### **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.]



<u>Lucknow Office</u>: Sidhivinayak Building , 27/1/B, Gokhlley Marg, Lucknow-226001

<u>Delhi Office</u>: Multi Disciplinary Training Centre, Gandhi Darshan Rajghat,

New Delhi 110002

Email: info@udyami.org.in Contact: +91 7526000333, 444, 555

#### 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.

# **Advantages of tyre polishing**

When vehicle's tyre isn't smooth. It has a texture to it, and if it has been washed with harsh detergents and dried improperly, it may even have minor surface scratches.

The Advantage to using tyre polish after washing is that because they are slightly abrasive polishes will remove, remove minor scratches, and smooth imperfections in the tyre. Where wax lays down a layer of protection, polish removes material to reveal clean smooth tyre. The smoother the tyre, the shinier the surface.

The typical reason of using tyre polish is to remove the unwanted build-up of sebum in the tyre without stripping out so much as to make tyre undamaged.

# **Ingredients**

Main ingredient of tyre polish is glycerine. Other essential ingredients include salt (Glucose syrup), which is used to adjust the viscosity, a preservative and fragrances.

# **Description of Tyre polish Machine**

Machinery for Tyre polish Unit includes the following:

- Double Hot Blender machine
- Filler Machine

These Machines are used to produce tyre polish substance from the raw material. With the help of this machine the work of mixing, formulation & blending completes in a very short span.

### **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.

### **Tyre polish Manufacturing Process**

- Take raw material Glycerine and put it in the blender.
- Now raise the temperature of the blender by heating it up.
- Mix the DM water and glucose syrup during heating.
- Leave it for 1 hour to stable the moisture at its best quality.
- Stir it with an aluminium road, so that it should not stick in the blender.
- Packaging of Goods

### **Machinery & Equipment's required:**

Name	Cost
Double Hot Blender Machine	250000
Filler & packaging Machine	50000
Total	3,00,000

Cost of the machine is exclusive of GST & value of the machine varies with the change in batch size.

### Land &Building required:

Land required 600 Square Feet (approx.)

Approximate rent for the same is 12000.

# **Labour Requirement:**

3-4 Manpower is required for the tyre polish unit.

Includes:

1 skilled Labour

2-3 Unskilled Labour

#### **Raw Material Requirement of Tyre Polish**

- Glycerine
- ❖ DM Water
- ❖ Glucose Syrup

Average raw material cost per KG: Rs. 55-60

### **Tyre polish Unit License & registration**

#### For Proprietor:

- Obtain the GST registration.
- Fire/ Pollution Registration as required.
- Choice of a Brand Name of the product and secure the name with Trademark if required.

### **Implementation Schedule**

S.N.	Activity	Time Required (in Months)
1	Acquisition Of premises	1
2	Construction (if Applicable)	1- 2 Months
3	Procurement & installation of Plant & Machinery	1
4	Arrangement of Finance	1
5	Requirement of required Manpower	1
	Total time Required (some activities shall run concurrently)	2-3 Months

# **Conclusion:**

After completion of manufacturing process, product is ready to sell in the market. This machine can be installed with low investment & one can earn a good Margin of profit by doing this business.

**PROJECT AT A GLANCE** Name of the Entrepreneur 1  $\mathbf{X}\mathbf{x}$ 2 Constitution (legal Status) Xx 3 Father's/Spouse's Name Xx Unit Address Taluk/Block:  $\mathbf{X}\mathbf{X}$ District: XXPin: E-Mail XX Mobile  $\mathbf{X}\mathbf{X}$ Product and By Product 5 tyre polish Name of the project / business activity proposed: 7 Cost of Project **Rs.** 4.04 **Means of Finance** Term Loan **Rs.** 3.64 Lacs 25% of 4.04 Lacs **KVIC Margin Money Rs.** (1.01Lacs) **Rs.** 0.96 Own Capital Lacs **Debt Service Coverage Ratio** 4 years 11 **10** Pay Back Period month **11** Project Implementation Period 6 months 12 Employment 5 KW connection **13** Power Requirement **14** Major Raw materials Glycerin, glucose Syrup 88 Lacs (at 50% **15** Estimated Annual Sales Turnover capacity) Detailed Cost of Project & Means of **16** Finance **COST OF PROJECT** (Rs. In Lacs) **Particulars Amount** Land **Building & Civil** 

