

PROJECT REPORT

OF

MULTANI MUD MANUFACTURING UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Multani Mud 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.]



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PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **MULTANI MUD**
- 6 Name of the project / business activity proposed : **MULTANI MUD MANUFACTURING UNIT**
- 7 Cost of Project : Rs.18.08 Lakhs
- 8 Means of Finance
- Term Loan Rs.10.22 Lakhs
- Own Capital Rs.1.81 Lakhs
- Working Capital Rs.6.05 Lakhs
- 9 Debt Service Coverage Ratio : 2.86
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 31%
- 13 Employment : 11 Persons
- 14 Power Requirement : 15.00 KW
- 15 Major Raw materials : Water, Multani Mitti Rocks, Packing Material
- 16 Estimated Annual Sales Turnover (Max Capacity) : 77.95 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	9.46
Miss Assets	1.20
Furniture & Fixtures	0.70
Working Capital	6.72
Total	18.08

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.81
Working Capital(Finance)	6.05
Term Loan	10.22
Total	18.08

MULTANI MUD MANUFACTURING UNIT

1. INTRODUCTION



Fuller's earth is a clay-like material made largely of aluminium magnesium silicate. It gets its name from the fact that it's used to clean dirt and grease off of wool. It was applied to the wool by a worker at a wool refinery known as a "fuller." Multani mitti, or "mud from Multan," is another name for it, and it originates from the Pakistan's city's history of mineral-rich clay.

Fuller's earth may be used in skin care products including facial clays and masks that are claimed to reduce wrinkles and acne. It's also used in cosmetics to bind other substances, prevent other powders from caking together, give mild exfoliation, and stabilise products. Fuller's earth is recognised for its capacity to absorb oil and other impurities, making it a good skin cleanser for those who have oily skin or blocked pores. It's also supposed to soften the face and enhance skin tone and appearance. Fuller's earth is also said to have a skin-lightening effect, making it a common component in treatments aimed at reducing the appearance of black spots. There is no scientific evidence to support this assertion. Fuller's earth is a safe and reasonably affordable technique to cleanse and enhance the look of your skin, particularly if you have oily skin. It might also assist with acne and greasy hair. It's sold commercially both online and in stores, either as a powder or already incorporated into skin and hair products. Making your own clay or face masks with fuller's earth might be a good alternative to masks that contain harsh chemicals and synthetic components.

2. USES & MARKET POTENTIAL

Multani mitti uses can be segmented to various applications like in pharmaceutical companies for medicinal purpose, skin care and beauty industry for facial and spas, handicraft sector for decorative items etc.

The Multani mitti market is as energising and useful as the substance itself. It has a strong rural demand as well as a well-functioning urban demand. Multani mitti is classified as a sedimentary clay and is mostly constituted of the qualities silica, iron oxide, lime, magnesia, and water in extremely varied amounts. Olive, green, white, brown, yellow, blue, and more colours are available. The global market for Fuller's Earth and Allied Clays is expected to expand by 3.7 million tonnes, with a compounded annual growth rate of 2.9 percent. One of the sectors studied and examined in this research is bentonite, which has a growth potential of over 3.9 percent. Because of the changing forces that underpin this expansion, it's vital for enterprises in this sector to stay on top of the market's pulse. Poised to reach over 3 Million Tons by the year 2025, Bentonite will bring in healthy gains adding significant momentum to global growth.

RAW MATERIAL REQUIREMENT

Basic raw material are as follows:

- Water
- Multani mitti rocks
- Packing material

MANUFACTURING PROCESS

Because of the increasing awareness of organic and natural skincare and beauty, people nowa days are shifting from chemically infused beauty products to natural remedies like multani mitti. Hence, the production of multani mitti occurs to be simply procurring it natural possible way.

- Procurement of the raw material: This caly is widely obtained from the Multan region and Barmer part of Rajasthan, readily available with the sellers in the market.
- Grinding Process: The Pure product is sourced and then put into grinningd process where it gets grind into finely coarsed powder.
- Filtering the finished product: The next step involves filtering the grinded powder to remove the impurites. As largely the product is used to make facial paste and medicinal pupose, hence it is important to remove stone or hard substances from the powder for final packaging.
- Packaging: Finally the filtered powder is packaged and stored for market distribution. For eminder it is important to pack the product in dry and damp free packaging such that the rawness and purity of the product remains intact without getting spoiled or damped.

