

# PROJECT REPORT

Of

# ENAMEL PAINTS

## PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Enamel paints 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 GLANCE

<b>1 Name of Proprietor/Director</b>	XXXXXXXXXX
<b>2 Firm Name</b>	XXXXXXXXXX
<b>3 Registered Address</b>	XXXXXXXXXX
<b>4 Nature of Activity</b>	XXXXXXXXXX
<b>5 Category of Applicant</b>	XXXXXXXXXX
<b>6 Location of Unit</b>	XXXXXXXXXX
<b>7 Cost of Project</b>	18.74 Rs. In Lakhs
<b>8 Means of Finance</b>	
<b>i) Own Contribution</b>	1.87 Rs. In Lakhs
<b>ii) Term Loan</b>	13.50 Rs. In Lakhs
<b>iii) Working Capital</b>	3.37 Rs. In Lakhs
<b>9 Debt Service Coverage Ratio</b>	3.39
<b>10 Break Even Point</b>	33%
<b>11 Power Requirement</b>	40 KW
<b>12 Employment</b>	10 Persons
<b>13 Major Raw Materials</b>	Binder, pigment, solvent and additive

### 14 Details of Cost of Project & Means of Finance

Cost of Project	Amount in Lacs
<b>Particulars</b>	<b>Amount</b>
Land and building	Owned/Leased
Plant & Machinery	14.00
Furniture & Fixture	-
Other Misc Assets	1.00
Working Capital Requirement	3.74
<b>Total</b>	<b>18.74</b>

#### Means of Finance

Particulars	Amount
Own Contribution	1.87
Term Loan	13.50
Working capital Loan	3.37
<b>Total</b>	<b>18.74</b>

## 1. INTRODUCTION



Paint is any pigmented liquid, liquefiable, or solid mastic composition that, after application to a substrate in a thin layer, converts to a solid film. It is most commonly used to protect, color, or provide texture to objects. Paint can be made or purchased in many colours and in many different types, such as water colour or synthetic. Paint is typically stored, sold, and applied as a liquid, but most types dry into a solid. Most paints are either oil-based or water-based and each has distinct characteristics. Enamel paint is paint that air-dries to a hard, usually glossy, finish, used for coating surfaces that are outdoors or otherwise subject to hardware or variations in temperature. Powder coating has largely replaced baked enamel coating for industrial applications. Enamel paint's main competition came when synthetic latex paints were introduced after World War II. Today, enamel paint still has some associations with hard-shelled items such as large appliances like refrigerators and washing machines, though these too are now powder-coated.

## 2. PRODUCT DESCRIPTION

### 2.1 PRODUCT USES

Some of the most common uses of the Enamel paints can be listed as below:

1. Enamel coatings provide a hard and glossy finish. They are used for coating surfaces that are outdoors or otherwise subject to variations in temperature.
2. Enamel paint can be used on copper, metal surfaces, glass, wood, plastic, and even walls.
3. Enamel paint is resistant to moisture, and is perfect for surfaces that need to be washed multiple times.

4. The enamel paint is used to pleasing surface design and appearance.
5. Enamel paint are used to protect wooden article from wet rot and other type of defects.

## 2.2 **MANUFACTURING PROCESS**

This process can be broken down into the following steps-

- Raw material procurement
- Production Process
- **Raw Material Procurement:** Procurement is the connection process of purchasing and arranging in bound movement of all items, supplies, materials, parts, finished inventory and general support services from the suppliers into manufacturing process or assembly plants or warehouses.
- **Production Process**

### **Steps involved in the manufacturing of Enamel paint Manufacturing unit:**

- ✓ **Raw material:** The major raw materials for enamel paint are resin, pigment and additive.
- ✓ **Mixing:** Resin, pigment and solvent are mixed to produce an even base mill.
- ✓ **Milling:** Mill base are produced as a pre mixing process to disperse the pigment particle.
- ✓ **Blending:** Resin and additive agent is used to mix with mill base so that dispersion get completed. The colour phase is adjusted through this process.
- ✓ **Filtering:** Remove the unblended particle from the toned paint.
- ✓ **Packaging:** Filtered paint is packaged into the container

## 3. **PROJECT COMPONENTS**

### 3.1 **Land & Building**

The land required for this manufacturing unit will be approx. around 1500 square feet. Land Purchase and Building Civil Work Cost have not been considered as part of the cost of project. It is expected that the premises will be on rental and approximate rentals assumed of the same will be Rs.20,000 per month.

- Workshop Area- This area includes the setup and foundation space for all equipment's, work floor area, etc. Total workshop area is approx.800 Sqft.

