



Pre-feasibility Study

DRAMA AND FILM PRODUCTION EQUIPMENT RENTAL SERVICES

December 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 to be obtained by the users. 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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2. EXECUTIVE SUMMARY

Drama/film production is a part of the entertainment industry that produces different types of videos as per the requirements of wide range of viewers. The products are diverse and may include television dramas, feature films, shows, documentaries, advertisements (commercials), music videos, instructional videos, etc.

The proposed business is based on the concept of renting out drama/film production equipment. The rental contract terms are different for different customers, depending on the duration of use of equipment by each customer. The equipment required for drama/film production includes different types of equipment which are used in the form of a set. As a general business practice of the rental units, the equipment is rented out as a complete set and different components are not rented out individually.

Drama industry has always been the most popular mean of entertainment for the general public. The demand for dramas is evident from the fact that more than 200 dramas were produced in the country during the past 3 years.¹ The film making industry of Pakistan has also grown during the past few years, with more than 70 big budget movies produced during the period from 2019 to 2022.

There is a high growth trend in the Pakistan entertainment industry which creates an opportunity for investors to establish business units based on the concept of providing drama/film production equipment on rental basis. The need arises from the fact that such an equipment is expensive and many of the drama/film producers are not able to purchase this equipment. Availability of such equipment on rental basis makes it affordable for them to conveniently acquire and use that equipment to shoot drams/films.

This “Pre-feasibility Document” provides details for setting up a Drama/Film Production Equipment Rental Services business. It may be established in larger cities such as Karachi, Lahore, Islamabad, Peshawar and Quetta.

The proposed project has a total of 6 sets of equipment for drama and film production rental services. 4 sets of equipment are dedicated to drama production and 2 sets of equipment to film production rental services. Of the 4 sets of drama production rental equipment, 2 sets are dedicated to 3-month projects, 1 set is dedicated to 1-month projects and 1 set to 1-week projects. With these 4 sets of drama production equipment, the proposed unit has a maximum capacity of processing 72 rental cycles of drama production equipment which include 8 drama production equipment rental services for 3-month projects, 12 drama production equipment rental services for 1-month projects and 52 drama production equipment rental services for 1-week projects.

Of the 2 sets of film production equipment, 1 set is dedicated for 6-month projects and the other to 3-month projects, to process 2 film production equipment rental

¹ <https://dramasplanet.com/pakistani-dramas-2022/>

services for 6-month project and 4 film production equipment rental services for 3-month project at 100% capacity. The business will provide rental services for 365 days in a year with 15 days allowed for repair and maintenance of equipment. The rental services are provided throughout the year and are high in demand during public holidays due to TV special events. During first year of operations, the proposed business is assumed to attain 50% of its total capacity.

The “Drama/Film Production Equipment Rental Services” will be set up in a rented building of 3,483 square feet. The project requires a total investment of PKR 83.95 million. This includes capital investment of PKR 81.02 million and working capital of PKR 2.93 million. This project is financed through 100% equity. The Net Present Value (NPV) of project is PKR 129.08 million with an Internal Rate of Return (IRR) of 51% and a Payback period of 2.55 years. Further, this project is expected to generate Gross Annual Revenues of PKR 58.50 million during 1st year, with Gross Profit (GP) ratio ranging from 50% to 83% and Net Profit (NP) ratio ranging from 14% to 66% during the projection period of ten years. The proposed project will achieve its estimated breakeven point at capacity of 34% (27 rental services) with breakeven revenue of PKR 40.10 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 154.69 million, Internal Rate of Return (IRR) of 49% and Payback period of 2.68 years. Further, this project is expected to generate Net Profit (NP) ratio ranging from 4% to 64% during the projection period of ten years. The proposed project will achieve its estimated breakeven point at capacity of 35% (27 rental services) with breakeven revenues of PKR 40.72 million.

The proposed project will provide employment opportunities to 28 people. High return on investment and steady growth of business is expected with the entrepreneur having some prior experience similar businesses and linkages in the media industry. 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 "*Drama and Film Production Equipment Rental services*". 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 & SERVICES

Film or drama production means performing one or more filming works to produce feature films, television dramas, television programs, shows, documentary films, advertisements (commercials), music videos, educational films, etc. This also includes all the related pre-production activities.

Pakistan Drama Industry is a creative and successful industry. Pakistani dramas are popular not only among the local audience but also in many other countries. Over the past years, Pakistani dramas have been exported to around 180 countries and have been broadcast in about 50 languages. Pakistani drama has a long history, with the first Pakistani drama broadcast in 1956. Since then, the local drama industry has been growing consistently. Previously, there was only one public TV channel, however, with the passage of time, many private TV channels started operating in the country which provided a huge boost to the local drama industry. Currently, there are over 100 drama channels in Pakistan. Such a large availability of airtime for dramas creates demand for drama/film making equipment.

This proposed business is based on the concept of providing equipment for drama/film production on rental basis. The need arises from the fact that such an equipment is expensive and all the drama/film producers are not able to purchase this equipment. This makes it necessary for them to acquire this equipment on rent. The proposed unit will purchase all the major equipment required for film/drama production and rent it out to producers. The equipment required for drama/film production includes different types of equipment which are used in the form of a set. As a general business practice of the rental units, the equipment is rented out as a complete set and different components are not rented out individually.

At the end of the rental contract, the customer returns the equipment to the proposed unit. In case the customer is unable to do that at the end of the contract, the rental unit starts charging additional fees for the time the customer further uses the equipment.

Two important persons required to operate drama/film production equipment are Camera Assistant and Equipment Operator. The camera assistant provides support to the main camera operator. This involves preparation, checking and packing of all camera equipment prior to a shoot, and its deployment on location. The camera assistant is also responsible for ensuring the supply of consumables, such as batteries and storage cards. She is also responsible for maintenance and upkeep of

all equipment between shoots. It is important to have qualified persons for these jobs since all such equipment is complicated and expensive.

The equipment is usually rented out on daily, weekly or monthly basis, with charges varying according to the selected package. Services of Camera Assistant and Equipment Operator are provided along with the equipment. The proposed project shall have 6 sets of rental equipment, 4 sets for drama production and 2 sets for film production.

The film production equipment set will have more high-end equipment as compared to drama production equipment due to high production standards and technical requirements of film industry. The details of the proposed drama/film production equipment are provided in the following paragraphs:

Camera

A film/drama camera (also known as a film camera and cine-camera) is a type of photographic camera that rapidly takes a sequence of photographs, either on an image sensor or onto film stock, in order to produce a moving image to project onto a TV or movie screen. In drama production, 1080p resolution camera is used which is suitable for modern LED/LCD screens however for film production, 4K resolution cameras are used since videos shoot on 1080p resolution blow out of proportion on big cinema screens.² Figure 1 shows camera for drama (left) and film (right) production.

