

Pre-Feasibility Study

(Warehouse)



Small and Medium Enterprises Development Authority

Ministry of Industries & Production

Government of Pakistan

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May 2017

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1. DISCLAIMER

This information memorandum is to introduce the subject matter and provide a general idea and information on the said matter. Although, the material included in this document is based on data/information gathered from various reliable sources; however, it is based upon certain assumptions which may differ from case to case. The information has been provided on as is where is basis without any warranties or assertions as to the correctness or soundness thereof. Although, due care and diligence has been taken to compile this document, the contained information may vary due to any change in any of the concerned factors, and the actual results may differ substantially from the presented information. SMEDA, its employees or agents do not assume any liability for any financial or other loss resulting from this memorandum in consequence of undertaking this activity. The contained information does not preclude any further professional advice. The prospective user of this memorandum is encouraged to carry out additional diligence and gather any information which is necessary for making an informed decision; including taking professional advice from a qualified consultant/technical expert before taking any decision to act upon the information.

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2. EXECUTIVE SUMMARY

The following document was prepared as a result of an extensive analysis to identify the sectors needed to be developed, to cater to the demand created by the mega project China-Pakistan Economic Corridor. Due to shorter access to the water and development of Gwadar port, China being one of the biggest world traders will bring huge opportunities for Logistics sector in Pakistan.

The logistics sector, comprising of the transportation, storage and distribution components is a key driver of a country's competitiveness in both domestic and international markets. This pre-feasibility study of a Warehouse aims to enable entrepreneurs and existing businessmen to venture into standard warehousing in the wake of expected exponential increase in logistics.

A study was performed to determine the requirements that must be met in order to make the proposed idea a viable and sustainable economic activity. This document outlines the required resources and critical factors that must be addressed in order to make warehousing successful. The proposed project will have an installed capacity of around 30,000 sq. ft and it can be established around CPEC routes.

The total Project Cost is Rs. 54 million including the Capital Cost of Rs. 51.5m and the Working Capital of Rs. 2.5m. Given the cost assumptions, Internal Rate of Return (IRR) and payback are 19% and 5.36 years respectively, hence making the project viable. The project is aimed at creating employment for 21 persons.

3. 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 **warehousing** 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.

4. 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.

5. BRIEF DESCRIPTION OF PROJECT AND PRODUCT

Currently, the transport and logistics sector (trucking, freight forwarding and warehousing) contribute around 0.38% to the GDP, and approximately USD 650 million to the national income. Trucking, freight forwarding and warehousing are three major components of any logistics value chain.

By attracting 5% of china's international cargo volume, the three transport and logistics subsectors can earn USD 6 billion annually, creating 9,000 new enterprises and 400,000 new jobs in the country. China, with its world trade of USD 3.8 trillion, and export cargo of 9 billion tons, is one of the biggest players in the world market.

Development of Gwadar Port has opened avenues of opportunities for Pakistan and China. Goods produced in the Western region have shorter access route to world markets through Gwadar Port. Similarly, materials imported by these regions also have a cheaper and shorter access way.

According to the figures provided in the economic survey 2011, there are around 205 thousand registered trucks, out of which 195 thousand are plying on the roads. The state of our trucking fleet has to be raised to acceptable international standards. According to Engineering Development Board, government of Pakistan, 67% of these trucks are 2-3 axle rigid trucks, around 25% are multi axle, while articulated trucks are only 8% of the total fleet. There is general consensus among the experts and industry stakeholders that the current trucking fleet cannot service emerging logistics requirements of national and regional trade.

Source: SME Observer Vol-5, Issue 1 (January-June 2015)

Introduction to warehousing:

Warehousing & Storage is primarily used by producers and manufacturers, importers and exporters, wholesalers, retail seller, delivery and transport companies, customs and many others. They are mainly focused on operating stocking and storing of general merchandising goods, fast-moving consumer goods, refrigerated and frozen goods and many other warehouse products. As a warehousing & storage provider, company ensures the storage of goods and their security as well. Most warehousing & storage companies offer alongside with their main focus other services such as logistics and distribution of the stored goods that consists of labeling, pricing, packaging, transportation, etc.

Warehousing Concept:

A warehouse is a physical location where goods are stored for a period of time. It is an essential part of the logistics network with which products are delivered from manufacturer to end customers. The warehouse can have different functions within a supply chain. This function depends on the type of products that are stored and the particular demands of the next party in the supply-chain. Specific logistics warehousing concepts can be applied in order to gain cost-efficiency and increase customer service, and in this way become important marketing tools. Examples of these warehousing concepts include cross-docking or merge-in-transit concepts.

Below are a few examples of functions that can be fulfilled by a warehouse:

Central Distribution Location In this concept the warehouse serves as a central point in the market from where goods can be ordered by customers or by regional warehouses for replenishment. One of the advantages of a central distribution location is the lower cost on interest and on storage.

Cross-Docking Centre Cross-docking means using just-in-time scheduling, so that products can be moved from the receiving area through staging, and onto a transport vehicle without ever having to be physically stored. Advantages are the profiting of inbound economies of scale and savings on interest costs and storage costs.

