



Pre-feasibility Study

Home Carpet Cleaning Service

December 2023

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

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

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1 DISCLAIMER

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Document Control

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2 EXECUTIVE SUMMARY

The residential carpet cleaning market is a substantial and growing industry, driven by homeowners' desire for clean and healthy living spaces. As more people prioritize cleanliness and indoor air quality, the demand for professional carpet cleaning services continues to rise.

The concept of home carpet cleaning in Pakistan is similar to the concept in other parts of the world, but it is influenced by the specific needs, culture, and market conditions of Pakistan. In Pakistan, like in many other countries, homeowners are increasingly aware of the importance of cleanliness and hygiene in their living spaces. Carpets, being common in Pakistani homes, often require thorough cleaning due to dust, dirt, stains, and allergens. Carpets are an integral part of Pakistani culture and interior design, making their maintenance crucial for aesthetic and health reasons. Thus, it can be stated that home carpet cleaning in Pakistan is a growing industry driven by the cultural significance of carpets, increasing awareness of cleanliness and hygiene, and the availability of modern cleaning methods and services.

Home Carpet cleaning service will aim to capitalize on this opportunity by offering high-quality, eco-friendly, and affordable carpet cleaning services; however services provided in accordance with international standards seems very keen to make it popular in the market, which surely will be a huge success.

Home Carpet Cleaning Service is proposed to be located in any metro-Politian city in Pakistan with higher population density, for instance the same service may be provided in cities like Quetta, Karachi, Lahore, Peshawar and Multan.

Services offered through this initiative would include Carpet Cleaning at door steps of the customer without any hassle. Equipment and trained personnel will travel directly to customers' homes to deliver comprehensive carpet cleaning services at their convenience.

The installed unit would have the Capacity to provide carpet cleaning services of 792,000SQ.ft of the services and will initially operate at 80% capacity utilization increasing by annually 5%.

The proposed business requires a total investment of Rs. 3.431 million. This includes capital investment of Rs. 2.202 million and working capital of Rs. 1.296 million. The project will be established using 100% equity financing. The Net Present Value (NPV) of project is Rs. 12.203 million with an Internal Rate of Return (IRR) of 64% and Payback period of 2.36 years. The proposed project may also be established using leveraged financing. At 50% financing at a cost of 28%, the proposed business provides Net Present Value (NPV) of Rs. 11.551 million, Internal Rate of Return (IRR) of 61% and Payback period of 2.44 years.

The most critical considerations or factors for success of the project are:

- The service should be provided in accordance with International standards and quality
- Location of the unit would play vital role in this projects success.
- Marketing through proper channels could attract more customers moreover awareness about the service should be taken into consideration while marketing the product.
- Procurement of raw material from trusted suppliers and below market rates.
- Human resource would play vital role in manufacturing henceforth well trained staff would be required to run the project successfully.
- Market research should be done to identify market gaps moreover most recent trends may be identified and service may be reshaped or improved in accordance with demand.

3 INTRODUCTION TO SMEDA

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

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

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

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

4 PURPOSE OF THE DOCUMENT

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

The purpose of this document is to facilitate potential investors in **Home carpet cleaning service** by providing them with a general understanding of the business with the intention of supporting potential investors in crucial investment decisions.

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

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

5 BRIEF DESCRIPTION OF PROJECT & PRODUCT

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

- **Technology:** The proposed unit is likely to be equipped with modern carpet scrubbing machines, commercial grade vacuum cleaners Wet/Dry, wipers and water buckets. However constant efforts may be done for up gradation of the machinery.
- **Location:** The proposed unit is to be located in metro-Politian cities like Karachi, Lahore, and Peshawar and at location where population density is high and where Individuals are cognizant of the significance of cleanliness and hygiene.
- **Product:** The unit would provide carpet cleaning services to customers at their door steps.
- **Target Market:** In addition to market in Karachi, Lahore, Quetta and Islamabad an enormous expansion opportunities are available in small cities of the country.
- **Employment Generation:** The proposed project will provide employment opportunity to 13 people. Financial analysis shows the unit would be profitable from the very first year of operation.

6 PRODUCTION PROCESS

The Home carpet cleaning service process comprises of the following stages.

