



ARONI MUSTERED OIL SOCIAL BUSINESS



Eco-Social Development Organization (ESDO)

Gobindanagar, Thakurgaon

Project Focus



Supply locally produced safe and pure mustard oil throughout the country

The Problem

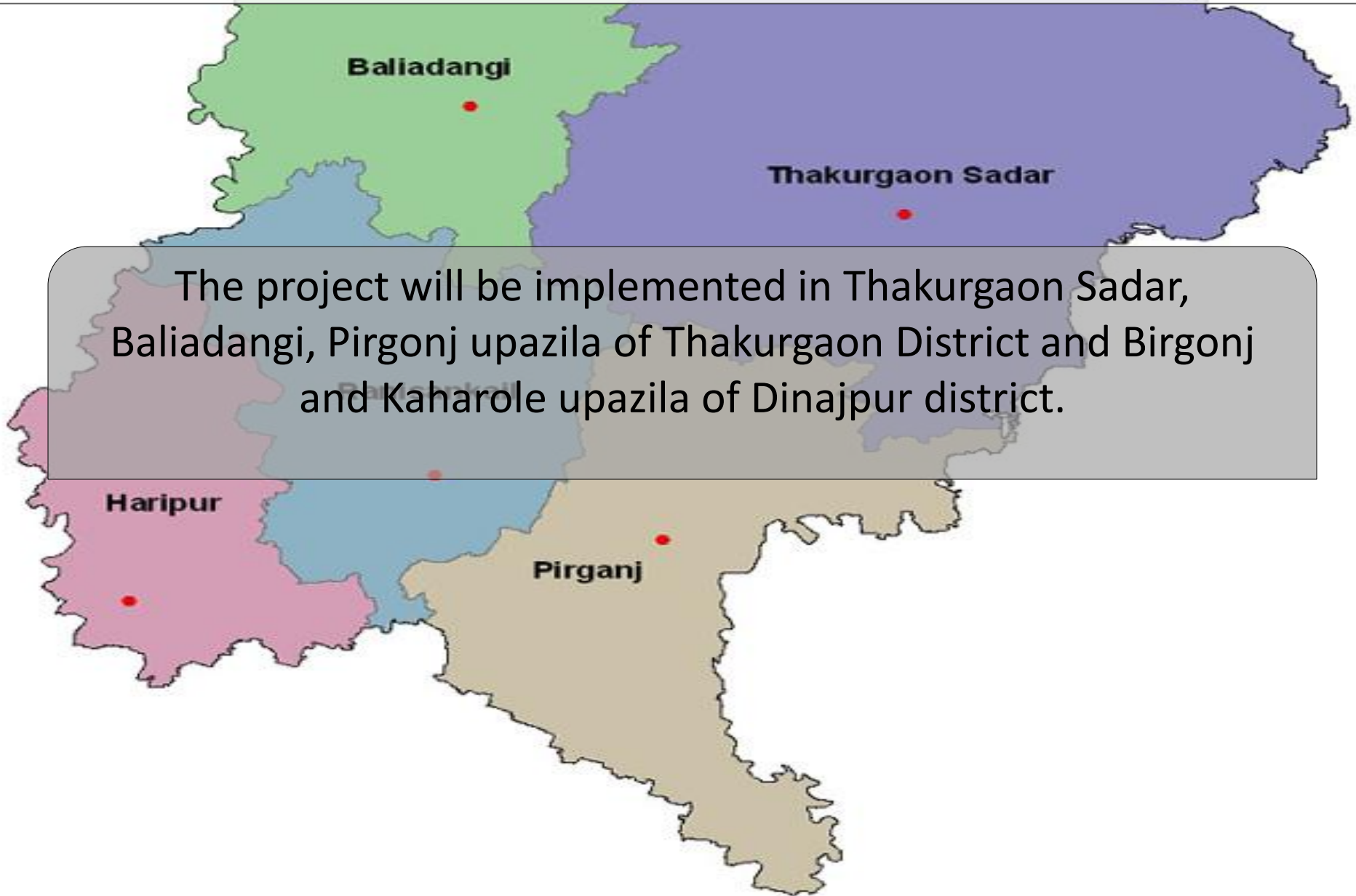
Existing local production methods involve the following problems:

- Quality is hampered in the process of distillation, through mixing of other oil such as soybean oil, palm oil, color etc.
 - Addition of harmful preservatives
- Tampering through mixture of other grains like peanut, gunji etc. which are unhealthy
 - Unhygienic manufacturing conditions

Solution

- ❖ Proposed method of extraction does not require any distillation
 - ❖ No mixture of other grains
 - ❖ Proper sourcing of mustard seeds
- ❖ The proposed initiative will promote BINA 4, BARI 9 and 11 variety of seeds
 - Recent breed of good quality
 - Tested for high production and reduced yield period
- ❖ Use of state of the art machinery and proper infrastructure

Location



The project will be implemented in Thakurgaon Sadar, Baliadangi, Pirgonj upazila of Thakurgaon District and Birgonj and Kaharole upazila of Dinajpur district.

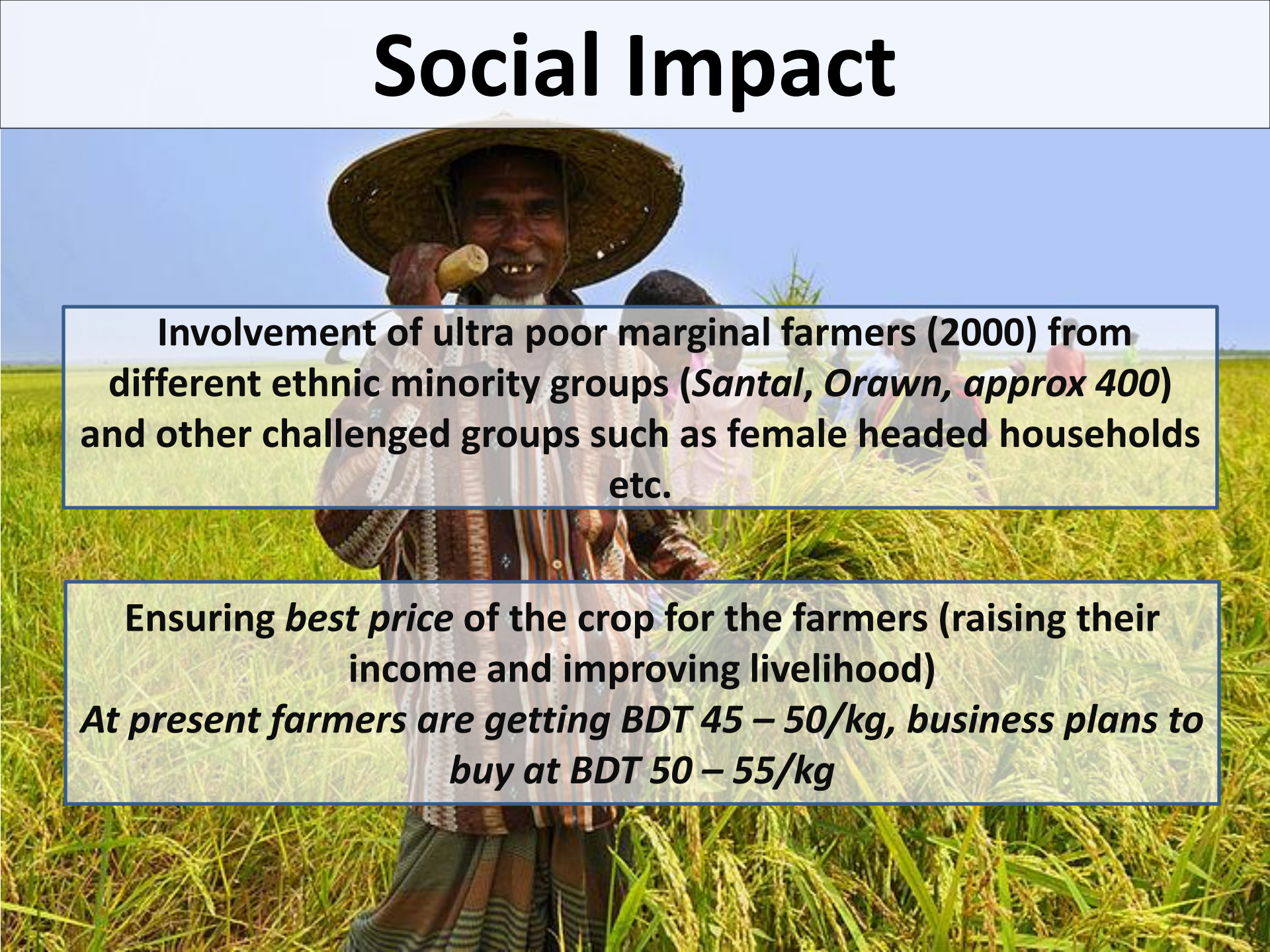
Market Scenario

Each liter of labeled and packaged oil will be sold at BDT 160

- *Present price of such oil stands at BDT 225/liter (radhuni)*
- *Oil (low quality) sold in open by retailers ranges between BDT 130 to 135/liter, better quality would cost up to BDT 165*

Market survey has shown even at BDT 160/liter, owing to the fact that mustard oil still remains a major part of household cooking and diet for the target group (which includes poor households), the new brand is likely to have high levels of penetration

Social Impact



Involvement of ultra poor marginal farmers (2000) from different ethnic minority groups (*Santal, Orawn, approx 400*) and other challenged groups such as female headed households etc.

Ensuring *best price* of the crop for the farmers (raising their income and improving livelihood)
At present farmers are getting BDT 45 – 50/kg, business plans to buy at BDT 50 – 55/kg

Social Impact

Positive impact in regional agriculture through extensive involvement in the entire value chain:

- **Provision of necessary training, technical assistance, quality seed and storage facility**
- **Reduction in the use of chemical fertilizer by promotion of organic fertilizer**
- **Farmers will be encouraged to produce organic fertilizers in their homes leading to an alternative source of income**

The mustard fields will be highly fertile grounds for promotion of ecological pollination through nearby bee farms

