



Pre-feasibility Study

TRAVEL AND TOUR AGENCY (UMRAH & HAJ SERVICES)

December 2020

“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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Document Control

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2 EXECUTIVE SUMMARY

Performing Umrah and Haj is the most desirous and religiously auspicious ritual for every Muslim. Every year Pakistan tops the list of countries whose citizens travel Saudi Arabia to perform Umrah and Haj. According to estimates, around 2 million people from Pakistan perform Umrah and Haj in the year 2019 and these numbers keep increasing every year.

In view of the continual increasing in demand of Umrah and Haj pilgrims from Pakistan there is a huge potential for establishing Travel & Tour Agency for providing such services to pilgrims. This particular pre-feasibility study provides the basic information for setting up a small level 'Travel & Tour Agency' catering primarily to travelers for Umrah and Haj. The proposed business venture will assume to offer Umrah services to 800 pilgrims and Haj services to 50 pilgrims per annum. However, during the first year of operation the agency will facilitate 510 (60%) pilgrims. The proposed business should preferably be located in any of the major urban or peri-urban city of Pakistan. In order to reduce the initial investment, the agency may be started on a rental premise. The provision of quality travel services, competitive packages and ensuring comfort of pilgrims as per agreed terms are extremely important factor for success of this business.

The cost for setting up travel agency for Umrah and Haj is estimated at Rs. 3.457 million out of which Rs. 3.322 million is the capital cost and Rs. 0.135 million is for working capital. The project is proposed to be financed through 100% equity. The NPV is projected around Rs. 13.689 million, with an IRR of 53% and a Payback Period of 3.23 years. The project will provide employment opportunities to 7 people including the Owner. The legal business status of this project is assumed to be 'Sole Proprietorship'.

3 INTRODUCTION TO SMEDA

The Small and Medium Enterprises Development Authority (SMEDA) was established in October 1998 with an objective to provide fresh impetus to the economy through development of Small and Medium Enterprises (SMEs).

With a mission "to assist in employment generation and value addition to the national income, through development of the SME sector, by helping increase the number, scale and competitiveness of SMEs", SMEDA has carried out 'sectoral research' to identify policy, access to finance, business development services, strategic initiatives and institutional collaboration and networking initiatives.

Preparation and dissemination of prefeasibility studies in key areas of investment has been a successful hallmark of SME facilitation by SMEDA.

Concurrent to the prefeasibility studies, a broad spectrum of business development services is also offered to the SMEs by SMEDA. These services include identification of experts and consultants and delivery of need based capacity building programs of different types in addition to business guidance through help desk services.

4 PURPOSE OF THE DOCUMENT

The objective of the pre-feasibility study is primarily to facilitate potential entrepreneurs in project identification for investment. The project pre-feasibility may form the basis of an important investment decision and in order to serve this objective, the document/study covers various aspects of project concept development, start-up, and production, marketing, finance and business management

The purpose of this document is to facilitate potential investors in '**Travel and Tour Agency (Umrah & Haj Services)**' 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

Haj is one of the five pillars of Islam. It is obligatory for every Muslim once in their lifetime, provided they are physically fit and financially capable. Haj is performed over specific days during the month of "ZULHUJJAH" (The last month of Islamic Calander). Whereas, Umrah can be performed at any time. Due to the great significance and importance of performing Umrah and Haj in Islam, every Muslim intend / plan to visit Kingdom of Saudi Arabia (KSA) to fulfill their religious duty. Pakistan is the 2nd largest Muslim population in the world and according to statistics tops the list of countries whose citizens travel to Saudi Arabia to perform

Umrah and Haj. The pilgrimage to KSA for the purposes of Umrah and Haj by individuals require lot of documentation and other logistic arrangements.

Travel and Tour operators are registered firms who provide the services of managing all the operations starting from Visa Applications, Ticketing, Boarding & Lodging and Domestic Travel to destination places. The tour operators generally buy these tour components from their suppliers and combines them into a package tour. More precise tour operators are primarily responsible for delivering and performing the services specified in a given package tour. Keeping in view the heavy influx of Umrah and Haj pilgrims from Pakistan, there is huge potential for quality Travel and Tour operation service providers.

