



Pre-feasibility Study

BOWLING CLUB

December 2019

“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

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

Bowling Club is proposed to be located in major cities of country while considering other mandatory inputs. The product includes Clean and modernize Four (04) bowling alleys with a lavish sitting arrangement to provide a pleasurable experience to customers. Refreshment services including juices – soft drinks & fast food etc. on contractual basis to second party who will be responsible for arranging experienced cooks and installing required kitchen machinery & equipment.

Total Cost Estimates is **Rs. 9,713,335** with fixed investment **Rs. 8,664,715** and working capital **Rs. 1,048,620**.

Given the cost assumptions IRR and payback are **28 %** and **4.16 years** respectively
The most critical considerations or factors for success of the project are:

- Location plays the most important role for such a project to attract maximum gamers.
- Trained personnel for the project would add towards the success of the project.
- Awareness amongst the general people would attract more customers therefore; use of proper marketing techniques is important
- Quality of refreshment services and cleanliness of the vicinity would attract more gamers.
- Arrangements of regular tournaments
- Welcoming – friendly – sociable staff
- Use of up-to-date equipments
- The need to attract more people in the 20-50 age group is a very important priority for our members.
- Strong membership.
- Fees not overpriced
- The bowling has growing market potential in Pakistan, however careful analysis of business and market must be carried out prior to starting the business.
- In order to pursue with the objectives following strategies & suggestions are recommended for successful business establishment & operation.
- Easy access to the consumer market is advised to be studied thoroughly and made a key consideration while setting up the project.

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, services, marketing, finance and business management.

The purpose of this document is to facilitate potential investors in **Bowling Club** by providing them with a general understanding of the business with the intention of supporting potential investors in crucial investment decisions.

The need to come up with pre-feasibility reports for undocumented or minimally documented sectors attains greater imminence as the research that precedes such reports reveal certain thumb rules; best practices developed by existing enterprises by trial and error, and certain industrial norms that become a guiding source regarding various aspects of business set-up and its successful management.

Apart from carefully studying the whole document one must consider critical aspects provided later on, which form basis of any Investment Decision.

5 BRIEF DESCRIPTION OF PROJECT & PRODUCT

Following key parameters must be addressed as per pre-feasibility study under preparation

- **Technology:** The proposed project is about Bowling Club where a bowling alley is often a family center where people of all ages gather. It may offer a dining area, a video arcade and some pool tables as well as bowling lanes.
- **Location:** The proposed location for the project could be in any of the major cities with potential demand, availability of infrastructure and comparatively high traffic rate. It is highly recommended to establish such a project near town with high traffic rate to increase its viability. However, such a project could also be established on side adjacent areas after careful analysis of market demand and project viability.
- **Product:** The product includes Clean and modernize Four (04) bowling alleys with a lavish sitting arrangement to provide a pleasurable experience to customers. Refreshment services including juices – soft drinks & fast food etc. on contractual basis to second party who will be responsible for arranging experienced cooks and installing required kitchen machinery & equipment.
- **Target Market:** The game has a diversified and wide range of target customers. The establishment of club / centre and environment & location in particular must be subjected to such attributes that it can be open & welcoming for every possible target range from teenager to middle age and individual to family etc.
- **Employment Generation:** The proposed project will provide employment to 09 people.

5.1 Installed and Operational Capacities

The yearly production capacity of the plant will be 13200 shifts. Projection Capacity utilization will be 65% in the first year and increased at a rate of 5% annually and will be capped at 95%.

