

ISCON COMMODITIES (T) LIMITED

BUSINESS PLAN



**FOR TIC REGISTRATION OF AN AGRO-
PROCESSING PROJECT**

JULY 2024

A: EXECUTIVE SUMMARY

Iscon Commodities (T) Limited is a local private company with majority of shares (90%) being foreign and 10% local. Its authorized share capital is Shillings 10 million, divided into 10,000 Ordinary Shares of Tanzania Shillings 1,000 each. The authorized share capital is equivalent to about USD 4,000.

The company plans to establish a new project of agro-processing with a specialization in cashew and green mung beans (choroko). The project will be located in Mtepwezi within the municipality of Mtwara in Mtwara region of southern Tanzania. The promoters plan to invest a total of USD 4 million into the project. This investment includes equity of USD 3 million and a local loan of USD 1 million. At full capacity the project expects to have the capacity of 220 metric tons. Also, it will employ a total of 116 people (direct employment) 99 of whom are locals. As of indirect jobs, the project expects to create 6,000 jobs for locals.

Tanzania is well known for its cashew nut production. The nuts are nicknamed "grey gold" due to the high return on investment. However, only 5% of the raw cashew nuts are being processed locally. The other 95% travel all the way to Vietnam or India for value addition before reaching consumer markets of Europe and America. It is estimated that this created a loss of around Tanzania Shillings 216 billion (equivalent to 83 million EUR) in the season of 2020-2021.

This project is intended to support country's effort to improve value addition for both Cashew and Choroko, thereby improving people's livelihood in Mtwara and the country at large.

This project is fiscally, financially, and socially rational. As such the promoters present it for TIC registration in order that it can enjoy the incentives available for the sector.

B KEY SUMMARIES

S/N	ITEMS	DETAILS			
1	Company Name	Iscon Commodities (T) Limited			
2	COI No.	83140			
3	Company Reg. Date	10th May, 2011			
4	Company Location	13 Block 10 A Agha Khan, Maduka Makubwa Area, in Mtwara municipal area			
5	TIN/VRN No.	TIN		VRN	
		113-258-837		N/A	
6	Company Shareholding	Shareholder	Nationality	Shares Taken	% Share
	a.	Dhrupe Dharmesh Shah	India	4500	45%
	b.	Dharmesh Rameshbhai Shah	India	3500	35%
	c.	Mukesh Patel	Tanzania	1000	10%
	d.	Dhrupe Dharmesh Shah	India	1000	10%
	TOTAL			10000	100%
7	Project Location	plots no. 11, 12, 13, 14, 15 & 16 Block A in Mtepezezi, Mtwara Municipality			
8	Project Business	Processing of agro-products namely cashew and green mung beans (choroko)			
9	JOBS	LOCAL		FOREIGN	
		(M)	(F)	(M)	(F)
		66	33	12	5
	TOTAL JOBS (L & FOREIGN)				116
10	Project Capacity (MTs)				220
11	Project Funding				
	<i>Local Equity</i>				-
	<i>Local Loan</i>				1,000,000
	<i>Foreign Equity</i>				3,000,000
	<i>Foreign Loan</i>				-
	Total Funding				4,000,000
12	Financing of Items				
	<i>Fixed Capital</i>				1,436,000
	<i>Working Capital</i>				2,564,000
	Total Financing				4,000,000

C TABLE OF CONTENTS

A	EXECUTIVE SUMMARY	1
B	KEY SUMMARIES	2
C	TABLE OF CONTENTS	3
1.0	GENERAL INTRODUCTION	5
	1.1 <i>Company Background</i>	5
	1.2 <i>Shareholding</i>	5
	1.3 <i>The Project</i>	6
	1.6 <i>Project's Clientele</i>	6
2.0	MARKET ANALYSIS	6
	2.1 <i>Status Quo of the Market</i>	7
	2.1.1 <i>The Supply Side</i>	7
	2.3 <i>SWOT Analysis</i>	9
	2.3 <i>PESTEL Analysis</i>	10
	2.5 <i>Marketing Strategy</i>	12
3.0	THE PRODUCT.....	12
	3.1 <i>The Processing</i>	13
	3.2 <i>Pricing</i>	19
	3.3 <i>Targeted Market</i>	19
4.0	MARKETING AND SALES STRATEGY.....	19
	4.1 <i>Entry Strategy</i>	20
	4.2 <i>Retention Strategy</i>	20
	4.3 <i>Expansionary Strategy</i>	21
5.0	ORGANIZATION AND MANAGEMENT.....	21
	5.1 <i>Organizational Structure</i>	21
	5.2 <i>Project Manning</i>	21
6.0	OPERATIONS PLAN.....	22
	6.1 <i>Project Location</i>	22
	6.2 <i>Key Suppliers</i>	22

6.3 Key Business Connections	23
6.4 Project Assets	23
6.5 Project Roll-Out Plan.....	23
7.0 FINANCIAL PROJECTIONS.....	24
7.1 Production and Sales.....	24
7.2 Profit and Loss.....	25
7.3 Cash Flow.....	26
7.4 Projected Ratios.....	26
8.0 PROJECT FINANCIALS.....	27
8.1 Funding Sources	27
8.2 Financing of Items.....	28
8.3 Investment Plan.....	29
9.0 PROJECT RATIONALE.....	30
10.0 CONCLUSION	31
D APPENDICES	32

1.0 GENERAL INTRODUCTION

1.1 Company Background

ISCON COMMODITIES (T) LIMITED, a company owned by locals and foreigners, has been registered under the laws of the United Republic of Tanzania. It was issued with Certificate of Incorporation (COI) No. 83140 of May 10th, 2011. For tax purposes the company has been issued with TIN No. 113-258-837. The offices of the company are located on plot number 13 Block 10 A Agha Khan, Maduka Makubwa Area, in the municipality of Mtwara in Mtwara region.

