

HALIMA AGRO FACTORY (T) LTD

BUSINESS PLAN

FOR

TANZANIA INVESTMENT CENTER

FROM

HALIMA AGRO FACTORY (T) LIMITED.

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For
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ABBREVIATIONS

SMEs	Small and Medium Enterprises
TAPBDS	Tanzania Association of Professional Business Development Services Providers.

TABLE OF CONTENTS

COMPANY DESCRIPTION.....	6
Company Description	6
Vision.....	6
Mission.....	6
Company Values.....	6
Goals	7
Objectives	7
BUSINESS DESCRIPTION.....	Error! Bookmark not defined.
Introduction.....	9
Products Description.....	9
SWOT ANALYSIS:	10
Mitigation Strategies.....	11
Proposed Product Line.....	12
Customer’s Description.....	13
Distribution of the Products.....	13
Physical Location.....	13
MARKET ANALYSIS.....	14
Target Markets.....	14
Public Institutions	14
Market Size & Trends.....	15
Competition Analysis.....	15
OPERATIONAL AND MANAGEMENT PLAN.....	17
The Management Structure of HALIMA AGRO (T) LTD	17

Competence of Key Management Personnel	18
Business Ownership Structure	19
Advisory Team.....	19
Operational Units	19
Operational Gap.....	19
Financing Plan	Error! Bookmark not defined.
FINANCIAL ANALYSIS	21
Past Performance of the business.....	21
Financial Projections.....	22
CRITICAL RISKS ASSESMENT	24
Identification of Risks.....	24
Business Risks.....	24
Mitigation Measures.....	24

COMPANY DESCRIPTION

Company Description

HALIMA AGRO FACTORY (T)Limited is a legally registered company dealing with Off-taking, processing and supply of cereals i.e. maize and maize products, buying and selling of maize. It bears a registration number 84638, Tax Identification Number 114-239-232. The core business of the entity is to process maize flour and supply maize flour, maize corn and maize. HALIMA AGRO started its business operations since 2011, started as small as manual processing of maize flour with only one worker and production capacity of two bucket of maize. Currently the company serves large private and government institutions, schools, wholesalers and Individuals. The business has its physical processing plant and main business offices located at Nyegele street, Malangali ward in Sumbawanga district.

Vision.

“To become a sustainable producer and supplier of maize flour in Tanzania southern highlands”

Mission.

“To provide quality and reliable maize flour that meets the requirement of the market and the regulatory authorities.”

Company Values.

HALIMA AGRO (T) LTD believes in the following values in dealing with, customers and suppliers:

- **Team Spirit.**

Although each member has a defined role, all shall work as one team, supporting each other as needed to meet group goals

- **Trust and Respect:**

The company treats members, management, suppliers, customers and the community at large with highest degree of honest, openness and respect.

- **Accountability:**

The Company accepts responsibilities for actions of and works on feedback from customers and other stakeholders to enhance quality of its products and services.

▪ ***Passion for Quality:***

The company seeks to provide high quality maize flour with the view to exceeding customer satisfaction.

Goals

The company goals are:

- (i) To improve production, processes and quality of maize flour with the capacity to serve the domestic and regional markets,
- (ii) To improve partnerships with farmer organizations for the purpose of stabilizing the constant supply of materials to the factory.
- (iii) Malnutrition is a widespread problem throughout Africa. *Halima Agro Limited* intends to lessen this problem directly by supplying a healthy maize flour with nutrients (Fortification).
- (iv) In the future the company expects to work with research Institutes and crop experts to develop ***a protein*** enriched maize flour.
- (v) To increase youth & women employment through direct and indirect company operations.

Objectives

The objectives of the company are:

- To produce, process and supply at least 500 MT annually of the best and quality maize flour that responds the customer's requirements.
- To produce maize flour and sell it to domestic and regional markets at least serving 1% of market share,
- To diversify customer choice by incorporating different pack sizes and nutritional requirements especially for individual customers,
- To improve partnerships with smallholder farmers through farmer organizations (FOs) at least 10 working agreements every year.

