



Pre-feasibility Study

Homemade Lunch Box/Tiffin Service

March 2024

“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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2. EXECUTIVE SUMMARY

Homemade lunch box service is proposed to be located at metropolitan cities like Karachi, Lahore, Islamabad, Peshawar and Quetta. The business will deliver healthy and delicious food items to the corporate offices, universities, colleges, schools, Government offices and nongovernmental Organizations 5 days a week for a monthly subscription price. Initially starting off with a subscription no of 375 members in year one and the service will offer a fixed menu initially, featuring popular Pakistani dishes including chicken biryani, chicken karahi, mix vegetable, beef nihari, and daal chawal. This menu provides a diverse selection to cater the different tastes and preferences. The business will focus on providing high quality homemade hygienic lunch boxes at an affordable price with a delivery service.

During the past decade the fast food businesses, potato chips and different sweet and savoring snack as well as hoteling businesses were (still to some extent are) on the boom due to the rising demand for these items that arose due to the change in lifestyles, corporate jobs and cooking at home being too much time consuming. Although the same factors still exist but a niche of the population have realized and demand for healthy homemade nutritious food at workplace and home due to increasing number of health issues the population is facing attributed mainly to bad eating habits like fast and junk food etc. This has given rise to the demand for healthy, nutritious food provided at the place of convenience of customer and hence lunch box services can exploit this untapped opportunity for this niche which is most like to increase in future, due to increased awareness in masses about healthy eating and lifestyles. Big companies like Pepsi and coca cola are changing their product mix as fast foods and soft drinks do not enjoy the same demand that they used to and healthy eating is now becoming more trendy.

According to the estimates of this pre-feasibility, the proposed homebased lunch box service operation will be operating 260 days annually. It is proposed that the capacity will be 500 members. In the first year, it will be operated at 75% capital utilization, with an annual growth rate of 5%, aiming to reach a maximum capacity utilization of 95%. The operation will run for all year.

The total project cost for setting up this unit is Rs. 4.14 million out of which Rs. 1.98 million is capital cost and Rs. 2.16 million as working capital. The project is financed through 100% equity, however, project economics based on 50% debt are also given in the document. The project NPV based on 100% equity is around Rs. 9.87 million, with an IRR of 36% and Payback Period of 4.77 years.

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 **Homemade Lunch Box/Tiffin Service** business 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

The proposed homebased lunchbox service is designed to meet the increasing demand for convenient and nutritious meals among busy individuals. The proposed homemade lunch box service aims to establish its presence in metropolitan cities such as Karachi, Lahore, Islamabad, Peshawar, and Quetta, Balochistan. This service will cater to corporate offices, universities, colleges, schools, government offices, and non-governmental organizations, delivering healthy and delicious food items five days a week, the service will offer a fixed menu initially, featuring popular Pakistani dishes including chicken biryani, chicken karahi, mix vegetable, beef nihari, and daal chawal. This menu provides a diverse selection to cater to different tastes and preferences.

With a capacity to prepare and deliver 500 lunchboxes per day, the service will initially operate at 75% capacity in the first year, gradually increasing by 5% annually until reaching a maximum utilization rate of 95%. This incremental growth strategy allows for efficient scaling while maintaining quality and consistency.

Customers will have the convenience of subscribing to the service on a weekly basis, with a fixed subscription cost of Rs. 2100 per week, inclusive of delivery. The delivery service will be outsourced. This subscription model ensures predictability for both customers and the business, streamlining operations and fostering long-term relationships.

One of the key strengths of the service lies in its flexibility to adapt the menu based on customer feedback and evolving preferences. Whether it's accommodating dietary restrictions or incorporating seasonal ingredients, the service aims to continuously enhance its offerings to meet the needs of its clientele.

Delivery will be a fundamental aspect of the service, ensuring that freshly prepared meals are conveniently delivered to customers' specified locations, whether it be offices, schools, or residences. This commitment to convenience and quality underscores the value proposition of the homebased lunchbox service, providing a reliable solution for busy individuals seeking nutritious and satisfying meals throughout the week. The proposed project will provide direct employment to 07 people.

5.1 Production Process Flow

The process flow of proposed homebased lunchbox business will be as follow:

Menu Subscription and Sharing: The initial step involves customer subscription, where members are presented with the menu. The manager collects their contact details, adds them to a WhatsApp group, and records their delivery addresses.

