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# Pre-Feasibility Study

## Semi Intensive Sheep Fattening Farm



### Small and Medium Enterprises Development Authority

#### Ministry of Industries & Production

#### Government of Pakistan

[www.smeda.org.pk](http://www.smeda.org.pk)

##### HEAD OFFICE

4th Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road,  
Lahore

Tel: (92 42) 111 111 456, Fax: (92 42) 36304926-7  
[helpdesk@smeda.org.pk](mailto:helpdesk@smeda.org.pk)

REGIONAL OFFICE PUNJAB	REGIONAL OFFICE SINDH	REGIONAL OFFICE KPK	REGIONAL OFFICE BALOCHISTAN
3 <sup>rd</sup> Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road Lahore, Tel: (042) 111-111-456 Fax: (042) 36304926-7 <a href="mailto:helpdesk.punjab@smeda.org.pk">helpdesk.punjab@smeda.org.pk</a>	5 <sup>TH</sup> Floor, Bahria Complex II, M.T. Khan Road, Karachi. Tel: (021) 111-111-456 Fax: (021) 5610572 <a href="mailto:helpdesk-khi@smeda.org.pk">helpdesk-khi@smeda.org.pk</a>	Ground Floor State Life Building The Mall, Peshawar. Tel: (091) 9213046-47 Fax: (091) 286908 <a href="mailto:helpdesk-pew@smeda.org.pk">helpdesk-pew@smeda.org.pk</a>	Bungalow No. 15-A Chaman Housing Scheme Airport Road, Quetta. Tel: (081) 831623, 831702 Fax: (081) 831922 <a href="mailto:helpdesk-qta@smeda.org.pk">helpdesk-qta@smeda.org.pk</a>

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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 has been taken to compile this document, the contained information may vary due to any change in any of the concerned factors, and the actual results may differ substantially from the presented information. SMEDA, its employees or agents do not assume any liability for any financial or other loss resulting from this memorandum in consequence of undertaking this activity. The contained information does not preclude any further professional advice. The prospective user of this memorandum is encouraged to carry out additional diligence and gather any information which is necessary for making an informed decision, including taking professional advice from a qualified consultant/technical expert before taking any decision to act upon the information.

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### ***Document Control***

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## 2 EXECUTIVE SUMMARY

**Semi Intensive Sheep Fattening Farm** is proposed to be located at Quetta, Loralai, Mach, Sibi, Harnai, Duki, Qilla Abdullah, Pishin, Karak, Dera Ismail Khan, Kohat, Attock, Hub, Lahore, Faisalabad, Multan, Gujranwala, Rawalpindi, others

Products include **Semi Intensive Sheep Fattening Farm**

Capacity; Installed capacity **540 Sheep** and initial utilization **432 Sheep, 80%**

Total Cost Estimates is **Rs. 4,733,778** with fixed investment **Rs. 2,967,620** and working capital **Rs. 1,766,157**.

Given the cost assumptions IRR and payback are **38 %** and **3.75 years** respectively

The most critical considerations or factors for success of the project are:

- Most significant consideration
  - Large quantity of livestock production in the country.
  - Availability of large quantities of varieties mix.
  - Availability of hard working & low-cost labor.
  - Increasing inland trends towards use of organic food.
  - Large and established world markets.
  - Improved technological changes available.
- Equally important factor
  - Emphasizing on excellent services to its customers such as standardized products and timely order fulfillment.
  - New machinery should be purchased in order to increase the efficiency and lower the maintenance cost.
  - Refurbished standardized machinery is also recommended.
  - Adapt to the rapid, social, economic and technological changes.
  - Hiring of well-trained / experienced staff will add in the efficiency of the facility.

### **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 **Semi Intensive Sheep Fattening Farm** 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 it's 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

This project envisages production of Semi Intensive Sheep Fattening which is having a very bright prospect in Household use, Restaurants & Hotels and Export Market.

The project is related to setting up Semi Intensive sheep fattening farm in which, young sheep preferably males are raised on organic nutritionally balanced feed or Total Mixed Ration (TMR) & Grazing to get the targeted weight gain of greater value. These sheep are grown in groups and each batch stays on farm for a period of 120 days. The expected live body weight gain will be about 150 grams/day. Higher yields are achievable with better farm management and better quality breeds such as Bibrik, Kajli or Kajla, Kooka, Waziri, Afghan Arabi, Balkhi, Damani, Shinwari, Lohi, Silpi, Balochi, Harnai and Cholistani for meat production.

