
Pre-Feasibility Study

FLORIST SHOP



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

This pre-feasibility study is about Florist Shop business in the floriculture sector. Florist Shop is a retail outlet having a warehouse and an in-house living facility for workers to deal in a variety of fresh flowers, flower baskets, bouquets, event decoration and car decoration for weddings. The shop will be located in developed urban areas and cater to the needs of local customers as well as surrounding areas.

The cost for setting up the proposed project is estimated at Rs. 2.12 million and will provide employment to eight (08) individuals. The project is proposed to be financed through 50% debt and 50% equity. The NPV is projected around Rs. 2.57 million, with an IRR of 38% and a Payback Period of 3.13 years.

The estimated yield potential of the project varies according to the selected business dimensions including but not limited to business model, marketability, investment size, availability of raw material, HR skills & competencies and location. However, the estimated revenue of the proposed business would be Rs. 6.67 million in the first year. It is proposed that the status of this business should be a sole proprietorship.

3 INTRODUCTION TO SMEDA

The Small and Medium Enterprises Development Authority (SMEDA) was established in October 1998 with an objective to provide fresh impetus to the economy through development of Small and Medium Enterprises (SMEs).

With a mission "to assist in employment generation and value addition to the national income, through development of the SME sector, by helping increase the number, scale and competitiveness of SMEs", SMEDA has carried out 'sectorial research' to identify policy, access to finance, business development services, strategic initiatives and institutional collaboration and networking initiatives.

Preparation and dissemination of prefeasibility studies in key areas of investment has been a successful hallmark of SME facilitation by SMEDA.

Concurrent to the prefeasibility studies, a broad spectrum of business development services is also offered to the SMEs by SMEDA. These services include identification of experts and consultants and delivery of need based capacity building programs of different types in addition to business guidance through help desk services.

4 PURPOSE OF THE DOCUMENT

The objective of the pre-feasibility study is primarily to facilitate potential entrepreneurs in project identification for investment. The project pre-feasibility may form the basis of an important investment decision and in order to serve this objective, the document / study covers various aspects of project concept

development, start-up, and production, marketing, finance and business management.

The purpose of this document is to facilitate potential investors in **Florist Shop** business by providing them with a general understanding of the business with the intention of supporting potential investors in crucial investment decisions.

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

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

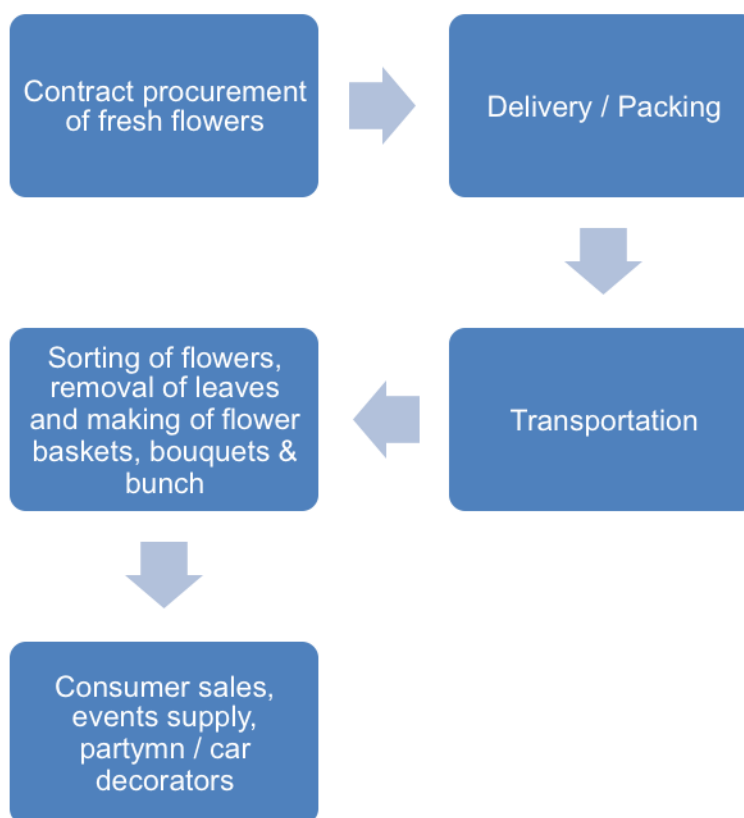
5 BRIEF DESCRIPTION OF PROJECT & PRODUCT

