

Pre-Feasibility Study

PACKING AND MOVING SERVICE



Small and Medium Enterprises Development Authority

Ministry of Industries & Production

Government of Pakistan

www.smeda.org.pk

HEAD OFFICE

4th Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road,
Lahore
Tel: (92 42) 111 111 456, Fax: (92 42) 36304926-7
helpdesk@smeda.org.pk

REGIONAL OFFICE PUNJAB	REGIONAL OFFICE SINDH	REGIONAL OFFICE KPK	REGIONAL OFFICE BALOCHISTAN
3 rd Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road Lahore, Tel: (042) 111-111-456 Fax: (042) 36304926-7 helpdesk.punjab@smeda.org.pk	5 th Floor, Bahria Complex II, M.T. Khan Road, Karachi. Tel: (021) 111-111-456 Fax: (021) 5610572 helpdesk-khi@smeda.org.pk	Ground Floor State Life Building The Mall, Peshawar. Tel: (091) 9213046-47 Fax: (091) 286908 helpdesk-pew@smeda.org.pk	Bungalow No. 15-A Chaman Housing Scheme Airport Road, Quetta. Tel: (081) 831623, 831702 Fax: (081) 831922 helpdesk-qta@smeda.org.pk

June 2015

Table of Contents

1	DISCLAIMER	1
2	EXECUTIVE SUMMARY	2
3	INTRODUCTION TO SMEDA	3
4	PURPOSE OF THE DOCUMENT	3
5	BRIEF DESCRIPTION OF PROJECT & PRODUCT	4
5.1	SERVICE PROCESS FLOW.....	5
5.2	OPERATIONAL CAPACITIES.....	6
6	CRITICAL FACTORS	6
7	GEOGRAPHICAL POTENTIAL FOR INVESTMENT	7
8	POTENTIAL TARGET CUSTOMERS / MARKETS	7
9	PROJECT COST SUMMARY	7
9.1	PROJECT ECONOMICS.....	7
9.2	PROJECT FINANCING	8
9.3	PROJECT COST.....	8
9.4	SPACE REQUIREMENT.....	9
9.5	OFFICE VEHICLES	9
9.6	FURNITURE AND FIXTURES.....	10
9.7	OFFICE EQUIPMENT REQUIREMENT	10
9.8	HUMAN RESOURCE REQUIREMENT.....	10
9.9	UTILITIES AND OTHER COSTS	11
9.10	COST OF PACKING:	11
9.11	UNIFORM COST:.....	12
9.12	REVENUE GENERATION.....	12
10	CONTACT DETAILS	13
10.1	RAW MATERIAL SUPPLIERS:.....	13
11	USEFUL WEB LINKS	15
12	ANNEXURES	16
12.1	INCOME STATEMENT	16
12.2	BALANCE SHEET	17
12.3	CASH FLOW STATEMENT	18
13	KEY ASSUMPTIONS	19
13.1	OPERATING COST ASSUMPTIONS	19
13.2	PRODUCTION COST ASSUMPTIONS.....	19
13.3	REVENUE ASSUMPTIONS.....	19
13.4	FINANCIAL ASSUMPTIONS	20

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.

For more information on services offered by SMEDA, please contact our website: www.smeda.org.pk

Document Control

Document No.	PREF-NO: 127
Revision	No. 01
Prepared by	SMEDA-Sindh
Revision Date	June, 2015
For information	Provincial Chief-Sindh mraza@smeda.org.pk

2 EXECUTIVE SUMMARY

Packing and moving service business is proposed to be located in any of the major cities across Pakistan. The document discusses the detailed aspects of setting up a high-end intra-city Packing and Moving service. The households and businesses in cities seek better locations and buildings to reside in, therefore they constantly move from one place to another. The shifting being cumbersome job, there is a need for professionally managed packing and moving service, which does the job for the clients.

The upper and upper-middle class population besides corporate sector will be the potential customers in urban centers of Pakistan. The service will take care of end-to-end jobs in shifting from one place to another.

