



Pre-feasibility Study

BANQUET HALL

May 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

Table of Contents

1	DISCLAIMER.....	1
2	EXECUTIVE SUMMARY.....	2
3	INTRODUCTION TO SMEDA	3
4	PURPOSE OF THE DOCUMENT	3
5	BRIEF DESCRIPTION OF PROJECT & PRODUCT.....	4
5.1	SERVICE SEQUENCE & PROCESS FLOW	4
5.2	INSTALLED AND OPERATIONAL CAPACITIES	6
6	CRITICAL FACTORS.....	6
7	GEOGRAPHICAL POTENTIAL FOR INVESTMENT	6
8	POTENTIAL TARGET CUSTOMERS / MARKETS.....	7
9	PROJECT COST SUMMARY	7
9.1	PROJECT ECONOMICS	7
9.2	PROJECT FINANCING	8
9.3	PROJECT COST	8
9.4	SPACE REQUIREMENT	9
9.5	MACHINERY REQUIREMENT	9
9.6	DESIGN & CONSULTANCY.....	10
9.7	OFFICE EQUIPMENT REQUIREMENT	11
9.8	HUMAN RESOURCE REQUIREMENT.....	11
9.9	UTILITIES AND OTHER COSTS	12
9.10	REVENUE GENERATION	12
10	CONTACT DETAILS	13
10.1	TECHNICAL EXPERTS / CONSULTANTS	13
11	USEFUL WEB LINKS	14
12	ANNEXURES	15
12.1	INCOME STATEMENT	15
12.2	BALANCE SHEET	16
12.3	CASH FLOW STATEMENT	17
13	KEY ASSUMPTIONS.....	18
13.1	OPERATING COST ASSUMPTIONS.....	18
13.2	SERVICE COST ASSUMPTIONS.....	18
13.3	REVENUE ASSUMPTIONS	18
13.4	FINANCIAL ASSUMPTIONS.....	18
14	PICTURES.....	19

1 DISCLAIMER

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Document Control

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2 EXECUTIVE SUMMARY

Marriage hall business has been a glooming business in recent years and has proven to be profitable in major cities due to increase in population and changing life style pattern. These days most of the traditional marriage halls are being converted into Banquets or Marquee due to the change in trend and clients preferences. The increase in the number of banquets is due to the convenience it provide to the hosts, protection against weather conditions and eye-catching ambiance with respect to the event theme. **Banquet Hall** is proposed to be established at a location that has convenient parking space, preferably in proximity to other marquee or banquet halls and has easy public access. Major cities like Karachi, Hyderabad, Sukkur, Larkana, Multan, Lahore, Gujranwala, Faisalabad, Sialkot, Gujrat, Rawalpindi, Peshawar, Hub and Quetta etc. are suitable to house the project.

This Project include one **Banquet Hall** to host 500 number of guests per event.

Capacity; Optimum capacity **360 events** and initial utilization will be **40%** annually.

Total Cost Estimates is **Rs. 105.04 million** with fixed investment **Rs. 103.01 million** and working capital **Rs. 2.03 million**

Given the cost assumptions IRR and payback are **32 %** and **3.39 years** respectively

The most critical considerations or factors for success of the project are:

- Most significant consideration(s)
 - Aesthetically designed Banquet Halls with the flexibility to customize with respect to event theme.
 - Easy access to facility and parking space.
 - Ensure excellence through trained staff with a passion to host quality events.
 - Quality of fixture and accessories.
- Equally important factor(s)
 - Strong relationship with local event & wedding planners.
 - Strong relationship with local businesses and corporate planners.

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 establishing Banquet Hall 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 it's 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

The purpose of this Pre-Feasibility Study is to accumulate information regarding the business of Banquet Halls in Pakistan while showcasing the projected financial statements and analysis using capital budgeting tools for next 10 years. Following key parameters must be addressed as per pre-feasibility study under preparation.

