
Pre-Feasibility Study

Homemade Food

(Lunch Box / Tiffin Service)



Small and Medium Enterprises Development Authority

Ministry of Industries & Production

Government of Pakistan

www.smeda.org.pk

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1 DISCLAIMER

This information memorandum is to introduce the subject matter and provide a general idea and information on the said matter. Although, the material included in this document is based on data/information gathered from various reliable sources; however, it is based upon certain assumptions, which may differ from case to case. The information has been provided on as is where is basis without any warranties or assertions as to the correctness or soundness thereof. Although, due care and diligence has been taken to compile this document, the contained information may vary due to any change in any of the concerned factors, and the actual results may differ substantially from the presented information. SMEDA, its employees or agents do not assume any liability for any financial or other loss resulting from this memorandum in consequence of undertaking this activity. The contained information does not preclude any further professional advice. The prospective user of this memorandum is encouraged to carry out additional diligence and gather any information which is necessary for making an informed decision, including taking professional advice from a qualified consultant/technical expert before taking any decision to act upon the information.

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2 EXECUTIVE SUMMARY

Homemade lunch box service is proposed to be located at metropolitan cities like Karachi, Lahore, Islamabad, Peshawar and Quetta, Balochistan. The business will deliver healthy and delicious food items to the corporate offices, universities, colleges, schools, Government offices and nongovernmental Organizations 5 days a week for a monthly subscription price. Initially starting off with a small subscription no of 80 lunch boxes and a simple product mix comprising of only lunch box subscription menu but it gradually can build its product mix providing homemade frozen food items, party menus, economic menu and only day customized lunch boxes. Putting Customer as its first priority, the business will focus on providing high quality homemade hygienic lunch boxes at a affordable price with a delivery service.

During the past decade the fast food businesses, potato chips and different sweet and savoring snack as well as hoteling businesses were (still to some extent are) on the boom due to the rising demand for these items that arose due to the change in lifestyles, corporate jobs and cooking at home being too much time consuming. Although the same factors still exist but a niche of the population have realized and demand for healthy homemade nutritious food at workplace and home due to increasing number of health issues the population is facing attributed mainly to bad eating habits like fast and junk food etc. This has given rise to the demand for healthy, nutritious food provided at the place of convenience of customer and hence lunch box services can exploit this untapped opportunity for this niche which is most like to increase in future, due to increased awareness in masses about healthy eating and lifestyles. Big companies like Pepsi and coca cola are changing their product mix as fast foods and soft drinks do not enjoy the same demand that they used to and healthy eating is now becoming more trendy.

The legal business status of this project is proposed as 'Sole Proprietorship'. The overall proposed production capacity of the plant is 80 Lunch boxes per day and 80 lunch box service subscriptions prepared and delivered. The Service will work in one shift and operate at 65% capacity in the first year. The maximum capacity attained is 95% Total Cost Estimates of the business are 4.96 Million with fixed investments of Rs.1.413 Million and working capital of Rs. 3.55 Million. IRR and payback of the business are 42% and 4.90 years respectively.

The most critical considerations or factors for success of the project are:

The most critical considerations or factors for success of the service are Quality, the taste and freshness of the food provided as customers will prefer tasty and good quality food within reasonable pricing.

Continuous availability of local fresh produce and other ingredients to ensure the taste and quality.

Waste Production should be kept at minimum and production process need to be monitored very carefully.

It is recommended to estimate the all fresh produce and meat ,flour and other pantry requirements of the kitchen for the year and this should be contracted for in advance with the suppliers so as to secure from the drastic changes in the prices.

Quality maintenance will play an important role as it is evident from the behavior of the general consumers that they are more specific towards health issues than ever before.

Marketing through social media, asking customers to spread the word to others and building customers will play an important role in the success of the business.

Home Made Food Products are recommended to be established in their homes by people living within city residential areas considering other mandatory inputs i.e. availability of human resource, utilities and easy delivery etc.

Online order booking and sale through whatsapp and facebook pages will be an innovation and will not only facilitate customer , boost sales along with media exposure of the business but also will reduce cost of taking orders by delivery boys going to the offices, schools and colleges itself.