3. PROJECT COMPONENTS

3.1 Land /Civil Work

The land require for this manufacturing unit will be approx. around 1500-2000 square feet. We have not considered the cost of Land purchase & Building Civil work in the project. It is assumed that land & building will be on rent & approx. rental of the same will be Rs.20000.00 per month.

3.2 Plant and Machinery

S.N.	Description	Amount	Qty	Amount
1	Multani mitti grinding machine	3,70,000	1	3,70,000
2	Filtering machine	1,72,000	1	1,72,000
3	Packaging machine	2,10,000	1	2,10,000
4	Other Equipment's	-	-	50,000
Sub Total				8,02,000
GST				1,44,360
Total				9,46,360

Note: Total Machinery cost shall be Rs 9.46 lakh including GST and Transportation Cost.

3.3 Power Requirement

The borrower shall require power load of 15 KW which shall be applied with Power Corporation.

However, for standby power arrangement the borrower shall also purchase DG Set.

3.4 Manpower Requirement

Manpower required for this manufacturing unit is depend on the land, type of manufacturing unit etc. For this unit around 11 people will be required.

3.5 Other Utilities

General electrical apparatus, Water, Telephone, etc.

4. FINANCIALS

PROJECTED BALANCE SHEET	(in Lacs)				
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Liabilities</u>					
Capital					
Opening Balance		2.11	3.36	5.44	8.37
Add:- Own Capital	1.81				
Add:- Retained Profit	3.30	4.45	5.58	6.93	8.39
Less:- Drawings	3.00	3.20	3.50	4.00	4.50
Closing Balance	2.11	3.36	5.44	8.37	12.26
Term Loan	9.09	6.82	4.54	2.27	-
Working Capital Limit	6.05	6.05	6.05	6.05	6.05
Sundry Creditors	1.47	1.73	1.80	2.06	1.81
Provisions & Other Liabilities	0.50	0.75	0.90	1.08	1.20
TOTAL :	19.22	18.70	18.73	19.83	21.32
<u>Assets</u>					
Fixed Assets (Gross)	11.36	11.36	11.36	11.36	11.36
Gross Depreciation	1.67	3.09	4.30	5.34	6.22
Net Fixed Assets	9.69	8.27	7.06	6.02	5.14
<u>Current Assets</u>					
Sundry Debtors	3.90	4.10	4.40	5.05	6.22
Stock in Hand	4.30	5.03	5.80	6.62	7.49
Cash and Bank	0.33	0.20	0.27	0.53	0.66
Loans and advances/other current assets	1.00	1.10	1.20	1.60	1.80
TOTAL :	19.22	18.70	18.73	19.83	21.32

PROJECTED CASH FLOW STATEMENT**(in Lacs)**

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	1.81				
Net Profit	3.30	4.45	5.90	7.60	9.44
Depriciation & Exp. W/off	1.67	1.42	1.21	1.03	0.88
Increase in Cash Credit	6.05	-	-	-	-
Increase In Term Loan	10.22	-	-	-	-
Increase in Creditors	1.47	0.26	0.07	0.26	0.24
Increase in Provisions & Other liabilities	0.50	0.25	0.15	0.18	0.12
TOTAL :	25.02	6.37	7.34	9.07	10.20
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	11.36				
Increase in Stock	4.30	0.73	0.77	0.82	0.87
Increase in Debtors	3.90	0.21	0.30	0.65	1.17
Increase in loans and advances	1.00	0.10	0.10	0.40	0.20
Repayment of Term Loan	1.14	2.27	2.27	2.27	2.27
Drawings	3.00	3.20	3.50	4.00	4.50
Taxation	-	-	0.32	0.67	1.05
TOTAL :	24.69	6.51	7.26	8.81	10.07
Opening Cash & Bank Balance	-	0.33	0.20	0.27	0.53
Add : Surplus	0.33	-0.14	0.08	0.26	0.13
Closing Cash & Bank Balance	0.33	0.20	0.27	0.53	0.66

