

# Pre-Feasibility Study

## VETERINARY CLINIC



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**Ministry of Industries & Production**  
**Government of Pakistan**  
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## Table of Contents

<b>DISCLAIMER.....</b>	<b>3</b>
<b>1. EXECUTIVE SUMMARY .....</b>	<b>4</b>
<b>2. INTRODUCTION TO SMEDA.....</b>	<b>5</b>
<b>3. PURPOSE OF THE DOCUMENT.....</b>	<b>5</b>
<b>4. BRIEF DESCRIPTION OF PROJECT &amp; PRODUCT.....</b>	<b>6</b>
4.1    INSTALLED AND OPERATIONAL CAPACITIES.....	6
<b>5. CRITICAL FACTORS .....</b>	<b>7</b>
<b>6. GEOGRAPHICAL POTENTIAL FOR INVESTMENT .....</b>	<b>7</b>
<b>7. POTENTIAL TARGET CUSTOMERS / MARKETS.....</b>	<b>7</b>
<b>8. PROJECT COST SUMMARY.....</b>	<b>8</b>
8.1    PROJECT ECONOMICS.....	8
8.2    PROJECT FINANCING .....	8
8.3    PROJECT COST .....	9
8.4    LAND & BUILDING REQUIREMENT .....	9
8.5    MACHINERY & EQUIPMENT REQUIREMENT.....	10
8.6    FURNITURE & FIXTURES REQUIREMENT.....	11
8.7    OFFICE EQUIPMENT REQUIREMENT .....	11
8.8    FITTINGS & INSTALLATIONS.....	12
8.9    HUMAN RESOURCE REQUIREMENT .....	12
8.10   VEHICLES REQUIREMENT.....	12
8.11   UTILITIES AND OTHER COSTS .....	13
8.12   REVENUE GENERATION.....	13
<b>9. CONTACT DETAILS.....</b>	<b>14</b>
9.1    MACHINERY SUPPLIERS .....	14
9.2    MEDICINE SUPPLIERS.....	14
9.3    TECHNICAL EXPERTS / CONSULTANTS.....	15
<b>10. USEFUL WEB LINKS.....</b>	<b>16</b>
<b>11. ANNEXURES .....</b>	<b>17</b>
11.1   INCOME STATEMENT .....	17
11.2   BALANCE SHEET.....	18
11.3   CASH FLOW STATEMENT .....	19
<b>12. KEY ASSUMPTIONS.....</b>	<b>20</b>
12.1   PROJECT ASSUMPTIONS .....	20
12.2   OPERATING ASSUMPTIONS .....	20
12.3   DEPRECIATION RATE ASSUMPTIONS.....	20
12.4   WORKING CAPITAL TURNOVER ASSUMPTIONS.....	20
12.5   EXPENDITURE & EXPENSES ASSUMPTIONS .....	20
12.6   VEHICLE RUNNING EXPENSES ASSUMPTIONS.....	21

## DISCLAIMER

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## **1. EXECUTIVE SUMMARY**

This particular Pre-feasibility is for setting up '**Veterinary Clinic**'. Veterinary medicine is the branch of science that deals with the prevention, diagnosis and treatment of disease, disorder and injury in animals. Infectious diseases in animals pose a major threat to animal health and productivity, thereby leading to overall economic loss. The most common diseases are Foot and Mouth Disease (FMD), diarrhea, fever, respiratory infections like pneumonia etc. However, these diseases can be cured through an early diagnosis and proper treatment.

As compared to animal population, the ratio of veterinary clinics is far less in Pakistan. This creates an opportunity for setting up a veterinary clinic. The project will provide medical facilities such as health check, vaccination, and major & minor surgeries to livestock, poultry and pets. The clinic shall have its own laboratory and pharmacy run by a qualified and licensed veterinary compounder.

The total project cost for veterinary clinic is estimated at Rs. 10.94 million, out of which capital cost is Rs. 10.25 million and working capital Rs. 0.69 million. The project is proposed to be financed through 50% debt and 50% equity. The project Net Present Value (NPV) is calculated to be around Rs. 5.95 million, with an Internal Rate of Return (IRR) of 27% and payback period of 4.77 years.

It is assumed that the clinic shall handle 7,585 cases per year. The total staff requirement for the project will be 11 persons. The proposed location for project depends upon sizeable population of livestock such as, Sahiwal, Pakpattan, Okara, Faisalabad, Sargodha, Jhang, Peshawar, D.I. Khan, Quetta, Lasbela, Karachi, Hyderabad, Sukkur etc.

