

HOW TO MAKE A BUSINESS PLAN

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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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2 Introduction to SMEDA

Small and Medium Enterprises Development Authority (SMEDA) is an apex SME development agency working under the Ministry of Industries and Production (MoI&P), Government of Pakistan. In pursuit of its mission, SMEDA has adopted an integrated strategy that comprises SME sectors & clusters development, Business Development Services (BDS), and Policy advocacy to protect and promote SME interests.

SMEDA offers a broad spectrum of business development services to SMEs which include prefeasibility studies, identification of experts and consultants, delivery of need based capacity building programs in addition to business guidance through help desk services.

3 Purpose of the Guide

This document is a demonstrative guide for new / start-up entrepreneurs who are interested in making a business plan, particularly businesses categorized as Small & Medium Enterprises (SMEs). The guide aims at helping understand the factors to be considered when making a business plan for their new business.

4 Why Need a Business Plan

A business plan is a guide used to plan and manage a business. An effective business plan outlines both operational and financial characteristics of the business. It also describes future expectations and financial estimates.

A business plan not only lists both short and long-term goals but also provides an effective strategy to achieve them. A business plan is treated as a living document, i.e. it is modified based on changes that are experienced by the business. For example, price fluctuation of fuel and electricity, unavailability of raw material, seasonal factors, etc. are some of the expected changes in an environment and must be accounted for in the business plan.

A business plan cannot guarantee success but it can reduce chances of failure and help pre-empt causes of failure.

5 Cover Page and Table of Contents

Cover Page is the first introduction of a business plan and may contain important information like:

- Name and logo of the business
- Name of key entrepreneur/s
- Location, address and contact details

It is useful and recommended to include a Table of Contents page to professionally reference the contents of your business plan.

6 Contents of A Business Plan

The following list of contents of a business plan is an indicative list and may be modified as per requirement.

6.1 Executive Summary

The executive summary is your first opportunity to attract the reader's interest. Provide an overview of the key features of your business idea. Executive Summary is usually written at the completion of the business plan, once all details have been finalized. The executive summary covers the following areas:

- Proposed project name and location
- Product(s) / Service(s) offered, and their brief descriptions
- Installed capacity and initial utilization

- The most critical considerations or factors for success of the project
- Total cost of setting up the business; Internal Rate of Return (IRR), payback period, breakeven, Net Present Value (NPV) and other tools of financial performance measurement. Please see the following table:

Project Cost	Rs.
NPV	Rs.
IRR	% age
Payback Period	Years / Months

6.2 Profile of Entrepreneur(s)

Investors and stakeholders mark the possible success rate of a business based upon the profile and background experience of its entrepreneur. Your business plan must reflect your skill set, relevant expertise in managing your proposed business and educational background. You may also include projects and activities that you have undertaken which highlight management and leadership qualities. Additionally, include brief CVs of experts working with you as partners or consultants in your business. Remember to highlight your strengths that will potentially add value to your business.

6.3 Business Description

This section of your business plan helps readers and potential investors understand the goal of your business and its unique selling point. Explain the competitive advantages that you believe will make your business a success such as your **location, expert personnel, efficient operations, or ability to bring value to your customers.**

6.3.1 Industry

Give a short description of the industry; discuss the present situation as well as future possibilities. Provide information on all the markets within the industry, including any products or developments that will benefit or adversely affect your business. What are the trends affecting them and do these trends bode well for your future success? Industry description may include:

- Name the sector in which you

Location Rationale:

A strategic location is that which is conveniently accessible for all supply chain members in general and customers in particular.

are going to start your business;

- Location & its rationale;
- Demand and growth trends of the industry;
- Supply of the industry (total units provided by the current businesses in the same field);
- Industry life cycle (introduction/ growth/ maturity/ decline);
- Major threats and opportunities;
- Justify whether there is shortage or surplus in the market;
- Legal status of the business and legal requirements.

