

Major Project on

The feasibility of a Food processing project in UAE

Submitted by
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CERTIFICATE

This is to certify that Joshita Kataria Roll No. 2K21/EMBA/21 has submitted the Major Project Report titled **FEASIBILITY OF A FOOD PROCESSING PROJECT IN UAE** in partial fulfilment of the requirements for the award of the degree of Master of Business Administration (MBA) from Delhi School of Management, Delhi Technological University, New Delhi during the academic year 2022-23.

Head of the Department
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Dr. Abhinav Chaudhary
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DECLARATION

I hereby declare that Project work entitled “FEASIBILITY OF A FOOD PROCESSING PROJECT IN UAE” submitted to DTU, Delhi is a record of an original work done by me under the guidance of Dr. Abhinav Chaudhary and this project work is submitted in the partial fulfillment of the requirements for the award of the degree of EMBA. The results embodied in this study have not been submitted by any other University or Institute for the award of any degree or diploma.

Joshita Kataria
2K21/EMBA/21

EXECUTIVE SUMMARY

The report aims to conduct a feasibility study of a food processing factory in Qatar for a local who wishes to engage 4 Indian partners who would bring the technology, know how, expertise required for the project.

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INTRODUCTION

XYZ manufacturing and packaging foods LTD incorporated in Qatar with a local partner is considering adding 4 foreign(Indian)partners into its business of peeling and packing chips who would be responsible for the technology, know how, operation management and marketing to expand its business and to cater the ever-increasing demand of packaged goods due to FIFA world cup 2022.

The Branch has all legal permits and licenses from relative government authorities and plans to start operation within 3 months that is (Q 2 -2023) (July 2023)

The Basic business idea is to provide the variety of food with an extended life shelf from 3 days to 3 years depending upon the food item and packaging, even without adding any preservatives to retail outlets, supermarket, five-star hotels, resorts, labor camps, industrial food chains etc.

Increasing urbanization, hectic lifestyles, the growing popularity of large food retail formats and the presence of multinational food companies in the GCC region are expected to increase the popularity of high-value processed foods

The Project intends to produce the following products:

1. Potato Chips
2. Rice
3. Pulses,
4. Tortillas
5. Non-Veg. Food

The management has done extensive market surveys in the entire Middle East i.e., in UAE, Qatar, Kuwait, KSA, Oman, Bahrain, and have found that there are 2 food processing manufacturers in UAE.

Due to FIFA World cup 2022, there will be ever increasing demand due to strong influx of labor coming for construction sites, hence growth will not be a limiting factor but capacities may be.

The potential customer base will be the following:

QSRs (Quick Service Restaurants),

1. Caterers and catering companies,

2. Retail like supermarket,
3. hypermarket & their chains
4. Bulk suppliers of food

COMPANY OVERVIEW

LEGAL STATUS

XYZ manufacturing and packaging foods is registered in Qatar with the commercial registration number(xxxxx/x)

PURPOSE

XYZ manufacturing and packaging foods is engaged in peeling and packaging chips as per the CR(Commercial registration)

CAPITAL AND OWNER

Shareholder Name	Nationality	QR	%
Mr Saad	Qatar	200000	100

Mr. Saad intends to sign a shareholder agreement with strategic technical partners to undertake the operation of the factory through a limited liability company of which both parties will be the shareholders.

The object of the JVC is to set up food processing industry.

The company capital will be QR 10 m distributed as follows:

Shareholder Name	Nationality	Value of shares	%
Mr Saad	Qatar	5,105,540.64	51%
Mr Ram	India	1,226,330.84	12.25%
Mr Shyaam	India	1,226,330.84	12.25%
Mr Rahim	India	1,226,330.84	12.25%
Mr Rome	India	1,226,330.84	12.25%
		10,010,864.00	

