



Pre-feasibility Study

FREIGHT FORWARDING COMPANY

June 2021

“The figures and financial projections are approximate due to fluctuations in exchange rates, energy costs, and fuel prices etc. Users are advised to focus on understanding essential elements such as production processes and capacities, space, machinery, human resources, and raw material etc. requirements. Project investment, operating costs, and revenues can change daily. For accurate financial calculations, utilize financial calculators on SMEDA’s website and consult financial experts to stay current with market conditions”

Small and Medium Enterprises Development Authority
Ministry of Industries and Production
Government of Pakistan

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1 DISCLAIMER

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2 EXECUTIVE SUMMARY

Freight Forwarders act as an intermediary between the company who makes the shipment and the final destination for the transportation of goods. Commonly, freight forwarders do not carry out the shipments themselves, but they facilitate and offer different transport modes such as sea / ocean freight, rail freight, road transport and air freight shipment. Due to increasing trade of goods across the borders, the role and importance of freight forwarding business has been tremendously increased in recent years.

This particular pre-feasibility study provides basic information for setting up a small level 'Freight Forwarding Company' in any major industrial city of Pakistan. The proposed company will primarily target the corporate clients requiring freight forwarding services for import and export of good via single or multiple carrier. The company will offer services for sea freight, rail freight, road transport and air freight shipment.

The proposed 'Freight Forwarding Company' assume to provide around 1,050 freight forwarding jobs to corporate clients per annum at its full service capacity. However, during the first year of operation the company will facilitate 578 freight forwarding cases / jobs. The service capacity is assumed to increase 5% in subsequent years. The proposed business should preferably be located in any of the major urban city of Pakistan. In order to reduce the initial investment, the main office of the company may be setup on a rental premise. The provision of quality freight services, strong linkages with multiple carriers, competitive packages and ensuring timely delivery of goods as per agreed terms are extremely important factor for success of this business.

The total cost of proposed project is Rs. 15.035 million, which includes a capital investment of Rs. 14.780 million and Rs. 0.255 million as working capital. The project assumed to be financed through 100% equity. The Net Present Value (NPV) of the project is Rs. 45.091 million with an Internal Rate of Return (IRR) of 50% and a Payback Period of 3.13 years. The project will provide employment opportunities to 18 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 **Freight Forwarding Company** by providing them with a general understanding of the business with the intention of supporting potential investors in crucial investment decisions.

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

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

5 BRIEF DESCRIPTION OF PROJECT & PRODUCT

The market for freight forwarding company in Pakistan has been developing steadily and an increasing trend of setting up freight forwarding company is quite evident over the last decade. Since, Pakistan is continually increasing its industrial base, so huge potential still exists for quality freight forwarding service providers in the country. Freight forwarders play the role of intermediary between the company who makes the shipment and the final destination for the transportation of desired goods. A freight forwarding company do not carry out the shipments but it facilitate and collaborate to offer the services of using different transport modes, including sea/ocean freight, rail freight, road transport and air freight shipment.

Freight forwarders establish their trusted contacts with carriers and partners from air transport specialists and trucking companies to transoceanic lines in order to negotiate

the best possible price. This may be using established commercial routes with regular frequent departures, or by charter, valuing different offers and choosing the better route that optimizes speed, costs and reliability, considering all the variables necessary for the analysis of each case. Normally, freight forwarding company key part in triangular operations and at least three companies are involved in triangular operations (Manufacturer, Intermediary and Final Customer), each located in different countries, although there is a single delivery of goods and a single transport. This operation is complex from the point of view of the documentation, fulfilling the regulations and tax settlements.

This particular pre-feasibility study provides the basic information for setting up a freight forwarding company in any major industrial city of Pakistan. The proposed company will primarily cater to the logistic needs of industrial clients requiring import and export of good across the world. The company will provide freight forwarding services in three major categories, including Transportation of Goods, Customs Clearing and Shipping to the corporate clients through competent staff and strong networking with multiple route (i.e. sea, rail, road and air) operators and carriers. The company will be fully equipped to handle large volume of shipments, from one international destination to another. The office of the company will be established in a rented premise having a covered area of 1,125 square feet and should be located near industrial areas to provide easy access to its prospective clients. Financial analysis shows the unit shall be profitable from the very first year of operation. The legal business status of this project is assumed to be 'Sole Proprietorship'.

5.1 Installed and Operational Capacity

The installed and operational capacity of Freight Forwarding business venture mainly depends on the market size and potential clients. The proposed Freight Forwarding Company is assumed to facilitate around 1,050 jobs for transportation of goods, customs clearing and shipping on an annual basis. However, the initial operating capacity of the project will be 55% with maximum service facilitation of 100%.

