



Pre-feasibility Study

AUTO REPAIR & SERVICE WORKSHOP

June 2022

“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

Table of Contents

1	DISCLAIMER.....	1
2	EXECUTIVE SUMMARY	2
3	INTRODUCTION TO SMEDA.....	3
4	PURPOSE OF THE DOCUMENT.....	3
5	BRIEF DESCRIPTION OF PROJECT & PRODUCT	4
5.1	Process Flow	5
5.2	Installed and Operational Capacities	6
6	CRITICAL FACTORS.....	7
7	GEOGRAPHICAL POTENTIAL FOR INVESTMENT	7
8	POTENTIAL TARGET CUSTOMERS / MARKETS	8
9	PROJECT COST SUMMARY	8
9.1	Project Economics.....	8
9.2	Project Financing	8
9.3	Project Cost.....	8
9.4	Space Requirement.....	9
9.5	Machinery & Equipment Requirement	9
9.6	Furniture & Fixtures Requirement	11
9.7	Office Equipment Requirement.....	11
9.8	Human Resource Requirement.....	11
9.9	Utilities and other costs	12
9.10	Revenue Generation	12
10	CONTACT DETAILS	12
10.1	Machinery Suppliers	13
10.2	Raw Material Suppliers.....	13
11	USEFUL WEB LINKS	14
12	ANNEXURES.....	15
12.1	Income Statement.....	16
12.2	Balance Sheet.....	17
12.3	Cash Flow Statement.....	18
13	KEY ASSUMPTIONS	19
13.1	Operating Cost Assumptions.....	19
13.2	Production Cost Assumptions	19
13.3	Revenue Assumptions.....	19
13.4	Financial Assumptions	19

1 DISCLAIMER

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2 EXECUTIVE SUMMARY

Auto Repair & Service Workshop is a service facility where automobiles are repair and overhauled by auto mechanics and electricians, it also offer paintwork repairs to scratches, scuffs and dents to vehicle damage as well as damage caused by collision and major accidents.

It is proposed to be located on main roads or prime locations of urban as well as semi-urban areas to target maximum walk-in customers as well as customers coming in from contacts, referrals and companies.

Installed capacity is **4,164** cars per year and initial utilization of **60%**

Total Cost Estimates is **Rs.4,337,571** with fixed investment **Rs.2,577,500** and working capital **Rs.1,760,571**.

Given the cost assumptions, IRR and payback are **42%** and **3.79 years** respectively

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

- **Most significant consideration**
 - Relevant work experience required in repairing, body touchups etc of cars.
 - Technical Skill required of repair and maintenance of cars.
 - Growing and Maintaining a Referral Network of Customers
- **Equally important factor**
 - Marketing Skill required to attract customers from residential and corporate sector to help maintain customer base
 - An adequate inventory for denting and painting based on prior experience and business volume is required for quick services

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 **Auto Repair & Service Workshop** 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

Auto Repair and Service Workshop is a service facility where auto mechanics repair automobiles, provide basic and extensive auto related services as well as schedule maintenances. It also offer paintwork repairs to scratches, scuffs and dents to vehicle damage as well as damage caused by collision and major accidents.

The auto repair industry is highly competitive. Each workshop within this field has high capital costs, low margins, and a high intensity of competition, but thanks to the increase in sales of cars in Pakistan, which drives the need and demand of high quality auto repair and service workshop.

The details of locally produced and imported cars from 2017-2023 are as follows:

Description	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Cars (Local Production)¹	217,774	209,255	94,325	151,794	226,433	101,984

Following key parameters must be address as per this pre-feasibility study:

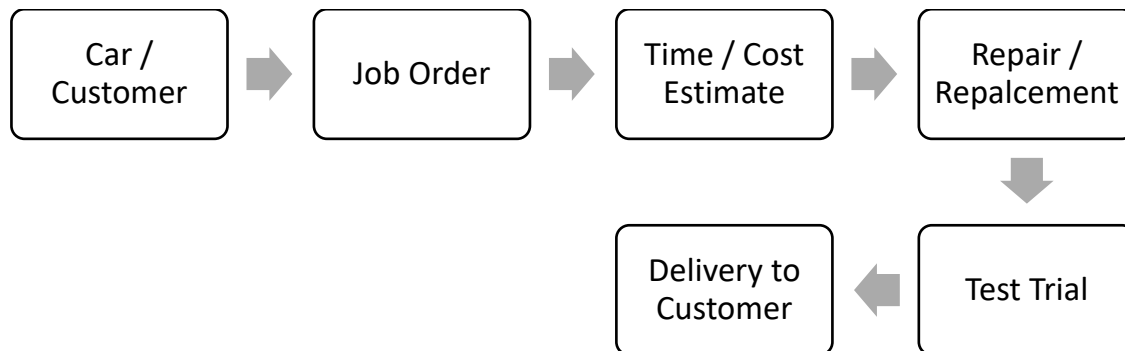
- **Technology:** This proposed workshop with computerized diagnostic system uses a number of tools including scanners, mechanical repairs tools box, denting tools box and tools for painting to provide services to the customer's car.
- **Location:** The Auto Workshop business is very much dependent on the location of its setup. Auto Workshops located on main roads or prime locations to target maximum walk-in customers as well as customers coming in from contacts, referrals and companies. This setup can be established in cities like Karachi, Lahore, Rawalpindi, Hyderabad, Faisalabad, Multan, Peshawar and Quetta etc. This business can also be undertaken in all small 2nd tier towns in addition to suburban towns of large cities.
- **Product:** The proposed workshop addresses the unmet need of having a quality auto repair workshop that provides:
 - Quick, quality repair and maintenance services
 - Denting and Painting services

¹ www.pama.org.pk (Pakistan Automotive Manufacturers Association)

- Easy access to new and used retail parts from nearby shops to meet the demand of the customer
- **Target Market:** The proposed location for an Auto Workshop considering the factors mentioned earlier would be in a medium to high-income locality area where almost all of the nearby residents are expect to own at least one car.
- **Employment Generation:** The proposed project will provide direct employment to 18 people. Financial analysis shows the unit shall be profitable from the very first year of operation.

5.1 Process Flow

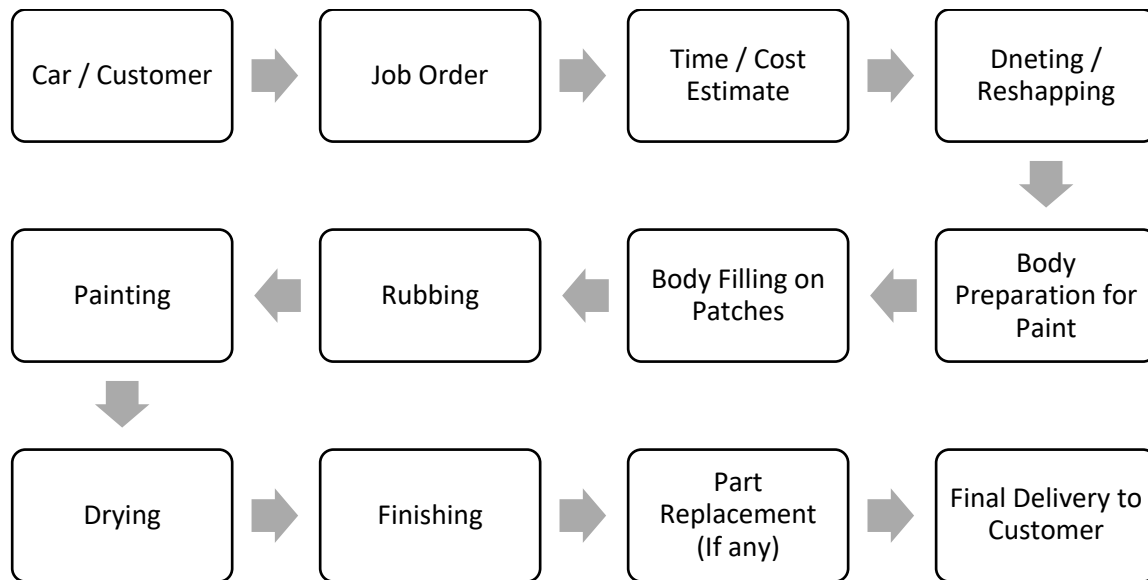
Mechanical Services



The above diagram illustrates the basic process flow for mechanical repairs.

