



LAKE AGRO



BUSINESS PLAN

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ABBREVIATION

PLC	Public Limited Company
LTD	Limited
PESTL	Political, Economic, Social, Technological Legal Factors
USD	United States Dollar
SWOT	Strength, Weakness, Opportunities, Threat's analysis
ILO	International Labor Organization
WHO	World Health Organization

EXECUTIVE SUMMARY

Lake Agro Limited is a limited liability type of business which aims at sugarcane plantation, production, distribution, selling and exporting of sugar.

Tanzania is a sugar deficit country whereby the current demand for a year stands for brown sugar 440,000MT and white refined 210,000MT. The current local production with all the sugar factories production per year stands at 380,000MT for brown sugar only with granular sugar. Hence, the deficit for brown sugar is 60,000MT and granular sugar 210,000MT (SBT)

As per IFAD report 2015, Tanzania imports half of its sugar it needs at cost of USD 150M to USD 200M per year. So, the ideas of making and manufacturing of sugar came about through observing that in the society there is high demand for the product.

This Lake Agro Limited will require a sum of **USD. 70,000,000/=**. The money will be used to acquire machine, equipment, and to meet initial operations for the manufacturing of sugar.

Lake Agro Limited is going to be positioned at plot no. 8, block D at Utunge-Utete, Rufiji district – Pwani region. Whereas this location is suitable as transportation costs of raw materials and final product is minimum. The prices offered for the products are very affordable so as to be able to accommodate all its customers.

However, the administration office is located at Mikocheni TPDC, Plot number 49, Kinondoni district, Dar Es Salaam region.

CHAPTER ONE

1.1 BUSINESS DESCRIPTION

LAKE AGRO LIMITED is a limited company whose owners are legally responsible for its debts only to the extent of the amount of capital they invested. Having limited liability status means the company is an entity in its own right. This has several advantages for instance this means that one will not be personally liable for any financial losses made by the business this gives additional protection in case things go wrong. It is easier for the company to secure loans and investments. The company will exist beyond the life of its shareholders even if they retire or resign the company will continue to exist and operate.

Lake Agro limited will be dealing with sugarcane plantation and manufacturing of sugar. We decided to deal with manufacturing and sale of sugar as we have seen local companies produce sugar and we find that we too have potential to engage in manufacturing of sugar and it is a good economic opportunity as it gives much promise for great results.

In an effort to bridge up domestic sugar gap, Lake Agro Limited is currently implementing its greenfield sugar project in Rufiji district (about 200km from Dar-es-salaam), Pwani region in Tanzania.

This is the strategic investment and is in line with the Government policy and vision to making Tanzania self-sufficient in sugar production

The project also aims to engage small holders' sugarcane farmers (under sugarcane out-growers' scheme) around the project area (within 40km radius to the factory) to ensure inclusive participation of the local community in the production economy.



Incredible services. We will ensure that our business provides incredible service to our customers by hiring employees with good customer services also professionals in the field.

This venture which requires one billion as a capital. The capital will be obtained from different sources including bank loan and subsidiary companies and the owner himself.

SOURCE OF CAPITAL

SOURCE OF CAPITAL	AMOUNT
LOAN FROM LOCAL BANK	15,000,000 US DOLLARS
LOAN FROM FOREIGN BANK	45,000,000 US DOLLARS
OWN EQUITY AND SUBSIDIARY COMPANIES	10,000,000/= US DOLLARS
Total Amount	70,000,000/= US DOLLARS

1.2 Uniqueness of the product/ service.

- a) Deliverance of the Product to the customer: service and product delivery will be of good and great standards as customers will get exactly what they ordered with little to no waiting time.
- b) Packaging: the sugar will be well packed and handled with care until they reach the consumer area so as to avoid accidents and loss to both customers and company
- c) Special order options: There will be special orders for our customers those who need will need more customization of sugar and packaging depending on what type consumers we serve if it is for wholesale or retail depending on the quantity requested so as to meet the needs of the customers without fail.
- d) Incredible services. We will ensure that our business provides incredible service to our customers by hiring employees with good customer services and competent in the manufacturing and packaging of sugar.

