

Neem Oil

Margosa Oil, Azadirachta indica

Manufacturing Plant, Detailed Project Report, Profile, Business Plan, Industry Trends, Market Research, Survey, Manufacturing Process, Machinery, Raw Materials, Feasibility Study, Investment Opportunities, Cost and Revenue, Plant Economics, Production Schedule, Working Capital Requirement, plant layout, process flow sheet, Cost of Project, Projected Balance Sheets, Profitability Ratios, Break Even Analysis

Introduction

Azadirachta indica (Neem) tree belongs to the Meliaceae family. It is a multipurpose and an evergreen tree, 12–18 m tall, which can grow in almost all kinds of soil including clay, saline, alkaline, dry, stony, shallow soils and even on solid having high calcareous soil. It is native to India, Pakistan, Sri Lanka, Burma, Malaya, Indonesia, Japan, and the tropical regions of Australia. It thrives well in arid and semi-arid climate with maximum shade temperature as high as 49°C and the rainfall is as low as 250 mm. It can be raised by directly sowing its seed or by transplanting nursery-raised seedlings in monsoon rains. It reaches maximum productivity after 15 years and has a life span of 150–200 years.

Planting is usually done at a density of 400 plants per hectare. The productivity of Neem oil mainly varies from 2 to 4 t/ha/yr and a mature Neem tree produces 30–50 kg fruit. The seed of the fruit contains 20–30 wt% oil and kernels contain 40–50% of an acrid green to brown colored oil. Neem is an omnipotent tree and a sacred gift of nature. Neem tree is mainly cultivated in the Indian subcontinent. Neem is a member of the mahogany family, Meliaceae. Today it is known by the botanical name *Azadirachta indica* (A. indica) A. Juss. Neem has been used extensively by humankind to treat various ailments before the availability of written records which recorded the beginning of history.

Since prehistoric times, neem has been used by human kind. The internal medicinal uses of Neem include malaria, tuberculosis, rheumatism, arthritis, jaundice and intestinal worms as well as skin diseases. It also has alternative (increases vitality) properties. The oil is NOT normally taken internally - but as a decoction made from the leaves. The extract of Neem leaves has also demonstrated significant anti-diabetic potential. Neem oil is acrid, yellow, bitter in taste and has a disagreeable garlic like odour. It is best used in pharmaceutical and pesticides industry.

It is used as antifeedant, repellent, insecticide and growth disruptor. Refined neem oil is used for manufacture of technical oleic acid, stearic acid and production of quality soaps, shampoos, hand and body lotions and creams. It is used to treat skin diseases like scrofula indolent, ulcer, sores and ringworms. Neem is used externally for ringworm, eczema, psoriasis, lice, fungal infection as well as for painful joints and muscles. The cosmetic use of Neem oil includes the fighting of acne and pimples as well as improving skin elasticity. As a whole it is a good project for entrepreneurs to invest

Few Indian Major Players are as under

- Agro Extracts Ltd.
- J S P Oils & Fats Ltd.
- K G N Agro Internationals Ltd.
- Morinda Overseas Inds. Ltd.
- Mother Dairy Food Processing Ltd.
- Vrundavan Agro Inds. Ltd.

PROJECT AT A GLANCE

COST OF PROJECT				MEANS OF FINANCE			
Particulars	Existing	Proposed	Total	Particulars	Existing	Proposed	Total
Land & Site Development Exp.	0.00	15.00	15.00	Capital	0.00	80.10	80.10
Buildings	0.00	150.60	150.60	Share Premium	0.00	0.00	0.00
Plant & Machineries	0.00	74.65	74.65	Other Type Share Capital	0.00	0.00	0.00
Motor Vehicles	0.00	12.00	12.00	Reserves & Surplus	0.00	0.00	0.00
Office Automation Equipments	0.00	47.50	47.50	Cash Subsidy	0.00	0.00	0.00
Technical Knowhow Fees & Exp.	0.00	15.00	15.00	Internal Cash Accruals	0.00	0.00	0.00
Franchise & Other Deposits	0.00	0.00	0.00	Long/Medium Term Borrowings	0.00	240.29	240.29
Preliminary& Pre-operative Exp	0.00	5.00	5.00	Debentures / Bonds	0.00	0.00	0.00
Provision for Contingencies	0.00	6.00	6.00	Unsecured Loans/Deposits	0.00	0.00	0.00
Margin Money - Working Capital	0.00	-5.36	-5.36				
TOTAL	0.00	320.39	320.39	TOTAL	0.00	320.39	320.39

