



PROJECT REPORT ON WELDING WORKS



Govt. of Uttarakhand

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PROJECT HIGHLIGHTS

PROPRIETOR	:	XXXXX
ADDRESS OF THE PROPRIETOR	:	YYYYY DIST..... STATE.....
CONSTITUTION	:	PROPRIETORSHIP
CATEGORY OF UNIT	:	MICRO UNIT
FATHER NAME	:	XXXXXX
DATE OF BIRTH	:	XX-YY-ZZZZ
CATEGORY OF THE PROPRIETOR	:	XXXXXX
QUALIFICATION	:	XXXXXX
LOCATION OF UNIT	:	XXXXXX
PROPOSED PROJECT	:	WELDING WORKS
NAME OF SCHEME	:	PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME
UNIT (OWN/RENTED)	:	OWNED/RENTED
(A) TOTAL COST OF PROJECT	:	Rs.5,00,000.00
(1) Fixed Capital		Rs.1,50,000.00
(2) Working Capital Limit		Rs.3,50,000.00
(B) MEANS OF FINANCE	:	Rs. 5,00,000.00
(1) Term Loan for Machinery		Rs.1,25,000.00
(2) Working Capital Limit		Rs. 3,00,000.00
(3) Promoter's Contribution		Rs. 25,000.00
SUBSIDY UNDER PMEGP	:	Rs. 1,75,000.00
EMPLOYMENT POTENTIAL	:	3
NORMAL WORKING HOUR	:	8 HOUR



INTRODUCTION

The unit is a proposed micro enterprise propose to manufacture steel fabricated furniture which are required both for domestic and commercial establishments. With the growth of industrial, commercial and household activities the demand of office automation, equipment's and steel furniture has increased considerably. Wooden furniture after some period is worn out due to defects in wood quality and normal wear and tear. Due to elegant appearance, durability and innovative designs, steel furniture is becoming popular in modern society. Steel furniture is preferred over other kinds of furniture due to its durability, fold ability (in many cases) and easy transportability. These items find their extensive use in industrial , commercial and household activities. These steel products are the only replacement of wood in terms of cost and durability. These products will be varied in shapes and sizes as per the demand. Fabrications of steel related items are well established business and no sophisticated know-how is required. Though a number of units are carrying out the above activities, still there exists a gap in the demand supply curve.

PROMOTER & MANAGEMENT

The promoter is reported to have good financial standing presently. The Promoters is actively associated with the implementation of the project. Promoter is over all in charge of the working of the unit.

MARKET AND DEMAND

The main Raw materials & consumables required for the unit are stainless steel square and round Pipes of various sizes, stainless steel sheets, welding electrodes, cutting blades, screws; cutting fluid, cotton waste etc. Are available in the market and the demand of the fabricated items are much in the market.



MAJOR BENEFITS OF THE PROJECT

- I. Easy availability of material.
- II. Job opportunity for local people.

FURNITURE, FIXTURES ETC.

The total estimated cost of required Furniture & Fixtures including electrical fittings would be Rs.- 18,000.00/-.

PREOPERATIVE EXPENSES

The total estimated cost of required Preoperative Expenses would be Rs.- 4,000/-.

PLANT, MACHINERY AND EQUIPMENTS

Plant, Machinery, Tools, Shed and other equipment's required for the proposed unit are available indigenously. The various items required for installation of Rs. 1,28,000/- details as per quotation attached herewith.

QUALITY CONTROL

The concern proposed to set up above unit for which provision testing equipment have been proposed in the project report.

TECHNICAL KNOW- HOW

The process for sale of products is simple and no sophisticated technology is involved. There is no requirement of any type of technical knowhow.



TRANSPORTATION

The proposed location is connected by road and near to the city. Thus the unit is not likely to face difficulty on account of transportation.

UTILITIES

a) Power:

The total connected load for the smooth operations of the unit has been estimated and Electricity connection will be obtained as per required load including lighting load if required.

b) Water:

The water will be available. Necessary provision for storage of water and water supply has been made in the project cost.

MANPOWER

The unit would require total manpower of person of different category. The details of salary/wages proposed to be paid together with annual Salary/wages bill is given in separate annexure.

