



Pre-feasibility Study

MEDICAL STORE

October 2021

“The figures and financial projections are approximate due to fluctuations in exchange rates, energy costs, and fuel prices etc. Users are advised to focus on understanding essential elements such as production processes and capacities, space, machinery, human resources, and raw material etc. requirements. Project investment, operating costs, and revenues can change daily. For accurate financial calculations, utilize financial calculators on SMEDA’s website and consult financial experts to stay current with market conditions.”

Table of Contents

1	Disclaimer	3
2	Executive Summary	4
3	Introduction to SMEDA.....	4
4	Purpose of the Document.....	4
5	Brief Description of Project & Product.....	5
5.1	Product Mix.....	5
5.2	Operational Capacities.....	6
6	Critical Factors	6
7	Geographical Potential For Investment	6
8	Potential Target Customers / Markets.....	6
9	Project Cost Summary.....	6
9.1	Project Economics	6
9.2	Project Financing	7
9.3	Project Cost	8
9.4	Space Requirement	8
9.5	Furniture & Fixture Requirement.....	8
9.6	Office Equipment Requirement.....	9
9.7	Human Resource Requirement	9
9.8	Utilities and Other Costs	10
9.9	Revenue Generation.....	10
10	Contact Details	11
11	Useful Web Links	12
12	Annexures.....	13
12.1	Income Statement	13
12.2	Balance Sheet	14
12.3	Cash Flow Statement	15
13	Key Assumptions.....	16
13.1	Operating Cost Assumptions	16
13.2	Revenue Assumptions.....	16
13.3	Cash Flow Assumptions	16
13.4	Financial Assumptions.....	16

1 DISCLAIMER

The objective of 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 have been taken to compile this document, the contained information may vary due to any of the concerned factors. The future is uncertain, 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 to be obtained by the user. The prospective user of this memorandum is encouraged to carry out additional diligence and gather any information necessary for making an informed decision, including taking professional advice from a qualified consultant/technical expert before making any decision to act upon the information.

For more information on services offered by SMEDA, please explore our website: www.smeda.org.pk

Document Control

Document No.	PREF - 82
Revision	No. 4
Prepared by	SMEDA-Punjab
Revision Date	October, 2021
For information	helpdesk.punjab@smeda.org.pk

2 EXECUTIVE SUMMARY

Pakistan has a very vibrant and forward looking Pharmaceutical Industry. This particular pre-feasibility study provides basic information for setting up a Medical Store in any big city of Punjab. 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' pharmaceutical products. General products such as Food Supplements, Toiletries, Shampoos, Soaps, Diapers (sanitary napkins) and Cellular Prepaid Cards will also be available at the store. The proposed medical store will remain open for 16 hours (2 shifts of 8 hours each).

The total initial project cost for setting up a single outlet is estimated at Rs. 5.95 million out of which Rs. 2.64 million is capital cost and Rs. 3.31 million as working capital. The project is proposed to be financed through 100% equity. The project NPV is projected around Rs. 5.79 million, with an IRR of 38% and payback period of 3.16 years.

The legal business status of this project is proposed as 'Sole Proprietorship'. The medical store is required to be registered with respective District Health Officer (DHO) of the region, under the Drug Act 1976.

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 the development of Small and Medium Enterprises (SMEs).

With a mission "to assist in employment generation and value addition to the national income, through the 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 pre-feasibility studies in key investment areas have 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 SMEs by SMEDA. These services include the 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 the **Medical Store** 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 the basis of an informed Investment Decision.

5 BRIEF DESCRIPTION OF PROJECT & PRODUCT

In order to set-up a medical store, the investor needs to get the store and site registered with the District Health Officer (DHO) of the respective region. The registration requirements are available at the relevant DHO offices. In this pre-feasibility study the proposed medical store will be established in rented premises with an area of around 750 sq. feet, having electricity & telephone connection.

