

# PROJECT REPORT

Of

# WASH BASIN

## PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Wash Basin Manufacturing 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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**PROJECT AT A GLANCE**

- 1 Name of the Entrepreneur : xxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **WASH BASIN**
- 6 Name of the project / business activity proposed : **WASH BASIN MANUFACTURING UNIT**
- 7 Cost of Project : Rs.15.75 Lakhs
- 8 Means of Finance
- Term Loan Rs.10.28 Lakhs
- Own Capital Rs.1.57 Lakhs
- Working Capital Rs.3.89 Lakhs
- 9 Debt Service Coverage Ratio : 2.92
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 44%
- 13 Employment : 18 Persons
- 14 Power Requirement : 30.00 KWH
- 15 Major Raw materials : China Clay, Ball Clay/Fire Clay/ Felspar Powder, Plaster of Paris, Other Colour and Chemicals, Packaging Material
- 16 Estimated Annual Sales Turnover (Max Capacity) : 103.91 Lakhs
- 17 Detailed Cost of Project & Means of Finance

**COST OF PROJECT**

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	9.92
Furniture & Fixtures	1.50
Working Capital	4.33
<b>Total</b>	<b>15.75</b>

**MEANS OF FINANCE**

Particulars	Amount
Own Contribution	1.57
Working Capital(Finance)	3.89
Term Loan	10.28
<b>Total</b>	<b>15.75</b>

# **WASH BASIN MANUFACTURING UNIT**

## **Introduction:**

The ceramic sanitary wares are used for sanitation purposes and the product ranges from washbasins, closets, urinals, sinks, baths to hoppers. It has properties like very good resistance to weathering, chemical erosion, mechanical strength and resistance to abrasion. Today sanitary wares are made from variety of materials each of them having certain advantages over the others. However, sanitary wares made of ceramic have many advantages over those made of other materials and are economical also. It has a wide acceptance in the society. Because of its good properties like good corrosion resistance, good abrasion resistance, glazy surface with different appealing colors, the use of sanitary ware for sanitation purpose has not yet been remarkably replaced by other materials like steel, fiber etc. Its use in sanitation has preference over other materials. In near future also the chance for replacing these items by other materials looks very black. They are economical, easy-to-clean, longer life and are available in pleasing colors. The ceramic sanitary wares are rather cheap, easy to clean and are available of various colors.



## **Uses & Market Potential:**

Ceramic Sanitary wares are used for sanitation purposes. Sanitary ware products range from Wash Basins, Closets, Urinals, Sinks, Baths tubs etc. The ceramic sanitary wares are rather cheap, easy to clean.

The market for ceramic sanitary ware is very bright since its demand is increasing at a good rate. The reasons are not far to seek. There are large renovation activities taking place in the urban areas. These entire factors ensure and create a positive demand for these items. The population is increasing day by day and the living standard of people also increasing. The demand of sanitary ware is increasing day-by-day because of its low cost, lucrative value and advancing society and thus the market of it is very bright.

The improved living standards coupled with good economic situations along with supporting Government policies for housing sector speak themselves for the demand of these products. With the improved living standard of people these items are essential and an integral part of consuming sectors like Housing, Educational & Research Institutes, Hospitals, Industries, Hotels & Restaurants, Cinemas, Theatres and other public places. It is an essential and integral part of building construction in areas like housing, educational and research institutions, hospitals, industries, hotels and restaurants, cinemas and other public places

**Product:**

WASH BASIN

**Raw Material:**

1. China Clay
2. Ball Clay/Fire Clay
3. Felspar Powder
4. Plaster of Paris
5. Other Colours and Chemicals
6. Packaging Material

