



Pre-feasibility Study

EVENT MANAGEMENT COMPLEX

October 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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Document Control

Document No.	PREF-NO 133
Revision	1
Prepared by	SMEDA-Punjab
Revision Date	October, 2021
For information	helpdesk.punjab@smeda.org.pk

2 EXECUTIVE SUMMARY

This particular pre-feasibility is for setting up a medium level event management complex that will provide the services of planning, organizing and executing small and large scale events, such as marriage ceremonies, birthday parties and family events for individual clients as well as various corporate events. The proposed business is service oriented and will help to ease the event management burden of individual and corporate business entities.

The suggested event management complex comprises of two main halls, will have an overall capacity of serving 800 persons per function with a variety of standard menus. However, starting capacity utilization is estimated at 60%, with 5% growth rate in subsequent years. For this project it is recommended to construct or acquire a purpose built building in a metropolitan city, preferably in a densely populated commercial area or newly developed housing society. The most critical factors for success of the project entail entrepreneur's knowledge of the industry, appropriate location, commitment to quality services and competitive pricing.

Total project cost is estimated as Rs. 92.128 million with capital investment of Rs. 91.324 million and working capital Rs. 0.804 million. The projected IRR, Payback and Net Present Value of the said project are 33%, 3.67 years and Rs. 32.805 million respectively. 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 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 **Event Management Complex** 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 reveals 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

Event management is a process of applying required professional skills in organizing an event for a target audience to achieve the desired objective. The purpose of an event management complex is to provide the services of planning, organizing and executing various types of event both at small or large-scale level. For instance wedding ceremonies, ceremonial parties, dinners, social gatherings, business conferences, workshops, inaugurations and other related events where an individual or a corporate client intends to invite the public.

The event organizers are responsible not only for preparing the food but also setting up the dining area, waiting tables, setting up the stage and requisite decors as per the requirement of clients.

The proposed project is for setting up a medium sized event management complex that would operate as a specialized service provider of all event organizing / hosting requirements of both individual and corporate clients. With the help of specialized team of professionals, proposed event management complex will be fully equipped to make events more attractive and theme based through provision of multiple stage setup, background props, entrance, reception, seating arrangement, etc.

A purpose built building having a covered area of 9,600 square feet will be constructed or acquired along with a parking facility of around 6,400 square feet in the proximity of any residential or commercial locality of any major city for the said complex. All necessary equipment such as kitchen utensils, burners, deep freezers, air conditioners, tables, chairs, fixtures and other items are estimated to be purchased to cater around 800 guests per event. The services of the event organizing are offered at per-person basis with options of a standard one dish or combination of different dish menus. Additionally, charges for other arrangements and services will be based on the client's requirements.

The project will provide employment opportunity to 09 individuals including owner manager and contractual employees (Waiters, Chef, etc.) who will be engaged on events basis. It is assumed that, necessary food item procurement will be made on event day basis to maintain quality, reduce wastage and taste standardizations.

5.1 Product and Service Mix

This project is service based and mainly entails to provide the event organizing services to both individual and corporate clients for hosting different types of events and special occasions, mainly including the followings:

- Wedding Ceremonies (Reception, Mehndi, Upton, etc.)
- Corporate Events (Business Conferences, Meetings, Workshops, Product Launch, etc.)
- Ceremonial Parties (Birthday, Anniversaries, Dinners, etc.)
- Social Gatherings and Civic Events

According to the nature of events different combinations of menu mix are assumed for this project; product service mix along with operational capacities is provided in the succeeding section.

5.2 Overall Serving and Operational Capacity

For the proposed project, it is assumed that on an average 320 events will be catered during a year with an average of 500 guests per event. However, the proposed complex can serve up to a maximum of 800 guests per event.

Capacity utilization during year one is worked out at 60% with 05% increase in subsequent years up to the maximum capacity utilization of 90%.