Order Confirmation: The number of lunch boxes prepared aligns with the monthly subscription of members. If any member opts out of delivery on a particular day, the manager ensures this information is relayed to the kitchen.

Procurement of Fresh Produce and Pantry Ingredients: Monthly estimates of kitchen pantry requirements are calculated and purchased in bulk from designated suppliers. Fresh produce is sourced from local markets and delivered daily. Meat and dairy purchases are made based on daily menu requirements.

Preparation: Kitchen helpers commence early morning preparations of produce, meat, and dairy. Utensils are readied, and ingredients are weighed out for cooking.

Cooking: Cooking begins just in time to provide freshly prepared lunches to members.

Lunch Box Packaging: Careful weighing and packing of lunch boxes are carried out by serving staff, overseen by the manager, who ensures addresses are correctly labeled for delivery.

Delivery: Delivery services are outsourced at a rate of Rs. 50 per delivery.

5.2 Installed And Operational Capacities

The homebased lunch box service business has the capacity to prepare and deliver 500 lunchboxes per day, the service will initially operate at 75% capacity in the first year, gradually increasing by 5% annually until reaching a maximum utilization rate of 95%. This incremental growth strategy allows for efficient scaling while maintaining quality and consistency.

6. CRITICAL FACTORS

The most critical considerations / factors for the success of this project are as follows:

- Effective menu planning tailored to customer preferences and dietary needs.
- Strict adherence to food safety regulations and obtaining necessary permits.
- Sourcing high-quality ingredients for nutritious and flavourful meals.
- Establishing a hygienic and well-equipped kitchen space for food preparation.
- Implementing efficient delivery logistics to ensure timely and fresh deliveries.
- Developing a competitive yet profitable pricing strategy.

- Creating a strong brand identity through effective marketing and branding efforts.
- Prioritizing excellent customer service to build loyalty and satisfaction.
- Implementing sound financial management practices for sustainable growth.
- Maintaining adaptability to customer feedback and changing market trends.

7. GEOGRAPHICAL POTENTIAL FOR INVESTMENT

The geographical potential for investment in a homebased lunch box business in Pakistan is exceptionally promising and conducive to feasibility. Pakistan's urban centers, including Karachi, Lahore, Islamabad, Peshawar, and Quetta, present thriving markets teeming with bustling populations and diverse demographics. These cities serve as vibrant hubs of activity, with a rapidly growing urban population that increasingly values convenience and quality in their daily routines. With the rise of busy professionals, students, and families with hectic schedules, there is a burgeoning demand for convenient and nutritious meal options that can be delivered directly to their doorstep. Furthermore, Pakistan's rich culinary heritage and diverse cuisine offer a wealth of opportunities for a homebased lunch box business to cater to the varied tastes and preferences of its consumers. By strategically positioning the business in these urban centers and leveraging their accessibility and connectivity, investors can tap into a vast and eager market hungry for delicious and wholesome meals. The geographical potential for investment in a homebased lunch box business in Pakistan is ripe with promise, offering an ideal environment for growth, profitability, and long-term success.

8. POTENTIAL TARGET CUSTOMERS / MARKETS

The potential target customers and markets for a homebased lunch box business in Pakistan are vast and diverse, offering abundant opportunities for growth and success. With the country's rapidly growing urban population, particularly in metropolitan areas like Karachi, Lahore, Islamabad, Peshawar, and Quetta, there is a significant demand for convenient and nutritious meal solutions. Busy professionals, office workers, students, and even families juggling hectic schedules are all prime candidates for home-delivered lunches. Furthermore, Pakistan's rich culinary heritage and diverse palate make it an ideal market for offering a variety of flavorful and traditional dishes through a homebased lunch box service. By catering to the dietary preferences and cultural tastes of the local populace, such a business can quickly establish a loyal customer base. Additionally, the increasing emphasis on health and wellness among Pakistani consumers presents an opportunity to offer nutritious and balanced meal options, tapping into the growing demand for healthier

eating habits. Overall, the potential target customers and markets for a homebased lunch box business in Pakistan offer a promising landscape ripe for exploration and growth.

9. PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of homebased lunch box business. Various cost and revenue related assumptions along with results of the analysis are outlined in this section.

