

# PROJECT REPORT

Of

# NAIL PAINT REMOVER

## PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Nail Paint Remover 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 : **NAIL PAINT REMOVER**
- 6 Name of the project / business activity proposed : **NAIL PAINT REMOVER UNIT**
- 7 Cost of Project : Rs.23.5 Lakhs
- 8 Means of Finance
- Term Loan Rs.16.63 Lakhs
- Own Capital Rs.2.35 Lakhs
- Working Capital Rs.4.51 Lakhs
- 9 Debt Service Coverage Ratio : 2.69
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 25%
- 13 Employment : 12 Persons
- 14 Power Requirement : 25.00 HP
- 15 Major Raw materials : Ethyl Acetate,Isopropyl Alcohol,DM Water,Propylene Glycol,Fragrance and other material
- 16 Estimated Annual Sales Turnover (Max Capacity) : 168.28 Lakhs
- 17 Detailed Cost of Project & Means of Finance

**COST OF PROJECT**

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	17.68
Furniture & Fixtures	0.80
Working Capital	5.02
<b>Total</b>	<b>23.50</b>

**MEANS OF FINANCE**

Particulars	Amount
Own Contribution	2.35
Working Capital(Finance)	4.51
Term Loan	16.63
<b>Total</b>	<b>23.50</b>

# NAIL PAINT REMOVER UNIT

## Introduction:

Nail polish or Nail Paint remover is an organic solvent or a mixture of organic solvents that may also include other oils, fragrances, and mild colors which is used to remove the nail polish from our nails. The most commonly used chemical is “Acetone” while an alternative remover is “Ethyl Acetate” which often also contains Isopropyl Alcohol and along with it “Butyl Acetate” and “Propylene Carbonate” are also used all Nail paint removers. “Acetonitrile” can also be used as the Remover but it is more toxic than the previously mentioned options and thus has been banned in different parts of Europe. These Nail polish removers are designed to soften the polishes so that the coating on the nails can be easily removed. Most of these solvents are extremely volatile in nature and thus the nail polish remover may totally be converted to the vapor state if the bottle is kept open for some time. It is due to this phenomenon that they help in removing the nail polish. Initially Acetone was used for this purpose which has the molecular formula:  $C_3H_6O$ . It can be found both naturally as well as occurs in the nature. Though acetone is the best remover to remove the Nail polish, it is quite harmful to both the Nails as well as the Skin and prolonged use of the chemicals make the nails brittle and the leaves the skin dry.



## **Uses & Market Potential:**

The main use of the Nail Paint Remover is to remove the nail polish from the nails. The Nail polish remover market is expected to witness a growth rate of 3.4 % in the forecast period of 2018 – 2025 and should be valued at USD 1.2 million by the end of 2020. The major factors that drive this market are the changing fashion trends and the expectations among the people to keep themselves upto the mark. The market can be divided on the basis of product type, category form, distribution channel, and region.

## **Product:**

Nail Paint Remover

## **Raw Material:**

The raw materials are mentioned below:

1. Ethyl Acetate (Active agent): 40 – 50 %, 2000 – 2500 L per day
2. Isopropyl Alcohol (solvent): 20 – 30 %, 1000 – 1500 L per day
3. Ethyl Methyl Ketone (Solvent): 20 – 30 % 1000 – 1500 L per day
4. Propylene Glycol (gloss agent and moisturizer for the nails): 1 – 2 %, 50 L per day
5. Ethyl Cellulose (gelling agent): 1.5 – 3 %, 75 – 150 L per day
6. Isopropyl Myristate (moisturizing agent): 1 – 2 %, 50 – 100 L per day
7. D.M. water (filler): 5 – 10 %, 250 – 500 L per day
8. Butylated Hydroxy Toluene (Anti-oxidant): 0.5 – 1 %
9. Benzophenone-3 (Sun protection agent): 0.5 – 1.0 %
10. Jojoba Oil (emollient): 0.1 – 0.5 %

11. Fragrance: 1 – 2 %

### **Manufacturing Process:**

1. The process begins in a Reactor vessel with a motor that is connected to a shaft to which appropriate propellers are attached. In this vessel, Ethyl acetate, Isopropyl Alcohol, and Ethyl Methyl Ketone are added first and rotated on a medium speed. Color pigments, if any color is required is added next for a homogenous mixing of the color with the solvent. Next, the gelling agent which is ethyl cellulose is added to the vortex. The gelling agent may require 15 – 30 minutes to completely mix with the contents of the solution.
2. After the addition of the thickening agent, the viscosity of the liquid is measured and then Propylene glycol and Isopropyl Myristate are added. Following this, a certain amount of D.M. water is added if the mixture feels too much viscous.
3. Finally, the Anti-oxidants and the Fragrances are added and the concoction is then allowed to settle down in storage tanks.
4. The products are generally packed either in plastic bottles with inner seals or in glass bottle. These bottles are neatly labelled and then they are filled placed on a conveyor with a filling device that fills a measured amount of the liquid into the bottles.
5. These bottles are then packed in cartons of corrugated board or film laminates and sent to the storage till they are dispatched

