
Pre-Feasibility Study

CAR SHOWROOM



Small and Medium Enterprises Development Authority

Ministry of Industries & Production
Government of Pakistan

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1 DISCLAIMER

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2 EXECUTIVE SUMMARY

The automotive industry is one of the oldest and most lucrative industries in Pakistan. The industry has shown a tremendous growth during recent years. A rapidly growing middle-class, huge gap between demand and supply and a well-established auto-leasing sector reflects the prosperous and flourishing future of automobile sales market in Pakistan. Presently three major players dominate the market, i.e. Pak Suzuki Motor Co. Ltd, Indus Motors (Toyota) and Honda Atlas Motors. Pak Suzuki Motor Co. almost has complete monopoly in the small car segment. It faces almost no competition other than the old, now discontinued Daihatsu Cuore, produced by Indus Motors.

This particular pre-feasibility study is about setting up 'Car Showroom' located at any densely populated city to sell both local and imported cars of various horse power capacities. The proposed car showroom is assumed to sell 200 cars, ranging from 660 CC to 1,600 CC, of different brands in year one and will gradually achieve the sales volume of around 470 vehicles in 10th year of operation. A purpose built building with adequate space will be acquired on rental basis at a prominent commercial location. The show room will provide an employment opportunity to around 19 individuals including the owner manager. Location of show room, availability of latest variety automobiles, and entrepreneur's knowledge and experience of automobiles sales and marketing is the key to success of proposed business venture.

Total cost estimate of the proposed car show room is Rs. 92.54 million out of which Rs. 11.49 million is capital cost and Rs. 81.05 million as working capital. The project is financed through 50% debt and 50% equity. The project NPV is around Rs. 38.46 million, with an IRR of 31% and payback period of 2.99 years. The legal 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 **Car Showroom** 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

With the country population exceeding more than 180 million, as per international ratings, Pakistan is the sixth most populous country in the world. The trend of having one's own car has recently become popular in Pakistan. Gap between demand and supply is reasonably high. Buyers have to wait 3 to 4 months to get their cars from dealers of mostly three brands i.e. Toyota, Honda & Suzuki. Besides that, other brands like Mercedes, BMW, Porsche, Audi, Land Cruiser and Range Rover are catering high-end market segment.

According to Pakistan Automotive Manufacturers Association (PAMA), the market of car in Pakistan is dominated by 800 CC cars with an overall share of 50%, followed by 1,300 CC with 38%, the sale of 1,000 CC cars is merely 12%. It shows

that, local market has huge potential for the cars of 800 CC and below in the middle-income group and 1,300 CC and above in high-end income group.

Pak Suzuki Motor Co. almost has complete monopoly in the small car segment. It faces almost no competition other than the old, now discontinued Daihatsu Cuore, produced by Indus Motors.

Considering this widening gap between demand and supply along with growing popularity of imported cars especially in 650 CC to 1,000 CC segments in upper middle and middle class provides lucrative investment opportunity for the proposed car showroom.

5.1 Proposed Product Mix

Keeping in view the market demands and potential of automobiles, the product mix of proposed car showroom mainly comprises the following combinations:

Table 1: Product Mix

Car Models	%age Mix (Model Wise)	%age Mix (CC Wise)
<u>660 CC</u>		
Model 1	40%	40%
Model 2	30%	
Model 3	30%	
<u>1000 CC</u>		
Model 1	40%	30%
Model 2	30%	
Model 3	30%	
<u>1300 CC</u>		
Model 1	30%	20%
Model 2	30%	
Model 3	20%	
Model 4	20%	
<u>1500 & 1600 CC</u>		
Model 1	40%	10%
Model 2	30%	
Model 3	30%	
Total		100%

5.2 Installed and Operational Capacities

The proposed car showroom is assumed to sell 200 cars, ranging from 660 CC to 1,600 CC (assorted models both local and imported), of different brands in year one and will gradually achieve the sales volume of around 470 vehicles in 10th year of operation.