DEPRECIATION

The depreciation on fixed assets has been computed in annexure of this project report in accordance with the admissibility of the same under the Income Tax Act, 1961.



TRAINING

Applicant has to complete two week EDP training specially designed for the purpose, which will be organized by KVIC/KVIB/DIC or the institution organized by or under the administration control of Minister of MSME or any other training center of repute before disbursement of loan by the bank. After the successfully completion of EDP training arranged by the KVIC/KVIB/DIC, the beneficiary will deposit his own contribution in the bank as per the guideline of scheme.

CAPITAL SUBSIDY UNDER PMEGP

Unit is eligible to get capital subsidy under Prime Minister Employment Generation Programme 35% of the total cost of the project (except cost of land). Total subsidy to be received Rs. 1,75,000/-

TERM LOAN AND WORKING CAPITAL LOAN PMEGP SCHEME

The unit proposed to have Term loan UNDER PMEGP of Rs. 1,25,000/- & working capital limit of Rs. 3,50,000/- Own contribution of unit will be Rs. 25,000/-, which is five percent of total cost of project. The total project cost will be Rs.5,00,000/-.

LOAN REPAYMENT SCHEDULE

Total Term Loan	:	Rs. 1,25,000/-
Total Duration	:	5 Years
From the next year		
Each yearly instalment	:	Rs. 25,000/-
Total instalments	:	Rs. 25,000*5 = Rs. 125,000/-

Total	Rs. 125,000--
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INTEREST COMPUTATION

Interest computation is given in Annexure 6.

PROJECTED INCOME/PROFITABILITY

The projected Income & profitability statement has been shown in the attached profit & loss account. Projected Balance sheet for the next five years is also enclosed as here for the reference.

ECONOMIC VIABILITY

Based on the projections attached it is observed that sufficient revenue shall be generated through operations served & it indicates the economic viability of the proposal. Hence the project can be considered as economically favourable and viable.

CONCLUSION

Based on the grounds discussed aforesaid it is concluded that project is economically & feasibly viable and should be considered favourably.



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M/S WELDING WORKS

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FINANCIAL ASPECTS OF THE PROJECT

A. FIXED CAPITAL

I-Plant & Machineries:

S. No.	Particulars	No.	Rate (Rs.)	Amount(Rs.)
1	Welding Machine	2	20000	40000
2	Drill Machine	1	35000	35000
3	Pipe Cutter	1	20000	20000
4	Hand Grinder	1	7000	7000
5	Hand Drill Machine Big	1	9000	9000
6	Hand Drill Machine Small	1	5000	5000
7	Weighting Scale (Kanta)	1	12000	12000
TOTAL				128000

II-Other Fixed Assets:

S. No.	Particulars	Amount (Rs.)
1	Furniture for unit like racks, chair etc.	3000
2	Other equipments like fan, electrification etc.	15000
	TOTAL	18000

III-Preliminary & Pre-operative expenses:

S. No.	Particulars	Amount (Rs.)
1	Transportation of Machinery / Equipments	3000
2	Misc. Expenses (Electric fitting , Board etc)	1000
	TOTAL	4000



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TOTAL FIXED CAPITAL

S. No.	Particulars	Amount (Rs.)
1	Machinery and Equipments	128000
2	Other Fixed Assets	18000
3	Preliminary and Pre Operative Expenses	4000
	TOTAL	150000

B. WORKING CAPITAL

I- Raw Material (Per Month):

S. No.	Particulars	Qty. kg	Rate (Rs.)	Amount (Rs.)
1	Raw Material like- angle, sariya, tin etc.	-	-	313000
	TOTAL			313000

II- Man power (Per Month):

S. No.	Particulars	Nos.	Salary	Amount (Rs.)
1	Skill Manpower	1	10000	10000
2	Semi Skilled Manpower	2	7500	15000
	TOTAL			25000

III- Utilities (Per Month):

S. No.	Particulars	Amount (Rs.)
1	Electricity	5000
2	Phone bill	500
3	Rent	4500
	TOTAL	10000

IV- Misc. or other expenses: (Per Month)