Table 1: Service Capacity Utilization (No. of Guests)

Distribution of Events	Product Mix %age	Overall Serving Capacity	Capacity Utilization @ (60%)	Capacity Utilization @ (90%)
Wedding Ceremonies	60%	96,000	57,600	86,400
One Dish with Chicken	40%	38,400	23,040	34,560
One Dish with mutton	40%	38,400	23,040	34,560
One Dish with Beef	10%	9,600	5,760	8,640
Mehndi Event	10%	9,600	5,760	8,640
Corporate Events	20%	32,000	19,200	28,800
Economy Pack	40%	12,800	7,680	11,520
Medium Pack	40%	12,800	7,680	11,520
Premium Pack	20%	6,400	3,840	5,760
Ceremonial Parties	10%	16,000	9,600	14,400
Lunch Buffet	35%	5,600	3,360	5,040
Dinner Buffet	35%	5,600	3,360	5,040
Hi-Tea	30%	4,800	2,880	4,320
Civic Events & Social Gathering	10%	16,000	9,600	14,400
Buffet Cum-HI Tea	100%	16,000	9,600	14,400

6 CRITICAL FACTORS

Following are the factors critical for the success of this business venture:

- Industry knowledge and prior experience of entrepreneur.
- Ability to generate order for events through networking, direct marketing and negotiating long term contracts.
- Development of strong linkages with raw material suppliers for sourcing quality food material on time coupled with economical prices.
- Consistency of services including ornamentation, time management, cleanliness and food quality Location consideration for providing easy access to the customers.
- Selection of experts for designing of sets, event themes.
- Hall interior and layout of services.
- Strictly follow the Bio-security measures.

- Extensive digital, print and outdoor advertising is necessary for promotion.
- Professionalism and courteous customer services.
- Market intelligence is also very critical as 'know how' about new happenings in the market helps make accurate and confident decision-making.

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

All metropolitan cities of Pakistan such as Lahore, Karachi, Islamabad, Peshawar, Quetta, Sialkot, Faisalabad, Multan, Abbottabad, Rawalpindi, etc. and sub-urban areas with large population are viable locations for investment in the event management business. The trend of event management is rapidly increasing in the big cities, which act as a motivation for the investors.

However, it is suggested that this business should be undertaken in the commercial markets of middle-income community or newly developed areas.

8 POTENTIAL TARGET CUSTOMERS / MARKETS

The proposed project of event management complex will cater to the needs of middle and upper middle class families and individuals as well as corporate sector including but not limited to:

- Private organizations
- Public sector organization
- Business firms
- Educational institutions

9 PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of Event Management Business. 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 also attached as annexure.

9.1 Project Economics

All the figures in this financial model have been calculated for estimated sales of Rs.110.49 million in the year one. The capacity utilization during year one is worked out at 60% with 05% increase in subsequent years up to the maximum capacity utilization of 90% with 288 functions.

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

Table 2: Project Economics

Description	Details
Internal Rate of Return (IRR)	33%
Payback Period (yrs.)	3.67
Net Present Value (Rs.)	32,804,783

Table 3: Break-Even (100% Equity Based)

Year	1	2	3	4	5	6	7	8	9	10
Break-Even Revenue (Rs. Millions)	35.0	37.2	39.7	42.4	45.4	49.6	53.2	57.1	61.5	66.3
Break-Even (Functions)	61	59	57	56	54	54	53	51	50	49
Margin of Safety	68%	72%	75%	77%	79%	80%	82%	82%	83%	83%

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

Description	Details
Internal Rate of Return (IRR)	34%
Payback Period (Yrs.)	3.50
Net Present Value (Rs.)	79,221,382

9.2 Project Financing

Following table provides details of the equity required and variables related to bank loan:

Table 5: Financial Assumptions for Debt: Equity Model

Description	Details
Total Equity (50%)	Rs. 46,081,760
Bank Loan (50%)	Rs. 46,081,760
Markup to the Borrower (%age / Annum)	12%
Loan Tenure (Years)	5

