

PROJECT PROFILE
ON
AMBULANCE SERVICE

Month & Year
July 2010

PREPARED BY
TANSTIA-FNF SERVICE CENTRE
B-22, INDUSTRIAL ESTATE
CHENNAI-600032

Supported by

Friedrich Naumann
STIFTUNG **FÜR DIE FREIHEIT**

AMBULANCE SERVICE

INTRODUCTION

Ambulance Service is an essential service during emergency for transporting patients from houses, accident sites and hospitals. It is used for transporting the patient with care from one hospital to another hospital also. Ambulances are essential for trauma care. Trauma is an emotional shock producing lasting effect. It may be caused due to heart attacks, road accidents, electrical shock, bomb blast etc., Only hospitals with well equipped ambulances can produce help to such needy patients. Ambulance service can be started by private individuals offering their services to different smaller hospitals or bigger hospitals so that hospitals need not maintain Ambulance Service. Higher investment can be avoided and at the same time the services of ambulances are available whenever required. There is a good scope for starting ambulance services in smaller and bigger towns besides major cities as the number of road accidents, heart attacks and other diseases which require immediate attention are on the increase.

PRODUCT USES

The Ambulances should have facilities for stretcher and oxygen plant besides provision for cot and bed. Racks for keeping medicines can also be provided. These are normal requirements for ambulances.

Well equipped ambulances can have full time trauma care team of specialists, blood bank, 24 hour laboratory, well equipped intensive care unit, ventilators, monitors etc., depending on the nature of investment.

MARKET POTENTIAL

The country has been able to show improvements in health care, but it is at a far-from-satisfactory level. According to recent estimates, India has less than 100 beds per 100,000 populations which are in stark contrast to developed countries, where this ratio is much higher.

The present status of healthcare measured with various yard sticks are explained below.

Year	1951	1981	2004
Primary Health Centres and Community Health - Nos	725	57353	168986
Population per hospital - Nos	4,98,000	11,914	6,087
Population per bed - Nos	3081	1199	1124
Population per Doctor - Nos	5842	2543	1645
Population per Nurse - Nos	3081	1199	1124

Source: The Hindu Business Line

Presently India has the following infrastructure in Government sector:

Description	Numbers
Primary care in rural areas	22271 Primary Health Centre and 137271 sub-centres
Secondary care (health care centres in smaller towns and cities)	1200 Public sector units, 4400 District hospitals and 2935 community healthcare centres.
Tertiary Care (hospitals)	117 Medical colleges and hospitals

Source: Ministry of Health, Medistat Espicom report January 2005 ICRA Report Indian Healthcare Sector February 2005, Confederation of India Industry.

The total infrastructure available in India in the healthcare sector is as follows:

Description	Numbers
Hospitals	16000 (Private 11500 and Public 4400)
Hospital beds	875 000
Doctors	592215
Nurses	737000
Dentists	80000
Medical colleges	170
New doctors every year	26509
Retail chemists	350000

Source: Ministry of Health, Medistat Espicom report January 2005 ICRA Report Indian Healthcare Sector February 2005, Confederation of India Industry.

TECHNICAL ASPECTS

INSTALLED CAPACITY

A smaller unit of Ambulance service with 5 Vans (Maruthi Omni) is proposed. The fleet can be increased depending on the utilization of the vehicles in future.

EQUIPMENTS

The following equipments are required to be purchased.

			Rs. lakhs
• Maruthi Omni Ambulance	- 5 Nos.	-	14.65
• Stretchers	- 5 Nos.	-	0.10
• Oxygen Cylinder arrangement	- 5 Nos	-	0.20
• Others		-	<u>0.12</u>
			<u>15.07</u>

LOCATION, LAND AND BUILDING

It is better to locate the Ambulance Service office in a central place in the town/city. All the hospitals and residents should have easy access. An office with about 500 sq, ft can be arranged on rental basis. A monthly rent of Rs. 5000 and advance of Rs. 50000 are considered.

UTILITIES

Power

The power required only for office lighting and fans.

Water

Water is required for human consumption only.

Manpower

Office Assistants	2	5000.00	10000.00
Drivers	5	5000.00	25000.00
			<u> </u>

Salaries per Annum

35000.00
420000.00

IMPLEMENTATION SCHEDULE

If financing arrangements are finalized, the project can be implemented within one month period.

ASSUMPTIONS

- ∅ The unit would work for 365 days 24 hours per day. First year running is estimated at 150 Kms per day (5 vehicles average 30 Kms per day each) at Rs. 30 per Km. This works out to Rs. 16.43 lakhs per annum

- ∅ A normal increase of 10% income is assumed every year.

