PROJECT REPORT

Of

LIQUID SHOE POLISH

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Liquid Shoe Polish**.

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.]

SAMADHAN
Nurturing Dreams - Innovative Solutions

Lucknow Office: Sidhivinayak Building , 27/1/B, Gokhlley 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

PROJECT AT A GLANCE

1	Name of the Entreprenuer		xxxxxxxxxx	
2	Constitution (legal Status)		xxxxxxxxxx	
3	Father / Spouse Name		xxxxxxxxxxxx	
4	Unit Address	:	xxxxxxxxxxxxxxxxxxxxxxx	
			District : xxxxxxx	
			Pin: xxxxxxx	State: xxxxxxxxxx
			Mobile xxxxxxx	
5	Product and By Product	:	**LIQUID SHOE POLISH**	
6	Name of the project / business activity proposed :		**LIQUID SHOE POLISH UNIT**	
7	Cost of Project	:	Rs.26 Lakhs	
8	Means of Finance			
	Term Loan		Rs.18.9 Lakhs	
	Own Capital		Rs.2.6 Lakhs	
	Working capital		Rs.4.5 Lakhs	
9	Debt Service Coverage Ratio	:	2.75	
10	Pay Back Period	:	5	Years
11	Project Implementation Period	:	5-6	Months
12	Break Even Point	:	19%	
13	Employment	:	8	Persons
14	Power Requirement	:	30.00	HP
15	Major Raw materials	:	Carnauba Wax,Boricin,Bees wax,Paraffin wax,Turpentine Oil,Solvent Naphtha,Stearic Acid,Triethanolamine,Other chemicals & consumables	
16	Estimated Annual Sales Turnover (Max Capacity)	:	180.40	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	15.00
Furniture & Fixtures	2.00
Working Capital	5.00
Total	**26.00**

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.60
Working Capital(Finance)	4.50
Term Loan	18.90
Total	**26.00**

LIQUID SHOE POLISH

Introduction: Polish are materials, which on one hand, increases the glaze of the treated surface or restore its initial glaze and on the other hand, protect the surfaces against mechanical and chemical effects, and thus prolong the service life of the object. Shoe polish (or boot polish), usually a waxy paste or a cream, is a consumer product used to shine, waterproof, and restore the appearance of leather shoes or boots, thereby extending the footwear's life. Today, shoe polish is usually made from a mix of natural and synthetic materials. Liquid shoe polish is sold in a squeezable plastic bottle, with a small sponge applicator at the end. To decrease its viscosity, bottled polish usually has a very low wax content. Liquid shoe polish is a complex mixture. Polyethylene wax emulsion is a major component. Various polymers, typically acrylates, are the next major component, conferring gloss and holding the dyes in suspension. Resins and casein are selected to ensure adhesion to the leather. Fatty phosphate esters, emulsifiers, and glycols are also used. Pigments include titanium dioxide for whites and iron oxides for browns.

Uses & Market Potential: Various applications and uses are:

- Instantly shine any smooth leather
- Great for those last-minute touch ups
- Keep leather soft, supple, water and stain resistant
- Convenient and easy to use
- Helps prolong the life of footwear

As this product has various uses the demand of this product is also high. The demand for this product depends upon footwear and as in the past we have witnessed growth in footwear industry therefore the demand for this product is also increasing. The demand of this product is not only driven in urban areas but also in semi-urban and rural areas.

Raw Material: Major raw material requirements are as follows:

1. Carnauba wax
2. Boricin
3. Bees wax
4. Paraffin wax
5. Turpentine Oil
6. Solvent Naphtha
7. Stearic Acid
8. Triethanolamine
9. Other chemicals & consumables
10. Packing material

Machinery & Equipments: Major machineries & equipments are as follows:

S No.	Machine	Unit	Price
1.	Water Storage Tank	1	15000
2.	Chemical Storage Tank	10	300000
3.	Bottle Filling machine	1	165000
4.	Reactor Vessel (200 Ltr.)	1	485000
5.	Reactor Vessel (100 Ltr.)	1	200000
6.	Press Fitting Machine	1	150000
7.	Other machinery & equipments	Ls	185000
	Total Amount		**1500000**

