

BUSINESS PLAN

**APPLICATION FOR CERTIFICATE OF INCENTIVE TO
TANZANIA INVESTMENT CENTRE**

COMPANY NAME:

ANIMAL CARE COMPANY LIMITED

P.O. BOX 55010

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1.0 EXECUTIVE SUMMARY

1.1 Business Profile

1.1.1 Name: ANIMAL CARE COMPANY LIMITED

1.1.2 Ownership Type: Private Limited Company

1.1.3 Nature of Business: Manufacturing and Retailing Animal Feed and Animal Care

1.1.4 Area of Business: P.O. BOX 55010 Dar es Salaam, Ubungo Traffic light Morogoro Road

1.1.5 Bankers NBC Bank, KCB (T) and CRDB Plc Bank

1.2.1 Request: Application for Certificate of Incentive from TIC

1.1 Vision

The vision is to become an agent of change in the sector pioneering innovation, customization, quality, affordability and excellent services. We want by 2025 to have achieved a share of 10% in the supply of soybeans crude oil, 12% in the supply of soybeans meal, 5% in the supply of poultry(hatchery) and 5% in the supply of animal feeds in the country.

1.1 Mission

Our commitment is in the supply of quality and affordable soybeans crude oil, soybeans meal, poultry (hatchery) and animal feeds continuous customization to allow flexibility in usage but also to give room for every person to have access to our products.

1.3 Our Values

Excellence – We shall act professionally and set challenging goals by encouraging innovation and speed. We believe that learning is an endless activity and we shall always encourage that.

Integrity – We will role model Animal Care Company limited values and debate openly and transparently, building trust and earning respect. We will act ethically.

Responsibility – We will show personal leadership in health and safety. We will act responsibly towards the environment and community. We will demonstrate commitment and ownership. We will act decisively by making informed decisions, empower and lead change.

Quality – We will work together as a team in the interests of our customers by creating products with multiple benefits.

2.0 ABOUT THE BUSINESS

2.1 Nature of Business

Animal Care Company Limited is a limited liability Company incorporated on the 28th January 2011 under the Companies Ordinance of the United Republic of Tanzania, with the Certificate of Registration No. 81209, TIN 111-858-101, the company is also registered with the Ministry of Livestock and Fisheries Development Reg 0038 and is owned by successful dynamic Tanzanian shareholders with an average of at least 13-years' working experience. Animal Care Company Limited is currently dealing in Animal Premixes, Animal Feeds and all types of feed Additives.

2.3 Location;

The company has a head office located in Ubungo Traffic Light along Morogoro road in Dar as Salaam, P.O. Box 55010 Dar as Salaam. Moreover, they have a factory occupying 387.77 acres of land based in Mlandizi district in Pwani region. They are currently doing production centralised at Mlandizi whereas the finish products are sold mainly through three branches which are directly owned by Animal Care Company Limited; the branches are located in the following areas;

- Ubungo Maziwa
- Arusha Branch
- Ubungo Traffic Lights

2.4.1 Financial Highlights:

Financial highlights for selected indicators

DESCRIPTIONS	2019	2018	2017	Average
CURRENT RATIO	3	2	2	2
QUICK RATIO	1	0	0	1
GROSS PROFIT	9%	9%	9%	9%
PROFIT MARGIN RATIO	1%	0%	0%	1%
ASSET TURNOVER-TIMES	6	3	3	4
DEBTORS TURNOVER-TIMES	26	29	188	81
AVERAGE COLLECTION PERIOD	14	13	2	10
DAY IN STOCK	22	77	92	64
STOCK TURNOVER	17	5	4	8
CREDITORS TURNOVER-TIMES	29	6	6	14
DAYS IN CREDITORS	13	60	58	43
DEBT TO EQUITY RATIO	81.3%	97.2%	70.1%	82.8%
DEBT RATIO	55%	70%	64%	63%
ASSET TO EQUITY RATIO	2.22	3.34	2.79	2.79

The above analysis shows the company's business performance for the past three years which reflects the following:

- The business is liquid and can cover immediate obligations, as demonstrated by both current and quick ratios averaging 2:1 and 1:1 respectively.
- The business runs profitably and has been operating at an average net profit margin of 1 % and average gross profit of 9%.
- The business has an average gearing ratio of 63.1%, which is fairly stable.
- There is strong efficiency in managing debtors and creditors; showing good selling skills and a good clientele base. The average debtors' collection period of 10 days and creditor's repayment duration of 43 days shows that the proprietor is efficiently managing both current assets and liabilities.
- Owing to the strong financial position as indicated above and the cash flow forecasts, the expansion plans for Animal Care Company Limited is an attractive investment destination for investors, the business deserves a favorable consideration for the applied facility. It is therefore recommended that Animal Care Company Limited deserves considerable financing to support his business and growth.

