



Pre-feasibility Study

LIQUID HAND WASH

March 2020

“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

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	6
6	Critical Factors	7
7	Geographical Potential for Investment	7
	7.1 Industry & Market Overview	7
8	Distribution Strategy	7
9	Project Cost Summary	8
	9.1 Project Economics	8
	9.2 Project Financing	9
	9.3 Project Cost	9
	9.4 Space Requirement	10
	9.5 Machinery & Equipment Requirement	10
	9.6 Furniture & Fixtures Requirement	10
	9.7 Office Equipment Requirement.....	11
	9.8 Office Vehicle Requirement	11
	9.9 Human Resource Requirement	11
	9.10 Utilities and other Costs	12
	9.11 Revenue Generation.....	12
10	Contact Details.....	13
11	Useful Web Links	15
12	Annexure.....	16
	12.1 Income Statement.....	16
	12.2 Balance Sheet	17
	12.3 Cash Flow Statement	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: 156
Prepared by	SMEDA –Sindh
Revision Date	March, 2020
For information	Provincial Chief (Sindh) mkumar@smeda.org.pk

2 Executive Summary

This pre-feasibility study proposes the Liquid Hand Wash business which can be setup in any industrial area of 1st and 2nd tier of urban cities across Pakistan. The Project can be setup in a 1300 Sq. ft. area which includes manufacturing, packaging, and storage facility of raw materials and finished products.

The product includes hand wash of different flavors and sizes that can be packaged and sold at the competitive price in the market. The planned capacity of the unit will be 300,000 units per annum and the capacity utilization during year one is worked out at 45% with 04% increase in subsequent years up to the maximum capacity utilization of 70%.

The Liquid Hand Wash business can be started as a sole proprietor with an estimated investment of Rs. 5,061,899/- which includes capital investment of Rs. 3,227,000/- and working capital investment of Rs. 1,834,899/-. Projected NPV, IRR and Payback period of this project are Rs. 15,032,648/-, 53% and 2.44 years respectively. The business will provide employment opportunity to 13 individuals and is expected to give reasonable return at the given investment, considering the market and consumers.

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 the development of Small and Medium Enterprises (SMEs).

With a mission "to assist in employment generation and value addition to the national income, through the development of the SME sector, by helping increase the number, scale and competitiveness of SMEs", SMEDA has carried out 'sectorial research' to identify policy, access to finance, business development services, strategic initiatives and institutional collaboration and networking initiatives.

Preparation and dissemination of pre-feasibility studies in key areas of investment has been a successful hallmark of SME facilitation by SMEDA.

Concurrent to the pre-feasibility 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 Liquid Hand Wash 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 turned into 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 the basis of the informed investment decisions.

5 Brief Description of Project & Product

The Project aims to introduce low cost high quality liquid hand wash that can be marketed at affordable price range in the market. With the right approach and defined marketing plan, this product can be introduced to different consumers belonging to different segments of the consumers-upper middle and middle class.

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

- **Technology:** This proposed unit will be equipped with all the required processing equipment that include Weighing Machine, Drums, Motor Stands, Water Pumps, pH Meters, Bottle Filler & Gallons.
- **Location:** For this scale of project an area of 1,000 sq. ft. or more may be acquired on rental basis in the industrial area of 1st and 2nd tier of urban cities, where adequate basic facilities are available such as Electricity, Water, Transportation, Human Resource etc. In this pre-feasibility study, an area of 1300 sq. ft. is assumed to be acquired on rental basis.
- **Product:** With the planned capacity, the plant will be able to process and manufacture 300,000 bottles of the liquid hand wash per annum.
- **Employment Generation:** The proposed project will provide direct employment to 13 people.

5.1 Production Process Flow

The main Ingredients for manufacturing of liquid soap are water, global salt, sodium lauryl ether sulfate (SLES), colour and perfume. All these ingredients are mixed up in appropriate quantities in drums. The drums are motor fitted in order to thoroughly mix up the ingredients. Normally, mixing motor runs around 20 minutes to prepare the mixture.

A pH Meter is used to check the quality of hand wash during the production process when the mixture is ready. Once, the production process is completed, the final product i.e. liquid soap is moved to the packaging section. In the packaging section, bottle filler is used to fill in the bottles and then the filled bottles are further packed into cartons for market supply.

