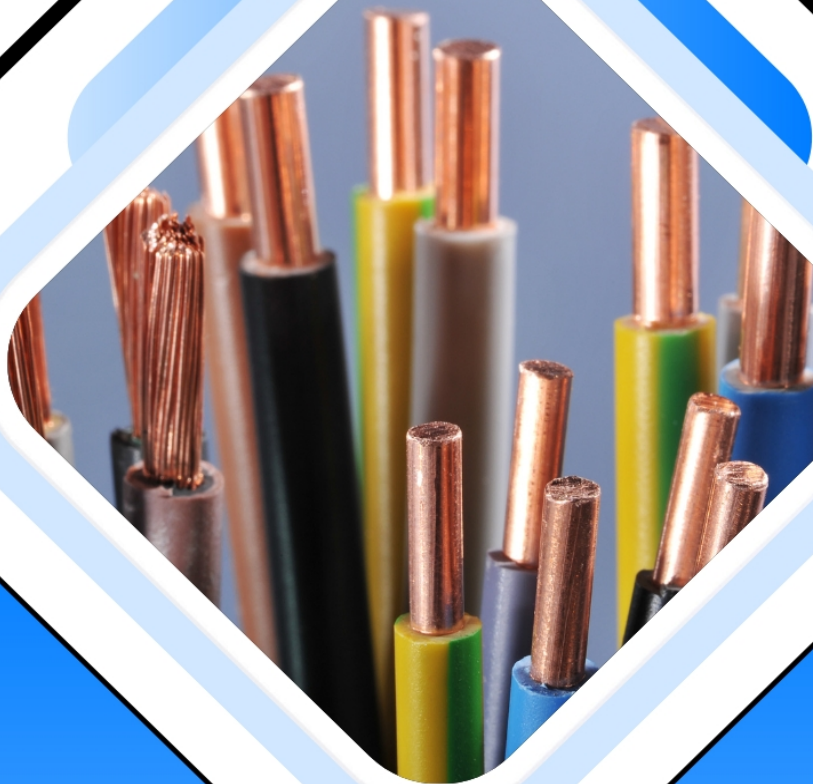




MODEL PROJECT REPORT



PROJECT REPORT ON AUTO CONTROL CABLES

SWAVALAMBI BHARAT ABHIYAN

PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxx
- District : xxxxxx
- Pin: xxxxxx State: xxxxx
- Mobile xxxxxx
- 5 Product and By Product : **AUTO CONTROL CABLES**
- 6 Name of the project / business activity proposed : **AUTO CONTROL CABLES MANUFACTURING UNIT**
- 7 Cost of Project : Rs.24.68 Lakhs
- 8 Means of Finance
- Term Loan Rs.17.05 Lakhs
- Own Capital Rs.2.47 Lakhs
- Working Capital Rs.5.17 Lakhs
- 9 Debt Service Coverage Ratio : 2.04
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 42%
- 13 Employment : 10 Persons
- 14 Power Requirement : 12.00 KW
- 15 Major Raw materials : Spring steel wire carbon, Medium carbon steel wire, Zinc Alloy
- 16 Estimated Annual Sales Turnover : 68.40 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	17.94
Miss Assets	1.00
Furniture & Fixtures	-
Working Capital	5.74
Total	24.68

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.47
Working Capital(Finance)	5.17
Term Loan	17.05
Total	24.68

1. INTRODUCTION



Auto Control cables are parts of the two & three wheelers which come into play in controlling the movement of the vehicle. These are actually flexible link motions and assist in the starting, accelerating and stopping of the Vehicle. The auto control cables connect the clutch and gear controls in the handles / hand grips of the vehicle to the clutch housing, wheel brakes and the gear box. The control cable consists of a closed spiral spring coated with plastic with an inner core of standard steel wire. The cable is provided at either end, with suitable lugs or ferrule to fit into the specific part to which it is to be connected. The auto control cables are used very frequently, while the vehicle is in motion, as these are in action whenever clutch is engaged, gears are changed and brakes applied. Due to the frequent use, these are also replaced often due to wear or breakage.

2. USES & MARKET POTENTIAL:

Automotive control cables are the most imperative parts of the automotive industry. These cables are used for control of mechanical movements in variety of machines/ systems including aerospace and vehicles. But maximum quantity is consumed by two-wheeler segment in automobile sector. These products are essential for almost all two-wheeler and other automobile systems. The range of this product are Two-Wheeler Cables for Motorcycles, Scooters, Electric Bikes and Mopeds, Three-Wheeler Cables for Load Carriers and Passenger Carriers, Passenger Car Cables, Tractor Cables, Commercial Vehicle Cables for Light Commercial Vehicles, Buses and Trucks, Snowmobile Cables, Cables for Construction, Earth Moving and Material Handling Equipment.

