



Pre-feasibility Study

PRIVATE LIBRARY

September 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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Document Control

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2 EXECUTIVE SUMMARY

Private Library is proposed to be located in a prime urban location i.e., Quetta, Karachi, Peshawar, Islamabad, Lahore and Rawalpindi etc. within Pakistan. The library's location will be chosen for its accessibility and proximity to educational institutions, cultural hubs, and residential areas, ensuring convenient access for target audience. This library's core product will be a serene and technology-enhanced environment featuring comfortable seating areas, private cabins equipped with personalized reading facilities, and a modern computer system for research and collaboration.

The operational capacity of the private library stands at 300 students per month, operating at full capacity. Currently, the library's capacity utilization is at a commendable 80%, reflecting a thriving engagement with its services. This utilization rate is set to increase by 5% annually, demonstrating a steady and progressive growth trajectory.

Total Cost Estimates is Rs. 6,130,000 with fixed investment Rs. 5,421,000 and working capital Rs. 709,000. Given the cost assumptions IRR and payback are 32% and 3.93 years respectively.

The most critical considerations or factors for success of the project are: First, its location greatly influences accessibility for the intended audience. Second, a well-trained staff, including librarians and assistants, is vital for assisting patrons, offering recommendations, and managing day-to-day operations. Effective marketing strategies, both online and offline, are essential to raise awareness and draw a steady stream of visitors. Building a sense of community through book clubs, author talks, workshops, and events fosters patron loyalty and creates a vibrant atmosphere. Providing a seamless and enjoyable user experience, both physically and digitally, is crucial for attracting and retaining patrons. Lastly, establishing a feedback mechanism enables continuous improvement in services, offerings, and the overall user experience.

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 this proposed Pre-feasibility is primarily to facilitate potential entrepreneurs with the investment information and provide an overview about the "Private Library". 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 marketing, finance and business management. The document also provides sectoral information and international scenario, which have some bearing on the project itself.

The purpose of this document is to facilitate potential investors of the Private Library business by providing them a macro and micro view of the business with the hope that the information provided herein will aid the potential investors in crucial investment decisions.

This particular Pre-feasibility is regarding setting up "Private Library". Our report is based on the information obtained by us from industry sources as well as our discussions with businessmen. For financial model, since the forecast / projections relate to the future periods, actual results are likely to differ because of the events and circumstances that don't occur as frequently as expected.

5 BRIEF DESCRIPTION OF PROJECT & PRODUCT

The proposed project represents a visionary endeavor aimed at revolutionizing the concept of private libraries by seamlessly blending traditional reading values with cutting-edge technology. Positioned as a cornerstone of our envisioned private library, this project promises to create a dynamic and forward-looking reading environment. By artfully integrating technological elements i.e., computer system and high speed internet connectivity, into the library's design, the goal is to establish an atmosphere where the timeless charm of traditional reading converges harmoniously with the versatility of modern digital tools, catering to the diverse needs and preferences of our patrons.

In terms of location, this project seeks to establish a distinct private library concept strategically placed in prominent urban centers such as Quetta, Karachi, Peshawar, Islamabad, Lahore, and Rawalpindi within Pakistan. The selection of these locations is deliberate, aiming for accessibility and proximity to educational institutions, cultural hubs, and residential areas to ensure convenient access for the target audience.

The library's core product will be an oasis of serenity and technology. It will offer comfortable seating areas, private cabins equipped with personalized reading facilities, and a cutting-edge computer system designed to facilitate research and collaboration. This holistic approach to library design ensures that our patrons experience a serene yet highly productive environment for their intellectual pursuits.

Target market encompasses students, professionals, and avid readers seeking a refined and tranquil setting for their intellectual pursuits. By offering a sophisticated fusion of modern amenities and a serene reading environment, this project aims to captivate Pakistan's discerning audience and foster a renewed appreciation for literature and learning.

Moreover, in terms of employment generation, this pre-feasibility study outlines plans to hire a total of six individuals, including five full-time employees and one part-time employee, further contributing to local employment opportunities and the growth of the library's community impact. In summary, this proposed project represents a visionary step towards redefining private libraries in Pakistan, with innovation, accessibility, and excellence at its core.

5.1 Operational Capacities

The operational capacity of the private library stands at 300 students per month, operating at full capacity. Currently, the library's capacity utilization is at a commendable 80%, reflecting a thriving engagement with its services. This

utilization rate is set to increase by 5% annually, demonstrating a steady and progressive growth trajectory.

