

RAZA AGRICULTURE INDUSTRIES LIMITED

BUSINESS PLAN

FOR THE

MIXED FARMING PROJECT

TO FARM

**CEREALS, LEGUMES AND HORTICULTURAL
CROPS**

IN

TANZANIA

PREPARED BY;

Raza Agriculture Industries Limited

P. O. BOX 22521

DAR-ES-SALAM

January 2023

1.0 EXECUTIVE SUMMARY

1.1 BACKGROUND

Raza Agriculture Industries Limited entails establishing of a commercial farming and trading of Agri-products to cater for local & export market in Pangani, Tanga Region, Tanzania. **Raza Agriculture Industries Limited** is a veteran in trading and distribution of various agriculture products and now have decided to venture into their own mixed farming activities for the farming of Cereals, Legumes and Horticultural Crops in order to satisfy the already established local /foreign market and increasing demand for maize and vegetables due to global growth of population, urbanization, health & diet issues and increase demand for animal feeds as well. Essentially the aim of the proposed venture is to apprehend the production of high-quality cereals, Legumes and horticultural products for exports. After confirming the possibilities of achieving the above objectives, the investors have decided to forge ahead with the investment. This report presents a full-fledged financial and techno-economic analysis status relevant to the proposed integrated mixed farming to be set up / operated in Pangani, Tanga Region.

1.2 PROJECT SPONSORS

M/S Raza Agriculture Industries Limited (RAIL) is the local limited liability company incorporated on 13th July 2020 and issued with certificate of incorporation No.142117851 to carry out the business of mixed farming, post-harvest crop activities, wholesale agriculture raw materials and live animals. The project sponsors is **Raza Agriculture Industries Limited** whose shareholders are Mr. Hassan Askari Rizvi-Tanzanian (85%), Asad Rizvi-Tanzanian (5%), Murtaza Shah Syed-Pakistani (10%). The Registered Office is located at Plot No1, Block B, Muungano, Milingano, in Muheza District in Tanga City, Tanzania. The shareholders have vast experience in initiating multitude of projects / investments and the one in question being inclusive. The Chairman of the company is the

driving force behind the project with his vast knowledge in Agriculture business in the East African region. The shareholding pattern is as follows;

NAME OF SHARE HOLDER	NATIONALITY	%SHARE-HOLDING
Hasan Askari Rizvi	Tanzanian	85
Murtaza Shah Syed	Pakistan	10
Asad Rizvi	Tanzanian	5

1.3 THE PROJECT

Raza Agriculture Industries Limited has decided to establish a commercial farming at plot no1, Block B, Ngomeni, Pangani in Tanga Region, Tanzania. The project entails commercial farming and trading of Agri-products to cater for export market of which will adopt the best technology. The project intends to develop 300 acres for maize and 6 acres for vegetables and also will purchase agricultural equipment and machinery. The company will also be involved with expansion of Agri-products trading including buying and selling of maize to cater for export markets.

Raza Agriculture Industries Limited(RAIL) is passionate to practice ethical and most modern precision farming to maximize the environmental, economic and sustainability of Agribusiness industry. For sustainable precision farming, RAIL is committed to adhere Environmental health, Economic Profitability and Social Equity. The developed agriculture land will be farmed as follows i) *maize 300 acres* ii) *Strawberry 1 acres* iii) *red onions 1 acre tomatoes 1 Arce red pepper 2 acres* . The project total cost has been estimated at USD **2,115,217** which includes **USD 434,783** as the initial working capital.

1.4 Investment Costs

The project cost is estimated at **US\$ 2,115,217** which will be contributed by the sponsors and the term loan:

ITEM	US \$
Fixed Assets	
Land and buildings	195,652
Machinery and Equipment	1,304,348
Vehicles	86,956
Furniture and Fittings	43,478
Pre-Operational expenses	50,000
Sub total	1,680,434
Initial working capital	434,783
GRAND TOTAL	2,115,217

1.5 FINANCING PLAN

The promoters propose to finance the above investment costs in the following manner:

SOURCE	US \$
Equity	376,086
loan	1,739,131
Total	2,115,217

1.6 LOCATION

The company will be located at Arusha at plot no1, Block B, Ngomeni, in Pangani, Tanga Region and is well served by all the necessary infrastructure and environment requirements and well suited to the nature of the envisaged project.

