



## Pre-feasibility Study

# SERVICE STATION

December 2021

“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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### ***Document Control***

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## 2 EXECUTIVE SUMMARY

This particular pre-feasibility study is for setting up 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 202 vehicles, carpets, etc. per day on single shift of 8 hours basis. Initial operational capacity is assumed at 50% whereas maximum operational capacity utilization is considered as 90% per day. This servicing 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 service station is Rs. 5.37 million out of which Rs. 4.04 million is the capital cost and Rs. 1.33 million is for working capital. Based on 100% equity model, the project NPV is around Rs. 4.18 million, with an IRR of 38% and Payback Period of 3.74 years.

The project will provide employment opportunities to 8 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 and carpets. 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. The proposed service station will have 2 Hydraulic Vehicle Service Lifts with 5.5 HP Air Compressor and other equipment (i.e. Vacuum Cleaner, Foam Dispenser, Jet Wash Pumps, etc.)

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 8 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 60,600 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 50% of installed capacity and so will be able to perform 30,300 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 50% (year 1)	Maximum Operational Capacity 90% (Year 5)
<b>Cars</b>	<b>19,200</b>	<b>9,600</b>	<b>17,280</b>
Full Service	13,440	6,720	12,096
Only Wash	5,760	2,880	5,184
<b>Motor Bikes</b>	<b>38,400</b>	<b>19,200</b>	<b>34,560</b>
Carpets etc.	3,000	1,500	2,700
<b>Total</b>	<b>60,600</b>	<b>30,300</b>	<b>54,540</b>

## 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.

## 8 POTENTIAL TARGET CUSTOMERS / MARKETS

The demand for service stations is directly linked with the increasing 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. 6.03 million in the year one. The capacity utilization during year one is worked out at 50% with 10% increase in subsequent years up to the maximum capacity utilization of 90%.

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

**Table 2: Project Economics (100% Equity Base)**

Description	Details
Internal Rate of Return (IRR)	38%
Payback Period (yrs.)	3.74
Net Present Value (Rs.)	4,183,651

Calculation of break-even analysis is as follows:

**Table 3: Breakeven (100% Equity-Based)**

Break-Even Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Break-Even Revenue (Rs. Mn.)	5.9	6.4	7.0	7.6	8.3	9.0	9.9	10.8	11.9	13.0
Break-Even (No. of Servicing)	29,455	29,142	28,869	28,630	28,422	28,203	28,045	27,906	27,783	27,674
Margin of Safety	3%	20%	32%	41%	48%	48%	49%	49%	49%	49%

However, for further explanation, the Project Economics based on Debt: Equity (i.e. 50:50) Model has also been computed. Based on the 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 4: Project Economics Based on Debt 50%:Equity 50%**

Description	Details
Internal Rate of Return (IRR)	36%
Payback Period (yrs.)	3.98
Net Present Value (Rs.)	6,340,856

**Table 5: Project Financing**

Description	Details
Total Equity (50%)	Rs. 2,666,682
Bank Loan (50%)	Rs. 2,666,682
Markup to the Borrower (%age / annum)	15%
Tenure of the Loan (Years)	5 Years

## 9.2 Project Cost

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

**Table 6: Project Cost**

Description	Amount Rs.
<b>Capital Cost</b>	

Building / Infrastructure	2,620,000
Plant and Machinery	995,000
Furniture & Fixture	324,000
Office Equipment	62,000
Pre-operating Cost	40,000
<b>Total Capital Cost</b>	<b>4,041,000</b>
<b>Working Capital</b>	
Raw Material Inventory	325,245
Equipment Spare Parts Inventory	12,625
Cash	92,667
Upfront Land Lease Rental	900,000
<b>Total Working Capital</b>	<b>1,330,537</b>
<b>Total Investment</b>	<b>5,371,537</b>

### 9.3 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 7: Space Requirement**

Description	Estimated Area (Sq.ft.)	Unit Cost (Rs.)	Total Cost (Rs.)
Washing Area (Shed)	750	1,000	750,000
Parking (Shed)	750	500	375,000
Waiting Room	240	2,500	600,000

Machines Room	300	1,250	375,000
Workers Room	200	2,000	400,000
Wash Room	60	2,000	120,000
<b>Total Infrastructure</b>	<b>2,300</b>		<b>2,620,000</b>

The above space will be taken on lease at the rate of Rs. 75,000 per month.

