

Profile No.:26

NIC Code: 45403

COMMERCIAL VEHICLE REPAIR SHOP



1. INTRODUCTION:

All types of motor commercial vehicles like 4 wheeler buses, LCVs and HCVs, jeeps, and off shore heavy duty vehicles require regular normal service and repairs for safety and durability of these vehicles.

2. PRODUCT & ITS APPLICATION:

Commercial vehicle are always under heavy duty operating conditions and therefore require more frequent servicing and repair needs of major and minor viz axle repair, leaf springs, bushings and engine repairs like valve repair, cylinder, injection system, etc. A specialized repair station can be established by experienced entrepreneurs or qualified persons, with low investment.

3. DESIRED QUALIFICATIONS FOR PROMOTER:

The promoter with experience heavy commercial vehicle maintenance will be having good scope to invest in such a project.

4. MARKET POTENTIAL AND MARKETING ISSUES. IF ANY:

India's passenger vehicles of around 29 million during 2015 are expected to grow to more than 48 million vehicles by 2020. Also, domestic sales of commercial vehicles are expected to grow at a CAGR of 11.6% from 0.6 million in 2015 to more than 2 million by 2026. With the increasing automobile demand, the country is also proportionately expected to witness a surge in sheet metal products used to manufacture these vehicles.

Considering the economic growth and increased trade due to GST introduction the frequency of goods transport directly to end customers shall increase and the no of commercial vehicles plying the road will increase.

A good repair station can also tie up with goods and heavy vehicle OEM to be an authorized service station. Also tie ups with fleet owners viz transport operators for regular inspection and servicing for preventive maintenance will be a better business model.

5. RAW MATERIAL REQUIREMENTS:

The service station shall require mostly consumables like lubes, grease, welding consumables and servicing requirements and spares as raw materials.

6. MANUFACTURING PROCESS:

The main activity of the repairs and maintenance servicing activity is need based. For preventive maintenance of commercial vehicles, the regular check points and diagnostic mechanism is used based on the total kilometers traveled. Accordingly the worn out parts are replaced prior to failure to ensure smooth running of vehicles.

Break down repairs require on road and in shop assistance to repair or replace the parts. Also major engine, transmission system and load bearing chassis parts are also carried out as per the customer needs.

Many parts are machined, re-metalized, welded and modified as per the standard practices.

7. MANPOWER REQUIREMENT:

The unit shall require highly skilled service persons. The unit can start from 4 employees initially and increase to _15_ or more depending on business volume.

Sr. No.	Type of Employees	Monthly Salary	No of Employees				
			Year 1	Year 2	Year 3	Year 4	Year 5
1.	Skilled Operators	20000	1	2	3	3	4
2.	Semi-Skilled/ Helpers	8000	3	3	5	6	8
3.	Supervisor/ Manager	25000	0	1	1	1	1
4.	Accounts/ Marketing	15000	0	0	1	1	1
5.	Other Staff	5000	0	0	1	1	1
	TOTAL		4	6	11	12	15

8. IMPLEMENTATION SCHEDULE:

The unit can be implemented within _3_ months from the serious initiation of project work. The unit is based on selection of location, renting premises for the unit.

Sr. No.	Activities	Time Required in Months
1	Acquisition of Premises	-
2	Construction (if Applicable)	-
3	Procurement and Installation of Plant and Machinery	2
4	Arrangement of Finance	2
5	Manpower Recruitment and start up	1
	Total Time Required (Some Activities run concurrently)	3

9. COST OF PROJECT:

The unit will require total project cost of Rs _16.93_ lakhs as shown below:

The cost is based on leased / rented premises. However provision for building a servicing pit is made. A suitable service pit of about 10 mtrs with major water, air etc. utilities will go a long way in offering the services and boosting business.