1. Customer contact and scheduling
2. Pre-service assessment
3. Cleaning process
4. Final inspection

1. Customer contact and scheduling

The process begins with customer contact and scheduling. Customers either reach out to the service provider or book appointments through the company's contact number. Customer service representatives may engage with clients to understand their specific needs and preferences.

2. Pre-service assessment

On the scheduled day, the carpet cleaning technicians arrive at the customer's location. They conduct a pre-service assessment of the carpets, taking note of their condition, any stains, and areas that require special attention.

3. Cleaning process

The main cleaning process involves the use of specialized carpet cleaning equipment, such as steam cleaners or hot water extraction machines. Staff systematically cleans the carpets, going over each section multiple times to ensure thorough cleaning. The cleaning procedure may be adapted to accommodate variations related to the carpet type, degree of soiling, and the utilization of specialized cleaning agents. Nevertheless, the primary process involves the following steps:

- **Dry Vacuuming:** The initial step involves the thorough dry vacuuming of the carpet to remove loose dirt and debris.
- **Application of Warm Shampoo Solution:** A warm shampoo solution, occasionally supplemented with a controlled quantity of bleach, is carefully poured onto the carpet. This application is executed with precision using specialized equipment or manual distribution from containers.

- **Mechanical Scrubbing:** To eliminate embedded dirt and stains, a mechanized scrubbing machine is employed. This machine systematically agitates the cleaning solution, ensuring comprehensive coverage and effective removal of contaminants.
- **Extraction of Moisture:** Subsequent to the completion of the scrubbing process, excess water and cleaning solution are methodically extracted from the carpet using powerful vacuum equipment. This step is instrumental in expediting the drying process and preventing residual moisture-related issues.

This professional methodology is adaptable to varying carpet conditions and ensures a thorough and efficient cleaning process.

4. Final inspection

Once the carpet is dry, technicians conduct a final inspection to ensure that all cleaning objectives have been met. Any remaining spots or stains are addressed before completion.

7 INSTALLED AND OPERATIONAL CAPACITIES

The proposed unit is set to operate at 80% at capacity utilization initially and shall increase its production by 5% yearly.

The proposed unit has the capacity to provide services of 24,00Sq.Ft of home carpet cleaning service per day. The proposed plant is set to operate for 8 hours per day however services can be increased if needed.

8 CRITICAL FACTORS

- Providing high-quality carpet cleaning services is paramount. The effectiveness of the cleaning process, attention to detail, and the ability to remove stains and odors are critical for customer satisfaction.
- Continuous efforts should be made to upgrade technology.
- Price may be adjusted in accordance to the segment targeted moreover price would play vital role in success of the project.
- Satisfied customers are more likely to become repeat clients and refer your services to others. Prompt communication, professionalism, and addressing customer concerns are essential for maintaining high levels of satisfaction.
- Choosing the right cleaning solutions is critical. Utilize eco-friendly, safe, and effective cleaning products to ensure the health of both customers and technicians.
- Maintain a reliable scheduling system to ensure appointments are met on time. Punctuality and reliability build trust with customers.
- Location of the unit would play a vital role in projects success.
- Continuously seek ways to enhance your services, whether through technology, process improvements, or additional training for your staff.

9 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

Big cities with growing middle income group such as Karachi, Islamabad, Quetta, Lahore, Sukkur and Hyderabad are some of the prospective cities for setting up this business. Cities like Lahore and Karachi with high population density are more favorable for this project.

10 POTENTIAL TARGET CUSTOMERS / MARKETS

Homeowners are a primary target market for home carpet cleaning services. They often seek professional cleaning to maintain the cleanliness and longevity of their carpets. Tenants in rental properties also hire carpet cleaning services at the end of their lease agreements to ensure they receive their security deposits back or simply to enjoy a cleaner living space. Businesses, such as hotels, restaurants, and offices, require carpet cleaning services to maintain a clean and welcoming environment for customers and employees.

11 PROJECT COST SUMMARY

11.1 Project Economics

All the figures in this financial model have been calculated for estimated sales of Rs. 15.840 million in the year one. The capacity utilization during year one is worked out at 80% with 5% increase in subsequent years up to the maximum capacity utilization of 95%.

