the top note leading to the deeper middle notes, and the base notes gradually appearing as the final stage. These notes are created carefully with knowledge of the evaporation process of the perfume.

- **Top notes:** Also called the head notes. The scents that are perceived immediately on application of a perfume. Top notes consist of small, light molecules that evaporate quickly. They form a person's initial impression of a perfume and thus are very important in the selling of a perfume. Examples of top notes include mint, lavender and coriander.
- **Middle notes:** Also referred to as heart notes. The scent of a perfume that emerges just prior to the dissipation of the top note. The middle note compounds form the "heart" or main body of a

perfume and act to mask the often unpleasant initial impression of base notes, which become more pleasant with time. Examples of middle notes include seawater, sandalwood and jasmine.

- **Base notes:** The scent of a perfume that appears close to the departure of the middle notes. The base and middle notes together are the main theme of a perfume. Base notes bring depth and solidity to a perfume. Compounds of this class of scents are typically rich and "deep" and are usually not perceived until 30 minutes after application. Examples of base notes include tobacco, amber and musk.

The scents in the top and middle notes are influenced by the base notes; conversely, the scents of the base notes will be altered by the types of fragrance materials used as middle notes. Manufacturers who publish perfume notes typically do so with the fragrance components presented as a fragrance pyramid, using imaginative and abstract terms for the components listed.

Ingredients

some of the important ingredients of perfume include – rose flower extraction, carrier oil & DM water.

Description of Perfume Machine

Machinery for perfume includes the following:

- Blending Machine
- Packaging machine (Automatic/ Normal)
- Chemical testing equipment
- Flavour extraction unit

These Machines are used to produce perfume from different types of raw material. With the help of this machine the work of mixing, formulation & packaging completes in a very short span.

Perfume Market Analysis

According to industry estimates, the overall size of the Indian perfume industry is currently estimated at Rs. 2000 crores,

projected to grow by 50 percent (Rs.3000 crores) by the year 2020. The current online perfume market is estimated at Rs.148 crores projected to grow by approximately 120% to Rs 345 crores.

Perfume Manufacturing Process

- Put all the raw material into the blending mixer.
- After that mix the mixture
- Add DM water into the mixture
- Next step is to extrude the material with the help of plodder/ extruder.
- Add colour and perfume
- Filling of perfume into the bottles.
- Packaging of Goods

Machinery & Equipment's required:

Name	Cost
Total Machine cost	350000
Total	350000

- ❖ Cost of the machine is exclusive of GST & value of the machine varies with the change in batch size.

Land & Building required:

Land required 300 Square Feet (approx.)

Approximate construction cost for the same is 200000. (approx.)

Labour Requirement:

3 Manpower is required for the Perfume unit.

Includes:

1 skilled Labour

2 Unskilled Labour

Raw Material Requirement of Perfume unit

- ❖ **Rose Flower extraction**
- ❖ **Carrier Oil**
- ❖ **DM water**

Average raw material cost per Litre: Rs. 300

Perfume License & registration

For Proprietor:

- Obtain the GST registration.
- Fire/ Pollution Registration as required.
- Choice of a Brand Name of the product and secure the name with Trademark if required.

Implementation Schedule

S.N.	Activity	Time Required (in Months)
1	Acquisition Of premises	1
2	Construction (if Applicable)	1- 2 Months
3	Procurement & installation of Plant & Machinery	1
4	Arrangement of Finance	1
5	Requirement of required Manpower	1
	Total time Required (some activities shall run concurrently)	2-3 Months

Conclusion:

After completion of manufacturing process, product is ready to sell in the market. This machine can be installed with low investment & one can earn a good Margin of profit by doing this business.

