

PROJECT REPORT

Of

WIRE MESH FENCING

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Wire Mesh Fencing**.

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 : xxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxx
Pin: xxxxxx State: xxxxxxxxx
Mobile xxxxxx
- 5 Product and By Product : **WELDED WIRE MESH**
- 6 Name of the project / business activity proposed : **WIRE MESH FENCING UNIT**
- 7 Cost of Project : Rs.44.33 Lakhs
- 8 Means of Finance
Term Loan Rs.32.4 Lakhs
Own Capital Rs.4.43 Lakhs
Working capital Rs.7.5 Lakhs
- 9 Debt Service Coverage Ratio : 2.62
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 25%
- 13 Employment : 11 Persons
- 14 Power Requirement : 50.00 HP
- 15 Major Raw materials : M.S. Wire Coil
- 16 Estimated Annual Sales Turnover (Max Capacity) : 384.22 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	34.80
Furniture & Fixtures	1.20
Working Capital	8.33
Total	44.33

MEANS OF FINANCE

Particulars	Amount
Own Contribution	4.43
Working Capital(Finance)	7.50
Term Loan	32.40
Total	44.33

WIRE MESH FENCING

Introduction: Welded wire mesh is the latest development in land wire product industry. The welded wire, generally called reinforcing wire, is mostly used in cement concrete work for construction of buildings, National Highway pavements, runways, dams, airports etc. It is also used for fencing purposes and for partition walls and as a safety guard in engineering workshops.



Market Potential: Welded wire mesh is used extensively in constructional work and fencing purposes. The wire mesh is made by automatic welding process, thus saving a lot of human labour and achieving uniformity in distance and quality.

Raw Material: The only material that is used is M.S. Wire coil. Idle size of coil can be between 2mm to 5.6mm dia.

Machinery Requirements: Major machines & equipments are as follows:

S No.	Description	Qty.	Amount
1.	Semi-automatic wire mesh Welder model WMW 1800 suitable for manufacturing wire meshes having a width of 6 feet with different sizes and wire diameters varying from 2 mm to 5.6 mm (prestraightened and cut to length) complete with solid state synchronous IC controller, thyristor panel, 6 Nos. of water cooled encapsulated transformers, each having rating 100 KVA at 50% duty cycle holder assemblies and automatic cross wire feeder mechanism. The machine is suitable for connecting 400/440 Volts, 2 line of a 3 phase 50 HZ	1	3200000
2.	Weld mesh cutting machine suitable for 8 mm dia rod x 9' length with 10HP motor	1	150000
3.	Wire cutting and straightening machine upto 8 mm dia with 7.5 HP motor	1	50000
4.	Air compressor with 3 HP motor 200 ltr. tank capacity	1	22000
5.	Wolf make portable hand 6" grinder wheel dia	1	5000
6.	Wire but welding machine 6 KVA	1	25000
7.	Other equipments & hand tools	Ls	28000
	Total Amount		3480000

Manufacturing Process: 6 to 20 wires depending on the type of mesh are fed horizontally, parallel to one another over rollers to the machine. Distance

between these wires is as per design. From the machine, a cross wire over tapping the parallel wires is fed and all the joints are electrically welded. The rollers move the parallel wires further and another cross wire comes in at specified distance. The process goes on, to give a wire mesh of desired specification. The welded wire mesh is pulled out for making rolls.

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 11 including 1 Supervisor, 2 Plant operator, 2 unskilled worker, 2 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	-	6.40	10.59	15.31	21.27
Add: Additions	4.43	-	-	-	-
Add: Net Profit	9.47	12.19	16.72	19.96	23.44
Less: Drawings	7.50	8.00	12.00	14.00	17.50
Closing Balance	6.40	10.59	15.31	21.27	27.21
CC Limit	7.50	7.50	7.50	7.50	7.50
Term Loan	28.80	21.60	14.40	7.20	-
Sundry Creditors	4.26	5.03	5.59	6.14	6.70
TOTAL :	46.96	44.72	42.79	42.12	41.42
APPLICATION OF FUND					
Fixed Assets (Gross)	36.00	36.00	36.00	36.00	36.00
Gross Dep.	5.34	9.89	13.75	17.05	19.85
Net Fixed Assets	30.66	26.12	22.25	18.95	16.15
Current Assets					
Sundry Debtors	6.30	7.44	8.36	9.29	10.25
Stock in Hand	6.44	7.55	8.44	9.33	10.24
Cash and Bank	3.55	3.61	3.76	4.54	4.78
TOTAL :	46.96	44.72	42.79	42.12	41.42

