



**Pre-feasibility Study**

# **POPS MANUFACTURING UNIT**

**December 2021**

*“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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### ***Document Control***

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## 2 EXECUTIVE SUMMARY

The proposed project is about establishing a **Pops Manufacturing unit**. The subject project is strongly recommended to be established in the adjoining of the major cities or urban areas. The prevalence of such facility would add economic benefits in the country and would number of direct and indirect employment. Moreover, features like low cost & less complexity associated with installation of **Pops Manufacturing unit** make it more attractive project. Currently the project is being designed / proposed for major cities with potential industrial FMCG growth but the same can be proposed for other cities which can fulfill input and logistic requirements of the project.

Initially project focus would be on customers from neighboring communities, whereas at maturity domestic market would be preferred. The main feature of the project would include hygienically produced Corn Pops for Local and International consumers, processed according to international quality and standards.

The Pops Manufacturing Unit has the capacity of producing approximately **4950,000 pouches** annually and will be operational for **330 days** a year. Initially the Pops manufacturing unit will be operated at **65%** of capital utilization and will increase it by **5%** annually. The Maximum capacity utilization will be **95%**.

The total project investment is **Rs.14,899,793 /-** with an Internal Rate of Return (IRR) of **32%** and Net Present Value (NPV) of **28,274,117/-** **payback period is 5.10.**

### 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 **Pops Manufacturing Unit** by providing them with a general understanding of the business with the intention of supporting potential investors in crucial investment decisions.

The need to come up with pre-feasibility reports for undocumented or minimally documented sectors attains greater imminence as the research that precedes such reports reveal certain thumb rules; best practices developed by existing enterprises by trial and error, and certain industrial norms that become a guiding source regarding various aspects of business set-up and its successful management.

Apart from carefully studying the whole document one must consider critical aspects provided later on, which form basis of any Investment Decision.

## 5 BRIEF DESCRIPTION OF PROJECT & PRODUCT

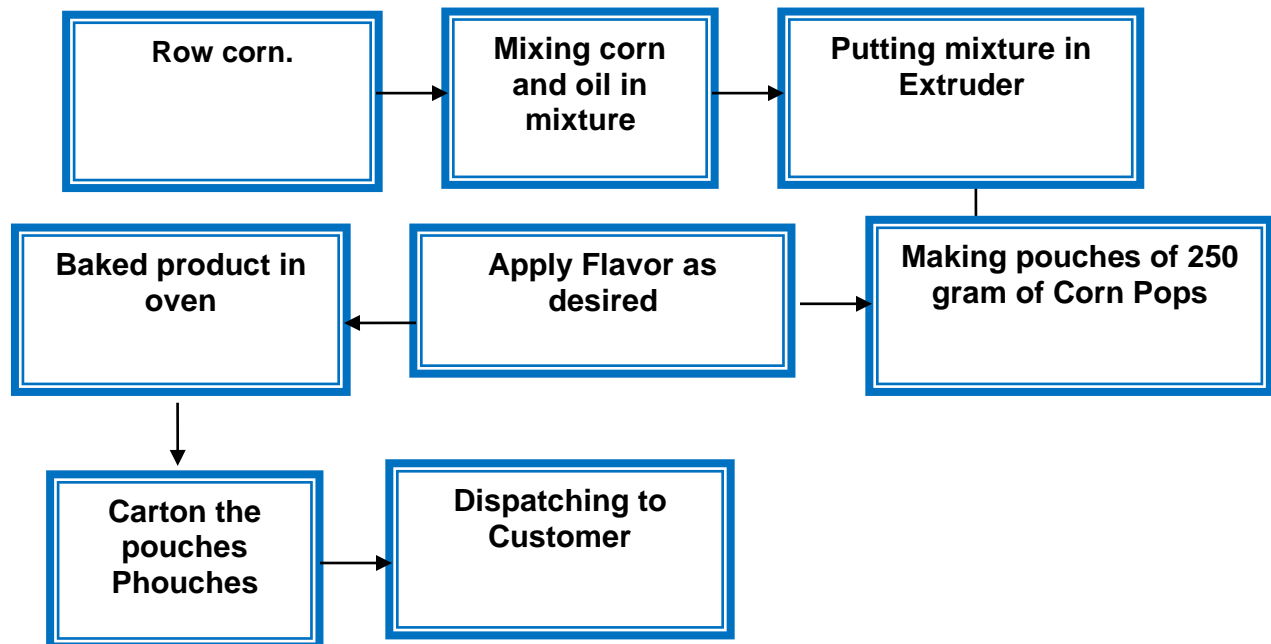
Following key parameters must be addressed as per pre-feasibility study under preparation