6.3.2 Product

Describe the nature of your product / service and list the customers' needs that you are addressing. What products and/or services do you offer now and/or what will you develop and offer in the future? Explain how they meet customers' requirements. It may cover the following areas:

- Introduction & justification of the business opportunity;
- SWOT analysis
- Description of the product and its key features
- Pricing of the product / service
- After sales / customer services
- Photographs or brochures

SWOT Analysis:

Strengths and outstanding features of the business

Weaknesses of the product / service

Opportunities that are presented through external factors

Threats a business may face through competition, etc.

6.4 Market Analysis

Before starting your business, it is important for you to research your business industry, market, customers and competitors to identify your potential target market. Market

Demographics:

Gender, age, income, education, geographic location, personality traits, values, attitudes, interests, and lifestyles

strategies are the result of a careful market study. A market study enables the entrepreneur to become familiar with all aspects of the market so that the targeted customers can be defined and the company can be positioned accordingly.

Market analysis is gathering of information which you can use to refine your product / service. The easiest way of doing that is by asking questions from your potential customers. You can use social media platforms such as Facebook and LinkedIn for cost savings. However, a more traditional approach of handing out printed questionnaires is also a widely used method of conducting research.

Other sources of information may include formal researches conducted, information available through Government platforms such as Federal Bureau of Statistics, relevant Ministries, Chambers and Associations, and international organizations such as Trade Map, UNDP, USAID.

A market analysis comprises of:

6.4.1 Customer Analysis

Understand your target customers based upon their demographics and seasonal requirements (if applicable).

6.4.2 Competitor Analysis

Determine the strengths and weaknesses of possible competitors within your market, strategies to provide you with a distinct advantage, barriers to prevent competition from entering your market and areas of competitive advantage.

6.4.3 Promotion& Sales Plan

How do you plan to market your business? How will you reach your target customers? What promotional tactics and marketing channels will you use? How will you price your products and/or services? What brand positioning do you desire for each? What is your sales strategy? For more details on advertising options available, please see SMEDA Business Management Guides – “Advertising and Promotion” and “Sales Strategy”.

Identify your unique selling point: Besides basic products or services, what are you selling actually? For example: Your town has several restaurants all selling one common product—food. But each food menu is targeted towards a specific need or customers.

Learn to make choices: It's important to clearly define what you're selling. You do not want to become a jack-of-all trades and master of none because this can have a negative effect on your business growth. As a smaller business it is a better option to divide your products or services into manageable market niches. Small operations can then offer specialized goods and services that are attractive to a specific group of prospective buyers.

Identify your niche: Niche is any position of opportunity for which one is suitable, such as a particular market in business. Creating a niche for your business is essential to success. Often, business owners can identify a niche based on their own market knowledge, but it can also be helpful to conduct a market study with prospective customers to uncover needs which are not fulfilled yet. During your research process, identify the following:

- Which areas your competitors are already well-established
- Which areas are being ignored by your competitors
- Potential opportunities for your business

6.5 Management and Human Resource Plan

You need to find a suitable organization and management structure for your business that comprises of your current team and / or hiring that must be made in order to execute your business.

Tip!

A lean organization is a well functioning and efficient business.

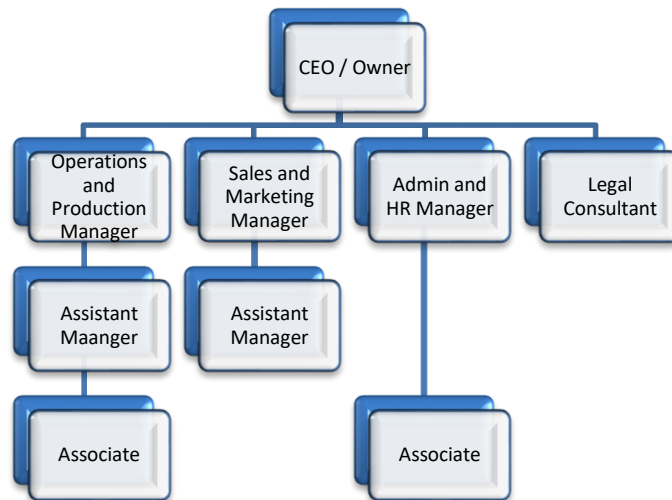
The plan aims to address all management related questions including, if you will build a Board of Advisors or Directors, and if so, who will you seek?

