

**FALCON ANIMAL FEEDS
LIMITED**

BUSINESS PLAN

**FOR MANUFACTURING OF
ANIMAL FEEDS**

&

HATCHERY

PROJECTS

PROJECT SUMMARY

- 1.1 **APPLICANT** : FALCON ANIMAL FEEDS LIMITED
- 1.2 **NATURE OF PROJECT:** : PRODUCTION OF ANIMAL FEEDS
- 1.3 **PROJECT SPONSOR** : FALCON ANIMAL FEEDS LIMITED
- 1.4 **DATE OF INCORPORATION** : 20TH OCTOBER 2010
- 1.5 **PROJECT LOCATION** : BLOCK 10; PLOT NO 85 NYAISHOZI, DAR ES SALAAM
- 1.6 **OBJECTIVE** : APPLICATION FOR CERTIFICATE OF INCENTIVES

2.0 EXECUTIVE SUMMARY

Description of the Company

FALCON ANIMAL FEEDS LIMITED is locally registered Company incorporated under Company Act of 2002, with certificate of incorporation No 76149 dated 20TH OCTOBER, 2010.

FALCON ANIMAL FEEDS LIMITED is a Limited Liability Company incorporated under company ordinance.

The company share capital is TZS 800,000,000/= with production capacity of manufacturing 100 tons (one hundred) per day of animal feed:

- To carry on the business of manufacture of cattle foods
- To carry on the business of manufacturers, promoters, processors, millers, importer, exporters of dealers in animal and poultry feeds.
- To carry on the business of poultry industrial comprising breeding farms hatchery, rearing farms, processing plant, feed mill.
- To carry on the business of promote and trade or business of farm and agriculture inputs ,implements ,tools ,packaging materials and deal in the livestock
- To carry on the business as dairymen, milk packagers in tetrapucks, tins, containers, bottles ect
- To acquire, take over, promote establish, engage in carry the business of professional of farmers.
- To carry on the business of industries and equipment manufacture and semi processed products in Tanzania and other parts of the world.
- To carry on the business of bonded warehouse ,removers ,store, packers and caries of personal property of every description

- To import various goods from various outside country goods such as Soya, Additives and other related chemicals and Raw materials.
- To act as Investment Company, holding company, finance company and deal in all type of investment whatsoever.

2.1 Project Location

The project will be located at plot No. 85 situated at Wazo Industrial Area in Kinondoni Municipal, Dar es Salaam.

2.2 The Project Sponsors

FALCON ANIMAL FEEDS LIMITED will be sponsoring this project through its shareholders.

The Company is jointly owned by

S/n	Name of shareholder	%Share
1	HASSAN ALLY AHMED	60
2	MARIAM ABDALA HUSSEIN	30
3	ABUBAKAR ALLY AHMED	10
	Total	100

2.3 The Project Objectives

The project main objectives are:

- To carry on the business of manufacture of cattle foods
- To carry on the business of poultry industrial comprising breeding farms hatchery, rearing farms, processing plant, feed mill

2.4 Objective of Study

The purpose of this study is to work out the project viability technically and financially.

2.5 The Project Rationale

The project is consistent with overall government economic policy and strategies on industrial development. The project aims at contributing to the implementation of the country's strategic development framework as expressed in the Millennium Development Goals (MDGs), Tanzania Development Vision 2025, National Strategy for Growth and Reduction of Poverty (2005) popularly known by its Kiswahili acronym-MKUKUTA and Tanzania's Poverty Monitoring Master Plan.

The company will be operated its business in rented premises at **Bagamoyo Road, Wazo Industrial Area , Dar Es Salaam** which suitable for the industrial location, to make project successful ,project will require the following infrastructure to mention few ;

- Machine, tools & Equipment's
- Trucks
- Packaging machines etc.
- Generators

The project is industry import oriented.

