

UP MSME 1-Connect

PROJECT REPORT

PROJECT: LPG GAS PIPE

PROJECT REPORT

Of

LPG GAS PIPE

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding LPG Gas Pipe Making 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 AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **LPG GAS PIPE**
- 6 Name of the project / business activity proposed : **LPG GAS PIPE MAKING UNIT**
- 7 Cost of Project : Rs.24.91 Lakhs
- 8 Means of Finance
- Term Loan Rs.15.12 Lakhs
- Own Capital Rs.2.49 Lakhs
- Working Capital Rs.7.3 Lakhs
- 9 Debt Service Coverage Ratio : 2.86
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 30%
- 13 Employment : 17 Persons
- 14 Power Requirement : 28.00 HP
- 15 Major Raw materials : PVC Granules, Polyester or steel fiber, natural rubber
: and other additives.
- 16 Estimated Annual Sales Turnover (Max Capacity) : 163.59 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	16.00
Furniture & Fixtures	0.80
Working Capital	8.11
Total	24.91

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.49
Working Capital(Finance)	7.30
Term Loan	15.12
Total	24.91

LPG GAS PIPE MAKING UNIT

Introduction:

A gas pipe is a hollow rubber tube reinforced with multiple layers for protection for better performance. The inner layer is used to provide inertness to the pipe. The second layer is braided on it to enhance the endurance of the pipe. The outer layer provides added tube protection from exterior damage and environmental deterioration, such as water, air, or heat. The cover can be color-coded to aid identification, such as orange for household and blue for industrial purposes or improve aesthetics.



Uses & Market Potential:

The LPG rubber pipes are used to carry the LPG gas from the LPG cylinder to the installed gas stove for cooking or heat purposes. APAC reported the largest share of the gas pipes by 2025 due to the larger population, standard mode of cooking, and advancement in basic life demands. The increased demand for gas pipes is due to increased consumption and the wide distribution of LPG gas across India. In the oil & gas industry, safety, environmental protection, and operating efficiency have prime importance for which pipes are used.

The increasing acceptance and implementation of LPG gas even in the smaller households, which convince the population to switch from another means of cooking such as coal and woods, is also a significant factor for further market growth.

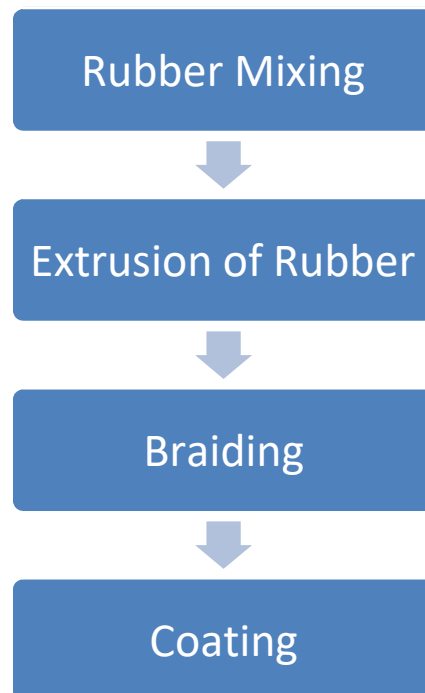
Product:

LPG Gas Pipe

Raw Material:

- PVC Granules
- Polyester or steel fiber
- Nitrile or natural rubber
- Other additives include colorant masterbatch of PVC, anti-oxidant, vulcanization agents (Sulphur), and stabilizer if needed.

Manufacturing Process:



Area:

The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and polishing area. Also, some of the area of building is required for office staff facilities, office furniture, etc. Thus, the approximate total area required for complete industrial setup is 1200-1800Sqft.

Cost of Machines:

Machine	Unit	Rate	Price
Dispersion Kneader	1	325000	325000
Rubber Mixing Mill	1	200000	200000
Extruder	1	275000	275000
Braiding Machine	1	350000	350000
PVC Coating Machine	1	450000	450000
Total Amount			1600000

Power Requirement- The estimated Power requirement is taken at 28 HP.