- **Technology:** This proposed unit with modern production plant includes extruder, Oven, Mixture, and Packaging Machines for pops manufacturing unit complete line, from raw corn to finished product.
- **Location:** The subject project is strongly recommended to be established in the adjoining of the major cities or urban areas with high potentials of Consumer available.
- **Product:** Keeping in view the market demand and characteristics “only properly baked and well protected packed product” is recommended to be the final product of the proposed prefeasibility.
- **Target Market:** The target customers for the proposed product would primarily be individuals or final consumers.
- **Employment Generation:** The proposed project will provide direct employment to 18 people.

## 6 PRODUCTION PROCESS

The cycle of processing corn based pops mainly subjected to machine/method used particular to the desired output product. Following is the process flow of a corn based pops manufacturing unit:

### 6.1 Corn based Pops manufacturing process flow:



However a brief summary of the general operations in any particular production line can be illustrated under the following headings:

#### 6.1.1 Row Corn.

Row corn can be purchased from market which generally come in bags of 100 kg its rate fluctuate time to time so its recommended to purchase in bulk.

#### 6.1.2 Mixing Corn with oil .

In a mixture first step is to mix the corn with oil that will crush the corn and mix it with oil.

### **6.1.3 Putting mixture in Extruder.**

Extruder is the main machine in making corn based pops, once the mixture is ready put the mixture in extruder that will process it provide horizontal line like finished product adjust the line like product in cutting machine to have shape of the product like rings and puffs.

### **6.1.4 Baked Product in oven.**

Baked the final ring or puffs shape product in oven.

### **6.1.5 Apply Flavors as desired.**

The final part of the production process is to apply the flavors as you desired in still drum mix it well to have delicious taste in product.

### **6.1.6 Making pouches of 250 gm.**

Once the final product is ready the packaging process start make a pouches of 250gm by putting packaging rolls and finished product in to packaging machine.

### **6.1.7 Carton the pouches.**

When the pouches is ready put them into carton accordingly for delivery and smart handling..

### **6.1.8 Cutting rolls in design/ size.**

Take the laminated roll of 500 kg and make small rolls out of it as per customer requirement.

### **6.1.9 Dispatch it to Customers.**

The product is ready to dispatch, dispatch the cartons to the customers as the required.

## **8 CRITICAL FACTORS**

- Selection of proper location, equipment and staff would be required to run project successfully.
- Utmost care should be taken while selecting raw material corn should be pure and organic in nature to have utmost results.

- Continuous efforts should be made for up-gradation of the processing techniques.
- To attract large number of customers the product must be processed on quality standards.
- Government rule and policies
- Availability of skilled workers
- Natural Disasters
- High competition

## 9 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

Know a day's food products market has gain large volume in FMCG. Good baked snakes market has potential in local and international markets. One of the key aspects of this business is to make a brand which required good packaging and branding activities.

## 10 POTENTIAL TARGET CUSTOMERS / MARKETS

The target customers for the proposed product would be final customers, wholesalers and distributors, to deliver the product in whole market, Initially the project will be focusing on neighboring communities, and opportunity for expansion could be capitalize depending successful marketing of product.

