

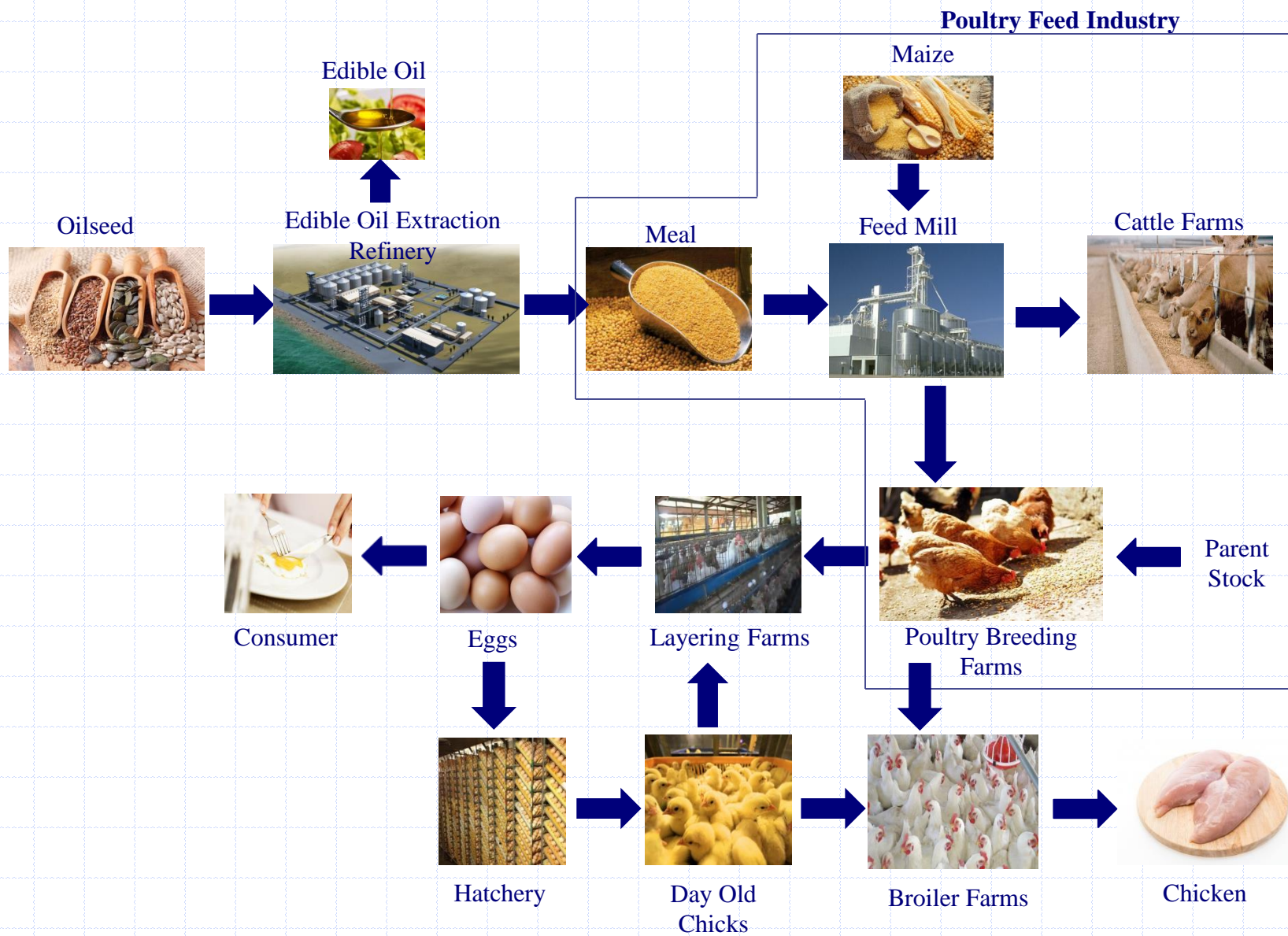
Food & Allied

Poultry Feed Industry

Industry Profile
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Regulatory Structure