The proposed florist shop is a small-scale project established on rented premises, having two separate units; a retail outlet and a warehouse cum living facility. The florist retail outlet will require a covered area of 350 sq. ft. and warehouse with an in-house living facility will be established on 1,125 sq. ft. area.

The florist shop is assumed to achieve a sale target of 122,354 flowers / units in the first year of its commencement at 85% of its total capacity. However, the capacity utilization is assumed to be increased at the rate of five percent (5%) whereas, the prices of shop items will be increased at the rate of 10% per annum.

A total funding of Rs. 2.12 million inclusive of the equity would be required to finance the main costs including furniture & fixture, shop equipment, vehicle and initial working capital for establishing florist shop business in the developed localities of the prospective region.

5.1 Business Operations Flow



5.2 Installed and Operational Capacities

A shop of 350 sq. ft. and warehouse / workers' living facility of 1,125 sq. ft. primarily used for decoration stands, wreaths, stage arrangement, etc. Project is proposed to be located at a suitable place in the city to achieve the proposed sale target of 144,750 units (Roses, Glad, Tube Rose and Tulip) for Basket & Bouquet, Events and Car Decorations. It is assumed that finished goods inventory equivalent to 2 days would be kept, hence 122,354 units will be available for sale in year 1 at 85% of its installed capacity.

Details of operational and installed capacities according to product mix are provided in the table below:

Table 1: Installed and Operational Capacities

Product Mix	Production Capacity Per Day	Total Production Capacity per Season	Operational Capacity 85% (Year 1)	Maximum Operational Capacity 95%
Rose	150	51,000	43,350	48,450

Glad	50	17,000	14,450	16,150
Tube Rose	100	34,000	28,900	32,300
Statice	50	17,000	14,450	16,150
Tulip	50	17,000	14,450	16,150
Basket & Bouquet	25	8,500	7,225	8,075
Events		100	85	95
Car Decoration		150	128	143
Total		144,750	123,038	137,513

6 CRITICAL FACTORS

- ⇒ Selection of quality flowers on the basis of best analysis of cost and revenues for a given season.
- ⇒ Location and decor of the shop.
- ⇒ Appropriate post-harvest arrangement for transportation of flowers to the selling point.
- ⇒ Proper storage arrangement and internal control.
- ⇒ Variety of innovative designs.
- ⇒ Management of events.
- ⇒ Promotional activities.
- ⇒ Processing contract with farmers and traders.

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

Florist shop is proposed to be established in urban areas, particularly in close proximity of event complexes, shopping malls and designated commercial areas.

8 POTENTIAL TARGET CUSTOMERS / MARKETS

Major commercial centers / areas of cities across Pakistan targeting following:

- Banquet Halls
- Commercial / Corporate areas and offices
- Hotels / Restaurants
- Bouquets and flower buyers
- Party decorators and event organizer

9 PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of Florist Shop. 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.

9.1 Project Economics

All the figures in this financial model have been calculated for a target of 144,750 units (Roses, Glad, Tube Rose and Tulip) for, Basket & Bouquet, Events and Car Decorations), whereby, it is assumed that 122,354 units will be sold in year one at 85% of its capacity.

The following table shows Internal Rate of Return, Payback Period and Net Present Value of the proposed venture.