Total investment of **Rs. 2,101,750** will be required for the project. **Rs. 1,255,500** will be the capital expenditure, which include buying a mid-size truck; setting up a front office and a warehouse to keep an inventory of packing material. Additionally, a working capital amount of **Rs. 846,250** is required. A total of **9 staff members** will constitute the workforce to handle the operations, excluding the manager who will be the owner of the business.

With estimated 10 customers per month in first year, revenue of **Rs.11,331,120** is earned in first year. The project has a relatively shorter **Payback Period of 2.7 years, IRR of 56% and an NPV of Rs. 5,783,250.**

Some critical factors contributing towards success of the business are as following:

- Greatly differentiate the service with superior service quality from other similar service providers.
- Choose a suitable location for office with maximum exposure to customers.
- Gain the trust of customers by handling their valuable goods with utmost care.
- Effective marketing to become known among potential customers.
- Manage cash flows well to pay off the initial debt and retain enough earnings to fund expansion of the business in later years.

Other equally important factors, which add to the success of proposed business, include:

- Minimize the bad debts to increase earnings.
- Train packing staff to properly pack the goods to avoid breakages.
- Develop recognition of brand name and logo by painting the trucks with logo, company's name and contact numbers.

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 **Packing and Moving 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 it's 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

With the increasing urbanization, the big cities of Pakistan have to host massive populations. The inhabitants have to find suitable residential facilities in apartments or bungalows. Similarly, suitable buildings are also sought by commercial entities for offices. With this situation, a significant number of people are constantly moving from one building to another.

People do not have the manpower and resources required to conveniently shift from one place to another place within a city. This creates a business opportunity to provide professionally managed packing and moving services within the city. Therefore, there are number of players already operating in the market to cater to such customers. With superior service quality, premium prices could be charged from the customers who seek such services.

The charges are bifurcated into two categories: packing charges and moving charges. The level of packing charges is tied to the quantity of packing material used for the packing process. Generally more fragile goods are charged more as they require greater packing efforts to avoid breakages. Whereas goods like furniture are packed at lower charges. The moving charges are dependent on the quantity of load and distance of the delivery point.

Another important factor to be considered before quoting final charges for the consignment is that the household/office/commercial goods shifting charges greatly depend on the floor number in the building where goods are to be shifted or picked from. The higher the floor number, the higher are the charges.

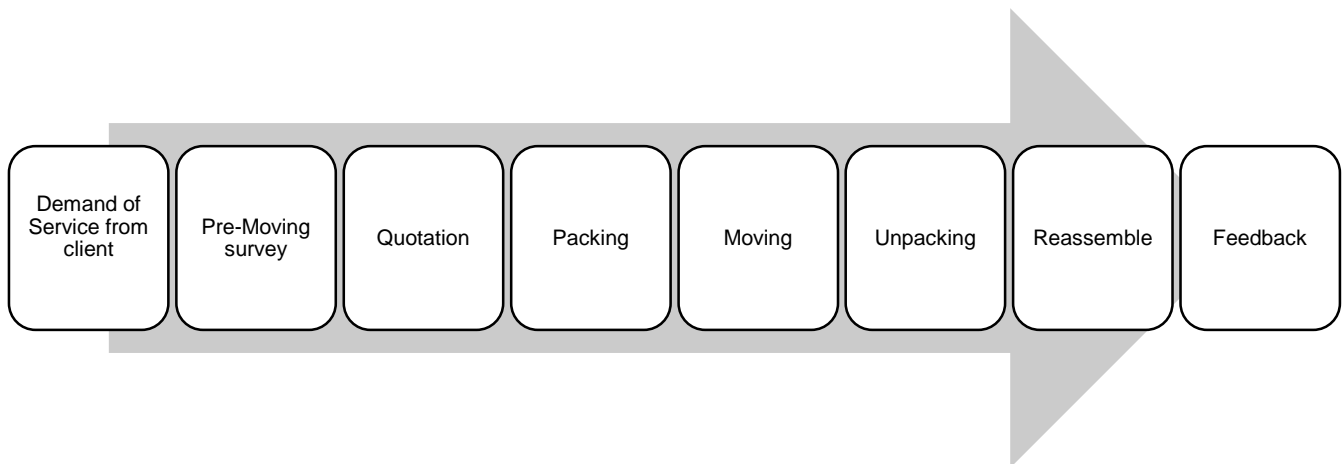
Following are the details of various aspects related to the business:

- **Technology:** Packing and moving services will require an office with telephone facility and a desktop computer where they could meet clients and maintain business records. They will also need a truck with three trained packing/loading labourers besides a driver.
- **Location:** Location of office is important for packing and moving service to get maximum orders. To be known amongst households and commercial clients, a location has to be chosen to get maximum exposure. An ideal location could be in a commercial centre to target other businesses and household customers.
- **Product:** A highly professional service to carefully pack and move the goods from client's one place to another; unpack and finally reassemble the items.
- **Target Market:** The target customers will be upper and upper-middle class households, small and medium businesses and corporate clients.
- **Employment Generation:** The proposed business will initially provide direct employment to 08 people. There will be 04 packing agents, 01 sales

representative, a driver, a security guard and a manager. The owner is considered to be the manager in this business. For growth of the business, a new truck will be bought in the eighth year.

5.1 Service Process Flow

This business process could be categorized into following steps in the production process flow:



Each step in the process flow is critical and should be dealt professionally to give the best overall service to the customer. Details relating to each step in the process are discussed below:

Demand from client: The service will be demanded through calls or direct office visits by clients.

Pre-moving survey: After client's demand for service, the company staff will visit the client's place to take a closer look at the assigned job and plan the move effectively. Some of the critical factors that need to be planned for during the survey are following:

- Inspect goods to be moved
- Understand individual needs
- Identify delicate and valuable articles
- Take measurements
- Assess manpower and materials requirements for packing
- Check facilities for loading and parking vehicles
- Explain the moving process, answer queries of clients and clear apprehensions
- Schedule dates for packing and moving

Quotation: With the details gathered during the pre-move survey, a detailed quotation is made consisting of price, estimated volume or weight, packing details,

estimated time to complete the job, general terms and conditions and a letter of acceptance.

Packing: Once the quotation is accepted, the next phase in the process is packing. All the fragile items like, electrical items, crockery, furniture and household decorative items are packed in a manner to avoid any chances of breakage. Boxing is done by putting fragile items into cardboard boxes. The items are wrapped in bubble plastic and then layers of thermocol are put to fix the items in the boxes. Non-fragile items like pieces of furniture are wrapped in cardboard layers with thermocol layers inside to avoid scratches.

Moving: The packed goods are then carefully loaded in the company's truck and moved to specified destination. To avoid breakage, the goods will not be overloaded in the truck to move the entire goods in one shift. It is estimated that most moving jobs will take place in two shifts.

Unpacking: Once the goods are unloaded at the destination, the unpacking will be done. The reusable packing material will be retained for future uses.

Reassemble: The goods are finally reassembled at the client's place. Furniture will be reassembled by fixing different panels together.

Feedback: Getting feedback of the customers is very important for the long-term success of the business. It will help develop good relations with customers for future business and getting referrals as well. The feedback will also help improve the service further by positively acting upon client's concerns.

5.2 Operational Capacities

The operational capacity is limited to serving up to 15 customers in a month with one truck. The business is expected to receive 10 customers per month during the first year. However, a yearly growth of 10% for number of the customers is estimated. As the business grows over the years, to support smooth operations without delays and disruptions, another truck will be introduced in eighth year. From eighth year onwards, the operational capacity will be doubled with the inclusion of second truck.

6 CRITICAL FACTORS

The main critical success factors that affect the decision to invest in the proposed business setup are:

- Effective location for front office would be a commercial center to get good exposure of potential commercial as well as household clients.
- Excellent workforce with proper uniform and professional attitude are integral for the success of this business.

- Labor must be skilled in proper packing, loading and unloading of goods.
- Getting feedback from the customers and then integrating their feedback into the business model is also crucial for the future growth of the business.

