



Pre-feasibility Study

SEA FOOD PROCESSING PLANT

December 2023

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

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

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 CAPACITY	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 COST.....	9
9.3	LAND AND BUILDING REQUIREMENT.....	10
9.4	MACHINERY & EQUIPMENT REQUIREMENT.....	10
9.5	FURNITURE & FIXTURES REQUIREMENT.....	11
9.6	VEHICLES REQUIREMENT.....	12
9.7	OFFICE EQUIPMENT REQUIREMENT	12
9.8	HUMAN RESOURCE REQUIREMENT	13
9.9	UTILITIES AND OTHER COSTS	14
9.10	RAW FISH & SHRIMP REQUIREMENT	14
9.11	REVENUE GENERATION.....	14
10	CONTACT DETAILS.....	14
11	USEFUL WEB LINKS.....	16
12	ANNEXURES	17
12.1	INCOME STATEMENT	17
12.2	BALANCE SHEET.....	18
12.3	CASH FLOW STATEMENT	19
13	KEY ASSUMPTIONS.....	20
13.1	OPERATING COST ASSUMPTIONS.....	20
13.2	PRODUCTION COST ASSUMPTIONS	20
13.3	REVENUE ASSUMPTIONS	21

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 12
Revision	No. 2
Prepared by	SMEDA Punjab
Revision Date	December, 2023
For information	helpdesk.punjab@smeda.org.pk

2 EXECUTIVE SUMMARY

Seafood is any form of sea life regarded as food by humans, prominently including fish and shellfish. Pakistan is endowed with abundant fishery resources that have significant potential to make big contribution to economic growth and social development.

This particular pre-feasibility study is for setting up a 'Sea Food Processing Plant'. The focus of the business would be to provide quality sea food products. The unit will initially process Shrimp, Tuna Fish, King Fish, Mackerel, Queen Fish and Salmon. Later on variety of fishes and other sea food items may be increased along production. The unit is proposed to be located at the coastal areas of Pakistan ideally near a fish harbor such as, Karachi, Ormara, Pasni and Gwadar etc.

The proposed plant has a capacity to process 802,500 kgs. of different kinds of fish annually. However, starting operational capacity is assumed at 75% with gradual increase of 5% in subsequent years up to maximum capacity utilization of 100%. This production capacity is estimated to be economically viable and justifies the capital as well as operational cost of the project. Complete adherence to food compliance practices and efficient supply chain management is critical to the success of this project. Therefore, entrepreneurs knowledge and experience in fisheries sector is absolutely necessary.

Total project cost is estimated as Rs. 161.03 million with capital investment of Rs. 155.91 million and working capital Rs. 5.12 million. Based on an equity finance model, the project NPV is around Rs. 96.56 million, with an IRR of 28% and Payback Period of 4.46 years. The project will provide employment opportunities to 27 people including the Owner. The legal business status of this project is assumed to be 'Sole Proprietorship'.

3 INTRODUCTION TO SMEDA

The Small and Medium Enterprises Development Authority (SMEDA) was established in October 1998 with the 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 'sectorial 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.

National Business Development Program for SMEs (NBDP) is a project of SMEDA, funded through Public Sector Development Program of Government of Pakistan.

The NBDP envisages provision of handholding support / business development services to SMEs to promote business startup, improvement of efficiencies in existing SME value chains to make them globally competitive and provide conducive business environment through evidence-based policy-assistance to the Government of Pakistan. The Project is objectively designed to support SMEDA's capacity of providing an effective handholding to SMEs. The proposed program aimed at facilitating around 314,000 SME beneficiaries over a period of five years.

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 setting up a “Sea Food Processing Plant” by providing a general understanding of the business with the intention of supporting them in making informed 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 setup and its successful management.

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

5 BRIEF DESCRIPTION OF PROJECT & PRODUCT

Seafood is a natural part of a balanced diet. It contains high levels of several important nutrients and thus helps maintain a good nutritional status. Pakistan is endowed with abundance of fishery resources that have huge potential to make significant contribution to economic growth and social development. Sea food processing industry in Pakistan is outdated, under-capitalized and lacks value addition. Therefore,

establishment of quality sea food processing unit offer lucrative business opportunity for potential investors.

