



Pre-feasibility Study

INTER-CITY PASSENGER TRANSPORT COMPANY

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

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

Transportation has a special importance in our everyday life. Transportation involves carrying people or goods from one place to another for their personal, official, business or leisure reasons. Different modes of transport include road, air and sea. Different types of vehicles used for transportation include cars, buses, trucks, motorcycles, bicycles, trains, airplanes, ships, etc. Transportation is a very important link of the modern civilization which enables trade, commerce and communication. It has always been a very important factor in the development of the world.

Passenger transport may be classified as public or private transport. Private transport is used by individuals or groups for their own use. Thus, in this case, there is no constraint regarding specific time and designated routes. For private transportation, car is the most used mean. In contrast, public transport involves transporting people from one place to another on a commercial basis. Passengers are picked and dropped along defined routes using different means, such as buses, vans, railways, subways, etc. These transportation facilities are made available to the public and operate at scheduled times, charging defined fares from the passengers. Public transportation provides several benefits to the individuals, economy of a country as whole and environment as well. The proposed study provides information on intercity passenger transport company to offer services to public.

Public transport services may be Inter-City or Intra-City. Inter-City offers transport services between different cities, whereas Intra-City offers transport services on specific routes within a city. This “Pre-feasibility Document” provides details for setting up an Inter-City Passenger Transport Company. It may be established in any major city of Pakistan, with a sizeable population, that requires such services to travel between different cities.

The proposed project will provide inter-city air-conditioned transport service with 2 Toyota Coaster Standard Buses 4100 cc and 8 Toyota Vans High Roof 2800 cc. The maximum capacity of these vehicles to provide transport services is 308,000 passengers per year. In the first year of operations at 70% initial capacity, the company will provide transport services to 215,600 passengers.

The “Inter-City Passenger Transport Company” will be set up in a rented space of 11,250 square feet (50 Marla). The project requires a total investment of PKR 122.51 million. This includes capital investment of PKR 119.03 million and working capital of PKR 3.48 million. This project is financed through 100% equity. The Net Present Value (NPV) of project is PKR 164.11 million with an Internal Rate of Return (IRR) of 52% and a Payback period of 2.43 years. Further, this project is expected to generate Gross Annual Revenues of PKR 152.096 million during 1st year, with Gross Profit (GP) ratio ranging from 43% to 51% and Net Profit (NP) ratio ranging from 16% to 34% during the projection period of ten years. The proposed project will achieve its estimated breakeven point at capacity of 42% (127,867 passengers) with breakeven revenue of PKR 90.20 million.

The proposed project may also be established using leveraged financing. With 50% debt financing, at a cost of KIBOR+3%, the proposed business provides Net Present Value (NPV) of PKR 192.27 million, Internal Rate of Return (IRR) of 50% and Payback period of 2.58 years. Further, this project is expected to generate Net Profit (NP) ratio ranging from 16% to 34% during the projection period of ten years. The proposed project will achieve its estimated breakeven point at capacity of 42% (129,212 No. of passengers) with breakeven revenues of PKR 91.15 million.

The proposed project will provide employment opportunities to 39 people. High return on investment and steady growth of business is expected with the entrepreneur having some prior experience of similar businesses. The legal business status of this project is proposed as "Company".

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 "Inter-City Passenger Transport Company". 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

The proposed project provides Inter-City Passenger Transport Services to the general public. Public transport is economical for travelers, when compared with travel using one's personal transport. People can travel to other places using public transport facilities, which are affordable and accessible for everyone.

A well-operated public transport system in a country provides improved community mobility resulting in expanding business development and work opportunities, contributing to overall economic development. Moreover, presence of a good public transport system also helps in reducing traffic load on roads, as this means fewer personal vehicles on road. This also contributes to reducing deterioration of air quality and environment. Transport sector is the fastest growing source of global climate emissions and the largest single source of black carbon, which is particularly damaging respiratory health of people. In short, shifting from single-occupancy private cars to high-capacity transport systems drastically cuts emissions, eliminates traffic congestion and better connects low-income communities to the opportunities and resources needed by them.

The purpose of the proposed business is to target the market that travels in small buses, i.e., middle-class passengers who cannot afford the high prices charged by the big passenger transport companies. By targeting middle-class passengers, the proposed business will consume less capital compared to large companies.

When purchasing vehicles, the company has the option of choosing a new vehicle or a used vehicle, buying the vehicle or acquiring it on lease.

The proposed project will buy new vehicles because new vehicles are more suitable for a new setup and have lower maintenance costs. Old vehicles may appear cheaper but are not beneficial for the company in the long run.

The proposed project will not lease vehicles as leasing a large number of vehicles will only increase the overall investment. The market practice for these types of formal establishments is to purchase their own vehicles.

The proposed project uses air-conditioned coasters and vans for providing inter-city passenger transport services. Lahore has been assumed to be the base station from where this service is offered to other cities. The vans and coasters used in the proposed project are as follows:

- Toyota Coaster Standard Bus (4100 cc) (Air-conditioned)
- Toyota High Roof Commuter Van (2800 cc) (Air-conditioned)

The coaster standard bus has a seating capacity of 30 passengers (including the folding seats in the center). It is equipped with a diesel engine of 4100 cc and provides an average mileage of 7-9 kilometers per liter (varies on routes and usage). Due to the high seating capacity and a good fuel average (for an engine of this power), Toyota Coaster is considered to be a good option for long routes. Toyota coaster standard bus is shown in Figure 1.

Figure 1: Coaster Standard Bus 4100cc



The high roof commuter van is a commercial vehicle that comes with 3 doors and has a seating capacity of 16 passengers (including the folding seats in the center). This van is equipped with a diesel engine of 2800 cc and provides an average mileage of 9-11 kilometers per liter (varies on routes and usage). A high roof commuter van is shown in Figure 2.

Figure 2: High Roof Commuter Van



A terminal is the point at the start/end of a vehicle's route, where the vehicles stop, and waits before departing on the return journey. It also serves as a station for passengers to board. Furthermore, there is an area for ticketing and a waiting area for passengers on the terminal as well. Normally, these terminals are located in outskirts of a city near the highways, or an area is specified by city authorities for building such passenger transport terminals.

A terminal for the proposed project has been assumed to be in Lahore, from where the vehicles will depart towards different destinations. For other cities, where the vehicle will drop or pick up passengers, bus stands of the respective cities will be used, for which a rent will be paid to those bus stands.

There will be defined inter-city routes for each vehicle. The coasters and vans will move on these designated routes on a managed/predefined schedule. The routes designated in the proposed project are the cities located at distance ranging from 80-180 km, with traveling time of around 90-180 minutes. These vehicles will travel on both highways and motorways (depending on the destination). The business will provide Inter-City Passenger Transport Service for trips between Lahore and the following cities:

- Gujranwala
- Sialkot
- Okara
- Sargodha
- Faisalabad

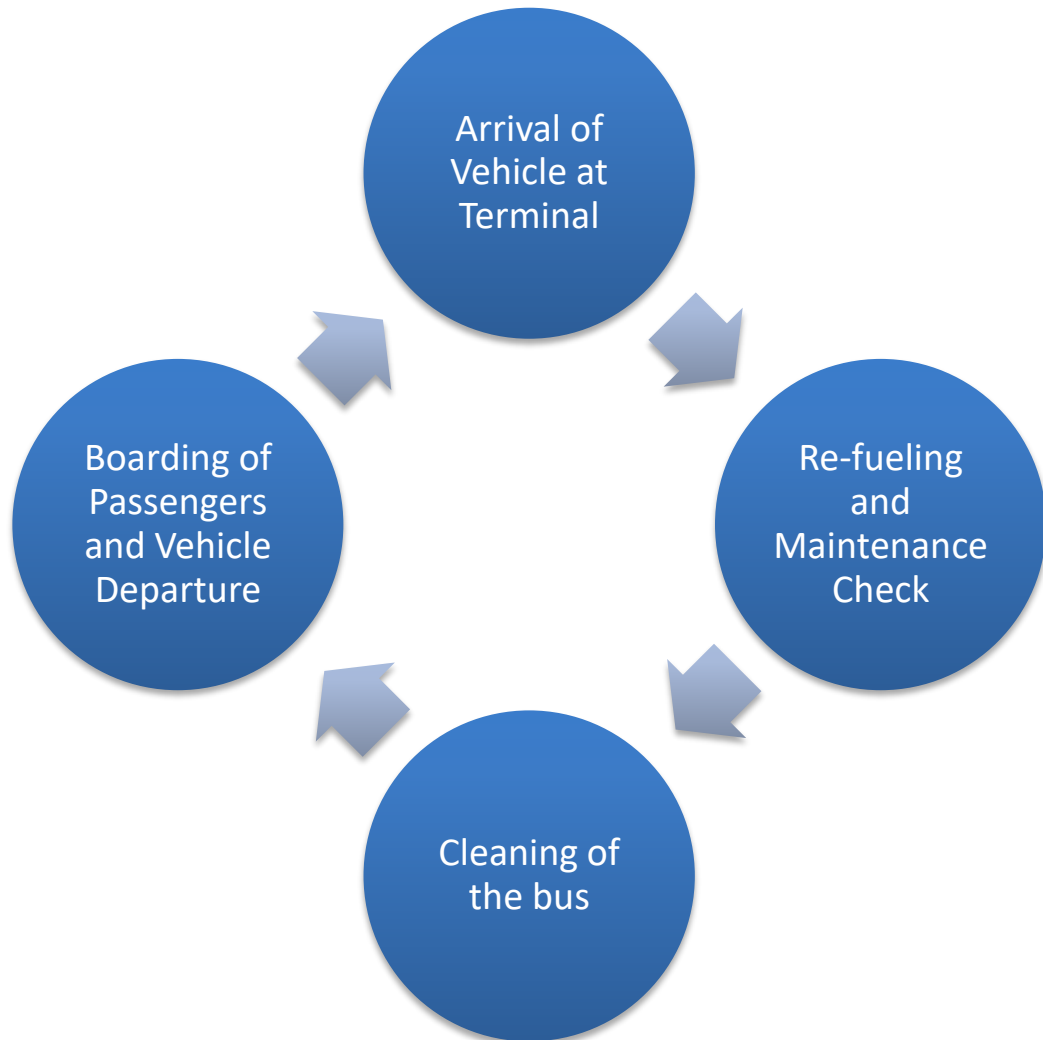
These cities are chosen, as a large number of people from these cities are employed in Lahore and hence visit their home cities on regular basis.

The vehicles to be used for public transport require a Vehicle Fitness and Inspection Certificate. This is required to ensure that public service vehicles are regularly inspected for fitness and their road worthiness, thereby enabling delivery of safe transport vehicles to the public.

5.1. Process Flow

The process flow for operating Inter-City Passenger Transport Company is shown in Figure 3.

Figure 3: Process Flow Diagram



Arrival of Vehicle at Terminal

In the proposed project, the vehicle will arrive at the respective city's bus stand at the specified time. The passengers with tickets will be waiting for the bus in the waiting area. The tickets will be issued to the customers in two ways, i.e., purchasing through online money transfer or purchasing directly from the ticketing booth at the terminal. The customers call the ticketing staff to inquire about availability of seats, pricing of tickets and departure timings of vehicles according to their desired destinations.

Drivers are allocated for each bus in the proposed project. In case of unavailability of drivers, standby drivers are also available.

As for a single vehicle there will be more than 1 trips in a day, there can be a margin of the vehicle arriving 10-15 minutes late in some cases from the specified arrival time, due to any unanticipated reasons.

Re-fueling and Maintenance Check

After the arrival of vehicle at the station, refueling is done. Routine maintenance checks are also carried out for the vehicles. Common checks are as follows:

- Fluid oil and coolant check
- Lights Check
- Tires air pressure check
- Brakes check
- Leak check

The complete maintenance checks are done every month for the bus by expert auto mechanic and auto electrician which are hired by the proposed project.

Cleaning of the Bus

At the end of every transport service, cleaning of the bus is done by the helpers. Trash is removed and mopping is done both inside and outside of the bus.

Boarding of Passengers

The passengers will wait for the bus in the air-conditioned waiting room. An announcement is made for the passengers as the bus arrives. The passengers then proceed to board the bus. The helpers load the luggage of the passengers in the bus. Customers are also handed tokens for their luggage. Upon entering of passengers in the bus, passenger tickets are checked.

Once all the passengers are aboard, the vehicle leaves for the designated destination.

5.2. Installed and Operational Capacities

The proposed Inter-City Passenger Transport Company has maximum capacity of providing transport services to 308,000 passengers. In the first year of operations at 70% initial capacity, the company will provide transport services to 215,600 passengers. The operational capacity utilization is assumed to increase at the rate of 10% per annum to reach a maximum of 90% in year 3. Table 1 shows capacity calculation and Table 2, Table 3 and Table 4 shows vehicle, passenger and route assumptions respectively.

Table 1: Capacity Calculation

| Route | Number of Buses per Route | Number of Trips per Bus per day | Total number of Trips per Route per day | Total number of Trips per Route per Annum | Total Number of Passengers traveling per Annum (100% Cap.) | Total Number of Passengers traveling per Annum (70% Cap.) |
|---------------------|---------------------------|---------------------------------|---|--|--|---|
| | <i>A</i> | <i>B</i> | <i>C=(A*B)</i> | <i>D=C*350</i> (annual no. of working days) | <i>E=D*Passenger Cap. Per vehicle</i> (Table 3) | <i>F=E*70%</i> |
| Lahore – Gujranwala | 2 | 3 | 6 | 2,100 | 33,600 | 23,520 |
| Lahore- Sialkot | 2 | 2 | 4 | 1,400 | 22,400 | 15,680 |
| Lahore – Okara | 2 | 3 | 6 | 2,100 | 33,600 | 23,520 |
| Lahore – Sargodha | 2 | 2 | 4 | 1,400 | 22,400 | 15,680 |
| Lahore- Faisalabad | 2 | 2 | 4 | 1,400 | 42,000 | 29,400 |
| Gujranwala – Lahore | 2 | 3 | 6 | 2,100 | 33,600 | 23,520 |
| Sialkot – Lahore | 2 | 2 | 4 | 1,400 | 22,400 | 15,680 |
| Okara - Lahore | 2 | 3 | 6 | 2,100 | 33,600 | 23,520 |
| Sargodha – Lahore | 2 | 2 | 4 | 1,400 | 22,400 | 15,680 |
| Faisalabad – Lahore | 2 | 2 | 4 | 1,400 | 42,000 | 29,400 |
| Total (PKR) | | | | | 308,000 | 215,600 |

Table 2: Vehicle Assumption

| Cost Item | Passenger Capacity per Vehicle | Number of Vehicles |
|------------------------------|--------------------------------|--------------------|
| Coaster Standard Bus 4100 cc | 30 | 2 |
| Van High Roof 2800 cc | 16 | 8 |
| Total Cost (PKR) | | 10 |

Table 3: Passenger Assumptions

| Route | Bus Type | Number of Passengers/ seats per Vehicle | Number of Routes per day | Total passengers per day |
|---------------------|------------------------------|--|-----------------------------|--------------------------------|
| Lahore – Gujranwala | Van High Roof 2800cc | 16 | 6 | 96 |
| Lahore- Sialkot | Van High Roof 2800cc | 16 | 4 | 64 |
| Lahore – Okara | Van High Roof 2800cc | 16 | 6 | 96 |
| Lahore – Sargodha | Van High Roof 2800cc | 16 | 4 | 64 |
| Lahore – Faisalabad | Coaster Standard Bus 4100 cc | 30 | 4 | 120 |
| Gujranwala – Lahore | Van High Roof 2800cc | 16 | 6 | 96 |
| Sialkot – Lahore | Van High Roof 2800cc | 16 | 4 | 64 |
| Okara – Lahore | Van High Roof 2800cc | 16 | 6 | 96 |
| Sargodha – Lahore | Van High Roof 2800cc | 16 | 4 | 64 |
| Faisalabad – Lahore | Coaster Standard Bus 4100 cc | 30 | 4 | 120 |

