

# Pre-Feasibility Study

## (Footwear Retail Outlet – Ladies & Children)



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*Note: All SMEDA Services / information related to PM's Youth Business Loan are Free of Cost*

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

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## 2 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 **Footwear Retail Outlet (Ladies and Children)** by providing them 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.

## 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 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 INTRODUCTION TO SCHEME**

Prime Minister's Youth Business Loan scheme, for young entrepreneurs, with an allocated budget of Rs. 5.0 Billion for the year 2013-14, is designed to provide subsidised financing at 8% mark-up per annum for one hundred thousand (100,000) beneficiaries, through designated financial institutions, initially by the National Bank of Pakistan (NBP) and the First Women Bank Ltd. (FWBL).

Small business loans up to Rs. 2 million with tenure up to 8 years, inclusive of grace period of 1 year and a debt : equity of 90 : 10 will be disbursed to SME beneficiaries across Pakistan, covering; Punjab, Sindh, Khyber Pakhtunkhwa, Balochistan, Gilgit Baltistan, Azad Jammu & Kashmir and Federally Administered Tribal Areas (FATA).

#### **5 EXECUTIVE SUMMARY**

Footwear Retail Outlet is proposed to be set up in urban areas. The outlet would cater to the demand for ladies and children footwear, belonging to middle and upper middle income groups.

The demand for footwear is constantly rising and there are a number of local manufacturers producing good quality footwear. The consumers are becoming increasingly quality conscious and seek products offering value for money. This trend has led to strong growth in retail footwear outlets all across Pakistan.

The focus of the business would be to provide casual, semi-formal and formal, quality footwear at affordable prices. Shoes are assumed to be purchased from different subcontracted manufacturers and sold at the retail outlet.

The total project cost for setting up a footwear retail outlet is estimated at Rs. 2.18 million out of which Rs. 1.01 million is capital cost and Rs. 1.17 million is working capital. The project NPV is calculated to be around Rs 9.16 million, with an IRR of 50% and payback period of 2.58 years. This business will provide employment opportunity to 6 individuals including the owner / manager. The outlet will remain operational for 12 hours per day, and with estimated sales of 12,000 pairs of shoes in the first year. The legal business status of this project is proposed as 'Sole Proprietorship'.

## 6 BRIEF DESCRIPTION OF PROJECT & PRODUCT

This document provides information for setting up a Footwear Retail Outlet for ladies and children. It involves purchase of ladies and children shoes from any local manufacturer and selling it through a retail outlet established in a rented premise under a brand name, in any of the urban cities of Pakistan. The retail outlet will have a covered area of 900 sq. ft. Shoes of the required quality and quantity will be sourced from wholesale markets and small shoe manufacturers.

The product mix would include ladies and children shoes in all sizes. This product mix is divided into further categories; casual, semi-formal and formal footwear which includes pumps, heels, coat shoes, sandals, slippers, etc. made of leather and other materials. The three categories among ladies and children shoes are further classified by proposed selling prices, ranging between Rs. 750 – Rs. 1,125 for ladies shoes and Rs. 375 – Rs. 675 for children shoes.

## 7 CRITICAL FACTORS

Following factors are critical for the success of footwear retail business:

- Develop strong linkages with suppliers for sourcing good quality products at competitive prices.
- Efficient management of stock to keep inventory cost at the minimum.
- Selection of a central location keeping in mind the target market.
- Knowledge about the latest market trends.
- Induction of trained sales personnel for efficient customer handling.
- Strong competition with similar shops in the same commercial area.

## 8 INSTALLED & OPERATIONAL CAPACITIES

Since the proposed venture is a trading business, there are no installed capacities per se. The turnover will depend on seasonal sales and ability of the venture to attract customers through quality and price incentives. Experienced and efficient sales staff also plays a critical role in determining the sales revenue of the business. The business is expected to have a capacity to sell 15,000 shoes in one year.

The proposed project assumes to have a stock of 12,000 pairs at 80% capacity, out of which 500 pairs would be kept in inventory while remaining 11,500 pairs will be sold during first year of operation. The outlet will operate for 12 hours daily.

## 9 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

There is significant domestic demand for footwear in all the urban and semi-urban areas, year round. Thus, the outlet can be opened in any urban Location in the country, where customers have an easy access to the outlet, like shopping malls, busy markets or similar high traffic.

