

PROJECT REPORT

Of

NAIL POLISH

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Nail Polish 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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NAIL POLISH UNIT

Introduction

Nail polish (also known as nail varnish or nail enamel) is a lacquer that can be applied to the human fingernail or toenails to decorate and protect the nail plates. The formulation has been revised repeatedly to enhance its decorative effects, and to suppress cracking or flaking. Nail polish consists of a mix of an organic polymer and several other components, depending on the brand.

Types of Nail Polish

Base coat

This type of nail polish is a clear, milky-colored, or opaque pink polish formula that is used specifically before applying nail polish to the nail. The purpose of it is to strengthen nails, restore moisture to the nail, and/or help polish adhere to the nail so staining will not occur and the manicure lasts longer than without a base coat. Some base coats are marketed as "ridge fillers" which can create a smooth surface, and reduce the appearance of the ridges that can appear on un buffed nails. Some base coats called "peel off base coats" allow the user to peel off their nail polish without using a remover.

Top coat

This type of nail polish is a clear coloured polish formula that is used specifically after applying nail polish to the nail. It forms a hardened barrier for the nail that can prevent chipping, scratching and peeling. Many top coats are marketed as "quick-drying." Top coats can help the underlying coloured polish dry quickly as well. It gives the polish a more finished and desired look and may help to keep the polish on for longer.

Gel

Gel polish is a long-lasting variety of nail polish made up of a type of methacrylate polymer. It is painted on the nail similar to traditional nail polish, but does not dry. Instead it is cured under an ultraviolet lamp or ultraviolet LED. While regular nail polish

formulas typically last two to seven days without chipping, gel polish can last as long as two weeks with proper application and home care. Gel polish can be more difficult to remove than regular nail polish. It is usually removed by soaking the nails in pure acetone (the solvent used in most nail polish removers) for five to fifteen minutes, depending on the formula.

Matte

Matte polish is like regular polish, but has a purposely dull finish rather than a shine. It can be purchased as a regular base coat in ranges of different colors. Matte nail polish can also be found in a top coat. Matte top coat is most useful for painting over any dry base color, giving it a different appearance. The matte top coat polish will dull the shine from a regular base coat polish. Matte polish has become very popular through the years, particularly since it can be used in nail art applications, where designs can be created on the nail using the contrast of both shiny and matte surfaces.

Description of Nail Polish Machine

Machinery for Nail Polish includes the following:

- Diluser Tank
- Mixer
- Filler
- Packaging

Nail Polish Machines are used to manufacture nail polish from different types of raw material. With the help of this machine the work of mixing, filling & packaging completes in a very short span.

Nail Polish Market Analysis

India nail polish market stood at \$ 88.6 million in 2018 and is projected to grow at a CAGR of over 10%, to reach \$ 143.6 million by 2024 on the back of growing demand for nail polish and nail care products, increasing middle class population, emergence of brands such as Nykaa

and Purple into e-commerce space, along with increasing number of internet users emphasizing on online retail channel. Moreover, increasing demand for multiple variants has boosted the new product launches, thereby propelling Nail Polish market across the country. Moreover, several companies in the industry have resorted to revolutionize the current product line-up by improving packaging, product quality and launching region specific products. Also, adoption of marketing and distribution strategies by various nail polish companies across rural areas is expected to boost India nail polish market during forecast period as well.

India nail polish market can be segmented based on product type, distribution channel, and regional analysis. Based on product type, the market can be segmented into matte, gel, pearl and others.

Machinery & Equipment's required:

Name	Cost
Total Value of Machinery	170000
GST @18%	30600
Total	2,00,600

❖ Cost of the machine is exclusive of other transportation cost.

Land & Building required:

Land required 700 Square Feet (approx.)

Approximate rent for the same is 14000.

Labour Requirement:

3 Manpower is required for the Nail Polish Manufacturing unit.

Includes:

1 skilled Labour

2 Unskilled Labour

Raw Material Requirement of Nail Polish

- ❖ Nitro cellulose
- ❖ Solvent
- ❖ Resin
- ❖ Antioxidants
- ❖ Pigment: Manganese violet is a typical pigment in nail polish.