Sheep are raised in rural and semi-urban areas where there is abundance of fresh water, fodder and natural vegetation. The fattened sheep are sold primarily in livestock markets (mandies).

During 2017-18, livestock contributed 58.9 percent to the agriculture value added and 11.1 percent to the overall GDP compared to 58.9 percent and 11.3 percent during the corresponding period last year, respectively. Gross value addition of livestock at constant cost factor of 2005-06 has increased from Rs. 1,327 billion (2016-17) to Rs. 1,377 billion (2017-18), showing an increase of 3.8 percent over the same period last year.

Until recently the expansion of livestock food production was dependent on increased numbers of animals rather than higher carcass weight per animal. As a result of the higher demand, the livestock producers have to shift their focus to increase the use of new recourses rather than depending on the old production system of pastures. With the new production techniques including supplementary feeding and use of improved genetic material, the livestock farming can become a cost effective enterprise. Livestock producers can adopt non-conventional feed preparation and feeding techniques like treatment of wheat/ rice straws and other crop residues with urea or ammonia, molasses blocks, silage making, concentrate mixtures with low cost formulae and semi intensive farming etc. The country can thus also be benefited with increased productivity of animal protein.

Establishment of the sheep fattening farms at small level in Balochistan will create opportunities of livelihood for small farmers and unemployed rural inhabitants. The farm will serve the purpose of fattening of sheep. The project can be established in parts of the country where sheep farming is already taking place. Livestock

producers can obtain three to four flocks in one year depending upon their production and management techniques. The animals can be marketed in the local Piri as well as sold directly to the meat shops.

For this prefeasibility it is suggested that the farmers use open range grazing as well as give supplementary feed to the animals, animals should obtain at least half of the energy requirement from grazing which is very low cost and suited for local species of sheep. Supplementary feeding on the other hand will help in fattening of animals. Similarly storage and conservation of forage and use of high protein feed concentrates will overall improve forage quality and give better results.

Estimated Livestock Population			
Species	2015-16	2016-17	2017-18
Sheep	29.8	30.1	30.5

Estimated Meat Production			
Meat	2015-16	2016-17	2017-18
Mutton	686,000	701,000	717,000

This pre-feasibility study is about sheep fattening farm based on 30 animals per 120 days, to be set up for meat production;

Following key parameters must be addressed as per pre-feasibility study under preparation

- **Technology:** This proposed unit with machines including Chopper, Water Pump, Mangers, Tubs, Hand Cart, Weight Scale, etc.
- **Location:** The unit would be located in or near an area where the lambs are available easily like be located at Quetta, Loralai, Mach, Sibi, Harnai, Qilla Abdullah, Pishin, Karak, Dear Ismail Khan, Kohat, Attock, Hub, Lahore, Faisalabad, Multan, Gujranwala, and Karachi or any other site where lambs can be transported easily.
- **Product:** The unit would produce Sheep for commercial and meat processing uses.
- **Target Market:** In addition to local markets in Karachi, Lahore, Rawalpindi, Quetta, Peshawar, and Islamabad an enormous export market for the Pakistani sheep meat exists in Middle East, India, Europe and China etc.

- **Employment Generation:** The proposed project will provide direct employment to 13 people. Financial analysis shows the unit shall be profitable from the very first year of operation.

### 5.1 Production Process:

Selection of good sheep breed, The prominent breeds for fattening are Kajli, Burchi, Lohi, Thalli, Silpi and Salt Range in Punjab; Dumbi, Kachhi and Kooka in Sindh; Balkhi, Damani and Kaghani in KPK and Balochi, Bibrik, Harnai and Rakhsani in Balochistan. The availability of young stock is not a problem as twin lambing and early maturity are common features of sheep.

Baluchi, Thalli, Kooka, Balkhi and Harnai are primarily meat type, small sized breed, kept for good meat production and conformation with 52-55% dressing percentage. After fattening, the fat to muscle composition is also acceptable. Sipli, Kajli and Lohi sheep are more desirable for Eid-ul-Azha as these have higher weights and more marbling with higher dressing percentage.

Selection of animals with excellent body score and conditions: initial live body weight should be around 15 kg at 6-8 months of age. Small and emaciated animals may also be accepted for fattening as research shows that these animals respond positively in terms of feed efficiency.

