



MODEL PROJECT REPORT



PROJECT REPORT ON CERAMIC PAINTS

SWAVALAMBI BHARAT ABHIYAN

PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **CERAMIC PAINTS**
- 6 Name of the project / business activity proposed : **CERAMIC PAINTS MANUFACTURING UNIT**
- 7 Cost of Project : Rs.23.63 Lakhs
- 8 Means of Finance
- | | |
|-----------------|----------------|
| Term Loan | Rs.16.41 Lakhs |
| Own Capital | Rs.2.36 Lakhs |
| Working Capital | Rs.4.86 Lakhs |
- 9 Debt Service Coverage Ratio : 2.94
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 33%
- 13 Employment : 10 Persons
- 14 Power Requirement : 40.00 KW
- 15 Major Raw materials : Binders, Pigments, Solvents, Fillers, Additives
- 16 Estimated Annual Sales Turnover : 145.04 Lakhs

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	17.23
Miss Assets	1.00
Furniture & Fixtures	-
Working Capital	5.40
Total	23.63

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.36
Working Capital(Finance)	4.86
Term Loan	16.41
Total	23.63

1. INTRODUCTION



Ceramic Paints are a new generation of paints that contain very less amounts of VOCs and hence a healthy alternative to the other traditional types of paints. These paints offer protection against the harmful rays of the sun and are made in a way so as to last longer than regular paints. These paints, being devoid of VOCs, are safe to be used around children. Being more durable than the other paints, these paints are often more costly than the other paints. Despite this factor, there are several advantages that are associated with the use of the ceramic-based paints. These paints create thicker and smoother wall finishes which are easier to clean than the regular paints. These paints can even withstand scrubbing without losing any sheen.

These paints contain “Ceramic Microspheres” or “Microbeads” which are used as Paint Extenders. Traditionally, the Paint Extenders are made up of inorganic materials like Chalk, Clay, Talc, Barytes, Titanium Dioxide, etc. The problem with using these extenders is the jaggedness within the material that results in a rougher finish. On the other hand, the beads in the ceramic paints, however small they might be, are packed closer together and hence result in smoother finishes. Furthermore, it enables the paint to withstand harsh temperature conditions and also the growth of moss, mildew, and bacteria.

2. USES & MARKET POTENTIAL:

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

1. This paint can be used to paint the exterior and the interior surfaces of commercial places as well as personal homes.
2. It provides a beautiful sheen to the walls
3. It is useful in protecting the walls against the UV rays of the sun thus it does not fade easily.
4. The paint is also successful against molds and fungal growth on the walls.
5. It is protective against different kinds of stains such as ketchup, lipstick, crayons, etc.

The global Paints and Coatings industry generates a revenue of almost 160 Billion US Dollars, while the Indian Paints Industry is valued at 7.1 Billion US Dollars as per the Fiscal Year 2020. The domestic paints industry has grown at a rate of 10.4 % from the year 2008 when the market was valued at Rs. 159 Billion to the year 2020 when the market has reached Rs. 520 Billion Dollars. Over the years, the decorative paints industry has grown at a CAGR of 11.4 % against the Industrial Paints sector which has grown at a CAGR of 7.9 %.

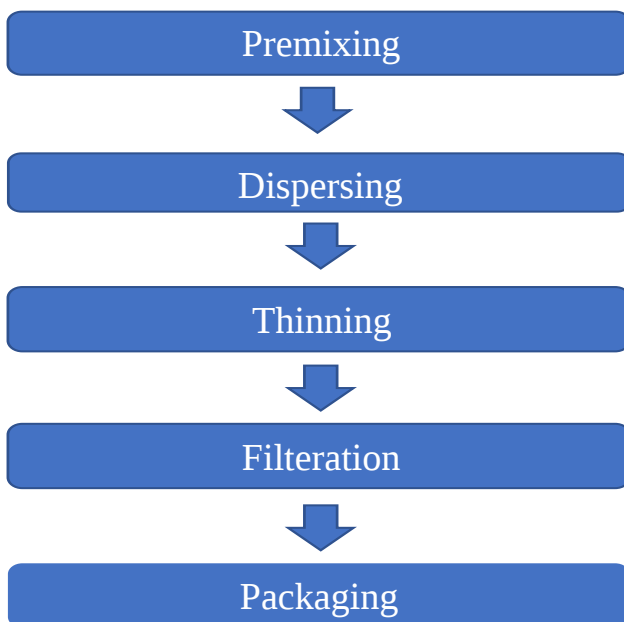
The Paints industries in India can be divided into two sectors: Decorative and Industrial Paints. The decorative paints consist of Interior paints/ Enamels/ Emulsions, Exterior paints/ Enamels/ Emulsions, Distemper, Putty, Wood coatings, Cement paints, Primers and Thinners. On the other hand, the Industrial Paints sectors can be divided into General Industrial paints, Automotive coating, Protective coating, Powder coating, Glass coating, Pipe coating, Niche segments such as coal, marine, refinish coatings, etc.

