

**DAMUKA INVESTMENT COMPANY LIMITED
P.O.BOX 2361,
NANSIO-UKEREWE
MWANZA - TANZANIA**

**BUSSINESS PLAN FOR FISH MAW TRADING
AT NANSIO DISTRICT IN
MWANZA REGION.**

Prepared by:

**DANIEL NAMULANDA,
P.O.BOX 2361,
NANSIO-UKEREWE
MWANZA**

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BUSINESS PLAN FOR FISH MAW TRADING AT UKEREWE DISTRICT:

TABLE OF CONTENTS:		
1.0	EXECUTIVE SUMMARY	2
2.0	COMPANY PROFILE	3
3.0	COMPANY LOCATION AND ADDRESS	3
4.0	COMPANY'S ASSETS	3
5.0	SWOT ANALYSIS	3
6.0	MANAGEMENT AND STAFF	4
7.0	OBJECTIVES	5
8.0	MISSION AND GOALS	6
9.0	EXPERIENCE	6
10.0	COMPANY CAPITAL	6
11.0	COMPANY PLAN	7
12.0	FINANCING PLAN	9
12.0	THE MARKET PERSPECTIVE	10
13.1	DEMAND/SUPPLY GAP	10
13.2	TARGET MARKET	11
13.3	COMPETITION	11
14	ECONOMIC BENEFITS OF THE PROJECT	11
15	ENVIRONMENTAL ASPECTS	12
16	CONCLUSION AND RECOMMENDATIONS	13

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BUSINESS PLAN FOR FISH MAW TRADING AT UKEREWE DISTRICT:

1.0: EXECUTIVE SUMMARY:

Ukerewe is a district of Mwanza region and one of the largest Island in lake Victoria region. It is a fast growing district into an important commercial and Industrial Center. The major economic activities in the Island are Agricultural, Husbandry, Fishing, Tourism and Industrials. The growth of the Island also calls for an increase of other services particularly Hotels, Offices and Business accommodation. Due to rapid expansion of this Island, many people from within and outside have been visiting Ukerewe for various activities including fishing, business and tourism. Increase in demand of several items and services of Island residents on the other side have resulted into the increase in population.

Fishing industry has become one of the fast growing sectors in Lake Zone. People from outside the country endeavor in fishing industry as they have seen a green pasture. Some industries have been constructed at Ukerewe which deals with processing and packing fish products. These products are traded in and outside the county. Population growth is the high rate as a result demands of accommodation both at the rural and urban areas due to increase of economic activities at Ukerewe district; social services have improved such as infrastructure like construction of roads, houses etc. Illiteracy on the other hands has been fought through provision of education by construction of more classrooms and teachers' houses. Likewise, the government has been repairing and construction new health centers in order to control diseases.

The government has been trying at her level best to ensure that local indigenous companies with eligible qualifications are being helped on fishing activities within the district. M/S. Damuka Investment Company Limited, as a resident company is among the local indigenous company who is seeking hands from the government to invest into the fishing industry at Ukerewe district.

2.0: COMPANY PROFILE:

M/S. DAMUKA INVESTMENT COMPANY LIMITED is a private company duly registered under the Companies Ordinance (Cap. 212). The company is limited by shares and was issued with a Certificate of registration no. **140752**. The company is registered with Tanzania Revenue Authority (TRA) with Taxpayer Identification Number (TIN) **137-648-37** and issued with a business license number **00140195** by Ukerewe Municipal Council.

3.0: COMPANY LOCATION AND ADDRESS:

The Company's head office is located at Ndowe Street in Nansio – Ukerewe, in Mwanza Region and the Company's address is P.O. Box 2361, Nansio-Ukerewe.

4.0: COMPANY'S ASSETS:

The Company's owns below listed assets;

- Freezing Containers
- Packing Containers

5.0: SWOT ANALYSIS:

Any business has its own strengths, weaknesses, opportunities and threats. The company is no exception as a result he faces these factors in its business. These factors are both internal and external which affects the business negatively or positively as follows:

The **strengths** of the company's business depend on the experience and proper financial management by management. The company is well known at this area

of operations and outside due to good quality and assurance of availability of products. The company has been supplying products at the competitive prices. Proper business records are another factor for strength of her business because it is one of the means of controls to ensure survival.

