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PROJECT REPORT

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PROJECT:

Herbal Toothpaste Unit

PROJECT REPORT

Of

HERBAL TOOTHPASTE

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Herbal Toothpaste**.

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 : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxx
Pin: xxxxxxx State: xxxxxxxxx
Mobile : xxxxxxx
- 5 Product and By Product : **HERBAL TOOTHPASTE**
- 6 Name of the project / business activity proposed : **HERBAL TOOTHPASTE MANUFACTURING UNIT**
- 7 Cost of Project : Rs.15.22 Lakhs
- 8 Means of Finance
Term Loan Rs.11.7 Lakhs
Own Capital Rs.1.52 Lakhs
Working capital Rs.2 Lakhs
- 9 Debt Service Coverage Ratio : 2.58
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 38%
- 13 Employment : 9 Persons
- 14 Power Requirement : 30.00 HP
- 15 Major Raw materials : Calcium Carbonate,Gairic Powder,Sodium Lauren Sulphate,Sorbitol,Flavour,Sodium Fluoride,Water, Herbal Products
- 16 Estimated Annual Sales Turnover (Max Capacity) : 65.11 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Building /Shed 1000 Sq ft	4.00
Plant & Machinery	8.00
Furniture & Fixtures	1.00
Working Capital	2.22
Total	15.22

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.52
Working Capital(Finance)	2.00
Term Loan	11.70
Total	15.22

HERBAL TOOTHPASTE

Introduction: Oral care products are defined as products used for care of the teeth and the mouth. Toothpaste is one of the various products that are available based on their special clinical indications including tooth-whitening products, and denture care materials. Toothpaste is a key part of your daily oral hygiene routine. Along with your toothbrush and floss it helps to remove food debris and plaque from your teeth and gums. Toothpaste polishes your teeth, freshens your breath, and makes you altogether more pleasant to be around. Most toothpaste is a thick paste or gel, a type of dentifrice, or cleaning agent for teeth. Tooth paste is a semi-solid dosage form available in the paste (or) gel forms which have a fortifying effect in the maintaining the health of the teeth and aesthetic effect by ascertaining the abrasive action to the teeth. And also it is used to achieve the suppressive actions like toothache (Dentalgia), Halitosis and Gingivitis (a gum disease) by eliminating the dental plaque and food particles from the teeth. The modern statement towards the toothpaste is majority of the cleaning action of the teeth was attained by the mechanical action of the toothbrush rather than the tooth paste. However in our daily routine activities we cannot be separated from tooth brushing with a toothbrush and toothpaste. Tooth brushing activities should be done 2-3 times a day mainly carried out after every meal.



Uses & Market Potential: Increasing dental problems among children and adults, due to poor eating habits, and the rise in popularity for herbal oral care products are the factors primarily driving the toothpaste market. Moreover, rising premiumization and consumers seeking more targeted solutions are accelerating the growth of the market studied. The rise in consciousness of oral health has helped vendors introduce oral hygiene product categories, like teeth-whitening products. One of the popular products used for teeth whitening is toothpaste. Manufacturers offer toothpaste with teeth-whitening functionality that differs from ordinary toothpaste. Oral hygiene products, such as toothpaste, toothbrush, and mouth wash, are few of those consumers goods that require the highest reach, to drive the oral care market. In order to widen their presence, key players in toothpaste products are constantly re-investing their profits in marketing and distribution networks, especially in the emerging economies. India's oral hygiene market is expected to register moderate growth in value and volume terms with a CAGR of 6% during 2015-2020 and sales value forecasted to amount to INR 150 billion by 2020.

Raw Material: Major raw materials are as follows:

1. Calcium carbonate
2. Gairic Powder (Red orche)
3. Sodium Lauren Sulphate
4. Sorbitol
5. Flavour
6. Sodium Fluoride
7. Water
8. Herbal Products (Black pepper, Tomar seeds, Long pepper, Babool, neem, etc.)

Machinery requirement: Major machines & equipments are as follows:

S No.	Description	Qty.	Amount
1.	Pulverizer(16")	1	120000
2.	RO Water Plant(500 LPH)	1	110000
3.	SS Liquid mixing tank	1	41000
4.	Vacuum mixing machine	1	240000
5.	Paste filling and sealing machine	1	130000
6.	Storage Tank	1	100000
7.	Other equipments & hand tools	Ls	50000
	Total Amount		791000
	Net Amount (Round off)		800000

Manufacturing Process: In oral care products manufacturing, formulation of raw material with flavor plays an important role. The raw material for toothpaste is procured from the local vendor and stored in the inventory. In the first step, the herbal components extract has been prepared. For this, the Black Pepper, Tomar Seeds, Long Pepper, Babool, Neem, Akarkara are mixed in required proportion and fed into the grinder. The grinder crushes all the components into fine powder. This fine powder is then mixed in RO water tank. The temperature of the tanks is maintained at 100 °C so that the water remains in boiling state. Keep the mixture in the same condition for 60 to 100 minutes. Agitators are also used for continuous rotation of powder inside water. This process causes the extraction of herbal contents into water and ionization. After this, filter the water and store the water into tanks.