## Manufacturing Process:

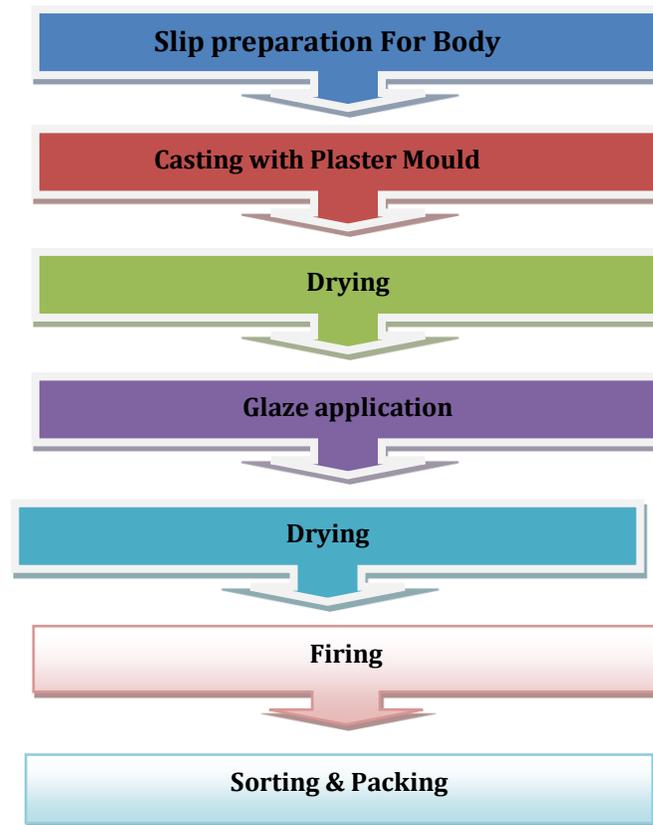


Fig. 1 – Process Flowchart

## Area:

The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and stitching and polishing area. 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 small scale factory setup is 5500 Sq. ft. approximate.

### **Cost of Machines:**

<b>S No.</b>	<b>Machine</b>	<b>Unit</b>	<b>Price (INR)</b>
1.	Ball mill with porcelain lining and grinding media	1	1,20,000/-
2.	Agitator	1	35,000/-
3	Slurry pump		2,72,000/-
4.	Magnetic Separator		4,00,000/-
5.	Spray booths complete with air compressor spray guns etc.		50,000/-
6.	Testing Laboratory equipment's and apparatus		20,000/-
7.	Ceramic fiber lined, shuttle kilns, oil fired		30,000/-
8.	Oil storage tank and pre heating system		40,000/-
9.	Drying racks and working table, slurry container etc.		25,000/-
	<b>Total</b>		<b>9,92,000/-</b>

**Power Requirement-** - The estimated Power requirement is taken at 30 KWH

**Manpower Requirement-** Following manpower is required:

- Skilled/unskilled worker-8
- Helpers-4
- Supervisor-2
- Sales Personnel-2
- Manager -1
- Accountant- 1