The proposed project involves processing of different kinds of fish for both domestic and international market. Processing of sea food primarily involves the post catching activities and fish meat preservation to increase shelf life of the produce. The post fish catching processes involves, fish icing, grading, cleaning, cutting and packing while meat preservation comprises of freezing and cold storage. According to the proposed business model, the processing unit will purchase the raw fishes from the 'Fish Auction Hall' as well as directly from Fisherman at fish boats and after processing the packed frozen sea food (i.e. fish and shrimp) will be sold in the market.

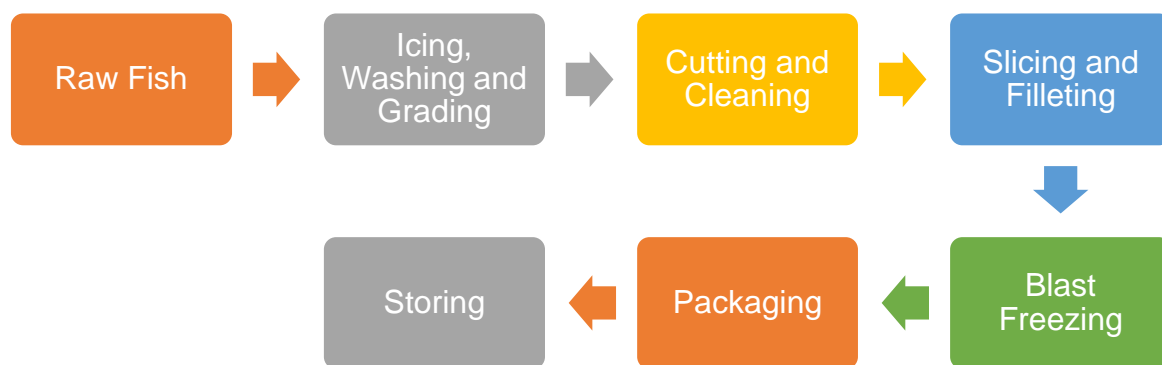
The processing plant will be equipped with modern fish processing machine and equipment along with installation of efficient meat freezing and cold storage facility. The plant will initially process Shrimps, Tuna Fish, King Fish, Mackerel, Queen Fish and Salmon Fish. Afterwards, new varieties of fish and sea food items will be added in the production line. The final product i.e. frozen fish meat and shrimps, initially will be supplied to local food markets of major cities across Pakistan. Besides that, restaurant chains and 5-star hotels across the country will also be potential consumers of the produced sea food. The unit will also explore the possibility of targeting the export market through local traders.

The plant should be located at the coastal areas of Pakistan, especially near to a fish harbour. Financial analysis shows the unit shall be profitable from the very first year of operation. The legal status is proposed to be 'Sole Proprietorship'.

5.1 Production Process Flow

The production process flow of the 'Sea Food Processing Plant' is as follows:

Figure 1: Production Process Flow Diagram



5.2 Installed and Operational Capacity

Total installed capacity of the project is assumed at processing 802,500 kgs. of fishes and shrimps per year. The initial operational capacity of the project will be 75% with an annual growth of 5%. Maximum capacity utilization of the project is assumed at 100%. The Plant is assumed to operate on a single shift of 8 hours for 300 days per annum.

Table 1: Installed and Operational Capacity

Description	Total Processing Capacity (Kgs)	Operational Capacity 75% - Year 1 (Kgs)	Maximum Operational Capacity 100% - Year 6 (Kgs)
Shrimp	150,000	112,500	150,000
Tuna	180,000	135,000	180,000
King Fish	82,500	61,875	82,500
Mackerel	82,500	61,875	82,500
Queen Fish	82,500	61,875	82,500
Salmon	225,000	168,750	225,000
Total	802,500	601,875	802,500

6 CRITICAL FACTORS

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

- ⇒ Background knowledge and related experience of the entrepreneur in sea food processing.
- ⇒ Complete adherence to food compliance practices and efficient supply chain management.
- ⇒ Availability of quality fishes that meets international and national quality standards.
- ⇒ Significant number of suppliers to meet production ability.
- ⇒ Exceed customer expectations by offering high quality products at reasonable prices with quick turnaround times.
- ⇒ Appropriate arrangement for transportation of product to the processing unit.
- ⇒ Business location is the key to success, near to fish harbor and easy accessibility to target customers.

