COMMERCIAL CREDIT PROJECT PROPOSAL

US FASHION

Strategic Business Expansion and Inventory Capital Optimization Project

SUBMITTED TO THE

BANK OF CEYLON (BOC)

NORTH CENTRAL PROVINCE DEVELOPMENTS

Promoter / Proprietor:	**Rajapaksha Mudiyanselage Samantha Pushpakumara Rajapaksha**
Registered Address:	No. 215, US FASHION, Puttalam Road, Nochchiyagama, Sri Lanka.
Operational Locations:	1. Main Showroom - Nochchiyagama 2. Metro Branch - Anuradhapura
Requested Facility:	**LKR 13,500,000 (Thirteen Million Five Hundred Thousand Rupees)**
Facility Type & Tenure:	Commercial Term Loan - 3 Years (36 Months) Repayment Window
Primary Collateral Support:	Own Commercial Building Assets & High-Value Movable Properties (Estimated Asset Base: LKR 140,000,000+)

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY & PROJECT BACKGROUND

1.1 Introduction to the Enterprise

US FASHION is a highly established, premier readymade garment and apparel retail brand operating in the North Central Province of Sri Lanka. Founded and dynamically managed by Mr. R. M. Samantha Pushpakumara Rajapaksha, the enterprise has carved a highly robust market share by offering trend-setting, high-quality, and premium apparel for retail consumers. The business strategically operates two high-traffic brick-and-mortar storefronts: the flagship primary showroom located at No. 215, Puttalam Road, Nochchiyagama, and a rapidly growing urban expansion branch situated in the commercial heart of Anuradhapura. Over the years, US FASHION has successfully established a formidable brand presence, characterized by high consumer loyalty, reliable manufacturing supply chains, and exceptional commercial scale.

1.2 Rationale for the Proposed Capital Expansion

The contemporary apparel retail landscape in Sri Lanka, particularly within developing urban hubs like Anuradhapura and stable commercial corridors like Nochchiyagama, is undergoing an unprecedented surge in demand. Consumers are actively transitioning from low-grade unbranded apparel to mid-to-high premium readymade garments that combine exceptional aesthetic appeal with fabric longevity. Currently, US FASHION maintains an active, premium stock capacity valued at approximately LKR 50,000,000 across both branches. However, due to rapidly expanding foot traffic and highly favorable demographic shifts in both locations, the current inventory depth is insufficient to cater to the compounding demand volumes during peak shopping cycles, seasonal variations, and everyday fast-casual consumption.

To prevent operational stockouts, maximize revenue velocity, and secure absolute market dominance in the region, the management has formulated a comprehensive, low-risk business scale-up strategy. This expansion project specifically targets a major injection of premium readymade garment inventory capacity at both the Nochchiyagama main showroom and the Anuradhapura branch. To fund this strategic initiative, the promoter is seeking a Commercial Term Loan of LKR 13,500,000 (Thirteen Million Five Hundred Thousand Rupees) from the Bank of Ceylon, structured over a highly sustainable 3-year repayment window.

1.3 Core Strategic Goals

- **Inventory Sourcing Velocity:** Leverage bulk-buying power to secure premium seasonal garment collections directly from leading export-surplus factories and high-grade wholesale networks at unprecedented low unit costs.
- **Branch Capacity Alignment:** Synchronize the inventory assortment between the owned flagship property in Nochchiyagama and the high-yield rented facility in Anuradhapura to create a unified premium brand experience.
- **Financial Multiplier Effect:** Deploy the LKR 13.5 Million facility directly into liquid, high-turnover garment stock to boost annual turnover from the current baseline to an estimated LKR 147.5 Million, yielding stellar cash flows to easily service obligations.

2. COMPREHENSIVE PROMOTER PROFILE & ASSET MATRIX

2.1 Leadership and Management Standing

The operational framework of US FASHION is strictly directed by the promoter, Mr. Rajapaksha Mudiyanselage Samantha Pushpakumara Rajapaksha. Mr. Rajapaksha brings decades of sharp commercial acumen, practical retail expertise, and sound corporate stewardship to the enterprise. His profound understanding of regional consumer demographics, seasonal procurement cycles, and macro-level fashion trends has transformed US FASHION from a localized store into a premier multi-branch retail network. Under his strict guidance, the business operates with high capital efficiency, zero non-performing historical liabilities, and an aggressive stance on supply chain vertical integration.