## **2. 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.

## **3. 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 **Veterinary Clinic** 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.

#### 4. BRIEF DESCRIPTION OF PROJECT & PRODUCT

The population of animals is increasing day by day however clinical facilities to these animals are lacking currently in Pakistan. This creates an opportunity for Veterinary Clinic to be set up. The domestic pet population in urban areas of Pakistan has increased significantly during the couple past decades and this provided a prospect market for Veterinary Clinics to be established.

This particular project is for establishing **Veterinary Clinic** as large number of animals die due to infectious ailments annually, causing economic losses to the farmers. The clinic can be established on purchased or rented premises having a covered area of around 3,502 sq. ft. It will provide veterinary health care services and feed/nutrition consultancy for livestock. The services will be extended not only to the farmers bringing in their animals to the clinic, but field visits will also be carried out to provide on-site diagnosis and medication.

Since, an early diagnosis usually leads to accurate and successful treatment of the diseased animal, clinic's diagnostic laboratory will be established to render necessary tests. The project shall have a fully equipped surgical suite and well-trained staff to perform surgeries. A fully equipped pharmacy will also be operated by a licensed veterinary compounder. The project will employ 11 individuals including the owner manager for providing standardized animal healthcare and support services.

The main assumption underlying this pre-feasibility is that the project is a full service facility with veterinarians and staff on duty 24 hours a day, 7 days a week to provide the highest standard of quality, dependable animal health care, and compassion in veterinary care for the patients and welcoming, informative, and supportive service for the clients, while maintaining a superior working environment for the employees.

The project will provide the following facilities to the livestock and poultry farmers, carriage animal owners and pet owners.

- Health Check/Care
- Vaccination
- Treatment
- Minor and major surgeries
- Feed/Nutrition Consultancy

##### 4.1 Installed And Operational Capacities

There is no installed capacity since the proposed business is a service based venture. Based on 300 operational days per year, the clinic would have the capacity to manage 17,885 cases per year. The project will handle around 7,585 cases by operating at 42% of capacity utilization in first year.

## 5. CRITICAL FACTORS

This sector is highly un-organized as non qualified and non-registered people are also providing veterinary services and serving a large portion of market. The key success factors of this project is choice of location and servicing the maximum area and capture the market through better quality and standard veterinary services at affordable rates at initial stage of the project. Some of the critical success factors are highlighted below.

- Background knowledge, experience and technical qualification of the entrepreneur.
- Appropriate project location with catchment area having sizeable livestock population.
- Hiring of qualified and experienced staff to meet client requirements.
- Retention of staff through incentives to ensure smooth and regular services.
- Coverage of maximum area of operation and capturing the market through field visits and quality of service.
- Competition with non-qualified vets through competitive fee structure and standardized services.
- Establishing a sophisticated veterinary diseases diagnosis laboratory and fully equipped surgical suits for proper diagnosis and treatment.
- Establishing a fully equipped pharmacy run by a qualified veterinary pharmacist that offers veterinary medicines, feeds and ancillary products.
- Offering some basic veterinary services at door-step through mobile units.
- Free advisory services through a responsive website, e-mail and 24 hours help-line may be offered.

Returns on the project and its profitability are highly dependent on the availability and efficiency of qualified veterinary doctors and trained staff, provision of accurate and quality service on time and ability to handle emergency cases by accurate diagnosis and successful treatment. In case veterinary clinic project is not very efficient, it will not be able to cover the potential market. Hence, cost of operating the business will increase.

## 6. GEOGRAPHICAL POTENTIAL FOR INVESTMENT

The proposed location should be near an area where population of animals is significant. Thus location for the veterinary clinic is suggested to be at Sahiwal, Pakpattan, Okara, Sargodha, Sheikhpura, Faisalabad, Jhang, Sialkot, Peshawar, Charsadda, D.I. Khan, Sukkur, Hyderabad, Karachi, Dadu, Lasbela, Qilla Saifullah and other similar cities/areas.

## 7. POTENTIAL TARGET CUSTOMERS / MARKETS

The livestock farmers, poultry farms, dairy farms, domestic and pet owners are primary target market for the project. The services will be provided both at clinic and at door-step.

## 8. PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of 'Veterinary Clinic' project 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.