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PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	236.30	278.93	313.35	348.45	384.22
Total (A)	236.30	278.93	313.35	348.45	384.22
B) COST OF SALES					
Raw Material Consumed	182.40	215.46	239.40	263.34	287.28
Electricity Expenses	2.90	3.26	3.63	3.99	4.35
Repair & Maintenance	7.56	8.37	9.40	10.45	11.53
Labour & Wages	14.36	15.08	18.10	20.81	23.94
Depreciation	5.34	4.55	3.87	3.29	2.80
Cost of Production	212.57	246.72	274.39	301.89	329.90
Add: Opening Stock /WIP	-	3.40	3.96	4.45	4.94
Less: Closing Stock /WIP	3.40	3.96	4.45	4.94	5.45
Cost of Sales (B)	209.16	246.16	273.91	301.39	329.39
C) GROSS PROFIT (A-B)	27.13	32.77	39.45	47.05	54.83
	11.48%	11.75%	12.59%	13.50%	14.27%
D) Bank Interest (Term Loan)	3.51	2.87	2.08	1.29	0.49
ii) Interest On Working Capital	0.83	0.83	0.83	0.83	0.83
E) Salary to Staff	6.93	8.32	9.98	11.98	13.41
F) Selling & Adm Expenses Exp.	4.73	6.42	6.89	8.01	8.84
TOTAL (D+E)	16.00	18.43	19.78	22.10	23.57
H) NET PROFIT	11.14	14.34	19.67	24.95	31.26
	4.7%	5.1%	6.3%	7.2%	8.1%
I) Taxation	1.67	2.15	2.95	4.99	7.81
J) PROFIT (After Tax)	9.47	12.19	16.72	19.96	23.44

PROJECTED CASH FLOW STATEMENT					
PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	4.43	-			
Reserve & Surplus	11.14	14.34	19.67	24.95	31.26
Depriciation & Exp. W/off	5.34	4.55	3.87	3.29	2.80
Increase In Cash Credit	7.50				
Increase In Term Loan	32.40	-	-	-	-
Increase in Creditors	4.26	0.77	0.56	0.56	0.56
TOTAL :	65.07	19.66	24.10	28.81	34.62
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	36.00	-	-	-	-
Increase in Stock	6.44	1.11	0.89	0.90	0.91
Increase in Debtors	6.30	1.14	0.92	0.94	0.95
Repayment of Term Loan	3.60	7.20	7.20	7.20	7.20
Taxation	1.67	2.15	2.95	4.99	7.81
Drawings	7.50	8.00	12.00	14.00	17.50
TOTAL :	61.52	19.59	23.95	28.02	34.37
Opening Cash & Bank Balance	-	3.55	3.61	3.76	4.54
Add : Surplus	3.55	0.06	0.14	0.78	0.24
Closing Cash & Bank Balance	3.55	3.61	3.76	4.54	4.78

<u>COMPUTATION OF MAKING OF WELDED WIRE MESH</u>			
Item to be Manufactured Welded Wire Mesh			
Manufacturing Capacity per day		4,500	Kg
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		13,50,000	Kg
Total Production per Annum		13,50,000	Kg
Year		Capacity	WELDED WIRE MESH
		Utilisation	
I		40%	5,40,000.00
II		45%	6,07,500.00
III		50%	6,75,000.00
IV		55%	7,42,500.00
V		60%	8,10,000.00

<u>COMPUTATION OF RAW MATERIAL</u>					
Item Name	Quantity of Raw Material	Unit	Rate per MT	Total CostPer Annum (100%)	
M.S. Wire Coil 2mm to 5.6 mm dia	1,200.00	MT	38,000.00	4,56,00,000.00	
Total				4,56,00,000.00	
Total Raw material in Rs lacs				456.00	

Raw Material Consumed	Capacity	Amount (Rs.)	
	Utilisation		
I	40%	182.40	
II	45%	215.46	5% Increase in Cost
III	50%	239.40	5% Increase in Cost
IV	55%	263.34	5% Increase in Cost
V	60%	287.28	5% Increase in Cost

COMPUTATION OF SALE					
Particulars	I	II	III	IV	V
Op Stock	-	9,000.00	10,125.00	11,250.00	12,375.00
Production	5,40,000.00	6,07,500.00	6,75,000.00	7,42,500.00	8,10,000.00
	5,40,000.00	6,16,500.00	6,85,125.00	7,53,750.00	8,22,375.00
Less : Closing Stock(5 Days)	9,000.00	10,125.00	11,250.00	12,375.00	13,500.00
Net Sale	5,31,000.00	6,06,375.00	6,73,875.00	7,41,375.00	8,08,875.00
Sale Price per Kg	44.50	46.00	46.50	47.00	47.50
Sale (in Lacs)	236.30	278.93	313.35	348.45	384.22

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
Finished Goods					
(5 Days requirement)	3.40	3.96	4.45	4.94	5.45
Raw Material					
(5 Days requirement)	3.04	3.59	3.99	4.39	4.79
Closing Stock	6.44	7.55	8.44	9.33	10.24

