
Pre-Feasibility Study

EVENT MANAGEMENT COMPLEX



Small and Medium Enterprises Development Authority

Ministry of Industries & Production
Government of Pakistan

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1 DISCLAIMER

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

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2 EXECUTIVE SUMMARY

This particular pre-feasibility is for setting up a medium level event management complex that will provide the services of planning, organizing and executing small and large scale events, such as marriage ceremonies, birthday parties and anniversaries for individual clients as well as various corporate events. The proposed business is service oriented and will help to ease the event management burden of individual and corporate business entities.

The suggested event management complex comprises of two main halls, will have an overall capacity of serving 800 persons per function with a variety of standard menus. However, starting capacity utilization is estimated at 60%, with 5% growth rate in subsequent years. For this project it is recommended to construct or acquire a purpose built building in a metropolitan city, preferably in a densely populated commercial area or newly developed housing society. The most critical factors for success of the project entail entrepreneur's knowledge of the industry, appropriate location, commitment to quality services and competitive pricing.

Total project cost is estimated as Rs. 82.363 million with capital investment of Rs. 81.368 million and working capital Rs. 0.995 million. The projected IRR, Payback and Net Present Value of the said project are 25%, 4.68 years and Rs. 37.38 million respectively. The legal business status of this project is proposed as 'Sole Proprietorship'.

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 **Event Management Complex** business 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 reveals 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

Event management is a process of applying required professional skills in organizing an event for a target audience to achieve the desired objective. The purpose of an event management complex is to provide the services of planning, organizing and executing various types of event both at small or large-scale level. For instance wedding ceremonies, ceremonial parties, dinners, social gatherings, business conferences, workshops, inaugurations and other related events where an individual or a corporate client intends to invite the public.

The event organizers are responsible not only for preparing the food but also setting up the dining area, waiting tables, setting up the stage and requisite decors as per the requirement of clients.

The proposed project is for setting up a medium sized event management complex that would operate as a specialized service provider of all event

organizing / hosting requirements of both individual and corporate clients. With the help of specialized team of professionals, proposed event management complex will be fully equipped to make events more attractive and theme based through provision of multiple stage setup, background props, entrance, reception, seating arrangement, etc.

A purpose built building having a covered area of 9,600 square feet will be constructed or acquired along with a parking facility of around 6,400 square feet in the proximity of any residential or commercial locality of any major city for the said complex. All necessary equipment such as kitchen utensils, burners, deep freezers, air conditioners, tables, chairs, fixtures and other items are estimated to be purchased to cater around 800 guests per event. The services of the event organizing are offered at per-person basis with options of a standard one dish or combination of different dish menus. Additionally, charges for other arrangements and services will be based on the client's requirements.

The project will provide employment opportunity to 09 individuals including owner manager and contractual employees who will be engaged on event piece rate basis. It is assumed that, necessary food item procurement will be made on event day basis to maintain quality, reduce wastage and taste standardizations.

5.1 Product and Service Mix

This project is service based and mainly entails to provide the event organizing services to both individual and corporate clients for hosting different types of events and special occasions, mainly including the followings:

- Wedding Ceremonies (Reception, Mehndi, Upton, etc.)
- Corporate Events (Business Conferences, Meetings, Workshops, Product Launch, etc.)
- Ceremonial Parties (Birthday, Anniversaries, Dinners, etc.)
- Social Gatherings and Civic Events

According to the nature of events different combinations of menu mix are assumed for this project; product service mix along with operational capacities is provided in the succeeding section.

5.2 Overall Serving and Operational Capacity

For the proposed project, it is assumed that on an average 320 events will be catered during a year with an average of 500 guests per event. However, the proposed complex can serve up to a maximum of 800 guests per event.

Capacity utilization during year one is worked out at 60% with 05% increase in subsequent years up to the maximum capacity utilization of 90%.

