

PROJECT REPORT

Of

HIRDA OIL

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Hirda 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 : **HIRDA OIL**
- 6 Name of the project / business activity proposed : **HIRDA OIL PROCESSING UNIT**
- 7 Cost of Project : Rs.24.43 Lakhs
- 8 Means of Finance
- Term Loan Rs.17.01 Lakhs
- Own Capital Rs.2.44 Lakhs
- Working Capital Rs.4.98 Lakhs
- 9 Debt Service Coverage Ratio : 2.02
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 36%
- 13 Employment : 14 Persons
- 14 Power Requirement : 20.00 HP
- 15 Major Raw materials : Hirda Fruits and Packing Material
- 16 Estimated Annual Sales Turnover (Max Capacity) : 106.65 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	17.90
Furniture & Fixtures	1.00
Working Capital	5.53
Total	24.43

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.44
Working Capital(Finance)	4.98
Term Loan	17.01
Total	24.43

HIRDA OIL PROCESSING UNIT

Introduction:

Terminalia chebula belongs to the family of Combretaceae attaining a height of 15-24 meters in height. It is known as Myrobalan in English, Haritaki in Sanskrit and Bengali, Harad in Hindi, Karkchettu in Telugu, Kadukkaya in Tamil and Harada Marathi & Gujrati. It is native to Indian subcontinent and Nepal, South West China, Pakistan and in Shri Lanka. In India it is found in West Bengal, Assam, Himalayas, Bihar, Orissa, Madhya Pradesh, Deccan Maharashtra and south India. The leaves are elliptical in shape with an acute tip, cordate at the base, margins entire, glabrous above with a yellowish pubescence below. The fruit are ellipsoid to ovoid drupes, orange brown in colour and 3-5 cm long.

The main constituents are tannins and phenolic compounds. *T. chebula* is rich source of tannins, having 32% of tannins contents. The chief component of tannin is chebulagic acid, corilagin acid, chebulic acid and gallic acid. It contains fructose, succinic acid, amino acids, beta sitosterol and resins.



Uses & Market Potential:

Plant has very great medicinal significance and used for treatment of various diseases. T. chebula is referred as King of Medicine in Tibet because of its many medicinal properties. It is used for treatment of sore throat, asthma, cough, gout, ulcer, high cough, heat burn, diarrhea, vomiting, piles, bladder problems and dysentery. 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. Herbal product reaches out to consumer across all income groups. According to a report one in four risks dying from non-communicable diseases before reaching age of 70. All these factors lead to increased demand for herbal therapies in India.

In the recent past, there has been resurgence in the study and use of medicinal plants. Herbal products increasingly become mainstream consumer products manufactured by multinational corporates and sold globally in supermarket chain and variety of other outlets. 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, these acts as driving factor for growth of Hirda oil industry.

Product:

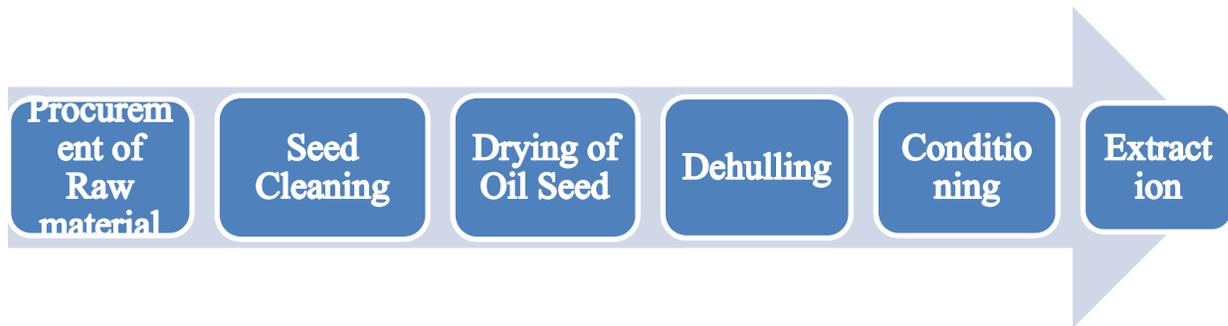
Hirda Oil

Raw Material:

1. Hirda Fruits
2. Packing Material

Manufacturing Process:

Extraction of Oil



Refining of Oil

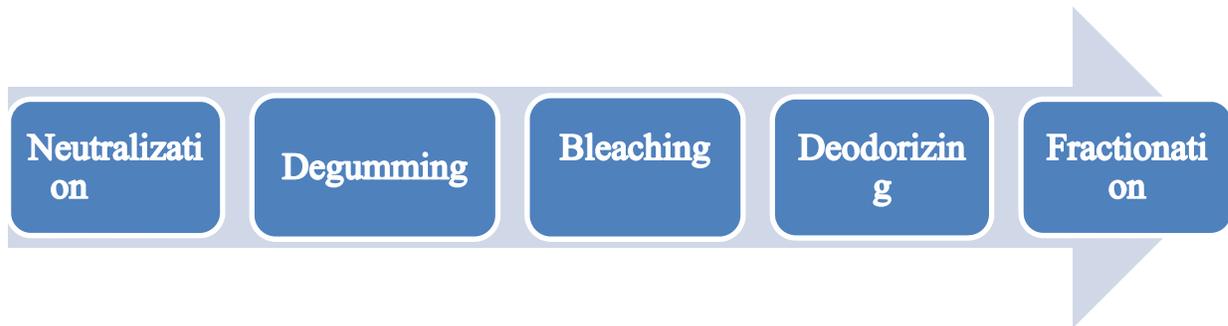


Fig. 1 – Process Flowchart

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.	Seed Dehulling Machine	1	120000
4.	Hydraulic Oil Press Machine	1	150000
5.	Multifunctional Oil Refinery Equipment	1	1000000
6.	Oil Filling & Packaging Machine	1	180000
7.	Other equipment's	Ls	100000
	Total Amount		1790000

Power Requirement- The estimated Power requirement is taken at 20 HP

Manpower Requirement– Following manpower is required:

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

FINANCIALS

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	3.19	4.83	6.79	9.88
Add: Additions	2.44	-	-	-	-
Add: Net Profit	3.54	4.94	5.77	7.09	8.25
Less: Drawings	2.80	3.30	3.80	4.00	4.50
Closing Balance	3.19	4.83	6.79	9.88	13.63
CC Limit	4.98	4.98	4.98	4.98	4.98
Term Loan	15.12	11.34	7.56	3.78	-
Sundry Creditors	1.47	1.68	1.89	2.11	2.33
TOTAL :	24.75	22.82	21.22	20.75	20.94
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	18.90	18.90	18.90	18.90	18.90
Gross Dep.	2.79	5.16	7.18	8.90	10.37
Net Fixed Assets	16.12	13.74	11.72	10.00	8.53
Current Assets					
Sundry Debtors	2.99	3.64	4.18	4.74	5.33
Stock in Hand	4.01	4.60	5.22	5.84	6.49
Cash and Bank	1.64	0.83	0.09	0.17	0.58
TOTAL :	24.75	22.82	21.22	20.75	20.94

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PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	59.85	72.83	83.58	94.85	106.65
Total (A)	59.85	72.83	83.58	94.85	106.65
<u>B) COST OF SALES</u>					
Raw Material Consumed	29.40	33.55	37.80	42.16	46.62
Electricity Expenses	1.79	2.01	2.24	2.46	2.69
Repair & Maintenance	1.50	1.82	2.09	2.37	2.67
Labour & Wages	15.25	18.75	22.50	25.88	29.76
Depreciation	2.79	2.37	2.02	1.72	1.47
Cost of Production	50.72	58.51	66.65	74.59	83.20
Add: Opening Stock /WIP	-	2.54	2.93	3.33	3.73
Less: Closing Stock /WIP	2.54	2.93	3.33	3.73	4.16
Cost of Sales (B)	48.18	58.12	66.24	74.19	82.77
C) GROSS PROFIT (A-B)	11.67	14.71	17.34	20.66	23.88
	19.50%	20.20%	20.74%	21.78%	22.39%
D) Bank Interest i) (Term Loan)	1.85	1.51	1.09	0.68	0.26
ii) Interest On Working Capital	0.55	0.55	0.55	0.55	0.55
E) Salary to Staff	4.54	5.53	6.64	7.84	9.01
F) Selling & Adm Expenses Exp.	1.20	2.18	2.93	3.79	4.80
G) TOTAL (D+E+F)	8.13	9.77	11.20	12.85	14.62
H) NET PROFIT	3.54	4.94	6.13	7.81	9.27
	5.9%	6.8%	7.3%	8.2%	8.7%
I) Taxation	-	-	0.37	0.71	1.02
J) PROFIT (After Tax)	3.54	4.94	5.77	7.09	8.25

