

M/S. MUNA & COESTA INV LIMITED

P.O.BOX 472, KAHAMA

BUSINESS PLAN

FOR

TIC TAX EXCEPTIONS ON IMPORTS OF MACHINERY

WORTH'S USD 110,000 & MOTOR VEHICLE TRUCKS

WORTHS USD 40,000.

PREPARED FOR:

M/S. MUNA & COESTA INV LIMITED

P.O.BOX 472, KAHAMA

1.0 EXECUTIVE SUMMARY

The Business Background;

M/S. MUNA & COESTA INV LIMITED is a limited liability company incorporated on 22rd day of March 2022, with certificate of incorporation No. 155580925. The directors of the company are Esther Jackson Muna (600 Shares) and Mayuma dwesse Sahani (10 Shares).

The company was incorporated to take over the business of the managing director, ESTHER JACKSON MUNA who is a Sole proprietor dealing with purchasing of rice, grading and sells to domestics and exports market. The company is new but depends upon experience of the managing director; Esther Jackson Muna. Soon after incorporations, all business assets and liabilities have been transferred from ESTHER JACKSON MUNA to M/S. MUNA & COESTA INV LIMITED. The business has several assets like furniture's & fittings worth's 5mln, land & building worth's TZS 727mln, Motor vehicles worth's 34mln and Plant & Machinery worth's TZS 212mln. Total Assets is approximated to TZS 730mln.

The business is well trading with valid business licenses and Tax payer Identification Number (TIN). The company is amongst successfully sellers of graded rice to domestic and exports markets of Kenya, Uganda, Rwanda and Congo. The directors of the company are honest and loyal customer who always looks to maintain good business relationship with partners especially banker, TRA and others. The has been in this line of business for many years now, with enough experience, well established customer base and contacts, established market, customer goodwill etc. furthermore this business has been spurred by a number of reasons to include: good location of the business premises and population pressure within the region and National wide market.

The primary business line here is buying of rice, grading and sales. The business has managed to install Modern machinery and equipments that facilities all business activities relating to grading and packaging of graded rice. The rice graded is then bagged at 5Kgs, 10Kgs, 15Kgs, 20Kgs and 25Kgs. The bags for packaging are ordered from Dar es Salaam mainly at Bhakressa Group of Companies.

The business does not face stiff competitions from the market as there are fewer sellers of rice within the area and thus enjoy the supernormal profit in this line. The risks related to this line are; slightly degree of competition from traders in Paddy rice industry, competitors with big and small capital. But majority competitors have small capital ability ought to weigh them from competition. The main market risks which associate with the business is price fluctuation due to oversupply and under supply. During over supply, the price becomes low to both buyers and sellers and vice versa. To stabilize the situation; the business buys in large quantity when the price is at minimum and store them while continue to buy and sell at prevailing market price however the profit is low. The goods in store will be sold off season harvest when the price is high and thus enjoying supernormal profit. Other business risks include theft, buying materials of low quality. Through good management all the identified risks can be minimized or controlled not to happen at all.

2.0 THE BUSINESS

2.1 Introduction

2.1.1 Banking Relationship:

The business has been banking with NMB PLC for many years now. NMB Plc is being a good financier of the business for many years now. The bank managed to offer financial supports in term of loan facilities of both working capital and capital needs. For example, we had managed to service the Warehouse receipts loan facility (WHRF), Limits of TZS 600mln, that expired on February 2022, and others overdrafts and term Loan for many years now. The business does not have any negative tracks records ever since NMB PLC, managed to render Money for Working capital and capital needs. Different banks include CRDB PLC, DTB, NBC BANK, KCB, AZANIA, ACCESS, BOA BANK etc has showing positive engagements to my business however am satisfied by services offered by NMB PLC.

2.1.2 Purpose of Business Plan

For many years now; the business, deals with purchasing of rice from other milling plants, grading and sales to domestic and exports market. The company didn't engage on milling of own paddy in order to get rice for grading and sales to domestics and exports markets. Having observing the business opportunity on milling and grading our own rice, the company approaching the Bank, NMB PLC, to finance purchases rice mill full set 4T/H, at a price of USD 110,000, and two M/V trucks worth's USD 40,000. Rice mill full set 4T/H, Supplier is, WUHAN KINHE INTERNATIONAL CO.LTD from China. The rice milling machinery is expected to supports in efficiency and effectiveness productions of rice for exports and domestic markets, reducing of delaying to obtain stocks of rice, adding customer base and contacts, adding revenue/ income to

owner, adding employments opportunities to the surrounding community in value chain etc. In case of imported trucks will be used one and is expected; to provides a complete "door-to-door" service, facilitates carriage of products without delaying, reducing costs related to payments for transportation companies, It can be easier to center distributions of products, It can be faster reliable to business partners, can provide frequent service and It is highly flexible, able to go wherever there are roads and streets

