



# PROJECT REPORT ON AUTO SERVICE



Govt. of Uttarakhand

**Directorate of Industries, Uttarakhand**

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## PROJECT HIGHLIGHTS

PROPRIETOR	:	XXXXX
ADDRESS OF THE PROPRIETOR	:	YYYYY DIST..... STATE.....
CONSTITUTION	:	PROPRIETORSHIP
CATEGORY OF UNIT	:	MICRO UNIT
FATHER NAME	:	XXXXXX
DATE OF BIRTH	:	XX-YY-ZZZZ
CATEGORY OF THE PROPRIETOR	:	XXXXXX
QUALIFICATION	:	XXXXXX
LOCATION OF UNIT	:	XXXXXX
PROPOSED PROJECT	:	AUTO SERVICE
NAME OF SCHEME	:	PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME
UNIT (OWN/RENTED)	:	OWNED/RENTED
<b>(A) TOTAL COST OF PROJECT</b>	:	<b>Rs. 4,00,000.00</b>
(1) Fixed Capital	:	Rs. 3,70,000.00
(2) Working Capital Limit	:	Rs. 30,000.00
<b><u>(B) MEANS OF FINANCE</u></b>	:	<b>Rs. 4,00,000.00</b>
(1) Term Loan for Machinery	:	Rs. 3,50,000.00
(2) Working Capital Limit	:	Rs. 30,000.00
(3) Promoter's Contribution	:	Rs. 20,000.00
SUBSIDY UNDER PMEGP	:	Rs. 1,40,000.00
EMPLOYMENT POTENTIAL	:	3
NORMAL WORKING HOUR	:	8 HOUR



## **INTRODUCTION**

Automobile repairing and servicing is a most commonly known activity in almost all urban areas where all types of motor vehicles like cars, buses, lorries, jeeps, etc are given for service and repairs. Regular maintenance and servicing of vehicles is required for safe driving and durability of the vehicles. Improper maintenance of vehicles, present conditions of roads, irresponsible driving, using cheaper spare parts, etc are the main reasons to send the vehicles for repairs and maintenance. Service station is the most essential unit to vehicle users. This unit can be established in urban, semi-urban and village areas to meet the local requirement. Candidates having good experience or qualified persons can start this unit with low investment.

## **PROMOTER & MANAGEMENT**

The promoter is reported to have good financial standing presently. The Promoters is actively associated with the implementation of the project. Promoter is over all in charge of the working of the unit.

## **MARKET AND DEMAND**

There is good demand for automobile service center due to increase in the number of vehicles day to day. After implementation of globalization and privatization, many multi-national companies competing with each other and introduced many models of 4-wheelers and 2-wheelers. Besides, the purchasing power of the people also increasing considerably and it becomes fall under necessary item in the cities/urban areas especially for business persons and salaried persons. Now a days, the middle class persons are also maintaining 4-wheelers/2-wheelers due to affordable price and changing habits of the consumers. Hence, there is a good demand for setting up of servicing and repairing units particularly in some important tribal centres.



## **MAJOR BENEFITS OF THE PROJECT**

- I. Easy availability of material.
- II. Job opportunity for local people.

## **FURNITURE, FIXTURES ETC.**

The total estimated cost of required Furniture & Fixtures would be Rs.- 15,000.00/-.

## **PREOPERATIVE EXPENSES**

The total estimated cost of required Preoperative Expenses would be Rs.- 10,000/-.

## **PLANT, MACHINERY AND EQUIPMENTS**

Plant, Machinery, Tools, Shed and other equipment's required for the proposed unit are available indigenously. The various items required for installation of Rs. 3,45,000/- details as per quotation attached herewith.

## **QUALITY CONTROL**

The concern proposed to set up above unit for which provision testing equipment have been proposed in the project report.

## **TECHNICAL KNOW- HOW**

The process for sale of products is simple and no sophisticated technology is involved. There is no requirement of any type of technical knowhow.



