



Pre-feasibility Study (Superstore)

June 2019

“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”

Small and Medium Enterprises Development Authority
Ministry of Industries and Production
Government of Pakistan

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1. DISCLAIMER

This information memorandum is to introduce the subject matter and provide a general idea and information on the said matter. Although, the material included in this document is based on data/information gathered from various reliable sources; however, it is based upon certain assumptions, which may differ from case to case. The information has been provided on as is where is basis without any warranties or assertions as to the correctness or soundness thereof. Although, due care and diligence has been taken to compile this document, the contained information may vary due to any change in any of the concerned factors, and the actual results may differ substantially from the presented information. SMEDA, its employees or agents do not assume any liability for any financial or other loss resulting from this memorandum in consequence of undertaking this activity. The contained information does not preclude any further professional advice. The prospective user of this memorandum is encouraged to carry out additional diligence and gather any information which is necessary for making an informed decision, including taking professional advice from a qualified consultant/technical expert before taking any decision to act upon the information.

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Document Control

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2. EXECUTIVE SUMMARY

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

This proposed Pre-feasibility study presents an investment opportunity for establishing a superstore on an area of approximately 2,700sq. ft. This feasibility is projected on rented building. The main investment in this business is of land and building, if we opt own building which has major share in capital cost due to high cost of construction and land price. The cost of required land will be ranging from Rs. 25,000,000 to Rs. 40,000,000 and rental cost of the building is Rs.450,000.

The total project cost for setting up a Superstore on rental building is estimated at **Rs. 28.025 million**. The project is proposed to be financed through **100%** equity. The NPV is projected around **Rs. 34,745**, with an IRR of **41.57%** and a Payback Period of **3.98 years**.

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

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

3. INTRODUCTION TO SMEDA

The Small and Medium Enterprises Development Authority (SMEDA) was established in October 1998 with an objective to provide fresh impetus to the economy through development of Small and Medium Enterprises (SMEs).

With a mission "to assist in employment generation and value addition to the national income, through development of the SME sector, by helping increase the number, scale and competitiveness of SMEs", SMEDA has carried out 'sectoral research' to identify policy, access to finance, business development services, strategic initiatives and institutional collaboration and networking initiatives.

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

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

4. PURPOSE OF THE DOCUMENT

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

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

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

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

5. BRIEF DESCRIPTION OF PROJECT & PRODUCT

The proposed Superstore will provide variety of goods ranges from grocery to garments and alike to the customers under one roof. The proposed project is a single floor store on an area of approximately 2,700 sq. ft. having covered / indoor shopping facilities. As this is based on rental building which costs Rs.450,000 per month. The main investment in this business is of land and building, which is very high due to very expensive land in urban areas and high construction cost. It is suggested that Superstore should be started at owned place rather on rented premises. The cost of required land will be ranging from Rs. 10,000,000 to Rs. 40,000,000 if purchased or owned by the owner. The store will operate for 14 hours from morning to midnight. Operating time may vary in different cities as per norms & cultures.

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

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

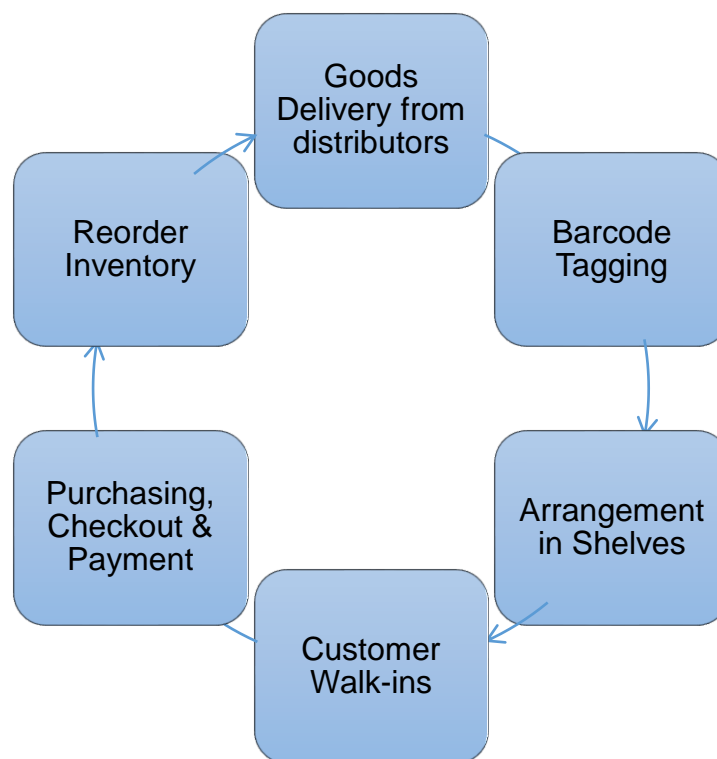
Following key parameters must be addressed as per Pre-feasibility study under preparation:

- **Technology:** The proposed store should be air-conditioned. Goods should be properly arranged on iron shelves categorically having ample passage between the shelves for service trolleys and customers. Barcode reader, cash register, surveillance system & software for inventory and sales recording should be used for updated data at all the times.
- **Location:** Superstore can be set-up in any metropolitan city such as Karachi, Hyderabad, Sukkur, Lahore, Rawalpindi, Islamabad, Multan, Faisalabad, Peshawar, Quetta as well as in 2nd tier cities of Pakistan.

- **Product:** The proposed product line consist of groceries and food items, Baby garments and Baby products, crockery and plastic items, soaps, detergents and chemicals, cosmetic & artificial jewelry, ice cream & beverages, stationary & gifts, watches and clocks, electronics / electrical products and general items.
- **Target Market:** The target customer for Superstores is the population / family units of big cities. Population of urban areas of Pakistan is around 36.38%¹ of total population. Total estimated current population of Pakistan is around 207.77² million. This proposed store will specifically target middle class of urban population.
- **Employment Generation:** The proposed project will provide direct employment to 19 peoples. Financial analysis shows the unit will be profitable from the very first year of operation.

5.1 Process Flow

Process flow diagram are as under:



- **Stage 1:** Orders for inventory is placed.

¹ Economic Survey of Pakistan (2017-18)

² Economic Survey of Pakistan (2017-18)

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

5.2 Installed and Operational Capacities

Following table provides details of installed capacity utilization for the first year of operations based on assumption of 250 customers / day:

	Items	Margin	Proportion
1	Groceries and food items	15%	25%
2	Baby garments and baby products	25%	10%
3	Crockery and plastic items	20%	15%
4	Soaps detergents and chemicals	10%	15%
5	Cosmetics and artificial jewelry	20%	7%
6	Ice cream and Beverages	10%	5%
7	Stationery and greeting cards/gifts	25%	6%
8	Watches and Clocks	25%	2%
9	Electronic and electrical appliances	20%	5%
10	General items	15%	10%

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

6. SECTOR AND INDUSTRY ANALYSIS

6.1 National Analysis

Departmental stores business is emerging as one of the good business ventures in Pakistan as it provides all the basic merchandise under one roof. In late eighties a paradigm shift in grocery store science occurred. The concept of the "Self-Serving Store" was started. Customers entered the revolutionary store and walked through a narrow maze of shelves containing groceries. They selected their goods as they continued through the maze to a cashier.

This phenomenon grew rapidly; and today thousands of stores exist in the big cities. These stores also began to offer products beyond the normal scope of the dry-good grocery store. They added meat, dairy, fruit and vegetables, and breads to their offerings (which had formerly been offered by individual stores such as butchers, bakeries, and the "milk man").

Over the decades, the departmental stores have evolved even further. Now, one sees that offer greeting cards, flowers, video rental, fast food, childcare, and much more.

