

Pre-Feasibility Study

MEDICAL TRANSCRIPTION



Small and Medium Enterprises Development Authority

Ministry of Industries & Production

Government of Pakistan

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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

Recent advances in data communications and Internet in terms of facilities and cost have given rise to many exciting opportunities to export our products and services to the developed countries. One such opportunity is in the field of Medical Transcription, which is a process of converting medical information available in the form of audio recordings to accurate medical reports in the text form (electronic and print). It mainly targets to cater for the requirements of health practitioners in USA because American Medical Association (AMA) has mandatory requirements for maintaining detailed medical records.

In order to grab this potential business opportunity, this particular pre-feasibility provides the basic information for setting up a Medical Transcription Unit. The proposed unit can be established in any of the major cities in Pakistan. The proposed unit will comprise of fifteen medical transcriptionists on single shift basis; projected workings of the business have been based upon 6 hours of operations per day dedicated solely to core typing by the medical transcriptionists.

The success of the business is hugely dependent on getting the orders for medical transcription on regular basis with out breaks. Besides that, deep and thorough understandings of US health care industry and client's requirements for the entrepreneur are prerequisites for this business. Therefore, it is suggested that, sponsor / entrepreneur of the business in Pakistan has to have a forward purchase contract with a company in USA to provide regular order of transcription.

The total initial cost for setting up a medical transcription setup is estimated at Rs. 4.32 million out of which capital cost is Rs. 3.22 million along with working capital of Rs. 1.10 million. The project will be financed through 50% debt and 50% equity. The NPV is projected around Rs. 13.30 million, with an IRR of 61% and payback period of 2.90 years. 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 **Medical Transcriptions** 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

Medical practice is bound by a very strict code of ethics and statutes. These legal statues and procedures are observed diligently since any lacunae can lead to multi-million dollar malpractice suits. Therefore, a high level of documentation at every stage of treatment is the only way to ensure that timely medical care will be and has been provided thereby also proving non-negligence in treatment.

In USA, the health care industry follows extensive documentation procedures due to stringent procedural and government regulations. This extensive documentation process can take up to 50% of a doctor's precious time. Since the medical profession is amongst the highest paid in the country, time spent by them on documentation proves to be costly. Therefore, the solution is that doctors dictate their reports into a dictating machine and store it in a cassette or computers as digitized audio. Hospitals avail the services of professional transcription companies for converting audio to electronic document form and hard copy reports.

Medical Transcription is a process of converting medical information from audio recordings to accurate medical reports in the text form (electronic and print). There are numerous kinds of reports; however, the most frequently encountered are History, Physical Examination, Consultation, Operative and Discharge reports. A digital transcriber records, saves, opens, and plays files created in sound formats, such as wave files. Quality digital transcribers have an option to compress these files for quicker transfer.

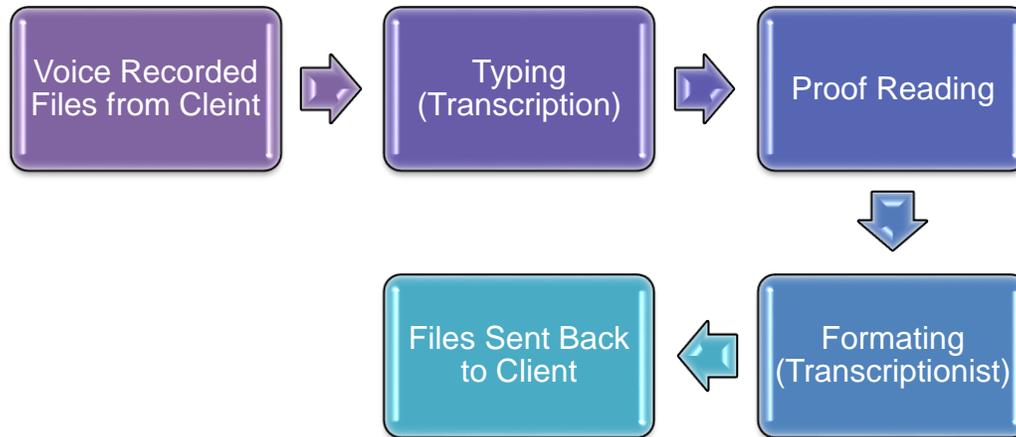
In order to set-up a medical transcription, the investor must acquire licensed medical transcription software along with high bandwidth Internet connection from a renowned service provider. In this pre-feasibility study, the proposed medical transcription setup will be established in rented premises with an area of around 1,750 sq. feet, having good speed internet connection along with electricity & telephone connections.

