



Pre-feasibility Study

INDOOR CRICKET AND FUTSAL TURF SPORTS COMPLEX

October 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

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2. EXECUTIVE SUMMARY

Globally, outdoor cricket and football have been one of the most popular sports over the past century. Primarily, these are an outdoor field and team sports consisting of 11 players per team. Generally, a football ground has a rectangular shape that varies between 100-130 yards (90-120 meters) long and 50 -100 yards (45-90 meters) wide. In cricket, the shape of the field is either circular or oval. The diameter of a cricket field varies from 137 meters to 150 meters.

Over the past decade, as the indoor sports have seen a significant boom in popularity, the sports complexes providing indoor cricket and football facilities have also witnessed a rise in demand and popularity. The major difference in outdoor and indoor cricket and football is the size and the surface of the playing field. In most of these indoor facilities, cricket or football, either one of them, can be played as per the wish of the customer. These playing fields are surrounded from all the sides and from the top, by either mesh net or steel cage. In the proposed project, the size of the playing field is 100 feet (30.5 meters) long, 45 feet (13.7 meters) wide and a height of 25 feet (7.6 meters).

Futsal is the form of small-sided indoor football (the word is derived from of the Spanish 'fútbol sala') played on a smaller field as compared to traditional football. It is played between two teams, with each of teams having five or seven players on the field at any given time depending on the size of the field. It may be played with unlimited substitutes and a smaller size ball than football, that is harder and less bouncy. Over the last five years, Pakistan's major cities have seen a surge in popularity of indoor cricket and futsal arenas. The immense popularity of futsal and the relative ease of availability of futsal facilities across the country have made this sport popular among the youth.

This "Pre-feasibility Document" provides details for setting up an Indoor Cricket and Futsal Turf Sports Complex. Demand for indoor sports facilities is very high as they provide a place and option for sports lovers and younger generation to play at night as well. An indoor cricket and futsal turf may be established in larger cities such as Karachi, Lahore, Islamabad, Peshawar, Rawalpindi, Quetta, Faisalabad, Sialkot, Hyderabad, Gujranwala, Multan, Muzaffarabad, Gilgit, Bahawalpur, Hyderabad, etc.

The proposed project has a maximum capacity of 2,100 annual bookings with lights off and 7,350 annual bookings with lights on. It is assumed to have 1,470 annual bookings with lights off and 5,145 annual bookings with lights on in the first year of operations at 70% capacity utilization.

The "Indoor Cricket and Futsal Turf Sports Complex" will be set up in a rented area of 15,754 square feet. The project requires a total investment of PKR 9.64 million. This includes capital investment of PKR 8.79 million and working capital of PKR 0.85 million. This project is financed through 100% equity. The Net Present Value (NPV) of project is PKR 7.77 million with an Internal Rate of Return (IRR) of 41% and a Payback period of 3.08 years. Further, this project is expected to generate Gross Annual

Revenues of PKR 11.17 million during 1st year, with Gross Profit (GP) ratio ranging from 46% to 61% and Net Profit (NP) ratio ranging from 9% to 29% during the projection period of ten years. The proposed project will achieve its estimated breakeven point at capacity of 57% (5,343 Bookings) with breakeven revenue of PKR 9.02 million.

The proposed project may also be established using leveraged financing. With 50% debt financing, at a cost of KIBOR+3%, the proposed production unit provides Net Present Value (NPV) of PKR 9.96 million, Internal Rate of Return (IRR) of 40% and Payback period of 3.17 years. Further, this project is expected to generate Net Profit (NP) ratio ranging from 8% to 29% during the projection period of ten years. The proposed project will achieve its estimated breakeven point at capacity of 58% (5,467 Bookings) with breakeven revenues of PKR 9.23 million.

The proposed project will provide employment opportunities to 8 people. High return on investment and steady growth of business is expected with the entrepreneur having some prior experience similar businesses. The legal business status of this project is proposed as "Sole Proprietorship". Further, the proposed project may also be established as a "Partnership Concern".

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.

National Business Development Program for SMEs (NBDP) is a project of SMEDA, funded through Public Sector Development Program of Government of Pakistan.

The NBDP envisages provision of handholding support / business development services to SMEs to promote business startup, improvement of efficiencies in existing SME value chains to make them globally competitive and provide conducive business environment through evidence-based policy-assistance to the Government of Pakistan. The Project is objectively designed to support SMEDA's capacity of

providing an effective handholding to SMEs. The proposed program is aimed at facilitating around 314,000 SME beneficiaries over a period of five years.

4. PURPOSE OF THE DOCUMENT

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

The purpose of this document is to provide information to the potential investors about “Indoor Cricket and Futsal Turf Sports Complex”. The document provides a general understanding of the business to facilitate potential investors in crucial and effective investment decisions.

