



## Pre-feasibility Study

# SLAUGHTER HOUSE

February 2021

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

**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 have 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 making any decision to act upon the information.

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### ***Document Control***

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## 2 EXECUTIVE SUMMARY

A slaughterhouse is a facility where animals are slaughtered to provide meat for human consumption. This particular pre-feasibility is about setting up a facility where animals are slaughtered and processed into meat products. The animals that are commonly slaughtered for food are Cattle (Beef and Veal), Sheep (Lamb and Mutton). This slaughterhouse will be set up on modern standards and promise to provide highly hygienic meat products for local for market.

The proposed business venture should preferably be located near animal market (i.e. mandi) in the major urban cities of Pakistan. The unit will have an installed capacity of slaughtering 240 small animals and 96 large animals per day. However, the initial capacity is assumed at 50% (i.e. 120 small and 48 large animals per day). The maximum capacity utilization is worked out at 90%. This production capacity is estimated to be economically viable and justifies the capital as well as operational cost of the project. However, entrepreneur's knowledge of the meat processing industry, adaptation of best hygienical standards, competitive pricing and strong linkages with suppliers and traders are key factors for the success of this venture.

Total project cost is estimated as Rs. 237.204 million with a capital investment of Rs. 226.685 million and working capital Rs.10.518 million. Based on an equity finance model, the project NPV is around Rs. 214.583 million, with an IRR of 34% and Payback Period of 3.57 years. The project will provide employment opportunities to 56 people including the Owner. The legal business status of this project is assumed to be 'Sole Proprietorship'.

## 3 INTRODUCTION TO SMEDA

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

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

Preparation and dissemination of pre-feasibility studies in key areas of investment have 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 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 “**Slaughterhouse**” by providing them with a general understanding of the business to support potential investors in crucial investment decisions.

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

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

#### **5 BRIEF DESCRIPTION OF PROJECT & PRODUCT**

The meat industry of Pakistan is working mostly in unorganized pattern since its inception. The street slaughters are the major source of meat for masses, which is poor in quality and hygiene. Despite one of the largest animal producers, Pakistan does not fall in top exporters of meat. However, the industry trend has changed in urban cities for the last ten years and modern slaughterhouses have been installed both by the private and public sector.

This pre-feasibility provides the basic details for setting up a fully automated slaughterhouse, which will provide quality hygienic meat as per international standards for customers. Target location for the execution of the proposed slaughterhouse should preferably be the major cities of Pakistan especially Lahore, Islamabad, Rawalpindi, Peshawar, Multan, Karachi, Faisalabad and Sialkot etc.

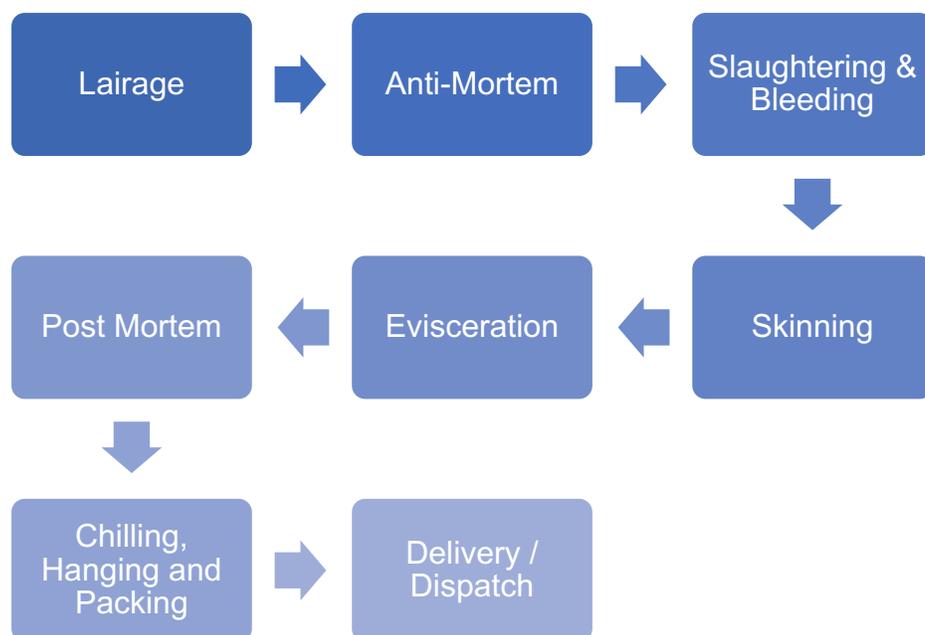
The major product line in this venture includes the meat of small (goat) and large (cow and buffalo) animals. Slaughterhouses should be distant from the residential areas and close to animal markets / mandi. This is to prevent possible inconvenience to the residents, either by way of pollution from slaughter wastes or by way of nuisance from noise or stench / smell. It is suggested to establish the project in an