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

Table 1: Project Economics (100% Equity Based)

Description	Details
Internal Rate of Return (IRR)	64%
Payback Period (Yrs.)	2.36
Net Present Value (Rs.)	12,203,602

Calculation of break-even analysis is as follows:

Table 2: Breakeven (100% Equity Based)

BREAKEVEN ANALYSIS	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Break-Even Revenue	13,657,664.23	11,036,915	10,580,778	10,457,141	10,668,804	10,988,492	11,351,746	11,829,243	12,368,521	12,988,065
Break-Even (Units)	546,307	394,176	352,693	316,883	367,890	274,712	257,994	241,413	229,047	220,137
Margin of Safety	14%	40%	51%	58%	61%	64%	66%	68%	69%	71%

However, for the purposes of further explanation the Project Economics based on Debt: Equity (i.e. 50:50) Model has also been computed. On the basis of Debt: Equity model the Internal Rate of Return, Payback Period and Net Present Value of the proposed project are provide in the table below:

Table 3: Project Economics Based on Debt (50%) : Equity (50%)

Description	Details
Internal Rate of Return (IRR)	61%
Payback Period (Yrs.)	2.44
Net Present Value (Rs.)	11,551,973

The financial assumptions for Debt: Equity are as follows:

Table 4: Financial Assumptions for Debt (50%) :Equity (50%) Model

Description	Details
Debt	50%
Equity	50%
Interest Rate on Debt	28%
Debt Tenure	05 Years

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

11.2 Project Cost

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

Table 5: Project Cost

Description	Amount Rs.
Capital Cost	
Land	-
Building/Infrastructure(leased)	-
Plant and Machinery	1,680,000
Furniture & Fixture	412,000
Office vehicles(Rented)	50,000
Office Equipment	60,000
Pre-operating Cost	-
Total Capital Cost	2,202,000
Working Capital	
Raw Material Inventory	137,280
Upfront building rent	600,000
Upfront office vehicles lease rental	15,123
Upfront insurance payment	17,300
Cash	500,000
Total Working Capital	1,261,123
Total Project Cost	3,471,703

11.3 Space Requirement

The space requirement for the proposed **Home Carpet Cleaning Service** is estimated considering various facilities including Management space (shop) and storage area etc. Details of space requirement and cost related to land & building is given below;

Table 6: Space Requirement

Description	Estimated Area (Sq.ft)	Unit Cost (Rs.)	Total Cost (Rs.)
Shop (management space)	200	Rented	Rented
Storage space	200	Rented	Rented
Total Rent	400	-	50,000

11.4 Machinery & Equipment Requirement

Plant, machinery and equipment for the proposed project are stated below.

Table 7: Machinery & Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
carpet scrubber machine with water tank	3	250,000	750,000
commercial grade vacuum water/dry sucking	3	300,000	900,000
water buckets	6	2,000	12,000
wipers	6	3,000	18,000
Total			1,680,000

11.5 Furniture & Fixtures Requirement

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

Table 8: Furniture & Fixture

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
counter	1	30,000	30,000
tables and chairs(lump sum)	1	150,000	150,000
Electric wiring & lighting(lump sum)	1	200,000	200,000
Fans	4	8,000	32,000
Total			412,000

11.6 Office Equipment Requirement

Following office equipment will be required for Home carpet cleaning service;;

Table 9: Office Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Computer with LCD	1	50,000	50,000
Telephone set	1	10,000	10,000
Total			60,000

11.7 Human Resource Requirement

In order to run operations of **Home Carpet Cleaning Service** smoothly, details of human resources required along with number of employees and monthly salary are recommended as under;

Table 10: Human Resource Requirement

Description	No. of Employees	Monthly Salary per person (Rs.)
Supervisor	3	35,000
vacuum operators	3	32,000
scrubber machine operator	3	32,000
Helper	3	30,000
Driver	1	30,000
Total	13	

11.8 other costs

The promotional expense being essential for marketing of the Home Carpet cleaning service is estimated as 1% of revenue expenses which is estimated to be Rs. 792,000 in first year of operations.

