

BUSINESS PLAN

FOR THE IMPLEMENTATION PROGRAMME

OF M/S S&Q GROUP INTERNATIONAL LIMITED

IN ESTABLISHING AND OPERATING

A MODERN POULTRY FARM PROJECT

WHICH INCLUDE HATCHERY AND FEED MILL

M/S S&Q GROUP INTERNATIONAL LIMITED
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M/S S&Q GROUP INTERNATIONAL LIMITED
ESTABLISHING A MODERN POULTRY FARM WHICH INCLUDE
HATCHERY AND FEED MILL

1. INVESTMENT PROPOSAL

This investment plan has been prepared by **M/S S & Q GROUP INTERNATIONAL LIMITED** for the company's Implementation programme in establishing and operating a modern poultry farm which include hatchery and feed mill. The implementation of the proposed poultry farm project is aimed at extensive production of poultry products like eggs, chicken meat and feed to meet the growing market demand for local and export.

The modern Poultry farm raises parental hybrid stock of broilers and layer chicks to produce the day old chicks for broiler meat chickens and eggs for commercial purposes to people who rear the broilers and layers. And Also the project rear the day old chicks to produce eggs and broiler meat chickens and at maturity will be sold to the local and export market.

In this establishment programme the modern poultry farm expects to set up facility for feed mill so as to manufacture the quality feed for its own chickens and for commercial purposes.

The plan has been prepared to give an analysis of the financial and other resources required for the expansion of the intended poultry farm project and also assess its economic viability and commercial viability for presentation to the company's promoters (shareholders) for allocation of funds and machinery as well as equipment to supplement the equity contribution.

2. COMPANY'S BACKGROUND

M/S S&Q GROUP INTERNATIONAL LIMITED is a private company registered and incorporated in Tanzania by Registrar of Companies under company's ordinance **Cap 212**, on **7th** day of **January, 2020** with Certificate of Incorporation Number **154647589**

The company was incorporated with a prime objective of establishing and operating a modern poultry farm which include hatchery and feed mill. The company determines to increase production capacity of poultry products by increasing and at the same time improve the quality of company's products. And the main purpose of the project proposal is to expand the production capacity to correspond with the growing demand of eggs and poultry meat which is increasing day by day. The quality of company's poultry products will guarantee customer satisfaction in this implementation programme.

It is on the basis of the above reasons the management has thought it is prudent to establish and operate the proposed poultry farm project by procuring and install modern incubators, feed mill, veterinary supplies, and use of new rearing methods. Hence the expansion programme of three years in poultry farm project is estimated at **USD 2,000,000**. The estimated capital investment cost of **USD 2,000,000** will be on new and modern incubators, machinery, equipment, veterinary supplies, feed, utility vehicles and other expenses.

3. MARKET POTENTIAL

There is an extensive market to absorb all the company's poultry products like **eggs and broiler chicken meat**, the broilers and layer **day old chicks** produced and the **chicken feed** in the establishment programme as the market is growing day by day.

The eggs and chicken meat are the healthy food due to high protein in them and have big market to Supermarkets, hotels, schools; homes etc and they are eaten in different occasions. The day old chicks & chicken feed are badly needed by the farmers who rear the chickens.

A recent survey undertaken by the company has realized that there is high demand for quality **eggs and broiler chicken meat**, the broilers and layer **day old chicks** produced and the **chicken feed**. Goodwill, quality and promptness are the factors which make the project to dominate the market. There are a number of poultry farm and importers of day old chicks who can compete with the company's poultry products.

The company's also expect to export the poultry products to the neighboring countries especially in this establishment programme.

4. THE COMPANY'S OBJECTIVES

M/ S&Q GROUP INTERNATIONAL LIMITED is a poultry farm project. The mission of project is basically aimed at production and marketing **eggs and broiler chicken meat**, the broilers and layer **day old chicks** produced and the **chicken feed** for local and export market in order to achieve the following objectives.