## **TRANSPORTATION**

The proposed location is connected by road and near to the city. Thus the unit is not likely to face difficulty on account of transportation.

## **UTILITIES**

a) **Power:**

The total connected load for the smooth operations of the unit has been estimated and Electricity connection will be obtained as per required load including lighting load if required.

b) **Water:**

The water will be available. Necessary provision for storage of water and water supply has been made in the project cost.

## **MANPOWER**

The unit would require total manpower of person of different category. The details of salary/wages proposed to be paid together with annual Salary/wages bill is given in separate annexure.

## **DEPRECIATION**

The depreciation on fixed assets has been computed in annexure of this project report in accordance with the admissibility of the same under the Income Tax Act, 1961.



## **TRAINING**

Applicant has to complete two week EDP training specially designed for the purpose, which will be organized by KVIC/KVIB/DIC or the institution organized by or under the administration control of Minister of MSME or any other training center of repute before disbursement of loan by the bank. After the successfully completion of EDP training arranged by the KVIC/KVIB/DIC, the beneficiary will deposit his own contribution in the bank as per the guideline of scheme.

## **CAPITAL SUBSIDY UNDER PMEGP**

Unit is eligible to get capital subsidy under Prime Minister Employment Generation Programme 35% of the total cost of the project (except cost of land). Total subsidy to be received Rs. 1,40,000/-

## **TERM LOAN AND WORKING CAPITAL LOAN PMEGP SCHEME**

The unit proposed to have Term loan UNDER PMEGP of Rs. 3,50,000/- & working capital limit of Rs. 30,000/- Own contribution of unit will be Rs. 20,000/-, which is five percent of total cost of project. The total project cost will be Rs.4,00,000/-.

## **LOAN REPAYMENT SCHEDULE**

Total Term Loan	:	Rs. 3,50,000/-
Total Duration	:	5 Years
From the next year		
Each yearly instalment	:	Rs. 70,000/-
Total instalments	:	Rs. 70,000*5 = Rs. 3,50,000/-

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<b>Total</b>		Rs. 3,50,000/--
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## **INTEREST COMPUTATION**

Interest computation is given in Annexure 6.

## **PROJECTED INCOME/PROFITABILITY**

The projected Income & profitability statement has been shown in the attached profit & loss account. Projected Balance sheet for the next five years is also enclosed as here for the reference.

## **ECONOMIC VIABILITY**

Based on the projections attached it is observed that sufficient revenue shall be generated through operations served & it indicates the economic viability of the proposal. Hence the project can be considered as economically favourable and viable.

## **CONCLUSION**

Based on the grounds discussed aforesaid it is concluded that project is economically & feasibly viable and should be considered favourably.



<b>M/S AUTO SERVICE</b>				
<b>ADDRESS: ZZZZZZZ</b>				
<b>FINANCIAL ASPECTS OF THE PROJECT</b>				
<b>A. FIXED CAPITAL</b>				
<b>I-Plant &amp; Machineries:</b>				
<b>S. No.</b>	<b>Particulars</b>	<b>No.</b>	<b>Rate (Rs.)</b>	<b>Amount(Rs.)</b>
1	Air Compressor	1	42000	42000
2	Trolley Systems (Tools)	2	126500	253000
3	Generator	1	50000	50000
	<b>TOTAL</b>			<b>345000</b>

<b>II-Other Fixed Assets:</b>		
<b>S. No.</b>	<b>Particulars</b>	<b>Amount (Rs.)</b>
1	Furniture for unit like racks, chair etc.	10000
2	Other equipments like fan, electrification etc.	5000
	<b>TOTAL</b>	<b>15000</b>

<b>III-Preliminary &amp; Pre-operative expenses:</b>		
<b>S. No.</b>	<b>Particulars</b>	<b>Amount (Rs.)</b>
1	Transportation of Machinery / Equipments	6000
2	Misc. Expenses ( Electric fitting , Board etc)	4000
	<b>TOTAL</b>	<b>10000</b>

