

Pre-Feasibility Study

(Medical Store)



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Ministry of Industries & Production
Government of Pakistan

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

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Table of Contents

1	DISCLAIMER.....	2
2	PURPOSE OF THE DOCUMENT	3
3	INTRODUCTION TO SMEDA.....	3
4	INTRODUCTION TO SCHEME	4
5	EXECUTIVE SUMMARY	4
6	BRIEF DESCRIPTION OF PROJECT & PRODUCT	4
7	CRITICAL FACTORS	5
8	INSTALLED & OPERATIONAL CAPACITIES.....	5
9	POTENTIAL TARGET MARKETS / CITIES.....	5
10	PROJECT COST SUMMARY.....	5
10.1	PROJECT ECONOMICS	6
10.2	PROFIT MARGINS	7
10.3	PROJECT FINANCING	7
10.4	PROJECT COST	7
10.5	SPACE REQUIREMENT	8
10.6	OFFICE EQUIPMENT DETAILS	8
10.7	FURNITURE & FIXTURE	8
10.8	HUMAN RESOURCE REQUIREMENT	9
10.9	REVENUE GENERATION.....	9
10.10	OTHER INCOME.....	10
11	CONTACT DETAILS OF GOVERNMENT INSTITUTIONS.....	10
11	ANNEXURE.....	11
11.1	INCOME STATEMENT.....	11
11.2	BALANCE SHEET	12
11.3	CASH FLOW STATEMENT	13
11.4	USEFUL PROJECT MANAGEMENT TIPS	14
11.5	USEFUL LINKS.....	14
12	KEY ASSUMPTIONS.....	15

1 DISCLAIMER

This information memorandum is to introduce the subject matter and provide a general idea and information on the 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 **Medical Store** business 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 successful hallmark of SME facilitation by SMEDA.

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

4 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, by designated financial institutions, initially through the National Bank of Pakistan (NBP) and the First Women Bank Ltd. (FWBL).

Loans from Rs. 0.1 million to Rs. 2.0 million with tenure up to 8 years inclusive of 1 year grace period, 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

In this pre-feasibility study, the proposed Medical Store is to be located in a commercial market of some residential area having considerable presence of middle or upper middle income groups. The product range offered in the planned Medical Store is a blend of both multinational and national pharmaceutical products. General products such as Food Supplements, Toiletries, Shampoos, Soaps, Diapers, Sanitary Napkins and Prepaid Cellular Cards will also be available at the store. The proposed medical store will remain open for 16 hours / day.

The total initial cost for setting up a single outlet is estimated at Rs. 2.06 million out of which capital cost is Rs. 0.89 million along with working capital of Rs. 1.17 million. The project will be financed through 90% debt and 10% equity. The NPV is projected around Rs. 4.62 million, with an IRR of 39% 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.

6 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 400 sq. feet, having electricity & telephone connection.

The range offered in this Medical Store is a blend of both multinational and national pharmaceutical products. General Products such as Food Supplements, Toiletries, Shampoos, Soaps, Diapers, & Sanitary Napkins, and Prepaid Cellular Cards will also be available at the store.

The medical store will remain open for 16 hours / day. Initial trade volume is calculated at Rs. 11.97 million in the first year, with an annual growth of 10%, providing employment to 6 individuals.

The venture is proposed to be established as a Sole Proprietorship.

7 CRITICAL FACTORS

Some of the Key factors for operating a successful medical store are:

- 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 and uninterrupted supply of merchandise.
- Inventory control to avoid any pilferage.
- Reasonable and competitive prices.

8 INSTALLED & OPERATIONAL CAPACITIES

Range offered in a Medical Store is a blend of both multinational and national pharmaceutical products. Initial stock inventory of Rs. 0.86 million is expected to grow over next ten years at the rate of 10% per annum, having inventory turnover rate of 30 days.

Person involved in this business is required to be in regular contact with the suppliers of multinational / national consumer goods companies.

9 POTENTIAL TARGET MARKETS / CITIES

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 outlets can be opened in any of the cities across Pakistan.

10 PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of Medical Store 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 annexure.