2.7 **The Role of Private Sector**

Tanzania like other countries in Africa decided to shift from closed economy dominated by government to open economy where all sector of economy are dominated by private sector .From the following facts the government has been obliged to change from being the key player to a facilitator in all sector of economy. This new role of the government has led to a more conducive and attractive environment to the private sector to join and invest in the industrial sector.

Private investment in the industrial Sector will go a long way in increasing the establishment of new industries.

3.0 **Industry Analysis**

Tanzania's industrial sector contributes around 25% to the country's GDP and experienced an average annual growth of 8% over the past 5 years. The general industrial structure of Tanzania is comprised of manufacturing (53%), processing (43%), and assembling industries (4%).

3.1 Manufacturing in Tanzania

Tanzania's manufacturing sector contributed 5.6% to the country's GDP in 2014 with USD 2.69bn, compared to USD 1.47bn in 2009, representing an increase of 82%. Since agriculture is the mainstay of the Tanzanian economy, the manufacturing industry is centered around the processing of local agricultural goods. The manufacturing sector in Tanzania consists mainly of food processing (24%), textiles and clothing (10%), chemicals (8.5%), and others, including beverages, leather and leather products, paper and paper products, publishing and printing, and plastics. Export of Tanzanian manufactured goods includes cotton yarn, processed coffee and tobacco, sisal products (yarn and twine), wheat flour, plastic items, textile apparel, and cement. Tanzania's manufactured goods export tripled over the past 5 years, increasing from USD 497.7m in 2010 to USD 1.4bn in 2015, accounting for 25% of Tanzania's total export value.

3.2 Tanzania Industrialization

The Government of Tanzania conceives industrialization as the main catalyst to transform the economy, generate sustainable growth and reduce poverty. The Government of Tanzania introduced its Sustainable Industrial Development Policy (SIDP) in 1996 to phase itself out of investing directly in productive

activities and let the private sector take that role. The main purpose of the Government's SIDP is to design a plan for industrializing Tanzania so that the country becomes semi-industrialized by 2025. In order for Tanzania to become a semi-industrialized country, the contribution of manufacturing to the national economy must reach a minimum of 40% of the GDP by 2025. Foreign Direct Investments (FDIs) are expected to provide the capital for the desired industrial development.

3.3 Industry in Tanzania

Tanzania has only 4% as assembling industries.

Tanzania Investment Centre encourages both local and foreign investors to take advantages of facilities offered by the authority to establish industry for Manufacturing of Electronics Energy meters

The benefits of this project are

- Fair price for selling to local Market
- Reduced unemployment
- Income to Government through tax collection

4.0 Project Management and Manpower requirements

For efficient planning, managing and running of project activities, the company will be under managing director assisted by Directors of Administration and Finance, Production and Technology Development, Director of Business Development and Marketing. The project management will be

answerable to board of directors who will be responsible for policy issues. **FALCON ANIMAL FEEDS LIMITED** will create employments of **81** employees.

5.0 Project description

Significant measures have been taken to liberalize the Tanzania economy so that to encourage private sector to take a lead in Tanzania economic growth; The Government of Tanzania embarked on adjustment program to give the private sector the leading role. That is why **FALCON ANIMAL FEEDS LIMITED** came up with a proposal to establish industry for Manufacturing of animal feeds and hatchery

It is expected that the project will be started as soon as possible as some equipment's, machine and tools already arrived and the company will apply to be exempted from paying import duty and VAT on Capital good and deemed capital good, the project will contribute significantly toward industrial sector in Tanzania

6.0 Targeted Markets.

The targeted market of the project is mainly for domestic market.

6.1 Supply and Competition

The project is expecting to face competition within and outside the country, but through experience of its shareholders (Hassan Ally Ahmed, Mariam Abdallah Hussein and Abubakar Ally Ahmed) in this Industry the company will taking the advantages of high demand for its production of chicken Feeds

6.2 Monitoring and Evaluation

The Management has full commitment to ensuring good quality of its products, **FALCON ANIMAL FEEDS LIMITED** use of new technology in feed mill industry and value addition will be more emphasized. Thus, the management philosophy is through business process, management will strive to ensure compliance to international standards and quality of production.