<b>TOTAL FIXED CAPITAL</b>		
<b>S. No.</b>	<b>Particulars</b>	<b>Amount (Rs.)</b>
1	Machinery and Equipments	345000
2	Other Fixed Assets	15000
3	Preliminary and Pre Operative Expenses	10000
	<b>TOTAL</b>	<b>370000</b>





## B. WORKING CAPITAL

### I- Raw Material (Per Month):

S. No.	Particulars	Qty. Kg	Rate (Rs.)	Amount (Rs.)
1	Vehicle Servicing Lubricants	40	270	10800
2	Oil Filters & Others	30	90	2700
	<b>TOTAL</b>			<b>13500</b>

### II- Man power (Per Month):

S. No.	Particulars	Nos.	Salary	Amount (Rs.)
1	Skill Manpower	1	5000	5000
2	Helper	1	2500	2500
	<b>TOTAL</b>			<b>7500</b>

### III- Utilities (Per Month):

S. No.	Particulars	Amount (Rs.)
1	Electricity	2000
2	Rent	5050
	<b>TOTAL</b>	<b>7050</b>

### IV- Misc. or other expenses: (Per Month)

S. No.	Particulars	Amount (Rs.)
1	Repair & Renewal	950
2	Other	1000
	<b>TOTAL</b>	<b>1950</b>

## TOTAL WORKING CAPITAL (Per Month)

S. No.	Particulars	Amount (Rs.)
1	Raw Material	13500
2	Manpower	7500
3	Utilities	7050
4	Misc. Expenses	1950
	<b>TOTAL</b>	<b>30000</b>



### C-ANNUAL SALES REALISATION

S. No.	Particulars	Amount (Rs.)
1	Amount per year may be realized	600000

### D-BREAK EVEN POINT (BASED ON FIRST YEAR OF OPERATION)

S. No.	FIXED COST	Amount (Rs.)	
1	Interest on loan	37355	
2	Depreciation	54000	
3	Man power expenses (30%)	27000	
4	Operating expenses (30%)	81000	
	<b>Total</b>	<b>199355</b>	
	<b>BEP =Fixed Cost * 100</b>	<b>19935521</b>	<b>63.29</b>
	<b>Fixed Cost + Net Profit</b>	<b>315000</b>	



<b>M/S AUTO SERVICE</b>					
<b>ADDRESS: ZZZZZZZ</b>					<b>Annexure-1</b>
<b>PROJECTED BALANCE SHEET</b>					
					<b>(Rs. In '000)</b>
<b>PARTICULARS</b>	<b>Operating Years</b>				
	<b>1<sup>st</sup></b>	<b>2nd</b>	<b>3rd</b>	<b>4th</b>	<b>5th</b>
<b>A-SOURCES:-</b>					
<b>I) CAPITAL / OWN CONTRIBUTION</b>	20	136	280	449	643
ADD:- PROFIT	116	144	170	193	217
<b>TOTAL</b>	<b>136</b>	<b>280</b>	<b>449</b>	<b>643</b>	<b>860</b>
<b>II) LOAN FUNDS</b>					
<b>SECURED LOANS</b>					
Term Loan from Bank	280	210	140	70	0
C/C Limit from Bank	30	30	30	30	30
<b>TOTAL (I+II)</b>	<b>446</b>	<b>520</b>	<b>619</b>	<b>743</b>	<b>890</b>
<b>B- APPLICATION:-</b>					
<b>I) FIXED ASSETS</b>					
GROSS BLOCK	360	360	360	360	360
LESS: ACC.DEPRICIATION	54	99	137	170	198
<b>TOTAL</b>	<b>306</b>	<b>261</b>	<b>223</b>	<b>190</b>	<b>162</b>
<b>II) CURRENT ASSETS LOANS &amp; ADVANCES</b>					
PRELIMINARY EXPENSES	10	10	10	10	10
INVENTORIES	14	14	15	16	16
SUNDERY RECEIVABLES	50	53	55	58	60
CASH & BANK BALANCES	89	206	342	497	671
LOANS & ADVANCES	10	10	10	10	10
<b>TOTAL</b>	<b>172</b>	<b>293</b>	<b>432</b>	<b>590</b>	<b>767</b>
<b>III) CURRENT LIABILITIES &amp; PROVISIONS</b>					
SUNDERY CREDITOR	14	14	15	16	16
PROVISION FOR TAXATAION	0	0	0	0	0
EXPENSES PAYABLE	19	20	21	22	23
<b>TOTAL</b>	<b>33</b>	<b>34</b>	<b>36</b>	<b>37</b>	<b>39</b>
<b>IV) NET CUREENT ASSETS (II-III)</b>					
<b>TOTAL</b>	<b>140</b>	<b>259</b>	<b>396</b>	<b>553</b>	<b>728</b>
<b>TOTAL</b>	<b>446</b>	<b>520</b>	<b>619</b>	<b>743</b>	<b>890</b>
<b>Margin Money under PMEGP</b>					
	<b>140</b>	<b>140</b>	<b>140</b>	-	-
Note :-Above statement prepared & compiled by us as per the information provided by proprietor					