In the next step, this filtered water (20-23 %) is mixed with sodium lauren sulphate (0.5-2 %) in storage tank and mixed thoroughly using agitator. SLS are the surface active agents lower the surface tension, penetrate and loosen surface deposits and emulsify or suspend the debris which the dentifrice removes from the tooth. Water is another essential element of the tooth pastes of this invention. Water employed in the preparation of commercially suitable toothpastes should preferably be deionized and free of organic impurities.

In the next step, calcium carbonate having particle size 0.6-30 micron is mixed

with gairic powder. These are the dental abrasives that are used to clean the teeth rubbing over the surface. The abrasives provide the unique benefits of exceptional dental cleaning and polishing performance without unduly abrading tooth enamel or dentin.

Another essential component of the toothpaste compositions herein is a humectant. The purpose of humectant is to keep the toothpaste compositions from hardening upon exposure to air. Certain humectants can also impart desirable sweetness or flavor to toothpaste compositions. The humectant over here is sorbitol. Sorbitol is also added in a concentration level of 25-30% in this mixer. Sorbitol is a sugar alcohol that is added in above mixture to keep in semi-solid form. The agitator continuously rotates the mixture to keep the concentration uniform. In the next step, the paste mixture and the water is collected in Toothpaste vacuum mixing machine from the different tanks and collectively mixed. Now flavors are added as per requirement in the paste mixture. After this, the paste is stored in storage tanks. In the next step, paste is filled in the tubes in required weight and sealed by using automatic paste filling and sealing machine. Date and other specifications are printed over the tubes using printing machine. After this, they are packed and dispatched as per the required quantity.

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 2000 Sqft. Civil work cost will be Rs. 4 Lac (Approx.)

Power Requirement: The power consumption required to run all the machinery could be approximated as 30 Hp

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 9 including 1

Supervisor, 1 Plant operator, 2 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

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 BALANCE SHEET					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Capital Account					
Opening Balance	-	1.97	3.66	5.60	7.58
Add: Additions	1.52	-	-	-	-
Add: Net Profit	3.44	5.19	5.94	6.98	7.95
Less: Drawings	3.00	3.50	4.00	5.00	5.50
Closing Balance	1.97	3.66	5.60	7.58	10.03
CC Limit	2.00	2.00	2.00	2.00	2.00
Term Loan	10.40	7.80	5.20	2.60	0.00
Sundry Creditors	0.42	0.48	0.52	0.56	0.60
TOTAL :	14.78	13.94	13.32	12.74	12.63
APPLICATION OF FUND					
Fixed Assets (Gross)	13.00	13.00	13.00	13.00	13.00
Gross Dep.	1.70	3.17	4.44	5.54	6.50
Net Fixed Assets	11.30	9.83	8.56	7.46	6.50
Current Assets					
Sundry Debtors	1.33	1.56	1.75	1.96	2.17
Stock in Hand	1.76	2.01	2.23	2.46	2.70
Cash and Bank	0.39	0.55	0.78	0.86	1.26
TOTAL :	14.78	13.94	13.32	12.74	12.63

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PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	39.88	46.67	52.52	58.66	65.11
Total (A)	39.88	46.67	52.52	58.66	65.11
B) COST OF SALES					
Raw Material Consumed	17.83	20.43	22.13	23.83	25.53
Electricity Expenses	2.51	2.74	2.97	3.20	3.42
Repair & Maintenance	0.88	0.93	1.31	1.17	1.30
Labour & Wages	7.81	8.20	9.84	12.30	14.76
Depreciation	1.70	1.47	1.27	1.10	0.95
Cost of Production	30.73	33.77	37.53	41.61	45.98
Add: Opening Stock /WIP	-	1.17	1.33	1.49	1.67
Less: Closing Stock /WIP	1.17	1.33	1.49	1.67	1.85
Cost of Sales (B)	29.57	33.62	37.36	41.43	45.80
C) GROSS PROFIT (A-B)	10.31	13.05	15.15	17.23	19.31
	25.85%	27.97%	28.86%	29.37%	29.65%
D) Bank Interest (Term Loan)	1.27	1.04	0.75	0.46	0.18
ii) Interest On Working Capital	0.22	0.22	0.22	0.22	0.22
E) Salary to Staff	3.78	4.16	4.99	5.99	6.95
F) Selling & Adm Expenses Exp.	1.60	1.87	2.21	2.35	2.60
TOTAL (D+E)	6.86	7.28	8.17	9.02	9.95
H) NET PROFIT	3.44	5.77	6.99	8.21	9.36
	8.6%	12.4%	13.3%	14.0%	14.4%
I) Taxation		0.58	1.05	1.23	1.40
J) PROFIT (After Tax)	3.44	5.19	5.94	6.98	7.95

