

PROJECT REPORT

Of

THINNER

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Thinner**.

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 : xxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxx
Pin: xxxxxxx State: xxxxxxxxx
Mobile xxxxxxx
- 5 Product and By Product : **THINNER**
- 6 Name of the project / business activity proposed : **THINNER MAKING UNIT**
- 7 Cost of Project : Rs.23.94 Lakhs
- 8 Means of Finance :
Term Loan Rs.17.55 Lakhs
Own Capital Rs.2.39 Lakhs
Working Capital Rs.4 Lakhs
- 9 Debt Service Coverage Ratio : 2.04
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 32%
- 13 Employment : 7 Persons
- 14 Power Requirement : 30.00 HP
- 15 Major Raw materials : Toluene, Naphta, Turpentine oil, Acetone, Minerals, other additives
- 16 Estimated Annual Sales Turnover (Max Capacity) : 68.76 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
	Own/Rented
Land	5.00
Building / Shed 1000 Sq ft	13.00
Plant & Machinery	1.50
Furniture & Fixtures	4.44
Working Capital	23.94
Total	23.94

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.39
Working Capital(Finance)	4.00
Term Loan	17.55
Total	23.94

THINNER

Introduction: A paint thinner is a solvent used to thin oil-based paints or clean up after their use. Commercially, solvents labeled "Paint Thinner" are usually mineral spirits having a flash point at about 40 °C (104 °F), the same as some popular brands of charcoal starter. Thinner provide good adhesion and good gloss, and are durable, highly resistant to scuffs and scrapes and (when used with a primer) are excellent for blocking stains. Thinners are solvents that can dissolve paint and reduce viscosity of paint or "thin" it for use in sprayer applicators or when simply needing a thinner mixture to work with.



Uses & Market Potential: Thinner is used to remove oil-based paint from brushes, rollers, equipment, and surfaces. However, there are many other applications and uses for paint thinner saving money and time. Thinner can be used to clean your equipment and tools once you have finished your job,

especially when you have been using oil-based paint. Paint thinner can also be used to 'thin' or reduce the viscosity of paint so it can be used in sprayer applicators. Another important use that most people are not aware of, is that thinner can be used to prevent paint from hardening when it has been left open. Paint thinners should not be used with latex paints, shellac or lacquers.

The uses and applications are discussed due to which the demand for this product is never ending and is used widely in all sectors such as industrial, household, etc.

Machinery & equipments: Major machines are as follows:

Name	Unit	Price
Mixer Vessel	1	340000
Storage Tanks	6	390000
Filling and capping machine	1	520000
Other equipments(pumps,weighing machine, etc.)	Ls	50000

Raw materials: Major raw materials are as follows:

1. Toluene
2. Naphtha
3. Turpentine oil
4. Acetone
5. Minerals
6. Other additives
7. Packing material

Average raw material cost is between 45 to 50 Rs. per Ltr.

Manufacturing Process:

- Raw materials are filled in their respective storage vessels
- Definite quantity as per formulation is fed to mixer vessel
- Mixer vessel mixes all material at required temperature for required time
- Product is then filled in appropriate containers by filling machine
- Appropriate capping machine is used to close the containers
- Product is ready for sale

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 1000 to 1500Sqft. Civil work cost will be around 5 Lac Rs.(Approx.)

Power Requirement -The power consumption required to run all the machinery could be approximated as 30hp.

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 7 including 1 Plant operator, 1 unskilled worker , 1 Helper, 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

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 CASH FLOW STATEMENT					
PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	2.39	-			
Reserve & Surplus	2.18	4.39	7.10	9.31	12.57
Depriciation & Exp. W/off	2.60	2.24	1.94	1.67	1.44
Increase In Cash Credit	4.00				
Increase In Term Loan	17.55	-	-	-	-
Increase in Creditors	0.38	0.05	0.05	0.05	0.05
TOTAL :	29.11	6.68	9.08	11.03	14.07
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	19.50	-	-	-	-
Increase in Stock	4.36	0.60	0.68	0.66	0.75
Increase in Debtors	0.89	0.23	0.16	0.15	0.18
Repayment of Term Loan	1.95	3.90	3.90	3.90	3.90
Taxation	-	-	0.71	1.40	1.89
Drawings	0.50	1.00	2.00	4.00	7.00
TOTAL :	27.20	5.72	7.45	10.11	13.71
Opening Cash & Bank Balance	-	1.91	2.87	4.50	5.42
Add : Surplus	1.91	0.96	1.64	0.92	0.36
Closing Cash & Bank Balance	1.91	2.87	4.50	5.42	5.78

