



**Pre-feasibility Study**

# **ORGANIC FERTILIZER MAKING UNIT**

**December 2022**

*“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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## 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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<b>For information</b>	shakoor@smeda.org.pk

## EXECUTIVE SUMMARY

The proposed project is about establishing an **Organic Fertilizer Making Unit**. The subject project is strongly recommended to be established in remote areas where Raw Materials are available in the province. The prevalence of such facility would add economic benefits in the country and would add number of direct and indirect employment opportunity. Moreover, features like low cost & less complexity associated with installation of **Organic Fertilizer Making Unit**, make it more attractive project. Currently the project is being designed / proposed for major cities with potential industrial 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 making of Organic Fertilizer for Local and International consumers, processed according to international quality and standards.

The Extraction unit has the capacity of producing approximately **1500 ton organic fertilizer** annually and will be operational for **330 days** a year and **8 hours** in 1 shift a day. Initially the Unit will be operated at 75% of capital utilization and will increase it by **5%** annually. The Maximum capacity utilization will be **95%**.

The total project investment is **Rs.70,579,419 /-** with an Internal Rate of Return (IRR) of **52 %** and Net Present Value (NPV) of **83,899,119/-** **payback period is 2.18.**

## 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.

## 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 **Organic Fertilizer Making 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.

## BRIEF DESCRIPTION OF PROJECT & PRODUCT

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

- **Technology:** This proposed unit with modern plant includes fertilizer crusher, fertilizer pellet mill, pellets cooling machine, self propelled composed turner Machines for Making of Organic Fertilizer complete line, from raw material to finished product.
- **Location:** The subject project is strongly recommended to be established in the remote areas of the major cities or urban areas with high potentials of livestock and agriculture potential exists.
- **Product:** Keeping in view the market demand and characteristics “only properly Finished and well protected product” is recommended to be the final product of the proposed prefeasibility.
- **Target Market:** The target customers for the proposed product would primarily be Industries that are involve in agriculture and farming.
- **Employment Generation:** The proposed project will provide direct employment to 44 persons.

## PRODUCTION PROCESS

The cycle of making Organic fertilizer is mainly subjected to machine/method used particular to the desired output product. Following is the process flow of making organic fertilizer manufacturing unit:

### 6.1 Organic Fertilizer Making Process Flow:



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

### 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 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

## GEOGRAPHICAL POTENTIAL FOR INVESTMENT

The usage of fertilizer is significant in agriculture sector and Livelihood. Almost every farmer use fertilizer for maximum yield and output, Fertilizer demand getting higher with the spam of time. The statistics shows the requirement of such project are feasible for the support of other industry and align products to fulfill the demand of the country and internationally.

## POTENTIAL TARGET CUSTOMERS / MARKETS

The target customers for the proposed product would Famers and landlords that are associated with agriculture sector, Initially the project will be focusing on neighboring communities, and opportunity for expansion could be capitalize depending successful marketing of product.

## PROJECT COST SUMMARY

### 1.1 Project Economics

All the figures in this financial model have been calculated for estimated sales of **Rs. 112,500,000/-** in the year one. The capacity utilization during year one is worked out at **75%** with **5%** increase in subsequent years up to the maximum capacity utilization of **95%**.

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

**Table 1: Project Economics**

Description	Details
Internal Rate of Return (IRR)	52%
Payback Period (yrs.)	2.18

Net Present Value (Rs.)	83,899,119
-------------------------	------------

## 1.2 Project Financing

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

**Table 2: Project Financing**

Description	Details
Total Equity (100%)	Rs.70,579,419
Bank Loan (0%)	Rs. 0
Markup to the Borrower (%age / annum)	16 %
Tenure of the Loan (Years)	0

## 1.3 Project Cost

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

**Table 3: Project Cost**

Capital Investment	Rs. in actuals
Land	5,866,666
Building/Infrastructure	29,100,000
Machinery & equipment	22,000,000
Furniture & fixtures	1,590,000
Office vehicles	6,180,000
Office equipment	494,000
Pre-operating costs	2,790,000
Training costs	-
<b>Total Capital Costs</b>	<b>68,020,666</b>