Super stores business falls under retail sector. This sector has shown a significant growth over the last few years. In 2016-2017 this sector showed a growth of 7.46%. This sector's contribution towards GDP in the year 2017-18 is 18.98%.³

Gross fixed capital formation (current market prices) in this industry by private sector has also shown a progressive trend. In year 2016-2017 growth in gross fixed capital formation by private sector has shown an increase of 11.8%. The following table shows gross fixed capital formation by the private sector for the last five years⁴;

Table 6.1: Gross fixed capital formation by private sector in wholesale and retail sector at constant prices (Rupees in Million)

Year	Growth Rate	Retail and wholesale sector
2012-2013	3.53%	20,206
2013-2014	4.77%	27,456
2014-2015	2.60%	28,184
2015-2016	4.73%	29,531
2016-2017	7.46%	31,741
2017-2018	7.51%	34,126

Although in Pakistan the retail business is not providing employment at a large scale directly, but indirectly it is contributing in the employment growth. As more and more retail outlets are opening and consumer buying has shifted towards

^{3,4} Source: Pakistan Bureau of Statistics

packaged/branded products. Companies are coming with top quality products and with the increase in production level the employment also increases.

6.2 Legal issues regarding industry

In order to fulfill its liabilities under Income Tax Ordinance, 2001 and Sales Tax Act, 1990, a sole proprietor, firm or company doing only retail business as departmental store shall obtain NTN and Sales tax registration number from concerned departments.

Under Sales Tax Act, 1990, a retailer whose annual turnover from supplies, whatsoever taxable or otherwise, made in any tax period during the last twelve months ending any tax period if exceeds rupees five million are required to register with sales tax department.

A registered retailer shall issue invoice and charge and collect sales tax at the rate of three percent (two percent sales tax and one percent income tax) of the value of taxable supplies at the time of supplies thereof, which shall be paid on monthly basis with return by the 15th day of the month following the tax period in which supplies are made.

Retailers shall not be entitled to adjustment of any input tax or claim refund of sales tax or income tax. However, one third of tax paid by the company shall be adjustable against the final income tax liability.

For the year 2017-18 rate of tax for a small company is 20% of taxable income, while 35% income tax rate shall be applicable on all other companies.

For the year 2017-2018, income up to Rs. 400,000/- of a retailer (sole proprietor and firm whose supplies are exempt from sales tax) in a year is exempt from income tax. Income acceding Rs.400,000/- shall be charged to tax in various slabs ranging from 7% to 25%.

7. CRITICAL FACTORS

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

- This business is very sensitive to the customer's turnout. If the average number of customers in a day exceeds from 250 then the project viability is quite strong.

- Location with respect to availability of parking space for customers.
- Location with respect to population and ease of access.
- To obtain a good average of profits it is necessary to observe the buying behavior.
- The staff hired should be well mannered and well trained in dealing with the customers.
- Supply chain experience & technical expertise of the business.
- Efficient marketing through flier's distribution & cable TV.
- Reasonable and competitive price & understanding requirements of the target market.

8. GEOGRAPHICAL POTENTIAL FOR INVESTMENT

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

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

9. POTENTIAL TARGET CUSTOMERS / MARKETS

Super stores serves things which can be used in daily life, therefore, as per Pakistan population, it has a domestic market of above 207 million⁵ consumers with growing income & changing consumption habits. The target customer for Superstores is the population of big cities. The Superstore provides a good example of the way, in which different groups of customers will have different expectations, by offering a wide variety of products with highly competitive prices.

⁵ Source: Pakistan Bureau of Statistics

10. PROJECT COST SUMMARY

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

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

10.1 Project Economics

Based on the assumption of 250 customers / day, all the figures in this financial model have been calculated for estimated sales of Rs. 254 million in the year one.

The following table shows internal rate of return, Payback period and Net present value of the proposed venture:

Table 2: Project Economics

Description	Details
Internal Rate of Return (IRR)	41.57%
Payback Period (yrs.)	3.98
Net Present Value (Rs.)	34,745

10.2 Project Sensitivity

Table 2: Project Sensitivity

No. of Customers	NPV (Rs.)	Payback (Yrs.)	IRR (%)
250	34,745	3.98	41.57
300	56,430	3.50	52.77
350	78,116	3.22	62.53
400	99,801	3.04	70.67
450	121,487	2.92	77.96

Keeping others factors constant, this project is very sensitive to the customer's turnout. If the average number of customers in a day exceeds from 250 then the project viability is quite strong.

