



## Pre-feasibility Study

# VEHICLE TRACKING COMPANY

March 2022

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

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

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## 1 DISCLAIMER

This information memorandum is to introduce the subject matter and provide a general idea and information on the said matter. Although, the material included in this document is based on data/information gathered from various reliable sources; however, it is based upon certain assumptions, which may differ from case to case. The information has been provided on as is where is basis without any warranties or assertions as to the correctness or soundness thereof. Although, due care and diligence has been taken to compile this document, the contained information may vary due to any change in any of the concerned factors, and the actual results may differ substantially from the presented information. SMEDA, its employees or agents do not assume any liability for any financial or other loss resulting from this memorandum in consequence of undertaking this activity. The contained information does not preclude any further professional advice. The prospective user of this memorandum is encouraged to carry out additional diligence and gather any information which is necessary for making an informed decision; including taking professional advice from a qualified consultant/technical expert before taking any decision to act upon the information.

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### ***Document Control***

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## 2 EXECUTIVE SUMMARY

The proposed project is about establishing a **Vehicle Tracking Company**. The subject project is strongly recommended to be established in the adjoining of the major cities or urban areas. The prevalence of such facility would add economic benefits in the country and would number of direct and indirect employment. Moreover, features like low cost & less complexity associated with installation of **Vehicle Tracking Company** make it more attractive project. Currently the project is being designed / proposed for major cities with potential industrial growth but the same can be proposed for other cities which can fulfill input and logistic requirements of the project.

Initially project focus would be on customers from neighboring communities, whereas at maturity domestic market would be preferred. The main feature of the project would include safe and on time service, processed according to international quality and standards.

The Vehicle Tracking unit has the capacity of serving approximately **975 individuals** annually and will be operational for **300 days** a year and **8 hours** in 1 shifts a day. Initially the Proposed unit will be operated at 65% of capital utilization and will increase it by **5%** annually. The Maximum capacity utilization will be **95%**.

The total project investment is **Rs. 9,446,733/-** with an Internal Rate of Return (IRR) of **32%** and Net Present Value (NPV) of **2,593,776/-**. The total project investment would be paid back in **3.62** years.

### 3 INTRODUCTION TO SMEDA

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

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

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

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

### 4 PURPOSE OF THE DOCUMENT

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

The purpose of this document is to facilitate potential investors in **Vehicle tracking 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 on, which form basis of any Investment Decision.

## 5 BRIEF DESCRIPTION OF PROJECT & PRODUCT

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

- **Technology:** This proposed company with modern equipment's complete line, from tracking and registration machines, and a generator that will set up a Tracking company.
- **Location:** The subject project is strongly recommended to be established in the major cities with high potentials of customers.
- **Product:** Keeping in view the market demand and characteristics "only properly establish and well protected systems" is recommended to be the final product of the proposed prefeasibility.
- **Target Market:** The target customers for the proposed product would primarily be Individuals and companies,
- **Employment Generation:** The proposed project will provide direct employment to 12 people.

## 5 INSTALLED AND OPERATIONAL CAPACITIES

The Vehicle Tracking Company has the capacity of serving approximately 975 and will be operational for 300 days a year and 8 hours a day in 1 shifts. Initially the Vehicle Tracking Company will be operated at 65% of capital utilization and will increase it by 5% annually. The Maximum capacity utilization will be 95%.

## 6 PROCESS

Vehicle Tracking Company will configure to transmit location of the vehicle and input data at a set update rate or when an event triggers the unit to transmit data. Live vehicle tracking generally refers to systems which update regularly at 1 minute, 2 minute or 5 minute intervals, whilst the ignition status is on. The attached GPS unit in the vehicle will send periodic updates of its location to the route station (Vehicle tracking Company's setup) through the server of the cellular network that can be displayed on a digital map. The location details will later be transferred to users via SMS, e-mail or other form of data transfers.

There are various GPS software and hardware developing companies in Pakistan working for tracking solutions. However, its application is not that much of popular

as in other countries like USA, which regulates the whole GPS network. In Pakistan it is mostly used in transport and logistics industry and not much personal vehicle tracking. For the proposed Star Watch tracking Company better awareness and promotion of the service will increase the market share and attract greater number of car owners.