The projected Income Statement, Balance Sheet and Cash Flow Statement are attached as appendices.

9.1 Project Economics

To evaluate the project's financial viability, a 100% equity-based business model has been assumed. The following tables present the Internal Rate of Return, Payback Period, Net Present Value, and Breakeven analysis for the proposed venture:

Table 1: Project Economics (100% Equity based)

Description	Details
Internal Rate of Return (IRR)	36%
Payback Period (Years)	4.77
Net Present Value @ 17% (Rs.)	9,872,391

Calculation of break-even analysis is as follows:

Table 2: Breakeven (100% Equity Based)

BREAKEVEN ANALYSIS	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Break Even Point (Sales)	41,339,194	34,709,563	32,350,133	30,659,022	29,852,395	28,970,100	28,898,784	29,176,976	29,746,761	30,573,169
Break Even Point (Unit)	19686	15026	12732	10969	9710	8566	7768	7130	6609	6175
Margin of Safety	-41.9%	-1.5%	19.0%	34.1%	44.8%	51.3%	55.8%	59.4%	62.4%	64.9%

However, for the purposes of further explanation the Project Economics based on Debt: Equity (i.e. 50:50) Model has also been computed. On the basis of Debt: Equity model the Internal Rate of Return, Payback Period and Net Present Value of the proposed project are provided in the table below:

Table 3: Project Economics Based on Debt (50%) : Equity (50%)

Description	Details
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Internal Rate of Return (IRR)	24%
Payback Period (Years)	6.27
Net Present Value @ 17% (Rs.)	4,407,338

The financial assumptions for Debt: Equity are as follows:

Table 4: Financial Assumptions for Debt:Equity Model

Description	Details
Debt	50%
Equity	50%
Interest Rate on Debt	28%
Debt Tenure	5 Years
Debt Payment / Year	1

The projected Income Statement, Cash Flow Statement and Balance Sheet enclosed as annexures are based on 100% Equity Based Business Model.

9.2 Project Cost

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

Table 5: Project Cost

Description	Amount (Rs.)
Building/Infrastructure Renovation	300,000
Utensils & equipment	658,800
Furniture & fixtures	119,000
Office equipment	402,000
Pre-operating costs	506,000
Total Capital Costs	1,985,800
Working Capital	
Raw material inventory	1,027,906

Upfront building rent	600,000
Upfront insurance payment	32,940
Cash	500,000
Total Working Capital	2,160,846
Total Investment	4,146,646

9.3 Space Requirement

The space requirement for the proposed homemade lunch box business is estimated considering various facilities kitchen, office etc. and will be based on rented space are as below:

Table 6: Building and Infrastructural Requirement

Description	Area (Sq. Ft.)
Kitchen Area	350
Office Area	100
Washrooms	50
Total	500
Rent/Month	Rs. 50,000

9.4 Utensils & Equipment Requirement

Utensils and equipment required for the proposed project are stated below:

Table 7: Utensils & Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Cookware set of 16 Piece	2	35,000	70,000
Grill Pan	1	3,700	3,700
Chef knife Set	3	4,800	14,400
Knife sharpening tools	2	550	1,100
Cutting board	3	1,100	3,300
Mixing Bowls	5	750	3,750

Strainer	3	600	1,800
Measuring cups and spoons	2	900	1,800
Whisks	2	150	300
Spatulas set	2	5,500	11,000
Tongs	2	250	500
Ladle	2	400	800
Vegetable peeler	3	650	1,950
Grater	2	1,700	3,400
Kitchen Scissors	1	800	800
Can Opener	1	1,500	1,500
Electric Hand Mixer	1	4,500	4,500
Juice + Blender Set	1	17,500	17,500
Microwave	1	24,000	24,000
Electric kettle	1	3,500	3,500
Airtight containers (Set)	5	2,300	11,500
Re-usable containers (set of 3)	10	1,500	15,000
Dish towels	3	700	2,100
Trash can (Large)	1	13,000	13,000
Broom and dustpan	1	1,500	1,500
Pressure cooker	2	4,500	9,000
Food Scale (digital)	1	1,700	1,700
Deep freezer twin door 19cft	1	130,000	130,000
Refrigerator 20cft	1	170,000	170,000
3 Burner Stove	2	17,500	35,000
Large Tawa	2	2,700	5,400
Gas Cylinders (50 KG Capacity)	2	35,000	70,000
Misc.	1	25,000	25,000
Total			658,800