2.4.2 Historical Financial Performance

DESCRIPTIONS	2019	2018	2017
	TSHS	TSHS	TSHS
Revenues	20,452,525,477	12,042,071,211	9,371,497,104
Profit after tax	90,140,990	48,569,892	35,107,179
Total Comprehensive Income	90,140,990	48,569,892	35,107,179
Movement			
Revenues	70%	28%	
Pat	86%	38%	

The company has been performing outstandingly growing it's the customer base and revenues, as attested in the above table.

2.6 Suppliers List:

S/N	Suppliers
1	Abcon Chemicals Ltd
2	Afrisian Ginning LTD
3	Ahmed Sultan Nassor
4	Azania Polybag Industries LTD
5	Cello Industries Tanzania Ltd
6	Champlix Netherland
7	City Animal Feeds
8	CJ Indonesia
9	HSSL Lime Company Limited
10	Hussein Juma Issa
11	Keen Feeders Limited
12	Kemin Industries Ltd
13	Lark Engineering (India) Pvt Ltd
14	Mikoani Traders Limited
15	Mount Meru Millers Ltd
16	Rice Millers Limited
17	Sahel Trading Company Limited
18	Tanmix Tanzania Limited
19	Tata Africa Holdings Ltd
20	TUNI Feed

- ◆ The company does not have offtakes agreements at the moment but they intend to establish a contractual relationship with local farmers in the long run to optimize profits and guarantee of supply.

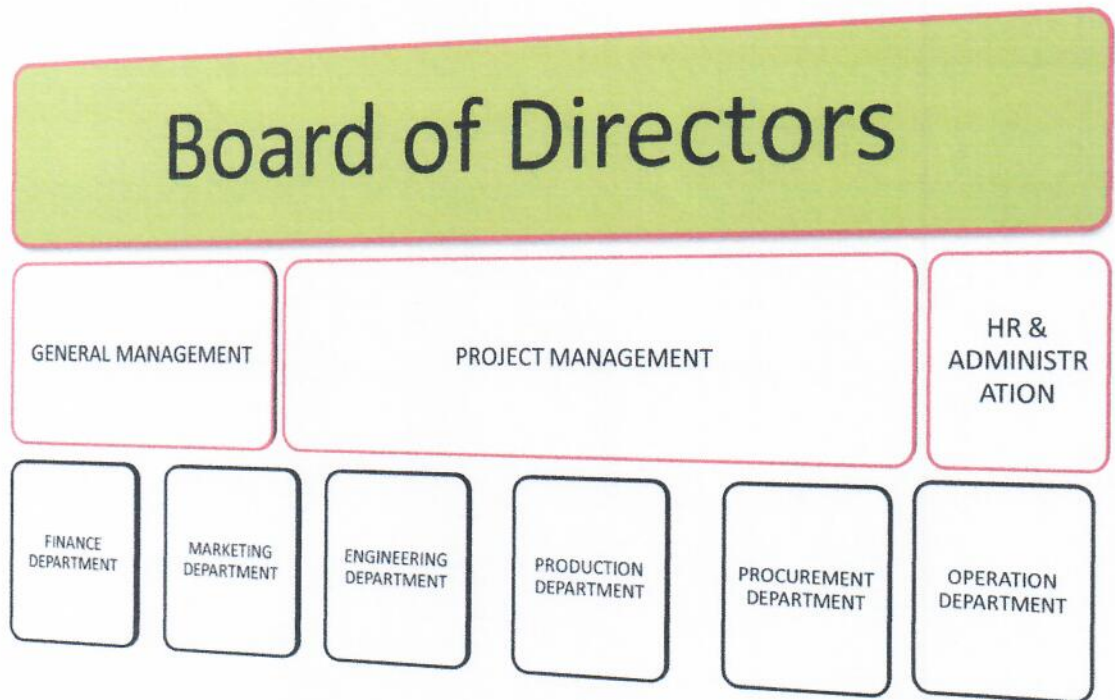
3.0 OWNERSHIP AND MANAGEMENT

3.1 Ownership

The company has two shareholders viz; Mr. Hafidh Hamdoon Mansoor, Mr. Adil Hamdoon Mansoor and is limited by shares of the members as below.

