

Pre-Feasibility Study

HOUSING CONSTRUCTION COMPANY



Small and Medium Enterprises Development Authority

Ministry of Industries & Production

Government of Pakistan

www.smeda.org.pk

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TABLE OF CONTENTS

1	DISCLAIMER.....	2
2	EXECUTIVE SUMMARY	3
3	INTRODUCTION TO SMEDA.....	3
4	PURPOSE OF THE DOCUMENT	4
5	BRIEF DESCRIPTION OF PROJECT & PRODUCT	4
5.1	Production Process Flow	5
5.2	Installed And Operational Capacities	6
6	CRITICAL FACTORS.....	7
7	GEOGRAPHICAL POTENTIAL FOR INVESTMENT	7
8	POTENTIAL TARGET CUSTOMERS / MARKETS	8
9	PROJECT COST SUMMARY	8
9.1	Project Economics	8
9.2	Project Financing	9
9.3	Project Cost	9
9.4	Space Requirement	9
9.5	Machinery And Office Equipment Requirement.....	10
9.6	Furniture And Fixture Requirement	10
9.7	Raw Material Requirement.....	11
9.8	Human Resource Requirement.....	11
9.9	Other Costs.....	12
9.10	Revenue Generation.....	12
10	CONTACT DETAILS.....	12
10.1	Technical Experts / Support Institutions	12
11	USEFUL WEB LINKS	13
12	ANNEXURES	15
12.1	Income Statement.....	15
12.2	Balance Sheet	16
12.3	Cash Flow Statement.....	17
13	KEY ASSUMPTION	18
13.1	Operating Cost Assumptions.....	18
13.2	Production Cost Assumptions	18
13.3	Revenue Assumptions	18
13.4	Financial Assumptions	19

1 DISCLAIMER

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2 EXECUTIVE SUMMARY

Housing construction not only improves the living standards of the public but also contributes towards the overall economic growth. The construction sector is linked with more than 40 industries and thus has multiple effects on the economy. Moreover, given the situation of Pakistan, a continuous growth in population and a huge housing shortage faced by most cities, the demand for houses is highly unlikely to slow down. There is a rapid growth in urbanization and the continuous struggle towards better quality of life. Consequentially, as a first step towards higher standards of living, the housing sector experiences growth.

This pre-feasibility study provides the general information for initiating the 'Housing Construction' business mainly involving construction of residential houses in the key areas of major big cities in Pakistan.

The total project cost is estimated at Rs. 27.01 million, which includes a capital investment of Rs. 1.48 million and working capital of Rs. 25.53 million. The proposed project is financed through 50% debt and 50% equity. The Project's NPV is around Rs. 116.32 million, with an IRR of 54% and Payback Period of 3.44 years. Selection of a good location and purchase of land at competitive price will be the key success factor in timely selling of houses and maximizing profit of the construction 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.

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, production, marketing, finance and business management.

The purpose of this document is to facilitate potential investors in **Housing Construction Company** business by providing them a general understanding of the business with 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 it's successful management.

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

5 BRIEF DESCRIPTION OF PROJECT & PRODUCT

Housing is the basic and fundamental human need, yet millions are caught in the struggle to have a roof over their head. Pakistan is faced with a chronic shortage of housing against a backdrop of a rapidly rising population. Most recent estimates identify a national shortage of 7.9 million houses. The need of the hour is to exploit the hidden potentials of the housing and construction sector, which is very well recognized to generate maximum employment opportunities for less skilled labor force, reducing poverty and raising the standards of public living.

Moreover, housing and construction is closely linked with more than 40 other industries and contributes to the overall economic revival and growth. Its multiple effects on the economy have the robust potential to generate industrial activities, develop small and medium enterprises (SMEs) self-employment opportunities, business, commerce and trade activities and at the same time encouraging utilization of indigenous natural and man-made resources. Therefore, it is imperative to develop this industry to utilize the real estate and housing industry potential for the economic development of the country and certainly it has the necessary potential to become the engine of change and progress for the economy of Pakistan.

