



Pre-feasibility Study

PRINTING AND PHOTOCOPY SHOP

June 2023

“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

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2 EXECUTIVE SUMMARY

The market for printing & photocopies in Pakistan has been developing steadily over the last decade. This pre-feasibility aims to highlight the basic information for setting up a photocopy & printing business in any of the major urban city in Pakistan.

The proposed business venture is presumed to provide different types of printing services for a variety of client segments including business enterprises, educational institutes and others. The services include black and white photocopying/printing, printing, scanning and typing facility.

Total estimated cost of starting this business is **Rs. 2,757,300** with fixed investment of **Rs. 2,243,500** working capital of **Rs 513,800**.

Given the cost assumptions, **IRR** and **payback** are **21%** and are **5.02** years respectively. It will require the businessperson to possess an effective combination of artistic and entrepreneurial skill set to run a business such as this successfully. Other than that, few of the most critical considerations or factors for success of the project are such as; relations in business sector are important in success of a printing and photocopy shop, as it is an order-based business, target market and customers, order size is of a great importance for profitability of the business, as major cost of printing is the paper and cartridge i.e. fixed costs. So, if the order size is large the it will be more easy for business to sustain and the shop should be in commercial area with nearby residential area and school/college vicinity.

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 printing and photocopy shop 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 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 Food & Catering 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 importance of printing and photocopying shop is often under-estimated. However, due to continual increase in creative and promotional activities and massive expansion of educational sector, the business of printing and photocopy shops are experiencing a large scale of turnover in Pakistan.

There is huge variety of printing materials / products which are being produced by the printing and photocopy shops mainly for educational sector. Educational text books have the largest share in the local printing industry followed by the promotional materials. Offices are also an important part of profitability for photocopy shops.

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

- **Service/Product:** The business will provide photocopying, printing, spiral binding, scanning and typing facilities to the customers.
- **Target Market:** The proposed target markets for this business are mainly comprise of people of educational institutes and other organizations. It is essential to establish this business in major cities like Quetta, Karachi, Lahore, Islamabad, Peshawar etc. The main reason for selecting these groups is that the people come to these cities for education purpose because big cities have better job prospects, which are the one of major target customers for this photocopying and printing business.
- **Location:** The location for the shop be preferably in a commercial area with high foot traffic or close proximity to businesses, educational institutions, government offices, or residential areas.
- **Equipment:** This business will require an investment in purchasing all the necessary advanced photocopying, printing and scanning machines.
- **Employment Generation:** The proposed project will provide direct employment to 4 people.

5.1 Installed and Operational Capacities

The project would initially operate at 85% production capacity in year 1, and 5% capacity utilization growth is assumed in the subsequent years. The maximum capacity utilization of the unit is worked out at 100% of installed capacity. The unit will operate on 12 hours' single shift basis with 330 operational days in a year. Due to its viability it is important to reach 85% production capacity in year 1.

6 CRITICAL FACTORS

The main **critical success factors** for the proposed business setup are:

- Establishing and nurturing relationships within the business sector is crucial for the prosperity of a printing and photocopy shop, given its reliance on order-based operations.
- Accessibility and visibility are key factors to attract customers
- A competitive price should be maintained in long run to retain the customers
- The equipment's should be reliable and capable of producing high quality prints
- Ensuring the timely delivery of services due to the nature of businesses
- Provide excellent customer service to differentiate from competitors by hiring friendly, knowledge and responsive team

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

Pakistan's geographic landscape, combined with its growing population and diverse economic activities in major cities, presents a favorable environment for investment in a printing and photocopying business.

As the major customers of printing and photocopy business are students, educational institutes and offices, the business can be established in any major city comprising of large residential, commercial and educational sector bases. Therefore, cities like Karachi, Lahore, Peshawar, Quetta, Faisalabad, Sialkot, Multan, Rawalpindi and Hyderabad can be suitable locations for setting up a printing & photocopy shop. Subsequently, availability of skilled labor, raw material and close customer proximity is extremely important for the success of this business. Concerning to that, Karachi, Lahore, Sialkot, Quetta, Islamabad and Faisalabad are considered as the most appropriate location for the proposed venture.

Conducting thorough market research, considering local regulations, and understanding the target market will be crucial to establishing a successful business in the chosen location.

8 POTENTIAL TARGET CUSTOMERS / MARKETS

When establishing a printing and photocopying facility in major cities of Pakistan, there are several potential target customers and markets to consider.