11.9 Revenue Generation

Based on the capacity utilization of 80%, respectively, sales revenue during the first year of operations is estimated as under;

Table 11: Revenue Generation – Year 1

Description	No. of service provided (No.)	Finished Goods Inventory (No.)	Units available for Sale (No.)	Sale Price / unit (Rs.)	Sales Revenue (Rs.)
Carpet cleaning service	633,600	-	633,600	25	15,840,000
Total Revenue					15,840,000

12 CONTACT DETAILS

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

12.1 Machinery Suppliers

Name of Supplier	Address	Phone	E-mail	Website
Allclean	Shop no 2, Wasomal Building, Kanji Tulsi Das Street, Pakistan Chowk. Karachi, Pakistan	+92 21 2621680 / +92 21 32600629	-	https://www.alclean.pk/
Inter-clean	Office No. 5-6, 2nd Floor, National business center, Murree Road, Shamsabad, Rawalpindi.	Tel: 051- 8488744 Fax: 051- 8488745	-	https://interclean.pk/
Kunshan Dongzhimei Electronics Co., Ltd.	Room A827, Building F, International E-Commerce Industrial Park, Kunshan, Suzhou, Jiangsu, China	+86186261817 79	sales@brandcleaning.com	http://www.brandcleaning.com/

13 USEFUL WEB LINKS

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

14 ANNEXURES

14.1 Income Statement

Statement Summaries										SMEDA
Income Statement										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Rs. in actuals Year 10
Revenue	15,840,000	18,513,000	21,562,200	25,036,110	27,539,721	30,293,693	33,323,062	36,655,369	40,320,906	44,352,996
Cost of goods sold	12,880,800	14,285,326	15,808,520	17,459,752	18,623,386	19,873,501	21,217,173	22,662,106	24,216,679	25,890,016
Gross Profit	2,959,200	4,227,674	5,753,680	7,576,358	8,916,335	10,420,193	12,105,889	13,993,263	16,104,226	18,462,980
<i>General administration & selling expenses</i>										
Administration expense	363,600	399,001	437,848	480,477	527,257	578,592	634,924	696,741	764,577	839,018
Rental expense	600,000	660,000	726,000	798,600	878,460	966,306	1,062,937	1,169,230	1,286,153	1,414,769
Utilities expense	-	-	-	-	-	-	-	-	-	-
Travelling & Comm. expense (phone, fax, etc.)	7,200	7,901	8,670	9,514	10,441	11,457	6,286	13,797	15,140	16,614
Office vehicles running expense	5,000	5,500	6,050	6,655	7,321	8,053	8,858	9,744	10,718	11,790
Office expenses (stationary, etc.)	3,600	3,951	4,335	4,757	5,220	5,729	6,286	6,898	7,570	8,307
Promotional expense	792,000	925,650	1,078,110	1,251,806	1,376,986	1,514,685	1,666,153	1,832,768	2,016,045	2,217,650
Insurance expense	17,300	15,520	13,740	11,960	10,180	9,205	7,364	5,523	3,682	1,841
Professional fees (legal, audit, etc.)	158,400	185,130	215,622	250,361	275,397	302,937	333,231	366,554	403,209	443,530
Depreciation expense	225,200	225,200	225,200	225,200	225,200	231,305	231,305	231,305	231,305	231,305
Amortization expense	-	-	-	-	-	-	-	-	-	-
Property tax expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous expense	79,200	92,565	107,811	125,181	137,699	151,468	166,615	183,277	201,605	221,765
Subtotal	2,251,500	2,520,417	2,823,386	3,164,511	3,454,161	3,779,737	4,123,960	4,515,838	4,940,005	5,406,588
Operating Income	707,700	1,707,256	2,930,293	4,411,847	5,462,174	6,640,456	7,981,929	9,477,425	11,164,221	13,056,392
Other income	198,672	354,498	574,750	910,443	1,363,798	1,927,069	2,619,114	3,465,427	4,490,039	5,756,398
Gain / (loss) on sale of assets	-	-	-	-	20,000	-	-	-	-	-
Earnings Before Interest & Taxes	906,372	2,061,754	3,505,044	5,322,290	6,845,972	8,567,525	10,601,044	12,942,852	15,654,260	18,812,790
Interest expense	8,122	6,416	4,295	1,658	-	13,080	10,334	6,918	2,670	-
Earnings Before Tax	898,250	2,055,338	3,500,748	5,320,632	6,845,972	8,554,445	10,590,710	12,935,934	15,651,590	18,812,790
Tax	368,282	842,688	1,435,307	2,181,459	2,806,848	3,507,322	4,342,191	5,303,733	6,417,152	7,713,244
NET PROFIT/(LOSS) AFTER TAX	529,967	1,212,649	2,065,441	3,139,173	4,039,123	5,047,123	6,248,519	7,632,201	9,234,438	11,099,546
Balance brought forward		529,967	1,742,617	3,808,058	6,947,231	10,986,354	16,033,477	22,281,996	29,914,197	39,148,635
Total profit available for appropriation	529,967	1,742,617	3,808,058	6,947,231	10,986,354	16,033,477	22,281,996	29,914,197	39,148,635	50,248,181
Dividend	-	-	-	-	-	-	-	-	-	-
Balance carried forward	529,967	1,742,617	3,808,058	6,947,231	10,986,354	16,033,477	22,281,996	29,914,197	39,148,635	50,248,181