Manufacturing Process: The Carnauba wax and paraffin wax is put in the reactor vessel first and the heaters are turned on, when the wax has melted then solvent naphtha is added. Then the turpentine oil is added, and the mixture stirred on till all the ingredients are thoroughly mixed. Then while stirring, stearic acid is added followed by addition of oil soluble dye. The Triethanolamine and soft water, obtained from water treatment plant are mixed in a separate reactor vessel, after simultaneous mixing and heating of these two ingredients, Boricin and Water-soluble dye are added one by one and mixed thoroughly. Water based solution is added to reactor vessel with oil-based solution. Vigorous mechanical agitation is very much necessary for uniform emulsification; solution is allowed to cool with constant agitation. The temperature, which in the initial stages is around 110°C is slowly brought down while stirring the mixture properly. The mixture is kept at about 50°C for some time and the stirring continues, then the operator will decide whether all the ingredients have been mixed thoroughly and they will not separate on cooling the liquid mixture to room temperature, the liquid mixture is then cooled to 40°C and stored in a holding tank of bottle filling machine, from where it's poured in the PVC bottle by the filling machine and bottles are then sealed with the rubber cork with the spreading foam already affixed on the rubber stopper, by a fitting press. These bottles are then capped, from where they are collected in finished product section, where they are checked for quality, 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. Civil work cost will be Rs 4 Lac. (Approx.)

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

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

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
SOURCES OF FUND					
Own Contribution	2.60	-			
Reserve & Surplus	6.25	9.17	13.30	17.95	22.83
Depriciation & Exp. W/off	2.85	2.45	2.11	1.82	1.57
Increase In Cash Credit	4.50				
Increase In Term Loan	18.90	-	-	-	-
Increase in Creditors	2.00	0.36	0.26	0.26	0.26
TOTAL :	**37.10**	**11.99**	**15.67**	**20.03**	**24.66**
APPLICATION OF FUND					
Increase in Fixed Assets	21.00	-	-	-	-
Increase in Stock	4.59	0.77	0.66	0.67	0.68
Increase in Debtors	2.52	0.50	0.39	0.40	0.41
Repayment of Term Loan	2.10	4.20	4.20	4.20	4.20
Taxation	0.62	0.92	3.99	5.38	6.85
Drawings	5.00	5.50	6.00	8.00	12.00
TOTAL :	**35.83**	**11.88**	**15.24**	**18.65**	**24.14**
Opening Cash & Bank Balance	-	1.27	1.37	1.81	3.18
Add : Surplus	1.27	0.10	0.44	1.37	0.52
Closing Cash & Bank Balance	**1.27**	**1.37**	**1.81**	**3.18**	**3.70**

PROJECTED BALANCE SHEET					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Capital Account					
Opening Balance	-	3.22	5.98	9.29	13.85
Add: Additions	2.60	-	-	-	-
Add: Net Profit	5.62	8.25	9.31	12.56	15.98
Less: Drawings	5.00	5.50	6.00	8.00	12.00
Closing Balance	3.22	5.98	9.29	13.85	17.83
CC Limit	4.50	4.50	4.50	4.50	4.50
Term Loan	16.80	12.60	8.40	4.20	0.00
Sundry Creditors	2.00	2.36	2.63	2.89	3.15
TOTAL :	**26.52**	**25.44**	**24.81**	**25.44**	**25.48**
APPLICATION OF FUND					
Fixed Assets (Gross)	21.00	21.00	21.00	21.00	21.00
Gross Dep.	2.85	5.30	7.41	9.23	10.80
Net Fixed Assets	18.15	15.70	13.59	11.77	10.20
Current Assets					
Sundry Debtors	2.52	3.01	3.40	3.80	4.21
Stock in Hand	4.59	5.36	6.02	6.69	7.38
Cash and Bank	1.27	1.37	1.81	3.18	3.70
TOTAL :	**26.52**	**25.44**	**24.81**	**25.44**	**25.48**