S. No.	Particulars	Amount (Rs.)
1	Repair & Renewal	1000
2	Other	1000
	TOTAL	2000



TOTAL WORKING CAPITAL (Per Month)		
S. No.	Particulars	Amount (Rs.)
1	Raw Material	313000
2	Manpower	25000
3	Utilities	10000
4	Misc. expenses	2000
	TOTAL	350000

C-ANNUAL SALES REALISATION		
S. No.	Particulars	Amount (Rs.)
1	Amount per year may be realized	4800000

D-BREAK EVEN POINT (BASED ON FIRST YEAR OF OPERATION)			
S. No.	FIXED COST	Amount (Rs.)	
1	Interest on loan	13341	
2	Depreciation	21000	
3	Man power expenses (30%)	90000	
4	Operating expenses (30%)	1170000	
	Total	1294341	
	BEP = Fixed Cost * 100	129434115	81.77
	Fixed Cost + Net Profit	1582967	



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PARTICULARS	Operating Years				
	1st	2nd	3rd	4th	5th
A-SOURCES:-					
I) CAPITAL / OWN CONTRIBUTION	25	314	640	989	1360
ADD:- PROFIT	289	326	349	371	393
	TOTAL	314	640	989	1360
II) LOAN FUNDS					
SECURED LOANS					
Term Loan from Bank	100	75	50	25	0
C/C Limit from Bank	350	350	350	350	350
	TOTAL (I+II)	764	1065	1389	1735
B- APPLICATION:-					
I) FIXED ASSETS					
GROSS BLOCK	146	146	146	146	146
LESS: ACC. DEPRICINATION	21	39	54	67	78
	TOTAL	125	107	92	79
II) CURRENT ASSETS LOANS & ADVANCES					
PRELIMINARY EXPENSES	4	4	4	4	4
INVENTORIES	313	329	344	360	376
SUNDERY RECEIVABLES	400	420	440	460	480
CASH & BANK BALANCES	284	588	911	1254	1616
LOANS & ADVANCES	10	10	10	10	10
	TOTAL	1011	1350	1709	2087
III) CURRENT LIABILITIES & PROVISIONS					
SUNDERY CREDITOR	313	329	344	360	376
PROVISION FOR TAXATAION	2	4	5	6	8
EXPENSES PAYABLE	57	60	63	66	68
	TOTAL	372	393	412	432
IV) NET CUREENT ASSETS (II-III)	639	958	1297	1656	2034
TOTAL	764	1065	1389	1735	2102
Margin Money under PMEGP	175	175	175	-	-

Note :- Above statement prepared & compiled by us as per the information provided by proprietor



M/S WELDING WORKS

Annexure-2

ADDRESS: ZZZZZZZ

PROJECTED COST OF PRODUCTION AND PROFITABILITY

(Rs. In '000)

Particulars	Operating Years				
	1 st	2nd	3rd	4th	5th
Capacity Utilization	50%	55%	60%	65%	70%
A- INCOMES :					
GROSS RECEIPTS	4800	5040	5280	5520	5760
CLSOING STOCK	313	329	344	360	376
TOTAL (A)	5113	5369	5624	5880	6136
B- EXPENSES					
OPENING STCOK	0	313	329	344	360
PURCHASES AND CONSUMPTION	4069	3944	4132	4319	4507
SALARY & WAGES	300	315	330	345	360
UTILITIES EXPENSES	120	126	132	138	144
Total (B)	4489	4698	4922	5147	5371
C- GROSS PROFIT (A-B)	624	671	702	733	764
ADMINISTRATIVE COST	24	25	26	28	29
SELLING & DISTRIBUTION EXPENSES	240	252	264	276	288
DEPRICINATION	21	18	15	13	11
FINANCIAL CHARGES					
Interest on Term Loan @11.75%	13	10	7	5	2
Interest on CC Limit @10%	35	35	35	35	35
D-TOTAL	333	341	348	356	364
E- PROFIT BEFORE TAX (C - D)	291	330	354	377	400
F- PROVISION FOR TAXATION	2	4	5	6	8
G- NET PROFIT AFTER TAX	289	326	349	371	393



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Annexure-3

PROJECTED CASH FLOW STATEMENT

(Rs. In '000)