#### 9.4 Machinery & Equipment Requirement

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

**Table 8: 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 Chassis, Axle Supports	2	160,000	320,000
Air compressor 4Hp, 3Ph, Tank Capacity 230 Liters, imported / Pak assembled c/w standard accessories	1	120,000	120,000
Lift Oil (150L)	2	38,000	76,000
Washing Hose (Imported) 50ft	2	8,000	16,000
Air Hose (Imported) 50ft	2	2,000	4,000
Mechanical Grease Gun / Oil Gun / Service Gun	2	1,000	2,000
Jet wash pump with 2Hp/3Ph electric motor	2	27,000	54,000
Quick Foam Dispenser (Stainless Steel)	1	30,000	30,000
Vacuum Cleaner (Model BF585-3)	1	48,000	48,000
Pipes and other equipment	1	40,000	40,000
Tools	1	50,000	50,000
Installation	1	10,000	10,000

Miscellaneous	1	100,000	100,000
Engine for Machinery	1	80,000	80,000
Pneumatic	1	45,000	45,000
<b>Total</b>			<b>995,000</b>

## 9.5 Furniture & Fixtures Requirement

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

**Table 9: 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	35,000	35,000
Store Racks/Shelves	2	15,000	30,000
Chairs	5	5,000	25,000
Stools	3	2,500	7,500
Other Tables	1	15,000	15,000
LED	1	50,000	50,000
Fans & Lights	1	25,000	25,000
Fire Extinguishers	4	3,500	14,000
Air Conditioners (1.5 ton split)	1	95,000	95,000
<b>Total Furniture &amp; Fixtures</b>			<b>324,000</b>

## 9.6 Office Equipment Requirement

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

**Table 10: Office Equipment Requirement**

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
UPS	1	40,000	40,000

Telephone Sets	1	2,000	2,000
CCTV Cameras	1	20,000	20,000
<b>Total</b>			<b>62,000</b>

## 9.7 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 11: Human Resource Requirement**

Description	No. of Employees	Monthly Salary per Person (Rs.)
Director / CEO	1	40,000
Supervisor	1	25,000
Workers	4	22,000
Helpers	2	22,000
<b>Total</b>	<b>8</b>	

## 9.8 Utilities and Other Costs

An essential cost to be borne by the project is the cost of electricity and diesel. Electricity expenses are estimated to be around Rs. 300,000, whereas, diesel expenses are estimated to be Rs. 135,000 for the first year. Furthermore, promotional expense being essential for marketing of Service station is estimated as Rs. 100,000 during year 1.

## 9.9 Revenue Generation

Based on the capacity utilization of 50%, sales revenue during the first year of operations is estimated as under;

**Table 12: Revenue Generation – Year 1**

Description	No. of Items Serviced	Service Charges / Unit (Rs.)	Sales Revenue (Rs.)
Wash Only	2,880	300	864,000

Full Service	6,720	450	3,024,000
Motor Bikes	19,200	100	1,920,000
Carpets etc	1,500	150	225,000
<b>Total</b>			<b>6,033,000</b>

## 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)	<a href="http://www.smeda.org.pk">www.smeda.org.pk</a>
Government of Pakistan	<a href="http://www.pakistan.gov.pk">www.pakistan.gov.pk</a>
Ministry of Industries & Production	<a href="http://www.moip.gov.pk">www.moip.gov.pk</a>
Ministry of Education, Training & Standards in Higher Education	<a href="http://moptt.gov.pk">http://moptt.gov.pk</a>
Government of Punjab	<a href="http://www.punjab.gov.pk">www.punjab.gov.pk</a>
Government of Sindh	<a href="http://www.sindh.gov.pk">www.sindh.gov.pk</a>
Government of Khyber Pakhtunkhwa	<a href="http://www.khyberpakhtunkhwa.gov.pk">www.khyberpakhtunkhwa.gov.pk</a>
Government of Balochistan	<a href="http://www.balochistan.gov.pk">www.balochistan.gov.pk</a>
Government of Gilgit Baltistan	<a href="http://www.gilgitbaltistan.gov.pk">www.gilgitbaltistan.gov.pk</a>
Government of Azad Jamu Kashmir	<a href="http://www.ajk.gov.pk">www.ajk.gov.pk</a>