Table 4: Route Assumptions

| Route | Bus Type | Number of Buses for Route | Distance in Kms | Traveling Time of Route (mins) | Via |
|---------------------|-----------------------------|---------------------------|-----------------|--------------------------------|--------------|
| Lahore – Gujranwala | Van High Roof 2800cc | 2 | 80 | 100 | NH5 GT Road |
| Lahore- Sialkot | Van High Roof 2800cc | 2 | 140 | 110 | M11 Motorway |
| Lahore – Okara | Van High Roof 2800cc | 2 | 110 | 160 | NH5 GT Road |
| Lahore – Sargodha | Van High Roof 2800cc | 2 | 180 | 180 | M2 Motorway |
| Lahore – Faisalabad | Coaster Standard Bus 4100cc | 2 | 180 | 150 | M2 Motorway |
| Gujranwala – Lahore | Van High Roof 2800cc | 2 | 80 | 100 | NH5 GT Road |
| Sialkot – Lahore | Van High Roof 2800cc | 2 | 140 | 110 | M11 Motorway |
| Okara – Lahore | Van High Roof 2800cc | 2 | 110 | 160 | NH5 GT Road |
| Sargodha – Lahore | Van High Roof 2800cc | 2 | 180 | 180 | M2 Motorway |
| Faisalabad – Lahore | Coaster Standard Bus 4100cc | 2 | 180 | 150 | M2 Motorway |

6. CRITICAL FACTORS

The following factors should be considered while making investment decision:

- Engagement of well experienced and skilled drivers
- Quality of vehicles, in compliance with required standards
- Behavior of staff with passengers
- Hassle-free ticketing procedure
- Courteous dealing with customers and ensuring customer satisfaction
- Reputable and trusted mechanics for vehicles
- Dealing with local market competition by providing on-time and quality services

7. GEOGRAPHICAL POTENTIAL FOR INVESTMENT

The proposed Inter-City Passenger Transport Company may be established in any major city of Pakistan. The proposed cities may include Karachi, Lahore, Islamabad, Peshawar, Multan, Rawalpindi, Quetta, Faisalabad, Hyderabad, etc. These developed cities attract residents from underdeveloped cities and rural areas, who travel back to their home towns/cities on weekly or monthly basis. Furthermore, easy availability of skilled drivers and skilled mechanics in major cities is another important factor for operating a business like this in these cities.

8. POTENTIAL TARGET MARKET

Pakistan has a population around 220 million, 84 million of whom live in cities. The population is growing at 2% per annum and the urban population is expected to increase by 50% in 2050. Pakistanis travel nearly 400 billion passenger kilometers each year and this is expected to rise to 1,000 billion passenger kilometers by 2030.¹

Many in Pakistan do not have enough purchasing power to buy a car, who usually use public transport to commute. With a drastic increase in population and less employment opportunities, people from rural and less developed cities travels to larger cities in search of better employment opportunities better healthcare facilities and better education facilities.

Pakistan's transport system is heavily dependent on road transport, which makes up 90% of national passenger traffic and around 96% of freight movement.² Over the past several years, road traffic, both passenger and freight, has grown much faster than the country's overall economic growth.

¹ <https://www.pc.gov.pk/uploads/downloads/policy.pdf>

² <https://www.finance.gov.pk/survey/chapters/14-Transport%20final08.pdf>

CPEC has invested heavily in the construction of roads and highways, making the movement of passengers smooth and efficient. The impact on the transport sector is expected to be very positive in the coming years.

Without physical access to resources and markets, economic growth and development is not possible. An effective transport system is a fundamental element in enabling sustainable economic development as it helps in promoting the use of natural resources, mobility of labor force and increasing agricultural and industrial production. Transport is also essential for providing access to supply chains and basic public services such as health and education. Removal of physical and non-physical barriers to effective transportation, therefore, has a direct impact on economic and social development of a country. Thus, the government encourages the public transport sector.

The railway is a reasonable mean of transport. However, adequate infrastructure for the railways does not exist in Pakistan and trains are not available in large numbers. The Government of Pakistan has not been interested in promoting railways for inter-city transportation and trains generally do not arrive at their scheduled times. Unavailability of a reliable railway's infrastructure creates a gap in the passenger transport market.

To reduce this gap large number of players like Faisal Movers, Daewoo, Skyways, New Khan, Sania Express, Kohistan, Road Master, etc. provide inter-city passenger transport, using different types of vehicles like luxury, standard and economical buses.

Most of these major players provide transportation facility for long routes only, smaller players provide passenger transportation facilities on small routes, however the quality of vehicles used by them is usually low. The proposed business targets to provide passenger transportation facility at smaller routes, using new coaster buses and commuter vans to enhance the quality of services.

In 2020, Pakistan imported \$57.3M worth of buses, becoming the 52nd largest importer of buses in the world. Pakistan imports Buses primarily from: Japan (\$26.1M), China (\$23.3M), South Korea (\$6.38M), Indonesia (\$1.15M), and United Kingdom (\$329k).

9. PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of the proposed Inter-City Passenger Transport Company. 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 the target market.

9.2. Project Cost

Total cost of the project has been calculated to be PKR 122.51 million. The project will be financed through 100% Equity. Table 5 provides the details of the costs calculated for the proposed production unit.

Table 5: Project Cost

| Description | Amount (PKR) | References |
|---------------------------------|--------------------|------------|
| Land | - | 9.2.1 |
| Building / Infrastructure | 12,867,218 | 9.2.2 |
| Business Vehicles | 100,000,000 | 9.2.3 |
| Allied equipment | 70,000 | 9.2.4 |
| IT Equipment | 1031,000 | 9.2.5 |
| Furniture & Fixtures | 722,000 | 9.2.6 |
| Office Equipment | 1,452,700 | 9.2.7 |
| Office Vehicles | 252,000 | 9.2.8 |
| Pre-operating Costs | 610,724 | 9.2.9 |
| Security against building | 2,025,000 | 9.2.10 |
| Total Capital Cost | 119,030,642 | |
| Working capital | | |
| Machinery spare parts inventory | 480,083 | |
| Upfront insurance payment | 2,000,000 | |
| Cash | 1,000,000 | |

| | | |
|---------------------------------|--------------------|--|
| Total Working capital | 3,480,083 | |
| Total Project Cost (PKR) | 122,510,726 | |

9.2.1 Land

The proposed Inter-City Passenger Transport Company will be established on a rented land to avoid the high cost. Total space requirement for the proposed unit has been estimated as 11,252 sq. ft. The breakup of the space requirement is provided in Table 6.

Table 6: Breakup of Space Requirement

| Break-up of Land Area | Number | % Break-up | Area (Sq. Ft.) |
|-------------------------------|---------------|-------------------|-----------------------|
| Executive office | 1 | 2% | 225 |
| Admin and Accounts Department | 1 | 6% | 675 |
| Ticketing Department | 1 | 5% | 563 |
| Vehicle Bay | 1 | 70% | 7,875 |
| Waiting Area | 1 | 8% | 900 |
| Workshop Area | 1 | 3% | 338 |
| Tuck Shop | 1 | 1% | 113 |
| Rest Area – Drivers | 1 | 3% | 338 |
| Washroom | 4 | 2% | 225 |
| Total | | 100% | 11,252 |

9.2.2 Building Construction and Renovation Cost

There will be a renovation cost as well; required to make the space usable for the business. Furthermore, there will be a construction cost for building the required infrastructure. The proposed project requires electricity load of 16 KW for which an electricity connection under the General Supply Tariff-Industrial three phase will be required. Building rent of PKR 675,000 per month has been included in the operating cost. Building renovation cost is shown in Table 7.