7.0 Project Investment Cost

The estimated capital investment cost of the project is
TZS 800,000,000=

FALCON ANIMAL FEEDS LIMITED		APPENDIX I COST STRUCTURE
	PARTICULAR	TZS
1	Motor Vehicles	100,000.00
2	Machinery, Tools & Equipment	300,000.00
3	Computers & Accessories	20,000.00
4	Furniture & Fitting	20,000.00
5	Pre Expenses	110,000.00
6	Working Capital	250,000.00
	TOTAL	800,000.00

For the project to be a reality a total investment amounting to TZS 800,000,000 is needed for the first phase.

7.1 Financing Pattern

The project will be financed by equity by 100%

7.2 Aspect of Project Sustainability

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. The peace and tranquility that exists in Tanzania is another aspect of assured business sustainability.

7.3 Monitoring and Evaluation

The monitoring and evaluation tools will be applied in running this project as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth operation.

8.0 **Financial Analysis**

8.1 **Considerations and Assumptions:**

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The diminishing line method to depreciate the project's capital items has been applied.

Revenues have been conservatively estimated based on experience of the promoters and trends in the electrical industry.

8.2 **Financial Statements:**

8.3 **Projected Revenue**

Revenue from project commence from the first year of operation. **Refer appendix (II)**

8.4 **Projected Profit and Loss Statement**

The Income and Expenditure Statement shows the projected income for the 7 years period. The position depicted is that the project earns profit throughout its life. Accumulated profit after tax profits grow from. TZS in first year TZS 111,090 to **TZS 1,544,720 in the 7year, for the details refer appendix (III)**

8.5 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow, accumulated cash flow grow from **TZS 111,090** in the 1st year, to **TZS 1,690,250** in 7th year, for the details refer appendix (IV)

8.6 Projected Balance Sheet

The projected Balance Sheet of the project is shown in the financial statements under same heading. Total assets of the project increases from first year from **TZS 911,090** up to **TZS 2,744,725** in 7th year of project operation, for the details refer appendix (V)

8.7 Projected payback period

Total investment is **TZS 800,000,000** cash accumulation in year 6 is **TZS 1,941,255** which is more than the initial investment by **TZS 1,391,569**, the project payback Period is within 6 years, For the details refer appendix (VI)

8.9 Projected Risks

Price fluctuations at global market and exchange rate risks are major financial risks.

9.0 Implementation

Project implementation is expected to be relatively very short once approval is received.

11.0 Economic Aspect of the Project

Besides the financial/monetary returns to the owners, there are other benefits to be derived for the whole country viz.

(i) Employment Opportunities

Employment and poverty reduction are among the major concern of the Central and the Local Government authorities. It is gratifying to note that **FALCON ANIMAL**

FEEDS LIMITED is going to provide additional employment of **81** people all of whom **1** will be nationals. This is a significant contribution coming from investors.

(ii) Revenue to the Government

The Project is expected to pay a substantial annual amount in the form of corporation tax, VAT, Pay as you earn etc during the project's 7 years covered under our project review.

12.0 Conclusion & Recommendation

12.1 Conclusion

- (i) The project is profitable and contributes to government revenue by way of taxes.
- (ii) The project provides employment to **81** people of whom **1** are national Tanzanians.
- (iii) The project is an encouraging sign to prove that we have investors who have confidence with Tanzania and are ready to invest such large sums of investment.

12.2 Recommendation

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implement and be given all the support required by all the concerned Government, Ministries and Agencies, including the Tanzania Revenue Authority, TRA, and the Export Processing Zones Authority {EPZA}. The project deserves this support because of its viability, since it is technical feasible, economically viable and socially acceptable.

