
Pre-Feasibility Study

ELECTRICAL FITTINGS MANUFACTURING UNIT



Small and Medium Enterprises Development Authority

Ministry of Industries & Production

Government of Pakistan

www.smeda.org.pk

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
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

December 2017

TABLE OF CONTENTS

1	DISCLAIMER	3
2	EXECUTIVE SUMMARY	4
3	INTRODUCTION TO SMEDA	4
4	PURPOSE OF THE DOCUMENT	5
5	BRIEF DESCRIPTION OF PROJECT & PRODUCT	5
5.1	PRODUCTION PROCESS FLOW.....	6
5.2	INSTALLED AND OPERATIONAL CAPACITIES	7
6	CRITICAL FACTORS	7
7	GEOGRAPHICAL POTENTIAL FOR INVESTMENT	8
8	POTENTIAL TARGET MARKETS / CITIES	8
9	PROJECT COST SUMMARY	8
9.1	PROJECT ECONOMICS	9
9.2	PROJECT FINANCING	9
9.3	PROJECT COST.....	9
9.4	SPACE REQUIREMENT	10
9.5	MACHINERY & EQUIPMENT.....	10
9.6	FURNITURE & FIXTURES REQUIREMENT	11
9.7	OFFICE EQUIPMENT REQUIREMENT	11
9.8	VEHICLES	11
9.9	HUMAN RESOURCE REQUIREMENT	11
9.10	RAW MATERIAL REQUIREMENT.....	12
9.11	REVENUE GENERATION	12
9.12	UTILITIES AND OTHER COSTS.....	13
10	CONTACT DETAILS OF GOVT. INSTITUTIONS / EXPERTS	13
11	USEFUL WEB LINKS	14
12	ANNEXURE	15
12.1	INCOME STATEMENT.....	15
12.2	BALANCE SHEET	16
12.3	CASH FLOW STATEMENT	17
13	KEY ASSUMPTIONS	18
13.1	OPERATING COST ASSUMPTIONS	18
13.2	PRODUCTION COST ASSUMPTIONS	18
13.3	REVENUE ASSUMPTIONS	18
13.4	FINANCIAL ASSUMPTIONS	18

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 33
Revision	No. 2
Prepared by	SMEDA-Punjab
Revision Date	December 2017
For information	janjua@smeda.org.pk

2 EXECUTIVE SUMMARY

This document provides details regarding setting up Electrical Fittings Manufacturing Unit. The unit will be capable of producing on average 408 dozen of electric fittings per day. The market for electric fittings and accessories primarily consists of households, offices and other commercial buildings. The demand of electric fittings accessories are continuously arising due to the construction of new residential societies and commercial buildings.

The proposed Electrical Fittings Manufacturing business involves a total investment of about Rs. 5.61 million. This includes capital investment of Rs. 3.31 million and Rs. 2.30 million as initial working capital. The project is financed through 50% debt and 50% equity. The Net Present Value (NPV) of the project is around Rs. 5.72 million with an Internal Rate of Return (IRR) of 32% and a payback period of 4.14 years.

The project will provide employment opportunities to 7 people. Apart from this, additional labor on daily wages, will also be engaged during production. Higher return on investment and a steady growth of business is expected with the entrepreneur having some prior experience or education in the related field of business. 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 **Electrical Fittings Manufacturing Unit** 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, which form basis of any investment decision.