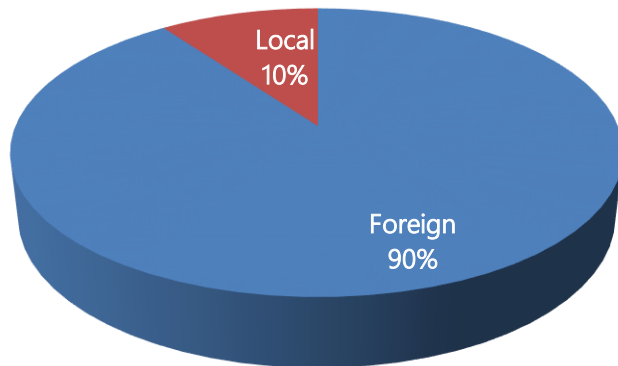
1.2 Shareholding

Iscon Commodities (T) Limited is a company owned by Indians and Tanzanians. Its authorized share capital is Shillings 10 million, divided into 10,000 Ordinary Shares of Tanzania Shillings 1,000 each. The authorized share capital is equivalent to about USD 4,000. Of the authorized shares all have taken as shown in Table 1 below. Shareholding stands at 90% foreign and 10% local as shown in fig.1.

Table 1: Shareholding Structure

S/N	Names	Nationality	Shares Taken	% Stake
1	Dhrupa Dharmesh Shah	India	4,500	45%
2	Dharmesh Rameshbhai Shah	India	3,500	35%
3	Mukesh Patel	Tanzania	1,000	10%
4	Dhruti Dharmesh Shah	India	1,000	10%
	TOTAL		10,000	100%

Figure 1: Shareholding by Nationality



1.3 The Project

This is an agro-processing project with special focus on cashew nuts and Green Mung Beans (Choroko) that are grown in the southern regions of Tanzania. The project will be located on plots no. 11, 12, 13, 14, 15 & 16 Block A in Mtepwezi, Mtwara Municipality.

1.6 Project's Clientele

The project targets clients from Tanzania and India in terms of consumers. The larger part of the product will be exported for consumption abroad. In terms of machineries and equipment, the company expects to source them from outside the country, principally from India. For supplies, the company will source them from within Tanzania, and for those which cannot be obtained within the country the company will import them.

2.0 MARKET ANALYSIS

This section reviews the market status for cashew and Green Mung Beans (Choroko) in Tanzania and beyond. It covers the status-quo of the market, SWOC analysis, and PESTEL analysis as well as market strategy for the products.

Iscon Commodities (T) Limited aims to establish itself as a leading processor and exporter of Green Mung Beans (Choroko) in Tanzania and in the Eastern African region. The initial focus is on

agro-processing for cashew and Green Mung Beans (Choroko) but subsequently the company expects to embark on an ICD project.

2.1 Status Quo of the Market

2.1.1 The Supply Side

The cashew and Green Mung Beans (Choroko) market in Tanzania is a significant sector in the country's agricultural sector, with both products being major export earners. Here is an overview of the current status quo of the cashew and Green Mung Beans (Choroko) market in Tanzania:

Cashew Market:

Production: Tanzania is one of the largest producers of cashew in Africa, with an annual production of around 250,000-300,000 metric tons.

Exports: The majority of Tanzania's cashew production is exported raw, with the main destinations being India, Vietnam, and Europe.

Value Chain: The cashew value chain in Tanzania is dominated by small-scale farmers who sell their produce to local processors, who then export the processed cashews.

Challenges: The cashew industry in Tanzania faces challenges such as low yields, high post-harvest losses, and limited access to credit and markets for small-scale farmers.

Opportunities: The government has implemented initiatives to improve the cashew sector, including providing training and extension services to farmers, improving access to credit and input markets, and promoting exports.

Green Mung Beans (Choroko) Market:

Production: Tanzania is a significant producer of Green Mung Beans (Choroko), including beans, peas, and lentils.

Exports: The majority of Tanzania's pulse production is consumed domestically, with some exports to neighboring countries and India.

Value Chain: The pulse value chain in Tanzania is also dominated by small-scale farmers who sell their produce to local processors and traders.

Challenges: The pulse industry in Tanzania faces challenges such as low yields, poor storage and handling practices, and limited access to markets.

Opportunities: The government has implemented initiatives to improve the pulse sector, including providing training and extension services to farmers, improving storage and handling practices, and promoting exports.

2.1.2 The Demand Side

India is the leading market for Tanzania's cashew and Green Mung Beans (Choroko).

2.1.3 Key Statistics:

i. Cashew:

- Average yield per hectare: 1-2 tons
- Production costs per ton: \$500-\$700
- Export value (2020): \$100 million

ii. Green Mung Beans (Choroko):

- Average yield per hectare: 0.5-1 ton
- Production costs per ton: \$300-\$500
- Domestic consumption (2020): 150,000 metric tons

2.1.4 Government Initiatives:

- i) The Tanzanian government has launched several initiatives to support the agricultural sector, including the "Harambee" program aimed at improving agricultural productivity and increasing farmer incomes.
- ii) The government has also established the Tanzanian Cashew Industry Association (TCIA) to promote the development of the cashew sector.

- iii) The Ministry of Agriculture has launched initiatives to improve pulse production, including the "Pulse Revolution" program aimed at increasing pulse production and improving farmer incomes.

2.1.5 Private Sector Initiatives:

1. Several private companies are involved in the production and processing of cashews and Green Mung Beans (Choroko) in Tanzania, including companies like Arusha-based Golden Pride Cashews Limited and Dar es Salaam-based National Milling Corporation (NMC).

2. These companies have invested in processing facilities, logistics, and marketing to increase their competitiveness in domestic and international markets.

Overall, the cashew and Green Mung Beans (Choroko) market in Tanzania presents opportunities for growth and development, particularly with government initiatives aimed at improving productivity, reducing post-harvest losses, and increasing farmers' incomes.

2.3 SWOT Analysis

This sub-section covers the analysis of the overall cashew and Green Mung Beans (Choroko) business in the United Republic of Tanzania.

Internal Assessment

- Strengths
 - Shareholders' financial muscle
 - Skilled personnel in the field
 - Experience in international trade
 - Awareness of the Tanzanian market
- Weaknesses
 - Novelty in the Tanzanian market
 - Limited control over the quality of household's produce

Environmental Assessment

- Opportunities

- Availability of plentiful raw materials as more than 85% of cashew is exported raw.
- Enough government support to the agriculture sector and to agro-processing in Tanzania.
- Availability of an insatiable market for cashew and Green Mung Beans (Choroko) in the East, especially India.
- Threats
 - Complex business procedures. The company has engaged seasoned trade experts to handle these
 - Unpredictable power cuts
 - Existence of other players in the business
 - Volatility of the Tanzanian shilling against the USD.

