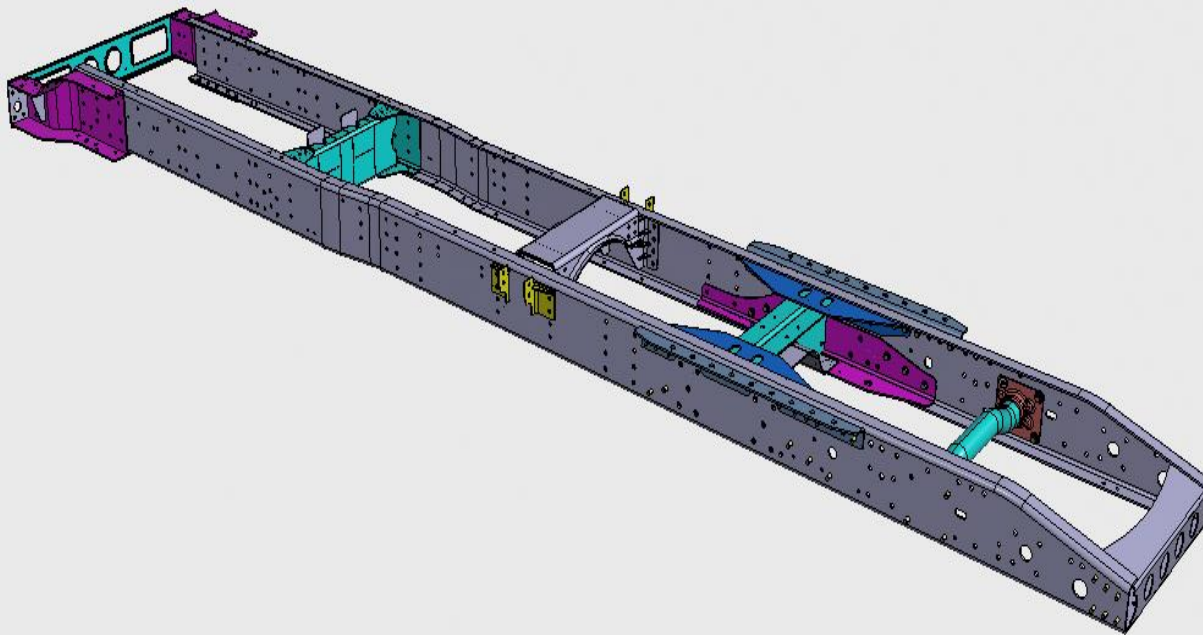


SHOULD COST REPORT

ASSY CHASSIS LADDER FRAME, 4x2x 4M



CONTENT

Report Review – ‘Should cost analysis of Assembly chassis ladder frame’

- Scope of work and Inputs
- Assumptions and Considerations
- BOM Analysis
- Should costing report for **Assembly chassis ladder frame**
 - Cost Summary
 - Cost Breakup
 - Process Analysis
 - Major Cost driver
- Should costing report for **Chassis Side Rail –Indian Region**
 - Cost Summary
 - Cost Breakup
 - DDP Cost Details
 - DDP Cost Breakup
- Chassis Side Rail Cost Comparison
 - Comparison Analysis – Belgium Vs India Cost

SCOPE OF WORK AND INPUTS

Scope of Work

Review existing design to determine cost of Assy chassis ladder – 105000056 frame using should cost methodology

