



MODEL PROJECT REPORT



PROJECT REPORT ON DRY CLEANERS

SWAVALAMBI BHARAT ABHIYAN

PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxx
- 5 Product and By Product : **Dry Cleaning and Laundry/Iron of Clothes**
- 6 Name of the project / business activity proposed : **Dry Cleaning and Laundry Service Providers**
- 7 Cost of Project : Rs.9.97 Lakhs
- 8 Means of Finance :
 - Term Loan Rs.7.47 Lakhs
 - KVIC MARGIN MONEY As per Project Eligibility
 - Own Capital Rs.1 Lakhs
 - Working Capital Rs.1.5 Lakhs
- 9 Debt Service Coverage Ratio : 2.21
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 50%
- 13 Employment : 10 Persons
- 14 Power Requirement : 20 KW
- 15 Major Raw materials : Detergent Powders, Chemicals, Etc
- 16 Estimated Annual Sales Turnover (Max Utilized Capacity) : 26.40 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Building /Shed 800-1000 sq ft	Own/Rented
Plant & Machinery	7.70
Furniture & Fixtures	0.60
Working Capital Requirement	1.67
Total	9.97

MEANS OF FINANCE

Particulars	Amount
Own Contribution@10%	1.00
Term Loan	7.47
Working Capital	1.50
Total	9.97

	General	Special
Beneficiary Margin Money (% of Project Cost)	10%	5%

DRY CLEANERS AND LAUNDRY



INTRODUCTION:

Dry cleaning is any cleaning process for clothing and textiles using a chemical solvent other than water. The modern dry-cleaning process was developed and patented by Thomas L. Jennings.

Despite its name, dry cleaning is not a "dry" process; clothes are soaked in a liquid solvent. Tetrachloroethylene (perchloroethylene), which the industry calls "perc", is the most widely used solvent. Alternative solvents are trichloroethane and petroleum spirits.

Most natural fibres can be washed in water but some synthetics (e.g. viscose, lyocell, modal, and cupro) react poorly with water and must be dry-cleaned.

MARKET DEMAND:

The dry-cleaning and laundry services market expected to reach a value of nearly \$181.4 billion by 2022, significantly growing at a CAGR of 11.1% during the forecast period. The growth in the dry-cleaning and laundry services market is due to increasing disposable income.

However, the market for dry-cleaning and laundry services is expected to face certain restraints from several factors such as excessive market competition.

BASIS AND PRESUMPTION:

1. 300 working days have been considered per annum.
2. Minimum labour wages have been considered.
3. 11% rate of interest has been taken into account.

IMPLEMENTATION SCHEDULE:

Preparation of project profile
Availability of finance 2 months
Selection of site 1 month
Machinery installation and procurement of
Raw material 1 month
Recruitment of staff and trial run 1 month
6 months

ENERGY CONSERVATION:

Required Electricity shall be provided by the Electricity Department and D.G set may be used for the accomplishment of the project.

The workers must be aware of unnecessary utilization of electricity.

ENVIRONMENTAL POLLUTION:

This unit is no way linked with serious pollution hazards. However, the authority should provide gloves to handle chemicals and should maintain good working environment.

INFRASTRUCTURE:

Traditionally, the cleaning process was carried out at centralized factories. Small, local cleaners' shops received garments from customers, sent them to the factory, and then had them returned to the shop for collection by the customer. This cycle minimized the risk of fire or dangerous fumes created by the cleaning process. At this time, dry cleaning was carried out in two different machines—one for the cleaning process, and the second to remove the solvent from the garments.

Machines of this era were described as *vented*; their drying exhausts were expelled to the atmosphere, the same as many modern tumble-dryer exhausts. This not only contributed to environmental contamination but also much potentially reusable PCE was lost to the atmosphere. Much stricter controls on solvent emissions have ensured that all dry-cleaning machines in the Western world are now fully enclosed, and no solvent fumes are vented to the atmosphere. In enclosed machines, solvent recovered during the drying process is returned condensed and distilled, so it can be reused to clean further loads or safely disposed of. The majority of modern enclosed machines also incorporate a computer-controlled drying sensor, which automatically senses when all detectable traces of PCE have been removed. This system ensures that only small amounts of PCE fumes are released at the end of the cycle.

