



**Pre-feasibility Study**

# **Rice Mill Processing unit**

**December 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***

<b>Document No.</b>	PREF-NO. 01
<b>Revision</b>	
<b>Prepared by</b>	SMEDA-Balochistan
<b>Preparation Date</b>	December 2023
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## 2. EXECUTIVE SUMMARY

The proposed project is about establishing a **Rice Processing Unit**. The subject project is strongly recommended to be established in the adjoining of the major cities or urban areas that are located near Rice Fields. The prevalence of such facility would add economic benefits in the country and would number of direct and indirect employment. Moreover, features like low cost & less complexity associated with installation of **Rice Processing 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 hygienically produced finished Super Basmati, 1121 Paddy and Irri 6 and 9 Rice for household carry and other products, processed according to international quality and standards.

The **Rice Processing Unit** has the capacity of processing approximately **105,4.56 M Ton Rice** annually and will be operational for **330 days** a year and **8 hours** in 1 shift a day. Initially the Rice Processing facility will be operated at **65%** of capital utilization and will increase it by **5%** annually. The Maximum capacity utilization will be **95%**.

The total project investment is **Rs. 143,583,641/-** with an Internal Rate of Return (IRR) of **38%** and Net Present Value (NPV) of **791,209,308/-**. The total project investment would be paid back in **1.38** years.

## 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

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

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

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

#### 5. BRIEF DESCRIPTION OF PROJECT & PRODUCT

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

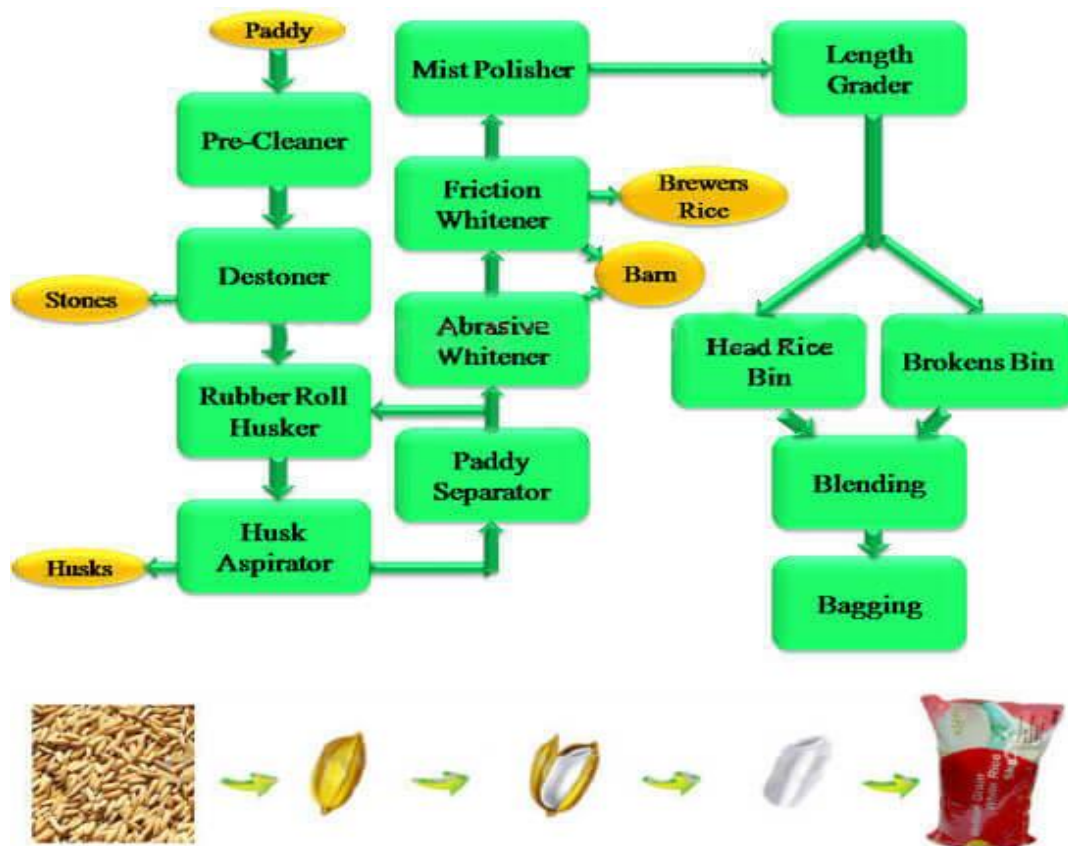
- **Technology:** This proposed unit with modern processing plant, from Paddy Processing, De stoning, Whitening and Polishing, Packaging which will complete the line of Rice processing unit.
- **Location:** The subject project is strongly recommended to be established in the adjoining of the major cities or urban areas with high potentials of Rice fields are present.

