

# Pre-Feasibility Study

## SUPERSTORE



**Small and Medium Enterprises Development Authority**

**Ministry of Industries & Production**

**Government of Pakistan**

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**June 2015**

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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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### **Document Control**

Document No.	PREF-NO: 09
Revision	No. 02
Prepared by	SMEDA-Sindh
Revision Date	June, 2015
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## 2. EXECUTIVE SUMMARY

**Superstore** is proposed to be located in any Metropolitan city such as Karachi, Hyderabad, Lahore, Rawalpindi, Islamabad, Multan, Peshawar or Quetta. Superstore is a large retail store organized into departments offering a variety of merchandize, commonly part of retail chain under one roof.

This proposed Pre-feasibility study presents an investment opportunity for establishing a superstore on an area of approximately 4,500 sq. ft. It is recommended that the store should be started at owned place rather on rented premises. The main investment in this business is of land and building, which has major share in capital cost due to high cost of construction and land price. The cost of required land will be ranging from Rs. 25,000,000 to Rs. 40,000,000.

The total project cost for setting up a Superstore is estimated at **Rs. 53.653 million** out of which **Rs. 40.112 million** is capital cost and **Rs. 13.541 million** is working capital. The project is proposed to be financed through **50%** debt and **50%** equity. The NPV is projected around **Rs. 150.029 million**, with an IRR of **59.72%** and a Payback Period of **3.54 years**.

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

- Most significant considerations
  - Pricing strategy & understanding requirements of the target customers.
  - Location with ample parking space and with respect to customer's turnout.
  - Supply chain experience & technical expertise of the business.
  
- Equally important factors
  - Efficient marketing through flier's distribution & cable TV.
  - Staff hired should be well mannered and well trained in dealing with customers.

### 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 Pre-feasibility 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 **Superstore** 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 Superstore will provide variety of goods ranges from grocery to garments and alike to the customers under one roof. The proposed project is a single floor store on an area of approximately 4,500 sq. ft. having covered / indoor shopping facilities. The main investment in this business is of land and building, which is very high due to very expensive land in urban areas and high construction cost. It is recommended that Superstore should be started at owned place rather on rented premises. The cost of required land will be ranging from Rs. 25,000,000 to Rs. 40,000,000. The store will operate for 14 hours from morning to midnight. Operating time may vary in different cities as per norms & cultures.

In Pakistan, concept of Superstore has gained popularity in late eighties after the emergence of Utility Stores by the government. There is a lack of proper management and planning in public sector stores but private sector has made it one of the successful businesses in Pakistan. Public has liked this concept due to the availability of all basic utilities under one roof which saves their time about which people are more conscious these days. The factors that make this project viable in Pakistan are:

- Easy access to wholesale markets.
- Availability of resources / salesmen.
- Variety of goods under one roof.
- Margin for innovation.
- Easy diversification towards new product mix.

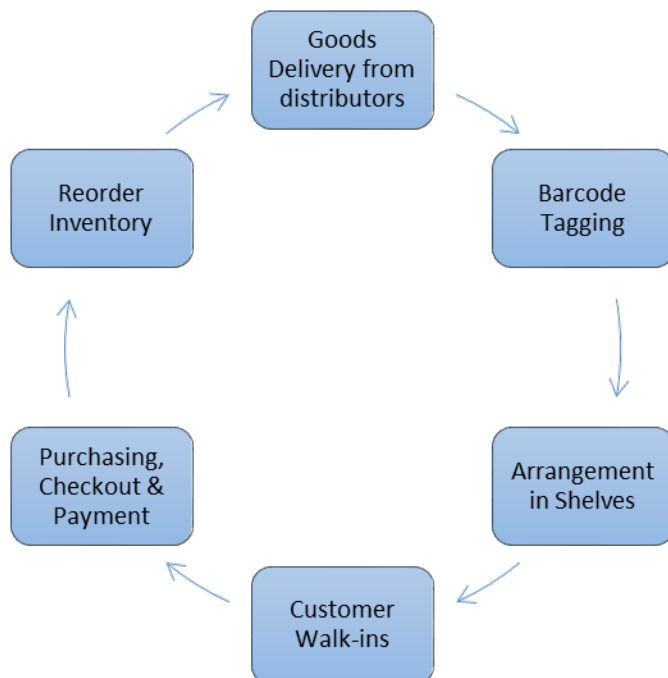
Following key parameters must be addressed as per Pre-feasibility study under preparation:

- **Technology:** The proposed store should be air-conditioned. Goods should be properly arranged in iron shelves categorically having ample passage between the shelves for service trolleys and customers. Barcode reader, cash register, surveillance system & software for inventory and sales recording should be used for updated data at all the times.
- **Location:** Superstore can be set-up in any metropolitan city such as Karachi, Hyderabad, Lahore, Rawalpindi, Islamabad, Multan, Peshawar and Quetta.