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 Homemade Lunch Box Delivery Service 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

Homemade lunch box service is proposed to be located at metropolitan cities like Karachi, Lahore, Islamabad, Peshawar and Quetta, Balochistan. The business will deliver healthy and delicious food items to the corporate offices, universities, colleges, schools, Government offices and nongovernmental Organizations 5 days a week for a monthly subscription price. Initially starting off with a small subscription no of 80 lunch boxes and a simple product mix comprising of only lunch box subscription menu it gradually can build its product mix providing homemade frozen food items, party menus, economic menu and only day customized lunch boxes. Putting Customer as its first priority, the business will focus on providing high quality homemade hygienic lunch boxes at a affordable price with a delivery service. Installed capacity of the business is 80 lunch box subscription per month and initial utilization of 65%.

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

- **Technology:** The proposed project is about Homemade lunch box service. Putting customer as its first priority, the business will focus on providing high quality homemade hygienic lunch boxes at a affordable price with a delivery service for a monthly subscription price of Rs.3300. Its processing for the provided menu for the month includes dough making for chapatti and cooking them, preparing ingredients for the main dish for the day, raita or salad that will be served with the dish and cooking them keeping, hygiene and nutrition as a top priority. The entire process flow is suggested to be manual requiring skilled cooks, helpers, cleaners and serving workers. using specialised cooking pots and pans, tools and recipe and process for large scale cooking. The delivery of the
- **Location:** The business is proposed to be located within the city residential areas while considering other mandatory inputs i.e. availability of human resource, utilities and easy delivery etc.
- **Product:** The business initially will only deliver lunch boxes for a monthly subscription price consisting of a fixed menu communicated earlier but it gradually can build its product mix providing homemade frozen food items, party menus, economic menu and only day customized lunch boxes.

The menu catered is as follows:

Menu	Week 1	Week 2	Week 3
Week day 1	Chicken Biryani	Fried Salmon Fish	Chicken Karai
Week day 2	Aloo Anday	Shami Kabab (3 pcs)	Mix Vegetable
Week day 3	Baingan Ka Burtta	Matar Pulao	Dal Chawal
Week day 4	Beef Karai	Alo Palak	Achari Alu Bhujia
Week day 5	Dall Mash	Fry Dall chana	White chana

Chapatti will be served 16 days of the month with the appropriate dishes as 4 days of the month there are rice dishes. The dishes will be served according to the dish served with salad and raita 8 and 12 days of the month respectively.

- **Target Market:** The business will deliver healthy and delicious food items to the corporate offices, universities, colleges, schools ,Government offices and nongovernmental Organizations 5 days a week for a monthly subscription price
- **Employment Generation:** The proposed project will provide direct employment to 12 people. Financial analysis shows the unit shall be profitable from the very 2nd year of operation.

5.1 Production Process Flow

5.1.1 Subscription and Sharing Menu:

The first step of the customer subscription, the member will be provided with the menu and the manager will save the contact details, add them in a whats'app group and take their delivery address.

5.1.2 Confirming orders:

The number of lunch boxes prepared will be according to the monthly subscription purchased by the members. In case, any member does not want delivery on a day must be ensured by the manager and be communicated to the kitchen.

5.1.3 Fresh produce and pantry ingredients purchase:

The monthly estimates of the kitchen pantry will be calculated and will be purchased in bulk for the whole month from specific suppliers. The fresh produce will be purchased from local produce market and will be delivered on daily basis .Meat and dairy will be purchased according to the daily requirements of the menu as well.

5.1.4 Preparation :

The produce, meat and dairy preparation will start early each morning by the kitchen helpers and the utensils required will be prepared as well as the ingredients required will be weighted out for cooking.

