



**BUSINESS PLAN  
FOR THE  
PROPOSED  
FISH  
PROCESSING  
FACILITIES FOR  
OMROS FOODS  
COMPANY  
LIMITED**

**DECEMBER 2021**

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## 1.0 EXECUTIVE SUMMARY

### 1.1 INTRODUCTION

OMROS Foods Company Limited is a company incorporated in Tanzania. The company intends to open a fish processing plant in Dar es Salaam.

This plan presents an analysis of the proposed investment. This analysis starts with the general outlook of Tanzania's economy and the current environment supporting investment in the fisheries sub-sector. Thereafter, a detailed analysis of the management aspects of the proposed investments is presented. Finally, a detailed analysis of the financial viability of the proposed investment is presented.

### 1.2 LOCATION DETAILS AND MANAGEMENT

The promoter of the current project is OMROS Foods Company Limited. The company has three shareholders, who are Tanzanians. It employs management and staff who are Tanzanians, and they oversee operations of the company and report to the owners.

### 1.3 INVESTMENTS REQUIRED AND FINANCING ASPECTS

The project's planned investment is TZS 3,016,145,519 out of which TZS 134,000,000 is investment in long term assets and TZS 2,882,145,519 is investment in working capital. The summary of investment needs is as shown in the table below

| SN | ITEM DESCRIPTION                         | AMOUNT (TZS)         |
|----|--|----------------------|
| 1  | Building                                 | 50,000,000           |
| 2  | Motor vehicles                           | 58,000,000           |
| 3  | Office Equipment & Furniture             | 24,000,000           |
| 4  | Miscellaneous capitalized expenses       | 2,000,000            |
|    | <b>Total Fixed Assets</b>                | <b>134,000,000</b>   |
|    | <b>Average Net Working Capital Needs</b> | <b>2,882,145,519</b> |
|    | <b>Total Capital</b>                     | <b>3,016,145,519</b> |

### 1.4 SOURCES OF REVENUES

The project's forecasted income statement is shown below

The projected income statement for the first five years is presented below

|  |     | <u>2022/23</u> | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> |
|--|-----|----------------|----------------|----------------|----------------|----------------|
| <b>NET REVENUES</b>                                |     | 8,781,831,926  | 9,660,015,118  | 10,626,016,630 | 11,688,618,293 | 12,857,480,122 |
|  |     |                |                |                |                |                |
| <b>COST OF REVENUE</b>                             |     | 7,093,018,094  | 7,802,319,903  | 8,582,551,893  | 9,440,807,083  | 10,384,887,791 |
| <b>% of Revenues</b>                               |     | 80.77%         | 80.77%         | 80.77%         | 80.77%         | 80.77%         |
|  |     |                |                |                |                |                |
| <b>GROSS PROFIT</b>                                |     | 1,688,813,832  | 1,857,695,215  | 2,043,464,737  | 2,247,811,210  | 2,472,592,331  |
| <b>% of Revenues</b>                               |     | 12.90%         | 13.00%         | 13.80%         | 15.90%         | 20.10%         |
| <b>OPERATING EXPENSES</b>                          |     |                |                |                |                |                |
| Salaries and Payroll<br>Statutory Costs            |     | 326,880,000    | 359,568,000    | 395,524,800    | 435,077,280    | 478,585,008    |
| Maintenance and<br>Utilities                       |     | 13,920,000     | 14,616,000     | 15,346,800     | 16,114,140     | 16,919,847     |
| General and Administration<br>(Excl. depreciation) |     | 66,000,000     | 69,300,000     | 72,765,000     | 76,403,250     | 80,223,413     |
| <b>Total Operating Expenses</b>                    |     | 406,800,000    | 443,484,000    | 483,636,600    | 527,594,670    | 575,728,268    |
| <b>% of Revenues</b>                               |     | 5%             | 5%             | 5%             | 5%             | 4%             |
| <b>EARNINGS FROM OPERATIONS</b>                    |     | 1,282,013,832  | 1,414,211,215  | 1,559,828,137  | 1,720,216,540  | 1,896,864,064  |
|  |     |                |                |                |                |                |
| <b>DEPRECIATION AND AMORTISATION</b>               |     | 74,700,000     | 74,700,000     | 74,700,000     | 74,700,000     | 74,700,000     |
|  |     |                |                |                |                |                |
| <b>EARNINGS BEFORE INTEREST &amp; TAXES</b>        |     | 1,207,313,832  | 1,339,511,215  | 1,485,128,137  | 1,645,516,540  | 1,822,164,064  |
|  |     |                |                |                |                |                |
| <b>INTEREST INCOME / (EXPENSE)</b>                 |     |                |                |                |                |                |
| Interest on loan                                   |     | 0              | 0              | 0              | 0              | 0              |
|  |     |                |                |                |                |                |
| <b>NET EARNINGS BEFORE TAXES</b>                   |     | 1,207,313,832  | 1,339,511,215  | 1,485,128,137  | 1,645,516,540  | 1,822,164,064  |
| <b>TAXES</b>                                       |     |                |                |                |                |                |
| Service Levy Tax<br>and others - on sales          | 3%  | 263,454,958    | 289,800,454    | 318,780,499    | 350,658,549    | 385,724,404    |
| Corporate tax on<br>Operating profit               | 30% | 362,194,150    | 401,853,365    | 445,538,441    | 493,654,962    | 546,649,219    |
| <b>NET EARNINGS</b>                                |     | 581,664,725    | 647,857,397    | 720,809,197    | 801,203,029    | 889,790,441    |
| <b>% of Revenues</b>                               |     | 6.62%          | 6.71%          | 6.78%          | 6.85%          | 6.92%          |

## 1.5 SOURCE OF FINANCING

The promoters expect to finance this project from equity raised from their sources.

## 1.6 SUMMARY OF THE EXPECTED CONTRIBUTION OF THE PROJECT

The project is expected to achieve the following:

- At the macro (national) level, the project will contribute to the fisheries sub-sector by providing value addition to fish products.
- The backward and forward linkages that will arise from the project's implementation will contribute to the fisheries sector's productivity. The project will utilise materials and other inputs sourced locally, thus creating a multiplier effect on the economy.
- The project will also pay fees, taxes, and other statutory contributions to the local and the central government, thereby contributing to the government revenues. The estimated payments to the government are presented in the table below

|   |     | <u>2022/23</u> | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> |
|---|-----|----------------|----------------|----------------|----------------|----------------|
| <b>Service Levy Tax and others - on sales</b> | 3%  | 263,454,958    | 289,800,454    | 318,780,499    | 350,658,549    | 385,724,404    |
| <b>Corporate tax on Operating profit</b>      | 30% | 362,194,150    | 401,853,365    | 445,538,441    | 493,654,962    | 546,649,219    |
|   |     | 625,649,107    | 691,653,818    | 764,318,940    | 844,313,511    | 932,373,623    |

- Employment is a major social and economic issue for Tanzania, especially for youths. The project will provide direct employment to 32 people and indirect employment to many more in the value chain.
- The project will provide jobs. The employees will come from the community. They will benefit directly in terms of income and other benefits such as health coverage for their families. This contributes to the social welfare of the community.
- The proposed project will provide an avenue for skills transfer to the youth in terms of internships, hence helping to improve skills in the food processing sub-sector.

## 2.0 PROMOTER'S INFORMATION

### 2.1 STATEMENT OF PURPOSE

This document's preparation follows OMROS Foods Company Limited intention to establish a business in the food processing sub-sector. It intends to build a fish processing plant in Dar es Salaam. This document illustrates the requirements for establishing the fish processing business. It builds a business case to establish the fish processing plant, including investment required, production and operations, staffing requirements, and financing requirements. It is expected that this document will guide all the concerned on the issues of operations and financing of the business. This document also presents revenues and expenditure projections for the first five years of the company's operations. The projection of revenues and expenditure illustrates the viability of the business venture.

### 2.2 DETAILS OF THE PROMOTER

The promoter of the current project is OMROS Food Company Limited. The current address of the promoter is:

#### **OMROS Foods Company Limited**

Plot No.5, Block 41, Kinondoni Service Trade Area, Kinondoni,  
P.O Box 1775, Dar es Salaam, Tanzania.

The company is owned by three shareholders as indicated in Table 1 below

Table 1: Ownership structure of the promoter

| Name                  | Nationality | Shareholding  |
|-----------------------|-------------|---------------|
| 1. Amon Daniel Ntimba | Tanzanian   | 7500          |
| 2. Omary Ally Omary   | Tanzanian   | 10,000        |
| 3. Mary Paul Msemwa   | Tanzanian   | 22,500        |
| <b>Total</b>          |             | <b>40,000</b> |

The details of the proposed business location, i.e. the place where the processing and other facilities will be built, are indicated in Table 2 below.

Table 2: Location of the proposed business

| Location                     | MBEZI BEACH                    |
|------------------------------|--------------------------------|
| <b>Plot Number and size</b>  | Plot size is 795 Square Meters |
| <b>CRO number</b>            | 153760519                      |
| <b>Business License No</b>   | 20000024058                    |
| <b>Tax Identification No</b> | 153-760-519                    |
| <b>Purpose of issue</b>      | Light industrial area          |

## 2.3 OMROS FOODS COMPANY LIMITED BUSINESS ACTIVITIES

OMROS Foods Company Limited is a company incorporated in Tanzania. It has a Tax Identification Number (TIN) 153-760-519.

OMROS Foods Company Limited intends to add value to sea and freshwater fish through processing. Fish processing prevents wastage and prolongs the shelf life of highly perishable fish. It also increases the dollar reserve of the country through exportation. The company seeks to produce quality processed fish products by investing in different nodes of the value chain. This approach will benefit fishermen who will have an outlet for their products. It will also benefit consumers as they will have access to quality products that conform to required standards.

OMROS Foods Company is a local company with 100% local ownership. It will create value addition to fish products in the market, offer an outlet for fishermen, and create direct and indirect employment to people in the Dar es Salaam, Pwani, Zanzibar, Tanga, Kilwa, and the Lake Zone.

## 2.4 PROPOSED PROJECT

### 2.4.1 Description of the project

OMROS Foods Company Limited intends to fish processing plant in Kinondoni Municipality in Dar es Salaam. The company intends to process sea fish and freshwater fish. Sea fish that will be processed by the company are Octopus, Lobster, Squid, Prawns, and Crabs. Freshwater fish that will be processed by the company are Tilapia and Nile Perch.

The company expects to use three approaches to obtain raw fish for processing: (i) buying directly from established fish markets and landing sites around Dar es Salaam, Pwani, Zanzibar, Tanga, Kilwa, and the Lake Zone (ii) using agents who will be engaged in contractual terms to deliver fish to the company, and (iii) buying from fishermen who will have a contractual agreement with the company. The fish processing

plant will comprise of storage facilities for unprocessed and processed fish, fish processing facilities, and packaging

### 3.0 REVIEW OF THE FISHERIES SUB-SECTOR IN TANZANIA

#### 3.1 OVERVIEW OF THE FISHERIES IN TANZANIA

The fisheries sector plays a significant role in social and economic development by contributing to the economic and social well-being of the country. The sector is a source of food security and nutrition, employment and income generation. In the year 2020, the sector provided direct employment to about 202,053 people. It is estimated that more than 4.5 million people indirectly depend on fisheries-related activities. The sector contributed 1.71% to the National GDP and grew at 1.5% compared to 9.2% in 2018.