Inputs given / Assumed

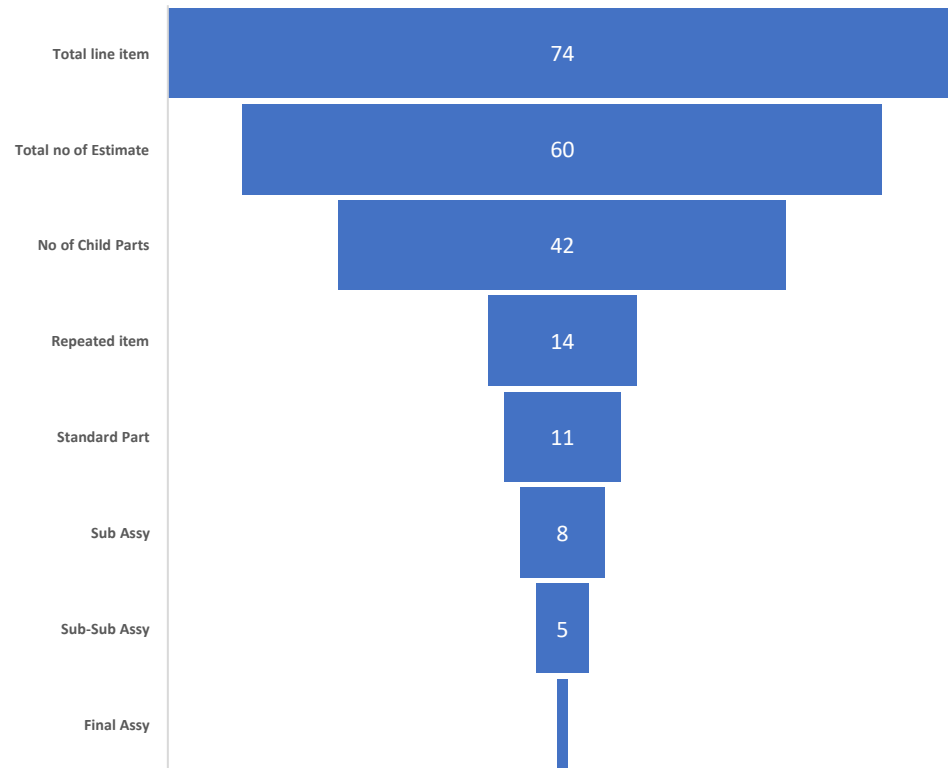
Input	Data
Drawing	2D PDF & 3D Model
Annual quantity	1312
Estimation Location – Chassis Ladder Frame	Belgium
Estimation Location – Rails	Belgium & India
Number of shifts - Assumed	Double
Batch Volume - Assumed	100
Finish Wt. in kgs	591.80
Tooling Cost	Exclusion

ASSUMPTIONS AND CONSIDERATIONS

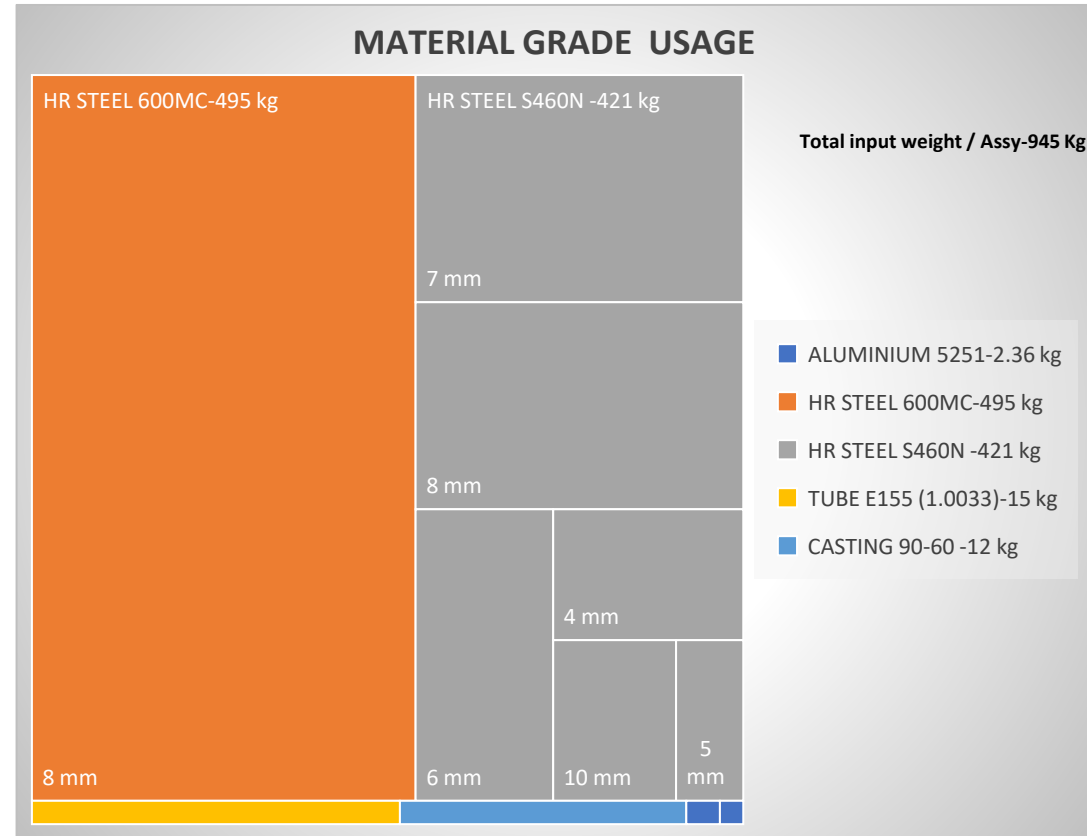
- All the parts are considered as manufactured at single roof
- All the Fastener item considered as Bought out
- Selling, General, and Administrative expenses considered 10% on Manufacturing cost
- Profit 10% considered on overall cost
- Rejection rate 2% considered on Sub assembly levels
- Tooling cost is not considered
- Packaging and shipping cost for Belgium region is not considered