- Inventory Area- This area includes the storage space for all the raw materials and finished goods. Total inventory area is approx. 400 Sqft.
- Office Area – This space includes staff working region, their accommodation space. Total workshop area is approx. 200 Sqft. This may be considered above the ground floor.
- Parking Space, Electric Mounting Space, and Others. This could be approx. 100 Sqft.

Land and building requirement may vary depending on the size of project.

### 3.2 Plant & Machinery

- **Mixing Chamber:** The mixing chamber machine mix an equal amount of pigment and solvent to obtained a mill baseball product which further proceed for blending process.



- **Blending Machine:** Blending machine are used to blend the Resin, additive is added to complete the dispersion of the paint colour.



- **Paint Filter Machine:** The filter machine is used to remove oversize contamination from the paint



- **Filling:** The filling machine are used to filled the paint container according to standard capacity.



- **Packaging machine:** The packaging machine are used to packed the product maintaining quality of the product.



Machine	Quantity	Price
Mixing	1	3,00,000
Blending Machine	1	4,00,000
Filtering Machine	1	1,00,000
Filling Machine	1	2,00,000
Packaging Machine	1	4,00,000
<b>TOTAL</b>		<b>14,00,000</b>

**Note:** Total Machinery cost shall be Rs 14.00 lakhs (Approx.) including GST and Transportation Cost.

## **4 LICENSE & APPROVALS**

Basic registration required in this project:

- MSME Udyam registration
- GST registration
- NOC for fire safety board
- NOC from Pollution Control Board
- Trade License
- Factory License (Optional)
- Import/Export License (Optional)
- Choice of a Brand Name of the product and secure the name with Trademark if required.

## Projected Profitability

<b><u>PROJECTED PROFITABILITY STATEMENT</u></b>					<b>(in Lacs)</b>
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
Capacity Utilisation %	<b>45%</b>	<b>50%</b>	<b>55%</b>	<b>60%</b>	<b>65%</b>
<b><u>SALES</u></b>					
<b>Gross Sale</b>					
Enamel Paints	102.84	122.71	141.60	162.40	184.53
<b>Total</b>	<b>102.84</b>	<b>122.71</b>	<b>141.60</b>	<b>162.40</b>	<b>184.53</b>
<b><u>COST OF SALES</u></b>					
Raw Material Consumed	69.12	80.40	93.06	106.56	120.90
Electricity Expenses	3.46	3.84	4.22	4.61	4.99
Depreciation	2.25	1.91	1.63	1.38	1.17
Wages & labour	8.40	9.66	11.01	12.66	13.93
Repair & maintenance	1.13	1.84	2.12	2.44	2.77
Packaging	2.57	3.07	3.54	4.06	4.61
<b>Cost of Production</b>	<b>86.93</b>	<b>100.72</b>	<b>115.59</b>	<b>131.71</b>	<b>148.38</b>
<b>Add: Opening Stock</b>	-	2.03	2.35	2.70	3.07
<b>Less: Closing Stock</b>	2.03	2.35	2.70	3.07	3.46
Cost of Sales	84.90	100.40	115.24	131.33	147.99
<b>GROSS PROFIT</b>	<b>17.94</b>	<b>22.31</b>	<b>26.36</b>	<b>31.07</b>	<b>36.54</b>
	<b>17.45%</b>	<b>18.18%</b>	<b>18.62%</b>	<b>19.13%</b>	<b>19.80%</b>
Salary to Staff	4.92	6.40	7.68	8.83	10.59
Interest on Term Loan	1.33	1.17	0.84	0.51	0.18
Interest on working Capital	0.37	0.37	0.37	0.37	0.37
Rent	3.60	3.78	3.97	4.17	4.38
Selling & Administrative Exp.	2.57	3.07	3.54	4.06	4.61
<b>TOTAL</b>	<b>12.79</b>	<b>14.78</b>	<b>16.39</b>	<b>17.93</b>	<b>20.13</b>
NET PROFIT	5.15	7.53	9.97	13.14	16.41
	<b>5.01%</b>	<b>6.14%</b>	<b>7.04%</b>	<b>8.09%</b>	<b>8.89%</b>
Taxation	0.03	0.53	1.03	1.29	2.31
PROFIT (After Tax)	5.12	7.00	8.93	11.85	14.10



