



Pre-feasibility Study

Modern Car Wash Station

March 2024

“The figures and financial projections are approximate due to fluctuations in exchange rates, energy costs, and fuel prices etc. Users are advised to focus on understanding essential elements such as production processes and capacities, space, machinery, human resources, and raw material etc. requirements. Project investment, operating costs, and revenues can change daily. For accurate financial calculations, utilize financial calculators on SMEDA's website and consult financial experts to stay current with market conditions”

Small and Medium Enterprises Development Authority
Ministry of Industries and Production
Government of Pakistan

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1 DISCLAIMER

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2 EXECUTIVE SUMMARY

The expansion of Pakistan's middle class has been a significant driver behind the increasing vehicle ownership in the country. As more people move into the middle-income bracket, their disposable incomes increase.

This allows them to afford not just the purchase of vehicles but also the upkeep and maintenance required to preserve their investment. Car owners are more inclined to spend on services that maintain the appearance and longevity of their vehicles, including regular car washes.

Pakistan is experiencing rapid urbanization, with more people migrating to cities for better economic opportunities. This urban migration, coupled with inadequate public transportation infrastructure in many cities, has led to increased reliance on private vehicles for daily commuting. The resulting congestion and pollution in urban areas further amplify the need for regular car washes to remove dust, grime, and pollutants that accumulate on vehicles.

The car wash market is a substantial and growing industry, driven by car owners' desire for keeping their cars maintained and well preserved.

The concept of car cleaning in Pakistan is similar to the concept in other parts of the world, but it is influenced by the specific needs, culture, and market conditions of Pakistan. In Pakistan, like in many other countries, car owners are increasingly aware of the importance of cleanliness and maintenance their cars.

Modern Car washing station service will aim to capitalize on this opportunity by offering high-quality, eco-friendly, and affordable cleaning services; however services provided in accordance with international standards seems very keen to make it popular in the market, which surely will be a huge success.

Modern Car washing Station Service is proposed to be located in any metro-Politian city in Pakistan with higher population density, for instance the same service may be provided in cities like Quetta, Karachi, Lahore, Peshawar and Multan.

Services offered through this initiative would include car washes through modern machinery and equipment in efficient manner while taking less time when compared with conventional service stations. Equipment and trained personnel should be made available on the modern car wash station for better delivery of services.

The installed unit would have the Capacity to provide car wash services of 17,280 and will initially operate at 80% capacity utilization increasing by annually 5%.

The proposed business requires a total investment of Rs. 9.846 million. This includes capital investment of Rs. 8.545 million and working capital of Rs. 1.30 million. The project will be established using 100% equity financing. The Net Present Value (NPV) of

project is Rs. 5.117 million with an Internal Rate of Return (IRR) of 30% and Payback period of 3.94 years. The proposed project may also be established using leveraged financing. At 50% financing at a cost of 28%, the proposed business provides Net Present Value (NPV) of Rs. 3.930 million, Internal Rate of Return (IRR) of 28% and Payback period of 4.10 years.

The most critical considerations or factors for success of the project are:

- The service should be provided in accordance with International standards and quality
- Location of the unit would play vital role in this projects success.
- Marketing through proper channels could attract more customers moreover awareness about the service should be taken into consideration while marketing the product.
- Procurement of raw material from trusted suppliers and below market rates.
- Human resource would play vital role in manufacturing henceforth well trained staff would be required to run the project successfully.
- Market research should be done to identify market gaps moreover most recent trends may be identified and service may be reshaped or improved in accordance with demand.

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 **Modern car Wash 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 its 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

Following key parameters must be addressed as per pre-feasibility study under preparation

- **Technology:** The proposed unit is likely to be equipped with modern pressure washers, vacuum cleaners Wet/Dry and modern day car wash plant. However constant efforts may be done for up gradation of the machinery.
- **Location:** The proposed initiative is to be located in metro-Politian cities like Karachi, Lahore, and Peshawar and at location where population density is high and where Individuals are cognizant of the significance of cleanliness of car and its maintenance.
- **Product:** The unit would provide car was services to customers with modern day convenience and in time saving manner.
- **Target Market:** In addition to market in Karachi, Lahore, Quetta and Islamabad an enormous expansion opportunities are available in small cities of the country.

- **Employment Generation:** The proposed project will provide employment opportunity to 07 people. Financial analysis shows the unit would be profitable from the very first year of operation.