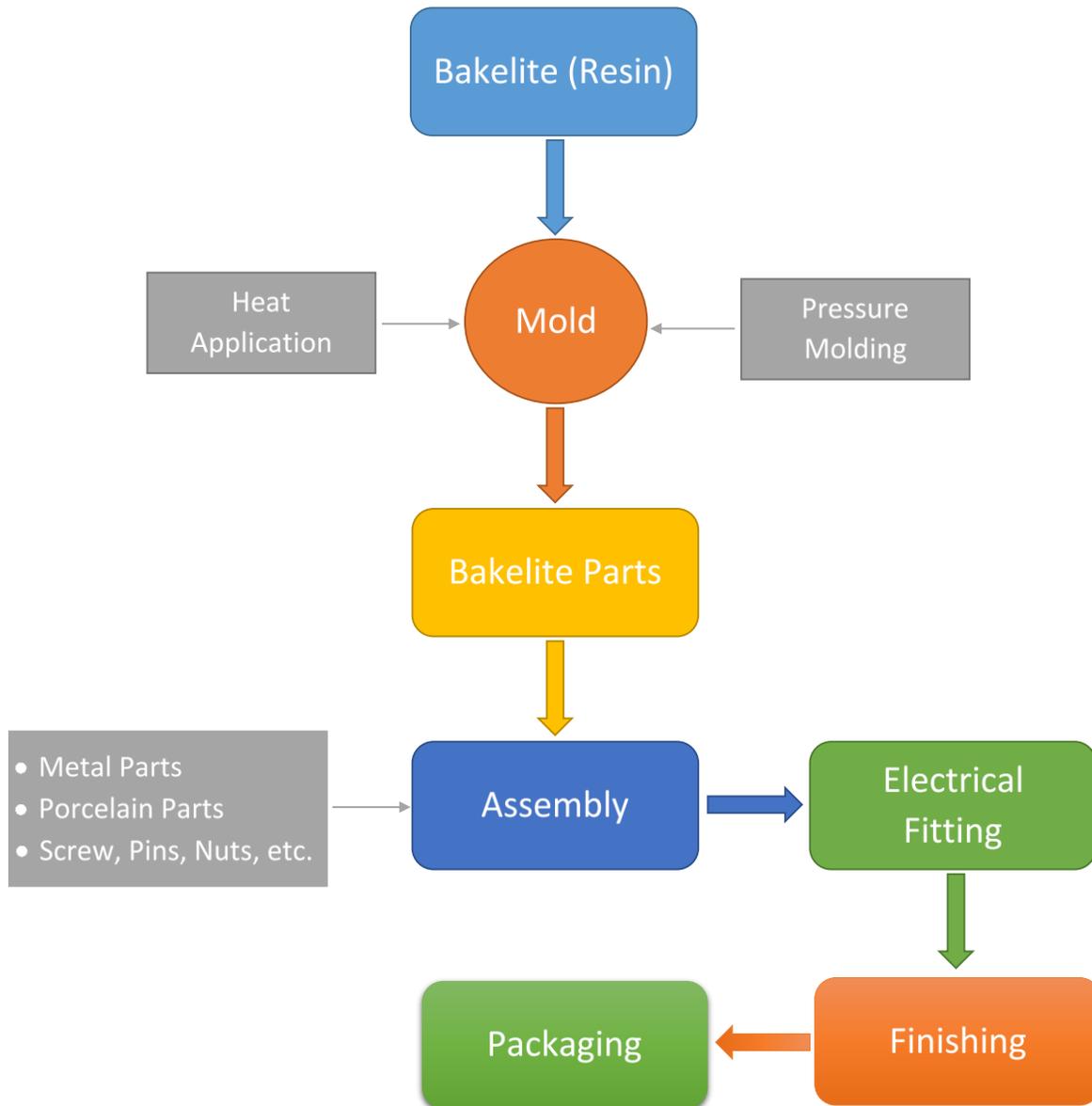
5 BRIEF DESCRIPTION OF PROJECT & PRODUCT

Electric fittings industry consists of the units manufacturing of all kinds of electrical accessories such as Switch, Socket, Power Plug, Bell Push, Holders, Fan Dimmers, etc. The market for electric fittings and accessories primarily consists of households, offices and other commercial buildings. The market demand is generally divided into two segments. One is electric fittings accessories, required by the newly construction houses, offices and other commercial buildings. The other one is the replacement market that requires continuous up keep of already installed electric fittings. This segment of the market is much larger than the first one and offers substantial sales potential in Pakistan.

Currently, the manufacturing of electric fittings is highly concentrated in the unorganized sector with only a couple of big recognized brands. The manufacturing is predominately concentrated in three cities namely Sargodha, Lahore and Karachi.