Firstly, educational institutions present a significant market opportunity. Schools, colleges, and universities require printing and photocopying services for a wide range of materials, including textbooks, study guides, lecture notes, and exams. Secondly, the corporate sector is a prime target market. Offices, businesses, and corporate

organizations require printing and photocopying services for various purposes, including business reports, presentations, marketing materials, and training manuals. Regular orders from corporate clients can provide a stable and profitable customer base. Networking with local businesses and participating in business events can help establish connections and attract corporate customers. Government agencies also offer potential as target customers. Building relationships with government agencies can lead to recurring business and long-term contracts. legal professionals form a specific market segment that requires printing and photocopying services. Law firms, lawyers, and legal departments need these services for case files, legal documents, contracts, and court filings. Providing reliable and confidential services to the legal community can lead to loyal clients and referrals. Small businesses and startups are another market to consider. Local businesses, entrepreneurs, and startups often need printing and photocopying services for marketing materials, business cards, brochures, and flyers. Offering competitive pricing, quick turnaround times, and personalized customer support can attract and retain small business customers.

Lastly, individuals seeking personal printing and photocopying services can be a supplementary market. Students, researchers, professionals, and individuals requiring personal documents or event invitations printed often look for nearby facilities. This market segment can benefit from convenient locations, fast service, and flexible pricing options. To effectively target these markets, it is crucial to identify their specific needs, establish competitive pricing strategies, provide high-quality output, and offer excellent customer service. Developing strong relationships with potential customers through networking, partnerships, and effective marketing can help attract and retain a diverse range of clients in major cities of Pakistan.

9 PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of this business. 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. 4.18 million in the year one. The capacity utilization during year one is worked out at 85% with 5% increase in subsequent years up to the maximum capacity utilization of 100% to make it a viable business.

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)	21%
Payback Period (yrs.)	5.02
Net Present Value (Rs.)	1,700,762

9.2 Project Financing

Following table provides details of the equity required:

Table 9.2: Project Financing

Description	Details
Total Equity (100%)	Rs. 2,757,300

9.3 Project Cost

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

Table 9.3: (a) Project Cost

Description	Amount Rs.
Capital Cost	
Renovation Cost	280,000
Machinery and Equipment	1,578,500
Furniture & Fixture	104,500
Office Equipment	170,500
Pre-operating Cost	110,000
Total Capital Cost	2,243,500
Working Capital	
Equipment spare part inventory	31,875
Raw material inventory	61,925
Upfront building rent	420,000

Total Working Capital	513,800
Total Project Cost	2,757,300

Table 9.3(b): Cost Sheet

Description	Unit Cost (Rs.)	In Year 1 at (100% Utilization)	Total Price (Rs.)
Paper 70gsm	1,500	984 Reams	1,476,000
Paper 80gsm	1,750	504 Reams	21,000
Cartridge Printer (Refill)	1,200	2	2,400
Toner for Photocopier	2,000	51.5	102,857
Spiral Binding + Plastic cover	37	1,200	44,400
PVC ID Card	27	1,200	32,400
Envelop	4	3,600	14,400
Pen	7	3,600	25,200
File Cover	15	600	9,000
Clear Bag	30	360	10,800
Misc.	10,000	1	10,000
Total			1,748,457

9.4 Space Requirement

The required space for the proposed printing and photocopying shop will be acquired on rental basis. The shop will be measuring 350sq.ft and rent will be 420,000 yearly. Initially the shop be renovated to attract customers. Details of space requirement and cost related to land & building are given below:

Table 9.4: Space Requirement

Description	Estimated Area (Sqft)	Renovation Cost per Sqft (Rs.)	Total Renovation Cost (Rs.)	Monthly Rent (Rs.)
Shop	350	800	280,000	35,000

Total	350	800	280,000	420,000
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9.5 Machines/Equipment Requirement

The following machines/equipment are required for the proposed project and are stated below:

Table 9.5: Machinery and Equipment

Description	Unit Cost (Rs.)	Quantity	Total Cost (Rs.)
Photocopier Machine	2	550,000	1,100,000
Printer Inkjet	1	75,000	75,000
Spiral Binding Machine	1	23,500	23,500
Computers	2	55,000	110,000
Scanner	1	35,000	35,000
Generator	1	235,000	235,000
Total			1,578,500

9.6 Office Equipment Requirement

Following office equipment will be required for the printing and photocopying business.