1.3 Principal Activities.

- i. Sugar cane plantation, manufacturing and sale of SUGAR.

1.4 Business objectives

- i. To achieve high customer satisfaction and loyalty.
- ii. To generate sugar production traffic by growing our client base and having busier working hours due to manufacturing of high quality and quantity of our sugar.
- iii. To achieve specific financial goals so as to become more profitable over time.
- iv. Lake Agro Ltd shall provide full support to Out growers through;
 - a) Provision of free extension services
 - b) Provision of seed cane (Planting materials) at zero interest.
 - c) The company provide assurance to readily available market to the farmers.
 - d) Connecting farmers to the financial institutions to access soft loans.
 - e) Providing education out growers on best farming techniques so as to increase crop production.

1.5 Vision statement.

We are aspiring to become one of the Top sugar manufacturers in Tanzania, with the best quality produces and unbeatable prices.

1.6 Mission statement.

To provide prominent, excellent and good quality sugar, manufactured on time and to our customer's preferences and at reasonable prices.



CHAPTER TWO

2.0 ENVIRONMENTAL AND INDUSTRIAL ANALYSIS

ENVIRONMENTAL ANALYSIS.

PESTL analysis is the external factors which used by the marketers to analyses and monitor the macro-environmental (external marketing environment) factors that have an impact on an organization. Lake Agro Limited is one of many sugar manufacturing companies in TANZANIA, hence this is yet another breakthrough for our industrial sector as we could not have to depend on importing sugar anymore as it is been produced locally using the greatest technology.

Political: These factors include a government may impose a new tax or duty due to which entire revenue generating structures of organizations might change. Political factors include tax policies, Fiscal policy, trade tariffs etc. that a government may levy around the fiscal year and it may affect the business environment (economic environment) to a great extent.

Economic: These factors are determinants of an economy's performance that directly impacts a company and have resonating long term effects. [For example] a rise in the inflation rate of any economy would affect the way companies' price their products and services. Adding to that, it would affect the purchasing power of a consumer and change demand/supply models for that economy. Economic factors include inflation rate, interest rates, foreign exchange rates, economic growth patterns etc. It also accounts for the FDI (foreign direct investment) depending on certain specific industries who're undergoing this analysis.

Due to the economic factor the Lake Agro Limited is affected because the Tanzania currency in the market does not have stability compared to Dollar. Hence, we will come with a solution to expand to various branches inside and outside the country and we will regard the uses of dollar in our business after it has had growth.

Social Factors

Also known as socio-cultural factors, are the areas that involve the shared belief and attitudes of the population. These factors include – population growth, age distribution, health consciousness,

and career attitudes and so on. These factors are of particular interest as they have a direct effect on how marketers understand customers and what drives them.

Technological Factors

We all know how fast the technological landscape changes with consideration that the company is highly technologically related field and how this impacts the way we manufacture and market our products. The Lake Agro limited will observe properly three technology factors:

- New ways of sugarcane plantation and sugar production.
- New ways of distributing sugar and related services
- New ways of communicating with target market and other stakeholders.



2.1.2 SWOT Analysis

SWOT analysis is the abbreviation that stands for Strengths, Weaknesses, Opportunities, and threats related to business competition or project planning. It is intended to specify the objectives of the business venture or project and identify the internal and external factors that are favourable and unfavourable to achieving those objectives. Users of a SWOT analysis often ask and answer questions to generate meaningful information for each category to make the tool useful and identify their competitive advantage.

STRENGTHS

- Experience and skills of running other manufacturing sector successfully.
- Experienced and expertise from management and employees of the company.
- Availability of finance for investment and to support cash flow.
- Strong support from the government.
- Investment in extensive research and high technology machinery for the project.

OPPORTUNITIES

- Sugar deficit within the country due to low sugar production.
- Availability of an area to run the project.
- Economic growth through the manufacturing sector gaining the needed attention and support from the Government.
- Availability of high technological advancement with extensive research on machinery and cultivation methodology.

WEAKNESSESS

- Being a new business in the area with similar businesses
- Lack of enough experience in the field as we are at initial stages.