Table 7: Building Construction and Renovation Cost

| Cost Item | Unit of Measurement | Total Liter / Area / Number | Cost / Unit / Sq.foot | Total Cost (PKR) |
|-------------------------------|----------------------------|------------------------------------|------------------------------|-------------------------|
| Construction Cost | | | | |
| Executive office | Sq. Feet | 225 | 2,500 | 562,500 |
| Admin and Accounts Department | Sq. Feet | 675 | 2,500 | 1,687,500 |
| Ticketing Department | Sq. Feet | 563 | 2,500 | 1,406,250 |
| Waiting Area | Sq. Feet | 900 | 2,500 | 2,250,000 |
| Workshop Area | Sq. Feet | 338 | 2,500 | 843,750 |
| Tuck Shop | Sq. Feet | 113 | 2,500 | 281,250 |
| Rest Area - Drivers | Sq. Feet | 338 | 2,500 | 843,750 |
| Washroom | Sq. Feet | 225 | 2,500 | 562,500 |
| Total | | | | 8,437,500 |
| Renovation Cost | | | | |
| Paint Cost | Litre | 129 | 800 | 103,203 |
| Labour Cost | Sq. Feet | 12,900 | 15 | 193,506 |
| Curtains | Number | 2 | 6,000 | 12,000 |
| Blinds | Number | 2 | 7,000 | 14,000 |
| Glass Partition and Doors | Sq. Feet | 955 | 550 | 525,009 |
| Carpet | Sq. Feet | 900 | 60 | 54,000 |
| Bus Bay Area – Flooring | | 7,875 | 200 | 1,575,000 |
| Shed and Frame Cost | | 2,625 | 500 | 1,312,500 |
| Ticketing Counter | | | | 150,000 |
| Gate | | | | 105,000 |
| Boundry Wall | | | | 385,500 |
| Total | | | | 4,429,718 |
| Total (PKR) | | | | 12,867,218 |

Table 8: Gate

| Length (ft) | Height (ft) | Area (sq ft) | Rate/sq ft | Total Cost (PKR) |
|-------------|-------------|--------------|------------|------------------|
| 25 | 7 | 175 | 600 | 105,000 |

Table 9: Boundary Wall

| | Dimensions (ft) | Dimensions without Common Walls (ft) | Dimensions without Common Walls (R ft) | Rate (PKR) | Total Cost (PKR) |
|--------------|-----------------|--------------------------------------|--|------------|------------------|
| Length | 125 | 125 | 125 | 1,500 | 187,500 |
| Width | 90 | 66 | 132 | 1,500 | 198,000 |
| Total | | | | | 385,500 |

9.2.3 Vehicles

Table 10 provides vehicles required for the project.

Table 10: Vehicles

| Cost Item | Number of Vehicles | Unit Cost (PKR) | Total Cost (PKR) |
|------------------------------|--------------------|-----------------|--------------------|
| Coaster Standard Bus 4100 cc | 2 | 16,000,000 | 32,000,000 |
| Van High Roof 2800 cc | 8 | 8,500,000 | 68,000,000 |
| Total Cost (PKR) | 10 | | 100,000,000 |

9.2.4 Allied Equipment

Table 11 provides details of the allied equipment required for the project.

Table 11: Allied Equipment

| Cost Item | No. | Unit Cost (PKR) | Total Cost (PKR) |
|---------------------|-----|-----------------|------------------|
| Mechanical Tool Kit | 6 | 10,000 | 60,000 |
| Electrical Tool Kit | 2 | 5,000 | 10,000 |
| | | | 70,000 |

9.2.5 IT Equipment

Table 12 provides details of the IT equipment required for the project.

Table 12: IT Equipment

| Cost Item | No. | Unit Cost (PKR) | Total Cost (PKR) |
|---------------------------|-----|-----------------|------------------|
| Laptops | 2 | 120,000 | 240,000 |
| Desktop Computers | 6 | 70,000 | 420,000 |
| Office Printer | 4 | 40,000 | 160,000 |
| CCTV Cameras (2MP) | 27 | 3,000 | 81,000 |
| DVR | 2 | 15,000 | 30,000 |
| LED TV (32") | 1 | 40,000 | 40,000 |
| LED TV (43") Waiting Area | 1 | 60,000 | 60,000 |
| Total (PKR) | | | 1,031,000 |

9.2.6 Furniture & Fixtures

Table 13 provides details of the furniture and fixture requirement of the project.

Table 13: Furniture & 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 Table | 7 | 20,000 | 140,000 |
| Office/Visitors Chairs | 17 | 15,000 | 255,000 |
| Sofa Set | 1 | 45,000 | 45,000 |
| Racks | 2 | 15,000 | 30,000 |
| Waiting Area Steel Chairs (Set of 3) | 6 | 27,000 | 162,000 |
| Total Cost (PKR) | | | 722,000 |

9.2.7 Office Equipment

Details of office equipment required for the project are provided in Table 14.

Table 14: Office Equipment

| Cost Item | No. | Unit Cost(PKR) | Total Cost (PKR) |
|---------------|-----|----------------|------------------|
| Cash Register | 1 | 30,000 | 30,000 |

| | | | |
|--------------------------|-----|---------|------------------|
| Air Conditioners-1.5 ton | 7 | 105,000 | 735,000 |
| Exhaust Fan | 9 | 4,500 | 40,500 |
| Bracket Fan | 15 | 10,500 | 157,500 |
| UPS 3 Kva | 1 | 90,000 | 90,000 |
| Batteries 160 Amp | 6 | 25,000 | 150,000 |
| Ceiling Fan | 15 | 8,000 | 120,000 |
| Water Dispenser | 3 | 24,000 | 72,000 |
| Wi-Fi / Internet Router | 2 | 3,500 | 7,000 |
| LED Bulbs | 169 | 300 | 50,700 |
| Total Cost (PKR) | | | 1,452,700 |

9.2.8 Office Vehicles

Details of office vehicles required for the project are provided in Table 15.

Table 15: Office Vehicles

| Cost Item | Units | Unit Cost (PKR) | Total Cost (PKR) |
|------------------|----------|-----------------|------------------|
| Motorcycle | 2 | 120,000 | 240,000 |
| Registration Fee | | 6,000 | 12,000 |
| Total | 2 | | 252,000 |

9.2.9 Pre-Operating Cost

Details of pre-operating cost for the project are provided in Table 16.

Table 16: Pre-Operating Cost

| Cost Item | Number of Months | Total Cost (PKR) |
|-----------------------------|------------------|------------------|
| Administration expense | 1 | 480,000 |
| Utilities expense | 1 | 119,924 |
| Vehicle Fitness Certificate | 1 | 10,800 |
| Total | | 610,724 |

9.2.10 Security against Building

Details of security against building for the project are provided in Table 17.

Table 17: Security against Building

| Cost Item | Months | Unit Cost / Month (PKR) | Total Cost (PKR) |
|---------------------------|--------|-------------------------|------------------|
| Security against Building | 3 | 675,000 | 2,025,000 |

9.3. Financial Feasibility Analysis

The financial feasibility analysis given in Table 18 provides the information regarding projected IRR, NPV and payback period of the study based on 100% equity.

Table 18: Financial Feasibility Analysis

| Description | Project |
|----------------------------|-------------|
| IRR | 52% |
| NPV (PKR) | 164,112,637 |
| Payback Period (years) | 2.43 |
| Projection Years | 10 |
| Discount Rate used for NPV | 25% |

9.4. Financial Feasibility Debt Financing

Table 19 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 19: Financial Feasibility Debt Financing

| Description | Project |
|----------------------------|-------------|
| IRR | 50% |
| NPV (PKR) | 192,269,945 |
| Payback Period (years) | 2.58 |
| Projection Years | 10 |
| Discount Rate used for NPV | 22% |

9.5. Breakeven Analysis

Breakeven analysis is provided in Table 20.

