



**Pre-feasibility Study**

# **FILLING STATION**

**March 2021**

*“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

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## 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.

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### ***Document Control***

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For information	shakoor@smeda.org.pk

## 2 EXECUTIVE SUMMARY

**Filling Station** is proposed to be located at in a crowded area or in a metropolis area where the fuel consumption is likely to be high and people are more dependent on transportation to travel from one place to another. Products include **Petrol, High Octane and Diesel**.

The annual sales capacity of the station will be 2.475 million liters of petrol, high octane & diesel, based on double-shift services. For financial projection Capacity utilization will be 75% in the first year; and increase at a rate of 5% annually and will be capped at 95%.

Total Cost Estimates is **Rs. 95,587,313** with fixed investment **Rs. 93,177,000** and working capital **Rs. 2,410,313**.

Given the cost assumptions IRR and payback are **23%** and **6.15 years** respectively.

The most critical considerations or factors for success of the project are: Customer satisfaction should be kept as priority, location of the project is of prime importance, continuous efforts should be made for up-gradation of the technology, management efficiency, product quality, Illegal trading of smuggled oil, cleanness of the facility and safety measures as per requirement will play key role in the success of the project.

### 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 **Filling Station** 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 its successful management.

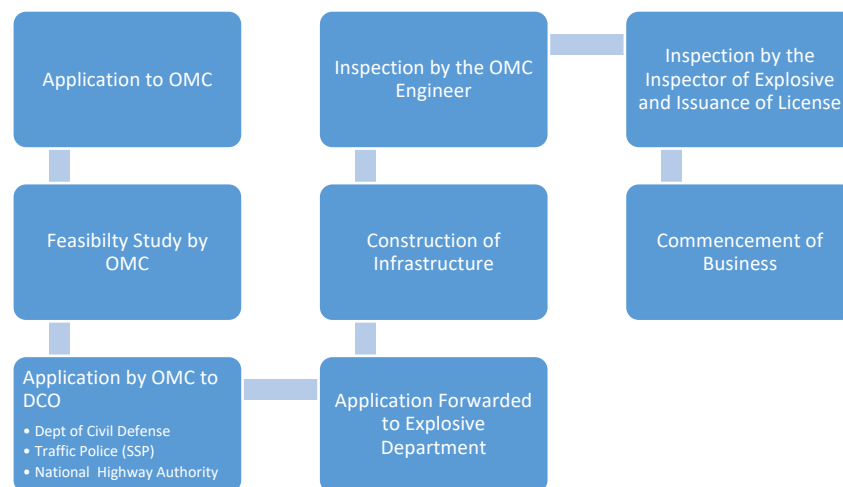
Apart from carefully studying the whole document one must consider critical aspects provided later on, which form basis of any Investment Decision.

## 5 BRIEF DESCRIPTION OF PROJECT & PRODUCT

Following key parameters must be addressed as per pre-feasibility study under preparation

- **Technology:** This proposed filling station will be equipped with modern state of the art technology and equipment. This facility will ensure all safety measures that are to be taken while operating a filling station. Modern state of the art filling units are likely to serve customers in their best interest.
- **Location:** The filling station is proposed to be located in a crowded area or in a metropolis area where the fuel consumption is likely to be high and people are more dependent on transportation to travel from one place to another.
- **Product:** The products are likely to be Petrol, Diesel, High Octane and engine oil and lubricants.
- **Target Market:** The target market is likely to be the areas where the filling station is located or the adjacent areas.
- **Employment Generation:** The proposed project will provide direct employment to 11 people.

### 5.1 Production Process Flow



## 5.2 Installed And Operational Capacities

The annual sales capacity of the station will be 2.475 million liters of petrol, high octane & diesel, based on double-shift services. For financial projection Capacity utilization will be 75% in the first year; and increased at a rate of 5% annually and will be capped at 95%.