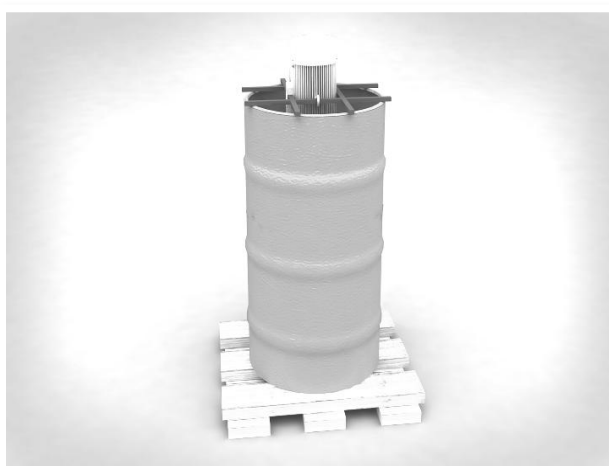


Figure 1: Motor-fitted Drum

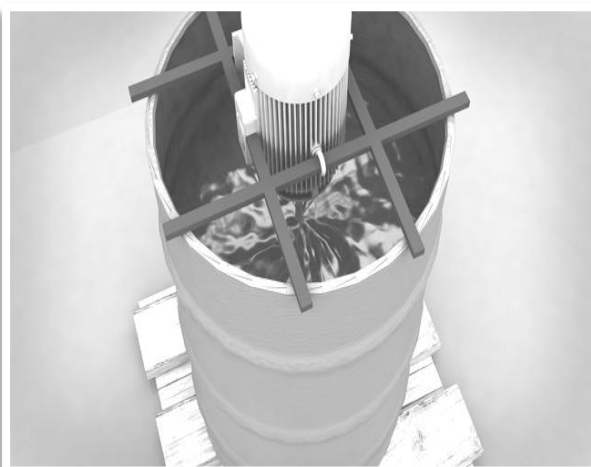
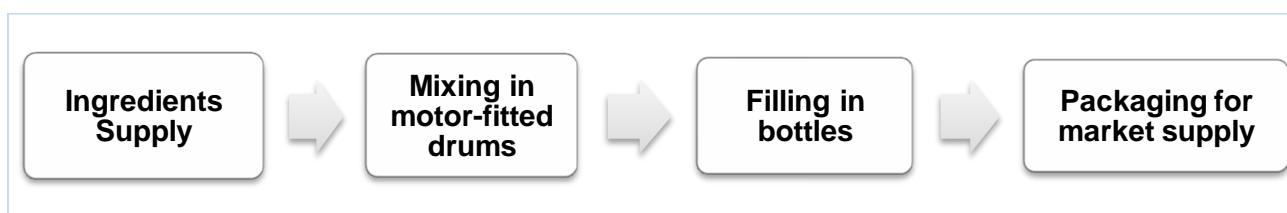


Figure 2: Motor-fitted Drum

The diagram below describes the production process for the desired product:



5.2 Installed and Operational Capacities

For the proposed business, an area of a 1,300 Sq. ft. on rent is required. The installed capacity of the unit will be 300,000 bottles per annum and the capacity utilization during year one is worked out at 45% with 04% increase in subsequent years up to the maximum capacity utilization of 70%.

6 Critical Factors

The main critical success factors that affect the decision to invest in the proposed business setup are:

- The product should be of high and consistent quality.
- The marketing and distribution channels of the product should be strong and trustworthy.
- Prices should be kept at a controlled level to remain at par with the competition.
- There should be a reliable source of raw material as the production facility doesn't have long term storage of raw materials and distribution is a critical factor in this business.

7 Geographical Potential for Investment

Large and mounting domestic market includes millions of consumers with growing incomes and a growing middle-class moving to sophisticated consumption habits. The growing population, increasing urbanization and rising consumerism coupled with economic development have augmented opportunities for the FMCG businesses in Pakistan. The recent outbreak of communicable diseases/viruses has also significantly created the hygiene awareness in the society. Therefore, there is a growing demand of this kind of product across the country. The proposed hand wash manufacturing unit provides a lucrative business opportunity for entrepreneurs and the manufacturing unit can be set-up in any major city and town with significant upper-middle and lower middle-class population.