6 CRITICAL FACTORS

An analysis of the Strengths, Weaknesses, Opportunities and Threats is detailed as follows:

6.1 Strengths:

- Location/position
- Welcoming – friendly – sociable
- Financially sound Reputation, performance

- Top bowlers Clubhouse/facilities
- Good committee leadership with “ideas” Good group of volunteers
- Good kitchen/meals
- Good “night owls” competition
- Strong membership (numbers & X-section)
- Fees not overpriced
- Friday raffle Collaborative ladies’ group– monthly meetings, well organized
- Well respected pedigree
- Run good tournaments
- Good Green-keeper
- Off-street parking
- Good sponsors

6.2 Weaknesses:

- Welcoming strangers to club – need consistent approach
- Club facilities under-utilized
- Clubhouse interior configuration too inflexible
- Kitchen – food. Fri night meals –
- No children’s menu/price/size
- Car parking – thoroughfare
- Green availability, no weekly times posted for member info
- Membership profile unbalanced – Old/Young. Male/Female.
- Inability to bring in new members/younger members
- Communication/interaction with members and the community
- Online presence – website – facebook
- Thursday night owls protracted – moving to “cash grab”
- Need more social members Club spirit
- Lack of fraternization between higher and lower pennant divisions and between male & female players
- No player coaching program
- Volunteer pool too small.
- No volunteer teams based on member skills Leadership (no succession planning)

6.3 Opportunities:

- Kindly sale – invest in the club’s future
- Exploit Government/Council grants - Build relationships with Local Councilors and State Utilize club as community center.

- Bring in “outside money” e.g. club hire by corporate and community groups.
- Advertise our facility and the game to local community for events
- Utilizing local businesses – collaborative use of club / Cross promotion

6.4 Threats:

- Competition from other clubs.
- Losing good players.
- Other clubs poaching our members
- Mixed gender bowls

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

It is important to find a location that has a continuous stream of traffic, convenient parking, and is in proximity to other businesses. Once the location is selected, the layout and design of the interior should be taken into account.

8 POTENTIAL TARGET CUSTOMERS / MARKETS

In addition to local markets in Quetta, Karachi, Lahore, Peshawar and Islamabad an enormous demand in other major cities exists for bowling club.

9 PROJECT COST SUMMARY

9.1 Project Economics

All the figures in this financial model have been calculated for estimated sales of Rs. 4,933,500 in the year one. The capacity utilization during year one is worked out at 65% with 5% increase in subsequent years up to the maximum capacity utilization of 95%. 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)	28%
Payback Period (yrs.)	4.16
Net Present Value (Rs.)	6,338,838

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. 4,856,667
Bank Loan (50%)	Rs. 4,856,667
Markup to the Borrower (%age / annum)	14 %
Tenure of the Loan (Years)	10

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 Cost	
Building/Infrastructure	1,816,400
Machinery and Equipment	5,880,000
Furniture and Fixtures	404,400
Office Equipment	350,000
Pre-operating costs	213,915
Total Capital Cost	8,664,715
Working Capital	
Equipment spare part inventory	14,300
Upfront Building Rent	640,320
Upfront insurance payment	294,000
Cash	100,000
Total Working Capital	1,048,620
Total Project Cost	9,713,335

9.4 Space Requirement

The space requirement for the proposed **Bowling Club** is estimated to be 2,668 sq.

Table 4: Space Requirement

Description	Estimated Area (Sqft)	Unit Cost/ Rate (Rs.)	Total Cost (Rs.)
Management building	588	300	176,400
Bowling Lot/area	2000	800	1,600,000
Kitchen	80	500	40,000
Total			1,816,400

9.5 Machinery & Equipment Requirement

Plant, machinery and equipment for the proposed project are stated below.

Table 5: Machinery & Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Bowling Equipment and Installation	1	5,700,000	5,700,000
Generator	1	100,000	100,000
Electric Wiring and Lighting	1	80,000	80,000
Total			5,880,000

9.6 Furniture & Fixtures Requirement

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

Table 6: Furniture & Fixture

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Furniture	3	35,000	105,000
Carpeting	588	50	29,400
Air conditioners	3	25,000	75,000

Air conditioners (split)	3	65,000	195,000
Total			404,400

9.7 Office Equipment Requirement

Following office equipment will be required

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Laptop	3	50,000	150,000
Computer Printers	2	25,000	50,000
Networking	1	100,000	100,000
Telephone	5	5,000	25,000
Fax Machine	1	25,000	25,000
Total			350,000