5.1 Production Process Flow

The manufacturing process for all the electrical fittings is more or less the same.



A measured quantity of Bakelite resin is poured into the mold / dye fixed on a hydraulic press. The press has arrangements of two gas burners, one placed below the mould and other on top. Once the Bakelite powder is poured into the mould, burners are switched on and the press is locked manually. Each product takes specific amount of time to take the desired shape and strength. A small miscalculation on this stage can lead to disfigured or products with less than desired strength. Once the products take its final shape, the press is lifted and the

finished product is taken out, either manually or through an inbuilt mechanism in the mould.

At this stage, different metal parts including pipes and pins are attached to the main body of the products. Moreover, most electrical fitting products are composed of more than two components. Therefore different parts are also attached at this stage with the help of screws and nuts. Now the product is ready for final finishing to chop off any lose raw material and packaging.

5.2 Installed And Operational Capacities

The proposed manufacturing unit will have capacity to produce 122,400 dozen of different electrical fittings in a year. However, in year 1 the unit will operate at 75% of its installed capacity and produce 91,800 dozen of electrical fittings. The product wise installed and operational capacity of the unit is provided in table below;

Table 1: Installed and Operational Capacity

Description	Installed Production Capacity (Dozen)*	Operational Capacity @ 75% - Year 1 (Dozen)
3 Pin Shoe	7,200	5,400
Button Holder	18,000	13,500
Holder	7,200	5,400
Key Holder	14,400	10,800
Piano Light	7,200	5,400
Piano Socket	7,200	5,400
Piano Switch	7,200	5,400
Single Adapter	18,000	13,500
Special Holder	21,600	16,200
Teddy Switch	14,400	10,800
Total	122,400	91,800

* Based on 300 operational days

6 CRITICAL FACTORS

The following significant factors may be taken into account while making investment decision:

- ⇒ Technical know-how and relevant experience of entrepreneur.
- ⇒ Availability of skilled labor having technical expertise.

- ⇒ Ability to generate work orders through industrial networking, direct marketing and negotiating long term contracts.
- ⇒ Selection of appropriate machinery, technology and human resources would be required to run project successfully.
- ⇒ Stringent supervision of the production process at every level; utilization of job costing and job card with technical specifications sheet.
- ⇒ Higher return on investment and a steady growth of business is closely associated with regular training and capacity building of the entrepreneur and employees.
- ⇒ The most important factor for the success of the project would be the quality products and customer satisfaction in order to get a comparative advantage.

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

For the success of the project, it is important to find a location preferably in an industrial cluster where utilities especially electricity and other infrastructure are conveniently available. Presently, Gujrat, Gujranwala, Lahore, Karachi are the centers of Electric Fittings manufacturing in Pakistan.

Therefore, these industrial clusters are most suitable locations to house the proposed project. Establishing the unit in stated cities would have an advantage of being close to large buyers, which may lead to consistent orders and referrals. Additionally, these cities have adequate availability of skilled labor, raw material and other support infrastructure.

8 POTENTIAL TARGET MARKETS / CITIES

Major target market for proposed unit includes houses, offices and other commercial buildings as the demand for electric fittings are always there, either, new constructions or maintenance market of the metropolitan and other big cities. These are the major target markets for the proposed unit due to continual growth and rise of both commercial and domestic buildings.

9 PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of this Electrical Fittings Manufacturing 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. 20.51 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 2: Project Economics

Description	Details
Internal Rate of Return (IRR)	32%
Payback Period (Yrs.)	4.14
Net Present Value (Rs.)	5,717,041

9.2 Project Financing

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

Table 3: Project Financing

Description	Details
Total Equity (50%)	Rs. 2,803,933
Bank Loan (50%)	Rs. 2,803,933
Markup to the Borrower (%age / annum)	12%
Tenure of the Loan (Years)	05 Years

9.3 Project Cost

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

Table 4: Project Cost

Description	Amount Rs.
Capital Cost	
Machinery & equipment	1,978,500

Furniture & fixtures	897,500
Office vehicles	217,350
Office equipment	54,000
Pre-operating costs	158,000
Total Capital Costs	3,305,350
Working Capital	
Raw material inventory*	1,103,744
Upfront building rent	720,000
Cash	478,772
Total Working Capital	2,302,516
Total Investment	5,607,866

* 1 month inventory is taken in Initial Working Capital.

