



Pre-feasibility Study

CALL CENTER WITH 100 SEATS

November 2023

“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

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2. EXECUTIVE SUMMARY

A call center is a Business Process Outsourcing (BPO) organization to which phone calls from customers are directed. Call centers can handle inbound and/or outbound calls, and be located either within a company or outsourced to another company that specializes in handling calls. It is a common practice for larger companies to outsource to call centers as they contribute towards improving a company's performance by providing high quality services to build customer confidence, increasing sales, avoiding any lost opportunities, providing competitive advantage by offering 24/7 coverage, providing a professional image and reducing company's expenditures.

The services normally outsourced by companies to the call centers includes offering customers support, handling customer's queries, carrying out telemarketing and conducting market surveys. These services are provided to local as well as overseas markets.

Call centers may provide inbound and/or outbound services to the customers/potential customers of these companies/brands. **Inbound calls** are the phone calls initiated by the customers and made to representatives of call center through which the customers contact call center to resolve their queries. **Outbound calls** are the ones which are initiated by a call center's representative / agent to a customer on behalf of a client of the call center. Outbound calls are typically made to prospective customers. These calls focus on sales, lead generation, etc. The proposed Call Center project will provide inbound as well as outbound services. A call center may be established in major cities of the country; such as Karachi, Lahore, Quetta, Islamabad, Faisalabad, Peshawar, Multan, Bahawalpur, Sialkot, Sargodha, Gujranwala, Hyderabad, Mardan, etc.

This "Pre-feasibility Document" provides details for setting up a Call Center with 100 seats.

The proposed center is assumed to operate with 100 seats providing hybrid services i.e., inbound as well as outbound. 60% of the total seats have been allocated for outbound services (6 Supervisors and 54 Customer Service Representatives) and 40% seats have been allocated for inbound services (4 supervisors and 36 customer service representatives). The allocation of staff for outbound and inbound services is based on the nature of services as more effort and time is required for making outbound calls as compared to inbound calls. Further, for outbound services, the representatives have control to make as many calls as much possible and increase revenue; whereas in inbound services, the representatives may have to sit idle sometimes when there aren't much incoming calls. The proposed project will also need support staff for carrying out the administration and HR, accounting and finance and IT functions. In addition, there will be security guards and office boys to provide support to the team. High return on investment and steady growth of business is expected with the entrepreneur having some prior experience.

The proposed project will be set up in a rented building having an area of 3,104 sq. ft. The project requires a total investment of PKR 50.15 million. This includes capital investment of PKR 35.06 million and working capital of PKR 15.09 million. The project will be established using 100% equity financing. The Net Present Value (NPV) of project is PKR 45.09 million with an Internal Rate of Return (IRR) of 42% and a Payback period of 2.39 years. Further, the proposed center is expected to generate Gross Annual Revenues of PKR 173.22 million in the 1st year of operations, Gross Profit (GP) ratio ranging from 37% to 39% and Net Profit (NP) ratio ranging from 4% to 6% during the projection period of ten years. The proposed project will achieve its estimated breakeven point at capacity of 81% (35,259 number of calls) with breakeven revenue of PKR 140.25 million.

The proposed project may also be established using leveraged financing. At financing from debt sources at a cost of KIBOR+3%, the proposed center provides Net Present Value (NPV) of PKR 39.29 million, Internal Rate of Return (IRR) of 41% and Payback period of 2.47 years. Further, this project is expected to generate Net Profit (NP) ratio ranging from 2% to 6% during the projection period of ten years. The proposed project will achieve its estimated breakeven point at capacity of 90% (39,177 number of calls) with breakeven revenue of PKR 155.84 million.

The project will generate direct employment opportunity for 120-140 people. The legal business status of this project is proposed as a "Private Limited Company".

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 provide information to the potential investors about establishing a Call Center business. The document provides a general understanding of the business to facilitate potential investors in crucial and effective 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

A call center is a place where incoming and outgoing calls from both existing and prospective clients are handled by a team of customer service representatives. These are individuals who answer and dial out calls. Their responsibility is to respond to incoming calls from the customers to take their orders, answer questions and inquiries, troubleshoot problems, route inbound calls to appropriate resources, provide information and handle complaints regarding the organization's products or services. Additionally, representatives are responsible for making outbound calls for telemarketing, verification services, setting appointments, gathering survey data, fund raising, etc.

Typically, an inbound call center handles a considerable volume of calls at the same time. Calls are screened and forwarded to representatives who log the calls and are trained and qualified to handle them. An Interactive Voice Response (IVR) system answers calls and utilizes speech recognition technology to either address customer queries with an automated message or route calls to the appropriate call center representatives via an automated call distributor. Agents in an inbound call center may handle calls from current or potential customers regarding accounts management,

scheduling, technical support, and complaints management, queries about products or services, or intent to purchase from the company.

In an outbound call center, an agent makes calls on behalf of the company or client for tasks, including lead generation, telemarketing, customer retention, fundraising, surveying, collecting debts or scheduling appointments. To maximize efficiency, calls are usually made with an automated dialer and then transferred to an available agent via an IVR system once a connection with a person has been made.

In today's competitive business environment, call centers are high in demand in order to create and retain the clients as they build client's confidence and provide a professional image of a company. The business environment is progressing at a very high rate and in order to cope with the challenges, every entrepreneur needs to establish a good call center for offering customers support, handling their queries, carrying out telemarketing, conducting market research, selling products and services, etc. Businesses outsource their customer service and sales department because normally, marketing, sales and customer services are not the areas in which they excel. This requires a different team and operations department which could be a hassle in the company's normal business operations. In order to avoid that, the businesses outsource these jobs to the specialist companies (call centers) having their expertise in the relevant field.

This document provides details for setting up a Call Center with 100 seats, providing services to existing and potential clients.

The success of a call center is dependent upon quality of services, proficient English-speaking staff, effective customer handling strategies, powerful communication skills and high bandwidth internet connectivity. The proposed call center may be established in metropolitan cities of Pakistan where there is easy access to internet services and availability of capable staff.

5.1. Call Center Services

Training of Customer Service Representatives

Customer Service Representatives need proper training and tools to handle calls in a professional manner that makes the customer feel heard and appreciated. The Customer Service Representatives should be trained in the following skills to generate a satisfactory customer experience:

- Transferring calls between departments
- Answering calls using call center software
- Adding other people to the call via call center software
- Muting and unmuting the speaker while talking to customers
- Communicating wait times when putting customer on hold

- Letting customers know call may be recorded
- Pause call recordings while acquiring credit card information
- Handling impatient and/or angry customers

The services offered by the proposed call center project are categorized in two major domains:

1. Inbound Services
2. Outbound Services

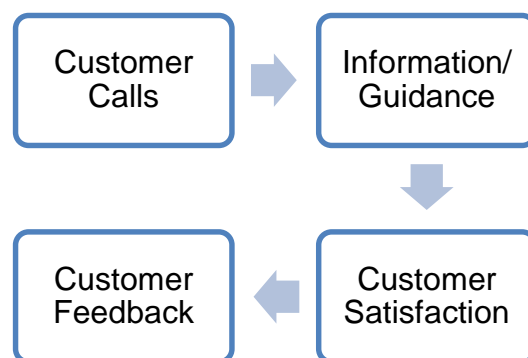
Inbound Call Services

Under the inbound call services, the customer service representatives handle the calls of the customers of the client company; to which the Call Center is providing services. By using a management software system, the inbound service representatives navigate through the client accounts and guide them properly. The following list shows some inbound call services:

- Serving and resolving customer's queries
- Product/ service support
- Payment and order processing
- Subscription upgrade and renewal inquiries

In the proposed project, inbound services are being provided to the banking sector. A typical process flow of an inbound call service is provided in Figure 1.

Figure 1: Process Flow - Inbound Call Services



Customer Calls: An interactive voice response (IVR) system answers calls and utilizes speech recognition technology to either address customer queries with an automated message or route calls to the appropriate call center representatives via an automated call distributor.