Table 9.6: Office Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Telephone set	1	5,000	5,000
Mobile Phone	1	45,000	45,000
Internet connection	1	10,500	10,500
UPS System	1	110,000	110,000

Total			170,500
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9.7 Office Human Resource Requirement

In order to run operations of the printing and photocopying facility smoothly, details of human resources required along with number of employees and monthly salary are recommended as under:

Table 9.7: Human Resource Requirement

Description	No. of Employees	Monthly Salary per person (Rs)	Monthly Salary (Rs)
Owner/Cashier	1	40,000	40,000
Typist	1	30,000	30,000
Photocopy Machine Operators	2	25,000	50,000
Total	4		120,000

9.8 Utilities and other costs

An essential cost to be borne by the project is the cost of electricity, and machinery maintenance and generator fuel. The electricity expenses are estimated to be around Rs. 25,000 per month, machine maintenance is estimated to be Rs. 76,500 yearly and fuel will be Rs. 10,000 per month. Other than that, miscellaneous expenses including entertainment, telephone bill and internet bill will be around 6,000 per month. Furthermore, the administrative benefits expense is estimated to be around 72,000 yearly.

9.9 Revenue Generation

Based on the capacity utilization of 85%, sales revenue during the first year of operations is estimated as under:

Table 9.9: Revenue Generation – Year 1

Description	Sale Price (Rs.)	Number of Units Sold (85%)	Total Price (Rs.)

Black and white Photocopy	7	357000	2,499,000
Black and white Print	10	51000	510,000
Color print	30	5100	153,000
Spiral Binding	100	1020	102,000
ID Card PVC	200	1020	204,000
Envelop	10	3060	30,600
Pen	20	3060	61,200
File cover	30	510	15,300
Clear Bag	50	306	15,300
Scanning Facility	30	1020	30,600
ID card copy	10	10200	102,000
Printed Templates for Job etc.	20	10200	204,000
Typing Facility	50	5100	255,000
Total			4,182,000

10 CONTACT DETAILS

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

10.1 Machinery Suppliers

Machinery Supplier - 1

Name of Supplier /Organization	Pakistan Machinery and Equipment Co. (pvt.) Ltd.
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Address	303, Aamir Trade Centre, 233-1/A, PECHS, Block II, Shahrah-e- Quaideen, Karachi		
Phone	+92-21-34551798	Fax	+92-21-34522786
E-mail	pme@super.net.pk		

Machinery Supplier - 2

Name of Supplier /Organization	Pakistan Printing Equipment Co. (Pvt.) Ltd.		
Address	C-11/3, Sidco Avenue Centre, 264 R.A. Lines, Stretchen Road, Karachi		
Phone	+92-21-35656981	Fax	+92-21-35653620
E-mail	ppe@ppecl.com		

10.2 Raw Material Suppliers

A few of the prominent suppliers of papers and ink are listed below:

Raw Material Supplier - 1

Name of Supplier /Organization	Royal Paper House		
Address	10 Royal Park, Lahore		
Phone	+92-42-6313265	Fax	+92-42-6363566

Raw Material Supplier - 2

Name of Supplier /Organization	Zap Traders		
Address	Paper Market, 473, Shahrah-e- Liaquat, Karachi		
Phone	+92-21-2621423	Fax	

Raw Material Supplier - 3

Name of Supplier /Organization	Grapho Scan Supplies (Pvt.)		
Address	Kashif Centre, 2 nd Floor, 55-A, Chamberlain, lahore		
Phone	+92-42-7232582	Fax	92-42-7351100

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
Ministry of Education, Training & Standards in Higher Education	http://moptt.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 ANNEXURES