## 7 CRITICAL FACTORS

- Selection of proper location, equipment and staff would be required to run project successfully.
- Utmost care should be taken while selecting Machinery and Security equipment
- Continuous efforts should be made for up-gradation of the processing techniques.
- To attract large number of customers the Service must be on quality standards.
- Government rule and policies
- Availability of skilled workers
- Natural Disasters
- High competition

## 8 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

Now a day's Security of Vehicles is become one of the cure element for every Vehicle owner it is an important part in Automobile industry number of companies and individual's are focusing to strengthen their security of numaries auto tarcking companies has been established in country and want to gaining more and more market share for them self.

## 9 POTENTIAL TARGET CUSTOMERS / MARKETS

The target customers for the proposed service would primarily be companies, and car owners, Vehicle tracking system or Automatic Vehicle Location System (AVL) is now one of the most popular technological changes in all over the world that is going to make our personal and business life lot easier. As the term suggests, it enables one to track or monitor the location of vehicle in instant time. Primarily, the system functions with the help of different technologies like the Global Positioning System (GPS), traditional cellular network such as Global System for Mobile Communications (GSM) and other radio frequency medium. But GPS is more

effective and accurate in this field. As far as vehicle tracking in Balochistan is concerned, its uses and market are expected to increase within a couple of years.

The target customers for this particular tracking company will be private car owners and transport companies.

## 10 PROJECT COST SUMMARY

### 10.1 Project Economics

All the figures in this financial model have been calculated for estimated sales of **Rs. 24,375,000/-** in the year one. The capacity utilization during year one is worked out at **65%** with **5%** increase in subsequent years up to the maximum capacity utilization of **95%**.

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

**Table 1: Project Economics**

Description	Details
Internal Rate of Return (IRR)	32%
Payback Period (yrs.)	3.62
Net Present Value (Rs.)	2,593,776

### 10.2 Project Financing

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

**Table 2: Project Financing**

Description	Details
-------------	---------



Total Equity (100%)

Rs. 9,446,733

### 10.3 Project Cost

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

**Table 3: Project Cost**

<b>Capital Investment</b>	<b>Rs. in actuals</b>
Land	-
Building/Infrastructure	-
Machinery & equipment	700,000
Furniture & fixtures	960,000
Office vehicles	-
Office equipment	990,000
Pre-operating costs	1,657,500
Training costs	-
<b>Total Capital Costs</b>	<b>4,307,500</b>

  

<b>Working Capital</b>	<b>Rs. in actuals</b>
Equipment spare part inventory	948
Raw material inventory	430,625
Upfront land lease rental	-
Upfront building rent	4,200,660
Upfront machinery & equipment lease rental *	-
Upfront office equipment lease rental *	-
Upfront office vehicles lease rental *	-
Upfront insurance payment	7,000
Cash	500,000
<b>Total Working Capital</b>	<b>5,139,233</b>

  

<b>Total Investment</b>	<b>9,446,733</b>
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### 10.4 Space Requirement

The space requirement for the proposed Unit is estimated considering various facilities including management office, Machinery processing area, warehouse and open space, etc. Details of space requirement and cost related to land & building is given below;

**Table 4: Space Requirement**

<b>Description</b>	<b>Estimated Area (Sq Ft)</b>	<b>Unit Cost (Rs.)</b>	<b>Total Cost (Rs.)</b>
System installation area	5000	1000	5000,000
Management Office	2000	1100	2,200,000

<b>Total</b>	7000	<b>7,200,000</b>
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### 10.5 Machinery & Equipment Requirement

Plant, machinery and equipment for the proposed project are stated below.  
The Total Machinery and Equipment cost of Proposed Pre-Feasibility is **700,000**

### 10.6 Furniture & Fixtures Requirement

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

**Table 5: Furniture & Fixture**

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Office Furniture	1	960,000	960,000
Air conditioners (1.5 ton split)	1	35,000	35,000
Air conditioners (2 ton split)	1	55000	55,000
<b>Total</b>			<b>105,000/-</b>

### 10.7 Human Resource Requirement

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

**Table 6: Human Resource Requirement**

Description	No. of Employees	Monthly Salary per person (Rs.)
CEO	1	50,000
Manager	1	30,000
Shift Incharge	1	35,000
Plant Operator	2	35,000
Technician	4	35,000
Worker	1	22,500
Clerk, Assistant	2	22,500
<b>Total</b>	<b>12</b>	<b>260,000/-</b>

## 10.8 Utilities and other costs

An essential cost to be borne by the project is the cost of utilities. The administrative expenses are Rs. 50,000 per month which includes the utilities. Furthermore, promotional expense being essential for marketing of Vehicle Tracking company is estimated as 1% of Revenue that for year 1.