S/N	SHAREHOLDER	No. of SHARES
1.	Mr. Hafidh Hamdoon Mansoor	750
2.	Mr. Adil Hamdoon Mansoor	250

3.2 Organization Structure



4. PROJECT DESCRIPTION

Animal Care Company Limited is set to embark on an expansion plan which would include the procurement of the following itemized items.

S/N	PRODUCT	FACILITY	AMOUNT (TZS)	TERM
1	Soya Beans	Working Capital	2,500,000,000	1 Year
2	Maize Meal	Working Capital	2,000,000,000	1 Year
3	Warehouses	Term Loan	300,000,000	1 Year
4	Soya Beans Plant	Term Loan	400,000,000	1 Year
5	Feed Manufacturing Plant	Term Loan	2,800,000,000	1 Year
TOTAL			8,000,000,000	

The company is intending to expand the Animal feed plant, from current plant with daily production capacity of 6 tons per day and they would like to invest TZS 2,800,000, 000 (Two Billion and Eight Hundred Million Tanzanian Shillings) to buy a new plant with a daily production capacity of 10 tons per day, as such the business is projecting to run and operate a combine capacity of 16 ton per day. At the same time they are intending to invest in a Soya Beans Plant amounting to TZS400, 000,000 (Four Hundred Million Tanzanian Shillings only), as a result of the increase in the production overall, in Animal care Limited; the company is intending to increase the number of warehouses from 3 by adding two more warehouses at an investment of TZS 300, 000,000 (Three hundred million Tanzanian Shillings Only). The proposed investment of TZS 3,500,000,000 will be in the form of term loan payable over 3 years.

Animal Care is also seeking financing of TZS 2,500,000,000 (Two Billion and Five Hundred Million) to support the existing Animal feed production, they are seeking the facility in the form of an overdraft for working capital to support the procurement of Soya beans, more over they are seeking for an additional overdraft facility of TZS 2,000,000,000 (Two Billion Tanzanian Shilling) to aid in the procurement of Maize Meal .These two raw materials are the major components in the production of Animal Feed.

Project analysis indicates that the investment in the additional plant of 10 ton per day has short term payback period, the NPV, IRR and profitability index all point to the immense financial benefits.

There is an increasing demand for soya as a fortifier in human foods and animal feeds there is an active cadre of small- to medium-scale entrepreneurial processors (mostly women) servicing this requirement. Similarly, there is a growing demand for soya as an ingredient in animal feeds (especially for poultry). There are other opportunities including a rising internal demand for soybeans as human food (a result of a growing awareness of its health benefits, increased individual consumption and an expanding population). Tanzania's young population also promises more future consumption. Much of the demand for animal feed is currently met by imports of meal or cake from India and from neighboring Zambia, Malawi and Uganda. Currently, it is estimated the national production of soya is around 5,000 tons a year from about 5,000 hectares (ha) of land by 2020 projecting surplus of raw materials with few processors. The future of Soybeans processing in Tanzania is very bright; the demand of this energy increases every day.

The project is expected to reduce inconveniences resulting from importation of processed soybeans crude oil and soybeans meal from abroad. Importation of Soybeans crude oil and soybeans meal Importation of soybeans crude oil and meal disturbs the production of animal feed and human food nutrients; they do not even come on time thus affecting efficiency of production of animal and human food processing companies. The project will serve the whole Tanzania and East & Central Africa countries. Since now there is on few and only small firms for processing surplus soybeans, in Tanzania and in some other neighboring countries. The demand for soybeans oil and meal is increasing significantly; people are now turning to soybeans nutrients as it continues to become more effective and convenient in every food processing and manufacturing firms.

The company has conducted a feasibility study which confirms the potential and future success of the project. The company intends to establish Soybeans processing and solvent extraction plant in Mlandizi. The project would require startup capital, to finance noncurrent assets, direct costs and overheads; as outlined below in the table.