In the case of **weaknesses**, the company has been facing some problems in meeting its customers' requirements due to insufficient working capital. It cannot buy commodities in large quantities and therefore miss the economies of scale advantages. Location of the business is another factor for better performance because of poor infrastructures like terrible roads especially during rain seasons. Many people cannot visit the factory easily to get their requirements. People may lose confidence in the company if they miss the stock in its factory.

There are good business **opportunities** for this kind of business due to rising in population and availability of fishing companies in the Lake Zone where demand of fish maws, fish fillets and other fish products is high compared to other areas. With additional working capital the company will be in a position to buy more fish maws and different kind of fish in cash and improve its stuffing project for future expansion. With increases in production more employment will be created and hence reduce unemployment in Tanzania.

Although the company is operating efficiently, there are some **threats** to this business including lack of sufficient working capital to buy raw materials in large quantities. In the drought seasons, most of fish go deep the water which causes scarcity hence shortage of fish as a result production is affected.

6.0: MANAGEMENT AND STAFF:

The company has the board of directors comprises the managing director and other three directors as follows:

Mr. Daniel Namulanda	Managing Director
Mr. George Joseph Mahundi	Director
Mr. Aloysious Musaanya	Director

The board of directors is responsible with formulation of the company's policies as well as overseeing the operation and performance of the management. The board of directors appoints the management team including the managers and consultants.

With regard to the management team and staff, the company has been managed by the managing director who is an overall in charge and answerable to the board of directors. Other staffs are Technical personnel, Fishmongers, Marketing, Sales personnel, Transport officer and Accounts personnel.

The above management and staff have wide experience in the field and technically qualified. Good cooperation between the management and staff is one of the factors for the success of the company. Workers are highly motivated through good pay and conducive working conditions. Sometimes, the company hires temporally qualified consultants where is necessary.

7.0: OBJECTIVES:

The objectives of the company are to execute its duties at the acceptable standards.

The company main objectives are to meet ever – higher expectations and focused on fulfilling customers needs accordingly and accommodate new development in the fishing arena. The company provides equipped and qualified support team to assist customers on accessing its' products. Since its establishment, the company has been emphasized highly on providing best quality products, solutions and customer care which has enhanced its steady and substantial growth.

The objectives for which the company was established including:

- Fish maw trading in and outside the country
- Culturing, processing and packing fish products
- Recreational, substance and commercial fishing
- Selling and marketing lake food products.

8.0: MISSION AND GOALS:

The company's main goal is to become among the leaders in the fishing industry and its doctrine being "*the excellence and competence centre*". The company working closely to its customers and it strives to have the most innovative designs, plans, render the best services that will fulfill customers future requirement and market demands at the competitive price.

The company has been buying modern machines, investing in modern technology and hiring young's skilled and dynamic personnel in order to suit competitive market requirements. The end goal of the company is to maintain quality products and enhance competence and competitive presence in the global market.

9.0: EXPERIENCE:

Though the company has been in operations for a short period of time, it as already executed several contracts some being completed and some under progress as follows:

No.	Client	Work done	Status
1	KAIWORK TRADING LTD HONGKONG.	Supply of fish maws	In progress

10.0: THE COMPANY CAPITAL

The issued and paid up capital of the company is made up of Tshs

1,150,000,000/= being 1,000 ordinary shares of Tshs. 1,150,000/= per share is as follows:

No	Name of Subscriber	Number of shares	Value Per Share	Total Value
1	Daniel Namulanda	450	1,150,000.00	517,500,000.00
2	George Joseph Mahudi	450	1,150,000.00	517,500,000.00
3	Aloysious Musaanya	100	1,150,000.00	115,000,000.00
	Total	1,000	1,150,000,000.00	

11.0: COMPANY PLAN:

The company is expecting to acquire some important assets to facilitate to the expected goals and objectives. Currently the company is buying, drying and selling fishmaws to various customers within and outside the district. As at the future, it is planning to get totally into the fishing industry by purchasing more equipments and modern machines of which the company will be fishing, processing fish and fish maws as well as the remained parts to the various final products. The company is looking forward to acquire the following: -

A: Operating Machines:

- **Fish maw sardine processing machine\$30,000**

This machine is multifunctional. It can be used for splitting fish into different sizes, skin itching etc.

