



**Pre-feasibility Study**

# **PHYSIOTHERAPY CLINIC**

**March 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 to be obtained by the user. 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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For information	<a href="mailto:helpdesk.punjab@smeda.org.pk">helpdesk.punjab@smeda.org.pk</a>

## 2. EXECUTIVE SUMMARY

Physiotherapy is a medical treatment, provided to restore, maintain, and make the most of a patient's mobility, function, and well-being. The proposed investment project is establishing a Physiotherapy Clinic. The clinic provides services for physical rehabilitation, recovery from injuries, pain management and maintaining general health & fitness. These services are provided by qualified healthcare professionals known as physiotherapists.

This "Pre-feasibility Document" provides details for setting up Physiotherapy Clinic. Lack of physical activities due to busy modern-day life and substandard quality of food are causing heart diseases, diabetes and obesity etc. in humans, thus creating demand for physiotherapy exercises. The increasing needs for physiotherapy exercises make the proposed project profitable. A physiotherapy clinic may be established in areas of major cities such as Lahore, Karachi, Islamabad, Faisalabad, Multan, Bahawalpur, Sargodha, Gujranwala, Quetta, Peshawar, etc.

The proposed clinic is assumed to provide services for maximum of 7,840 hours in a year. Initially, the project is estimated to provide services at 60% of its total service capacity, which is equal to 4,704 service hours. The service capacity is assumed to increase at a rate of 5% per annum with a cap at 90% of total capacity. High return on investment and steady growth of business is expected with the entrepreneur having some prior experience or education in the related field of business.

The proposed project will be set up in a rented building having an area of 1,125 sq. ft. The project requires a total investment of Rs. 4.58 million. This includes capital investment of Rs. 4.28 million and working capital of Rs. 0.30 million. The project will be established using 100% equity financing. The Net Present Value (NPV) of project is PKR 14.45 million with an Internal Rate of Return (IRR) of 56% and a Payback period of 2.39 years. Further, the proposed clinic is expected to generate Gross Annual Revenues of PKR 9.40 million in 1<sup>st</sup> year after coming into operations, Gross Profit (GP) ratio ranging from 47% to 53% and Net Profit (NP) ratio ranging from 8% to 22% during the projection period of ten years. The proposed project will achieve its estimated breakeven point at capacity of 48.85% (3,830 service hours) with gross revenue of PKR 7.65 million in a year.

The proposed project may also be established using leveraged financing. At 50% financing from debt sources at a cost of KIBOR+3%, the proposed clinic provides Net Present Value (NPV) of PKR 16.42 million, Internal Rate of Return (IRR) of 56% and Payback period of 2.38 years after considering the impact of debt financing. Further, this project is expected to generate Net Profit (NP) ratio ranging from 5% to 26% during the projection period of ten years. The proposed project will achieve its estimated breakeven point at capacity of 52% with breakeven revenue of PKR 8.17 million.

The project will generate direct employment opportunity for 10 people. The legal business status of this project is proposed as "Sole Proprietorship".

### 3. INTRODUCTION TO SMEDA

The Small and Medium Enterprises Development Authority (SMEDA) was established in October 1998 with the 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 'sectorial 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.

National Business Development Program for SMEs (NBDP) is a project of SMEDA, funded through Public Sector Development Program of Government of Pakistan.

The NBDP envisages provision of handholding support / business development services to SMEs to promote business startup, improvement of efficiencies in existing SME value chains to make them globally competitive and provide conducive business environment through evidence-based policy-assistance to the Government of Pakistan. The Project is objectively designed to support SMEDA's capacity of providing an effective handholding to SMEs. The proposed program aimed at facilitating around 314,000 SME beneficiaries over a period of five years.

### 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 Physiotherapy Clinic by providing a general understanding of the business with the intention of supporting them in 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 setup and its successful management.

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

## 5. BRIEF DESCRIPTION OF PROJECT & SERVICES

This document provides details for setting up a physiotherapy clinic. Physiotherapy helps for physical rehabilitation, recovery from injuries, pain management and maintaining general health and fitness. It aims to maximize quality of life and movement potential by using different kinds of physical therapies to maintain and restore physical well-being of clients from all age groups. Physiotherapy also helps to gain psychological benefits e.g., improved mood and reduced stress.

The healthcare professionals, working at physiotherapy clinics, are called physiotherapists. They assess, plan and implement rehabilitation programs that improve or restore human motor functions, restore / maximize muscular movements, relieve pain, and treat physical challenges associated with injuries, diseases and other impairments. They apply a broad range of physical therapies and techniques such as movement, ultrasound, heating, laser and other techniques.

The proposed project includes electrotherapy equipment, heat and cold therapy equipment, suspension aids, treatment equipment, exercise equipment, hydrotherapy equipment and traction aids. The proposed clinic is assumed to operate for 12 hours a day round the year. The physiotherapy services may also be provided at home.