Loan Payments / Year	1
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9.3 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	
Land	40,000,000
Building / Infrastructure	34,981,150
Machinery & Equipment	3,184,500
Furniture & Fixture	9,109,000
Office Vehicles	1,700,000
Office Equipment	355,000
Pre-operating Cost	1,780,000
Legal, Licensing, (NOCs), Medical	214,400
Total Capital Cost	91,324,050
Working Capital	
Raw Material Inventory	564,046
Equipment Spare Part Inventory	40,000
Cash	200,000
Total Working Capital	804,046
Total Project Cost	92,128,096

9.4 Space Requirement

The space requirement for the proposed event management complex is calculated on the basis of minimum viable land required considering facilities such as Hall area, Kitchen area, Storage and Parking area, etc. Space required for event management complex is 18,000 sq. ft (4 Kanal).

It is proposed that building may be purchased to get maximum profit out of the business and minimize the risk factor. The land will be purchased as Rs. 10 million per Kanal.

The details of space requirement of the building is given below:

Table 7: Space Requirement

Description	Estimated Area (Sq ft)	Unit Cost (Rs.)	Total Cost (Rs.)
Hall Area	9,600	3,000	28,800,000
Kitchen	400	1000	400,000
Parking for Vehicles	6,400	300	1,920,000
Office	300	3,500	1,050,000
Store	600	1,200	720,000
Bridal Room	200	3,000	600,000
Rooms for Staff	100	2,200	220,000
Wash Room	250	1,500	375,000
Open Area	150	250	37,500
Boundary Wall (Running Feet)	537	1,600	858,650
Total Construction Cost			34,981,150

9.5 Machinery & Equipment Requirement

Following table provides list of machinery and equipment required for the proposed project:

Table 8: Machinery & Equipment Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Cone Dish	71	6,000	426,000
Cone Dish Spoon	142	100	14,200
Full Size Plates	850	300	255,000
Small Size Plates	850	250	212,500
Rice Spoons	850	50	42,500
Tea Spoons	850	30	25,500
Glass	850	80	68,000
Forks	850	50	42,500
Dinning Knife	850	50	42,500
Tea Cup	850	150	127,500
Serving Bowls	42	200	8,400
Serving Bowls Spoons	42	100	4,200
Serving Dish	42	100	4,200
Water Drum	08	4,000	32,000
Deep Freezer	04	60,000	240,000
Juicer & Blender	08	5,000	40,000

Summer Bar	16	4,000	64,000
Korma Daig	20	8,000	160,000
Biryani Daig	12	8,000	96,000
Sweet Daig	08	8,000	64,000
Daig Spoon	20	500	10,000
Daig Cover	40	500	20,000
Water Bowl	10	500	5,000
Water Tub	08	1,000	8,000
Burners	20	2,000	40,000
Small Size Knife	15	200	3,000
Large Size Knife	15	300	4,500
Basket for Rice	05	2,000	10,000
BBQ Setup	01	25,000	25,000
Gas Cylinder	06	15,000	90,000
Generator (100 KVA)	01	1,000,000	1,000,000
Total			3,184,500

The costing for machinery and equipment is undertaken considering the fact that there is easy and cheaper access to the requirement in local market. However, with regards to utensils, the entrepreneur can also choose from international brands such as Ikea, Harrods, The Alpha Collection, though the cost may be higher. Chinese brands have also gained popularity over the years and can also be considered.

9.6 Furniture and Fixtures Requirement

Details of the furniture and fixtures required for the project are given below:

Table 9: Furniture, Fixture and Vehicle Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Furniture			
Round Tables	100	4,500	450,000
Buffet Table	40	4,500	180,000
Round Table Cover	500	600	300,000
Round Table Top	500	150	75,000
Buffet Table Clothes	200	450	90,000
Skirting Buffet Tables	200	300	60,000