THREATS

- Lack of support and competition from related companies
- Lack of control over the amount of foreign sugar that is being licensed for import and its distribution within the country.
- Political and economic instability in the respective region
- Tax related issues for instance corporate tax and VAT being unfeasible and impractical
- Sabotage from competitors through the locals.
- Change in climatic conditions causing decline in production of sugarcane.

2.2 INDUSTRY ANALYSIS

Future Trend

The future trend of Lake Agro Limited is to keep growing as the years go on due to high demand of sugar hence increase in revenue and profit.

Competitors

In the industry there are large numbers of competitors but we will produce quality products(sugar) and services to the consumers to enable us to flourish in the market or industry.

Industries forecast

Our plan is to be the leading manufacturer of sugar, producing prominent, excellent and great quality sugar, this will eventually lead to growth of market base and business at large.



CHAPTER THREE

3.1 MARKET ANALYSIS

Market Target

Target market can be referred to as a subset of total market. It represents a part of population that the business aims to focus on, target market can include consumers of a product on age basis, location basis and income basis. The target market for Lake Agro Limited are suppliers either retail or wholesale, general stores, food stuff suppliers etc.

Market trend

We expect to keep on growing through production and manufacturing of quality sugar, hence this will bring greater profit and growth to our business in time.

Market Strategies

Market Strategies, we plan to provide promotion through media channels like televisions, radios, billboards advertisements, social media, through conducting seminars also to educate customers on the importance of supporting local businesses instead of importing and how it will aid in growth of our economy to a significant scale. In order to make effective market planning we shall have effective use of the 4P's.

Product strategies

Lake Agro Limited mainly produces and manufactures SUGAR; we strategize in producing the best quality, for different suppliers and clients and customize them as desired so as to cater to the preferences of our customers.

Pricing strategies

Pricing strategy refers to all of the various methods that small businesses use to price their goods or services. Pricing strategies are useful for numerous reasons like maximizing profit margins, also to maintain market share and many others. Pricing options give opportunity to customers to choose on the type of products and services to spend their money on. Lake Agro Limited intends to have pricing structures that will be inclusive to all consumers hence increase market and facilitate major sales.

The following are the pricing strategies opted for by Lake Agro Limited;

The cost-plus strategy; basically, the company accounts for all the costs that go into manufacturing, including fixed costs such as the wages that are paid to the employees, the staff, the rent and the utility bills. All these should be distributed among the various offerings that the company makes to its customers.

Triple pricing strategy; this pricing strategy used by the company, it is commonly known as the Good, Better, best pricing strategy. The good item is basically the cheapest. The mid-prices item which is the better item and the most expensive item is the best item. This is a good pricing strategy as it is inclusive and all consumers are able to fit in the price ranges.

Placing strategies

We can also ensure accessibility of our products by having safety stocks to make it available at the time customer needs it and at any amount. And by also allocating business at an area which is easily accessible by most and where transportation cost of raw materials and final product is minimum.

Promotion strategies

We plan to provide promotion through media outlets like television stations, radio stations, newspapers, banners and billboards also through social media through platforms like Instagram, face book, twitter and others. Also, through conducting seminars also to educate consumers on the importance of supporting local businesses instead of importing from outside countries as it is significant for the economic growth of a country.

Also, through better pricing, Service that we will provide will be of good price and affordable to our customers. Through this we are hoping to attract many customers. And that is one of the reasons why we decided to open our business.

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Production Capacity:

The Lake Agro Limited is expecting to manufacture SUGAR with the below capacity.

SNO.	Product	Capacity
1	SUGAR	100,000 TONS PER YEAR

Employment:

The Lake Agro Limited is expecting to offer the employment to the residents and nonresidents. The project is going to provide 3,400 direct employment and will be largest employer in Pwani region. Whereas local employees will comprise of 2000 men and 1350 women while foreign employees will comprise of 35 men and 15 women.



CHAPTER FOUR

4.1 OPERATIONS SEGMENT OR MANUFACTURING SEGMENT

Management and Organization of Lake Agro Limited.

The company will be under its Owners as the CHIEF EXECUTIVE OFFICER, whereas they have employed Directors, company secretary, managers, operating staff, sales persons, marketing manager, machine operators and field employees.