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

All the big cities across the country have potential for the proposed business. With huge populations, cities like Karachi, Lahore, Faisalabad, Rawalpindi-Islamabad, could be ideal locations to set up such moving and packing business. Besides the huge residential customers, thousands of small and medium sized businesses need such services as well. Besides household goods and furniture, office equipment also needs to be transferred from one place to another.

8 POTENTIAL TARGET CUSTOMERS / MARKETS

Target market for this business would be divided into two segments:

Households: First segment is the households. Families in cities move from one location to another along with their belongings for a number of reasons. One of the most common reasons is they move when they find a cheaper rented place or a better locality. Other reasons include, moving closer to their workplace, their communities or relatives and maybe they prefer to live in a different location. Also, households need to move heavy goods like furniture from the point of purchase to their house without scratching or damaging them and most of the times the moving services provided by the vendors are not professional.

Commercial Clients: The second segment includes small and medium sized businesses and corporate clients. These businesses need to move their goods from one place to another and need their goods to be delivered to them from a certain location within the city. Corporate clients might need to move their office equipment to a new location or they might want new office equipment to be delivered to them from the point of purchase.

9 PROJECT COST SUMMARY

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

9.1 Project Economics

All the figures in this financial model have been calculated for estimated revenue of **Rs. 11,331,120** in the year one. The revenue stream is assumed to be increasing

with a combination of 10% increase in charges every year and 10% increase in number of customers per year as well.

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

Table 9.1: Project Economics

Description	Details
Internal Rate of Return (IRR)	56%
Payback Period (years)	2.7
Net Present Value (NPV)	Rs. 5,783,520

9.2 Project Financing

Following table provides details of the capital required and variables related to bank loan for the initial investment made for the business.

Table 9.2: Project Financing

Description	Details
Total Capital	Rs. 2,101,750
Total Equity (50%)	Rs. 1,050,875
Bank Loan (50%)	Rs. 1,050,875
Markup to the Borrower (%age / annum)	18%
Tenure of the Loan (Years)	05

9.3 Project Cost

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

Table 9.3: Project Cost

Description	Cost (Rs.)
Capital Cost	
Furniture, Fixture and equipment	145,500
Truck (used)	1,100,000
Pre-operating Cost (renovation of office)	10,000
Total Capital cost	1,255,500

Working Capital (01 month)	
Packaging material	661,200
Building Rent	35,000
Utilities	5,000
Salaries	108,250
Fuel cost	8,800
Uniform cost	28,000
Total Working Capital	846,250
Total Project Cost	2,101,750

As the business grows another truck will be bought in eighth year to increase the capacity. The truck will be fully financed by retained earnings. The new truck will cost **Rs. 1,547,810** in eighth year, with estimated yearly price increase of 5%.

9.4 Space Requirement

The space requirement for the proposed Packing and Moving is estimated considering facilities including a small office to deal customers and record keeping and a warehouse to store packing material. Details of space requirement and cost related to land and building is given below:

Table 9.4: Space Requirement

Description	Estimated Area (Sq. ft.)	Monthly rent (Rs.)
Front Office	100	10,000
Warehouse	1000	25,000
Total	1,100	35,000

9.5 Office Vehicles

The business will require a truck, which will transport goods from one place to another.

Table 9.5: Office Vehicles

Description	Quantity	Total Cost (Rs.)
Truck (used)	01	1,100,000

9.6 Furniture and Fixtures

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

Table 9.6: Furniture and Fixture

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Tables	02	15,000	30,000
Chairs	04	5,000	20,000
Fan	03	2,500	7,500
Lights	04	500	2,000
Total			59,500

9.7 Office Equipment Requirement

Details of the equipment required for the project are given below:

Table 9.7: Office Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Telephone	01	1,500	2,000
Computer and UPS	01	49,000	60,000
Tablet	01	15,000	15,000
Strapping machine	01	9,000	9,000
Total			86,000

9.8 Human Resource Requirement

In order to run business operations smoothly, details of human resource required along with number of employees and monthly salary are recommended as under:

Table 9.8: Human Resource Requirements

Description	No.	Salary per month per person (Rs)	Total salary per month (Rs)
-------------	-----	----------------------------------	-----------------------------