Chairs	1,000	1,800	1,800,000
Chair Covers	2,400	200	480,000
Chair Cover Ribbon	2,400	50	120,000
Stage Couch	2	60,000	120,000
Wooden Stage	2	150,000	300,000
Stage Red Runner	4	4,500	18,000
Stage Renovation	2	30,000	60,000
Furniture for Office	1	50,000	50,000
Hall Divider	1	25,000	25,000
Pedestal Fan	6	5,000	30,000
Bracket Fans	48	4,500	216,000
Instant Geysers	2	12,500	25,000
Electric Wiring & Lighting (Outdoor & Office)	1	200,000	200,000
Air conditioner (4 ton Split)	10	290,000	2,900,000
Air conditioner (1.5 ton split)	1	95,000	95,000
Air conditioner (1 ton split)	1	75,000	75,000
Total Furniture & Fixtures			9,109,000

9.7 Office Vehicle Requirement

Vehicles will be required for transportation. The details of vehicle for the project are given below:

Table 10: Office Vehicle

Vehicle	Number	Unit Cost (Rs.)	Amount (Rs.)
Mazda Truck (Used)	1	1,700,000	1,700,000

9.8 Office Equipment Requirement

Following office equipment will be required for the proposed project:

Table 11: Office Equipment Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Laptop	01	60,000	60,000
LED Screens	02	60,000	120,000
CCTV Camera System	01	150,000	150,000
Telephone Sets	02	2,500	5,000

Computer Printer	02	10,000	20,000
Total			355,000

9.9 Human Resource Requirement

Detail of human resource required along with proposed monthly salary is recommended as under:

Table 12: Human Resource Requirement

Description	No. of Employees	Monthly Salary per person (Rs.)
Owner / Manager	01	60,000
Admin / Marketing Officer	01	50,000
Accountant	01	35,000
Hall Manager	01	50,000
Storekeeper	02	22,000
Security Guard	03	25,000
Sweeper	03	20,000
Total	09	

9.10 Raw Material Requirement

The raw material for daily operations of event management complex includes:

- Chicken
- Mutton
- Beef
- Rice
- Oil
- Spices
- Milk
- Other ingredients such as flavors and food colors.
- Decorative items for stage designing, stall designing and theming. These include flowers, flower decorations, hanging decorations, balloons, back drops, banners etc.

An estimated sales contribution of raw material with regards to food category is shown below:

Table 13: Raw Material Contribution

Distribution of Events	Product Mix %age	Persons	Raw Material Cost	Weighted Avg. Cost
Wedding Ceremonies	60%	96,000		453

One Dish with Chicken	40%	38,400	639	256
One Dish with mutton	40%	38,400	864	346
One Dish with Beef	10%	9,600	676	68
Mehndi Event	10%	9,600	864	86
Corporate Events	20%	32,000		98
Economy Pack	40%	12,800	350	140
Medium Pack	40%	12,800	500	200
Premium Pack	20%	6,400	750	150
Ceremonial Parties	10%	16,000		74
Lunch Buffet	35%	5,600	700	245
Dinner Buffet	35%	5,600	900	315
Hi-Tea	30%	4,800	600	180
Civic Events & Social Gathering	10%	16,000		80
Buffet Cum-HI Tea	100%	16,000	800	800
Total				705

9.11 Utilities and Other Costs

An essential cost to be borne by the project is the cost of utilities. The water, gas and electricity expenses are estimated to be around Rs. 172,159 per month.

9.12 Revenue Generation

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

Table 14: Revenue Generation – Year 1

Distribution of Events	Product Mix %age	Persons	Sales Price	Persons In Year 1 (60%)	Revenue Generation In Year 1
Wedding Ceremonies	60%	96,000		57,600	
One Dish with Chicken	40%	38,400	1,050	23,040	24,192,000
One Dish with mutton	40%	38,400	1,700	23,040	39,168,000
One Dish with Beef	10%	9,600	1,110	5,760	6,336,000
Mehndi Event	10%	9,600	1,300	5,760	7,488,000
Corporate Events	20%	32,000		19,200	