- ⇒ Effective marketing and distribution of the product.
- ⇒ Employ careful financial and accounting analysis to ensure efficiency and proper controls.

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

The proposed location for the establishment of such a facility could be the areas within the proximity of Balochistan and Sindh coastal belt. If the project is closer to a fish Harbor it will have an added advantage of being nearer to the raw material supply. Therefore, areas around Karachi, Ormara, Pasni and Gawadar can be suitable locations for setting up this unit. Subsequently, availability of skilled labor, raw material and close customer proximity is extremely important for the success of this business.

8 POTENTIAL TARGET CUSTOMERS / MARKETS

The potential target market for the processed sea food will be the general public of middle and upper middle income group as well as restaurants, food chains and cafes. Considering to that, major cities for instance Karachi, Lahore, Peshawar, Quetta, Rawalpindi, Islamabad, Multan, Sialkot, Faisalabad, Hyderabad and etc. with large urban population base would be the potential target markets for the proposed business.

The bulk buyers, especially big retail chains and food restaurants will be targeted through direct ordering basis whereas small retail shops may be approached through designated wholesaler and traders. Additionally, unit will also explore the possibility of targeting the export market through local traders.

9 PROJECT COST SUMMARY

A detailed financial model has been developed to analyse the commercial viability of Sea Food Processing Plant. 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 attached as annexures.

9.1 Project Economics

All the figures in this financial model have been calculated for estimated sales of Rs. 786.59 million in the year one. The capacity utilization during year one is worked out at 75%. 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)	28%
Payback Period (yrs.)	4.46
Net Present Value (Rs.)	96,555,947

Calculation of break-even analysis is as follows:

Table 3: Breakeven (100% Equity Based)

Break-Even Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Break-Even Revenue	337,803,090	340,724,271	351,697,067	365,465,627	381,304,889	428,668,147	450,411,074	474,149,586	500,634,164	530,529,090
Break-Even Units	257,305	235,936	221,395	209,148	198,375	202,741	193,659	185,332	177,895	171,380
Margin of Safety	57%	62%	66%	69%	71%	72%	72%	73%	73%	74%

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

Table 4: Project Economics Based on Debt (50%):Equity (50%)

Description	Details
Internal Rate of Return (IRR)	24%
Payback Period (Yrs.)	5.27
Net Present Value (Rs.)	63,700,801

The financial assumptions for Debt: Equity are as follows:

Table 5: Financial Assumptions for Debt:Equity Model

Description	Details
Debt (50%)	80,513,855
Equity (50%)	80,513,855

Interest Rate on Debt	26%
Debt Tenure	5
Debt Payment / Year	2

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

9.2 Project Cost

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

Table 6: Project Cost

Description	Amount Rs.
Capital Cost	
Land	30,000,000
Building / Infrastructure	33,682,305
Machinery & Equipment	70,073,496
Furniture & Fixtures	1,141,500
Vehicles	18,143,515
Office Equipment	374,000
Computer Equipment	500,000
Wapda Security	201,000
Pre-Operating Costs	1,791,000
Total Capital Cost	155,906,816
Working Capital	
Cash	2,699,147
Equipment Spare Part Inventory	36,497
Raw Material Inventory	1,931,663
Upfront Insurance Payment	453,588
Total Working Capital	5,120,895
Total Project Cost	161,027,711

9.3 Land and Building Requirement

Approximately 3 Kanals of land would be required for establishment of proposed unit. It is recommended that required land should be procured in the identified coastal city / area. The total cost of land is Rs. 30 million which is estimated at the rate of Rs. 10 million per kanal.

