

# BUSINESS PLAN



**Business Name: Bilal Travel & Tours**

**A Block H#8, St# 02, Muhallah Choke Islam Nagar,  
Shahdara, Lahore**

## EXECUTIVE SUMMARY

### INTRODUCTION

Bilal Travel & Tours Service will be located at, **A Block H#8, St# 02, Mohalla, Choke Islam Nagar, Shahdara, Lahore**. Car rental business will be operated for Corporate Travel and Tourists.

The business will be owned by Mr. Bilal Saleem. He has around about 03 years of experience of Rental-Car Business as he was running its own vehicle for the rental & travel and tourism purpose. Now he is planning to establish his own car rental business. He also has a valid driving license.

The Purpose for this business plan is to obtain loan for car rental business under Kamyab Jawan Scheme.

Total investment required for the project is Rs 1,449,000 to purchase 01 unit of Prince Pearl minivan K07 series which will be utilized for several purposes like rent a car, pick & drop & corporate travel & tours services. Further to this the vehicle will also be booked on wedding functions and for tourism purpose to northern area the vehicle will be financed as under.

- Owner Equity Rs 449,000
- Bank Loan Rs 1,000,000

### BUSINESS DESCRIPTION

The Business will be providing services like corporate travels and tourist's travel. The Owner of the business has links in industry with local companies and travel management companies which provides sufficient business in routine.

### LOCATION

The Bilal Travel & Tours will be located at A Block H#8, St# 02, Muhallah Choke Islam Nagar, Shahdara, Lahore. The location is strategically situated near the lucrative route i.e. G.T Road which takes hardly 25 to 30 Minutes' drive from there which can be of easy access from enclave areas of Lahore City.

We will be having rented Office facility. We will be occupying this facility for 5 years against monthly rent of Rs 10,000 subject to increase @ 10% per annum. The rented facility can be moved to any part of the Shahdara & Lahore. Furthermore, the place where we are located contains:

- Good accessibility and parking place
- Safety
- Traffic
- Competitive location

## SWOT ANALYSIS

### STRENGTH

- **Location:** Lahore is the busiest area and economic hub therefore, attracts National & International tourist and business men due to historical and archeological sites thereby making it a hub in bringing plus points to the rental-car business.
- **Environment:** providing an environment conducive to giving relaxing and professional service.
- **Convenience:** The office is near to the national G.T Road which makes it more accessible for Customers.
- **Reputation:** reputation of the owner and as providing superior personal service in Rental car business.
- **Experience:** More or less 03 Years Rental Car Industry experience

### WEAKNESS

- Covid-19, 3<sup>rd</sup> Wave and smart lockdown has dropped the traveling ratio.

### OPPORTUNITIES

- Population growth
- Higher return / profitability

### THREAT

- New Entrants
- Unpredictable COVID-19 / lockdown
- Increasing gasoline prices trends may lower customer demand.

## INDUSTRY BACKGROUND

The Car Rental business is a High-rise Industry in Pakistan since 2018 which is good news for entrepreneurs in the field of Rent a Car and stakeholders.

According to a research by business analysts, After government focused on tourism planning the inflow of the tourists and as well as the local influx made corporate and tourists' travel flow showed an increase as compare to before.

Pakistan is a developing country with the middle class dominant and most of the people and families don't have their own cars therefore people prefer the car rentals for their business and excursion trips outside the cities. Even people for their family functions prefer to opt for rent a car service as this approach is best alternative for minimizing the cost

depreciation and preventing the rough usage of self-owned car. This has given the rent a car business in Pakistan a boom and people are investing heavily in the rent a car business especially in the major cities of Pakistan.

Secondly, Lahore is the busiest area and therefore attracts tourists National/ International thereby making it hub in bringing plus points to the Rental Car Industry

### CUSTOMER SERVICES

We will establish customer services by providing Helpline, Online via WhatsApp or Email for booking services. We will also provide free memberships to our customers Business/Non Business Individuals.

### START-UP SUMMARY

After spending several years in Car Rental Business, the owner decided to expand its business by including his own cars in his business. The Expansion capital will be used for the business structure, and cars.