10.3 Project Financing

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

Table 3: Project Financing

Description	Details
Total Equity (100%)	Rs. 28,025,008

10.4 Project Cost

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

Table 4: Project Cost

Description	Amount Rs.
Capital Cost	
Fixture	1,316,250
Equipment Requirement	5,313,000
Pre-operational Expenses	2,000,000
Total Capital Cost	8,629,250
Working Capital	
Initial Stock	11,729,047
Cash in Hand	6,316,711
Total Working Capital	19,395,758
Total Project Cost	28,025,008

10.5 Space Requirement

The space requirement for the proposed Superstore is estimated considering various facilities including Management building, Parking area, Godown, Building & store etc. In this Pre-feasibility, the cost of 2,700 sq. ft. land is taken Rs.

450,000. Details of space requirement and cost related to land & building is given below:

Table 5: Space Requirement

Description	Estimated Area (Sq. ft.)	Unit Cost (Rs.)	Total Cost (Rs.)
Building & Store fixtures	2,700	750	1,316,250
Total	2,700		1,316,250

10.6 Machinery & Equipment Requirement

Machinery and equipment for the proposed project are stated below:

Table 6: Machinery & Equipment

Description	Quantity	Unit Cost (Rs)	Total Cost (Rs)
Air Conditioner (split type 2 Tons)	6	110,000	660,000
Electric fitting and installations		500,000	500,000
Trolleys and baskets	30	7,500	225,000
Generator 30 KW	1	950,000	950,000
Computers	4	75,000	300,000
Server	1	350,000	350,000
Printers	4	30,000	120,000
Software (Stock and sale management)	1	250,000	250,000
Refrigerator and deep freezer	1	225,000	225,000
Fax Machine	1	35,000	35,000
Sign Board	1	200,000	200,000
Barcode Reader	4	12,000	48,000
Iron Shelves	70	15,000	1,050,000

Furniture	1	200,000	200,000
Surveillance System	1	200,000	200,000
Total			5,313,000

10.7 Human Resource Requirement

In order to run operations of Superstore smoothly, details of human resources required along with number of employees and monthly salary are recommended as under:

Table 3: Human Resource Requirement

Description	No. of Employees	Monthly Salary per person (Rs.)	Total Monthly Salary/ person (Rs.)	Total Annual Salary/ person (Rs.)
Store Manager	01	100,000	100,000	1,200,000
Store Assistant	01	35,000	35,000	420,000
Procurement Manager	01	75,000	75,000	900,000
Store Staff	04	17,500	70,000	840,000
Cashiers	04	17,500	70,000	840,000
Manager Accounts	01	75,000	75,000	900,000
Helpers / Cleaners	02	17,500	35,000	420,000
Peon	01	17,500	17,500	210,000
Security Guards	02	17,500	35,000	420,000
Total	17			6,150,000

10.8 Utilities and other costs

An essential cost to be borne by the project is the cost of electricity and promotional expense. The electricity expenses are estimated to be around Rs. 211,302 per month and promotional expense being essential for marketing of Superstore is estimated as 0.5% of Total sales.

10.9 Revenue Generation

Based on the assumption of 250 visitors per day for Groceries and Food items, Baby garments and Baby products, Crockery and Plastic items, Soaps, Detergents and Chemicals, Cosmetic & Artificial Jewelry, Ice Cream & Beverages, Stationary & Gifts, Watches and Clocks, Electronics / Electrical products and General items respectively, sales revenue during the first year of operations is estimated as under:

Table 4: Revenue Generation

Visitors Category	Purchasing amount	%age as of total visitors	Sales Revenue / day
A 10 K and Up	10,000	10.0%	250,000
B (5K to 10K)	5,000	20.0%	250,000
C (2.5K to 5K)	2,500	20.0%	125,000
D (1K to 2.5K)	1,000	20.0%	50,000
E (0.5K to 1K)	500	20.0%	25,000
F (0.1K to 0.25K)	250	10.0%	6,250
Total			706,250

11. CONTACT DETAILS

In order to facilitate potential investors, contact details of private sector Service Providers relevant to the proposed project be given.

