

Pre-Feasibility Study

BOUTIQUE – WOMEN DESIGNER WEAR



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 provides information on key facets of starting a Boutique business for Women Designer Wear. Growing number of boutiques have become an emblem of successful clothes business in Pakistan. Most people especially women prefer them over ordinary garment brands. There has been a mushroom growth in women designer wear boutiques since the last decade as they offer versatility and sophistication. This trend is not confined to metropolis alone but has also spread to small cities and towns. The rise is attributed to a growing middle class, exposure to media, entertainment, movies, internet and also to a fleet of qualified fashion designers graduating from fashion schools every year. Aspiring fashion graduates or potential entrepreneurs may find this growing sector a good prospect to capitalize on their potential, talent and market opportunity. In order to facilitate the potential investors, this document provides the basic information regarding business operations of apparel designing, manufacturing, marketing and selling of women wear in Pakistan.

The proposed business venture entails a total investment of about Rs. 5.25 million. This includes a capital investment of Rs. 2.02 million and a sum of Rs. 3.23 million as working capital. Projected IRR, NPV and Payback period of the proposed project are 35%, Rs. 5.41 million and 3.72 years respectively. Higher return on investment and a steady growth of business is expected with the entrepreneur having some prior experience in the related field of business. The project will generate direct employment opportunity for 21 persons. The legal business status of this project is proposed as “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 ‘sectoral research’ to identify policy, access to finance, business development services, strategic initiatives and institutional collaboration and networking initiatives.

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

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

4 PURPOSE OF THE DOCUMENT

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

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

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

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

5 BRIEF DESCRIPTON OF PROJECT

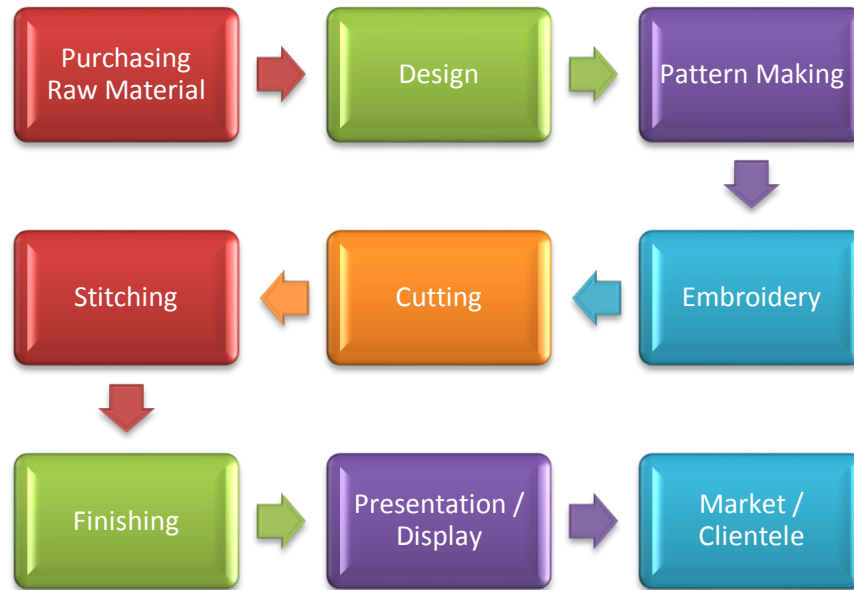
In reference to Pakistan, the Boutique business is quite in vogue and very much organized now. Few years back the market of this enterprise was quite scattered and unorganized. There were a few major players in Boutique business and those entrepreneurs have also taken an initiative based on their caprice and experience in the field of fashion design. However, the scenario is pretty different now, as boutique sector (women design wear) has mushroomed over the last few years, mostly in posh areas of big cities of Pakistan such as Lahore, Islamabad, Karachi, Peshawar, Quetta, Faisalabad, Sialkot, Multan, etc.

This pre-feasibility study focuses on establishing a women designer wear boutique in any metropolis of Pakistan. The proposed boutique will be able to produce and sell around 5,824 dresses and will entail a total investment of about Rs. 5.25 million.

The boutique will offer a wide choice of clothes to its clientele ranging from traditional dresses, prêt a porter casual, semi casual to formal / bridal wear. Both traditional and western dresses tailored to local needs will be offered to the customers. There is also a good potential for exports of Pakistani dresses abroad also as there is a large population of Pakistani expatriates in Canada, KSA, EU, UAE, USA and UK.