1.7 The Market

The main beneficiaries of the intended project are Animal feeds producers, Household, Hotels and Restaurant, Schools, Supermarkets, Individuals, Hospitals, Wholesalers and Retailers etc. (For Animal Feeds and Human Consumptions. The immediate produces from the farm will be processed by the company and products will be sold locally and in international market.

The company has performed an analysis of the local demand and supply and in the process, management has understood the competition, strengths and weaknesses of the market and they are well informed to tackle and penetrate the market. The market survey carried out reveals that there is an increasing demand for maize and vegetables due to global growth of population, urbanization, health & diet issues and increase demand for animal feeds as well. With market liberalization, rapid urbanization, rising incomes, changing dietary style and globalization and technological innovations, tremendous opportunity has arisen in farming and the company wants to tap these advantages. The survey concludes that the proposed mixed farming project will not face any marketing **problems**.

1.8 Financial Profitability:

Based on a set of assumptions given here-in, the projects demonstrate a profitable trend in its future operations. The project's Income Statement and Cash flow indicate M/S **Raza Agriculture Industries Limited** would be able to recoup the planned investment funds within the first six years. This indicates that the project is financially and economically viable.

1.9 The Implementation Plan:

It is planned that the project will start importing the required capital items from the time M/S **Raza Agriculture Industries Limited** commences implementation of the project to the time it completes the purchasing of all the

required machinery and equipment's. M/S M/S **Raza Agriculture Industries Limited** shall appoint a team comprising of a competent employee in all the departments in order to achieve the set implementation time.

1.10 Developmental Linkages:

Upon completion of the Implementation programme and operational, the mixed farming project will be capable of creating the following:

- ◆ Promote increased availability of agricultural products locally and for exports
- ◆ Generating foreign exchange through exports which will account to be 60% of its annual production
- ◆ Create employment for the local indigenous people;
- ◆ Promote inter-regional trade through exports to neighbouring Democratic Republic of Congo, and East African region just to mention a few.

1.10 CONCLUSION AND RECOMMENDATIONS

The executive summary highlights indicate that the proposed project is financially sound and techno-economically viable. Furthermore, the project has immense potential towards the earning of the badly needed forex earnings and substantial potential for job creation. It is recommended that the project be accorded the required institutional and financial support to pave the way for its expeditious establishment and development.

2.0 THE PROJECT

2.1 INTRODUCTION

Agriculture sector has been playing an important role as a key driver for economic growth of Tanzania since independence and accounts for approximately 65% of the population depends on both directly and indirectly. Agriculture contributed roughly **33.3 trillion Tanzanian shillings (TZS), around 14.3 billion U.S. dollars**, to Tanzania's Gross Domestic Product (GDP) in 2021. However, these facts literally mean that two thirds of Tanzanians are working to produce only one third of the country's GDP. In this sense, agriculture development plays an integral part not only in economic growth but also in poverty reduction in this country. It is on this strength that the company wishes to embark on the mixed farming activities for local and export market.

2.2 THE PROJECT CONCEPT

Raza Agriculture Industries Limited (RAIL) will carry out the business of mixed farming, post-harvest crop activities, wholesale agriculture raw materials and live animals. The project entails to develop 300 acres for maize on irrigation system as the farm has permanent water source from Pangani river at its Boundary and 6 Acres were cleared and developed for green house farming vegetables and also will purchase agricultural equipment and machinery, Irrigation systems, Filters and water treatment devices.

The project will also construct Business office building and will also be involved with expansion of Agri-products trading including buying and selling maize to cater for export markets.

RAIL is passionate to practice ethical and most modern precision farming to maximize the environmental, economic and sustainability of Agribusiness industry. The company will Develop farms at strategic locations using mechanized

agricultural machineries, irrigation systems and advanced technology in order to produce crops at cheapest cost and that will be sold at competitive price.

The farming activities is planned to start with full capacity utilization because the company will have adequate farming equipment and other productive resources. There will two farming cycles per annum for maize and three cycles for vegetables. 5 Products on 6 Acres for green house (2 acres for Tomato and 1 acre each for Strawberry, Cucumber, Onion and Red pepper Over 72 greenhouses, enclosing the 6 Acres. The basic inputs and materials required for vegetables and maize farming will include, seeds, pesticides, fertilizers, packing materials and manures.