6 CRITICAL FACTORS

- The library's location plays a significant role in its accessibility to the target audience.
- Trained and knowledgeable staff, including librarians and assistant librarian are essential to assist patrons, offer recommendations, and manage the library's operations effectively.
- Effective marketing strategies, both online and offline, are necessary to create awareness about the library's offerings and attract a consistent flow of visitors.
- Establishing a sense of community through book clubs, author talks, workshops, and events fosters patron loyalty and creates a dynamic atmosphere within the library.
- Seamless and enjoyable user experience, both physically and digitally, is critical for attracting and retaining patrons.
- Establishing a mechanism for patrons to provide feedback helps the library continuously improve its services, offerings, and user experience.

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

Pakistan offers a promising geographical potential for investment in private libraries. With its diverse and vibrant population, the country's urban centers present ample opportunities for establishing innovative reading spaces. Major cities like Karachi, Lahore, and Islamabad boast a growing population of students, professionals, and avid readers who are seeking enriching intellectual experiences. The strategic placement of private libraries in proximity to educational institutions, cultural centers, and residential areas enhances accessibility and convenience for the target audience. Furthermore, Pakistan's rich literary heritage and the increasing emphasis on education make private libraries a valuable asset in promoting literacy, lifelong learning, and cultural engagement. By tapping into this geographical potential, investors can not only create profitable ventures but also contribute to the intellectual and social development of the nation.

8 POTENTIAL TARGET CUSTOMERS / MARKETS

The potential target customers and markets for a private library in Pakistan are diverse and encompass a wide range of individuals who are enthusiastic about literature, learning, and intellectual exploration. Students from various educational institutions, spanning entry test exams students, college, and university levels, represent a significant demographic eager to access resources for academic research and personal enrichment. Professionals seeking a serene yet technologically advanced environment for focused work and leisure reading also form a valuable market segment. Furthermore, Pakistan's burgeoning middle-class population, with an increasing interest in cultural activities and personal growth, presents an opportunity to cater to a broader audience of lifelong learners. Collaborations with local institutes, colleges, and universities, as well as partnerships with corporate organizations, can extend the library's reach and create a symbiotic relationship between education, culture, and leisure. By tailoring services and offerings to these potential target customers and markets, the private library can become a hub of knowledge, innovation, and community engagement.

9 PROJECT COST SUMMARY

9.1 Project Economics

All the figures in this financial model have been calculated for estimated revenue of Rs. 5.76 million. The following table shows Internal Rate of Return, Payback Period and Net Present Value of the proposed venture.

Table 1: Project Economics (100% Equity Based)

Description	Details
Internal Rate of Return (IRR)	32%
Payback Period (Yrs.)	3.93
Net Present Value (Rs.)	1,846,976

Calculation of break-even analysis is as follows:

Table 2: Breakeven (100% Equity Based)

BREAKEVEN ANALYSIS	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Break Even Point (Sales)	2,896,437	2,850,770	2,834,943	2,842,532	2,869,463	2,764,956	2,845,838	2,933,296	3,027,615	3,129,119
Break Even Point (Unit)	1449	1296	1172	1068	980	859	804	753	707	664
Margin of Safety	49.7%	57.7%	63.8%	68.8%	72.8%	76.2%	77.7%	79.1%	80.4%	81.6%

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

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

Description	Details
Internal Rate of Return (IRR)	30%
Payback Period (Yrs.)	4.07
Net Present Value (Rs.)	4,142,959

The financial assumptions for Debt:Equity are as follows:

Table 4: Financial Assumptions for Debt:Equity Model

Description	Details
Debt	50%
Equity	50%
Interest Rate on Debt	22%
Debt Tenure	5 Years
Debt Payment / Year	1

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

9.2 Project Cost

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

Table 5: Project Cost

Description	Amount Rs.
Capital Cost	
Building Renovation	500,000
Equipment	450,000

Furniture and Fixtures	3,057,000
Office Equipment	745,000
Pre-operating Cost	669,000
Total Capital Cost	5,421,000
Working Capital	
Up-front Building Rent	600,000
Up-front insurance payment	9,000
Cash	100,000
Total Working Capital	709,000
Total Project Cost	6,130,000

9.3 Space Requirement

The space requirement for the proposed private library is estimated considering various facilities including library lounge, conversation room, cabins area, open space, etc. The rent is estimated to be **50,000/month** and renovation cost is estimated to be **Rs. 500,000/-** of the building, and the details are given below:

Table 6: Space Requirement

Description	Estimated Area (Sqft)	Total (Rs.)
Reception Area	200	-
Female Washroom	100	-
Male Washroom	100	-
Office Area	100	-
Main Library Lounge	800	-
Conversation Area	200	-
Cabin Room	500	-
Praying Area Female	100	-
Garden	300	-
Open Space (Parking)	600	-
Renovation Cost	3000 Sqft	500,000

Total Covered Area	3000 Sqft	-
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9.4 Tools & Equipment Requirement

Details of tools of equipment required for the project are given below;

Table 7: Tools & Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Generator 10KVA	1	450,000	450,000
Total			450,000

9.5 Furniture & Fixtures Requirement

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

Table 8: Furniture & Fixture

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Administration Block			
Revolving Chairs	3	15,000	45,000
Visitor Chair	8	6,000	48,000
Tables	3	15,000	45,000
Library Lounge Area			
Chairs	40	6,000	240,000
Tables	3	35,000	105,000
Sofa L shape 10 Seater	2	70,000	140,000
Cabins for Computer system	2	12,000	24,000
Revolving Chairs	2	10,000	20,000
Conversation Area			
Chairs	10	6,000	60,000

Table (10x3)	1	35,000	35,000
Cabins Area			
Cabins	38	12,000	456,000
Revolving Chairs	38	10,000	380,000
Book shelves (7x15)	3	50,000	150,000
Books	1	300,000	300,000
Carpeting	1,500	150	225,000
Electric Wiring & Lighting	1	150,000	150,000
Centralized Evaporative Air cooling System	1	550,000	550,000
Fans	12	7,000	84,000
Total Furniture & Fixtures			3,057,000

9.6 Office Equipment Requirement

Following office equipment will be required for Private Library;

Table 9: Office Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Laptop core i7	2	125,000	250,000
Computer system core i5	2	70,000	140,000
3 in 1 Printer +Scanner + Photocopier	1	45,000	45,000
Internet modem and connection	1	10,000	10,000
Telephone Set	1	5,000	5,000
UPS	1	160,000	160,000
Water Dispenser	1	45,000	45,000
CCTV Camera and Installation	1	85,000	85,000
Total			745,000

9.7 Human Resource Requirement

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

Table 10: Human Resource Requirement

Description	No. of Employees	Monthly Salary per person (Rs.)
Owner/Manager	1	75,000
Librarian	1	50,000
Assistant Librarian	1	40,000
Helper/Peon	1	32,000
Sweeper (Part time)	1	15,000
Guard	1	32,000
Total	6	

9.8 Utilities and other costs

An essential cost to be borne by the project is the cost of electricity. The electricity expenses are estimated to be around Rs. 60,000 per month. Furthermore, promotional expense being essential for marketing of private library is estimated as 2% of administrative / Cost of Sales expenses.

9.9 Revenue Generation

Based on the capacity utilization of 80% respectively, sales revenue during the first year of operations is estimated as under;

Table 11: Revenue Generation – Year 1

Description	Total No. of Memberships	Fee/ Month (Rs.)	No. of Months in Y1	No. of Memberships at 80% capital utilization	Revenue Y1 (Rs.)
Membership	300	2,000	12	2,880	5,760,000
Total	300	2,000	12	2,880	5,760,000

10 CONTACT DETAILS

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

10.1 Suppliers

Name of Supplier	Address	Phone	E-mail	Website
Apna Furniture	G-21 Goldmine Plaza, Ferozepur Road, Lahore	0331-8999222	info@apnafurniture.pk	www.apnafurniture.pk/
SAAB Moulded Furniture	3 KM to muridke, opposite yousaf floor mill Main G.T Road, Manoabad, Punjab	0330-7474061	support@saabpakistan.com	https://saabpakistan.com/
HOiD	Lane 12 Bukhari Commercial Ph 6 DHA Karachi	+923-111-444-711 +923-162-760-377	support@hoid.pk	https://hoid.pk/
EZMakaan	11 Ittehad Lane 3, Ittehad Commercial Area Phase 6 DHA, karachi, Sindh 75500	0304-0625226	info@ezmakaan.com	https://ezmakaan.com/
Star Traders	Shop No. 17, Grace Center, Khayabn-e-Hafiz, Gizri, Karachi	0322-2287569 0307-0216435	-	-

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
Punjab Industrial Estates (PIE)	www.pie.com.pk
Faisalabad Industrial Estate Development and Management Company (FIEDMC)	www.fiedmc.com.pk
Furniture Pakistan	www.furniturepakistan.org.pk