## 11 PROJECT COST SUMMARY

### 11.1 Project Economics

All the figures in this financial model have been calculated for estimated sales of **Rs. 138,352,600/-** in the year one. The capacity utilization during year one is worked out at **65%** with **5%** increase in subsequent years up to the maximum capacity utilization of **95%**.

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

**Table 1: Project Economics**

Description	Details
Internal Rate of Return (IRR)	32%
Payback Period (yrs.)	5.10
Net Present Value (Rs.)	28,274,117

## 11.2 Project Financing

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

**Table 2: Project Financing**

Description	Details
Total Equity (50%)	Rs. 7,449,897
Bank Loan (50%)	Rs. 7,449,897
Markup to the Borrower (%age / annum)	13 %
Tenure of the Loan (Years)	10

### 11.3 Project Cost

Following fixed and working capital requirements have been identified for operations of the proposed business (copy the complete table ) including working capital cost

**Table 3: Project Cost**

Capital Investment	Rs. in actuals
Land	2,060,000
Building/Infrastructure	4,450,000
Machinery & equipment	5,875,000
Furniture & fixtures	1,020,000
Office vehicles	-
Office equipment	217,000
Pre-operating costs	55,043
Training costs	-
<b>Total Capital Costs</b>	<b>13,677,043</b>

Working Capital	Rs. in actuals
Equipment spare part inventory	-
Raw material inventory	429,000
Upfront land lease rental	-
Upfront building rent	-
Upfront machinery & equipment lease rental *	-
Upfront office equipment lease rental *	-
Upfront office vehicles lease rental *	-
Upfront insurance payment	293,750
Cash	500,000
<b>Total Working Capital</b>	<b>1,222,750</b>

<b>Total Investment</b>	<b>14,899,793</b>
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### 11.4 Space Requirement

The space requirement for the proposed pops manufacturing unit is estimated considering various facilities including management office, Machinery processing area, warehouse and open space, etc. Details of space requirement and cost related to land & building is given below;

**Table 4: Space Requirement**

Description	Estimated Area (Sq Ft)	Unit Cost (Rs.)	Total Cost (Rs.)
Area for Plant	5000	500	2,500,000
Management Office	300	1500	450,000
Warehouse	5000	300	1,500,000
<b>Total</b>	<b>10,300</b>		<b>4,450,000</b>

### 11.5 Machinery & Equipment Requirement

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

**Table 5: Machinery & Equipment**

Description	QTY	Unit Price (Rs.)	Total Cost (Rs.)
Packaging Machine	3	125000	375,000
Extruder	1	2,000,000	2,000,000
Oven	1	2,000,000	2,000,000
Mixture	1	1,500,000	1,500,000
<b>Total</b>			<b>5,875,000/-</b>

### 11.6 Furniture & Fixtures Requirement

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

**Table 6: Furniture & Fixture**

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Office chairs	3	20,000	60,000
Office tables	3	30,000	90,000
Plastic chairs	25	2,000	50,000
Generator (500 KVA)	1	225,000	225,000
Air conditioners (2 ton split)	1	95,000	95,000
Electric wiring etc.	1	500,000	500,000
<b>Total</b>			<b>1,020,000/-</b>

### 11.7 Office Equipment Requirement

Following office equipment will be required for Graver Printing unit.

**Table 7: Office Equipment**

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Laptops	2	75,000	150,000
Computer printer Scanner and Copier	1	25,000	50,000
printer	1	35000	35000
Telephones	2	3500	7000
<b>Total</b>			<b>217,000/-</b>

### 11.8 Human Resource Requirement

In order to run operations of flour mill smoothly, details of human resources required along with number of employees and monthly salary are recommended as under;

**Table 8: Human Resource Requirement**

Description	No. of Employees	Monthly Salary (Rs.)
Manager	1	50,000
Accountant	1	30,000
Extruder Machine Operator	1	50,000
Oven Operator	1	30,000
Mixture machine operator	1	25,000
Packaging labor	4	67,000
Warehouse in charge	1	30,000
Sales and Marketing Manager	1	50,000
Sweepers	2	37,000
Office boy & support Services	3	74,000
Guards	2	37,000
<b>Total</b>	<b>18</b>	<b>480,000/-</b>

### 11.9 Utilities and other costs

An essential cost to be borne by the project is the cost of utilities. The administrative expenses are Rs. 50,000 per month which includes the utilities.