- **Product:** The proposed product line consist of Groceries and Food items, Baby garments and Baby products, Crockery and Plastic items, Soaps, Detergents and Chemicals, Cosmetic & Artificial Jewellery, Ice Cream & Beverages, Stationary & Gifts, Watches and Clocks, Electronics / Electrical products and General items.
- **Target Market:** The target customer for Superstores is the population / family units of big cities. Population of urban areas of Pakistan is around 39.2%<sup>1</sup> of total population. Total estimated current population of Pakistan is around 191.71<sup>2</sup> million. This proposed store will specifically target middle class of urban population.
- **Employment Generation:** The proposed project will provide direct employment to 20 peoples. Financial analysis shows the unit will be profitable from the very first year of operation.

## 5.1 Process Flow

Process flow diagram are as under:



<sup>1</sup> Economic Survey of Pakistan (2014-15)

<sup>2</sup> Economic Survey of Pakistan (2014-15)

- **Stage 1:** Orders for inventory is placed.
- **Stage 2:** Distributors deliver inventory & goods.
- **Stage 3:** Prices are fixed & tagging is done for barcode reading.
- **Stage 4:** Goods are arranged in shelves according to categories.
- **Stage 4:** Customers visit the store for groceries / purchasing.
- **Stage 5:** Cashier receives payment from the customers and handover the purchased items.
- **Stage 6:** Reorder of inventory according to demand.

## 5.2 Installed and Operational Capacities

Following table provides details of installed capacity utilization for the first year of operations based on assumption of 350 customers / day:

Category of item	Proportion	Avg. Gross Margin
Groceries and Food items	25%	07%
Baby garments and Baby products	10%	25%
Crockery and Plastic items	05%	20%
Soaps, Detergents and Chemicals	10%	10%
Cosmetic & Artificial Jewellery	10%	30%
Ice Cream & Beverages	04%	07%
Stationary & Gifts	04%	30%
Watches and Clocks	02%	30%
Electronics / Electrical products	10%	30%
General items	20%	07%

It is assumed that 25% of goods will be purchased on credit from the supplier.



## 6. CRITICAL FACTORS

Following factors play a critical role in the successful execution of the business operations and impact on profitability:

- This business is very sensitive to the customer's turnout. If the average number of customers in a day exceeds from 350 then the project viability is quite strong.
- Location with respect to availability of parking space for customers.
- Location with respect to population and ease of access.
- To obtain a good average of profits it is necessary to observe the buying behavior.
- The staff hired should be well mannered and well trained in dealing with the customers.
- Supply chain experience & technical expertise of the business.
- Efficient marketing through flier's distribution & cable TV.
- Reasonable and competitive price & understanding requirements of the target market.

## 7. GEOGRAPHICAL POTENTIAL FOR INVESTMENT

The market for Superstores industry in Pakistan has been developing steadily over the last decade and a mushroom growth of large stores observed in all big cities. Still a good potential is available for new stores as population of big cities increasing day by day and new societies are being developed. New residential towns are being developed. Location and amenities are some of the most vital factors in the success of a store.

Superstores business is emerging as one of the good business ventures in Pakistan as it provides all the basic merchandise under one roof. Superstores business falls under retail sector. This sector has shown a significant growth over

the last few years. In 2014-15, this sector showed a growth of 3.4%.<sup>3</sup> This sector's contribution towards GDP in the year 2014-15 is 18.3%<sup>4</sup>. Gross fixed capital formation (Investment in fixed assets) in this industry by private sector has also shown a progressive trend.

## 8. POTENTIAL TARGET CUSTOMERS / MARKETS

Pakistan has a domestic market of above 190 million consumers with growing income & changing consumption habits. The target customer for Superstores is the population of big cities. The Superstore chain provides a good example of the way, in which different groups of customers will have different expectations, by offering a wide variety of products with highly competitive prices.

## 9. PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of the Superstore. Various cost and revenue related assumptions along with the analysis are outlined in this section.

