PROJECT REPORT

Of

GALVANIZED MS WIRE

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Galvanized MS Wire**.

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 Entreprenuer	xxxxxxxxxx		
2	Constitution (legal Status)	xxxxxxxxxx		
3	Father / Spouse Name	xxxxxxxxxxxx		
4	Unit Address :	xxxxxxxxxxxxxxxxxxxxxxx		
		District :	xxxxxxx	
		Pin:	xxxxxxx	State: xxxxxxxxxx
		Mobile	xxxxxxx	
5	Product and By Product :	**GALVANIZED MS WIRE**		
6	Name of the project / business activity proposed :	**GALVANIZED MS WIRE MAKING UNIT**		
7	Cost of Project :	Rs.49.78 Lakhs		
8	Means of Finance			
	Term Loan	Rs.37.8 Lakhs		
	Own Capital	Rs.4.98 Lakhs		
	Working capital	Rs.7 Lakhs		
9	Debt Service Coverage Ratio :	2.57		
10	Pay Back Period :	5	Years	
11	Project Implementation Period :	5-6	Months	
12	Break Even Point :	22%		
13	Employment :	10	Persons	
14	Power Requirement :	50.00	HP	
15	Major Raw materials :	MS Wire rod, Lead, Zinc, Furnace oil		
16	Estimated Annual Sales Turnover (Max Capacity) :	414.65	Lakhs	
17	Detailed Cost of Project & Means of Finance			

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	40.50
Furniture & Fixtures	1.50
Working Capital	7.78
Total	**49.78**

MEANS OF FINANCE

Particulars	Amount
Own Contribution	4.98
Working Capital(Finance)	7.00
Term Loan	37.80
Total	**49.78**

GALVANIZED MS WIRE

Introduction: Mild Steel Galvanised steel wire popularly known as galvanised wire have extensive application in various field. It has got excellent demand in pre- stressed concrete product like railway sleeper, telegraph and telephone, electric pole etc. and also find ample application in pre-casted cement product like pipes, frames of door and windows etc. On the other hand it has its own market in the field of strands and also its domestic demand can not be ignored. The M.S. Wire are drawn to required dia and then galvanised i.e. coating of zinc is employed on it, gives excellent anti corrosion property to steel wire.

Market: As discussed above, these products have good demand in various fields. The more and more electrification and expansion of railway network associated with gauge conversion of railway track is expected to create huge market. On other hand the demand in the field of pre-casted cement product

and domestic is expected to increase in many folds. Same way expansion of telephone network will also add demand. It is also used in strand which has got market in electrical and railways etc. G.I. Wires is also used in shipping in the form of round strand. Looking into above it has good market potential.

Raw material: Major raw material requirements are as follows:

1. MS Wire rod of 6mm to 8mm
2. Lead
3. Zinc
4. Furnace Oil
5. Other material like charcoal, oil, Asbestos, etc.

Machinery Requirements: Major machines & equipments are as follows:

Description	Quantity	Price	Amount
Bull block type heavy duty wire drawing Machine, 750 mm end drum with electric Motor and other accessories etc.	1	400000	400000
Bull Block type heavy duty wire drawing m/c. 600 mm end drum with electric motor and other accessories etc.	1	300000	300000
Multi stage wire drawing m/c. with 4 dia in row electric motor and other accessories etc.	1	200000	200000
Pickling tank – 2m x 8m x 2m	1	100000	100000
Oil fired lead bath furnace 6 m x 1 m x½ m with 7.5 H.P. Blower and other accessories alongwith water quenching tank etc.	1	620000	620000
Oil fired zinc furnace 3 m x 1 m x ½ m with	1	715000	715000