1. The customers comes in with the mechanical problems of his car
2. Wherein a job card is prepared based on the problems faced by the customer. The foreman then further run the diagnostic checks of the car for any additional problems.
3. The customer is then provided with time and cost estimates depending on whether the parts need to be repaired or replaced. On agreement of the customer, the job is allocated by foreman to the concerned mechanic.
4. It is necessary to test run the car by the foreman before it finally delivered to the customer, for quality assurance.

Denting and Painting



The above diagram illustrates the basic process flow for denting and painting.

1. The customers comes in with their damaged cars
2. Wherein a job card is prepared based on the problems faced by the customer. The foreman then further run the diagnostic checks of the car for any additional problems.
3. After the estimation of time and cost, the car is given to the Head Denter who reshapes the car back into form and hands it over to the painter.
4. Initially the reshaped body is prepared for painting by applying coating and patch filling, which are then smoothened by rubbing.
5. The body is then painted and left for drying after which waxing are applied to ensure proper shine.
6. In case of accidents, irreparable parts are replaced before making the final delivery to the customer.

5.2 Installed and Operational Capacities

The operational capacity of this workshop is 347 cars per month. The assumed operational capacity during the first year of operations is 60% with annual increase of 5%.

6 CRITICAL FACTORS

The main critical success factors that affect the decision to invest in the proposed business are:

- **Hands on Experience:** Having a thorough knowledge and hands on experience of all the relevant technical details is necessary for entry into this business. Relevant work experience is the most important pre-requisite because it has a direct impact on the successful management of the business.
- **Marketing Skill:** Another critical factor is that the entrepreneur must have effective PR & marketing skills. These marketing skills should enable the entrepreneur to carryout business development activities to target his potential customers and to maintain his existing client base.
- **Technical Skill:** The third critical factor relates mostly to technical skills which are mandatory, in the absences of technical skills and knowhow there will be loss of time, energy and above all unsatisfactory service would lead to customer dissatisfaction.
- **Growing and Maintaining a Referral Network of Customers:** The main factor is to attract and maintain a loyal customer base through a customer-oriented focus on business rather than concentrating on volume and losing out old customers. All the workers at the workshop need to be trained and held responsible for providing superior service and developing long lasting trust bond with the customers. This is very important in this industry, where trust and honesty reflect on the image of repair and service facilities. This would help in maintaining a consistent revenue base, to ensure stability of business on the long run.
- **Inventory for denting and painting:** An adequate inventory based on prior experience and business volume needs to be maintained in order to give quick service and prevent any inconvenience caused to the customer.

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

The Auto Workshop business is very much dependent on the location of its setup. Auto Workshops located on main roads or prime locations to target maximum walk-in customers as well as customers coming in from contacts, referrals and companies.

8 POTENTIAL TARGET CUSTOMERS / MARKETS

The proposed location for an Auto Workshop considering the factors mentioned earlier would be in a medium to high-income locality area where almost all of the nearby residents are expected to have at least one car. As well as nearby offices are also important to have increasing number of customers.

9 PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of this project. Various costs 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 estimated revenue of Rs.7.15 million in the year one. The capacity utilization during year one is work out at 60% with 5% increase in subsequent years up to the maximum capacity utilization of 85%.

