

# Pre-Feasibility Study

(Pickle Production, Processing, Packing & Marketing)



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**Government of Pakistan**

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*Note: All SMEDA Services / information related to PM's Youth Business Loan are Free of Cost*

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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 subject. 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. 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, production, marketing, finance and business management.

The purpose of this document is to facilitate potential investors in **Pickle Production, Processing, Packaging & Marketing** 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 the basis of investment decisions.

## 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 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. INTRODUCTION TO SCHEME**

'Prime Minister's Youth Business Loan' program, for young entrepreneurs, with an allocated budget of Rs. 5.0 Billion for the year 2013-14, is designed to provide subsidised financing at 8% mark-up per annum for one hundred thousand (100,000) beneficiaries, through designated financial institutions, initially by the National Bank of Pakistan (NBP) and the First Women Bank Ltd. (FWBL).

Loans from Rs. 0.1 million to Rs. 2.0 million with tenure up to 8 years inclusive of 1 year grace period, and a debt: equity of 90: 10 will be disbursed to SME beneficiaries across Pakistan, covering; Punjab, Sindh, Khyber Pakhtunkhwa, Balochistan, Gilgit Baltistan, Azad Jammu & Kashmir and Federally Administered Tribal Areas (FATA).

#### **5. EXECUTIVE SUMMARY**

Pickle Production, Processing, Packaging and Marketing Unit is proposed to be located at any of the major cities of Pakistan, preferably at Karachi, Hyderabad, Sukkur, Shikarpur, Lahore, Multan & Peshawar.

Product(s) include bulk and consumer packs of vegetable pickle.

Capacity: Installed capacity of 100,000 Kg with an initial utilization of 60 %

Total Cost Estimates is Rs. 2.1 million with fixed investment Rs.1.0 million and working capital Rs. 1.1million

Given the cost assumptions IRR and payback are 68% and 2.2 years respectively

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

1. Quality & Pricing
2. Recipe & Processing
3. Credit Recovery

## 6. BRIEF DESCRIPTION OF PROJECT

Pickles have always been in consistent demand in the subcontinent as a compulsory add-on to be served with food. This indicates that there is a substantial potential for this business; however growth largely depends on:

- Population growth and demographics
- Increase in urban life phenomenon
- Switching from traditional homemade pickles to ready to use pickles
- Increase in international demand

### Product

Pickle is a general term used for fruits or vegetables preserved in vinegar or brine, usually with spices, sugar or both. For the purpose of this pre-feasibility, four types of commonly used pickles will be produced in different packaging. Chili, Mango, Lime, Garlic and mixed pickle. It has been assumed that the four basic types of Pickles will be produced initially in equal quantities and it will be possible to produce mix pickle using the four basic pickles when there is a demand in the market.

All types of Pickles will be available in 330 grams, 450 grams, 1 kg, 1.8 kg and 5 kg packs. Pickles from 330grams pack to 1.8 kg pack will be available in glass bottles whereas large quantities will be available in convenient polythene bags. Pickle in 5kg will be available in small bucket as loose pickle. In the market loose pickle is available in 16 kg to 32 kg packs; however the proposed business setup will not offer these quantities.

### Location

The Pickle Unit is proposed to be established at a place from where target market is close so that the business could save distribution cost. The most suitable cities for this business are Karachi, Lahore, Peshawar, Quetta, Hyderabad, Larkana, Shikarpur, Sukkur and Multan.

### Target Market

Pickles are considered as a compulsory add-on to be served with the food all over the Sub-Continent and its demand is rising since production began on a commercial scale. A huge local market of more than 180+ million consumers and increasing international demand in UAE, KSA, UK etc, carries enormous potential for investment in this business.

## Employment Generation:

The proposed Unit will provide direct employment to 8 people. Financial analysis shows that the Unit shall be profitable from the very first year of operation.

