

# UP MSME 1-Connect

## PROJECT REPORT

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PROJECT:

Refrigerator & AC Repairing Unit

# **PROJECT REPORT**

## **Of**

# **REFRIGERATOR & AC REPAIRING**

## **PURPOSE OF THE DOCUMENT**

This particular pre-feasibility is regarding **Refrigerator & AC Repairing 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.]

## **REFRIGERATOR & AC REPAIRING**

**Introduction:** Refrigerators and air conditioners have become almost a necessity in every house, business establishment, shops, hospitals, offices, laboratories etc. the no. of which is constantly increasing. Along with this, there is a problem that this equipment often gets out of order, repair of these require good workshops. Besides, the repairing regular maintenance of these equipment's smooth functioning. Therefore, if unit are established in cities dealing with the repairs and servicing of refrigerators and air-conditions then it just not proves helpful to the customers but would also give sufficient work to the unit owners. But to start this unit a prerequisite condition for the entrepreneur is to either have technical knowledge himself or to have an expert in technical details in the repairing work of these equipment's.

**Market:** Work can be obtained from different mediums for this unit. Customers come to the workshops to get their equipment repaired; owners can also keep in contact with the customers; owners can take an yearly maintenance contract from big organizations.

**Total working capital for 3 months: Rs. 2,18,295/-**

**Total Project Cost: Rs. 4,52,825/-**

**Means of Finance:**

|                            | <b>Urban</b> | <b>Rural</b> |
|----------------------------|--------------|--------------|
| 1. Composite loan          | 3,16,978/-   | 2,71,695/-   |
| 2. Promoter's contribution | 22,641/-     | 22,641/-     |
| 3. Subsidy                 | 1,13,206/-   | 1,58,489 /-  |
| 4. Debt equity ratio       | 2.33:1       | 1.50:1       |

**Profitability:**

(Rs. In Thousands)

| Sl.No. | Description                           | 1 <sup>st</sup> year           | 2 <sup>nd</sup> year | 3 <sup>rd</sup> year | 4 <sup>th</sup> year | 5 <sup>th</sup> year |
|--------|---------------------------------------|--------------------------------|----------------------|----------------------|----------------------|----------------------|
| 1.     | Capacity utilized                     | 60%                            | 70%                  | 80%                  | 80%                  | 80%                  |
| 2.     | Annual Sales Realization              | 710                            | 827                  | 946                  | 946                  | 946                  |
| 3.     | <b>Annual Costs in</b>                |                                |                      |                      |                      |                      |
| a)     | Raw Materials                         | 248                            | 290                  | 331                  | 331                  | 331                  |
| b)     | Utilities                             | 14                             | 17                   | 19                   | 19                   | 19                   |
| c)     | Selling expenses                      | 52                             | 61                   | 70                   | 70                   | 70                   |
|        | <b>Variable Cost</b>                  | <b>314</b>                     | <b>368</b>           | <b>420</b>           | <b>420</b>           | <b>420</b>           |
| d)     | Wages & Salaries                      | 143                            | 166                  | 190                  | 190                  | 190                  |
| e)     | Administrative expenses               | 119                            | 139                  | 158                  | 158                  | 158                  |
| f)     | Depreciation                          | 23                             | 23                   | 23                   | 23                   | 23                   |
| g)     | Interest on Composite Loan            | 37                             | 30                   | 21                   | 12                   | 3                    |
|        | <b>Fixed &amp; Semi Variable Cost</b> | <b>322</b>                     | <b>358</b>           | <b>399</b>           | <b>383</b>           | <b>374</b>           |
| 4.     | <b>Total Cost</b>                     | <b>636</b>                     | <b>726</b>           | <b>812</b>           | <b>803</b>           | <b>794</b>           |
| 5.     | <b>Annual Profit</b>                  | <b>74</b>                      | <b>101</b>           | <b>134</b>           | <b>143</b>           | <b>152</b>           |
| 6.     | <b>Return on Investment</b>           | <b>16.33%</b>                  | <b>22.29%</b>        | <b>29.58%</b>        | <b>31.53%</b>        | <b>33.53%</b>        |
| 7.     | <b>Return on sales</b>                | <b>10.42%</b>                  | <b>12.21%</b>        | <b>14.16%</b>        | <b>15.11%</b>        | <b>16.06%</b>        |
| 8.     | Annual contribution                   | 396                            | -                    | -                    | -                    | -                    |
| 9.     | Break Even Point                      | 48.78%                         |                      |                      |                      |                      |
| 10.    | Cash accrual                          | 97                             | 124                  | 157                  | 166                  | 175                  |
| 11.    | Debt Servicing Capacity               | 134                            | 154                  | 178                  | 178                  | 178                  |
| 12.    | Repayment of Composite Loan           | 51                             | 60                   | 69                   | 69                   | 68                   |
| 13.    | Debt Serviced                         | 88                             | 90                   | 90                   | 81                   | 72                   |
| 14.    | <b>Pay Back Period</b>                | <b>1 year 6 months 21 days</b> |                      |                      |                      |                      |
| 15.    | <b>Debt Service Coverage Ratio</b>    | <b>1.56:1</b>                  |                      |                      |                      |                      |

