

Pre-Feasibility Study

SERVICE STATION



Small and Medium Enterprises Development Authority

Ministry of Industries & Production

Government of Pakistan

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1 DISCLAIMER

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2 EXECUTIVE SUMMARY

This particular pre-feasibility study is for setting up of a service station for auto vehicles in any major city of Pakistan. The service station is assumed to cater washing & servicing requirements of all income groups at affordable prices. The major focus of the station would be to provide high quality washing and cleaning services to different types of auto vehicles, including cars, jeeps, motor bikes, three wheelers, etc. besides that, washing and cleaning services for carpets will also be provided.

The station will have an installed capacity of servicing 176 auto vehicles per day on single shift of 8 hours basis. Initial operational capacity is assumed at 55% whereas maximum operational capacity utilization is considered as 95% per day. This production capacity is estimated to be economically viable and justifies the capital as well as operational costs of the project. However, entrepreneur's knowledge of industry, quality services, competitive pricing and customer satisfaction are important factors for the success of this project.

The estimated total cost of the proposed car wash service station is Rs. 4.092 million out of which Rs. 3.194 million is the capital cost and Rs. 0.897 million is for working capital. The project is to be financed through 50% debt and 50% equity. The project NPV is around Rs. 6.37 million, with an IRR of 44% and Payback Period of 3.17 years.

The project will provide employment opportunities to 6 people including Owner / Manager. The legal business status of this project is proposed as 'Sole Proprietorship'.

3 INTRODUCTION TO SMEDA

The Small and Medium Enterprises Development Authority (SMEDA) was established in October 1998 with an objective to provide fresh impetus to the economy through development of Small and Medium Enterprises (SMEs).

With a mission "to assist in employment generation and value addition to the national income, through development of the SME sector, by helping increase the number, scale and competitiveness of SMEs", SMEDA has carried out 'sectoral research' to identify policy, access to finance, business development services, strategic initiatives and institutional collaboration and networking initiatives.

Preparation and dissemination of prefeasibility studies in key areas of investment has been a successful hallmark of SME facilitation by SMEDA.

Concurrent to the prefeasibility studies, a broad spectrum of business development services is also offered to the SMEs by SMEDA. These services include identification of experts and consultants and delivery of need based capacity building programs of different types in addition to business guidance through help desk services.

4 PURPOSE OF THE DOCUMENT

The objective of the pre-feasibility study is primarily to facilitate potential entrepreneurs in project identification for investment. The project pre-feasibility may form the basis of an important investment decision and in order to serve this objective, the document/study covers various aspects of project concept development, start-up, and production, marketing, finance and business management.

The purpose of this document is to facilitate potential investors in **Service Station** by providing them with a general understanding of the business with the intention of supporting potential investors in crucial investment decisions.

The need to come up with pre-feasibility reports for undocumented or minimally documented sectors attains greater imminence as the research that precedes such reports reveal certain thumb rules; best practices developed by existing enterprises by trial and error, and certain industrial norms that become a guiding source regarding various aspects of business set-up and it's successful management.

Apart from carefully studying the whole document one must consider critical aspects provided later on, which form basis of any investment decision.

5 BRIEF DESCRIPTION OF PROJECT & PRODUCT

This particular pre-feasibility provides the basic details for setting up a service station. Major services of the venture include cleaning and washing facility for different types of vehicles. However, services of different vehicles will vary according to the customers / clients requirements to keep the project operational throughout the year.

European, China and local made machinery is easily available in the local market and will be installed in the proposed station. Overall installed capacity of the unit will be to service 176 cars per day, while maximum capacity utilization of the station is assumed at 95%.

The unit would be located near auto mechanic workshops, car showrooms etc, It is assumed that service station should be established in any major city of Pakistan because of development and increase in the number of vehicles. The proposed project will provide direct employment to 6 individuals including the Owner / Manager.

5.1 Installed and Operational Capacities

The total installed capacity of the proposed service station is to provide cleaning and washing services to around 57,000 vehicles and other items annually.