### **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 2000-2500Sqft.

### **Cost of Machines:**

<b>Machine</b>	<b>Quantity</b>	<b>Rate</b>	<b>Amount</b>
Reactor Vessel	1	700000	700000
Bottle Filling Machine	1	300000	300000
Bottle Labelling Machine	1	150000	150000
Brookfield Viscometer	1	218000	218000
Water Softening Plant	1	350000	350000
Other equipment's and tools	-	-	50000
<b>Total Amount</b>			<b>1768000</b>

**Power Requirement-** The estimated Power requirement is taken at 25 HP.

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

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

# **FINANCIALS**

**PROJECTED BALANCE SHEET**

<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>					
<b><u>Capital Account</u></b>					
Opening Balance	-	3.37	5.71	8.87	12.35
Add: Additions	2.35	-	-	-	-
Add: Net Profit	5.02	6.84	8.66	10.48	12.56
Less: Drawings	4.00	4.50	5.50	7.00	9.00
<b>Closing Balance</b>	<b>3.37</b>	<b>5.71</b>	<b>8.87</b>	<b>12.35</b>	<b>15.91</b>
CC Limit	4.51	4.51	4.51	4.51	4.51
Term Loan	14.78	11.09	7.39	3.70	-
Sundry Creditors	2.70	3.21	3.75	4.30	4.87
<b>TOTAL :</b>	<b>25.37</b>	<b>24.52</b>	<b>24.52</b>	<b>24.86</b>	<b>25.29</b>
<b><u>APPLICATION OF FUND</u></b>					
<b>Fixed Assets ( Gross)</b>	<b>18.48</b>	<b>18.48</b>	<b>18.48</b>	<b>18.48</b>	<b>18.48</b>
Gross Dep.	2.73	5.06	7.04	8.73	10.16
Net Fixed Assets	15.75	13.42	11.44	9.75	8.32
<b>Current Assets</b>					
Sundry Debtors	3.48	4.31	5.07	5.88	6.73
Stock in Hand	4.24	6.11	7.11	8.17	9.26
Cash and Bank	1.90	0.69	0.90	1.05	0.99
<b>TOTAL :</b>	<b>25.37</b>	<b>24.52</b>	<b>24.52</b>	<b>24.86</b>	<b>25.29</b>

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**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	87.00	107.64	126.79	146.98	168.28
<b>Total (A)</b>	<b>87.00</b>	<b>107.64</b>	<b>126.79</b>	<b>146.98</b>	<b>168.28</b>
<b><u>B) COST OF SALES</u></b>					
Raw Material Consumed	54.00	64.26	74.90	85.94	97.41
Electricity Expenses	1.68	1.96	2.24	2.52	2.80
Repair & Maintenance	1.31	1.61	1.90	2.20	2.52
Labour & Wages	13.36	16.70	20.03	23.84	27.42
Depreciation	2.73	2.33	1.98	1.69	1.44
<b>Cost of Production</b>	<b>73.07</b>	<b>86.85</b>	<b>101.06</b>	<b>116.19</b>	<b>131.59</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>2.44</b>	<b>2.90</b>	<b>3.37</b>	<b>3.87</b>
<b>Less: Closing Stock /WIP</b>	<b>2.44</b>	<b>2.90</b>	<b>3.37</b>	<b>3.87</b>	<b>4.39</b>
Cost of Sales (B)	70.64	86.39	100.59	115.69	131.07
<b>C) GROSS PROFIT (A-B)</b>	<b>16.36</b>	<b>21.24</b>	<b>26.20</b>	<b>31.30</b>	<b>37.21</b>
	<b>18.81%</b>	<b>19.73%</b>	<b>20.67%</b>	<b>21.29%</b>	<b>22.11%</b>
D) Bank Interest i) (Term Loan )	1.80	1.47	1.07	0.66	0.25
ii) Interest On Working Capital	0.50	0.50	0.50	0.50	0.50
E) Salary to Staff	7.31	8.77	11.05	13.04	15.65
F) Selling & Adm Expenses Exp.	1.57	3.01	3.80	4.70	5.38
<b>G) TOTAL (D+E+F)</b>	<b>11.17</b>	<b>13.75</b>	<b>16.42</b>	<b>18.90</b>	<b>21.78</b>
<b>H) NET PROFIT</b>	<b>5.19</b>	<b>7.49</b>	<b>9.79</b>	<b>12.40</b>	<b>15.42</b>
	<b>6.0%</b>	<b>7.0%</b>	<b>7.7%</b>	<b>8.4%</b>	<b>9.2%</b>
I) Taxation	0.17	0.65	1.13	1.92	2.86
<b>J) PROFIT (After Tax)</b>	<b>5.02</b>	<b>6.84</b>	<b>8.66</b>	<b>10.48</b>	<b>12.56</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	2.35	-	-	-	-
Reserve & Surplus	5.19	7.49	9.79	12.40	15.42
Depreciation & Exp. W/off	2.73	2.33	1.98	1.69	1.44
Increase In Cash Credit	4.51	-	-	-	-
Increase In Term Loan	16.63	-	-	-	-
Increase in Creditors	2.70	0.51	0.53	0.55	0.57
<b>TOTAL :</b>	<b>34.12</b>	<b>10.33</b>	<b>12.30</b>	<b>14.63</b>	<b>17.43</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	18.48	-	-	-	-
Increase in Stock	4.24	1.87	1.01	1.06	1.09
Increase in Debtors	3.48	0.83	0.77	0.81	0.85
Repayment of Term Loan	1.85	3.70	3.70	3.70	3.70
Taxation	0.17	0.65	1.13	1.92	2.86
Drawings	4.00	4.50	5.50	7.00	9.00
<b>TOTAL :</b>	<b>32.21</b>	<b>11.54</b>	<b>12.09</b>	<b>14.48</b>	<b>17.50</b>
Opening Cash & Bank Balance	-	1.90	0.69	0.90	1.05
Add : Surplus	1.90	- 1.22	0.21	0.16	- 0.06
Closing Cash & Bank Balance	<b>1.90</b>	<b>0.69</b>	<b>0.90</b>	<b>1.05</b>	<b>0.99</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>					
(10 Days requirement)	2.44	2.90	3.37	3.87	4.39
<b><u>Raw Material</u></b>					
(10 Days requirement)	1.80	3.21	3.75	4.30	4.87
<b>Closing Stock</b>	<b>4.24</b>	<b>6.11</b>	<b>7.11</b>	<b>8.17</b>	<b>9.26</b>