5.1.5 Cooking:

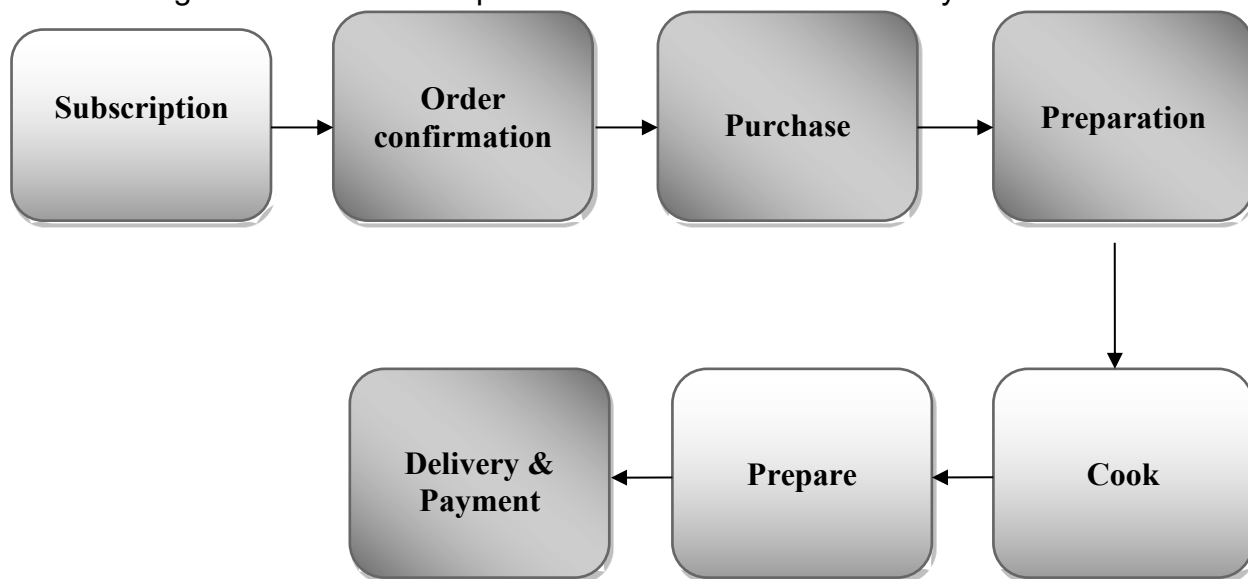
In order to provide fresh lunch to members the cooking will start just in time to be prepared for lunch time.

5.1.6 Packing lunch boxes:

All lunch boxes them will be packed by serving working by weighting them out carefully and the addresses will be punched on them by the manager ready to be delivered.

5.1.7 Delivery:

Dividing the delivery addresses of the members in to 4 delivery boys, the lunches will be given to the delivery workers according to specific locations assigned to them. The monthly subscription payment will be received by these delivery workers from their assigned members to be paid to the accountant on monthly basis.



5.2 Installed and Operational Capacities

The service will in the first year cater to 20,880 Subscriptions working at a capacity utilization of 65% with increase of 5% per year will cap at 95 %.

6 CRITICAL FACTORS

An analysis of the Strengths, Weaknesses, Opportunities and Threats is detailed as follows:

Strengths:

- Availability of raw material
- Need no expensive rental space or extra construction cost
- Little competition in home based food products.
- High reliability on quality of homemade food products
- Capacity to enhance product line & profitability
- E-business

Weaknesses:

- Business expansion may be difficult at home.
- Limited production capacity.
- Home may not be a good sale point/outlet

Opportunities:

- Increasing demand of hygienically, healthy and nutritious homemade food.
- High demand of lunch boxes throughout the year with exceptionally high.
- Free home delivery service & online order & sales

Threats:

- Poor hygiene.
- No use of local fresh seasonal produce.
- Strong competition from the fast food and other restaurants.
- Timely delivery & sale is vital to maintain quality

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

Homemade lunch box service is proposed to be located at metropolitan cities like Karachi, Lahore, Islamabad, Peshawar and Quetta, Balochistan. The business will deliver healthy and delicious food items to the corporate offices, universities, colleges, schools, Government offices and nongovernmental Organizations 5 days a week for a monthly subscription price while considering other mandatory inputs i.e. availability of human resource and utilities etc.

8 POTENTIAL TARGET CUSTOMERS / MARKETS

Middle-income groups with working in offices, universities, college and schools etc also student who take long hour classes at these institutions. living in metropolitan cities like Quetta, Karachi, Lahore, KPK and Islamabad. The online booking and free delivery service will help capture its market share in little time.