Technology utilization

The business will apply the modern technology in the operation activities for example the use of time management software which require only a person to have a specific password to utilize our systems, the use of modern machinery that aid in manufacturing of SUGAR.





Since the business is operating in the competitive industry so this application of modern technology will be advantageous daily operations especially in handling competition from companies abroad as **Lake Agro Limited** is not the only sugar manufacturing company hence it has cutthroat competition from local and abroad companies who also make and manufacture good quality Sugar.

Purchasing and Stock

Our venture will purchase our raw materials both locally and through importing them from abroad, for instance machinery will be imported that will be used to manufacture the Sugar.

Health and safety

Health and safety is a set of laws that have been made to protect the health and the safety of people when they are working. Health and safety rules vary a lot from one country to another. Some countries have very strict rules. Rules about Health and Safety have been made since 1950 when the International Labour Organization (ILO) and the World Health Organization (WHO) agreed about standards of health in the workplace.

Health and safety laws will deal with such things as: the temperature in the workplace (it must not be too hot or too cold), smoking in the workplace and other things that might cause pollution or which might cause fire hazards, how many toilets per person there should be, whether they need safety equipment (e.g. hard hats in case anything falls on their heads), whether it is safe for a person to be left alone in the workplace, the rights of disabled people, how many hours in the day people can work for etc.

Lake Agro limited is already in line with the Community Social Responsibility (CSR) to provide various services to the communities also the ventures ensure that the health and safety of the employees are taken into high consideration as employees are assets to the business and should be treated with respect and fairness.

So far, a total of TZS 150M has been spent at;

- Nyanda katundu primary school, Utunge primary school, Utunge dispensary, good relationship with prison with focus on;
- Rehabilitation of classrooms, construction of new houses for teachers, solar panel installation, renovation of boreholes for clean water supply, installation of the generator for pumping, supply of desks, tables and chairs,
- Sponsorship of 40 students at Utete secondary school, football team from Rufiji district

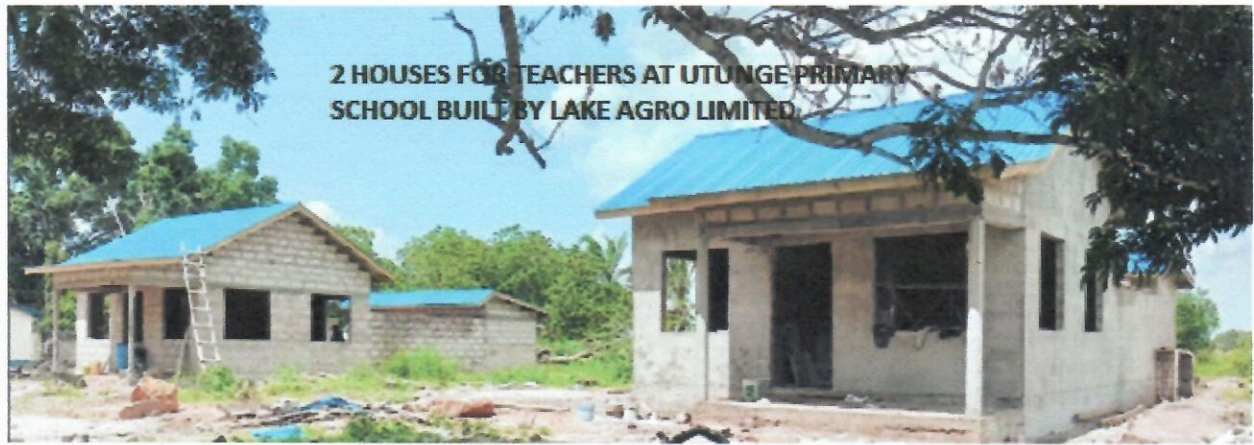
Ionization and human resource management that will facilitate achievement of efficient production and distribution of goods.

Owners will manage the venture with assistance of the director and managers. Their duties include overall management of the business, finance management and Administration. The operation manager will manage production activities including ordering of materials and manufacturing activities.

