

PROJECT REPORT

Of

PHENYL

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **PHENYL**

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 : XXXXXXXX
- 2 Constitution (legal Status) : XXXXXXXX
- 3 Father's/Spouce's Name : XXXXXXXX
- 4 Unit Address : XXXXXXXX
- Taluk/Block: XXXXX
 District : XXXXX State:
 Pin: XXXXX
 E-Mail : XXXXX
 Mobile XXXXX
- 5 Product and By Product : **Phenyl**
- 6 Name of the project / business activity proposed : **Phenyl**
- 7 Cost of Project : Rs7.63lac
- 8 Means of Finance
 Term Loan Rs.5.32 Lacs
 KVIC Margin Money - As per Project Eligibility
 Own Capital Rs.0.86 Lacs
 Working Capital Rs.2.46 Lacs
- 9 Debt Service Coverage Ratio : 4.03
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 6 Months
- 12 Break Even Point : 27%
- 13 Employment : 5 Persons
- 14 Power Requirement : 7.00 HP
- 15 Major Raw materials : **Rosin,Creosate oil**
- 16 Estimated Annual Sales Turnover : 29.93 Lacs
- 16 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lacs)

Particulars	Amount
Land	Rented/Owned
Building & Civil Work (2000 Sq Ft)	3.00
Plant & Machinery	2.30
Furniture & Fixtures	0.61
Pre-operative Expenses	-
Working Capital Requirement	2.74
Total	8.65

MEANS OF FINANCE

Particulars	Amount
Own Contribution @10%	0.86
Term Loan	5.32
Workign Capital Finance	2.46
Total	8.65

Beneficiary's Margin Monery
 (% of Project Cost)

General
10%

Special
5%

**PROJECT PROFILE ON
'PHENYL'
MANUFACTURING UNIT**



INTRODUCTION

Phenyl or Pine cleaners are pine oil emulsion in water. Pine cleaners are very good cleaners having disinfecting and deodorizing properties. White phenyl is finding wide spread use and acceptance as hard surface cleaner to remove greasy, fatty and oily soils or various non-porous hard surfaces like floors, bathrooms marbles, ceramics, metals, plastics, concrete, granite, walls, cabinet, appliances etc. White phenyl assist in the removal of dirt and grim and leave all surfaces and atmosphere pleasantly smelling. It is being popular day by day in India in homes, hospitals, clinics, veterinary clinics, restaurants, factories, food establishments, offices, shops, schools, institutions, government departments etc.

MARKET DEMAND

Phenyl has several advantages over other similar products and the same are listed below:

1. Pine cleaners are non toxic to human and pets.
2. These cleaners are non-irritating ho human skin, unlike phenol and creosote based black disinfectants.
3. Smell is very pleasant which lingers after use.
4. Do not discolor surfaces.
5. Pine oil is obtained from pine tree therefore the cleaner are herbal and environment friendly.
6. Pine oil has germicidal properties, therefore it is used in hospitals and clinics and

pet disinfection.

7. Applicable on a variety of surfaces like glass, metal. Porcelain, enamel, ceramic, plastic, linoleum, stone and concrete etc.
8. It imparts shine to hard surfaces after cleaning.

Phenyl is used in the cleaning of various floor and toilet accessories. This is required to each household, corporate and the agencies involved in the cleaning of city, hospital and other public area like Railway Station and Bus Stands etc. Its demand totally depend upon the status of the city and the households, mean it is more require in city in compression to the rural area.

As per the estimates minimum demand of a district place is around 1000 liters every month, which increases up to 50000 liters per month depending upon the class of the city, even this demand is much higher in metro cities. The above demand only includes the corporate and the households using the product. In addition to above phenyl is also required by Railway, Municipal Corporation and the organization like Sulabh Complex requires about 25- 2500 liters per day depending upon the requirement. This mean the demand of phenyl is exists in all area.

