

PROJECT REPORT

ON

BLENDING/FILLING UNIT FOR
LUBRICANT, MANUFACTURING OF
GREASES AND ITS PACKING MATERIALS.

PLOT SIZE -517.5 SQ. MTRS
LOCATION-PLOT NO-G-121, MG ROAD
INDUSTRIAL AREA, GAZIABAD.

SUBMITTED BY –
IGOL LUBRICANTS PVT. LTD

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CHAPTER-1

PROJECT AT A GLANCE

- | | |
|--|---|
| 01. Name of the industrial concern | : Igol lubricants pvt. Ltd |
| 02. Pan number | : AADC1077J |
| 03. Name of director | : Mr sanjay kumar. |
| 04. Whether a technical entrepreneur | : Yes directors of igol lubricants are having 15 years experience in the line |
| 05. Address | |
| a) Administrative | : B -66, 3 rd floor, shardapuri, ramesh nagar,delhi-110015. |
| b) Factory /unit | : G -121,m g road industrial area ,Ghaziabad |
| 06. Constitution | : Private limited company. |
| 07. Whether a backward/central subsidy district. | : No |
| 08. Size /status | : SSI UNIT |
| 09. Product | : Blending of lubricants, Mfg.of greases and plastic moulding products for its packaging. |
| 10. Use of product | : For automotive industry |
| 11. Whether it is a new /old | : It is a new unit |

12. Sector : Private
13. Details about the project : 1200 KLtrs. lubricants & greases during the year.
14. Cost of project : 96 lacs
15. Means of financing :

<u>Particulars</u>	<u>Rs. In lacs</u>
Own capital	20.00
Unsecured	26.00
Bank loan	<u>50.00</u>
Total	<u>96.00</u>
16. Utilities :
 Power : 25 KW.
 Water : Nominal for drinking only.
 Jenset : 50 KVA
17. Raw material : Main raw material Base oil, additive and packing material polymer.
18. Employment : 11 persons.
19. Pollution : No pollution of whatsoever nature is involved.
20. Availability of labour : Labours are available in neighbouring area.
21. Transport : Transport is easily available

CHAPTER-2

2.1 INTRODUCTION AND MARKET POTENTIAL:

The lubricating oil and grease are one of the most important sectors of the petrochemical industry. The lubricating oil and grease market in India is of the order of 1.3 million tonnes and is growing at around 4.5% annually. The moderate growth is paradoxically due to the supply of better quality of lubricants which have longer servicing capability. The lubricant market is estimated to grow to the level of 1.42 million tonnes in 2006-07 and to approximately 2 million tonnes in 2014-15.

The Indian lubricants industry claims to be the sixth largest in the world. It has the presence of almost all major MNCs which include Shell, Mobil, Gulf oil, Caltex. Some of these oil majors have even tied up or renewed old ties with public sector undertakings, thereby gaining the advantage of distribution and infrastructural networks. The industry is being constrained by high petroleum prices.

The Lubricants market was dominated by three public sectors refinery companies. One of them is Bharat Petroleum, followed by Indian Oil Corporation and Hindustan Petroleum. Small contributions came in from BPL and private players like Castrol, Lubrizol India and Indian Additives came into existence for manufacturing sophisticated lubricant additives with the collaboration of Lubrizol and Chevron, respectively.

The Lube market consists of two major segments, automotive and industrial, having a market share of 60% and 40%, respectively. Most of the competition is crowding into the first category. In the automotive segment, while cars and two or three wheelers segment accounts for 30% of the market, diesel operated engines, trucks and other heavy vehicles have the bulk share of 70%.

Some of the leading brands include Mobil, Penzoil, Castrol, Servo, Friction, Modifiers, Multi-G, Power Trac, XHD, Elf, Motorol, ESSO, Shell, to name a few.

2.2 BRIEF MANUFACTURING PROCESS:

- Base oil blending.
- Testing.
- Packing in buckets /containers /pouch.

2.3 ABOUT THE PROJECT:

The unit has applied for industrial plot located at mg road industrial area; gaziabad.the area of the plot is 517.5 sq mtrs.It is proposed to be constructed as per bye-laws of the concern authority. The unit is proposed to be engaged in the manufacturer lubricants and its packing products mainly for sales in India.

2.4 CONSTITUTION:

Unit is to be run by a private limited company.

2.5 POWER,WATER,AND FUEL:

The power connection is available from UPVVNL. And no problem is anticipated in this regard. No fuel is required for the process .Water is required only for drinking purposes .The unit shall install its own tube well also.

