

# PROJECT REPORT

Of

## PP BLOW MOLDING CONTAINER

### PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **PP Blow Molding 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.]



Lucknow Office: Sidhivinayak Building ,  
27/1/B, Gokhley Marg, Lucknow-226001

Delhi Office : Multi Disciplinary Training  
Centre, Gandhi Darshan Rajghat,  
New Delhi 110002

Email : [info@udyami.org.in](mailto:info@udyami.org.in)  
Contact : +91 7526000333, 444, 555

**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 : **PP BLOW MOLDING CONTAINER**
- 6 Name of the project / business activity proposed : **PP BLOW MOLDING CONTAINER UNIT**
- 7 Cost of Project : Rs.38.67 Lakhs
- 8 Means of Finance  
Term Loan Rs.28.8 Lakhs  
Own Capital Rs.3.87 Lakhs  
Working capital Rs.6 Lakhs
- 9 Debt Service Coverage Ratio : 2.21
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 38%
- 13 Employment : 10 Persons
- 14 Power Requirement : 30.00 HP
- 15 Major Raw materials : PP Granules, Colourant
- 16 Estimated Annual Sales Turnover (Max Capacity) : 127.82 Lakhs
- 17 Detailed Cost of Project & Means of Finance

**COST OF PROJECT**

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	30.00
Furniture & Fixtures	2.00
Working Capital	6.67
<b>Total</b>	<b>38.67</b>

**MEANS OF FINANCE**

Particulars	Amount
Own Contribution	3.87
Working Capital(Finance)	6.00
Term Loan	28.80
<b>Total</b>	<b>38.67</b>

# PP BLOW MOLDING CONTAINER

**Introduction:** PP can be blow molded into containers of different sizes and shapes. Some of the common items that are produced include bottles & jerry cans. It has various characteristics:

- Light Weight
- Flexibility
- Corrosion and chemical resistance have made these plastic products versatile for storage and handling of water, petroleum products
- Due to its transparency and high strength characteristics, PP bottles are used for detergents, shampoos, motor oil, milk, drugs and cosmetic products.
- Milk bottles are the single biggest PP packaging material. Most milk and water bottles use a natural colored PP resin.



**Uses & Market Potential:** The blow molding container are used as fuel tanks in automotive vehicles and can also be used as laundry detergent

bottles. After the development of PP material in copolymer grades, these bottles are cornering the market for packaging liquids such as detergents, cosmetics, lubricants and dairy products, a market whose scope has opened up a multitude of potential applications PP. At present, cartons, pouches and bottles made of HDPE, PP, PET and PE compete for space on retailers' shelves. Glass bottles have lost market share and are now holding their own in just a few traditional segments. The blow molding container has a wide applications and the demand of this product is high and will increase in future.

**Raw material:** Major raw materials are as follows:

1. Polypropylene(PP Granules)
2. Colourant

**Machine Requirement:** Major machinery and equipments are as follows:

Description	Quantity	Rate	Value
Automatic Blow mould Extruder Machine 3 Ltr	1	2500000	2500000
Mould 3 Ltr	Ls		500000
<b>Total Amount</b>			<b>3000000</b>

**Manufacturing Process:** PP granules are fed in to an automatic extrusion blow molding machine and is subjected to heat and pressure in an extruder. The semi-molten plastic in extruder is passed through the nozzle and air is blown into the mould to force the molten plastic against the sides of the mould. The final product is then cooled before removal from the mould. The article is then trimmed to remove flashes.

**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 1500 to 2000Sqft.

**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 10 including 1 Supervisor, 2 Plant operator, 2 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**

<b>PROJECTED BALANCE SHEET</b>					
<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b>SOURCES OF FUND</b>					
<b>Capital Account</b>					
Opening Balance	-	4.19	8.50	13.13	18.23
Add: Additions	3.87	-	-	-	-
Add: Net Profit	4.33	8.81	12.12	14.61	17.14
Less: Drawings	4.00	4.50	7.50	9.50	11.50
<b>Closing Balance</b>	<b>4.19</b>	<b>8.50</b>	<b>13.13</b>	<b>18.23</b>	<b>23.88</b>
CC Limit	6.00	6.00	6.00	6.00	6.00
Term Loan	25.60	19.20	12.80	6.40	-
Sundry Creditors	0.78	0.90	0.97	1.05	1.12
<b>TOTAL :</b>	<b>36.58</b>	<b>34.60</b>	<b>32.90</b>	<b>31.68</b>	<b>31.00</b>
<b>APPLICATION OF FUND</b>					
<b>Fixed Assets ( Gross)</b>					
Gross Dep.	4.70	8.71	12.12	15.03	17.51
Net Fixed Assets	27.30	23.30	19.88	16.97	14.49
<b>Current Assets</b>					
Sundry Debtors	3.53	4.30	4.95	5.65	6.39
Stock in Hand	4.83	5.59	6.31	7.06	7.85
Cash and Bank	0.92	1.41	1.75	2.00	2.26
<b>TOTAL :</b>	<b>36.58</b>	<b>34.60</b>	<b>32.90</b>	<b>31.68</b>	<b>31.00</b>

