

**BUSINESS PLAN FOR THE
IMPLEMENTATION
PROGRAMME OF UNITED
M/S UNITED HALAAL LIMITED
IN
ESTABLISHING A PROJECT FOR
PRODUCTION OF SUNFLOWER EDIBLE
OIL, FLOUR
&
PROCESSING HONEY AND
PACKAGING**

**M/S UNITED HALAAL LIMITED
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M/S UNITED HALAAL LIMITED
ESTABLISHING A PROJECT FOR PRODUCTION OF SUNFLOWER
EDIBLE OIL, FLOUR & PROCESSING HONEY AND PACKAGING

1. INVESTMENT PLAN

The investment plan has been prepared by **M/S UNITED HALAAL LIMITED** for the extensive production of sunflower edible Oil, flour, processing honey as well as packaging by setting up Sunflower Oil Mill, Flour Mill, Honey Processing Plant and packaging facilities.

The investment plan has also been prepared to give an analysis of the financial, human, technical and other resources required for the project and also assess its economic viability and commercial viability in order to allocate funds for the Sunflower Oil Mill, Flour Mill, Honey Processing Plant and Packaging Facilities etc. The Company intends to also have storage facilities (Silos and warehouses) for Sunflower Oil Seeds, Maize and Honey.

2. COMPANY'S BACKGROUND

M/S UNITED HALAAL LIMITED is a private owned foreign company registered/ incorporated in Tanzania by Registrar of Companies under company's ordinance Cap 212, on 31st day of March, 2010 with Certificate of Incorporation No: 75692. The company was incorporated with a prime objective of production of sunflower edible Oil, flour, processing honey as well as packaging.

The company determines to increase capacity of production and at the same time improve the quality of company's Sunflower Edible Oil, Flour and Honey.

The main purpose of the proposed project is to increase the production capacity to correspond with the growing demand. **M/S MAGIN LIMITED** ensures the quality of its Sunflower edible oil, Well Packed Flour and Honey will guarantee customer satisfaction.

There is an extensive market to absorb the Sunflower edible oils, Flour and Honey. It is on the basis of the above reasons the management resolved to invest in the Proposed Project - storage facilities and Production of Sunflower edible Oil, Flour and Honey.

The proposed project will import and install Modern Sunflower Oil Mill, Flour Mill, Honey Processing Plant and Packaging facilities and use of new technology.

The capital investment cost is estimated to be USD 1,000,000 will be on Sunflower Oil Mill, Flour Mill, Honey Processing Plant and Packaging facilities, Silos, equipment, generators, transformer, utility vehicles, building materials, weighing bridge and other expenses.

3. MARKET POTENTIAL

The recent market survey undertaken by M/S **UNITED HALAAL LIMITED** has realized that there is high demand for quality edible Cooking Oil, Flour and Honey which are healthier to use them because Sunflower Edible Oil do not have cholesterol, it is healthy to use honey as it cures many diseases and Maize Flour gives energy to human body.

High quality, well packed products and goodwill are the factors which make the project to dominate the market. There are few manufacturers and importers who can compete with the company's products. The company also expects to export of the Sunflower Edible oil, Well-packed Flour and Honey to the neighboring countries.

4. THE COMPANY'S OBJECTIVES

M/S UNITED HALAAL LIMITED is a project for production of high quality Sunflower Edible Oil, Flour, Honey and packaging facilities

The mission of proposed project is basically aimed at production and marketing of the high quality Sunflower Oil Edible Oil, Flour and Honey. The Company's Products will be sold to local and export market in order to achieve the following objectives.

- To foster the growth of Large Scale Agro Processing.

- Availability of high quality edible Oils, flour and honey at affordable Prices.
- To combat the acute shortage of Edible Oil industry, well-packed Flour and Honey in Tanzania.
- To reduce dependence on external sources for importation of Cooking Oil, Flour and Honey. And also reduce the importation of Flour, Honey and crude Oil as raw materials for edible Oil and soap making Industries.
- To promote local markets for high quality agro processed crops (Maize, Sunflower and Edible oil) and raw materials for Animal Feed, edible Cooking Oil and soap making Industries.
- To enhance the use of local raw materials.
- People are advised to use high quality sunflower edible Oil and well packed Flour and Honey which are healthier to use them because they do not have cholesterol and gives Energy to people.
- To promote growth and expansion of private sector.
- 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 to people who are the employed in the Oil Mill, Flour Mill, Honey Processing Plant and Packaging Facilities.
- The Company contributes to the government revenue through taxes and other levies.

