
Pre-Feasibility Study

MEAT SHOP



Small and Medium Enterprises Development Authority

**Ministry of Industries & Production
Government of Pakistan**

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1 DISCLAIMER

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2 EXECUTIVE SUMMARY

This SME venture entails setting up a Meat Shop in Metropolitan city of Pakistan. The outlet is proposed to cater to the demand of hygienically processed, quality mutton, beef and poultry. The shop would be located in commercial markets of middle to upper middle-income group residential areas. The proposed products available in the shop would be beef (Veil) with bones & boneless, mutton cut into pieces or minced according to the customer's requirements and chicken. The retail shop is a project of trading nature; slaughtered animals are proposed to be purchased from a wholesale meat market and sold at the meat shop whereas processed whole chicken will be sourced from a supplier.

Red meat is a naturally nutrient-rich food item and provides many essential nutrients such as protein, iron, zinc, vitamins etc that our body requires for optimum health. Due to its quality and taste, red meat has become a core food in our diet and is purchased on a regular basis. The same can be said of poultry which provides good taste and is the largest source of protein in Pakistan market. Poultry industry is growing at a rapid pace, therefore it is easily available. As it is a low cost item, the target market can afford it easily.

The demand for meat is constantly rising with the growing population. The local market is dominated by many small shops opened in several residential and commercial areas. However, these shops rarely follow the required cleanliness standards; except for a few recently introduced shops in high income group residential areas. With increasing awareness, the trend has shifted from purchase of meat through small unhygienic shops to making purchases through well-known grocery stores or newly built hygiene aware shops in developed areas of the city.

It is proposed that the project starts its operations with one shop initially, while remaining open for 12 hours, five days a week. The proposed project assumes to have a process capacity of 32,400 kg mutton, 32,400 kg beef and 40,500 kg of Chicken. Initial production capacity of the unit is assumed at 70% with annual increase of 10%. Maximum capacity utilization is assumed at 95%.

The total initial project cost for setting up an outlet is estimated at Rs. 2.934 million. The project is proposed to be financed through 50% debt and 50% equity. The project NPV is projected around Rs. 9.339 million, with an IRR of 58% and payback period of 2.44 years. The legal business status of this project is proposed as 'Sole Proprietorship'.

3 INTRODUCTION TO SMEDA

The Small and Medium Enterprises Development Authority (SMEDA) was established in October 1998 with an objective to provide fresh impetus to the economy through development of Small and Medium Enterprises (SMEs).

With a mission "to assist in employment generation and value addition to the national income, through development of the SME sector, by helping increase the number, scale and competitiveness of SMEs", SMEDA has carried out 'sectoral research' to identify policy, access to finance, business development services, strategic initiatives and institutional collaboration and networking initiatives.

Preparation and dissemination of prefeasibility studies in key areas of investment has been a successful hallmark of SME facilitation by SMEDA.

Concurrent to the prefeasibility studies, a broad spectrum of business development services is also offered to the SMEs by SMEDA. These services include identification of experts and consultants and delivery of need based capacity building programs of different types in addition to business guidance through help desk services.

4 PURPOSE OF THE DOCUMENT

The objective of the pre-feasibility study is primarily to facilitate potential entrepreneurs in project identification for investment. The project pre-feasibility may form the basis of an important investment decision and in order to serve this objective, the document / study covers various aspects of project concept development, start-up, and production, marketing, finance and business management.

The purpose of this document is to facilitate potential investors in **Meat Shop** by providing them with a general understanding of the business with the intention of supporting potential investors in crucial investment decisions.

The need to come up with pre-feasibility reports for undocumented or minimally documented sectors attains greater imminence as the research that precedes such reports reveals certain thumb rules; best practices developed by existing enterprises by trial and error, and certain industrial norms that become a guiding source regarding various aspects of business set-up and its successful management.

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

5 BRIEF DESCRIPTION OF PROJECT & PRODUCT

This pre-feasibility study provides details for setting up a Meat Shop for sale of mutton, beef and poultry. The project would start with a single outlet in commercial area of a Middle and High-Class zone. The basic purpose is to provide hygienic meat of all three categories at a slightly premium price. Expansion of the project can be made by opening new outlets in some other parts of the city in future.