COMPUTATION OF WORKING CAPITAL REQUIREMENT			
Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	6.44		
Less:			
Sundry Creditors	4.26		
Paid Stock	2.19	0.22	1.97
Sundry Debtors	6.30	0.63	5.67
Working Capital Requirement			7.64
Margin			0.85
MPBF			7.64
Working Capital Demand			7.50

BREAK UP OF LABOUR				
Particulars	Wages Per Month	No of Employees	Total Salary	
Supervisor	22,000.00	1	22,000.00	
Plant Operator	18,000.00	2	36,000.00	
Unskilled Worker	14,000.00	2	28,000.00	
Helper	10,000.00	2	20,000.00	
Security Guard	8,000.00	1	8,000.00	
				1,14,000.00
Add: 5% Fringe Benefit				5,700.00
Total Labour Cost Per Month				1,19,700.00
Total Labour Cost for the year (In Rs. Lakhs)		8		14.36

BREAK UP OF SALARY				
Particulars	Salary Per Month	No of Employees	Total Salary	
Manager	22,000.00	1	22,000.00	
Accountant cum store keeper	18,000.00	1	18,000.00	
Sales	15,000.00	1	15,000.00	
Total Salary Per Month				55,000.00
Add: 5% Fringe Benefit				2,750.00
Total Salary for the month				57,750.00
Total Salary for the year (In Rs. Lakhs)		3		6.93

COMPUTATION OF DEPRECIATION				
Description	Land	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		15.00%	10.00%	
Opening Balance	Leased	-	-	-
Addition	-	34.80	1.20	36.00
	-	34.80	1.20	36.00
		-	-	-
TOTAL		34.80	1.20	36.00
Less : Depreciation	-	5.22	0.12	5.34
WDV at end of 1st year	-	29.58	1.08	30.66
Additions During The Year	-	-	-	-
	-	29.58	1.08	30.66
Less : Depreciation	-	4.44	0.11	4.55
WDV at end of 2nd Year	-	25.14	0.97	26.12
Additions During The Year	-	-	-	-
	-	25.14	0.97	26.12
Less : Depreciation	-	3.77	0.10	3.87
WDV at end of 3rd year	-	21.37	0.87	22.25
Additions During The Year	-	-	-	-
	-	21.37	0.87	22.25
Less : Depreciation	-	3.21	0.09	3.29
WDV at end of 4th year	-	18.17	0.79	18.95
Additions During The Year	-	-	-	-
	-	18.17	0.79	18.95
Less : Depreciation	-	2.72	0.08	2.80
WDV at end of 5th year	-	15.44	0.71	16.15

REPAYMENT SCHEDULE OF TERM LOAN							11.0%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	32.40	32.40	0.89	-	32.40
	IInd Quarter	32.40	-	32.40	0.89	-	32.40
	IIIrd Quarter	32.40	-	32.40	0.89	1.80	30.60
	Ivth Quarter	30.60	-	30.60	0.84	1.80	28.80
					3.51	3.60	
II	Opening Balance						
	Ist Quarter	28.80	-	28.80	0.79	1.80	27.00
	IInd Quarter	27.00	-	27.00	0.74	1.80	25.20
	IIIrd Quarter	25.20	-	25.20	0.69	1.80	23.40
	Ivth Quarter	23.40		23.40	0.64	1.80	21.60
					2.87	7.20	
III	Opening Balance						
	Ist Quarter	21.60	-	21.60	0.59	1.80	19.80
	IInd Quarter	19.80	-	19.80	0.54	1.80	18.00
	IIIrd Quarter	18.00	-	18.00	0.50	1.80	16.20
	Ivth Quarter	16.20		16.20	0.45	1.80	14.40
					2.08	7.20	
IV	Opening Balance						
	Ist Quarter	14.40	-	14.40	0.40	1.80	12.60
	IInd Quarter	12.60	-	12.60	0.35	1.80	10.80
	IIIrd Quarter	10.80	-	10.80	0.30	1.80	9.00
	Ivth Quarter	9.00		9.00	0.25	1.80	7.20
					1.29	7.20	
V	Opening Balance						
	Ist Quarter	7.20	-	7.20	0.20	1.80	5.40
	IInd Quarter	5.40	-	5.40	0.15	1.80	3.60
	IIIrd Quarter	3.60	-	3.60	0.10	1.80	1.80
	Ivth Quarter	1.80		1.80	0.05	1.80	- 0.00
					0.49	7.20	

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	14.81	16.73	20.59	23.26	26.25
Interest on Term Loan	3.51	2.87	2.08	1.29	0.49
Total	18.32	19.61	22.67	24.54	26.74
REPAYMENT					
Repayment of Term Loan	3.60	7.20	7.20	7.20	7.20
Interest on Term Loan	3.51	2.87	2.08	1.29	0.49
Total	7.11	10.07	9.28	8.49	7.70
DEBT SERVICE COVERAGE RATIO	2.58	1.95	2.44	2.89	3.48
AVERAGE D.S.C.R.			2.62		

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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