Table 2: Project Economics

Description	Details
Internal Rate of Return (IRR)	38%
Payback Period (Years)	3.13
Net Present Value (Rs.)	2,568,441

9.2 Project Financing

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

Table 3: Project Financing

Description	Details
Total Equity (50%)	Rs. 1,060,974
Bank Loan (50%)	Rs. 1,060,974
Annual Markup to the Borrower– Long Term Loan	14%
Tenure of the Loan (Years)	5
Annual Markup to the Borrower – Short Term Debt	15%

9.3 Project Cost

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

Table 4: Project Cost

Description	Amount (Rs.)
-------------	--------------

Capital Cost	
Machinery and Equipment	132,000
Furniture and Fixtures	464,850
Office Equipment	66,500
Pre-operating Cost	90,000
Vehicle	750,000
Total Capital Cost	1,503,350
Working Capital	
Raw Material Inventory	39,599
Upfront Building Rent	204,000
Cash	375,000
Total Working Capital	618,599
Total Project Cost	2,121,949

9.4 Space Requirement

The proposed florist shop is a small-scale project established on rented premises, having two separate units; a retail outlet and warehouse cum living facility. The florist retail outlet will require covered area of 350 sq. ft. and warehouse with an in-house living facility will be established on 1,125 sq. ft. area. The shop area has been calculated on the basis of space required for display of flowers and warehouse / worker's residence.

In this pre-feasibility the shop and warehouse / workers' residence are assumed to be on rent. However, the shops operating in the industry do not follow any set pattern. Following table shows calculations for project space requirement.

Table 5: Space Requirement

Space Requirement	Area Required in Sq. ft	Rent per Month (Rs.)
Shop	350	50,000
Ware house / Worker's residence	1,125	18,000
Total Area		68,000

9.5 Machinery & Equipment Requirement

Table 6: Machinery & Equipment Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Frame for Decoration of Events	10	7,200	72,000
Generator for Outlet	1	60,000	60,000
Total			132,000

Main cost for the shop is its interior designing cost, furniture set, designing frames; 10 frames of different designs will be purchased for the decoration in events which is a more viable option compared to market practice of renting these frames.

Generator (3.8 KW) is required for the shop as flowers are highly perishable items and need low temperature; therefore, an air conditioner is also required for the shop.

9.6 Furniture & Fixtures Requirement

Details of the furniture and fixture required for florist shop are given below:

Table 7: Furniture & Fixture Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Grace Office Chair	1	7,000	7,000
Office Tables 2.5x4	1	8,000	8,000
Visitor Chairs	3	3,000	9,000
Display Racks	5	25,000	125,000
Interior Decoration Expense of Outlet			
Wood Flooring	350	160	56,000
Roof Ceiling	350	95	33,250
Main Door	1	30,000	30,000
Shop Fascia	1	25,000	25,000
Lighting for Outlet	1	20,000	20,000
Refrigerator	1	50,000	50,000
Air Conditioners	1	60,000	60,000
Energy Savers	15	180	2,700
Wall Fan	3	3,300	9,900
Ceiling Fan	3	3,000	9,000

Misc. & Contingency			20,000
Total			464,850

9.7 Office Equipment Requirement

Following office equipment will be required for the proposed florist shop.

Table 8: Office Equipment Requirement

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Laptop	1	50,000	50,000
Printer	1	15,000	15,000
Telephone Sets	1	1,500	1,500
Total			66,500

9.8 Office Vehicle Requirement

Office Vehicles required for the project are as follows:

Table 9: Office Vehicle Requirement

Vehicle	Number	Unit Cost (Rs.)	Amount (Rs.)
Suzuki Pickup (Used)	1	750,000	750,000

One Suzuki pickup, assumed to be second hand, is sufficient for access to Flower Mandi for fresh flowers and events management.

9.9 Raw Material Requirement

The most critical input to run a florist shop is procurement of fresh flowers. In this pre-feasibility study, it is assumed that contract procurement would be made from the wholesale market.