Packaging Agents (Basic + Commission)	04	12,500	50,000
Driver	01	15,000	15,000
Security Guard	01	12,000	12,000
Sales Representative (Basic + Commission)	01	11,250	11,250
Manager (Owner)	01	20,000	20,000
Total Salary			108,250

The work load on packing agents and sales representatives will increase with the increasing number of clients over the years. A mixed salary system will be followed for them with a basic fixed payment of Rs. 5,000 for packing agents and Rs. 4,500 for sales representatives per month. A commission of 15% of basic on every customer will be paid additionally. However, all other staff will receive fixed salaries. The salaries are assumed to increase at around 10% every year for all staff.

With increasing number of customers, the workload on existing staff will increase every year. Therefore, in fifth year more staff will be employed to support growing operations. The new staff will include a driver, a packing agent and a sales representative.

9.9 Utilities and other costs

Utilities include electricity and telephone charges for the business costing Rs. 2,000 and Rs. 3,000 respectively. Another cost is incurred by the fuel cost for the truck, which is estimated at Rs. 9,000 per month. With the increased activity, the fuel cost will increase over the years. The fuel prices are also projected to be increasing by 10% every year. The high cost of sales is caused by packing material, which costs around 73% of sales. The cost is assumed to increase at the rate of 10% annually.

9.10 Cost of Packing:

There is no established unit of costing set for packing. However, it depends on the amount of packing material used, which is dependent on the nature of delicate items and the level of packing detail required to pack them. Due to the fact that goods are mostly moved in bulk, the packing price is charged per truckload. It is assumed that the truck takes two shifts to completely move the goods in a shifting job. Per consignment packing charges are estimated to be around Rs 69,426. Packing

charges per job have been calculated by increasing the cost packing material per job by 5%.

However, the charges may vary to some extent, depending on type and amount of material to be used for the specific set of goods. Therefore, costing quotation is given once the pre-moving survey is done to estimate the packing material quantity and type to be used.

Average cost of packing material per customer:

Items	Size required	Quantity needed per customer	Cost per customer (Rs.)
Strapping band	30 ft.	2	180
5 ply cardboard sheet	40 sq. ft.	15	48,000
Corrugated box	4X4X4 ft.	30	7,500
Bubble wrap	20 sq. ft.	3	1,800
Thermocol	24 sq. ft.	18	8,640
Total cost per customer			66,120

9.11 Uniform Cost:

To build company's reputation and recognition, all the staff will be given company's uniform with company logo on it. This will add to their professional look and will give a good impression among the customers.

The uniform will include a shirt, a pair of trousers and shoes. Each of the nine staff members will be provided two sets of uniforms each year to help them maintain neatness and hygiene.

9.12 Revenue Generation

Revenue of **Rs. 11,331,120** is earned in year one. The revenue is projected to be increasing in two ways: the number of customers will increase every year at 10% and the service charges will also be increasing at 10%. Therefore, over the years the revenue will grow significantly.

The following table further explains the revenue generation during year one:

Table 9.12: Revenue Generation – Year 1

Description	Cost	
Moving charges	Rs. 25,000	Per job
Packing charges	Rs. 69,426	Per job
Total charges	Rs. 94,426	Per job
Total customers	10	Per Month
Total revenue	Rs. 944,260	Per Month
Total revenue	Rs. 11,331,120	Per Year

10 CONTACT DETAILS

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

10.1 Raw Material Suppliers:

Raw Material Supplier -1

Name of Supplier	Ali Enterprises, DHA Karachi
Address	Office No. LL-1, Defense View, Gate No. 3, Street No. 7, Phase-1, DHA Karachi
Phone	+92-3003498171

Raw Material Supplier -2

Name of Supplier	Apple Packages
Address	B-421, Sector 11- E, New Fatima Jinnah Colony, North Karachi
Phone	+92-3218903989

Raw Material Supplier -3

Name of Supplier	Ahmed Packages
Address	B-23, Small industrial estate, G.T Road, Gujrat
Phone	+92-533707667

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
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