##### 3.1.1 Tanzania Fisheries Resources

Tanzania is well endowed with natural resources from the aquatic resource base. The total inland water area covers nearly 61,500 km<sup>2</sup> or about 6.5 per cent of the total land area. The inland water area is from: Lake Victoria- 13,489 km<sup>2</sup>; Lake Tanganyika-5,760 km<sup>2</sup>; Lake Nyasa-3,000 km<sup>2</sup>; Lake Rukwa-1,000 km<sup>2</sup>; and other small water bodies which cover 1000 km<sup>2</sup>. Most of these water bodies have substantial fisheries resources. On the marine side, the country has a Territorial sea of about 64,000 km<sup>2</sup> and a coastal line of 1,424 km. The Exclusive Economic Zone (EEZ) is up to 200 nautical miles covering an area of 223,000 km<sup>2</sup> providing the country with additional marine area and fisheries resources. Furthermore, the country has significant potential for aquaculture activities which if properly harnessed will increase aqua-products contributing to food security and promoting income generation.

Stock assessment of fisheries resources in sea and freshwater bodies shows that the estimated fish potential is 2,635,360 metric tons. This estimate does not include the fish resource in the Exclusive Economic Zone. The estimated fisheries stock in different water bodies is indicated in Table 3 below

Table 3: Fisheries stock in different water bodies

| Waterbody                       | Tanzania Share<br>(Area in Km2) | Fisheries Resource<br>Potential (Tones) |
|---------------------------------|---------------------------------|---|
| <b>Lake Victoria</b>            | 35,088                          | 2,072,360                               |
| <b>Lake Tanganyika</b>          | 13,489                          | 295,000                                 |
| <b>Lake Nyasa</b>               | 5,760                           | 168,000                                 |
| <b>Marine (Territorial sea)</b> | 64,000                          | 100,000                                 |
| <b>Exclusive Economic Zone</b>  | 223,000                         | Unknown                                 |
| <b>Total</b>                    |                                 | <b>2,635,360</b>                        |

### 3.1.2 Supply of Fish in Tanzania

The supply of fish for both domestic and international markets is spearheaded by private sector investment. The data indicates that, as of December 2020, there were 18 large scale fish processing factories, 5 fishnets factories and 90 fish warehouses compared to 15 large scale fish processing factories, 4 fishnets factories and 56 fish warehouses in 2019. During the period under review, there were 34 small scale fish processing factories and 3 boat manufacturing factories.

The supply of fish comes from fishing activities in the sea and freshwater bodies. Fishermen sell to traders who supply fish to the domestic market which include fish processors. The fish catch from fresh and marine water in recent years is shown in Table 4 below.

Table 4: Fish catch 2011-2020

| Year | Fresh Water | Marine Water | Total   | % change |
|------|-------------|--------------|---------|----------|
| 2011 | 290,474     | 50,592       | 341,066 |          |
| 2012 | 314,944     | 50,079       | 365,023 | 0.07     |
| 2013 | 315,008     | 52,846       | 367,854 | 0.01     |
| 2014 | 314,062     | 51,912       | 365,974 | - 0.01   |
| 2015 | 309,922     | 52,723       | 362,645 | - 0.01   |
| 2016 | 308,772     | 53,823       | 362,595 | 0.00     |
| 2017 | 332,373     | 55,170       | 387,543 | 0.07     |
| 2018 | 323,120     | 53,231       | 376,351 | -0.03    |
| 2019 | 409,333     | 60,977       | 470,309 | 0.25     |
| 2020 | 409,828     | 63,764       | 473,592 | 0.01     |

The data indicates that the tonnage of the fish catch is fluctuating over the years. The year-on-year fluctuation is small, however, there is a 39% increase in the tonnage of fish catch in 2020 compared to the fish catch in 2011. The annual fish landings in 2020 were 473,592.24 Metric tons worth TZS 2.37 trillion compared to 470,309.23 metric tons worth TZS 2.210 trillion landed in 2019. This data indicates that the price per ton of fish in 2020 was TZS 5 million, while the price per ton in 2019 was TZS 4.5 million. The largest amount of fish catch was observed in Lake Victoria. It contributed to 58 % of the total fish landings. The fish catch in different water bodies is shown in Table 5 below.

Table 5: Total fish production from all major water bodies in Tanzania (Marine and Inland) 2020

|                           | Fishers        | Fishing Vessels | Catches (MT)      | Values (Tshs'000)       | Production % share per waterbody |
|---------------------------|----------------|-----------------|-------------------|-------------------------|----------------------------------|
| <b>Lake Victoria</b>      | 109,397        | 31,773          | 274,888.94        | 1,374,444,677.58        | <b>58.0</b>                      |
| <b>Lake Tanganyika</b>    | 26,612         | 11,506          | 104,178.81        | 520,894,031.48          | <b>22.0</b>                      |
| <b>Lake Nyasa</b>         | 5,550          | 2,632           | 8,252.98          | 41,264,889.09           | <b>1.7</b>                       |
| <b>Lake Rukwa</b>         | 3,428          | 1,786           | 5,240.00          | 26,200,021.08           | <b>1.1</b>                       |
| <b>Mtera Dam</b>          | 2,369          | 1,238           | 7,046.81          | 35,234,067.86           | <b>1.5</b>                       |
| <b>Nyumba ya Mungu</b>    | 1,269          | 860             | 9,696.07          | 48,480,358.11           | <b>2.0</b>                       |
| <b>Minor water bodies</b> | 879            | 321             | 524.70            | 2,623,501.96            | <b>0.1</b>                       |
| <b>Small scale Marine</b> | 53,035         | 9,242           | 63,763.93         | 318,819,664.21          | <b>13.5</b>                      |
| <b>Total</b>              | <b>202,539</b> | <b>59,358</b>   | <b>473,592.24</b> | <b>2,367,961,211.36</b> | <b>100</b>                       |

Different fish species are found in Lake Victoria. These are Nile Perch (NP)/Sangara, Dagaa(DA), Catfish(CG)/Kambale, Tilapia (TL)/Sato, haplochromines(HA)/Furu, Bagrus Docmac(BD)/Mbofu, and Protopterus aethiopicus (PA)/Kamongo. The amount in tons and the value in TZS of the fish catch from Lake Victoria for each of the mentioned species is shown in Table 6 below.

Table 6: Fish catch per species and value from Lake Victoria in 2020

| Species                | Nile perch  | Tilapiines  | Dagaa       | Haplochromines | Bagrus     | Clarias   | Protopterus |
|------------------------|-------------|-------------|-------------|----------------|------------|-----------|-------------|
| <b>Catch /Tons</b>     | 84,695.32   | 22,172.12   | 158,727.05  | 7,144.51       | 598.95     | 568.54    | 562.29      |
| <b>Value (TZS'000)</b> | 405,385,701 | 102,808,157 | 760,594,608 | 33,980,973     | 64,189,025 | 2,756,152 | 2,695,255.5 |

The fish catch fluctuates depending on the season. The fluctuation of the fish catch per month is indicated in Table 7 and Table 8 below.

Table 7: Fish catch January-June

| Species/Month         | Jan       | Feb       | March     | Apr      | May       | June     |
|-----------------------|-----------|-----------|-----------|----------|-----------|----------|
| <b>Nile perch</b>     | 8,369.19  | 5,624.43  | 8,264.85  | 5,913.02 | 9,424.70  | 4,675.13 |
| <b>Tilapiines</b>     | 771.58    | 9,086.62  | 945.49    | 1,074.40 | 5,671.51  | 1,065.48 |
| <b>Dagaa</b>          | 12,888.04 | 11,724.58 | 14,094.04 | 145.38   | 10,112.33 | 8,176.26 |
| <b>Haplochromines</b> | 710.59    | 872.21    | 674.53    | 842.42   | 525.09    | 73.63    |
| <b>Bagrus</b>         | 68.52     | 63.99     | 38.26     | 30.03    | 74.43     | 81.86    |
| <b>Clarias</b>        | 16.81     | 12.16     | 24.7      | 13.8     | 39.53     | 56.92    |
| <b>Protopterus</b>    | 51.36     | 33.73     | 32.46     | 90.89    | 53.91     | 45.33    |

|                          |                  |                  |                  |                 |                  |                  |
|--------------------------|------------------|------------------|------------------|-----------------|------------------|------------------|
| <b>Others</b>            | 25.5             | -                | 61.1             | 59.13           | 30.15            | 25.27            |
| <b>Total</b>             | <b>22,901.59</b> | <b>27,417.72</b> | <b>24,135.43</b> | <b>8,169.07</b> | <b>25,931.65</b> | <b>14,199.88</b> |
| <b>% catch (Monthly)</b> | 8%               | 10%              | 9%               | 3%              | 9%               | 5%               |

Table 8: Fish catch July-December

| Species/Month            | July            | Aug              | Sept             | Oct              | Nov              | Dec              | Total             |
|--------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| <b>Nile perch</b>        | 1,830.67        | 8,366.98         | 7,292.81         | 8,250.69         | 9,678.96         | 7,003.89         | <b>84,695.32</b>  |
| <b>Tilapiines</b>        | 1,009.14        | 373.56           | 950.24           | 346.54           | 370.55           | 507.01           | <b>22,172.12</b>  |
| <b>Dagaa</b>             | 1,456.90        | 12,862.76        | 10,839.13        | 23,328.07        | 41,342.18        | 11,757.38        | <b>158,727.05</b> |
| <b>Haplochromines</b>    | 708.96          | 762.77           | 488.56           | 780.85           | 615.86           | 89.04            | <b>7,144.51</b>   |
| <b>Bagrus</b>            | 70.73           | 28.87            | 38.14            | 23.65            | 15.42            | 65.05            | <b>598.95</b>     |
| <b>Clarias</b>           | 38.38           | 141.79           | 91.12            | 41.86            | 53.33            | 38.14            | <b>568.54</b>     |
| <b>Protopterus</b>       | 24.35           | 46.84            | 59.25            | 17.86            | 72.69            | 33.62            | <b>562.29</b>     |
| <b>Others</b>            | 11.01           | 25.39            | 12.75            | 49.28            | 102.03           | 18.55            | <b>420.16</b>     |
| <b>Total</b>             | <b>5,150.14</b> | <b>22,608.96</b> | <b>19,772.00</b> | <b>32,838.80</b> | <b>52,251.02</b> | <b>19,512.68</b> | <b>274,888.94</b> |
| <b>% catch (Monthly)</b> | 2%              | 8%               | 7%               | 12%              | 19%              | 7%               |                   |

Fish from seawater is obtained from five regions. These regions are:

- Tanga- fishing is done in the districts of Muheza, Pangani, Tanga urban and Mkinga
- Pwani-fishing is done in the districts of Mafia, Kibiti, Mkuranga, and Bagamoyo
- Lindi- fishing is done in the districts of Lindi Urban, Lindi Rural and Kilwa
- Mtwara-fishing is done in the districts of Mtwara Urban and Mtwara Rural
- Dar es Salaam-fishing is done in the district of Kigamboni, Ilala and Kinondoni.

