

CHOBO INVESTMENTS CO. LIMITED

BUSINESS PLAN

FOR

RECYCLING OF ANIMAL WASTE

(RENDERING PLANT FACILITY)

PREPARED FOR
CHOBO INVESTMENTS CO. LIMITED
Dar es Salaam

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1.0. Introduction

Project document presents a proposal by **CHOBO INVESTMENTS CO. LIMITED**, a company incorporated in Tanzania. The project promoters are confident of mobilizing financial resources through equity and long-term loan.

This study will be used as guiding tool in implementing this project and will be presented to TIC for obtaining certificate of incentives to facilitate smooth implementation of the project.

CHOBO INVESTMENTS CO. LIMITED has designed a project that provides a quick, easy, and affordable method to effectively recycling of animal waste and convert them into useful products, the process known as rendering.

Rendering is a process that converts waste animal tissue into stable, usable materials. Rendering refers to any processing of animal products into more useful materials, or, more narrowly, to the rendering of whole animal fatty tissue into purified fats like lard or tallow. Rendering will be carried out on an industrial Plot No,11, Block 5 Usagara Trading Centre, Misungwi, Mwanza.

CHOBO INVESTMENTS CO. LIMITED source of raw materials will be animal products the majority of tissue processed will come from slaughterhouses owned by the company, but also the company will obtain raw materials from other sources includes restaurant grease and butcher shop trimmings and expired meat, this material includes the fatty tissue, bones, and offal, as well as entire carcasses of animals condemned at slaughterhouses and those that have died on farms, in transit, etc. The most common animal sources are beef, pork, mutton, and poultry.

The rendering process simultaneously will dry the material and separate the fat from the bone and protein. A rendering process yields a fat commodity (yellow grease, choice white grease, bleachable tallow, etc.) and a protein meal (meat and bone meal, poultry byproduct meal, etc.).

CHOBO INVESTMENTS CO. LIMITED is the first company in the country to have rendering plant that come to solve the problem of waste animals and provides solutions for utilizing waste animal and convert them into useful products. The product is safe and meets all current regulatory bodies in the country.

1.2 Location

The project will be located at **Plot No. 11, Block 5 Usagara Trading Centre, Misungwi, Mwanza.,**

1.3 The Sponsors

CHOBO INVESTMENTS CO. LIMITED will be sponsoring this project. The Company is currently jointly owned by three shareholders.

	Names of Shareholders	% of Shares	Nationality
1	John Richard Chombo P.O Box 1587, Mwanza	70	Tanzania
2	Joseph Shibola Temela P.O Box 1587, Mwanza	20	Tanzania
3	Paschal Richard Bundala P.O Box 1587, Mwanza	10	Tanzania

1.4 Objective of Study

The purpose of this study is to work out the technical and commercial details and financial viability of the project

2.0 Rendering processes for inedible products

Materials that for aesthetic or sanitary reasons are not suitable for human food are the feedstocks for inedible rendering processes. Much of the inedible raw material is rendered using

the "dry" method. This may be a batch or a continuous process in which the material is heated in a steam-jacketed vessel to drive off the moisture and simultaneously release the fat from the fat cells. The material is first ground, then heated to release the fat and drive off the moisture, percolated to drain off the free fat, and then more fat is pressed out of the solids, which at this stage are called "cracklings" or "dry-rendered tankage". The cracklings are further ground to make meat and bone meal.

A variation on a dry process involves finely chopping the material, fluidizing it with hot fat, and then evaporating the mixture in one or more evaporator stages. The material is heated with added steam and then pressed to remove a water-fat mixture that is then separated into fat, water, and fine solids by stages of centrifuging and/or evaporation. The solids from the press are dried and then ground into meat and bone meal. Most independent

2.1 Advantages

The rendering industry is one of the oldest recycling industries, and made possible the development of a large food industry. The industry takes what would otherwise be waste materials and makes useful products such as fuels, soaps, rubber, plastics,

etc. At the same time, rendering reduces what would otherwise be a major disposal problem. As an example, the company will collect all unwanted animal remains in Mwanza and other neighboring regions. And use it as source of raw material for rendering plant to be installed in Mwanza

Usually, materials used as raw materials in the rendering process are susceptible to spoilage. However, after rendering, the materials are much more resistant to spoiling. This is due to the application of heat either through cooking in the wet rendering process or the extraction of fluid in the dry rendering process. The fat obtained can be used as low-cost raw material in making grease, animal feed, soap, candles, biodiesel, and as a feed-stock for the chemical industry. Tallow, derived from beef waste, is an important raw material in the steel rolling industry, providing lubrication when compressing steel sheets.