12.1 Income Statement

Calculations										
Income Statement										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	4,182,000	4,870,800	5,655,540	6,548,520	7,203,372	7,923,709	8,716,080	9,587,688	10,546,457	11,601,103
<i>Cost of sales</i>										
Cost of goods sold	1,486,189	1,730,973	2,009,851	2,327,196	2,559,916	2,815,908	3,097,498	3,407,248	3,747,973	4,122,770
Cost of goods sold 2	-	-	-	-	-	-	-	-	-	-
Operating costs 1 (direct labor)	-	-	-	-	-	-	-	-	-	-
Operating costs 2 (machinery maintenance)	76,500	81,081	85,671	90,270	90,361	90,451	90,541	90,632	90,723	90,813
Operating costs 3 (direct electricity)	300,000	330,000	363,000	399,300	439,230	483,153	531,468	584,615	643,077	707,384
Operating costs 4 (Generator Fuel)	120,000	132,000	145,200	159,720	175,692	193,261	212,587	233,846	257,231	282,954
Operating costs 5 (direct diesel)	-	-	-	-	-	-	-	-	-	-
Total cost of sales	1,982,689	2,274,054	2,603,723	2,976,487	3,265,199	3,582,773	3,932,095	4,316,341	4,739,003	5,203,922
Gross Profit	2,199,311	2,596,746	3,051,817	3,572,033	3,938,173	4,340,936	4,783,985	5,271,347	5,807,454	6,397,181
<i>General administration & selling expenses</i>										
Administration expense	1,440,000	1,580,200	1,734,051	1,902,881	2,088,148	2,291,453	2,514,552	2,759,372	3,028,029	3,322,842
Administration benefits expense	72,000	79,010	86,703	95,144	104,407	114,573	125,728	137,969	151,401	166,142
Land lease rental expense	-	-	-	-	-	-	-	-	-	-
Building rental expense	420,000	462,000	508,200	559,020	614,922	676,414	744,056	818,461	900,307	990,338
Electricity expense	-	-	-	-	-	-	-	-	-	-
Water expense	-	-	-	-	-	-	-	-	-	-
Gas expense	-	-	-	-	-	-	-	-	-	-
Travelling expense	-	-	-	-	-	-	-	-	-	-
Communications expense (phone, fax, mail, internet, etc.)	43,200	47,406	52,022	57,086	62,644	68,744	75,437	82,781	90,841	99,685
Office vehicles running expense	-	-	-	-	-	-	-	-	-	-
Office expenses (stationary, entertainment, janitorial services, etc)	28,800	31,604	34,681	38,058	41,763	45,829	50,291	55,187	60,561	66,457
Promotional expense	-	-	-	-	-	-	-	-	-	-
Insurance expense	-	-	-	-	-	-	-	-	-	-
Professional fees (legal, audit, consultants, etc.)	41,820	48,708	56,555	65,485	72,034	79,237	87,161	95,877	105,465	116,011
Depreciation expense	182,190	182,190	182,190	182,190	182,190	182,190	182,190	182,190	182,190	182,190
Amortization of pre-operating costs	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Amortization of legal, licensing, and training costs	-	-	-	-	-	-	-	-	-	-
Property tax expense	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous expense 1	-	-	-	-	-	-	-	-	-	-
Subtotal	2,239,010	2,442,118	2,665,401	2,910,864	3,177,108	3,469,439	3,790,413	4,142,837	4,529,793	4,954,665
Operating Income	(39,699)	154,628	386,416	661,169	761,065	871,497	993,571	1,128,509	1,277,661	1,442,516
Other income (interest on cash)	-	-	-	-	-	-	-	-	-	-
Other income 2	-	-	-	-	-	-	-	-	-	-
Gain / (loss) on sale of machinery & equipment	-	-	-	-	-	-	-	-	-	-
Gain / (loss) on sale of office equipment	-	-	-	-	-	-	-	-	-	-
Gain / (loss) on sale of office vehicles	-	-	-	-	-	-	-	-	-	-
Earnings Before Interest & Taxes	(39,699)	154,628	386,416	661,169	761,065	871,497	993,571	1,128,509	1,277,661	1,442,516
Interest on short term debt	-	-	-	-	-	-	-	-	-	-
Interest on export refinancing	-	-	-	-	-	-	-	-	-	-
Interest expense on machinery & equipment lease	-	-	-	-	-	-	-	-	-	-
Interest expense on office equipment lease	-	-	-	-	-	-	-	-	-	-
Interest expense on office vehicles lease	-	-	-	-	-	-	-	-	-	-
Interest expense on long term debt (Project Loan)	-	-	-	-	-	-	-	-	-	-
Interest expense on long term debt (Working Capital Loan)	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-
Earnings Before Tax	(39,699)	154,628	386,416	661,169	761,065	871,497	993,571	1,128,509	1,277,661	1,442,516
Tax	-	-	-	26,117	36,660	53,224	71,536	91,776	114,149	138,877
NET PROFIT/(LOSS) AFTER TAX	(39,699)	154,628	386,416	635,052	724,405	818,273	922,036	1,036,733	1,163,512	1,303,639
Balance brought forward		(39,699)	57,465	221,940	428,496	576,451	697,362	809,699	923,216	1,043,364
Total profit available for appropriation	(39,699)	114,929	443,881	856,993	1,152,902	1,394,724	1,619,397	1,846,432	2,086,728	2,347,002
Dividend	-	57,465	221,940	428,496	576,451	697,362	809,699	923,216	1,043,364	1,173,501
Balance carried forward	(39,699)	57,465	221,940	428,496	576,451	697,362	809,699	923,216	1,043,364	1,173,501