2.2 Robust Personal and Business Asset Base

A key indicator of the promoter's business strength and creditworthiness is the massive asset base built entirely from retained corporate earnings. Unlike standard credit applicants, the promoter presents an extraordinary collateral profile that offers multi-fold security coverage for the lending institution. The fixed and movable assets currently held by the promoter are detailed below:

Asset Classification & Description	Ownership Status	Estimated Present Market Value (LKR)	Lien / Encumbrance Status
Primary Commercial Showroom Property: Premium multi-story retail building and high-value land plot located at No. 215, Puttalam Road, Nochchiyagama.	Absolute Ownership (Sole Promoter)	40,000,000	Clear Title / Unencumbered
Premium Corporate & Personal Vehicle fleet: High-value luxury vehicles utilized for operations, bulk stock logistics, and executive transport.	Absolute Ownership (Sole Promoter)	50,000,000	Fully Paid / Clear Ownership
Liquid Commercial Inventory Assets: High-grade premium readymade garments, designer wear, and seasonal textiles distributed across both active showrooms.	Business Inventory Asset Base	50,000,000	Fully Paid Stock (Debt-Free)
TOTAL CONSOLIDATED ASSET SHIELD		**140,000,000**	**Exemplary Credit Strength**

This consolidated asset base of LKR 140 Million provides a massive security cushion for the requested LKR 13.5 Million loan facility, representing an asset-to-loan security coverage ratio exceeding 1,000%. This proves the absolute financial stability of the promoter and underscores a virtually non-existent default risk profile.

3. CURRENT OPERATIONAL FRAMEWORK & INFRASTRUCTURE OVERVIEW

3.1 Dual-Branch Infrastructure Analysis

US FASHION operates a highly systematic, dual-engine brick-and-mortar retail matrix designed to capture two distinct consumer segments within the North Central region:

1. Nochchiyagama Flagship Showroom: This is the operational center and corporate birthplace of the brand. Situated on prime commercial real estate along the main Puttalam Road, this building is entirely owned by the promoter, completely eliminating rental overhead vulnerabilities. The showroom features state-of-the-art visual merchandising, premium glass displays, high-density clothing racks, and localized air conditioning, making it the most preferred apparel destination for consumers in Nochchiyagama and its extensive surrounding agrarian and suburban corridors.

2. Anuradhapura Urban Branch: Established to tap into the high-velocity urban purchasing power of the Anuradhapura metropolitan area, this branch is located in a high-density, highly lucrative retail hotspot. The building is acquired under a long-term lease agreement with a strategic monthly rental investment of LKR 250,000. It features an expanded floor layout catering to corporate professionals, university students, and tourists, serving as a high-volume revenue engine that complements the flagship showroom.

3.2 Live Visual Asset and Operational Setup Table

To provide a clear conceptual framework of how the operational assets are deployed across both geographical centers, the following matrix outlines the functional distribution:

Operational Dimension	Nochchiyagama Flagship Showroom	Anuradhapura Urban Branch	Strategic Functional Role
Property Ownership	**100% Owned by Promoter**	**Leased (LKR 250,000/mo)**	Balances fixed asset retention with high-traffic urban market penetration.
Active Base Stock Value	LKR 25,000,000	LKR 25,000,000	Equally deployed stock depth to ensure zero consumer variance between cities.
Monthly Utility Baseline	LKR 50,000 (Electricity)	LKR 70,000 (Electricity)	Reflects continuous climate control and extensive high-lumen display lighting.
Human Capital Allocation	4 Staff Members	6 Staff Members	Optimized to manage peak urban consumer traffic and boutique style consultations.

4. MARKET DYNAMICS, DEMAND DRIVERS & SWOT ANALYSIS

4.1 Unfolding Market Opportunities in the Province

The North Central Province is witnessing rapid disposable income growth driven by resilient agricultural economies, expanding public sector presence, and a thriving commercial tourism ecosystem centered on the sacred city of Anuradhapura. Readymade garments represent a continuous consumer requirement rather than a luxury purchase. US FASHION has deeply integrated itself into this local consumer ecosystem. By maintaining an uncompromised standard of fabric curation and combining it with a premium retail shopping environment, the business consistently absorbs local purchasing power. The introduction of the capital expansion will enable the business to expand its SKU depth, adding high-end linen office wear, premium athletic apparel, and detailed children’s festive collections that yield massive retail margins.