PROJECTED CASH FLOW STATEMENT					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Own Contribution	1.52	-			
Reserve & Surplus	3.44	5.77	6.99	8.21	9.36
Depriciation & Exp. W/off	1.70	1.47	1.27	1.10	0.95
Increase In Cash Credit	2.00				
Increase In Term Loan	11.70	-	-	-	-
Increase in Creditors	0.42	0.06	0.04	0.04	0.04
TOTAL :	20.78	7.30	8.30	9.35	10.35
APPLICATION OF FUND					
Increase in Fixed Assets	13.00	-	-	-	-
Increase in Stock	1.76	0.24	0.22	0.23	0.24
Increase in Debtors	1.33	0.23	0.19	0.20	0.21
Repayment of Term Loan	1.30	2.60	2.60	2.60	2.60
Taxation	-	0.58	1.05	1.23	1.40
Drawings	3.00	3.50	4.00	5.00	5.50
TOTAL :	20.39	7.15	8.07	9.27	9.96
Opening Cash & Bank Balance	-	0.39	0.55	0.78	0.86
Add : Surplus	0.39	0.16	0.23	0.08	0.39
Closing Cash & Bank Balance	0.39	0.55	0.78	0.86	1.26

COMPUTATION OF MAKING OF HERBAL TOOTHPASTE			
Item to be Manufactured Herbal Toothpaste			
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	Pcs
Total Production per Annum		1,50,000	Tube of 200gm
Year		Capacity	HERBAL TOOTHPASTE
		Utilisation	
I		55%	82,500.00
II		60%	90,000.00
III		65%	97,500.00
IV		70%	1,05,000.00
V		75%	1,12,500.00

COMPUTATION OF RAW MATERIAL					
Item Name	Quantity of Raw Material	Unit	Unit Rate	Total CostPer Annum (100%)	
Calcium Carbonate	15,000.00	Kg	15.00	2,25,000.00	
Gairic Powder	350.00	Kg	100.00	35,000.00	
Sodium Lauren Sulphate	650.00	Kg	150.00	97,500.00	
Sorbitol	8,200.00	Kg	130.00	10,66,000.00	
Sodium Fluoride	650.00	Kg	60.00	39,000.00	
Packing material	1,60,000.00	pcs	8.00	12,80,000.00	
Flavour & Herbal products	Ls			5,00,000.00	
Total				32,42,500.00	
Total Raw material in Rs lacs					32.43

Raw Material Consumed	Capacity Utilisation	Amount (Rs.)		
I	55%	17.83		
II	60%	20.43	5% Increase in Cost	
III	65%	22.13	5% Increase in Cost	
IV	70%	23.83	5% Increase in Cost	
V	75%	25.53	5% Increase in Cost	

COMPUTATION OF SALE					
Particulars	I	II	III	IV	V
Op Stock	-	2,750.00	3,000.00	3,250.00	3,500.00
Production	82,500.00	90,000.00	97,500.00	1,05,000.00	1,12,500.00
	82,500.00	92,750.00	1,00,500.00	1,08,250.00	1,16,000.00
Less : Closing Stock(10 Days)	2,750.00	3,000.00	3,250.00	3,500.00	3,750.00
Net Sale	79,750.00	89,750.00	97,250.00	1,04,750.00	1,12,250.00
Sale Price per Tube	50.00	52.00	54.00	56.00	58.00
Sale (in Lacs)	39.88	46.67	52.52	58.66	65.11

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
Finished Goods					
(10 Days requirement)	1.17	1.33	1.49	1.67	1.85
Raw Material					
(10 Days requirement)	0.59	0.68	0.74	0.79	0.85
Closing Stock	1.76	2.01	2.23	2.46	2.70

COMPUTATION OF WORKING CAPITAL REQUIREMENT			
Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	1.76		
Less:			
Sundry Creditors	0.42		
Paid Stock	1.35	0.13	1.21
Sundry Debtors	1.33	0.13	1.20
Working Capital Requirement			2.41
Margin			0.27
MPBF			2.41
Working Capital Demand			2.00

<u>BREAK UP OF LABOUR</u>				
Particulars	Wages	No of	Total	
	Per Month	Employees	Salary	
Supervisor	16,000.00	1	16,000.00	
Plant Operator	12,000.00	1	12,000.00	
Unskilled Worker	10,000.00	2	20,000.00	
Helper	8,000.00	1	8,000.00	
Security Guard	6,000.00	1	6,000.00	
			62,000.00	
Add: 5% Fringe Benefit			3,100.00	
Total Labour Cost Per Month			65,100.00	
Total Labour Cost for the year (In Rs. Lakhs)		6	7.81	