5.1 Production Process Flow

The process of converting fabric into designer wear garments mainly follows the below mentioned sequence:



5.2 Installed & Operational Capacities

The boutique business's installed capacity will largely depend on the market size it will operate in and the potential clientele. On average, a designer can draw / design 300 designs per annum from which around 280 designs are selected on average.

The pre-feasibility study is based on six (6) machines (single needle), two (2) over-lock machines, one (1) embroidery machine, with an operational capacity of manufacturing 5,824 dresses per annum. However, capacity utilization during first year of operation is assumed at 75%, which means 4,368 dresses will be produced, out of which 4,186 dresses will be sold by the boutique outlet whereas rest of 182 dresses will be considered as finished goods inventory. Capacity utilization growth rate of 3% is considered for subsequently years, while maximum capacity utilization is 90% that will be achieved during the 6th year of operation. This production and sales capacity is estimated to be economically viable and justifies the capital as well as operational costs of the project.

Breakup of the total number of dresses will be as follows:

Table 1: Installed Capacity of the Boutique

Total designs selected by Designer	280
No of size in each design	4
No of dresses in each size	4
Total readymade dresses	4,480
Made to measure dresses (30% of readymade dresses)	1,344
Total Dresses	5,824

Table 2: Category of the Dresses

Category of the Dresses	%age of Production	No. of Dresses
Summer	50%	2,912
Winter	25%	1,456
Tropical	25%	1,456
Total	100%	5,824
Casual	70%	4,077
Semi-Formal	20%	1,165
Formal	10%	582
Total	100%	5,824

6 CRITICAL FACTORS

Following are the factors critical for the success of this business venture;

- ⇒ Selection of a good location for the outlet.
- ⇒ Ability to produce / acquire unique designs and safe guarding such design from piracy.
- ⇒ Selection of affordable and quality raw materials i.e. fabric, accessories, etc.
- ⇒ Emphasis on quality i.e. stitching and finishing, appropriate labelling, display and packaging.
- ⇒ Marketing and promotion through various channels i.e. catalogues / pamphlets, outdoor advertisement, hoardings / flex signs, TV & cable ads, fashion shows, participation in exhibitions, promotion through social media (Facebook etc.).
- ⇒ Right product mix, proper inventory management, emphasis on customer services.
- ⇒ Employing and retaining skilled labor.

- ⇒ Higher return on investment and a steady growth of business is expected with the entrepreneur having some prior experience in the related field of business.

7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

The recommended location for setting up a boutique business will be a posh or semi-posh area of a metropolitan city across Pakistan that can offer easy access of customers to the outlet. It is further recommended that the proposed location should be taken on rent.

Considering to that, major cities for instance Karachi, Lahore, Peshawar, Quetta, Rawalpindi, Islamabad, Multan, Sialkot, Faisalabad, Hyderabad and etc., with large urban base would be the potential investment areas for the proposed business.

8 POTENTIAL TARGET MARKETS

The potential target market for the Designer's Dresses would be females of age group, 14 years and above, belonging to middle and upper middle-income family groups who generally prefer to buy the dresses with unique designs. The middle and upper-middle family income groups dominate the overall urban population in Pakistan. This phenomenon provides an ample opportunity for the investment in this sector. In addition to the domestic market there is a good potential for exports of Pakistani dresses as there is a large population of Pakistani expatriates in KSA, EU, UAE, USA, Canada and UK. Target customer for the proposed project.

9 PROJECT COST SUMMARY

A detailed financial model has been developed to analyse the commercial viability of Boutique (Women Designer Wear). Various costs and revenues related assumptions along with results of the analysis are outlined in this section.

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

9.1 Project Economics

All the assumptions in this financial model are based upon total installed capacity of 5,824 dresses. Whereas, during first year production capacity utilization is targeted at 75%, i.e. 4,368 numbers of dresses to be produced while 4,186 dresses will be sold.

The following table shows Internal Rate of Return (IRR), Payback Period and Net Present Value.

Table 3: Project Economics

Description	Details
Internal Rate of Return (IRR)	35%
Pay Back Period (Years)	3.72
Net Present Value (NPV)	Rs. 5,414,365

Returns on the project and its profitability are highly dependent on the unique designs and quality of purchased raw material.