The company has approaching TIC, for tax exceptions on imports of this rice mill full set 4T/H, and two M/V trucks worth's USD 40,000. The machinery is going to be installed at Kagongwa area in Kahama district. We have liabilities to incur before fully scale operations of the Machinery like; transportation costs from Dar-es salaam to Kahama, installations and assembling, insurance costs, registrations of the Machinery to NMB PLC, loan repayments etc. the fact here is we need time before starting generating returns under fully scale operations of this equipment and realizations of profit margin from a lot of costs that to be incurred in order to operate the Machinery at fully scale.

The Project Investment Costs:

The investment costs of the project are estimated at **Tshs. 350 million** the entire costs for the expansion project are proposed to be financed through term loan financing of **Tshs.350 million** by NMB PLC. Source of repayments of the loan will be income generated from the course of business operations, interest at 9 % per annum without grace period.

2.1.3 Business Strategic Framework

2.1.3 (a) Vision

To become the most outstanding and reliable rice paddy millers, packers and distributors of rice and by products with quality standards fit for both local and foreign markets at all times.

2.1.4 (b) Mission

To establish, adopt and perpetually develop latest technical achievements in rice paddy and maize flour milling with suitably equipped staff always positively responding to customer needs as a guide to performance.

2.1.5 (c) Goal

- a) To have a sustainable working capital base that will enable the business to flourish
- b) Increase annual sales turnover
- c) Increase gross profitability
- d) Increase market share

2.1.6 (d) Core values

- a) Consistent High Product Quality Standards
- b) Reliability in partnership with customers
- c) Social Responsibility
- d) Ethical trading
- e) Commitments to customers
- f) Team working spirit
- g) Quality goods and services
- h) Financial transparency and accountability

- i) Eco-friendly services

2.1.7 Business Objectives

2.1.7 Operational objectives

- a) To ensure that high standard services are provided to customer to ensure repeat business is in place.
- b) To increase and sustain the business market share national wide.

2.1.8 Financial objectives

- a) To ensure that the business liquidity position remains sound so as to be able to meet its financial obligations without any distress
- b) To ensure that the business operates profitably and generates reasonable returns to its owners.

2.1.9 Business strategies

- a) To engage and motivates sales force to increase efficiency in the sales activity.
- b) To undertake aggressive, but targeted advertisement, promotion and publicity programs.
- c) To establish and continue to improve the contact and source of reliable suppliers of crops.
- d) To extend market penetration into the rest of region through agency arrangements, and using economy packs
- e) To seek other sources of funds to raise the initial capital so as to expand the business

2.2 Business Situational Analysis

2.2.1(a) Strengths, Weaknesses, Opportunities and Threats

2.2.1 Strengths(S)

- a) Good administration and leadership.
- b) Good customers reputation
- c) Knowledge of the local market
- d) Favorable access to distribution networks
- e) Cost advantages from customary know-how
- f) Established customer base and contacts

2.2.2 Weaknesses (W)

- a) Inadequate business capital that hinders the company's capability to place larger orders and enjoy economies of scale.
- b) Competitor activity in a price sensitive market
- c) Concocted reputation among some of the customers and competitors

2.2.2 (a) Internal Factor Analysis Summary (IFAS)

From the analysis of the strengths and weaknesses above, it can be observed the business strengths weigh more as compared to its weaknesses. Therefore, we conclude that the business is viable. I.e., $S > W$

2.2.3 Opportunities:

- a) Country's political stability which creates a conducive environment for investment and operations of the business
- b) Availability and accessibility of funds from financial institutions.
- c) A good infrastructure system that facilitates operation of business.
- d) The business location favors easy purchase and supply of the goods.

- e) An unfulfilled customer demands.
- f) Improved technology

2.2.4 Threats

- a) Presence of competitors in the market with the same goods and services and others with close substitutes.
- b) Unpredictable change in weather and climate conditions which distort demand and supply trends.

2.2.5 (a) External Factor Analysis Summary (EFAS)

From the analysis above we have observed that the opportunities of the business are more as compared to its Threats. Therefore, we conclude that the business is viable. I.e., $O > T$

2.2.6 Political, Environmental, Social and Technical Analysis

(a) Political

The business does not face any serious political threat as the country is in peace and the company is paying all of the required taxes on time hence the company has a good relationship with the tax and city authorities.

