



**Pre-feasibility Study**

# **RABBIT FARMING**

**March 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

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### Document Control

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## 2 EXECUTIVE SUMMARY

This particular pre-feasibility provides the basic information for setting up a 'Rabbit Farming' business in favorable rural or peri-urban areas of Pakistan. Rabbits are characterized with fast growth rate, high fecundity, high feed conversion efficiency, and early maturity. With good husbandry practices, a female rabbit can produce upto 35 kits per annum. The market for rabbit farm in Pakistan has been growing in recent years.

Green leafy vegetables, seasonal vegetable, spinach greens, carrots, Muller, cucumber, green grass and vegetable waste can easily be used as the food of rabbit. For the commercial purpose, concentrated feed can be used to feed the rabbits.

The proposed farm will start production with 200 breeding females and 50 breeding males. The overall farm size at this capacity would be around 3,050 rabbits including young male and female bunnies. The number of adult breeding females has been kept limited because very large herd would be difficult to manage. This capacity is estimated to be economically viable and justifies the capital as well as operational cost of the project. However, entrepreneur's knowledge of livestock farming, selection of good breed, maintain disease free stock and location of the farm are the key success factors.

The total project cost is estimated at Rs. 12.589 million out of which Rs. 11.272 million is capital cost and Rs. 1.318 million is working capital. Considering all the assumptions on which the pre-feasibility has been made, the project generates an IRR, Payback and Net Present Value are 35%, 3.12 years and Rs. 11.281 million respectively as an equity financed business. The project will provide employment opportunities to 4 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 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 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 “**Rabbit Farming**” Business by providing them with a general understanding of the business with the intention of supporting potential investors in crucial investment decisions.

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

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

## 5 BRIEF DESCRIPTION OF PROJECT & PRODUCT

Rabbits are small mammals and have been kept as livestock since ancient times for the meat, wool and hide purpose. Initially, rabbit farming was done as a hobby or for subsistence purposes. In modern times, it is now become a successful industry around the globe and changed from non-commercialized activity to commercial one.

Rabbit is preferred as a sustainable source of proteins in an era where climate change, population and changing meat consumption patterns are growing. Additionally, rising per capita income, growing urbanization, and unfolding globalization are boosting the demand for high-value commodities including meat. Due to these fast socio-economic changes in the recent past, a rapid shift has taken place in the dietary habits in favor of sustainable sources of protein such as rabbit meat.

To fulfill the food demand for growing population, there is a great opportunity of rabbit farming in Pakistan. Rabbit needs small place and less food for survival. Rabbit meat contains high ratio of protein, energy, calcium and vitamin than other

species of animal. But still a good potential exists for quality rabbit farm because now rabbits are using as meat purpose as well as pet animals. Financial analysis shows the venture shall be profitable from the very first year of operation. The legal status of the business is proposed to be sole proprietorship.

### 5.1 Breed Production Plan

The rabbit breeding farm suggested in this study is based on 200 adults female rabbits (Does). These rabbits will give birth to around 7 bunnies in each litter with a total of 1,400 bunnies per clutch, which will be raised at the farm. All the young bunnies will be sold to meat or pet markets after attaining the age of 4 months. The adult mortality rate is 2% while progeny mortality rate is 7%. In order to maintain this progeny cycle, 50 male adults will be required. The female rabbits will breed every alternate month and the maximum clutches to be kept at the farm will be 2. Therefore, the overall farm size would be 3,050 animals in an year, including 2,800 bunnies (1,400 per clutch), 200 adult female rabbits and 50 adult male rabbits for breeding.

The details of breed stock maintained and available for sale during the year at the farm is provide in the table below.

**Table 1: Annual Breed Production and Sale Plan**

Description	Factor	No. of Rabbits/Bunnies
Total Adult Female		200
Total Adult Males		50
Total Adults for Breeding		250
Bunnies per Litter per Doe		7
Total Bunnies per clutch		1,400
Adult Mortality	2%	
Bunnies Mortality	7%	
No. of Bunnies per Clutch (after mortality)		1,302
Number of Clutches per Year	5	
No. of Clutches of Saleable Age Year 1	4	
Batch Days	120	
Farm Capacity (Maximum No. of Clutches)	2	
Maximum No. of Bunnies in Farm		2,800

<b>Total Heads (Adults and Bunnies at farm)</b>		<b>3,050</b>
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## 6 CRITICAL FACTORS

Following are the factors critical for the success of this business venture;

- ⇒ Selection of an appropriate location within the vicinity of a rural area or peri urban area.
- ⇒ Background knowledge and related experience of the entrepreneur in rabbit farm operations. Selection of affordable and quality machinery & equipment i.e. exercise machines etc.
- ⇒ The farm supervisor should ensure timely feeding, watering, lighting, vaccination, medication, temperature / humidity control and culling of Rabbits as per best husbandry practices.
- ⇒ Awareness about the supply and demand of rabbits in the market both for meat and sale purpose.
- ⇒ Sanitation and disinfection program should be strictly followed and regularly monitored.
- ⇒ Feed should not be stored for a long time as it would lose its nutrition and there is a chance that feed would get fungal and can prove to be poisonous.
- ⇒ Higher return on investment and a steady growth of business is closely associated with regular training and capacity building of the entrepreneur and employees.