9.2 Project Financing

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

Table 4: Project Financing

Description	Details
Total Equity (50%)	Rs. 2,625,597
Bank Loan (50%)	Rs. 2,625,597
Annual Markup to the Borrower – Long Term Loan	16%
Tenure of the Loan (Years)	5
Annual Markup to the Borrower – Short Term Debt	16%

9.3 Project Cost

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

Table 5: Project Investment

Capital Investment	Amount Rs.
Machinery and Equipment	487,750
Office Equipment	338,000
Furniture and Fixtures	721,490
Pre-operating Cost	475,000
Total Capital Cost	2,022,240
Working Capital Requirements	
Building Rent	1,980,000
Raw Material Inventory	428,855
Equipment Spare Part Inventory	13,953
Cash	806,145
Total Working Capital	3,228,953
Total Investment	5,251,193

9.4 Plant Machinery and Equipment Requirement

Following tables provides list of machinery and office equipment required for an average size boutique including the stitching workshop.

Table 6: Machinery and Equipment Required

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Single Needle Lock Stitching Machine	6	35,000	210,000
Over Lock Machine	2	45,000	90,000
Embroidery Machine	1	55,000	55,000
Generator for Workshop 6 KW	1	75,000	75,000
Generator for Outlet (2.5 KVA)	1	40,000	40,000
Scissors	12	500	6,000
Embroidery Frame Set (4 to 5 Pieces)	1	10,000	10,000
Chalks (Pack)	5	150	750
Cutting Scales and Measuring Scales			1,000
Total			487,750

9.5 Office Equipment Requirement

Following office equipment will be required for the proposed venture:

Table 7: Office Equipoment Required

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Laptop (Used / New)	5	60,000	300,000
Printers	2	15,000	30,000
Telephone Sets	4	2,000	8,000
Total			338,000

9.6 Furniture and Fixture Requirements

The details of required furniture and fixture for the proposed boutique including the stitching workshop are provided in the following table:

Table 8: Furniture and Fixture Required

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
<i>Furniture for Workshop / Stitching Unit</i>			
Office Tables 2.5x4	1	16,000	16,000
Office Chairs	2	5,000	10,000
Visitors Chairs	2	3,500	7,000
Work Shop Chairs	13	2,500	32,500
Tables for Machines	9	5,000	45,000
Hanging Units and Storage Cabinets	7	8,000	56,000
Cutting Tables at Work shop	2	5,000	10,000
Iron Table	1	5,000	5,000
Sub Total			181,500
<i>Furniture for Outlet</i>			
Office Table 6x3 with Box	1	40,000	40,000
Grace Office Chair	1	6,000	6,000
Visitors Chairs	4	3,500	14,000
Mannequin	5	4,500	22,500
Hanging Units and Storage Cabinets	2	15,000	30,000
Sub Total			112,500
<i>Interior Decoration Expenses of Outlet</i>			
Wood Flooring	450	155	69,750
Roof Ceiling	450	75	33,750
Wall Mirror	2	10,000	20,000
Wall Papers for Outlet	450	66	29,700
Main door	1	25,000	25,000
Shop Facia	1	40,000	40,000
Decoration Pieces	8	4,000	32,000
Lighting for Outlet	1	20,000	20,000
Try Room decoration etc	1	10,000	10,000
Sub Total			280,200
<i>Electric Fixtures</i>			
Air conditioners (1.5 ton Split) for Outlet	2	55,000	110,000
Energy Savers	22	195	4,290
Fans	10	2,800	28,000
Electric Iron	2	2,500	5,000
Sub Total			147,290
Grand Total			721,490

9.7 Space Requirement

The area has been calculated on the basis of space requirement for stitching unit and outlet, which has to be taken on rent.

Table 9: Space Requirement

Space Requirement	Sq. ft.	Rent per Month (Rs.)
Stitching Unit Area	2,275	30,000
Outlet	550	300,000
Total Area	2,825	330,000

Stitching Unit will be rented in the outskirts of big cities where skilled workers are available. Whereas rental price for outlet is estimated for shopping malls of metropolis.

9.8 Raw Material Requirements

Following table shows raw material requirements for the Boutique along with per dress cost.

