

PROJECT REPORT

Of

BAY LEAF ESSENTIAL OIL

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Bay Leaf Essential Oil 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 : **BAY LEAF ESSENTIAL OIL**
- 6 Name of the project / business activity proposed : **BAY LEAF ESSENTIAL OIL UNIT**
- 7 Cost of Project : Rs.24.87 Lakhs
- 8 Means of Finance
- Term Loan Rs.13.5 Lakhs
- Own Capital Rs.2.49 Lakhs
- Working Capital Rs.8.89 Lakhs
- 9 Debt Service Coverage Ratio : 2.91
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 26%
- 13 Employment : 15 Persons
- 14 Power Requirement : 18.00 HP
- 15 Major Raw materials : Bay Leaves
- 16 Estimated Annual Sales Turnover (Max Capacity) : 211.34 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	13.50
Furniture & Fixtures	1.50
Working Capital	9.87
Total	24.87

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.49
Working Capital(Finance)	8.89
Term Loan	13.50
Total	24.87

BAY LEAF ESSENTIAL OIL UNIT

Introduction:

Bay leaf (*Laurus nobilis*) belongs to laurel family (Lauraceae) is an evergreen perennial shrub. The genus has 2400 to 2500 species and native to Tropics of eastern Africa, southern Mediterranean region, south and America, Asia minor, south and America and the Balkans. Two laurel species are found: *Laurus azorica* and *L. nobilis*. *L. nobilis* is typically known as bay leaf or sweet bay. It is known as waraq ghaar in Arabic, it is known as lorbeer in German, Tejpatta in India, dafni in Greek. *Laurus nobilis* is a small tree having oblong leaf. The plant grows to the height of 20 – 30 feet. The fruit is 10 - 15mm, black and ovoid when ripe. The bark may be olive green or reddish blue. The leaves are plucked and dried for use in flavouring for various of dishes. Bark is also used for medicinal tea.

It has a sharp and bitter taste. The fragrance and aroma are due to the presence of essential oil in leaves. It has tannins, citric acid, eugenol, flavonoids, carbohydrate, alkaloids, steroids, triterpenoids and essential oil. Each of this chemical compound varies depending on the type of species. The essential oil of bay leaf varies from 0.3% to 3%. Bay leaves has traces of fat hence low in caloric value. It is main source of vitamin A and minerals. Bay leaf is also good source of fibre.

Bay leaves is full of antioxidants, minerals and fibres. It is used for stomach ache, clearing up of mucus in the lungs, cold and sore throat, to treat headaches, gastrointestinal problem and analgesic effect. It has antidiarrheal, antidiabetic and anti-inflammatory properties, boosts immune system.



Uses & Market Potential:

The increase in awareness of healthy diet has increased consumption of natural ingredients. The rapidly rising urbanization and changing lifestyle had changed the food preference towards healthy choices owing to the medicinal properties of herbs and spices. Bay leaf owing to its medicinal properties such as antioxidant properties is gaining attention among health-conscious consumers. The anti-inflammatory property of the bay leaf reduces the chances of arthritis and also the consumption of bay leaf improves insulin function which the reason it is beneficial for diabetics. The increasing use of bay leaf by nutraceutical is also driving the global bay leaf market. Consumption of bay leaf extracts as health supplement is increasing the demand for bay leaf in all region by health-conscious consumers.

Increased use of bay leaf in sauces, pickles, seasoning, dressing gives ample opportunity to bay leaf producers to grow in market. The bay leaf and its powder are gaining market due to its application in French cuisine and Indian cuisine. It is also used as flavoring in liquors and vinegars. The bay leaf powder is also used in packaged food industry and exotic cuisines.

Rising demand for organic products and environmentally friendly ingredients uses in cosmetic and personal care boosted the market of essential oil. The essential oil of bay leaf is increasingly used in various cosmetic products such as serums, face mask, shampoo, hair oils, soaps, moisturizers owing to its antioxidant properties. It has essential oil content ranging from 1.5 – 2.5% by weight. It can treat various skin problem hence increasingly being used in home remedies as well.

Essential oil of spices can successfully replace powdered or whole spice in food preparation and other application. As essential oil is liquid in state, they are easier to handle than powdered spices. Essential oil has very low growth of microbes and other contaminating micro-organisms as compared to whole or powdered spices, therefore gives longer shelf life to product.

Product:

Bay Leaf Essential Oil

Raw Material:

The only raw material required for bay leaf essential oil manufacturing is bay leaves.

Manufacturing Process:



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:

Machine	Unit	Rate	Price
Vibrating separator	1	175000	175000
Steam distillation unit	1	450000	450000
Packaging machine	1	300000	300000
Tray dryer	1	245000	245000
Material handling and other equipment's	-	180000	180000
Total Amount			1350000

