SERVICING AND REPAIRING OF TWO WHEELER

1. Introduction

India is the largest manufacturer of two wheelers in the world. Many operators such as Hero Honda, TVS-Suzuki, Bajaj, Majestic Auto etc. manufacture items like scooters, mopeds and motorcycles. It is the style statement of present day youth besides a convenient mode of transport on cheaper rates. A machine can fail anytime anywhere. So, repair of two wheelers/vehicles is incumbent and is a big business having available demand in every nook and corner of any locale.

2. Market potential

Servicing & repairing of scooters, mopeds and motor cycles have a great potential. In developed countries, repairing of two wheelers/vehicles is not on priority basis. Their main effort is to buy a new vehicle instead of repairing them. But in India, people with their limited income, always go for repairing of two wheelers/vehicles. This provides a great market potential for two wheeler repair & service units.

3. Technical details

(a) Process

This project report is for repairing and servicing of two wheelers. Repairing of different parts like engine, wheels, clutch, brake, ignition coil etc., will entail different processes. Servicing is a process that keeps fit two wheelers by applying grease coatings to bearings and other rolling parts of the vehicles after cleaning with kerosene oil and water shower. Then arrangement should be made for cleaning of carburetors, tuning and brake adjustments. Necessary repair would also be done by replacing defective auto parts with new ones.

(b) Repairing and servicing target

- 1200 Nos. two wheelers for servicing.
- 1200 Nos. of two wheelers for repair.
- Sale of spare parts of two wheelers.

(c) Utilities

Power 10 KW Single Phase

4. Cost of project

S. No.	Particulars	Total cost (in Rs.)
1.	Building (400 sq. ft.)	On rent
2.	Misc. Fixed Assets	20,000.00
3.	Furniture & Fixtures (including office equipments)	25,000.00
4.	Preliminary & Preoperative Expenses	4,900.00
5.	Contingencies including cost escalation	8,100.00
6.	Working Capital	42,000.00
	TOTAL	**1,00,000.00**

5. Means of finance

S. No.	Particulars	Total cost (in Rs.)	%age
1.	Promoter's Contribution	-	-
2.	NSTFDC – Term Loan	87,000.00	87.00
3.	M.M.L. - SCA	13,000.00	13.00
	TOTAL	**1,00,000.00**	**100.00**

6. Utilities (per annum)

S. No.	Particulars	Total cost (in Rs.)
1.	Power (2 KWx8 hrs. x 300 days x Rs. 4)	19,200.00
2.	Water (Rs. 100 per month x 12 months)	1,200.00
	TOTAL	**20,400.00**

7. Manpower requirement (per month)

S. No.	Category	No.	Salary/Person (Rs.)	Total (in Rs.)
1.	Manager	1	4000.00	4000.00
2.	Supervisor	1	3,500.00	3,500.00
3.	Skilled Operators	1	3,000.00	3,000.00
4.	Unskilled	1	2,500.00	2,500.00
			TOTAL	**13,000.00**

8. Raw material requirement

S. No.	Items	Value (Rs.)
1.	Spare parts used in Automobile workshop like carburetors, clutch wires, crank shafts, pistons, piston rings, brake-linings & silencers etc.	40,000.00
2.	Lubricants like petrol, mobile oil, gear oil and kerosene oils etc.	2,000.00
	TOTAL	**42,000.00**

9. Working capital (at full capacity utilisation)

S. No.	Items	Period (month)	Amount (in Rs.)
1.	Raw Material like spare parts used in automobile workshop	1/2	20,000.00
2.	Stores & spares (Petrol, Mobile Oil, Gear Oil & Kerosene Oil etc.)	1/2	1,000.00
3.	Stock in Process	-	-
4.	Finished Goods	-	-
5.	Receivables/Debtors	3 days	9,000.00
6.	Other Current Assets	-	12,000.00
	TOTAL		**42,000.00**

10. Project economics (Annual)

A. Sales Realisation

S. No.	Particulars	Amount (in Rs.)
1.	Servicing of 1200 Nos. of two wheelers @ Rs.300 per vehicle	3,60,000.00
2.	Repairing of 1200 Nos. of two wheelers @ Rs.100 per vehicle	1,20,000.00
3.	Sale of spare parts	3,76,000.00
	TOTAL	**8,56,000.00**

B. Cost of production

S. No.	Particulars	Total cost (in Rs.)
1.	Raw Material like spare parts (including packing material)	5,04,000.00
2.	Stores, Spares like oils (including Consumables)	24,000.00
3.	Utilities (Power, Water etc.)	20,400.00
4.	Salaries & Wages	1,56,000.00
5.	Rent Rs.4,000/mo x 12 mo	48,000.00
6.	Transportation/Freight/Conveyance	10,000.00
7.	Selling Expenses (including advertising, distribution cost, commissions & rebates)	6,000.00
8.	Repair & Maintenance	6,000.00
9.	Interest	6,000.00
10.	Misc.	8,900.00
	TOTAL	**7,89,300.00**
C.	**Total Cost of Production**	**66,700.00**
D.	**Cash Profit (A-C)**	**66,700.00**
E.	**Depreciation @ 15% of Fixed Assets Cost**	**6,750.00**
F.	**Profit Before Tax (D-E)**	**59,950.00**
G.	**Taxes**	**-**
H.	**Profit after Tax**	**59,950.00**

12. Viability indicators

S. No.	Particulars	Amount
1.	Repayment per annum (period - 5 years)	20,000.00
2.	Return on Investment	59.95%
3.	Debt Service Coverage Ratio	2.79%

13. Interest, moratorium & repayment period for beneficiaries

(a) Interest : 6% on NSTFDC term loan

(b) Moratorium period : 6 months from date of release of funds by SCA.

(c) Repayment period : 5 years for beneficiaries excluding moratorium period.

14. General remarks

- The cost of plant and machinery has been taken on the basis of items manufactured by Standard/reputed suppliers having sound service network. The suppliers shall preferably be based in local areas or nearby States.

- Optimum working capital cycle has been taken for calculating the requirements

- The cost of project will vary in different States & Regions.

- It is assumed that the services have good demand, and the promoters have sound experience in the relevant fields.