5.1 Product Mix

The proposed medical store will be offering a blend of different pharmaceutical and general 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

Product Category	Percentage In Total Sales
Products of Multinational Companies	34.75%
Products of National Companies	42.47%
Herbal Products	7.72%
Food Supplements	3.09%
Eatables	3.86%
Toiletries	2.70%
Sanitation Products	2.32%
Pre-Paid Cards	3.09%
Total	100.00%

5.2 Operational Capacities

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. Initial stock inventory of Rs. 2.29 million is expected to grow over next ten years at the rate of 10% per annum, having inventory turnover rate of 21 days. Person involved in this business is required to be in regular contact with the suppliers of multinational / national consumer goods companies.

6 CRITICAL FACTORS

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

- Background, experience and technical qualification of the entrepreneur and / or key staff.
- Selection of appropriate location, preferably close to clinics & hospitals.
- 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 any city in Punjab.

8 POTENTIAL TARGET CUSTOMERS / MARKETS

A medical store should be easily accessible and should be within population concentration, preferably in close proximity of medical clinics and hospitals. However, keeping in view the investment size of the proposed business, commercial areas around housing societies can also be considered. The outlet can be opened in any of the cities across Pakistan.

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 for estimated Sales of Rs.

46.62 million in Year One. In order to financially appraise the project, a 100% Equity-based Business Model has been assumed. 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)	38%
Payback Period (Yrs.)	3.16
Net Present Value (Rs.)	5,793,878

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

Table 3: Project Economics

Break-Even Revenue (Rs. Million)	44.0	41.4	44.1	48.1	52.4	55.9	61.2	66.9	73.2	80.3
Margin of Safety	7%	20%	23%	23%	24%	26%	27%	27%	27%	28%

However, for further explanation, the Project Economics based on Debt:Equity (i.e. 50:50) Model has also been computed. Based on the Debt: Equity model, the Internal Rate of Return, Payback Period and Net Present Value of the proposed project are provided in the table below:

Table 4: Project Economics based on Debt 50% : Equity 50%

Description	Details
Internal Rate of Return (IRR)	36%
Payback Period (Yrs.)	3.35
Net Present Value (Rs.)	7,364,943

9.2 Project Financing

The financial assumptions for Debt: Equity as follows:

Table 5: Financial Assumptions for Debt: Equity Model

Description	Details
Total Equity (50%)	Rs. 2,976,833
Bank Loan (50%)	Rs. 2,976,833
Markup to the Borrower (%age / annum)	12%

Tenure of the Loan (Years)	5
----------------------------	---

The projected Income Statement, Balance Sheet and Cash Flow Statement enclosed as annexures are based on a 100% Equity-Based Business Model.

9.3 Project Cost

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

Table 6: Project Cost

Description	Amount Rs.
Capital Cost	
Furniture and Fixture	1,162,000
Medical Store Equipment	315,000
Pre-operating Cost	1,165,000
Total Capital Cost	2,642,000
Working Capital	
Medicines Stock	2,289,210
Upfront Shop Rent	450,000
Cash	572,457
Total Working Capital	3,311,667
Total Project Cost	5,953,667

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	50,000	50,000
Glucose meter and BP apparatus	1	15,000	15,000

Wall Mounted Fans	4	5,500	22,000
Chairs	4	5,000	20,000
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	150,000	150,000
Sign Board	1	35,000	35,000
Air conditioners (1.5 ton window)	2	100,000	200,000
Water Dispenser	1	20,000	20,000
Total			1,162,000

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	125,000	125,000
UPS	1	75,000	75,000
Printer	1	15,000	15,000
Telephones	2	2,500	5,000
Scanner	1	15,000	15,000
Total			315,000

9.7 Human Resource Requirement

The staff will include Pharmacist who will have B-Pharmacy degree. Cashier / accountant must be B. Com and having two to three years of experience in related field. Human resource requirement for the proposed project is as under:

Table 7: Human Resource Requirement

Positions	Number	Salary/Month (Rs.)
Owner	1	75,000
Accounts officers	1	25,000
Pharmacist	1	35,000
Sales man	4	25,000
Cashier	2	25,000
Security Guards	1	22,000
Grand Total:	10	

Salaries of all employees are estimated to increase at 10% annually. Medical Store will run for 16 hours in two shifts (i.e. 8 hours per shift). Shift timing will be:

Table 8: Shift Schedule

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. 600,480 annually. Furthermore, promotional expense being essential for marketing of Medical Store is estimated as Rs. 250,000 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 9: Revenue Generation - Year 1

Product Category	Percentage In Total Sales	Revenue Year 1
Products of Multinational Companies	34.75%	16,200,000
Products of National Companies	42.47%	19,800,000
Herbal Products	7.72%	3,600,000
Food Supplements	3.09%	1,440,000
Eatables	3.86%	1,800,000
Toiletries	2.70%	1,260,000
Sanitation Products	2.32%	1,080,000
Pre-Paid Cards	3.09%	1,440,000
Revenue Generation		46,620,000

Table 10: Cost of Goods Sold-Year 1

Product Category	Percentage In Total Cost	Revenue Year 1
Products of Multinational Companies	35.09%	13,770,000
Products of National Companies	42.89%	16,830,000
Herbal Products	6.42%	2,520,000
Food Supplements	2.57%	1,008,000
Eatables	4.13%	1,620,000

Toiletries	2.89%	1,134,000
Sanitation Products	2.48%	972,000
Pre-Paid Cards	3.54%	1,389,600
Total Cost of Medicines		39,243,600

10 CONTACT DETAILS

Medicine 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)	www.smeda.org.pk
Government of Pakistan	www.pakistan.gov.pk
Ministry of Industries & Production	www.moip.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
Punjab Vocational Training Council (PVTC)	www.pvtc.gop.pk
Technical Education and Vocational Training Authority (TEVTA)	www.tevta.org
Drug Regulatory Authority of Pakistan	www.dra.gov.pk
Pakistan Pharmaceutical Manufacturers' Association	http://www.ppma.org.pk/

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	46,620,000	51,282,000	56,410,200	62,051,220	68,256,342	75,081,976	82,590,174	90,849,191	99,934,110	109,927,521
<i>Cost of sales</i>										
Add opening stock		2,289,210	2,308,287	2,539,115	2,793,027	3,072,330	3,379,563	3,717,519	4,089,271	4,498,198
Operating expenses	41,532,810	41,878,917	46,066,808	50,673,489	55,740,838	61,314,922	67,446,414	74,191,056	81,610,161	89,771,177
Less closing stock	2,289,210	2,308,287	2,539,115	2,793,027	3,072,330	3,379,563	3,717,519	4,089,271	4,498,198	4,948,018
Medicine Sold	39,243,600	41,859,840	45,835,980	50,419,578	55,461,535	61,007,689	67,108,458	73,819,304	81,201,234	89,321,358
Electricity Expense	600,480	660,528	726,581	799,239	879,163	967,079	1,063,787	1,170,166	1,287,182	1,415,900
Total cost of sales	39,844,080	42,520,368	46,562,561	51,218,817	56,340,698	61,974,768	68,172,245	74,989,469	82,488,416	90,737,258
Gross Profit	6,775,920	8,761,632	9,847,639	10,832,403	11,915,644	13,107,208	14,417,929	15,859,722	17,445,694	19,190,263
<i>General administration & selling expenses</i>										
Administration expense	3,684,000	4,052,400	4,457,640	4,903,404	5,393,744	5,933,119	6,526,431	7,179,074	7,896,981	8,686,679
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	60,000	66,000	72,600	79,860	87,846	96,631	106,294	116,923	128,615	141,477
Travelling expense	60,000	63,000	66,150	69,458	72,930	76,577	80,406	84,426	88,647	93,080
Communications expense (phone, mail, etc.)	90,000	94,500	99,225	104,186	109,396	114,865	120,609	126,639	132,971	139,620
Printing & Stationary	60,000	63,000	66,150	69,458	72,930	76,577	80,406	84,426	88,647	93,080
Entertainment	120,000	126,000	132,300	138,915	145,861	153,154	160,811	168,852	177,295	186,159
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	250,000	225,000	202,500	182,250	164,025	147,623	132,860	119,574	107,617	96,855
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	221,200	221,200	221,200	237,751	237,751	237,751	256,910	256,910	256,910	279,089
Amortization of pre-operating costs	233,000	233,000	233,000	233,000	233,000	-	-	-	-	-
Subtotal	6,723,200	7,282,350	7,901,528	8,602,742	9,358,943	9,960,382	10,899,626	11,913,539	13,030,311	14,282,082
Operating Income	52,720	1,479,282	1,946,112	2,229,662	2,556,701	3,146,826	3,518,303	3,946,183	4,415,383	4,908,182
Other income from Sugar Tests & Blood Pressure Checking	466,200	512,820	564,102	620,512	682,563	750,820	825,902	908,492	999,341	1,099,275
Earnings Before Interest & Taxes	518,920	1,992,102	2,510,214	2,850,174	3,239,264	3,897,646	4,344,205	4,854,675	5,414,725	6,007,457
Interest expense on long term debt (Project Loan)	147,481	121,464	92,148	59,113	21,889	-	-	-	-	-
Interest expense on long term debt (Working Capital Loan)	128,237	-	-	-	-	-	-	-	-	-
Subtotal	275,717	121,464	92,148	59,113	21,889	-	-	-	-	-
Earnings Before Tax	243,203	1,870,638	2,418,066	2,791,061	3,217,375	3,897,646	4,344,205	4,854,675	5,414,725	6,007,457
Tax	-	170,596	253,613	328,212	424,344	594,412	723,261	876,403	1,044,417	1,222,610
NET PROFIT/(LOSS) AFTER TAX	243,203	1,700,042	2,164,453	2,462,849	2,793,031	3,303,235	3,620,943	3,978,273	4,370,307	4,784,847