Budget (i)

Particulars	Year - 1 (BDT)	Year - 2 (BDT)	Year - 3 (BDT)	Year - 4 (BDT)
Assets (Land and Building) <i>from ESDO</i>	11,500,000.00	-	-	-
Machineries and other Asset Acquisition	6,548,900.00	-	-	-
Salaries and Depreciation	6,032,615.00	6,269,445.00	6,511,672.50	6,760,827.38
Administrative Cost	12,385,000.00	12,504,600.00	12,860,568.00	13,232,215.04
Other Organizational Costs	920,880.75	938,702.25	968,612.03	999,652.12
Total (BDT)	37,387,395.75	19,712,747.25	20,340,852.53	20,992,694.54
Particulars	Year - 5 (BDT)	Year - 6 (BDT)	Year - 7 (BDT)	Year - 8 (BDT)
Assets (Land and Building) <i>from ESDO</i>	-	-	-	-
Machineries and other Asset Acquisition	-	-	-	-
Salaries and Depreciation	6,929,127.99	7,105,066.04	7,273,471.40	7,450,297.02
Administrative Cost	13,232,215.04	13,232,215.04	13,232,215.04	13,232,215.04
Other Organizational Costs	1,008,067.15	1,016,864.05	1,025,284.32	1,034,125.60
Total (BDT)	21,169,410.19	21,354,145.14	21,530,970.76	21,716,637.66
Particulars	Total (8 Years) (BDT)			
Assets (Land and Building) <i>from ESDO</i>	11,500,000.00			
Machineries and other Asset Acquisition	6,548,900.00			
Salaries and Depreciation	54,332,522.32			
Administrative Cost	103,911,243.20			
Other Organizational Costs	7,912,188.28			
Total (BDT)	184,204,853.80			

*Details in annex 1

Budget (ii)

Production Budget (8 Years)

Product Description	Year 1			Year 2			Year 3			Year 4		
	Unit cost (BDT)	Total Unit	Total Cost (BDT)	Unit cost (BDT)	Total Unit	Total Cost (BDT)	Unit cost (BDT)	Total Unit	Total Cost (BDT)	Unit cost (BDT)	Total Unit	Total Cost (BDT)
Oil (in kg.)	154	86400	13305600	154	95040	14636160	154	103680	15966720	154	103680	15966720
Oil Cake(in kg.)	24	172800	4147200	24	190080	4561920	24	207360	4976640	24	207360	4976640
Total Production Cost (BDT)		259200	17452800			19198080			20943360			20943360
Product Description	Year 5			Year 6			Year 7			Year 8		
	Unit cost (BDT)	Total Unit	Total Cost (BDT)	Unit cost (BDT)	Total Unit	Total Cost (BDT)	Unit cost (BDT)	Total Unit	Total Cost (BDT)	Unit cost (BDT)	Total Unit	Total Cost (BDT)
Oil (in kg.)	154	103680	15966720	154	103680	15966720	154	103680	15966720	154	103680	15966720
Oil Cake(in kg.)	24	207360	4976640	24	207360	4976640	24	207360	4976640	24	207360	4976640
Total Production Cost (BDT)			20943360			20943360			20943360			20943360

