



## 6. PROJECT PROFILE ON LATHE WORKSHOP

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Category : Engineering

Total Cost of Project : Rs. 3,04,000/-

BEP : 47 %

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### I. INTRODUCTION OF BUSINESS IDEA :

Belgaum is known for lot of industrial activities since decades. There are many major industries which prefer to get their jobs done from small units. In this context, the lathe workshops have a good potential in the district.

### II. PRODUCT AND ITS APPLICATIONS:

The unit will be in a position to provide job work to the big industries. This could be on a regular contract basis.

### III. MARKET POTENTIAL:

Belgaum is placed as second industrially developing district in Karnataka state. Hence more no. of Foundry industries are located in Belgaum alone. These Foundry industries are catering the needs of automobile sector and engineering sector of Maharashtra state. In addition, the castings which are manufactured in Belgaum are exported to European countries. The job works on lathe machine etc are having high demand for these existing units. Hence there is promising scope for establishing engineering lathe machines shops.

### IV. CAPACITY-INSTALLED, UTILISED AND SALES:

Sl. No.	Product	Quantity	Rate	Sales Amount
01	Job works (2 machines)	4,800 hours	Rs 120 per hour	5,76,000

### V. MANUFACTURING PROCESS AND QUALITY:

The job particulars are obtained from the clients along with the material. As per the design specifications, the work is carried out. After finishing the material is sent back to the industry.



## VI. COST OF PROJECT AND MEANS OF FINANCE, INCLUDING WORKING CAPITAL REQUIREMENTS:

### A. COST OF PROJECT:

Sl. No.	Particulars	Amount (Rs).
1	Equipments	2,15,000
2	Other fixed assets	10,000
3	Preliminary and preoperative expenses	10,000
4	Deposits	35,000
5	Working Capital Requirements	34,000
	<b>Total</b>	<b>3,04,000</b>

### B. MEANS OF FINANCE:

Sl. No.	Particulars	Amount (Rs).
1	Loan @ 75%	2,28,000
2	Equity	76,000
	<b>Total</b>	<b>3,04,000</b>

### C. WORKING CAPITAL REQUIREMENT:

Sl. No.	Particulars	Basis	Period	Amount
1	Raw-materials			-
2	Bills Receivable	5,76,000/12 x 1/2	1/2 m	24,000
4	Working exp		1 m	10,000
	<b>Total</b>			<b>34,000</b>

## VII. Main Inputs Requirements

### A. Machinery:

Sl. No.	Particulars	Qty	Amount
1	Lathe machine 7 ft	2	1,80,000
2	Electric Motor	1	20,000
3	Tools and accessories		15000
	<b>Total</b>		<b>2,15,000</b>

### B. Raw-materials (1m): Nil



**C. Utilities:**

Sl. No.	Particulars	Monthly Charges (Rs)	Total Annual Charges (Rs)
1	Electricity and other charges	4,000	48,000

**D. Man-power requirement:**

Sl. No.	Workers	No.	Monthly Salary (Rs)	Annual Salary (Rs)
01	Skilled workers	2	6,000	1,44,000
02	Helper	1	4,000	48,000
	<b>Total</b>			1,92,000

**E. Infrastructure Requirement:**

Building	Built up space of 200 sq.ft is required
Power	10 HP power connection is required
Water	Water for drinking.

**VIII. Profitability Projection (Annual):**

Particulars	Basis	Amount (Rs).
Sales Revenue (Projected)	Ref:IV	5,76,000
Raw Materials	Ref: VII B	-
Man Power Expenses	Ref:VII D	1,92,000
Utilities	Ref:VIIC	48,000
Interest	@12%	27,000
Depreciation	@ 15%	32,000
Overheads	Rent, maintenance etc	1,00,000
<b>Total Expenses</b>		3,99,000
<b>Profit</b>		1,77,000

**IX. FINANCIAL INDICATOR:**

Break Even Point		
$\frac{FC}{SR-VC} \times 100$	$\frac{159000}{336,000} \times 100$	47%
Payback period		
$\frac{\text{Cost of project}}{\text{Profit+ Depn.}}$	$\frac{304,000}{209,000}$	Less than 1 year



**ADDRESS:**

**X. SUPPLIERS OF MACHINERY / EQUIPMENTS:**

1. Rainbow Marketing Services,  
Mahadwar Road,  
Belgaum-590002
2. Amol Traders,  
Mangal Industries Compound  
Tilakwadi, Belgaum.

CEDOK, DHARWAD.