The human resource plan of your business includes; operational staff, support staff and management team. Add detailed Job Descriptions to each position created to provide clarity on expected deliverables from the team members. You may list down details of employees as follows:

Description	No. of Persons	Monthly Salary (Rs.)	Yearly Salary (Rs.)
Operations Manager	01	70,000	840,000
Assistant Manager	02	40,000	960,000
Technician	01	30,000	360,000

6.5.1 Management Structure – Organogram

An organogram is a graphical representation, in the form of a chart, of the organization structure of your business. It indicates the relationship between various persons employed by the business and also provides an overview of reporting and management lines. An example is given below:



6.6 Regulatory & Compliance Requirements

Following are some important legal considerations when making a business plan:

- Determine a Legal Structure for the Business: Select the type of ownership that works best for you, such as: sole proprietorship, partnership, Limited Liability Company (LLC), Corporation/Company, non-profit or cooperative.
- Register your Business Name, Trademark and Logo (if any).
- Register for Income, Sales and Professional Taxes (as applicable): To register for Income tax, the company will apply for a National Tax Number (NTN) at the tax facilitation of the Regional Tax Office of the Federal Board of Revenue.
- Sales tax, like the income tax can be registered for, by applying for a Sales Tax Number at the tax facilitation centre of the Regional Tax Office.
- Obtain Business Licenses and Permits: Get a list of federal, provincial and local licenses and permits required for your business

The business structure you choose will have legal and tax implications.

6.7 Operations and Production Plan

The operations and production plan describes how your business will function on a day-to-day basis. The plan should clearly list the process of production, irrespective of whether you are

manufacturing goods or providing services. It should enlist all tasks to be undertaken from beginning to end, i.e. from the production floor to the end customer.

The operations and production plan takes into account, installed capacities of machinery and equipment in the case of manufacturing of goods. The machine / process with the lowest installed capacity will determine daily average production. That is your key determinant of capacity in the over all production process.

Starting capacity is lower than installed capacity. It takes a few years for the production process to become efficient and achieve higher capacity utilization.

While it is advised to keep inventory levels in check, at the same time it is essential to maintain regularity in production process flows by ensuring adequate and timely supply of raw materials.

Draw up a process flow chart to organize the production process; identify bottlenecks and devise a strategy to create efficiency in the production process.

In case of a service providing business, it is advised to list all processes involved in accomplishing final service delivery to your customer. The process must include factors like persons required for a task, time taken and the dependence of a task on other activities. Thereby, you will be able to determine critical areas of focus when delivering services to the client.

In the services sector, a measure of efficient operations lies in the customer satisfaction ratings. Time and Quality of service is of utmost importance!

6.8 Financial Plan

A financial plan reflects the project costs, expense and revenue flows, proposed sources of investment / financing and recording of financial results. A financial plan may be categorized into three sections;

6.8.1 Project Costs:

A primary objective of outlining project costs is to determine funding requirements of the business. Funding requirements stem from fixed investments (e.g. plant and machinery, land and building, etc.) and working capital requirements (e.g. inventory of raw material and finished goods, cash in hand, etc.).

Any strategic financial plan for future, such as major investments, acquisitions, loan repayments, or adding new product lines in the business and associated new revenue streams must be included in your financial plan for the business.

The following table highlights two distinct categories of costs; Capital Costs and Working Capital Costs. Capital costs are considered costs incurred for procurement of fixed assets. Working Capital costs are associated with short-term investments in assets such as inventory, minimum cash balance maintained in the bank for use by the business, etc.

Description	Amount Rs.
Capital Cost	
Land	
Building / Infrastructure	
Plant and Machinery	
Furniture & Fixture	
Office Equipment	
Motor Vehicles	
Pre-operating Cost	
Total Capital Cost	
Working Capital	
Raw Material Inventory	
Up-front Building Rent	
Cash in hand	
Total Working Capital	
Total Project Cost (Total Capital Cost + Total Working Capital)	
Equity (xx%)	
Debt (xx%)	

Total Project Cost is the total money required to set up a business. It is the sum total of Capital Cost and Working Capital.