Flow through Facility In this concept, the warehouse functions as a facility where value added activities take place after vendors have supplied (semi-finished) products. After these activities, products are supplied to the market.

Merge-in-Transit Centre In this case, several vendors supply different components of a product to the warehouse facility. The complete product is assembled in the warehouse and is ready to be shipped out to a customer.

Vendor-Managed Warehouse In this concept the vendors manage their inventory themselves, but share the same facility and sometimes share the same IT-system. After a customer places an order the client of the vendor becomes the owner of the goods in the warehouse and sells the product immediately to the end-customer.

The project is related to setting up warehousing facility with following detail:

- **Technology:**

Shipping and transport services have been utilized for centuries, making logistics one of the oldest and most established industries around. However, the tech boom of the 20th century has dramatically enhanced our ability to track and protect products as they move around the globe. Whether you're shipping within the specific city, area or across the country, keeping your cargo safe and secure using the latest technology is a top priority. Here's a look at three logistics technologies that have completely changed the

shipping and transportation industry:

a) Real Time Inventory and Shipping Reporting

Real time data has utterly developed the way that information is shared and used throughout the world. Today, the logistics industry is faster, leaner, and more efficient than ever before due to improved networking and IT capabilities. Today, logistics operations are the key to a successful warehousing, trucking, or distribution company since industry leaders and their clients rely on quick access to the most accurate information.

b) Transport Equipment and Vehicles

The logistics industry simply would not exist without the vehicles and equipment that make moving your cargo possible. Modern logistics is built around the utilization of a wide variety of trucks, storage equipment, and specially designed facilities that are essential to the safe and efficient transport of items around the country. Without them, your cargo would literally be at a standstill.

Source: <http://www.galasso.com>

- **Location:** The warehouse will be located at the main highways or areas having appropriate road networking and near to the main cities. Establishment of a warehouse is highly recommended on China Pakistan Economic Corridor (CPEC) route. These areas include,

A. Gilgit Baltistan

- Sost Border

B. Khyber Pakhtunkhwa

- Thakot
- Hawalian
- Tarnol/ Sangjani/ Fateh Jang
- D-I-Khan
- Peshawar
- Torkham Border

C. Punjab

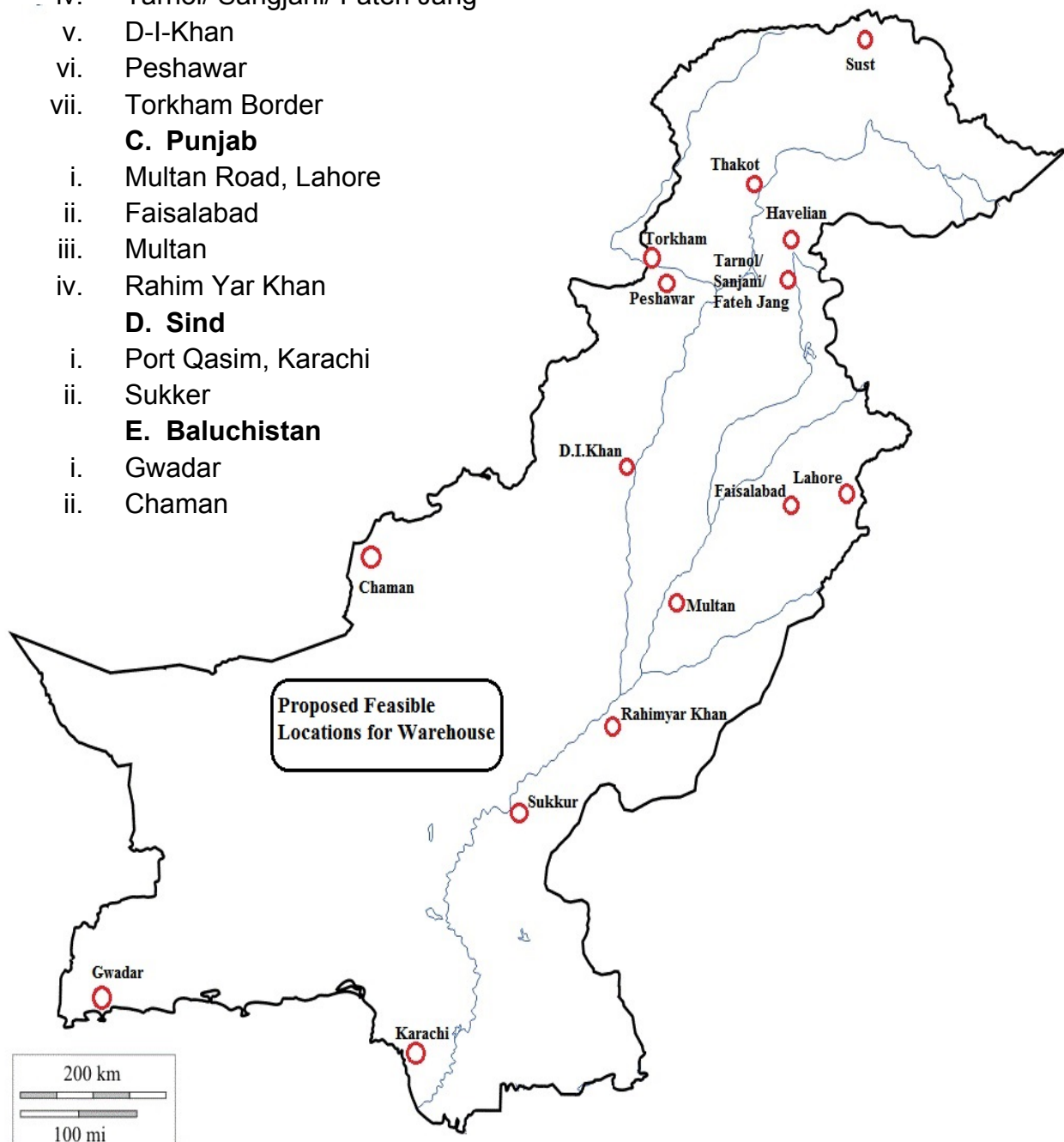
- Multan Road, Lahore
- Faisalabad
- Multan
- Rahim Yar Khan

