BUSINESS PLAN · INDIA

Paints & Coatings Manufacturing

Decorative paints, putty, industrial coatings and contract manufacturing for a regional network

CHEMICALS

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1. Executive Summary

This plan sets out a **Paints & Coatings Manufacturing** business in India — producing **decorative paints (emulsions, distempers, enamels), putty and primers, industrial & protective coatings** , and undertaking contract/private-label manufacturing, sold through a regional dealer network and direct industrial accounts.

Paint is a large, growing and unusually structured Indian industry. Demand rises with housing completion, repainting cycles, infrastructure and industrial output, and the repainting cycle in particular gives it a resilient replacement base rather than pure dependence on new construction.

> **The most important thing to understand about this business — and the way it differs fundamentally from specialty chemicals.** In specialty chemistry the moat is technical: the process route, the yield, the qualification. In paint, **the manufacturing is comparatively simple** — dispersion, milling, mixing, tinting and filling, using well-understood formulations and equipment available off the shelf. **The barrier to entry is not chemistry; it is distribution and brand.** Almost anyone can make acceptable paint. Very few can get it onto a dealer's shelf, keep the dealer stocking it, and give the painter a reason to recommend it. Every strategic and financial decision in this plan follows from that fact.

> **A frank word on competitive positioning, because a plan that ignores this would be misleading.** The Indian decorative paint market is dominated by a handful of very large companies with tens of thousands of dealer outlets, enormous advertising budgets and decades of brand equity. **A new entrant cannot compete with them head-on in national decorative branding, and any plan proposing to do so should be treated with scepticism.** The credible entry routes are narrower and are what this plan models: a *regional* decorative presence built dealer by dealer; *industrial and protective coatings* where purchase is specification-driven rather than brand-driven; *putty and primers*, where volumes are large and brand pull is weaker; and *contract manufacturing* for established brands, which fills capacity while the owned business builds. This plan models a paints unit requiring **₹5.5 crore** (₹1.9 crore promoter + ₹2.2 crore term loan + ₹1.4 crore working-capital finance), moving from **₹9 crore revenue and a ₹58 lakh loss** in Year 1 to **₹21 crore revenue and ₹1.62 crore profit** by Year 3. *(Paints & coatings; volume × realisation, distribution- & brand-driven, TiO_2-exposed — figures illustrative.)*

2. Business Description, Vision & Legal Structure

Concept: A paints & coatings manufacturing unit - decorative paints, putty/primers and industrial coatings sold through a regional dealer network and direct industrial accounts, with contract manufacturing filling capacity.

Vision: To be the paint brand our region's dealers and painters trust - consistent quality, fair margins, and supply that never lets a site stop.

Mission: Make dependable coatings, support the dealer counter properly, and earn the painter's recommendation.

Legal structure options

- **Private Limited** — recommended: term lending, dealer credit exposure, tinting-machine assets placed at third-party premises, and any brand or contract-manufacturing agreement all sit better in a company.
- **LLP** — workable for an industrial-coatings-only start without a dealer network.

> **Regulatory anchor: SPCB Consent to Establish and Consent to Operate**; **PESO/CCOE licence** for solvent storage (solvent-based enamels and industrial coatings); **Hazardous & Other Wastes authorisation** for solvent residues, sludge and contaminated packaging; Factory licence and fire NOC. Product-side obligations are specific and enforceable: the

Regulation on Lead Contents in Household and Decorative Paints Rules, 2016, caps lead at 90 ppm in household and decorative paints — compliance is testable and non-negotiable; **BIS standards** apply to several paint categories; **VOC limits** increasingly apply, and low-VOC positioning is becoming a market expectation as well as a regulatory direction. Add MSDS and GHS labelling, weights-and-measures certification for pack declarations, and hazardous-goods transport compliance for solvent-based products.

3. Promoter & Ownership

Led by a promoter with paint-industry, coatings-technology or building-materials distribution background. The competence that matters most is *channel building* — recruiting dealers, funding them, servicing them and keeping them loyal — with formulation capability a necessary but secondary requirement. The team is deliberately sales-heavy: production & plant, QC & shade matching, R&D/formulation, a large sales and dealer-development force, technical service for industrial accounts, EHS & maintenance, and administration. Dealer relationships, product consistency, shade accuracy & service reliability are the differentiators. Ownership, equity & any partner are editable inputs.