6 PRODUCTION PROCESS

The Home carpet cleaning service process compromises of the following stages.

1. Pre-Wash Inspection
2. Pre-Wash Preparation
3. Main Wash
4. Rinse
5. Drying
6. Final Inspection

1. Pre-Wash Inspection

A visual inspection of the vehicle's exterior to identify areas requiring special attention, such as heavy dirt buildup, stains, or damage. Customers may also be asked about any specific cleaning requirements or concerns.

2. Pre-Pre-Wash Preparation

If necessary, loose dirt and debris are removed from the vehicle's exterior using high-pressure water or air blowers. Any specialized cleaning agents or pre-wash treatments, such as degreasers for removing road grime or bug splatter, are applied to targeted areas.

3. Main Wash

The vehicle enters the washing bay or tunnel, where it is subjected to a series of cleaning processes. High-pressure water jets or foam cannons apply soap or detergent to the entire exterior surface of the vehicle, loosening dirt and grime.

Soft brushes or cloth strips, often made from gentle materials like microfiber, gently agitate the cleaning solution to further loosen dirt and lift it away from the vehicle's surface.

4. Rinse

The vehicle is thoroughly rinsed with clean, high-pressure water to remove soap residue and remaining dirt particles.

Some car wash systems incorporate spot-free rinse technology, which uses filtered water to minimize water spots and streaks on the vehicle's surface.

5. Drying

The vehicle undergoes a drying process to remove excess water and prevent water spots. This may involve a combination of high-pressure air blowers, drying agents, and soft towels or cloth materials to gently dry the vehicle's exterior.

6. Final Inspection

A final inspection is conducted to ensure that the vehicle has been thoroughly cleaned and dried. Any remaining water spots or streaks may be addressed manually to achieve a polished finish.

7 INSTALLED AND OPERATIONAL CAPACITIES

The proposed unit is set to operate at 80% at capacity utilization initially and shall increase its production by 5% yearly.

The proposed unit has the capacity to wash 17,280 units per year. The proposed plant is set to operate for 8 hours per day however services can be increased if needed.

8 CRITICAL FACTORS

- Providing high-quality interior cleaning services is paramount. The effectiveness of the cleaning process, attention to detail, and the ability to remove stains are critical for customer satisfaction.
- Continuous efforts should be made to upgrade technology.
- Price may be adjusted in accordance to the segment targeted moreover price would play vital role in success of the project.
- Satisfied customers are more likely to become repeat clients and refer your services to others. Prompt communication, professionalism, and addressing customer concerns are essential for maintaining high levels of satisfaction.
- Choosing the right cleaning solutions is critical. Utilize eco-friendly, safe, and effective cleaning products to ensure the health of both customers and technicians.
- Maintain a reliable scheduling system to ensure appointments are met on time. Punctuality and reliability build trust with customers.
- Location of the unit would play a vital role in projects success.
- Continuously seek ways to enhance your services, whether through technology, process improvements, or additional training for your staff.

9 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

Big cities with growing middle income group such as Karachi, Islamabad, Quetta, Lahore, Sukkur and Hyderabad are some of the prospective cities for setting up this business. Cities like Lahore and Karachi with high population density are more favorable for this project.

10 POTENTIAL TARGET CUSTOMERS / MARKETS

Car owners are a primary target market for the initiative. They often seek professional cleaning to maintain the cleanliness and enhance longevity of their cars. Families with multiple vehicles often need regular car wash services due to the higher usage and wear their cars typically endure. They might be interested in subscription plans or family discounts. Companies with a fleet of vehicles, such as delivery services, taxi companies, and corporate fleets. These customers require regular washes to maintain their fleet's appearance and hygiene, presenting opportunities for contract-based recurring business.