- **Product:** Keeping in view the market demand and characteristics “only properly Polished and well protected packed product” is recommended to be the final product of the proposed prefeasibility.
- **Target Market:** The target customers for the proposed product would primarily be Whole sale markets and Retail Shops, & individuals for household purpose
- **Employment Generation:** The proposed project will provide direct employment to 28 people.

## 6. PRODUCTION PROCESS

The cycle of processing of Rice Finishing are stated below mainly subjected to machine/method used particular to the desired output product. Following is the process flow of Processing Rice:

### 6.1 RICE PROCESSING FLOW CHART:



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

### **6.1.1 Raw Material.**

The Raw material used for Rice processing are Rice Paddy which are gathered from Rice fields.

### **6.1.2 Paddy Cleaning:.**

This is the initial stage where impurities and foreign materials are removed from the raw paddy.

- **De-stoner:** Removes stones and heavier impurities.
- **Paddy Cleaner:** Removes dust, chaff, and lighter impurities.

### **6.1.3 Paddy Husking:.**

This stage involves removing the husk (outer layer) from the paddy to obtain brown rice.

- **Paddy Husker:** Removes the husk from the paddy

### **6.1.4 Paddy Whitening:.**

Brown rice obtained from husking still has some outer bran layers. This stage involves further processing to remove these layers.

- **Whitening Machine:** Removes the outer bran layers from brown rice.

### **6.1.5 Paddy Polishing:**

This stage involves further polishing the rice to give it a smoother and more polished appearance.

- **Rice Polisher:** Gives the rice a polished surface.

### **6.1.6 Grading and Sorting.**

Rice is graded and sorted based on size and quality.

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- **Length Grader:** Sorts rice by length.
  - **Color Sorter:** Removes discolored or defective grains

#### **6.1.7 Packaging:.**

Finished rice is packaged for distribution and sale.

- **Automatic Packaging Machine:** Weighs and packs rice into bags

#### **6.1.8 Accessories and Utilities:**

In addition to the main processing machinery, you will also need various accessories and utilities for smooth operation.

- **Conveyor Systems:** Transport rice between different processing stages.
- **Bucket Elevators:** Move rice vertically.
- **Air Compressor:** Provides compressed air for various machinery.
- **Boilers:** Provide steam for parboiling and drying.

#### **6.1.9 Drying and Parboiling (Optional):**

Depending on the type of rice being produced, you might need additional equipment for drying and parboiling.

- **Paddy Dryer:** Removes moisture from paddy.
- **Parboiling Tanks:** For parboiling rice before further processing.

## **7 INSTALLED AND OPERATIONAL CAPACITIES**

The **Rice Processing Unit.** has the capacity of producing approximately 105456 metric ton units annually and will be operational for 330 days a year and 8 hours a day in 1 shifts. Initially the **Rice Processing Unit.** will be operated at 65% of capital utilization and will increase it by 5% annually. The Maximum capacity utilization will be 95%.

## **7. 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 Paddy should be purchase of or should be from a good vender. Only the best quality **Paddy** should be used. Continuous efforts should be made for up-gradation of the processing techniques. To attract large number of customers the product must be processed on quality standards. Government rule and policies availability of skilled workers Natural Disasters High competition.