Work

Plant & Machinery	3.54
Furniture & Fixtures	0.50
Pre-operative Expen	ses
Contingencies Working Capital	
Requirement	5.56
Total	9.60

#### **MEANS OF FINANCE**

Particulars	Amount
Own Contribution	0.96
Bank Finance	3.64
working capital from bank	5.00
Total	9.60
KVIC Margin Money	25% of 4.04 Lacs (1.01Lacs)

#### FINANCIAL ASSISTANCE REQUIRED

Term Loan of Rs. 3.64 Lacs and Working Capital limit of Rs. 5.00 Lacs

		T	1	
COST OF PROJECT	PARTICULARS	AMOUNT	AMOUNT	AMOUNT
			10.00%	90.00%
	Building Civil Work			
	Plant & Machinery Furniture & Fixtures and Other	3.54	0.35	3.19
	Assets	0.50	0.05	0.45
	Working capital	5.56	0.56	5.00
	Total	9.60	1.06	8.64
_				
MEANS OF FINANCE	PARTICULARS			AMOUNT
	Own Contribution			0.96
	Bank Loan			3.64
	Working capital Limit			5.00
	Total			9.60

### **COMPUTATION OF PRODUCTION OF tyre polish**

#### Items to be Manufactured

tyre polish

machine capacity per day 800 KG machine capacity per annum 192000 KG

Production of tyre po	olish	
Production	Capacity	Tyre polish
1st year	50%	96,000
2nd year	55%	105,600
3rd year	60%	115,200
4th year	65%	124,800
5th year	70%	134,400

Raw Materia	al Cost		
Year	Capacity	KG	Amount
	Utilisation		(Rs. in lacs)
1st year	50%	60.00	57.60
2nd year	55%	61.00	64.42
3rd year	60%	62.00	71.42
4th year	65%	63.00	78.62
5th year	70%	64.00	86.02

COMPUTATION OF S	<u>ALE</u>				
Particulars	1st year	2nd year	3rd year	4th year	5th year
Op Stock	-	8,000	8,800	9,600	10,400
Production	96,000	105,600	115,200	124,800	134,400
Less : Closing Stock	8,000	8,800	9,600	10,400	11,200
Net Sale sale price per	88,000	104,800	114,400	124,000	133,600
KG/Liter	100.00	100.50	101.00	101.50	102.00
Sales (in Lacs)	88.00	105.32	115.54	125.86	136.27

BREAK UP OF LABOUR CHARGE	<u>s</u>		
Particulars	Wages	No of	Total
	Per Month	Employees	Salary
Skilled	15000	1	15000
Unskilled	12000	2	24000
Total Salary Per Month			39000
Total Annual Labour Charges	(in Lacs)		4.68

Particulars	Wages	No of	Total
	Per Month	Employees	Salary
Accountant	12000	1	12000
Helper	8000	1	8000
Total Salary Per Month			20000

Utility Charges at 100% capacity (per month)					
Particulars	value	Description			
Power connection required	5	KWH			
consumption per day	40	units			
Consumption per month	800	units			
Rate per Unit	7	Rs.			
power Bill per month	5600	Rs.			