There are several factors that have contributed to the faster growth of the Decorative paints sector that include: (a) Rapid scale of urbanization and the increase in the nucleation of the families, (b) Rising disposable income, (c) Reduction in the repainting cycle, (d) Government boost for housing scheme, (e) Upgradation and growth of top-end products and (f) Slowdown in the auto industry and infrastructure development in the recent years.

PRODUCT RAW MATERIAL

- **Binders**
- **Pigments**
- **Solvents**
- **Fillers**
- **Additives**

MANUFACTURING PROCESS



3. PROJECT COMPONENTS

3.1 Land & Building

The land required for this manufacturing unit will be approx. around 2000 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.30,000 per month.

3.2 Plant and Machinery

Machine	Quantity	Price
Dissolver machine	1	60,000
Sand Mill Machine	1	5,00,000
High-Speed Dispersion tank	1	5,00,000
Electronic weighing machine	1	50,000
Paints filtering machine	1	1,00,000
Brook field Viscometer, LCV model	1	98,000
Wet scrub abrasion tester	1	65,000
Demineralized Water plant	1	50,000
Paints filling plant	1	3,00,000
TOTAL		17,23,000

Note: Total Machinery cost shall be Rs 17.23 lakhs (Approx.) including GST and Transportation Cost.

3.3 Power Requirement

The borrower shall require power load of 40 KW which shall be applied with Power Corporation. However, for standby power arrangement the borrower shall also purchase DG Set.

3.4 Manpower Requirement

The total manpower required for the operation of Ceramic Paint Manufacturing Unit is about 8-12.

4. FINANCIALS

<u>PROJECTED BALANCE SHEET</u>					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Liabilities</u>					
Capital					
Opening balance		2.81	4.89	7.61	10.71
Add:- Own Capital	2.36				
Add:- Retained Profit	5.25	6.98	9.12	11.95	14.31
Less:- Drawings	4.80	4.90	6.40	8.85	11.00
Closing Balance	2.81	4.89	7.61	10.71	14.02
Term Loan	14.58	10.94	7.29	3.65	-
Working Capital Limit	4.86	4.86	4.86	4.86	4.86
Sundry Creditors	1.80	2.10	2.43	2.78	3.16
Provisions & Other Liability	0.20	0.24	0.29	0.35	0.41
TOTAL :	24.25	23.03	22.48	22.34	22.45
<u>Assets</u>					
Fixed Assets (Gross)	18.23	18.23	18.23	18.23	18.23
Gross Dep.	2.73	5.06	7.03	8.71	10.14
Net Fixed Assets	15.50	13.17	11.20	9.52	8.09
Current Assets					
Sundry Debtors	2.42	2.88	3.33	3.81	4.34
Stock in Hand	4.78	5.57	6.41	7.32	8.30
Cash and Bank	0.36	0.11	0.14	0.19	0.12
Loans & Advances /Other Current Assets	1.20	1.30	1.40	1.50	1.60
TOTAL :	24.25	23.03	22.48	22.34	22.45