Housing: should be dry, comfortable and airy with proper and frequent removal of droppings, urine and waste material (droppings can be used as bio fertilizer for growing crops/ fodder). Farm should be established on scientific lines with adequate space allocation according to the number of sheep. It should be built east-west length wise to permit maximum day light and sun for natural disinfection.

A dipping bath pit of approximately 15-20 sq.ft is necessary for giving the dip of medicines mixed water to young stock for removing external parasites.

Feeding: Adequate weight gain can be achieved through use of balanced feed purchased from well reputed companies or it can be formulated accordingly. Animal should be fed TMR @ 3 % of live body weight. Additionally, salt blocks can help in better daily weight gains. Green fodder is offered at 5% of body weight (wet basis) to every animal.

Watering: Daily supply of clean drinking water in clean troughs i.e. 5 to 10 liters of water consumption/animal/day maintains the production capacity of the animal. Due to TMR and salt offered, animal tends to consume more water.



Disease management: Timely vaccination against infectious diseases and timely medication for endoparasitic infestations. Following is a tentative schedule for vaccination;

**Table 1: Tentative Vaccination Schedule**

Disease	Vaccine	Vaccination time	Duration of Immunity
Foot and Mouth Disease (FMD)	FMD Vaccine	Start of spring	4 months
Contagious Pustular Dermatitis (CPD)	CPD vaccine	April-October	4 months
Anthrax	Anthrax spore vaccine	March-April	One year
Sheep Pox	Sheep pox vaccine	March-September	4 months
Enterotoxaemia	Enterotoxaemia vaccine	January- July	Six months
Pleuro-pneumonia	Pleuropneumonia vaccine	October-November	4 months

Selection of good productive animals and regular culling of uneconomical animal.

Record keeping for each batch: The animals should be ear-tagged on arrival at the farm. The information to be recorded includes breed of animal, initial live weight, age, date of purchase etc. The records for regular weight gain, medication and deworming etc. are also important.

Regular technical assistance from the livestock professionals and experts.

## 5.2 Installed And Operational Capacities

The total installed capacity of the project is 540 Sheep in three batches (180 Sheep per Batch in 120 Days) along with assumed operational capacity of 80% during the first year of operations i.e. 432 Sheep. A gradual increase of 5% in production capacity per annum.

## 6 CRITICAL FACTORS

The effective use of resources by adopting following factors would lead towards maximization of profits.

- Improvement of individual animal performance through live weight gain.
- Improving the nutrition and feed supply through supplementation of feed and improvement of water supply.
- Improvement in livestock management practices taking care of Vaccination and Medicine etc.
- Establishment of the farms in areas where grazing is available.
- New feeding techniques including preparation of urea molasses blocks, wheat straw treatment should be used for better results.
- Availability of skilled labor.
- Higher return on investment and a steady growth of business is closely associated with regular training and capacity building of the entrepreneur and employees.
- Prior experience and related / education in the related field of business.

## 7 GEOGRAPHICAL POTENTIAL FOR INVESTMENT

It is suitable to establish the Fattening farm Quetta, Swat, Hub, Khuzdar, Loralai Bostan, Peshawar, Lahore and Karachi. However such a farm could be established in other parts of the country provided the main conditions are fulfilled such as Availability of lamb and man power availability, accessibility to markets, and reasonable demand for Sheep.

## 8 POTENTIAL TARGET CUSTOMERS / MARKETS

Apart from major cities, livestock markets in all the cities and peri-urban locations across the country are the primary markets in addition to specially arranged locations in larger cities during Eid festival in the urban markets. The price of fattened sheep varies according to health of animals and market conditions. Normally animals are sold on 'Live Body Weight' basis. In this feasibility, Rs. 12,375/ sheep, live body weight is assumed as selling price. Following are some of the target clients for sheep fattening farmers;

- Livestock traders
- Butchers

- Contractors
- Slaughter house owners

## 9 PROJECT COST SUMMARY

### 9.1 Project Economics

All the figures in this financial model have been calculated for estimated sales of Rs. 9,266,400 in the year one. The capacity utilization during year one is worked out at 80% with 5% increase in subsequent years up to the maximum capacity utilization of 95%.