## 10 POTENTIAL TARGET MARKETS / CITIES

Most of the shoe manufacturing units and a number of shoe stores are present in cities like Lahore, Karachi, Faisalabad, Quetta, Hyderabad, Peshawar, Sahiwal, Gujranwala and Rawalpindi. Hence, these cities and other comparable cities in the country are considered as a suitable option for setting up a footwear retail outlet.

## 11 PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of Footwear Retail Outlet under the 'Prime Minister's Youth Business Loan scheme. Various cost 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 attached as appendix.

### 11.1 Project Economics

A target sale of 12,000 shoe pairs would be achieved by footwear retail outlet in the first year. The following table shows internal rate of return, payback period and NPV:

**Table 1: Project Economics**

Description	Details
Internal Rate of Return (IRR)	50%
Payback Period (yrs)	2.58
Net Present Value (NPV)	Rs. 9,160,841

Returns on the investment and its profitability are highly dependent on the efficiency of the entrepreneur in selecting the appropriate business location, hiring trained sales persons and maintaining good quality, in terms of shoe designs and customer services.

## 11.2 Project Financing

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

**Table 2: Project Financing**

Description	Details
Total Equity (10%)	Rs. 218,529
Bank Loan (90%)	Rs.1,966,760
Markup to the Borrower (%age/annum)	8%
Tenure of the Loan (Years)	8
Grace Period (Years)	1

## 11.3 Project Cost

Following requirements have been identified for operations of the proposed business.

Furniture and fixture is required for display of shoes and storing of stock. Office equipment such as computer, printer and air conditioner are essential for routine business operations and for giving a professional outlook to attract customers and achieve customer satisfaction.

**Table 3: Capital Investment for the Project**

Capital Investment	Rs.
Furniture & fixtures	862,500
Office equipment	131,500
Pre-operating costs	22,283
<b>Total Capital Costs</b>	<b>1,016,283</b>
<b>Working Capital</b>	
Repair material inventory	2,005
Opening inventory	837,000
Upfront building rent	180,000
Cash	150,000
<b>Total Working Capital</b>	<b>1,169,005</b>
<b>Total Investment</b>	<b>2,185,288</b>

## 11.4 Space Requirement

The area for the outlet has been calculated on the basis of space required for display area, store, management space and washroom. Following table shows calculations for project space requirement.



**Table 4: Space Requirement**

Space Requirement (in ft.)	Rs/Sq. Ft.	Area (Sq. Ft.)	Amount (Rs.)
Shop	50	900	45,000

**11.5 Furniture & Fixture**

Following table shows costs such as furniture, interior designing and electrical equipments etc.

**Table 5: Furniture & Fixture Requirements**

Description	Quantity / Area	Cost / Rate	Amount / Other
<b>Furniture</b>			
Executive Chairs	1	7,000	7,000
Counter	1	20,000	20,000
Seating for customers	8	1,500	12,000
Floor equipment (baskets, mirrors etc.)	1	15,000	15,000
<b>Interior Designing</b>			0
Shoe racks with glass material	315	550	173,250
False ceiling, front door & paint	450	500	225,000
Flooring 450 sq ft	450	175	78,750
<b>Electrical equipment</b>			0
Air conditioners (2 ton split)	1	65,000	65,000
Generator (5 KVA)	1	70,000	70,000
Electric wiring & lighting			50,000
Bracket fans	4	2,500	10,000
<b>Shoe Store</b>			0
Shoe racks with iron & Wood	280	300	84,000
Lighting & wiring			30,000
Wooden stools	5	1,500	7,500
<b>Admin Office</b>			0
Desks and chairs	1	15,000	15,000
<b>Total Furniture &amp; Fixtures</b>			<b>862,500</b>

**11.6 Office Equipment**

Computer and printer are required for routine office operations and record maintenance, similarly, barcode reader and inventory management software is necessary for keeping track of inventory and for ease of reference for both customer and owner.

**Table 6: Office Equipment Costs**

Description	Quantity	Cost	Amount
Computers	1	25,000	25,000
UPS	1	10,000	10,000
Computer printer (s)	1	15,000	15,000
Bar code reader	1	15,000	15,000
Inventory Management/Acc software	1	25,000	25,000
Security Camera System	1	40,000	40,000
Telephones	1	1,500	1,500
<b>Total Office Equipment</b>			<b>131,500</b>

Rental vehicle is proposed as a mode of transportation of goods. Hence no vehicle is proposed for this project.