Table 1: Capacity Utilization

Distribution of Events	Product Mix	Capacity Utilization	Capacity Utilization (60%)	Capacity Utilization (90%)
Wedding Ceremonies	60%	96,000	57,600	86,400
One Dish with Chicken	40%	38,400	23,040	34,560
One Dish with mutton	40%	38,400	23,040	34,560
One Dish with Beef	10%	9,600	5,760	8,640
Mehndi Event	10%	9,600	5,760	8,640
Corporate Events	20%	32,000	19,200	28,800
Economy Pack	40%	12,800	7,680	11,520
Medium Pack	40%	12,800	7,680	11,520
Premium Pack	20%	6,400	3,840	5,760
Ceremonial Parties	10%	16,000	9,600	14,400
Lunch Buffet	35%	5,600	3,360	5,040
Dinner Buffet	35%	5,600	3,360	5,040
Hi-Tea	30%	4,800	2,880	4,320
Civic Events & Social Gathering	10%	16,000	9,600	14,400
Buffet Cum-HI Tea	100%	16,000	9,600	14,400

6 CRITICAL FACTORS

Following are the factors critical for the success of this business venture:

- ⇒ Industry knowledge and prior experience of entrepreneur.
- ⇒ Ability to generate work orders through networking, direct marketing and negotiating long term contracts.
- ⇒ Development of strong linkages with raw material suppliers for sourcing quality material on time coupled with economical prices.
- ⇒ Location consideration for providing easy access to the customers.
- ⇒ Competitive pricing for the quality of services offered.

- ⇒ Extensive digital, print and outdoor advertising is necessary for promotion.
- ⇒ Consistent and accurate fulfillment of clients' wishes.
- ⇒ Professionalism and courteous customer services.
- ⇒ Market intelligence is also very critical as 'know how' about new happenings in the market helps make accurate and confident decision-making.
- ⇒ Consistency of services including ornamentation, time management, cleanliness and food quality.
- ⇒ Selection of experts for designing of sets, event themes.
- ⇒ Hall interior and layout of services.
- ⇒ Good relationship with the customers is the key for repeated sales.

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

All metropolitan cities of Pakistan such as Lahore, Karachi, Islamabad, Peshawar, Quetta, Sialkot, Faisalabad, Multan, Quetta, Abbottabad, Rawalpindi, etc. and sub-urban areas with large population are viable locations for investment in the event management business. The trend of event management is rapidly increasing in the big cities, which act as a motivation for the investors.

However, it is suggested that this business should be undertaken in the commercial markets of middle-income community or newly developed areas.

8 POTENTIAL TARGET CUSTOMERS / MARKETS

The proposed project of event management complex will cater to the needs of middle and upper middle class families and individuals as well as corporate sector including but not limited to:

- ⇒ Educational institutions
- ⇒ Private organizations
- ⇒ Public sector organization
- ⇒ Business firms

9 PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of Event Management Business. Various cost and revenue related assumptions along with results of the analysis are outlined in this section.

The projected Income Statement, Cash Flow Statement and Balance Sheet are also attached as annexure.

9.1 Project Economics

All the figures in this financial model have been calculated for estimated sales of Rs. 80.25 million in the year one. The capacity utilization during year one is worked out at 60% with 05% increase in subsequent years up to the maximum capacity utilization of 90% with 288 functions.

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

Table 2: Project Economics

Description	Details
Internal Rate of Return (IRR)	25%
Payback Period (yrs.)	4.68
Net Present Value (Rs.)	37,384,584

9.2 Project Financing

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

Table 3: Project Financing

Description	Details
Total Equity (50%)	Rs. 41,181,520
Bank Loan (50%)	Rs. 41,181,520
Markup to the Borrower (%age / Annum)	14%
Loan Tenure (Years)	5

