



Pre-feasibility Study

CUT FLOWER FARM (Gladiolus, Marigold, Statice and Chrysanthemum)

June 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

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1 DISCLAIMER

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2 EXECUTIVE SUMMARY

Floriculture is a horticultural discipline concerned with the cultivation and management of desirable plants, particularly blooming plants. Different varieties of flowers are produced in floriculture farms to be sold in the market as potted or cut flowers. The demand for cut flowers has expanded dramatically over the last two decades. The main reason for the increase in demand for cut flowers is the increased use of cut flowers for weddings, birthday celebrations, office/home decorating, and changes in people's lifestyles. Customers are increasingly looking for high-quality flowers. Similarly, demand for bouquets and new species and colors of cut flowers are constantly increasing. Aside from rising demand, the country's favorable climate offers further advantages for investment in the floriculture business. Floriculture crops have a higher price in comparison to other agricultural products, and their product cycle tends to be short. When compared to other conventional crops, this results in a substantially higher net profit margin.

The concept of Floriculture is rather not new in Pakistan; however, farming in accordance with international standards seems very keen to make it popular in the market, which surely will be a huge success.

CUT FLOWER FARM is proposed to be located at any agriculturally productive area throughout Pakistan, but a rather dry and cool climate provides superior growing chances for cut flower development. Location of the farm will play a vital role in its success, area adjacent to metropolitan cities with higher population density likewise Mastung, Kalat, Pishin, Killa Saifullah, Ziarat, Quetta, Karachi, Lahore, Peshawar and Multan are few regions advised for starting such farm.

The finished Product would include Gladiolus, Statice, Chrysanthemum and Marigold flower varieties mainly sold to middle men by the farms however the product may also be sold to end customers likewise event organizers which uses flowers for special occasions as wedding, social and religious décor.

The established farm will have the Capacity to produce **108,000units** of the product Gladiolus, Statice, Chrysanthemum and Marigold distribution as 54000, 30000, 16000 and 8000 respectively and will initially operate at **90%** capacity utilization.

Total Cost Estimates is **Rs. 11,758,400** with fixed investment **Rs. 10,912,800** and working capital **Rs. 845,600**.

Given the cost assumptions IRR and payback are **33%** and **4.19 years** respectively

The most critical considerations or factors for success of the project are:

- Farming should be done in accordance with International standards and scientific grounds moreover input requirements and pest management technique should also be taken into consideration.
- Location of the unit would play vital role in this projects success.
- Establishment of farm in area where basic infrastructure including water and electricity are available.
- Marketing through proper channels could attract more customers moreover awareness about the product should be taken into consideration while marketing the product.
- Procurement of raw material from trusted suppliers and below market rates.
- Human resource would play vital role in manufacturing henceforth well trained staff would be required to run the project successfully.
- Producer should be aware of the ever-changing fashion of flower colors and variety.
- It is necessary to pay close attention to healthy and certified seeds, ground preparation, planting pattern, water management, fertilizer application, and marketing.

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 '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.

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 **Cut Flower Farm** 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:** The proposed farm is likely to be equipped with modern equipment's including shovels, pickaxes and cart etc. However constant efforts may be made for up gradation of the equipment.
- **Location:** The production unit is proposed to be located adjacent to metropolitan cities like Karachi, Lahore, Peshawar, and Quetta and at location where population density is high.
- **Product:** The farm would produce a product mix of Gladiolus, Statice, Chrysanthemum and Marigold varieties.
- **Target Market:** In addition to local markets in Karachi, Lahore, Quetta and Islamabad an enormous export market for the products exists in UAE and other neighbouring countries.
- **Employment Generation:** The proposed project will provide employment opportunity to 10 people. Financial analysis shows the unit would be profitable from the very first year of operation.