This particular pre-feasibility is about setting up a 'Travel and Tour Agency' to provide quality Umrah & Haj Services to the pilgrims. The proposed agency should preferably be located in a commercial plaza or market in any major urban or peri-urban city of Pakistan.

The agency will provide all travel related services to the pilgrims at competitive rates through their network of suppliers. The offered services will be combined in the form of different tour packages. Two different type of service packages i.e. Normal Package and 5 Star Package will be offered for Umrah and a separate package for Haj will be offered to pilgrims. The Normal and 5 Star packages for Umrah will mainly comprises of 3 different options of number of days (i.e. 14, 21 and 28) to be spent at Holy Places in KSA. The pricing of each package will vary according to the offered services. While, Haj package will be offered through 3rd party service provider having Haj Quota from Ministry of Religious Affairs. The legal business status of this project is assumed to be 'Sole Proprietorship'.

5.1 Installed and Operational Capacities

The installed and operational capacity of Travel & Tour business venture mainly depends on the market size and potential clients. The proposed Travel & Tour agency assumed to facilitate around 800 Umrah and 50 Haj pilgrims annually. However, the initial operating capacity of the project will be 60% with maximum service facilitation of 78%.

Table 1: Installed and Operational Capacity

Name of Package	No of Days	Installed Capacity (No. of Pilgrims Per Year)	Operational Capacity Year 1 (60%)	Maximum Pilgrims Facilitation (78%)
Normal Packages I	14	192	115	150
Normal Packages II	21	320	192	250
Normal Packages III	28	128	77	100

5 Star Packages I	14	48	29	37
5 Star Packages II	21	80	48	62
5 Star Packages III	28	32	19	25
Haj Pilgrims	-	50	30	39
Total		850	510	663

6 CRITICAL FACTORS

Following are critical success factors associated with this business:

- ⇒ Travel and tour service quality is viewed as a multidimensional concept based on five key aspects; Tangibility, reliability, assurance, responsiveness and empathy.
- ⇒ Selection of an appropriate location within the vicinity of commercial areas and residential societies.
- ⇒ Entrepreneurs' prior knowledge and understanding of travel and tour operations business, especially laws and regulations.
- ⇒ Offering competitive price and ensuring the delivery quality services on agreed terms and conditions.
- ⇒ Good working relationship with relevant authorities, air lines and service providers.
- ⇒ Agreement and networking with hotels / travel agencies in Saudi Arabia, preferably near to holy places.
- ⇒ Marketing and promotion through various channels i.e. Catalogues / pamphlets, outdoor advertisement, hoardings / flex signs, TV & cable ads, and promotion through social media (Facebook etc.).

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

The increasing population and high concentration of working class in major cosmopolitan cities like Karachi, Lahore, Islamabad, Peshawar, Quetta, Rawalpindi, Hyderabad, Multan, Gujranwala, Sialkot etc., offers a very lucrative business opportunity for opening well planned travelling agency. However, it is recommended that the agency should be centrally located within an easily approachable developed / developing commercial area, in line with the selected target market.

8 POTENTIAL TARGET CUSTOMERS / MARKETS

The proposed travel and tour agency is offering 2 different Umrah packages (i.e. Normal and 5 Star) of 14, 21 and 28 days and Haj package, designed according to suitability and preferences of different clients. The normal package is targeted for lower and middle income group customers, who can afford budget package as per their income. Whereas, 5 Star package is mainly for upper middle and high income group customers who intends to stay in 5 Star accommodation nearer to the Holy places.

9 PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of Travel and Tour Agency (Umrah & Haj Services). Various cost and revenue related assumptions along with results of the analysis are outlined in this section. The projected Income Statement, Cash Flow Statement and Balance Sheet are attached as annexures.

9.1 Project Economics

All the figures in this financial model have been calculated for estimated sales of Rs. 59.110 million in the year one. The capacity utilization during year one is worked out at 60% with 2 % increase in subsequent years up to the maximum capacity utilization of 78%.