The projected Income Statement, Cash Flow Statement and Balance Sheet are attached in appendices.

### 9.1 Project Economics

Based on the assumption of 350 customers / day, all the figures in this financial model have been calculated for estimated sales of Rs. 453.600 million in the year one.

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)	59.72%
Payback Period (yrs.)	3.54
Net Present Value (Rs.)	150,029,000

<sup>3</sup> Source: *Economic Survey of Pakistan (2014-15)*

## 9.2 Project Sensitivity

No. of Customers	NPV (Rs.)	Payback (Yrs.)	IRR (%)
250	81,236,000	4.09	43.01
300	115,632,000	3.76	51.66
350	150,029,000	3.54	59.72
400	184,425,000	3.38	67.31
450	218,822,000	3.26	74.51

Keeping others factors constant, this project is very sensitive to the customer's turnout. If the average number of customers in a day exceeds from 350 then the project viability is quite strong.

## 9.3 Project Financing

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

**Table 2: Project Financing**

Description	Details
Total Equity (50%)	Rs. 26,826,869
Bank Loan (50%)	Rs. 26,826,869
Markup to the Borrower (%age / annum)	18%
Tenure of the Loan (Years)	05

## 9.4 Project Cost

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

**Table 3: Project Cost**

Description	Amount Rs.
-------------	------------

<sup>4</sup> Source: Economic Survey of Pakistan (2014-15)

<b>Capital Cost</b>	
Land & Building & Fixtures	34,522,500
Equipment Requirement	2,860,000
Furniture & Fixture	500,000
Office Equipment	1,230,000
Pre-operational Expenses	1,000,000
<b>Total Capital Cost</b>	<b>40,112,500</b>
<b>Working Capital</b>	
Initial Stock	11,991,200
Cash in Hand	1,550,039
<b>Total Working Capital</b>	<b>13,541,239</b>
<b>Total Project Cost</b>	<b>53,653,739</b>

## 9.5 Space Requirement

The space requirement for the proposed Superstore is estimated considering various facilities including Management building, Parking area, Godown, Building & store etc. In this Pre-feasibility, the cost of 4,500 sq. ft. land is taken Rs. 30 million. Details of space requirement and cost related to land & building is given below:

**Table 4: Space Requirement**

Description	Estimated Area (Sq. ft.)	Unit Cost (Rs.)	Total Cost (Rs.)
Building & Store	2,925	1,200	3,510,000
Parking Area	225	300	67,500
Management Building	225	1,200	270,000
Godown	1,125	600	675,000
<b>Total</b>	<b>4,500</b>		<b>4,522,500</b>

Total construction cost of 4,500 sq. ft. area will be Rs. 4,522,500.

## 9.6 Machinery & Equipment Requirement

Machinery and equipment for the proposed project are stated below:

**Table 5: Machinery & Equipment**

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Air Conditioner (Split type 2tons)	06	60,000	360,000
Trolleys & Baskets	50	6,000	300,000
Generator 40 kVA	01	700,000	700,000
Refrigerator & Deep freezer	02	50,000	100,000
Sign Board	01	200,000	200,000
Iron Shelves	100	12,000	1,200,000
<b>Total</b>			<b>2,860,000</b>

## 9.7 Furniture & Fixtures Requirement

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

**Table 6: Furniture & Fixture**

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Furniture Set	01	150,000	150,000
Electric Fitting & Installations	01	350,000	350,000
<b>Total</b>			<b>500,000</b>

## 9.8 Office Equipment Requirement

Following office equipment will be required for Superstore:

**Table 7: Office Equipment**

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Computers	05	40,000	200,000
Server	01	250,000	250,000

Printers	02	30,000	60,000
Fax Machine	01	20,000	20,000
Software (Stock & sales management)	01	50,000	50,000
Barcode Reader & Cash register	03	50,000	150,000
Surveillance System	01	500,000	500,000
<b>Total</b>			<b>1,230,000</b>

## 9.9 Human Resource Requirement

In order to run operations of Superstore 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.)	Total Monthly Salary per person (Rs.)	Total Annual Salary per person (Rs.)
Store/Procurement Manager	01	75,000	75,000	900,000
Store Supervisor	01	35,000	35,000	420,000
Store Staff	08	12,000	96,000	1,152,000
Cashiers	02	12,000	24,000	288,000
Manager Accounts	01	75,000	75,000	900,000
Accounts Officer	01	35,000	35,000	420,000
Helpers / Cleaners	02	12,000	24,000	288,000
Security Guards	04	12,000	48,000	576,000
<b>Total</b>	<b>20</b>		<b>412,000</b>	<b>4,944,000</b>

## 9.10 Utilities and other costs

An essential cost to be borne by the project is the cost of electricity and promotional expense. The electricity expenses are estimated to be around Rs.