The infrastructural requirements of the project mainly comprise the construction of various facilities including processing hall, cold storage, store and management building. Details of infrastructure requirement and cost related to land and civil works are given in the below table:

Table 7: Infrastructure Requirement

Description	Estimated Area (Sq. ft.)	Unit Cost (Rs.)	Total Cost (Rs.)
Management Building	800	3,500	2,800,000
Processing Hall	5,000	3,500	17,500,000
Cold Store	2,250	2,500	5,625,000
Store	250	3,500	875,000
Security Guard Quarters	250	2,500	625,000
Water Tank			500,000
Cafeteria	144	3,500	504,000
Pavement/Driveway	2,250	750	1,687,500
Open Space	2,476	100	247,600
Electrical Room	80	2,500	200,000
Electric Wiring & Lighting			750,000
Boundary Wall			840,000
Design Fee			1,528,205
Total Construction Cost			33,682,305
Total Cost of Land			30,000,000
Total Cost			63,682,305

9.4 Machinery & Equipment Requirement

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

Table 8: Machinery & Equipment

Description	Required Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Flake Ice Machine Capacity 2 Ton	1	3,845,194	3,845,194
Storage Bin 10 Ton	2	1,048,689	2,097,378
Cold Storage & Freezing Equipment	1	36,201,273	36,201,273
Fish Processing Machine	1	3,539,326	3,539,326
Automatic Seafood Weight Grading Machine	1	3,267,978	3,267,978
Packaging Machine	1	7,865,169	7,865,169
Electrical Room Equipment	1	235,955	235,955
Tables & Racks	1	6,991,261	6,991,261
Cutting Tools Etc.	1	87,391	87,391
Transformers	1	2,009,988	2,009,988
Generator 100 KVA	1	3,932,584	3,932,584
Total			70,073,497

9.5 Furniture & Fixtures Requirement

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

Table 9: Furniture & Fixture

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Chair (Owner)	1	20,000	20,000
Table (Owner)	1	50,000	50,000
Cabinet	1	20,000	20,000
Visitors Chairs Management	6	10,000	60,000
Chairs for Staff	3	12,000	36,000
Table Staff	3	20,000	60,000

File Racks	4	20,000	80,000
Visitors Chairs	6	8,000	48,000
Chair for Guards	3	5,000	15,000
Table	1	10,000	10,000
Chairs for Helpers	4	4,000	16,000
Chairs for Meat Processors	10	4,000	40,000
Visitors Chairs	10	4,000	40,000
Fans	17	12,500	212,500
LED Lights	34	1,000	34,000
Air conditioners (1.5 ton split)	2	200,000	400,000
Total			1,141,500

9.6 Vehicles Requirement

Vehicles will be required for transportation of 'Raw Fish' to processing unit and frozen fish meat to market. The details of vehicle required for the project are given below.

Table 10: Vehicles

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Mini Truck	2	2,184,769	4,369,538
Truck	1	6,000,000	6,000,000
Refrigerated Container	2	3,200,000	6,400,000
Bikes 70CC	3	170,000	510,000
Registration Fee (5% of Vehicle Cost)			863,977
Total			18,143,515

9.7 Office Equipment Requirement

Office equipment required for the proposed project are stated below.

Table 11: Office Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
-------------	----------	-----------------	------------------

Laptop	1	120,000	120,000
Computers	6	50,000	300,000
Computer printer (s)	3	40,000	80,000
Telephones	2	2,000	4,000
Security Equipment	1	100,000	100,000
Fridge	1	80,000	80,000
Water Dispenser	2	40,000	80,000
Oven	1	35,000	35,000
Miscellaneous Office Equipment	1	75,000	75,000
Total			874,000

9.8 Human Resource Requirement

In order to run operations of Sea Food Processing Plant smoothly, details of human resources required along with number of employees and monthly salary are recommended as under.

Table 12: Human Resource Requirement

Description	No. of Employees	Monthly Salary per Person (Rs.)
Owner / Manager	1	125,000
Operations Manager	1	100,000
Accounts Officer	1	50,000
Marketing Manager	1	100,000
Sales Officer	3	50,000
Driver	3	35,000
Security Guard	3	35,000
Helpers	4	35,000
Meat Processors	10	40,000
Total	27	

9.9 Utilities and Other Costs

An essential cost to be borne by the project is the cost of electricity. The electricity expenses are estimated to be around Rs. 11,238,692 (Direct & Indirect) per month. Furthermore, promotional expense being essential for marketing of Sea Food Processing Plant is estimated as 0.2% of revenue.