BUSINESS DESCRIPTION

Introduction.

Maize is the one of the most important food crops in Tanzania, it comprises more than 30% of the cultivated arable land (13.5 million ha) area. Rukwa town has 36 maize processors each of a similar size processing up to 500 tonnes of maize flour in a year. This implies that there is average of 45 competing supply chains, which if amalgamated in some way would be substantial.

Maize flour is thought to be an attractive vehicle for fortification because it is a staple food for a large proportion of the population, including poor and vulnerable households who consume it regularly. As in many lower- and middle-income countries, the maize milling industry in Tanzania is comprised of two distinct types of mills. Only around a dozen roller mills operate on a large-scale throughout the country, with an estimated 95% of maize flour being produced by small and medium-scale hammer miller operators.

HALIMA AGRO (T) LIMITED is headquartered in Rukwa, it deals with maize flour processing, buying and selling of maize and beans, and selling of maize corn. Halima Agro has identified the opportunity to expand the business to UN Agencies and may be later on to regional markets that its demands increase day after day. Halima Agro maize flour has been highly demanded and consumed because it is fortified to mitigate malnutrition rate in southern highlands regions.

Products Description

HALIMA AGRO (T) LTD is dealing with the processing of maize flour, selling of maize flour, buying and selling of maize, and selling of maize corn for animal feed. The maize flour is packed in 25kg; maize is sold in a sack sized 90-100kg while maize corns are sold in a tin size. However, some of these products are packed and distributed depending on the customer orders and preferences.

Halima Agro maize flour is said to have consumers in Rukwa, Songwe, Mpanda, Mbeya, Congo, Mtwara, Lindi and Kigoma. The flour has gained its popularity to the UN supporting organisations and even outside the country due to high quality and its fortification nature.

SWOT ANALYSIS:

The SWOT Analysis of HALIMA AGRO FACTORY (T)LTD is analyzed as follows:

<i>STRENGTHS</i>	<i>WEAKNESSES</i>
<ul style="list-style-type: none">▪ Experience on maize milling Industry about 12 years.▪ Have acquired entrepreneurial training skills from TAPBDS.▪ Well known and highly demand of Halima agro products.▪ Many different organizations already working on maize and supporting maize farmers' development; hence assurance of raw materials supply.▪ Have selling contract with 35 farmers group▪ Enough production space of about 6 hectors▪ Flexible to any distribution channels according to customers' needs.▪ Most maize farmers are transformed from g at subsistence growers to commercialization, hence sustainable supply of maize in the market.	<ul style="list-style-type: none">▪ Lack of organisation management skills▪ Lack of capital to purchase maize for processing▪ They have limited capital to build storage silos of 5,000M/T and purchasing high capacity milling machines of processing 30-60 M/T per day.
<i>OPPORTUNITIES</i>	<i>THREATS</i>

- Availability of the government policy that is encouraging innovation and agro processing.
- The high increase of awareness and demand of fortified maize flour
- External trade
- Change of government rules and regulations.
- Competitors.
- Exporting challenges.

Mitigation Strategies.

	Weaknesses	Mitigation Strategies
1	<ul style="list-style-type: none"> • Lack of organisation management skills 	<ul style="list-style-type: none"> • The company is planning to hire a high qualified Business Administrator for about six months, who will be orienting the existing human resources on how to operate the business professionally
2.	<ul style="list-style-type: none"> • They have limited capital to build storage of 3000M/T and purchasing high capacity milling machines of processing 10-20 M/T per day. 	<ul style="list-style-type: none"> • Halima Agro is developing a financially viable business plan that will be presented and used to solicit funds from NMB and other financial providers who will be able to provide funds on simple and reasonable terms. Encourage Partners to increase the size of their production; but also encourage other farmers to produce in large extent and sell their products to the company.
	Threats	Mitigation Strategies