Table 20: Breakeven Analysis

| Particulars | Amount First Year (PKR) | Ratio |
|------------------------------------|-------------------------|-------|
| Sales (PKR) – A | 152,096,000 | 100% |
| Variable Cost (PKR) – B | 87,909,159 | 58% |
| Contribution (PKR) (A-B) = C | 64,186,841 | 42% |
| Fixed Cost (PKR) – D | 38,067,502 | 25% |
| Break Even Revenue (PKR) (D/CM) =E | 90,204,076 | |
| Breakeven No. of Passenger | 127,867 | |
| Breakeven Capacity | 42% | |

9.6. Revenue Generation

Based on the 70% capacity utilization of the unit, sales revenues during the first year of operations is estimated in Table 21.

Table 21: Revenue Generation

| Particulars | Number of Passengers/ seats per Vehicle | Number of Routes per day | Total passengers per day | Passenger Capacity Year-1 | Price Per Ticket (PKR) | Revenue Year-1 (PKR) (A*B) |
|----------------------|--|--------------------------|--------------------------|--|------------------------|----------------------------|
| | <i>A</i> | <i>B</i> | <i>C=(A*B)</i> | <i>D=C*350(Working days) *70% (Capacity Utilization)</i> | <i>E</i> | <i>C=(D*E)</i> |
| Lahore – Gujranwala | 16 | 6 | 96 | 23,520 | 410 | 9,643,200 |
| Lahore- Sialkot | 16 | 4 | 64 | 15,680 | 720 | 11,289,600 |
| Lahore – Okara | 16 | 6 | 96 | 23,520 | 560 | 13,171,200 |
| Lahore – Sargodha | 16 | 4 | 64 | 15,680 | 950 | 14,896,000 |
| Lahore- Faisalabad | 30 | 4 | 120 | 29,400 | 920 | 27,048,000 |
| Gujranwala - Lahore | 16 | 6 | 96 | 23,520 | 410 | 9,643,200 |
| Sialkot - Lahore | 16 | 4 | 64 | 15,680 | 720 | 11,289,600 |
| Okara - Lahore | 16 | 6 | 96 | 23,520 | 560 | 13,171,200 |
| Sargodha - Lahore | 16 | 4 | 64 | 15,680 | 950 | 14,896,000 |
| Faisalabad - Lahore | 30 | 4 | 120 | 29,400 | 920 | 27,048,000 |
| Total Revenue | | | | 215,600 | | 152,096,000 |

9.7. Variable Cost Estimate

Variable costs of the project have been provided in detail in Table 22.

Table 22: Variable Cost Estimate

| Variable Cost | Cost (PKR) | Reference |
|---|-------------------|-----------|
| Operational Cost-1 Fuel Cost | 63,753,900 | Table 23 |
| Operational Cost-2 Toll Tax | 5,289,207 | Table 25 |
| Operational Cost-3 Payrolls of Direct Staff | 9,480,000 | Table 26 |
| Operational Cost-4 Vehicle maintenance cost | 5,761,000 | Table 27 |
| Operational Cost-5 Challan Cost | 1,520,960 | Table 29 |
| Operational Cost-6 Other Terminal Cost | 371,000 | Table 28 |
| Electricity Expense | 1,439,092 | |
| Office vehicle running and maint. expense | 294,000 | |
| Total Variable Cost | 87,909,159 | |

Table 23: Fuel Cost Calculation

| Route | Total Distance per trip (Km) | Fuel Consumption per Trip (Litre) | Diesel Rate (PKR) | Number of Trips (Year-1) | Fuel Cost per trip (PKR) | Fuel Cost per Annum Year-1 |
|------------------------------|------------------------------|-----------------------------------|-------------------|--------------------------|--------------------------|----------------------------|
| | <i>A (Table 4)</i> | <i>B</i> | <i>C</i> | <i>D (Table 1)</i> | <i>E</i> | <i>F=(D*E)</i> |
| Lahore – Gujranwala | 80 | 8.9 | 350* | 1,470 | 3,111 | 4,573,170 |
| Lahore- Sialkot | 140 | 15.6 | | 980 | 5,444 | 5,335,120 |
| Lahore – Okara | 110 | 12.2 | | 1,470 | 4,278 | 6,288,660 |
| Lahore – Sargodha | 180 | 20 | | 980 | 7,000 | 6,860,000 |
| Lahore- Faisalabad | 180 | 25.7 | | 980 | 9,000 | 8,820,000 |
| Gujranwala - Lahore | 80 | 8.9 | | 1,470 | 3,111 | 4,573,170 |
| Sialkot – Lahore | 140 | 15.6 | | 980 | 5,444 | 5,335,120 |
| Okara – Lahore | 110 | 12.2 | | 1,470 | 4,278 | 6,288,660 |
| Sargodha – Lahore | 180 | 20.0 | | 980 | 7,000 | 6,860,000 |
| Faisalabad – Lahore | 180 | 25.7 | | 980 | 9,000 | 8,820,000 |
| Total Fuel Cost (PKR) | | | | | | 63,753,900 |

*Current fuel rates have been increased by 25% to account for the inflation in the near future.

Table 24: Fuel Cost Assumption

| Route | Vehicle Type | Total Distance per trip (Km) | Vehicle Fuel Average (Km per Liter) | Fuel Consumption per Trip (Litre) |
|---------------------|-----------------------------|------------------------------|-------------------------------------|-----------------------------------|
| | | A (Table 4) | B | C=(A/B) |
| Lahore – Gujranwala | Van High Roof 2800cc | 80 | 9 | 8.9 |
| Lahore- Sialkot | Van High Roof 2800cc | 140 | 9 | 15.6 |
| Lahore – Okara | Van High Roof 2800cc | 110 | 9 | 12.2 |
| Lahore – Sargodha | Van High Roof 2800cc | 180 | 9 | 20 |
| Lahore- Faisalabad | Coaster Standard Bus 4100cc | 180 | 7 | 25.7 |
| Gujranwala – Lahore | Van High Roof 2800cc | 80 | 9 | 8.9 |
| Sialkot – Lahore | Van High Roof 2800cc | 140 | 9 | 15.6 |
| Okara – Lahore | Van High Roof 2800cc | 110 | 9 | 12.2 |
| Sargodha – Lahore | Van High Roof 2800cc | 180 | 9 | 20.0 |
| Faisalabad – Lahore | Coaster Standard Bus 4100cc | 180 | 7 | 25.7 |

Table 25: Toll Tax Cost Calculation

| Route | Route | Toll Tax Percentage relative to the route | Fuel Cost per Annum (PKR) | Average Toll Tax per Annum (PKR) | Average Toll Tax per Annum @ 70% Capacity(PKR) |
|-------------------------|--------------|---|---------------------------|----------------------------------|--|
| | A | B | C (Table 23) | D=(B*C) | E=D*70% |
| Lahore – Gujranwala | NH5 GT Road | 5% | 6,533,100 | 326,655 | 228,659 |
| Lahore- Sialkot | M11 Motorway | 10% | 7,621,600 | 762,160 | 533,512 |
| Lahore – Okara | NH5 GT Road | 5% | 8,983,800 | 449,190 | 314,433 |
| Lahore – Sargodha | M2 Motorway | 10% | 9,800,000 | 980,000 | 686,000 |
| Lahore- Faisalabad | M2 Motorway | 10% | 12,600,000 | 1,260,000 | 882,000 |
| Gujranwala - Lahore | NH5 GT Road | 5% | 6,533,100 | 326,655 | 228,659 |
| Sialkot – Lahore | M11 Motorway | 10% | 7,621,600 | 762,160 | 533,512 |
| Okara – Lahore | NH5 GT Road | 5% | 8,983,800 | 449,190 | 314,433 |
| Sargodha – Lahore | M2 Motorway | 10% | 9,800,000 | 980,000 | 686,000 |
| Faisalabad - Lahore | M2 Motorway | 10% | 12,600,000 | 1,260,000 | 882,000 |
| Total Cost (PKR) | | | 91,077,000 | 7,556,010 | 5,289,208 |

Table 26: Payroll of Direct Staff

| Particular | No. of Personnel | Salary per month (PKR) | Salary per Annum(PKR) |
|--------------------|------------------|------------------------|-----------------------|
| | <i>A</i> | <i>B</i> | $C=A*B*12$ |
| Supervisor | 1 | 70,000 | 840,000 |
| Drivers | 12 | 60,000 | 8,640,000 |
| Total (PKR) | | | 9,480,000 |

