

PROJECT REPORT

Of

BAHEDA OIL

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Baheda Oil Processing unit.

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 : xxxxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **BAHEDA OIL**
- 6 Name of the project / business activity proposed : **BAHEDA OIL PROCESSING UNIT**
- 7 Cost of Project : Rs.23.98 Lakhs
- 8 Means of Finance
- Term Loan Rs.15.93 Lakhs
- Own Capital Rs.2.4 Lakhs
- Working Capital Rs.5.65 Lakhs
- 9 Debt Service Coverage Ratio : 2.19
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 36%
- 13 Employment : 15 Persons
- 14 Power Requirement : 18.00 HP
- 15 Major Raw materials : Baheda Fruits and Packing Material
- 16 Estimated Annual Sales Turnover (Max Capacity) : 121.89 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	16.70
Furniture & Fixtures	1.00
Working Capital	6.28
Total	23.98

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.40
Working Capital(Finance)	5.65
Term Loan	15.93
Total	23.98

BAHEDA OIL PROCESSING UNIT

Introduction:

Terminalia belerica Roxb from the family Combretaceae is a large deciduous tree up to 50m tall and diameter of 3m. The name terminalia belong to the Latin word terminus and refers to the leaves being crowded and or borne to the tip of shoot. Flowers are green - yellow, spender spikes longer than the petioles, borne in axillary and having offensive odour. Fruit is 2.5 cm long, silky-brownish-velvety and globose or narrowed at the base. It is referred as Beleric Myrobalan in English, Bhibhitaki in Sanskrit and locally known as Bahera in India. It is widely distributed throughout the world especially in India subcontinent, Pakistan, South East Asia, and Nepal.

The principle of phytoconstituent is beta sitosterol, gallic acid, ethyl gallate, chebulagic acid, egallic acid. Fruit contains terpenoid acid, saponins and tannins. Seed contains alkaloids, coumarin, flavone, glycosides. Bark contain beta sitosterol, tannins, egallic acid, gallic acid and catechol. Baheda oil is used extensively in cosmetic industry for hair growth, anti-ageing and skin treatment. Baheda oil is also used for body message. It can be used in cooking oil alone or in combination with other oils.



Uses & Market Potential:

Baheda is large deciduous and evergreen tree which goes to the height of 30 m and found mostly to the foothills of Himalaya. During the recent past, there has been resurgence in the study and use of medicinal plants. Herbal products are increasingly become mainstream consumer products manufactured by multinational corporates and sold globally in supermarket chain and variety of other outlets. Rising awareness for chemical free products, adverse effect of chemicals and changing perception about natural product, are increasingly manifesting themselves in the form of traditional medicinal products in market. Increased consumer sophistication, awareness of ingredients, performance of ingredients and health benefits are changing personal care and cosmetics industry. Increasing demand of natural ingredients in cosmetic industry are raising the demand for herbal products. Baheda oil prevents hair problem such as hair fall, hair whitening, promotes hair growth, treats acnes and prevents skin ageing hence Baheda oil is increasingly used in cosmetics products. There is increase in popularity of the oil obtained from the whole plant or part of plant to promote balance and harmony between mind and body, providing active ingredients, defined constituents and specific biological effects. Government is now introducing initiatives for promoting use of herbal products as well as providing incentives for extensive R&D of herbal products will also positively impact the demand of these products. The government has set up department AYUSH to promote Ayurveda, herbal and traditional ingredients production and use. The Indian government has also incentivized the industry by lowering GST on Ayurveda and herbal products to only 5 % to encourage the processing in sector.

Product:

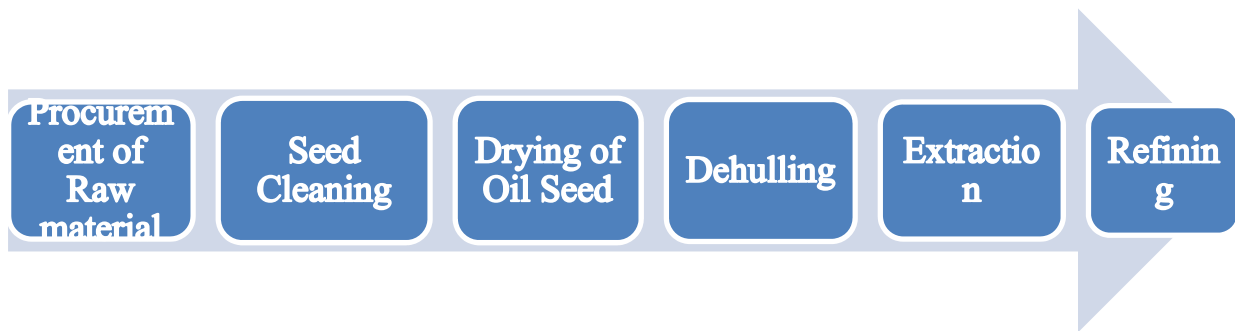
Baheda Oil

Raw Material:

1. Baheda Fruits
2. Packing Material

Manufacturing Process:

Extraction of Oil



Refining of Oil

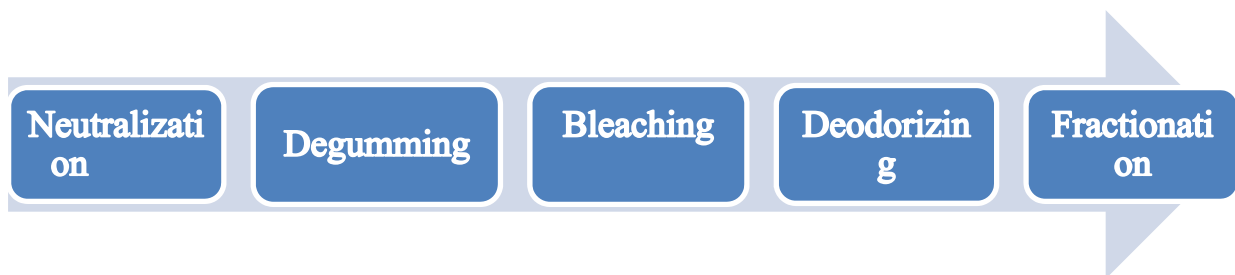


Fig. 1 – Process Flowchart

Area:

The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and polishing area. Also, some of the area of building is required for office staff facilities, office furniture, etc. Thus, the approximate total area required for complete industrial setup is 1200-1800Sqft.

Cost of Machines:

S No.	Machine	Unit	Price (INR)
1.	Seed Cleaning & Grading Machine	1	180000
2.	Tray Dryer	1	60000
3.	Hydraulic Oil Press Machine	1	150000
4.	Multifunctional Oil Refinery Equipment	1	1000000
5.	Oil Filling & Packaging Machine	1	180000
6.	Material Handling & other equipment's	Ls	100000
	Total Amount		1670000

Power Requirement- The estimated Power requirement is taken at 18 HP

Manpower Requirement— Following manpower is required:

- Machine operator-4
- Skilled/unskilled worker-3
- Helper-5
- Manager cum Accountant-1
- Sales Personnel-2

FINANCIALS

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	2.76	4.41	7.05	10.47
Add: Additions	2.40	-	-	-	-
Add: Net Profit	3.56	4.94	6.15	7.62	8.81
Less: Drawings	3.20	3.30	3.50	4.20	5.00
Closing Balance	2.76	4.41	7.05	10.47	14.28
CC Limit	5.65	5.65	5.65	5.65	5.65
Term Loan	14.16	10.62	7.08	3.54	-
Sundry Creditors	1.80	2.06	2.33	2.60	2.88
TOTAL :	24.37	22.73	22.11	22.26	22.81
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	17.70	17.70	17.70	17.70	17.70
Gross Dep.	2.61	4.82	6.72	8.33	9.70
Net Fixed Assets	15.10	12.88	10.98	9.37	8.00
Current Assets					
Sundry Debtors	3.42	4.16	4.78	5.42	6.09
Stock in Hand	4.66	5.36	6.05	6.78	7.54
Cash and Bank	1.20	0.34	0.30	0.69	1.18
TOTAL :	24.37	22.73	22.11	22.26	22.81
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	68.40	83.24	95.52	108.41	121.89
Total (A)	68.40	83.24	95.52	108.41	121.89
<u>B) COST OF SALES</u>					
Raw Material Consumed	36.00	41.18	46.50	51.98	57.60
Electricity Expenses	1.61	1.81	2.01	2.22	2.42
Repair & Maintenance	1.71	2.08	2.39	2.71	3.05
Labour & Wages	15.25	18.75	21.75	25.02	28.77
Depreciation	2.61	2.22	1.89	1.61	1.37
Cost of Production	57.17	66.04	74.55	83.53	93.21
Add: Opening Stock /WIP	-	2.86	3.30	3.73	4.18
Less: Closing Stock /WIP	2.86	3.30	3.73	4.18	4.66
Cost of Sales (B)	54.31	65.60	74.12	83.08	92.72
C) GROSS PROFIT (A-B)	14.09	17.64	21.40	25.33	29.17
	20.59%	21.19%	22.40%	23.36%	23.93%
D) Bank Interest i) (Term Loan)	1.73	1.41	1.02	0.63	0.24
ii) Interest On Working Capital	0.62	0.62	0.62	0.62	0.62
E) Salary to Staff	6.80	8.16	9.80	11.27	12.84
F) Selling & Adm Expenses Exp.	1.37	2.50	3.34	4.34	5.49
G) TOTAL (D+E+F)	10.52	12.70	14.78	16.86	19.19
H) NET PROFIT	3.56	4.94	6.61	8.47	9.97
	5.2%	5.9%	6.9%	7.8%	8.2%
I) Taxation	-	-	0.47	0.85	1.16
J) PROFIT (After Tax)	3.56	4.94	6.15	7.62	8.81