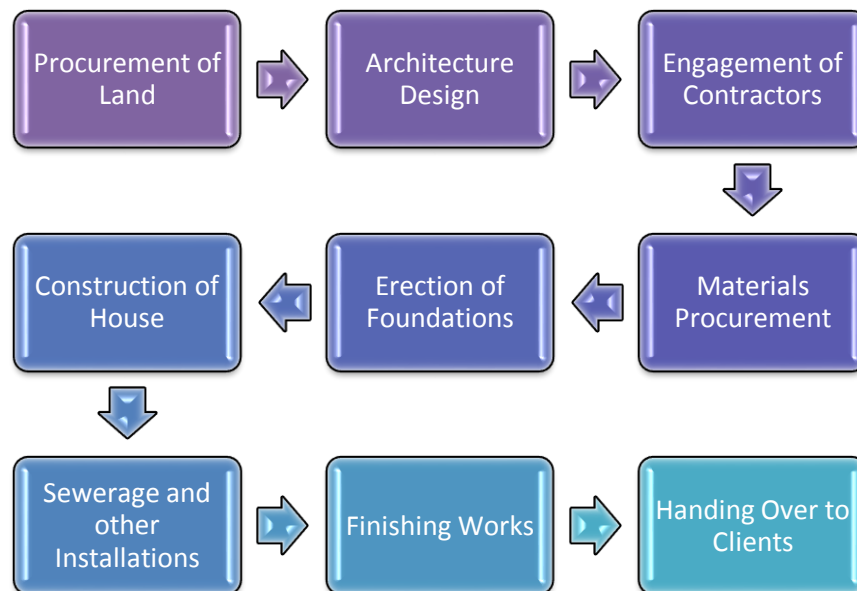
The proposed Housing Construction Company will focus on modern design and superior quality material used for constructing houses. This pre-feasibility study proposes construction of houses covering an area of 5 Marla (1,125 sq. ft), 7 Marla (1,575 sq. ft) and 10 Marla (2,250 sq. ft) in developed and developing housing societies of major cities in Pakistan. To start with, 3 units of 5 marla house, 2 units of 7 marla house and 3 units of 10 marla houses in the first year of operation and will increase the number of units in the upcoming years. The starting operational capacity of the company will be 25% (i.e. 8 houses), which will be subsequently increased at 10% growth rate up to maximum capacity of 95% (i.e. 26 houses) in 8th year of operation.

The proposed company will provide the direct employment opportunity to 7 individuals including the owner / manager, whereas the contractors will engage a large number of temporary labors for the construction of houses. Company office will be established in rented premises of newly established housing societies of any major city.

Total project cost is estimated at Rs. 27.01 million, including capital investment of Rs. 1.48 million and working capital of Rs. 25.53 million. The legal business status of this project is proposed as 'Sole Proprietorship'.

5.1 Production Process Flow

The business process flow of proposed Housing and Construction Company includes the following steps:



5.2 Installed and Operational Capacities

The proposed company has a maximum capacity of constructing 26 houses in a year. It is assumed that during first year of operation, the proposed company will be able to construct and sell 8 houses at 25% capacity utilization, which will be gradually increased at a rate of 10% to the maximum capacity of constructing 26 houses in the 8th year of operation. Category wise installed and operational capacities of the proposed project are provided the table below:

Table 1: Installed and Operational Capacities

Description	Annual Capacity	Operational Capacity Year 1 (25%)	Maximum Achieved Capacity- 95% Year 8
5 Marla House	10	3	10
7 Marla House	6	2	6
10 Marla House	10	3	10
Total	26	8	26

The recommended layout for different category houses are described in the following table:

Table 2: Layout of the Houses

Description	Ground Floor	First Floor	Doors & Windows
5 Marla House Front 25 feet X length 45 feet	<ul style="list-style-type: none"> • 2 Bedrooms (11X12 ft) + attached • Bathrooms (5X6 ft) • 1 Kitchen (6X10 ft) • A car porch (16X10 ft) • 1 TV Lounge (13X10) • 1 Drawing Room (11X13 ft) • Vacant Space (5 ft on front and 5 ft at back) 	<ul style="list-style-type: none"> • 2 Bedrooms (11X12 ft) + attached • Bathrooms (5X6 ft) • 1 Store (6X8 ft) • Stair Room (10X10 ft) • 1 TV Lounge (14X12 ft) • 1 Living Room (7X10 ft) • Terrace (5 Feet) 	<ul style="list-style-type: none"> • Windows 7 (5X6 ft) • Windows 4 (2.5X2 ft) • Front Door 1 (7X4 ft) • Room Doors 13 (7X3 ft) • Bathroom Doors 4 (7X2.25)
7 Marla House Front 28 feet X length 50 feet	<ul style="list-style-type: none"> • 2 Bedrooms (14X12 ft) + attached • Bathrooms (7X7 ft) • 1 Kitchen (15X6 ft) • 1 Store (10X8) • Car Porch (16X10 ft) 	<ul style="list-style-type: none"> • 2 Bedrooms (14X12 ft) + attached • Bathrooms (7X7 ft) • Store (10X8 ft) • 1 Kitchen (15X7 ft) 	<ul style="list-style-type: none"> • Windows 7 (5X6 ft) • Windows 4 (2.5X3 ft) • Front Door 1 (7X4 ft)

	<ul style="list-style-type: none"> • 1 TV Lounge (15X10) • 1 Drawing Room (15X13 ft) • Vacant Space (7 ft on front and 7 ft at back) 	<ul style="list-style-type: none"> • Stair Room (10X10 ft) • 1 TV Lounge (15X12 ft) • 1 Living Room (10X14 ft) • Terrace (5 Feet) 	<ul style="list-style-type: none"> • Room Doors 13 (7X3 ft) • Bathroom Doors 4 (7X2.25 ft)
10 Marla House Front 35 feet X length 65 feet	<ul style="list-style-type: none"> • 2 Bedrooms (14X14 ft) + attached Bathrooms (7X8 ft) • 1 Kitchen (12X10 ft) • 1 store (10X10 ft) • Car Porch (16X10 ft) • 1 TV Lounge (14X16 ft) • 1 Drawing Room (14X16 ft) • Vacant Space (10 ft on front 7 ft at back and 5 ft Galley) 	<ul style="list-style-type: none"> • 2 Bedrooms (14X14 ft) + attached Bathrooms (7X8 ft) • Store (10X10 ft) • 1 Kitchen (12X10 ft) • Stair Room (10X10 ft) • 1 TV Lounge (14X14 ft) • 1 Living Room (12X12 ft) • Tarries (5 Feet) 	<ul style="list-style-type: none"> • Windows 13 (6X6 ft) • Windows 4 (2.5X3 ft) • Front Door 1 (7X4 ft) • Room Doors 15 (7X3 ft) • Bathroom Doors 4 (7X2.25 ft)

6 CRITICAL FACTORS

Following critical factors are to be taken care of, for a successful Housing Construction Company business.

- Entrepreneur's knowledge, background and relevant experience in the field of housing and construction
- Careful selection of good location and purchase of land at a competitive price
- Modern and aesthetic architecture designs and use of superior quality material
- Efficient utilization of material and resources to manage quality as well as service delivery within specified financial resources and timeframe
- Investment in good construction material and efficient use of skilled and semi skilled labor force
- Location considerations; proximity of office to develop and newly developing housing schemes

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

Developed or newly developing housing societies in urban centers such as Karachi, Lahore, Peshawar, Quetta, Rawalpindi, Islamabad, Multan, Sialkot, Faisalabad, Hyderabad, etc., would be an ideal choice for starting the proposed business due to

greater demand of houses. Requisite materials, infrastructure facilities, etc. would also be easily available in such areas. However, it is recommended that the company office should be located in an easily approachable location, in line with the selected target market.

8 POTENTIAL TARGET CUSTOMERS / MARKETS

The potential target market for the proposed business venture is the general public of upper-middle income group who have migrated to urban centers for better livelihood of their families. Particularly, working class of urban centers would be the major potential target customers.