Average raw material cost per KG: Rs.80-90

Nail Polish License & registration

For Proprietor:

- Obtain the GST registration.
- Obtain the license from cosmetic & Drug Control Department.
- Fire/ Pollution Registration as required.
- Choice of a Brand Name of the product and secure the name with Trademark if required.

Implementation Schedule

S.N.	Activity	Time Required (in Months)
1	Acquisition Of premises	1
2	Construction (if Applicable)	1- 2 Months
3	Procurement & installation of Plant & Machinery	1
4	Arrangement of Finance	1
5	Requirement of required Manpower	1
	Total time Required (some activities shall run concurrently)	2-3 Months

PROJECT AT A GLANCE

- 1** Name of the Entrepreneur **xx**
- 2** Constitution (legal Status) : xx
- 3** Father's/Spouce's Name **Xx**
- 4** Unit Address :
- Taluk/Block: **xx**
- District : **xx**
- Pin:
- E-Mail
- : **xx**
- Mobile **xx**
- 5** Product and By Product : Nail Polish
- 6** Name of the project / business activity proposed :
- 7** Cost of Project : **Rs.** 2.31
- 8 Means of Finance**
- Term Loan **Rs.** 2.08 Lacs
- KVIC Margin Money **Rs.** 25% of 2.31 Lacs (0.58 Lacs)
- Own Capital **Rs.** 1.23 Lacs
- 9** Debt Service Coverage Ratio :
- 10** Pay Back Period : 4 years 8 Months
- 11** Project Implementation Period : 6 months
- 12** Employment :
- 13** Power Requirement : 5 KW connection
- 14** Major Raw materials : Nikno cellulose, pigment, antioxidnat
- 15** Estimated Annual Sales Turnover : 15.84 Lacs (at 50% capacity)

16 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lacs)

Particulars	Amount
Land	
Building & Civil Work	-

MEANS OF FINANCE

Plant & Machinery	2.01
Furniture & Fixtures	0.30
Pre-operative Expenses	
Contingencies	
Working Capital Requirement	10.00
Total	12.31

Particulars	Amount
Own Contribution	1.23
Bank Finance	2.08
working capital from bank	9.00
Total	12.31
KVIC Margin Money	(25% of 2.31) Rs. 57,750

FINANCIAL ASSISTANCE REQUIRED

Term Loan of Rs. 2.08 Lacs and Working Capital limit of Rs. 9 Lacs

COST OF PROJECT

PARTICULARS	AMOUNT	AMOUNT	AMOUNT
Building Civil Work		10.00%	90.00%
Plant & Machinery	2.01	0.20	1.81
Furniture & Fixtures and Other Assets	0.30	0.03	0.27
Working capital	10.00	1.00	9.00
Total	12.31	1.33	11.08

MEANS OF FINANCE

PARTICULARS	AMOUNT
Own Contribution	1.23
Bank Loan	2.08
Working capital Limit	9.00
Total	12.31

Supplier Details:**S L Machinery****Address:**Plot No. 930, Tyre Wall Gali,
Mundka, Delhi.

COMPUTATION OF PRODUCTION OF NAIL POLISH**Items to be Manufactured**

Nail Polish

machine capacity 300KG per day

machine capacity per annum 72000 KG

Production of Nail Polish

Production	Capacity	Nail polish
1st year	50%	36,000
2nd year	55%	39,600
3rd year	60%	43,200
4th year	65%	46,800
5th year	70%	50,400

Raw Material Cost

Year	Capacity Utilisation	Rate	Amount (Rs. in lacs)
1st year	50%	90.00	32.40
2nd year	55%	91.00	36.04
3rd year	60%	92.00	39.74
4th year	65%	93.00	43.52
5th year	70%	94.00	47.38

COMPUTATION OF SALE

Particulars	1st year	2nd year	3rd year	4th year	5th year
Op Stock	-	3,000	3,300	3,600	3,900
Production	36,000	39,600	43,200	46,800	50,400
Less : Closing Stock	3,000	3,300	3,600	3,900	4,200
Net Sale	33,000	39,300	42,900	46,500	50,100
Sal eprice per KG	180.00	184.00	188.00	192.00	196.00
Sales (in Lacs)	59.40	72.31	80.65	89.28	98.20