9 PROJECT COST SUMMARY

9.1 Project Economics

All the figures in this financial model have been calculated for estimated sales of Rs.42.92 million 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)	42%
Payback Period (yrs.)	4.99
Net Present Value (Rs.)	31,407,451

9.2 Project Financing

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

Table 2: Project Financing

Description	Details
Total Equity (50%)	Rs.1.413 Million
Bank Loan (50%)	Rs. 3.553million
Markup to the Borrower (%age / annum)	14%
Tenure of the Loan (Years)	5

9.3 Project Cost

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

Table 3: Project Cost

Capital Cost	Rs. in actuals
Building/Infrastructure	576,000
Machinery & equipment	339,124
Furniture & fixtures	132,700
Office vehicles	200,850
Office equipment	125,000
Pre-operating costs	40,000
Total Capital Costs	1,413,674
Working Capital	
Raw material inventory	3,183,883
Upfront building rent	249,600
Upfront insurance payment	26,999
Cash	94,085
Total Working Capital	3,554,567
Total Investment	4,968,241

9.4 Space Requirement

The space requirement for the proposed is estimated considering various facilities including management office, production hall, storage, open space, etc. Details of space requirement and cost related to land & building is given below;

Table 4: Space Requirement

Description	Estimated Area (Sqft)	Unit Cost (Rs.)	Total Cost (Rs.)
Kitchen area	256	1200	307200
Pantry	96	1200	115200
Management Cabin	64	1200	76800
Pavement and driveway	96	800	76800
Total			576,000

The rent for the service will be 20800 per month and the civil works will require 1 month to be completed.

9.5 Machinery & Equipment Requirement

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

Table 5: Machinery & Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Large pots	4	6,000	24,000
Large skillets	4	6,000	24,000
Chef Knife	12	167	2,004
Large Pressure Cookers	4	1,600	6,400
Steel Buckets	8	1,200	9,600
Tea, Table & serving	12	200	2,400
Hand blender	2	4,500	9,000
chopper	2	5,000	10,000
Grinder	2	5,000	10,000
Gas burners	6	6,000	36,000
Large Tawas	2	4,000	8,000
Deep Freezer	1	35,000	35,000
Refrigerator	2	40,000	80,000
Large Plastic bottles	8	250	2,000

Containers for Pantry s	12	80	960
Containers for Pantry M	12	180	2,160
Containers for Pantry L	8	600	4,800
re useable lunch boxes	240	120	28,800
UPS	1	35,000	35,000
Misc	1	5,000	5,000
large spoons	8	500	4,000
Total			339,124

9.6 Furniture & Fixtures Requirement

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

Table 6: Furniture & Fixture

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Office Tables 2.5x4	1	6,000	6,000
Office Chairs	1	4,000	4,000
Visitors Chairs	2	2,500	5,000
Work Shop Chairs	8	1,500	12,000
Energy Savers	12	200	2,400

Fans	4	3,000	12,000
Exhaust Fans	3	3,000	9,000
Total Furniture & Fixtures			50,400

9.7 Office Equipment Requirement

Following office equipment will be required for the Lunch box service business:

Table 7: Office Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Laptops	1	65,000	65,000
Computer printer (s)	1	25,000	25,000
Telephones	1	5,000	5,000
Misc	1	30,000	30,000
Total Office Equipment			125,000

9.8 Human Resource Requirement

In order to run operations of Lunch box service 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.)
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Cooks	2	35000
Helpers and servers	2	20000
Cleaners and dish Washers	2	18000
Manager	1	50000
Accountant	1	40000
Delivery Boys	4	18000

9.9 Utilities and other costs

An essential cost to be borne by the project is the cost of electricity and gas. The electricity expenses are estimated to be around Rs. 35000 per month, whereas, gas expenses are estimated to be Rs. 40000 month (including both natural gas and LPG). Furthermore, promotional expense being essential for marketing of service is estimated as 0.5% of revenue.