9.4 Space Requirement

Approximately 3,000 square feet area will be acquired on rent in any commercial / industrial area. The rent for the facility is proposed as Rs. 60,000 per month. The rented facility should have electricity and water connection.

9.5 Machinery & Equipment

Machinery and equipment for the proposed project are stated below:

Table 5: Machinery & Equipment Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Hydraulic Presses	2	150,000	300,000
Cutting Presses	2	22,000	44,000
Bending Presses	2	22,000	44,000
Drill Machines	1	20,000	20,000
Molding, Cutting & Bending Dies			349,500
Leathe Machines	1	160,000	160,000
Shaper	1	100,000	100,000
Drill Machines	1	35,000	35,000
Milling Machine	1	65,000	65,000
Grinder	1	6,000	6,000
Instruments	-	5,000	5,000
Generator - 25 kVA	1	850,000	850,000
Total			1,978,500

9.6 Furniture & Fixtures Requirement

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

Table 6: Furniture & Fixtures Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Misc. Furniture			200,000
LED	30	250	7,500
Exhaust Fan	5	3,000	15,000
Ceiling Fan	5	3,000	15,000
Air conditioner	1	60,000	60,000
Building Renovation Cost	3,000	200	600,000
Total Furniture & Fixtures			897,500

9.7 Office Equipment Requirement

Following office equipment will be required for the said unit;

Table 7: Office Equipment Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Computer with UPS	1	30,000	30,000
Computer printer (s)	1	20,000	20,000
Telephones	2	2,000	4,000
Total Office Equipment			54,000

9.8 Vehicles

3 bikes will be purchased for travelling and other business operations. The cost of bikes is estimated at Rs. 217,350.

9.9 Human Resource Requirement

The below table provides details of human resource required to run the unit smoothly. Salaries of all employees are estimated to increase at 10% annually.

Table 8: Human Resource Requirement (Year 1)

Description	No. of Employees	Monthly Salary per person (Rs.)
Manager Production	1	35,000
Production in-charge	1	25,000
Moulder	1	18,000
Sales man	2	25,000

Purchaser	1	20,000
Accountant	1	25,000
Total	7	

9.10 Raw Material Requirement

Raw Material like Nut, Pipe, Pin, Bush, Vasher, Point, Screw, Powder, Spring, Metal Strips, Packing, etc. will be used in manufacturing of the electrical fittings. The detail of Cost of Electrical Fittings produced for the year 1 is given in table below;

Table 9: Raw Material Requirement

Description	Operational Capacity @ 75% - Year 1 (Dozen)	Cost per Dozen*	Total Cost (Rs.)
3 Pin Shoe (15 a)	5,400	231	1,249,110
Button Holder	13,500	162	2,193,723
Holder	5,400	165	890,770
Key Holder	10,800	192	2,073,456
Piano Light	5,400	95	515,268
Piano Socket	5,400	84	454,176
Piano Switch	5,400	158	853,308
Single Adapter	13,500	90	1,209,038
Special Holder	16,200	158	2,563,218
Teddy Switch (5 a)	10,800	115	1,242,864
Total	91,800		13,244,930

* Cutting, Molding, Material and Labor Cost included.