## 7. CRITICAL FACTOR

Following factors should be considered before entering into the pickle business:

- Quality & Hygiene
- Promotion
- Packaging and Distribution
- Timely Procurement of Raw Material

## 8. INSTALLED AND OPERATIONAL CAPACITIES

The project capacity for a Pickle Business setup is dependent on the income levels within the region. The business volume varies from area to area and is very much location specific. The two broad categories of business volume that could be generated according to the income level of the locality are as follows:

### In Bottled & Plastic Bags Packaging

- |                               |   |                   |
|-------------------------------|---|-------------------|
| 1. Low Income Areas           | – | 40 to 50% of sale |
| 2. Medium & High Income Areas | – | 50 to 60% of sale |

### In Bulk Packaging (5kg Packs)

- |                        |   |                   |
|------------------------|---|-------------------|
| 1. Low Income Areas    | – | 70 to 80% of sale |
| 2. Medium Income Areas | – | 20 to 30% of sale |

The installed capacity of the Unit would be **100,000 Kg per annum**. It has been assumed that the proposed Pickle Production, Processing and Packaging Unit would produce around **60,000 Kg per annum** at the initial stage, utilizing 60% of capacity and this will be raised by 10% every year.

## 9. GEOGRAPHICAL POTENTIAL FOR INVESTMENT

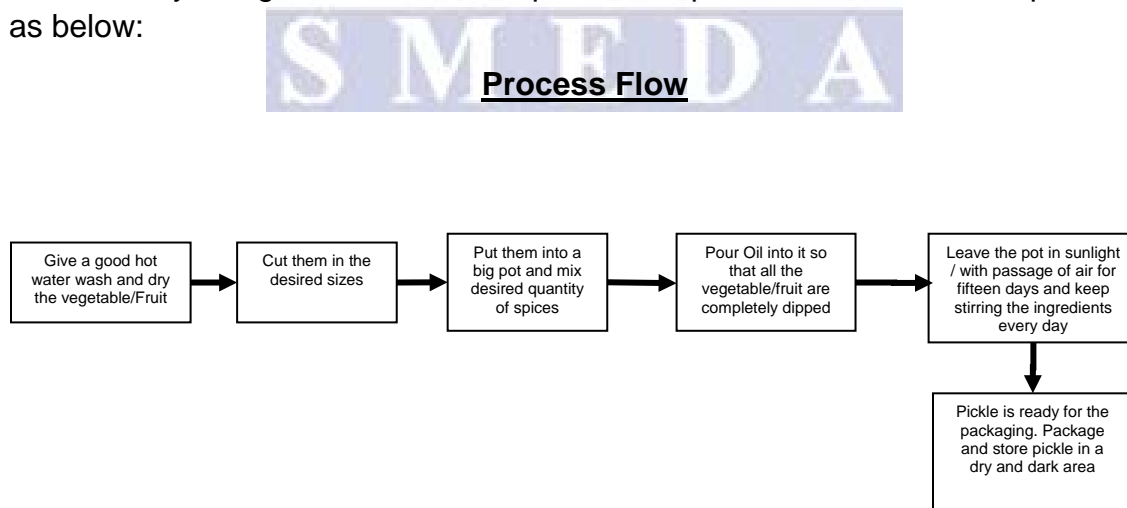
Currently pickle is largely produced at homes as production and packaging procedure is economical and simple, therefore for the proposed Unit, location would not be critical in terms of availability of labor, utilities or other production requirements. It is proposed that the Unit will be established at a place from where target market is close so that the business could save distribution cost. The most suitable cities for this business would be Karachi, Lahore, Peshawar, Quetta, Hyderabad, Larkana, Sukkur, Multan and other comparable locations of the country.

## 10. POTENTIAL TARGET MARKET/CITIES

Pickles are considered as a compulsory add-on to be served with the food all over the Sub-Continent and its demand is rising after its production on commercial scale. Traditionally, in Pakistan and India homemade pickles have been used; however rise in consumerism and urbanization has given boost to commercial scale production. Highly potential local market and countries like UAE, KSA, UK etc can be targeted.

## 11. PROCESS FLOW

There are two basic methods for pickle processing used in Pakistan. One is water based process and the other is oil based process. Pickles available in the Pakistani market are generally made by using water, whereas homemade pickles are made by using oil. Conventional production process for homemade pickles is as below:





## 12. PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of this project.

Various cost and revenue related assumptions along with results of the analysis are outlined in this section.