5 H.P. Blower and other accessories alongwith fluxing tank etc.			
Water rinsing tank 2m x 8m x 6m	1	40000	40000
Take-up m/c. with 12 spooling facility, alongwith electric motor, variable speed and other accessories	1	470000	470000
Effluent treatment plant consist ofNeutralising tank, filtering tank, filterWater cooling etc.	1	780000	780000
Over head crane, 2 M.T Capacity along 1 3,00,000with movement fabrication and other accessories etc.	1	300000	300000
Lathe m/c. 4 feet bed length along with electric motor and other accessories etc.	1	75000	75000
Other equipments & hand tools	Ls		50000
Total Amount			**4050000**

Manufacturing Process: The M.S. Wire rods of 6 mm to 8 mm in coil form purchased is first subject to pickling operation where rust and any other material sticked to it is removed and wire is fluxed. After pickling operation wire is drawn on bull black wire drawing machine to reduce the wire dia to desire specification. The number of passes will depend upon the feed dia and final dia required. Generally in one pass 20% reduction is achieved. The finer dia will be obtained on multistaged wire drawing machine. The drawn wire now will be sent for galvanizing. Here, at first instance wire will be passed through lead bath furnace, where annealing action will be done, followed by wire passing through quenching tank. Then same wire will pass through fluxing tank and finally from zinc furnace where coating of zinc will be done.

The speed of wire passing is adjusted to such a way that all operation are done according to need. These speeds will be adjusted by take up machine where galvanized wire will be spool.

Area: The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and auxiliary like Generator setup. 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 industrial setup is 2500 to 3000Sqft.

Power Requirement: The power consumption required to run all the machinery could be approximated as 50 Hp

Manpower Requirement: There are requirement of skilled machine operators to run the machine set. Experience quality engineers are required for desired quality control. Some helpers are also required to transfer the material from one work station to other. Office staffs are required to maintain the documentation. The approximate manpower required is 10 including 1 Supervisor, 2 Plant operator, 2 unskilled worker, 1 Helper and 1 Security guard. 3 Skilled worker including Accountant, Manager and Sales person.

Bank Term Loan: Rate of Interest is assumed to be at 11%

Depreciation: Depreciation has been calculated as per the Provisions of Income Tax Act, 1961

Approvals & Registration Requirement:

Basic registration required in this project:

- GST Registration
- Udyog Aadhar Registration (Optional)
- Choice of a Brand Name of the product and secure the name with Trademark if require.
- NOC from State Pollution Control Board

Implementation Schedule:

S No.	Activity	Time required
1.	Acquisition of premises	1-2 Months
2.	Procurement & installation of Plant & Machinery	1-2 Months
3.	Arrangement of Finance	1.5-2 Months
4.	Requirement of required Manpower	1 Month
5.	Commercial Trial Runs	1 Month
	Total time Required (some activities shall run concurrently)	5-6 Months

FINANCIALS

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Capital Account					
Opening Balance	-	7.41	12.63	18.32	24.56
Add: Additions	4.98	-	-	-	-
Add: Net Profit	12.43	16.22	18.69	20.23	25.26
Less: Drawings	10.00	11.00	13.00	14.00	18.00
Closing Balance	7.41	12.63	18.32	24.56	31.81
CC Limit	7.00	7.00	7.00	7.00	7.00
Term Loan	33.60	25.20	16.80	8.40	0.00
Sundry Creditors	6.52	7.70	8.56	9.41	10.27
TOTAL :	**54.53**	**52.54**	**50.68**	**49.37**	**49.08**
APPLICATION OF FUND					
Fixed Assets (Gross)	42.00	42.00	42.00	42.00	42.00
Gross Dep.	6.23	11.52	16.03	19.87	23.14
Net Fixed Assets	35.78	30.48	25.97	22.13	18.86
Current Assets					
Sundry Debtors	4.13	4.94	5.58	6.24	6.91
Stock in Hand	10.52	12.29	13.80	15.34	16.92
Cash and Bank	4.11	4.83	5.34	5.67	6.40
TOTAL :	**54.53**	**52.54**	**50.68**	**49.37**	**49.08**