9.5 Furniture & Fixtures Requirement

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

Table 8: Furniture & Fixture

Description	Quantity/Sq.ft	Cost/ unit	Total Cost (Rs.)
Office Table	2	13,500	27,000
Office Chair	2	6,000	12,000
Visitor Chair	5	4,000	20,000
Lighting	1	25,000	25,000
Fans	5	5,000	25,000
Exhaust Fans	2	5,000	10,000
Total Furniture and Fixture Cost			119,000

9.6 Office Equipment Requirement

Following office equipment will be required for the proposed project:

Table 9: Office Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Laptop (Core i3)	2	170,000	340,000
Printer (3 in 1)	1	37,000	37,000
Telephone set	1	5,000	5,000
Misc.	1	20,000	20,000
Total Office Equipment Cost			402,000

9.7 Human Resource Requirement

In order to run operations of homemade lunch business smoothly, details of human resources required along with monthly salary are recommended as under:

Table 11: Human Resource Requirement

Description	No. of Employees	Monthly Salary Per Person (Rs.)
Supervisor/Owner	1	80,000
Cooks	2	50,000
Accountant	1	50,000
Helpers	2	32,000
Cleaner and Dishwasher	1	32,000

9.8 Utilities and Other Costs

In a homemade food business, essential costs primarily include the expenditure on gas, which is estimated to be Rs. 300,000 annually. Additionally, there's an allocated promotional expense of Rs. 582,750 in the first year aimed at attracting more customers and establishing a strong market presence. Furthermore, electricity costs are estimated to amount to Rs. 10,000 per month. These financial allocations ensure the smooth functioning of operations while strategically investing in promotional activities to expand the customer base and enhance brand visibility.

9.9 Revenue Generation

Based on the 75% capacity utilization, sales revenue during the first year of operations is estimated as under:

Table 12: Revenue Generation – Year 1

Description	Number of Members	Weekly Subscription Price (Rs.)	No. of Weeks / Yearly	Total Members Subscribed/ Yearly @ 100% Utilization	Total Members Subscribed/ Yearly @ 75% Utilization	Revenue Generated (Rs.)
Lunch Box	500	2,100	37	18,500	13,875	29,137,500
Total Revenue Generated						29,137,500

9.10 Cost Sheet

During the first year of operation, the cost for operating homemade lunch box business is estimated as under:

Table 13: Cost Sheet – Year 1

Days	Menu	Cost of Meal / KG	No. of Boxes / KG	Cost of Meal / Person
Monday	Chicken Biryani , Raita + Salad	1,760	5	352
Tuesday	Chicken Karahi, 2 Chapatti + Salad	1,650	5	330
Wednesday	Mix Vegetable, 2 Chapatti + Salad	820	5	164
Thursday	Nihari, 2 Chapatti + Salad	2,140	5	428
Friday	Dal Chawal, Raita + Salad	1,270	5	254
Total				1,528
Average Cost / Meal			305.60	
Cost of Meal / Person on weekly Basis			1,528.00	
Delivery charges for a week / Person			250	
Total Cost Per Head / Weekly			1,778.00	
Total Members in Y1 at 75% Capital Utilization			13,875	
Cost of Goods Sold Y1				24,669,750

Table 14: Detail Costing of Meal

Ingredients	Biryani Cost / Kg	Chicken Karahi / Kg	Mix Vegetable / Kg	Beef Nihari	Daal Chawal
Basmati Rice	450	-	-	-	450
Chicken/Beef	700	700	-	1,100	-
Spices	50	50	50	100	50
Onions	50	-	-	100	50
Yogurt	50	50	-	100	-
Tomatoes	100	200	100	-	-
Cooking Oil	250	500	250	500	500
Ginger	30	30	-	30	-
Garlic	30	30	30	30	30
Green Chili	10	10	10	10	20
Vegetables	-	-	300	-	-
Fresh Coriander	-	10	10	-	10
Pulses	-	-	-	-	100
Chapatti	-	30	30	30	-
Raita	20	-	-	-	20
Salad	-	20	20	20	20
Lunch Box	20	20	20	20	20
Wheat flour	-	-	-	100	-
Total	1,760	1,650	820	2,140	1,270

Costing is calculated based on the unit of one kilogram of meal. this approach allows for a standardized method of evaluating expenses and pricing, ensuring consistency and accuracy in financial assessments. by utilizing the cost per kilogram metric, businesses can effectively analyze and manage their expenditures, facilitating better decision-making processes regarding pricing strategies and resource allocation.