9.3 Project Cost

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

Table 4: Project Cost

Description	Amount Rs.
Capital Cost	
Land	40,000,000
Building / Infrastructure	30,507,653
Machinery & Equipment	2,364,510
Furniture & Fixture	5,257,000
Office Vehicles	1,545,000
Office Equipment	88,000
Pre-operating Cost	1,495,000
Legal, Licensing, (NOCs), Medical	110,800
Total Capital Cost	81,367,963
Working Capital	
Raw Material Inventory	455,077
Equipment Spare Part Inventory	40,000
Cash	500,000
Total Working Capital	995,077
Total Project Cost	82,363,040

9.4 Space Requirement

The space requirement for the proposed event management complex is calculated on the basis of minimum viable land required considering facilities such as Hall area, Kitchen area, Storage and Parking area, etc. Space required for event management complex is 18,000 sq. ft.

It is proposed that building may be purchased to get maximum profit out of the business and minimize the risk factor. The details of space requirement of the building is given below:

Table 5: Space Requirement

Description	Estimated Area (Sq ft)	Unit Cost (Rs.)	Total Cost (Rs.)
Hall Area	9,600	2,700	25,920,000
Kitchen	400	600	240,000
Parking for Vehicles	6,400	200	1,280,000
Office	300	2,500	750,000
Store	600	1,000	600,000
Bridal Room	200	2,700	540,000
Rooms for Staff	100	1,500	150,000
Wash Room	250	1,200	300,000
Open Area	150	200	30,000
Boundary Wall (Running Feet)	537	1,300	697,653
Total Construction Cost			30,507,653

9.5 Machinery & Equipment Requirement

Following table provides list of machinery and equipment required for the proposed project:

Table 6: Machinery & Equipment Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Cone Dish	71	5,000	355,000
Cone Dish Spoon	142	50	7,100
Full Size Plates	850	200	170,000
Small Size Plates	850	180	153,000
Rice Spoons	850	30	25,500
Tea Spoons	850	25	21,250
Glass	850	40	34,000
Forks	850	30	25,500
Dinning Knife	850	30	25,500
Tea Cup	850	150	127,500
Serving Bowls	42	100	4,200
Serving Bowls Spoons	42	30	1,260
Serving Dish	42	100	4,200
Water Drum	08	4,000	32,000
Deep Freezer	06	56,000	336,000

Juicer & Blender	08	5,000	40,000
Summer Bar	16	4,000	64,000
Korma Daig	20	4,500	90,000
Biryani Daig	12	4,500	54,000
Sweet Daig	08	4,500	36,000
Daig Spoon	20	500	10,000
Daig Cover	40	200	8,000
Water Bowl	10	500	5,000
Water Tub	08	1,000	8,000
Burners	20	2,000	40,000
Small Size Knife	15	200	3,000
Large Size Knife	15	300	4,500
Basket for Rice	05	2,000	10,000
BBQ Setup	01	10,000	10,000
Gas Cylinder	06	10,000	60,000
Generator (100 KVA)	01	600,000	600,000
Total			2,364,510

The costing for machinery and equipment is undertaken considering the fact that there is easy and cheaper access to the requirement in local market. However, with regards to utensils, the entrepreneur can also choose from international brands such as Ikea, Harrods, The Alpha Collection, though the cost may be higher. Chinese brands have also gained popularity over the years and can also be considered.

9.6 Furniture, Fixtures and Vehicle Requirement

Details of the furniture, fixtures and vehicle required for the project are given below:

Table 7: Furniture, Fixture and Vehicle Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Furniture			
Round Tables	100	4,500	450,000
Buffet Table	40	2,500	100,000
Round Table Cover	500	500	250,000