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## 8. GEOGRAPHICAL POTENTIAL FOR INVESTMENT

Investing in a rice mill can be a profitable venture, and the geographical potential for such an investment can play a significant role in its success. Here are some key factors to consider when evaluating the geographical potential for investing in a rice mill:

1. **Proximity to Paddy Cultivation Areas:** The ideal location for a rice mill is near paddy cultivation areas. This reduces transportation costs and ensures a steady supply of raw material (paddy) for processing.
2. **Access to Transportation:** A location with good road, rail, and even waterway connectivity can facilitate the transportation of both raw materials and finished products. Efficient transportation minimizes costs and ensures timely deliveries.
3. **Power and Utilities:** Reliable access to electricity and other utilities (water, gas) is crucial for operating the rice mill machinery. A location with consistent power supply can help avoid disruptions in production.
4. **Availability of Skilled Labor:** Look for areas where there is an available pool of skilled and semi-skilled labor familiar with rice milling processes. Training programs can also be organized to improve skill levels.
5. **Market Demand:** Consider the local and regional demand for rice. A strategic location near urban centers or markets where rice consumption is high can provide a ready customer base.
6. **Government Policies and Incentives:** Research the government policies and incentives related to agriculture and agribusiness in the chosen location. Some regions might offer tax breaks, subsidies, or other incentives for setting up rice milling facilities.
7. **Infrastructure and Support Services:** Check if the chosen location offers infrastructure such as banking services, storage facilities, and technical support. These factors can contribute to the smooth operation of the rice mill.
8. **Climate and Environmental Factors:** Climate plays a role in rice drying and storage. An area with a suitable climate for drying and storing rice can help maintain product quality.
9. **Land Availability and Cost:** The cost and availability of land in the chosen area can impact the overall investment. Evaluate the land prices and ensure there is sufficient space for the mill and its potential expansion.

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10. **Competitive Landscape:** Analyze the competition in the area. If there are already existing rice mills, consider how your mill can differentiate itself in terms of product quality, technology, or service.
  11. **Future Growth Potential:** Consider the potential for future growth and expansion. Look at the projected increase in paddy production and rice consumption in the region.
  12. **Environmental Regulations:** Be aware of environmental regulations and ensure that your rice mill adheres to environmental standards to prevent pollution and other negative impacts.

When evaluating the geographical potential for investing in a rice mill, it's essential to conduct thorough market research and feasibility studies. This will help you make an informed decision and choose a location that aligns with your business goals and the demand for rice milling services in the area.

## 9. POTENTIAL TARGET CUSTOMERS / MARKETS

A rice mill processing unit can have a variety of target customers and markets, depending on factors such as the type of rice produced, the quality standards, and the geographical location of the mill. Here are some potential target customers and markets for a rice mill processing unit:

1. **Local Consumers:** The immediate local population represents a primary customer base. This includes households, restaurants, eateries, and small retailers who purchase rice for daily consumption.
2. **Wholesalers and Distributors:** Selling rice in bulk to wholesalers and distributors allows your rice mill to reach a wider market. These intermediaries then supply to retailers and other smaller businesses.
3. **Retailers:** Local grocery stores, supermarkets, and convenience stores can be regular buyers of packaged rice for resale.
4. **Food Manufacturers:** Food production companies that use rice as an ingredient in their products, such as ready-to-eat meals, processed foods, and snacks, can be potential customers.
5. **Rice Traders and Exporters:** If your rice mill produces high-quality rice, there may be opportunities to collaborate with rice traders and exporters who ship rice to international markets.
6. **Institutional Buyers:** Schools, colleges, hospitals, government agencies, and other institutions that provide meals to large groups of people can be potential buyers of rice in bulk.
7. **Caterers and Restaurants:** Restaurants, hotels, catering companies, and event planners require rice in significant quantities for their businesses.

8. **Ethnic and Specialty Markets:** Depending on the type of rice you produce, you could target specific ethnic markets where certain types of rice are in demand for traditional dishes.
9. **Online Marketplaces:** Selling rice through e-commerce platforms can help you reach a wider audience, including urban consumers who prefer the convenience of online shopping.
10. **Rice Importing Countries:** If your rice mill specializes in producing specific varieties that are in demand internationally, you can explore exporting opportunities to countries that import rice.
11. **Health-Conscious Consumers:** Organic or specialty rice varieties can attract health-conscious consumers who seek alternatives to traditional rice products.
12. **Industrial Use:** Rice bran, a byproduct of rice milling, has various industrial applications, such as in the production of animal feed, oil extraction, and cosmetics.
13. **Direct-to-Consumer Sales:** Some rice mill processing units set up farm shops or retail outlets on their premises to sell directly to consumers.