The proposed business involves purchase of slaughtered animals from a wholesale meat market. Mutton is bought on a number of animal basis; each animal's average weight is assumed around 12 kg. Beef is purchased in multiple 40 kg units; 40 kg being defined as 1 maund. Intense attention would be paid to the quality of meat purchased. The meat would then be cut into pieces or minced in the shop according to customers' demands. The shop is assumed to operate for 10 hours and five days a week; Tuesday and Wednesday being off days for sale of meat all over Pakistan.

5.1 Installed And Operational Capacities

The project will have an installed process capacity of 120 kg Mutton, 120 kg Beef and 150 kg of Chicken per day on 12-hour shift. The shop will operate 5 days a week. Initial capacity utilization is assumed at 70% with an increase of 10% per annum. Maximum capacity utilization is assumed at 95%.

6 CRITICAL FACTORS

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

- ⇒ Shop location is very critical in this business. Shop must be located in a commercial area which can easily be accessed by target market.
- ⇒ Sales staff should have all the knowledge about the product and should be supportive to customers.
- ⇒ Ensure good quality of service all the time to maintain clientage.
- ⇒ Supply hygienic and clean meat from healthy animals without adulteration. Stamps from authorized veterinarians should be present on carcass.
- ⇒ Use clean and hygienic tools and equipment, while the shop should be neat and clean without flies and offal.

- ⇒ Sale price should be set by keeping in mind the market demand and competition in the targeted area.
- ⇒ Different promotions should be offered on regular basis to attract customers. Further, convenience of free home delivery should be provided.

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

Given the anticipated target market, the location of the shop proposed in this pre-feasibility can be any of the commercial markets established in residential areas of Lahore such as Model Town, Defence, Cavalry, Gulberg, Johar Town, Garden Town, Wapda Town, Faisal Town etc. However, any major city of Pakistan would represent a viable option for setting up the proposed meat shop.

8 POTENTIAL TARGET CUSTOMERS / MARKETS

The target market is middle and upper middle-income group, specifically health conscious individuals particular about purchasing meat processed in a hygienic environment.

9 PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of Meat Shop Unit. 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 annexure.

9.1 Project Economics

All the figures in this financial model have been calculated for estimated sales of Rs. 35.35 Million in the year one. Meat Shop will start its operations with 70% production capacity in year one. Production capacity will increase with the passage of time. Maximum capacity utilization of this unit is estimated at 95% in the fourth year.

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

Table 1: Project Economics

Description	Details
Internal Rate of Return (IRR)	58%
Payback Period (Yrs.)	2.44
Net Present Value (Rs.)	9,339,946

9.2 Project Financing

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

Table 2: Project Financing

Description	Details
Total Equity (50%)	Rs. 1,467,032
Bank Loan (50%)	Rs. 1,467,032
Markup to the Borrower (%age / annum)	14%
Tenure of the Loan (Years)	5

9.3 Project Cost

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

Table 3: Project Cost

Description	Amount Rs.
Capital Cost	
Building Infrastructure	312,500
Cutting Tools (3 Sets)	30,000
Machinery, Furniture and Fixtures	1,800,500
Office Equipment	32,000
Pre Operating Cost	47,715
Total Capital Cost	2,222,715
Working Capital	
Raw Material inventory	81,349
Upfront Building Rent	330,000

Cash	300,000
Total Working Capital	711,349
Total Project Cost	2,934,063

9.4 Space Requirement

For the proposed project, a 450 sq. feet sales and display shop would be sufficient. Following table shows the total area requirements and renovation cost incurred on the meat shop.

Table 4: Space Requirement

Space and Renovation Requirement	Total Cost (Rs.)
Shop area (Sq. ft.)	450
Renovation cost/ Sq. ft.	650
Total Renovation cost	292,500
Neon Sign Board	20,000
Total cost	312,500

It is suggested to acquire retail shop on rental basis in Lahore. The rent in this pre-feasibility is estimated to be Rs. 55,000/- per month. The rent is assumed for commercial markets of residential areas of Lahore such as Model Town, Defence, Cavalry, Gulberg, Johar Town, Wapda Town, Faisal Town, etc.