The fish catch from seawater is indicated in Table 9 below

Table 9: Fish catch from seawater and Value of the catch per species

| Species                | Puju    | Hongwe    | Mbono     | Karambezi | Kambale  | Mwatiko    | Nduwaro  | Papa      |
|------------------------|---------|-----------|-----------|-----------|----------|------------|----------|-----------|
| <b>Catch/tons</b>      | 448.84  | 4,490.60  | 1,304.30  | 2,417.60  | 86.7     | 619.1      | 711.13   | 2,581.50  |
| <b>Value (TZS mil)</b> | 2244.6  | 22,453.70 | 6,521.80  | 12,088.70 | 433.7    | 3095.9     | 3553.9   | 12,908.30 |
| Species                | Samsuri | Changudoa | Ngisi     | Mkizi     | Mkundaji | Koana      | Sehewa   | Tasi      |
| <b>Catch/tons</b>      | 649.5   | 1,499.50  | 3,086.70  | 626.48    | 863.74   | 544.25     | 1,014.50 | 1,817.60  |
| <b>Value (TZS mil)</b> | 3248.1  | 7,498.10  | 15,434.30 | 3132.8    | 4319.1   | 2721.7     | 5,073.20 | 9,088.60  |
| Species                | Chaa    | Karamamba | Chuchunge | Nguru     | Mkongge  | Dagaa papa | Vibua    | Msusa     |
| <b>Catch/tons</b>      | 693.77  | 693.77    | 423.89    | 2,091.00  | 812.19   | 8,053.80   | 4,416.70 | 2,321.40  |

|                        |                |                 |                   |               |              |                   |              |                 |
|------------------------|----------------|-----------------|-------------------|---------------|--------------|-------------------|--------------|-----------------|
| <b>Value (TZS mil)</b> | 2906.9         | 3469.1          | 2119.7            | 10,737.30     | 4061.3       | 40,269.60         | 22,083.80    | 11,607.40       |
| <b>Species</b>         | <b>Songoro</b> | <b>Kambanti</b> | <b>Taa Usinga</b> | <b>Jodari</b> | <b>Pweza</b> | <b>Kambakoche</b> | <b>Chewa</b> | <b>Wengineo</b> |
| <b>Catch/tons</b>      | 1,600.60       | 694.44          | 1,408.20          | 2,356.70      | 3,855.60     | 3,430.90          | 1,709.40     | 3,115.90        |
| <b>Value (TZS mil)</b> | 8,285          | 3472            | 7,042             | 11,774        | 19,279       | 17,155            | 8,548        | 15,580          |

The total catch from seawater for all species in the year 2020 was 60,440 tons, which was valued at TZS 302.206 billion. The selection of species from fresh water and seawater that the business anticipates to process is indicated in Table 10 below

Table 10: Selection of fresh water and seawater species for processing

| <b>Species</b>                      | <b>Catch per Year</b> | <b>Value of the Catch (TZS)</b> | <b>Price per ton (TZS )</b> |
|-------------------------------------|-----------------------|---------------------------------|-----------------------------|
| <b>Nile Perch/Sangara</b>           | 84,695                | 405,385,701,000                 | 4,786,418.336               |
| <b>Sato/Tilapia</b>                 | 22,172.00             | 102,808,157,000                 | 4,636,846.338               |
| <b>Dagaa/Sardines</b>               | 158,727.00            | 760,594,608,000                 | 4,791,841.388               |
| <b>Karambezi/Trevally</b>           | 2,417.60              | 12,088,700,000.00               | 5,000,289.543               |
| <b>Changudoa/Thumbprint emperor</b> | 1,499.50              | 7,498,100,000.00                | 5,000,400.133               |
| <b>Ngisi</b>                        | 3,086.70              | 15,434,300,000.00               | 5,000,259.176               |
| <b>Tasi/Rabbitfish</b>              | 1,817.60              | 9,088,600,000.00                | 5,000,330.106               |
| <b>Vibua/Mackerel</b>               | 4,416.70              | 22,083,800,000.00               | 5,000,067.924               |
| <b>Jodari/Tuna</b>                  | 2,356.70              | 11,773,500,000                  | 4,995,756.779               |
| <b>Pweza/Octopus</b>                | 3,855.60              | 19,278,600,000                  | 5,000,155.618               |

### 3.1.3 Demand for fish in Tanzania

Fish and fishery products produced in Tanzania target demand in the local and international markets. Fish is an essential source of protein and essential micronutrients, thereby contributing to balanced nutrition and good health in the human's body. Recent data indicates that fish provides around 25% of the total animal protein consumption in the country. Additionally, the trend in the per capita consumption of fish shows that the average consumption is 7.89 Kg per person per year. The trend in fish consumption from 2016 to 2020 is shown in Table 11 below.

Table 11: Trends in fish consumption

| <b>Category</b>                           | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>Population size</b>                    | 44,929,002  | 48,676,698  | 48,676,698  | 55,890,747  | 57,637,628  |
| <b>Imports of fish/fish products (kg)</b> | 13,917,656  | 22,961,670  | 22,752,380  | 5,977       | 5,330       |

|   |             |             |             |             |                 |
|---|-------------|-------------|-------------|-------------|-----------------|
| <b>National fisheries production(kg) (capture production)</b> | 362,594,890 | 362,645,300 | 387,543,000 | 470,309,230 | 473,592,240,000 |
| <b>Aquaculture production (Tilapia &amp; others)</b>          | 5,677,364   | 11,000,000  | 16,288,000  | 18,081,600  | 17,254,600      |
| <b>Export of fish/fish production in kg</b>                   | 39,691,462  | 36,063,228  | 44,939,793  | 45,775,150  | 40,477,970      |
| <b>Aquaculture export (mainly prawns)</b>                     | 140,361     | 200,887     | 244,000     | 336,400     | 29,110          |
| <b>National fish consumption (kg)</b>                         | 342,358,087 | 385,240,553 | 370,209,297 | 442,285,257 | 473,568,992,850 |
| <b>Per capital fish consumption (kg)</b>                      | 7.6         | 7.91        | 7.84        | 7.91        | 8.22            |

Fish and fishery products are also exported to different markets around the world. The export market requires that fish exports meet the required international standards. The Ministry of Livestock and fisheries oversees the fish export business by setting up standards, issuing fish export licences, fish export permits and performing quality checks at processing plants to ensure that they meet the established standards as per international market requirements. The trends in the export of fish and fishery products for the year 2020 are indicated in Table 12 below.

Table 12: Trends in exports of fish and fishery products

| <b>PRODUCT</b>     | <b>WEIGHT(Tons)</b> | <b>Ornamental Fish (Live Fish)</b> | <b>FOB(USD)</b> | <b>FOB (TSHS)</b> |
|--------------------|---------------------|------------------------------------|-----------------|-------------------|
| <b>DRC</b>         | 149.35              |                                    | 8,182,976.00    | 18,141,991,407.00 |
| <b>England</b>     | 26.31               |                                    | 218,936.80      | 504,388,156.17    |
| <b>France,</b>     | 2,019.09            |                                    | 6,277,587.60    | 14,484,371,425.00 |
| <b>Germany,</b>    | 2,703.22            |                                    | 11,666,229.00   | 26,075,115,190.00 |
| <b>Holand</b>      | 421.21              |                                    | 11,810,980.00   | 27,205,022,106.00 |
| <b>Hongkong</b>    | 431.55              | 1,452                              | 524,512.62      | 1,208,768,309.40  |
| <b>India</b>       | 729.28              |                                    | 1,029,749.70    | 2,373,779,478.40  |
| <b>Israel</b>      | 807.65              |                                    | 953,770.44      | 2,196,589,064.30  |
| <b>Italy</b>       | 312.55              |                                    | 8,767,542.00    | 20,196,425,994.00 |
| <b>Kenya</b>       | 794.12              |                                    | 5,515,134.20    | 12,733,537,101.00 |
| <b>South Korea</b> | 0                   | 5,160                              | 15,991.35       | 36,927,535.38     |
| <b>Malawi</b>      | 1,024.59            |                                    | 433,469.61      | 942,219,886.17    |
| <b>Malysia</b>     | 153.98              |                                    | 36,780.58       | 85,209,283.92     |
| <b>Netherlands</b> | 39.07               |                                    | 2,526,560.40    | 5,608,964,104.00  |

|                   |                  |                |                    |                       |
|-------------------|------------------|----------------|--------------------|-----------------------|
| <b>Philippine</b> | 4,562.96         |                | 24,072,042.00      | 54,813,607,713.00     |
| <b>Poland</b>     | 491.76           | 7,415          | 138,964.88         | 326,824,662.24        |
| <b>Portugal</b>   | 655.33           |                | 167,739.72         | 386,728,624.32        |
| <b>Prague</b>     | 0                | 363            | 1,519.28           | 3,508,080.03          |
| <b>Rwanda</b>     | 7,386.95         |                | 30,372,047.00      | 69,114,182,331.00     |
| <b>Spain</b>      | 527.11           |                | 5,806,187.80       | 13,356,310,802.00     |
| <b>Taiwan,</b>    | 667.12           | 726            | 5,379,995.80       | 12,423,594,038.00     |
| <b>U.A.E,</b>     | 331.89           |                | 2,517,884.20       | 5,239,464,291.20      |
| <b>U.S.A</b>      | 185.86           |                | 10,787,915.00      | 24,930,244,517.00     |
| <b>Uganda</b>     | 1,636.70         |                | 8,166,798.20       | 19,312,511,031.00     |
| <b>UK</b>         | 193.44           |                | 2,783,895.60       | 6,408,753,615.70      |
| <b>Vietnum,</b>   | 444.39           | 11,123         | 351,355.45         | 818,341,303.08        |
| <b>Zambia</b>     | 88.21            |                | 28,834.36          | 66,490,807.89         |
| <b>Total</b>      | <b>40,477.97</b> | <b>128,316</b> | <b>169,111,837</b> | <b>386,369,197,73</b> |

**Box 1: KEY ISSUES ARISING FROM ANALYSIS OF FISHERIES SECTOR IN TANZANIA**

1. There are adequate fish resources in fresh and sea water in Tanzania. These resources have not been exploited to their full potential.
2. The ten-year trends (2011-2020) indicate there is slight fluctuation of fish catch year on year. However, the weight of fish catch increased by 39% over the ten-year period.
3. Fish catch from Lake Victoria accounts for 58% of total fish landings.
4. There are monthly fluctuations of fish catch in a year. The highest catch is recorded in the months of February, March, May, October and November.
5. The value of a ton of fish at landing site range from TZS 4.6 million to TZS 5 million.
6. The average per capital consumption of fish is 7.89 Kg per person per year.
7. The average FOB price for one ton of fish for export is USD 4,178.