Considering to that, major cities for instance Karachi, Lahore, Peshawar, Quetta, Rawalpindi, Islamabad, Multan, Sialkot, Faisalabad, Hyderabad, etc., with large urban base would be the potential target markets for the proposed business.

9 PROJECT COST SUMMARY

A detailed financial model has been developed to analyse the commercial viability of Housing Construction Company. Various costs 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 annexures.

9.1 Project Economics

All the assumptions in this financial model are based upon a total capacity of constructing 26 houses. Whereas, during first year of operation it is assumed that company would be able to construct and sold 8 houses at 25% capacity utilization. The financial analysis of the proposed project is based on the stated number of constructed and sold houses.

The following table shows Internal Rate of Return, Payback Period and Net Present Value.

Table 3: Project Economics

Description	Details
Internal Rate of Return (IRR)	54%
Pay Back Period (Years)	3.44
Net Present Value (NPV)	Rs. 116,315,476

Returns on the project and its profitability are highly dependent on careful selection of a good location and purchase of land at competitive prices along with effective utilization of material resources to minimize construction costs.

9.2 Project Financing

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

Table 4: Project Financing

Description	Details
Total Equity (50%)	Rs. 13,506,320
Bank Loan (50%)	Rs. 13,506,320
Annual Markup to the Borrower – Long Term Loan	16%
Tenure of the Loan (Years)	5 Years
Annual Markup to the Borrower – Short Term Debt	16%

9.3 Project Cost

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

Table 5: Project Cost

Capital Investment	Amount Rs.
Machinery & Office Equipment	791,000
Furniture & Fixtures	510,000
Pre-Operating Costs	175,000
Total Capital Cost	1,476,000
Working Capital Requirements	
Raw Material Inventory	21,605,801
Upfront Building Rent	1,440,000
Cash	2,490,839
Total Working Capital	25,536,640
Total Investment	27,012,640

9.4 Space Requirement

The space requirement for the proposed Housing and Construction Company mainly requires an office space of around 400 sq. ft. covered area. For this purpose it is recommended that office space may be acquired on rental basis in the vicinity of developed or newly developing housing societies in major cities. The monthly rent of the office space is estimated as Rs. 120,000 per month.

9.5 Machinery and Office Equipment Requirement

All the required machinery such as, Mixer, Lifts, etc., are easily and widely available on rental basis. Construction Company will engage contractors and it will be the contractor's responsibility to acquire the required machinery to be used in the construction of houses. The main role of Construction Company will be to oversee and manage all the operational activities from procurement of land and material to construction and finishing of houses. For this purpose, the proposed venture will establish a well-equipped office for smooth functioning, customer handling and timely completion and handing over of houses to customers.

Following tables provides the list of office equipment and important tools required for an average size Construction Company.

Table 6: Machinery and Office Equipment Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Computers	3	60,000	180,000
Printers	2	15,000	30,000
UPS (1500 Watts)	1	54,000	54,000
Telephones	2	1,000	2,000
Water Dispenser & Others	1	25,000	25,000
Tools and Plant Machinery			500,000
Total			791,000

9.6 Furniture and Fixture Requirement

Details of required furniture and fixture, for setting-up the office of proposed Housing and Construction Company, are provided in the following table:

Table 7: Furniture and Fixture Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Furniture	1	200,000	200,000
Office Renovation	400	375	150,000
Lighting, Wiring and Fans	Lump sum	40,000	40,000
Air conditioners (1.5 ton split)	2	60,000	120,000
Total			510,000

9.7 Raw Material Requirement

The major raw material for the Housing and Construction Company will be procurement of land in the developed or newly developing societies. Whereas, large number of construction material will be required for construction of houses, which will be procured by the contractors / company according to the requirements. List of items required is provided below:

Table 8: Raw Material Requirement

Bricks	Steel Doors and Grills
Sand	Wood
Crush	Win board
Steel	Chipboard
Mud	Glass
Cement	Varnish
Floor Tiles	Paints
Bath Room Fittings	Hardware
Cupboards	Wires
Lighting accessories	Misc. electrification equipment
Sewerage and Water Supply Pipes	PVC Pipes
Dadex Pipe	

9.8 Human Resource Requirement

Following table provides details of human resource required for the project along with monthly salaries:

Table 9: Human Resource Requirement

Description	No. Of Employees	Salary per Employee Per Month (Rs.)
CEO / Owner / Manager	1	50,000
Diploma Holder Engineer	2	35,000
Construction Supervisor	1	40,000
Purchase Officer	1	30,000
Accounts Officer	1	25,000
Office Boy	1	12,000
Total	7	

It is assumed that the owner would have prior experience or knowledge about the housing and construction business. Salaries of all employees are estimated to increase at 10% annually.