Manpower Requirement– Following manpower is required:

- Machine operator-4
- Skilled/unskilled worker-5
- Helper-6
- Manager cum Accountant-1
- Sales Personnel-1

FINANCIALS

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	3.60	5.22	7.87	11.37
Add: Additions	2.49	-	-	-	-
Add: Net Profit	5.61	7.11	8.65	10.00	11.44
Less: Drawings	4.50	5.50	6.00	6.50	7.00
Closing Balance	3.60	5.22	7.87	11.37	15.81
CC Limit	7.30	7.30	7.30	7.30	7.30
Term Loan	13.44	10.08	6.72	3.36	-
Sundry Creditors	2.52	2.94	3.37	3.82	4.29
TOTAL :	26.86	25.54	25.26	25.85	27.40
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	16.80	16.80	16.80	16.80	16.80
Gross Dep.	2.48	4.59	6.39	7.92	9.23
Net Fixed Assets	14.32	12.21	10.41	8.88	7.57
Current Assets					
Sundry Debtors	4.19	5.14	5.94	6.77	7.63
Stock in Hand	6.44	7.51	8.62	9.76	10.95
Cash and Bank	1.91	0.67	0.29	0.44	1.24
TOTAL :	26.86	25.54	25.26	25.85	27.40

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PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	89.78	110.19	127.27	145.07	163.59
Total (A)	89.78	110.19	127.27	145.07	163.59
<u>B) COST OF SALES</u>					
Raw Material Consumed	50.40	58.75	67.42	76.41	85.73
Electricity Expenses	2.19	2.51	2.82	3.13	3.45
Repair & Maintenance	2.24	2.75	3.18	3.63	4.09
Labour & Wages	21.17	25.40	29.72	34.18	38.62
Depreciation	2.48	2.11	1.80	1.53	1.31
Cost of Production	78.49	91.53	104.94	118.88	133.20
Add: Opening Stock /WIP	-	3.92	4.58	5.25	5.94
Less: Closing Stock /WIP	3.92	4.58	5.25	5.94	6.66
Cost of Sales (B)	74.56	90.87	104.27	118.18	132.48
C) GROSS PROFIT (A-B)	15.21	19.31	23.00	26.89	31.11
	16.95%	17.53%	18.07%	18.53%	19.02%
D) Bank Interest i) (Term Loan)	1.64	1.34	0.97	0.60	0.23
ii) Interest On Working Capital	0.80	0.80	0.80	0.80	0.80
E) Salary to Staff	5.04	6.25	7.37	8.70	9.75
F) Selling & Adm Expenses Exp.	1.80	3.09	4.07	5.08	6.54
G) TOTAL (D+E+F)	9.28	11.48	13.22	15.18	17.32
H) NET PROFIT	5.93	7.83	9.77	11.70	13.79
	6.6%	7.1%	7.7%	8.1%	8.4%
I) Taxation	0.32	0.72	1.12	1.70	2.35
J) PROFIT (After Tax)	5.61	7.11	8.65	10.00	11.44

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	2.49	-	-	-	-
Reserve & Surplus	5.93	7.83	9.77	11.70	13.79
Depreciation & Exp. W/off	2.48	2.11	1.80	1.53	1.31
Increase In Cash Credit	7.30	-	-	-	-
Increase In Term Loan	15.12	-	-	-	-
Increase in Creditors	2.52	0.42	0.43	0.45	0.47
TOTAL :	35.85	10.36	12.01	13.69	15.56
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	16.80	-	-	-	-
Increase in Stock	6.44	1.07	1.10	1.15	1.18
Increase in Debtors	4.19	0.95	0.80	0.83	0.86
Repayment of Term Loan	1.68	3.36	3.36	3.36	3.36
Taxation	0.32	0.72	1.12	1.70	2.35
Drawings	4.50	5.50	6.00	6.50	7.00
TOTAL :	33.94	11.60	12.38	13.54	14.76
Opening Cash & Bank Balance	-	1.91	0.67	0.29	0.44
Add : Surplus	1.91	- 1.24	- 0.38	0.15	0.80
Closing Cash & Bank Balance	1.91	0.67	0.29	0.44	1.24