## 1.4 Space Requirement

The space requirement for the proposed 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.)
<b>Area for Plant</b>	20,000	1000	20,000,000
<b>Management Office</b>	2000	1100	2,200,000
<b>Warehouse</b>	10,000	200	2,000,000
<b>Pavement /Driveway</b>	10,000	20	200,000
<b>Pipe line Installation</b>	5000	500	2500,000
<b>Canteen</b>	2000	1100	2,200,000
<b>Total</b>	<b>49,000</b>		<b>29,100,000</b>

### 1.5 Machinery & Equipment Requirement

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

**Table 5: Machinery & Equipment**

Name of the Machine	Units	Unit Cost	Total Cost
	-		-
fertilizer crusher	1	5,000,000	5,000,000
Fertilizer pellet Mill	1	7,000,000	7,000,000
Pellets cooling machine	1	4,000,000	4,000,000
Self propelled compost turner	1	6,000,000	6,000,000
	-		-
	-		-
Total Plant & Machinery Cost			22,000,000

### 1.6 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 Furniture(Lum Sum)	1	960,000	960,000
Air conditioners (2 ton split)	1	75,000	75,000
Air conditioners (1.5 ton split)	1	55,000	55,000
Electric wiring etc.	1	500,000	500,000

<b>Total</b>			<b>1,590,000/-</b>
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## 1.7 Office Equipment Requirement

Following office equipment will be required for Project.

**Table 7: Office Equipment**

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Computer Server	1	50,000	50,000
Computer	6	30,000	180,000
printer	2	25000	50,000
Telephones	2	7000	14000
Telephones Exchange	10	3000	30,000
Fax Machine	1	20,000	20,000
Copier	1	150,000	150,000
<b>Total</b>			<b>494,000/-</b>

## 1.8 Human Resource Requirement

In order to run operations 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.	Monthly Salary
CEO	1	50,000
Store Manager	1	30,000
Shift Incharge	2	35,000
Plant Operator	3	35,000
Technician	2	35,000
Worker	20	22,500
Accountant	1	30,000
Clerks/Asst Accountant	2	22,500
Marketing Personnel	3	20,000
Guards	3	22,500
Sweepers	2	22,500

<b>Driver</b>	1	22,500
<b>Support service</b>	2	22,500
<b>Marketing Manager</b>	1	50,000
<b>Total</b>	<b>44</b>	

### 1.9 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 Fertilizer manufacturing unit is estimated as 1% of Revenue that for year 1.

### 1.10 Revenue Generation

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

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

<b>Description</b>	<b>No. of Tons Produced (No.)</b>	<b>Finished Goods Inventory (No.)</b>	<b>Tons available for Sale (No.)</b>	<b>Sale Price / Ton(Rs.)</b>	<b>Sales Revenue (Rs.)</b>
Finished Fertilizer in tons	<b>1500</b>	<b>1500</b>	<b>1500</b>	100,000	<b>11,2500,000/-</b>

## CONTACT DETAILS

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

### 1.11 Machinery Suppliers

<b>Name of Supplier</b>	<b>Address</b>	<b>Phone</b>	<b>Fax</b>	<b>E-mail</b>	

**ZHENGZHOU  
SHUNXIN  
ENGINEERING  
EQUIPMENT  
CO., LTD**

Zhengshang Road, Like  
Village, Chengguan Town,  
Xingyang City, Henan  
Province, China

+86-371-  
86582811

[INFO@SXFERTILIZERMACHINE.COM](mailto:INFO@SXFERTILIZERMACHINE.COM)

https:  
solutio

China Ftm Mining Co  
Ltd

p-952, Street#02, Near  
Madni  
Masjid/Rehmania Service  
station Raja Ghulam  
rasool  
Nagar, Faisalabad

