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PROJECT REPORT

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PROJECT:

HDPE EDIBLE OIL CONTAINER

PROJECT REPORT

Of

HDPE EDIBLE OIL CONTAINER

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **HDPE Edible Oil Container**.

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 : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
 Pin: xxxxxxxx State: xxxxxxxxxx
 Mobile : xxxxxxxx
- 5 Product and By Product : **HDPE EDIBLE OIL CONTAINER(15 Ltr.)**
- 6 Name of the project / business activity proposed : **HDPE EDIBLE OIL CONTAINER UNIT**
- 7 Cost of Project : Rs.45.56 Lakhs
- 8 Means of Finance
 Term Loan Rs.36 Lakhs
 Own Capital Rs.4.56 Lakhs
 Working capital Rs.5 Lakhs
- 9 Debt Service Coverage Ratio : 2.31
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 26%
- 13 Employment : 8 Persons
- 14 Power Requirement : 30.00 HP
- 15 Major Raw materials : HDPE Granules
- 16 Estimated Annual Sales Turnover (Max Capacity) : 158.05 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	38.00
Furniture & Fixtures	2.00
Working Capital	5.56
Total	45.56

MEANS OF FINANCE

Particulars	Amount
Own Contribution	4.56
Working Capital(Finance)	5.00
Term Loan	36.00
Total	45.56

HDPE EDIBLE OIL CONTAINER (15 Ltr.)

Introduction: Today India is one of the biggest consumers of edible oil in the world. However, due to improper packaging, adulteration of edible oil is always a big worry for the oil manufacturers and consumers. The Government is also taking serious view about the major health hazard caused due to adulteration and is committed to ensure safe and sterile packaging of edible oil in the interest of the health of the average Indian. Currently more than 90% of edible oil is supplied in the market in unpacked form or reusable tin packs of 15 kgs. However, 15 kgs. plastic containers are better material compared to conventional packing as far as safe and economical packaging is concerned. Beside, 15 kgs, packaging conforms to the storage mentality of the average Indian household who generally stock their average yearly requirement of edible oil well in advance in 15 kgs tin containers. Plastic containers score over time packing in handling low weight, energy conservation and assurance of safe and tamper proof packing.



Market Potential: Due to some quality maintenance and hygienic conditions requirement, the Government has imposed the partial ban on the

safe of unpacked edible oil in the market. By seeing this fact, it is assumed that there will be good demand for the plastic containers as these are economical as compared to conventional metal containers. The new concept of packing in HDPE containers is likely to pick up in the near future. As compared to metal container, it is easy to manufacture HDPE Containers.

Raw material: Major raw material that is only used is HDPE Granules.

Machinery Requirement: Major machines and equipments that are used are as follows:

Description	Quantity	Rate	Value
Extrusion Blow Moulding Machine 15 ltr. Capacity with all accessories alongwith compressor and cooling tower	1	3000000	3000000
Screen Printing Machine	1	100000	100000
Mould & Dies	Ls	400000	400000
Scrap Grinder	1	250000	250000
Other equipments & hand tools	Ls		50000
Total Amount			3800000

Manufacturing Process: These containers are being produced by extrusion blow moulding process. Raw Material HDPE is fed into the hopper and is melted in the cylinder by application of heat. This molten mass is conveyed by means of screw and stored in an accumulator. The accumulated plastic – mass (predetermined in weight) is forced through a die to form a tube called the parison. Taking the tube inside the mould and sealing one end, the parison is inflated by blowing air inside the mould through an air nozzle. The mould is cold by circulating of cold water through the cooling channels of the mould. The article is ejected automatically by machine. Deflashing

operation is done to remove top and bottom flash on the article. Caps are moulded on injection moulded machine which can be procured from outside.

Area: The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and auxiliary like Generator setup. Also some of the area of building is required for office staff facilities, documentation, office furniture, etc. Thus, the approximate total area required for complete industrial setup is 2000 to 2500Sqft.

Power Requirement: The power consumption required to run all the machinery could be approximated as 30 Hp

Manpower Requirement: There are requirement of skilled machine operators to run the machine set. Experience quality engineers are required for desired quality control. Some helpers are also required to transfer the material from one work station to other. Office staffs are required to maintain the documentation. The approximate manpower required is 8 including 1 Supervisor, 1 Plant operator, 1 unskilled worker, 1 Helper and 1 Security guard. 3 Skilled worker including Accountant, Manager and Sales person.