The medical transcription setup will remain operational for 06 hours / day out of 08 hours per shift; core typing by medical transcriptionists is assumed to be for 06 hours, whereas other activities such as handing over of assignments and debriefing sessions will require approximately additional 2 hours per shift per day. Initial sales volume is calculated at Rs. 12.30 million in the first year, with an annual growth of 10%, providing employment to 29 individuals.

The venture is proposed to be established as 'Sole Proprietorship'.

5.1 Business Operations Process Flow

The business operations process flow of the proposed Medical Transcription Units will be as follows:



5.2 Installed and Operational Capacities

Initially the business can be started with twelve medical transcriptionists per shift during the first year. The business is to be run on a one-shift basis. The entrepreneur of the business in Pakistan must acquire a forward purchase contract with a company in USA, which will ensure business orders.

Operations of the business can be started in a rented building in any suitable location, where all utility connections are available. Office space is primarily required for a hall, where the transcriptionists will be seated comfortably. It is envisaged that the business will be operating at 70% capacity utilization at the end of the first year and will be having a 5% capacity increase every year. In the beginning, it is proposed that there would be one working shift, but the business will have the flexibility of increasing production by increasing the number of shifts to three.

6 CRITICAL FACTORS

Some of the Key factors for operating a successful medical transcription setup are:

- Background, experience and technical qualification of the entrepreneur and / or key staff.
- Uninterrupted stream of business orders.
- Thorough understanding of US health care industry, relevant terminology and the English language.

- Hiring and retention of trained manpower; manpower trained in accordance with industry requirements.
- Formulation and implementation of medical transcription work processes and quality procedures.
- Incorporation of latest productivity enhancement tools / technologies catering to a highly competitive environment.

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

The recommended location for establishing a Medical Transcription Unit is a commercial plaza of any large metropolitan city of Pakistan due to the easy availability of required skilled labor and IT infrastructure.

In this regard, Pakistan Software Export Board (PSEB) has established Software Technology Parks (STPs) in Islamabad, Karachi, and Lahore to facilitate the IT and IT-enabled Services (ITeS) companies operating in Pakistan. Designed with a view to getting business ventures up and running in the shortest possible time, these STPs provide office space with all the modern conveniences in prime business locations in these major cities. These dedicated premises provide a comfortable working environment, high-speed international data connectivity, and an uninterrupted power supply, with minimal regulatory overheads and paperwork, to its registered companies.

In addition to that, the proposed business can also be initiated in other cities of Pakistan such as Multan, Sukkur, Rawalpindi, Hyderabad, Faisalabad, Sargodha, Quetta, Gujrat, Bahawalpur, DI Khan, Nowshera, Abbotabad and Peshawar, etc.

8 POTENTIAL TARGET CUSTOMERS / MARKETS

Medical transcription business is export oriented, in this regard, USA is the biggest potential market for the proposed business. As the services are related to the health care industry, therefore, medical practitioners of USA, North America and Canada will be major target clients for this business.

9 PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of the Medical Transcription business. Various cost 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 attached as annexures.

9.1 Project Economics

All the figures in this financial model have been calculated for estimated sales of Rs. 12.30 million in the year one. The capacity utilization during year one is worked out at 70% with 5% increase in subsequent years up to the maximum capacity utilization of 100%. Returns on the investments and its profitability are highly dependent on the entrepreneur's practical knowledge about medical transcription and fulfillment of other prerequisites as highlighted in the document.

