



Pre-feasibility Study

COURIER SERVICE

June 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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For information	shakoor@smeda.org.pk

2 EXECUTIVE SUMMARY

The proposed project is about establishing a Courier Service. The subject project is recommended to be operative from 30 different locations of Pakistan. The prevalence of such facility would add economic benefits in the country and would add number of direct and indirect employment. Initial movement of shipments would be through Daewoo/Local transport from city to city. From where delivery boys will collect, record and deliver to the destination.

Currently the project is being designed / proposed for major cities that are densely populated but the same can be proposed for other cities which can fulfill input and requirements of the project.

The Courier Service has the capacity of approximately 429,000 bookings annually and will be operational for 330 days a year. Initially the Courier Service will be operated at 70% of capital utilization and will increase it by 5% annually. The Maximum capacity utilization will be 95%.

The total project investment is Rs. **22,470,550/-** with an Internal Rate of Return (IRR) of **27%** and Net Present Value (NPV) of **9,304,510/-**. The total project investment would be paid back in **3.69** years.

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 **Courier Service business** by providing them with a general understanding of the business with the intention of supporting potential investors in crucial investment decisions.

The need to come up with pre-feasibility reports for undocumented or minimally documented sectors attains greater imminence as the research that precedes such reports reveal certain thumb rules; best practices developed by existing enterprises by trial and error, and certain industrial norms that become a guiding source regarding various aspects of business set-up and its successful management.

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

5 BRIEF DESCRIPTION OF PROJECT & PRODUCT

Following key parameters must be addressed as per pre-feasibility study under preparation

- **Technology:** A management information system (MIS) would be installed that will simplify courier management and routing. Each location will record its daily bookings to help develop a centralized data to be accessed instantly.

A company website would be developed along with tracking system to help customers track their shipments at any time.

- **Location:** Determining the best location is very important for a business. There is huge gap of courier services sector delivering parcels. People here mostly use personal references to deliver the parcels. Starting a courier business initially targeting 30 locations would be a perfect business to start with. The office space should be in an area which is highly populated with offices and other kind of businesses. This will provide you with business opportunities within the same vicinity.
- **Services:** Keeping in view the market demand and characteristics the proposed project is offering different categories ranging from up to 0.5 kg to 5 kg packages. Moreover, the distance factor is also considered and for that delivery services start from within 1 km to 1500 km of area. A rate list is shown as under:

Table 1: Rate List

Details	1-100 Km	101-200 Km	201-500 Km	500-1000 Km	1001 - 1500 Km
Upto 0.5 Kg	80	100	120	130	150
0.51 – 1 Kg	100	120	140	150	180
1.1 – 2 Kg	120	150	180	200	250
2.1 – 3 Kg	150	180	200	250	300
3.1 – 4 Kg	200	250	300	350	400
4.1 – 5 Kg	300	400	500	600	700

- **Target Market:** The target customers for the proposed services would primarily be individuals, students, offices and banks.
- **Employment Generation:** The proposed project will provide direct employment to 65 people.

6 INSTALLED AND OPERATIONAL CAPACITIES

The Courier Service business has the capacity of approximately 429,000 bookings annually and will be operational for 330 days a year. Initially the courier service business will be operated at 70% of capital utilization and will increase it by 5% annually. The maximum capacity utilization will be 95%.

7 CRITICAL FACTORS

- Selection of proper location, equipment and staff would be required to run project successfully.
- One of the most important factors to consider is the speed of delivery.
- Progress in terms of product development and innovation
- To attract large number of customers, good relations and understanding with other companies is a prerequisite.
- Shipment tracking capability must particularly be helpful when a customer needs a specific time when they can expect the package to arrive.
- Employing and retaining skilled labor
- Higher return on investment and a steady growth of business is expected with the entrepreneur having some prior experience in the related field of business

8 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

Every company has letters and parcels to send to their clients or other offices. The courier business is opening up new avenues for the e-commerce markets by simplifying the way how products are delivered. Indeed, it is a lucrative business these days when it comes to handling the logistics of e-Commerce startups.