The estimated time for four wheelers is assumed as 30 minutes per vehicle, whereas for motor bikes it is 15 minutes and similarly for carpets and other items is 20 minutes. In the first year of operation service center is assumed to operate at 55% of installed capacity and so will be able to perform 33,000 jobs of cleaning and washing category wise details of installed and operational capacity of the station is provided in the table given below:

Table 1: Installed & Operational Capacities

Description	Total Annual Capacity	Operational Capacity 55% (year 1)	Maximum Operational Capacity 95% (Year 5)
Wash Only	5,760	3,168	5,472
Full Service	13,440	7,392	12,768
Motor Bikes	38,400	21,120	36,480
Carpets etc	3,000	1,650	2,850
Total	60,600	33,330	57,570

6 CRITICAL FACTORS

The commercial viability of the proposed car wash service station depends on the following factors:

- Location of the project is of prime importance.
- Selection of technical / skilled staff is a crucial decision.
- Continuous efforts for up-gradation of technology.
- Effective PR & marketing skills.
- Selection of proper equipment and staff.
- Quality of services provided to the customers in order to get a comparative advantage.

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

It is assumed that service station should be established in any major city such as Lahore, Karachi, Sukkur, Hyderabad, Faisalabad, Sargodha, Multan, Quetta, D.I. Khan, Nowshera and Peshawar, etc., because of development and increase in the number of vehicles.

8 POTENTIAL TARGET CUSTOMERS / MARKETS

The demand for service stations is directly linked with the rising number of vehicles and population growth. The potential target market for the proposed station is densely populated cities such as Karachi, Lahore, Peshawar, Quetta, Rawalpindi, Islamabad and all other major cities / towns of Pakistan.

9 PROJECT COST SUMMARY

A detailed financial model has been developed to analyse the commercial viability of the proposed service station. Various costs and revenue related assumptions along with results of the analysis are outlined in this section.

The projected Income Statement, Cash Flow Statement and Balance Sheet are also attached as annexure.

9.1 Project Economics

All the figures in this financial model have been calculated for estimated sales of Rs. 4.13 million in the year one. The capacity utilization during year one is worked out at 55% with 10% increase in subsequent years up to the maximum capacity utilization of 95%.

The following table shows internal rate of return, payback period and net present value of the proposed venture.

Table 2: Project Economics

Description	Details
Internal Rate of Return (IRR)	44%
Payback Period (yrs.)	3.17
Net Present Value (Rs.)	6,366,486

9.2 Project Financing

Following table provides details of the equity required and variables related to bank loan;

Table 3: Project Financing

Description	Details
Total Equity (50%)	Rs. 2,045,974
Bank Loan (50%)	Rs. 2,045,974
Markup to the Borrower (%age / annum)	16%
Tenure of the Loan (Years)	5 Years

9.3 Project Cost

Following fixed and working capital requirements have been identified for operations of the proposed business.

Table 4: Project Cost

Description	Amount Rs.
Capital Cost	
Plant and Machinery	940,000
Furniture & Fixture	243,000

Office Equipment	41,500
Pre-operating Cost	40,114
Total Capital Cost	3,194,614
Working Capital	
Raw Material Inventory	181,212
Equipment Spare Parts Inventory	13,888
Cash	102,235
Total Working Capital	897,334
Total Investment	4,091,948

9.4 Space Requirement

The stations operating in the industry do not follow any set pattern. Following table shows calculations for project space requirement. The space requirement for the proposed Service Station is estimated considering wash and full service facilities including a waiting room, machines room, wash room, washing area, parking, workers room, etc. Details of space requirement and cost related to land & building is given below;

Table 5: Space Requirement

Description	Estimated Area (Sq.ft.)	Unit Cost (Rs.)	Total Cost (Rs.)
Washing Area (Shed)	800	200	160,000
Parking (Shed)	800	200	160,000
Waiting Room	300	1,200	360,000
Machines Room	800	1,000	800,000
Workers Room	300	1,000	300,000
Wash Room	150	1,000	150,000
Total Infrastructure			1,930,000

9.5 Machinery & Equipment Requirement

Following table provides list of machinery & equipment required for the proposed service station:

Table 6: Machinery & Equipment Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
6 Tons Cap. Single Post Semi Hydraulic Vehicle Service Lift with Control Valve, Girder Chasis, Axle Supports	2	110,000	220,000
Air compressor 4Hp, 3Ph, Tank Capacity 230 Liters, imported / Pak assembled c/w standard accessories	2	80,000	160,000
Lift Oil (150L)	2	25,000	50,000
Washing Hose (Imported) 50ft	2	35,000	70,000
Air Hose (Imported) 50ft	2	1,000	2,000
Mechanical Grease Gun / Oil Gun / Service Gun	2	1,500	3,000
Jet wash pump with 2Hp/3Ph electric motor	2	22,500	45,000
Quick Foam Dispenser (Stainless Steel)	2	35,000	70,000
Vacuum Cleaner (Model BF585-3)	2	28,500	57,000
Pipes and other equipment	1	30,000	30,000
Tools	1	50,000	50,000
Installation	1	3,000	3,000
Miscellaneous	1	100,000	100,000
Engine for Machinery	1	80,000	80,000
Total			940,000

9.6 Furniture & Fixtures Requirement

Details of the furniture and fixture required for the project are given below;

Table 7: Furniture & Fixture Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Executive Table	1	20,000	20,000
Executive Chair	1	7,500	7,500
Sofas	1	20,000	20,000
Store Racks/Shelves	2	12,000	24,000

Chairs	5	3,000	15,000
Stools	3	1,500	4,500
Other Tables	1	10,000	10,000
LED	1	50,000	50,000
Fans & Lights	1	20,000	20,000
Fire Extinguishers	4	3,000	12,000
Air Conditioners (1.5 ton split)	1	60,000	60,000
Total Furniture & Fixtures			243,000

9.7 Office Equipment Requirement

Following office equipment will be required for car wash service station;

Table 8: Office Equipment Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
UPS	1	40,000	40,000
Telephone Sets	1	1,500	1,500
Total			41,500

9.8 Human Resource Requirement

In order to run operations of car wash service smoothly, details of human resources required along with number of employees and monthly salary are recommended as under;

Table 9: Human Resource Requirement

Description	No. of Employees	Monthly Salary per Person (Rs.)
Director / CEO	1	25,000
Supervisor	1	20,000
Workers	4	15,000
Total	6	60,000

9.9 Utilities and Other Costs

An essential cost to be borne by the project is the cost of electricity and diesel. Indirect electricity expenses are estimated to be around Rs. 93,366 for the first year, whereas, diesel expenses are estimated to be Rs.270,000 for the first year.

Furthermore, promotional expense for first three years being essential for marketing of Car Wash Service station is estimated as 2% of total revenue.

9.10 Revenue Generation

Based on the capacity utilization of 55%, sales revenue during the first year of operations is estimated as under;

Table 10: Revenue Generation – Year 1

Description	No. of Items Serviced	Service Charges / Unit (Rs.)	Sales Revenue (Rs.)
Wash Only	3,168	150	475,200
Full Service	7,392	300	2,217,600
Motor Bikes	21,120	60	1,267,200
Carpets etc	1,650	100	165,000
Total			4,125,000

10 CONTACT DETAILS

In order to facilitate potential investors, contact details of private sector service providers relevant to the proposed project be given.

10.1 Machinery Suppliers

Name of Supplier	Address	Phone	Fax	E-mail	Website
Quick Lift Engineering Air Center	Australia Building, Railway Road, Lahore	042-37662418 042-37650381	042-37658395	quicklifts@yahoo.com	N/A

10.2 Raw Material Suppliers

Raw material required for service station includes surf / shampoo, diesel, grease, oil and cloth / towel are easily available in the local markets anywhere in Pakistan.