Round Table Top	500	150	75,000
Buffet Table Clothes	200	400	80,000
Skirting Buffet Tables	200	300	60,000
Chairs	1,000	1,500	1,500,000
Chair Covers	2,400	200	480,000
Chair Cover Ribbon	2,400	50	120,000
Stage Couch	2	60,000	120,000
Wooden Stage	2	50,000	100,000
Stage Red Runner	4	4,500	18,000
Stage Renovation	2	30,000	60,000
Furniture for Office	1	50,000	50,000
Hall Divider	1	25,000	25,000
Pedestal Fan	6	2,500	15,000
Bracket Fans	48	3,000	144,000
Instant Geysers	2	10,000	20,000
Electric Wiring & Lighting (Outdoor & Office)	1	200,000	200,000
Air conditioner (4 ton Split)	10	129,000	1,290,000
Air conditioner (1.5 ton split)	1	60,000	60,000
Air conditioner (1 ton split)	1	40,000	40,000
Vehicle	1	1,545,000	1,545,000
Total Furniture & Fixtures			6,802,000

9.7 Office Equipment Requirement

Following office equipment will be required for the proposed project:

Table 8: Office Equipment Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Laptop	01	50,000	50,000
Digital Camera	01	15,000	15,000
Telephone Sets	02	1,500	3,000
Computer Printer	02	10,000	20,000
Total			88,000

9.8 Human Resource Requirement

Detail of human resource required along with proposed monthly salary is recommended as under:

Table 9: Human Resource Requirement

Description	No. of Employees	Monthly Salary per person (Rs.)
Owner / Manager	01	35,000
Admin / Marketing Officer	01	25,000
Accountant	01	20,000
Storekeeper	01	14,000
Sweeper	02	13,000
Security Guard	03	15,000
Total	09	

9.9 Raw Material Requirement

The raw material for daily operations of event management complex includes:

- ⇒ Chicken
- ⇒ Mutton
- ⇒ Beef
- ⇒ Rice
- ⇒ Oil
- ⇒ Spices
- ⇒ Milk
- ⇒ Other ingredients such as flavors and food colors.

- ⇒ Decorative items for stage designing, stall designing and theming. These include flowers, flower decorations, hanging decorations, balloons, back drops, banners etc.

An estimated sales contribution of raw material with regards to food category is shown below:

Table 10: Raw Material Contribution

Distribution of Events	Product Mix	Persons	Raw Material Cost	Weighted Avg. Cost
Wedding Ceremonies	60%	96,000		317
One Dish with Chicken	40%	38,400	448	179
One Dish with mutton	40%	38,400	598	239
One Dish with Beef	10%	9,600	498	50
Mehndi Event	10%	9,600	598	60
Corporate Events	20%	32,000		98
Economy Pack	40%	12,800	350	140
Medium Pack	40%	12,800	500	200
Premium Pack	20%	6,400	750	150
Ceremonial Parties	10%	16,000		74
Lunch Buffet	35%	5,600	700	245
Dinner Buffet	35%	5,600	900	315
Hi-Tea	30%	4,800	600	180
Civic Events & Social Gathering	10%	16,000		80
Buffet Cum-HI Tea	100%	16,000	800	800
				569

9.10 Utilities and Other Costs

An essential cost to be borne by the project is the cost of utilities. The water, gas, telephone expenses are estimated to be around Rs. 94,750 per month.

9.11 Revenue Generation

Based on the capacity utilization of 60%, sales revenue during the first year of operations is estimated as under:

Table 11: Revenue Generation – Year 1

Distribution of Events	Product Mix	Persons	Sales Price	Persons In Year 1 (60%)	Revenue Generation In Year 1
Wedding Ceremonies	60%	96,000		57,600	
One Dish with Chicken	40%	38,400	650	23,040	14,976,000
One Dish with mutton	40%	38,400	1,000	23,040	23,040,000
One Dish with Beef	10%	9,600	750	5,760	4,320,000
Mehndi Event	10%	9,600	800	5,760	4,608,000
Corporate Events	20%	32,000		19,200	
Economy Pack	40%	12,800	500	7,680	3,840,000
Medium Pack	40%	12,800	700	7,680	5,376,000
Premium Pack	20%	6,400	1,000	3,840	3,840,000
Ceremonial Parties	10%	16,000		9,600	
Lunch Buffet	35%	5,600	1,000	3,360	3,360,000
Dinner Buffet	35%	5,600	1,200	3,360	4,032,000
Hi-Tea	30%	4,800	800	2,880	2,304,000
Civic Events & Social Gathering	10%	16,000		9,600	
Buffet Cum-HI Tea	100%	16,000	1,100	9,600	10,560,000
Total Revenue					80,256,000