## Projected Balance Sheet

<b><u>PROJECTED BALANCE SHEET</u></b>					<b>(in Lacs)</b>
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
<b><u>Liabilities</u></b>					
<b>Capital</b>					
Opening balance		2.30	4.10	6.13	8.58
<i>Add:- Own Capital</i>	1.87				
Add:- Retained Profit	5.12	7.00	8.93	11.85	14.10
Less:- Drawings	4.70	5.20	6.90	9.40	11.50
<b>Closing Balance</b>	<b>2.30</b>	<b>4.10</b>	<b>6.13</b>	<b>8.58</b>	<b>11.18</b>
Term Loan	12.00	9.00	6.00	3.00	-
Working Capital Limit	3.37	3.37	3.37	3.37	3.37
Sundry Creditors	1.15	1.34	1.55	1.78	2.02
Provisions & Other Liability	0.20	0.24	0.29	0.35	0.41
<b>TOTAL :</b>	<b>19.02</b>	<b>18.05</b>	<b>17.34</b>	<b>17.07</b>	<b>16.98</b>
<b><u>Assets</u></b>					
<b>Fixed Assets ( Gross)</b>	15.00	15.00	15.00	15.00	15.00
Gross Dep.	2.25	4.16	5.79	7.17	8.34
<b>Net Fixed Assets</b>	<b>12.75</b>	<b>10.84</b>	<b>9.21</b>	<b>7.83</b>	<b>6.66</b>
<b>Current Assets</b>					
Sundry Debtors	1.71	2.05	2.36	2.71	3.08
Stock in Hand	3.18	3.69	4.25	4.85	5.48
Cash and Bank	0.17	0.18	0.12	0.18	0.17
Loans & Advances /Other Current Assets	1.20	1.30	1.40	1.50	1.60
<b>TOTAL :</b>	<b>19.02</b>	<b>18.05</b>	<b>17.34</b>	<b>17.07</b>	<b>16.98</b>

## Projected Cash Flow Statement

<b><u>PROJECTED CASH FLOW STATEMENT</u></b>					<b>(in Lacs)</b>
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
<b><u>SOURCES OF FUND</u></b>					
Own Margin	1.87				
Net Profit	5.15	7.53	9.97	13.14	16.41
Depreciation & Exp. W/off	2.25	1.91	1.63	1.38	1.17
Increase in Cash Credit	3.37	-	-	-	-
Increase In Term Loan	13.50	-	-	-	-
Increase in Creditors	1.15	0.19	0.21	0.23	0.24
Increase in Provisions & Oth labilities	0.20	0.04	0.05	0.06	0.07
	-				
<b>TOTAL :</b>	<b>27.50</b>	<b>9.67</b>	<b>11.85</b>	<b>14.80</b>	<b>17.89</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	15.00				
Increase in Stock	3.18	0.51	0.56	0.60	0.63
Increase in Debtors	1.71	0.33	0.31	0.35	0.37
Repayment of Term Loan	1.50	3.00	3.00	3.00	3.00
Loans & Advances /Other Current Assets	1.20	0.10	0.10	0.10	0.10
Drawings	4.70	5.20	6.90	9.40	11.50
Taxation	0.03	0.53	1.03	1.29	2.31
<b>TOTAL :</b>	<b>27.33</b>	<b>9.67</b>	<b>11.91</b>	<b>14.74</b>	<b>17.91</b>
Opening Cash & Bank Balance	-	0.17	0.18	0.12	0.18
Add : Surplus	0.17	0.00	(0.05)	0.06	(0.02)
Closing Cash & Bank Balance	<b>0.17</b>	<b>0.18</b>	<b>0.12</b>	<b>0.18</b>	<b>0.17</b>

## **DSCR**

<b><u>CALCULATION OF D.S.C.R</u></b>					
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
CASH ACCRUALS	7.37	8.92	10.56	13.23	15.27
Interest on Term Loan	1.33	1.17	0.84	0.51	0.18
<b>Total</b>	<b>8.70</b>	<b>10.09</b>	<b>11.40</b>	<b>13.74</b>	<b>15.45</b>
<b>REPAYMENT</b>					
Instalment of Term Loan	1.50	3.00	3.00	3.00	3.00
Interest on Term Loan	1.33	1.17	0.84	0.51	0.18
Total	2.83	4.17	3.84	3.51	3.18
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>3.08</b>	<b>2.42</b>	<b>2.97</b>	<b>3.91</b>	<b>4.86</b>
<b>AVERAGE D.S.C.R.</b>	<b>3.39</b>				

