

## **AUTO AND TRACTOR PARTS MANUFACTURING**

This Pre-feasibility is for establishing an "Auto Mechanical Manufacturing Workshop". Induction of an experienced machinist and two helpers will be a necessity along with technically experienced and skilled owner/ manager. The total project cost is Rs.2.20 million out of which Rs.1.33 million is the capital cost and Rs.0.87 million for working capital. The debt to equity ratio is 90% and 10%. The project NPV is around Rs.22.62 million, with an IRR of 79% and payback period of 2.13 years.

### **Project Economics**

#### **Project Cost**

<b>Sr.#</b>	<b>Description</b>	<b>(Fig. In Rs.)</b>
1.	Second Hand / Rebuilt Machinery	1,150,000/-
2.	Office Equipment Second Hand	51,000/-
3.	Furniture & Fixtures	50,000/-
4.	Pre-Operating Cost	75,000/-
5.	Total Capital Cost	1,326,000/-
6.	Initial Working Capital	874,000/-
<b>Total Investment</b>		<b>2,200,000/-</b>

#### **Project Financing**

<b>Sr.#</b>	<b>Description</b>	<b>Details</b>
1.	Total Equity (10%)	Rs.220,000/-
2.	Bank Loan (90%)	Rs.1,980,000/-
3.	Mark-Up to the Borrower	8%
4.	Tenure of the Loan	08 Year
5.	Grace Period	01 Year

#### **Sales Revenue for Proposed 1<sup>st</sup> Year**

<b>Sr.#</b>	<b>Service Category</b>	<b>Quantity</b>	<b>Price / Piece</b>	<b>Revenue (Rs.)</b>
1.	Blanking	90,000	20/-	1,800,000/-
2.	Forming	60,000	45/-	2,700,000/-
3.	Stamping	72,000	15/-	1,080,000/-
4.	Threatening	7,500	10/-	75,000/-
5.	Fabrication Work	75	40,000/-	3,000,000/-
<b>Total</b>				<b>8,655,000/-</b>

This sales revenue is projected to increase to Rs.40.816 million by year 10.