



Pre-feasibility Study

AUTO DETAILING & PAINT SHOP

February 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

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

Auto detailing is a process of interior and exterior cleaning of vehicles, especially cars, for restoration and keeping the vehicle in its best presentable condition. Generally, auto detailing facilities also consists of vehicle paint shops to provide the complete restoration solution under one roof.

This particular pre-feasibility study is for setting up an 'Auto Detailing and Paint Shop' service facility. The proposed facility will also offer comprised of glass, ceramic and leather coating as well as sticker wrapping services for vehicles from highly skilled and specialized workers. The core target market of the proposed services will be all the variants of motor vehicles for the transport of not more than 10 persons, which includes locally manufactured and imported vehicles.

The facility is proposed to operate for 10 hours per day and entails to carry out around 1,820 jobs per annum. Initial capacity utilization is estimated at 60%, with a growth rate of 10% annually up to the maximum capacity utilization of 95% in 5th year. This production capacity is estimated to be economically viable and justifies the capital as well as operational cost of the project. The service facility 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 corporate sector. Entrepreneur's knowledge of the auto services, highly specialized workers and excellent customer services are key factors for the success of this project.

Total project cost is estimated as Rs. 4.884 million with capital investment of Rs. 4.005 million and working capital Rs. 0.879 million. The project is financed through 100% equity. The project NPV is around Rs. 4.136 million, with an IRR of 33% and a payback period of 3.59 years. The project will provide employment opportunities to 12 people including the Owner. The legal business status of this project is assumed to be '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 **Auto Detailing & Paint Shop** business 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

Auto Detailing and Paint Service Workshop is a service facility where auto mechanics provide extensive interior and exterior cleaning services as well as schedule paintwork services along with repairs to scratches, scuffs and dents to vehicle damage. Auto detailing is the act of performing a thorough exterior and interior cleaning, restoration, and finishing of a car, to bring into a presentable condition. Exterior detailing usually involves cleaning and restoring the outer body, windows, wheels and tires, whereas interior detailing entails to deep cleaning of car's interior cabin including vacuuming, upholstery stain removal and polishing. It is becoming a popular phenomenon among the vehicle owners. Increasing sales of automobiles in Pakistan and introduction of a variety of new automobile brands and models is driving the need and demand of high-quality auto detailing and paint workshop services.

The proposed facility will provide a complete range of service related to detailing and

paint works by skilled and specialized workers. In exterior detailing, provision of different type of car outer coating such as glass, ceramic, leather and sticker wrapping will be offered to the clients. Latest equipment, including wet and dry vacuum cleaner, paint spray gun, dual action car polisher and other necessary toolboxes and kits will be installed to provide the best quality services. The major target customers of the proposed services will be all the types of cars, including both locally manufactured and imported ones. The project is designed in such a way that it will be able to cater the demands of those customers that desire to detail and paint the vehicles as per their satisfaction and customized requirement.

The proposed detailing and paint facility will be ideally located on a commercial road nearby to residential society to target maximum walk-in customers as well as customers coming in from contacts, referrals and companies. Therefore, major urban cities and nearby suburban towns of large cities should be ideal for executing the proposed venture. The legal status of the business is proposed to be 'Sole Proprietorship'.

5.1 Production Process Flow

The process flow of different key operations of the proposed Auto Detailing and Paint Shop is provided in the following diagrams.