5.1 Production Process Flow

- I. **Land / Field Preparation:** The preparation of land / field is the first phase in the development of a cut flower farm. First and foremost, the field must be leveled. Water supply will also necessitate the installation of small canals. The ideal way to divide the field is to divide it into parallel cut flower fields with water canals on

one side and a driveway on the other. As a result, the water canal will irrigate the fields on both sides, as will roadways. Wind can also cause damage to the flowers to protect the site from wind breaking trees or shrubs should be grown around the farm. Artificial windbreaks can also be used if there is a danger of competition between trees and flowers for available moisture and nutrients. Building and other infrastructure is also required for the production of cut flowers which are described in detail in a separate heading. Bed preparation depends upon the variety of the flowers. If the plants are tall and have dense foliage, the flowerbed should be narrower since inadequate sunlight will access the center of the flowerbed, resulting in poor plant growth. Workers can easily reach 2 feet into a flowerbed to perform a proper cut and remove the flower without causing any damage to the crop. As a result, the flowerbeds will not be broader than 4 feet.

- II. Planting:** Planting time varies with the variety of the cut flower. Planting time of different varieties of cut flowers for selected locations in Balochistan is provided in the following planting and harvesting table.

Months	Gladioli (Gladiolus)	Marigold (Ganda)	Statice	Chrysanthemum (Gul-e- Daudi)
Jan				
Feb		Seed in Nursery	Seed in Nursery	
Mar	Corms	Seed in beds after 15th March	Seed	Seed / Cutting Nursery
April	Corms	Seedling shifting	Seed/ Seedling shifting	Seed / Cutting Nursery
May	Corms			Transfer to Beds
June	Harvest + 3 months	Harvest + 2 months	harvest + 2 ½ Months	
July	Harvest	Harvest	Harvest	
Aug	Harvest	Harvest	Harvest	
Sep				
Oct				Harvest + 6 Months
Nov				
Dec				

It is recommended that plantation should be done in batches with some time interval which will ensure availability of products throughout the growing season.

Planting density changes with the plant types and varieties. The plant to plant and row to row distance for the recommended varieties is provided in the Table: Row and Plant Distance.

	Gladioli (Gladiolus)	Marigold (Ganda)	Statice	Chrysanthemum (Gul-e- Daudi)
Plant Distance	6" to 9"	15" to 18"	12" to 15"	12" to 18"
Row Distance	12" to 18"	18" to 24"	15" to 18"	16" to 24"
Plants / Acre	40,000– 50,000	10,000- 15,000	20,000- 28,000	20,000-28,000

III. Watering: Most of the cut flower requires water on weekly basis. Water should be provided by analyzing the condition of the soil by looking at dampness. For best results micro irrigation system can be used which causes minimum damage to the shoot and flower. Given the importance of water for cut flower production it is recommended that the farm should have its own water source e.g a well or a tube well.

IV. Harvesting: Since cut flowers have a very perishable nature, therefore, they are normally harvested a few days before full bloom to increase their shelf life. Harvesting the flowers early in the morning also helps in keeping the freshness and hence increases shelf life. Knives and shears should be kept sharp to ensure that stems are cut evenly and not crushed as crushed stems restrict the ability of flowers to take up water, thereby reducing their vase life. That's why workers should take care so that their output is of high quality. Harvesting calendar is provided in the above Plantation and Harvest Calendar:

Flow Process for Picking:

The Flower picking process will be as under;

1. Picking early morning
2. Washing in clean water
3. Treatment with life enhancing solution
4. Drying with natural air
5. Visual inspection
6. Packing in wooden/ cardboard boxes
7. distribution

5.2 Installed And Operational Capacities

The proposed farm is set to operate at 90% at capacity utilization initially and shall increase its production by 5% yearly. The proposed farm is set to produce 108,000 flowers per year.

6 CRITICAL FACTORS

- Trained and specialized human resource should be hired which would play vital role in project's success.
- Continuous efforts should be made to upgrade technology.
- Price may be adjusted in accordance to the segment targeted moreover price would play vital role in success of the project.
- The product may be farmed using seeds for different colors based on market demand and developments of new trends.
- Product should be farmed in accordance with international standards and scientific standing.
- Purchase of raw material likewise seeds should be procured from trusted suppliers and below market prices, which would play a vital role in projects success and may provide competitive advantage over competitors
- Location of the unit would play a vital role in projects success.
- In future the flowers may enhanced or modified in accordance to market demand therefore special attention should be paid to market developments.

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

Big cities with growing middle income group such as Karachi, Islamabad, Quetta, Lahore, and Peshawar are some of the prospective cities for setting up this business. Cities like Lahore and Karachi with high population are favorable for this project.