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	2.44	-	-	-	-
Reserve & Surplus	3.54	4.94	6.13	7.81	9.27
Depreciation & Exp. W/off	2.79	2.37	2.02	1.72	1.47
Increase In Cash Credit	4.98	-	-	-	-
Increase In Term Loan	17.01	-	-	-	-
Increase in Creditors	1.47	0.21	0.21	0.22	0.22
TOTAL :	32.23	7.52	8.36	9.75	10.96
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	18.90	-	-	-	-
Increase in Stock	4.01	0.60	0.62	0.61	0.65
Increase in Debtors	2.99	0.65	0.54	0.56	0.59
Repayment of Term Loan	1.89	3.78	3.78	3.78	3.78
Taxation	-	-	0.37	0.71	1.02
Drawings	2.80	3.30	3.80	4.00	4.50
TOTAL :	30.59	8.33	9.10	9.67	10.54
Opening Cash & Bank Balance	-	1.64	0.83	0.09	0.17
Add : Surplus	1.64	- 0.81	- 0.74	0.07	0.42
Closing Cash & Bank Balance	1.64	0.83	0.09	0.17	0.58

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(15 Days requirement)	2.54	2.93	3.33	3.73	4.16
<u>Raw Material</u>					
(15 Days requirement)	1.47	1.68	1.89	2.11	2.33
Closing Stock	4.01	4.60	5.22	5.84	6.49

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	4.01		
Less:			
Sundry Creditors	1.47		
Paid Stock	2.54	0.25	2.28
Sundry Debtors	2.99	0.30	2.69
Working Capital Requirement			4.98
Margin			0.55
MPBF			4.98
Working Capital Demand			4.98

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	17.01	17.01	0.47	-	17.01
	Iind Quarter	17.01	-	17.01	0.47	-	17.01
	IIIrd Quarter	17.01	-	17.01	0.47	0.95	16.07
	Ivth Quarter	16.07	-	16.07	0.44	0.95	15.12
					1.85	1.89	
II	Opening Balance						
	Ist Quarter	15.12	-	15.12	0.42	0.95	14.18
	Iind Quarter	14.18	-	14.18	0.39	0.95	13.23
	IIIrd Quarter	13.23	-	13.23	0.36	0.95	12.29
	Ivth Quarter	12.29		12.29	0.34	0.95	11.34
					1.51	3.78	
III	Opening Balance						
	Ist Quarter	11.34	-	11.34	0.31	0.95	10.40
	Iind Quarter	10.40	-	10.40	0.29	0.95	9.45
	IIIrd Quarter	9.45	-	9.45	0.26	0.95	8.51
	Ivth Quarter	8.51		8.51	0.23	0.95	7.56
					1.09	3.78	
IV	Opening Balance						
	Ist Quarter	7.56	-	7.56	0.21	0.95	6.61
	Iind Quarter	6.61	-	6.61	0.18	0.95	5.67
	IIIrd Quarter	5.67	-	5.67	0.16	0.95	4.72
	Ivth Quarter	4.72		4.72	0.13	0.95	3.78
					0.68	3.78	
V	Opening Balance						
	Ist Quarter	3.78	-	3.78	0.10	0.95	2.83
	Iind Quarter	2.83	-	2.83	0.08	0.95	1.89
	IIIrd Quarter	1.89	-	1.89	0.05	0.95	0.94
	Ivth Quarter	0.94		0.94	0.03	0.95	0.00
					0.26	3.78	

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>	6.33	7.31	7.79	8.82	9.72
Interest on Term Loan	1.85	1.51	1.09	0.68	0.26
Total	8.17	8.82	8.88	9.49	9.98
<u>REPAYMENT</u>					
Repayment of Term Loan	1.89	3.78	3.78	3.78	3.78
Interest on Term Loan	1.85	1.51	1.09	0.68	0.26
Total	3.74	5.29	4.87	4.46	4.04
DEBT SERVICE COVERAGE RATIO	2.19	1.67	1.82	2.13	2.47
AVERAGE D.S.C.R.			2.02		

Assumptions:

1. Production Capacity of Hirda Oil Processing unit is taken at 350 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 20 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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