

2022

CHUBBY CHICKENS COMPANY LIMITED BUSINESS PLAN

- BROILER FARM AND PROCESSING CENTRE
- DUNDANI, MKURANGA (COAST REGION)



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EXECUTIVE SUMMARY

Chubby Chickens Company Limited is a poultry farm focused on both egg and meat production that target to carter for a large market range. It will also produce manure as a by-product. It is based in Dundani, Mkuranga, Pwani (Coast Region). The founders have noticed the health implication of red meat and are creating a business to meet the increased demand for white meat and eggs. Chickens happen to be a great source of white meat.

Mission Statement

Chubby Chickens Company Limited's mission is to provide customers with quality, fresh, and valuable products. To respect all employees and enable everyone to have a say in company affairs. Quality and service are our number one priority. To provide investors with opportunities to receive a nice return on investment and high-quality growth.

Objectives

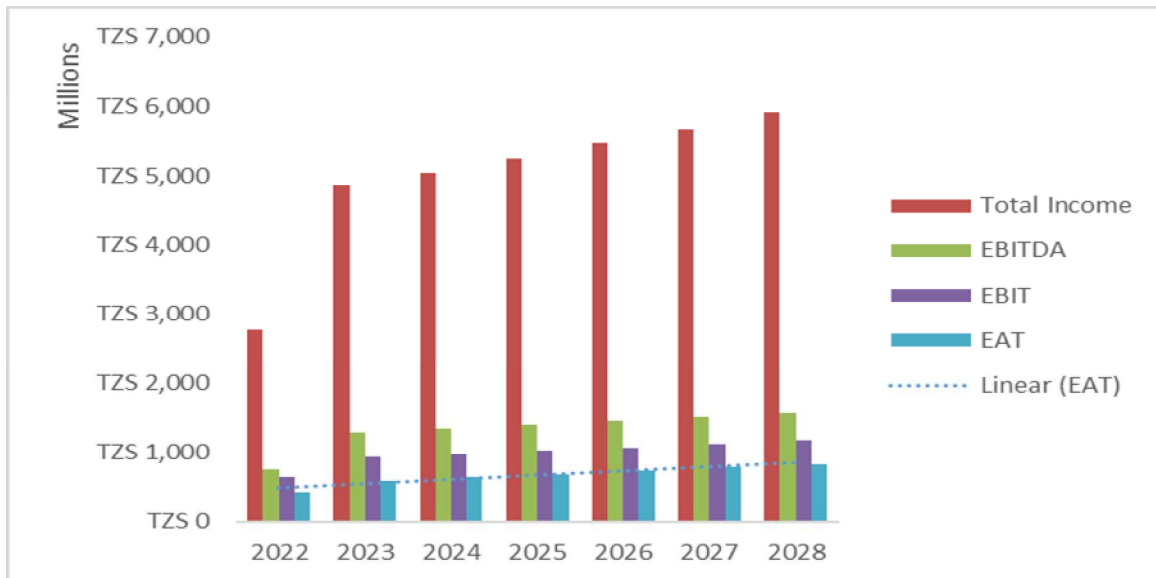
Chubby Chickens Company Limited will measure its success by its ability to achieve the following objectives: Becoming the "Best and most hygienic poultry producer in the area" complying by the national standards for food and drugs.

Keys to Success

Chubby Chickens Company Limited will follow these principles in order to achieve success in its market:

- State of art cage framework accommodating an optimum number of chickens with lessened possible hazards.

Financial Summary



EBITDA = Earnings Before Interest, Tax, Depreciation and Amortization

EBIT = Earnings Before Interest and Tax

EAT = Earnings After Tax

BUSINESS OVERVIEW

Chubby Chicken Company Ltd (hereinafter, “CCCL”) a proposed poultry enterprise located in Mkuranga, Tanzania will be dedicated to the supply of poultry products for the Tanzanian market including meat, eggs, day old chicks and feed. CCCL has been formed as a Private Company Limited by shares and has been registered under the Tanzanian companies act of 2002 with Certificate of Incorporation Number 154026541.

Our vision is to become a fully integrated poultry enterprise where we cover and control all aspects of production allowing us to produce quality products at competitive prices.

Our plan is to develop two independent sites which will serve as our broiler and parent stock farms and hatchery facilities. The first site which is currently existing sits on a 16-acre plot of land located in Mwasanai, Dundani. The farm will house 3 broiler sheds, a processing facility as well as a cold storage room for our finished products. The second proposed site will be a 30-acre farm that will house 5 parent stock sheds, temperature-controlled storage rooms and a hatchery facility that will successfully allow us to produce healthy day old chicks.

By leveraging a well thought out business plan executed by a skilled management team, CCCL will generate sales revenue targets of 4.4 billion Tanzanian shillings within the first full year of operations. This will provide for sufficient cash flow to cover our TZS 949,450,320 loan request.

Company Ownership

The CCCL's promoters have realized the potential market and demand for the poultry products (meat, eggs, chicks and manure) in Tanzania. They have the experience, expertise, vision and skills to ensure that the company continues performing well and realizes the growth potential, as there is large market share to be captured.

The Farmland is owned by the CCCL, with the shareholders as scheduled below:

Name of Shareholders	Number of Shares	Nominal Value per share	Subtotal-Nominal Value
ALIHUSSEIN MEHBOOB VERSI	6,000	TZS 50,000	TZS 300,000,000
ASHIQ ABBAS VERSI	2,000	TZS 50,000	TZS 100,000,000
SHIRIN MEHBOOB VERSI	2,000	TZS 50,000	TZS 100,000,000
Total	10,000		TZS 500,000,000

Financing Requirement

The company is proposing to bridge the financing gap by a medium-term loan, with the aim of improving the company cashflow and provide more available working capital and Capital Expenditure as analyzed in detailed in the forthcoming sections. With this intention, the company would like to apply for a term loan of Tanzania Shillings one billion forty-four thousand nine hundred eighty only (TZS 1,000,044,980) in which the proceeds will be used to finance the capital gap left by equity capital.

Proposed loan terms

- (i) The company is requesting a four year- term loan of TZS 1,000,044,980.
- (ii) The loan will be repaid over a period of four years
- (iii) The company is willing to pay interest charge on the credit facility of 9% per annum

Sources of repayment

The company is willing to commit all of the income that will be generated from the business operations to the interest payment and loan principal repayment.

The loan repayment will be done over a period of four years, excluding the first six months of the facility life in which the requested amount will be drawn down, but only the agreed interest on loan will be paid on the drawn balance.

In view of the foregoing, the CCCL is requesting for a moratorium of six months before it start repaying the principal amount.