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

Table 9.1 : Project Economics

DESCRIPTION	DETAILS
INTERNAL RATE OF RETURN (IRR)	42%
PAYBACK PERIOD	3.79 years
NET PRESENT VALUE	Rs.4,894,349

9.2 Project Financing

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

Table 9.2 : Project Financing

DESCRIPTION	DETAILS
Total Equity (100%)	Rs.4,337,571

9.3 Project Cost

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

Table 9.3 : Project Cost

DESCRIPTION	AMOUNT (Rs.)
Capital Cost	
Machinery & Equipment	1,430,000
Furniture & Fixtures	171,000
Office Vehicles	101,000
Office Equipment	175,000
Pre-operating Costs	700,000
Total Capital Cost	2,577,000
Working Capital	
Equipment Spare Part Inventory	19,953
Raw Material Inventory	264,069
Upfront Building Rent	1,200,000
Upfront Insurance Payment	76,550
Cash	200,000
Total Working Capital	1,760,571
TOTAL PROJECT COST	4,337,571

9.4 Space Requirement

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

Table 9.4 : Space Requirement

DESCRIPTION	ESTIMATED AREA (Sq.ft.)	TOTAL RENT (Monthly) (Rs.)	TOTAL RENT (Yearly) (Rs.)
Rented Space	2,500	100,000	1,200,000
TOTAL			1,200,000

9.5 Machinery & Equipment Requirement

Machinery and equipment for the proposed project are stated below:

Table 9.5 : Machinery & Equipment

DESCRIPTION	QUANTITY	UNIT COST (Rs.)	TOTAL COST (Rs.)
MECHANICAL REPAIRS			
Complete Mechanical Toolbox with Jack	02	150,000	300,000
Computerized Diagnostic System	01	600,000	600,000
Work Bench	02	15,000	30,000
Battery Charger	01	25,000	25,000
Compression Gauge	01	15,000	15,000
Others	-		50,000
		Total	1,020,000
DENTING			
Denting Toolbox with Welding Kit	02	40,000	80,000
Pressure Jack (Large)	01	40,000	40,000
Oxygen Cylinder	01	15,000	15,000
Carbide Tank	01	25,000	25,000
Drill Machine and Grinder (Hand)	02	20,000	20,000
Others	-		25,000
		Total	225,000
PAINTING			
Painting Compressor	01	70,000	70,000
Spray Gun (Small)	01	5,000	5,000
Spray Gun (Large)	01	10,000	10,000
Pipe	01	5,000	5,000
Others	-		25,000
		Total	115,000
Genset (03 KVA)	01	70,000	70,000
TOTAL			1,430,000

9.6 Furniture & Fixtures Requirement

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

Table 9.6 : Furniture & Fixture

DESCRIPTION	QUANTITY	UNIT COST (Rs.)	TOTAL COST (Rs.)
Stools	10	2,000	20,000
Chairs	06	5,000	30,000
Table	01	25,000	25,000
Electric wiring and lighting	12	3,000	36,000
Fans	10	6,000	60,000
TOTAL			171,000

9.7 Office Equipment Requirement

Following office equipment will be required for Auto Repair and Service Workshop:

Table 9.7 : Office Equipment

DESCRIPTION	QUANTITY	UNIT COST (Rs.)	TOTAL COST (Rs.)
Computer	01	70,000	70,000
Printer	01	25,000	25,000
Telephones/Mobile Set	02	40,000	80,000
TOTAL			175,000

9.8 Human Resource Requirement

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

Table 9.8 : Human Resource Requirement

DESCRIPTION	NO. OF EMPLOYEES	MONTHLY SALARY PER PERSON (Rs.)	YEARLY SALARY (Rs.)
CEO / Owner	01	100,000	1,200,000
Head Mechanic	01	70,000	840,000

Assistant Mechanics	01	40,000	480,000
Helpers	04	30,000	1,440,000
Head Dentor	01	70,000	840,000
Assistant Dentors	01	40,000	480,000
Helpers	03	30,000	1,080,000
Head Painter	01	70,000	840,000
Assistant Painter	01	40,000	480,000
Helpers	01	30,000	360,000
Guard	01	30,000	360,000
TOTAL	16		8,400,000

9.9 Utilities and other costs

An essential cost to be borne by the project is the cost of electricity and generator fuel expense. The electricity expenses are estimated to be around Rs.410,400 for the first year, whereas, generator fuel expenses are estimated to be Rs.683,100 for the first year. Furthermore, promotional expense being essential for marketing of Auto Repair and Service Workshop is estimated as 0.15% of revenue.