5.0 MANAGEMENT PLAN

5.1 Staffing

- Initially, the project is projected to employ about 60-permanent staff in different sections including administration and operation sections, plant managers, engineers, R&D team, marketing manager, finance manager, accountants, supervisors, plant operators, drivers, messengers, etc.
- . Administration section includes account assistants, administrative secretary, and other support staff. In operation, workers will be responsible for various activities including stunning, sticking, flaying, splitting, washing, cleaning, packaging, loading and other tasks.
- All employees will be trained on fire prevention and safety measures.
- The company's plan is to build a small but more solid team that will work to ensure that the organization meets its targets and hence realize its vision.
- We will build a team with extensive knowledge on processing soybeans to produce soybeans crude oil and soybeans meal. The day-to-day activities of the business will be under the General Manager who will report to the board of directors, which is, the governing body of the company.

5.1 Board Committee Team

Board Committee Team

5.11 Overall Board Chairperson – Mr. Hafidh Hamdoon Mansoor - He is the founder and has been the driving force behind the growth of the business.

5.12 Executive Board Member – Mr. Adil Hamdoon Mansoor - is the Deputy Managing of the company.

5.13 Executive team

This is a team of technical staff who are involved in day to day management of the group. It consists of the managing director, operation/finance director, and support team. Below is the team, their experience, skills and qualifications.

5.14 Managing Director

- Name:** Mr. Hafidh Hamdoon Mansoor
- Experience:** Over 14+ years in business, is the pioneer of the Animal Care Company Limited
- Achievements:** Since establishment, the business profits have been growing and have established solid relationships with the suppliers of raw materials as well as buyers of the end products. He has been the driving force behind the growth of the business from humble beginnings.
- Profit growth of over 5% over last three years
 - Net worth growth of plus 12% over last three years
 - Spearheading the diversification strategy of the company
- Responsibilities:**
- Setting company Strategy and execution thereof
 - Staff control, motivation and discipline
 - Senior in charge of daily business in general.
 - Negotiating contracts with large suppliers/buyers
 - Executive Board member
 - Establishing new markets

5.15 Deputy Managing Director

- Name:** Mr. Adil Hamdoon Mansoor
- Experience:** 10+ years
- Qualifications:** Bachelor degree
- Achievements:** Working with the Managing Director to ensure that agreed strategies are executed to perfection. He has been part of the growth process of the enterprise he acts in the absence of the Managing Director.

Responsibilities:

- Chairing meetings for the core senior management team
- Assisting the Managing Director in discharge of all responsibilities
- Strategy implementation through the executive team
- Executive Board member
- Overseeing the day to day operations of the company through the appointed managers.
- Day to day administration issues in the company
- Procurement issues locally
- Participates and decides on senior staff recruitment
- Acting as the Managing Director in the absence of the incumbent
- Strategic Planning
- Negotiating with raw material suppliers and large buyers
- Staff Training
- Health and Safety of all staff
- Industrial relations in the company

5.16 Summarized Key Administrative Personnel

S/N	NAME	POSITION	QUALIFICATION	PREVIOUS EMPLOYER	WORK EXPERIENCE YEARS
1.	Mr. Hafidh Hamdoon Mansoor	Managing Director	Diploma	Animal Care	14
2.	Dr. Lee	Plant manager	Bachelor of Animal Science	Multvet Co ltd	10
3.	John Njuguna	Marketing Manager	Bachelor of commerce		07
4.	Dr. Lee	Safety Manager	Bachelor of Animal Science	Multvet co ltd	10
5.	Ashok Kumar	Plant Engineer	Bachelor of Mechanical Engineering	Qatal Gas co ltd	21
6.	Hana Mwasikili	Finance Manager	MBA, CPA		10

5.17 Outsourced services

NAME	FUNCTION	QUALIFICATIONS & EXPERIENCE	KEY PERSON	MAIN RESPONSIBILITY
LBA	Accounts	8 years. CPA/MBA	Hana Mwasikili	Books of accounts monthly & annually
Hansem Assurance	Auditing	6 years. CPA	Hamza Mahosanya	Audit & financial risk management analysis

6. FINANCIAL PLAN

6.1 Finances Required

The company is intending to Invest TZS 8,000,000,000 Eight Billion Tanzanian Shillings only;

6.2 Projected Statement of Profit and Loss and Other Comprehensive Income for the year 2020/2024

The following is the company's projections of financial performance (Statement of Comprehensive Income) for the years with the impact of the loan facility. Revenues/Sales will grow by an average of 33 % for the projected 5-year period. Operating expenses are projected to increase by an average of 8% per year. Net profit after taxes are expected to increase by an average of 117% yearly basing on the projections. Below is the projected Statement of Comprehensive Income of the business.