- **Technology:** This proposed banquet will be built using Stainless Steel panel structure, Pana-flex and specially designed fabrics to be used as drapes with state of the art modern lighting and sound system.
- **Location:** The recommended area for the proposed Banquet Hall setup is densely populated locality in cities like Karachi, Lahore, Rawalpindi, Hyderabad, Faisalabad, Multan, Peshawar and Quetta etc. This business can also be undertaken in all small 2nd tier towns in addition to suburban towns of large cities
- **Service:** One modern and state of the art banquet hall will be constructed that will act as a standalone site for wedding, party and corporate events. This banquet hall will serve one event per day.
- **Target Market:** The facility would serve to the middle and upper middle class segment which can easily afford to spend at least Rs. 200,000 for an event.
- **Employment Generation:** The proposed project will provide direct employment to 21 people. Financial analysis shows the unit shall be profitable from the very first year of operation

Service Sequence & Process Flow

- Service sequence for the Event is an important consideration for smooth and error free operations, these process flow has to be adapted, prepared and if needed rehearsed in order to cater to the large number of guests.
- When the organizer or event host arrives at the premises, he or she must be welcomed by the manager who booked the event. This person will introduce the host to the banquet floor manager and together with the host function / event sheet will be checked to ensure compliance with pre requisites and order.

- The hall / marquee where the event will take place must clearly indicate the name of the host and the event along with the date.
- Each staff member particularly all casual staff on daily wages, must be informed about the selected service sequence during the briefing session before the event starts.
- During the banquet briefing, all the steps of the service sequence must be clarified to everyone. The layout of the hall, the assigned service area, bar and buffet counters must be organized before the program.
- All required utensils must be polished and cleaned to ensure a smooth set-up and service.

Important Considerations for Banquet Review order

- The expected number of guests.
- Table setup arrangements and specifications including the sizes, types and colors of table cloths and table skirts.
- The menu for the function including beverages, number of courses and desserts.
- The type of event / function.
- Any special request made by host.
- Employee personal hygiene to be ensured.
- Correct, neat and impeccable uniforms.
- VIP guests present and special requests.
- A good briefing will avoid many service problems during the function.

Installed and Operational Capacities

Each banquet hall can cater to 360 events annually at optimized level, but as per the industry statistics this business hosts 150-180 events per year therefore we have assumed that projections would be based on 40% capacity utilization for each banquet hall. Overall on an average 144 events will be catered during a year for this banquet hall. Annual growth rate is assumed to be 5% and maximum capacity utilization for the events are assumed to be capped at 50%.

6 CRITICAL FACTORS

The main critical success factors that affect the decision to invest in the proposed business setup are:

- Ever increasing population in country and presence of significant populace of middle & upper class segment.
- Propensity of high spending in wedding extravaganzas and events.
- Preference of choosing Banquet Halls over Lawn / Dera Marquee in recent years for wedding and corporate events.
- Fewer options available to the target market to select among the aesthetically designed high class venue.

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

The Pakistani economy is becoming increasingly service-oriented and over the past several decades this industry has shown a substantial growth mainly due to the increase in population, changing life style pattern and organizing events at specialized venues. There has been a mushroom growth of marriage halls, event management complexes in the past decade across all major cities and towns therefore there is a potential for proposed business to be established in cities like Karachi, Lahore, Rawalpindi, Hyderabad, Faisalabad, Multan, Peshawar and Quetta etc. This business can also be undertaken in all small 2nd tier towns in addition to suburban towns of large cities.

8 POTENTIAL TARGET CUSTOMERS / MARKETS

With improving law and order situation in the country banquets have hit the events mainstream again. The nation's love of good food, higher spending on weddings and a glamorous atmosphere has led to this indulgent communal feast dominating the events sector. There is a significant demographic segment in almost all the cities who can comfortably afford Rs. 400,000 and above for a good venue to host their events.

9 PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of this project. Various costs and revenue related assumptions along with results of the analysis are outlined in this section.

Project Economics

All the figures in this financial model have been calculated for estimated sales of Rs. 57.6 million in the year one. The capacity utilization during year one is worked out at 40 % with 05 % increase in subsequent years up to the maximum capacity utilization of 50 %.

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

Table 9.1: Project Economics

Description	Details
Internal Rate of Return (IRR)	32%
Payback Period (yrs.)	3.39
Net Present Value (Rs.)	30,492,074

Project Financing

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

Table 9.1: Project Financing

Description	Details
Total Equity (100%)	Rs. 105,046,690

Project Cost

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

Table 9.1: Project Cost

Description	Amount Rs.
Capital Cost	
Land	44,444,440
Building / Infrastructure	29,500,000
Design & Decoration	20,645,000
Furniture & Fixtures	5,100,000
Office Equipment	200,000
Pre-Operating Costs	3,025,000
Training Costs	100,000
Total Capital Cost	103,014,440
Working Capital	
Up-front Insurance Payment	1,032,250
Cash	1,000,000
Total Working Capital	2,032,250
Total Project Cost	105,046,690