Table 1: Installed and Operational Capacity

Description of Services	Total Capacity (No of Jobs)	Operational Capacity - Year 1 (No of Jobs)	Max. Operational Capacity (No of Jobs)
Intercity Transportation	200	110	200
Transportation Outside City	200	110	200
Custom Clearing	400	220	400
Shipping	250	138	250

Total	1050	578	1050
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6 CRITICAL FACTORS

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

- ⇒ Entrepreneur's knowledge and expertise of managing freight forwarding, transportation and custom clearing business and operations.
- ⇒ Selection of an appropriate location within the vicinity of an industrial area.
- ⇒ Identification, selection and establishing linkages with carriers and transporters of inland, sea and air shipments.
- ⇒ Hiring and induction of competent staff with strong customer handling skills and updated knowledge and understanding of freight forwarding operations.
- ⇒ Offering competitive price and ensuring the delivery of quality services on agreed terms and conditions.
- ⇒ Good working relationship with relevant authorities, air lines and cargo shipment service providers.
- ⇒ Utmost priority should be given to customer satisfaction through proper documentation, tracking system, cargo insurance, good safety and ensuring timely delivery of goods at the destinations.
- ⇒ Marketing and promotion through various channels i.e. Catalogue/ pamphlets, outdoor advertisement, hoardings / flex signs, TV & cable ads, and promotion through social media (Facebook etc.).

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

The high concentration of industrial units and goods trading activities in major cosmopolitan cities like Karachi, Lahore, Islamabad, Peshawar, Quetta and Rawalpindi etc., offers a very lucrative business proposition for initiating the Freight Forwarding Company. It is recommended that office of the company should be centrally located within an easily approachable developed / developing industrial areas, in line with the potential target market.

8 POTENTIAL TARGET CUSTOMERS / MARKETS

The target customers for freight forwarding are the corporate clients involved in any industrial or manufacturing activities and required the services of goods transportation, either for import or export purposes.

It is recommended that the proposed project may be established in any of the above mentioned major cities.

9 PROJECT COST SUMMARY

A detailed financial model has been developed to analyse the commercial viability of Freight Forwarding Company. 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 revenue of Rs. 65.100 Million in the year one. The capacity utilization during year one is worked out at 55% with 5% increase in subsequent years up to the maximum capacity utilization of 100%.

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)	50%
Payback Period (Yrs.)	3.13
Net Present Value (Rs.)	45,090,635

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	60,544,227	60,674,902	62,366,020	65,388,455	69,482,414	70,210,256	76,521,999	83,843,554	92,825,238	103,485,936
Break-Even Units	538	491	458	437	422	388	384	383	385	391
Margin of Safety	7%	22%	33%	40%	46%	54%	57%	59%	61%	63%

However, for the purposes of further explanation the Project Economics based on Debt:Equity (i.e. 50:50) Model has also been computed. Based on 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 Debt (50%):Equity (50%)

Description	Details
Internal Rate of Return (IRR)	50%
Payback Period (Yrs.)	3.18
Net Present Value (Rs.)	63,228,639

The financial assumptions for Debt:Equity are as follows:

Table 5: Financial Assumptions for Debt:Equity Model

Description	Details
Debt (50%)	7,517,500
Equity (50%)	7,517,500
Interest Rate on Debt	12%
Debt Tenure	5
Debt Payment / Year	2

The projected Income Statement, Cash Flow Statement and Balance Sheet attached as annexures are based on 100% Equity Based Business Model

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	
Machinery & Equipment	623,000
Furniture & Fixtures	2,427,500
Office Vehicles	143,500
Office & Computer Equipment	663,500
Building Security	180,000
Pre-Operating Costs	1,242,500
Licensing & Legal Fee	9,500,000

Total Capital Cost	14,780,000
Upfront Building Rent	180,000
Cash	75,000
Total Working Capital	255,000
Total Project Cost	15,035,000

9.3 Space Requirement

This business requires an office space of around 1,125 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 Machinery & Equipment Requirement

Machinery and equipment for the proposed project are stated below.

Table 7: Machinery & Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Generator	1	560,000	560,000
Security Equipment	1	25,000	25,000
Water Dispenser	2	38,000	38,000
Total			623,000

9.5 Furniture & Fixtures Requirement

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

Table 8: Furniture & Fixture

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Office Furniture	1	1,020,000	1,020,000
Telephone Exchange	1	20,000	20,000
Telephones	5	1,500	7,500
Fans	7	5,000	35,000
LED Lights	35	1,000	35,000

Electric Wiring & Lighting	1	300,000	300,000
Air Conditioners (1.5 ton Split)	4	90,000	360,000
Building Design & Renovation	1	650,000	650,000
Total			2,427,500

9.6 Office Vehicles Requirement

Details of the office vehicles required for the project are given below.