BOM ANALYSIS

BOM BREAKDOWN



MATERIAL GRADE USAGE



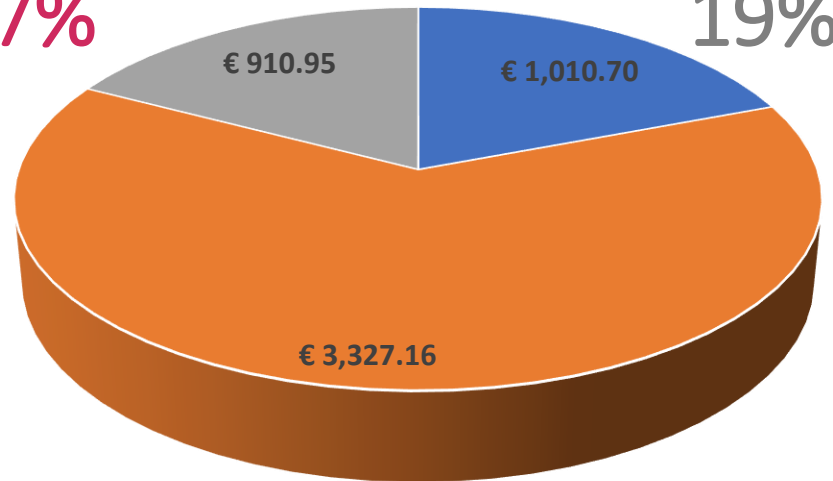
COST SUMMARY -ASSY CHASSIS LADDER FRAME

Overall Cost Summary			
Customer Name			
Part Number		Rev	B.1
Description	ASSY CHASSIS LADDER FRAME, HGV, 4x2x 4M		
Annual Qty. Nos.	1312	Batch Qty.	100
Finish Wt. in kgs	591.80	Region	Belgium
Input weight considered in kgs	946	Incoterms	Ex works
Process	Assembly	Currency	Euro
COST DETAILS			Value
Total Manufacturing Cost			€ 4337.85
SGA -10%			€ 433.78
Profit-10%			€ 477.16
Total cost / Assembly			€ 5248.81

COST BREAKUP

Selling, General, and Administrative expenses: 10% considered on manufacturing cost, with a 10% profit considered on the overall cost

17%



The second-largest cost contributor is material cost of the assembly, with a total input weight considered of 935 kg

■ Raw Material cost ■ Process Cost ■ Other Cost

HG 4x2x 4M ASSY CHASSIS LADDER FRAME, the primary cost driver is the process cost