Proposed security to the loan

The proposed securities for the requested term loan are as follows:

- Dundani Farmland and the then constructed broilers sheds
- Management Guarantee

MARKET ANALYSIS

Industry Analysis

In Tanzania, poultry farming plays an important role in both urban and rural settings in terms of food security, source of income and in meeting other social obligations such as dowry and rituals. The poultry sector has a huge potential for growth considering land availability to grow grains and soya for poultry feeding.

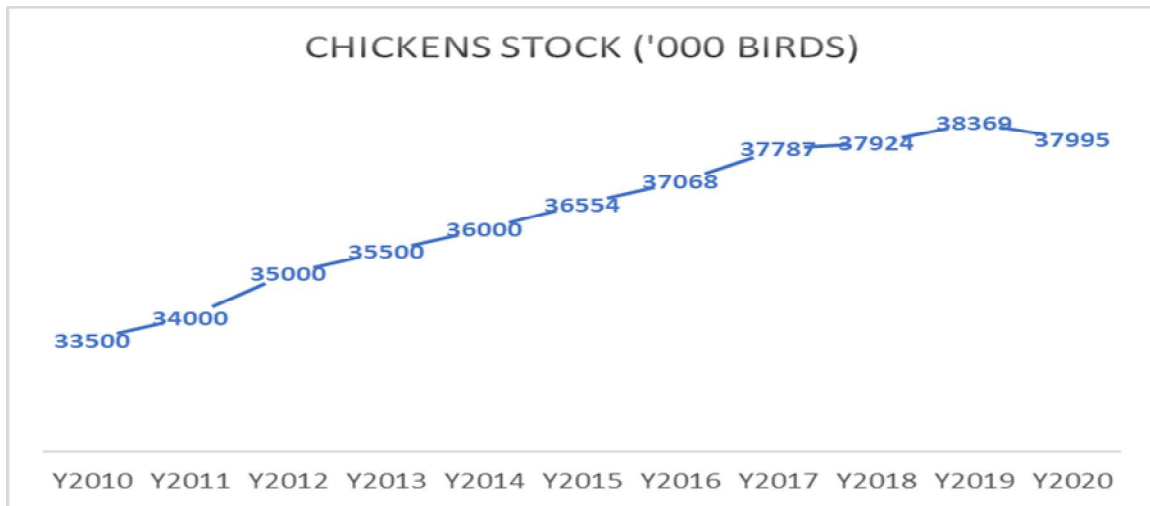
The outbreak of Avian Influenza in the mid-2000 attracted government interventions into the sector leading to importation of poultry and its products into mainland Tanzania been banned. The Private Sector Industry based Organizations (PSIOs) such as the Tanzania Poultry Breeders Association; and the Tanzania Commercial Poultry Association lobby for government interventions and have been keeping pressure on the government not to allow imports. The key argument is that imports would have a major negative impact on the development of the local industry. Differences in agricultural trade policies between Tanzania mainland and Zanzibar lead to illegal importation of poultry meat in Tanzania mainland.

Poultry production in Tanzania comprises both commercial (broilers and layers) and traditional systems, which rely on indigenous breeds, as well as improved, dual-purpose breeds mainly kept in a free-range system. Commercial poultry production is mostly practiced in urban and peri-urban areas.

Traditional poultry production is the largest, contributing about 70% of the flock and supplying the bulk of poultry meat and eggs consumed in rural areas and 20% in urban areas. Indigenous poultry is regarded in Tanzania as an important source of poultry mainly in the rural area and assists food security and sustainability. It is also not uncommon that the consumers prefer the taste of these chickens and are willing to pay a premium for the meat and eggs. Production is focused mainly on own consumption.

The commercial poultry sector contributes 80% of poultry meat and eggs consumed in urban areas. Tanzania's National Bureau of Statistics (NBS) (2016) notes that most of the

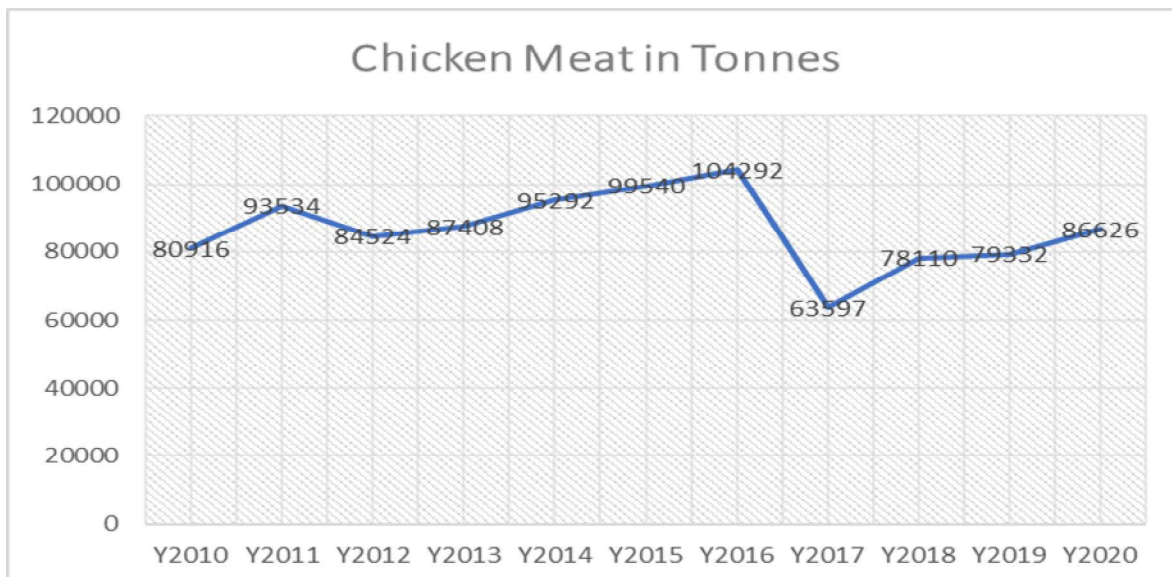
Tanzanian population keeps some chickens. The national panel survey conducted in 2014/15 indicated that 59% of livestock producing households owned chicken.



Source: FAOSTAT

The national flock is estimated at approximately 40 million birds, of which 38 million are indigenous breeds, 1.8 million layers and 0.9 million broilers. These numbers represent a snapshot at any point in time however and while the indigenous flock has remained fairly constant over time, broiler numbers have been increasing.

Broilers also typically produce more than 1 cycle year industry estimates suggest that 32 million broiler birds are produced annually.



Source: FAOSTAT

According to the World Food Program (WFP), in 2020, national chicken meat production was reported as 86,626 tones. When combined with the reported bird numbers (38 million indigenous birds, 1.8 million layers and 32 million broilers – as estimated by industry), this is indicative of an average carcass weight of 2.4kg per chicken. Discussions suggest that most birds are slaughtered at an average live weight of 1.2 to 2 kilograms, which would typically yield a carcass weight of around 1 to 1.4 kilograms.