Table 9: Office Vehicles

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Motor Bike CD 70	2	71,750	143,500
Total			143,500

9.7 Office Equipment Requirement

Following office and computer equipment will be required for the project.

Table 10: Office Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Computer Server	1	120,000	120,000
Computers	7	25,000	175,000
Computer Printer	3	29,500	88,500
Scanner	2	40,000	80,000
Laptop	2	65,000	130,000
LED For Office	1	70,000	70,000
Total			663,500

9.8 Human Resource Requirement

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

Table 11: Human Resource Requirement

Description	No. of Employees	Monthly Salary per Person (Rs.)
Owner / Manager	1	150,000
Manager	1	70,000
Accounts Officer	1	35,000
Import Export Officers	2	50,000
Assistants	4	25,000
Dispatchers	2	22,500
Field Workers Expert	2	100,000
Field Workers Junior	2	20,000
Sweepers	1	17,500
Security Guards	1	17,500
Office Boys	1	17,500
Total	18	

9.9 Utilities and Other Cost

An essential cost to be borne by the project is the cost of electricity. The electricity expenses are estimated to be around Rs. 52,409 (direct & indirect) per month. Furthermore, promotional expense being essential for marketing of Freight Forwarding Company is estimated as 1% of revenue.

9.10 Revenue Generation

Based on the capacity utilization of 55%, sales revenue during the first year of operations is provided in the table below.

Table 12: Revenue Generation – Year 1

Description	No. of Jobs Served	Sale Price / (Rs.)	Sales Revenue (Rs.)
Transportation Within City	110	20,000	2,200,000
Transportation Outside City	110	40,000	4,400,000
Custom Clearing	220	15,000	3,300,000
Shipping	138	400,000	55,200,000

Total	578	65,100,000
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10 CONTACT DETAILS

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

Table 13: Technical Experts / Consultants

Name of Expert / Organization	Address	Phone
Mr. Bilal Hasan – Star Logistics	Goldmine Plaza, Office No.8, 5 th Floor, Ichhra, Lahore.	+92 302 4153 733

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

Punjab Vocational Training Council (PVTC)	www.pvtc.gop.pk
Pakistan International Freight Forwarders Association	www.piffapk.com
International Federation of Freight Forwarders Associations	www.fiata.com
World Cargo Alliance	www.wcaworld.com
International Air Transport Association	www.iata.org