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PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	107.88	129.12	145.76	162.86	180.40
Total (A)	**107.88**	**129.12**	**145.76**	**162.86**	**180.40**
B) COST OF SALES					
Raw Material Consumed	85.77	101.31	112.57	123.83	135.08
Elecricity Expenses	1.83	2.05	2.28	2.51	2.74
Repair & Maintenance	2.16	2.32	2.92	3.26	3.61
Labour & Wages	4.79	4.88	5.32	5.86	6.44
Depreciation	2.85	2.45	2.11	1.82	1.57
Cost of Production	97.39	113.03	125.20	137.27	149.44
Add: Opening Stock /WIP	-	3.16	3.67	4.14	4.63
Less: Closing Stock /WIP	3.16	3.67	4.14	4.63	5.13
Cost of Sales (B)	94.23	112.52	124.73	136.79	148.94
C) GROSS PROFIT (A-B)	13.65	16.60	21.03	26.07	31.45
	12.65%	**12.86%**	**14.43%**	**16.01%**	**17.44%**
D) Bank Interest (Term Loan)	2.05	1.67	1.21	0.75	0.29
ii) Interest On Working Capital	0.50	0.50	0.50	0.50	0.50
E) Salary to Staff	3.78	3.97	4.56	5.25	6.04
F) Selling & Adm Expenses Exp.	1.08	1.29	1.46	1.63	1.80
TOTAL (D+E)	**7.40**	**7.43**	**7.73**	**8.12**	**8.62**
H) NET PROFIT	6.25	9.17	13.30	17.95	22.83
	5.8%	**7.1%**	**9.1%**	**11.0%**	**12.7%**
I) Taxation	0.62	0.92	3.99	5.38	6.85
J) PROFIT (After Tax)	5.62	8.25	9.31	12.56	15.98

COMPUTATION OF MAKING OF LIQUID SHOE POLISH			
Item to be Manufactured Liquid Shoe Polish			
Manufacturing Capacity per day		150	Ltr
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		45,000	Ltr
Total Production per Annum		4,50,000	Bottles of 100 ml
Year		Capacity	LIQUID SHOE POLISH
		Utilisation	
I		40%	1,80,000.00
II		45%	2,02,500.00
III		50%	2,25,000.00
IV		55%	2,47,500.00
V		60%	2,70,000.00

COMPUTATION OF RAW MATERIAL

Item Name		Quantity of Raw Material	Unit	Unit Rate of	Total CostPer Annum (100%)
Carnauba Wax		4,000.00	Kg	650.00	26,00,000.00
Boricin		1,800.00	kg	125.00	2,25,000.00
Bees wax		3,000.00	Kg	250.00	7,50,000.00
Paraffin wax		15,000.00	Kg	120.00	18,00,000.00
Turpentine oil		70,000.00	Ltr	130.00	91,00,000.00
Solvent Naphtha		25,000.00	Ltr	60.00	15,00,000.00
Stearic Acid		1,800.00	Kg	65.00	1,17,000.00
Triethanolamine		800.00	Kg	125.00	1,00,000.00
Other chemicals & consumables		Lumsum			3,00,000.00
Packing material		4,50,000.00	Bottles of 100 n	11.00	49,50,000.00
Total					**2,14,42,000.00**
Total Raw material in Rs lacs					214.42

Raw Material Consumed	Capacity		Amount (Rs.)		
	Utilisation				
I	40%		85.77		
II	45%		101.31	5% Increase in Cost	
III	50%		112.57	5% Increase in Cost	
IV	55%		123.83	5% Increase in Cost	
V	60%		135.08	5% Increase in Cost	