<b>PROJECTED PROFITABILITY STATEMENT</b>					
<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b>A) SALES</b>					
Gross Sale	70.54	86.04	99.07	113.00	127.82
<b>Total (A)</b>	<b>70.54</b>	<b>86.04</b>	<b>99.07</b>	<b>113.00</b>	<b>127.82</b>
<b>B) COST OF SALES</b>					
Raw Material Consumed	33.55	38.43	41.63	44.84	48.04
Electricity Expenses	2.51	2.74	2.97	3.20	3.42
Repair & Maintenance	2.12	2.58	2.97	3.39	3.83
Labour & Wages	14.74	16.22	19.46	23.35	28.02
Depreciation	4.70	4.01	3.41	2.91	2.48
<b>Cost of Production</b>	<b>57.62</b>	<b>63.97</b>	<b>70.45</b>	<b>77.68</b>	<b>85.80</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>3.16</b>	<b>3.67</b>	<b>4.23</b>	<b>4.82</b>
<b>Less: Closing Stock /WIP</b>	<b>3.16</b>	<b>3.67</b>	<b>4.23</b>	<b>4.82</b>	<b>5.45</b>
Cost of Sales (B)	54.46	63.46	69.89	77.09	85.17
<b>C) GROSS PROFIT (A-B)</b>	<b>16.07</b>	<b>22.58</b>	<b>29.18</b>	<b>35.91</b>	<b>42.65</b>
	<b>22.79%</b>	<b>26.25%</b>	<b>29.45%</b>	<b>31.78%</b>	<b>33.37%</b>
D) Bank Interest (Term Loan )	3.12	2.55	1.85	1.14	0.44
ii) Interest On Working Capital	0.66	0.66	0.66	0.66	0.66
E) Salary to Staff	6.55	7.86	9.43	11.32	13.59
F) Selling & Adm Expenses Exp.	1.41	1.72	2.97	4.52	5.11
<b>TOTAL (D+E)</b>	<b>11.75</b>	<b>12.80</b>	<b>14.91</b>	<b>17.65</b>	<b>19.80</b>
H) NET PROFIT	4.33	9.79	14.26	18.26	22.86
	<b>6.1%</b>	<b>11.4%</b>	<b>14.4%</b>	<b>16.2%</b>	<b>17.9%</b>
I) Taxation	-	0.98	2.14	3.65	5.71
<b>J) PROFIT (After Tax)</b>	<b>4.33</b>	<b>8.81</b>	<b>12.12</b>	<b>14.61</b>	<b>17.14</b>



<b>PROJECTED CASH FLOW STATEMENT</b>					
<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b>SOURCES OF FUND</b>					
Own Contribution	3.87	-			
Reserve & Surplus	4.33	9.79	14.26	18.26	22.86
Depriciation & Exp. W/off	4.70	4.01	3.41	2.91	2.48
Increase In Cash Credit	6.00				
Increase In Term Loan	28.80	-	-	-	-
Increase in Creditors	0.78	0.11	0.07	0.07	0.07
<b>TOTAL :</b>	<b>48.48</b>	<b>13.91</b>	<b>17.75</b>	<b>21.24</b>	<b>25.41</b>
<b>APPLICATION OF FUND</b>					
Increase in Fixed Assets	32.00	-	-	-	-
Increase in Stock	4.83	0.76	0.71	0.75	0.79
Increase in Debtors	3.53	0.78	0.65	0.70	0.74
Repayment of Term Loan	3.20	6.40	6.40	6.40	6.40
Taxation	-	0.98	2.14	3.65	5.71
Drawings	4.00	4.50	7.50	9.50	11.50
<b>TOTAL :</b>	<b>47.56</b>	<b>13.41</b>	<b>17.41</b>	<b>21.00</b>	<b>25.15</b>
Opening Cash & Bank Balance	-	0.92	1.41	1.75	2.00
Add : Surplus	0.92	0.49	0.34	0.24	0.26
Closing Cash & Bank Balance	<b>0.92</b>	<b>1.41</b>	<b>1.75</b>	<b>2.00</b>	<b>2.26</b>

