

# Kamyab Jawan Youth Entrepreneurship Scheme

## Pre-Feasibility Study

### Calf Fattening Farm



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**Ministry of Industries & Production  
Government of Pakistan**

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**S M E D A**

## 1. DISCLAIMER

This information memorandum is to introduce the subject matter and provide a general idea and information on the subject. Although, the material included in this document is based on data / information gathered from various reliable sources; however, it is based upon certain assumptions which may differ from case to case. The information has been provided on 'as is where is' basis without any warranties or assertions as to the correctness or soundness thereof. Although, due care and diligence has been taken to compile this document, the contained information may vary due to any change in any of the concerned factors, and the actual results may differ substantially from the presented information. SMEDA, its employees or agents do not assume any liability for any financial or other loss resulting from this memorandum in consequence of undertaking this activity. The contained information does not preclude any further professional advice. The prospective user of this memorandum is encouraged to carry out additional diligence and gather any information which is necessary for making an informed decision; including taking professional advice from a qualified consultant / technical expert before taking any decision to act upon the information.

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## **2. PURPOSE OF THE DOCUMENT**

The objective of the pre-feasibility study is primarily to facilitate potential entrepreneurs in project identification for investment. The project pre-feasibility may form the basis of an important investment decision and in order to serve this objective, the document / study covers various aspects of project concept development, start-up, production, marketing, finance and business management.

The purpose of this document is to facilitate potential investors in calf 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 its successful management.

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

## **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 hallmark of SME facilitation by SMEDA.

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

## 4. INTRODUCTION TO SCHEME

Prime Minister's 'Kamyab Jawan – Youth Entrepreneurship Scheme', for young entrepreneurs between the age group of 21 - 45 years, is designed to provide subsidized financing through the National Bank of Pakistan, Bank of Punjab and Bank of Khyber under the guidance and supervision of the State Bank of Pakistan.

The loans will be disbursed to SME beneficiaries across Pakistan, covering; Punjab, Sindh, Khyber Pakhtunkhwa, Balochistan, Gilgit Baltistan and Azad Jammu & Kashmir. The Program aims to provide 25% of the loans to women entrepreneurs.

Loans provided through Kamyab Jawan Program are segregated in two tiers: Tier 1 loans fall in the range of Rs. 100,000 to Rs. 500,000, with Debt: Equity 90:10 and 6% markup to borrower, and, Tier 2 loans are from Rs. 500,000 to Rs. 5 Million, with Debt: Equity 80:20 and 8% markup to borrower. Both loans are for a period of upto 8 years with a grace period of 1 year.

Application forms are available both in branches and dedicated websites of National Bank of Pakistan, Bank of Punjab and Bank of Khyber.

## 5. EXECUTIVE SUMMARY

In calf fattening business, calves are raised on nutritionally balanced feed to get targeted weight gain in a specified time. These calves are grown in groups and each batch stays on farm for a period of 120 days. The expected live body weight gain ranges between 700 - 850 grams/day. Higher yields are achievable with better farm management and by selecting better quality breeds.

Calves are raised in rural and semi-urban areas and sold in urban markets normally in livestock markets (Mandies). A farm of 360 calves per annum in three batches (each batch having 120 calves) is suggested in this pre-feasibility study; Farm will start its production at 100% capacity from very first year of production.

Two batches would be sold in regular markets however; one batch would be fattened with special focus on Eid-UI-Azha market. An estimated investment of Rs 3.81 million is required, out of which capital investment is Rs. 0.51 million and working capital is Rs. 3.30 million. The Internal Rate of Return (IRR), Net Present Value (NPV) & payback period of the project are 32%, Rs. 6.44 million and 3.56 years respectively. The project is proposed to operate as a sole-proprietorship.

## **6. BRIEF DESCRIPTION OF PROJECT & PRODUCT**

Calf fattening venture suggested in this study is based on raising 360 calves per year at the farm premises. The calves, preferably males, between 9-12 months of age for two regular batches are fed on nutritionally balanced concentrate ration or Total Mixed Ration (TMR) as major source of energy and protein for a period of 120 days to get higher body weight gain. Similarly, calves preferably male, with no body deformity and deficiency, having body weight of around 100 kgs and age between 1.5-2 years would be fattened on TMR with special care and attention for sacrificial purpose on Eid-UI-Azha. Live weight of these calves is around 100 kg. If these calves are fed properly on formulated fattening feed, an additional weight up to 96-100 kg can be achieved. The daily weight gain varies between 700 to 850 grams depending on the quality of feed given to them. The subject business can be set-up at any appropriate location with easy availability of fodder and water. There is a year-round market, however, the demand increases before occasions like Eid-ul-Azha. On these occasions, well fed animals are sold at a premium price higher than usual weight based price. The proposed legal structure of the business entity is sole proprietorship.