Following are the cost analysis of critical raw materials:

Table 10: Raw Material Requirement

Description	Unit	Cost / Unit (Rs.)	Quantity	Cost (Rs.)
Rose	No	3	51,000	153,000
Glad	No	22	17,000	374,000
Tube Rose	No	5	34,000	170,000
Statice	No	5	17,000	85,000
Tulip	No	8	17,000	136,000

Baskets & Bouquet	No	150	8,500	1,275,000
Events	No	10,000	100	1,000,000
Car Decoration	No	1,200	150	180,000
Total			144,750	3,373,000

9.10 Human Resource Requirement

To smoothly run the operations of the proposed Fresh Fruit Processing Unit, details of required human resource along with their monthly salaries are recommended as under:

Table 11: Human Resource Requirement

Description	No. of Employees	Salary per Month per Employee (Rs.)	Annual Salaries (Rs.)
Owner Manager	1	30,000	360,000
Flower Decorator / Sales Men	4	14,000	672,000
Helper	2	14,000	336,000
Driver	1	15,000	180,000
Total	8		1,548,000

The above table provides details of human resource required to run a florist shop. Owner will perform the duties of procurement & marketing for the proposed business. Sales men are skilled flower decorators who would perform the duties at different events for decoration services and also work as sales-men on Florist Shop. Helper will provide support services to flowers decorators in events and also in sales at shop.

A driver is compulsory for florist shop as flowers are procured from wholesale market and own transportation is economical in this case. Beside this, in case of any event, driver will be responsible for logistics arrangement (Flowers, Frames etc.) and for pick and drop of flower decorators. Salaries of all employees are estimated to increase at 10% annually.

9.11 Utilities and Other Costs

Other cost includes the rent of shop & warehouse, electricity and fuel expenses for traveling. Rental expense for florist shop and warehouse is estimated at Rs. 816,000 in first year with 10% increase in subsequent years. Similarly, during the first year the electricity expenses are estimated to be around Rs. 348,000 and fuel expense is around Rs. 466,847.

9.12 Revenue Generation

Based on the assumed sales capacity of flowers, sales revenue during the first year of operations is estimated as under:

Table 12: Revenue Generation – Year 1

Product	Sales Price (Rs. / Unit)	Units available for Sale	Units for Sale at Year 1	First Year Sales Revenue (Rs)*
Rose	15	51,000	43,350	650,250
Glad	30	17,000	14,450	433,500
Tube Rose	15	34,000	28,900	433,500
Statice	20	17,000	14,450	289,000
Tulip	20	17,000	14,450	289,000
Baskets & Bouquet	300	8,500	7,225	2,167,500
Events	25,000	100	85	2,125,000
Car Decoration	2,500	150	128	320,000
Total Sales	-	144,750	123,038	6,707,750
Finished Goods	55		(684)	(37,620)
Total Revenue			122,354	6,669,242

*Variation of figures is due to rounding off.

10 CONTACT DETAILS

In order to facilitate potential investors, contact details of consultants and experts relevant to the proposed project are provided below:

Name & Designation	Organization	Address	Phone	Fax
Dr. Muhammad Anjum Ali. Director General (Extension)	Agriculture Department, Govt. of Punjab	21-Davis Road, Lahore	92-42-99200732	92-42-99200743
	Pakistan Horticulture Development and Export Company	30 N, Model Town Extension, Lahore (54700), Pakistan	+92-42-99232210-17	+92-42-99232220
Dr. M. Aslam Parvez. Director	Institute of Horticultural Sciences, Faculty of Agriculture	University of Agriculture, Faisalabad	+92-41-9201281, +92-41-9200161 Ext. 2952	
Dr. Ghulam Jellani, Principal Scientific Officer (Vegetable)	Programme on Vegetable Crop Horticulture Research Institute	National Agricultural Research Centre Park Road, Islamabad	+92-51 9255061, +92-51 9255012	