The automotive control cable market is anticipated to grow at a CAGR of 5% during the forecast period of 2019-2029. The global automotive control cable market size in 2018 was valued at US\$ 2.1 Bn. The global automotive control cable market is an extremely fragmented market. Tier-1 players hold approximately 35-45% share in the market. Most of the key players sustain strategic focus on the development of new products and expansion of business in new regions and setup of the distribution network. Significant investments in developing new and durable products by companies are expected to exploit the automotive control cable market growth prospects.

PRODUCT RAW MATERIAL

The major raw material required for manufacturing of Auto Control Cable are:

- Spring steel wire-carbon
- Medium carbon steel wire
- Zinc alloy/type metal for lugs
- PVC Granules
- Tin Solder / Ferrules etc
- Packing materials

MANUFACTURING PROCESS

The Auto Control Cable consists of two main parts.

- One is the inner core, made of fine stranded steel wires twisted as a single rope with suitable lugs / ferrules (if required) at either ends for fixing the same into the particular components of the vehicle between which the linkage is to be effected.
- The other is the outer casing which is a long spiral spring coated with a layer of plastic material with suitable ends for fitting into the appropriate parts.

3. PROJECT COMPONENTS

3.1 Land & Building

The land required for this manufacturing unit will be approx. around 1500 square feet. Land Purchase and Building Civil Work Cost have not been considered as part of the cost of project. It is expected that the premises will be on rental and approximate rentals assumed of the same will be Rs.25,000 per month.

3.2 Plant and Machinery

Machine	Quantity	Price
Wire Twisting Machine	1	1,65,000
Spring winding / Casing coiling machine	1	3,50,000
Automatic PVC Cable Extruder Machine	1	6,50,000
Abrasive cutting off machine	1	70,500
Bench Grinder	1	20,000
Spring Controlled Arbor Press Machine	1	20,000
Pressure Die Casting Machine	1	1,20,000
Packaging Machine	1	75,000
Other Equipment's (such as Drawing fixture, casting die, other fixtures, measuring instruments, tools, etc.)	LS	50,000
Sub-Total		15,20,500
GST @ 18%		2,73,690
TOTAL		17,94,190

3.3 Power Requirement

The borrower shall require power load of 12 KW which shall be applied with Power Corporation. However, for standby power arrangement the borrower shall also purchase DG Set.

4. FINANCIALS

<u>PROJECTED BALANCE SHEET</u>					
					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Liabilities</u>					
Capital					
Opening balance		2.81	4.05	6.63	9.54
Add:- Own Capital	2.47				
Add:- Retained Profit	2.34	4.04	5.88	7.31	9.93
Less:- Drawings	2.00	2.80	3.30	4.40	6.60
Closing Balance	2.81	4.05	6.63	9.54	12.87
Term Loan	15.15	11.36	7.58	3.79	-
Working Capital Limit	5.17	5.17	5.17	5.17	5.17
Sundry Creditors	1.44	1.62	1.80	2.00	2.20
Provisions & Other Liability	0.20	0.24	0.29	0.35	0.41
TOTAL :	24.77	22.44	21.47	20.84	20.65
<u>Assets</u>					
Fixed Assets (Gross)	18.94	18.94	18.94	18.94	18.94
Gross Dep.	2.84	5.26	7.31	9.05	10.54
Net Fixed Assets	16.10	13.68	11.63	9.89	8.40
Current Assets					
Sundry Debtors	2.74	3.32	3.81	4.33	4.90
Stock in Hand	4.45	5.07	5.72	6.42	7.17
Cash and Bank	1.49	0.37	0.31	0.21	0.17
TOTAL :	24.77	22.44	21.47	20.84	20.65

