VEHICLE WHEEL CAP

Introduction:

Vehicle wheel cap is a cap used for covering the ends of the automobile hubs. It is made from M.S. Sheet (22 SWG or similar) and pressed in such a way so as to fit it easily and correctly in the vehicle wheel cap. In some cases extra fixture is used to secure the fixing. It is available in the decorative colours and shades also. Vehicle wheel cap should be free from any spot and should have a lustrous surface all over.

Market Potential:
The population of vehicles in Assam alone is over 10 lakhs. Assuming the population of vehicles in other parts of the region as 40% of that of Assam, the total vehicle population in the north-eastern region would be around 14,00,000. It is understood that due to gradually improve standard of living of the people of the region and easy availability of car loans the number of vehicles in the region is increasing by 10% to 15% per year according to a recent study conducted by the Central Road Research Institute. This itself will throw open opportunities for additional demand for vehicle wheel cap in the region providing opportunities for a few units to come up in the region.

Plant Capacity:
The production basis for a typical tiny unit would be as under:

Working hours/day	: 8 (1 shift)
Working days in a year	: 300
Annual Production capacity	: 10,000 Nos.of vehicle wheel cap

The unit has been assumed to operate at 70%, 80% and 90% of its installed capacity in the first, second and third year and onwards of its operation.

Raw Material:
The main raw material required for manufacturing vehicle wheel cap M.S. Sheet 22 SWG or similar for (18 MT) for 4,000 vehicle wheel cap.

Process:
In the manufacturing process of vehicle wheel caps indigenously available M.S. sheet 22 SWG or similar are cut to the required circle, the desired shape and form is obtained by pressing operation and finally the edges are folded in the beading machine. The caps thus made are sent for the electroplating from outside unit. Electroplating is a specialized job and it will not be economical for such a small scale unit to do the same by himself at the beginning.

Machinery:
The major equipment required by the unit for producing vehicle wheel caps are as follows:

Sl.No.	Particulars
1.	Circle cutting machine power operated pedestal mounted upto 3'x16' SWG with ¾ H.P. motor, starter and other fittings – 1 No.
2.	Double action power press suitable for 16" circle 4" deep with 10 HP motor starter and other fittings – 1 NO.
3.	Hand operated beading machine with rollers – 1 No.
4.	Die, punch & other Misc. hand-tools and measuring tools – L.S.

Location:
The suitable locations for the project may be –

- Kokrajhar, Nagaon, Tinsukia, Silchar in Assam.
- Dimapur in Nagaland.
- Imphal in Manipur

- Itanagar in Arunachal Pradesh
- Byrnihat in Meghalaya
- Dharmanagar in Tripura

Infrastructure:

The basic infrastructure required are :

Land	:	3,000 sq.ft.
Building	:	1,000 sq.ft.
Power	:	10 KW
Water	:	1,000 Ltr. Per day.
Manpower	:	8 Nos. (Administrative (3), Factory Staff (5)

Total Capital Requirement:

The total capital requirement including fixed capital and working capital is estimated at Rs 9.20 lakhs as follows. Of this, the project cost comprising fixed capital and margin money on working capital is Rs 8.20 lakhs.

A.	**Fixed Capital:**		**(Rs in lakh)**
	Land		Rented
	Building		Rented
	Machinery		3.50
	Miscellaneous fixed assets		2.50
	Preliminary and pre-operative expenses		1.50
		Total (A)	**7.50**
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B.	**Working Capital:**		
	Raw materials & Packing material	1 month	0.60
	Finished goods	2 weeks	0.35
	Working expenses	1 month	0.30
	Receivables	2 weeks	0.45
		Total (B)	**1.70**
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		Total (A)+(B)	**9.20**

Note: Working capital may be financed as:

Bank Finance	…..	Rs 1.00 lakhs
Margin Money	…..	Rs 0.70 lakhs
		Rs 1.70 lakhs
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Means of Finance:

The project cost of Rs 8.20 lakhs including margin money for working capital may be financed as under:

Promoter's contribution (35%)	….	Rs 2.90 lakhs
Term Loan (65%)	….	Rs 5.30 lakhs
		Rs 8.20 lakhs
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Operating Expenses:

The annual operating expenses are estimated at Rs 6.20 lakhs (70% capacity utilization) as given below:

		(Rs in lakhs)
1.	Raw materials	1.30
2.	Utilities	0.50
3.	Wages & Salaries	2.50
4.	Overheads	0.40
5.	Selling expenses @ 3% on annual sales	0.25
6.	Interest on term loan (13.50%)	0.70
7.	Interest on Bank Finance for Working Capital (12.%)	0.15
8.	Depreciation @10%	0.40
		6.20
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Sales Realization:
The basis on which average ex-factory sales realization from the sale of vehicle wheel caps at 100% capacity utilization is as follows:

Items	Nos.	Unit Sales Price (Rs)	Annual Sales Price (Rs)
Vehicle wheel caps	10,000	110/-	11,00,000

Based on this the annual sales realization is estimated to be Rs 11.00 lakhs and at 70% capacity utilization the same is Rs 7.70 lakhs.

Profitability :
Based on the sales realization and the operating expenses, the profit would be Rs 1.50 lakhs per year (70% capacity utilization). This works out to a return on investment of 18%. The plant will break even at 51% of the rated capacity.

Highlight:
The major highlights of the project are as follows:

Total capital requirement	:	Rs 9.20 lakhs
Promoter's contribution	:	Rs 2.90 lakhs
Annual sales realization (70% cap.)	:	Rs 7.70 lakhs
Annual operating expenses (70% cap.)	:	Rs 6.20 lakhs
Annual profit (pre-tax)	:	Rs 1.50 lakhs
Pre-tax Return on Sales	:	20%
Break Even Point	:	51%
No. of persons employed	:	8

List of Machinery Suppliers: **List of Raw Materials Suppliers:**

1.	M/s Atlas Works (P) Ltd. 119, Ripon St., Kolkata – 700 016		Raw materials will be available from the authorized local dealers of Capital cities and major towns of the region.
2.	M/s Manaklal & Sons, 115/116 Narayan Dhuru St., Mumbai – 400 003		
3.	M/s Batliboi & Co. Pvt. Ltd. Jeewa Vihar, Parliament St. New Delhi – 110 001		