PROJECT MILESTONE

The time frame for completing and operating the project is as follows-

S. No	Tasks	Target date
1	Building & Construction	28.5.2023
2	Equipment supplies & installation	15.6.2023
3	Recruiting staff	31.05.2023
4	Other capex supplies	15.6.2023
5	Working capital finance	Ongoing
6	Trial tests & start up	16.6.2023-25.6.2023
7	Marketing strategy & Sales plan	28.5.2023
8	Operation	1.7.2023

TOTAL PROJECT COST ESTIMATION

INVESTMENT COST		
Item	QR	%
Building & Construction	4,000,000	15%
Plant & Machinery	17,635,705	68%
Vehicles	372,750	1%
Office Equipment	161,500	1%
Furniture & Fixtures	100,000	0%
Pre Operating Expense	967,688	4%
Working Capital	2,750,880	11%
Total	25,988,523	100%

PRE-OPERATING EXPENSES

Pre Operating Expense	
Item	QR
Expenses paid till 30/11/2022	354460
Land rent	27230
Govt Fees	25000
Professional Fees	67000
Publicity/Marketing	30000
Insurance cost	182698
Manpower	201000
Other expenses	80300
Total	967688

Pre-paid expenses of QR 4.3 m paid by the shareholders till 30/11/2022 comprise the following-

Shareholders Expenses Paid Till 30/11/2022		
S.No	Item	QR
1	Building & Infrastructure	4,000,000.00
2	Rent	54,460.00
3	Visa	35,000.00
4	Misc	40,000.00
5	Air tickets	54,000.00
6	Hotel & food	41,000.00
7	Other charges	130,000.00
		4,354,460.00

Source: Shareholders

PROPOSED TRANSACTION

The Owners are considering getting finance for equipment and working capital requirements from QDB(Qatar Development bank)

The terms and condition of the total loans as follows:

- Principle value: QR 17,853,679
- Interest rate: 4%
- Grace period: 3 Years
- No. of instalments: 10 annual instalments

Hence the proposed capital structure would be as follows.

CAPITAL STRUCTURE		VALUE
CAPITAL STRUCTURE	%	QR
<u>Self Finance</u>		
Capital		10,010,864
Total Self Finance		10,010,864
<u>External Finance</u>	39%	
Loan		15,977,659
Total External Finance	61%	15,977,659
Total	100%	25,988,523

OBJECTIVE OF THE STUDY

Develop a feasibility of the manufacturing project and understanding its projected financials and cashflows.

LITERATURE REVIEW

QATAR ECONOMY

OVERVIEW

Qatar is one of the world's most dynamic and fastest growing economies, almost tripling in size from 2005 to achieve a nominal GDP of US\$192.4bn in 2012 (source: Qatar Statistics Authority or QSA). Qatar is also the wealthiest nation by per capita GDP in 2012 (source: IMF).

The National Vision 2030 guides the country's growth. The government is committed to creating a dynamic, competitive, and broad-based economy by increasing economic diversification through the re-investment of Qatar's significant energy wealth. Qatar has over US\$25.4tln in proven hydrocarbon reserves to be monetized over the next 100 years and sustain for long-term growth and development (source: British Petroleum, Statistical Review of World Energy 2011).

With a long-term sovereign rating of AA and a stable outlook, Qatar is the highest rated GCC state (along with Kuwait) by Standard & Poor's (source: S&P Sovereign Risk Indicators 28 December 2011).

Qatar was ranked 14th and the highest in the MENA region in the World Economic Forum Competitiveness Index (source: World Economic Forum Global Competitiveness Report 2011-2012), and was also placed 38th overall in the Global Financial Centers Index (GFCI) in 2012.

Growing Sectors

The drive to transform Qatar into a knowledge-based economy and society is an extremely important and intrinsic element of the National Vision 2030. In order to realize the aspirations for the country's human, social, economic and environmental development, Qatar continues to look to diversifying the economy and invests heavily in educational, cultural, medical and entertainment facilities to support the growing population. While the oil and gas sector still make up the majority of the country's GDP growth, other areas are becoming increasingly active (Source:QFC).