D. Sind

- Port Qasim, Karachi
- Sukker

E. Baluchistan

- Gwadar
- Chaman



- **Product:** Warehouse provides storage services to the products on temporally basis. Warehouses serve as points in the distribution system at which products are received from suppliers and quickly shipped out to retailers/distributors or customers. In some cases, such as with distribution centers handling perishable food (e.g., produce), most of the product enters in the early morning and is distributed by the end of the day.
- **Target Market:** The target customers of a warehouse business can be local manufacturers, multinational companies, Importers & Exporters, farmers, minerals & mineral products, dairy & dairy products, meat & meat products, transporters & logistics companies and government.
- **Employment Generation:** The proposed project will initially provide direct employment to 21 persons. The minimum 200 indirect employment can be easily generated depending on the businesses using the facility.
- **Profitability:** The Financial Analysis shows the business will be profitable from the very first year of the operation.

5.1) Warehouse Process Flow

Merchandising Receiving Area

The area is especially designed for receiving goods/merchandise for storing. Docking station on each gate is built for the purpose to load and unload the merchandise. The number of containers or package of materials unloaded/received from the carrier's vehicle is checked against the carrier's manifest (freight bill or delivery order) to ensure that all the full consignment or order has been delivered. All containers or package of materials are also inspected for external damage; any damage found is inspected by the carrier's representative and noted on the receipt where the receiving clerk signs. Failure to follow this procedure before accepting a shipment or delivery can relieve the carrier of all liability, except liability for concealed damage not evident until the container is unpacked

Merchandising sorting & Storage area:

In this area the received goods are sorted according the nature of the goods and the shipment plan of the merchandise received Warehouses store a wide range of products and it is up to the warehouse workers to sort the deliveries out and group the same type of products together. Sorting the deliveries also facilitates record keeping and filling of orders when the time comes to ship the merchandise to end-users.

Picking & Packing AreaShipping Area**5.2) Installed and Operational Capacities**

The warehouse will have operational capacity of 22,258 square feet /Year for storing out of the total 27,822 square feet. The remaining area measuring 5,564 square feet is used for passage way/ material handling areas.

6. CRITICAL FACTORS

The following factors should be considered thoroughly:

- Right selection of location, the area must have central location and have proper roads infrastructure/ links.
- Design and size of the warehouse according to the market requirement
- Facilities, compliance, tools & proper equipments for (handling, loading and unloading)
- Selection of trained human resources
- Acquisition of land and contracts at competitive prices.
- Ability to generate work orders through networking, direct marketing and negotiating long term contracts.

7. GEOGRAPHICAL POTENTIAL FOR INVESTMENT

Geography endows Pakistan with the potential to reap huge economic gains by becoming a hub for regional trade that will have spillovers for economic growth. Moreover, local demands by large manufacturers, multinational companies and importers for storage their products increase day by day.

Furthermore, warehousing business can benefit from the China-Pakistan Economic Corridor. Chinese exporters can benefit greatly by utilizing warehouses on China Pakistan Economic Corridor or near the Gwadar Port helping them to minimize the storage cost and reducing lead times.

Since no basis for demand estimation is available, the number of warehouses required cannot be assessed. However, if Pakistan is to develop Export Processing Zones, Special Economic Zones and Industrial Parks alongside the trade corridor, 100 modern warehouses are assumed to be established, initially. The warehousing segment is expected to provide employment to 15,000 individuals.

8. POTENTIAL TARGET CUSTOMER/MARKETS

The potential target customers can be local manufacturers, multinational companies, Importers & Exporters, farmers, minerals & mineral products, dairy & dairy products, meat & meat products, transporters & logistics companies and the government.

9. PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of the warehouse business. Various cost and revenue related assumptions along with results of the analysis are outlined in this section.

9.1) Project Economics

All the figures in this financial model have been calculated for the covered area of 27,822 sq.ft including the internal driveways. For first year, the initial capacity utilization is expected to be at 60%, 16,693 sq.ft /Year reaching a maximum of 22,258 sq.ft in the second year excluding 20% area as driveways.

The following table shows internal rates of return and payback period.

