
Pre-Feasibility Study

SALT PRODUCTS MANUFACTURING UNIT



Small and Medium Enterprises Development Authority

Ministry of Industries & Production Government of Pakistan

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TABLE OF CONTENTS

1	DISCLAIMER	3
2	EXECUTIVE SUMMARY.....	4
3	INTRODUCTION TO SMEDA.....	4
4	PURPOSE OF THE DOCUMENT	5
5	BRIEF DESCRIPTION OF PROJECT & PRODUCT	5
5.1	Production Process.....	6
5.2	Installed and Operational Capacities	6
6	CRITICAL FACTORS	7
7	GEOGRAPHICAL POTENTIAL FOR INVESTMENT	7
8	POTENTIAL TARGET CUSTOMERS / MARKETS.....	7
9	PROJECT COST SUMMARY	8
9.1	Project Economics	8
9.2	Project Financing.....	8
9.3	Project Cost	9
9.4	Space Requirement.....	10
9.5	Machinery & Equipment Requirement	10
9.6	Furniture & Fixture Requirement	11
9.7	Office Equipment Requirement.....	11
9.8	Office Vehicle	12
9.9	Raw Material Requirement	12
9.10	Human Resource Requirement	12
9.11	Utilities and Other Costs	13
9.12	Revenue Generation.....	13
10	CONTACT DETAILS.....	14
11	USEFUL WEB LINKS	14
12	ANNEXURES.....	16
12.1	Income Statement.....	16
12.2	Balance Sheet	17
12.3	Cash Flow Statement	18
13	KEY ASSUMPTIONS.....	19
13.1	Operating Cost Assumptions	19
13.2	Production Cost Assumptions.....	19
13.3	Revenue Assumptions.....	19

1 DISCLAIMER

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2 EXECUTIVE SUMMARY

The salt products manufacturing project entails production of rock salt crystal products ranging from lamps, tiles, candle stands, salt soaps and various decorative shapes / pieces. There is a growing demand of salt products in western countries due to its healing properties for their natural curative properties and distinctive color composition of decorative items.

Pakistan's salt products are well known all over the world for their distinctive composition and craftsmanship. Pakistan holds one of the largest reserves of salt deposits in the world. Growing international demand for salt products, availability of cheap and skilled labour coupled with abundant raw material offers new start-ups a very promising opportunity to venture into salt products manufacturing.

This pre-feasibility provides details for setting up a Salt Products Manufacturing Unit, which has a capacity of manufacturing around 655 pieces of different salt products in a day and 196,500 products in a year. The initial starting capacity in year one is assumed at 60%, while maximum capacity utilization is 95%. The salt products manufacturing unit is proposed to be ideally located in any adjoining industrial areas of Khewra, Warcha, Mianwali, Kalabagh and Mianwali districts. These areas are preferred due to their proximity to raw material and availability of skilled labor.

The proposed salt products manufacturing unit entails a total investment of about Rs. 4.69 million. This includes capital investment of Rs. 3.01 million and Rs. 1.68 million as initial working capital. The project is financed through 100% equity. The Net Present Value (NPV) of the project is around Rs. 15.37 million with an Internal Rate of Return (IRR) of 54% and a payback period of 2.99 years.

The project will provide employment opportunities to 33 people including owner manager. Higher return on investment and a steady growth of business is expected with the entrepreneur having some prior experience or education in the related field of business. The legal business status of this project is proposed as 'Sole Proprietorship'.

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 **Salt Products 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 it's 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

There are a number of factors for which salt products are sought worldwide, however, therapeutic and decorative, are two distinct reasons for which, salt products are bought all over the world.

This pre-feasibility details information about investment opportunities for the production of rock salt crystal products such as salt lamps, candle stand, salt soap, salt spa products, salt inhalers, salt bricks, tiles and blocks etc. The proposed salt products manufacturing unit will primarily focus on indirect export (middlemen /

traders). The rock salt crystal products are highly suitable for decorative and natural curative purposes in homes, offices and restaurants, etc.

