

PROJECT REPORT

Of

BATH SOAP

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Bath Soap**.

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.]



Lucknow Office: Sidhivinayak Building ,
27/1/B, Gokhley Marg, Lucknow-226001

Delhi Office : Multi Disciplinary Training
Centre, Gandhi Darshan Rajghat,
New Delhi 110002

Email : info@udyami.org.in
Contact : +91 7526000333, 444, 555

BATH SOAP

Introduction

Soap is the term for a salt of a fatty acid or for a variety of cleansing and lubricating products produced from such a substance. Household uses for soaps include washing, bathing, and other types of housekeeping, where soaps act as surfactants, emulsifying oils to enable them to be carried away by water. In industry, they are used as thickeners, components of some lubricants, and precursors to catalysts.

Bath Soap is formulated to clean body. It is also known as body soap.

Body soap contains skin friendly soaps in solution form that are anything but easy to utilize and exceptionally compelling in eliminating germs and microscopic organisms from body.

Bath soaps are cleaning products that have become an essential commodity in our daily lives. Cleaning products play an essential role in our daily lives. By safely and effectively removing soils, germs and other contaminants, they help us to stay healthy & pleasant.

Qualities of good Bath Soap

1. Bubbly – this gives the soaps ability to lather
2. Cleansing – the ability of the soap to trap the dirt on the skin and wash it away
3. Hardness – the firmness of the soap bar
4. Conditioning – the amount of moisture that is left on the skin
5. Creamy – this measures the stability and creaminess of the soap lather

Formulation

Soap is the result of a full chemical reaction in which a section of an oil molecule (or fatty acid) attaches to a sodium ion. By choosing oils that have specific molecular properties (in other words, choosing the right fatty acids) and blending them in the right proportions, it's possible to create the results we want in our soaps – creamy, fluffy lather that's extra moisturizing in a long-lasting bar.

Bath soap are formulated using batch or continuous process of soap making. These cleansing products contain different ingredients that are used to improve their cleaning performance

Ingredients

Some of the important ingredients of Bath soap include – TALC Powder, Soap Noodle, Colour, perfume & DM water.

Description of Bath soap Machine

Machinery for Bath soap includes the following:

- Cooking kettle
- Sigma mixer
- Plodder/ extruder(Duplex/Single)
- Cutter
- Stamp & die
- Packaging machine (Automatic/ Normal)

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

Bath soap Market Analysis

The soap manufacturing industry is one of the oldest industries operating in the FMCG sector in India, and accounts for more than 50% of the consumer goods sector. The soap and detergent industry covers laundry and toilet soaps, and synthetic detergents in the form of liquid, powder, and bar. Bar soaps can be classified into three sections—premium, popular, and economic.

Around 50% of soaps produced are sold in rural markets. Increasing awareness of hygienic standards in rural areas is providing growth opportunities to several players. Manufacturers are introducing soaps in different sizes and ranges, targeting consumers from low-income

groups. Currently, there are around 5 Mn retail outlets in India which sell soaps, out of which 3.75 Mn operate in rural areas.

Herbal soap is the fastest growing category in the soap market in India. Margo and Medimix dominate the herbal and medicinal soap segment. Government initiatives like Swachh Bharat Mission, which promotes health and hygiene, has led to the growth of the soap manufacturing industry. During FY 2017, the United Arab Emirates (UAE), Nepal, and the United States of America (U.S.A.) were the top three export destinations of soaps.

Bath Soap Manufacturing Process

- Put all the raw material into the cooking kettle.
- After that mix the mixture into the sigma mixer.
- Next step is to extrude the material with the help of plodder/ extruder.
- Cut the final output into desired pieces.
- Stamping on the face of the soap.
- Packaging of Goods

Machinery & Equipment's required:

Name	Cost
Cooking kettle	450000
Sigma mixer	150000
Plodder/extruder	520000
Cutter	40000
Stamp & die	160000
Packaging machine	300000
Total	16,20,000

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

Land & Building required:

Land required 1200 Square Feet (approx.)

Approximate rent for the same is 24000.

Labour Requirement:

3-4 Manpower is required for the Laundry soap unit.