Furthermore, promotional expense being essential for marketing of pops manufacturing unit is estimated as 1% of Revenue that for year 1.

### 11.10 Revenue Generation

Based on the capacity utilization of **65%**, sales revenue during the first year of operations is estimated as under;

**Table 9: Revenue Generation – Year 1**

Description	No. of pouches Produced (No.)	Finished Goods Inventory (No.)	Units available for Sale (No.)	Sale Price / unit (Rs.)	Sales Revenue (Rs.)
All-purpose	3,217,502/=	3,217,502/=	3217502/=	43	138,352,600/-

## 12 CONTACT DETAILS

In order to facilitate potential investors, contact details of private sector Service Providers relevant to the proposed project be given.

### 12.1 Machinery Suppliers

#### Check alignment

Name of Supplier	Address	Phone	Fax	E-mail	Website
Jinan Dayi Extrusion Machinery Co., Ltd	China, Shandong, Jinan, Tianqiao District, Dongluohe Rd	<a href="tel:+8653188627237">+86 531 8862 7237</a>		12.1.1 dayi6@dayijixie.com -	<a href="http://www.dayifoodmachine.com">http://www.dayifoodmachine.com</a>
Jinan Kelid Machinery	p-952, Street#02, Near Madni Masjid/Rehmania Service station Raja Ghulam rasool	0086-531-8591181	0086-531-85911817	<a href="mailto:sales@kelidmachine.com">sales@kelidmachine.com</a>	<a href="http://www.kelidmachine.com/in">http://www.kelidmachine.com/in</a>

Nagar, Faisalabad

### 13 USEFUL WEB LINKS

<b>Small &amp; Medium Enterprises Development Authority (SMEDA)</b>	<a href="http://www.smeda.org.pk">www.smeda.org.pk</a>
<b>Government of Pakistan</b>	<a href="http://www.pakistan.gov.pk">www.pakistan.gov.pk</a>
<b>Ministry of Industries &amp; Production</b>	<a href="http://www.moip.gov.pk">www.moip.gov.pk</a>
<b>Ministry of Education, Training &amp; Standards in Higher Education</b>	<a href="http://moptt.gov.pk">http://moptt.gov.pk</a>
<b>Government of Punjab</b>	<a href="http://www.punjab.gov.pk">www.punjab.gov.pk</a>
<b>Government of Sindh</b>	<a href="http://www.sindh.gov.pk">www.sindh.gov.pk</a>
<b>Government of Khyber Pakhtunkhwa</b>	<a href="http://www.khyberpakhtunkhwa.gov.pk">www.khyberpakhtunkhwa.gov.pk</a>
<b>Government of Balochistan</b>	<a href="http://www.balochistan.gov.pk">www.balochistan.gov.pk</a>
<b>Government of Gilgit Baltistan</b>	<a href="http://www.gilgitbaltistan.gov.pk">www.gilgitbaltistan.gov.pk</a>
<b>Government of Azad Jamu Kashmir</b>	<a href="http://www.ajk.gov.pk">www.ajk.gov.pk</a>
<b>Trade Development Authority of Pakistan (TDAP)</b>	<a href="http://www.tdap.gov.pk">www.tdap.gov.pk</a>
<b>Security Commission of Pakistan (SECP)</b>	<a href="http://www.secp.gov.pk">www.secp.gov.pk</a>
<b>Federation of Pakistan Chambers of Commerce and Industry (FPCCI)</b>	<a href="http://www.fpcci.com.pk">www.fpcci.com.pk</a>
<b>State Bank of Pakistan (SBP)</b>	<a href="http://www.sbp.org.pk">www.sbp.org.pk</a>
<b>Punjab Small Industries Corporation</b>	<a href="http://www.psic.gop.pk">www.psic.gop.pk</a>
<b>Sindh Small Industries Corporation</b>	<a href="http://www.ssic.gos.pk">www.ssic.gos.pk</a>
<b>Pakistan Horticulture Development and Export Company (PHDEC)</b>	<a href="http://www.phdec.org.pk">www.phdec.org.pk</a>
<b>Punjab Vocational Training Council (PVTC)</b>	<a href="http://www.pvtc.gop.pk">www.pvtc.gop.pk</a>
<b>Technical Education and Vocational Training Authority</b>	<a href="http://www.tevta.org">www.tevta.org</a>