## 4.0 MARKETING STRATEGIES AND SALES PLAN

### 4.1 PRODUCTS

The processing plant will produce fisheries products which include

1. Sea fish, Octopus, Lobster, Squid, Prawns, Crab,
2. Freshwater Fish (Tilapia & Nile Perch

### 4.2 PROFILE OF THE TARGETED CUSTOMERS

The proposed project offers fisheries products that target customers from different segments of the market. The description of the targeted customers is given in Table 13

Table 13: Profile of target Clientele

|   | Segment                    | Description  |
|---|----------------------------|--|
| a | Geographical Segmentation  | <ul style="list-style-type: none"> <li>• It is expected that fish products from the processing plant will be sold in the local market and international market. The local market will comprise of:               <ul style="list-style-type: none"> <li>○ Hotels in Dar es Salaam, Zanzibar and Arusha</li> <li>○ Supermarkets in various regions</li> </ul> </li> <li>• The international markets will comprise of:               <ul style="list-style-type: none"> <li>○ The East Africa region</li> <li>○ Europe</li> <li>○ Asia</li> <li>○ Middle East</li> </ul> </li> </ul> |
| b | Demographic Segmentation   | <ul style="list-style-type: none"> <li>• The targeted clientele are those looking for quality fish and fisheries products. The targeted clients are high-end clients and middle-income level clients</li> </ul>  |
| c | Psychological Segmentation | <ul style="list-style-type: none"> <li>• The products will satisfy the following needs of the clients               <ul style="list-style-type: none"> <li>○ Quality</li> <li>○ Variety</li> <li>○ Tasty</li> <li>○ Healthy</li> </ul> </li> </ul>   |

### 4.3 COSTING AND PRICING

Costing and Pricing are used as a customers' segmentation strategy. Fish and fisheries products are available in the market to fit the diverse needs of the targeted clients. The company intends to price its products competitively, considering the type of targeted clients.

### 4.5 MARKETING PLAN

The company will employ different marketing strategies to reach potential customers. The company will employ the following marketing strategies

**Website:** The Company will develop an interactive website. The website will be used to create awareness to the potential customers about the company's facilities and products offered. The website will use SEO techniques to increase its visibility.

**Personal Selling:** The company will employ a dedicated sales team. They will do direct marketing and sales to identified customers.

**Social Media Promotion:** The company will use social media to promote the company's products and services.

**Personal Networks:** The company will use private networks for marketing its services

## 5.0 OPERATIONS PROCESS AND TECHNOLOGY

### 5.1 OPERATION PROCESS

Fish processing involves preparing fish and seafood for delivery to consumers. It involves four steps. These are (i) Main fish preparation (ii) Quality and Safety of Products (iii) Packaging and Labelling and (iv) Waste Management

#### (I) Main Fish Preparation

Fish is a highly perishable food, so it must be carefully handled from the moment it's caught until it's sealed in packaging material. Proper, efficient processing and packaging prevent deterioration and ensure a quality product. Once fish is harvested, it must undergo several steps before it's ready to be sold in the market. Fish processing at OMROS Company Limited will involve the following steps:

- (i) **Sorting and grading:** Fish will be obtained either directly from the landing sites or contracted suppliers. Once the consignment of fresh fish reaches the plant premises, sorting and grading of the fish will be done. The sorting places fish according to their size.
- (ii) **Scaling:** This involves the removal of scales from fish. Scales can be difficult to remove, therefore this task is time-consuming. Workers may scale fish using a hard brush, a blade, or handheld scalers. Electric scalers accelerate and simplify the process.

- (iii) **De-heading:** This task involves removing the fish head. It can be done manually or using a machine. De-heading machines typically use band saw blades, cylindrical knives or guillotine cutters.
- (iv) **Gutting:** The gutting of fish is very labour-intensive. It includes cutting down the belly of the fish and removing the organs. A vacuum suction tool may be used to remove the entrails. Plants might utilize gutting machines to process certain species. Some machines provide an all-in-one solution and are capable of de-heading, cutting and removing the insides.
- (v) **Fin removal:** Fins are removed using an automated device made up of rotating disc knives.
- (vi) **Slicing:** Slicing fish into steaks is often done with a band saw. Large fish require mechanical slicing. There are many different types of slicing machines, such as ones that use several rotating circular knives.
- (vii) **Filleting and skinning:** Filleting will be done using a filleting machine that uses a rotating disc knife and conveyor belt to speed up the process.

## (II) Quality and Safety of Products

One of the top concerns in the fish processing and packaging industry is spoilage. Fish quickly deteriorates, so steps must be taken immediately to extend shelf life. The process includes:

- (i) **Temperature control:** Reducing the temperature to 0 degrees Celsius slows down decomposition. Raw fish must be chilled in ice immediately after harvesting and be kept cool during the trip to the processing plant as well as throughout processing and distribution. Freezing is required to extend shelf life for a long time.
- (ii) **Oxygen control:** Fish may be vacuum-sealed to increase shelf life. Vacuum packaging deprives the fish product of oxygen, which prevents oxidation reactions and slows down spoilage.
- (iii) **Microbial growth control:** A processing plant might apply heat or increase acidity to kill bacteria and slow decomposition in fish products.

## (III) Packaging and Labeling

Packaging, labelling and distribution are the final stages of fish processing. Finished products may include:

- Fish fillets, steaks or loins
- Fish sticks or cakes
- Gutted whole fish, called drawn fish
- Scaled, gutted and ready-to-cook fish, or dressed fish
- Whole fish

Edible products are packed as refrigerated, frozen or canned items. Products can also be sold for further processing. Secondary processors use fresh or frozen fish and seafood products to add to other ingredients and create various salads, sandwiches and meals found in restaurants and stores.

## Packaging Types

Packaging serves two main purposes: to attract customers and preserve products. Food processing plants have a wide range of packaging options to choose from, but it mostly depends on the type of product they manufacture. Common packaging types include:

- **Stand-up pouches:** Attention-grabbing stand-pouches offer convenience, reduce packaging costs and keep products fresh.
- **Vacuum skin packaging:** Vacuum skin packaging (VSP) forms a tight, clear film over a product to enhance its visual appeal and extend its lifespan.
- **Multi-layer films:** Multi-layer films create a tight seal to keep fish fresh. This type of packaging shows the product clearly, and the multiple layers help protect packages from punctures and abrasions.
- **Individually quick frozen (IQF) packaging:** IQF packaging is often used for frozen fish fillets and other frozen seafood products. IQF is usually available in bag format and may come in a variety of styles, such as the pillow shape or flat bottom.

## (IV) Waste Management

Waste management is another important aspect of fish and seafood processing. Treated fish waste can be turned into fish oil, animal feed, fertilizer and other value-added products. Fish waste must also be managed properly for environmental purposes. Fish plants generate large amounts of waste. It's estimated that more than 50% of fish captured are not used as food. Fish waste mostly includes:

- Heads
- Bones
- Skin
- Internal organs

Fish processing also produces large amounts of wastewater. Liquid waste, such as discarded water from washing stations, needs to be managed and disposed of properly. The liquids must be assessed to determine the best disposal method.

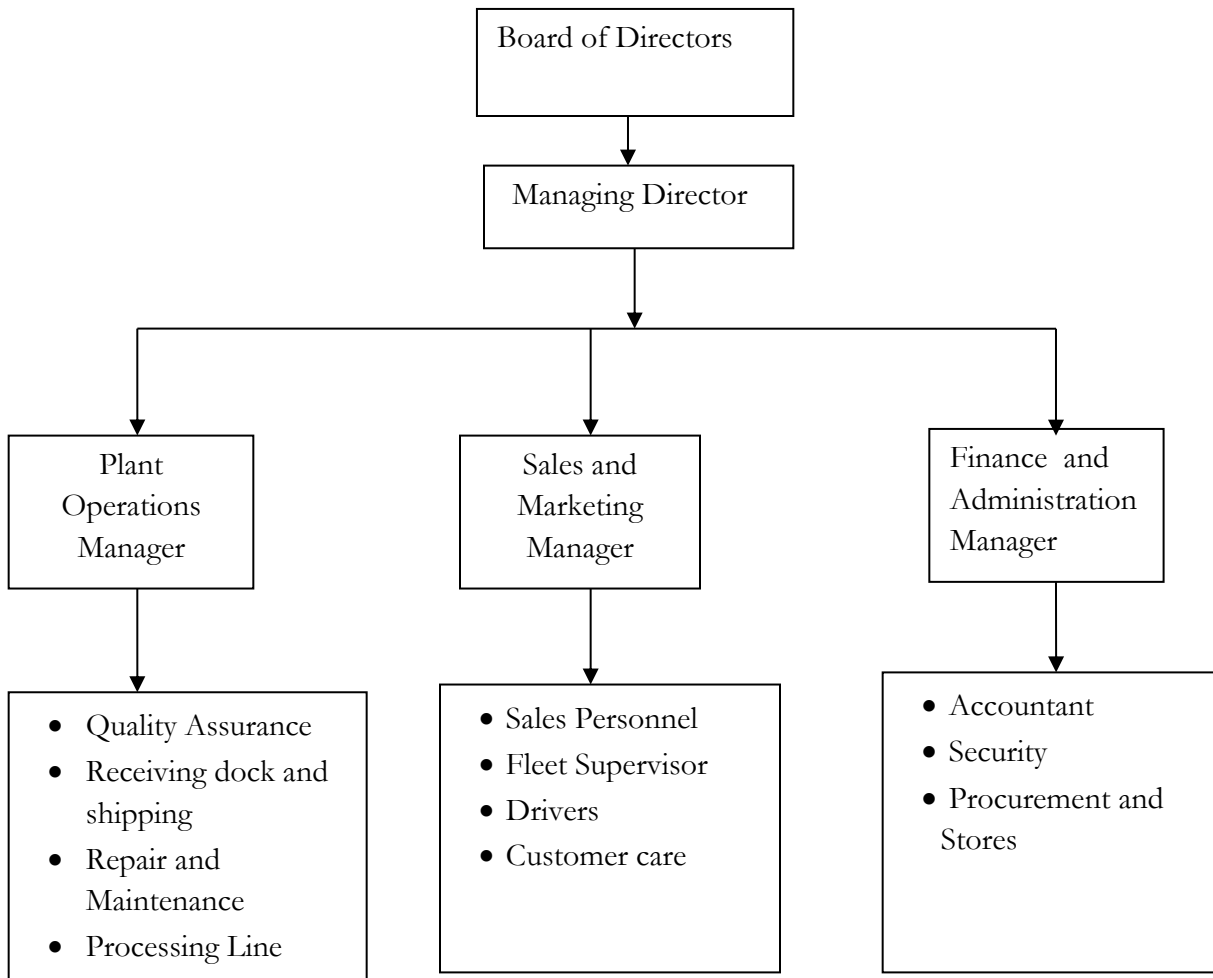
Fish waste treatment may include methods such as hydrolysis, bioremediation, anaerobic digestion and filtration. Waste liquids undergo primary treatment, which removes materials that readily float or settle. Secondary treatment processes waste liquids after floating and settleable materials have been removed. Secondary treatment uses biological and chemical processes to change effluent and make it safer for the environment.

## 5.2 MANAGEMENT AND ADMINISTRATION

### 5.2.1 Management structure

The management structure is dictated by the products and services that will be offered. The fish processing plant main functions are described in section 5.1. Figure 1 presents the organisational structure of the company.