## 7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

The increasing population and high attraction of public towards using protein meat in food in major cosmopolitan cities like Karachi, Lahore, Islamabad, Peshawar, Quetta, Rawalpindi, Multan, Gujranwala, Sargodha etc., offers a very lucrative business opportunity for opening well planned rabbit farm. However, it is recommended that the farm should be centrally located in rural and peri-urban areas around the major cities with abundant water and availability of fodder with access to livestock markets and veterinary services.

## 8 POTENTIAL TARGET CUSTOMERS / MARKETS

Rabbit meat is a good source of protein and iron as compared to broiler or other meat. The proposed Rabbit Farm will mainly offer 4 months old bunny for meat and as a pet purpose. Sale of rabbits are mostly made through personal contacts on farm gate basis or supplies to bulk / retailers in urban areas. Major clients for meat

are Super Stores, Meat Markets, Restaurants and Hotels (including various 3 to 5 Star Hotel Chains) across the country.

## 9 PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of rabbit farming. Various costs 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 also attached as annexure.

### 9.1 Project Economics

All the figures in this financial model have been calculated for estimated sales of Rs. 6.244 million in the year one. The following table shows internal rate of return, payback period and net present value of the proposed venture.

**Table 2: Project Economics**

Description	Details
Internal Rate of Return (IRR)	35%
Payback Period (Yrs.)	3.12
Net Present Value (Rs.)	11,281,022

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	1,603,922	1,593,295	1,700,621	1,822,076	1,952,286	2,070,341	2,233,188	2,408,634	2,603,296	2,822,954
Break-Even Units	1,337	1,229	1,215	1,205	1,196	1,174	1,173	1,171	1,172	1,177
Margin of Safety	74%	81%	81%	81%	81%	82%	82%	82%	82%	82%

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



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

Description	Details
Internal Rate of Return (IRR)	36%
Payback Period (Yrs.)	3.04
Net Present Value (Rs.)	14,602,496

The financial assumptions for Debt:Equity are as follows:

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

Description	Details
Debt (50%)	6,294,569
Equity (50%)	6,294,569
Interest Rate on Debt	12%
Debt Tenure	5
Debt Payment / Year	2

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>	
Land	5,000,000
Building/Infrastructure	3,053,705
Machinery & equipment	2,281,400
Furniture & fixtures	184,400
Livestock (Rabbits)	625,000
Computer Equipment	35,000
Pre-operating costs	92,000

<b>Total Capital Cost</b>	<b>11,271,505</b>
<b>Working Capital</b>	
Cash	1,317,634
<b>Total Working Capital</b>	<b>1,317,634</b>
<b>Total Project Cost</b>	<b>12,589,139</b>

### 9.3 Building and Infrastructure Requirement

Approximately 1 acre of land would be required for the establishment of the proposed farm, it is recommended that required land should be centrally located within a rural or peri urban area. The cost of land is estimated at the rate of Rs. 5 million. The infrastructural requirements of the project mainly comprise the construction of a shed and open space for bunnies, store for storage of feed etc., and a management office etc. Open space requirement for each bunny is around 6.9 sq. ft. / bunny while shed for cage space requirement is 2.5 sq. ft. / rabbit. Details of space requirement and cost related to building is provided below. The cost of construction of building for the proposed unit is provided in the table below.