Table 1 - Project Economics

Description	Details
Internal Rate of Return (IRR)	19%
Payback Period	5.36 Years
Net Present Value (NPV)	Rs. 6,680,695

9.2) Project Financing

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

Table 2 - Project Financing

Description	Details
Total Equity (50%)	27,019,332
Bank Loan (50%)	27,019,332

9.3) Project Cost

Following requirements have been identified for establishment of the proposed business. The value/cost of the land is based on the prevailing rates in industrial estates announced by KP Government (KP-EZDMC) and may vary location to location.

Table 3: Project Cost

Description	Amount Rs.
Capital Cost	
Land	6,000,000
Infrastructure Development	42,282,738
Machinery and Equipment	2,406,500
Furniture and Fixtures	291,000
Pre-operating Costs	558,425
Total Capital Cost	51,538,663
Working Capital	
Cash in hand for operational activities	2,500,000
Total Working Capital	2,500,000
Total Project Cost	54,038,663

9.4) Space Requirement

This proposed project will be established not less than 1 Acre of land preferably acquired/allotted in any industrial estate declared by the government. The warehouse would be developed on 27,822 sq.ft and rest would be utilized for management building, parking and passage/drive way etc.

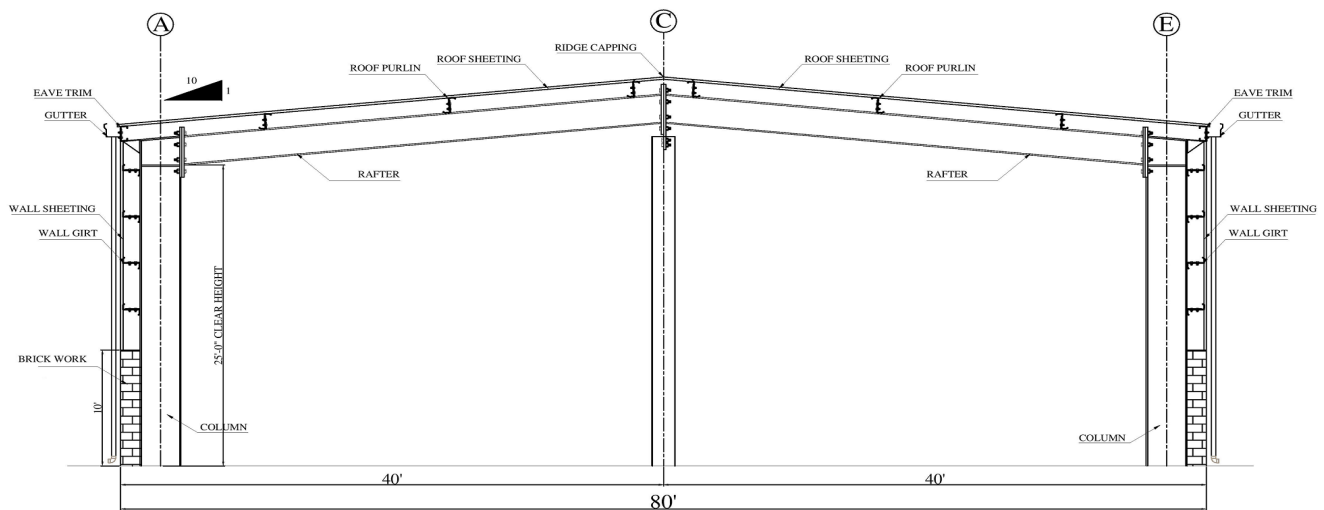
Table 4: Space Requirement

Space Requirement (in ft.)	Rs/Unit	Units	Amount (Rs.)
Management Building (Sq. Ft)	2,200	1,218	2,679,600
Main warehouse including cold storage (pre-engineered structure)	933	27,822	25,957,926
Main warehouse civil work (elevation, flooring, walls & dock stations)	503		13,994,466

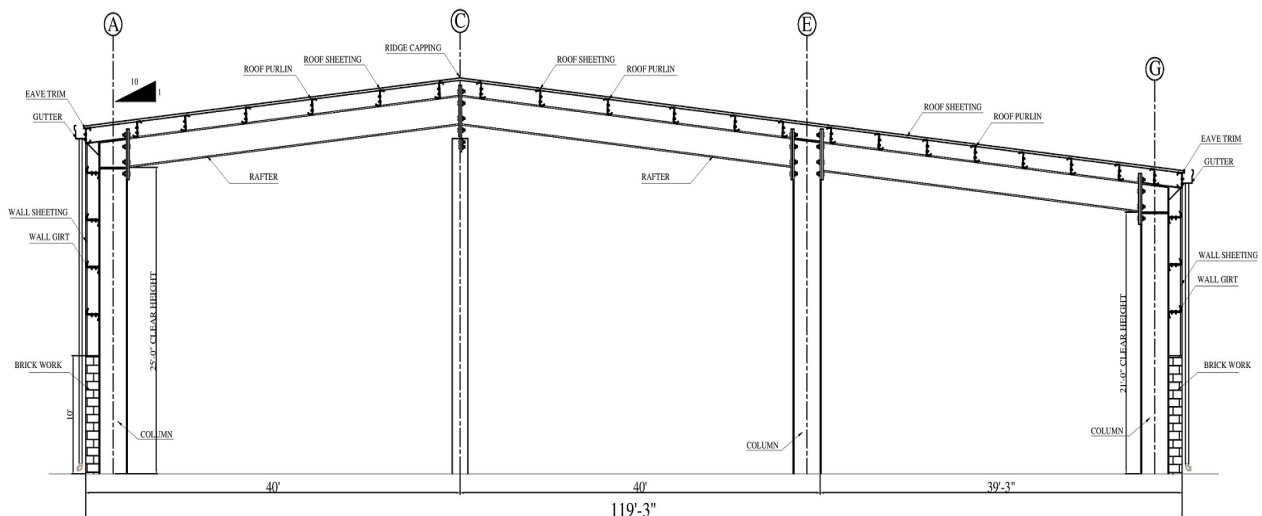
Other areas (Gen room, security towers, Parking shed, guard & driver room)	1300	857	1,114,100
Boundary wall (Rft)	1,000	4,000	4,000,000
Drive way/Grounds (Sq. Ft) etc	184	13,623	2,506,632
Total			50,252,724