PROJECT AT A GLANCE

- 1** Name of the Entrepreneur **XX**
Constitution (legal Status)
- 2** : **XX**
- 3** Father's/Spouce's Name **XX**
- 4** Unit Address :
- Taluk/Block: **XX**
District : **XX**
Pin:
E-Mail : **XX**
Mobile **XX**
- 5** Product and By Product : Perfume
Name of the project / business
- 6** activity proposed :
- 7** Cost of Project : **Rs.** 7.63
- 8** **Means of Finance**
- Term Loan **Rs.** 6.87 Lacs
25% of 7.63 Lacs (1.91
KVIC Margin Money **Rs.** Lacs)
- Own Capital **Rs.** 1.06 Lacs
- 9** Debt Service Coverage Ratio :
- 10** Pay Back Period : 5 years
- 11** Project Implementation Period : 6 months
- 12** Employment :
- 13** Power Requirement : 2 KW connection
rose flower extraction,
carrier oil
- 14** Major Raw materials :
Estimated Annual Sales Turnover 40.53 Lacs (at 50%
capacity)
- 15** :
16 Detailed Cost of Project & Means of
Finance

COST OF PROJECT

(Rs. In Lacs)

Particulars	Amount
Land	
Building & Civil Work	2.50
Plant & Machinery	4.13
Furniture & Fixtures	1.00

MEANS OF FINANCE

Pre-operative Expenses	
Contingencies	
Working Capital Requirement	3.00
Total	10.63

Particulars	Amount
Own Contribution	1.06
Bank Finance	6.87
working capital from bank	2.70
Total	10.63
KVIC Margin Money	25% of 7.63 Lacs (1.91 Lacs)

FINANCIAL ASSISTANCE REQUIRED

Term Loan of Rs. 6.87 Lacs and Working Capital limit of Rs. 2.70 Lacs

COST OF PROJECT

PARTICULARS	AMOUNT	AMOUNT	AMOUNT
		10.00%	90.00%
Building Civil Work	2.50	0.25	2.25
Plant & Machinery Furniture & Fixtures and Other Assets	4.13	0.41	3.72
Working capital	3.00	0.30	2.70
Total	10.63	1.06	9.57

MEANS OF FINANCE

PARTICULARS	AMOUNT
Own Contribution	1.06
Bank Loan	6.87
Working capital Limit	2.70
Total	10.63

COMPUTATION OF PRODUCTION OF Perfume

Items to be Manufactured		
Perfume		
machine capacity per day		50 litre
machine capacity per annum		12000 litre
wastage		5%
Final production	12,632	Litre

Production of Perfume		
Production	Capacity	Liter
1st year	50%	6,316
2nd year	53%	6,695
3rd year	55%	6,947
4th year	58%	7,326
5th year	60%	7,579

Raw Material Cost			
Year	Capacity Utilisation	Litre	Amount (Rs. in lacs)
1st year	50%	300.00	18.00
2nd year	53%	305.00	19.40
3rd year	55%	310.00	20.46
4th year	58%	315.00	21.92
5th year	60%	320.00	23.04

Packaging Charges			
year	bottle	Rate per piece	Amount (Rs. in lacs)
1st year	6,316	25.00	1.58
2nd year	6,695	26.00	1.74
3rd year	6,947	27.00	1.88
4th year	7,326	28.00	2.05
5th year	7,579	29.00	2.20

<u>COMPUTATION OF SALE</u>					
Particulars	1st year	2nd year	3rd year	4th year	5th year
Op Stock	-	526	558	579	611
Production	6,316	6,695	6,947	7,326	7,579
Less : Closing Stock	526	558	579	611	632
Net Sale	5,789	6,663	6,926	7,295	7,558
sale price per piece	700.00	710.00	720.00	730.00	740.00
Sales (in Lacs)	40.53	47.31	49.87	53.25	55.93

BREAK UP OF LABOUR CHARGES

Particulars	Wages	No of	Total
	Per Month	Employees	Salary
Skilled	20000	1	20000
Unskilled	15000	1	15000
Total Salary Per Month			35000
Total Annual Labour Charges	(in Lacs)		4.20

BREAK UP OF STAFF Charges

Particulars	Wages	No of	Total
	Per Month	Employees	Salary
Chemical Engineer	25000	1	25000
Helper	8000	1	8000
Total Salary Per Month			33000
Total Annual Labour Charges	(in Lacs)		3.96

Utility Charges at 100% capacity (per month)

Particulars	value	Description
Power connection required	2	KWH
consumption per day	20	units
Consumption per month	400	units
Rate per Unit	7	Rs.
power Bill per month	2800	Rs.