<u>PROJECTED PROFITABILITY STATEMENT</u>					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	45%	50%	55%	60%	65%
<u>SALES</u>					
Gross Sale					
Ceramic Paints	145.04	173.00	199.89	228.87	260.44
Total	145.04	173.00	199.89	228.87	260.44
<u>COST OF SALES</u>					
Raw Material Consumed	108.00	126.00	145.53	166.68	189.54
Electricity Expenses	3.46	3.84	4.22	4.61	4.99
Depreciation	2.73	2.32	1.98	1.68	1.43
Wages & labour	8.40	9.66	11.01	12.66	13.93
Repair & maintenance	1.60	2.59	3.00	3.43	3.91
Packaging	3.63	4.32	5.00	5.72	6.51
Cost of Production	127.81	148.74	170.74	194.79	220.31
Add: Opening Stock	-	2.98	3.47	3.98	4.55
Less: Closing Stock	2.98	3.47	3.98	4.55	5.14
Cost of Sales	124.83	148.26	170.22	194.23	219.71
GROSS PROFIT	20.21	24.74	29.66	34.65	40.73
	13.93%	14.30%	14.84%	15.14%	15.64%
Salary to Staff	5.52	7.18	8.97	10.32	12.38
Interest on Term Loan	1.61	1.42	1.02	0.62	0.22
Interest on working Capital	0.53	0.53	0.53	0.53	0.53
Rent	3.60	3.78	3.97	4.17	4.38
Selling & Administrative Exp.	3.63	4.32	5.00	5.72	6.51
TOTAL	14.89	17.24	19.49	21.36	24.02
NET PROFIT	5.31	7.50	10.17	13.29	16.71
	3.66%	4.34%	5.09%	5.81%	6.42%
Taxation	0.06	0.52	1.05	1.34	2.41
PROFIT (After Tax)	5.25	6.98	9.12	11.95	14.31

<u>PROJECTED CASH FLOW STATEMENT</u>					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	2.36				
Net Profit	5.31	7.50	10.17	13.29	16.71
Depreciation & Exp. W/off	2.73	2.32	1.98	1.68	1.43
Increase in Cash Credit	4.86	-	-	-	-
Increase In Term Loan	16.41	-	-	-	-
Increase in Creditors	1.80	0.30	0.33	0.35	0.38
Increase in Provisions & Oth labilities	0.20	0.04	0.05	0.06	0.07
-	-				
TOTAL :	33.68	10.17	12.52	15.38	18.59
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	18.23				
Increase in Stock	4.78	0.79	0.84	0.91	0.98
Increase in Debtors	2.42	0.47	0.45	0.48	0.53
Repayment of Term Loan	1.82	3.65	3.65	3.65	3.65
Loans & Advances /Other Current Assets	1.20	0.10	0.10	0.10	0.10
Drawings	4.80	4.90	6.40	8.85	11.00
Taxation	0.06	0.52	1.05	1.34	2.41
TOTAL :	33.32	10.42	12.49	15.33	18.65
Opening Cash & Bank Balance	-	0.36	0.11	0.14	0.19
Add : Surplus	0.36	(0.25)	0.03	0.05	(0.07)
Closing Cash & Bank Balance	0.36	0.11	0.14	0.19	0.12

CALCULATION OF D.S.C.R

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	7.98	9.31	11.09	13.63	15.73
Interest on Term Loan	1.61	1.42	1.02	0.62	0.22
Total	9.59	10.73	12.11	14.25	15.95
<u>REPAYMENT</u>					
Instalment of Term Loan	1.82	3.65	3.65	3.65	3.65
Interest on Term Loan	1.61	1.42	1.02	0.62	0.22
Total	3.44	5.07	4.67	4.26	3.86
DEBT SERVICE COVERAGE RATIO	2.79	2.12	2.60	3.34	4.13
AVERAGE D.S.C.R.	2.94				

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Finished Goods</u>					
(7 Days)	2.98	3.47	3.98	4.55	5.14
<u>Raw Material</u>					
(5 Days)	1.80	2.10	2.43	2.78	3.16
Closing Stock	4.78	5.57	6.41	7.32	8.30

COMPUTATION OF WORKING CAPITAL REQUIREMENT					
TRADITIONAL METHOD				(in Lacs)	
Particulars	Amount	Own Margin		Bank Finance	
Finished Goods & Raw Material	4.78				
Less : Creditors	1.80				
Paid stock	2.98	10%	0.30	90%	2.68
Sundry Debtors	2.42	10%	0.24	90%	2.18
	5.40		0.54		4.86
MPBF					4.86
WORKING CAPITAL LIMIT DEMAND (from Bank)					4.86
Working Capital Margin					0.54