PRODUCTION TARGETS

Basis of estimation: 300 Working Days in a Year

Single Shift basis 8 hours per shift

	Phenyl
Quantity (Liters)	1,50000

MANUFACTURING PROCESS

Firstly take 100 gram Rosin and 100 gram Caster Oil in a container, warm it gently. Similarly in another container take 66 gram NaOH (Caustic Soda) and dissolve it in 200 ml of distilled water. Now caustic soda is tickle down into warm mixture of Rosin and Linseed oil by stirring gently.

It would take 15-20 minutes. Now stand for 45 minutes and maintain the temperature of solution at 80-90°C. Now add with constant stirring, 300 gram creosote oil and 20 gram Monochloro phenol into warm mix of Rosin, Linseed Oil and Caustic Soda. Now add desired quantity of distilled water and warm the mixture with stirring upto 90-100°C for minutes. Cool the mixture and it is ready for packing. Different Raw Materials required for different Grades of Phenyl. General composition Hospital grade phenyl is given below:

1. Rosin – 2.50 Kg
2. Groundnut Oil – 2 Kg
3. Caustic Soda – 250 gram

4. Caustic Potash – 250 gram
5. Distilled Water – 7.5 liter
6. Low Creosote Oil – 15 Liter
7. Carboic Acid – 15 gram
8. Soft Water – 2-4 Liter

QUALITY CONTROL STANDARDS

Quality of the product must be as per customers demand and BIS specification.

LAND & BUILDING

1.	Covered area	Sq. Ft.	500
2.	Uncovered area	Sq. Ft.	500
3.	Total area	Sq. Ft.	1000
4.	Whether constructed or Rented		Rented

PLANT & MACHINERY

PARTICULARS	QTY.	RATE	AMOUNT IN RS.
Cast iron pan, capacity 60 gallons	1.00	80000.00	80000.00
Mixer, stirrer-electrically operated	1.00	60000.00	60000.00
Galvanized buckets, measuring cans, scale, weights, furnace, steel drums and misc. Equipment	LS	30000.00	30000.00
Erection & Power wiring Motive Power 3 phase	LS	20000.00	20000.00
Misc Tools and Packaging filling Machine	LS	40,000.00	40,000.00
TOTAL			2,30,000.00

RAW MATERIAL :

Rosin ,Caster Oil, Creosate Oil, Sodium Hydroxide, Monochloro etc are used in proportion The average cost of raw materials including Phenyl Bottles for packaging are taken as Rs20.00 per litre.

ASSUMPTION FOR GENERATING PROJECT PROFITABILITY

1	Number of Working Days in a year	300 Days
2	Number of Shifts in a day	1 One
3	Hours in a Shift	8 hours
4	Plant Capacity	As per demand of service
5	Raw material Estimates	Based upon product Mix
6	Depreciation	Straight Line Method
7	Manpower	According to project Requirement
8	Rent estimate	On the basis of current market prize of the area.
9	Potential Area of Marketing the products	Household and Hospital demand of the area.
10	If project is funded, term loan would be	100% of Total investment
11	Moratorium Period	6 months
12	Repayment Period	5years

PROJECTED BALANCE SHEET

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Capital Account	0.86	0.86	0.86	0.86	0.86
Retained Profit	4.99	10.60	16.84	24.27	32.86
Term Loan	5.32	3.99	2.66	1.33 -	0.44
Cash Credit	2.46	2.46	2.46	2.46	2.46
Sundry Creditors	0.42	0.49	0.56	0.63	0.70
Provisions & Other Liab	0.36	0.40	0.44	0.48	0.53
TOTAL :	14.42	18.80	23.82	30.04	36.98
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	5.91	5.91	5.91	5.91	5.91
Gross Dep.	0.68	1.30	1.84	2.32	2.74
Net Fixed Assets	5.23	4.61	4.07	3.59	3.17
Current Assets					
Sundry Debtors	1.00	1.22	1.39	1.57	1.74
Stock in Hand	2.16	2.52	2.88	3.24	3.60
Cash and Bank	3.53	7.70	12.45	18.32	24.81
Deposits & Advances	2.50	2.75	3.03	3.33	3.66
TOTAL :	14.42	18.80	23.82	30.04	36.98