The decision about the opportunity cost of land is the discretion of the owner of the project and the prevailing rates of land vary from area to area. However for the financial model cost of the land is assumed to be Rs. 6,000,000/acre.

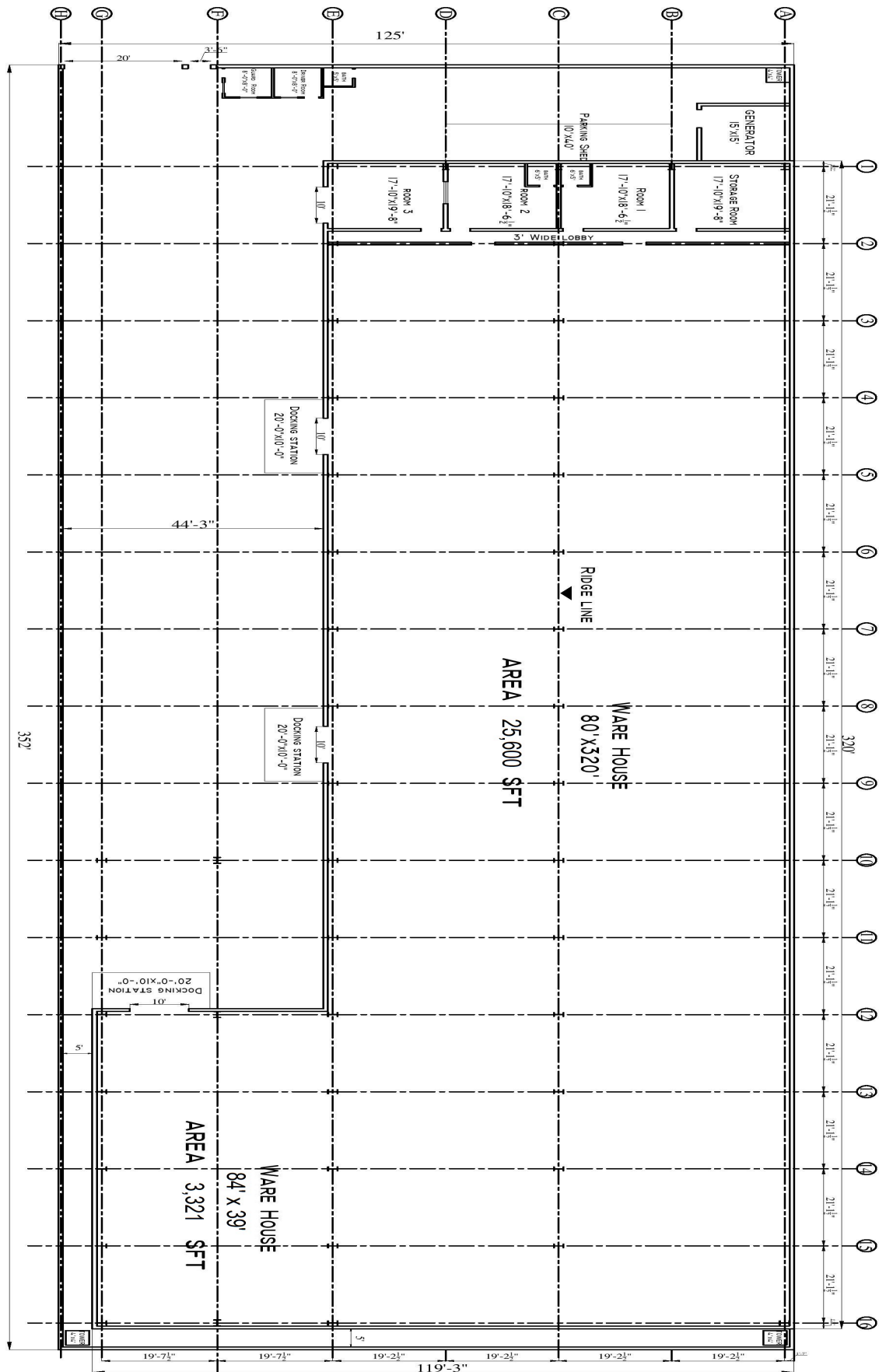
Structure Layout/ Design



SECTION : A-A



SECTION : B-B



9.5) Machinery and Equipment

Following table provides list of machinery and equipment. Costs may vary from area to area and underground water table.