1	<ul style="list-style-type: none"> ▪ Change of government rules and regulations. ▪ Availability of many local small-scale millers in the area create a competition edge. 	<ul style="list-style-type: none"> • The company will make follow up of issues that arise and affect the company and report to the authority concerned. • The company will ensure is conducting customer satisfactory surveys after every specified period of time to detect and respond to any issue that might arise from the customers. As well as the company will have a separate unit that deals with customers and marketing issues
2.	<ul style="list-style-type: none"> ▪ Export challenges. 	

Proposed Product Line

Product	Current Practice	Proposed Practice
Maize flour, Maize and maize corn	Maize is purchased from farm organisations and some of it is processed for getting flour, some is sold and the end product that is maize corn is sold to animal feed processors.	To buy maize in bulk and store it in silos so that to tackle the issue of inflations.
Supply of Products	Now main production and initial sales are concentrated in one point i.e Sumbawanga. There after the distribution is done	There is a plan to have a sales point that will be away from a production area where by customers who wish to buy direct they can get from there.

	to Wholesalers and large consumers.	
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Customer's Description.

Customers	Current Base	Proposed Base
Private and Public Institutions, Restaurants, Schools, Wholesales and Individuals.	Although the production area is based in Rukwa, the market segment of Halima Agro is in mainly Mpanda, Songwe, Mbeya, Morogoro, Kigoma, Congo, Mtwara and Lindi.	Expected to extend to other Regions of Tanzania and supply to UN Agencies. It is expected to look on cross border market in the near future.

Distribution of the Products.

- i. *Distribution for Local market.* The products are sold direct to large consumers and local wholesaler. Either through direct delivery or they come at HALIMA AGRO to collect the product.
- ii. *Distribution for Regional Markets.* HALIMA AGRO is supplying the product and deliver to its regional customers to their selling points.

Physical Location

The factory is located at Nyegele street, Sumbawanga district in Rukwa region. The place is near the road easily to be accessed throughout the year in all weather.

MARKET ANALYSIS

Target Markets.

- **Individual**

Most of people in Rukwa especially and other near regions would like to use *Halima Agro* maize flour as it is fortified that makes it very nutritious and it helps the users to fight against malnutrition especially in southern highlands. The company priority is to strengthen the available market before they extend to other individuals in other Regions that are not mentioned. HALIMA AGRO FACTORY (T) LTD has planned to serve this market in a maximum satisfaction.

- **Private institutions.**

These customers have the ability to place a big order according to the requirement of the institution. Most of these institutions buys in Bulk. The Business intends to expand more and look more of the similar customers. Our business wants to expand this market because after having a big storage it will be able to produce in large quantity.

The targeted institutions are:

- Schools both private and government from nursery, primary and secondary school.
- Hospitals,
- Restaurants and Hotels.
- UN Agencies

- **Public Institutions**

Through use of Exhibitions and attending public events; HALIMA AGRO will have an opportunity to pursue potential customers and create referral points with the public Institutions and agencies. This approach has worked out other businesses, therefore there is 80% that it can work with Halima Agro, and by attending NaneNane exhibitions and other exhibitions that involves Agriculture products and or entrepreneurs.

- **Retailers and Wholesalers**

Another target market segment to focus will be the retailers and wholesalers of maize flour. Currently we have been selling to several wholesalers; our plan is to penetrate to the market and pursue for more maize flour retailers and wholesalers for the products.

- **UN Agencies:** This is another market we need to exploit. Having equipped ourselves with enough quantity and quality product for United Nations agencies, through their projects especially those dealing with refugees. We will strategize on how our product can benefit and be used in refugee's camps.
- **Farmers (Animal Feed):**
Our Business also focus to the Animal keepers(Farmers) for our maize corn Product. We intend to sell in retail and bulk.

Market Size & Trends.

