HAIR OIL MANUFACTURING

All are very much aware of the hair health and all are using different types of hair oil to maintain their hair health. Good quality hair oils have high demand in the market. Accordingly to the need of the place right type of oil and herbs are to be mixed and the qualitative product if packaged attractively can sell like hot cake.

1. Name of the Product : Hair Oil

2. Project Cost :

(a) Capital Expenditure

Land : Own

Building Shed 500 Sq.ft. : Rs. 100000.00

Equipment :
(Boiling kettle with stirrer, Bottle cap sealing M/c, Filtering unit, Storage tank etc.)

Rs. 180000.00

Total Capital Expenditure : Rs. 280000.00

(b) Working Capital : Rs. 174000.00

TOTAL PROJECT COST : Rs. 454000.00

3. Estimated Annual Production of Hair Oil :

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>Capacity (NO.OF.PKT.)</th>
<th>Rate</th>
<th>Total Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Hair Oil</td>
<td>10000.00 Liters</td>
<td>70.00</td>
<td>698.20</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>10000.00 Liters</td>
<td>70.00</td>
<td>698.20</td>
</tr>
</tbody>
</table>

4. Raw Material : Rs. 400000.00

5. Labels and Packing Material : Rs. 20000.00

6. Wages (Skilled & Unskilled) : Rs. 130000.00

7. Salaries : Rs. 36000.00

8. Administrative Expenses : Rs. 15000.00
9. Overheads : Rs. 25000.00
10. Miscellaneous Expenses : Rs. 10000.00
11. Depreciation : Rs. 23000.00
12. Insurance : Rs. 2800.00

13. Interest (As per the PLR)
   (a) Capital Expenditure Loan : Rs. 36400.00
   (b) Working Capital Loan : Rs. 22620.00

Total Interest : Rs. 59020.00

14. Working Capital Requirement
   Fixed Cost : Rs. 100200.00
   Variable Cost : Rs. 597620.00
   Requirement of Working Capital per Cycle : Rs. 174455.00

15. Estimated Cost Analysis

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Particulars</th>
<th>Capacity Utilization (Rs. in '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Fixed Cost</td>
<td>100.20  60.12  70.14  80.16</td>
</tr>
<tr>
<td>2.</td>
<td>Variable Cost</td>
<td>598.00  358.80  418.60  478.40</td>
</tr>
<tr>
<td>3.</td>
<td>Cost of Production</td>
<td>698.20  418.92  488.74  558.56</td>
</tr>
<tr>
<td>4.</td>
<td>Projected Sales</td>
<td>850.00  510.00  595.00  680.00</td>
</tr>
<tr>
<td>5.</td>
<td>Gross Surplus</td>
<td>151.80  91.08  106.26  121.44</td>
</tr>
<tr>
<td>6.</td>
<td>Expected Net Surplus</td>
<td>129.00  68.00  83.00  98.00</td>
</tr>
</tbody>
</table>

Note:

1. All figures mentioned above are only indicative and may vary from place to place.

2. If the investment on Building is replaced by Rental Premises-
   (a.) Total Cost of Project will be reduced.
   (b) Profitability will be increased.
   (c) Interest on Capital Expenditure will be reduced.