When identifying your target customers and markets, consider factors such as consumer preferences, buying behaviors, and local market dynamics. Tailoring your product offerings and marketing strategies to the specific needs of each customer segment can help you effectively penetrate these markets and build a strong customer base for your rice mill processing unit.

## 10. PROJECT COST SUMMARY

### 7.2 Project Economics

All the figures in this financial model have been calculated for estimated sales of **Rs. 421,824,100/-** in the year one. The capacity utilization during year one is worked out at **65%** with **5%** increase in subsequent years up to the maximum capacity utilization of **95%**.

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

**Table 1: Project Economics**

Description	Details
Internal Rate of Return (IRR)	37%
Payback Period (yrs.)	1.38

Net Present Value (Rs.)

791,209,308

### 7.3 Project Financing

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

**Table 2: Project Financing**

Description	Details
Total Equity (50%)	Rs. 71,791,820
Bank Loan (50%)	Rs. 71,791,820
Markup to the Borrower (%age / annum)	13 %
Tenure of the Loan (Years)	10

### 7.4 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	63,000,000
Building/Infrastructure	22,400,000
Machinery & equipment	50,000,000
Furniture & fixtures	935,000
Office vehicles	-
Office equipment	232,000
Pre-operating costs	22,641
Training costs	-
<b>Total Capital Costs</b>	<b>136,589,641</b>
Working Capital	Rs. in actuals
Equipment spare part inventory	-
Raw material inventory	4,394,000
Upfront land lease rental	-
Upfront building rent	-
Upfront machinery & equipment lease rental *	-
Upfront office equipment lease rental *	-
Upfront office vehicles lease rental *	-
Upfront insurance payment	2,500,000
Cash	100,000
<b>Total Working Capital</b>	<b>6,994,000</b>
<b>Total Investment</b>	<b>143,583,641</b>

## 7.5 Space Requirement

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

**Table 4: Space Requirement**

Description	Estimated Area (Sq Ft)	Unit Cost (Rs.)	Total Cost (Rs.)
Area for Plant	20,000	500	10,000,000
Manager Office	2000	1200	2,400,000
Warehouse	20,000	500	10,000,000
<b>Total</b>	<b>42,000</b>		<b>22,400,000</b>

## 7.6 Machinery & Equipment Requirement

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

**Table 5: Machinery & Equipment**

Item	Qty	Price	Total
Paddy Cleaning	1	5,000,000	5,000,000
Paddy Husking	1	7,000,000	7,000,000
Paddy Whitening	1	7,000,000	7,000,000
Whitening Machine	1	5,000,000	5,000,000
Rice Polisher	1	2,000,000	2,000,000
Grading and Sorting	1	3,000,000	3,000,000
Packaging	1	5,000,000	5,000,000
Conveyor Systems	1	2,000,000	2,000,000
Bucket Elevators	1	2,500,000	2,500,000
Air Compressor	1	3,500,000	3,500,000

<b>Boilers:</b>	1	5,000,000	5,000,000
<b>Drying and Parboiling (Optional):</b>	1	3,000,000	3,000,000
<b>Total</b>			50,000,000

## 7.7 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(table & Chair)	1	15,000	100,000
Generator (8 KVA)	1	125,000	125,000
Air conditioners (2 ton split)	2	105,000	210,000
Electric wiring etc.	1	500,000	500,000
<b>Total</b>			<b>935,000/-</b>

## 7.8 Office Equipment Requirement

Following office equipment will be required for Rice Processing Unit.