Densely populated cities would be targeted for the proposed project. Business operations still require a courier service for day to day operations. Individuals, offices, banks and e-Commerce business must be professionally engaged to increase the number of bookings.

Like any other business, the first step in opening a courier service is finding the right location as it will be greatly helpful in returning profits in the long run.

The market for courier business still has a huge gap. This report provides an economic basis for continued investment in courier business, looking at opportunities for the sector against the potential threats to its pace of development worldwide. On a technical level, this report considers each of the stereoscopic

formats available, including the range of investments, the potential revenues and profit margins.

9 POTENTIAL TARGET CUSTOMERS / MARKETS

The target customers for the proposed project would primarily be individuals, students, offices and specifically banks. Every now and then all over the world there will be the need to send official packages, gifts, letters, parcels, amongst many others. To ensure you reach and engage your target audience, effective business promotion must be considered. And for that a marketing team or even a single person is needed to handle the advertising and PR side of the business. This team is also responsible for getting the permanent clients. Banks are the main target of every courier company as their daily courier is greater than other companies.

10 PROJECT COST SUMMARY

10.1 Project Economics

All the figures in this financial model have been calculated for estimated revenues of **Rs. 51,466,800** in the year one. The capacity utilization during year one is worked out at **70%** with **5%** increase in subsequent years up to the maximum capacity utilization of **95%**.

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)	27%
Payback Period (yrs.)	3.69
Net Present Value (Rs.)	9,304,510

10.2 Project Financing

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

Table 3: Project Financing

Description	Details
Total Equity (50%)	11,235,275
Bank Loan (50%)	11,235,275
Markup to the Borrower (%age / annum)	16 %
Tenure of the Loan (Years)	3.69

10.3 Project Cost

Following fixed and working capital requirements have been identified for operations of the proposed business.

Table 4: Project Cost

Description	Amount Rs.
Capital Cost	
Building rental/Renovation	2,400,000
Equipment (Management Information System)	1,600,000
Furniture & Fixture	1,485,000
Vehicles	3,259,950
Office Equipment	3,709,000
Pre-operating Cost	1,440,000
Total Capital Cost	13,893,950
Working Capital	
Upfront building rent	7,980,000
Upfront insurance payment	96,600
Cash	500,000
Total Working Capital	8,576,600
Total Project Cost	22,470,550

10.4 Space Requirement

As the proposed courier service to be operative initially from 30 different locations and 1 main office to centrally coordinate, so the space acquired to be purely on

monthly rental basis. A 150 sq. ft. area is a good space to operate from 30 locations and 500 sq. ft. for main office;

Table 5: Space Requirement

Description	Estimated Area (Sq. ft.)	Unit Cost (Rs.)	Total Cost (Rs.)
Office Locations (30)	4500	133	598,500
Main Office	500	133	66,500
Total	5000	133	665,000

10.5 Equipment Requirement

Centralized computer software is required in which parcel numbers and other related information is entered at the time of dispatch. This centralized system gets connected with company's website to help track a parcel till it is received and delivered to its destination.

Table 6: Machinery & Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Management Information System	1	1,500,000	1,500,000
Website development with tracking	1	100,000	100,000
Total			1,600,000

10.6 Furniture & Fixtures Requirement

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

Table 7: Furniture & Fixture

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Customer waiting seat (3 attached seats)	30	11,000	330,000
Office Chair	30	6,000	180,000
Tables	30	15,000	450,000
Main office table and chairs	1	150,000	150,000
Air conditioners (1.5 ton split)	5	75,000	375,000
Total			1,485,000

10.7 Office Equipment Requirement

Following office equipment will be required for a courier business;

Table 8: Office Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Laptop	34	70,000	2,380,000
Printer	32	35,000	1,120,000
Telephone sets	34	3,500	119,000
Telephone Exchange	1	90,000	90,000
Total			3,709,000

10.8 Human Resource Requirement

In order to run operations smoothly of courier service business, details of human resources required along with number of employees and monthly salary are recommended as under;

Table 9: Human Resource Requirement

Description	No. of Employees	Monthly Salary per person (Rs.)
Manager	1	65,000
Admin and Accounts Officer	1	45,000
Business Development officer/Marketing officer	1	40,000
Delivery Boys	30	20,000
Booking Officers	30	20,000
Sweeper	1	20,000
Guard	1	20,000
Total	65	1,390,000

10.9 Utilities and other costs

An essential cost to be borne by the project is the cost of utilities. The administrative expenses are Rs. 16,680,000 in year 1. Furthermore, promotional expense being essential for marketing of courier service is estimated as 5% and that is Rs. 2,573,340 for year 1.