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	50%	55%	60%	65%	70%
SALES					
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 & maintennace	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 SHEE	Γ
------------------------	---

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Liabilities					
Capital					
opening balance		4.07	6.29	7.60	8.28
Add:- Own Capital	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
Assets					
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 STATI	<u>EMENT</u>				
				441	
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
SOURCES OF FUND					
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
APPLICATION OF FUND					
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

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Finished Goods					
	6.42	7.25	8.01	8.79	9.60
Raw Material	<u> </u>		I		
	0.96	1.07	1.19	1.31	1.43
Closing Stock	7.38	8.33	9.20	10.10	11.03

Particulars	Amount	Own	Margin	Bank Fina	nce
Finished Goods & Raw Material	7.38				
Less : Creditors	2.40				
Paid stock	4.98	10%	0.50	90%	4.49
Sundry Debtors	1.83	10%	0.18	90%	1.65
	6.82		0.68		6.14

2nd Method		
PARTICULARS	1st year	2nd year
Total Current Assets	11.65	14.15
Other Current Liabilities	2.70	3.08
Working Capital Gap	8.95	11.06
Min Working Capital		
25% of WCG	2.24	2.77
Actual NWC	3.95	6.06
item III - IV	6.71	8.30
item III - V	5.00	5.00
MPBF (Lower of VI & VII)	5.00	5.00

3rd Method		
PARTICULARS	1st year	2nd year
Total Current Assets	11.65	14.15
Other Current Liabilities	2.70	3.08
Working Capital Gap	8.95	11.06
Min Working Capital		
25% of Current Assets	2.91	3.54
Actual NWC	3.95	6.06
item III - IV	6.03	7.53
item III - V	5.00	5.00
MPBF (Lower of VI & VII)	5.00	5.00

### COMPUTATION OF DEPRECIATION

Description	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation	15.00%	10.00%	
Opening Balance	-	-	-
Addition	3.54	0.50	4.04
Total	3.54	0.50	4.04
Less : Depreciation	0.53	0.05	0.58
WDV at end of Year	3.01	0.45	3.46
Additions During The Year	-	-	-
Total	3.01	0.45	3.46
Less : Depreciation	0.45	0.05	0.50
WDV at end of Year	2.56	0.41	2.96
Additions During The Year	-	-	-
Total	2.56	0.41	2.96
Less : Depreciation	0.38	0.04	0.42
WDV at end of Year	2.17	0.36	2.54
Additions During The Year	-	-	-
Total	2.17	0.36	2.54
Less : Depreciation	0.33	0.04	0.36
WDV at end of Year	1.85	0.33	2.18
Additions During The Year	-	-	-
Total	1.85	0.33	2.18
Less : Depreciation	0.28	0.03	0.31
WDV at end of Year	1.57	0.30	1.87
S	-	-	-

Total	1.57	0.30	1.87
Less : Depreciation	0.24	0.03	0.27
WDV at end of Year	1.34	0.27	1.60
Less : Depreciation	0.20	0.03	0.23
WDV at end of Year	1.13	0.24	1.37
Less : Depreciation	0.17	0.02	0.19
WDV at end of Year	0.96	0.22	1.18

	REPAY	MENT SO	CHEDULE	OF TE	RM LOA	N	
						Interest	11.00%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
ist	Opening Balance						
	1st month	-	3.64	3.64	-	-	3.64
	2nd month	3.64	-	3.64	0.03	-	3.64
	3rd month	3.64	-	3.64	0.03	-	3.64
	4th month	3.64	-	3.64	0.03		3.64
	5th month	3.64	-	3.64	0.03		3.64
	6th month	3.64	-	3.64	0.03		3.64
	7th month	3.64	-	3.64	0.03	0.050	3.59
	8th month	3.59	-	3.59	0.03	0.050	3.54
	9th month	3.54	-	3.54	0.03	0.050	3.49
	10th month	3.49	-	3.49	0.03	0.050	3.44
	11th month	3.44	-	3.44	0.03	0.050	3.39
	12th month	3.39	-	3.39	0.03	0.050	3.34
					0.36	0.300	
2nd	Opening Balance						
	1st month	3.34	-	3.34	0.03	0.050	3.29
	2nd month	3.29	-	3.29	0.03	0.050	3.24
	3rd month	3.24	-	3.24	0.03	0.050	3.19
	4th month	3.19	-	3.19	0.03	0.050	3.14
	5th month	3.14	-	3.14	0.03	0.050	3.09
	6th month	3.09	-	3.09	0.03	0.050	3.04
	7th month	3.04	-	3.04	0.03	0.050	2.99
	8th month	2.99	-	2.99	0.03	0.050	2.94
	9th month	2.94	-	2.94	0.03	0.050	2.89
	10th month	2.89	-	2.89	0.03	0.050	2.84
	11th month	2.84	-	2.84	0.03	0.050	2.79

