

TYRE RETREADING UNIT

1. INTRODUCTION

Tyre Retreading is a new technology, where the old tyres are made serviceable by removing worn out and damaged treads and replacing it with new treads. New treads are available in the market in form of rolls and in brief, it can be put on old tyre and cured with the help of steam. Similar to the new tyres, the treated tyres can be very well used on all vehicles, irrespective of light or heavy vehicles. With a safe and new technology, which is being adopted now-a-days, it will be more easy and economical to produce tyres.

2. MARKET

As day by day, more and more vehicles are running on roads, hence more tyres are required for replacement. With further growth of economy, there will be an increase in transport as well as passenger vehicles and hence more tyres will be required. Hence, there is a very wide scope for retread tyres as an original replacement.

3. MANUFACTURING PROCESS

The manufacturing of retreading rubber is done in the following stages: I) Compounding: Removing unwanted materials such as nails, rivets etc. II) Mixing: Reclaimed rubber and oils; III) Extruding: The mixture of rubber so obtained is put into extruder to form rubber sheets. IV) Retreading: Before retreading tyre is buffed and it is allowed to stick properly. Tyres are buffed properly to remove all undesired rubber and to clean surface. The retreading rubber is now put on its outer surface with an adhesive solution.

4. PRODUCTION CAPACITY PER ANNUM

Capacity 1680 Tyres
Selling Price Rs. 680 Tyre

5. PROJECT COST/CAPITAL INVESTMENT

S.No	Description	Amount Rs.
1	Preliminary & Preoperative Expns	5000
2	Fixed Capital	165000
3	Working Capital for 1 month(s)	87000
	Total Project Cost	257000

6. MEANS OF FINANCE

S.No	Description	%age	Amount Rs.
1	Promoter Contribution	15%	38550
2	Subsidy	20%	51400
3	Term Loan	65%	167050
	Total		257000

7. FINANCIAL ASPECTS

A. FIXED CAPITAL

i. Land and Buildings

Rented

2000 per month

ii. Machinery and Equipment

S.No	Description		Qty.	Rate	Amount Rs.
1	Vulcaniser		1	100000	100000
2	Mixer		1	40000	40000
3	Tools & Furniture		1	25000	25000
4					0
					0
	Total				165000

B. WORKING CAPITAL

i. Salaries & Wages (per month)

S.No	Description	Nos.	Sal/mon.	Amount Rs.
1	Supervisor/Entrepreneur	1	3500	3500
2	Skilled Workers	2	2500	5000
3	Unskilled Workers	3	2000	6000
4		0		0
5		0	0	0
	Total			14500

ii. Raw Material (per month)

S.No	Description	Unit	Qty.	Rate	Amount Rs.
1	Rubber		1	55000	55000
2	Solvent		1	8000	8000
3	Calcium			4000	4000
			0	0	0
	Total				67000

iii. Utilities (per month)

S.No	Description	Unit	Amount Rs.
1	Power	LS	1000
2	Water	LS	500
	Total		1500

iv. Other Expenses (per month)

S.No	Description	Amount Rs.
1	Postage & Stationery Expenses	
2	Transportation Expenses	500
3	Advertisement Expenses	
4	Consumable Stores	1000
5	Miscellaneous Expenses	500
	Total	2000

v. Total Working Capital (per month)

S.No	Description	Amount Rs.
1	Rent	2000
2	Salaries and Wages	14500
3	Raw Material	67000
4	Utilities	1500
5	Other Expenses	2000
	Total	87000

8. COST OF PRODUCTION (PER ANNUM)

S.No	Description	Amount Rs.
1	Total Working Capital	1044000
2	Depreciation @ 15%	24750
3	Interest @ 12%	20046
	Total	1088796

9. TURNOVER (PER YEAR)

S.No	Description	Unit	Qty.	Rate Rs.	Amount Rs.
1	Tyre Retreading	Tyres	1680	680	1142400
					1142400

10. FIXED COST (PER YEAR)

S.No	Description	Amount Rs.
1	Depreciation	24750
2	Interest	20046
3	Rent	24000
4	Salaries & Wages @ 40%	69600
5	Other Expenses incl. Utilities @ 40%	16800
	Total	155196

11. PROFIT ANALYSIS & RATIOS

1	Net Profit	Rs.	53604
2	Percentage of Profit on Sales		5%
3	Return on Investment		21%
4	Break Even Point		74%