Space Requirement

The space requirement for the proposed Banquet Hall is estimated to be 10,000 sq. ft. considering various facilities including management office, banquet hall, pantry, etc. Details of space requirement and cost related to land & building is given below:

Table 9.1: Space Requirement

Description	Estimated Area (Sq.ft.)	Unit Cost (Rs.)	Total Cost (Rs.)
Management Office	250	3,000	750,000
Banquet Hall (Structure)	8,750	3,000	26,250,000
Kitchen / Pantry	1,000	2,500	2,500,000
Total	10,000		29,500,000

Machinery Requirement

Number of generators and their operational capacity for the proposed project are stated below:

Table 9.1: Machinery & Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Genset (250 kVA)	01	8,000,000	8,000,000
Genset (60 kVA)	01	2,000,000	2,000,000
Total			10,000,000

Design & Consultancy

Details of Furniture, fixture and decoration item required for the project are given below:

Table 9.1: Furniture, Fixtures & Design

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Pipe & Drapes	Lump sum	3,000,000	3,000,000
Sofa Set (06 seaters) & Tables	10	100,000	1,000,000
Table and Chairs (10 chairs)	60	35,000	2,100,000
Stage, screen and Sofa	01	300,000	300,000
Sound System & Lights	Lump sum	2,500,000	2,500,000
Air Conditioners (04 Tons)	10	350,000	3,500,000
Carpeting (sq. ft.)	8,500	160	1,360,000
Surveillance system	01	350,000	350,000
Buffet Table & Covers	12	40,000	480,000
Cutlery & Crockery	Lump sum	360,000	360,000
Chandeliers & Other decoration items	Lump sum	2,500,000	2,500,000
Total			17,450,000

Office Equipment Requirement

Following office equipment will be required for banquet hall.

Table 9.1: Office Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Computers	02	60,000	120,000
Printer	01	80,000	80,000
Total			200,000

Human Resource Requirement

In order to run operations of Banquet Halls smoothly, details of human resources required along with number of employees and monthly salary are recommended as under:

Table 9.1: Human Resource Requirement

Description	No. of Employees	Monthly Salary per person (Rs.)	Total Annual Salary (Rs.)
CEO / Owner	01	125,000	1,500,000
Banquet & Accounts Manager	01	75,000	900,000
Pantry In-charge	01	50,000	600,000
Floor In-charge / Supervisor	01	50,000	600,000
Electrician	01	50,000	600,000
Servers / Helpers	12	25,000	3,600,000
Polisher (Crockery / Cutlery)	01	25,000	300,000
DJ / Sound System	01	25,000	300,000
Guards	02	25,000	600,000

Total	21		9,000,000
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It should be noted that most of the banquet hall owners hire helper / servers on daily wages to curtail the expenses but for this prefeasibility we have assumed that servers are hired as permanent employees.

Utilities and other costs

An essential cost to be borne by the project is the fuel cost for diesel genset. The electricity expenses are estimated to be around Rs. 0.41 Mn. per year, whereas, diesel for genset expenses are estimated to be Rs. 8.64 Mn. per year. Furthermore, promotional expense being essential for marketing of Banquet Halls is estimated as 01% of Revenue.

Revenue Generation

Based on the capacity utilization of 40%, sales revenue during the first year of operations is estimated as under:

Table 9.1: Revenue Generation – Year 1

Description	Sales Revenue (Rs.)
Revenue	57,600,000
Total	57,600,000

10 CONTACT DETAILS

Technical Experts / Consultants

Interior Designer / Consultant - 1

Name of Expert /Organization	Mr. Jaffar Abbas
Address	5 Star Chowrangi, North Nazimabad, Karachi
Phone	03456435142, 021-36679449

Electrification Expert / Consultant - 2

Name of Expert /Organization	Mr. Ayub Khan
Address	Total Material Supplier, Near Bata Mini Price Shop, Pakistan Chowk
Phone	92300-2225772
E-mail	pakistanmts@gmail.com

Marketing Experts / Consultant - 3

Name of Expert /Organization	Forza Voila
Address	16-C 1 st Shahbaz Commercial Lane, Phase VI DHA Khi.
Phone	92331-2113308
E-mail	forzavoila@gmail.com
Website	www.forzavoila.com