Table 5: List of Machinery and Equipment

Description	Units	Cost Rs/unit	Total Rs.
Folk Lifter	01	1,500,000	1,500,000
Hand Lifter	04	33,000	132,000
Computers	02	40,000	80,000
Printer	01	60,000	60,000
Telephone	01	1,500	1,500
Ceiling fan	06	3,000	18,000
AC	03	55,000	165,000
Security System (CC cameras-12)	01	200,000	200,000
Generator	01	200,000	200,000
Other Tools	Lump sum	50,000	50,000
Total Cost			2,406,500

9.6) Furniture and Fixtures

Table 6: List of office Furniture

Description	Units	Cost Rs/unit	Total Rs.
Office table	3	15,000	45,000
Office Chair	3	7,000	21,000
Visiting Chairs	15	3,000	45,000
Wooden table for normal use	2	6,000	12,000
Wooden small table	6	2,000	12,000
Office file wooden rack	3	12,000	36,000
Wooden bench	6	7,000	42,000
Sofa set	1	18,000	18,000
File racks	3	20,000	60,000
Total			291,000

9.7) Human Resource Requirement

Table 7: Payroll For Financial Analysis (Human Resource Requirements)

Description	No.	Monthly Salary/ Person (Rs.)	Months (No.)	First Year Salaries (Rs)
Manager Warehouse	01	50,000	12	600,000
Assistant Manager warehouse	01	30,000	12	360,000
Admin & Accounts officer	01	30,000	12	360,000
Inventory supervisor	01	25,000	12	300,000
Electrician/Gen-set operator	01	18,000	12	216,000
Fork Lifter operator	01	18,000	12	216,000
Loading & unloading Staff	05	16,000	12	960,000
Security guards	05	16,000	12	960,000
Gate keepers	03	15,000	12	540,000
Office boy	02	15,000	12	360,000
Total Cost	21	406,000	12	4,872,000

9.8) Utilities and Other Costs

It should be maintained that there is no ongoing requirements of raw material in a warehouse. Once the facility is up and running, the only sizeable costs would be maintenance costs of machinery and equipment.

The electricity charges are divided into direct and indirect electricity costs.

Table 8: Miscellaneous

Description	Rs. / Year
Direct Electricity	33,386
Indirect Electricity	96,000
Machinery Maintenance	166,932
Travelling Expenses	19,200
Communication Expenses	15,552
Bad Debt Expense	260,414
Total Cost	591,484

9.9) Revenue Generation

The selling price depends upon the warehouse location, ease of access to main routes and area acquired on rent by the customers. The sale price may range between Rs. 50/sq.ft to Rs. 80/sq.ft per month depending on the region of the facility. The average price for the revenue model is taken as Rs. 65/sq.ft per month. With a utilization of 60% capacity for the first year the revenues are as under:

Table 9: Revenue Generation

Product	Unit	Sales Price (Rs./Unit/ Month)	First Year Space Utilization (sq. ft.)	Yearly Sales Revenue (Rs)
Storing Facility/ warehouse	sq.ft	65	16,693	13,020,696

10. CONTACTS

Information for the prefeasibility has been obtained through series of meeting held with M/S Waleed Goods Transport Service and telephonic/ email communications with Premium Contradiction, Lahore. Information regarding transport sector and technical (design & locations) details have been provided by M/S Waleed Goods Transport Service while the overall construction details have been provided by Premium Construction. We are very much thankful for their valued inputs which helped us in completion of this pre-feasibility.

1. M/S Waleed Goods Transport Service

Flat No. 03, 2nd floor,
Cantonment Board Plaza, Khyber Super Market
Peshawar Cantt- Khyber Pakhtunkhwa.

Contact; 0092-91-5606303, 5606304

Email; waleedgts@gmail.com.

Website; www.waleedgts.com

2. M/S Premium Engiwneerings

49, H Block, Model Town, Lahore, Punjab.

Contact: 0092-42-35441960, 35441961, 35441962.

Mobile : 0304-4820622, 0322-6088805

11. USEFUL WEB LINKS

Small & Medium Enterprises Development Authority (SMEDA)	www.smeda.org.pk
Government of Pakistan	www.pakistan.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 Baluchistan	www.balochistan.gov.pk
Government of Gilgit Baltistan	www.gilgitbaltistan.gov.pk
Government of Azad Jamu Kashmir	www.ajk.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
China Pakistan Economic Corridor (CPEC)	http://www.cpec.gov.pk
Ministry of Industries & Production (MoI&P)	http://www.moip.gov.pk
Ministry of Communication	http://www.communication.gov.pk
Gwadar Development Authority	http://www.gda.gov.pk