Table 27: Vehicle Maintenance Cost Calculation

| Vehicle | No of vehicles | Oil Change per 5000 Km per Vehicle | General maintenance Per 5000 Km | Distance Covered per Annum | Total Vehicle Maintenance Cost |
|-----------------------------|----------------|------------------------------------|---------------------------------|----------------------------|--------------------------------|
| | <i>A</i> | <i>B</i> | <i>C</i> | <i>D</i> | $E=(A+B)*D/5000$ |
| Van High Roof 2800cc | 8 | 5,500 | 6,000 | 1,694,000 | 3,896,200 |
| Coaster Standard Bus 4100cc | 2 | 8,500 | 10,000 | 504,000 | 1,864,800 |
| Total (PKR) | | | | | 5,761,000 |

Table 28: Other Terminal Cost Calculation

| Route | Frequency of vehicle arrival on the city terminal | Bus Terminal charges per trip per bus (PKR) | Total Bus Terminal charges per day (PKR) | Total Annual Cost (PKR) |
|-------------------------|---|---|--|--------------------------------------|
| | <i>A</i> | <i>B</i> | <i>C=(A*B)</i> | <i>D=C*350 (annual working days)</i> |
| Lahore – Gujranwala | 3 | 80 | 240 | 84,000 |
| Lahore- Sialkot | 2 | 80 | 160 | 56,000 |
| Lahore – Okara | 3 | 80 | 240 | 84,000 |
| Lahore – Sargodha | 2 | 80 | 160 | 56,000 |
| Lahore- Faisalabad | 2 | 130 | 260 | 91,000 |
| Total Cost (PKR) | | | | 371,000 |

Table 29: Challan Cost Calculation

| Annual Revenue (PKR) | Challan Percentage of fuel Cost | Annual Challan Cost (PKR) |
|----------------------|---------------------------------|---------------------------|
| <i>A</i> | <i>B</i> | $C=(A*B)$ |
| 152,096,000 | 1% | 1,520,960 |

9.8. Fixed Cost Estimate

Table 30 provides details of fixed cost for the project.

Table 30: Fixed Cost Estimate

| Fixed Cost | Cost (PKR) |
|---|-------------------|
| Administration expense | 11,700,000 |
| Administration benefits expense | 2,118,000 |
| Building rental expense | 8,100,000 |
| Office expenses (software, ticketing, stationery, entertainment, janitorial services, etc.) | 1,170,000 |
| Promotional expense | 760,480 |
| Insurance expense | 2,000,000 |
| Depreciation expense | 12,036,077 |
| Fitness certificate, Professional fees (legal, audit, consultants, etc.) | 60,800 |
| Amortization of pre-operating costs | 122,145 |
| Total Cost (PKR) | 38,067,502 |

Table 31: Management Staff

| Designation | No of Persons | Average Monthly Salary (PKR) | Total Salary (PKR) |
|-------------------------|---------------|------------------------------|--------------------|
| CEO | 1 | 150,000 | 1,800,000 |
| Manager | 1 | 80,000 | 960,000 |
| Indirect Staff | | | |
| Helping Staff | 6 | 25,000 | 1,800,000 |
| Vehicle Mechanic | 2 | 40,000 | 960,000 |
| Ticketing Person-Senior | 4 | 40,000 | 1,920,000 |

| | | | |
|-----------------------------|---|--------|-------------------|
| Ticketing Person-Junior | 2 | 30,000 | 720,000 |
| Accounts and Admin Incharge | 1 | 50,000 | 600,000 |
| Accounts Assistant | 1 | 35,000 | 420,000 |
| Admin Assistant | 1 | 35,000 | 420,000 |
| Security Guard | 6 | 25,000 | 1,800,000 |
| Office Boy | 1 | 25,000 | 300,000 |
| Total (PKR) | | | 11,700,000 |

9.9. Human Resource Requirement

For the 1st year of operations, the company shall require the workforce at a salary cost. Table 32 provides details of labor required

Table 32: Human Resource-Permanent Labor

| Designation | No of Persons | Average Monthly Salary (PKR) | Total Salary (PKR) |
|-----------------------------|---------------|------------------------------|--------------------|
| CEO | 1 | 150,000 | 1,800,000 |
| Manager | 1 | 80,000 | 960,000 |
| Vehicles Staff | | | |
| Supervisor | 1 | 70,000 | 840,000 |
| Drivers | 12 | 60,000 | 8,640,000 |
| Indirect Staff | | | 0 |
| Helping Staff | 6 | 25,000 | 1,800,000 |
| Vehicle Mechanic | 2 | 40,000 | 960,000 |
| Ticketing Person-Senior | 4 | 40,000 | 1,920,000 |
| Ticketing Person-Junior | 2 | 30,000 | 720,000 |
| Accounts and Admin Incharge | 1 | 50,000 | 600,000 |
| Accounts Assistant | 1 | 35,000 | 420,000 |
| Admin Assistant | 1 | 35,000 | 420,000 |
| Security Guard | 6 | 25,000 | 1,800,000 |
| Office Boy | 1 | 25,000 | 300,000 |
| Total | 39 | | 21,180,000 |

10. CONTACT DETAILS

Details of some vehicle and tool kit suppliers are provided in Table 33.

Table 33: Contact Details

| Name of Supplier | Category | Location | Website | Contact |
|--------------------------------|-----------------|------------------|---|---------------------|
| Toyota Indus Motor Company | Coaster and Van | All Major Cities | https://www.toyota-indus.com/ | +92-21-34721100 |
| Hyundai Nishat Motor | Van | All Major Cities | http://www.hyundai-nishat.com | +92-042-111-111-466 |
| Tool Bazaar | Tool Kits | Karachi | https://toolbazaar.pk/ | 03 111 444 084 |
| Tools Mart | Tool Kits | All Major Cities | https://www.toolsmart.pk/ | 03316224453 |
| Auto Hub | Tool Kits | All Major Cities | https://autohub.pk/ | 0320-2886482 |
| Shoppers PK | Tool Kits | All Major Cities | https://www.shopperspk.com/ | 0311-6646222 |
| Qasim Tools and Hardware Store | Tool Kits | Lahore | | 0302 4177116 |

11. USEFUL LINKS

Table 34: 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/ |
| Transport Department Government of Punjab | https://transport.punjab.gov.pk/ |
| Transport Department Government of Khyber Pakhtunkhwa | https://newtransport.kp.gov.pk/ |
| Transport Department Government of Sindh | https://transport.sindh.gov.pk/ |
| Transport Department Government of Balochistan | https://balochistan.gov.pk/departments/provincial-transport-authority/ |
| National Highway Department of Pakistan | https://www.nha.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 |