Table 10: Raw Material Requirements (1st Year of Operation)

Category of Dresses	Fabric (Rs.)	Laces / Patches / Designing (Rs.)	Others (Button, Zips, Threads, etc.) / Finishing (Rs.)	Total Cost (Rs.)
Casual (Weighted Average Cost)				1,788
Summer	1,300	200	200	1,700
Winter	1,500	250	250	2,000
Tropical	1,200	275	275	1,750
Semi-Formal (Weighted Average Cost)				2,900
Summer	1,700	500	500	2,700
Winter	2,000	1,000	600	3,600
Tropical	1,600	500	500	2,600
Formal (Weighted Average Cost)				6,275
Summer	2,500	1,500	2,000	6,000
Winter	3,000	1,800	2,500	7,300
Tropical	2,200	1,800	1,800	5,800
Total Cost Per Dress (Weighted Average Cost)				2,459

The raw material requirement in subsequent years will be determined according the capacity utilization of the unit. The purchasing cost of raw material is assumed to increase

at 10% annually. However, it is only estimated, as the market price of fabric and other accessories may change.

9.9 Human Resource Requirement

Following table provides details of human resource required for the project along with monthly salaries:

Table 11: Human Resource Requirement

Description	No. Of Employees	Salary per Employee Per Month (Rs)
Owner / Manager	1	60,000
Production Manager	1	40,000
Design Assistant and Purchaser	1	50,000
Master Tailor	2	25,000
Cashier / Head Sales Girl	1	25,000
Tailor / Stitching Master	6	20,000
Sales Girls	2	20,000
Accountant	1	18,000
Embroidery Worker	1	12,000
Iron man	1	12,000
Dyer	1	12,000
Office Boy	1	12,000
Guard	2	12,000
Total	21	

It is assumed that the owner would have prior experience or knowledge about Boutique business. Designer will design all the dresses with his team and seek approval from owner before the stitching process. Other staff stated above will perform as per their assigned job description. Salaries of all employees are estimated to increase at 10% annually.

9.10 Other Costs

An essential cost to be borne by the Boutique is electricity cost for the outlet Rs. 197,358 and workshop Rs. 329,061 are estimated during first year of operations. A promotional expense in this pre-feasibility study is taken at 10% of sales, which is essential for this business as marketing plays an important role in the growth of this business.

9.11 Revenue Generation

Following tables provide assumption for revenues of the proposed boutique venture during first year of operation:

Table 12: First Year Sales Price of the Dresses

Category of Dresses	Avg. Sales Price (Rs.)	No. of Dresses	Weighted Avg. Price (Rs.)
Casual		4,076	4,175
Summer	4,000	2,038	2,000
Winter	4,500	1,019	1,125
Tropical	4,200	1,019	1,050
Semi-Formal		1,164	6,625
Summer	6,000	582	3,000
Winter	8,000	291	2,000
Tropical	6,500	291	1,625
Formal		583	13,002
Summer	12,000	291	5,990
Winter	15,000	146	3,756
Tropical	13,000	146	3,256
Sales Price per Dress			5,548

Table 13: Revenue Generation in First Year @ 75% Operational Capacity

Category of Dresses	No. of Dresses	Weighted Avg. Price	Revenues (Rs.)
Total Dresses	5,824		
First Year Production	4,368		
Finished Dresses Inventory	(182)		
Dresses Sold during First Year	4,186	5,548	23,223,928

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 Machinery Suppliers

Name of Supplier	Address	Phone / Fax
AA Appliances	Shop # 1, Taj Mehal Street # 22, Abid Market, Temple Road Lahore	+92-42-36313170
Al-Mustafa Machinery Company	Showroom 3-A1, Al-Mustafa Center, 6-Allama Iqbal Road, Near Boharwala Chowk, Lahore	+92-42-36369962
Rex Machinery (PVT) Ltd.	Rex Market, 6-Allama Iqbal Road, Near Boharwala Chowk, Lahore	+92-42-36375524
M. Ramazan (Industrial Sewing Machine Co.)	92-B McLeod Road, Lahore	+92-42-37223762

10.2 Raw Material Suppliers

Suppliers available in	Address
Azam Cloth Market	Lahore
Rang Mahal	Lahore
Madina Market	Karachi
Ghanta Ghar Chowk	Faisalabad
Hussain Agahi Bazar	Multan
Ganj Bazar	Bhawalpur