On overall, the supply side of the Tanzanian market for cashew and Green Mung Beans (Choroko) offers both opportunities and threats for companies operating in the sector. Our company is able to adapt to the local supply market conditions and provide high-quality products and so stand a chance to succeed in this competitive market.

The demand side of the Indian market, on the other hand, provides much opportunity for our business. The market needs much of our products.

From the SWOC analysis conducted of the company and of the operating environment the promoters are confident that the project will be a success. Following the analysis we have developed a market strategy for our products.

2.3 PESTEL Analysis

This sub-section analyzes the environment in which our company will be operating by undertaking the agro-processing project in southern Tanzania.

- i) Political:

Politics of Tanzania call for industrialization and development of the agricultural sector. Our presence in the sector seems to have support from the political elite of the country.
- ii) Economic:

In terms of the supply side for cashew and Green Mung Beans (Choroko) the economy of Tanzania promises a lot. This is good for our business of agro-processing.
- iii) Social:

The social-cultural aspects of Tanzania are very promising to our project. This emanates from the 62+ million population of hardworking Tanzanians. These people cultivate agricultural products and are available for working in the factories.
- iv) Technological:

New and advanced technologies are accepted in Tanzania. Networks of power supply and communication technology provide avenues for inclusion of more sophisticated technologies and business processes. Nowadays even the then remote southern regions of Lindi and Mtwara are accessible by roads and ICT services are accessible there as well.
- v) Environmental:

The company is in favor of environmental protection for inter-generational sustainability of life and production. The environmental regulations are favorable.
- vi) Legal:

The legal system in Tanzania is favorable to us as foreign investors. The new investment act allows for dispute settlement outside the country. This provides assurance to invest and operate here.

The market for our project in Tanzania holds significant potential, driven by demand from foreign markets and supply of raw materials from locals. While competition exists, there are opportunities for differentiation through adjusting to appropriate technology of ours which is highly advanced.

2.5 Marketing Strategy

The company's strategy is centered on application of highly developed technology and advanced equipment. We are focused on setting up a state-of-the-art agro-processing plant. The quality of our products is our strategy to penetrate and remain in the market of Tanzania and of other countries.

3.0 THE PRODUCT

This is a project of agro-processing, focused mainly on cashew and Green Mung Beans (Choroko) as the principal products. The products are processed and packed from produce bought from farmers in the southern region of Tanzania. Cashew is farmed as a perennial crop while Green Mung Beans (Choroko) are seasonal crops.

The cycle of our products begin with the farmers who cultivate the perennial cashew and seasonal Green Mung Beans (Choroko). After harvesting the farmers sell their products through their cooperative unions. The unions, in the end, sell the products to exporters and processors. This project seeks to position itself as a processor who later on exports finished product to other countries.

3.1 The Processing

a) Cashew Processing

Cashew processing implies transformation of raw cashews into a variety of products, such as roasted and salted nuts, flavored nuts, and cashew butter. Our projects, initially, will embark on producing nuts. Here's an overview of the typical steps that will be involved in cashew processing:-

1. **Sorting and cleaning:** Raw cashews are sorted and cleaned to remove any debris, broken shells, and other impurities.
2. **Shelling:** The cashews are then shelled using a mechanical or manual process to remove the shell from the nut.
3. **Grading:** The shelled cashews are graded based on size, shape, and quality.
4. **Roasting:** The cashews are roasted to enhance their flavor and texture. Roasting can be done using various methods, such as dry roasting, oil roasting, or liquid smoke roasting.
5. **Seasoning:** The roasted cashews are then seasoned with salt, spices, or other flavorings to enhance their taste.
6. **Packaging:** The seasoned cashews are packaged in various formats, such as bags, boxes, or containers, for distribution and sale.
7. **Cashew butter production:** For cashew butter production, the roasted and shelled cashews are ground into a fine paste using a grinder or food processor.
8. **Paste preparation:** The ground cashews are mixed with other ingredients, such as oil, salt, and emulsifiers, to create a consistent paste.
9. **Homogenization:** The paste is then homogenized to ensure a uniform consistency and texture.
10. **Packaging:** The cashew butter is packaged in jars, tubs, or squeeze bottles for distribution and sale.
11. **Flavoring:** Cashews can be flavored with various seasonings or flavorings, such as garlic, chili peppers, or vanilla.

12. Coating: Cashews can be coated with a layer of chocolate or other coatings for added flavor and texture.
13. Grinding: Cashews can be ground into different textures, such as fine powder or coarse meal.

Cashew processing requires careful attention to detail to ensure the quality and safety of the final product. Our project is committed to following the proper sanitation and hygiene practices to prevent contamination, and to maintain a clean environment.

There are also different types of cashew processing facilities, including:-

1. Small-scale processing: Small-scale processing facilities may use traditional methods and equipment to process small batches of cashews.
2. Medium-scale processing: Medium-scale processing facilities may use semi-automated equipment to process larger batches of cashews.
3. Large-scale processing: Large-scale processing facilities may use fully automated equipment and advanced technology to process large volumes of cashews. This is where our project belongs

Overall, the specific steps involved in cashew processing may vary depending on the scale and type of operation. Our process will be fitted to our clients' needs.



b) Green Mung Beans (Choroko) Processing

Green Mung Beans (Choroko) processing refers to the various steps involved in transforming raw Green Mung Beans (Choroko), such as lentils, chickpeas, beans, and peas, into a variety of products for human consumption or animal feed. Here's an overview of the typical steps involved in Green Mung Beans (Choroko) processing:-

1. Cleaning: Raw Green Mung Beans (Choroko) are cleaned to remove any debris, stones, or impurities.
2. Sorting: Green Mung Beans (Choroko) are sorted based on size, shape, and quality to separate them into different grades.
3. Grading: Green Mung Beans (Choroko) are graded according to their quality, size, and color to ensure consistency and uniformity.
4. De-hulling: Some Green Mung Beans (Choroko), such as lentils and chickpeas, are dehulled to remove their outer shells.
5. Splitting: Green Mung Beans (Choroko) can be split into two halves or quarters to increase their surface area and enhance cooking time.
6. Roasting: Green Mung Beans (Choroko) can be roasted to enhance their flavor and texture.
7. Cooking: Green Mung Beans (Choroko) can be cooked to varying levels of doneness to suit different applications.
8. Flavoring: Green Mung Beans (Choroko) can be flavored with spices, herbs, or other ingredients to create different taste profiles.
9. Packaging: Green Mung Beans (Choroko) are packaged in various formats, such as bags, boxes, or cans, for distribution and sale.