4. Market Analysis — India

India's paint market is growing steadily on housing completion, a shortening repainting cycle, rural penetration, infrastructure spend and industrial output. Decorative accounts for the large majority of volume; industrial coatings are smaller but more technical and less brand-sensitive. Demand is construction-, repainting- & income-driven, with a pronounced festive peak. The market rewards dealer reach, shade range, consistency & painter loyalty; it is **brand-concentrated, distribution-intensive & raw-material-exposed**.

Demand drivers

- **Repainting cycle** — a resilient replacement base independent of new construction, and shortening as incomes rise.
- **Housing completion & real-estate activity** driving fresh-paint demand.
- **Rural & tier-2/3 penetration** — the fastest-growing decorative segment, and one where regional brands can genuinely compete.
- **Infrastructure & industrial output** for protective and industrial coatings.
- **Premiumisation & low-VOC demand** in urban markets.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Indian decorative & industrial coatings market	Very large
SAM	Regional dealer catchment & addressable industrial accounts	Serviceable
SOM (Yr 1–3)	Active dealers & volume through the network	Scaling with dealer count

Target segments

- Regional paint dealers & hardware retailers (decorative volume).
- Painters & contractors — the actual decision influencers.
- Industrial & infrastructure accounts for protective coatings (specification-led).
- Builders & project sites for bulk putty, primer & emulsion supply.
- Established brands seeking contract/private-label manufacturing capacity.

5. Competition & Competitive Advantage

Landscape: a few dominant national companies holding most of the decorative market, regional paint manufacturers, unorganised local producers in putty and distemper, and specialist industrial-coatings firms. The concentration at the top is the defining structural fact, and it dictates where a new entrant can actually win.

Where this business can realistically compete

- **Regional depth over national breadth** — servicing a defined territory better than a distant national player's field force can.
- **Dealer economics** — better margins, faster replenishment, responsive credit; a dealer stocks what makes money and arrives on time.
- **Painter loyalty programmes** — the painter recommends the brand at the point of decision, and for a small brand this influence is worth more than consumer advertising it cannot afford.
- **Industrial & protective coatings** — bought on specification and technical service, where brand pull matters far less.
- **Putty & primers** — large volumes, weaker brand sensitivity, a practical volume base.
- **Contract manufacturing** — capacity utilisation and cash flow from other people's brands while the owned brand builds.

6. Products & Revenue Model

Product line	Channel	Basis
Decorative paints (emulsions, distempers, enamels)	Dealer network	Core — brand-led
Putty, primers & undercoats	Dealer & project sites	Volume base
Industrial & protective coatings	Direct / technical sales	Specification-led
Contract / private-label manufacturing	B2B brand owners	Capacity fill

> Revenue is **volume × realisation**, but the mechanism that generates volume is the dealer counter, and the mechanism that holds the dealer is the **tinting machine**. This deserves explanation because it is the single most distinctive feature of Indian decorative paint distribution: the manufacturer *places a computerised tinting machine at the dealer's shop*, typically costing ₹2–4 lakh, which mixes any shade on demand from a small set of bases and colourants. The dealer no longer stocks hundreds of shades, working capital at the counter collapses, and the consumer gets any colour immediately. **In practice the machine buys distribution** — a dealer with your machine on the counter sells your paint, because the machine, the bases and the colourants are yours. It is therefore not equipment capex in the ordinary sense; it is *a scaling cost of the sales channel*, and it grows with dealer count rather than with production volume.

7. Go-to-Market — Dealers & Painters

- **Dealer recruitment** in a defined territory — better margin, credit terms and replenishment than the incumbent offers that counter.
- **Tinting machine placement** at committed dealers — the anchor of the relationship, deployed selectively against volume commitment.
- **Painter & contractor loyalty programmes** — the decisive influence channel for a challenger brand.
- **Shade card & merchandising** support at the counter.

- **Industrial direct sales** with technical service and specification approvals.
- **Contract manufacturing tie-ups** for baseload capacity.

Sales approach

Choose a territory and win it properly rather than spreading thinly → recruit dealers on economics and service, not on brand claims the business cannot yet support → place tinting machines against volume commitments so the capex earns its keep → build painter loyalty because the recommendation at the counter is where a challenger brand actually wins → grow industrial coatings in parallel, since it is specification-led and immune to the brand disadvantage → use contract manufacturing to keep the plant busy through the build. The discipline that matters: **resist geographic expansion until the first territory is genuinely profitable**, because thin presence across many markets is the standard way regional paint companies exhaust their capital.