11 USEFUL WEB LINKS

Small & Medium Enterprises Development Authority (SMEDA)	www.smeda.org.pk
Government of Pakistan	www.pakistan.gov.pk
Ministry of Industries & Production	www.moip.gov.pk
Ministry of Education, Training & Standards in Higher Education	http://moptt.gov.pk
Government of Punjab	www.punjab.gov.pk
Government of Sindh	www.sindh.gov.pk
Government of Khyber Pakhtunkhwa	www.khyberpakhtunkhwa.gov.pk
Government of Balochistan	www.balochistan.gov.pk
Government of Gilgit Baltistan	www.gilgitbaltistan.gov.pk
Government of Azad Jamu Kashmir	www.ajk.gov.pk
Trade Development Authority of Pakistan (TDAP)	www.tdap.gov.pk
Security & Exchange Commission of Pakistan (SECP)	www.secp.gov.pk
Federation of Pakistan Chambers of Commerce and Industry (FPCCI)	www.fpcci.com.pk
State Bank of Pakistan (SBP)	www.sbp.org.pk
Punjab Small Industries Corporation	www.psic.gop.pk
Sindh Small Industries Corporation	www.ssic.gos.pk
Pakistan Horticulture Development and Export Company (PHDEC)	www.phdec.org.pk
Punjab Vocational Training Council (PVTTC)	www.pvtc.gop.pk
Technical Education and Vocational Training Authority (TEVTA)	www.tevta.org
Punjab Industrial Estates (PIE)	www.pie.com.pk

12 ANNEXURES

12.1 Income Statement

Calculations										SMEDA
Income Statement										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	4,125,000	5,362,500	6,806,250	8,485,125	10,431,713	11,474,884	12,622,372	13,884,609	15,273,070	16,800,377
<i>Cost of sales</i>										
Raw Material Cost	839,388	1,091,204	1,384,990	1,726,621	2,122,728	2,335,001	2,568,501	2,825,351	3,107,887	3,418,675
Transportation cost	-	-	-	-	-	-	-	-	-	-
Operation costs 1 (direct labor)	960,000	1,056,000	1,161,600	1,277,760	1,405,536	1,546,090	1,700,699	1,870,768	2,057,845	2,263,630
Operating costs 2 (machinery maintenance)	166,650	216,645	274,973	342,799	421,441	463,585	509,944	560,938	617,032	678,735
Operating costs 3 (direct electricity)	60,000	66,000	72,600	79,860	87,846	96,631	106,294	116,923	128,615	141,477
Packing Material	-	-	-	-	-	-	-	-	-	-
Diesel for Engine	148,500	193,050	245,025	305,465	375,542	413,096	454,405	499,846	549,831	604,814
Total cost of sales	2,174,538	2,622,899	3,139,188	3,732,505	4,413,093	4,854,402	5,339,843	5,873,827	6,461,210	7,107,331
Gross Profit	1,950,462	2,739,601	3,667,062	4,752,620	6,018,619	6,620,481	7,282,529	8,010,782	8,811,861	9,693,047
<i>General administration & selling expenses</i>										
Administration expense	300,000	330,000	363,000	399,300	439,230	483,153	531,468	584,615	643,077	707,384
Administration benefits expense	15,000	16,500	18,150	19,965	21,962	24,158	26,573	29,231	32,154	35,369
Land lease rental expense	600,000	660,000	726,000	798,600	878,460	966,306	1,062,937	1,169,230	1,286,153	1,414,769
Building rental expense	-	-	-	-	-	-	-	-	-	-
Electricity expense	120,000	132,000	145,200	159,720	175,692	193,261	212,587	233,846	257,231	282,954