<b>M/S AUTO SERVICE</b>					
					<b>Annexture-2</b>
<b>ADDRESS: ZZZZZZZ</b>					
<b>PROJECTED COST OF PRODUCTION AND PROFITABILITY</b>					
					<b>(Rs. In '000)</b>
<b>Particulars</b>	<b>Operating Years</b>				
	<b>1st</b>	<b>2nd</b>	<b>3rd</b>	<b>4th</b>	<b>5th</b>
<b>Capacity Utilization</b>	<b>50%</b>	<b>55%</b>	<b>60%</b>	<b>65%</b>	<b>70%</b>
<b>A- INCOMES :</b>					
GROSS RECEIPTS	600	630	660	690	720
CLOSING STOCK	14	14	15	16	16
<b>TOTAL (A)</b>	<b>614</b>	<b>644</b>	<b>675</b>	<b>706</b>	<b>736</b>
<b>B- EXPENSES</b>					
OPENING STOCK	0	14	14	15	16
PURCHASES AND CONSUMPTION	176	170	178	186	194
SALARY & WAGES	90	95	99	104	108
UTILITIES EXPENSES	85	89	93	97	102
<b>Total (B)</b>	<b>350</b>	<b>367</b>	<b>384</b>	<b>402</b>	<b>419</b>
<b>C- GROSS PROFIT ( A-B )</b>	<b>263</b>	<b>277</b>	<b>290</b>	<b>304</b>	<b>317</b>
ADMINISTRATIVE COST	23	25	26	27	28
SELLING & DISTRIBUTION EXPENSES	30	32	33	35	36
DEPRECIATION	54	45	38	33	28
FINANCIAL CHARGES					
Interest on Term Loan @11.75%	37	29	21	13	4
Interest on CC Limit @10%	3	3	3	3	3
<b>D-TOTAL</b>	<b>148</b>	<b>133</b>	<b>121</b>	<b>110</b>	<b>100</b>
<b>E- PROFIT BEFORE TAX ( C - D )</b>	<b>116</b>	<b>144</b>	<b>170</b>	<b>193</b>	<b>217</b>
<b>F- PROVISION FOR TAXATION</b>	-	-	-	-	-
<b>G- NET PROFIT AFTER TAX</b>	<b>116</b>	<b>144</b>	<b>170</b>	<b>193</b>	<b>217</b>

Note :-Above statement prepared & compiled by us as per the information provided by proprietor