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

Table 1: Project Economics

Description	Details
Internal Rate of Return (IRR)	61%
Payback Period (yrs.)	2.90
Net Present Value (Rs.)	13,298,522

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%)	Rs. 2,157,875
Bank Loan (50%)	Rs. 2,157,875
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 3: Project Cost

Description	Amount Rs.
Capital Investment	
IT Equipment for Medical Transcriptionists	1,911,000

Furniture and Fixtures	781,250
Office Equipment	324,000
Pre-operating Cost	201,000
Total Capital Cost	3,217,250
Working Capital	
Office Space Rent	200,000
Cash	898,500
Total Working Capital	1,098,500
Total Project Cost	4,315,750

9.4 Space Requirement

Approximately 1,750 sq. ft. will be required for business setup. It is recommended that the area should be acquired on rent. Rent cost for the proposed areas will be ranging between Rs. 40,000 to Rs. 60,000. Rent cost incorporated for financial analysis is Rs. 50,000 per month. One-month advance rent along with three months of security deposit is also to be paid.

Details of space requirement and cost related to land & building is given below:

Table 4: Space Requirement

Description	Estimated Area (Sqft)
MT Terminal @ 15 Sq.ft per MT	450
Management Staff	900
Cafeteria	300
Free Space	100
Total	1,750

9.5 Machinery and Equipment Requirement

Details of equipment required for the project are given in the following table:

Table 5: Machinery & Equipment Requirement

Equipment	Quantity	Cost per Unit (Rs.)	Total Cost (Rs.)
Laptops	23	60,000	1,380,000
Head Phones	22	2,000	44,000

Foot Pedals	22	3,000	66,000
Computer Server	2	100,000	200,000
UPS for Server	1	75,000	75,000
Printer	1	20,000	20,000
Scanner	1	15,000	15,000
Modem DSL	1	8,000	8,000
Networking Cable (Ft)	500	20	10,000
Reference Books (Set)	2	16,500	33,000
Software License	1	60,000	60,000
Total			1,911,000

9.6 Furniture & Fixtures Requirement

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

Table 6: Furniture & Fixture Requirement

Description	Quantity	Unit Cost (Rs)	Total Cost (Rs)
Computer Tables and Chairs	4	20,000	80,000
Workstations for MTs with Chairs	22	15,000	330,000
Sign Board	1	20,000	20,000
Ceramic Tiles (Sq. Ft)	1,750	75	131,250
Air Conditioners	4	55,000	220,000
Total			781,250

9.7 Office Equipment Requirement

Following office equipment will be required for medical transcription unit:

Table 7: Office Equipment Requirement

Equipment	Quantity	Cost per Unit (Rs.)	Total Cost (Rs.)
Laptops for Management Staff	3	60,000	180,000
Printer	1	20,000	20,000
Telephone Sets	6	1,500	9,000
Fax Machine	1	15,000	15,000
Generator	1	100,000	100,000
Total Equipment			324,000

9.8 Human Resource Requirement

In order to run operations of medical transcription smoothly, details of human resources required along with number of employees and monthly salary are recommended as under:

Table 8: Human Resource Requirement

Positions	Number	Salary/Month (Rs.)
CEO	1	50,000
System Administrator (IT Expert)	1	30,000
Data Distribution Manager	1	40,000
Quality Control Manager	1	35,000
Medical Transcriptionist	15	25,000
Quality Assurance Executive	6	30,000
Formatters	1	15,000
Office Boys	2	13,000
Security Guard	1	13,000
Total	29	

9.9 Utilities and Other Costs

An essential cost to be borne by the project is the cost of electricity. The electricity expenses are estimated to be around Rs. 25,000 per month, Furthermore, promotional expense being essential for marketing of medical transcription is estimated as 2% of administrative / Cost of Sales expenses.