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	572,457	-	1,253,026	3,201,294	5,840,837	8,836,594	12,152,057	16,315,588	20,945,832	25,599,322	37,913,448
Raw material inventory	2,289,210	2,308,287	2,539,115	2,793,027	3,072,330	3,379,563	3,717,519	4,089,271	4,498,198	4,948,018	-
Pre-paid land rent	450,000	495,000	544,500	598,950	658,845	724,730	797,202	876,923	964,615	1,061,076	-
Total Current Assets	3,311,667	2,803,287	4,336,642	6,593,271	9,572,011	12,940,886	16,666,778	21,281,782	26,408,645	31,608,416	37,913,448
<i>Fixed assets</i>											
Furniture & fixtures	1,162,000	1,045,800	929,600	813,400	697,200	581,000	464,800	348,600	232,400	116,200	-
Office equipment	315,000	210,000	105,000	364,652	243,101	121,551	422,130	281,420	140,710	488,668	325,779
Total Fixed Assets	1,477,000	1,255,800	1,034,600	1,178,052	940,301	702,551	886,930	630,020	373,110	604,868	325,779
<i>Intangible assets</i>											
Pre-operation costs	1,165,000	932,000	699,000	466,000	233,000	-	-	-	-	-	-
Total Intangible Assets	1,165,000	932,000	699,000	466,000	233,000	-	-	-	-	-	-
TOTAL ASSETS	5,953,667	4,991,087	6,070,242	8,237,323	10,745,313	13,643,436	17,553,708	21,911,802	26,781,755	32,213,284	38,239,227
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable	-	94,077	94,861	104,347	114,782	126,260	138,886	152,775	168,052	184,857	203,343
Short term debt	-	561,112	-	-	-	-	-	-	-	-	-
Total Current Liabilities	-	655,189	94,861	104,347	114,782	126,260	138,886	152,775	168,052	184,857	203,343
<i>Other liabilities</i>											
Deferred tax	-	-	170,596	424,209	752,421	1,176,765	1,771,176	2,494,438	3,370,840	4,415,258	5,637,868
Long term debt (Project Loan)	1,321,000	1,115,862	884,706	624,235	330,729	-	-	-	-	-	-
Long term debt (Working Capital Loan)	1,655,833	-	-	-	-	-	-	-	-	-	-
Total Long Term Liabilities	2,976,833	1,115,862	1,055,302	1,048,444	1,083,151	1,176,765	1,771,176	2,494,438	3,370,840	4,415,258	5,637,868
<i>Shareholders' equity</i>											
Paid-up capital	2,976,833	2,976,833	2,976,833	2,976,833	2,976,833	2,976,833	2,976,833	2,976,833	2,976,833	2,976,833	2,976,833
Retained earnings	-	243,203	1,943,245	4,107,698	6,570,547	9,363,578	12,666,813	16,287,756	20,266,029	24,636,336	29,421,183
Total Equity	2,976,833	3,220,036	4,920,078	7,084,532	9,547,380	12,340,411	15,643,646	19,264,589	23,242,862	27,613,169	32,398,016
TOTAL CAPITAL AND LIABILITIES	5,953,667	4,991,087	6,070,242	8,237,323	10,745,313	13,643,436	17,553,708	21,911,802	26,781,755	32,213,284	38,239,227