Includes:

1 skilled Labour

2-3 Unskilled Labour

Raw Material Requirement of Bath soap

- ❖ Soap Noodle
- ❖ Talc Powder
- ❖ Colour
- ❖ Perfume
- ❖ DM Water

Average raw material cost per KG: Rs. 30-35

Bath soap License & registration

For Proprietor:

- Obtain the GST registration.
- Obtain the license from cosmetic & Drug Control Department.
- 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**
- 2** Constitution (legal Status) : 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 : Bath Soap
- 6** Name of the project / business activity proposed :
- 7** Cost of Project : **Rs.** 19.42
- 8 Means of Finance**
- Term Loan **Rs.** 17.47 Lacs
25% of 19.42 Lacs
- KVIC Margin Money **Rs.** (4.86Lacs)
- Own Capital **Rs.** 2.50 Lacs
- 9** Debt Service Coverage Ratio :
- 10** Pay Back Period : 4 years 9 month
- 11** Project Implementation Period : 6 months
- 12** Employment :
- 13** Power Requirement : 25 KW connection
TALC , Soap Noodle,
- 14** Major Raw materials : DM water
- 15** Estimated Annual Sales Turnover : 77 Lacs (at 50% capacity)
- 16** Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lacs)

Particulars	Amount
Land Building & Civil Work	-
Plant & Machinery	19.12
Furniture &	

MEANS OF FINANCE

Fixtures	0.30
Pre-operative Expenses	
Contingencies	
Working Capital Requirement	5.56
Total	24.97

Particulars	Amount
Own Contribution	2.50
Bank Finance	17.47
working capital from bank	4.50
Total	24.47

KVIC Margin (25% of 19.42)
Money Rs. 4,85,500

FINANCIAL ASSISTANCE REQUIRED

Term Loan of Rs. 17.65 Lacs and Working Capital limit of Rs. 4.5 Lacs

COST OF PROJECT

PARTICULARS	AMOUNT	AMOUNT	AMOUNT
Building Civil Work		10.00%	90.00%
Plant & Machinery Furniture & Fixtures and Other Assets	19.12 0.30	1.91 0.03	17.20 0.27
Working capital	5.56	0.56	5.00
Total	24.97	2.60	22.47

MEANS OF FINANCE

PARTICULARS	AMOUNT
Own Contribution	2.50
Bank Loan	17.47
Working capital Limit	5.00
Total	24.97

COMPUTATION OF PRODUCTION OF BATH SOAP**Items to be Manufactured**

Bath Soap

machine capacity per day	1000 KG
machine capacity per annum	240000 KG
1 piece of soap Consists	100.00 gram
Total soap	2,400,000 soap

Production of Bath soap

Production	Capacity	soap
1st year	50%	1,200,000
2nd year	55%	1,320,000
3rd year	60%	1,440,000
4th year	65%	1,560,000
5th year	70%	1,680,000

Raw Material Cost			
Year	Capacity Utilisation	KG	Amount (Rs. in lacs)
1st year	50%	32.00	38.40
2nd year	55%	32.50	42.90
3rd year	60%	33.00	47.52
4th year	65%	33.50	52.26
5th year	70%	34.00	57.12

Packaging Charges			
Raw Material	soap	Rate per piece	Amount (Rs. in lacs)
1st year	1,200,000	1.00	12.00
2nd year	1,320,000	1.20	15.84
3rd year	1,440,000	1.40	20.16
4th year	1,560,000	1.60	24.96
5th year	1,680,000	1.80	30.24

<u>COMPUTATION OF SALE</u>					
Particulars	1st year	2nd year	3rd year	4th year	5th year
Op Stock	-	100,000	110,000	120,000	130,000
Production	1,200,000	1,320,000	1,440,000	1,560,000	1,680,000
Less : Closing Stock	100,000	110,000	120,000	130,000	140,000
Net Sale	1,100,000	1,310,000	1,430,000	1,550,000	1,670,000
sale price per piece	7.00	7.25	7.50	7.75	8.00
Sales (in Lacs)	77.00	94.98	107.25	120.13	133.60

BREAK UP OF LABOUR CHARGES

Particulars	Wages	No of	Total
	Per Month	Employees	Salary
Skilled	14000	1	14000
Unskilled	12000	2	24000
Total Salary Per Month			38000
Total Annual Labour Charges	(in Lacs)		4.56

BREAK UP OF STAFF Charges

Particulars	Wages	No of	Total
	Per Month	Employees	Salary
Accountant	12000	1	12000
Chemical Engineer	25000	1	25000
Helper	8000	1	8000
Total Salary Per Month			45000
Total Annual Labour Charges	(in Lacs)		5.40

Utility Charges at 100% capacity (per month)

Particulars	value	Description
Power connection required	25	KWH
consumption per day	200	units
Consumption per month	4000	units
Rate per Unit	7	Rs.
power Bill per month	28000	Rs.

