

UP MSME 1-Connect

PROJECT REPORT

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PROJECT:

MOGRA OIL

PROJECT REPORT

Of

MOGRA OIL

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Mogra oil Manufacturing 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.]

PROJECT AT GLANCE

1 Name of Proprietor/Director	XXXXXXXXXX
2 Firm Name	XXXXXXXXXX
3 Registered Address	XXXXXXXXXX
4 Nature of Activity	XXXXXXXXXX
5 Category of Applicant	XXXXXXXXXX
6 Location of Unit	XXXXXXXXXX
7 Cost of Project	24.86 Rs. In Lakhs
8 Means of Finance	
i) Own Contribution	2.49 Rs. In Lakhs
ii) Term Loan	14.85 Rs. In Lakhs
iii) Working Capital	7.52 Rs. In Lakhs
9 Debt Service Coverage Ratio	3.82
10 Break Even Point	12%
11 Power Requirement	30 KW
12 Employment	6 Persons
13 Major Raw Materials	Mogra flowers & Packing material

14 Details of Cost of Project & Means of Finance

Cost of Project	Amount in Laacs
Particulars	Amount
Land and building	Owned/Leased
Plant & Machinery	14.50
Furniture & Fixture	-
Other Misc Assets	2.00
Working Capital Requirement	8.36
Total	24.86
Means of Finance	
Particulars	Amount
Own Contribution	2.49
Term Loan	14.85
Working capital Loan	7.52
Total	24.86

1. INTRODUCTION



Essential oils are highly concentrated substances extracted from flowers, leaves, stems, roots, seeds, barks, resins, or fruit rinds. These oils are often used for their flavor and their therapeutic or odoriferous properties, in a wide selection of products such as foods, medicines, and cosmetics. Popular extraction methods include Steam Distillation, Solvent Extraction, CO₂ Extraction, Maceration, Enfleurage, Cold Press Extraction, and Water Distillation. The method of extraction affects essential oil quality by way of pressure and temperatures applied. Mogra essential oil is useful for wound healing, moisturizing, and nourishing the skin. Therapeutic properties of this oil include anti-depressant, antiseptic, aphrodisiac, anti-spasmodic, and similar others.

2 PRODUCT DESCRIPTION

2.1 PRODUCT USES

Essential oils are used to fight infection, oil contains hormone-like compounds, which initiate cellular regeneration, and work as chemical defense against fungal, viral, and animal foes. Despite their foliar origins, however, essential oils have a similar structure to some compounds found in blood and tissues, allowing them to be compatible with our physiology. Aromatherapy: It is the use of aromatic essential oils to benefit the body – in emotional and physical health and beauty. Science has discovered that our sense of smell plays a significant role in our overall health. Essential oil treats acne efficiently and inhibits the growth of bacteria in the pores of the skin. Helps regulate the excretion of sebum, reduces scarring. It provides anti-aging benefits by preventing wrinkles. Induces sleep with its relaxing impact, this has made it a common recommendation for an alternative treatment of insomnia. It helps to relieve various respiratory problems such as asthma, cough, sinus congestion as well as respiratory tract infections. Essential oil is used in many skincare products.

2.2 MANUFACTURING PROCESS

This process can be broken down into the following steps-

Raw material procurement

Essential Oil Production Process

Testing

Raw Material Procurement

The raw materials are checked strictly as per established quality standards and requirements. Individual supplier assessment and supplier rating are done depending upon the rejection levels at the incoming quality control stage. Sorting of raw material will be done. And it will be stored in a neat and clean area for further processing.

Essential Oil Production Process

Steam or Water distillation process can be used for mogra essential oil production. Water distillation extraction is a popular method for obtaining essential oils from medicinal and aromatic herbs. Additionally, it represents an environmentally friendly process. Delicate flowers would clump together when introduced to steam in the distillation process, so the most effective method of extraction in this situation is to submerge fragile plant material in pure boiling water instead. The water protects the extracted oil from overheating. The condensed liquids cool down and

separate from each other. The remaining water, which can sometimes be fragrant, is referred to by several names including *hydrolase*, *hydrosol*, *herbal water*, *essential water*, *floral water*, or *herbal distillate*.