9.10 Revenue Generation

Based on the approx. capacity utilization of **93%** and **07%** for **Mechanical Repairs** and **Denting and Painting** respectively, repairing revenue during the first year of operations is estimated as under:

Table 9.10 : Revenue Generation – Year 1

DESCRIPTION	NO. OF CARS REPAIRED (No.)	FINISHED GOODS INVENTORY (No.)	CARS AVAILABLE (No.)	REPAIRING CHARGES / CAR (Rs.)	REVENUE (Rs.)
Combine Revenue	2,498	104	2,394	5,980	14,316,120
TOTAL					14,316,120

10 CONTACT DETAILS

In order to facilitate potential investors, contact details of private sector Service Providers relevant to the proposed project are given below:

10.1 Machinery Suppliers

The machinery suppliers easily available in the areas like Shershah and Plaza in Karachi and in different parts of Pakistan.

10.2 Raw Material Suppliers

Raw material required for auto repair and service workshop includes diesel, grease, oil and cloth / towel are easily available in the local markets anywhere in Pakistan, rest of the spare parts required for mechanical repairs and denting and painting are purchase as per customer from nearby shops.

11 USEFUL WEB LINKS

	Websites
Small & Medium Enterprises Development Authority (SMEDA)	www.smeda.org.pk
Government of Pakistan	www.pakistan.gov.pk
Ministry of Industries & Production	www.moip.gov.pk
Ministry of Education, Training & Standards in Higher Education	http://moptt.gov.pk
Government of Punjab	www.punjab.gov.pk
Government of Sindh	www.sindh.gov.pk
Government of Khyber Pakhtunkhwa	www.khyberpakhtunkhwa.gov.pk
Government of Balochistan	www.balochistan.gov.pk
Government of Gilgit Baltistan	www.gilgitbaltistan.gov.pk
Government of Azad Jamu Kashmir	www.ajk.gov.pk
Trade Development Authority of Pakistan (TDAP)	www.tdap.gov.pk
Security Commission of Pakistan (SECP)	www.secp.gov.pk
Federation of Pakistan Chambers of Commerce and Industry (FPCCI)	www.fpcci.com.pk
State Bank of Pakistan (SBP)	www.sbp.org.pk
Punjab Small Industries Corporation	www.psic.gop.pk
Sindh Small Industries Corporation	www.ssic.gos.pk
Pakistan Horticulture Development and Export Company (PHDEC)	www.phdec.org.pk
Punjab Vocational Training Council (PVTC)	www.pvtc.gop.pk
Technical Education and Vocational Training Authority (TEVTA)	www.tevta.org
Pakistan Readymade Garment Technical Training Institute	www.prgmea.org/prgtti/
Livestock & Dairy Development Department, Government of Punjab.	www.livestockpunjab.gov.pk
Punjab Industrial Estates (PIE)	www.pie.com.pk
Faisalabad Industrial Estate Development and Management Company (FIEDMC)	www.fiedmc.com.pk
Pakistan Automotive Manufacturers Association	www.pama.org.pk
UN Comtrade Database	http://comtrade.un.org/