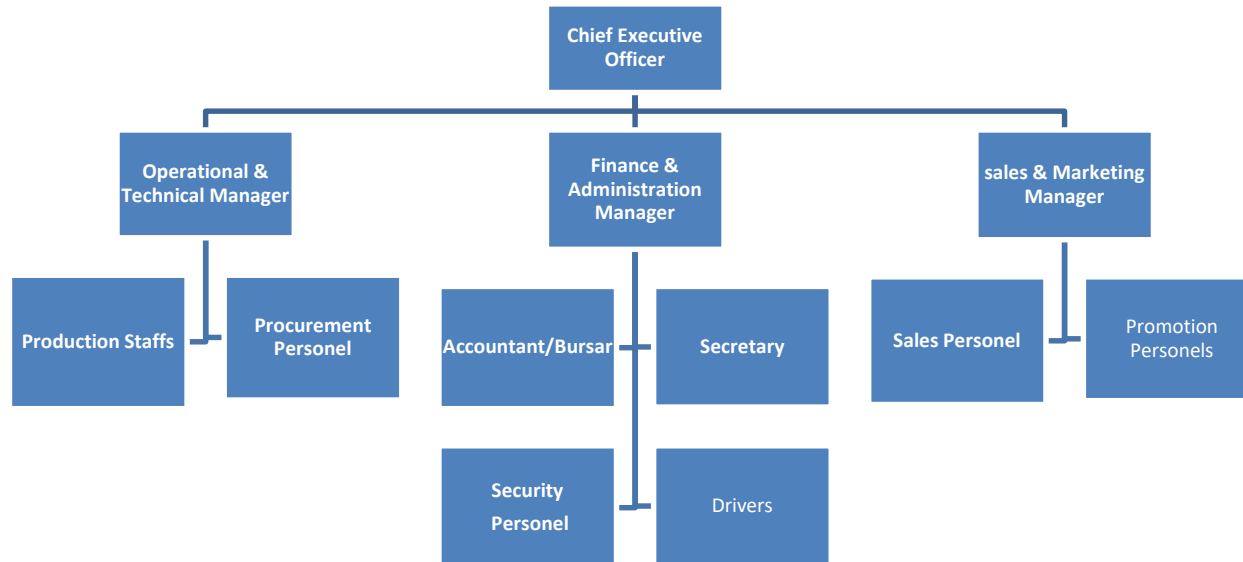
The business is currently selling in Tanzania especial in Rukwa, Songwe, Mbeya, Mpanda, Lindi, Congo and Mtwara Regions; with core focus on supply of Processed maize flour. HALIMA AGRO LIMITED has established an average of selling 300MT of maize flour each year. There is positive growth trend of demand for fortified maize flour especially after many people are becoming more health conscious and so they are joining the government initiatives towards fighting malnutrition especially to children. This has led to the business potentiality and broaden the room for more expansion of the market to other UN Institutions where nutritious food is more valuable.

Competition Analysis

In Rukwa Halima Agro does have heavy competitors, as many of them are large scale producers who buy and process in large quantity while *Halima Agro* have capacity to buy in large quantity and produce at high quality and quantity. *Halima Agro* is located to the accessible area where it is easy for clients to reach out, also it is flexible in delivering its products to customers. Also Halima Agro has a network of 35 Farmer groups who sell their maize for production, these farmers are having contracts with *Halima Agro* and therefore their production is reliable to sustain *Halima Agro* production. However, in other regions like Mbeya the market is dominated by large scale producers like *Energysembe*. The only different that Halima Agro makes in the market is that its maize flour is fortified that makes it to be in the competition edge with other giant producers. Therefore, due to the high increase of health consciousness the demand for *Halima Agro* is still at competition level.