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)	53%
Payback Period (yrs.)	3.23
Net Present Value (Rs.)	13,688,715

Calculation of break-even analysis is as follows:

Table 3: Breakeven (100% Equity Based)

Break-Even Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Break-Even Revenue	77,406,173	60,581,169	52,889,266	48,991,225	46,924,567	45,599,446	46,033,690	46,998,413	48,738,063	51,375,863
Break-Even Units	668	523	456	423	405	393	397	405	420	443

Margin of Safety	-31%	10%	31%	43%	52%	59%	63%	67%	70%	72%
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However, for the purposes of further explanation the Project Economics based on Debt:Equity (i.e. 50:50) Model has also been computed. On the basis of Debt:Equity model the Internal Rate of Return, Payback Period and Net Present Value of the proposed project are provide in the table below:

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

Description	Details
Internal Rate of Return (IRR)	51%
Payback Period (Yrs.)	3.38
Net Present Value (Rs.)	16,717,354

The financial assumptions for Debt:Equity are as follows:

Table 5: Financial Assumptions for Debt:Equity Model

Description	Details
Total Equity (50%)	50%
Bank Loan (50%)	50%
Markup to the Borrower (%age / annum)	12%
Tenure of the Loan (Years)	5

9.2 Project Cost

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

Table 6: Project Cost

Description	Amount Rs.
Capital Cost	
Furniture & Fixtures	1,345,250
Office Vehicles	1,026,750
Computer Equipment	415,000
Pre-operating Costs	192,500

Building Security	180,000
Office Equipment	82,500
Machinery & Equipment	55,000
Legal Registration and Licensing Cost	25,000
Total Capital Cost	3,322,000
Cash	75,000
Up-front Building Rent	60,000
Total Working Capital	135,000
Total Project Cost	3,457,000

9.3 Space Requirement

This business requires an office space of around 540 square feet in any commercial market or plaza. The building is proposed to be acquired on rental basis. The monthly rent of office is assumed at Rs. 60,000 along with security deposit of three months' rent i.e. Rs. 180,000 will be paid at the start of the rent agreement.

9.4 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.)
Renovation	1	800,000	800,000
Air conditioners (1.5 ton Split)	2	95,000	190,000
Table & Chairs (Owners)	1	35,000	35,000
Table & Chairs	4	18,000	72,000
Cupboard	2	15,000	30,000
Sofa	8	15,000	120,000
Visitor Chairs (Owners)	3	8,000	24,000
Visitor Chairs	9	6,000	54,000
Bracket Fans	3	3,750	11,250
Exhaust Fans	3	2,200	6,600

LED Bulbs (18 Watts)	8	300	2,400
Total			1,345,250

9.5 Office and Other Equipment Requirement

Following office and other equipment will be required for the project are given below

Table 8: Office and Other Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Laptops	5	70,000	350,000
Fridge	1	51,500	51,500
Printer	2	23,000	46,000
Water Dispenser	1	19,000	19,000
Scanner	2	9,500	19,000
Microwave Oven	1	7,500	7,500
UPS for Office	1	30,000	30,000
Security Equipment	1	25,000	25,000
Telephones	3	1,500	4,500
Total			552,500

9.6 Office Vehicles Requirement

Used vehicles will be purchased for Travel and Tours Agency.

Table 9: Office Vehicle

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Vehicle 1000CC	01	1,026,750	1,026,750

9.7 Human Resource Requirement

In order to run operations of Travel & Tours smoothly, details of human resources required along with number of employees and monthly salary are recommended as under.

Table 10: Human Resource Requirement

Description	No. of Employees	Monthly Salary Per person (Rs.)	Total Salary Per Month (Rs.)
CEO	1	80,000	80,000
Accounts Officer	1	35,000	35,000
Relationship Managers	2	30,000	60,000
Ticketing Officer	1	25,000	25,000
Security Guards	1	17,500	17,500
Office Boys	1	17,500	17,500
Total	7		

9.8 Utilities and Other Costs

An essential cost to be borne by the project is the cost of electricity. The electricity expenses are estimated to be around Rs. 6,611 per month. Furthermore, promotional expense being essential for marketing of Travel and Tours is estimated as 0.4 % of revenue expenses.

9.9 Revenue Generation

Based on the capacity utilization of 60%, revenue during the first year of operations is estimated in below table.