10.10 Revenue Generation

Based on the capacity utilization of 70%, sales revenue during the first year of operations is estimated as under;

Table 10: Revenue Generation – Year 1

Details	1-100 Km	101-200 Km	201-500 Km	500-1000 Km	1001-1500 Km	Daily Bookings	Yearly bookings	Avg. Price	Revenue
Upto 0.5 Kg	56	70	84	91	105	500	165,000	81	13,398,000
0.51 -1 kg	70	84	98	105	126	300	99,000	97	9,563,400
1.1 - 2 kg	84	105	126	140	175	200	66,000	126	8,316,000
2.1- 3 kg	105	126	140	175	210	150	49,500	151	7,484,400
3.1 - 4kg	140	175	210	245	280	100	33,000	210	6,930,000
4.1 - 5 kg	210	280	350	420	490	50	16,500	350	5,775,000
Total						1,300	429,000		51,466,800

11 CONTACT DETAILS

In order to facilitate potential investors, contact details of private sector Service Providers relevant to the proposed project be given.

11.1 Equipment Suppliers

Name of Supplier	Address	Phone	Fax	E-mail	Website
IT Vision	Al Hafeez Shopping Mall, Main Boulevard Gulberg III, Lahore	0423-5774617	-	info@itvision.com.pk	www.itvision.com.pk
Interwood	211 Street 11, Sector Y DHA Phase 3 Lahore	0423-5692551	-	www.interwood.pk/contact-us	www.interwood.pk

12 USEFUL WEB LINKS

Small & Medium Enterprises Development Authority (SMEDA)	www.smeda.org.pk
Government of Pakistan	www.pakistan.gov.pk
Ministry of Industries & Production	www.moip.gov.pk
Ministry of Education, Training & Standards in Higher Education	http://moptt.gov.pk
Government of Punjab	www.punjab.gov.pk
Government of Sindh	www.sindh.gov.pk
Government of Khyber Pakhtunkhwa	www.khyberpakhtunkhwa.gov.pk
Government of Balochistan	www.balochistan.gov.pk
Government of Gilgit Baltistan	www.gilgitbaltistan.gov.pk
Government of Azad Jamu Kashmir	www.ajk.gov.pk
Trade Development Authority of Pakistan (TDAP)	www.tdap.gov.pk
Security Commission of Pakistan (SECP)	www.secp.gov.pk
Federation of Pakistan Chambers of Commerce and Industry (FPCCI)	www.fpcci.com.pk
State Bank of Pakistan (SBP)	www.sbp.org.pk
Punjab Small Industries Corporation	www.psic.gop.pk
Sindh Small Industries Corporation	www.ssic.gos.pk
Pakistan Horticulture Development and Export Company (PHDEC)	www.phdec.org.pk
Punjab Vocational Training Council (PVTC)	www.pvtc.gop.pk
Technical Education and Vocational Training Authority (TEVTA)	www.tevta.org
Pakistan Readymade Garment Technical Training Institute	www.prgmea.org/prgtti/
Livestock & Dairy Development Department, Government of Punjab.	www.livestockpunjab.gov.pk
Punjab Industrial Estates (PIE)	www.pie.com.pk
Faisalabad Industrial Estate Development and Management Company (FIEDMC)	www.fiedmc.com.pk