12.2 Balance Sheet

Calculations											SMEDA
Balance Sheet											
Assets	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<i>Current assets</i>											
Cash & Bank	385,000	521,122	792,028	1,127,926	1,510,958	1,833,815	2,127,902	2,411,521	2,694,241	2,981,310	3,619,201
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-
Finished goods inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment spare part inventory	31,875	35,473	39,355	43,541	45,764	48,100	50,556	53,137	55,849	58,700	-
Raw material inventory	61,925	72,196	83,911	97,258	107,090	117,917	129,839	142,965	157,419	173,334	-
Pre-paid annual land lease	-	-	-	-	-	-	-	-	-	-	-
Pre-paid building rent	35,000	38,500	42,350	46,585	51,244	56,368	62,005	68,205	75,026	82,528	-
Pre-paid machinery & equipment lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid office equipment lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid office vehicles lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid insurance	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	513,800	667,291	957,644	1,315,310	1,715,056	2,056,200	2,370,301	2,675,828	2,982,535	3,295,873	3,619,201
<i>Fixed assets</i>											
Land	-	-	-	-	-	-	-	-	-	-	-
Building/Infrastructure	280,000	266,000	252,000	238,000	224,000	210,000	196,000	182,000	168,000	154,000	140,000
Machinery & equipment	1,578,500	1,420,650	1,262,800	1,104,950	947,100	789,250	631,400	473,550	315,700	157,850	-
Furniture & fixtures	104,500	99,275	94,050	88,825	83,600	78,375	73,150	67,925	62,700	57,475	52,250
Office vehicles	-	-	-	-	-	-	-	-	-	-	-
Office equipment	170,500	165,385	160,270	155,155	150,040	144,925	139,810	134,695	129,580	124,465	119,350
Total Fixed Assets	2,133,500	1,951,310	1,769,120	1,586,930	1,404,740	1,222,550	1,040,360	858,170	675,980	493,790	311,600
<i>Intangible assets</i>											
Pre-operation costs	110,000	99,000	88,000	77,000	66,000	55,000	44,000	33,000	22,000	11,000	-
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
Total Intangible Assets	110,000	99,000	88,000	77,000	66,000	55,000	44,000	33,000	22,000	11,000	-
TOTAL ASSETS	2,757,300	2,717,601	2,814,764	2,979,240	3,185,796	3,333,750	3,454,661	3,566,998	3,680,515	3,800,663	3,930,801
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable	-	-	-	-	-	-	-	-	-	-	-
Export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Short term debt	-	-	-	-	-	-	-	-	-	-	-
<i>Other liabilities</i>											
Total Current Liabilities	-	-	-	-	-	-	-	-	-	-	-
<i>Other liabilities</i>											
Machinery & equipment lease payable	-	-	-	-	-	-	-	-	-	-	-
Office equipment lease payable	-	-	-	-	-	-	-	-	-	-	-
Office vehicle lease payable	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	-	-	-	-	-	-
Long term debt (Project Loan)	-	-	-	-	-	-	-	-	-	-	-
Long term debt (Working Capital Loan)	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Liabilities	-	-	-	-	-	-	-	-	-	-	-
<i>Shareholders' equity</i>											
Paid-up capital	2,757,300	2,757,300	2,757,300	2,757,300	2,757,300	2,757,300	2,757,300	2,757,300	2,757,300	2,757,300	2,757,300
Retained earnings	-	(39,699)	57,465	221,940	428,496	576,451	697,362	809,699	923,216	1,043,364	1,173,501
Total Equity	2,757,300	2,717,601	2,814,764	2,979,240	3,185,796	3,333,750	3,454,661	3,566,998	3,680,515	3,800,663	3,930,801
TOTAL CAPITAL AND LIABILITIES	2,757,300	2,717,601	2,814,764	2,979,240	3,185,796	3,333,750	3,454,661	3,566,998	3,680,515	3,800,663	3,930,801