10.3 Technical Experts / Consultants

Name	Address	Phone / Fax	E-mail / Website
National College of Arts	4- Shahrah-E-Qaid-E-Azam, Lahore	+92-42-99210599, 99210601	www.nca.edu.pk
Pakistan Cotton Fashion Apparel Manufacturers &	5-Amber Court, Shaheed-e-Millat Road, Karachi.	+92-21-4533936	www.pcfa.pk

Exporters Association			
Pakistan Readymade Garments Technical Training Institute	71-L, Gulberg-III, Lahore	+92-42-9230756, 9230757	www.prgmea.org
Pakistan Design Council	17 Aziz Avenue, Canal Bank, Gulberg V, Lahore	+92-42-35764592	www.pfdc.org
DG, Textile & Clothing, Trade Development Authority (TDAP)	3rd Floor, Block A, Finance & Trade Centre, Shahrah-e-Faisal, Karachi	+92-21-111444111	
Fashion Apparel Design & Training Institute	24-D Block-6,P.E.C.H.S, Karachi	+92-21-4549485-4547607	

11 USEFUL 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 Institute of Fashion Design (PIFD)	www.pifd.edu.pk
Pakistan Fashion Design Council (PFDC)	www.pfdc.org
Ministry of Textile Industry	www.textile.gov.pk
PREGMEA (Pakistan Readymade Garment Manufacturers and Exporters Association)	www.prgmea.org

12 ANNEXURES

12.1 Income Statement

Income Statement										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	23,223,928	27,678,883	31,619,681	36,071,849	41,098,254	46,769,222	51,517,697	56,669,467	62,336,413	68,570,054
<i>Cost of sales</i>										
Material Cost of Dresses	10,292,525	12,266,900	14,013,407	15,986,547	18,214,180	20,727,475	22,831,934	25,115,127	27,626,640	30,389,304
Operation costs 1 (direct labor)	3,404,000	3,900,938	4,291,287	4,720,677	5,193,011	5,712,586	6,292,585	6,921,843	7,614,027	8,375,430
Operating costs 2 (machinery maintenance)	83,720	99,780	113,986	130,036	148,155	168,598	185,716	204,288	224,717	247,188
Operating costs 3 (direct electricity)	329,061	392,184	448,021	511,105	582,324	662,676	729,958	802,954	883,249	971,574
Total cost of sales	14,109,306	16,659,802	18,866,702	21,348,363	24,137,671	27,271,336	30,040,192	33,044,212	36,348,633	39,983,496
Gross Profit	9,114,622	11,019,081	12,752,979	14,723,486	16,960,584	19,497,886	21,477,504	23,625,255	25,987,780	28,586,558
<i>General administration & selling expenses</i>										
Administration expense	2,148,000	2,362,800	2,599,080	2,858,988	3,144,887	3,459,375	3,805,313	4,185,844	4,604,429	5,064,872
Administration benefits expense	64,440	70,884	77,972	85,770	94,347	103,781	114,159	125,575	138,133	151,946
Building rental expense	3,960,000	4,356,000	4,791,600	5,270,760	5,797,836	6,377,620	7,015,382	7,716,920	8,488,612	9,337,473
Electricity expense	197,358	217,094	238,803	262,683	288,952	317,847	349,631	384,595	423,054	465,359
Travelling expense	464,479	553,578	632,394	721,437	821,965	935,384	1,030,354	1,133,389	1,246,728	1,371,401
Communications expense (phone, fax, mail, internet, etc.)	42,960	47,256	51,982	57,180	62,898	69,188	76,106	83,717	92,089	101,297
Office expenses (stationary, entertainment, janitorial services, etc.)	42,960	47,256	51,982	57,180	62,898	69,188	76,106	83,717	92,089	101,297
Promotional expense	1,161,196	1,383,944	1,580,984	1,803,592	2,054,913	2,338,461	2,575,885	2,833,473	3,116,821	3,428,503
Depreciation expense	188,524	188,524	188,524	188,524	188,524	424,544	424,544	424,544	424,544	424,544
Amortization of pre-operating costs	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500
Subtotal	8,317,417	9,274,835	10,260,820	11,353,614	12,564,718	14,142,887	15,514,980	17,019,274	18,673,997	20,494,193
Operating Income	797,205	1,744,246	2,492,159	3,369,872	4,395,866	5,354,999	5,962,524	6,605,981	7,313,783	8,092,366
Gain / (loss) on sale of machinery & equipment	-	-	-	-	195,100	-	-	-	-	-
Gain / (loss) on sale of office equipment	-	-	-	-	67,600	-	-	-	-	-
Gain / (loss) on sale of Furniture & Fixtures	-	-	-	-	144,298	-	-	-	-	-
Earnings Before Interest & Taxes	797,205	1,744,246	2,492,159	3,369,872	4,802,864	5,354,999	5,962,524	6,605,981	7,313,783	8,092,366
Interest on short term debt	-	-	-	-	-	-	-	-	-	-
Interest expense on long term debt (Project Loan)	153,410	128,919	100,267	66,748	27,536	-	-	-	-	-
Interest expense on long term debt (Working Capital Loan)	244,954	205,847	160,098	106,578	43,967	-	-	-	-	-
Subtotal	398,364	334,766	260,365	173,326	71,503	-	-	-	-	-
Earnings Before Tax	398,841	1,409,480	2,231,794	3,196,546	4,731,361	5,354,999	5,962,524	6,605,981	7,313,783	8,092,366
Tax	-	133,922	293,859	521,636	941,908	1,128,999	1,311,257	1,534,593	1,782,323	2,054,827
NET PROFIT/(LOSS) AFTER TAX	398,841	1,275,558	1,937,936	2,674,910	3,789,453	4,225,999	4,651,267	5,071,388	5,531,460	6,037,539