9.9 Other Costs

The other essential costs to be borne by the business during first year of operation mainly include Land & Designing Cost (Rs. 30 million), Material Cost (Rs. 22 million), Labor Cost (Rs. 5.3 million) and Utilities Connection and Charges (Rs. 0.7 million). The cost of said items will increase according to the estimated number of houses built and sold annually.

9.10 Revenue Generation

Following table provides revenue and cost assumptions of the proposed Business venture during first year of operation:

Table 10: Revenue Generation in First Year

Description / Product Range	Total No Units Built and Sold	Sales Price (Rs. / Unit)	Sales Revenue (Rs) Year 1
5 Marla House	3	6,732,002	20,196,006
7 Marla House	2	8,798,061	17,596,122
10 Marla House	3	12,369,327	37,107,981
Total Sales Revenue			74,900,109

10 CONTACT DETAILS

In order to facilitate potential investors, contact details of private sector service providers relevant to the proposed project are given below:

10.1 Technical Experts / Support Institutions

Name of Expert / Organization	Address	Phone / Fax	E-mail	Website
Constructors Association Of Pakistan (CAP)	2 nd Floor, Classic Complex, 35-M, Model Town Extension Lahore – 54700	Tel: +92-42-35178421, Fax: +92-42-35178422	cappk2011@gmail.com , info@cappk.org	www.cappk.org
Association Of Builders And Developers Of Pakistan (ABAD)	ABAD House, ST-1/D, Block-16, Gulistan-e-Jauhar Karachi-75290.	Tel: +92-21-34613649, 346151-52 UAN: +92-111-111-ABAD	info@abad.com.pk , abadsecretariat@yahoo.com	www.abad.com.pk
Association Of Consulting Engineers Pakistan - ACEP	<u>Registered Office</u> 4 th Floor, IEP Building, 177/2,	Tel.: +92-21-34980871 Fax: +92-21-34985907	info@acep.org.pk acep.secretariat@yahoo.com	www.acep.org.pk

	Liaquat Barracks, Karachi, Pakistan			
	<u>ACEP</u> <u>Secretariat:</u> C-84, Block 8, Gulshan-e-Iqbal, University Road, Karachi- Pakistan			
PHA Foundation	Ministry of Housing & Works Shaheed-e-Milat Secretariat, Ground Floor Blue Area Islamabad	Tel: +92-51- 9205987		www.pha.gov.pk

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
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

Punjab Vocational Training Council (PVTC)	www.pvtc.gov.pk
Technical Education and Vocational Training Authority (TEVTA)	www.tevta.org
Punjab Industrial Estates (PIE)	www.pie.com.pk
Faisalabad Industrial Estate Development and Management Company (FIEDMC)	www.fiedmc.com.pk
Securities and Exchange Commission of Pakistan	www.secp.gov.pk
Constructors Association of Pakistan (CAP)	www.cappk.org
Association Of Builders And Developers Of Pakistan (ABAD)	www.abad.org.pk
Association Of Consulting Engineers Pakistan (ACEP)	www.acep.org.pk
PHA Foundation, Ministry Of Housing & Works	www.pha.gov.pk
The Pakistan Council of Architects and Town Planners	www.pcatp.org.pk
Pakistan Institute of Interior Designers (PIID)	www.piid.com.pk