Some additional steps may be involved depending on the specific type of pulse being processed:-

1. De-branching: Some Green Mung Beans (Choroko), such as peas and beans, may require debranching to remove stems and branches.
2. Splitting and recombining: Some Green Mung Beans (Choroko) may be split and then recombined with other ingredients to create a uniform product.
3. Milling: Some Green Mung Beans (Choroko) may be milled into flour or meal for use in baking or animal feed.
4. Extrusion: Some Green Mung Beans (Choroko) may be extruded into various shapes and forms for use in snacks or pet food.

Pulse processing can involve various technologies, including:

1. Mechanical separation: Using air jets or screens to separate Green Mung Beans (Choroko) by size and shape.
2. Air classification: Using air jets to separate Green Mung Beans (Choroko) by size and density.
3. Gravity separation: Using gravity to separate Green Mung Beans (Choroko) by size and shape.
4. Magnetic separation: Using magnets to remove metal contaminants from Green Mung Beans (Choroko).

Pulse processing can also involve different levels of processing intensity, including:-

1. Basic processing: Simple cleaning, sorting, and grading of Green Mung Beans (Choroko).
2. Intermediate processing: Additional steps such as de-hulling, splitting, roasting, and flavoring.
3. Advanced processing: Complex processes such as extrusion, milling, or de-branching.

Some common pulse processing facilities include the following:-

1. Small-scale processing facilities: Small-scale operations that process small batches of Green Mung Beans (Choroko) for local markets.
2. Medium-scale processing facilities: Medium-scale operations that process larger batches of Green Mung Beans (Choroko) for regional markets.
3. Large-scale processing facilities: Large-scale operations that process large volumes of Green Mung Beans (Choroko) for national or international markets. Our project belongs to this category of facilities

Our project will invest heavily on careful attention to detail to ensure the quality and safety of the final product.



3.2 Pricing

Our products will be priced based on the cost of production. In doing so, we will keep competitiveness in mind lest we lose the market segment we target. Quality of the product will be maintained the highest in order to back our pricing and to secure us the market

3.3 Targeted Market

The company and the project will be stationed within the municipality of Mtwara in southern Tanzania. The target market however is India where we expect to export our final products to.

4.0 MARKETING AND SALES STRATEGY

Marketing strategies are essential plans of action that businesses use to promote their products or services, reach their target audience, and achieve their business objectives. This section focuses on entry, retention and expansionary strategies for the agro-processing project of ours in Tanzania.

Our overall strategy will involve:-

- i) Local Network Establishment:
 - Forging strategic partnerships with key local players in the sector i.e. farmers communities and cooperative unions.
 - Attending industry conferences and trade shows to network and showcase the qualities of our products.
 - Enrolling as members of the Chamber of Commerce in order to enjoy certificates of origin for the consignments we bind to destinations outside the country.
- ii) Brand Awareness:
 - Implementing targeted marketing campaigns highlighting our expertise in the processing of cashew and Green Mung Beans (Choroko).
 - Utilizing digital marketing channels to deepen and widen our markets outside the country.

The company looks forward to leverage on best quality products in securing a niche in the market. As part of our marketing strategy, we will engage strategies that will enhance our entry, persistence (stay) and expansion.

4.1 Entry Strategy

This strategy to penetrate the market involves identifying opportunities, assessing risks, conducting market research, and developing a strategy to successfully establish a presence and compete in the target market. Here are our adopted market entry strategies:

- i) Strategic alignment with the requirements of strategic consumers of the products like airlines and Porsche restaurants.
- ii) Expansion: in the long run the company will consider venturing into primary production of the agro-products.
- iii) E-commerce and Online Marketplaces: The company will use online platforms i.e. e-commerce platforms, marketplaces, and digital channels to penetrate the markets.

4.2 Retention Strategy

Our market retention strategy focuses on retaining existing customers, building loyalty, and maximizing customer lifetime value. It involves tactics and initiatives to keep customers engaged, satisfied, and coming back for repeated purchases. Some key components of our market retention strategy include Customer Relationship Management (CRM), Customer Segmentation (basing on engagement frequency, order value, loyalty status, preferences, and behavior), Loyalty Programs (including creation and implementation of loyalty programs rewarding customers for repeated purchases, referrals, engagement, and loyalty), Personalization, Customer Service Excellence, Feedback and Surveys, Retargeting and Remarketing, Customer Education and Engagement, Customer Satisfaction Metrics, and Customer Experience Enhancement.

Through these strategies the company will build long-term relationships with existing customers, increase customer loyalty, induce repeated purchases (consignments), minimize customer churn

and maximize customer lifetime value. As a result our business will grow sustainably and profitability will be assured.

4.3 Expansionary Strategy

The market expansion strategy for this project seeks to enhance business growth by tapping into new markets starting from the Indian market to the global markets. The strategy embraces market research, identification of target markets, the development of a marketing plan, product adaptation, distribution channels, pricing strategy, market entry approach, building partnerships, regulatory compliance, after-sales services, and M&E.

5.0 ORGANIZATION AND MANAGEMENT

5.1 Organizational Structure

Iscon Commodities (T) Limited’s team is tiered into directors, management team, supervisors, workers, and support staff as detailed under *appendix 2*.

5.2 Project Manning

This project expects to directly employ a total of 116 people 99 of whom are locals as shown in table 2 below. The gender and nationality distributions of jobs are shown in the figures 2 (a) and (b) as well.