Qatar has been ranked the most competitive economy in the Middle East and North Africa region, and Doha is highly ranked as a financial center. Increasingly, Qatar recognizes the importance of the financial sector as an enabler and facilitator to other industries, and supports its role in this. As a result, the financial sector is the second largest contributor to GDP after the hydrocarbon sector. The Finance, Insurance, Real Estate & Business Services sectors now account for about 10% of national output.

The rapid economic growth is also driving massive infrastructure spending projects, including the development of rail and road transport, the construction of stadiums and related services following the country's successful bid to host the FIFA World Cup 2022. Some US\$200bn of public investment projects are in the pipeline and the government is interested in attracting private investment to help fund this massive development. The projects include road and rail transport, new urban areas, a new airport and a new seaport.

TECHNICALS

PROJECTED SALES

Project products and Prices projected are as below-

	Price Range(QR/kg)	
Products	Category 1	Category 2
Potato Chips	12	15
Rice	8	11
Pulse	5	8
Tortillas	14	17
Non-Veg food	15	19

Assuming all the machines work at 100% capacity given below will be the production for each of the items

PRODUCTS	PRODUCT MIX (KG/UNIT)			
		Local Market		KG
Item	Annual Qty	Category 1	Category 2	Total
Potato Chips	300,000	70%	30%	100%
		210,000	90,000	300,000
Rice	420,000	70%	30%	100%
		294,000	126,000	420,000
Pulses	360,000	70%	30%	100%
		252,000	108,000	360,000
Tortillas	420,000	70%	30%	100%
		294,000	126,000	420,000
Non-Veg Food	540,000	70%	30%	100%
		378,000	162,000	540,000
Total	2,040,000	1,428,000	612,000	2,040,000
		70%	30%	100%

As per the tables 4 & 5 given below will be the product and the price Mix

PRODUCTS	PRICE AND SALES MIX (QR/KG)			
		Local Market		QR
Item	Annual Qty	Category 1	Category 2	Total
Potato Chips	300,000	12	15	
Sales		2,550,000	1,350,000	3,900,000
Rice	420,000	8	11	
Sales		2,394,000	1,386,000	3,780,000
Pulses	360,000	5	8	
Sales		1,296,000	864,000	2,160,000
Tortillas	420,000	14	17	
Sales		4,158,000	2,142,000	6,300,000
Non-Veg Food	540,000	15	19	
Sales		5,562,000	3,078,000	8,640,000
Total	2,040,000	15,960,000	8,820,000	24,780,000
		64%	36%	100%

Assumption :The prices are approx. sales prices in decimals

Given below will be the projected sales for the upcoming 10 years assuming that machines work at the capacity of 60 % in the year 1 and keep on increasing their capacity till they stabilize at 90%

ALL PRODUCTS	TOTAL ANNUAL SALES (QR)									
Item	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Utilised capacity	60%	70%	80%	90%	90%	90%	90%	90%	90%	90%
Potato Chips	2,340,000	2,730,000	3,120,000	3,510,000	3,510,000	3,510,000	3,510,000	3,510,000	3,510,000	3,510,000
Rice	2,268,000	2,646,000	3,024,000	3,402,000	3,402,000	3,402,000	3,402,000	3,402,000	3,402,000	3,402,000
Pulses	1,296,000	1,512,000	1,728,000	1,944,000	1,944,000	1,944,000	1,944,000	1,944,000	1,944,000	1,944,000
Tortillas	3,780,000	4,410,000	5,040,000	5,670,000	5,670,000	5,670,000	5,670,000	5,670,000	5,670,000	5,670,000
Non-Veg Food	5,184,000	6,048,000	6,912,000	7,776,000	7,776,000	7,776,000	7,776,000	7,776,000	7,776,000	7,776,000
Total	14,868,000	17,346,000	19,824,000	22,302,000	22,302,000	22,302,000	22,302,000	22,302,000	22,302,000	22,302,000

PROJECTED OPERATING COSTS

The following costs have been included as part of the operating cost of the Project:

- Raw materials cost
- Manpower cost (operation)
- Utilities
- Depreciation(Operating)

Raw Material costs

Details of raw materials required for products prepared are illustrated below:

The raw material prices will be as below:

PRODUCTS	RAW MATERIAL COST (QR/KG)	
	Local Market	
Item	Category 1	Category 2
Potato Chips	5	7
Rice	3	5
Pulses	2	3
Tortillas	6	8
Non-Veg Food	7	9

Hence the total cost of the raw materials projected for 10-year period is as below-

[illegible]

Direct manpower cost

MANPOWER	Annual Salaries		Pre Operating
Position	No	QR	QR
Executive Management	2	600,000	0
Production Dept.	36	1,108,800	92,400
Admin & Finance Dept.	6	270,000	22,500
Sales Dept.	2	132,000	11,000
Total	46	2,110,800	125,900
Visa		59,800	35,100
Ticketing & immigration expenses		108,750	40,000
Grand Total		2,279,350	201,000
Visa & Ticketing Expenses		<u>168,550</u>	
Portion of Operation		89,300	
Portion of Manag. & Admin.		79,250	

Direct Manpower=Production Dept cost+ Portion of operation from Visa & Ticketing exp

Utilities cost

UTILITIES	
Power & Fuel	Assumptions
Load Required	500
Efficiency Factor	70%
No. of Working Hours Per Shift	8
No. of Shifts Per Day	2
No. of Working Days Per Anum	300
Rate Per Unit	0.09
Consumption in Terms of QR (70%)	151,200
Efficiency 80%	172,800
Efficiency 90%	194,400
Efficiency 100%	216,000

Depreciation

DEPRECIATION SCHEDULE			QR
Asset	Cost (QR)	Rate (p.a)	Depreciation
Buildings	4,000,000		
Plant & Machinery	17,635,705	15%	2,645,356
Vehicles	372,750	20%	74,550
Office Equipment	161,500	33%	53,295
Furniture & Fixtures	100,000	15%	15,000
Total	22,269,955		2,988,201

***The plant & machinery and vehicles represent the operation depreciation**

****It has been assumed that the company will buy all the assets once they are fully depreciated and will buy 20% of the plant and machinery when they are fully depreciated.**

INDIRECT COST ESTIMATES

The following costs have been included as part of the indirect costs of the Project:

- land rent
- Manpower cost (Manag. And Admin.)
- Provision for End of Service Benefit
- Repairs and Maintenance
- Insurance
- Depreciation (Manag. And Admin.)
- Amortization
- Marketing Expenses
- G&A Expenses
- Royalty Fee

Land rent

ANNUAL LAND RENTALS		
Item	QR	
	Pre- Operating	Operation
Land	27,230	13,615

*Assuming land rent starts 2 months before the operation.

Manpower cost

MANPOWER	Annual Salaries		Pre Operating
Position	No	QR	QR
Executive Management	2	600,000	0
Production Dept.	36	1,108,800	92,400
Admin & Finance Dept.	6	270,000	22,500
Sales Dept.	2	132,000	11,000
Total	46	2,110,800	125,900
Visa		59,800	35,100
Ticketing & immigration expenses		108,750	40,000
Grand Total		2,279,350	201,000
Visa & Ticketing Expenses		<u>168,550</u>	
Portion of Operation		89,300	
Portion of Manag. & Admin.		79,250	

Indirect Manpower costs=Executive management +Admin & Finance Dept +Sales Dept + Portion of Management & Admin from Visa & ticketing

Provision for end of service benefit

Provision for end of service benefit represents 3.4% of total salaries and other benefits

And it is also assumed that every year the company will payout 27 % of this benefit to the employees.

Repair and maintenance

Repair and Maintenance is taken as 2 % of sales.

Insurance

Insurance is assumed at 1 % of net fixed assets

Depreciation (Manag. and admin.)