**Table 7: Building and Infrastructure Requirement**

Description	Estimated Area (Sq. ft)	Unit Cost (Rs.)	Total Cost (Rs.)
Shed for Rabbit cages	7,625	195.0	1,486,875
Open space for bunnies	19,292	2.5	48,230
Store for Raw Materials	144	500	72,000
Attendants Room	120	1,400	168,000
Office	253	1,400	354,200
Washroom	36	1,400	50,400
Misc. Open Area	8,530	-	-
Boundary Wall			874,000
<b>Total Construction Cost</b>			<b>3,053,705</b>
<b>Cost of Land</b>			<b>5,000,000</b>
<b>Total Cost</b>			<b>8,053,705</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.)
Cages	315	6,500	2,047,500
Breeding/Nest Box	200	450	90,000
Water Treatment/Purification Device	4	8,500	34,000
Fodder cutter	1	75,000	75,000
Motor Pump	1	12,700	12,700
Tubs for Water	2	1,800	3,600
Automatic Water Nipples	60	180	10,800
Balti (Small Water Drum)	2	800	1,600
Weight scale	1	4,200	4,200
Water Pipe	100	20	2,000
<b>Total</b>			<b>2,281,400</b>

## 9.5 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.)
Table & Chairs	2	12,000	24,000
Office Chairs	4	2,000	8,000
Plastic Chairs	4	1,500	6,000
Cupboard	2	12,000	24,000
Ceiling Fans	3	3,800	11,400
Exhaust Fans	5	2,200	11,000
LED Bulbs (18 Watts)	25	1,000	25,000
Air Conditioners (1 ton Split)	1	60,000	60,000
Water Tank Including Fitting	1	15,000	15,000
<b>Total</b>			<b>184,400</b>

## 9.6 Rabbits Requirement

In order to start the project, specific breed of rabbits both male and females will be purchased from market. Following livestock will be required for the project.

**Table 10: Rabbits Requirement**

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Adult Female Rabbits	200	2,500	500,000
Adult Male Rabbits for Breeding	50	2,500	125,000
<b>Total</b>	<b>250</b>		<b>625,000</b>

## 9.7 Computer Equipment Required

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

**Table 11: Computer Equipment**

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Computer	1	15,000	15,000
Computer printer (s)	1	20,000	20,000
<b>Total</b>			<b>35,000</b>

## 9.8 Animals Feed and Vaccination Requirement

For the proposed project it is recommended that the animal feed which consists of grains/concentrates and fodder will be procured from the local markets. Vaccinations for all the rabbits in the proposed farm will also be performed to keep the herd safe from various diseases. Fodder and vaccination cost for the first year of operations is recommended as under.

**Table 12: Fodder and Vaccination Costs**

Description	Animals on Farm	No. of Days	Cost Per Animal / Day (Rs.)	Total Cost (Rs.)
Cost of Grain & Concentrate (Adult)	250	365	2.0	182,500
Cost of Fodder (Adult)	250	365	0.30	27,375

Average Daily Cost of Vaccine / Medicine	250	365	0.25	22,813
Cost of Grains & Concentrate (Bunnies)	6,510	90	1.20	703,080
Cost of Fodder (Bunnies)	6,510	90	0.16	93,744
<b>Total</b>				<b>1,029,512</b>

### 9.9 Human Resource Requirement

In order to run operations of 'Rabbit Farming' smoothly, details of human resources required along with number of employees and monthly salary are recommended as under.

**Table 13: Human Resource Requirement**

Description	No. of Employees	Salary per Person (Rs.)
Owner / Manager	1	30,000
Farm Supervisor	1	22,000
Attendants for Rabbit Farm	2	20,000
<b>Total</b>	<b>4</b>	

### 9.10 Revenue Generation

Based on the capacity utilization of 100%, sales revenue during the first year of operations is provided in the table below.

**Table 14: Revenue Generation – Year 1**

Description	No. of Bunnies Bred	Progeny Mortality (No.)	Total No of Bunnies Retained	Total No of Bunnies Sold	Sale Price / Bunny (Rs.)	Sales Revenue (Rs.)
Sale of Bunnies	7000	490	5	5,203	1,200	6,243,600
<b>Total</b>						<b>6,243,600</b>

## 10 CONTACT DETAILS

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

**Table 15: Technical Service Providers**

Name of Supplier	Address	Phone
Xotic Bytes Pakistan	Marghazar Colony, Lahore, Pakistan	+92-332-4856869