Table 7: Office Equipment

9.8 Human Resource Requirement

In order to run operations of Bowling Club smoothly, details of human resources required along with number of employees and monthly salary are recommended as under;

Table 8: Human Resource Requirement

Description	No. of Employees	Monthly Salary per person (Rs.)
Managing Director	1	60,000
Operation Manager	1	45,000
Accounts & Admin Officer	1	40,000
Helpers	3	15,000
Guard	2	15,000
sweeper	1	15,000

9.9 Utilities and other Costs

An essential cost to be borne by the project is the cost of electricity, POL. whereas, Furthermore, promotional expense being essential for marketing of Bowling Club is estimated as 1% of Revenue which may include printing banners, brochures, cable ads etc.

9.10 Revenue Generation

The installed capacity of the club is 13,200 shifts and based on the capacity utilization of 65%, Therefore sales revenue during the first year of operations is estimated as under;

Table 9: Revenue Generation – Year 1

Description	Units available for Sale	Sale Price / unit (Rs.)	Sales Revenue (Rs.)
Bowling Shifts	8,580	600	5,148,000
Total			5,148,000

10 USEFUL WEB LINKS

Government of Pakistan	www.pakistan.gov.pk
Small & Medium Enterprises Development Authority (SMEDA)	www.smeda.org.pk
Ministry of Industries & Production	www.moip.gov.pk
Government of Punjab	www.punjab.gov.pk
Government of Sindh	http://www.sindh.gov.pk/
Government of Balochistan	www.balochistan.gov.pk
Government of KPK	www.khyberpakhtunkhwa.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
Federation of Pakistan Chambers of Commerce and Industry (FPCCI)	www.fpcci.com.pk
Quetta Chamber of Commerce & Industry	http://www.qcci.com.pk/

Lahore Chamber of Commerce & Industry	www.lcci.com.pk/
Karachi Chamber of Commerce & Industry	http://www.kcci.com.pk/
Khyber Pakhtunkhwa Chamber of Commerce & Industry	http://www.kpcci.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
Lasbela Industrial Estates Development Authority	http://www.lieda.gov.pk/
Sindh Industrial & trading Estate	http://www.site.com.pk/
KPK Small Industries Development Board	http://www.khyberpakhtunkhwa.gov.pk/Departments/SIDB/Introductions.php
Agriculture department Govt of Sindh	http://sindhagri.gov.pk/
Agriculture department Govt of Punjab	http://www.agripunjab.gov.pk/
Agriculture department Govt of KPK	http://khyberpakhtunkhwa.gov.pk/Contacts/index.php
Agriculture department Govt of Balochistan	http://www.balochistan.gov.pk/index.php?option=com_content&view=category&id=1091&Itemid=52
The University of Agriculture, Peshawar	http://www.aup.edu.pk/
University of Punjab, Institute of Agriculture sciences	http://pu.edu.pk/home/departments/53/Institute-of-Agricultural-Sciences
Sindh Agriculture University Tandojam	http://www.sau.edu.pk/
Balochistan Agriculture College Quetta	https://www.facebook.com/BalochistanAgricultureCollegeQuetta