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 PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	107.73	135.11	158.84	184.46	211.34
Total (A)	107.73	135.11	158.84	184.46	211.34
<u>B) COST OF SALES</u>					
Raw Material Consumed	75.60	90.09	105.12	120.69	136.80
Electricity Expenses	1.21	1.41	1.61	1.81	2.01
Repair & Maintenance	2.69	3.38	3.97	4.61	5.28
Labour & Wages	15.25	18.75	21.75	25.02	28.77
Depreciation	2.18	1.86	1.58	1.35	1.16
Cost of Production	96.92	115.49	134.04	153.48	174.02
Add: Opening Stock /WIP	-	4.85	5.77	6.70	7.67
Less: Closing Stock /WIP	4.85	5.77	6.70	7.67	8.70
Cost of Sales (B)	92.08	114.56	133.11	152.51	172.99
C) GROSS PROFIT (A-B)	15.65	20.55	25.73	31.95	38.34
	14.53%	15.21%	16.20%	17.32%	18.14%
D) Bank Interest i) (Term Loan)	1.46	1.20	0.87	0.54	0.21
ii) Interest On Working Capital	0.98	0.98	0.98	0.98	0.98
E) Salary to Staff	6.80	8.16	9.80	11.56	13.41
F) Selling & Adm Expenses Exp.	2.15	4.05	5.56	7.38	9.51
G) TOTAL (D+E+F)	11.40	14.39	17.20	20.45	24.11
H) NET PROFIT	4.25	6.16	8.53	11.50	14.24
	3.9%	4.6%	5.4%	6.2%	6.7%
I) Taxation	-	0.37	0.86	1.64	2.49
J) PROFIT (After Tax)	4.25	5.79	7.66	9.86	11.75

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	2.49	-	-	-	-
Reserve & Surplus	4.25	6.16	8.53	11.50	14.24
Depreciation & Exp. W/off	2.18	1.86	1.58	1.35	1.16
Increase In Cash Credit	8.89	-	-	-	-
Increase In Term Loan	13.50	-	-	-	-
Increase in Creditors	3.78	0.72	0.75	0.78	0.81
TOTAL :	35.08	8.74	10.86	13.63	16.20
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	15.00	-	-	-	-
Increase in Stock	8.63	1.65	1.68	1.75	1.83
Increase in Debtors	5.03	1.28	1.11	1.20	1.25
Repayment of Term Loan	1.50	3.00	3.00	3.00	3.00
Taxation	-	0.37	0.86	1.64	2.49
Drawings	3.50	3.70	4.00	5.00	7.00
TOTAL :	33.65	10.00	10.65	12.58	15.58
Opening Cash & Bank Balance	-	1.43	0.17	0.38	1.42
Add : Surplus	1.43	- 1.26	0.21	1.04	0.62
Closing Cash & Bank Balance	1.43	0.17	0.38	1.42	2.04

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(15 Days requirement)	4.85	5.77	6.70	7.67	8.70
<u>Raw Material</u>					
(15 Days requirement)	3.78	4.50	5.26	6.03	6.84
Closing Stock	8.63	10.28	11.96	13.71	15.54

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	8.63		
Less:			
Sundry Creditors	3.78		
Paid Stock	4.85	0.48	4.36
Sundry Debtors	5.03	0.50	4.52
Working Capital Requirement			8.89
Margin			0.99
MPBF			8.89
Working Capital Demand			8.89

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	13.50	13.50	0.37	-	13.50
	Iind Quarter	13.50	-	13.50	0.37	-	13.50
	IIIrd Quarter	13.50	-	13.50	0.37	0.75	12.75
	Ivth Quarter	12.75	-	12.75	0.35	0.75	12.00
					1.46	1.50	
II	Opening Balance						
	Ist Quarter	12.00	-	12.00	0.33	0.75	11.25
	Iind Quarter	11.25	-	11.25	0.31	0.75	10.50
	IIIrd Quarter	10.50	-	10.50	0.29	0.75	9.75
	Ivth Quarter	9.75	-	9.75	0.27	0.75	9.00
					1.20	3.00	
III	Opening Balance						
	Ist Quarter	9.00	-	9.00	0.25	0.75	8.25
	Iind Quarter	8.25	-	8.25	0.23	0.75	7.50
	IIIrd Quarter	7.50	-	7.50	0.21	0.75	6.75
	Ivth Quarter	6.75	-	6.75	0.19	0.75	6.00
					0.87	3.00	
IV	Opening Balance						
	Ist Quarter	6.00	-	6.00	0.17	0.75	5.25
	Iind Quarter	5.25	-	5.25	0.14	0.75	4.50
	IIIrd Quarter	4.50	-	4.50	0.12	0.75	3.75
	Ivth Quarter	3.75	-	3.75	0.10	0.75	3.00
					0.54	3.00	
V	Opening Balance						
	Ist Quarter	3.00	-	3.00	0.08	0.75	2.25
	Iind Quarter	2.25	-	2.25	0.06	0.75	1.50
	IIIrd Quarter	1.50	-	1.50	0.04	0.75	0.75
	Ivth Quarter	0.75	-	0.75	0.02	0.75	-
					0.21	3.00	

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>	6.43	7.64	9.25	11.21	12.90
Interest on Term Loan	1.46	1.20	0.87	0.54	0.21
Total	7.89	8.84	10.11	11.75	13.11
<u>REPAYMENT</u>					
Repayment of Term Loan	1.50	3.00	3.00	3.00	3.00
Interest on Term Loan	1.46	1.20	0.87	0.54	0.21
Total	2.96	4.20	3.87	3.54	3.21
DEBT SERVICE COVERAGE RATIO	2.66	2.11	2.62	3.32	4.09
AVERAGE D.S.C.R.			2.91		

Assumptions:

1. Production Capacity of Bay Leaf Essential Oil unit is taken at 600 Bottles per day. First year, Capacity has been taken @ 30%. Capacity per bottle is 100 ml.
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 14 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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