Figure 1: Film Camera



Lens Kit

A film lens, also known as a cine lens or cinema lens, is a high-end camera lens for cinema cameras or video camcorders that filmmakers, cinematographers, and

² A 1080p resolution means the image has 1920 pixels horizontally by 1080 vertically (1920x1080) whereas 4k (4000p) resolution means the image has 3840 pixels horizontally by 2160 vertically (3840x2160)

videographers use to make film and digital projects. Like DSLRs³ and other still photography lenses, a film lens contains a series of glass plates that bring exterior light through the camera's viewfinder to a film strip or digital sensor.

Camera lenses for film and drama production can be categorized into 4 main categories, i.e., prime lenses, zoom lenses, macro lenses and wide-angle lenses. Although there are some more categories of lenses available such as fish eye lenses or telephoto lenses, however these types of lenses are used for very specific type of photography and rarely used for film and drama production. The four main category of lenses used in our proposed project are explained below:

- **Prime Lens**

Prime lenses represent a type of camera lenses that provide a fixed focal length. If a camera lens has a focal point of 35 mm, the camera will be able to only shoot in 35 mm. The prime lens is most commonly used in situations when the subject is mostly stationary and the photographer, can move around. The most common focal length used in prime lenses is 35 mm, 50 mm and 85 mm.

- **Zoom Lens**

Zoom lenses make it possible to vary focal lengths to focus on subjects of varying distances without needing to switch lenses. A single zoom lens can take the place of several prime lenses, thereby reducing the number of lenses that a photographer needs to carry around. Most common range used in zoom lens is 18-45 mm, 18-55 mm, 55-200 mm and 55-250 mm.

- **Macro Lens**

Macro lens provides excellent detail when shooting a small object. A normal camera lens can focus at infinity, or far away from the camera body. A macro lens focuses on objects that are close to the camera's film plane, and are generally 1:1 in size.

- **Wide angle lens**

The wide-angle lens creates a perspective distortion that really shines when photographing objects with lots of straight lines (like a building). Wide-angle lenses are most often used to shoot cityscapes because the width of the lens can easily capture a large crowd or a busy city street. Wide angle lenses have a focal length of below 35 mm.

A lens kit contains different type of lenses that are required for filming of a drama and film. Figure 2 shows lens kit.

³ A Digital Single Lens Reflex (DSLR) camera is a digital camera that combines the optics and the mechanisms of a single-lens reflex camera with a digital imaging sensor.

Figure 2: Lens Kit**Zoom Device with 4 Microphones**

Zoom device is portable handheld recorder which quickly records up to four input signals. With a swappable stereo microphone capsule, versatile 2-channel inputs, and up to 4-track recording, zoom device is both user-friendly and easily expandable. In film making, zoom device that is compatible with 4 microphones is used. Microphone increases the audio quality by focusing sound collection on the recorded subject, directing its aim as one zooms in with the camera lens. Figure 3 shows zoom device with 4 microphones.

Figure 3: Zoom Device with 4 Microphones

Collar Mics

A Collar Microphone or Lavalier (also known as a lapel mic, clip mic, body mic, collar mic, neck mic or personal mic) is a small microphone used for television, theater, and public speaking applications to allow hands-free operation. In filmmaking, collar mics are used for communication between the production team. Figure 4 shows Collar Mic.

Figure 4: Collar Mics



Boom Mic

Boom microphones are audio devices attached to the end of a boom stand, often used in films as a method of getting the recording device close enough to a sound source without showing up in the frame. Figure 5 shows Boom Mic.

Figure 5: Boom Mic



Dedo Light Set

Dedo light is a focusable and dimmable lighting system for film, video and photo recording. Figure 6 shows Dedo Light Set

Figure 6: Dedo Light Set

A Dedo Light Set include the following things:

- Soft Light Heads, Power Supplies
- Soft boxes with Grids
- Focusing Heads, Barndoors Gel Filter Sets, Holders
- Scrims, Pouch
- Projection Attachment with 85 mm Lens
- Gobo Set, Holder
- Stands, Clamp Stand Extension
- Plastic Cases, Lamps
- Soft Kit Case

Kino Flo Light Kit

Kino Flo Lighting systems are designed especially for digital imaging application like television and cinema production. Kino Flo are becoming increasingly popular as a

viable and effective alternative to traditional forms of lighting in video and film production. Kino Flo Light Kit includes:

- Two 4 feet 4-Bank Lights
- Two 4-Bank Ballasts
- Mounts with Baby 5/8" Receiver
- Extension Cables: 25' Each
- Lamp Cases

Figure 7 shows Kino Flo Light Kit.

Figure 7: Kino Flo light Kit



Solar lights

Solar lights for film and video production have been a tried-and-tested, industry-standard lighting choice for years. They are similar to the incandescent filament bulbs common in interior lighting, so they are a great choice for interior lighting setups. In film and drama production, following solar lights are more commonly used.

- 2K Solar Lights
- 1K Solar Lights
- 650 Solar Lights
- 150 Solar Lights

Figure 8 shows solar lights.

Figure 8: Solar Lights

HMI Light

An HMI is a powerhouse arc lamp lighting source that is crucial for lighting outdoors (or replicating outdoor light shining into interiors).⁴ Since they are very powerful, they are also good resource for lighting large sets. In filmmaking, 4K and 2.5K HMI lights are used. Figure 9 shows HMI Light.

Figure 9: HMI Light

⁴ HMI (Hydrargyrum Medium-Arc Iodide) is a type of light which uses an arc lamp instead of an incandescent bulb to produce light.

20 Feet Straight Track

A tracking shot is any shot where the camera moves backward, forward or moves alongside the subject being recorded. In cinematography, the term refers to a shot in which the camera is mounted on a camera dolly that is then placed on rails like a railroad track. As a result, this type of shot is often referred to as a dolly shot. A 20 feet straight track is used for filming dolly shots. Figure 10 shows 20 feet straight track.

