

PROJECT REPORT

Of

ANCHOR

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Anchor**.

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 : xxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxx
- 3 Father / Spouse Name : xxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxx
Pin: xxxxxx State: xxxxxxxx
Mobile xxxxxx
- 5 Product and By Product : ANCHOR
- 6 Name of the project / business activity proposed : ANCHOR MAKING UNIT
- 7 Cost of Project : Rs.22.44 Lakhs
- 8 Means of Finance
Term Loan Rs.16.2 Lakhs
Own Capital Rs.2.24 Lakhs
Working Capital Rs.4 Lakhs
- 9 Debt Service Coverage Ratio : 2.50
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 27%
- 13 Employment : 7 Persons
- 14 Power Requirement : 20.00 HP
- 15 Major Raw materials : Mild metal sheet,Steel wire,Lubricant oil,Bolt, Chemicals
- 16 Estimated Annual Sales Turnover (Max Capacity) : 107.14 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
	Own/Rented
Land	16.50
Plant & Machinery	1.50
Furniture & Fixtures	4.44
Working Capital	22.44
Total	22.44

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.24
Working Capital(Finance)	4.00
Term Loan	16.20
Total	22.44

ANCHOR

Introduction: An anchor is a device, normally made of metal used to hold things. Without the right anchor, no structure can be held together safely; for choosing the right anchor first the entire structure to be examined. Anchor fasteners also differ with the base material used during the construction, as if the material is drywell than the anchor fasteners are used for covering studded walls and ceilings in both commercial and residential purpose. The technological advancement in fasteners technology will further boost the demand for anchor fasteners. A hook is a tool that is used to connect, grab onto, or attach itself to another object or thing. Generally, one end of a hook is pointed and sharp so that it can penetrate another substance such as a wall, and the other end is generally curved or indented so that the hook is connected to another object. Anchor are an essential part of daily life. In a household it is used for multiple purposes, such as hanging hand towels, coats, dog leads, mirrors, wall pieces, pictures, and various other household items or lightweight fixtures. Utility hooks can be made of metal, wood, or plastic and are also coated with zinc or metal to increase its life.



Uses & Application of Anchor: Anchors are required to resist forces in two directions. Pull-out forces are those that act in the direction of the axis of the fastener. Shear forces are those forces that act at right angles to the axis of the fastener. A hook is a tool consisting of a length of material, typically metal, that contains a portion that is curved or indented, such that it can be used to grab onto, connect, or otherwise attach itself onto another object. A hook is a hand tool used for securing and moving loads. It consists of a round wooden handle with a strong metal hook about 8" long projecting at a right angle from the center of the handle. The appliance is held in a closed fist with the hook projecting between two fingers.

Anchor (Hook) Market Analysis: Across the world, rise in population is increasing the number of households, consequently driving the demand for hooks. Although hooks are a very small household tool, they are highly essential to decorate the walls of a home. Rise in aesthetic sense of people is increasing the demand for utility hooks. By material type, the global hooks market can be segmented into metal, plastic, and wood. By type of mounting, the market can be segmented into ceiling mounted hooks and wall mounted hooks. By distribution channel, the global hooks market is segmented into online and offline. In India, with rise in population, the number of households are also increasing. Rise in number of households are increasing the demand for hooks in India.

Description of Machinery & Equipment:

S No.	Machine	Unit	Price
1.	Heavy Hydraulic Press(6 Lac per set)	2	1200000
2.	Electroplating Plant(40Ltr.)	1	400000
3.	Die(10000 each)	5	50000
	Total Amount		1650000

Raw material requirement: Major raw materials are as follows:

S No.	Description	Amount
1	Mild metal sheet	Rs 60-65 per Kg
2	Steel Wire	Rs 60-70 per Kg
3	Lubricant Oil	Rs 100-110 per Ltr.
4	Bolt	Rs 55 per Kg
5	Chemicals(zinc)	Rs 20-30 per Kg

Average raw material cost per Kg of anchor is Rs. 70-75.