- ∅ Petrol Cost is estimated at Rs. 2.37 lakhs per annum based on 12 Kms per litre of petrol at the rate of Rs.52 per litre of Petrol. 150 Km daily for 300 days every year 5% increase the cost.

- ∅ Oil & Lubricants cost works out to 10% of the petrol cost.

- ∅ Replacement of tyres is estimated to Rs. 33000 per annum Rs. 2750 per month.

- ∅ Insurance premium works out to Rs. 33000 per annum Rs. 2750 per month.

- ∅ Tax works out to Rs. 12000 per annum Rs. 1000 per month.

- ∅ Power charges works out to Rs. 30000 per annum Rs. 2500/- per month.

- ∅ Wages & Salaries works out to Rs. 28000/- per month as per the breakup given above with annual increase of 5%.

- ∅ Repairs & Maintenance is assumed at Rs.18000 per annum Rs.1500 per month with annual increase of 5%
- ∅ Depreciation calculated @ 40% on Vehicle and 10% on others on WDV method.
- ∅ Administrative Expenses is assumed at Rs. 30000 per annum Rs.2500 per month with annual increase of 5%
- ∅ Advertising and sales commission expenses are assumed at the rates of 5% of Gross Income.
- ∅ Interest on Term Loan is provided at 12% p.a. on reducing balance.
- ∅ Income tax is provided at 33.22% on profit.

LIST OF MACHINERY SUPPLIERS

MARUTHI OMNI, M/s. A B T, Guindy, Chennai-600 032.

STRETCHER / OXYGEN

1. Advance Surgicals Pvt. Ltd., 11, Raheja Complex, 834, Mount Road, Chennai-600 002.
2. Apollo Surgical Instrument Co., 834, Mount Road, Chennai-600 002.

1. COST OF PROJECT		Rs. lakhs
Land & Building-Rental Advance (500 sq.ft)		0.50
Plant & Machinery		
Maruthi Omni Ambu	-5 Nos	14.65
Stretchers	-5 Nos	0.10
Oxygen Cylinders	-5 Nos	0.20
Others		0.12
		15.07

Pre-Operative Expenses	0.30
Margin for Working Capital	0.25
	16.12

2. MEANS OF FINANCE

Capital	5.12
Term Loan	11.00
	16.12

3. COST OF PRODUCTION & PROFITABILITY STATEMENT

Year	Rs. Lakhs		
	1	2	3
Income from 5 Ambulances			
Daily 150 Kms - Rs. 30 per Km	18.07	19.87	21.86
Petrol	2.37	2.49	2.62
Oil & Lubricants	0.24	0.25	0.26
Drivers Salary & Bata- 5 Nos	3.00	3.15	3.31
Taxi Maintenance & Service Charges	0.09	0.09	0.10
Replacement of Tyres	0.33	0.34	0.36
Insurance	0.33	0.34	0.36
Taxes	0.12	0.13	0.13
Power	0.30	0.32	0.33
Repairs & Maintenance	0.18	0.19	0.20
Depreciation	5.90	3.55	2.14
Cost of Production	12.85	10.85	9.81
Administration Salary	1.20	1.26	1.32
Administration Expenses	0.30	0.32	0.33
Sales Commissions Exp.	0.90	0.99	1.09
Interest on Term Loan	1.30	1.06	0.77
Total	16.56	14.48	13.32
Profit Before Tax	1.51	5.39	8.54
Provision for Taxes	0.50	1.79	2.84
Profit After Tax	1.01	3.60	5.70
Add: Depreciation	5.90	3.55	2.14
Total Cash Accruals	6.91	7.15	7.85

4. PROFITABILITY RATIOS BASED ON 80%

$\frac{\text{Profit after tax}}{\text{Sales}}$	$\frac{5.70}{21.86}$	26%
--	----------------------	-----

<u>Profit before Interest & Tax</u>	<u>9.31</u>	58%
Total Investment	16.12	
<u>Profit after Tax</u>	<u>5.70</u>	111%
Promoters Capital	5.12	

5. CALCULATION OF BREAK EVEN LEVEL

FIXED EXPENSES

Drivers Salary & Bata	3.31
Insurance	0.36
Taxes	0.13
Power	0.33
Repairs & Maintenance	0.20
Depreciation	2.14
Admn. Salary	1.32
Administration Exp.	0.33
Sales Commission Exp.	1.09
Interest in Term Loan	0.77
	<u>9.99</u>

Profit before Tax (P) 8.54

$$\text{BREAK-EVEN LEVEL} = \frac{\text{FC}}{\text{FC} + \text{P}} \times 100\%$$

54% of installed capacity