14.2 Balance Sheet

Statement Summaries											SMEDA
Balance Sheet											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Rs. in actuals Year 10
Assets											
Current assets											
Cash & Bank	1,063,863	2,247,331	3,660,961	5,918,213	9,255,833	13,474,130	18,643,694	25,008,215	32,748,906	42,085,072	53,854,898
Accounts receivable	-	43,397	47,059	54,898	63,833	72,022	79,224	87,146	95,861	105,447	115,992
Finished goods inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment spare part inventory	-	-	-	-	-	-	-	-	-	-	-
Raw material inventory	137,280	160,811	187,723	218,462	240,855	265,542	292,760	322,768	355,852	392,327	-
Pre-paid annual land lease	-	-	-	-	-	-	-	-	-	-	-
Pre-paid building rent	50,000	55,000	60,500	66,550	73,205	80,526	88,578	97,436	107,179	117,897	-
Pre-paid lease interest	733	605	445	247	-	1,181	974	717	398	-	-
Pre-paid insurance	17,300	15,520	13,740	11,960	10,180	9,205	7,364	5,523	3,682	1,841	-
Total Current Assets	1,269,176	2,522,664	3,970,428	6,270,329	9,643,906	13,902,606	19,112,594	25,521,805	33,311,878	42,702,585	53,970,889
Fixed assets											
Land	-	-	-	-	-	-	-	-	-	-	-
Building/Infrastructure	-	-	-	-	-	-	-	-	-	-	-
Machinery & equipment	1,680,000	1,512,000	1,344,000	1,176,000	1,008,000	840,000	672,000	504,000	336,000	168,000	-
Furniture & fixtures	412,000	370,800	329,600	288,400	247,200	206,000	164,800	123,600	82,400	41,200	-
Office vehicles	50,000	40,000	30,000	20,000	10,000	80,526	64,420	48,315	32,210	16,105	-
Office equipment	60,000	54,000	48,000	42,000	36,000	30,000	24,000	18,000	12,000	6,000	-
Total Fixed Assets	2,202,000	1,976,800	1,751,600	1,526,400	1,301,200	1,156,526	925,220	693,915	462,610	231,305	-
Intangible assets											
Pre-operation costs	-	-	-	-	-	-	-	-	-	-	-
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
Total Intangible Assets	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	3,471,176	4,499,464	5,722,028	7,796,729	10,945,106	15,059,132	20,037,815	26,215,721	33,774,488	42,933,890	53,970,889
Liabilities & Shareholders' Equity											
Current liabilities											
Accounts payable	-	161,050	179,831	200,117	221,772	233,103	245,025	257,571	270,775	284,672	291,005
Export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Short term debt	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	-	161,050	179,831	200,117	221,772	233,103	245,025	257,571	270,775	284,672	291,005
Other liabilities											
Lease payable	39,473	32,344	23,477	12,452	-	63,572	52,090	37,811	20,053	-	-
Deferred tax	-	344,400	344,400	344,400	344,400	344,400	275,520	206,640	137,760	68,880	(0)
Long term debt	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Liabilities	39,473	376,744	367,877	356,852	344,400	407,972	327,610	244,451	157,813	68,880	(0)
Shareholders' equity											
Paid-up capital	3,431,703	3,431,703	3,431,703	3,431,703	3,431,703	3,431,703	3,431,703	3,431,703	3,431,703	3,431,703	3,431,703
Retained earnings	-	529,967	1,742,617	3,808,058	6,947,231	10,986,354	16,033,477	22,281,996	29,914,197	39,148,635	50,248,181
Total Equity	3,431,703	3,961,670	5,174,320	7,239,761	10,378,934	14,418,057	19,465,180	25,713,699	33,345,900	42,580,338	53,679,884
TOTAL CAPITAL AND LIABILITY	3,471,176	4,499,464	5,722,028	7,796,729	10,945,106	15,059,132	20,037,815	26,215,721	33,774,488	42,933,890	53,970,889