Figure 1: Auto Detailing Process

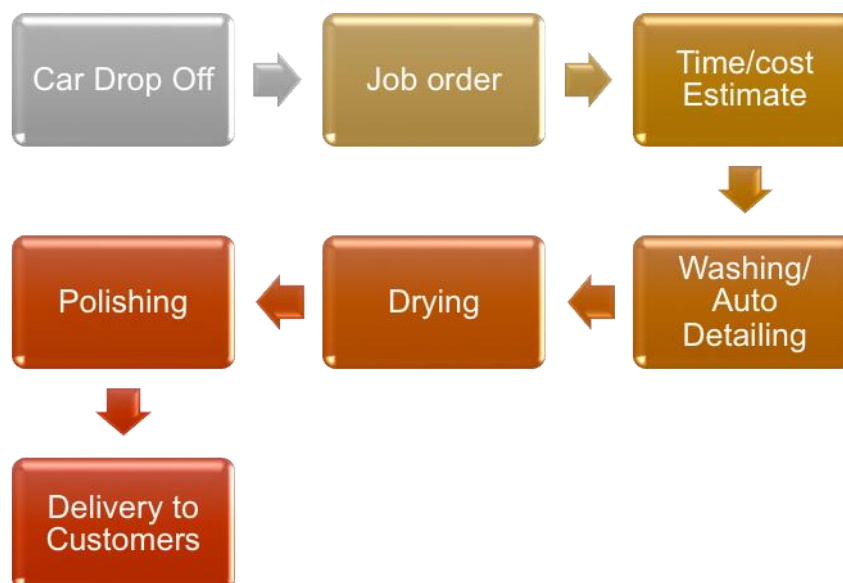
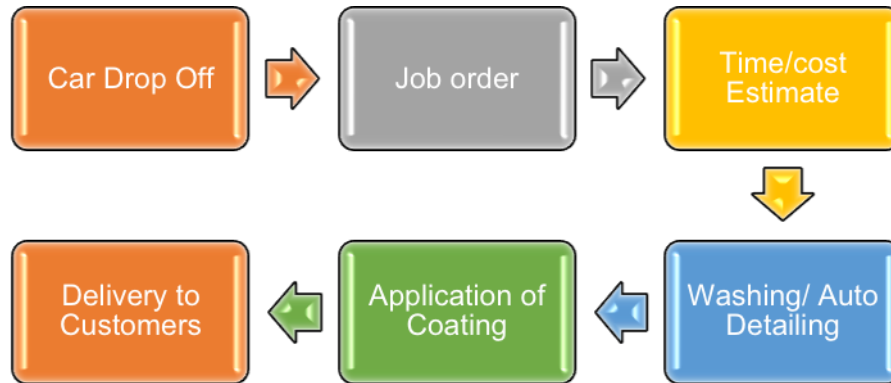
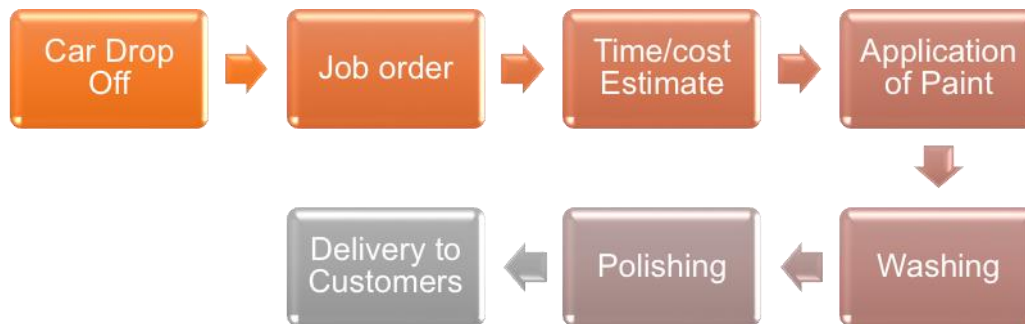


Figure 2: Coating Process**Figure 3: Painting Process**

5.2 Installed and Operational Capacities

The facility is proposed to operate for 10 hours per day and entails to carry out around 1,820 jobs per annum. However, initial operational capacity of the project will be 60% with an annual growth of 10%. Maximum capacity utilization of the project is assumed at 95% which will be achieved in 5th year of operations. The product mix wise installed and operational capacities are provide in the below table.

Table 1: Installed and Operational Capacity

Description	Total Capacity (No of Jobs)	Operational Capacity 60 % (Year 1)	Maximum Capacity 95% (Year 5)
Painting Cars			
Small Cars	88	53	84
Medium Cars	88	53	84
Large Cars	44	26	42
Auto Detailing			
Small Cars	336	202	319
Medium Cars	448	269	426

Large Cars	336	202	319
Glass Coat			
Small Cars	72	43	68
Medium Cars	96	58	91
Large Cars	72	43	68
Paint Coat			
Small Cars	48	29	46
Medium Cars	64	38	61
Large Cars	48	29	46
Leather Coat			
Small Cars	14	8	13
Medium Cars	19	11	18
Large Cars	14	8	13
Wrapping			
Small Cars	10	6	10
Medium Cars	13	8	12
Large Cars	10	6	10
Total	1,820	1,092	1,730