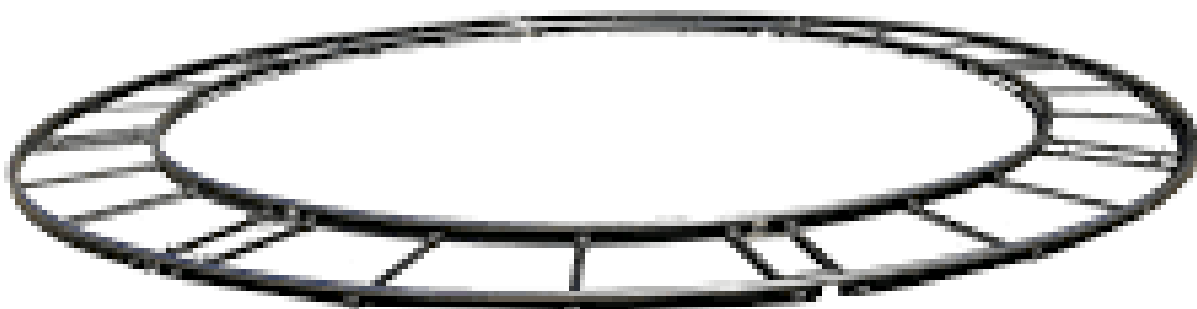
Figure 10: 20 Feet Straight Track



360 Round Track

The arc shot in film, also called 360 degrees shot or 360 tracking shot, orbits the camera around a subject in an arc pattern. In an arc shot, the subject is usually stagnant while the camera circles them in at least a semi-circle pattern. A 360 round track is used for arc shot to orbit the camera. Figure 11 shows 360-round track.

Figure 11: 360 Round Track



Portable Jib

A jib is a special kind of crane at the end of which camera is attached. There is a counterweight at the other end for balance. It is used to capture a variety of shots, such as overhead or long sweeping moves, and can film a complete 360 degree shot. Figure 12 shows a portable jib.

Figure 12: Portable Jib

**Gimbal**

Gimbal is a handheld device that can be operated by a single cameraman. Its main purpose is to reduce the shakiness of handheld footage and give clean and smooth footage output when shooting tracking shots. Figure 13 shows Gimbal.

Figure 13: Gimbal**Soft Box Set**

A soft box is a light modifier that confines light from an artificial source into a wire framed box and releases it through a layer of diffusion. Soft boxes are commonly used in photography as a soft source of light that minimizes harsh shadows. Figure 14 shows soft box set.

Figure 14: Soft Box Set

Car/Bike Mount

A car/bike suction mount is an adjustable mounting cup that can be precisely repositioned on a car or bike's smooth surface and can act as a convenient mount for a range of accessories and gadgets. Figure 15 shows car/bike mount.

Figure 15: Car/Bike Mount

**Drones**

Drones or quadcopters are small aircraft that can be equipped with a camera to shoot bird's-eye-view photos and videos. Drones provide new aerial perspectives, enhancing visual experience and capturing new vantage points of the view. Figure 16 shows Drone.

Figure 16: Drones



Other Equipment

Details of other necessary equipment used in the production of drama/film are provided below:

Apple Boxes:

Apple boxes are wooden boxes or crates with holes on either end primarily utilized in film production. They are utilized to prop up furniture and light stands, level camera dolly tracks, and create temporary seats, workbenches, and stepladders.

RGB lights

RGB means Red, Green and Blue. Combination of these three lights can produce over 16 million hues of lights. Instead of using different set of lights of different colors, a single RGB set of light can be used to provide the desired color.

Sky Panel with Soft Box

Sky Panel is a compact, ultra-bright and high-quality LED soft light. Soft lighting is a type of light with few hard shadows that is bright, yet balanced.

Professional Video Recording Monitor:

Professional monitors are monitors that show live feed of video being recorded on camera.

Circular Polarizer

Circular polarizing filter is a photographic filter that is attached to a lens and is used to cut down glare and reflections, as well as darken a blue sky. Polarizers work by stopping light from passing through the lens.

C-Stand

A C-stand is primarily used to position light modifiers, such as silks, nets, or flags, in front of light sources. The stand is constructed of metal and consists of a collapsible base, two riser columns, and a baby pin on top.

Clamp Mafer

Clamp mafers is a device, designed to bind or constrict or to press two or more parts together, to hold them firmly. Clamp mafers is mainly used to mount lights on grips.

Cyclone Fan

Cyclone fans are typical portable fans that are used in film or drama production where effects of wind is required.

High Roller Stand

High roller or overhead stand are stands made from steel and are used to mount equipment's such as speakers or lights.

Generator 50KVA

A 50 KVA generator is used to power the lighting system and other equipment. Figure 17 shows generator.

Figure 17: Generator 50KVA



5.1. Installed and Operational Capacities

The proposed project shall have a total of 6 sets of equipment for drama and film production rental services. 4 sets of equipment are dedicated to drama production rental and 2 sets of equipment are dedicated to film production rental. The business will provide rental services for 365 days in a year with 15 days allowed for repair and maintenance of equipment. The rental services are provided throughout the year and are high in demand during public holidays due to TV special events.

Of the 4 sets of drama production rental equipment, 2 sets are dedicated to 3-month projects, 1 set is dedicated to 1-month projects and 1 set to 1-week projects. At 100% capacity, with these 4 sets of drama production equipment, the proposed unit has a maximum annual capacity of processing 72 rental cycles of drama production equipment which include 8 drama production equipment rental cycles for 3-month projects, 12 drama production equipment rental cycles for 1-month projects and 52 drama production equipment rental cycles for 1-week projects.

Of the 2 sets of film production equipment, 1 set is dedicated for 6-month projects and the other to 3-month projects. At 100% capacity, with these 2 sets of film production, the proposed unit has a maximum annual capacity of processing 6 rental cycles of film production, which includes 2 film production equipment rental cycles for 6-month project and 4 film production equipment rental cycles for 3-month project.

During first year of operations, the proposed business is assumed to attain 50% of its total capacity. With 4 sets of drama production rental equipment (2 dedicated to 3-month projects, 1 dedicated to 1-month projects and 1 to 1-week projects) and 2 sets of film production rental equipment (1 dedicated to 6 month projects and the other dedicated to 3 month projects), the proposed business will process 36 rental cycles for drama production equipment rental (4 rental cycles for 3-month project, 6 rental cycles for 1-month project and 26 rental cycles for 1-week project) and 3 rental

cycles for film production equipment (1 rental cycle for 6 month project and 2 rental cycles for 3 month project).

The operational capacity utilization is assumed to increase at the rate of 25% every two years to reach the maximum 100% in year 5 for every project except weekly rental which is expected to reach at a maximum capacity of 95% in year 10 at capacity increase of 5% per annum. Table 1,

Table 2 and Table 3 shows details of maximum annual and operational production capacities.