**COMPUTATION OF WORKING CAPITAL REQUIREMENT**

<b>Particulars</b>	<b>Amount</b>	<b>Margin(10%)</b>	<b>Net Amount</b>
Stock in Hand	4.24		
Less:			
Sundry Creditors	2.70		
<b>Paid Stock</b>	<b>1.54</b>	<b>0.15</b>	<b>1.38</b>
Sundry Debtors	3.48	0.35	3.13
<b>Working Capital Requirement</b>			<b>4.51</b>
<b>Margin</b>			0.50
<b>MPBF</b>			<b>4.51</b>
<b>Working Capital Demand</b>			<b>4.51</b>

**REPAYMENT SCHEDULE OF TERM LOAN**

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
<b>I</b>	Opening Balance						
	Ist Quarter	-	16.63	16.63	0.46	-	16.63
	Iind Quarter	16.63	-	16.63	0.46	-	16.63
	IIIrd Quarter	16.63	-	16.63	0.46	0.92	15.71
	Ivth Quarter	15.71	-	15.71	0.43	0.92	14.78
					1.80	1.85	
<b>II</b>	Opening Balance						
	Ist Quarter	14.78	-	14.78	0.41	0.92	13.86
	Iind Quarter	13.86	-	13.86	0.38	0.92	12.94
	IIIrd Quarter	12.94	-	12.94	0.36	0.92	12.01
	Ivth Quarter	12.01		12.01	0.33	0.92	11.09
					1.47	3.70	
<b>III</b>	Opening Balance						
	Ist Quarter	11.09	-	11.09	0.30	0.92	10.16
	Iind Quarter	10.16	-	10.16	0.28	0.92	9.24
	IIIrd Quarter	9.24	-	9.24	0.25	0.92	8.32
	Ivth Quarter	8.32		8.32	0.23	0.92	7.39
					1.07	3.70	
<b>IV</b>	Opening Balance						
	Ist Quarter	7.39	-	7.39	0.20	0.92	6.47
	Iind Quarter	6.47	-	6.47	0.18	0.92	5.54
	IIIrd Quarter	5.54	-	5.54	0.15	0.92	4.62
	Ivth Quarter	4.62		4.62	0.13	0.92	3.70
					0.66	3.70	
<b>V</b>	Opening Balance						
	Ist Quarter	3.70	-	3.70	0.10	0.92	2.77
	Iind Quarter	2.77	-	2.77	0.08	0.92	1.85
	IIIrd Quarter	1.85	-	1.85	0.05	0.92	0.92
	Ivth Quarter	0.92		0.92	0.03	0.92	0.00
					0.25	3.70	

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>	7.75	9.17	10.64	12.17	14.00
Interest on Term Loan	1.80	1.47	1.07	0.66	0.25
Total	9.56	10.64	11.71	12.83	14.25
<b><u>REPAYMENT</u></b>					
Repayment of Term Loan	1.85	3.70	3.70	3.70	3.70
Interest on Term Loan	1.80	1.47	1.07	0.66	0.25
Total	3.65	5.17	4.76	4.36	3.95
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>2.62</b>	<b>2.06</b>	<b>2.46</b>	<b>2.94</b>	<b>3.61</b>
<b>AVERAGE D.S.C.R.</b>			<b>2.69</b>		

### **Assumptions:**

1. Production Capacity of Nail Paint Remover unit is taken at 2000 Bottle per day. First year, Capacity has been taken @ 30%. Capacity per bottle is 100 ml.
2. Working shift of 10 hours per day has been considered.
3. Raw Material stock and Finished goods closing stock has been taken for 10 days.
4. Credit period to Sundry Debtors has been given for 12 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 25 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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