industrial area where all the required utilities such as, sanitation, water, electricity and transportation infrastructure are easily available. The proposed unit will be equipped with modern processing machines including slaughtering plant for goat and cattle as well as cold storage facility. The required plant and machinery will be imported from renowned machinery supplier. The project is designed in such a way that it will be able to cater the demands of local customers, who prefer to buy quality and hygiene meat. The legal status is proposed to be 'Sole Proprietorship'

### 5.1 Production Process Flow

The operation starts with 8 hours rest of the animal before slaughter. This process is known as lairage. The Animal should be served with water only in lairage. While in lairage, veterinary doctors will conduct an anti-mortem in which animal is thoroughly checked. Once anti mortem and lairage are completed slaughtering process starts by sending animal to the slaughtering area. Slaughterer's will slaughter animal one by one and the helpers will hang the animal for blood drainage and removal of skins. Once the blood is fully drained from the animal, slaughterers start removing the skin of animals. This is known as the skinning process. The next step is to cut open the animal body to dislodge the contents and produce the carcass. It is important that the carcass remains or is placed in the hanging position on the railing. This process is known as evisceration. After evisceration, veterinary doctors and nutritionist conduct post-mortem, in which meat quality and hygiene examination are conducted as per the required standards. After post-mortem the hanged carcasses are sent to refrigeration plant for required chilling. After the required chilling process, meat is ready for dispatch.

**Figure 1: Process Flow Diagram**



## 5.2 Installed and Operational Capacities

The unit will have an installed capacity of slaughtering 240 small animals and 96 large animals per day and 79,632 animals per annum. However, the initial capacity is assumed at 50% (i.e. 120 small and 48 large animals per day) with an annual growth of 5%. Maximum capacity utilization of the project is assumed at 90% which will be achieved in the 9<sup>th</sup> year of operations. The unit will operate 8 hours single shift basis with 237 operational days in an year.

**Table 1: Installed and Operational Capacity**

Description	Total Capacity (No of Animals)	Operational Capacity 50 % (Year 1)	Maximum Capacity 90% (Year 10)
Small Animal Slaughtering	56,880	28,440	51,192
Large Animal Slaughtering	22,752	11,376	20,477
<b>Total</b>	<b>79,632</b>	<b>39,816</b>	<b>71,669</b>

## 6 CRITICAL FACTORS

- ⇒ Formation of the organizational system especially for operations department to maintain international quality standards.
- ⇒ Develop strong linkages with animal suppliers for sourcing quality live animals on time at economical prices.
- ⇒ Time management is very important in the slaughterhouse business. Delay in delivery can cost very high as the product is perishable.
- ⇒ Good relations with the targeted customers for repeat orders.
- ⇒ The proficient marketing campaign to grab new orders from abroad is crucial for this business.
- ⇒ Efficient management of stock to keep inventory cost at the minimum.
- ⇒ Exceed customer expectations by offering high quality and hygienic products at reasonable prices with quick turnaround times.
- ⇒ Technical skills are vital for effectively operating the business, as skilled workers can reduce wastage and in-time delivery and quality finish of the product.

## 7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

All the metropolitan cities of Pakistan who have large animal markets like Lahore, Karachi, Islamabad and Multan are suitable for this business. However factors such as the availability of skilled labor and timely transportation of meat to the retailers at low cost should also be carefully examined before finalizing any proposed location for the slaughterhouse.

## 8 POTENTIAL TARGET CUSTOMERS / MARKETS

The potential target market for the meat will be the general public of middle and upper middle-income group of urban cities who prefer to buy their grocery items from supermarkets and big departmental stores. Since, this meat has number of usages hence, hotels & restaurants etc. also need to be targeted. 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 target markets for the proposed business.

## 9 PROJECT COST SUMMARY

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

The projected Income Statement, Cash Flow Statement and Balance Sheet are attached as annexures.

