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# Pre-Feasibility Study

## MEDICAL STORE



**Small and Medium Enterprises Development Authority**

**Ministry of Industries & Production**

**Government of Pakistan**

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

**HEAD OFFICE**

4th Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road,  
Lahore

Tel: (92 42) 111 111 456, Fax: (92 42) 36304926-7  
[helpdesk@smeda.org.pk](mailto:helpdesk@smeda.org.pk)

<b>REGIONAL OFFICE PUNJAB</b>	<b>REGIONAL OFFICE SINDH</b>	<b>REGIONAL OFFICE KPK</b>	<b>REGIONAL OFFICE BALOCHISTAN</b>
3 <sup>rd</sup> Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road Lahore, Tel: (042) 111-111-456 Fax: (042) 36304926-7 <a href="mailto:helpdesk.punjab@smeda.org.pk">helpdesk.punjab@smeda.org.pk</a>	5 <sup>TH</sup> Floor, Bahria Complex II, M.T. Khan Road, Karachi. Tel: (021) 111-111-456 Fax: (021) 5610572 <a href="mailto:helpdesk-khi@smeda.org.pk">helpdesk-khi@smeda.org.pk</a>	Ground Floor State Life Building The Mall, Peshawar. Tel: (091) 9213046-47 Fax: (091) 286908 <a href="mailto:helpdesk-pew@smeda.org.pk">helpdesk-pew@smeda.org.pk</a>	Bungalow No. 15-A Chaman Housing Scheme Airport Road, Quetta. Tel: (081) 831623, 831702 Fax: (081) 831922 <a href="mailto:helpdesk-qta@smeda.org.pk">helpdesk-qta@smeda.org.pk</a>

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## 1 DISCLAIMER

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For information	Provincial Chief – Punjab <a href="mailto:janjua@smeda.org.pk">janjua@smeda.org.pk</a>

## 2 EXECUTIVE SUMMARY

This SME venture entails setting up a Medical Store in big cities of Punjab i.e. Lahore, Rawalpindi, Faisalabad, Multan, Sialkot, etc. The outlet would be located in commercial markets of middle to upper middle income group residential areas, clinics and hospitals. The product range offered in the proposed Medical Store is a blend of both multinational and national companies' products and general products (Food Supplements, Toiletries, Shampoos, Soaps, Diapers (sanitary napkins) and Cellular Prepaid Cards). The proposed medical store will remain open for 16 hours (2 shifts of 8 hours each).

Pakistan has a very vibrant and forward looking Pharmaceutical Industry. At the time of independence in 1947, there was hardly any pharmaceutical industry in the country. Today Pakistan has about 800 pharmaceutical manufacturing units including those operated by 25 multinationals present in the country. Pakistan's Pharmaceutical Industry meets around 70% of the country's demand of finished medicine. The domestic pharmaceutical market, in terms of share market is almost evenly divided between the local and multinational companies.

Pakistan's Pharmaceutical Industry is a success story, providing high quality essential drugs at affordable prices to millions. Technologically strong and self-reliant national pharmaceutical industry is not only playing a key role in promoting and sustaining development in the vital field of medicine within the country, but is also well set to take on the international markets.

The total initial project cost for setting up a single outlet is estimated at Rs. 5.99 million out of which Rs. 2.16 million is capital cost and Rs. 3.83 million as working capital. The project is proposed to be financed through 50% debt and 50% equity. The project NPV is projected around Rs. 3.73 million, with an IRR of 28% and payback period of 4.16 years.

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, and production, marketing, finance and business management.

The purpose of this document is to facilitate potential investors in **Medical Store** 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 it's 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 project is a well-built medical store with all of the product range in stock for sales. The proposed Size of the medical store should be around 750 sq. feet. The proposed project is based on well-established pharmaceutical retail chains of Pakistan.