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

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

5. BRIEF DESCRIPTION OF PROJECT & PRODUCTS

In the proposed project, three playing turf fields are being provided. All the facilities can be used for either cricket or football as per the wish of the customer. Furthermore, all the fields are of the same size i.e., 100 feet long, 45 feet wide and 25 feet high. Each field consists of an artificial turf laid on a concrete floor, six poles with six flood lights on each, and each field enclosed separately by tight mesh netting. The mesh net encloses the field from all the sides. If there is a wall on one or a couple of sides of the field, the mesh netting goes above the wall as well as the field's height is 25 feet and the wall's height is 9 feet. The sports equipment required for playing includes wickets, cricket bats, tape balls and footballs. These will be provided to the customer by the proposed business.

The artificial grass turf used in the proposed project is easily available from local dealers operating in larger cities. These dealers also provide the services to install these turfs at the desired locations. Turf is to be installed on a constructed concrete floor. It is considered to be the best surface for these sports, as it guarantees shock absorption, reduces abrasion from falls to a minimum and provides a natural feeling, great aesthetic effect and optimal slide. This turf also offers high temperature resistance, fade resistance and superior durability. Furthermore, it requires minimum

maintenance during its life, in any climatic condition. Useful life of these turfs is normally around 5 years, provided that they are not used very roughly. The only maintenance activity is ensuring regular cleaning of the turf. Precautions to protect the turf include ensuring that the players do not wear shoes with spikes when playing on the turf, and that they should not throw any pointed things which may damage the turf. Moreover, smoking cigarettes is also prohibited in the playing fields as most people tend to throw the burning cigarette butts at the same place after smoking which may harm the turf.

The playing fields can be set up in two ways. Either all the required essentials such as artificial grass turf, poles, mesh netting and flood lights may be procured from different suppliers or the process may be outsourced on a turnkey basis to entities who specialize in setting up these types of playing fields. Outsourcing this process of setting up playing fields is the most common and a better way as these entities are experienced and specialize in this work. Furthermore, this is a less costly and hassle-free process as these entities already have contacts with suppliers of all these essentials, hence, can get them at discounted price.

Figure 1 depicts a complete field which includes artificial grass turf laid on a concrete floor, poles, mesh netting and flood lights. Figure 2 and Figure 3 show futsal and cricket being played on turf respectively.

Figure 1: Complete Field



Figure 2: Football being played on Turf**Figure 3: Cricket being played on Turf**

Indoor Cricket

In terms of the basic concept of the game indoor cricket is similar to outdoor cricket. It also involves two batsmen, a bowler and a team of fielders. The bowler bowls the ball to the batsmen who must score runs. The team with the highest score at the end of the match wins. Despite these basic similarities, due to a major difference in the size of the playing fields, there are differences in playing styles and approach to the game. Indoor cricket helps in improving fielding, sharpening reflexes, maximizing skills swiftly, enhancing quick thinking skills and boosting hand eye coordination.

The length of an indoor cricket pitch is the same as a conventional cricket pitch, and has 3 stumps at each end. However, the outfield is smaller and is completely enclosed by tight netting all around and above the field. The playing surface is artificial turf and not the natural grass used in outdoor cricket.

Indoor Football

Futsal enhances the abilities of the football players. In fact, practicing this smaller version of the game has been a tactic employed by many football coaches. The smaller court sizes and limited number of players force them to interact more with the ball than they would do in a normal outdoor football match. This increased contact with the ball forces the players to make quicker decisions under pressure. Furthermore, close proximity to other players enhances the dribbling ability of the players because more fluent dribbling and close-knitted passing is essential for the game.

Normal outdoor football is played with a size-5 ball while Futsal is played with a smaller, size-4 ball, which is 30% less bouncy than a normal football. With the futsal ball being heavier, this allows the player to get control of the ball more easily than a football. Figure 4 shows a size comparison of balls used in futsal and football.

Figure 4: Futsal Ball and Football Size Comparison



Furthermore, the goalposts used in futsal are also smaller in size as compared to the goalposts used in an eleven-a-side game of football. Figure 5 depicts average size of the goalposts normally used in futsal games.

Figure 5: Goalposts for Futsal

In the proposed project, each booking's duration will be of one hour as this is the normal market practice. Whereas, if a customer is willing to play for two hours, they will have to book for two hours and consequently the customer will be charged for two bookings.

There are generally two types of bookings i.e., booking with lights off and booking with lights on. The timings of booking with lights off will be between 4 pm to 7 pm when daylight will be enough for customers to play. Whereas the timings of bookings with lights on will be in between 7 pm to 3 am. An extra operational hour is assumed above the actual booking hours considering the time wastage during arrival and departure of customers. Hence, the actual booking hours for lights off will be 2 hours per day and actual booking hours for lights on will be 7 hours per day. The proposed sports complex will be operational 350 days annually.

Mostly, people prefer to play in these kinds of facilities at night, hence flood lights will be installed in each playing field in the proposed project. Six flood lights of 400 watt each will be installed in each field.

