

**BUSINESS PLAN FOR THE
IMPLEMENTATION PROGRAMME**

OF

M/S CTI AGRO ENTERPRISES LIMITED

IN

**ESTABLISHING AND OPERATING A PROJECT FOR
MODERN FARMING AND PROCESSING OF RICE,
MAIZE AND MANUFACTURING OF ANIMAL FEEDS**

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M/S CTI AGRO ENTERPRISES LIMITED

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M/S CTI AGRO ENTERPRISES LIMITED
ESTABLISHING A PROJECT FOR MODERN FARMING AND
PROCESSING OF RICE, MAIZE AND MANUFACTURING OF
ANIMAL FEEDS

1. INVESTMENT PLAN

The investment plan has been prepared by **M/S CTI AGRO ENTERPRISES LIMITED** for the company's establishment programme in extensive modern farming, processing of rice and maize and setting up facilities for manufacturing animal feeds in Kibaigwa Dodoma.

The investment plan has also been made to give clear analysis of the financial, human, technical and other resources required for the agro processing project and also assess its economic viability and commercial viability so that to allocate funds for the implementation programme especially in acquiring farm equipment, irrigation equipment & pipes, agricultural tractors and other related farm machinery, harvesters, caterpillars, building materials, generators, transformer, utility vehicles etc.

2. COMPANY'S BACKGROUND

M/S CTI AGRO ENTERPRISES LIMITED is a local private company incorporated in Tanzania by Registrar of Companies under company's ordinance, on 02nd day of July 2021 with Certificate of Incorporation No: 152500947

The company was registered with a major objective of operating a project for modern farming, growing rice and maize and manufacturing animal feeds.

M/S CTI AGRO ENTERPRISES LIMITED intends to do agricultural activities and processing rice & maize and manufacture animal feeds. Rice and maize are our staple food

which will be processed, well packed and sold locally and export market. The agro processing project focuses on agriculture/production and at the same time improve the quality of company's Rice, Maize and Animal Feeds.

The main purpose of the agro processing project is to do modern farming, growing and processing of grains and manufacture of healthy animal feeds to correspond with the growing demand especially in this industrialization period to support the government emphasis on industries. The quality of company's products will guarantee customers satisfaction in implementation programme.

There is an extensive market to absorb all processed grains and animal feed produced by the company. It is on the basis of the above reasons the management resolved to invest in modern farming, processing of rice and maize and setting up facilities for manufacturing animal feeds.

In the establishment programme, the proposed agro processing project will farm 20 acres of Land in Kibaigwa, growing Rice and Maize, processing of rice & maize and manufacturing of animal feed.

Hence the establishment programme of three years in growing and processing Rice & Maize and manufacturing of Animal Feeds. The Agro processing Project is estimated to be USD 1,000,000. The estimated capital investment cost of USD 1,000,000 will be on new and modern agricultural machinery, tractors, irrigation equipment & pipes, harvesters, fertilizers, grains silos, rice huller machines, Rice mill, Maize Mill, Maize Huller machine, Animal feed processing plant, equipment, generators, utility vehicles and other expenses.

3. MARKET POTENTIAL

Food is important to people's life. Rice and Maize is our staple food. A food is something that provides nutrients. Nutrients are substances that provide: energy for activity, growth, and all functions of the body such as breathing, digesting food, and keeping warm; materials for the growth and repair of the body, and for keeping the immune system healthy.

There is very big market potential for the staple food rice and maize flour as well as animal feed. Therefore, there is high demand of the rice & maize flour and animal feed by people for food and their animals respectively. And the market is growing day by day especially in urban & rural areas and export market.

People who practice husbandry/ keep Animals such as cattle, goat, chicken needs good animal feeds to feed their animals to grow fast healthy. The Animal feed is important for modern livestock keeping.

The recent market survey undertaken by the company has realized that there is high demand for rice & maize flour and Animal Feed in urban as well as rural areas.

High quality and goodwill are the factors which will make the project dominates the market. There are few manufacturers and importers who can compete with the company's high quality processed and well packed grains and animal feeds.

The company also expects to increase export of the well packed Rice & Maize flour and Animal Feeds to the neighboring countries especially in this establishment programme.