Water expense	30,000	33,000	36,300	39,930	43,923	48,315	53,147	58,462	64,308	70,738
Gas expense	-	-	-	-	-	-	-	-	-	-
Travelling expense	-	-	-	-	-	-	-	-	-	-
Communications expense (phone, fax, mail, internet, etc.)	30,000	33,000	36,300	39,930	43,923	48,315	53,147	58,462	64,308	70,738
Office vehicles running expense	-	-	-	-	-	-	-	-	-	-
Office expenses (stationary, entertainment, janitorial services, etc.)	24,000	26,400	29,040	31,944	35,138	38,652	42,517	46,769	51,446	56,591
Promotional expense	100,000	90,000	81,000	72,900	65,610	59,049	53,144	47,830	43,047	38,742
Insurance expense	-	-	-	-	-	-	-	-	-	-
Professional fees (legal, audit, consultants, etc.)	-	-	-	-	-	-	-	-	-	-
Depreciation expense	218,950	218,950	218,950	218,950	218,950	218,950	218,950	218,950	218,950	218,950
Amortization of pre-operating costs	8,023	8,023	8,023	8,023	8,023	-	-	-	-	-
Amortization of legal, licensing, and training costs	-	-	-	-	-	-	-	-	-	-
Property tax expense	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous expense 1	-	-	-	-	-	-	-	-	-	-
Subtotal	1,445,973	1,547,873	1,661,963	1,789,262	1,930,911	2,080,160	2,254,471	2,447,394	2,660,673	2,896,236
Operating Income	504,489	1,191,728	2,005,100	2,963,359	4,087,709	4,540,322	5,028,059	5,563,388	6,151,188	6,796,811
Other income (interest on cash)	-	-	-	-	-	-	-	-	-	-
Other income 2	-	-	-	-	-	-	-	-	-	-
Gain / (loss) on sale of machinery & equipment	-	-	-	-	-	-	-	-	-	-
Gain / (loss) on sale of office equipment	-	-	-	-	-	-	-	-	-	-
Gain / (loss) on sale of office vehicles	-	-	-	-	-	-	-	-	-	-
Earnings Before Interest & Taxes	504,489	1,191,728	2,005,100	2,963,359	4,087,709	4,540,322	5,028,059	5,563,388	6,151,188	6,796,811
Interest on short term debt	-	-	-	-	-	-	-	-	-	-
Interest on export refinancing	-	-	-	-	-	-	-	-	-	-
Interest expense on machinery & equipment lease	-	-	-	-	-	-	-	-	-	-
Interest expense on office equipment lease	-	-	-	-	-	-	-	-	-	-
Interest expense on office vehicles lease	-	-	-	-	-	-	-	-	-	-
Interest expense on long term debt (Project Loan)	255,569	218,407	175,299	125,293	67,287	-	-	-	-	-
Interest expense on long term debt (Working Capital Loan)	67,251	56,281	43,422	28,347	10,675	-	-	-	-	-
Subtotal	322,820	274,688	218,721	153,640	77,962	-	-	-	-	-
Earnings Before Tax	181,669	917,040	1,786,379	2,809,718	4,009,747	4,540,322	5,028,059	5,563,388	6,151,188	6,796,811
Tax	-	60,056	204,776	424,929	725,424	884,596	1,030,917	1,191,516	1,375,415	1,601,383
NET PROFIT/(LOSS) AFTER TAX	181,669	856,984	1,581,603	2,384,789	3,284,323	3,655,725	3,997,141	4,371,872	4,775,773	5,195,428
Balance brought forward	-	181,669	1,038,653	2,620,257	5,005,046	8,289,368	11,945,094	15,942,235	20,314,107	25,089,880
Total profit available for appropriation	181,669	1,038,653	2,620,257	5,005,046	8,289,368	11,945,094	15,942,235	20,314,107	25,089,880	30,285,308
Dividend	-	-	-	-	-	-	-	-	-	-
Balance carried forward	181,669	1,038,653	2,620,257	5,005,046	8,289,368	11,945,094	15,942,235	20,314,107	25,089,880	30,285,308