The projected Income Statement, Cash Flow Statement and Balance Sheet are attached as annexures.

### 12.1 Project Economics

The following table shows internal rates of return and payback period for pickle production unit operating at 60% capacity.

**Table 1 - Project Economics**

Description	Details
Internal Rate of Return (IRR)	68%
Payback Period (yrs)	2.2 years
Net Present Value (NPV) - Rs.	Rs 15,733,410

Returns on the scheme and its profitability are highly dependent on the efficiency of the sales & distribution team, interest of the owner and quality of the products.

### 12.2 Project Financing

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

**Table 2 - Project Financing**

Description	Details
Total Equity (10%)	Rs 213,358
Bank Loan (90%.)	Rs 1,920,222
Markup to the Borrower (%age/annum)	8%
Tenure of the Loan (Years)	8
Grace Period (Year)	1

### 12.3 Project Cost

Following requirements have been identified for operations of the proposed business.

**Table 3: Capital Investment for the Project**

<b>Capital Investment</b>	<b>Amount (Rs.)</b>
Advance Rent (Deposit)	150,000
Building/Infrastructure (Renovation)	150,000
Office Equipment/Furniture	100,000
Machinery & Equipment	600,000
<b>Total Capital Costs</b>	<b>1,000,000</b>
Initial Working Capital	1,133,580
<b>Total Project Cost</b>	<b>2,133,580</b>

## 12.4 Space Requirement

The area has been calculated on the basis of space requirement for production area, office and stores. The pickle production, processing and packaging setup is will require a total area of 200 Sq. yards (1,800 sqft). This area will be used for production, packaging, storage and administration office. However the Units operating in the sector do not follow any set pattern. Following table shows calculations for project space requirement.

**Table 4: Space Requirement**

<b>Space Requirement (in ft.)</b>	<b>sq.ft</b>	<b>Construction &amp; Renovation Amount (Rs.)</b>
Office	200	25,000
Factory	1,400	100,000
Store	200	25,000
<b>Total Area</b>	<b>1,800</b>	<b>150,000</b>

Land and Building for setting up the proposed Pickle Production, Processing and Packaging Unit would be on rental basis which will cost around Rs. 25,000/- per month for a 200 Sq. yards (1,800 sq.ft) area.

It has been assumed that it would be a developed land with basic infrastructure available; However for the necessary construction, renovation and customization of the facility Rs. 150,000/- will be required.

## 12.5 Machinery and Equipment

Pickle production would need machinery for mixing & packaging purpose only. Machinery required for the packaging of pickle is available (both local and

imported). Local machinery reportedly gives good quality output and after sales service is easily available.

Following table provides list of machinery and equipment required for a pickle manufacturing unit.

**Table 5: List of Machinery and Equipment**

Description	Capacity Units/Hr	Quantity	Cost Rs/unit	Total Rs.
Mixing Machine	100 kg / hr	1	150,000	150,000
Utensils, sieve , pans & other accessories		1	100,000	100,000
Packaging Machine	100 kg / hr	1	350,000	350,000
<b>Total</b>				<b>600,000</b>

## 12.6 Office Equipment

A lump sum provision of Rs. 100,000/- for procurement of office / factory equipment / furniture is assumed. This would include computer, printer, fax, table, desk, chairs etc. The breakup of office equipment, furniture & fixtures is as follows:

**Table 6: Office Equipment Costs**

	Quantity	Cost	Amount
Computers	1	15,000	15,000
Computer printer (s)	1	5,000	5,000
Telephones	2	2,500	5,000
Fax machines	1	10,000	10,000
Furniture	1	65,000	65,000
<b>Total</b>			<b>100,000</b>

## 12.7 Raw Material Requirements

Based on the assumptions for the production facility, it would be necessary to maintain raw material inventory in order to avoid any unexpected price fluctuation. For this purpose two month inventory of pickle, bottles, labels and cartons has been assumed.