-

-

[sales@sinoftm.com](mailto:sales@sinoftm.com)

http

## USEFUL WEB LINKS

Small & Medium Enterprises Development Authority (SMEDA)	<a href="http://www.smeda.org.pk">www.smeda.org.pk</a>
Government of Pakistan	<a href="http://www.pakistan.gov.pk">www.pakistan.gov.pk</a>
Ministry of Industries & Production	<a href="http://www.moip.gov.pk">www.moip.gov.pk</a>
Ministry of Education, Training & Standards in Higher Education	<a href="http://moptt.gov.pk">http://moptt.gov.pk</a>
Government of Punjab	<a href="http://www.punjab.gov.pk">www.punjab.gov.pk</a>
Government of Sindh	<a href="http://www.sindh.gov.pk">www.sindh.gov.pk</a>
Government of Khyber Pakhtunkhwa	<a href="http://www.khyberpakhtunkhwa.gov.pk">www.khyberpakhtunkhwa.gov.pk</a>
Government of Balochistan	<a href="http://www.balochistan.gov.pk">www.balochistan.gov.pk</a>
Government of Gilgit Baltistan	<a href="http://www.gilgitbaltistan.gov.pk">www.gilgitbaltistan.gov.pk</a>
Government of Azad Jamu Kashmir	<a href="http://www.ajk.gov.pk">www.ajk.gov.pk</a>
Trade Development Authority of Pakistan (TDAP)	<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 (TEVTA)</b>	<a href="http://www.tevta.org">www.tevta.org</a>
<b>Pakistan Readymade Garment Technical Training Institute</b>	<a href="http://www.prgmea.org/prgtti/">www.prgmea.org/prgtti/</a>
<b>Livestock &amp; Dairy Development Department, Government of Punjab.</b>	<a href="http://www.livestockpunjab.gov.pk">www.livestockpunjab.gov.pk</a>
<b>Punjab Industrial Estates (PIE)</b>	<a href="http://www.pie.com.pk">www.pie.com.pk</a>
<b>Faisalabad Industrial Estate Development and Management Company (FIEDMC)</b>	<a href="http://www.fiedmc.com.pk">www.fiedmc.com.pk</a>

## ANNEXURES

## 1.12 Income Statement

Statement Summaries										SMEDA
Income Statement										Rs. in actuals
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	112,500,000	126,000,000	140,568,750	156,279,375	173,209,641	181,870,123	190,963,629	200,511,810	210,537,401	221,064,271
Cost of goods sold	53,037,750	59,295,504	66,082,582	73,440,142	81,412,554	86,237,476	91,377,498	96,855,606	102,696,644	108,927,476
Gross Profit	59,462,250	66,704,496	74,486,168	82,839,233	91,797,087	95,632,646	99,586,130	103,656,204	107,840,757	112,136,795
<i>General administration &amp; selling expenses</i>										
Administration expense	4,980,000	5,464,860	5,996,926	6,580,796	7,221,511	7,924,608	8,696,159	9,542,829	10,471,932	11,491,494
Rental expense	-	-	-	-	-	-	-	-	-	-
Utilities expense	-	-	-	-	-	-	-	-	-	-
