

Oil & Gas Sector



PETROLEUM JELLY

Introduction

Cosmetic products are widely used by many people in the country. Cosmetic products can attract a great customer base if they are of high quality. An estimated fixed cost of US\$16,790 when injected into the project can yield estimated revenue of US\$ 281,190 in the first year of operation. The payback period is approximately 6 months. Due to the increasing demand for the product in both rural and urban areas, there is market viability for the product. The idea envisages production of 60,000 units annually.

Production Process

The technology and process is simple. The process involves mixing crude petroleum jelly with lubrication oils using a mixer. The mixture is passed into a boiler and heated until it melts. While being stirred by a mixer, perfumed ingredients are added and stirred together with the boiling jelly. The thoroughly mixed liquid jelly is then passed to a chilling container to cool at a temperature of about 400°C and then packed in the respective packing containers.

Capital Investment Requirements

Capital Investment Item	Units	Qty	@	Amount
Mixer	No	2	660	1,320
Boiler	No	1	1,870	1,870
Cooler	No	2	385	770
Gas cooker	No	1	825	825
Mixing container	No	2	330	660
Transfer funnels	No	3	41.8	125.4
Furniture and fixture	No	1	2,200	2,200
Delivery van	No	1	7,700	7,700
Other tools	No	1	1,320	1,320
Total				16,790.4

Production and Operation costs

Cost Item	Units	@/ day	Qty/ day	Pdn Cost/ day	Pdn Cost/ month	Pdn Cost/ Year1
Direct costs3:						
Crude Petroleum Jelly	Kgs	0.75	129	97	2,517	30,200
Oils	Litres	3	7	22	583	7,000
Scented ingredients	Kgs	7.5	1	10	250	3,000
Wax	Kgs	2	2	4	100	1,200
Packaging materials	Pieces	0.04	721	29	750	9,000
Sub-total					4,200	50,400

General costs (Overheads)

Labour	700	8400
Other materials	1000	12000
Utilities	1500	18000
Administrative expenses	1500	18000
Selling and Distribution	3250	39000
Fuel	3000	36000

Miscellaneous expenses	700	8400
Depreciation (Asset write off) Expenses	2544	30528
Sub-total	14194	170328
Total Operating Costs	18,394	219,652

1. Production is assumed for 312 days per year.
2. Depreciation assumes 4 year life of assets written off at 25% per year for all assets.
3. A production Month is assumed to have 26 days.

Project Product costs and Price Structure

Item	Qty / day	Qty/ yr	@	Pdn/yr	UPx	Total
revenue						
Petroleum jelly	721	224,952	1	220,728	1.25	281,190
Total				220,728		281,190

Profitability Analysis Table

Profitability Item	Per day	Per Month	Per Year
Revenue	901	23,433	281,190
Less: Production and Operating Costs	704	18,304	219,652
Profit	197	5,039	61,538

Market analysis

The market for cosmetics widely exists both in urban and rural areas. Producing different brands may increase the sales revenue though there is stiff competition from other service providers such as: Movit products Ltd, Samona products Ltd, Mwana mugimu, Sleeping baby and other imported cosmetics.

Sources of supply of raw materials and equipments

All raw materials and equipments are imported