Table 1: Installed and Operational Capacity-Drama Production Equipment

Particular	No. of Drama Production Equipment Set	Available Days per Annum	Total Rental Cycles per Annum
Drama Production Equipment	4	350	72

Table 2: Installed and Operational Capacity-Film Production Equipment

Particular	No. of Drama Production Equipment Set	Available Days per Annum	Total Rental Cycles per Annum
Film Production Equipment	2	350	6

Table 3: Installed and Operational Capacity

Particular	No. of Equipment Set	Rent Cycle During Year	Rent Cycles @50% Capacity
Film Equipment- Rental Cycle			
Film Project-6 Months	1	2	1
Film Project-3 Months	1	4	2
Subtotal (A)	2	6	3
Drama Equipment- Rental Cycle			
Drama Project-3 Months	2	8	4
Drama Project-1 Month	1	12	6
Drama project-1 Week	1	52	26
Subtotal (B)	4	72	36
Total (A+B)	6	78	39

6. CRITICAL FACTORS

Following factors should be taken into account while making investment decision in drama/film production equipment rental services unit:

- Ability to create linkages with media houses
- Engagement of highly skilled technicians
- High quality of service
- Courteous behavior of staff with clients
- Polite dealing with customers and ensuring customer satisfaction
- Use of reputable and trusted suppliers for supply of tools and equipment
- Dealing with local market competition by providing on-time and quality services

7. GEOGRAPHICAL POTENTIAL FOR INVESTMENT

The proposed drama/film production equipment rental service unit can be set up in major cities of Pakistan such as Karachi, Lahore, Islamabad, Peshawar or Quetta. These cities have traditionally been the main media centers of the country, and have old sites and studios that attract theater/film production industry to film in these places. There are many film/drama production companies in these cities, which is the most important factor for starting and running a business in these cities.

8. POTENTIAL TARGET MARKETS

The potential target market for the proposed project includes the drama/film making production houses, advertising agencies, music video production agencies and news outlets.

Drama industry has always been the most popular source of entertainment for common public with more than 200 dramas being produced in the country in just past 3 years.⁵ The film making industry of Pakistan has also grown in the past few years with more than 70 big budget movies produced during the period from 2019 to 2022. Film and drama making is expected to maintain its growth in the coming years, at a fast track, due to the government providing tax exemptions to promote this industry.⁶

Another important customer segment for such rental equipment is advertising agencies in Pakistan. According to reports, number of advertisers increased from

⁵ <https://dramasplanet.com/>

⁶ <https://pkrevenue.com/pakistan-grants-5-year-tax-exemption-to-promote-film-industry/>

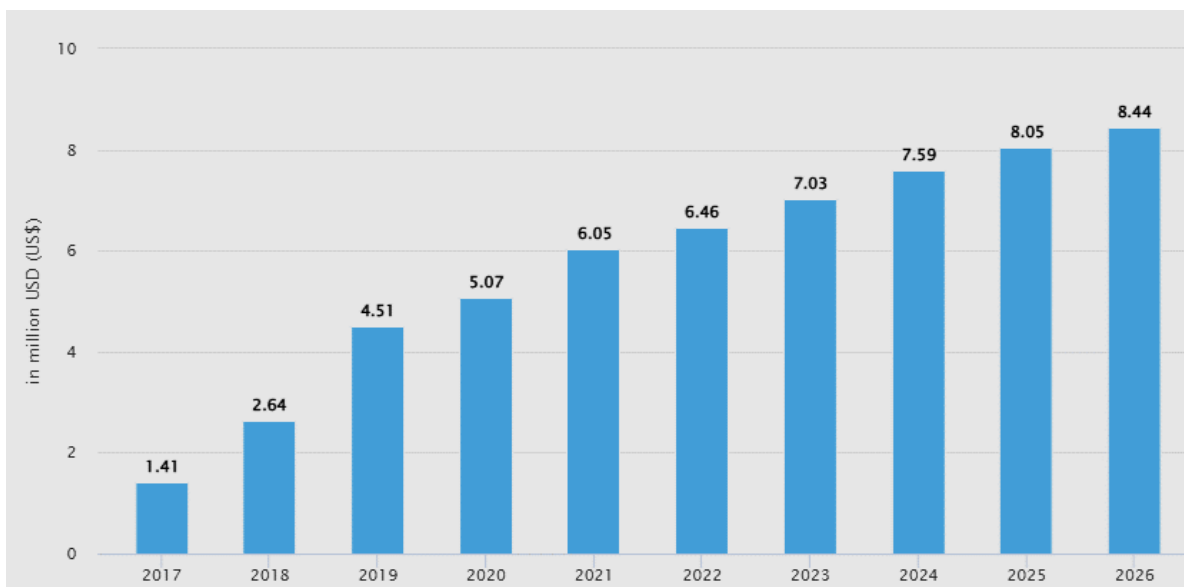
1,122 in 2021 to 1,287 in 2022 which shows a 15% growth, which is expected to increase further in the coming years.⁷

Video Production agencies and news outlets require professional equipment for shooting and coverage that can be sourced from the proposed unit. Currently, more than 65 professional video production companies and 30 news outlets are operating at large scale in Pakistan, with hundreds of companies working at local level that require rental drama/film production equipment for their business.

The growth trend in the Pakistan entertainment industry shows that there is an opportunity for setting up drama/film production equipment rental services unit. The need arises from the fact that such an equipment is expensive and many of the drama/film producers are not able to purchase this equipment. Availability of such equipment on rental basis makes it affordable for them to acquire and use that equipment.

Pakistan entertainment industry revenue stood at US\$1.41 million in year 2017 which increased to US\$ 6.05 million in year 2021 and is expected to reach US\$ 8.44 million in year 2026 at a projected compound annual growth rate (CAGR) of 6.27% per year. Figure 18 shows this actual (2017 to 2021) and projected (2022-2026) revenue in US \$ for Pakistan entertainment industry.⁸

Figure 18: Entertainment Industry Revenue



The entertainment industry in Pakistan has reached new heights in the last decade which has given a rise to the inception of contemporary production houses in the country. Top production companies in local market have their own production houses and do not rent production equipment however majority of production houses, media agencies and news outlets do not have enough budget for both production and

⁷ <http://synergyzer.com/tv-ad-expenditure-for-fiscal-year-2020-2021-in-pakistan/>

⁸ <https://www.statista.com/outlook/dmo/app/entertainment/pakistan#revenue>

purchasing of production equipment, therefore acquiring equipment on rental basis is the best alternative for these companies.