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 |
| Lahore - Gujranwala | 9,643,200 | 12,155,942 | 15,084,005 | 16,637,658 | 18,351,336 | 20,241,524 | 22,326,401 | 24,626,020 | 27,162,500 | 29,960,238 |
| Lahore - Sialkot | 11,289,600 | 14,231,347 | 17,659,323 | 19,478,233 | 21,484,491 | 23,697,394 | 26,138,225 | 28,830,463 | 31,800,000 | 35,075,400 |
| Lahore - Okara | 13,171,200 | 16,603,238 | 20,602,543 | 22,724,605 | 25,065,240 | 27,646,959 | 30,494,596 | 33,635,540 | 37,100,000 | 40,921,300 |
| Lahore - Sargodha | 14,896,000 | 18,777,472 | 23,300,496 | 25,700,447 | 28,347,593 | 31,267,395 | 34,487,936 | 38,040,194 | 41,958,334 | 46,280,042 |
| Lahore - Faisalabad | 27,048,000 | 34,095,936 | 42,308,795 | 46,666,600 | 51,473,260 | 56,775,006 | 62,622,832 | 69,072,983 | 76,187,501 | 84,034,813 |
| Gujranwala - Lahore | 9,643,200 | 12,155,942 | 15,084,005 | 16,637,658 | 18,351,336 | 20,241,524 | 22,326,401 | 24,626,020 | 27,162,500 | 29,960,238 |
| Sialkot - Lahore | 11,289,600 | 14,231,347 | 17,659,323 | 19,478,233 | 21,484,491 | 23,697,394 | 26,138,225 | 28,830,463 | 31,800,000 | 35,075,400 |
| Okara - Lahore | 13,171,200 | 16,603,238 | 20,602,543 | 22,724,605 | 25,065,240 | 27,646,959 | 30,494,596 | 33,635,540 | 37,100,000 | 40,921,300 |
| Sargodha - Lahore | 14,896,000 | 18,777,472 | 23,300,496 | 25,700,447 | 28,347,593 | 31,267,395 | 34,487,936 | 38,040,194 | 41,958,334 | 46,280,042 |
| Faisalabad - Lahore | 27,048,000 | 34,095,936 | 42,308,795 | 46,666,600 | 51,473,260 | 56,775,006 | 62,622,832 | 69,072,983 | 76,187,501 | 84,034,813 |
| Total Revenue | 152,096,000 | 191,727,872 | 237,910,323 | 262,415,086 | 289,443,840 | 319,256,556 | 352,139,981 | 388,410,399 | 428,416,670 | 472,543,587 |
| Cost of sales | | | | | | | | | | |
| Operational Cost-1 Fuel Cost | 63,753,900 | 79,273,421 | 97,030,667 | 105,569,366 | 114,859,470 | 124,967,103 | 135,964,208 | 147,929,059 | 160,946,816 | 175,110,136 |
| Operational Cost-2 Toll Tax | 5,289,207 | 6,667,423 | 8,273,439 | 9,125,603 | 10,065,540 | 11,102,291 | 12,245,827 | 13,507,147 | 14,898,383 | 16,432,916 |
| Operational Cost-3 Payrolls of Direct Staff | 9,480,000 | 10,399,560 | 11,408,317 | 12,514,924 | 13,728,872 | 15,060,572 | 16,521,448 | 18,124,028 | 19,882,059 | 21,810,619 |
| Operational Cost-4 Vehicle maintenance cost | 5,761,000 | 6,354,383 | 7,008,884 | 7,730,800 | 8,527,072 | 9,405,360 | 10,374,112 | 11,442,646 | 12,621,239 | 13,921,226 |
| Operational Cost-5 Challan Cost | 1,520,960 | 1,917,279 | 2,379,103 | 2,624,151 | 2,894,438 | 3,192,566 | 3,521,400 | 3,884,104 | 4,284,167 | 4,725,436 |
| Operational Cost-6 Other Terminal Cost | 371,000 | 409,213 | 451,362 | 497,852 | 549,131 | 605,691 | 668,078 | 736,890 | 812,789 | 896,507 |
| Total cost of sales | 86,176,067 | 105,021,279 | 126,551,773 | 138,062,695 | 150,624,523 | 164,333,584 | 179,295,073 | 195,623,874 | 213,445,452 | 232,896,839 |
| Gross Profit | 65,919,933 | 86,706,593 | 111,358,550 | 124,352,391 | 138,819,317 | 154,922,972 | 172,844,908 | 192,786,526 | 214,971,218 | 239,646,748 |
| General administration & selling expenses | | | | | | | | | | |
| Administration expense | 11,700,000 | 12,834,900 | 14,079,885 | 15,445,634 | 16,943,861 | 18,587,415 | 20,390,394 | 22,368,263 | 24,537,984 | 26,918,169 |
| Administration benefits expense | 2,118,000 | 2,323,446 | 2,548,820 | 2,796,056 | 3,067,273 | 3,364,799 | 3,691,184 | 4,049,229 | 4,442,004 | 4,872,879 |
| Building rental expense | 8,100,000 | 8,910,000 | 9,801,000 | 10,781,100 | 11,859,210 | 13,045,131 | 14,349,644 | 15,784,609 | 17,363,069 | 19,099,376 |
| Electricity Expense | 1,439,092 | 1,552,780 | 1,675,450 | 1,807,810 | 1,950,627 | 2,104,727 | 2,271,000 | 2,450,409 | 2,643,991 | 2,852,867 |
| Office vehicle running and maintenance cost | 294,000 | 324,282 | 357,683 | 394,524 | 435,160 | 479,982 | 529,420 | 583,950 | 644,097 | 710,439 |
| Office expenses (software, ticketing, stationery, entertainment, jan) | 1,170,000 | 1,283,490 | 1,407,989 | 1,544,563 | 1,694,386 | 1,858,742 | 2,039,039 | 2,236,826 | 2,453,798 | 2,691,817 |
| Promotional expense | 760,480 | 958,639 | 1,189,552 | 1,312,075 | 1,447,219 | 1,596,283 | 1,760,700 | 1,942,052 | 2,142,083 | 2,362,718 |
| Insurance expense | 2,000,000 | 1,800,000 | 1,600,000 | 1,400,000 | 1,200,000 | 1,000,000 | 800,000 | 600,000 | 400,000 | 200,000 |
| Fitness certificate, Professional fees (legal, audit, consultants, etc.) | 60,800 | 67,062 | 73,970 | 81,589 | 89,992 | 99,262 | 109,486 | 120,763 | 133,201 | 146,921 |
| Depreciation expense | 12,036,077 | 12,036,077 | 11,981,027 | 12,176,491 | 12,176,491 | 12,101,382 | 12,246,796 | 12,702,280 | 12,599,794 | 12,963,850 |
| Amortization of pre-operating costs | 122,145 | 122,145 | 122,145 | 122,145 | 122,145 | - | - | - | - | - |
| Subtotal | 39,800,593 | 42,212,821 | 44,837,520 | 47,861,988 | 50,986,365 | 54,237,722 | 58,187,663 | 62,838,381 | 67,360,023 | 72,819,036 |
| Operating Income | 26,119,340 | 44,493,772 | 66,521,031 | 76,490,403 | 87,832,952 | 100,685,251 | 114,657,245 | 129,948,145 | 147,611,195 | 166,827,712 |
| Other income (interest on cash) | - | - | - | - | - | - | - | - | - | - |
| Other income Tuck Shop Rent) | 360,000 | 397,080 | 437,979 | 483,091 | 532,849 | 587,733 | 648,269 | 715,041 | 788,690 | 869,926 |
| Gain / (loss) on sale of office equipment | - | - | - | - | - | - | 363,175 | - | - | - |
| Gain / (loss) on sale of office vehicles | - | - | - | - | - | - | 63,000 | - | - | - |
| Earnings Before Interest & Taxes | 26,479,340 | 44,890,852 | 66,959,010 | 76,973,494 | 88,365,801 | 101,272,984 | 115,731,689 | 130,663,186 | 148,399,885 | 167,697,638 |
| Earnings Before Tax | 26,479,340 | 44,890,852 | 66,959,010 | 76,973,494 | 88,365,801 | 101,272,984 | 115,731,689 | 130,663,186 | 148,399,885 | 167,697,638 |
| Tax | 1,901,200 | 2,396,598 | 2,973,879 | 3,280,189 | 3,618,048 | 3,990,707 | 4,401,750 | 4,855,130 | 5,355,208 | 5,906,795 |
| NET PROFIT/(LOSS) AFTER TAX | 24,578,140 | 42,494,253 | 63,985,131 | 73,693,305 | 84,747,753 | 97,282,277 | 111,329,940 | 125,808,056 | 143,044,677 | 161,790,843 |

