

"KVIC- REGP-(Gramodyog Rojgar Yojana)"

Project Profile on Air Conditioner (Split Types)

Introduction

Air- conditioner performs cleaning, circulating, temperature controlling humidity controlling of air functions within a specified area. Though window type air-conditioners are being mostly used, the time has come when split type air-conditioners are also in demand. The basic difference between window type and split type air-conditioners is that window type AC is a compact unit which is installed near the space to be air-conditioned, whereas split type of A/c is installed in two parts, one in evaporative unit which is installed near the spaces to be air conditioned and second one is condensing unit which is installed away from the spaces to be air-conditioned. In this way, noise of compressor, flow of exhaust (generally hot) air are distanced from the places to be air-conditioned. Split type A/C are being used in show rooms and other installations where space available is less and disturbance to occupants and passers-by is to be avoided.

Process of Manufacture: Procuring of various components like condenser coil, copper pipe, compressor, cabinet, frame, grills, switches etc. Testing components: Assembly, Charging of gas and Final testing.

Market potential: In present times, not only human beings but machines, computers, processes also require conditioned air for proper functioning. CNCs machines, testing labs, calibration centers and even in farming sector demand of AC has emerged. In middle upper class families, ACs have become very popular with the advent of new models, split type ACs are also becoming very popular because of their aesthetic looks and very less noise. Split ACs are being installed in offices, showrooms, houses etc. Large companies like Shriram, Carrier, Aircon, Llyods, Jainsons, Videocon, Samsung etc. are doing very good business in ACs up to the capacity of two ton rating. However, 1.5 ton ACs are much more in demand as this particular unit is suitable for conditioned air up to 1500cu.ft. of spaces very easily, though, videocon and other few companies have come up with split type ACs of 0.5 ton and 1 ton rating. Despite all these companies mentioned above, a major share of marketing of ACs is held by smaller unit. These units are generally assembling to various components and selling the ACs at competitive prices. The main strategy adopted by large companies is to sell their products through advertisements whereas small assemblers are selling their products by personnel contact and getting repeated orders on the basis of performance and reputation. As the society is moving towards materialism and a lot of emphasis is put on purchasing modern utilities/domestic appliances with

1 **Name of the Product :** **Air Conditioner**

2 **Project Cost :**

a **Capital Expenditure**

Land : **Own**

Workshed in sq.ft : Rs. **400,000.00**

Equipment : Rs. **151,000.00**

Sheet Bending M/c, Sheet cutting M/c hand operated, Hand press, Electrical Portable Grinder, drilling retetting, Vacuum pump for charging, Pressure Pump for teting, Charging Panel, Accetyene, Oxygen Cylinders, torch, hose etc, Swaging, Flaring, Soldering tool and fixtures, Spot welding M/c, Clamp Meter (Digital), Painting Gun, Compressor etc, Work Tables

Total Capital Expenditure Rs. **551,000.00**

b **Working Capital** Rs. **465,000.00**

TOTAL PROJECT COST : Rs. **1,016,000.00**

3 **Estimated Annual Production Capacity:** (Rs. in 000)

Sr.No.	Particulars	Capacity in No..	Rate Rs	Total Value
1	Split AC	120.00	0.00	2755.14
TOTAL		120.00	0.00	2755.14

4 **Raw Material** : Rs. **2,137,000.00**

5 **Packing Material** : Rs. **48,000.00**

6 **Wages (1-Skilled & 2- Unskilled)** : Rs. **120,000.00**

7 **Salaries (MANAGER-1)** Rs. **120,000.00**

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8	Administrative Expenses	:	Rs.	75,000.00
9	Overheads	:	Rs.	73,000.00
10	Miscellaneous Expenses	:	Rs.	45,000.00
11	Depreciation	:	Rs.	35,100.00
12	Insurance	:	Rs.	5,510.00
13	Interest (As per the PLR)			
	a. C.E.Loan	:	Rs.	71,630.00
	b. W.C.Loan	:	Rs.	60,450.00
	Total Interest		Rs.	132,080.00
14	Working Capital Requirement	:		
	Fixed Cost		Rs.	317,140.00
	Variable Cost		Rs.	2,438,450.00
	Requirement of WC per Cycle		Rs.	459,265.00

15 Cost Analysis

Sr.No.	Particulars	Capacity Utilization(Rs in '000)			
		100%	60%	70%	80%
1	Fixed Cost	317.14	190.28	222.00	253.71
2	Variable Cost	2438.00	1462.80	1706.60	1950.40
3	Cost of Production	2755.14	1653.08	1928.60	1960.31
4	Projected Sales	3100.00	1860.00	2170.00	2480.00
5	Gross Surplus	344.86	206.92	241.40	275.89
6	Expected Net Surplus	310.00	172.00	206.00	241.00

- Note :
1. All figures mentioned above are only indicative.
 2. If the investment on Building is replaced by Rental then
 - a. Total Cost of Project will be reduced.
 - b. Profitability will be increased.
 - c. Interest on C.E.will be reduced.