## **7. CRITICAL FACTORS**

- Background knowledge and related experience of the entrepreneur in calf fattening farm operations.
- Application of good husbandry practices such as timely feeding, watering and vaccination to ensure animal's health and disease-free environment.
- Awareness about the supply and demand of calves in the market both for beef purpose and sacrificial purpose.
- Efficient marketing of the project and bulk supply to wholesalers.

## **8. INSTALLED AND OPERATIONAL CAPACITIES**

In this pre-feasibility study, 360 young calves of 9 to 12 months of age for two regular batches and 1.5-2 years of one Eid batch are raised per annum in 3 production batches; each having 120 calves, raised for 120 days on 'Feed Lot Fattening' system. The mortality is assumed to be 1% per annum. Since, project will operate at 100% of its installed capacity in first year of operations, hence 356 calves in 3 batches; each having 118 or 119 calves would be raised.

## **9. GEOGRAPHICAL POTENTIAL FOR INVESTMENT**

Metropolitan cities like Lahore, Multan, Bahawalpur, Faisalabad, Rawalpindi, Karachi, Hyderabad, Quetta, Ziarat, Peshawar, D.I. Khan etc. are major markets of meat. The rural and peri-urban areas around the major cities with abundant water and availability of fodder make a better choice for farming; provided access to livestock mandies and veterinary services is ensured.

## **10. POTENTIAL TARGET MARKET / CITIES**

Apart from Sialkot, Jhang, Rahim Yar Khan, Bahawalnagar, Bahawalpur, Sahiwal in the Punjab, livestock markets in peri-urban locations of all cities of other provinces such as Karachi, Hyderabad, Nawabshah, Larkana, Dadu, Qila saifullah, Panjgur, Pishin, Quetta, Bannu, Laki Marwat, Kohat, Peshawar are primary markets, in addition to specially arranged locations for larger cities during Eid festival in the urban markets. Normally animals are sold on 'Live Body Weight' basis; the price of fattened calves varies according to animals' health and market conditions. Following are some of the target clients for farmers;

- Livestock traders
- Butchers
- Contractors
- Slaughter house owners

## **11. CALF FATTENING PROCESS**

- Selection of animals based on breed and age: There is no beef breed developed in country. It is recommended that calves (preferably male) of local cattle breeds such as Sahiwal, Cholistani and Red Sindhi may be selected, however, calves of Tharparkar, Rojhan, Dhanni, Lohani, Bhagnari may also be considered for fattening purpose. For sacrificial purpose, the cross bred calves of Brahman, Angus and Charolais etc. are also considered. The Sahiwal and Cholistani male calves are raised for good meat production and dressing percentage i.e. 55%. After fattening, the fat to muscle composition is also acceptable. The carcass weight is desirable by meat traders and exporters.
- Selection of animals with excellent body score and health conditions: initial live body weight should be around 100 kgs at 9-12 months of age. Little emaciated animals may also be accepted for fattening as research shows that these animals respond efficiently in terms of feed efficiency.

- Housing: A good housing leads to good management practices and ultimately optimum production. Generally, housing should be:
  - Less expensive
  - Well ventilated, comfortable and dry with hygienic environment
  - Easy drainage and removal of dung urine and waste material
  - Protective from extreme environmental conditions
  - Maximum sun exposure: axis of length to be east to west
  - Availability of feed and water for 24 hours
  - Planed so that future expansion may be possible when required
- Feeding: Adequate weight gain through the use of balanced feed purchased from well reputed companies or formulated accordingly. Animal should be fed Total Mixed Ration (TMR) @ 3-3.5 % of live body weight. Additionally, urea molasses blocks and 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. 15 to 20 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: De-worming for endoparasitic infestations is necessary in each batch shortly after arrival at farm. Timely vaccination against infectious diseases should be done as a prophylactic measure. At a well managed farm, mortality should not exceed 2-3 % per annum in the fattened animals. Following is a tentative vaccination schedule;

**Table 1: Tentative Vaccination Schedule**

Disease	Vaccine	Time for vaccination	Dose/ Administration
Foot & Mouth Disease (FMD)	FMD (VRI)	February/March and September/October	5 ml sub cut.
Black Quarter	BQ	March/April	5 ml sub cut.
Haemorrhagic Septicemia (HS)	HS (VRI)	May/June & November/December	5 ml / 300 kg body wt sub cut.
Anthrax	Anthrax	August	1 ml sub cut.

(VRI: Veterinary Research Institute, Lahore)

- 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 of animal, age of animals, date of purchase etc. The records for regular weight gain, medication and de-worming etc. are also important.

- Culling: Selection of good productive animals and regular culling of uneconomical animal.
- Regular technical assistance from the livestock professionals and experts.

## 12. PROJECT COST SUMMARY

A detailed financial model has been developed to analyze the commercial viability of 'Calf Fattening Farm'. Various cost and revenue related assumptions along with results of the analysis are outlined in this section. The project Income Statement, Cash Flow Statement and Balance Sheet are attached as appendix.