### 8.1 Project Economics

All the figures in this financial model have been calculated for estimated sales of Rs. 7.57 million in the first year. The capacity utilization during year one is worked out at 42% with 5% increase in subsequent years up to the maximum capacity utilization of 100%.

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

**Table 1: Project Economics**

Description	Details
Internal Rate of Return (IRR)	27%
Payback Period (yrs.)	4.77
Net Present Value (Rs.)	5,945,740

### 8.2 Project Financing

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

**Table 2: Project Financing**

Description	Details
Total Equity (50%)	Rs. 5,470,667
Bank Loan (50%)	Rs. 5,470,667
Markup to the Borrower (%age / annum)	14 %
Tenure of the Loan (Years)	5

### 8.3 Project Cost

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

**Table 3: Project Cost**

Description	Amount Rs.
<b>Capital Cost</b>	
Land	3,000,000
Building & Infrastructure	4,474,500
Machinery & Equipment	735,000
Furniture & Fixture	485,500
Clinic's Vehicles	1,075,000
Office Equipment	149,000
Pre-operating Cost	283,438
Training Costs	50,000
<b>Total Capital Cost</b>	<b>10,252,438</b>
<b>Working Capital</b>	
Raw Material Inventory	126,187
Spare parts inventory	8,958
Up-front Insurance payment	53,750
Cash	500,000
<b>Total Working Capital</b>	<b>688,895</b>
<b>Total Project Cost</b>	<b>10,941,333</b>

### 8.4 Land & Building Requirement

The space requirement for the proposed Veterinary Clinic is 1 Kanal land out of which 3,502 SF is covered area while 2,000 SF will be open space. Covered area contains various facilities including management office, Operation Theater, pharmacy, laboratory, doctor's office and open space, etc. Details of space requirement and cost related to land & building is given below;

**Table 4: Land Requirement**

Description	Land Required (Kanals)	Rate / Kanal	Total Cost
		Rs.	Rs.
Land	1.0	3,000,000	3,000,000

**Table 5: Building and Civil Work Requirement**

Building & Civil Works	Space Required (Sq. ft)	Construction Cost / Sq. Ft.	Total Cost
		Rupees	Rupees
Animal Sheds	1,000	450	450,000
Operation Theater	500	1,500	750,000
Management Office	400	1,750	700,000
Pharmacy	120	1,200	144,000
Doctors Office	360	1,750	630,000
Veterinary Assistants' Room	120	1,750	210,000
Laboratory	350	1,750	612,500
Kitchen	80	1,500	120,000
Wash Rooms	72	1,500	108,000
Waiting Room/Reception	500	1,500	750,000
Open area	2000	-	-
<b>Total Infrastructure Cost</b>	<b>5,502</b>		<b>4,474,500</b>

## 8.5 Machinery & Equipment Requirement

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

**Table 6: Machinery & Equipment**

Items	No. of Items	Unit cost	Total
		Rupees	Rupees
Surgical Kit	1	20,000	20,000
Dystocia Kit	2	15,000	30,000
Refrigerator	1	35,000	35,000
<b>Lab Equipments</b>			
- Micro Scope (Binocular)	1	60,000	60,000
- Blood Analyzer	1	450,000	450,000
- Centrifugal Machine	1	50,000	50,000
- Autoclave Machine	1	40,000	40,000
Other Lab equipments	1	50,000	50,000
<b>Total</b>			<b>735,000</b>

## 8.6 Furniture & Fixtures Requirement

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

**Table 7: Furniture & Fixture**

Items	No. of Items	Cost	Total
		Rupees	Rupees
Doctors' Room Tables	2	20,000	40,000
Veterinary Assistants' Room Tables	2	10,000	20,000
Pharmacy Table	1	10,000	10,000
Laboratory Table	1	12,000	12,000
Operation Theatre - Steel Table	2	20,000	40,000
Computer Tables	2	10,000	20,000
Management Room Table	2	12,000	24,000
Reception Table	1	7,500	7,500
Doctors' Room Chairs	2	5,000	10,000
Veterinary Assistants' Room Chairs	2	3,000	6,000
Pharmacy Chair	1	2,500	2,500
Laboratory Chairs	2	2,500	5,000
Computer Chairs	2	2,500	5,000
Management Room Chairs	1	3,500	3,500
Visitors' Chairs	10	2,500	25,000
Pharmacy Cabins			30,000
<b>Total</b>			<b>260,500</b>