Economy Pack	40%	12,800	500	7,680	3,840,000
Medium Pack	40%	12,800	700	7,680	5,376,000
Premium Pack	20%	6,400	1,000	3,840	3,840,000
Ceremonial Parties	10%	16,000		9,600	
Lunch Buffet	35%	5,600	1000	3,360	3,360,000
Dinner Buffet	35%	5,600	1,200	3,360	4,032,000
Hi-Tea	30%	4,800	800	2,880	2,304,000
Civic Events & Social Gathering	10%	16,000		9,600	
Buffet Cum-HI Tea	100%	16,000	1,100	9,600	10,560,000
Total Revenue					110,496,000

10 CONTACTS – SUPPLIERS

Name Of Supplier	Address	Phone / Fax	Website Address
Kitchen 'N' Restaurant Systems	102-A, Allama Iqbal Road Butt Lane, Garhi Shahu, Lahore, Punjab, Pakistan	(92 42) 36366589-90 (92 42) 36305989	
Kitchen Care	Plot# 103, Golden Plaza F-7, Blue Area, Islamabad, Capital, Pakistan	(92 51) 32875226 (92 51) 32277176	https://kitchencare.enic.pk/
Prestige Kitchens	Kehkashan Shopping Arcade Block-7, Clifton, Karachi 75600, Sindh, Pakistan	(92 21) 35862978 (92 21) 5871814	http://prestigekitchens.com.pk/

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
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
Pakistan Food Association	www.pakistanfoodassociation.org
Punjab Food Authority	www.punjabfoodauthority.gov.pk
Sindh Food Authority	https://sfa.gos.pk/
Balochistan Food Authority	https://www.facebook.com/Balochistan-Food-Authority-778994122486326/
KP Food Safety & Halal Food Authority	https://kpfsa.gov.pk/
All Pakistan Marriage Halls Association	https://www.facebook.com/All-Pakistan-Marriage-Halls-Association-109088717426052/
All Pakistan Restaurant Association	https://apra.org.pk/