Projected Statement of Profit or Loss and Other Comprehensive Income 2020/2024

DESCRIPTIONS	2024		2023		2022		2021		2020	
		TSHS		TSHS		TSHS		TSHS		TSHS
Revenues		64,968,110,862		54,595,051,144		46,662,436,875		39,882,424,680		26,588,283,120
Cost of sale		59,120,980,884		49,681,496,541		42,462,817,557		36,293,006,459		24,062,396,223
Gross Profit		5,847,129,978		4,913,554,603		4,199,619,319		3,589,418,221		2,525,886,896
Expenses:										
Employment		1,957,365,990		1,631,138,325		1,359,281,937		1,132,734,948		576,973,055
Administration		907,144,187		865,321,932		825,491,213		787,557,194		751,429,558
Selling		293,770,242		265,723,796		240,676,259		218,035,207		195,313,285
Finance cost		-		5,204,913		167,190,881		373,812,082		446,035,792
Depreciation		396,360,773		484,140,231		593,310,611		729,212,287		382,738,269
Total expenses		3,554,641,192		3,251,529,197		3,185,950,902		3,241,351,719		2,352,489,958
Profit before tax		2,292,488,785		1,662,025,406		1,013,668,417		348,066,502		173,396,938
Income Tax		(687,746,636)		(498,607,622)		(304,100,525)		(104,419,951)		(52,019,081)
Taxation for Previous year										
Profit after tax		1,604,742,150		1,163,417,784		709,567,892		243,646,552		121,377,857
Other Comprehensive Income				-		-		-		-
Total Comprehensive Income		1,604,742,150		1,163,417,784		709,567,892		243,646,552		121,377,857

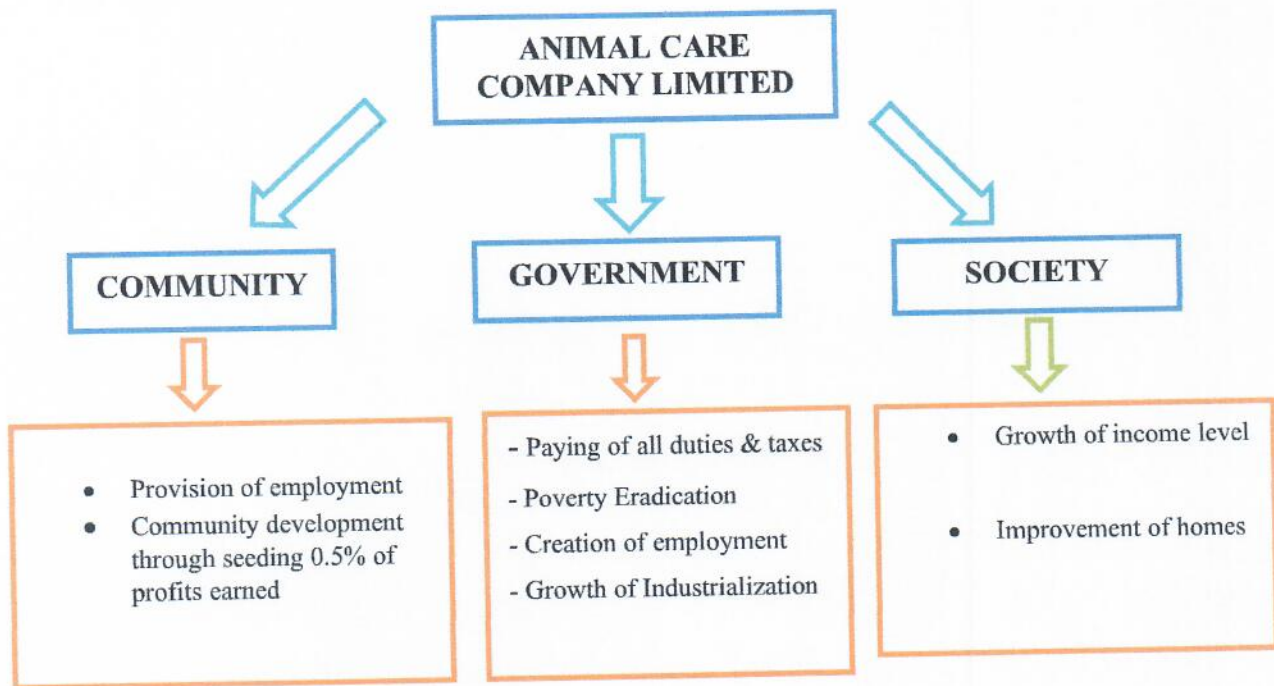
6.3 Projected Statement of financial position for the years from 2020 to 2024