**Table 7: Cost of Raw Material**

Ingredients	Unit	Rate	Qty	Cost (Rs.)
Mango/ Chilli/Garlic/Lime	Kg	46.25	43,299	2,002,584
Salt	Kg	15	1,535	23,018
Chilli	Kg	140	1,535	214,838
Saunf	Kg	230	614	141,179
Methi Seeds	Kg	80	614	49,106
Kalongi	Kg	200	614	122,765
Rai	Kg	110	614	67,521
Oil	Kg	150	12,276	1,841,471
<b>Total Raw Material Cost</b>			<b>61,100</b>	<b>4,462,482</b>

Note: Figures have been rounded to the nearest decimal place

**Table 8: Packaging Cost**

Bottles–gms - label	Unit	Rate	Qty	Rs./Unit
330	grams	10.50	15,000	157,500
450	grams	13.50	15,000	202,500
1,000	grams	19.00	10,000	190,000
1,800	grams	25.00	8,000	200,000
5,000	grams	61.00	5,000	305,000
<b>Total Packaging Cost</b>				<b>1,055,000</b>

## 12.8 Human Resource Requirement

**Table 9: Human Resource Requirement**

Description	No. of Employees	Salary per employee per month (Rs.)	Total monthly salary (Rs.)
Owner Manager	1	25,000	25,000
Supervisor	1	15,000	15,000
Processing Staff	2	10,000	20,000
Packaging Staff	2	10,000	20,000
Sales Officer (commission)	2	10,000	20,000
<b>Total Staff</b>	<b>8</b>		<b>100,000</b>

Pickle processing does not need specialized and skilled labor; however packaging process may need trained labor having experience of operating packaging machinery. The proposed project would need a total of 8 persons in order to handle the processing and packaging operations. Manpower

requirement for the business operations along with their respective salaries is given in the table above. Owner / manager would be the driving force behind the success of this venture. He should take active part in day to day business affairs and handle marketing, accounts and administration. Salaries of all employees are estimated to increase at 10% annually.

## 12.9 Revenue Generation

For the projection purposes, annual price & capacity utilization, growth rate of 10% each has been assumed which would cover anticipated growth in the industry as well as price. Based on our discussions with the industry experts, following revenue related assumptions have been made on annualized basis with respect to different quantities of pickle packs, their prices and total revenue expected from each quantity pack.

**Table 10: Revenue**

Pickle (Weight in grams)	Unit	Sales Price (Rs./Unit)	First Year Production	First Year Sales Revenue (Rs)
330	No	50	15,000	750,000
450	No	90	15,000	1,350,000
1000	No	150	10,000	1,500,000
1800	No	260	8,000	2,080,000
5000	No	700	5,000	3,500,000
<b>Total Sales Revenue</b>				<b>9,180,000</b>

## 12.10 Other Costs

- Considering the industry norms, it has been assumed that 50% of the total sale will be on cash while remaining 50% sales will be on credit to local distributors. A collection period of 30 days has been assumed.
- A provision for bad debts has been assumed equivalent to 1% of the annual credit sales.
- Pickle processing and packaging unit will be operated using electricity for packaging purposes, while, substantial quantity of water will be consumed for washing and cleaning of fruits and vegetables. The cost of the utilities including electricity, fuel, telephone, and gas is estimated to be around Rs. 40,500/- per month.
- For the purpose of this pre-feasibility, it has been assumed that the Pickle processing and packaging unit will be engaged in local sales for which

demand can be created through advertising but this would be costly and not affordable at the initial stage. It is therefore assumed that relationship building will be adopted by the business. For this purpose, an amount equivalent to 5% of the annual sales has been assumed. This amount will be utilized for business meetings, parties, gifts, sales promotions, etc.

- Miscellaneous expenses of running the business are assumed to be Rs. 15,000 per month. These expenses include various items like office stationery, daily consumables, traveling allowances etc. and are assumed to increase at a nominal rate of 10% per annum.
- The business is assumed to be run as a sole proprietorship; therefore, tax rates applicable on the income of a non-salaried individual taxpayer are used for income tax calculation of the business.
- The cost of capital is explained in the following table:

Particulars	Rate
Required return on equity	20%
Cost of finance	8%
Weighted Average Cost of Capital	9.2%

- The weighted average cost of capital is based on the debt/equity ratio of 90:10.