**Yearly Production of 86,400 liters of oil to be sold in the local market at an average cost of BDT 160/lt
On an average 2 kg to 2.25 kg of mustard is required for producing one liter of mustard oil**

Means of Financing

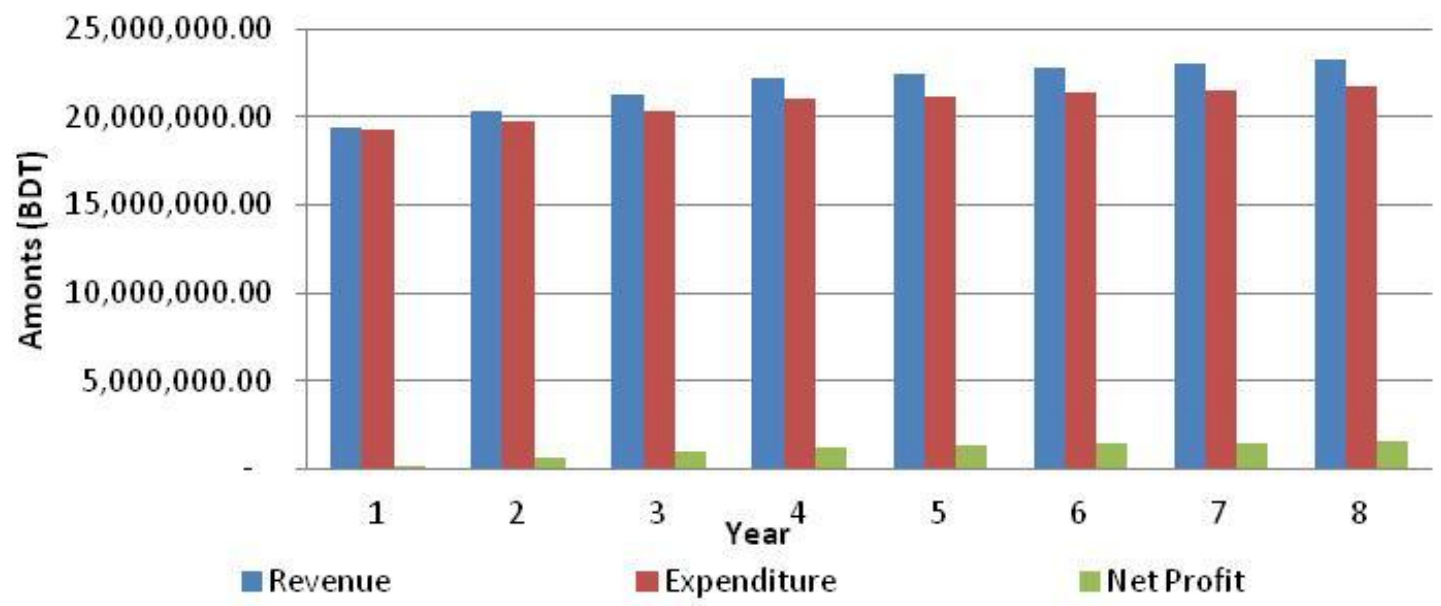
ESDO – BDT 11,500,000

Investor – BDT 7,000,000

**Details in annex 2*

Financial Projections

Income - Expenditure



Break Even – Year 1

Pay Back – 8 Years

**Details in annex 3*

Value Additions



Optimum use of agricultural land and further improvements in quality of mustered oil production methods

Research-Extension Linkage on Agro Product (Boro Rice - Mustered Oil)

Training of Small and Marginal farmers

Promotion and product and market development

Marketing and Branding

- **BSTI certification will be a mark of quality assurance**
 - **Labeled and Packaged Oil at BDT 160 is a highly competitive price**
- **Association with ESDO adds greatly to the brand value**