### 5.1 Product Mix

The proposed medical store will be offering a blend of different products. Percentage quantity of each item offered on the store is based on a survey of distribution companies. Following is the list of products, which are to be offered at the medical store.

**Table 1: Product Mix**

<b>Product Category</b>	<b>Percentage In Total Sales</b>
Products of Multinational Companies	36.80%
Products of National Companies	45.00%
Herbal Products	4.55%
Food Supplements	2.73%
Eatables	4.55%
Toiletries	1.82%
Sanitation Products	1.82%
Pre-Paid Cards	2.73%
<b>Total</b>	<b>100.00%</b>

## 5.2 Installed and Operational Capacities

The product range offered at the Medical Store is a blend of both multinational and national companies' products and general products (Food Supplements, Toiletries, Shampoos, Soaps, Diapers (sanitary napkins) and Cellular Prepaid Cards). The proposed medical store will remain open for 16 hours (2 shifts of 8 hours each). It is recommended to start with one retail outlet and expand the operation by one outlet after every 3 years.

## 6 CRITICAL FACTORS

Some of the Key Success factors that will determine the success of this project include:

- Availability of complete product range.
- Availability of regular medicine supplies.
- A well trained Pharmacist.
- Reasonable and competitive prices.
- Inventory control to avoid any pilferage.

## 7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

A medical store should be easily accessible and should have considerable population concentration. It is proposed that the outlets may be opened in the big cities of Punjab i.e. Lahore, Faisalabad, Multan, Rawalpindi, Sialkot, etc. But specifically this pre-feasibility study proposes any suitable location in Lahore.

## 8 POTENTIAL TARGET CUSTOMERS / MARKETS

The major target market for this store are the people living in middle, upper middle and upper class residential areas in the vicinity of the medical store.

## 9 PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of Medical Store. Various costs 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 also attached as Annexures.

### 9.1 Project Economics

All the figures in this financial model have been calculated. The following table shows Internal Rate of Return, Payback Period and Net Present Value of the project:

**Table 2: Project Economics**

Description	Details
Internal Rate of Return (IRR)	28%
Payback Period (Yrs.)	4.16
Net Present Value (Rs.)	3,727,307

### 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. 2,995,334
Bank Loan (50%)	Rs. 2,995,334
Markup to the Borrower (%age / annum)	14%
Tenure of the Loan (Years)	5

### 9.3 Project Cost

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

**Table 4: Project Cost**

Description	Amount Rs.
<b>Capital Cost</b>	
Furniture and Fixture	963,000
Medical Store Equipment	260,000
Pre-operating Cost	940,000
<b>Total Capital Cost</b>	<b>2,163,000</b>
<b>Working Capital</b>	
Medicines Stock	2,792,850
Upfront Shop Rent	600,000
Cash	434,818
<b>Total Working Capital</b>	<b>3,827,668</b>
<b>Total Project Cost</b>	<b>5,990,668</b>

### 9.4 Space Requirement

Approximately 750 sq. ft. will be required for a medical store. It is recommended that the shop should be acquired for rent. Rent for the proposed area will be Rs. 150,000 per month.

### 9.5 Furniture & Fixture Requirement

The details of furniture & fixtures required for this project are given in the following table:

**Table 5: Furniture & Fixture Requirement**

Equipment	Quantity	Cost (Rs.)	Total (Rs.)
Refrigerator	1	45,000	45,000
Glucose meter and BP apparatus	1	15,000	15,000
Wall Mounted Fans	4	4,000	16,000
Chairs	4	3,000	12,000
Racks on Side Walls	3	150,000	450,000
Racks on Mid of Shop	2	75,000	150,000
Cash Counter	1	50,000	50,000



Glass Frame at Front	1	100,000	100,000
Sign Board	1	25,000	25,000
Air conditioners (1.5 ton window)	2	50,000	100,000
<b>Total</b>			<b>963,000</b>

## 9.6 Office Equipment Requirement

The details of office equipment required for this project are given in the following table:

**Table 6: Office Equipment Requirement**

Equipment	Quantity	Price (Rs.)	Total (Rs.)
Computer	2	40,000	80,000
Software	1	100,000	100,000
UPS	1	50,000	50,000
Printer	1	15,000	15,000
Telephones	2	2,500	5,000
Scanner	1	10,000	10,000
<b>Total</b>			<b>260,000</b>

## 9.7 Human Resource Requirement

In order to run operations of Medical Store smoothly, details of human resources required along with monthly salary are recommended as under:

**Table 7: Human Resource Requirement**

Positions	Number	Salary/Month (Rs.)	Annual Salary (Rs.)
Owner	1	40,000	480,000
Accounts officers	1	20,000	240,000
Pharmacist	1	35,000	420,000
Sales man	4	16,000	768,000
Cashier	2	16,000	384,000
Security Guards	1	14,000	168,000
<b>Grand Total:</b>	<b>10</b>		<b>2,460,000</b>

### Shift Schedules:

Shifts	Timings
Shift 1	8:00 am to 4:00 pm
Shift 2	4:00 pm to mid night

## 9.8 Utilities and Other Costs

An essential cost to be borne by the project is the cost of electricity. The direct electricity expenses are estimated to be around Rs. 318,816 annually. Furthermore, promotional expense being essential for marketing of Medical Store is estimated as Rs. 200,000 during first year.

## 9.9 Revenue Generation

Based on the 100% capacity utilization, sales revenue during the first year of operations is estimated as under:

**Table 8: Revenue Generation - Year 1**

Product Category	Percentage In Total Sales	Revenue Year 1
Products of Multinational Companies	36.80%	14,580,000
Products of National Companies	45.00%	17,820,000
Herbal Products	4.55%	1,800,000
Food Supplements	2.73%	1,080,000
Eatables	4.55%	1,800,000
Toiletries	1.82%	720,000
Sanitation Products	1.82%	720,000
Pre-Paid Cards	2.73%	1,080,000
Revenue Generation		<b>39,600,000</b>

**Table 9: Cost of Goods Sold-Year 1**

Product Category	Percentage In Total Cost	Revenue Year 1
Products of Multinational Companies	36.80%	12,393,000
Products of National Companies	45.00%	15,147,000
Herbal Products	4.55%	1,260,000
Food Supplements	2.73%	756,000
Eatables	4.55%	1,620,000
Toiletries	1.82%	648,000
Sanitation Products	1.82%	648,000
Pre-Paid Cards	2.73%	1,042,200
Total Cost of Medicines		<b>33,514,200</b>

## 10 CONTACT DETAILS

Suppliers	Address	Contact Details
Abbott Laboratories (Pakistan) Limited	Hyderabad Road, Landhi, Karachi	111-222-688
Hilton Pharma (Pvt.) Ltd.	Progressive Plaza, Beaumont Road, Karachi, Pakistan.	+92-21-111-123-000
AGP (Private) Limited	B-23, S.I.T.E., Karachi Pakistan	+92-21-111 247 247
Merck (Private) Limited	D-7, Shaheed e Millat Road, Karachi	+92-21-111 523 523
Sami Pharmaceuticals	34-C, Block-6, P.E.C.H.S., Karachi	+92-21-34527490-92
Martin Dow Limited	No. 37, Sector 19, Korangi Industrial Area, Karachi Pakistan	+92-21-350 605 51-5