7.1 Industry & Market Overview

Pakistan has a domestic market of above 207.772 million¹ consumers with growing incomes and changing consumption habits. The population growth, increase in per capita income, and urbanization have led to demand of consumer goods. Consumerism, urbanization and introduction of new products have fuelled the demand for fast moving consumer goods. The target market for the proposed set-up is retail stores in densely populated cities and all second and third tier cities / towns of Pakistan.

8 Distribution Strategy

For a business to achieve the desired market presence, a cost effective distribution system having wide market coverage is instrumental. The choice of a distribution

¹ Population census 2017

channel by manufacturers depend upon the nature of the product e.g. for low priced consumer products like soap, a vast network is needed and for industrial goods, a direct channel or a very short channel is considered to be appropriate. The nature of the product as well as the cost and efficiency of the distribution channel are some other factors that manufacturers consider while selecting a distribution channel.

Keeping in view cost and efficiency of the external distribution channels for the proposed product, it is suggested that, initially, own direct distribution channel should be utilized to eliminate the margin of intermediary to be more competitive in the market. In the initial years of operation, the cost of production is relatively higher for new businesses. However, with increase in market demand and expansion of the business the distribution channel can be outsourced for the purpose of enhanced focus on the product quality and production efficiency.

9 Project Cost Summary

A detailed financial model is developed to analyze the commercial viability of this project. Various costs and revenue related assumptions along with results of the analysis are outlined in this section.

9.1 Project Economics

All the figures in this financial model have been calculated for estimated sales of Rs. 24,055,329/- in the year one. The capacity utilization during year one is worked out at 45% with 4 % increase in subsequent years up to the maximum capacity utilization of 70%.

The following table shows internal rate of return, payback period and net present value of the proposed venture:

Table 9.1: Project Economics

Description	Details
Internal Rate of Return (IRR)	53%
Payback Period (yrs.)	2.44
Net Present Value (Rs.)	15,032,648

9.2 Project Financing

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

Table 9.2 Project Financing

Description	Details
Total Equity (100%)	Rs.5,061,899
Bank Loan (0%)	Nil

9.3 Project Cost

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

Table 9.3 Project Cost

Description	Amount Rs.
Capital Cost	
Plant and Machinery	303,000
Furniture & Fixture	179,000
Office Equipment	245,000
Office Vehicles	2,020,000
Pre-operating Cost	480,000
Total Capital Cost	3,227,000
Working Capital	
Equipment Spare part inventory	11,250
Raw material inventory	727,499
Upfront building rental	780,000
Upfront insurance payment	116,150
Cash	200,000
Total Working Capital	1,834,899
Total Project Cost	5,061,899

9.4 Space Requirement

The space requirement for the proposed Liquid Hand Wash business is estimated at 1,300 Sq. ft. considering various facilities including management office, production hall, storage, open space, etc. The required space will be acquired on rent estimated at Rs.65, 000/-

9.5 Machinery & Equipment Requirement

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

Table 9.5 Machinery & Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Bottle Filler	2	13,000	26,000
Water Pump	2	15,000	30,000
Mixer	3	10,000	30,000
pH Meter	2	8,000	16,000
Drum 220 liters	3	12,000	36,000
Drum 120 liters	3	8,000	24,000
Weighing Machine Small	1	3,000	3,000
Weighing Machine Large	1	18,000	18,000
Generator 5 kVA	1	120,000	120,000
Total			303,000

9.6 Furniture & Fixtures Requirement

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

Table 9.6 Furniture & Fixture

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Tables	2	15,000	30,000
Chairs	8	3,000	24,000
Stools	8	2,500	20,000
Storage Racks	2	15,000	30,000
Air Conditioners (1.5 Ton)	1	75,000	75,000
Total			179,000

9.7 Office Equipment Requirement

Following office equipment will be required for the project:

Table 9.7 Office Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Laptop	2	75,000	150,000
Printer	1	20,000	20,000
Telephone Sets	1	5,000	5,000
Fax Machine	1	20,000	20,000
Surveillance System	1	50,000	50,000
Total			245,000

9.8 Office Vehicle Requirement

Following office vehicle will be required for the project:

Table 9.8 Office Vehicle

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Suzuki incl. registration	2	2,020,000	2,020,000
Total			2,020,000