Despite of the discrepancy in the data, it is evident that chicken meat production in Tanzania has increased rapidly since 2006, by an annual average of 3.5%, however, this remains below the 3.8% per annum growth in consumption (demand), a demand-supply growth gap of about 0.30%.

Given that production growth has failed to keep up with consumption, imports have had to increase to bridge the demand-supply gap. Though imports remain a small share of the total market, volumes have increased by an annual average of more than 50% since 2006, despite policy reflecting a ban on chicken imports. This ban only applies in mainland Tanzania and Zanzibar does in fact allow chicken imports. It has been suggested that chicken imported into Zanzibar often enters mainland Tanzania through informal channels.

From 2006 to 2016, Tanzanian chicken consumption increased by an annual average of 3.8%, to reach an average of 100.9 thousand tons per annum between 2014 and 2016. This implies an average per capita consumption of 2.07kg per annum, however, other sources report a per capita chicken meat consumption of 15kg per annum, which is well below 2022 whose population is estimated to be around 60 million; estimated to be 124.2 thousand higher income countries. Based on this per capita consumption, a derived demand for year tons of chicken meat. The foregoing implies a demand-supply gap of approximately 31 thousand tons of chicken meat, assuming a supply growth rate of 3.5% per annum from 2020. Assuming a standard yield of 72% to 76%, this implies an estimated range of 41 to 43 thousand tons of live bird weight.

Challenges facing the poultry industry

The major challenges in commercial egg and broiler production include: 1) *Disease outbreak* 2) *Pilfering of meat and eggs* 3) *Oversupply resulting in glut and reduction in prices.*

Disease Outbreak

Contagious disease and virus outbreak is very deadly; if one of the chickens should contract the disease, all of them will be affected if it's not recognized and treated early. This can lead to the death of the entire flock of birds which is a great loss to the business. Also, some of these diseases are zoonotic which makes the meat unsafe for consumption by human once infected. Disease prevalence varies from one area to the other. The problems that may trigger disease conditions are improper management, poorly ventilated houses and very high temperatures in and outside the poultry house, which will stress the birds and reduce their immune response to any challenges. Mortality of the chickens which is inevitable since we are dealing with living things should also be put into consideration. This can be managed with good management and has been calculated to range between 4-10%.

Technological risks

Although the use of technology helps greatly in improving efficiency and output, it also proves to be a challenge in the event of breakdown as it leads to downtime, reduction in output and other unnecessary losses. The cost and availability of electricity is expensive and unstable which and some electric problems can lead to fire outrage and burn the building causing the loss of assets and perhaps the entire business.

Poultry Value Chain Analysis

The commercial poultry industry includes breeder farms, hatcheries, layer and broiler farms, traders, and processors. Broiler production normally has a cycle of 4 weeks. Producers indicated that beyond 4 weeks (28 days), margins reduce due to a weaker feed conversion ratio (FCR) and high feed cost.

Producers are categorized into three groups. The first group are traditional primary producers (normally producing chickens for household consumption, largely local breeds.

Small-scale village households produce mostly indigenous chicken (15% of marketed production; 51% of bird population). The indigenous chicken flock sizes ranges from 5-50.

The second group is for the semi-commercial producers who produce for dual purposes both household consumption as well as for business purposes. The last group consists of commercial producers who normally produce for business purposes. Commercial producers vary in scale of production and exist as small-scale producers owning less than 10,000 chicks, medium scale producers owning between 10,000 to 50,000 chicks and large-scale producers owning more than 50,000 chicks. Medium and large-scale commercial producers are based in towns or close to urban areas given the fact that commercial production is capital intensive.

In recent years, Tanzania has seen in increasing investment in vertically integrated production systems where a company would typically control 90% of the value chain including the production of feed, chicks, broiler, and layer production. There are also contract producers who are linked to large-scale commercial producers. They buy Day Old Chicks (DOCs), feeds and other inputs from large-scale commercial producers and sell live birds or chicken meat to large-scale commercial producers. Interchick Co. Ltd is an example of large-scale commercial producer with contract grower scheme and 90% of its meat supplies originating from its contract growers.

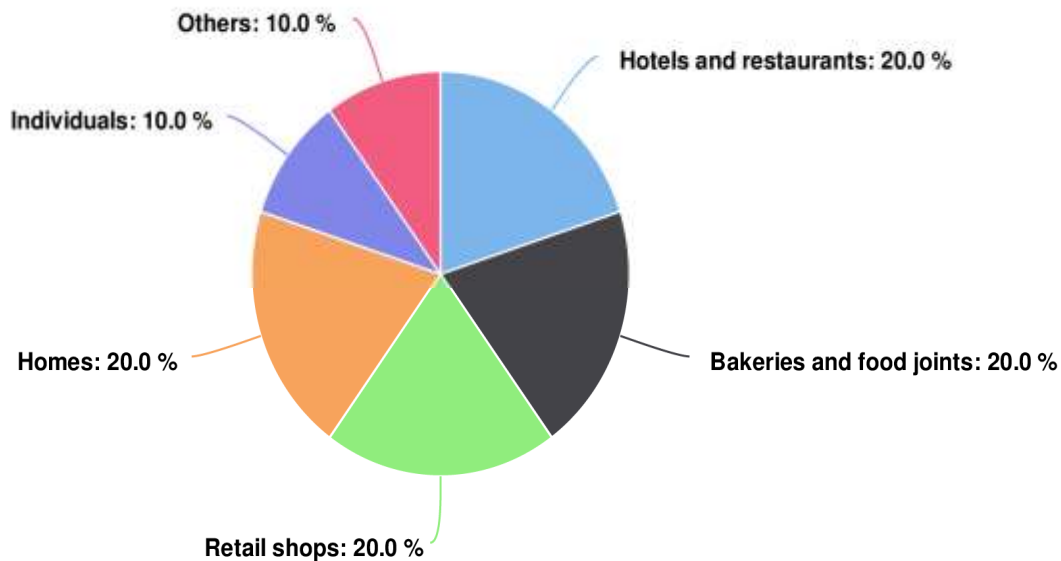
There exist two different contractual arrangements; firstly, producers are given inputs on credit at a reduced price (E.g., instead of paying \$0.67/DOC, the price reduces to \$0.54/DOC). They are offered DOCs, feeds, and vaccines. Producers are initially required to deposit 75% of the total input costs and the other 25% are deducted when making payment for their supplies of chicken. Companies that participate in this chain estimate the total cost of all inputs (DOCs, feeds, and vaccines) at \$2.2/bird, equivalent to TZS 5,060/bird.

The company also offers other services on credit. The key services offered are transport for live birds/chickens and slaughtering. Transport costs (\$45 for 1500 birds for 61km)

and slaughtering costs (\$0.22/bird) are deducted after sales when other input cost payments are being finalized.