An open waiting area with seater benches and pedestal fans would be provided for the customers coming in who might have to wait in case they arrive early or there's a bit delay in the start of their booking due to some reason. The benches would be put in such a way that the customers seated on them can watch the on-going matches. Furthermore, a refreshment point will also be available from where drinks, water bottles and snacks would be sold to the customers. This refreshment point will be rented out to a vendor from whom rent per month would be charged as per the market practice. This will constitute the other source of income for the business.

5.1. Process Flow

The process flow for the Indoor Cricket and Futsal Turf Sports Complex is described below.

Booking by Customer

The customers call the receptionist to inquire for bookings. If the bookings are available at their desired day and time, they confirm their booking verbally. Advance booking is the usual practice and walk-in customers are entertained in these facilities only if any field is available and not already booked.

Arrival of Customers

Customers arrive and play throughout the duration of their booking and make the payment at the end.

5.2. Installed and Operational Capacities

The proposed center will have maximum capacity of 2,100 annual bookings with lights off and 7,350 annual bookings with lights on. It is assumed to have 1,470 annual bookings with lights off and 5,145 annual bookings with lights on in the first year of operations at 70% capacity utilization. The operational capacity utilization is assumed to increase at the rate of 5% per annum to reach a maximum of 100% in year 7. Table 1 shows details of maximum annual capacity and operational capacity utilized during first year of operations.

Table 1: Installed and Operational Capacity

Particular	Duration per booking (hours)	Number of Playing Fields	Maximum Number of Bookings per day	Maximum Annual Number of Bookings	Annual Number of Bookings at 70% Initial Capacity Utilization
Formulas	<i>A</i>	<i>B</i>	$C=2*A*B$	$D=C*350(\text{No. of Working Days})$	$E=D*70\%$
Booking (With lights off) (4pm-7pm)	1	3	6	2,100	1,470
Formulas	<i>A</i>	<i>B</i>	$C=7*A*B$	$D=C*350(\text{No. of Working Days})$	$E=D*70\%$
Booking (With lights on) (7pm-3 am)	1	3	21	7,350	5,145

6. CRITICAL FACTORS

The following factors should be considered while making investment decision:

- Quality of service
- Behavior of staff with customers
- Knowledge about the latest market trends
- On time maintenance of playing fields
- Reputable and trusted suppliers for supply of superior quality sports equipment
- Dealing with local market competition by providing extra facilities to customers

7. GEOGRAPHICAL POTENTIAL FOR INVESTMENT

The proposed indoor cricket and futsal turf sports complex may be established in any major city of Pakistan, which may include Karachi, Lahore, Islamabad, Peshawar, Rawalpindi, Quetta, Faisalabad, Sialkot, Hyderabad, Gujranwala, Multan, Muzaffarabad, Gilgit, Bahawalpur, Hyderabad, etc. In addition to large cities, the project may also be established in some smaller cities all over the country where they will be in demand for cricket only. These cities are preferred due to popularity of sports in these cities which is the most important factor for establishing and operating a business like this.

8. POTENTIAL TARGET MARKETS

Cricket and football have always been the most popular and most played games in Pakistan. Football has been popular in major cities of the country, like Lahore, Karachi, Islamabad, Multan, Peshawar and Quetta whereas, cricket has been popular all across the country including backward areas of the country as well.

Major potential target markets/customers for indoor cricket and futsal turf sports complex are mostly the youth of Pakistan. Major target customers are teenagers and youngsters. Pakistan is the fifth largest young country in the world. Around 63% population of the country comprises of youth aged between 15 and 33.¹ Furthermore, in recent times, there has been a rise in popularity of these facilities among the corporate sector employees as well who get time after their office hours to get together and play.

Outdoor cricket has always been the most popular sport in Pakistan over the past two decades, not only in the major cities, but in smaller cities and rural areas as well. Recently, during the last five years, indoor cricket has seen a rapid increase in popularity as well. The game provides an opportunity to people to play at night, when

¹ <https://files.eric.ed.gov/fulltext/EJ1200364.pdf>

they are free from their jobs, schools and work. These indoor turf arenas are available at more feasible rates than the larger cricket grounds having flood lights facilities.

Moreover, futsal has begun to embed itself into Pakistan's sporting scene. This sport has grown exponentially with countless national and international tournaments and leagues being established all over the globe and also in Pakistan. Moreover, there is a Futsal World Cup held every four years by FIFA, the international governing body association of football. World Futsal Federation (WFF) is the sport's official governing body internationally. This wave of popularity has led to numerous futsal courts being established all over the country. Futsal has become a cash cow for many small and large clubs operating in the country. The game is an extremely profitable venture. Unlike football grounds or stadiums, the turf fields do not require expensive maintenance work. The Futsal Federation of Pakistan (FFP) is the sport's official governing body in the country. This organization has been established to spot and promote Pakistan's futsal talent country wide.