**Figure 1: Management Structure**



The above structure shows different departments of the company and lines of responsibility and reporting. The company's day-to-day management will be under the Managing Director, who reports directly to the Directors. Other department heads will report directly to the General Manager, as indicated in Figure 1.

### 5.2.2 Staffing

The company is expected to recruit qualified and skilled personnel to fill in technical positions that have been identified. It is envisaged that the proposed business undertaking will employ 32 local staff. Staff requirements and remuneration is shown in table 14 below:

Table 14: Staff requirement and remuneration

| SN | Title                             | rf | Number of Staff | Proposed Per Month Salary | TOTAL PER MONTH | MON THS | Annual Salary (TZS) |
|----|-----------------------------------|----|-----------------|---------------------------|-----------------|---------|---------------------|
| 1  | Managing Director                 |    | 1               | 4,000,000                 | 4,000,000       | 12      | 48,000,000          |
|    | <b>Plant Operations</b>           |    |                 |                           |                 |         |                     |
| 2  | Plant Manager                     |    | 1               | 3,000,000                 | 3,000,000       | 12      | 36,000,000          |
| 3  | Quality Assurance                 |    | 2               | 600,000                   | 1,200,000       | 12      | 14,400,000          |
| 4  | Receiving dock and shipping       |    | 4               | 300,000                   | 1,200,000       | 12      | 14,400,000          |
| 5  | Repair and Maintenance            |    | 1               | 300,000                   | 300,000         | 12      | 3,600,000           |
| 6  | Processing line                   |    | 6               | 300,000                   | 1,800,000       | 12      | 21,600,000          |
|    | <b>Finance and Administration</b> |    |                 |                           |                 |         |                     |
| 8  | Finance and Procurement Manager   |    | 1               | 3,000,000                 | 3,000,000       | 12      | 36,000,000          |
| 9  | Accountant                        |    | 1               | 600,000                   | 600,000         | 12      | 7,200,000           |
| 10 | Procurement & Stores              |    | 1               | 500,000                   | 500,000         | 12      | 6,000,000           |
| 11 | Security                          |    | 4               | 200,000                   | 800,000         | 12      | 9,600,000           |
| 12 | Office Attendant                  |    | 1               | 200,000                   | 200,000         | 12      | 2,400,000           |
|    | <b>Sales and Marketing</b>        |    |                 |                           |                 |         |                     |

|    |                                     |      |           |           |           |    |                    |
|----|-------------------------------------|------|-----------|-----------|-----------|----|--------------------|
| 11 | Sales and Marketing Manager         |      | 1         | 3,000,000 | 3,000,000 | 12 | 36,000,000         |
| 12 | Sales Personnel                     |      | 2         | 400,000   | 800,000   | 12 | 9,600,000          |
|    | Fleet Supervisor                    |      | 1         | 500,000   | 500,000   | 12 | 6,000,000          |
|    | Customer care                       |      | 1         | 400,000   | 400,000   | 12 | 4,800,000          |
| 13 | Drivers                             |      | 4         | 350,000   | 1,400,000 | 12 | 16,800,000         |
|    | <b>Total</b>                        |      | <b>32</b> |           |           |    | <b>272,400,000</b> |
|    |                                     |      |           |           |           |    |                    |
|    | Statutory Pension                   | 0.10 |           |           |           |    | 27,240,000         |
|    | SDL                                 | 0.05 |           |           |           |    | 13,620,000         |
|    | WCF                                 | 0.05 |           |           |           |    | 13,620,000         |
|    | <b>Total Statutory Contribution</b> |      |           |           |           |    | <b>54,480,000</b>  |

## 6.0 FINANCIAL PROJECTIONS

This section presents financial projections for the project. The projections include capital expenditure and working capital needs. It also includes revenues forecast and break-even analysis for the proposed project.

### 6.1 BUILDING, FURNITURE AND FIXTURES

The project will be carried out on leased premises. The premises have three buildings that can be used for operations. Additional costs will be needed to renovate the buildings to suit the needs of the processing plant. The requirements for plant and equipment are indicated in Table 15 -Table 18 below. The prices quoted are from local suppliers.

Table 15: Plant and Equipment

| Plant Equipment |             |            |
|-----------------|-------------|------------|
|                 | Description | Cost (TZS) |
| 1               | Cold room   | 70,000,000 |

|    |   |                    |
|----|---|--------------------|
| 2  | Blast Freezer                               | 110,000,000        |
| 3  | Flake Ice Machine                           | 30,000,000         |
| 4  | Weighing Scales                             | 2,000,000          |
| 5  | Stainless Steel Tables                      | 4,000,000          |
| 6  | Hand Pallet Jacks & Trolleys                | 2,000,000          |
| 7  | Skinning, Scaling & Cutting equipment       | 1,000,000          |
| 8  | Metal Detecting Machine for Food Processing | 6,000,000          |
| 9  | Vacuum Packaging Machines                   | 6,000,000          |
| 10 | Plastic Palettes & Containers               | 6,500,000          |
| 11 | Water Storage Tanks                         | 1,500,000          |
| 12 | Water Compressor Cleaners                   | 1,000,000          |
| 13 | Octopus Tenderizing Machine                 | 2,000,000          |
| 14 | Portable Freezers                           | 2,500,000          |
| 15 | Outdoor Solar Lights                        | 1,500,000          |
| 16 | Solar System                                | 15,000,000         |
| 17 | Security & CCTV Equipment                   | 2,500,000          |
| 18 | Mini Vans for Delivery                      | 10,000,000         |
|    | <b>Total Plant Equipment</b>                | <b>273,500,000</b> |

Table 16 Office equipment

| Office Equipment |                   |
|------------------|-------------------|
| Description      | Cost (TZS)        |
| Chairs           | 1,500,000         |
| Tables           | 2,000,000         |
| Cabinets         | 1,500,000         |
| Computers        | 3,000,000         |
| AC Units         | 6,000,000         |
| Mobile Phones    | 10,000,000        |
| <b>Total</b>     | <b>24,000,000</b> |

Table 17: Vehicles and fishing boats

| Vehicles                     | Quantity | Cost (TZS) | Total             |
|------------------------------|----------|------------|-------------------|
| <b>Mini Van for delivery</b> | 3        | 10,000,000 | 30,000,000        |
| <b>Honda Motorcycle</b>      | 2        | 1,500,000  | 3,000,000         |
| <b>Refrigerated Trucks</b>   | 1        | 25,000,000 | 25,000,000        |
| <b>TOTAL</b>                 |          |            | <b>58,000,000</b> |

Table 18: Protective and Hygiene Equipment

| Protective and Hygiene Equipment |              |                  |
|----------------------------------|--------------|------------------|
| <b>i</b>                         | Over coats   | 600,000          |
| <b>ii</b>                        | Boots        | 1,000,000        |
| <b>iii</b>                       | Gloves       | 300,000          |
| <b>iv</b>                        | Caps         | 300,000          |
| <b>v</b>                         | Masks        | 3,000,000        |
|                                  | <b>Total</b> | <b>5,200,000</b> |

## 6.2 OPERATING EXPENSES NEEDS

Operating expenses are divided into direct operating costs and indirect operating costs, as shown in Table 15 below. These are the cost of purchasing the raw materials and holding costs. Holding costs include the cost for handling the raw materials once they arrive at the plant, the storage cost for raw materials and finished products, and the cost incurred as a result of spoilage.

The following assumptions have been used for revenues and cost forecast for the bar and restaurant:

1. The fish processing will include fresh water and seawater fish in the proportion of 40% and 60% respectively.
2. The price of fish delivered at the factory is estimated from the price of fish at the landing sites plus the handling and transportation cost to the factory.
3. The purchasing price of fish is estimated to vary according to seasonality. In a season where fish is plentiful the base price is estimated to be TZS 10,000 per Kg, while in the season where fish is scarce, the purchasing price is estimated to be at a 30%-50% premium over the base price, falling with the price range of TZS 12,000-14,600 per Kg.
4. The processing plant is assumed to process 30 tons of fish per month in the first six months of its operation, thereafter the processing capacity will be increased to 60 tons per month.
5. Working capital needs are estimated to be three months operating expenses and human resources expenses.

Table 19: Estimated base price of fresh water and seawater fish at the processing plant

| Species                             | Catch per Year | Value of the Catch (TZS) | Price per ton (TZS) at the landing site | Base Price at the factory (per ton) | Average Price (Freshwater) per ton | Average Price (Seawater) per ton |
|-------------------------------------|----------------|--------------------------|---|-------------------------------------|------------------------------------|----------------------------------|
| <b>Nile Perch/Sangara</b>           | 84,695         | 405,385,701,000          | 4,786,418.336                           | 9,572,837                           |                                    |                                  |
| <b>Sato/ Tilapia</b>                | 22,172.00      | 102,808,157,000          | 4,636,846.338                           | 9,273,693                           |                                    |                                  |
| <b>Dagaa/Sardines</b>               | 158,727.00     | 760,594,608,000          | 4,791,841.388                           | 9,583,683                           | <b>9,476,737</b>                   |                                  |
| <b>Karambezi/Trevally</b>           | 2,417.60       | 12,088,700,000.00        | 5,000,289.543                           | 10,000,579                          |                                    |                                  |
| <b>Changudoa/Thumbprint Emperor</b> | 1,499.50       | 7,498,100,000.00         | 5,000,400.133                           | 10,000,800                          |                                    |                                  |
| <b>Ngisi</b>                        | 3,086.70       | 15,434,300,000.00        | 5,000,259.176                           | 10,000,518                          |                                    |                                  |
| <b>Tasi/Rabbitfish</b>              | 1,817.60       | 9,088,600,000.00         | 5,000,330.106                           | 10,000,660                          |                                    |                                  |
| <b>Vibua/Mackerel</b>               | 4,416.70       | 22,083,800,000.00        | 5,000,067.924                           | 10,000,136                          |                                    |                                  |
| <b>Jodari/Tuna</b>                  | 2,356.70       | 11,773,500,000           | 4,995,756.779                           | 9,991,514                           |                                    |                                  |
| <b>Pweza/ Octopus</b>               | 3,855.60       | 19,278,600,000           | 5,000,155.618                           | 10,000,311                          |                                    | <b>9,999,217</b>                 |