6 CRITICAL FACTORS

- ⇒ Background knowledge and related experience of the entrepreneur in auto service and car paint business.
- ⇒ Business location is the key to success, in order to target maximum walk-in customers as well as customers coming in from contacts, referrals and corporate sector.
- ⇒ Exceed customer expectations by offering high quality services at reasonable prices with quick turnaround times.
- ⇒ Hiring certified and trained technicians otherwise absence of technical skills will result in loss of time, energy, and customer satisfaction.
- ⇒ Having sufficient tools and modern equipment to serve efficiently.
- ⇒ Effective and timely marketing campaign for the business through different media like local newspapers, cable networks, billboards, transit posters and social media.

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

A good location proves to be the key for setting up auto detailing and paint service

facility. Therefore, it is recommended that proposed facility should be located on main roads or prime locations in high trafficking and commuting area of major cities. The cities like Karachi, Lahore, Rawalpindi, Hyderabad, Faisalabad, Multan, Gujranwala, Islamabad, Peshawar, Sialkot and Quetta etc. with large urbanized population are the ideal location.

8 POTENTIAL TARGET CUSTOMERS / MARKETS

Potential target customers for the Auto Detailing and Paint Shop would be in a medium to high-income vicinity, where more or less all of the nearby residents and working class are expected to have vehicles. To be precise, Motor vehicles for the transport of not more than 10 persons will be the core target market irrespective of the local or imported ones. Besides that corporate business clients will also be targeted, as they can ensure long-term and regular business prospects. Therefore, all the major metropolitan cities could be ideal potential market for such type of business.

9 PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of Auto Detailing and Paint Shop. Various cost and revenue related assumptions along with results of the analysis are outlined in this section.

The projected Income Statement, Cash Flow Statement and Balance Sheet are attached as annexures.

9.1 Project Economics

All the figures in this financial model have been calculated for estimated sales of Rs. 15.750 million in the year one. The capacity utilization during year one is worked out at 60%.

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

Table 2: Project Economics (100% Equity Financed)

Description	Details
Internal Rate of Return (IRR)	33%
Payback Period (Yrs.)	3.59
Net Present Value (Rs.)	4,135,516

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	15,033,776	15,496,732	16,652,627	18,851,448	21,148,356	24,165,404	28,691,729	33,030,379	38,134,270	45,329,819
Break-Even Units	1,074	1,007	983	1,012	1,032	1,072	1,157	1,211	1,271	1,374
Margin of Safety	5%	21%	30%	34%	35%	30%	23%	17%	11%	2%

However, for the purposes of further explanation the Project Economics based on Debt:Equity (i.e. 50:50) Model has also been computed. On the basis of Debt:Equity model the Internal Rate of Return, Payback Period and Net Present Value of the proposed project are provide in the table below:

Table 4: Project Economics Based on Debt (50%):Equity (50%)

Description	Details
Internal Rate of Return (IRR)	32%
Payback Period (yrs.)	3.70
Net Present Value (Rs.)	4,996,908

The financial assumptions for Debt:Equity are as follows.

Table 5: Financial Assumptions for Debt:Equity Model

Description	Details
Debt (50%)	2,446,136
Equity (50%)	2,446,136
Interest Rate on Debt	12%
Debt Tenure (Years)	5
Debt Payment / Year	2

The projected Income Statement, Cash Flow Statement and Balance Sheet attached as annexures are based on 100% Equity Based Business Model

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.
Capital Cost	
Machinery & Equipment	1,623,822
Furniture & Fixture	1,418,800
Building Security Deposit	360,000
Office Equipment	422,500
Pre-operating Costs	180,000
Total Capital Cost	4,005,122
Up-front Building Rent	360,000
Raw Material Inventory	261,958
Cash	250,000
Equipment Spare Parts	7,104
Total Working Capital	879,063
Total Project Cost	4,884,185

9.3 Space Requirement

An estimated area of 3,000 sq. ft. will be required for the proposed Auto Detailing and Paint Shop. The space requirement is estimated considering various operational services facilities, mainly Detailing Area, Paint Area, Waiting Room, Management Office, Open Space and Wash Rooms.