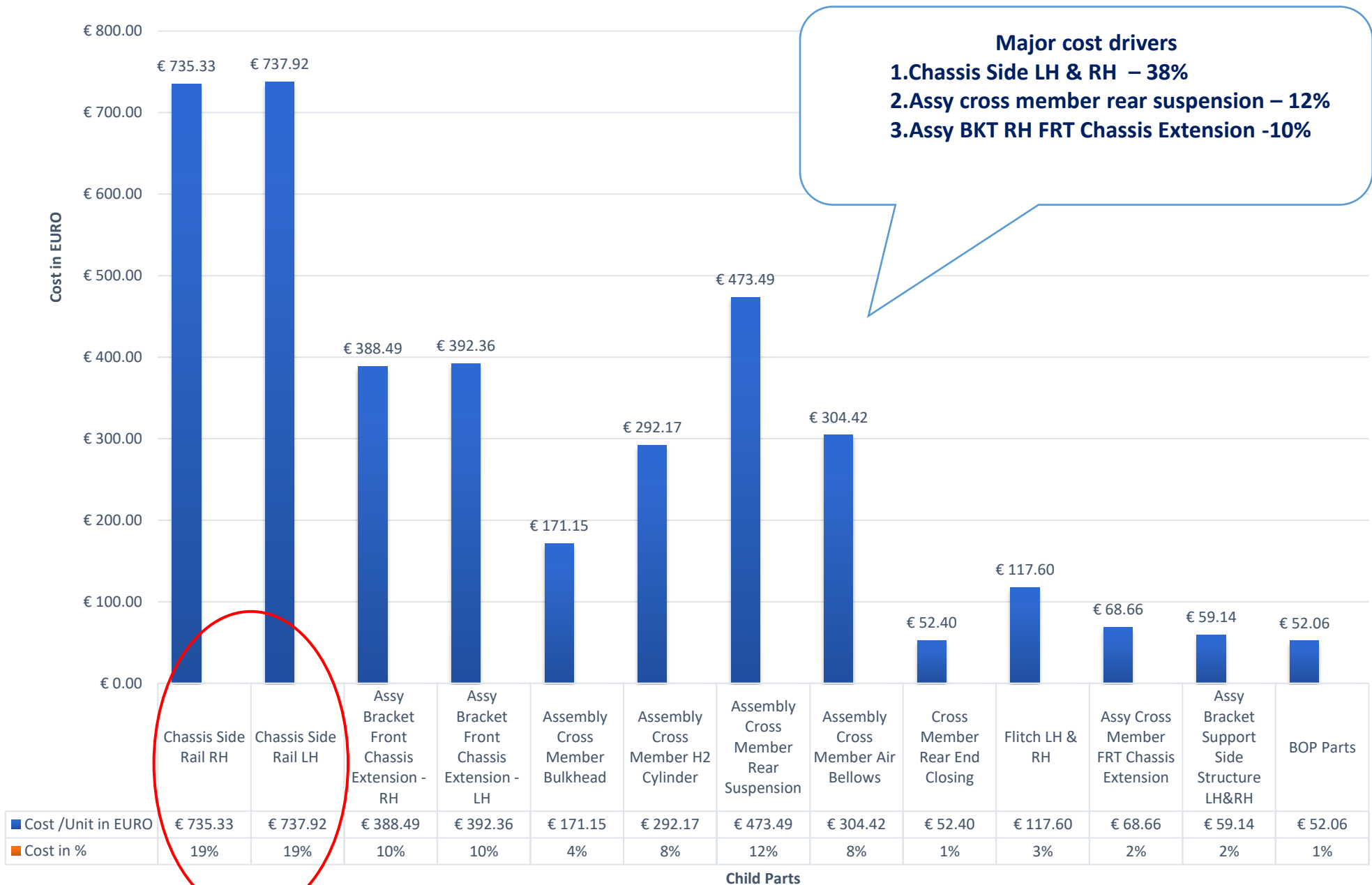
63%

PROCESS ANALYSIS

Process Involved in the ASSY CHASSIS LADDER FRAME, HGV, 4x2x 4M

Cutting Process		Forming Process		Assembly Process		Post Process	
Cutting Process	No of Item	Type	No of Item	Type	No of Item	Type	No of Item
Plasma Cutting	22	Bending	42	Mig Welding	9	CED Coat	17
Laser Cutting	13	Turret Punch	17	Tig Welding	2	Annodizing	2
Pipe Cutting	1	Roll Forming	1	General Assy	3	Inspection	74
		Tube bending	1				
		Casting	1				

MAJOR COST DRIVER ANALYSIS



COST SUMMARY –CHASSIS SIDE RAIL - INDIA

Overall Cost Summary			
Customer Name			
Part Number		Rev	B.1
Description	CHASSIS SIDE RAIL RH		
Annual Qty. Nos.	1312	Batch Qty.	100
Finish Wt. in kgs	156.50	Region	India
Input weight considered in kgs	247.28	Incoterms	Ex works
Major Process involved	Roll Forming	Currency	EURO
COST DETAILS			Value
Total Manufacturing Cost			€ 327.88
SGA -10%			€ 32.79
Profit-10%			€ 36.07
Total cost / Piece			€ 396.73