## 8.7 Office Equipment Requirement

Following office equipment will be required for Veterinary Clinic;

**Table 8: Office Equipment**

Items	No. of Items	Unit Cost	Total
		Rupees	Rupees
Computers	2	45,000	90,000
Printer	1	15,000	15,000
Fax Machine	1	10,000	10,000
Mobile Phone Sets	6	4,000	24,000
Telephone Sets	5	2,000	10,000
<b>Total</b>			<b>149,000</b>

## 8.8 Fittings & Installations

Given below are the details of Fittings & Installation:

**Table 9: Fittings & Installations**

Items	No. of Items	Unit cost	Total
		Rupees	Rupees
Air Conditioners	1	55,000	55,000
UPS - 7KVA	1	70,000	70,000
Electric Installations	Lump sum		50,000
Water Pump ( 2.0 H.P ) including boring 150	1	50,000	50,000
<b>Total</b>			<b>225,000</b>

## 8.9 Human Resource Requirement

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

**Table 10: Human Resource Requirement**

Description	Number of Employees	Monthly Salary (Rs.)	Annual Salary (Rs.)
Admin. & Accounts Officer	1	20,000	240,000
Veterinary Doctors	2	30,000	720,000
Pharmacy Technician	1	18,000	216,000
Veterinary Assistants	2	16,000	384,000
AI Technicians	2	16,000	384,000
Receptionist / Operator	1	15,000	180,000
Security Guard / Gate Keepers	2	15,000	360,000
Office Boy	1	15,000	180,000
<b>Total Administrative Salaries</b>	<b>12</b>		<b>2,664,000</b>

## 8.10 Vehicles Requirement

Following vehicles would be required at the clinic to cater outdoor services:

**Table 11: Vehicles Requirements**

Items		Cost	Total
		Rupees	Rupees
Suzuki Ravi	1	750,000	750,000
Motorcycles	5	65,000	325,000
<b>Total</b>			<b>1,075,000</b>

### 8.11 Utilities and other costs

An essential cost to be borne by the veterinary clinic is the fuel cost incurred by staff during their outdoor visits to deliver the services at door-step. Travelling expenses has been assumed at 2% of administration expense per annum. Communication during field visits is necessary to keep the staff informed about the cases. The electricity expenses are estimated to be about 10,000 per month. Communication charges are estimated to be Rs. 10,000 per month.

The other office expenses related to stationery, entertainment and janitorial services are expected to be Rs. 12,000 per month. It is estimated that marketing would be done to promote the services of veterinary clinic through local media resources such as newspapers and cable networks. These promotional expenses are expected to be Rs. 202,000 during the first year .

### 8.12 Revenue Generation

Based on the capacity utilization of 42% for various services, sales revenue during the first year of operations is estimated as under;

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

	Description	Expected Cases/year	Fees Per Animal (Rs.)	Total Revenue (Rs.)
<b>Large animals (Cattle, Buffaloes, Camels, Horses etc.)</b>				
1	Soft Tissue Surgery Minor	150	300	45,000
2	Soft Tissue Surgery Major	60	1,500	90,000
3	Hard Tissue Surgery Orthopedic	25	2,500	62,500
4	Out-door animals	1,500	500	750,000
5	Artificial Insemination	1,000	500	500,000
6	Castration	200	300	60,000
7	Parturition Cases	500	5,000	2,500,000
	<b>Sub-Total</b>	<b>3,435</b>		<b>4,007,500</b>
<b>Small animals (Goats, Sheep, Pets etc.)</b>				
1	Soft Tissue Surgery Minor	200	300	60,000
2	Soft Tissue Surgery Major	120	500	60,000
3	Hard Tissue Surgery Orthopedic	30	1,000	30,000
4	Out-door animal	2,500	500	1,250,000
5	Indoor patients – Admission	300	200	60,000
6	Castration	1,000	200	200,000
	<b>Sub-Total</b>	<b>4,150</b>		<b>1,660,000</b>

Income from Home Visits	1,642,500
Sales of Medicine and ancillary products	261,2017
<b>Total</b>	<b>7,571,207</b>