<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	Building/shed	Machinery	Furniture	TOTAL
Rate of Depreciation		10.00%	15.00%	10.00%	
Opening Balance	Leased		-	-	-
Addition	-	4.00	8.00	1.00	13.00
	-	4.00	8.00	1.00	13.00
		-	-	-	
TOTAL		4.00	8.00	1.00	13.00
Less : Depreciation	-	0.40	1.20	0.10	1.70
WDV at end of Ist year	-	3.60	6.80	0.90	11.30
Additions During The Year	-	-	-	-	-
	-	3.60	6.80	0.90	11.30
Less : Depreciation	-	0.36	1.02	0.09	1.47
WDV at end of IInd Year	-	3.24	5.78	0.81	9.83
Additions During The Year	-	-	-	-	-
	-	3.24	5.78	0.81	9.83
Less : Depreciation	-	0.32	0.87	0.08	1.27
WDV at end of IIIrd year	-	2.92	4.91	0.73	8.56
Additions During The Year	-	-	-	-	-
	-	2.92	4.91	0.73	8.56
Less : Depreciation	-	0.29	0.74	0.07	1.10
WDV at end of IV year	-	2.62	4.18	0.66	7.46
Additions During The Year	-	-	-	-	-
	-	2.62	4.18	0.66	7.46
Less : Depreciation	-	0.26	0.63	0.07	0.95
WDV at end of Vth year	-	2.36	3.55	0.59	6.50

REPAYMENT SCHEDULE OF TERM LOAN						11.0%	
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	11.70	11.70	0.32	-	11.70
	IInd Quarter	11.70	-	11.70	0.32	-	11.70
	IIIRD Quarter	11.70	-	11.70	0.32	0.65	11.05
	Ivth Quarter	11.05	-	11.05	0.30	0.65	10.40
					1.27	1.30	
II	Opening Balance						
	Ist Quarter	10.40	-	10.40	0.29	0.65	9.75
	IInd Quarter	9.75	-	9.75	0.27	0.65	9.10
	IIIRD Quarter	9.10	-	9.10	0.25	0.65	8.45
	Ivth Quarter	8.45		8.45	0.23	0.65	7.80
					1.04	2.60	
III	Opening Balance						
	Ist Quarter	7.80	-	7.80	0.21	0.65	7.15
	IInd Quarter	7.15	-	7.15	0.20	0.65	6.50
	IIIRD Quarter	6.50	-	6.50	0.18	0.65	5.85
	Ivth Quarter	5.85		5.85	0.16	0.65	5.20
					0.75	2.60	
IV	Opening Balance						
	Ist Quarter	5.20	-	5.20	0.14	0.65	4.55
	IInd Quarter	4.55	-	4.55	0.13	0.65	3.90
	IIIRD Quarter	3.90	-	3.90	0.11	0.65	3.25
	Ivth Quarter	3.25		3.25	0.09	0.65	2.60
					0.46	2.60	
V	Opening Balance						
	Ist Quarter	2.60	-	2.60	0.07	0.65	1.95
	IInd Quarter	1.95	-	1.95	0.05	0.65	1.30
	IIIRD Quarter	1.30	-	1.30	0.04	0.65	0.65
	Ivth Quarter	0.65		0.65	0.02	0.65	0.00
					0.18	2.60	

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
CASH ACCRUALS	5.14	6.66	7.21	8.08	8.91
Interest on Term Loan	1.27	1.04	0.75	0.46	0.18
Total	6.41	7.70	7.96	8.54	9.09
REPAYMENT					
Repayment of Term Loan	1.30	2.60	2.60	2.60	2.60
Interest on Term Loan	1.27	1.04	0.75	0.46	0.18
Total	2.57	3.64	3.35	3.06	2.78
DEBT SERVICE COVERAGE RATIO	2.50	2.12	2.38	2.79	3.27
AVERAGE D.S.C.R.			2.58		

COMPUTATION OF ELECTRICITY				
(A) POWER CONNECTION				
Total Working Hour per day		Hours	8	
Electric Load Required		HP	30	
Load Factor			0.7460	
Electricity Charges		per unit	7.50	
Total Working Days			300	
Electricity Charges				4,02,840.00
Add : Minimim Charges (@ 10%)				
(B) DG set				
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%				4.57
	Year	Capacity		Amount
				(in Lacs)
	I	55%		2.51
	II	60%		2.74
	III	65%		2.97
	IV	70%		3.20
	V	75%		3.42

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