In order to reduce the initial capital investment, it is recommended to start the project in a rented place. Monthly rent assumed for the project is Rs. 120,000, besides that three (3) months' rent will be paid as security deposit.

9.4 Machinery & Equipment Requirement

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

Table 7: Machinery & Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Wet & Dry Vacuum	2	58,000	116,000
DA Polisher	1	52,885	52,885

Buffer	5	9,500	47,500
Paint Spray Gun	6	6,000	36,000
Jet washer	3	12,000	36,000
Security Equipment's	1	30,000	30,000
Rotary	5	5,990	29,950
Air compressor tank	1	27,487	27,487
Water Motor	1	18,000	18,000
Generator	1	980,000	980,000
Miscellaneous Tools	1	250,000	250,000
Total			1,623,822

9.5 Furniture & Fixtures Requirement

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

Table 8: Furniture & Fixture

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
LED TV	2	36,000	72,000
Visitor Chairs	6	8,000	48,000
Sofas	4	12,000	48,000
Table & Chairs (Owner)	1	35,000	35,000
Visitor Chairs (Paint area)	4	6,500	26,000
LED Bulbs (18 Watts)	19	1,000	19,000
Air Conditioner (1 Ton Split)	2	60,000	120,000
Bracket Fans	4	3,800	15,200
Exhaust Fans	2	2,800	5,600
Miscellaneous Furniture	1	30,000	30,000
Infrastructure / Renovation Cost	Lump sum	1,000,000	1,000,000
Total			1,418,800

9.6 Equipment Requirement

Following Computer and Office equipment will be required for Auto Detailing and Paint shop.

Table 9: Office Equipment Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Exhaust Fan	2	125,000	250,000
LED for Office	2	41,500	83,000
Computer	1	35,000	35,000
Computer Printer	1	23,000	23,000
Water Dispenser	1	19,000	19,000
Scanner	1	9,500	9,500
Telephones	2	1,500	3,000
Total			422,500

9.7 Raw Material Requirements

Raw material required for auto detailing and servicing mainly includes surf / shampoo, diesel, de-greasers, oil and microfiber cloth / towel which are easily available in the local markets anywhere in Pakistan.

Special coating chemicals including paint correctors, polishes and compound polishes etc. can be purchased from vendors as per the requirements from the auto spare parts markets in larger cities of Pakistan.

9.8 Human Resource Requirement

In order to run operations of Auto Detailing and Paint Shop smoothly, details of human resources required along with number of employees and monthly salaries are recommended as under.

Table 10: Human Resource Requirement

Description	No. of Employees	Monthly Salary per person (Rs.)	Total Salary for the Month
Owner / Manager	1	60,000	60,000
Detailing In-charge	1	45,000	45,000

Detailing workers	3	25,000	75,000
Paint Area In-charge	1	45,000	45,000
Paint Area Workers	3	25,000	75,000
Coating Staff	2	25,000	50,000
Security Guards	1	18,500	18,500
Total	12		368,500

9.9 Utilities and Other Costs

An essential cost to be borne by the project is the cost of electricity and water. The electricity and water expenses are estimated to be around Rs. 95,338 per month. Furthermore, promotional expense being essential for marketing of Auto Detailing and Paint Shop is estimated as 4% of revenue expenses.

9.10 Revenue Generation

Based on the capacity utilization of 60%, sales revenue during the first year of operations is estimated as under.

Table 11: Revenue Generation – Year 1

Description	Services During the Year (Jobs)	Unit price per Service (Rs.)	Sales Revenue (Rs.)
Painting Cars			
Small Cars	53	25,000	1,325,000
Medium Cars	53	33,000	1,915,969
Large Cars	26	45,000	1,170,000
Detailing:			
Small Cars	202	3,000	606,000
Medium Cars	269	5,000	1,345,000
Large Cars	202	7,000	1,414,000
Glass Coat			
Small Cars	43	18,000	774,000
Medium Cars	58	30,000	1,906,110
Large Cars	43	38,000	1,634,000
Paint Coat			
Small Cars	29	18,000	522,000

Medium Cars	38	30,000	1,254,000
Large Cars	29	38,000	1,102,000
Leather Coat			
Small Cars	8	7,000	56,000
Medium Cars	12	8,000	96,401
Large Cars	8	10,000	80,000
Wrapping			
Small Cars	6	20,000	120,000
Medium Cars	8	25,000	219,093
Large Cars	6	35,000	210,000
Total	1,092		15,749,572

10 CONTACT DETAILS

In order to facilitate potential investors, contact details of machinery suppliers are provided below.