## 11 USEFUL WEB LINKS

Small & Medium Enterprises Development Authority (SMEDA)	<a href="http://www.smeda.org.pk">www.smeda.org.pk</a>
Government of Pakistan	<a href="http://www.pakistan.gov.pk">www.pakistan.gov.pk</a>
Ministry of Industries & Production	<a href="http://www.moip.gov.pk">www.moip.gov.pk</a>
Government of Punjab	<a href="http://www.punjab.gov.pk">www.punjab.gov.pk</a>
Government of Sindh	<a href="http://www.sindh.gov.pk">www.sindh.gov.pk</a>
Government of Khyber Pakhtunkhwa	<a href="http://www.khyberpakhtunkhwa.gov.pk">www.khyberpakhtunkhwa.gov.pk</a>
Government of Balochistan	<a href="http://www.balochistan.gov.pk">www.balochistan.gov.pk</a>
Government of Gilgit Baltistan	<a href="http://www.gilgitbaltistan.gov.pk">www.gilgitbaltistan.gov.pk</a>
Government of Azad Jamu Kashmir	<a href="http://www.ajk.gov.pk">www.ajk.gov.pk</a>
Trade Development Authority of Pakistan (TDAP)	<a href="http://www.tdap.gov.pk">www.tdap.gov.pk</a>
Security Commission of Pakistan (SECP)	<a href="http://www.secp.gov.pk">www.secp.gov.pk</a>
Federation of Pakistan Chambers of Commerce and Industry (FPCCI)	<a href="http://www.fpcci.com.pk">www.fpcci.com.pk</a>
State Bank of Pakistan (SBP)	<a href="http://www.sbp.org.pk">www.sbp.org.pk</a>
Punjab Small Industries Corporation	<a href="http://www.psic.gop.pk">www.psic.gop.pk</a>
Sindh Small Industries Corporation	<a href="http://www.ssic.gos.pk">www.ssic.gos.pk</a>
Punjab Vocational Training Council (PVTTC)	<a href="http://www.pvtc.gop.pk">www.pvtc.gop.pk</a>
Technical Education and Vocational Training Authority (TEVTA)	<a href="http://www.tevta.org">www.tevta.org</a>
Punjab Food Authority	<a href="http://www.punjabfoodauthority.gov.pk">www.punjabfoodauthority.gov.pk</a>
Ministry of National Food Security and Research (MNFS&R)	<a href="http://www.mnfsr.gov.pk">www.mnfsr.gov.pk</a>
Fazal Din's Pharma Plus	<a href="http://www.pharmaplus.com.pk">www.pharmaplus.com.pk</a>
Servaid Pharmacy	<a href="http://www.servaid.com.pk">www.servaid.com.pk</a>
Pakistan Pharmaceutical Manufacturers' Association	<a href="http://www.ppma.org.pk/">http://www.ppma.org.pk/</a>