The proposed project is based on a unit with 2 lathe machines (5ft capacity), 2 cutter (18" and 32" length), grinders, drills and blowers with a capacity of manufacturing 196,500 units (i.e. different types of salt products) per annum. Total employment required for this unit would be 33 persons including owner / manager. Total area required for the unit would be approximately 2.25 kanals that will be acquired on rent. The legal business status of this project is proposed as 'Sole Proprietorship'.

Growing international demand for salt products, especially in western countries due to its healing properties for a number of ailments, availability of cheap and skilled labor coupled with abundant raw material offers new start-ups a very promising opportunity to venture into salt products manufacturing.

5.1 Production Process

Blocks of salt are cut into small pieces by cutters. Lathe machines are used to shape and size salt pieces into lamps and candle stands etc. Finishing operations are carried out on a grinder and drill machine. Natural profile products (natural shape) are made on grinders and hand drills.

5.2 Installed and Operational Capacities

The proposed unit is based on 2 lathe machines and 2 cutting machine with a capacity of manufacturing 655 salt products per 8 hours shift. The total employment required for this unit would be 33 persons. Total number of salt products produced in year 1 would be 117,900 reaching 60% of the total installed capacity with gradual 5% increase, while maximum capacity 95% will be achieved with production reaching at 186,675 pieces in year 8 of the project.

Table 1: Insalled and Operational Capacities

Product Mix	Percent of Production	Installed Capacity (No of Units)	Starting Capacity Year 1	Maximum Capacity Utilization
Salt Lamps 2-12 kg	50%	98,250	58,950	93,337
Candle Stand 1-2 kg	10%	19,650	11,790	18,668
Salt Soap 0.4-0.6 kg	10%	19,650	11,790	18,668
Natural Profiles 3-4 kg	30%	58,950	35,370	56,002

Total		196,500	117,900	186,676
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6 CRITICAL FACTORS

Before making the decision, whether to invest in setting up the salt products manufacturing business or not, one should carefully analyze the associated risk factors. The most critical considerations or factors for success of the project are:

- ⇒ Awareness / knowledge of international markets and the demand trends for salt products.
- ⇒ Availability of skilled labor and good quality raw material.
- ⇒ Strict management / supervision controls to minimize wastage.
- ⇒ Regular training and capacity building of the entrepreneur and employees.
- ⇒ Prior experience / education in the related field of business.
- ⇒ Ventilation and adequate safety measures.
- ⇒ The production process is highly manual and requires high involvement of manpower, therefore, strong management control in production operation is required.
- ⇒ Ability to generate work orders through networking, direct marketing and negotiating long term contracts.
- ⇒ The most important factor for the success of the project would be the quality products and customer satisfaction in order to get a comparative advantage.

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

The said project can be started near any adjoining industrial areas of Khewra, Jhelum, Warcha, Mianwali, Kalabagh, Mianwali districts. The availability of raw material in these regions considerably increases the scope for establishment of the proposed project.

Additionally, proposed unit may also be setup at any geographical location, where access to raw material (i.e. rock salt) and skilled labor (craftsman) is easily available, for instance, Lahore, Gujranwala, Sargodha and etc.

8 POTENTIAL TARGET CUSTOMERS / MARKETS

Salt products manufactured in this unit will be sold to exporters for European countries such as UK, Germany, France, Italy, and Spain. In addition to these countries, Korea, Japan and Australia are also potential markets of salt products.

It is suggested that proposed unit would primarily focus on indirect exports through local export traders, which will reduce the risks and costs for initial startups.

9 PROJECT COST SUMMARY

9.1 Project Economics

All the figures in this financial model have been calculated for estimated sales of Rs. 23.66 million in the year one. The capacity utilization during year one is worked out at 60% 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 2: Project Economics

Description	Details
Internal Rate of Return (IRR)	54%
Payback Period (Years)	2.99
Net Present Value (Rs.)	15,368,827

Calculation of break-even analysis is as follows:

Table 3: Breakeven (100% Equity Based)

Break Even Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Break-Even Revenue (In Millions)	22.2	23.9	26.2	28.8	31.6	34.1	37.4	41.1	45.1	49.6
Breakeven Unit (in Thousands)	110.4	108.1	107.9	107.6	107.4	105.4	105.3	105.1	104.9	104.8
Margin of Safety	6%	15%	22%	27%	32%	37%	40%	44%	44%	44%