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PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	247.66	296.57	334.88	374.24	414.65
Total (A)	**247.66**	**296.57**	**334.88**	**374.24**	**414.65**
B) COST OF SALES					
Raw Material Consumed	195.60	231.05	256.73	282.40	308.07
Elecricity Expenses	2.90	3.26	3.63	3.99	4.35
Repair & Maintenance	4.95	5.93	10.05	14.97	16.59
Labour & Wages	12.47	12.72	15.27	18.32	21.99
Depreciation	6.23	5.30	4.51	3.84	3.27
Cost of Production	222.15	258.27	290.18	323.52	354.26
Add: Opening Stock /WIP	-	7.26	8.43	9.52	10.64
Less: Closing Stock /WIP	7.26	8.43	9.52	10.64	11.78
Cost of Sales (B)	214.89	257.09	289.09	322.40	353.12
C) GROSS PROFIT (A-B)	32.77	39.48	45.79	51.84	61.53
	13.23%	**13.31%**	**13.67%**	**13.85%**	**14.84%**
D) Bank Interest (Term Loan)	4.10	3.35	2.43	1.50	0.58
ii) Interest On Working Capital	0.77	0.77	0.77	0.77	0.77
E) Salary to Staff	8.32	9.15	10.98	13.17	15.81
F) Selling & Adm Expenses Exp.	4.95	5.93	6.70	7.48	8.29
TOTAL (D+E)	**18.14**	**19.20**	**20.87**	**22.93**	**25.45**
H) NET PROFIT	14.63	20.28	24.92	28.91	36.08
	5.9%	**6.8%**	**7.4%**	**7.7%**	**8.7%**
I) Taxation	2.19	4.06	6.23	8.67	10.82
J) PROFIT (After Tax)	12.43	16.22	18.69	20.23	25.26

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Own Contribution	4.98	-			
Reserve & Surplus	14.63	20.28	24.92	28.91	36.08
Depriciation & Exp. W/off	6.23	5.30	4.51	3.84	3.27
Increase In Cash Credit	7.00				
Increase In Term Loan	37.80	-	-	-	-
Increase in Creditors	6.52	1.18	0.86	0.86	0.86
TOTAL :	**77.15**	**26.76**	**30.29**	**33.60**	**40.21**
APPLICATION OF FUND					
Increase in Fixed Assets	42.00	-	-	-	-
Increase in Stock	10.52	1.77	1.51	1.54	1.57
Increase in Debtors	4.13	0.82	0.64	0.66	0.67
Repayment of Term Loan	4.20	8.40	8.40	8.40	8.40
Taxation	2.19	4.06	6.23	8.67	10.82
Drawings	10.00	11.00	13.00	14.00	18.00
TOTAL :	**73.04**	**26.04**	**29.78**	**33.27**	**39.47**
Opening Cash & Bank Balance	-	4.11	4.83	5.34	5.67
Add : Surplus	4.11	0.72	0.50	0.33	0.73
Closing Cash & Bank Balance	**4.11**	**4.83**	**5.34**	**5.67**	**6.40**

COMPUTATION OF MAKING OF GALVANIZED MS WIRE			
Item to be Manufactured Galvanized MS Wire			
Manufacturing Capacity per day		3,500	Kg
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		10,50,000	Kg
Total Production per Annum		10,50,000	No.s
Year		Capacity Utilisation	GALVANIZED MS WIRE
I		40%	4,20,000.00
II		45%	4,72,500.00
III		50%	5,25,000.00
IV		55%	5,77,500.00
V		60%	6,30,000.00

COMPUTATION OF RAW MATERIAL

Item Name		Quantity of Raw Material	Unit	Unit Rate of	Total CostPer Annum (100%)
MS Wire rod 6mm to 8mm		1,000.00	MT	35,000.00	3,50,00,000.00
Lead		5.00	MT	1,50,000.00	7,50,000.00
Zinc		50.00	MT	2,00,000.00	1,00,00,000.00
Furnace Oil		100.00	KL	30,000.00	30,00,000.00
Other misc material like charcoal, oil, asbestos		Lumsum			1,50,000.00
Total					**4,89,00,000.00**
Total Raw material in Rs lacs					489.00