12 ANNEXURES

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	5,760,000	6,732,000	7,840,800	9,104,040	10,541,520	11,595,672	12,755,239	14,030,763	15,433,839	16,977,223
<i>Cost of sales</i>										
Cost of goods sold 1	-	-	-	-	-	-	-	-	-	-
Cost of goods sold 2	-	-	-	-	-	-	-	-	-	-
Operation costs 1 (direct labor)	1,980,000	2,079,000	2,182,950	2,292,098	2,406,702	2,527,037	2,653,389	2,786,059	2,925,362	3,071,630
Operating costs 2 (machinery maintenance)	28,800	32,742	37,095	41,896	47,189	50,492	54,026	57,808	61,855	66,185
Operating costs 3 (direct electricity)	720,000	841,500	980,100	1,138,005	1,317,690	1,449,459	1,594,405	1,753,845	1,929,230	2,122,153
Operating costs 4 (direct water)	34,560	40,392	47,045	54,624	63,249	69,574	76,531	84,185	92,603	101,863
Operating costs 5 (direct gas)	28,800	33,660	39,204	45,520	52,708	57,978	63,776	70,154	77,169	84,886
Total cost of sales	2,792,160	3,027,294	3,286,394	3,572,143	3,887,538	4,154,541	4,442,128	4,752,051	5,086,219	5,446,717
Gross Profit	2,967,840	3,704,706	4,554,406	5,531,897	6,653,982	7,441,131	8,313,111	9,278,712	10,347,621	11,530,507
<i>General administration & selling expenses</i>										
Administration expense	948,000	995,400	1,045,170	1,097,429	1,152,300	1,209,915	1,270,411	1,333,931	1,400,628	1,470,659
Administration benefits expense	28,440	29,862	31,355	32,923	34,569	36,297	38,112	40,018	42,019	44,120
Land lease rental expense	-	-	-	-	-	-	-	-	-	-
Building rental expense	600,000	660,000	726,000	798,600	878,460	966,306	1,062,936	1,169,230	1,286,153	1,414,768
Electricity expense	-	-	-	-	-	-	-	-	-	-
Water expense	-	-	-	-	-	-	-	-	-	-
Gas expense	-	-	-	-	-	-	-	-	-	-
Travelling expense	37,920	39,816	41,807	43,897	46,092	48,397	50,816	53,357	56,025	58,826
Communications expense (phone, fax, mail, internet, etc.)	56,880	59,724	62,710	65,846	69,138	72,595	76,225	80,036	84,038	88,240
Office vehicles running expense	-	-	-	-	-	-	-	-	-	-
Office expenses (stationary, entertainment, janitorial services, etc.)	77,736	81,623	85,704	89,989	94,489	99,213	104,174	109,382	114,851	120,594
Promotional expense	115,200	134,640	156,816	182,081	210,830	231,913	255,105	280,615	308,677	339,544
Insurance expense	9,000	8,100	7,200	6,300	5,400	4,500	3,600	2,700	1,800	900
Professional fees (legal, audit, consultants, etc.)	28,800	33,660	39,204	45,520	52,708	57,978	63,776	70,154	77,169	84,886
Depreciation expense	450,200	450,200	450,200	450,200	450,200	450,200	450,200	450,200	450,200	450,200
Amortization of pre-operating costs	133,800	133,800	133,800	133,800	133,800	-	-	-	-	-
Amortization of legal, licensing, and training costs	-	-	-	-	-	-	-	-	-	-
Property tax expense	-	-	-	-	-	-	-	-	-	-
Bad debt expense	57,600	67,320	78,408	91,040	105,415	115,957	127,552	140,308	154,338	169,772
Miscellaneous expense 1	-	-	-	-	-	-	-	-	-	-
Subtotal	2,543,576	2,694,145	2,858,374	3,037,624	3,233,400	3,293,271	3,502,907	3,729,931	3,975,898	4,242,510
Operating Income	424,264	1,010,561	1,696,033	2,494,272	3,420,582	4,147,860	4,810,204	5,548,781	6,371,723	7,287,997
Other income (interest on cash)	106,555	190,904	281,000	379,636	486,306	588,337	680,084	770,448	862,444	964,478
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	530,820	1,201,465	1,977,033	2,873,908	3,906,888	4,736,198	5,490,288	6,319,229	7,234,167	8,252,475
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	530,820	1,201,465	1,977,033	2,873,908	3,906,888	4,736,198	5,490,288	6,319,229	7,234,167	8,252,475
Tax	217,636	492,601	810,584	1,178,302	1,601,824	1,941,841	2,251,018	2,590,884	2,966,008	3,383,515
NET PROFIT/(LOSS) AFTER TAX	313,184	708,865	1,166,449	1,695,606	2,305,064	2,794,357	3,239,270	3,728,345	4,268,158	4,868,960
Balance brought forward	-	156,592	432,728	799,589	1,247,597	1,776,331	2,285,344	2,762,307	3,245,326	3,756,742
Total profit available for appropriation	313,184	865,456	1,599,178	2,495,195	3,552,661	4,570,687	5,524,613	6,490,652	7,513,484	8,625,703
Dividend	156,592	432,728	799,589	1,247,597	1,776,331	2,285,344	2,762,307	3,245,326	3,756,742	4,312,851
Balance carried forward	156,592	432,728	799,589	1,247,597	1,776,331	2,285,344	2,762,307	3,245,326	3,756,742	4,312,851