298,368 per month and promotional expense being essential for marketing of Superstore is estimated as 0.5% of Total sales.

### 9.11 Revenue Generation

Based on the assumption of 350 visitors per day for Groceries and Food items, Baby garments and Baby products, Crockery and Plastic items, Soaps, Detergents and Chemicals, Cosmetic & Artificial Jewellery, Ice Cream & Beverages, Stationary & Gifts, Watches and Clocks, Electronics / Electrical products and General items respectively, sales revenue during the first year of operations is estimated as under:

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

Visitors Category	Purchasing Amount	%age as of Total Visitors	Sales Revenue / Year (Rs.Mn.)
10 k and Up	10,000	15.0%	189.000
5K to 10K	5,000	25.0%	157.500
2.5K to 5K	2,500	25.0%	78.750
1K to 2.5K	1,000	15.0%	18.900
0.5K to 1K	500	10.0%	6.300
0.1K to 0.25K	250	10.0%	3.150
<b>Total</b>			<b>453.600</b>

## 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 Distributor-1

<b>Name of Distributor</b>	Burque Corporation		
<b>Address</b>	Plot # M-1, Begum Rabia Siddiqui Road, Central Commercial Area, Bahadurabad, Karachi - 74800, Pakistan.		
<b>Phone</b>	+92-21-34949595 +92-21-34949696	<b>Fax</b>	+92-21-34924323
<b>E-mail</b>	info@burque.com.pk		
<b>Website</b>	www.burque.com.pk/		

**10.2 Distributor-2**

<b>Name of Distributor</b>	Allied Marketing (Pvt.) Ltd.		
<b>Address</b>	21-A, Gulberg-II, Lahore – Pakistan.		
<b>Phone</b>	+92-42-3575 4724	<b>Fax</b>	+92-42-3575 1946
<b>E-mail</b>	info@alliedmarketing.com.pk		
<b>Website</b>	www.alliedmarketing.com.pk		

**10.3 Distributor-3**

<b>Name of Distributor</b>	Premier Group		
<b>Address</b>	60-Muslimabad, Jamshed Qtrs, M.A.Jinnah Road Ext, PO Box# 3535, Karachi.		
<b>Phone</b>	021 34919932 - 34128347-48	<b>Fax</b>	021 34129528
<b>E-mail</b>	info@premiergroup.com.pk		
<b>Website</b>	www.premiergroup.com.pk		

**10.4 Distributor-4**

<b>Name of Distributor</b>	<b>Muller &amp; Phipps Pakistan (Private) Limited</b>		
<b>Address</b>	1st & 3rd Floor, Uzma Court, Main Clifton Road, Karachi.		
<b>Phone</b>	+92 21 35873497	<b>Fax</b>	+92 21 35870922, +92 21 35871514
<b>Website</b>	www.mulphico.pk		