## 9. CONTACT DETAILS

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

### 9.1 Machinery Suppliers

Name of Supplier	Address	Phone
Toor Industries	Green Wood Street Sialkot	+92-52-4593369 +92-300-6126063
Emaan Surgicals	Main Chiniot Bazar, Faisalabad	+92-333-6653345
Universal Enterprises	431, Tariq Block, New Garden Town, Lahore	+92-42-35888801
Zaheer Surgical	7-Moon Plaza ground Floor Chiniot Bazar, Faisalabad	+92-41-2626386
Ghazi Brothers	Ghazi House, D-35, K.D.A Scheme No. 1, Miran Muhammad Shah Road, Karachi	+92-021-111250365
Naseem Traders International	12, Satellite Plaza, 6th Road, Rawalpindi,	+92-51-4421339
Star Laboratories (Pvt) Ltd.	23, K.M. Multan Road, Lahore	+92- 042-7511331
Bio- Labs	Plot # 145, Kahuta Industrial Triangle. Kahuta Road. Islamabad	+92-51 4491742-3

### 9.2 Medicine Suppliers

Name of Supplier	Address	Phone
A&K Pharmaceuticals	94-A, Punjab Small Industrial Estate, Sargodha Road, Faisalabad	+92-41-8869076
Sanna Laboratories	1019-B, Punjab Small Industrial Estate, Sargodha Road, Faisalabad, Pakistan.	+92-41 8586787
Mustafa Brothers	186-D, Peoples Colony No.1, Faisalabad	+92-41-8724059

### 9.3 Technical Experts / Consultants

Name of Expert / Organization	Address	Phone
Dr. Ahrar Ahmad Khan	Dean, Department of Clinical Medicine & Surgery, University of Agriculture, Faisalabad.	+92 (41) 9200161
Dr. Syed Ashar Mahfooz	Asstt. Professor, CMS Department, University of Agriculture, Faisalabad.	+92-300-7694760
Dr. Muhammad Saleem	Manager, Brooks Animal Hospital, University of Agriculture, Faisalabad.	+92-300-9652634
Dr. Imad Rasheed	Lecturer, CMS Department, University of Agriculture, Faisalabad.	+92-301-7161057
Dr. Khurram Ashfaq	Lecturer, CMS Department, University of Agriculture, Faisalabad.	+92-333-6522056

## 10. 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 Livestock & Dairy Development Board	<a href="http://www.plddb.pk">www.plddb.pk</a>
Livestock & Dairy Development Department, Government of Punjab.	<a href="http://www.livestockpunjab.gov.pk">www.livestockpunjab.gov.pk</a>
Pakistan Veterinary Medical Council (PVMC)	<a href="http://www.pvmc.org.pk">www.pvmc.org.pk</a>
University of Veterinary and Animal Sciences(UVAS)	<a href="http://www.uvas.edu.pk">www.uvas.edu.pk</a>
University of Agriculture, Faisalabad	<a href="http://www.uaf.edu.pk">www.uaf.edu.pk</a>
Veterinary Hub	<a href="http://www.veterinaryhub.com">www.veterinaryhub.com</a>
Al-Haiwan	<a href="http://www.alhaiwangroup.com">www.alhaiwangroup.com</a>