Manufacturing Process: Manufacturing process is defined below:

- Procurement of raw material
- Cutting of metal sheet with the help of Hydraulic Press
- After cutting it is converted into leaf structure and coating of zinc is done
- Weight measurement & sent to assembly section
- In assembly section leaf, anchor and bolt are joined together and product is ready for sale.

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 800 to 1200Sqft.

Power Requirement –The power consumption required to run all the machinery could be approximated as 20hp

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 7 including 1 Plant operator, 1 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
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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 CASH FLOW STATEMENT					
PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	2.24	-			
Reserve & Surplus	3.81	6.81	10.39	13.08	17.77
Depriciation & Exp. W/off	2.63	2.24	1.91	1.63	1.39
Increase In Cash Credit	4.00				
Increase In Term Loan	16.20	-	-	-	-
Increase in Creditors	2.10	0.28	0.29	0.30	0.31
TOTAL :	30.98	9.33	12.59	15.01	19.47
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	18.00	-	-	-	-
Increase in Stock	4.13	0.60	0.66	0.63	0.73
Increase in Debtors	3.05	0.63	0.55	0.51	0.62
Repayment of Term Loan	1.80	3.60	3.60	3.60	3.60
Taxation	-	1.02	3.12	3.92	5.33
Drawings	2.50	3.00	4.00	6.00	8.00
TOTAL :	29.48	8.85	11.93	14.67	18.28
Opening Cash & Bank Balance	-	1.50	1.98	2.64	2.98
Add : Surplus	1.50	0.48	0.66	0.34	1.19
Closing Cash & Bank Balance	1.50	1.98	2.64	2.98	4.17

PROJECTED BALANCE SHEET					
PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	3.55	6.34	9.62	12.77
Add: Additions	2.24	-	-	-	-
Add: Net Profit	3.81	5.79	7.27	9.16	12.44
Less: Drawings	2.50	3.00	4.00	6.00	8.00
Closing Balance	3.55	6.34	9.62	12.77	17.21
CC Limit	4.00	4.00	4.00	4.00	4.00
Term Loan	14.40	10.80	7.20	3.60	-
Sundry Creditors	2.10	2.38	2.66	2.96	3.28
TOTAL :	24.05	23.52	23.48	23.34	24.49
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	18.00	18.00	18.00	18.00	18.00
Gross Dep.	2.63	4.86	6.77	8.40	9.79
Net Fixed Assets	15.38	13.14	11.23	9.60	8.21
Current Assets					
Sundry Debtors	3.05	3.68	4.23	4.74	5.36
Stock in Hand	4.13	4.73	5.39	6.02	6.75
Cash and Bank	1.50	1.98	2.64	2.98	4.17
TOTAL :	24.05	23.52	23.48	23.34	24.49

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PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	60.99	73.58	84.61	94.79	107.14
Total (A)	60.99	73.58	84.61	94.79	107.14
B) COST OF SALES					
Raw Material Consumed	42.00	47.52	53.28	59.28	65.52
Electricity Expenses	1.61	1.77	1.93	2.10	2.26
Repair & Maintenance	2.44	2.94	3.38	3.79	4.29
Labour & Wages	4.03	4.64	5.19	5.92	6.51
Depreciation	2.63	2.24	1.91	1.63	1.39
Cost of Production	52.71	59.11	65.70	72.72	79.96
Add: Opening Stock /WIP	-	2.73	3.14	3.61	4.04
Less: Closing Stock /WIP	2.73	3.14	3.61	4.04	4.57
Cost of Sales (B)	49.98	58.70	65.23	72.28	79.44
C) GROSS PROFIT (A-B)	11.01	14.89	19.37	22.51	27.70
	18.05%	20.23%	22.90%	23.75%	25.85%
D) Bank Interest (Term Loan)	1.76	1.44	1.04	0.64	0.25
ii) Interest On Working Capital	0.44	0.44	0.44	0.44	0.44
E) Salary to Staff	3.78	4.73	5.81	6.45	7.10
F) Selling & Adm Expenses Exp.	1.22	1.47	1.69	1.90	2.14
TOTAL (D+E)	7.20	8.07	8.98	9.43	9.93
H) NET PROFIT	3.81	6.81	10.39	13.08	17.77
	6.3%	9.3%	12.3%	13.8%	16.6%
I) Taxation	-	1.02	3.12	3.92	5.33
J) PROFIT (After Tax)	3.81	5.79	7.27	9.16	12.44