PROCESS:

A dry-cleaning machine is similar to a combination of a domestic washing machine and clothes dryer. Garments are placed in the washing or extraction chamber (referred to as the 'basket' or 'drum'), which constitutes the core of the machine. The washing chamber contains a horizontal, perforated drum that rotates within an outer shell. The shell holds the solvent while the rotating drum holds the garment load. The basket capacity is between about 10 and 40 kg (22 to 88 lb).

During the wash cycle, the chamber is filled approximately one-third full of solvent and begins to rotate, agitating the clothing. The solvent temperature is maintained at 30 degrees Celsius (86 degrees Fahrenheit), as a higher temperature may damage it. During the wash cycle, the solvent in the chamber (commonly known as the 'cage' or 'tackle box') is passed through a filtration chamber and then fed back into the 'cage'. This is known as the cycle and is continued for the wash duration. The solvent is then removed and sent to a distillation unit consisting of a boiler and condenser. The condensed solvent is fed into a separator unit where any remaining water is separated from the solvent and then fed into the 'clean solvent' tank. The ideal flow rate is roughly 8 litres of solvent per kilogram of garments per minute, depending on the size of the machine.

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	1.34	2.05	2.98	4.11
Add: Additions	1.00	-	-	-	-
Add: Net Profit	1.10	1.96	2.92	3.89	4.93
Less: Drawings	0.75	1.25	2.00	2.75	3.50
Closing Balance	1.34	2.05	2.98	4.11	5.55
CC Limit	1.50	1.50	1.50	1.50	1.50
Term Loan	6.64	4.98	3.32	1.66	-
Sundry Creditors	0.11	0.13	0.14	0.15	0.17
TOTAL :	9.60	8.66	7.94	7.43	7.22
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	8.30	8.30	8.30	8.30	8.30
Gross Dep.	1.22	2.25	3.13	3.89	4.53
Net Fixed Assets	7.09	6.05	5.17	4.41	3.77
Current Assets					
Sundry Debtors	1.32	1.47	1.63	1.79	1.96
Stock in Hand	0.49	0.54	0.60	0.66	0.72
Cash and Bank	0.71	0.60	0.55	0.57	0.77
TOTAL :	9.60	8.66	7.94	7.43	7.22
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale(Dry Clean)	18.00	19.99	22.05	24.19	26.40
Gross Sale(Wet Clean)	4.05	4.56	5.10	5.67	6.26
Total (A)	22.05	24.55	27.15	29.86	32.66
B) COST OF SALES					
Consumables & Water	4.85	5.40	5.97	6.57	7.19
Electricity Expenses	2.70	2.92	3.15	3.37	3.60
Repair & Maintenance	0.09	0.10	0.11	0.12	0.13
Labour & Wages	7.85	8.64	9.50	10.45	11.50
Depreciation	1.22	1.04	0.88	0.75	0.64
Cost of Production	16.71	18.10	19.62	21.27	23.06
Add: Opening Stock /WIP	-	-	-	-	-
Less: Closing Stock /WIP	-	-	-	-	-
Cost of Sales (B)	16.71	18.10	19.62	21.27	23.06
C) GROSS PROFIT (A-B)	5.34	6.45	7.53	8.59	9.61
	24.23%	26.28%	27.75%	28.76%	29.41%
D) Bank Interest (Term Loan)	0.81	0.66	0.48	0.30	0.11
ii) Interest On Working Capital	0.17	0.17	0.17	0.17	0.17
E) Salary to Staff	2.64	2.90	3.19	3.51	3.87
F) Selling & Adm Expenses Exp.	0.63	0.76	0.77	0.73	0.53
TOTAL (D+E)	4.25	4.49	4.61	4.70	4.67
G) NET PROFIT	1.10	1.96	2.92	3.89	4.93
	5.0%	8.0%	10.8%	13.0%	15.1%
H) Taxation	-	-	-	-	-
I) PROFIT (After Tax)	1.10	1.96	2.92	3.89	4.93