1. **Soaking:** The petals are soaked in the container, which has water for preventing overheating and charring of the plants. A large container called a *Still*, which is usually made of stainless steel, containing the water is used here.
2. **Heating:** and then heating water with plants till the steam comes out. The steam will release the flower's aromatic molecules and turn them into vapor. Heating systems in the extraction of essential oils using water distillation are direct fire, steam jacket, closed steam jacket, closed or open steam coil.
3. **Separation:** The vaporized plant compounds travel to the *Condenser*. Here, two separate pipes make it possible for hot water to exit and for cold water to enter the Condenser. This makes the vapor cool back into liquid form. The oil comes out and goes to the condenser where the oil and water are collected in separation flasks. The oil collected in the top layer of hydrosol can be isolated. The aromatic liquid by-product drops from the Condenser and collects inside a receptacle underneath it, which is called a *Separator*. Because water and oil do not mix, the essential oil floats on top of the water. In this method, the extraction temperature always is below 100°C to avoid the evaporation of water and oil together.
4. **Filtration:** Collected oil will be filtered out and will send for QC.
5. **Packing:** After the quality check, the oil will be filled in containers by an automatic filling machine.

Testing

Quality control

3 PROJECT COMPONENTS

3.1 Land & Building

The land required for this manufacturing unit will be approx. around 4000 square feet. Land Purchase and Building Civil Work Cost have not been considered as part of the cost of project. It is expected that the premises will be on rental and approximate rentals assumed of the same will be Rs.10,000 per month.

- Workshop Area- This area includes the setup and foundation space for all equipment's, work floor area, etc. Total workshop area is approx.2500 Sq ft.
- Inventory Area- This area includes the storage space for all the raw materials and finished goods. Total inventory area is approx. 1000 Sq ft.
- Office Area – This space includes staff working region, their accommodation space. Total workshop area is approx. 300 Sq ft. This may be considered above the ground floor.
- Parking Space, Electric Mounting Space, and Others. This could be approx. 200 Sq ft.

Land and building requirement may vary depending on the size of project.

3.2 Plant & Machinery

This is a semi-automatic type of plant and the production capacity is set to be 40 Litre of Mogra Essential Oil per day.

Machines-

Oil Extraction Machine/ Water distillation plant

Essential oil distills equipment uses technology and chemical separation that can extract flower components efficiently by distillation. The small essential oil extraction machine consists of the following parts: extraction tank, oil-water separator, filter, receiver, pipe oil cooling system, layer plate distillation, vacuum system temperature, rack, matching pipeline, health level value, digital display temperature sensor, etc.



Oil Filling Machine

An automatic essential oil filling machine is used for oil packing.



Sr No.	Plant & Machinery	Quantity	Amount
1	Oil extraction plant	1	10,50,000
2	Filling machine	1	4,00,000
	TOTAL		14,50,000

4 LICENSE & APPROVALS

Basic registration required in this project:

- Company registration
- GST registration
- MSME Udyam registration
- BIS certification
- Trademark registration

PROJECTED PROFITABILITY STATEMENT						(in Laacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year	
Capacity Utilisation %	20%	25%	30%	35%	40%	
SALES						
Gross Sale						
MOGRA ESSENTIAL OIL MAKING UNIT	150.48	201.26	253.89	311.02	373.31	
Total	150.48	201.26	253.89	311.02	373.31	
COST OF SALES						
Raw Material Consumed	132.00	173.40	218.52	267.54	321.12	
Electricity Expenses	1.44	1.80	2.16	2.52	2.88	
Depreciation	2.48	2.10	1.79	1.52	1.29	
Wages & labour	5.82	7.22	7.94	8.02	8.06	
Repair & maintenance	0.84	1.41	2.03	2.18	2.24	
Packaging	0.75	1.01	1.27	1.56	1.64	
Cost of Production	143.33	186.94	233.71	283.33	337.23	
Add: Opening Stock	-	3.34	4.36	5.45	6.61	
Less: Closing Stock	3.34	4.36	5.45	6.61	7.87	
Cost of Sales	139.99	185.92	232.62	282.17	335.97	
GROSS PROFIT	10.50	15.34	21.27	28.85	37.33	
	6.98%	7.62%	8.38%	9.28%	10.00%	
Salary to Staff	1.20	1.56	2.11	2.84	3.13	
Interest on Term Loan	1.46	1.29	0.92	0.56	0.20	
Interest on working Capital	0.83	0.83	0.83	0.83	0.83	
Rent	1.20	1.56	2.11	2.84	3.13	
Selling & Administrative Exp.	0.75	2.01	2.54	3.11	3.73	
TOTAL	5.44	7.25	8.50	10.18	11.01	
NET PROFIT	5.06	8.09	12.77	18.66	26.32	
	3.36%	4.02%	5.03%	6.00%	7.05%	
Taxation	0.01	0.64	1.86	3.02	5.40	
PROFIT (After Tax)	5.05	7.45	10.91	15.65	20.92	