### 13. CONTACTS - SUPPLIERS, EXPERTS/CONSULTANTS

There are many local suppliers of packaging machinery in Karachi and other cities, which can be contacted for obtaining machinery. During the course of study following machinery manufacturer was identified in Karachi:

#### **Sama Engineering**

Sama House, 2-A, 1/32, Nazimabad # 2

Karachi

Phone +9221-36602467, 36603311

URL: [www.samaengineering.com.pk](http://www.samaengineering.com.pk)

#### **Director General**

National Institute of Food Science and Technology

University of Agriculture, Faisalabad

**Phone:** 041-9200161-70/3011

## 14. ANNEXURE

### 14.1 Income Statement

Pickle Processing, Pakaging & Marketing										
Projected Income Statement (Rs.)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	9,180,000	11,107,800	13,440,438	16,262,930	19,678,145	23,810,556	28,810,772	34,861,035	42,181,852	51,040,041
Beginning Inventory	-	382,500	462,825	560,018	677,622	819,923	992,106	1,200,449	1,452,543	1,757,577
Ending Inventory	382,500	462,825	560,018	677,622	819,923	992,106	1,200,449	1,452,543	1,757,577	2,126,668
Gross Revenue	8,797,500	11,027,475	13,343,245	16,145,326	19,535,845	23,638,372	28,602,430	34,608,940	41,876,818	50,670,950
Sales on Credit	4,398,750	5,513,738	6,671,622	8,072,663	9,767,922	11,819,186	14,301,215	17,304,470	20,938,409	25,335,475
Sales on Cash	4,398,750	5,513,738	6,671,622	8,072,663	9,767,922	11,819,186	14,301,215	17,304,470	20,938,409	25,335,475
Bad Debt Expenses	43,988	55,137	66,716	80,727	97,679	118,192	143,012	173,045	209,384	253,355
Net (Adjusted Sales)	8,753,513	11,027,475	13,343,245	16,145,326	19,535,845	23,638,372	28,602,430	34,608,940	41,876,818	50,670,950
Cost of Sales	6,663,482	7,936,753	9,464,806	11,299,882	13,505,072	16,156,572	19,486,739	23,513,056	28,382,114	34,271,489
Raw Material Cost	5,517,482	6,676,153	8,078,146	9,774,556	11,827,213	14,310,928	17,316,223	20,952,629	25,352,681	30,676,744
Labor (Production Staff)	660,000	726,000	798,600	878,460	966,306	1,062,937	1,309,538	1,613,351	1,987,648	2,448,782
Other Utilities	486,000	534,600	588,060	646,866	711,553	782,708	860,979	947,077	1,041,784	1,145,963
Gross Profit	2,090,030	3,090,722	3,878,439	4,845,444	6,030,773	7,481,800	9,115,691	11,095,884	13,494,704	16,399,460
Gross Profit Margin	24%	28%	29%	30%	31%	32%	32%	32%	32%	32%
<b>General Administrative &amp; Selling Expenses</b>										
Salaries	540,000	594,000	653,400	718,740	790,614	869,675	956,643	1,052,307	1,157,538	1,273,292
Factory/Office Miscellaneous Expenses	180,000	198,000	217,800	239,580	263,538	289,892	318,881	350,769	385,846	424,431
Rent Expense	300,000	363,000	439,230	531,468	643,077	778,123	941,529	1,139,250	1,378,492	1,667,975
Amortization of Preliminary Expenses	-	-	-	-	-	-	-	-	-	-
Depreciation Expense	85,000	76,500	68,850	61,965	55,769	50,192	45,172	40,655	36,590	32,931
Maintenance Expense	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Distribution & Retailer Margin	-	-	-	-	-	-	-	-	-	-
Selling & Promotional Expense	437,676	551,374	667,162	807,266	976,792	1,181,919	1,430,122	1,730,447	2,093,841	2,533,547
<b>Subtotal</b>	<b>1,560,676</b>	<b>1,800,874</b>	<b>2,064,442</b>	<b>2,377,020</b>	<b>2,747,789</b>	<b>3,187,800</b>	<b>3,710,346</b>	<b>4,331,428</b>	<b>5,070,306</b>	<b>5,950,176</b>
Operating Income	529,355	1,289,848	1,813,997	2,468,424	3,282,984	4,294,000	5,405,345	6,764,456	8,424,398	10,449,285
Financial Charges (8% Per Annum)	153,618	145,912	128,213	109,046	88,287	65,806	41,459	15,091	-	-
Earnings Before Taxes	375,737	1,143,936	1,685,784	2,359,379	3,194,696	4,228,194	5,363,886	6,749,365	8,424,398	10,449,285
Tax	-	94,090	184,657	319,376	521,174	790,958	1,131,666	1,584,778	2,171,039	2,879,750
Net Profit	375,737	1,049,846	1,501,127	2,040,003	2,673,522	3,437,236	4,232,220	5,164,587	6,253,359	7,569,535
Monthly Profit After Tax	31,311	87,487	125,094	170,000	222,794	286,436	352,685	430,382	521,113	630,795