There are currently a moderate number of drama and film production equipment rental services available in Pakistan. Due to undocumented nature of local economy, information on the actual numbers of such rental companies is not available. Although, these companies are operational and provide equipment rental services, they face logistical difficulties in providing equipment outside certain geographical areas and most of the equipment tends to be outdated which creates a market gap for the proposed unit in which people that can invest and provide up-to-date and latest equipment for drama and film production.

9. PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of Drama and Film Production equipment Rental service. 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 taking into account the relevant assumptions and target market.

9.2. Project Cost

Total cost of the project has been calculated to be PKR 83,949,302. The project will be financed through 100% Equity. Table 4 provides the details of the costs calculated for the proposed production unit.

Table 4: Project Cost

Description	Amount (PKR)	Reference
Land	-	9.2.1
Building / Infrastructure	510,083	9.2.2
Furniture & fixtures	1,565,000	9.2.3
Office equipment	796,800	9.2.4
IT Equipment	1,186,000	9.2.5
Office vehicles	6,038,000	9.2.6
Pre-operating costs	1,177,537	9.2.7
Security Against Building	626,940	9.2.8
Production Equipment	69,029,600	9.2.9
Allied equipment	90,000	9.2.10

Total Capital Cost	81,019,960	
Working capital		
Machinery spare parts inventory	48,750	
Upfront insurance payment	1,380,592	
Cash	1,500,000	
Total Working capital	2,929,342	
Total Project Cost (PKR)	83,949,302	

9.2.1 Land

The proposed Drama and Film Production equipment Rental service will be established in a rented building to avoid the high cost. Suitable locations 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 3,483 sq. ft. The breakup of the space requirement is provided in Table 5.

Table 5: Breakup of Space Requirement

Break-up of Land Area	Number	% Break-up	Area (Sq. Ft.)
Executive office	1	3%	100
Reception	1	3%	100
Admin and Accounts Department	1	9%	300
Marketing Department	1	3%	100
Operation Department	1	9%	300
Area for Storing Film and Drama Production Equipment	1	65%	2,250
Parking Area	1	6%	225
Washroom	3	3%	108
Total Area		100%	3,483

9.2.2 Building Construction and Renovation Cost

There will be no construction cost of building since the unit will be started on a rented building. However, there will be a renovation cost to make the building usable for the business. The proposed project requires electricity load of 10 KW for which an electricity connection under the General Supply Tariff Commercial Three Phase connection will be required. Building rent of PKR 208,980 per month has been

included in the operating cost. Building construction and renovation cost is shown in Table 6.

Table 6: Construction and Renovation Cost

Cost Item	Unit of Measurement	Area (Sq. Ft)	Rate/ Sq. Ft (PKR)	Total Cost (PKR)
Paint Cost	Litre	65	800	51,768
Labour Cost	Sq. Feet	6,471	15	97,065
Curtains	Number	5	6,000	30,000
Blinds	Number	5	7,000	35,000
Glass Partition and Doors	Sq. Feet	495	550	272,250
Carpet	Sq. Feet	400	60	24,000
Total (PKR)				510,083

9.2.3 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	4	60,000	240,000
Executive Chairs	4	30,000	120,000
Office Table	5	20,000	100,000
6 Person Table For Operating Staff	2	50,000	100,000
Office/Visitors Chairs	30	15,000	450,000
Sofa Set	3	45,000	135,000
Racks For Office	5	15,000	75,000
Racks For Equipments	12	15,000	180,000
Reception Counter	1	45,000	45,000
Visitor Chairs	6	20,000	120,000
Total			1,565,000

9.2.4 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)
Air Conditioners-1.5 Ton	3	105,000	315,000
Exhaust Fan	8	4,500	36,000
Bracket Fan	5	10,500	52,500
UPS 3 KVA	1	90,000	90,000
Batteries	6	25,000	150,000
Ceiling Fan	11	8,000	88,000
Water Dispenser	2	24,000	48,000
Wi-Fi / Internet Router	1	3,500	3,500
LED Bulbs	46	300	13,800
Total			796,800

9.2.5 IT Equipment

Details of IT Equipment required for this project are provided in Table 9.

Table 9: IT Equipment

Cost Item	No.	Unit Cost (PKR)	Total Cost (PKR)
Laptops	4	150,000	600,000
Desktop Computers	6	50,000	300,000
Office Printer	3	40,000	120,000
CCTV Cameras (2MP)	17	3,000	51,000
DVR	1	15,000	15,000
LED TV (32")	1	40,000	40,000
LED TV (43") Reception Area	1	60,000	60,000
Total Cost (PKR)			1,186,000

9.2.6 Office Vehicles

Details of office vehicle required for the project are provided in Table 10.

Table 10: Office Vehicles

Cost Item	Units	Unit Cost (PKR)	Total Cost (PKR)
Motorcycle	2	120,000	240,000
1000 CC Car	1	2,400,000	2,400,000
Hyundai H-100 Mini Truck	1	3,200,000	3,200,000
Total	1		5,840,000

9.2.7 Pre-Operating Cost

Details of pre-operating cost for the project are provided in Table 11.

Table 11: Pre-Operating Cost

Cost Item	Number of Months	Total Cost (PKR)
Administration Expense	1	920,000
Utilities Expense	1	57,537
Website Cost		200,000
Total		1,177,537

9.2.8 Security against Building

Details of pre-operating cost for the project are provided in Table 12.

Table 12: Security against Building

Cost Item	Months	Unit Cost / Month (PKR)	Total Cost (PKR)
Security against Building	3	208,980	626,940

9.2.9 Production Equipment Cost

Details of production equipment cost for the project are provided in Table 13 and Table 14.