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution@10%	1.00	-			
Net Profit	1.10	1.96	2.92	3.89	4.93
Depreciation & Exp. W/off	1.22	1.04	0.88	0.75	0.64
Increase In Cash Credit	1.50				
Increase In Term Loan	7.47	-	-	-	-
Increase in Creditors	0.11	0.01	0.01	0.01	0.01
TOTAL :	12.39	3.01	3.82	4.65	5.59
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	8.30	-	-	-	-
Increase in Stock	0.49	0.06	0.06	0.06	0.06
Increase in Debtors	1.32	0.15	0.16	0.16	0.17
Repayment of Term Loan	0.83	1.66	1.66	1.66	1.66
Taxation	-	-	-	-	-
Drawings	0.75	1.25	2.00	2.75	3.50
TOTAL :	11.69	3.12	3.87	4.63	5.39
Opening Cash & Bank Balance	-	0.71	0.60	0.55	0.57
Add : Surplus	0.71	- 0.11	- 0.05	0.02	0.20
Closing Cash & Bank Balance	0.71	0.60	0.55	0.57	0.77

COMPUTATION OF PROVIDING DRY CLEANING SERVICES**Services to be Provided****Dry Cleaning and Laundry Service Providers**

Full Capacity	Wet Clean	90.00	Pcs of Garments per day	
	Dry Clean	50.00	Pcs of Garments per day	
No. of Working Hour		8		
No of Working Days per month		25		
No. of Working Day per annum		300		
Total Clothes per Annum	Wet Clean	27,000.00	pcs per Annum	
Total Clothes per Annum	Dry Clean	15,000.00	pcs per Annum	
Year		Capacity	Dry Cleaning and Laundry/Iron of Clothes	
		Utilisation		
			Wet Clean	Dry Clean
I		60%	16,200	9,000
II		65%	17,550	9,750
III		70%	18,900	10,500
IV		75%	20,250	11,250
V		80%	21,600	12,000

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(7 Days requirement)	-	-	-	-	-
<u>Raw Material</u>					
(30 Days requirement)	0.49	0.54	0.60	0.66	0.72
Closing Stock	0.49	0.54	0.60	0.66	0.72

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	0.49		
Less:			
Sundry Creditors	0.11		
Paid Stock	0.37	0.04	0.33
Sundry Debtors	1.32	0.13	1.19
Working Capital Requirement			1.53
Margin			0.17
MPBF			1.53
Working Capital Demand			1.50

BREAK UP OF LABOUR

Particulars				
		Wages	No of	Total
		Per Month	Employees	Salary
Plant Operator		12,000.00	1.00	12,000.00
Unskilled Worker		7,500.00	4.00	30,000.00
Helper		5,000.00	2.00	10,000.00
Security Guard		7,500.00	1.00	7,500.00
				59,500.00
Add: 10% Fringe Benefit				5,950.00
Total Labour Cost Per Month				65,450.00
Total Labour Cost for the year (In Rs. Lakhs)			8	7.85

BREAK UP OF SALARY

Particulars	Salary	No of	Total
	Per Month	Employees	Salary
Administrative Staff	10,000.00	2	20,000.00
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	2.64

COMPUTATION OF DEPRECIATION

Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation			15.00%	10.00%	
Opening Balance	Own/Rented		-	-	-
Addition	-	-	7.70	0.60	8.30
	-	-	7.70	0.60	8.30
TOTAL		-	7.70	0.60	8.30
Less : Depreciation	-	-	1.16	0.06	1.22
WDV at end of Ist year	-	-	6.55	0.54	7.09
Additions During The Year	-	-	-	-	-
	-	-	6.55	0.54	7.09
Less : Depreciation	-	-	0.98	0.05	1.04
WDV at end of IIInd Year	-	-	5.56	0.49	6.05
Additions During The Year	-	-	-	-	-
	-	-	5.56	0.49	6.05
Less : Depreciation	-	-	0.83	0.05	0.88
WDV at end of IIIrd year	-	-	4.73	0.44	5.17
Additions During The Year	-	-	-	-	-
	-	-	4.73	0.44	5.17
Less : Depreciation	-	-	0.71	0.04	0.75
WDV at end of IV year	-	-	4.02	0.39	4.41
Additions During The Year	-	-	-	-	-
	-	-	4.02	0.39	4.41
Less : Depreciation	-	-	0.60	0.04	0.64
WDV at end of Vth year	-	-	3.42	0.35	3.77

