PROJECT REPORT

Of
WIRE NAILS

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding 'Wire nails'.

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 REPORT ON
WIRE NAILS

INTRODUCTION:

Iron nail is one hardware that is used mainly in Building construction work, manufacturing boxes for packing etc. due to the increasing population and the necessities attached to it, they are always in demand in the market. The most important aspect about the manufacturing of this product is that the brand is not important as far as iron nails are concerned hence entrepreneurs can go for the manufacturing at district or tehsil level. Keeping the quality standards in mind, and they could be on the road to success. For the purpose of marketing one can contact hardware store and the stores that keep stuff related to building construction.

MANUFACTURING PROCESS OF NAILS:

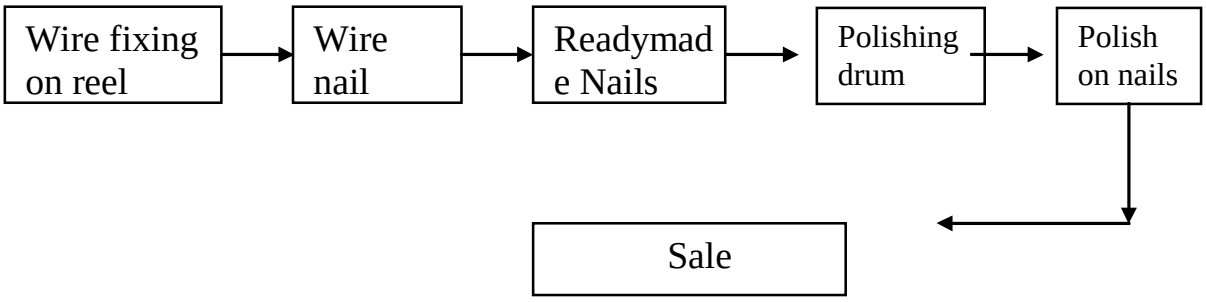
Two types of machines are required to manufacture nails (i) Crank type (ii) Spring type. Out of these maintenance cost and are automatic. Cold drawn, bright wire is used to make nails, and this wire is available in various gauges (20 S.W.G. to 65 W.G.). These wires are found in round bundles, one end of the wire is fixed in tool stand and then the other is put in wire straightening rollers and the wire automatically reaches the machine. To pull the wire further ahead, there is a grip after the rollers and this grip pulls only as much wire as is needed for the specific of the nail. The head of the nail is put into the mould's "rem", that can be pushed back & front through the crank shot.

The front end of the wire is hit hard by the punch attached to the head-making mould. To make the other end and then cutting of the nail is done automatically. Here the moulds press the wire and nail gets bifurcated & cut from the wire.
In this way, some part of the nail is still attached to the wire and an automatic trigger separates the nail from the wire. When the nails come out of the machine, then the tiny bits of iron & grease/lubricant deposited on the nails are remoulded by putting them into a polishing drum in which iron balls and dust are also put and after the polish, they are sent to the markets in jute bags. The details of the gauges of the wire, etc. required to manufacture various sizes of the nails are mentioned below:

- Nails of the length ranging from ½ inch to 2 inches wire gauge:- 20 to 12 S.W.G; capacity of machines, etc. 400 nails per minute; electric motor of 2 H.P.

- Nails of length ranging from ¾ to 3 inches wire gauge:- 14 to 9 S.W.G.; capacity of the machines:- 300 nails/minute and 350 kg. nails per day. Electric motor of 3 H.P.

- Nails of length ranging from 1 to 4 inches wire gauge:- 12 to 6 S.W.G.; capacity of the machine; 200 nails/minute and 650 kg nail/day. Electric motor of 5 H.P.



PRODUCTION CAPACITY:

The production target has been kept as **345000** kg per annum (size : ¾- 3 Inches) .

MOTIVE POWER :5 HP

BASIS & PRESUMPTIONS:

1. The basis for calculation of production capacity is on single shift basis, working of 25 days per month on 60 % efficiency. The required for achieving envisaged capacity utilization is assumed as one year.
2. BEP for the scheme has been calculated on full capacity utilization.
3. Rate of interest has been taken as 10% on an average. This, however, is likely to vary depending upon the financial outlay of the location of the project.
4. Labour wages have been taken on the basis of minimum applicable. There are likely to change depending upon the location of the project.
5. The cost of machinery and equipments as indicated in the scheme are approximate those ruling at the time of preparation of the scheme. The entrepreneur may check the exact price for specific make and model of the machine selected.
6. The provision made in other respects viz; raw materials, utilities, overheads etc. are drawn on the basis of standard variation and output. The cost indicated against each is approximate and based on local market condition and observations. The entrepreneur may find out the exact cost from the concerned sources.