Trade Development Authority of Pakistan (TDAP)	<a href="http://www.tdap.gov.pk">www.tdap.gov.pk</a>
Security & Exchange Commission of Pakistan (SECP)	<a href="http://www.secp.gov.pk">www.secp.gov.pk</a>
Federation of Pakistan Chambers of Commerce and Industry (FPCCI)	<a href="http://www.fpcci.com.pk">www.fpcci.com.pk</a>
State Bank of Pakistan (SBP)	<a href="http://www.sbp.org.pk">www.sbp.org.pk</a>
Punjab Small Industries Corporation	<a href="http://www.psic.gop.pk">www.psic.gop.pk</a>
Sindh Small Industries Corporation	<a href="http://www.ssic.gos.pk">www.ssic.gos.pk</a>
Pakistan Horticulture Development and Export Company (PHDEC)	<a href="http://www.phdec.org.pk">www.phdec.org.pk</a>
Punjab Vocational Training Council (PVTC)	<a href="http://www.pvtc.gop.pk">www.pvtc.gop.pk</a>
Technical Education and Vocational Training Authority (TEVTA)	<a href="http://www.tevta.org">www.tevta.org</a>
Water and Sanitation Agency	<a href="http://wasa.punjab.gov.pk">wasa.punjab.gov.pk</a>
Karachi Water and Sewerage Board	<a href="http://www.kwsb.gos.pk">www.kwsb.gos.pk</a>
WSSP	<a href="http://wssp.gkp.pk">wssp.gkp.pk</a>

## 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	6,033,000	7,963,560	10,219,902	12,847,877	15,899,248	17,489,172	19,238,090	21,161,898	23,278,088	25,605,897
<i>Cost of sales</i>										
Raw Material Cost	1,552,440	2,049,221	2,629,833	3,306,076	4,091,269	4,500,396	4,950,436	5,445,479	5,990,027	6,589,030
Operation costs 1 (direct labor)	1,884,000	2,072,400	2,279,640	2,507,604	2,758,364	3,034,201	3,337,621	3,671,383	4,038,521	4,442,373
Operating costs 2 (machinery maintenance)	151,500	199,980	256,641	322,634	399,260	439,186	483,105	531,415	584,557	643,012
Operating costs 3 (direct electricity)	180,000	198,000	217,800	239,580	263,538	289,892	318,881	350,769	385,846	424,431
Diesel for Engine	135,000	178,200	228,690	287,496	355,776	391,354	430,489	473,538	520,892	572,981
Total cost of sales	3,902,940	4,697,801	5,612,604	6,663,391	7,868,208	8,655,029	9,520,532	10,472,585	11,519,843	12,671,828
Gross Profit	2,130,060	3,265,759	4,607,298	6,184,486	8,031,039	8,834,143	9,717,558	10,689,313	11,758,245	12,934,069
<i>General administration &amp; selling expenses</i>										
Administration expense	480,000	528,000	580,800	638,880	702,768	773,045	850,349	935,384	1,028,923	1,131,815
Administration benefits expense	24,000	26,400	29,040	31,944	35,138	38,652	42,517	46,769	51,446	56,591
Land lease rental expense	900,000	990,000	1,089,000	1,197,900	1,317,690	1,449,459	1,594,405	1,753,845	1,929,230	2,122,153
Electricity expense	120,000	132,000	145,200	159,720	175,692	193,261	212,587	233,846	257,231	282,954
Water expense	40,000	44,000	48,400	53,240	58,564	64,420	70,862	77,949	85,744	94,318
Communications expense (phone, fax, mail, internet, etc.)	48,000	52,800	58,080	63,888	70,277	77,304	85,035	93,538	102,892	113,181
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
Depreciation expense	269,100	269,100	269,100	269,100	269,100	269,100	269,100	269,100	269,100	269,100
Amortization of pre-operating costs	8,000	8,000	8,000	8,000	8,000	-	-	-	-	-
Subtotal	2,013,100	2,166,700	2,337,660	2,527,516	2,737,978	2,962,943	3,220,518	3,505,031	3,819,058	4,165,444
Operating Income	116,960	1,099,059	2,269,638	3,656,970	5,293,062	5,871,200	6,497,040	7,184,283	7,939,187	8,768,625
Earnings Before Interest & Taxes	116,960	1,099,059	2,269,638	3,656,970	5,293,062	5,871,200	6,497,040	7,184,283	7,939,187	8,768,625
Earnings Before Tax	116,960	1,099,059	2,269,638	3,656,970	5,293,062	5,871,200	6,497,040	7,184,283	7,939,187	8,768,625
Tax	-	87,359	301,427	636,742	1,110,418	1,283,860	1,496,463	1,736,998	2,001,215	2,291,518
<b>NET PROFIT/(LOSS) AFTER TAX</b>	<b>116,960</b>	<b>1,011,700</b>	<b>1,968,210</b>	<b>3,020,228</b>	<b>4,182,644</b>	<b>4,587,340</b>	<b>5,000,577</b>	<b>5,447,284</b>	<b>5,937,972</b>	<b>6,477,107</b>