9.2 Project Financing

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

Table 4: Project Economics Based on Debt (50%):Equity (50%)

Description	Details
Internal Rate of Return (IRR)	53%
Payback Period (Years)	3.00
Net Present Value (Rs.)	15,326,664

Table 4: Project Financing

Description	Details
Total Equity (50%)	Rs.2,344,587
Bank Loan (50%)	Rs.2,344,587
Markup to the Borrower (%age / annum)	14%
Tenure of the Loan (Years)	5 years

9.3 Project Cost

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

Table 3: Project Cost

Description	Amount Rs.
Capital Cost	
Plant and Machinery	2,078,000
Furniture & Fixture	640,000
Office Equipment	130,000
Office Vehicles	80,000
Pre-operating Cost	80,000
Total Capital Cost	3,008,000
Working Capital	
Equipment spare parts inventory	49,125
Raw Material Inventory	1,092,049

Cash	300,000
Total Working Capital	1,681,174
Total Project Cost	4,689,174

9.4 Space Requirement

The space requirement for the proposed salt products manufacturing unit is 2.25 Kanals estimated considering various facilities including management office, production hall, storage, open space, etc. The building will be acquired on rental basis to avoid the high cost of land. The rent will be Rs. 80,000 per month. Details of space requirement and cost related to land & building is given below:

Table 4: Space Requirement

Description	Estimated Area (Sq. ft)
Management Office	1,000
Production Hall	2,500
Store – Finished Goods	1,500
Store – Raw Material (open plot)	2,000
Loading / Unloading Open Space	2,000
Grounds	1,125
Total	10,125

9.5 Machinery & Equipment Requirement

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

Table 5: Machinery & Equipment Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Cutter 32 Inches	1	300,000	300,000
Cutter 18 Inches	1	60,000	60,000
Lathe Machines	2	700,000	1,400,000
Grinders	8	10,000	80,000

Drill Machines 8 Fit with special Bit	2	80,000	160,000
Hand Drills	10	5,000	50,000
Blowers	4	7,000	28,000
Total			2,078,000

9.6 Furniture & Fixture Requirement

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

Table 6: Furniture & Fixture Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Office Tables	3	15,000	45,000
Sofa Set	1	30,000	30,000
Sitting Benches	27	5,000	135,000
Chair	10	4,000	40,000
Cupboard Steel	2	20,000	40,000
Working Table	5	10,000	50,000
Air conditioners (1.5 ton Split)	1	100,000	100,000
Total Energy Savers, Fans, Electric wiring	Lump sum	100,000	100,000
Total			640,000

9.7 Office Equipment Requirement

Following office equipment will be required for Salt Products Manufacturing Unit:

Table 7: Office Equipment Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Computer with LCD	2	35,000	70,000
UPS	2	15,000	30,000

Printer	1	15,000	15,000
Scanner	1	15,000	15,000
Total			130,000

9.8 Office Vehicle

Table 9: Vehicles Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Motor Bike	1	80,000	80,000

9.9 Raw Material Requirement

Table 10: Raw Material Requirement

Description	Finished Weight (Kgs)	Wastage	Raw Material Requirements Kgs / Piece
Salt Lamp 2-12 kg	7.00	30%	9.1
Candle Stand 1-2 kg	1.50	30%	2.0
Salt Soap 0.4-0.6 kg	0.50	30%	0.7
Natural Profiles 3-4 kg	3.50	30%	4.6

9.10 Human Resource Requirement

In order to run operations of Salt Products Manufacturing Unit 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 per person	Annual Salary
Owner Manager	1	50,000	600,000
Production In charge	1	30,000	360,000
Accountant	1	30,000	360,000

Cutter Operator	3	22,000	792,000
Lathe Machine Operator	2	22,000	528,000
Grinder Operators	8	22,000	2,112,000
Drill Machine Operator	2	22,000	528,000
Un-skilled Labor (helpers)	12	22,000	3,168,000
Security Guard, Gate Keepers	2	25,000	600,000
Sweeper	1	22,000	264,000
Total	33		9,312,000

9.11 Utilities and Other Costs

An essential cost to be borne by the project is the cost of electricity. The direct electricity expenses are estimated to 530,543 in year 1. Furthermore, promotional expense being essential for marketing of Salt Products Manufacturing Unit is estimated as 5% of revenue.