The details of cars sales in year 1 in terms of various respective models are given below:

Table 2: No. of Cars – Year 1

Car Model	Year 1
<u>660 CC</u>	
Model 1	32
Model 2	24
Model 3	24
<u>1000 CC</u>	
Model 1	24
Model 2	18
Model 3	18
<u>1300 CC</u>	
Model 1	12
Model 2	12
Model 3	8
Model 4	8
<u>1500 & 1600 CC</u>	
Model 1	8
Model 2	6
Model 3	6
Total	200

Completed details of increase in sales volume of different categories of automobiles from year 1 to 10 is provided in revenue generation section.

6 CRITICAL FACTORS

- ⇒ Entrepreneur's knowledge and experience of automobiles market and sales.
- ⇒ The entrepreneur must have effective PR & marketing skills. These marketing skills should enable the entrepreneur to carryout business development activities to target potential customers and also to maintain existing client base.
- ⇒ Selection of appropriate location of the showroom with easy accessibility of customers.
- ⇒ Availability of latest variety of imported and local cars
- ⇒ Induction of trained human resource for the handling of business operations especially in sales.
- ⇒ Pricing strategy and understanding the demand of customers.
- ⇒ Good relations with the customers are key for repeat sales.

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

Car showroom is proposed to be setup in any of the big cities, such as Karachi, Lahore, Islamabad, Peshawar, Quetta, Sialkot and etc., particularly in close proximity of designated commercial areas.

8 POTENTIAL TARGET CUSTOMERS / MARKETS

The potential target customers of this project are Upper and Upper Middle Class families, which generally prefer to have their own cars for commuting. The target market for small cars (i.e. from 650 CC to 1,000 CC) have the highest potential with having around 50% market shares followed by 1,300 CC.

Therefore, local market has a huge potential for 800 CC and below cars 5in the middle-income group and 1,300 CC and above in high-end income group. The proposed car showroom will accordingly cater to these trends of the customers.

9 PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of Car Showroom. 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 Annexures.

9.1 Project Economics

All the figures in this financial model have been calculated. The following table shows Internal Rate of Return, Payback Period and Net Present Value of the project:

Table 3: Project Economics

Description	Details
Internal Rate of Return (IRR)	31%
Payback Period (Yrs.)	2.99
Net Present Value (Rs.)	38,463,957

9.2 Project Financing

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

Table 4: Project Financing

Description	Details
Total Equity (50%)	Rs. 46,271,668
Bank Loan (50%)	Rs. 46,271,668
Markup to the Borrower (%age / annum)	14%
Tenure of the Loan (Years)	5

9.3 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	
Furniture and Fixture	6,617,000
Office Vehicle	1,742,520
Office Equipment	755,500
Pre-operating Cost	1,378,000

Marketing & Promotional cost	1,000,000
Total Capital Cost	11,493,020
Working Capital	
Cars Inventory	73,533,333
Upfront Building Rent	4,920,000
Upfront insurance payment	87,126
Cash	2,509,857
Total Working Capital	81,050,316
Total Project Cost	92,543,336

9.4 Space Requirement

The space requirement for the proposed Car Showroom is estimated considering various facilities including showroom office and open area. Details of space requirement and cost related to land and building is given below:

Table 6: Space Requirement

Description	Area (Sq. Ft.)	Cost / Rate	Total Cost Rs.
Showroom Office	1,000	1,000	1,000,000
Show Room Area	3,400	1,500	5,100,000
Open Area	9,000	100	900,000
Pavement / Drive Way	3,000	200	600,000
Total	16,400		7,600,000

It is assumed that space for car showroom will be acquired on rent. Monthly rent for the proposed business is assumed at Rs. 410,000. However, the space requirements may vary depending upon the locations.

