

**5 (YEARS) BUSINESS PLAN**

**SHANGHAI AGRICULTURAL DEMONSTRATION PARK  
(TANZANIA) COMPANY LIMITED**

**20201003**

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# **BUSINESS PLAN**

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## 1. EXECUTIVE SUMMARY

The project is promoted by **SHANGHAI AGRICULTURAL DEMONSTRATION PARK (TANZANIA) COMPANY LIMITED** which is managed by shareholders of two company. Shanghai Jinfengyu Cereals Industry Co.ltd whose directors are Wu Bing and Wu Jun, and Shanghai Huanrui Agricultural Science & Technology Co.ltd whose directors are Peng Chunfeng and Fang Min, holding 100% shares of the company into the proportion of 9900 and 100 respectively.

The strategic plan of setting up the **SHANGHAI AGRICULTURAL DEMONSTRATION PARK (TANZANIA) COMPANY LIMITED** is to provide high quality services compared to other agricultural company in the sisal process market.

The Company will also contribute enormously to the growth of the sisal sector in the country at the same time providing employment to young and dynamic Tanzanians, increase government revenues through payments of taxes and through multiplier effects coming through various points in the value chain of the sisal industry.

The Company Management will comprise of staff with extensive experience and business particularly in sisal agricultural sector and manufacture

The total costs of the project will be TZShs 2 268 110 000 Tsh.  
**(CAPEX 1 248 110 000 and OPEX 1 020 000 000)**

The project will be financed by owners' equity who are directors of the company in the form of cash and assets. Assets will comprise primarily machine, vehicle , building, office furniture, computers and electrical equipments and so on.

The average return on equity is expected to be 20% during the 5 years' period. The project cash flow indicates a strong position enough to reasonably increase shareholders' wealth, with the expected Tsh 1 billion is another good indicator.

## 2. BACKGROUND

### Introduction

**SHANGHAI AGRICULTURAL DEMONSTRATION PARK (TANZANIA) COMPANY LIMITED** is registered limited company with head office LOCATED PLOT NO.9, MIKOCHEMI INDUSTRIAL AREA, KINONDONI, DAR ES SALAAM, P.O.Box 77800.

The Company was established due to the enormous opportunity on the sisal business. The need to have best world class corona machine to process the sisal.

**SHANGHAI AGRICULTURAL DEMONSTRATION PARK (TANZANIA) COMPANY LIMITED** will operate on the philosophy that sisal factory will help farmers get better fiber sell higher price , gain more income so they will plant more sisal since they see where they can process and sell the sisal get money fast.

### Brief Description of the Industry

Tanzania is known as the "Kingdom of Sisal" and is the second largest producer of sisal in the world. Sisal plant has a long history in Tanzania, especially in Tanga area, there are many farmers and company plant sisal there are mainly three part of sisal supplies.

1. Large private enterprise farms, such as Gomba, Lugongo, Amboni.
2. AMCOS to help the members of the cooperative farmers handle sisal processing.
3. Other small farmers use hand-held simple devices to process sisal since there are no farmers in the cooperative, their sisal cannot be processed well and the sales price is low, so their income from growing sisal is very low, and they even have little confidence in growing sisal.

### Business Definition

By investing in the construction of sisal processing plants in areas where small and medium-sized farmers have more sisal cultivation, farmers can easily handle their sisal, with better quality, higher yields and better sales prices. For the company, more stable and reliable sisal can be purchased.

### Company Statement

Our group has been sourcing sisal in Tanzania for a year and saw that many farmers need to process the sisal hemp planted, so we decided to invest in a large sisal processing plant to help farmers process sisal, increase their income and increase their confidence in planting sisal. At the same time, more farmers will be encouraged to plant sisal.

### 3. OPERATION PLANS

#### Location

The head Office of **SHANGHAI AGRICULTURAL DEMONSTRATION PARK (TANZANIA) COMPANY LIMITED**, LOCATED PLOT NO.9, MIKOCHE NI INDUSTRIAL AREA, KINONDONI, DAR ES SALAAM, P.O.Box 77800.

#### Initial Investment

The business will be conducted on leased offices that will accommodate all the initial company departments. Owners will provide all the funds for initial investment and operations. The assets are estimated to have a 5 years life span and will depreciated on straight-line basis. This means in 5<sup>th</sup> year from 2021 new furniture will be bought.

In the early stage, two sisal processing plants were invested in the Segera and Muheza areas where small and medium farmers planted more sisal.

#### Future Expansion

In the future, the production capacity of the factory will be adjusted according to the supply of sisal blades, and machinery and equipment will be added. For other new areas where more sisal is planted, such as Handeni, Shinyanga, and Bariadi district. If the surrounding sisal leaf supply can meet the demand for building factories, we will also consider building new factories. At the same time, small equipment is provided for farmers to process sisal through financial leasing.

#### Promotions

The company will organize a meeting of farmers to encourage them to increase the planting area of sisal and provide appropriate loan support to strengthen the operation of sisal. Improve production and sisal output quality through modern factory management.