## 6 CRITICAL FACTORS

- Customer satisfaction should be kept as priority
- Location of the project is of prime importance.
- Continuous efforts should be made for up-gradation of the technology.
- Management efficiency
- Product quality
- Illegal trading of smuggled oil.
- Cleanness of the facility
- Safety measures as per requirement

## 7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

Pakistan is the sixth largest country in the world with a population of 217 million people in 2019, and covers an area of 881,913 square kilometers sharing its borders with India, Iran, Afghanistan & China. Pakistan has an emerging economy with a GDP of USD \$283.3 billion in 2019. Transport is one of the most essential sectors of an economy and direct customer for this project. This sector facilitates the people not only in traveling but also in the transportation of goods and services throughout the country. The increase in population of Pakistan is creating a multiplier impact on the demand of petroleum products.

Oil sector is divided into Upstream, Midstream and Downstream segments. Global Investment in Upstream Sector is estimated to be USD~347bln in CY20 (USD~438bln in CY19). World Crude Reserves stood around ~ 225,140 mln MTS in CY20.

Pakistan's OMC market comprises 33 players Licensed by OGRA to function as OMCs in the Country. Large Sector players are going into backward integration in the Midstream Sector in order to reap integrated supply chain benefits.

The Industry holds a strategic importance in the economy as well as a vital position in the Oil & Gas Sector of the country, contributing 9% to the GDP. The Sector is 100% Organized and regulated by the GoP through OGRA. The performance of the Sector is dependent on the Petroleum Products (POL) pricing and demand behavior. Lately, due to drop in International oil prices amid Covid-19 and demand contraction for POL products, the performance of OMCs has been adversely impacted. The cycle is, however, reversing as lockdown restrictions have been lifted up and Oil prices have gained stability in the International Market.

Performance is, therefore, expected to improve, going forward. Total Petroleum Products consumption in FY20 was ~19 mln tons (~20 in FY19)

## 8 POTENTIAL TARGET CUSTOMERS / MARKETS

The target customers for the filling station are diversified. The major oil consumer without any doubt is the transportation sector, which is a direct customer for Petrol/Diesel filling stations. Power & Industrial sectors are respectively at the second and third spot, while the rest is consumed by the other sectors of the economy.

## 9 PROJECT COST SUMMARY

### 9.1 Project Economics

All the figures in this financial model have been calculated for estimated sales of Rs. 21.5 million in the year one. The capacity utilization during year one is worked out at 75% with 5% increase in subsequent years up to the maximum capacity utilization of 95%.

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)	23%
Payback Period (yrs.)	6.15
Net Present Value (Rs.)	52,903,273

### 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. 47,793,656
Bank Loan (50%)	Rs. 47,793,656
Markup to the Borrower (%age / annum)	16%
Tenure of the Loan (Years)	10

### 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.
<b>Capital Cost</b>	
Land	76,000,000
Building/Infrastructure	10,200,000
Machinery & equipment	5,000,000
Furniture & fixtures	1,395,000
Office equipment	182,000
Pre-operating costs	400,000
<b>Total Capital Cost</b>	<b>93,177,000</b>
<b>Working Capital</b>	
Raw Material Inventory	1,660,313
Up-front insurance payment	250,000
Cash	500,000
<b>Total Working Capital</b>	<b>2,410,313</b>
<b>Total Project Cost</b>	<b>95,587,313</b>

### 9.4 Space Requirement

The space requirement for the proposed filling station is estimated considering various facilities including management office, Cars Wash and Tyre Shop, Tuck

Shop, open space, etc. Details of space requirement and cost related to land & building are given below;

**Table 4: Space Requirement**

Description	Estimated Area (Sqft)	Unit Cost (Rs.)	Total Cost (Rs.)
Management Office	500	2,000	1,000,000
Cars Wash and Tyre Shop	500	1,800	900,000
Tuck Shop	500	1,800	900,000
Pavement/driveway	8,000	300	2,400,000
<b>Total</b>	<b>9,500</b>		<b>10,200,000</b>

## 9.5 Machinery & Equipment Requirement

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

**Table 5: Machinery & Equipment**

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Underground tanks 15 k liter	500,000	4	2,000,000
Fuel dispensing units	200,000	8	1,600,000
Fuel sucking pumps	100,000	4	400,000
Generator	1,000,000	1	1,000,000
<b>Total</b>			<b>5,000,000</b>