PROJECT AT A GLANCE

Year	Annualised		Book Value	Debt	Dividen d	Retained Earnings		Payout	Probable Market Price	P/E Ratio	Yield Price/ Book Value
	EPS	CEPS	Per Share		Per Share	Per Share				No.of Times	
	Rs	Rs	Rs	Rs	Rs	%	Rs	%	Rs		%
1-2	4.39	8.86	14.39	24.00	0.00	100.00	4.39	0.00	4.39	1.00	0.00
2-3	7.34	11.28	21.73	18.00	0.00	100.00	7.34	0.00	7.34	1.00	0.00
3-4	10.27	13.76	32.01	12.00	0.00	100.00	10.27	0.00	10.27	1.00	0.00
4-5	13.10	16.19	45.10	6.00	0.00	100.00	13.10	0.00	13.10	1.00	0.00
5-6	15.78	18.53	60.89	0.00	0.00	100.00	15.78	0.00	15.78	1.00	0.00



PROJECT AT A GLANCE

Year	D. S. C. R.			Debt / - Deposit s Debt	Equity as- Equity	Total Net Worth	Return on Net Worth	Profitability Ratio					Assets Turnove r Ratio	Curren t Ratio
	Individu al	Cumulati ve	Overall					GPM	PBT	PAT	Net Contrib ution	P/V Ratio		
	(Number of times)			(Number of times)		%	%	%	%	%		%		
Initial				3.00	3.00									
1-2	1.31	1.31		1.67	1.67	4.15		6.67%	2.36%	1.64%	327.24	15.28%	3.70	0.91
2-3	1.61	1.45		0.83	0.83	2.75		7.42%	3.60%	2.35%	378.39	15.14%	3.90	1.03
3-4	1.98	1.62	1.98	0.37	0.37	1.86		7.93%	4.50%	2.88%	432.37	15.14%	3.95	1.17
4-5	2.42	1.79		0.13	0.13	1.32		8.28%	5.14%	3.26%	486.35	15.14%	3.88	1.33
5-6	2.94	1.98		0.00	0.00	0.98		8.52%	5.60%	3.54%	540.32	15.14%	3.73	1.64



PROJECT AT A GLANCE

BEP	
BEP - Maximum Utilisation Year	5
Cash BEP (% of Installed Capacity)	58.84%
Total BEP (% of Installed Capacity)	62.91%
IRR, PAYBACK and FACR	
Internal Rate of Return .. (In %age)	24.74%
Payback Period of the Project is (In Years)	2 Years 4 Months
Fixed Assets Coverage Ratio (No. of times)	19.151



Major Queries/Questions Answered in the Report?

1. **What is Neem Oil industry?**
2. **How has the Neem Oil industry performed so far and how will it perform in the coming years?**
3. **What is the Project Feasibility of a Neem Oil Plant?**
4. **What are the requirements of Working Capital for setting up a Neem Oil plant?**
5. **What is the structure of the Neem Oil Business and who are the key/major players?**

- 6. What is the total project cost for setting up a Neem Oil plant?**
- 7. What are the operating costs for setting up a Neem Oil plant?**
- 8. What are the machinery and equipment requirements for setting up a Neem Oil plant?**
- 9. Who are the Suppliers and Manufacturers of Plant & Machinery for setting up a Neem Oil plant?**
- 10. What are the requirements of raw material for setting up a Neem Oil project?**

- 11. Who are the Suppliers and Manufacturers of Raw materials for setting up a Neem Oil plant?**
- 12. What is the Manufacturing Process and Formulations of a Neem Oil Business?**
- 13. What is the total size of land required for setting up a Neem Oil project?**
- 14. What will be the income and expenditures for a Neem Oil Business?**
- 15. What are the Projected Balance Sheets of a Neem Oil plant?**

- 16. What are the requirement of utilities and overheads for setting up a Neem Oil plant?**
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- 18. What are the Personnel (Manpower) Requirements for setting up a Neem Oil Business?**
- 19. What are Statistics of Import & Export for Neem Oil?**
- 20. What is the time required to break-even?**

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- 23. What are the Profitability Ratios of a Neem Oil plant?**
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- *We use authentic & reliable sources to ensure business precision*



Our Approach

Requirement collection

Thorough analysis of the project

Economic feasibility study of the Project

Market potential survey/research

Report Compilation

Who do we serve?