### 9.1 Project Economics

All the figures in this financial model have been calculated for the estimated sales of Rs. 797,986,584 in the first year. The capacity utilization during year one is worked out at 50%.

The following table shows the internal rate of return, payback period and net present value of the proposed venture.

**Table 2: Project Economics (Equity Financed)**

Description	Details
Internal Rate of Return (IRR)	34%
Payback Period (Yrs.)	3.57
Net Present Value (Rs.)	214,582,700

Calculation of break-even analysis is as follows:

**Table 3: Breakeven (100% Equity-Based)**

Break-Even Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Break-Even Revenue	309,356,492	324,869,329	327,640,934	345,668,022	365,956,210	385,680,601	403,603,436	430,557,603	460,449,021	490,162,169
Break-Even Units	551,566	526,568	482,782	463,041	445,653	426,975	406,197	393,931	382,982	370,633
Margin of Safety	61%	65%	70%	72%	74%	76%	78%	79%	80%	80%

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

**Table 4: Project Economics Based on Debt (50%):Equity (50%)**

Description	Details
Internal Rate of Return (IRR)	34%
Payback Period (Yrs.)	3.47
Net Present Value (Rs.)	282,996,729

The financial assumptions for Debt: Equity is as follows:

**Table 5: Financial Assumptions for Debt: Equity Model**

Description	Details
Debt (50%)	119,243,908
Equity (50%)	119,243,908
Interest Rate on Debt	12%
Debt Tenure (Years)	5
Debt Payment / Year	1

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

## 9.2 Project Cost

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

**Table 6: Project Cost**

Description	Amount Rs.
<b>Capital Cost</b>	
Machinery and Equipment	105,491,779
Building / Infrastructure	90,133,567
Office Vehicles	11,340,000
Land	11,263,894
Pre-operating Costs	3,685,000
Furniture & Fixture	3,392,000
Wapda Security	643,200
Office Equipment	571,000
Industrial Connection Charges	165,000
<b>Total Capital Cost</b>	<b>226,685,440</b>
Raw Material Inventory	9,996,133
Cash	519,064
Equipment Spare Parts	2,963
<b>Total Working Capital</b>	<b>10,518,160</b>
<b>Total Project Cost</b>	<b>237,203,600</b>

## 9.3 Space Requirement

Approximately 18 Kanals of land would be required for the establishment of the proposed unit. It is recommended that the required land should be procured in the industrial estates of identified city / area. The cost of land is estimated at the rate of Rs. 625,000 per Kanal.

The infrastructural requirements of the project mainly comprise the construction of Management Building, Slaughter Plant, Cold Storage areas and other facilities. The cost of construction of building for the proposed unit is provided in the table below.

Details of the cost related to land and building are given below.

**Table 7: Space Requirement**

<b>Description</b>	<b>Estimated Area (Sq. ft.)</b>	<b>Unit Cost (Rs.)</b>	<b>Total Cost (Rs.)</b>
Slaughter Plant	18,000	2,200	39,600,000
Cold Storage	15,768	1,800	28,382,467
Animal Sheds	36,000	250	9,000,000
Management Building	2,250	2,500	5,625,000
Labor Kitchen / Cafeteria	675	2,200	1,485,000
Boundary Wall	1,120	1,150	1,288,000
Slaughter House Design Fee			972,000
Wapda Room	225	2,500	562,500
Electric Room for Control Panel	225	2,500	562,500
Laboratory	250	2,200	550,000
Guard Room	225	2,200	495,000
Change Room	225	2,200	495,000
Labor Washrooms	225	2,200	495,000
Pavement / Driveway	6,750	50	337,500
Water Storage tank	100	2,500	250,000
Main Gate			24,500
Grounds	182	50	9,100
<b>Total Construction Cost</b>			<b>90,133,567</b>
		Total cost of Land	11,263,894
<b>Total Cost of Land and Building Construction</b>			<b>101,397,461</b>

## 9.4 Machinery & Equipment Requirement

Plant, machinery and equipment for the proposed project are stated below.