## 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
<b>Assets</b>											
<i>Current assets</i>											
Cash & Bank	92,667	285,633	1,332,582	3,285,941	6,229,645	10,345,793	14,800,977	19,601,077	24,766,812	30,326,891	41,811,559
Equipment spare part inventory	12,625	18,332	25,878	35,786	48,713	58,943	71,321	86,298	104,421	126,349	-
Raw material inventory	325,245	430,632	565,938	739,081	959,987	1,161,584	1,405,517	1,700,675	2,057,817	2,489,959	-
Pre-paid annual land lease	900,000	990,000	1,089,000	1,197,900	1,317,690	1,449,459	1,594,405	1,753,845	1,929,230	2,122,153	-
<b>Total Current Assets</b>	<b>1,330,537</b>	<b>1,724,597</b>	<b>3,013,397</b>	<b>5,258,707</b>	<b>8,556,035</b>	<b>13,015,779</b>	<b>17,872,219</b>	<b>23,141,896</b>	<b>28,858,280</b>	<b>35,065,352</b>	<b>41,811,559</b>
<i>Fixed assets</i>											
Land	-	-	-	-	-	-	-	-	-	-	-
Building/Infrastructure	2,620,000	2,489,000	2,358,000	2,227,000	2,096,000	1,965,000	1,834,000	1,703,000	1,572,000	1,441,000	1,310,000
Machinery & equipment	995,000	895,500	796,000	696,500	597,000	497,500	398,000	298,500	199,000	99,500	-
Furniture & fixtures	324,000	291,600	259,200	226,800	194,400	162,000	129,600	97,200	64,800	32,400	-
Office vehicles	-	-	-	-	-	-	-	-	-	-	-
Office equipment	62,000	55,800	49,600	43,400	37,200	31,000	24,800	18,600	12,400	6,200	-
<b>Total Fixed Assets</b>	<b>4,001,000</b>	<b>3,731,900</b>	<b>3,462,800</b>	<b>3,193,700</b>	<b>2,924,600</b>	<b>2,655,500</b>	<b>2,386,400</b>	<b>2,117,300</b>	<b>1,848,200</b>	<b>1,579,100</b>	<b>1,310,000</b>
<i>Intangible assets</i>											
Pre-operation costs	40,000	32,000	24,000	16,000	8,000	-	-	-	-	-	-
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
<b>Total Intangible Assets</b>	<b>40,000</b>	<b>32,000</b>	<b>24,000</b>	<b>16,000</b>	<b>8,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>5,371,537</b>	<b>5,488,497</b>	<b>6,500,197</b>	<b>8,468,407</b>	<b>11,488,635</b>	<b>15,671,279</b>	<b>20,258,619</b>	<b>25,259,196</b>	<b>30,706,480</b>	<b>36,644,452</b>	<b>43,121,559</b>
<b>Liabilities &amp; Shareholders' Equity</b>											
<i>Current liabilities</i>											
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Other liabilities</i>											
<b>Total Long Term Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Shareholders' equity</i>											
Paid-up capital	5,371,537	5,371,537	5,371,537	5,371,537	5,371,537	5,371,537	5,371,537	5,371,537	5,371,537	5,371,537	5,371,537
Retained earnings	-	116,960	1,128,660	3,096,871	6,117,099	10,299,742	14,887,083	19,887,659	25,334,944	31,272,916	37,750,023
<b>Total Equity</b>	<b>5,371,537</b>	<b>5,488,497</b>	<b>6,500,197</b>	<b>8,468,407</b>	<b>11,488,635</b>	<b>15,671,279</b>	<b>20,258,619</b>	<b>25,259,196</b>	<b>30,706,480</b>	<b>36,644,452</b>	<b>43,121,559</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>5,371,537</b>	<b>5,488,497</b>	<b>6,500,197</b>	<b>8,468,407</b>	<b>11,488,635</b>	<b>15,671,279</b>	<b>20,258,619</b>	<b>25,259,196</b>	<b>30,706,480</b>	<b>36,644,452</b>	<b>43,121,559</b>

