

PROJECT REPORT FOR
MUSTARD OIL MANUFACTURING UNIT



SUBMITTED TO

PROMOTER:

XXXXXXXXXXXXXXXXXXXXXXXXXX

PROJECT LOCATION

XXXXXXXXXXXXXXXXXXXXXXXXXX

PREPARED BY:

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C O N T E N T

CHAPTER NO.	PARTICULAR
I.	PROJECT AT A GLANCE
II.	ABOUT THE PROJECT
III.	ECONOMICS OF THE PROJECT
A.	TOTAL COST OF THE PROJECT
B.	PROFITABILITY STATEMENT
C.	CASH FLOW STATEMENT
D.	BALANCE SHEET
E.	CAPITAL ACCOUNT
F.	PRODUCTION AND SALES
G.	RAW MATERIAL CONSUMPTION AND INVENTORY
H.	DIRECT OVERHEADS
I.	INDIRECT OVERHEADS
J.	TERM LOAN REPAYMENT AND INTEREST THEREON
K.	WORKING CAPITAL
L.	CURRENT ASSETS
M.	FIXED ASSETS AND DEPRECIATION

I. PROJECT AT A GLANCE

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|---------------------------------|--------------------------------------------|
| 1. About the Promoter | : Mr. xxxxxxxxxxxxxxxxxxxxxxxxxxxx |
| | Address- xxxxxxxxxxxxxxxxxxxxxxxx |
| 2. Project Cost | : Rs. 20.00 Lakhs |
| 3. Mean of Finance | |
| A) T. L. facility from Bank | : Rs. 10.34 Lakhs |
| B) Beneficiary contribution | : Rs. 1.00 Lakhs |
| C) C.C. Facility from Bank | : Rs. 8.66 Lakhs |
| D) Subsidy (PMEGP) | : Rs. 7.00 Lakhs |
| 4. Rate of Interest | : 12.00% Per Annum |
| 5. Repayment | :60 monthly installments, EMI @ 0.29 Lakhs |
| 6. Nature of Project | : Mustard Oil |
| 7. Employment Potential | : 20 Nos. |
| 8. Nature of the Firm | :Self employed |
| 9. Average Debt Coverage ratios | : 2.83 |

II. ABOUT THE PROJECT

Introduction

Mustard Oil is one of the edible oils used vastly in North, East and North Eastern region. The Oil is having nutritional and medicinal value. The people who live in cold regions prefer to use this oil because it helps to retain heat in the body.

Mustard oil is extracted from mustard seeds often have a pungent taste with irritating aroma. There are varieties of mustard oil available in market includes B. nigra (black mustard),B juncea (brown mustard). Traditionally a preferred oil for cooking, its is also used in different application like aromatherapy, pharmaceutical, & soaps, etc It is extracted from two process includes pressing the seeds used as cooking oil due to presence of fatty oil and grinding of seed, processing it with water and the filtered by distillation process. Second method of extracting produce a light pungent oil used for other therapeutic segments as essential oil. It is used in aromatherapy to stimulate the sweat glands and its benefits on skin.

Raw Material Requirements:

The all-important raw material shall be mustard seeds. The average recovery of oil is considered to be 30%. Other materials in small quantities like additives and purifying agents shall be available easily. Packing materials like tins, jars or plastic pouches shall be required for which prior arrangement is advisable.

Process of Manufacture:

Selection of dried and matured seeds, cleaning, crushing in ghani mixing with adequate water for sufficient time till the oil is extracted slowly. The oil is collected separately, filtered properly, weighed, filled in glass /poly

Project For:

Mustard Oil Manufacturing Unit

Market Potential

Due to peculiar food habits and preparation methods, Indians use large quantities of edible oils every day. With growing population, demand is increasing every year and the country is importing semi-processed edible oils since long.

As per our preliminary survey, Mustard oil is preferred as a cooking medium by the people of Rajasthan . As per one estimate, there are some oil mills in Rajasthan but even then mustard seeds are sold to other states and mustard oil produced in other states is sold in Rajasthan in ample quantity. Thus, good quality mustard oil produced locally can be sold in the market.