### 12.2 Project Economics

Following table shows Internal Rate of Return, Net Present Value and Payback Period;

**Table 2 - Project Economics**

Description	Details
Internal Rate of Return (IRR)	32%
Payback Period (yrs)	3.56
Net Present Value (NPV)	6,442,096

### 12.3 Project Financing

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

**Table 3: Project Financing**

Description	Details
Total Equity (20%)	Rs. 761,801
Bank Loan (80%)	Rs. 3,047,205
Markup to the Borrower (%age/annum)	8%
Tenure of the Loan (Years)	8
Grace Period (Year)	1

## 12.4 Project Cost

Following table provides details of investment requirement;

**Table 4: Project Investment**

<b>Capital Investment</b>	<b>Amount (Rs.)</b>
Machinery & equipment	417,500
Furniture & fixtures	20,000
Office equipment	5,000
Pre-operating costs	72,500
<b>Total Capital Costs</b>	<b>515,000</b>
Raw Material Inventory (Incl. cost of calves in one batch)	2,663,928
Upfront building rent	22,578
Cash	607,500
<b>Total Working Capital</b>	<b>3,294,006</b>
<b>Total Investment</b>	<b>3,809,006</b>

## 12.5 Space Requirement

Following table shows calculations for project space requirement;

**Table 5: Space Requirement**

<b>Space Requirement</b>	<b>Space (Sq.ft)</b>
Management building	150
Shed for animals	3,000
Store (feed, medicines etc.)	240
Attendants room	136
Open paddock	6,000
<b>Total Infrastructure</b>	<b>9,526</b>

The shed would be acquired on monthly rent of approximately Rs. 22,600 per month.

## 12.6 Machinery, Equipment and Furniture

Following table provides list of machinery, equipment and furniture required for the proposed calf fattening farm;

**Table 6: List of Machinery, Equipment & Furniture**

Farm supplies	Rate per unit	No.	Amount (Rs.)
Chopper	60,000	1	60,000
Water pump	80,000	1	80,000
Movable weighing scale (4'x6' platform, capacity of 1,500 Kg)	100,000	1	100,000
Feeding mangers	10,000	12	120,000
Tubs	1,500	5	7,500
Hand carts	10,000	2	20,000
Miscellaneous farm utensils	30,000	1	30,000
Furniture	20,000	1	20,000
Cell phone	5,000	1	5,000
<b>Total Cost</b>			<b>442,500</b>

## 12.7 Raw Material Requirements

Following table shows raw material requirements in first year of production;

**Table 7: Cost of Material**

Description	Unit	Rate (Rs.)	No.	Total Rs.
Animal Cost	Per calf	17,500	360	6,300,000
TMR	Per calf	13,284	360	4,782,240
Green Fodder	Per calf	5,313.6	360	1,912,896
Vaccination/ Medication	Per calf	200	360	72,000
<b>Total Cost</b>				<b>13,067,136</b>

*Note: Figures have been rounded off to the nearest decimal place*

## 12.8 Human Resource Requirement

Two semi skilled persons are required for performing routine farm operation and husbandry practices;

**Table 8: Human Resource Requirement**

Description	No.	Monthly Salary (Rs.)	Annual salary (Rs.)
Farm manager/ Owner	1	25,000	300,000
Farm labour	2	17,500	420,000
<b>Total Salary</b>			<b>720,000</b>

One trained person can easily handle 40-50 animals.

## 12.9 Revenue Generation

The revenues generated in first year of production are given in following table;

**Table 9: Revenue Generation**

Description	Unit	Sale Price Rs./Unit	First Year Production (Units)	Revenue in Year 1 (Rs.)
Sale of fattened calves (Regular Lot)	Per calf	39,200	238*	9,329,600
Sale of fattened calves (Eid Lot)	Per calf	53,900	118*	6,360,200
<b>Total Revenue</b>				<b>15,689,800</b>

*\* total 360 calves divided in three batches, each having 120 in first year of production with mortality loss of 4 calves @ 1% per annum. One batch of 120 calves is fattened for Eid Ul Azha purpose. Figures have been rounded off to the nearest decimal place*

## 12.10 Other Costs

An essential cost to be borne by the farm is vaccination and medication cost which is Rs. 200 per calf. Electricity expense is assumed to be Rs. 10,000 per month. The transportation cost is Rs. 40,000 per batch i.e. Rs. 120,000 per annum. The cost for machinery and equipment maintenance is Rs. 1,000 per month. Expenditures for communication are estimated at Rs 1,500 per month.