(TEVTA)	
Pakistan Readymade Garment Technical Training Institute	<a href="http://www.prgmea.org/prgtti/">www.prgmea.org/prgtti/</a>
Livestock & Dairy Development Department, Government of Punjab.	<a href="http://www.livestockpunjab.gov.pk">www.livestockpunjab.gov.pk</a>
Punjab Industrial Estates (PIE)	<a href="http://www.pie.com.pk">www.pie.com.pk</a>
Faisalabad Industrial Estate Development and Management Company (FIEDMC)	<a href="http://www.fiedmc.com.pk">www.fiedmc.com.pk</a>

## 14 ANNEXURES

### 14.1 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	Rs. in actuals Year 10
Revenue	138,352,600	163,894,500	193,161,375	226,642,680	264,888,632	308,517,348	358,222,921	394,045,213	433,449,734	476,794,708
Cost of goods sold	118,467,000	134,528,346	158,009,449	178,288,793	207,588,229	233,126,458	269,631,216	291,327,313	314,918,984	340,581,044
Gross Profit	19,885,600	29,366,154	35,151,926	48,353,887	57,300,403	75,390,890	88,591,705	102,717,900	118,530,751	136,213,664
<i>General administration &amp; selling expenses</i>										
Administration expense	16,370,820	17,964,706	22,281,255	24,450,589	29,922,897	32,836,232	39,756,323	43,627,054	47,874,646	52,535,789
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.)	635,760	697,658	865,291	949,537	1,162,054	1,275,193	1,543,935	1,694,255	1,859,210	2,040,225
Office vehicles running expense	-	-	-	-	-	-	-	-	-	-
Office expenses (stationary, etc.)	794,700	872,073	1,081,614	1,186,922	1,452,568	1,593,992	1,929,919	2,117,818	2,324,012	2,550,281
Promotional expense	276,705	327,789	386,323	453,285	529,777	617,035	716,446	788,090	866,899	953,589
Insurance expense	293,750	264,375	235,000	205,625	176,250	146,875	117,500	88,125	58,750	29,375
Professional fees (legal, audit, etc.)	691,763	819,473	965,807	1,133,213	1,324,443	1,542,587	1,791,115	1,970,226	2,167,249	2,383,974
Depreciation expense	933,700	933,700	933,700	933,700	933,700	933,700	933,700	933,700	933,700	933,700
Amortization expense	11,009	11,009	11,009	11,009	11,009	-	-	-	-	-
Property tax expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous expense	4,150,578	4,916,835	5,794,841	6,799,280	7,946,659	9,255,520	10,746,688	11,821,356	13,003,492	14,303,841
Subtotal	24,218,785	26,873,618	32,627,440	36,203,021	43,547,203	48,297,765	57,641,918	63,157,548	69,216,573	75,872,251
Operating Income	(4,333,185)	2,492,537	2,524,486	12,150,865	13,753,200	27,093,125	30,949,787	39,560,352	49,314,178	60,341,412
Other income	25,000	-	-	284,486	706,517	1,093,717	1,513,252	1,866,133	2,268,292	2,810,047
Gain / (loss) on sale of assets	-	-	-	-	-	-	-	-	-	-
Earnings Before Interest & Taxes	(4,308,185)	2,492,537	2,524,486	12,435,352	14,459,718	28,186,842	32,463,039	41,426,485	51,582,470	63,151,459
Interest expense	1,255,192	1,360,732	1,063,525	804,192	654,938	576,245	487,322	386,839	273,293	144,987
Earnings Before Tax	(5,563,377)	1,131,805	1,460,961	11,631,160	13,804,780	27,610,597	31,975,717	41,039,646	51,309,177	63,006,473
Tax	-	-	-	3,550,825	5,659,960	11,320,345	13,110,044	16,826,255	21,036,762	25,832,654
<b>NET PROFIT/(LOSS) AFTER TAX</b>	<b>(5,563,377)</b>	<b>1,131,805</b>	<b>1,460,961</b>	<b>8,080,335</b>	<b>8,144,820</b>	<b>16,290,252</b>	<b>18,865,673</b>	<b>24,213,391</b>	<b>30,272,414</b>	<b>37,173,819</b>
Balance brought forward		(5,563,377)	(4,431,572)	(2,970,611)	2,554,862	5,349,841	10,820,047	14,842,860	19,528,125	24,900,270
Total profit available for appropriation	(5,563,377)	(4,431,572)	(2,970,611)	5,109,724	10,699,682	21,640,093	29,685,719	39,056,251	49,800,540	62,074,089
Dividend	-	-	-	2,554,862	5,349,841	10,820,047	14,842,860	19,528,125	24,900,270	31,037,044
Balance carried forward	(5,563,377)	(4,431,572)	(2,970,611)	2,554,862	5,349,841	10,820,047	14,842,860	19,528,125	24,900,270	31,037,044