Bank Term Loan: Rate of Interest is assumed to be at 11%

Depreciation: Depreciation has been calculated as per the Provisions of Income Tax Act, 1961

Approvals & Registration Requirement:

Basic registration required in this project:

- GST Registration
- Udyog Aadhar Registration (Optional)
- Choice of a Brand Name of the product and secure the name with Trademark if require.
- NOC from State Pollution Control Board

Implementation Schedule:

S No.	Activity	Time required
1.	Acquisition of premises	1-2 Months
2.	Procurement & installation of Plant & Machinery	1-2 Months
3.	Arrangement of Finance	1.5-2 Months
4.	Requirement of required Manpower	1 Month
5.	Commercial Trial Runs	1 Month
	Total time Required (some activities shall run concurrently)	5-6 Months

FINANCIALS

PROJECTED BALANCE SHEET					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Capital Account					
Opening Balance	-	7.18	11.20	16.18	21.54
Add: Additions	4.56	-	-	-	-
Add: Net Profit	9.62	12.53	14.97	17.36	21.50
Less: Drawings	7.00	8.50	10.00	12.00	15.00
Closing Balance	7.18	11.20	16.18	21.54	28.04
CC Limit	5.00	5.00	5.00	5.00	5.00
Term Loan	32.00	24.00	16.00	8.00	-
Sundry Creditors	1.41	1.62	1.75	1.89	2.02
TOTAL :	45.59	41.82	38.93	36.43	35.07
APPLICATION OF FUND					
Fixed Assets (Gross)	40.00	40.00	40.00	40.00	40.00
Gross Dep.	5.90	10.93	15.21	18.85	21.96
Net Fixed Assets	34.10	29.08	24.79	21.15	18.04
Current Assets					
Sundry Debtors	2.29	2.67	3.00	3.33	3.69
Stock in Hand	4.90	5.56	6.15	6.75	7.38
Cash and Bank	4.30	4.51	4.99	5.19	5.96
TOTAL :	45.59	41.82	38.93	36.43	35.07

PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	98.25	114.52	128.37	142.88	158.05
Total (A)	98.25	114.52	128.37	142.88	158.05
B) COST OF SALES					
Raw Material Consumed	60.50	69.30	75.08	80.85	86.63
Electricity Expenses	2.51	2.74	2.97	3.20	3.42
Repair & Maintenance	1.47	1.83	3.85	5.72	6.32
Labour & Wages	6.30	6.93	8.32	9.98	11.98
Depreciation	5.90	5.03	4.28	3.65	3.11
Cost of Production	76.69	85.83	94.49	103.39	111.45
Add: Opening Stock /WIP	-	2.88	3.25	3.65	4.06
Less: Closing Stock /WIP	2.88	3.25	3.65	4.06	4.49
Cost of Sales (B)	73.81	85.45	94.10	102.98	111.02
C) GROSS PROFIT (A-B)	24.45	29.07	34.27	39.90	47.02
	24.88%	25.38%	26.70%	27.93%	29.75%
D) Bank Interest (Term Loan)	3.91	3.19	2.31	1.43	0.55
ii) Interest On Working Capital	0.55	0.55	0.55	0.55	0.55
E) Salary to Staff	4.28	5.14	6.17	7.40	8.88
F) Selling & Adm Expenses Exp.	1.97	2.29	3.85	5.72	6.32
TOTAL (D+E)	10.70	11.17	12.88	15.10	16.31
H) NET PROFIT	13.74	17.90	21.39	24.81	30.72
	14.0%	15.6%	16.7%	17.4%	19.4%
I) Taxation	4.12	5.37	6.42	7.44	9.22
J) PROFIT (After Tax)	9.62	12.53	14.97	17.36	21.50