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	14,317,500	17,746,438	21,027,531	24,787,379	29,088,922	34,002,899	37,495,089	41,244,597	45,369,057	49,905,963
Cost of sales										
Cost of goods sold 1 (Denting and Painting)	2,042,400	2,416,470	2,733,098	3,075,347	3,444,988	3,843,905	4,046,017	4,248,318	4,460,733	4,683,770
Cost of goods sold 2 (Mechanical Repairs)	1,126,425	1,332,732	1,507,359	1,696,116	1,899,981	2,119,991	2,231,460	2,343,033	2,460,185	2,583,194
Operation costs 1 (direct labor)	6,555,000	7,481,895	8,212,228	9,013,576	9,892,872	10,857,723	11,944,121	13,107,018	14,383,136	15,783,498
Operating costs 2 (machinery maintenance)	119,715	141,641	160,200	180,261	201,927	225,310	237,157	249,015	261,465	274,539
Operating costs 3 (direct electricity)	410,400	451,440	496,584	546,242	600,867	660,953	727,049	799,753	879,729	967,702
Operating costs 5 (genset)	683,100	751,410	826,551	909,206	1,000,127	1,100,139	1,210,153	1,331,169	1,464,286	1,610,714
Total cost of sales	10,937,040	12,575,588	13,936,019	15,420,748	17,040,761	18,808,022	20,395,957	22,078,306	23,909,534	25,903,417
Gross Profit	3,380,460	5,170,850	7,091,512	9,366,632	12,048,161	15,194,877	17,099,131	19,166,292	21,459,523	24,002,546
	24%	29%	34%	38%	41%	45%	46%	46%	47%	48%
General administration & selling expenses										
Administration expense	1,560,000	1,711,884	1,878,555	2,061,454	2,262,160	2,482,407	2,724,098	2,989,320	3,280,364	3,599,745
Administration benefits expense	46,800	51,357	56,357	61,844	67,865	74,472	81,723	89,680	98,411	107,992
Building rental expense	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
Communications expense (phone, fax, mail, internet, etc.)	78,000	85,594	93,928	103,073	113,108	124,120	136,205	149,466	164,018	179,987
Office vehicles running expense	90,900	99,990	109,989	120,988	133,087	146,395	161,035	177,138	194,852	214,337
Office expenses (stationary, entertainment, janitorial services, etc.)	31,200	34,238	37,571	41,229	45,243	49,648	54,482	59,786	65,607	71,995
Promotional expense / Signage etc	21,476	26,620	31,541	37,181	43,633	51,004	56,243	61,867	68,054	74,859
Insurance expense	76,550	68,390	60,230	52,070	43,910	35,883	35,106	26,330	17,553	8,777
Professional fees (legal, audit, consultants, etc.)	28,635	35,493	42,055	49,575	58,178	68,006	74,990	82,489	90,738	99,812
Depreciation expense	197,800	197,800	197,800	197,800	197,800	210,132	210,132	210,132	210,132	210,132
Amortization of pre-operating costs	140,000	140,000	140,000	140,000	140,000	-	-	-	-	-
Bad debt expense	429,525	532,393	630,826	743,621	872,668	1,020,087	1,124,853	1,237,338	1,361,072	1,497,179
Miscellaneous expense 1	350,000	385,000	423,500	465,850	512,435	563,679	620,046	682,051	750,256	825,282
Subtotal	4,250,886	4,688,758	5,154,352	5,671,885	6,247,007	6,766,446	7,404,786	8,104,058	8,873,365	9,719,635
Operating Income	(870,426)	482,092	1,937,160	3,694,747	5,801,154	8,428,430	9,694,345	11,062,234	12,586,159	14,282,911
Gain / (loss) on sale of office vehicles	-	-	-	-	40,400	-	-	-	-	-
Earnings Before Interest & Taxes	(870,426)	482,092	1,937,160	3,694,747	5,841,554	8,428,430	9,694,345	11,062,234	12,586,159	14,282,911
Earnings Before Tax	(870,426)	482,092	1,937,160	3,694,747	5,841,554	8,428,430	9,694,345	11,062,234	12,586,159	14,282,911
Tax	-	-	635,018	1,514,846	2,395,037	3,455,656	3,974,681	4,535,516	5,160,325	5,855,994
NET PROFIT/(LOSS) AFTER TAX	(870,426)	482,092	1,302,141	2,179,901	3,446,517	4,972,774	5,719,664	6,526,718	7,425,834	8,426,918