11 PROJECT COST SUMMARY

11.1 Project Economics

All the figures in this financial model have been calculated for estimated sales of Rs. 7.603 million in the year one. The capacity utilization during year one is worked out at 80% with 5% 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 1: Project Economics (100% Equity Based)

Description	Details
Internal Rate of Return (IRR)	30%
Payback Period (Yrs.)	3.94
Net Present Value (Rs.)	5,117,164

Calculation of break-even analysis is as follows:

Table 2: Breakeven (100% Equity Based)

BREAKEVEN ANALYSIS	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Break-Even Revenue	5367077.99	5388005	5470588.299	5607151.389	5868493.258	6162017.418	6360182.72	6855212.093	7260486.653	7709189.384
Break-Even (Units)	9758.323618	8905.794	8220.267918	7659.519689	7287.745196	6956.596378	6527.558792	6396.014069	6158.310196	5944.452468
Margin of Safety	29%	39%	47%	53%	56%	58%	60%	61%	62%	64%

However, for the purposes of further explanation the Project Economics based on Debt: Equity (i.e. 50:50) Model has also been computed. On the basis of Debt: Equity model the Internal Rate of Return, Payback Period and Net Present Value of the proposed project are provided in the table below:

Table 3: Project Economics Based on Debt (50%) : Equity (50%)

Description	Details
Internal Rate of Return (IRR)	28%
Payback Period (Yrs.)	4.10
Net Present Value (Rs.)	3,930,034

The financial assumptions for Debt: Equity are as follows:

Table 4: Financial Assumptions for Debt (50%) :Equity (50%) Model

Description	Details
Debt	50%
Equity	50%
Interest Rate on Debt	28%
Debt Tenure	05 Years

The projected Income Statement, Cash Flow Statement and Balance Sheet enclosed as annexures are based on 100% Equity Based Business Model.

11.2 Project Cost

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

Table 5: Project Cost

Description	Amount Rs.
Capital Cost	
Land(leased)	-
Building/Infrastructure	2,882,000
Plant and Machinery	5,131,500
Furniture & Fixture	412,000
Office Equipment	120,000
Pre-operating Cost	-
Total Capital Cost	8,545,500
Working Capital	
Equipment spare parts inventory	1,728
Raw Material Inventory	16,128
Upfront land rent	131,490
Upfront building rent	600,000
Upfront insurance payment	51,315
Cash	500,000
Total Working Capital	1,300,661
Total Project Cost	9,846,161

11.3 Space Requirement

The space requirement for the proposed **modern Car Wash Station** is estimated considering various facilities including management office ,car wash shed, manual drying space and storage area etc. Details of space requirement and cost related to land & building is given below;

Table 6: Space Requirement

Description	Estimated Area (Sq.ft)	Unit Cost (Rs.)	Total Cost (Rs.)
Car was shed	400	3000	1,200,000
Office + waiting area	400	3500	1,400,000
Manual drying space	500	240	120,000
Store room	81	2000	162,000
Total			2,882,000

11.4 Machinery & Equipment Requirement

Plant, machinery and equipment for the proposed project are stated below.

Table 7: Machinery & Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
automatic car was machine	1	3,500,000	3,500,000
pressure washer	2	100,000	200,000
vacuum cleaner	3	75,000	225,000
GST 18%	-	-	706,500
logistics	-	-	500,000
Total			5,131,500

11.5 Furniture & Fixtures Requirement

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

Table 8: Furniture & Fixture

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
counter	1	30,000	30,000
tables and chairs(lump sum)	1	150,000	150,000
Electric wiring & lighting(lump sum)	1	200,000	200,000
Fans	4	8,000	32,000

Total			412,000
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11.6 Office Equipment Requirement

Following office equipment will be required for Home carpet cleaning service;;

Table 9: Office Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Computer with LCD	1	75,000	75,000
Printer	1	35,000	35,000
Telephone set	1	10,000	10,000
Total			120,000

11.7 Human Resource Requirement

In order to run operations of **Home Carpet Cleaning Service** smoothly, details of human resources required along with number of employees and monthly salary are recommended as under;

Table 10: Human Resource Requirement

Description	No. of Employees	Monthly Salary per person (Rs.)
Manager	1	35,000
Interior cleaners and vacuum operators	3	30,000
Pressure washer operators	2	30,000
Guard	1	30,000
Total	07	

11.8 other costs

The promotional expense being essential for marketing of the Modern Car Wash Station is estimated as 3% of revenue expenses which is estimated to be Rs. 228,096 in first year of operations.