Raw Material Consumed	Capacity Utilisation		Amount (Rs.)		
I	40%		195.60		
II	45%		231.05	5% Increase in Cost	
III	50%		256.73	5% Increase in Cost	
IV	55%		282.40	5% Increase in Cost	
V	60%		308.07	5% Increase in Cost	

COMPUTATION OF SALE					
Particulars	**I**	**II**	**III**	**IV**	**V**
Op Stock	-	14,000.00	15,750.00	17,500.00	19,250.00
Production	4,20,000.00	4,72,500.00	5,25,000.00	5,77,500.00	6,30,000.00
	4,20,000.00	4,86,500.00	5,40,750.00	5,95,000.00	6,49,250.00
Less : Closing Stock(10 Days)	14,000.00	15,750.00	17,500.00	19,250.00	21,000.00
Net Sale	4,06,000.00	4,70,750.00	5,23,250.00	5,75,750.00	6,28,250.00
Sale Price per Kg(Galvanized MS Wire)	61.00	63.00	64.00	65.00	66.00
Sale (in Lacs)	**247.66**	**296.57**	**334.88**	**374.24**	**414.65**

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
Finished Goods					
(10 Days requirement)	7.26	8.43	9.52	10.64	11.78
Raw Material					
(7 Days requirement)	3.26	3.85	4.28	4.71	5.13
Closing Stock	**10.52**	**12.29**	**13.80**	**15.34**	**16.92**

COMPUTATION OF WORKING CAPITAL REQUIREMENT			
Particulars	**Amount**	**Margin(10%)**	**Net Amount**
Stock in Hand	10.52		
Less:			
Sundry Creditors	6.52		
Paid Stock	**4.00**	**0.40**	**3.60**
Sundry Debtors	4.13	0.41	3.71
Working Capital Requirement			**7.31**
Margin			0.81
MPBF			**7.31**
Working Capital Demand			**7.00**

BREAK UP OF LABOUR				
Particulars		Wages	No of	Total
		Per Month	Employees	Salary
Supervisor		25,000.00	1	25,000.00
Plant Operator		18,000.00	2	36,000.00
Unskilled Worker		12,000.00	2	24,000.00
Helper		8,000.00	1	8,000.00
Security Guard		6,000.00	1	6,000.00
				99,000.00
Add: 5% Fringe Benefit				4,950.00
Total Labour Cost Per Month				1,03,950.00
Total Labour Cost for the year (In Rs. Lakhs)			7	12.47

BREAK UP OF SALARY				
Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Manager		26,000.00	1	26,000.00
Accountant cum store keeper		22,000.00	1	22,000.00
Sales		18,000.00	1	18,000.00
Total Salary Per Month				66,000.00
Add: 5% Fringe Benefit				3,300.00
Total Salary for the month				69,300.00
Total Salary for the year (In Rs. Lakhs)			3	8.32

COMPUTATION OF DEPRECIATION				
Description	Land	Plant & Machinery	Furniture	**TOTAL**
Rate of Depreciation		**15.00%**	**10.00%**	
Opening Balance	Leased	-	-	-
Addition	-	40.50	1.50	42.00
	-	40.50	1.50	42.00
		-	-	
TOTAL		40.50	1.50	42.00
Less : Depreciation	-	6.08	0.15	6.23
WDV at end of Ist year	-	34.43	1.35	35.78
Additions During The Year	-	-	-	-
	-	34.43	1.35	35.78
Less : Depreciation	-	5.16	0.14	5.30
WDV at end of IInd Year	-	29.26	1.22	30.48
Additions During The Year	-	-	-	-
	-	29.26	1.22	30.48
Less : Depreciation	-	4.39	0.12	4.51
WDV at end of IIIrd year	-	24.87	1.09	25.97
Additions During The Year	-	-	-	-
	-	24.87	1.09	25.97
Less : Depreciation	-	3.73	0.11	3.84
WDV at end of IV year	-	21.14	0.98	22.13
Additions During The Year	-	-	-	-
	-	21.14	0.98	22.13
Less : Depreciation	-	3.17	0.10	3.27
WDV at end of Vth year	-	17.97	0.89	18.86