### 11.7 Raw Material Requirements

Shoes will be purchased from manufacturers and wholesalers. Purchase price per unit is depicted in the following below:

**Table 7: Cost of Material**

Purchase price per unit year 1 - Ladies shoes	Qty %age	Price (Rs)
Pair A	20%	750
Pair B	50%	625
Pair C	30%	500
Purchase price per unit in year 1 - Children shoe		
Pair A	20%	450
Pair B	50%	350
Pair C	30%	250

### 11.8 Human Resource Requirement

**Table 8: Human Resource Requirement**

Description	No. of Employees	Salary per Month
Store manager / Owner	1	17,000
Salesmen	3	11,000
Helper	2	10,000

<b>Total</b>	<b>6</b>	<b>38,000</b>
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The above table provides details of human resource required in the 1<sup>st</sup> year to run this project. Salaries of all employees are estimated to increase at 10% annually.

## 11.9 Revenue Generation

**Table 9: Revenue Generation in 1<sup>st</sup> Year of Operation**

Product	Unit	Qty	Sales Price (Rs./Unit)	First Year Sales Revenue (Rs)
<b>Ladies Shoes</b>				
Pair A	No.	1,840	1,125	2,070,000
Pair B	No.	4,600	937	4,312,500
Pair C	No.	2,760	750	2,070,000
<b>Children Shoes</b>				
Pair A	No.	460	675	310,500
Pair B	No.	1,150	525	603,750
Pair C	No.	690	375	258,750
<b>Total</b>				<b>9,625,500</b>

\* Figures are rounded off at zero decimal place.

## 11.10 Other Costs

Other costs include fixing and repairing material which is estimated at 0.50% of sales revenue, transportation expenses 2.0% of cost of shoes purchased, sales commission is estimated at 2.0% of revenue and lump sum monthly provision of Rs. 10,000 for promotional expenses.

## 12 CONTACT DETAILS OF GOVERNMENT INSTITUTIONS

Principal Govt. Institute of Leather Technology, Gujranwala P.O Anwar Industry G.T.Road, Gujranwala Phone, 055 – 9230056	Principal Footwear Training Institute Plot # 24, Phase 5, Hayatabad, Peshawar 091 – 9217244
Principal National College of Arts 4- Shahrah-E-Qaid-E-Azam, Lahore Tel: +92 42 99210599, 99210601	Principal Pakistan School of Fashion Design 51-J/3, Johar Town, Lahore TEL: +92 42 3531 5401 – 08



