MODEL PROJECT REPORT

PROJECT REPORT ON ANTI CORROSIVE PAINTS

SWAVALAMBI BHARAT ABHIYAN

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PROJECT AT A GLANCE

1	Name of the Entreprenuer		xxxxxxxxxx
2	Constitution (legal Status)		xxxxxxxxxx
3	Father / Spouse Name		xxxxxxxxxxxx
4	Unit Address	:	xxxxxxxxxxxxxxxxxxxxxxx
			District : xxxxxxx
			Pin: xxxxxxx State: xxxxxxxxxx
			Mobile xxxxxxx
5	Product and By Product	:	**ANTI-CORROSIVE PAINTS**
6	Name of the project / business activity proposed :		**ANTI-CORROSIVE PAINTS MAKING UNIT**
7	Cost of Project	:	Rs.23.22 Lakhs
8	Means of Finance		
	Term Loan		Rs.18.9 Lakhs
	Own Capital		Rs.2.32 Lakhs
	Working capital		Rs.2 Lakhs
9	Debt Service Coverage Ratio	:	2.20
10	Pay Back Period	:	5 Years
11	Project Implementation Period	:	5-6 Months
12	Break Even Point	:	30%
13	Employment	:	8 Persons
14	Power Requirement	:	30.00 HP
15	Major Raw materials	:	CNSL Resin,Mineral Turpentine oil,, Red Oxide, Zinc Chromate,Bentonite, China Clay
16	Estimated Annual Sales Turnover (Max Capacity)	:	89.04 Lakhs
17	Detailed Cost of Project & Means of Finance		

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	20.00
Furniture & Fixtures	1.00
Working Capital	2.22
Total	**23.22**

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.32
Working Capital(Finance)	2.00
Term Loan	18.90
Total	**23.22**

ANTI-CORROSIVE PAINTS

Introduction: Corrosion is a natural phenomenon. Due to various types of pollution, corroding factors are on the increase. Hence corrosion prevention is of prime importance in day-to-day activities. One of the natural products with versatile utility in prevention of corrosion in CNSL (Cashew Nut Shell Liquid). This oil is available in plenty from cashew industry as a by-product. CNSL is treated and polymerized to give resins which will act as good coating materials. These resins are used in anti-corrosive protective coatings. The most important use is in painting marine vessels and finishing boats. These paints are used in chemical plants for protecting the machinery from corrosion. It is also used in structural application, where more exposure to heat and sun-light is there.

Uses & Market Potential: Anti corrosive paints are used for preservation of structural steel work against acid fumes and adverse weather conditions. It protects the metal components against degradation due to moisture, salt spray, oxidation or exposure to various weather conditions and industrial chemicals.

There is good market potential for these type of primers in the country; more so in the coastal states where finishing boats and vessels are in plenty. As Chemical industry is expanding rapidly, the concept of giving protection to chemical plants is also on the increase. As more and more stress is laid on preventive maintenance, increasing use of anti-corrosive paints is anticipated.

Machinery & Equipments : Basic machines & equipments are as follows:

S No.	Machine	Unit	Price
1.	Mild steel ball mill-500 Ltrs.cap. with 10 HP motor	1	700000
2.	Planetary mixer 200 Ltrs with 5 HP motor	1	500000
3.	Triple roll mill . 6" × 12"	1	400000
4.	Paint storage tank 1000 ltrs.	1	50000
5.	Solvent storage tank with pump	1	300000
6.	M.S.(Mild Steel) Varnish Kettle 200 ltrs.	2	50000
	Total Amount		**2000000**

Raw material: Major raw materials are as follows:

1. CNSL Resin
2. Mineral Turpentine oil
3. Red Oxide
4. Zinc Chromate
5. Bentonite
6. China clay
7. Other chemical & preservatives

Manufacturing Process: The paint manufacture consists of the following basic procedures:

- Mixing the pigment with sufficient vehicle (Resin Solution) to make paste which has the correct consistency for grinding.
- Grinding the paste in a mill until the aggregates are broken down as indicated by the 'fineness of grind' test.
- Letting down the ground paste with the remainder materials in the formula.
- Tinting the batch to the required colour.
- Testing to determine physical properties and performance requirements.
- Straining, filling and packing.