# **FINANCIALS**



**PROJECTED PROFITABILITY STATEMENT**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>A) SALES</u></b>					
Gross Sale	63.80	74.62	83.86	93.67	103.91
<b>Total (A)</b>	<b>63.80</b>	<b>74.62</b>	<b>83.86</b>	<b>93.67</b>	<b>103.91</b>
<b><u>B) COST OF SALES</u></b>					
Raw Material Consumed	25.80	28.91	32.11	35.41	38.98
Electricity Expenses	3.36	3.69	4.03	4.36	4.70
Repair & Maintenance	2.23	2.61	2.94	3.28	3.64
Labour & Wages	16.88	19.25	21.56	24.79	27.77
Depreciation	1.64	1.40	1.20	1.02	0.88
<b>Cost of Production</b>	<b>49.91</b>	<b>55.86</b>	<b>61.83</b>	<b>68.87</b>	<b>75.95</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>2.20</b>	<b>2.49</b>	<b>2.80</b>	<b>3.13</b>
<b>Less: Closing Stock /WIP</b>	<b>2.20</b>	<b>2.49</b>	<b>2.80</b>	<b>3.13</b>	<b>3.47</b>
<b>Cost of Sales (B)</b>	<b>47.71</b>	<b>55.57</b>	<b>61.52</b>	<b>68.54</b>	<b>75.61</b>
<b>C) GROSS PROFIT (A-B)</b>	<b>16.09</b>	<b>19.05</b>	<b>22.34</b>	<b>25.13</b>	<b>28.30</b>
	<b>25.22%</b>	<b>25.53%</b>	<b>26.64%</b>	<b>26.83%</b>	<b>27.23%</b>
D) Bank Interest i) (Term Loan )	1.11	0.91	0.66	0.41	0.16
ii) Interest On Working Capital	0.43	0.43	0.43	0.43	0.43
E) Salary to Staff	9.07	10.89	12.30	12.92	13.95
F) Selling & Adm Expenses Exp.	2.55	2.61	2.94	3.28	3.64
<b>TOTAL (D+E+F)</b>	<b>13.17</b>	<b>14.84</b>	<b>16.32</b>	<b>17.03</b>	<b>18.17</b>
<b>H) NET PROFIT</b>	<b>2.92</b>	<b>4.22</b>	<b>6.02</b>	<b>8.10</b>	<b>10.13</b>
	<b>4.6%</b>	<b>5.6%</b>	<b>7.2%</b>	<b>8.6%</b>	<b>9.7%</b>
I) Taxation	-	-	-	-	1.20
<b>J) PROFIT (After Tax)</b>	<b>2.92</b>	<b>4.22</b>	<b>6.02</b>	<b>8.10</b>	<b>8.93</b>

**PROJECTED CASH FLOW STATEMENT**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>SOURCES OF FUND</u></b>					
Own Contribution	1.57	-			
Reserve & Surplus	2.92	4.22	6.02	8.10	10.13
Depreciation & Exp. W/off	1.64	1.40	1.20	1.02	0.88
Increase In Cash Credit	3.89				
Increase In Term Loan	10.28	-	-	-	-
Increase in Creditors	0.86	0.10	0.11	0.11	0.12
<b>TOTAL :</b>	<b>21.17</b>	<b>5.72</b>	<b>7.32</b>	<b>9.23</b>	<b>11.12</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	11.42	-	-	-	-
Increase in Stock	3.06	0.40	0.42	0.44	0.46
Increase in Debtors	2.13	0.36	0.31	0.33	0.34
Repayment of Term Loan	1.14	2.28	2.28	2.28	2.28
Taxation	-	-	-	-	1.20
Drawings	2.40	3.00	4.50	6.20	6.90
<b>TOTAL :</b>	<b>20.15</b>	<b>6.04</b>	<b>7.51</b>	<b>9.25</b>	<b>11.18</b>
Opening Cash & Bank Balance	-	1.02	0.69	0.50	0.49
Add : Surplus	1.02	- 0.32	- 0.19	- 0.02	- 0.06
Closing Cash & Bank Balance	<b>1.02</b>	<b>0.69</b>	<b>0.50</b>	<b>0.49</b>	<b>0.43</b>

**COMPUTATION OF CLOSING STOCK & WORKING CAPITAL**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>Finished Goods</u></b>					
(10 Days requirement)	2.20	2.49	2.80	3.13	3.47
<b><u>Raw Material</u></b>					
(10 Days requirement)	0.86	0.96	1.07	1.18	1.30
<b>Closing Stock</b>	<b>3.06</b>	<b>3.46</b>	<b>3.87</b>	<b>4.31</b>	<b>4.77</b>

**COMPUTATION OF WORKING CAPITAL REQUIREMENT**

<b>Particulars</b>	<b>Amount</b>	<b>Margin(10%)</b>	<b>Net Amount</b>
Stock in Hand	3.06		
Less:			
Sundry Creditors	0.86		
<b>Paid Stock</b>	<b>2.20</b>	<b>0.22</b>	<b>1.98</b>
Sundry Debtors	2.13	0.21	1.91
<b>Working Capital Requirement</b>			<b>3.89</b>
<b>Margin</b>			0.43
<b>MPBF</b>			<b>3.89</b>
<b>Working Capital Demand</b>			<b>3.89</b>