10.1 Project Economics

Following table shows internal rate of return, payback period and net present value:

Table 1 - Project Economics

Description	Details
Internal Rate of Return (IRR)	39%
Payback Period (Yrs)	3.16
Net Present Value (NPV) - (Rs.)	4,624,446

Returns on the investments and its profitability are highly dependent on the entrepreneur's practical knowledge about medicines, and availability of complete product range along with regular medicine supplies, well trained pharmacist, etc.

The proposed medical store will be offering a blend of different pharmaceutical products along with general items that include herbal products, eatables, food supplements, toiletries and mobile cards. Percentage quantity of each item offered on the store is based on survey of distribution companies. Following is the list of products, which are to be offered at the medical store:

Table 2 - Product Mix

Product Category	Percentage In Total Sales
Products of Multinational Companies	33.8
Products of National Companies	41.4
Herbal Products	7.5
Food Supplements	4.5
Eatables	3.0
Toiletries	2.3

Sanitation Products	3.0
Pre Paid Cards	4.5
Total	100

10.2 Profit Margins

Percentage margin charged on each type of product is as under:

Table 3 - Profit Margins

Item	Profit Margin
Margin on Multinational Sales	10%
Margin on National Sales	15%
Margin on Herbal Products	30%
Margin on Food Supplements	30%
Margin on Eatables	10%
Margin on Toiletries	10%
Margin on Sanitation products	10%
Margin on Mobile Cards	3.5%

10.3 Project Financing

Following table provides details of the equity required and variables related to bank financing;

Table 4 - Project Financing

Description	Details
Total Equity (10%)	Rs. 206,355
Bank Loan (90%.)	Rs. 1,857,195
Markup to the Borrower (%age/annum)	8%
Tenure of the Loan (Years)	8
Grace Period (Year)	1

10.4 Project Cost

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

Table 5 - Capital Investment for the Project

Capital Investment	Amount (Rs.)
Furniture & fixtures	584,500
Medical Store Equipment	193,000
Pre-operating Cost	120,000
Total Capital Cost	897,500
Initial Working Capital	1,166,050
Total Project Cost	2,063,550

10.5 Space Requirement

Approximately 400 sq. ft. will be required for a medical store. It is recommended that the area should be acquired on rent. Rent cost for the proposed areas will be ranging between Rs. 30,000 to Rs. 50,000. Rent cost incorporated for financial analysis is Rs. 40,000 per month. One month advance rent along with three months of security deposit is also to be paid.

10.6 Office Equipment Details

The details of the different equipment required for the project is given in the following tables:

Table 6 – Medical Store Equipment Costs

Equipment	Quantity	Cost per Unit (Rs.)	Total Cost (Rs.)
Computer	1	25,000	25,000
Software	1	100,000	100,000
UPS	1	40,000	40,000
Printer	1	10,000	10,000
Fax Machine	1	15,000	15,000
Telephones	2	1,500	3,000
Total Equipment			193,000

10.7 Furniture & Fixture

For displaying and storing medicines, wooden shelves, racks and counter will be required and details of these are as follows:

Table 7 – Furniture & Fixture Costs

Description	Quantity	Unit Cost (Rs)	Total Cost (Rs)
Refrigerator	1	25,000	25,000
Gluco Meter & BP apparatus	1	10,000	10,000
Wall Mounted Fans	4	3,000	12,000
Storage Racks			
Chairs	6	2,500	15,000
Racks on Side Walls (15'x7') – 315 sq. ft. @ Rs. 700 per sq. ft.	3	73,500	220,500
Racks on Mid of Shop (10'x3') – 60 sq. ft. @ Rs. 700 per sq. ft.	2	21,000	42,000

Counter (10'x3') – 60 sq. ft. @ Rs. 700 per sq. ft.	2	15,000	30,000
Glass Frame			115,000
Sign Board			25,000
Split A.C.s	2	45,000	90,000
Total Furniture & Fixture Cost			584,500

10.8 Human Resource Requirement

Medical Store will run for 16 hours in two shifts (i.e. 8 hours per shift). Shift timing will be:

Table 8 - Shift Schedules

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

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

Table 9 - Staff Requirement (2 shifts)

Positions	Number	Salary/Month (Rs.)	Annual Salary (Rs.)
Pharmacist	1	25,000	300,000
Salesman	3	12,000	432,000
Cashier	2	10,000	240,000
Total	6		972,000

Salaries of all employees are estimated to increase at 10% annually.