Table 11: Revenue Generation

Description	No of Days	No. of Pilgrims	Package Charges (Rs.)	Total Revenue (Rs.)
Normal Package – I	14	115	111,500	12,822,500
Normal Package – II	21	192	116,500	22,368,000
Normal Package – III	28	77	128,500	9,894,500
5 Star Package – I	14	29	129,500	3,755,500
5 Star Package - II	21	48	144,500	6,936,000
5 Star Package – II	28	19	156,500	2,973,500
Haj Pilgrims	-	30	12,000	360,000
Total		510		59,110,000

10 CONTACT DETAILS

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

Table 12: Technical Experts / Consultants

Name of Expert / Organization	Address	Phone
Remas Umrah agency	Makkah - Rasifah - Third Ring Road - Al Sharif Tower Yahya Time Tower - 4 Floor Office No. 1	00966125666138
Pakistan International Airlines	2nd Floor, Safety Building, PIA Head office, Karachi, Pakistan	111-786-786

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
Government of Punjab	www.punjab.gov.pk
Government of Sindh	www.sindh.gov.pk
Government of Khyber Pakhtunkhwa	www.khyberpakhtunkhwa.gov.pk
Government of Baluchistan	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 (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
Tourism Development Corporation of Punjab	www.tdcp.gop.pk
Pakistan Tourism Development Corporation	www.tourism.gov.pk/
Ministry of Tourism Saudi Arabia	www.mt.gov.sa/
Ministry of Religious Affairs and Inter-faith Harmony	www.mora.gov.pk/

12 ANNEXURES

12.1 Income Statement

Calculations										SMEDA
Income Statement										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	59,110,000	67,208,900	76,268,720	86,542,951	98,256,483	111,060,770	125,690,481	142,331,374	160,215,043	181,163,479
<i>Cost of sales</i>										
Direct labour cost	1,680,000	1,848,000	2,032,800	2,236,080	2,459,688	2,705,657	2,976,222	3,273,845	3,601,229	3,961,352
Air Ticketing	31,200,000	33,852,000	36,691,200	39,729,690	43,059,309	46,456,649	50,173,181	54,236,686	58,293,005	62,921,872
Saudi Visa Fee in SAR	14,826,600	17,079,379	19,653,977	22,594,591	25,999,029	29,780,962	34,147,841	39,190,927	44,720,805	51,250,202
Saudi Co. fee	8,833,977	10,433,606	12,277,963	14,471,594	17,054,627	20,015,018	23,527,502	27,654,774	32,300,463	37,912,585
Our representative	136,541	147,339	159,180	172,179	186,758	202,568	219,903	239,350	260,206	283,894
Total cost of sales	56,677,117	63,360,324	70,815,119	79,204,134	88,759,411	99,160,854	111,044,649	124,595,582	139,175,708	156,329,906
Gross Profit	2,432,883	3,848,576	5,453,601	7,338,817	9,497,072	11,899,916	14,645,832	17,735,792	21,039,335	24,833,573
<i>General administration & selling expenses</i>										
Administration expense	1,140,000	1,254,000	1,379,400	1,517,340	1,669,074	1,835,981	2,019,580	2,221,537	2,443,691	2,688,060
Administration benefits expense	34,200	37,620	41,382	45,520	50,072	55,079	60,587	66,646	73,311	80,642
Building rental expense	720,000	792,000	871,200	958,320	1,054,152	1,159,567	1,275,524	1,403,076	1,543,384	1,697,722
Electricity expense	79,327	87,259	95,985	105,584	116,142	127,756	140,532	154,585	170,044	187,048
Water expense	22,800	25,080	27,588	30,347	33,381	36,720	40,392	44,431	48,874	53,761
Tourism department fee	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Travelling expense	11,400	12,540	13,794	15,173	16,691	18,360	20,196	22,215	24,437	26,881
Communications expense (phone, fax, mail, internet, etc.)	28,500	31,350	34,485	37,934	41,727	45,900	50,489	55,538	61,092	67,202
Office vehicles running expense	20,535	22,589	24,847	27,332	30,065	33,072	36,379	40,017	44,019	48,420
Office expenses (stationary, entertainment, janitorial services, etc.)	22,800	25,080	27,588	30,347	33,381	36,720	40,392	44,431	48,874	53,761
Promotional expense year 1 - 5	236,440	268,836	305,075	346,172	393,026	-	-	-	-	-
Promotional expense year 6 - 10	-	-	-	-	-	277,652	314,226	355,828	400,538	452,909
Professional fees (legal, audit, consultants, etc.)	295,550	336,045	381,344	432,715	491,282	555,304	628,452	711,657	801,075	905,817
Depreciation expense	490,575	490,575	490,575	516,312	512,162	644,550	674,343	669,539	669,539	704,029
Amortization of pre-operating costs	38,500	38,500	38,500	38,500	38,500	-	-	-	-	-
Amortization of legal, licensing, and training costs	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Miscellaneous expense 1	22,800	25,080	27,588	30,347	33,381	36,720	40,392	44,431	48,874	53,761
Subtotal	3,185,927	3,469,053	3,781,851	4,154,442	4,535,538	4,885,880	5,363,984	5,856,432	6,400,251	7,042,514
Operating Income	(753,044)	379,523	1,671,750	3,184,375	4,961,534	7,014,036	9,281,848	11,879,360	14,639,085	17,791,060
Other income (interest on cash)	2,036	13,975	39,193	73,458	96,740	116,778	159,712	212,885	263,893	322,269
Other income 2	-	-	-	-	22,000	-	-	-	-	-
Gain / (loss) on sale of machinery & equipment	-	-	-	-	-	-	-	-	-	-
Gain / (loss) on sale of office equipment	-	-	-	-	-	-	-	-	-	-
Gain / (loss) on sale of computer equipment	-	-	103,750	-	-	223,854	-	-	362,889	289,711
Gain / (loss) on sale of office vehicles	-	-	-	-	410,700	-	-	-	-	-
Earnings Before Interest & Taxes	(751,008)	393,499	1,814,693	3,257,834	5,490,974	7,354,668	9,441,560	12,092,245	15,265,866	18,403,039
Earnings Before Tax	(751,008)	393,499	1,814,693	3,257,834	5,490,974	7,354,668	9,441,560	12,092,245	15,265,866	18,403,039
Tax	-	-	162,204	434,458	1,067,292	1,694,133	2,424,546	3,352,285	4,463,053	5,561,063
NET PROFIT/(LOSS) AFTER TAX	(751,008)	393,499	1,652,489	2,823,375	4,423,682	5,660,535	7,017,015	8,739,960	10,802,813	12,841,976