PROJECTED PROFITABILITY STATEMENT					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	40%	45%	50%	55%	60%
SALES					
MULTANI MUD	77.95	94.69	110.03	126.34	143.60
Total	77.95	94.69	110.03	126.34	143.60
COST OF SALES					
Raw material cost	44.16	51.84	60.00	68.64	77.76
Electricity Expenses	2.88	3.46	4.15	4.98	5.97
Depreciation	1.67	1.42	1.21	1.03	0.88
Wages & labour	7.68	8.83	9.89	10.88	11.97
Repair & maintenance	1.95	2.37	2.75	3.16	3.59
Consumables	4.29	5.21	6.05	6.95	7.90
Cost of Production	62.63	73.13	84.05	95.64	108.07
Add: Opening Stock	-	2.09	2.44	2.80	3.19
Less: Closing Stock	2.09	2.44	2.80	3.19	3.60
Cost of Sales	60.54	72.78	83.69	95.25	107.66
GROSS PROFIT	17.41	21.91	26.34	31.08	35.94
Salary to Staff	7.08	9.20	11.51	13.81	16.01
Interest on Term Loan	1.00	0.89	0.64	0.39	0.14
Interest on working Capital	0.67	0.67	0.67	0.67	0.67
Rent	2.40	2.64	2.90	3.19	3.51
Selling & Administration Expenses	2.96	4.07	4.73	5.43	6.17
TOTAL	14.11	17.47	20.44	23.48	26.50
NET PROFIT	3.30	4.45	5.90	7.60	9.44
Taxation	-	-	0.32	0.67	1.05
PROFIT (After Tax)	3.30	4.45	5.58	6.93	8.39

CALCULATION OF D.S.C.R					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	4.97	5.87	6.80	7.96	9.27
Interest on Term Loan	1.00	0.89	0.64	0.39	0.14
Total	5.98	6.75	7.43	8.35	9.40
REPAYMENT					
Instalment of Term Loan	1.14	2.27	2.27	2.27	2.27
Interest on Term Loan	1.00	0.89	0.64	0.39	0.14
Total	2.14	3.16	2.91	2.66	2.41
DEBT SERVICE COVERAGE RATIO	2.79	2.14	2.56	3.14	3.91
AVERAGE D.S.C.R.					2.86

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					(in Lacs)	
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year	
Finished Goods						
(10 Days)	2.09	2.44	2.80	3.19	3.60	
Raw Material						
(15 Days)	2.21	2.59	3.00	3.43	3.89	
Closing Stock	4.30	5.03	5.80	6.62	7.49	

COMPUTATION OF WORKING CAPITAL REQUIREMENT						
TRADITIONAL METHOD					(in Lacs)	
Particulars	Amount	Own Margin		Bank Finance		
Finished Goods & Raw Material	4.30					
Less : Creditors	1.47					
Paid stock	2.82	10%	0.28	90%	2.54	
Sundry Debtors	3.90	10%	0.39	90%	3.51	
	6.72		0.67		6.05	
MPBF					6.05	
WORKING CAPITAL LIMIT DEMAND (from Bank)					6.05	