- **Fish maw drying machine-\$100,000**

This fish maw dehydrator machine dries fresh fish maw at high and middle temperatures which can be stored for a long time.

- **Fish maw baking machine-\$120,000**

According to the processing method, water in a pot is boiled, baking soda is added into the water, and clean-washed fish maw is put into the water to be degreased. The degreased fish maw is finished out and placed in a drying oven with temperature fish maws to be dried for 16 hours to 24 hours, and then the degreased fish maw is placed in an electric oven to be baked until the fish maw is completely puffed.

- **Fish feed extruder machine-\$30,000**

This machine is used to process waste food intake into finished feed bagging. The wastes can be used to feed animals.

- **Fishing Boat \$ 40,000**

This boat will be used to collect fish from various suppliers from different Islands in Lake Victoria. This will facilitate the Company to keep bulk stock to void shortage during production.

- **Construction of Cooling Systems \$ 50,000**

The company will construct two cooling systems to carry on 20 tons 10 tons of unprocessed fish and fish maws respectively. This will help the company to work throughout.

- **Trucks for Transporting fish Products \$ 100,000**

The company requires trucks for transporting fish and fish products from various places to the factory and to the market within/outside the region.

B: Land Acquisition:

Currently the company is undertaking its activities on a hired area which is small for their operations. However, operational costs which include rent for hiring factory premise becomes very high which has forced the company to acquire its own land. Due to financial constraint, the company is expecting to borrow more capital from Financial Institutions' to acquire land of more than 5 hectors along the lake in Ukerewe district. The process of searching location area has already started.

C. Raw Materials

The company will require operating capital to buy bulk of raw materials. Raw materials needed according to the nature of our business will be fish and fish maws.

12.0: FINANCING PLAN:

The company is using its resources to carry out its operations. Due to the nature of our operations, substantial amount of working capital is required. The amount of capital available is inadequate to meet day to day financial requirements. The company is intending to acquire its own properties and equipments. For this case; external financing in terms of loans is highly required in order to operate efficiently.

A. PROJECTION STATEMENTS

PROJECTED STATEMENTS OF FINANCIAL POSITION

	YEAR 1 <u>TSHS</u>	YEAR 2 <u>TSHS</u>	YEAR 3 <u>TSHS</u>
ASSETS			
NON CURRENT ASSETS			
Property, Plant & Equipment	879,791,665.00	881,511,836.25	1,364,338,193.13
	879,791,665.00	881,511,836.25	1,364,338,193.13
CURRENT ASSETS			
Receivables	420,578,900.00	654,320,880.00	896,078,000.00
Cash & Cash Equivalents	22,732,600.00	41,984,005.00	73,216,700.00
Total Current Assets	443,311,500.00	696,304,885.00	969,294,700.00
Total Assets	1,323,103,165.00	1,577,816,721.25	2,333,632,893.13
EQUITY & LIABILITIES			
Equity			
Share capital	1,150,000,000.00	1,150,000,000.00	1,577,816,721.25
Retained Earnings/(Accumulative Loss)	173,103,165.00	427,816,721.25	755,816,171.88
Total Equity	1,323,103,165.00	1,577,816,721.25	2,333,632,893.13
LIABILITIES			
Current Liabilities			
Accounts Payables	-	-	-
Total Current Liabilities	-	-	-
Total Liabilities	-	-	-
Total Equity & Liabilities	1,323,103,165.00	1,577,816,721.25	2,333,632,893.13

PROJECTED STATEMENTS OF INCOME

	YEAR 1 TSHS	YEAR 2 TSHS	YEAR 3 TSHS
Revenue	2,521,215,690.00	3,151,519,612.50	3,939,399,515.63
Cost of Fishmaws	<u>1,891,386,000.00</u>	<u>2,364,232,500.00</u>	<u>2,955,290,625.00</u>
Gross Profit	629,829,690.00	787,287,112.50	984,108,890.63
Administrative & Establishment Expenses	(437,960,625.00)	(509,893,296.25)	(625,827,510.00)
Depreciation & Amortization	<u>-</u>	<u>-</u>	<u>-</u>
Results from Operating Activities	(437,960,625.00)	(509,893,296.25)	(625,827,510.00)
Profit / (Loss) for the year before Income Tax	191,869,065.00	277,393,816.25	358,281,380.63
Income Tax Expenses	(18,766,790.00)	(22,679,370.00)	(30,281,930.00)
Profit / (Loss) for the year after Income Tax	173,102,275.00	254,714,446.25	327,999,450.63

13.0: THE MARKET PERSPECTIVE:

13.1: Demand / Supply Gap:

In the recent years, fish maw market has rapidly increased especially Lake Zone in Tanzania. Chinese has become a very big market of this product and some of them invested in Mwanza City. Processed fish maws have been used effectively in healing weak lung and kidney, anemia etc. Moreover, fish maw does not contain cholesterol and therefore it is a very valuable health enhancing ingredient suitable for long time consumption.