<b>COMPUTATION OF MAKING OF PP BLOW MOLDING CONTAINER</b>			
<b>Item to be Manufactured PP Blow molding container(3 Ltr.)</b>			
Manufacturing Capacity per day		3,000	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		9,00,000	No.s
Total Production per Annum		9,00,000	No.s
Year		Capacity	PP BLOW MOLDING
		Utilisation	
I		55%	4,95,000.00
II		60%	5,40,000.00
III		65%	5,85,000.00
IV		70%	6,30,000.00
V		75%	6,75,000.00

**COMPUTATION OF RAW MATERIAL**

Item Name	Quantity of Raw Material	Unit	Unit Rate of	Total CostPer Annum (100%)
PP Granules	80.00	MT	70,000.00	56,00,000.00
Colourant	Lusmum			5,00,000.00
<b>Total</b>				<b>61,00,000.00</b>
<b>Total Raw material in Rs lacs</b>				<b>61.00</b>

Raw Material Consumed	Capacity Utilisation	Amount (Rs.)	
I	55%	33.55	
II	60%	38.43	5% Increase in Cost
III	65%	41.63	5% Increase in Cost
IV	70%	44.84	5% Increase in Cost
V	75%	48.04	5% Increase in Cost

<b>COMPUTATION OF SALE</b>					
Particulars	I	II	III	IV	V
Op Stock	-	24,750.00	27,000.00	29,250.00	31,500.00
Production	4,95,000.00	5,40,000.00	5,85,000.00	6,30,000.00	6,75,000.00
	4,95,000.00	5,64,750.00	6,12,000.00	6,59,250.00	7,06,500.00
Less : Closing Stock(15 Days)	24,750.00	27,000.00	29,250.00	31,500.00	33,750.00
Net Sale	4,70,250.00	5,37,750.00	5,82,750.00	6,27,750.00	6,72,750.00
Sale Price per Pc	15.00	16.00	17.00	18.00	19.00
<b>Sale (in Lacs)</b>	<b>70.54</b>	<b>86.04</b>	<b>99.07</b>	<b>113.00</b>	<b>127.82</b>

<b>COMPUTATION OF CLOSING STOCK &amp; WORKING CAPITAL</b>					
<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b>Finished Goods</b>					
(15 Days requirement)	3.16	3.67	4.23	4.82	5.45
<b>Raw Material</b>					
(15 Days requirement)	1.68	1.92	2.08	2.24	2.40
<b>Closing Stock</b>	<b>4.83</b>	<b>5.59</b>	<b>6.31</b>	<b>7.06</b>	<b>7.85</b>

<b>COMPUTATION OF WORKING CAPITAL REQUIREMENT</b>			
<b>Particulars</b>	<b>Amount</b>	<b>Margin(10%)</b>	<b>Net Amount</b>
Stock in Hand	4.83		
Less:			
Sundry Creditors	0.78		
<b>Paid Stock</b>	<b>4.05</b>	<b>0.41</b>	<b>3.65</b>
Sundry Debtors	3.53	0.35	3.17
<b>Working Capital Requirement</b>			<b>6.82</b>
<b>Margin</b>			0.76
<b>MPBF</b>			<b>6.82</b>
<b>Working Capital Demand</b>			<b>6.00</b>

<b>BREAK UP OF LABOUR</b>				
Particulars	Wages Per Month	No of Employees	Total Salary	
Supervisor	25,000.00	1	25,000.00	
Plant Operator	22,000.00	2	44,000.00	
Unskilled Worker	16,000.00	2	32,000.00	
Helper	10,000.00	1	10,000.00	
Security Guard	6,000.00	1	6,000.00	
				1,17,000.00
Add: 5% Fringe Benefit				5,850.00
Total Labour Cost Per Month				1,22,850.00
Total Labour Cost for the year ( In Rs. Lakhs)		7		14.74

<b>BREAK UP OF SALARY</b>				
Particulars	Salary Per Month	No of Employees	Total Salary	
Manager	25,000.00	1	12,000.00	
Accountant cum store keeper	22,000.00	1	22,000.00	
Sales	18,000.00	1	18,000.00	
Total Salary Per Month				52,000.00
Add: 5% Fringe Benefit				2,600.00
Total Salary for the month				54,600.00
Total Salary for the year ( In Rs. Lakhs)		3		6.55