Table 20: Operating expenses needs

| ACTIVITY                     | Description   | QTY       | rf   | COST PER ITEM | TOTAL COST PER MONTH(TZS) | MONTHS | TOTAL (TZS)          |
|------------------------------|---|-----------|------|---------------|---------------------------|--------|----------------------|
| <b>Direct Operating Cost</b> | Purchase of raw material                                  |           |      |               |                           |        | 6,755,255,327        |
|                              | Holding cost (storage & spoilage) (5% Of purchasing price |           | 0.05 |               |                           |        | 337,762,766.37       |
|                              | <b>Total Direct Cost</b>                                  |           |      |               |                           |        | <b>7,093,018,094</b> |
| <b>Indirect Cost</b>         | Fuel Expense  |           |      |               | 2,000,000                 | 12     | 24,000,000           |
|                              | Office Telephone Expense                                  | 1pcs      | 1    | 200,000       | 200,000                   | 12     | 2,400,000            |
|                              | Telephone Expense   | 3Managers | 3    | 20,000        | 60,000                    | 12     | 720,000              |
|                              | Water Expense   | Monthly   | 1    | 200,000       | 200,000                   | 12     | 2,400,000            |
|                              | Electricity Expense                                       | Monthly   | 1    | 500,000       | 500,000                   | 12     | 6,000,000            |
|                              | Bank Charges  | Monthly   | 1    | 500,000       | 500,000                   | 12     | 6,000,000            |
|                              | Internet Expense  | bundle    | 1    | 500,000       | 500,000                   | 12     | 6,000,000            |

|  |                                  |         |   |           |           |    |                    |
|--|----------------------------------|---------|---|-----------|-----------|----|--------------------|
|  | Mandatory Employer Costs         | Annual  |   |           |           |    | 326,880,000        |
|  | Marketing and Promotion          | Monthly | 1 | 500,000   | 500,000   | 12 | 6,000,000          |
|  | Office supplies                  | Monthly | 1 | 100,000   | 100,000   | 12 | 1,200,000          |
|  | Repairs and Maintenance          | Monthly | 1 | 200,000   | 200,000   | 12 | 2,400,000          |
|  | Cleaning Supplies                | Monthly | 1 | 100,000   | 100,000   | 12 | 1,200,000          |
|  | Waste Removal                    | Monthly | 1 | 200,000   | 200,000   | 12 | 2,400,000          |
|  | Licenses/Permits                 | Yearly  |   |           |           |    | 2,000,000          |
|  | Protective and hygiene materials | Yearly  |   |           |           |    | 5,200,000          |
|  | Lease                            | Monthly | 1 | 1,000,000 | 1,000,000 | 12 | 12,000,000         |
|  | <b>TOTAL INDIRECT COST</b>       |         |   |           |           |    | <b>406,800,000</b> |

### 6.3 SUMMARY OF INVESTMENT NEEDS

The investment needs for the project is as indicated in Table 22. The project's total investment needs are TZS 3,016,145,519, where TZS 134,000,000 is investment in long term assets and TZS 2,882,145,519 is investment in working capital.

Table 22: Summary of investment needs

| SN | ITEM DESCRIPTION                         | AMOUNT (TZS)         |
|----|--|----------------------|
| 1  | Building                                 | 50,000,000           |
| 2  | Motor vehicles                           | 58,000,000           |
| 3  | Office Equipment & Furniture             | 24,000,000           |
| 4  | Miscellaneous capitalized expenses       | 2,000,000            |
|    | <b>Total Fixed Assets</b>                | <b>134,000,000</b>   |
|    | <b>Average Net Working Capital Needs</b> | <b>2,882,145,519</b> |
|    | <b>Total Capital</b>                     | <b>3,016,145,519</b> |

### 6.4 REVENUES PROJECTIONS

Revenues projections are derived from the estimated processing plant capacity and availability of fish from the fishing sites. The plant will process 30 tons per month in the first six months of production, thereafter it will process 60 tons of fish per month. The estimated cost of procuring raw material (fresh water and seawater fish) and the estimated revenues from selling processed fish products are shown in Table 23 below.

Table 23: Revenue projections

|  | Jan         | Feb         | March       | April       | May         | June        | July          | August      | Sept        | Oct         | Nov         | Dec         |
|--|-------------|-------------|-------------|-------------|-------------|-------------|---------------|-------------|-------------|-------------|-------------|-------------|
| <b>Fresh Water Fish (tons)</b>                   | 12          | 12          | 12          | 12          | 12          | 12          | 24            | 24          | 24          | 24          | 24          | 24          |
| <b>Sea Water Fish (tons)</b>                     | 18          | 18          | 18          | 18          | 18          | 18          | 36            | 36          | 36          | 36          | 36          | 36          |
| <b>Seasonal fluctuation</b>                      | 8%          | 10%         | 9%          | 3%          | 9%          | 5%          | 2%            | 8%          | 7%          | 12%         | 19%         | 7%          |
| <b>Purchasing Price premium from seasonality</b> | 1.3         | 1.3         | 1.3         | 1.5         | 1.3         | 1.5         | 1.5           | 1.3         | 1.3         | 1           | 1           | 1.3         |
| <b>Selling Price premium</b>                     | 1.3         | 1.3         | 1.3         | 1.3         | 1.3         | 1.3         | 1.3           | 1.3         | 1.3         | 1.3         | 1.3         | 1.3         |
| <b>Purchasing Price Fresh water Fish</b>         | 147,837,103 | 147,837,103 | 147,837,103 | 170,581,273 | 147,837,103 | 170,581,273 | 341,162,545   | 295,674,206 | 295,674,206 | 227,441,697 | 227,441,697 | 295,674,206 |
| <b>Purchasing Price Sea water Fish</b>           | 233,981,676 | 233,981,676 | 233,981,676 | 269,978,857 | 233,981,676 | 269,978,857 | 539,957,715   | 467,963,353 | 467,963,353 | 359,971,810 | 359,971,810 | 467,963,353 |
| <b>Total Purchasing Price</b>                    | 381,818,779 | 381,818,779 | 381,818,779 | 440,560,130 | 381,818,779 | 440,560,130 | 881,120,260   | 763,637,559 | 763,637,559 | 587,413,507 | 587,413,507 | 763,637,559 |
| <b>Selling Price Fresh water Fish</b>            | 192,188,234 | 192,188,234 | 192,188,234 | 221,755,655 | 192,188,234 | 221,755,655 | 443,511,309   | 384,376,468 | 384,376,468 | 295,674,206 | 295,674,206 | 384,376,468 |
| <b>Selling Price Sea water Fish</b>              | 304,176,179 | 304,176,179 | 304,176,179 | 350,972,514 | 304,176,179 | 350,972,514 | 701,945,029   | 608,352,358 | 608,352,358 | 467,963,353 | 467,963,353 | 608,352,358 |
| <b>Total Revenues</b>                            | 496,364,413 | 496,364,413 | 496,364,413 | 572,728,169 | 496,364,413 | 572,728,169 | 1,145,456,338 | 992,728,826 | 992,728,826 | 763,637,559 | 763,637,559 | 992,728,826 |

## 6.5 PROJECTIONS OF COSTS

Table 24 below shows the human resources cost projections. The projections are derived from the human resources needs explained in Table 14. Salaries are projected to increase at a rate of 10% per year for the next five years. The salaries are derived from the Tanzania industry salaries survey for the year 2020. The statutory cost includes 10% social security, 5% WCF and 5% SDL.

Table 24: Human Resources Cost

|   |     | <u>2022/23</u>    | <u>2023/24</u>    | <u>2024/25</u>     | <u>2025/26</u>     | <u>2026/27</u>     |
|---|-----|-------------------|-------------------|--------------------|--------------------|--------------------|
| <b>Net Revenues</b>                       |     | 8,781,831,926     | 9,660,015,118     | 10,626,016,630     | 11,688,618,293     | 12,857,480,122     |
| <b>Managing Director</b>                  | 1.1 | 48,000,000        | 52,800,000        | 58,080,000         | 63,888,000         | 70,276,800         |
| <b>Statutory Cost</b>                     |     |                   |                   |                    |                    |                    |
| <b>Percent (%) -SS, WCF &amp; SDL</b>     | 20% |                   |                   |                    |                    |                    |
| <b>Total Statutory cost</b>               |     | 9,600,000         | 10,560,000        | 11,616,000         | 12,777,600         | 14,055,360         |
| <b><i>Total GM Compensation</i></b>       |     | 57,600,000        | 63,360,000        | 69,696,000         | 76,665,600         | 84,332,160         |
| <b>Plant Operations</b>                   |     |                   |                   |                    |                    |                    |
| <b>Food &amp; Beverage Manager</b>        | 1.1 | 36,000,000        | 39,600,000        | 43,560,000         | 47,916,000         | 52,707,600         |
| <b>Quality Assurance</b>                  |     | 14,400,000        | 15,840,000        | 17,424,000         | 19,166,400         | 21,083,040         |
| <b>Receiving dock and shipping</b>        |     | 14,400,000        | 15,840,000        | 17,424,000         | 19,166,400         | 21,083,040         |
| <b>Repair and Maintenance</b>             |     | 3,600,000         | 3,960,000         | 4,356,000          | 4,791,600          | 5,270,760          |
| <b>Processing line</b>                    |     | 21,600,000        | 23,760,000        | 26,136,000         | 28,749,600         | 31,624,560         |
| <b>Total Salary</b>                       |     | <b>90,000,000</b> | <b>99,000,000</b> | <b>108,900,000</b> | <b>119,790,000</b> | <b>131,769,000</b> |
| <b>Statutory Cost</b>                     |     |                   |                   |                    |                    |                    |
| <b>Percent (%) -SS, WCF &amp; SDL</b>     | 20% |                   |                   |                    |                    |                    |
| <b>Total Statutory cost</b>               |     | 18,000,000        | 19,800,000        | 21,780,000         | 23,958,000         | 26,353,800         |
| <b><i>Total F&amp;B Compensation</i></b>  |     | 108,000,000       | 118,800,000       | 130,680,000        | 143,748,000        | 158,122,800        |
| <b>% of Revenue</b>                       |     |                   |                   |                    |                    |                    |
| <b>Finance and Administration</b>         |     |                   |                   |                    |                    |                    |
| <b>Finance and Administration Manager</b> | 1.1 | 36,000,000        | 39,600,000        | 43,560,000         | 47,916,000         | 52,707,600         |
| <b>Accountant</b>                         |     | 7,200,000         | 7,920,000         | 8,712,000          | 9,583,200          | 10,541,520         |
| <b>Procurement &amp; Stores</b>           |     | 6,000,000.00      | 6,600,000         | 7,260,000          | 7,986,000          | 8,784,600          |