12.2 Balance Sheet

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	806,145	122,312	792,483	1,935,943	3,659,303	3,809,821	7,768,312	12,063,922	16,671,993	21,600,645	35,583,988
Accounts receivable		445,390	488,109	568,616	649,097	739,987	842,565	942,477	1,037,411	1,141,152	1,255,267
Finished goods inventory		613,448	695,273	787,328	890,841	1,007,183	1,137,886	1,251,675	1,376,842	1,514,526	1,665,979
Equipment spare part inventory	13,953	18,293	22,987	28,846	36,152	45,255	54,835	66,350	80,283	97,143	-
Raw material inventory	428,855	562,233	706,509	886,587	1,111,141	1,390,909	1,685,340	2,039,262	2,467,506	2,985,683	-
Pre-paid building rent	1,980,000	2,178,000	2,395,800	2,635,380	2,898,918	3,188,810	3,507,691	3,858,460	4,244,306	4,668,736	-
Total Current Assets	3,228,953	3,939,676	5,101,161	6,842,701	9,245,452	10,181,965	14,996,628	20,222,145	25,878,342	32,007,886	38,505,234
<i>Fixed assets</i>											
Machinery & equipment	487,750	438,975	390,200	341,425	292,650	1,029,401	902,074	774,746	647,418	520,091	392,763
Furniture & fixtures	721,490	649,341	577,192	505,043	432,894	1,522,712	1,334,366	1,146,020	957,675	769,329	580,983
Office equipment	338,000	270,400	202,800	135,200	67,600	544,352	435,482	326,611	217,741	108,870	-
Total Fixed Assets	1,547,240	1,358,716	1,170,192	981,668	793,144	3,096,465	2,671,922	2,247,378	1,822,834	1,398,290	973,747
<i>Intangible assets</i>											
Pre-operation costs	475,000	427,500	380,000	332,500	285,000	237,500	190,000	142,500	95,000	47,500	-
Total Intangible Assets	475,000	427,500	380,000	332,500	285,000	237,500	190,000	142,500	95,000	47,500	-
TOTAL ASSETS	5,251,193	5,725,892	6,651,353	8,156,869	10,323,596	13,515,931	17,858,550	22,612,023	27,796,176	33,453,676	39,478,981
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable		450,278	538,199	618,198	709,474	813,637	930,257	1,032,463	1,145,228	1,271,268	1,259,034
Total Current Liabilities	-	450,278	538,199	618,198	709,474	813,637	930,257	1,032,463	1,145,228	1,271,268	1,259,034
<i>Other liabilities</i>											
Long term debt (Project Loan)	1,011,120	866,931	698,249	500,916	270,064	-	-	-	-	-	-
Long term debt (Working Capital Loan)	1,614,477	1,384,246	1,114,909	799,823	431,217	-	-	-	-	-	-
Total Long Term Liabilities	2,625,597	2,251,177	1,813,159	1,300,739	701,281	-	-	-	-	-	-
<i>Shareholders' equity</i>											
Paid-up capital	2,625,597	2,625,597	2,625,597	2,625,597	2,625,597	2,625,597	2,625,597	2,625,597	2,625,597	2,625,597	2,625,597
Retained earnings		398,841	1,674,399	3,612,334	6,287,244	10,076,697	14,302,696	18,953,964	24,025,352	29,556,812	35,594,350
Total Equity	2,625,597	3,024,437	4,299,995	6,237,931	8,912,841	12,702,294	16,928,293	21,579,560	26,650,948	32,182,408	38,219,947
TOTAL CAPITAL AND LIABILITIES	5,251,193	5,725,892	6,651,353	8,156,869	10,323,596	13,515,931	17,858,550	22,612,023	27,796,176	33,453,676	39,478,981