Table: 2: Planned Direct Jobs

GENDER	LOCALS	FOREIGNERS	TOTALS
M	66	12	78
F	33	5	38
TOTALS	99	17	116

Figure 2 (a): Gender Distribution of Jobs

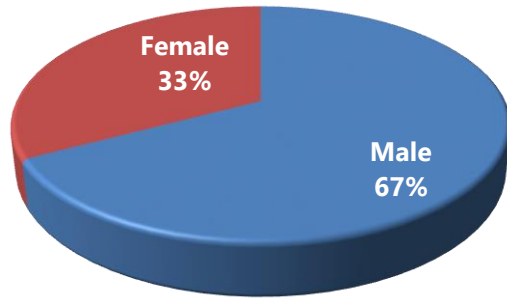
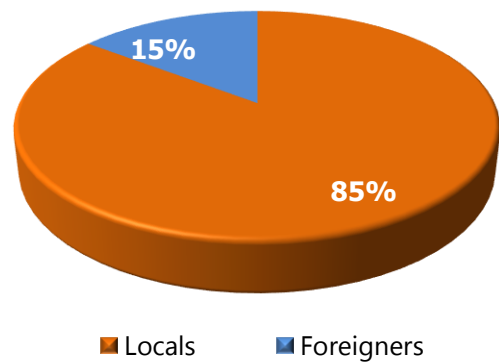


Figure 2 (b): Jobs by Nationality



6.0 OPERATIONS PLAN

6.1 Project Location

This project is located within the municipality of Mtwara. The operational area of the project, therefore, is within the region of Mtwara in southern Tanzania.

6.2 Key Suppliers

Iscon Commodities (T) Limited expects to source its supplies of cashew and Green Mung Beans (Choroko) (raw materials) from the small and medium scale farmers of southern Tanzania. As for

machineries, these will be sourced from outside the country. All other supplies will be sourced locally.

6.3 Key Business Connections

Locally the company expects to link itself with local players in the sector. These include farmers, cooperative unions, and chambers.

6.4 Project Assets

The company expects to invest a total of USD 4,000,000 in this project. Injection of the capital will be in the form of various items as summarized in table 3 below. A detailed list of items will be shared via the proposed list for exemptions.

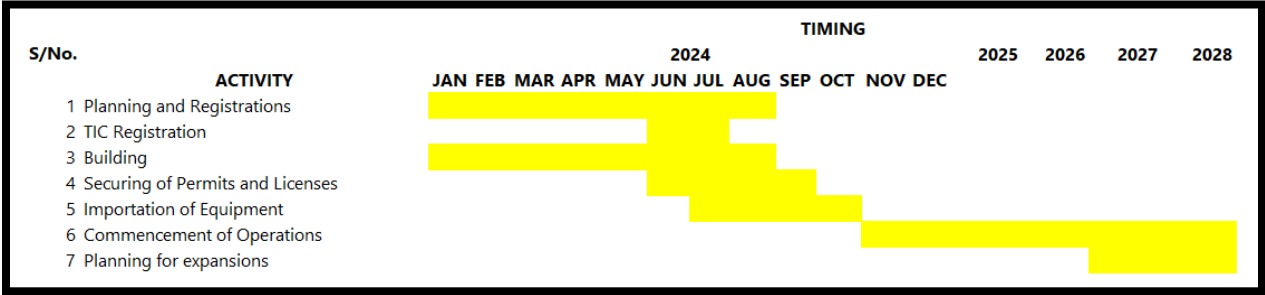
Table 3: Summary of Assets

ITEM	AMOUNT IN USD
Land & Buildings	120,000
Plant	450,000
Vehicles	640,000
Furniture & Fittings	59,000
Pre Expenses	25,000
Others	142,000
Working Capital	2,564,000
TOTAL INVESTMENT	4,000,000
TOTAL FIXED CAPITAL	1,436,000
TOTAL WORKING CAPITAL	2,564,000

6.5 Project Roll-Out Plan

This is a 5 years business plan by design but can need more time in order to attain the desired goals. The roll-out plan starts in 2024 as it is shown in Figure 3

Figure 3: Implementation Plan



7.0 FINANCIAL PROJECTIONS

This section covers projections in terms of production (cashew and green mung beans (choroko)) and sales, profit and loss, and cash flow projections for the first five years of implementation of the project. Key assumptions for these projections are 100% sales and a 6% inflation rate over the years of the project.

7.1 Production and Sales

This sub-section focuses on production and sales projections. Production is expected to grow gradually over the first five years of operation. Maximum level of production is expected to be attained during the fifth year and it will hit a level of 220 metric tons per year as shown in table 4 below.

Table 4: Production Projections

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Cashew production p.a. (MT)	100	110	121	133	146
Green Mung Beans (Choroko) production p.a. (MT)	50	55	61	67	73
TOTAL PRODUCTION P.A. (MT)	150	165	182	200	220

Revenue from the sales shows a steady growth over the year, peaking at Year 5 as shown in table 5 below. Key assumptions are the same as stated above.

Table 5: Sales Projections

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Sales in MT (Cashew)	100	110	121	133	146
Sales in MT (Green Mung Beans (Choroko))	50	55	61	67	73
Price per MT (Cashew)	15,000	15,900	16,854	17,865	18,937
Price per MT (Green Mung Beans (Choroko))	8,000	8,480	8,989	9,528	10,100
Sales (Cashew)	1,500,000	1,749,000	2,039,334	2,377,863	2,772,589
Sales (Green Mung Beans (Choroko))	400,000	466,400	543,822	634,097	739,357
TOTAL SALES (USD)	1,900,000	2,215,400	2,583,156	3,011,960	3,511,946

7.2 Profit and Loss

This is a viable project ceteris paribus. Retained earnings are assured from the first year of the project, implying that the project will breakeven during Y1 of operation as shown in Table 6.

Table 6: Projected Income Statement

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Total Sales Revenue	1,900,000	2,215,400	2,583,156	3,011,960	3,511,946
Less: Cost of Sales	748,000	777,920	809,037	841,398	875,054
<i>Gross Profit</i>	<i>1,152,000</i>	<i>1,437,480</i>	<i>1,774,120</i>	<i>2,170,562</i>	<i>2,636,892</i>
Less: Operating Expenses	313,232	242,382	274,294	282,194	382,872
<i>EBIT</i>	<i>838,768</i>	<i>1,195,098</i>	<i>1,499,826</i>	<i>1,888,369</i>	<i>2,254,019</i>
Less: Loan Interest	26,000	26,000	26,000	26,000	26,000
EBT	812,768	1,169,098	1,473,826	1,862,369	2,228,019
Less: Taxes (30%)	243,830	350,729	442,148	558,711	668,406
Net Profit/(Loss)	568,938	818,368	1,031,678	1,303,658	1,559,613
Dividend (10%)	56,894	81,837	103,168	130,366	155,961
Retained Earnings	512,044	736,532	928,510	1,173,292	1,403,652

