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PROJECT REPORT

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PROJECT:
HOUSEHOLD UTENSILS (CLAY COOKING POTS) MAKING UNIT

**PROJECT REPORT
OF
HOUSEHOLD UTENSILS (CLAY
COOKING POTS) MAKING UNIT**

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Household Utensils (Clay Cooking Pots) Making 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.]

1. INTRODUCTION



India a country with enormous art and literature is a land rich in various cultures, designs, ethnicity, scriptures, architect and many more. Among them, the art of pottery is a talent treasure which the country holds. Majorly a technique of changing wet soil into beautiful shapes via art of hand and wheel. The pottery industry is often called “from mud to money” industry/sector.

Cooking in clay pots give you all the calcium, phosphorus, iron, magnesium, sulfur and several other compounds that our body benefits from Clay being alkaline in nature helps in neutralizing the Ph balance of the food by interacting with the acid present in the food. The thermal inertia in clay pots helps meats stay tender and soft as the muscle proteins denature and collagen breaks down completely. Clay is alkaline in nature and it interacts with the acidity in the food, thereby neutralizing the pH balance and eventually making food healthier and a lot tastier.

The silver wire around some pieces is inspired by Bidriware (metal handicraft from Bidar). It's a long process to be done cautiously. Also, they make a statue which reflects the divine beauty. People who visit here can't deny buying these products. The focus is to revive it for day to day use, so that consumption increases and there is a growing demand.

2. MARKET POTENTIAL:

The craft originated from Kutch region of Gujarat state. Some potters of the region migrated to Nizamabad during the Mughal rule of Aurangzeb. The silver patterns are inspired from Bidriware of Hyderabad which decorates pots using silver wires. Around 200 families are involved in the craft in Nizamabad and majority of their works are exported. Still their condition remains abysmal. The black clay pottery was applied for Geographical Indication (GI) tag in October 2013 with support of NABARD of Lucknow and Human Welfare Association of Varanasi. It was registered for GI tag in December 2015 which gives the right to name the product to specific geographic region of origin only. The products made have huge demands in the international market as well as the national urban markets.

The pottery-making industry exported products a total value worth US\$ 3.3 billion in 2012-13. Furthermore, it registered a growth of approximately 22% over the previous years.

3. PRODUCT DESCRIPTION

3.1 PRODUCT USES

Compared to red clay kadais this deep burned black clay pots are made using a very old traditional pottery technique. A normal red clay pot is kilned once, and is not exposed to naked flame. But deep burned pots are kilned two times, for the second time, potters literally burn the pots stacked together with wood and hay at a temperature nearly 1200 degree Celsius. Cooking in earthenware also eliminates the need for adding extra fats, flavorings, liquids due to the steam circulating within the earthenware, during the cook, which provides plenty of moisture.

3.2 PRODUCT RAW MATERIAL

The grooves on clay wares are then filled with:

- Fine Textured Clay
- Silvery powder of zinc and mercury washed with water and polished
- Lead and Amalgam is also used
- Hand Tools

- Carving and Decorating Tools
- Glaze and Colorants
- Potter's Wheel
- Worktable
- Shelves/Racks for storage and display of your clay wares
- Kiln
- Business Card
- Product Catalogue

3.3 **MANUFACTURING PROCESS**

This process can be described as below:

FLOW CHART OF THE PROCESS



4. PROJECT COMPONENTS

Plant & Machinery

The potter's wheel can be classified in to two groups:

- The single wheel and
- The double wheel

Single wheel: This can be classified in to the following types

- Socketed Block- Wheel
- Socketed Spoked Wheel
- Pivoted Wheel
- Double Wheel
- Pugmill
- Kiln