8 POTENTIAL TARGET CUSTOMERS / MARKETS

Since the floriculture sector in Pakistan is not highly developed there are great variations in the production and consumption cycle of cut flowers. The production cycle is especially dependent upon the natural environment and weather play a major role in the total production. Similarly, the consumption cycle is determined by the marriages, religious occasions and political occasions. Besides retail outlets the major buyers are corporate and institutional customers. These include hotels, offices and most importantly party decorators and marriage halls. All these institutional as well as corporate customers are fed by wholesale dealers and distributors. They buy in bulk quantities.

9 PROJECT COST SUMMARY

9.1 Project Economics

All the figures in this financial model have been calculated for estimated sales of Rs. 10.0116 million in the year one. The capacity utilization during year one is worked out at 90% with 5% increase in subsequent years up to the maximum capacity utilization of 100%.

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)	33%
Payback Period (yrs.)	4.19
Net Present Value (Rs.)	4,853,035

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 (100%)	Rs. 11,758,400
Bank Loan (0%)	Rs. -
Markup to the Borrower (%age / annum)	-
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.
Capital Cost	
Land	4,409,200
Building/Infrastructure	3,297,600
Machinery and equipment	2,700,000
Furniture & Fixture	375,000
Office Equipment	131,000
Total Capital Cost	10,912,800
Working Capital	
Raw Material Inventory	210,600
Upfront insurance payment	135,000
Cash	500,000
Total Working Capital	845,600
Total Project Cost	11,758,400

9.4 Space Requirement

The space requirement for the proposed **Cut Flower Farm** is estimated considering various facilities including management office, production hall, storage, open space, etc. Details of space requirement and cost related to land & building is given below;

Table 4: Space Requirement

Description	Estimated Area (Sq.ft)	Unit Cost (Rs.)	Total Cost (Rs.)
Office	224	2,200	492,800

packing shed	224	1,500	336,000
Store	256	1,800	460,800
servant room	224	2,000	448,000
Nursery	1,200	1,300	1,560,000
farm land 4 acre	174,240	-	-
Total	176,368		3,297,600

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.)
Tube well	1	2,500,000	2,500,000
Farm equipment shovels, pickaxe, cutter, cart etc.	1	200,000	200,000
Total			2,700,000

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)	1	150,000	150,000
Electric wiring & lighting(lump sum)	1	100,000	100,000
Air conditioners.(1.5 ton)	1	125,000	125,000
Total			375,000

9.7 Office Equipment Requirement

Following office equipment will be required for **Cut Flower Farm**;

Table 7: Office Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Computers	2	50,000	100,000
Printer with scanner	1	25,000	25,000
Telephone set	1	6,000	6,000
Total			131,000

9.8 Human Resource Requirement

In order to run operations of **Cut Flower Farm**, 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.)
Supervisor	1	28000
Farm workers (Mali)	4	26000
labor	5	25000
Total	10	

9.9 other costs

The promotional expense being essential for marketing of **Cut Flower Farm** is estimated as 1% of revenue expenses which is estimated to be Rs. 100,116 in first year of operations.

9.10 Revenue Generation

Based on the capacity utilization of 90%, respectively, sales revenue during the first year of operations is estimated as under;

Table 9: Revenue Generation – Year 1

Description	No. of Units Produced (No.)	Finished Goods Inventory (No.)	Units available for Sale (No.)	Sale Price / unit (Rs.)	Sales Revenue (Rs.)
Flowers	97,200	-	97,200	103	10,011,600
Total					10,011,600

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 Machinery Suppliers

Name of Supplier	Address	Phone	E-mail	Website
Al Manzar Seed Corporation	Mirpurkhas	0300-3300996, 0331-3730984		
Mian Junaid & Co.,	H-no-r- 226,MADINA MASJID STR., ATTOCK CITY	+92597602576	-	-
Shuja Seed Corporation	Hyderabad	03022777493	-	-