<b>M/S AUTO SERVICE</b>					
<b>ADDRESS: ZZZZZZZ</b>					
					<b>Annexture-3</b>
<b>PROJECTED CASH FLOW STATEMENT</b>					
					<b>(Rs. In '000)</b>
<b>PARTICULARS</b>	<b>Operating Years</b>				
	<b>1st</b>	<b>2nd</b>	<b>3rd</b>	<b>4th</b>	<b>5th</b>
<b>A-SOURCE OF FUND</b>					
1. Increase in Capital	20	-	-	-	-
2. Increase in Term Loan	350	-	-	-	-
3. Increase in C/C Limit	30	-	-	-	-
4. Profit / (Loss)	116	144	170	193	217
5. Depreciation added back	54	45	38	33	28
6. Increase in Creditors	33	2	2	2	2
<b>TOTAL ( A )</b>	<b>602</b>	<b>191</b>	<b>209</b>	<b>228</b>	<b>247</b>
<b>B-DISPOSAL OF FUND</b>					
<b>I) FIXED ASSETS PURCHASED</b>					
1. Furniture & Fixtures	15	-	-	-	-
2. Plant & Machinery	345	-	-	-	-
<b>II) CURRENT ASSETS</b>					
3. Increase in Stock	14	1	1	1	1
4. Increase in Debtors	50	3	3	3	3
5. Increase in Preliminary Exp.	10				
6. Increase in Loans & Advances	10	-	-	-	-
<b>III) OTHERS</b>					
7. Payment of Term Loan	70	70	70	70	70
8. Decrease in Creditors	0				
<b>TOTAL ( B )</b>	<b>514</b>	<b>73</b>	<b>73</b>	<b>73</b>	<b>73</b>
<b>Opening Cash &amp; Bank Balance</b>	0	89	206	342	497
<b>Surplus/(Deficit) ( A - B )</b>	89	117	136	155	174
<b>Closing Cash &amp; Bank Balance</b>	89	206	342	497	671
Note :-Above statement prepared & compiled by us as per the information provided by proprietor					



<b>M/S AUTO SERVICE</b>			
<b>ADDRESS: ZZZZZZZ</b>			
			<b>Annexture-4</b>
<b>COMPUTATION OF DEPRECIATION</b>			
<b>Depreciation under WDV Method:</b>			<b>(Rs. in '000')</b>
<b>Particulars</b>	<b>Furniture &amp; Fixture</b>	<b>Plant &amp; Machinery</b>	<b>Total</b>
<b>Rate as per I.Tax Act</b>	<b>10%</b>	<b>15%</b>	
Value of Assets at beginning	<b>15</b>	<b>345</b>	<b>360</b>
1st year Dep.	<b>2</b>	<b>52</b>	<b>54</b>
Balance at the end of 1st year	<b>13</b>	<b>293</b>	<b>306</b>
2nd year Dep.	<b>1</b>	<b>44</b>	<b>45</b>
Balance at the end of 2nd year	<b>12</b>	<b>249</b>	<b>261</b>
3rd year Dep.	<b>1</b>	<b>37</b>	<b>38</b>
balance at the end of 3rd year	<b>11</b>	<b>212</b>	<b>223</b>
4th year Dep.	<b>1</b>	<b>32</b>	<b>33</b>
balance at the end of 4th year	<b>10</b>	<b>180</b>	<b>190</b>
5th year Dep.	<b>1</b>	<b>27</b>	<b>28</b>