Market segmentation

In Tanzania, there are a few taboos, religious or cultural practices that will prevent the consumption of poultry products, during the market segmentation, we noted out that nearly everybody eats eggs and chicken meat, so we are targeting the whole market, individuals, homes, and firms that use eggs and chicken in large quantities. Specifically, there is a high demand for retail shops (mini & supermarkets), homes, hotels, and restaurants. For the case of eggs, bakeries and food joints, hotels, restaurants, retail shops, homes and individuals.



Individuals are a small sector in the market segmentation. They are a pretty large group, but they buy a relatively small amount of chicken meat. The part of the market that we hope to supply a large number of chicken meat to are the hotels, restaurants, and retail shops (mini & supermarkets). We have strategically placed our site close to the urban area where our poultry products are demanded most.

Competitive advantage

The CCCL recognizes the presence of the power of customers and thus it knows that it has only one choice to make for its survival in the market and this is “capitalizing on the

power of customers” through differentiating its poultry products from its rivals in terms of quality and price.

The CCCL’s competitive advantage is manifested in the following:

- (i) High quality poultry products, which cater for a large customer bas
- (ii) Competitive market prices due to presence of vertical integration, where CCCL’s Sister Company Morning Fresh Limited will be supplying all the required feeds.
- (iii) Acknowledged leadership in its field of business with a good track record of providing high quality products
- (iv) Adapting and responding to the changing market needs and trends
- (v) Establishing long term relationship with its customers

STARTUP SUMMARY

Start-up Cost

<i>ITEM</i>	<i>COST</i>
Farmland	205,000,000.00
Construction of Fence	100,000,000.00
Construction of Broiler sheds	740,000,000.00
Construction of Processing House	250,000,000.00
Pre-operating expenses	2,760,000.00
Refrigerated Storage Facility	70,000,000.00
Title Charges	11,500,000.00
Mobile equipment (Refrigerated)	30,000,000.00
Broiler house equipment	180,000,000.00
Power Supply	30,000,000.00
Water	15,000,000.00
Processing equipment	300,000,000.00
Working Capital	180,000,000.00
Contingencies	211,426,000.00
Total	TZS 2,325,686,000.00

PRODUCTS & SERVICES

Product description

We offer chicken eggs and chicken meat that will be gotten from layers and broilers to our target market. We plan to take pride in the uncompromising quality of our products.

We also offer fertilizer in the form of chicken manure.

This is mostly used in vegetable farming and as an ingredient for feed in fish farming. CCCL's poultry shall produce high quality, contaminant-free.

Service Description

We plan on servicing our customers by providing home delivery for customers who are willing to buy at least a certain amount of our products.

Broiler Rearing System

All-in-all-out system

Under this system, the day-old hybrid broiler chicks are received in one batch, grown to appropriate market age and weight on the farmer's premises and sold in one batch to the market, mostly to wholesalers.

The farm premises are cleaned and disinfected to receive the next batch of broilers of a single age group. At any time, only one particular batch or age group is available on the farm premises, making it easier to control the spread of disease as procedures to disinfect the premises can be applied promptly.

Broilers grown under this system give a superior performance to broilers grown in the multiple-batch system. CCCL will adopt this broiler rearing system to allow time for cleaning and disinfecting sheds. A 4 week cycle for each batch will be adopted, that is after 28days all birds will be taken to market and a space of one week given for cleaning and disinfecting sheds before receiving a new batch.

COMPETITIVE ANALYSIS

Competition

Competition is not so keen on the markets; however, it still exists. The reasons are: Poultry products are not branded products; hence what usually matters is effective positioning and timing.

Competitive edge

Our strength over competitors is firstly based on the fact that we are not entering this business to make much money. We are entering this industry to solve the present problem that our population is facing. We are here to provide quality affordable chicken products. We saw that some of our competitors are seasonal they only produce their chicken at a given period of time. We won't be seasonal. We are also vertically integrating this business with our sister Company's business which is a producer of poultry feeds.

MARKETING STRATEGY AND IMPLEMENTATION

Marketing strategy

CCCL's poultry will strive for the production of products with the highest quality and we plan on employing the following strategies. Our location puts us in the proximity of a major hotel, restaurant, schools with campuses and home deliver food centers we will be supplying to. We would also make contracts with hawkers in markets to sell our live chickens and eggs.

Pricing and promotion strategy

The price of the chicken would range from TZS 7,000 up to TZS 11,200 depending on the size and quality. Also, the price for a crate of eggs ranges from TZS 8,000 to TZS 9,000. The price of a wheelbarrow of manure costs about TZS 2,000. These prices would also vary depending on the existing market price of poultry meat and eggs. As we compete with other poultries, we will promote our products.

CCCL's poultry also will use its sister Company's website for promotion, where customers can interact with us and get a feel of what the business is about. We know a site or two where we can place online advertisements and we would also make mentions of our poultry in online newspapers.

SWOT analysis

SWOT stands for strength, weakness, opportunities, and threats and we have made an analysis in each case.

Strengths

- Produce high-quality eggs enriched with protein Relatively good infrastructure systems
- Good marketing system
- Eggs and chicken are not seasonal products and can be eaten at any time of the year
- In this area, the poultry business hasn't been over-exploited Poultry are environmentally friendly

Weaknesses

- Capital intensive. Starting a poultry business requires a large capital funding.
- Outbreak of disease can ruin entire business in a go
- The smell can be quite disturbing

Opportunities

- Expansion into large scale production of by-products (fertilizer and detergent)
- Export to neighbouring towns
- A large and successful poultry will ensure food security