Indoor cricket has also seen immense rise in popularity in recent years. World Indoor Cricket Federation is the sport's official governing body internationally. Several international tournaments are organized as well, which various nations take part in. Whereas currently, there is no governing body in Pakistan but still on local level, several indoor cricket tournaments take place in these facilities.

There are numerous indoor cricket and futsal turf facilities in all the major cities of Pakistan. Although, there are no official statistics available regarding this but as per the estimates of the players there are approximately 40 facilities in Lahore and Karachi each and about 15 facilities in Islamabad and Peshawar each.

9. PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of an Indoor Cricket and Futsal Turf Sports Complex. Various costs and revenue related assumptions along with results of the analysis are outlined in this section.

The projected Income Statement, Cost of Goods Sold, Cash Flow Statement and Balance Sheet are attached as Annexure.

9.1. Project Economics

All the figures in this financial model have been calculated after carefully considering the relevant assumptions and target market.

9.2. Project Cost

Total cost of the project has been calculated to be PKR 9.63 million. The project will be financed through 100% Equity. Table 2 provides the details of the costs calculated for the proposed production unit.

Table 2: Project Cost

Description	Amount (PKR)	Reference
Land	-	9.2.1
Building / Infrastructure	3,297,150	9.2.2
Playing Fields	3,000,000	0
Furniture & Fixtures	393,000	9.2.4
Office Equipment	707,500	9.2.5
Office Vehicles	117,500	9.2.6
Pre-operating Costs	222,896	9.2.7
Security against building	1,050,000	9.2.8
Total Capital Cost	8,788,046	
Working capital		
Upfront building rent	350,000	
Cash	500,000	
Total Working capital	850,000	
Total Project Cost (PKR)	9,638,046	

9.2.1. Land

The proposed indoor cricket and futsal turf sports complex will be established on a rented land to avoid the high cost. Required land at suitable location for setting up a facility like this can be easily found on rent. Therefore, no land cost has been added to the project cost. Total space requirement for the proposed unit has been estimated as 15,754 sq. ft. The executive office, refreshment area, washrooms and the boundary wall will be constructed upon this rented land. The breakup of the space requirement is provided in Table 3.

Table 3: Breakup of Space Requirement

Break-up of Land Area	Number	% Break-up	Area (Sq. Ft.)
Executive Office	1	2%	300
Field 1	1	29%	4,500
Field 2	1	29%	4,500
Field 3	1	29%	4,500
Open Waiting Area	1	11%	1,750
Refreshment Point	1	0.4%	60
Washrooms	3	1%	144
Total Area		100%	15,754

9.2.2. Building Construction and Renovation Cost

There will be construction cost of building since the unit will be started on a rented empty land. Boundary wall, executive office, refreshment point, washrooms and concrete floor will have to be constructed. Furthermore, there will be a renovation cost as well; required to make the place usable for the business. The proposed project requires electricity load of 10 KW for which an electricity connection under the General Supply Tariff-Industrial three phase will be required. Building rent of PKR 350,000 per month has been included in the operating cost. Building construction and renovation cost is shown in Table 4.

Table 4: Building and Construction Cost

Cost Item	Area (Sq. Ft)	Rate/ Sq. Ft (PKR)	Total Cost (PKR)
Executive Office	300	2,500	750,000
Refreshment Point	60	2,500	150,000
Washrooms	144	2,500	360,000
Boundary Wall and Gate			807,000
Floor Construction (Concrete)			1,050,000

Renovation Cost (Table 5)			180,150
Total (PKR)			3,297,150

Table 5: Building Construction and Renovation Cost

Cost Item	Unit of Measurement	Total Liter / Area / Number	Cost/Unit / Sq.foot	Total Cost (PKR)
Paint Cost	Ltr	62	500	31,050
Labour Cost	Feet	6,210	10	62,100
Wall Racks	Units	3	15,000	45,000
Curtains	Units	4	6,000	24,000
Carpet	Units	300	60	18,000
Total				180,150

9.2.3. Playing Fields

Table 6 provides cost details of setting up playing fields required for the project.

Table 6:
Playing Fields

Cost Item	Number	Unit Cost (PKR)	Total Cost (PKR)
Artificial Turf (100 ft *45 ft)	3	400,000	1,200,000
Mesh Net	3	200,000	600,000
Poles	30	35,000	1,050,000
Football Goalposts	6	25,000	150,000
Total			3,000,000

9.2.4. Furniture & Fixtures

Table 7 provides details of the furniture and fixture requirement of the project.

Table 7: Furniture and Fixtures

Cost Item	No.	Unit Cost (PKR)	Total Cost (PKR)
Executive Tables	1	60,000	60,000
Executive Chairs	1	30,000	30,000
Office Chairs	2	14,000	28,000
Sofa Sets	1	45,000	45,000
Wall racks	2	15,000	30,000
4 Seater Benches	10	20,000	200,000

Total			393,000
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9.2.5. Office Equipment

Details of office equipment required for the project are provided in Table 8.