Table 13: Drama Rental Equipment

Cost Item	Quantity Per Set	Number of Sets	Unit Cost (PKR)	Total Cost (PKR)
1080P Resolution Camera	1	4	1,500,000	6,000,000
Lens Kit (Prime, Zoom, Macro, Wide Angle)	1		3,250,000	13,000,000
Zoom Device With 4 Mic	1		470,000	1,880,000
Collar Mics	4		2,200	35,200
Boom Mic	2		65,000	520,000
Dedo Light Set	1		850,000	3,400,000
Kino Flo Light Kit	1		490,000	1,960,000
2K Watt Solar Lights	5		32,000	640,000
1K Watt Solar Lights	5		26,000	520,000
650 Watt Solar Light	6		22,000	528,000
150 Watt Solar Light	4		13,000	208,000

HMI 4K Watt Light	2		50,000	400,000
HMI 2.5K Watt Light	2		30,000	240,000
20 Feet Straight Track	1		65,000	260,000
360 Round Track	1		65,000	260,000
Portable Jib	1		80,000	320,000
Gimbal	1		50,000	200,000
Softbox Set	4		14,000	224,000
Car Mount For Camera	1		50,000	200,000
Bike Mount For Camera	1		20,000	80,000
Drone	1		450,000	1,800,000
Generator 50 KVA	1		1,300,000	5,200,000
Other Equipment			500,000	500,000
Total Cost (PKR) (A)				38,375,200

Table 14: Film Rental Equipment

Cost Item	Quantity Per Set	Number of set	Unit Cost (PKR)	Total Cost (PKR)
4K Resolution Camera	1	2	5,000,000	10,000,000
Lens Kit (Prime, Zoom, Macro, Wide Angle)	1		3,250,000	6,500,000
Zoom Device With 4 Mic	1		470,000	940,000
Collar Mics	6		2,200	26,400
Boom Mic	4		65,000	520,000
Dedo Light Set	2		850,000	3,400,000
Kino Flo Light Kit	2		490,000	1,960,000
2K Watt Solar Lights	7		32,000	448,000
1K Watt Solar Lights	7		26,000	364,000
650 Watt Solar Light	8		22,000	352,000
150 Watt Solar Light	6		13,000	156,000
HMI 4K Watt Light	4		50,000	400,000
HMI 2.5K Watt Light	4		30,000	240,000
20 Feet Straight Track	2		65,000	260,000
360 Round Track	2		65,000	260,000
Portable Jib	2		80,000	320,000
Gimbal	2		50,000	200,000
Softbox Set	6		14,000	168,000
Car Mount For Camera	1		50,000	100,000

Bike Mount For Camera	1		20,000	40,000
Drone	1		450,000	900,000
Generator 50 KVA	1		1,300,000	2,600,000
Other Equipment	1		500,000	500,000
Total Cost (PKR) (B)				30,654,400
Total Equipment Cost (A+B)				69,029,600

9.2.10 Allied Equipment

Details of Allied Equipment required for this project are provided in Table 15.

Table 15: Allied Equipment

Cost Item	No. of Equipment	Cost per Equipment (PKR)	Total Cost (PKR)
Mechanical Tool Kit	6	10,000	60,000
Electrical Tool Kit	6	5,000	30,000
Total			90,000

9.3. Financial Feasibility Analysis

The financial feasibility analysis given in Table 16 provides the information regarding projected IRR, NPV and payback period of the study based on 100% equity.

Table 16: Financial Feasibility Analysis

Description	Project
IRR	51%
NPV (PKR)	129,077,722
Payback Period (years)	2.55
Projection Years	10
Discount Rate used for NPV	25%

9.4. Financial Feasibility Debt Financing

Table 17 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 17: Financial Feasibility Debt Financing

Description	Project
IRR	49%
NPV (PKR)	154,691,236
Payback Period (years)	2.68
Projection Years	10
Discount Rate used for NPV	22%

9.5. Breakeven Analysis

Breakeven analysis is provided in Table 18.

Table 18: Breakeven Analysis

Particulars	Amount First Year (PKR)	Ratio
Sales (PKR) – A	58,500,000	100%
Variable Cost (PKR) – B	30,763,343	53%
Contribution (PKR) (A-B) = C	27,736,657	47%
Fixed Cost (PKR) – D	19,012,788	33%
Break Even Revenue (PKR) (D/CM) =E	40,100,293	
Breakeven rental services (units)	27	
Breakeven Capacity	34%	

9.6. Revenue Generation

Based on the 50% capacity utilization of the unit, sales revenues during the first year of operations is estimated in Table 19.

Table 19: Revenue Generation

Particular	No. of Equipment Set	Rent Cycle During Year	Rent Cycle @50% Capacity	Rent Charges (PKR)	Revenue
Film Equipment-Rental Cycle					
Film Project-6 Months	1	2	1	8,000,000	8,000,000
Film Project-3 Months	1	4	2	4,500,000	9,000,000
Subtotal (A)	2	6	3		17,000,000
Drama Equipment-Rental Cycle					
Drama Project-3 Months	2	8	4	4,500,000	18,000,000
Drama Project-1 Month	1	12	6	1,750,000	10,500,000
Drama Project-3 Months	1	52	26	500,000	13,000,000
Subtotal (B)	4	72	36		41,500,000
Total					58,500,000

9.7. Variable Cost Estimate

Variable costs of the project have been provided in detail in Table 20.

Table 20: Variable Cost Estimate

Variable Cost	Cost (PKR)
Fuel Cost/ Transportation Cost	585,000
Machinery Maintenance Cost	2,340,000
Payrolls of Direct Staff	8,700,000
Business Vehicle maintenance cost	292,500
Depreciation	17,257,400
Electricity Expense	690,443
Office vehicle running and maintenance expense	898,000
Total Variable Cost (PKR)	30,763,343

9.8. Fixed Cost Estimate

Table 21 provides details of fixed cost for the project.

Table 21: Fixed Cost Estimate

Fixed Cost	Cost (PKR)
Administration expense	9,360,000
Administration benefits expense	936,000
Building Rental Expense	2,507,760
Office expenses (software, stationery, entertainment, janitorial services, etc.)	561,600
Promotional expense	1,608,750
Insurance expense	1,380,592
Depreciation expense	1,757,578
Website Maintenance Cost	80,000
Amortization of pre-operating costs	235,507
Total Cost (PKR)	19,012,788

9.9. Human Resource Requirement

For the 1st year of operations, the complex shall require the workforce at a salary cost as projected in Table 22.

Table 22: Human Resource Requirement

Designation	No of Persons	Average Monthly Salary (PKR)	Total Salary (PKR)
Manager	1	150,000	1,800,000
Direct Staff			
Supervisor	1	80,000	960,000
Camera Assistant	3	65,000	2,340,000
Equipment Operator	6	45,000	3,240,000
Driver	1	30,000	360,000
Indirect Staff			
Receptionist	1	35,000	420,000
Helping Staff	2	25,000	600,000
Marketing Manager	1	125,000	1,500,000
Marketing Assistant	2	80,000	1,920,000
Accounts Manager	1	80,000	960,000
Accounts Assistant	2	50,000	1,200,000
Admin Manager	1	70,000	840,000
Admin Assistant	1	35,000	420,000
Security Guard	4	25,000	1,200,000
Office Boy	1	25,000	300,000
Total	28		18,060,000

10. CONTACT DETAILS

Details of suppliers of Drama and Film Production equipment Rental service are provided in Table 23.