10. CONTACT DETAILS

In order to facilitate potential investors, contact details of private sector Service Providers relevant to the proposed project are given as under:

9.11 Raw Material Suppliers

Name of Supplier	Address	Contact
Whole seller markets and departmental stores	All over Pakistan	

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 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
Punjab Vocational Training Council (PVTC)	www.pvtc.gop.pk
Technical Education and Vocational Training Authority (TEVTA)	www.tevta.org
Punjab Industrial Estates (PIE)	www.pie.com.pk
Faisalabad Industrial Estate Development and Management Company (FIEDMC)	www.fiedmc.com.pk
Pakistan Industrial and Technical Assistance (PITAC)	www.pitac.gov.pk
Cold Storages Chain in Agriculture	www.agribusiness.org.pk
List of Retail Companies in Pakistan	www.companylist.org
Aziz Group of Cold Storages	www.zizgrp.com

12. ANNEXURES

9.12 Income Statement

Statement Summaries										SMEDA
Income Statement										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Rs. in actuals									
Revenue	29,137,500	34,188,000	39,957,225	46,538,415	54,036,271	59,439,898	65,383,888	71,922,276	79,114,504	87,025,954
Cost of goods sold	24,739,125	27,711,520	30,919,989	34,380,789	38,111,223	40,023,217	42,031,454	44,140,810	46,356,413	48,683,652
Gross Profit	4,398,375	6,476,480	9,037,236	12,157,626	15,925,048	19,416,681	23,352,434	27,781,466	32,758,091	38,342,303
<i>General administration & selling expenses</i>										
Administration expense	4,029,360	4,421,664	4,852,164	5,324,577	5,842,986	6,411,867	7,036,135	7,721,183	8,472,929	9,297,865
Rental expense	600,000	660,000	726,000	798,600	878,460	966,306	1,062,937	1,169,230	1,286,153	1,414,769
Utilities expense	450,000	487,000	524,000	561,000	598,000	635,000	672,000	709,000	746,000	783,000
Travelling & Comm. expense (phone, fax, etc.)	156,480	171,715	188,434	206,780	226,912	249,005	273,248	299,852	329,046	361,082
Office vehicles running expense	-	-	-	-	-	-	-	-	-	-
Office expenses (stationary, etc.)	39,120	42,929	47,108	51,695	56,728	62,251	68,312	74,963	82,261	90,271
Promotional expense	582,750	683,760	799,145	930,768	1,080,725	1,188,798	1,307,678	1,438,446	1,582,290	1,740,519
Insurance expense	32,940	29,646	26,352	23,058	19,764	16,470	13,176	9,882	6,588	3,294
Professional fees (legal, audit, etc.)	145,688	170,940	199,786	232,692	270,181	297,199	326,919	359,611	395,573	435,130
Depreciation expense	132,980	-	132,980	132,980	132,980	132,980	132,980	132,980	132,980	132,980
Amortization expense	101,200	101,200	101,200	101,200	101,200	-	-	-	-	-
Property tax expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous expense	874,125	1,025,640	1,198,717	1,396,152	1,621,088	1,783,197	1,961,517	2,157,668	2,373,435	2,610,779
Subtotal	7,144,643	7,794,494	8,795,885	9,759,503	10,829,024	11,743,073	12,854,902	14,072,816	15,407,255	16,869,688
Operating Income	(2,746,268)	(1,318,014)	241,351	2,398,123	5,096,024	7,673,608	10,497,532	13,708,651	17,350,836	21,472,615
Other income	80,647	28,147	-	129,855	414,922	665,153	852,876	1,042,437	1,244,290	1,632,650
Gain / (loss) on sale of assets	-	-	-	-	-	-	-	-	-	-
Earnings Before Interest & Taxes	(2,665,620)	(1,289,867)	241,351	2,527,979	5,510,946	8,338,761	11,350,408	14,751,088	18,595,127	23,105,265
Interest expense	-	54,175	69,752	15,577	-	-	-	-	-	-
Earnings Before Tax	(2,665,620)	(1,344,042)	171,599	2,512,402	5,510,946	8,338,761	11,350,408	14,751,088	18,595,127	23,105,265
Tax	-	-	-	-	1,715,967	3,418,892	4,653,667	6,047,946	7,624,002	9,473,159
NET PROFIT/(LOSS) AFTER TAX	(2,665,620)	(1,344,042)	171,599	2,512,402	3,794,979	4,919,869	6,696,741	8,703,142	10,971,125	13,632,107
Balance brought forward		(2,665,620)	(4,009,662)	(3,838,062)	(1,325,661)	1,234,659	3,077,264	4,887,002	6,795,072	8,883,099
Total profit available for appropriation	(2,665,620)	(4,009,662)	(3,838,062)	(1,325,661)	2,469,318	6,154,528	9,774,005	13,590,144	17,766,197	22,515,205
Dividend	-	-	-	-	1,234,659	3,077,264	4,887,002	6,795,072	8,883,099	11,257,603
Balance carried forward	(2,665,620)	(4,009,662)	(3,838,062)	(1,325,661)	1,234,659	3,077,264	4,887,002	6,795,072	8,883,099	11,257,603