**Table 8: Machinery & Equipment**

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Plant and Machinery Including Cold Storage Plant and Installation	1	90,411,750	90,411,750
Lab Equipment	4	870,000	3,480,000
Generator (350 KVA Diesel Perkins including Installation)	1	2,574,000	2,574,000
Chiller Hooks	1000	2,100	2,100,000
Weighing Scale	15	94,000	1,410,000
Transformer (400 KVA Capacity)	1	1,290,000	1,290,000
Tube Well	1	1,270,000	1,270,000
Sorting tables	15	80,000	1,200,000
S.S Hooks with Bearing	400	1,500	600,000
Bone Saw Meat Cutter	4	130,000	520,000
Trolleys	15	18,000	270,000
Freight Charges of Cold Storage @ 0.25%			226,029
Tools Kit	28	5,000	140,000
<b>Total</b>			<b>105,491,779</b>

## 9.5 Animals Requirements

Animals for this project will be purchased from open animal markets of different cities. Animal merchants normally purchase animals from different villages and fattening farms and then sell those animals in open animal market of metropolitan cities. As per the production estimates a total number of 39,816 animals (28,440 Large Animals and 11,376 Small Animals) will be purchased from the local market for slaughtering and meat purposes. The weighted average price of per animals is assumed as Rs. 561 per kg of live weight of animals.

## 9.6 Furniture & Fixtures Requirement

Details of the furniture and fixture required for the project are given below.

**Table 9: Furniture & Fixture**

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Electric Wiring & Lighting Set	1	1,400,000	1,400,000
Furniture Set	1	859,000	859,000
Air Conditioners (1.5 Ton Split)	5	90,000	450,000
Racks And Trolleys For Cold Storage	10	35,000	350,000
Electric Fans	50	6,000	300,000
Electric Water Cooler	1	33,000	33,000
<b>Total</b>			<b>3,392,000</b>

## 9.7 Office Equipment Requirement

Following office equipment will be required for the project are given below.

**Table 10: Office Equipment Requirement**

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Computers and Ups	10	40,000	400,000
Printers	2	30,000	60,000
Refrigerator	1	50,500	50,500
Telephone Exchange	1	20,000	20,000
Water Dispenser	1	18,500	18,500
Telephones	12	1,000	12,000
Scanner	1	10,000	10,000
<b>Total</b>			<b>571,000</b>

## 9.8 Human Resource Requirement

In order to run operations of Slaughterhouse, details of human resources required along with number of employees and monthly salaries are recommended as under.

**Table 11: Human Resource Requirement**

Description	No. of Employees	Monthly Salary per Person (Rs.)	Total Monthly Salary (Rs)
Chief Executive Officers (CEO)	1	150,000	150,000
Marketing Manager	1	100,000	100,000
Purchase Manager	1	75,000	75,000
Veterinary Doctor	1	60,000	60,000
Manager Accounts	1	55,000	55,000
Accounts Executive	2	30,000	60,000
Slaughterers	14	30,000	420,000
Personal & Admin Officer	1	30,000	30,000
Nutritionist	1	25,000	25,000
Lab Technician	1	22,000	22,000
Electrician and Sanitary Skilled Person	1	20,000	20,000
Drivers	6	20,000	120,000
Helper	14	17,500	245,000
Office Boys	1	17,500	17,500
Gardener	1	17,500	17,500
Security Guard	4	17,500	70,000
Sweeper	3	17,500	52,500
Animal Keeper in Shed	2	17,500	35,000
<b>Total</b>	<b>56</b>		<b>1,574,500</b>

### 9.9 Utilities and Other Costs

An essential cost to be borne by the project is the cost of electricity and water. The electricity and water expenses are estimated to be around Rs. 1,038,475 per month. Furthermore, promotional expense being essential for marketing of Slaughter House business is estimated as 0.3% of revenue during initial years.

## 9.10 Revenue Generation

Based on the capacity utilization of 50%, sales revenue during the first year of operations is estimated as under.

**Table 12: Revenue Generation – Year 1**

Description	Total Production (Kgs)	Unit Price (Rs.)	Sales Revenue (Rs.)
Small Animal Meat	284,400	1,050	298,620,000
Large Animal Meat	1,023,840	425	435,132,000
<b>Total Revenue of Meat</b>			<b>733,752,000</b>
By Product Revenue			
Skin (Small Animal)	28,440	729	20,732,760
Skin (Large Animal)	11,376	3,824	43,501,824
<b>Total Revenue</b>			<b>797,986,584</b>

## 10 CONTACT DETAILS

In order to facilitate potential investors, the contact details of machinery suppliers is provided below.