2.3 PROJECT SPONSORS

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2.4 COMPANY VISION AND MISSION

The project promoters wish to see Raza Agriculture Industries Limited (RAIL) as the leading producer of agriculture products and be a meaningful contributor in carving the future of food and agriculture in Tanzania. The mission of Raza Agriculture Industries Limited (RAIL) is to add value to agriculture products by using cutting edge technology to ensure sustainable precision farming for optimum outcome. The customers should associate the company's name with high quality agriculture products produced to international standards in a modern environment. This includes positioning Raza Agriculture Industries Limited (RAIL) clearly in relation to the competitors and placing the company as a leading agriculture company in areas of production technology, quality control, safety, and working environment.

2.3 PRODUCTS DESCRIPTION

2.3.1 Farming Program

The farming activities is planned to start with full capacity utilization because the company will have adequate farming equipment and other productive resources. There will be two farming cycles per annum for maize and three cycles for vegetables.

2.3.2 Vegetables

The company line of production will be the green vegetable and red vegetable. The company will be growing, Strawberry, red onions, tomatoes and red pepper.

2.3.4 Cereals

The company will cultivate maize on the farmland and with properly irrigation systems the company will be able to produce maize throughout the year. Maize and rice are the top cereals produced in the country. With increasing cultivation

and the adoption of hybrid varieties and GM technologies, the country is expected to increase its share in the global grain trade over the coming years.

2.4 FARMING OPERATION & TECHNOLOGY

Land development, land preparation, sowing, irrigation water application, cultivation and harvesting are the main activities to be undertaken in the production of vegetables and maize. Land development component comprises of surveying and designing, land clearing, leveling and irrigation systems, access and farm roads construction. The farm machinery and equipment required for land development operation will be acquired locally.

Land preparation part includes plough, disking, harrowing and rigging. It will be followed by sowing seeds. The land preparation activities will be carried out by tractors equipped with different machineries while sowing will be done by planters. Irrigation water application will be done by machineries and harvesting will be done by harvesters.

The company intends to use satellite -farming which comprises of drone farming and green house farming.

Drone farming

Raza Agriculture Industries Limited (RAIL) will introduce the use of drones for the first time in East Africa. In precision agriculture, use of drones is a powerful tool for farmers and farm scientist to assess the health of different crops. With drones the company will an overview of its fields and will collect crop data much faster and more efficiently.

Green House Farming

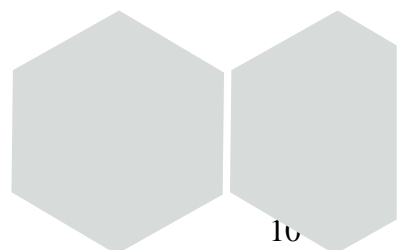
The company will start green house on 6 acres of land initially which will be extended in multiple folds within three years.

2.5 FARM MATERIALS AND AGRICULTURE INPUTS

Generally, seeds, pesticides, fertilizers, packing materials and manures are basic inputs and materials required for vegetables and maize farming.

2.6 UTILITIES

Electricity, water, fuel, lubricants, telephone and office supplies will be the major utilities by the envisaged vegetables and maize farming. Electric power is required for lighting and for operating electrical appliances. Fuel is required to run tractors, vehicles, generators and other machinery.



3.0 THE MARKET

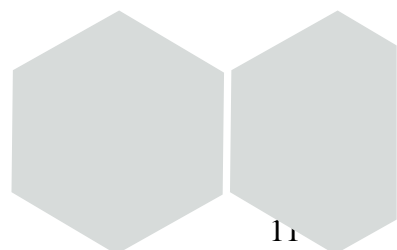
3.1 The Target Market

With market liberalization, rapid urbanization, rising incomes, changing dietary style and globalization and technological innovations tremendous opportunity have arisen in farming and they company want to tap these advantages. The company has embarked on great marketing campaign in international market and local market, RAIL has an established list of present customers and potential customers for exports market and improving distribution for local market

The immediate produces from the company will be processed by the company and products will be sold locally and in international market. The Exports market of fruit and vegetables from Tanzania have been growing in the past few years, becoming a leading sub-sector that drives the agricultural sector's growth. Therefore Company processing facility at Muheza Tanga where the vegetables will be processed and will be sold into current company market which includes South East Asia, India Sub-continent, Middle east and Tanzania local Market.

3.2 Market Analysis

Technological innovations, market liberation, rapid urbanization, rising incomes and changing diets, these all changing agriculture at an unprecedented speed and in diverse ways. They are creating new markets, opening new vistas to stimulating demand for high value products and making it possible for new participants, players to produce high quality food and other Agri-based products for the ever-dynamic market. These developments offer tremendous opportunities for



farmers. The company has embarked on great marketing campaign in international market and local market, and also has established list of present customers and potential customers for exports market and improving distribution for local market.