(b) Environment

The business has no negative impact on the environment and has better procedures for waste disposal.

(c) Social

The business offers employment to the surrounding community and facilitates the availability of services through payment of Tax to the government via Tanzania Revenue Authority (TRA).

(d) Technical

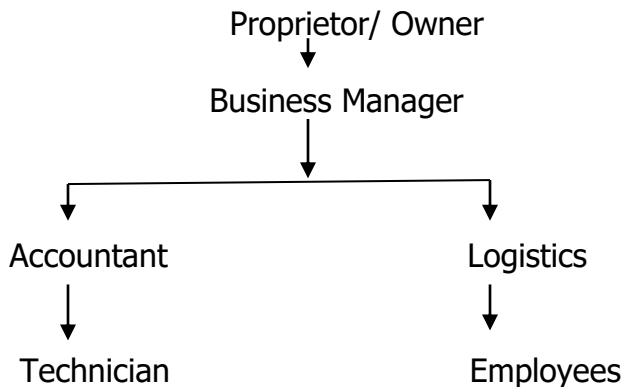
Technically the business is well equipped with modern facilities like, Telephone, etc to facilitate business transactions

3.0: MANAGEMENT, HUMAN RESOURCES & WELFARE

The overall management of the Company's business is vested under the company Managing director; ESTHER JACKSON MUNA and employed assistances. She controls and supervises the day-to-day activities of the business including sales, purchasing and banking.

She does record keeping of all income and expenditure of his business

3.1.1. Business Management Structure



General Summary:

Name of Company: MUNA & COESTA INV LIMITED

Nature of the Company: Private Business name

Certificate of Incorporation number: 155580925

Equipments Applying to TAX EXCEPTIONS: Worth's USD 110,000.

Motor vehicles imports Applying TAX EXCEPTIONS: Worth's USD 40,000.

Equipments Suppliers: WUHAN KINHE INTERNATIONAL CO.LTD

Country from imports: China

Name of the Banker offered Loan: NMB PLC

Loan tenor: 36-Months, grace period of 3-months

3.1.2. Management in general

The Managing is the overall in charge of the project to be assisted by employed skilled staff and other causal labors.

3.1.3 Training and Technical Advice

The owner of the business is inviting technician for training of staff to manage daily business operations and changes.

3.1.2 Gender Considerations

The Company has considered gender balance in the course of employment where male and female are employed in the business.

3.1.3 HIV & AIDS Awareness.

The Company ensures that employees check their health status from time to time and allow them to attend seminars on HIV/AIDS whenever happen for awareness and prevention campaign

4.0 SOCIAL & CORPORATE SOCIAL RESPONSIBILITIES ASPECT.

4.1 Labour Right

This will cover the following items;

4.1.1 Contractual Issues

- The company normally provides an employment contract to employees, which is important for security of their jobs.
- There is no discriminatory behavior observed in the business since there was no any worker employed on discriminatory basis.
- No forced labor neither child employed in the business.

4.1.2 Working Hours

The working hours for the employees are throughout the week days from eight in the morning to six in the evening and exchange of workers.

4.1.3 Freedom of Association and Collective Bargaining

The channel of communication is very short as Directors communicates directly with his employees without passing information to any subordinate. This creates freedom to the employees for bargaining and suggesting.

4.1.4 Wages

The employee is having minimum wage to paid as a minimum wage as structured by Government

4.2 Occupational Health Service

4.2.1 Actual Working Environment

Although the Company has not yet registered by OSHA, but the working environment will be safe and good for employees.

4.2.2 Welfare Facilities

At the investment area there will be toilettes.

4.3 Social relation.

- The Company has good relation with the surrounding community, no boundary conflict neither person was claiming for compensation

4.4 Profile of Customers

The customers is ranging from individual, companies and institutions etc.

4.5 Promotion

The company is engaging intensive in promotion of this business service due to high demand than supply. However, when the advertisement time is reached; will advertise this business through paper printing.

5.0 Conclusions and Recommendation:

- **Conclusion:**

The analysis carried out in this Business Plan show that the project is technically feasible, financially and economic sound. The company M/S. MUNA & COESTA INV LIMITED is applying for tax exempted from rice mill full set 4T/H and two used Motor vehicle trucks. The rice mills full set 4T/H imported from china. Both rice's mill full set 4T/H and Motor vehicle truck are expected to supports on sufficiency and efficiency operation of the business

- **Recommendation:**

In view of the foregoing conclusion, it is recommended for the TIC to consider and provide tax exemptions to the business.