**S M E D A**

## 13 ANNEXURE

### 13.1 Income Statement

Calculations										SMEDA
Income Statement										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	9,625,500	11,447,494	13,047,990	14,854,110	16,890,974	19,186,670	21,772,595	24,447,216	26,912,758	29,604,033
<i>Cost of sales</i>										
Cost of purchasing shoes	6,696,000	7,641,810	8,709,822	9,915,018	11,274,156	12,805,970	14,531,406	16,310,762	17,941,838	19,736,022
Direct labor	636,000	699,600	769,560	846,516	931,168	1,024,284	1,126,713	1,239,384	1,363,322	1,499,655
Fixing and repair material	48,128	57,237	65,240	74,271	84,455	95,933	108,863	122,236	134,564	148,020
Direct Electricity	257,040	282,744	311,018	342,120	376,332	413,965	455,362	500,898	550,988	606,087
Transport rental expense	133,920	152,836	174,196	198,300	225,483	256,119	290,628	326,215	358,837	394,720
Generator expense	148,500	163,350	179,685	197,654	217,419	239,161	263,077	289,384	318,323	350,155
Total cost of sales	7,919,588	8,997,578	10,209,522	11,573,879	13,109,012	14,835,434	16,776,049	18,788,880	20,667,872	22,734,660
Gross Profit	1,705,913	2,449,916	2,838,468	3,280,231	3,781,962	4,351,236	4,996,546	5,658,336	6,244,885	6,869,374
<i>General administration &amp; selling expenses</i>										
Administration expense	204,000	224,400	246,840	271,524	298,676	328,544	361,398	397,538	437,292	481,021
Sales commission	192,510	228,950	260,960	297,082	337,819	383,733	435,452	488,944	538,255	592,081
Building rental expense	540,000	594,000	653,400	718,740	790,614	869,675	956,643	1,052,307	1,157,538	1,273,292
Communications expense (phone, fax, mail, internet, etc.)	36,000	39,600	43,560	47,916	52,708	57,978	63,776	70,154	77,169	84,886
Office expenses (stationary, entertainment, janitorial services, etc.)	60,000	66,000	72,600	79,860	87,846	96,631	106,294	116,923	128,615	141,477
Promotional expense	120,000	126,000	132,300	138,915	145,861	153,154	160,811	168,852	177,295	186,159
Depreciation expense	130,083	130,083	130,083	136,993	136,993	136,993	144,991	144,991	144,991	154,250
Amortization of pre-operating costs	4,457	4,457	4,457	4,457	4,457	-	-	-	-	-
Subtotal	1,287,050	1,413,490	1,544,200	1,695,486	1,854,973	2,026,708	2,229,365	2,439,710	2,661,155	2,913,166
Operating Income	418,863	1,036,426	1,294,268	1,584,744	1,926,988	2,324,528	2,767,181	3,218,626	3,583,730	3,956,208
Gain / (loss) on sale of office equipment	-	-	78,900	-	-	130,787	-	-	171,127	-
Earnings Before Interest & Taxes	418,863	1,036,426	1,373,168	1,584,744	1,926,988	2,455,315	2,767,181	3,218,626	3,754,857	3,956,208
Interest expense on long term debt (Project Loan)	163,240	149,448	131,320	111,688	90,427	67,401	42,464	15,456	-	-
Interest expense on long term debt (Working Capital Loan)	-	-	-	-	-	-	-	-	-	-
Subtotal	163,240	149,448	131,320	111,688	90,427	67,401	42,464	15,456	-	-
Earnings Before Tax	255,622	886,978	1,241,848	1,473,056	1,836,561	2,387,914	2,724,717	3,203,170	3,754,857	3,956,208
Tax	-	55,547	108,777	143,458	214,812	325,083	403,679	523,292	661,214	711,552
<b>NET PROFIT/(LOSS) AFTER TAX</b>	<b>255,622</b>	<b>831,432</b>	<b>1,133,071</b>	<b>1,329,598</b>	<b>1,621,749</b>	<b>2,062,831</b>	<b>2,321,038</b>	<b>2,679,878</b>	<b>3,093,643</b>	<b>3,244,656</b>

## 13.2 Cash Flow Statement

Calculations											SMEDA
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		255,622	831,432	1,133,071	1,329,598	1,621,749	2,062,831	2,321,038	2,679,878	3,093,643	3,244,656
Add: depreciation expense		130,083	130,083	130,083	136,993	136,993	136,993	144,991	144,991	144,991	154,250
amortization of pre-operating costs		4,457	4,457	4,457	4,457	4,457	-	-	-	-	-
Deferred income tax		-	55,547	108,777	143,458	214,812	325,083	403,679	523,292	661,214	711,552
Closing stock		(344,330)	(31,135)	(50,551)	(56,907)	(64,029)	(72,005)	(80,937)	(83,628)	(77,638)	(86,116)
Equipment inventory	(2,005)	(499)	(493)	(585)	(695)	(824)	(977)	(1,088)	(1,117)	(1,284)	9,568
Opening inventory	(837,000)	(213,749)	(266,612)	(332,251)	(413,700)	(514,706)	(639,891)	(755,224)	(834,358)	(1,009,573)	5,817,063
Pre-paid building rent	(180,000)	(18,000)	(19,800)	(21,780)	(23,958)	(26,354)	(28,989)	(31,888)	(35,077)	(38,585)	424,431
Accounts payable		640,881	100,440	115,796	133,859	154,919	179,520	205,042	216,017	218,158	(330,328)
Cash provided by operations	(1,019,005)	454,465	803,920	1,087,016	1,253,104	1,527,016	1,962,564	2,205,613	2,609,997	2,990,926	9,945,075
<i>Financing activities</i>											
Project Loan - principal repayment		-	(218,404)	(236,532)	(256,164)	(277,425)	(300,451)	(325,388)	(352,396)	-	-
Additions to Project Loan	1,966,760	-	-	-	-	-	-	-	-	-	-
Issuance of shares	218,529	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing activities	2,185,288	-	(218,404)	(236,532)	(256,164)	(277,425)	(300,451)	(325,388)	(352,396)	-	-
<i>Investing activities</i>											
Capital expenditure	(1,016,283)	-	-	(152,228)	-	-	(176,223)	-	-	(204,000)	-
Acquisitions											
Cash (used for) / provided by investing activities	(1,016,283)	-	-	(152,228)	-	-	(176,223)	-	-	(204,000)	-
<b>NET CASH</b>	<b>150,000</b>	<b>454,465</b>	<b>585,515</b>	<b>698,257</b>	<b>996,940</b>	<b>1,249,591</b>	<b>1,485,890</b>	<b>1,880,225</b>	<b>2,257,602</b>	<b>2,786,926</b>	<b>9,945,075</b>