Travelling & Comm. expense (phone, fax, etc.)	99,600	109,297	119,939	131,616	144,430	158,492	173,923	190,857	209,439	229,830
Office vehicles running expense	61,800	67,980	74,778	82,256	90,481	99,530	109,482	120,431	132,474	145,721
Office expenses (stationary, etc.)	49,800	54,649	59,969	65,808	72,215	79,246	86,962	95,428	104,719	114,915
Promotional expense	1,125,000	1,260,000	1,405,688	1,562,794	1,732,096	1,818,701	1,909,636	2,005,118	2,105,374	2,210,643
Insurance expense	281,800	281,800	281,800	281,800	281,800	381,330	381,330	381,330	381,330	381,330
Professional fees (legal, audit, etc.)	1,125,000	1,260,000	1,405,688	1,562,794	1,732,096	1,818,701	1,909,636	2,005,118	2,105,374	2,210,643
Depreciation expense	291,000	291,000	291,000	291,000	291,000	291,000	291,000	291,000	291,000	291,000
Amortization expense	558,000	558,000	558,000	558,000	558,000	-	-	-	-	-
Property tax expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous expense	1,125,000	1,260,000	1,405,688	1,562,794	1,732,096	1,818,701	1,909,636	2,005,118	2,105,374	2,210,643
Subtotal	9,697,000	10,607,586	11,599,475	12,679,656	13,855,727	14,390,309	15,467,764	16,637,228	17,907,016	19,286,218
Operating Income	49,765,250	56,096,910	62,886,694	70,159,576	77,941,360	81,242,338	84,118,366	87,018,976	89,933,741	92,850,577
Other income	682,864	1,778,059	2,566,147	3,170,493	5,282,183	9,517,121	14,523,551	19,962,075	25,851,431	32,498,579
Gain / (loss) on sale of assets	-	-	-	-	2,472,000	-	-	-	-	-
Earnings Before Interest & Taxes	50,448,114	57,874,969	65,452,840	73,330,069	85,695,543	90,759,459	98,641,917	106,981,050	115,785,172	125,349,156
Interest expense	-	-	-	-	-	-	-	-	-	-
Earnings Before Tax	50,448,114	57,874,969	65,452,840	73,330,069	85,695,543	90,759,459	98,641,917	106,981,050	115,785,172	125,349,156
Tax	20,683,727	23,728,737	26,835,665	30,065,328	35,135,173	37,211,378	40,443,186	43,862,231	47,471,921	51,393,154
<b>NET PROFIT/(LOSS) AFTER TAX</b>	<b>29,764,387</b>	<b>34,146,232</b>	<b>38,617,176</b>	<b>43,264,741</b>	<b>50,560,370</b>	<b>53,548,081</b>	<b>58,198,731</b>	<b>63,118,820</b>	<b>68,313,252</b>	<b>73,956,002</b>
Balance brought forward		14,882,194	24,514,213	31,565,694	37,415,217	87,975,588	141,523,668	199,722,399	262,841,219	331,154,471
Total profit available for appropriation	29,764,387	49,028,425	63,131,389	74,830,435	87,975,588	141,523,668	199,722,399	262,841,219	331,154,471	405,110,473
Dividend	14,882,194	24,514,213	31,565,694	37,415,217	-	-	-	-	-	-
Balance carried forward	14,882,194	24,514,213	31,565,694	37,415,217	87,975,588	141,523,668	199,722,399	262,841,219	331,154,471	405,110,473