Table 23: Suppliers of Raw Material

Name of Supplier	Category	City	Website	Address	Contact
Hashmi Photos	Equipment	Karachi	https://hashmiphotos.com/	Shop# 1-B Hashmi Shopping Center, Preedy Street Saddar Karachi	0321 8770709
Golden Camera	Equipment	Karachi	https://goldencamera.pk/?s=sony+A7+&post_type=product	Shop #36b, Hashmi Centre, Saddar, Karachi, Karachi City, Sindh 75600	0334-3332214
Pro audio	Equipment	Karachi	https://proaudio.com.pk/product-category/legacy-products/	Amma Tower S-38, 2nd Floor, Main M.A Jinnah Rd, Karachi	0300824 4524
Digimax	Equipment	Lahore	https://digimaxpakistan.com/	42- Chamberlain Road, Nisbat Road, Lahore	0322 8005551
Super Fotos	Equipment	Lahore	https://www.superfotos.pk/	86- Chamberlain Road, Lahore, 54000	0333-4733373

11. USEFUL LINKS

Table 24: 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
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 Electronic Media Regulatory Authority (PEMRA)	https://pemra.gov.pk/
Pakistan Film Producers Association (PFPA)	https://pfpa.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-Drama Production Equipment Rental	41,500,000	47,429,000	70,867,474	80,179,704	111,010,309	124,893,259	140,458,387	156,911,827	176,359,955	196,941,491
Revenue-Film Production equipment Rental	17,000,000	18,751,000	35,889,966	39,586,632	50,324,674	55,508,115	61,225,451	67,531,672	74,487,435	82,159,640
Total Revenue	58,500,000	66,180,000	106,757,440	119,766,336	161,334,983	180,401,374	201,683,838	224,443,499	250,847,390	279,101,131
Cost of sales										
Operational Cost-1 Fuel Cost/ Transportation Cost	585,000	661,800	1,067,574	1,197,663	1,613,350	1,804,014	2,016,838	2,244,435	2,508,474	2,791,011
Operational Cost-2 Machinery Maintenance Cost	2,340,000	2,647,200	4,270,298	4,790,653	6,453,399	7,216,055	8,067,354	8,977,740	10,033,896	11,164,045
Operational Cost-3 Payrolls of Direct Staff	8,700,000	9,543,900	14,296,499	15,683,259	20,680,199	22,686,179	24,886,738	27,300,751	29,948,924	32,853,970
Operational Cost-4 Business Vehicle maintenance cost	292,500	330,900	533,787	598,832	806,675	902,007	1,008,419	1,122,217	1,254,237	1,395,506
Operational Cost-5 Depreciation	17,257,400	17,257,400	17,257,400	17,257,400	-	27,291,546	27,291,546	27,291,546	27,291,546	-
Total cost of sales	29,174,900	30,441,200	37,425,559	39,527,807	29,553,623	59,899,800	63,270,895	66,936,690	71,037,077	48,204,532
Gross Profit	29,325,100	35,738,800	69,331,881	80,238,528	131,781,360	120,501,574	138,412,943	157,506,809	179,810,313	230,896,599
General administration & selling expenses										
Administration expense	9,360,000	10,267,920	11,263,908	12,356,507	13,555,089	14,869,932	16,312,316	17,894,610	19,630,387	21,534,535
Administration benefits expense	936,000	1,026,792	1,126,391	1,235,651	1,355,509	1,486,993	1,631,232	1,789,461	1,963,039	2,153,453
Building Rental Expense	2,507,760	2,758,536	3,034,390	3,337,829	3,671,611	4,038,773	4,442,650	4,886,915	5,375,606	5,913,167
Electricity Expense	690,443	744,988	803,842	867,346	935,866	1,009,799	1,089,573	1,175,650	1,268,526	1,368,740
Office vehicle running and maintenance cost	898,000	990,494	1,092,515	1,205,044	1,329,163	1,466,067	1,617,072	1,783,631	1,967,345	2,169,981
Office expenses (software, stationery, entertainment, janitorial services, etc.)	561,600	616,075	675,834	741,390	813,305	892,196	978,739	1,073,677	1,177,823	1,292,072
Promotional expense	1,608,750	1,819,950	2,935,830	3,293,574	4,436,712	4,961,038	5,546,306	6,172,196	6,898,303	7,675,281
Insurance expense	1,380,592	1,035,444	690,296	345,148	-	2,183,324	1,637,493	1,091,662	545,831	-
Website Maintenance Cost	80,000	88,240	97,329	107,354	118,411	130,607	144,060	158,898	175,265	193,317
Depreciation expense	1,757,578	1,757,578	1,693,778	1,920,153	1,920,153	1,833,128	1,721,995	3,435,383	3,316,667	3,738,097
Amortization of pre-operating costs	235,507	235,507	235,507	235,507	235,507	-	-	-	-	-
Subtotal	20,601,231	22,003,325	24,717,194	26,843,166	29,984,676	34,675,871	37,138,273	41,706,517	44,827,266	48,829,654
Operating Income	8,723,869	13,735,475	44,614,687	53,395,363	101,796,684	85,825,703	101,274,670	115,800,293	134,983,046	182,066,945
Gain / (loss) on sale of machinery & equipment	-	-	-	-	6,902,960	-	-	-	-	-
Gain / (loss) on sale of office equipment	-	-	-	-	-	-	199,200	-	-	-
Gain / (loss) on sale of office vehicles	-	-	-	-	-	-	1,509,500	-	-	-
Earnings Before Interest & Taxes	8,723,869	13,735,475	44,614,687	53,395,363	108,699,644	85,825,703	102,983,370	115,800,293	134,983,046	182,066,945
Interest expense on long term debt (Project Loan)	-	(3,000,000)	-	-	-	-	-	-	-	-
Interest expense on long term debt (Working Capital Loan)	-	-	-	-	-	-	-	-	-	-
Subtotal	-	(3,000,000)	-	-	-	-	-	-	-	-
Earnings Before Tax	8,723,869	16,735,475	44,614,687	53,395,363	108,699,644	85,825,703	102,983,370	115,800,293	134,983,046	182,066,945
Tax	731,250	827,250	1,334,468	1,497,079	2,016,687	2,255,017	2,521,048	2,805,544	3,135,592	3,488,764
NET PROFIT/(LOSS) AFTER TAX	7,992,619	15,908,225	43,280,219	51,898,283	106,682,956	83,570,686	100,462,322	112,994,749	131,847,454	178,578,181