9.11 Revenue Generation

Sales revenue during the first year of operations are estimated as under;

Table 10: Revenue Generation – Year 1

Description	Operational Capacity @ 75% - Year 1 (Dozen)	Sale Price per Dozen (Rs.)	Revenue (Rs.)
3 Pin Shoe	5,400	425	2,295,000
Button Holder	13,500	299	4,033,350
Holder	5,400	318	1,718,100
Key Holder	10,800	285	3,078,000
Piano Light	5,400	188	1,012,500
Piano Socket	5,400	127	684,000
Piano Switch	5,400	198	1,066,500

Single Adapter	13,500	48	648,000
Special Holder	16,200	238	3,847,500
Teddy Switch	10,800	197	2,122,200
Total	91,800		20,505,150

9.12 Utilities and Other Costs

An essential cost to be borne by the project is the direct electricity expenses, including generator expenses, which are estimated to be around Rs. 2.10 million in year one, with 10% increase in subsequent years. Furthermore, promotional expense being essential for marketing of the proposed unit is estimated as 1% of revenues.

10 CONTACT DETAILS OF RAW MATERIAL SUPPLIER / CONSULTANT

Consultant / Raw Material Supplier	Contact
Ch. Fazal Elahi Al Fazal Electric trader Azam Market, Eid Ghah Sargodha	0300-6010149
Mr. Khalid Billah Muaz Backlite Block 23, Eid Gah Road, Azam Market, Sargodha	0483-710731 0300-9603125
Sh. Naeem Vohra Zain Trader Saeed Bagh Fatima Jinah Road, Sargodha	0300-9601066
Ch. Awais Raheed M R Traders Azam Market, Eid Ghah Road, Sargodha	0321-6013396

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.gop.pk
Sindh Small Industries Corporation	www.ssic.gos.pk
Punjab Vocational Training Council (PVTC)	www.pvtc.gop.pk
Technical Education and Vocational Training Authority (TEVTA)	www.tevta.org
Gujranwala Tools Dies and Molds Center (GTDMC)	www.gtdmc.org.pk
Pakistan Industrial and Technical Assistance (PITAC)	www.pitac.gov.pk
Punjab Industrial Estate	www.pie.com.pk

12 ANNEXURE

12.1 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	20,505,150	24,059,376	28,119,396	32,750,826	38,027,347	41,830,082	46,013,090	50,614,399	55,675,839	61,243,423	
<i>Cost of sales</i>											
Cost of goods sold 1	13,244,930	15,540,718	18,163,214	21,154,802	24,563,076	27,019,384	29,721,322	32,693,454	35,962,800	39,559,080	
Operating costs 1 (direct labor)	936,000	1,027,130	1,127,133	1,236,872	1,357,296	1,489,444	1,634,459	1,793,592	1,968,219	2,159,847	
Operating costs 3 (direct electricity)	840,608	924,669	1,017,136	1,118,850	1,230,735	1,353,808	1,489,189	1,638,108	1,801,919	1,982,111	
Electricity Cost (Generator)	1,161,000	1,362,240	1,592,118	1,854,349	2,153,105	2,368,416	2,605,258	2,865,783	3,152,362	3,467,598	
Operating costs 5 (direct gas)	430,403	505,006	590,225	687,439	798,193	878,012	965,814	1,062,395	1,168,634	1,285,498	
Total cost of sales	16,612,941	19,359,763	22,489,827	26,052,313	30,102,406	33,109,065	36,416,041	40,053,333	44,053,933	48,454,133	
Gross Profit	3,892,209	4,699,613	5,629,569	6,698,513	7,924,942	8,721,017	9,597,049	10,561,067	11,621,906	12,789,290	
<i>General administration & selling expenses</i>											
Administration expense	1,140,000	1,250,992	1,372,790	1,506,447	1,653,117	1,814,067	1,990,687	2,184,503	2,397,189	2,630,583	
Building rental expense	720,000	792,000	871,200	958,320	1,054,152	1,159,567	1,275,524	1,403,076	1,543,384	1,697,722	
Electricity expense	93,401	102,741	113,015	124,317	136,748	150,423	165,465	182,012	200,213	220,235	
Communications expense (phone, fax, mail, internet, etc.)	79,800	87,569	96,095	105,451	115,718	126,985	139,348	152,915	167,803	184,141	
Office expenses (stationary, entertainment, janitorial services, e	114,000	125,099	137,279	150,645	165,312	181,407	199,069	218,450	239,719	263,058	
Promotional expense	205,052	184,546	166,092	149,483	134,534	121,081	108,973	98,075	88,268	79,441	
Professional fees (legal, audit, consultants, etc.)	25,000	27,500	30,250	33,275	36,603	40,263	44,289	48,718	53,590	58,949	
Depreciation expense	314,735	317,619	319,341	321,253	323,375	325,731	328,346	331,248	334,470	338,046	
Amortization of pre-operating costs	15,800	15,800	15,800	15,800	15,800	15,800	15,800	15,800	15,800	15,800	
Subtotal	2,707,787	2,903,867	3,121,863	3,364,991	3,635,359	3,935,323	4,267,501	4,634,799	5,040,437	5,487,975	
Operating Income	1,184,421	1,795,746	2,507,706	3,333,522	4,289,582	4,785,694	5,329,548	5,926,268	6,581,470	7,301,315	
Earnings Before Interest & Taxes	1,184,421	1,795,746	2,507,706	3,333,522	4,289,582	4,785,694	5,329,548	5,926,268	6,581,470	7,301,315	
Interest expense on long term debt (Debt facility : Bank 1)	313,040	257,817	195,591	125,473	46,462	-	-	-	-	-	
Subtotal	313,040	257,817	195,591	125,473	46,462	-	-	-	-	-	
Earnings Before Tax	871,382	1,537,929	2,312,115	3,208,049	4,243,120	4,785,694	5,329,548	5,926,268	6,581,470	7,301,315	
Tax	50,207	152,086	306,923	521,512	792,436	955,208	1,118,364	1,297,380	1,523,014	1,774,959	
NET PROFIT/(LOSS) AFTER TAX	821,174	1,385,843	2,005,192	2,686,537	3,450,684	3,830,486	4,211,184	4,628,888	5,058,456	5,526,355	