## 9.6 Furniture & Fixtures Requirement

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

**Table 6: Furniture & Fixture**

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Furniture	Lump sum	300,000	300,000
Electric wiring & lighting	Lump sum	1,000,000	1,000,000
Air conditioners (2 ton split A/C)	1	95,000	95,000
<b>Total</b>			<b>1,395,000</b>

## 9.7 Office Equipment Requirement

Following office equipment will be required for filling station;

**Table 7: Office Equipment**

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Laptop	2	75,000	150,000
Printer 3in1	1	25,000	25,000
Telephones	2	3,500	7,000
<b>Total</b>			<b>182,000</b>

## 9.8 Human Resource Requirement

In order to run operations of filling station smoothly, details of human resources required along with number of employees and monthly salary are recommended as under;

**Table 8: Human Resource Requirement**

Description	No. of Employees	Monthly Salary per person (Rs.)
Manager	1	46,000
Account	1	30,000
Sweeper	1	19,000
Filling Station Helpers	6	18,500
Guards	2	18,500
<b>Total</b>	<b>11</b>	<b>132,000</b>

## 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. 154,687 per month. Furthermore, promotional expense being essential for marketing of filling station is estimated as 0.2% of administrative / Cost of Sales expenses.

### 9.10 Revenue Generation

Based on the capacity utilization of 75%, for Petrol Diesel, and High-octane respectively, sales revenue during the first year of operations is estimated as under;

**Table 9: Revenue Generation – Year 1**

Description	Liters for Sale/Yearly	Sale Price / liter (Rs.)	Sales Revenue (Rs.)
Petrol	1,237,500	111	137,362,500
High-octane	123,750	130	16,087,500
Diesel	495,000	116	57,420,000
Rental Income (Service Station, Tyre Shop, Tuck Shop)			4,800,000
<b>Total</b>			<b>215,670,000</b>

## 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 Suppliers Details

Name of Supplier	Address	Phone	Fax	E-mail	Website
PSO	Khayaban-e-Iqbal, Clifton, Karachi 75600, Pakistan	021-111 111 PSO (776) (92 21) 99203866-85	(92 21) 99203835	Taaluq@psopk.com	<a href="https://psopk.com/en/home">https://psopk.com/en/home</a>

Byco Petroleum Pakistan Limited	9th, 10th Floor, The Harbour Front, Dolmen City, HC-3, Block-4, Marine Drive, Clifton, Karachi-75600, Pakistan	(+92 21) 111 222 081	(+92 21) 111 888 081		<a href="http://www.byco.com.pk/">http://www.byco.com.pk/</a>
Attock	Attock House, Morgah, Rawalpindi	+92 51 5127250-54	+92 51 5127255		<a href="https://www.apl.com.pk/">https://www.apl.com.pk/</a>

## 11 USEFUL WEB LINKS

Small & Medium Enterprises Development Authority (SMEDA)	<a href="http://www.smeda.org.pk">www.smeda.org.pk</a>
Government of Pakistan	<a href="http://www.pakistan.gov.pk">www.pakistan.gov.pk</a>
Ministry of Industries & Production	<a href="http://www.moip.gov.pk">www.moip.gov.pk</a>
Ministry of Education, Training & Standards in Higher Education	<a href="http://moptt.gov.pk">http://moptt.gov.pk</a>
Government of Punjab	<a href="http://www.punjab.gov.pk">www.punjab.gov.pk</a>
Government of Sindh	<a href="http://www.sindh.gov.pk">www.sindh.gov.pk</a>
Government of Khyber Pakhtunkhwa	<a href="http://www.khyberpakhtunkhwa.gov.pk">www.khyberpakhtunkhwa.gov.pk</a>
Government of Balochistan	<a href="http://www.balochistan.gov.pk">www.balochistan.gov.pk</a>
Government of Gilgit Baltistan	<a href="http://www.gilgitbaltistan.gov.pk">www.gilgitbaltistan.gov.pk</a>
Government of Azad Jamu Kashmir	<a href="http://www.ajk.gov.pk">www.ajk.gov.pk</a>
Trade Development Authority of Pakistan (TDAP)	<a href="http://www.tdap.gov.pk">www.tdap.gov.pk</a>
Security Commission of Pakistan (SECP)	<a href="http://www.secp.gov.pk">www.secp.gov.pk</a>
Federation of Pakistan Chambers of Commerce and Industry (FPCCI)	<a href="http://www.fpcci.com.pk">www.fpcci.com.pk</a>
State Bank of Pakistan (SBP)	<a href="http://www.sbp.org.pk">www.sbp.org.pk</a>
Punjab Small Industries Corporation	<a href="http://www.psic.gov.pk">www.psic.gov.pk</a>