3.2.1 Maize. The Tanzanian grains market is expected to register a CAGR of 4.8% over the forecast period 2022-2027. The demand for cereals such as soybean, wheat, and maize are increasing due to a significant increase in animal feed demand. Production of crops like maize has significantly increased due to an increasing livestock population, which is driving demand for the feed industry. Commercial broiler feed-in Tanzania is very expensive and not affordable for small-holder farmers. Maize and protein concentrate traditionally comprise more than 70% of farm-made diets. Increasing demand from the animal feed industry is accelerating the production of grains. This trend is expected to continue well into the forecast period and drive the grains market. Maize

Agriculture in Tanzania is the source of livelihood for a majority of the population, employing around 68% of the total employed population while contributing 34% of the total GDP. Maize and rice are the top cereals produced in the country. Pigeon peas and dry beans lead the pulses production. Groundnuts and sunflowers are the highest-produced oilseeds. Cereal crops are mainly grown for domestic consumption purposes in Tanzania. With increasing cultivation and the adoption of hybrid varieties and GM technologies, the country is expected to increase its share in the global grain trade over the coming years.

3.2.2 Global Demand and Supply of Maize

Global cereal demand in 2020 was estimated at 2.1 billion tons and was expected for the first time to be a major shift in favor of maize with demand at 852 million tons. The growth in demand accessed being caused by population growth, urbanization and increase in animal feeds demand and ethanol production as well.

Global Maize supply is 1.12 billion tons hence there is the surplus of 268 million tons. The world encourages increase in production of maize in order to increase stock of surplus as the way to control famine during maize shortage. Therefore global demand for maize will keep on increase by 1.2% per annum (Source: FAO)

3.3 Vegetables

The Tanzanian fruits and vegetables market is projected to register a CAGR of 6.8% during the forecast period, 2022-2027. Increase in Health Consciousness among Consumers-The growing health consciousness among Tanzanian consumers has resulted in consumers spending more on healthier foods such as fruits and vegetables. Health complications, such as weakening of the immune system and vitamin-C deficiency along with bleeding gums, have encouraged the country's people to include healthier alternatives like fruits and vegetables in their diets. This is reflected in an increase in the production of both fruits and vegetables and increased the contribution of vegetables' per capita energy. The production of fruits and vegetables increased from 20.18 and 19.2 thousand ton in 2019 to 20.19 and 19.29 thousand ton in 2020, respectively. The contribution of vegetables to the total per capita dietary energy supply (DES) accounted for 2,084 kcal in 2017. In 2019, the supply of fruits and vegetables was 11.26 kg per capita per day and 41.99 kg per capita per day, respectively.

3.3.1 Vegetables and spice

In 2020, the ministry of agriculture Tanzania and the World Vegetable Center (Word veg) signed a memorandum of understanding to improve R and D in vegetables crops and enhance nutrition and the country's food security. Thus the private sector investments and policy initiatives may boost the market growths in the forecasted period.

3.4 SALES STRATEGY

Currently, the company exports to South East Asia, Indian sub-continent and Middle East from their facility in Tanga region. The company intends to continue selling to this market for vegetables, spices, sugar and jaggery, pasta and spaghetti, pulse and beans produced from the farm and maize and wheat will be produced and sold to domestic market. The company will utilize aggressive advertising strategies to further market its products. These strategies include the promotion of products through the sponsoring of spots on cooking shows and exhibitions, and also pricing their product competitively for domestic industry which is price sensitive.

3.5 Favorable Government policies supporting the market growth.

Agriculture in Tanzania is undergoing tremendous transformations and with its potential for reducing poverty and creating jobs the government is paying keen attention to the sector and offering help in forms of subsidies to farmers, guaranteeing loans to farmers and investors in the sector and reducing needless levies impeding the sector's growth. The above factors support Raza Agriculture Industries Limited Investment in Satellite farming in its over 300 acres of farmland. Furthermore, Tanzania has set nutrition targets to tackle malnutrition, under nutrition, overweight or obesity, and micronutrient deficiency, and it is striving to reduce stunting to 15% by 2025. This is anticipated to give a boost to fruit and vegetable intake among Tanzanians. Also, organically produced crops are gaining traction due to the rise in consumer concerns over the usage of chemical pesticides or fertilizers. With the increase in the number of consumers switching to healthier alternatives, the demand for fruits and vegetables is projected to grow during the forecast period.