9.5 Furniture & Fixture Requirement

The details of furniture and fixtures required for this project are given in the following table:

Table 7: Furniture & Fixture Requirement

Description	Quantity	Unit Cost Rs.	Total Cost Rs.
Executive Tables	2	35,000	70,000
Executive Chair s	2	12,500	25,000
Executive Visitors Chairs	8	10,000	80,000
Staff Tables	10	25,000	250,000

Staff Chairs	10	10,000	100,000
Visitor Chairs	20	8,500	170,000
Sofa Sets	2	40,000	80,000
Show Room Fascia and Renovation	1	2,500,000	2,500,000
Electric wiring, lighting and Connections	1	1,000,000	1,000,000
Air conditioners (1.5 ton Split)	6	50,000	300,000
CI Signs / Show Room Items	1	1500,000	1500,000
Fans Etc.	12	3,500	42,000
Generator	1	500,000	500,000
Total			6,617,000

9.6 Office Equipment Requirement

The details of office equipment required for this project are given in the following table:

Table 8: Office Equipment Requirement

Description	Quantity	Unit Cost Rs.	Total Cost Rs.
Laptops	2	100,000	200,000
Computers	7	40,000	280,000
UPS	7	12,500	87,500
Printers	4	20,000	80,000
Scanner	1	15,000	15,000
Telephone Exchange	1	50,000	50,000
Telephones	14	2,000	28,000
Fax Machine	1	15,000	15,000
Total			755,500

9.7 Office Vehicle Requirement

The details of office vehicle required for executive staff of this project are given as follows:

Table 9: Office Vehicle Requirement

Description	Quantity	Unit Cost Rs.	Total Cost Rs.
1,300 CC Car	1	1,675,500	1,675,500

Registration Fee		4%	67,020
Total			1,742,520

9.8 Human Resource Requirement

In order to run operations of car showroom smoothly, details of human resources required along with monthly salary are recommended as under:

Table 10: Human Resource Requirement

Description	No. of Employees	Monthly Salary Rs.
CEO	1	50,000
Showroom Manager	1	50,000
Logistics Officers	1	30,000
Marketing Officers	1	30,000
Import Officers	2	30,000
Receptionist	1	20,000
Accountant	2	30,000
Cashier	1	25,000
Sales Representative	2	25,000
Office Boys	2	14,000
Sweepers	1	14,000
Security Guards	4	14,000
Total Staff	19	473,000

Salaries of all employees are estimated to increase at 10% annually.

9.9 Utilities and Other Costs

An essential cost to be borne by the project is the cost of electricity. The direct electricity expenses are estimated to be around Rs. 125,000 per month. Furthermore, promotional expense being essential for marketing of Car Showroom is estimated as 0.50% of revenue.

9.10 Revenue Generation

Based on the 100% capacity utilization, sales revenue during the first year of operations is estimated as under:

Table 11: Revenue Generation – Year 1

Vehicle Models	Qty.	Unit Sale Price (Rs.)	Total Sales (Rs.)
Car Models			
<u>660 CC</u>			
Model 1	32	825,000	26,400,000
Model 2	24	935,000	22,440,000
Model 3	24	1,045,000	25,080,000
<u>1000 CC</u>			
Model 1	24	1,265,000	30,360,000
Model 2	18	1,430,000	25,740,000
Model 3	18	1,595,000	28,710,000
<u>1300 CC</u>			
Model 1	12	1,430,000	17,160,000
Model 2	12	1,595,000	19,140,000
Model 3	8	1,760,000	14,080,000
Model 4	8	1,925,000	15,400,000
<u>1500 & 1600 CC</u>			
Model 1	8	2,035,000	16,280,000
Model 2	6	2,200,000	13,200,000
Model 3	6	2,475,000	14,850,000
Revenue Generation	200		268,840,000

Table 12: Increase in Sales Volume – 1-10 Years

660 CC	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Model 1	3.00	32.00	36.80	41.60	46.40	51.20	56.00	60.80	65.60	70.40	75.20
Model 2	3.00	24.00	27.60	31.20	34.80	38.40	42.00	45.60	49.20	52.80	56.40
Model 3	2.00	24.00	27.60	31.20	34.80	38.40	42.00	45.60	49.20	52.80	56.40
1000 CC											
Model 1	2.00	24.00	27.60	31.20	34.80	38.40	42.00	45.60	49.20	52.80	56.40
Model 2	2.00	18.00	20.70	23.40	26.10	28.80	31.50	34.20	36.90	39.60	42.30
Model 3	2.00	18.00	20.70	23.40	26.10	28.80	31.50	34.20	36.90	39.60	42.30
1300 CC											
Model 1	2.00	12.00	13.80	15.60	17.40	19.20	21.00	22.80	24.60	26.40	28.20
Model 2	2.00	12.00	13.80	15.60	17.40	19.20	21.00	22.80	24.60	26.40	28.20
Model 3	2.00	8.00	9.20	10.40	11.60	12.80	14.00	15.20	16.40	17.60	18.80
Model 4	2.00	8.00	9.20	10.40	11.60	12.80	14.00	15.20	16.40	17.60	18.80
1500 & 1600 CC											
Model 1	1.00	8.00	9.20	10.40	11.60	12.80	14.00	15.20	16.40	17.60	18.80
Model 2	1.00	6.00	6.90	7.80	8.70	9.60	10.50	11.40	12.30	13.20	14.10
Model 3	1.00	6.00	6.90	7.80	8.70	9.60	10.50	11.40	12.30	13.20	14.10
TOTAL	25	200	230	260	290	320	350	380	410	440	470