4.2 Strategic SWOT Analysis Matrix

STRENGTHS (Internal)	**WEAKNESSES (Internal)**
• Massive debt-free asset baseline of LKR 140 Million providing rock-solid commercial stability. • Owned prime commercial building in Nochchiyagama, neutralizing fixed overhead risks. • High brand equity and dominant regional presence in two distinct markets.	• Current capital limitation restricts bulk factory-direct sourcing during peak seasons. • High reliance on physical showroom footfall; online delivery channels require further stock depth.
OPPORTUNITIES (External)	**THREATS (External)**
• Surging consumer preference for premium branded readymade apparel over unbranded clothing. • Direct factory procurement options in Maharagama and Colombo to bypass intermediate brokers and double margins.	• Intense competition from low-quality discount retailers (Mitigated by US FASHION's strict premium quality shield). • Macro-level inflation impacting material logistics costs.

5. TECHNICAL SOURCING, LOGISTICS & OPERATIONAL COST BREAKDOWN

5.1 Supply Chain Optimization Blueprint

A critical competitive advantage of US FASHION lies in its highly streamlined, direct sourcing methodology. Rather than purchasing garments through regional sub-wholesalers who add steep middleman markups, Mr. Samantha Rajapaksha directly interfaces with major export-oriented garment manufacturing plants, surplus liquidation houses, and elite manufacturing hubs located in Maharagama, Pamunuwa, and Colombo (Pettah). By purchasing collections in bulk quantities, US FASHION commands absolute bargaining power, driving the Cost of Goods Sold (COGS) down to approximately 55% of the final retail price. This operational architecture unlocks a gross profit margin of 45%, which is exceptionally high in the retail industry. Stock logistics are seamlessly handled by the company's dedicated transportation fleet, ensuring a rapid turnaround time from factory floor to showroom display racks within 24 hours.

5.2 Granular Monthly Operational Expenditure (OPEX) Profile

The operational efficiency of the business is demonstrated by its exceptionally lean monthly overhead structure. Total recurring expenses are strictly monitored and heavily covered by regular off-season cash flows, leaving a massive safety margin for debt servicing. The ongoing monthly operational expenses are broken down below:

Expense Category	Nochchiyagama Main Showroom	Anuradhapura Urban Branch	Consolidated Monthly Cost (LKR)	Annualized Operational Baseline (LKR)
Human Capital (10 Staff Members)	4 Personnel	6 Personnel	350,000	4,200,000
Commercial Rental Overhead	**0 (Owned Asset)**	Premium Retail Space Lease	250,000	3,000,000
Electricity & Power Grid Utilities	50,000	70,000	120,000	1,440,000
Logistics, Transport & Digital Ads	65,000	85,000	150,000	1,800,000
CONSOLIDATED CORE RECURRING OPEX			**870,000**	**10,440,000**

6. CREDIT FACILITY JUSTIFICATION & FUND ALLOCATION BLUEPRINT

6.1 Precise Allocation of the LKR 13.5 Million Loan

The requested facility of LKR 13,500,000 will be treated as targeted growth capital, injected directly into highly liquid, fast-moving inventory asset classes across both operational hubs. There will be absolutely zero allocation towards capital-heavy dead infrastructure, as both showrooms are already fully modernized, visually optimized, and structurally complete. The funds will be systematically deployed as illustrated below:

Target Inventory Category	Allocation Percentage (%)	Nochchiyagama Showroom (LKR)	Anuradhapura Branch (LKR)	Total Fund Deployment (LKR)
Ladies Premium Wear & Modern Fusion Collections (High-turnover linen wear, office wear, designer casuals)	40%	2,700,000	2,700,000	**5,400,000**
Mens Executive, Casual & Performance Smart-Fit Shirts (Premium export surplus cotton shirts, chinos, activewear)	35%	2,362,500	2,362,500	**4,725,000**
Kids Festive, Infants Wear & Toddler Essentials (100% hypoallergenic cotton collections, high-margin items)	25%	1,687,500	1,687,500	**3,375,000**
TOTAL CAPACITANCE INJECTION STRATEGY		**6,750,000**	**6,750,000**	**13,500,000**

By splitting the allocation precisely 50/50 between the two locations, the enterprise ensures that both markets are maximally saturated with fresh choices, capitalizing heavily on the upcoming commercial fashion cycles.

