
Pre-Feasibility Study

BOUTIQUE – WOMEN DESIGNER WEAR



Small and Medium Enterprises Development Authority

Ministry of Industries & Production

Government of Pakistan

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1 DISCLAIMER

The purpose and scope of this information memorandum is to introduce the subject matter and provide a general idea and information on the said area. All the material included in this document is based on data/information gathered from various sources and is based on certain assumptions. 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. Therefore, the content of this memorandum should not be relied upon for making any decision, investment or otherwise. The prospective user of this memorandum is encouraged to carry out his/ her own due diligence and gather any information he/she considers 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. The content of the information memorandum does not bind SMEDA in any legal or other form.

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2 EXECUTIVE SUMMARY

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 for setting up a Boutique – Women Designer Wear.

The proposed unit has capacity to produce 6,032 dresses (4,640 readymade dresses and 1,392 made to measure dresses) annually. However, capacity utilization during first year of operation is assumed at 75%, which means 4,524 dresses will be produced. 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. Selection of good designs according to current fashion trend is extremely important for the success of the proposed venture.

The proposed business venture entails a total investment of about Rs. 6.22 million. This includes a capital investment of Rs. 2.78 million and a sum of Rs. 3.44 million as working capital. Projected IRR, NPV and Payback period of the proposed project are 45%, Rs. 11.85 million and 3.15 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 ‘sectorial research’ to identify policy, access to finance, business development services, strategic initiatives and institutional collaboration and networking initiatives.

Preparation and dissemination of prefeasibility studies in key areas of investment has been a 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

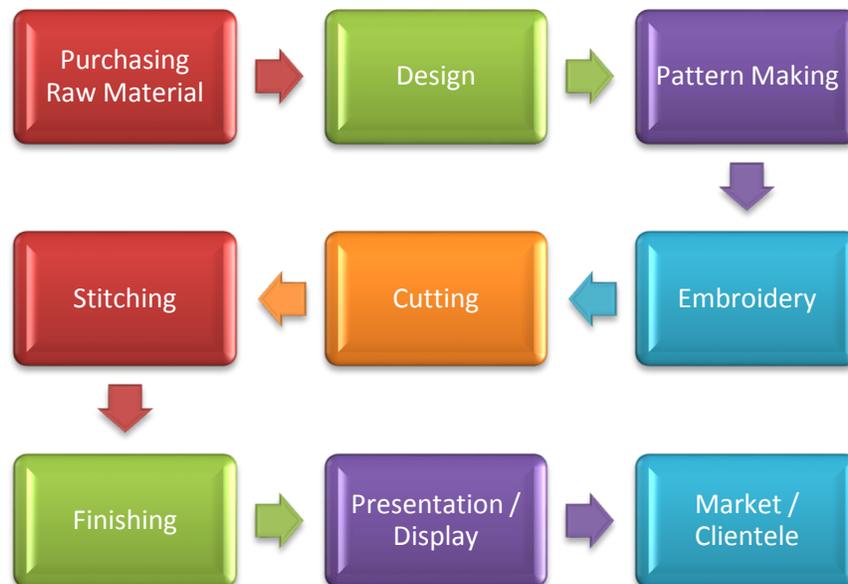
In Pakistan, the Boutique business is quite in vogue and very much organized. Few years back the market of this enterprise was quite scattered and unorganized. There were a few major players in Boutique business and those entrepreneurs have also taken an initiative based on their caprice and experience 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.

The proposed 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. The proposed project will comprised of both stitching unit and the retail outlet. 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 6,032 dresses per annum. However, capacity utilization during first year of operation is assumed at 75%, which means 4,524 dresses will be produced, out of which 4,336 dresses will be sold by the boutique outlet whereas rest of 188 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	290
No of size in each design	4
No of dresses in each size	4
Total readymade dresses	4,640
Made to measure dresses (30% of readymade dresses)	1,392
Total Dresses	6,032

Table 2: Category of the Dresses

Category of the Dresses	%age of Production	No. of Dresses
Summer	50%	3,016
Winter	25%	1,508
Tropical	25%	1,508
Total	100%	6,032
Casual	70%	4,223
Semi-Formal	20%	1,206
Formal	10%	603
Total	100%	6,032