|   |     |                    |                    |                    |                    |                    |
|---|-----|--------------------|--------------------|--------------------|--------------------|--------------------|
| Security                                    |     | 9,600,000.00       | 10,560,000         | 11,616,000         | 12,777,600         | 14,055,360         |
| Office Attendant                            |     | 2,400,000          | 2,640,000          | 2,904,000          | 3,194,400          | 3,513,840          |
| <b>Total Salary</b>                         |     | <b>61,200,000</b>  | <b>67,320,000</b>  | <b>74,052,000</b>  | <b>81,457,200</b>  | <b>89,602,920</b>  |
| Statutory Cost                              |     |                    |                    |                    |                    |                    |
| Percent (%) -SS, WCF & SDL                  | 20% |                    |                    |                    |                    |                    |
| <b>Total Statutory cost</b>                 |     | <b>12,240,000</b>  | <b>13,464,000</b>  | <b>14,810,400</b>  | <b>16,291,440</b>  | <b>17,920,584</b>  |
| <i><b>Total Finance and Procurement</b></i> |     | <b>73,440,000</b>  | <b>80,784,000</b>  | <b>88,862,400</b>  | <b>97,748,640</b>  | <b>107,523,504</b> |
| <b>% of Revenue</b>                         |     | <b>0.84%</b>       | <b>0.84%</b>       | <b>0.84%</b>       | <b>0.84%</b>       | <b>0.84%</b>       |
| Sales and Marketing                         |     |                    |                    |                    |                    |                    |
| Sales and Marketing Manager                 | 1.1 | 36,000,000         | 39,600,000         | 43,560,000         | 47,916,000         | 52,707,600         |
| Sales Personnel                             |     | 9,600,000          | 10,560,000         | 11,616,000         | 12,777,600         | 14,055,360         |
| Fleet Supervisor                            |     | 6,000,000          | 6,600,000          | 7,260,000          | 7,986,000          | 8,784,600          |
| Customer care                               |     | 4,800,000          | 5,280,000          | 5,808,000          | 6,388,800          | 7,027,680          |
| Drivers                                     |     | 16,800,000         | 18,480,000         | 20,328,000         | 22,360,800         | 24,596,880         |
| <b>Total Salary</b>                         |     | <b>73,200,000</b>  | <b>80,520,000</b>  | <b>88,572,000</b>  | <b>97,429,200</b>  | <b>107,172,120</b> |
| Statutory Cost                              |     |                    |                    |                    |                    |                    |
| Percent (%) -SS, WCF & SDL                  | 20% |                    |                    |                    |                    |                    |
| <b>Total Statutory cost</b>                 |     | <b>14,640,000</b>  | <b>16,104,000</b>  | <b>17,714,400</b>  | <b>19,485,840</b>  | <b>21,434,424</b>  |
| <i><b>Total Sales and Marketing</b></i>     |     | <b>87,840,000</b>  | <b>96,624,000</b>  | <b>106,286,400</b> | <b>116,915,040</b> | <b>128,606,544</b> |
| <b>% of Revenue</b>                         |     | <b>1.00%</b>       | <b>1.00%</b>       | <b>1.00%</b>       | <b>1.00%</b>       | <b>1.00%</b>       |
| <b>Total Salary &amp; Wages</b>             |     | <b>272,400,000</b> | <b>299,640,000</b> | <b>329,604,000</b> | <b>362,564,400</b> | <b>398,820,840</b> |
| <b>Total Statutory cost</b>                 |     | <b>54,480,000</b>  | <b>59,928,000</b>  | <b>65,920,800</b>  | <b>72,512,880</b>  | <b>79,764,168</b>  |
| <b>Total Compensation</b>                   |     | <b>326,880,000</b> | <b>359,568,000</b> | <b>395,524,800</b> | <b>435,077,280</b> | <b>478,585,008</b> |
| <b>% of Revenue</b>                         |     | <b>3.72%</b>       | <b>3.72%</b>       | <b>3.72%</b>       | <b>3.72%</b>       | <b>3.72%</b>       |

Table 25 below shows the projected operating expenses. It combines direct operating expenses and indirect operating expenses. The operating expenses are summarized into working capital needs for the proposed project (Table 26).

Table 25: Operating Expenses

|                        | <u>2022/23</u> | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> |
|------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Net Revenues</b>    | 8,781,831,926  | 9,660,015,118  | 10,626,016,630 | 11,688,618,293 | 12,857,480,122 |
| <b>Direct Expenses</b> |                |                |                |                |                |

|   |     |               |               |               |               |                |
|---|-----|---------------|---------------|---------------|---------------|----------------|
| <b>Drivers</b>  |     |               |               |               |               |                |
| <b>Purchase of raw material</b>                                       |     | 6,755,255,327 | 7,430,780,860 | 8,173,858,946 | 8,991,244,841 | 9,890,369,325  |
| <b>Holding cost (storage &amp; spoilage) (5% Of purchasing price)</b> |     | 337,762,766   | 371,539,043   | 408,692,947   | 449,562,242   | 494,518,466    |
| <b>Total Direct Expenses</b>  | 0.3 | 7,093,018,094 | 7,802,319,903 | 8,582,551,893 | 9,440,807,083 | 10,384,887,791 |
| <b>Direct expenses % of Revenue</b>                                   |     | 80.77%        | 80.77%        | 80.77%        | 80.77%        | 80.77%         |
| <b>Maintenance &amp; Utilities</b>                                    |     |               |               |               |               |                |
| <b>Drivers</b>  |     |               |               |               |               |                |
| <b>Office Telephone</b>   |     | 2,400,000     | 2,520,000     | 2,646,000     | 2,778,300     | 2,917,215      |
| <b>Managers Phones</b>  |     | 720,000       | 756,000       | 793,800       | 833,490       | 875,165        |
| <b>Water Expense</b>  |     | 2,400,000     | 2,520,000     | 2,646,000     | 2,778,300     | 2,917,215      |
| <b>Electricity Expense</b>  |     | 6,000,000     | 6,300,000     | 6,615,000     | 6,945,750     | 7,293,038      |
| <b>Repairs and Maintenance</b>  |     | 2,400,000     | 2,520,000     | 2,646,000     | 2,778,300     | 2,917,215      |
| <b>Total Maintenance and Utilities</b>                                | 0.8 | 13,920,000    | 14,616,000    | 15,346,800    | 16,114,140    | 16,919,847     |
| <b>Maintenance &amp; Utilities % of Revenues</b>                      |     | 0.16%         | 0.15%         | 0.14%         | 0.14%         | 0.13%          |
| <b>General &amp; Administration</b>                                   |     |               |               |               |               |                |
| <b>Drivers</b>  |     |               |               |               |               |                |
| <b>Depreciation</b>   |     | 74,700,000    | 74,700,000    | 74,700,000    | 74,700,000    | 74,700,000     |
| <b>Fuel Expense</b>   |     | 24,000,000.00 | 25,200,000.00 | 26,460,000.00 | 27,783,000.00 | 29,172,150.00  |
| <b>Bank Charges</b>   |     | 6,000,000.00  | 6,300,000.00  | 6,615,000.00  | 6,945,750.00  | 7,293,037.50   |
| <b>Internet Expense</b>   |     | 6,000,000.00  | 6,300,000.00  | 6,615,000.00  | 6,945,750.00  | 7,293,037.50   |
| <b>Marketing and Promotion</b>  |     | 6,000,000.00  | 6,300,000.00  | 6,615,000.00  | 6,945,750.00  | 7,293,037.50   |
| <b>Office supplies</b>  |     | 1,200,000.00  | 1,260,000.00  | 1,323,000.00  | 1,389,150.00  | 1,458,607.50   |
| <b>Cleaning Supplies</b>  |     | 1,200,000.00  | 1,260,000.00  | 1,323,000.00  | 1,389,150.00  | 1,458,607.50   |
| <b>Waste Removal</b>  |     | 2,400,000.00  | 2,520,000.00  | 2,646,000.00  | 2,778,300.00  | 2,917,215.00   |
| <b>Licenses/Permits</b>   |     | 2,000,000.00  | 2,100,000.00  | 2,205,000.00  | 2,315,250.00  | 2,431,012.50   |

|   |     |               |               |               |               |                |
|---|-----|---------------|---------------|---------------|---------------|----------------|
| <b>Protective and hygiene materials</b>           |     | 5,200,000.00  | 5,460,000.00  | 5,733,000.00  | 6,019,650.00  | 6,320,632.50   |
| <b>Lease</b>                                      |     | 12,000,000.00 | 12,600,000.00 | 13,230,000.00 | 13,891,500.00 | 14,586,075.00  |
| <b>Total General &amp; Administration</b>         | 0.8 | 140,700,000   | 144,000,000   | 147,465,000   | 151,103,250   | 154,923,413    |
| <b>General &amp; Administration % of Revenues</b> |     | 1.60%         | 1.49%         | 1.39%         | 1.29%         | 1.20%          |
| <b>Total Operating Expenses</b>                   |     | 7,247,638,094 | 7,960,935,903 | 8,745,363,693 | 9,608,024,473 | 10,556,731,050 |
| <b>% of Revenue</b>                               |     | 82.53%        | 82.41%        | 82.30%        | 82.20%        | 82.11%         |
| <b>Allocation of Operating Expenses between</b>   |     |               |               |               |               |                |
| <b>Fixed</b>                                      |     | 2,251,601,428 | 2,467,588,771 | 2,705,015,008 | 2,966,016,037 | 3,252,940,945  |
| <b>Variable</b>                                   |     | 4,996,036,666 | 5,493,347,132 | 6,040,348,685 | 6,642,008,436 | 7,303,790,106  |

Table 26: Working capital needs

| <b>WORKING CAPITAL NEEDS</b>                           | <u>2022/23</u> | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| <b>Total Operating Expenses</b>                        | 7,247,638,094  | 7,960,935,903  | 8,745,363,693  | 9,608,024,473  | 10,556,731,050 |
| <b>Human Resources Expenses</b>                        | 326,880,000    | 359,568,000    | 395,524,800    | 435,077,280    | 478,585,008    |
| <b>Total Working Capital Needs (3 months expenses)</b> | 1,893,629,523  | 2,080,125,976  | 2,285,222,123  | 2,510,775,438  | 2,758,829,015  |
| <b>Average Working Capital</b>                         | 2,882,145,519  |                |                |                |                |

## 6.6 PROJECTED INCOME STATEMENT

The projected income statement for the project is as shown in Table 27. The following assumptions are used in projecting the income statement.

1. The base year projected revenues are as shown in Table 23.
2. Both the revenues and direct cost are projected to increase at a rate of 10 per year for five years. Indirect costs are projected to increase at a rate of 5% per year.
3. Salaries and wages are projected to increase at a rate of 10% per year. The human resources cost includes 10% contribution to social security, 5% contribution to workers compensation fund (WCF), and 5% contribution to Skills Development Levy (SDL).
4. The income tax rate of 30% is applicable for taxable income.
5. Depreciation expenses are calculated from the depreciated schedule.