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 1500 to 2000Sqft.

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 8 including 1 Supervisor, 1 Plant operator, 1 unskilled worker, 1 Helper and 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.
- NOC from State Pollution Control Board

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
SOURCES OF FUND					
Own Contribution	2.32	-			
Reserve & Surplus	3.90	6.45	7.93	10.60	14.11
Depriciation & Exp. W/off	3.10	2.64	2.25	1.92	1.63
Increase In Cash Credit	2.00				
Increase In Term Loan	18.90	-	-	-	-
Increase in Creditors	0.70	0.11	0.07	0.07	0.07
TOTAL :	**30.92**	**9.20**	**10.25**	**12.59**	**15.81**
APPLICATION OF FUND					
Increase in Fixed Assets	21.00	-	-	-	-
Increase in Stock	2.09	0.30	0.28	0.29	0.30
Increase in Debtors	1.27	0.22	0.19	0.20	0.21
Repayment of Term Loan	2.10	4.20	4.20	4.20	4.20
Taxation	-	0.97	1.19	1.59	2.12
Drawings	3.00	3.50	4.00	5.00	7.00
TOTAL :	**29.46**	**9.18**	**9.86**	**11.28**	**13.82**
Opening Cash & Bank Balance	-	1.46	1.48	1.87	3.18
Add : Surplus	1.46	0.02	0.39	1.31	1.99
Closing Cash & Bank Balance	**1.46**	**1.48**	**1.87**	**3.18**	**5.17**

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Capital Account					
Opening Balance	-	3.22	5.21	7.94	11.95
Add: Additions	2.32	-	-	-	-
Add: Net Profit	3.90	5.48	6.74	9.01	11.99
Less: Drawings	3.00	3.50	4.00	5.00	7.00
Closing Balance	3.22	5.21	7.94	11.95	16.95
CC Limit	2.00	2.00	2.00	2.00	2.00
Term Loan	16.80	12.60	8.40	4.20	0.00
Sundry Creditors	0.70	0.81	0.88	0.96	1.03
TOTAL :	**22.72**	**20.61**	**19.23**	**19.11**	**19.97**
APPLICATION OF FUND					
Fixed Assets (Gross)	21.00	21.00	21.00	21.00	21.00
Gross Dep.	3.10	5.74	7.99	9.90	11.54
Net Fixed Assets	17.90	15.26	13.01	11.10	9.46
Current Assets					
Sundry Debtors	1.27	1.49	1.68	1.87	2.08
Stock in Hand	2.09	2.39	2.67	2.96	3.26
Cash and Bank	1.46	1.48	1.87	3.18	5.17
TOTAL :	**22.72**	**20.61**	**19.23**	**19.11**	**19.97**

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PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	54.38	63.74	71.80	80.23	89.04
Total (A)	**54.38**	**63.74**	**71.80**	**80.23**	**89.04**
B) COST OF SALES					
Raw Material Consumed	29.99	34.64	37.79	40.94	44.09
Elecricity Expenses	2.28	2.51	2.74	2.97	3.20
Repair & Maintenance	4.89	5.74	8.62	9.63	10.68
Labour & Wages	4.79	4.98	5.43	5.97	6.57
Depreciation	3.10	2.64	2.25	1.92	1.63
Cost of Production	45.06	50.51	56.82	61.42	66.17
Add: Opening Stock /WIP	-	1.59	1.81	2.04	2.28
Less: Closing Stock /WIP	1.59	1.81	2.04	2.28	2.53
Cost of Sales (B)	43.46	50.29	56.59	61.18	65.92
C) GROSS PROFIT (A-B)	10.91	13.46	15.21	19.05	23.12
	20.07%	**21.11%**	**21.18%**	**23.75%**	**25.97%**
D) Bank Interest (Term Loan)	2.05	1.67	1.21	0.75	0.29
ii) Interest On Working Capital	0.22	0.22	0.22	0.22	0.22
E) Salary to Staff	3.65	3.84	4.41	5.07	5.84
F) Selling & Adm Expenses Exp.	1.09	1.27	1.44	2.41	2.67
TOTAL (D+E)	**7.01**	**7.01**	**7.28**	**8.45**	**9.02**
H) NET PROFIT	3.90	6.45	7.93	10.60	14.11
	7.2%	**10.1%**	**11.0%**	**13.2%**	**15.8%**
I) Taxation	-	0.97	1.19	1.59	2.12
J) PROFIT (After Tax)	3.90	5.48	6.74	9.01	11.99