PROJECTED PROFITABILITY STATEMENT					
(in Lacs)					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	30%	35%	40%	45%	50%
<u>SALES</u>					
Gross Sale					
Clay Cooking Pots	21.38	27.42	32.91	38.93	45.52
Total	21.38	27.42	32.91	38.93	45.52
COST OF SALES					
Raw Material Consumed	12.15	14.91	17.88	21.06	24.60
Electricity Expenses	0.29	0.35	0.40	0.45	0.50
Depreciation	0.95	0.81	0.69	0.55	0.50
Wages & labour	3.48	3.65	3.84	4.03	4.23
Repair & maintenance	0.21	0.27	0.66	1.17	1.73
Packaging & Consumables	0.25	1.10	1.65	1.95	2.28
Cost of Production	17.33	21.10	25.11	29.21	33.84
Add: Opening Stock	-	0.87	1.05	1.26	1.46
Less: Closing Stock	0.87	1.05	1.26	1.46	1.69
Cost of Sales	16.46	20.91	24.91	29.00	33.61
GROSS PROFIT	4.91	6.51	8.00	9.93	11.91
	22.99%	23.74%	24.30%	25.50%	26.16%
Salary to Staff	1.44	1.66	1.90	2.29	2.63
Interest on Term Loan	0.57	0.51	0.36	0.22	0.08
Interest on working capital	0.11	0.11	0.11	0.11	0.11
Rent	1.20	1.38	1.59	1.83	2.10
Selling & Administrative Exp.	0.43	1.10	1.65	2.34	2.73
TOTAL	3.75	4.75	5.61	6.78	7.65
NET PROFIT	1.16	1.76	2.39	3.15	4.26
Taxation	-	-	-	0.03	0.09
PROFIT (After Tax)	1.16	1.76	2.39	3.12	4.18
NET PROFIT RATIO	5.43%	6.42%	7.26%	8.01%	9.18%

PROJECTED BALANCE SHEET					
					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Liabilities</u>					
Capital					
Opening balance		1.42	2.38	3.47	4.79
Add:- Own Capital	0.76				
Add:- Retained Profit	1.16	1.76	2.39	3.12	4.18
Less:- Drawings	0.50	0.80	1.30	1.80	2.50
Closing Balance	1.42	2.38	3.47	4.79	6.47
Term Loan	5.20	3.90	2.60	1.30	-
Working Capital Limit	1.00	1.00	1.00	1.00	1.00
Sundry Creditors	0.41	0.50	0.60	0.70	0.82
Provisions & Other Liability	1.00	1.20	1.38	1.59	1.83
TOTAL :	9.03	8.98	9.05	9.38	10.11
<u>Assets</u>					
Fixed Assets (Gross)					
Gross Dep.	0.95	1.76	2.45	3.00	3.51
Net Fixed Assets	5.55	4.74	4.05	3.50	2.99
Current Assets					
Sundry Debtors	0.14	0.18	0.22	0.26	0.30
Stock in Hand	1.27	1.55	1.85	2.16	2.51
Cash and Bank	1.56	1.70	1.93	2.16	2.50
Loans & Advances	0.50	0.80	1.00	1.30	1.80
TOTAL :	9.03	8.98	9.05	9.38	10.11

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PROJECTED CASH FLOW STATEMENT					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	0.76				
Net Profit	1.16	1.76	2.39	3.15	4.26
Depreciation & Exp. W/off	0.95	0.81	0.69	0.55	0.50
Increase in Cash Credit	1.00	-	-	-	-
Increase In Term Loan	5.85	-	-	-	-
Increase in Creditors	0.41	0.09	0.10	0.11	0.12
Increase in Provisions & Oth liabilities	1.00	0.20	0.18	0.21	0.24
	-				
TOTAL :	11.13	2.86	3.36	4.02	5.12
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	6.50				
Increase in Stock	1.27	0.28	0.30	0.31	0.35
Increase in Debtors	0.14	0.04	0.04	0.04	0.04
Repayment of Term Loan	0.65	1.30	1.30	1.30	1.30
Increase in Loans & Advances	0.50	0.30	0.20	0.30	0.50
Drawings	0.50	0.80	1.30	1.80	2.50
Taxation	-	-	-	0.03	0.09
TOTAL :	9.56	2.72	3.14	3.78	4.78
Opening Cash & Bank Balance	-	1.56	1.70	1.93	2.16
Add : Surplus	1.56	0.14	0.22	0.23	0.34
Closing Cash & Bank Balance	1.56	1.70	1.93	2.16	2.50

CALCULATION OF D.S.C.R					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	2.11	2.57	3.08	3.67	4.68
Interest on Term Loan	0.57	0.51	0.36	0.22	0.08
Total	2.69	3.08	3.44	3.89	4.76
REPAYMENT					
Instalment of Term Loan	0.65	1.30	1.30	1.30	1.30
Interest on Term Loan	0.57	0.51	0.36	0.22	0.08
Total	1.22	1.81	1.66	1.52	1.38
DEBT SERVICE COVERAGE RATIO	2.19	1.70	2.07	2.56	3.45
AVERAGE D.S.C.R.	2.35				