10.9 Revenue Generation

Expected revenue generation by the Medical Store during the first year is given in the table below:

Table 10 - Expected Revenue Generation during Year-I

Product Category	Expected Sales Amount (Rs.)
Products of Multinational Companies	4,050,000
Products of National Companies	4,950,000
Herbal Products	900,000
Food Supplements	540,000
Eatables	360,000
Toiletries	270,000

Sanitation Products	360,000
Pre Paid Cards	540,000
Total sales for the first year	11,970,000

The annual sales growth rate is estimated at 10%

10.10 Other Income

Other income includes revenues from diabetes tests, blood pressure checking and any sort of intra muscular injections. Such income is taken as 1% of the total annual revenues.

11 CONTACT DETAILS OF GOVERNMENT INSTITUTIONS

Drug Regulatory Authority of Pakistan
2nd Floor, Block – C, Pak Secretariat, Islamabad
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S M E D A

11 ANNEXURE 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	11,970,000	13,167,000	14,483,700	15,932,070	17,525,277	19,277,805	21,205,585	23,326,144	25,658,758	28,224,634
<i>Cost of sales</i>										
Add opening stock		856,050	863,184	949,502	1,044,452	1,148,898	1,263,787	1,390,166	1,529,183	1,682,101
Operating expenses	10,272,600	10,358,205	11,394,026	12,533,428	13,786,771	15,165,448	16,681,993	18,350,192	20,185,211	22,203,732
Less closing stock	856,050	863,184	949,502	1,044,452	1,148,898	1,263,787	1,390,166	1,529,183	1,682,101	1,850,311
Medicine Sold	9,416,550	10,351,071	11,307,707	12,438,478	13,682,326	15,050,558	16,555,614	18,211,175	20,032,293	22,035,522
Electricity Expense	240,192	264,211	290,632	319,696	351,665	386,832	425,515	468,066	514,873	566,360
Total cost of sales	9,656,742	10,615,282	11,598,339	12,758,173	14,033,991	15,437,390	16,981,129	18,679,242	20,547,166	22,601,882
Gross Profit	2,313,258	2,551,718	2,885,361	3,173,897	3,491,286	3,840,415	4,224,456	4,646,902	5,111,592	5,622,751
<i>General administration & selling expenses</i>										
Administration expense	972,000	1,069,200	1,176,120	1,293,732	1,423,105	1,565,416	1,721,957	1,894,153	2,083,568	2,291,925
Rent expense	480,000	528,000	580,800	638,880	702,768	773,045	850,349	935,384	1,028,923	1,131,815
Travelling expense	30,000	31,500	33,075	34,729	36,465	38,288	40,203	42,213	44,324	46,540
Communications expense (phone, mail, etc.)	48,000	50,400	52,920	55,566	58,344	61,262	64,325	67,541	70,918	74,464
Printing & Stationary	60,000	63,000	66,150	69,458	72,930	76,577	80,406	84,426	88,647	93,080
Entertainment	48,000	50,400	52,920	55,566	58,344	61,262	64,325	67,541	70,918	74,464
Promotional expense	100,000	90,000	81,000	72,900	65,610	59,049	53,144	47,830	43,047	38,742
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	122,783	122,783	122,783	132,924	132,924	132,924	144,663	144,663	144,663	158,252
Amortization of pre-operating costs	24,000	24,000	24,000	24,000	24,000	-	-	-	-	-
Miscellaneous expense	24,300	26,730	29,403	32,343	35,578	39,135	43,049	47,354	52,089	57,298
Subtotal	1,934,083	2,082,263	2,246,734	2,439,038	2,640,457	2,838,864	3,095,923	3,366,282	3,664,033	4,005,363
Operating Income	379,175	469,454	638,627	734,859	850,830	1,001,551	1,128,534	1,280,620	1,447,559	1,617,389
Other income from Sugar Tests & Blood Pressure Checking	119,700	131,670	144,837	159,321	175,253	192,778	212,056	233,261	256,588	282,246
Earnings Before Interest & Taxes	498,875	601,124	783,464	894,179	1,026,083	1,194,329	1,340,590	1,513,882	1,704,147	1,899,635
Interest expense on long term debt (Project Loan)	154,146	141,122	124,005	105,466	85,389	63,646	40,098	14,595	-	-
Interest expense on long term debt (Working Capital Loan)	-	-	-	-	-	-	-	-	-	-
Subtotal	154,146	141,122	124,005	105,466	85,389	63,646	40,098	14,595	-	-
Earnings Before Tax	344,728	460,002	659,459	788,713	940,693	1,130,683	1,300,492	1,499,286	1,704,147	1,899,635
Tax	-	6,000	25,946	40,807	63,604	92,102	117,574	147,393	188,329	227,427
NET PROFIT/(LOSS) AFTER TAX	344,728	454,002	633,513	747,906	877,089	1,038,580	1,182,918	1,351,893	1,515,818	1,672,208