**Table 7: Office Equipment**

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Laptops	2	85,000	170,000
3-in-1 printer	1	25,000	25,000
Telephones	2	3500	7000
Computer printer Scanner and Copier	1	30,000	30,000
<b>Total</b>			<b>232,000/-</b>

## 7.9 Human Resource Requirement.

In order to run operations of **Rice Processing 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 (Rs.)
Manager	1	50,000
Accountant	1	30,000
Machine Operator	2	35,000
Sweeper	3	25,000
Labour	10	25,000
Guard	2	25,000
office boy	1	25,000
Support services	5	25,000
Ware house Incharge	2	30,000
Sales and Marketing Manager	1	50,000
<b>Total</b>	<b>28</b>	

## 7.10 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 **Rice Processing Unit** is estimated as 1% of Revenue that for year 1.

## 7.11 Revenue Generation.

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

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

Description	No. of M Ton Produced (No.)	Finished Goods Inventory (No.)	M Ton available for Sale (No.)	Sale Price / kg (Rs.)	Sales Revenue (Rs.)
All-purpose	1054.56	1054.56	1054.56	400	<b>421,824,100/-</b>

## 11. CONTACT DETAILS

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

### 7.12 Machinery Suppliers

Name of Supplier	Address	Phone	Fax	E-mail	Website
Al-Karam Rice Engineering Pvt Ltd	Suite No 1617, 16th Floor, Muhammadi Trade Tower Altaf Hussain Road, New Chali, Karachi, Pakistan	<a href="tel:+923008437323">+92 300 8437323</a> <a href="tel:+922132371014">+92-21-32371014</a> <a href="tel:+922132371015">+92-21-32371015</a>		info@alkaramriceeng.com.pk aansarabbas@yahoo.com	<a href="https://alkaramriceeng.com">https://alkaramriceeng.com</a>
Jamal u Din Sons and Company.	44 umer Market Link Railway Road near Railway Station Lahore.	+92-42-37667164		<a href="mailto:info@jamalco.com.pk">info@jamalco.com.pk</a>	<a href="https://www.jamalco.com.pk/index">https://www.jamalco.com.pk/index</a>