## 1.13 Balance Sheet

Statement Summaries Balance Sheet											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
<b>Assets</b>											
<i>Current assets</i>											
Cash & Bank	500,000	14,674,747	24,837,681	32,187,797	38,267,593	79,114,247	132,377,334	190,368,234	253,233,424	321,242,818	400,947,831
Accounts receivable	-	3,082,192	3,267,123	3,651,627	4,066,413	4,513,548	4,864,106	5,107,312	5,362,677	5,630,811	5,912,352
Finished goods inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment spare part inventory	34,375	40,425	47,354	55,279	64,331	70,925	78,195	86,210	95,046	104,788	-
Raw material inventory	1,742,578	2,049,272	2,400,530	2,802,266	3,261,137	3,595,403	3,963,932	4,370,235	4,818,184	5,312,048	-
Pre-paid annual land lease	-	-	-	-	-	-	-	-	-	-	-
Pre-paid building rent	-	-	-	-	-	-	-	-	-	-	-
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid insurance	281,800	281,800	281,800	281,800	281,800	381,330	381,330	381,330	381,330	381,330	-
<b>Total Current Assets</b>	<b>2,558,753</b>	<b>20,128,436</b>	<b>30,834,488</b>	<b>38,978,769</b>	<b>45,941,274</b>	<b>87,675,453</b>	<b>141,664,897</b>	<b>200,313,320</b>	<b>263,890,661</b>	<b>332,671,795</b>	<b>406,860,183</b>
<i>Fixed assets</i>											
Land	5,866,666	5,866,666	5,866,666	5,866,666	5,866,666	5,866,666	5,866,666	5,866,666	5,866,666	5,866,666	5,866,666
Building/Infrastructure	29,100,000	28,809,000	28,518,000	28,227,000	27,936,000	27,645,000	27,354,000	27,063,000	26,772,000	26,481,000	26,190,000
Machinery & equipment	22,000,000	22,000,000	22,000,000	22,000,000	22,000,000	22,000,000	22,000,000	22,000,000	22,000,000	22,000,000	22,000,000
Furniture & fixtures	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000	1,590,000
Office vehicles	6,180,000	6,180,000	6,180,000	6,180,000	6,180,000	16,132,952	16,132,952	16,132,952	16,132,952	16,132,952	16,132,952
Office equipment	494,000	494,000	494,000	494,000	494,000	494,000	494,000	494,000	494,000	494,000	494,000
<b>Total Fixed Assets</b>	<b>65,230,666</b>	<b>64,939,666</b>	<b>64,648,666</b>	<b>64,357,666</b>	<b>64,066,666</b>	<b>73,728,618</b>	<b>73,437,618</b>	<b>73,146,618</b>	<b>72,855,618</b>	<b>72,564,618</b>	<b>72,273,618</b>
<i>Intangible assets</i>											
Pre-operation costs	2,790,000	2,232,000	1,674,000	1,116,000	558,000	-	-	-	-	-	-
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
<b>Total Intangible Assets</b>	<b>2,790,000</b>	<b>2,232,000</b>	<b>1,674,000</b>	<b>1,116,000</b>	<b>558,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>70,579,419</b>	<b>87,300,102</b>	<b>97,157,155</b>	<b>104,452,435</b>	<b>110,565,940</b>	<b>161,404,071</b>	<b>215,102,515</b>	<b>273,459,938</b>	<b>336,746,279</b>	<b>405,236,413</b>	<b>479,133,801</b>
<b>Liabilities &amp; Shareholders' Equity</b>											
<i>Current liabilities</i>											
Accounts payable	-	1,838,489	2,063,523	2,307,321	2,571,303	2,849,064	2,999,427	3,158,119	3,325,640	3,502,523	3,443,909
Export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Short term debt	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>1,838,489</b>	<b>2,063,523</b>	<b>2,307,321</b>	<b>2,571,303</b>	<b>2,849,064</b>	<b>2,999,427</b>	<b>3,158,119</b>	<b>3,325,640</b>	<b>3,502,523</b>	<b>3,443,909</b>
<i>Other liabilities</i>											
Lease payable	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	-	-	-	-	-	-
Long term debt	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Shareholders' equity</i>											
Paid-up capital	70,579,419	70,579,419	70,579,419	70,579,419	70,579,419	70,579,419	70,579,419	70,579,419	70,579,419	70,579,419	70,579,419
Retained earnings	-	14,882,194	24,514,213	31,565,694	37,415,217	87,975,588	141,523,668	199,722,399	262,841,219	331,154,471	405,110,473
<b>Total Equity</b>	<b>70,579,419</b>	<b>85,461,613</b>	<b>95,093,632</b>	<b>102,145,113</b>	<b>107,994,637</b>	<b>158,555,007</b>	<b>212,103,088</b>	<b>270,301,819</b>	<b>333,420,638</b>	<b>401,733,890</b>	<b>475,689,892</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>70,579,419</b>	<b>87,300,102</b>	<b>97,157,155</b>	<b>104,452,435</b>	<b>110,565,940</b>	<b>161,404,071</b>	<b>215,102,515</b>	<b>273,459,938</b>	<b>336,746,279</b>	<b>405,236,413</b>	<b>479,133,801</b>
<i>Note: Total assets value will differ from project cost due to first installment of leases paid at the start of year 0</i>											