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	650,000	1,481,109	2,336,969	3,283,038	4,309,686	5,416,433	6,350,315	7,251,361	8,157,598	9,091,278	10,198,291
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-
Finished goods inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment spare part inventory	-	-	-	-	-	-	-	-	-	-	-
Raw material inventory	-	-	-	-	-	-	-	-	-	-	-
Pre-paid annual land lease	-	-	-	-	-	-	-	-	-	-	-
Pre-paid building rent	50,000	55,000	60,500	66,550	73,205	80,525	88,578	97,436	107,179	117,897	-
Pre-paid machinery & equipment lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid office equipment lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid office vehicles lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid insurance	9,000	8,100	7,200	6,300	5,400	4,500	3,600	2,700	1,800	900	-
Total Current Assets	709,000	1,544,209	2,404,669	3,355,887	4,388,291	5,501,459	6,442,493	7,351,497	8,266,577	9,210,076	10,198,291
<i>Fixed assets</i>											
Land	-	-	-	-	-	-	-	-	-	-	-
Building/Infrastructure	500,000	475,000	450,000	425,000	400,000	375,000	350,000	325,000	300,000	275,000	250,000
Machinery & equipment	450,000	405,000	360,000	315,000	270,000	225,000	180,000	135,000	90,000	45,000	-
Furniture & fixtures	3,057,000	2,751,300	2,445,600	2,139,900	1,834,200	1,528,500	1,222,800	917,100	611,400	305,700	-
Office vehicles	-	-	-	-	-	-	-	-	-	-	-
Office equipment	745,000	670,500	596,000	521,500	447,000	372,500	298,000	223,500	149,000	74,500	-
Total Fixed Assets	4,752,000	4,301,800	3,851,600	3,401,400	2,951,200	2,501,000	2,050,800	1,600,600	1,150,400	700,200	250,000
<i>Intangible assets</i>											
Pre-operation costs	669,000	535,200	401,400	267,600	133,800	-	-	-	-	-	-
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
Total Intangible Assets	669,000	535,200	401,400	267,600	133,800	-	-	-	-	-	-
TOTAL ASSETS	6,130,000	6,381,209	6,657,669	7,024,887	7,473,291	8,002,459	8,493,293	8,952,097	9,416,977	9,910,276	10,448,291
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable	-	2,367	2,691	3,049	3,444	3,879	4,150	4,441	4,751	5,084	5,440
Export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Short term debt	-	-	-	-	-	-	-	-	-	-	-
<i>Other liabilities</i>											
Total Current Liabilities	-	2,367	2,691	3,049	3,444	3,879	4,150	4,441	4,751	5,084	5,440
<i>Other liabilities</i>											
Machinery & equipment lease payable	-	-	-	-	-	-	-	-	-	-	-
Office equipment lease payable	-	-	-	-	-	-	-	-	-	-	-
Office vehicle lease payable	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	-	92,250	92,250	92,250	92,250	92,250	73,800	55,350	36,900	18,450	0
Long term debt (Project Loan)	-	-	-	-	-	-	-	-	-	-	-
Long term debt (Working Capital Loan)	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Liabilities	-	92,250	92,250	92,250	92,250	92,250	73,800	55,350	36,900	18,450	0
<i>Shareholders' equity</i>											
Paid-up capital	6,130,000	6,130,000	6,130,000	6,130,000	6,130,000	6,130,000	6,130,000	6,130,000	6,130,000	6,130,000	6,130,000
Retained earnings	-	156,592	432,728	799,589	1,247,597	1,776,331	2,285,344	2,762,307	3,245,326	3,756,742	4,312,851
Total Equity	6,130,000	6,286,592	6,562,728	6,929,589	7,377,597	7,906,330	8,415,343	8,892,306	9,375,326	9,886,742	10,442,851
TOTAL CAPITAL AND LIABILITIES	6,130,000	6,381,209	6,657,669	7,024,887	7,473,291	8,002,459	8,493,293	8,952,097	9,416,977	9,910,276	10,448,291
	-	-	-	-	-	-	-	-	-	-	(0)