<b>Sindh Small Industries Corporation</b>	<a href="http://www.ssic.gos.pk">www.ssic.gos.pk</a>
<b>Pakistan Horticulture Development and Export Company (PHDEC)</b>	<a href="http://www.phdec.org.pk">www.phdec.org.pk</a>
<b>Punjab Vocational Training Council (PVTC)</b>	<a href="http://www.pvtc.gop.pk">www.pvtc.gop.pk</a>
<b>Technical Education and Vocational Training Authority (TEVTA)</b>	<a href="http://www.tevta.org">www.tevta.org</a>
<b>Pakistan Readymade Garment Technical Training Institute</b>	<a href="http://www.prgmea.org/prgtti/">www.prgmea.org/prgtti/</a>
<b>Livestock &amp; Dairy Development Department, Government of Punjab.</b>	<a href="http://www.livestockpunjab.gov.pk">www.livestockpunjab.gov.pk</a>
<b>Punjab Industrial Estates (PIE)</b>	<a href="http://www.pie.com.pk">www.pie.com.pk</a>
<b>Faisalabad Industrial Estate Development and Management Company (FIEDMC)</b>	<a href="http://www.fiedmc.com.pk">www.fiedmc.com.pk</a>

## 12 ANNEXURES

### 12.1 Income Statement

Statement Summaries										SMEDA
Income Statement										
	Rs. in actuals									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	215,670,000	247,420,800	289,173,060	336,801,564	391,064,038	430,170,442	473,187,486	520,506,235	572,556,858	629,812,544
Cost of goods sold	203,457,750	227,918,162	254,874,193	283,446,193	314,268,627	330,347,032	347,265,346	365,069,113	383,806,506	403,528,489
Gross Profit	12,212,250	19,502,638	34,298,867	53,355,371	76,795,411	99,823,410	125,922,141	155,437,122	188,750,353	226,284,055
<i>General administration &amp; selling expenses</i>										
Administration expense	1,940,520	2,129,452	2,336,778	2,564,290	2,813,953	3,087,924	3,388,568	3,718,484	4,080,521	4,477,806
Rental expense	-	-	-	-	-	-	-	-	-	-
Utilities expense	60,000	66,000	72,600	79,860	87,846	96,631	106,294	116,923	128,615	141,477
Travelling & Comm. expense (phone, fax, etc.)	75,360	82,697	90,749	99,584	109,280	119,919	131,595	144,407	158,467	173,895
Office vehicles running expense	-	-	-	-	-	-	-	-	-	-
Office expenses (stationary, etc.)	94,200	103,371	113,436	124,480	136,600	149,899	164,494	180,509	198,084	217,369
Promotional expense	431,340	494,842	578,346	673,603	782,128	860,341	946,375	1,041,012	1,145,114	1,259,625
Insurance expense	250,000	225,000	200,000	175,000	150,000	125,000	100,000	75,000	50,000	25,000
Professional fees (legal, audit, etc.)	1,078,350	1,237,104	1,445,865	1,684,008	1,955,320	2,150,852	2,365,937	2,602,531	2,862,784	3,149,063
Depreciation expense	1,167,700	1,167,700	1,167,700	1,167,700	1,167,700	1,167,700	1,167,700	1,167,700	1,167,700	1,167,700
Amortization expense	80,000	80,000	80,000	80,000	80,000	-	-	-	-	-
Property tax expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous expense	6,470,100	7,422,624	8,675,192	10,104,047	11,731,921	12,905,113	14,195,625	15,615,187	17,176,706	18,894,376
Subtotal	11,647,570	13,008,790	14,760,666	16,752,572	19,014,748	20,663,379	22,566,587	24,661,754	26,967,990	29,506,312
Operating Income	564,680	6,493,848	19,538,201	36,602,799	57,780,663	79,160,031	103,355,553	130,775,368	161,782,362	196,777,743
Other income	25,000	-	-	406,706	911,298	1,179,214	1,634,067	2,261,015	2,992,876	4,075,515
Gain / (loss) on sale of assets	-	-	-	-	-	-	-	-	-	-
Earnings Before Interest & Taxes	589,680	6,493,848	19,538,201	37,009,505	58,691,961	80,339,245	104,989,620	133,036,383	164,775,239	200,853,258
Interest expense	8,510,404	9,325,246	8,546,512	6,804,647	5,682,872	5,049,857	4,315,561	3,463,777	2,475,707	1,329,546
Earnings Before Tax	(7,920,724)	(2,831,398)	10,991,689	30,204,858	53,009,090	75,289,388	100,674,060	129,572,607	162,299,532	199,523,712
Tax	-	-	98,222	12,383,992	21,733,727	30,868,649	41,276,364	53,124,769	66,542,808	81,804,722
NET PROFIT/(LOSS) AFTER TAX	(7,920,724)	(2,831,398)	10,893,467	17,820,866	31,275,363	44,420,739	59,397,695	76,447,838	95,756,724	117,718,990
Balance brought forward		(7,920,724)	(10,752,122)	141,344	17,962,210	24,618,787	34,519,763	46,958,729	61,703,283	78,730,004
Total profit available for appropriation	(7,920,724)	(10,752,122)	141,344	17,962,210	49,237,573	69,039,526	93,917,458	123,406,567	157,460,007	196,448,994
Dividend	-	-	-	-	24,618,787	34,519,763	46,958,729	61,703,283	78,730,004	98,224,497
Balance carried forward	(7,920,724)	(10,752,122)	141,344	17,962,210	24,618,787	34,519,763	46,958,729	61,703,283	78,730,004	98,224,497