9.9 Human Resource Requirement

In order to run operations of Liquid Hand Wash Business smoothly, details of human resources required along with number of employees and monthly salaries are recommended as under:

Table 9.9 Human Resource Requirement

Description	No. of Employees	Monthly Salary per person (Rs)	Monthly Salary (Rs)
CEO	01	100,000	100,000
Operation Manager	01	75,000	75,000
Sales Manager	01	75,000	75,000

Sales Officer	04	*30,000	120,000
Accountant	01	25,000	25,000
Helper/Labor staff	02	18,000	36,000
Security Guard	01	20,000	20,000
Driver	02	20,000	40,000
Total	13		491,000

* Salary=Basic + Commission

9.10 Utilities and other Costs

An essential cost to be borne by the project is the cost of utilities- Electricity and Water. The utilities cost is estimated per month at Rs. 31,973/- which includes electricity expenses and water expenses including generator cost.

9.11 Revenue Generation

Based on the capacity utilization of 45%, sales revenue during the first year of operations is estimated as under:

Table 9.11 Revenue Generation – Year 1

Description	No. of Units Produced (No.)	Finished Goods Inventory (No.)	Units available for Sale (No.)	Sale Price / unit (Rs.)	Sales Revenue (Rs.)
300 ML	74,250	619	74,250	80	5,831,595
500 ML	33,750	281	33,750	140	4,638,769
1000 ML	13,500	113	13,500	250	3,313,406
2000 ML	6,750	56	6,750	450	2,982,066
5000 ML	6,750	56	6,750	1,100	7,289,494
Total					24,055,329

10 Contact Details

In order to facilitate potential investors, contact details of private sector service providers relevant to the proposed project are given next.

10.1 Machinery Suppliers

Machinery Supplier – 1

(Water Pump, Motor & Drum)

Name of Supplier /Organization	Danish Machinery Store
Address	Opp: P.M.A Building, Shahrah-e-Liaquat, karachi
Phone	021-32419888

Machinery Supplier – 2

(Motor, Weighing Machine, Bottle Filler)

Name of Supplier /Organization	Khawaja Machinery Store
Address	7, Arkay Square, Shahrah e Liqat, Karachi
Phone	02132411810

Machinery Supplier – 3

(Motor, Water Pump)

Name of Supplier /Organization	Pak Machinery
Address	Shop 153, Arkay Square, Shahrah e Liqat, Karachi
Phone	02132426036

Machinery Supplier – 4

(Bottles & Bottle Filler)

Name of Supplier /Organization	Noor enterprises
Address	CP-40 Sector 6-D North Karachi Industrial Area, Karachi
Phone	+92 334 2171002
Website	https://www.noorenterprises.com.pk/

10.2 Raw Material Suppliers

Raw Material Supplier – 1

Name of Supplier /Organization	Mehboob Perfume
Address	Joriya Bazar shop 23
Phone	0313-2468340

Raw Material Supplier – 2

Name of Supplier /Organization	Zohaib Chemicals
Address	Joriya Bazar shop 27
Phone	031232844810

11 Useful Web Links

Links of Federal & Provincial Government, Semi Government and other (sector & Cluster based) Development organizations are to be given under this heading so to enable potential investors to get benefit from the services offered. Web links of various organizations are given as example however, links of only relevant organizations should be given;

Small & Medium Enterprises Development Authority (SMEDA)	www.smeda.org.pk
Government of Pakistan	www.pakistan.gov.pk
Ministry of Industries & Production	www.moip.gov.pk
Ministry of Education, Training & Standards in Higher Education	http://mopht.gov.pk
Government of Punjab	www.punjab.gov.pk
Government of Sindh	www.sindh.gov.pk
Government of Khyber Pakhtunkhwa	www.khyberpakhtunkhwa.gov.pk
Government of Balochistan	www.balochistan.gov.pk
Government of Gilgit Baltistan	www.gilgitbaltistan.gov.pk
Government of Azad Jamu Kashmir	www.ajk.gov.pk
Trade Development Authority of Pakistan (TDAP)	www.tdap.gov.pk
Security Commission of Pakistan (SECP)	www.secp.gov.pk
Federation of Pakistan Chambers of Commerce and Industry (FPCCI)	www.fpcci.com.pk
State Bank of Pakistan (SBP)	www.sbp.org.pk
Punjab Small Industries Corporation	www.psic.gop.pk
Sindh Small Industries Corporation	www.ssic.gos.pk
Pakistan Horticulture Development and Export Company (PHDEC)	www.phdec.org.pk
Punjab Vocational Training Council (PVTC)	www.pvtc.gop.pk
Technical Education and Vocational Training Authority (TEVTA)	www.tevta.org
Pakistan Readymade Garment Technical Training Institute	www.prgmea.org/prgtti/
Livestock & Dairy Development Department, Government of Punjab.	www.livestockpunjab.gov.pk
Punjab Industrial Estates (PIE)	www.pie.com.pk
Faisalabad Industrial Estate Development and Management Company (FIEDMC)	www.fiedmc.com.pk