## 12. USEFUL WEB LINKS

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



## 13. ANNEXURES

### 7.13 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	421,824,100	499,699,200	588,931,200	691,012,608	807,620,986	940,640,913	1,092,188,615	1,201,407,477	1,321,548,224	1,453,703,047
Cost of goods sold	273,496,307	308,933,354	347,252,616	388,655,891	433,358,166	481,588,446	538,829,296	566,834,782	596,344,143	627,442,659
<b>Gross Profit</b>	<b>148,327,793</b>	<b>190,765,846</b>	<b>241,678,584</b>	<b>302,356,717</b>	<b>374,262,819</b>	<b>459,052,466</b>	<b>553,359,319</b>	<b>634,572,695</b>	<b>725,204,082</b>	<b>826,260,388</b>
<i>General administration &amp; selling expenses</i>										
Administration expense	13,150,200	14,430,522	15,835,498	17,377,265	19,069,140	20,925,738	29,523,982	32,398,479	35,552,841	39,014,316
Rental expense	-	-	-	-	-	-	-	-	-	-
Utilities expense	60,000	66,000	72,600	79,860	87,846	96,631	106,294	116,923	128,615	141,477
Travelling & Comm. expense (phone, fax, etc.)	260,400	285,753	313,574	344,104	377,607	414,371	584,633	641,554	704,017	772,561
Office vehicles running expense	-	-	-	-	-	-	-	-	-	-
Office expenses (stationary, etc.)	260,400	285,753	313,574	344,104	377,607	414,371	584,633	641,554	704,017	772,561
Promotional expense	843,648	999,398	1,177,862	1,382,025	1,615,242	1,881,282	2,184,377	2,402,815	2,643,096	2,907,406
Insurance expense	2,500,000	2,250,000	2,000,000	1,750,000	1,500,000	1,250,000	1,000,000	750,000	500,000	250,000
Professional fees (legal, audit, etc.)	2,109,121	2,498,496	2,944,656	3,455,063	4,038,105	4,703,205	5,460,943	6,007,037	6,607,741	7,268,515
Depreciation expense	6,236,700	6,236,700	6,236,700	6,236,700	6,236,700	6,236,700	6,236,700	6,236,700	6,236,700	6,236,700
Amortization expense	4,528	4,528	4,528	4,528	4,528	-	-	-	-	-
Property tax expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous expense	12,654,723	14,990,976	17,667,936	20,730,378	24,228,630	28,219,227	32,765,658	36,042,224	39,646,447	43,611,091
Subtotal	38,079,720	42,048,126	46,566,929	51,704,028	57,535,404	64,141,524	78,447,221	85,237,287	92,723,474	100,974,627
<b>Operating Income</b>	<b>110,248,073</b>	<b>148,717,719</b>	<b>195,111,655</b>	<b>250,652,689</b>	<b>316,727,416</b>	<b>394,910,942</b>	<b>474,912,098</b>	<b>549,335,408</b>	<b>632,480,608</b>	<b>725,285,762</b>
Other income	3,090,870	7,808,257	11,093,279	14,520,967	18,290,813	22,442,898	26,942,237	31,476,342	35,950,065	41,313,973
Gain / (loss) on sale of assets	-	-	-	-	-	-	-	-	-	-
<b>Earnings Before Interest &amp; Taxes</b>	<b>113,338,943</b>	<b>156,525,976</b>	<b>206,204,934</b>	<b>265,173,656</b>	<b>335,018,229</b>	<b>417,353,839</b>	<b>501,854,335</b>	<b>580,811,750</b>	<b>668,430,674</b>	<b>766,599,735</b>
Interest expense	9,220,801	8,396,326	7,851,666	7,236,199	6,540,723	5,754,834	4,866,779	3,863,277	2,729,321	1,447,949
<b>Earnings Before Tax</b>	<b>104,118,141</b>	<b>148,129,650</b>	<b>198,353,268</b>	<b>257,937,456</b>	<b>328,477,507</b>	<b>411,599,006</b>	<b>496,987,556</b>	<b>576,948,472</b>	<b>665,701,353</b>	<b>765,151,786</b>
Tax	42,688,438	60,733,157	81,324,840	105,754,357	134,675,778	168,755,592	203,764,898	236,548,874	272,937,555	313,712,232
<b>NET PROFIT/(LOSS) AFTER TAX</b>	<b>61,429,703</b>	<b>87,396,494</b>	<b>117,028,428</b>	<b>152,183,099</b>	<b>193,801,729</b>	<b>242,843,413</b>	<b>293,222,658</b>	<b>340,399,599</b>	<b>392,763,798</b>	<b>451,439,554</b>
Balance brought forward		30,714,852	59,055,673	88,042,050	120,112,575	156,957,152	199,900,283	246,561,470	293,480,534	343,122,166
Total profit available for appropriation	61,429,703	118,111,345	176,084,101	240,225,150	313,914,304	399,800,565	493,122,940	586,961,069	686,244,333	794,561,720
Dividend	30,714,852	59,055,673	88,042,050	120,112,575	156,957,152	199,900,283	246,561,470	293,480,534	343,122,166	397,280,860
Balance carried forward	30,714,852	59,055,673	88,042,050	120,112,575	156,957,152	199,900,283	246,561,470	293,480,534	343,122,166	397,280,860