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
Association of Automotive Parts & Accessories Manufacturers	http://www.paapam.com
Pakistan Automotive Manufacturers Association	http://www.pama.org.pk

11 ANNEXURES

11.1 Income Statement

Income Statement										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	268,840,000	324,624,300	385,314,930	451,263,062	522,842,720	600,452,187	684,515,493	775,483,999	873,838,067	980,088,832
<i>Cost of sales</i>										
Vehicles Purchasing Cost	244,400,000	295,113,000	350,286,300	410,239,148	475,311,564	545,865,624	622,286,812	704,985,454	794,398,243	890,989,848
Direct Labor	1,200,000	1,320,000	1,452,000	1,597,200	1,756,920	1,932,612	2,125,873	2,338,461	2,572,307	2,829,537
Total cost of sales	245,600,000	296,433,000	351,738,300	411,836,348	477,068,484	547,798,236	624,412,685	707,323,914	796,970,550	893,819,385
Gross Profit	23,240,000	28,191,300	33,576,630	39,426,715	45,774,236	52,653,950	60,102,808	68,160,085	76,867,518	86,269,448
<i>General administration & selling expenses</i>										
Administration expense	4,476,000	4,923,600	5,415,960	5,957,556	6,553,312	7,208,643	7,929,507	8,722,458	9,594,704	10,554,174
Administration benefits expense	223,800	246,180	270,798	297,878	327,666	360,432	396,475	436,123	479,735	527,709
Electricity expense	1,500,000	1,650,000	1,815,000	1,996,500	2,196,150	2,415,765	2,657,342	2,923,076	3,215,383	3,536,922
Water expense	120,000	132,000	145,200	159,720	175,692	193,261	212,587	233,846	257,231	282,954
Travelling expense	223,800	246,180	270,798	297,878	327,666	360,432	396,475	436,123	479,735	527,709
Communications expense (phone, fax, mail, internet, etc.)	447,600	492,360	541,596	595,756	655,331	720,864	792,951	872,246	959,470	1,055,417
Office vehicles running expense	156,000	171,600	188,760	207,636	228,400	251,240	276,364	304,000	334,400	367,840
Office expenses (stationary, entertainment, janitorial services, etc.)	313,320	344,652	379,117	417,029	458,732	504,605	555,065	610,572	671,629	738,792
Promotional expense	1,344,200	1,209,780	1,088,802	979,922	881,930	793,737	714,363	642,927	578,634	520,771
Insurance expense	87,126	78,413	69,701	60,988	52,276	43,563	34,850	26,138	17,425	8,713
Professional fees (legal, audit, consultants, etc.)	134,420	162,312	192,657	225,632	261,421	300,226	342,258	387,742	436,919	490,044
Depreciation expense	911,502	911,502	911,502	911,502	911,502	911,502	911,502	911,502	911,502	911,502
Amortization of pre-operating costs	275,600	275,600	275,600	275,600	275,600	-	-	-	-	-
Amortization Marketing & Promotions Cost	200,000	200,000	200,000	200,000	200,000	-	-	-	-	-
Subtotal	15,333,368	16,456,180	17,718,691	19,132,116	20,709,048	21,987,979	23,935,820	26,094,440	28,483,224	31,123,648
Operating Income	7,906,632	11,735,120	15,857,939	20,294,599	25,065,188	30,665,971	36,166,988	42,065,645	48,384,293	55,145,799
Earnings Before Interest & Taxes	7,906,632	11,735,120	15,857,939	20,294,599	25,065,188	30,665,971	36,166,988	42,065,645	48,384,293	55,145,799
Interest expense on long term debt (Project Loan)	751,127	623,677	477,194	308,834	115,332	-	-	-	-	-
Interest expense on long term debt (Working Capital Loan)	3,138,488	-	-	-	-	-	-	-	-	-
Subtotal	3,889,614	623,677	477,194	308,834	115,332	-	-	-	-	-
Earnings Before Tax	4,017,018	11,111,443	15,380,745	19,985,765	24,949,857	30,665,971	36,166,988	42,065,645	48,384,293	55,145,799
Tax	727,605	3,111,504	4,605,760	6,217,517	7,954,949	9,955,589	11,880,945	13,945,475	16,157,002	18,523,529
NET PROFIT/(LOSS) AFTER TAX	3,289,413	7,999,939	10,774,985	13,768,248	16,994,907	20,710,382	24,286,043	28,120,170	32,227,291	36,622,270