PROJECTED BALANCE SHEET					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Capital Account					
Opening Balance	-	4.08	7.47	11.86	15.77
Add: Additions	2.39	-	-	-	-
Add: Net Profit	2.18	4.39	6.39	7.91	10.69
Less: Drawings	0.50	1.00	2.00	4.00	7.00
Closing Balance	4.08	7.47	11.86	15.77	19.46
CC Limit	4.00	4.00	4.00	4.00	4.00
Term Loan	15.60	11.70	7.80	3.90	-
Sundry Creditors	0.38	0.43	0.48	0.53	0.58
TOTAL :	24.06	23.60	24.14	24.20	24.04
APPLICATION OF FUND					
Fixed Assets (Gross)	19.50	19.50	19.50	19.50	19.50
Gross Dep.	2.60	4.84	6.78	8.45	9.89
Net Fixed Assets	16.90	14.66	12.72	11.05	9.61
Current Assets					
Sundry Debtors	0.89	1.12	1.27	1.43	1.60
Stock in Hand	4.36	4.96	5.64	6.30	7.05
Cash and Bank	1.91	2.87	4.50	5.42	5.78
TOTAL :	24.06	23.60	24.14	24.20	24.04

PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	38.10	47.81	54.62	61.18	68.76
Total (A)	38.10	47.81	54.62	61.18	68.76
B) COST OF SALES					
Raw Material Consumed	22.95	25.81	28.76	31.82	34.99
Electricity Expenses	2.28	2.51	2.74	2.97	3.20
Repair & Maintenance	0.76	1.43	1.64	1.84	2.06
Labour & Wages	4.03	4.44	4.92	5.51	6.18
Depreciation	2.60	2.24	1.94	1.67	1.44
Cost of Production	32.63	36.43	40.00	43.81	47.87
Add: Opening Stock /WIP	-	3.60	4.10	4.68	5.24
Less: Closing Stock /WIP	3.60	4.10	4.68	5.24	5.89
Cost of Sales (B)	29.03	35.93	39.42	43.25	47.22
C) GROSS PROFIT (A-B)	9.07	11.88	15.20	17.93	21.54
	23.80%	24.85%	27.83%	29.31%	31.33%
D) Bank Interest (Term Loan)	1.90	1.56	1.13	0.70	0.27
ii) Interest On Working Capital	0.44	0.44	0.44	0.44	0.44
E) Salary to Staff	3.78	4.54	5.44	6.26	6.89
F) Selling & Adm Expenses Exp.	0.76	0.96	1.09	1.22	1.38
TOTAL (D+E)	6.89	7.49	8.10	8.62	8.97
H) NET PROFIT	2.18	4.39	7.10	9.31	12.57
	5.7%	9.2%	13.0%	15.2%	18.3%
J) Taxation	-	-	0.71	1.40	1.89
J) PROFIT (After Tax)	2.18	4.39	6.39	7.91	10.69

COMPUTATION OF MAKING OF THINNER			
Item to be Manufactured Thinner			
Manufacturing Capacity per day		340	Ltr
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		1,02,000	Ltr
Total Production per Annum		1,02,000	Ltr
Year		Capacity Utilisation	THINNER
I		50%	51,000.00
II		55%	56,100.00
III		60%	61,200.00
IV		65%	66,300.00
V		70%	71,400.00

Raw Material Consumed	Capacity Utilisation	Rate per Ltr	Amount (Rs.)
I	50%	45.00	22.95
II	55%	46.00	25.81
III	60%	47.00	28.76
IV	65%	48.00	31.82
V	70%	49.00	34.99

COMPUTATION OF SALE					
Particulars	I	II	III	IV	V
Op Stock	-	5,100.00	5,610.00	6,120.00	6,630.00
Production	51,000.00	56,100.00	61,200.00	66,300.00	71,400.00
	51,000.00	61,200.00	66,810.00	72,420.00	78,030.00
Less : Closing Stock(30 Days)	5,100.00	5,610.00	6,120.00	6,630.00	7,140.00
Net Sale	45,900.00	55,590.00	60,690.00	65,790.00	70,890.00
Sale Price per Ltr	83.00	86.00	90.00	93.00	97.00
Sale (in Lacs)	38.10	47.81	54.62	61.18	68.76

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(30 Days requirement)	3.60	4.10	4.68	5.24	5.89
<u>Raw Material</u>					
(10 Days requirement)	0.77	0.86	0.96	1.06	1.17
Closing Stock	4.36	4.96	5.64	6.30	7.05

COMPUTATION OF WORKING CAPITAL REQUIREMENT			
Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	4.36		
Less:			
Sundry Creditors	0.38		
Paid Stock	3.98	0.40	3.58
Sundry Debtors	0.89	0.09	0.80
Working Capital Requirement			4.38
Margin			0.49
MPBF			4.38
Working Capital Demand			4.00