BREAK UP OF LABOUR CHARGES

Particulars	Wages	No of	Total
	Per Month	Employees	Salary
Skilled	20000	1	20000
Unskilled	15000	2	30000
Total Salary Per Month			50000
Total Annual Labour Charges	(in Lacs)		6.00

BREAK UP OF staff CHARGES

Particulars	Wages Per Month	No of Employees	Total Salary
worker	8000	1	8000
chemical engineer	25000	1	25000
Total Salary Per Month			33000
Total Annual Labour Charges	(in Lacs)		3.96

Utility Charges at 100% capacity (per month)

Particulars	value	Description
Power connection required	5	KWH
consumption per day	40	units
Consumption per month	800	units
Rate per Unit	7	Rs.
power Bill per month	5600	Rs.

PROJECTED PROFITABILITY STATEMENT					
	-	-	-	-	-
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	50%	55%	60%	65%	70%
<u>SALES</u>					
Gross Sale					
Nail Polish	59.40	72.31	80.65	89.28	98.20
Total	59.40	72.31	80.65	89.28	98.20
<u>COST OF SALES</u>					
Raw Mateiral Consumed	32.40	36.04	39.74	43.52	47.38
Elecricity Expenses	0.67	0.74	0.81	0.89	0.98
Depriciation	0.33	0.28	0.24	0.21	0.18
labour	6.00	6.60	7.26	7.99	8.78
Consumables	3.56	4.34	4.84	5.36	5.89
Repair & maintenace	3.09	3.76	4.19	4.64	5.11
other direct expenses	2.38	2.89	3.23	3.57	3.93
Cost of Production	48.43	54.65	60.32	66.18	72.25
Add: Opening Stock /WIP	-	4.04	4.55	5.03	5.52
Less: Closing Stock /WIP	4.04	4.55	5.03	5.52	6.02
Cost of Sales	44.40	54.13	59.85	65.69	71.74
GROSS PROFIT	15.00	18.18	20.81	23.59	26.45
salary to staff	3.96	4.36	4.79	5.27	5.53
Interest on Term Loan	0.22	0.21	0.16	0.12	0.01
Interest on working Capital	0.99	0.99	0.99	0.99	0.99
Rent	2.88	3.17	3.48	3.83	4.22

Selling & adm Exp	4.46	6.87	8.23	9.82	11.78
TOTAL	12.51	15.59	17.66	20.04	22.53
NET PROFIT	2.50	2.59	3.15	3.55	3.92
Taxation					
PROFIT (After Tax)	2.50	2.59	3.15	3.55	3.92

PROJECTED BALANCE SHEET

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Liabilities</u>					
Capital					
opening balance		3.23	4.82	6.71	8.27
<i>Add:- Own Capital</i>	1.23				
Add:- Retained Profit	2.50	2.59	3.15	3.55	3.92
Less:- Drawings	0.50	1.00	1.25	2.00	2.20
Closing Blance	3.23	4.82	6.71	8.27	9.99
Subsidy Reserve	1.75	1.75	1.75	-	-
Term Loan	1.90	1.54	1.18	0.24	-
Working Capital Limit	9.00	9.00	9.00	9.00	9.00
Sundry Creditors	1.35	1.50	1.66	2.72	2.76
Provisions & Other Liab	0.30	0.40	0.55	0.66	0.83
TOTAL :	17.52	19.00	20.85	20.88	22.57
<u>Assets</u>					
Fixed Assets (Gross)	2.31	2.31	2.31	2.31	2.31
Gross Dep.	0.33	0.61	0.86	1.06	1.24
Net Fixed Assets	1.98	1.69	1.45	1.24	1.07
FD of Subsidy	1.75	1.75	1.75		
Current Assets					
Sundry Debtors	4.95	6.03	8.07	8.93	9.82
Stock in Hand	6.74	7.56	8.34	9.14	9.97
Cash and Bank	2.11	1.98	1.24	1.57	1.71
TOTAL :	17.52	19.00	20.85	20.88	22.57