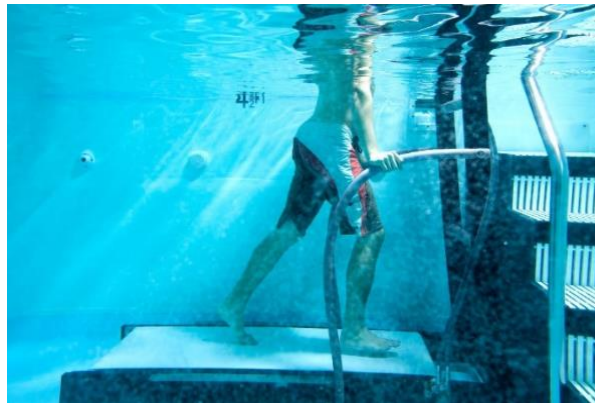
### 5.1. Physio-care Services

The physio-care services offered by the proposed project are briefly discussed below:

**Figure 1: Functional Rehabilitation**



**Functional Rehabilitation:** Functional rehabilitation is a restoration program that is designed to provide comprehensive treatment of an injury in an athlete. In contrast to traditional physical therapy, functional rehabilitation treats with the goal of returning the individual to full participation of the sport, at the prior level of activity.

**Figure 2: Hydrotherapy**

**Hydrotherapy:** Hydrotherapy is the use of water, both internally and externally and at varying temperatures, for health purposes. Also known as water therapy or "water cures," hydrotherapy includes such therapeutic treatments as mentioned below:

**Saunas:** Saunas are small rooms that are heated to temperatures between 150°F and 195°F (65°C to 90°C). It's aimed for relaxing the body and muscles in dry heat.

**Steam Baths:** A steam bath is a steam-filled room for the purpose of relaxation and cleansing the body.

**Foot Bath:** A bath for cleansing, warming, soothing, or disinfecting the feet.

**Contrast Therapy:** Contrast therapy is also known as immersion therapy or hot/cold immersion. The treatment involves exposing the body to a contrast of temperatures, i.e., hot then cold and is typically seen with ice baths and spas or hot and cold showers.

**Sitz Baths:** A bath in which only the buttocks and hips are immersed in water.

**Figure 3: Stretching**

**Stretching:** Stretching is a form of physical exercise in which a specific muscle or tendon (muscle group) is deliberately flexed or stretched in order to improve the muscle's elasticity and achieve comfortable muscle tone. This results in a feeling of increased muscle control, flexibility, and range of motion.

**Figure 4: Electrotherapy**

**Electrotherapy:** Electrotherapy is the use of electrical energy as a medical treatment. The term has also been applied specifically to the use of electric current to speed up wound healing. Electrotherapy is performed using electrical devices such as Deep Brain Stimulators for neurological disease.

**Figure 5: Range of Motion Exercises**

**Range of Motion Exercises:** Range of motion exercise refers to activity aimed at improving movement of a specific joint. This motion is influenced by several structures: configuration of bone surfaces within the joint, joint capsule, ligaments, tendons, and muscles acting on the joint.

**Figure 6: Coordination Exercises**

**Coordination Exercises:** Coordination is the ability to execute smooth, accurate, controlled motor responses (optimal interaction of muscle function). Coordination is the ability to select the right muscle at the right time with proper intensity to achieve proper action. Different sets of exercises are carried out to improve coordination.

**Figure 7: Gait and Motion Analysis**



**Gait and Motion Analysis:** Gait and motion analysis is the systematic study of locomotion, more specifically the study of human motion, using the eye and the brain of observers, augmented by instrumentation for measuring body movements, body mechanics, and the activity of the muscles.

## 5.2. Installed and Operational Capacities

The proposed clinic will have maximum operational capacity of 7,840 service hours in a year. It is assumed to operate 4,704 service hours in first year of operations. The operational capacity will increase at the rate of 5% per annum. Maximum operational capacity is estimated at 90%. Maximum operational capacity is expected to be achieved during 7<sup>th</sup> year after commencement of operations. Table 1 shows details of maximum annual capacity and operational capacity utilized during first year of operations.

**Table 1: Installed and Operational Capacity**

Personnel	Maximum Available Hours per day	Maximum Operational Hour per year <sup>1</sup>	Estimated Operational Hours per Year @ 60%
Consultant- Full time	12	3,360	2,016
Consultant- Visiting	6	1,680	1,008
Consultant- Visiting	6	1,680	1,008
Consultant- Visiting	4	1,120	672
<b>Total</b>	<b>28</b>	<b>7,840</b>	<b>4,704</b>

<sup>1</sup> Operational year is assumed to have 280 days.

## 6. CRITICAL FACTORS

Before making the decision to invest in Physiotherapy Clinic business, one should carefully analyze the associated risk factors. The important considerations in this regard may include:

- Appointment of well reputed and experienced physiotherapists
- Employment of trained and professional paramedical staff
- Modern and reliable medical equipment and machines
- Strict compliance with standards of hygiene
- Maintenance of high standards of patients' care and comfortability
- Arrangement of courteous admin staff for customer satisfaction
- Regular feedback and follow up of the patients
- Provision of quality services

### 6.1. The Concept of Quality

Provision of Quality services at physiotherapy clinic is one of the key success factors of this business. Concept of quality for physiotherapy services is based on three aspects i.e., technical aspect, service aspect and customers aspect.

**Technical quality aspect** refers to clinical aspects such as qualification, skills and experience of the physiotherapists as well as processes used to provide services. It further relates to usage of modern machinery and latest equipment to provide quality physiotherapy services to clients.

**Service quality aspect** refers to non-health aspects of care and reflects the relationship between the patients and the physiotherapists providing services. This aspect requires the provision of hygienic services and regular feedback from clients to improve quality of services.

**Customer quality aspect** it refers to client's abilities and commitments to obtain physio therapy services on timely basis. It may also refer to client's approach to get appropriate treatment without showing negligence.