## 10.9 Revenue Generation

Based on the capacity utilization of **55%**, sales revenue during the first year of operations is estimated as under;

**Table 7: Revenue Generation – Year 1**

Description	No. of Individuals Facilitated (No.)	No. of Customers (No.)	No. of Customers entertained (No.)	Sale Price / unit (Rs.)	Sales Revenue (Rs.)
All-purpose Printing	975	975	975	25000	<b>24,375,000/-</b>

## 11 USEFUL WEB LINKS

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

## 12 ANNEXURES

### 12.1 Income Statement

Statement Summaries										SMEDA
Income Statement										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Rs. in actuals Year 10
Revenue	24,375,000	27,562,500	31,007,813	34,728,750	38,744,262	43,074,503	47,740,907	50,127,953	52,634,350	55,266,068
Cost of goods sold	15,393,175	17,365,770	19,521,213	21,875,553	24,446,286	27,252,491	30,314,981	32,315,695	34,464,162	36,772,466
Gross Profit	8,981,825	10,196,730	11,486,599	12,853,197	14,297,976	15,822,012	17,425,926	17,812,257	18,170,188	18,493,601
<i>General administration &amp; selling expenses</i>										
Administration expense	1,140,000	1,250,992	1,372,790	1,506,447	1,653,117	1,814,067	1,990,687	2,184,503	2,397,189	2,630,583
Rental expense	4,200,660	4,410,693	4,631,228	4,862,789	5,105,928	5,361,225	5,629,286	5,910,750	6,206,288	6,516,602
Utilities expense	-	-	-	-	-	-	-	-	-	-
Travelling & Comm. expense (phone, fax, etc.)	22,800	25,020	27,456	30,129	33,062	36,281	39,814	43,690	47,944	52,612
Office vehicles running expense	-	-	-	-	-	-	-	-	-	-
Office expenses (stationary, etc.)	11,400	12,510	13,728	15,064	16,531	18,141	19,907	21,845	23,972	26,306
Promotional expense	243,750	275,625	310,078	347,288	387,443	430,745	477,409	501,280	526,344	552,661
Insurance expense	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Professional fees (legal, audit, etc.)	243,750	275,625	310,078	347,288	387,443	430,745	477,409	501,280	526,344	552,661
Depreciation expense	-	-	-	-	-	-	-	-	-	-
Amortization expense	331,500	331,500	331,500	331,500	331,500	-	-	-	-	-
Property tax expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous expense	243,750	275,625	310,078	347,288	387,443	430,745	477,409	501,280	526,344	552,661
Subtotal	6,444,610	6,864,590	7,313,936	7,794,792	8,309,467	8,528,949	9,118,921	9,671,627	10,261,423	10,891,085
Operating Income	2,537,215	3,332,140	4,172,663	5,058,405	5,988,509	7,293,063	8,307,005	8,140,630	7,908,764	7,602,516
Other income	431,507	513,428	591,332	661,132	727,863	782,418	825,855	849,247	1,331,092	1,420,373
Gain / (loss) on sale of assets	-	-	-	-	-	-	-	-	-	-
Earnings Before Interest & Taxes	2,968,722	3,845,568	4,763,995	5,719,537	6,716,372	8,075,482	9,132,861	8,989,877	9,239,856	9,022,889
Interest expense	-	-	-	-	-	-	-	-	-	-
Earnings Before Tax	2,968,722	3,845,568	4,763,995	5,719,537	6,716,372	8,075,482	9,132,861	8,989,877	9,239,856	9,022,889
Tax	1,217,176	1,576,683	1,953,238	2,345,010	2,753,713	3,310,947	3,744,473	3,783,706	3,688,123	3,800,930
<b>NET PROFIT/(LOSS) AFTER TAX</b>	<b>1,751,546</b>	<b>2,268,885</b>	<b>2,810,757</b>	<b>3,374,527</b>	<b>3,962,660</b>	<b>4,764,534</b>	<b>5,388,388</b>	<b>5,206,171</b>	<b>5,551,733</b>	<b>5,221,959</b>
Balance brought forward		875,773	1,572,329	2,191,543	2,783,035	3,372,847	4,068,691	4,728,539	10,271,242	5,087,218
Total profit available for appropriation	1,751,546	3,144,658	4,383,086	5,566,070	6,745,694	8,137,381	9,457,078	9,934,710	15,822,975	10,309,177
Dividend	875,773	1,572,329	2,191,543	2,783,035	3,372,847	4,068,691	4,728,539	4,967,355	-	5,154,589
Balance carried forward	875,773	1,572,329	2,191,543	2,783,035	3,372,847	4,068,691	4,728,539	4,967,355	15,822,975	5,154,589