12 ANNEXURES

12.1 Income Statement

Projected Balance Sheet (Rs.)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	11,331,120	13,710,655	16,589,893	20,073,770	24,289,262	29,390,007	35,561,909	43,029,909	52,066,190	63,000,090
Breakage & Losses	226,622	274,213	331,798	401,475	485,785	587,800	711,238	860,598	1,041,324	1,260,002
Bad Debts	226,622	274,213	331,798	401,475	485,785	587,800	711,238	860,598	1,041,324	1,260,002
Net Sales	10,877,875	13,162,229	15,926,297	19,270,819	23,317,692	28,214,407	34,139,432	41,308,713	49,983,543	60,480,087
Fuel Cost	105,600	127,776	154,609	187,077	226,363	273,899	331,418	401,016	485,229	587,127
Salaries	1,299,000	1,354,248	1,414,807	1,481,250	1,950,646	2,253,827	2,621,938	3,232,493	3,442,949	3,675,192
Packaging material	7,934,400	9,600,624	11,616,755	14,056,274	17,008,091	20,579,790	24,901,546	30,130,871	36,458,354	44,114,608
Cost of Sales	9,339,000	11,082,648	13,186,171	15,724,601	19,185,100	23,107,517	27,854,902	33,764,380	40,386,532	48,376,927
Gross Profit	1,538,875	2,079,581	2,740,126	3,546,219	4,132,592	5,106,890	6,284,530	7,544,333	9,597,010	12,103,160
Gross Profit Margin	14%	16%	17%	18%	18%	18%	18%	18%	19%	20%
General Administrative & Selling Expenses										
Utilities	60,000	66,000	72,600	79,860	87,846	96,631	106,294	116,923	128,615	141,477
Uniform Cost	28,000	15,400	16,940	18,634	20,497	22,547	24,802	58,462	108,738	119,612
Rent Expense	420,000	462,000	508,200	559,020	614,922	676,414	744,056	818,461	900,307	990,338
Promotional Expense	339,934	411,320	497,697	602,213	728,678	881,700	1,066,857	1,290,897	1,561,986	1,890,003
Maintenance Charges	120,000	128,400	137,388	147,005	157,296	168,306	180,088	385,388	412,365	441,230
Depreciation Expense	125,550	112,995	101,696	91,526	82,373	74,136	66,722	60,050	208,826	187,944
Subtotal	1,093,484	1,196,115	1,334,520	1,498,258	1,691,612	1,919,734	2,188,818	2,730,181	3,320,838	3,770,604
Operating Income	445,392	883,467	1,405,606	2,047,961	2,440,980	3,187,156	4,095,711	4,814,152	6,276,173	8,332,556
Financial Charges (18% Per Annum)	177,785	149,922	116,607	76,776	29,154	0	0	0	0	0
Earnings Before Taxes	267,606	733,545	1,288,999	1,971,184	2,411,826	3,187,156	4,095,711	4,814,152	6,276,173	8,332,556
Tax	0	307,568	363,113	431,332	475,396	552,929	751,213	966,746	1,419,160	2,138,895
Net Profit	267,606	425,977	925,886	1,539,853	1,936,430	2,634,227	3,344,498	3,847,407	4,857,012	6,193,661
Net Profit Margin	2%	3%	6%	8%	8%	9%	10%	9%	10%	10%