Threats

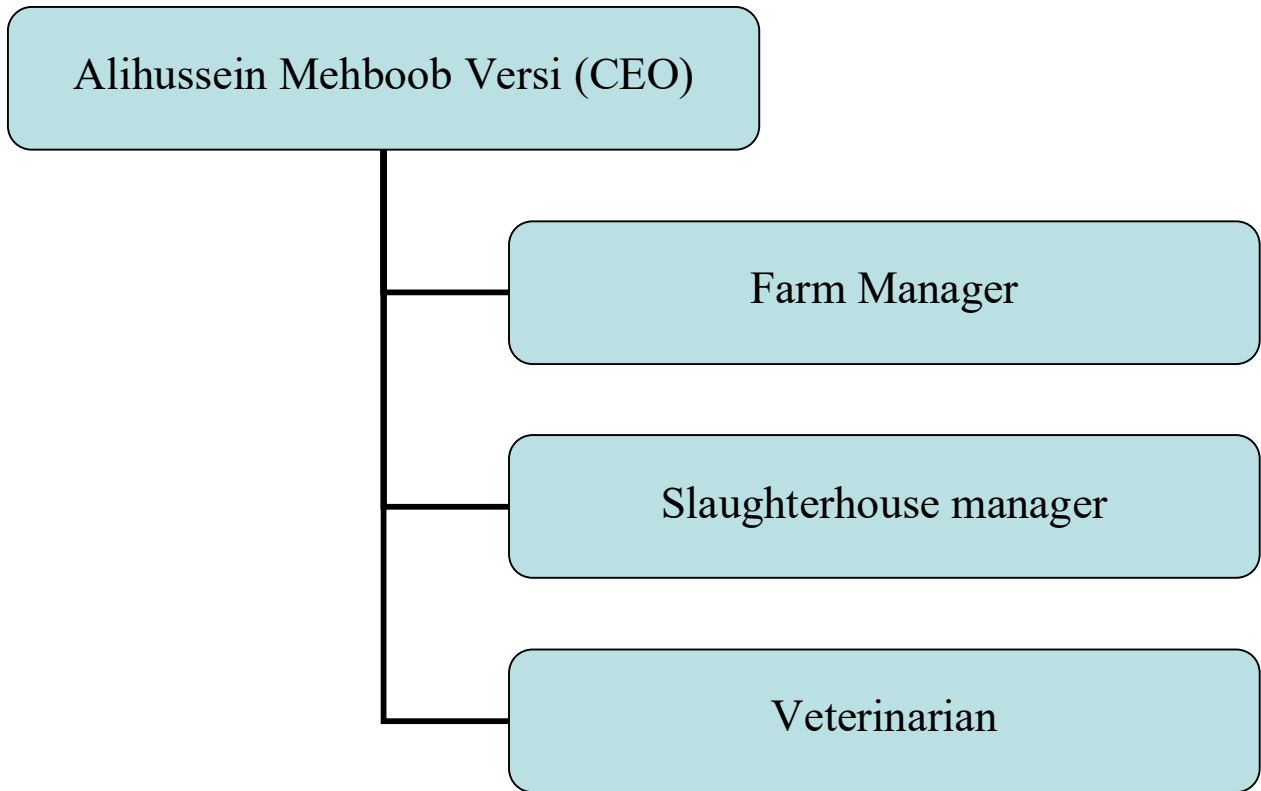
- More competition
- Avian diseases
- High feed ingredients prices
- Threat of import of frozen chicken

MANAGEMENT AND ORGANIZATION STRUCTURE

Management team

The management team is simply the partners in this business. They are Alihussein Mehboob Versi, Ashiq Abbas Versi, and Shirin Mehboob Versi

Organizational structure



Alihussein Mehboob Versi

- As the top manager, the CEO, he is typically responsible for the entire operations of the poultry. It is his responsibility to implement decisions and initiatives and to maintain the smooth operation of the poultry, with the assistance of the management team

Farm Manager

- Is to be hired, s/he will look after issues related to marketing, sales, production, and personnel. More hands-on than the CEO, the Farm Manager will look after day-to-day activities while providing feedback to the CEO. A qualified person will have a minimum of a degree in poultry science having a minimum of 7 years' experience handling the day-to-day operations of the farm. Also having the capacity to successfully handle each flock from Day old to culling ensuring bird performance is maintained at the highest level.

Slaughterhouse manager

- Is to be hired, s/he will look after a slaughterhouse and all the operations of the slaughterhouse. A qualified candidate will have a minimum of a bachelor's degree in engineering with a minimum of 5 years' experience operating a 1000 birds per hour slaughtering facility

Veterinarian

- Is to be hired, s/he will look after a birds' health and will collaboratively manage the slaughterhouse. A qualified candidate will have a minimum of a bachelor's degree in veterinary science with a minimum experience of 5 years working in a reputable poultry organisation.

Hiring Plan

- Farm Manager
- Slaughterhouse Manager
- Veterinarian

FINANCIAL PLAN

Revenue Projection

The following table shows sales revenue projection for the first year of broiler meat production.

		Total	Type 1	Type 2	Type 3
			Birds	Birds	Birds
Live Bird Weight (Carcass weight)			1.20kg	1.60kg	2.00kg
Sales (Yield/carcass weight of 76%)	Birds	598,500.00	209,475.00	299,250.00	89,775.00
Sales Price	TZS/Kg	7,000.00	6,384.00	8,512.00	10,640.00
Total Revenue	TZS	4,839,710,400.00	1,337,288,400.00	2,547,216,000.00	955,206,000.00

Growth performance and feed efficiency of broilers

The table below gives the average weight of a broiler and feed efficiency anticipated at the end of the week, as well as the daily water consumption by 1 000 birds at the respective age (although water and feed consumption will vary depending on the season).

Age (Weeks)	Average Body Weight (g)	Feed Efficiency	Amount of feed required (g)	Water Intake/1000 birds/day (Liters)
1	150	85.00%	127.50	35
2	340	104.00%	353.60	60
3	640	130.00%	832.00	120
4	980	148.00%	1,450.40	180
5	1340	164.00%	2,197.60	230
6	1720	182.00%	3,130.40	280
7	2100	202.00%	4,242.00	320

Feeding Cost Projection

Age in days	Type of Feed	Amount of feed (Kg) Required per bird	No. of birds per batch	Total Amount of Feed (Kg)	Cost of Feed per Kg	Subtotal of Cost (TZS) per batch
0-7	Starter mash	0.13	90,000.00	11,475.00	1,273.00	14,607,675.00
8-14	Starter mash	0.35	90,000.00	31,824.00	1,273.00	40,511,952.00
15-21	Grower mash	0.83	90,000.00	74,880.00	1,273.00	95,322,240.00
22-28	Grower /Finisher mash	1.45	90,000.00	130,536.00	1,273.00	166,172,328.00
TOTAL						316,614,195.00

Suggested Vaccination Schedule for Broilers

Vaccination of broilers against some specific infectious diseases is essential. A vaccination schedule for broilers is given in the table below; the farmer is advised to consult a local veterinarian for the exact schedule to follow.

S/No.	Age	Vaccine	Cost (TZS)
1	0-Day at Hatch	Mareks' disease Vaccine	
2	5th Day	F/Lasota (NCD Vaccine)	
3	14-16th Day	IBD or GUMBORO (Intermediate)	
4	28th Day	Lasota (NCD Vaccine)	
TOTAL (7 CYCLES PER YEAR)			23,800,000.00

Financial and Economic Assumptions

- (i) Sales revenue is expected to maintain a constant annual growth of 4% for the next five years (2023-2028).
- (ii) It is assumed that the likelihood of the birds at the market age with carcass weight of 1.20kg will be 35%; of 1.60kg will be 50% and of 2.00kg will be 15%.
- (iii) Direct cost is expected to remain at 73% of the sales turnover for the next five years and that will directly vary with sales, with relatively insignificant variations.

