

UP MSME 1-Connect

PROJECT REPORT

PROJECT: TYRE POLISH

PROJECT REPORT

Of

TYRE POLISH

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Tyre Polish Unit**.

The objective of the pre-feasibility report is primarily to facilitate potential entrepreneurs in project identification for investment and in order to serve his objective; the document covers various aspects of the project concept development, start-up, marketing, finance and management.

[We can modify the project capacity and project cost as per your requirement. We can also prepare project report on any subject as per your requirement.]

TYRE POLISH UNIT

Introduction

Polishing is the process of creating a smooth and shiny surface by rubbing it or using a chemical action, leaving a surface with a significant specular reflection (still limited by the index of refraction of the material according to the Fresnel equations.) In some materials (such as metals, glasses, black or transparent stones), polishing is also able to reduce diffuse reflection to minimal values. When an unpolished surface is magnified thousands of times, it usually looks like mountains and valleys. By repeated abrasion, those "mountains" are worn down until they are flat or just small "hills." The process of polishing with abrasives starts with coarse ones and graduates to fine ones.

Tyre Polish is used to create a smooth & shiny tyre by using different types of chemicals.

Tyre Polish Market Analysis

The Indian tyre industry may log 7-9 per cent growth over the next five year backed by favourable outlook for the domestic automotive industry, rating agency ICRA said in a note earlier. ICRA, in the note also forecast the industry to see a capital expenditure of around Rs 20,000 crore during this period. Besides, the domestic tyre industry margins, which declined by 120 bps year-on-year in the September quarter, are expected to improve in the second half of the current fiscal due to the falling crude prices and stable prices of the natural rubber, it said.

With the increasing demand of tyre industry in India, demand for tyre polishing is also increasing day by day, due to maintenance of the tyres for the long run.

PROJECTED PROFITABILITY STATEMENT					
	-	-	-		
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	50%	55%	60%	65%	70%
<u>SALES</u>					
Gross Sale					
Tyre polish	88.00	105.32	115.54	125.86	136.27
Total	88.00	105.32	115.54	125.86	136.27
COST OF SALES					
Raw Mateiral Consumed	57.60	64.42	71.42	78.62	86.02
Elecricity Expenses	0.67	0.74	0.81	0.89	0.98
Depriciation	0.58	0.50	0.42	0.36	0.31
Consumables	4.40	5.27	5.78	6.29	6.81
Repair & maintenace	3.78	4.53	4.97	5.41	5.86
other direct expenses	2.73	3.27	3.58	3.90	4.22
packaging charges	2.64	3.16	3.47	3.78	4.09
Labour	4.68	5.15	5.66	6.23	6.85
Cost of Production	77.09	87.02	96.12	105.49	115.15
Add: Opening Stock /WIP	-	6.42	7.25	8.01	8.79
Less: Closing Stock /WIP	6.42	7.25	8.01	8.79	9.60
Cost of Sales	70.66	86.19	95.36	104.71	114.34
GROSS PROFIT	17.34	19.13	20.18	21.15	21.93
salary to staff	2.40	2.64	2.90	3.19	3.35
Interest on Term Loan	0.36	0.34	0.27	0.20	0.02
Interest on working Capital	0.55	0.55	0.55	0.55	0.55
Rent	2.88	3.17	3.48	3.83	4.22

Selling & adm Exp	7.04	8.22	8.67	8.68	8.86
TOTAL	13.23	14.91	15.88	16.47	17.00
NET PROFIT	4.11	4.22	4.31	4.68	4.93
Taxation					
PROFIT (After Tax)	4.11	4.22	4.31	4.68	4.93

PROJECTED BALANCE SHEET

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Liabilities</u>					
Capital					
opening balance		4.07	6.29	7.60	8.28
<i>Add:- Own Capital</i>	0.96				
Add:- Retained Profit	4.11	4.22	4.31	4.68	4.93
Less:- Drawings	1.00	2.00	3.00	4.00	4.50
Closing Blance	4.07	6.29	7.60	8.28	8.71
Subsidy Reserve	1.01	1.01	1.01	-	-
Term Loan	3.34	2.74	2.14	0.53	-
Working Capital Limit	5.00	5.00	5.00	5.00	5.00
Sundry Creditors	2.40	2.68	2.98	4.91	5.02
Provisions & Other Liab	0.30	0.40	0.55	0.66	0.83
TOTAL :	16.11	18.12	19.27	19.38	19.55
<u>Assets</u>					
Fixed Assets (Gross)	4.04	4.04	4.04	4.04	4.04
Gross Dep.	0.58	1.08	1.50	1.86	2.17
Net Fixed Assets	3.46	2.96	2.54	2.18	1.87
FD of Subsidy	1.01	1.01	1.01		
Current Assets					
Sundry Debtors	1.83	4.39	4.81	5.24	5.68
Stock in Hand	7.38	8.33	9.20	10.10	11.03
Cash and Bank	2.43	1.43	1.71	1.86	0.97
TOTAL :	16.11	18.12	19.27	19.38	19.55

PROJECTED CASH FLOW STATEMENT

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	0.96				
Net Profit	4.11	4.22	4.31	4.68	4.93
Depriciation & Exp. W/off	0.58	0.50	0.42	0.36	0.31
Increase in Cash Credit	5.00	-	-	-	-
Increase In Term Loan	3.64	-	-	-	-
Increase in Creditors	2.40	0.28	0.29	1.94	0.10
Increase in Provisions & Oth lib	0.30	0.10	0.15	0.11	0.17
increase in subsidy	1.01				
TOTAL :	18.00	5.10	5.18	7.09	5.51
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	4.04				
Increase in Stock	7.38	0.94	0.87	0.90	0.93
Increase in Debtors	1.83	2.56	0.43	0.43	0.43
Repayment of Term Loan	0.30	0.60	0.60	1.61	0.53
Increase in FD	1.01	-	-		
Drawings	1.00	2.00	3.00	4.00	4.50
Taxation	-	-	-	-	-
TOTAL :	15.57	6.10	4.90	6.94	6.39
Opening Cash & Bank Balance	-	2.43	1.43	1.71	1.86
Add : Surplus	2.43 -	0.99	0.27	0.15 -	0.89
Closing Cash & Bank Balance	2.43	1.43	1.71	1.86	0.97

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