Information / Guidance: The customers, according to their requirement and queries, are guided or provided with the relevant information by the customer service representatives who are trained and hence have the necessary information to serve client queries.

Customer Feedback: At the end, customer feedback is received which is essential in this industry. This may be done by replying to an instant message or pressing a specified number as guided after the call. The customer then shares his overall experience and what he expects more.

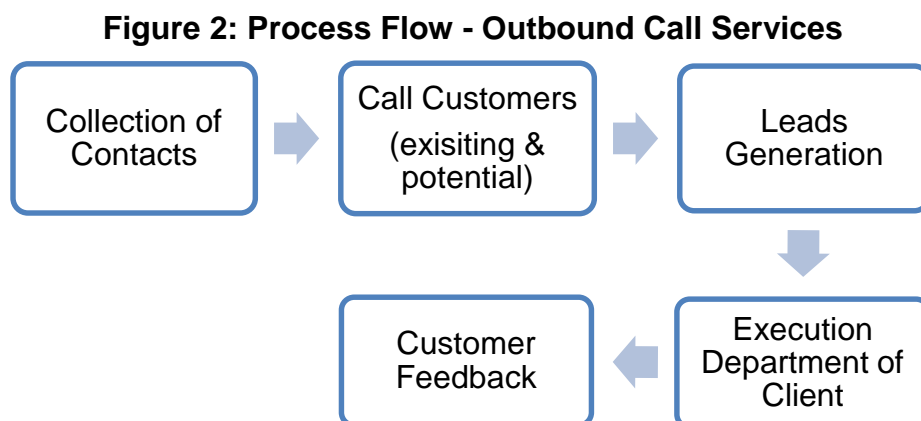
Outbound Call Services

The outbound services are call services where the staff of the company (call center) proactively reaches to the existing and potential customers.

The outbound services usually include:

- Lead Generation
- Telemarketing
- Appointment Setting
- Market Research

In the proposed project, outbound services are being provided to insurance companies. A typical process flow of an outbound call service is provided in Figure 2.



Collection of Contacts: The sale agents of the company approach the targeted customers for introducing services or products. They try to convince the potential customers to purchase the product/service being offered. Contacts of the potential customers are bought by the call center from different sources; under different arrangements. Sometimes, the company shares the contacts to be called but most of the times, it is the call center which has to purchase such data from other companies.

Lead Generation: This is also known as 'Closure' in industry terms. One lead is generated when a sales agent successfully convinces a client for purchasing a service / product.

Execution Department: After successful call made by sales agent, the client company is contacted for provision of services / delivery of goods. The client company then ensures delivery of product / provision of services and receives payment.

Customer Feedback: At the end, customer feedback is received which is considered essential in this industry. The customer then shares his overall experience and may also provide suggestions to enhance quality of service provision. The feedback helps in improving customer experience regarding company's services or products.

6. INSTALLED AND OPERATIONAL CAPACITIES

The proposed call center will have maximum capacity of 100 seats, providing both inbound and outbound call services. For outbound services, the center will work round the clock, in three shifts of 8 hours for 280 days in a year while inbound services will be provided throughout the year i.e., 7 days a week, 360 days a year. It has been assumed that 60 seats (6 supervisors and 54 customer service representatives) will provide **outbound services** and 40 seats (4 supervisors and 36 customer service representatives) will provide **inbound services**.

Installed capacity for outbound services is calculated on the basis of number of calls made and revenue is based on successful calls out of total calls made. Successful call is the one which generates a lead resulting in revenue generation for the call center. The ratio of successful calls has been assumed to be 0.5%. This means that 1 out of 200 calls made to outbound customers will be successful in generating a lead.

The installed capacity for inbound services is calculated on the basis of number of seats allocated for such services. This has been calculated on the basis of 36 seats. Number of seats are the customer service representatives dedicated for providing inbound services.

Table 1 shows details of maximum annual capacity and operational capacity for outbound services, based on 54 customer service representatives.

Table 1: Installed and Operational Capacity – Outbound Services

| No of staff | Calls made per person / hour | Total Calls/ Day @18hrs ¹ | Total Calls/ Annum | Successful Calls Ratio | Successful Calls/ Annum |
|-------------|------------------------------|--------------------------------------|--------------------|------------------------|-------------------------|
| 54 | 40 | 38,880 | 10,886,400 | 0.40% | 43,546 |

¹ Active hours have been calculated by deducting 3 hours for lunch, dinner and prayers and 3 hours as leaves/idle time out of 24 hours.

7. CRITICAL FACTORS

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

- Appointment of Customer Service Representatives with good communication skills
- Hiring of personnel with proficient English
- Sufficient technical knowhow of the industry
- Provision & installation of internet & computing facilities with its backup plans
- Availability of latest and modern IT equipment
- Queries and problems handling capabilities of staff

Provision of quality services e.g., maintaining call quality standards, timely response, ensuring customer privacy, customer retention etc.

8. GEOGRAPHICAL POTENTIAL FOR INVESTMENT

Just like any other business, for a Call center to succeed, it is very important to determine the target market. The proposed call center can be a good entrepreneurship opportunity if it is established in metropolitan cities of Pakistan. It is due to the easy availability of human resource with good communication skills and English-speaking proficiency and also, due to easy availability of technical infrastructure, including IT equipment and internet services. Major cities like Karachi, Lahore, Islamabad, Faisalabad, Quetta, Gujranwala, Peshawar, Multan, Bahawalpur, Sialkot, Sargodha, Gujranwala, Hyderabad, Gujrat, Sahiwal, etc. are suitable locations to establish the proposed call center.

9. POTENTIAL TARGET MARKETS

The potential target markets for Call Center business are Telemarketing companies, Marketing companies, Mega companies with high volume of inbound calls like airline bookings, confirmations, helpline centers, for insurance companies, auto industry or mobile companies, companies with high rate of interaction with customers, service providers like banks, hotels and transportation companies, etc. A brief description of the services provided to these companies is given below:

Telemarketing Companies

Telemarketing is the marketing of goods or services to potential customers over telephone or internet. Call centers provide such services to companies by using leads to call and identify requirements of potential customers to sell products and services.

Airline Bookings

An airline customer service representative works in an airport or a call center, providing information and assistance to the air travelers. In a call center, an airline customer service representative helps the customers with flight reservations, flight status, itinerary changes, baggage concerns and questions about customer loyalty programs.

Insurance Services

Most health-insurance companies interact with their customers through call centers. These centers, through their customer service representatives, dispense health advice, collect premium payments, explain benefits to people and sell insurance policies.

Automobile Companies Services

Most people prefer to call their auto company for effective and reliable customer support. To enhance customer experience, such companies outsource their customer services to call centers. Typical call center services for automotive companies provide

- 24/7 customer support
- Appointment setting
- Welcome calls, after sales calls
- Test drive booking
- Order taking
- Sales support services
- Technical support
- Complaint handling

Banking Services

Customer service representatives, who work for banks, answer customer questions about basic banking services; such as account balances and interest rates and fees. They also help the customers protect their accounts by reviewing suspicious activity, reversing transactions and blocking and reissuing compromised debit and credit cards.

Hotel Services

A hotel call center offers a way for hotels to answer every incoming call, and then convert those calls into paying guests. They know that every missed call represents a potential lost booking, which can have a serious impact on booking revenue.

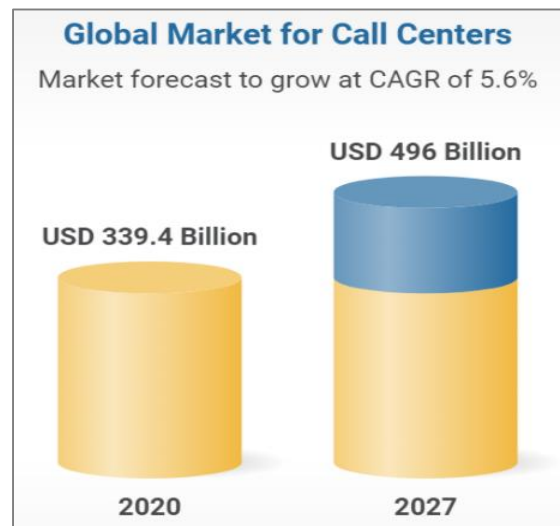
Transport Services

In the transportation industry, communication is vital, and a call center keeps all the necessary parties well-connected. This ensures that the customers get the materials

and products they need to operate effectively or get people where they need to go by providing information regarding schedules, fares and making reservations.