9.10 Revenue Generation

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

Table 9: Revenue Generation – Year 1

Description	No. of Units Produced (No.)	Sale Price / unit (Rs.)	Sales Revenue (Rs.)
Lunch box Service	20880	3300	42.92 Million
Total			

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 Raw Material Suppliers

Name of Supplier	Address	Phone	Fax	E-mail	Website

Whole sellers & departmental stores	All Over Pakistan.				
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10.2 Technical Experts / Consultants

Name of Expert/Organization	Address	Phone	Fax	E-mail	Website
Delicia Foods	House n0 235-B, Jinnah Town, Quetta	03333665182			

11 USEFUL WEB LINKS

Small & Medium Enterprises Development Authority (SMEDA)	www.smeda.org.pk
Government of Pakistan	www.pakistan.gov.pk
Ministry of Industries & Production	www.moip.gov.pk
Ministry of Education, Training & Standards in Higher Education	http://moptt.gov.pk
Government of Punjab	www.punjab.gov.pk
Government of Sindh	www.sindh.gov.pk
Government of Khyber Pakhtunkhwa	www.khyberpakhtunkhwa.gov.pk
Government of Balochistan	www.balochistan.gov.pk
Government of Gilgit Baltistan	www.gilgitbaltistan.gov.pk
Government of Azad Jamu Kashmir	www.ajk.gov.pk
Trade Development Authority of Pakistan (TDAP)	www.tdap.gov.pk
Security Commission of Pakistan (SECP)	www.secp.gov.pk
Federation of Pakistan Chambers of Commerce and Industry (FPCCI)	www.fpcci.com.pk
State Bank of Pakistan (SBP)	www.sbp.org.pk
Punjab Small Industries Corporation	www.psic.gop.pk
Sindh Small Industries Corporation	www.ssic.gos.pk
Pakistan Horticulture Development and Export Company (PHDEC)	www.phdec.org.pk
Punjab Vocational Training Council (PVTC)	www.pvtc.gop.pk
Technical Education and Vocational Training Authority (TEVTA)	www.tevta.org
Pakistan Readymade Garment Technical Training Institute	www.prgmea.org/prgtti/
Livestock & Dairy Development Department, Government of Punjab.	www.livestockpunjab.gov.pk
Punjab Industrial Estates (PIE)	www.pie.com.pk
Faisalabad Industrial Estate Development and Management Company (FIEDMC)	www.fiedmc.com.pk