### 4. FINANCIAL PLANS AND PROJECTIONS

#### Initial Capital Investment

The details of the initial investment on fixed assets and pre-operational expenses.

#### Underwriting Expenses

Under this section we present the 5 years underwriting estimates of **SHANGHAI AGRICULTURAL DEMONSTRATION PARK (TANZANIA) COMPANY LIMITED Operations**. The projections are based on analysis done historical data on other sisal industry and farmers as the whole.

In five years, the planting area of sisal in the surrounding area increased by 20% every year, and the output of sisal doubled in five years.

Estimate turnover of Tshs. 30 billion in the 1<sup>st</sup> year of operation based on industry turn over and market share of sisal fiber. The turnover is expected to grow at 15% every year.

### **Administration Expenses**

Administration costs are associated with day to day running of the business. The expenses are expected to increase gradually as the firm's level of operation increase.

### **Financial and legal expenses**

Financial and legal expenses are associated with the daily running of the business. The expenses are expected to gradually increase as the firm's levels of operations increase.

## **5. ORGANISATION STRUCTURE AND MANAGEMENT PLANS**

Owners of the company and their shareholding

- Shanghai Jinfengyu Cereals Industry Co.ltd
- Shanghai Huanrui Agricultural Science & Technology Co.ltd

The authorized share capital of the company is TZS 10,000,000/= which divided into 9900 for Shanghai Jinfengyu Cereals Industry Co.ltd and 100 for Shanghai Huanrui Agricultural Science & Technology Co.ltd .as ordinary shares of 10,000/= each. The paid up shares are 10,000 amounting to TZS 10,000,000/= the company is limited by shares.

### **Management team**

The management of **SHANGHAI AGRICULTURAL DEMONSTRATION PARK (TANZANIA) COMPANY LIMITED** at the initial stage will employ the followings

Chief Executive Officer	1
Engineer and repair	1
Factory manager	1
Accountant	1
Secretary	1
Office attendant	1
Production manager	1

### **Organization Structure**

The proposed organization Chart of **SHANGHAI AGRICULTURAL DEMONSTRATION PARK (TANZANIA) COMPANY LIMITED** will comprise of the following staff:-

- i) Board of Directors
- ii) Administrations
- iii) Factory manager
- iv) Accounts
- v) Production manager

### **Board of Director**

The Board of Directors consists of shareholders and management Directors of the company. The board will be responsible for overseeing the overall direction of the company, getting goals and monitoring performance of the management.

### **Administration Manager**

The AM will oversee and coordinate the implementation of the various Board decision and business goals. He will be in charge of all affairs of the company and report to the board.

### **Factory Manager**

The factory manager will arrange production according to the resolution of the board of directors, and make time management arrangements for the farmers who provide the leaves to ensure that all farmers' sisal is processed in a timely and good manner.

### **Accountant**

The accountant will report to the Principal officer/Administrative Manager and will be responsible for all financial management of the company. He/She will ensure adequate controls and timely reporting of the management and statutory reports.

Do a good job in the registration, accounting and calculation of the processing volume of sisal for each farmer. Make sure they can get their sisal payment in time.

### **Production manager**

The production manager will operate the factory in accordance with the instructions of the factory manager, while ensuring that all equipment is in good working order. Manage the workers in each position, safely and efficiently, and complete daily production tasks.

## 6. MARKETING

### **Assessment of Competition**

Since the sisal leaves must be processed in time after they are cut, the location of the sisal factory is generally within 20km of the sisal planting area, mainly considering the transportation cost of the leaves. The factory needs to provide good processing equipment and charge reasonable processing fees to be very competitive.

### **Good quality services**

The factory will summarize the planting conditions of all surrounding farmers and make reasonable time arrangements to ensure that each farmer's sisal is processed in a timely, efficient and professional manner, and more high-grade UG sisal products are obtained.

### **Pricing**

The company will charge processing fees according to market processing, and at the same time continue to improve processing services and settlement efficiency.

### **Ability to timely respond to client needs**

For the sisal blades transported to the factory for processing, the production manager will estimate the estimated processing time, and after the completion, the accounting will calculate the specific fiber output situation, according to different grades such as UG, SSUG, etc., and pass the result and the sisal market price Mobile phone text messages are reported to farmers.

### **Aggressive Marketing**

The factory will encourage more farmers to transport sisal leaves from the surrounding areas for processing. Encourage farmers to plant more sisal and provide them with prepayment for cutting hemp leaves to ensure that everything is carried out in an orderly manner.

### **Adequate working capital**

This aspect is very important because it supports flexibility and timeliness in handling specific farmers.

## **SWOT ANALYSIS OF COMPETITION**

### **Strength**

**SHANGHAI AGRICULTURAL DEMONSTRATION PARK (TANZANIA) COMPANY LIMITED.** Our sister company, Shenong Agricultural, has a year of sisal purchasing experience in Tanzania. We can purchase all the sisal produced in the factory, but we don't need it but there are sales

problems. At the same time, we have introduced the best machines in China that can process sisal with high efficiency and high quality.

### Weakness

Since we are a sisal processing factory, compared with other sisal farms, they have their own leaves, so there may be a problem of insufficient leaves after the operation of the factory.