Further, the money and finances given to your business by yourself is considered Equity, i.e. it is the owner's money contributed to the establishment and / or running of the business. Owner's Equity may be returned to the owner from income leftover after covering expenses for the year. In case of loss, the Owner shall bear the loss.

In case more money is required and / or the owner is willing to avail formal sources of financing, such as a bank loan, that money will need to be repaid, regardless of profit or loss to the business. Therefore, this money is called Debt.

Total Project Financing = Owner's Equity	+	Debt
(100%)	=	(50%) + (50%)

A business can be financed with a proportion of each; equity and debt. In the example given above, the same is shown as a percentage. The sum of debt and equity shall be equal to total financing required by the business.

Include the time period that each funding request will cover, the type of funding you would like to have (e.g., equity, debt), and the terms that you would like to have applied.

Look for opportunities to generate cash from your business cash flows by maintaining your cash flow cycle related to working capital and liability repayments.

To Consider:

Manage your expenses to control cash flows of your business. Make your payments late, staying within industry norms and keep receivables to a minimum.

Set standards for keeping a check on your inventory levels; Higher the inventory, greater chances of tying up your cash. Low inventory levels may result in lagging production processes.

When outlining funding requirements, include the amount you want now and the amount you want in the future, based upon calculations and estimates.

For more details, please refer to SMEDA's Business Management Guide – "Assessing Your Financial Requirements".

6.8.2 Expenses and Revenues:

Expenses and revenues are forecasted to reflect the current and future funding requirements of a business. Expenses include cost of raw material, staff salaries, utilities, interest payments, etc. All monies to be paid for services or products utilized to manage business operations will be taken into account through expenses.

Important!

When calculating expenses, take into account payments to be made before start of business operations, also known as pre-operating or start-up expense.

Estimating revenue streams takes into account quantities to be produced and sold and selling price of the service / product. Revenue calculations must include changes in selling price, due to inflation and other market related factors.

Description	Units Produced (No.)	Finished Goods Inventory (No.)	Units available for Sale (No.)	Sale Price / unit (Rs.)	Sales Revenue (Rs.)
Product - 1					
Product - 2					
Product - 3					
Total					

6.8.3 Financial Projections:

It includes the projected financial statements for Income Statement, Balance Sheet & Cash Flow, please see Annexures as sample template. Projected statements provide an overview of the financial standing of your proposed business during the course of its operations. Financial projections form an essential part of the business plan, not only for investors and lenders but also for the management.

In order to determine and reflect the health of your business it is advised to use financial analysis tools such as ratio calculations, Net Present Value (NPV), Internal Rate of Return (IRR) and Payback period.

Business plan should be:

- Adequate in analysis
- Easy to understand
- Not very lengthy
- Realistic and practical
- Forecasted for 5 – 10 years

7 Key Assumptions

7.1 Operating Assumptions

Description	Unit
Machinery Maintenance	Rs./ Month
Direct Electricity	Rs./ Month
Office vehicle running expenses	Rs./ Month
Office Expenses (entertainment, janitorial, stationery etc.)	Rs./ Month
Communication Expenses	Rs./Month
Promotional Expenses	Rs./ Month

7.2 Financial Assumptions

Description	Unit
Debt: Equity Ratio	Ratio
Interest Rate	% per annum
Debt Tenure	Years

7.3 Growth Assumptions

Description	Unit
Sales price growth rate	Percentage
COGS price growth rate	Percentage
Salary growth rate	Percentage
Inflation rate	Percentage

8 Appendices

An appendix is optional, but a useful section to include information such as resumes of key managers, picture gallery, licenses, patents, permits, leases and contracts, projected financial statements, etc.

For more information on what a business plan is, you may download pre-feasibility studies through SMEDA website by visiting and registering yourself free of cost at www.smeda.org.pk.