- (iv) Broiler rearing will be the All-in-all-out system and there will be 7 cycles a year;
- (v) Direct overheads are expected to remain in a range of 6.7-7.2% of sales turnover inclusive of depreciation charge on equipment for the next five years, with infinitesimal variations;
- (vi) Broilers mortality rate is expected not to exceed 5% per batch;
- (vii) Corporation tax is based on the current rate of 30% on the taxable income;
- (viii) Interest rate on term loan is expected to be 9.00% p.a;
- (ix) All operating expenses are expected to directly vary with sales turnover except depreciation charge on equipment, building and motor vehicles;
- (x) Depreciation charges are based on the following rates:
 - Land - 0% depreciation
 - Building – 5% on straight-line basis
 - Equipment – 12.5% on straight-line basis
 - Motor vehicles – 25% on straight line basis
- (xi) Broilers are expected on average to be fed three rations until slaughter at approximately 28 days.
- (xii) Broilers are expected on average to achieve a body weight in a range of 1.20kg to 2.00kg and consume approximately 2.5-2.8kgs of feed at an average conversion of 1.48
- (xiii) Feeding during rearing is expected to be on average 130g per day per bird.
- (xiv) Dressing yield is expected to be in a range of 72% to 76% (proportion of edible meat to the total live weight)
- (xv) Under standard rearing conditions, it is expected the liveability of birds to market age to be 95% (mortality rate of 5%).
- (xvi) Day old chicks are expected to be procured at a price of TZS2,000 per chick, which will grow at a rate of 4% p.a.
- (xvii) Insurance cover for commercial vehicle 4.25% of cost, poultry farm equipment is 0.75% of cost.
- (xviii) WCF is 0.6% of the salaries and wages
- (xix) City Service Levy is 0.3% of annual turnover.

Projected Profit and Loss

As the Profit and Loss table shows the farm expects to have moderate growth in sales revenue and an increase in net profit over the next four years of operations.

Particulars	2022	2023	2024	2025	2026	2027	2028
	TZS	TZS	TZS	TZS	TZS	TZS	TZS
Annual Income							
Sales (Based on Yield of 76%)	2,765,548,800	4,839,710,400	5,033,298,816	5,234,630,769	5,444,015,999	5,661,776,639	5,888,247,705
Other income (sale of manure)	5,760,000	10,080,000	10,483,200	10,902,528	11,338,629	11,792,174	12,263,861
Total Income	2,771,308,800	4,849,790,400	5,043,782,016	5,245,533,297	5,455,354,629	5,673,568,814	5,900,511,566
Cost of Goods Sold							
Purchase of a day chicks	720,000,000	1,260,000,000	1,310,400,000	1,362,816,000	1,417,328,640	1,474,021,786	1,532,982,657
Cost of feed	1,266,456,780	2,216,299,365	2,304,951,340	2,397,149,393	2,493,035,369	2,592,756,784	2,696,467,055
Vaccines	13,600,000.00	23,800,000.00	24,752,000	25,742,080	26,771,763	27,842,634	28,956,339
Medication	21,000,000.00	63,000,000.00	65,520,000	68,140,800	70,866,432	73,701,089	76,649,133
	2,021,056,780	3,563,099,365	3,705,623,340	3,853,848,273	4,008,002,204	4,168,322,292	4,335,055,184
EBITDA	750,252,020	1,286,691,035	1,338,158,676	1,391,685,023	1,447,352,424	1,505,246,521	1,565,456,382
Operating Expenses							
Repair and Maintenance	4,000,000.00	8,000,000.00	8,320,000	8,652,800	8,998,912	9,358,868	9,733,223
Electricity	20,000,000.00	40,000,000.00	41,600,000	43,264,000	44,994,560	46,794,342	48,666,116
Security	10,200,000.00	20,400,000.00	21,216,000	22,064,640	22,947,226	23,865,115	24,819,719

Fuel	12,000,000.00	24,000,000.00	24,960,000	25,958,400	26,996,736	28,076,605	29,199,670
Expat Labor	20,000,000.00	60,000,000.00	62,400,000	64,896,000	67,491,840	70,191,514	72,999,174
Casual Labor	16,000,000.00	28,000,000.00	29,120,000	30,284,800	31,496,192	32,756,040	34,066,281
Audit fee	2,000,000.00	2,000,000.00	2,080,000	2,163,200	2,249,728	2,339,717	2,433,306
City Service Levy	8,313,926.40	14,549,371.20	15,131,346.05	15,736,599.89	16,366,063.89	17,020,706.44	17,701,534.70
Insurance	13,575,000.00	13,575,000.00	14,118,000	14,682,720	15,270,029	15,880,830	16,516,063
WCF	216,000.00	528,000.00	549,120.00	571,084.80	593,928.19	617,685.32	642,392.73
Land Rent	500,000.00	500,000.00	520,000	540,800	562,432	584,929	608,326
NEMC/FIRE/OSHA	2,000,000.00	2,000,000.00	2,080,000	2,163,200	2,249,728	2,339,717	2,433,306
Depreciation charges		134,875,000	134,875,000	134,875,000	134,875,000	127,375,000	127,375,000
	108,804,926	348,427,371	356,969,466	365,853,245	375,092,374	377,201,069	387,194,112
EBIT	641,447,094	938,263,664	981,189,210	1,025,831,779	1,072,260,050	1,128,045,452	1,178,262,270
Interest expense on term loan	45,002,024	90,004,048	70,322,983	48,870,623	25,487,550	0	0
		0	0	0	0	0	0
EBT	596,445,070	848,259,616	910,866,227	976,961,156	1,046,772,500	1,128,045,452	1,178,262,270
Corporation tax (30%)	178,933,521	254,477,885	273,259,868	293,088,347	314,031,750	338,413,636	353,478,681
EAT	417,511,549	593,781,731	637,606,359	683,872,809	732,740,750	789,631,816	824,783,589

Projected Cash flow

Farm shows positive cash flow, and the analysis is outlined in the following table. The investment of grant funding along with the disbursements of it was primarily accounted for in one month to simplify cash flow assumptions

Particulars	2022	2023	2024	2025	2026	2027	2028
	TZS	TZS	TZS	TZS	TZS	TZS	TZS
RECEIPTS							
Equity	1,325,641,020		-	-	-	-	-
Debt	1,000,044,980	-	-	-	-	-	-
Total Revenue	2,771,308,800	4,849,790,400	5,043,782,016	5,245,533,297	5,455,354,629	5,673,568,814	5,900,511,566
Total Receipts	5,096,994,800	4,849,790,400	5,043,782,016	5,245,533,297	5,455,354,629	5,673,568,814	5,900,511,566
PAYMENTS							
Farmland	205,000,000						
Construction of Fence	100,000,000						
Construction of Broiler sheds	740,000,000						
Construction of Processing House	250,000,000						
Pre-operating expenses	2,760,000						
Refrigerated Storage Facility	70,000,000						
Title Charges	11,500,000	-	-	-	-	-	-
Mobile equipment (Refrigerated)	30,000,000						
Broiler house equipment	180,000,000						
Power Supply	30,000,000						