REPAYMENT SCHEDULE OF TERM LOAN							
Interest							11.00%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
1st	Opening Balance						
	1st month	-	5.85	5.85	-	-	5.85
	2nd month	5.85	-	5.85	0.05	-	5.85
	3rd month	5.85	-	5.85	0.05	-	5.85
	4th month	5.85	-	5.85	0.05	-	5.85
	5th month	5.85	-	5.85	0.05	-	5.85
	6th month	5.85	-	5.85	0.05	-	5.85
	7th month	5.85	-	5.85	0.05	0.11	5.74
	8th month	5.74	-	5.74	0.05	0.11	5.63
	9th month	5.63	-	5.63	0.05	0.11	5.53
	10th month	5.53	-	5.53	0.05	0.11	5.42
	11th month	5.42	-	5.42	0.05	0.11	5.31
	12th month	5.31	-	5.31	0.05	0.11	5.20
					0.57	0.65	
2nd	Opening Balance						
	1st month	5.20	-	5.20	0.05	0.11	5.09
	2nd month	5.09	-	5.09	0.05	0.11	4.98
	3rd month	4.98	-	4.98	0.05	0.11	4.88
	4th month	4.88	-	4.88	0.04	0.11	4.77
	5th month	4.77	-	4.77	0.04	0.11	4.66
	6th month	4.66	-	4.66	0.04	0.11	4.55
	7th month	4.55	-	4.55	0.04	0.11	4.44
	8th month	4.44	-	4.44	0.04	0.11	4.33
	9th month	4.33	-	4.33	0.04	0.11	4.23
	10th month	4.23	-	4.23	0.04	0.11	4.12
	11th month	4.12	-	4.12	0.04	0.11	4.01
	12th month	4.01	-	4.01	0.04	0.11	3.90
					0.51	1.30	
3rd	Opening Balance						
	1st month	3.90	-	3.90	0.04	0.11	3.79
	2nd month	3.79	-	3.79	0.03	0.11	3.68
	3rd month	3.68	-	3.68	0.03	0.11	3.58
	4th month	3.58	-	3.58	0.03	0.11	3.47
	5th month	3.47	-	3.47	0.03	0.11	3.36
	6th month	3.36	-	3.36	0.03	0.11	3.25
	7th month	3.25	-	3.25	0.03	0.11	3.14
	8th month	3.14	-	3.14	0.03	0.11	3.03
	9th month	3.03	-	3.03	0.03	0.11	2.93
	10th month	2.93	-	2.93	0.03	0.11	2.82
	11th month	2.82	-	2.82	0.03	0.11	2.71
	12th month	2.71	-	2.71	0.02	0.11	2.60
					0.36	1.30	

4th	Opening Balance						
	1st month	2.60	-	2.60	0.02	0.11	2.49
	2nd month	2.49	-	2.49	0.02	0.11	2.38
	3rd month	2.38	-	2.38	0.02	0.11	2.28
	4th month	2.28	-	2.28	0.02	0.11	2.17
	5th month	2.17	-	2.17	0.02	0.11	2.06
	6th month	2.06	-	2.06	0.02	0.11	1.95
	7th month	1.95	-	1.95	0.02	0.11	1.84
	8th month	1.84	-	1.84	0.02	0.11	1.73
	9th month	1.73	-	1.73	0.02	0.11	1.63
	10th month	1.63	-	1.63	0.01	0.11	1.52
	11th month	1.52	-	1.52	0.01	0.11	1.41
	12th month	1.41	-	1.41	0.01	0.11	1.30
					0.22	1.30	
5th	Opening Balance						
	1st month	1.30	-	1.30	0.01	0.11	1.19
	2nd month	1.19	-	1.19	0.01	0.11	1.08
	3rd month	1.08	-	1.08	0.01	0.11	0.97
	4th month	0.97	-	0.97	0.01	0.11	0.87
	5th month	0.87	-	0.87	0.01	0.11	0.76
	6th month	0.76	-	0.76	0.01	0.11	0.65
	7th month	0.65	-	0.65	0.01	0.11	0.54
	8th month	0.54	-	0.54	0.00	0.11	0.43
	9th month	0.43	-	0.43	0.00	0.11	0.32
	10th month	0.32	-	0.32	0.00	0.11	0.22
	11th month	0.22	-	0.22	0.00	0.11	0.11
	12th month	0.11	-	0.11	0.00	0.11	-
					0.08	1.30	
	DOOR TO DOOR	60	MONTHS				
	MORATORIUM PERIOD	6	MONTHS				
	REPAYMENT PERIOD	54	MONTHS				

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