REPAYMENT SCHEDULE OF TERM LOAN						11.0%	
Year	**Particulars**	**Amount**	**Addition**	**Total**	**Interest**	**Repayment**	**Cl Balance**
I	Opening Balance						
	Ist Quarter	-	37.80	37.80	1.04	-	37.80
	Iind Quarter	37.80	-	37.80	1.04	-	37.80
	IIIrd Quarter	37.80	-	37.80	1.04	2.10	35.70
	Ivth Quarter	35.70	-	35.70	0.98	2.10	33.60
					4.10	4.20	
II	Opening Balance						
	Ist Quarter	33.60	-	33.60	0.92	2.10	31.50
	Iind Quarter	31.50	-	31.50	0.87	2.10	29.40
	IIIrd Quarter	29.40	-	29.40	0.81	2.10	27.30
	Ivth Quarter	27.30		27.30	0.75	2.10	25.20
					3.35	8.40	
III	Opening Balance						
	Ist Quarter	25.20	-	25.20	0.69	2.10	23.10
	Iind Quarter	23.10	-	23.10	0.64	2.10	21.00
	IIIrd Quarter	21.00	-	21.00	0.58	2.10	18.90
	Ivth Quarter	18.90		18.90	0.52	2.10	16.80
					2.43	8.40	
IV	Opening Balance						
	Ist Quarter	16.80	-	16.80	0.46	2.10	14.70
	Iind Quarter	14.70	-	14.70	0.40	2.10	12.60
	IIIrd Quarter	12.60	-	12.60	0.35	2.10	10.50
	Ivth Quarter	10.50		10.50	0.29	2.10	8.40
					1.50	8.40	
V	Opening Balance						
	Ist Quarter	8.40	-	8.40	0.23	2.10	6.30
	Iind Quarter	6.30	-	6.30	0.17	2.10	4.20
	IIIrd Quarter	4.20	-	4.20	0.12	2.10	2.10
	Ivth Quarter	2.10		2.10	0.06	2.10	- 0.00
					0.58	8.40	

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

CALCULATION OF D.S.C.R

PARTICULARS	I	II	III	IV	V
CASH ACCRUALS	18.66	21.52	23.20	24.07	28.53
Interest on Term Loan	4.10	3.35	2.43	1.50	0.58
Total	22.76	24.87	25.63	25.58	29.10
REPAYMENT					
Repayment of Term Loan	4.20	8.40	8.40	8.40	8.40
Interest on Term Loan	4.10	3.35	2.43	1.50	0.58
Total	8.30	11.75	10.83	9.90	8.98
DEBT SERVICE COVERAGE RATIO	**2.74**	**2.12**	**2.37**	**2.58**	**3.24**
AVERAGE D.S.C.R.			**2.57**		

COMPUTATION OF ELECTRICITY				
(A) POWER CONNECTION				
Total Working Hour per day		Hours	8	
Electric Load Required		HP	50	
Load Factor			0.7460	
Electricity Charges		per unit	7.50	
Total Working Days			300	
Electricity Charges				6,71,400.00
Add : Minimim Charges (@ 10%)				
(B) DG set				
No. of Working Days			300	days
No of Working Hours			0.3	Hour per day
Total no of Hour			90	
Diesel Consumption per Hour			8	
Total Consumption of Diesel			720	
Cost of Diesel			65.00	Rs. /Ltr
Total cost of Diesel			0.47	
Add : Lube Cost @15%			0.07	
Total			**0.54**	
Total cost of Power & Fuel at 100%				7.25
Year		**Capacity**		**Amount**
				(in Lacs)
I		40%		2.90
II		45%		3.26
III		50%		3.63
IV		55%		3.99
V		60%		4.35

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