COMPUTATION OF MAKING OF ANTI-CORROSIVE PAINTS			
Item to be Manufactured Anti-corrosive paints			
Manufacturing Capacity per day		250	kg
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		75,000	kg
Total Production per Annum		75,000	Tin of 1 Kg
Year		Capacity	CORROSIVE
		Utilisation	
I		50%	37,500.00
II		55%	41,250.00
III		60%	45,000.00
IV		65%	48,750.00
V		70%	52,500.00

COMPUTATION OF RAW MATERIAL

Item Name		Quantity of Raw	Unit	Unit Rate of	Total CostPer
CNSL Resin		30,000.00	Kg	100.00	30,00,000.00
Mineral Turpentine oil		42,000.00	Ltr.	40.00	16,80,000.00
Red Oxide		12,000.00	Kg	15.00	1,80,000.00
Zinc Chromate		2,400.00	Kg	200.00	4,80,000.00
Bentonite		6,000.00	Kg	10.00	60,000.00
China Clay		6,000.00	Kg	8.00	48,000.00
Other chemical & preservatives					4,00,000.00
Packing material(Tin of 1 Kg)					1,50,000.00
Total					**59,98,000.00**
Total Raw material in Rs lacs					59.98

Raw Material Consumed	Capacity		Amount (Rs.)		
	Utilisation				
I	50%		29.99		
II	55%		34.64	5% Increase in Cost	
III	60%		37.79	5% Increase in Cost	
IV	65%		40.94	5% Increase in Cost	
V	70%		44.09	5% Increase in Cost	

COMPUTATION OF SALE					
Particulars	**I**	**II**	**III**	**IV**	**V**
Op Stock	-	1,250.00	1,375.00	1,500.00	1,625.00
Production	37,500.00	41,250.00	45,000.00	48,750.00	52,500.00
	37,500.00	42,500.00	46,375.00	50,250.00	54,125.00
Less : Closing Stock(10 Days)	1,250.00	1,375.00	1,500.00	1,625.00	1,750.00
Net Sale	36,250.00	41,125.00	44,875.00	48,625.00	52,375.00
Sale Price per tin of 1 Kg	150.00	155.00	160.00	165.00	170.00
Sale (in Lacs)	**54.38**	**63.74**	**71.80**	**80.23**	**89.04**

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
Finished Goods					
(7 Days requirement)	1.59	1.81	2.04	2.28	2.53
Raw Material					
(5 Days requirement)	0.50	0.58	0.63	0.68	0.73
Closing Stock	**2.09**	**2.39**	**2.67**	**2.96**	**3.26**

COMPUTATION OF WORKING CAPITAL REQUIREMENT			
Particulars	**Amount**	**Margin(10%)**	**Net Amount**
Stock in Hand	2.09		
Less:			
Sundry Creditors	0.70		
Paid Stock	**1.39**	**0.14**	**1.25**
Sundry Debtors	1.27	0.13	1.14
Working Capital Requirement			**2.40**
Margin			0.27
MPBF			**2.40**
Working Capital Demand			**2.00**

BREAK UP OF LABOUR				
Particulars		Wages	No of	Total
		Per Month	Employees	Salary
Supervisor		12,000.00	1	12,000.00
Plant Operator		10,000.00	1	10,000.00
Unskilled Worker		6,000.00	1	6,000.00
Helper		4,000.00	1	4,000.00
Security Guard		6,000.00	1	6,000.00
				38,000.00
Add: 5% Fringe Benefit				1,900.00
Total Labour Cost Per Month				39,900.00
Total Labour Cost for the year (In Rs. Lakhs)			5	4.79

BREAK UP OF SALARY				
Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Manager		10,000.00	1	12,000.00
Accountant cum store keeper		9,000.00	1	9,000.00
Sales		8,000.00	1	8,000.00
Total Salary Per Month				29,000.00
Add: 5% Fringe Benefit				1,450.00
Total Salary for the month				30,450.00
Total Salary for the year (In Rs. Lakhs)			3	3.65