11 ANNEXURES

11.1 Income Statement

Statement Summaries										SMEDA
Income Statement										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Rs. in actuals Year 10
Revenue	5,148,000	6,098,400	7,187,400	8,433,216	9,856,321	11,479,715	13,329,225	14,662,147	16,128,362	17,741,198
Cost of goods sold	574,749	632,815	696,656	766,843	844,007	928,842	1,022,108	1,120,150	1,227,671	1,345,589
Gross Profit	4,573,251	5,465,585	6,490,744	7,666,373	9,012,314	10,550,874	12,307,117	13,541,997	14,900,692	16,395,610
<i>General administration & selling expenses</i>										
Administration expense	1,545,000	1,695,423	1,860,492	2,041,632	2,240,409	2,458,538	2,697,905	2,960,576	3,248,822	3,565,132
Rental expense	640,320	704,352	774,787	852,266	937,493	1,031,242	1,134,366	1,247,803	1,372,583	1,509,841
Utilities expense	-	-	-	-	-	-	-	-	-	-
Travelling & Comm. expense (phone, fax, etc.)	30,000	32,921	36,126	39,643	43,503	47,739	52,386	57,487	63,084	69,226
Office vehicles running expense	-	-	-	-	-	-	-	-	-	-
Office expenses (stationary, etc.)	75,000	82,302	90,315	99,108	108,758	119,347	130,966	143,717	157,710	173,065
Promotional expense	25,740	30,492	35,937	42,166	49,282	57,399	66,646	73,311	80,642	88,706
Insurance expense	294,000	264,600	235,200	205,800	176,400	147,000	117,600	88,200	58,800	29,400
Professional fees (legal, audit, etc.)	25,740	30,492	35,937	42,166	49,282	57,399	66,646	73,311	80,642	88,706
Depreciation expense	754,260	754,260	754,260	754,260	754,260	754,260	754,260	754,260	754,260	754,260
Amortization expense	42,783	42,783	42,783	42,783	42,783	-	-	-	-	-
Property tax expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous expense	154,440	182,952	215,622	252,996	295,690	344,391	399,877	439,864	483,851	532,236
Subtotal	3,587,283	3,820,577	4,081,460	4,372,822	4,697,858	5,017,313	5,420,652	5,838,529	6,300,393	6,810,572
Operating Income	985,968	1,645,007	2,409,285	3,293,552	4,314,456	5,533,560	6,886,465	7,703,468	8,600,298	9,585,038
Other income	12,516	76,782	209,656	324,470	412,879	489,509	553,786	609,049	648,895	764,602
Gain / (loss) on sale of assets	-	-	-	-	-	-	-	-	-	-
Earnings Before Interest & Taxes	998,484	1,721,789	2,618,941	3,618,022	4,727,335	6,023,070	7,440,251	8,312,517	9,249,194	10,349,639
Interest expense	647,135	575,164	539,407	498,644	452,174	399,199	338,807	269,959	191,474	102,000
Earnings Before Tax	351,349	1,146,625	2,079,533	3,119,378	4,275,161	5,623,871	7,101,444	8,042,557	9,057,720	10,247,639
Tax	144,053	470,116	852,609	1,278,945	1,752,816	2,305,787	2,911,592	3,297,449	3,713,665	4,201,532
NET PROFIT/(LOSS) AFTER TAX	207,296	676,509	1,226,925	1,840,433	2,522,345	3,318,084	4,189,852	4,745,109	5,344,055	6,046,107
Balance brought forward		103,648	390,078	808,501	1,324,467	1,923,406	2,620,745	3,405,298	4,075,204	4,709,629
Total profit available for appropriation	207,296	780,156	1,617,003	2,648,934	3,846,812	5,241,490	6,810,597	8,150,407	9,419,258	10,755,736
Dividend	103,648	390,078	808,501	1,324,467	1,923,406	2,620,745	3,405,298	4,075,204	4,709,629	5,377,868
Balance carried forward	103,648	390,078	808,501	1,324,467	1,923,406	2,620,745	3,405,298	4,075,204	4,709,629	5,377,868