7. PROJECTED FINANCIAL STATEMENTS & REVENUE PERFORMANCE MATRIX

7.1 Realistic Revenue Estimation Model

The financial projections for US FASHION are built upon verifiable, historical sales data. The business operates within a highly dual-modal seasonal reality:

- **Peak Season Operations (90 Days Annualized):** Encompasses the Sinhala & Tamil New Year (April), Ramadan festival cycles, and Christmas/New Year shopping spells (December). During these high-velocity periods, the combined daily revenue velocity ranges conservatively between LKR 750,000 and LKR 1,000,000. For our financial forecasting models, a prudent midpoint baseline of **LKR 875,000 per day** is utilized.
- **Off-Peak Season Operations (275 Days Annualized):** Encompasses the standard regular trading days of the year. During off-peak periods, the steady baseline traffic across both branches guarantees a solid revenue flow of **LKR 250,000 per day**.

7.2 Projected 3-Year Income Statement and Revenue Multiplier Model

Post-expansion, with the expanded stock capacity actively operational, the enterprise will easily sustain and exceed the following performance metrics over the 3-year term loan horizon:

Financial Statement Line Item	Year 1 Projections (LKR)	Year 2 Projections (LKR)	Year 3 Projections (LKR)
Gross Annual Revenue (Season: 78.75M + Off-Season: 68.75M)	147,500,000	162,250,000	178,475,000
Cost of Goods Sold (COGS) @ 55%	81,125,000	89,237,500	98,161,250
GROSS TRADING PROFIT (45% Margin)	**66,375,000**	**73,012,500**	**80,313,750**
Less: Staff Wages & Salaries	4,200,000	4,620,000	5,082,000
Less: Showroom Rental (Anuradhapura)	3,000,000	3,000,000	3,000,000
Less: Power Grid Utilities & Electricity	1,440,000	1,584,000	1,742,400
Less: Logistics, Local Transport & Promotions	1,800,000	1,980,000	2,178,000
TOTAL OPERATIONAL EXPENDITURE (OPEX)	**10,440,000**	**11,184,000**	**12,002,400**
NET OPERATING PROFIT (EBITDA)	**55,935,000**	**61,828,500**	**68,311,350**
Annual Bank Loan Debt Service (EMI)	5,536,776	5,536,776	5,536,776
NET RETAINED SURPLUS AFTER DEBT SERVICE	**50,398,224**	**56,291,724**	**62,774,574**

8. DEBT SERVICEABILITY, RISK MANAGEMENT & VERIFICATION DISCLOSURE

8.1 Absolute Proof of Debt Serviceability (DSCR Analysis)

The most important metric analyzed by credit committees to determine loan approval viability is the **Debt Service Coverage Ratio (DSCR)**. It measures the enterprise's ability to generate sufficient net operating profit to comfortably cover its loan repayment obligations. $$ ext{DSCR} = rac{ ext{Net Operating Profit (Annual)}}{ ext{Total Annual Debt Service Obligations (EMI)}}$$ Using the highly conservative Year 1 performance metrics: $$ ext{DSCR} = rac{ ext{LKR } 55,935,000}{ ext{LKR } 5,536,776} = \mathbf{10.10}$$

A DSCR of **10.10** is exceptionally strong and virtually unheard of in typical commercial credit applications. It demonstrates that US FASHION generates more than **10 times the cash flow required** to settle its annual bank loan repayments. Even if regional retail markets faced an extreme economic downturn and sales plummeted by 50%, the business would still maintain a DSCR of over 5.0, guaranteeing perfect, uninterrupted loan repayment continuity to the Bank of Ceylon.

8.2 Risk Mitigation Mechanisms

- **Inventory Liquidation Control:** To eliminate the threat of dead stock, advanced automated Point-of-Sale (POS) software is deployed across both branches to monitor the stock velocity of every SKU in real time. Any item displaying a slow turnover rate is instantly bundled into localized promotional campaigns or clearance clearances to free up liquid working capital.
- **Fixed Overhead Shield:** Because the premium flagship showroom building in Nochchiyagama is 100% owned by the promoter, the business possesses an unshakeable operational base that can withstand any temporary economic headwind without the threat of eviction or unsustainable operational stress.

8.3 Verification and Compliance Disclosure

Detailed Analysis of Attached Corporate Quotations & Supplier Invoices

> *"To verify the authenticity of the information, all quotations and invoices are presented in their original form (in situ) without any modifications."*

All financial reporting books, bank statements from existing current accounts, tax registration documents, and municipal business registration certificates are attached herewith in absolute transparency to expedite immediate processing and formal board approval.

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Mr. R. M. Samantha Pushpakumara Rajapaksha

Proprietor & Managing Director

US FASHION

Date: July 14, 2026

Place: Nochchiyagama