Most of the balance sheet items will keep on increasing as the business continues to operate on its normal operating cycle. Currently the only non-current assets of the company are Buildings & infrastructure and the Production Equipment. Depreciation rates will continue to be at 20% and 25% annually respectively. Net worth of the business will be growing with an average growth of 37%.

Projected Statement of Financial 2020/2024

DESCRIPTION	2024	2023	2022	2021	2020
	TSHS	TSHS	TSHS	TSHS	TSHS
NON CURRENT ASSETS (NET)	2,441,702,834	2,838,063,607	3,322,203,838	3,915,514,449	4,644,726,737
CURRENT ASSETS					
Inventory	6,568,997,876	4,516,499,686	4,718,090,840	4,032,556,273	4,010,399,371
Trade receivables/Prepayments	2,320,289,674	2,183,802,046	1,666,515,603	2,215,690,260	1,899,163,080
Cash and cash equivalents	467,979,224	329,983,602	281,517,619	232,071,022	299,648,749
Total current assets	9,357,266,773	7,030,285,333	6,666,124,061	6,480,317,555	6,209,211,199
TOTAL ASSETS	11,798,969,607	9,868,348,940	9,988,327,899	10,395,832,005	10,853,937,936
EQUITY & LIABILITIES					
EQUITY					
Share capital	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Retained Earnings	4,164,389,604	2,559,647,454	1,396,229,670	686,661,779	443,015,227
Revaluation Reserve	594,548,000	594,548,000	594,548,000	594,548,000	594,548,000
Total Equity	5,258,937,604	3,654,195,454	2,490,777,670	1,781,209,779	1,537,563,227
NON CURRENT LIABILITIES					
Loan From Bank	0	0	1,532,706,521	2,862,930,196	3,986,532,670
Total noncurrent liabilities	-	-	1,532,706,521	2,862,930,196	3,986,532,670
CURRENT LIABILITIES					
Trade creditors	2,038,654,513	1,713,155,053	1,464,235,088	1,251,482,981	829,737,801
Overdraft	4,500,000,000	4,500,000,000	4,500,000,000	4,500,000,000	4,500,000,000
Accrued tax	1,377,490	998,432	608,619	209,048	104,238
Total current liabilities	6,540,032,003	6,214,153,486	5,964,843,707	5,751,692,030	5,329,842,039
TOTAL LIABILITIES	6,540,032,003	6,214,153,486	7,497,550,229	8,614,622,226	9,316,374,709
TOTAL EQUITY & LIABILITIES	11,798,969,607	9,868,348,940	9,988,327,899	10,395,832,005	10,853,937,936

7 SOCIO ECONOMIC Value Chain of ANIMAL CARE COMPANY LIMITED to different stakeholders.



8. CONCLUSION

The detailed discussion in the previous sections reveals that, the project is financially viable and economically justifiable and the investment is well reasoned after a thorough market research and proven market demand in Tanzania. It further makes economic sense as demonstrated by the cash flow forecasts.

- i. Management analysis also shows that the key staff is well experienced in the industry with integrity and high appreciation of the market field which they are trading in.
- ii. Socio-economic analysis depicts the business is of interest to the local farmers and the economy at large as analyzed above.

Animal Care is therefore seeking to be granted with TIC Certificate of Incentives as per the guideline under Authority conferred upon it by Part III, Section 17 (1-8) of Tanzania Investment Act, 1997.