**Profile No.: 131 NIC Code:45403**

**TWO WHEELER** **REPAIRS & SERVICE UNIT**



**1. INTRODCUTION:**

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 apprentice ship with experienced vehicle repair shops.

Udyamimitra portal (link: [www.udyamimitra.in](http://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.