	12th month	2.79	-	2.79	0.03 <b>0.34</b>	0.050 <b>0.600</b>	2.74
Brd	Opening Balance				0.04	0.000	
	1st month	2.74	-	2.74	0.03	0.050	2.69
	2nd month	2.69	-	2.69	0.02	0.050	2.64
	3rd month	2.64	-	2.64	0.02	0.050	2.59
	4th month	2.59	-	2.59	0.02	0.050	2.54
	5th month	2.54	-	2.54	0.02	0.050	2.49
	6th month	2.49	-	2.49	0.02	0.050	2.44
	7th month	2.44	-	2.44	0.02	0.050	2.39
	8th month	2.39	-	2.39	0.02	0.050	2.34
	9th month	2.34	-	2.34	0.02	0.050	2.29
	10th month	2.29	-	2.29	0.02	0.050	2.24
	11th month	2.24	-	2.24	0.02	0.050	2.19
	12th month	2.19	-	2.19	0.02	0.050	2.14
4th	Opening Balance				0.27	0.600	
	Opening balance						
	1st month	2.14	-	2.14	0.02	0.050	2.09
	2nd month	2.09	-	2.09	0.02	0.050	2.04
	3rd month	2.04	-	2.04	0.02	0.050	1.99
	4th month	1.99	-	1.99	0.02	0.050	1.94
	5th month	1.94	-	1.94	0.02	0.050	1.89
	6th month	1.89	-	1.89	0.02	0.050	1.84
	7th month	1.84	-	1.84	0.02	0.050	1.79
	8th month	1.79	-	1.79	0.02	0.050	1.74
	9th month	1.74	-	1.74	0.02	0.050	1.69
	10th month	1.69	-	1.69	0.02	0.050	1.64
	11th month	1.64	_	1.64	0.01	0.050	1.59
	12th month(Subsidy adjusted)	1.59	_	1.59	0.01	1.060	0.53
	, /				0.20	1.610	

1st month	0.53	-	0.53	0.00	0.050	0.48
2nd month	0.48	-	0.48	0.00	0.050	0.43
3rd month	0.43	-	0.43	0.00	0.050	0.38
4th month	0.38	-	0.38	0.00	0.050	0.33
5th month	0.33	-	0.33	0.00	0.050	0.28
6th month	0.28	-	0.28	0.00	0.050	0.23
7th month	0.23	-	0.23	0.00	0.050	0.18
8th month	0.18	-	0.18	0.00	0.050	0.13
9th month	0.13	-	0.13	0.00	0.050	0.08
10th month	0.08	-	0.08	0.00	0.050	0.03
11th month	0.03	-	0.03	0.00	0.030	0.00
				0.02	0.53	
DOOR TO DOOR	59	MONTHS				
MORATORIUM PERIOD	6	MONTHS				
REPAYMENT PERIOD	53	MONTHS				

# **Supplier Details:**

S L Machinery	Address:		
	Plot No. 930, Tyre Wall Gali,		
	Mundka, Delhi.		



#### **DISCLAIMER**

The views expressed in this Project Report are advisory in nature. SAMADHAN assume no financial liability to anyone using the content for any purpose. All the materials and content contained in Project report is for educational purpose and reflect the views of the industry which are drawn from various research material sources from internet, experts, suppliers and various other sources. The actual cost of the project or industry will have to be taken on case to case basis considering specific requirement of the project, capacity and type of plant and other specific factors/cost directly related to the implementation of project. It is intended for general guidance only and must not be considered a substitute for a competent legal advice provided by a licensed industry professional. SAMADHAN hereby disclaims any and all liability to any party for any direct, indirect, implied, punitive, special, incidental or other consequential damages arising directly or indirectly from any use of the Project Report Content, which is provided as is, and without warranties.