11 USEFUL WEB LINKS

Small & Medium Enterprises Development Authority (SMEDA)	www.smeda.org.pk
Government of Pakistan	www.pakistan.gov.pk
Ministry of Industries & Production	www.moip.gov.pk
Ministry of Education, Training & Standards in Higher Education	http://moptt.gov.pk
Government of Punjab	www.punjab.gov.pk
Government of Sindh	www.sindh.gov.pk
Government of Khyber Pakhtunkhwa	www.khyberpakhtunkhwa.gov.pk
Government of Balochistan	www.balochistan.gov.pk

Government of Gilgit Baltistan	www.gilgitbaltistan.gov.pk
Government of Azad Jamu Kashmir	www.ajk.gov.pk
Trade Development Authority of Pakistan (TDAP)	www.tdap.gov.pk
Security Commission of Pakistan (SECP)	www.secp.gov.pk
Federation of Pakistan Chambers of Commerce and Industry (FPCCI)	www.fpcci.com.pk
State Bank of Pakistan (SBP)	www.sbp.org.pk
Punjab Small Industries Corporation	www.psic.gop.pk
Sindh Small Industries Corporation	www.ssic.gos.pk
Pakistan Horticulture Development and Export Company (PHDEC)	www.phdec.org.pk
Punjab Vocational Training Council (PVTTC)	www.pvtc.gop.pk
Technical Education and Vocational Training Authority (TEVTA)	www.tevta.org
Pakistan Readymade Garment Technical Training Institute	www.prgmea.org/prgtti/
Livestock & Dairy Development Department, Government of Punjab.	www.livestockpunjab.gov.pk
Punjab Industrial Estates (PIE)	www.pie.com.pk
Faisalabad Industrial Estate Development and Management Company (FIEDMC)	www.fiedmc.com.pk

12 ANNEXURES

12.1 Income Statement

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	10,011,600	11,941,614	14,204,236	16,050,786	18,137,388	20,495,249	23,159,631	26,170,383	29,572,533	33,416,963
Cost of goods sold	8,138,400	8,840,160	9,591,750	10,071,338	10,574,904	11,103,650	11,658,832	12,241,774	12,853,862	13,496,555
Gross Profit	1,873,200	3,101,454	4,612,486	5,979,449	7,562,484	9,391,599	11,500,799	13,928,610	16,718,671	19,920,407
<i>General administration & selling expenses</i>										
Administration expense	-	-	-	-	-	-	-	-	-	-
Rental expense	-	-	-	-	-	-	-	-	-	-
Utilities expense	-	-	-	-	-	-	-	-	-	-
Travelling & Comm. expense (phone, fax, etc.)	-	-	-	-	-	-	-	-	-	-
Office vehicles running expense	-	-	-	-	-	-	-	-	-	-
Office expenses (stationary, etc.)	-	-	-	-	-	-	-	-	-	-
Promotional expense	100,116	119,416	142,042	160,508	181,374	204,952	231,596	261,704	295,725	334,170
Insurance expense	135,000	121,500	108,000	94,500	81,000	67,500	54,000	40,500	27,000	13,500
Professional fees (legal, audit, etc.)	100,116	119,416	142,042	160,508	181,374	204,952	231,596	261,704	295,725	334,170
Depreciation expense	926,400	926,400	926,400	926,400	926,400	926,400	926,400	926,400	926,400	926,400
Amortization expense	-	-	-	-	-	-	-	-	-	-
Property tax expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous expense	300,348	358,248	426,127	481,524	544,122	614,857	694,789	785,112	887,176	1,002,509
Subtotal	1,561,980	1,644,981	1,744,612	1,823,439	1,914,269	2,018,662	2,138,382	2,275,419	2,432,027	2,610,748
Operating Income	311,220	1,456,473	2,867,874	4,156,009	5,648,215	7,372,937	9,362,418	11,653,191	14,286,644	17,309,659
Other income	128,551	324,682	590,506	934,057	1,381,863	1,948,634	2,656,425	3,536,635	4,619,230	5,968,465
Gain / (loss) on sale of assets	-	-	-	-	-	-	-	-	-	-
Earnings Before Interest & Taxes	439,771	1,781,156	3,458,380	5,090,066	7,030,078	9,321,571	12,018,843	15,189,826	18,905,874	23,278,123
Interest expense	-	-	-	-	-	-	-	-	-	-
Earnings Before Tax	439,771	1,781,156	3,458,380	5,090,066	7,030,078	9,321,571	12,018,843	15,189,826	18,905,874	23,278,123
Tax	180,306	730,274	1,417,936	2,086,927	2,882,332	3,821,844	4,927,726	6,227,829	7,751,409	9,544,031
NET PROFIT/(LOSS) AFTER TAX	259,465	1,050,882	2,040,444	3,003,139	4,147,746	5,499,727	7,091,117	8,961,997	11,154,466	13,734,093
Balance brought forward		259,465	1,310,347	3,350,791	6,353,930	10,501,676	16,001,403	23,092,520	32,054,517	43,208,983
Total profit available for appropriation	259,465	1,310,347	3,350,791	6,353,930	10,501,676	16,001,403	23,092,520	32,054,517	43,208,983	56,943,076
Dividend	-	-	-	-	-	-	-	-	-	-
Balance carried forward	259,465	1,310,347	3,350,791	6,353,930	10,501,676	16,001,403	23,092,520	32,054,517	43,208,983	56,943,076