## 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>
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>
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>
Livestock & Dairy Development Department, Government of Punjab.	<a href="http://www.livestockpunjab.gov.pk">www.livestockpunjab.gov.pk</a>
Punjab Agriculture and Meat Company	<a href="http://www.pamco.bz/">www.pamco.bz/</a>
University of Agriculture Faisalabad	<a href="http://www.uaf.edu.pk">www.uaf.edu.pk</a>
University of Veterinary & Animal Sciences, Lahore	<a href="http://www.uvas.edu.pk">www.uvas.edu.pk</a>
Pakistan Agricultural Research Council	<a href="http://www.parc.gov.pk">www.parc.gov.pk</a>
Sindh Livestock Department	<a href="http://www.livestock.sindh.gov.pk">www.livestock.sindh.gov.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	6,243,600	8,430,480	9,104,918	9,833,312	10,619,977	11,469,575	12,387,141	13,378,112	14,448,361	15,604,230
<i>Cost of sales</i>										
Operation costs 1 (direct labor)	1,104,000	1,214,400	1,335,840	1,469,424	1,616,366	1,778,003	1,955,803	2,151,384	2,366,522	2,603,174
Feed and vaccine costs	1,029,512	1,132,463	1,245,709	1,370,280	1,507,308	1,658,039	1,823,842	2,006,227	2,206,849	2,427,534
Total cost of sales	2,133,512	2,346,863	2,581,549	2,839,704	3,123,674	3,436,042	3,779,646	4,157,610	4,573,371	5,030,709
Gross Profit	4,110,089	6,083,617	6,523,369	6,993,608	7,496,303	8,033,533	8,607,495	9,220,502	9,874,990	10,573,522
<i>General administration &amp; selling expenses</i>										
Electricity expense	126,396	139,036	152,939	168,233	185,056	203,562	223,918	246,310	270,941	298,035
Travelling expense	110,400	121,440	133,584	146,942	161,637	177,800	195,580	215,138	236,652	260,317
Communications expense (phone, fax, mail, internet, etc.)	88,320	97,152	106,867	117,554	129,309	142,240	156,464	172,111	189,322	208,254
Office expenses (stationary, entertainment, janitorial services, etc)	88,320	97,152	106,867	117,554	129,309	142,240	156,464	172,111	189,322	208,254
Professional fees (legal, audit, consultants, etc.)	124,872	168,610	182,098	196,666	212,400	229,391	247,743	267,562	288,967	312,085
Depreciation expense	410,815	410,815	410,815	412,986	412,636	412,636	415,149	414,743	414,743	417,652
Amortization of pre-operating costs	18,400	18,400	18,400	18,400	18,400	-	-	-	-	-
Miscellaneous expense 1	88,320	97,152	106,867	117,554	129,309	142,240	156,464	172,111	189,322	208,254
Subtotal	1,055,843	1,149,756	1,218,438	1,295,889	1,378,056	1,450,110	1,551,783	1,660,086	1,779,269	1,912,851
Operating Income	3,054,245	4,933,861	5,304,931	5,697,719	6,118,246	6,583,423	7,055,712	7,560,416	8,095,721	8,660,670
Other income (interest on cash)	57,294	119,519	190,901	255,227	314,280	368,207	418,547	466,776	512,728	557,644
Other income 2										
Gain / (loss) on livestock balance	1,562,400	174,992	188,991	204,111	220,440	238,075	257,121	277,690	299,906	323,898
Gain / (loss) on sale of computer equipment	-	-	8,750	-	-	18,879	-	-	30,605	24,433
Earnings Before Interest & Taxes	4,673,939	5,228,372	5,693,573	6,157,056	6,652,966	7,208,584	7,731,380	8,304,882	8,938,960	9,566,646
Tax	822,182	988,512	1,128,072	1,274,969	1,448,538	1,643,004	1,825,983	2,026,708	2,248,635	2,468,326
<b>NET PROFIT/(LOSS) AFTER TAX</b>	<b>3,851,757</b>	<b>4,239,861</b>	<b>4,565,501</b>	<b>4,882,087</b>	<b>5,204,428</b>	<b>5,565,580</b>	<b>5,905,397</b>	<b>6,278,174</b>	<b>6,690,324</b>	<b>7,098,320</b>