The building, office equipment and furniture & fixture represent the manag. & admin. Depreciation

DEPRECIATION SCHEDULE			QR
Asset	Cost (QR)	Rate (p.a)	Depreciation
Buildings	4,000,000		
Plant & Machinery	17,635,705	15%	2,645,356
Vehicles	372,750	20%	74,550
Office Equipment	161,500	33%	53,295
Furniture & Fixtures	100,000	15%	15,000
Total	22,269,955		2,988,201

Amortization

ASSET	COST	RATE	YEAR1	YEAR2	YEAR3	YEAR4	YEAR5
Pre Operating Expense	967,688	33%	319,337	319,337	329,014		
Interest Capitalized	529,071	33%	174,593	174,593	179,884		
	660,269	33%		217,889	217,889	224,492	
	686,680	33%			226,604	226,604	233,471
Total	2,843,708		493,930	711,819	953,391	451,096	233,471

*Pre-Operating expenses and capitalized interest have been calculated as per the given below schedules.

**It has been assumed that both will be amortized at the rate of 33 %

Pre Operating Expense	
Item	QR
Expenses paid till 30/11/2022	354460
Land rent	27230
Govt Fees	25000
Professional Fees	67000
Publicity/Marketing	30000
Insurance cost	182698
Manpower	201000
Other expenses	80300
Total	967688

***Loan schedule**

64% of total Investment requirements (plant & equipment 100% and working capital 75%) will be financed through loans obtained from Qatar Development Bank (QDB). The entire loan amount would be available in Year 0. The loan is payable in 10 yearly installments with a grace period of 3 years. The interest rate charged on the loan will be 4 % p.a.

LOAN STRUCTURE				
Grace Period	No. of Payments	Principal	Interest	Repayments
3	10	17,853,679	4.00%	2,201,197

LOAN SCHEDULE (QR)													
Item	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
BB	13,226,779	16,506,730	17,166,999	17,853,679	16,366,629	14,820,097	13,211,704	11,538,976	9,799,338	7,990,114	6,108,522	4,151,666	2,116,536
Interest	529,071	660,269	686,680	714,147	654,665	592,804	528,468	461,559	391,974	319,605	244,341	166,067	84,661
PMT	0	0	0	2,201,197	2,201,197	2,201,197	2,201,197	2,201,197	2,201,197	2,201,197	2,201,197	2,201,197	2,201,197
Principal Repayment	0	0	0	1,487,050	1,546,532	1,608,393	1,672,729	1,739,638	1,809,223	1,881,592	1,956,856	2,035,130	2,116,536
EB	13,755,850	17,166,999	17,853,679	16,366,629	14,820,097	13,211,704	11,538,976	9,799,338	7,990,114	6,108,522	4,151,666	2,116,536	0

OTHER EXPENSE

Marketing:2% of sales

G&A Expenses:3 % of sales

ESTIMATION OF WORKING CAPITAL

Working capital refers to that part of the firm's capital which is required for financing short- term or current assets. It is estimated at QR 2,750,880 in Year 1. Partial of the sales will be in cash payment from the individual buyers and this will be used to finance the other operating items.

As indicated by the table below the working capital cycle is assumed as follows-

- **Inventory Days-** It is assumed that the Project will keep an inventory for 60 days for production purpose.
- **Receivable Days-** It is assumed that the buyers will take 60 days to pay their invoices.
- **Payable Days-** It is assumed that the supplier's term of payment is 45 days.

WORKING CAPITAL		QR										
Item	Description	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Current Assets (CA)												
Inventory	60 days of RM	1,091,520	1,091,520	1,273,440	1,455,360	1,637,280	1,637,280	1,637,280	1,637,280	1,637,280	1,637,280	1,637,280
Inventory Days			60	60	60	60	60	60	60	60	60	60
Accounts Receivable	60 Days of Sales	2,478,000	2,478,000	2,891,000	3,304,000	3,717,000	3,717,000	3,717,000	3,717,000	3,717,000	3,717,000	3,717,000
Receivable Days			60	60	60	60	60	60	60	60	60	60
Current Liabilities (CL)												
Accounts Payable	45 Days of RM	818,640	818,640	955,080	1,091,520	1,227,960	1,227,960	1,227,960	1,227,960	1,227,960	1,227,960	1,227,960
Payable Days			45	45	45	45	45	45	45	45	45	45
WC (CA-CL)		2,750,880	2,750,880	3,209,360	3,667,840	4,126,320	4,126,320	4,126,320	4,126,320	4,126,320	4,126,320	4,126,320
Change in WC		2,750,880	0	458,480	458,480	458,480	0	0	0	0	0	0