Table 8: Office Equipment

Cost Item	Units	Unit Cost(PKR)	Total Cost (PKR)
1.5 ton Inverter AC	1	105,000	105,000
LED TV 32"	1	40,000	40,000
Water Dispenser	1	24,000	24,000
Ceiling Fan	3	8,000	24,000
Pedestal Fan	9	11,000	99,000
Wi-Fi Router and Connection	1	3,500	3,500
Security Cameras - 2MP	24	2,500	60,000
Digital Video Recorder (DVR)	3	14,000	42,000
Generator (KVA)	1	310,000	310,000
Total			707,500

9.2.6. Office Vehicle

Details of office vehicle required for the project are provided in Table 9.

Table 9: Office Vehicles

Cost Item	Units	Unit Cost (PKR)	Total Cost (PKR)
Motorcycle	1	111,500	111,500
Registration Fee		6,000	6,000
Total	1		117,500

9.2.7. Pre-Operating Cost

Details of pre-operating cost for the project are provided in Table 10.

Table 10: Pre-Operating Cost

Cost Item	Number of Months	Total Cost (PKR)
Administration expense	2	190,000
Utilities expense	1	32,896
Total		222,896

9.2.8. Security against Building

Details of security against building for the project are provided in Table 11.

Table 11: Security against Building

Cost Item	Months	Unit Cost / Month (PKR)	Total Cost (PKR)
Security against Building	3	350,000	1,050,000

9.3. Financial Feasibility Analysis

The financial feasibility analysis given in Table 12 provides the information regarding projected IRR, NPV and payback period of the study based on 100% equity.

Table 12: Financial Feasibility Analysis

Description	Project
IRR	41%
NPV (PKR)	7,773,504
Payback Period (years)	3.08
Projection Years	10
Discount Rate used for NPV	25%

9.4. Financial Feasibility Debt Financing

Table 13 provides the information regarding projected IRR, NPV and payback period of the study based on combination of equity (50%) and debt (50%) financing for the proposed project.

Table 13: Financial Feasibility Debt Financing

Description	Project
IRR	40%
NPV (PKR)	9,956,001
Payback Period (years)	3.17
Projection Years	10
Discount Rate used for NPV	22%

9.4.1. Breakeven Analysis

Breakeven analysis is provided in Table 14.

Table 14: Breakeven Analysis

Particulars	Amount First Year (PKR)	Ratio
Sales (PKR) – A	11,172,000	100%
Variable Cost (PKR) – B	6,358,266	57%
Contribution (PKR) (A-B) = C	4,813,734	43%
Fixed Cost (PKR) – D	3,888,434	35%
Break Even Revenue (PKR) (D/CM) =E	9,024,510	
Breakeven No. of booking	5,343	
Breakeven Capacity	57%	

9.4.2. Revenue Generation

Based on the 70% capacity utilization of the unit, sales revenues during the first year of operations is estimated in Table 15.

Table 15: Revenue Generation

Product	Number of Bookings (A)	Charges Per booking (PKR) (B)	Total Revenue (PKR) (A*B)
Revenue- Bookings (With lights off) (5pm-7pm)	1,470	1,300	1,911,000
Revenue- Bookings (With lights on) (7pm-2am)	5,145	1,800	9,261,000
Total	6,615		11,172,000

9.4.3. Variable Cost Estimate

Variable costs of the project have been provided in detail in Table 16.

Table 16: Variable Cost Estimate

Variable Cost	Cost (PKR)
Sports Equipment (Table 17)	213,000
Direct Labor	1,440,000
Other Consumables (Table 18)	270,000
Building rental expense	3,612,000

Direct Utilities Cost	303,856
Generator Fuel Cost	182,314
Communications expense (phone, internet, etc.)	76,800
Office vehicles running expense	73,400
Office expenses (stationery, entertainment, janitorial services, etc.)	96,000
Indirect Utilities Cost	90,896
Total Variable Cost (PKR)	6,358,266

Table 17: Sports Equipment*

Cost Item	No.	Unit Cost (PKR)	Total Cost (PKR)
Footballs	30	2,500	75,000
Cricket Bats	30	2,500	75,000
Wickets Sets	12	1,000	12,000
Cricket Balls	200	150	30,000
Tapes	350	60	21,000
Total	622		213,000

*Note: - The sports equipment will be replaced every year to keep on attracting customers and maintain their confidence by providing quality equipment.

Table 18: Other Consumables

Cost Item	No.	Unit Cost (PKR)	Total Cost (PKR)
Flood Lights (400 Watts)	18	15,000	270,000

9.4.4. Fixed Cost Estimate

Table 19 provides details of fixed cost for the project.