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
Punjab Industrial Estates (PIE)	www.pie.com.pk
Faisalabad Industrial Estate Development and Management Company (FIEDMC)	www.fiedmc.com.pk
Pakistan Agriculture Research Council (PARC)	www.parc.gov.pk
National Agriculture Research Council (NARC)	www.narc.gov.pk
Agriculture University of Faisalabad (UAF)	www.uaf.edu.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	6,669,242	7,808,689	9,066,903	9,976,511	10,974,162	12,071,578	13,278,735	14,606,609	16,067,270	17,673,997	
<i>Cost of sales</i>											
Cost of goods sold 1	2,851,122	3,338,239	3,876,130	4,264,990	4,691,489	5,160,638	5,676,701	6,244,372	6,868,809	7,555,690	
Operation costs 1 (direct labor)	1,002,400	1,108,458	1,219,323	1,341,648	1,475,813	1,623,394	1,785,733	1,964,307	2,160,738	2,376,811	
Operating costs 3 (direct electricity)	348,000	382,800	421,080	463,188	509,507	560,457	616,503	678,154	745,969	820,566	
Total cost of sales	4,201,522	4,829,497	5,516,533	6,069,826	6,676,808	7,344,489	8,078,938	8,886,832	9,775,515	10,753,067	
Gross Profit	2,467,720	2,979,192	3,550,370	3,906,685	4,297,353	4,727,088	5,199,797	5,719,777	6,291,755	6,920,930	
<i>General administration & selling expenses</i>											
Administration expense	540,000	594,000	653,400	718,740	790,614	869,675	956,643	1,052,307	1,157,538	1,273,292	
Administration benefits expense	54,000	59,400	65,340	71,874	79,061	86,968	95,664	105,231	115,754	127,329	
Building rental expense	816,000	897,600	987,360	1,086,096	1,194,706	1,314,176	1,445,594	1,590,153	1,749,168	1,924,085	
Electricity expense (Worker's Residence)	60,000	66,000	72,600	79,860	87,846	96,631	106,294	116,923	128,615	141,477	
Decorated Cloths and Foam Expenses	20,000	22,000	24,200	26,620	29,282	32,210	35,431	38,974	42,872	47,159	
Travelling expense	466,847	546,608	634,683	698,356	768,191	845,010	929,511	1,022,463	1,124,709	1,237,180	
Communications expense (phone, fax, mail, internet, etc.)	27,000	29,700	32,670	35,937	39,531	43,484	47,832	52,615	57,877	63,665	
Office expenses (stationary, entertainment, janitorial services, Promotional expense	5,400	5,940	6,534	7,187	7,906	8,697	9,566	10,523	11,575	12,733	
Depreciation expense	147,985	147,985	147,985	147,985	147,985	156,105	156,105	156,105	156,105	156,105	
Amortization of pre-operating costs	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	
Subtotal	2,179,578	2,417,277	2,679,107	2,931,538	3,208,993	3,522,314	3,858,034	4,227,327	4,633,550	5,080,394	
Operating Income	288,142	561,915	871,263	975,147	1,088,360	1,204,775	1,341,763	1,492,450	1,658,205	1,840,536	
Gain / (loss) on sale of office equipment	-	-	-	-	26,600	-	-	-	-	-	
Earnings Before Interest & Taxes	288,142	561,915	871,263	975,147	1,114,960	1,204,775	1,341,763	1,492,450	1,658,205	1,840,536	
Interest expense on long term debt (Project Loan)	98,252	81,580	62,420	40,397	15,086	-	-	-	-	-	
Interest expense on long term debt (Working Capital Loan)	23,954	-	-	-	-	-	-	-	-	-	
Subtotal	122,205	81,580	62,420	40,397	15,086	-	-	-	-	-	
Earnings Before Tax	165,936	480,335	808,844	934,750	1,099,874	1,204,775	1,341,763	1,492,450	1,658,205	1,840,536	
Tax	-	5,623	40,826	59,712	84,481	100,216	120,764	143,367	176,141	212,607	
NET PROFIT/(LOSS) AFTER TAX	165,936	474,712	768,017	875,037	1,015,393	1,104,559	1,220,999	1,349,082	1,482,064	1,627,929	