The global market for Call Centers, estimated at US\$339.4 billion in the year 2020, is projected to reach a revised size of US\$496 Billion by 2027, growing at a CAGR of 5.6% over the period 2020-2027.²

Figure 3: Global Market Forecast

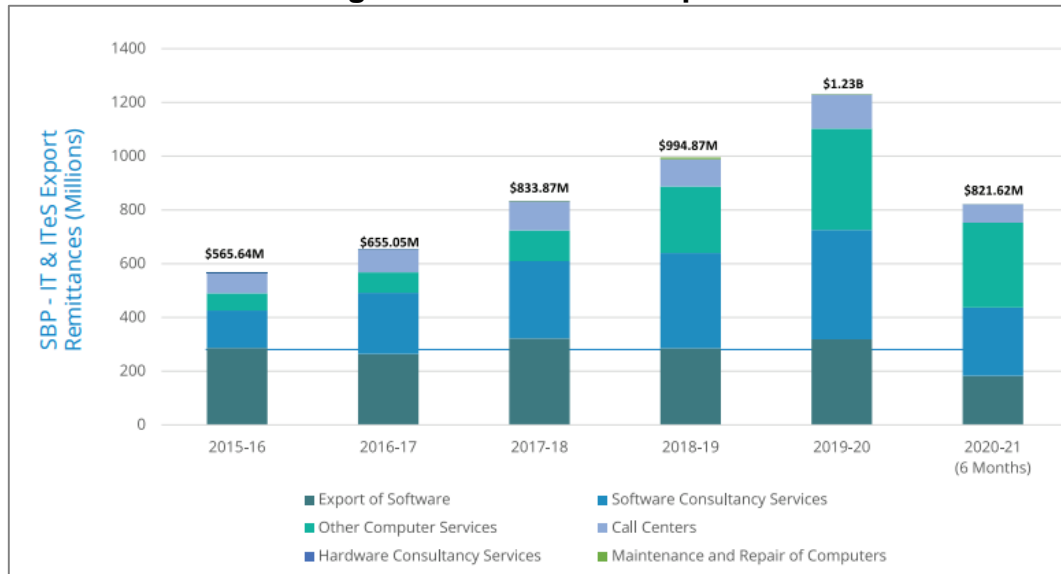


According to several key types of researches made, it can be concluded that in the coming years, there would be a growth of around 36-40% in Pakistan's call center sector. This will allow several organizations, both national and international, to cater to the new customers and venture into a different kind of markets. Call centers offer not only a good business opportunity but it is also an attractive option as a career opportunity.³ Figure 4 shows exports of IT and IT enabled services of Pakistan from 2015-16 to 2020-21 (6 months data for the year 2020-21 has been shown) as reported by Ministry of IT, Government of Pakistan. Pakistan's IT exports have grown exponentially over the last five years with a growth of 137%⁴. The data shows that there are good returns with increasing trends and there is a promising future for the entrepreneurs.

² www.researchandmarkets.com/reports

³ <https://errandservices.com/how-call-center-industry-in-pakistan-is-helping-the-economy/>

⁴ <http://www.moit.gov.pk/SiteImage/Misc/files/Pakistan%27s%20IT%20Industry%20Report-Printer.pdf>

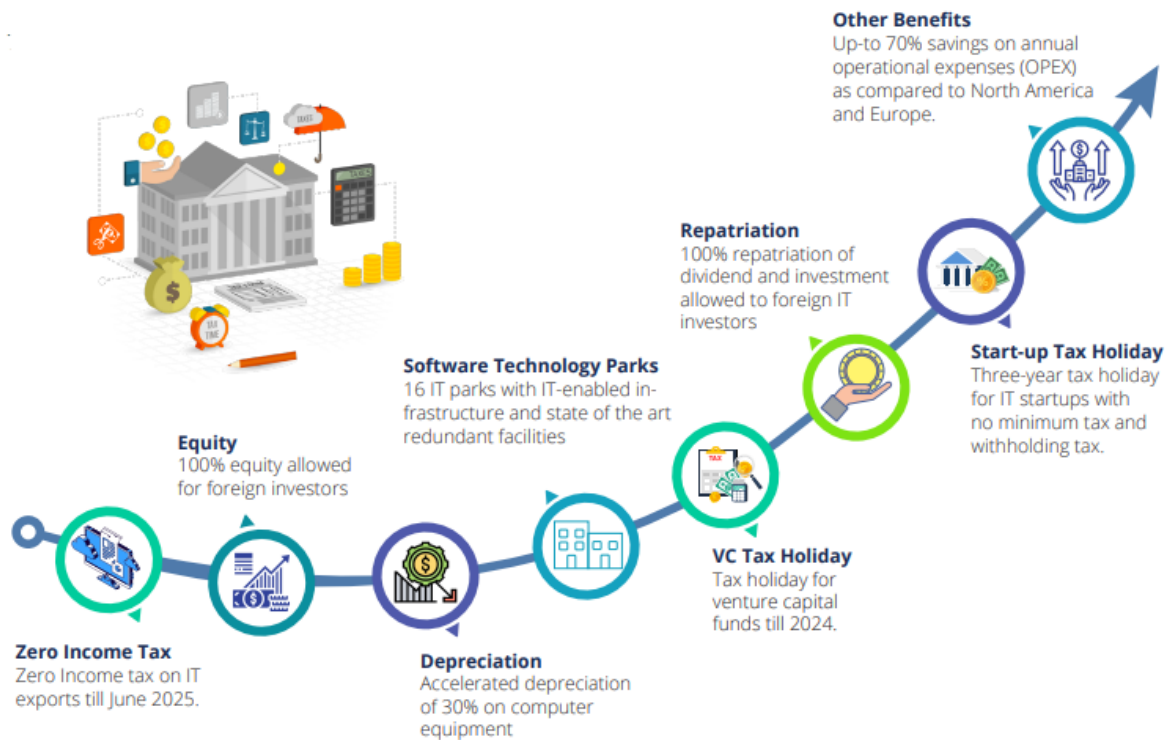
Figure 4: IT and ITeS Exports

The rise of call center industry in Pakistan is progressive. The number of students passing out of the local universities, who can speak and interact in English, have been increasing over the years. Moreover, wages and salaries in Pakistan are very low as compared to those in the developed countries. This allows the call centers to hire employees on relatively lower salaries. Sales, networking and business development are the key functions where university graduates are employed by the call centers. The call centers usually operate round the clock. This is an added advantage for both the professionals and the students who want to work in call centers.

Figure 5: Pakistan's IT and ITeS Sector

Figure 5 shows an overview of Pakistan's IT and IT enabled sector. Pakistan Software Export Board (PSEB) is a government body mandated to promote Pakistan's IT Industry in the local and the international markets. Currently, there are 4,066 registered call centers in Pakistan serving worldwide.⁵ The IT sector in Pakistan is expanding day by day and showing a consistent growth. The government has also provided incentives to prospective investors in IT sector. Figure 6 shows incentives given to IT sector investments by the government.

Figure 6: Government Incentives



⁵ <https://www.pseb.org.pk/>

10. PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of call center. 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 taking into account the relevant assumptions and target market.

10.1. Initial Project Cost

Table 2 provides fixed and working capital requirements for establishment and operations of the call center business.