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(15 Days requirement)	3.92	4.58	5.25	5.94	6.66
<u>Raw Material</u>					
(15 Days requirement)	2.52	2.94	3.37	3.82	4.29
Closing Stock	6.44	7.51	8.62	9.76	10.95

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	6.44		
Less:			
Sundry Creditors	2.52		
Paid Stock	3.92	0.39	3.53
Sundry Debtors	4.19	0.42	3.77
Working Capital Requirement			7.30
Margin			0.81
MPBF			7.30
Working Capital Demand			7.30

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	15.12	15.12	0.42	-	15.12
	IInd Quarter	15.12	-	15.12	0.42	-	15.12
	IIIRD Quarter	15.12	-	15.12	0.42	0.84	14.28
	Ivth Quarter	14.28	-	14.28	0.39	0.84	13.44
					1.64	1.68	
II	Opening Balance						
	Ist Quarter	13.44	-	13.44	0.37	0.84	12.60
	IInd Quarter	12.60	-	12.60	0.35	0.84	11.76
	IIIRD Quarter	11.76	-	11.76	0.32	0.84	10.92
	Ivth Quarter	10.92		10.92	0.30	0.84	10.08
					1.34	3.36	
III	Opening Balance						
	Ist Quarter	10.08	-	10.08	0.28	0.84	9.24
	IInd Quarter	9.24	-	9.24	0.25	0.84	8.40
	IIIRD Quarter	8.40	-	8.40	0.23	0.84	7.56
	Ivth Quarter	7.56		7.56	0.21	0.84	6.72
					0.97	3.36	
IV	Opening Balance						
	Ist Quarter	6.72	-	6.72	0.18	0.84	5.88
	IInd Quarter	5.88	-	5.88	0.16	0.84	5.04
	IIIRD Quarter	5.04	-	5.04	0.14	0.84	4.20
	Ivth Quarter	4.20		4.20	0.12	0.84	3.36
					0.60	3.36	
V	Opening Balance						
	Ist Quarter	3.36	-	3.36	0.09	0.84	2.52
	IInd Quarter	2.52	-	2.52	0.07	0.84	1.68
	IIIRD Quarter	1.68	-	1.68	0.05	0.84	0.84
	Ivth Quarter	0.84		0.84	0.02	0.84	0.00
					0.23	3.36	

Door to Door Period	60	Months
Moratorium Period	6	Months
Repayment Period	54	Months

CALCULATION OF D.S.C.R

PARTICULARS	I	II	III	IV	V
<u>CASH ACCRUALS</u>	8.09	9.23	10.45	11.53	12.74
Interest on Term Loan	1.64	1.34	0.97	0.60	0.23
Total	9.73	10.57	11.42	12.14	12.97
<u>REPAYMENT</u>					
Repayment of Term Loan	1.68	3.36	3.36	3.36	3.36
Interest on Term Loan	1.64	1.34	0.97	0.60	0.23
Total	3.32	4.70	4.33	3.96	3.59
DEBT SERVICE COVERAGE RATIO	2.93	2.25	2.64	3.06	3.61
AVERAGE D.S.C.R.			2.86		

Assumptions:

1. Production Capacity of LPG Gas Pipe Making unit is taken at 1200 KG per day. First year, Capacity has been taken @ 35%.
2. Working shift of 10 hours per day has been considered.
3. Raw Material stock and Finished goods closing stock has been taken for 15 days.
4. Credit period to Sundry Debtors has been given for 14 days.
5. Credit period by the Sundry Creditors has been provided for 15 days.
6. Depreciation and Income tax has been taken as per the Income tax Act,1961.
7. Interest on working Capital Loan and Term loan has been taken at 11%.
8. Salary and wages rates are taken as per the Current Market Scenario.
9. Power Consumption has been taken at 28 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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