

Evaluation Study on Mysore Paints and Varnish Ltd

Department of Public Enterprises

Summary of Evaluation

- It is recommended to have detailed Productivity Improvement and Manpower Study for utilisation of the Manpower and the Production Norms, to find out effective utilisation of manpower and machines.
- The rejects and reworks as well as quality complaints must be recorded with all details and analysed, appropriate action must be taken and recorded for future reference and non-occurrence.
- Few substitutes are available which could be tried after evaluating it in terms of cost and quality.
- The cost of the product is high as reflected in nearly 25 % of the tenders; hence efforts must be made to reduce cost by Cost Analysis, Lean Manufacturing Techniques, establishing R & D, developing vendors, improving Purchase system etc.
- The newer market for Indelible Ink must be explored and newer products developed with lesser AgNO₃ content, as it will reduce the cost of the Ink product.
- The prospect of Currency Printing Ink Manufacturing may be further explored, as it would require strong marketing network apart from the support from Government similar to Indelible Ink.
- If the cost benefit analysis and legal aspect favour the development of indelible ink pen internally then it is highly recommended that the internal skill set must

be nurtured and allowed to develop the pen to commercial stage. It is recommended to provide all necessary support to the team.

- The Industrial Paints business will be growing at a rate of 12 to 15 % for the financial year 2015 – 2018, therefore it is recommended to plan strategy to increase the business by 12 to 15 % instead current strategy of yearly increase in sales turnover by 10 %.
- It is also recommended to purchase modern machines having better technology, which requires lesser resources such as manpower, energy etc. Also yield and quality would be better than the current machineries.
- Currently, there are few Marketing Officers/ Staff, it is recommended to have bigger team so that they can scout for opportunities and convert the opportunities into business value. The marketing activity needs to have definite targets and if possible, this may be outsourced.
- The organization should also recruit adequate manpower at positions, where it's indispensable such as Paint Technology, Research and Development etc.
- MPVL must try to enter new markets i.e., at National Level and also try to retain clients from the neighbouring states on continual basis. The major customers of MPVL are State Road Transport Corporation, this sector may be further tapped and build a brand image for MPVL.
- MPVL need to explore the possibility of re-entering the decorative paints segment, which has larger demand and higher profit margins compared to the Industrial paints segment.

Recommendations

It is recommended to have detailed Productivity Improvement and Manpower Study for utilisation of the Manpower and the Production Norms. The material for production could be so planned that the same could be brought and placed for in production shop on the previous day. Therefore same crew can operate Attritor Mill, Ball Mill and Packing. It also recommended that the Production Schedule for the month may be so planned that the no. of shifts are reduced and the manpower is utilised to produce other products such as Sealing Wax, Ink etc.

Elimination of Waste by Substitution: The substitutes obtained for the raw materials used are listed in the table below, the organisation need to analyse the substitutes for their value, yield and paint quality.

Sl. No.	Material	Substitute
1	M.T.O	Slop Oil (Partly)
2	Alkyd Resin	1st Quality – Linseed Oil or Long Oil based Resin 2nd / 3rd Quality - DCO monomer or RSO
3	TiO ₂ (Rutile)	Imported TiO ₂
4	Xylene	Toulene/ solvent CIX
5	TiO ₂ (Anatase)	Can substitute with lesser % (purity) TiO ₂ (Rutile) or imported Anatase.
6	Mild Chrome Yellow	Lemon Chrome with 0.2% Scarlet chrome or Synthetic Yellow Oxide and Pinch of Scarlet Chrome
7	PU Resin and Epoxy Resin	Equivalent Grades
8	Alkyd Resin-DCO monmeric	RCO/ RSO
9	Rectified Spirit	Iso-Propyl Alcohol
10	Dipentine	Pine Oil
11	ARLO	BFRLO

- Based on the above evaluation, it is recommended that the following steps to be taken to reduce the cost of the Paints and other products

- The above table and graph reveal that the tender lost in Synthetic Enamel and PU Paints is 26.2% and 73.2%, which forms the major share of the Paints sales in terms of volume, therefore special efforts have to be made to reduce the cost of these paints.
- Detailed cost analysis of the individual products for all inputs such as raw material, manpower, manufacturing cost, energy cost etc. must be carried out. The products then can be categorised into groups which are within $\pm 5\%$ cost value. This would help the management to focus on areas, where cost could be reduced.
- The management must introduce systems, which will motivate the employees to come up with suggestions to reduce cost, improve quality and manufacturing processes. It is also required to set R & D lab to improve quality and reduce cost of product by substitution.
- The purchase system and procedures need to be more efficient so that the raw materials are purchased in time and also at lower cost. It is also recommended to forecast the requirements for the year and develop vendors, who could supply the material at a short notice and without much fluctuation in prices.
- It is recommended to adopt ERP system suitable for small organisations for better control over the expenditures, consumptions, purchases etc.
- If the cost benefit analysis and legal aspect favour the development of pen internally then it is highly recommended that the internal skill set must be nurtured and allowed to develop the pen to commercial stage. It is recommended to provide all necessary support to the team.
- The evaluation of the current situation provides the insight into the ink market, which is used in various fields such as elections, medical sciences

such as marking the pulse polio recipient, surgery area on human body etc. The recommendations are the outcome of these requirements of the market.