PROJECTED INCOME STATEMENT

ITEM	PROJECTED (QR)									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Production Utilized	60%	70%	80%	90%	90%	90%	90%	90%	90%	90%
Total Sales	14868000	17,346,000	19,824,000	22,302,000	22,302,000	22,302,000	22,302,000	22,302,000	22,302,000	22,302,000
Total Sales	14,868,000	17,346,000	19,824,000	22,302,000	22,302,000	22,302,000	22,302,000	22,302,000	22,302,000	22,302,000
Raw Material Cost	6,549,120	7,640,640	8,732,160	9,823,680	9,823,680	9,823,680	9,823,680	9,823,680	9,823,680	9,823,680
Manpower Cost (Operation)	1,198,100	1,198,100	1,198,100	1,198,100	1,198,100	1,198,100	1,198,100	1,198,100	1,198,100	1,198,100
Utilities (Power & Fuel)	151,200	172,800	194,400	194,400	194,400	194,400	194,400	194,400	194,400	194,400
Depreciation (Operation)	2,719,906	2,719,906	2,719,906	2,719,906	2,719,906	2,719,906	603,621	603,621	603,621	603,621
Total Operating Cost	10,618,326	11,731,446	12,844,566	13,936,086	13,936,086	13,936,086	11,819,801	11,819,801	11,819,801	11,819,801
Operating Costs/Sales	71%	68%	65%	62%	62%	62%	53%	53%	53%	53%
Gross Profit	4,249,674	5,614,554	6,979,434	8,365,914	8,365,914	8,365,914	10,482,199	10,482,199	10,482,199	10,482,199
GPM	29%	32%	35%	38%	38%	38%	47%	47%	47%	47%
Land Rent	13,615	13,615	13,615	13,615	13,615	13,615	13,615	13,615	13,615	13,615
Manpower Cost (Manag. & Admin.)	1,081,250	1,081,250	1,081,250	1,081,250	1,081,250	1,081,250	1,081,250	1,081,250	1,081,250	1,081,250
Provision for End of Service Benefits	81,720	81,720	81,720	81,720	81,720	81,720	81,720	81,720	81,720	81,720
Repair & Maintenance	297,360	346,920	396,480	446,040	446,040	446,040	446,040	446,040	446,040	446,040
Insurance	194,818	166,936	139,054	112,787	84,905	60,750	90,302	85,198	78,479	71,760
Depreciation (Manag & Admin)	68,295	68,295	68,295	68,295	68,295	68,295	68,295	68,295	68,295	68,295
Amortization	493,930	711,819	953,391	451,096	233,471	0	0	0	0	0
Marketing Expenses	297,360	346,920	396,480	446,040	446,040	446,040	446,040	446,040	446,040	446,040
G&A Expenses	446,040	520,380	594,720	669,060	669,060	669,060	669,060	669,060	669,060	669,060
Total Overhead Expenses	2,974,388	3,337,855	3,725,005	3,369,902	3,124,396	2,866,770	2,896,322	2,891,218	2,884,499	2,877,780
Total OHE/Sales	20%	19%	19%	15%	14%	13%	13%	13%	13%	13%
EBIT	1,275,286	2,276,700	3,254,430	4,996,012	5,241,519	5,499,144	7,585,877	7,590,981	7,597,700	7,604,419
EBIT/Sales	9%	13%	16%	22%	24%	25%	34%	34%	34%	34%
Interest Expense	0	0	714,147	654,665	592,804	528,468	461,559	391,974	319,605	244,341
Net Profit	1,275,286	2,276,700	2,540,282	4,341,347	4,648,715	4,970,676	7,124,318	7,199,007	7,278,095	7,360,078
NPM (%)	9%	13%	13%	19%	21%	22%	32%	32%	33%	33%