If not for the rendering industry, the cost of waste animal material would be high and would place a significant economic and environmental burden on areas involved in industrial scale slaughtering. This cost would manifest itself through the use of expensive sanitary landfills, incinerators,

and other similar waste disposal techniques without yielding profit from opportunity costs. Alternatives to rendering products may not reduce cost

3.0 Market Potential

The market research conducted by **CHOBO INVESTMENTS CO. LIMITED** reveals that there is a very big market potential to absorb company's products to be manufactured,

The company will produce raw materials to be sold for various manufacturers within and outside the country.

A favorable market for company products which is fast moving consumer products to be sold for manufacturers;

- Grease,
- Soap,
- Candles,
- Biodiesel,
- Feed-stock
- Rubber,
- Plastics etc.

Potential markets exist not only in domestic market but even in neighboring, the company intend to carter for the all-East Africa at large such as Uganda, Rwanda, Burundi, Kenya and some part of Sudan, Malawi and Zambia in future, the

company vision is to be one of bigger supplier of mentioned raw materials within the East and Central Africa.

Generally, there is wide gap between supply and demand and therefore, business opportunities exist for setting up additional rendering plant to satisfy the market requirements.

3.1 Marketing Strategy

The executive team will first target the **Dar es Salaam** area and eventually the greater Northwest using direct sales and existing distributor channels to penetrate the market. Initial capital will be used to test, patent, approve, produce, and market, as well as provide working capital for the first year

CHOBO INVESTMENTS CO. LIMITED will follow three concise strategies to achieve our desired growth:

- Exploit first-mover advantage in a highly fragmented market with a unique and differentiated product.
- Develop a strong branding campaign to build awareness, positive perception and sales of our products within our target markets.
- Continue to develop new products to satisfy an ever-growing set of markets.

The key strategy as entry strategy is to sell **CHOBO INVESTMENTS CO. LIMITED'S** products to wholesalers, in Dar es Salaam, later on the company will start selling to Arusha, Mbeya, Mwanza and Dodoma, Company's marketing team will be aggressive in introducing our products in Tanzania markets and build loyalty for company's products with decision managers of the organizations in the targeted markets and create awareness and support of the benefits of the innovative.

Strategy pyramid

The main objective is to build company's products into standard for every manufacturer of Grease, Soap, Candles, Biodiesel, Feed-stock, Rubber, Plastics etc. in Tanzania market opt our products, and **CHOBO INVESTMENTS CO. LIMITED** intends to make sure there is consistent availability and uninterrupted supply of our products. The company plan to extend new markets into neighboring countries.

3.2 Supply Assessment

An assessment of the company products supply matrix shows that are inadequate. It is due to this shortfall that the Tanzania Government is emphasizing manufacturing sector.

3.3 Demand Assessment

Demand for company products are very high it is obvious fact that the manufacturers of Grease, Soap, Candles, Biodiesel, Feed-stock, Rubber, Plastics need raw materials and most of them are imported .and these are potential customers; **CHOBO INVESTMENTS CO. LIMITED** has come in to serve and to stimulate new markets.

3.4 Pricing

The pricing policy for the project will be based on the product cost and competition levels considering various variables namely:

- Production cost
- Market positioning
- Gain market share from competitors
- Stimulating and increasing demand and
- Achieving profitability and liquidity financial performance goals

Within 6 to 12 months, once the products is better positioned in the market, the pricing strategy will be evolved to a comparable pricing strategy in which our products will be priced comparable to direct competitors in the market.

The average price of our products for liquid soap raw materials is per US\$600 per tone

The company has estimated to produce 9500 tons per year of various raw materials

3.5 Promotion

A combination of push and pull strategies and activities will be used to carve out space in the market.

Company strategy for local market will be to push the product onto the market and stimulate first trial in or near the point of purchase. This will be done using a team of sales representatives to engage shoppers once the product is widely available in stores.

Research findings reveal that women make lion's share of purchase decisions where family shopping is concerned. As such, a significant proportion of communication will be devoted towards mothers, wives and independent girls

3.6 Products

CHOBO INVESTMENTS CO. LIMITED will produce the following items, to list a few:

- Grease,

- Soap,
- Candles,
- Biodiesel,
- Feed-stock
- Rubber,
- Plastics etc. as mentioned above.