12.2 Balance Sheet

Calculations											SMEDA
Balance Sheet											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
<i>Current assets</i>											
Cash & Bank	102,235	89,743	679,658	1,907,835	3,836,782	6,595,564	10,223,727	14,152,167	18,406,624	23,007,207	31,366,282
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-
Work in Process & Finished goods inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment spare part inventory	13,888	19,859	27,726	38,022	51,419	62,217	75,283	91,092	110,222	133,369	-
Raw material inventory	181,212	240,432	316,535	413,997	538,434	651,505	788,321	953,869	1,154,181	1,396,559	-
Pre-paid annual land lease	600,000	660,000	726,000	798,600	878,460	966,306	1,062,937	1,169,230	1,286,153	1,414,769	-
Pre-paid building rent	-	-	-	-	-	-	-	-	-	-	-
Pre-paid machinery & equipment lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid office equipment lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid office vehicles lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid insurance	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	897,334	1,010,035	1,749,919	3,158,454	5,305,095	8,275,592	12,150,268	16,366,359	20,957,181	25,951,904	31,366,282
<i>Fixed assets</i>											
Land	-	-	-	-	-	-	-	-	-	-	-
Building/Infrastructure	1,930,000	1,833,500	1,737,000	1,640,500	1,544,000	1,447,500	1,351,000	1,254,500	1,158,000	1,061,500	965,000
Machinery & equipment	940,000	846,000	752,000	658,000	564,000	470,000	376,000	282,000	188,000	94,000	-
Furniture & fixtures	243,000	218,700	194,400	170,100	145,800	121,500	97,200	72,900	48,600	24,300	-
Office vehicles	-	-	-	-	-	-	-	-	-	-	-
Office equipment	41,500	37,350	33,200	29,050	24,900	20,750	16,600	12,450	8,300	4,150	-
Total Fixed Assets	3,154,500	2,935,550	2,716,600	2,497,650	2,278,700	2,059,750	1,840,800	1,621,850	1,402,900	1,183,950	965,000
<i>Intangible assets</i>											
Pre-operation costs	40,114	32,091	24,068	16,045	8,023	-	-	-	-	-	(0)
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
Total Intangible Assets	40,114	32,091	24,068	16,045	8,023	-	-	-	-	-	(0)
TOTAL ASSETS	4,091,948	3,977,676	4,490,587	5,672,150	7,591,818	10,335,342	13,991,068	17,988,209	22,360,081	27,135,854	32,331,282
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable	-	-	-	-	-	-	-	-	-	-	-
Export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Short term debt	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-	-	-	-	-	-
<i>Other liabilities</i>											
Machinery & equipment lease payable	-	-	-	-	-	-	-	-	-	-	-
Office equipment lease payable	-	-	-	-	-	-	-	-	-	-	-
Office vehicle lease payable	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	-	-	-	-	-	-
Long term debt (Project Loan)	1,597,307	1,365,043	1,095,618	783,084	420,545	-	-	-	-	-	-
Long term debt (Working Capital Loan)	448,667	384,989	310,342	222,835	120,254	-	-	-	-	-	-
Total Long Term Liabilities	2,045,974	1,750,033	1,405,960	1,005,920	540,799	-	-	-	-	-	-
<i>Shareholders' equity</i>											
Paid-up capital	2,045,974	2,045,974	2,045,974	2,045,974	2,045,974	2,045,974	2,045,974	2,045,974	2,045,974	2,045,974	2,045,974
Retained earnings	-	181,669	1,038,653	2,620,257	5,005,046	8,289,368	11,945,094	15,942,235	20,314,107	25,089,880	30,285,308
Total Equity	2,045,974	2,227,643	3,084,627	4,666,230	7,051,019	10,335,342	13,991,068	17,988,209	22,360,081	27,135,854	32,331,282
TOTAL CAPITAL AND LIABILITIES	4,091,948	3,977,676	4,490,587	5,672,150	7,591,818	10,335,342	13,991,068	17,988,209	22,360,081	27,135,854	32,331,282