11.2 Balance Sheet

Statement Summaries											SMEDA
Balance Sheet											Rs. in actuals
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
<i>Current assets</i>											
Cash & Bank	100,000	150,326	1,385,304	2,807,812	3,681,596	4,575,979	5,214,205	5,861,515	6,319,461	6,658,447	8,633,584
Accounts receivable	-	211,562	231,090	272,996	320,972	375,812	438,412	509,773	575,165	632,682	695,950
Finished goods inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment spare part inventory	14,300	16,979	20,056	23,586	27,628	32,252	37,533	41,381	45,622	50,298	-
Raw material inventory	-	-	-	-	-	-	-	-	-	-	-
Pre-paid annual land lease	-	-	-	-	-	-	-	-	-	-	-
Pre-paid building rent	640,320	704,352	774,787	852,266	937,493	1,031,242	1,134,366	1,247,803	1,372,583	1,509,841	-
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid insurance	294,000	264,600	235,200	205,800	176,400	147,000	117,600	88,200	58,800	29,400	-
Total Current Assets	1,048,620	1,347,818	2,646,438	4,162,460	5,144,089	6,162,286	6,942,116	7,748,671	8,371,631	8,880,668	9,329,534
<i>Fixed assets</i>											
Land	-	-	-	-	-	-	-	-	-	-	-
Building/Infrastructure	1,816,400	1,725,580	1,634,760	1,543,940	1,453,120	1,362,300	1,271,480	1,180,660	1,089,840	999,020	908,200
Machinery & equipment	5,880,000	5,292,000	4,704,000	4,116,000	3,528,000	2,940,000	2,352,000	1,764,000	1,176,000	588,000	-
Furniture & fixtures	404,400	363,960	323,520	283,080	242,640	202,200	161,760	121,320	80,880	40,440	-
Office vehicles	-	-	-	-	-	-	-	-	-	-	-
Office equipment	350,000	315,000	280,000	245,000	210,000	175,000	140,000	105,000	70,000	35,000	-
Total Fixed Assets	8,450,800	7,696,540	6,942,280	6,188,020	5,433,760	4,679,500	3,925,240	3,170,980	2,416,720	1,662,460	908,200
<i>Intangible assets</i>											
Pre-operation costs	213,915	171,132	128,349	85,566	42,783	-	-	-	-	-	-
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
Total Intangible Assets	213,915	171,132	128,349	85,566	42,783	-	-	-	-	-	-
TOTAL ASSETS	9,713,335	9,215,490	9,717,067	10,436,046	10,620,632	10,841,786	10,867,356	10,919,651	10,788,351	10,543,128	10,237,734
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable	-	2,806	3,243	3,733	4,280	4,893	5,577	6,164	6,650	7,180	3,198
Export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Short term debt	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	-	2,806	3,243	3,733	4,280	4,893	5,577	6,164	6,650	7,180	3,198
<i>Other liabilities</i>											
Lease payable	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	-	144,053	614,169	1,205,400	1,205,400	1,205,400	964,320	723,240	482,160	241,080	-
Long term debt	4,856,667	4,108,316	3,852,909	3,561,744	3,229,817	2,851,420	2,420,047	1,928,282	1,367,669	728,572	-
Total Long Term Liabilities	4,856,667	4,252,369	4,467,078	4,767,144	4,435,217	4,056,820	3,384,367	2,651,522	1,849,829	969,652	-
<i>Shareholders' equity</i>											
Paid-up capital	4,856,667	4,856,667	4,856,667	4,856,667	4,856,667	4,856,667	4,856,667	4,856,667	4,856,667	4,856,667	4,856,667
Retained earnings	-	103,648	390,078	808,501	1,324,467	1,923,406	2,620,745	3,405,298	4,075,204	4,709,629	5,377,868
Total Equity	4,856,667	4,960,315	5,246,746	5,665,169	6,181,135	6,780,073	7,477,412	8,261,966	8,931,871	9,566,297	10,234,536
TOTAL CAPITAL AND LIABILITY	9,713,335	9,215,490	9,717,067	10,436,046	10,620,632	10,841,786	10,867,356	10,919,651	10,788,351	10,543,128	10,237,734
<i>Note: Total assets value will differ from project cost due to first installment of leases paid at the start of year 0</i>											
	-	-	-	-	-	-	-	0	(0)	0	(0)