12.2 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	478,772	50,000	55,500	61,605	68,382	75,904	84,253	93,521	103,808	115,227	127,902
Raw material inventory	1,103,744	1,424,566	1,831,457	2,346,420	2,996,900	3,626,249	4,387,761	5,309,191	6,424,121	7,773,187	-
Pre-paid building rent	720,000	792,000	871,200	958,320	1,054,152	1,159,567	1,275,524	1,403,076	1,543,384	1,697,722	-
Total Current Assets	2,302,516	2,266,566	2,758,157	3,366,345	4,119,434	4,861,720	5,747,538	6,805,788	8,071,313	9,586,136	127,902
<i>Fixed assets</i>											
Machinery & equipment	1,978,500	1,809,488	1,625,979	1,442,642	1,259,496	1,076,563	893,865	711,429	529,283	347,459	126,298
Furniture & fixtures	897,500	807,750	718,000	628,250	538,500	448,750	359,000	269,250	179,500	89,750	-
Office vehicles	217,350	195,615	173,880	152,145	130,410	108,675	86,940	65,205	43,470	21,735	-
Office equipment	54,000	48,600	43,200	37,800	32,400	27,000	21,600	16,200	10,800	5,400	-
Total Fixed Assets	3,147,350	2,861,453	2,561,059	2,260,837	1,960,806	1,660,988	1,361,405	1,062,084	763,053	464,344	126,298
<i>Intangible assets</i>											
Pre-operation costs	158,000	142,200	126,400	110,600	94,800	79,000	63,200	47,400	31,600	15,800	-
Total Intangible Assets	158,000	142,200	126,400	110,600	94,800	79,000	63,200	47,400	31,600	15,800	-
TOTAL ASSETS	5,607,866	5,270,219	5,445,616	5,737,782	6,175,040	6,601,708	7,172,143	7,915,272	8,865,966	10,066,280	254,200
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Total Current Liabilities	-	-									
<i>Other liabilities</i>											
Long term debt (Debt facility : Bank 1)	2,803,933	2,368,510	1,877,864	1,324,991	702,001	-	-	-	-	-	-
Total Long Term Liabilities	2,803,933	2,368,510	1,877,864	1,324,991	702,001	-	-	-	-	-	-
<i>Shareholders' equity</i>											
Paid-up capital	2,803,933	2,803,933	2,803,933	2,803,933	2,803,933	2,803,933	2,803,933	2,803,933	2,803,933	2,803,933	2,803,933
Retained earnings		97,776	763,820	1,608,858	2,669,106	3,797,775	4,368,210	5,111,339	6,062,033	7,262,347	(2,549,734)
Total Equity	2,803,933	2,901,709	3,567,753	4,412,791	5,473,039	6,601,708	7,172,143	7,915,272	8,865,966	10,066,280	254,200
TOTAL CAPITAL AND LIABILITIES	5,607,866	5,270,219	5,445,616	5,737,782	6,175,040	6,601,708	7,172,143	7,915,272	8,865,966	10,066,280	254,200