REPAYMENT SCHEDULE OF TERM LOAN							
						Interest	11.00%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
1st	Opening Balance						
	1st month	-	16.41	16.41	-	-	16.41
	2nd month	16.41	-	16.41	0.15	-	16.41
	3rd month	16.41	-	16.41	0.15	-	16.41
	4th month	16.41	-	16.41	0.15		16.41
	5th month	16.41	-	16.41	0.15		16.41
	6th month	16.41	-	16.41	0.15		16.41
	7th month	16.41	-	16.41	0.15	0.30	16.10
	8th month	16.10	-	16.10	0.15	0.30	15.80
	9th month	15.80	-	15.80	0.14	0.30	15.50
	10th month	15.50	-	15.50	0.14	0.30	15.19
	11th month	15.19	-	15.19	0.14	0.30	14.89
	12th month	14.89	-	14.89	0.14	0.30	14.58
					1.61	1.82	
2nd	Opening Balance						
	1st month	14.58	-	14.58	0.13	0.30	14.28
	2nd month	14.28	-	14.28	0.13	0.30	13.98
	3rd month	13.98	-	13.98	0.13	0.30	13.67
	4th month	13.67	-	13.67	0.13	0.30	13.37
	5th month	13.37	-	13.37	0.12	0.30	13.06
	6th month	13.06	-	13.06	0.12	0.30	12.76

	7th month	12.76	-	12.76	0.12	0.30	12.46
	8th month	12.46	-	12.46	0.11	0.30	12.15
	9th month	12.15	-	12.15	0.11	0.30	11.85
	10th month	11.85	-	11.85	0.11	0.30	11.55
	11th month	11.55	-	11.55	0.11	0.30	11.24
	12th month	11.24	-	11.24	0.10	0.30	10.94
					1.42	3.65	
3rd	Opening Balance						
	1st month	10.94	-	10.94	0.10	0.30	10.63
	2nd month	10.63	-	10.63	0.10	0.30	10.33
	3rd month	10.33	-	10.33	0.09	0.30	10.03
	4th month	10.03	-	10.03	0.09	0.30	9.72
	5th month	9.72	-	9.72	0.09	0.30	9.42
	6th month	9.42	-	9.42	0.09	0.30	9.12
	7th month	9.12	-	9.12	0.08	0.30	8.81
	8th month	8.81	-	8.81	0.08	0.30	8.51
	9th month	8.51	-	8.51	0.08	0.30	8.20
	10th month	8.20	-	8.20	0.08	0.30	7.90
	11th month	7.90	-	7.90	0.07	0.30	7.60
	12th month	7.60	-	7.60	0.07	0.30	7.29
					1.02	3.65	
4th	Opening Balance						
	1st month	7.29	-	7.29	0.07	0.30	6.99
	2nd month	6.99	-	6.99	0.06	0.30	6.68
	3rd month	6.68	-	6.68	0.06	0.30	6.38

	4th month	6.38	-	6.38	0.06	0.30	6.08
	5th month	6.08	-	6.08	0.06	0.30	5.77
	6th month	5.77	-	5.77	0.05	0.30	5.47
	7th month	5.47	-	5.47	0.05	0.30	5.17
	8th month	5.17	-	5.17	0.05	0.30	4.86
	9th month	4.86	-	4.86	0.04	0.30	4.56
	10th month	4.56	-	4.56	0.04	0.30	4.25
	11th month	4.25	-	4.25	0.04	0.30	3.95
	12th month	3.95	-	3.95	0.04	0.30	3.65
					0.62	3.65	
5th	Opening Balance						
	1st month	3.65	-	3.65	0.03	0.30	3.34
	2nd month	3.34	-	3.34	0.03	0.30	3.04
	3rd month	3.04	-	3.04	0.03	0.30	2.73
	4th month	2.73	-	2.73	0.03	0.30	2.43
	5th month	2.43	-	2.43	0.02	0.30	2.13
	6th month	2.13	-	2.13	0.02	0.30	1.82
	7th month	1.82	-	1.82	0.02	0.30	1.52
	8th month	1.52	-	1.52	0.01	0.30	1.22
	9th month	1.22	-	1.22	0.01	0.30	0.91
	10th month	0.91	-	0.91	0.01	0.30	0.61
	11th month	0.61	-	0.61	0.01	0.30	0.30
	12th month	0.30	-	0.30	0.00	0.30	-
					0.22	3.65	
	DOOR TO DOOR MORATORIUM PERIOD	60		MONTHS			
		6		MONTHS			
	REPAYMENT PERIOD	54		MONTHS			