

TWO WHEELER REPAIRS & SERVICE UNIT



1. INTRODUCTION:

The two wheelers segment consisting Scooters and Motorcycles, has seen the fastest growth in the recent decade in our country. The two wheelers have reached the farthest corners of country and very small towns and hamlets have also boasted of atleast one two wheeler. These two wheelers regular normal service and repairs for safety and durability of the vehicle.

Especially in Urban and Semi urban areas, 2 wheeler Service station is a most common business activity. Such a service station can be established by entrepreneurs having experience, with very low investment.

2. PRODUCT & ITS APPLICATION:

This is service oriented business requires experience of repairers and basic parameter is the quality, relibility and cost of services rendered by the unit.

3. DESIRED QUALIFICATIONS FOR PROMOTER:

The promoter with hands on experience in repair business and training in two wheeler repairs will be able to be able to manage the project well.

4. INDUSTRY OUTLOOK/TREND

The Indian auto industry is one of the largest in the world. The industry accounts for 7.1 per cent of the country's Gross Domestic Product (GDP). India's passenger vehicles population is around 210 million in 2015 comprising 74% of two wheelers. is expected to grow to more than 48 million vehicles by 2020. The trend in goods and passenger transport industry to rely on better maintained and good riding quality and indicate the need for large no of vehicles repair and service center demand.

5. MARKET POTENTIAL AND MARKETING ISSUES. IF ANY:

There is good demand for 2 wheeler service center due to huge increase in the number of vehicles in recent years. The 2-wheelers manufacturing companies also offer franchise for authorized service station that assures business volumes.

With the essential nature of service and repair, the owner of vehicles around a specific location looks for a good service center. Therefore expanding cities and towns there will have increasing demand.

Hence, there is a good potential for experienced person to set up this unit of Two Wheeler servicing and repairing particularly in semi urban / rural centers.

6. RAW MATERIAL REQUIREMENTS:

This is a service based unit and materials that may be required are grease, oil, compressed air, power, water etc. utilities. The unit may require vehicle specific spares for repair and can buy as per need and charge extra at normal trending market prices.

7. MANUFACTURING PROCESS:

The servicing process includes washing, cleaning, polishing, engine setting, tuning, carburetor/ injector cleaning and gear box oil change. The repair may include, engine refurbishing, welding, grinding polishing etc. which are normally carried by taking services of special units

carrying out the job work. Also different services engine, gear box, suspension, silencer, etc. repairs and servicing, break wires replacements etc. services and general repairs, can be taken up. Body repays and painting is also undertaken for the vehicles.

8. MANPOWER REQUIREMENT:

The unit shall require highly skilled service persons for vehicle and system specific services viz engines, electrical system and body repairs. The unit can start from 1 employee initially and increase to 6 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	12500	0	0	1	1	1
2	Semi-Skilled/ Helpers	7000	1	2	2	3	4
1	Supervisor/ Manager	15000	0	0	0	0	0
2	Accounts/ Marketing	12000	0	0	0	0	0
3	Other Staff	7000	0	0	1	1	1
	TOTAL		1	2	4	5	6

9. IMPLEMENTATION SCHEDULE:

The unit can be implemented within 3 months from the serious initiation of work.

The unit is based on selection of location, renting premises for the garage unit.

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

10. COST OF PROJECT:

The unit will require total project cost of Rs 1.87 lakhs as shown below:

Sr. No.	Particulars	In Lakhs
1	Land	-
2	Building	-
3	Plant and Machinery	1.08
4	Fixtures and Electrical Installation	0.12
5	Other Assets/ Preliminary and Preoperative Expenses	0.08
6	Margin for working Capital	0.59
	TOTAL PROJECT COST	1.87

11. MEANS OF FINANCE:

The project will require promoter to invest about Rs 0.90 lakhs and seek bank loans of Rs 0.97 lakhs based on 70% loan on fixed assets.

Sr. No.	Particulars	In Lakhs
1	Promoters Contribution	0.90
2	Loan Finance	0.97
	TOTAL :	1.87

12. WORKING CAPITAL REQUIREMENTS:

Working capital requirements are calculated as below:

Sr. No.	Particulars	Gross Amount	Margin %	Margin Amount	Bank Finance
1	Inventories	0.12	40	0.05	0.07
2	receivables	0.11	50	0.06	0.06
3	Overheads	0.25	100	0.25	0.00
4	Creditors	0.60	40	0.24	0.36
	TOTAL	1.08		0.59	0.49

13. LIST OF MACHINERY REQUIRED:

The service unit is based on premise suitable for different servicing activities like cleaning/ washing polishing with a as seen in good repairs.