12.2 Balance Sheet

Calculations											SMEDA
Balance Sheet											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
<i>Current assets</i>											
Cash & Bank	375,000	206,657	672,289	1,405,328	2,217,736	3,140,323	4,347,331	5,661,882	7,094,180	8,647,421	11,156,903
Accounts receivable		54,816	59,498	69,352	78,261	86,099	94,709	104,179	114,597	126,057	138,663
Finished goods inventory		23,472	26,839	30,656	33,721	37,093	40,803	44,883	49,371	54,308	59,739
Raw material inventory	39,599	51,001	65,141	78,843	95,400	115,434	139,675	169,007	204,499	247,443	-
Pre-paid building rent	204,000	224,400	246,840	271,524	298,676	328,544	361,398	397,538	437,292	481,021	-
Total Current Assets	618,599	560,345	1,070,607	1,855,703	2,723,794	3,707,493	4,983,916	6,377,490	7,899,940	9,556,251	11,355,305
<i>Fixed assets</i>											
Machinery & equipment	132,000	118,800	105,600	92,400	79,200	66,000	52,800	39,600	26,400	13,200	-
Furniture & fixtures	464,850	418,365	371,880	325,395	278,910	232,425	185,940	139,455	92,970	46,485	-
Office vehicles	750,000	675,000	600,000	525,000	450,000	375,000	300,000	225,000	150,000	75,000	-
Office equipment	66,500	53,200	39,900	26,600	13,300	107,099	85,679	64,259	42,840	21,420	-
Total Fixed Assets	1,413,350	1,265,365	1,117,380	969,395	821,410	780,524	624,419	468,314	312,210	156,105	-
<i>Intangible assets</i>											
Pre-operation costs	90,000	81,000	72,000	63,000	54,000	45,000	36,000	27,000	18,000	9,000	-
Total Intangible Assets	90,000	81,000	72,000	63,000	54,000	45,000	36,000	27,000	18,000	9,000	-
TOTAL ASSETS	2,121,949	1,906,710	2,259,987	2,888,098	3,599,204	4,533,017	5,644,335	6,872,805	8,230,149	9,721,356	11,355,305
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable		39,755	46,622	54,178	59,731	65,848	72,607	80,078	88,341	97,483	103,503
Total Current Liabilities	-	39,755	46,622	54,178	59,731	65,848	72,607	80,078	88,341	97,483	103,503
<i>Other liabilities</i>											
Long term debt (Project Loan)	751,675	640,045	511,743	364,281	194,796	-	-	-	-	-	-
Long term debt (Working Capital Loan)	309,299	-	-	-	-	-	-	-	-	-	-
Total Long Term Liabilities	1,060,974	640,045	511,743	364,281	194,796	-	-	-	-	-	-
<i>Shareholders' equity</i>											
Paid-up capital	1,060,974	1,060,974	1,060,974	1,060,974	1,060,974	1,168,073	1,168,073	1,168,073	1,168,073	1,168,073	1,168,073
Retained earnings		165,936	640,648	1,408,665	2,283,702	3,299,096	4,403,654	5,624,653	6,973,735	8,455,800	10,083,729
Total Equity	1,060,974	1,226,911	1,701,622	2,469,639	3,344,677	4,467,169	5,571,728	6,792,726	8,141,809	9,623,873	11,251,802
TOTAL CAPITAL AND LIABILITIES	2,121,949	1,906,710	2,259,987	2,888,098	3,599,204	4,533,017	5,644,335	6,872,805	8,230,149	9,721,356	11,355,305