4. THE COMPANY'S OBJECTIVES

M/S CTI AGRO ENTERPRISES LIMITED is a project for extensive modern farming, growing and processing rice &

maize and manufacturing animal feeds for both local and foreign market.

The mission of agro processing project is basically aimed at production and marketing of the rice & Maize flour & Animal Feeds for local and export market in order to achieve the following objectives.

- ❖ The government revenue through taxes and other levies.
- ❖ To foster the growth of agro processing industry in Tanzania.
- ❖ The Company will create more employment (more job opportunities from unskilled to professionals/technicians etc.)
- ❖ Skill development (human resources development) through on job training and use of modern machinery and new technology application.
- ❖ Income generation, alleviation of poverty and improve their social welfare employees.
- ❖ To reduce dependence on external sources for importation of rice, maize and animal feeds.
- ❖ To promote local markets for locally grown grains as well as animal feed locally produced
- ❖ To promote quality (Tanzanian Brand).
- ❖ To promote growth and expansion of private sector.

5. PLAN/PROSPECTS

- ❖ High production performance and increase the volume of production capacity
- ❖ To increase export market in neighboring countries and hence resulting foreign earnings in addition to the prevailing local market.
- ❖ To import new plant/machinery with introduction of new technology.

6. SHAREHOLDERS (PROMOTERS)

The following are the shareholders/ promoters of **M/S CTI AGRO ENTERPRISES LIMITED** and their shareholder's position are: -

No	Name of Shareholders	No. of Shares	Nationality	% shareholding structure
1.	Sunil Ramanlal Mistry	25	Tanzanian	25%
2.	Seema Sheel	25	Indian	25%
3.	Xinglong Yan	25	Chinese	25%
4.	Xiong Jun	25	Chinese	25%

Therefore, the authorized capital of the company is Tshs. 100,000,000/= divided into 100 ordinary shares of Tshs. 1,000,000/= each. The Company shall have power to increase its capital and to divide the shares in its capital for the time being into several classes of stock or shares and to attach thereto respectively such preferential, deferred or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company.

7. LOCATION

The company's business premises (Farm 20 acres and Animal feed factory) are located at Plot No. ..., Kibaigwa - Kongwa District in Dodoma Region. Postal Address P. O. Box 38678 Dar Es Salaam.

8. COMPANY'S IMPLEMENTATION SCHEDULE

8.1 JANUARY - 2022

- ❖ Preparing feasibility study for extensive modern farming, processing of rice and maize and setting up facilities for manufacturing of animal feeds.
- ❖ Registration of the proposed Agro Processing project with Tanzania Investment Centre i.e. Application for the Certificate of incentives.
- ❖ Getting Certificate of Incentives
- ❖ Recruiting Farmworkers
- ❖ Start farming, Clearing the Land and Planting Rice and Maize

8.2 FEBRUARY - 2022

- ❖ Application for Tax exemption on CAPITAL/ DEEMED CAPITAL GOODS after being awarded certificate of incentives in the Establishment Programme.
- ❖ Ordering & Importing agricultural tractors, agricultural equipment, irrigation equipment & pipes, harvesters, caterpillars, Rice Mill, Rice Hullers & Maize Mill, Maize Hullers, Processing Plant, Animal Feed Millers, fertilizers, tools, generators, transformer, utility vehicles etc.

- ❖ Clearing the CAPITAL/DEEMED CAPITAL GOODS from customs control (at the Port and Airport).

8.3 MARCH - 2022

- ❖ Installing the Processing Rice & Maize Hullers/ Mills. Animal Feed Millers.
- ❖ Fully commencement of farming and production in its implementation programme

9. CAPITAL INVESTMENT COST

Land/Building	USD \$	200,000
Plant/Machinery	USD \$	950,000
Vehicles	USD \$	50,000
Furniture and Fittings	USD \$	-
Pre-expenses	USD \$	25,000
Working Capital	USD \$	<u>25,000</u>
TOTAL CAPITAL	USD \$	<u>1,250,000</u>

The proposed programme in extensive modern farming, processing of rice and maize and setting up facilities for manufacturing of animal feeds is to be implemented within 3 years. The company's promoters (shareholders) have resolved to register the farming & animal feeds Project with Tanzania Investment Centre (TIC) and securing the certificate of incentives.