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	1,500,000	17,638,042	42,646,800	74,077,519	103,083,068	103,216,577	210,258,466	320,669,433	462,101,371	618,692,732	798,663,200
Accounts receivable		7,212,329	7,685,753	10,660,527	13,963,794	17,328,163	21,065,940	23,553,198	26,268,124	29,298,753	32,668,059
Consumables Inventory	48,750	60,444	106,866	131,397	193,995	237,745	291,309	355,304	435,224	530,732	-
Pre-paid building rent	-	229,878	252,866	278,152	305,968	336,564	370,221	407,243	447,967	492,764	-
Pre-paid insurance	1,380,592	1,035,444	690,296	345,148	-	2,183,324	1,637,493	1,091,662	545,831	-	-
Total Current Assets	2,929,342	26,176,137	51,382,581	85,492,744	117,546,824	123,302,373	233,623,428	346,076,839	489,798,516	649,014,982	831,331,259
<i>Fixed assets</i>											
Land	-	-	-	-	-	-	-	-	-	-	-
Building / Infrastructure- Renovation Cost	510,083	459,075	408,066	357,058	306,050	255,042	204,033	153,025	102,017	51,008	0
Machinery	69,029,600	51,772,200	34,514,800	17,257,400	-	109,166,184	81,874,638	54,583,092	27,291,546	-	-
Allied Equipment	90,000	58,500	27,000	118,488	77,017	35,546	155,993	101,396	46,798	205,370	133,491
Furniture & fixtures	1,565,000	1,330,250	1,095,500	860,750	626,000	391,250	156,500	2,972,954	2,527,011	2,081,068	1,635,125
Office vehicles	6,038,000	5,132,300	4,226,600	3,320,900	2,415,200	1,509,500	603,800	12,335,855	10,655,477	8,775,099	6,894,720
IT Equipment	1,186,000	770,900	355,800	1,622,010	1,054,307	486,603	2,218,312	1,441,903	665,493	3,033,832	1,971,991
Office equipment	796,800	677,280	557,760	438,240	318,720	199,200	79,680	1,513,642	1,286,596	1,059,549	832,503
Security Against Building	626,940	626,940	626,940	626,940	626,940	626,940	626,940	626,940	626,940	626,940	626,940
Total Fixed Assets	79,842,423	60,827,445	41,812,466	24,601,786	5,424,234	112,670,265	85,919,896	73,928,806	43,201,878	15,832,866	12,094,770
<i>Intangible assets</i>											
Pre-operation costs	1,177,537	942,030	706,522	471,015	235,507	-	-	-	-	-	-
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
Total Intangible Assets	1,177,537	942,030	706,522	471,015	235,507	-	-	-	-	-	-
TOTAL ASSETS	83,949,302	87,945,612	93,901,569	110,565,545	123,206,565	235,972,638	319,543,323	420,005,645	533,000,394	664,847,848	843,426,029
<i>Shareholders' equity</i>											
Paid-up capital	83,949,302	83,949,302	83,949,302	83,949,302	83,949,302	90,032,418	90,032,418	90,032,418	90,032,418	90,032,418	90,032,418
Retained earnings	-	3,996,310	9,952,267	26,616,243	39,257,263	145,940,220	229,510,906	329,973,227	442,967,976	574,815,430	753,393,611
Total Equity	83,949,302	87,945,612	93,901,569	110,565,545	123,206,565	235,972,638	319,543,323	420,005,645	533,000,394	664,847,848	843,426,029
TOTAL CAPITAL AND LIABILITIES	83,949,302	87,945,612	93,901,569	110,565,545	123,206,565	235,972,638	319,543,323	420,005,645	533,000,394	664,847,848	843,426,029

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		7,992,619	15,908,225	43,280,219	51,898,283	106,682,956	83,570,686	100,462,322	112,994,749	131,847,454	178,578,181
Add: depreciation expense		19,014,978	19,014,978	18,951,178	19,177,553	1,920,153	29,124,674	29,013,541	30,726,929	30,608,213	3,738,097
amortization of pre-operating costs		235,507	235,507	235,507	235,507	235,507	-	-	-	-	-
Accounts receivable		(7,212,329)	(473,425)	(2,974,774)	(3,303,267)	(3,364,369)	(3,737,776)	(2,487,258)	(2,714,926)	(3,030,630)	(3,369,306)
Consumable inventory	(48,750)	(11,694)	(46,421)	(24,531)	(62,598)	(43,750)	(53,564)	(63,995)	(79,920)	(95,508)	530,732
Pre-paid building rent	-	(229,878)	(22,988)	(25,287)	(27,815)	(30,597)	(33,656)	(37,022)	(40,724)	(44,797)	492,764
Advance insurance premium	(1,380,592)	345,148	345,148	345,148	345,148	(2,183,324)	545,831	545,831	545,831	545,831	-
Cash provided by operations	(1,429,342)	20,134,352	34,961,025	59,787,461	68,262,811	103,216,577	109,416,194	127,433,418	141,431,938	159,830,564	179,970,467
<i>Financing activities</i>											
Issuance of shares	83,949,302	-	-	-	-	6,083,116	-	-	-	-	-
Cash provided by / (used for) financing activities	83,949,302	-	-	-	-	6,083,116	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(81,019,960)	-	-	(1,740,498)	-	(109,166,184)	(2,374,305)	(17,022,451)	-	(3,239,202)	-
Acquisitions											
Cash (used for) / provided by investing activities	(81,019,960)	-	-	(1,740,498)	-	(109,166,184)	(2,374,305)	(17,022,451)	-	(3,239,202)	-
NET CASH	1,500,000	20,134,352	34,961,025	58,046,963	68,262,811	133,509	107,041,889	110,410,967	141,431,938	156,591,362	179,970,467

13. KEY ASSUMPTIONS

13.1. Operating Cost Assumptions

Table 25: Operating Cost Assumptions

Description	Details
Building rent growth rate	10%
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 26: Revenue Assumptions

Description	Details
Sale price growth rate	10.3%
Initial capacity utilization	50%
Capacity growth rate	25%
Maximum capacity utilization	100%

13.3. Financial Assumptions

Table 27: Financial Assumptions

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

13.4. Debt related Assumptions

Table 28: 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%

13.5. Cash Flow Assumptions

Table 29: Cash Flow Assumptions

Description	Details
Account Receivable Cycle (Days)	45
Account Payable Cycle (Days)	0

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