9.12 Revenue Generation

Based on the capacity utilization of 60% for salt products, sales revenue during the first year of operations is estimated as Rs. 23,661,056.

Table 9: Revenue Generation Year 1

Category of Jobs	Average Price	Percentage of Production	No of Jobs	Production Capacity in Year 1	Revenue *
Salt Lamps 2-12 kg	296	50%	98,250	58,950	17,449,200
Candle Stand 1-2 kg	63	10%	19,650	11,790	742,770
Salt Soap 0.4-0.6 kg	21	10%	19,650	11,790	247,590
Natural Profiles 3-4 kg	148	30%	58,950	35,370	5,237,760
Total		100%	196,500	117,900	23,677,320

*Difference is due to rounding off.

10 CONTACT DETAILS

In order to facilitate potential investors, contact details of few prominent salt mines are provided below:

Name of Supplier	Address	Phone	Fax	Website
Project Manager Khewra Salt Mines	Khewra, District Jehlum	0544- 231137	0544- 231125	www.pmdc.gov.pk
Project Manager Warcha Salt Mines	Warcha, District Mianwali	0454- 923000	0454- 395704	www.pmdc.gov.pk
Project Manager Kalabagh Salt Mines	Kalabagh, Distt. Mianwali	0459- 395704	0459- 206183	www.pmdc.gov.pk
Project Manager Jatta Salt Mines	Jatta, Distt. Karak	0927- 222009		www.pmdc.gov.pk

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
Punjab Vocational Training Council (PVTC)	www.pvtc.gop.pk
Technical Education and Vocational Training Authority (TEVTA)	www.tevta.org
Pakistan Mineral Development Corporation (PMDC)	www.pmdc.gov.pk
Mines and Minerals	mnm.punjab.gov.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	23,661,056	28,196,092	33,401,524	39,366,082	46,189,537	53,984,021	62,875,507	73,005,449	80,305,994	88,336,594
<i>Cost of sales</i>										
Raw Material Cost	8,736,390	10,410,865	12,332,871	14,535,169	17,054,598	19,932,562	23,215,572	26,955,858	29,651,444	32,616,588
Operation costs 1 (direct labor)	7,488,000	8,236,800	9,060,480	9,966,528	10,963,181	12,059,499	13,265,449	14,591,994	16,051,193	17,656,312
Operating costs 2 (machinery maintenance)	589,500	702,488	832,178	980,781	1,150,783	1,344,977	1,566,503	1,818,884	2,000,772	2,200,849
Operating costs 3 (direct electricity)	530,543	632,231	748,950	882,691	1,035,691	1,210,464	1,409,835	1,636,975	1,800,672	1,980,740
Total cost of sales	17,344,433	19,982,383	22,974,478	26,365,169	30,204,253	34,547,502	39,457,358	45,003,711	49,504,082	54,454,490
Gross Profit	6,316,623	8,213,709	10,427,046	13,000,913	15,985,284	19,436,519	23,418,149	28,001,739	30,801,913	33,882,104
<i>General administration & selling expenses</i>										
Administration expense	1,824,000	2,006,400	2,207,040	2,427,744	2,670,518	2,937,570	3,231,327	3,554,460	3,909,906	4,300,897
Building rental expense	960,000	1,056,000	1,161,600	1,277,760	1,405,536	1,546,090	1,700,699	1,870,768	2,057,845	2,263,630
Electricity expense	175,167	192,684	211,952	233,147	256,462	282,108	310,319	341,351	375,486	413,035
Travelling expense	473,221	563,922	668,030	787,322	923,791	1,079,680	1,257,510	1,460,109	1,606,120	1,766,732
Communications expense (phone, fax, mail, internet, etc.)	236,611	20,064	22,070	24,277	26,705	29,376	32,313	35,545	39,099	43,009
Office vehicles running expense	189,000	207,900	228,690	251,559	276,715	3,865	4,252	4,677	5,145	5,659
Office expenses (stationary, entertainment, janitorial services, etc)	182,400	200,640	220,704	242,774	267,052	293,757	323,133	355,446	390,991	430,090
Promotional expense	1,183,053	1,409,805	1,670,076	1,968,304	2,309,477	2,699,201	3,143,775	3,650,272	4,015,300	4,416,830
Depreciation expense	331,133	331,133	331,133	337,964	337,964	347,732	355,639	355,639	355,639	364,792
Amortization of pre-operating costs	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Subtotal	5,562,585	5,996,548	6,729,297	7,558,852	8,482,220	9,227,380	10,366,967	11,636,268	12,763,530	14,012,673
Operating Income	754,038	2,217,161	3,697,749	5,442,062	7,503,064	10,209,139	13,051,181	16,365,471	18,038,382	19,869,431
Gain / (loss) on sale of office equipment	-	-	78,000	-	-	129,295	-	-	169,175	-
Gain / (loss) on sale of office vehicles	-	-	-	-	32,000	-	-	-	-	-
Earnings Before Interest & Taxes	754,038	2,217,161	3,775,749	5,442,062	7,535,064	10,338,434	13,051,181	16,365,471	18,207,557	19,869,431
Earnings Before Tax	754,038	2,217,161	3,775,749	5,442,062	7,535,064	10,338,434	13,051,181	16,365,471	18,207,557	19,869,431
Tax	25,404	222,574	563,937	1,052,618	1,757,272	2,738,452	3,687,913	4,847,915	5,492,645	6,074,301
NET PROFIT/(LOSS) AFTER TAX	728,634	1,994,587	3,211,812	4,389,443	5,777,792	7,599,982	9,363,268	11,517,556	12,714,912	13,795,130