**Table 13: Machinery Suppliers**

Name of Supplier	E-mail	Address
Koldkraft Refrigeration (Pvt) Ltd.	info@koldkraft.com	Quaid-e-Azam Industrial Estate Kot Lakhpat, Pakistan, Lahore +92 42 3511 6727 - 28

## 11 USEFUL WEB LINKS

Small & Medium Enterprises Development Authority (SMEDA)	<a href="http://www.smeda.org.pk">www.smeda.org.pk</a>
Government of Pakistan	<a href="http://www.pakistan.gov.pk">www.pakistan.gov.pk</a>
Ministry of Industries & Production	<a href="http://www.moip.gov.pk">www.moip.gov.pk</a>
Ministry of Education, Training & Standards in Higher Education	<a href="http://moptt.gov.pk">http://moptt.gov.pk</a>
Government of Punjab	<a href="http://www.punjab.gov.pk">www.punjab.gov.pk</a>

Government of Sindh	<a href="http://www.sindh.gov.pk">www.sindh.gov.pk</a>
Government of Khyber Pakhtunkhwa	<a href="http://www.khyberpakhtunkhwa.gov.pk">www.khyberpakhtunkhwa.gov.pk</a>
Government of Balochistan	<a href="http://www.balochistan.gov.pk">www.balochistan.gov.pk</a>
Government of Gilgit Baltistan	<a href="http://www.gilgitbaltistan.gov.pk">www.gilgitbaltistan.gov.pk</a>
Government of Azad Jamu Kashmir	<a href="http://www.ajk.gov.pk">www.ajk.gov.pk</a>
Trade Development Authority of Pakistan (TDAP)	<a href="http://www.tdap.gov.pk">www.tdap.gov.pk</a>
Security Commission of Pakistan (SECP)	<a href="http://www.secp.gov.pk">www.secp.gov.pk</a>
Federation of Pakistan Chambers of Commerce and Industry (FPCCI)	<a href="http://www.fpcci.com.pk">www.fpcci.com.pk</a>
State Bank of Pakistan (SBP)	<a href="http://www.sbp.org.pk">www.sbp.org.pk</a>
Punjab Small Industries Corporation	<a href="http://www.psic.gop.pk">www.psic.gop.pk</a>
Sindh Small Industries Corporation	<a href="http://www.ssic.gos.pk">www.ssic.gos.pk</a>
Punjab Vocational Training Council (PVTC)	<a href="http://www.pvtc.gop.pk">www.pvtc.gop.pk</a>
Punjab Industrial Estates (PIE)	<a href="http://www.pie.com.pk">www.pie.com.pk</a>
Faisalabad Industrial Estate Development and Management Company (FIEDMC)	<a href="http://www.fiedmc.com.pk">www.fiedmc.com.pk</a>
Punjab Agriculture and Meat Company.	<a href="http://www.pamco.bz/">http://www.pamco.bz/</a>
University of Veterinary & Animal Sciences, Lahore	<a href="http://www.uvas.edu.pk/">http://www.uvas.edu.pk/</a>
Punjab Livestock & dairy Development Board	<a href="http://www.plddb.pk/">http://www.plddb.pk/</a>