14.3 Cash Flow Statement

Statement Summaries											SMEDA
Cash Flow Statement											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Rs. in actuals										
<i>Operating activities</i>											
Net profit	-	529,967	1,212,649	2,065,441	3,139,173	4,039,123	5,047,123	6,248,519	7,632,201	9,234,438	11,099,546
Add: depreciation expense	-	225,200	225,200	225,200	225,200	225,200	231,305	231,305	231,305	231,305	231,305
amortization expense	-	-	-	-	-	-	-	-	-	-	-
Deferred income tax	-	344,400	-	-	-	-	(68,880)	(68,880)	(68,880)	(68,880)	(68,880)
Accounts receivable	-	(43,397)	(3,662)	(7,839)	(8,936)	(8,188)	(7,202)	(7,922)	(8,715)	(9,586)	(10,545)
Finished good inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment inventory	-	-	-	-	-	-	-	-	-	-	-
Raw material inventory	(137,280)	(23,531)	(26,912)	(30,740)	(22,392)	(24,688)	(27,218)	(30,008)	(33,084)	(36,475)	392,327
Pre-paid building rent	(50,000)	(5,000)	(5,500)	(6,050)	(6,655)	(7,321)	(8,053)	(8,858)	(9,744)	(10,718)	117,897
Pre-paid lease interest	(733)	128	160	199	247	(1,181)	207	257	320	398	-
Advance insurance premium	(17,300)	1,780	1,780	1,780	1,780	975	1,841	1,841	1,841	1,841	1,841
Accounts payable	-	161,050	18,781	20,286	21,655	11,331	11,923	12,546	13,204	13,897	6,333
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Cash provided by operations	(205,313)	1,190,598	1,422,496	2,268,278	3,350,071	4,235,252	5,181,045	6,378,800	7,758,449	9,356,220	11,769,825
<i>Financing activities</i>											
Change in long term debt	-	-	-	-	-	-	-	-	-	-	-
Change in short term debt	-	-	-	-	-	-	-	-	-	-	-
Change in export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Add: land lease expense	-	-	-	-	-	-	-	-	-	-	-
Land lease payment	-	-	-	-	-	-	-	-	-	-	-
Change in lease financing	39,473	(7,129)	(8,866)	(11,026)	(12,452)	63,572	(11,482)	(14,279)	(17,757)	(20,053)	-
Issuance of shares	3,431,703	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares	-	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financ	3,471,176	(7,129)	(8,866)	(11,026)	(12,452)	63,572	(11,482)	(14,279)	(17,757)	(20,053)	-
<i>Investing activities</i>											
Capital expenditure	(2,202,000)	-	-	-	-	(80,526)	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-	-
Cash (used for) / provided by invest	(2,202,000)	-	-	-	-	(80,526)	-	-	-	-	-
NET CASH	1,063,863	1,183,468	1,413,630	2,257,252	3,337,620	4,218,298	5,169,563	6,364,521	7,740,691	9,336,167	11,769,825
Cash balance brought forward		1,063,863	2,247,331	3,660,961	5,918,213	9,255,833	13,474,130	18,643,694	25,008,215	32,748,906	42,085,072
Cash available for appropriation	1,063,863	2,247,331	3,660,961	5,918,213	9,255,833	13,474,130	18,643,694	25,008,215	32,748,906	42,085,072	53,854,898
Dividend	-	-	-	-	-	-	-	-	-	-	-
Cash carried forward	1,063,863	2,247,331	3,660,961	5,918,213	9,255,833	13,474,130	18,643,694	25,008,215	32,748,906	42,085,072	53,854,898

15 KEY ASSUMPTIONS

15.1 Operating Cost Assumptions

Description	Details
Operational days per year	330
Operational hours per day	8
Shifts per day	1

15.2 Production Cost Assumptions

Description	Details
Production capacity utilization in year 1	80%
Production capacity growth rate	5%
Maximum capacity utilization	95%

15.3 Revenue Assumptions

Description	Details
Production Units Year 1	633,600
Sale price per unit	25
COGs	13

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