Chassis Side Rail LH price almost same as RH price

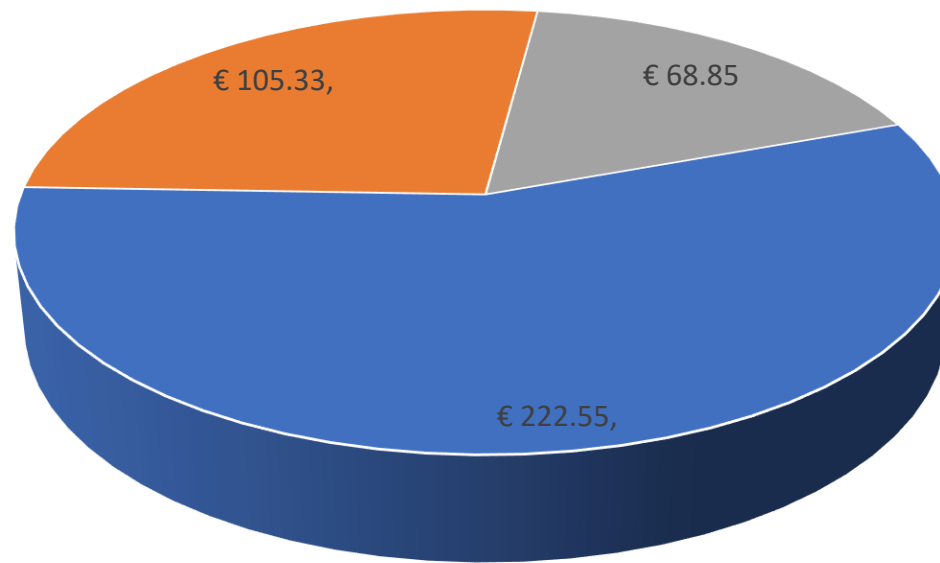
CHASSIS RAIL COST BREAKUP – INDIA REGION

Chassis side rail manufacturing incurs a process cost contribution of 6%

17%

27%

Second largest cost contribution is Selling, General, and Administrative expenses & Profit cost