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					
Laundry soap	77.00	94.98	107.25	120.13	133.60
Total	77.00	94.98	107.25	120.13	133.60
<u>COST OF SALES</u>					
Raw Mateiral Consumed	38.40	42.90	47.52	52.26	57.12
Elecricity Expenses	3.36	3.70	4.07	4.47	4.92
Depriciation	2.90	2.46	2.10	1.78	1.52
Consumables	0.77	0.95	1.07	1.20	1.34
Repair & maintenace	1.54	1.90	2.15	2.40	2.67
other direct expenses	1.54	0.66	0.75	0.84	0.94
Bottle charges	12.00	15.84	20.16	24.96	30.24
Labour	4.56	5.02	5.52	6.07	6.68
Cost of Production	65.07	73.43	83.33	93.99	105.42
Add: Opening Stock /WIP	-	5.42	6.12	6.94	7.83
Less: Closing Stock /WIP	5.42	6.12	6.94	7.83	8.78
Cost of Sales	59.65	72.73	82.50	93.10	104.46
GROSS PROFIT	17.35	22.24	24.75	27.02	29.14
salary to staff	5.40	5.94	6.53	7.19	7.55
Interest on Term Loan	1.73	1.61	1.28	0.95	0.07
Interest on working Capital	0.55	0.55	0.55	0.55	0.55
Rent	2.88	3.17	3.48	3.83	4.22
Selling & adm Exp	2.31	4.27	5.58	6.13	8.02

TOTAL	12.87	15.54	17.42	18.64	20.40
NET PROFIT	4.49	6.70	7.33	8.38	8.73
Taxation		0.35	0.48	0.70	0.78
PROFIT (After Tax)	4.49	6.35	6.84	7.68	7.96

PROJECTED BALANCE SHEET

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Liabilities</u>					
Capital					
opening balance		2.98	4.83	7.18	10.25
<i>Add:- Own Capital</i>	2.50				
Add:- Retained Profit	4.49	6.35	6.84	7.68	7.96
Less:- Drawings	4.00	4.50	4.50	4.60	5.00
Closing Blance	2.98	4.83	7.18	10.25	13.21
Subsidy Reserve	4.86	4.86	4.86	-	-
Term Loan	15.97	12.97	9.97	2.11	-
Working Capital Limit	5.00	5.00	5.00	5.00	5.00
Sundry Creditors	1.60	1.79	1.98	3.27	3.33
Provisions & Other Liab	0.30	0.40	0.55	0.66	0.83
TOTAL :	30.72	29.86	29.54	21.29	22.37
<u>Assets</u>					
Fixed Assets (Gross)	19.42	19.42	19.42	19.42	19.42
Gross Dep.	2.90	5.36	7.46	9.24	10.76
Net Fixed Assets	16.52	14.05	11.96	10.18	8.66
FD of Subsidy	4.86	4.86	4.86		
Current Assets					
Sundry Debtors	1.60	2.37	3.13	2.00	2.78
Stock in Hand	6.06	6.83	7.74	8.70	9.74
Cash and Bank	1.67	1.73	1.86	0.41	1.19
TOTAL :	30.72	29.86	29.54	21.29	22.37

PROJECTED CASH FLOW STATEMENT

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	2.50				
Net Profit	4.49	6.70	7.33	8.38	8.73
Depreciation & Exp. W/off	2.90	2.46	2.10	1.78	1.52
Increase in Cash Credit	5.00	-	-	-	-
Increase In Term Loan	17.47	-	-	-	-
Increase in Creditors	1.60	0.19	0.19	1.29	0.07
Increase in Provisions & Oth lib	0.30	0.10	0.15	0.11	0.17
increase in subsidy	4.86				
TOTAL :	39.12	9.46	9.76	11.56	10.48
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	19.42				
Increase in Stock	6.06	0.77	0.90	0.97	1.03
Increase in Debtors	1.60	0.77	0.75 -	1.13	0.78
Repayment of Term Loan	1.50	3.00	3.00	7.86	2.11
Increase in FD	4.86	-	-		
Drawings	4.00	4.50	4.50	4.60	5.00
Taxation	-	0.35	0.48	0.70	0.78
TOTAL :	37.44	9.40	9.64	13.00	9.70
Opening Cash & Bank Balance	-	1.67	1.73	1.86	0.41
Add : Surplus	1.67	0.06	0.12 -	1.44	0.78
Closing Cash & Bank Balance	1.67	1.73	1.86	0.41	1.19