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 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 6,032 dresses. Whereas, during first year production capacity utilization is targeted at 75%, i.e. 4,524 dresses will be produced while 4,336 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)	45%
Pay Back Period (Years)	3.15
Net Present Value (NPV)	Rs. 11,850,933

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. 3,110,042
Bank Loan (50%)	Rs. 3,110,042
Tenure of the Loan (Years)	5
Interest Rate	12%

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	767,500
Office Equipment	348,000
Furniture and Fixtures	1,084,046
Pre-operating Cost	578,000
Total Capital Cost	2,777,546
Working Capital Requirements	
Upfront Building Rent	1,500,000
Raw Material Inventory	964,445
Equipment Spare Part Inventory	14,452
Cash	963,642
Total Working Capital	3,442,539
Total Investment	6,220,084

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	53,500	321,000
Over Lock Machine	2	45,000	90,000
Embroidery Machine	1	75,000	75,000
Generator for Workshop 7.5 KVA	1	150,000	150,000
Generator for Outlet (2.5 KVA)	1	100,000	100,000
Scissors	12	1000	12,000
Embroidery Frame Set (4 to 5 Pieces)	1	15,000	15,000
Chalks (Pack)	5	250	1,250
Measuring Scales	10	200	2,000
Cutting Scales	5	250	1,250
Total			767,500

9.5 Office Equipment Requirement

Following office equipment will be required for the proposed venture:

Table 7: Office Equipment Required

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Laptop (Used / New)	5	60,000	300,000
Printers	2	15,000	30,000
Scanner	1	10,000	10,000
Telephone Sets	4	2,000	8,000
Total			348,000

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	20,000	20,000
Office Chairs	2	7,500	15,000
Visitors Chairs	2	5,000	10,000
Work Shop Chairs	13	3,500	45,500
Tables for Machines	9	7,500	67,500
Hanging Units and Storage Cabinets	7	15,000	105,000
Cutting Tables at Work shop	2	8,000	16,000
Iron Table	1	8,000	8,000
Sub Total			287,000
<i>Furniture for Outlet</i>			
Counter/ Billing Table	1	40,000	40,000
Grace Office Chair	1	7,500	7,500
Visitors Chairs	4	5,000	20,000
Mannequin	5	7,000	35,000
Hanging Units and Storage Cabinets	2	20,000	40,000
Sub Total			142,500
<i>Interior Decoration Expenses of Outlet</i>			
Wood Flooring	450	185	83,250
False Ceiling	450	85	38,250
Wall Mirror	2	15,000	30,000
Wall Papers for Outlet	560	65	36,400
Main door and Glass Panel	1	50,000	50,000
Shop Facia	1	75,000	75,000
Decoration Pieces	8	7,000	56,000
Lighting for Outlet	1	25,000	25,000
Try Room decoration etc.	1	20,000	20,000
Sub Total			413,900
<i>Electric Fixtures</i>			
Air conditioners (1.5 ton Split) for Outlet	2	70,000	140,000
LEDs	111	250	27,833
Fans	24	2,800	67,813
Electric Iron	2	2,500	5,000
Sub Total			240,646
Grand Total			1,084,046

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	50,000
Outlet	550	200,000
Total Area	2,825	250,000

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)				1,944
Summer	1,400	225	225	1,850
Winter	1,600	300	300	2,200
Tropical	1,300	275	300	1,875
Semi-Formal (Weighted Average Cost)				3,075
Summer	1,850	500	450	2,800
Winter	2,200	950	700	3,850
Tropical	1,700	550	600	2,850
Formal (Weighted Average Cost)				6,938
Summer	3,000	1,750	2,000	6,750
Winter	3,500	1,900	2,500	7,900
Tropical	2,500	1,850	2,000	6,350
Total Cost Per Dress (Weighted Average Cost)				2,669