## 11. USEFUL WEB LINKS

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

## 12. ANNEXURES

### 12.1 Income Statement

	Year - I	Year - II	Year - III	Year - IV	Year - V	Year - VI	Year - VII	Year - VIII	Year - IX	Year - X	Rupees (000)
<b>Sales/Revenue</b>	453,600	548,856	694,303	901,205	1,189,591	1,504,832	1,771,188	2,045,722	2,362,808	2,729,044	
<b>Cost of Sales:</b>											
Add opening stock	11,991	11,991	15,380	19,456	25,253	33,334	42,168	49,632	57,325	66,210	
Purchases	382,249	490,272	620,194	805,012	1,062,616	1,344,209	1,582,135	1,827,365	2,110,607	2,437,751	
Less closing stock	11,991	15,380	19,456	25,253	33,334	42,168	49,632	57,325	66,210	76,473	
Sales tax	10,667	9,993	12,642	16,409	21,659	27,399	32,249	37,247	43,021	49,689	
	392,916	496,877	628,760	815,623	1,076,195	1,362,775	1,606,920	1,856,920	2,144,743	2,477,178	
<b>Gross Profit</b>	60,684	51,979	65,543	85,582	113,396	142,057	164,268	188,802	218,066	251,866	
<b>Operating Expenses:</b>	19,259	22,018	26,622	32,582	39,916	48,663	55,801	63,239	71,747	81,482	
<b>Operating Profit</b>	41,425	29,961	38,920	53,000	73,480	93,394	108,467	125,562	146,319	170,384	
<i>Financial Charges</i>	4,587	3,622	2,656	1,690	724	-	-	-	-	-	
<b>Profit before Taxation</b>	36,837	26,340	36,265	51,310	72,756	93,394	108,467	125,562	146,319	170,384	
Taxation	12,116	8,441	11,915	17,181	24,687	31,910	37,186	43,169	50,434	58,857	
<b>Profit after Taxation</b>	24,722	17,898	24,349	34,129	48,069	61,484	71,281	82,393	95,885	111,527	
Acc. Profit b/f	-	24,722	42,620	66,969	101,098	149,167	210,651	281,932	364,325	460,210	
<b>Un-appropriated Profit c/f</b>	24,722	42,620	66,969	101,098	149,167	210,651	281,932	364,325	460,210	571,737	

## 12.2 Balance Sheet

												Rupees (ooo)
	Year - 0	Year - I	Year - II	Year - III	Year - IV	Year - V	Year - VI	Year - VII	Year - VIII	Year - IX	Year - X	
<b>Tangible Fixed Assets</b>	39,113	38,654	38,240	37,869	37,534	37,233	36,962	36,718	36,498	36,301	36,123	
<b>Preoperational expenses</b>	1,000	800	600	400	200	-	-	-	-	-	-	
<b>Current Assets:</b>												
Stocks	11,991	11,991	15,380	19,456	25,253	33,334	42,168	49,632	57,325	66,210	76,473	
Cash in Hand / Bank	1,550	37,492	51,751	72,644	103,845	149,703	214,357	288,331	373,469	472,468	587,541	
	13,541	49,484	67,131	92,100	129,099	183,037	256,525	337,963	430,794	538,678	664,014	
	<b>53,654</b>	<b>88,937</b>	<b>105,971</b>	<b>130,368</b>	<b>166,833</b>	<b>220,270</b>	<b>293,487</b>	<b>374,681</b>	<b>467,292</b>	<b>574,979</b>	<b>700,137</b>	
<b>Owners Equity:</b>												
Capital	26,827	26,827	26,827	26,827	26,827	26,827	26,827	26,827	26,827	26,827	26,827	
Accumulated Profit	-	24,722	42,620	66,969	101,098	149,167	210,651	281,932	364,325	460,210	571,737	
<b>Long Term Loan</b>	26,827	16,096	10,731	5,365	-	-	-	-	-	-	-	
<b>Current Liabilities:</b>												
Current Portion of Long Term Loan	-	5,365	5,365	5,365	5,365	-	-	-	-	-	-	
Accounts Payable	-	15,927	20,428	25,841	33,542	44,276	56,009	65,922	76,140	87,942	101,573	
	-	21,292	25,793	31,207	38,908	44,276	56,009	65,922	76,140	87,942	101,573	
	<b>53,654</b>	<b>88,937</b>	<b>105,971</b>	<b>130,368</b>	<b>166,833</b>	<b>220,270</b>	<b>293,487</b>	<b>374,681</b>	<b>467,292</b>	<b>574,979</b>	<b>700,137</b>	
	-	-	-	-	-	-	-	-	-	-	-	
<b>Working capital</b>												
<b>Current Assets:</b>												
Stocks	11,991	11,991	15,380	19,456	25,253	33,334	42,168	49,632	57,325	66,210	76,473	
	11,991	11,991	15,380	19,456	25,253	33,334	42,168	49,632	57,325	66,210	76,473	
<b>Current Liabilities:</b>												
Accounts Payable	-	15,927	20,428	25,841	33,542	44,276	56,009	65,922	76,140	87,942	101,573	
working capital	11,991	(3,936)	(5,048)	(6,386)	(8,289)	(10,941)	(13,841)	(16,290)	(18,815)	(21,732)	(25,100)	
Change in working capital		<b>15,927</b>	<b>1,112</b>	<b>1,338</b>	<b>1,903</b>	<b>2,652</b>	<b>2,899</b>	<b>2,450</b>	<b>2,525</b>	<b>2,916</b>	<b>3,368</b>	