9.10 Raw Fish & Shrimp Requirement

For the proposed project 'Raw Fish and Shrimps' caught from the sea will be purchased at harbors and from local fish markets. During year 1, total 489,375 kgs. of Fish and 112,500 kgs. of Shrimp will be purchased from the local market for processing purposes. Around, 25% wastage is estimated in the actual live meat of fish and shrimps.

9.11 Revenue Generation

Based on the capacity utilization of 75%, sales revenue during the first year of operations is provided in the table below.

Table 13: Revenue Generation – Year 1

Description	Operational Capacity In Kgs	Finished Goods Inventory	Units Available for Sale (Kgs)	Sale Price / Kg. (Rs.)	Sales Revenue (Rs.)
Shrimp	112,500	938	111,563	1,350	150,609,375
Tuna	135,000	1,125	133,875	1,725	230,934,375
King Fish	61,875	516	61,359	2,000	122,718,750
Mackerel	61,875	516	61,359	825	50,621,484
Queen Fish	61,875	516	61,359	1,000	61,359,375
Salmon	168,750	1,406	167,344	1,000	167,343,750
Total	601,875	5,017	596,859		783,587,109

10 CONTACT DETAILS

In order to facilitate potential investors, contact details of machinery suppliers related to the proposed project are given below.

Table 14: Machinery Suppliers

Name of Supplier	Address	Email / Website
------------------	---------	-----------------

Koldkraft Refrigeration Pvt Ltd	243-S, Quaid -e- Azam industrial Estate Kot Lakhpat Lahore Pakistan +92-42-3511672728	www.koldkraftergroup.com
Marel Iceland – Fish Processing	Austurhraun 9 IS 210 Gardabaer Iceland +354-563-8000	info.fish@marel.com