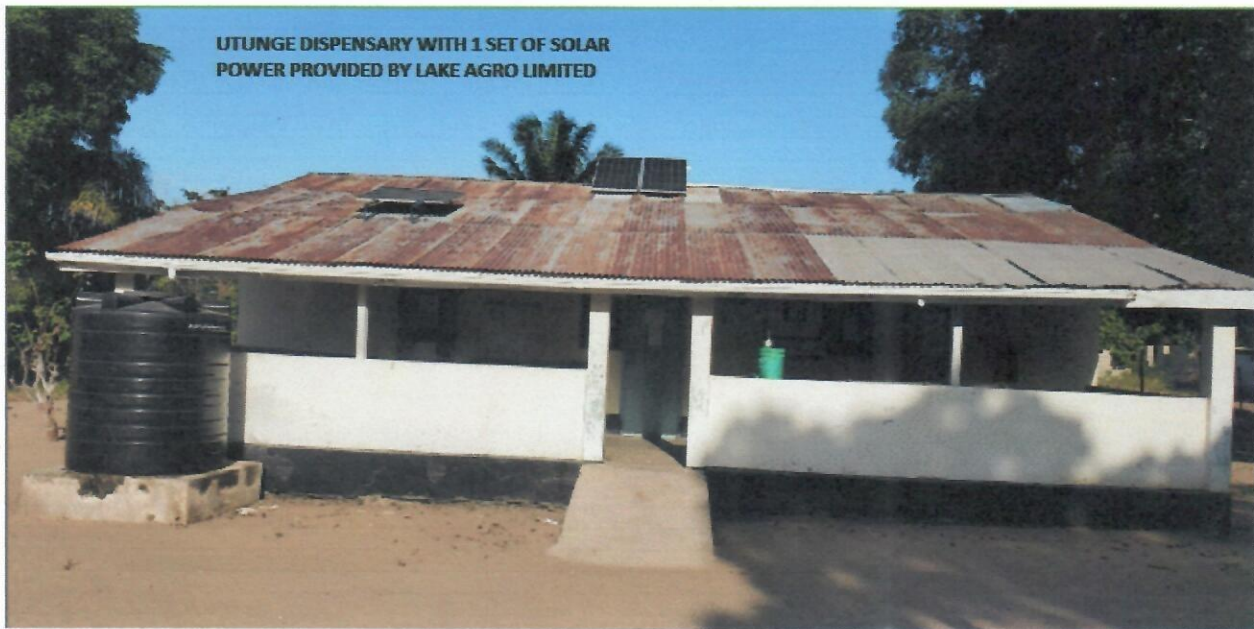
COMMUNITY SOCIAL RESPONSIBILITIES (CSR)



60 DESKS, 56 TABLES AND CHAIRS PROVIDED BY LAKE AGRO LIMITED TO UTUNGE PRIMARY SCHOOL



2 HOUSES FOR TEACHERS AT UTUNGE PRIMARY SCHOOL BUILT BY LAKE AGRO LIMITED



UTUNGE DISPENSARY WITH 1 SET OF SOLAR POWER PROVIDED BY LAKE AGRO LIMITED

5.3 Authority of Principal

The authority will come from the top and will flow direct to the low stage of the organization which is subordinate level.

5.4 Management Team Background

The directors and management will be responsible to recruit all the employers of the venture also to review the organization various annual report.

5.5 Training and Evaluation

The organization ensures that they will get the employees who are graduate from institution or colleges or university that are known and registered and experts in the industrial field, also training will be advocated for the employees so as to facilitate smooth operations of the company and operations.

Employees	Evaluation base
Director	Organization Performance
Managers	Organization Performance
Operators	Volume of production
Sales People	Sales turnover
Attendant	Attractiveness of environment

CHAPTER SIX

6.0 FINANCIAL PLAN

INCOME STATEMENT PROJECTIONS

STARTING CAPITAL FOR *Lake Agro Limited*

EQUIPMENT	Amount (USD)	
Land/Building	6,000,000	
Plant and machinery	25,000,000	
Vehicles	10,000,000	
Furniture & Fittings	100,000	
Pre - Expenses	3,000,000	
Others (CSR)	1,000,000	
Working Capital	10,000,000	
Sub Total		55,100,000
Administrative and Building Costs		
Staffs' payment	400,000	
Insurance and Utilities	10,000,000	
Marketing	1,500,000	
Advertisement cost	1,000,000	
Other Miscellaneous expenses	2,000,000	
Sub Total		14,900,000
Total		70,000,000