2.6 POLLUTION FREE:

No effluent would be generated from the unit and such the project is pollution free. Neither any smoke nor any effluents are involved.

2.7 TRANSPORT AND COMMUNICATION :

Adequate transport facilities are available in the area. The unit will also get installed a telephone connection. Thus all necessary basic infrastructures are available in the proposed area for the unit to become functional.

CHAPTER-3

3.1 COST OF PROJECT:

PARTICULARS	AMOUNT (IN LACS) approx.
LAND (517.5 Sq.mtrs.)	10.00
BUILDING	25.00
PLANT AND MACHINERY	20.00
OTHER FIXED ASSETS	09.00
PRE OPERATIVE EXPENSES	02.00
WORKING CAPITAL	30.00
TOTAL	96.00

The above is proposed to be financed through the following sources:-

Means of finance	
Own capital/promoter contribution	20.00
Unsecured loan	26.00
Bank loan	50.00
Total	96.00

3.2 COST OF PRODUCTION & PROFITABILITY:

PARTICULARS	1 ST YEAR (Rs.in lacs)
Sale proceeds	690.00
Raw material & consumables	600.00
Power & fuel	06.00
Direct labour & job work exp.	24.00
Repair and maintenance	02.00
Insurance	0.10
Depreciation	0.90
Cost of production	633.00
Selling & admn. overheads	24.00
Financial expenses	06.00
Net profit before tax	27.00
Income tax @ 30%	8.10
Net profit after tax	18.90

3.3 PLANT AND MACHINERY:

Main machine are for blending ,filling, and moulding for packing and misce. Tools,which are placed at Annexure 1.

3.4 LAND & BUILDING:

A) LAND-

An industrial location M.G.road industrial area measuring 517.5 sq.mtrs . has been applied to upsdc. Total cost of land including conveyancing charges would be approximately 10 .00 lacs.

B) BUILDING-

A sum of 25 lacs is proposed to be spent on construction on the above said location. Construction is to be done as per approved building plan of upsdc.

3.5 MISCELLANEOUS FIXED ASSETS:

A provision of Rs.09.00 Lac . has been made for office furniture, almirahs, office equipments vehicle, equipments for testing and quality control and generators etc.

3.6 PRELIMINARY & PRE-OPERATIVE EXPENSES:

A provision of Rs.2, 00,000/-has been made under the head.

3.7 WORKING CAPITAL REQUIREMENTS:

Total working capital requirement during first year of operation at 50% capacity utilisation would be around Rs.30.00 Lacs, the details of which are placed at annexure -2.

3.8 RAW MATERIAL(per Annum):

The main raw materials are base oil & additives etc. the other raw material is different types of packing materials. It is estimated that Rs.25 .00. Lacs per months would be spent under this head, which comes to Rs. 600.00 lacs per year.

3.9 ANNUAL COST OF PRODUCTION:

Annual cost of production is estimated at Rs.663.00 lacs as detailed in annexure -3.