BREAK UP OF LABOUR				
Particulars		Wages	No of	Total
		Per Month	Employees	Salary
Plant Operator		10,000.00	1	10,000.00
Unskilled Worker		8,000.00	1	8,000.00
Helper		8,000.00	1	8,000.00
Security Guard		6,000.00	1	6,000.00
				32,000.00
Add: 5% Fringe Benefit				1,600.00
Total Labour Cost Per Month				33,600.00
Total Labour Cost for the year (In Rs. Lakhs)			4	4.03

BREAK UP OF SALARY				
Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Manager		12,000.00	1	12,000.00
Accountant cum store keeper		10,000.00	1	10,000.00
Sales		8,000.00	1	8,000.00
Total Salary Per Month				30,000.00
Add: 5% Fringe Benefit				1,500.00
Total Salary for the month				31,500.00
Total Salary for the year (In Rs. Lakhs)			3	3.78

COMPUTATION OF DEPRECIATION					
Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		10.00%	15.00%	10.00%	
Opening Balance	Leased		-	-	-
Addition	-	5.00	13.00	1.50	19.50
	-	5.00	13.00	1.50	19.50
		-	-	-	
TOTAL		5.00	13.00	1.50	19.50
Less : Depreciation	-	0.50	1.95	0.15	2.60
WDV at end of Ist year	-	4.50	11.05	1.35	16.90
Additions During The Year	-	-	-	-	-
	-	4.50	11.05	1.35	16.90
Less : Depreciation	-	0.45	1.66	0.14	2.24
WDV at end of IIInd Year	-	4.05	9.39	1.22	14.66
Additions During The Year	-	-	-	-	-
	-	4.05	9.39	1.22	14.66
Less : Depreciation	-	0.41	1.41	0.12	1.94
WDV at end of IIIrd year	-	3.65	7.98	1.09	12.72
Additions During The Year	-	-	-	-	-
	-	3.65	7.98	1.09	12.72
Less : Depreciation	-	0.36	1.20	0.11	1.67
WDV at end of IV year	-	3.28	6.79	0.98	11.05
Additions During The Year	-	-	-	-	-
	-	3.28	6.79	0.98	11.05
Less : Depreciation	-	0.33	1.02	0.10	1.44
WDV at end of Vth year	-	2.95	5.77	0.89	9.61

REPAYMENT SCHEDULE OF TERM LOAN						11.0%	
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	17.55	-	17.55	0.48	-	17.55
	IInd Quarter	17.55	-	17.55	0.48	-	17.55
	IIIRD Quarter	17.55	-	17.55	0.48	0.98	16.58
	Ivth Quarter	16.58	-	16.58	0.46	0.98	15.60
					1.90	1.95	
II	Opening Balance						
	Ist Quarter	15.60	-	15.60	0.43	0.98	14.63
	IInd Quarter	14.63	-	14.63	0.40	0.98	13.65
	IIIRD Quarter	13.65	-	13.65	0.38	0.98	12.68
	Ivth Quarter	12.68		12.68	0.35	0.98	11.70
					1.56	3.90	
III	Opening Balance						
	Ist Quarter	11.70	-	11.70	0.32	0.98	10.73
	IInd Quarter	10.73	-	10.73	0.29	0.98	9.75
	IIIRD Quarter	9.75	-	9.75	0.27	0.98	8.78
	Ivth Quarter	8.78		8.78	0.24	0.98	7.80
					1.13	3.90	
IV	Opening Balance						
	Ist Quarter	7.80	-	7.80	0.21	0.98	6.83
	IInd Quarter	6.83	-	6.83	0.19	0.98	5.85
	IIIRD Quarter	5.85	-	5.85	0.16	0.98	4.88
	Ivth Quarter	4.88		4.88	0.13	0.98	3.90
					0.70	3.90	
V	Opening Balance						
	Ist Quarter	3.90	-	3.90	0.11	0.98	2.93
	IInd Quarter	2.93	-	2.93	0.08	0.98	1.95
	IIIRD Quarter	1.95	-	1.95	0.05	0.98	0.98
	Ivth Quarter	0.98		0.98	0.03	0.98	0.00
					0.27	3.90	

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
CASH ACCRUALS	4.78	6.64	8.32	9.59	12.13
Interest on Term Loan	1.90	1.56	1.13	0.70	0.27
Total	6.69	8.19	9.45	10.28	12.40
REPAYMENT					
Repayment of Term Loan	1.95	3.90	3.90	3.90	3.90
Interest on Term Loan	1.90	1.56	1.13	0.70	0.27
Total	3.85	5.46	5.03	4.60	4.17
DEBT SERVICE COVERAGE RATIO	1.73	1.50	1.88	2.24	2.98
AVERAGE D.S.C.R.			2.04		

<u>COMPUTATION OF ELECTRICITY</u>				
<u>(A) POWER CONNECTION</u>				
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%)				
<u>(B) DG set</u>				
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	50%		2.28
	II	55%		2.51
	III	60%		2.74
	IV	65%		2.97
	V	70%		3.20

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