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		(39,699)	154,628	386,416	635,052	724,405	818,273	922,036	1,036,733	1,163,512	1,303,639
Add: depreciation expense		182,190	182,190	182,190	182,190	182,190	182,190	182,190	182,190	182,190	182,190
amortization of pre-operating costs		11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
amortization of training costs		-	-	-	-	-	-	-	-	-	-
Deferred income tax		-	-	-	-	-	-	-	-	-	-
Accounts receivable		-	-	-	-	-	-	-	-	-	-
Finished goods inventory		-	-	-	-	-	-	-	-	-	-
Equipment inventory	(31,875)	(3,598)	(3,882)	(4,186)	(2,223)	(2,336)	(2,456)	(2,581)	(2,713)	(2,851)	58,700
Raw material inventory	(61,925)	(10,271)	(11,715)	(13,346)	(9,833)	(10,827)	(11,921)	(13,127)	(14,454)	(15,915)	173,334
Pre-paid building rent	(35,000)	(3,500)	(3,850)	(4,235)	(4,659)	(5,124)	(5,637)	(6,200)	(6,821)	(7,503)	82,528
Pre-paid machinery & equipment lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid office equipment lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid office vehicles lease interest	-	-	-	-	-	-	-	-	-	-	-
Advance insurance premium	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Cash provided by operations	(128,800)	136,122	328,370	557,838	811,528	899,308	991,449	1,093,318	1,205,936	1,330,433	1,811,392
<i>Financing activities</i>											
Project Loan - principal repayment	-	-	-	-	-	-	-	-	-	-	-
Working Capital Loan - principal repayment	-	-	-	-	-	-	-	-	-	-	-
Add: land lease expense	-	-	-	-	-	-	-	-	-	-	-
Land lease payment	-	-	-	-	-	-	-	-	-	-	-
Machinery & equipment lease principal repayment	-	-	-	-	-	-	-	-	-	-	-
Office equipment lease principal repayment	-	-	-	-	-	-	-	-	-	-	-
Office vehicles lease principal repayment	-	-	-	-	-	-	-	-	-	-	-
Short term debt principal repayment	-	-	-	-	-	-	-	-	-	-	-
Export re-finance principal repayment	-	-	-	-	-	-	-	-	-	-	-
Additions to export refinancing	-	-	-	-	-	-	-	-	-	-	-
Additions to lease financing	-	-	-	-	-	-	-	-	-	-	-
Additions to Project Loan	-	-	-	-	-	-	-	-	-	-	-
Additions to Working Capital Loan	-	-	-	-	-	-	-	-	-	-	-
Issuance of shares	2,757,300	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares	-	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing activities	2,757,300	-	-	-	-	-	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(2,243,500)	-	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-	-
Cash (used for) / provided by investing activities	(2,243,500)	-	-	-	-	-	-	-	-	-	-
NET CASH	385,000	136,122	328,370	557,838	811,528	899,308	991,449	1,093,318	1,205,936	1,330,433	1,811,392
Cash balance brought forward		385,000	521,122	792,028	1,127,926	1,510,958	1,833,815	2,127,902	2,411,521	2,694,241	2,981,310
Cash available for appropriation	385,000	521,122	849,492	1,349,866	1,939,454	2,410,266	2,825,264	3,221,220	3,617,457	4,024,674	4,792,702
Dividend		-	57,465	221,940	428,496	576,451	697,362	809,699	923,216	1,043,364	1,173,501
Cash balance	385,000	521,122	792,028	1,127,926	1,510,958	1,833,815	2,127,902	2,411,521	2,694,241	2,981,310	3,619,201
Cash carried forward	385,000	521,122	792,028	1,127,926	1,510,958	1,833,815	2,127,902	2,411,521	2,694,241	2,981,310	3,619,201

13 KEY ASSUMPTIONS

13.1 Production Cost Assumptions

Description	Details
Working days in a year	330 days
Number of working hours	12 Hour/Day

13.2 Revenue Assumptions

Description	Details
Revenue Y1	Rs. 4,182,000
Capital Utilization Rate	85%
Capital Utilization Growth Rate	5%

13.3 Financial Assumptions

Description	Details
Equity	100%
Debt	0%

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