PROJECTED CASH FLOW STATEMENT

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	1.23				
Net Profit	2.50	2.59	3.15	3.55	3.92
Depreciation & Exp. W/off	0.33	0.28	0.24	0.21	0.18
Increase in Cash Credit	9.00	-	-	-	-
Increase In Term Loan	2.08	-	-	-	-
Increase in Creditors	1.35	0.15	0.15	1.06	0.04
Increase in Provisions & Oth lib	0.30	0.10	0.15	0.11	0.17
increase in subsidy	0.58				
TOTAL :	17.36	3.12	3.70	4.93	4.30
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	2.31				
Increase in Stock	6.74	0.82	0.78	0.80	0.83
Increase in Debtors	4.95	1.08	2.04	0.86	0.89
Repayment of Term Loan	0.18	0.36	0.36	0.94	0.24
Increase in FD	0.58	-	-		
Drawings	0.50	1.00	1.25	2.00	2.20
Taxation	-	-	-	-	-
TOTAL :	15.25	3.26	4.43	4.61	4.16
Opening Cash & Bank Balance	-	2.11	1.98	1.24	1.57
Add : Surplus	2.11 -	0.13 -	0.74	0.33	0.15
Closing Cash & Bank Balance	2.11	1.98	1.24	1.57	1.71

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Finished Goods</u>					
	4.04	4.55	5.03	5.52	6.02
<u>Raw Material</u>					
	2.70	3.00	3.31	3.63	3.95
Closing Stock	6.74	7.56	8.34	9.14	9.97

COMPUTATION OF WORKING CAPITAL REQUIREMENT

TRADITIONAL METHOD					
Particulars	Amount	Own Margin		Bank Finance	
Finished Goods & Raw Material	6.74				
Less : Creditors	1.35				
Paid stock	5.39	10%	0.54	90%	4.85
Sundry Debtors	4.95	10%	0.50	90%	4.46
	10.34		1.03		9.30
WORKING CAPITAL LIMIT DEMAND (from Bank) 9.00					

2nd Method		
PARTICULARS	1st year	2nd year
Total Current Assets	13.80	15.56
Other Current Liabilities	1.65	1.90
Working Capital Gap	12.15	13.66
Min Working Capital		
25% of WCG	3.04	3.41
Actual NWC	3.15	4.66
item III - IV	9.11	10.24
item III - V	9.00	9.00
MPBF (Lower of VI & VII)	9.00	9.00

3rd Method		
PARTICULARS	1st year	2nd year
Total Current Assets	13.80	15.56
Other Current Liabilities	1.65	1.90
Working Capital Gap	12.15	13.66
Min Working Capital		
25% of Current Assets	3.45	3.89
Actual NWC	3.15	4.66
item III - IV	8.70	9.77
item III - V	9.00	9.00
MPBF (Lower of VI & VII)	9.00	9.00

COMPUTATION OF DEPRECIATION

Description	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation	15.00%	10.00%	
Opening Balance	-	-	-
Addition	2.01	0.30	2.31
Total	2.01	0.30	2.31
Less : Depreciation	0.30	0.03	0.33
WDV at end of Year	1.71	0.27	1.98
Additions During The Year	-	-	-
Total	1.71	0.27	1.98
Less : Depreciation	0.26	0.03	0.28
WDV at end of Year	1.45	0.24	1.69
Additions During The Year	-	-	-
Total	1.45	0.24	1.69
Less : Depreciation	0.22	0.02	0.24
WDV at end of Year	1.23	0.22	1.45
Additions During The Year	-	-	-
Total	1.23	0.22	1.45
Less : Depreciation	0.18	0.02	0.21
WDV at end of Year	1.05	0.20	1.24
Additions During The Year	-	-	-
Total	1.05	0.20	1.24
Less : Depreciation	0.16	0.02	0.18
WDV at end of Year	0.89	0.18	1.07
s	-	-	-
Total	0.89	0.18	1.07

Less : Depreciation	0.13	0.02	0.15
WDV at end of Year	0.76	0.16	0.92
Less : Depreciation	0.11	0.02	0.13
WDV at end of Year	0.64	0.14	0.79
Less : Depreciation	0.10	0.01	0.11
WDV at end of Year	0.55	0.13	0.68