The entrepreneur should make sure that the following things are available at the site before setting up the project:

- i. Electricity Connection
- ii. Clean Water Supply

9.5 Machinery Requirement

List of machinery required for the proposed project are stated below:

Table 5: Machinery Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Mincing Machine (Imported)	1	150,000	150,000
Bone saw Machine (Imported, Italian)	1	170,000	170,000
Working Table with Teflon Sheet	2	44,000	88,000
Machine Tables (Imported)	2	36,000	72,000
Rapping Machine (Imported, China)	1	14,000	14,000

Weighting Scale with Printing	1	13,500	13,500
Weighting Scale LP	1	80,000	80,000
Sales Counter	1	10,000	10,000
Digital Cash Register	1	40,000	40,000
Wooden Block (40 inch Height)	2	10,000	20,000
Cash Counter	1	20,000	20,000
Sink Stainless Steel (Food Graded)	1	18,000	18,000
Display Trays	40	250	10,000
Uniform Sets	1	15,000	15,000
Display Freezers (2 Meter Long)	2	350,000	700,000
Generator 15 KW	1	160,000	160,000
Deep Freezers	2	35,000	70,000
Air Conditioners (2 ton)	2	75,000	150,000
Total			1,800,500

9.6 Shop Tool & Equipment Requirement

Details of the tool & equipment for meat shop are given below:

Table 6: Shop Tool & Equipment Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Cutting Tools Set (3 Size Knife, Steel Rod, Chopper, Red Stone etc.)	3	10,000	30,000
Telephone	2	1,000	2,000
UPS	1	30,000	30,000
Total			62,000

9.7 Human Resource Requirement

In order to run operations of meat shop smoothly, details of human resources required in first year of operations along with monthly salary are recommended as under:

Table 7: Human Resource Requirement (Year 1)

Description	No. of Employees	Monthly Salary per person (Rs.)
CEO/ Owner / Meat Purchaser	1	45,000
Butcher	3	30,000
Helper	2	15,000
Cashier	1	16,000
Security Guard	1	16,000
Total	8	

Number of employees will increase with the increase in production in coming years.

9.8 Utilities and Other Costs

An essential cost to be borne by the project is the cost of electricity which is estimated to be Rs. 927,448 in the first year of operations. The promotional expense being essential for marketing of 'Meat Shop' is estimated to be 0.05% of the revenue. Furthermore, travelling expense is assumed to be Rs. 64,200 for first year of operations. Transportation of meat cost is assumed to be Rs. 94,500 in year 1.

9.9 Revenue Generation

Based on the assumption of starting business with 70% of capacity utilization in year one, sales revenues are estimated as under;

Table 8: Revenue Generation – Year 1

Description	Units (Kg)	Sale Price (Rs.)	Sales Revenue (Rs.)
Mutton	22,680	875	19,845,000
Beef Veil (Bone Less)	9,639 ¹	550	5,301,450
Beef Veil (with Bone)	11,340	425	4,819,500
Chicken	28,350	190 ²	5,386,500
Total	39,690		35,352,450

¹ Percentage of Boneless meat of veil in One Kg is assumed at 85%.

² Price of Chicken fluctuates on daily basis, whereas other item price remain constant comparatively.

10 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.orgom.pk
Punjab Agriculture and Meat Company (PAMCO)	www.pamco.bz
Punjab Food Department	www.food.punjab.gov.pk
Agriculture University of Faisalabad	https://www.uaf.edu.pk/
Technical Education and Vocational Training Authority (TEVTA)	www.tevta.org
Punjab Industrial Estates (PIE)	www.pie.com.pk