Project For : Mustard Oil Manufacturing Unit

III. ECONOMICS OF THE PROJECT

A. COST OF PROJECT

(Rs. Lacs)

S.No.	Particulars	Total	Spent	Bal. To be spent
1	Plant & Machinery	8.00	0.00	8.00
2	Furniture & Electrical Installations	2.00	0.00	2.00
3	Other Assets including Preliminary / Pre-operative expenses	0.88	0.00	0.88
4	Working Capital	9.12	0.00	9.12
		20.00	0.00	20.00

Means of Finance :

a) Own Contribution (5%)	1.00
b) T L facility from Bank (95%)	10.34
c) C.C. Facility from Bank (95%)	8.66
<hr/>	
	20.00
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d)Subsidy Entitlement Under PMEGP Subsidy @ 35%)	7.00

B. PROFITABILITY STATEMENT

(Rs. Lacs)

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
1	Sales	56.82	68.18	79.55	85.23	90.91
	Add : Increase in Cl.Stock	6.75	4.31	5.08	5.88	6.87
	Total Turnover	63.57	72.50	84.63	91.11	97.78
2	RM Consumption	36.63	45.42	54.70	64.46	75.64
3	Overheads					
	a) Direct	10.57	11.63	12.79	14.05	15.44
	b) Indirect	0.95	1.05	1.15	1.24	1.35
4	Balance	15.42	14.41	15.99	11.35	5.35
5	Interest on TL & CC	2.37	2.16	1.93	1.68	1.38
6	Depreciation	1.40	1.20	1.03	0.88	0.76
7	Preliminary expenses W/off	0.18	0.18	0.18	0.18	0.18
8	Profit after Interest & Dep.	11.48	10.87	12.85	8.61	3.03
9	Income Tax	1.64	1.46	2.06	0.92	0.30
10	Profit after Tax	9.84	9.41	10.80	7.69	2.73
11	Add: Depreciation & Pre Exp.	1.58	1.38	1.21	1.06	0.93
12	Add : Interest on TL	2.37	2.16	1.93	1.68	1.38
13	Cash Accruals	13.78	12.95	13.93	10.42	5.05
14	Instalments of TL & Interest	3.97	3.97	3.97	3.97	3.97
15	DSCR	3.47	3.26	3.51	2.62	1.27
16	Average DSCR	2.83				
17	N.P. to Total receipts	17.31	13.80	13.57	9.02	3.00

Project For : Mustard Oil Manufacturing Unit

C. CASH FLOW STATEMENT

(Rs. Lacs)

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
A CASH INFLOW :							
1	Collection from Debtors	54.45	65.34	76.23	81.68	87.12	98.01
2	T.L. from Bank	10.34					
3	CC from bank	8.66					
4	Capital	1.00	-	-	-	-	-
5	Subsidy	7.00					
	TOTAL (A)	81.45	65.34	76.23	81.68	87.12	98.01
B CASH OUTFLOW :							
1	Fixed Assets	10.88			-		
2	Payments to creditors	30.52	37.85	45.58	53.72	63.03	78.00
3	Direct overheads	10.57	11.63	12.79	14.05	15.44	16.97
4	Indirect Overheads	0.95	1.05	1.15	1.24	1.35	1.46
5	Interest on Bank Loan	2.37	2.16	1.93	1.68	1.38	1.21
6	Income Tax	1.64	1.46	2.06	0.92	0.30	-
7	Term Loan Repayment	1.61	1.81	2.04	2.30	2.59	-
8	Drawings	1.00	1.10	1.21	1.33	1.46	1.61
	TOTAL (B)	59.54	57.05	66.76	75.24	85.56	99.25
SUMMERY:							
	Op. Cash & Bank Balance.	-	21.91	30.20	39.68	46.11	47.68
	Add : Surplus / (Deficit)	21.91	8.29	9.48	6.44	1.56	(1.24)
	Cl. Cash & Bank Balance.	21.91	30.20	39.68	46.11	47.68	46.44

Project For :
Mustard Oil Manufacturing Unit

D. BALANCE SHEET

(Rs. Lacs)