## 13.3 Balance Sheet

Calculations											SMEDA
Balance Sheet											
	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	150,000	604,465	1,189,981	1,888,238	2,885,178	4,134,769	5,620,659	7,500,884	9,758,486	12,545,412	22,490,488
Closing stock		344,330	375,465	426,016	482,923	546,952	618,957	699,895	783,523	861,161	947,277
Equipment spare part inventory	2,005	2,504	2,997	3,582	4,277	5,102	6,079	7,167	8,284	9,568	-
Opening inventory	837,000	1,050,749	1,317,361	1,649,611	2,063,311	2,578,018	3,217,909	3,973,133	4,807,490	5,817,063	-
Pre-paid building rent	180,000	198,000	217,800	239,580	263,538	289,892	318,881	350,769	385,846	424,431	-
<b>Total Current Assets</b>	<b>1,169,005</b>	<b>2,200,048</b>	<b>3,103,603</b>	<b>4,207,027</b>	<b>5,699,228</b>	<b>7,554,733</b>	<b>9,782,486</b>	<b>12,531,847</b>	<b>15,743,629</b>	<b>19,657,636</b>	<b>23,437,765</b>
<i>Fixed assets</i>											
Furniture & fixtures	862,500	776,250	690,000	603,750	517,500	431,250	345,000	258,750	172,500	86,250	-
Office equipment	131,500	87,667	43,833	152,228	101,485	50,743	176,223	117,482	58,741	204,000	136,000
<b>Total Fixed Assets</b>	<b>994,000</b>	<b>863,917</b>	<b>733,833</b>	<b>755,978</b>	<b>618,985</b>	<b>481,993</b>	<b>521,223</b>	<b>376,232</b>	<b>231,241</b>	<b>290,250</b>	<b>136,000</b>
<i>Intangible assets</i>											
Pre-operation costs	22,283	17,827	13,370	8,913	4,457	-	-	-	-	-	-
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
<b>Total Intangible Assets</b>	<b>22,283</b>	<b>17,827</b>	<b>13,370</b>	<b>8,913</b>	<b>4,457</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>2,185,288</b>	<b>3,081,792</b>	<b>3,850,806</b>	<b>4,971,918</b>	<b>6,322,670</b>	<b>8,036,725</b>	<b>10,303,708</b>	<b>12,908,079</b>	<b>15,974,870</b>	<b>19,947,885</b>	<b>23,573,765</b>
<b>Liabilities &amp; Shareholders' Equity</b>											
<i>Current liabilities</i>											
Accounts payable		640,881	741,321	857,117	990,976	1,145,896	1,325,416	1,530,458	1,746,474	1,964,633	1,634,305
<b>Total Current Liabilities</b>	<b>-</b>	<b>640,881</b>	<b>741,321</b>	<b>857,117</b>	<b>990,976</b>	<b>1,145,896</b>	<b>1,325,416</b>	<b>1,530,458</b>	<b>1,746,474</b>	<b>1,964,633</b>	<b>1,634,305</b>
<i>Other liabilities</i>											
Deferred tax		-	55,547	164,324	307,782	522,594	847,676	1,251,356	1,774,648	2,435,862	3,147,413
Long term debt (Project Loan)	1,966,760	1,966,760	1,748,355	1,511,824	1,255,660	978,235	677,784	352,396	-	-	-
Long term debt (Working Capital Loan)	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Liabilities</b>	<b>1,966,760</b>	<b>1,966,760</b>	<b>1,803,902</b>	<b>1,676,147</b>	<b>1,563,442</b>	<b>1,500,829</b>	<b>1,525,461</b>	<b>1,603,751</b>	<b>1,774,648</b>	<b>2,435,862</b>	<b>3,147,413</b>
<i>Shareholders' equity</i>											
Paid-up capital	218,529	218,529	218,529	218,529	218,529	218,529	218,529	218,529	218,529	218,529	218,529
Retained earnings		255,622	1,087,054	2,220,125	3,549,723	5,171,472	7,234,303	9,555,341	12,235,219	15,328,862	18,573,518
<b>Total Equity</b>	<b>218,529</b>	<b>474,151</b>	<b>1,305,583</b>	<b>2,438,654</b>	<b>3,768,251</b>	<b>5,390,001</b>	<b>7,452,832</b>	<b>9,773,870</b>	<b>12,453,748</b>	<b>15,547,391</b>	<b>18,792,047</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>2,185,288</b>	<b>3,081,792</b>	<b>3,850,806</b>	<b>4,971,918</b>	<b>6,322,670</b>	<b>8,036,725</b>	<b>10,303,708</b>	<b>12,908,079</b>	<b>15,974,870</b>	<b>19,947,885</b>	<b>23,573,765</b>