PROJECTED BALANCE SHEET

ITEM	PROJECTED (QR)										
Years	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
Current Assets											
Cash	0	4,616,344	9,993,510	14,388,781	19,861,839	25,982,759	31,755,084	34,243,465	40,202,591	46,329,937	52,464,002
Inventory	0	1,091,520	1,273,440	1,455,360	1,637,280	1,637,280	1,637,280	1,637,280	1,637,280	1,637,280	1,637,280
Accounts Receivable	0	2,478,000	2,891,000	3,304,000	3,717,000	3,717,000	3,717,000	3,717,000	3,717,000	3,717,000	3,717,000
Total Current Assets	0	8,185,864	14,157,950	19,148,141	25,216,119	31,337,039	37,109,364	39,597,745	45,556,871	51,684,217	57,818,282
Non-Current Assets											
Pre-Opening Expenses	1,496,759	1,663,098	1,637,958	684,567	233,471	0	0	0	0	0	0
Total Fixed Asset	22,269,955	22,269,955	22,269,955	22,269,955	22,431,455	22,431,455	22,804,205	26,431,346	26,592,846	26,592,846	26,592,846
Less:Acc Depreciation	0	2,788,201	5,576,402	8,364,602	11,152,803	13,941,004	16,729,205	17,401,121	18,073,037	18,744,953	19,416,869
Net Fixed Assets	22,269,955	19,481,754	16,693,554	13,905,353	11,278,652	8,490,451	6,075,001	9,030,225	8,519,809	7,847,893	7,175,977
Total Assets	23,766,714	29,330,716	32,489,462	33,738,061	36,728,242	39,827,490	43,184,364	48,627,970	54,076,681	59,532,110	64,994,259
Liabilities and Owner Equity											
Non-Current Liabilities											
Loan											
	13,755,850	17,166,999	17,853,679	16,366,629	14,820,097	13,211,704	11,538,976	9,799,338	7,990,114	6,108,522	4,151,666
Employees End of Service Benefits	0	58,927	117,853	176,780	235,706	294,633	353,559	412,486	471,412	530,339	589,265
Current Liabilities											
Accounts Payable	0	818,640	955,080	1,091,520	1,227,960	1,227,960	1,227,960	1,227,960	1,227,960	1,227,960	1,227,960
Total Liabilities	13,755,850	18,044,566	18,926,612	17,634,929	16,283,763	14,734,297	13,120,495	11,439,783	9,689,486	7,866,820	5,968,891
Owner Equity											
Invested Capital	10,010,864	10,010,864	10,010,864	10,010,864	10,010,864	10,010,864	10,010,864	10,010,864	10,010,864	10,010,864	10,010,864
Retained Earnings	0	1,275,286	3,551,986	6,092,268	10,433,615	15,082,330	20,053,006	27,177,323	34,376,330	41,654,426	49,014,504
Total Owner Equity	10,010,864	11,286,150	13,562,850	16,103,132	20,444,479	25,093,193	30,063,869	37,188,187	44,387,194	51,665,290	59,025,368
Total Liabilities and Owner Equity	23,766,714	29,330,716	32,489,462	33,738,061	36,728,242	39,827,490	43,184,364	48,627,970	54,076,681	59,532,110	64,994,259