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	65,100,000	77,880,000	93,049,000	109,940,600	129,865,670	152,032,144	178,041,881	206,953,756	240,725,023	278,237,828
<i>Cost of sales</i>										
Cost of goods sold 1	46,900,000	54,825,000	64,021,625	73,916,664	85,336,478	97,622,794	111,735,030	126,917,259	144,283,356	162,965,286
Operation costs 1 (direct labor)	5,820,000	6,402,000	7,042,200	7,746,420	8,521,062	9,373,168	10,310,485	11,341,534	12,475,687	13,723,256
Operating costs 3 (direct electricity)	524,087	576,496	634,146	697,560	767,316	844,048	928,452	1,021,298	1,123,427	1,235,770
Total cost of sales	53,244,087	61,803,496	71,697,971	82,360,644	94,624,856	107,840,010	122,973,968	139,280,090	157,882,470	177,924,312
Gross Profit	11,855,913	16,076,504	21,351,029	27,579,956	35,240,814	44,192,134	55,067,913	67,673,666	82,842,553	100,313,515
<i>General administration & selling expenses</i>										
Administration expense	3,690,000	4,059,000	4,464,900	4,911,390	5,402,529	5,942,782	6,537,060	7,190,766	7,909,843	8,700,827
Administration benefits expense	110,700	121,770	133,947	147,342	162,076	178,283	196,112	215,723	237,295	261,025
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	104,817	115,299	126,829	139,512	153,463	168,810	185,690	204,260	224,685	247,154
Water expense	369,000	405,900	446,490	491,139	540,253	594,278	653,706	719,077	790,984	870,083
Travelling expense	1,302,000	1,557,600	1,860,980	2,198,812	2,597,313	3,040,643	3,560,838	4,139,075	4,814,500	5,564,757
Communications expense (phone, fax, mail, internet, etc.)	325,500	389,400	465,245	549,703	649,328	760,161	890,209	1,034,769	1,203,625	1,391,189
Office vehicles running expense	651,000	856,680	1,125,893	1,463,309	1,901,363	2,448,493	3,154,121	4,032,943	5,160,155	6,560,702
Office expenses (stationary, entertainment, janitorial services, etc)	651,000	856,680	1,125,893	1,463,309	1,901,363	2,448,493	3,154,121	4,032,943	5,160,155	6,560,702
Promotional expense Year 1-5	651,000	778,800	930,490	1,099,406	1,298,657	-	-	-	-	-
Promotional expense Year 6-10	-	-	-	-	-	380,080	445,105	517,384	601,813	695,595
Professional fees (legal, audit, consultants, etc.)	325,500	389,400	465,245	549,703	649,328	760,161	890,209	1,034,769	1,203,625	1,391,189
Depreciation expense	536,605	536,605	536,605	573,412	567,477	664,511	707,119	700,248	700,248	749,573
Amortization of pre-operating costs	248,500	248,500	248,500	248,500	248,500	-	-	-	-	-
Amortization of legal, licensing, and training costs	950,000	950,000	950,000	950,000	950,000	950,000	950,000	950,000	950,000	950,000
Bad debt expense	65,100	77,880	93,049	109,941	129,866	152,032	178,042	206,954	240,725	278,238
Miscellaneous expense 1	325,500	389,400	465,245	549,703	649,328	760,161	890,209	1,034,769	1,203,625	1,391,189
Subtotal	11,026,222	12,524,914	14,310,511	16,403,501	18,854,997	20,408,454	23,668,065	27,416,756	31,944,663	37,309,945
Operating Income	829,690	3,551,590	7,040,519	11,176,455	16,385,817	23,783,680	31,399,848	40,256,910	50,897,890	63,003,571
Other income (interest on cash)	29,216	118,438	262,780	470,167	753,826	1,134,726	1,652,425	2,319,653	3,148,105	4,184,028
Gain / (loss) on sale of machinery & equipment	-	-	-	-	249,200	-	-	-	-	-
Gain / (loss) on sale of computer equipment	-	-	148,375	-	-	320,138	-	-	518,974	414,321
Gain / (loss) on sale of office vehicles	-	-	-	-	57,400	-	-	-	-	-
Earnings Before Interest & Taxes	858,907	3,670,028	7,451,674	11,646,622	17,446,243	25,238,543	33,052,273	42,576,563	54,564,970	67,601,920
Tax	35,891	537,507	1,728,086	3,196,317	5,226,185	7,953,490	10,688,295	14,021,797	18,217,739	22,780,672
NET PROFIT/(LOSS) AFTER TAX	823,016	3,132,521	5,723,588	8,450,305	12,220,058	17,285,053	22,363,978	28,554,766	36,347,231	44,821,248

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	2,262,305	7,212,726	13,809,702	23,803,637	36,502,479	54,275,581	77,918,458	107,653,796	144,194,643	190,527,603
Accounts receivable		2,675,342	2,937,945	3,512,240	4,171,019	4,927,526	5,792,421	6,782,343	7,910,869	9,198,879	10,663,620
Pre-paid building rent	180,000	198,000	217,800	239,580	263,538	289,892	318,881	350,769	385,846	424,431	-
Total Current Assets	255,000	5,135,648	10,368,471	17,561,522	28,238,195	41,719,897	60,386,882	85,051,570	115,950,512	153,817,952	201,191,223
<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	623,000	560,700	498,400	436,100	373,800	1,106,623	964,811	822,999	681,186	539,374	397,562
Furniture & fixtures	2,427,500	2,184,750	1,942,000	1,699,250	1,456,500	1,213,750	971,000	728,250	485,500	242,750	-
Office vehicles	143,500	114,800	86,100	57,400	28,700	231,108	184,887	138,665	92,443	46,222	-
Computer equipment	593,500	397,645	201,790	692,985	460,324	233,597	802,217	532,882	270,418	928,667	616,878
Office equipment	70,000	63,000	56,000	49,000	42,000	35,000	28,000	21,000	14,000	7,000	-
Total Fixed Assets	4,037,500	3,500,895	2,964,290	3,114,735	2,541,324	3,000,079	3,130,915	2,423,796	1,723,548	1,944,012	1,194,440
<i>Intangible assets</i>											
Pre-operation costs	1,242,500	994,000	745,500	497,000	248,500	-	-	-	-	-	-
Legal, licensing, & training costs	9,500,000	8,550,000	7,600,000	6,650,000	5,700,000	4,750,000	3,800,000	2,850,000	1,900,000	950,000	-
Total Intangible Assets	10,742,500	9,544,000	8,345,500	7,147,000	5,948,500	4,750,000	3,800,000	2,850,000	1,900,000	950,000	-
TOTAL ASSETS	15,035,000	18,180,543	21,678,261	27,823,258	36,728,018	49,469,976	67,317,797	90,325,366	119,574,059	156,711,965	202,385,663
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable		2,322,527	2,687,725	3,109,132	3,563,588	4,085,488	4,648,256	5,291,847	5,985,773	6,776,448	7,628,898
Total Current Liabilities	-	2,322,527	2,687,725	3,109,132	3,563,588	4,085,488	4,648,256	5,291,847	5,985,773	6,776,448	7,628,898
<i>Shareholders' equity</i>											
Paid-up capital	15,035,000	15,035,000	15,035,000	15,035,000	15,035,000	15,035,000	15,035,000	15,035,000	15,035,000	15,035,000	15,035,000
Retained earnings		823,016	3,955,537	9,679,125	18,129,430	30,349,488	47,634,542	69,998,520	98,553,286	134,900,517	179,721,765
Total Equity	15,035,000	15,858,016	18,990,537	24,714,125	33,164,430	45,384,488	62,669,542	85,033,520	113,588,286	149,935,517	194,756,765
TOTAL CAPITAL AND LIABILITIES	15,035,000	18,180,543	21,678,261	27,823,258	36,728,018	49,469,976	67,317,797	90,325,366	119,574,059	156,711,965	202,385,663