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
Government of Punjab	www.punjab.gov.pk
Government of Sindh	www.sindh.gov.pk
Government of Khyber Pakhtunkhwa	www.khyberpakhtunkhwa.gov.pk
Government of Baluchistan	www.balochistan.gov.pk
Government of Gilgit Baltistan	www.gilgitbaltistan.gov.pk
Government of Azad Jammu 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.gov.pk
Sindh Small Industries Corporation	www.ssic.gov.pk
Ministry of National Food Security & Research	www.mnfsr.gov.pk
Punjab Food Authority	www.pfa.gov.pk
Sindh Food Authority	www.sfa.gov.pk
Fisheries Development Board	www.fdb.org.pk
Livestock & Fisheries Department Sindh	www.livestock.sindh.gov.pk
Ministry of Maritime Affairs Pakistan	www.moma.gov.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
Revenue	783,587,109	905,591,842	1,034,387,388	1,177,408,312	1,336,063,946	1,511,895,003	1,625,964,614	1,747,911,960	1,879,005,357	2,019,930,758
<i>Cost of sales</i>										
Cost of goods sold 1	695,398,813	803,672,602	917,972,939	1,044,897,667	1,185,697,506	1,341,739,772	1,442,971,493	1,551,194,355	1,667,533,932	1,792,598,977
Operation costs 1 (direct labor)	5,256,000	5,781,600	6,359,760	6,995,736	7,695,310	8,464,841	9,311,325	10,242,457	11,266,703	12,393,373
Operating costs 2 (machinery maintenance)	1,751,837	1,883,225	1,883,225	1,883,225	1,883,225	1,883,225	1,883,225	1,883,225	1,883,225	1,883,225
Operating costs 3 (direct electricity)	10,717,440	11,789,184	12,968,102	14,264,913	15,691,404	17,260,544	18,986,599	20,885,259	22,973,784	25,271,163
Operating costs 4 (direct water)	1,940,625	2,037,656	2,139,539	2,246,516	2,358,842	2,476,784	2,600,623	2,730,654	2,867,187	3,010,546
Vehicles fuel etc.	2,894,400	3,183,840	3,502,224	3,852,446	4,237,691	4,661,460	5,127,606	5,640,367	6,204,403	6,824,844
Operating costs 5 (direct gas)	-	-	-	-	-	-	-	-	-	-
Total cost of sales	717,959,115	828,348,108	944,825,789	1,074,140,503	1,217,563,978	1,376,486,627	1,480,880,871	1,592,576,317	1,712,729,235	1,841,982,128
Gross Profit	65,627,994	77,243,734	89,561,599	103,267,809	118,499,968	135,408,377	145,083,742	155,335,642	166,276,122	177,948,630
<i>General administration & selling expenses</i>										
Administration expense	4,824,000	5,306,400	5,837,040	6,420,744	7,062,818	7,769,100	8,546,010	9,400,611	10,340,672	11,374,740
Administration benefits expense	144,720	159,192	175,111	192,622	211,885	233,073	256,380	282,018	310,220	341,242
Electricity expense	521,252	573,377	630,715	693,787	763,165	839,482	923,430	1,015,773	1,117,350	1,229,085
Water expense	120,600	132,660	145,926	160,519	176,570	194,228	213,650	235,015	258,517	284,368
Gas expense	-	-	-	-	-	-	-	-	-	-
Travelling expense	482,400	530,640	583,704	642,074	706,282	776,910	854,601	940,061	1,034,067	1,137,474
Communications expense (phone, fax, mail, internet, etc.)	144,720	159,192	175,111	192,622	211,885	233,073	256,380	282,018	310,220	341,242
Office vehicles repair and maintenance expense	1,088,611	1,197,472	1,317,219	1,448,941	1,593,835	1,753,219	1,928,541	2,121,395	2,333,534	2,566,888
Office expenses (stationary, entertainment, janitorial services, etc)	482,400	530,640	583,704	642,074	706,282	776,910	854,601	940,061	1,034,067	1,137,474
Promotional expense	1,567,174	1,410,457	1,269,411	1,142,470	1,028,223	925,401	832,861	749,575	674,617	607,155
Insurance expense	453,588	362,870	272,153	181,435	90,718	730,508	584,406	438,305	292,203	146,102
Professional fees (legal, audit, consultants, etc.)	241,200	265,320	291,852	321,037	353,141	388,455	427,301	470,031	517,034	568,737
Uniform expenses for processing staff	105,000	115,500	127,050	139,755	153,731	169,104	186,014	204,615	225,077	247,585
Depreciation expense	12,636,718	12,636,718	12,636,718	12,667,726	12,662,726	14,878,085	14,913,981	14,908,193	14,908,193	14,949,747
Amortization of pre-operating costs	358,200	358,200	358,200	358,200	358,200	-	-	-	-	-
Industrial Connection charges	480,000	-	-	-	-	-	-	-	-	-
Bad debt expense	3,917,936	4,527,959	5,171,937	5,887,042	6,680,320	7,559,475	8,129,823	8,739,560	9,395,027	10,099,654
Miscellaneous expense 1	723,600	795,960	875,556	963,112	1,059,423	1,165,365	1,281,902	1,410,092	1,551,101	1,706,211
Subtotal	28,292,119	29,062,557	30,451,407	32,054,160	33,819,203	38,392,387	40,189,881	42,137,323	44,301,900	46,737,703
Operating Income	37,335,876	48,181,176	59,110,192	71,213,649	84,680,766	97,015,990	104,893,861	113,198,319	121,974,222	131,210,927
Other income (interest on cash)	68,281	601,677	1,710,983	2,972,123	4,133,545	5,523,905	7,443,985	9,560,449	11,856,625	14,463,167
Gain / (loss) on sale of computer equipment	-	-	125,000	-	-	269,703	-	-	437,215	349,049
Gain / (loss) on sale of office vehicles	-	-	-	-	7,257,406	-	-	-	-	-
Earnings Before Tax	37,404,157	48,782,854	60,946,175	74,185,772	96,071,717	102,809,598	112,337,847	122,758,768	134,268,062	146,023,143
Tax	12,456,455	16,438,998	20,696,161	25,330,020	32,990,101	35,348,359	38,683,246	42,330,569	46,358,821	50,473,100
NET PROFIT/(LOSS) AFTER TAX	24,947,703	32,343,855	40,250,014	48,855,752	63,081,616	67,461,239	73,654,601	80,428,200	87,909,241	95,550,043