PROJECTED BALANCE SHEET					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Liabilities</u>					
Capital					
Opening balance		5.59	10.04	14.75	19.90
Add: - Own Capital	2.49				
Add: - Retained Profit	5.05	7.45	10.91	15.65	20.92
Less: - Drawings	1.94	3.00	6.20	10.50	15.47
Closing Balance	5.59	10.04	14.75	19.90	25.34
Term Loan	13.20	9.90	6.60	3.30	-
Working Capital Limit	7.52	7.52	7.52	7.52	7.52
Sundry Creditors	3.08	4.05	5.10	6.24	7.49
Provisions & Other Liability	0.40	0.48	0.58	0.80	0.96
TOTAL:	29.80	31.99	34.55	37.76	41.32
<u>Assets</u>					
Fixed Assets (Gross)					
	16.50	16.50	16.50	16.50	16.50
Gross Dep.	2.48	4.58	6.37	7.89	9.18
Net Fixed Assets	14.03	11.92	10.13	8.61	7.32
Current Assets					
Sundry Debtors	5.02	6.71	8.46	10.37	12.44
Stock in Hand	6.42	8.41	10.55	12.85	15.36
Cash and Bank	0.03	0.06	0.10	0.13	0.20
Loans & Advances /Other Current Assets	4.30	4.90	5.30	5.80	6.00
TOTAL :	29.80	31.99	34.55	37.76	41.32

PROJECTED CASH FLOW STATEMENT					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	2.49				
Net Profit	5.06	8.09	12.77	18.66	26.32
Depreciation & Exp. W/off	2.48	2.10	1.79	1.52	1.29
Increase in Cash Credit	7.52	-	-	-	-
Increase In Term Loan	14.85	-	-	-	-
Increase in Creditors	3.08	0.97	1.05	1.14	1.25
Increase in Provisions & Other liabilities	0.40	0.08	0.10	0.22	0.16
-					
TOTAL :	35.87	11.24	15.71	21.55	29.02
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	16.50				
Increase in Stock	6.42	1.98	2.14	2.30	2.51
Increase in Debtors	5.02	1.69	1.75	1.90	2.08
Repayment of Term Loan	1.65	3.30	3.30	3.30	3.30
Loans & Advances /Other Current Assets	4.30	0.60	0.40	0.50	0.20
Drawings	1.94	3.00	6.20	10.50	15.47
Taxation	0.01	0.64	1.86	3.02	5.40
TOTAL :	35.84	11.22	15.66	21.52	28.96
Opening Cash & Bank Balance	-	0.03	0.06	0.10	0.13
Add : Surplus	0.03	0.02	0.05	0.03	0.06
Closing Cash & Bank Balance	0.03	0.06	0.10	0.13	0.20

<u>CALCULATION OF D.S.C.R</u>					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS					
CASH ACCRUALS	7.52	9.55	12.70	17.17	22.21
Interest on Term Loan	1.46	1.29	0.92	0.56	0.20
Total	8.98	10.84	13.62	17.73	22.41
REPAYMENT					
Instalment of Term Loan	1.65	3.30	3.30	3.30	3.30
Interest on Term Loan	1.46	1.29	0.92	0.56	0.20
Total	3.11	4.59	4.22	3.86	3.50
DEBT SERVICE COVERAGE RATIO	2.89	2.36	3.22	4.59	6.41
AVERAGE D.S.C.R.					3.82