12 ANNEXURES

12.1 Income Statement

SMEDA										
Calculations										
Income Statement										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	110,496,000	131,674,400	155,983,520	183,837,720	215,702,925	252,102,793	293,625,606	322,988,167	355,286,984	390,815,682
<i>Cost of sales</i>										
Raw Material Cost	67,685,538	80,658,600	95,549,418	112,611,815	132,131,196	154,428,335	179,863,590	197,849,949	217,634,944	239,398,439
Operation costs 1 (direct labor)	3,401,143	4,053,029	4,801,280	5,658,651	6,639,484	7,759,897	9,037,998	9,941,798	10,935,978	12,029,575
Operating costs 2 (Hall maintenance)	960,000	1,144,000	1,355,200	1,597,200	1,874,048	2,190,294	2,551,048	2,806,153	3,086,768	3,395,445
Operating costs 3 (direct electricity)	1,021,910	1,217,777	1,442,597	1,700,203	1,994,905	2,331,546	2,715,565	2,987,121	3,285,834	3,614,417
Operating costs 4 (direct water)	144,000	158,400	174,240	191,664	210,830	231,913	255,105	280,615	308,677	339,544
Operating costs 5 (direct gas)	900,000	1,072,500	1,270,500	1,497,375	1,756,920	2,053,400	2,391,607	2,630,768	2,893,845	3,183,229
Total cost of sales	74,112,592	88,304,305	104,593,235	123,256,908	144,607,384	168,995,385	196,814,913	216,496,405	238,146,045	261,960,650
Gross Profit	36,383,408	43,370,095	51,390,285	60,580,812	71,095,541	83,107,408	96,810,693	106,491,762	117,140,939	128,855,033
<i>General administration & selling expenses</i>										
Administration expense	4,488,000	4,936,800	5,430,480	5,973,528	6,570,881	7,227,969	7,950,766	8,745,842	9,620,427	10,582,469
Administration benefits expense	224,400	246,840	271,524	298,676	328,544	361,398	397,538	437,292	481,021	529,123
Electricity expense	216,000	237,600	261,360	287,496	316,246	347,870	382,657	420,923	463,015	509,317
Travelling expense	448,800	493,680	543,048	597,353	657,088	722,797	795,077	874,584	962,043	1,058,247
Communications expense (phone, fax, mail, internet, etc.)	673,200	740,520	814,572	896,029	985,632	1,084,195	1,192,615	1,311,876	1,443,064	1,587,370
Office vehicles running expense	170,000	187,000	205,700	226,270	248,897	273,787	301,165	331,282	364,410	400,851
Office expenses (stationary, entertainment, janitorial services, etc.)	314,160	345,576	380,134	418,147	459,962	505,958	556,554	612,209	673,430	740,773
Renovation expense	2,209,920	2,633,488	3,119,670	3,676,754	4,314,058	5,042,056	5,872,512	6,459,763	7,105,740	7,816,314
Promotional expense	552,480	658,372	779,918	919,189	1,078,515	1,260,514	1,468,128	1,614,941	1,776,435	1,954,078
Professional fees (legal, audit, consultants, Medical etc.)	220,992	263,349	311,967	367,675	431,406	504,206	587,251	645,976	710,574	781,631
Depreciation expense	3,389,408	3,389,408	3,389,408	3,389,408	3,389,408	4,023,029	4,023,029	4,023,029	4,023,029	4,023,029
Amortization of pre-operating costs	356,000	356,000	356,000	356,000	356,000	-	-	-	-	-
Amortization of legal, licensing, and training costs	21,440	21,440	21,440	21,440	21,440	21,440	21,440	21,440	21,440	21,440
Bad debt expense	552,480	658,372	779,918	919,189	1,078,515	1,260,514	1,468,128	1,614,941	1,776,435	1,954,078
Subtotal	13,837,280	15,168,444	16,665,138	18,347,154	20,236,590	22,635,732	25,016,860	27,114,099	29,421,062	31,958,721
Operating Income	22,546,129	28,201,651	34,725,147	42,233,658	50,858,950	60,471,676	71,793,833	79,377,664	87,719,877	96,896,311
Gain / (loss) on sale of machinery & equipment	-	-	-	-	1,273,800	-	-	-	-	-
Gain / (loss) on sale of office equipment	-	-	-	-	142,000	-	-	-	-	-
Gain / (loss) on sale of office vehicles	-	-	-	-	680,000	-	-	-	-	-
Earnings Before Interest & Taxes	22,546,129	28,201,651	34,725,147	42,233,658	52,954,750	60,471,676	71,793,833	79,377,664	87,719,877	96,896,311
Earnings Before Tax	22,546,129	28,201,651	34,725,147	42,233,658	52,954,750	60,471,676	71,793,833	79,377,664	87,719,877	96,896,311
Tax	7,011,145	8,990,578	11,273,801	13,901,780	17,654,163	20,285,086	24,247,842	26,902,182	29,821,957	33,033,709
NET PROFIT/(LOSS) AFTER TAX	15,534,984	19,211,073	23,451,346	28,331,877	35,300,588	40,186,589	47,545,992	52,475,481	57,897,920	63,862,602

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	200,000	20,648,086	43,646,575	70,859,775	102,916,739	134,635,785	178,703,473	230,220,071	286,403,067	347,900,634	421,060,135
Equipment spare part inventory	40,000	50,050	62,255	77,040	94,913	116,476	142,444	164,522	190,023	219,477	-
Raw material inventory	564,046	739,371	963,457	1,249,053	1,612,111	2,072,570	2,655,328	3,212,946	3,887,665	4,704,075	-
Total Current Assets	804,046	21,437,507	44,672,286	72,185,867	104,623,763	136,824,831	181,501,244	233,597,540	290,480,755	352,824,186	421,060,135
<i>Fixed assets</i>											
Land	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
Building/Infrastructure	34,981,150	33,232,093	31,483,035	29,733,978	27,984,920	26,235,863	24,486,805	22,737,748	20,988,690	19,239,633	17,490,575
Machinery & equipment	3,184,500	2,866,050	2,547,600	2,229,150	1,910,700	1,656,569	1,431,687	1,232,805	1,058,923	912,041	782,159
Furniture & fixtures	9,109,000	8,198,100	7,287,200	6,376,300	5,465,400	4,554,500	3,643,600	2,732,700	1,821,800	910,900	-
Office vehicles	1,700,000	1,360,000	1,020,000	680,000	340,000	2,737,867	2,190,294	1,642,720	1,095,147	547,573	-
Office equipment	355,000	284,000	213,000	142,000	71,000	453,080	362,464	271,848	181,232	90,616	-
Total Fixed Assets	89,329,650	85,940,243	82,550,835	79,161,428	75,772,020	79,637,878	75,614,849	71,591,821	67,568,792	63,545,763	59,522,734
<i>Intangible assets</i>											
Pre-operation costs	1,780,000	1,424,000	1,068,000	712,000	356,000	-	-	-	-	-	-
Legal, licensing, & training costs	214,400	192,960	171,520	150,080	128,640	107,200	85,760	64,320	42,880	21,440	-
Total Intangible Assets	1,994,400	1,616,960	1,239,520	862,080	484,640	107,200	85,760	64,320	42,880	21,440	-
TOTAL ASSETS	92,128,096	108,994,709	128,462,641	152,209,375	180,880,423	216,569,909	257,201,854	305,253,681	358,092,427	416,391,389	480,582,869