12.2 Balance Sheet

Calculations											SMEDA
Balance Sheet											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
<i>Current assets</i>											
Cash & Bank	300,000	464,218	2,321,414	5,029,367	8,904,845	13,960,968	20,417,212	28,499,373	38,753,102	49,702,117	73,742,278
Accounts receivable		972,372	1,065,558	1,265,704	1,495,225	1,757,992	2,058,361	2,401,223	2,792,074	3,150,235	3,465,259
Equipment spare part inventory	49,125	61,468	76,456	94,615	116,565	143,047	174,939	213,279	246,338	284,520	-
Raw material inventory	1,092,049	1,431,494	1,865,347	2,418,289	3,121,205	4,012,699	5,140,975	6,566,168	7,945,063	9,613,526	-
Pre-paid building rent	240,000	264,000	290,400	319,440	351,384	386,522	425,175	467,692	514,461	565,907	-
Total Current Assets	1,681,174	3,193,552	5,619,175	9,127,415	13,989,223	20,261,228	28,216,661	38,147,735	50,251,038	63,316,305	77,207,536
<i>Fixed Assets</i>											
Machinery & equipment	2,078,000	1,870,200	1,662,400	1,454,600	1,246,800	1,039,000	831,200	623,400	415,600	207,800	-
Furniture & fixtures	640,000	576,000	512,000	448,000	384,000	320,000	256,000	192,000	128,000	64,000	-
Office vehicles	80,000	64,000	48,000	32,000	16,000	128,841	103,073	77,304	51,536	25,768	-
Office equipment	130,000	86,667	43,333	150,491	100,328	50,164	174,212	116,142	58,071	201,673	134,448
Total Fixed Assets	2,928,000	2,596,867	2,265,733	2,085,091	1,747,128	1,538,005	1,364,485	1,008,846	653,207	499,241	134,448
<i>Intangible assets</i>											
Pre-operation costs	80,000	72,000	64,000	56,000	48,000	40,000	32,000	24,000	16,000	8,000	-
Total Intangible Assets	80,000	72,000	64,000	56,000	48,000	40,000	32,000	24,000	16,000	8,000	-
TOTAL ASSETS	4,689,174	5,862,418	7,948,908	11,268,506	15,784,351	21,839,233	29,613,146	39,180,581	50,920,246	63,823,546	77,341,985
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable		444,610	536,513	644,299	770,701	918,950	1,092,882	1,297,049	1,519,157	1,707,545	1,430,854
Total Current Liabilities	-	444,610	536,513	644,299	770,701	918,950	1,092,882	1,297,049	1,519,157	1,707,545	1,430,854
<i>Shareholders' equity</i>											
Paid-up capital	4,689,174	4,689,174	4,689,174	4,689,174	4,689,174	4,818,015	4,818,015	4,818,015	4,818,015	4,818,015	4,818,015
Retained earnings		728,634	2,723,221	5,935,033	10,324,476	16,102,268	23,702,250	33,065,518	44,583,074	57,297,987	71,093,117
Total Equity	4,689,174	5,417,808	7,412,395	10,624,207	15,013,650	20,920,283	28,520,265	37,883,533	49,401,089	62,116,001	75,911,131
TOTAL CAPITAL AND LIABILITIES	4,689,174	5,862,418	7,948,908	11,268,506	15,784,351	21,839,233	29,613,146	39,180,581	50,920,246	63,823,546	77,341,985