Fruit and vegetable exports from Tanzania have been growing in the past few years, becoming a leading sub-sector that drives the agricultural sector's growth. The rising awareness targeting the export toward demanding markets helped the farmers increase the quality standards of their vegetables, making them highly profitable. According to the Food and Agricultural Organization, horticultural products worth about USD 63.69 million are exported monthly from Tanzania to international markets.

3.6 Swot Analysis

A review of Raza Agriculture Industries Limited (RAIL RAIL strength, weaknesses, opportunities and threats (SWOT) reveals the following:

RAIL Strengths

- Local identity of the Company being incorporated in Tanzania.
- Strong and supportive shareholders. The shareholders use their local knowledge and maintaining firm and good relationship with local and international communities and commercial businessmen which is instrumental to capture market share.
- Highly ready Investment made
- Competent management personnel possessing adequate skills and experience in the farm development and crops trading are already in place. The company take advantage of its uses of mechanized agricultural equipment, irrigation systems and advanced technology.

RAIL Weaknesses

- Agriculture can face the impact of nature caused by drought and excessive rainfall.
- The project requires high relatively large capital investment.
- It is almost start-up project which may face challenge to get funds from commercial banks in Tanzania to finance the project. Solution for this is

to seek funds from investors and development banks and other giant commercial banks.

Opportunities for RAIL

- Existence of interest by local and foreign investors in Agribusiness
- Favorable macro-economic and political environment
- There is a high demand for vegetables and maize in the local and export markets due to population growth, urbanization and increase in demand for animal feeds attracting high consumption
- The Government of Tanzania has established good mechanism for exporting goods to increase foreign currency earnings in Tanzania.
- Sufficient fertile land in Tanzania which can be used for vegetables and maize farming.

Threats to RAIL

- Competition from local and regional players is expected which may affect the project. – Highly Capital Investment – a situation which limits RAIL activities and expansion.

3.7 CRITICAL SUCCESS FACTORS

The success of RAIL will depend on how able it is in taking advantage of the strengths and opportunities, and how well it manages the weaknesses and threats. Among other strengths of RAIL, the shareholders possess wide international experience in agribusiness and business management, research and technology; but also possess strong knowledge and understanding of the local market environment. Being local, the company is able to streamline its operating costs and transfer the benefits to its clients in terms of competitive pricing of its products. The size of the company also allows for prompt decision making and avoids bureaucratic procedures which may consume time and slow down company growth and development. The following are other selected Critical

Success Factors: i)Use of advanced Technology ii)Research and product development iii)Product and Market differentiation iv)Identifying and partnering with a high-profile agriculture value chain partners v)Staff development and self-advancement vi)Taking care of employees' motivation vii)The have established good relationship with local community iii)Involvement and incorporating government policy towards Agriculture development ix)They have established good networking and relationship with international customers

4.0 PROJECT IMPLEMENTATION

The envisaged period for total project implementation is **5 years**

4.1 GENERAL

Both local and external factors have been taken into account when implementing this project. Factors such as climate, finalization of acquisition of machinery & irrigation equipment, recruitment of qualified personnel and other factors have been looked into.

4.2 Implementation and Strategy Plan

The company strategy is to profitably and efficiently utilize present and future agricultural technology in farming. The company, by employing specialist and building custom-innovated equipment, will gain a significant industry advantage. Additional application and utilization of latest technology in the satellite farming will enable the company to control their overheads.

The company's goals in the first year are to:

- Prepare land build greenhouses on 6 acres of farmland.
- Build and integrate irrigation systems on 300 acres of farm land.
- Start farming and use produces on its processing facility.
- The company's long-term plan is to extend greenhouse acreage

On the finalization of the study duration of about 2 weeks was needed for execution of the preliminary formalities of the project. These include submission of the application on incentives to investor's certificate from TIC.

4.1.2 Project Stage

Strategic Objectives

Over the next five years, the following strategic objectives will guide efforts towards realizing the corporate Vision and Mission:

- I. **Business Strategies:** Developing farms at strategic locations using mechanized agricultural machineries, irrigation systems and advanced

technology in order to produce crops at cheapest cost and that will be sold at competitive price.