9.10 Revenue Generation

Expected revenue generation by the Medical Transcription setup during the first year is given in the table below:

Table 9: Expected Revenue Generation (Year 1)

Service Category	Expected Sales Amount (Rs.)
Starting Capacity Utilization	70%
Revenue	12,285,000
Sales Price Growth Rate	10%
Export Sales	100%

10 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
Punjab Industrial Estates (PIE)	www.pie.com.pk
Pakistan Software Export Board	www.pseb.org.pk
Pakistan Software Houses Association for IT and ITEs	www.pasha.org.pk
National Information & Communication Technologies Research and Development Fund (ICT&RD)	www.ictrdf.org.pk
Punjab Information Technology Board (PBIT)	www.pbit.punjab.gov.pk
KPK Information Technology Board	www.kpitb.gov.pk

11 ANNEXURES

11.1 Income Statement

SMEDA										
Calculations										
Income Statement										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	12,285,000	14,478,750	16,988,400	19,855,193	23,125,460	26,851,228	31,090,896	34,199,985	37,619,984	41,381,982
<i>Cost of sales</i>										
Software Renewal Fee	30,000	33,000	36,300	39,930	43,923	48,315	53,147	58,462	64,308	70,738
Direct Labor	7,740,000	8,514,000	9,365,400	10,301,940	11,332,134	12,465,347	13,711,882	15,083,070	16,591,377	18,250,515
Electricity Expense	300,000	330,000	363,000	399,300	439,230	483,153	531,468	584,615	643,077	707,384
Total cost of sales	8,070,000	8,877,000	9,764,700	10,741,170	11,815,287	12,996,816	14,296,497	15,726,147	17,298,762	19,028,638
Gross Profit	4,215,000	5,601,750	7,223,700	9,114,023	11,310,173	13,854,412	16,794,398	18,473,838	20,321,222	22,353,344
<i>General administration & selling expenses</i>										
Administration expense	1,428,000	1,570,800	1,727,880	1,900,668	2,090,735	2,299,808	2,529,789	2,782,768	3,061,045	3,367,149
Rent 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
Water expense	36,000	39,600	43,560	47,916	52,708	57,978	63,776	70,154	77,169	84,886
Gas expense	18,000	19,800	21,780	23,958	26,354	28,989	31,888	35,077	38,585	42,443
Communications expense (phone, fax, mail, internet etc.)	156,000	171,600	188,760	207,636	228,400	251,240	276,364	304,000	334,400	367,840
Printing & Stationary	120,000	126,000	132,300	138,915	145,861	153,154	160,811	168,852	177,295	186,159
Entertainment	234,000	245,700	257,985	270,884	284,428	298,650	313,582	329,261	345,725	363,011
Promotional expense	100,000	90,000	81,000	72,900	65,610	59,049	53,144	47,830	43,047	38,742
Depreciation expense	894,880	894,880	894,880	1,030,417	1,011,307	1,054,476	1,211,376	1,189,254	1,189,254	1,370,886
Amortization of pre-operating costs	40,200	40,200	40,200	40,200	40,200	-	-	-	-	-
Janitorial Expenses	120,000	132,000	145,200	159,720	175,692	193,261	212,587	233,846	257,231	282,954
Miscellaneous expense	21,420	23,562	25,918	28,510	31,361	34,497	37,947	41,742	45,916	50,507
Subtotal	3,768,500	4,014,142	4,285,463	4,720,324	5,031,115	5,397,408	5,954,202	6,372,014	6,855,818	7,569,346
Operating Income	446,500	1,587,608	2,938,237	4,393,699	6,279,058	8,457,004	10,840,197	12,101,825	13,465,404	14,783,998
Earnings Before Interest & Taxes	446,500	1,587,608	2,938,237	4,393,699	6,279,058	8,457,004	10,840,197	12,101,825	13,465,404	14,783,998
Interest expense on long term debt (Project Loan)	371,739	315,457	243,379	158,884	59,833	-	-	-	-	-
Subtotal	371,739	315,457	243,379	158,884	59,833	-	-	-	-	-
Earnings Before Tax	74,761	1,272,151	2,694,857	4,234,814	6,219,225	8,457,004	10,840,197	12,101,825	13,465,404	14,783,998
Tax	-	113,322	396,214	792,944	1,399,228	2,182,451	3,016,568	3,458,138	3,935,391	4,396,899
NET PROFIT/(LOSS) AFTER TAX	74,761	1,158,828	2,298,643	3,441,870	4,819,997	6,274,554	7,823,628	8,643,687	9,530,013	10,387,100
Balance brought forward	-	74,761	1,233,589	3,532,233	6,974,103	11,794,100	18,068,653	25,892,282	34,535,968	44,065,982
Total profit available for appropriation	74,761	1,233,589	3,532,233	6,974,103	11,794,100	18,068,653	25,892,282	34,535,968	44,065,982	54,453,081
Dividend	-	-	-	-	-	-	-	-	-	-
Balance carried forward	74,761	1,233,589	3,532,233	6,974,103	11,794,100	18,068,653	25,892,282	34,535,968	44,065,982	54,453,081