11 ANNEX

11.1 Income Statement

Calculations										SMEDA
Income Statement										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	35,352,450	44,443,080	54,998,312	63,859,151	70,245,066	77,269,572	84,996,529	93,496,182	102,845,801	113,130,381
<i>Cost of sales</i>										
Mutton procurement cost	17,350,200	21,811,680	26,991,954	31,340,658	34,474,723	37,922,196	41,714,415	45,885,857	50,474,443	55,521,887
Beef procurement cost	7,257,600	9,123,840	11,290,752	13,109,818	14,420,799	15,862,879	17,449,167	19,194,084	21,113,492	23,224,842
Chicken procurement cost	4,677,750	5,880,600	7,277,243	8,449,687	9,294,656	10,224,121	11,246,534	12,371,187	13,608,306	14,969,136
Polythene bags and Packing cost	72,204	87,367	105,714	127,914	154,776	187,279	226,607	249,268	274,195	301,614
Direct Labour cost	2,160,000	2,370,301	2,601,076	2,854,321	3,132,222	3,437,179	3,771,828	4,139,058	4,542,043	4,984,263
Transportation rental costs	94,500	103,950	114,345	125,780	138,357	152,193	167,413	184,154	202,569	222,826
Direct electricity	927,448	1,020,193	1,122,213	1,234,434	1,357,877	1,493,665	1,643,031	1,807,335	1,988,068	2,186,875
Direct water	7,200	7,920	8,712	9,583	10,542	11,596	12,755	14,031	15,434	16,977
Total cost of sales	32,546,902	40,405,851	49,512,008	57,252,194	62,983,952	69,291,108	76,231,750	83,844,973	92,218,549	101,428,419
Gross Profit	2,805,548	4,037,229	5,486,303	6,606,957	7,261,113	7,978,464	8,764,779	9,651,209	10,627,252	11,701,961
<i>General administration & selling expenses</i>										
Administration expense	1,284,000	1,409,012	1,546,195	1,696,735	1,861,932	2,043,212	2,242,142	2,460,440	2,699,992	2,962,867
Building rental expense	660,000	726,000	798,600	878,460	966,306	1,062,937	1,169,230	1,286,153	1,414,769	1,556,245
Travelling expense	64,200	70,451	77,310	84,837	93,097	102,161	112,107	123,022	135,000	148,143
Communications expense (phone, fax, mail, internet, etc.)	36,000	39,600	43,560	47,916	52,708	57,978	63,776	70,154	77,169	84,886
Office expenses (stationary, entertainment, janitorial services, etc.)	128,400	140,901	154,620	169,674	186,193	204,321	224,214	246,044	269,999	296,287
Promotional expense	17,676	22,222	27,499	31,930	35,123	38,635	42,498	46,748	51,423	56,565
Depreciation expense	228,875	230,375	231,950	233,604	235,340	237,163	239,078	241,088	243,199	245,415
Amortization of pre-operating costs	9,543	9,543	9,543	9,543	9,543	-	-	-	-	-
Miscellaneous expense 1	30,000	33,000	36,300	39,930	43,923	48,315	53,147	58,462	64,308	70,738
Subtotal	2,458,694	2,681,103	2,925,577	3,192,628	3,484,164	3,794,722	4,146,193	4,532,111	4,955,858	5,421,147
Operating Income	346,853	1,356,126	2,560,726	3,414,329	3,776,950	4,183,742	4,618,586	5,119,098	5,671,394	6,280,814
Other income (interest on cash)	-	-	-	-	-	-	-	-	-	-
Other income 2	-	-	-	-	-	-	-	-	-	-
Earnings Before Interest & Taxes	346,853	1,356,126	2,560,726	3,414,329	3,776,950	4,183,742	4,618,586	5,119,098	5,671,394	6,280,814
Interest on short term debt	-	-	-	-	-	-	-	-	-	-
Interest expense on long term debt (Project Loan)	155,590	132,052	105,218	74,628	39,755	-	-	-	-	-
Interest expense on long term debt (Working Capital Loan)	27,545	-	-	-	-	-	-	-	-	-
Subtotal	183,135	132,052	105,218	74,628	39,755	-	-	-	-	-
Earnings Before Tax	163,718	1,224,074	2,455,508	3,339,701	3,737,195	4,183,742	4,618,586	5,119,098	5,671,394	6,280,814
Tax	-	106,111	338,601	557,425	656,798	777,622	908,076	1,058,229	1,223,918	1,420,784
NET PROFIT/(LOSS) AFTER TAX	163,718	1,117,963	2,116,907	2,782,276	3,080,396	3,406,120	3,710,511	4,060,869	4,447,476	4,860,030
Balance brought forward		163,718	1,281,681	3,398,588	6,180,864	9,261,260	12,667,380	16,377,890	20,438,760	24,886,235
Total profit available for appropriation	163,718	1,281,681	3,398,588	6,180,864	9,261,260	12,667,380	16,377,890	20,438,760	24,886,235	29,746,265
Balance carried forward	163,718	1,281,681	3,398,588	6,180,864	9,261,260	12,667,380	16,377,890	20,438,760	24,886,235	29,746,265