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		823,016	3,132,521	5,723,588	8,450,305	12,220,058	17,285,053	22,363,978	28,554,766	36,347,231	44,821,248
Add: depreciation expense		536,605	536,605	536,605	573,412	567,477	664,511	707,119	700,248	700,248	749,573
amortization of pre-operating costs		248,500	248,500	248,500	248,500	248,500	-	-	-	-	-
amortization of training costs		950,000	950,000	950,000	950,000	950,000	950,000	950,000	950,000	950,000	950,000
Accounts receivable		(2,675,342)	(262,603)	(574,295)	(658,779)	(756,507)	(864,895)	(989,922)	(1,128,526)	(1,288,010)	(1,464,741)
Pre-paid building rent	(180,000)	(18,000)	(19,800)	(21,780)	(23,958)	(26,354)	(28,989)	(31,888)	(35,077)	(38,585)	424,431
Accounts payable		2,322,527	365,198	421,408	454,456	521,899	562,768	643,591	693,927	790,675	852,450
Cash provided by operations	(180,000)	2,187,305	4,950,421	7,284,027	9,993,935	13,725,074	18,568,448	23,642,878	29,735,338	37,461,560	46,332,960
<i>Financing activities</i>											
Issuance of shares	15,035,000	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing activities	15,035,000	-	-	-	-	-	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(14,780,000)	-	-	(687,050)	-	(1,026,232)	(795,347)	-	-	(920,713)	-
Cash (used for) / provided by investing activities	(14,780,000)	-	-	(687,050)	-	(1,026,232)	(795,347)	-	-	(920,713)	-
NET CASH	75,000	2,187,305	4,950,421	6,596,976	9,993,935	12,698,842	17,773,101	23,642,878	29,735,338	36,540,846	46,332,960

13 KEY ASSUMPTIONS

13.1 Operating Cost Assumptions

Description	Details
Water Expense	10% of Administration expenses
Communication Expenses	0.5% of Revenue
Traveling Expenses	2% of Revenue
Promotional Expenses	1% of revenue
Depreciation Method	Straight line depreciation
Depreciation Rate	10% on Machinery & Equipment 33% on Office Equipment 10% on Furniture & Fixture 20% on vehicles
Inflation Growth Rate	10%
Electricity Price Growth Rate	10%
Salaries Growth Rate	10%

13.2 Capacity Utilization Assumptions

Description	Details
Maximum Operational Capacity	Transportation Within City: 200 Jobs Transportation Within City: 200 Jobs Customs Clearing: 400 Jobs Shipping: 250 Jobs
Capacity Utilization Year 1	55%
Capacity Utilization Growth Rate	5%
Maximum Capacity Utilization	100%

13.3 Revenue Assumptions

Description	Details
Sale Price Growth Rate	10%
Sale Price Per Transportation Job Within City	Rs.20,000
Sale Price Per Transportation Job Outside City	Rs.40,000
Sale Price Per Customs Clearing Job	Rs.15,000
Sale Price Per Shipping Job	Rs.400,000

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