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	75,000
Production Manager	1	50,000
Design Assistant and Purchaser	1	50,000
Master Tailor	2	30,000
Cashier / Head Sales Girl	1	25,000
Tailor / Stitching Master	6	25,000
Sales Girls	2	22,000
Accountant	1	25,000
Embroidery Worker	1	18,000
Iron man	1	18,000
Dyer	1	18,000
Office Boy	1	15,000
Guard	2	15,000
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 which is estimated as Rs.0.72 million during first year of operations. A promotional expense in this pre-feasibility study is taken at Rs. 1.30 million in first year, 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		4,223	4,694
Summer	4,600	2,111	2,299
Winter	4,950	1,056	1,238
Tropical	4,625	1,056	1,157
Semi-Formal		1,207	7,100
Summer	7,050	603	3,522
Winter	7,350	302	1,839
Tropical	6,950	302	1,739
Formal		604	12,688
Summer	12,250	302	6,125
Winter	13,400	151	3,350
Tropical	12,850	151	3,213
Sales Price per Dress			5,974

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

Category of Dresses	No. of Dresses	Weighted Avg. Price	Revenues (Rs.)
First Year Production	4,524		
Finished Dresses Inventory	(189)		
Dresses Sold during First Year	4,335	5,974	25,900,277

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	25,900,277	30,868,626	35,263,565	40,228,806	45,834,459	52,158,955	57,454,648	63,200,113	69,520,125	76,472,137
<i>Cost of sales</i>										
Material Cost of Dresses	11,573,340	13,793,409	15,757,254	17,975,933	20,480,777	23,306,829	25,673,169	28,240,486	31,064,535	34,170,988
Cost of goods sold 2	-	-	-	-	-	-	-	-	-	-
Operation costs 1 (direct labor)	4,186,000	4,797,100	5,277,124	5,805,157	6,386,000	7,024,937	7,738,178	8,511,996	9,363,196	10,299,516
Operating costs 2 (machinery maintenance)	86,710	103,343	118,057	134,680	153,446	174,620	192,349	211,584	232,742	256,017
Operating costs 3 (direct electricity)	376,499	448,721	512,608	584,785	666,272	758,208	835,189	918,707	1,010,578	1,111,636
Total cost of sales	16,222,549	19,142,573	21,665,042	24,500,555	27,686,495	31,264,594	34,438,885	37,882,774	41,671,051	45,838,156
Gross Profit	9,677,728	11,726,052	13,598,523	15,728,251	18,147,964	20,894,361	23,015,763	25,317,339	27,849,073	30,633,981
<i>General administration & selling expenses</i>										
Administration expense	2,568,000	2,824,800	3,107,280	3,418,008	3,759,809	4,135,790	4,549,369	5,004,306	5,504,736	6,055,210
Administration benefits expense	77,040	84,744	93,218	102,540	112,794	124,074	136,481	150,129	165,142	181,656
Building rental expense	3,000,000	3,300,000	3,630,000	3,993,000	4,392,300	4,831,530	5,314,683	5,846,151	6,430,766	7,073,843
Electricity expense	348,270	383,097	421,407	463,548	509,902	560,893	616,982	678,680	746,548	821,203
Travelling expense	518,006	617,373	705,271	804,576	916,689	1,043,179	1,149,093	1,264,002	1,390,402	1,529,443
Communications expense (phone, fax, mail, internet, etc.)	128,400	141,240	155,364	170,900	187,990	206,789	227,468	250,215	275,237	302,760
Office expenses (stationary, entertainment, janitorial services, etc.)	256,800	282,480	310,728	341,801	375,981	413,579	454,937	500,431	550,474	605,521
Promotional expense	1,295,014	1,165,512	1,048,961	944,065	849,659	764,693	688,223	619,401	557,461	501,715
Depreciation expense	301,155	301,155	301,155	339,551	339,551	339,551	390,656	390,656	390,656	458,677
Amortization of pre-operating costs	115,600	115,600	115,600	115,600	115,600	-	-	-	-	-
Subtotal	8,608,284	9,216,001	9,888,984	10,693,589	11,560,275	12,420,077	13,527,892	14,703,971	16,011,422	17,530,027
Operating Income	1,069,444	2,510,052	3,709,538	5,034,662	6,587,689	8,474,284	9,487,871	10,613,369	11,837,651	13,103,953
Gain / (loss) on sale of machinery & equipment	-	-	-	-	-	-	-	-	-	-
Gain / (loss) on sale of office equipment	-	-	90,480	-	-	179,589	-	-	266,873	-
Gain / (loss) on sale of Furniture & Fixtures	-	-	-	-	-	-	-	-	-	-
Earnings Before Interest & Taxes	1,069,444	2,510,052	3,800,018	5,034,662	6,587,689	8,653,873	9,487,871	10,613,369	12,104,524	13,103,953
Interest expense on long term debt (Project Loan)	155,047	127,695	96,875	62,146	23,013	-	-	-	-	-
Interest expense on long term debt (Working Capital Loan)	224,987	186,812	142,935	92,506	34,546	-	-	-	-	-
Subtotal	380,034	314,507	239,810	154,652	57,558	-	-	-	-	-
Earnings Before Tax	689,409	2,195,544	3,560,208	4,880,010	6,530,130	8,653,873	9,487,871	10,613,369	12,104,524	13,103,953
Tax	28,941	286,609	612,552	986,503	1,508,045	2,251,355	2,543,254	2,937,178	3,459,083	3,808,883
NET PROFIT/(LOSS) AFTER TAX	660,469	1,908,936	2,947,656	3,893,507	5,022,085	6,402,518	6,944,617	7,676,190	8,645,441	9,295,070