PROJECTED CASH FLOW STATEMENT

ITEM	PROJECTED (QR)										
Years	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<u>Cash Flows From Operating Activities</u>											
Net Income	0	1,275,286	2,276,700	2,540,282	4,341,347	4,648,715	4,970,676	7,124,318	7,199,007	7,278,095	7,360,078
Depreciation & Amortization	0	3,282,131	3,500,020	3,741,592	3,239,297	3,021,672	2,788,201	671,916	671,916	671,916	671,916
Provision for End of Service Benefits	0	81,720	81,720	81,720	81,720	81,720	81,720	81,720	81,720	81,720	81,720
Working Capital Changes	0	-2,750,880	-458,480	-458,480	-458,480	0	0	0	0	0	0
End of Service Benefits Paid	0	-22,794	-22,794	-22,794	-22,794	-22,794	-22,794	-22,794	-22,794	-22,794	-22,794
Net Cash used in Operating activities	0	1,865,464	5,377,166	5,882,321	7,181,090	7,729,313	7,817,803	7,855,160	7,929,850	8,008,938	8,090,921
<u>Cash Flows from Investing activities</u>											
Total Fixed Assets	-22,269,955	0	0	0	-161,500	0	-372,750	-3,627,141	-161,500	0	0
Pre-Opening Expenses	-1,496,759	0	0	0	0	0	0	0	0	0	0
Net Cash used in Investing Activities	-23,766,714	0	0	0	-161,500	0	-372,750	-3,627,141	-161,500	0	0
<u>Cash Flow from Financing Activities</u>											
Capital	10,010,864	0	0	0	0	0	0	0	0	0	0
Loan (Loan Repayment)	13,755,850	2,750,880	0	-1,487,050	-1,546,532	-1,608,393	-1,672,729	-1,739,638	-1,809,223	-1,881,592	-1,956,856
Net Cash Flow from Financing Activities	23,766,714	2,750,880	0	-1,487,050	-1,546,532	-1,608,393	-1,672,729	-1,739,638	-1,809,223	-1,881,592	-1,956,856
Net Cash Flow	0	4,616,344	5,377,166	4,395,271	5,473,058	6,120,920	5,772,325	2,488,381	5,959,126	6,127,346	6,134,065
Cash Beginning	0	0	4,616,344	9,993,510	14,388,781	19,861,839	25,982,759	31,755,084	34,243,465	40,202,591	46,329,937
Cash Ending	0	4,616,344	9,993,510	14,388,781	19,861,839	25,982,759	31,755,084	34,243,465	40,202,591	46,329,937	52,464,002

PROJECTED FREE CASH FLOW STATEMENT

ITEM	PROJECTED (QR)										
Years	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Cash Flow from Operating Activities	0	1,865,464	5,377,166	5,882,321	7,181,090	7,729,313	7,817,803	7,855,160	7,929,850	8,008,938	8,090,921
Net Cash used in Investment Activities	-23,766,714	0	0	0	-161,500	0	-372,750	-3,627,141	-161,500	0	0
Free Cash Flows	-23,766,714	1,865,464	5,377,166	5,882,321	7,019,590	7,729,313	7,445,053	4,228,019	7,768,350	8,008,938	8,090,921
Terminal value											59,406,727
Free Cash Flow + Terminal value	-23,766,714	1,865,464	5,377,166	5,882,321	7,019,590	7,729,313	7,445,053	4,228,019	7,768,350	8,008,938	67,497,648
WACC	14.80%										
PV factor at a discount rate of 14.7%	1	0.87	0.76	0.66	0.58	0.5	0.44	0.38	0.33	0.29	0.25
PV	-23,766,714	1,625,595	4,083,238	3,892,472	4,047,755	3,883,908	3,260,029	1,613,304	2,583,055	2,320,628	17,042,950
NPV	<u>20,586,221</u>										

RESULTS

The Net present value of the project in UAE taking the time period as 10 years and WACC as 14.7% is 20,586,221 QR

CONCLUSION

The project of setting up a food processing factor in UAE seems a profitable venture as per this feasibility report.

LIMITATIONS

This report has been generated based on various assumptions which are prevalent in the market of Qatar and on the information provided by the shareholders.

The results can change if any of the assumptions change which would require another analysis called SENSITIVITY ANALYSIS

Feasibility study assumes it to be normal situations and does not account for the extraordinary events like Tsunami, Changes of government regulations and guidelines etc.