

# **PROJECT REPORT**

## **Of**

# **PLASTIC BARREL**

## **PURPOSE OF THE DOCUMENT**

This particular pre-feasibility is regarding Plastic Barrel Manufacturing 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.]



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**PROJECT AT A GLANCE**

- 1 Name of the Entrepreneur : xxxxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **PLASTIC BARREL**
- 6 Name of the project / business activity proposed : **PLASTIC BARREL MANUFACTURING UNIT**
- 7 Cost of Project : Rs.24.84 Lakhs
- 8 Means of Finance
- Term Loan Rs.15.57 Lakhs
- Own Capital Rs.2.48 Lakhs
- Working Capital Rs.6.79 Lakhs
- 9 Debt Service Coverage Ratio : 2.83
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 27%
- 13 Employment : 11 Persons
- 14 Power Requirement : 40.00 HP
- 15 Major Raw materials : HDPE Resin, Pigments, Antioxidant and other additives
- 16 Estimated Annual Sales Turnover (Max Capacity) : 155.38 Lakhs
- 17 Detailed Cost of Project & Means of Finance

**COST OF PROJECT**

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	16.50
Furniture & Fixtures	0.80
Working Capital	7.54
<b>Total</b>	<b>24.84</b>

**MEANS OF FINANCE**

Particulars	Amount
Own Contribution	2.48
Working Capital(Finance)	6.79
Term Loan	15.57
<b>Total</b>	<b>24.84</b>

# **PLASTIC BARREL MANUFACTURING UNIT**

## **Introduction:**

Plastic barrels are rigid or semi-rigid hollow containers made up of extrusion blow molding process. They are generally used for the shipping and storage of bulk quantities of liquid items. Plastic barrels are considered cost-effective, lightweight, and have a long life, making them an appropriate candidate for storing and shipping non-hazardous and hazardous substances such as liquor, chemicals, particular fertilizer. These drums are made up of commodity plastic such as PP or PE, but the high durability of PE make it suitable material for the fabrication process. PE comes under food-grade materials and provides high inertness along with very high stability to the barrels.



## **Uses & Market Potential:**

Plastic barrels have a wide range of end-use industry applications such as agriculture, chemicals, pharmaceuticals, petroleum, households, etc. Plastic barrels

are easy to handle, simple to empty and fill thus, they are appropriate for logistics and transportation. Plastic barrels hold a rightful share in the intermediate bulk containers market. These barrels can be reused nearly 30 times with repeated reconditioning and can be stacked on pallets that efficiently handle the product during shipment. Demand for petrochemicals in all regions is one other reason for boosting the market. It provides UV protection and does not leak easily, making them adequate for industrial, household, and commercial purposes. For specific purposes, plastic barrels can be specifically designed with handles, with strong closures for improved handling and protection of the filling products. The plastic barrels market is set to experience high growth in the upcoming years, as cost-effectiveness of plastic provides ease of accessibility to the consumers. Earlier, large metal barrels were used to ship oil, juice, and other liquid products, but now plastic barrels are steadily replacing other industrial packaging options. Plastic barrels offer several advantages over other materials, such as re-usability and cost-efficiency, leading to their wide range of applications across various regions.

### **Product:**

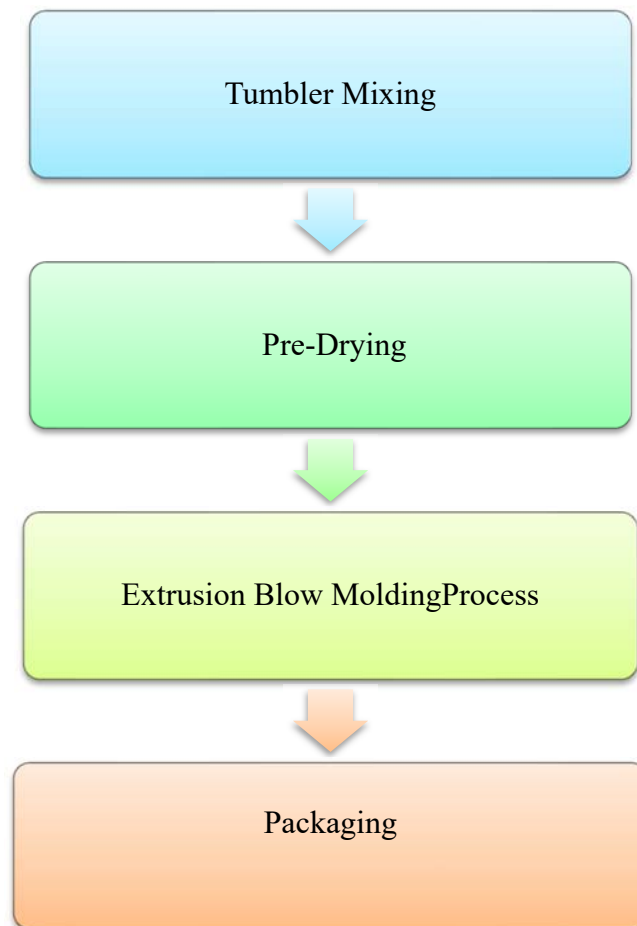
Plastic Barrel

### **Raw Material:**

The raw materials required for the manufacture of the Plastic Barrel are:

- HDPE resin (blow molding grade)
- Pigments
- Antioxidant and other additives

## **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 1500-2000Sqft.

## **Cost of Machines:**

<b>Machine</b>	<b>Unit</b>	<b>Rate</b>	<b>Price</b>
Extrusion Blow Molding Machine	1	1500000	1500000
Tumbler Mixture	1	100000	100000
Pre-Drying set up	1	1	50000
<b>Total Amount</b>			<b>1650000</b>

**Power Requirement-** The estimated Power requirement is taken at 40 HP.

**Manpower Requirement**– Following manpower is required:

- Machine operator-2
- Skilled/unskilled worker-3
- Helper-4
- Manager cum Accountant-1
- Sales Personnel-1

# **FINANCIALS**



**PROJECTED PROFITABILITY STATEMENT**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>A) SALES</u></b>					
Gross Sale	83.79	103.27	119.75	137.01	155.38
<b>Total (A)</b>	<b>83.79</b>	<b>103.27</b>	<b>119.75</b>	<b>137.01</b>	<b>155.38</b>
<b><u>B) COST OF SALES</u></b>					
Raw Material Consumed	52.50	61.20	70.23	79.59	89.30
Electricity Expenses	3.13	3.58	4.03	4.48	4.92
Repair & Maintenance	2.09	2.58	2.99	3.43	3.88
Labour & Wages	12.35	14.82	17.48	20.28	22.72
Depreciation	2.56	2.18	1.85	1.58	1.34
<b>Cost of Production</b>	<b>72.63</b>	<b>84.36</b>	<b>96.59</b>	<b>109.35</b>	<b>122.17</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>3.63</b>	<b>4.22</b>	<b>4.83</b>	<b>5.47</b>
<b>Less: Closing Stock /WIP</b>	<b>3.63</b>	<b>4.22</b>	<b>4.83</b>	<b>5.47</b>	<b>6.11</b>
Cost of Sales (B)	69.00	83.77	95.98	108.71	121.53
<b>C) GROSS PROFIT (A-B)</b>	<b>14.79</b>	<b>19.50</b>	<b>23.78</b>	<b>28.30</b>	<b>33.85</b>
	<b>17.65%</b>	<b>18.88%</b>	<b>19.85%</b>	<b>20.65%</b>	<b>21.79%</b>
D) Bank Interest i) (Term Loan )	1.69	1.38	1.00	0.62	0.24
ii) Interest On Working Capital	0.75	0.75	0.75	0.75	0.75
E) Salary to Staff	5.92	7.22	8.67	9.97	11.47
F) Selling & Adm Expenses Exp.	1.26	2.89	3.83	4.80	6.22
<b>G) TOTAL (D+E+F)</b>	<b>9.61</b>	<b>12.24</b>	<b>14.25</b>	<b>16.13</b>	<b>18.67</b>
<b>H) NET PROFIT</b>	<b>5.18</b>	<b>7.26</b>	<b>9.53</b>	<b>12.17</b>	<b>15.19</b>
	<b>6.2%</b>	<b>7.0%</b>	<b>8.0%</b>	<b>8.9%</b>	<b>9.8%</b>
I) Taxation	0.17	0.60	1.07	1.62	2.25
<b>J) PROFIT (After Tax)</b>	<b>5.01</b>	<b>6.66</b>	<b>8.46</b>	<b>10.55</b>	<b>12.94</b>