## 12 ANNEXURES

### 12.1 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	797,986,584	929,713,119	1,074,659,873	1,234,072,512	1,409,314,737	1,601,879,593	1,813,401,860	2,045,671,633	2,300,649,203	2,466,554,093	
Live Animals Cost Small Animal	278,712,000	332,651,127	393,747,861	462,829,424	540,811,964	628,709,701	727,644,970	838,859,288	963,725,494	1,004,103,005	
Live Animals Cost Large Animal	399,297,600	457,629,807	520,149,019	587,103,688	658,755,738	735,381,251	817,271,201	904,732,212	998,087,360	1,097,896,096	
Direct labor	9,684,000	10,652,400	11,717,640	12,889,404	14,178,344	15,596,179	17,155,797	18,871,376	20,758,514	22,834,365	
Machinery maintenance	71,100	81,487	92,619	104,541	117,300	130,944	145,525	161,099	177,722	195,494	
Direct electricity	11,774,018	12,951,420	14,246,562	15,671,218	17,238,339	18,962,173	20,858,391	22,944,230	25,238,653	27,762,518	
Direct water	210,456	254,652	305,582	364,152	431,380	508,412	596,537	697,203	812,036	893,240	
Total cost of sales	699,749,174	814,220,893	940,259,283	1,078,962,427	1,231,533,066	1,399,288,660	1,583,672,421	1,786,265,407	2,008,799,779	2,153,684,718	
Gross Profit	98,237,410	115,492,226	134,400,591	155,110,085	177,781,671	202,590,933	229,729,439	259,406,225	291,849,424	312,869,375	
<i>General administration &amp; selling expenses</i>											
Administration expense	9,210,000	10,131,000	11,144,100	12,258,510	13,484,361	14,832,797	16,316,077	17,947,684	19,742,453	21,716,698	
Administration benefits expense	921,000	1,013,100	1,114,410	1,225,851	1,348,436	1,483,280	1,631,608	1,794,768	1,974,245	2,171,670	
Electricity expense	477,223	524,946	577,440	635,184	698,702	768,573	845,430	929,973	1,022,970	1,125,267	
Travelling expense	921,000	1,013,100	1,114,410	1,225,851	1,348,436	1,483,280	1,631,608	1,794,768	1,974,245	2,171,670	
Communications expense (phone, fax, mail, internet, etc.)	460,500	506,550	557,205	612,926	674,218	741,640	815,804	897,384	987,123	1,085,835	
Office vehicles running expense	793,800	873,180	960,498	1,056,548	1,162,203	1,281,112	1,414,424	1,562,866	1,721,452	1,891,298	
Office expenses (stationary, entertainment, janitorial services, etc)	984,180	1,082,598	1,190,858	1,309,944	1,440,938	1,585,032	1,743,535	1,917,888	2,109,677	2,320,645	
Promotional expense Year 1 & 2	1,994,966	2,324,283	-	-	-	-	-	-	-	-	
Promotional expense Year 3 to 6	-	-	805,995	925,554	1,056,986	1,201,410	-	-	-	-	
Promotional expense Year 7 to 10	-	-	-	-	-	-	453,350	511,418	575,162	616,639	
Professional fees (legal, audit, consultants, etc.)	460,500	506,550	557,205	612,926	674,218	741,640	815,804	897,384	987,123	1,085,835	
Depreciation expense	17,720,156	17,720,156	17,720,156	17,720,156	17,720,156	18,346,763	18,346,763	18,346,763	18,346,763	18,346,763	
Amortization of pre-operating costs	737,000	737,000	737,000	737,000	737,000	-	-	-	-	-	
Amortization of industrial connection charges	16,500	16,500	16,500	16,500	16,500	16,500	16,500	16,500	16,500	16,500	
Uniform & Shoes for Employees	594,045	653,450	718,794	790,674	869,741	956,715	1,052,387	1,157,626	1,273,388	1,400,727	
Bad debt expense	1,994,966	2,324,283	2,686,650	3,085,181	3,523,287	4,004,699	4,533,505	5,114,179	5,751,623	6,466,385	
Miscellaneous expense 1	797,987	929,713	1,074,660	1,234,073	1,409,315	1,601,880	1,813,402	2,045,672	2,300,649	2,466,554	
Subtotal	38,083,824	40,356,408	40,975,881	43,446,877	46,164,497	48,777,320	51,130,195	54,597,874	58,410,374	62,174,485	
Operating Income	60,153,586	75,135,818	93,424,710	111,663,209	131,617,174	153,813,614	178,599,244	204,808,351	233,439,049	250,694,890	
Other income (interest on cash)	577,222	1,955,948	3,725,634	5,786,649	8,017,297	10,590,376	13,688,844	17,201,309	21,196,434	26,678,727	
Other income 2	-	-	-	-	4,536,000	-	-	-	-	-	
Gain / (loss) on sale of office vehicles	-	-	-	-	-	-	-	-	-	-	
Earnings Before Interest & Taxes	60,730,809	77,091,766	97,150,344	117,449,857	144,170,470	164,403,990	192,288,088	222,009,660	254,635,483	277,373,617	
Subtotal	-	-	-	-	-	-	-	-	-	-	
Earnings Before Tax	60,730,809	77,091,766	97,150,344	117,449,857	144,170,470	164,403,990	192,288,088	222,009,660	254,635,483	277,373,617	
Tax	20,375,783	26,102,118	33,122,620	40,227,450	49,579,664	56,661,396	66,420,830	76,823,381	88,242,419	96,200,765	
<b>NET PROFIT/(LOSS) AFTER TAX</b>	<b>40,355,026</b>	<b>50,989,648</b>	<b>64,027,724</b>	<b>77,222,408</b>	<b>94,590,806</b>	<b>107,742,594</b>	<b>125,867,258</b>	<b>145,186,279</b>	<b>166,393,064</b>	<b>181,172,851</b>	