7.3 Cash Flow

Table 7: Projected Cash Flow

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Net Income	568,937.60	818,368.40	1,031,677.93	1,303,657.99	1,559,613.40
Add: Depreciation and Amortization					
(Increase)/ Decrease in Operating Working Capital					
Cash Flow from Operating Activities	568,937.60	818,368.40	1,031,677.93	1,303,657.99	1,559,613.40
(Capital Expenditure)	- 273,000.00	- 227,000.00	- 10,000.00	- 10,000.00	- 10,000.00
Cash Flow from Investing Activities	- 273,000.00	-227,000.00	- 10,000.00	- 10,000.00	- 10,000.00
Increase (decrease) in long-term debt					
(Dividend)	- 56,893.76	- 81,836.84	- 103,167.79	- 130,365.80	- 155,961.34
Issuance of Equity					
Cash Flow from Financing Activities	- 56,893.76	- 81,836.84	- 103,167.79	- 130,365.80	- 155,961.34
Beginning Cash	2,564,000.00	2,324,956.16	1,815,424.60	896,914.46	- 266,377.73
Net Cash Flow	239,043.84	509,531.56	918,510.13	1,163,292.20	1,393,652.06

7.4 Projected Ratios

The projections show that the project will be a success as the margin and profitability ratios show a positive trend from Y1 of the first five years of operation of the project. Table 8 gives the details

Table 8: Projected Ratios

Margin Ratios	Y1	Y2	Y3	Y4	Y5
Gross Profit Margin	60.63%	64.89%	68.68%	72.06%	75.08%
Operating Profit Margin	72.81%	83.14%	84.54%	87.00%	85.48%
Net Profit Margin	44.15%	53.95%	58.06%	62.70%	64.18%
Profitability Ratios	Y1	Y2	Y3	Y4	Y5
Gross Profit Margin: (Gross Profit/Total Revenue)	60.63%	64.89%	68.68%	72.06%	75.08%
Net Profit Margin: (Net Income/Total Revenue)	29.94%	36.94%	39.94%	43.28%	44.41%
Return on Assets (ROA): (Net Income/Total Assets)	208.40%	163.67%	202.29%	250.70%	294.27%
Return on Equity (ROE): (Net Income/Shareholders' Equity)	18.96%	27.28%	34.39%	43.46%	51.99%