12 ANNEXURES

12.1 Income Statement

Calculations											SMEDA
Income Statement											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Revenue	42,921,450	52,898,175	62,356,685	73,177,914	85,539,823	99,642,334	115,709,950	127,560,683	140,316,751	154,348,426	
<i>Cost of sales</i>											
Cost of goods sold 1	38,206,594	44,947,055	50,575,499	56,654,421	63,214,796	70,289,572	77,913,789	81,989,279	86,088,743	90,393,180	
Cost of goods sold 2	-	-	-	-	-	-	-	-	-	-	
Operation costs 1 (direct labor)	1,265,000	1,444,206	1,585,131	1,739,765	1,909,444	2,095,636	2,299,951	2,529,425	2,775,693	3,045,938	
Operating costs 2 (machinery maintainan	-	-	-	-	-	-	-	-	-	-	
Operating costs 3 (direct electricity)	52,026	64,119	75,584	88,701	103,685	120,779	140,254	154,619	170,081	187,089	
Operating costs 4 (direct water)	26,013	32,060	37,792	44,350	51,842	60,389	70,127	77,310	85,040	93,545	
Operating costs 5 (direct gas)	78,039	96,179	113,376	133,051	155,527	181,168	210,382	231,929	255,121	280,634	
Total cost of sales	39,627,672	46,583,618	52,387,382	58,660,287	65,435,293	72,747,544	80,634,503	84,982,561	89,374,679	94,000,386	
Gross Profit	3,293,778	6,314,557	9,969,302	14,517,627	20,104,529	26,894,791	35,075,446	42,578,122	50,942,072	60,348,041	
<i>General administration & selling expenses</i>											
Administration expense	480,000	526,733	578,017	634,294	696,049	763,818	838,184	919,791	1,009,343	1,107,614	
Administration benefits expense	14,400	15,802	17,341	19,029	20,881	22,915	25,146	27,594	30,280	33,228	
Land lease rental expense	-	-	-	-	-	-	-	-	-	-	
Building rental expense	249,600	274,560	302,016	332,218	365,439	401,983	442,182	486,400	535,040	588,544	
Electricity expense	35,000	36,050	37,132	38,245	39,393	40,575	41,792	43,046	44,337	45,667	
Water expense	4,000	4,120	4,244	4,371	4,502	4,637	4,776	4,919	5,067	5,219	
Gas expense	40,000	41,200	42,436	43,709	45,020	46,371	47,762	49,195	50,671	52,191	
Travelling expense	4,800	5,267	5,780	6,343	6,960	7,638	8,382	9,198	10,093	11,076	
Communications expense (phone, fax, m	4,800	5,267	5,780	6,343	6,960	7,638	8,382	9,198	10,093	11,076	
Office vehicles running expense	100,425	110,468	121,514	133,666	147,032	161,735	177,909	195,700	215,270	236,797	
Office expenses (stationary, entertainme	24,000	26,337	28,901	31,715	34,802	38,191	41,909	45,990	50,467	55,381	
Promotional expense	214,607	264,491	311,783	365,890	427,699	498,212	578,550	637,803	701,584	771,742	
Insurance expense	26,999	24,299	21,599	18,899	16,199	13,499	10,799	8,100	5,400	2,700	
Professional fees (legal, audit, consultan	214,607	264,491	311,783	365,890	427,699	498,212	578,550	637,803	701,584	771,742	
Depreciation expense	108,567	108,567	108,567	108,567	108,567	108,567	108,567	108,567	108,567	108,567	
Amortization of pre-operating costs	8,000	8,000	8,000	8,000	8,000	8,000	-	-	-	-	
Property tax expense	-	-	-	-	-	-	-	-	-	-	
Bad debt expense	1,287,644	1,586,945	1,870,701	2,195,337	2,566,195	2,989,270	3,471,298	3,826,820	4,209,503	4,630,453	
Miscellaneous expense 1	-	-	-	-	-	-	-	-	-	-	
Subtotal	2,817,449	3,302,598	3,775,594	4,312,515	4,921,401	5,603,261	6,384,188	7,010,124	7,687,299	8,431,997	
Operating Income	476,329	3,011,960	6,193,709	10,205,112	15,183,129	21,291,530	28,691,258	35,567,998	43,254,774	51,916,043	
Other income (interest on cash)	16,144	-	-	169,339	720,358	1,687,424	3,126,708	5,089,734	7,610,911	11,386,571	
Other income 2	-	-	-	-	-	-	-	-	-	-	
Earnings Before Interest & Taxes	492,473	3,011,960	6,193,709	10,374,452	15,903,487	22,978,953	31,817,967	40,657,732	50,865,685	63,302,615	
Interest on short term debt	300,180	542,625	329,614	87,169	-	-	-	-	-	-	
Interest on export refinancing	-	-	-	-	-	-	-	-	-	-	
Interest expense on long term debt (Projec	95,376	80,031	62,463	42,349	19,321	-	-	-	-	-	
Interest expense on long term debt (Worki	137,642	-	-	-	-	-	-	-	-	-	
Subtotal	533,199	622,656	392,077	129,518	19,321	-	-	-	-	-	
Earnings Before Tax	(40,725)	2,389,303	5,801,631	10,244,934	15,884,166	22,978,953	31,817,967	40,657,732	50,865,685	63,302,615	
Tax	-	962,917	2,378,669	4,200,423	6,512,508	9,421,371	13,045,366	16,669,670	20,854,931	25,954,072	
NET PROFIT/(LOSS) AFTER TAX	(40,725)	1,426,386	3,422,962	6,044,511	9,371,658	13,557,582	18,772,600	23,988,062	30,010,754	37,348,543	
Balance brought forward	(40,725)	1,385,661	4,808,624	10,853,134	20,224,792	33,782,375	52,554,975	76,543,037	106,553,791	143,902,334	
Total profit available for appropriation	(40,725)	1,385,661	4,808,624	10,853,134	20,224,792	33,782,375	52,554,975	76,543,037	106,553,791	143,902,334	
Balance carried forward	(40,725)	1,385,661	4,808,624	10,853,134	20,224,792	33,782,375	52,554,975	76,543,037	106,553,791	143,902,334	