COMPUTATION OF MAKING OF ANCHOR(HOOK)			
Item to be Manufactured	Anchor(Hook)		
Manufacturing Capacity per day		400	Kg
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		1,20,000	Kg
Total Production per Annum		1,20,000	Kg
Year		Capacity Utilisation	ANCHOR
I		50%	60,000.00
II		55%	66,000.00
III		60%	72,000.00
IV		65%	78,000.00
V		70%	84,000.00

Raw Material Consumed	Capacity Utilisation	Rate per Kg	Amount (Rs.)
I	50%	70.00	42.00
II	55%	72.00	47.52
III	60%	74.00	53.28
IV	65%	76.00	59.28
V	70%	78.00	65.52

COMPUTATION OF SALE					
Particulars	I	II	III	IV	V
Op Stock	-	3,000.00	3,300.00	3,600.00	3,900.00
Production	60,000.00	66,000.00	72,000.00	78,000.00	84,000.00
	60,000.00	69,000.00	75,300.00	81,600.00	87,900.00
Less : Closing Stock(15 Days)	3,000.00	3,300.00	3,600.00	3,900.00	4,200.00
Net Sale	57,000.00	65,700.00	71,700.00	77,700.00	83,700.00
Sale Price per Kg	107.00	112.00	118.00	122.00	128.00
Sale (in Lacs)	60.99	73.58	84.61	94.79	107.14

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
Finished Goods					
(15 Days requirement)	2.73	3.14	3.61	4.04	4.57
Raw Material					
(10 Days requirement)	1.40	1.58	1.78	1.98	2.18
Closing Stock	4.13	4.73	5.39	6.02	6.75

COMPUTATION OF WORKING CAPITAL REQUIREMENT			
Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	4.13		
Less:			
Sundry Creditors	2.10		
Paid Stock	2.03	0.20	1.83
Sundry Debtors	3.05	0.30	2.74
Working Capital Requirement			4.57
Margin			0.51
MPBF			4.57
Working Capital Demand			4.00

<u>BREAK UP OF LABOUR</u>				
Particulars		Wages	No of	Total
		Per Month	Employees	Salary
Plant Operator		10,000.00	1	10,000.00
Unskilled Worker		8,000.00	1	8,000.00
Helper		8,000.00	1	8,000.00
Security Guard		6,000.00	1	6,000.00
				32,000.00
Add: 5% Fringe Benefit				1,600.00
Total Labour Cost Per Month				33,600.00
Total Labour Cost for the year (In Rs. Lakhs)			4	4.03

<u>BREAK UP OF SALARY</u>				
Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Manager		12,000.00	1	12,000.00
Accountant cum store keeper		10,000.00	1	10,000.00
Sales		8,000.00	1	8,000.00
Total Salary Per Month				30,000.00
Add: 5% Fringe Benefit				1,500.00
Total Salary for the month				31,500.00
Total Salary for the year (In Rs. Lakhs)			3	3.78