### 13. CONTACTS OF SUPPLIERS AND CONSULTANTS

**Table 10: Contacts of Suppliers and Consultants**

Feed Suppliers	Consultants
Hi-Tech Feeds (Pvt.) Ltd. 1-A, Shadman Chowk Jail Road, Lahore Phone : +92-42-37564503	Prof. Dr. Muhammad Sajjad Khan Dean, Faculty of Animal Husbandry Uni. Of Agriculture, Faisalabad Ph: 041-9920161-70
ICI Pakistan Cattle Feed 63-Mozang Road Lahore Ph: 042-36370042	Institute of Animal Nutrition and Feed Technology, University of Agriculture, Faisalabad. Ph: 041-9920161-70
National Feeds Ltd. 171 Shadman – II Lahore. Ph: 042 37551405-8	Dr. Tanveer Ahmad Pir Mehr Ali Shah Arid Agriculture University, Rawalpindi. Ph: 051-9290115
Alhalal Wanda Al-Halal Livestock Concern Company Super High Way, Jahanian Ph: 065-2002373	Lasbela University of Agriculture, Water and Marine Sciences, Uthal, Lasbela, Balochistan. Ph: 0853-610921
Big Feed (PVT) Ltd. 2-A, Ahmad Block, New Garden Town, Lahore Ph: 042-35835374-35835373	Dr. Nisar Ahmad Chairman / Associate Professor Faculty of Animal Production and Technology, University of Veterinary and Animal Sciences (UVAS), Out Fall Road, Lahore. Ph: 42-99211449-50 (Ext.5031)
Anmol Vanda c/o Livestock and Dairy Development Department, Govt. of Punjab, 16-Cooper Road, Lahore Free Landline: 0800-78685, 0800-78686	Livestock and Dairy Development Department, Govt. of Punjab, 16-Cooper Road, Lahore. Toll free: 0800-78685, 0800-78686
<b>Livestock Mandies</b>	
The animals may be procured from local calf breeders and livestock mandies scheduled in different districts such as Pattoki, Okara, Bahawalnagar, Lodhran, Vehari, Khanewal, Arifwala, Pakpattan etc. as per scheduled by Livestock and Dairy Development Department, Govt. of The Punjab Lahore. Free Landline: 0800-78685, 0800-78686	
<b>Meat Contractors/ Processors</b>	
Mr. Muhammad Younus Qureshi Chairman Red Cow Meat Products of Pakistan 125/ 13-B-1, Township, Lahore Ph: 042-35112603	Punjab Agriculture and Meat Company (PAMCO) 5/8 Shaheen Complex, Egerton Road Lahore Ph: 042-36370661
All Pakistan Meat Processors and Exporters Association (APMEPA) Address: 177-B, Johar Town Lahore. Ph: 042-35169450-51 Fax: 042-35169449 Email: <a href="mailto:info@apmepa.com">info@apmepa.com</a>	

## 14. ANNEXURE

### 14.1 PROFIT AND LOSS STATEMENT

Statement Summaries											SMEDA
Income Statement											
	Rs. in actuals										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Revenue	15,689,800	17,258,780	18,984,658	20,883,124	22,971,436	25,268,580	27,795,438	30,574,982	33,632,480	36,995,728	
Cost of Goods Sold											
Feed & Vaccination Cost	6,767,136	7,443,850	8,188,235	9,006,986	9,907,829	10,898,503	11,988,282	13,186,966	14,505,699	15,956,340	
Cost of Calves	6,300,000	6,930,000	7,623,000	8,385,300	9,223,830	10,146,213	11,160,834	12,276,918	13,504,610	14,855,070	
Direct Labor	720,000	792,000	871,200	958,320	1,054,152	1,159,567	1,275,524	1,403,076	1,543,384	1,697,722	
Transportation / Freight	120,000	132,000	145,200	159,720	175,692	193,261	212,587	233,846	257,231	282,954	
Repair & Maintenance	12,000	13,200	14,520	15,972	17,569	19,326	21,259	23,385	25,723	28,295	
Utilities	120,000	132,000	145,200	159,720	175,692	193,261	212,587	233,846	257,231	282,954	
<b>Total Cost of Sales</b>	<b>14,039,136</b>	<b>15,443,050</b>	<b>16,987,355</b>	<b>18,686,018</b>	<b>20,554,764</b>	<b>22,610,132</b>	<b>24,871,073</b>	<b>27,358,037</b>	<b>30,093,876</b>	<b>33,103,336</b>	
Gross Profit	1,650,664	1,815,730	1,997,303	2,197,106	2,416,672	2,658,448	2,924,364	3,216,945	3,538,603	3,892,392	
<i>General administration &amp; selling expenses</i>											
Administration expense	-	-	-	-	-	-	-	-	-	-	
Rental expense	270,936	298,030	327,833	360,616	396,677	436,345	479,980	527,978	580,775	638,853	
Utilities expense	-	-	-	-	-	-	-	-	-	-	
Travelling & Comm. expense (phone, fax, etc.)	18,000	19,800	21,780	23,958	26,354	28,989	31,888	35,077	38,585	42,443	
Office vehicles running expense	-	-	-	-	-	-	-	-	-	-	
Office expenses (stationary, etc.)	-	-	-	-	-	-	-	-	-	-	
Promotional expense	-	-	-	-	-	-	-	-	-	-	
Insurance expense	-	-	-	-	-	-	-	-	-	-	
Professional fees (legal, audit, etc.)	-	-	-	-	-	-	-	-	-	-	
Depreciation expense	44,250	44,250	44,250	44,250	44,250	44,250	44,250	44,250	44,250	44,250	
Amortization expense	14,500	14,500	14,500	14,500	14,500	-	-	-	-	-	
Property tax expense	-	-	-	-	-	-	-	-	-	-	
Miscellaneous expense	-	-	-	-	-	-	-	-	-	-	
Subtotal	347,686	376,580	408,363	443,324	481,781	509,584	556,118	607,305	663,610	725,546	
Operating Income	1,302,978	1,439,151	1,588,941	1,753,782	1,934,891	2,148,863	2,368,247	2,609,640	2,874,993	3,166,846	
Other income	-	-	-	-	-	-	-	-	-	-	
Gain / (loss) on sale of assets	-	-	-	-	-	-	-	-	-	-	
Earnings Before Interest & Taxes	1,302,978	1,439,151	1,588,941	1,753,782	1,934,891	2,148,863	2,368,247	2,609,640	2,874,993	3,166,846	
Interest expense	252,916	231,548	203,462	173,045	140,103	104,428	65,791	23,948	-	-	
Earnings Before Tax	1,050,062	1,207,603	1,385,479	1,580,737	1,794,788	2,044,436	2,302,456	2,585,693	2,874,993	3,166,846	
Tax	55,006	71,140	97,822	127,110	159,218	196,665	235,368	287,138	344,998	411,711	
<b>NET PROFIT/(LOSS) AFTER TAX</b>	<b>995,055</b>	<b>1,136,463</b>	<b>1,287,657</b>	<b>1,453,627</b>	<b>1,635,570</b>	<b>1,847,770</b>	<b>2,067,087</b>	<b>2,298,554</b>	<b>2,529,995</b>	<b>2,755,134</b>	
Balance brought forward		995,055	2,131,518	3,419,176	4,872,803	6,508,372	8,356,143	10,423,230	12,721,784	15,251,779	
Total profit available for appropriation	995,055	2,131,518	3,419,176	4,872,803	6,508,372	8,356,143	10,423,230	12,721,784	15,251,779	18,006,914	
Dividend	-	-	-	-	-	-	-	-	-	-	
Balance carried forward	995,055	2,131,518	3,419,176	4,872,803	6,508,372	8,356,143	10,423,230	12,721,784	15,251,779	18,006,914	