APPENDIX II

FALCON ANIMAL FEEDS LIMITED

FIXED ASSETS SCHEDULE (TZS) 000

NAME OF ASSETS	1	2	3	4	5	6	7
Motor Vehicles	100,000.00	87,500.00	76,562.50	66,992.19	58,618.16	51,290.89	44,879.53
Machinery, Tools & Equipments	300,000.00	262,500.00	229,687.50	200,976.56	175,854.49	153,872.68	134,638.60
Computers & Accessories	20,000.00	12,500.00	7,812.50	4,882.81	3,051.76	1,907.35	1,192.09
Furniture & Fitting	20,000.00	17,500.00	15,312.50	13,398.44	11,723.63	10,258.18	8,975.91
TOTAL	440,000.00	380,000.00	329,375.00	286,250.00	249,248.05	217,329.10	189,686.13
DEPRECIATION	1	2	3	4	5	6	7
Motor Vehicles	12,500.00	10,937.50	9,570.31	8,374.02	7,327.27	6,411.36	5,609.94
Machinery, Tools & Equipments	37,500.00	32,812.50	28,710.94	25,122.07	21,981.81	19,234.09	16,829.82
Computers & Accessories	7,500.00	4,687.50	2,929.69	1,831.05	1,144.41	715.26	447.03
Furniture & Fitting	2,500.00	2,187.50	1,914.06	1,674.80	1,465.45	1,282.27	1,121.99
ANNUAL DEPRECIATION	60,000.00	50,625.00	43,125.00	37,001.95	31,918.95	27,642.97	24,008.79
CLOSING FIXED ASSETS	380,000.00	329,375.00	286,250.00	249,248.05	217,329.10	189,686.13	165,677.34

APPENDIX III

FALCON ANIMAL FEEDS LIMITED

YEAR	INCOME STATEMENT TZS 000						
	1	2	3	4	5	6	7
Projected Revenue	600,000	720,000	784,800	871,128	1,045,354	1,160,342	1,287,980
Total income	600,000	720,000	784,800	871,128	1,045,354	1,160,342	1,287,980
machine repairs & spare	40,000	48,000	67,200	80,640	112,896	158,054	189,665
Purchases	100,000	125,000	162,500	195,000	253,500	329,550	428,415
Total Direct Cost	140,000	173,000	229,700	275,640	278,396	281,180	283,992
Gross Profit	460,000	547,000	555,100	595,488	766,957	879,162	1,003,988
Operating & Adm Expenses							
Telephone & Internet	3,000	3,200	4,000	5,000	6,000	6,000	6,000
Electricity & Water	20,000	24,000	24,600	25,000	26,000	26,000	26,000
Travels & Accommodation	30,500	34,600	31,400	28,000	30,000	30,000	30,000
Rent	36,000	36,000	36,000	36,000	36,000	36,000	36,000
Motor Vehicles Running	12,500	20,000	24,200	25,000	30,000	30,000	30,000
Cleaning Expenses	2,500	3,000	3,100	4,000	4,200	4,200	4,200
Insurance Expenses	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Security Charges	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Stationeries & Printing Cost	7,500	9,000	10,000	12,000	14,000	14,000	14,000
Other Office Expenses	10,000	12,500	13,000	14,000	15,000	15,000	15,000
Staff Uniform	2,500	1,500	2,000	2,100	2,300	2,300	2,300
Marketing Cost	15,000	20,000	22,000	25,000	30,000	30,000	30,000
Parking Charges	1,000	1,200	1,500	2,000	3,000	3,000	3,000
Loading Expenses	10,000	12,500	14,000	16,000	17,000	17,000	17,000
Salaries & Wages	60,000	72,000	86,400	103,680	116,122	130,056	145,663
Pension Contribution 10%	6,000	7,200	8,640	10,368	11,612	13,006	14,566
Accounting & Consultancy	3,000	3,500	4,000	5,000	6,000	6,000	6,000
City Services Levy	1,800	2,160	2,354	2,613	3,136	3,481	3,864
Total Overhead Expenses	241,300	282,360	307,194	335,761	370,370	386,043	403,593
Depreciation	60,000	50,625	43,125	37,002	31,919	27,643	24,009
	301,300	332,985	350,319	372,763	402,289	413,686	427,602
Profit/(Loss) before tax	158,700	214,015	204,781	222,725	364,668	465,476	576,386
Tax 30%	47,610	64,205	61,434	66,817	109,401	139,643	172,916
Profit After Tax	111,090	149,811	143,346	155,907	255,268	325,833	403,470
Accumulated Profit	111,090	260,901	404,247	560,154	815,422	1,141,256	1,544,726