PROJECTED PROFITABILITY STATEMENT					
	-	-	-		
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	50%	53%	55%	58%	60%
<u>SALES</u>					
Gross Sale					
Perfume	40.53	47.31	49.87	53.25	55.93
Total	40.53	47.31	49.87	53.25	55.93
<u>COST OF SALES</u>					
Raw Mateiral Consumed	18.00	19.40	20.46	21.92	23.04
Elecricity Expenses	0.34	0.37	0.41	0.45	0.49
Depriciation	0.97	0.84	0.73	0.64	0.55
Consumables	2.63	3.08	3.24	3.46	3.64
Repair & maintenace	1.70	1.99	2.09	2.24	2.35
other direct expenses	1.62	1.89	1.99	2.13	2.24
Bottle charges	1.58	1.74	1.88	2.05	2.20
Labour	4.20	4.62	5.08	5.59	6.15
Cost of Production	31.04	33.92	35.89	38.48	40.65
Add: Opening Stock /WIP	-	2.59	2.83	2.99	3.21
Less: Closing Stock /WIP	2.59	2.83	2.99	3.21	3.39
Cost of Sales	28.45	33.68	35.72	38.26	40.47
GROSS PROFIT	12.07	13.62	14.15	14.99	15.46
salary to staff	3.96	4.36	4.79	5.27	5.53
Interest on Term Loan	0.68	0.64	0.52	0.40	0.07
Interest on working Capital	0.32	0.32	0.32	0.32	0.32
Selling & adm Exp	4.46	5.20	4.99	5.06	5.03

TOTAL	9.42	10.53	10.63	11.06	10.96
NET PROFIT	2.65	3.10	3.52	3.93	4.50
Taxation					
PROFIT (After Tax)	2.65	3.10	3.52	3.93	4.50

PROJECTED BALANCE SHEET

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Liabilities</u>					
Capital					
opening balance		2.21	3.31	4.08	5.22
<i>Add:- Own Capital</i>	1.06				
Add:- Retained Profit	2.65	3.10	3.52	3.93	4.50
Less:- Drawings	1.50	2.00	2.75	2.80	3.00
Closing Blance	2.21	3.31	4.08	5.22	6.71
Subsidy Reserve	1.91	1.91	1.91	-	-
Term Loan	6.33	5.25	4.17	1.21	-
Working Capital Limit	2.70	2.70	2.70	2.70	2.70
Sundry Creditors	0.75	0.81	0.85	1.37	1.34
Provisions & Other Liab	0.30	0.40	0.55	0.66	0.83
TOTAL :	14.20	14.38	14.26	11.15	11.58
<u>Assets</u>					
Fixed Assets (Gross)	7.63	7.63	7.63	7.63	7.63
Gross Dep.	0.97	1.81	2.54	3.18	3.73
Net Fixed Assets	6.66	5.82	5.09	4.45	3.90
FD of Subsidy	1.91	1.91	1.91		
Current Assets					
Sundry Debtors	0.84	1.58	2.08	2.00	2.10
Stock in Hand	2.96	3.23	3.42	3.66	3.87
Cash and Bank	1.82	1.84	1.77	1.04	1.72
TOTAL :	14.20	14.38	14.26	11.15	11.58

PROJECTED CASH FLOW STATEMENT

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	1.06				
Net Profit	2.65	3.10	3.52	3.93	4.50
Depriciation & Exp. W/off	0.97	0.84	0.73	0.64	0.55
Increase in Cash Credit	2.70	-	-	-	-
Increase In Term Loan	6.87	-	-	-	-
Increase in Creditors	0.75	0.06	0.04	0.52	0.03
Increase in Provisions & Oth lib	0.30	0.10	0.15	0.11	0.17
increase in subsidy	1.91				
TOTAL :	17.21	4.10	4.45	5.20	5.19
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	7.63				
Increase in Stock	2.96	0.27	0.19	0.25	0.20
Increase in Debtors	0.84	0.73	0.50	0.08	0.10
Repayment of Term Loan	0.54	1.08	1.08	2.96	1.21
Increase in FD	1.91	-	-		
Drawings	1.50	2.00	2.75	2.80	3.00
Taxation	-	-	-	-	-
TOTAL :	15.39	4.08	4.52	5.93	4.52
Opening Cash & Bank Balance	-	1.82	1.84	1.77	1.04
Add : Surplus	1.82	0.02	0.07	0.73	0.67
Closing Cash & Bank Balance	1.82	1.84	1.77	1.04	1.72