12.2 Balance Sheet

Calculations										SMEDA
Balance Sheet										
	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	-	-	-	3,386,787	11,020,366	22,728,108	39,806,058	61,988,619	90,229,603	137,501,820
Accounts receivable	3,527,790	3,937,793	4,736,501	5,569,915	6,522,647	7,610,226	8,850,094	9,997,423	11,008,662	12,109,528
Finished goods inventory	1,722,942	1,946,778	2,188,888	2,450,560	2,733,170	3,038,180	3,367,155	3,540,940	3,723,945	3,916,683
Equipment spare part inventory	-	-	-	-	-	-	-	-	-	-
Raw material inventory	3,932,867	4,646,624	5,465,381	6,403,165	7,475,774	8,700,994	9,613,929	10,599,357	11,685,791	-
Pre-paid annual land lease	-	-	-	-	-	-	-	-	-	-
Pre-paid building rent	22,880	25,168	27,685	30,453	33,499	36,848	40,533	44,587	49,045	-
Pre-paid machinery & equipment lease in	-	-	-	-	-	-	-	-	-	-
Pre-paid office equipment lease interest	-	-	-	-	-	-	-	-	-	-
Pre-paid office vehicles lease interest	-	-	-	-	-	-	-	-	-	-
Pre-paid insurance	24,299	21,599	18,899	16,199	13,499	10,799	8,100	5,400	2,700	-
Total Current Assets	9,230,779	10,577,962	12,437,354	17,857,080	27,798,954	42,125,157	61,685,869	86,176,325	116,699,746	153,528,030
<i>Fixed assets</i>										
Land	-	-	-	-	-	-	-	-	-	-
Building/Infrastructure	547,200	518,400	489,600	460,800	432,000	403,200	374,400	345,600	316,800	288,000
Machinery & equipment	305,212	271,299	237,387	203,474	169,562	135,650	101,737	67,825	33,912	-
Furniture & fixtures	119,430	106,160	92,890	79,620	66,350	53,080	39,810	26,540	13,270	-
Office vehicles	180,765	160,680	140,595	120,510	100,425	80,340	60,255	40,170	20,085	-
Office equipment	112,500	100,000	87,500	75,000	62,500	50,000	37,500	25,000	12,500	-
Total Fixed Assets	1,265,107	1,156,539	1,047,972	939,404	830,837	722,270	613,702	505,135	396,567	288,000
<i>Intangible assets</i>										
Pre-operation costs	32,000	24,000	16,000	8,000	-	-	-	-	-	-
Total Intangible Assets	32,000	24,000	16,000	8,000	-	-	-	-	-	-
TOTAL ASSETS	10,527,885	11,758,501	13,501,326	18,804,485	28,629,791	42,847,426	62,299,571	86,681,460	117,096,313	153,816,030
Liabilities & Shareholders' Equity										
<i>Current liabilities</i>										
Accounts payable	3,463,517	4,076,193	4,606,100	5,182,815	5,810,184	6,492,375	7,194,059	7,610,025	8,036,263	7,429,576
Short term debt	4,020,035	3,246,843	1,167,376	-	-	-	-	-	-	-
Total Current Liabilities	7,483,553	7,323,036	5,773,476	5,182,815	5,810,184	6,492,375	7,194,059	7,610,025	8,036,263	7,429,576
<i>Other liabilities</i>										
Deferred tax	-	85,990	94,225	102,460	110,695	88,556	66,417	44,278	22,139	(0)
Long term debt (Project Loan)	600,938	479,694	340,881	181,955	-	-	-	-	-	-
Total Long Term Liabilities	600,938	565,684	435,106	284,415	110,695	88,556	66,417	44,278	22,139	(0)
<i>Shareholders' equity</i>										
Paid-up capital	2,484,120	2,484,120	2,484,120	2,484,120	2,484,120	2,484,120	2,484,120	2,484,120	2,484,120	2,484,120
Retained earnings	(40,725)	1,385,661	4,808,624	10,853,134	20,224,792	33,782,375	52,554,975	76,543,037	106,553,791	143,902,334
Total Equity	2,443,395	3,869,781	7,292,744	13,337,255	22,708,913	36,266,495	55,039,095	79,027,157	109,037,911	146,386,454
TOTAL CAPITAL AND LIABILITIES	10,527,885	11,758,501	13,501,326	18,804,485	28,629,791	42,847,426	62,299,571	86,681,460	117,096,313	153,816,030