11.3 Cash Flow Statement

Statement Summaries											SMEDA
Cash Flow Statement											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Rs. in actuals Year 10
<i>Operating activities</i>											
Net profit	-	207,296	676,509	1,226,925	1,840,433	2,522,345	3,318,084	4,189,852	4,745,109	5,344,055	6,046,107
Add: depreciation expense	-	754,260	754,260	754,260	754,260	754,260	754,260	754,260	754,260	754,260	754,260
amortization expense	-	42,783	42,783	42,783	42,783	42,783	-	-	-	-	-
Deferred income tax	-	144,053	470,116	591,231	-	-	(241,080)	(241,080)	(241,080)	(241,080)	(241,080)
Accounts receivable	-	(211,562)	(19,529)	(41,905)	(47,976)	(54,841)	(62,599)	(71,361)	(65,392)	(57,517)	(63,268)
Finished good inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment inventory	(14,300)	(2,679)	(3,077)	(3,530)	(4,043)	(4,624)	(5,281)	(3,847)	(4,242)	(4,676)	50,298
Raw material inventory	-	-	-	-	-	-	-	-	-	-	-
Pre-paid building rent	(640,320)	(64,032)	(70,435)	(77,479)	(85,227)	(93,749)	(103,124)	(113,437)	(124,780)	(137,258)	1,509,841
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Advance insurance premium	(294,000)	29,400	29,400	29,400	29,400	29,400	29,400	29,400	29,400	29,400	29,400
Accounts payable	-	2,806	437	489	548	612	685	586	487	529	(3,982)
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Cash provided by operations	(948,620)	902,326	1,880,464	2,522,174	2,530,179	3,196,186	3,690,344	4,544,373	5,093,761	5,687,713	8,081,577
<i>Financing activities</i>											
Change in long term debt	4,856,667	(748,352)	(255,407)	(291,164)	(331,927)	(378,397)	(431,373)	(491,765)	(560,612)	(639,098)	(728,572)
Change in short term debt	-	-	-	-	-	-	-	-	-	-	-
Change in export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Add: land lease expense	-	-	-	-	-	-	-	-	-	-	-
Land lease payment	-	-	-	-	-	-	-	-	-	-	-
Change in lease financing	-	-	-	-	-	-	-	-	-	-	-
Issuance of shares	4,856,667	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares	-	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financ	9,713,335	(748,352)	(255,407)	(291,164)	(331,927)	(378,397)	(431,373)	(491,765)	(560,612)	(639,098)	(728,572)
<i>Investing activities</i>											
Capital expenditure	(8,664,715)	-	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-	-
Cash (used for) / provided by invest	(8,664,715)	-	-	-	-	-	-	-	-	-	-
NET CASH	100,000	153,974	1,625,056	2,231,010	2,198,251	2,817,789	3,258,971	4,052,608	4,533,149	5,048,615	7,353,005
Cash balance brought forward		100,000	150,326	1,385,304	2,807,812	3,681,596	4,575,979	5,214,205	5,861,515	6,319,461	6,658,447
Cash available for appropriation	100,000	253,974	1,775,382	3,616,314	5,006,063	6,499,385	7,834,950	9,266,814	10,394,664	11,368,076	14,011,452
Dividend	-	103,648	390,078	808,501	1,324,467	1,923,406	2,620,745	3,405,298	4,075,204	4,709,629	5,377,868
Cash carried forward	100,000	150,326	1,385,304	2,807,812	3,681,596	4,575,979	5,214,205	5,861,515	6,319,461	6,658,447	8,633,584

12 KEY ASSUMPTIONS

12.1 Operating Cost Assumptions

Description	Details
Sales Price Growth Rate	10 % per year
Production Capacity Utilization Growth Rate	5 % per year
Wage growth rate	10 % per year
Operational cost growth rate	5 % per year

12.2 Production Cost Assumptions

Description	Details
Installed Capacity	13,200
Production Capacity utilization in Year 1	65%
Production capacity	8,580
Maximum Capacity	95%

12.3 Revenue Assumptions

Description	Details
Sales price per unit	600
Sales price growth rate	10%
Total unit sales	8,580
Total revenue	Rs. 5,148,000

12.4 Financial Assumptions

Interest rate on long term debt	14%
Project Debt	50%
Project Equity Component	50%
Required rate of return on equity	25%
WACC	17%
Account receivable cycle	15 Days

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