11.1 Distributor-1

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

11.2 Distributor-2

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

11.3 Distributor-3

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

11.4 Distributor-4

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

11.5 Distributor - 5

Name of Distributor	International Brands Limited (IBL)		
Address	3 rd Floor, One IBL Center, Plot No. 1, Block 7 & 8, Dehli Mercantile Muslim Cooperative Housing Society, Tipu Sultan Road, Off Shahrah e Faisal, Karachi		
Phone	+92 21 37170100	Fax	-
E-mail	info@iblggrp.com		
Website	www.iblggrp.com		

12. 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
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 Horticulture Development and Export Company (PHDEC)	www.phdec.org.pk
Punjab Vocational Training Council (PVTC)	www.pvtc.gop.pk
Technical Education and Vocational Training Authority (TEVTA)	www.tevta.org
Pakistan Readymade Garment Technical Training Institute	www.prgmea.org/prgtti/
Livestock & Dairy Development Department, Government of Punjab.	www.livestockpunjab.gov.pk
Punjab Industrial Estates (PIE)	www.pie.com.pk
Faisalabad Industrial Estate Development and Management Company (FIEDMC)	www.fiedmc.com.pk

13. ANNEXURES

13.1 Income Statement

												Rupees (000)
	Year - I	Year - II	Year - III	Year - IV	Year - V	Year - VI	Year - VII	Year - VIII	Year - IX	Year - X		
Sales/Revenue	254,250	307,643	389,168	505,140	666,784	843,482	992,779	1,146,659	1,324,392	1,529,672		
Cost of Sales:												
Add opening stock	11,729	11,729	15,044	19,030	24,701	32,606	41,246	48,547	56,071	64,763		
Purchases	210,646	270,175	341,771	443,619	585,577	740,755	871,868	1,007,008	1,163,094	1,343,374		
Less closing stock	11,729	15,044	19,030	24,701	32,606	41,246	48,547	56,071	64,763	74,801		
Sales tax	8,138	8,241	10,425	13,532	17,862	22,595	26,595	30,717	35,478	40,977		
	218,784	275,101	348,209	451,479	595,534	754,709	891,162	1,030,200	1,189,881	1,374,312		
Gross Profit	35,466	32,541	40,958	53,660	71,250	88,773	101,617	116,460	134,511	155,360		
Operating Expenses:	26,198	29,789	34,522	40,782	49,337	58,978	67,422	76,268	86,356	97,866		
Operating Profit	9,268	2,752	6,437	12,879	21,913	29,795	34,195	40,192	48,155	57,494		
<i>Financial Charges</i>	-	-	-	-	-	-	-	-	-	-		
Profit before Taxation	9,268	2,752	6,437	12,879	21,913	29,795	34,195	40,192	48,155	57,494		
Taxation	-	837	2,127	4,382	7,544	10,302	11,842	13,941	16,728	19,997		
Profit after Taxation	9,268	1,915	4,310	8,497	14,370	19,493	22,353	26,251	31,427	37,497		
Acc. Profit b/f	-	9,268	11,183	15,492	23,990	38,359	57,852	80,205	106,456	137,882		
Un-appropriated Profit c/f	9,268	11,183	15,492	23,990	38,359	57,852	80,205	106,456	137,882	175,379		