<b>COMPUTATION OF DEPRECIATION</b>				
Description	Land	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		15.00%	10.00%	
<b>Opening Balance</b>	Leased	-	-	-
Addition	-	30.00	2.00	32.00
	-	30.00	2.00	32.00
		-	-	
TOTAL		30.00	2.00	32.00
Less : Depreciation	-	4.50	0.20	4.70
WDV at end of Ist year	-	25.50	1.80	27.30
Additions During The Year	-	-	-	-
	-	25.50	1.80	27.30
Less : Depreciation	-	3.83	0.18	4.01
WDV at end of IIInd Year	-	21.68	1.62	23.30
Additions During The Year	-	-	-	-
	-	21.68	1.62	23.30
Less : Depreciation	-	3.25	0.16	3.41
WDV at end of IIIrd year	-	18.42	1.46	19.88
Additions During The Year	-	-	-	-
	-	18.42	1.46	19.88
Less : Depreciation	-	2.76	0.15	2.91
WDV at end of IV year	-	15.66	1.31	16.97
Additions During The Year	-	-	-	-
	-	15.66	1.31	16.97
Less : Depreciation	-	2.35	0.13	2.48
WDV at end of Vth year	-	13.31	1.18	14.49

REPAYMENT SCHEDULE OF TERM LOAN						11.0%	
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	28.80	28.80	0.79	-	28.80
	IInd Quarter	28.80	-	28.80	0.79	-	28.80
	IIIRD Quarter	28.80	-	28.80	0.79	1.60	27.20
	Ivth Quarter	27.20	-	27.20	0.75	1.60	25.60
				3.12	3.20		
II	Opening Balance						
	Ist Quarter	25.60	-	25.60	0.70	1.60	24.00
	IInd Quarter	24.00	-	24.00	0.66	1.60	22.40
	IIIRD Quarter	22.40	-	22.40	0.62	1.60	20.80
	Ivth Quarter	20.80		20.80	0.57	1.60	19.20
				2.55	6.40		
III	Opening Balance						
	Ist Quarter	19.20	-	19.20	0.53	1.60	17.60
	IInd Quarter	17.60	-	17.60	0.48	1.60	16.00
	IIIRD Quarter	16.00	-	16.00	0.44	1.60	14.40
	Ivth Quarter	14.40		14.40	0.40	1.60	12.80
				1.85	6.40		
IV	Opening Balance						
	Ist Quarter	12.80	-	12.80	0.35	1.60	11.20
	IInd Quarter	11.20	-	11.20	0.31	1.60	9.60
	IIIRD Quarter	9.60	-	9.60	0.26	1.60	8.00
	Ivth Quarter	8.00		8.00	0.22	1.60	6.40
				1.14	6.40		
V	Opening Balance						
	Ist Quarter	6.40	-	6.40	0.18	1.60	4.80
	IInd Quarter	4.80	-	4.80	0.13	1.60	3.20
	IIIRD Quarter	3.20	-	3.20	0.09	1.60	1.60
	Ivth Quarter	1.60		1.60	0.04	1.60	- 0.00
				0.44	6.40		

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

**CALCULATION OF D.S.C.R**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>CASH ACCRUALS</u></b>	9.03	12.81	15.54	17.52	19.62
Interest on Term Loan	3.12	2.55	1.85	1.14	0.44
Total	12.15	15.37	17.38	18.66	20.06
<b><u>REPAYMENT</u></b>					
Repayment of Term Loan	3.20	6.40	6.40	6.40	6.40
Interest on Term Loan	3.12	2.55	1.85	1.14	0.44
Total	6.32	8.95	8.25	7.54	6.84
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>1.92</b>	<b>1.72</b>	<b>2.11</b>	<b>2.47</b>	<b>2.93</b>
<b>AVERAGE D.S.C.R.</b>			<b>2.21</b>		



<b>COMPUTATION OF ELECTRICITY</b>				
<b>(A) POWER CONNECTION</b>				
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	
<b>Electricity Charges</b>				4,02,840.00
Add : Minimim Charges (@ 10%)				
<b>(B) DG set</b>				
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			<b>0.54</b>	
Total cost of Power & Fuel at 100%				4.57
	<b>Year</b>	<b>Capacity</b>		<b>Amount</b>
				<b>(in Lacs)</b>
	I	55%		2.51
	II	60%		2.74
	III	65%		2.97
	IV	70%		3.20
	V	75%		3.42

## **DISCLAIMER**

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