11.2 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	270,000	766,795	1,076,762	1,338,093	1,933,888	2,650,791	3,241,429	4,235,642	5,388,780	6,764,332	10,770,074
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-
Raw material inventory	856,050	863,184	949,502	1,044,452	1,148,898	1,263,787	1,390,166	1,529,183	1,682,101	1,850,311	-
Pre-paid annual land lease	-	-	-	-	-	-	-	-	-	-	-
Pre-paid building rent	40,000	44,000	48,400	53,240	58,564	64,420	70,862	77,949	85,744	94,318	-
Total Current Assets	1,166,050	1,673,979	2,074,664	2,435,785	3,141,349	3,978,999	4,702,457	5,842,774	7,156,624	8,708,961	10,770,074
<i>Fixed assets</i>											
Machinery & equipment	-	-	-	-	-	-	-	-	-	-	-
Furniture & fixtures	584,500	526,050	467,600	409,150	350,700	292,250	233,800	175,350	116,900	58,450	-
Office equipment	193,000	128,667	64,333	223,422	148,948	74,474	258,638	172,426	86,213	299,406	199,604
Total Fixed Assets	777,500	654,717	531,933	632,572	499,648	366,724	492,438	347,776	203,113	357,856	199,604
<i>Intangible assets</i>											
Total Intangible Assets	120,000	96,000	72,000	48,000	24,000	-	-	-	-	-	-
TOTAL ASSETS	2,063,550	2,424,696	2,678,597	3,116,357	3,664,997	4,345,723	5,194,896	6,190,549	7,359,737	9,066,817	10,969,678
Liabilities & Shareholders' Equity											
<i>Current liabilities</i>											
Accounts payable	-	16,417	16,554	18,210	20,031	22,034	24,237	26,661	29,327	32,259	35,485
Export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Short term debt	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	-	16,417	16,554	18,210	20,031	22,034	24,237	26,661	29,327	32,259	35,485
<i>Other liabilities</i>											
Deferred tax	-	-	6,000	31,946	72,753	136,357	228,459	346,032	493,425	681,754	909,181
Long term debt (Project Loan)	1,857,195	1,857,195	1,650,958	1,427,603	1,185,710	923,740	640,026	332,764	-	-	-
Long term debt (Working Capital Loan)	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Liabilities	1,857,195	1,857,195	1,656,958	1,459,549	1,258,463	1,060,096	868,485	678,797	493,425	681,754	909,181
<i>Shareholders' equity</i>											
Paid-up capital	206,355	206,355	206,355	206,355	206,355	206,355	206,355	206,355	206,355	206,355	206,355
Retained earnings	-	344,728	798,730	1,432,243	2,180,149	3,057,238	4,095,819	5,278,737	6,630,630	8,146,448	9,818,656
Total Equity	206,355	551,083	1,005,085	1,638,598	2,386,504	3,263,593	4,302,174	5,485,092	6,836,985	8,352,803	10,025,011
TOTAL CAPITAL AND LIABILITIES	2,063,550	2,424,696	2,678,597	3,116,357	3,664,997	4,345,723	5,194,896	6,190,549	7,359,737	9,066,817	10,969,678