Measures

- **ESDO covered vans will sell to retailers and selected wholesalers**
 - **Promotional price and credit offers**
 - **Local publicity campaigns**

SWOT Analysis

S TRENGTHS



- Extensive experience
- Skilled Work force
- Extended existing farmer group
- Strong linkage with DAE and SRDI

W EAKNESSES



- Lack of working capital
- Demand supply change

Internal factors

O PPORTUNITIES



- 80% market still untapped

T HREATS



- Influx of foreign brands

External factors

Positive

Negative

Thank you



Budget - Annex (1)

Sl	Activities	# of Unit	Unit/ Unit Cost	Total Cost 1st year	Total Cost 2nd year	Total Cost 3rd year	Total Cost 4th year	Total Cost 5th year	Total Cost 6th year	Total Cost 7th year	Total Cost 8th year	Total Cost(Eight years)
A. Asset's from ESDO:												
1	Land		90 decimal, @ 120000 P/decimal	10000000								10000000
2	Building		LS	1500000								1500000
Sub total (01)				11500000								11500000
B. Fixed Cost/ Hardware Cost												
1	Oil Ghani	10	Taka 125000/Ghani X 10 Ghani	1250000								1250000
2	Spellar	2	Taka 800000/Spellar	1600000								1600000
3	Filter	3	Taka 400000/per filter X 3 filter	1200000								1200000
4	Jhaite	25	Taka 10000 X 25 unit	25000								25000
5	Line Shap	30	Taka 1500/Per unit X 30 Unit	45000								45000
6	Two part puli	20	Taka 3000/Per unit x 20 unit	60000								60000
7	Power motor	2	Taka 60000/per unit X 2 unit	120000								120000
8	Puli	30	Taka 3000/Per unit x 30 unit	90000								90000
9	Belt	1000	Taka 500/Per feet X 1000 feet	500000								500000
10	Daise for Bottle	6	Tak 25000/per set x 6 set	150000								150000
11	Electricity Conection	1	Taka 100000 LS	100000								100000
12	Palates	1	Taka 10000 LS	10000								10000
13	Central Storage oil Tank	40	Taka 3000/per unit X 40 Unit	120000								120000
14	Plastic Container	30	Taka 2000/Per unit X 30 unit	60000								60000
15	Oil Delivery Van	1	Tak 950000 X 1 pick up with registration	950000								950000
16	Laminating Machine	2	Tak 10000/Machine X 2 machine	20000								20000
17	Steel Tra	5	Taka 3000/tra X 5 tra	15000								15000
18	Troly	5	Taka 5000/Troly X 5 Troly	25000								25000
19	Steel Rack for finished product	1	Taka 50000/rack x 1	50000								50000
20	Showcase for market promosion	1	Taka 30000/unit X 1	30000								30000
21	Scoping Material	1	Taka 10000 LS	10000								10000
22	Table	2	Taka 7500/Table X 2 table	15000								15000
23	Chair	6	Taka 650/Chair X 6 Chair	3900								3900
24	Seting cost	10	Taka 10000 LS	100000								100000
Sub total (02)				6548900	0	0	0	0	0	0	0	6548900
C. Administrative cost:												
(i) Salary:												
1	Project Manager	1	Taka 25000/Month x13 month p/year X 1 person	325000	341250	358313	376228	395040	414792	435531	457308	3103460
2	Market Promotion Officer	5	Taka 15000/Month x13 month p/year x 5 officer	975000	1023750	1074938	1128684	1185119	1244375	1306593	1371923	9310381
3	Machine Operator Cum Technician	2	Taka 10000/Month x13 month p/year X 2 person	260000	273000	286650	300983	316032	331833	348425	365846	2482768
4	Assistant Operator	4	Taka 7000/Month x13 month p/year X 4 person	364000	382200	401310	421376	442444	464566	487795	512185	3475876
5	Bottling Man/Service Staff (2 Person)	2	Taka 7000/Month x13 month p/year x 2 person	182000	191100	200655	210688	221222	232283	243897	256092	1737938
6	Labeling & Packeging Man	1	Taka 7000/Month x13 month p/year x 1 person	91000	95550	100328	105344	110611	116142	121949	128046	868969