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	963,642	976,927	2,341,187	4,039,759	6,997,360	10,848,283	16,085,826	22,367,984	29,208,585	35,977,325	55,479,256
Accounts receivable		496,718	544,359	634,144	723,899	825,264	939,663	1,051,089	1,156,963	1,272,660	1,399,926
Finished goods inventory		705,328	798,887	904,105	1,022,378	1,155,264	1,304,503	1,434,954	1,578,449	1,736,294	1,909,923
Equipment spare part inventory	14,452	18,946	23,808	29,876	37,443	46,871	56,793	68,720	83,151	100,612	-
Raw material inventory	964,445	1,264,396	1,588,856	1,993,831	2,498,825	3,127,990	3,790,132	4,586,060	5,549,132	6,714,450	-
Pre-paid building rent	1,500,000	1,650,000	1,815,000	1,996,500	2,196,150	2,415,765	2,657,342	2,923,076	3,215,383	3,536,922	-
Total Current Assets	3,442,538	5,112,315	7,112,098	9,598,216	13,476,057	18,419,437	24,834,259	32,431,882	40,791,664	49,338,262	58,789,105
<i>Fixed assets</i>											
Machinery & equipment	767,500	690,750	614,000	537,250	460,500	383,750	307,000	230,250	153,500	76,750	-
Furniture & fixtures	1,084,046	975,641	867,237	758,832	650,428	542,023	433,618	325,214	216,809	108,405	(0)
Office equipment	348,000	232,000	116,000	463,188	308,792	154,396	616,503	411,002	205,501	820,566	547,044
Total Fixed Assets	2,199,546	1,898,391	1,597,237	1,759,270	1,419,720	1,080,169	1,357,122	966,466	575,810	1,005,720	547,044
<i>Intangible assets</i>											
Pre-operation costs	578,000	462,400	346,800	231,200	115,600	-	-	-	-	-	-
Total Intangible Assets	578,000	462,400	346,800	231,200	115,600	-	-	-	-	-	-
TOTAL ASSETS	6,220,084	7,473,106	9,056,135	11,588,686	15,011,376	19,499,606	26,191,381	33,398,347	41,367,474	50,343,983	59,336,149
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable		1,063,840	1,274,747	1,471,152	1,697,004	1,956,911	2,246,168	2,508,518	2,801,454	3,132,521	2,829,617
Total Current Liabilities	-	1,063,840	1,274,747	1,471,152	1,697,004	1,956,911	2,246,168	2,508,518	2,801,454	3,132,521	2,829,617
<i>Other liabilities</i>											
Long term debt (Project Loan)	1,388,773	1,173,110	930,096	656,261	347,697	-	-	-	-	-	-
Long term debt (Working Capital Loan)	1,721,269	1,465,645	1,171,846	834,170	446,065	-	-	-	-	-	-
Total Long Term Liabilities	3,110,042	2,638,755	2,101,942	1,490,431	793,763	-	-	-	-	-	-
<i>Shareholders' equity</i>											
Paid-up capital	3,110,042	3,110,042	3,110,042	3,110,042	3,110,042	3,110,042	3,110,042	3,110,042	3,110,042	3,110,042	3,110,042
Retained earnings		660,469	2,569,404	5,517,060	9,410,567	14,432,653	20,835,171	27,779,788	35,455,978	44,101,419	53,396,490
Total Equity	3,110,042	3,770,511	5,679,446	8,627,102	12,520,609	17,542,695	23,945,213	30,889,830	38,566,020	47,211,462	56,506,532
TOTAL CAPITAL AND LIABILITIES	6,220,084	7,473,106	9,056,135	11,588,686	15,011,376	19,499,606	26,191,381	33,398,347	41,367,474	50,343,983	59,336,149