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
Assets											
<i>Current assets</i>											
Cash & Bank	1,300,000	191,940	889,795	2,084,605	2,815,278	3,436,774	4,182,143	4,699,254	5,142,684	5,579,742	7,407,222
Accounts receivable		39,226	43,923	53,115	62,760	73,803	86,427	97,942	107,863	118,649	130,514
Finished goods inventory		475,523	525,668	582,401	644,321	711,886	785,593	849,832	919,929	996,231	1,079,309
Equipment spare part inventory	19,953	24,787	29,437	34,779	40,907	47,926	52,969	58,398	64,384	70,983	-
Raw material inventory	264,069	328,055	389,592	460,297	541,404	634,301	701,035	772,891	852,112	939,454	-
Pre-paid building rent	100,000	110,000	121,000	133,100	146,410	161,051	177,156	194,872	214,359	235,795	-
Pre-paid insurance	76,550	68,390	60,230	52,070	43,910	43,883	35,106	26,330	17,553	8,777	-
Total Current Assets	1,760,571	1,237,921	2,059,645	3,400,367	4,294,990	5,109,624	6,020,430	6,699,518	7,318,884	7,949,630	8,617,044
<i>Fixed assets</i>											
Machinery & equipment	1,430,000	1,287,000	1,144,000	1,001,000	858,000	715,000	572,000	429,000	286,000	143,000	-
Furniture & fixtures	171,000	153,900	136,800	119,700	102,600	85,500	68,400	51,300	34,200	17,100	-
Office vehicles	101,000	80,800	60,600	40,400	20,200	162,662	130,129	97,597	65,065	32,532	-
Office equipment	175,000	157,500	140,000	122,500	105,000	87,500	70,000	52,500	35,000	17,500	-
Total Fixed Assets	1,877,000	1,679,200	1,481,400	1,283,600	1,085,800	1,050,662	840,529	630,397	420,265	210,132	-
<i>Intangible assets</i>											
Pre-operation costs	700,000	560,000	420,000	280,000	140,000	-	-	-	-	-	-
Total Intangible Assets	700,000	560,000	420,000	280,000	140,000	-	-	-	-	-	-
TOTAL ASSETS	4,337,571	3,477,121	3,961,045	4,963,967	5,520,790	6,160,286	6,860,959	7,329,915	7,739,149	8,159,762	8,617,044
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable		9,976	11,808	13,413	15,162	17,066	19,022	20,126	21,252	22,446	20,662
Other liabilities											
Total Current Liabilities	-	9,976	11,808	13,413	15,162	17,066	19,022	20,126	21,252	22,446	20,662
<i>Other liabilities</i>											
Deferred tax		-	-	293,150	293,150	293,150	234,520	175,890	117,260	58,630	0
Total Long Term Liabilities	-	-	-	293,150	293,150	293,150	234,520	175,890	117,260	58,630	0
<i>Shareholders' equity</i>											
Paid-up capital	4,337,571	4,337,571	4,337,571	4,337,571	4,337,571	4,337,571	4,337,571	4,337,571	4,337,571	4,337,571	4,337,571
Retained earnings		(870,426)	(388,334)	319,832	874,907	1,512,498	2,269,845	2,796,328	3,263,066	3,741,115	4,258,811
Total Equity	4,337,571	3,467,145	3,949,237	4,657,404	5,212,478	5,850,069	6,607,416	7,133,899	7,600,637	8,078,686	8,596,383
TOTAL CAPITAL AND LIABILITIES	4,337,571	3,477,121	3,961,045	4,963,967	5,520,790	6,160,286	6,860,959	7,329,915	7,739,149	8,159,762	8,617,044
	-	-	-	-	-	-	-	-	-	-	-