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PROJECTED CASH FLOW STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Share Capital	0.86	-	-	-	-
Reserve & Surplus	4.99	6.23	7.80	9.30	10.73
Depriciation & Exp. W/off	0.68	0.62	0.54	0.48	0.42
Increase in Cash Credit	2.46	-	-	-	-
Increase In Term Loan	5.32	-	-	-	-
Increase in Creditors	0.42	0.07	0.07	0.07	0.07
Increase in Provisions	0.36	0.04	0.04	0.04	0.05
TOTAL :	15.09	6.96	8.45	9.89	11.27
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	5.91	-	-	-	-
Increase in Stock	2.16	0.36	0.36	0.36	0.36
Increase in Debtors	1.00	0.22	0.18	0.18	0.18
Increase in Deposits & Adv	2.50	0.25	0.28	0.30	0.33
Repayment of Term Loan	-	1.33	1.33	1.33	1.76
Taxation	-	0.62	1.56	1.86	2.15
TOTAL :	11.57	2.78	3.70	4.03	4.78
Opening Cash & Bank Balance	-	3.53	7.70	12.45	18.32
Add : Surplus	3.53	4.18	4.75	5.86	6.49
Closing Cash & Bank Balance	3.53	7.70	12.45	18.32	24.81

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
A) SALES					
Gross Sale	29.93	36.49	41.74	46.99	52.24
Total (A)	29.93	36.49	41.74	46.99	52.24
B) COST OF SALES					
Raw Mateiral Consumed	18.00	21.00	24.00	27.00	30.00
Elecricity Expenses	0.60	0.70	0.80	0.90	1.00
Repair & Maintenance	-	0.36	0.42	0.47	0.52
Labour & Wages	2.38	2.61	2.87	3.16	3.48
Depriciation	0.68	0.62	0.54	0.48	0.42
Consumables and Other Expense	0.60	0.73	0.83	0.94	1.04
Cost of Production	22.25	26.03	29.47	32.95	36.47
Add: Opening Stock /WIP	-	1.26	1.47	1.68	1.89
Less: Closing Stock /WIP	1.26	1.47	1.68	1.89	2.10
Cost of Sales (B)	20.99	25.82	29.26	32.74	36.26
C) GROSS PROFIT (A-B)	8.93	10.67	12.47	14.25	15.98
	30%	29%	30%	30%	31%
D) Bank Interest (Term Loan)	0.46	0.55	0.40	0.25	0.09
Bank Interest (C.C. Limit)	0.25	0.25	0.25	0.25	0.25
E) Salary to Staff	2.64	2.90	3.19	3.51	3.87
F) Selling & Adm Expenses Exp.	0.60	0.73	0.83	0.94	1.04
TOTAL (D+E)	3.94	4.43	4.68	4.95	5.25
H) NET PROFIT	4.99	6.23	7.80	9.30	10.73
I) Taxation	-	0.62	1.56	1.86	2.15
J) PROFIT (After Tax)	4.99	5.61	6.24	7.44	8.59

COMPUTATION OF SALE

Particulars	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Op Stock	-	4,500	5,250	6,000	6,750
Production	90,000	1,05,000	1,20,000	1,35,000	1,50,000
	90,000	1,09,500	1,25,250	1,41,000	1,56,750
Less : Closing Stock	4,500	5,250	6,000	6,750	7,500
Net Sale	85,500	1,04,250	1,19,250	1,34,250	1,49,250
Sale Price per MT	35.00	35.00	35.00	35.00	35.00
Sale (in Lacs)	29.93	36.49	41.74	46.99	52.24