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	2,699,147	2,763,369	45,370,808	91,507,872	146,261,984	184,421,646	257,490,766	338,028,041	426,807,858	521,722,164	635,331,226
Accounts receivable		45,083,094	48,592,819	55,807,622	63,627,000	72,305,366	81,927,586	90,267,194	97,056,723	104,335,978	112,161,176
Finished goods inventory		6,033,270	6,906,498	7,877,410	8,955,317	10,150,819	11,475,503	12,340,674	13,271,469	14,272,744	15,349,851
Equipment spare part inventory	36,497	41,196	43,255	45,418	47,689	50,073	52,577	55,206	57,966	60,865	-
Raw material inventory	1,931,663	2,399,856	2,946,757	3,605,759	4,398,507	5,350,669	6,185,945	7,148,632	8,261,138	9,546,778	-
Pre-paid insurance	453,588	362,870	272,153	181,435	90,718	730,508	584,406	438,305	292,203	146,102	-
Total Current Assets	5,120,895	56,683,654	104,132,290	159,025,515	223,381,214	273,009,082	357,716,784	448,278,052	545,747,359	650,084,630	762,842,253
<i>Fixed assets</i>											
Land	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Building/Infrastructure	33,682,305	31,998,190	30,314,075	28,629,959	26,945,844	25,261,729	23,577,614	21,893,498	20,209,383	18,525,268	16,841,153
Wapda Security	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000
Machinery & equipment	70,073,496	63,066,146	56,058,797	49,051,447	42,044,097	35,036,748	28,029,398	21,022,049	14,014,699	7,007,350	-
Furniture & fixtures	1,141,500	1,027,350	913,200	799,050	684,900	570,750	456,600	342,450	228,300	114,150	-
Office vehicles	18,143,515	14,514,812	10,886,109	7,257,406	3,628,703	29,220,312	23,376,250	17,532,187	11,688,125	5,844,062	-
Computer equipment	500,000	335,000	170,000	583,813	387,804	196,796	675,836	448,932	227,816	782,365	519,695
Office equipment	374,000	336,600	299,200	261,800	224,400	187,000	149,600	112,200	74,800	37,400	-
Total Fixed Assets	154,115,816	141,479,098	128,842,380	116,784,475	104,116,749	120,674,335	106,466,298	91,552,316	76,644,123	62,511,594	47,561,847
<i>Intangible assets</i>											
Pre-operation costs	1,791,000	1,432,800	1,074,600	716,400	358,200	-	-	-	-	-	-
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
Total Intangible Assets	1,791,000	1,432,800	1,074,600	716,400	358,200	-	-	-	-	-	-
TOTAL ASSETS	161,027,711	199,595,552	234,049,270	276,526,390	327,856,163	393,683,417	464,183,081	539,830,369	622,391,482	712,596,224	810,404,100
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable		13,620,139	15,730,001	17,957,107	20,431,127	23,176,765	26,215,191	28,207,877	30,340,791	32,636,292	34,894,125
Total Current Liabilities	-	13,620,139	15,730,001	17,957,107	20,431,127	23,176,765	26,215,191	28,207,877	30,340,791	32,636,292	34,894,125
<i>Other liabilities</i>											
Total Long Term Liabilities	-	-	-	-	-	-	-	-	-	-	-
<i>Shareholders' equity</i>											
Paid-up capital	161,027,711	161,027,711	161,027,711	161,027,711	161,027,711	161,027,711	161,027,711	161,027,711	161,027,711	161,027,711	161,027,711
Retained earnings		24,947,703	57,291,558	97,541,572	146,397,325	209,478,941	276,940,180	350,594,781	431,022,980	518,932,221	614,482,264
Total Equity	161,027,711	185,975,413	218,319,269	258,569,283	307,425,035	370,506,652	437,967,891	511,622,491	592,050,691	679,959,932	775,509,975
TOTAL CAPITAL AND LIABILITIES	161,027,711	199,595,552	234,049,270	276,526,390	327,856,163	393,683,417	464,183,081	539,830,369	622,391,482	712,596,224	810,404,100