REPAYMENT SCHEDULE OF TERM LOAN

Interest 12.00%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
1st	Opening Balance						
	1st month	-	2.08	2.08	-	-	2.08
	2nd month	2.08	-	2.08	0.02	-	2.08
	3rd month	2.08	-	2.08	0.02	-	2.08
	4th month	2.08	-	2.08	0.02		2.08
	5th month	2.08	-	2.08	0.02		2.08
	6th month	2.08	-	2.08	0.02		2.08
	7th month	2.08	-	2.08	0.02	0.030	2.05
	8th month	2.05	-	2.05	0.02	0.030	2.02
	9th month	2.02	-	2.02	0.02	0.030	1.99
	10th month	1.99	-	1.99	0.02	0.030	1.96
	11th month	1.96	-	1.96	0.02	0.030	1.93
	12th month	1.93	-	1.93	0.02	0.030	1.90
					0.22	0.180	
2nd	Opening Balance						
	1st month	1.90	-	1.90	0.02	0.030	1.87
	2nd month	1.87	-	1.87	0.02	0.030	1.84
	3rd month	1.84	-	1.84	0.02	0.030	1.81
	4th month	1.81	-	1.81	0.02	0.030	1.78
	5th month	1.78	-	1.78	0.02	0.030	1.75
	6th month	1.75	-	1.75	0.02	0.030	1.72
	7th month	1.72	-	1.72	0.02	0.030	1.69
	8th month	1.69	-	1.69	0.02	0.030	1.66
	9th month	1.66	-	1.66	0.02	0.030	1.63
	10th month	1.63	-	1.63	0.02	0.030	1.60
	11th month	1.60	-	1.60	0.02	0.030	1.57
	12th month	1.57	-	1.57	0.02	0.030	1.54

				0.21	0.360	
3rd	Opening Balance					
	1st month	1.54	-	1.54	0.02	0.030 1.51
	2nd month	1.51	-	1.51	0.02	0.030 1.48
	3rd month	1.48	-	1.48	0.01	0.030 1.45
	4th month	1.45	-	1.45	0.01	0.030 1.42
	5th month	1.42	-	1.42	0.01	0.030 1.39
	6th month	1.39	-	1.39	0.01	0.030 1.36
	7th month	1.36	-	1.36	0.01	0.030 1.33
	8th month	1.33	-	1.33	0.01	0.030 1.30
	9th month	1.30	-	1.30	0.01	0.030 1.27
	10th month	1.27	-	1.27	0.01	0.030 1.24
	11th month	1.24	-	1.24	0.01	0.030 1.21
	12th month	1.21	-	1.21	0.01	0.030 1.18
				0.16	0.360	
4th	Opening Balance					
	1st month	1.18	-	1.18	0.01	0.030 1.15
	2nd month	1.15	-	1.15	0.01	0.030 1.12
	3rd month	1.12	-	1.12	0.01	0.030 1.09
	4th month	1.09	-	1.09	0.01	0.030 1.06
	5th month	1.06	-	1.06	0.01	0.030 1.03
	6th month	1.03	-	1.03	0.01	0.030 1.00
	7th month	1.00	-	1.00	0.01	0.030 0.97
	8th month	0.97	-	0.97	0.01	0.030 0.94
	9th month	0.94	-	0.94	0.01	0.030 0.91
	10th month	0.91	-	0.91	0.01	0.030 0.88
	11th month	0.88	-	0.88	0.01	0.030 0.85
	12th month(Subsidy adjusted)	0.85	-	0.85	0.01	0.610 0.24
				0.12	0.940	
5th	Opening Balance					
	1st month		-		0.00	0.030

	0.24		0.24			0.21
2nd month	0.21	-	0.21	0.00	0.030	0.18
3rd month	0.18	-	0.18	0.00	0.030	0.15
4th month	0.15	-	0.15	0.00	0.030	0.12
5th month	0.12	-	0.12	0.00	0.030	0.09
6th month	0.09	-	0.09	0.00	0.030	0.06
7th month	0.06	-	0.06	0.00	0.030	0.03
8th month	0.03	-	0.03	0.00	0.030	-
				0.01	0.24	

DOOR TO DOOR	56 MONTHS
MORATORIUM PERIOD	6 MONTHS
REPAYMENT PERIOD	50 MONTHS

Supplier Details:

S L Machinery	Address: Plot No. 930, Tyre Wall Gali, Mundka, Delhi.
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