



Pre-Feasibility Study

PRODUCTION OF MAGIC OIL



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Note: All services/information related to PM's youth Business Loan are free of cost

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1. DISCLAIMER

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2. PURPOSE OF THE DOCUMENT

The objective of the pre-feasibility study is primarily to facilitate potential entrepreneurs in project identification for investment. The project pre-feasibility may form the basis of an important investment decision and in order to serve this objective, the document/study covers various aspects of project concept development, start-up, and production, marketing, finance and business management.

The purpose of this document is to facilitate potential investors by providing them a general understanding of the business with the intention of supporting potential investors in crucial investment decisions.

The need to come up with pre-feasibility reports for undocumented or minimally documented sectors attains greater imminence as the research that precedes such reports reveal certain thumb rules; best practices developed by existing enterprises by trial and error, and certain industrial norms that become a guiding source regarding various aspects of business set-up and its successful management.

Apart from carefully studying the whole document one must consider critical aspects Provided later on, which form basis of any Investment Decision.

3. BRIEF DESCRIPTION OF PRODUCT

Magic oil is extracted from seeds of Cannabis sativa through Screw Oil Seed Expeller and mixed with menthol. The medicinal plant is abundantly available in the country. GC-MS studies showed that oil is devoid of tetrahydrocannabinol and furnishes with Omega-6 and Omega-3 unsaturated fatty acids. Pharmacological investigation declare it as non-toxic product. Topical application of

magic oil alleviate; Arthritis in knee, leg cramps, stiffness in joints, ankles,, backache, muscular pain, shoulder pain, inflammation in aching muscles and limbs.

Hemp seed oil is deep green in colour containing high essential omega fatty acids and proteins and has a pleasant nutty smell. It is widely used in skin care due to its regeneration qualities. The perfectly balanced oil has impressive list of proven benefits to consumer. Hemp seed oil used in the treatment of Arthritis leg cramps, stiffness in joints, ankles, backache, muscular pain, shoulder pain, inflammation in aching muscles and limbs.

The products ideal balance as a cosmetic oil and as a fashionable ingredients meet the demand of the millennium's market.

Main Parameter of Technology/process/product

Bioavailability of raw material: Plant material is abundantly available in KPK

a. Input (Raw Materials)

- Hemp seed
- Menthol

b. Out Put (Product, by products)

- Seed oil mixed with Menthol (1gm/L)
- Seed cake can be used as poultry feed

c. Dosage Form.

Each bottle (120 ml) contains oil blended with 1gm/L menthol for topical application on effected area.

d. Uses

Useful for successful treatment of arthritis, leg cramps, stiffness in muscles, backache, shoulder ache, muscular pain, inflammation in aching muscles and limbs.

4. CRITICAL FACTORS

- Energy electricity factors.
- Lack of marketing and advertising of the products in public sector.
- Higher prices make the quality products less reachable as compare to cheap and low grade products.
- Prior experience and related /education in the related field of business.

5. INSTALLED & OPERATIONAL CAPACITIES

See the number 9 (PROJECT COST SUMMARY)

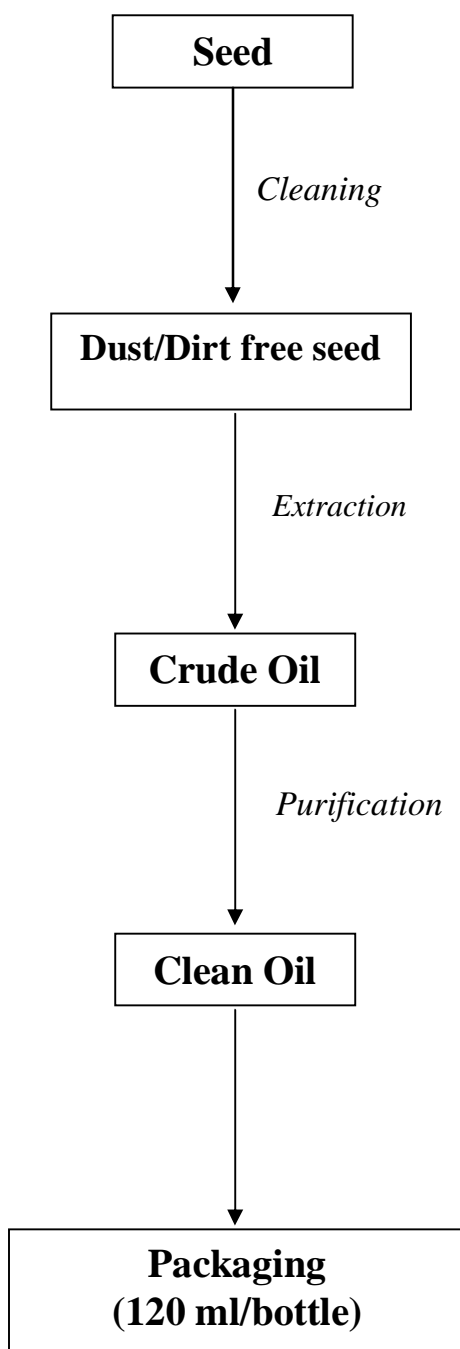
6. GEOGRAPHICAL POTENTIAL FOR INVESTMENT

eshawar, Nowshera, Mardan, Charsadda and Swabi are five key clusters for Nutraceutical products. Production unit can be established in the suburbs / periphery areas of these cities.