### Opportunities

Since sisal is one of Tanzania's main economic crops, it is the main export crop. Recently, government departments continue to encourage farmers to plant more sisal, and provide free sisal seedlings to new farmers. At present, there are a lot of newly planted sisal, which can be harvested after 2-3 years, and there will be many sisal leaves that need to be processed. At the same time, sisal is settled in US dollars, so don't worry too much about the impact of exchange rates on prices.

### Threats

Since sisal is a global market, Brazil's sisal planting area is the first and has been increasing. We are afraid that the international market price will affect the demand for Tanzanian sisal.

## 7. IMPLEMENTATION SCHEDULE

### Purchase and construction of fixed assets Equipment debugging and personnel training

Project Progress Gantt Chart								
program	2020.10	2020.11	2020.12	2021.1	2021.2	2021.3	2021.4	2021.5
1								
2								
3	Construction declaration	---						
4	Three links and one leveling	---						
5	Plant, warehouse, office construction		---	---	---			
6	Equipment order, production		---	---	---			
7	Equipment seaborne customs clearance						---	---
8	Organize farmers' presentations and arrange production plans							---
9	Equipment installation							---
10	staff training							---

## 8. CONCLUSION

### Fixed capital expenditure and operating capital expenditure

From the fore told literature and projections **SHANGHAI AGRICULTURAL DEMONSTARTION PARK (TANZANIA) COMPANY LIMITED** operation plans is worthy undertaking. The following supports the statement: -

- The venture has motivating financial rewards to the shareholders wealth.
- The business is in the line with Government policies in the agricultural sector.
- The business has many benefits to the well being of the Tanzanian society because apart from creating employment its services have positive impact on the growth of wealth and hence improving the standards of Tanzania.

**SHANGHAI AGRICULTURAL DEMONSTRATION PARK (TANZANIA)  
COMPANY LIMITED**

**OPERATING EXPENSES:**

S/NO	ITEM	MONTHLY (TZSHS)	ANNUALLY (TZSHS)
1	Staff Salaries & Allowances	15,000,000	180,000,000
2.	Electricity & Water	20,000,000	240,000,000
3.	Machine Repair & Vehicles	50,000,000	600,000,000
	<b>TOTAL</b>	<b>85,000,000</b>	<b>1,020,000,000</b>

**SHANGHAI AGRICULTURAL DEMONSTRATION PARK (TANZANIA)  
COMPANY LIMITED**

**FIXED ASSETS:**

Assets	Unit	Amount
Computers	2	2,000,000
Motorcycle	3	6,000,000
HP Printer	1	500,000
Corona machine	1	950,000,000
Telephones	3	210,000
Scanner HP	1	400,000
Furniture's	5	5,000,000
Brushing machine	6	18,000,000
Pressing machine	1	35,000,000
War house	3	150,000,000
Water pool and well	1	20,000,000
UPS	6	1,000,000
Office and house	2	60,000,000
<b>TOTAL</b>	<b>36</b>	<b>1,248,110,000</b>

## Financial projection for at least 5 years;

Revenue = processed tons \* processing fee per ton

It is estimated that 35 mate sisal blades can produce one ton of sisal fiber.

The equipment started operation in 2021.5, and the production year is from May to May of the second year.

Depreciation of fixed assets completed in three years

## 5years factory production projection

year	mate/day	day/month	month/year	mate/year	35mate/ton
2021	200	25	12	60,000	1,714
2022	250	25	12	75,000	2,143
2023	300	25	12	90,000	2,571
2024	350	25	12	105,000	3,000
2025	400	25	12	120,000	3,429
<b>5years production tons</b>					<b>12,857</b>

## 5years financial projection

	financial projection	2021.5-2022.5	2022.5-2023.5	2023.5-2024.5	2024.5-2025.5	2025.5-2026.5
<b>income</b>	precessing fee /tons	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
	process tons	1,714	2,143	2,571	3,000	3,429
	income	1,714,000,000	2,143,000,000	2,571,000,000	3,000,000,000	3,429,000,000
<b>cost</b>	staff salary	377,080,000	471,460,000	565,620,000	6,600,000,000	754,380,000
	water and electricity	274,240,000	342,880,000	411,360,000	4,800,000,000	548,640,000
	Depreciation of fixed	485,000,000	485,000,000	485,000,000	0	0
	repari	85,700,000	107,150,000	128,550,000	1,500,000,000	171,450,000
	financial fee	119,980,000	150,010,000	179,970,000	2,100,000,000	240,030,000
	tax	85,700,000	107,150,000	128,550,000	1,500,000,000	171,450,000
	cost total	1,427,700,000	1,663,650,000	1,899,050,000	16,500,000,000	1,885,950,000
<b>profit</b>	profit	286,300,000	479,350,000	671,950,000	13,500,000,000	1,543,050,000
	income tax	85,890,000	143,805,000	201,585,000	4,050,000,000	462,915,000
	net profit	200,410,000	335,545,000	470,365,000	9,450,000,000	1,080,135,000