PROJECTED CASH FLOW STATEMENT					
PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	4.56	-			
Reserve & Surplus	13.74	17.90	21.39	24.81	30.72
Depriciation & Exp. W/off	5.90	5.03	4.28	3.65	3.11
Increase In Cash Credit	5.00				
Increase In Term Loan	36.00	-	-	-	-
Increase in Creditors	1.41	0.21	0.13	0.13	0.13
TOTAL :	66.61	23.13	25.81	28.59	33.96
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	40.00	-	-	-	-
Increase in Stock	4.90	0.67	0.59	0.60	0.62
Increase in Debtors	2.29	0.38	0.32	0.34	0.35
Repayment of Term Loan	4.00	8.00	8.00	8.00	8.00
Taxation	4.12	5.37	6.42	7.44	9.22
Drawings	7.00	8.50	10.00	12.00	15.00
TOTAL :	62.31	22.92	25.33	28.38	33.19
Opening Cash & Bank Balance	-	4.30	4.51	4.99	5.19
Add : Surplus	4.30	0.21	0.48	0.20	0.77
Closing Cash & Bank Balance	4.30	4.51	4.99	5.19	5.96

COMPUTATION OF MAKING OF HDPE EDIBLE OIL CONTAINER			
Item to be Manufactured HDPE Edible Oil Container			
Manufacturing Capacity per day		1,100	No.s
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		3,30,000	No.s
Total Production per Annum		3,30,000	No.s
Year		Capacity	HDPE EDIBLE OIL
		Utilisation	
I		55%	1,81,500.00
II		60%	1,98,000.00
III		65%	2,14,500.00
IV		70%	2,31,000.00
V		75%	2,47,500.00

COMPUTATION OF RAW MATERIAL

Item Name	Quantity of	Unit	Unit Rate of	Total CostPer Annum
HDPE Granules	200.00	MT	55,000.00	1,10,00,000.00
Total				1,10,00,000.00
Total Raw material in Rs lacs				110.00

Raw Material Consumed	Capacity Utilisation	Amount (Rs.)	
I	55%	60.50	
II	60%	69.30	5% Increase in Cost
III	65%	75.08	5% Increase in Cost
IV	70%	80.85	5% Increase in Cost
V	75%	86.63	5% Increase in Cost

COMPUTATION OF SALE					
Particulars	I	II	III	IV	V
Op Stock	-	6,050.00	6,600.00	7,150.00	7,700.00
Production	1,81,500.00	1,98,000.00	2,14,500.00	2,31,000.00	2,47,500.00
Less : Closing Stock(10 Days)	6,050.00	6,600.00	7,150.00	7,700.00	8,250.00
Net Sale	1,75,450.00	1,97,450.00	2,13,950.00	2,30,450.00	2,46,950.00
Sale Price per Pc	56.00	58.00	60.00	62.00	64.00
Sale (in Lacs)	98.25	114.52	128.37	142.88	158.05

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
Finished Goods					
(10 Days requirement)	2.88	3.25	3.65	4.06	4.49
Raw Material					
(10 Days requirement)	2.02	2.31	2.50	2.70	2.89
Closing Stock	4.90	5.56	6.15	6.75	7.38

COMPUTATION OF WORKING CAPITAL REQUIREMENT			
Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	4.90		
Less:			
Sundry Creditors	1.41		
Paid Stock	3.48	0.35	3.14
Sundry Debtors	2.29	0.23	2.06
Working Capital Requirement			5.20
Margin			0.58
MPBF			5.20
Working Capital Demand			5.00

BREAK UP OF LABOUR				
Particulars	Wages Per Month	No of Employees	Total Salary	
Supervisor	14,000.00	1	14,000.00	
Plant Operator	12,000.00	1	12,000.00	
Unskilled Worker	10,000.00	1	10,000.00	
Helper	8,000.00	1	8,000.00	
Security Guard	6,000.00	1	6,000.00	
			50,000.00	
Add: 5% Fringe Benefit			2,500.00	
Total Labour Cost Per Month			52,500.00	
Total Labour Cost for the year (In Rs. Lakhs)		5	6.30	

BREAK UP OF SALARY				
Particulars	Salary Per Month	No of Employees	Total Salary	
Manager	14,000.00	1	12,000.00	
Accountant cum store keeper	12,000.00	1	12,000.00	
Sales	10,000.00	1	10,000.00	
Total Salary Per Month			34,000.00	
Add: 5% Fringe Benefit			1,700.00	
Total Salary for the month			35,700.00	
Total Salary for the year (In Rs. Lakhs)		3	4.28	