7	Accountant	1	Taka 12000 /Month x13 month p/yearx 1 person	156000	163800	171990	180590	189619	199100	209055	219508	1489661
8	Van Driver	1	Taka 10000 /Month x13 month p/year x 1 person	130000	136500	143325	150491	158016	165917	174212	182923	1241384
	Security Guard	2	Taka 6000/Month x13 month p/year x 2 person	156000	163800	171990	180590	189619	199100	209055	219508	1489661
(ii) Others:												
1	Office Stationery	1	Taka 2000/month	24000	25200	25200	25200	25200	25200	25200	25200	200400
2	Depreciation	15%		1192335	1192335	1192335	1192335	1192335	1192335	1192335	1192335	9538680
3	VAT	15%		2177280	2280960	2384640	2488320	2503872	2519424	2519424	2519424	19393344
Sub total (03)				6032615	6269445	6511673	6760827	6929128	7105066	7273471	7450297	54332522
C. Program Cost:												
1	Company formation & Registration		Taka 150000 LS	150000								150000
2	Registration BSTI		Taka 50000 LS	50000								50000
3	Trade Fair (3+3+3+3)		Per Fair Tk. 40000 P/year-2 Fair	80000	80000	80000	80000	80000	80000	80000	80000	640000
4	TA/DA		Per Month Tk.8000	96000	96000	96000	96000	96000	96000	96000	96000	768000
5	Fuel and Maintenance (Van)		Per month-20000 P/Van	240000	264000	264000	264000	264000	264000	264000	264000	2088000
6	Machine Operating Appliances (Apron,Gloves,Masks,Net caps etc)			8000	8000	8000	8000	8000	8000	8000	8000	64000
7	Factory cleaning & Maintenance		Per Month Tk.2000	24000	24000	24000	24000	24000	24000	24000	24000	192000
8	Annual General Meeting		Per Meeting Tk 8000	8000	8000	8000	8000	8000	8000	8000	8000	64000
9	Label designing cost			50000								50000
10	Leaflet		Per year 5000 Pcs @ Tk. 4	20000	20000	20000	20000	20000	20000	20000	20000	160000
11	Poster		Per year 1000 Pcs @ Tk. 50	50000	50000	50000	50000	50000	50000	50000	50000	400000
12	TV Adversiment/Local cable network		Per year	20000	20000	20000	20000	20000	20000	20000	20000	160000
13	Newspaper Advertisement		Per year	10000	10000	10000	10000	10000	10000	10000	10000	80000
14	Communication		Per Year (Per Month @ 2000)	24000	24000	24000	24000	24000	24000	24000	24000	192000
15	Mid Term Report		2 Reports per year@Tk.3000	6000	6000	6000	6000	6000	6000	6000	6000	48000
16	Final Report		1 Report per year @Tk.4000	4000	4000	4000	4000	4000	4000	4000	4000	32000
17	Audit Report			25000	25000	25000	30000	30000	30000	30000	30000	225000
18	Project Implementation & Others related exp.		Per year	11520000	11865600	12221568	12588215	12588215	12588215	12588215	12588215	98548243
Sub total (04)				12385000	12504600	12860568	13232215	13232215	13232215	13232215	13232215	103911243
Organizational Cost / Sub total (05)				920881	938702	968612	999652	1008067	1016864	1025284	1034126	7912188
Grand Total= (Sub total 01+02+03+04+05)				37387396	19712747	20340853	20992695	21169410	21354145	21530971	21716638	184204854

Financial Projection - Annex (3)

Year	Expenditure (BDT)	Revenue (BDT)	Net Surplus (BDT)
1st Year	19,338,496	19,414,080	75,584
2nd Year	19,712,747	20,338,560	625,813
3rd Year	20,340,853	21,263,040	922,187
4th Year	20,992,695	22,187,520	1,194,825
5th Year	21,169,410	22,498,560	1,329,150
6th Year	21,354,145	22,809,600	1,455,455
7th Year	21,530,971	23,016,960	1,485,989
8th Year	21,716,638	23,224,320	1,507,682

Financial Projection - Annex (3)

Year	Pay Back to Investors (BDT)
1st Year	
2nd Year	1,000,000
3rd Year	1,000,000
4th Year	1,000,000
5th Year	1,000,000
6th Year	1,000,000
7th Year	1,000,000
8th Year	1,000,000