Table 12: Machinery Suppliers

Name of Supplier	E-mail	Address
Mr. Bilal Detailing	quicklifts@yahoo.com	Pepsi Factory, Gulberg Lahore 0321-1942316
Sehgal Motors	www.sehgalmotors.pk	Flagship Store, 8-C Main Faisal Town Road, Near Faysal Bank, Lahore 0311-1222357
Nanolex Auto spa		Cantt, Lahore 0331-8811033

11 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
Punjab Vocational Training Council (PVTC)	www.pvtc.gop.pk
Technical Education and Vocational Training Authority (TEVTA)	www.tevta.org.pk
Pakistan Automotive Manufacturer Association	www.pama.org.pk
Detailing Crew	www.detailingcrew.com

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	15,749,572	19,573,987	23,740,306	28,592,461	32,314,653	34,611,512	37,130,469	39,893,070	42,922,955	46,246,069
<i>Cost of sales</i>										
Raw Material Cost	6,287,000	8,089,400	10,105,920	12,560,647	14,614,646	16,076,111	17,683,722	19,452,094	21,397,304	23,537,034
Direct labour	3,480,000	3,828,000	4,210,800	4,631,880	5,095,068	5,604,575	6,165,032	6,781,536	7,459,689	8,205,658
Machinery maintenance	170,501	179,026	187,978	197,377	207,245	217,608	228,488	239,912	251,908	264,503
Direct electricity	922,521	1,014,773	1,116,250	1,227,875	1,350,663	1,485,729	1,634,302	1,797,732	1,977,505	2,175,256
Direct water	92,820	113,794	136,258	161,176	178,740	187,677	197,061	206,914	217,260	228,123
Other consumable material	300,300	385,688	483,819	599,549	696,546	766,200	842,820	927,102	1,019,812	1,121,794
Total cost of sales	11,253,142	13,610,681	16,241,024	19,378,504	22,142,908	24,337,900	26,751,425	29,405,291	32,323,478	35,532,368
Gross Profit	4,496,430	5,963,306	7,499,282	9,213,957	10,171,744	10,273,612	10,379,043	10,487,779	10,599,477	10,713,701
<i>General administration & selling expenses</i>										
Administration expense	942,000	1,036,200	1,139,820	1,253,802	1,379,182	1,517,100	1,668,810	1,835,692	2,019,261	2,221,187
Building rental expense	1,440,000	1,584,000	1,742,400	1,916,640	2,108,304	2,319,134	2,551,048	2,806,153	3,086,768	3,395,445
Electricity expense	128,710	141,581	155,739	171,313	188,444	207,289	228,017	250,819	275,901	303,491
Water expense	52,200	57,420	63,162	69,478	76,426	84,069	92,475	101,723	111,895	123,085
Communications expense (phone, fax, mail, internet, etc.)	139,200	153,120	168,432	185,275	203,803	224,183	246,601	271,261	298,388	328,226
Office expenses (stationary, entertainment, janitorial services, etc)	174,000	191,400	210,540	231,594	254,753	280,229	308,252	339,077	372,984	410,283
Promotional expense	629,983	704,664	854,651	1,029,329	1,163,327	1,246,014	1,336,697	1,436,151	1,545,226	1,664,858
Professional fees (legal, audit, consultants, etc.)	236,244	293,610	356,105	428,887	484,720	519,173	556,957	598,396	643,844	693,691
Depreciation expense	419,537	419,537	419,537	627,205	624,030	624,030	864,432	860,756	860,756	1,139,051
Amortization of pre-operating costs	36,000	36,000	36,000	36,000	36,000	-	-	-	-	-
Miscellaneous expense 1	94,200	103,620	113,982	125,380	137,918	151,710	166,881	183,569	201,926	222,119
Subtotal	4,292,074	4,721,151	5,260,368	6,074,903	6,656,908	7,172,931	8,020,171	8,683,596	9,416,950	10,501,436
Operating Income	204,357	1,242,155	2,238,914	3,139,054	3,514,836	3,100,681	2,358,873	1,804,183	1,182,527	212,265
Other income (interest on cash)	18,655	40,401	57,200	84,284	134,772	183,442	211,060	244,312	282,409	306,826
Other income 2										
Gain / (loss) on sale of machinery & equipment	-	-	974,293	-	-	1,615,013	-	-	2,113,152	
Gain / (loss) on sale of computer equipment	-	-	79,375	-	-	171,261	-	-	277,632	221,646
Earnings Before Interest & Taxes	223,012	1,282,556	3,349,782	3,223,338	3,649,608	5,070,397	2,569,933	2,048,495	3,855,720	740,737
Earnings Before Tax	223,012	1,282,556	3,349,782	3,223,338	3,649,608	5,070,397	2,569,933	2,048,495	3,855,720	740,737
Tax	-	82,383	457,445	425,835	532,402	941,119	283,987	197,274	583,930	24,074
NET PROFIT/(LOSS)	223,012	1,200,172	2,892,336	2,797,504	3,117,206	4,129,278	2,285,946	1,851,220	3,271,790	716,663