12 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	24,055,329	27,481,877	31,233,012	35,335,348	39,817,525	44,710,357	50,046,985	55,863,052	59,640,841	63,219,291
Cost of sales										
Cost of goods sold 1	2,673,000	3,053,754	3,470,576	3,926,422	4,424,477	4,968,162	5,561,162	6,207,437	6,627,220	7,024,854
Cost of goods sold 2	2,126,250	2,429,123	2,760,685	3,123,291	3,519,470	3,951,947	4,423,652	4,937,734	5,271,653	5,587,952
Cost of goods sold 3	1,491,033	1,703,422	1,935,930	2,190,208	2,468,028	2,771,303	3,102,086	3,462,586	3,696,746	3,918,551
Cost of goods sold 4	1,341,930	1,533,080	1,742,337	1,971,187	2,221,226	2,494,173	2,791,877	3,116,327	3,327,072	3,526,696
Cost of goods sold 5	3,280,272	3,747,529	4,259,047	4,818,457	5,429,663	6,096,867	6,824,589	7,617,689	8,132,842	8,620,812
Operation costs (direct labor)	3,672,000	4,029,511	4,421,830	4,852,346	5,324,777	5,843,205	6,412,107	7,036,399	7,721,473	8,473,246
Operating costs (machinery maintenance)	33,750	38,194	42,998	48,186	53,786	59,826	66,335	73,345	77,566	81,445
Operating costs (direct electricity)	294,840	324,324	356,756	392,432	431,675	474,843	522,327	574,560	632,016	695,217
Operating costs (direct water)	33,750	40,013	47,190	55,403	64,786	75,493	87,692	101,577	112,538	123,792
Operating costs (genset)	55,080	60,588	66,647	73,311	80,643	88,707	97,578	107,335	118,069	129,876
Total cost of sales	15,001,905	16,959,537	19,103,997	21,451,242	24,018,531	26,824,525	29,889,405	33,234,989	35,717,195	38,182,441
Gross Profit	9,053,425	10,522,341	12,129,015	13,884,106	15,798,995	17,885,832	20,157,580	22,628,063	23,923,646	25,036,850
	38%	38%	39%	39%	40%	40%	40%	41%	40%	40%
General administration & selling expenses										
Administration expense	2,220,000	2,436,142	2,673,329	2,933,608	3,219,228	3,532,656	3,876,601	4,254,032	4,668,211	5,122,714
Administration benefits expense	222,000	243,614	267,333	293,361	321,923	353,266	387,660	425,403	466,821	512,271
Travelling expense	222,000	243,614	267,333	293,361	321,923	353,266	387,660	425,403	466,821	512,271
Communications expense (phone, fax, mail, internet, etc.)	111,000	121,807	133,666	146,680	160,961	176,633	193,830	212,702	233,411	256,136
Office vehicles running expense	606,000	666,600	733,260	806,586	887,245	975,969	1,073,566	1,180,923	1,299,015	1,428,916
Office expenses (stationary, entertainment, janitorial services, etc.)	44,400	48,723	53,467	58,672	64,385	70,653	77,532	85,081	93,364	102,454
Promotional expense	1,202,766	1,374,094	1,561,651	1,766,767	1,990,876	2,235,518	2,502,349	2,793,153	2,982,042	3,160,965
Insurance expense	116,150	94,435	72,720	51,005	29,290	170,237	136,189	102,142	68,095	34,047
Professional fees (legal, audit, consultants, etc.)	120,277	137,409	156,165	176,677	199,088	223,552	250,235	279,315	298,204	316,096
Depreciation expense	476,700	476,700	476,700	476,700	476,700	723,346	723,346	723,346	723,346	723,346
Amortization of pre-operating costs	96,000	96,000	96,000	96,000	96,000	-	-	-	-	-
Bad debt expense	481,107	549,638	624,660	706,707	796,351	894,207	1,000,940	1,117,261	1,192,817	1,264,386
Subtotal	6,698,400	7,346,777	8,060,083	8,844,304	9,705,966	10,965,500	11,991,726	13,118,760	14,164,145	15,272,803
Operating Income	2,355,025	3,175,564	4,068,932	5,039,802	6,093,028	6,920,332	8,165,854	9,509,303	9,759,500	9,764,047
Other income (interest on cash)	-	-	-	-	-	-	-	-	-	-
Earnings Before Interest & Taxes	2,355,025	3,175,564	4,068,932	5,039,802	6,901,028	6,920,332	8,165,854	9,509,303	9,759,500	9,764,047
Interest expense on long term debt (Project Loan)	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-
Earnings Before Tax	2,355,025	3,175,564	4,068,932	5,039,802	6,901,028	6,920,332	8,165,854	9,509,303	9,759,500	9,764,047
Tax	471,005	635,113	813,786	1,007,960	1,380,206	1,384,066	1,633,171	1,901,861	1,951,900	1,952,809
NET PROFIT/(LOSS) AFTER TAX	1,884,020	2,540,451	3,255,146	4,031,842	5,520,823	5,536,265	6,532,683	7,607,443	7,807,600	7,811,238