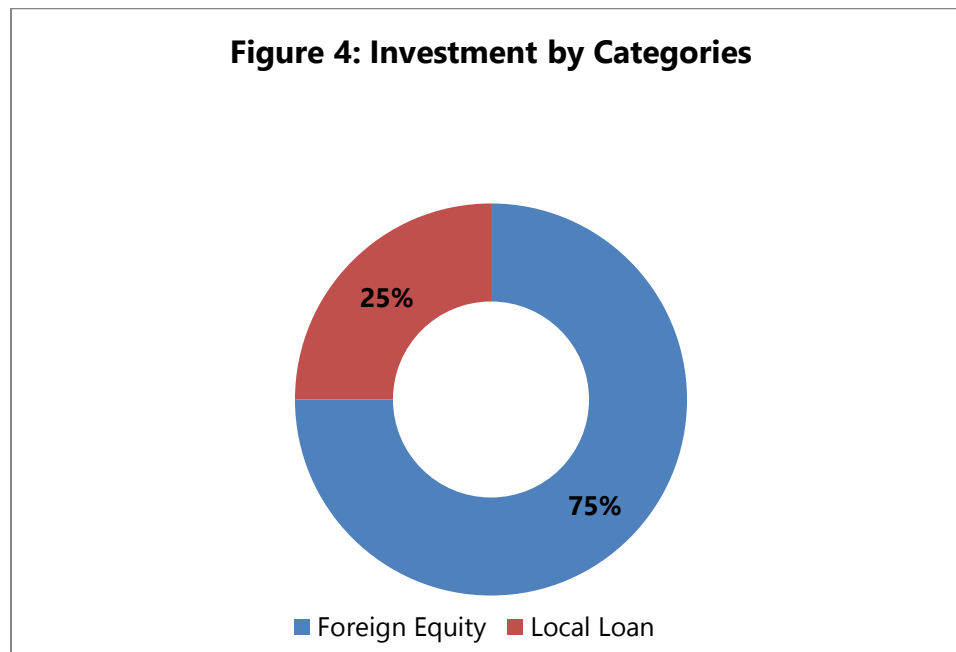
8.0 PROJECT FINANCIALS

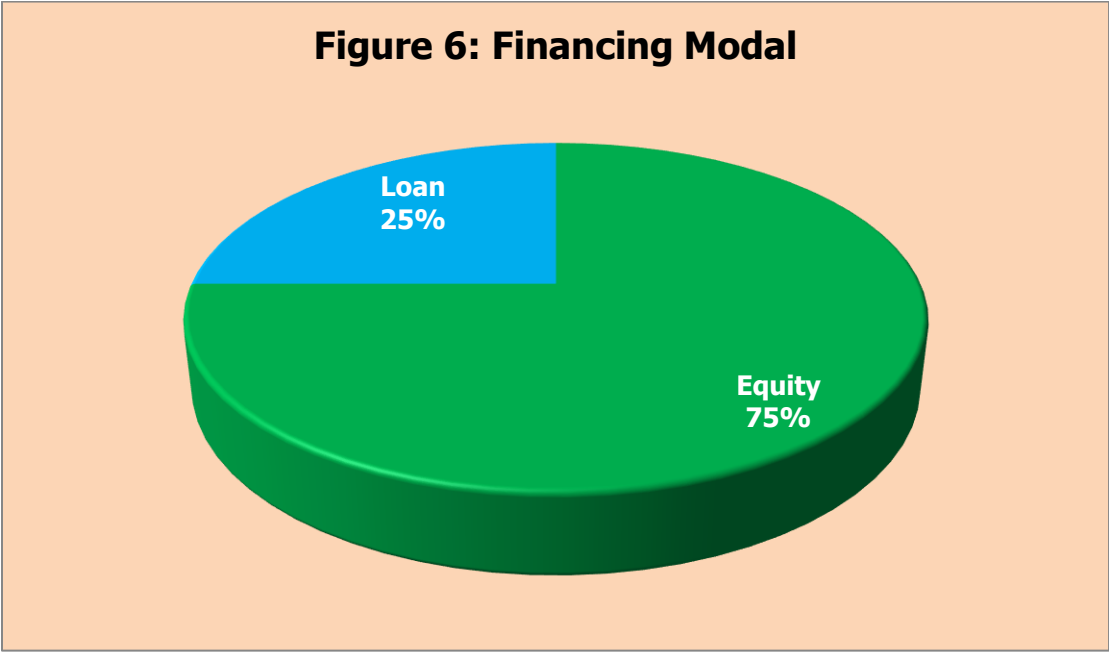
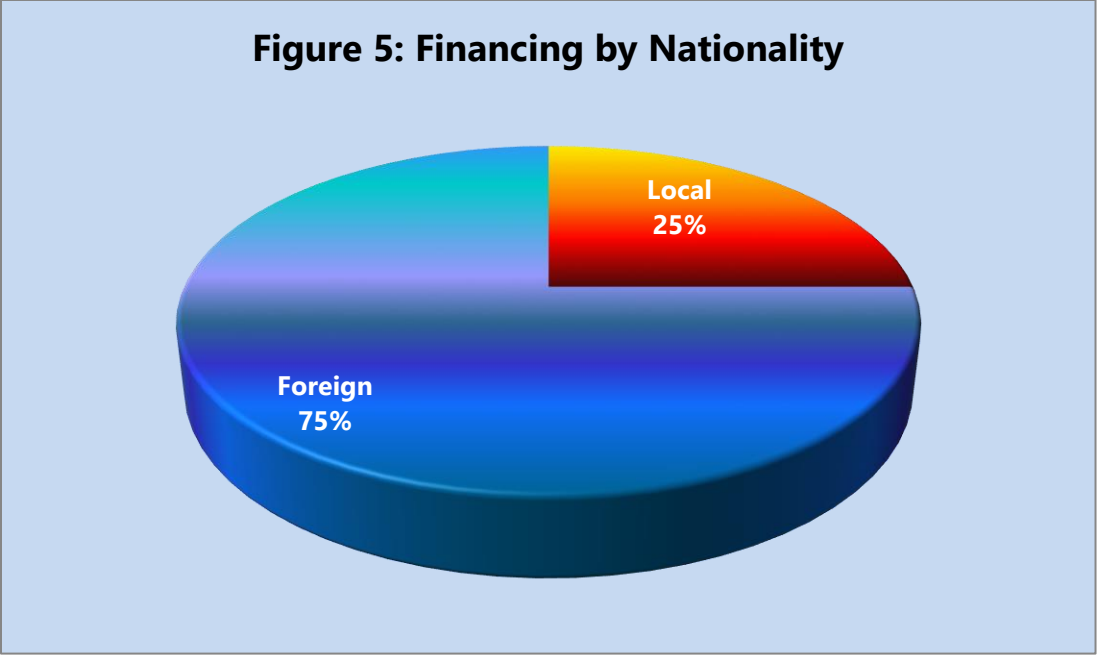
8.1 Funding Sources

This is a USD 4,000,000 project. Its source of funding is equity and loan. The equity is foreign and the loan is local. The details are given in table 9 below.

Table 9: Project Funding

CATEGORIES	AMOUNT (USD)	%
EQUITY		
<i>Local Equity</i>	-	-
<i>Foreign Equity</i>	3,000,000	75
Total Equity	3,000,000	75
LOAN		
<i>Local Loan</i>	1,000,000	25
<i>Foreign Loan</i>	-	-
Total Loan	1,000,000	25
TOTAL FINANCING	4,000,000	100





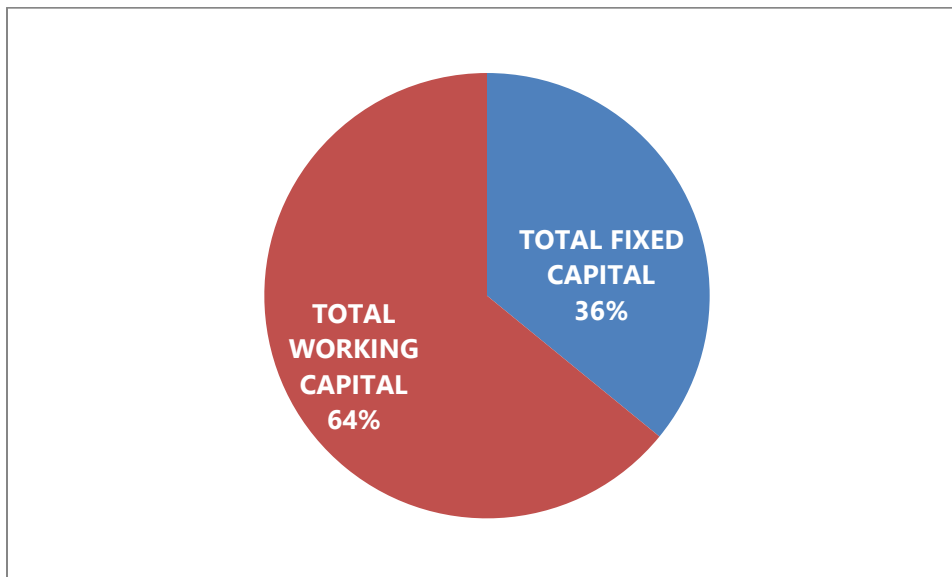
8.2 Financing of Items

The USD 4,000,000 planned investment will finance the project in terms of fixed assets to the tune of USD 1,436,000 and Working capital of USD 2,564,000 as shown under table 10 and *Figure 4* below.