**REPAYMENT SCHEDULE OF TERM LOAN**

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
<b>I</b>	Opening Balance						
	Ist Quarter	-	10.28	10.28	0.28	-	10.28
	Iind Quarter	10.28	-	10.28	0.28	-	10.28
	IIIrd Quarter	10.28	-	10.28	0.28	0.57	9.71
	Ivth Quarter	9.71	-	9.71	0.27	0.57	9.14
					1.11	1.14	
<b>II</b>	Opening Balance						
	Ist Quarter	9.14	-	9.14	0.25	0.57	8.57
	Iind Quarter	8.57	-	8.57	0.24	0.57	7.99
	IIIrd Quarter	7.99	-	7.99	0.22	0.57	7.42
	Ivth Quarter	7.42		7.42	0.20	0.57	6.85
					0.91	2.28	
<b>III</b>	Opening Balance						
	Ist Quarter	6.85	-	6.85	0.19	0.57	6.28
	Iind Quarter	6.28	-	6.28	0.17	0.57	5.71
	IIIrd Quarter	5.71	-	5.71	0.16	0.57	5.14
	Ivth Quarter	5.14		5.14	0.14	0.57	4.57
					0.66	2.28	
<b>IV</b>	Opening Balance						
	Ist Quarter	4.57	-	4.57	0.13	0.57	4.00
	Iind Quarter	4.00	-	4.00	0.11	0.57	3.43
	IIIrd Quarter	3.43	-	3.43	0.09	0.57	2.86
	Ivth Quarter	2.86		2.86	0.08	0.57	2.28
					0.41	2.28	
<b>V</b>	Opening Balance						
	Ist Quarter	2.28	-	2.28	0.06	0.57	1.71
	Iind Quarter	1.71	-	1.71	0.05	0.57	1.14
	IIIrd Quarter	1.14	-	1.14	0.03	0.57	0.57
	Ivth Quarter	0.57		0.57	0.02	0.57	0.00
					0.16	2.28	

Door to Door Period      60 Months  
Moratorium Period        6 Months  
Repayment Period         54 Months

**CALCULATION OF D.S.C.R**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>CASH ACCRUALS</u></b>	4.56	5.61	7.21	9.12	9.81
Interest on Term Loan	1.11	0.91	0.66	0.41	0.16
Total	5.67	6.53	7.87	9.53	9.96
<b><u>REPAYMENT</u></b>					
Repayment of Term Loan	1.14	2.28	2.28	2.28	2.28
Interest on Term Loan	1.11	0.91	0.66	0.41	0.16
Total	2.26	3.19	2.94	2.69	2.44
<b>DEBT SERVICE COVERAGE R</b>	<b>2.51</b>	<b>2.04</b>	<b>2.67</b>	<b>3.54</b>	<b>4.08</b>
<b>AVERAGE D.S.C.R.</b>			<b>2.92</b>		

## **Assumptions:**

- 1.** Production Capacity of a Wash Basin Manufacturing unit is taken at 80 Pcs per day. First year, Capacity has been taken @ 50%.
- 2.** Working shift of 10 hours per day has been considered.
- 3.** Raw Material stock and Finished goods closing stock has been taken for 10 days.
- 4.** Credit period to Sundry Debtors has been given for 10 days.
- 5.** Credit period by the Sundry Creditors has been provided for 10 days.
- 6.** Depreciation and Income tax has been taken as per the Income tax Act,1961.
- 7.** Interest on working Capital Loan and Term loan has been taken at 11%.
- 8.** Salary and wages rates are taken as per the Current Market Scenario.
- 9.** Power Consumption has been taken at 30 KWH.
- 10.** Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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