12 ANNEXURES

12.1 Income Statement

Income Statement										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
5 Marla House	20,196,006	30,159,369	42,223,116	56,747,868	74,150,547	94,912,701	119,590,003	148,823,114	166,681,888	186,683,715
7 Marla House	17,596,121	29,561,484	33,108,862	49,442,567	55,375,675	77,525,946	104,194,871	116,698,255	130,702,046	146,386,291
10 Marla House	37,107,981	55,414,585	77,580,420	104,268,084	136,243,630	174,391,846	219,733,726	273,446,415	306,259,984	343,011,182
Revenue	74,900,108	115,135,438	152,912,398	210,458,519	265,769,852	346,830,492	443,518,599	538,967,784	603,643,918	676,081,189
<i>Cost of sales</i>										
Land and designing cost	29,912,400	45,173,260	58,891,426	79,626,809	98,722,506	126,558,707	158,974,924	189,690,461	208,659,507	229,525,458
Material cost	21,654,568	32,684,231	42,653,428	57,644,460	71,516,843	91,646,611	115,087,164	137,387,545	151,126,299	166,238,929
Labour cost	5,282,500	7,969,500	10,409,025	14,062,015	17,455,732	22,361,931	28,074,813	33,527,678	36,880,445	40,568,490
Utilities connection	176,000	242,000	286,000	352,000	396,000	462,000	528,000	572,000	572,000	572,000
Electricity Chg.	590,000	891,000	1,056,000	1,298,000	1,463,000	1,705,000	1,947,000	2,112,000	2,112,000	2,112,000
Total cost of sales	57,615,468	86,959,991	113,295,879	152,983,284	189,554,081	242,734,250	304,611,901	363,289,684	399,350,252	439,016,877
Gross Profit	17,284,640	28,175,447	39,616,518	57,475,235	76,215,771	104,096,242	138,906,698	175,678,101	204,293,666	237,064,311
<i>General administration & selling expenses</i>										
Administrative Salaries	2,724,000	2,996,400	3,296,040	4,743,684	5,218,052	5,739,858	6,313,843	6,945,228	7,639,751	8,403,726
Printing & Stationary	50,000	55,000	60,500	66,550	73,205	80,526	88,578	97,436	107,179	117,897
Entertainment	60,000	66,000	72,600	79,860	87,846	96,631	106,294	116,923	128,615	141,477
Office Rent	1,440,000	1,584,000	1,742,400	1,916,640	2,108,304	2,319,134	2,551,048	2,806,153	3,086,768	3,395,445
Telephone	60,000	66,000	72,600	79,860	87,846	96,631	106,294	116,923	128,615	141,477
Internet	24,000	26,400	29,040	31,944	35,138	38,652	42,517	46,769	51,446	56,591
Professional fees (legal, audit, consultants, etc.)	374,501	575,677	764,562	1,052,293	1,328,849	1,734,152	2,217,593	2,694,839	3,018,220	3,380,406
Depreciation expense	130,100	130,100	130,100	130,100	130,100	130,100	130,100	130,100	130,100	130,100
Commission on Sale of House	749,001	1,151,354	1,529,124	2,104,585	2,657,699	3,468,305	4,435,186	5,389,678	6,036,439	6,760,812
Amortization of pre-operating costs	35,000	35,000	35,000	35,000	35,000	-	-	-	-	-
Subtotal	5,646,602	6,685,932	7,731,966	10,240,516	11,762,040	13,703,988	15,991,453	18,344,048	20,327,133	22,527,930
Operating Income	11,638,039	21,489,516	31,884,552	47,234,719	64,453,731	90,392,254	122,915,245	157,334,052	183,966,533	214,536,381
Earnings Before Interest & Taxes	11,638,039	21,489,516	31,884,552	47,234,719	64,453,731	90,392,254	122,915,245	157,334,052	183,966,533	214,615,481
Interest on short term debt	156,289	156,289	-	-	-	-	-	-	-	-
Interest expense on long term debt (Project Loan)	111,972	94,096	73,183	48,718	20,098	-	-	-	-	-
Interest expense on long term debt (Working Capital Loan)	1,937,252	1,627,972	1,266,158	842,886	347,719	-	-	-	-	-
Subtotal	2,205,512	1,878,356	1,339,341	891,605	367,817	-	-	-	-	-
Earnings Before Tax	9,432,526	19,611,160	30,545,212	46,343,115	64,085,914	90,392,254	122,915,245	157,334,052	183,966,533	214,615,481
Tax	2,523,884	6,086,405	9,913,323	15,442,589	21,652,569	30,859,788	42,242,835	54,289,418	63,610,786	74,337,918
NET PROFIT/(LOSS) AFTER TAX	6,908,643	13,524,754	20,631,888	30,900,525	42,433,345	59,532,466	80,672,410	103,044,635	120,355,747	140,277,564