- II. **Improved corporate brand:** (a) Develop a clear RAIL corporate brand to reinforce image and visibility as a knowledge-based, solid and forward-looking agribusiness player; (b) product development (c) technological advancement.
- III. **Robust internal processes, procedures and controls:** (a) Invest in modern Agriculture and other business technology solutions for efficient and effective farming and service delivery; (b) Develop simple business-friendly policies and procedures/manuals that guide smooth and advanced farming; (c) Enhance research and risk management; (d) Streamline operational costs for increased efficiency.
- IV. **Improved earnings:** (a) Embark on a strong business development drive; (ib) Carve out a market niche and reposition so as to focus on local and international market; (c) Develop strategic alliances with key players, mainly international market (d) Innovate and/or introduce new products/services.
- V. **Strengthened human resource base:** (a) Enhance capacity, skills, competences at all staff levels; (b) Introduce highly mix of expertise and transfer of knowledge within staffing team.
- VI. **Improved governance and management:** (a) Restructure/reorganize for improved service delivery; (b) Fill Management positions with suitably qualified individuals; (c) Streamline the compliance and control functions.

5.0 MANPOWER REQUIRMENTS & ORGANISATION MANAGEMENT

5.1 MANAGEMENT

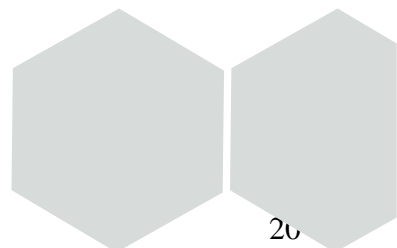
The success of a venture of this kind depends on the competence of the personnel recruited to manage. It is assumed that relevant personnel with requisite skills shall be available within the country. There will be a need of recruiting expatriates in some key positions.

5.2 ORGANIZATION SET UP

Raza Agriculture Industries Limited team is led by Chairman and founder of the company, who has extensive knowledge of the industry and has interest in other business such as manufacturing and amusement and water parks. The company's management philosophy is based on responsibility and mutual respect. The company has an environment and structure that encourages productivity and respect for customers and fellow employees. The Management will be responsible for supervising and participating in the daily operations of the Business. Management consists of: Managing Director, Honey bee, jiggery specility , Spices and Flour specialist ,Full Time sugar specialist.

The Board of Directors is involved with numerous responsibilities among others including:

- a. Oversee management, finances, and quality;
- b. Set strategic direction of the company;
- c. build community relationships;
- d. Establish ethical standards, values, and compliance; and



e. Select Managing Director and monitor his or her progress.

5.3 MANPOWER REQUIREMENTS

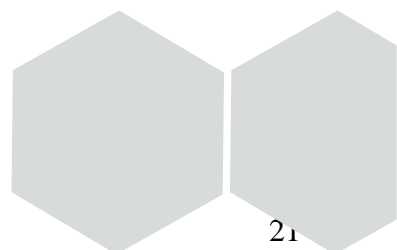
Based on the proposed organization structure the project will initially employ a total of 100 persons. Comprising of unskilled, skilled and professionals' people. Overall, company will have 12 full time personnel. The company expects to employ more casual labor / temporary employees during initial phase of clearing the farm, building inroads on the farm, building irrigation systems and installing green house on the farm. CONTRACT PERSONNEL (CASUAL LABOR) will be utilized initially for the moving and setting, greenhouses, irrigation systems, pavements and clearing the farm.

5.4 RECRUITMENT AND TRAINING

5.4.1 Recruitment All new staff would be recruited at least one month before the company operations are commenced.

5.4.2 Training

The Management of the plant would strive to employ competent and qualified personnel in the agriculture activities to reduce cost of few senior staff who will be trained at the selected locally available institutions. All other supporting staff will be trained on the job. However, it is expected that most of them will have some basic knowledge and experience in agriculture activities



6.0 INVESTMENT AND FINANCING.

6.1 INVESTMENT STRUCTURE

The total initial investment in fixed assets is estimated at US\$. **2,115,217** whose breakdown of which is as follows

TABLE 9.1: INVESTMENT STRUCTURE

ITEM	US \$
Fixed Assets	
Land and buildings	195,652
Machinery and Equipment	1,304,348
Vehicles	86,956
Furniture and Fittings	43,478
Pre-Operational expenses	50,000
Sub total	1,680,434
Initial working capital	434,783
GRAND TOTAL	2,115,217

6.1.2 Civil Works

The proposed civil works are estimated at a cost of US\$ 195,652

6.1.3 Machinery and Equipment

The initial machinery / equipment needs for the undertaking are estimated at cost of US\$ 1,304,348

6.1.4 Vehicles

These are estimated at US\$ 86,956

6.1.5 Pre - operational Expenses

These are estimated at US\$ 50,000

6.1.6 Furniture & Fittings

These are estimated at US\$ 43,478

6.1.7 The initial Working Capital

The initial working capital is computed at US\$ **434,783**.