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)	34%
Payback Period (yrs.)	4.22
Net Present Value (Rs.)	5,424,141

### 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. 2,366,889
Bank Loan (50%)	Rs. 2,366,889
Markup to the Borrower (%age / annum)	16%
Tenure of the Loan (Years)	5 Years

## 9.2 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	357,724
Building / Infrastructure	1,349,200
Plant and Machinery	431,000
Furniture & Fixture	68,000
Office Equipment	185,000
Pre-operating Cost	576,696
<b>Total Capital Cost</b>	<b>2,967,620</b>
<b>Working Capital</b>	
Equipment Spare Parts Inventory	8,333
Raw Material Inventory	1,507,824
Cash	250,000
<b>Total Working Capital</b>	<b>1,766,157</b>
<b>Total Project Cost</b>	<b>4,733,778</b>

## 9.3 Space Requirement

The space requirement for the proposed **Semi Intensive Sheep Fattening Farm** is estimated considering various facilities including management office, production hall, storage, open space, etc. Details of space requirement and cost related to land & building is given below;

**Table 4: Space Requirement**

Description	Estimated Area (Sqft)	Unit Cost (Rs.)	Total Cost (Rs.)
Management Office	400	1,450	580,000
Shed for Animals	3,600	80	288,000
Raw Material Shed	400	150	60,000

Attendants Room	261	1,200	313,200
Open	5,400	20	108,000
<b>Total</b>	<b>10,061</b>		<b>1,349,200</b>

#### 9.4 Machinery & Equipment Requirement

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

**Table 5: Machinery & Equipment**

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Chopper	1	25,000	25,000
Water pump	1	250,000	250,000
Mangers	15	4,000	60,000
Tubs	8	2,000	16,000
Hand Cart	2	7,500	15,000
Weight Machine	1	50,000	50,000
Misc	1	15,000	15,000
<b>Total</b>			<b>431,000</b>

#### 9.5 Furniture & Fixtures Requirement

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

**Table 6: Furniture & Fixture**

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Furniture	1	50,000	50,000
Carpeting	400	45	18,000
<b>Total</b>			<b>68,000</b>

#### 9.6 Office Equipment Requirement

Following office equipment will be required for **Semi Intensive Sheep Fattening Farm**;

Table 7: Office Equipment

Description	Quantity	Unit Cost (Rs.)	Total Cost (Rs.)
Desktop Computer with UPS	1	55,000	55,000
Printer	1	20,000	20,000
Telephone Sets	2	5,000	10,000
Fax Machine	1	20,000	20,000
Photo Copier	1	80,000	80,000
<b>Total</b>			<b>185,000</b>

### 9.7 Human Resource Requirement

In order to run operations of **Semi Intensive Sheep Fattening Farm** smoothly, details of human resources required along with number of employees and monthly salary are recommended as under;

Table 8: Human Resource Requirement

Description	No. of Employees	Monthly Salary per person (Rs.)
CEO	1	60,000
Farm Manager	1	35,000
Accountant	1	22,000
Marketing Manager	1	25,000
Shepherd	5	20,000
Peon	2	18,000
Security Guard	2	18,000
<b>Total</b>	<b>12</b>	<b>314,000</b>

### 9.8 Utilities and other costs

An essential cost to be borne by the project is the cost of electricity and gas. The electricity expenses are estimated to be around Rs. 186,873 / year. Furthermore, promotional expense being essential for marketing of **Semi Intensive Sheep Fattening Farm** is estimated as 1% of administrative / Cost of Sales expenses.

### 9.9 Revenue Generation

Based on the capacity utilization of 80% for Sheep Fattening Sales revenue during the first year of operations is estimated as under;

**Table 9: Revenue Generation – Year 1**

Description	No. of sheep Produced (No.)	Sale Price / Sheep (Rs.)	Sales Revenue (Rs.)
Sheep	432	21,450	9,266,400

## 10 CONTACT DETAILS

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

### 10.1 Feed Suppliers

Name of Supplier	Address	Phone	Fax	E-mail	Website
Hi-Tech Feeds (Pvt.) Ltd.	1-A, Shadman Chowk Jail Road, Lahore	042-37564503	042-37564508		
ICI Pakistan Feed	63-Mozang Road Lahore	042-36370042			
Big Feed (PVT) Ltd.	63-Mozang Road Lahore	042-36370042			