CHASSIS SIDE RAIL, the primary cost driver is the Material cost

56%

DDP COST -HVS SCOTLAND

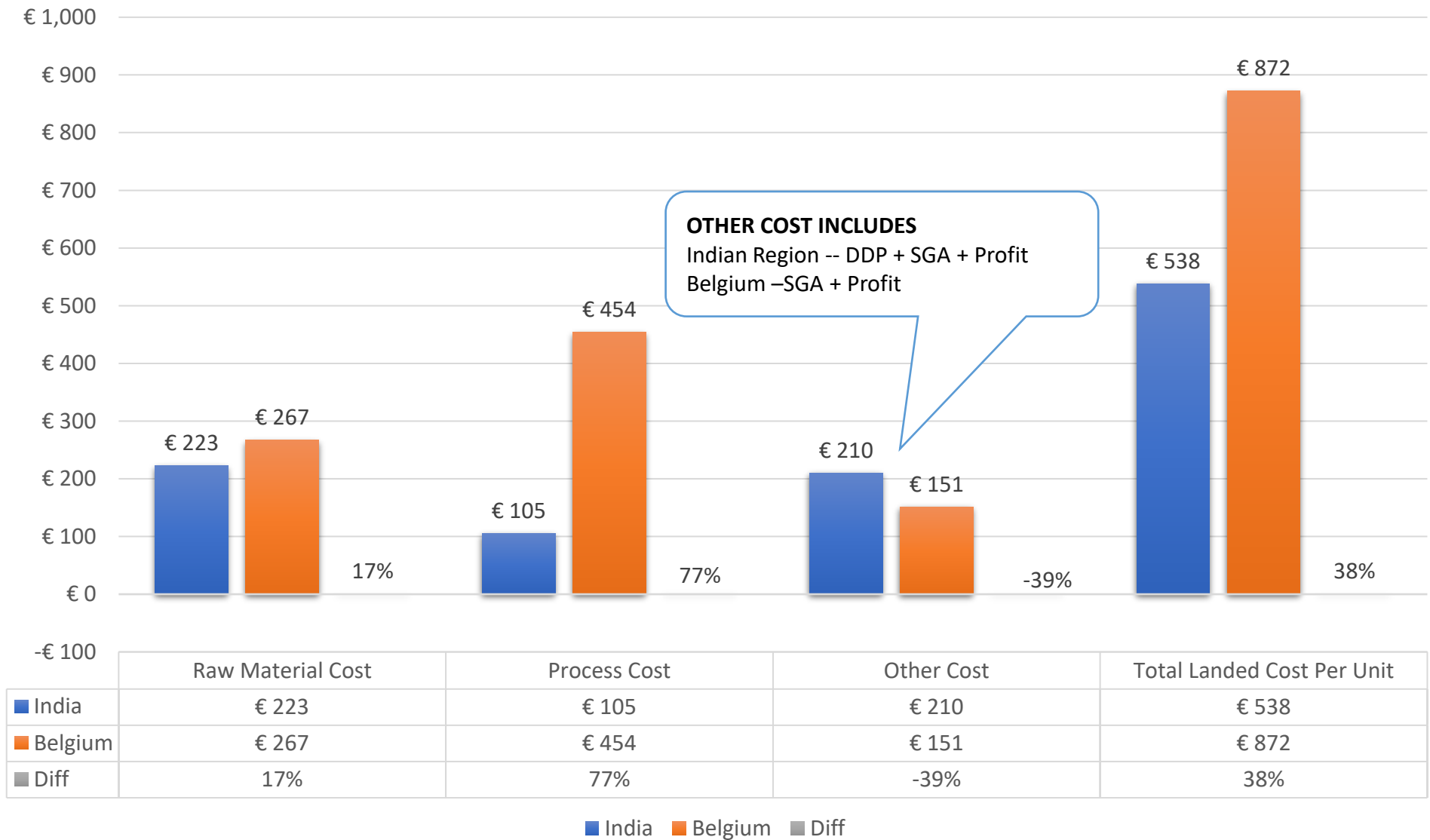
S.NO	DESCRIPTION	VALUE	REMARKS
1	Part Number		
2	Part Name	CHASSIS SIDE RAIL RH & LH	
3	Incoterms & Mode	Delivered Duty Paid-Via Sea	
4	Ship From	Chennai Port	
5	Delivery To	Scotland through Grangemouth Port	
6	Weight Per Unit	157	In kg
7	Batch Qty	100	LH-50 & RH-50
8	Physical Weight Per Shipment	15700	In kg
9	Packing Size	6290 x 1000 x 440	Wooden Pallet
10	No of Pallet per Shipment	9	
11	No of Component per Pallet	12	
12	Volumetric Weight per Pallet	2.77	CBM
13	Cost for DDP	€ 613	EURO/CBM
14	Total DDP cost Per unit	€141.50	Including Packing cost
Total cost per unit includes-Packing cost, Local Freight, Export duties, Sea Freight,insurance,import duty and delivery to warehouse charge			

DDP COST –BREAKUP

S.no	Description	Weight /Part	Batch Size	Component Size in MM			Packing Size in MM (Wooden Pallet)			Volume per Pallet
		kg	Nos	Length	Width	Height	Length	Width	Height	CBM
1	CHASSIS SIDE RAIL RH	157	50	6269	287	80	6290	1000	440	2.77
2	CHASSIS SIDE RAIL LH	157	50	6269	287	80	6290	1000	440	2.77

S.no	Description	Packing Cost	Local Transport cost	IHC / THC Charges	Export Duties	Freight cost	Insurance	DDP Handling Charges	Import Duties	Local Transport for Door Dlvry	Total Cost per Shipment	Total Cost per CBM	Total Cost per Part
		EURO	EURO	EURO/Ship	EURO/BL	18 EURO/CBM	5% on Invoice value	EURO	EURO	EURO	EURO	EURO	EURO
1	CHASSIS SIDE RAIL RH	204.78	163.83	66.18	21.74	49.82	2.38	345.95	118.80	725.00	1698.47	613	141.5
2	CHASSIS SIDE RAIL LH	204.78	163.83	66.18	21.74	49.82	2.38	345.95	118.80	725.00	1698.47	613	141.5

CHASSIS SIDE RAIL REGION - COST COMPARISON



The cost saving opportunity for India region is 38%

Thank You