- It is recommended to have strong R & D, which could develop the indelible inks for various purposes depending on the usage and dyeing requirements and its longevity.
- The content of the Silver Nitrate (AgNO_3), which is the main constituent and also the costliest, needs to be reviewed and quantity reduced from current composition of 23.6%, based on the requirements of the customer. This will reduce the cost and support increasing the market share.
- The prospects of exporting the Indelible ink to other countries on a continually basis must be explored through Election Commission of India and Govt. of India.
- The prospect of Security Ink manufacturing may be further explored, as it would require strong marketing network apart from the support from Government similar to Indelible Ink.
- If the cost benefit analysis and legal aspect favour the development of pen internally then it is highly recommended that the internal skill set must be nurtured and allowed to develop the pen to commercial stage. It is recommended to provide all necessary support to the team.
- From the above analysis and the data available, the inferences drawn have helped to develop the following recommendations.
- The Industrial Paints business will be growing at a rate of 12 to 15 % for the financial year 2015 – 2018, therefore it is recommended to plan strategy to increase the business of 12 to 15 % instead current strategy of yearly increase in sales turnover by 10 %.

- The capacity of the Plant is determined by the available plant and machinery, where in few of them are unserviceable and obsolete, it therefore recommended to scrap these machinery. The machines available are old and traditional. It also recommended increasing the utilisation of the current usable machinery as mentioned in section 3.2.1. It is also recommended to purchase modern machines having better technology, which requires lesser resources such as manpower, energy etc. Also yield and quality would be better than the current machineries.
- It is recommended to implement Lean Manufacturing Techniques, to help organisation identify waste and improve the processes. It is also recommended to carry out detailed Productivity Improvement and Manpower Assessment Study. These initiatives will help to reduce the cost of manufacturing, therefore making the product cheaper and more competitive.
- As the Porters Five force Analysis, the threat to the business is low to medium, therefore it is imperative on part of the organisation to enhance and utilise all its strengths and convert all opportunities into business.
- Currently, there are only few field staff, it is recommended to have bigger team so that they can scout for opportunities and convert the opportunities into business value. The marketing activity needs to have definite targets and if possible, this may be outsourced.
- The organisation needs to recruits adequate manpower at positions, where it's indispensable such as Paint Technology, Research and Development etc.
- MPVL may try to enter new markets i.e., at National Level and also try to retain clients from the neighboring states on continual basis. The major

customers of MPVL are State Road Transport Corporation, this sector may be further tapped and build a brand image for MPVL.

- From the above analysis and the data available, the inferences drawn have helped to develop the following recommendations.
- The Industrial Paints business will be growing at a rate of 12 to 15 % for the financial year 2015 – 2018, therefore it is recommended to plan strategy to increase the business of 12 to 15 % instead current strategy of yearly increase in sales turnover by 10 %.
- The capacity of the Plant is determined by the available plant and machinery, where in few of them are unserviceable and obsolete, it therefore recommended to scrap these machinery. The machines available are old and traditional. It also recommended increasing the utilisation of the current usable machinery as mentioned in section 3.2.1. It is also recommended to purchase modern machines having better technology, which requires lesser resources such as manpower, energy etc. Also yield and quality would be better than the current machineries.
- It is recommended to implement Lean Manufacturing Techniques, to help organisation identify waste and improve the processes. It is also recommended to carry out detailed Productivity Improvement and Manpower Assessment Study. These initiatives will help to reduce the cost of manufacturing, therefore making the product cheaper and more competitive.
- As the Porters Five force Analysis, the threat to the business is low to medium, therefore it is imperative on part of the organisation to enhance and utilise all its strengths and convert all opportunities into business.

- Currently, there are only few field staff, it is recommended to have bigger team so that they can scout for opportunities and convert the opportunities into business value. The marketing activity needs to have definite targets and if possible, this may be outsourced.
- The organisation needs to recruits adequate manpower at positions, where it's indispensable such as Paint Technology, Research and Development etc.
- 7.4.1.7. MPVL may try to enter new markets i.e., at National Level and also try to retain clients from the neighbouring states on continual basis. The major customers of MPVL are State Road Transport Corporation, this sector may be further tapped and build a brand image for MPVL.
- 7.4.1.8. MPVL need to explore the possibility of re-entering the decorative paints segment, which has larger demand and higher profit margins compared to the Industrial paints segment.

MPVL need to explore the possibility of re-entering the decorative paints segment, which has larger demand and higher profit margins compared to the Industrial paints segment.