Table 2: Initial Project Cost estimates

| Particulars | Cost (PKR) | Reference |
|-----------------------------------|-------------------|-----------|
| Land | - | 10.1.1 |
| Building / Infrastructure | 2,893,780 | 10.1.2 |
| Furniture & fixtures | 3,225,000 | 10.1.3 |
| Office vehicles | 5,371,700 | 10.1.4 |
| Office equipment | 5,248,000 | 10.1.5 |
| IT equipment | 7,077,000 | 10.1.6 |
| Softwares | 1,210,000 | 10.1.7 |
| Pre-operating costs | 8,722,166 | 10.1.8 |
| Security against building | 1,164,000 | 0 |
| Legal and Licensing costs | 150,000 | 10.1.10 |
| Total Capital Cost – (A) | 35,061,646 | |
| Working Capital Requirement - (B) | 15,088,463 | 10.1.11 |
| Total Project Cost - (A+B) | 50,150,109 | |

10.1.1. Land

The call center will be established in a rented building to avoid the high cost of land. Suitable location for setting up a call center like this can be easily found on rent. Therefore, no land cost has been added to the project cost. Total space requirement for the proposed call center has been estimated as 3,104 square feet. The breakup of the space requirement is provided in Table 3.

Table 3: Breakup of Space Requirement

| Break-up of Area | % Break-up | Area (Sq. ft.) |
|-----------------------|-------------|----------------|
| Executive Office | 6% | 180 |
| Conference Room | 16% | 500 |
| Operations Department | 34% | 1,050 |
| Supervisors' Office | 6% | 180 |
| Accounts Department | 6% | 200 |
| HR Department | 5% | 144 |
| Administration | 4% | 120 |
| IT Department | 6% | 180 |
| Washroom | 8% | 250 |
| Kitchen | 10% | 300 |
| Total Area | 100% | 3,104 |

10.1.2. Building and Renovation Cost

There will be no cost of building since the call center 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 call center requires an estimated electricity load of 6 KW for which an electricity connection under the Commercial Supply Tariff (A2) 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 310,400 per month has been included in the operating cost. Table 4 provides details of building renovation cost.

Table 4: Renovation Cost Details

| Cost Item | Unit of Measurement | Total Units | Cost per Unit | Total Cost (PKR) |
|--------------------------|---------------------|-------------|---------------|------------------|
| Paint Cost | Liter | 87 | 650 | 56,680 |
| Labour Cost | Sq. Feet | 8,720 | 15 | 130,800 |
| Wall Racks | No. | 16 | 20000 | 320,000 |
| Curtains | No. | 25 | 5000 | 125,000 |
| Blinds | No. | 13 | 5000 | 65,000 |
| Glass Door and Partition | Sq. Feet | 1,818 | 750 | 1,363,500 |
| False Ceiling | Sq. Feet | 3,104 | 75 | 232,800 |
| Electrical works cost | | | | 500,000 |
| Lighting cost | | | | 100,000 |
| Total (PKR) | | | | 2,893,780 |

10.1.3. Furniture and Fixture

Table 5 provides details of the required furniture and fixtures.

Table 5: Furniture & Fixtures

| Cost Item | No. | Unit Cost (PKR) | Total Cost (PKR) |
|--------------------------|-----|-----------------|------------------|
| Office Tables | 20 | 30,000 | 600,000 |
| Office Chairs | 41 | 10,000 | 410,000 |
| Executive Tables | 6 | 50,000 | 300,000 |
| Executive Chairs | 29 | 20,000 | 580,000 |
| Table - Conference Room | 1 | 200,000 | 200,000 |
| Chairs - Conference Room | 20 | 20,000 | 400,000 |
| Reception Table & Chair | 1 | 35,000 | 35,000 |
| Sofa Sets | 2 | 50,000 | 100,000 |
| Cabins | 40 | 15,000 | 600,000 |
| Total | | | 3,225,000 |

10.1.4. Office Vehicles

Table 6 provides details of the vehicles required along with their cost for the proposed project.

Table 6: Office Vehicle Cost Details

| Cost Item | No. | Unit Cost (PKR) | Total Cost (PKR) |
|-----------------------------------|-----|-----------------|------------------|
| Motorcycle | 1 | 170,000 | 170,000 |
| Staff Van | 1 | 5,000,000 | 5,000,000 |
| Registration Charges – Motorcycle | | 1% | 1700 |
| Registration Charges - Staff Van | | 4% | 200,000 |
| Total | | | 5,371,700 |

10.1.5. Office Equipment

Table 7 provides details of office equipment required for the Call Center.

Table 7: Office Equipment

| Cost Item | No. | Unit Cost (PKR) | Total Cost (PKR) |
|-------------|-----|-----------------|------------------|
| LED Display | 1 | 50,000 | 50,000 |
| White Board | 1 | 10,000 | 10,000 |
| Projector | 1 | 100,000 | 100,000 |

| | | | |
|-----------------------|----|---------|------------------|
| Microphones | 20 | 3,000 | 60,000 |
| Speakers | 2 | 7,500 | 15,000 |
| VoIP Conference Phone | 2 | 12,500 | 25,000 |
| Air Conditioners | 17 | 200,000 | 3,400,000 |
| Exhaust Fans | 11 | 5,000 | 55,000 |
| Bracket Fans | 15 | 8,500 | 127,500 |
| Water Dispensers | 3 | 50,000 | 150,000 |
| Laser Printers | 6 | 50,000 | 300,000 |
| Toaster | 1 | 25,000 | 25,000 |
| Microwave Oven | 1 | 35,000 | 35,000 |
| Coffee/Tea-maker | 1 | 35,000 | 35,000 |
| CCTV Cameras | 13 | 3,500 | 45,500 |
| DVR | 1 | 15,000 | 15,000 |
| Wi-Fi | 10 | 5,000 | 50,000 |
| Back-up UPS Setup | 1 | 300,000 | 300,000 |
| Back-up Generator | 1 | 450,000 | 450,000 |
| Total | | | 5,248,000 |

10.1.6. IT Equipment

Table 8 provides details of IT equipment for the proposed project.

Table 8: IT Equipment

| Cost Item | No. | Unit Cost (PKR) | Total Cost (PKR) |
|--|-----|-----------------|------------------|
| Laptop | 15 | 150,000 | 2,250,000 |
| Desktop Computer | 40 | 50,000 | 2,000,000 |
| Headsets | 50 | 5,000 | 250,000 |
| Telco Dept TD-3000 (VoIP - PRI Based Server) | 5 | 700,000 | 3,500,000 |
| Cisco Catalyst Switch 2960 | 1 | 650,000 | 650,000 |
| Internet Server (LAN) | 1 | 1,000,000 | 1,000,000 |
| Cisco C891F-K9 router SFP | 1 | 100,000 | 100,000 |
| Manageable Network Switch (Ports 24) | 1 | 42,000 | 42,000 |
| LAN Equipment | 1 | 50,000 | 50,000 |

| | | | |
|-------------------------|---|-----------|-------------------|
| Voice interface card | 1 | 135,000 | 135,000 |
| VSAT Equipment | 1 | 1,000,000 | 1,000,000 |
| Misc. Network Equipment | 1 | 100,000 | 100,000 |
| Installation Charges | | | 500,000 |
| Total | | | 11,577,000 |

Telco Depot TD-3000 (VoIP - PRI Based Server)

PRI VOIP service is used by businesses to provide local and long-distance voice service as well as other applications. This system has 1 active PRI port and connects up to 1000 of VoIP phones. Figure 7 shows Telco Depot TD-3000 (VoIP - PRI Based Server).

Figure 7: Telco Depot TD-3000 (VoIP - PRI Based Server)



Cisco Catalyst Switch 2960 is well known as a cost-effective network switch. It provides desktop Fast Ethernet connectivity for entry-level wiring closet and small branch-office networks and simplifies the migration from non-intelligent hubs and unmanaged switches to a fully scalable managed network. Figure 8 shows Cisco Catalyst Switch 2960.

Figure 8: Cisco Catalyst Switch 2960



Cisco C891F-K9 router SFP

It prevents intrusion into a network while creating a firewall to provide the highest level of security on several network types. Figure 9 shows Cisco C891F-K9 router SFP.