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Industry Process Flow



Industry Profile

Poultry Feed

- **History:** Feed manufacturing, in Pakistan, started in 1962 by Lever Brothers under foreign tutelage
- First commercial poultry feed mill was put up in Rahim Yar Khan & second in Hyderabad by Wazir Ali Industries
- To provide feed in Punjab, Al-Fatah Feeds constructed a feed mill in Faisalabad
- Small feed mills emerged in different areas of Pakistan for self production
- Few mills with simple mixing and grinding units were built with stock of ingredients in hand
- Farmers came with their own formulations, bought the material from the mill and then they used the facility to prepare the feed on specific milling charges

Poultry Feed

- At present, poultry feed is produced by commercial feed mills as well as home mixtures
- **Input:** Composition of feed is a very sensitive area, wrong proportion can lead to massive losses
- Today, 20 to 25 ingredients used in poultry feed variants
- To ensure best quality of feed, every raw material procured & stored is given equal attention
- Adjacent table shows a sample inclusion percentage of ingredients used to manufacture a feed variant

Ingredients	Inclusion (%)
Maize	51
Soyabean Meal	28
Rice Polish	10
Fish Meal	4
Sunflower Meal	3
Medicinal Premix	3
Meat & Bone Meal	2
Limestone Powder / Granular	1
Total	100

Major Feed Ingredient

Feed ingredients are broadly classified as follows:

Proteins

- Oilseed (soybean, cottonseed, sunflower and canola seed) meal, blood meal, glandular meal, feather meal and milk products

Carbohydrates

- Corn, Sorghum grains, Barley, Oats and Wheat

Fats

- Animal tallow (beef) and vegetable oils

Minerals

- Fish meal, milk products, ground limestone, ground oyster shells, rock phosphate, bone meal, salt, sulphate, manganese and zinc

Vitamins

- Yeast, fish soluble, liver meal and milk by-products

Poultry Feed

- **Output:** Feed variants for poultry farms
- **Types of Feeds:** Starter feed, Growing feed, Layer feed and Broiler feed
- **Forms of Feed:** Mash, Crumbles and Pellets



Poultry Feed Industry Structure

- Poultry sector is one of the most organized branches of the agro based sector of Pakistan
- There are 150 registered & 200 unregistered poultry feed mills providing feed to over 25,000 poultry farms from Karachi to Peshawar
- These farms have a capacity of 5,000 to 500,000 birds, spread deep into the rural areas across the country that require poultry feed
- At present PKR 190 billion worth of agriculture products and by products are being used in manufacturing poultry feed
- Marketing channels for the industry are predominantly in the unorganized sector

Industry Performance

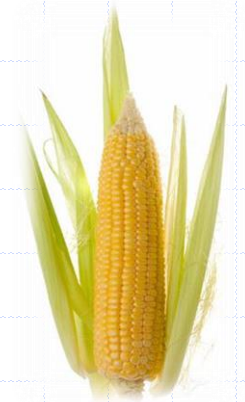
Poultry Feed

- In Pakistan, current poultry feed production from ~ 10 MMT
- Poultry feed gained importance with emergence of poultry farming on a wide scale in the country
- Feed quality and price is the major factor in determining the profitability of poultry products
- Adjacent table shows a sample of ingredients cost in a kg of feed manufactured
- Maize & Soybean meal are the two main poultry feed ingredients among them
- However, millet, sorghum & broken rice can be used as an alternative

Ingredients	Cost / Kg (PKR)
Maize	22
Soyabean Meal	55
Rice Polish	18
Fish Meal	61
Sunflower Meal	34
Medicinal Premix	Different for every premix
Meat & Bone Meal	59
Limestone Powder / Granular	3
<i>Total</i>	252

Poultry Feed - Maize

- Its contribution to agriculture ~ 2.7% and adds 0.5% to GDP
- Purchase of maize is main expense in this regard. Moreover, quality of maize procured is a critical apprehension
- Company's need to have a knowhow & statistical information about the area of cultivation & quality of maize sown & harvested
- Since Maize is a seasonal crop, thus seeds of minimum 6 months are stored, to fulfill supply shortage