8.1 Appendix-1: Profit and Loss Statement

Statement Summaries										SMEDA
Income Statement										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Rs. in actuals Year 10
Revenue	52,974,150	52,256,417	76,489,928	95,027,614	125,191,153	159,591,549	205,656,178	264,477,793	323,504,058	422,438,238
Cost of goods sold	30,043,041	37,543,371	45,285,672	55,232,376	69,834,472	88,159,732	110,971,684	136,690,106	173,443,958	221,043,367
Gross Profit	22,931,109	14,713,046	31,204,256	39,795,238	55,356,681	71,431,817	94,684,493	127,787,687	150,060,101	201,394,871
<i>General administration & selling expenses</i>										
Administration expense	780,000	855,942	939,278	1,030,727	1,131,080	1,241,204	1,362,049	1,494,660	1,640,182	1,799,873
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.)	96,000	105,600	116,160	127,776	140,554	154,609	170,070	187,077	205,785	226,363
Office vehicles running expense	24,000	26,400	29,040	31,944	35,138	38,652	42,517	46,769	51,446	56,591
Office expenses (stationary, etc.)	23,400	25,678	28,178	30,922	33,932	37,236	40,861	44,840	49,205	53,996
Promotional expense	105,948	104,513	152,980	190,055	250,382	319,183	411,312	528,956	647,008	844,876
Insurance expense	179,345	161,411	143,476	125,542	107,607	89,673	71,738	53,804	35,869	17,935
Professional fees (legal, audit, etc.)	52,974	52,256	76,490	95,028	125,191	159,592	205,656	264,478	323,504	422,438
Depreciation expense	1,249,427	1,249,427	1,249,427	1,249,427	2,207,747	2,207,747	2,207,747	2,207,747	2,207,747	2,207,747
Amortization expense	111,800	111,800	111,800	111,800	111,800	-	-	-	-	-
Property tax expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous expense	-	-	-	-	-	-	-	-	-	-
Subtotal	2,682,894	2,759,027	2,919,429	3,073,080	4,231,278	4,344,526	4,618,245	4,945,253	5,289,362	5,771,295
Operating Income	20,248,215	11,954,020	28,284,827	36,722,158	51,125,403	67,087,291	90,066,249	122,842,434	144,770,739	195,623,576
Other income	-	-	-	-	-	-	-	-	-	-
Gain / (loss) on sale of assets	-	-	-	-	-	-	-	-	-	-
Earnings Before Interest & Taxes	20,248,215	11,954,020	28,284,827	36,722,158	51,125,403	67,087,291	90,066,249	122,842,434	144,770,739	195,623,576
Interest expense	4,082,978	3,771,529	3,501,489	3,197,201	3,272,469	2,861,121	2,397,605	1,875,303	1,286,760	623,575
Earnings Before Tax	16,165,237	8,182,490	24,783,338	33,524,957	47,852,934	64,226,170	87,668,644	120,967,132	143,483,979	195,000,001
Tax	4,877,332	2,083,371	7,893,668	10,953,234	15,968,026	21,698,659	29,903,525	41,557,995	49,438,892	67,469,500
NET PROFIT/(LOSS) AFTER TAX	11,287,905	6,099,119	16,889,671	22,571,723	31,884,908	42,527,511	57,765,119	79,409,136	94,045,087	127,530,502
Balance brought forward		5,643,952	11,743,072	14,316,371	36,888,094	68,773,002	111,300,513	169,065,632	248,474,769	342,519,856
Total profit available for appropriation	11,287,905	11,743,072	28,632,742	36,888,094	68,773,002	111,300,513	169,065,632	248,474,769	342,519,856	470,050,357
Dividend	5,643,952	-	14,316,371	-	-	-	-	-	-	-
Balance carried forward	5,643,952	11,743,072	14,316,371	36,888,094	68,773,002	111,300,513	169,065,632	248,474,769	342,519,856	470,050,357