Sr. No.	Particulars	UOM	Quantity	Rate	Total Value
	Main Machines/ Equipments				
1	Air Compressor	Nos.	1	80000	80000
2	Washing Pump	Nos.	1	10000	10000
3	Portable drilling machine	Nos.	1	5000	5000
4	Electric bench grinder	Nos.	1	5000	5000
	sub total :				100000
	Tools and Ancillaries				
1	Tool Boxes	Nos.	1	5000	5000
2	Greasing & Washing Tools	LS	1	3000	3000
	sub total :				8000
	Fixtures and Elect Installation				
1	Other Furniture	LS	1	2000	2000
2	Electrical Installation	LS	1	10000	10000
	sub total :				12000
	Other Assets/ Preliminary and Preoperative Expenses	LS	1	8000	8000
	TOTAL PLANT MACHINERY COST				128000

All the equipments and tooling are available from local manufacturers. The entrepreneur needs to ensure proper selection of equipments and tooling to have modern and flexible servicing. It may be worthwhile to look at reconditioned /used equipments and toolings. Some of the machinery and dies and toolings suppliers are listed here below:

1. Machineries and Spares
Ranjit Chawla (Director)201, Karmastambh, LBS Marg, Vikhroli West
Mumbai - 400083, Maharashtra, India

2. Pacific Engineering Corporation
A-297, MIDC-Mahape, Near Mahape Bus Depot,
Anthony Garage, Thane-Belapur Road, Mahape Midc,
Navi Mumbai-400710, Maharashtra, India

The above list of machine supplier is illustrative. There are many machinery, dies and tools suppliers and consultants at several industrial clusters all over India where you may find suppliers of services and machineries for a chosen product mix.

14. PROFITABILITY CALCULATIONS:

Sr. No.	Particulars	UOM	Year Wise estimates				
			Year 1	Year 2	Year 3	Year 4	Year 5
1	Sales	Rs Lakhs	4.40	5.50	6.60	7.70	8.25
2	Raw Materials & Other Direct Inputs	Rs Lakhs	0.53	0.66	0.79	0.92	0.98
3	Gross Margin	Rs Lakhs	3.87	4.84	5.81	6.78	7.27
4	Overheads Except Interest	Rs Lakhs	3.09	3.09	3.09	3.09	3.09
5	Interest	Rs Lakhs	0.11	0.11	0.11	0.11	0.11
6	Depreciation	Rs Lakhs	0.13	0.13	0.13	0.13	0.13
7	Net Profit Before Tax	Rs Lakhs	0.55	1.52	2.49	3.45	3.94

The basis of profitability calculation:

Unit will have capacity of servicing 1000 nos of two wheelers vehicles including minor /major repair and painting etc work. The average billing of service and repair varies from Rs 150 to Rs. 2000. The material requirements are almost nil as parts replaced and consumables like fasteners, clips, oil and grease, for which the cost is always charged. The repair also generates old worn parts wastage/ scrap to be sold at @ Rs 20 ~ 80 per Kg depending on type. The income of same is added. Consumables costs also considered based on prevailing rate.

Energy Costs are considered at Rs 7 per Kwh. The depreciation of plant is taken at 10 % and Interest costs are taken at 14 -15 % depending on type of industry.

15. BREAK EVEN ANALYSIS

The project is can reach break-even capacity at 34.34% of the installed capacity as depicted here below:

Sr. No.	Particulars	UOM	Value
1	Sales at Full Capacity	Rs Lakhs	11.00
2	Variable Costs	Rs Lakhs	1.31
3	Fixed Cost incl. Interest	Rs Lakhs	3.33
4	Break Even Capacity	% of Inst Capacity	34.34

16. STATUTORY/ GOVERNMENT APPROVALS

The unit may obtain industry unit registration from District Industry center. Shops in city areas shall need to get shop and establishment registration from local municipality etc. No other procedures are involved. Before starting the unit will also need GST registration for procurement of spares etc materials as also for sale of goods and services. As such there is no pollution control registration requirements, however the unit will have to ensure safe environment and Solid waste disposal shall have to meet the required norms. Entrepreneur may contact State Pollution Control Board where ever it is applicable.

17. BACKWARD AND FORWARD INTEGRATION

The machines and equipment offer scope for diversification in to servicing other consumer and industries. As such there is not much scope for organic backward or forward integration. The vehicle service and repair business needs building up reputation, ensuring reliability and quality of services rendered. Also personal rapport of key persons can generate good business volumes from corporate fleet owners and vehicle producers offering authorized service station franchise. The location with good catchment area ensures good market potential to new business units.

18. TRAINING CENTERS/COURSES

There are no specific training centers for production technology. Most of the training is given by Auto Vehicle manufacturers upon getting authorized service station or through apprenticeship with experienced vehicle repair shops.

Udyamimitra portal (link: www.udyamimitra.in) can also be accessed for hand-holding services viz. application filling / project report preparation, EDP, financial Training, Skill Development, mentoring etc.

Entrepreneurship program helps to run business successfully is also available from Institutes like Entrepreneurship Development Institute of India (EDII) and its affiliates all over India.

Disclaimer:

Only few machine manufacturers are mentioned in the profile, although many machine manufacturers are available in the market. The addresses given for machinery manufacturers have been taken from reliable sources, to the best of knowledge and contacts. However, no responsibility is admitted, in case any inadvertent error or incorrectness is noticed therein. Further the same have been given by way of information only and do not carry any recommendation.