## 12.2

Statement Summaries											SMEDA
Balance Sheet											Rs. in actuals
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Assets</b>											
<i>Current assets</i>											
Cash & Bank	4,350,605	5,238,449	6,171,069	6,969,639	7,722,185	8,452,558	8,934,519	9,417,824	14,758,212	9,389,736	27,677,908
Accounts receivable	-	667,808	711,473	802,333	900,501	1,006,480	1,120,805	1,244,047	1,340,669	1,407,703	1,478,088
Finished goods inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment spare part inventory	948	1,125	1,329	1,563	1,831	2,138	2,488	2,743	3,024	3,334	-
Raw material inventory	430,625	511,284	603,955	710,251	831,992	971,228	1,130,267	1,246,119	1,373,847	1,514,666	-
Pre-paid annual land lease	-	-	-	-	-	-	-	-	-	-	-
Pre-paid building rent	350,055	367,558	385,936	405,232	425,494	446,769	469,107	492,563	517,191	543,050	-
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid insurance	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	-
<b>Total Current Assets</b>	<b>5,139,233</b>	<b>6,793,225</b>	<b>7,880,761</b>	<b>8,896,019</b>	<b>9,889,003</b>	<b>10,886,173</b>	<b>11,664,186</b>	<b>12,410,295</b>	<b>17,999,943</b>	<b>12,865,489</b>	<b>29,155,996</b>
<i>Fixed assets</i>											
Land	-	-	-	-	-	-	-	-	-	-	-
Building/Infrastructure	-	-	-	-	-	-	-	-	-	-	-
Machinery & equipment	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Furniture & fixtures	960,000	960,000	960,000	960,000	960,000	960,000	960,000	960,000	960,000	960,000	960,000
Office vehicles	-	-	-	-	-	-	-	-	-	-	-
Office equipment	990,000	990,000	990,000	990,000	990,000	990,000	990,000	990,000	990,000	990,000	990,000
<b>Total Fixed Assets</b>	<b>2,650,000</b>	<b>2,650,000</b>	<b>2,650,000</b>	<b>2,650,000</b>	<b>2,650,000</b>	<b>2,650,000</b>	<b>2,650,000</b>	<b>2,650,000</b>	<b>2,650,000</b>	<b>2,650,000</b>	<b>2,650,000</b>
<i>Intangible assets</i>											
Pre-operation costs	1,657,500	1,326,000	994,500	663,000	331,500	-	-	-	-	-	-
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
<b>Total Intangible Assets</b>	<b>1,657,500</b>	<b>1,326,000</b>	<b>994,500</b>	<b>663,000</b>	<b>331,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>9,446,733</b>	<b>10,769,225</b>	<b>11,525,261</b>	<b>12,209,019</b>	<b>12,870,503</b>	<b>13,536,173</b>	<b>14,314,186</b>	<b>15,060,295</b>	<b>20,649,943</b>	<b>15,515,489</b>	<b>31,805,996</b>
<b>Liabilities &amp; Shareholders' Equity</b>											
<i>Current liabilities</i>											
Accounts payable	-	446,719	506,199	570,742	640,735	716,593	798,762	885,023	931,969	981,538	965,112
Export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Short term debt	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>446,719</b>	<b>506,199</b>	<b>570,742</b>	<b>640,735</b>	<b>716,593</b>	<b>798,762</b>	<b>885,023</b>	<b>931,969</b>	<b>981,538</b>	<b>965,112</b>
<i>Other liabilities</i>											
Lease payable	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	-	-	-	-	-	-
Long term debt	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Shareholders' equity</i>											
Paid-up capital	9,446,733	9,446,733	9,446,733	9,446,733	9,446,733	9,446,733	9,446,733	9,446,733	9,446,733	9,446,733	9,446,733
Retained earnings	-	875,773	1,572,329	2,191,543	2,783,035	3,372,847	4,068,691	4,728,539	4,967,355	15,822,975	5,154,589
<b>Total Equity</b>	<b>9,446,733</b>	<b>10,322,506</b>	<b>11,019,062</b>	<b>11,638,276</b>	<b>12,229,768</b>	<b>12,819,580</b>	<b>13,515,424</b>	<b>14,175,272</b>	<b>14,414,088</b>	<b>25,269,708</b>	<b>14,601,322</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>9,446,733</b>	<b>10,769,225</b>	<b>11,525,261</b>	<b>12,209,019</b>	<b>12,870,503</b>	<b>13,536,173</b>	<b>14,314,186</b>	<b>15,060,295</b>	<b>15,346,057</b>	<b>26,251,246</b>	<b>15,566,434</b>
Note: Total assets value will differ from project cost due to first installment of leases paid at the start of year 0											
									5,303,887	(10,755,757)	10,299,502