6.2 FINANCING PATTERN

The initial total investment of US\$ 1,104,774 shall be financed as below

FINANCING PATTERN BREAK DOWN

SOURCE	US\$
Fixed Assets	
Equity	376,086
Long term loan	1,304,348
Sub total	1,680,434
Working Capital	
Bank Overdraft	434,783
Sub total	434,783
GRAND TOTAL	2,115,217

As indicated above the financing of the fixed assets have been called out through term loan whereas the working capital will be financed through equity and bank overdraft

6.3 Depreciation

Depreciation rates have been calculated as follows:

Land, Building and civil works	4% Straight Line
Vehicle	25% Straight Line
Pre-operational Expenses	20% Straight Line
Equipment	12.5% Diminishing Value

7.0. FINANCIAL AND ECONOMIC ANALYSIS

ASSUMPTIONS

7.1. TURNOVER

The turnover of the company is based on nature of activities:

Milling Activities: -

Revenue from Milling activities accounted for 50% capacity of existing Mills and subsequent 10% growth of first year.

Green House Farming: -

Revenue from Green House Farming accounted for 75% total allowed standard plantations and subsequent 10% growth of first year.

Farms: -

Revenue from Green House Farming accounted for 75% total allowed standard plantations and subsequent 10% growth of first year.

7.2 COST OF GOODS SOLD

The cost of goods for milling activities taken as 85% of revenue, it is based on company previous record and experiences and the cost of odds sold for farming activities taken 30% of revenue which is internationally accepted percentage for black soil.

i. Bank/Facility Charges

The overall cost facilities charges accounted for 0.5%

ii. Interest Expenses

The interest rate for financial taken as 9% as it is standard rate for agriculture loan.

iii. Stock

The stock is taken for 2 weeks

iv. Debtors

The debtors is taken for one months

v) Other Receivables

Other receivable shown accumulated expenses over farming and charged to income statements on realization of sales.

vi)Taxation

Corporate tax charges to income statements to the extent of income from milling activities. Corporation tax is charged at 30% on profits before tax. Tax in year six is estimated at US\$ 294,000 in year 1 rising to US\$403,000 in year 10.

vii)Revenue

The company's revenue is derived primarily from three segment food products (sugar and Jagger, pasta and spaghetti, spices), sell of vegetables (onion, tomato, cassava) and maize and wheat flower. We have forecasted the business revenue to more than double in first year of operation as the company will bring in the market vegetables from its 300 farmlands in Pangani Tanga and after that the business to grow at more than 10% per annum, more that estimate growth rate of the industry in which the company operate (Maize and grain sector estimate to grow at CAGR 4.8% (2022-2027) and Vegetable and fruit sector to grow at CAGR 6.8% (2022-2027) of the industry in which the company operate (Maize and grain sector estimate to grow at CAGR 4.8% (2022-2027) and Vegetable and fruit sector to grow at CAGR 6.8% (2022-2027)

Viii)Expenses

The company's expenses are primarily those of salaries, utilities, and transport costs. Other expenses are based on management's estimates and industry averages

7.3 Projected Profit and Loss Accounts

The accounts clearly demonstrates that the project will be very profitable from year one.

7.4 Projected Cashflow

The strong liquidity position confirms the project's ability to meet all financial obligations.

7.5 Profitability

The projected profitability levels compare well the profit levels being achieved by other transit cargo transporters of a similar scale. The project's long-term retained earnings are considerably high.

8.0 ECONOMIC DEVELOPMENT CONSIDERATIONS

8.1 Employment Creation

The project will create approximately 100 jobs with capacity to expand the employment levels in the later years upon expansion.

8.2 Foreign exchange Earnings

This is great contribution to the country in foreign exchange earnings.

9.0 CONCLUSION

The investment and development of this Integrated agriculture project undertaking is in line with the Government objective of encouraging proper development of agriculture activities in the country. In addition, it will have a positive impact on the development of the region, as it would generate a number of benefits and more positive impact on the economy of the region. As noted above this undertaking will bring about the generation a number of benefits and reliable incomes for the employees of the project and providers of the services and goods demanded by the project's workforce / their families.