## 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	39,600,000	43,560,000	47,916,000	52,707,600	57,978,360	63,776,196	70,153,816	77,169,197	84,886,117	93,374,729
<i>Cost of sales</i>										
Add opening stock		2,792,850	2,816,124	3,097,736	3,407,510	3,748,261	4,123,087	4,535,395	4,988,935	5,487,829
Operating expenses	36,307,050	36,609,609	40,270,570	44,297,627	48,727,389	53,600,128	58,960,141	64,856,155	71,341,771	78,475,948
Less closing stock	2,792,850	2,816,124	3,097,736	3,407,510	3,748,261	4,123,087	4,535,395	4,988,935	5,487,829	6,036,611
<b>Medicine Sold</b>	<b>33,514,200</b>	<b>36,586,335</b>	<b>39,988,957</b>	<b>43,987,853</b>	<b>48,386,638</b>	<b>53,225,302</b>	<b>58,547,832</b>	<b>64,402,616</b>	<b>70,842,877</b>	<b>77,927,165</b>
Electricity Expense	318,816	350,698	385,767	424,344	466,779	513,456	564,802	621,282	683,410	751,751
Total cost of sales	33,833,016	36,937,033	40,374,725	44,412,197	48,853,417	53,738,758	59,112,634	65,023,898	71,526,288	78,678,916
Gross Profit	5,766,984	6,622,967	7,541,275	8,295,403	9,124,943	10,037,438	11,041,181	12,145,299	13,359,829	14,695,812
<i>General administration &amp; selling expenses</i>										
Administration expense	2,460,000	2,706,000	2,976,600	3,274,260	3,601,686	3,961,855	4,358,040	4,793,844	5,273,228	5,800,551
Rent expense	1,800,000	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
Water expense	30,000	33,000	36,300	39,930	43,923	48,315	53,147	58,462	64,308	70,738
Travelling expense	36,000	37,800	39,690	41,675	43,758	45,946	48,243	50,656	53,188	55,848
Communications expense (phone, mail, etc.)	60,000	63,000	66,150	69,458	72,930	76,577	80,406	84,426	88,647	93,080
Printing & Stationary	60,000	63,000	66,150	69,458	72,930	76,577	80,406	84,426	88,647	93,080
Entertainment	108,000	113,400	119,070	125,024	131,275	137,838	144,730	151,967	159,565	167,543
Janitorial & Cleaning expense	120,000	132,000	145,200	159,720	175,692	193,261	212,587	233,846	257,231	282,954
Promotional expense	200,000	180,000	162,000	145,800	131,220	118,098	106,288	95,659	86,093	77,484
Consultancy Charges & Audit Fee	25,000	26,250	27,563	28,941	30,388	31,907	33,502	35,178	36,936	38,783
Depreciation expense	182,967	182,967	182,967	196,628	196,628	196,628	212,442	212,442	212,442	230,748
Amortization of pre-operating costs	188,000	188,000	188,000	188,000	188,000	-	-	-	-	-
Subtotal	5,269,967	5,705,417	6,187,689	6,734,691	7,323,810	7,785,920	8,518,601	9,308,595	10,178,746	11,155,116
Operating Income	497,017	917,551	1,353,586	1,560,712	1,801,133	2,251,518	2,522,580	2,836,704	3,181,083	3,540,697
Other income from Sugar Tests & Blood Pressure Checking	396,000	435,600	479,160	527,076	579,784	637,762	701,538	771,692	848,861	933,747
Earnings Before Interest & Taxes	893,017	1,353,151	1,832,746	2,087,788	2,380,917	2,889,280	3,224,118	3,608,396	4,029,944	4,474,444
Interest expense on long term debt (Project Loan)	141,363	117,377	89,808	58,123	21,706	-	-	-	-	-
Interest expense on long term debt (Working Capital Loan)	159,039	-	-	-	-	-	-	-	-	-
Subtotal	300,402	117,377	89,808	58,123	21,706	-	-	-	-	-
Earnings Before Tax	592,615	1,235,774	1,742,938	2,029,665	2,359,211	2,889,280	3,224,118	3,608,396	4,029,944	4,474,444
Tax	19,262	107,866	196,087	253,433	319,342	444,820	528,529	624,599	731,483	864,833
<b>NET PROFIT/(LOSS) AFTER TAX</b>	<b>573,354</b>	<b>1,127,908</b>	<b>1,546,850</b>	<b>1,776,232</b>	<b>2,039,869</b>	<b>2,444,460</b>	<b>2,695,589</b>	<b>2,983,797</b>	<b>3,298,461</b>	<b>3,609,611</b>