10 CONTACTS – SUPPLIERS

Name Of Supplier	Address	Phone / Fax
Kitchen 'N' Restaurant Systems	102-A, Allama Iqbal Road Butt Lane, Garhi Shahu, Lahore, Punjab, Pakistan	(92 42) 36366589-90 (92 42) 36305989

Kitchen Care	Plot# 103, Golden Plaza F-7, Blue Area, Islamabad, Capital, Pakistan	(92 51) 32875226 (92 51) 32277176
Prestige Kitchens	Kehkashan Shopping Arcade Block-7, Clifton, Karachi 75600, Sindh, Pakistan	(92 21) 35862978 (92 21) 5871814

11 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
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 Food Association	www.pakistanfoodassociation.org
Punjab Food Authority	www.punjabfoodauthority.gov.pk

12 ANNEXURES

12.1 Income Statement

Statement Summaries										SMEDA
Income Statement										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Rs. in actuals									
Revenue	80,256,000	95,638,400	113,294,720	133,525,920	156,670,413	183,108,545	213,267,599	234,594,359	258,053,795	#####
Cost of goods sold	59,316,159	70,674,089	83,710,444	98,647,329	115,734,487	135,252,603	157,516,997	173,268,696	190,595,566	#####
Gross Profit	20,939,841	24,964,311	29,584,276	34,878,591	40,935,926	47,855,942	55,750,603	61,325,663	67,458,229	74,204,052
<i>General administration & selling expenses</i>										
Administration expense	2,039,400	2,243,340	2,467,674	2,714,441	2,985,886	3,284,474	3,612,922	3,974,214	4,371,635	4,808,799
Rental expense	-	-	-	-	-	-	-	-	-	-
Utilities expense	120,000	132,000	145,200	159,720	175,692	193,261	212,587	233,846	257,231	282,954
Travelling & Comm. expense (phone, fax, etc.)	495,000	544,500	598,950	658,845	724,730	797,202	876,923	964,615	1,061,076	1,167,184
Office vehicles running expense	154,500	169,950	186,945	205,640	226,203	248,824	273,706	301,077	331,184	364,303
Office expenses (stationary, etc.)	138,600	152,460	167,706	184,477	202,924	223,217	245,538	270,092	297,101	326,812
Promotional expense	1,605,120	1,912,768	2,265,894	2,670,518	3,133,408	3,662,171	4,265,352	4,691,887	5,161,076	5,677,183
Insurance expense	-	-	-	-	-	-	-	-	-	-
Professional fees (legal, audit, etc.)	160,512	191,277	226,589	267,052	313,341	366,217	426,535	469,189	516,108	567,718
Depreciation expense	2,614,134	2,614,134	2,614,134	2,614,134	2,614,134	3,109,422	3,109,422	3,109,422	3,109,422	3,109,422
Amortization expense	310,080	310,080	310,080	310,080	310,080	11,080	11,080	11,080	11,080	11,080
Property tax expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous expense	-	-	-	-	-	-	-	-	-	-
Subtotal	7,637,346	8,270,508	8,983,173	9,784,906	10,686,397	11,895,868	13,034,065	14,025,421	15,115,913	16,315,455
Operating Income	13,302,496	16,693,802	20,601,103	25,093,684	30,249,529	35,960,074	42,716,538	47,300,242	52,342,316	57,888,598
Other income	-	-	-	-	-	-	-	-	-	-
Gain / (loss) on sale of assets	-	-	-	-	1,599,004	-	-	-	-	-
Earnings Before Interest & Taxes	13,302,496	16,693,802	20,601,103	25,093,684	31,848,533	35,960,074	42,716,538	47,300,242	52,342,316	57,888,598
Interest expense	5,765,413	4,893,201	3,898,879	2,765,352	1,473,131	-	-	-	-	-
Earnings Before Tax	7,537,083	11,800,602	16,702,224	22,328,332	30,375,401	35,960,074	42,716,538	47,300,242	52,342,316	57,888,598
Tax	1,717,030	3,182,343	4,867,012	6,800,745	9,576,716	11,485,085	13,797,069	15,364,044	17,087,716	18,983,755
NET PROFIT/(LOSS) AFTER TAX	5,820,052	8,618,259	11,835,212	15,527,587	20,798,685	24,474,989	28,919,468	31,936,198	35,254,600	38,904,843