The owner will invest Rs 449,000 the remaining amount i.e., Rs 1,000,000 will be financed through Prime Minister Kamyab Jawan Youth Entrepreneurship Scheme bank loan.

### PRODUCTS AND SERVICES

We shall provide a variety of car rental services including, time and mileage, daily, weekly, monthly, yearly and tailored-to-choice chauffeur driven and self-driven vehicles:

1. We shall provide these services to School/College and Universities.
2. We shall provide these services to Corporate Sector
3. We shall provide our services to Tourists National/International.

### STRATEGY AND IMPLEMENTATION SUMMARY

Skill at what we do, good customer service, and creating a pleasant experience for our customers will be important to implementing our business plan.

### BUSINESS STRATEGY

Starting with Initial capital we focused on the revenue generated via commission based vehicle. With pouring more efforts in providing services to our customers we shall invest more by adding more vehicles from own resources in futures and leased vehicle this time.

### MARKETING STRATEGY

Our marketing strategy is a simple one: satisfied clients are our best marketing tool. When a client is satisfied with the services that are provided, he or she is broadcasting our name and quality to the public. Most of our clients will be referrals from existing clients.

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### ADVERTISING AND PROMOTION

We will advertise our business through **Social Media, Pamphlet distribution, advertisement through Cable networks covering the town and further.** Special Offers for 1<sup>st</sup> months on our services. After startup we believe

that no major advertising campaigns are required. Our research has shown that word of mouth is the best advertising for this type of business. We will also ask clients for referrals, and reward them with discounted or free services depending on the number of clients they bring. We will also offer discounts to the new clients who have been referred.

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## **PRICING**

We will implement a cost-based pricing strategy. Where the target price based on what it costs to the Business to service the customer. We will implement this strategy because it is simple, flexible, and if the price goes up it is easy to adjust the price and customers will be happily willing to pay. We will set an affordable price to capture our target market which middle to upper income levels. In comparison to our competitors, our price is slightly lower with better services and quality.

## **MANAGEMENT**

The business is managed by the owner himself.

The Business was founded by Mr. Bilal Saleem. He has around about 03 years of experience of Rental-Car Business. He was working with a car renting business a manager from last 03 years. Now he is planning to establish his own car rental business. He has a valid driving license. He will be responsible for overall business planning, Financial Management, daily operations and business strategy to achieve vision and mission of the Business.

## **FINANCIAL PLAN**

Our goal is to grow this business from simple car rental business to a world class Car Rental Company. . We will not have to wait long for clients because we have already have an existing client base.

## PROJECTED CASH FLOWS

We expect to manage cash flow over the next five years simply by the growth of the cash flow of the business. The business will generate more than enough cash flow to cover all of its expenses.