## 11. ANNEXURES

### 11.1 Income Statement

Income Statement										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	7,571,207	8,566,119	9,706,311	11,013,855	12,514,221	14,236,806	16,215,535	18,489,568	21,104,108	24,111,334
<i>Cost of sales</i>										
Purchase of medicines for use and sale	1,514,241	1,713,224	1,941,262	2,202,771	2,502,844	2,847,361	3,243,107	3,697,914	4,220,822	4,822,267
Direct labor	1,440,000	1,580,200	1,734,051	1,902,881	2,088,148	2,291,453	2,514,552	2,759,372	3,028,029	3,322,842
Office vehicles running expense	613,200	674,520	741,972	816,169	897,786	987,565	1,086,321	1,194,953	1,314,449	1,445,894
Vehicle maintenance	107,500	112,875	118,519	124,445	130,667	137,200	144,060	151,263	158,826	166,768
Direct Electricity	120,000	132,000	145,200	159,720	175,692	193,261	212,587	233,846	257,231	282,954
Direct Water	24,000	26,400	29,040	31,944	35,138	38,652	42,517	46,769	51,446	56,591
Direct Gas	24,000	26,400	29,040	31,944	35,138	38,652	42,517	46,769	51,446	56,591
Total cost of sales	3,842,941	4,265,619	4,739,084	5,269,873	5,865,414	6,534,145	7,285,663	8,130,887	9,082,248	10,153,905
Gross Profit	3,728,265	4,300,499	4,967,227	5,743,981	6,648,807	7,702,661	8,929,872	10,358,681	12,021,859	13,957,429
<i>General administration &amp; selling expenses</i>										
Administrative Salaries expense	960,000	1,053,467	1,156,034	1,268,587	1,392,099	1,527,635	1,676,368	1,839,581	2,018,686	2,215,228
Travelling expense	19,200	21,069	23,121	25,372	27,842	30,553	33,527	36,792	40,374	44,305
Communications expense (phone, fax, mail, internet, etc.)	120,000	126,000	132,300	138,915	145,861	153,154	160,811	168,852	177,295	186,159
Office expenses (stationary, entertainment, janitorial services, etc.)	144,000	151,200	158,760	166,698	175,033	183,785	192,974	202,622	212,754	223,391
Promotional expense	202,000	161,600	129,280	103,424	82,739	66,191	52,953	42,362	33,890	27,112
Insurance expense	53,750	43,000	32,250	21,500	10,750	86,565	69,252	51,939	34,626	17,313
Professional fees (legal, audit, consultants, etc.)	56,784	64,246	72,797	82,604	93,857	106,776	121,617	138,672	158,281	180,835
Depreciation expense	610,442	610,442	610,442	618,270	618,270	749,530	758,593	758,593	758,593	769,084
Amortization of pre-operating costs	56,688	56,688	56,688	56,688	56,688	-	-	-	-	-
Amortization of legal, licensing, and training costs	10,000	10,000	10,000	10,000	10,000	-	-	-	-	-
Subtotal	2,232,863	2,297,711	2,381,671	2,492,058	2,613,138	2,904,189	3,066,095	3,239,414	3,434,497	3,663,427
Operating Income	1,495,402	2,002,788	2,585,555	3,251,923	4,035,669	4,798,473	5,863,777	7,119,268	8,587,362	10,294,002
Other income (interest on cash)	-	-	-	-	-	-	-	-	-	-
Gain / (loss) on sale of office equipment	-	-	89,400	-	-	148,192	-	-	193,900	-
Gain / (loss) on sale of office vehicles	-	-	-	-	430,000	-	-	-	-	-
Earnings Before Interest & Taxes	1,495,402	2,002,788	2,674,955	3,251,923	4,465,669	4,946,664	5,863,777	7,119,268	8,781,263	10,294,002
Interest expense on long term debt (Project Loan)	670,049	556,356	425,684	275,498	102,883	-	-	-	-	-
Interest expense on long term debt (Working Capital Loan)	28,624	-	-	-	-	-	-	-	-	-
Subtotal	698,672	556,356	425,684	275,498	102,883	-	-	-	-	-
Earnings Before Tax	796,730	1,446,432	2,249,271	2,976,425	4,362,787	4,946,664	5,863,777	7,119,268	8,781,263	10,294,002
Tax	42,009	139,465	297,354	466,606	831,336	1,006,499	1,281,633	1,714,243	2,295,941	2,825,400
<b>NET PROFIT/(LOSS) AFTER TAX</b>	<b>754,721</b>	<b>1,306,967</b>	<b>1,951,917</b>	<b>2,509,819</b>	<b>3,531,451</b>	<b>3,940,165</b>	<b>4,582,144</b>	<b>5,405,025</b>	<b>6,485,321</b>	<b>7,468,602</b>