COMPUTATION OF ELECTRICITY

(A) POWER CONNECTION				
Total Working Hour per day		Hours	8	
Electric Load Required			7	
Load Factor			0.7460	
Electricity Charges		per unit	8.00	
Total Working Days			300	
Electricity Charges (8 Hrs Per day)				1,00,262.40
Add : Minimim Charges (@ 10%)				
(B) D.G. SET				
No. of Working Days			300	days
No of Working Hours			-	Hour per day
Total no of Hour			-	
Diesel Consumption per Hour			8	
Total Consumption of Diesel			-	
Cost of Diesel			65.00	Rs. /Ltr
Total cost of Diesel			-	
Add : Lube Cost @15%			-	
Total			-	
Total cost of Power & Fuel at 100%				1.00
Year		Capacity		Amount (in Lacs)
IST YEAR		60%		0.60
IIND YEAR		70%		0.70
IIIRD YEAR		80%		0.80
IVTH YEAR		90%		0.90
VTH YEAR		100%		1.00

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	IST YEAR	IIIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Finished Goods					
(15 Days requirement)	1.26	1.47	1.68	1.89	2.10
Raw Material					
(15 Days requirement)	0.90	1.05	1.20	1.35	1.50
Closing Stock	2.16	2.52	2.88	3.24	3.60

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars			Total
			Amount
Stock in Hand			2.16
Sundry Debtors			1.00
		Total	3.16
Sundry Creditors			0.42
Working Capital Requirement			2.74
Margin			0.27
Working Capital Finance			2.46

BREAK UP OF LABOUR

Particulars		Wages	No of	Total
		Per Month	Employees	Salary
Chemist		15,000.00	1	15,000.00
Skilled Worker		8,000.00	1	8,000.00
Unskilled Worker		5,000.00	2	10,000.00
				18,000.00
Add: 10% Fringe Benefit				1,800.00
Total Labour Cost Per Month				19,800.00
Total Labour Cost for the year (In Rs. Lakhs)				2.38

BREAK UP OF SALARY

Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Manager		12,000.00	1	12,000.00
Accountant		8,000.00	1	8,000.00
Total Salary Per Month				20,000.00
Add: 10% Fringe Benefit				2,000.00
Total Salary for the month				22,000.00
Total Salary for the year (In Rs. Lakhs)				2.64

COMPUTATION OF DEPRECIATION

Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		10.00%	15.00%	10.00%	
Opening Balance	Leased	-	-	-	-
Addition	-	3.00	2.30	0.61	5.91
	-	3.00	2.30	0.61	5.91
Less : Depreciation	-	0.30	0.35	0.03	0.68
WDV at end of Ist year	-	2.70	1.96	0.58	5.23
Additions During The Year	-	-	-	-	-
	-	2.70	1.96	0.58	5.23
Less : Depreciation	-	0.27	0.29	0.06	0.62
WDV at end of IIInd Year	-	2.43	1.66	0.52	4.61
Additions During The Year	-	-	-	-	-
	-	2.43	1.66	0.52	4.61
Less : Depreciation	-	0.24	0.25	0.05	0.54
WDV at end of IIIrd year	-	2.19	1.41	0.47	4.07
Additions During The Year	-	-	-	-	-
	-	2.19	1.41	0.47	4.07
Less : Depreciation	-	0.22	0.21	0.05	0.48
WDV at end of IV year	-	1.97	1.20	0.42	3.59
Additions During The Year	-	-	-	-	-
	-	1.97	1.20	0.42	3.59
Less : Depreciation	-	0.20	0.18	0.04	0.42
WDV at end of Vth year	-	1.77	1.02	0.38	3.17