Figure 9: Cisco C891F-K9 router SFP

Manageable Network Switch (Ports 24)

By using this it can be detected what is going on in the switch, and what is connected to each port. One can look at error statistics for a port to know if there is a cabling or device problem and can remotely see which ports are actively in use.

Local Area Networks (LAN)

The function of Local Area Networks is to link computers together and provide shared access to printers, files, and other services. Local area network architecture is categorized as either peer-to-peer or client-server.

Very Small Aperture Terminal (VSAT)

A Very Small Aperture Terminal (VSAT) is a small-sized earth station used in the transmitting / receiving of data, voice and video signals over a satellite communication network, excluding broadcast television.

10.1.7. Software

Table 9 provides details of the software and other reference material costs required for the proposed call center.

Table 9: Software

| Cost Item | No. | Unit Cost (PKR) | Total Cost (PKR) |
|--------------------------|-----|-----------------|------------------|
| Linux LTS Version | 1 | 10,000 | 10,000 |
| Sound Recording Software | 1 | 1,200,000 | 1,200,000 |
| Total | | | 1,210,000 |

Linux LTS Version

Linux is the best-known and most commonly used Operating System (OS). Linux is used as an embedded OS for a variety of applications, including network file system appliances, automotive entertainment systems and household appliances.

LTS stands for Long Term Support. Here, support means that throughout the lifetime of a release, there is a commitment to update, patch and maintain the software. For an LTS, there is a shorter development cycle, where engineers and contributors add to the body of the release.

Sound Recording Software

Call recording works with the addition of hardware and software that taps into phone lines and records the conversations. Legally, one cannot record a call without notifying participants. The recording can be set to start automatically or will be initiated manually by the agent or employee.

10.1.8. Pre-Operating Costs

Pre-operating costs include administration expenses, utilities and training cost of Customer Service Representatives. It is a normal practice in the industry to train newly hired personnel. Usually, it is one month training during which they need to get accustomed to the particular ways of how the existing and potential clients of the companies should be communicated with. Therefore, one month salary of the Customer Service Representatives has been included in the Pre-operating costs. Table 10 provides details of estimated pre-operating costs.

Table 10: Pre-Operating Costs

| Costs Item | No. | Hiring Months Before in Year 0 | Unit Cost (PKR) | Cost (PKR) |
|--|-----|--------------------------------|-----------------|------------------|
| CEO | 1 | 2 | 250,000 | 500,000 |
| Spervisors – Outbound | 6 | 1 | 125,000 | 125,000 |
| Supervisors – Inbound | 4 | 1 | 125,000 | 125,000 |
| IT Manager | 1 | 1 | 150,000 | 150,000 |
| Driver | 2 | 1 | 35,000 | 70,000 |
| Cook | 1 | 1 | 35,000 | 35,000 |
| Security Guard | 6 | 1 | 32,000 | 64,000 |
| Office Boy | 6 | 1 | 32,000 | 32,000 |
| Training of Customer Service Representatives | | | | 6,750,000 |
| Utilities | | | | 871,166 |
| Total Cost (PKR) | | | | 8,722,166 |

10.1.9. Security against Building

Table 11 provides details of security against rented building.

Table 11: Security against Building Details

| Cost item | Unit | No. | Unit Cost (PKR) | Cost (PKR) |
|--------------------------------|--------|-----|-----------------|------------------|
| Security against Building Rent | Months | 3 | 388,000 | 1,164,000 |
| Total Cost (PKR) | | | | 1,164,000 |

10.1.10. Legal, Licenses and Training Cost

Pakistan Software Export Board (PSEB) is the apex Government body mandated to promote Pakistan's IT Industry in local and international markets. License from PSEB is required for establishment of a call center. Initial fee of this license is PKR 20,000 and this license is valid for one year. Every year, renewal of license is required which has also has a fee of PKR 20,000. These expenses have been accounted for in the operating expenses.

The Pakistan Telecommunication Authority (PTA) is the telecommunication regulator of Pakistan, responsible for the establishment, operation and maintenance of telecommunication systems and the provision of telecommunication services in Pakistan. PTA requires its members (call center) to pay a one-time application processing fee of PKR 500 per IP for whitelisting⁶ of IP address.⁷

Legal, licenses and staff training cost considered for proposed call center are provided in Table 12.

Table 12: Legal, Licenses and Training Cost

| License / Permit | Cost (PKR) |
|---|----------------|
| Legal charges for setting up of company | 150,000 |
| Total Cost (PKR) | 150,000 |

10.1.11. Initial Working Capital

Table 13 provides details of working capital requirements for the project.

Table 13: Initial Working Capital Details

| Particulars | Basis | No. of Months | Total Cost (PKR) |
|------------------------|------------------------|---------------|-------------------|
| Consumables Inventory | IT consumables expense | 1 | 88,463 |
| Cash | | | 15,000,000 |
| Working Capital | | | 15,088,463 |

⁶ Granting of network access only to a specific IP addresses. It is commonly used as a security measure to reduce attack of sensitive resources/data.

⁷ https://www.pta.gov.pk/assets/media/ip_white_listing_regulations_21022020.pdf

10.2. Breakeven Analysis

Table 14 shows calculation of break-even analysis.

Table 14: Breakeven Analysis

| Description | First Year Values (PKR) | Ratios |
|------------------------------|-------------------------|--------|
| Sales (PKR) – A | 173,215,200 | 100% |
| Variable Cost (PKR) – B | 120,981,746 | 61% |
| Contribution (PKR) (A-B) = C | 52,233,454 | 39% |
| Fixed Cost (PKR) – D | 42,293,077 | 26% |
| Contribution Margin | 30% | |
| Breakeven | | |
| Breakeven Revenue (PKR) | 140,251,184 | |
| Breakeven calls (No.) | 35,259 | |
| Breakeven Capacity | 81% | |

10.3. Revenue Generation

Table 15 and Table 16 provide details for revenue generation of the Call Center during the first year of operations for outbound and inbound services respectively. As per market norm, for inbound calls, service charges are based on a dedicated number of persons providing such services. For outbound calls, service charges are based on successful calls made by the service provider.

Table 15: Revenue Details – Outbound Services

| No of Successful Calls (A) ⁸ | Charges per Successful Call (PKR) (B) | Revenue (PKR) (C= A*B) |
|---|---------------------------------------|------------------------|
| 43,546 | 1,200 | 52,255,200 |

Table 16: Revenue Details - Inbound Services

| No of staff / day | Service charges / seat / month (US\$) | Exchange Rate | Service charges / seat / month (PKR) | Service charges / annum (PKR) |
|-------------------|---------------------------------------|---------------|--------------------------------------|-------------------------------|
| 36 | 1,000 | 280.00 | 280,000 | 120,960,000 |

⁸ Reference Table 1

Table 17 Total Revenue

| Services | Revenue (PKR) |
|-------------------|--------------------|
| Outbound Services | 52,255,200 |
| Inbound Services | 120,960,000 |
| Total | 173,215,200 |

10.4. Variable Cost Estimate

Variable costs of the project have been provided Table 18.

Table 18 : Variable Cost Estimate

| Description of Costs | Amount (PKR) |
|--|--------------------|
| Staff salaries | 96,000,000 |
| Commission on Outbound sales | 2,612,760 |
| Software updation Expenses | 242,000 |
| IT Consumables | 1,061,550 |
| Utilities | 9,307,996 |
| Travelling expense | 610,800 |
| Office vehicles running expense | 1,038,000 |
| Communications expense (phone, fax, mail, internet, etc.) | 5,288,640 |
| Office expenses (stationery, entertainment, janitorial services, etc.) | 4,800,000 |
| Annual registration charges - PSEB | 20,000 |
| Total | 120,981,746 |

10.5. Fixed Cost Estimate

Table 19 provide the estimated fixed cost of the project.