## 14.2 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	Rs. in actuals Year 10
<b>Assets</b>											
<i>Current assets</i>											
Cash & Bank	607,500	1,824,594	2,154,742	2,503,507	2,857,793	3,199,860	3,506,732	3,748,322	3,885,987	4,440,226	22,022,278
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-
Finished goods inventory	-	-	-	-	-	-	-	-	-	-	-
Equipment spare part inventory	-	-	-	-	-	-	-	-	-	-	-
Raw material inventory	2,663,928	3,223,353	3,900,257	4,719,303	5,710,374	6,909,538	8,360,531	10,116,219	12,240,631	14,811,178	-
Pre-paid annual land lease	-	-	-	-	-	-	-	-	-	-	-
Pre-paid building rent	22,578	24,836	27,319	30,051	33,056	36,362	39,998	43,998	48,398	53,238	-
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-
Pre-paid insurance	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>3,294,006</b>	<b>5,072,783</b>	<b>6,082,319</b>	<b>7,252,861</b>	<b>8,601,224</b>	<b>10,145,760</b>	<b>11,907,261</b>	<b>13,908,539</b>	<b>16,175,016</b>	<b>19,304,641</b>	<b>22,022,278</b>
<i>Fixed assets</i>											
Land	-	-	-	-	-	-	-	-	-	-	-
Building/Infrastructure	-	-	-	-	-	-	-	-	-	-	-
Machinery & equipment	417,500	375,750	334,000	292,250	250,500	208,750	167,000	125,250	83,500	41,750	-
Furniture & fixtures	20,000	18,000	16,000	14,000	12,000	10,000	8,000	6,000	4,000	2,000	-
Office vehicles	-	-	-	-	-	-	-	-	-	-	-
Office equipment	5,000	4,500	4,000	3,500	3,000	2,500	2,000	1,500	1,000	500	-
<b>Total Fixed Assets</b>	<b>442,500</b>	<b>398,250</b>	<b>354,000</b>	<b>309,750</b>	<b>265,500</b>	<b>221,250</b>	<b>177,000</b>	<b>132,750</b>	<b>88,500</b>	<b>44,250</b>	<b>-</b>
<i>Intangible assets</i>											
Pre-operation costs	72,500	58,000	43,500	29,000	14,500	-	-	-	-	-	-
Legal, licensing, & training costs	-	-	-	-	-	-	-	-	-	-	-
<b>Total Intangible Assets</b>	<b>72,500</b>	<b>58,000</b>	<b>43,500</b>	<b>29,000</b>	<b>14,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>3,809,006</b>	<b>5,529,033</b>	<b>6,479,819</b>	<b>7,591,611</b>	<b>8,881,224</b>	<b>10,367,010</b>	<b>12,084,261</b>	<b>14,041,289</b>	<b>16,263,516</b>	<b>19,348,891</b>	<b>22,022,278</b>
<b>Liabilities &amp; Shareholders' Equity</b>											
<i>Current liabilities</i>											
Accounts payable	-	669,965	751,533	844,317	950,081	1,070,908	1,209,229	1,367,942	1,550,462	1,760,844	1,267,385
Export re-finance facility	-	-	-	-	-	-	-	-	-	-	-
Short term debt	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>669,965</b>	<b>751,533</b>	<b>844,317</b>	<b>950,081</b>	<b>1,070,908</b>	<b>1,209,229</b>	<b>1,367,942</b>	<b>1,550,462</b>	<b>1,760,844</b>	<b>1,267,385</b>
<i>Other liabilities</i>											
Lease payable	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	-	55,006	126,146	223,968	351,079	510,297	706,962	942,330	1,229,468	1,574,467	1,986,178
Long term debt	3,047,205	3,047,205	2,708,820	2,342,349	1,945,461	1,515,632	1,050,127	545,985	-	-	-
<b>Total Long Term Liabilities</b>	<b>3,047,205</b>	<b>3,102,211</b>	<b>2,834,966</b>	<b>2,566,317</b>	<b>2,296,539</b>	<b>2,025,928</b>	<b>1,757,088</b>	<b>1,488,315</b>	<b>1,229,468</b>	<b>1,574,467</b>	<b>1,986,178</b>
<i>Shareholders' equity</i>											
Paid-up capital	761,801	761,801	761,801	761,801	761,801	761,801	761,801	761,801	761,801	761,801	761,801
Retained earnings	-	995,055	2,131,518	3,419,176	4,872,803	6,508,372	8,356,143	10,423,230	12,721,784	15,251,779	18,006,914
<b>Total Equity</b>	<b>761,801</b>	<b>1,756,857</b>	<b>2,893,320</b>	<b>4,180,977</b>	<b>5,634,604</b>	<b>7,270,174</b>	<b>9,117,944</b>	<b>11,185,031</b>	<b>13,483,586</b>	<b>16,013,581</b>	<b>18,768,715</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>3,809,006</b>	<b>5,529,033</b>	<b>6,479,819</b>	<b>7,591,611</b>	<b>8,881,224</b>	<b>10,367,010</b>	<b>12,084,261</b>	<b>14,041,289</b>	<b>16,263,516</b>	<b>19,348,891</b>	<b>22,022,278</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>											