13.2 Balance Sheet

													Rupees (ooo)
		Year - 0	Year - I	Year - II	Year - III	Year - IV	Year - V	Year - VI	Year - VII	Year - VIII	Year - IX	Year - X	
Tangible Fixed Assets		6,629	6,098	5,620	5,189	4,802	4,454	4,140	3,857	3,603	3,375	3,169	
Preoperational expenses		2,000	1,600	1,200	800	400	-	-	-	-	-	-	
Current Assets:													
Stocks		11,729	11,729	15,044	19,030	24,701	32,606	41,246	48,547	56,071	64,763	74,801	
Cash in Hand / Bank		7,667	26,643	28,601	32,738	40,595	53,724	71,356	92,153	116,765	146,233	181,409	
		19,396	38,372	43,645	51,768	65,297	86,330	112,602	140,700	172,836	210,995	256,210	
		28,025	46,070	50,465	57,758	70,499	90,783	116,742	144,558	176,439	214,370	259,378	
Owners Equity:													
Capital		28,025	28,025	28,025	28,025	28,025	28,025	28,025	28,025	28,025	28,025	28,025	
Accumulated Profit		-	9,268	11,183	15,492	23,990	38,359	57,852	80,205	106,456	137,882	175,379	
Long Term Loan		-	-	-	-	-	-	-	-	-	-	-	
Current Liabilities:													
Current Portion of Long Term Loan		-	-	-	-	-	-	-	-	-	-	-	
Accounts Payable		8,777	11,257	14,240	18,484	24,399	30,865	36,328	41,959	48,462	55,974		
		-	8,777	11,257	14,240	18,484	24,399	30,865	36,328	41,959	48,462	55,974	
		28,025	46,070	50,465	57,758	70,499	90,783	116,742	144,558	176,439	214,370	259,378	
		-	-	-	-	-	-	-	-	-	-	-	
Working capital													
Current Assets:													
Stocks		11,729	11,729	15,044	19,030	24,701	32,606	41,246	48,547	56,071	64,763	74,801	
		11,729	11,729	15,044	19,030	24,701	32,606	41,246	48,547	56,071	64,763	74,801	
Current Liabilities:													
Accounts Payable		-	8,777	11,257	14,240	18,484	24,399	30,865	36,328	41,959	48,462	55,974	
working capital		11,729	2,952	3,786	4,790	6,217	8,207	10,381	12,219	14,113	16,300	18,827	
Change in working capital			8,777	(834)	(1,003)	(1,427)	(1,989)	(2,175)	(1,838)	(1,894)	(2,187)	(2,527)	

13.3 Cash Flow Statement

											Rupees (ooo)
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Profit before Financial Charges & Taxation	-	9,268	2,752	6,437	12,879	21,913	29,795	34,195	40,192	48,155	57,494
Amortization		400	400	400	400	400	-	-	-	-	-
Depreciation	-	531	478	430	387	349	314	282	254	229	206
	-	10,199	3,630	7,267	13,666	22,662	30,109	34,477	40,446	48,384	57,700
Working Capital Change	-	8,777	-834	-1,003	-1,427	-1,989	-2,175	-1,838	-1,894	-2,187	-2,527
Cash form other Sources											
Owners	28,025	-	-	-	-	-	-	-	-	-	-
Bank Finance	-	-	-	-	-	-	-	-	-	-	-
	28,025	-	-	-	-	-	-	-	-	-	-
Total Sources	28,025	18,976	2,796	6,264	12,239	20,672	27,934	32,639	38,552	46,196	55,173
Applications:											
Fixed Assets	6,629	-	-	-	-	-	-	-	-	-	-
Preoperational Expenses	2,000	-									
Working Capital	19,396	-									
Re -Payment of Loan	-	-	-	-	-	-	-	-	-	-	-
Tax	-	-	837	2,127	4,382	7,544	10,302	11,842	13,941	16,728	19,997
	28,025	-	837	2,127	4,382	7,544	10,302	11,842	13,941	16,728	19,997
Cash Increase/(Decrease)	-	18,976	1,959	4,137	7,857	13,129	17,632	20,797	24,611	29,468	35,176
Opening Balance	7,667	7,667	26,643	28,601	32,738	40,595	53,724	71,356	92,153	116,765	146,233
Closing Balance	7,667	26,643	28,601	32,738	40,595	53,724	71,356	92,153	116,765	146,233	181,409

14. KEY ASSUMPTIONS

14.1 Operating Cost Assumptions

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

14.2 Expense Assumptions

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

14.3 Revenue Assumptions

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

14.4 Financial Assumptions

Description	Details
Equity	100%

Small and Medium Enterprises Development Authority

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