12.2 Balance Sheet

Calculations											SMEDA
Balance Sheet											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
<i>Current assets</i>											
Cash & Bank	75,000	87,868	1,030,171	2,105,284	3,771,387	3,967,820	5,374,445	7,402,522	9,628,300	11,483,148	14,298,334
Pre-paid building rent	60,000	66,000	72,600	79,860	87,846	96,631	106,294	116,923	128,615	141,477	-
Total Current Assets	135,000	153,868	1,102,771	2,185,144	3,859,233	4,064,451	5,480,739	7,519,445	9,756,915	11,624,625	14,298,334
<i>Fixed assets</i>											
Building Security	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
Machinery & equipment	55,000	49,500	44,000	38,500	33,000	97,695	85,176	72,656	60,137	47,617	35,098
Furniture & fixtures	1,345,250	1,210,725	1,076,200	941,675	807,150	672,625	538,100	403,575	269,050	134,525	-
Office vehicles	1,026,750	821,400	616,050	410,700	205,350	1,653,591	1,322,873	992,155	661,436	330,718	-
Computer equipment	415,000	278,050	141,100	484,564	321,878	163,341	560,944	372,614	189,087	649,363	431,347
Office equipment	82,500	74,250	66,000	57,750	49,500	41,250	33,000	24,750	16,500	8,250	-
Total Fixed Assets	3,104,500	2,613,925	2,123,350	2,113,189	1,596,878	2,808,503	2,720,093	2,045,750	1,376,211	1,350,473	646,445
<i>Intangible assets</i>											
Pre-operation costs	192,500	154,000	115,500	77,000	38,500	-	-	-	-	-	-
Legal, licensing, & training costs	25,000	22,500	20,000	17,500	15,000	12,500	10,000	7,500	5,000	2,500	-
Total Intangible Assets	217,500	176,500	135,500	94,500	53,500	12,500	10,000	7,500	5,000	2,500	-
TOTAL ASSETS	3,457,000	2,944,293	3,361,621	4,392,834	5,509,611	6,885,454	8,210,832	9,572,695	11,138,126	12,977,598	14,944,778
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable		238,301	262,131	288,344	317,178	348,896	383,786	422,164	464,381	510,819	561,901
Total Current Liabilities	-	238,301	262,131	288,344	317,178	348,896	383,786	422,164	464,381	510,819	561,901
<i>Shareholders' equity</i>											
Paid-up capital	3,457,000	3,457,000	3,457,000	3,457,000	3,457,000	3,457,000	3,457,000	3,457,000	3,457,000	3,457,000	3,457,000
Retained earnings		(751,008)	(357,510)	647,490	1,735,432	3,079,557	4,370,046	5,693,530	7,216,745	9,009,779	10,925,877
Total Equity	3,457,000	2,705,992	3,099,490	4,104,490	5,192,432	6,536,557	7,827,046	9,150,530	10,673,745	12,466,779	14,382,877
TOTAL CAPITAL AND LIABILITIES	3,457,000	2,944,293	3,361,621	4,392,834	5,509,611	6,885,454	8,210,832	9,572,695	11,138,126	12,977,598	14,944,778