3.7 Competitive Comparison

- CHOBO INVESTMENTS CO. LIMITED's products offer a high value alternative.
- As the first rendering plant in the market, CHOBO INVESTMENTS CO. LIMITED will build brand identity, establishing the company as the standard for improving company products.
- CHOBO INVESTMENTS CO. LIMITED's products become more familiar in the market, the product will begin to produce a pressure on manufacturers, whereby they feel compelled to use company products. This will further fuel

the use of our products and the recognition of the benefits they deliver.

3.8 Sales Literature

In order to sell our product while creating familiarity and a positive brand image, it will be necessary to develop brochures and literature to emphasize the safety and beneficial attributes of our products as raw materials, many of which may not be readily apparent to an interested party. These will be delivered both in person during a sales presentation and by direct mail.

3.9 Technology

The technology of our rendering plant will be pivotal in the success of our company. The company will prefer to use dry rendering which is a batch or continuous process that dehydrates raw material in order to release fat. Following dehydration in batch or continuous cookers, the melted fat and protein solids are separated. The wet rendering process is no longer used because of the high cost of energy and of an adverse effect.

3.10 Future Products

The company plan to produce final products in future instead of producing raw materials, also the company pal to produce organic fertilizer from animal waste in near future.

3.11 Competitive Edge

Through the successful branding, first-mover advantage, excellent distribution and proprietary position of the company, CHOBO INVESTMENTS CO. LIMITED will develop brand recognition beyond any competitor. As a new company, we are aware of the disadvantage we have in legal settings, should we face larger, more resourceful competitors. However, a patent for our unique product will provide us with a degree of protection beyond a first-mover advantage by creating an additional barrier to entry. As the market is quickly penetrated, we may have to consider selling the production and licensing rights outright to an established company, should their tactics pose a direct threat to the survival of the company.

4.0 Mission

Our mission is to create value for customers and shareholders by continually improving our products.

4.1 Keys to Success

- A first-mover branding campaign to build awareness of CHOBO INVESTMENTS CO. LIMITED's products.
- Patent protection to defend our time-sensitive and product concept from competitors.
- Affordable price
- Wide distribution and raw materials collection center

5.0 Monitoring and Evaluation

The Management has full commitment to ensuring good use of the resource and sustainable environment and wellbeing of the community with which they do business. Thus, the management philosophy is through business process, management will strive to ensure compliance to standards and safety of products and customers they serve.

6.0 Project Management and Manpower

CHOBO INVESTMENTS CO. LIMITED will be under the Management with vast experience in managing fast rendering plant, the project will be directly managed by Managing

Director assisted by two Managers i.e., General Manager who will be responsible with Production, Administration and Finance and other Manager responsible with Sales and Marketing, who will together comprise the management team. Approximately **45** staff will be directly employed.

CHOBO INVESTMENTS CO. LIMITED boasts a strong founding team and experienced board of advisors. Our primary advisor, **CHOBO INVESTMENTS CO. LIMITED**, brings 10 years of industry experience and networked relationships to accelerate market penetration of the product line..

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	1	5	10	16
Men	4	10	15	29
TOTAL	5	15	25	45

6.1 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

7.0 Project Investment

The estimated capital investment cost of the project is US\$ 10,813,146

CHOBO INVESTMENTS CO. LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	2,000,000.00
Machinery & Equipment	6,300,146.00
Motor Vehicles	1,000,000.00
Furniture & Fixtures	4,000.00
Pre exp	5,000.00
Others	4,000.00
Working Capital	1,500,000.00
TOTAL	10,813,146.00

For the project to be a reality a total investment amounting to US \$10,813,146 is needed

Based on detailed financial projections, **CHOBO INVESTMENTS CO. LIMITED** will require US\$10,813,146 in start-up capital, but will generate positive cash flow in from Year 1

7.1 Project financing

The project will be financed by long term loan of US\$6,000,000 from financial institutions to be repaid within five years with interest rate of 6% and the remaining will be shareholders contribution and cash generated from business

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 straight-line method to depreciate the project's capital items has been applied.

It is assumed that the major building raw material will be procured from local market and other will be imported. Revenues have been conservatively estimated based on experience of the promoters and trends in the industry.

8.3 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 6 years period. The position depicted is that the project earns profit throughout its life. After tax profits grow from. US\$ 1,478,118.00 in first year to US\$ 10,338,285.95 in the year 8th

8.4 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year 1 US\$ 1,931,520 of operation to the 8th year US\$ 16,089,305

8.5 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Net shareholding equity of the project increases from US\$ 4,813,146 in the first year of operation to US\$ 15,151,431.95 in the 8th year

8.6 Projected payback period

Total investment is **US\$10,813,146**. Cash accumulation in 4 years is **US\$ 11,257,419** which is more than the initial investment by **US\$ US\$444,273** the project payback Period is within 4 years.