8. Operations Plan (batch manufacturing & distribution)

- **Manufacturing:** high-speed dispersers, bead mills, mixers, let-down tanks, filtration & automated filling; batch process with straightforward technology.
- **Formulation & QC:** shade matching against standards, viscosity, opacity, drying time, scrub resistance, batch-to-batch shade consistency — the quality attribute customers actually notice.
- **Raw materials:** TiO_2, resins/binders, solvents, pigments, extenders, additives, packaging; purchasing is a major margin lever.
- **Tinting system:** bases and colourant supply to dealer machines, machine servicing and calibration, formula database maintenance.
- **Distribution:** depot/warehouse, dealer replenishment cycles, freight, festive-season stock building.
- **EHS:** solvent storage to PESO norms, ETP, hazardous waste disposal, fire systems, VOC and emission control.

Production & supply cycle

Stage	Activity	Metric
Plan	Demand forecast & batch scheduling	Capacity utilisation
Disperse	Pigment dispersion & milling	Fineness / batch time
Let down	Binder addition, adjustment	RM cost per litre
Test	Shade, viscosity, opacity, drying	**Batch shade consistency**
Fill	Packing & labelling	Fill accuracy / pack integrity
Supply	Dispatch & dealer replenishment	Fill rate / stock-outs

> **Shade consistency is the quality issue that decides whether a dealer keeps stocking you.** A customer painting a second coat, or touching up a wall six months later, expects the same colour. A visible batch-to-batch variation produces a complaint at the counter, and the dealer — not the manufacturer — absorbs the customer's annoyance. Dealers drop brands over this faster than over price. For a challenger brand with no reputation buffer, tight shade control and a properly maintained colourant/formula system is not a quality nicety; it is the retention mechanism.

9. Regulatory, Licences & Compliance (India)

- **Environmental:** SPCB **Consent to Establish then Consent to Operate**; effluent treatment; air-emission and **VOC controls**; **Hazardous & Other Wastes authorisation** for solvent residues, paint sludge & contaminated packaging, with authorised disposal only.
- **Safety & storage: PESO/CCOE licence** for solvent storage; Factory licence; fire NOC; flameproof electricals in solvent areas; static-discharge control.
- **Product compliance: Lead Contents in Household and Decorative Paints Rules, 2016 — 90 ppm lead maximum**, testable and strictly enforced; **BIS standards** for applicable categories; MSDS & GHS labelling; **Legal Metrology** pack declarations and net-content accuracy.
- **Transport:** hazardous-goods compliance for solvent-based products — packaging, placarding, TREM cards.
- **Commercial & general:** GST, trademark registration for the brand (essential — the brand is the asset being built), dealer agreements, labour compliance.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / managing director	1	1	2
Sales & dealer development	**5**	**10**	**14**
Production & plant operations	6	10	13
Admin, accounts & logistics	4	6	8
QC & shade matching	3	5	7
Technical service (industrial accounts)	2	4	5
EHS & maintenance	2	4	5
R&D / formulation	2	3	4
Total	**25**	**43**	**58**

Note that **sales and dealer development is the largest single function** and grows fastest. That is not an accident of this plan — it reflects the reality that in paint, distribution is the business and manufacturing is the supporting activity.

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Approvals & build	Month 0–10	CTE, PESO, factory licence; plant erection, lab, ETP
Launch	Month 10–12	CTO, trial batches, brand & shade card, first dealers
Year 1	Operating year 1	Dealer network build & contract manufacturing; ₹9cr revenue, ₹58L loss
Year 2		Tinting machines placed, painter programme, industrial accounts; ₹15cr, ₹42L profit
Year 3		₹21cr revenue, ₹1.62cr profit; territory established

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions for an Indian context, shown so the promoter can replace them with live rates. They are not projections of guaranteed results. Revenue is gross manufacturing turnover. Volume, realisation, raw-material cost (particularly TiO_2), dealer network growth & capacity utilisation are the levers.