- 4.1 To foster the growth of Poultry Production industry in Tanzania
- 4.2 To reduce dependence on external sources for importation of poultry products.
- 4.3 To produce quality chicken feed and avoid supplying poor quality chicken feed to farmers.
- 4.4 To promote local markets for poultry products
- 4.5 To promote peoples health due to high proteins/ rich in nutrients.
- 4.6 To promote growth and expansion of private sector.
- 4.7 Also the company will create more employment (more job opportunities from production manager, hatchery manager, veterinary manager, feed mill manager, accountant, marketing manager, supervisors, supporting staffs and security etc.)
- 4.8 Skill development (human resources development) though on job training and use of modern machine and new technology application

4.9 Income generation, alleviation of poverty and improve their social welfare equally important the company contribute to the government revenue through taxes and other levies.

5. PLAN/PROSPECTS

5.1 High production performance

5.2 To increasing export market to neighboring countries and hence resulting foreign earnings in addition to the prevailing local market.

5.3 To purchase/import new & modern hatchery machinery/equipment with introduction of new rearing & breeding technology.

5.4 To increase the volume of production capacity.

6. PROJECT'S SHAREHOLDERS (PROMOTERS)

The shareholders of **M/S S&Q GROUP INTERNATIONAL LIMITED** and their shareholder's position are:-

No	Name of Shareholders	No. of Shares	Nationality
1.	Chen Di	5000	China
2.	Du Huijing	5000	China
	TOTAL	10000	

Therefore, the authorized capital of the company is **Tshs. 500,000,000/=** divided into **10,000** ordinary shares of **Tshs. 50,000/=** each with power to increase/ reduce the capital or consolidate or subdivide the share into shares of larger or smaller amount and to all or any part of the said capital.

7. LOCATION

The modern Poultry farm is located at in Mkuranga, Kididimo Village, Mkwalia Kitumbo- Pwani Region, Postal Address P. O. Box 11858 Dar es Salaam.

8. IMPLEMENTATION SCHEDULE FOR THE ESTABLISHMENT PROGRAMME

8.1 NOVEMBER - 2021

- 8.1.1 Preparing feasibility study for the modern poultry farm/ feed mill project.
- 8.1.2 Registration with Tanzania Investment Centre in proposed programme (i.e. application for the certificate of incentives)
- 8.1.3 Getting Certificate of Incentives

8.2 DECEMBER- 2021

- 8.2.1 Application for Duty & VAT exemption on capital/deemed capital goods after being awarded certificate of incentives.
- 8.2.2 Construction of the factory- Hatchery unit, Poultry farm, Feed unit.
- 8.2.3 Ordering/Importing plant/machinery, equipment, tools, generators, office equipment, vaccination, vitamin, medicines, utility vehicles; refrigerated trucks, deep freezers, feed mill equipment, crates etc.
- 8.2.4 Clearing the goods from customs control (at the Port and Airport)

8.3 JANUARY- 2022

- 8.3.1 Installing the big hatchery for increasing the breeding capacity and feed mill for producing quality chicken feed.
- 8.3.2 Recruiting new staffs and training them on new technology/ skills (new machinery)
- 8.3.3 Fully commencement of production of poultry products in expansion programme

9. CAPITAL INVESTMENT COST

Land/Building	USD \$	400,000
Plant/Machinery	USD \$	1,100,000
Vehicles	USD \$	200,000
Furniture and Fittings	USD \$	-
Pre-expenses	USD \$	100,000
Other Expenses	USD	100,000
Working Capital	USD \$	<u>100,000</u>
TOTAL CAPITAL	USD \$	<u>2,000,000</u>

The proposed project in modern poultry farm is to be implemented within a period of 3 years. The company's promoters (shareholders) have resolved to register the poultry farm/ feed project with Tanzania Investment Centre (TIC) and securing the certificate of incentives.