## 7. GEOGRAPHICAL POTENTIAL FOR INVESTMENT

For a physiotherapy clinic to succeed, it is necessary to determine the target market. The proposed physiotherapy clinic has potential to provide good entrepreneurship opportunity if the business is established in metropolitan cities of Pakistan. Main reason of proposing metropolitan cities for setting up of this business is the large population in these cities. Big cities like Lahore, Karachi, Islamabad, Faisalabad,

Quetta, Gujranwala, Peshawar, etc. are suitable locations to establish the proposed clinic.

## 8. POTENTIAL TARGET MARKETS

A research of World Health Organization (WHO) states that:

- More than 80% of the world's adolescent population is insufficiently physically active; and
- Globally, 1 in 4 adults do not meet the global recommended levels of physical activity”.

The prevailing situation in Pakistan does not create any exception to WHO's stats. Not getting enough physical activity comes with high health costs. It then leads to heart diseases, type 2 diabetes, obesity, etc. and thus creates demand for physiotherapy exercises.

Physiotherapists can have clients from all spheres of life. They can see anyone from athletes, to infants, to the elderly with mobility issues. Most often, physical therapists treat patients such as vehicle accident victims. They are also involved in treatment of individuals with disabling conditions such as low back pain, arthritis, heart disease, fractures, head injuries, and cerebral palsy.

## 9. PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of Physiotherapy Clinic. Various assumptions relevant to revenue and costs along with the results of the analysis are outlined in this section.

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

All the figures in this financial model have been calculated after carefully considering the relevant assumptions and target market.

### 9.1. Project Economics

All the figures in this financial model have been calculated after carefully considering the relevant assumptions and the target market.

### 9.2. Financial Feasibility Analysis

The financial feasibility analysis provides the information regarding projected Internal Rate of Return (IRR), Net Present Value (NPV) and Payback period of the study, which is shown in Table 2.

**Table 2: Financial Feasibility Analysis**

Description	Project
IRR	56%
NPV (PKR)	14,452,547
Payback Period (years)	2.39
Projection Years	10
Discount rate used for NPV	15%

### 9.3. Financial Feasibility Analysis with 50% Debt

The financial feasibility analysis provides the information regarding projected IRR, NPV and payback period of the study on the basis of Debt: Equity Model (50:50), which is shown in Table 3.

**Table 3: Financial Feasibility Analysis with 50% Debt**

Description	Equity
IRR	56%
NPV (PKR)	16,417,835
Payback Period (years)	2.38
Discount rate used for NPV	13%

### 9.4. Initial Project Cost

Table 4 provides fixed and working capital requirements for establishment and operations of the Physiotherapy Clinic business.

**Table 4: Initial Project Cost estimates**

Particulars	Cost (PKR)
Land	-
Building Renovation Cost	184,210
Machinery & Equipment	1,468,500
Equipment	1,104,500
Furniture & Fixtures	580,000
Office Vehicles	80,800
Medical Books, Manuals and Study Material	300,000
Pre-operating costs	252,987
Security against Building	300,000
Licenses, Permits, etc.	7,000

<b>Total Capital Cost – (A)</b>	<b>4,277,997</b>
<b>Working Capital</b>	
Equipment spare part inventory	8,566
Consumables Material Inventory	8,083
Upfront insurance payment	36,713
Cash	250,000
<b>Working Capital Requirement - (B)</b>	<b>303,362</b>
<b>Total Project Cost - (A+B)</b>	<b>4,581,359</b>

#### 9.4.1. Land

The physiotherapy clinic will be established in a rented building to avoid the high cost of land. Suitable location for setting up of clinic like this can be easily available on rent. Therefore, no land cost has been added to the project cost. Total space requirement for the proposed clinic has been estimated as 1,125 sq. feet (5 Marla). The breakup of the space requirement is provided in Table 5

**Table 5: Breakup of Space Requirement**

<b>Break-up of Area</b>	<b>% Break-up</b>	<b>Area (Sq. ft.)</b>
Consultation Rooms	32%	360
Electrotherapy Room	13%	145
Training Room	16%	180
Reception and Waiting Area	13%	150
Admin and finance	9%	100
Kitchen	8%	90
Washrooms	9%	100
<b>Total Area</b>	<b>100%</b>	<b>1,125</b>

#### 9.4.2. Building and Renovation Cost

There will be no cost of building since the clinic will be started in the rented premises. However, there will be a renovation cost required to make the building ready to use for the business. The proposed clinic requires estimated electricity load of 2.23 KW for which an electricity connection under the General Supply Tariff-Commercial single phase will be required. Cost of such electricity connection has not been considered in this document since electricity connection is generally available in such buildings, which are offered for rent. Building rent of PKR 100,000 per month has been included in the operating cost. Table 6 provides details of building renovation cost.

**Table 6: Renovation Cost Details**

Cost Item	Unit of Measurement	Total Liter / Area / Number	Cost / Unit / sq. ft. (PKR)	Total Cost (PKR)
Paint Cost	Litre	82	500	40,850
Labor Cost	Feet	8,170	8	65,360
Wall Racks	Units	2	15,000	30,000
Curtains	Units	6	3,000	18,000
Blinds	Units	6	5,000	30,000
<b>Total (PKR)</b>				<b>184,210</b>

#### 9.4.3. Machinery and Equipment Requirement

Table 7 provides details of machinery and equipment for the proposed project.