## 12.2 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	519,064	45,658,723	110,817,146	187,233,607	275,698,299	365,685,440	481,544,665	613,562,857	762,541,859	933,172,848	1,201,125,303
Accounts receivable		10,931,323	11,833,560	13,728,582	15,813,236	18,105,392	20,624,619	23,392,339	26,432,010	29,769,321	32,652,077
Equipment spare part inventory	2,963	3,565	4,255	5,042	5,941	6,963	8,126	9,445	10,941	12,636	-
Raw material inventory	9,996,133	12,753,231	16,155,186	20,344,295	25,490,115	31,801,225	39,527,468	48,970,757	60,500,129	71,286,462	-
<b>Total Current Assets</b>	<b>10,518,159</b>	<b>69,346,842</b>	<b>138,810,146</b>	<b>221,311,527</b>	<b>317,007,591</b>	<b>415,599,020</b>	<b>541,704,877</b>	<b>685,935,397</b>	<b>849,484,939</b>	<b>1,034,241,267</b>	<b>1,233,777,381</b>
<i>Fixed assets</i>											
Land	11,263,894	11,263,894	11,263,894	11,263,894	11,263,894	11,263,894	11,263,894	11,263,894	11,263,894	11,263,894	11,263,894
Building/Infrastructure	90,133,567	85,626,888	81,120,210	76,613,532	72,106,853	67,600,175	63,093,497	58,586,818	54,080,140	49,573,462	45,066,783
Machinery & equipment	105,491,779	94,942,601	84,393,424	73,844,246	63,295,068	52,745,890	42,196,712	31,647,534	21,098,356	10,549,178	-
Furniture & fixtures	3,392,000	3,052,800	2,713,600	2,374,400	2,035,200	1,696,000	1,356,800	1,017,600	678,400	339,200	-
Office vehicles	11,340,000	9,072,000	6,804,000	4,536,000	2,268,000	14,473,033	11,578,426	8,683,820	5,789,213	2,894,607	-
Wapda Security	643,200	643,200	643,200	643,200	643,200	643,200	643,200	643,200	643,200	643,200	643,200
Office equipment	571,000	513,900	456,800	399,700	342,600	285,500	228,400	171,300	114,200	57,100	-
<b>Total Fixed Assets</b>	<b>222,835,440</b>	<b>205,115,284</b>	<b>187,395,128</b>	<b>169,674,971</b>	<b>151,954,815</b>	<b>148,707,692</b>	<b>130,360,929</b>	<b>112,014,166</b>	<b>93,667,403</b>	<b>75,320,640</b>	<b>56,973,877</b>
<i>Intangible assets</i>											
Pre-operation costs	3,685,000	2,948,000	2,211,000	1,474,000	737,000	-	-	-	-	-	-
Industrial connection charges	165,000	148,500	132,000	115,500	99,000	82,500	66,000	49,500	33,000	16,500	-
<b>Total Intangible Assets</b>	<b>3,850,000</b>	<b>3,096,500</b>	<b>2,343,000</b>	<b>1,589,500</b>	<b>836,000</b>	<b>82,500</b>	<b>66,000</b>	<b>49,500</b>	<b>33,000</b>	<b>16,500</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>237,203,600</b>	<b>277,558,626</b>	<b>328,548,274</b>	<b>392,575,998</b>	<b>469,798,406</b>	<b>564,389,212</b>	<b>672,131,806</b>	<b>797,999,063</b>	<b>943,185,343</b>	<b>1,109,578,407</b>	<b>1,290,751,258</b>
<b>Liabilities &amp; Shareholders' Equity</b>											
<i>Shareholders' equity</i>											
Paid-up capital	237,203,600	237,203,600	237,203,600	237,203,600	237,203,600	237,203,600	237,203,600	237,203,600	237,203,600	237,203,600	237,203,600
Retained earnings		40,355,026	91,344,674	155,372,398	232,594,806	327,185,612	434,928,206	560,795,464	705,981,743	872,374,807	1,053,547,658
<b>Total Equity</b>	<b>237,203,600</b>	<b>277,558,626</b>	<b>328,548,274</b>	<b>392,575,998</b>	<b>469,798,406</b>	<b>564,389,212</b>	<b>672,131,806</b>	<b>797,999,063</b>	<b>943,185,343</b>	<b>1,109,578,407</b>	<b>1,290,751,258</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>237,203,600</b>	<b>277,558,626</b>	<b>328,548,274</b>	<b>392,575,998</b>	<b>469,798,406</b>	<b>564,389,212</b>	<b>672,131,806</b>	<b>797,999,063</b>	<b>943,185,343</b>	<b>1,109,578,407</b>	<b>1,290,751,258</b>