8.2 Appendix-2: Balance Sheet Statement

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	721,166	5,617,151	11,059,127	12,020,602	20,552,431	50,536,462	90,282,572	144,339,311	218,127,442	305,081,211	450,984,058
Accounts receivable	-	964,320	935,451	1,385,603	1,745,349	2,299,729	2,931,706	3,782,047	4,858,453	5,942,920	7,760,118
Finished goods inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment spare part inventory	-	-	-	-	-	-	-	-	-	-	-
Raw material inventory	1,099,321	1,530,778	2,041,312	2,762,452	3,859,494	5,400,193	7,527,604	10,253,018	14,367,551	20,199,000	-
Pre-paid annual land lease	-	-	-	-	-	-	-	-	-	-	-
Pre-paid building rent	-	-	-	-	-	-	-	-	-	-	-
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid insurance	179,345	161,411	143,476	125,542	107,607	89,673	71,738	53,804	35,869	17,935	-
Total Current Assets	1,999,832	8,273,659	14,179,365	16,294,199	26,264,880	58,326,056	100,813,620	158,428,179	237,389,315	331,241,066	458,744,175
<i>Fixed assets</i>											
Land	6,878,992	6,878,992	6,878,992	6,878,992	6,878,992	6,878,992	6,878,992	6,878,992	6,878,992	6,878,992	6,878,992
Building/Infrastructure	17,230,938	16,369,391	15,507,844	14,646,297	32,951,150	31,131,283	29,311,416	27,491,549	25,671,683	23,851,816	22,031,949
Animals	40,000,000	37,217,500	43,473,018	55,123,388	69,955,708	90,311,306	115,978,261	146,965,439	185,870,795	236,862,281	305,342,179
Machinery & equipment	3,523,900	3,171,510	2,819,120	2,466,730	2,114,340	1,761,950	1,409,560	1,057,170	704,780	352,390	-
Furniture & fixtures	228,900	206,010	183,120	160,230	137,340	114,450	91,560	68,670	45,780	22,890	-
Office vehicles	63,000	56,700	50,400	44,100	37,800	31,500	25,200	18,900	12,600	6,300	-
Office equipment	63,000	56,700	50,400	44,100	37,800	31,500	25,200	18,900	12,600	6,300	-
Total Fixed Assets	67,988,730	63,956,803	68,962,894	79,363,837	112,113,131	130,260,981	153,720,190	182,499,620	219,197,230	267,980,969	334,253,120
<i>Intangible assets</i>											
Pre-operation costs	559,000	447,200	335,400	223,600	111,800	-	-	-	-	-	-
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
Total Intangible Assets	559,000	447,200	335,400	223,600	111,800	-	-	-	-	-	-
TOTAL ASSETS	70,547,561	72,677,662	83,477,659	95,881,637	138,489,811	188,587,037	254,533,810	340,927,799	456,586,545	599,222,035	792,997,296
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable	-	2,158,152	2,732,747	3,312,331	4,074,228	5,174,374	6,581,452	8,341,433	10,326,277	13,154,327	16,811,507
Export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Short term debt	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	-	2,158,152	2,732,747	3,312,331	4,074,228	5,174,374	6,581,452	8,341,433	10,326,277	13,154,327	16,811,507
<i>Other liabilities</i>											
Lease payable	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	-	-	-	-	-	-
Long term debt	35,273,781	32,384,277	30,255,041	27,855,766	28,725,101	25,481,676	21,826,904	17,708,616	13,068,025	7,838,891	1,946,572
Total Long Term Liabilities	35,273,781	32,384,277	30,255,041	27,855,766	28,725,101	25,481,676	21,826,904	17,708,616	13,068,025	7,838,891	1,946,572
<i>Shareholders' equity</i>											
Paid-up capital	35,273,781	35,273,781	35,273,781	35,273,781	38,846,680	38,846,680	38,846,680	38,846,680	38,846,680	38,846,680	38,846,680
Gain / Loss on Net value of Animals	-	(2,782,500)	3,473,018	15,123,388	29,955,708	50,311,306	75,978,261	106,965,439	145,870,795	196,862,281	265,342,179
Retained earnings	-	5,643,952	11,743,072	14,316,371	36,888,094	68,773,002	111,300,513	169,065,632	248,474,769	342,519,856	470,050,357
Total Equity	35,273,781	38,135,233	50,489,870	64,713,540	105,690,482	157,930,987	226,125,454	314,877,750	433,192,243	578,228,817	774,239,216
TOTAL CAPITAL AND LIABILITIES	70,547,561	72,677,662	83,477,659	95,881,637	138,489,811	188,587,037	254,533,810	340,927,799	456,586,545	599,222,035	792,997,296