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	490,000	1,002,413	2,229,660	2,346,342	4,396,409	6,385,346	8,290,041	8,594,747	10,950,214	11,642,483	12,903,586
Equipment spare part inventory	7,104	7,832	8,635	9,520	10,496	11,572	12,758	14,066	15,508	17,097	-
Raw material inventory	261,958	370,764	509,507	696,593	891,554	1,078,781	1,305,325	1,579,443	1,911,126	2,312,462	-
Pre-paid building rent	120,000	132,000	145,200	159,720	175,692	193,261	212,587	233,846	257,231	282,954	-
Total Current Assets	879,063	1,513,009	2,893,002	3,212,175	5,474,151	7,668,960	9,820,711	10,422,101	13,134,078	14,254,996	12,903,586
<i>Fixed assets</i>											
Building Security	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000
Machinery & equipment	1,623,822	1,461,440	1,299,058	3,016,452	2,666,092	2,315,733	4,141,449	3,573,482	3,005,514	4,956,628	4,136,752
Furniture & fixtures	1,418,800	1,276,920	1,135,040	993,160	851,280	709,400	567,520	425,640	283,760	141,880	-
Computer equipment	317,500	212,725	107,950	370,721	246,256	124,966	429,156	285,072	144,663	496,802	330,006
Office equipment	105,000	94,500	84,000	73,500	63,000	52,500	42,000	31,500	21,000	10,500	-
Total Fixed Assets	3,825,122	3,405,585	2,986,048	4,813,833	4,186,628	3,562,598	5,540,125	4,675,694	3,814,938	5,965,809	4,826,758
<i>Intangible assets</i>											
Pre-operation costs	180,000	144,000	108,000	72,000	36,000	-	-	-	-	-	-
Total Intangible Assets	180,000	144,000	108,000	72,000	36,000	-	-	-	-	-	-
TOTAL ASSETS	4,884,185	5,062,594	5,987,050	8,098,009	9,696,779	11,231,558	15,360,836	15,097,795	16,949,015	20,220,805	17,730,344
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
<i>Shareholders' equity</i>											
Paid-up capital	4,884,185	4,884,185	4,884,185	4,901,847	4,901,847	4,901,847	4,901,847	4,901,847	4,901,847	4,901,847	4,901,847
Retained earnings		178,409	1,102,865	3,196,162	4,794,932	6,329,711	10,458,989	10,195,948	12,047,168	15,318,958	12,828,497
Total Equity	4,884,185	5,062,594	5,987,050	8,098,009	9,696,779	11,231,558	15,360,836	15,097,795	16,949,015	20,220,805	17,730,344
TOTAL CAPITAL AND LIABILITIES	4,884,185	5,062,594	5,987,050	8,098,009	9,696,779	11,231,558	15,360,836	15,097,795	16,949,015	20,220,805	17,730,344