11.2 Balance Sheet

Calculations											SMEDA
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	300,000	103,005	1,164,438	3,193,299	5,853,272	8,761,980	12,255,847	16,036,479	20,146,697	24,618,998	31,121,770
Raw material inventory	81,349	112,494	153,132	195,584	236,656	286,354	346,488	419,251	507,294	613,825	-
Pre-paid building rent	330,000	363,000	399,300	439,230	483,153	531,468	584,615	643,077	707,384	778,123	-
Total Current Assets	711,349	578,498	1,716,870	3,828,113	6,573,082	9,579,802	13,186,950	17,098,806	21,361,375	26,010,946	31,121,770
<i>Fixed assets</i>											
Land	-	-	-	-	-	-	-	-	-	-	-
Building/Infrastructure	312,500	296,875	281,250	265,625	250,000	234,375	218,750	203,125	187,500	171,875	156,250
Machinery & equipment	30,000	31,500	33,075	34,729	36,465	38,288	40,203	42,213	44,324	46,540	-
Furniture & fixtures	1,800,500	1,620,450	1,440,400	1,260,350	1,080,300	900,250	720,200	540,150	360,100	180,050	-
Office equipment	32,000	28,800	25,600	22,400	19,200	16,000	12,800	9,600	6,400	3,200	-
Total Fixed Assets	2,175,000	1,977,625	1,780,325	1,583,104	1,385,965	1,188,913	991,953	795,088	598,324	401,665	156,250
<i>Intangible assets</i>											
Pre-operation costs	47,715	38,172	28,629	19,086	9,543	-	-	-	-	-	-
Total Intangible Assets	47,715	38,172	28,629	19,086	9,543	-	-	-	-	-	-
TOTAL ASSETS	2,934,063	2,594,295	3,525,824	5,430,303	7,968,590	10,768,715	14,178,903	17,893,894	21,959,699	26,412,611	31,278,020
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable	-	20,318	25,552	31,626	36,729	40,423	44,492	48,972	53,907	59,344	64,723
Total Current Liabilities	-	20,318	25,552	31,626	36,729	40,423	44,492	48,972	53,907	59,344	64,723
<i>Other liabilities</i>											
Long term debt (Project Loan)	1,111,357	943,227	751,559	533,057	283,965	-	-	-	-	-	-
Long term debt (Working Capital Loan)	355,674	-	-	-	-	-	-	-	-	-	-
Total Long Term Liabilities	1,467,032	943,227	751,559	533,057	283,965	-	-	-	-	-	-
<i>Shareholders' equity</i>											
Paid-up capital	1,467,032	1,467,032	1,467,032	1,467,032	1,467,032	1,467,032	1,467,032	1,467,032	1,467,032	1,467,032	1,467,032
Retained earnings	-	163,718	1,281,681	3,398,588	6,180,864	9,261,260	12,667,380	16,377,890	20,438,760	24,886,235	29,746,265
Total Equity	1,467,032	1,630,750	2,748,713	4,865,620	7,647,896	10,728,292	14,134,411	17,844,922	21,905,791	26,353,267	31,213,297
TOTAL CAPITAL AND LIABILITIES	2,934,063	2,594,295	3,525,824	5,430,303	7,968,590	10,768,715	14,178,903	17,893,894	21,959,699	26,412,611	31,278,020