COMPUTATION OF DEPRECIATION				
Description	Land	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		15.00%	10.00%	
Opening Balance	Leased	-	-	-
Addition	-	38.00	2.00	40.00
	-	38.00	2.00	40.00
		-	-	
TOTAL		38.00	2.00	40.00
Less : Depreciation	-	5.70	0.20	5.90
WDV at end of Ist year	-	32.30	1.80	34.10
Additions During The Year	-	-	-	-
	-	32.30	1.80	34.10
Less : Depreciation	-	4.85	0.18	5.03
WDV at end of IIrd Year	-	27.46	1.62	29.08
Additions During The Year	-	-	-	-
	-	27.46	1.62	29.08
Less : Depreciation	-	4.12	0.16	4.28
WDV at end of IIIrd year	-	23.34	1.46	24.79
Additions During The Year	-	-	-	-
	-	23.34	1.46	24.79
Less : Depreciation	-	3.50	0.15	3.65
WDV at end of IV year	-	19.84	1.31	21.15
Additions During The Year	-	-	-	-
	-	19.84	1.31	21.15
Less : Depreciation	-	2.98	0.13	3.11
WDV at end of Vth year	-	16.86	1.18	18.04

REPAYMENT SCHEDULE OF TERM LOAN							11.0%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	36.00	36.00	0.99	-	36.00
	IInd Quarter	36.00	-	36.00	0.99	-	36.00
	IIIRD Quarter	36.00	-	36.00	0.99	2.00	34.00
	Ivth Quarter	34.00	-	34.00	0.94	2.00	32.00
					3.91	4.00	
II	Opening Balance						
	Ist Quarter	32.00	-	32.00	0.88	2.00	30.00
	IInd Quarter	30.00	-	30.00	0.83	2.00	28.00
	IIIRD Quarter	28.00	-	28.00	0.77	2.00	26.00
	Ivth Quarter	26.00		26.00	0.72	2.00	24.00
					3.19	8.00	
III	Opening Balance						
	Ist Quarter	24.00	-	24.00	0.66	2.00	22.00
	IInd Quarter	22.00	-	22.00	0.61	2.00	20.00
	IIIRD Quarter	20.00	-	20.00	0.55	2.00	18.00
	Ivth Quarter	18.00		18.00	0.50	2.00	16.00
					2.31	8.00	
IV	Opening Balance						
	Ist Quarter	16.00	-	16.00	0.44	2.00	14.00
	IInd Quarter	14.00	-	14.00	0.39	2.00	12.00
	IIIRD Quarter	12.00	-	12.00	0.33	2.00	10.00
	Ivth Quarter	10.00		10.00	0.28	2.00	8.00
					1.43	8.00	
V	Opening Balance						
	Ist Quarter	8.00	-	8.00	0.22	2.00	6.00
	IInd Quarter	6.00	-	6.00	0.17	2.00	4.00
	IIIRD Quarter	4.00	-	4.00	0.11	2.00	2.00
	Ivth Quarter	2.00		2.00	0.06	2.00	-
					0.55	8.00	

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>	15.52	17.55	19.25	21.01	24.61
Interest on Term Loan	3.91	3.19	2.31	1.43	0.55
Total	19.42	20.74	21.56	22.44	25.16
<u>REPAYMENT</u>					
Repayment of Term Loan	4.00	8.00	8.00	8.00	8.00
Interest on Term Loan	3.91	3.19	2.31	1.43	0.55
Total	7.91	11.19	10.31	9.43	8.55
DEBT SERVICE COVERAGE RATIO	2.46	1.85	2.09	2.38	2.94
AVERAGE D.S.C.R.			2.31		

COMPUTATION OF ELECTRICITY				
(A) POWER CONNECTION				
Total Working Hour per day		Hours	8	
Electric Load Required		HP	30	
Load Factor			0.7460	
Electricity Charges		per unit	7.50	
Total Working Days			300	
Electricity Charges				4,02,840.00
Add : Minimim Charges (@ 10%)				
(B) DG set				
No. of Working Days			300	days
No of Working Hours			0.3	Hour per day
Total no of Hour			90	
Diesel Consumption per Hour			8	
Total Consumption of Diesel			720	
Cost of Diesel			65.00	Rs. /Ltr
Total cost of Diesel			0.47	
Add : Lube Cost @15%			0.07	
Total			0.54	
Total cost of Power & Fuel at 100%				4.57
Year		Capacity		Amount (in Lacs)
I		55%		2.51
II		60%		2.74
III		65%		2.97
IV		70%		3.20
V		75%		3.42

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