### 10.2 Meat Processors

Name of Processor	Address	Phone	Fax	E-mail	Website
Mr. Younas Qureshi	Red Cow Meat Products of Pakistan	042-35112603			
Punjab Agriculture and Meat Company	5/8 Shaheen Complex, Egerton Road Lahore	042-36370661			

### 10.3 Technical Experts / Consultants

Name of Expert/ Organization	Address	Phone	Fax	E-mail	Website
Prof. Dr. Muhammad Younas	University of Agriculture, Faisalabad,	041-9200161			
Dr. Abdul Rehman	Directorate of Small Ruminants	061-9210417			
Dr. M. Abdullah	University of Veterinary and Animal Sciences, Lahore	042-9211398			



## 11 USEFUL WEB LINKS

<b>Small &amp; Medium Enterprises Development Authority (SMEDA)</b>	<a href="http://www.smeda.org.pk">www.smeda.org.pk</a>
<b>Government of Pakistan</b>	<a href="http://www.pakistan.gov.pk">www.pakistan.gov.pk</a>
<b>Ministry of Industries &amp; Production</b>	<a href="http://www.moip.gov.pk">www.moip.gov.pk</a>
<b>Ministry of Education, Training &amp; Standards in Higher Education</b>	<a href="http://moptt.gov.pk">http://moptt.gov.pk</a>
<b>Government of Punjab</b>	<a href="http://www.punjab.gov.pk">www.punjab.gov.pk</a>
<b>Government of Sindh</b>	<a href="http://www.sindh.gov.pk">www.sindh.gov.pk</a>
<b>Government of Khyber Pakhtunkhwa</b>	<a href="http://www.khyberpakhtunkhwa.gov.pk">www.khyberpakhtunkhwa.gov.pk</a>
<b>Government of Balochistan</b>	<a href="http://www.balochistan.gov.pk">www.balochistan.gov.pk</a>
<b>Government of Gilgit Baltistan</b>	<a href="http://www.gilgitbaltistan.gov.pk">www.gilgitbaltistan.gov.pk</a>
<b>Government of Azad Jamu Kashmir</b>	<a href="http://www.ajk.gov.pk">www.ajk.gov.pk</a>
<b>Trade Development Authority of Pakistan (TDAP)</b>	<a href="http://www.tdap.gov.pk">www.tdap.gov.pk</a>
<b>Security Commission of Pakistan (SECP)</b>	<a href="http://www.secp.gov.pk">www.secp.gov.pk</a>
<b>Federation of Pakistan Chambers of Commerce and Industry (FPCCI)</b>	<a href="http://www.fpcci.com.pk">www.fpcci.com.pk</a>
<b>State Bank of Pakistan (SBP)</b>	<a href="http://www.sbp.org.pk">www.sbp.org.pk</a>
<b>Punjab Small Industries Corporation</b>	<a href="http://www.psic.gop.pk">www.psic.gop.pk</a>
<b>Sindh Small Industries Corporation</b>	<a href="http://www.ssic.gos.pk">www.ssic.gos.pk</a>
<b>Pakistan Horticulture Development and Export Company (PHDEC)</b>	<a href="http://www.phdec.org.pk">www.phdec.org.pk</a>
<b>Punjab Vocational Training Council (PVTC)</b>	<a href="http://www.pvtc.gop.pk">www.pvtc.gop.pk</a>
<b>Technical Education and Vocational Training Authority (TEVTA)</b>	<a href="http://www.tevta.org">www.tevta.org</a>
<b>Pakistan Readymade Garment Technical Training Institute</b>	<a href="http://www.prgmea.org/prgtti/">www.prgmea.org/prgtti/</a>
<b>Pakistan Council of Scientific and Industrial Research (PCSIR).</b>	<a href="http://www.pcsir.gov.pk">http://www.pcsir.gov.pk</a>
<b>Punjab Industrial Estates (PIE)</b>	<a href="http://www.pie.com.pk">www.pie.com.pk</a>
<b>Faisalabad Industrial Estate Development and Management Company (FIEDMC)</b>	<a href="http://www.fiedmc.com.pk">www.fiedmc.com.pk</a>