## 14.2 Statement of Cash Flow

## Pickle Processing, Packaging &amp; Marketing

Projected Statement of Cash Flows (Rs.)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Cash Flow From Operating Activities</b>											
Net Profit	0	375,737	1,049,846	1,501,127	2,040,003	2,673,522	3,437,236	4,232,220	5,164,587	6,253,359	7,569,535
Add: Depreciation Expense	0	85,000	76,500	68,850	61,965	55,769	50,192	45,172	40,655	36,590	32,931
Amortization Expense	0	0	0	0	0	0	-	-	-	-	-
(Increase) / decrease in Receivables	-	(366,563)	(92,916)	(96,490)	(116,753)	(141,272)	(170,939)	(206,836)	(250,271)	(302,828)	(366,422)
(Increase) / decrease in RM	-	459,790	(96,556)	(116,833)	(141,368)	(171,055)	(206,976)	(250,441)	(303,034)	(366,671)	(443,672)
(Increase) / decrease in FG Inventory	-	(382,500)	(80,325)	(97,193)	(117,604)	(142,301)	(172,184)	(208,342)	(252,094)	(305,034)	(369,091)
<b>Net Cash Flow From Operations</b>	<b>0</b>	<b>171,465</b>	<b>856,549</b>	<b>1,259,461</b>	<b>1,726,243</b>	<b>2,274,664</b>	<b>2,937,329</b>	<b>3,611,773</b>	<b>4,399,843</b>	<b>5,315,415</b>	<b>6,423,280</b>
<b>Cash Flow From Financing Activities</b>											
Receipt of Long Term Debt	1,920,222										
Repayment of Long Term Debt			(213,236)	(230,935)	(250,102)	(270,861)	(293,342)	(317,689)	(344,057)	-	-
Owner's Equity	213,358										
<b>Net Cash Flow From Financing Activities</b>	<b>2,133,580</b>	<b>0</b>	<b>(213,236)</b>	<b>(230,935)</b>	<b>(250,102)</b>	<b>(270,861)</b>	<b>(293,342)</b>	<b>(317,689)</b>	<b>(344,057)</b>	<b>0</b>	<b>0</b>
<b>Cash Flow From Investing Activities</b>											
Capital Expenditure	(600,000)					0					0
Factory/Office Furniture	(100,000)										
Preliminary Operating Expenses	0										
Purchase of Raw Material Inventory	(919,580)										
Advance Rent	(150,000)										
Construction & Renovation	(150,000)										
<b>Net Cash Flow From Investing Activities</b>	<b>(1,919,580)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET CASH FLOW</b>	<b>214,000</b>	<b>171,465</b>	<b>643,313</b>	<b>1,028,526</b>	<b>1,476,141</b>	<b>2,003,803</b>	<b>2,643,987</b>	<b>3,294,084</b>	<b>4,055,786</b>	<b>5,315,415</b>	<b>6,423,280</b>
<b>Cash at the Beginning of the Period</b>	<b>0</b>	<b>214,000</b>	<b>385,465</b>	<b>1,028,778</b>	<b>2,057,303</b>	<b>3,533,444</b>	<b>5,537,247</b>	<b>8,181,234</b>	<b>11,475,318</b>	<b>15,531,104</b>	<b>20,846,519</b>
<b>Cash at the End of the Period</b>	<b>214,000</b>	<b>385,465</b>	<b>1,028,778</b>	<b>2,057,303</b>	<b>3,533,444</b>	<b>5,537,247</b>	<b>8,181,234</b>	<b>11,475,318</b>	<b>15,531,104</b>	<b>20,846,519</b>	<b>27,269,800</b>