7. POTENTIAL TARGET MARKETS

Local Pharmaceutical & Nutraceutical Industries
Medical Stores
Hospital (upon doctors recommendation)

8. PRODUCTION PROCESS FLOW



Name of product/ Activity: Magic Oil

Capacity: 10 Liter

Production time per batch: 03 days

Packing Size : 120 ml/bottle

9. PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of Magic Oil under the 'Prime Minister's Youth Business Loan' scheme the project. Various cost and revenue related assumptions along with results of the analysis are outlined in this section

9.1 Project Economics

The following table shows internal rate of return, payback period and Net Present Value;

Table 1: Project Economics

Description	Details
Internal Rate of Return (IRR)	58 %
Payback Period (yrs)	-
Net Present Value (NPV)	-

9.2 Project Financing

Following table provides details of the equity required and variables related to bank loan;

Table 2: Project Financing

Description	Details
Total Equity (10%)	
Bank Loan (90%)	
Markup to the Borrower (%age/annum)	
Tenure of the Loan (Years)	
Grace Period (Year)	

9.3 Project Cost

Following requirements have been identified for the operation of the proposed business. A rental premise has been recommended for this project.

Table 3: Project Cost

Capital Investment	Amount (Rs.)
Machinery	800,000
Furniture and Fixture	100,000
Office Equipment	71,500
Technology Charged TBIC	100,000
Preoperational expenses	100,000

Total Capital Cost	1,171,500
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Initial Working Capital	500,000
Total Project Cost	1,671,500

9.4. Space Requirement

The area has been calculated on the basis of space requirement for production, management and storage. However, the units operating in the industry do not follow any set pattern. Following table shows calculations for project space requirement.

Table 4: Space Requirement

Space Requirement	Yards
Management building	7 x 5
Processing area	10 x 7
Open area	10 x 10
Total Area	205 Square Yard

9.5 Machinery and Equipment

Following table provides list of machinery and equipment required for an average exotic leather processing unit raw to finish.

Table 5: Machinery & Equipments

Equipment Description	Quantity	Cost Rs/unit	Total Rs.
Oil Expeller complete	01	800,000	
Filtration assembly	Two alongwith accessories	200,000	
Bucket (20 liters)	10	10,000	
Working tables with stone surface	2	100,000	
Gloves	12 pkts	5000	
Lab coats	5	5000	
Glasses (safety)	One dozen	10,000	
Packing bottles	1000	10,000	
Tools, gauges, patterns, knives, scissors, etc.	One set	10,000	
Total		1,150,000	

Note: The cost may vary at the time of purchase.

9.6 Furniture & Fixture

Following furniture and fixture will be required for the unit:

Table 6: Furniture & Fixture

Details	Quantity	Cost	Amount (Rs.)
Office / Visitor Chairs	01 set	30,000	
Office Tables	01	10,000	
Fans (Pedestal and Ceiling)	06	20,000	
Air Conditioner (1.5 ton Split) for office	01	40,000	
Total		100,000	

9.7. Office Equipment

Office equipment comprises of necessary IT equipment items.

Table 7: Office Equipment

Details	Quantity	Cost	Amount (Rs.)
laptop	1	50,000	
Scanner	1	10,000	
Computer printer	1	10,000	
Telephone	2	1500	
Total		71,500	

9.8 Raw Material Requirements

The raw materials are easily available in local market..

Table 8: Cost of Materials

Unit	Rate (Rs.)	Amount for 500 kg
Hemp Seed	2500/50 kg	25000
Electric , water ,		5000
Cost per Unit		30,000

9.9 Human Resource Requirement

Following table provides details of human resource required for this venture:

Table 9: Human Resource Requirement

Description	No. of Employees	Salary per employee per month (Rs)
Scientists/ Technologist	1	50,000
Un-skilled persons	3	30,000
Total Staff	4	80,000

Salaries of all employees are estimated to increase at 10% annually.

9.10 Revenue Generation

Table 10: Revenue Generation

Product	Sales Price (Rs./Unit)	First Year production Quantity	First Year Sales Revenue
Magic Oil	200/bottle (120 ml each)	6666 bottles	773000 (58%)

5. CONTACT DETAILS

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