**Table 7: Machinery Cost Details**

Cost Item	No.	Unit Cost (PKR)	Total Cost (PKR)
Therapeutic Ultrasonic	1	500,000	500,000
Electrotherapy TENS <sup>2</sup> Machine	5	10,000	50,000
Physiotherapy Massagers (Table 8)*	27	2,074	56,000
Foot massager and pain reliever	3	15,000	45,000
Interferential Electric Muscle Stimulator	1	25,000	25,000
Diathermic	1	150,000	150,000
Diathermic	1	150,000	150,000
Pulleys	5	1,500	7,500
Static Cycle	1	50,000	50,000
Magnetic Exercise Cycle	1	60,000	60,000
Gym Ball	5	5,000	25,000
Quadriceps strengthening Machine	2	50,000	100,000
Automated / Digital Traction	1	150,000	150,000
Automated Tread mill	1	100,000	100,000
<b>Total (PKR)</b>			<b>1,468,500</b>

<sup>2</sup> Transcutaneous Electrical Nerve Stimulation (TENS)

**Table 8: Physiotherapy Massager Cost Details**

Cost Item	No.	Unit Cost (PKR)	Total Cost (PKR)
Thrive 717 - Vibrating Massager	6	3,000	18,000
Electric Pulse Neck Massager	4	2,000	8,000
Body Slimmer Massager	6	1,500	9,000
Electric Handled Wave Vibrating Massager	6	1,000	6,000
Power Drum Massager for Shoulder and Neck	5	3,000	15,000
<b>Total (PKR)</b>			<b>56,000</b>

#### 9.4.4. Equipment Requirement

Table 9 shows details of equipment cost required for the clinic.

**Table 9: Equipment Cost Details**

Cost Item	Cost (PKR)	Reference
Office Equipment	956,500	Table 10
Physiotherapy Equipment	148,000	Table 11
<b>Total (PKR)</b>	<b>1,104,500</b>	

##### 9.4.4.1. Office equipment cost details

Table 10 provides details of office equipment required for the proposed project.

**Table 10: Office Equipment Cost Details**

Cost Item	No.	Unit Cost (PKR)	Total Cost (PKR)
Air Conditioner	5	90,000	450,000
Laptop Computer	3	80,000	240,000
Printer	3	40,000	120,000
LED 32"	1	40,000	40,000
Water Dispenser	2	20,000	40,000
Ceiling Fan	7	4,500	31,500
WiFi Router and connection	3	5,000	15,000

Security Camera (2 MP)	4	2,000	8,000
Digital Video Recorder	1	12,000	12,000
<b>Total (PKR)</b>			<b>956,500</b>

#### 9.4.4.2. Physiotherapy Equipment Cost Details

Table 11 provides details of office equipment required for the proposed project.

**Table 11: Physiotherapy Equipment Cost Details**

Cost Item	No.	Unit Cost (PKR)	Total Cost (PKR)
Wheelchair	5	11,000	55,000
Walker	5	5,000	25,000
Foot step	4	2,000	8,000
Specific Physiotherapy Couches	4	15,000	60,000
<b>Total (PKR)</b>			<b>148,000</b>

#### 9.4.5. Furniture and Fixture Requirements

Table 12 provides details of furniture and fixtures.

**Table 12: Furniture & Fixtures Cost Details**

Cost Item	No.	Unit Cost (PKR)	Total Cost (PKR)
Office Tables	4	25,000	100,000
Reception Counter	1	40,000	40,000
Executive Chairs	4	20,000	80,000
Office Chairs	8	10,000	80,000
Sofa Sets	4	35,000	140,000
Locker	10	5,000	50,000
Wall racks for Books	6	15,000	90,000
<b>Total (PKR)</b>			<b>580,000</b>

#### 9.4.6. Vehicle Requirement

Table 13 provides details of the vehicles required along with their cost for the proposed project.

**Table 13: Office Vehicle Cost Details**

Cost Item	No.	Unit Cost (PKR)	Total Cost (PKR)
Motorcycle	1	80,000	80,000
Registration Fee @ 1%			800
<b>Total (PKR)</b>			<b>80,800</b>

**9.4.7. Medical Books, Manuals and Study Material**

Table 14 provides details of the books, Journals, Manuals, Guides and other reference material costs.

**Table 14: Books & Study Material Cost Details**

Cost Item	No.	Unit Cost (PKR)	Total Cost (PKR)
Medical Books and Study material	60	5,000	300,000
<b>Total (PKR)</b>			<b>300,000</b>

**9.4.8. Pre-Operating Costs**

Table 15 provides details of estimated pre-operating costs.

**Table 15: Pre-Operating Cost Details**

Costs Item	Cost (PKR)
Administrative expense	238,000
Electricity Expense	14,987
<b>Total (PKR)</b>	<b>252,987</b>

**9.4.9. Security against Building**

Table 16 provides details of security against rented building.

**Table 16: Security against Building Details**

Cost item	Unit	No.	Unit Cost (PKR)	Cost (PKR)
Security against Building	Months	3	100,000	300,000
<b>Total (PKR)</b>				<b>300,000</b>

**9.4.10. Licenses and Permits**

Pakistan Physical Therapy Association (PPTA) is a national association which represents maximum number of physical therapists of the country. PPTA requires its members to pay a membership fee of PKR 2,000 every year or PKR 5,000 after every three years or PKR 7,000 after every five years.