- *Public-sector Companies*
- *Corporates*
- *Government Undertakings*
- *Individual Entrepreneurs*
- *NRI's*
- *Foreign Investors*
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- *Educational Institutions*
- *Embassies & Consulates*
- *Consultancies*
- *Industry / trade associations*

Sectors We Cover

- *Ayurvedic And Herbal Medicines, Herbal Cosmetics*
- *Alcoholic And Non Alcoholic Beverages, Drinks*
- *Adhesives, Industrial Adhesive, Sealants, Glues, Gum & Resin*
- *Activated Carbon & Activated Charcoal*
- *Aluminium And Aluminium Extrusion Profiles & Sections,*
- *Bio-fertilizers And Biotechnology*
- *Breakfast Snacks And Cereal Food*
- *Bicycle Tyres & Tubes, Bicycle Parts, Bicycle Assembling*

Sectors We Cover Cont...

- *Bamboo And Cane Based Projects*
- *Building Materials And Construction Projects*
- *Biodegradable & Bioplastic Based Projects*
- *Chemicals (Organic And Inorganic)*
- *Confectionery, Bakery/Baking And Other Food*
- *Cereal Processing*
- *Coconut And Coconut Based Products*
- *Cold Storage For Fruits & Vegetables*
- *Coal & Coal Byproduct*

Sectors We Cover *Cont...*

- *Copper & Copper Based Projects*
- *Dairy/Milk Processing*
- *Disinfectants, Pesticides, Insecticides, Mosquito Repellents,*
- *Electrical, Electronic And Computer based Projects*
- *Essential Oils, Oils & Fats And Allied*
- *Engineering Goods*
- *Fibre Glass & Float Glass*
- *Fast Moving Consumer Goods*
- *Food, Bakery, Agro Processing*

Sectors We Cover Cont...

- *Fruits & Vegetables Processing*
- *Ferro Alloys Based Projects*
- *Fertilizers & Biofertilizers*
- *Ginger & Ginger Based Projects*
- *Herbs And Medicinal Cultivation And Jatropha (Biofuel)*
- *Hotel & Hospitality Projects*
- *Hospital Based Projects*
- *Herbal Based Projects*
- *Inks, Stationery And Export Industries*

- *Infrastructure Projects*
- *Jute & Jute Based Products*
- *Leather And Leather Based Projects*
- *Leisure & Entertainment Based Projects*
- *Livestock Farming Of Birds & Animals*
- *Minerals And Minerals*
- *Maize Processing(Wet Milling) & Maize Based Projects*
- *Medical Plastics, Disposables Plastic Syringe, Blood Bags*
- *Organic Farming, Neem Products Etc.*

Sectors We Cover Cont...

- *Paints, Pigments, Varnish & Lacquer*
- *Paper And Paper Board, Paper Recycling Projects*
- *Printing Inks*
- *Packaging Based Projects*
- *Perfumes, Cosmetics And Flavours*
- *Power Generation Based Projects & Renewable Energy Based Projects*
- *Pharmaceuticals And Drugs*
- *Plantations, Farming And Cultivations*
- *Plastic Film, Plastic Waste And Plastic Compounds*
- *Plastic, PVC, PET, HDPE, LDPE Etc.*

Sectors We Cover Cont...

- *Potato And Potato Based Projects*
- *Printing And Packaging*
- *Real Estate, Leisure And Hospitality*
- *Rubber And Rubber Products*
- *Soaps And Detergents*
- *Stationary Products*
- *Spices And Snacks Food*
- *Steel & Steel Products*
- *Textile Auxiliary And Chemicals*

- *Township & Residential Complex*
- *Textiles And Readymade Garments*
- *Waste Management & Recycling*
- *Wood & Wood Products*
- *Water Industry(Packaged Drinking Water & Mineral Water)*
- *Wire & Cable*

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