For this case; Investors devoted their efforts to inject their capital in fishing industry so as to compete with market challenges. Unfortunately most of local investors fail due to low income. However; hiring of buildings or building industrial areas, buying machines and employing man power, needs a lot of capital. Infrastructures' including roads, low supply of electricity and water, becomes another obstacle. Production cannot be assured. Transportation of fishery products from the rural areas to the market is still difficult because of horrible roads. Investors on the other side are reluctant to invest in some areas despite potential resources in the areas.

Eligible companies for such works in Tanzania are very few, among them being *M/S. Damuka Investment Company Limited*.

13.2: Target market:

The company's market is local and international, individual persons, and companies.

13.3: Competition:

Competition in the fishing industry is not at present very stiff due to the fact that, most of the companies/local fisherman, fails to invest in fishing industries due to insufficient funds to possess equipments and employ qualified staff. However, lack of capital has been the major factor for facing competitions in the market.

14.0: ECONOMIC BENEFITS OF THE PROJECT:

The development of this project will have the following economic benefits:

- a). It will participate in the economic development of the country through multinational trading on fishing industry at the acceptable standards.
- b). It will create employment opportunities and therefore serve as poverty alleviation strategy.
- c). The Government will earn revenue through Taxes on profits generated from this project.
- d). The project will also provide a major facelift of the Island and neighbors' thereby making it more attractive to visitors and investors.

15.0: ENVIRONMENTAL ASPECTS:

The project will have no hazards since it does its operations on the planned industrial residential area where by there is no close contamination with residents, for instance there will be no effects on human health. No environmental hazards are expected as a result of this project. All necessary steps shall be taken to ensure that environmental conservation gets priority in this project.

- a) ***Climatic change***. The consequences of climate change are a threat to Small Scale Fishers in the Island, which is already being manifest in form of depleted fish stocks. In Ukerewe, stakeholders warn that fishing on Lake Victoria is increasingly affected by climatic changes that have among other reasons, led to reduced fish stocks hence lowers production as a result, fail to comply with the standards at the global market.
- b) ***Blast fishing, fish bombing***, is a destructive fishing practice using explosives to stun or kill schools of fish for easy collection. This often illegal practice is extremely destructive to the surrounding ecosystem, as the explosion often destroys the underlying habitat such as coral reefs that supports the fish. The frequently improvised nature of the explosives, and undetonated charges, used means danger for fishermen and divers as well, with accidents and injuries.
- c) ***Throwing garbage's around the Lake***, When people dispose of their garbage directly in the water, rivers and lakes can be polluted. Additionally, water pollution includes the contamination of groundwater when garbage is washed into our groundwater due to natural rainfalls. This garbage is likely to end up in our Lake and cause damage to aquatic creatures and human being who are using the water for daily consumption.

15.0: CONCLUSION AND RECOMMENDATIONS:

The information provided above with *M/S. Damuka Investment Company Limited*, tried to express the working environment and challenges the company is facing. We want to influence the government to improve working environment in terms of infrastructures like construction of roads, electricity and water supply. This as an opportunity for the young generation who has skills but fails to invest due to lack of capital.

The government on its plans, should budget funds to support small and big entrepreneurs who wants to venture.

The scope of this industry looks very potential, feasible and economically sounds.

We therefore recommend that, the company be accepted and recognized as have been seen to be savior for people around the Island. Its performance will bring an impact to the society as poverty will be eliminated by creating employment, infrastructures like building hospitals, schools, hotels will be constructed, etc. hence, improve the life style for people in Ukerewe Island.

MWANZA: 18th March, 2022.



SIBE FINANCIAL SERVICES

AUTHORISED CERTIFIED PUBLIC ACCOUNTANTS AND AUDITORS'