12.3 Cash Flow Statement

Calculations										SMEDA
Cash Flow Statement										
	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	(40,725)	1,426,386	3,422,962	6,044,511	9,371,658	13,557,582	18,772,600	23,988,062	30,010,754	37,348,543
Add: depreciation expense	108,567	108,567	108,567	108,567	108,567	108,567	108,567	108,567	108,567	108,567
amortization of pre-operating costs	8,000	8,000	8,000	8,000	8,000	-	-	-	-	-
amortization of training costs	-	-	-	-	-	-	-	-	-	-
Deferred income tax	-	85,990	8,235	8,235	8,235	(22,139)	(22,139)	(22,139)	(22,139)	(22,139)
Accounts receivable	(3,527,790)	(410,002)	(798,708)	(833,414)	(952,732)	(1,087,579)	(1,239,868)	(1,147,329)	(1,011,238)	(1,100,866)
Finished goods inventory	(1,722,942)	(223,836)	(242,110)	(261,672)	(282,609)	(305,011)	(328,975)	(173,785)	(183,005)	(192,738)
Equipment inventory	-	-	-	-	-	-	-	-	-	-
Raw material inventory	(748,984)	(713,757)	(818,757)	(937,784)	(1,072,609)	(1,225,220)	(912,935)	(985,428)	(1,086,434)	11,685,791
Pre-paid building rent	(2,080)	(2,288)	(2,517)	(2,768)	(3,045)	(3,350)	(3,685)	(4,053)	(4,459)	49,045
Pre-paid machinery & equipment lease ir	-	-	-	-	-	-	-	-	-	-
Pre-paid office equipment lease interest	-	-	-	-	-	-	-	-	-	-
Pre-paid office vehicles lease interest	-	-	-	-	-	-	-	-	-	-
Advance insurance premium	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Accounts payable	3,463,517	612,675	529,907	576,715	627,369	682,192	701,684	415,966	426,238	(606,687)
Other liabilities	-	-	-	-	-	-	-	-	-	-
Cash provided by operations	(2,459,738)	894,436	2,218,280	4,713,090	7,815,534	11,707,742	17,077,950	22,182,561	28,240,984	47,272,217
<i>Financing activities</i>										
Project Loan - principal repayment	(105,899)	(121,244)	(138,812)	(158,926)	(181,955)	-	-	-	-	-
Working Capital Loan - principal repaym	(1,777,283)	-	-	-	-	-	-	-	-	-
Short term debt principal repayment	-	(4,020,035)	(3,246,843)	(1,167,376)	-	-	-	-	-	-
Cash provided by / (used for) financing ac	(1,883,183)	(4,141,279)	(3,385,656)	(1,326,302)	(181,955)	-	-	-	-	-
<i>Investing activities</i>										
Capital expenditure	-	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-
Cash (used for) / provided by investing ac	-	-	-	-	-	-	-	-	-	-
NET CASH	(4,342,920)	(3,246,843)	(1,167,376)	3,386,787	7,633,579	11,707,742	17,077,950	22,182,561	28,240,984	47,272,217
Cash balance brought forward	322,885	-	-	-	3,386,787	11,020,366	22,728,108	39,806,058	61,988,619	90,229,603
Cash available for appropriation	(4,020,035)	(3,246,843)	(1,167,376)	3,386,787	11,020,366	22,728,108	39,806,058	61,988,619	90,229,603	137,501,820
Dividend	-	-	-	-	-	-	-	-	-	-
Cash balance	(4,020,035)	(3,246,843)	(1,167,376)	3,386,787	11,020,366	22,728,108	39,806,058	61,988,619	90,229,603	137,501,820
Cash carried forward	-	-	-	3,386,787	11,020,366	22,728,108	39,806,058	61,988,619	90,229,603	137,501,820

13 KEY ASSUMPTIONS

13.1 Cash Flow Assumptions

Description	Details
Accounts Receivable Cycle (In days)	30
Accounts Payable Cycle (In days)	30

13.2 Revenue Assumptions

Description	Details
Sale Price Per Unit	Rs. 3300
Growth in Sales Price	10%
Maximum units Produced in Year 1	20880 Subscriptions

13.3 Financial Assumptions

Description	Details
Debt	50
Equity	50
Interest Rate On Debt	14
Debt Tenure	5