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Finished Goods</u>					
	5.42	6.12	6.94	7.83	8.78
<u>Raw Material</u>					
	0.64	0.72	0.79	0.87	0.95
Closing Stock	6.06	6.83	7.74	8.70	9.74

COMPUTATION OF WORKING CAPITAL REQUIREMENT

TRADITIONAL METHOD					
Particulars	Amount	Own Margin		Bank Finance	
Finished Goods & Raw Material	6.06				
Less : Creditors	1.60				
Paid stock	4.46	10%	0.45	90%	4.02
Sundry Debtors	1.60	10%	0.16	90%	1.44
	6.07		0.61		5.46
WORKING CAPITAL LIMIT DEMAND (from Bank) 5.00					

2nd Method		
PARTICULARS	1st year	2nd year
Total Current Assets	9.34	10.94
Other Current Liabilities	1.90	2.19
Working Capital Gap	7.44	8.75
Min Working Capital		
25% of WCG	1.86	2.19
Actual NWC	2.44	3.75
item III - IV	5.58	6.57
item III - V	5.00	5.00
MPBF (Lower of VI & VII)	5.00	5.00

3rd Method		
PARTICULARS	1st year	2nd year
Total Current Assets	9.34	10.94
Other Current Liabilities	1.90	2.19
Working Capital Gap	7.44	8.75
Min Working Capital		
25% of Current Assets	2.34	2.74
Actual NWC	2.44	3.75
item III - IV	5.11	6.02
item III - V	5.00	5.00
MPBF (Lower of VI & VII)	5.00	5.00

COMPUTATION OF DEPRECIATION

Description	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation	15.00%	10.00%	
Opening Balance	-	-	-
Addition	19.12	0.30	19.42
Total	19.12	0.30	19.42
Less : Depreciation	2.87	0.03	2.90
WDV at end of Year	16.25	0.27	16.52
Additions During The Year	-	-	-
Total	16.25	0.27	16.52
Less : Depreciation	2.44	0.03	2.46
WDV at end of Year	13.81	0.24	14.05
Additions During The Year	-	-	-
Total	13.81	0.24	14.05
Less : Depreciation	2.07	0.02	2.10
WDV at end of Year	11.74	0.22	11.96
Additions During The Year	-	-	-
Total	11.74	0.22	11.96
Less : Depreciation	1.76	0.02	1.78
WDV at end of Year	9.98	0.20	10.18
Additions During The Year	-	-	-
Total	9.98	0.20	10.18
Less : Depreciation	1.50	0.02	1.52
WDV at end of Year	8.48	0.18	8.66
s	-	-	-
Total	8.48	0.18	8.66

Less : Depreciation	1.27	0.02	1.29
WDV at end of Year	7.21	0.16	7.37
Less : Depreciation	1.08	0.02	1.10
WDV at end of Year	6.13	0.14	6.27
Less : Depreciation	0.92	0.01	0.93
WDV at end of Year	5.21	0.13	5.34

CALCULATION OF D.S.C.R

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	7.38	8.81	8.94	9.46	9.47
Interest on Term Loan	1.73	1.61	1.28	0.95	0.07
Total	9.11	10.42	10.21	10.41	9.55
<u>REPAYMENT</u>					
Instalment of Term Loan	1.50	3.00	3.00	7.86	2.11
Interest on Term Loan	1.73	1.61	1.28	0.95	0.07
Total	3.23	4.61	4.28	8.81	2.18
DEBT SERVICE COVERAGE RATIO	2.82	2.26	2.39	1.18	4.37
AVERAGE D.S.C.R.	2.61				