## 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
<b>Assets</b>											
<i>Current assets</i>											
Cash & Bank	500,000	508,994	1,366,422	2,495,035	4,187,402	4,915,181	9,063,842	14,089,613	20,033,928	26,966,212	35,982,726
Accounts receivable		311,145	331,589	375,461	425,757	483,454	549,679	625,733	713,119	813,569	929,084
Equipment spare part inventory	8,958	9,877	10,889	12,005	13,236	14,592	16,088	17,737	19,555	21,559	-
Raw material inventory	126,187	149,907	178,353	212,499	253,519	302,836	362,173	433,611	519,673	623,410	-
Pre-paid insurance	53,750	43,000	32,250	21,500	10,750	86,565	69,252	51,939	34,626	17,313	-
<b>Total Current Assets</b>	<b>688,895</b>	<b>1,022,923</b>	<b>1,919,504</b>	<b>3,116,499</b>	<b>4,890,663</b>	<b>5,802,628</b>	<b>10,061,034</b>	<b>15,218,633</b>	<b>21,320,900</b>	<b>28,442,063</b>	<b>36,911,811</b>
<i>Fixed assets</i>											
Land	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Building/Infrastructure	4,474,500	4,250,775	4,027,050	3,803,325	3,579,600	3,355,875	3,132,150	2,908,425	2,684,700	2,460,975	2,237,250
Machinery & equipment	735,000	661,500	588,000	514,500	441,000	367,500	294,000	220,500	147,000	73,500	-
Furniture & fixtures	485,500	436,950	388,400	339,850	291,300	242,750	194,200	145,650	97,100	48,550	-
Office vehicles	1,075,000	860,000	645,000	430,000	215,000	1,731,298	1,385,039	1,038,779	692,519	346,260	-
Office equipment	149,000	99,333	49,667	172,486	114,991	57,495	199,674	133,116	66,558	231,148	154,099
<b>Total Fixed Assets</b>	<b>9,919,000</b>	<b>9,308,558</b>	<b>8,698,117</b>	<b>8,260,161</b>	<b>7,641,891</b>	<b>8,754,919</b>	<b>8,205,063</b>	<b>7,446,470</b>	<b>6,687,877</b>	<b>6,160,433</b>	<b>5,391,349</b>
<i>Intangible assets</i>											
Pre-operation costs	283,438	226,751	170,063	113,375	56,688	-	-	-	-	-	-
Legal, licensing, & training costs	50,000	40,000	30,000	20,000	10,000	-	-	-	-	-	-
<b>Total Intangible Assets</b>	<b>333,438</b>	<b>266,751</b>	<b>200,063</b>	<b>133,375</b>	<b>66,688</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>10,941,333</b>	<b>10,598,232</b>	<b>10,817,683</b>	<b>11,510,036</b>	<b>12,599,242</b>	<b>14,557,547</b>	<b>18,266,097</b>	<b>22,665,104</b>	<b>28,008,777</b>	<b>34,602,495</b>	<b>42,303,159</b>
<b>Liabilities &amp; Shareholders' Equity</b>											
<i>Current liabilities</i>											
Accounts payable		73,213	82,822	93,875	106,601	121,271	138,198	157,747	180,345	206,491	205,029
<b>Total Current Liabilities</b>	<b>-</b>	<b>73,213</b>	<b>82,822</b>	<b>93,875</b>	<b>106,601</b>	<b>121,271</b>	<b>138,198</b>	<b>157,747</b>	<b>180,345</b>	<b>206,491</b>	<b>205,029</b>
<i>Other liabilities</i>											
Deferred tax		(65,298)	(287,441)	(552,405)	(829,905)	(1,089,266)	(1,337,809)	(1,540,495)	(1,624,444)	(1,542,193)	(1,308,669)
Long term debt (Project Loan)	5,126,219	4,364,930	3,489,948	2,484,295	1,328,455	-	-	-	-	-	-
Long term debt (Working Capital Loan)	344,448	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Liabilities</b>	<b>5,470,667</b>	<b>4,299,632</b>	<b>3,202,507</b>	<b>1,931,889</b>	<b>498,550</b>	<b>(1,089,266)</b>	<b>(1,337,809)</b>	<b>(1,540,495)</b>	<b>(1,624,444)</b>	<b>(1,542,193)</b>	<b>(1,308,669)</b>
<i>Shareholders' equity</i>											
Paid-up capital	5,470,667	5,470,667	5,470,667	5,470,667	5,470,667	5,470,667	5,470,667	5,470,667	5,470,667	5,470,667	5,470,667
Retained earnings		754,721	2,061,688	4,013,605	6,523,424	10,054,875	13,995,040	18,577,185	23,982,209	30,467,531	37,936,133
<b>Total Equity</b>	<b>5,470,667</b>	<b>6,225,387</b>	<b>7,532,354</b>	<b>9,484,271</b>	<b>11,994,091</b>	<b>15,525,542</b>	<b>19,465,707</b>	<b>24,047,851</b>	<b>29,452,876</b>	<b>35,938,197</b>	<b>43,406,799</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>10,941,333</b>	<b>10,598,232</b>	<b>10,817,683</b>	<b>11,510,036</b>	<b>12,599,242</b>	<b>14,557,547</b>	<b>18,266,097</b>	<b>22,665,104</b>	<b>28,008,777</b>	<b>34,602,495</b>	<b>42,303,159</b>