<b>M/S AUTO SERVICE</b>						
<b>ADDRESS: ZZZZZZZ</b>						
						<b>Annexture-5</b>
<b>PROJECTED FINANCIAL RATIOS</b>						
						<b>(Rs. In '000)</b>
<b>PARTICULARS</b>		<b>Operating Years</b>				
		<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>3<sup>rd</sup></b>	<b>4<sup>th</sup></b>	<b>5<sup>th</sup></b>
<b>1. CURRENT RATIO</b>	CURRENT ASSETS	<b>172</b>	<b>293</b>	<b>432</b>	<b>590</b>	<b>767</b>
	CURRENT LIABILITIES	<b>63</b>	<b>64</b>	<b>66</b>	<b>67</b>	<b>69</b>
		<b>= 2.75 TIMES</b>	<b>4.57 TIMES</b>	<b>6.57 TIMES</b>	<b>8.76 TIMES</b>	<b>11.12 TIMES</b>
<b>2. GROSS PROFIT RATIO</b>	GROSS PROFIT	<b>263</b>	<b>277</b>	<b>290</b>	<b>304</b>	<b>317</b>
	SALES	<b>600</b>	<b>630</b>	<b>660</b>	<b>690</b>	<b>720</b>
		<b>= 43.90%</b>	<b>44.01%</b>	<b>44.00%</b>	<b>44.00%</b>	<b>43.99%</b>
<b>3. NET PROFIT RATIO</b>	NET PROFIT	<b>116</b>	<b>144</b>	<b>170</b>	<b>193</b>	<b>217</b>
	SALES	<b>600</b>	<b>630</b>	<b>660</b>	<b>690</b>	<b>720</b>
		<b>= 19.27%</b>	<b>22.86%</b>	<b>25.72%</b>	<b>28.04%</b>	<b>30.17%</b>
<b>4. DSCR</b>	PAT+DEP.+INTT. ON TERM LOAN	<b>207</b>	<b>218</b>	<b>229</b>	<b>239</b>	<b>250</b>
	INTEREST+LOAN INSTALMENT	<b>107</b>	<b>99</b>	<b>91</b>	<b>83</b>	<b>38</b>
		<b>= 1.93 TIMES</b>	<b>2.20 TIMES</b>	<b>2.52 TIMES</b>	<b>2.89 TIMES</b>	<b>6.53 TIMES</b>
<b>5. INTT. COVERAGE RATIO</b>	PAT+DEP.+INTT.	<b>210</b>	<b>221</b>	<b>232</b>	<b>242</b>	<b>253</b>
	INTEREST	<b>40</b>	<b>32</b>	<b>24</b>	<b>16</b>	<b>7</b>
		<b>= 5.20 TIMES</b>	<b>6.88 TIMES</b>	<b>9.69 TIMES</b>	<b>15.44 TIMES</b>	<b>33.89 TIMES</b>



<b>M/S AUTO SERVICE</b>				
<b>ADDRESS: ZZZZZZZ</b>				
<b>Loan Amount Rs. 350000</b>				<b>Annexture-6</b>
<b>Rate of Interest: 11.75%</b>				
<b>Tenure: 5 Years</b>				<b>(Rs. In '000)</b>
<b>Sl. No.</b>	<b>Instalment</b>	<b>Interest</b>	<b>Principal</b>	<b>Balance Loan</b>
<b>1st Year</b>	<b>107</b>	<b>37</b>	<b>70</b>	<b>280</b>
<b>2nd Year</b>	<b>99</b>	<b>29</b>	<b>70</b>	<b>210</b>
<b>3rd Year</b>	<b>91</b>	<b>21</b>	<b>70</b>	<b>140</b>
<b>4th Year</b>	<b>83</b>	<b>13</b>	<b>70</b>	<b>70</b>
<b>5th Year</b>	<b>74</b>	<b>4</b>	<b>70</b>	<b>0</b>





## DISCLAIMER

This project report is only for the purpose of reference and will give an idea and guidance to budding and existing entrepreneurs on how to prepare a project Report. The readers will come to know about the key components of a project. Every earnest-effort has been made in collecting the data and information available on the subject from different offline and online sources. This report (including any enclosures and attachments) has been prepared solely for the purpose for which it is provided.

Department suggest entrepreneurs to survey the market properly to find the actual cost of fixed assets and working capital. The actual cost of the project or industry will vary according to different elements like location, local regulation, financial requirements of industry, capacity, type of industry, cost of resources and other direct and indirect costs related to the project.

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