12.2 Balance Sheet

Statement Summaries											SMEDA
Balance Sheet											Rs. in actuals
	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	500,000	2,071,018	4,422,631	7,387,491	11,293,648	16,343,609	22,629,080	30,499,421	40,233,285	52,151,320	67,217,971
Accounts receivable	-	137,145	150,364	179,081	207,226	234,166	264,607	299,006	337,877	381,801	431,435
Finished goods inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment spare part inventory	-	-	-	-	-	-	-	-	-	-	-
Raw material inventory	210,600	245,086	284,428	313,582	345,725	381,161	420,230	463,304	510,793	563,149	-
Pre-paid annual land lease	-	-	-	-	-	-	-	-	-	-	-
Pre-paid building rent	-	-	-	-	-	-	-	-	-	-	-
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid insurance	135,000	121,500	108,000	94,500	81,000	67,500	54,000	40,500	27,000	13,500	-
Total Current Assets	845,600	2,574,749	4,965,424	7,974,654	11,927,599	17,026,436	23,367,917	31,302,231	41,108,955	53,109,769	67,649,406
<i>Fixed assets</i>											
Land	4,409,200	3,968,280	3,527,360	3,086,440	2,645,520	2,204,600	1,763,680	1,322,760	881,840	440,920	-
Building/Infrastructure	3,297,600	3,132,720	2,967,840	2,802,960	2,638,080	2,473,200	2,308,320	2,143,440	1,978,560	1,813,680	1,648,800
Machinery & equipment	2,700,000	2,430,000	2,160,000	1,890,000	1,620,000	1,350,000	1,080,000	810,000	540,000	270,000	-
Furniture & fixtures	375,000	337,500	300,000	262,500	225,000	187,500	150,000	112,500	75,000	37,500	-
Office vehicles	-	-	-	-	-	-	-	-	-	-	-
Office equipment	131,000	117,900	104,800	91,700	78,600	65,500	52,400	39,300	26,200	13,100	-
Total Fixed Assets	10,912,800	9,986,400	9,060,000	8,133,600	7,207,200	6,280,800	5,354,400	4,428,000	3,501,600	2,575,200	1,648,800
<i>Intangible assets</i>											
Pre-operation costs	-	-	-	-	-	-	-	-	-	-	-
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
Total Intangible Assets	-										
TOTAL ASSETS	11,758,400	12,561,149	14,025,424	16,108,254	19,134,799	23,307,236	28,722,317	35,730,231	44,610,555	55,684,969	69,298,206
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable	-	362,978	403,177	445,563	468,969	493,661	519,714	547,211	576,238	606,886	596,730
Export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Short term debt	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	-	362,978	403,177	445,563	468,969	493,661	519,714	547,211	576,238	606,886	596,730
<i>Other liabilities</i>											
Lease payable	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	-	180,306	553,500	553,500	553,500	553,500	442,800	332,100	221,400	110,700	0
Long term debt	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Liabilities	-	180,306	553,500	553,500	553,500	553,500	442,800	332,100	221,400	110,700	0
<i>Shareholders' equity</i>											
Paid-up capital	11,758,400	11,758,400	11,758,400	11,758,400	11,758,400	11,758,400	11,758,400	11,758,400	11,758,400	11,758,400	11,758,400
Retained earnings	-	259,465	1,310,347	3,350,791	6,353,930	10,501,676	16,001,403	23,092,520	32,054,517	43,208,983	56,943,076
Total Equity	11,758,400	12,017,865	13,068,747	15,109,191	18,112,330	22,260,076	27,759,803	34,850,920	43,812,917	54,967,383	68,701,476
TOTAL CAPITAL AND LIABILITY	11,758,400	12,561,149	14,025,424	16,108,254	19,134,799	23,307,236	28,722,317	35,730,231	44,610,555	55,684,969	69,298,206