12.3 Cash Flow Statement

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		398,841	1,275,558	1,937,936	2,674,910	3,789,453	4,225,999	4,651,267	5,071,388	5,531,460	6,037,539
Add: depreciation expense		188,524	188,524	188,524	188,524	188,524	424,544	424,544	424,544	424,544	424,544
amortization of pre-operating costs		47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500
Accounts receivable		(445,390)	(42,719)	(80,507)	(80,480)	(90,890)	(102,578)	(99,912)	(94,934)	(103,741)	(114,115)
Finished goods inventory		(613,448)	(81,825)	(92,055)	(103,513)	(116,343)	(130,703)	(113,789)	(125,167)	(137,684)	(151,453)
Equipment inventory	(13,953)	(4,340)	(4,694)	(5,859)	(7,306)	(9,103)	(9,580)	(11,515)	(13,933)	(16,860)	97,143
Raw material inventory	(428,855)	(133,378)	(144,276)	(180,078)	(224,554)	(279,768)	(294,432)	(353,921)	(428,245)	(518,176)	2,985,683
Pre-paid building rent	(1,980,000)	(198,000)	(217,800)	(239,580)	(263,538)	(289,892)	(318,881)	(350,769)	(385,846)	(424,431)	4,668,736
Accounts payable		450,278	87,921	79,999	91,276	104,163	116,620	102,206	112,765	126,040	(12,234)
Cash provided by operations	(2,422,809)	(309,413)	1,108,189	1,655,880	2,322,818	3,343,644	3,958,490	4,295,610	4,608,071	4,928,652	13,983,343
<i>Financing activities</i>											
Project Loan - principal repayment		(144,189)	(168,681)	(197,333)	(230,852)	(270,064)	-	-	-	-	-
Working Capital Loan - principal repayment		(230,230)	(269,337)	(315,086)	(368,606)	(431,217)	-	-	-	-	-
Additions to Project Loan	1,011,120	-	-	-	-	-	-	-	-	-	-
Additions to Working Capital Loan	1,614,477	-	-	-	-	-	-	-	-	-	-
Issuance of shares	2,625,597	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares											
Cash provided by / (used for) financing activities	5,251,193	(374,420)	(438,018)	(512,419)	(599,458)	(701,281)	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(2,022,240)	-	-	-	-	(2,491,845)	-	-	-	-	-
Acquisitions											
Cash (used for) / provided by investing activities	(2,022,240)	-	-	-	-	(2,491,845)	-	-	-	-	-
NET CASH	806,145	(683,833)	670,171	1,143,460	1,723,360	150,518	3,958,490	4,295,610	4,608,071	4,928,652	13,983,343

13 KEY ASSUMPTIONS

13.1 Operating Cost Assumptions

Description	Details
Administration Benefit Expenses	3% of admin expenses
Traveling Expenses	2% of Sales
Communication Expenses	2% of Administrative Expense
Office Expenses (Stationary, Entertainment, Janitorial Services, etc.)	2% of Administrative Expense
Promotional Expenses	5% of Sales
Depreciation Method	Straight Line
Operating Cost Growth Rate	10%

13.2 Production Cost Assumptions

Description	Details
Machinery Maintenance	Rs. 20 per Dress
Direct Electricity Expense	Rs. 79 per Dress
Production Cost Growth Rate	10%

13.3 Revenue Assumptions

Description	Details
Growth in Sales Price	10%
Days Operational / Year for Workshop	300
Days Operational / Year for Outlet	340

13.4 Financial Assumptions

Description	Details
Debt	50%
Equity	50%
Interest Rate on Debt	16%
Debt Tenure	5 Years
Debt Payment / Year	4