11.2 Balance Sheet

Balance Sheet											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<i>Current assets</i>											
Cash & Bank	47,753,190	63,906,522	76,444,510	91,973,150	110,714,572	132,904,481	160,268,011	191,682,828	227,440,464	267,849,079	314,297,359
Cars (Vehicle & Parts)	32,800,000	-	-	-	-	-	-	-	-	-	-
Pre-paid insurance	87,126	78,413	69,701	60,988	52,276	43,563	34,850	26,138	17,425	8,713	-
Total Current Assets	81,050,316	64,435,936	77,010,311	92,579,848	111,367,129	133,608,353	161,029,201	192,507,940	228,336,761	268,824,551	314,297,359
<i>Fixed Assets</i>											
Furniture & fixtures	6,617,000	5,955,300	5,293,600	4,631,900	3,970,200	3,308,500	2,646,800	1,985,100	1,323,400	661,700	-
Office vehicles	1,742,520	1,568,268	1,394,016	1,219,764	1,045,512	871,260	697,008	522,756	348,504	174,252	-
Office equipment	755,500	679,950	604,400	528,850	453,300	377,750	302,200	226,650	151,100	75,550	-
Total Fixed Assets	9,115,020	8,203,518	7,292,016	6,380,514	5,469,012	4,557,510	3,646,008	2,734,506	1,823,004	911,502	-
Pre-operation costs	1,378,000	1,102,400	826,800	551,200	275,600	-	-	-	-	-	-
Legal, licensing, & training costs	1,000,000	800,000	600,000	400,000	200,000	-	-	-	-	-	-
Total Intangible Assets	2,378,000	1,902,400	1,426,800	951,200	475,600	-	-	-	-	-	-
TOTAL ASSETS	92,543,336	74,541,854	85,729,127	99,911,562	117,311,741	138,165,863	164,675,209	195,242,446	230,159,765	269,736,053	314,297,359
Liabilities & Shareholders' Equity											
Accounts payable	-	20,087,671	24,255,863	28,790,655	33,718,286	39,066,704	44,865,668	51,146,861	57,944,010	65,293,006	73,232,042
Total Current Liabilities	-	20,087,671	24,255,863	28,790,655	33,718,286	39,066,704	44,865,668	51,146,861	57,944,010	65,293,006	73,232,042
Long term debt (Project Loan)	5,746,510	4,893,102	3,912,244	2,784,903	1,489,203	-	-	-	-	-	-
Long term debt (Working Capital Loan)	40,525,158	-	-	-	-	-	-	-	-	-	-
Total Long Term Liabilities	46,271,668	4,893,102	3,912,244	2,784,903	1,489,203	-	-	-	-	-	-
Paid-up capital	46,271,668	46,271,668	46,271,668	46,271,668	46,271,668	46,271,668	46,271,668	46,271,668	46,271,668	46,271,668	46,271,668
Retained earnings	-	3,289,413	11,289,352	22,064,336	35,832,584	52,827,491	73,537,874	97,823,917	125,944,087	158,171,378	194,793,649
Total Equity	46,271,668	49,561,081	57,561,020	68,336,004	82,104,252	99,099,159	119,809,542	144,095,585	172,215,755	204,443,046	241,065,317
TOTAL CAPITAL AND LIABILITIES	92,543,336	74,541,854	85,729,127	99,911,562	117,311,741	138,165,863	164,675,209	195,242,446	230,159,765	269,736,053	314,297,359