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Finished Goods</u>					
	2.59	2.83	2.99	3.21	3.39
<u>Raw Material</u>					
	0.38	0.40	0.43	0.46	0.48
Closing Stock	2.96	3.23	3.42	3.66	3.87

COMPUTATION OF WORKING CAPITAL REQUIREMENT

TRADITIONAL METHOD					
Particulars	Amount	Own Margin		Bank Finance	
Finished Goods & Raw Material	2.96				
Less : Creditors	0.75				
Paid stock	2.21	10%	0.22	90%	1.99
Sundry Debtors	0.84	10%	0.08	90%	0.76
	3.06		0.31		2.75
WORKING CAPITAL LIMIT DEMAND (from Bank)				2.70	

2nd Method		
PARTICULARS	1st year	2nd year
Total Current Assets	5.63	6.65
Other Current Liabilities	1.05	1.21
Working Capital Gap	4.58	5.44
Min Working Capital		
25% of WCG	1.14	1.36
Actual NWC	1.88	2.74
item III - IV	3.43	4.08
item III - V	2.70	2.70
MPBF (Lower of VI & VII)	2.70	2.70

3rd Method		
PARTICULARS	1st year	2nd year
Total Current Assets	5.63	6.65
Other Current Liabilities	1.05	1.21
Working Capital Gap	4.58	5.44
Min Working Capital		
25% of Current Assets	1.41	1.66
Actual NWC	1.88	2.74
item III - IV	3.17	3.78
item III - V	2.70	2.70
MPBF (Lower of VI & VII)	2.70	2.70

COMPUTATION OF DEPRECIATION

Description	Building	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation	10.00%	15.00%	10.00%	
Opening Balance	-	-	-	-
Addition	2.50	4.13	1.00	7.63
Total	2.50	4.13	1.00	7.63
Less : Depreciation	0.25	0.62	0.10	0.97
WDV at end of Year	2.25	3.51	0.90	6.66
Additions During The Year	-	-	-	-
Total	2.25	3.51	0.90	6.66
Less : Depreciation	0.23	0.53	0.09	0.84
WDV at end of Year	2.03	2.98	0.81	5.82
Additions During The Year	-	-	-	-
Total	2.03	2.98	0.81	5.82
Less : Depreciation	0.20	0.45	0.08	0.73
WDV at end of Year	1.82	2.54	0.73	5.09
Additions During The Year	-	-	-	-
Total	1.82	2.54	0.73	5.09
Less : Depreciation	0.18	0.38	0.07	0.64
WDV at end of Year	1.64	2.16	0.66	4.45
Additions During The Year	-	-	-	-
Total	1.64	2.16	0.66	4.45
Less : Depreciation	0.16	0.32	0.07	0.55
WDV at end of Year	1.48	1.83	0.59	3.90
Additions During The Year	-	-	-	-
Total	1.48	1.83	0.59	3.90

Less : Depreciation	0.15	0.27	0.06	0.48
WDV at end of Year	1.33	1.56	0.53	3.42
Less : Depreciation	0.13	0.23	0.05	0.42
WDV at end of Year	1.20	1.32	0.48	3.00
Less : Depreciation	0.12	0.20	0.05	0.37
WDV at end of Year	1.08	1.13	0.43	2.63

<u>CALCULATION OF D.S.C.R</u>					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	3.62	3.94	4.25	4.57	5.05
Interest on Term Loan	0.68	0.64	0.52	0.40	0.07
Total	4.30	4.58	4.78	4.97	5.12
<u>REPAYMENT</u>					
Instalment of Term Loan	0.54	1.08	1.08	2.96	1.21
Interest on Term Loan	0.68	0.64	0.52	0.40	0.07
Total	1.22	1.72	1.60	3.36	1.28
DEBT SERVICE COVERAGE RATIO	3.52	2.66	2.98	1.48	4.01
AVERAGE D.S.C.R.	2.93				