10. FINANCIAL PLAN (SOURCE OF FUNDS)

M/S CTI AGRO ENTERPRISES LIMITED has firmed up finances for the implementation programme by its own foreign fund and loan:-

Own fund (equity)	USD \$ 900,000
Foreign loan	<u>USD \$ 350,000</u>
TOTAL	<u>USD \$ 1,0250,000</u>

11. Modern farming, processing of rice & maize and manufacturing of animal feeds

- i. - Cultivation & Planting,
- ii. - Large scale farming; maize and rice.
- iii. - weeding and spraying.
- iv. - Harvesting.
- v. - Rice and Maize Processing.
- vi. - Animal Feeds manufacturing
- vii. - Grading & Packing

12. LIST OF MACHINERY & EQUIPMENT & VEHICLES

- i. - Farming equipment, irrigation equipment.
- ii. - Tractors, Harvesters, silos
- iii - Rice and maize processing machinery, Millers, Hullers.
- iv. - Animal Feeds machinery.
- v. - Generator.
- vi. - Transformer
- vii. - Utility Vehicles such as trucks, hard tops, Pick-ups, staff bus, motor cycles etc

13. SUBMISSION

M/S CTI AGRO ENTERPRISES LIMITED wishes to submit its investment proposal and application to the Tanzania Investment Centre (TIC) its plan for registration and award of certificate of incentives in the establishment programme.

The farming and processing Project will start after the project is registered by Tanzania Investment Centre and being awarded the Certificate of incentives. The award will make the Project

qualify for tax exemption on CAPITAL/ DEEMED CAPITAL GOODS.

14. CAPACITY

The Farm will be on 20 acres of arable Land. The Production capacity for the Rice will be 200 MT per day. For the Maize will be 100 MT per day and for the animal Feed will be 100 MT per Day.

15. ECONOMIC GROWTH

Positive economic growth which had been registered in Tanzania, have attracted more investments in the Tanzania like the proposed farming and processing project. The economic growth influenced such projects as the demand for rice & Maize and Animal Feed is growing day by day for the increased population and husbandry.

15. COMPETITION/MARKET

Despite there being numbers of manufacturers and importers of Rice & Maize and Animal Feeds still the supply is not enough compared to the level of demand.

However, the proposed project for Farming, Rice & Maize processing and manufacturing of high quality Animal Feeds expects to dominate the local and export market because the project ensures high quality and well packed products.

17. ADVERTISEMENT

Advertisement, which forms part of the marketing strategy, will be embarked upon in the newspapers, street banners and

later on in the televisions in a manner benefiting the promotional role of any company or private institutions.

18. BUSINESS STRATEGY

In order to meet the current demand and high productivity the management of the company will develop and implement additional strategies which will capture markets

- ❖ Technology/product quality and design,
- ❖ Advertisement/promotion,
- ❖ Employing qualified and experienced personnel,
- ❖ On job training,
- ❖ Business Discipline.

19. ENVIRONMENTAL ISSUE

The manufacturing processes and the whole project is environmental friendly. The modern farming, rice & maize processing and manufacturing process of high quality Animal Feeds will not cause any harm to people. The remains and related materials are not harmful and will be recycled in the process of animal feeds.