## 14.3 CASH FLOW STATEMENT

Statement Summaries											SMEDA	
Cash Flow Statement											Rs. in actuals	
	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	█	-	995,055	1,136,463	1,287,657	1,453,627	1,635,570	1,847,770	2,067,087	2,298,554	2,529,995	2,755,134
Add: depreciation expense	█	-	44,250	44,250	44,250	44,250	44,250	44,250	44,250	44,250	44,250	44,250
amortization expense	█	-	14,500	14,500	14,500	14,500	14,500	-	-	-	-	-
Deferred income tax	█	-	55,006	71,140	97,822	127,110	159,218	196,665	235,368	287,138	344,998	411,711
Accounts receivable	█	-	-	-	-	-	-	-	-	-	-	-
Finished good inventory	█	-	-	-	-	-	-	-	-	-	-	-
Equipment inventory	-	-	-	-	-	-	-	-	-	-	-	-
Raw material inventory	-	(2,663,928)	(559,425)	(676,904)	(819,046)	(991,071)	(1,199,164)	(1,450,992)	(1,755,688)	(2,124,412)	(2,570,547)	14,811,178
Pre-paid building rent	-	(22,578)	(2,258)	(2,732)	(3,005)	(3,306)	(3,636)	(4,000)	(4,400)	(4,840)	(4,840)	53,238
Pre-paid lease interest	-	-	-	-	-	-	-	-	-	-	-	-
Advance insurance premium	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	█	-	669,965	81,568	92,784	105,763	120,827	138,321	158,713	182,519	210,383	(493,459)
Other liabilities	█	-	-	-	-	-	-	-	-	-	-	-
Cash provided by operations	-	(2,686,506)	1,217,094	668,533	715,236	751,174	771,896	772,378	745,731	683,650	554,239	17,582,052
<i>Financing activities</i>												
Change in long term debt	█	3,047,205	-	(338,385)	(366,471)	(396,888)	(429,829)	(465,505)	(504,142)	(545,985)	-	-
Change in short term debt	█	-	-	-	-	-	-	-	-	-	-	-
Change in export re-finance facility	█	-	-	-	-	-	-	-	-	-	-	-
Add: land lease expense	█	-	-	-	-	-	-	-	-	-	-	-
Land lease payment	█	-	-	-	-	-	-	-	-	-	-	-
Change in lease financing	█	-	-	-	-	-	-	-	-	-	-	-
Issuance of shares	█	761,801	-	-	-	-	-	-	-	-	-	-
Purchase of (treasury) shares	█	-	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing activities	-	3,809,006	-	(338,385)	(366,471)	(396,888)	(429,829)	(465,505)	(504,142)	(545,985)	-	-
<i>Investing activities</i>												
Capital expenditure	█	(515,000)	-	-	-	-	-	-	-	-	-	-
Acquisitions	█	-	-	-	-	-	-	-	-	-	-	-
Cash (used for) / provided by investing activities	-	(515,000)	-	-	-	-	-	-	-	-	-	-
<b>NET CASH</b>		607,500	1,217,094	330,148	348,765	354,286	342,066	306,873	241,589	137,665	554,239	17,582,052
Cash balance brought forward			607,500	1,824,594	2,154,742	2,503,507	2,857,793	3,199,860	3,506,732	3,748,322	3,885,987	4,440,226
Cash available for appropriation	█	607,500	1,824,594	2,154,742	2,503,507	2,857,793	3,199,860	3,506,732	3,748,322	3,885,987	4,440,226	22,022,278
Dividend	█	-	-	-	-	-	-	-	-	-	-	-
Cash carried forward		607,500	1,824,594	2,154,742	2,503,507	2,857,793	3,199,860	3,506,732	3,748,322	3,885,987	4,440,226	22,022,278