5. PLAN /PROSPECTS

- To expand and diversify the production of Sunflower Edible Oil, Flour, Honey and Packaging.
- High production performance
- To increasing export market in neighboring countries and hence resulting foreign earnings in addition to the prevailing local market.
- To purchase/import new Sunflower Oil Mill, Flour Mill, Honey Processing Plant and Packaging facilities.
- Introduction of new Production technology.
- To increase the production capacity.

6. SHAREHOLDERS (PROMOTERS)

No	Name of Shareholders	Shares	Nationality	% shareholding structure
1.	ABDULLAHI H.ABDI	600		6
2.	ABDIRAHMAN H. ISSE	2400		24
	UNALLOTTED			70
	TOTAL			100

Therefore, the authorized capital of the company is Tshs. 300,000,000/= divided into 10,000 ordinary shares of Tshs. 30,000/= each.

7. LOCATION

The company's business premises are located at Singida Region
Plot:SG/MLO/CC/200 Block 8662DLR-SINGIDA Municipality

8. COMPANY'S IMPLEMENTATION SCHEDULE

8.1 APRIL - 2023

- Preparing feasibility study for production of Sunflower Edible Oil, Flour, Honey and packaging facilities.
- Registration of the Proposed Project with Tanzania Investment Centre i.e. Application for the Certificate of incentives.
- Getting Certificate of Incentives

8.2 MAY - 2023

- Application for Tax exemption on Capital/Deemed Capital Goods after being awarded certificate of incentives in the Establishment Programme.
- Ordering Sunflower Oil Mill, Flour Mill, Honey Processing Plant, Packaging Machinery, Silos, equipment, generators, transformer, utility vehicles, building materials, weighing bridge etc.
- Clearing the **CAPITAL/DEEMED CAPITAL GOODS** from customs control (at the Port and Airport).

8.3 JUNE- 2023

- Installing the Sunflower Oil Mill, Flour Mill, Honey Processing plant and Packaging facilities.
- Recruiting new staffs and training them on new technology skills (new machinery).
- Fully commencement of production in its implementation programme.

9. CAPITAL INVESTMENT COST

Land/Building	USD \$	150,000
Plant/Machinery	USD \$	500,000
Vehicles	USD \$	150,000
Furniture and Fittings	USD \$	
Pre-expenses	USD \$	50,000
Other Expenses	USD \$	50,000
Working Capital	<u>USD \$</u>	100,000
TOTAL CAPITAL	<u>USD \$</u>	1,000,000

The proposed Project for production of Sunflower Edible Oil, Flour, Honey and packaging facilities is to be implemented within 3 years. The company's promoters (shareholders) have resolved to register the Project with Tanzania Investment Centre (TIC) and securing the certificate of incentives.

10. FINANCIAL PLAN (SOURCE OF FUNDS)

M/S UNITED HALAAL LIMITED has firmed up finances for the implementation programme by its local fund and local loan:-

Own fund (equity)	USD \$ 200,000
Local loan	<u>USD \$ 800,000</u>
TOTAL	<u>USD \$ 1,000,000</u>

11. LIST OF MACHINERY & EQUIPMENT & VEHICLES

- Sunflower Oil Mill
- Flour Mill,
- Honey Processing Plant,
- Packaging Machinery.
- Silos,
- Equipment,
- Generators,
- Transformer,
- Utility vehicles,
- Building materials,
- Etc.

12. PLANT LAYOUT

SUNFLOWER EDIBLE OIL = SORTING/ CLEANING – DRYING – OIL MILL- CRUSHING/ EXTRACTION PROCESS PURIFICATION – TESTING/ CHECKING – PACKAGING/ LABELLING – STORAGE -= COOKING OIL

11. SUBMISSION

M/S UNITED HALAAL LIMITED wishes to submit its investment plan and application to the Tanzania Investment Centre (TIC) its proposal for registration and award of certificate of incentives.

The Project will soon commence after the Company is registered by TIC and being issued the Certificate of incentives. Thereafter the Company will order and import the Sunflower Oil Mill, Flour Mill, Honey Processing Plant and Packaging facilities etc which will qualify for Tax Exemption.