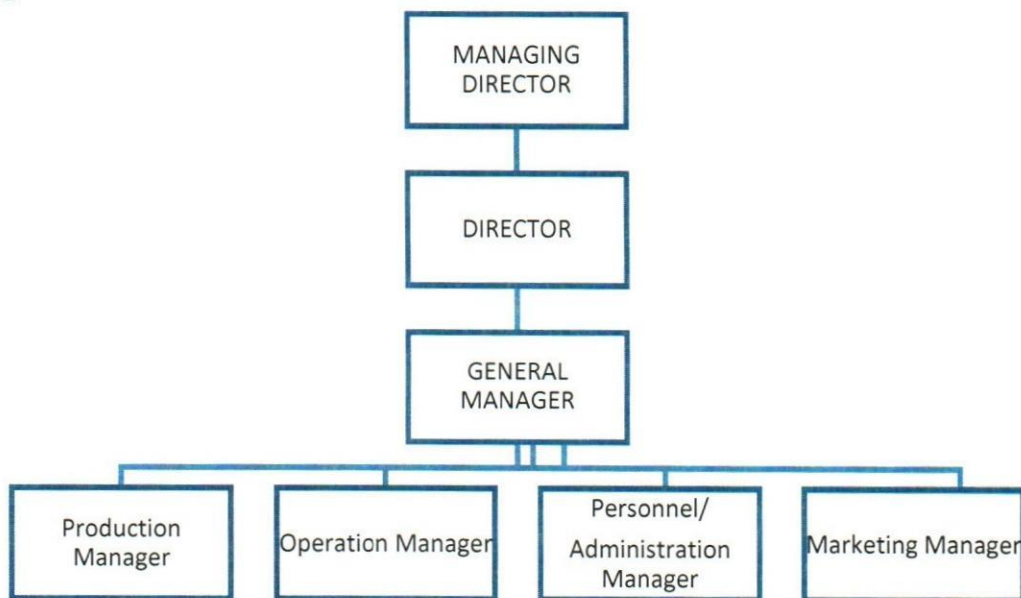
20. PROJECT MANAGEMENT

The overall management of the company is vested in the Board of Directors. Mr. Sunil R. Mistry is the Managing Director of the Company; he is well versed in such agro processing projects. The other Directors are Seema Sheel, Xinglong Yan and Xiong Jun.

THE
CHART

COMPANY'S

ORGANIZATION



21. MANPOWER AND TRANSFER OF TECHNOLOGY

This project being Modern Farming, Rice & Maize processing and manufacturing of high quality Animal Feeds in its establishment programme will usher in the country new technology (Transfer of knowledge/technology). The advantages to the country are quite significant, and will get the advantage of value addition due to such incoming technology.

Furthermore, the country can reduce its dependence on importation of Rice & Maize and Animal Feeds etc. Hence Tanzanian will be able to purchase high quality & well packed Rice & Maize Flour - Tanzanian Brand and Animal Feeds at a reasonable price.

The Proposed agro processing Project will cause more people to be employed in the farm and factory initially about 50 local people. The Local people will increase their income, improve

their social welfare and pay taxes; it is poverty alleviation programme to them.

22. CONCLUSION AND RECOMMENDATION

The proposed project financial evaluation done so far indicates that this project will be profitable both economically and financially viable venture. There are many other benefits direct and indirect of this project.

The management being experienced businessmen possesses ample managerial capabilities in various business disciplines. Based on the above factors, it is recommended that the company should be granted the certificate of incentives for the implementation of the farming & processing project in order to make such project to qualify for tax exemption on CAPITAL/ DEEMED CAPITAL GOODS and increase its production capacity.

23. FINANCIAL AND ECONOMIC ANALYSIS

23.1 Projected Profit and Loss Account

The company envisages generating a profit of USD \$ 160,000 this operating year. The profit amount is expected to steadily rise to USD \$ 170,000 in year two, USD \$ 180,000 in year three and USD \$ 190,000 in year four.

23.2 Projected cash flows

The projected cash flows for the next five years indicate that the company will have enough funds to service/repay the loan and interest payments. Hence the financial obligations will be met in a timely fashion.

23.3 Proposed Balance Sheet:

The projected balance sheet shows healthy financial situation. Short term liabilities are at all times covered by fixed assets. Also current liabilities are adequately covered by current assets.

24. SENSITIVITY ANALYSIS

To assess further the viability of the implementation project, sensitivity analysis has been worked out on the basis of several unfavorable conditions that might negatively affect the operations of **M/S CTI AGRO ENTERPRISES LIMITED**

24.1 Effect of cost increase on profitability (on the basis of year II PVC AGRO PROCESSING INCOME in "000" USD \$)

Income	Costs	Increase	Profit before depreciation
665,000	495,000	%	170,000
665,000	519,750	5%	145,250
665,000	544,500	10%	120,500

24.2 Effect of AGRO PROCESSING INCOME decrease/drop on profitability (on the basis of year II costs in "000" USD \$)

Income	Income Decrease	Cost	Profit before depreciation
665,000	%	495,000	170,000
631,750	5%	495,000	136,750
598,500	10%	495,000	103,500

The viability/profitability of the company operations appears more sensitive to sale income/revenue than increase in the operating costs. This implies that the company should strive to

maintain the existing market and undertake an aggressive marketing strategy to hire more clients and expand its market or clients base.