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
A	ASSETS :						
1	Fixed Assets	8.60	7.40	6.37	5.49	4.73	4.08
2	Investments	-	-	-	-	-	-
3	Current Assets	31.03	46.47	64.34	80.21	92.42	104.27
4	Loans & Advances	-	-	-	-	-	-
5	Pre Exp. Not written off	0.70	0.53	0.35	0.18	-	-
	TOTAL (A)	40.33	54.40	71.07	85.87	97.16	108.35
B	LIABILITIES:						
1	Capital	16.84	25.14	34.73	41.09	42.35	37.95
2	Secured loans						
	Term Loan	8.73	6.92	4.88	2.59	0.00	-
3	Unsecured Loans	-	-	-	-	-	-
4	Current Liabilities						
	Cash Credit	8.66	8.66	8.66	8.66	8.66	8.66
	Sundry Creditors	6.10	13.67	22.79	33.53	46.14	61.74
	TOTAL (B)	40.33	54.40	71.07	85.87	97.16	108.35

Project For :
Mustard Oil Manufacturing Unit

(Rs. Lacs)

E. CAPITAL ACCOUNT

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Op. Balance	-	16.84	25.14	34.73	41.09	42.35
2	Additions	8.00	-	-	-	-	-
3	Net Profit for the year.	9.84	9.41	10.80	7.69	2.73	(2.79)
	Sub Total	17.84	26.24	35.94	42.42	43.82	39.56
4	Less : Drawings	1.00	1.10	1.21	1.33	1.46	1.61
5	Cl. Balance	16.84	25.14	34.73	41.09	42.35	37.95

F. PRODUCTION AND SALES

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	Capacity utilisation	0.50	0.60	0.70	0.75	0.80	0.90
1	Production per annum (MT) Production of Mustard Oil	56.35	67.62	78.89	84.53	90.16	101.43
2	Cl.Stock of Finished Goods (MT) Production of Mustard Oil	4.70	5.64	6.57	7.04	7.51	8.45
3	Sales per annum (MT) (Tot Production less Cl. Stock) Production of Mustard Oil	51.65	61.99	72.32	77.48	82.65	92.98
4	Sales per annum Production of Mustard Oil Selling Price @ Rs.110 per Ltr	56.82	68.18	79.55	85.23	90.91	102.28
	Total Sale	<u>56.82</u>	<u>68.18</u>	<u>79.55</u>	<u>85.23</u>	<u>90.91</u>	<u>102.28</u>
5	Sundry Debtors (Credit period allowed 15 days)	2.37	2.84	3.31	3.55	3.79	4.26
6	Collection from Debtors	54.45	65.34	76.23	81.68	87.12	98.01
7	Total cost of Production	47.20	57.05	67.49	78.52	91.08	110.57
8	Cost per MT	0.84	0.84	0.86	0.93	1.01	1.09
9	Value of Closing Stock	3.93	4.75	5.62	6.54	7.59	9.21

Project For : Mustard Oil Manufacturing Unit

PRODUCTION

S.No.	Particulars	Installed capacity (MT)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
			0.50	0.60	0.70	0.75	0.80	0.90
1	Production of Mustard Oil	112.70	56.35	67.62	78.89	84.53	90.16	101.43

Installed Capacity Kg/ Hrs	50.00
Per Day Working Hours	8.00
Less: Lunch Hours	1.00
Net	<u>7.00</u>
Total Production per day	350.00 MT
Total production per annum	112.70 MT
Total Working Days	365.00
Weekly off	26.00
Holidays	7.00
Machine Break down	10.00
Net Working days	<u>43.00</u> <u>322.00</u>

Project For :
Mustard Oil Manufacturing Unit

(Rs. Lacs)

G. RAW MATERIAL CONSUMPTION AND INVENTORY

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Production (MT) (Output)	56.35	67.62	78.89	84.53	90.16	101.43
2	RM Purchases	33.81	41.92	50.49	59.51	69.82	86.40

Raw Material requirement (Input)

S.No.	Items	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Raw Material (MT)	56.35	67.62	78.89	84.53	90.16	101.43
2	Purchase of Raw Material Musterd Seed	0.60	0.62	0.64	0.70	0.77	0.85
3	Total cost of R.M	33.81	41.92	50.49	59.51	69.82	86.40

Project For :
Mustard Oil Manufacturing Unit

(Rs. Lacs)