3.10 PRIFITABILITY:

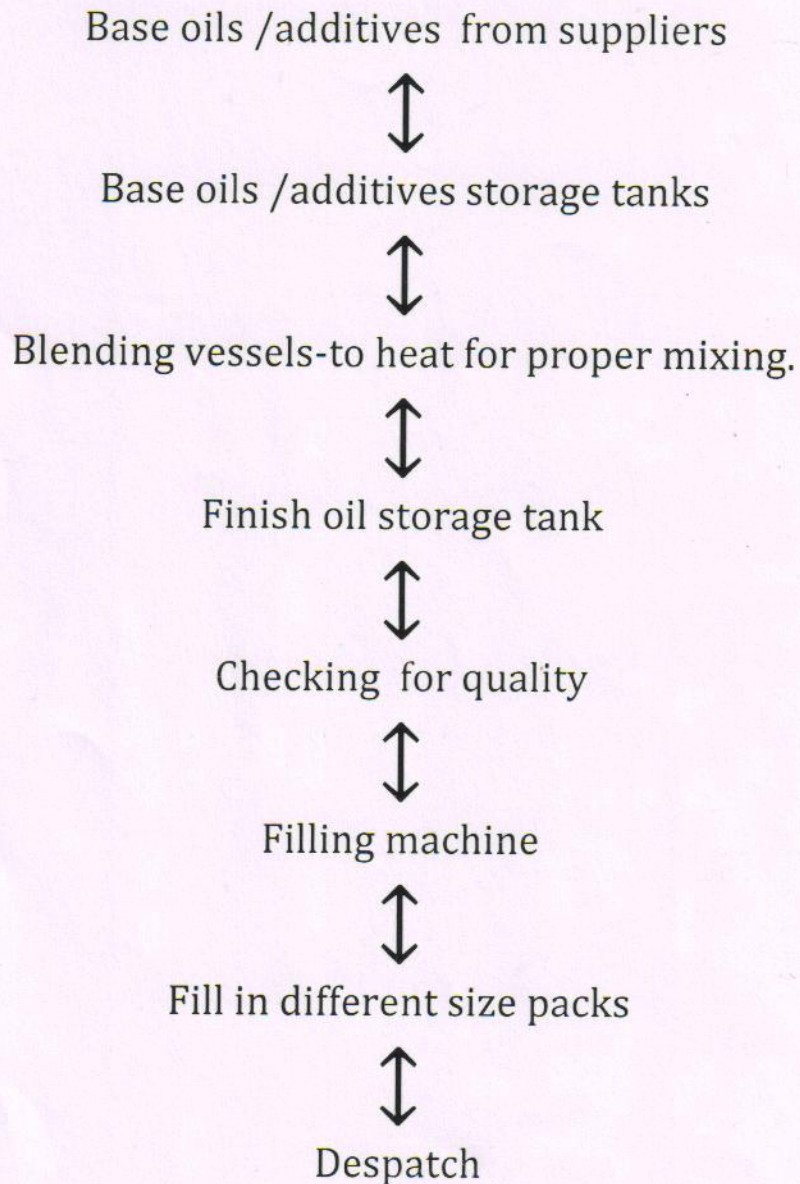
A) Annual sales revenue	Rs .690.00 lacs
B) Annual expenditures	Rs .663.00 lacs
C) Profit before tax (a-b)	Rs .027.00 lacs
D) Profit after tax	Rs .018.90 lacs

3.11 PROJECT IMPLEMENTATION:

This project is likely to be completed within 6 months as detailed in Annexure -4.

MANUFACTURING PROCESS FLOW CHART:

For lubricants-



For greases-

Base oils /lithium /HCO/additives from suppliers



Base oils /lithium /HCO /additives storage tanks



Blending vessels-to heat for proper mixing.



Finish greases storage tank



Checking for quality



Filling machine



Fill in different size packs



Despatch

For container-

Polymer from suppliers



Heating vessels to heat



Blow/inject machine for proper sapping.



Checking for quality



Finishing

ANNEXURE-1

LIST OF MACHINERY

SN.	PRODUCT	PRICE(approx.)
1	Tin filling machine	1.50
2	Blender tank	.50
3	centrifugal	1.25
4	Cooking kettle 3 ton capacity	1.50
5	Cooling kettle 3 ton capacity	1.50
6	Moulding machine	3.50
7	Mrp machine	3.00
8	Generator	2.00
9	Storage tanks	1.50
10	Foiling machine	.50
11	Grease filling machine	3.00
12	Air compressor	.25
	Total	20 lacs

ANNEXURE-2

COMPUTATION OF WORKING CAPITAL

SN.	PARTICULARS	Rupees in lacs.
1	Raw material & consumables based on inventory period of 15 days	25.00
2	Monthly salary & wages	2.00
3	Monthly power bill	0.10
4	Half yearly insurance premium	0.05
5	Monthly repairs & maintenance	0.20
6	Monthly administrative including selling overheads	2.00
7	Monthly misce. Other expenses	0.50
	Total	29.85

Say Rs.30.00 lacs

ANNEXURE-3

ANNUAL COST OF PRODUCTION

SN	PARTICULARS	Rupees in lacs
1	Raw material & consumable	600.00
2	Utilities	6.00
3	Salary & wages including benefits	24.00
4	Repairs & maintenance	2.00
5	Administrative & sales overheads	24.00
6	Interest on long term loans	6.00
	Interest on short term loans	Nil
7	Annual insurance premium	0.10
8	Depreciation	0.90
	Total	663.00

ANNEXURE-4

PROJECT IMPLEMENTATION SCHEDULE

SN	PARTICULARS	TIME REQUIRED (in months)
1	For lease deed and taking over physical possession of the plot from the date of allotment	One
2	Start of construction of building after taking over physical possession	two
3	Completion of building after taking over physical possession	Four
4	Installation of plant & machinery after taking over physical possession	Five
5	Commencement of commercial production after taking over physical possession	Six
	Total	6 months