PROJECTED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER,	Projected							
	2021	2022	2023	2024	2025	2026	2027	2028
	Rupees							
<b>Profit / (loss) for the year</b>	<b>404,919</b>	<b>481,399</b>	<b>549,566</b>	<b>611,223</b>	<b>667,806</b>	<b>720,450</b>	<b>770,047</b>	<b>817,296</b>
Adjustments for non-cash charges and other items:								
Depreciation and amortization	239,800	191,840	153,472	122,778	98,222	78,578	62,862	50,290
Finance cost	29,970	26,224	22,478	18,731	14,985	11,239	7,493	3,746
<b>Profit before working capital changes</b>	<b>674,689</b>	<b>699,463</b>	<b>725,515</b>	<b>752,732</b>	<b>781,013</b>	<b>810,266</b>	<b>840,402</b>	<b>871,332</b>
<b>Effect on Cash flow due to working capital changes</b>								
(Increase)Decrease in:-								
Current Assets	(202,500)	(10,125)	(10,631)	(11,163)	(11,721)	(12,307)	(12,922)	(13,568)
Current Liabilities	34,498	1,788	1,943	2,111	2,292	2,489	2,702	2,933
	(168,003)	(8,337)	(8,688)	(9,052)	(9,429)	(9,818)	(10,220)	(10,635)
<b>Cash generated from operation</b>	<b>506,686</b>	<b>691,126</b>	<b>716,827</b>	<b>743,680</b>	<b>771,585</b>	<b>800,448</b>	<b>830,182</b>	<b>860,697</b>
<b>Cash flow from investing activities</b>								
Purchase of fixed assets	(1,199,000)	0	0	0	0	0	0	0
<b>Net Cash flow from investing activities</b>	<b>(692,314)</b>	<b>691,126</b>	<b>716,827</b>	<b>743,680</b>	<b>771,585</b>	<b>800,448</b>	<b>830,182</b>	<b>860,697</b>
Long Term Loan								
- Obtained	999,000							
- Repaid	(124,875)	(124,875)	(124,875)	(124,875)	(124,875)	(124,875)	(124,875)	(124,875)
Finance cost paid	(29,970)	(26,224)	(22,478)	(18,731)	(14,985)	(11,239)	(7,493)	(3,746)
Equity	200,000							
Drawings	(202,459)	(433,259)	(494,609)	(550,101)	(601,026)	(648,405)	(693,043)	(735,567)
<b>Net cash generated from financing activities</b>	<b>841,696</b>	<b>(584,358)</b>	<b>(641,962)</b>	<b>(693,707)</b>	<b>(740,886)</b>	<b>(784,519)</b>	<b>(825,410)</b>	<b>(864,188)</b>
<b>Net increase in cash and cash equivalents</b>	<b>149,382</b>	<b>106,768</b>	<b>74,865</b>	<b>49,973</b>	<b>30,699</b>	<b>15,930</b>	<b>4,772</b>	<b>(3,491)</b>
Cash and cash equivalents - at beginning of the year	0	149,382	256,150	331,015	380,987	411,686	427,616	432,388
<b>Cash and cash equivalents - at end of the year</b>	<b>149,382</b>	<b>256,150</b>	<b>331,015</b>	<b>380,987</b>	<b>411,686</b>	<b>427,616</b>	<b>432,388</b>	<b>428,897</b>

## PROJECTED PROFIT AND LOSS

The following table shows our very conservative profit and loss projections for the next five years. The table includes the payments of business expenses, as well for all regularly occurring supply expenses associated with service sales.

PROJECTED PROFIT & LOSS FOR THE YEAR ENDED 31 DECEMBER		Projected							
		2021	2022	2023	2024	2025	2026	2027	2028
		Rupees							
SALES									
Car Rental Services	1	1,080,000	1,134,000	1,190,700	1,250,235	1,312,747	1,378,384	1,447,303	1,519,668
		1,080,000	1,134,000	1,190,700	1,250,235	1,312,747	1,378,384	1,447,303	1,519,668
LESS: OPERATING EXPENSES									
Salary	2	120,000	126,000	132,300	138,915	145,861	153,154	160,811	168,852
Office Rent	3	120,000	132,000	145,200	159,720	175,692	193,261	212,587	233,846
Office utilities	4	60,000	63,000	66,150	69,458	72,930	76,577	80,406	84,426
Vehicle Repair	5	24,000	25,200	26,460	27,783	29,172	30,631	32,162	33,770
Marketing Expenses	6	60,000	63,000	66,150	69,458	72,930	76,577	80,406	84,426
Depreciation	7	239,800	191,840	153,472	122,778	98,222	78,578	62,862	50,290
		623,800	601,040	589,732	588,111	594,808	608,777	629,235	655,610
PROFIT FROM OPERATIONS		456,200	532,960	600,968	662,124	717,939	769,607	818,069	864,058
Financial Charges		29,970	26,224	22,478	18,731	14,985	11,239	7,493	3,746
NET PROFIT BEFORE TAXATION		426,230	506,736	578,491	643,393	702,954	758,368	810,576	860,312
LESS: TAX EXPENSE		(21,312)	(25,337)	(28,925)	(32,170)	(35,148)	(37,918)	(40,529)	(43,016)
NET PROFIT AFTER TAXATION		404,919	481,399	549,566	611,223	667,806	720,450	770,047	817,296

## BALANCE SHEET

As shown in the balance sheet, we expect a healthy growth in net worth.