Table 19: Fixed Cost Estimate

| Description of Costs | Amount (PKR) |
|---|-------------------|
| Staff Salaries | 24,432,000 |
| Administration benefits expense | 6,021,600 |
| Building rental expense | 4,656,000 |
| Promotional expense | 433,038 |
| Professional fees (legal, audit, consultants, etc.) | 259,823 |
| Depreciation expense | 4,489,183 |
| Amortization of pre-operating costs | 1,744,433 |
| Amortization of license-PTA | 15,000 |
| Amortization of Softwares | 242,000 |
| Total | 42,293,077 |

10.6. 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 20.

Table 20: Financial Feasibility Analysis

| Description | Project |
|----------------------------|------------|
| IRR | 42% |
| NPV (PKR) | 45,088,445 |
| Payback Period (years) | 2.39 |
| Projection Years | 10 |
| Discount rate used for NPV | 15% |

10.7. 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 21.

Table 21: Financial Feasibility Analysis with 50% Debt

| Description | Equity | Project |
|-------------|------------|------------|
| IRR | 57% | 41% |
| NPV (PKR) | 43,082,480 | 39,294,617 |

| | | |
|----------------------------|------|------|
| Payback Period (years) | 1.54 | 2.47 |
| Discount rate used for NPV | 15% | 17% |

10.8. Human Resource Requirement

The proposed call center shall require the workforce as provided in Table 22.

Table 22: Human Resource

| Personnel | Number of Personnel | Salary Per Month Per-Resource (PKR) | Annual Salaries |
|--|---------------------|-------------------------------------|--------------------|
| Owner / CEO | 1 | 250,000 | 3,000,000 |
| Spervisors - Outbound | 6 | 125,000 | 9,000,000 |
| Customer Service Representative - Outbound | 54 | 75,000 | 48,600,000 |
| Supervisors - Inbound | 4 | 125,000 | 6,000,000 |
| Customer Service Representative - Inbound | 36 | 75,000 | 32,400,000 |
| Manager Admin | 1 | 125,000 | 1,500,000 |
| Assistants Manager Admin | 2 | 75,000 | 1,800,000 |
| Accounts and Finance Manager | 1 | 150,000 | 1,800,000 |
| Assistant Accounts Executives | 4 | 50,000 | 2,400,000 |
| IT Manager | 1 | 150,000 | 1,800,000 |
| IT Assistants | 3 | 75,000 | 2,700,000 |
| HR Manager | 1 | 125,000 | 1,500,000 |
| HR Assistants | 2 | 50,000 | 1,200,000 |
| Receptionist | 1 | 40,000 | 480,000 |
| Driver | 2 | 35,000 | 840,000 |
| Cook | 1 | 35,000 | 420,000 |
| Cook Helper | 1 | 32,000 | 384,000 |
| Security Gaurds | 6 | 32,000 | 2,304,000 |
| Office Boy | 6 | 32,000 | 2,304,000 |
| Total | 133 | | 120,432,000 |

11. CONTACT DETAILS

The contact details of suppliers of IT and networking services are given in Table 23.

Table 23: Contact Details

| Name of Supplier | Type of Supplies | Address | Contact |
|--|--|--|-------------------|
| Rastek Technologies, Karachi | Software and IT Technology | C-15, Classic Centre, Block-16, Gulshan-e-Iqbal Main University Road, Karachi | (021) 111 727 835 |
| The Lead forum | | 4th Floor, 172, P.E.C.H.S Block 2 Block 2 PECHS, Karachi, Sindh | 0330 2870001 |
| Tribe Consulting | telesales, tele-customer support and telemarketing | 10th and 11th Floor, Bahria Town Tower Tariq Road, Shahr-e-Qadeen, Block 2 PECHS, Karachi, Sindh | (021) 34324297 |
| Bloomsoft Technologies, Faisalabad | Software Development | P-137 Nawaz Street Bombino Cinema Road, Faisalabad | 92-41-2614804 |
| Vision Telecom Private Limited, Lahore | Telecom services | 101-Ibrahim Trade Centre, 1-Aibak Block, Garden Town, Lahore | 92-42-32507000 |
| SNM Group of Companies, Islamabad | IT Equipment | 405, 4 th Floor, Royal Centre, Blue Area, Islamabad | 92-51-2806098 |
| National Wireless, Faisalabad | Internet and Telecom services | P-93 National Colony, Jaranwala Road, Faisalabad | 92-0300-9668453 |
| Chase Trading & Technology Co., Islamabad | Networking Equipment | Unit 5, Hamza Plaza, 2nd Floor, F-11, Markaz, Islamabad | 0321 5098017 |
| MicroTech Industries (Pvt.), Limited, Lahore | Software Development | Shimla Tower, 5 Davis Road, Lahore | 42-35990015 |
| uConnect Technologies Pvt Ltd, Gilgit | Software Development | ZS Plaza, Gilgit | 0345 5927001 |
| Softnat Technologies Quetta | Software Development | Shaheed Yousofi Rd, Hazara Town, Quetta | 321-8197593 |
| itecExperts Pvt Ltd, Peshawar | Business Process Automation | FF-906 Deans Trade Center, Peshawar | 92 315 9805915 |

12. USEFUL LINKS

Table 24: Useful Links

| Name of Organization | E-mail Address |
|--|--|
| Small and Medium Enterprises Development Authority (SMEDA) | www.smeda.org.pk |
| National Business Development Program (NBDP) | www.nbdp.org.pk |
| Government of Pakistan | www.pakistan.gov.pk |
| Government of Punjab | www.punjab.gov.pk |
| Government of Sindh | www.sindh.gov.pk |
| Government of Khyber Pakhtunkhwa | www.kp.gov.pk |
| Government of Balochistan | www.balochistan.gov.pk |
| Government of Gilgit Baltistan | www.gilgitbaltistan.gov.pk |
| Government of Azad Jammu & Kashmir | www.ajk.gov.pk |
| Trade Development Authority of Pakistan | www.tdap.gov.pk |
| Security and Exchange Commission of Pakistan | www.secp.gov.pk |
| State Bank of Pakistan | www.sbp.gov.pk |
| Federal Board of Revenue | www.fbr.gov.pk |
| Federation of Pakistan Chambers of Commerce and Industry (FPCCI) | www.fpcci.com.pk |
| Pakistan Software Houses Association for IT and ITeS (P@SHA) | www.pasha.org.pk/ |
| Pakistan Telecommunication Authority | www.pta.gov.pk/ |
| Pakistan Software Export Board | www.pseb.org.pk/ |
| Ministry of Information Technology and Telecommunication | https://moitt.gov.pk/ |
| Ministry of Science and Technology | https://most.gov.pk/ |
| Call Centers in Pakistan | |
| Karachi: | |
| Connect International | www.connectinternational.com |
| Safa Worldwide (Pvt) Ltd | www.safa-worldwide.pk |
| Lahore: | |
| Excel Pak | www.excelpak.com.pk |
| TransData International | www.transdata.biz.com |
| Islamabad: | |

| | |
|--------------------------------|--|
| Mobilink Call Center Islamabad | jazz.com.pk |
| CabCall International | www.cabcallintl.com.pk |