## 14.3 Balance Sheet

Pickle Processing, Packaging & Marketing											
Projected Balance Sheet (Rs.)	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>											
<b>Current Assets</b>											
Cash & Bank Balance	214,000	385,465	1,028,778	2,057,303	3,533,444	5,537,247	8,181,234	11,475,318	15,531,104	20,846,519	27,269,800
Raw Material Inventory	919,580	459,790	556,346	673,179	814,546	985,601	1,192,577	1,443,019	1,746,052	2,112,723	2,556,395
Finished Goods Inventory	0	382,500	462,825	560,018	677,622	819,923	992,106	1,200,449	1,452,543	1,757,577	2,126,668
Accounts Receivable	0	366,563	459,478	555,969	672,722	813,994	984,932	1,191,768	1,442,039	1,744,867	2,111,290
Advance Rent	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
<b>Total Current Assets</b>	<b>1,283,580</b>	<b>1,744,317</b>	<b>2,657,427</b>	<b>3,996,469</b>	<b>5,848,335</b>	<b>8,306,765</b>	<b>11,500,850</b>	<b>15,460,553</b>	<b>20,321,739</b>	<b>26,611,687</b>	<b>34,214,153</b>
<b>Fixed Assets</b>											
Plant Machinery & Facility	600,000	540,000	486,000	437,400	393,660	354,294	318,865	286,978	258,280	232,452	209,207
Factory Construction	150,000	135,000	121,500	109,350	98,415	88,574	79,716	71,745	64,570	58,113	52,302
Land	0	0	0	0	0	0	0	0	0	0	0
Furniture & Fixtures	100,000	90,000	81,000	72,900	65,610	59,049	53,144	47,830	43,047	38,742	34,868
Vehicle	0	0	0	0	0	0	0	0	0	0	0
<b>Total Fixed Assets</b>	<b>850,000</b>	<b>765,000</b>	<b>688,500</b>	<b>619,650</b>	<b>557,685</b>	<b>501,917</b>	<b>451,725</b>	<b>406,552</b>	<b>365,897</b>	<b>329,307</b>	<b>296,377</b>
<b>Intangible Assets</b>											
Preliminary Expenses	0	0	0	0	0	-	-	-	-	-	-
<b>Total Assets</b>	<b>2,133,580</b>	<b>2,509,317</b>	<b>3,345,927</b>	<b>4,616,119</b>	<b>6,406,020</b>	<b>8,808,681</b>	<b>11,952,575</b>	<b>15,867,106</b>	<b>20,687,636</b>	<b>26,940,995</b>	<b>34,510,530</b>
<b>Owner's Equity</b>	213,358	589,095	1,638,941	3,140,068	5,180,071	7,853,593	11,290,828	15,523,049	20,687,636	26,940,995	34,510,530
<b>Long Term Liability</b>	1,920,222	1,920,222	1,706,986	1,476,051	1,225,949	955,088	661,746	344,057	0	0	0
<b>Total Equity &amp; Liabilities</b>	<b>2,133,580</b>	<b>2,509,317</b>	<b>3,345,927</b>	<b>4,616,119</b>	<b>6,406,020</b>	<b>8,808,681</b>	<b>11,952,575</b>	<b>15,867,106</b>	<b>20,687,636</b>	<b>26,940,995</b>	<b>34,510,530</b>

SMEDA

## 14.4 Useful Project Management Tips

### Technology

- **List of Machinery & Equipment**

Mixing Machine

Utensils, sieve , pans & other accessories

Packaging Machine

- **Energy Requirement:** Should not be overlooked and alternate source of energy for critical operations be arranged in advance.
- **Machinery Suppliers:** Should be asked for training and after sales services under the contract with the machinery suppliers.
- **Quality Assurance Equipment & Standards:** Whatever means required products & services quality standards need to be defined on the packaging and a system to check them instituted, this improves credibility.