Table 19: Fixed Cost Estimate

Fixed Cost	Cost (PKR)
Staff Salaries	1,920,000
Building rental expense	588,000
Promotional expense	223,440
Depreciation expense	1,112,415
Amortization of pre-operating costs	44,579
Total Cost (PKR)	3,888,434

9.4.5. Human Resource Requirement

For the 1st year of operations, the sports complex shall require the workforce at a salary cost as projected in Table 20.

Table 20: Human Resource Requirement

Designation	No of Persons	Average Monthly Salary (PKR)	Total Salary (PKR)
Owner/Manager	1	70,000	840,000
Supervisor	1	40,000	480,000
Admin & Accounts Officer	1	40,000	480,000
Receptionist	1	30,000	360,000
Cleaning Staff	2	25,000	600,000
Security Guard	2	25,000	600,000
Total	5		3,360,000

10. CONTACT DETAILS

Details of suppliers of artificial turf and sports equipment are provided in Table 21.

Table 21: Suppliers of Raw Material

Name of Supplier	Category	City	Address	Contact
HOC Traders	Artificial Turf	Lahore	E 1 - 912, near Allah Hoo Chowk, Block E 1 Johar Town	0321 2222333
Rashid Sports	Sports Equipment	Peshawar	18 Sunehri Masjid Rd, Peshawar Cantonment	(091) 5274931
Ihsan International	Sports Equipment	Sialkot	Haji Pura Rd, Fatehgarh, Sialkot,	(052) 3552370
Taj Lala Sports Shop	Sports Equipment	Quetta	5262+6QC, Satellite Town	
Worldtex sports	Sports Equipment	Lahore	Multan Rd, Gopi Rai,	0333-4333982
Kashif Sports	Sports Equipment	Karachi	Sector 37 C Landhi Town, Karachi,	0335 3451725
Sports Centre	Sports Equipment	Azad Jammu and Kashmir	Quaid-e-Azam Stadium, Sector F 1 New Mirpur City	0345 5472777
Tangibal sports	Sports Equipment	Sialkot	14/162 Waqas street Hajipura	0342 4864341
Safa sports	Sports Equipment	Sialkot	Karim Street, Model Town	0323 5855576
Hazara General Store & Sports	Sports Equipment	Gilgit Baltistan	W8F4+7F7, Raja Bazar Rd, Raja Bazar	(058114) 52671