## 7.14 Balance Sheet

Statement Summaries											SMEDA
Balance Sheet											Rs. in actuals
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Assets</b>											
<i>Current assets</i>											
Cash & Bank	100,000	61,717,397	94,447,741	127,417,830	163,001,511	202,814,758	246,043,195	292,801,540	336,725,296	382,276,012	444,003,457
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-
Finished goods inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment spare part inventory	-	-	-	-	-	-	-	-	-	-	-
Raw material inventory	4,394,000	5,117,658	5,930,086	6,840,947	7,860,890	9,001,644	10,276,127	11,113,631	12,019,392	12,998,972	-
Pre-paid annual land lease	-	-	-	-	-	-	-	-	-	-	-
Pre-paid building rent	-	-	-	-	-	-	-	-	-	-	-
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid insurance	2,500,000	2,250,000	2,000,000	1,750,000	1,500,000	1,250,000	1,000,000	750,000	500,000	250,000	-
<b>Total Current Assets</b>	<b>6,994,000</b>	<b>69,085,055</b>	<b>102,377,827</b>	<b>136,008,777</b>	<b>172,362,401</b>	<b>213,066,402</b>	<b>257,319,321</b>	<b>304,665,171</b>	<b>349,244,687</b>	<b>395,524,984</b>	<b>444,003,457</b>
<i>Fixed assets</i>											
Land	63,000,000	63,000,000	63,000,000	63,000,000	63,000,000	63,000,000	63,000,000	63,000,000	63,000,000	63,000,000	63,000,000
Building/Infrastructure	22,400,000	21,280,000	20,160,000	19,040,000	17,920,000	16,800,000	15,680,000	14,560,000	13,440,000	12,320,000	11,200,000
Machinery & equipment	50,000,000	45,000,000	40,000,000	35,000,000	30,000,000	25,000,000	20,000,000	15,000,000	10,000,000	5,000,000	-
Furniture & fixtures	935,000	841,500	748,000	654,500	561,000	467,500	374,000	280,500	187,000	93,500	-
Office vehicles	-	-	-	-	-	-	-	-	-	-	-
Office equipment	232,000	208,800	185,600	162,400	139,200	116,000	92,800	69,600	46,400	23,200	-
<b>Total Fixed Assets</b>	<b>136,567,000</b>	<b>130,330,300</b>	<b>124,093,600</b>	<b>117,856,900</b>	<b>111,620,200</b>	<b>105,383,500</b>	<b>99,146,800</b>	<b>92,910,100</b>	<b>86,673,400</b>	<b>80,436,700</b>	<b>74,200,000</b>
<i>Intangible assets</i>											
Pre-operation costs	22,641	18,113	13,585	9,056	4,528	-	-	-	-	-	-
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
<b>Total Intangible Assets</b>	<b>22,641</b>	<b>18,113</b>	<b>13,585</b>	<b>9,056</b>	<b>4,528</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>143,583,641</b>	<b>199,433,468</b>	<b>226,485,011</b>	<b>253,874,734</b>	<b>283,987,129</b>	<b>318,449,902</b>	<b>356,466,121</b>	<b>397,575,271</b>	<b>435,918,087</b>	<b>475,961,684</b>	<b>518,203,457</b>
<b>Liabilities &amp; Shareholders' Equity</b>											
<i>Current liabilities</i>											
Accounts payable	-	22,089,671	24,990,089	28,127,790	31,519,484	35,182,979	39,137,256	43,354,462	45,550,958	47,859,625	49,130,777
Export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Short term debt	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>22,089,671</b>	<b>24,990,089</b>	<b>28,127,790</b>	<b>31,519,484</b>	<b>35,182,979</b>	<b>39,137,256</b>	<b>43,354,462</b>	<b>45,550,958</b>	<b>47,859,625</b>	<b>49,130,777</b>
<i>Other liabilities</i>											
Lease payable	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	-	10,250,000	10,250,000	10,250,000	10,250,000	10,250,000	8,200,000	6,150,000	4,100,000	2,050,000	0
Long term debt	71,791,820	64,587,125	60,397,429	55,663,073	50,313,250	44,267,950	37,436,762	29,717,519	20,994,774	11,138,073	-
<b>Total Long Term Liabilities</b>	<b>71,791,820</b>	<b>74,837,125</b>	<b>70,647,429</b>	<b>65,913,073</b>	<b>60,563,250</b>	<b>54,517,950</b>	<b>45,636,762</b>	<b>35,867,519</b>	<b>25,094,774</b>	<b>13,188,073</b>	<b>0</b>
<i>Shareholders' equity</i>											
Paid-up capital	71,791,820	71,791,820	71,791,820	71,791,820	71,791,820	71,791,820	71,791,820	71,791,820	71,791,820	71,791,820	71,791,820
Retained earnings	-	30,714,852	59,055,673	88,042,050	120,112,575	156,957,152	199,900,283	246,561,470	293,480,534	343,122,166	397,280,860
<b>Total Equity</b>	<b>71,791,820</b>	<b>102,506,672</b>	<b>130,847,493</b>	<b>159,833,871</b>	<b>191,904,395</b>	<b>228,748,972</b>	<b>271,692,103</b>	<b>318,353,291</b>	<b>365,272,355</b>	<b>414,913,987</b>	<b>469,072,680</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>143,583,641</b>	<b>199,433,468</b>	<b>226,485,011</b>	<b>253,874,734</b>	<b>283,987,129</b>	<b>318,449,902</b>	<b>356,466,121</b>	<b>397,575,271</b>	<b>435,918,087</b>	<b>475,961,684</b>	<b>518,203,457</b>