PROJECTED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER		Projected							
		2021	2022	2023	2024	2025	2026	2027	2028
Rupees									
FUNDS AND LIABILITIES									
OWNERE'S CAPITAL									
Opening Equity	200,000	402,459	450,599	505,556	566,678	633,459	705,504	782,508	
Profit / (loss)	404,919	481,399	549,566	611,223	667,806	720,450	770,047	817,296	
	604,919	883,859	1,000,165	1,116,779	1,234,484	1,353,909	1,475,551	1,599,805	
Less: Drawings	(202,459)	(433,259)	(494,609)	(550,101)	(601,026)	(648,405)	(693,043)	(735,567)	
Closing Equity	402,459	450,599	505,556	566,678	633,459	705,504	782,508	864,238	
LONG TERM LIABILITIES									
Long Term Loan	749,250	624,375	499,500	374,625	249,750	124,875	-	-	
CURRENT LIABILITIES									
Current Portion of Long Term Loan	124,875	124,875	124,875	124,875	124,875	124,875	124,875	-	
Accrued & other liabilities	34,498	36,285	38,228	40,339	42,631	45,120	47,822	50,756	
	159,373	161,160	163,103	165,214	167,506	169,995	172,697	50,756	
TOTAL FUNDS AND LIABILITIES	1,311,082	1,236,135	1,168,159	1,106,517	1,050,715	1,000,374	955,206	914,994	
PROPERTY AND ASSETS									
NON CURRENT ASSETS									
Fixed Assets	959,200	767,360	613,888	491,110	392,888	314,311	251,449	201,159	
CURRENT ASSETS									
Other Prepayment / Deposits	202,500	212,625	223,256	234,419	246,140	258,447	271,369	284,938	
Cash and bank balances	149,382	256,150	331,015	380,987	411,686	427,616	432,388	428,897	
	351,882	468,775	554,271	615,406	657,826	686,063	703,757	713,835	
TOTAL ASSETS	1,311,082	1,236,135	1,168,159	1,106,517	1,050,715	1,000,374	955,206	914,994	

### IMPORTANT ASSUMPTIONS (COST & BENEFIT ANALYSIS)

The financials that are enclosed have a number of assumptions:

<b>1 Sales</b>				<b>Rs.</b>			
Daily Booking Charges				3,000			
Average Annual Revenue				1,080,000			
Annual Increase in Revenue				5%			
It is practice in car rental business that Fuel and other allied costs are absorbed by the Customers.							
<b>2 Salary</b>							
Monthly Salary				10,000			
Average Annual Revenue				120,000			
Annual increase rate				5%			
One assistant / driver will be employed to work in 2nd shift.							
<b>3 Office Rent</b>							
Monthly Rent of Booking office				10,000			
Average Annual Revenue				120,000			
Annual increase rate				10%			
<b>4 Office utilities</b>							
Monthly Utility Bills				5,000			
Average Annual Revenue				60,000			
Annual increase rate				5%			



<b>5 Vehicle Repair</b>									
Monthly Repair Cost					2,000				
<b>Average Annual Revenue</b>					<b>24,000</b>				
Annual increase rate					5%				
Monthly repair cost represents oil & lubrication cost required to maintain the vehicle									
<b>6 Marketing Expenses</b>									
Monthly Promotion					5,000				
<b>Average Annual Revenue</b>					<b>60,000</b>				
Annual increase rate					5%				
This budget is allocated for promotion of business through social medial to attract the customers									
<b>7 Depreciation</b>									
Depreciation expense is charged @ 20% on reducing balance method									

## RISKS & CONCLUSIONS

COVID 19 pandemic is having considerable negative impact on Rental-Car industry. After lifting off the lockdown restrictions and re-opening of business under SOPs. The businesses are running smoothly and customers are confidently visiting the places of Northern Areas and other Hill stations for amusement again. Fear of the pandemic is also there. We are confident that our business will continue to operate under SOPs. In case of lock down or closure of business in short term we will have sufficient funds to finance its fixed costs for six month which is also reflected in cash flows.