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## 14.4 USEFUL PROJECT MANAGEMENT TIPS

### Technology

- **List of Machinery & Equipment (As per Section 12.5)**
- **Animal Selection:** Selection of disease free animals with good breed characteristics, body conditions and health.
- **Feed, Vaccination and Medication:** Should be procured from reputed and reliable sources.
- **Energy Requirement:** Should not be overestimated or installed in excess and alternate source of energy for critical operations be arranged in advance
- **Machinery Suppliers:** Should be asked for after sales services under the contract with the machinery suppliers
- **Quality Assurance & Standards:** Whatever means required for animal production quality standards need to be defined on the ear tags and a system of record keeping to check them to improve credibility

### Marketing

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

### Human Resources

- **List of Human Resource (As per Section 12.7)**
- **Adequacy & Competencies:** Skilled and experienced staff should be considered an investment even to the extent of offering share in business profit.
- **Performance Based Remuneration:** Attempt to manage human resource cost should be focused through performance measurement and performance based compensation.

- **Training & Skill Development:** Encouraging training and skill of self & employees through experts and exposure of best practices is route to success. Least cost options for Training and Skill Development (T&SD) may be linked with compensation benefits and awards.

#### 14.5 Useful Links

- Prime Minister's Office, [www.pmo.gov.pk](http://www.pmo.gov.pk)
- Government of Pakistan, [www.pakistan.gov.pk](http://www.pakistan.gov.pk)
- National Youth Development Program, [www.kamyabjawan.gov.pk](http://www.kamyabjawan.gov.pk)
- Ministry of Industries & Production, [www.moip.gov.pk](http://www.moip.gov.pk)
- Small & Medium Enterprises Development Authority, [www.smeda.org.pk](http://www.smeda.org.pk)
- National Bank of Pakistan (NBP), [www.nbp.com.pk](http://www.nbp.com.pk)
- First Women Bank Limited (FWBL), [www.fwbl.com.pk](http://www.fwbl.com.pk)
- Ministry of National Food Security & Research, [www.mnfsr.gov.pk](http://www.mnfsr.gov.pk)
- Government of Punjab, [www.punjab.gov.pk](http://www.punjab.gov.pk)
- Government of Sindh, [www.sindh.gov.pk](http://www.sindh.gov.pk)
- Government of Khyber Pakhtunkhwa, [www.khyberpakhtunkhwa.gov.pk](http://www.khyberpakhtunkhwa.gov.pk)
- Government of Balochistan, [www.balochistan.gov.pk](http://www.balochistan.gov.pk)
- Government of Gilgit Baltistan, [www.gilgitbaltistan.gov.pk](http://www.gilgitbaltistan.gov.pk)
- Government of Azad Jammu & Kashmir, [www.ajk.gov.pk](http://www.ajk.gov.pk)
- Trade Development Authority of Pakistan (TDAP), [www.tdap.gov.pk](http://www.tdap.gov.pk)
- Securities & Exchange Commission of Pakistan (SECP), [www.secp.gov.pk](http://www.secp.gov.pk)
- Federation of Pakistan Chambers of Commerce and Industry (FPCCI)
- Punjab Board of Investment & Trade (PBIT), 23-Aikman Road, GOR-I, Lahore  
Tel. 042-99205201, [www.pbit.gov.pk](http://www.pbit.gov.pk)
- Sindh Board of Investment (SBI), 1st Floor, Tower B, Finance & Trade Center, Shakra-e-Faisal, Karachi, Tel. 021-99207512-4, [www.sbi.gos.pk](http://www.sbi.gos.pk)
- State Bank of Pakistan (SBP), [www.sbp.org.pk](http://www.sbp.org.pk)
- All Pakistan Meat Exporters and Processors Association, Lahore, [www.apmepa.com](http://www.apmepa.com)
- Punjab Agriculture and Meat Company (PAMCO), Lahore, [www.pamco.bz](http://www.pamco.bz)
- Pakistan Agricultural Research Council (PARC), Islamabad, Tel. 051-9203966  
[www.parc.gov.pk](http://www.parc.gov.pk)
- National Agricultural Research Centre (NARC), Islamabad, Tel. 051-9255061,  
[www.parc.gov.pk](http://www.parc.gov.pk)
- National Veterinary Laboratory, NARC, Islamabad, Tel. 051-9255108
- Balochistan Agricultural Research Centre (BARC), Quetta, Tel: 081-9213286-7,  
[www.parc.gov.pk](http://www.parc.gov.pk)
- Southern-zone Agricultural Research Centre (SARC), Karachi, Tel: 021-99261661,  
99261561, [www.parc.gov.pk](http://www.parc.gov.pk)
- Arid Zone Research Institute (AZRI), Bahawalpur, Tel: 0622-876833, [www.parc.gov.pk](http://www.parc.gov.pk)
- Punjab Livestock & Dairy Development Board (PLDDB), 11- Shami Road, Lahore Cantt.  
Tel. 042-36676821, [www.plddb.pk](http://www.plddb.pk)