COMPUTATION OF DEPRECIATION				
Description	Land	Plant & Machinery	Furniture	**TOTAL**
Rate of Depreciation		**15.00%**	**10.00%**	
Opening Balance	Leased	-	-	-
Addition	-	20.00	1.00	21.00
	-	20.00	1.00	21.00
		-	-	
TOTAL		20.00	1.00	21.00
Less : Depreciation	-	3.00	0.10	3.10
WDV at end of Ist year	-	17.00	0.90	17.90
Additions During The Year	-	-	-	-
	-	17.00	0.90	17.90
Less : Depreciation	-	2.55	0.09	2.64
WDV at end of IInd Year	-	14.45	0.81	15.26
Additions During The Year	-	-	-	-
	-	14.45	0.81	15.26
Less : Depreciation	-	2.17	0.08	2.25
WDV at end of IIIrd year	-	12.28	0.73	13.01
Additions During The Year	-	-	-	-
	-	12.28	0.73	13.01
Less : Depreciation	-	1.84	0.07	1.92
WDV at end of IV year	-	10.44	0.66	11.10
Additions During The Year	-	-	-	-
	-	10.44	0.66	11.10
Less : Depreciation	-	1.57	0.07	1.63
WDV at end of Vth year	-	8.87	0.59	9.46

REPAYMENT SCHEDULE OF TERM LOAN						11.0%	
Year	**Particulars**	**Amount**	**Addition**	**Total**	**Interest**	**Repayment**	**Cl Balance**
I	Opening Balance						
	Ist Quarter	-	18.90	18.90	0.52	-	18.90
	Iind Quarter	18.90	-	18.90	0.52	-	18.90
	IIIrd Quarter	18.90	-	18.90	0.52	1.05	17.85
	Ivth Quarter	17.85	-	17.85	0.49	1.05	16.80
					2.05	2.10	
II	Opening Balance						
	Ist Quarter	16.80	-	16.80	0.46	1.05	15.75
	Iind Quarter	15.75	-	15.75	0.43	1.05	14.70
	IIIrd Quarter	14.70	-	14.70	0.40	1.05	13.65
	Ivth Quarter	13.65		13.65	0.38	1.05	12.60
					1.67	4.20	
III	Opening Balance						
	Ist Quarter	12.60	-	12.60	0.35	1.05	11.55
	Iind Quarter	11.55	-	11.55	0.32	1.05	10.50
	IIIrd Quarter	10.50	-	10.50	0.29	1.05	9.45
	Ivth Quarter	9.45		9.45	0.26	1.05	8.40
					1.21	4.20	
IV	Opening Balance						
	Ist Quarter	8.40	-	8.40	0.23	1.05	7.35
	Iind Quarter	7.35	-	7.35	0.20	1.05	6.30
	IIIrd Quarter	6.30	-	6.30	0.17	1.05	5.25
	Ivth Quarter	5.25		5.25	0.14	1.05	4.20
					0.75	4.20	
V	Opening Balance						
	Ist Quarter	4.20	-	4.20	0.12	1.05	3.15
	Iind Quarter	3.15	-	3.15	0.09	1.05	2.10
	IIIrd Quarter	2.10	-	2.10	0.06	1.05	1.05
	Ivth Quarter	1.05		1.05	0.03	1.05	- 0.00
					0.29	4.20	

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	7.00	8.12	8.99	10.93	13.62
Interest on Term Loan	2.05	1.67	1.21	0.75	0.29
Total	9.05	9.80	10.20	11.68	13.91
REPAYMENT					
Repayment of Term Loan	2.10	4.20	4.20	4.20	4.20
Interest on Term Loan	2.05	1.67	1.21	0.75	0.29
Total	4.15	5.87	5.41	4.95	4.49
DEBT SERVICE COVERAGE RATIO	**2.18**	**1.67**	**1.88**	**2.36**	**3.10**
AVERAGE D.S.C.R.			**2.20**		

COMPUTATION OF ELECTRICITY				
(A) POWER CONNECTION				
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%)				
(B) DG set				
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