**Cash Flow Statement:**

(Rs. In Thousands)

| Sl. No. | Description                         | Pre-operative Period | Operating Years |            |            |            |            |
|---------|-------------------------------------|----------------------|-----------------|------------|------------|------------|------------|
|         |                                     |                      | First           | Second     | Third      | Fourth     | Fifth      |
| 1.      | Increase in Promoter's contribution | 23                   | -               | -          | -          | -          | -          |
| 2.      | Increase in Term loan               | 317                  | -               | -          | -          | -          | -          |
| 3.      | Subsidy                             | 113                  | -               | -          | -          | -          | -          |
| 4.      | Depreciation                        | -                    | 23              | 23         | 23         | 23         | 23         |
| 5.      | Profit before interests             | -                    | 111             | 131        | 155        | 155        | 155        |
| A.      | <b>TOTAL SOURCES</b>                | <b>453</b>           | <b>134</b>      | <b>154</b> | <b>178</b> | <b>178</b> | <b>178</b> |
| 6.      | Increase in capital investment      | 235                  | -               | -          | -          | -          | -          |
| 7.      | Increase in working capital         | 218                  | -               | -          | -          | -          | -          |
| 8.      | Interest                            | -                    | 37              | 30         | 21         | 12         | 3          |
| 9.      | Repayment of Term Loan              | -                    | 51              | 60         | 69         | 69         | 68         |
| B.      | <b>TOTAL DISPOSALS</b>              | <b>453</b>           | <b>88</b>       | <b>90</b>  | <b>90</b>  | <b>81</b>  | <b>71</b>  |

|    |                 |     |     |     |     |     |     |
|----|-----------------|-----|-----|-----|-----|-----|-----|
| C. | OPENING BALANCE | NIL | NIL | 46  | 110 | 198 | 295 |
| D. | NET SURPLUS     | NIL | 46  | 64  | 88  | 97  | 107 |
| E. | CLOSING BALANCE | NIL | 46  | 110 | 198 | 295 | 402 |

**Projected Balance sheet:**

| Sl. No. | Description                 | Amount in Rs. Thousands as at the end of the |                     |                     |                     |                     |
|---------|-----------------------------|--|---------------------|---------------------|---------------------|---------------------|
|         |                             | 1 <sup>st</sup> Yr.                          | 2 <sup>nd</sup> Yr. | 3 <sup>rd</sup> Yr. | 4 <sup>th</sup> Yr. | 5 <sup>th</sup> Yr. |
| 1.      | Capital Account of Promoter | 23   | 97                  | 198                 | 332                 | 475                 |
| 2.      | Surplus from operation      | 74   | 101                 | 134                 | 143                 | 152                 |
|         | <b>NET WORTH:</b>           | 97   | 198                 | 337                 | 475                 | 627                 |
| 3.      | <b>Subsidy</b>              | <b>113</b>                                   | <b>113</b>          | <b>113</b>          | <b>113</b>          | <b>113</b>          |
| 4.      | Term loan outstanding       | 266  | 206                 | 137                 | 68                  | -                   |
|         | <b>TOTAL LIABILITIES</b>    | <b>476</b>                                   | <b>517</b>          | <b>582</b>          | <b>656</b>          | <b>740</b>          |
| 1.      | Gross Block                 | 235  | 235                 | 235                 | 235                 | 235                 |
|         | Less Depreciation           | 23   | 46                  | 69                  | 92                  | 115                 |
|         | <b>NET BLOCK</b>            | <b>212</b>                                   | <b>189</b>          | <b>166</b>          | <b>143</b>          | <b>120</b>          |
| 2.      | Working capital             | 218  | 218                 | 218                 | 218                 | 218                 |
| 3.      | Cash & Bank Balance         | 46   | 110                 | 198                 | 295                 | 402                 |
|         | <b>TOTAL ASSETS</b>         | <b>476</b>                                   | <b>517</b>          | <b>582</b>          | <b>656</b>          | <b>740</b>          |

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