11.3 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		344,728	454,002	633,513	747,906	877,089	1,038,580	1,182,918	1,351,893	1,515,818	1,672,208
Add: depreciation expense		122,783	122,783	122,783	132,924	132,924	132,924	144,663	144,663	144,663	158,252
amortization of pre-operating costs		24,000	24,000	24,000	24,000	24,000	-	-	-	-	-
amortization of training costs		-	-	-	-	-	-	-	-	-	-
Deferred income tax		-	6,000	25,946	40,807	63,604	92,102	117,574	147,393	188,329	227,427
Accounts receivable		-	-	-	-	-	-	-	-	-	-
Finished goods inventory		-	-	-	-	-	-	-	-	-	-
Equipment inventory		-	-	-	-	-	-	-	-	-	-
Raw material inventory	(856,050)	(7,134)	(86,318)	(94,950)	(104,445)	(114,890)	(126,379)	(139,017)	(152,918)	(168,210)	1,850,311
Pre-paid building rent	(40,000)	(4,000)	(4,400)	(4,840)	(5,324)	(5,856)	(6,442)	(7,086)	(7,795)	(8,574)	94,318
Cash provided by operations	(896,050)	496,795	516,204	708,107	837,688	978,874	1,132,989	1,301,475	1,485,902	1,674,958	4,005,742
<i>Financing activities</i>											
Project Loan - principal repayment		-	(206,237)	(223,355)	(241,893)	(261,970)	(283,714)	(307,262)	(332,764)	-	-
Working Capital Loan - principal repayment		-	-	-	-	-	-	-	-	-	-
Additions to Project Loan	1,857,195	-	-	-	-	-	-	-	-	-	-
Issuance of shares	206,355	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing activities	2,063,550	-	(206,237)	(223,355)	(241,893)	(261,970)	(283,714)	(307,262)	(332,764)	-	-
<i>Investing activities</i>											
Capital expenditure	(897,500)	-	-	(223,422)	-	-	(258,638)	-	-	(299,406)	-
Cash (used for) / provided by investing activities	(897,500)	-	-	(223,422)	-	-	(258,638)	-	-	(299,406)	-
NET CASH	270,000	496,795	309,966	261,331	595,795	716,904	590,637	994,214	1,153,138	1,375,552	4,005,742

S M E D A

11.4 Useful Project Management Tips

Marketing

- **Product Development & Packaging:** Expert's help may be engaged for product/service and packaging design & development
- **Ads & P.O.S. Promotion:** Business promotion and dissemination through banners and launch events is highly recommended. Product brochures from good quality service providers
- **Sales & Distribution Network:** Expert's advise and distribution agreements are required with.
- **Price - Bulk Discounts, Cost plus Introductory Discounts:** Price should never be allowed to compromise quality. Price during introductory phase may be lower and used as promotional tool. Product cost estimates should be carefully documented before price setting. Government controlled prices shall be displayed.

Human Resources

- **List of Human Resource (As per Section 10.8)**
- **Adequacy & Competencies:** Skilled and experienced staff should be considered an investment even to the extent of offering share in business profit.
- **Performance Based Remuneration:** Attempt to manage human resource cost should be focused through performance measurement and performance based compensation.
- **Training & Skill Development:** Encouraging training and skill of self & employees through experts and exposure of best practices is route to success. Least cost options for Training and Skill Development (T&SD) may be linked with compensation benefits and awards.

11.5 Useful Links

- Prime Minister's Office, www.pmo.gov.pk
- Small and Medium Enterprise Development Authority, www.smeda.org.pk
- National Bank of Pakistan (NBP), www.nbp.com.pk
- First Women Bank Limited (FWBL), www.fwbl.com.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
- Securities and Exchange 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

12 KEY ASSUMPTIONS

Table 11 - Operating Assumptions

Hours operational per day	16 hours
Days operational per month	30 days
Day operational per year	360 days

Table 12 - Revenue Assumptions

Revenue classification	On the basis of diseases
Sales growth rate	10%
Other Income (%age of revenues)	1%

Table 13 - Expense Assumptions

Printing & Stationary	Rs. 60,000 per annum
Entertainment	Rs. 48,000 per annum
Communication Expense	Rs. 48,000 per annum
Consultancy Charges and Audit (Annual)	Rs. 25,000
Electricity cost growth rate	10%
Electricity rate / unit	Rs. 18
Electric Load	3 KW
Depreciation Rate on Furniture	10%
Depreciation Rate on Electric Equipment	10%
Computers and printers	20%

Table 14 - Cash Flow Assumptions

Accounts payable cycle	7 days
Inventory	30 days

Table 15 - Financial Assumptions

Project Life	10 Years
Debt	90%
Equity	10%
Debt Tenure	7 Years
Interest rate	8%
Minimum Cash Balance	Rs. 0.15 Million