12.3 Cash Flow Statement

Calculations											SMEDA
Cash Flow Statement											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<i>Operating activities</i>											
Net profit		165,936	474,712	768,017	875,037	1,015,393	1,104,559	1,220,999	1,349,082	1,482,064	1,627,929
Add: depreciation expense		147,985	147,985	147,985	147,985	147,985	156,105	156,105	156,105	156,105	156,105
amortization of pre-operating costs		9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Accounts receivable		(54,816)	(4,683)	(9,853)	(8,909)	(7,838)	(8,610)	(9,471)	(10,418)	(11,460)	(12,606)
Finished goods inventory		(23,472)	(3,367)	(3,818)	(3,065)	(3,372)	(3,709)	(4,080)	(4,488)	(4,937)	(5,431)
Raw material inventory	(39,599)	(11,402)	(14,140)	(13,703)	(16,557)	(20,034)	(24,241)	(29,332)	(35,491)	(42,945)	247,443
Pre-paid building rent	(204,000)	(20,400)	(22,440)	(24,684)	(27,152)	(29,868)	(32,854)	(36,140)	(39,754)	(43,729)	481,021
Accounts payable		39,755	6,867	7,556	5,554	6,117	6,759	7,471	8,262	9,142	6,020
Cash provided by operations	(243,599)	252,587	593,934	880,501	981,893	1,117,383	1,207,008	1,314,552	1,432,298	1,553,240	2,509,482
<i>Financing activities</i>											
Project Loan - principal repayment		(111,630)	(128,302)	(147,462)	(169,485)	(194,796)	-	-	-	-	-
Working Capital Loan - principal repayment		(309,299)	-	-	-	-	-	-	-	-	-
Additions to Project Loan	751,675	-	-	-	-	-	-	-	-	-	-
Additions to Working Capital Loan	309,299	-	-	-	-	-	-	-	-	-	-
Issuance of shares	1,060,974	-	-	-	-	107,099	-	-	-	-	-
Purchase of (treasury) shares											
Cash provided by / (used for) financing activities	2,121,949	(420,930)	(128,302)	(147,462)	(169,485)	(87,697)	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(1,503,350)	-	-	-	-	(107,099)	-	-	-	-	-
Acquisitions											
Cash (used for) / provided by investing activities	(1,503,350)	-	-	-	-	(107,099)	-	-	-	-	-
NET CASH	375,000	(168,343)	465,633	733,038	812,408	922,587	1,207,008	1,314,552	1,432,298	1,553,240	2,509,482

13 KEY ASSUMPTIONS

13.1 Operating Cost Assumptions

Description	Details
Administration Benefit Expenses	10% of Admin Expense
Traveling Expenses	7% of Admin Expense
Communication Expenses	5% of Sales
Office Expenses (stationary, entertainment, janitorial services, etc.)	1% of Admin Expense
Operating Costs Growth Rate	10%
Depreciation on Building and Infrastructure	5%
Depreciation on Machinery	10%
Depreciation on Furniture and Fixture	10%
Depreciation on Office Equipment	20%
Depreciation on Office Vehicle	10%

13.2 Cost Assumptions

Description	Details
Rose	Rs. 3 / Rose
Glad	Rs. 22 / Glad
Tube Rose	Rs. 5 / Tube Rose
Stalice	Rs. 5 / Stalice
Tulip	Rs. 8 / Tulip
Baskets & Bouquet	Rs. 150 / Bouquet
Events	Rs. 10,000 / Event
Car Decoration	Rs. 1,200 / Car
Raw Material Cost Growth Rate	10%

13.3 Revenue Assumptions

Description	Details
Production Capacity in First Year	85%
Percentage Increase in Production Capacity every Year	5%
Maximum Production Capacity	95%

13.4 Financial Assumptions

Description	Details
Debt	50%
Equity	50%
Interest Rate on Debt	14%
Debt Tenure	5
Debt Payment / Year	12