## 12.3 Cash Flow Statement

												Rupees (ooo)
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Profit before Financial Charges & Taxation	-	41,425	29,961	38,920	53,000	73,480	93,394	108,467	125,562	146,319	170,384	
Amortization	-	200	200	200	200	200	-	-	-	-	-	
Depreciation	-	459	413	372	335	301	271	244	220	198	178	
Working Capital Change	-	42,084	30,574	39,492	53,535	73,982	93,665	108,711	125,782	146,516	170,562	
	-	15,927	1,112	1,338	1,903	2,652	2,899	2,450	2,525	2,916	3,368	
<b>Cash form other Sources</b>												
Owners	26,827	-	-	-	-	-	-	-	-	-	-	
Bank Finance	26,827	-	-	-	-	-	-	-	-	-	-	
	53,654	-	-	-	-	-	-	-	-	-	-	
<b>Total Sources</b>	<b>53,654</b>	<b>58,011</b>	<b>31,686</b>	<b>40,830</b>	<b>55,438</b>	<b>76,634</b>	<b>96,564</b>	<b>111,161</b>	<b>128,307</b>	<b>149,433</b>	<b>173,930</b>	
<b>Applications:</b>												
Fixed Assets	39,113	-	-	-	-	-	-	-	-	-	-	
Preoperational Expenses	1,000	-	-	-	-	-	-	-	-	-	-	
Working Capital	13,541	-	-	-	-	-	-	-	-	-	-	
Re -Payment of Loan	-	9,953	8,987	8,021	7,055	6,090	-	-	-	-	-	
Tax	-	12,116	8,441	11,915	17,181	24,687	31,910	37,186	43,169	50,434	58,857	
	53,654	22,068	17,428	19,936	24,236	30,777	31,910	37,186	43,169	50,434	58,857	
<b>Cash Increase/(Decrease)</b>	<b>-</b>	<b>35,942</b>	<b>14,258</b>	<b>20,894</b>	<b>31,201</b>	<b>45,857</b>	<b>64,654</b>	<b>73,975</b>	<b>85,138</b>	<b>98,999</b>	<b>115,073</b>	
Opening Balance	1,550	1,550	37,492	51,751	72,644	103,845	149,703	214,357	288,331	373,469	472,468	
<b>Closing Balance</b>	<b>1,550</b>	<b>37,492</b>	<b>51,751</b>	<b>72,644</b>	<b>103,845</b>	<b>149,703</b>	<b>214,357</b>	<b>288,331</b>	<b>373,469</b>	<b>472,468</b>	<b>587,541</b>	

## 13. KEY ASSUMPTIONS

### 13.1 Operating Cost Assumptions

Description	Details
Hours operational per day	14 hours
Days operational per year	360 days
<b>Stock inventory remain in store</b>	
Category of item	No of days
• Groceries and Food items	07
• Baby garments and Baby products	30
• Crockery and Plastic items	45
• Soaps, Detergents and Chemicals	07
• Ice-cream and Beverages	03
• Stationery, Greeting cards and Gifts	30
• Cosmetics and Artificial jewellery	15
• Watches and Clocks	30
• Electronics / Electrical products	30
• General items	10

### 13.2 Expense Assumptions

Description	Details
Purchase price growth rate	06%
Amortization of deferred cost	20%
Advertisement % of sales	0.5%
Telephone expenses (% of revenue)	0.1%
Repair and maintenance (% of revenue)	0.1%
Insurance of stocks (% of stock)	03%
Electricity growth rate	05%
Traveling and conveyance % of sales	0.12%
Proportion of sales tax taxable sales and purchases	70%
Printing and stationery % of sales	0.1%

### 13.3 Revenue Assumptions

Description	Details
Sales price growth rate	10%
<b>Gross margin % of sales</b>	
<b>Category of item</b>	<b>Margin</b>
• Groceries and Food items	07%
• Baby garments and Baby products	25%
• Crockery and Plastic items	20%
• Soaps, Detergents and Chemicals	10%
• Ice-cream and Beverages	07%
• Stationery, Greeting cards and Gifts	30%
• Cosmetics and Artificial jewellery	30%
• Watches and Clocks	30%
• Electronics / Electrical products	30%
• General items	07%

### 13.4 Financial Assumptions

Description	Details
Debt	50%
Equity	50%
Markup to the borrower (age% / annum)	18%