<u>PROJECTED PROFITABILITY STATEMENT</u>					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	50%	55%	60%	65%	70%
<u>SALES</u>					
Gross Sale					
Auto Control Cable	68.40	83.04	95.22	108.16	122.54
Total	68.40	83.04	95.22	108.16	122.54
COST OF SALES					
Raw Material Consumed	43.20	48.58	54.14	59.90	65.86
Electricity Expenses	2.30	2.53	2.79	3.07	3.37
Depreciation	2.84	2.41	2.05	1.74	1.48
Wages & labour	7.32	8.78	10.72	13.93	17.83
Repair & maintenance	1.37	1.66	1.90	2.16	2.45
Packaging	3.08	4.98	6.67	7.57	8.58
Cost of Production	60.11	68.95	78.27	88.38	99.57
Add: Opening Stock	-	3.01	3.45	3.91	4.42
Less: Closing Stock	3.01	3.45	3.91	4.42	4.98
Cost of Sales	57.11	68.51	77.80	87.88	99.01
GROSS PROFIT	11.29	14.53	17.41	20.28	23.52
	16.51%	17.50%	18.29%	18.75%	19.20%
Salary to Staff	2.34	2.81	3.51	4.28	5.05
Interest on Term Loan	1.68	1.48	1.06	0.64	0.23
Interest on working Capital	0.57	0.57	0.57	0.57	0.57
Rent	3.00	3.15	3.31	3.47	3.65
Selling & Administrative Exp.	1.37	2.49	2.86	3.24	3.68
TOTAL	8.95	10.49	11.30	12.21	13.17
NET PROFIT	2.34	4.04	6.11	8.07	10.35
	3.43%	4.87%	6.42%	7.46%	8.45%
Taxation	-	-	0.23	0.76	0.42
PROFIT (After Tax)	2.34	4.04	5.88	7.31	9.93

<u>PROJECTED CASH FLOW STATEMENT</u>					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	2.47				
Net Profit	2.34	4.04	6.11	8.07	10.35
Depreciation & Exp. W/off	2.84	2.41	2.05	1.74	1.48
Increase in Cash Credit	5.17	-	-	-	-
Increase In Term Loan	17.05	-	-	-	-
Increase in Creditors	1.44	0.18	0.19	0.19	0.20
Increase in Provisions & Oth labilities	0.20	0.04	0.05	0.06	0.07
	-				
TOTAL :	31.51	6.67	8.40	10.07	12.10
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	18.94				
Increase in Stock	4.45	0.62	0.65	0.70	0.76
Increase in Debtors	2.74	0.59	0.49	0.52	0.58
Repayment of Term Loan	1.89	3.79	3.79	3.79	3.79
Drawings	2.00	2.80	3.30	4.40	6.60
Taxation	-	-	0.23	0.76	0.42
TOTAL :	30.02	7.80	8.46	10.17	12.14
Opening Cash & Bank Balance	-	1.49	0.37	0.31	0.21
Add : Surplus	1.49	-1.12	-0.06	-0.10	-0.04
Closing Cash & Bank Balance	1.49	0.37	0.31	0.21	0.17

CALCULATION OF D.S.C.R

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	5.18	6.46	7.93	9.05	11.41
Interest on Term Loan	1.68	1.48	1.06	0.64	0.23
Total	6.86	7.93	8.99	9.70	11.64
<u>REPAYMENT</u>					
Instalment of Term Loan	1.89	3.79	3.79	3.79	3.79
Interest on Term Loan	1.68	1.48	1.06	0.64	0.23
Total	3.57	5.26	4.85	4.43	4.01
DEBT SERVICE COVERAGE RATIO	1.92	1.51	1.86	2.19	2.90
AVERAGE D.S.C.R.	2.04				

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Finished Goods</u>					
(15 Days)	3.01	3.45	3.91	4.42	4.98
<u>Raw Material</u>					
(10 Days)	1.44	1.62	1.80	2.00	2.20
Closing Stock	4.45	5.07	5.72	6.42	7.17

COMPUTATION OF WORKING CAPITAL REQUIREMENT					
TRADITIONAL METHOD				(in Lacs)	
Particulars	Amount	Own Margin		Bank Finance	
Finished Goods & Raw Material	4.45				
Less : Creditors	1.44				
Paid stock	3.01	10%	0.30	90%	2.70
Sundry Debtors	2.74	10%	0.27	90%	2.46
	5.74		0.57		5.17
MPBF					5.17
WORKING CAPITAL LIMIT DEMAND (from Bank)					5.17
Working Capital Margin					0.57

REPAYMENT SCHEDULE OF TERM LOAN							
						Interest	11.00%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
1st	Opening Balance						
	1st month	-	17.05	17.05	-	-	17.05
	2nd month	17.05	-	17.05	0.16	-	17.05
	3rd month	17.05	-	17.05	0.16	-	17.05
	4th month	17.05	-	17.05	0.16		17.05
	5th month	17.05	-	17.05	0.16		17.05
	6th month	17.05	-	17.05	0.16		17.05
	7th month	17.05	-	17.05	0.16	0.32	16.73
	8th month	16.73	-	16.73	0.15	0.32	16.41
	9th month	16.41	-	16.41	0.15	0.32	16.10
	10th month	16.10	-	16.10	0.15	0.32	15.78
	11th month	15.78	-	15.78	0.14	0.32	15.47
	12th month	15.47	-	15.47	0.14	0.32	15.15
					1.68	1.89	
2nd	Opening Balance						
	1st month	15.15	-	15.15	0.14	0.32	14.84
	2nd month	14.84	-	14.84	0.14	0.32	14.52
	3rd month	14.52	-	14.52	0.13	0.32	14.21
	4th month	14.21	-	14.21	0.13	0.32	13.89
	5th month	13.89	-	13.89	0.13	0.32	13.57
	6th month	13.57	-	13.57	0.12	0.32	13.26