**PROJECTED CASH FLOW STATEMENT**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>SOURCES OF FUND</u></b>					
Own Contribution	2.48	-	-	-	-
Reserve & Surplus	5.18	7.26	9.53	12.17	15.19
Depreciation & Exp. W/off	2.56	2.18	1.85	1.58	1.34
Increase In Cash Credit	6.79	-	-	-	-
Increase In Term Loan	15.57	-	-	-	-
Increase in Creditors	2.63	0.44	0.45	0.47	0.49
<b>TOTAL :</b>	<b>35.20</b>	<b>9.87</b>	<b>11.83</b>	<b>14.21</b>	<b>17.02</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	17.30	-	-	-	-
Increase in Stock	6.26	1.02	1.06	1.11	1.13
Increase in Debtors	3.91	0.91	0.77	0.81	0.86
Repayment of Term Loan	1.73	3.46	3.46	3.46	3.46
Taxation	0.17	0.60	1.07	1.62	2.25
Drawings	4.50	5.00	5.50	6.50	8.00
<b>TOTAL :</b>	<b>33.86</b>	<b>10.99</b>	<b>11.86</b>	<b>13.49</b>	<b>15.69</b>
Opening Cash & Bank Balance	-	1.33	0.21	0.18	0.90
Add : Surplus	1.33	- 1.12	- 0.03	0.72	1.32
Closing Cash & Bank Balance	<b>1.33</b>	<b>0.21</b>	<b>0.18</b>	<b>0.90</b>	<b>2.23</b>

**COMPUTATION OF CLOSING STOCK & WORKING CAPITAL**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>Finished Goods</u></b>					
(15 Days requirement)	3.63	4.22	4.83	5.47	6.11
<b><u>Raw Material</u></b>					
(15 Days requirement)	2.63	3.06	3.51	3.98	4.47
<b>Closing Stock</b>	<b>6.26</b>	<b>7.28</b>	<b>8.34</b>	<b>9.45</b>	<b>10.57</b>

**COMPUTATION OF WORKING CAPITAL REQUIREMENT**

<b>Particulars</b>	<b>Amount</b>	<b>Margin(10%)</b>	<b>Net Amount</b>
Stock in Hand	6.26		
Less:			
Sundry Creditors	2.63		
<b>Paid Stock</b>	<b>3.63</b>	<b>0.36</b>	<b>3.27</b>
Sundry Debtors	3.91	0.39	3.52
<b>Working Capital Requirement</b>			<b>6.79</b>
<b>Margin</b>			0.75
<b>MPBF</b>			<b>6.79</b>
<b>Working Capital Demand</b>			<b>6.79</b>

**REPAYMENT SCHEDULE OF TERM LOAN**

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
<b>I</b>	Opening Balance						
	Ist Quarter	-	15.57	15.57	0.43	-	15.57
	Iind Quarter	15.57	-	15.57	0.43	-	15.57
	IIIrd Quarter	15.57	-	15.57	0.43	0.87	14.71
	Ivth Quarter	14.71	-	14.71	0.40	0.87	13.84
					1.69	1.73	
<b>II</b>	Opening Balance						
	Ist Quarter	13.84	-	13.84	0.38	0.87	12.98
	Iind Quarter	12.98	-	12.98	0.36	0.87	12.11
	IIIrd Quarter	12.11	-	12.11	0.33	0.87	11.25
	Ivth Quarter	11.25		11.25	0.31	0.87	10.38
					1.38	3.46	
<b>III</b>	Opening Balance						
	Ist Quarter	10.38	-	10.38	0.29	0.87	9.52
	Iind Quarter	9.52	-	9.52	0.26	0.87	8.65
	IIIrd Quarter	8.65	-	8.65	0.24	0.87	7.79
	Ivth Quarter	7.79		7.79	0.21	0.87	6.92
					1.00	3.46	
<b>IV</b>	Opening Balance						
	Ist Quarter	6.92	-	6.92	0.19	0.87	6.06
	Iind Quarter	6.06	-	6.06	0.17	0.87	5.19
	IIIrd Quarter	5.19	-	5.19	0.14	0.87	4.33
	Ivth Quarter	4.33		4.33	0.12	0.87	3.46
					0.62	3.46	
<b>V</b>	Opening Balance						
	Ist Quarter	3.46	-	3.46	0.10	0.87	2.60
	Iind Quarter	2.60	-	2.60	0.07	0.87	1.73
	IIIrd Quarter	1.73	-	1.73	0.05	0.87	0.86
	Ivth Quarter	0.86		0.86	0.02	0.87	- 0.00
					0.24	3.46	

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>	7.56	8.83	10.31	12.12	14.28
Interest on Term Loan	1.69	1.38	1.00	0.62	0.24
Total	9.25	10.21	11.31	12.74	14.52
<b><u>REPAYMENT</u></b>					
Repayment of Term Loan	1.73	3.46	3.46	3.46	3.46
Interest on Term Loan	1.69	1.38	1.00	0.62	0.24
Total	3.42	4.84	4.46	4.08	3.70
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>2.71</b>	<b>2.11</b>	<b>2.54</b>	<b>3.12</b>	<b>3.93</b>
<b>AVERAGE D.S.C.R.</b>			<b>2.83</b>		

### **Assumptions:**

1. Production Capacity of Plastic Barrel Manufacturing unit is taken at 200 units 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 40 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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