12.3 Cash Flow Statement

SMEDA											
Calculations											
Cash Flow Statement											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<i>Operating activities</i>											
Net profit		181,669	856,984	1,581,603	2,384,789	3,284,323	3,655,725	3,997,141	4,371,872	4,775,773	5,195,428
Add: depreciation expense		218,950	218,950	218,950	218,950	218,950	218,950	218,950	218,950	218,950	218,950
amortization of pre-operating costs		8,023	8,023	8,023	8,023	8,023	-	-	-	-	-
amortization of training costs		-	-	-	-	-	-	-	-	-	-
Deferred income tax		-	-	-	-	-	-	-	-	-	-
Accounts receivable		-	-	-	-	-	-	-	-	-	-
Finished goods inventory		-	-	-	-	-	-	-	-	-	-
Equipment inventory	(13,888)	(5,972)	(7,867)	(10,296)	(13,397)	(10,798)	(13,066)	(15,809)	(19,129)	(23,147)	133,369
Raw material inventory	(181,212)	(59,221)	(76,102)	(97,462)	(124,437)	(113,071)	(136,816)	(165,547)	(200,312)	(242,378)	1,396,559
Pre-paid building rent	-	-	-	-	-	-	-	-	-	-	-
Pre-paid machinery & equipment lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid office equipment lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid office vehicles lease interest	-	-	-	-	-	-	-	-	-	-	-
Advance insurance premium	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Cash provided by operations	(195,099)	343,449	999,987	1,700,818	2,473,927	3,387,426	3,724,794	4,034,734	4,371,380	4,729,198	6,944,306
<i>Financing activities</i>											
Project Loan - principal repayment		(232,263)	(269,426)	(312,534)	(362,539)	(420,545)	-	-	-	-	-
Working Capital Loan - principal repayment		(63,678)	(74,647)	(87,507)	(102,582)	(120,254)	-	-	-	-	-
Add: land lease expense		600,000	660,000	726,000	798,600	878,460	966,306	1,062,937	1,169,230	1,286,153	1,414,769
Land lease payment	(600,000)	(660,000)	(726,000)	(798,600)	(878,460)	(966,306)	(1,062,937)	(1,169,230)	(1,286,153)	(1,414,769)	-
Machinery & equipment lease principal repayment	-	-	-	-	-	-	-	-	-	-	-
Office equipment lease principal repayment	-	-	-	-	-	-	-	-	-	-	-
Office vehicles lease principal repayment	-	-	-	-	-	-	-	-	-	-	-
Short term debt principal repayment	-	-	-	-	-	-	-	-	-	-	-
Export re-finance principal repayment	-	-	-	-	-	-	-	-	-	-	-
Additions to export refinancing	-	-	-	-	-	-	-	-	-	-	-
Additions to lease financing	-	-	-	-	-	-	-	-	-	-	-
Additions to Project Loan	1,597,307	-	-	-	-	-	-	-	-	-	-
Additions to Working Capital Loan	448,667	-	-	-	-	-	-	-	-	-	-
Issuance of shares	2,045,974	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares	-	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing activities	3,491,948	(355,941)	(410,073)	(472,640)	(544,981)	(628,645)	(96,631)	(106,294)	(116,923)	(128,615)	1,414,769
<i>Investing activities</i>											
Capital expenditure	(3,194,614)	-	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-	-
Cash (used for) / provided by investing activities	(3,194,614)	-	-	-	-	-	-	-	-	-	-
NET CASH	102,235	(12,492)	589,914	1,228,178	1,928,947	2,758,782	3,628,163	3,928,441	4,254,457	4,600,583	8,359,075
Cash balance brought forward		102,235	89,743	679,658	1,907,835	3,836,782	6,595,564	10,223,727	14,152,167	18,406,624	23,007,207
Cash available for appropriation	102,235	89,743	679,658	1,907,835	3,836,782	6,595,564	10,223,727	14,152,167	18,406,624	23,007,207	31,366,282
Dividend	-	-	-	-	-	-	-	-	-	-	-
Cash balance	102,235	89,743	679,658	1,907,835	3,836,782	6,595,564	10,223,727	14,152,167	18,406,624	23,007,207	31,366,282
Cash carried forward	102,235	89,743	679,658	1,907,835	3,836,782	6,595,564	10,223,727	14,152,167	18,406,624	23,007,207	31,366,282

13 KEY ASSUMPTIONS

13.1 Operating Cost Assumptions

Description	Details
Administration Benefit Expenses	5% of Administration cost
Communication Expenses	10% of Administration cost
Office Expenses	5% of Administration Cost
Promotional Expenses	2% of Revenues
Depreciation Method	Straight Line
Depreciation Rate	10% on Furniture & Fixtures 20% on Office Equipment
Operating Cost Growth Rate	10%

13.2 Production Cost Assumptions

Description	Details
Raw Material Cost per Wash	Rs. 29.00
• Water	Rs. 3.00
• Diesel	Rs. 17.00
• Surf / Shampoo	Rs. 3.00
• Grease	Rs. 2.00
• Oil	Rs. 2.00
• Cloth / Towel	Rs. 2.00

13.3 Revenue Assumptions

Description	Details
Growth in Sales Price	10%
Days Operational / Year	300
Per Day Production Capacity	176
Production Capacity in First Year	55%
Percentage Increase in Production Capacity every Year	10%
Maximum Production Capacity	95%

13.4 Financial Assumptions

Description	Details
Debt	50%
Equity	50%
Interest rate on debt	16%
Debt tenure	5 Years
Debt payment per year	12