13 ANNEXURES

13.1 Income Statement

Statement Summaries										SMEDA
Income Statement										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Rs. in actuals Year 10
Revenue	51,466,800	57,900,150	64,848,168	72,346,237	80,431,993	89,145,459	93,602,732	98,282,869	103,197,012	108,356,863
Cost of goods sold	10,893,960	12,255,705	13,726,390	15,313,503	17,025,013	18,869,389	19,812,858	20,803,501	21,843,676	22,935,860
Gross Profit	40,572,840	45,644,445	51,121,778	57,032,734	63,406,981	70,276,070	73,789,874	77,479,368	81,353,336	85,421,003
<i>General administration & selling expenses</i>										
Administration expense	16,846,800	18,487,028	20,286,951	22,262,118	24,429,589	26,808,088	29,418,162	32,282,355	35,425,411	38,874,479
Rental expense	7,980,000	8,778,000	9,655,800	10,621,380	11,683,518	12,851,870	14,137,057	15,550,762	17,105,839	18,816,423
Utilities expense	2,000,000	2,200,000	2,420,000	2,662,000	2,928,200	3,221,020	3,543,122	3,897,434	4,287,178	4,715,895
Travelling & Comm. expense (phone, fax, etc.)	1,834,800	2,013,439	2,209,470	2,424,587	2,660,648	2,919,693	3,203,958	3,515,900	3,858,213	4,233,854
Office vehicles running expense	325,995	358,595	394,454	433,899	477,289	525,018	577,520	635,272	698,799	768,679
Office expenses (stationary, etc.)	1,668,000	1,830,399	2,008,609	2,204,170	2,418,771	2,654,266	2,912,689	3,196,273	3,507,466	3,848,958
Promotional expense	2,573,340	2,895,008	3,242,408	3,617,312	4,021,600	4,457,273	4,680,137	4,914,143	5,159,851	5,417,843
Insurance expense	96,600	86,940	77,280	67,620	57,960	48,300	38,640	28,980	19,320	9,660
Professional fees (legal, audit, etc.)	257,334	289,501	324,241	361,731	402,160	445,727	468,014	491,414	515,985	541,784
Depreciation expense	1,125,395	1,125,395	1,125,395	1,125,395	1,125,395	1,125,395	1,125,395	1,125,395	1,125,395	1,125,395
Amortization expense	288,000	288,000	288,000	288,000	288,000	-	-	-	-	-
Property tax expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous expense	514,668	579,002	648,482	723,462	804,320	891,455	936,027	982,829	1,031,970	1,083,569
Subtotal	35,510,932	38,931,305	42,681,090	46,791,674	51,297,450	55,948,105	61,040,720	66,620,758	72,735,427	79,436,540
Operating Income	5,061,909	6,713,140	8,440,688	10,241,060	12,109,531	14,327,966	12,749,154	10,858,609	8,617,909	5,984,463
Other income	-	-	-	-	-	-	-	-	-	-
Gain / (loss) on sale of assets	-	-	-	-	-	-	-	-	-	-
Earnings Before Interest & Taxes	5,061,909	6,713,140	8,440,688	10,241,060	12,109,531	14,327,966	12,749,154	10,858,609	8,617,909	5,984,463
Interest expense	1,492,190	949,891	762,406	544,924	292,644	-	-	-	-	-
Earnings Before Tax	3,569,719	5,763,249	7,678,282	9,696,136	11,816,886	14,327,966	12,749,154	10,858,609	8,617,909	5,984,463
Tax	1,463,585	2,362,932	3,148,096	3,975,416	4,844,923	5,874,466	5,227,153	4,452,030	3,533,343	2,453,630
NET PROFIT/(LOSS) AFTER TAX	2,106,134	3,400,317	4,530,186	5,720,720	6,971,963	8,453,500	7,522,001	6,406,579	5,084,566	3,530,833
Balance brought forward		2,106,134	4,405,161	7,148,278	10,295,198	13,813,729	17,813,783	20,268,627	21,340,165	21,139,785
Total profit available for appropriation	2,106,134	5,506,451	8,935,347	12,868,998	17,267,161	22,267,229	25,335,784	26,675,206	26,424,731	24,670,618
Dividend	-	1,101,290	1,787,069	2,573,800	3,453,432	4,453,446	5,067,157	5,335,041	5,284,946	4,934,124
Balance carried forward	2,106,134	4,405,161	7,148,278	10,295,198	13,813,729	17,813,783	20,268,627	21,340,165	21,139,785	19,736,494