9.0 Economic Aspects

Implementation of this project will have the following social and economic values

- The project is an ideal option for utilization of the available market
- The project will create employment for **45** people on permanent contract basis as well as on temporary basis.
- It will create more business opportunities to local suppliers which will also have a trickledown effect in the environmental issues.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and pay as you earn.

- The project will have transfer of knowledge and skills to manufacturing sector

10.0 Implementation

Project implementation is expected to be relatively very short once project has been approved it is estimated that construction of hotel will be completed within one year: -

Implementation

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	April 2021
2	Placing order of machines	December– March 2025
3	Installing machines	March-June 2025
4	Recruitment	June 2025
5	In house training	June- December 2025
4	Testing production	January - March 2026
6	Commercial operations	April 2026

11.0 Conclusion & Recommendations

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 1997.

CHOBO INVESTMENTS CO. LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT (US\$)

-	1	2	3	4	5	6	7.00	8
Revenue	5,700,000.00	5,700,000.00	5,700,000.00	5,700,000.00	5,700,000.00	5,700,000.00	5,700,000.00	5,700,000.00
Operating Expenses:	3,135,000.00	3,135,000.00	3,135,000.00	3,135,000.00	3,135,000.00	3,135,000.00	3,135,000.00	3,135,000.00
Profit before Depreciation & Interest	2,565,000.00	2,565,000.00	2,565,000.00	2,565,000.00	2,565,000.00	2,565,000.00	2,565,000.00	2,565,000.00
Interest	300,000.00	153,401.46	153,401.46	153,401.46	153,401.46	153,401.46	153,401.46	153,401.46
Depreciation	153,401.46	603,401.00	603,401.00	603,401.00	603,401.00	603,401.00	603,401.00	603,401.00
Gross Profit	2,111,598.54	1,808,197.54	1,808,197.54	1,808,197.54	1,808,197.54	1,808,197.54	1,808,197.54	1,808,197.54
Tax (30%)	633,479.56	542,459.26	542,459.26	542,459.26	542,459.26	542,459.26	542,459.26	542,459.26
Profit After Tax	1,478,118.98	1,265,738.28	1,265,738.28	1,265,738.28	1,265,738.28	1,265,738.28	1,265,738.28	1,265,738.28
Accumulated Profit	1,478,118.00	2,743,856.28	4,009,594.56	5,275,332.83	6,541,071.11	7,806,809.39	9,072,547.67	10,338,285.95

CHOBO INVESTMENTS CO. LIMITED PROJECTED CASH FLOW US\$

	0	1	2	3	4	5	6	7	8
SOURCES:									
Profit before interest and depreciation	0	2,565,000.00	2,565,000.00	2,565,000.00	2,565,000.00	2,565,000.00	2,565,000.00	2,565,000.00	2,565,000.00
Equity	4,813,146.00								0.00
Loan	6,000,000.00								0.00
Total Sources	10,813,146.00	2,565,000.00	2,565,000.00	2,565,000.00	2,565,000.00	2,565,000.00	2,565,000.00	2,565,000.00	2,565,000.00
Applications:									0.00
Capital expenditure	9,304,146.00		-	-	-	-			0.00
working Capital & Others	1,509,000.00								0.00
Cash	0	1,931,520.44	2,022,540.74	2,022,540.74	2,022,540.74	2,022,540.74	2,022,540.74	2,022,540.74	2,022,540.74
Tax	-	633,479.56	542,459.26	542,459.26	542,459.26	542,459.26	542,459.26	542,459.26	542,459.26
Sub total	10,813,146.00	2,565,000.00	2,565,000.00	2,565,000.00	2,565,000.00	2,565,000.00	2,565,000.00	2,565,000.00	2,565,000.00
Total applications	10,813,146.00		2,565,000.00	2,565,000.00	2,565,000.00	2,565,000.00	2,565,000.00	2,565,000.00	2,565,000.00
Accumulated cash		1,931,520.00	3,954,060.74	5,976,601.48	7,999,142.21	10,021,682.95	12,044,223.69	14,066,764.43	16,089,305.17