9.13 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	1,050,000	562,948	-	-	2,597,109	5,701,332	7,601,721	9,455,792	11,392,957	13,492,851	19,160,156
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-
Finished goods inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment spare part inventory	-	-	-	-	-	-	-	-	-	-	-
Raw material inventory	1,027,906	1,208,818	1,416,017	1,652,991	1,923,669	2,120,845	2,338,231	2,577,900	2,842,135	3,133,453	-
Pre-paid annual land lease	-	-	-	-	-	-	-	-	-	-	-
Pre-paid building rent	50,000	55,000	60,500	66,550	73,205	80,526	88,578	97,436	107,179	117,897	-
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid insurance	32,940	29,646	26,352	23,058	19,764	16,470	13,176	9,882	6,588	3,294	-
Total Current Assets	2,160,846	1,856,412	1,502,869	1,742,599	4,613,746	7,919,172	10,041,706	12,141,010	14,348,859	16,747,495	19,160,156
<i>Fixed assets</i>											
Land	-	-	-	-	-	-	-	-	-	-	-
Building/Infrastructure	300,000	285,000	270,000	255,000	240,000	225,000	210,000	195,000	180,000	165,000	150,000
Machinery & equipment	658,800	592,920	527,040	461,160	395,280	329,400	263,520	197,640	131,760	65,880	-
Furniture & fixtures	119,000	107,100	95,200	83,300	71,400	59,500	47,600	35,700	23,800	11,900	-
Office vehicles	-	-	-	-	-	-	-	-	-	-	-
Office equipment	402,000	361,800	321,600	281,400	241,200	201,000	160,800	120,600	80,400	40,200	-
Total Fixed Assets	1,479,800	1,346,820	1,213,840	1,080,860	947,880	814,900	681,920	548,940	415,960	282,980	150,000
<i>Intangible assets</i>											
Pre-operation costs	506,000	404,800	303,600	202,400	101,200	-	-	-	-	-	-
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
Total Intangible Assets	506,000	404,800	303,600	202,400	101,200	-	-	-	-	-	-
TOTAL ASSETS	4,146,646	3,608,032	3,020,309	3,025,859	5,662,826	8,734,072	10,723,626	12,689,950	14,764,819	17,030,475	19,310,156
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable	-	2,127,006	2,387,354	2,669,412	2,974,821	3,296,171	3,470,131	3,653,727	3,847,537	4,052,178	3,984,366
Export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Short term debt	-	-	628,950	180,844	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	-	2,127,006	3,016,304	2,850,255	2,974,821	3,296,171	3,470,131	3,653,727	3,847,537	4,052,178	3,984,366
<i>Other liabilities</i>											
Lease payable	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	189,576	162,565	135,554	108,543	81,533	54,522
Long term debt	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Liabilities	-	-	-	-	-	189,576	162,565	135,554	108,543	81,533	54,522
<i>Shareholders' equity</i>											
Paid-up capital	4,146,646	4,146,646	4,146,646	4,146,646	4,146,646	4,146,646	4,146,646	4,146,646	4,146,646	4,146,646	4,146,646
Retained earnings	-	(2,665,620)	(4,009,662)	(3,838,062)	(1,325,661)	1,234,659	3,077,264	4,887,002	6,795,072	8,883,099	11,257,603
Total Equity	4,146,646	1,481,026	136,985	308,584	2,820,986	5,381,305	7,223,910	9,033,649	10,941,718	13,029,745	15,404,249
TOTAL CAPITAL AND LIABILITY	4,146,646	3,608,032	3,153,289	3,158,839	5,795,806	8,867,052	10,856,606	12,822,930	14,897,799	17,163,455	19,443,136
<i>Note: Total assets value will differ from project cost due to first installment of leases paid at the start of year 0</i>											