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



## 7.15 Cash Flow Statement

Statement Summaries											SMEDA
Cash Flow Statement											Rs. in actuals
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Operating activities</b>											
Net profit	-	61,429,703	87,396,494	117,028,428	152,183,099	193,801,729	242,843,413	293,222,658	340,399,599	392,763,798	451,439,554
Add: depreciation expense	-	6,236,700	6,236,700	6,236,700	6,236,700	6,236,700	6,236,700	6,236,700	6,236,700	6,236,700	6,236,700
amortization expense	-	4,528	4,528	4,528	4,528	4,528	-	-	-	-	-
Deferred income tax	-	10,250,000	-	-	-	-	(2,050,000)	(2,050,000)	(2,050,000)	(2,050,000)	(2,050,000)
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-
Finished good inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment inventory	-	-	-	-	-	-	-	-	-	-	-
Raw material inventory	(4,394,000)	(723,658)	(812,428)	(910,861)	(1,019,943)	(1,140,754)	(1,274,483)	(837,504)	(905,761)	(979,580)	12,998,972
Pre-paid building rent	-	-	-	-	-	-	-	-	-	-	-
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Advance insurance premium	(2,500,000)	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Accounts payable	-	22,089,671	2,900,419	3,137,701	3,391,693	3,663,496	3,954,277	4,217,206	2,196,497	2,308,667	1,271,152
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Cash provided by operations	(6,894,000)	99,536,944	95,975,712	125,746,496	161,046,078	202,815,699	249,959,908	301,039,059	346,127,034	398,529,584	470,146,378
<b>Financing activities</b>											
Change in long term debt	71,791,820	(7,204,695)	(4,189,696)	(4,734,356)	(5,349,823)	(6,045,300)	(6,831,189)	(7,719,243)	(8,722,745)	(9,856,701)	(11,138,073)
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	71,791,820	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares	-	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing act	143,583,641	(7,204,695)	(4,189,696)	(4,734,356)	(5,349,823)	(6,045,300)	(6,831,189)	(7,719,243)	(8,722,745)	(9,856,701)	(11,138,073)
<b>Investing activities</b>											
Capital expenditure	(136,589,641)	-	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-	-
Cash (used for) / provided by investing act	(136,589,641)	-	-	-	-	-	-	-	-	-	-
<b>NET CASH</b>	<b>100,000</b>	<b>92,332,249</b>	<b>91,786,016</b>	<b>121,012,140</b>	<b>155,696,256</b>	<b>196,770,399</b>	<b>243,128,719</b>	<b>293,319,816</b>	<b>337,404,290</b>	<b>388,672,883</b>	<b>459,008,305</b>
Cash balance brought forward	-	100,000	61,717,397	94,447,741	127,417,830	163,001,511	202,814,758	246,043,195	292,801,540	336,725,296	382,276,012
Cash available for appropriation	100,000	92,432,249	153,503,413	215,459,880	283,114,086	359,771,910	445,943,477	539,363,011	630,205,830	725,398,179	841,284,317
Dividend	-	30,714,852	59,055,673	88,042,050	120,112,575	156,957,152	199,900,283	246,561,470	293,480,534	343,122,166	397,280,860
Cash carried forward	100,000	61,717,397	94,447,741	127,417,830	163,001,511	202,814,758	246,043,195	292,801,540	336,725,296	382,276,012	444,003,457



## 14. KEY ASSUMPTIONS

### 7.16 Operating Cost Assumptions

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

### 7.17 Production Cost Assumptions

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

### 7.18 Revenue Assumptions

Description	Details
Revenue	421,824,100
Cost of goods sold per kg	250
Sale Price/kg	400
Production per year (unit)	1,054,560
Production Quantity sold (unit)	1,054,560

### 7.19 Financial Assumptions

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