## 12 ANNEXURES

## 12.1 Income Statement

Statement Summaries										SMEDA
Income Statement										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Rs. in actuals Year 10
Revenue	9,266,400	10,830,105	12,613,887	14,646,124	16,110,737	17,721,810	19,493,992	21,443,391	23,587,730	25,946,503
Cost of Goods Sold										
Feed & Vaccination Cost	1,283,472	1,411,819	1,553,001	1,708,301	1,879,131	2,067,044	2,273,749	2,501,124	2,751,236	3,026,360
Cost of Sheeps	3,240,000	3,564,000	3,920,400	4,312,440	4,743,684	5,218,052	5,739,858	6,313,843	6,945,228	7,639,751
Direct Labor	1,200,000	1,320,000	1,452,000	798,600	878,460	966,306	1,062,937	1,169,230	1,286,153	1,414,769
Repair & Maintenance	25,000	27,891	31,008	34,367	36,085	37,890	39,784	41,773	43,862	46,055
Utilities	80,000	93,500	108,900	126,445	139,090	152,998	168,298	185,128	203,641	224,005
Total Cost of Sales	5,828,472	6,417,210	7,065,309	6,980,153	7,676,450	8,442,291	9,284,626	10,211,099	11,230,120	12,350,939
Gross Profit	3,437,928	4,412,895	5,548,578	7,665,971	8,434,287	9,279,520	10,209,366	11,232,292	12,357,610	13,595,564
<i>General administration &amp; selling expenses</i>										
Administration expense	2,521,440	2,773,584	3,050,942	2,714,441	2,985,886	3,284,474	3,612,922	3,974,214	4,371,635	4,808,799
Travelling & Comm. expense (phone, fax, etc.)	489,600	538,560	592,416	527,076	579,784	637,762	701,538	771,692	848,861	933,747
Office vehicles running expense	-	-	-	-	-	-	-	-	-	-
Office expenses (stationary, etc.)	61,200	67,320	74,052	65,885	72,473	79,720	87,692	96,461	106,108	116,718
Depreciation expense	203,320	203,320	203,320	203,320	203,320	203,320	203,320	203,320	203,320	203,320
Amortization expense	115,339	115,339	115,339	115,339	115,339	-	-	-	-	-
Property tax expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous expense	46,332	54,151	63,069	73,231	80,554	88,609	97,470	107,217	117,939	129,733
Subtotal	3,437,231	3,752,274	4,099,139	3,699,292	4,037,355	4,293,885	4,702,942	5,152,904	5,647,862	6,192,317
Operating Income	697	660,621	1,449,439	3,966,679	4,396,932	4,985,634	5,506,424	6,079,388	6,709,747	7,403,247
Other income	-	-	-	-	-	-	-	-	-	-
Gain / (loss) on sale of assets	-	-	-	-	-	-	-	-	-	-
Earnings Before Interest & Taxes	697	660,621	1,449,439	3,966,679	4,396,932	4,985,634	5,506,424	6,079,388	6,709,747	7,403,247
Interest expense	428,363	381,915	346,796	305,310	256,299	198,392	129,969	49,112	-	-
Earnings Before Tax	(427,667)	278,706	1,102,643	3,661,369	4,140,632	4,787,242	5,376,455	6,030,276	6,709,747	7,403,247
Tax	-	-	190,737	732,274	828,126	957,448	1,075,291	1,206,055	1,341,949	1,480,649
<b>NET PROFIT/(LOSS) AFTER TAX</b>	<b>(427,667)</b>	<b>278,706</b>	<b>911,907</b>	<b>2,929,095</b>	<b>3,312,506</b>	<b>3,829,793</b>	<b>4,301,164</b>	<b>4,824,221</b>	<b>5,367,798</b>	<b>5,922,598</b>
Balance brought forward		(427,667)	(148,960)	762,946	3,692,042	7,004,548	10,834,341	15,135,505	19,959,725	25,327,523
Total profit available for appropriation	(427,667)	(148,960)	762,946	3,692,042	7,004,548	10,834,341	15,135,505	19,959,725	25,327,523	31,250,121
Dividend	-	-	-	-	-	-	-	-	-	-
Balance carried forward	(427,667)	(148,960)	762,946	3,692,042	7,004,548	10,834,341	15,135,505	19,959,725	25,327,523	31,250,121