Water	15,000,000						
Processing equipment	300,000,000						
Working Capital	-						
Contingencies	-						
Cost of goods sold	2,021,056,780	3,563,099,365	3,705,623,340	3,853,848,273	4,008,002,204	4,168,322,292	4,335,055,184
Operating expenses	153,806,951	438,431,419	427,292,449	414,723,867	400,579,924	377,201,069	387,194,112
Loan repayment	-	218,678,498	238,359,563	259,811,923	283,194,996	0	0
taxes	178,933,521	254,477,885	273,259,868	293,088,347	314,031,750	338,413,636	353,478,681
Add back depreciation	-	(134,875,000)	(134,875,000)	(134,875,000)	(134,875,000)	(127,375,000)	(127,375,000)
Total Payments	4,288,057,251	4,339,812,167	4,509,660,220	4,686,597,411	4,870,933,875	4,756,561,997	4,948,352,977
Net Cash Inflow/(Outflow)	808,937,549	509,978,233	534,121,796	558,935,886	584,420,754	917,006,816	952,158,589
Opening cash and bank balance	-	808,937,549	1,318,915,782	1,853,037,578	2,411,973,464	2,996,394,218	3,913,401,034
Closing cash and bank balance	808,937,549	1,318,915,782	1,853,037,578	2,411,973,464	2,996,394,218	3,913,401,034	4,865,559,623

Projected Balance Sheet

The balance sheet shows healthy growth of net worth and a strong financial position.

Particulars	2022	2023	2024	2025	2026	2027	2028
	TZS	TZS	TZS	TZS	TZS	TZS	TZS
FIXED ASSETS							
Building, Plant and Equipment	1,934,260,000	1,934,260,000	1,934,260,000	1,934,260,000	1,934,260,000	1,934,260,000	1,934,260,000
Total Fixed Assets	1,934,260,000	1,934,260,000	1,934,260,000	1,934,260,000	1,934,260,000	1,934,260,000	1,934,260,000
Less Accumulated Depreciation		134,875,000	269,750,000	404,625,000	539,500,000	666,875,000	794,250,000
Net Book Value	1,934,260,000	1,799,385,000	1,664,510,000	1,529,635,000	1,394,760,000	1,267,385,000	1,140,010,000
CURRENT ASSETS							
Inventory (chicks)	0						
Cash and Bank	808,937,549	1,318,915,782	1,853,037,578	2,411,973,464	2,996,394,218	3,913,401,034	4,865,559,623
Total Current Assets	808,937,549	1,318,915,782	1,853,037,578	2,411,973,464	2,996,394,218	3,913,401,034	4,865,559,623
CURRENT LIABILITIES							
Creditors and Accruals	-	-	-	-	-	-	-
Bank Overdraft	-	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-	-
NET CURRENT ASSETS	808,937,549	1,318,915,782	1,853,037,578	2,411,973,464	2,996,394,218	3,913,401,034	4,865,559,623

TOTAL NET ASSETS	2,743,197,549	3,118,300,782	3,517,547,578	3,941,608,464	4,391,154,218	5,180,786,034	6,005,569,623
CAPITAL AND RESERVES							
Term Loan	1,000,044,980	781,366,482	543,006,920	283,194,996	-	-	-
Equity	1,325,641,020	1,325,641,020	1,325,641,020	1,325,641,020	1,325,641,020	1,325,641,020	1,325,641,020
Retained Earnings	417,511,549	1,011,293,280	1,648,899,638	2,332,772,448	3,065,513,198	3,855,145,014	4,679,928,603
CAPITAL EMPLOYED	2,743,197,549	3,118,300,782	3,517,547,578	3,941,608,464	4,391,154,218	5,180,786,034	6,005,569,623

Depreciation Schedule

<i>Particulars</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>
Farmland	205,000,000	205,000,000	205,000,000	205,000,000	205,000,000	205,000,000	205,000,000
Depreciation charge		-	-	-	-	-	-
Cumulated depreciation		-	-	-	-	-	-
NBV	205,000,000	205,000,000	205,000,000	205,000,000	205,000,000	205,000,000	205,000,000
Motor Vehicles	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Depreciation charge		7,500,000	7,500,000	7,500,000	7,500,000		
Cumulated depreciation		7,500,000	15,000,000	22,500,000	30,000,000	30,000,000	30,000,000
NBV	30,000,000	22,500,000	15,000,000	7,500,000	-	-	-
Buildings	1,160,000,000	1,160,000,000	1,160,000,000	1,160,000,000	1,160,000,000	1,160,000,000	1,160,000,000
Depreciation charge		58,000,000	58,000,000	58,000,000	58,000,000	58,000,000	58,000,000
Cumulated depreciation		58,000,000	116,000,000	174,000,000	232,000,000	290,000,000	348,000,000
NBV	1,160,000,000	1,102,000,000	1,044,000,000	986,000,000	928,000,000	870,000,000	812,000,000
Equipment	555,000,000	555,000,000	555,000,000	555,000,000	555,000,000	555,000,000	555,000,000
Depreciation charge		69,375,000	69,375,000	69,375,000	69,375,000	69,375,000	69,375,000
Cumulated depreciation		69,375,000	138,750,000	208,125,000	277,500,000	346,875,000	416,250,000
NBV	555,000,000	485,625,000	416,250,000	346,875,000	277,500,000	208,125,000	138,750,000
TOTAL NBV	1,920,000,000	1,792,625,000	1,665,250,000	1,537,875,000	1,410,500,000	1,283,125,000	1,155,750,000

Loan repayment Schedule

YEAR	2022	2023	2024	2025	2026
Principal amount	1,000,044,980.00	1,000,044,980.00	781,366,482.19	543,006,919.58	283,194,996.34
Loan repayments	0.00	(218,678,497.81)	(238,359,562.61)	(259,811,923.25)	(283,194,996.34)
Ending Balance	1,000,044,980.00	781,366,482.19	543,006,919.58	283,194,996.34	0.00
Facility fees					
Interest rate per year	9%	9%	9%	9%	9%
Interest payments	(45,002,024.10)	(90,004,048.20)	(70,322,983.40)	(48,870,622.76)	(25,487,549.67)
Total Payment per Year	(45,002,024.10)	(308,682,546.01)	(308,682,546.01)	(308,682,546.01)	(308,682,546.01)

Sensitivity Analysis

Sensitivity analysis is being performed by allowing a few factors to vary as here below:

1. Cost of feed is likely to increase to TZS 1,500/Kilogram from TZS 1,273/Kilogram.
2. Cost of finance, i.e., interest rate to be increased to the average commercial rate of 16.29% p.a.
3. Yield rate per carcass weight to be reduced to 72% from 76%.