11.9 Revenue Generation

Based on the capacity utilization of 80%, respectively, sales revenue during the first year of operations is estimated as under;

Table 11: Revenue Generation – Year 1

Description	No. of service provided (No.)	Finished Goods Inventory (No.)	Units available for Sale (No.)	Sale Price / unit (Rs.)	Sales Revenue (Rs.)
Car washes	13,824	-	13,824	550	7,603,200
Total Revenue					7,603,200

12 CONTACT DETAILS

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

12.1 Machinery Suppliers

Name of Supplier	Address	Phone	E-mail	Website
Henan yugong machinery co.ltd	26/27F, Block B, Jingsha Plaza, No.8 Jingguang South Road, Erqi District, Zhengzhou, Henan, Chin	+81138385653 51	contact@yugongmachine.com	https://www.yugongmachine.com/
Nantong Sea Melody Industrial Co., Ltd.	No 135, Gongnong Road, Nantong City, Jiangsu, Chin	Fax: 0086-513-82022108	michelle@ntsmi.com	-

13 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 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 (PVTC)	www.pvtc.gop.pk
Technical Education and Vocational Training Authority (TEVTA)	www.tevta.org
Pakistan Readymade Garment Technical Training Institute	www.prgmea.org/prgtti/
Livestock & Dairy Development Department, Government of Punjab.	www.livestockpunjab.gov.pk
Punjab Industrial Estates (PIE)	www.pie.com.pk
Faisalabad Industrial Estate Development and Management Company (FIEDMC)	www.fiedmc.com.pk

14 ANNEXURES

14.1 Income Statement

Statement Summaries										SMEDA
Income Statement										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Rs. in actuals									
Revenue	7,603,200	8,886,240	10,349,856	12,017,333	13,219,066	14,540,973	15,995,070	17,594,577	19,354,035	21,289,438
Cost of goods sold	3,804,480	4,211,499	4,653,745	5,134,119	5,503,479	5,902,275	6,333,046	6,798,565	7,301,852	7,846,210
Gross Profit	3,798,720	4,674,741	5,696,111	6,883,214	7,715,588	8,638,698	9,662,024	10,796,012	12,052,182	13,443,228
<i>General administration & selling expenses</i>										
Administration expense	936,000	1,027,130	1,127,133	1,236,872	1,357,296	1,489,444	1,634,459	1,793,592	1,968,219	2,159,847
Rental expense	731,490	791,490	857,490	930,090	1,009,950	1,097,796	1,194,427	1,300,720	1,417,643	1,546,259
Utilities expense	-	-	-	-	-	-	-	-	-	-
Travelling & Comm. expense (phone, fax, etc.)	156,000	171,188	187,856	206,145	226,216	248,241	136,205	298,932	328,036	359,975
Office vehicles running expense	-	-	-	-	-	-	-	-	-	-
Office expenses (stationary, etc.)	78,000	85,594	93,928	103,073	113,108	124,120	136,205	149,466	164,018	179,987
Promotional expense	228,096	266,587	310,496	360,520	396,572	436,229	479,852	527,837	580,621	638,683
Insurance expense	51,315	46,184	41,052	35,921	30,789	25,658	20,526	15,395	10,263	5,132
Professional fees (legal, audit, etc.)	76,032	88,862	103,499	120,173	132,191	145,410	159,951	175,946	193,540	212,894
Depreciation expense	710,450	710,450	710,450	710,450	710,450	710,450	710,450	710,450	710,450	710,450
Amortization expense	-	-	-	-	-	-	-	-	-	-
Property tax expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous expense	-	-	-	-	-	-	-	-	-	-
Subtotal	2,967,383	3,187,486	3,431,903	3,703,244	3,976,572	4,277,348	4,472,074	4,972,338	5,372,791	5,813,227
Operating Income	831,337	1,487,256	2,264,208	3,179,970	3,739,016	4,361,350	5,189,950	5,823,675	6,679,391	7,630,002
Other income	233,417	490,326	790,346	1,136,081	1,561,141	2,047,446	2,609,493	3,266,281	4,025,739	4,926,690
Gain / (loss) on sale of assets	-	-	-	-	-	-	-	-	-	-
Earnings Before Interest & Taxes	1,064,754	1,977,581	3,054,554	4,316,050	5,300,156	6,408,796	7,799,443	9,089,956	10,705,130	12,556,691
Interest expense	-	-	-	-	-	-	-	-	-	-
Earnings Before Tax	1,064,754	1,977,581	3,054,554	4,316,050	5,300,156	6,408,796	7,799,443	9,089,956	10,705,130	12,556,691
Tax	436,549	810,808	1,252,367	1,769,581	2,173,064	2,627,606	3,197,772	3,726,882	4,389,103	5,148,243
NET PROFIT/(LOSS) AFTER TAX	628,205	1,166,773	1,802,187	2,546,470	3,127,092	3,781,190	4,601,671	5,363,074	6,316,027	7,408,448
Balance brought forward		628,205	1,794,978	3,597,165	6,143,635	9,270,727	13,051,917	17,653,588	23,016,662	29,332,689
Total profit available for appropriation	628,205	1,794,978	3,597,165	6,143,635	9,270,727	13,051,917	17,653,588	23,016,662	29,332,689	36,741,137
Dividend	-	-	-	-	-	-	-	-	-	-
Balance carried forward	628,205	1,794,978	3,597,165	6,143,635	9,270,727	13,051,917	17,653,588	23,016,662	29,332,689	36,741,137