12.2 Balance Sheet

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	2,490,839	-	6,973,101	11,817,970	24,513,771	45,095,924	83,934,052	139,541,284	227,440,278	331,123,068	611,725,434
Accounts receivable		6,156,173	7,809,680	11,015,664	14,933,051	19,571,029	25,175,357	32,480,100	40,376,153	46,956,645	52,591,443
Raw material inventory	21,605,801	31,621,815	34,860,270	47,807,276	63,184,694	80,911,417	101,537,300	125,754,121	138,236,626	151,967,381	-
Pre-paid building rent	1,440,000	1,584,000	1,742,400	1,916,640	2,108,304	2,319,134	2,551,048	2,806,153	3,086,768	3,395,445	-
Total Current Assets	25,536,639	39,361,988	51,385,452	72,557,550	104,739,821	147,897,504	213,197,757	300,581,658	409,139,824	533,442,539	664,316,876
<i>Fixed assets</i>											
Machinery & equipment	500,000	450,000	400,000	350,000	300,000	250,000	200,000	150,000	100,000	50,000	-
Furniture & fixtures	510,000	459,000	408,000	357,000	306,000	255,000	204,000	153,000	102,000	51,000	-
Office equipment	291,000	261,900	232,800	203,700	174,600	145,500	116,400	87,300	58,200	29,100	-
Total Fixed Assets	1,301,000	1,170,900	1,040,800	910,700	780,600	650,500	520,400	390,300	260,200	130,100	-
<i>Intangible assets</i>											
Pre-operation costs	175,000	140,000	105,000	70,000	35,000	-	-	-	-	-	-
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
Total Intangible Assets	175,000	140,000	105,000	70,000	35,000	-	-	-	-	-	-
TOTAL ASSETS	27,012,639	40,672,888	52,531,252	73,538,250	105,555,421	148,548,004	213,718,157	300,971,958	409,400,024	533,572,639	664,316,876
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable		6,837,434	9,264,474	12,275,518	16,475,833	20,642,529	26,280,215	32,861,606	38,245,038	42,061,906	32,528,580
Short term debt	-	1,840,223	-	-	-	-	-	-	-	-	-
Other liabilities											
Total Current Liabilities	-	8,677,657	9,264,474	12,275,518	16,475,833	20,642,529	26,280,215	32,861,606	38,245,038	42,061,906	32,528,580
<i>Other liabilities</i>											
Long term debt (Project Loan)	738,000	632,758	509,641	365,610	197,115	-	-	-	-	-	-
Long term debt (Working Capital Loan)	12,768,320	10,947,510	8,817,420	6,325,517	3,410,342	-	-	-	-	-	-
Total Long Term Liabilities	13,506,320	11,580,269	9,327,061	6,691,127	3,607,458	-	-	-	-	-	-
<i>Shareholders' equity</i>											
Paid-up capital	13,506,320	13,506,320	13,506,320	13,506,320	13,506,320	13,506,320	13,506,320	13,506,320	13,506,320	13,506,320	13,506,320
Retained earnings		6,908,643	20,433,397	41,065,286	71,965,811	114,399,156	173,931,622	254,604,032	357,648,666	478,004,414	618,281,977
Total Equity	13,506,320	20,414,963	33,939,717	54,571,605	85,472,131	127,905,476	187,437,941	268,110,351	371,154,986	491,510,733	631,788,297
TOTAL CAPITAL AND LIABILITIES	27,012,639	40,672,888	52,531,252	73,538,250	105,555,421	148,548,004	213,718,157	300,971,958	409,400,024	533,572,639	664,316,876