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		15,534,984	19,211,073	23,451,346	28,331,877	35,300,588	40,186,589	47,545,992	52,475,481	57,897,920	63,862,602
Add: depreciation expense		3,389,408	3,389,408	3,389,408	3,389,408	3,389,408	4,023,029	4,023,029	4,023,029	4,023,029	4,023,029
amortization of pre-operating costs		356,000	356,000	356,000	356,000	356,000	-	-	-	-	-
amortization of training costs		21,440	21,440	21,440	21,440	21,440	21,440	21,440	21,440	21,440	21,440
Equipment inventory	(40,000)	(10,050)	(12,205)	(14,785)	(17,873)	(21,563)	(25,967)	(22,079)	(25,501)	(29,454)	219,477
Raw material inventory	(564,046)	(175,324)	(224,086)	(285,596)	(363,058)	(460,459)	(582,758)	(557,619)	(674,719)	(816,410)	4,704,075
Accounts payable		1,331,629	256,859	295,388	339,171	388,898	445,356	505,835	363,265	401,042	328,878
Cash provided by operations	(604,046)	20,448,086	22,998,489	27,213,200	32,056,964	38,974,311	44,067,688	51,516,598	56,182,995	61,497,567	73,159,501
Issuance of shares	92,128,096	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing activities	92,128,096	-	-	-	-	-	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(91,324,050)	-	-	-	-	(7,255,266)	-	-	-	-	-
Cash (used for) / provided by investing activities	(91,324,050)	-	-	-	-	(7,255,266)	-	-	-	-	-
NET CASH	200,000	20,448,086	22,998,489	27,213,200	32,056,964	31,719,045	44,067,688	51,516,598	56,182,995	61,497,567	73,159,501

13 KEY ASSUMPTIONS

13.1 Operating Cost Assumptions

Description	Details
Administration Benefit Expenses	5% of Administration expense
Office Expenses (Stationery, Entertainment etc)	7% of Administration expenses
Communication Expenses	15% of Administration expense
Promotional Expenses	0.5% of Revenue
Professional Fee	0.2% of Revenues
Depreciation Method	Straight Line
Depreciation Rate	5% on Building / Infrastructure 10% on Machinery 20% on Office Equipment 10% on Furniture & Fixture 20% on Office Vehicles
Electricity Price Growth Rate	10%
Salaries Growth Rate	10%

13.2 Production Cost Assumptions

Description	Details
Cost of Goods sold Growth Rate	10% per year
Maintenance Cost	Rs. 10 / Person

13.3 Revenue Assumptions

Description	Details
Growth in Sales Price	10%
Per Function Serving Capacity	800 Persons
Average Function Capacity	500 Persons
Function in Year 1 (60%)	192 Functions
Production Capacity in First Year	60%
Percentage Increase in Production Capacity every Year	05%
Maximum Production Capacity	90%

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