REPAYMENT SCHEDULE OF TERM LOAN

Interest 11.00%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
1st	Opening Balance						
	1st month	-	6.87	6.87	-	-	6.87
	2nd month	6.87	-	6.87	0.06	-	6.87
	3rd month	6.87	-	6.87	0.06	-	6.87
	4th month	6.87	-	6.87	0.06		6.87
	5th month	6.87	-	6.87	0.06		6.87
	6th month	6.87	-	6.87	0.06		6.87
	7th month	6.87	-	6.87	0.06	0.090	6.78
	8th month	6.78	-	6.78	0.06	0.090	6.69
	9th month	6.69	-	6.69	0.06	0.090	6.60
	10th month	6.60	-	6.60	0.06	0.090	6.51
	11th month	6.51	-	6.51	0.06	0.090	6.42
	12th month	6.42	-	6.42	0.06	0.090	6.33
					0.68	0.540	
2nd	Opening Balance						
	1st month	6.33	-	6.33	0.06	0.090	6.24
	2nd month	6.24	-	6.24	0.06	0.090	6.15
	3rd month	6.15	-	6.15	0.06	0.090	6.06
	4th month	6.06	-	6.06	0.06	0.090	5.97
	5th month	5.97	-	5.97	0.05	0.090	5.88
	6th month	5.88	-	5.88	0.05	0.090	5.79
	7th month	5.79	-	5.79	0.05	0.090	5.70
	8th month	5.70	-	5.70	0.05	0.090	5.61
	9th month	5.61	-	5.61	0.05	0.090	5.52
	10th month	5.52	-	5.52	0.05	0.090	5.43
	11th month	5.43	-	5.43	0.05	0.090	5.34
	12th month	5.34	-	5.34	0.05	0.090	5.25
					0.64	1.080	
3rd	Opening Balance						
	1st month	5.25	-	5.25	0.05	0.090	5.16
	2nd month	5.16	-	5.16	0.05	0.090	5.07
	3rd month	5.07	-	5.07	0.05	0.090	4.98
	4th month	4.98	-	4.98	0.05	0.090	4.89
	5th month	4.89	-	4.89	0.04	0.090	4.80
	6th month	4.80	-	4.80	0.04	0.090	4.71
	7th month	4.71	-	4.71	0.04	0.090	4.62
	8th month	4.62	-	4.62	0.04	0.090	4.53
	9th month	4.53	-	4.53	0.04	0.090	4.44
	10th month	4.44	-	4.44	0.04	0.090	4.35
	11th month	4.35	-	4.35	0.04	0.090	4.26
	12th month	4.26	-	4.26	0.04	0.090	4.17
					0.52	1.080	
4th	Opening Balance						
	1st month	4.17	-	4.17	0.04	0.090	4.08

	2nd month	4.08	-	4.08	0.04	0.090	3.99
	3rd month	3.99	-	3.99	0.04	0.090	3.90
	4th month	3.90	-	3.90	0.04	0.090	3.81
	5th month	3.81	-	3.81	0.03	0.090	3.72
	6th month	3.72	-	3.72	0.03	0.090	3.63
	7th month	3.63	-	3.63	0.03	0.090	3.54
	8th month	3.54	-	3.54	0.03	0.090	3.45
	9th month	3.45	-	3.45	0.03	0.090	3.36
	10th month	3.36	-	3.36	0.03	0.090	3.27
	11th month	3.27	-	3.27	0.03	0.090	3.18
	12th month(Subsidy adjusted)	3.18	-	3.18	0.03	1.970	1.21
					0.40	2.960	
5th	Opening Balance						
	1st month	1.21	-	1.21	0.01	0.090	1.12
	2nd month	1.12	-	1.12	0.01	0.090	1.03
	3rd month	1.03	-	1.03	0.01	0.090	0.94
	4th month	0.94	-	0.94	0.01	0.090	0.85
	5th month	0.85	-	0.85	0.01	0.090	0.76
	6th month	0.76	-	0.76	0.01	0.090	0.67
	7th month	0.67	-	0.67	0.01	0.090	0.58
	8th month	0.58	-	0.58	0.01	0.090	0.49
	9th month	0.49	-	0.49	0.00	0.090	0.40
	10th month	0.40	-	0.40	0.00	0.090	0.31
	11th month	0.31	-	0.31	0.00	0.090	0.22
	12th month	0.22	-	0.22	0.00	0.220	-
					0.07	1.21	
	DOOR TO DOOR MORATORIUM PERIOD	60	MONTHS				
		6	MONTHS				
	REPAYMENT PERIOD	54	MONTHS				

Supplier Details:

S L Machinery	Address: Plot No. 930, Tyre Wall Gali, Mundka, Delhi.
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DISCLAIMER

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