FINANCIAL ASPECTS:

PLANT AND MACHINERIES

PARTICULARS	QTY.	RATE	AMOUNT IN RS.
Wire nail making machine along with 3 HP Motor	1.00	220000.00	220000.00
Polishing barrel/ drum	1.00	60000.00	60000.00
Wire stand/ spool	1.00	10000.00	10000.00
Grinder & cutter	1.00	22500.00	22500.00
Other equipments & hand tools etc.	LS	25000.00	25000.00
Electrification & water installation	LS	10,000.00	10,000.00
TOTAL			**3,47,500.00**

COST OF PROJECT

Particulars	Amount Rs in lacs
Land	Rented/Owned
Building & Civil Work (1200 Sq Ft)	3.00
Plant & Machinery	3.48
Furniture & Fixtures	0.25
Pre-operative Expenses	0.25
Working Capital Requirement	11.66
Total	**18.64**

MEANS OF FINANCE

Particulars	Amount
Own Contribution @10%	1.86
Term Loan	6.28
Workign Capital Finance	10.50
Total	**18.64**
Beneficiary's Margin Monery (% of Project Cost)	
General	10%
Special	5%

COMPUTATION OF MANUFACTURING OF WIRE NAIL

Items to be Manufactured	**Wire Nail**		
	(size : ¾- 3 Inches)		
Manufacturing Capacity per day	-	1,150.00	Kg
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		3,45,000.00	Kg
Year		Capacity	Kg
		Utilisation	
IST YEAR		60%	2,07,000
IIND YEAR		70%	2,41,500
IIIRD YEAR		80%	2,76,000
IVTH YEAR		90%	3,10,500
VTH YEAR		100%	3,45,000

COMPUTATION OF RAW MATERIAL

Item Name		Quantity of		Unit Rate of	Total Cost
		Raw Material Kg		/ Kg	Per Annum (100%)
M.S. Wire (cold drawn 5050 kg. bright wire) 20-9 gauge wire	100%	3,45,000.00		50.00	172.50
Jutesacs/ bags for packaging					0.05
Annual Consumption cost		Total (Rounded off in lacs)			172.55

Raw Material Consumed	Capacity Utilisation	Amount (Rs.)
IST YEAR	60%	103.53
IIND YEAR	70%	120.79
IIIRD YEAR	80%	138.04
IVTH YEAR	90%	155.30
VTH YEAR	100%	172.55

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	**IST YEAR**	**IIND YEAR**	**IIIRD YEAR**	**IVTH YEAR**	**VTH YEAR**
Finished Goods					
(15 Days requirement)	4.97	5.80	6.62	7.45	8.28
Raw Material					
(15 Days requirement)	5.18	6.04	6.90	7.76	8.63
Closing Stock	**10.14**	**11.84**	**13.53**	**15.22**	**16.91**

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Total Amount
Stock in Hand	10.14
Sundry Debtors	3.93
Total	14.08
Sundry Creditors	2.42
Working Capital Requirement	**11.66**
Margin	1.17
Working Capital Finance	**10.50**

COMPUTATION OF SALE

Particulars	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Op Stock	-	10,350	12,075	13,800	15,525
Production	2,07,000	2,41,500	2,76,000	3,10,500	3,45,000
	2,07,000	2,51,850	2,88,075	3,24,300	3,60,525
Less : Closing Stock	10,350	12,075	13,800	15,525	17,250
Net Sale	1,96,650	2,39,775	2,74,275	3,08,775	3,43,275
Sale Price per MT	60.00	60.00	60.00	60.00	60.00
Sale (in Lacs)	**117.99**	**143.87**	**164.57**	**185.27**	**205.97**

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
A) SALES					
Gross Sale	117.99	143.87	164.57	185.27	205.97
Total (A)	**117.99**	**143.87**	**164.57**	**185.27**	**205.97**
B) COST OF SALES					
Raw Mateiral Consumed	103.53	120.79	138.04	155.30	172.55
Elecricity Expenses	0.43	0.50	0.57	0.64	0.72
Repair & Maintenance	-	1.44	1.65	1.85	2.06
Labour & Wages	4.09	4.50	4.95	5.45	5.99
Depriciation	0.83	0.74	0.64	0.56	0.49
Consumables and Other Expenses	1.18	1.44	1.65	1.85	2.06
Cost of Production	110.07	129.40	147.50	165.65	183.86
Add: Opening Stock /WIP	-	4.97	5.80	6.62	7.45
Less: Closing Stock /WIP	4.97	5.80	6.62	7.45	8.28
Cost of Sales (B)	105.10	128.57	146.67	164.82	183.03
C) GROSS PROFIT (A-B)	12.89	15.29	17.90	20.44	22.93
	11%	**11%**	**11%**	**11%**	**11%**
D) Bank Interest (Term Loan)	0.47	0.57	0.41	0.26	0.09
Bank Interest (C.C. Limit)	1.05	1.05	1.05	1.05	1.05
E) Salary to Staff	2.77	3.05	3.35	3.69	4.06
F) Selling & Adm Expenses Exp.	2.36	2.88	3.29	3.71	4.12
TOTAL (D+E)	**6.65**	**7.55**	**8.11**	**8.70**	**9.32**
H) NET PROFIT	6.24	7.75	9.79	11.74	13.61
I) Taxation	-		0.14	0.75	1.33
J) PROFIT (After Tax)	6.24	7.75	9.64	10.99	12.28

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