11.3 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
<i>Operating activities</i>											
Net profit		3,289,413	7,999,939	10,774,985	13,768,248	16,994,907	20,710,382	24,286,043	28,120,170	32,227,291	36,622,270
Add: depreciation expense		911,502	911,502	911,502	911,502	911,502	911,502	911,502	911,502	911,502	911,502
amortization of pre-operating costs		275,600	275,600	275,600	275,600	275,600	-	-	-	-	-
amortization of training costs		200,000	200,000	200,000	200,000	200,000	-	-	-	-	-
Deferred income tax		-	-	-	-	-	-	-	-	-	-
Finished goods inventory		-	-	-	-	-	-	-	-	-	-
Equipment inventory		-	-	-	-	-	-	-	-	-	-
Cars inventory	(32,800,000)	32,800,000	-	-	-	-	-	-	-	-	-
Advance insurance premium	(87,126)	8,713	8,713	8,713	8,713	8,713	8,713	8,713	8,713	8,713	8,713
Cash provided by operations	(33,297,126)	57,531,898	13,518,845	16,655,981	20,037,123	23,679,112	27,363,530	31,414,817	35,757,636	40,408,615	46,448,279
<i>Financing activities</i>											
Project Loan - principal repayment		(853,408)	(980,858)	(1,127,341)	(1,295,700)	(1,489,203)	-	-	-	-	-
Working Capital Loan - principal repayment		(40,525,158)	-	-	-	-	-	-	-	-	-
Additions to Project Loan	5,746,510	-	-	-	-	-	-	-	-	-	-
Additions to Working Capital Loan	40,525,158	-	-	-	-	-	-	-	-	-	-
Issuance of shares	46,271,668	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares											
Cash provided by / (used for) financing act	92,543,336	(41,378,566)	(980,858)	(1,127,341)	(1,295,700)	(1,489,203)	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(11,493,020)	-	-	-	-	-	-	-	-	-	-
Cash (used for) / provided by investing act	(11,493,020)	-	-	-	-	-	-	-	-	-	-
NET CASH	47,753,190	16,153,332	12,537,988	15,528,640	18,741,422	22,189,909	27,363,530	31,414,817	35,757,636	40,408,615	46,448,279

12 KEY ASSUMPTIONS

12.1 Operating Cost Assumptions

Description	Details
Administration benefits expense	5% of Administrative Expense
Travelling expense	5% of administrative expense
Promotional Expenses	0.50% of Revenue
Operating costs growth rate	5%
Communication expense	10% of administrative expense
Office vehicles running expense per month	Rs. 13,000
Office expenses (stationary, entertainment, janitorial services, etc.)	7.0% of Administrative Expense
Professional fees (legal, audit, consultants, etc.)	0.05% of revenue
Furniture & fixtures depreciation	10%
Office vehicles depreciation	10%
Inflation Growth Rate	10%
Electricity Price Growth Rate	10%
COGS Growth Rate	5%
Salaries Growth Rate	10%

12.2 Revenue Assumptions

Description	Details
Sales Price Growth Rate	5%
Starting Capacity Utilization	43%
Growth in Capacity	6%
Maximum Capacity Utilization	100%
Car Models	
<u>660 CC</u>	
Model 1	32
Model 2	24
Model 3	24
<u>1000 CC</u>	
Model 1	24

Model 2	18
Model 3	18
<u>1300 CC</u>	
Model 1	12
Model 2	12
Model 3	8
Model 4	8
<u>1500 & 1600 CC</u>	
Model 1	8
Model 2	6
Model 3	6

12.3 Financial Assumptions

Description	Details
Project Life (Years)	10
Debt: Equity	50:50
Interest rate on long term debt	14%