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
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

12 ANNEXURES

Income Statement

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	57,600,000	68,688,000	80,899,200	85,753,152	90,898,341	96,352,242	102,133,376	108,261,379	114,757,061	121,642,485
<i>Cost of sales</i>										
Cost of goods sold 1	4,320,000	5,103,000	5,953,500	6,251,175	6,563,734	6,891,920	7,236,516	7,598,342	7,978,259	8,377,172
Operation costs (direct labor)	7,500,000	8,230,211	9,031,516	9,910,837	10,875,770	11,934,650	13,096,624	14,371,730	15,770,982	17,306,467
Operating costs (direct electricity)	10,752,000	11,827,200	13,009,920	14,310,912	15,742,003	17,316,204	19,047,824	20,952,606	23,047,867	25,352,654
Operating costs (direct gas)	115,200	142,560	174,240	191,664	210,830	231,913	255,105	280,615	308,677	339,544
Operating costs (genset)	30,240,000	33,264,000	36,590,400	40,249,440	44,274,384	48,701,822	53,572,005	58,929,205	64,822,126	71,304,338
Total cost of sales	22,687,200	25,302,971	28,169,176	30,664,588	33,392,337	36,374,687	39,636,070	43,203,294	47,105,785	51,375,838
Gross Profit	34,912,800	43,385,029	52,730,024	55,088,564	57,506,004	59,977,554	62,497,307	65,058,085	67,651,276	70,266,647
	61%	63%	65%	64%	63%	62%	61%	60%	59%	58%
<i>General administration & selling expenses</i>										
Administration expense	1,500,000	1,646,042	1,806,303	1,982,167	2,175,154	2,386,930	2,619,325	2,874,346	3,154,196	3,461,293
Administration benefits expense	150,000	164,604	180,630	198,217	217,515	238,693	261,932	287,435	315,420	346,129
Land lease rental expense	-	-	-	-	-	-	-	-	-	-
Travelling expense	225,000	246,906	270,945	297,325	326,273	358,040	392,899	431,152	473,129	519,194
Communications expense (phone, fax, mail, internet, etc.)	180,000	197,525	216,756	237,860	261,018	286,432	314,319	344,922	378,504	415,555
Office vehicles running expense	-	-	-	-	-	-	-	-	-	-
Office expenses (stationary, entertainment, janitorial services, etc.)	120,000	131,683	144,504	158,573	174,012	190,954	209,546	229,948	252,336	276,903
Promotional expense	576,000	686,880	808,992	857,532	908,983	963,522	1,021,334	1,082,614	1,147,571	1,216,425
Insurance expense	1,032,250	670,963	309,675	1,194,958	776,723	358,488	1,383,314	899,154	414,994	1,601,359
Professional fees (legal, audit, consultants, etc.)	288,000	343,440	404,496	428,766	454,492	481,761	510,667	541,307	573,785	608,212
Depreciation expense	13,655,750	13,655,750	12,623,500	14,794,709	14,794,709	15,229,812	17,743,257	17,743,257	16,359,944	19,269,571
Amortization of pre-operating costs	605,000	605,000	605,000	605,000	605,000	-	-	-	-	-
Amortization of legal, licensing, and training costs	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Bad debt expense	576,000	686,880	808,992	857,532	908,983	963,522	1,021,334	1,082,614	1,147,571	1,216,425
Miscellaneous expense 1	1,000,000	1,100,000	1,210,000	1,331,000	1,464,100	1,610,510	1,771,561	1,948,717	2,143,589	2,357,948
Subtotal	19,918,000	20,145,674	19,399,795	22,953,639	23,076,964	23,078,664	27,259,488	27,475,465	26,371,038	31,298,815
Operating Income	14,994,800	23,239,356	33,330,230	32,134,926	34,429,040	36,898,890	35,237,819	37,582,620	41,280,238	38,967,832
Other income (interest on cash)	1,276,148	3,585,736	4,796,676	5,999,030	7,622,299	9,790,645	14,456,282	20,593,269	26,231,753	30,257,150
Other income 2	-	-	-	-	-	-	-	-	-	-
Gain / (loss) on sale of machinery & equipment	-	-	8,258,000	-	-	14,720,917	-	-	19,105,802	-
Gain / (loss) on sale of office equipment	-	-	-	-	-	-	-	-	-	-
Gain / (loss) on sale of office vehicles	-	-	-	-	-	-	-	-	-	-
Earnings Before Interest & Taxes	16,270,948	26,825,092	46,384,906	38,133,955	42,051,339	61,410,452	49,694,101	58,175,889	86,617,793	69,224,982
Earnings Before Tax	16,270,948	26,825,092	46,384,906	38,133,955	42,051,339	61,410,452	49,694,101	58,175,889	86,617,793	69,224,982
Tax	3,254,190	5,365,018	9,276,981	7,626,791	8,410,268	12,282,090	9,938,820	11,635,178	17,323,559	13,844,996
NET PROFIT/(LOSS) AFTER TAX	13,016,758	21,460,074	37,107,925	30,507,164	33,641,072	49,128,362	39,755,280	46,540,712	69,294,235	55,379,986
	23%	31%	46%	36%	37%	51%	39%	43%	60%	46%
Balance brought forward	-	7,810,055	17,562,077	32,802,001	37,985,499	71,626,571	120,754,933	160,510,213	207,050,925	276,345,159
Total profit available for appropriation	13,016,758	29,270,129	54,670,002	63,309,165	71,626,571	120,754,933	160,510,213	207,050,925	276,345,159	331,725,145
Dividend	5,206,703	11,708,051	21,868,001	25,323,666	-	-	-	-	-	-
Balance carried forward	7,810,055	17,562,077	32,802,001	37,985,499	71,626,571	120,754,933	160,510,213	207,050,925	276,345,159	331,725,145