## Repayment schedule

REPAYMENT SCHEDULE OF TERM LOAN							
						Interest	11.00%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
<b>1st</b>	Opening Balance						
	1st month	-	13.50	13.50	-	-	13.50
	2nd month	13.50	-	13.50	0.12	-	13.50
	3rd month	13.50	-	13.50	0.12	-	13.50
	4th month	13.50	-	13.50	0.12		13.50
	5th month	13.50	-	13.50	0.12		13.50
	6th month	13.50	-	13.50	0.12		13.50
	7th month	13.50	-	13.50	0.12	0.25	13.25
	8th month	13.25	-	13.25	0.12	0.25	13.00
	9th month	13.00	-	13.00	0.12	0.25	12.75
	10th month	12.75	-	12.75	0.12	0.25	12.50
	11th month	12.50	-	12.50	0.11	0.25	12.25
	12th month	12.25	-	12.25	0.11	0.25	12.00
					<b>1.33</b>	<b>1.50</b>	
<b>2nd</b>	Opening Balance						
	1st month	12.00	-	12.00	0.11	0.25	11.75
	2nd month	11.75	-	11.75	0.11	0.25	11.50
	3rd month	11.50	-	11.50	0.11	0.25	11.25
	4th month	11.25	-	11.25	0.10	0.25	11.00
	5th month	11.00	-	11.00	0.10	0.25	10.75
	6th month	10.75	-	10.75	0.10	0.25	10.50

	7th month	10.50	-	10.50	0.10	0.25	10.25
	8th month	10.25	-	10.25	0.09	0.25	10.00
	9th month	10.00	-	10.00	0.09	0.25	9.75
	10th month	9.75	-	9.75	0.09	0.25	9.50
	11th month	9.50	-	9.50	0.09	0.25	9.25
	12th month	9.25	-	9.25	0.08	0.25	9.00
					<b>1.17</b>	<b>3.00</b>	
<b>3rd</b>	Opening Balance						
	1st month	9.00	-	9.00	0.08	0.25	8.75
	2nd month	8.75	-	8.75	0.08	0.25	8.50
	3rd month	8.50	-	8.50	0.08	0.25	8.25
	4th month	8.25	-	8.25	0.08	0.25	8.00
	5th month	8.00	-	8.00	0.07	0.25	7.75
	6th month	7.75	-	7.75	0.07	0.25	7.50
	7th month	7.50	-	7.50	0.07	0.25	7.25
	8th month	7.25	-	7.25	0.07	0.25	7.00
	9th month	7.00	-	7.00	0.06	0.25	6.75
	10th month	6.75	-	6.75	0.06	0.25	6.50
	11th month	6.50	-	6.50	0.06	0.25	6.25
	12th month	6.25	-	6.25	0.06	0.25	6.00
					<b>0.84</b>	<b>3.00</b>	
<b>4th</b>	Opening Balance						
	1st month	6.00	-	6.00	0.06	0.25	5.75
	2nd month	5.75	-	5.75	0.05	0.25	5.50
	3rd month	5.50	-	5.50	0.05	0.25	5.25

	4th month	5.25	-	5.25	0.05	0.25	5.00
	5th month	5.00	-	5.00	0.05	0.25	4.75
	6th month	4.75	-	4.75	0.04	0.25	4.50
	7th month	4.50	-	4.50	0.04	0.25	4.25
	8th month	4.25	-	4.25	0.04	0.25	4.00
	9th month	4.00	-	4.00	0.04	0.25	3.75
	10th month	3.75	-	3.75	0.03	0.25	3.50
	11th month	3.50	-	3.50	0.03	0.25	3.25
	12th month	3.25	-	3.25	0.03	0.25	3.00
					<b>0.51</b>	<b>3.00</b>	
<b>5th</b>	Opening Balance						
	1st month	3.00	-	3.00	0.03	0.25	2.75
	2nd month	2.75	-	2.75	0.03	0.25	2.50
	3rd month	2.50	-	2.50	0.02	0.25	2.25
	4th month	2.25	-	2.25	0.02	0.25	2.00
	5th month	2.00	-	2.00	0.02	0.25	1.75
	6th month	1.75	-	1.75	0.02	0.25	1.50
	7th month	1.50	-	1.50	0.01	0.25	1.25
	8th month	1.25	-	1.25	0.01	0.25	1.00
	9th month	1.00	-	1.00	0.01	0.25	0.75
	10th month	0.75	-	0.75	0.01	0.25	0.50
	11th month	0.50	-	0.50	0.00	0.25	0.25
	12th month	0.25	-	0.25	0.00	0.25	-
					<b>0.18</b>	<b>3.00</b>	
	DOOR TO DOOR MORATORIUM PERIOD	60		MONTHS			
	REPAYMENT PERIOD	6		MONTHS			
		54		MONTHS			

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