## 14.2 Balance Sheet

Statement Summaries Balance Sheet											SMEDA
											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
<b>Assets</b>											
<i>Current assets</i>											
Cash & Bank	500,000	-	-	-	5,689,722	8,440,628	13,433,706	16,831,329	20,491,329	24,874,520	31,326,423
Accounts receivable	-	3,790,482	4,140,371	4,891,176	5,750,740	6,733,306	7,854,876	9,133,428	10,305,043	11,335,547	12,469,102
Finished goods inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment spare part inventory	-	-	-	-	-	-	-	-	-	-	-
Raw material inventory	429,000	509,355	601,676	707,570	828,853	967,563	1,126,002	1,241,417	1,368,662	1,508,950	-
Pre-paid annual land lease	-	-	-	-	-	-	-	-	-	-	-
Pre-paid building rent	-	-	-	-	-	-	-	-	-	-	-
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid insurance	293,750	264,375	235,000	205,625	176,250	146,875	117,500	88,125	58,750	29,375	-
<b>Total Current Assets</b>	<b>1,222,750</b>	<b>4,564,212</b>	<b>4,977,047</b>	<b>5,804,372</b>	<b>12,445,565</b>	<b>16,288,372</b>	<b>22,532,084</b>	<b>27,294,299</b>	<b>32,223,784</b>	<b>37,748,393</b>	<b>43,795,525</b>
<i>Fixed assets</i>											
Land	2,060,000	2,060,000	2,060,000	2,060,000	2,060,000	2,060,000	2,060,000	2,060,000	2,060,000	2,060,000	2,060,000
Building/Infrastructure	4,450,000	4,227,500	4,005,000	3,782,500	3,560,000	3,337,500	3,115,000	2,892,500	2,670,000	2,447,500	2,225,000
Machinery & equipment	5,875,000	5,287,500	4,700,000	4,112,500	3,525,000	2,937,500	2,350,000	1,762,500	1,175,000	587,500	-
Furniture & fixtures	1,020,000	918,000	816,000	714,000	612,000	510,000	408,000	306,000	204,000	102,000	-
Office vehicles	-	-	-	-	-	-	-	-	-	-	-
Office equipment	217,000	195,300	173,600	151,900	130,200	108,500	86,800	65,100	43,400	21,700	-
<b>Total Fixed Assets</b>	<b>13,622,000</b>	<b>12,688,300</b>	<b>11,754,600</b>	<b>10,820,900</b>	<b>9,887,200</b>	<b>8,953,500</b>	<b>8,019,800</b>	<b>7,086,100</b>	<b>6,152,400</b>	<b>5,218,700</b>	<b>4,285,000</b>
<i>Intangible assets</i>											
Pre-operation costs	55,043	44,035	33,026	22,017	11,009	-	-	-	-	-	-
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