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		24,947,703	32,343,855	40,250,014	48,855,752	63,081,616	67,461,239	73,654,601	80,428,200	87,909,241	95,550,043
Add: depreciation expense		12,636,718	12,636,718	12,636,718	12,667,726	12,662,726	14,878,085	14,913,981	14,908,193	14,908,193	14,949,747
amortization of pre-operating costs		358,200	358,200	358,200	358,200	358,200	-	-	-	-	-
amortization of training costs		-	-	-	-	-	-	-	-	-	-
Deferred income tax		-	-	-	-	-	-	-	-	-	-
Accounts receivable		(45,083,094)	(3,509,725)	(7,214,803)	(7,819,378)	(8,678,367)	(9,622,220)	(8,339,608)	(6,789,529)	(7,279,254)	(7,825,198)
Finished goods inventory		(6,033,270)	(873,228)	(970,912)	(1,077,907)	(1,195,502)	(1,324,685)	(865,171)	(930,795)	(1,001,274)	(1,077,107)
Equipment inventory	(36,497)	(4,699)	(2,060)	(2,163)	(2,271)	(2,384)	(2,504)	(2,629)	(2,760)	(2,898)	60,865
Raw material inventory	(1,931,663)	(468,192)	(546,901)	(659,002)	(792,748)	(952,163)	(835,275)	(962,688)	(1,112,506)	(1,285,640)	9,546,778
Advance insurance premium	(453,588)	90,718	90,718	90,718	90,718	(639,790)	146,102	146,102	146,102	146,102	146,102
Accounts payable		13,620,139	2,109,863	2,227,105	2,474,021	2,745,638	3,038,425	1,992,687	2,132,914	2,295,501	2,257,833
Other liabilities		-	-	-	-	-	-	-	-	-	-
Cash provided by operations	(2,421,748)	64,222	42,607,439	46,715,876	54,754,112	67,379,975	73,739,168	80,537,275	88,779,817	95,689,970	113,609,062
<i>Financing activities</i>											
Issuance of shares	161,027,711	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares											
Cash provided by / (used for) financing activities	161,027,711	-	-	-	-	-	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(155,906,816)	-	-	(578,813)	-	(29,220,312)	(670,048)	-	-	(775,664)	-
Acquisitions											
Cash (used for) / provided by investing activities	(155,906,816)	-	-	(578,813)	-	(29,220,312)	(670,048)	-	-	(775,664)	-
NET CASH	2,699,147	64,222	42,607,439	46,137,064	54,754,112	38,159,662	73,069,120	80,537,275	88,779,817	94,914,306	113,609,062

13 KEY ASSUMPTIONS

13.1 Operating Cost Assumptions

Description	Details
Travelling Expense	10% of Administration Expense
Communication Expenses	3 % of Administration Expense
Promotional Expenses	0.2% of Revenue
Depreciation Method	Straight Line
Depreciation Rate	10% on Machinery 33% on Office Equipment 10% on Furniture & Fixture 20% on Vehicles
Inflation Growth Rate	10%
Electricity Price Growth Rate	10%
Salaries Growth Rate	10%
Water Price Growth Rate	5%

13.2 Production Cost Assumptions

Description	Details
Cost per Kg. Shrimp (Rs.)	930
Cost per Kg. Tuna (Rs.)	1,177
Cost per Kg. King Fish (Rs.)	1,277
Cost per Kg. Mackerel (Rs.)	577
Cost per Kg. Queen Fish (Rs.)	677
Cost per Kg. Salmon (Rs.)	627
Cost of Goods Sold Growth Rate	7.5%
Average Wastage per kg. of Input	25%

13.3 Revenue Assumptions

Description	Details
Sales Price Growth Rate	7.5%
Hours Operational / Day	8
Capacity Utilization Year 1	75%
Maximum Capacity	100%
Sales Price per Kg. Shrimp (Rs.)	1,350
Sales Price per Kg. Tuna (Rs.)	1,725
Sales Price per Kg. King Fish (Rs.)	2,000
Sales Price per Kg. Mackerel (Rs.)	825
Sales Price per Kg. Queen Fish (Rs.)	1,000
Sales Price per Kg. Salmon (Rs.)	1,000

Small and Medium Enterprises Development Authority

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

www.smeda.org.pk, 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