13. ANNEXURES

13.1. Income Statement

| Income Statement | | | | | | | | | | |
|--|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| Revenue | | | | | | | | | | |
| Outbound services | 52,255,200 | 57,515,557 | 63,305,456 | 69,678,205 | 76,692,478 | 84,412,854 | 92,910,415 | 102,263,397 | 112,557,912 | 123,888,742 |
| Inbound services | 120,960,000 | 133,136,640 | 146,539,062 | 161,290,661 | 177,527,254 | 195,398,331 | 215,068,429 | 236,718,651 | 260,548,329 | 286,776,861 |
| Total revenue | 173,215,200 | 190,652,197 | 209,844,518 | 230,968,866 | 254,219,732 | 279,811,185 | 307,978,844 | 338,982,048 | 373,106,241 | 410,665,602 |
| Cost of sales | | | | | | | | | | |
| Utilities | 6,515,597 | 7,104,390 | 7,746,390 | 8,446,405 | 9,209,679 | 10,041,927 | 10,949,382 | 11,938,841 | 13,017,715 | 14,194,082 |
| Staff salaries | 96,000,000 | 105,312,000 | 115,527,264 | 126,733,409 | 139,026,549 | 152,512,125 | 167,305,801 | 183,534,463 | 201,337,306 | 220,867,025 |
| Commission on Outbound sales | 2,612,760 | 2,875,778 | 3,165,273 | 3,483,910 | 3,834,624 | 4,220,643 | 4,645,521 | 5,113,170 | 5,627,896 | 6,194,437 |
| Direct communication expenses | 4,800,000 | 5,265,600 | 5,776,363 | 6,336,670 | 6,951,327 | 7,625,606 | 8,365,290 | 9,176,723 | 10,066,865 | 11,043,351 |
| Total cost of sales | 109,928,357 | 120,557,768 | 132,215,290 | 145,000,395 | 159,022,179 | 174,400,300 | 191,265,994 | 209,763,198 | 230,049,782 | 252,298,895 |
| Gross Profit | 63,286,843 | 70,094,429 | 77,629,228 | 85,968,471 | 95,197,552 | 105,410,885 | 116,712,851 | 129,218,850 | 143,056,459 | 158,366,707 |
| General administration & selling expenses | | | | | | | | | | |
| Staff Salaries | 24,432,000 | 26,801,904 | 29,401,689 | 32,253,652 | 35,382,257 | 38,814,336 | 42,579,326 | 46,709,521 | 51,240,344 | 56,210,658 |
| Administration benefits expense | 6,021,600 | 6,605,695 | 7,246,448 | 7,949,353 | 8,720,440 | 9,566,323 | 10,494,256 | 11,512,199 | 12,628,883 | 13,853,884 |
| Building rental expense | 4,656,000 | 5,121,600 | 5,633,760 | 6,197,136 | 6,816,850 | 7,498,535 | 8,248,388 | 9,073,227 | 9,980,549 | 10,978,604 |
| Software updation Expenses | 242,000 | 266,361 | 293,175 | 322,688 | 355,172 | 390,926 | 430,279 | 473,594 | 521,269 | 573,743 |
| IT Consumables | 1,061,550 | 1,168,413 | 1,286,033 | 1,415,494 | 1,557,987 | 1,714,824 | 1,887,449 | 2,077,453 | 2,286,583 | 2,516,766 |
| Utilities | 2,792,399 | 3,044,739 | 3,319,881 | 3,619,888 | 3,947,005 | 4,303,683 | 4,692,592 | 5,116,646 | 5,579,021 | 6,083,178 |
| Travelling expense | 610,800 | 670,048 | 735,042 | 806,341 | 884,556 | 970,358 | 1,064,483 | 1,167,738 | 1,281,009 | 1,405,266 |
| Communications expense (phone, fax, mail, internet, etc.) | 488,640 | 536,038 | 588,034 | 645,073 | 707,645 | 776,287 | 851,587 | 934,190 | 1,024,807 | 1,124,213 |
| Annual registration charges - PSEB | 20,000 | 21,400 | 22,898 | 24,501 | 26,216 | 28,051 | 30,015 | 32,116 | 34,364 | 36,769 |
| Office vehicles running and maintenance expense | 1,038,000 | 1,142,492 | 1,257,503 | 1,384,091 | 1,523,423 | 1,676,781 | 1,845,577 | 2,031,365 | 2,235,856 | 2,460,932 |
| Office expenses (stationery, entertainment, janitorial services, etc.) | 4,800,000 | 5,265,600 | 5,776,363 | 6,336,670 | 6,951,327 | 7,625,606 | 8,365,290 | 9,176,723 | 10,066,865 | 11,043,351 |
| Promotional expense | 433,038 | 476,630 | 524,611 | 577,422 | 635,549 | 699,528 | 769,947 | 847,455 | 932,766 | 1,026,664 |
| Professional fees (legal, audit, consultants, etc.) | 259,823 | 285,978 | 314,767 | 346,453 | 381,330 | 419,717 | 461,968 | 508,473 | 559,659 | 615,998 |
| Depreciation expense | 4,489,183 | 4,489,183 | 4,489,183 | 5,866,364 | 5,158,664 | 5,158,664 | 6,277,879 | 7,599,426 | 7,599,426 | 9,982,084 |
| Amortization of pre-operating costs | 1,744,433 | 1,744,433 | 1,744,433 | 1,744,433 | 1,744,433 | - | - | - | - | - |
| Amortization of license-PTA | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| Amortization of Softwares | 242,000 | 242,000 | 242,000 | 242,000 | 242,000 | 382,127 | 382,127 | 382,127 | 382,127 | 382,127 |
| Subtotal | 53,346,466 | 57,897,514 | 62,890,820 | 69,746,561 | 75,049,855 | 80,040,745 | 88,396,165 | 97,657,253 | 106,368,527 | 118,309,239 |
| Operating Income | 9,940,377 | 12,196,915 | 14,738,408 | 16,221,910 | 20,147,697 | 25,370,139 | 28,316,686 | 31,561,597 | 36,687,932 | 40,057,468 |
| Earnings Before Interest & Taxes | 9,940,377 | 12,196,915 | 14,738,408 | 16,221,910 | 20,147,697 | 25,370,139 | 30,971,611 | 31,561,597 | 36,687,932 | 40,057,468 |
| Subtotal | - | - | - | - | - | - | - | - | - | - |
| Earnings Before Tax | 9,940,377 | 12,196,915 | 14,738,408 | 16,221,910 | 20,147,697 | 25,370,139 | 30,971,611 | 31,561,597 | 36,687,932 | 40,057,468 |
| Tax | 2,844,132 | 3,633,920 | 4,523,442 | 5,042,668 | 6,416,694 | 8,244,548 | 10,205,063 | 10,411,559 | 12,205,776 | 13,385,113 |
| NET PROFIT/(LOSS) AFTER TAX | 7,096,245 | 8,562,995 | 10,214,966 | 11,179,242 | 13,731,004 | 17,125,591 | 20,766,547 | 21,150,038 | 24,482,156 | 26,672,354 |

