

**PROJECT PROFILE
ON
PERFUME MAKING
UNIT**



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INTRODUCTION

Perfume can be defined as a substance that emits and diffuses a pleasant and fragrant odor. It consists of manmade mixtures of aromatic chemicals and essential oils. Earlier until the 19th century, perfumes were usually prepared from natural aromatic oils. Currently, most of the perfumes are synthetic and may contain many components.

Historically¹, perfume classification consists of

- Single Floral – Fragrance that are dominated by scent of particular flower, like rose
- Floral Bouquet – it was the combination of several fragrance of several flowers in a compound
- Amber or Oriental – A fragrance featuring the sweet slightly animatic scents of ambergris or labdanum often combined with other fragrances.
- Woody – Fragrance that are dominated by wood scents, typically of agarwood, sandalwood, cedar wood etc.

In modern times², due to advantage in technology of perfumes creations as well as natural development of styles and taste, new categories have emerged.

- Bright Floral – Combination of single flower and floral bouquet category
- Green - Fragrance more similar to cut grass, crushed grass leaf and cucumber like scent
- Aquatic - Even know as Oceanic or Azonic, the fragrance is similar to smell of ocean, leading to many modern androgynous perfumes.

PRODUCTS AND ITS APPLICATION

Perfumes are widely used to provide a pleasant and desirable scent to a person's body, typically with the aim of increasing self-appeal and confidence. They also enhance health and well-being by improving mood, reducing anxiety and stress, increasing cognitive functions and improving sleep. However, the use of perfume is limitless. Fragrances are used in cleaning compounds to convey an impression of cleanliness to the washed items. They are also used in alcoholic beverages in cases to reduce other odor or to enhance the property of the liquor.

INDUSTRY OUTLOOK/TREND

The demand of unisex fragrances and perfume is rising in popularity across the world, as consumers today are focusing on expressing their individual personalities through their fragrances and are preferring scents with unique personal appeal. Therefore, number of players from the industry are trying to bring most unique

¹ Project Report from Saurashtra University, Rajkot

² IBID

and affordable options for the consumers. However, the growing brand consciousness and increasing expenditure for luxury goods among millennials is supporting the market growth for last few years. There has been a significant demand from the younger generation. Perfume as a gift item is also increasing the sales across globe. Apart from this influence of social media on shopping habits, celebrity's endorsement is likely to support luxury perfume market growth in upcoming years.

MANUFACTURING PROCESS

The manufacturing of perfume starts with:

1. **Collection** – Plant substance are harvested from around the world, often hand-picked for their fragrance. Whereas animal products are obtained by extracting the fatty substance directly from animals. Aromatic chemicals used in synthetic perfumes are created in the laboratory by perfume chemists.
2. **Extraction** – Oils are mostly extracted from plant substance by several methods such as steam distillation, solvent extraction, effleurage, and expression.
 - a. **Steam distillation** – in this process steam is passed through plant material held in a still, whereby the essential oil turns to gas. This gas is then passed through tubes, cooled, and liquefied. Oils can also be extracted by boiling plants substance like flower petals in water instead of steaming them.
 - b. **Under Solvent Extraction** – In this process, flowers are put into large rotating tanks or drums and benzene or petroleum it is poured over the flower from which extraction is to be carried. The flower part dissolve in the solvent leaving behind a waxy material that contains the oils. This material is further treated with ethyl alcohol and heated to obtain concentrated form of perfume oil at the bottom.
 - c. **Effleurage** – In this process flower petals are spread on a glass sheet coated with grease. The glass sheet is placed between wooden frames in tiers. Then the flower is removed by hand and changed until the grease has absorbed their fragrance.
 - d. **Maceration** – It is very similar to effleurage expect that warmed fats are used to soaked up in the flower smell. An in solvent extraction, the grease and fats are dissolved in alcohol to obtain the essential oils.
 - e. **Expression** – This is the oldest and least complex method of extraction. By this process citrus oils from the rind, the fruit or plant is manually or mechanically pressed until all the oil is squeezed out.
3. **Blending** – Once the oils are extracted, they are ready to be blended according to the formula determined. For development of particular fragrance, there may be hundreds of different ingredients and several years to develop the specific formula for a scent. Once the scent is created, it is mixed with alcohol. The amount of alcohol in a scent varies greatly.

4. **Aging** – Fine perfume is often aged for several months or even years after it is blended.

As there are various methods suggested for extraction, the current profiles have been prepared using the **Steam Distillation procedure**. This is the simplest and most common method for extraction of essential oil which later will be used in perfume preparation.