PPTA charges considered for proposed physiotherapy clinic are provided in Table 17.

**Table 17: Licenses, Permits Cost Details**

License / Permit	Frequency	No.	Unit Cost (PKR)	Cost (PKR)
Pakistan Physical Therapy Association (PPTA)	5 years	1	7,000	7,000
<b>Total (PKR)</b>				<b>7,000</b>

### 9.5. Breakeven Analysis

Table 18 shows calculation of break-even analysis.

**Table 18: Breakeven Analysis**

Description	First Year Values (PKR)	Ratios
Sales (PKR) – A	9,408,000	100%
Variable Cost (PKR) – B	4,607,477	49%
Contribution (PKR) (A-B) = C	4,800,523	51%
Fixed Cost (PKR) – D	3,908,281	42%
Contribution Margin	51%	
Services Provided (Hours) – E	4,704	
Contribution Margin Per Hour (C/E)=F	1,021	
<b>Breakeven</b>		
Breakeven Revenue (PKR)	7,659,395	
Breakeven Hours (No.)	3,830	
Breakeven Capacity	48.85%	

### 9.6. Revenue Generation

Table 19 provides details for revenue generation of the Physiotherapy Clinic during the first year of operations. As per market norm, the physiotherapists and the physiotherapy clinic share the revenues with ratio of 40% and 60% respectively.

**Table 19: Revenue Details**

<b>Personnel</b>	<b>Current Operational Capacity @ 60% per Year (A)</b>	<b>Charges Per Hour (PKR) (B)</b>	<b>Total Revenue Annual (PKR) (A*B) = C</b>
Consultant - Full time	2,016	2,000	4,032,000
Consultant – Visiting - 1	1,008	2,000	2,016,000
Consultant – Visiting - 2	1,008	2,000	2,016,000
Consultant – Visiting – 3	672	2,000	1,344,000
<b>Total</b>	<b>4,704</b>		<b>9,408,000</b>
Clinic's Share (60%)			5,644,800
Physiotherapist Share (40%)			3,763,200

### 9.7. Cost of Services

Based on 60% capacity utilization, the calculation of cost of services during the first year of operations is shown in Table 20.

**Table 20: Cost of Services Provided Estimate**

<b>Cost Category</b>	<b>Total Cost of Services (PKR)</b>
Physiotherapist Charges	3,763,200
Medical Consumables Cost	97,000
Utilities Cost	179,842
Direct Labor	840,000
Machinery Maintenance - Cost	102,795
<b>Total (PKR)</b>	<b>4,982,837</b>

### 9.8. Variable Cost Estimate

Variable costs of the project have been provided in Table 21.

**Table 21: Variable Cost Estimate**

Description of Costs	Amount (PKR)	Basis of Calculation
Physiotherapist Charges	3,763,200	40% of Revenue
Medical Consumables Cost	97,000	2.5% of physiotherapist charges
Utilities Cost	179,842	Consumption of electricity
Machinery Maintenance – Cost	102,795	7% of cost of machinery
Travelling expense	52,800	5% of administrative cost
Communications expense (phone, fax, mail, internet, etc.)	105,600	10% of administrative cost
Office vehicles running expense	42,240	4% of management staff expense
Office expenses (stationery, entertainment, janitorial services, etc.)	264,000	25% of administrative cost
<b>Total (PKR)</b>	<b>4,607,477</b>	

### List of Medical Consumables

- Dry Heating Pad
- Batteries – TENS
- Electrodes Pads – TENS
- Wet Heating Pad
- Ultrasonic Gel

### 9.9. Fixed Cost Estimate

Table 22 shows the estimated fixed cost of the project.

**Table 22: Fixed Cost Estimate**

Description of Costs	Amount (PKR)
Salaries	1,896,000
Administration benefits expense	18,960

Building rental expense	1,200,000
Promotional expense	141,120
Insurance expense	36,713
Professional fees (legal, audit, consultants, etc.)	1,400
Depreciation expense	563,491
Amortization of pre-operating costs	50,597
<b>Total (PKR)</b>	<b>3,908,281</b>

### 9.10. Human Resource Requirement

The proposed clinic shall require the workforce as provided in Table 23.

**Table 23: Human Resource**

Personnel	Number of Personnel	Salary Per Month Per-Resource (PKR)	Annual Salaries (PKR)
Physiotherapist Full time	1	40,000	480,000
Consultant- Visiting	3	-	Revenue sharing basis
Trainees	2	15,000	360,000
Receptionist and cashier	1	30,000	360,000
Security guards	2	20,000	480,000
Office Boy	1	18,000	216,000
<b>Total</b>	<b>10</b>	<b>-</b>	<b>1,416,000</b>

## 10. CONTACT DETAILS

The contact details of all the major suppliers of machinery and equipment used in physiotherapy clinics is given in Table 24.