12.3 Cash Flow Statement

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		6,908,643	13,524,754	20,631,888	30,900,525	42,433,345	59,532,466	80,672,410	103,044,635	120,355,747	140,277,564
Add: depreciation expense		130,100	130,100	130,100	130,100	130,100	130,100	130,100	130,100	130,100	130,100
amortization of pre-operating costs		35,000	35,000	35,000	35,000	35,000	-	-	-	-	-
Accounts receivable		(6,156,173)	(1,653,507)	(3,205,984)	(3,917,387)	(4,637,978)	(5,604,328)	(7,304,743)	(7,896,053)	(6,580,493)	(5,634,797)
Raw material inventory	(21,605,801)	(10,016,014)	(3,238,456)	(12,947,006)	(15,377,418)	(17,726,723)	(20,625,884)	(24,216,821)	(12,482,504)	(13,730,755)	151,967,381
Pre-paid building rent	(1,440,000)	(144,000)	(158,400)	(174,240)	(191,664)	(210,830)	(231,913)	(255,105)	(280,615)	(308,677)	3,395,445
Accounts payable		6,837,434	2,427,039	3,011,044	4,200,315	4,166,696	5,637,687	6,581,391	5,383,432	3,816,868	(9,533,326)
Other liabilities		-	-	-	-	-	-	-	-	-	-
Cash provided by operations	(23,045,801)	(2,405,010)	11,066,531	7,480,802	15,779,472	24,189,610	38,838,127	55,607,232	87,898,994	103,682,790	280,602,365
<i>Financing activities</i>											
Project Loan - principal repayment		(105,242)	(123,118)	(144,030)	(168,495)	(197,115)	-	-	-	-	-
Working Capital Loan - principal repayment		(1,820,810)	(2,130,090)	(2,491,904)	(2,915,175)	(3,410,342)	-	-	-	-	-
Short term debt principal repayment		-	(1,840,223)	-	-	-	-	-	-	-	-
Additions to Project Loan	738,000	-	-	-	-	-	-	-	-	-	-
Additions to Working Capital Loan	12,768,320	-	-	-	-	-	-	-	-	-	-
Issuance of shares	13,506,320	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares		-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing activities	27,012,639	(1,926,051)	(4,093,430)	(2,635,934)	(3,083,670)	(3,607,458)	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(1,476,000)	-	-	-	-	-	-	-	-	-	-
Acquisitions		-	-	-	-	-	-	-	-	-	-
Cash (used for) / provided by investing activities	(1,476,000)	-	-	-	-	-	-	-	-	-	-
NET CASH	2,490,839	(4,331,062)	6,973,101	4,844,868	12,695,802	20,582,153	38,838,127	55,607,232	87,898,994	103,682,790	280,602,365

13 KEY ASSUMPTION

13.1 Operating Cost Assumptions

Table 11: Operating Cost Assumptions

No of Projects (Houses Built & Sold) in a Year	26
Starting Capacity Utilization	25% (8 Houses)
Maximum Capacity Utilization	95% (26 Houses)
Annual Growth in Capacity Utilization	10%
Days Operational Per Year	330
Profit Margin (% of Total Cost Incurred)	30%

13.2 Production Cost Assumptions

Table 12: Production Cost Assumptions

Salary Growth Rate	10%
Operating Cost Growth Rate	10%
Broker Commission (On Sale Price)	1%
Administration Benefits Expense (On Administrative Expense)	3%
Travelling Expense (On Administrative Expense)	1%
Communication Expense (On Administrative Expense)	1%
Office Expenses (On Administrative Expense)	1%
Promotional Expense (On Revenue)	1%

13.3 Revenue Assumptions

Table 13: Revenue Assumptions

No of Projects (Houses Built & Sold) in a Year	26
5 Marla Houses	10
7 Marla Houses	06
10 Marla Houses	10
Profit Margin (% of Total Cost Incurred)	30%

13.4 Financial Assumptions

Table 14: Financial Assumptions

Debt Equity Ratio	50:50
Debt Tenure	5 Years
Debts Payments per Year	4
Mark-up on Long Term Loan	16%