OPERATIONAL AND MANAGEMENT PLAN

The Management Structure of HALIMA AGRO (T) LTD



The above organization structure has been proposed to HALIMA AGRO to ensure the business is operating efficiently and professionally. Whereas for now the company has 16 employees but some of the positions were not filled up and hence led to overlapping of some activities, or some activities were ignored or done by one person thus led to underperforming of some duties. Therefore, the structure now suggests that at least there could be one general manager and beneath could be other 3 assistant managers i.e Operational & Technical manager, Finance & administration manager, sales & marketing manager. Beneath Operational & Technical manager could be production staffs the number should be according to the operation capacity of the factory, and Procurement personnel. Beneath

Finance & Administration manager follows Account & secretary, security personnel and 4 drivers. Beneath Sales and marketing managers follows sales personnel's and promotion personnel's, their number should range the target market to be reached.

Competence of Key Management Personnel

Below are some of the descriptions of duties and responsibilities of the HALIMA AGRO Personnel's:

S/N	POSITION	DUTIES AND RESPONSIBILITIES
1	Chief Executive officer (CEO)	To oversee the business operations To plan and take appropriate decisions To ensure that the business lives to its core plans and objectives by ensuring a disciplined workforce and customer satisfaction
2	Managers (Operational, Finance & Admin and Sales & Marketing)	To manage Operations; Finance and Administration as well as Sales and Marketing functions of the Business, as per each.
3.	Sales Persons	To find customers and increase sales of HALIMA AGRO Products. Serving the existing market and search for new.
4.	Accountant or Bursar	To keep all the transactions and other records of the Business.

Business Ownership Structure

HALIMA AGRO is a company limited owned by a man named HanzuruniChayeRulaya Registeredby BRELA and attain certificate of incorporation number 84638, with 41 employees.

Advisory Team

The Company is going to establish very strong advisory team for the following area:

- (i) Business Development Consultancy and Advisory service – TAPBDS Company Limited.

Operational Units

Type of Unit	Main Role	Size of Staff
Technical Unit	Operating the machines and Processing of maize flour.	16 People
Marketing & Sales Unit	To deal with customer service, searching for customers, direct& indirect sales.	8People
Production & Procurement	Procure goods and maize from Farmers. Ensure constant supply of raw materials.	12People
Finance, Planning& Administration	Planning and allocating & Control resources,Front office Operation as well as handle managerial tasks within the Business. Monitor Business Distribution channels and ensure Security of the Business Properties.	5 People

Operational Gap.

Currently the HALIMA AGRO wants to expand her markets and increase the sales. The obstacle the business is facing is the space not enough to fulfil the desired objectives she has in her business. Halima Agro now wants to buy maize at large quantity once during the

harvesting season and store it so he can be using goods for production and other businesses. He says for now he can buy and store at least 500M/T of maize, while the business production per year is over 300M/T therefore he has to buy maize several times in a season to cover the market needs, while by doing so he is facing a challenge of price inflation of maize and sometimes in the market like this year the prices are very high. Have potential opportunity of selling more maize and flour and increases profit if he can be able to buy and store at large quantity. For the coming season the company has entered in contract with 35 farmer groups who will store and sell maize to Halima Agro Factory. Also the building of storage facility is in progress about 30%. The factory also has capacity of processing 10M/T of maize per day, capacity of their business will be easy and he can assure the sustainability and reliability of their product in the market.

FINANCIAL ANALYSIS

Past Performance of the business

The business has been operating with positive cash flows and growing profit margins (please see these on the attached audited financial reports).

Operating Results

The Comprehensive Income Statements of the business during the year 2022 and projected 2023-2024 years show the following operating results:

Financial Projections.