The certificate of incentives will enable the project to enjoy Tax exemption on **DEEMED CAPITAL GOODS, TIC ONE STOP FACILITATION** such as processing of approvals, licenses and permits such as resident / working permits, Business license, protection of investment, arbitration and transfer of foreign currency etc.

12. ECONOMIC GROWTH

Positive economic growth which had been registered in Tanzania, have attracted more investments in the Tanzania like the proposed project in production of high quality Sunflower Edible Oil, Flour, Honey and packaging.

The economic growth resulted by various economic activities has increased the demand/ market for edible Oil, well-Packed Flour and Honey. The Proposed Project will sell to local and foreign market. The Project will also sell its products with other processors which need raw materials in their production process. There is high demand for the Company's Products.

13. COMPETITION/MARKET

Despite there being a number of agro processors and importers of high quality Flour, Honey, Sunflower edible Oil and sunflower cake as raw materials for the manufacturers of animal feed, Sunflower Oil which is also be sold to Soap manufacturers in Tanzania and there are

number of local producers of Flour, Honey, edible oil still the supply is not enough compared to the level of demand.

However, the proposed project for Edible Oil, well-packed Flour and Honey, Oil Edible expects to dominate the local and export market because the project will produce high quality Edible Oil, well-packed Flour and Honey.

14. 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.

15. 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,
- Advertisement/promotion,
- Employing qualified and experienced personnel,
- On job training,
- Business Discipline.

16. ENVIRONMENTAL ISSUE

The whole process of producing Sunflower Edible Oil, well-packed Flour and Honey is environmentally friendly which will not cause any harm to people.

17. PROJECT MANAGEMENT

The overall management of the company is vested in the Board of Directors – Mr. Abdullahi H. Abdi is the Managing Director of the Company; he is well versed in Agro Processing/ Edible Oil Industry. The other Director is Abdirahman H. Isse.

18. MANPOWER AND TRANSFER OF TECHNOLOGY

This project being producer of Sunflower edible Oil, Well Packed in its establishment programme will usher in the country 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.

Further the country can reduce its dependence on importation of Edible Oil, Flour and Honey and also reduce the importation of honey, flour as well as crude Oil as raw materials for edible Cooking Oil and soap making Industries. Hence Tanzanian will be able to purchase high quality edible cooking oil and other allied products at a reasonable price.

The Proposed programme will cause more people to be employed in the factory about 20 local people. The Farmers will also benefit by selling to the Company Sunflower Seeds, Maize and Honey at a good price and the programme will raise their income, improve their social welfare, it is poverty alleviation programme to them. And the Company will pay taxes (Government revenues);

Local employees will get on job training and in a long run will improve the technical competence of the production.

19. CONCLUSION AND RECOMMENDATION

The financial evaluation of the proposed project done so far indicates that this programme 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 proposed project so that the project will import and enjoy Tax exemption on CAPITAL/DEEMED CAPITAL GOODS and increase its production capacity.

20. FINANCIAL AND ECONOMIC ANALYSIS

20.1 Projected Profit and Loss Account

The company envisages generating a profit of USD \$ 500,000 this operating year. The profit amount is expected to steadily rise to USD \$ 520,000 in year two, USD \$ 540,000 in year three and USD \$ 560,000 in year four.

20.2 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.

20.3 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.

21. 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 UNITED HALAAL LIMITED**

21.1 Effect of cost increase on profitability (on the basis of year II EDIBLE OIL, FLOUR, HONEY INCOME in “000” USD \$)

Edible Oil	Costs	Increase	Profit before Depreciation
2,250.0	1,730.0	%	520.0
2,250.0	1,816.5	5%	433.5
2,250.0	1,903.0	10%	347.0

21.2 Effect of EDIBLE OIL, FLOUR, HONEY INCOME decrease/drop on profitability (on the basis of year II costs in “000” USD \$)

Edible Oil Income	Increase Decrease	Cost	Profit before Depreciation
2,250.0	%	1,730.0	520.0
2,137.5	5%	1,730.0	407.5
2,025.0	10%	1,730.0	295.0

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.