13.2 Balance Sheet

Statement Summaries											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
	Rs. in actuals										
Assets											
<i>Current assets</i>											
Cash & Bank	7,815,000	6,888,589	9,555,361	12,475,900	15,579,498	18,798,688	23,703,236	27,014,841	28,933,298	29,568,913	30,714,339
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-
Finished goods inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment spare part inventory	-	-	-	-	-	-	-	-	-	-	-
Raw material inventory	-	-	-	-	-	-	-	-	-	-	-
Pre-paid annual land lease	-	-	-	-	-	-	-	-	-	-	-
Pre-paid building rent	665,000	731,500	804,650	885,115	973,627	1,070,989	1,178,088	1,295,897	1,425,487	1,568,035	-
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid insurance	96,600	86,940	77,280	67,620	57,960	48,300	38,640	28,980	19,320	9,660	-
Total Current Assets	8,576,600	7,707,028	10,437,290	13,428,634	16,611,084	19,917,977	24,919,964	28,339,718	30,378,104	31,146,608	30,714,339
<i>Fixed assets</i>											
Land	-	-	-	-	-	-	-	-	-	-	-
Building/Infrastructure	2,400,000	2,280,000	2,160,000	2,040,000	1,920,000	1,800,000	1,680,000	1,560,000	1,440,000	1,320,000	1,200,000
Machinery & equipment	1,600,000	1,440,000	1,280,000	1,120,000	960,000	800,000	640,000	480,000	320,000	160,000	-
Furniture & fixtures	1,485,000	1,336,500	1,188,000	1,039,500	891,000	742,500	594,000	445,500	297,000	148,500	-
Office vehicles	3,259,950	2,933,955	2,607,960	2,281,965	1,955,970	1,629,975	1,303,980	977,985	651,990	325,995	-
Office equipment	3,709,000	3,338,100	2,967,200	2,596,300	2,225,400	1,854,500	1,483,600	1,112,700	741,800	370,900	-
Total Fixed Assets	12,453,950	11,328,555	10,203,160	9,077,765	7,952,370	6,826,975	5,701,580	4,576,185	3,450,790	2,325,395	1,200,000
<i>Intangible assets</i>											
Pre-operation costs	1,440,000	1,152,000	864,000	576,000	288,000	-	-	-	-	-	-
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
Total Intangible Assets	1,440,000	1,152,000	864,000	576,000	288,000	-	-	-	-	-	-
TOTAL ASSETS	22,470,550	20,187,583	21,504,450	23,082,399	24,851,454	26,744,952	30,621,544	32,915,903	33,828,894	33,472,003	31,914,339
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable	-	447,697	503,659	564,098	629,322	699,658	775,454	814,227	854,938	897,685	942,570
Export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Short term debt	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	-	447,697	503,659	564,098	629,322	699,658	775,454	814,227	854,938	897,685	942,570
<i>Other liabilities</i>											
Lease payable	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	-	461,658	595,316	728,974	862,632	996,290	797,032	597,774	398,516	199,258	0
Long term debt	11,235,275	5,936,820	4,765,039	3,405,774	1,829,027	-	-	-	-	-	-
Total Long Term Liabilities	11,235,275	6,398,478	5,360,355	4,134,748	2,691,659	996,290	797,032	597,774	398,516	199,258	0
<i>Shareholders' equity</i>											
Paid-up capital	11,235,275	11,235,275	11,235,275	11,235,275	11,235,275	11,235,275	11,235,275	11,235,275	11,235,275	11,235,275	11,235,275
Retained earnings	-	2,106,134	4,405,161	7,148,278	10,295,198	13,813,729	17,813,783	20,268,627	21,340,165	21,139,785	19,736,494
Total Equity	11,235,275	13,341,409	15,640,436	18,383,553	21,530,473	25,049,004	29,049,058	31,503,902	32,575,440	32,375,060	30,971,769
TOTAL CAPITAL AND LIABILITIES	22,470,550	20,187,583	21,504,450	23,082,399	24,851,454	26,744,952	30,621,544	32,915,903	33,828,894	33,472,003	31,914,339
<i>Note: Total assets value will differ from project cost due to first installment of leases paid at the start of year 0</i>											