13.2. 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 |
| Assets | | | | | | | | | | | |
| <i>Current assets</i> | | | | | | | | | | | |
| Cash & Bank | 1,000,000 | 15,131,372 | 24,503,795 | 32,308,882 | 38,075,657 | 43,812,248 | 54,776,348 | 58,544,495 | 88,312,738 | 105,361,039 | 144,704,731 |
| Consumables inventory | 88,463 | 106,683 | 128,655 | 155,154 | 187,110 | 225,648 | 272,123 | 328,170 | 395,761 | 477,274 | - |
| Pre-paid building rent | - | 426,800 | 469,480 | 516,428 | 568,071 | 624,878 | 687,366 | 756,102 | 831,712 | 914,884 | - |
| Total Current Assets | 1,088,463 | 15,664,854 | 25,101,931 | 32,980,464 | 38,830,837 | 44,662,773 | 55,735,837 | 59,628,767 | 89,540,212 | 106,753,197 | 144,704,731 |
| <i>Fixed assets</i> | | | | | | | | | | | |
| Land | - | - | - | - | - | - | - | - | - | - | - |
| Building/Infrastructure | 2,893,780 | 2,604,402 | 2,315,024 | 2,025,646 | 1,736,268 | 1,446,890 | 1,157,512 | 868,134 | 578,756 | 289,378 | - |
| Furniture & fixtures | 3,225,000 | 2,741,250 | 2,257,500 | 1,773,750 | 1,290,000 | 806,250 | 322,500 | 6,113,344 | 5,196,343 | 4,279,341 | 3,362,339 |
| Office vehicles | 5,371,700 | 4,565,945 | 3,760,190 | 2,954,435 | 2,148,680 | 1,342,925 | 537,170 | 8,184,334 | 6,956,684 | 5,729,034 | 4,501,384 |
| Office equipment | 5,248,000 | 4,460,800 | 3,673,600 | 2,886,400 | 2,099,200 | 1,312,000 | 524,800 | 9,948,165 | 8,455,940 | 6,963,715 | 5,471,491 |
| IT equipments | 7,077,000 | 4,953,900 | 2,830,800 | 10,016,304 | 6,516,023 | 3,723,442 | 13,174,764 | 8,570,732 | 4,897,561 | 17,329,187 | 11,273,358 |
| Security against building | 1,164,000 | 1,164,000 | 1,164,000 | 1,164,000 | 1,164,000 | 1,164,000 | 1,164,000 | 1,164,000 | 1,164,000 | 1,164,000 | 1,164,000 |
| Total Fixed Assets | 24,979,480 | 20,490,297 | 16,001,114 | 20,820,535 | 14,954,171 | 9,795,507 | 16,880,746 | 34,848,710 | 27,249,284 | 35,754,655 | 25,772,572 |
| <i>Intangible assets</i> | | | | | | | | | | | |
| Pre-operation costs | 8,722,166 | 6,977,733 | 5,233,300 | 3,488,867 | 1,744,433 | - | - | - | - | - | - |
| Softwares | 1,210,000 | 968,000 | 726,000 | 484,000 | 242,000 | 1,910,635 | 1,528,508 | 1,146,381 | 764,254 | 382,127 | - |
| Liscense | 150,000 | 135,000 | 120,000 | 105,000 | 90,000 | 75,000 | 60,000 | 45,000 | 30,000 | 15,000 | - |
| Total Intangible Assets | 10,082,166 | 8,080,733 | 6,079,300 | 4,077,867 | 2,076,433 | 1,985,635 | 1,588,508 | 1,191,381 | 794,254 | 397,127 | - |
| TOTAL ASSETS | 36,150,109 | 44,235,884 | 47,182,344 | 57,878,865 | 55,861,441 | 56,443,914 | 74,205,090 | 95,668,858 | 117,583,750 | 142,904,979 | 170,477,302 |
| Liabilities & Shareholders' Equity | | | | | | | | | | | |
| <i>Current liabilities</i> | | | | | | | | | | | |
| Accounts payable | - | 4,537,653 | 4,976,677 | 5,458,232 | 5,986,449 | 6,565,862 | 7,201,447 | 7,898,667 | 8,663,521 | 9,502,594 | 10,402,563 |
| Total Current Liabilities | - | 4,537,653 | 4,976,677 | 5,458,232 | 5,986,449 | 6,565,862 | 7,201,447 | 7,898,667 | 8,663,521 | 9,502,594 | 10,402,563 |
| <i>Other liabilities</i> | | | | | | | | | | | |
| Total Long Term Liabilities | - | - | - | - | - | - | - | - | - | - | - |
| <i>Shareholders' equity</i> | | | | | | | | | | | |
| Paid-up capital | 36,150,109 | 36,150,109 | 36,150,109 | 36,150,109 | 36,150,109 | 36,150,109 | 36,150,109 | 36,150,109 | 36,150,109 | 36,150,109 | 36,150,109 |
| Retained earnings | - | 3,548,123 | 6,055,559 | 16,270,524 | 13,724,883 | 13,727,943 | 30,853,534 | 51,620,082 | 72,770,120 | 97,252,276 | 123,924,630 |
| Total Equity | 36,150,109 | 39,698,232 | 42,205,668 | 52,420,633 | 49,874,992 | 49,878,052 | 67,003,643 | 87,770,190 | 108,920,229 | 133,402,385 | 160,074,739 |
| TOTAL CAPITAL AND LIABILITIES | 36,150,109 | 44,235,884 | 47,182,344 | 57,878,865 | 55,861,441 | 56,443,914 | 74,205,090 | 95,668,858 | 117,583,750 | 142,904,979 | 170,477,302 |

13.3. 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 | | 7,096,245 | 8,562,995 | 10,214,966 | 11,179,242 | 13,731,004 | 17,125,591 | 20,766,547 | 21,150,038 | 24,482,156 | 26,672,354 |
| Add: depreciation expense | | 4,489,183 | 4,489,183 | 4,489,183 | 5,866,364 | 5,158,664 | 5,158,664 | 6,277,879 | 7,599,426 | 7,599,426 | 9,982,084 |
| amortization of pre-operating costs | | 1,744,433 | 1,744,433 | 1,744,433 | 1,744,433 | 1,744,433 | - | - | - | - | - |
| amortization of softwares | | 242,000 | 242,000 | 242,000 | 242,000 | 242,000 | 382,127 | 382,127 | 382,127 | 382,127 | 382,127 |
| Consumable inventory | (88,463) | (18,220) | (21,973) | (26,498) | (31,956) | (38,538) | (46,475) | (56,047) | (67,591) | (81,512) | 477,274 |
| Pre-paid building rent | - | (426,800) | (42,680) | (46,948) | (51,643) | (56,807) | (62,488) | (68,737) | (75,610) | (83,171) | 914,884 |
| Accounts payable | | 4,537,653 | 439,024 | 481,555 | 528,217 | 579,413 | 635,585 | 697,220 | 764,854 | 839,073 | 899,969 |
| Cash provided by operations | (88,463) | 17,679,495 | 15,427,982 | 17,113,691 | 19,491,658 | 21,375,169 | 23,208,004 | 28,013,990 | 29,768,243 | 33,153,098 | 39,343,691 |
| <i>Financing activities</i> | | | | | | | | | | | |
| Issuance of shares | 36,150,109 | - | - | - | - | - | - | - | - | - | - |
| Purchase of (treasury) shares | | | | | | | | | | | |
| Cash provided by / (used for) financing | 36,150,109 | - | - | - | - | - | - | - | - | - | - |
| <i>Investing activities</i> | | | | | | | | | | | |
| Capital expenditure | (35,061,646) | - | - | (9,308,604) | - | (1,910,635) | (12,243,903) | (24,245,844) | - | (16,104,796) | - |
| Acquisitions | | | | | | | | | | | |
| Cash (used for) / provided by investing | (35,061,646) | - | - | (9,308,604) | - | (1,910,635) | (12,243,903) | (24,245,844) | - | (16,104,796) | - |
| NET CASH | 1,000,000 | 17,679,495 | 15,427,982 | 7,805,087 | 19,491,658 | 19,464,534 | 10,964,100 | 3,768,146 | 29,768,243 | 17,048,302 | 39,343,691 |

14. KEY ASSUMPTIONS

14.1. Cost of Sales Assumptions

Table 25: Cost of Sales Assumptions

| Description | Details |
|-----------------------------|---|
| Utilities Cost | General Supply Tariff – Commercial (A2) |
| Direct Labor | Monthly Salaries |
| Commision on Outbound Calls | 5% of Outbound Revenue |
| Cost of Sales Growth Rate | 10.1% |
| Communication Charges | 5% of direct staff salaries |

14.2. Operating Cost Assumptions

Table 26: Operating Cost Assumptions

| Description | Details |
|---|------------------------------------|
| Operating costs growth rate | 7% |
| Administration benefits expense | 5.0% of administration expenses |
| Software updation expense | 20% of software cost |
| Travelling expenses | 2.5% of administration expenses |
| Communication expenses | 2% of administration expenses |
| Office Vehicle running expenses | 4.00% of management staff expenses |
| Office expenses (stationery, janitor, etc.) | 5% of administration expenses |
| Promotional Expense | 0.25% of revenue |

14.3. Revenue Assumptions

Table 27: Revenue Assumptions

| Description | Details |
|--------------------------------|---------------------|
| Sale price growth rate | 10.1% |
| Inbound Calls Service Charges | Rs. 280,000 / month |
| Outbound Calls Service Charges | Rs. 1,200 / call |
| Successful Call Ratio | 0.40% |

14.4. Financial Assumptions**Table 28: Financial Assumptions**

| Description | Details |
|-----------------------------------|---------|
| Project life (Years) | 10 |
| Debt: Equity | 0:100 |
| Discount Rate | 15% |
| Discount Rate at 50% (Debt:Equit) | 11% |

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