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		243,203	1,700,042	2,164,453	2,462,849	2,793,031	3,303,235	3,620,943	3,978,273	4,370,307	4,784,847
Add: depreciation expense		221,200	221,200	221,200	237,751	237,751	237,751	256,910	256,910	256,910	279,089
amortization of pre-operating costs		233,000	233,000	233,000	233,000	233,000	-	-	-	-	-
Deferred income tax		-	170,596	253,613	328,212	424,344	594,412	723,261	876,403	1,044,417	1,222,610
Raw material inventory	(2,289,210)	(19,077)	(230,829)	(253,912)	(279,303)	(307,233)	(337,956)	(371,752)	(408,927)	(449,820)	4,948,018
Pre-paid building rent	(450,000)	(45,000)	(49,500)	(54,450)	(59,895)	(65,885)	(72,473)	(79,720)	(87,692)	(96,461)	1,061,076
Accounts payable		94,077	784	9,486	10,435	11,478	12,626	13,889	15,277	16,805	18,486
Cash provided by operations	(2,739,210)	727,403	2,045,293	2,573,391	2,933,048	3,326,486	3,737,594	4,163,531	4,630,243	5,142,159	12,314,126
<i>Financing activities</i>											
Project Loan - principal repayment		(205,138)	(231,155)	(260,471)	(293,506)	(330,729)	-	-	-	-	-
Working Capital Loan - principal repayment		(1,655,833)	-	-	-	-	-	-	-	-	-
Short term debt principal repayment		-	(561,112)	-	-	-	-	-	-	-	-
Additions to Project Loan	1,321,000	-	-	-	-	-	-	-	-	-	-
Additions to Working Capital Loan	1,655,833	-	-	-	-	-	-	-	-	-	-
Issuance of shares	2,976,833	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing activities	5,953,667	(1,860,972)	(792,267)	(260,471)	(293,506)	(330,729)	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(2,642,000)	-	-	(364,652)	-	-	(422,130)	-	-	(488,668)	-
Cash (used for) / provided by investing activities	(2,642,000)	-	-	(364,652)	-	-	(422,130)	-	-	(488,668)	-
NET CASH	572,457	(1,133,569)	1,253,026	1,948,268	2,639,543	2,995,757	3,315,463	4,163,531	4,630,243	4,653,490	12,314,126

13 KEY ASSUMPTIONS

13.1 Operating Cost Assumptions

Description	Details
Travelling Expense	60,000
Promotional Expenses	Rs. 250,000 Annually
Operating Costs Growth Rate	5%
Communication Expense	Rs. 90,000 Annually
Office Vehicles Insurance Rate	5%
Professional Fees (legal, audit, consultants, etc.)	Rs. 25,000
Furniture & Fixtures Deprecation	10%
Electricity Price Growth Rate	10%
Salaries Growth Rate	10%
Electricity Expenses	Rs. 600,480

13.2 Revenue Assumptions

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

13.3 Cash Flow Assumptions

Description	Details
Accounts Payable Cycle	15 days
Accounts Receivable Cycle	0 days

13.4 Financial Assumptions

Description	Details
Project Life (Years)	10
Equity	100%

Small and Medium Enterprises Development Authority

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

www.smeda.org.pk, helpdesk@smeda.org.pk

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