9.14 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	-	(2,665,620)	(1,344,042)	171,599	2,512,402	3,794,979	4,919,869	6,696,741	8,703,142	10,971,125	13,632,107
Add: depreciation expense	-	132,980	-	132,980	132,980	132,980	132,980	132,980	132,980	132,980	132,980
amortization expense	-	101,200	101,200	101,200	101,200	101,200	-	-	-	-	-
Deferred income tax	-	-	-	-	-	189,576	(27,011)	(27,011)	(27,011)	(27,011)	(27,011)
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-
Finished good inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment inventory	-	-	-	-	-	-	-	-	-	-	-
Raw material inventory	(1,027,906)	(180,912)	(207,199)	(236,975)	(270,677)	(197,176)	(217,387)	(239,669)	(264,235)	(291,319)	3,133,453
Pre-paid building rent	(50,000)	(5,000)	(5,500)	(6,050)	(6,655)	(7,321)	(8,053)	(8,858)	(9,744)	(10,718)	117,897
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Advance insurance premium	(32,940)	3,294	3,294	3,294	3,294	3,294	3,294	3,294	3,294	3,294	3,294
Accounts payable	-	2,127,006	260,348	282,058	305,409	321,350	173,960	183,596	193,810	204,641	(67,812)
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Cash provided by operations	(1,110,846)	(487,052)	(1,191,898)	448,107	2,777,952	4,338,882	4,977,653	6,741,074	8,732,237	10,982,992	16,924,908
<i>Financing activities</i>											
Change in long term debt	-	-	-	-	-	-	-	-	-	-	-
Change in short term debt	-	-	628,950	(448,107)	(180,844)	-	-	-	-	-	-
Change in export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Add: land lease expense	-	-	-	-	-	-	-	-	-	-	-
Land lease payment	-	-	-	-	-	-	-	-	-	-	-
Change in lease financing	-	-	-	-	-	-	-	-	-	-	-
Issuance of shares	4,146,646	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares	-	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financ	4,146,646	-	628,950	(448,107)	(180,844)	-	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(1,985,800)	-	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-	-
Cash (used for)/ provided by invest	(1,985,800)	-	-	-	-	-	-	-	-	-	-
NET CASH	1,050,000	(487,052)	(562,948)	-	2,597,109	4,338,882	4,977,653	6,741,074	8,732,237	10,982,992	16,924,908
Cash balance brought forward		1,050,000	562,948	-	-	2,597,109	5,701,332	7,601,721	9,455,792	11,392,957	13,492,851
Cash available for appropriation	1,050,000	562,948	-	-	2,597,109	6,935,991	10,678,985	14,342,795	18,188,029	22,375,949	30,417,759
Dividend	-	-	-	-	-	1,234,659	3,077,264	4,887,002	6,795,072	8,883,099	11,257,603
Cash carried forward	1,050,000	562,948	-	-	2,597,109	5,701,332	7,601,721	9,455,792	11,392,957	13,492,851	19,160,156

13. KEY ASSUMPTIONS

9.15 Operating Cost Assumptions

Description	Details
Operational days/ year	260
Hours operational/ days	10

9.16 Production Cost Assumptions

Description	Details
Initial capital utilization	75%
Annual capital utilization growth	5%
Maximum capital utilization	95%

9.17 Revenue Assumptions in Y1

Description	Details (Rs.)
Revenue Y1	29,137,500
Cost of goods sold Y1	24,669,750
Weekly Membership price	2,100
Production in Y1 @ 75% utilization	13,875 Weekly Meals
Average cost of a meal on weekly basis includes delivery	1,778.00