### Marketing

- **Sales & Distribution Network:** Expert's advise and distribution agreements with retailers and exporters are required .
- **Price - Bulk Discounts, Cost plus Introductory Discounts:** Price should never be allowed to compromise quality. Price during introductory phase may be lower and used as promotional tool. Product cost estimates should be carefully documented before price setting. Government / market committee controlled prices shall be displayed, where applicable.

### Human Resources

Owner Manager

Supervisor

Processing Staff

Packaging Staff

Sales Officer (commission)

- **Adequacy & Competencies:** Skilled and experienced staff, especially sales staff should be considered an investment and should be retain for better growth.
- **Performance Based Remuneration:** Attempt to manage human resource cost should be focused through performance measurement and performance based compensation.

- **Training & Skill Development:** Encouraging training and skill of self & employees through experts and exposure of best practices is route to success. Least cost options for Training and Skill Development (T&SD) may be linked with compensation benefits and awards.

#### **14.5 Useful Links**

##### **Prime Minister's Office**

[www.pmo.gov.pk](http://www.pmo.gov.pk)

##### **Small & Medium Enterprises Development Authority (SMEDA)**

[www.smeda.org.pk](http://www.smeda.org.pk)

##### **National Bank of Pakistan (NBP)**

[www.nbp.com.pk](http://www.nbp.com.pk)

##### **First Women Bank Limited (FWBL)**

[www.fwbl.com.pk](http://www.fwbl.com.pk)

##### **Government of Pakistan**

[www.pakistan.gov.pk](http://www.pakistan.gov.pk)

##### **Ministry of Industries & Production**

[www.moip.gov.pk](http://www.moip.gov.pk)

##### **Ministry of Education, Training & Standards in Higher Education**

<http://moptt.gov.pk>

##### **Government of Punjab**

[www.punjab.gov.pk](http://www.punjab.gov.pk)

##### **Government of Sindh**

[www.sindh.gov.pk](http://www.sindh.gov.pk)

##### **Government of Khyber Pakhtoonkhwa**

[www.khyberpakhtunkhwa.gov.pk](http://www.khyberpakhtunkhwa.gov.pk)

##### **Government of Balochistan**

[www.balochistan.gov.pk](http://www.balochistan.gov.pk)

##### **Government of GilgitBaltistan**

[www.gilgitbaltistan.gov.pk](http://www.gilgitbaltistan.gov.pk)

##### **Government of Azad Jamu Kashmir**

[www.ajk.gov.pk](http://www.ajk.gov.pk)

##### **Trade Development Authority of Pakistan (TDAP)**

[www.tdap.gov.pk](http://www.tdap.gov.pk)

**Securities & Exchange Commission of Pakistan (SECP)**

[www.secp.gov.pk](http://www.secp.gov.pk)

**Federation of Pakistan Chambers of Commerce and Industry (FPCCI)**

[www.fpcci.com.pk](http://www.fpcci.com.pk)

**State Bank of Pakistan (SBP)**

[www.sbp.org.pk](http://www.sbp.org.pk)



## 15. KEY ASSUMPTIONS

Item	Assumption(s)
Sales Volume Increase	10 %
Sales Price Increase	10%
Increase in Cost of Sales	10 %
Increase in Staff Salaries	10 % per year
Increase in Utilities	10 % per year
Increase in Rent	10 % per year
Increase in Office Expenses	10 % per year
Debt / Equity Ratio	90 : 10
Depreciation: Premises Renovation	10 % per annum (Diminishing Balance)
Furniture	10 % per annum (Diminishing Balance)
Loan Period	8 Years
Loan Installments	Monthly
Financial Charges (Lease Rate)	8 % per annum
Bad Debts	1% of Sales
Grace Period	1 year

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