12.1 Project cost & means of finance

Capital requirement	₹
Working capital (RM, finished goods & dealer receivables)	1,40,00,000
Plant & machinery (dispersers, bead mills, mixers, filling lines)	1,30,00,000
Land, building & civil works	1,10,00,000
Tinting machines at dealer counters (initial fleet)	**60,00,000**
ETP, solvent storage, safety & fire systems	40,00,000
QC laboratory & shade-matching setup	35,00,000
Brand launch, dealer onboarding & marketing	20,00,000
Preliminary, pre-operative & licensing	15,00,000
Total project cost	**5,50,00,000**
Promoter contribution	1,90,00,000
Term loan	2,20,00,000
Working-capital finance	1,40,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
Decorative paints (emulsions, distempers, enamels)	4,20,00,000	7,20,00,000	10,50,00,000
Industrial & protective coatings	1,80,00,000	3,20,00,000	4,60,00,000
Putty, primers & undercoats	1,60,00,000	2,60,00,000	3,60,00,000
Contract / private-label manufacturing	1,40,00,000	2,00,00,000	2,30,00,000
Total revenue	**9,00,00,000**	**15,00,00,000**	**21,00,00,000**
Raw materials (TiO_2, resins, solvents, pigments, packing)	5,58,00,000	9,15,00,000	12,60,00,000
Salaries (technical, QC, sales, admin)	78,00,000	1,00,00,000	1,25,00,000
Marketing, dealer & painter schemes	55,00,000	82,00,000	1,05,00,000
Freight, distribution & dealer logistics	45,00,000	72,00,000	98,00,000
Direct labour & plant operations	42,00,000	58,00,000	72,00,000
Power, fuel & utilities	32,00,000	48,00,000	64,00,000
Overheads, insurance & selling	32,00,000	48,00,000	62,00,000

Repairs, maintenance & spares	20,00,000	27,00,000	34,00,000
Effluent, environmental & compliance	18,00,000	24,00,000	30,00,000
Depreciation, interest & other	78,00,000	84,00,000	88,00,000
Total expenses	**9,58,00,000**	**14,58,00,000**	**19,38,00,000**
Net profit / (loss) before tax	**(58,00,000)**	**42,00,000**	**1,62,00,000**
Net margin	(6.4%)	2.8%	7.7%
Raw material as % of revenue	**62.0%**	**61.0%**	**60.0%**
Marketing & channel spend as % of revenue	6.1%	5.5%	5.0%

12.3 Unit economics & break-even

- **Raw material at ~60% of revenue is the defining cost structure**, and within it **titanium dioxide is the single largest input** for white and light shades. TiO_2 is a globally traded, cyclically priced and substantially imported commodity — its price swings are outside the manufacturer's control and move gross margin by several points. Formulation optimisation, extender substitution where quality permits and forward buying in soft markets are the practical defences.
- **Channel spend is a permanent cost of being in this business:** dealer margins, painter incentives, shade cards and machine placement together run 5–6% of revenue. This is not discretionary marketing that can be cut in a bad year — reducing it means dealers switch, and regaining a lost counter costs far more than holding it.
- **Tinting machines scale with dealers, not with volume:** each placement is ₹2–4 lakh of capital sitting on someone else's premises. Placed against genuine volume commitment they buy durable distribution; placed indiscriminately they are simply capital given away. Machine productivity — litres sold per machine per month — deserves tracking as rigorously as plant utilisation.
- **Contract manufacturing carries the plant while the brand builds:** ₹1.4 crore in Year 1, at thin margins but with no channel cost and immediate cash — the same logic as toll work in specialty chemicals.
- **Break-even:** reached in Year 2 as volume absorbs fixed manufacturing and channel cost. Margins then expand with dealer productivity, industrial-coatings share & raw-material discipline rather than with price increases, which the competitive structure rarely permits.

12.4 Projected Cash Flow — Year 1 (quarterly, illustrative)

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	1,40,00,000	1,10,00,000	90,00,000	80,00,000
Collections	1,75,00,000	2,00,00,000	2,40,00,000	2,15,00,000
RM, wages, channel, freight, overheads & loan servicing	2,05,00,000	2,20,00,000	2,50,00,000	2,10,00,000
Closing balance	**1,10,00,000**	**90,00,000**	**80,00,000**	**85,00,000**

> **Paint has a demanding cash cycle with a seasonal spike on top.** Raw materials are bought on limited credit while dealers expect 30–60 days, and finished-goods stock must be built *ahead* of the festive season — the industry's peak — precisely when cash is already committed to raw material. Three disciplines matter. **Dealer credit must be limited and enforced**; a dealer who cannot pay is not a customer, and paint distributors accumulate bad debt quietly. **Seasonal stock build must be planned and financed deliberately**, not improvised in month nine. And **tinting-machine deployment**

> **must be paced to cash**, since each machine is capital that leaves the building and returns only as future volume. The working-capital facility should be revolving against stock and book debts, with a seasonal peak limit.