<b>Total Intangible Assets</b>	<b>55,043</b>	<b>44,035</b>	<b>33,026</b>	<b>22,017</b>	<b>11,009</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>14,899,793</b>	<b>17,296,547</b>	<b>16,764,673</b>	<b>16,647,289</b>	<b>22,343,773</b>	<b>25,241,872</b>	<b>30,551,884</b>	<b>34,380,399</b>	<b>38,376,184</b>	<b>42,967,093</b>	<b>48,080,525</b>
<b>Liabilities &amp; Shareholders' Equity</b>											
<i>Current liabilities</i>											
Accounts payable	-	4,273,098	4,834,001	5,440,773	6,096,655	6,805,105	7,569,810	8,389,333	8,814,156	9,260,770	9,593,584
Export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Short term debt	-	4,669,668	2,864,610	1,153,555	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>8,942,766</b>	<b>7,698,611</b>	<b>6,594,328</b>	<b>6,096,655</b>	<b>6,805,105</b>	<b>7,569,810</b>	<b>8,389,333</b>	<b>8,814,156</b>	<b>9,260,770</b>	<b>9,593,584</b>
<i>Other liabilities</i>											
Lease payable	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	-	-	-	-	1,204,375	1,204,375	963,500	722,625	481,750	240,875	0
Long term debt	7,449,897	6,467,261	6,047,737	5,573,675	5,037,985	4,432,654	3,748,631	2,975,685	2,102,256	1,115,282	-
<b>Total Long Term Liabilities</b>	<b>7,449,897</b>	<b>6,467,261</b>	<b>6,047,737</b>	<b>5,573,675</b>	<b>6,242,360</b>	<b>5,637,029</b>	<b>4,712,131</b>	<b>3,698,310</b>	<b>2,584,006</b>	<b>1,356,157</b>	<b>0</b>
<i>Shareholders' equity</i>											
Paid-up capital	7,449,897	7,449,897	7,449,897	7,449,897	7,449,897	7,449,897	7,449,897	7,449,897	7,449,897	7,449,897	7,449,897
Retained earnings	-	(5,563,377)	(4,431,572)	(2,970,611)	2,554,862	5,349,841	10,820,047	14,842,860	19,528,125	24,900,270	31,037,044
<b>Total Equity</b>	<b>7,449,897</b>	<b>1,886,520</b>	<b>3,018,325</b>	<b>4,479,286</b>	<b>10,004,759</b>	<b>12,799,738</b>	<b>18,269,943</b>	<b>22,292,756</b>	<b>26,978,022</b>	<b>32,350,167</b>	<b>38,486,941</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>14,899,793</b>	<b>17,296,547</b>	<b>16,764,673</b>	<b>16,647,289</b>	<b>22,343,773</b>	<b>25,241,872</b>	<b>30,551,884</b>	<b>34,380,399</b>	<b>38,376,184</b>	<b>42,967,093</b>	<b>48,080,525</b>