RAW MATERIAL CONSUMPTION AND INVENTORY

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	RM cost for total production	33.81	41.92	50.49	59.51	69.82	86.40
2	Cl. Stock of RM (assumed 30 days consumption)						
	O/p Stock	-	2.82	6.31	10.52	15.48	21.30
	Add : Addition	2.82	3.49	4.21	4.96	5.82	7.20
	Closing Stock	2.82	6.31	10.52	15.48	21.30	28.50
3	RM Purchases	36.63	45.42	54.70	64.46	75.64	93.60
4	Sundry Creditors (Credit period allowed 60 days)	6.10	7.57	9.12	10.74	12.61	15.60
5	Payment to creditors	30.52	37.85	45.58	53.72	63.03	78.00

Project For :
Mustard Oil Manufacturing Unit

(Rs. Lacs)

H. DIRECT OVERHEADS

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Staff						
a	Skill Worker 10 no. @ Rs. 5,000 per month	6.00	6.60	7.26	7.99	8.78	9.66
b	Unskill Worker 10 no.@ Rs. 3,000 per month	3.60	3.96	4.36	4.79	5.27	5.80
2	Power and Fule Rs. 3000 Per Month	0.36	0.40	0.44	0.48	0.53	0.58
3	Packing and forwarding Expenses (Rs.3000 per Month)	0.36	0.40	0.44	0.48	0.53	0.58
4	Other Production Overheads	0.25	0.28	0.30	0.32	0.33	0.35
	Total	10.57	11.63	12.79	14.05	15.44	16.97

Project For :
Mustard Oil Manufacturing Unit

(Rs. Lacs)

I. INDIRECT OVERHEADS

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Advertisement & Marketing	0.20	0.22	0.24	0.27	0.29	0.32
2	Repairs & Maint. (5% of machinery cost)	0.40	0.44	0.48	0.53	0.59	0.64
3	Admin. Expenses	0.10	0.11	0.12	0.13	0.13	0.14
4	Misc. Expenses	0.25	0.28	0.30	0.32	0.33	0.35
		<u>0.95</u>	<u>1.05</u>	<u>1.15</u>	<u>1.24</u>	<u>1.35</u>	<u>1.46</u>

Project For :
Mustard Oil Manufacturing Unit

(Rs. Lacs)

J. TERM LOAN REPAYMENT AND INTEREST THEREON

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	TL / Op. Bal.	10.34	8.73	6.92	4.88	2.59	-
2	Repayment during the year	1.61	1.81	2.04	2.30	2.59	-
3	Cl. Balance	8.73	6.92	4.88	2.59	0.00	-
4	Interest at 12 per cent p.a.	1.15	0.95	0.72	0.46	0.17	-
5	Total repayment with Interest	3.97	3.97	3.97	3.97	3.97	1.21
6	Interest on CC (at 14 per cent p.a.)	1.21	1.21	1.21	1.21	1.21	1.21
	Total Interest	2.37	2.16	1.93	1.68	1.38	1.21

Term Loan Repayment Schedule

MONTHS	EMI	INTEREST	PRINCIPAL REPAYMENT	OST PRINCIPAL
0				10.34
1	0.23	0.10	0.13	10.21
2	0.23	0.10	0.13	10.08
3	0.23	0.10	0.13	9.95
4	0.23	0.10	0.13	9.82
5	0.23	0.10	0.13	9.69
6	0.23	0.10	0.13	9.56
7	0.23	0.10	0.13	9.42
8	0.23	0.09	0.14	9.29
9	0.23	0.09	0.14	9.15
10	0.23	0.09	0.14	9.01
11	0.23	0.09	0.14	8.87
12	0.23	0.09	0.14	8.73
First Year	2.76	1.15	1.61	
13	0.23	0.09	0.14	8.59
14	0.23	0.09	0.14	8.44
15	0.23	0.08	0.15	8.30
16	0.23	0.08	0.15	8.15
17	0.23	0.08	0.15	8.00
18	0.23	0.08	0.15	7.85
19	0.23	0.08	0.15	7.70