REPAYMENT SCHEDULE OF TERM LOAN							
						Interest	11.00%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
1st	Opening Balance						
	1st month	-	14.85	14.85	-	-	14.85
	2nd month	14.85	-	14.85	0.14	-	14.85
	3rd month	14.85	-	14.85	0.14	-	14.85
	4th month	14.85	-	14.85	0.14	-	14.85
	5th month	14.85	-	14.85	0.14	-	14.85
	6th month	14.85	-	14.85	0.14	-	14.85
	7th month	14.85	-	14.85	0.14	0.28	14.58
	8th month	14.58	-	14.58	0.13	0.28	14.30
	9th month	14.30	-	14.30	0.13	0.28	14.03
	10th month	14.03	-	14.03	0.13	0.28	13.75
	11th month	13.75	-	13.75	0.13	0.28	13.48
	12th month	13.48	-	13.48	0.12	0.28	13.20
					1.46	1.65	
2nd	Opening Balance						
	1st month	13.20	-	13.20	0.12	0.28	12.93
	2nd month	12.93	-	12.93	0.12	0.28	12.65
	3rd month	12.65	-	12.65	0.12	0.28	12.38
	4th month	12.38	-	12.38	0.11	0.28	12.10
	5th month	12.10	-	12.10	0.11	0.28	11.83
	6th month	11.83	-	11.83	0.11	0.28	11.55
	7th month	11.55	-	11.55	0.11	0.28	11.28
	8th month	11.28	-	11.28	0.10	0.28	11.00
	9th month	11.00	-	11.00	0.10	0.28	10.73
	10th month	10.73	-	10.73	0.10	0.28	10.45
	11th month	10.45	-	10.45	0.10	0.28	10.18
	12th month	10.18	-	10.18	0.09	0.28	9.90
					1.29	3.30	
3rd	Opening Balance						
	1st month	9.90	-	9.90	0.09	0.28	9.62
	2nd month	9.62	-	9.62	0.09	0.28	9.35
	3rd month	9.35	-	9.35	0.09	0.28	9.07
	4th month	9.07	-	9.07	0.08	0.28	8.80
	5th month	8.80	-	8.80	0.08	0.28	8.52
	6th month	8.52	-	8.52	0.08	0.28	8.25
	7th month	8.25	-	8.25	0.08	0.28	7.97

8th month	7.97	-	7.97	0.07	0.28	7.70
9th month	7.70	-	7.70	0.07	0.28	7.42
10th month	7.42	-	7.42	0.07	0.28	7.15
11th month	7.15	-	7.15	0.07	0.28	6.87
12th month	6.87	-	6.87	0.06	0.28	6.60
				0.92	3.30	
4th	Opening Balance					
1st month	6.60	-	6.60	0.06	0.28	6.32
2nd month	6.32	-	6.32	0.06	0.28	6.05
3rd month	6.05	-	6.05	0.06	0.28	5.77
4th month	5.77	-	5.77	0.05	0.28	5.50
5th month	5.50	-	5.50	0.05	0.28	5.22
6th month	5.22	-	5.22	0.05	0.28	4.95
7th month	4.95	-	4.95	0.05	0.28	4.67
8th month	4.67	-	4.67	0.04	0.28	4.40
9th month	4.40	-	4.40	0.04	0.28	4.12
10th month	4.12	-	4.12	0.04	0.28	3.85
11th month	3.85	-	3.85	0.04	0.28	3.57
12th month	3.57	-	3.57	0.03	0.28	3.30
				0.56	3.30	
5th	Opening Balance					
1st month	3.30	-	3.30	0.03	0.28	3.02
2nd month	3.02	-	3.02	0.03	0.28	2.75
3rd month	2.75	-	2.75	0.03	0.28	2.47
4th month	2.47	-	2.47	0.02	0.28	2.20
5th month	2.20	-	2.20	0.02	0.28	1.92
6th month	1.92	-	1.92	0.02	0.28	1.65
7th month	1.65	-	1.65	0.02	0.28	1.37
8th month	1.37	-	1.37	0.01	0.28	1.10
9th month	1.10	-	1.10	0.01	0.28	0.82
10th month	0.82	-	0.82	0.01	0.28	0.55
11th month	0.55	-	0.55	0.01	0.28	0.27
12th month	0.27	-	0.27	0.00	0.27	-
				0.20	3.30	
DOOR TO DOOR	60	MONTHS				
MORATORIUM PERIOD	6	MONTHS				
REPAYMENT PERIOD	54	MONTHS				

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