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
Operating activities											
Net profit		(870,426)	482,092	1,302,141	2,179,901	3,446,517	4,972,774	5,719,664	6,526,718	7,425,834	8,426,918
Add: depreciation expense		197,800	197,800	197,800	197,800	197,800	210,132	210,132	210,132	210,132	210,132
amortization of pre-operating costs		140,000	140,000	140,000	140,000	140,000	-	-	-	-	-
amortization of training costs		-	-	-	-	-	-	-	-	-	-
Deferred income tax		-	-	293,150	-	-	(58,630)	(58,630)	(58,630)	(58,630)	(58,630)
Accounts receivable		(39,226)	(4,697)	(9,192)	(9,645)	(11,043)	(12,624)	(11,515)	(9,920)	(10,786)	(11,865)
Finished goods inventory		(475,523)	(50,144)	(56,733)	(61,920)	(67,565)	(73,707)	(64,238)	(70,098)	(76,301)	(83,078)
Equipment inventory	(19,953)	(4,835)	(4,650)	(5,342)	(6,128)	(7,019)	(5,042)	(5,429)	(5,986)	(6,599)	70,983
Raw material inventory	(264,069)	(63,986)	(61,537)	(70,705)	(81,107)	(92,897)	(66,734)	(71,856)	(79,221)	(87,342)	939,454
Pre-paid building rent	(100,000)	(10,000)	(11,000)	(12,100)	(13,310)	(14,641)	(16,105)	(17,716)	(19,487)	(21,436)	235,795
Advance insurance premium	(76,550)	8,160	8,160	8,160	8,160	27	8,777	8,777	8,777	8,777	8,777
Accounts payable		9,976	1,831	1,605	1,749	1,904	1,956	1,103	1,126	1,194	(1,784)
Cash provided by operations	(460,571)	(1,108,060)	697,856	1,788,784	2,355,500	3,593,083	4,960,796	5,710,291	6,503,410	7,384,843	9,736,701
Financing activities											
Issuance of shares	4,337,571	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing activities	4,337,571	-	-	-	-	-	-	-	-	-	-
Investing activities											
Capital expenditure	(2,577,000)	-	-	-	-	(162,662)	-	-	-	-	-
Cash (used for) / provided by investing activities	(2,577,000)	-	-	-	-	(162,662)	-	-	-	-	-
NET CASH	1,300,000	(1,108,060)	697,856	1,788,784	2,355,500	3,430,421	4,960,796	5,710,291	6,503,410	7,384,843	9,736,701
Cash balance brought forward		1,300,000	191,940	889,795	2,084,605	2,815,278	3,436,774	4,182,143	4,699,254	5,142,684	5,579,742
Cash available for appropriation	1,300,000	191,940	889,795	2,678,579	4,440,104	6,245,699	8,397,570	9,892,434	11,202,664	12,527,527	15,316,443
Dividend		-	-	593,975	1,624,827	2,808,925	4,215,427	5,193,181	6,059,980	6,947,785	7,909,221
Cash balance	1,300,000	191,940	889,795	2,084,605	2,815,278	3,436,774	4,182,143	4,699,254	5,142,684	5,579,742	7,407,222
Cash carried forward	1,300,000	191,940	889,795	2,084,605	2,815,278	3,436,774	4,182,143	4,699,254	5,142,684	5,579,742	7,407,222

13 KEY ASSUMPTIONS

13.1 Operating Cost Assumptions

DESCRIPTION	Details
SIFT LENGTH	12 hours
NUMBER OF SHIFTS	01
DAYS OPERATIONAL PER YEAR	330 days

13.2 Production Cost Assumptions

DESCRIPTION	Details
INCREASE IN COST PRICE	5% / year
REPAIRING CAPACITY	4,164 cars
CAPACITY UTILIZATION	60%

13.3 Revenue Assumptions

DESCRIPTION	Details
AVERAGE REVENUE (INCLUDING DENTING & PAINTING AND MECHANICAL REPAIRS)	Rs.5,980 / car
REVENUE GROWTH RATE	5% / year

13.4 Financial Assumptions

DESCRIPTION	Details
PROJECT LIFE	10 years
DEBT EQUITY RATIO	00 : 100

Small and Medium Enterprises Development Authority

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