**Table 24: Contact Details**

Name of Supplier	Address	Contact
Sultan Physiotherapy Equipment	Bank Stop, 93-B Ferozepur Road, Lahore.	0331-4906679
Megmedius - Medical Products & Equipment	Khayaban-e-Iqbal Flyover, Block 8 Frere Town, Karachi.	0332-3516401
Hafeez Surgical	Chinab Center, Jinnah Ave, Block I G 7/2 Blue Area, Islamabad, Islamabad Capital Territory.	(051)-8357208
Pak Surgical	2 - Robert Road - Bank Square - Nila Gumbad, Nila Gumbad Rd, Lahore.	(042)-37356400
ZASK Medical & Surgical Supplies	LG-04, Deans Medicine Center, opp. Hayatabad Medical Complex (HMC), Phase 4 Hayatabad, Peshawar.	0345-9208142
City Physio Shop Quetta	Model high school, A 1 city Shahwani plaza shop # 05 near A 1 city, Brewery Rd, Quetta.	0342-8072636
BIOMAX International	Green View Rd, adjacent Hotel Prime view, Akbarabad, Faisalabad.	0321-7576600

## 11. USEFUL LINKS

**Table 25: Useful Links**

Name of Organization	E-mail Address
Small and Medium Enterprises Development Authority (SMEDA)	<a href="http://www.smeda.org.pk">www.smeda.org.pk</a>
National Business Development Program (NBDP)	<a href="http://www.nbdp.org.pk">www.nbdp.org.pk</a>
Government of Pakistan	<a href="http://www.pakistan.gov.pk">www.pakistan.gov.pk</a>
Ministry of National Health Services Regulations and Coordination	<a href="http://www.nhsrhc.gov.pk">www.nhsrhc.gov.pk</a>
Government of Punjab	<a href="http://www.punjab.gov.pk">www.punjab.gov.pk</a>
Trade Development Authority of Pakistan	<a href="http://www.tdap.gov.pk">www.tdap.gov.pk</a>
Security and Exchange Commission of Pakistan	<a href="http://www.secp.gov.pk">www.secp.gov.pk</a>
State Bank of Pakistan	<a href="http://www.sbp.gov.pk">www.sbp.gov.pk</a>
Federal Board of Revenue	<a href="http://www.fbr.gov.pk">www.fbr.gov.pk</a>
King Edward Medical University, Lahore	<a href="http://www.kemu.edu.pk">www.kemu.edu.pk</a>
DOW University of Health Sciences, Karachi.	<a href="http://www.duhs.edu.pkhttps">www.duhs.edu.pkhttps</a>
Faisalabad Medical University, Faisalabad	<a href="http://www.pmc.edu.pk/">http://www.pmc.edu.pk/</a>
Khyber Medical University, Peshawar.	<a href="http://www.kmu.edu.pk">www.kmu.edu.pk</a>
The Agha Khan University Hospital, Karachi	<a href="http://hospitals.aku.edu">hospitals.aku.edu</a>
Pakistan Physical Therapy Association	<a href="http://www.ppta.org.pk">www.ppta.org.pk</a>
Pakistan Medical Commission	<a href="http://www.pmc.gov.pk">www.pmc.gov.pk</a>
Punjab Health Care Commission	<a href="http://www.phc.org.pk">www.phc.org.pk</a>
Sindh Health Care Commission	<a href="http://www.shcc.org.pk">www.shcc.org.pk</a>
Health department- Government of Balochistan	<a href="http://www.balochistan.gov.pk/departments/health">www.balochistan.gov.pk/departments/health</a>
Khyber Pakhtunkhwa Health Care Commission	<a href="http://www.hcc.kp.gov.pk/">www.hcc.kp.gov.pk/</a>

## 12. ANNEXURES

### 12.1. Income Statement

Income Statement										SMEDA
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	9,408,000	11,333,504	13,572,307	16,170,434	19,180,291	22,661,514	26,681,933	29,670,310	32,993,384	36,688,643
<i>Cost of sales</i>										
Physiotherapist Charges	3,763,200	4,533,402	5,428,923	6,468,174	7,672,116	9,064,606	10,672,773	11,868,124	13,197,354	14,675,457
Medical Consumables Cost	97,000	116,853	139,936	166,723	197,756	233,649	275,101	305,912	340,174	378,274
Utilities Cost	179,842	195,668	212,886	231,620	252,003	274,179	298,307	324,558	353,119	384,194
Direct Labor	840,000	901,320	967,116	1,037,716	1,113,469	1,194,752	1,281,969	1,375,553	1,475,968	1,583,714
Machinery Maintenance - Cost	102,795	111,327	120,567	130,574	141,412	153,149	165,860	179,627	194,536	210,682
Total cost of sales	4,982,837	5,858,569	6,869,428	8,034,807	9,376,756	10,920,335	12,694,011	14,053,774	15,561,151	17,232,321
Gross Profit	4,425,163	5,474,935	6,702,879	8,135,627	9,803,535	11,741,179	13,987,922	15,616,536	17,432,233	19,456,322
<i>General administration &amp; selling expenses</i>										
Management Staff	1,056,000	1,133,088	1,215,803	1,304,557	1,399,790	1,501,974	1,611,619	1,729,267	1,855,503	1,990,955
Administration benefits expense	18,960	20,344	21,829	23,423	25,133	26,967	28,936	31,048	33,315	35,747
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
Travelling expense	52,800	56,654	60,790	65,228	69,989	75,099	80,581	86,463	92,775	99,548
Communications expense (phone, fax, mail, internet, etc.)	105,600	113,309	121,580	130,456	139,979	150,197	161,162	172,927	185,550	199,095
Office vehicles running expense	42,240	45,746	49,543	53,655	58,108	62,931	68,155	1,186,812	1,285,318	1,391,999
Office expenses (stationary, entertainment, janitorial services, etc.)	264,000	283,272	303,951	326,139	349,947	375,494	402,905	432,317	463,876	497,739
Promotional expense	141,120	170,003	203,585	242,557	287,704	339,923	400,229	445,055	494,901	550,330
Insurance expense	36,713	31,206	25,699	20,192	14,685	9,178	3,671	62,919	53,481	44,043
Amortization of Membership Fee	1,400	1,400	1,400	1,400	1,400	2,057	2,057	2,057	2,057	2,057
Depreciation expense	563,491	563,491	563,491	563,491	563,491	591,651	429,961	941,825	941,825	941,825
Amortization of pre-operating costs	50,597	50,597	50,597	50,597	50,597	-	-	-	-	-
Subtotal	3,532,921	3,789,110	4,070,269	4,378,894	4,717,744	5,068,083	5,315,148	7,429,150	7,980,907	8,582,874
Operating Income	892,243	1,685,825	2,632,610	3,756,733	5,085,791	6,673,096	8,672,775	8,187,386	9,451,326	10,873,448
Gain / (loss) on sale of office equipment	-	-	-	-	-	-	276,125	-	-	-
Gain / (loss) on sale of office vehicles	-	-	-	-	-	-	20,200	-	-	-
Earnings Before Interest & Taxes	892,243	1,685,825	2,632,610	3,756,733	5,085,791	6,673,096	9,336,225	8,187,386	9,451,326	10,873,448
Subtotal	-	-	-	-	-	-	-	-	-	-
Earnings Before Tax	892,243	1,685,825	2,632,610	3,756,733	5,085,791	6,673,096	9,336,225	8,187,386	9,451,326	10,873,448
Tax	117,600	142,874	296,522	559,183	945,737	1,455,583	2,387,678	1,985,584	2,427,963	2,925,706
NET PROFIT/(LOSS) AFTER TAX	774,643	1,542,952	2,336,088	3,197,550	4,140,054	5,217,513	6,948,547	6,201,802	7,023,363	7,947,742