## 12.2 Balance Sheet

<b>Balance Sheet</b>											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Assets</b>											
<i>Current assets</i>											
Cash & Bank	434,818	-	430,941	1,660,895	3,423,454	5,438,355	7,682,302	10,575,972	13,799,632	16,981,777	29,160,902
Raw material inventory	2,792,850	2,816,124	3,097,736	3,407,510	3,748,261	4,123,087	4,535,395	4,988,935	5,487,829	6,036,611	-
Pre-paid land rent	600,000	660,000	726,000	798,600	878,460	966,306	1,062,937	1,169,230	1,286,153	1,414,769	-
<b>Total Current Assets</b>	<b>3,827,668</b>	<b>3,476,124</b>	<b>4,254,677</b>	<b>5,867,005</b>	<b>8,050,175</b>	<b>10,527,748</b>	<b>13,280,634</b>	<b>16,734,138</b>	<b>20,573,614</b>	<b>24,433,157</b>	<b>29,160,902</b>
<i>Fixed assets</i>											
Furniture & fixtures	963,000	866,700	770,400	674,100	577,800	481,500	385,200	288,900	192,600	96,300	-
Office equipment	260,000	173,333	86,667	300,983	200,655	100,328	348,425	232,283	116,142	403,345	268,897
<b>Total Fixed Assets</b>	<b>1,223,000</b>	<b>1,040,033</b>	<b>857,067</b>	<b>975,082</b>	<b>778,455</b>	<b>581,827</b>	<b>733,625</b>	<b>521,183</b>	<b>308,742</b>	<b>499,645</b>	<b>268,897</b>
<i>Intangible assets</i>											
Pre-operation costs	940,000	752,000	564,000	376,000	188,000	-	-	-	-	-	-
<b>Total Intangible Assets</b>	<b>940,000</b>	<b>752,000</b>	<b>564,000</b>	<b>376,000</b>	<b>188,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>5,990,668</b>	<b>5,268,157</b>	<b>5,675,743</b>	<b>7,218,087</b>	<b>9,016,630</b>	<b>11,109,575</b>	<b>14,014,259</b>	<b>17,255,321</b>	<b>20,882,355</b>	<b>24,932,802</b>	<b>29,429,799</b>
<b>Liabilities &amp; Shareholders' Equity</b>											
<i>Current liabilities</i>											
Accounts payable	-	114,775	115,731	127,304	140,035	154,038	169,442	186,386	205,025	225,527	248,080
Short term debt	-	644,546	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>759,320</b>	<b>115,731</b>	<b>127,304</b>	<b>140,035</b>	<b>154,038</b>	<b>169,442</b>	<b>186,386</b>	<b>205,025</b>	<b>225,527</b>	<b>248,080</b>
<i>Other liabilities</i>											
Deferred tax	-	19,262	127,127	323,215	576,648	895,990	1,340,809	1,869,339	2,493,937	3,225,420	4,090,253
Long term debt (Project Loan)	1,081,500	920,888	736,289	524,122	280,270	-	-	-	-	-	-
Long term debt (Working Capital Loan)	1,913,834	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Liabilities</b>	<b>2,995,334</b>	<b>940,149</b>	<b>863,416</b>	<b>847,337</b>	<b>856,917</b>	<b>895,990</b>	<b>1,340,809</b>	<b>1,869,339</b>	<b>2,493,937</b>	<b>3,225,420</b>	<b>4,090,253</b>
<i>Shareholders' equity</i>											
Paid-up capital	2,995,334	2,995,334	2,995,334	2,995,334	2,995,334	2,995,334	2,995,334	2,995,334	2,995,334	2,995,334	2,995,334
Retained earnings	-	573,354	1,701,262	3,248,112	5,024,344	7,064,214	9,508,673	12,204,262	15,188,059	18,486,521	22,096,132
<b>Total Equity</b>	<b>2,995,334</b>	<b>3,568,688</b>	<b>4,696,596</b>	<b>6,243,446</b>	<b>8,019,678</b>	<b>10,059,548</b>	<b>12,504,007</b>	<b>15,199,596</b>	<b>18,183,393</b>	<b>21,481,855</b>	<b>25,091,466</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>5,990,668</b>	<b>5,268,157</b>	<b>5,675,743</b>	<b>7,218,087</b>	<b>9,016,630</b>	<b>11,109,575</b>	<b>14,014,259</b>	<b>17,255,321</b>	<b>20,882,355</b>	<b>24,932,802</b>	<b>29,429,799</b>