<u>SOURCE OF FUND</u>	<u>USD</u>
Own Capital	500,000
Borrowings: bank loan (local and foreign)	60,000,000
Fund from Subsidiary companies	9,500,000
Total Capital	70,000,000

Assumptions:

1. By the end of financial year 2025, the Company is projected to produce 30,000TONS to be sold locally that being 30% of the Plant capacity and increase production by 28% which is 58,000TONS by 2026. To an estimated increase of 17% being 75,000TONS by 2027.
2. Capital funds to be financed by the shareholders, loans from subsidiary companies, Local Loans and foreign loans as unconditional loan repayable at undefined period until the Company starts making profits.
3. During the financial year 2022-2026 the Company has employed 2500 employees in different level of staff, i.e., management, Mechanical and Industrial Engineer, Plant manager, Supervisors, Machine operators and Field staff. Salaries and wages will be paid in accordance with employment laws in consultation with private sector salary schemes.
4. To ensure continuous flow of working capital, the Company will seek short term funding from financial institution to boost raw material requirement and operational costs.

Projected Financial statements are presented below:

6.1.1 Five years Projected Profit and loss statement

	2025 TZS (000,000)	2026 TZS (000,000)	2027 TZS (000,000)	2028 TZS (000,000)	2029 TZS (000,000)
Revenue	60,000	116,000	150,000	136,000	130,000
Manufacturing costs	(49,890)	(96,454)	(124,725)	(113,084)	(108,095)
Gross profit	10,110	19,546	25,275	22,916	21,905
Administrative cost	(1,234)	(2,346)	(3,084)	(2,796)	(2,673)
Other operating costs	(2,804)	(5,420)	(7,009)	(6,355)	(6,074)
Operating profit	6,073	11,780	15,182	13,765	13,157
Finance costs	(230)	(230)	(230)	(230)	(230)
Profit before tax	5,843	12,010	14,952	13,535	12,927

Tax charge	(1,753)	(3,603)	(4,485)	(4,060)	(3,878)
Profit after tax	4,090	8,407	10,466	9,474	9,049

6.1.2 Five years Projected Statement of Financial Position

	2025 TZS (000,000)	2026 TZS (000,000)	2027 TZS (000,000)	2028 TZS (000,000)	2029 TZS (000,000)
Shareholder Funds					
Equity share capital	500	500	500	500	500
Unsecured Loan from associate concerns	6,400	5,250	4,100	2,950	1,800
Reserves & Surplus	990	2,147	3,719	5,743	8,221
	7,890	7,897	8,319	9,193	10,521
Non-current assets					
Property plant and equipment's	6,187	8,372	7,452	6,647	5,911
Investment	-	-	1,150	1,150	1,150
	6,187	8,372	8,602	7,797	7,061
Current assets					
Inventories	1,349	1,524	1,714	1,920	2,141
Trade Receivables	1,521	1,720	1,935	2,167	2,418
Cash and Bank Balances	8,537	6,513	6,974	8,942	11,306
	11,407	9,758	10,624	13,029	15,864
Current Liabilities					
Trade Creditors	3,529	3,987	4,482	5,017	5,593
Working Capital Loans	5,750	5,750	5,750	5,750	5,750

6.1.3 Five years Projected Statement of cash flow

	2025 TZS (000,000)	2026 TZS (000,000)	2027 TZS (000,000)	2028 TZS (000,000)	2029 TZS (000,000)
Cash flow from operating activities	8,537	2,346	1,611	3,118	3,513
Tax paid	424	496	674	867	1,062
	8,962	2,842	2,285	3,985	4,575
Cash flow from Investment activities	-	(3,220)	0	(0)	-
Cash flow from financing activities	(424)	(1,646)	(1,824)	(2,017)	(2,212)
Increase in net cash flow	8,537	6,513	6,974	8,942	11,306