PARTICULARS	Operating Years				
	1st	2 nd	3rd	4th	5th
A-SOURCE OF FUND					
1. Increase in Capital	25	-	-	-	-
2. Increase in Term Loan	125	-	-	-	-
3. Increase in C/C Limit	350	-	-	-	-
4. Profit / (Loss)	289	326	349	371	393
5. Depreciation added back	21	18	15	13	11
6. Increase in Creditors	372	20	20	20	20
TOTAL (A)	1182	365	384	403	423
B-DISPOSAL OF FUND					
I) FIXED ASSETS PURCHASED					
1. Furniture & Fixtures	18	-	-	-	-
2. Plant & Machinery	128	-	-	-	-
II) CURRENT ASSETS					
3. Increase in Stock	313	16	16	16	16
4. Increase in Debtors	400	20	20	20	20
5. Increase in Preliminary Exp.	4				
6. Increase in Loans & Advances	10	-	-	-	-
III) OTHERS					
7. Payment of Term Loan	25	25	25	25	25
8. Decrease in Creditors	0				
TOTAL (B)	898	61	61	61	61
Opening Cash & Bank Balance	0	284	588	911	1254
Surplus/(Deficit) (A - B)	284	304	323	343	363
Closing Cash & Bank Balance	284	588	911	1254	1616

Note :-Above statement prepared & compiled by us as per the information provided by proprietor



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Annexure-4

COMPUTATION OF DEPRECIATION

Depreciation under WDV Method: (Rs. in '000')

Particulars	Furniture & Fixture	Plant & Machinery	Total
Rate as per I.Tax Act	10%	15%	
Value of Assets at beginning	18	128	146
1st year Dep.	2	19	21
Balance at the end of 1st year	16	109	125
2nd year Dep.	2	16	18
Balance at the end of 2nd year	14	93	107
3rd year Dep.	1	14	15
balance at the end of 3rd year	13	79	92
4th year Dep.	1	12	13
balance at the end of 4th year	12	67	79
5th year Dep.	1	10	11



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						Annexure-5
PROJECTED FINANCIAL RATIOS						
						(Rs. In '000)
PARTICULARS		Operating Years				
1. CURRENT RATIO	CURRENT ASSETS	1 st	2 nd	3rd	4th	5th
	CURRENT LIABILITIES	1011	1350	1709	2087	2486
	=	722	743	762	782	802
		1.40	1.82	2.24	2.67	3.10
		TIMES	TIMES	TIMES	TIMES	TIMES
2. GROSS PROFIT RATIO	GROSS PROFIT	624	671	702	733	764
	SALES	4800	5040	5280	5520	5760
	=	13.00%	13.31%	13.30%	13.28%	13.27%
3. NET PROFIT RATIO	NET PROFIT	291	330	354	377	400
	SALES	4800	5040	5280	5520	5760
	=	6.06%	6.55%	6.71%	6.83%	6.95%
4. DSCR	PAT+DEP.+INTT. ON TERM LOAN	325	359	377	395	413
	INTEREST+LOAN INSTALMENT	38	35	32	30	14
	=	8.48	10.13	11.60	13.36	30.20
		TIMES	TIMES	TIMES	TIMES	TIMES
5. INTT. COVERAGE RATIO	PAT+DEP.+INTT.	360	394	412	430	448
	INTEREST	48	45	42	40	37
	=	7.45	8.67	9.69	10.87	12.23
		TIMES	TIMES	TIMES	TIMES	TIMES



Welding Works

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Loan Amount Rs. 125000

Annexure-6

Rate of Interest: 11.75%

Tenure: 5 Years

(Rs. In '000)

Sl. No.	Installment	Interest	Principal	Balance Loan
1st Year	38	13	25	100
2nd Year	35	10	25	75
3rd Year	32	7	25	50
4th Year	30	5	25	25
5th Year	27	2	25	0



DISCLAIMER

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Department suggest entrepreneurs to survey the market properly to find the actual cost of fixed assets and working capital. The actual cost of the project or industry will vary according to different elements like location, local regulation, financial requirements of industry, capacity, type of industry, cost of resources and other direct and indirect costs related to the project.

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