## 12.2 Balance Sheet

Statement Summaries											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
	Rs. in actuals										
<b>Assets</b>											
<i>Current assets</i>											
Cash & Bank	250,000	-	-	406,103	2,925,298	5,745,017	8,863,111	12,308,468	16,109,012	20,880,349	31,962,364
Accounts receivable	-	761,622	825,884	963,452	1,120,274	1,263,981	1,390,379	1,529,417	1,682,358	1,850,594	2,035,653
Finished goods inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment spare part inventory	8,333	9,762	11,395	13,261	14,621	16,119	17,771	19,593	21,601	23,816	-
Raw material inventory	1,507,824	1,741,537	2,011,475	2,323,254	2,683,358	3,099,278	3,579,666	4,134,515	4,775,364	5,515,546	-
<b>Total Current Assets</b>	<b>1,766,157</b>	<b>2,512,920</b>	<b>2,848,754</b>	<b>3,706,069</b>	<b>6,743,551</b>	<b>10,124,395</b>	<b>13,850,928</b>	<b>17,991,993</b>	<b>22,588,336</b>	<b>28,270,304</b>	<b>33,998,017</b>
<i>Fixed assets</i>											
Land	357,724	357,724	357,724	357,724	357,724	357,724	357,724	357,724	357,724	357,724	357,724
Building/Infrastructure	1,349,200	1,214,280	1,079,360	944,440	809,520	674,600	539,680	404,760	269,840	134,920	-
Machinery & equipment	431,000	387,900	344,800	301,700	258,600	215,500	172,400	129,300	86,200	43,100	-
Furniture & fixtures	68,000	61,200	54,400	47,600	40,800	34,000	27,200	20,400	13,600	6,800	-
Office vehicles	-	-	-	-	-	-	-	-	-	-	-
Office equipment	185,000	166,500	148,000	129,500	111,000	92,500	74,000	55,500	37,000	18,500	-
<b>Total Fixed Assets</b>	<b>2,390,924</b>	<b>2,187,604</b>	<b>1,984,284</b>	<b>1,780,964</b>	<b>1,577,644</b>	<b>1,374,324</b>	<b>1,171,004</b>	<b>967,684</b>	<b>764,364</b>	<b>561,044</b>	<b>357,724</b>
<i>Intangible assets</i>											
Pre-operation costs	576,696	461,357	346,018	230,678	115,339	-	-	-	-	-	-
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
<b>Total Intangible Assets</b>	<b>576,696</b>	<b>461,357</b>	<b>346,018</b>	<b>230,678</b>	<b>115,339</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>4,733,778</b>	<b>5,161,882</b>	<b>5,179,056</b>	<b>5,717,712</b>	<b>8,436,535</b>	<b>11,498,720</b>	<b>15,021,932</b>	<b>18,959,677</b>	<b>23,352,701</b>	<b>28,831,349</b>	<b>34,355,742</b>
<b>Liabilities &amp; Shareholders' Equity</b>											
<i>Current liabilities</i>											
Accounts payable	-	517,789	577,527	644,459	719,432	803,367	897,569	1,003,356	1,122,222	1,255,865	880,452
<b>Total Current Liabilities</b>	<b>-</b>	<b>855,770</b>	<b>788,707</b>	<b>644,459</b>	<b>719,432</b>	<b>803,367</b>	<b>897,569</b>	<b>1,003,356</b>	<b>1,122,222</b>	<b>1,255,865</b>	<b>880,452</b>
<i>Other liabilities</i>											
Long term debt	2,366,889	2,366,889	2,172,421	1,942,833	1,671,760	1,351,676	973,685	527,271	-	-	-
<b>Total Long Term Liabilities</b>	<b>2,366,889</b>	<b>2,366,889</b>	<b>2,172,421</b>	<b>1,943,417</b>	<b>1,658,172</b>	<b>1,323,916</b>	<b>923,133</b>	<b>453,927</b>	<b>(96,136)</b>	<b>(118,928)</b>	<b>(141,720)</b>
<i>Shareholders' equity</i>											
Paid-up capital	2,366,889	2,366,889	2,366,889	2,366,889	2,366,889	2,366,889	2,366,889	2,366,889	2,366,889	2,366,889	2,366,889
Retained earnings	-	(427,667)	(148,960)	762,946	3,692,042	7,004,548	10,834,341	15,135,505	19,959,725	25,327,523	31,250,121
<b>Total Equity</b>	<b>2,366,889</b>	<b>1,939,222</b>	<b>2,217,929</b>	<b>3,129,835</b>	<b>6,058,931</b>	<b>9,371,436</b>	<b>13,201,230</b>	<b>17,502,394</b>	<b>22,326,614</b>	<b>27,694,412</b>	<b>33,617,010</b>
<b>TOTAL CAPITAL AND LIABILITY</b>	<b>4,733,778</b>	<b>5,161,882</b>	<b>5,179,056</b>	<b>5,717,712</b>	<b>8,436,535</b>	<b>11,498,720</b>	<b>15,021,932</b>	<b>18,959,677</b>	<b>23,352,701</b>	<b>28,831,349</b>	<b>34,355,742</b>
<i>Note: Total assets value will differ from project cost due to first installment of leases paid at the start of year 0</i>											

