



## Feasibility Report of a Dairy Farm

A Project submitted in partial fulfillment of the requirement for the degree of Master in Banking & Finance at School of Professional Advancement, University of Management and Technology Lahore

### Submitted by:

M. Ali Zaman	13028046-011
MansoorRiaz	13028046-002
AamerSikender	13028046-008
Zeeshan Ahmed	13028046-010
MohsinRasheed	13028046-004

### Approved Supervisor:

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Dated: \_\_\_\_\_



# School of Professional Advancement

## **Acknowledgement**

Our Special Thanks To Our Teachers Who Does Not Only Provide Us Opportunity To Do  
This Assignment But Also Paid A Fair Attention To Do It. Our Father For All Those  
Nights He Spent Praying For Me And Our Assignment. Our Mother Who's  
Rising Gave Us Character And A Compassionate Hearts. Our  
Friends Who Give Us Courage And Motivation  
To Complete Our Project.

## **DEDICATION**

Dedicated To Our Creator, Prophet (S.A.W), Our Parents, Our Teachers, And Mentor  
Who Bestowed On Us The Meaning Of Life Purpose Who Gave Us A Dedicated  
And Committed Team To Believe And Support Our Work, Who Blessed  
Us With A Family To Love And Support, Who Gave Us Courage  
To Pursue Our Passion Against All Odds. Who Furnished  
Us With A Vision To Make The Difference.

## TABLE OF CONTENTS

<b>CHAPTER 1 INTRODUCTION.....</b>	<b>1</b>
1.1 INTRODUCTION.....	1
1.2 INTRODUCTION OF THE FARM .....	5
1.2.1 Dairy Farm Profile .....	5
1.2.2 Dairy Farm Management Structure .....	5
1.2.3 Scope of the Business .....	6
1.2.4 Objective of the Study .....	6
1.3 OPPORTUNITY RATIONALE.....	7
<b>CHAPTER 2 MARKET GAP ANALYSIS.....</b>	<b>8</b>
2.1 DEMAND & SUPPLY FOR MILK.....	8
2.2 ANNUAL IMPORTS OF SKIMMED MILK IN PAKISTAN .....	8
2.3 FUTURE GAP ANALYSIS.....	9
2.4 ENVIRONMENTAL SCANNING (SWOT ANALYSIS).....	11
<b>CHAPTER 3 JUSTIFICATION OF BUSINESS .....</b>	<b>13</b>
3.1 ROLE OF FEASIBILITY ANALYSIS.....	13
3.2 IDENTIFICATION OF THE NEED FOR BUSINESS .....	14
3.2.1 Increase in Population .....	14
3.2.2 Trend of Health Life Style.....	14
3.3 EXISTING SOLUTION .....	14
3.3.1 Small Household Based Dairy Farmers .....	14
3.3.2 Polly Packets .....	14
3.3.3 Tetra Pack.....	14
3.4 PROPOSED SOLUTION.....	15
3.4.1 Automated Dairy Farms .....	15
3.4.2 Produce Hygienic Product .....	15
3.4.3 Conduct Feasibility Analysis.....	15
3.4.4 Framework of Feasibility Study.....	15
<b>CHAPTER 4 MARKETING.....</b>	<b>16</b>
4.1 TARGET MARKETING.....	16
4.2 MARKETING MIX.....	16
4.2.1 Product.....	16
4.2.2 Place .....	16
4.2.3 Price.....	16
4.2.4 Promotion.....	16
<b>CHAPTER 5 FARM MANAGEMENT .....</b>	<b>17</b>
5.1 HUMAN RESOURCE REQUIREMENT.....	17
5.2 FARM LAYOUT .....	18
5.3 BARN CROSS SECTION LAYOUT .....	18
5.4 MILKING PARLOUR .....	19
5.4.1 Milking Time .....	19
5.4.2 Milking Process .....	19
5.5 HERD MIX.....	20
<b>CHAPTER 6 HERD HEALTH &amp; SAFETY.....</b>	<b>21</b>
6.1 COW PURCHASE HISTORY .....	21
6.2 VACCINATION.....	21

6.3	MEDICAL CARE UNIT.....	22
6.4	ANIMAL INSPECTION PROGRAM.....	22
6.4.1	<i>Methodology</i> .....	23
6.5	SAFETY MEASURES FOR FARM.....	24
6.5.1	<i>Security Cameras</i> .....	24
6.5.2	<i>Boundary Wall Plan</i> .....	24
6.5.3	<i>Emergency No. List</i> .....	24
6.5.4	<i>Fire Alarms</i> .....	24
6.5.5	<i>Gate Security</i> .....	24
<b>CHAPTER 7 FORECASTING .....</b>		<b>25</b>
7.1	SUMMARY.....	25
7.2	PROJECT FINANCING.....	26
7.3	CAPITAL COST / INITIAL INVESTMENT BREAK-UP.....	27
7.3.1	<i>Construction and Installation</i> .....	28
7.4	HUMAN RESOURCE .....	30
7.5	HERD COMPOSITION.....	31
7.6	PROJECT RUNNING COST .....	32
7.6.1	<i>Feeding Cost</i> .....	32
7.6.2	<i>Health &amp; Breeding Cost</i> .....	33
7.6.3	<i>Fixed &amp; General Cost</i> .....	34
7.6.4	<i>Total Cost</i> .....	35
7.7	PROJECT FARM INCOME.....	36
7.8	PROJECT INCOME STATEMENT .....	37
7.9	NOTES.....	38
7.10	ASSUMPTIONS.....	39
7.11	TIME ESTIMATE.....	41
<b>CHAPTER 8 RESULTS.....</b>		<b>42</b>
<b>REFERENCES .....</b>		<b>43</b>

## TABLE OF TABLES

TABLE NO.1 .....	1
TABLE NO.2 .....	3
TABLE NO.3 .....	8
TABLE NO.4 .....	8
TABLE NO.5 .....	9
TABLE NO.6 .....	10
TABLE NO.7 .....	17
TABLE NO.8 .....	20
TABLE NO.9 .....	24
TABLE NO.10.....	24

## TABLE OF FIGURES

FIGURE NO.1.....	1
FIGURE NO.2.....	8
FIGURE NO.3.....	9
FIGURE NO.4.....	9
FIGURE NO.5.....	15
FIGURE NO.6.....	18
FIGURE NO.7.....	18
FIGURE NO.8.....	19
FIGURE NO.9.....	20
FIGURE NO.10.....	20
FIGURE NO.11.....	21
FIGURE NO.12.....	21
FIGURE NO.13.....	22
FIGURE NO.14.....	23

## ABSTRACT

For the formation of Cattle Farm, this feasibility has been conducted.

1. The initial cost of the project is Rs. 1,297,000,000 including the initial capital cost of Rs. 1,247,000,000 and the initial working capital of Rs. 50,000,000
2. Projected Gross Revenues for year 1, year 2, year 3, year 4, and year 5 is;  
Rs. 953.91 million, 989.14 million, 1,106.35 million, 1,213.67 million and 1,249.64 million respectively.
3. Projected Net Income for year 1, year 2, year 3, year 4 and year 5 is;  
Rs. 325.95 million, 315.25 million, 392.57 million, 469.50 million and 500.78 million respectively.
4. Payback Period of the project is approximately 4 Years 9 Months
5. The Internal Rate of Return (IRR) of the project is 15%
6. Profitability Index (PI) is 1.018%
7. Discount Rate - ZTBL is 14.30%