## 12.2. 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
<b>Assets</b>											
<i>Current assets</i>											
Cash & Bank	250,000	1,158,694	2,343,424	3,633,819	5,009,871	6,016,617	7,559,178	9,286,408	16,411,599	24,354,145	33,609,683
Equipment spare part inventory	8,566	10,019	11,719	13,707	16,032	18,752	21,933	25,654	30,006	35,096	-
Consumables material inventory	8,083	10,546	13,677	17,648	22,671	29,008	36,990	44,547	53,647	64,607	-
Pre-paid building rent	-	110,000	121,000	133,100	146,410	161,051	177,156	194,872	214,359	235,795	-
Pre-paid insurance	36,713	31,206	25,699	20,192	14,685	9,178	3,671	62,919	53,481	44,043	-
<b>Total Current Assets</b>	<b>303,362</b>	<b>1,320,465</b>	<b>2,515,220</b>	<b>3,818,466</b>	<b>5,209,669</b>	<b>6,234,606</b>	<b>7,798,929</b>	<b>9,614,399</b>	<b>16,763,092</b>	<b>24,733,686</b>	<b>33,609,683</b>
<i>Fixed assets</i>											
Land	-	-	-	-	-	-	-	-	-	-	-
Building/Infrastructure	184,210	165,789	147,368	128,947	110,526	92,105	73,684	55,263	36,842	18,421	-
Machinery & equipment	1,468,500	1,248,225	1,027,950	807,675	587,400	367,125	146,850	2,516,751	2,139,238	1,761,726	1,384,213
Furniture & fixtures	580,000	493,000	406,000	319,000	232,000	145,000	58,000	994,018	844,915	695,813	546,710
Office vehicles	80,800	68,680	56,560	44,440	32,320	20,200	8,080	164,606	139,915	115,224	90,533
Office equipment	1,104,500	938,825	773,150	607,475	441,800	276,125	110,450	1,892,919	1,608,981	1,325,043	1,041,105
Medical books & study material	300,000	240,000	180,000	120,000	60,000	440,798	352,639	264,479	176,319	88,160	-
Security against building	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
<b>Total Fixed Assets</b>	<b>4,018,010</b>	<b>3,454,519</b>	<b>2,891,028</b>	<b>2,327,537</b>	<b>1,764,046</b>	<b>1,641,353</b>	<b>1,049,703</b>	<b>6,188,036</b>	<b>5,246,211</b>	<b>4,304,386</b>	<b>3,362,561</b>
<i>Intangible assets</i>											
Pre-operation costs	252,987	202,389	151,792	101,195	50,597	-	-	-	-	-	-
Legal, licensing, & training costs	7,000	5,600	4,200	2,800	1,400	10,285	8,228	6,171	4,114	2,057	15,112
<b>Total Intangible Assets</b>	<b>259,987</b>	<b>207,989</b>	<b>155,992</b>	<b>103,995</b>	<b>51,997</b>	<b>10,285</b>	<b>8,228</b>	<b>6,171</b>	<b>4,114</b>	<b>2,057</b>	<b>15,112</b>
<b>TOTAL ASSETS</b>	<b>4,581,359</b>	<b>4,982,973</b>	<b>5,562,540</b>	<b>6,249,998</b>	<b>7,025,712</b>	<b>7,886,245</b>	<b>8,856,860</b>	<b>15,808,606</b>	<b>22,013,417</b>	<b>29,040,129</b>	<b>36,987,357</b>
<b>Liabilities &amp; Shareholders' Equity</b>											
<i>Current liabilities</i>											
Accounts payable	-	14,293	16,044	18,027	20,272	22,819	25,711	28,910	31,920	35,269	34,755
<b>Total Current Liabilities</b>	<b>-</b>	<b>14,293</b>	<b>16,044</b>	<b>18,027</b>	<b>20,272</b>	<b>22,819</b>	<b>25,711</b>	<b>28,910</b>	<b>31,920</b>	<b>35,269</b>	<b>34,755</b>
<i>Other liabilities</i>											
<b>Total Long Term Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Shareholders' equity</i>											
Paid-up capital	4,581,359	4,581,359	4,581,359	4,581,359	4,581,359	4,581,359	4,581,359	4,581,359	4,581,359	4,581,359	4,581,359
Retained earnings	-	387,321	965,136	1,650,612	2,424,081	3,282,067	4,249,790	11,198,337	17,400,139	24,423,501	32,371,243
<b>Total Equity</b>	<b>4,581,359</b>	<b>4,968,680</b>	<b>5,546,495</b>	<b>6,231,971</b>	<b>7,005,440</b>	<b>7,863,426</b>	<b>8,831,149</b>	<b>15,779,696</b>	<b>21,981,498</b>	<b>29,004,860</b>	<b>36,952,602</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>4,581,359</b>	<b>4,982,973</b>	<b>5,562,540</b>	<b>6,249,998</b>	<b>7,025,712</b>	<b>7,886,245</b>	<b>8,856,860</b>	<b>15,808,606</b>	<b>22,013,417</b>	<b>29,040,129</b>	<b>36,987,357</b>