14.2 Balance Sheet

Statement Summaries											SMEDA
Balance Sheet											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Rs. in actuals Year 10
Assets											
<i>Current assets</i>											
Cash & Bank	1,050,000	2,840,288	5,331,804	7,840,632	11,094,047	14,924,963	19,199,135	24,292,421	30,145,596	36,950,052	45,161,440
Accounts receivable	-	20,831	22,588	26,351	30,640	34,570	38,027	41,830	46,013	50,615	55,676
Finished goods inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment spare part inventory	1,728	2,024	2,363	2,750	3,032	3,342	3,685	4,063	4,479	4,938	-
Raw material inventory	16,128	18,892	22,054	25,666	28,296	31,197	34,394	37,920	41,806	46,092	-
Pre-paid annual land lease	131,490	131,490	131,490	131,490	131,490	131,490	131,490	131,490	131,490	131,490	-
Pre-paid building rent	50,000	55,000	60,500	66,550	73,205	80,526	88,578	97,436	107,179	117,897	-
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid insurance	51,315	46,184	41,052	35,921	30,789	25,658	20,526	15,395	10,263	5,132	-
Total Current Assets	1,300,661	3,114,708	5,611,852	8,129,358	11,391,499	15,231,746	19,515,836	24,620,554	30,486,828	37,306,216	45,217,116
<i>Fixed assets</i>											
Land	-	-	-	-	-	-	-	-	-	-	-
Building/Infrastructure	2,882,000	2,737,900	2,593,800	2,449,700	2,305,600	2,161,500	2,017,400	1,873,300	1,729,200	1,585,100	1,441,000
Machinery & equipment	5,131,500	4,618,350	4,105,200	3,592,050	3,078,900	2,565,750	2,052,600	1,539,450	1,026,300	513,150	-
Furniture & fixtures	412,000	370,800	329,600	288,400	247,200	206,000	164,800	123,600	82,400	41,200	-
Office vehicles	-	-	-	-	-	-	-	-	-	-	-
Office equipment	120,000	108,000	96,000	84,000	72,000	60,000	48,000	36,000	24,000	12,000	-
Total Fixed Assets	8,545,500	7,835,050	7,124,600	6,414,150	5,703,700	4,993,250	4,282,800	3,572,350	2,861,900	2,151,450	1,441,000
<i>Intangible assets</i>											
Pre-operation costs	-	-	-	-	-	-	-	-	-	-	-
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
Total Intangible Assets	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	9,846,161	10,949,758	12,736,452	14,543,508	17,095,199	20,224,996	23,798,636	28,192,904	33,348,728	39,457,666	46,658,116
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable	-	38,843	43,355	48,225	53,446	56,150	58,993	61,980	65,122	68,424	70,818
Export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Short term debt	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	-	38,843	43,355	48,225	53,446	56,150	58,993	61,980	65,122	68,424	70,818
<i>Other liabilities</i>											
Lease payable	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	-	436,549	1,051,958	1,051,958	1,051,958	1,051,958	841,566	631,175	420,783	210,392	(0)
Long term debt	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Liabilities	-	436,549	1,051,958	1,051,958	1,051,958	1,051,958	841,566	631,175	420,783	210,392	(0)
<i>Shareholders' equity</i>											
Paid-up capital	9,846,161	9,846,161	9,846,161	9,846,161	9,846,161	9,846,161	9,846,161	9,846,161	9,846,161	9,846,161	9,846,161
Retained earnings	-	628,205	1,794,978	3,597,165	6,143,635	9,270,727	13,051,917	17,653,588	23,016,662	29,332,689	36,741,137
Total Equity	9,846,161	10,474,366	11,641,139	13,443,326	15,989,796	19,116,888	22,898,078	27,499,749	32,862,823	39,178,850	46,587,298
TOTAL CAPITAL AND LIABILITY	9,846,161	10,949,758	12,736,452	14,543,508	17,095,199	20,224,996	23,798,636	28,192,904	33,348,728	39,457,666	46,658,116