12. ANNEXURES

12.1) Income Statement

Income Statement										
	Rs. in actuals									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	13,020,696	19,097,021	21,006,723	23,107,395	25,418,135	27,959,948	30,755,943	33,831,537	37,214,691	40,936,160
Cost of services	4,112,318	4,586,678	5,034,019	5,524,991	6,063,850	6,655,267	7,304,368	8,016,780	8,798,678	9,656,840
Gross Profit	8,908,378	14,510,343	15,972,704	17,582,404	19,354,285	21,304,682	23,451,575	25,814,758	28,416,013	31,279,320
<i>General administration & selling expenses</i>										
Administration expense	971,616	1,066,214	1,170,022	1,283,937	1,408,943	1,546,120	1,696,652	1,861,840	2,043,112	2,242,032
Rental expense	-	-	-	-	-	-	-	-	-	-
Utilities expense	109,536	120,201	131,903	144,746	158,838	174,303	191,274	209,896	230,332	252,757
Travelling & Comm. expense (phone, fax, etc.)	34,752	38,136	41,848	45,923	50,394	55,300	60,685	66,593	73,076	80,191
Office vehicles running expense	-	-	-	-	-	-	-	-	-	-
Office expenses (stationary, etc.)	11,616	4,319	4,740	5,201	5,708	6,263	6,873	7,542	8,277	9,082
Promotional expense	13,021	19,097	21,007	23,107	25,418	27,960	30,756	33,832	37,215	40,936
Insurance expense	-	-	-	-	-	-	-	-	-	-
Professional fees (legal, audit, etc.)	65,103	95,485	105,034	115,537	127,091	139,800	153,780	169,158	186,073	204,681
Depreciation expense	1,326,818	1,326,818	1,326,818	1,326,818	1,326,818	1,326,818	1,326,818	1,326,818	1,326,818	1,326,818
Amortization expense	111,685	111,685	111,685	111,685	111,685	-	-	-	-	-
Property tax expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous expense	260,414	381,940	420,134	462,148	508,363	559,199	615,119	676,631	744,294	818,723
Subtotal	2,904,562	3,163,895	3,333,192	3,519,103	3,723,258	3,835,764	4,081,956	4,352,310	4,649,197	4,975,222
Operating Income	6,003,816	11,346,447	12,639,512	14,063,302	15,631,027	17,468,918	19,369,619	21,462,447	23,766,816	26,304,098
Other income	249,215	343,098	497,596	605,503	686,051	733,470	743,951	1,986,524	1,962,136	3,596,233
Gain / (loss) on sale of assets	-	-	-	-	-	-	-	-	-	-
Earnings Before Interest & Taxes	6,253,031	11,689,545	13,137,108	14,668,804	16,317,079	18,202,388	20,113,570	23,448,971	25,728,952	29,900,330
Interest expense	3,439,772	3,168,142	2,962,628	2,730,398	2,467,977	2,171,442	1,836,357	1,457,711	1,029,840	546,347
Earnings Before Tax	2,813,259	8,521,403	10,174,480	11,938,407	13,849,101	16,030,947	18,277,213	21,991,261	24,699,112	29,353,983
Tax	900,243	2,726,849	3,255,834	3,820,290	4,431,712	5,129,903	6,034,877	6,821,798	8,153,140	9,105,301
NET PROFIT/(LOSS) AFTER TAX	1,913,016	5,794,554	6,918,646	8,118,116	9,417,389	10,901,044	12,242,336	15,169,462	16,545,972	20,248,682

12.2) Balance Sheet

Balance Sheet											
	Rs. in actuals										
	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	2,500,000	2,484,302	4,377,651	5,574,276	6,535,775	7,185,254	7,484,149	19,030,435	7,237,226	47,594,497	6,331,810
Accounts receivable	-	1,070,194	1,319,906	1,648,099	1,812,909	1,994,200	2,193,620	2,412,982	2,654,280	2,919,708	3,211,679
Finished goods inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment spare part inventory	-	-	-	-	-	-	-	-	-	-	-
Raw material inventory	-	-	-	-	-	-	-	-	-	-	-
Pre-paid annual land lease	-	-	-	-	-	-	-	-	-	-	-
Pre-paid building rent	-	-	-	-	-	-	-	-	-	-	-
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid insurance	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	2,500,000	3,554,496	5,697,557	7,222,375	8,348,684	9,179,454	9,677,769	21,443,417	9,891,506	50,514,205	9,543,489
<i>Fixed assets</i>											
Land	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Building/Infrastructure	42,282,738	41,225,670	40,168,601	39,111,533	38,054,464	36,997,396	35,940,327	34,883,259	33,826,190	32,769,122	31,712,054
Machinery & equipment	-	-	-	-	-	-	-	-	-	-	-
Furniture & fixtures	291,000	261,900	232,800	203,700	174,600	145,500	116,400	87,300	58,200	29,100	-
Office vehicles	-	-	-	-	-	-	-	-	-	-	-
Office equipment	2,406,500	2,165,850	1,925,200	1,684,550	1,443,900	1,203,250	962,600	721,950	481,300	240,650	-
Total Fixed Assets	50,980,238	49,653,420	48,326,601	46,999,783	45,672,964	44,346,146	43,019,327	41,692,509	40,365,690	39,038,872	37,712,054
<i>Intangible assets</i>											
Pre-operation costs	558,425	446,740	335,055	223,370	111,685	-	-	-	-	-	-
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
Total Intangible Assets	558,425	446,740	335,055	223,370	111,685	-	-	-	-	-	-
TOTAL ASSETS	54,038,663	53,654,656	54,359,213	54,445,528	54,133,333	53,525,600	52,697,096	63,135,926	50,257,196	89,553,077	47,255,543
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable	-	13,720	20,123	22,136	24,349	26,784	29,463	32,409	35,650	39,215	43,136
Export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Short term debt	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	-	13,720	20,123	22,136	24,349	26,784	29,463	32,409	35,650	39,215	43,136
<i>Other liabilities</i>											
Lease payable	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	-	338,262	676,524	1,014,786	1,353,048	1,691,310	2,029,571	2,367,833	2,706,095	3,044,357	3,382,619
Long term debt	27,019,332	24,370,326	22,789,450	21,003,060	18,984,439	16,703,397	14,125,820	11,213,158	7,921,850	4,202,671	-
Total Long Term Liabilities	27,019,332	24,708,588	23,465,974	22,017,845	20,337,486	18,394,706	16,155,391	13,580,991	10,627,945	7,247,029	3,382,619
<i>Shareholders' equity</i>											
Paid-up capital	27,019,332	27,019,332	27,019,332	27,019,332	27,019,332	27,019,332	27,019,332	27,019,332	27,019,332	27,019,332	27,019,332
Retained earnings	-	1,913,016	3,853,785	5,386,216	6,752,166	8,084,778	9,492,911	10,867,623	37,672,656	14,560,121	75,496,184
Total Equity	27,019,332	28,932,348	30,873,117	32,405,547	33,771,498	35,104,109	36,512,242	37,886,955	64,691,988	41,579,453	102,515,516
TOTAL CAPITAL AND LIABILITIES	54,038,663	53,654,656	54,359,213	54,445,528	54,133,333	53,525,600	52,697,096	51,500,355	75,355,583	48,865,696	105,941,271