M/S HALIMA AGRO FACTORY (T) LIMITED , P.O BOX 93 , SUMBAWANGA.					
PROJECTIONS STATEMENT OF COMPREHENSIVE INCOME					
	NOTE	31.12.2024	31.12.2023	31.12.2022	31.12.2021
SALES		378,900,000.00	315,750,000.00	263,125,000.00	269,468,000.00
LESS: COST OF GOODS SOLD		(265,230,000.00)	(221,025,000.00)	(184,187,500.00)	(189,259,620.00)
OTHER INCOMES		57,570,000.00	62,520,000.00	42,570,000.00	37,438,170.00
GROSS PROFIT		171,240,000.00	157,245,000.00	121,507,500.00	117,646,550.00
					-
LESS:OPERATING EXPENSES					-
TRANSPORT & HANDLING CHARGES		16,261,125.00	15,787,500.00	13,156,250.00	8,040,340.00
PROFESSIONAL & ACCOUNTANCY FEE		1,200,000.00	1,105,125.00	1,315,625.00	1,000,000.00
SARRIES AND WAGES		22,544,550.00	22,102,500.00	18,418,750.00	12,860,000.00
DIRECTORS REMUNERATION		6,315,000.00	6,315,000.00	6,578,125.00	5,000,000.00
REPAIRS AND MAINTENANCE		8,051,625.00	7,893,750.00	7,893,750.00	8,456,300.00
FINANCIAL EXPENSES		3,189,075.00	3,157,500.00	2,631,250.00	1,822,893.00
MARKETING AND DISTRIBUTION		8,051,625.00	7,893,750.00	5,262,500.00	3,435,254.00
RENTAL EXPENSES		-	-	-	-
ADVERTISEMENTS AND PROMOTIONS		-	-	-	-
OTHER EXPENSES		22,734,000.00	25,260,000.00	26,312,500.00	31,322,497.00
DEPRECIATIONS		15,283,721.69	14,151,594.16	11,559,908.41	8,244,569.00
TOTAL OPERATING EXPENSES		103,630,721.69	103,666,719.16	93,128,658.41	80,181,853.00
NET PROFIT BEFORE INTEREST & TAX		67,609,278.31	53,578,280.84	28,378,841.59	37,464,697.00
INTEREST ON LOAN		(10,833,333.33)	(19,270,833.33)	-	-
NET PROFIT BEFORE TAX		56,775,944.98	34,307,447.51	28,378,841.59	37,464,697.00
LESS: TAXES		(17,032,783.49)	(10,292,234.25)	(8,513,652.48)	(11,239,409.10)
NET PROFIT AFTER TAX		39,743,161.48	24,015,213.26	19,865,189.11	26,225,287.90

The business has projected that during the next 3 years the turnover would grow by double from the preceding year's activities. The company will earn net profit after tax (NPAT) of TZS**26.2Mil, 19.8Mil,24Mil and 39.7Mil** in the years **2021/22, 2022/23,2023/24and 2024/25**respectively. The credit facility will enable the business expand its operations by adding purchasing of raw materials, maize which will enhance effective production which will assure Productavailability to clients throughout the year. This means more customers will be wooed to purchase are products, which means more business hence more profits.

The financial projections and loan repayment schedule are not included in this flow (See them attached in Excel as Appendix I, II, III).

CRITICAL RISKS ASSESMENT

Identification of Risks

- In Rukwa, there are giant maize flour processing companies (i.e. competitors) like Fantashiru, energy sembe, Mwayaya and others with High capital and huge production.
- Change in the government regulations and authorities' conditions.

Business Risks.

- Operational risks – i.e. unreliability of power/electricity supply
- Change in Price of goods (maize).

Mitigation Measures.

HALIMA AGRO FACTORY (T) LTD will manage their risks through the following:

1. Pursuance of a business plan and management strategy, which anticipate absorbing risks. HALIMA AGRO FACTORY will use this plan as a guiding tool in its operations especially in reflecting and refining the financial projections and strategies.
2. *Halima Agro* will form alliance with professional institutions which shall help in provision of consultative advice on how well to maintain a productive business of Processing; especially on stock & quality control and sustaining the demand.
3. *Halima Agro* will secure capable generator for standby power supply at times when there is power portioning/ cut off.