Poultry Feed -Maize

- Trend analysis for Maize, suggests an increase in cultivation area in FY16-17 by 12 %
- Also, there is a growth in production by 16.3%
- Yield showed an upward trend by 3.8%

Area Sown & Production of Maize						
Crop	Area		Prodcution		Yield	
	'000'Hectares	%	'000' Tons	%	kg/hectare	%
FY14-15	1,142	-2.2	4,937	-0.1	4,323	2.1
FY15-16	1,191	4.3	5,271	6.8	4,426	2.4
FY16-17	1,334	12	6,130	16.3	4,595	3.8

Poultry Feed - Soybean

- In Pakistan, poultry sector drives the demand for soybean
- Soybeans are crushed to obtain vegetable protein which is used as poultry feed
- There has been some talk of a special incentive package for the poultry sector to be announced in FY18
- Increase in poultry exports would increase the demand for soybean seeds



Poultry Feed - Soybean

- Second most important ingredient in poultry feed is soybean
- Est. demand for soybean meal ~ 1.8 MMT
- Total Soybean meal available ~ 1.72 MMT

Total Soybean Meal Availability (000' MT)			
Year	Local	Imports	Total
FY13	-	0.28	0.28
FY14	0.01	0.60	0.61
FY15	0.44	0.75	1.19
FY16	0.70	0.38	1.08
FY17	1.39	0.33	1.72

Poultry Feed - Layer

- Bird's body weights is associated with feed consumption per day, that differs for layers and broilers
- Aim of layer's diet is to optimize egg production, in terms of egg number and egg size.
- Peak of laying is around 32 weeks
- Table shows egg laying bird's feed consumption per day in grams as per age

Age	Feed Consumption (g/day)
Week 1- 17	13-80
Week 18 onwards	100-105

- Type of feed consumed as per egg laying bird's age:

	Starter	Grower	Pre-layer	Egg Laying Starts	Layer Till Peak	Layer Post Peak
Layer	8 weeks	8-16 weeks	16-18 weeks	18 weeks	18-32 weeks	after 32 weeks

Poultry Feed - Broiler

- Feed for broilers destined to sold as whole bird or in pieces will differ from broiler feed destined to be sold for boneless meat
- For broilers, ideal nutrient density is 3 kg per day consumption for a 2 kg bird
- Table shows broiler's feed consumption per day in grams as per age

Age	Feed Consumption (g/day)
Week 1-5	10 - 100
Week 5-9	100 - 200

- Type of feed consumed as per broiler's age:

	Starter	Grower	Finisher	Total Cycle
Broiler	0-2 weeks	2-4 weeks	last 10 days	35-45 days

Top 10 Feed Industry Players

	Sr #	Name of Feeds Mill	Production Capacity (M.Ton)
Top 10 Players	1	Sadiq Feeds	1,664,400
	2	Hi-Tech Feeds	1,123,200
	3	Asia Poultry Feeds	420,000
	4	Big Feed	336,000
	5	National Feeds	384,000
	6	Supreme Feeds	336,000
	7	Capital Feeds	285,120
	8	Sharif Feeds	252,000
	9	Lahore Feeds	252,000
	10	Shabbir Feeds	228,000
		Total -10 Players	5,280,720
		Other Players	5,587,584
		Total Production-Pakistan	10,868,304

Regulatory Structure

Regulatory Structure		
		Stage of Imposition
Custom Duty	2%	Import of feed manufacturing machinery
Sales Tax	7%	Local-Feed manufacturing machinery
Sales Tax	10%	On Soybean meal, maize, rice, wheat, fish meal & poultry by-product meal
Sales Tax	Exempt	On Canola/Sunflower Meal
Income Tax	4%	With Holding Tax

- Import from China results in an exemption of duty due to Free Trade Agreement
- UAE Govt. has lifted the ban on import from Pakistan's poultry industry. This is quite encouraging as gulf region is a big export market

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