12.3) Cash Flow Statement

Cash Flow Statement

Rs. in actuals

	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	-	1,913,016	5,794,554	6,918,646	8,118,116	9,417,389	10,901,044	12,242,336	15,169,462	16,545,972	20,248,682
Add: depreciation expense	-	1,326,818	1,326,818	1,326,818	1,326,818	1,326,818	1,326,818	1,326,818	1,326,818	1,326,818	1,326,818
amortization expense	-	111,685	111,685	111,685	111,685	111,685	-	-	-	-	-
Deferred income tax	-	338,262	338,262	338,262	338,262	338,262	338,262	338,262	338,262	338,262	338,262
Accounts receivable	-	(1,070,194)	(249,712)	(328,193)	(164,810)	(181,291)	(199,420)	(219,362)	(241,298)	(265,428)	(291,971)
Finished good inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment inventory	-	-	-	-	-	-	-	-	-	-	-
Raw material inventory	-	-	-	-	-	-	-	-	-	-	-
Pre-paid building rent	-	-	-	-	-	-	-	-	-	-	-
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Advance insurance premium	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	-	13,720	6,403	2,012	2,214	2,435	2,678	2,946	3,241	3,565	3,921
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Cash provided by operations	-	2,633,308	7,328,010	8,369,231	9,732,286	11,015,298	12,369,382	13,691,000	16,596,485	17,949,189	21,625,713
<i>Financing activities</i>											
Change in long term debt	27,019,332	(2,649,006)	(1,580,876)	(1,786,390)	(2,018,621)	(2,281,042)	(2,577,577)	(2,912,662)	(3,291,308)	(3,719,178)	(4,202,671)
Change in short term debt	-	-	-	-	-	-	-	-	-	-	-
Change in export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Add: land lease expense	-	-	-	-	-	-	-	-	-	-	-
Land lease payment	-	-	-	-	-	-	-	-	-	-	-
Change in lease financing	-	-	-	-	-	-	-	-	-	-	-
Issuance of shares	27,019,332	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares	-	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing	54,038,663	(2,649,006)	(1,580,876)	(1,786,390)	(2,018,621)	(2,281,042)	(2,577,577)	(2,912,662)	(3,291,308)	(3,719,178)	(4,202,671)
<i>Investing activities</i>											
Capital expenditure	(51,538,663)	-	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-	-
Cash (used for) / provided by investing	(51,538,663)	-	-	-	-	-	-	-	-	-	-
NET CASH	2,500,000	(15,698)	5,747,134	6,582,841	7,713,665	8,734,257	9,791,805	10,778,338	13,305,177	14,230,011	17,423,042

13. KEY ASSUMPTIONS

13.1) Operating Cost Assumptions

Description	Details
Hours Operational Per Day	8
Days Operational Per Month	30
Days Operational Per Year	360
Operating Cost Growth Rate (per annum)	10%

13.2) Production Cost Assumptions

Description	Details
Cost of Services Annual Growth Rate	5%

13.3) Revenue Assumptions

Description	Details
Sales Price Growth Rate	10%
Maximum Capacity Utilization	80%
Initial Capacity Utilization	60%

13.4) Economy Related Assumptions

Description	Details
Inflation Rate	10%
Electricity Price Growth Rate	10%
Wage Growth Rate	10%