APPENDIX IV

	FALCON ANIMAL FEEDS LIMITED						
	CASHFLOW PROJECTED FOR IN TZS.000						
YEAR	1	2	3	4	5	6	7
Inflows:							
Cash sales	540,000	648,000	706,320	784,015	940,818	1,044,308	1,159,182
debtors	-	60,000	72,000	78,480	87,113	104,535	116,034
Total Inflow	540,000	708,000	778,320	862,495	1,027,931	1,148,844	1,275,216
Outflows:							
Total Direct Cost	140,000	173,000	229,700	275,640	276,396	281,180	283,992
Overheads	241,300	282,360	307,194	335,761	370,370	386,043	403,593
Payment Tax	47,610	64,205	61,434	66,817	109,401	139,643	172,916
Total Outflows	428,910	519,565	598,329	678,219	758,167	806,866	860,501
Net Cash Flow	111,090	188,436	179,991	184,276	269,764	341,978	414,715
Opening Balance	-	111,090	299,526	479,517	663,793	933,558	1,275,535
Closing Balance	111,090	299,526	479,517	663,793	933,558	1,275,535	1,690,250
Working Capital & Others	420,000	432,000	438,480	447,113	464,535	476,034	488,798

APPENDIX V

FALCON ANIMAL FEEDS LIMITED PROJECTED BALANCE SHEET IN TZS 000

YEAR	1	2	3	4	5	6	7
Fixed Assets		380,000	329,375	286,250	249,248	217,329	189,686
Addition	440,000						
Depreciation	60,000	50,625	43,125	37,002	31,919	27,643	24,009
Closing balance	380,000	329,375	286,250	249,248	217,329	189,686	165,677
Accumulated Cash	111,090	299,526	479,517	663,793	933,558	1,275,535	1,690,250
	491,090	628,901	765,767	913,041	1,150,887	1,465,221	1,855,928
Working Capital	420,000	432,000	438,480	447,113	464,535	476,034	488,798
Total Assets	911,090.00	1,060,900.50	1,204,246.92	1,360,154.18	1,615,422.09	1,941,255.51	2,344,725.74
Financed BY							
Equity	800,000.00	800,000.00	800,000.00	800,000.00	800,000.00	800,000.00	800,000.00
Accumulated Profit	111,090.00	260,900.50	404,246.92	560,154.18	815,422.09	1,141,255.51	1,544,725.74
Total Equity	911,090.00	1,060,900.50	1,204,246.92	1,360,154.18	1,615,422.09	1,941,255.51	2,344,725.74
Longterm Loan							
Total Equity & Debt	911,090.00	1,060,900.50	1,204,246.92	1,360,154.18	1,615,422.09	1,941,255.51	2,344,725.74

APPENDIX VI

FALCON ANIMAL FEEDS LIMITED PAYBACK PERIOD IN TZS

Year	Profit After Tax	Depreciation	Total Cash flow	Accumulated Cashflow
1	111,090.00	60,000.00	171,090.00	171,090.00
2	149,810.50	50,625.00	200,435.50	371,525.50
3	143,346.42	43,125.00	186,471.42	557,996.92
4	155,907.26	37,001.95	192,909.22	750,906.14
5	255,267.90	31,918.95	287,186.85	1,038,092.99
6	325,833.42	27,642.97	353,476.40	1,391,569.38
7	403,470.23	24,008.79	427,479.02	1,819,048.40
8	489,078.98	20,895.93	509,974.91	2,329,023.32
9	583,627.49	18,214.09	601,841.58	2,930,864.90

Initial Investment cost= TZS 800,000,000

From above table, payback period is within 6 year