12.2 Balance Sheet

Projected Balance Sheet (Rs.)	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 Balance	846,250	1,044,731	1,346,097	2,066,725	3,290,149	4,561,711	6,609,159	8,713,373	10,517,358	12,985,997	16,139,669
Total Current Assets	846,250	1,044,731	1,346,097	2,066,725	3,290,149	4,561,711	6,609,159	8,713,373	10,517,358	12,985,997	16,139,669
<i>Fixed Assets</i>											
Vehicles	1,100,000	990,000	891,000	801,900	721,710	649,539	584,585	526,127	2,021,324	1,819,192	1,637,273
Furniture, equipment and fixtures	155,500	139,950	125,955	113,360	102,024	91,821	82,639	74,375	66,938	60,244	54,219
Total Fixed Assets	1,255,500	1,129,950	1,016,955	915,260	823,734	741,360	667,224	600,502	2,088,262	1,879,436	1,691,492
Total Assets	2,101,750	2,174,681	2,363,052	2,981,985	4,113,882	5,303,071	7,276,383	9,313,875	12,605,620	14,865,433	17,831,161
Owner's Equity											
Owner's capital	1,050,875	1,266,245	1,624,917	2,447,467	3,822,812	5,303,071	7,276,383	9,313,875	12,605,620	14,865,433	17,831,161
Retained Earnings											
Long Term Liability	1,050,875	908,436	738,134	534,518	291,070	0	0	0	0	0	0
Total Equity & Liabilities	2,101,750	2,174,681	2,363,052	2,981,985	4,113,882	5,303,071	7,276,383	9,313,875	12,605,620	14,865,433	17,831,161

12.3 Cash Flow Statement

Projected Statement of Cash Flows (Rs.)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cash Flow From Operating Activities											
Net Profit	0	267,606	425,977	925,886	1,539,853	1,936,430	2,634,227	3,344,498	3,847,407	4,857,012	6,193,661
Add: Depreciation Expense	0	125,550	112,995	101,696	91,526	82,373	74,136	66,722	60,050	208,826	187,944
Net Cash Flow From Operations	0	393,156	538,972	1,027,581	1,631,379	2,018,804	2,708,363	3,411,220	3,907,457	5,065,839	6,381,605
Cash Flow From Financing Activities											
Receipt of Long Term Debt	1,050,875	0	0	0	0	0	0	0	0		
Repayment of Long Term Debt	0	(142,439)	(170,302)	(203,616)	(243,447)	(291,070)					
Owner's Equity	1,050,875	0	0	0	0	0	0	0	1,547,810	0	0
Drawings	0	(52,237)	(67,305)	(103,336)	(164,507)	(456,171)	(660,916)	(1,307,006)	(2,103,472)	(2,597,199)	(3,227,934)
Net Cash Flow From Financing Activities	2,101,750	(194,675)	(237,607)	(306,953)	(407,955)	(747,241)	(660,916)	(1,307,006)	(555,661)	(2,597,199)	(3,227,934)
Cash Flow From Investing Activities											
Office Furniture and Fixtures	(155,500)	0	0	0	0	0	0	0	0	0	0
Office Vehicles	(1,100,000)	0	0	0	0	0	0	0	(1,547,810)	0	0
Net Cash Flow From Investing Activities	(1,255,500)	0	0	0	0	0	0	0	(1,547,810)	0	0
NET CASH FLOW	846,250	198,481	301,365	720,629	1,223,424	1,271,562	2,047,447	2,104,215	1,803,985	2,468,639	3,153,671
Cash at the Beginning of the Period	0	846,250	1,044,731	1,346,097	2,066,725	3,290,149	4,561,711	6,609,159	8,713,373	10,517,358	12,985,997
Cash at the end of period	846,250	1,044,731	1,346,097	2,066,725	3,290,149	4,561,711	6,609,159	8,713,373	10,517,358	12,985,997	16,139,669

13 KEY ASSUMPTIONS

13.1 Operating Cost Assumptions

Description	Details
Promotion expense	3% of sales
Packing material price increase	10% per year
Diesel price	Rs. 88 per liter
Fuel price increase rate	10% per year
Mileage of truck	5 km/liter
Average distance between shifting points	50 km
Truck rounds to complete one consignments	2 rounds
Breakages and losses	2% of revenue

13.2 Production Cost Assumptions

Description	Details
Packing material cost per customer	Rs. 66,120
Packing material price increase	10% per year
Depreciation on truck	10%
Maintenance cost on truck	Rs. 10,000 per month
Bad debts	2% of revenue

13.3 Revenue Assumptions

Description	Details (Rs.)
Packing charges per customer	69,426
Moving charges per customer	25,000
Total charges per customer	94,426

13.4 Financial Assumptions

Description	Details
Debt-Equity ratio	50%
Loan rate	18%
Loan installments	Monthly
Loan period	5 years