## 12.3 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		40,355,026	50,989,648	64,027,724	77,222,408	94,590,806	107,742,594	125,867,258	145,186,279	166,393,064	181,172,851
Add: depreciation expense		17,720,156	17,720,156	17,720,156	17,720,156	17,720,156	18,346,763	18,346,763	18,346,763	18,346,763	18,346,763
amortization of pre-operating costs		737,000	737,000	737,000	737,000	737,000	-	-	-	-	-
amortization of industrial connection charges		16,500	16,500	16,500	16,500	16,500	16,500	16,500	16,500	16,500	16,500
Accounts receivable		(10,931,323)	(902,237)	(1,895,023)	(2,084,653)	(2,292,157)	(2,519,227)	(2,767,720)	(3,039,672)	(3,337,311)	(2,882,757)
Finished goods inventory		-	-	-	-	-	-	-	-	-	-
Equipment inventory	(2,963)	(603)	(690)	(788)	(898)	(1,023)	(1,162)	(1,319)	(1,496)	(1,696)	12,636
Raw material inventory	(9,996,133)	(2,757,097)	(3,401,956)	(4,189,109)	(5,145,820)	(6,311,110)	(7,726,243)	(9,443,289)	(11,529,373)	(10,786,332)	71,286,462
Cash provided by operations	(9,999,096)	45,139,659	65,158,423	76,416,461	88,464,693	104,460,173	115,859,225	132,018,192	148,979,002	170,630,988	267,952,456
<i>Financing activities</i>											
Issuance of shares	237,203,600	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing activities	237,203,600	-	-	-	-	-	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(226,685,440)	-	-	-	-	(14,473,033)	-	-	-	-	-
Cash (used for) / provided by investing activities	(226,685,440)	-	-	-	-	(14,473,033)	-	-	-	-	-
NET CASH	519,064	45,139,659	65,158,423	76,416,461	88,464,693	89,987,141	115,859,225	132,018,192	148,979,002	170,630,988	267,952,456

## 13 KEY ASSUMPTIONS

### 13.1 Operating Cost Assumptions

Description	Details
Travelling Expense	10% of administration expense
Communication Expense	5% of administration expense
Promotional Expenses	0.3% of Revenue
Depreciation Method	Accelerated depreciation
Depreciation Rate	10% on Machinery 33% on Computer Equipment 10% on Furniture & Fixture
Inflation Growth Rate	10%
Electricity Price Growth Rate	10%
Salaries Growth Rate	10%
Water Price Growth Rate	10%

### 13.2 Production Cost Assumptions

Description	Details
Live Animal Purchase Price (Average)	490 / Kg Small Animal 195 / Kg Large Animal
Cost Of Goods Sold Growth Rate (Large Animal)	4.2%
Cost Of Goods Sold Growth Rate (Small Animal)	8.5%
Average Weight of Live Animal (Large)	180 Kg
Average Weight of Live Animal (Small)	20 Kg
Average Wastage per Animal	50%

### 13.3 Revenue Assumptions

Description	Details
Sale Price Growth Rate (Small Animal)	8.5%
Sale Price Growth Rate (Large Animal)	4.2%
Starting Capacity Utilization	50%
Maximum Capacity Utilization	90%
Hours Operational / Day	8
Shift Length (Hours)	8
Days Operational / Year	237

### 13.4 Capacity Utilization Assumptions

Description	Details
Maximum Operational Capacity Meat in Kgs	2,616,480
Production Capacity Utilization Year 1	50%
Production Capacity Utilization Growth Rate	5%

# Small and Medium Enterprises Development Authority

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