11.2 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	898,500	1,383,478	3,060,155	6,072,278	10,658,302	17,091,333	26,417,489	38,259,397	51,383,730	65,854,969	82,326,839
Accounts receivable		504,863	595,017	698,153	815,967	950,361	1,103,475	1,277,708	1,405,479	1,546,027	1,700,629
Pre-paid building rent	200,000	220,000	242,000	266,200	292,820	322,102	354,312	389,743	428,718	471,590	-
Total Current Assets	1,098,500	2,108,341	3,897,172	7,036,631	11,767,089	18,363,796	27,875,276	39,926,849	53,217,927	67,872,585	84,027,469
<i>Fixed assets</i>											
Machinery & equipment	1,911,000	1,280,370	649,740	2,231,331	1,482,188	752,155	2,583,045	1,715,818	870,714	2,990,197	1,986,274
Furniture & fixtures	781,250	625,000	468,750	312,500	156,250	997,095	797,676	598,257	398,838	199,419	-
Cafe equipment	324,000	216,000	108,000	375,071	250,047	125,024	434,191	289,461	144,730	502,630	335,087
Total Fixed Assets	3,016,250	2,121,370	1,226,490	2,918,902	1,888,485	1,874,274	3,814,912	2,603,536	1,414,282	3,692,247	2,321,361
<i>Intangible assets</i>											
Pre-operation costs	201,000	160,800	120,600	80,400	40,200	-	-	-	-	-	-
Total Intangible Assets	201,000	160,800	120,600	80,400	40,200	-	-	-	-	-	-
TOTAL ASSETS	4,315,750	4,390,511	5,244,262	10,035,933	13,695,774	20,238,070	31,690,188	42,530,384	54,632,209	71,564,832	86,348,830
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Short term debt	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-	-	-	-	-	-
<i>Other liabilities</i>											
Deferred tax		-	113,322	509,537	1,302,481	2,701,708	4,884,159	7,900,727	11,358,865	15,294,256	19,691,155
Long term debt (Project Loan)	2,157,875	2,157,875	1,739,475	1,248,997	674,024	-	-	-	-	-	-
Total Long Term Liabilities	2,157,875	2,157,875	1,852,798	1,758,534	1,976,505	2,701,708	4,884,159	7,900,727	11,358,865	15,294,256	19,691,155
<i>Shareholders' equity</i>											
Paid-up capital	2,157,875	2,157,875	2,157,875	4,745,167	4,745,167	5,742,262	8,737,376	8,737,376	8,737,376	12,204,594	12,204,594
Retained earnings		74,761	1,233,589	3,532,233	6,974,103	11,794,100	18,068,653	25,892,282	34,535,968	44,065,982	54,453,081
Total Equity	2,157,875	2,232,636	3,391,464	8,277,399	11,719,270	17,536,361	26,806,029	34,629,657	43,273,344	56,270,576	66,657,675
TOTAL CAPITAL AND LIABILITIES	4,315,750	4,390,511	5,244,262	10,035,933	13,695,774	20,238,070	31,690,188	42,530,384	54,632,209	71,564,832	86,348,830
	-	-	-	-	-	-	-	-	-	-	-