The certificate of incentives will enable the company to qualify for tax exemption i.e. Duty and VAT exemption on breeding machinery, feed mill, equipment, building materials, generators, utility vehicles-refrigerated trucks, deep freezers, utensils for water, feed, spray pumps, weighing machines, crates, pallets, CCTV system etc. These are capital and deemed capital goods for the project.

10. FINANCIAL PLAN (SOURCE OF FUNDS)

M/S S&Q GROUP INTERNATIONAL LIMITED has allocated funds for the implementation of the modern poultry farm which include hatchery and feed mill by its own fund and local loan:-

Own fund (equity)	USD \$	1,500,000
Local loan	USD \$	<u>500,000</u>
TOTAL	USD \$	<u>2,000,000</u>

11. SUBMISSION

M/S S&Q GROUP INTERNATIONAL LIMITED wishes to submit its Investment plan and application to the Tanzania Investment Centre its proposal for registration and award of certificate of incentives in the establishment programme, which enables the project to enjoy import duty and VAT exemption on project's Capital/ Deemed capital goods.

12. ECONOMIC & HEALTHY REASONS

Positive economic growth which had been registered in Tanzania, have attracted more investments in the country, which resulted an increase in purchasing power of people, hence increase in demand for poultry products like eggs and chicken meat. Supermarkets, Hotels, colleges, homes, and special occasions are among the targeted markets.

The local and foreign farmers in their poultry keeping project have to purchase broilers & layers day old chicks and chicken feed from the modern poultry farm.

The demand for eggs and chickens is high due to high nutrients and proteins which in found in them.

13. COMPETITION/MARKET

There are a number of importers of poultry products in Tanzania and few local poultry farm & feed producers still the supply is not enough compared to the level of demand. And some are producing the poultry products with poor quality and weight due to giving the chickens wrong & low quality feed.

However, the company expects to dominate the local and export market because the project ensures the high quality of eggs, chicken meat, day old chicks (broilers & layers) and chicken feed. Other factors are goodwill and promptness.

14. PROMOTION & ADVERTISEMENT

In this establishment programme, the modern poultry farm/ feed project knowing that advertisement forms part of the marketing strategy especially in promoting the poultry business.

The proposed project will be embarked upon in the newspapers, street banners and later on in the televisions in a manner benefiting the promotional role of any company or private institutions.

15. BUSINESS STRATEGY

In order to meet increase the production capacity, the growing demand and high quality poultry products, the management of the company will develop and implement the following business strategies which will capture and dominate the market.

- Advertisement/promotion.
- Technology/product quality.
- On job Training.
- Employing qualified and experienced personnel in Hatchery, Breeding, Feed unit.
- Business Discipline.

16. ENVIRONMENTAL IMPACT

The Poultry Farm & Feed Mill project is environmental friendly and will have no negative impact on environment. It does not produce any harmful waste products at the result of its poultry farm/ feed mill activities. The manure will be well stored and sold to local farmers.

17. PROJECT MANAGEMENT

The overall management of the company is vested in the Board of Directors. Mr. Chen Di is the Managing Director of the Company; he is well versed in modern Poultry Farm & Feed Mill operations. The other Director is Du Huijing.

18. MANPOWER AND TRANSFER OF TECHNOLOGY

This project being Poultry Farm/ Feed Mill in its establishment programme will usher in the country new methods of poultry keeping, breeding, feed milling which is Transfer of knowledge & Skills. The advantages to the country are quite significant, and will get the advantage of value addition due to such incoming technology.

Further the country can reduce its dependence on importation of poultry products like eggs, chicken meat, day old chicks, chicken feed. Hence people will be able to purchase high quality poultry products at a reasonable price.

The programme will cause more people to be employed about **30** local people and raise their income, improve their social welfare and pay taxes; it is poverty alleviation programme to them.

Local employees will get on job training and in long run will improve the technical competence of the production.