6. Cumulative cash flows include after-tax net income and noncash transactions.

Table 27: Projected statement of comprehensive income

|   |     | <u>2022/23</u> | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> |
|---|-----|----------------|----------------|----------------|----------------|----------------|
| <b>NET REVENUES</b>                             |     | 8,781,831,926  | 9,660,015,118  | 10,626,016,630 | 11,688,618,293 | 12,857,480,122 |
|   |     |                |                |                |                |                |
| <b>COST OF REVENUE</b>                          |     | 7,093,018,094  | 7,802,319,903  | 8,582,551,893  | 9,440,807,083  | 10,384,887,791 |
| <b>% of Revenues</b>                            |     | 80.77%         | 80.77%         | 80.77%         | 80.77%         | 80.77%         |
|   |     |                |                |                |                |                |
| <b>GROSS PROFIT</b>                             |     | 1,688,813,832  | 1,857,695,215  | 2,043,464,737  | 2,247,811,210  | 2,472,592,331  |
| <b>% of Revenues</b>                            |     | 12.90%         | 13.00%         | 13.80%         | 15.90%         | 20.10%         |
| <b>OPERATING EXPENSES</b>                       |     |                |                |                |                |                |
| Salaries and Payroll                            |     | 326,880,000    | 359,568,000    | 395,524,800    | 435,077,280    | 478,585,008    |
| Statutory Costs                                 |     |                |                |                |                |                |
| Maintenance and Utilities                       |     | 13,920,000     | 14,616,000     | 15,346,800     | 16,114,140     | 16,919,847     |
| General and Administration (Excl. depreciation) |     | 66,000,000     | 69,300,000     | 72,765,000     | 76,403,250     | 80,223,413     |
| <b>Total Operating Expenses</b>                 |     | 406,800,000    | 443,484,000    | 483,636,600    | 527,594,670    | 575,728,268    |
| <b>% of Revenues</b>                            |     | 5%             | 5%             | 5%             | 5%             | 4%             |
| <b>EARNINGS FROM OPERATIONS</b>                 |     | 1,282,013,832  | 1,414,211,215  | 1,559,828,137  | 1,720,216,540  | 1,896,864,064  |
|   |     |                |                |                |                |                |
| <b>DEPRECIATION AND AMORTISATION</b>            |     | 74,700,000     | 74,700,000     | 74,700,000     | 74,700,000     | 74,700,000     |
|   |     |                |                |                |                |                |
| <b>EARNINGS BEFORE INTEREST &amp; TAXES</b>     |     | 1,207,313,832  | 1,339,511,215  | 1,485,128,137  | 1,645,516,540  | 1,822,164,064  |
|   |     |                |                |                |                |                |
| <b>INTEREST INCOME / (EXPENSE)</b>              |     |                |                |                |                |                |
| Interest on loan                                |     | 0              | 0              | 0              | 0              | 0              |
|   |     |                |                |                |                |                |
| <b>NET EARNINGS BEFORE TAXES</b>                |     | 1,207,313,832  | 1,339,511,215  | 1,485,128,137  | 1,645,516,540  | 1,822,164,064  |
| <b>TAXES</b>                                    |     |                |                |                |                |                |
| Service Levy Tax and others - on sales          | 3%  | 263,454,958    | 289,800,454    | 318,780,499    | 350,658,549    | 385,724,404    |
| Corporate tax on Operating profit               | 30% | 362,194,150    | 401,853,365    | 445,538,441    | 493,654,962    | 546,649,219    |
| <b>NET EARNINGS</b>                             |     | 581,664,725    | 647,857,397    | 720,809,197    | 801,203,029    | 889,790,441    |
| <b>% of Revenues</b>                            |     | 6.62%          | 6.71%          | 6.78%          | 6.85%          | 6.92%          |

## 6.7 BREAK-EVEN ANALYSIS

Table 28 below presents the break-even analysis of the proposed project. The break-even point in revenues for all five years is about 66%. This means that the maximum tolerable decline in revenues is 34%. In case the projected revenues fall by more than 34%, then the project will be in a loss position.

Table 28: Break-Even analysis

|   |     | <u>2022/23</u> | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> |
|---|-----|----------------|----------------|----------------|----------------|----------------|
| <b>Revenue</b>                              |     | 8,781,831,926  | 9,660,015,118  | 10,626,016,630 | 11,688,618,293 | 12,857,480,122 |
| <b>Cost of Revenue</b>                      |     | 7,093,018,094  | 7,802,319,903  | 8,582,551,893  | 9,440,807,083  | 10,384,887,791 |
| <b>Variable</b>                             | 0.7 | 4,965,112,666  | 5,461,623,932  | 6,007,786,325  | 6,608,564,958  | 7,269,421,454  |
| <b>Fixed</b>                                | 0.3 | 2,127,905,428  | 2,340,695,971  | 2,574,765,568  | 2,832,242,125  | 3,115,466,337  |
| <b>Operating Expenses</b>                   |     | 79,920,000     | 83,916,000     | 88,111,800     | 92,517,390     | 97,143,260     |
| <b>Variable</b>                             | 0.3 | 23,976,000     | 25,174,800     | 26,433,540     | 27,755,217     | 29,142,978     |
| <b>Fixed</b>                                | 0.7 | 55,944,000     | 58,741,200     | 61,678,260     | 64,762,173     | 68,000,282     |
| <b>Human Resource Cost</b>                  |     | 326,880,000    | 359,568,000    | 395,524,800    | 435,077,280    | 478,585,008    |
| <b>Variable</b>                             |     | 0              | 0              | 0              | 0              | 0              |
| <b>Fixed</b>                                |     | 326,880,000    | 359,568,000    | 395,524,800    | 435,077,280    | 478,585,008    |
| <b>Total Costs &amp; Expenses</b>           |     |                |                |                |                |                |
| <b>Variable</b>                             |     | 4,989,088,666  | 5,486,798,732  | 6,034,219,865  | 6,636,320,175  | 7,298,564,432  |
| <b>Fixed</b>                                |     | 2,510,729,428  | 2,759,005,171  | 3,031,968,628  | 3,332,081,578  | 3,662,051,627  |
| <b>Variable Costs/Revenue Ratio</b>         |     | 0.568          | 0.568          | 0.568          | 0.568          | 0.568          |
| <b>Break-Even Point Revenues</b>            |     | 5,813,418,504  | 6,386,448,532  | 7,016,370,871  | 7,708,854,223  | 8,470,133,137  |
| <b>Break-Even Point /projected revenues</b> |     | 66.20%         | 66.11%         | 66.03%         | 65.95%         | 65.88%         |

## 6.8 SUMMARY OF FINANCIAL PROJECTIONS

The summary of financial projection is shown in Table 29 below. The projections show that the business will have net earnings of 6.62 % in the first year of business. These net earnings are expected to grow steadily to 6.92 % by the end of year five of operations.

Table 29: Summary of financial projections

|   | <u>2022/23</u> | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Summary Financials (TZS)</b>             |                |                |                |                |                |
| <b>Revenue</b>                              | 8,781,831,926  | 9,660,015,118  | 10,626,016,630 | 11,688,618,293 | 12,857,480,122 |
| <b>Gross Profit</b>                         | 1,688,813,832  | 1,857,695,215  | 2,043,464,737  | 2,247,811,210  | 2,472,592,331  |
| <b>EBIT</b>                                 | 1,282,013,832  | 1,414,211,215  | 1,559,828,137  | 1,720,216,540  | 1,896,864,064  |
| <b>Net Earnings</b>                         | 581,664,725    | 647,857,397    | 720,809,197    | 801,203,029    | 889,790,441    |
| <b>Depreciation</b>                         | 74,700,000     | 74,700,000     | 74,700,000     | 74,700,000     | 74,700,000     |
| <b>Net Cash from Operating Activities</b>   | 656,364,725    | 722,557,397    | 795,509,197    | 875,903,029    | 964,490,441    |
| <b>Interest Income/(Expense)</b>            | 0              | 0              | 0              | 0              | 0              |
| <b>Dividends</b>                            | 0              | 0              | 0              | 0              | 0              |
| <b>Total Equity</b>                         | 3,016,145,519  | 3,016,145,519  | 3,016,145,519  | 3,016,145,519  | 3,016,145,519  |
| <b>Total Debt</b>                           |                | 0              | 0              | 0              | 0              |
| <b>Growth</b>                               |                |                |                |                |                |
| <b>Revenue Growth Rate - CAGR:</b>          |                | 10%            | 10%            | 10%            | 10%            |
| <b>Net Earnings Growth Rate - CAGR:</b>     |                | 10.22%         | 10.12%         | 10.03%         | 9.96%          |
| <b>Ratios</b>                               |                |                |                |                |                |
| <b>Debt to Capital (LT Debt + Equity)</b>   | 0%             | 0%             | 0%             | 0%             | 0%             |
| <b>Profitability</b>                        |                |                |                |                |                |
| <b>Gross Profit %</b>                       | 19.23%         | 19.23%         | 19.23%         | 19.23%         | 19.23%         |
| <b>Operating Expenses %</b>                 | 14.60%         | 14.64%         | 14.68%         | 14.72%         | 14.75%         |
| <b>Net Earnings %</b>                       | 6.62%          | 6.71%          | 6.78%          | 6.85%          | 6.92%          |
| <b>Returns</b>                              |                |                |                |                |                |
| <b>Return on Assets</b>                     |                |                |                |                |                |
| <b>Return on Equity</b>                     | 21.76%         | 23.96%         | 26.38%         | 29.04%         | 31.98%         |
| <b>Return on Capital (LT Debt + Equity)</b> | 21.76%         | 23.96%         | 26.38%         | 29.04%         | 31.98%         |

## 6.9 PROJECT VALUATION

The project valuation is shown in table 30. The Internal Rate of Return (IRR) for the project is 36.7%, for a time horizon of 5 years. For projects that require a big initial investment such as this one, the 10 % opportunity cost is feasible. The NPV for the project is positive for at 10% opportunity cost and a five years' time horizon.

Table 30: Project Valuation

| Initial Capital Outlay      |                    | <u>2022/23</u> | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> |
|-----------------------------|--------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Capital Investment</b>   | -<br>134,000,000   | -              | -              | -              | -              | -              |
| <b>Working Capital</b>      | -<br>1,893,629,523 | -              | -              | -              | -              | 1,893,629,523  |
| <b>Operating Cash flows</b> |                    | 656,364,725    | 722,557,397    | 795,509,197    | 875,903,029    | 964,490,441    |
| <b>Net Cash Flows</b>       | -<br>2,027,629,523 | 656,364,725    | 722,557,397    | 795,509,197    | 875,903,029    | 2,858,119,964  |
|                             |                    |                |                |                |                |                |
| <b>IRR</b>                  | 0.3670             |                |                |                |                |                |
| <b>NPV</b>                  | 1,942,563,247.27   |                |                |                |                |                |

## 6.10 ECONOMIC, SOCIAL AND ENVIRONMENTAL IMPACT ANALYSIS

It is envisaged that this project will have economic, social, and environmental impact. The expected impacts are on employment and income, access to services, and contribution to the country's economy.

### Economic Impact

The analysis of economic impact focused on the levels of income type and level of employment, business value, and mental and physical well-being at both community and national levels. The economic impact analysis is summarized below as follows:

1. At the macro (national) level, the project will contribute to the fisheries sub-sector by value addition to the fish products. Additionally, the project will provide an opportunity for local fishermen to sell their produce at competitive prices. The backward and forward linkages that will arise from the project's implementation will contribute to the fisheries sector's productivity. The project will utilise materials and other inputs sourced locally, thus creating a multiplier effect on the economy. The project will also pay fees, taxes, and other statutory

contributions to the local and the central government, thereby contributing to the government revenues.

2. Employment is a major social and economic issue for Tanzania, especially for youths. The project will provide direct employment to 32 people and indirect employment to many others in the value chain.

### **Social Impact**

Social impact analysis is concerned with the mapping out of the community well-being and service provision. Social impact is closely related to economic impact, and the two cannot be discussed in isolation. The social impact of the envisaged two projects is summarised below:

1. The project will provide jobs. The employees will come from the community. They will benefit directly in terms of income and other benefits such as health coverage for their families. This contributes to the social welfare of the community.
2. The proposed project will provide an avenue for skills transfer to the youth in terms of internships, hence improving skills in the food processing sub-sector.

### **Environmental Impact and Considerations for Environmental Impact Analysis**

The environmental impact assessment focuses on adverse effects on the environment resulting from project implementation. It also focuses on effects on the ecosystems and ecology in general. Accordingly, a more detailed report on the environmental impact analysis will be prepared in line with the National Environmental Management Council (NEMC). The initial assessment of the impact on the environment indicates that the project will not negatively affect the environment.