12.3 Cash Flow Statement

SMEDA											
Calculations											
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		821,174	1,385,843	2,005,192	2,686,537	3,450,684	3,830,486	4,211,184	4,628,888	5,058,456	5,526,355
Add: depreciation expense		314,735	317,619	319,341	321,253	323,375	325,731	328,346	331,248	334,470	338,046
amortization of pre-operating costs		15,800	15,800	15,800	15,800	15,800	15,800	15,800	15,800	15,800	15,800
Raw material inventory	(1,103,744)	(320,822)	(406,892)	(514,963)	(650,480)	(629,349)	(761,512)	(921,430)	(1,114,930)	(1,349,065)	7,773,187
Pre-paid building rent	(720,000)	(72,000)	(79,200)	(87,120)	(95,832)	(105,415)	(115,957)	(127,552)	(140,308)	(154,338)	1,697,722
Cash provided by operations	(1,823,744)	758,888	1,233,170	1,738,251	2,277,278	3,055,096	3,294,548	3,506,348	3,720,699	3,905,322	15,351,111
<i>Financing activities</i>											
Debt facility : Bank 1 - principal repayment		(435,423)	(490,646)	(552,872)	(622,990)	(702,001)	-	-	-	-	-
Additions to Debt facility : Bank 1	2,803,933	-	-	-	-	-	-	-	-	-	-
Issuance of shares	2,803,933	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares											
Cash provided by / (used for) financing activities	5,607,866	(435,423)	(490,646)	(552,872)	(622,990)	(702,001)	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(3,305,350)	(28,838)	(17,225)	(19,119)	(21,223)	(23,557)	(26,148)	(29,025)	(32,217)	(35,761)	-
Acquisitions											
Cash (used for) / provided by investing activities	(3,305,350)	(28,838)	(17,225)	(19,119)	(21,223)	(23,557)	(26,148)	(29,025)	(32,217)	(35,761)	-
NET CASH	478,772	294,627	725,299	1,166,259	1,633,066	2,329,538	3,268,400	3,477,323	3,688,481	3,869,561	15,351,111

13 KEY ASSUMPTIONS

13.1 Operating Cost Assumptions

Description	Details
Office Expenses (Stationery, Entertainment etc)	10% of Administration expenses
Communication Expenses	7% of Administration Cost
Promotional Expenses	1% of Revenue
Depreciation Rate	10% on Machinery 10% on Office Equipment 10% on Furniture & Fixture
Inflation Growth Rate	10%
Electricity Price Growth Rate	10%
Salaries Growth Rate	10%

13.2 Production Cost Assumptions

Description	Details
Raw Material Cost Growth Rate	10%
Hours Operational Per Day	8 Hours
Days Operational Per Month	25 Days

13.3 Revenue Assumptions

Description	Details
Growth in Sales Price	10%
Days Operational / Year	300
Per Day Production Capacity	408 Dozen
Production Capacity in First Year	75%
Percentage Increase in Production Capacity every G Year	5%
Maximum Production Capacity	95%

13.4 Financial Assumptions

Description	Details
Debt	50%
Equity	50%
Interest Rate on Debt	12%
Debt Tenure	5 Years