## 12.3 Cash Flow Statement

SMEDA											
Rs. in actuals											
Statement Summaries											
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	-	(427,667)	278,706	911,907	2,929,095	3,312,506	3,829,793	4,301,164	4,824,221	5,367,798	5,922,598
Add: depreciation expense	-	203,320	203,320	203,320	203,320	203,320	203,320	203,320	203,320	203,320	203,320
amortization expense	-	115,339	115,339	115,339	115,339	115,339	-	-	-	-	-
Deferred income tax	-	-	-	584	(14,172)	(14,172)	(22,792)	(22,792)	(22,792)	(22,792)	(22,792)
Accounts receivable	-	(253,874)	(21,421)	(45,856)	(52,274)	(47,902)	(42,133)	(46,346)	(50,981)	(56,079)	(61,686)
Finished good inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment inventory	(8,333)	(1,428)	(1,634)	(1,866)	(1,359)	(1,499)	(1,652)	(1,822)	(2,008)	(2,214)	23,816
Raw material inventory	(1,507,824)	(233,713)	(269,938)	(311,779)	(360,104)	(415,920)	(480,388)	(554,848)	(640,850)	(740,181)	5,515,546
Accounts payable	-	683,482	78,854	88,351	98,963	110,794	124,347	139,639	156,904	176,408	(495,545)
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Cash provided by operations	(1,516,157)	85,459	383,227	960,000	2,918,808	3,262,467	3,610,495	4,018,315	4,467,814	4,926,259	11,085,256
<i>Financing activities</i>											
Change in long term debt	2,366,889	-	(194,468)	(229,587)	(271,073)	(320,084)	(377,991)	(446,414)	(527,271)	-	-
Issuance of shares	2,366,889	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares	-	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financ	4,733,778	-	(194,468)	(229,587)	(271,073)	(320,084)	(377,991)	(446,414)	(527,271)	-	-
<i>Investing activities</i>											
Capital expenditure	(2,967,620)	-	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-	-
Cash (used for) / provided by invest	(2,967,620)	-	-	-	-	-	-	-	-	-	-
<b>NET CASH</b>	<b>250,000</b>	<b>85,459</b>	<b>188,759</b>	<b>730,413</b>	<b>2,647,735</b>	<b>2,942,382</b>	<b>3,232,504</b>	<b>3,571,901</b>	<b>3,940,542</b>	<b>4,926,259</b>	<b>11,085,256</b>
Cash balance brought forward		250,000	335,459	524,218	1,254,631	3,902,366	6,844,748	10,077,253	13,649,153	17,589,696	22,515,955
Cash available for appropriation	250,000	335,459	524,218	1,254,631	3,902,366	6,844,748	10,077,253	13,649,153	17,589,696	22,515,955	33,601,211
Dividend	-	-	-	-	-	-	-	-	-	-	-
Cash carried forward	250,000	335,459	524,218	1,254,631	3,902,366	6,844,748	10,077,253	13,649,153	17,589,696	22,515,955	33,601,211

## 13 KEY ASSUMPTIONS

### 13.1 Operating Assumptions

Description	Details
Days operational per month	30
Days operational per year	360

### 13.2 Production Assumptions

Description	Details
Maximum Capacity Utilization	95%
Total Production of Sheep per Batch	180
Total Production of the unit per year (100%)	540

### 13.3 Economy Related Assumptions

Description	Details
Electricity price growth rate	10%
Wage growth rate	10%
Sales price growth rate	10%

### 13.4 Cash Flow Assumptions

Description	Details
Accounts Receivable cycle (in days)	30
Accounts payable cycle (in days)	30