## 12.3 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		116,960	1,011,700	1,968,210	3,020,228	4,182,644	4,587,340	5,000,577	5,447,284	5,937,972	6,477,107
Add: depreciation expense		269,100	269,100	269,100	269,100	269,100	269,100	269,100	269,100	269,100	269,100
amortization of pre-operating costs		8,000	8,000	8,000	8,000	8,000	-	-	-	-	-
Equipment inventory	(12,625)	(5,707)	(7,546)	(9,908)	(12,928)	(10,230)	(12,378)	(14,977)	(18,123)	(21,928)	126,349
Raw material inventory	(325,245)	(105,387)	(135,306)	(173,143)	(220,906)	(201,597)	(243,933)	(295,159)	(357,142)	(432,142)	2,489,959
Cash provided by operations	(337,870)	282,967	1,145,948	2,062,259	3,063,494	4,247,917	4,600,130	4,959,541	5,341,120	5,753,002	9,362,515
<i>Financing activities</i>											
Project Loan - principal repayment		-	-	-	-	-	-	-	-	-	-
Working Capital Loan - principal repayment		-	-	-	-	-	-	-	-	-	-
Add: land lease expense		900,000	990,000	1,089,000	1,197,900	1,317,690	1,449,459	1,594,405	1,753,845	1,929,230	2,122,153
Land lease payment	(900,000)	(990,000)	(1,089,000)	(1,197,900)	(1,317,690)	(1,449,459)	(1,594,405)	(1,753,845)	(1,929,230)	(2,122,153)	-
Issuance of shares	5,371,537	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares											
Cash provided by / (used for) financing activities	4,471,537	(90,000)	(99,000)	(108,900)	(119,790)	(131,769)	(144,946)	(159,440)	(175,385)	(192,923)	2,122,153
<i>Investing activities</i>											
Capital expenditure	(4,041,000)	-	-	-	-	-	-	-	-	-	-
Acquisitions											
Cash (used for) / provided by investing activities	(4,041,000)	-	-	-	-	-	-	-	-	-	-
<b>NET CASH</b>	<b>92,667</b>	<b>192,967</b>	<b>1,046,948</b>	<b>1,953,359</b>	<b>2,943,704</b>	<b>4,116,148</b>	<b>4,455,184</b>	<b>4,800,100</b>	<b>5,165,735</b>	<b>5,560,079</b>	<b>11,484,668</b>

## 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
Depreciation Method	Straight Line
Depreciation Rate	5% on Building / Infrastructure 10% on Furniture & Fixtures and Machinery & Equipment 20% on Office Equipment

### 13.2 Production Cost Assumptions

Description	Details		
	Cars	Bike	Carpet
<b>Raw Material Cost per Wash</b>	<b>Rs. 94.00</b>	<b>Rs. 37.00</b>	<b>Rs. 50.00</b>
• Water	Rs. 12.00	Rs. 5.00	Rs. 20.00
• Diesel	Rs. 30.00	Rs. 12.00	Rs. 30.00
• Surf / Shampoo	Rs. 20.00	Rs. 10.00	
• Grease	Rs. 10.00	Rs. 5.00	
• Oil	Rs. 7.00		
• Cloth / Towel	Rs. 15.00	Rs. 5.00	

### 13.3 Revenue Assumptions

Description	Details
Growth in Sales Price	10%
Days Operational / Year	300
Per Day Servicing Capacity	202

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Production Capacity in First Year	50%
Percentage Increase in Production Capacity every Year	10%
Maximum Production Capacity	90%

# Small and Medium Enterprises Development Authority

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