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		728,634	1,994,587	3,211,812	4,389,443	5,777,792	7,599,982	9,363,268	11,517,556	12,714,912	13,795,130
Add: depreciation expense		331,133	331,133	331,133	337,964	337,964	347,732	355,639	355,639	355,639	364,792
amortization of pre-operating costs		8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Accounts receivable		(972,372)	(93,186)	(200,147)	(229,520)	(262,767)	(300,369)	(342,862)	(390,851)	(358,161)	(315,024)
Equipment inventory	(49,125)	(12,343)	(14,989)	(18,158)	(21,951)	(26,482)	(31,891)	(38,341)	(33,058)	(38,182)	284,520
Raw material inventory	(1,092,049)	(339,445)	(433,853)	(552,942)	(702,916)	(891,494)	(1,128,276)	(1,425,193)	(1,378,895)	(1,668,463)	9,613,526
Pre-paid building rent	(240,000)	(24,000)	(26,400)	(29,040)	(31,944)	(35,138)	(38,652)	(42,517)	(46,769)	(51,446)	565,907
Accounts payable		444,610	91,903	107,786	126,401	148,250	173,931	204,167	222,108	188,388	(276,691)
Cash provided by operations	(1,381,174)	164,218	1,857,196	2,858,444	3,875,477	5,056,123	6,630,457	8,082,161	10,253,729	11,150,687	24,040,161
Issuance of shares	4,689,174	-	-	-	-	128,841	-	-	-	-	-
Cash provided by / (used for) financing activities	4,689,174	-	-	-	-	128,841	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(3,008,000)	-	-	(150,491)	-	(128,841)	(174,212)	-	-	(201,673)	-
Cash (used for) / provided by investing activities	(3,008,000)	-	-	(150,491)	-	(128,841)	(174,212)	-	-	(201,673)	-
NET CASH	300,000	164,218	1,857,196	2,707,953	3,875,477	5,056,123	6,456,244	8,082,161	10,253,729	10,949,015	24,040,161

13 KEY ASSUMPTIONS

13.1 Operating Cost Assumptions

Description	Details
Operating Cost Growth Rate	10%
Office Expenses (Stationery, Entertainment etc)	10% of Administration expenses
Communication Expenses	1.0% of Revenue
Promotional Expenses	5% of Revenue
Travelling Expense	2% of Admin Expense
Depreciation Rate	10% on Machinery & Equipment 33% on Office Equipment 10% on Furniture & Fixture 20% on Office Vehicles
Inflation Growth Rate	10%
Electricity Price Growth Rate	10%
Salaries Growth Rate	10%

13.2 Production Cost Assumptions

Description	Details
Production Cost Per Unit (Raw Material)	
Salt Lamp 2-12 kg	Rs. 109
Candle Stand 1-2 kg	Rs. 23
Salt Soap 0.4-0.6 kg	Rs. 8
Natural Profiles 3-4 kg	Rs. 55
Salt Average Cost / kg	Rs. 12
Cost of Goods Sold Growth Rate	10%

13.3 Revenue Assumptions

Description	Details
Growth in Sales Price	10%
Days Operational / Year	300
Per Day Production Capacity	655
Production Capacity in First Year	60%

Percentage Increase in Production Capacity every Year	05%
Maximum Production Capacity	95%