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	24,522,962	47,191,759	48,741,766	71,238,825	81,207,153	114,605,743	174,519,889	237,345,500	287,289,568	317,853,435
Accounts receivable		157,808	172,997	204,914	228,291	241,988	256,508	271,898	288,212	305,505	323,835
Pre-paid insurance	1,032,250	670,963	309,675	1,194,958	776,723	358,488	1,383,314	899,154	414,994	1,601,359	-
Total Current Assets	2,032,250	25,351,733	47,674,431	50,141,638	72,243,839	81,807,629	116,245,564	175,690,941	238,048,706	289,196,432	318,177,270
<i>Fixed assets</i>											
Land	44,444,440	44,444,440	44,444,440	44,444,440	44,444,440	44,444,440	44,444,440	44,444,440	44,444,440	44,444,440	44,444,440
Building/Infrastructure	29,500,000	23,600,000	17,700,000	11,800,000	5,900,000	37,650,306	30,120,245	22,590,184	15,060,122	7,530,061	48,052,391
Machinery & equipment	20,645,000	13,419,250	6,193,500	23,899,168	15,534,459	7,169,750	27,666,275	17,983,078	8,299,882	32,027,171	20,817,661
Office equipment	200,000	180,000	160,000	140,000	120,000	100,000	80,000	60,000	40,000	20,000	-
Total Fixed Assets	99,889,440	86,233,690	72,577,940	83,853,608	69,058,899	91,914,497	104,350,959	86,607,702	68,864,445	84,531,672	113,314,493
<i>Intangible assets</i>											
Pre-operation costs	3,025,000	2,420,000	1,815,000	1,210,000	605,000	-	-	-	-	-	-
Legal, licensing, & training costs	100,000	90,000	80,000	70,000	60,000	50,000	40,000	30,000	20,000	10,000	-
Total Intangible Assets	3,125,000	2,510,000	1,895,000	1,280,000	665,000	50,000	40,000	30,000	20,000	10,000	-
TOTAL ASSETS	105,046,690	114,095,423	122,147,371	135,275,246	141,967,739	173,772,125	220,636,523	262,328,643	306,933,151	373,738,104	431,491,762
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable		59,178	69,904	81,555	85,633	89,914	94,410	99,130	104,087	109,291	114,756
Other liabilities											
Total Current Liabilities	-	59,178	69,904	81,555	85,633	89,914	94,410	99,130	104,087	109,291	114,756
<i>Other liabilities</i>											
Deferred tax		1,179,500	(531,300)	(2,655,000)	(1,150,083)	(2,991,050)	(5,259,509)	(3,327,391)	(5,268,551)	(7,763,037)	(5,394,829)
Total Long Term Liabilities	-	1,179,500	(531,300)	(2,655,000)	(1,150,083)	(2,991,050)	(5,259,509)	(3,327,391)	(5,268,551)	(7,763,037)	(5,394,829)
<i>Shareholders' equity</i>											
Paid-up capital	105,046,690	105,046,690	105,046,690	105,046,690	105,046,690	105,046,690	105,046,690	105,046,690	105,046,690	105,046,690	105,046,690
Retained earnings		7,810,055	17,562,077	32,802,001	37,985,499	71,626,571	120,754,933	160,510,213	207,050,925	276,345,159	331,725,145
Total Equity	105,046,690	112,856,745	122,608,767	137,848,691	143,032,189	176,673,261	225,801,623	265,556,903	312,097,615	381,391,849	436,771,835
TOTAL CAPITAL AND LIABILITIES	105,046,690	114,095,423	122,147,371	135,275,246	141,967,739	173,772,125	220,636,523	262,328,643	306,933,151	373,738,104	431,491,762