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	915,000	1,315,697	3,569,283	5,966,721	8,635,733	8,711,032	11,795,781	15,212,725	19,065,241	22,534,904	28,796,255
Accounts receivable		1,977,150	2,117,967	2,412,941	2,735,686	3,088,474	3,473,749	3,894,137	4,352,467	4,746,735	5,049,047
Equipment spare part inventory	11,250	13,368	15,802	18,594	21,792	25,451	29,632	34,401	38,200	42,116	-
Raw material inventory	727,499	872,684	1,041,390	1,237,082	1,463,702	1,725,741	2,028,312	2,377,228	2,664,890	2,966,022	-
Pre-paid insurance	116,150	94,435	72,720	51,005	29,290	170,237	136,189	102,142	68,095	34,047	-
Total Current Assets	1,834,899	4,981,533	7,615,596	10,583,653	13,891,786	14,844,995	18,717,279	23,015,843	27,738,760	31,992,972	35,465,811
<i>Fixed assets</i>											
Land	-	-	-	-	-	-	-	-	-	-	-
Building/Infrastructure	-	-	-	-	-	-	-	-	-	-	-
Machinery & equipment	303,000	272,700	242,400	212,100	181,800	151,500	121,200	90,900	60,600	30,300	-
Furniture & fixtures	179,000	161,100	143,200	125,300	107,400	89,500	71,600	53,700	35,800	17,900	-
Office equipment	245,000	220,500	196,000	171,500	147,000	122,500	98,000	73,500	49,000	24,500	-
Total Fixed Assets	2,747,000	2,270,300	1,793,600	1,316,900	840,200	3,616,730	2,893,384	2,170,038	1,446,692	723,346	-
<i>Intangible assets</i>											
Pre-operation costs	480,000	384,000	288,000	192,000	96,000	-	-	-	-	-	-
Total Intangible Assets	480,000	384,000	288,000	192,000	96,000	-	-	-	-	-	-
TOTAL ASSETS	5,061,899	7,635,833	9,697,196	12,092,553	14,827,986	18,461,725	21,610,663	25,185,881	29,185,452	32,716,318	35,465,811
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable		972,516.65	1,114,709.01	1,271,280.73	1,443,554.30	1,632,973.36	1,841,114.15	2,069,698.37	2,311,085.55	2,477,361.95	2,363,861.05
Total Current Liabilities	-	972,517	1,114,709	1,271,281	1,443,554	1,632,973	1,841,114	2,069,698	2,311,086	2,477,362	2,363,861
<i>Other liabilities</i>											
Deferred tax		-	-	-	-	-	-	(0)	(0)	(0)	(0)
Long term debt (Project Loan)	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Liabilities	-	-	-	-	-	-	-	(0)	(0)	(0)	(0)
<i>Shareholders' equity</i>											
Paid-up capital	5,061,899	5,061,899	5,061,899	5,061,899	5,061,899	5,061,899	5,061,899	5,061,899	5,061,899	5,061,899	5,061,899
Retained earnings		1,601,417	3,520,588	5,759,374	8,322,533	11,766,852	14,707,650	18,054,284	21,812,467	25,177,057	28,040,051
Total Equity	5,061,899	6,663,316	8,582,487	10,821,273	13,384,432	16,828,751	19,769,549	23,116,183	26,874,366	30,238,956	33,101,950
TOTAL CAPITAL AND LIABILITIES	5,061,899	7,635,833	9,697,196	12,092,553	14,827,986	18,461,725	21,610,663	25,185,881	29,185,452	32,716,318	35,465,811