## 12.2 Balance Sheet

Statement Summaries Balance Sheet											SMEDA
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Rs. in actuals Year 10
<b>Assets</b>											
<i>Current assets</i>											
Cash & Bank	500,000	-	-	-	8,134,116	10,091,840	13,492,448	19,188,890	26,031,407	33,826,118	47,684,191
Accounts receivable	-	17,726,301	19,031,129	22,051,802	25,724,985	29,912,285	33,749,362	37,124,298	40,836,728	44,920,401	49,412,441
Finished goods inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment spare part inventory	-	-	-	-	-	-	-	-	-	-	-
Raw material inventory	1,660,313	1,952,528	2,287,203	2,669,973	3,107,181	3,425,667	3,776,798	4,163,920	4,590,722	5,061,271	-
Pre-paid annual land lease	-	-	-	-	-	-	-	-	-	-	-
Pre-paid building rent	-	-	-	-	-	-	-	-	-	-	-
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid insurance	250,000	225,000	200,000	175,000	150,000	125,000	100,000	75,000	50,000	25,000	-
<b>Total Current Assets</b>	<b>2,410,313</b>	<b>19,903,829</b>	<b>21,518,332</b>	<b>24,896,776</b>	<b>37,116,281</b>	<b>43,554,792</b>	<b>51,118,609</b>	<b>60,552,108</b>	<b>71,508,857</b>	<b>83,832,790</b>	<b>97,096,632</b>
<i>Fixed assets</i>											
Land	76,000,000	76,000,000	76,000,000	76,000,000	76,000,000	76,000,000	76,000,000	76,000,000	76,000,000	76,000,000	76,000,000
Building/Infrastructure	10,200,000	9,690,000	9,180,000	8,670,000	8,160,000	7,650,000	7,140,000	6,630,000	6,120,000	5,610,000	5,100,000
Machinery & equipment	5,000,000	4,500,000	4,000,000	3,500,000	3,000,000	2,500,000	2,000,000	1,500,000	1,000,000	500,000	-
Furniture & fixtures	1,395,000	1,255,500	1,116,000	976,500	837,000	697,500	558,000	418,500	279,000	139,500	-
Office vehicles	-	-	-	-	-	-	-	-	-	-	-
Office equipment	182,000	163,800	145,600	127,400	109,200	91,000	72,800	54,600	36,400	18,200	-
<b>Total Fixed Assets</b>	<b>92,777,000</b>	<b>91,609,300</b>	<b>90,441,600</b>	<b>89,273,900</b>	<b>88,106,200</b>	<b>86,938,500</b>	<b>85,770,800</b>	<b>84,603,100</b>	<b>83,435,400</b>	<b>82,267,700</b>	<b>81,100,000</b>
<i>Intangible assets</i>											
Pre-operation costs	400,000	320,000	240,000	160,000	80,000	-	-	-	-	-	-
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