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		660,469	1,908,936	2,947,656	3,893,507	5,022,085	6,402,518	6,944,617	7,676,190	8,645,441	9,295,070
Add: depreciation expense		301,155	301,155	301,155	339,551	339,551	339,551	390,656	390,656	390,656	458,677
amortization of pre-operating costs		115,600	115,600	115,600	115,600	115,600	-	-	-	-	-
Accounts receivable		(496,718)	(47,642)	(89,785)	(89,755)	(101,365)	(114,399)	(111,426)	(105,874)	(115,696)	(127,266)
Finished goods inventory		(705,328)	(93,559)	(105,218)	(118,273)	(132,886)	(149,239)	(130,450)	(143,495)	(157,845)	(173,629)
Equipment inventory	(14,452)	(4,495)	(4,862)	(6,068)	(7,567)	(9,428)	(9,922)	(11,927)	(14,431)	(17,462)	100,612
Raw material inventory	(964,445)	(299,951)	(324,461)	(404,974)	(504,995)	(629,165)	(662,142)	(795,928)	(963,073)	(1,165,318)	6,714,450
Pre-paid building rent	(1,500,000)	(150,000)	(165,000)	(181,500)	(199,650)	(219,615)	(241,577)	(265,734)	(292,308)	(321,538)	3,536,922
Accounts payable		1,063,840	210,906	196,406	225,852	259,907	289,257	262,350	292,936	331,067	(302,904)
Cash provided by operations	(2,478,897)	484,572	1,901,073	2,773,271	3,654,270	4,644,685	5,854,047	6,282,157	6,840,601	7,589,305	19,501,931
<i>Financing activities</i>											
Project Loan - principal repayment		(215,663)	(243,014)	(273,835)	(308,564)	(347,697)	-	-	-	-	-
Working Capital Loan - principal repayment		(255,624)	(293,799)	(337,676)	(388,105)	(446,065)	-	-	-	-	-
Additions to Project Loan	1,388,773	-	-	-	-	-	-	-	-	-	-
Additions to Working Capital Loan	1,721,269	-	-	-	-	-	-	-	-	-	-
Issuance of shares	3,110,042	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares											
Cash provided by / (used for) financing activities	6,220,084	(471,287)	(536,814)	(611,510)	(696,669)	(793,763)	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(2,777,546)	-	-	(463,188)	-	-	(616,503)	-	-	(820,566)	-
Acquisitions											
Cash (used for) / provided by investing activities	(2,777,546)	-	-	(463,188)	-	-	(616,503)	-	-	(820,566)	-
NET CASH	963,642	13,286	1,364,259	1,698,572	2,957,601	3,850,922	5,237,544	6,282,157	6,840,601	6,768,740	19,501,931

13 KEY ASSUMPTIONS

13.1 Operating Cost Assumptions

Description	Details
Administration Benefit Expenses	3% of admin expenses
Traveling Expenses	2% of Sales
Communication Expenses	5% of sales
Office Expenses (Stationary, Entertainment, Janitorial Services, etc.)	10% of Administrative Expense
Promotional Expenses	5% of revenue
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. 87 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	12%
Debt Tenure	5 Years
Debt Payment / Year	12