11.3 Cash Flow Statement

Calculations											SMEDA
Cash Flow Statement											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<i>Operating activities</i>											
Net profit		163,718	1,117,963	2,116,907	2,782,276	3,080,396	3,406,120	3,710,511	4,060,869	4,447,476	4,860,030
Add: depreciation expense		228,875	230,375	231,950	233,604	235,340	237,163	239,078	241,088	243,199	245,415
amortization of pre-operating costs		9,543	9,543	9,543	9,543	9,543	-	-	-	-	-
Raw material inventory	(81,349)	(31,145)	(40,638)	(42,452)	(41,073)	(49,698)	(60,134)	(72,763)	(88,043)	(106,532)	613,825
Pre-paid building rent	(330,000)	(33,000)	(36,300)	(39,930)	(43,923)	(48,315)	(53,147)	(58,462)	(64,308)	(70,738)	778,123
Accounts payable		20,318	5,234	6,074	5,103	3,694	4,068	4,480	4,935	5,437	5,379
Cash provided by operations	(411,349)	358,309	1,286,177	2,282,092	2,945,530	3,230,960	3,534,070	3,822,845	4,154,542	4,518,841	6,502,772
<i>Financing activities</i>											
Project Loan - principal repayment		(168,130)	(191,668)	(218,502)	(249,092)	(283,965)	-	-	-	-	-
Working Capital Loan - principal repayment		(355,674)	-	-	-	-	-	-	-	-	-
Additions to Project Loan	1,111,357	-	-	-	-	-	-	-	-	-	-
Additions to Working Capital Loan	355,674	-	-	-	-	-	-	-	-	-	-
Issuance of shares	1,467,032	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares											
Cash provided by / (used for) financing activities	2,934,063	(523,804)	(191,668)	(218,502)	(249,092)	(283,965)	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(2,222,715)	(31,500)	(33,075)	(34,729)	(36,465)	(38,288)	(40,203)	(42,213)	(44,324)	(46,540)	-
Cash (used for) / provided by investing activities	(2,222,715)	(31,500)	(33,075)	(34,729)	(36,465)	(38,288)	(40,203)	(42,213)	(44,324)	(46,540)	-
NET CASH	300,000	(196,995)	1,061,434	2,028,861	2,659,973	2,908,707	3,493,867	3,780,632	4,110,218	4,472,301	6,502,772
Cash balance brought forward		300,000	103,005	1,164,438	3,193,299	5,853,272	8,761,980	12,255,847	16,036,479	20,146,697	24,618,998
Cash available for appropriation	300,000	103,005	1,164,438	3,193,299	5,853,272	8,761,980	12,255,847	16,036,479	20,146,697	24,618,998	31,121,770
Cash balance	300,000	103,005	1,164,438	3,193,299	5,853,272	8,761,980	12,255,847	16,036,479	20,146,697	24,618,998	31,121,770
Cash carried forward	300,000	103,005	1,164,438	3,193,299	5,853,272	8,761,980	12,255,847	16,036,479	20,146,697	24,618,998	31,121,770

12 KEY ASSUMPTIONS

12.1 Operating Cost Assumptions

Description	Details
Travelling Expenses	5% of Admirative Expenses
Office Expenses (Stationery, Entertainment etc.)	10% of Administration expenses
Communication Expenses	3,000 per month
Promotional Expenses	0.05% of Revenues
Misc. Expenses	Rs. 2,500 per month

12.2 Purchasing Cost Assumptions

Description	Details
Mutton Purchasing Price Per Kg	765/-
Beef Veil Purchasing Price Per Kg	320/-
Chicken (Whole Meat) Purchasing Price Per Kg	165/-
Cost of Goods sold Growth Rate	10% per year

12.3 Revenue Assumptions

Description	Details
Growth in Sales Price	10%
Days Operational / Year	270
Production Capacity in Year 1	70%
Maximum Production Capacity	95%

12.4 Financial Assumptions

Description	Details
Debt	50%
Equity	50%
Interest Rate on Debt	14%
Debt Tenure	05 Years
Debt Payments / Year	1

Inflation Growth Rate	10%
Electricity Price Growth Rate	10%
Salaries Growth Rate	10%