22. LIST OF CAPITAL/ DEEMED CAPITAL GOODS

- Sunflower Oil Mill
- Flour Mill,
- Honey Processing Plant,
- Packaging Machinery,
- Silos,
- Equipment,
- Generators,
- Transformer,
- Utility vehicles,
- Building materials,
- Etc.

Appendix I

M/S UNITED HALAAL LIMITED PROJECTED INCOME STATEMENT

(Fig. In USD \$ '000')

INCOME	I	II	III	IV	V
Edible Oil, Flour, Honey	2,110.0	2,250.0	2,390.0	2,530.0	2,660.0
Total	2,110.0	2,250.0	2,390.0	2,530.0	2,660.0
EXPENDITURE					
Utility	400.0	400.0	400.0	400.0	400.0
Other Expenses	200.0	200.0	200.0	200.0	200.0
Salaries and wages	50.0	50.0	50.0	50.0	50.0
Transportation/fuel	800.0	900.0		1,100.0	1,200.0
Administrative expenses	100.0 50.0	110.0 60.0	1,000.0 120.0	130.0 80.0	140.0 80.0
Clearing & Forwarding Charges	10.0	10.0	70.0	10.0	10.0
Promotion/ Advertisement			10.0		
Total expenditure	1,610.0	1,730.0	1,850.0	1,970.0	2,080.0
Net profit (pre – tax and Depreciation)	500.0	520.0	540.0	560.0	580.0

Appendix II

M/S UNITED HALAAL LIMITED PROJECTED CASHFLOWS STATEMENT

(Fig. In USD \$ '000')

Years	I	II	III	IV	V
Cash inflow	500.0	520.0	540.0	560.0	580.0
Income from operation	500.0	520.0	540.0	560.0	580.0
Cash outflow					
Interest Payment	200.0	180.0	160.0	140.0	120.0
Loan repayment	200.0	200.0	200.0	200.0	200.0
Wear & Tear	40.0	40.0	40.0	40.0	40.0
Taxes	10.0	10.0	15.0	20.0	25.0
TOTAL	450.0	430.0	415.0	400.0	385.0
Surplus cash generated	50.0	90.0	125.0	160.0	195.0

Years	VI	VII	VIII	IX	X	TOTAL
Cash inflow	620.0	640.0	680.0	700.0	720.0	8,060.0
Income from operation	620.0	640.0	680.0	700.0	720.0	6,060.0
Cash outflow						
Interest Payment	100.0	80.0	60.0	40.0	20.0	1,100.0
Loan repayment	200.0	200.0	200.0	200.0	200.0	2,000.0
Wear & Tear	40.0	40.0	40.0	40.0	40.0	400.0
Taxes	30.0	30.0	30.0	35.0	35.0	240.0
	370.0	350.0	330.0	315.0	295.0	3,740.0
Surplus cash generated	250.0	290.0	350.0	385.0	425.0	2,320.0

Appendix III**M/S UNITED HALAAL LIMITED
PROJECTED LONG TERM LOAN REPAYMENT****(Fig. In USD \$ '000')**

Repayments				
Year	Principle	Interest	Total	amount
0				8,000.0
I	800.0	800.0	1,600.0	7,200.0
II	800.0	720.0	1,520.0	6,400.0
III	800.0	640.0	1,440.0	5,600.0
IV	800.0	560.0	1,360.0	4,800.0
V	800.0	480.0	1,280.0	4,000.0
VI	800.0	400.0	1,200.0	3,200.0
VII	800.0	320.0	1,120.0	2,400.0
VIII	800.0	240.0	1,040.0	1,600.0
IX	800.0	160.0	960.0	800.0
X	800.0	80.0	880.0	0.0

Appendix 1V

M/S UNITED HALAAL 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	200.0	200.0	200.0	200.0	200.0
2.	Long term Loan	800.0	720.0	640.0	540.0	460.0
3.	Associated Cos/ Directors	200.0	200.0	200.0	200.0	200.0
4.	Current Liabilities	300.0	350.0	400.0	450.0	400.0
		1,500.0	1,470.0	1,460.0	1,390.0	1,260.0
	Application of funds					
1.	Fixed Assets	800.0	800.0	800.0	800.0	800.0
2.	Current Assets	600.0	630.0	660.0	690.0	720.0
		1,400.0	1,430.0	1,460.0	1,490.0	1,520.0