12.3 Cash Flow Statement

Calculations	SMEDA										
Cash Flow Statement											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<i>Operating activities</i>											
Net profit		(751,008)	393,499	1,652,489	2,823,375	4,423,682	5,660,535	7,017,015	8,739,960	10,802,813	12,841,976
Add: depreciation expense		490,575	490,575	490,575	516,312	512,162	644,550	674,343	669,539	669,539	704,029
amortization of pre-operating costs		38,500	38,500	38,500	38,500	38,500	-	-	-	-	-
amortization of training costs		2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Pre-paid building rent	(60,000)	(6,000)	(6,600)	(7,260)	(7,986)	(8,785)	(9,663)	(10,629)	(11,692)	(12,862)	141,477
Accounts payable		238,301	23,830	26,213	28,834	31,718	34,890	38,379	42,216	46,438	51,082
Other liabilities		-	-	-	-	-	-	-	-	-	-
Cash provided by operations	(60,000)	12,868	942,304	2,203,017	3,401,536	4,999,777	6,332,811	7,721,607	9,442,523	11,508,429	13,741,063
Issuance of shares	3,457,000	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares											
Cash provided by / (used for) financing activities	3,457,000	-	-	-	-	-	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(3,322,000)	-	-	(480,414)	-	(1,723,787)	(556,140)	-	-	(643,801)	-
Cash (used for) / provided by investing activities	(3,322,000)	-	-	(480,414)	-	(1,723,787)	(556,140)	-	-	(643,801)	-
NET CASH	75,000	12,868	942,304	1,722,603	3,401,536	3,275,990	5,776,671	7,721,607	9,442,523	10,864,628	13,741,063

13 KEY ASSUMPTIONS

13.1 Operating Cost Assumptions

Description	Details
Water Expense	2% of Administration expenses
Communication Expenses	2.5% of Administration expenses
Promotional Expenses	0.4% of Revenue
Depreciation Method	Accelerated depreciation
Depreciation Rate	10% on Machinery 33% on Office Equipment 10% on Furniture & Fixture
Inflation Growth Rate	10%
Electricity Price Growth Rate	10%
Salaries Growth Rate	10%

13.2 Capacity Utilization Assumptions

Description	Detail
Maximum Operational Capacity	850 Pilgrim (800 Umrah, 50 Haj)
Capacity Utilization	60% (510 Pilgrim)
Capacity Utilization Growth Rate	2%
Maximum Capacity Utilization	78% (663 Pilgrim)

13.3 Revenue Assumptions

Description	Details					
	Normal Package			5 Stars Package		
Packages	I	II	III	I	II	III
Package Days	14	21	28	14	21	28
Package Charges (Rs.)	111,500	116,500	128,500	129,500	144,500	156,500
No of Pilgrims	115	192	77	29	48	19
Haj Pilgrims First Year	30					

Commission from Haj Pilgrims Per Person (Rs.)	12,000
Sale Price Growth Rate	10%

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