	7th month	13.26	-	13.26	0.12	0.32	12.94
	8th month	12.94	-	12.94	0.12	0.32	12.63
	9th month	12.63	-	12.63	0.12	0.32	12.31
	10th month	12.31	-	12.31	0.11	0.32	12.00
	11th month	12.00	-	12.00	0.11	0.32	11.68
	12th month	11.68	-	11.68	0.11	0.32	11.36
				1.48	3.79		
3rd	Opening Balance						
	1st month	11.36	-	11.36	0.10	0.32	11.05
	2nd month	11.05	-	11.05	0.10	0.32	10.73
	3rd month	10.73	-	10.73	0.10	0.32	10.42
	4th month	10.42	-	10.42	0.10	0.32	10.10
	5th month	10.10	-	10.10	0.09	0.32	9.79
	6th month	9.79	-	9.79	0.09	0.32	9.47
	7th month	9.47	-	9.47	0.09	0.32	9.15
	8th month	9.15	-	9.15	0.08	0.32	8.84
	9th month	8.84	-	8.84	0.08	0.32	8.52
	10th month	8.52	-	8.52	0.08	0.32	8.21
	11th month	8.21	-	8.21	0.08	0.32	7.89
	12th month	7.89	-	7.89	0.07	0.32	7.58
				1.06	3.79		
4th	Opening Balance						
	1st month	7.58	-	7.58	0.07	0.32	7.26
	2nd month	7.26	-	7.26	0.07	0.32	6.94
	3rd month	6.94	-	6.94	0.06	0.32	6.63

	4th month	6.63	-	6.63	0.06	0.32	6.31
	5th month	6.31	-	6.31	0.06	0.32	6.00
	6th month	6.00	-	6.00	0.05	0.32	5.68
	7th month	5.68	-	5.68	0.05	0.32	5.37
	8th month	5.37	-	5.37	0.05	0.32	5.05
	9th month	5.05	-	5.05	0.05	0.32	4.74
	10th month	4.74	-	4.74	0.04	0.32	4.42
	11th month	4.42	-	4.42	0.04	0.32	4.10
	12th month	4.10	-	4.10	0.04	0.32	3.79
					0.64	3.79	
5th	Opening Balance						
	1st month	3.79	-	3.79	0.03	0.32	3.47
	2nd month	3.47	-	3.47	0.03	0.32	3.16
	3rd month	3.16	-	3.16	0.03	0.32	2.84
	4th month	2.84	-	2.84	0.03	0.32	2.53
	5th month	2.53	-	2.53	0.02	0.32	2.21
	6th month	2.21	-	2.21	0.02	0.32	1.89
	7th month	1.89	-	1.89	0.02	0.32	1.58
	8th month	1.58	-	1.58	0.01	0.32	1.26
	9th month	1.26	-	1.26	0.01	0.32	0.95
	10th month	0.95	-	0.95	0.01	0.32	0.63
	11th month	0.63	-	0.63	0.01	0.32	0.32
	12th month	0.32	-	0.32	0.00	0.32	-
					0.23	3.79	
	DOOR TO DOOR MORATORIUM PERIOD	60		MONTHS			
		6		MONTHS			
	REPAYMENT PERIOD	54		MONTHS			

Assumptions:

1. Production Capacity of Auto Control Cables manufacturing unit is taken at 320 Pieces per day. First year, Capacity has been taken @ 50%.
2. Working shift of 10 hours per day has been considered.
3. Raw Material stock and Finished goods closing stock has been taken for 10 days and 15 days respectively.
4. Credit period to Sundry Debtors has been given for 14 days.
5. Credit period by the Sundry Creditors has been provided for 15 days.
6. Depreciation and Income tax has been taken as per the Income tax Act,1961.
7. Interest on working Capital Loan and Term loan has been taken at 11%.
8. Salary and wages rates are taken as per the Current Market Scenario.
9. Power Consumption has been taken at 12 KW.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.