



# BUSINESS REPORT

Date: **17th July 2025**

Business Reference: **37543**

About the Business:

## Engineering Co in Durban re- industry maintenance

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Good machinery, staff (that can work without the owner) & a long established A&B Grade client base, to expand from. Approx 12 regular bi-monthly clients contribute some R4.4m of the Co's annual turnover of R6.5m, while some 35 clients are more intermittent and contribute the remaining R2.1m. The NP/ Owners Discretionary Income is R1.64m pa. Conduct business development & grow the business !

# Engineering Co in Durban re- industry maintenance



Sector: **Manufacturing**

Asking Price:

R **2,400,000**

Monthly Profit:

R **137,140**

Asset Value:

R **1,000,000**

Stock Value:

R **0**

Yearly Net Profit :

R **1,645,675**



# Business Report

## Fully describe the business's activities?

Engineering specialist focusing on the machining of components under-going maintenance / repair work, in respect of the machinery of their industrial clients.

Appropriate machinery (presses, drills, lathes, CNC units) operated by 8 permanent knowledgeable staff members ensure year-round service to their existing client base.

Approx 12 regular bi-monthly clients contribute some R4.4m of the Co's annual turnover of R6.5m, while some 35 clients are more intermittent and contribute the remaining R2.1m.

## How long has the business been established?

Established in 2006 by the seller

## What steps are in place to solve 'load shedding' problems?

The area has never had loadshedding as it is near a hospital. There are two generators to run the office & machines if necessary (noting that the machines are low users and ramp upwards incrementally).

## How does the business operate on a daily basis?

Clients either deliver or have collected - their components for machining, and request a quote thereon or a replacement part. The floor-staff are capable of handling the design work (Easyplan), quoting, machine programming, and machining, while a driver does the collections/deliveries.

The admin lady with her assistant controls the emails, calls, invoicing, debtors, and financial accounts.

## How are the clients attracted to the business?

The elderly seller has not conducted business development for the last few years, as enough turnover for him comes in the door every year. The existing client base, provides continual & intermittent business, while referrals & the website bring in extra ad hoc business.

## What competition exists?

There are a few engineering shops that can handle the type of work they do, but this Co's clients are unlikely to try anyone else knowing that they have received good quality work & pricings over the years.

### What are the seasonal trends?

The Co is busy throughout the year even through Dec(R400k)/Jan(R500k) when some of the Industrial clients shutdown to perform maintenance work on their machinery. The turnover ranges from R330 to R1m pm with an even spread in between, but no predictable pattern.

### Is the business VAT Registered?

Yes

### Are there up-to-date Management Accounts available?

Management accounts are produced by the admin lady on a monthly basis, indicating all variations across the months, and were utilized in this ALDES Report, in respect of Income & COS (which aligned with the AFS Feb 2025), while the expenses within this ALDES report are the averaged 12-month analysis from the AFS Feb 2025 (merely for ease of input therein, while variations can be seen within the MA's),

### What Balance Sheet and Income Statements are available?

AFS 2025 are available

### What percentage of the business is cash/credit?

The majority of the income is by eft into the business bank acc, with the majority of clients paying at the 29/30 th day from Invoice, with minimal thereafter.

### How could the profitability of the business be improved?

All that is needed is business development, so that other companies get to know about this Co's history, client base, and capabilities.

### What is the total staff complement?

8 permanent staff, while 3 temps are utilized should demand require their use.  
The staff can carry out all tasks, inclusive of drawings, on their own, when the owner is away.

## How involved is the Owner in running the business?

The owner focusses on job scheduling & finances when there, which is most of the time. He is retiring nearby & would be available to provide advice etc if required.

## Premises Detail

400m2 factory floor, with a 60m2 office component, in a secure complex in an industrial area of Pinetown (KZN). The seller is the owner of the building and will offer the purchaser a market related rent at R25k pm (excl VAT).

## What are the main assets of the business?

Various (13) presses, drills, lathes, CNC units, as well as, welding units, small tools, etc , as well as, 2 bakkies (while the owners private vehicle is excluded). All are in good working condition, some reasonably new, with low power usage. They were purchased for some R2.4m, but at a 2nd hand value are probably around R1m.

## What is the reason for the sale?

The owner is retiring nearby & could assist with input if required

## Why is this a good business?

NP + Owners Benefits = Owners Discretionary Income of R1.64m, off a turnover of R6,5m (very steady over the years), with a GP of 70%. Specialized machining, with good machines & staff, have attracted regular A & B grade clients, that collectively have created a name/position in the market place, for a purchaser to build on. Opportunity - conduct business development which the retiring owner has not done & thereby utilize more than the present 30% of machinery capacity. A 50% increase in turnover would push machinery capacity to 45% & only require 2 extra staff.