11. USEFUL LINKS

Table 22: Useful Links

Name of Organization	E-mail Address
Small and Medium Enterprises Development Authority (SMEDA)	www.smeda.org.pk
National Business Development Program (NBDP)	www.nbdp.org.pk
Government of Pakistan	www.pakistan.gov.pk
Ministry of National Health Services Regulations and Coordination	www.nhsrsc.gov.pk
Ministry of Federal Education and Professional Training	www.mofept.gov.pk
Government of Punjab	www.punjab.gov.pk
Government of Sindh	sindh.gov.pk/
Government of Balochistan	balochistan.gov.pk/
Government of KPK	kp.gov.pk/
Government of Gilgit Baltistan	gilgitbaltistan.gov.pk/
Government of Azad Jammu & Kashmir	ajk.gov.pk/
Trade Development Authority of Pakistan	www.tdap.gov.pk
Securities and Exchange Commission of Pakistan	www.secp.gov.pk
State Bank of Pakistan	www.sbp.gov.pk
Federal Board of Revenue	www.fbr.gov.pk
Federation of Pakistan Chambers of Commerce and Industry (FPCCI)	www.fpcci.com.pk
Pakistan Stock Exchange (PSX)	www.psx.com.pk
Pakistan Football Federation (PFF)	https://pff.com.pk/
Pakistan Cricket Board	https://www.pcb.com.pk/
Pakistan Sports Board	http://www.sports.gov.pk/
World Indoor Cricket Federation	http://worldindoorcricketfederation.com/Pakistan_state.html
Pakistan Soccer Futsal Federation	https://www.psff.com.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	11,172,000	13,203,903	15,533,664	18,205,691	21,260,694	24,754,823	28,739,947	31,700,161	34,965,278	38,566,702
<i>Cost of sales</i>										
Sports Equipment	213,000	246,686	285,699	330,883	383,212	443,817	514,006	595,296	689,443	798,478
Other Consumables	270,000	312,701	362,154	419,429	485,761	562,585	651,557	754,601	873,941	1,012,155
Building rental expense	3,612,000	3,973,200	4,370,520	4,807,572	5,288,329	5,817,162	6,398,878	7,038,766	7,742,643	8,516,907
Direct Utilities Cost	303,856	351,280	404,300	463,504	529,540	603,117	685,013	739,129	797,521	860,525
Direct Labor	1,440,000	1,579,680	1,732,909	1,901,001	2,085,398	2,287,682	2,509,587	2,753,017	3,020,060	3,313,005
Generator Fuel Cost	182,314	210,768	242,580	278,103	317,724	361,870	411,008	443,478	478,512	516,315
Total cost of sales	6,021,170	6,674,314	7,398,162	8,200,491	9,089,964	10,076,232	11,170,050	12,324,288	13,602,119	15,017,385
Gross Profit	5,150,830	6,529,589	8,135,502	10,005,199	12,170,730	14,678,592	17,569,896	19,375,874	21,363,159	23,549,317
<i>General administration & selling expenses</i>										
Management Staff	1,920,000	2,106,240	2,310,545	2,534,668	2,780,531	3,050,242	3,346,116	3,670,689	4,026,746	4,417,340
Indirect Utilities Cost	90,896	98,077	105,825	114,185	123,206	132,939	143,441	154,773	167,000	180,193
Building rental expense	588,000	646,800	711,480	782,628	860,891	946,980	1,041,678	1,145,846	1,260,430	1,386,473
Communications expense (phone, internet, etc.)	76,800	84,250	92,422	101,387	111,221	122,010	133,845	146,828	161,070	176,694
Office vehicles running expense	73,400	80,960	89,299	98,497	108,642	119,832	132,175	145,789	160,805	177,368
Office expenses (stationery, janitorial services, etc.)	96,000	105,312	115,527	126,733	139,027	152,512	167,306	183,534	201,337	220,867
Promotional expense	223,440	264,078	310,673	364,114	425,214	495,096	574,799	634,003	699,306	771,334
Depreciation expense	1,112,415	1,112,415	1,112,415	1,112,415	1,112,415	1,461,279	1,400,379	1,628,756	1,628,756	1,628,756
Amortization of pre-operating costs	44,579	44,579	44,579	44,579	44,579	-	-	-	-	-
Subtotal	4,225,530	4,542,711	4,892,766	5,279,206	5,705,725	6,480,891	6,939,738	7,710,218	8,305,451	8,959,026
Operating Income	925,299	1,986,878	3,242,736	4,725,993	6,465,005	8,197,701	10,630,158	11,665,655	13,057,708	14,590,291
<i>Other income 2</i>										
Rent Received From Refreshment Point	240,000	264,000	290,400	319,440	351,384	386,522	425,175	467,692	514,461	565,907
Gain / (loss) on sale of machinery & equipment	-	-	-	-	1,200,000	-	-	-	-	-
Gain / (loss) on sale of office equipment	-	-	-	-	-	-	176,875	-	-	-
Gain / (loss) on sale of office vehicles	-	-	-	-	-	-	29,375	-	-	-
Earnings Before Interest & Taxes	1,165,299	2,250,878	3,533,136	5,045,433	8,016,389	8,584,223	11,261,583	12,133,347	13,572,169	15,156,198
Interest expense on long term debt (Project Loan)	-	-	-	-	-	-	-	-	-	-
Interest expense on long term debt (Working Capital Loan)	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-
Earnings Before Tax	1,165,299	2,250,878	3,533,136	5,045,433	8,016,389	8,584,223	11,261,583	12,133,347	13,572,169	15,156,198
Tax	139,650	273,904	677,456	1,056,358	1,912,007	2,068,161	2,804,435	3,260,004	3,691,651	4,166,859
NET PROFIT/(LOSS) AFTER TAX	1,025,649	1,976,974	2,855,681	3,989,075	6,104,382	6,516,062	8,457,147	8,873,343	9,880,519	10,989,339

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	500,000	2,134,819	3,985,388	5,905,423	7,985,224	10,451,036	10,551,946	18,012,953	28,446,848	39,881,097	53,324,474
Pre-paid building rent	350,000	385,000	423,500	465,850	512,435	563,679	620,046	682,051	750,256	825,282	-
Total Current Assets	850,000	2,519,819	4,408,888	6,371,273	8,497,659	11,014,715	11,171,993	18,695,004	29,197,104	40,706,379	53,324,474
<i>Fixed assets</i>											
Land	-	-	-	-	-	-	-	-	-	-	-
Building/Infrastructure	3,297,150	2,967,435	2,637,720	2,308,005	1,978,290	1,648,575	1,318,860	989,145	659,430	329,715	-
Playing Fields	3,000,000	2,400,000	1,800,000	1,200,000	600,000	4,744,321	3,795,456	2,846,592	1,897,728	948,864	-
Furniture & fixtures	393,000	334,050	275,100	216,150	157,200	98,250	39,300	746,563	634,579	522,594	410,610
Office vehicles	117,500	99,875	82,250	64,625	47,000	29,375	11,750	243,949	207,356	170,764	134,172
Office equipment	707,500	601,375	495,250	389,125	283,000	176,875	70,750	1,344,003	1,142,403	940,802	739,202
Security against building	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
Total Fixed Assets	8,565,150	7,452,735	6,340,320	5,227,905	4,115,490	7,747,396	6,286,116	7,220,252	5,591,496	3,962,740	2,333,983
<i>Intangible assets</i>											
Pre-operation costs	222,896	178,317	133,738	89,158	44,579	-	-	-	-	-	-
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
Total Intangible Assets	222,896	178,317	133,738	89,158	44,579	-	-	-	-	-	-
TOTAL ASSETS	9,638,046	10,150,871	10,882,945	11,688,336	12,657,729	18,762,110	17,458,109	25,915,257	34,788,600	44,669,118	55,658,457
Liabilities & Shareholders' Equity											
Long term debt (Project Loan)	-	-	-	-	-	-	-	-	-	-	-
Long term debt (Working Capital Loan)	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Liabilities	-	-	-	-	-	-	-	-	-	-	-
<i>Shareholders' equity</i>											
Paid-up capital	9,638,046	9,638,046	9,638,046	9,638,046	9,638,046	9,638,046	9,638,046	9,638,046	9,638,046	9,638,046	9,638,046
Retained earnings	-	512,825	1,244,899	2,050,290	3,019,682	9,124,064	7,820,063	16,277,210	25,150,554	35,031,072	46,020,411
Total Equity	9,638,046	10,150,871	10,882,945	11,688,336	12,657,729	18,762,110	17,458,109	25,915,257	34,788,600	44,669,118	55,658,457
TOTAL CAPITAL AND LIABILITIES	9,638,046	10,150,871	10,882,945	11,688,336	12,657,729	18,762,110	17,458,109	25,915,257	34,788,600	44,669,118	55,658,457