### 12.3. 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		774,643	1,542,952	2,336,088	3,197,550	4,140,054	5,217,513	6,948,547	6,201,802	7,023,363	7,947,742
Add: depreciation expense		563,491	563,491	563,491	563,491	563,491	591,651	429,961	941,825	941,825	941,825
amortization of pre-operating costs		50,597	50,597	50,597	50,597	50,597	-	-	-	-	-
amortization of License Cost		1,400	1,400	1,400	1,400	1,400	2,057	2,057	2,057	2,057	2,057
Equipment inventory	(8,566)	(1,453)	(1,700)	(1,988)	(2,325)	(2,720)	(3,181)	(3,721)	(4,352)	(5,090)	35,096
Consumables Inventory	(8,083)	(2,463)	(3,131)	(3,971)	(5,022)	(6,338)	(7,981)	(7,557)	(9,101)	(10,960)	64,607
Pre-paid building rent	-	(110,000)	(11,000)	(12,100)	(13,310)	(14,641)	(16,105)	(17,716)	(19,487)	(21,436)	235,795
Advance insurance premium	(36,713)	5,507	5,507	5,507	5,507	5,507	5,507	(59,248)	9,438	9,438	44,043
Accounts payable		14,293	1,751	1,982	2,246	2,547	2,892	3,199	3,010	3,349	(514)
Other liabilities		-	-	-	-	-	-	-	-	-	-
Cash provided by operations	(53,362)	1,296,015	2,149,867	2,941,007	3,800,133	4,739,897	5,792,352	7,295,523	7,125,192	7,942,546	9,270,651
<i>Financing activities</i>											
Issuance of shares	4,581,359	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares											
Cash provided by / (used for) financing activities	4,581,359	-	-	-	-	-	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(4,277,997)	-	-	-	-	(451,084)	-	(5,568,294)	-	-	(15,112)
Acquisitions											
Cash (used for) / provided by investing activities	(4,277,997)	-	-	-	-	(451,084)	-	(5,568,294)	-	-	(15,112)
NET CASH	250,000	1,296,015	2,149,867	2,941,007	3,800,133	4,288,813	5,792,352	1,727,229	7,125,192	7,942,546	9,255,539

## 13. KEY ASSUMPTIONS

### 13.1. Cost of Sales Assumptions

**Table 26: Cost of Sales Assumptions**

Description	Details
Physiotherapist Share of Revenue	40% of Revenue
Medical Consumables Cost	3% of Revenue
Utilities Cost	General Supply Tariff – Commercial (A2)
Direct Labor	Monthly Salaries
Machinery Maintenance - Cost	7% of Cost of Machinery
Cost of Sales Growth Rate	11.2%

### 13.2. Operating Cost Assumptions

**Table 27: Operating Cost Assumptions**

Description	Details
Operating costs growth rate	8.3%
Administration benefits expense	1.0% of administration expenses
Travelling expenses	5.00% of administration expenses
Communication expenses	10.00% of administration expenses
Office Vehicle running expenses	4.00% of management staff expenses
Office expenses (stationery, janitor, etc.)	25% of administration expenses
Promotional Expense	1.5% of revenue

### 13.3. Revenue Assumptions

**Table 28: Revenue Assumptions**

Description	Details
Sale price growth rate	11.2%
Capacity utilization	60%
Capacity utilization growth rate	5%
Maximum capacity	90%

**13.4. Financial Assumptions****Table 29: Financial Assumptions**

Description	Details
Project life (Years)	10
Debt: Equity	0:100
Discount Rate	15%

**13.5. Cash Flow Assumptions****Table 30: Cash Flow Assumptions**

Description	Details
Receivable Days	-
Payable Days	10

# 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](http://www.smeda.org.pk), [helpdesk@smeda.org.pk](mailto:helpdesk@smeda.org.pk)

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