This document has provided a full analysis on the financial, Techno –economic viability on the establishment / operation of the Integrated mixed farming Undertaking along with the financing requirements / parameters have been considered and have established that the proposed project is technically sound, financially viable, and economically / socially beneficial.

In order to ensure prompt implementation of the project and achieving the production targets a number of factors have to be taken into account this will include the level of the proposed investment in this project, anticipated significant roles in poverty eradication / alleviation, the overall status of the national economy, and the proposed project area.

In the context of the immense useful potential of this project, the management of **RAZA AGRICULTURE INDUSTRIES LIMITED (RAIL)** anticipates that all interested parties in the region / and the Government of Tanzania will give their full support so as to ensure timely implementation of the project and apprehension of successful operation.

ANNEXTURE AND APPENDICES

RAZA AGRICULTURE INDUSTRIES LIMITED

INVESTMENT COST

USD

ITEM	US \$
Fixed Assets	
Land and buildings	195,652
Machinery and Equipment	1,304,348
Vehicles	86,956
Furniture and Fittings	43,478
Pre-Operational expenses	50,000
Sub total	1,680,434
Initial working capital	434,783
GRAND TOTAL	2,115,217

RAZA AGRICULTURE INDUSTRIES LIMITED

Project's Financing Plan

SOURCE	US\$
Fixed Assets	
Equity	376,086
Long term loan	1,304,348
Sub total	1,680,434
Working Capital	
Bank Overdraft	434,783
Sub total	434,783
GRAND TOTAL	2,115,217

RAZA AGRICULTURE INDUSTRIES LIMITED

SALES REVENUE

US\$000

Item/year	1	2	3	4	5	6	7	8	9	10
Maize sugar	2968	3,265	3,591	3,951	4346	4346	4346	4346	4346	4346
Green houses	1,599	1758	1934	2128	2341	2341	2341	2341	2341	2341
Farm	1304	1435	1578	1736	1910	1910	1910	1910	1910	1910
GRAND TOTAL REVENUE US\$000'	5,871	6,458	7,103	7,815	8597	8597	8597	8597	8597	8597

RAZA AGRICULTURE INDUSTRIES LIMITED

PROJECTED INCOME STATEMENT

USD 000

Item/year	1	2	3	4	5	6	7	8	9	10
Sales Revenue	5,871	6,458	7,103	7,815	8597	8597	8597	8597	8597	8597
Cost Of Sales	4,507	4,943	5,438	5,982	6,580	6,580	6,580	6,580	6,580	6,580
Gross Profit	1,364	1,515	1,665	1,833	2,017	2,017	2,017	2,017	2,017	2,017
Gross Operating Profit	1,364	1,515	1,665	1,833	2,017	2,017	2,017	2,017	2,017	2,017
Depreciation	385	472	548	616	675	675	675	675	675	675
Sub Total	385	472	548	616	675	675	675	675	675	675
Profit Before Tax	979	1043	1,117	1,217	1,342	1,342	1,342	1,342	1,342	1,342
Taxable Income	979	1043	1,117	1,217	1,342	1,342	1,342	1,342	1,342	1,342
Corporation Tax30%	294	313	335	365	403	403	403	403	403	403
PROFIT AFTER TAX	685	730	782	852	939	939	939	939	939	939
Profit Brought Forward	685	685	1,415	2,197	2,979	3,918	4,857	5,796	6,735	7,674
Revenue Reserve	685	1,415	2,197	2,979	3,918	4,857	5,796	6,735	7,674	8,613

RAZA AGRICULTURE INDUSTRIES LIMITED

PROJECTED CASH FLOW

USD000

Item/year	0	1	2	3	4	5	6	7	8	9	10
CAPITAL INFLOW											
Equity Capital	2,115										
Sub Total Capital Inflow	2,115	-	-	-	-	-	-	-	-	-	-
OPERATING INFLOW											
Profit before tax		979	1043	1,117	1,217	1,342	1,342	1,342	1,342	1,342	1,342
Depreciation		385	472	616	675	675	675	675	675	675	675
TOTAL INFLOW		1,364	1,515	1,733	1,892	2,017	2,017	2,017	2,017	2,017	2,017
CAPITAL OUTFLOW											
Investment											
Taxation	2,115	294	313	335	365	403	403	403	403	403	403
TOTAL OUTFLOW	2,115	294	313	335	365	403	403	403	403	403	403
NET CASHFLOW	-	1,070	1,202	1,398	1,527	1,614	1,614	1,614	1,614	1,614	1,614