12.2 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											
<i>Current assets</i>											
Cash & Bank	500,000	3,539,508	7,516,454	13,606,738	22,124,580	28,845,233	55,389,625	86,300,817	119,908,801	156,630,207	201,516,690
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-
Finished goods inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment spare part inventory	40,000	50,050	62,255	77,040	94,913	116,476	142,444	164,522	190,023	219,477	-
Raw material inventory	455,077	596,530	777,324	1,007,746	1,300,664	1,672,166	2,142,339	2,592,231	3,136,599	3,795,285	-
Pre-paid annual land lease	-	-	-	-	-	-	-	-	-	-	-
Pre-paid building rent	-	-	-	-	-	-	-	-	-	-	-
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid insurance	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	995,077	4,186,088	8,356,033	14,691,524	23,520,157	30,633,875	57,674,408	89,057,571	123,235,424	160,644,969	201,516,690
<i>Fixed assets</i>											
Land	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
Building/Infrastructure	30,507,653	28,982,271	27,456,888	25,931,505	24,406,123	22,880,740	21,355,357	19,829,975	18,304,592	16,779,209	15,253,827
Machinery & equipment	2,364,510	2,128,059	1,891,608	1,655,157	1,418,706	1,200,036	1,000,000	850,000	720,000	600,000	500,000
Furniture & fixtures	5,257,000	4,731,300	4,205,600	3,679,900	3,154,200	2,628,500	2,102,800	1,577,100	1,051,400	525,700	-
Office vehicles	1,545,000	1,236,000	927,000	618,000	309,000	2,488,238	1,990,590	1,492,943	995,295	497,648	-
Office equipment	88,000	70,400	52,800	35,200	17,600	112,313	89,850	67,388	44,925	22,463	-
Total Fixed Assets	79,762,163	77,148,030	74,533,896	71,919,762	69,305,629	72,309,826	69,200,404	66,090,982	62,981,561	59,872,139	56,762,717
<i>Intangible assets</i>											
Pre-operation costs	1,495,000	1,196,000	897,000	598,000	299,000	-	-	-	-	-	-
Legal, licensing, & training costs	110,800	99,720	88,640	77,560	66,480	55,400	44,320	33,240	22,160	11,080	-
Total Intangible Assets	1,605,800	1,295,720	985,640	675,560	365,480	55,400	44,320	33,240	22,160	11,080	-
TOTAL ASSETS	82,363,040	82,629,838	83,875,569	87,286,846	93,191,265	102,999,102	126,919,132	155,181,793	186,239,144	220,528,188	258,279,406