## 12.3 Cash Flow Statement

Statement Summaries											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
	Rs. in actuals										
Operating activities											
Net profit	-	1,751,546	2,268,885	2,810,757	3,374,527	3,962,660	4,764,534	5,388,388	5,206,171	5,551,733	5,221,959
Add: depreciation expense	-	-	-	-	-	-	-	-	-	-	-
amortization expense	-	331,500	331,500	331,500	331,500	331,500	-	-	-	-	-
Deferred income tax	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	(667,808)	(43,664)	(90,860)	(98,168)	(105,979)	(114,325)	(123,242)	(96,623)	(67,033)	(70,385)
Finished good inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment inventory	(948)	(178)	(204)	(234)	(268)	(306)	(350)	(255)	(281)	(310)	3,334
Raw material inventory	(430,625)	(80,659)	(92,670)	(106,296)	(121,741)	(139,236)	(159,039)	(115,852)	(127,727)	(140,819)	1,514,666
Pre-paid building rent	(350,055)	(17,503)	(18,378)	(19,297)	(20,262)	(21,275)	(22,338)	(23,455)	(24,628)	(25,860)	543,050
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Advance insurance premium	(7,000)	-	-	-	-	-	-	-	-	-	7,000
Accounts payable	-	446,719	59,480	64,543	69,993	75,858	82,169	86,261	46,946	49,569	(16,426)
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Cash provided by operations	(788,628)	1,763,617	2,504,949	2,990,113	3,535,581	4,103,221	4,550,651	5,211,844	5,003,857	5,367,280	7,203,199
Financing activities											
Change in long term debt	-	-	-	-	-	-	-	-	-	-	-
Change in short term debt	-	-	-	-	-	-	-	-	-	-	-
Change in export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Add: land lease expense	-	-	-	-	-	-	-	-	-	-	-
Land lease payment	-	-	-	-	-	-	-	-	-	-	-
Change in lease financing	-	-	-	-	-	-	-	-	-	-	-
Issuance of shares	9,446,733	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares	-	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing act	9,446,733	-	-	-	-	-	-	-	-	-	-
Investing activities											
Capital expenditure	(4,307,500)	-	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-	-
Cash (used for) / provided by investing act	(4,307,500)	-	-	-	-	-	-	-	-	-	-
NET CASH	4,350,605	1,763,617	2,504,949	2,990,113	3,535,581	4,103,221	4,550,651	5,211,844	5,003,857	5,367,280	7,203,199
Cash balance brought forward		4,350,605	5,238,449	6,171,069	6,969,639	7,722,185	8,452,558	8,934,519	9,417,824	14,758,212	9,389,736
Cash available for appropriation	4,350,605	6,114,222	7,743,398	9,161,182	10,505,220	11,825,406	13,003,209	14,146,363	14,421,681	20,125,492	16,592,935
Dividend	-	875,773	1,572,329	2,191,543	2,783,035	3,372,847	4,068,691	4,728,539	4,967,355	-	5,154,589
Cash carried forward	4,350,605	5,238,449	6,171,069	6,969,639	7,722,185	8,452,558	8,934,519	9,417,824	9,454,326	20,125,492	11,438,346

## 13 KEY ASSUMPTIONS

### 13.1 Operating Cost Assumptions

Description	Details
Operational Days/ year	300
Hours operational/ days	8
Shift Length (Hours)	8

### 13.2 Production Cost Assumptions

Description	Details
Initial Capital utilization	65%
Annual Capital Utilization Growth	5%
Maximum Capital Utilization	95%

### 13.3 Revenue Assumptions

Description	Details
Revenue	24,375,000
Cost of goods sold per unit	600
Sale Price	25,000
Production per year	975
Production Quantity sold	975



# Small and Medium Enterprises Development Authority

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