Having varied the above factors, Projected Profit & Loss and projected Cashflows will be as below:

Projected Profit & Loss

<i>Particulars</i>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
	TZS	TZS	TZS	TZS	TZS	TZS	TZS
Annual Income							
Sales (birds)	2,619,993,600	4,584,988,800	4,768,388,352	4,959,123,886	5,157,488,842	5,363,788,395	5,578,339,931
Other income (sale of manure)	5,760,000	10,080,000	10,483,200	10,902,528	11,338,629	11,792,174	12,263,861
Total Income	2,625,753,600	4,595,068,800	4,778,871,552	4,970,026,414	5,168,827,471	5,375,580,569	5,590,603,792
Cost of Goods Sold							
Purchase of a day chicks	720,000,000	1,260,000,000	1,310,400,000	1,362,816,000	1,417,328,640	1,474,021,786	1,532,982,657
Cost of feed	1,492,290,000	2,611,507,500	2,715,967,800	2,824,606,512	2,937,590,772	3,055,094,403	3,177,298,180
Vaccines	13,600,000.00	23,800,000.00	24,752,000	25,742,080	26,771,763	27,842,634	28,956,339
Medication	21,000,000.00	63,000,000.00	65,520,000	68,140,800	70,866,432	73,701,089	76,649,133
	2,246,890,000	3,958,307,500	4,116,639,800	4,281,305,392	4,452,557,608	4,630,659,912	4,815,886,308

EBITDA	378,863,600	636,761,300	662,231,752	688,721,022	716,269,863	744,920,657	774,717,484
Repair and Maintenance	4,000,000.00	8,000,000.00	8,320,000	8,652,800	8,998,912	9,358,868	9,733,223
Electricity	20,000,000.00	40,000,000.00	41,600,000	43,264,000	44,994,560	46,794,342	48,666,116
Security	10,200,000.00	20,400,000.00	21,216,000	22,064,640	22,947,226	23,865,115	24,819,719
Fuel	12,000,000.00	24,000,000.00	24,960,000	25,958,400	26,996,736	28,076,605	29,199,670
Expat Labor	20,000,000.00	60,000,000.00	62,400,000	64,896,000	67,491,840	70,191,514	72,999,174
Casual Labor	16,000,000.00	28,000,000.00	29,120,000	30,284,800	31,496,192	32,756,040	34,066,281
Audit fee	2,000,000.00	2,000,000.00	2,080,000	2,163,200	2,249,728	2,339,717	2,433,306
City Service Levy	7,877,260.80	13,785,206.40	14,336,614.66	14,910,079.24	15,506,482.41	16,126,741.71	16,771,811.38
Insurance	13,575,000.00	13,575,000.00	14,118,000	14,682,720	15,270,029	15,880,830	16,516,063
WCF	216,000.00	528,000.00	549,120.00	571,084.80	593,928.19	617,685.32	642,392.73
Land Rent	500,000.00	500,000.00	520,000	540,800	562,432	584,929	608,326
NEMC/FIRE/OSHA	2,000,000.00	2,000,000.00	2,080,000	2,163,200	2,249,728	2,339,717	2,433,306
Depreciation charges		134,875,000	134,875,000	134,875,000	134,875,000	127,375,000	127,375,000
	108,368,261	347,663,206	356,174,735	365,026,724	374,232,793	376,307,105	386,264,389
EBIT	270,495,339	289,098,094	306,057,017	323,694,298	342,037,070	368,613,553	388,453,095
Interest expense on term loan	81,453,664	162,907,327	130,888,550	93,653,913	50,353,755	-	-
		-	-	-	-	-	-
EBT	189,041,676	126,190,766	175,168,468	230,040,385	291,683,315	368,613,553	388,453,095
Corporation tax (30%)	56,712,503	37,857,230	52,550,540	69,012,115	87,504,995	110,584,066	116,535,928
EAT	132,329,173	88,333,536	122,617,927	161,028,269	204,178,321	258,029,487	271,917,166

Projected Cashflows

<i>Particulars</i>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
	TZS	TZS	TZS	TZS	TZS	TZS	TZS
RECEIPTS							
Equity	1,325,641,020		-	-	-	-	-
Debt	1,000,044,980	-	-	-	-	-	-
Total Revenue	2,625,753,600	4,595,068,800	4,778,871,552	4,970,026,414	5,168,827,471	5,375,580,569	5,590,603,792
Total Receipts	4,951,439,600	4,595,068,800	4,778,871,552	4,970,026,414	5,168,827,471	5,375,580,569	5,590,603,792
PAYMENTS							
Farmland	205,000,000						
Construction of Fence	100,000,000						
Construction of Broiler sheds	740,000,000						
Construction of Processing House	250,000,000						
Pre-operating expenses	2,760,000						
Refrigerated Storage Facility	70,000,000						
Title Charges	11,500,000	-	-	-	-	-	-
Mobile equipment (Refrigerated)	30,000,000						
Broiler house equipment	180,000,000						
Power Supply	30,000,000						
Water	15,000,000						
Processing equipment	300,000,000						
Working Capital	-						
Contingencies	-						
Cost of goods sold	2,246,890,000	3,958,307,500	4,116,639,800	4,281,305,392	4,452,557,608	4,630,659,912	4,815,886,308
Operating expenses	189,821,924	510,570,534	487,063,284	458,680,637	424,586,548	376,307,105	386,264,389
Loan repayment	-	196,554,804	228,573,582	265,808,218	309,108,377	-	-
taxes	56,712,503	37,857,230	52,550,540	69,012,115	87,504,995	110,584,066	116,535,928
Add back depreciation	-	(134,875,000)	(134,875,000)	(134,875,000)	(134,875,000)	(127,375,000)	(127,375,000)
Total Payments	4,427,684,427	4,568,415,067	4,749,952,206	4,939,931,363	5,138,882,526	4,990,176,083	5,191,311,626

Net Cash Inflow/(Outflow)	523,755,173	26,653,733	28,919,346	30,095,051	29,944,944	385,404,487	399,292,166
Opening cash and bank balance	-	523,755,173	550,408,905	579,328,251	609,423,303	639,368,247	1,024,772,734
Closing cash and bank balance	523,755,173	550,408,905	579,328,251	609,423,303	639,368,247	1,024,772,734	1,424,064,900

Summary of Sensitivity Analysis

- Cost of sales will rise to 86% of sales from 73% for a period six and a half years (2022-2028).
- EBITDA will fall to 14% from 27% for the appraisal period.
- EAT will fall to a range of 1.92% to 5.04% from a range of 12.24% to 15.07% for the appraisal period.
- Net operating cashflows will fall to a range of 26.7million to 523.8 million from a range of 509.98million to 952.16 million for the appraisal period.