## 12.2 Balance Sheet

Calculations											SMEDA
Balance Sheet											
Assets	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<i>Current assets</i>											
Cash & Bank	1,317,634	3,265,855	6,295,685	8,976,391	11,441,733	13,700,656	15,755,897	17,727,845	19,614,255	21,404,003	23,207,519
Total Current Assets	1,317,634	3,265,855	6,295,685	8,976,391	11,441,733	13,700,656	15,755,897	17,727,845	19,614,255	21,404,003	23,207,519
<i>Fixed assets</i>											
Land	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Building/Infrastructure	3,053,705	2,901,020	2,748,335	2,595,649	2,442,964	2,290,279	2,137,594	1,984,908	1,832,223	1,679,538	1,526,853
Machinery & equipment	2,281,400	2,053,260	1,825,120	1,596,980	1,368,840	1,140,700	912,560	684,420	456,280	228,140	-
Furniture & fixtures	184,400	165,960	147,520	129,080	110,640	92,200	73,760	55,320	36,880	18,440	-
Computer equipment	35,000	23,450	11,900	40,867	27,146	13,776	47,309	31,425	15,947	54,766	36,379
Livestock Balance	625,000	2,187,400	2,362,392	2,551,383	2,755,494	2,975,934	3,214,008	3,471,129	3,748,819	4,048,725	4,372,623
Total Fixed Assets	11,179,505	12,331,090	12,095,267	11,913,959	11,705,084	11,512,888	11,385,230	11,227,202	11,090,149	11,029,608	10,935,854
<i>Intangible assets</i>											
Pre-operation costs	92,000	73,600	55,200	36,800	18,400	-	-	-	-	-	-
Total Intangible Assets	92,000	73,600	55,200	36,800	18,400	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>12,589,139</b>	<b>15,670,545</b>	<b>18,446,152</b>	<b>20,927,150</b>	<b>23,165,217</b>	<b>25,213,544</b>	<b>27,141,127</b>	<b>28,955,047</b>	<b>30,704,405</b>	<b>32,433,611</b>	<b>34,143,372</b>
<b>Liabilities &amp; Shareholders' Equity</b>											
<i>Shareholders' equity</i>											
Paid-up capital	12,589,139	12,589,139	12,589,139	12,589,139	12,589,139	12,589,139	12,589,139	12,589,139	12,589,139	12,589,139	12,589,139
Retained earnings		3,081,406	5,857,013	8,338,012	10,576,079	12,624,405	14,551,988	16,365,908	18,115,266	19,844,472	21,554,234
Total Equity	12,589,139	15,670,545	18,446,152	20,927,150	23,165,217	25,213,544	27,141,127	28,955,047	30,704,405	32,433,611	34,143,372
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>12,589,139</b>	<b>15,670,545</b>	<b>18,446,152</b>	<b>20,927,150</b>	<b>23,165,217</b>	<b>25,213,544</b>	<b>27,141,127</b>	<b>28,955,047</b>	<b>30,704,405</b>	<b>32,433,611</b>	<b>34,143,372</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		3,851,757	4,239,861	4,565,501	4,882,087	5,204,428	5,565,580	5,905,397	6,278,174	6,690,324	7,098,320
Add: depreciation expense		410,815	410,815	410,815	412,986	412,636	412,636	415,149	414,743	414,743	417,652
amortization of pre-operating costs		18,400	18,400	18,400	18,400	18,400	-	-	-	-	-
Gain on livestock		(1,562,400)	(174,992)	(188,991)	(204,111)	(220,440)	(238,075)	(257,121)	(277,690)	(299,906)	(323,898)
Cash provided by operations	-	2,718,572	4,494,084	4,805,725	5,109,362	5,415,024	5,740,141	6,063,425	6,415,227	6,805,162	7,192,074
<i>Financing activities</i>											
Issuance of shares	12,589,139	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing activities	12,589,139	-	-	-	-	-	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(11,271,505)	-	-	(40,517)	-	-	(46,903)	-	-	(54,296)	-
Cash (used for) / provided by investing activities	(11,271,505)	-	-	(40,517)	-	-	(46,903)	-	-	(54,296)	-
NET CASH	1,317,634	2,718,572	4,494,084	4,765,208	5,109,362	5,415,024	5,693,238	6,063,425	6,415,227	6,750,865	7,192,074

## 13 KEY ASSUMPTIONS

### 13.1 Operating Cost Assumptions

Description	Details
Communication Expenses	8% of Direct Staff Salaries
Travelling Expense	10% of Direct Staff Salaries
Depreciation Method	Straight Line Depreciation
Depreciation Rate	5% on Building / Infrastructure 10% on Machinery & Equipment 33% on Office Equipment 10% on Furniture & Fixture
Electricity Price Growth Rate	10%
Salaries Growth Rate	10%

### 13.2 Production Cost Assumptions

Description	Details
Maximum Operational Capacity	3,050
Cost of Adult Female Rabbit	Rs. 2,500
Cost of Adult Male Rabbit	Rs. 2,500
Cost of Feed & Concentrate / Animal / Day (Adult) 365 days	Concentrate: Rs.2.0 / Day Fodder: Rs.0.3 / Day
Cost of Feed & Concentrate / Animal / Day (Young) 240 days	Concentrate: Rs.1.2 Fodder: Rs.0.16
Cost of Vaccine / Medicine / Animal/day	Rs.0.25
Expense Growth Rate	10%
Adult Mortality	2%
Progeny Mortality	7%
Progeny Per Litter Per Female	7

No. of Clutches Per Year	5
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### 13.3 Revenue Assumptions

Description	Details
Sale Price Growth Rate	8%
Capacity Utilization	100%
Sale Price 4 Months Old Bunnies	Rs. 1,200

# Small and Medium Enterprises Development Authority

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