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

## 14.3 Cash Flow Statement

Statement Summaries Cash Flow Statement											SMEDA
	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	-	(5,563,377)	1,131,805	1,460,961	8,080,335	8,144,820	16,290,252	18,865,673	24,213,391	30,272,414	37,173,819
Add: depreciation expense	-	933,700	933,700	933,700	933,700	933,700	933,700	933,700	933,700	933,700	933,700
amortization expense	-	11,009	11,009	11,009	11,009	11,009	-	-	-	-	-
Deferred income tax	-	-	-	-	1,204,375	-	(240,875)	(240,875)	(240,875)	(240,875)	(240,875)
Accounts receivable	-	(3,790,482)	(349,889)	(750,805)	(859,564)	(982,565)	(1,121,571)	(1,278,552)	(1,171,615)	(1,030,504)	(1,133,555)
Finished good inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment inventory	-	-	-	-	-	-	-	-	-	-	-
Raw material inventory	(429,000)	(80,355)	(92,321)	(105,895)	(121,282)	(138,711)	(158,439)	(115,415)	(127,245)	(140,288)	1,508,950
Pre-paid building rent	-	-	-	-	-	-	-	-	-	-	-
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Advance insurance premium	(293,750)	29,375	29,375	29,375	29,375	29,375	29,375	29,375	29,375	29,375	29,375
Accounts payable	-	4,273,098	560,903	606,772	655,882	708,450	764,705	819,523	424,823	446,614	332,814
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Cash provided by operations	(722,750)	(4,187,033)	2,224,582	2,185,117	9,933,830	8,706,077	16,497,148	19,013,429	24,061,555	30,270,436	38,604,229
<i>Financing activities</i>											
Change in long term debt	7,449,897	(982,635)	(419,524)	(474,062)	(535,690)	(605,330)	(684,023)	(772,946)	(873,429)	(986,975)	(1,115,282)
Change in short term debt	-	4,669,668	(1,805,058)	(1,711,055)	(1,153,555)	-	-	-	-	-	-
Change in export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Add: land lease expense	-	-	-	-	-	-	-	-	-	-	-
Land lease payment	-	-	-	-	-	-	-	-	-	-	-
Change in lease financing	-	-	-	-	-	-	-	-	-	-	-
Issuance of shares	7,449,897	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares	-	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing act	14,899,793	3,687,033	(2,224,582)	(2,185,117)	(1,689,246)	(605,330)	(684,023)	(772,946)	(873,429)	(986,975)	(1,115,282)
<i>Investing activities</i>											
Capital expenditure	(13,677,043)	-	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-	-
Cash (used for) / provided by investing act	(13,677,043)	-	-	-	-	-	-	-	-	-	-
<b>NET CASH</b>	<b>500,000</b>	<b>(500,000)</b>	<b>-</b>	<b>-</b>	<b>8,244,584</b>	<b>8,100,747</b>	<b>15,813,125</b>	<b>18,240,482</b>	<b>23,188,126</b>	<b>29,283,461</b>	<b>37,488,947</b>
Cash balance brought forward		500,000	-	-	-	5,689,722	8,440,628	13,433,706	16,831,329	20,491,329	24,874,520
Cash available for appropriation	500,000	(0)	-	-	8,244,584	13,790,469	24,253,753	31,674,189	40,019,455	49,774,790	62,363,467
Dividend	-	-	-	-	2,554,862	5,349,841	10,820,047	14,842,860	19,528,125	24,900,270	31,037,044
Cash carried forward	500,000	-	-	-	5,689,722	8,440,628	13,433,706	16,831,329	20,491,329	24,874,520	31,326,423

## 15 KEY ASSUMPTIONS

### 15.1 Operating Cost Assumptions

Description	Details
Operational Days/ year	330
Hours operational/ days	8
Shift Length (Hours)	8

### 15.2 Production Cost Assumptions

Description	Details
Initial Capital utilization	65%
Annual Capital Utilization Growth	5%
Maximum Capital Utilization	95%

### 15.3 Revenue Assumptions

Description	Details
Revenue	138,352,600
Cost of goods sold per unit	16
Sale Price/kg	43
Production per year (Kg)	4,950,000
Production Quantity sold (Kg)	4,950,000

### 15.4 Financial Assumptions

Description	Details
Interest Rate	13%
Debt: Equity Ratio	50:50
Debt Tenure	10 Years

# Small and Medium Enterprises Development Authority

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