Sr. No.	Particulars	In Lakhs
1	Land	0.00
2	Building	3.00
3	Plant and Machinery	10.45
4	Fixtures and Electrical Installation	0.68
5	Other Assets/ Preliminary and Preoperative Expenses	0.25
6	Margin for working Capital	2.55
	TOTAL PROJECT COST	16.93

10. MEANS OF FINANCE:

The project will require promoter to invest about Rs. 6.14 lakhs and seek bank loans of Rs. 10.79 lakhs based on 70% loan on fixed assets.

Sr. No.	Particulars	In Lakhs
1	Promoters Contribution	6.14
2	Loan Finance	10.79
	TOTAL :	16.93

11. WORKING CAPITAL REQUIREMENTS:

Working capital requirements are calculated as below:

Sr. No.	Particulars	Gross Amount	Margin %	Margin Amount	Bank Finance
1	Inventories	0.69	40	0.28	0.42
2	receivables	1.66	50	0.83	0.83
3	Overheads	0.89	100	0.89	0.00
4	Creditors	1.38	40	0.55	0.83
	TOTAL	4.63		2.55	2.08

12. LIST OF MACHINERY REQUIRED:

The layout of unit suitable for different activities are planned to ensure smooth material and product flow. The servicing pit is a good way to offer repair services.

Sr No	Particulars	UOM	Quantity	Rate	Total Value
	Main Machines/ Equipment				
1	Truck Wheel Tyre Remover unit	Nos	2	60000	120000
2	Wheel / Rim Balancing machine		1	150000	150000
3	Heavy Duty Lathe 6' ft. bed	Nos	1	75000	75000
4	Elec. Arc Welding machine	Nos	1	80000	80000
5	Gas Welding machine		1	60000	60000
6	Metalizing lathe and gun	Nos	1	80000	80000
7	Milling Machine	Nos	1	200000	200000
8	Pillar drilling machine	Nos	1	25000	25000
9	Air Compressor	Nos	1	180000	180000
	subtotal :				970000
1	Tools and Ancillaries				
2	Bench and Belt Grinders	LS	1	15000	15000

3	Portable Tools	LS	1	50000	50000
4	Gauges and tools	LS	1	10000	10000
	subtotal :				75000
	Fixtures and Elect Installation				
	Storage racks	LS	1	5000	5000
	Other Furniture	LS	1	8000	8000
	Telephones/ Computer	LS	1	20000	20000
	Electrical Installation	LS	1	35000	35000
	subtotal :				68000
	Other Assets/ Preliminary and Preoperative Expenses	LS	1	25000	25000
	TOTAL PLANT MACHINERY COST				1138000

13. PROFITABILITY CALCULATIONS:

Sr. No.	Particulars	UOM	Year Wise estimates				
			Year 1	Year 2	Year 3	Year 4	Year 5
1.	Sales	Rs Lakhs	19.95	26.60	33.25	39.90	46.55
2.	Raw Materials & Other Direct Inputs	Rs Lakhs	8.31	11.08	13.85	16.62	19.39
3.	Gross Margin	Rs Lakhs	11.64	15.52	19.40	23.28	27.16
4.	Overheads Except Interest	Rs Lakhs	9.12	9.12	9.12	9.12	9.12
5.	Interest	Rs Lakhs	1.51	1.51	1.51	1.51	1.51
6.	Depreciation	Rs Lakhs	1.73	1.73	1.73	1.73	1.73
7.	Net Profit Before Tax	Rs Lakhs	-0.72	3.16	7.04	10.92	14.80

14. BREAK EVEN ANALYSIS

The project is can reach break-even capacity at 31.85% of the installed capacity as depicted here below:

Sr. No.	Particulars	UOM	Value
1	Sales at Full Capacity	Rs Lakhs	66.50
2	Variable Costs	Rs Lakhs	27.70
3	Fixed Cost incl. Interest	Rs Lakhs	12.36
4	Break Even Capacity	% of Inst Capacity	31.85

15. REMARKS

A heavy vehicle service and repair business depends a lot on reputation and ties with fleet operators to thrive and achieve success.