20	0.23	0.08	0.15	7.55
21	0.23	0.08	0.15	7.39
22	0.23	0.07	0.16	7.24
23	0.23	0.07	0.16	7.08
24	0.23	0.07	0.16	6.92
Second Year	2.76	0.95	1.81	
25	0.23	0.07	0.16	6.76
26	0.23	0.07	0.16	6.60
27	0.23	0.07	0.16	6.44
28	0.23	0.06	0.17	6.27
29	0.23	0.06	0.17	6.10
30	0.23	0.06	0.17	5.93
31	0.23	0.06	0.17	5.76
32	0.23	0.06	0.17	5.59
33	0.23	0.06	0.17	5.42
34	0.23	0.05	0.18	5.24
35	0.23	0.05	0.18	5.06
36	0.23	0.05	0.18	4.88
Third Year	2.76	0.72	2.04	
37	0.23	0.05	0.18	4.70
38	0.23	0.05	0.18	4.52
39	0.23	0.05	0.18	4.34
40	0.23	0.04	0.19	4.15
41	0.23	0.04	0.19	3.96
42	0.23	0.04	0.19	3.77
43	0.23	0.04	0.19	3.58
44	0.23	0.04	0.19	3.38
45	0.23	0.03	0.20	3.19
46	0.23	0.03	0.20	2.99
47	0.23	0.03	0.20	2.79
48	0.23	0.03	0.20	2.59
Fourth Year	2.76	0.46	2.30	
49	0.23	0.03	0.20	2.38
50	0.23	0.02	0.21	2.18
51	0.23	0.02	0.21	1.97
52	0.23	0.02	0.21	1.76
53	0.23	0.02	0.21	1.55
54	0.23	0.02	0.21	1.33
55	0.23	0.01	0.22	1.12
56	0.23	0.01	0.22	0.90
57	0.23	0.01	0.22	0.68
58	0.23	0.01	0.22	0.45
59	0.23	0.00	0.23	0.23
60	0.23	0.00	0.23	0.00
Fifth Year	2.76	0.17	2.59	

Project For :
Mustard Oil Manufacturing Unit

(Rs. Lacs)

K. WORKING CAPITAL

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Total Inventory	6.75	11.06	16.14	22.02	28.89	37.71
2	Sundry Debtors	2.37	2.84	3.31	3.55	3.79	4.26
	Total	9.12	13.91	19.46	25.57	32.67	41.97
3	Bank C.C. (95 per cent)	8.66	13.21	18.48	24.29	31.04	39.87
4	Own Contribution (10%)	0.46	0.70	0.97	1.28	1.63	2.10

Project For :
Mustard Oil Manufacturing Unit

(Rs. Lacs)

L. CURRENT ASSETS

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Cl. Stock of Materials	2.82	6.31	10.52	15.48	21.30	28.50
2	Cl. Stock of Finished Goods	3.93	4.75	5.62	6.54	7.59	9.21
	Total Inventory	6.75	11.06	16.14	22.02	28.89	37.71
3	Cash and bank Balance	21.91	30.20	39.68	46.11	47.68	46.44
4	Sundry Debtors	2.37	5.21	8.52	12.07	15.86	20.12
	Total	31.03	46.47	64.34	80.21	92.42	104.27

Project For :
Mustard Oil Manufacturing Unit

M. FIXED ASSETS AND DEPRECIATION

(Rs. Lacs)

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Plant & Machinery						
	Op. Balance	-	6.80	5.78	4.91	4.18	3.55
	Additions	8.00	-				
	Total	8.00	6.80	5.78	4.91	4.18	3.55
	Less : Depreciation	1.20	1.02	0.87	0.74	0.63	0.53
	Cl. WDV	6.80	5.78	4.91	4.18	3.55	3.02
2	Furniture & Electrical Installations						
	Op. Balance	-	1.80	1.62	1.46	1.31	1.18
	Additions	2.00	-				
	Total	2.00	1.80	1.62	1.46	1.31	1.18
	Less : Depreciation	0.20	0.18	0.16	0.15	0.13	0.12
	Cl. WDV	1.80	1.62	1.46	1.31	1.18	1.06
	Total Depreciation	1.40	1.20	1.03	0.88	0.76	0.65
	Cl. WDV	8.60	7.40	6.37	5.49	4.73	4.08