12.5 Key Performance Indicators to Monitor

- **Channel:** active dealers; **volume per dealer per month**; new dealer additions vs. attrition; **litres per tinting machine per month**; painter programme enrolment.
- **Cost:** RM as % of revenue; **TiO_2 cost per litre**; formulation cost by product; freight per litre.
- **Quality:** batch shade-consistency pass rate; customer/dealer complaints per lakh litres; **lead content compliance (≤90 ppm)**; BIS conformance.
- **Operations & finance:** capacity utilisation; contract-manufacturing share; dealer receivable days & overdues; seasonal stock cover.

13. Funding Requirement & Bankability

Total ask: **₹2.2 crore term loan plus ₹1.4 crore working-capital finance** against ₹1.9 crore promoter contribution — for plant, land and building, environmental infrastructure, laboratory, the initial tinting-machine fleet, brand launch & working capital. Plant, land and building are conventional security and the proposition is bankable in the ordinary way, with MSME and state industrial incentives applicable. Three points deserve honest statement to a lender. **Year 1 is a planned loss of ₹58 lakh** — the plant reaches reasonable utilisation quickly through contract manufacturing, but channel investment, brand launch and full depreciation are all carried before the dealer network generates its own volume. **The tinting-machine fleet is an unusual asset class**: ₹60 lakh of equipment that sits on third-party premises and should be documented, insured and periodically verified, since it is security in an accounting sense but distributed in a physical one. And **the competitive position should be assessed for what it is** — a regional and industrial play with contract-manufacturing support, not a national brand challenge; a lender should be sceptical of any paint proposal claiming otherwise. The working-capital facility needs a seasonal peak limit to fund festive stock building.

13.1 Funding utilisation

Use of funds	₹	% of total
Working capital (RM, finished goods & dealer receivables)	1,40,00,000	25.5%
Plant & machinery (dispersers, bead mills, mixers, filling lines)	1,30,00,000	23.6%
Land, building & civil works	1,10,00,000	20.0%
Tinting machines at dealer counters (initial fleet)	60,00,000	10.9%
ETP, solvent storage, safety & fire systems	40,00,000	7.3%
QC laboratory & shade-matching setup	35,00,000	6.4%
Brand launch, dealer onboarding & marketing	20,00,000	3.6%
Preliminary, pre-operative & licensing	15,00,000	2.7%
Total	**5,50,00,000**	**100%**

14. Risk Analysis & Mitigation

Risk	Mitigation

Competing against dominant national brands	Do not attempt head-on national decorative branding: win a defined territory, lead with dealer economics & painter loyalty, build industrial coatings where brand pull is weak, and use contract manufacturing for baseload — expand only after the first territory is profitable
TiO_2 and petrochemical raw-material price cycles	Formulation optimisation & extender substitution where quality permits, forward buying in soft markets, multiple suppliers, price revision on industrial contracts
Dealer attrition & switching to competitors	Consistent supply, fair margins, prompt service, tinting machine as anchor, painter programmes, personal relationship coverage by the field force
Batch shade inconsistency	Tight QC against standards, colourant & formula system discipline, retained references, complaint root-cause tracking — dealers drop brands over this faster than over price
Dealer credit default	Credit limits per dealer, security/PDCs, ageing discipline, withhold supply on overdue — enforced consistently
Tinting machines deployed without return	Place against volume commitment, track litres per machine monthly, agreements permitting recovery, insure & verify physically
Lead/VOC or BIS non-compliance	Raw-material specification control, periodic third-party testing against the 90 ppm lead limit, BIS conformance, documented certificates of analysis
Fire or solvent incident	PESO-compliant storage, flameproof electricals, static control, fire systems, trained operators, adequate insurance
Seasonal cash squeeze at festive stock build	Planned seasonal financing with peak limit, disciplined forecast, avoid simultaneous machine deployment and stock build
Construction slowdown reducing demand	Repainting base is resilient; broaden into industrial coatings, putty volumes & contract manufacturing

15. SWOT Analysis

Strengths Large, growing market with a resilient repainting base; technically straightforward manufacturing; multiple product lines sharing one plant; contract manufacturing provides baseload; tinting machines create durable dealer lock-in; industrial coatings bypass the brand disadvantage.	**Weaknesses** Severe brand disadvantage against dominant incumbents; distribution build is slow and capital-hungry; RM at ~60% of revenue with heavy TiO_2 exposure; channel spend is permanent and non-discretionary; dealer credit risk; seasonal working-capital peak.
Opportunities Tier-2/3 and rural penetration where regional brands compete effectively; industrial & protective coatings growth with infrastructure; low-VOC and eco-positioned products; contract manufacturing for national brands; putty/primer volume; waterproofing & construction-chemical adjacency.	**Threats** Incumbent price and scheme aggression in the territory; new well-funded entrants intensifying competition; TiO_2 and crude-linked cost shocks; tightening VOC and lead norms raising cost; construction slowdown; dealer consolidation.

