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PROJECT REPORT

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PROJECT:

Ayurvedic Oil Unit.

PROJECT REPORT

Of

AYURVEDIC OIL

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Ayurvedic 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.]

PROJECT REPORT **ON** **AYURVEDIC HAIR OIL**



INTRODUCTION

Hair oils are composed of oils of vegetable origin as a base blended with small quantities of perfumes. Vegetable oils commonly used are coconut oil, castor oil and sesame oil. Hair oils are also coloured with a view to characterizing different brands and also rendering appeal. Being an item of mass consumption and in view of essentially simple nature of operations, a hair oil unit is an attractive project proposition for budding entrepreneurs. Ayurvedic hair oil consists of herbal extracts in hair oil base, like bringaraj, amala brahmi hair oil etc.

Herbal hair oil mainly comprises of oils of vegetable in origin as base and a suitable blended perfume. Vegetable oils commonly used are coconut, castor and sesame oils. To avoid rancidity of hair oils antioxidants are added in very little quantities.

Perfumes used for preparation of hair oils should not fugitive and to prevent this they are usually fixed by sandal wood oils or other fixatives.

The hair oils may be coloured by the use of oil soluble colours. Care should be taken that the dyes used should not be injurious to health. Now a days people

have special attraction for use of herbal hair oil. The ingredients used in herbal hair oil are Amala dry fruits, Mehendi leaves, Brahmi Plant, Lemon oil. Harar dry fruits, Bahera dry fruits, kapurkachari rhizome , Almond oil etc. The ingredient are used from 0.01 to 1%. The ingredients used are either single or in combinations of two or three or more of the above, as per the consumers requirement. Viz- Amla Hair oil or Brahmi- Amla Hair Oil or Almonds hair oil etc. The base of oils remains same.

MARKET POTENTIAL

While hair oils are used both by the male and female population, its uses amongst females is comparatively more than with males. It may be conservatively assumed that about 80% of the female and 50% of the male population would use hair oils regularly. Taking population of the north eastern region as 34 million, the population of males and females about 50% each, and considering consumption of hair oils amongst males at 500 ml per year and amongst female at 1000 ml per year, the demand potential for hair oils in the north eastern region is estimated at million litres per year. The market for hair oils is dominated by brands of leading companies like Tatas, Dabur and Hindustan Lever.

Local hands can penetrate the market if they are able to sell at a significantly lower price. Although there are a few units producing ayurvedic hair oil, their production is very limited. Assuming that new tiny units can capture 10% of the existing market the demand potential for tiny units is estimated at 1.78 million litres per year which corresponds to about 1500 tons per year of hair oils. Considering the capacity of a typical tiny unit as 30 tons there is scope for over 50 each units to be set up in the region.

PROJECTED BALANCE SHEET

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Capital Account	1.70	1.70	1.70	1.70	1.70
Retained Profit	4.61	11.01	19.44	29.79	41.94
Term Loan	9.35	7.01	4.68	2.34	0.07
Cash Credit	5.95	5.95	5.95	5.95	5.95
Sundry Creditors	1.15	1.34	1.53	1.73	1.92
Provisions & Other Liab	0.36	0.40	0.44	0.48	0.53
TOTAL :	23.12	27.41	33.73	41.98	52.11
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	10.00	10.00	10.00	10.00	10.00
Gross Dep.	1.30	2.45	3.44	4.29	5.03
Net Fixed Assets	8.70	7.55	6.56	5.71	4.97
Current Assets					
Sundry Debtors	3.24	4.14	4.74	5.34	5.94
Stock in Hand	4.52	5.28	6.03	6.79	7.54
Cash and Bank	4.16	7.69	13.37	20.82	30.00
Deposits & Advances	2.50	2.75	3.03	3.33	3.66
TOTAL :	23.12	27.41	33.73	41.98	52.11

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PROJECTED PROFITABILITY STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>A) SALES</u>					
Gross Sale	32.40	41.40	47.40	53.40	59.40
Total (A)	32.40	41.40	47.40	53.40	59.40
<u>B) COST OF SALES</u>					
Raw Mateiral Consumed	16.44	19.18	21.92	24.66	27.40
Elecricity Expenses	0.69	0.80	0.92	1.03	1.15
Repair & Maintenance	-	0.41	0.47	0.53	0.59
Labour & Wages	4.75	5.23	5.75	6.32	6.96
Depreciation	1.30	1.15	0.99	0.86	0.74
Consumables and Other Expens s	0.97	1.24	1.42	1.60	1.78
Cost of Production	24.15	28.01	31.47	35.01	38.62
Add: Opening Stock /WIP	-	2.88	3.36	3.84	4.32
Less: Closing Stock /WIP	2.88	3.36	3.84	4.32	4.80
Cost of Sales (B)	21.27	27.53	30.99	34.53	38.14
<u>C) GROSS PROFIT (A-B)</u>	11.13	13.87	16.41	18.87	21.26
	34%	33%	35%	35%	36%
<u>D) Bank Interest (Term Loan)</u>	0.81	0.97	0.71	0.44	0.17
Bank Interest (C.C. Limit)	0.60	0.60	0.60	0.60	0.60
<u>E) Salary to Staff</u>	3.96	4.36	4.79	5.27	5.80
<u>F) Selling & Adm Expenses Exp.</u>	0.65	0.83	0.95	1.07	1.19
TOTAL (D+E)	6.01	6.75	7.04	7.37	7.75
H) NET PROFIT	5.12	7.11	9.37	11.50	13.51
I) Taxation	0.51	0.71	0.94	1.15	1.35
J) PROFIT (After Tax)	4.61	6.40	8.43	10.35	12.16

PROJECTED CASH FLOW STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Share Capital	1.70	-			
Reserve & Surplus	5.12	7.11	9.37	11.50	13.51
Depreciation & Exp. W/off	1.30	1.15	0.99	0.86	0.74
Increase in Cash Credit	5.95	-	-	-	-
Increase In Term Loan	9.35	-	-	-	-
Increase in Creditors	1.15	0.19	0.19	0.19	0.19
Increase in Provisions	0.36	0.04	0.04	0.04	0.05
TOTAL :	24.93	8.49	10.59	12.59	14.49
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	10.00	-	-	-	-
Increase in Stock	4.52	0.75	0.75	0.75	0.75
Increase in Debtors	3.24	0.90	0.60	0.60	0.60
Increase in Deposits & Adv	2.50	0.25	0.28	0.30	0.33
Repayment of Term Loan	-	2.34	2.34	2.34	2.27
Taxation	0.51	0.71	0.94	1.15	1.35
TOTAL :	20.78	4.95	4.90	5.14	5.31
Opening Cash & Bank Balance	-	4.16	7.69	13.37	20.82
Add : Surplus	4.16	3.53	5.68	7.45	9.18
Closing Cash & Bank Balance	4.16	7.69	13.37	20.82	30.00

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