COMPUTATION OF DEPRECIATION				
Description	Land	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		15.00%	10.00%	
Opening Balance	Leased	-	-	-
Addition	-	16.50	1.50	18.00
	-	16.50	1.50	18.00
		-	-	
TOTAL		16.50	1.50	18.00
Less : Depreciation	-	2.48	0.15	2.63
WDV at end of Ist year	-	14.03	1.35	15.38
Additions During The Year	-	-	-	-
	-	14.03	1.35	15.38
Less : Depreciation	-	2.10	0.14	2.24
WDV at end of IIInd Year	-	11.92	1.22	13.14
Additions During The Year	-	-	-	-
	-	11.92	1.22	13.14
Less : Depreciation	-	1.79	0.12	1.91
WDV at end of IIIrd year	-	10.13	1.09	11.23
Additions During The Year	-	-	-	-
	-	10.13	1.09	11.23
Less : Depreciation	-	1.52	0.11	1.63
WDV at end of IV year	-	8.61	0.98	9.60
Additions During The Year	-	-	-	-
	-	8.61	0.98	9.60
Less : Depreciation	-	1.29	0.10	1.39
WDV at end of Vth year	-	7.32	0.89	8.21

REPAYMENT SCHEDULE OF TERM LOAN						11.0%	
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter		16.20	16.20	0.45	-	16.20
	IInd Quarter	16.20	-	16.20	0.45	-	16.20
	IIIRD Quarter	16.20	-	16.20	0.45	0.90	15.30
	Ivth Quarter	15.30	-	15.30	0.42	0.90	14.40
					1.76	1.80	
II	Opening Balance						
	Ist Quarter	14.40	-	14.40	0.40	0.90	13.50
	IInd Quarter	13.50	-	13.50	0.37	0.90	12.60
	IIIRD Quarter	12.60	-	12.60	0.35	0.90	11.70
	Ivth Quarter	11.70		11.70	0.32	0.90	10.80
					1.44	3.60	
III	Opening Balance						
	Ist Quarter	10.80	-	10.80	0.30	0.90	9.90
	IInd Quarter	9.90	-	9.90	0.27	0.90	9.00
	IIIRD Quarter	9.00	-	9.00	0.25	0.90	8.10
	Ivth Quarter	8.10		8.10	0.22	0.90	7.20
					1.04	3.60	
IV	Opening Balance						
	Ist Quarter	7.20	-	7.20	0.20	0.90	6.30
	IInd Quarter	6.30	-	6.30	0.17	0.90	5.40
	IIIRD Quarter	5.40	-	5.40	0.15	0.90	4.50
	Ivth Quarter	4.50		4.50	0.12	0.90	3.60
					0.64	3.60	
V	Opening Balance						
	Ist Quarter	3.60	-	3.60	0.10	0.90	2.70
	IInd Quarter	2.70	-	2.70	0.07	0.90	1.80
	IIIRD Quarter	1.80	-	1.80	0.05	0.90	0.90
	Ivth Quarter	0.90		0.90	0.02	0.90	0.00
					0.25	3.60	

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

<u>CALCULATION OF D.S.C.R</u>					
PARTICULARS	I	II	III	IV	V
<u>CASH ACCRUALS</u>	6.44	8.03	9.18	10.79	13.83
Interest on Term Loan	1.76	1.44	1.04	0.64	0.25
Total	8.20	9.47	10.22	11.43	14.08
<u>REPAYMENT</u>					
Repayment of Term Loan	1.80	3.60	3.60	3.60	3.60
Interest on Term Loan	1.76	1.44	1.04	0.64	0.25
Total	3.56	5.04	4.64	4.24	3.85
DEBT SERVICE COVERAGE RATIO	2.30	1.88	2.20	2.69	3.66
AVERAGE D.S.C.R.			2.50		

COMPUTATION OF ELECTRICITY				
(A) POWER CONNECTION				
Total Working Hour per day		Hours	8	
Electric Load Required		HP	20	
Load Factor			0.7460	
Electricity Charges		per unit	7.50	
Total Working Days			300	
Electricity Charges				2,68,560.00
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%				3.22
	Year	Capacity		Amount (in Lacs)
	I	50%		1.61
	II	55%		1.77
	III	60%		1.93
	IV	65%		2.10
	V	70%		2.26

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