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	2.40	-	-	-	-
Reserve & Surplus	3.56	4.94	6.61	8.47	9.97
Depreciation & Exp. W/off	2.61	2.22	1.89	1.61	1.37
Increase In Cash Credit	5.65	-	-	-	-
Increase In Term Loan	15.93	-	-	-	-
Increase in Creditors	1.80	0.26	0.27	0.27	0.28
TOTAL :	31.95	7.42	8.77	10.35	11.63
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	17.70	-	-	-	-
Increase in Stock	4.66	0.70	0.69	0.72	0.77
Increase in Debtors	3.42	0.74	0.61	0.64	0.67
Repayment of Term Loan	1.77	3.54	3.54	3.54	3.54
Taxation	-	-	0.47	0.85	1.16
Drawings	3.20	3.30	3.50	4.20	5.00
TOTAL :	30.75	8.28	8.81	9.96	11.14
Opening Cash & Bank Balance	-	1.20	0.34	0.30	0.69
Add : Surplus	1.20	- 0.86	- 0.04	0.39	0.48
Closing Cash & Bank Balance	1.20	0.34	0.30	0.69	1.18

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
Finished Goods					
(15 Days requirement)	2.86	3.30	3.73	4.18	4.66
Raw Material					
(15 Days requirement)	1.80	2.06	2.33	2.60	2.88
Closing Stock	4.66	5.36	6.05	6.78	7.54

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	4.66		
Less:			
Sundry Creditors	1.80		
Paid Stock	2.86	0.29	2.57
Sundry Debtors	3.42	0.34	3.08
Working Capital Requirement			5.65
Margin			0.63
MPBF			5.65
Working Capital Demand			5.65

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	15.93	15.93	0.44	-	15.93
	Iind Quarter	15.93	-	15.93	0.44	-	15.93
	IIIrd Quarter	15.93	-	15.93	0.44	0.89	15.05
	Ivth Quarter	15.05	-	15.05	0.41	0.89	14.16
					1.73	1.77	
II	Opening Balance						
	Ist Quarter	14.16	-	14.16	0.39	0.89	13.28
	Iind Quarter	13.28	-	13.28	0.37	0.89	12.39
	IIIrd Quarter	12.39	-	12.39	0.34	0.89	11.51
	Ivth Quarter	11.51		11.51	0.32	0.89	10.62
					1.41	3.54	
III	Opening Balance						
	Ist Quarter	10.62	-	10.62	0.29	0.89	9.74
	Iind Quarter	9.74	-	9.74	0.27	0.89	8.85
	IIIrd Quarter	8.85	-	8.85	0.24	0.89	7.97
	Ivth Quarter	7.97		7.97	0.22	0.89	7.08
					1.02	3.54	
IV	Opening Balance						
	Ist Quarter	7.08	-	7.08	0.19	0.89	6.20
	Iind Quarter	6.20	-	6.20	0.17	0.89	5.31
	IIIrd Quarter	5.31	-	5.31	0.15	0.89	4.43
	Ivth Quarter	4.43		4.43	0.12	0.89	3.54
					0.63	3.54	
V	Opening Balance						
	Ist Quarter	3.54	-	3.54	0.10	0.89	2.66
	Iind Quarter	2.66	-	2.66	0.07	0.89	1.77
	IIIrd Quarter	1.77	-	1.77	0.05	0.89	0.89
	Ivth Quarter	0.89		0.89	0.02	0.89	0.00
					0.24	3.54	

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>	6.17	7.16	8.04	9.23	10.18
Interest on Term Loan	1.73	1.41	1.02	0.63	0.24
Total	7.90	8.57	9.06	9.86	10.43
<u>REPAYMENT</u>					
Repayment of Term Loan	1.77	3.54	3.54	3.54	3.54
Interest on Term Loan	1.73	1.41	1.02	0.63	0.24
Total	3.50	4.95	4.56	4.17	3.78
DEBT SERVICE COVERAGE RATIO	2.26	1.73	1.99	2.36	2.76
AVERAGE D.S.C.R.			2.19		

Assumptions:

1. Production Capacity of Baheda Oil Processing unit is taken at 500 Ltr per day. First year, Capacity has been taken @ 40%.
2. Working shift of 10 hours per day has been considered.
3. Raw Material stock and Finished goods closing stock has been taken for 15 days.
4. Credit period to Sundry Debtors has been given for 15 days.
5. Credit period by the Sundry Creditors has been provided for 15 days.
6. Depreciation and Income tax has been taken as per the Income tax Act,1961.
7. Interest on working Capital Loan and Term loan has been taken at 11%.
8. Salary and wages rates are taken as per the Current Market Scenario.
9. Power Consumption has been taken at 18 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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