13.3 Cash Flow Statement

Statement Summaries											SMEDA
Cash Flow Statement											Rs. in actuals
	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	-	2,106,134	3,400,317	4,530,186	5,720,720	6,971,963	8,453,500	7,522,001	6,406,579	5,084,566	3,530,833
Add: depreciation expense	-	1,125,395	1,125,395	1,125,395	1,125,395	1,125,395	1,125,395	1,125,395	1,125,395	1,125,395	1,125,395
amortization expense	-	288,000	288,000	288,000	288,000	288,000	-	-	-	-	-
Deferred income tax	-	461,658	133,658	133,658	133,658	133,658	(199,258)	(199,258)	(199,258)	(199,258)	(199,258)
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-
Finished good inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment inventory	-	-	-	-	-	-	-	-	-	-	-
Raw material inventory	-	-	-	-	-	-	-	-	-	-	-
Pre-paid building rent	(665,000)	(66,500)	(73,150)	(80,465)	(88,512)	(97,363)	(107,099)	(117,809)	(129,590)	(142,549)	1,568,035
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Advance insurance premium	(96,600)	9,660	9,660	9,660	9,660	9,660	9,660	9,660	9,660	9,660	9,660
Accounts payable	-	447,697	55,962	60,439	65,224	70,336	75,796	38,773	40,711	42,747	44,884
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Cash provided by operations	(761,600)	4,372,044	4,939,842	6,066,873	7,254,145	8,501,649	9,357,994	8,378,762	7,253,498	5,920,562	6,079,550
<i>Financing activities</i>											
Change in long term debt	11,235,275	(5,298,455)	(1,171,780)	(1,359,265)	(1,576,747)	(1,829,027)	-	-	-	-	-
Change in short term debt	-	-	-	-	-	-	-	-	-	-	-
Change in export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Add: land lease expense	-	-	-	-	-	-	-	-	-	-	-
Land lease payment	-	-	-	-	-	-	-	-	-	-	-
Change in lease financing	-	-	-	-	-	-	-	-	-	-	-
Issuance of shares	11,235,275	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares	-	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing :	22,470,550	(5,298,455)	(1,171,780)	(1,359,265)	(1,576,747)	(1,829,027)	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(13,893,950)	-	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-	-
Cash (used for) / provided by investing :	(13,893,950)	-	-	-	-	-	-	-	-	-	-
NET CASH	7,815,000	(926,411)	3,768,062	4,707,608	5,677,398	6,672,622	9,357,994	8,378,762	7,253,498	5,920,562	6,079,550
Cash balance brought forward		7,815,000	6,888,589	9,555,361	12,475,900	15,579,498	18,798,688	23,703,236	27,014,841	28,933,298	29,568,913
Cash available for appropriation	7,815,000	6,888,589	10,656,651	14,262,969	18,153,297	22,252,120	28,156,682	32,081,998	34,268,339	34,853,859	35,648,462
Dividend	-	-	1,101,290	1,787,069	2,573,800	3,453,432	4,453,446	5,067,157	5,335,041	5,284,946	4,934,124
Cash carried forward	7,815,000	6,888,589	9,555,361	12,475,900	15,579,498	18,798,688	23,703,236	27,014,841	28,933,298	29,568,913	30,714,339

14 KEY ASSUMPTIONS

14.1 Operating Cost Assumptions

Description	Details
Operational Days/ year	330
Hours operational/ days	9

14.2 Production Cost Assumptions

Description	Details
Initial Capital utilization	70%
Annual Capital Utilization Growth	5%
Maximum Capital Utilization	95%

14.3 Revenue Assumptions

Description	Details
Revenue Y1	51,466,800
CGS Y1	10,293,360

14.4 Financial Assumptions

Description	Details
Interest Rate	16%
Debt: Equity Ratio	50:50
Debt Tenure	5 Years

Small and Medium Enterprises Development Authority

HEAD OFFICE

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

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

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