16. Recommended AiSevak Tools for This Business

This paints & coatings unit would use AiSevak's Chemicals vertical tools in operations:

- **Channel:** dealer-wise volume & **litres-per-tinting-machine** tracking, dealer addition/attrition, painter-programme & scheme-cost tools.
- **Cost & formulation:** RM %-of-revenue, **TiO_2 cost-per-litre** & formulation-cost modelling, batch-cost tools.
- **Quality & compliance:** shade-consistency & complaint tracking, **lead (≤90 ppm) & BIS conformance** records, consent/PESO licence currency.
- **Finance:** dealer receivable ageing & credit limits, seasonal stock-build financing & working-capital tools (with Finance vertical).
- **Practice:** Business Plan, break-even and channel-economics tools to model the unit.

17. Key Assumptions & Notes

- Paints & coatings: batch manufacturing of decorative paints, putty/primers, industrial & protective coatings + contract/private-label; revenue = volume × realisation, gross.
- **THE key contrast with specialty-chemicals-mfg: there the moat is CHEMISTRY; here manufacturing is comparatively SIMPLE (dispersion/milling/mixing/tinting/filling, off-the-shelf equipment) and THE BARRIER IS DISTRIBUTION AND BRAND.** Almost anyone can make acceptable paint; very few can get it onto a dealer's shelf, keep the dealer stocking it and give the painter a reason to recommend it. Every strategic and financial decision follows from that.
- **Stated FRANKLY: a new entrant CANNOT compete head-on with the dominant national brands in decorative** (tens of thousands of dealer outlets, enormous ad budgets, decades of equity) — **any paint plan proposing that should be treated with scepticism.** The credible entries modelled here: REGIONAL decorative built dealer by dealer; INDUSTRIAL/protective coatings (specification-led, brand-pull weak); PUTTY & PRIMERS (volume, weak brand sensitivity); and CONTRACT MANUFACTURING for established brands to fill capacity while the owned brand builds. Resist geographic expansion until the first territory is profitable — thin presence across many markets is how regional paint companies exhaust capital.
- **TINTING MACHINES are the distinctive structural feature of Indian decorative distribution** — the manufacturer places a ₹2-4L computerised machine at the dealer's counter; the dealer stops stocking hundreds of shades, counter working capital collapses, consumer gets any colour instantly. **In practice the machine BUYS DISTRIBUTION** (machine, bases and colourants are yours). It is NOT ordinary equipment capex — it is a SCALING COST OF THE SALES CHANNEL that grows with dealer count, not production volume. Track litres-per-machine-per-month as rigorously as plant utilisation; placed indiscriminately it is capital given away, and it sits on THIRD-PARTY premises (document, insure, verify).
- **TiO_2 is the single largest raw material** for white/light shades — globally traded, cyclically priced, substantially imported, outside the manufacturer's control and worth several points of gross margin. RM ≈ 60% of revenue is the defining cost structure.
- **Channel spend (5-6% of revenue: dealer margins, painter incentives, shade cards, machine placement) is PERMANENT and NON-DISCRETIONARY** — cutting it in a bad year means dealers switch, and regaining a lost counter costs far more than holding it.
- **Batch SHADE CONSISTENCY is the retention mechanism** — a customer doing a second coat or touching up six months later expects the same colour; visible variation produces a complaint the DEALER absorbs, and dealers drop brands over this faster than over price.
- Compliance: SPCB CTE→CTO, PESO for solvents, Hazardous Wastes authorisation, factory licence, fire NOC; product side — **Lead Contents in Household and Decorative Paints Rules 2016 caps lead at 90 ppm** (testable, strictly enforced), BIS standards, VOC limits, Legal Metrology pack declarations. Trademark the brand early — it IS the asset being built.

- Y1 = ₹58L planned loss (channel investment + brand launch + full depreciation carried before the dealer network generates volume). Cash cycle is demanding with a FESTIVE seasonal spike — FG stock must be built ahead of peak precisely when cash is already in raw material, so seasonal financing needs a peak limit. Figures illustrative, exclude GST.

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