REPAYMENT SCHEDULE OF TERM LOAN							
						Interest	11.00%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
1st	Opening Balance	-					
	1st month		10.22	10.22	-	-	10.22
	2nd month	10.22	-	10.22	0.09	-	10.22
	3rd month	10.22	-	10.22	0.09	-	10.22
	4th month	10.22	-	10.22	0.09	-	10.22
	5th month	10.22	-	10.22	0.09	-	10.22
	6th month	10.22	-	10.22	0.09	-	10.22
	7th month	10.22	-	10.22	0.09	0.19	10.03
	8th month	10.03	-	10.03	0.09	0.19	9.85
	9th month	9.85	-	9.85	0.09	0.19	9.66
	10th month	9.66	-	9.66	0.09	0.19	9.47
	11th month	9.47	-	9.47	0.09	0.19	9.28
	12th month	9.28	-	9.28	0.09	0.19	9.09
					1.00	1.14	
2nd	Opening Balance						
	1st month	9.09	-	9.09	0.08	0.19	8.90
	2nd month	8.90	-	8.90	0.08	0.19	8.71
	3rd month	8.71	-	8.71	0.08	0.19	8.52
	4th month	8.52	-	8.52	0.08	0.19	8.33
	5th month	8.33	-	8.33	0.08	0.19	8.14
	6th month	8.14	-	8.14	0.07	0.19	7.95
	7th month	7.95	-	7.95	0.07	0.19	7.76
	8th month	7.76	-	7.76	0.07	0.19	7.57
	9th month	7.57	-	7.57	0.07	0.19	7.38
	10th month	7.38	-	7.38	0.07	0.19	7.19
	11th month	7.19	-	7.19	0.07	0.19	7.01
	12th month	7.01	-	7.01	0.06	0.19	6.82
					0.89	2.27	
3rd	Opening Balance						
	1st month	6.82	-	6.82	0.06	0.19	6.63
	2nd month	6.63	-	6.63	0.06	0.19	6.44
	3rd month	6.44	-	6.44	0.06	0.19	6.25
	4th month	6.25	-	6.25	0.06	0.19	6.06
	5th month	6.06	-	6.06	0.06	0.19	5.87
	6th month	5.87	-	5.87	0.05	0.19	5.68
	7th month	5.68	-	5.68	0.05	0.19	5.49
	8th month	5.49	-	5.49	0.05	0.19	5.30
	9th month	5.30	-	5.30	0.05	0.19	5.11
	10th month	5.11	-	5.11	0.05	0.19	4.92
	11th month	4.92	-	4.92	0.05	0.19	4.73
	12th month	4.73	-	4.73	0.04	0.19	4.54
					0.64	2.27	
4th	Opening Balance						

1st month	4.54	-	4.54	0.04	0.19	4.35
2nd month	4.35	-	4.35	0.04	0.19	4.17
3rd month	4.17	-	4.17	0.04	0.19	3.98
4th month	3.98	-	3.98	0.04	0.19	3.79
5th month	3.79	-	3.79	0.03	0.19	3.60
6th month	3.60	-	3.60	0.03	0.19	3.41
7th month	3.41	-	3.41	0.03	0.19	3.22
8th month	3.22	-	3.22	0.03	0.19	3.03
9th month	3.03	-	3.03	0.03	0.19	2.84
10th month	2.84	-	2.84	0.03	0.19	2.65
11th month	2.65	-	2.65	0.02	0.19	2.46
12th month	2.46	-	2.46	0.02	0.19	2.27
				0.39	2.27	
5th Opening Balance						
1st month	2.27	-	2.27	0.02	0.19	2.08
2nd month	2.08	-	2.08	0.02	0.19	1.89
3rd month	1.89	-	1.89	0.02	0.19	1.70
4th month	1.70	-	1.70	0.02	0.19	1.51
5th month	1.51	-	1.51	0.01	0.19	1.33
6th month	1.33	-	1.33	0.01	0.19	1.14
7th month	1.14	-	1.14	0.01	0.19	0.95
8th month	0.95	-	0.95	0.01	0.19	0.76
9th month	0.76	-	0.76	0.01	0.19	0.57
10th month	0.57	-	0.57	0.01	0.19	0.38
11th month	0.38	-	0.38	0.00	0.19	0.19
12th month	0.19	-	0.19	0.00	0.19	-
				0.14	2.27	
DOOR TO DOOR	60	MONTHS				
MORATORIUM PERIOD	6	MONTHS				
REPAYMENT PERIOD	54	MONTHS				

Assumptions:

- Production Capacity of Multani Mud is 1600 kg/Day. First year, Capacity has been taken @ 40%.
- Working shift of 8 hours per day has been considered.
- Raw Material stock is for 15 days and finished goods Closing Stock has been taken for 10 days.
- Credit period to Sundry Debtors has been given for 10-15 days.
- Credit period by the Sundry Creditors has been provided for 7-10 days.
- Depreciation and Income tax rates has been taken as per the Income tax Act, 1961.
- Interest on working Capital Loan and Term loan has been taken at 11%.
- Salary and wages rates are taken as per the Current Market Scenario.
- Power Consumption has been taken at 15 KW.
- Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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