<b>Total Intangible Assets</b>	<b>400,000</b>	<b>320,000</b>	<b>240,000</b>	<b>160,000</b>	<b>80,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>95,587,313</b>	<b>111,833,129</b>	<b>112,199,932</b>	<b>114,330,676</b>	<b>125,302,481</b>	<b>130,493,292</b>	<b>136,889,409</b>	<b>145,155,208</b>	<b>154,944,257</b>	<b>166,100,490</b>	<b>178,196,632</b>
<b>Liabilities &amp; Shareholders' Equity</b>											
<i>Current liabilities</i>											
Accounts payable	-	16,536,167	18,528,756	20,680,868	23,003,667	25,494,242	26,783,736	28,139,220	29,564,148	31,062,165	32,178,479
Export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Short term debt	-	11,020,581	14,760,852	6,688,000	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>27,556,748</b>	<b>33,289,608</b>	<b>27,368,868</b>	<b>23,003,667</b>	<b>25,494,242</b>	<b>26,783,736</b>	<b>28,139,220</b>	<b>29,564,148</b>	<b>31,062,165</b>	<b>32,178,479</b>
<i>Other liabilities</i>											
Lease payable	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	-	-	-	98,222	1,025,000	1,025,000	820,000	615,000	410,000	205,000	-
Long term debt	47,793,656	44,403,449	41,868,790	38,928,585	35,517,947	31,561,608	26,972,254	21,648,603	15,473,169	8,309,665	-
<b>Total Long Term Liabilities</b>	<b>47,793,656</b>	<b>44,403,449</b>	<b>41,868,790</b>	<b>39,026,807</b>	<b>36,542,947</b>	<b>32,586,608</b>	<b>27,792,254</b>	<b>22,263,603</b>	<b>15,883,169</b>	<b>8,514,665</b>	<b>-</b>
<i>Shareholders' equity</i>											
Paid-up capital	47,793,656	47,793,656	47,793,656	47,793,656	47,793,656	47,793,656	47,793,656	47,793,656	47,793,656	47,793,656	47,793,656
Retained earnings	-	(7,920,724)	(10,752,122)	141,344	17,962,210	24,618,787	34,519,763	46,958,729	61,703,283	78,730,004	98,224,497
<b>Total Equity</b>	<b>47,793,656</b>	<b>39,872,932</b>	<b>37,041,534</b>	<b>47,935,001</b>	<b>65,755,867</b>	<b>72,412,443</b>	<b>82,313,419</b>	<b>94,752,385</b>	<b>109,496,940</b>	<b>126,523,660</b>	<b>146,018,153</b>
<b>TOTAL CAPITAL AND LIABILITY</b>	<b>95,587,313</b>	<b>111,833,129</b>	<b>112,199,932</b>	<b>114,330,676</b>	<b>125,302,481</b>	<b>130,493,292</b>	<b>136,889,409</b>	<b>145,155,208</b>	<b>154,944,257</b>	<b>166,100,490</b>	<b>178,196,632</b>
<i>Note: Total assets value will differ from project cost due to first installment of leases paid at the start of year 0</i>											