- University of Agriculture, Faisalabad, [www.uaf.edu.pk](http://www.uaf.edu.pk)
- Lasbela University of Agriculture, Water & Marine Sciences, Lasbela, [www.luawms.edu.pk](http://www.luawms.edu.pk)
- Sindh Agriculture University, Tondojam, [www.sau.edu.pk](http://www.sau.edu.pk)
- Gomal College of Veterinary Sciences, Dera Ismail Khan, [www.gu.edu.pk](http://www.gu.edu.pk)
- KPK Agricultural University, Peshawar, [www.aup.edu.pk](http://www.aup.edu.pk)
- Pir Mehr Ali Shah Arid Agricultural University, Rawalpindi, [www.uar.edu.pk](http://www.uar.edu.pk)
- University College of Veterinary & Animal Sciences, Islamia University Bahawalpur (IUB), [www.iub.edu.pk](http://www.iub.edu.pk)
- University of Veterinary & Animal Sciences (UVAS), Out Fall Road, Lahore, [www.uvas.edu.pk](http://www.uvas.edu.pk)
- Bahauddin Zakariya University (BZU), Multan, [www.bzu.edu.pk](http://www.bzu.edu.pk)
- Animal Husbandry In-Service Training Institute (AHITI), Peshawar, Tel. 091-2960109, 9210309
- Veterinary Research Institute (VRI), Ghazi Road, Lahore Cantt., Tel. 042-99220140
- Agribusiness Support Fund (ASF), Lahore, [www.asf.org.pk](http://www.asf.org.pk)
- Directorate of Livestock Farms, L&DD, Lahore, Tel: 042-99201126-7
- Livestock Experiment Station (LES), Dera Chahl Lahore, L&DD, Punjab, Tel: 042-99239818, 99239819
- Directorate of Livestock Training Centre (LSTC), Bahadurnagar, Okara, Tel: 044-2661393
- Livestock & Fisheries Department, Government of Sindh, [www.sindh.gov.pk](http://www.sindh.gov.pk)
- Agriculture & Livestock Department, Government of KPK, [www.khyberpakhtunkhwa.gov.pk](http://www.khyberpakhtunkhwa.gov.pk)
- Livestock & Dairy Development, Government of Balochistan, [www.balochistan.gov.pk](http://www.balochistan.gov.pk)

The logo for the Small and Medium Enterprises Development Authority (SMEDA) features a stylized blue and white graphic above the acronym 'SMEDA' in large, bold, white capital letters on a blue rectangular background.

## 15. KEY ASSUMPTIONS

**Table 11: Production and Revenue Assumptions**

Annual installed capacity (Calves)	360
Capacity utilization (%)	100
Number of production Batches per year	3
No. of Batches for regular market	2
No. of Batch for Eid	1
Annual production (calves) after 1% mortality	356
Number of calves fattened per production cycle	120
Fattening days	120
Shed space per calf (Sq.ft)	25
Open Space per calf (Sq. ft)	50
Selling Price per calf @ Rs. 200/ Kg live body wt.	39,200
Selling Price per calf @ Rs. 275/ Kg live body wt.	53,900

**Table 12: Expense Assumptions**

Purchase Price per calf @ Rs. 175/ Kg live body wt.	17,500
Calves Loss due to mortality @ 1 % per annum	4
Vaccination/ Medication cost (Rs. per calf)	200
Transportation cost per batch	40,000
Total Mixed Ration requirement (% of live body wt)	3
Price of TMR (Rs. per kg)	25
Green fodder requirement (% of live body weight)	5
Green Fodder (Rs. per Kg)	6
Electricity cost (Rs. per month)	10,000
Communication expense (Rs. Per month)	1,000

**S M E D A**