25. LIST OF CAPITAL/ DEEMED CAPITAL GOODS

- i. - Farming equipment, irrigation equipment & pipes.
- ii. - Tractors, Harvesters, Silos
- iii. - Rice and maize processing machinery.
- iv. - Animal Feeds machinery. Millers, Hullers
- v. - Generator. Caterpillars.
- vi. - Transformer
- vii. - Utility Vehicles such as trucks, hard tops, Pick-ups, staff bus, motor cycles etc

26. Modern farming, processing of rice & maize and manufacturing of animal feeds

- i. - Cultivation & Planting, fertilizing. irrigation
- ii. - Large scale farming; maize and rice.
- iii. - weeding and spraying.
- iv. - Harvesting.
- v. - Rice and Maize Processing.
- vi. - Animal Feeds manufacturing
- vii. - Grading & Packing

Appendix I

M/S CTI AGRO ENTERPRISES LIMITED

PROJECTED INCOME STATEMENT

(Fig. USD \$ '000')

Income	Years				
	I	II	III	IV	V
Sales Income	630.0	665.0	700.0	745.0	780.0
Total Income	630.0	665.0	700.0	745.0	780.0
Utilities	200.0	200.0	200.0	200.0	200.0
Salaries and wages	60.0	70.0	80.0	90.0	100.0
Transportation/fuel	30.0	30.0	30.0	30.0	30.0
Administrative Expenses	120.0	125.0	130.0	145.0	150.0
Other Expenses	60.0	70.0	80.0	90.0	100.0
Total Expenditure	470.0	495.0	520.0	555.0	580.0
Net Profit (pre tax and depreciation)	160.0	170.0	180.0	190.0	200.0

Appendix II

M/S CTI AGRO ENTERPRISES LIMITED

PROJECTED CASHFLOW STATEMENT

(Fig. USD \$ '000')

Year	I	II	III	IV	V	Total
Cash inflow						
Income from operation	160.0	170.0	180.0	190.0	200.0	900.0
	160.0	170.0	180.0	190.0	200.0	900.0
Cash outflow						
Interest payments	30.0	24.0	18.0	12.0	6.0	90.0
Loan re-payment	60.0	60.0	60.0	60.0	60.0	300.0
Wear & tear	10.0	12.0	14.0	16.0	18.0	70.0
Taxes	10.0	10.0	10.0	10.0	10.0	50.0
	110.0	106.0	102.0	98.0	94.0	510.0
Surplus cash generated	50.0	64.0	78.0	92.0	106.0	390.0

Appendix III

M/S CTI AGRO ENTERPRISES LIMITED

PROJECTED LONG TERM LOAN REPAYMENT

(Fig. in USD \$ '000')

	Repayment			
Year	Principal	Interest	Total	Amount
O				300.0
I	60.0	30.0	90.0	240.0
II	60.0	24.0	84.0	180.0
III	60.0	18.0	78.0	120.0
IV	60.0	12.0	72.0	60.0
V	60.0	6.0	66.0	0

Appendix 1V

M/S CTI AGRO ENTERPRISES LIMITED

PROJECTED BALANCE SHEET

(Fig. in USD \$ '000')

No.	ITEM	YEAR 1	YEAR II	YEAR III	YEAR IV	YEAR V
	Source of funds					

1.	Shareholders funds	100.0	150.0	200.0	250.0	350.0
2.	Long term Loan	90.0	84.0	78.0	72.0	66.0
3.	Associated Cos/ Directors	100.0	100.0	100.0	100.0	100.0
4.	Current Liabilities	200.0	250.0	300.0	350.0	400.0
		490.0	584.0	678.0	772.0	916.0
	Application of funds					
1.	Fixed Assets	300.0	300.0	400.0	500.0	600.0
2.	Current Assets	190.0	284.0	278.0	272.0	316.0
		490.0	584.0	678.0	772.0	916.0