## 12.3 Cash Flow Statement

<b>Cash Flow Statement</b>											
	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		573,354	1,127,908	1,546,850	1,776,232	2,039,869	2,444,460	2,695,589	2,983,797	3,298,461	3,609,611
Add: depreciation expense		182,967	182,967	182,967	196,628	196,628	196,628	212,442	212,442	212,442	230,748
amortization of pre-operating costs		188,000	188,000	188,000	188,000	188,000	-	-	-	-	-
Deferred income tax		19,262	107,866	196,087	253,433	319,342	444,820	528,529	624,599	731,483	864,833
Raw material inventory	(2,792,850)	(23,274)	(281,612)	(309,774)	(340,751)	(374,826)	(412,309)	(453,540)	(498,894)	(548,783)	6,036,611
Pre-paid building rent	(600,000)	(60,000)	(66,000)	(72,600)	(79,860)	(87,846)	(96,631)	(106,294)	(116,923)	(128,615)	1,414,769
Accounts payable		114,775	956	11,573	12,730	14,003	15,404	16,944	18,639	20,502	22,553
<b>Cash provided by operations</b>	<b>(3,392,850)</b>	<b>995,083</b>	<b>1,260,085</b>	<b>1,743,104</b>	<b>2,006,412</b>	<b>2,295,170</b>	<b>2,592,372</b>	<b>2,893,671</b>	<b>3,223,660</b>	<b>3,585,490</b>	<b>12,179,125</b>
<i>Financing activities</i>											
Project Loan - principal repayment		(160,612)	(184,599)	(212,167)	(243,852)	(280,270)	-	-	-	-	-
Working Capital Loan - principal repayment		(1,913,834)	-	-	-	-	-	-	-	-	-
Short term debt principal repayment		-	(644,546)	-	-	-	-	-	-	-	-
Additions to Project Loan	1,081,500	-	-	-	-	-	-	-	-	-	-
Additions to Working Capital Loan	1,913,834	-	-	-	-	-	-	-	-	-	-
Issuance of shares	2,995,334	-	-	-	-	-	-	-	-	-	-
<b>Cash provided by / (used for) financing activities</b>	<b>5,990,668</b>	<b>(2,074,446)</b>	<b>(829,144)</b>	<b>(212,167)</b>	<b>(243,852)</b>	<b>(280,270)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Investing activities</i>											
Capital expenditure	(2,163,000)	-	-	(300,983)	-	-	(348,425)	-	-	(403,345)	-
<b>Cash (used for) / provided by investing activities</b>	<b>(2,163,000)</b>	<b>-</b>	<b>-</b>	<b>(300,983)</b>	<b>-</b>	<b>-</b>	<b>(348,425)</b>	<b>-</b>	<b>-</b>	<b>(403,345)</b>	<b>-</b>
<b>NET CASH</b>	<b>434,818</b>	<b>(1,079,364)</b>	<b>430,941</b>	<b>1,229,955</b>	<b>1,762,559</b>	<b>2,014,901</b>	<b>2,243,947</b>	<b>2,893,671</b>	<b>3,223,660</b>	<b>3,182,145</b>	<b>12,179,125</b>

## 13 KEY ASSUMPTIONS

### 13.1 Operating Cost Assumptions

Description	Details
Travelling expense	36,000
Promotional Expenses	Rs. 200,000 Annually
Operating costs growth rate	5%
Communication expense	Rs. 60,000 Annually
Office vehicles insurance rate	5%
Professional fees (legal, audit, consultants, etc.)	Rs. 25,000
Furniture & fixtures depreciation	10%
Inflation Growth Rate	10%
Electricity Price Growth Rate	10%
Salaries Growth Rate	10%

### 13.2 Revenue Assumptions

Description	Details
Sales Price Growth Rate	10%
Starting Capacity Utilization	100%
Maximum Capacity Utilization	100%

### 13.3 Financial Assumptions

Description	Details
Project Life (Years)	10
Debt: Equity	50:50
Interest rate on long term debt	14%