RAW MATERIAL REQUIREMENTS (Monthly)

Sl. No.	Particulars	Quantity	Value (Rs.)
1	Flower, Animal Parts (Fats etc.), Chemicals	Lumpsum	6,50,000
2	Packaging material (Bottles & Caps, Alcohols)	Lumpsum	2,50,000
	Total		9,00,000

MANPOWER REQUIREMENT (per month)

Type	Number	Cost (Rs.)
Manager	1	20,000
Accountant	1	15,000
Clerk	1	6,000
Supervisor	2	14,000
Labour (Skilled)	4	32,000
Labour (Unskilled)	5	35,000
Total	14	1,22,000

IMPLEMENTATION SCHEDULE

Particulars	Units	Details
Land	2000 Acre	14,00,000
Building/Unit Shed	Lumpsum	25,90,000
Plant & Machinery		
Cutter (for extraction of required plant parts)	INR	60,000
Packing, filling, sealing machine	INR	1,00,000
Hydro-Distiller unit	INR	4,00,000
Genset (Power Backup)	INR	10,00,000
Total		55,50,000

OTHER EXPENSES:

Sl. No	Particulars	Cost (Rs.)
	Fixed Asset	
1	Delivery Van	4,00,000
2	Computer	50,000
3	Furniture	1,00,000
		5,50,000

Other Expenses (PER MONTH)

Sl. No	Particulars	Cost (Rs.)
1	Electricity	20,000
2	Advertising & traveling	25,000
3	Transport	20,000
4	Misc. Fixed assets	10,000
5	Contingencies, Communication & Stationery	50,000
	Total	1,25,000

WORKING CAPITAL (per month)

Sl. No	Particulars	Cost (Rs.)
1	Raw Material	9,00,000
2	Salaries & Wages	1,22,000
3	Other expenses	1,25,000
	Total	11,47,000

TOTAL CAPITAL INVESTMENT

Sl. No	Particulars	Cost (Rs.)
1	Working Capital	11,47,000
2	Machinery	15,60,000
	Total	27,07,000

COST OF PRODUCTION

Sl. No	Particulars	Cost (Rs.)
1	Total recurring cost per annum	3,24,84,000
2	Depreciation on machinery & equipment (10%)	1,56,000
3	Interest (10%)	32,48,400
	Total	3,58,88,400

IMPLEMENTATION SCHEDULE

Project Stages	Months					
	1	2	3	4	5	6
Rent Agreement						
Ordering of Machinery						
Delivery of Machinery						
Term/Working Loan Sanction						
Installation of Machinery						
Commissioning of Plant						
RM/Inputs Procurement						
Manpower Appointments						
Commercial Production						

COST OF THE PROJECT

Sr. No	Costing Heads	Cost (in INR)
1	Land+ Building Expenses	39,90,000
3	Plant & Machinery	15,60,000
4	Contingency	1,00,000
	Total Cost of Project	56,50,000

SALES PROCEEDS (PER ANNUM)

Sl. No	Particulars	Quantity (no.)	Value (Rs.)
1	Perfume (Bottled)	280000	4,20,00,000
	Total		4,20,00,000

PROFITABILITY (BEFORE INCOME TAX)

Sl. No	Particulars	Profit
1	Annual Gross Profit (INR) = Annual Sales – Annual Recurring Cost	61,11,600
2	% of profit on sales	17.03%
3	Break-even point analysis	
A.	Net sales (in Rs. lakh)	358.88
B.	Variable cost	
B1	Raw Materials	108
B2	Other expenses	1.25
B3	Interest on Working Capital Loan	32.48
	Total variable cost	141.73
C.	Contribution (A-B)	217.15
D.	Fixed & Semi-fixed Costs	
D1	Salary	14.6
D2	Repair & maintenance	1
D3	Interest on Term Loan	32.48
D4	Depreciation	18.7
	Total fixed cost	66.78
E.	BREAK EVEN POINT	63.86%

Break-even point

$$\frac{\text{Annual Fixed Cost} \times 100}{\text{Annual Sales} - \text{Annual Variable Cost}} = \%$$

PROFITABILITY CALCULATIONS

Sr. No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
	Gross Sales (Lakh)	420	462.0	508.2	508.2	508.2
A	Less: (Lakh)					
1.	Recurring Cost	324	356.4	392.04	392.04	392.04
2.	Depreciation	1.56	1.72	1.89	1.89	1.89
3.	Interest	32.48	35.73	39.30	39.30	39.30
B	Production cost	358.88	394.77	434.24	434.24	434.24
C	Gross Profit	61.12	67.23	73.96	73.96	73.96
	Taxes @ 30%	18.34	20.17	22.19	22.19	22.19
	Net Profit	42.78	47.06	51.77	51.77	51.77

References

- Eiriindia .org
- Video Link - <https://youtu.be/i5HsKEq9mC8>

STATUTORY/ GOVERNMENT APPROVALS

There is statutory requirement of FSSAI license for setting up of food processing industry. Moreover, MSME & GST registration, IEC Code for Export of end products and local authority clearance may be required for Shops and Establishment, for Fire and Safety requirement and registration for ESI, PF and Labour laws may be required if applicable. Entrepreneur may contact State Pollution Control Board wherever it is applicable.

DISCLAIMER:

This is an indicative illustration of project profile; the above calculation can vary with the locations. Only few machine manufacturers are mentioned in the profile, although many machine manufacturers are available in the market. The addresses given for machinery manufacturers have been taken from reliable sources to the best of knowledge and contacts. However, no responsibility is admitted, in case any inadvertent error or incorrectness is noticed therein. Further, the same have been given by way of information only and do not carry any recommendation.

DISCLAIMER:

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