REPAYMENT SCHEDULE OF TERM LOAN

11.5%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
IST YEAR	Opening Balance						
	Ist Quarter	-	5.32	5.32	-	-	5.32
	Iind Quarter	5.32	-	5.32	0.15	-	5.32
	IIIrd Quarter	5.32	-	5.32	0.15	-	5.32
	Ivth Quarter	5.32	-	5.32	0.15	-	5.32
					0.46	-	
IIIND YEAR	Opening Balance						
	Ist Quarter	5.32	-	5.32	0.15	0.33	4.99
	Iind Quarter	4.99	-	4.99	0.14	0.33	4.65
	IIIrd Quarter	4.65	-	4.65	0.13	0.33	4.32
	Ivth Quarter	4.32	-	4.32	0.12	0.33	3.99
					0.55	1.33	
IIIRD YEAR	Opening Balance						
	Ist Quarter	3.99	-	3.99	0.11	0.33	3.66
	Iind Quarter	3.66	-	3.66	0.11	0.33	3.32
	IIIrd Quarter	3.32	-	3.32	0.10	0.33	2.99
	Ivth Quarter	2.99	-	2.99	0.09	0.33	2.66
					0.40	1.33	
IVTH YEAR	Opening Balance						
	Ist Quarter	2.66	-	2.66	0.08	0.33	2.33
	Iind Quarter	2.33	-	2.33	0.07	0.33	1.99
	IIIrd Quarter	1.99	-	1.99	0.06	0.33	1.66
	Ivth Quarter	1.66	-	1.66	0.05	0.33	1.33
					0.25	1.33	
VTH YEAR	Opening Balance						
	Ist Quarter	1.33	-	1.33	0.04	0.33	1.00
	Iind Quarter	1.00	-	1.00	0.03	0.33	0.66
	IIIrd Quarter	0.66	-	0.66	0.02	0.55	0.11
	Ivth Quarter	0.11	-	0.11	0.00	0.55	-
					0.09	1.76	

CALCULATION OF D.S.C.R

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>CASH ACCRUALS</u>	5.67	6.23	6.78	7.92	9.01
Interest on Term Loan	0.46	0.55	0.40	0.25	0.09
Total	6.12	6.78	7.18	8.16	9.10
<u>REPAYMENT</u>					
Instalment of Term Loan	1.33	1.33	1.33	1.76	1.76
Interest on Term Loan	0.46	0.55	0.40	0.25	0.09
Total	1.79	1.88	1.73	2.01	1.85
DEBT SERVICE COVERAGE R	3.42	3.60	4.15	4.05	4.91
AVERAGE D.S.C.R.			4.03		

BREAK EVEN POINT ANALYSIS

Year	I	II	III	IV	V
Net Sales & Other Income	29.93	36.49	41.74	46.99	52.24
Less : Op. WIP Goods	-	1.26	1.47	1.68	1.89
Add : Cl. WIP Goods	1.26	1.47	1.68	1.89	2.10
Total Sales	31.19	36.70	41.95	47.20	52.45
Variable & Semi Variable Exp.					
Raw Material & Tax	18.00	21.00	24.00	27.00	30.00
Electricity Exp/Coal Consumption at 85%	0.51	0.60	0.68	0.77	0.85
Manufacturing Expenses 80%	0.48	0.88	1.00	1.13	1.25
Wages & Salary at 60%	3.01	3.31	3.64	4.01	4.41
Selling & administrative Expenses 80%	0.48	0.58	0.67	0.75	0.84
Intt. On Working Capital Loan	0.25	0.25	0.25	0.25	0.25
Total Variable & Semi Variable Exp	22.72	26.61	30.24	33.90	37.59
Contribution	8.46	10.08	11.71	13.30	14.85
Fixed & Semi Fixed Expenses					
Manufacturing Expenses 20%	0.12	0.22	0.25	0.28	0.31
Electricity Exp/Coal Consumption at 15%	0.09	0.11	0.12	0.14	0.15
Wages & Salary at 40%	2.01	2.21	2.43	2.67	2.94
Interest on Term Loan	0.46	0.55	0.40	0.25	0.09
Depreciation	0.68	0.62	0.54	0.48	0.42
Selling & administrative Expenses 20%	0.12	0.15	0.17	0.19	0.21
Total Fixed Expenses	3.47	3.85	3.91	4.00	4.12
Capacity Utilization	60%	70%	80%	90%	100%
OPERATING PROFIT	4.99	6.23	7.80	9.30	10.73
BREAK EVEN POINT	25%	27%	27%	27%	28%
BREAK EVEN SALES	12.79	14.02	14.01	14.20	14.54

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