Note: Total assets value will differ from project cost due to first installment of leases paid at the start of year 0

8.3 Appendix-3: Cash Flow Statement

Statement Summaries											SMEDA
Cash Flow Statement											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
<i>Operating activities</i>											
Net profit	-	11,287,905	6,099,119	16,889,671	22,571,723	31,884,908	42,527,511	57,765,119	79,409,136	94,045,087	127,530,502
Add: depreciation expense	-	1,249,427	1,249,427	1,249,427	1,249,427	2,207,747	2,207,747	2,207,747	2,207,747	2,207,747	2,207,747
amortization expense	-	111,800	111,800	111,800	111,800	111,800	-	-	-	-	-
Deferred income tax	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	(964,320)	28,869	(450,153)	(359,745)	(554,380)	(631,977)	(850,341)	(1,076,406)	(1,084,468)	(1,817,197)
Finished good inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment inventory	-	-	-	-	-	-	-	-	-	-	-
Raw material inventory	(1,099,321)	(431,457)	(510,534)	(721,141)	(1,097,042)	(1,540,699)	(2,127,412)	(2,725,413)	(4,114,534)	(5,831,449)	20,199,000
Pre-paid building rent	-	-	-	-	-	-	-	-	-	-	-
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Advance insurance premium	(179,345)	17,935	17,935	17,935	17,935	17,935	17,935	17,935	17,935	17,935	17,935
Accounts payable	-	2,158,152	574,595	579,583	761,898	1,100,145	1,407,078	1,759,981	1,984,844	2,828,050	3,657,180
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Cash provided by operations	(1,278,666)	13,429,441	7,571,212	17,677,122	23,255,994	33,227,456	43,400,882	58,175,028	78,428,722	92,182,902	151,795,165
<i>Financing activities</i>											
Change in long term debt	35,273,781	(2,889,504)	(2,129,235)	(2,399,276)	869,335	(3,243,425)	(3,654,772)	(4,118,289)	(4,640,591)	(5,229,134)	(5,892,319)
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	35,273,781	-	-	-	3,572,899	-	-	-	-	-	-
Purchase of (treasury) shares	-	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing act	70,547,561	(2,889,504)	(2,129,235)	(2,399,276)	4,442,234	(3,243,425)	(3,654,772)	(4,118,289)	(4,640,591)	(5,229,134)	(5,892,319)
<i>Investing activities</i>											
Capital expenditure	(68,547,730)	-	-	-	(19,166,400)	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-	-
Cash (used for) / provided by investing act	(68,547,730)	-	-	-	(19,166,400)	-	-	-	-	-	-
NET CASH	721,166	10,539,937	5,441,976	15,277,846	8,531,828	29,984,031	39,746,110	54,056,739	73,788,131	86,953,769	145,902,847
Cash balance brought forward		721,166	5,617,151	11,059,127	12,020,602	20,552,431	50,536,462	90,282,572	144,339,311	218,127,442	305,081,211
Cash available for appropriation	721,166	11,261,103	11,059,127	26,336,973	20,552,431	50,536,462	90,282,572	144,339,311	218,127,442	305,081,211	450,984,058
Dividend	-	5,643,952	-	14,316,371	-	-	-	-	-	-	-
Cash carried forward	721,166	5,617,151	11,059,127	12,020,602	20,552,431	50,536,462	90,282,572	144,339,311	218,127,442	305,081,211	450,984,058