## 12.3 Cash Flow Statement

Statement Summaries											SMEDA
Cash Flow Statement											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Rs. in actuals Year 10
<i>Operating activities</i>											
Net profit	-	(7,920,724)	(2,831,398)	10,893,467	17,820,866	31,275,363	44,420,739	59,397,695	76,447,838	95,756,724	117,718,990
Add: depreciation expense	-	1,167,700	1,167,700	1,167,700	1,167,700	1,167,700	1,167,700	1,167,700	1,167,700	1,167,700	1,167,700
amortization expense	-	80,000	80,000	80,000	80,000	80,000	-	-	-	-	-
Deferred income tax	-	-	-	98,222	926,778	-	(205,000)	(205,000)	(205,000)	(205,000)	(205,000)
Accounts receivable	-	(17,726,301)	(1,304,827)	(3,020,674)	(3,673,182)	(4,187,300)	(3,837,077)	(3,374,936)	(3,712,430)	(4,083,673)	(4,492,040)
Finished good inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment inventory	-	-	-	-	-	-	-	-	-	-	-
Raw material inventory	(1,660,313)	(292,215)	(334,675)	(382,770)	(437,208)	(318,486)	(351,131)	(387,122)	(426,802)	(470,549)	5,061,271
Pre-paid building rent	-	-	-	-	-	-	-	-	-	-	-
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Advance insurance premium	(250,000)	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Accounts payable	-	16,536,167	1,992,590	2,152,112	2,322,799	2,490,574	1,289,494	1,355,484	1,424,929	1,498,017	1,116,314
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Cash provided by operations	(1,910,313)	(8,130,374)	(1,205,611)	11,013,057	18,232,753	30,532,851	42,509,725	57,978,821	74,721,235	93,688,219	120,392,234
<i>Financing activities</i>											
Change in long term debt	47,793,656	(3,390,207)	(2,534,659)	(2,940,205)	(3,410,638)	(3,956,340)	(4,589,354)	(5,323,650)	(6,175,435)	(7,163,504)	(8,309,665)
Change in short term debt	-	11,020,581	3,740,271	(8,072,852)	(6,688,000)	-	-	-	-	-	-
Change in export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Add: land lease expense	-	-	-	-	-	-	-	-	-	-	-
Land lease payment	-	-	-	-	-	-	-	-	-	-	-
Change in lease financing	-	-	-	-	-	-	-	-	-	-	-
Issuance of shares	47,793,656	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares	-	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financ	95,587,313	7,630,374	1,205,611	(11,013,057)	(10,098,637)	(3,956,340)	(4,589,354)	(5,323,650)	(6,175,435)	(7,163,504)	(8,309,665)
<i>Investing activities</i>											
Capital expenditure	(93,177,000)	-	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-	-
Cash (used for) / provided by invest	(93,177,000)	-	-	-	-	-	-	-	-	-	-
<b>NET CASH</b>	<b>500,000</b>	<b>(500,000)</b>	<b>-</b>	<b>-</b>	<b>8,134,116</b>	<b>26,576,511</b>	<b>37,920,371</b>	<b>52,655,171</b>	<b>68,545,800</b>	<b>86,524,714</b>	<b>112,082,570</b>
Cash balance brought forward		500,000	-	-	-	8,134,116	10,091,840	13,492,448	19,188,890	26,031,407	33,826,118
Cash available for appropriation	500,000	0	-	-	8,134,116	34,710,627	48,012,211	66,147,619	87,734,690	112,556,121	145,908,687
Dividend	-	-	-	-	-	24,618,787	34,519,763	46,958,729	61,703,283	78,730,004	98,224,497
Cash carried forward	500,000	-	-	-	8,134,116	10,091,840	13,492,448	19,188,890	26,031,407	33,826,118	47,684,191

## 13 KEY ASSUMPTIONS

### 13.1 Operating Cost Assumptions

Description	Details
Operational Days	330
Operational Hours	24
Shift/Day	2

### 13.2 Production Cost Assumptions

Description	Details
Capacity utilization	75%
Capacity growth rate	5%
Maximum capacity utilization	95%

### 13.3 Revenue Assumptions

Description	Details
Revenue	Rs. 215,670,000
Cost of goods sold	Rs. 203,457,750
Liters sold in Y1	1,856,250 Liters

### 13.4 Financial Assumptions

Description	Details
Interest Rate	16%
Debt: Equity Ratio	50:50
Debt Tenure	10 Years

# 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](http://www.smeda.org.pk), [helpdesk@smeda.org.pk](mailto:helpdesk@smeda.org.pk)

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