### 11.3 Cash Flow Statement

<b>Cash Flow Statement</b>											
	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		754,721	1,306,967	1,951,917	2,509,819	3,531,451	3,940,165	4,582,144	5,405,025	6,485,321	7,468,602
Add: depreciation expense		610,442	610,442	610,442	618,270	618,270	749,530	758,593	758,593	758,593	769,084
amortization of pre-operating costs		56,688	56,688	56,688	56,688	56,688	-	-	-	-	-
amortization of training costs		10,000	10,000	10,000	10,000	10,000	-	-	-	-	-
Deferred income tax		(65,298)	(222,143)	(264,964)	(277,500)	(259,361)	(248,542)	(202,686)	(83,949)	82,251	233,524
Accounts receivable		(311,145)	(20,443)	(43,872)	(50,296)	(57,697)	(66,225)	(76,054)	(87,386)	(100,450)	(115,516)
Equipment inventory	(8,958)	(918)	(1,012)	(1,116)	(1,231)	(1,357)	(1,496)	(1,649)	(1,818)	(2,004)	21,559
Raw material inventory	(126,187)	(23,720)	(28,446)	(34,145)	(41,020)	(49,318)	(59,337)	(71,439)	(86,062)	(103,737)	623,410
Advance insurance premium	(53,750)	10,750	10,750	10,750	10,750	(75,815)	17,313	17,313	17,313	17,313	17,313
Accounts payable		73,213	9,609	11,052	12,727	14,670	16,927	19,549	22,598	26,146	(1,462)
Other liabilities		-	-	-	-	-	-	-	-	-	-
Cash provided by operations	(188,895)	1,114,731	1,732,410	2,306,752	2,848,207	3,787,532	4,348,336	5,025,771	5,944,314	7,163,432	9,016,514
<i>Financing activities</i>											
Project Loan - principal repayment		(761,289)	(874,982)	(1,005,653)	(1,155,840)	(1,328,455)	-	-	-	-	-
Working Capital Loan - principal repayment		(344,448)	-	-	-	-	-	-	-	-	-
Additions to Project Loan	5,126,219	-	-	-	-	-	-	-	-	-	-
Additions to Working Capital Loan	344,448	-	-	-	-	-	-	-	-	-	-
Issuance of shares	5,470,667	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares		-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing activities	10,941,333	(1,105,737)	(874,982)	(1,005,653)	(1,155,840)	(1,328,455)	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(10,252,438)	-	-	(172,486)	-	(1,731,298)	(199,674)	-	-	(231,148)	-
Acquisitions											
Cash (used for) / provided by investing activities	(10,252,438)	-	-	(172,486)	-	(1,731,298)	(199,674)	-	-	(231,148)	-
<b>NET CASH</b>	<b>500,000</b>	<b>8,994</b>	<b>857,428</b>	<b>1,128,612</b>	<b>1,692,368</b>	<b>727,779</b>	<b>4,148,661</b>	<b>5,025,771</b>	<b>5,944,314</b>	<b>6,932,284</b>	<b>9,016,514</b>

## 12. KEY ASSUMPTIONS

### 12.1 Project Assumptions

Projected Life of The Project in Years	10
Sponsors' Equity	50%
Debt Financing	50%
General Inflation Rate	10%

### 12.2 Operating Assumptions

Total No. of Days in One Year	365
Total No. of Months in One Year	12
No of Working Days in One Year	300

### 12.3 Depreciation Rate Assumptions

Description	Rate	Details
Tools & Equipment	10%	of the Written Down Value
Fittings & Installations	10%	of the Written Down Value
Office Equipments	33%	of the Written Down Value
Furniture & Fixtures	10%	of the Written Down Value
Vehicles	20%	of the Written Down Value

### 12.4 Working Capital Turnover Assumptions

Stock of Medicines	30	days of medicines consumption
Accounts Payables	15	days of total annual purchases
Accounts Receivables	15	days of total annual sales

### 12.5 Expenditure & Expenses Assumptions

Description	Rate	Details
Medicines consumed & kept for sale	15%	per annum
Inflation rate for salaries & wages	10%	of the cost
Vehicle repair & maintenance	5%	of administrative expenses
Traveling	2%	of Admin expense per annum

**12.6 Vehicle Running Expenses Assumptions**

Type	Quantity	Petrol Consumption (Km/Liter)	Rate Rs./Liter	Daily Travel-Km	Annual Tours	Total Cost
M. Cycle	5	50	72	100	365	262,800
Bolan	1	15	72	200	365	350,400
<b>Total</b>						<b>613,200</b>