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		13,016,758	21,460,074	37,107,925	30,507,164	33,641,072	49,128,362	39,755,280	46,540,712	69,294,235	55,379,986
Add: depreciation expense		13,655,750	13,655,750	12,623,500	14,794,709	14,794,709	15,229,812	17,743,257	17,743,257	16,359,944	19,269,571
amortization of pre-operating costs		605,000	605,000	605,000	605,000	605,000	-	-	-	-	-
amortization of training costs		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Deferred income tax		1,179,500	(1,710,800)	(2,123,700)	1,504,917	(1,840,967)	(2,268,459)	1,932,118	(1,941,160)	(2,494,486)	2,368,208
Accounts receivable		(157,808)	(15,189)	(31,917)	(23,377)	(13,697)	(14,519)	(15,390)	(16,314)	(17,293)	(18,330)
Advance insurance premium	(1,032,250)	361,288	361,288	(885,283)	418,235	418,235	(1,024,826)	484,160	484,160	(1,186,364)	1,601,359
Accounts payable		59,178	10,726	11,651	4,078	4,282	4,496	4,720	4,957	5,204	5,465
Cash provided by operations	(1,032,250)	28,729,666	34,376,848	47,317,176	47,820,726	47,618,633	61,064,865	59,914,146	62,825,611	81,971,240	78,616,258
<i>Financing activities</i>											
Issuance of shares	105,046,690	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing activities	105,046,690	-	-	-	-	-	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(103,014,440)	-	-	(23,899,168)	-	(37,650,306)	(27,666,275)	-	-	(32,027,171)	(48,052,391)
Cash (used for) / provided by investing activities	(103,014,440)	-	-	(23,899,168)	-	(37,650,306)	(27,666,275)	-	-	(32,027,171)	(48,052,391)
NET CASH	1,000,000	28,729,666	34,376,848	23,418,007	47,820,726	9,968,327	33,398,590	59,914,146	62,825,611	49,944,069	30,563,866
Cash balance brought forward		1,000,000	24,522,962	47,191,759	48,741,766	71,238,825	81,207,153	114,605,743	174,519,889	237,345,500	287,289,568
Cash available for appropriation	1,000,000	29,729,666	58,899,810	70,609,766	96,562,492	81,207,153	114,605,743	174,519,889	237,345,500	287,289,568	317,853,435
Dividend		5,206,703	11,708,051	21,868,001	25,323,666	-	-	-	-	-	-
Cash balance	1,000,000	24,522,962	47,191,759	48,741,766	71,238,825	81,207,153	114,605,743	174,519,889	237,345,500	287,289,568	317,853,435
Cash carried forward	1,000,000	24,522,962	47,191,759	48,741,766	71,238,825	81,207,153	114,605,743	174,519,889	237,345,500	287,289,568	317,853,435

13 KEY ASSUMPTIONS

Operating Cost Assumptions

Description	Details
Diesel for Genset / Hr/ Ltrs	75
Genset Running Hours	4.0 Hrs
kW reqd.	250

Service Cost Assumptions

Description	Details
Average Minimum Cost / Event	Rs. 30,000
Direct Labor Cost / Anum	Rs. 7,500,000

Revenue Assumptions

Description	Details
Fixed Minimum Hall Rental / Banquet	Rs. 150,000
Average No. of Guests / Banquet	500
Average Revenue charges / head	Rs. 500

Financial Assumptions

Description	Details
Equity Debt Ratio	100:0

14 PICTURES







Small and Medium Enterprises Development Authority

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