12.3 Cash Flow Statement

Calculations	SMEDA										
Cash Flow Statement	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<i>Operating activities</i>											
Net profit		1,884,020	2,540,451	3,255,146	4,031,842	5,520,823	5,536,265	6,532,683	7,607,443	7,807,600	7,811,238
Add: depreciation expense		476,700	476,700	476,700	476,700	476,700	723,346	723,346	723,346	723,346	723,346
amortization of pre-operating costs		96,000	96,000	96,000	96,000	96,000	-	-	-	-	-
Deferred income tax		-	-	-	-	-	-	(0)	-	-	(0)
Accounts receivable		(1,977,150)	(140,817)	(294,973)	(322,745)	(352,788)	(385,274)	(420,389)	(458,330)	(394,268)	(302,311)
Finished goods inventory		(636,699)	(83,084)	(91,013)	(99,620)	(108,959)	(119,090)	(130,077)	(141,991)	(105,348)	(104,628)
Equipment inventory	(11,250)	(2,118)	(2,434)	(2,792)	(3,199)	(3,659)	(4,180)	(4,770)	(3,799)	(3,916)	42,116
Raw material inventory	(727,499)	(145,185)	(168,707)	(195,691)	(226,620)	(262,040)	(302,571)	(348,916)	(287,662)	(301,133)	2,966,022
Advance insurance premium	(116,150)	21,715	21,715	21,715	21,715	(140,947)	34,047	34,047	34,047	34,047	34,047
Accounts payable		972,517	142,192	156,572	172,274	189,419	208,141	228,584	241,387	166,276	(113,501)
Cash provided by operations	(919,899)	683,300	2,874,867	3,413,797	4,137,695	5,405,033	5,680,216	6,602,994	7,701,775	7,912,673	11,209,595
<i>Financing activities</i>											
Issuance of shares	5,061,899	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares											
Cash provided by / (used for) financing activities	5,061,899	-	-	-	-	-	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(3,227,000)	-	-	-	-	(3,253,230)	-	-	-	-	-
Cash (used for) / provided by investing activities	(3,227,000)	-	-	-	-	(3,253,230)	-	-	-	-	-
NET CASH	915,000	683,300	2,874,867	3,413,797	4,137,695	2,151,802	5,680,216	6,602,994	7,701,775	7,912,673	11,209,595
Cash balance brought forward		915,000	1,315,697	3,569,283	5,966,721	8,635,733	8,711,032	11,795,781	15,212,725	19,065,241	22,534,904
Cash available for appropriation	915,000	1,598,300	4,190,564	6,983,081	10,104,415	10,787,536	14,391,248	18,398,775	22,914,500	26,977,914	33,744,499
Dividend		282,603	621,280	1,016,360	1,468,682	2,076,503	2,595,468	3,186,050	3,849,259	4,443,010	4,948,244
Cash balance	915,000	1,315,697	3,569,283	5,966,721	8,635,733	8,711,032	11,795,781	15,212,725	19,065,241	22,534,904	28,796,255
Cash carried forward	915,000	1,315,697	3,569,283	5,966,721	8,635,733	8,711,032	11,795,781	15,212,725	19,065,241	22,534,904	28,796,255

Small and Medium Enterprises Development Authority

HEAD OFFICE

4th Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road, Lahore
Tel: (92 42) 111 111 456, Fax: (92 42) 36304926-7

www.smeda.org.pk, 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