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	Year 10
	Rs. in actuals										
<i>Operating activities</i>											
Net profit	-	259,465	1,050,882	2,040,444	3,003,139	4,147,746	5,499,727	7,091,117	8,961,997	11,154,466	13,734,093
Add: depreciation expense	-	926,400	926,400	926,400	926,400	926,400	926,400	926,400	926,400	926,400	926,400
amortization expense	-	-	-	-	-	-	-	-	-	-	-
Deferred income tax	-	180,306	373,194	-	-	-	(110,700)	(110,700)	(110,700)	(110,700)	(110,700)
Accounts receivable	-	(137,145)	(13,219)	(28,717)	(28,145)	(26,939)	(30,442)	(34,399)	(38,871)	(43,924)	(49,634)
Finished good inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment inventory	-	-	-	-	-	-	-	-	-	-	-
Raw material inventory	(210,600)	(34,486)	(39,343)	(29,154)	(32,142)	(35,437)	(39,069)	(43,074)	(47,489)	(52,356)	563,149
Pre-paid building rent	-	-	-	-	-	-	-	-	-	-	-
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Advance insurance premium	(135,000)	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500
Accounts payable	-	362,978	40,199	42,386	23,406	24,692	26,054	27,497	29,027	30,649	(10,156)
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Cash provided by operations	(345,600)	1,571,018	2,351,613	2,964,859	3,906,158	5,049,961	6,285,470	7,870,341	9,733,864	11,918,034	15,066,652
<i>Financing activities</i>											
Change in long term debt	-	-	-	-	-	-	-	-	-	-	-
Change in short term debt	-	-	-	-	-	-	-	-	-	-	-
Change in export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Add: land lease expense	-	-	-	-	-	-	-	-	-	-	-
Land lease payment	-	-	-	-	-	-	-	-	-	-	-
Change in lease financing	-	-	-	-	-	-	-	-	-	-	-
Issuance of shares	11,758,400	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares	-	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financ	11,758,400	-	-	-	-	-	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(10,912,800)	-	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-	-
Cash (used for) / provided by invest	(10,912,800)	-	-	-	-	-	-	-	-	-	-
NET CASH	500,000	1,571,018	2,351,613	2,964,859	3,906,158	5,049,961	6,285,470	7,870,341	9,733,864	11,918,034	15,066,652
Cash balance brought forward		500,000	2,071,018	4,422,631	7,387,491	11,293,648	16,343,609	22,629,080	30,499,421	40,233,285	52,151,320
Cash available for appropriation	500,000	2,071,018	4,422,631	7,387,491	11,293,648	16,343,609	22,629,080	30,499,421	40,233,285	52,151,320	67,217,971
Dividend	-	-	-	-	-	-	-	-	-	-	-
Cash carried forward	500,000	2,071,018	4,422,631	7,387,491	11,293,648	16,343,609	22,629,080	30,499,421	40,233,285	52,151,320	67,217,971

13 KEY ASSUMPTIONS

13.1 Operating Cost Assumptions

Description	Details
Operational days per year	330
Operational hours per day	8
Shifts per day	1

13.2 Production Cost Assumptions

Description	Details
Production capacity utilization in year 1	90%
Production capacity growth rate	5%
Maximum capacity utilization	100%

13.3 Revenue Assumptions

Description	Details
Production Units Year 1	97,200
Sale price per unit	103
COGs	52

13.4 Financial Assumptions

Description	Details
Interest rate	20%
Debt : Equity Ratio	0:100
Project Life (Years)	10

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