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		223,012	1,200,172	2,892,336	2,797,504	3,117,206	4,129,278	2,285,946	1,851,220	3,271,790	716,663
Add: depreciation expense		419,537	419,537	419,537	627,205	624,030	624,030	864,432	860,756	860,756	1,139,051
amortization of pre-operating costs		36,000	36,000	36,000	36,000	36,000	-	-	-	-	-
Equipment inventory	(7,104)	(728)	(803)	(885)	(976)	(1,076)	(1,186)	(1,308)	(1,442)	(1,590)	17,097
Raw material inventory	(261,958)	(108,806)	(138,743)	(187,086)	(194,962)	(187,226)	(226,544)	(274,118)	(331,683)	(401,336)	2,312,462
Pre-paid building rent	(120,000)	(12,000)	(13,200)	(14,520)	(15,972)	(17,569)	(19,326)	(21,259)	(23,385)	(25,723)	282,954
Cash provided by operations	(389,063)	557,015	1,502,964	3,145,383	3,248,799	3,571,365	4,506,252	2,853,693	2,355,467	3,703,897	4,468,227
<i>Financing activities</i>											
Issuance of shares	4,884,185	-	-	17,663	-	-	-	-	-	-	-
Cash provided by / (used for) financing activities	4,884,185	-	-	17,663	-	-	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(4,005,122)	-	-	(2,247,323)	-	-	(2,601,557)	-	-	(3,011,628)	-
Cash (used for) / provided by investing activities	(4,005,122)	-	-	(2,247,323)	-	-	(2,601,557)	-	-	(3,011,628)	-
NET CASH	490,000	557,015	1,502,964	915,722	3,248,799	3,571,365	1,904,695	2,853,693	2,355,467	692,269	4,468,227

13 KEY ASSUMPTIONS

13.1 Operating Cost Assumptions

Description	Details
Water Expense	1.5% of Direct Staff Salaries
Communication expense	4% of Direct Staff Salaries
Promotional Expenses	4% of Revenue
Depreciation Method	Straight Line
Depreciation Rate	10% on Machinery 33% on Office Equipment 10% on Furniture & Fixture
Inflation Growth Rate	10%
Electricity Price Growth Rate	10%
Salaries Growth Rate	10%
Water price growth rate	5%

13.2 Raw Material Cost Assumptions

Description	Detail
Painting Cars	Raw Material Cost (Rs. / Vehicle)
Small Cars	13,000
Medium Cars	18,000
Large Cars	30,000
Glass Coat	
Small Cars	11,000
Medium Cars	16,000
Large Cars	22,000
Paint Coat	
Small Cars	11,000
Medium Cars	16,000
Large Cars	22,000

Leather Coat	
Small Cars	3,000
Medium Cars	4,000
Large Cars	5,000
Wrapping	
Small Cars	14,000
Medium Cars	18,000
Large Cars	26,000
Raw Material Expense Growth Rate	10%

Description	Details
Maximum Operational Capacity (No. of Jobs)	1,820
Production Capacity Utilization Year 1	60%
Production Capacity Utilization Growth Rate	10%
Maximum Capacity Utilization	95%
Hours Operational / Day	10
No. Operation Days in Year	300

13.3 Revenue Assumptions

Description	Details
Sale Price Growth Rate	10%
Production Capacity Utilization Year 1	60%
Production Capacity Utilization Growth Rate	10%
Maximum Capacity Utilization	95%
Hours Operational / Day	10
No. Operation Days in Year	300

Small and Medium Enterprises Development Authority

HEAD OFFICE

4th Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road, Lahore
Tel: (92 42) 111 111 456, Fax: (92 42) 36304926-7

www.smeda.org.pk, helpdesk@smeda.org.pk

REGIONAL OFFICE PUNJAB	REGIONAL OFFICE SINDH	REGIONAL OFFICE KPK	REGIONAL OFFICE BALOCHISTAN
3 rd Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road Lahore, Tel: (042) 111-111-456 Fax: (042) 36304926-7 helpdesk.punjab@smeda.org.pk	5 TH Floor, Bahria Complex II, M.T. Khan Road, Karachi. Tel: (021) 111-111-456 Fax: (021) 5610572 helpdesk-khi@smeda.org.pk	Ground Floor State Life Building The Mall, Peshawar. Tel: (091) 9213046-47 Fax: (091) 286908 helpdesk-pew@smeda.org.pk	Bungalow No. 15-A Chaman Housing Scheme Airport Road, Quetta. Tel: (081) 831623, 831702 Fax: (081) 831922 helpdesk-qta@smeda.org.pk