### 13.4 Useful Project Management Tips

#### Marketing

- **Advertisement & Promotion:** Business promotion and dissemination through banners and launch events is highly recommended. Product brochures should be developed from good quality service providers.
- **Sales & Distribution Network:** Expert's advice and distribution agreements are required with shoes manufacturers.

**Price - Bulk Discounts, Cost plus Introductory Discounts:** Price should never be allowed to compromise quality. Price during introductory phase may be kept lower and used as a promotional tool. Product cost estimates should be carefully documented before price setting. **Human Resources**

- **Adequacy & Competencies: Skilled and experienced staff** should be hired.
- **Performance Based Remuneration:** Efforts to manage human resource cost should be focused through performance measurement and performance based compensation.
- **Training and Skills Development:** Training to staff should be provided in areas of customer services and sales.

### 13.5 Useful Links

- Prime Minister's Office, [www.pmo.gov.pk](http://www.pmo.gov.pk)
- Small and Medium Enterprise Development Authority, [www.smeda.org.pk](http://www.smeda.org.pk)
- National Bank of Pakistan (NBP), [www.nbp.com.pk](http://www.nbp.com.pk)
- First Women Bank Limited (FWBL), [www.fwbl.com.pk](http://www.fwbl.com.pk)
- Government of Pakistan, [www.pakistan.gov.pk](http://www.pakistan.gov.pk)
- Ministry of Industries & Production, [www.moip.gov.pk](http://www.moip.gov.pk)
- Ministry of Education, Training & Standards in Higher Education, <http://moptt.gov.pk>
- Government of Punjab, [www.punjab.gov.pk](http://www.punjab.gov.pk)
- Government of Sindh, [www.sindh.gov.pk](http://www.sindh.gov.pk)
- Government of Khyber Pakhtunkhwa, [www.khyberpakhtunkhwa.gov.pk](http://www.khyberpakhtunkhwa.gov.pk)
- Government of Balochistan, [www.balochistan.gov.pk](http://www.balochistan.gov.pk)
- Government of Gilgit Baltistan, [www.gilgitbaltistan.gov.pk](http://www.gilgitbaltistan.gov.pk)
- Government of Azad Jammu Kashmir, [www.ajk.gov.pk](http://www.ajk.gov.pk)



- Trade Development Authority of Pakistan (TDAP), [www.tdap.gov.pk](http://www.tdap.gov.pk)
- Securities & Exchange Commission of Pakistan (SECP), [www.secp.gov.pk](http://www.secp.gov.pk)
- Federation of Pakistan Chambers of Commerce and Industry (FPCCI), [www.fpcci.com.pk](http://www.fpcci.com.pk)
- State Bank of Pakistan (SBP), [www.sbp.org.pk](http://www.sbp.org.pk)



## 14 KEY ASSUMPTIONS

**Table 10: Capacity Utilization Assumptions**

Starting Capacity Utilization	80%
Annual Growth Rate	3%
Maximum Capacity Utilization for the project	100%

**Table 11: Economy-Related Assumptions**

Electricity price growth rate	10%
Wage growth rate	10%

**Table 12: Cash Flow Assumptions**

Accounts Receivable cycle	Days
Accounts payable cycle	30
Raw material inventory	45
Finished Goods Inventory	15

**Table 13: Financial Assumptions**

Project life (Years)	10
Debt	90%
Equity	10%
Interest rate on long-term debt	8%
Debt tenure (Years)	8
Grace Period (Years)	1

**Table 14: Revenue Related Assumptions**

Sale price growth rate	10%
Purchase price growth rate	10%
Percentage of Ladies shoes	80%
Percentage of children shoes	20%