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	7.47	-	7.47	0.21	-	7.47
	IInd Quarter	7.47	-	7.47	0.21	-	7.47
	IIIrd Quarter	7.47	-	7.47	0.21	0.42	7.06
	Ivth Quarter	7.06	-	7.06	0.19	0.42	6.64
					0.81	0.83	
II	Opening Balance						
	Ist Quarter	6.64	-	6.64	0.18	0.42	6.23
	IInd Quarter	6.23	-	6.23	0.17	0.42	5.81
	IIIrd Quarter	5.81	-	5.81	0.16	0.42	5.40
	Ivth Quarter	5.40		5.40	0.15	0.42	4.98
					0.66	1.66	
III	Opening Balance						
	Ist Quarter	4.98	-	4.98	0.14	0.42	4.57
	IInd Quarter	4.57	-	4.57	0.13	0.42	4.15
	IIIrd Quarter	4.15	-	4.15	0.11	0.42	3.74
	Ivth Quarter	3.74		3.74	0.10	0.42	3.32
					0.48	1.66	
IV	Opening Balance						
	Ist Quarter	3.32	-	3.32	0.09	0.42	2.91
	IInd Quarter	2.91	-	2.91	0.08	0.42	2.49
	IIIrd Quarter	2.49	-	2.49	0.07	0.42	2.08
	Ivth Quarter	2.08		2.08	0.06	0.42	1.66
					0.30	1.66	
V	Opening Balance						
	Ist Quarter	1.66	-	1.66	0.05	0.42	1.25
	IInd Quarter	1.25	-	1.25	0.03	0.42	0.83
	IIIrd Quarter	0.83	-	0.83	0.02	0.42	0.42
	Ivth Quarter	0.42		0.42	0.01	0.42	-
					0.11	1.66	
	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
<u>CASH ACCRUALS</u>	2.31	3.00	3.81	4.64	5.58
Interest on Term Loan	0.81	0.66	0.48	0.30	0.11
Total	3.12	3.66	4.29	4.94	5.69
<u>REPAYMENT</u>					
Repayment of Term Loan	0.83	1.66	1.66	1.66	1.66
Interest on Term Loan	0.81	0.66	0.48	0.30	0.11
Total	1.64	2.32	2.14	1.96	1.77
DEBT SERVICE COVERAGE RATIO	1.90	1.58	2.00	2.52	3.21
AVERAGE D.S.C.R.			2.21		

COMPUTATION OF SERVICES

Particulars	I	II	III	IV	V
Wet Clean	16,200	17,550	18,900	20,250	21,600
Dry Clean	9,000.00	9,750.00	10,500.00	11,250.00	12,000.00
Total Clothes per Annum(Wet Clean)	16,200.00	17,550.00	18,900.00	20,250.00	21,600.00
Total Clothes per Annum(Dry Clean)	9,000.00	9,750.00	10,500.00	11,250.00	12,000.00
Average Rate of Wet Clean	25.00	26.00	27.00	28.00	29.00
Average Rate of Dry Clean	200.00	205.00	210.00	215.00	220.00
Sale (in Lacs) Wet Clean	4.05	4.56	5.10	5.67	6.26
Sale (in Lacs) Dry Clean	18.00	19.99	22.05	24.19	26.40

COMPUTATION OF ELECTRICITY**(A) POWER CONNECTION**

Total Working Hour per day	Hours	8	
Electric Load Required	KW	20	
Electricity Charges	per unit	7.50	
Total Working Days		300	
Electricity Charges			3.60

Add : Minimim Charges (@ 10%)

(B) DG set

No. of Working Days		300	days
No of Working Hours		0.5	Hour per day
Total no of Hour		150	
Diesel Consumption per Hour		8	
Total Consumption of Diesel		1,200	
Cost of Diesel		65.00	Rs. /Ltr
Total cost of Diesel		0.78	
Add : Lube Cost @15%		0.12	
Total		0.90	