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 | 1,000,000 | 24,804,508 | 52,069,840 | 80,939,330 | 107,173,409 | 131,887,493 | 154,303,010 | 174,952,435 | 201,228,639 | 226,189,482 | 260,745,374 |
| Spare Parts Inventory | 480,083 | 580,367 | 701,599 | 848,154 | 1,025,323 | 1,239,501 | 1,498,418 | 1,811,420 | 2,189,804 | 2,647,227 | - |
| Pre-paid building rent | - | 742,500 | 816,750 | 898,425 | 988,268 | 1,087,094 | 1,195,804 | 1,315,384 | 1,446,922 | 1,591,615 | - |
| Pre-paid insurance | 2,000,000 | 1,800,000 | 1,600,000 | 1,400,000 | 1,200,000 | 1,000,000 | 800,000 | 600,000 | 400,000 | 200,000 | - |
| Total Current Assets | 3,480,083 | 27,927,375 | 55,188,188 | 84,085,910 | 110,387,000 | 135,214,088 | 157,797,232 | 178,679,239 | 205,265,365 | 230,628,324 | 260,745,374 |
| <i>Fixed assets</i> | | | | | | | | | | | |
| Land | - | - | - | - | - | - | - | - | - | - | - |
| Building / Infrastructure- Renovation Cost | 12,867,218 | 11,580,496 | 10,293,774 | 9,007,053 | 7,720,331 | 6,433,609 | 5,146,887 | 3,860,165 | 2,573,444 | 1,286,722 | - |
| Vehicles | 100,000,000 | 90,000,000 | 80,000,000 | 70,000,000 | 60,000,000 | 50,000,000 | 40,000,000 | 30,000,000 | 20,000,000 | 10,000,000 | - |
| Allied Equipment | 70,000 | 45,500 | 21,000 | 92,157 | 59,902 | 27,647 | 121,328 | 78,863 | 36,398 | 159,732 | 103,826 |
| Furniture & fixtures | 722,000 | 613,700 | 505,400 | 397,100 | 288,800 | 180,500 | 72,200 | 1,371,548 | 1,165,816 | 960,084 | 754,352 |
| Office vehicles | 252,000 | 214,200 | 176,400 | 138,600 | 100,800 | 63,000 | 25,200 | 523,192 | 444,714 | 366,235 | 287,756 |
| IT Equipment | 1,031,000 | 670,150 | 309,300 | 1,410,028 | 916,518 | 423,008 | 1,928,397 | 1,253,458 | 578,519 | 2,637,336 | 1,714,268 |
| Office equipment | 1,452,700 | 1,234,795 | 1,016,890 | 798,985 | 581,080 | 363,175 | 145,270 | 2,759,623 | 2,345,680 | 1,931,736 | 1,517,793 |
| Security Against Building | 2,025,000 | 2,025,000 | 2,025,000 | 2,025,000 | 2,025,000 | 2,025,000 | 2,025,000 | 2,025,000 | 2,025,000 | 2,025,000 | 2,025,000 |
| Total Fixed Assets | 118,419,918 | 106,383,841 | 94,347,764 | 83,868,922 | 71,692,431 | 59,515,939 | 49,464,283 | 41,871,851 | 29,169,571 | 19,366,845 | 6,402,995 |
| <i>Intangible assets</i> | | | | | | | | | | | |
| Pre-operation costs | 610,724 | 488,579 | 366,435 | 244,290 | 122,145 | - | - | - | - | - | - |
| Legal, licensing, & training costs | - | - | - | - | - | - | - | - | - | - | - |
| Total Intangible Assets | 610,724 | 488,579 | 366,435 | 244,290 | 122,145 | - | - | - | - | - | - |
| TOTAL ASSETS | 122,510,726 | 134,799,795 | 149,902,387 | 168,199,122 | 182,201,576 | 194,730,028 | 207,261,515 | 220,551,090 | 234,434,936 | 249,995,169 | 267,148,369 |
| Liabilities & Shareholders' Equity | | | | | | | | | | | |
| <i>Current liabilities</i> | | | | | | | | | | | |
| <i>Shareholders' equity</i> | | | | | | | | | | | |
| Paid-up capital | 122,510,726 | 122,510,726 | 122,510,726 | 122,510,726 | 122,510,726 | 122,510,726 | 122,510,726 | 122,510,726 | 122,510,726 | 122,510,726 | 122,510,726 |
| Retained earnings | - | 12,289,070 | 27,391,662 | 45,688,396 | 59,690,851 | 72,219,302 | 84,750,789 | 98,040,364 | 111,924,210 | 127,484,444 | 144,637,643 |
| Total Equity | 122,510,726 | 134,799,795 | 149,902,387 | 168,199,122 | 182,201,576 | 194,730,028 | 207,261,515 | 220,551,090 | 234,434,936 | 249,995,169 | 267,148,369 |
| TOTAL CAPITAL AND LIABILITIES | 122,510,726 | 134,799,795 | 149,902,387 | 168,199,122 | 182,201,576 | 194,730,028 | 207,261,515 | 220,551,090 | 234,434,936 | 249,995,169 | 267,148,369 |

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 | | 24,578,140 | 42,494,253 | 63,985,131 | 73,693,305 | 84,747,753 | 97,282,277 | 111,329,940 | 125,808,056 | 143,044,677 | 161,790,843 |
| Add: depreciation expense | | 12,036,077 | 12,036,077 | 11,981,027 | 12,176,491 | 12,176,491 | 12,101,382 | 12,246,796 | 12,702,280 | 12,599,794 | 12,963,850 |
| amortization of pre-operating costs | | 122,145 | 122,145 | 122,145 | 122,145 | 122,145 | - | - | - | - | - |
| Consumable inventory | (480,083) | (100,284) | (121,232) | (146,556) | (177,169) | (214,178) | (258,917) | (313,002) | (378,384) | (457,424) | 2,647,227 |
| Pre-paid building rent | - | (742,500) | (74,250) | (81,675) | (89,843) | (98,827) | (108,709) | (119,580) | (131,538) | (144,692) | 1,591,615 |
| Advance insurance premium | (2,000,000) | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| Cash provided by operations | (2,480,083) | 36,093,578 | 54,656,993 | 76,060,072 | 85,924,930 | 96,933,385 | 109,216,033 | 123,344,153 | 138,200,414 | 155,242,355 | 179,193,536 |
| | | | | | | | | | | | |
| Issuance of shares | 122,510,726 | - | - | - | - | - | - | - | - | - | - |
| Purchase of (treasury) shares | | | | | | | | | | | |
| Cash provided by / (used for) financing activities | 122,510,726 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | | | |
| <i>Investing activities</i> | | | | | | | | | | | |
| Capital expenditure | (119,030,642) | - | - | (1,502,185) | - | - | (2,049,725) | (4,654,364) | - | (2,797,068) | - |
| Acquisitions | | | | | | | | | | | |
| Cash (used for) / provided by investing activities | (119,030,642) | - | - | (1,502,185) | - | - | (2,049,725) | (4,654,364) | - | (2,797,068) | - |
| | | | | | | | | | | | |
| NET CASH | 1,000,000 | 36,093,578 | 54,656,993 | 74,557,887 | 85,924,930 | 96,933,385 | 107,166,307 | 118,689,789 | 138,200,414 | 152,445,286 | 179,193,536 |

13. KEY ASSUMPTIONS

13.1. Operating Cost Assumptions

Table 35: Operating Cost Assumptions

| Description | Details |
|------------------------------------|---------|
| Building rent growth rate | 10% |
| Furniture and fixture depreciation | 15% |
| Vehicle depreciation | 15% |
| Vehicle Engine Depreciation | 40% |
| Office equipment depreciation | 15% |
| Inflation rate | 10.3% |
| Wage growth rate | 9.7% |
| Electricity price growth rate | 7.9% |
| Office equipment price growth rate | 10% |
| Office vehicle price growth rate | 11% |

13.2. Revenue Assumptions

Table 36: Revenue Assumptions

| Description | Details |
|------------------------------|---------|
| Sale price growth rate | 10.3% |
| Initial capacity utilization | 70% |
| Capacity growth rate | 10% |
| Maximum capacity utilization | 90% |

13.3. Financial Assumptions

Table 37: Financial Assumptions

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

13.4. Debt related Assumptions

Table 38: Debt Related Assumptions

| Description | Details |
|----------------------------|---------|
| Project life (Years) | 10 |
| Debt: Equity | 50:50 |
| 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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