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		1,025,649	1,976,974	2,855,681	3,989,075	6,104,382	6,516,062	8,457,147	8,873,343	9,880,519	10,989,339
Add: depreciation expense		1,112,415	1,112,415	1,112,415	1,112,415	1,112,415	1,461,279	1,400,379	1,628,756	1,628,756	1,628,756
amortization of pre-operating costs		44,579	44,579	44,579	44,579	44,579	-	-	-	-	-
Pre-paid building rent	(350,000)	(35,000)	(38,500)	(42,350)	(46,585)	(51,244)	(56,368)	(62,005)	(68,205)	(75,026)	825,282
Cash provided by operations	(350,000)	2,147,644	3,095,468	3,970,325	5,099,484	7,210,132	7,920,973	9,795,522	10,433,894	11,434,249	13,443,377
<i>Financing activities</i>											
Issuance of shares	9,638,046	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing activities	9,638,046	-	-	-	-	-	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(8,788,046)	-	-	-	-	(4,744,321)	-	(2,334,515)	-	-	-
Cash (used for) / provided by investing activities	(8,788,046)	-	-	-	-	(4,744,321)	-	(2,334,515)	-	-	-
NET CASH	500,000	2,147,644	3,095,468	3,970,325	5,099,484	2,465,812	7,920,973	7,461,007	10,433,894	11,434,249	13,443,377

13. KEY ASSUMPTIONS

13.1. Operating Cost Assumptions

Table 23: Operating Cost Assumptions

Description	Details
Building rent growth rate	10%
Playing Field depreciation	20%
Furniture and fixture depreciation	15%
Vehicle depreciation	15%
Office equipment depreciation	15%
Inflation rate	10.3%
Wage growth rate	9.7%
Electricity price growth rate	7.9%
Office equipment price growth rate	9.6%
Office vehicle price growth rate	11%

13.2. Revenue Assumptions

Table 24: Revenue Assumptions

Description	Details
Sale price growth rate	10.1%
Initial capacity utilization	70%
Capacity growth rate	5%
Maximum capacity utilization	100%

13.3. Financial Assumptions

Table 25: Financial Assumptions

Description	Details
Project life (Years)	10
Debt: Equity	0:100
Discount Rate used for NPV	25%

13.4. Debt related Assumptions**Table 26: Debt Related Assumptions**

Description	Details
Project life (Years)	10
Debt: Equity	0:100
Discount Rate used for NPV	22%
Debt Tenure	5 years
Grace Period	1 Year
Interest Rate (KIBOR+3%)	19%

Small and Medium Enterprises Development Authority

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4th Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road, Lahore
Tel: (92 42) 111 111 456, Fax: (92 42) 36304926-7

www.smeda.org.pk, helpdesk@smeda.org.pk

REGIONAL OFFICE PUNJAB	REGIONAL OFFICE SINDH	REGIONAL OFFICE KPK	REGIONAL OFFICE BALOCHISTAN
3 rd Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road Lahore, Tel: (042) 111-111-456 Fax: (042) 36304926-7 helpdesk.punjab@smeda.org.pk	5 TH Floor, Bahria Complex II, M.T. Khan Road, Karachi. Tel: (021) 111-111-456 Fax: (021) 5610572 helpdesk-khi@smeda.org.pk	Ground Floor State Life Building The Mall, Peshawar. Tel: (091) 9213046-47 Fax: (091) 286908 helpdesk-pew@smeda.org.pk	Bungalow No. 15-A Chaman Housing Scheme Airport Road, Quetta. Tel: (081) 831623, 831702 Fax: (081) 831922 helpdesk-qta@smeda.org.pk