## 1.14 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	Year 10
	Rs. in actuals										
<i>Operating activities</i>											
Net profit	-	29,764,387	34,146,232	38,617,176	43,264,741	50,560,370	53,548,081	58,198,731	63,118,820	68,313,252	73,956,002
Add: depreciation expense	-	291,000	291,000	291,000	291,000	291,000	291,000	291,000	291,000	291,000	291,000
amortization expense	-	558,000	558,000	558,000	558,000	558,000	-	-	-	-	-
Deferred income tax	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	(3,082,192)	(184,932)	(384,503)	(414,786)	(447,135)	(350,558)	(243,205)	(255,366)	(268,134)	(281,541)
Finished good inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment inventory	(34,375)	(6,050)	(6,929)	(7,925)	(9,052)	(6,594)	(7,270)	(8,015)	(8,836)	(9,742)	104,788
Raw material inventory	(1,742,578)	(306,694)	(351,258)	(401,736)	(458,871)	(334,267)	(368,529)	(406,303)	(447,949)	(493,864)	5,312,048
Pre-paid building rent	-	-	-	-	-	-	-	-	-	-	-
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Advance insurance premium	(281,800)	-	-	-	-	(99,530)	-	-	-	-	381,330
Accounts payable	-	1,838,489	225,033	243,799	263,982	277,761	150,363	158,692	167,521	176,882	(58,614)
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Cash provided by operations	(2,058,753)	29,056,941	34,677,147	38,915,810	43,495,014	50,799,605	53,263,087	57,990,900	62,865,190	68,009,394	79,705,013
<i>Financing activities</i>											
Change in long term debt	-	-	-	-	-	-	-	-	-	-	-
Change in short term debt	-	-	-	-	-	-	-	-	-	-	-
Change in export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Add: land lease expense	-	-	-	-	-	-	-	-	-	-	-
Land lease payment	-	-	-	-	-	-	-	-	-	-	-
Change in lease financing	-	-	-	-	-	-	-	-	-	-	-
Issuance of shares	70,579,419	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares	-	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing act	70,579,419	-	-	-	-	-	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(68,020,666)	-	-	-	-	(9,952,952)	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-	-
Cash (used for) / provided by investing acti	(68,020,666)	-	-	-	-	(9,952,952)	-	-	-	-	-
NET CASH	500,000	29,056,941	34,677,147	38,915,810	43,495,014	40,846,654	53,263,087	57,990,900	62,865,190	68,009,394	79,705,013
Cash balance brought forward		500,000	14,674,747	24,837,681	32,187,797	38,267,593	79,114,247	132,377,334	190,368,234	253,233,424	321,242,818
Cash available for appropriation	500,000	29,556,941	49,351,894	63,753,492	75,682,811	79,114,247	132,377,334	190,368,234	253,233,424	321,242,818	400,947,831
Dividend	-	14,882,194	24,514,213	31,565,694	37,415,217	-	-	-	-	-	-
Cash carried forward	500,000	14,674,747	24,837,681	32,187,797	38,267,593	79,114,247	132,377,334	190,368,234	253,233,424	321,242,818	400,947,831

## KEY ASSUMPTIONS

### 1.15 Operating Cost Assumptions

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

### 1.16 Production Cost Assumptions

Description	Details
Initial Capital utilization	75%
Annual Capital Utilization Growth	5%
Maximum Capital Utilization	95%

### 1.17 Revenue Assumptions

Description	Details
Revenue	112,500,000
Cost of goods sold per Ton	27,175
Sale Price/Ton	100,000
Production per year (Ton)	1500
Production Quantity sold (Ton)	1500

### 1.18 Financial Assumptions

Description	Details
Interest Rate	16%
Debt: Equity Ratio	0:100
Debt Tenure	0Years

# 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](http://www.smeda.org.pk), [helpdesk@smeda.org.pk](mailto:helpdesk@smeda.org.pk)

REGIONAL OFFICE PUNJAB	REGIONAL OFFICE SINDH	REGIONAL OFFICE KPK	REGIONAL OFFICE BALOCHISTAN
3 <sup>rd</sup> Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road Lahore, Tel: (042) 111-111-456 Fax: (042) 36304926-7 <a href="mailto:helpdesk.punjab@smeda.org.pk">helpdesk.punjab@smeda.org.pk</a>	5 <sup>TH</sup> Floor, Bahria Complex II, M.T. Khan Road, Karachi. Tel: (021) 111-111-456 Fax: (021) 5610572 <a href="mailto:helpdesk-khi@smeda.org.pk">helpdesk-khi@smeda.org.pk</a>	Ground Floor State Life Building The Mall, Peshawar. Tel: (091) 9213046-47 Fax: (091) 286908 <a href="mailto:helpdesk-pew@smeda.org.pk">helpdesk-pew@smeda.org.pk</a>	Bungalow No. 15-A Chaman Housing Scheme Airport Road, Quetta. Tel: (081) 831623, 831702 Fax: (081) 831922 <a href="mailto:helpdesk-qta@smeda.org.pk">helpdesk-qta@smeda.org.pk</a>