CHOBO INVESTMENTS CO. LIMITED PROJECTED BALANCE SHEET US \$

	0	1	2	3	4	5	6	7	8.
Fixed Assets	-								
Opening balance	-	9,304,146.00	9,150,744.54	8,997,343.54	8,843,942.54	8,690,541.54	8,537,140.54	8,383,739	8,230,338.54
Total Long-term Assets	-	9,304,146.00	9,150,744.54	8,997,343.54	8,843,942.54	8,690,541.54	8,537,140.54	8,383,739	8,230,338.54
Less depreciation	-	153,401.46	153,401.46	153,401.46	153,401.46	153,401.46	153,401.46	153,401	153,401.46
Closing balance	-	9,150,744.54	8,997,343.08	8,843,942.08	8,690,541.08	8,537,140.08	8,383,739.08	8,230,338	8,076,937.08
Working capital	1,509,000.00	1,509,000.00	1,509,000.00	1,509,000.00	1,509,000.00	1,509,000.00	1,509,000.00	1,509,000	1,509,000.00
Accumulated cash	-	1,931,520	3,954,061	5,976,601	7,999,142	10,021,683	12,044,224	14066764	16,089,305
Total assets	1,509,000.00	12,591,264.54	14,460,403.82	16,329,543.56	18,198,683.29	20,067,823.03	21,936,962.77	23,806,102	25,675,242.25
Financed by					4,251,000.00				
Equity	4,813,146.00	4813146	4,813,146.00	4,813,146.00	4,813,146.00	4,813,146.00	4,813,146.00	4,813,146	4,813,146.00
Accumulated profit	-	1,478,118	2,743,856.28	4,009,595	5,275,333	6,541,071	7,806,809	9,072,548	10,338,286
Total equity	4,813,146.00	6,291,264.00	7,557,002.28	8,822,740.56	10,088,478.83	11,354,217.11	12,619,955.39	13,885,693	15,151,431.95
Bank Loan	6000000	4,800,000.00	3,600,000.00	2,400,000.00	1,200,000.00	-	-	-	-
Total debts	6,000,000.00	3,600,000.00	3,600,000.00	2,400,000.00	1,200,000.00	-	-	-	-
Total equity and debts	10,813,146.00	9,891,264.00	11,157,002.28	11,222,740.56	11,288,478.83	11,354,217.11	12,619,955.39	13,885,693	15,151,431.95

CHOBO INVESTMENTS CO. LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	2,000,000.00
Machinery & Equipment	6,300,146.00
Motor Vehicles	1,000,000.00
Furniture & Fixtures	4,000.00
Pre exp	5,000.00
Others	4,000.00
Working Capital	1,500,000.00
TOTAL	10,813,146.00

CHOBO INVESTMENTS CO. LIMITED FIXED ASSETS US\$

NAME OF ASSETS	1	2	3	4	5	6
Land And Buildings	2,000,000	1,960,000	1,920,000	1,880,000	1,840,000	1,800,000
Machinery, Tools & Equipment	6,300,146	6,237,145	6,174,144	6,111,143	6,048,142	5,985,141
Motor Vehicles	1,000,000	950,000	900,000	850,000	800,000	750,000
Furniture & Fixtures	4,000	3,600	3,200	2,800	2,400	2,000
Total	9,304,146	9,150,745	8,997,344	8,843,943	8,690,542	8,537,141
DEPRECIATION	1	2	3	4	5	6
Land and buildings	40,000	40,000	40,000	40,000	40,000	40,000
Machinery tools & Equipment	63,001	63,001	63,001	63,001	63,001	63,001
Motor Vehicles	50,000	50,000	50,000	50,000	50,000	50,000
Furniture & Fixtures	400	400	400	400	400	400
ANNUAL DEPRECIATION	153,401	153,401	153,401	153,401	153,401	153,401

CHOBO INVESTMENTS CO. LIMITED LOAN REPAYMENTS US\$

YEAR	PRINCIPLE	LOAN INTEREST (6%)	TOTAL AMOUNT PAID	LOAN BALANCE
0				
1	1,200,000.00	300,000.00	1,500,000.00	6,000,000.00
2	1,200,000.00	240,000.00	1,440,000.00	4,800,000.00
3	1,200,000.00	180,000.00	1,380,000.00	3,600,000.00
4	1,200,000.00	120,000.00	1,320,000.00	2,400,000.00
5	1,200,000.00	60,000.00	1,260,000.00	1,200,000.00

CHOBO INVESTMENTS CO. LIMITED PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	1,478,118.98	153,401	1,631,520	7,000,000.00
2	1,265,738.28	153,401	1,419,140	8,419,139.74
3	1,265,738.28	153,401	1,419,140	9,838,279.48
4	1,265,738.28	153,401	1,419,140	11,257,419.21
5	1,265,738.28	153,401	1,419,140	12,676,558.95
6	1,265,738.28	153,401	1,419,140	14,095,698.69