14.3 Cash Flow Statement

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
											Rs. in actuals
Operating activities											
Net profit	-	628,205	1,166,773	1,802,187	2,546,470	3,127,092	3,781,190	4,601,671	5,363,074	6,316,027	7,408,448
Add: depreciation expense	-	710,450	710,450	710,450	710,450	710,450	710,450	710,450	710,450	710,450	710,450
amortization expense	-	-	-	-	-	-	-	-	-	-	-
Deferred income tax	-	436,549	615,408	-	-	-	(210,392)	(210,392)	(210,392)	(210,392)	(210,392)
Accounts receivable	-	(20,831)	(1,758)	(3,763)	(4,289)	(3,930)	(3,457)	(3,803)	(4,183)	(4,601)	(5,061)
Finished good inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment inventory	(1,728)	(296)	(339)	(387)	(282)	(311)	(343)	(378)	(416)	(459)	4,938
Raw material inventory	(16,128)	(2,764)	(3,162)	(3,611)	(2,631)	(2,900)	(3,198)	(3,525)	(3,887)	(4,285)	46,092
Pre-paid building rent	(50,000)	(5,000)	(5,500)	(6,050)	(6,655)	(7,321)	(8,053)	(8,858)	(9,744)	(10,718)	117,897
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Advance insurance premium	(51,315)	5,132	5,132	5,132	5,132	5,132	5,132	5,132	5,132	5,132	5,132
Accounts payable	-	38,843	4,512	4,870	5,221	2,704	2,842	2,988	3,141	3,303	2,394
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Cash provided by operations	(119,171)	1,790,288	2,491,517	2,508,828	3,253,416	3,830,916	4,274,172	5,093,286	5,853,175	6,804,456	8,079,897
Financing activities											
Change in long term debt	-	-	-	-	-	-	-	-	-	-	-
Change in short term debt	-	-	-	-	-	-	-	-	-	-	-
Change in export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Add: land lease expense	-	131,490	131,490	131,490	131,490	131,490	131,490	131,490	131,490	131,490	131,490
Land lease payment	(131,490)	(131,490)	(131,490)	(131,490)	(131,490)	(131,490)	(131,490)	(131,490)	(131,490)	(131,490)	-
Change in lease financing	-	-	-	-	-	-	-	-	-	-	-
Issuance of shares	9,846,161	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares	-	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financ	9,714,671	-	-	-	-	-	-	-	-	-	131,490
Investing activities											
Capital expenditure	(8,545,500)	-	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-	-
Cash (used for) / provided by invest	(8,545,500)	-	-	-	-	-	-	-	-	-	-
NET CASH	1,050,000	1,790,288	2,491,517	2,508,828	3,253,416	3,830,916	4,274,172	5,093,286	5,853,175	6,804,456	8,211,387
Cash balance brought forward		1,050,000	2,840,288	5,331,804	7,840,632	11,094,047	14,924,963	19,199,135	24,292,421	30,145,596	36,950,052
Cash available for appropriation	1,050,000	2,840,288	5,331,804	7,840,632	11,094,047	14,924,963	19,199,135	24,292,421	30,145,596	36,950,052	45,161,440
Dividend	-	-	-	-	-	-	-	-	-	-	-
Cash carried forward	1,050,000	2,840,288	5,331,804	7,840,632	11,094,047	14,924,963	19,199,135	24,292,421	30,145,596	36,950,052	45,161,440

15 KEY ASSUMPTIONS

15.1 Operating Cost Assumptions

Description	Details
Operational days per year	330
Operational hours per day	8
Shifts per day	1

15.2 Production Cost Assumptions

Description	Details
Production capacity utilization in year 1	80%
Production capacity growth rate	5%
Maximum capacity utilization	95%

15.3 Revenue Assumptions

Description	Details
Production Units Year 1	17,280
Sale price per unit	550
COGs	140

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