12.3 Cash Flow Statement

Statement Summaries											SMEDA	
Cash Flow Statement												
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Rs. in actuals
<i>Operating activities</i>												
Net profit	-	5,418,772	8,140,067	11,268,739	14,859,957	20,015,333	23,559,446	27,853,130	30,763,226	33,964,331	37,485,547	
Add: depreciation expense	-	2,614,134	2,614,134	2,614,134	2,614,134	2,614,134	3,109,422	3,109,422	3,109,422	3,109,422	3,109,422	
amortization expense	-	310,080	310,080	310,080	310,080	310,080	11,080	11,080	11,080	11,080	11,080	
Deferred income tax	-	-	-	-	-	-	-	-	-	-	-	
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	
Finished good inventory	-	-	-	-	-	-	-	-	-	-	-	
Equipment inventory	(40,000)	(10,050)	(12,205)	(14,785)	(17,873)	(21,563)	(25,967)	(22,079)	(25,501)	(29,454)	219,477	
Raw material inventory	(455,077)	(141,453)	(180,794)	(230,421)	(292,918)	(371,502)	(470,174)	(449,891)	(544,368)	(658,686)	3,795,285	
Pre-paid building rent	-	-	-	-	-	-	-	-	-	-	-	
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-	
Advance insurance premium	-	-	-	-	-	-	-	-	-	-	-	
Accounts payable	-	1,078,111	207,963	239,159	274,608	314,872	360,584	409,531	294,125	324,713	265,672	
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	
Cash provided by operations	(495,077)	9,269,595	11,079,244	14,186,905	17,747,988	22,861,353	26,544,391	30,911,193	33,607,983	36,721,406	44,886,483	
<i>Financing activities</i>												
Change in long term debt	41,181,520	(6,230,086)	(7,102,299)	(8,096,620)	(9,230,147)	(10,522,368)	-	-	-	-	-	
Change in short term debt	-	-	-	-	-	-	-	-	-	-	-	
Change in export re-finance facility	-	-	-	-	-	-	-	-	-	-	-	
Add: land lease expense	-	-	-	-	-	-	-	-	-	-	-	
Land lease payment	-	-	-	-	-	-	-	-	-	-	-	
Change in lease financing	-	-	-	-	-	-	-	-	-	-	-	
Issuance of shares	41,181,520	-	-	-	-	-	-	-	-	-	-	
Purchase of (treasury) shares	-	-	-	-	-	-	-	-	-	-	-	
Cash provided by / (used for) financing act	82,363,040	(6,230,086)	(7,102,299)	(8,096,620)	(9,230,147)	(10,522,368)	-	-	-	-	-	
<i>Investing activities</i>												
Capital expenditure	(81,367,963)	-	-	-	-	(5,618,331)	-	-	-	-	-	
Acquisitions	-	-	-	-	-	-	-	-	-	-	-	
Cash (used for) / provided by investing acti	(81,367,963)	-	-	-	-	(5,618,331)	-	-	-	-	-	
NET CASH	500,000	3,039,508	3,976,946	6,090,285	8,517,841	6,720,654	26,544,391	30,911,193	33,607,983	36,721,406	44,886,483	

13 KEY ASSUMPTIONS

13.1 Operating Cost Assumptions

Description	Details
Administration Benefit Expenses	3% of Administration Cost
Office Expenses (Stationery, Entertainment etc)	7% of Administration expenses
Communication Expenses	15% of Administration Cost
Promotional Expenses	0.5% of Revenue
Professional Fee	0.2% of Revenues
Depreciation Method	Accelerated depreciation
Depreciation Rate	0% on Land 10% on Machinery 20% on Office Equipment 10% on Furniture & Fixture 20% on Office Vehicles
Inflation Growth Rate	10%
Electricity Price Growth Rate	10%
Salaries Growth Rate	10%

13.2 Production Cost Assumptions

Description	Details
Cost of Goods sold Growth Rate	10% per year
Maintenance Cost	Rs. 10 / Person

13.3 Revenue Assumptions

Description	Details
Growth in Sales Price	10%
Per Function Serving Capacity	800 Persons
Average Function Capacity	500 Persons
Function in Year 1 (60%)	192 Functions
Production Capacity in First Year	60%
Percentage Increase in Production Capacity every Year	05%
Maximum Production Capacity	90%

13.4 Financial Assumptions

Description	Details
Debt	50%
Equity	50%
Interest Rate on Debt	14%
Debt Tenure	5 Years
Debt Payment / Year	1