19. CONCLUSION AND RECOMMENDATION

The financial evaluation of the proposed project done so far indicates that this programme will be profitable both economically and financially viable venture. There are many other benefits direct and indirect of this project.

The management being experienced businessmen possesses ample managerial capabilities in various business disciplines. Based on the above factors, it is recommended that the company should be granted the certificate of incentives for the proposed expansion programme so as to enjoy tax exemption on capital/deemed capital goods and increase its production capacity.

20. FINANCIAL AND ECONOMIC ANALYSIS

20.1 Projected Profit and Loss Account

The company envisages generating a profit of USD \$ 310,000 this operating year. The profit amount is expected to steadily rise to USD \$ 320,000 in year two, USD \$ 330,000 in year three and USD \$ 340,000 in year four.

20.2 Projected cash flows

The projected cash flows for the next five years indicate that the company will have enough funds to service/repay the loan and interest payments. Hence the financial obligations will be met in a timely fashion.

21. SENSITIVITY ANALYSIS

To assess further the viability of the implementation project, sensitivity analysis has been worked out on the basis of several unfavorable conditions that might negatively affect the operations of **M/S S&Q GROUP INTERNATIONAL LIMITED.**

21.1 Effect of cost increase on profitability (on the basis of year II Poultry Products income in “000” USD \$)

Income	Costs	Increase	Profit before depreciation
940.0	620.0	%	320.0
940.0	651.0	5%	289.0
940.0	682.0	10%	258.0

21.2 Effect of Poultry Products income decrease/drop on profitability (on the basis of year II costs in “000” USD \$)

Income	Income Decrease	Cost	Profit before depreciation
940.0	%	620.0	320.0
893.0	5%	620.0	273.0
846.0	10%	620.0	226.0

The viability/profitability of the company operations appears more sensitive to sale income/revenue than increase in the operating costs. This implies that the company should strive to maintain the existing market and undertake an aggressive marketing strategy to hire more clients and expand its market.

**M/S S&Q GROUP INTERNATIONAL LIMITED
PROJECTED INCOME STATEMENT**

(Fig: USD \$
'000')

Income	Years				
	I	II	III	IV	V
Sales Income	920.0	940.0	975.0	1,005	1,030
Total Income	920.0	940.0	975.0	1,005	1,030
Utilities	400.0	400.0	400.0	400.0	400.0
Salaries and wages	30.0	30.0	40.0	50.0	50.0
Transportation/fuel	30.0	30.0	35.0	35.0	40.0
Expenses	150.0	160.0	170.0	180.0	190.0
Total Expenditure	610.0	620.0	645.0	665.0	680.0
Net Profit (pre tax and depreciation)	310.0	320.0	330.0	340.0	350.0

S&Q GROUP INTERNATIONAL LIMITED

PROJECTED CASHFLOW STATEMENT

(Fig. USD \$ '000')

Year	I	II	III	IV	V	Total
Cash inflow						
Income from operation	310.0	320.0	330.0	340.0	350.0	1,650.0
	310.0	320.0	330.0	340.0	350.0	1,650.0
Cash outflow						
Interest payments	50.0	40.0	30.0	20.0	10.0	150.0
Loan re-payment	100.0	100.0	100.0	100.0	100.0	500.0
	150.0	140.0	130.0	120.0	110.0	650.0
Surplus cash generated (Pre Tax & Depreciation)	160.0	180.0	200.0	220.0	240.0	1,000.0

**S&Q GROUP INTERNATIONAL LIMITED
PROJECTED LONG TERM LOAN REPAYMENT**

(Fig. in USD \$ '000')

Year	Repayment			Amount
	Principal	Interest	Total	
O				500
I	100.0	50.0	150.0	400
II	100.0	40.0	140.0	300
III	100.0	30.0	130.0	200
IV	100.0	20.0	120.0	100
V	100.0	10.0	110.0	0