COMPUTATION OF SALE					
Particulars	**I**	**II**	**III**	**IV**	**V**
Op Stock	-	6,000.00	6,750.00	7,500.00	8,250.00
Production	1,80,000.00	2,02,500.00	2,25,000.00	2,47,500.00	2,70,000.00
	1,80,000.00	2,08,500.00	2,31,750.00	2,55,000.00	2,78,250.00
Less : Closing Stock(10 Days)	6,000.00	6,750.00	7,500.00	8,250.00	9,000.00
Net Sale	1,74,000.00	2,01,750.00	2,24,250.00	2,46,750.00	2,69,250.00
Sale Price per 100 ml Bottle	62.00	64.00	65.00	66.00	67.00
Sale (in Lacs)	**107.88**	**129.12**	**145.76**	**162.86**	**180.40**

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
Finished Goods					
(7 Days requirement)	3.16	3.67	4.14	4.63	5.13
Raw Material					
(5 Days requirement)	1.43	1.69	1.88	2.06	2.25
Closing Stock	**4.59**	**5.36**	**6.02**	**6.69**	**7.38**

COMPUTATION OF WORKING CAPITAL REQUIREMENT			
Particulars	**Amount**	**Margin(10%)**	**Net Amount**
Stock in Hand	4.59		
Less:			
Sundry Creditors	2.00		
Paid Stock	**2.59**	**0.26**	**2.33**
Sundry Debtors	2.52	0.25	2.27
Working Capital Requirement			**4.60**
Margin			0.51
MPBF			**4.60**
Working Capital Demand			**4.50**

BREAK UP OF LABOUR				
Particulars		Wages	No of	Total
		Per Month	Employees	Salary
Supervisor		12,000.00	1	12,000.00
Plant Operator		10,000.00	1	10,000.00
Unskilled Worker		6,000.00	1	6,000.00
Helper		4,000.00	1	4,000.00
Security Guard		6,000.00	1	6,000.00
				38,000.00
Add: 5% Fringe Benefit				1,900.00
Total Labour Cost Per Month				39,900.00
Total Labour Cost for the year (In Rs. Lakhs)			5	4.79

BREAK UP OF SALARY				
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	Plant & Machinery	Furniture	**TOTAL**
Rate of Depreciation		**10.00%**	**15.00%**	**10.00%**	
Opening Balance	Leased		-	-	-
Addition	-	4.00	15.00	2.00	21.00
	-	4.00	15.00	2.00	21.00
		-	-	-	
TOTAL		4.00	15.00	2.00	21.00
Less : Depreciation	-	0.40	2.25	0.20	2.85
WDV at end of Ist year	-	3.60	12.75	1.80	18.15
Additions During The Year	-	-	-	-	-
	-	3.60	12.75	1.80	18.15
Less : Depreciation	-	0.36	1.91	0.18	2.45
WDV at end of IInd Year	-	3.24	10.84	1.62	15.70
Additions During The Year	-	-	-	-	-
	-	3.24	10.84	1.62	15.70
Less : Depreciation	-	0.32	1.63	0.16	2.11
WDV at end of IIIrd year	-	2.92	9.21	1.46	13.59
Additions During The Year	-	-	-	-	-
	-	2.92	9.21	1.46	13.59
Less : Depreciation	-	0.29	1.38	0.15	1.82
WDV at end of IV year	-	2.62	7.83	1.31	11.77
Additions During The Year	-	-	-	-	-
	-	2.62	7.83	1.31	11.77
Less : Depreciation	-	0.26	1.17	0.13	1.57
WDV at end of Vth year	-	2.36	6.66	1.18	10.20

REPAYMENT SCHEDULE OF TERM LOAN						11.0%	
Year	**Particulars**	**Amount**	**Addition**	**Total**	**Interest**	**Repayment**	**Cl 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

CALCULATION OF D.S.C.R

PARTICULARS	I	II	III	IV	V
CASH ACCRUALS	8.47	10.71	11.42	14.38	17.55
Interest on Term Loan	2.05	1.67	1.21	0.75	0.29
Total	10.52	12.38	12.63	15.13	17.84
REPAYMENT					
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	**2.54**	**2.11**	**2.33**	**3.06**	**3.97**
AVERAGE D.S.C.R.			**2.75**		

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		40%		1.83
II		45%		2.05
III		50%		2.28
IV		55%		2.51
V		60%		2.74

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