

UP MSME 1-Connect

PROJECT REPORT

PROJECT: Re Refined Lubricant Oil

PROJECT REPORT

Of

Re Refined Lubricant Oil

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Re Refined Lubricant Oil 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.]

PROJECT REPORT ON RE-REFINING OF USED LUBRICANTS



Introduction: Indian crude oil normally contains a higher percentage of wax and hence extraction of Lubricants oil from Indian Crude oil is uneconomic. Thus Lubricants Oils are imported to India either as finished product or as Crude Oil. Lubricants Oils are never destroyed. They only get contaminated by dust, dirt, carbon particles, moisture, etc. Such contaminated Lubricating oils can be refined and hence made equivalent or better than original Lubricants oil. Re-refined Lubricants Oils are prone to oxidation. Otherwise these are better than original Lubricants. Re-refining of Lubricants can also reduce the pressure on the Country by way of import of Lubricants either as finished goods or as Crude Oil. Bureau of Indian standards has IS:9048 for re-refined automotive internal combustion engine lubricants oil. Lubricants & Grease are not destroyed in nature and hence reprocessing of contaminated oil helps in reducing water pollution.

Market: Refined Lubricating oil shows almost the same properties as original Lubricants. Its colour is better than original Lubricants. With proper additives Refined Lubricants show better properties than original Lubricants. Refined Lubricants are normally blended with Original Lubricants and as base material for Grease manufacturing. Low viscosity & pour-point refined oils are used as transformer oil, Axle oil, Spindle oil, Hydraulic oil, etc. refined oils are by far cheaper than Original Lubricants as these are derived from used Lubricants. Lubricating oil manufacturing companies purchase quality Refined oils for blending in their factories. This is the best avenue for selling Refined Lubricants. Grease manufacturers & transformer industry also purchase refined lubricants. Thus there is good marketing scope for Refined Lubricants.

PROJECTED BALANCE SHEET

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Capital Account	2.50	2.50	2.50	2.50	2.50
Retained Profit	- 12.07	- 23.41	- 32.59	- 41.19	- 49.57
Term Loan	15.24	11.43	7.62	3.81	0.80
Cash Credit	7.27	7.27	7.27	7.27	7.27
Sundry Creditors	0.36	0.42	0.48	0.54	0.60
Provisions & Other Liab	0.36	0.40	0.44	0.48	0.53
TOTAL :	13.66 -	1.40 -	14.29 -	26.59 -	37.87
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	16.43	16.43	16.43	16.43	16.43
Gross Dep.	2.18	4.10	5.75	7.18	8.40
Net Fixed Assets	14.25	12.33	10.68	9.25	8.03
Current Assets					
Sundry Debtors	1.46	1.86	2.13	2.40	2.67
Stock in Hand	6.98	8.14	9.30	10.46	11.63
Cash and Bank	- 11.53	- 26.48	- 39.42	- 52.04	- 63.86
Deposits & Advances	2.50	2.75	3.03	3.33	3.66
TOTAL :	13.66 -	1.40 -	14.29 -	26.59 -	37.87
	- -	0.00 -	0.00	-	-

PROJECTED CASH FLOW STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
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SOURCES OF FUND

Share Capital	2.50	-			
Reserve & Surplus	- 13.41	- 12.60	- 11.47	- 10.75	10.48
Depriciation & Exp. W/off	2.18	1.92	1.65	1.42	1.23
Increase in Cash Credit	7.27	-	-	-	-
Increase In Term Loan	15.24	-	-	-	-
Increase in Creditors	0.36	0.06	0.06	0.06	0.06
Increase in Provisions	0.36	0.04	0.04	0.04	0.05
TOTAL :	14.50	- 10.59	- 9.72	- 9.22	9.14

APPLICATION OF FUND

Increase in Fixed Assets	16.43	-	-	-	-
Increase in Stock	6.98	1.16	1.16	1.16	1.16
Increase in Debtors	1.46	0.41	0.27	0.27	0.27
Increase in Deposits & Adv	2.50	0.25	0.28	0.30	0.33
Repayment of Term Loan	-	3.81	3.81	3.81	3.00
Taxation	- 1.34	- 1.26	- 2.29	- 2.15	- 2.10
TOTAL :	26.02	4.37	3.22	3.39	2.67

Opening Cash & Bank Balance	-	- 11.53	- 26.48	- 39.42	52.04
Add : Surplus	- 11.53	- 14.96	- 12.94	- 12.62	11.82
Closing Cash & Bank Balance	- 11.53	- 26.48	- 39.42	- 52.04	63.86

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>A) SALES</u>					
Gross Sale	43.74	55.89	63.99	72.09	80.19
Total (A)	43.74	55.89	63.99	72.09	80.19
<u>B) COST OF SALES</u>					
Raw Mateiral Consumed	15.44	18.01	20.58	23.15	25.73
Elecricity Expenses	4.39	5.12	5.85	6.58	7.31
Repair & Maintenance	-	0.56	0.64	0.72	0.80
Labour & Wages	6.73	7.41	8.15	8.96	9.86
Depreciation	2.18	1.92	1.65	1.42	1.23
Consumables and Other Expenses	2.19	2.79	3.20	3.60	4.01
Cost of Production	30.92	35.80	40.07	44.44	48.94
Add: Opening Stock /WIP	-	3.89	4.54	5.18	5.83
Less: Closing Stock /WIP	3.89	4.54	5.18	5.83	6.48
Cost of Sales (B)	27.04	35.16	39.42	43.80	48.29
C) GROSS PROFIT (A-B)	16.70	20.73	24.57	28.29	31.90
	38%	37%	38%	39%	40%
D) Bank Interest (Term Loan)	1.31	1.59	1.15	0.71	0.29
Bank Interest (C.C. Limit)	0.84	0.84	0.84	0.84	0.84
E) Salary to Staff	27.09	29.80	32.78	36.05	39.66
F) Selling & Adm Expenses Exp.	0.87	1.12	1.28	1.44	1.60
TOTAL (D+E)	30.11	33.34	36.04	39.04	42.38
H) NET PROFIT	- 13.41 -	12.60 -	11.47 -	10.75 -	10.48
I) Taxation	- 1.34 -	1.26 -	2.29 -	2.15 -	2.10
J) PROFIT (After Tax)	- 12.07 -	11.34 -	9.18 -	8.60 -	8.38

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