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		313,184	708,865	1,166,449	1,695,606	2,305,064	2,794,357	3,239,270	3,728,345	4,268,158	4,868,960
Add: depreciation expense		450,200	450,200	450,200	450,200	450,200	450,200	450,200	450,200	450,200	450,200
amortization of pre-operating costs		133,800	133,800	133,800	133,800	133,800	-	-	-	-	-
amortization of training costs		-	-	-	-	-	-	-	-	-	-
Deferred income tax		92,250	-	-	-	-	(18,450)	(18,450)	(18,450)	(18,450)	(18,450)
Accounts receivable		-	-	-	-	-	-	-	-	-	-
Finished goods inventory		-	-	-	-	-	-	-	-	-	-
Equipment inventory	-	-	-	-	-	-	-	-	-	-	-
Raw material inventory	-	-	-	-	-	-	-	-	-	-	-
Pre-paid building rent	(50,000)	(5,000)	(5,500)	(6,050)	(6,655)	(7,320)	(8,053)	(8,858)	(9,744)	(10,718)	117,897
Pre-paid machinery & equipment lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid office equipment lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid office vehicles lease interest	-	-	-	-	-	-	-	-	-	-	-
Advance insurance premium	(9,000)	900	900	900	900	900	900	900	900	900	900
Accounts payable		2,367	324	358	395	435	271	291	311	333	356
Other liabilities		-	-	-	-	-	-	-	-	-	-
Cash provided by operations	(59,000)	987,701	1,288,589	1,745,657	2,274,246	2,883,078	3,219,226	3,663,352	4,151,562	4,690,423	5,419,864
<i>Financing activities</i>											
Project Loan - principal repayment		-	-	-	-	-	-	-	-	-	-
Working Capital Loan - principal repayment		-	-	-	-	-	-	-	-	-	-
Add: land lease expense		-	-	-	-	-	-	-	-	-	-
Land lease payment	-	-	-	-	-	-	-	-	-	-	-
Machinery & equipment lease principal repaym	-	-	-	-	-	-	-	-	-	-	-
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	6,130,000	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares		-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing activities	6,130,000	-	-	-	-	-	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(5,421,000)	-	-	-	-	-	-	-	-	-	-
Acquisitions		-	-	-	-	-	-	-	-	-	-
Cash (used for) / provided by investing activities	(5,421,000)	-	-	-	-	-	-	-	-	-	-
NET CASH	650,000	987,701	1,288,589	1,745,657	2,274,246	2,883,078	3,219,226	3,663,352	4,151,562	4,690,423	5,419,864
Cash balance brought forward		650,000	1,481,109	2,336,969	3,283,038	4,309,686	5,416,433	6,350,315	7,251,361	8,157,598	9,091,278
Cash available for appropriation	650,000	1,637,701	2,769,697	4,082,626	5,557,283	7,192,764	8,635,659	10,013,668	11,402,924	12,848,021	14,511,142
Dividend		156,592	432,728	799,589	1,247,597	1,776,331	2,285,344	2,762,307	3,245,326	3,756,742	4,312,851
Cash balance	650,000	1,481,109	2,336,969	3,283,038	4,309,686	5,416,433	6,350,315	7,251,361	8,157,598	9,091,278	10,198,291
Cash carried forward	650,000	1,481,109	2,336,969	3,283,038	4,309,686	5,416,433	6,350,315	7,251,361	8,157,598	9,091,278	10,198,291

13 KEY ASSUMPTIONS

13.1 Operating Cost Assumptions

Description	Details
Total no. of days operational in first year	330
Total no. of months in one year	12
Shift/Day	1
Shift Hour/Day	12 Hours

13.2 Production Cost Assumptions

Description	Details
Capacity utilization	80%
Capacity growth rate	5%
Maximum capacity utilization	100%

13.3 Revenue Assumptions

Description	Details
Revenue Y1	5,760,000
Sales price growth rate	10%

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