REPAYMENT SCHEDULE OF TERM LOAN

Interest 11.00%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
1st	Opening Balance						
	1st month	-	17.47	17.47	-	-	17.47
	2nd month	17.47	-	17.47	0.16	-	17.47
	3rd month	17.47	-	17.47	0.16	-	17.47
	4th month	17.47	-	17.47	0.16		17.47
	5th month	17.47	-	17.47	0.16		17.47
	6th month	17.47	-	17.47	0.16		17.47
	7th month	17.47	-	17.47	0.16	0.250	17.22
	8th month	17.22	-	17.22	0.16	0.250	16.97
	9th month	16.97	-	16.97	0.16	0.250	16.72
	10th month	16.72	-	16.72	0.15	0.250	16.47
	11th month	16.47	-	16.47	0.15	0.250	16.22
	12th month	16.22	-	16.22	0.15	0.250	15.97
					1.73	1.500	
2nd	Opening Balance						
	1st month	15.97	-	15.97	0.15	0.250	15.72
	2nd month	15.72	-	15.72	0.14	0.250	15.47
	3rd month	15.47	-	15.47	0.14	0.250	15.22
	4th month	15.22	-	15.22	0.14	0.250	14.97
	5th month	14.97	-	14.97	0.14	0.250	14.72
	6th month	14.72	-	14.72	0.13	0.250	14.47
	7th month	14.47	-	14.47	0.13	0.250	14.22
	8th month	14.22	-	14.22	0.13	0.250	13.97
	9th month	13.97	-	13.97	0.13	0.250	13.72
	10th month	13.72	-	13.72	0.13	0.250	13.47
	11th month	13.47	-	13.47	0.12	0.250	13.22
	12th month	13.22	-	13.22	0.12	0.250	12.97

				1.61	3.000	
3rd	Opening Balance					
	1st month	12.97	-	12.97	0.12	0.250 12.72
	2nd month	12.72	-	12.72	0.12	0.250 12.47
	3rd month	12.47	-	12.47	0.11	0.250 12.22
	4th month	12.22	-	12.22	0.11	0.250 11.97
	5th month	11.97	-	11.97	0.11	0.250 11.72
	6th month	11.72	-	11.72	0.11	0.250 11.47
	7th month	11.47	-	11.47	0.11	0.250 11.22
	8th month	11.22	-	11.22	0.10	0.250 10.97
	9th month	10.97	-	10.97	0.10	0.250 10.72
	10th month	10.72	-	10.72	0.10	0.250 10.47
	11th month	10.47	-	10.47	0.10	0.250 10.22
	12th month	10.22	-	10.22	0.09	0.250 9.97
				1.28	3.000	
4th	Opening Balance					
	1st month	9.97	-	9.97	0.09	0.250 9.72
	2nd month	9.72	-	9.72	0.09	0.250 9.47
	3rd month	9.47	-	9.47	0.09	0.250 9.22
	4th month	9.22	-	9.22	0.08	0.250 8.97
	5th month	8.97	-	8.97	0.08	0.250 8.72
	6th month	8.72	-	8.72	0.08	0.250 8.47
	7th month	8.47	-	8.47	0.08	0.250 8.22
	8th month	8.22	-	8.22	0.08	0.250 7.97
	9th month	7.97	-	7.97	0.07	0.250 7.72
	10th month	7.72	-	7.72	0.07	0.250 7.47
	11th month	7.47	-	7.47	0.07	0.250 7.22
	12th month(Subsidy adjusted)	7.22	-	7.22	0.07	5.110 2.11
				0.95	7.860	
5th	Opening Balance					
	1st month	2.11	-	2.11	0.02	0.250 1.86

2nd month	1.86	-	1.86	0.02	0.250	1.61
3rd month	1.61	-	1.61	0.01	0.250	1.36
4th month	1.36	-	1.36	0.01	0.250	1.11
5th month	1.11	-	1.11	0.01	0.250	0.86
6th month	0.86	-	0.86	0.01	0.250	0.61
7th month	0.61	-	0.61	0.01	0.250	0.36
8th month	0.36	-	0.36	0.00	0.250	0.11
9th month	0.11	-	0.11	0.00	0.110	0.00
				0.07	2.11	
DOOR TO DOOR MORATORIUM PERIOD	57	MONTHS	6	MONTHS		
REPAYMENT PERIOD	51	MONTHS				

Supplier Details:

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

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