11.3 Cash Flow Statement

Calculations											SMEDA
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		74,761	1,158,828	2,298,643	3,441,870	4,819,997	6,274,554	7,823,628	8,643,687	9,530,013	10,387,100
Add: depreciation expense		894,880	894,880	894,880	1,030,417	1,011,307	1,054,476	1,211,376	1,189,254	1,189,254	1,370,886
amortization of pre-operating costs		40,200	40,200	40,200	40,200	40,200	-	-	-	-	-
Deferred income tax		-	113,322	396,214	792,944	1,399,228	2,182,451	3,016,568	3,458,138	3,935,391	4,396,899
Accounts receivable		(504,863)	(90,154)	(103,136)	(117,813)	(134,395)	(153,114)	(174,233)	(127,771)	(140,548)	(154,603)
Pre-paid building rent	(200,000)	(20,000)	(22,000)	(24,200)	(26,620)	(29,282)	(32,210)	(35,431)	(38,974)	(42,872)	471,590
Cash provided by operations	(200,000)	484,978	2,095,076	3,502,601	5,160,997	7,107,055	9,326,156	11,841,909	13,124,333	14,471,238	16,471,871
<i>Financing activities</i>											
Project Loan - principal repayment		-	(418,400)	(490,478)	(574,973)	(674,024)	-	-	-	-	-
Short term debt principal repayment		-	-	-	-	-	-	-	-	-	-
Additions to Project Loan	2,157,875	-	-	-	-	-	-	-	-	-	-
Issuance of shares	2,157,875	-	-	2,587,292	-	997,095	2,995,114	-	-	3,467,219	-
Cash provided by / (used for) financing activities	4,315,750	-	(418,400)	2,096,814	(574,973)	323,071	2,995,114	-	-	3,467,219	-
<i>Investing activities</i>											
Capital expenditure	(3,217,250)	-	-	(2,587,292)	-	(997,095)	(2,995,114)	-	-	(3,467,219)	-
Cash (used for) / provided by investing activities	(3,217,250)	-	-	(2,587,292)	-	(997,095)	(2,995,114)	-	-	(3,467,219)	-
NET CASH	898,500	484,978	1,676,676	3,012,123	4,586,024	6,433,031	9,326,156	11,841,909	13,124,333	14,471,238	16,471,871
Cash balance brought forward		898,500	1,383,478	3,060,155	6,072,278	10,658,302	17,091,333	26,417,489	38,259,397	51,383,730	65,854,969
Cash available for appropriation	898,500	1,383,478	3,060,155	6,072,278	10,658,302	17,091,333	26,417,489	38,259,397	51,383,730	65,854,969	82,326,839
Dividend		-	-	-	-	-	-	-	-	-	-
Cash balance	898,500	1,383,478	3,060,155	6,072,278	10,658,302	17,091,333	26,417,489	38,259,397	51,383,730	65,854,969	82,326,839
Cash carried forward	898,500	1,383,478	3,060,155	6,072,278	10,658,302	17,091,333	26,417,489	38,259,397	51,383,730	65,854,969	82,326,839

12 KEY ASSUMPTIONS

12.1 Operating Cost Assumptions

Description	Details
Working Hours per Shift	06
Shift Length (Hours)	08
Days Operational per Month	25
Days Operational per Year	300

12.2 Production Cost Assumptions

Description	Details
Software Renewal Fee	Rs. 30,000 per annum
Printing & Stationery	Rs. 120,000 per annum
Entertainment	Rs. 234,000 per annum
Electricity Cost Growth Rate	10%
Electricity Expense per Annum	Rs. 300,000
Depreciation Rate on IT Equipment	33%
Depreciation Rate on Office Equipment	33%
Depreciation Rate on Furniture	20%
Miscellaneous	1.5% of administration expense

12.3 Revenue Assumptions

Description	Details
Starting capacity Utilization	70%
Annual Installed Capacity (lines)	3,510,000
Annual Operational Capacity	2,457,000
Sales Price per Line (Rs.) in Year 1	5.00
Typing Capacity per MT per hour (lines)	130

12.4 Financial Assumptions

Description	Details
Project Life	10 Years
Debt	50%
Equity	50%
Debt Tenure	5 Years
Interest rate	16%