Total cost of Power & Fuel at 100%

4.50

Year	Capacity	Amount (in Lacs)
-	60%	2.70
-	65%	2.92
-	70%	3.15
-	75%	3.37
-	80%	3.60

BREAK EVEN POINT ANALYSIS					
Year	I	II	III	IV	V
Net Sales & Other Income	22.05	24.55	27.15	29.86	32.66
Less : Op. WIP Goods	-	-	-	-	-
Add : Cl. WIP Goods	-	-	-	-	-
Total Sales	22.05	24.55	27.15	29.86	32.66
Variable & Semi Variable Exp.					
Raw Material & Tax	4.85	5.40	5.97	6.57	7.19
Electricity Exp/Coal Consumption at 85%	2.29	2.48	2.68	2.87	3.06
Wages & Salary at 60%	6.30	6.93	7.62	8.38	9.22
Selling & administrative Expenses 80%	0.50	0.61	0.62	0.58	0.42
ii) Interest On Working Capital	0.17	0.17	0.17	0.17	0.17
Repair & Maintenance	0.09	0.10	0.11	0.12	0.13
Total Variable & Semi Variable Exp	14.20	15.68	17.16	18.68	20.18
Contribution	7.85	8.87	9.99	11.17	12.48
Fixed & Semi Fixed Expenses					
Electricity Exp/Coal Consumption at 15%	0.40	0.44	0.47	0.51	0.54
Wages & Salary at 40%	4.20	4.62	5.08	5.59	6.15
Interest on Term Loan	0.81	0.66	0.48	0.30	0.11
Depreciation	1.22	1.04	0.88	0.75	0.64
Selling & administrative Expenses 20%	0.13	0.15	0.15	0.15	0.11
Total Fixed Expenses	6.75	6.91	7.07	7.29	7.55
Capacity Utilization	60%	65%	70%	75%	80%
OPERATING PROFIT	1.10	1.96	2.92	3.89	4.93
BREAK EVEN POINT	52%	51%	50%	49%	48%
BREAK EVEN SALES	18.97	19.12	19.21	19.47	19.75

FINANCIAL INDICATORS					
PARTICULARS	I	II	III	IV	V
TURNOVER	18.00	19.99	22.05	24.19	26.40
GROSS PROFIT	5.34	6.45	7.53	8.59	9.61
G.P. RATIO	29.68%	32.28%	34.17%	35.51%	36.39%
NET PROFIT	1.10	1.96	2.92	3.89	4.93
PAT/SALES RATIO	6.09%	9.81%	13.26%	16.07%	18.69%
CURRENT ASSETS	2.51	2.61	2.77	3.02	3.45
CURRENT LIABILITIES	1.62	1.63	1.64	1.66	1.67
CURRENT RATIO	1.56	1.60	1.69	1.82	2.06
TERM LOAN	6.64	4.98	3.32	1.66	-
TOTAL NET WORTH	1.34	2.05	2.98	4.11	5.55
DEBT/EQUITY	4.94	2.42	1.11	0.40	-
TOTAL NET WORTH	1.34	2.05	2.98	4.11	5.55
TOTAL OUTSIDE LIABILITIES	8.26	6.61	4.96	3.32	1.67
TOL/TNW	6.15	3.22	1.67	0.81	0.30
PBDIT	3.29	3.82	4.45	5.10	5.86
INTEREST	0.98	0.83	0.64	0.46	0.28
INTEREST COVERAGE RATIO	3.37	4.62	6.91	11.04	20.96
WDV	7.09	6.05	5.17	4.41	3.77
TERM LOAN	6.64	4.98	3.32	1.66	-
FACR	1.07	1.21	1.56	2.66	-

PLANT & MACHINERY

PARTICULARS	QTY.	RATE	AMOUNT IN RS.
Washer Extractor 15 KG	1	270000	270,000.00
Tumble Dryer Electric 15 Kg	1	115000	115,000.00
Vacuum Ironing Table	1	22500	22,500.00
Steam cum Electrical press	1	7500	7,500.00
Portable Steam Boiler-(5kg)	1	15000	15,000.00
Semi Automatic Dry Cleaning Machine	1	340000	340,000.00
Total Cost			770,000.00