Table 10: Items Financing

INVESTMENT BREAKDOWN	
ITEM	AMOUNT IN USD
Land & Buildings	120,000
Plant	450,000
Vehicles	640,000
Furniture & Fittings	59,000
Pre Expenses	25,000
Others	142,000
Working Capital	2,564,000
TOTALS	4,000,000
TOTAL FIXED CAPITAL	1,436,000
TOTAL WORKING CAPITAL	2,564,000

Figure 7: Working vs Fixed Capital



8.3 Investment Plan

The planned investment capital will be injected into the project over the years as implementation goes on. By the end of the 5th year all the capital will be injected and the project is expected to be operating at its full capacity. *Table 11* below gives the details

Table 11: Capital Injection Plan

ITEM	INVESTMENT PLAN					TOTAL INVESTMENT UP TO Y5
	Y1	Y2	Y3	Y4	Y5	
Land & Buildings	100,000	20,000	-	-	-	120,000
Plant	360,000	90,000				450,000
Vehicles	400,000	220,000	20,000			640,000
Furniture & Fittings	30,000	20,000	9,000			59,000
Pre Expenses	25,000					25,000
Others	92,000	30,000	20,000			142,000
Working Capital	500,000	500,000	500,000	500,000	564,000	2,564,000
TOTALS	1,507,000	880,000	549,000	500,000	564,000	4,000,000

9.0 PROJECT RATIONALE

This project is rational financially, fiscally and socially. Socially the project will create 116 jobs, 99 of which go to locals. Also, the project will create about 6,000 indirect jobs to locals. These include jobs in households that cultivate the crops and sell to the company. Over the 5 years of operation the project expects to inject money into the economy via wages totaling to USD 3,249,793.54. As part of its CSR policy the company expects to donate about USD 150,921.58 to the hosting community. *Appendix 1* gives details on the rationale.

In addition to creation of cash flows in the economy the project will benefit the local financial sector by paying interest on loans. This is part of the financial rationale of the project as shown in *appendix 1*. The interest on loan will total to USD 130,000. Since this is an export oriented project, the exports will generate foreign exchange that will contribute in enhancing Tanzania's import purchasing power via exports revenue.

Fiscally, in addition to tax revenues that will be collected from stakeholder firms and households, this project expects to pay taxes to the government. The expected taxes for the first five years are USD 4,908,316.22. The amount includes the income tax and the VAT to the tunes of USD

2,263,823.71 and USD 2,644,492.51 respectively. *Appendix 1* gives more details on the rationale of this project.

10.0 CONCLUSION

This is a project aimed at processing, packaging and exporting of cashew and Green Mung Beans (Choroko) (Green Mung Beans (Choroko), to be exact). It will be located in southern Tanzania, in the municipality of Mtwara. This USD 4,000,000 project will create a total of 116 direct jobs, 99 jobs being for locals, and 6,000 indirect jobs to the locals. This implies job creation to Tanzanians as 85% of all direct employees, and 100% of all the indirect employees are Tanzanian.

The project is justifiable fiscally, financially and socially. As such the management presents this business plan so that the project can be registered by TIC and enjoys the available incentives.

D APPENDICES

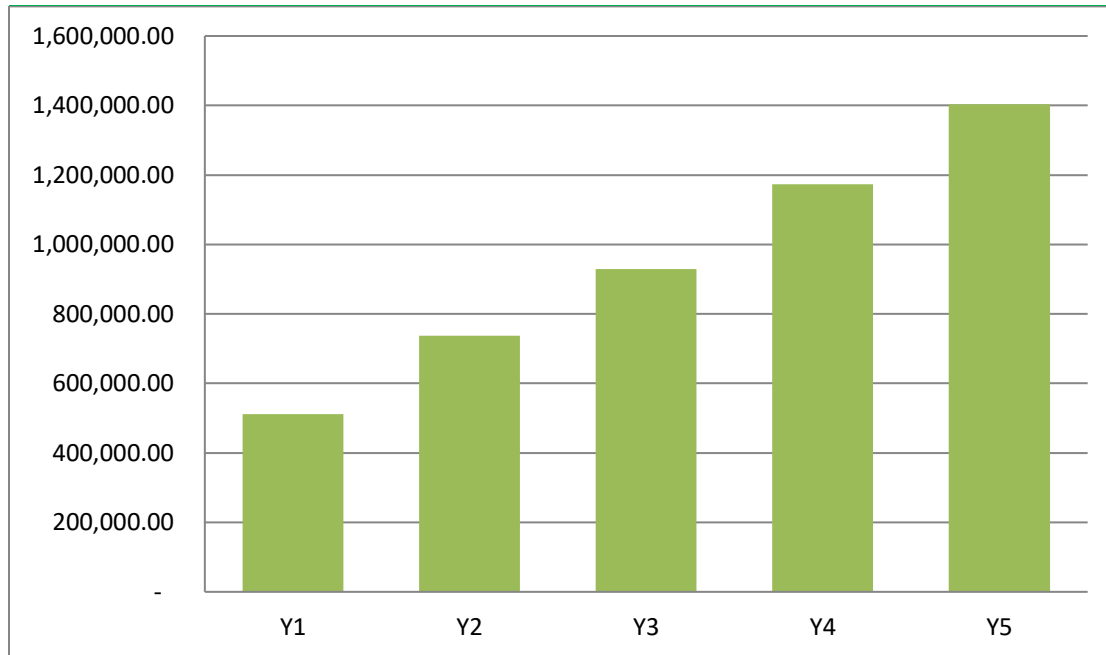
Appendix 1: Project Rationale

DETAILS	YEARS					TOTAL
	Y1	Y2	Y3	Y4	Y5	
Interest to the local banking sector	26,000.00	26,000.00	26,000.00	26,000.00	26,000.00	130,000.00
Wages to Households	600,000.00	624,000.00	648,960.00	674,918.40	701,915.14	3,249,793.54
Payment to supplier SMEs	1,051,732.00	1,009,225.28	1,070,415.01	1,108,532.00	1,240,366.90	5,480,271.19
Income Tax	243,830.40	350,729.32	442,147.68	558,710.57	668,405.74	2,263,823.71
VAT	380,000.00	443,080.00	516,631.28	602,392.07	702,389.16	2,644,492.51
CSR	16,255.36	23,381.95	29,476.51	37,247.37	44,560.38	150,921.58
SUMMARIES	Y1	Y2	Y3	Y4	Y5	TOTAL
To the Private Sector	1,077,732.00	1,035,225.28	1,096,415.01	1,134,532.00	1,266,366.90	5,610,271.19
To the Government	623,830.40	793,809.32	958,778.96	1,161,102.64	1,370,794.90	4,908,316.22
To the Hosting Community	616,255.36	647,381.95	678,436.51	712,165.77	746,475.52	3,400,715.12

Appendix 2: Detailed Project Manning Plan

S/N	Category	Local		Foreigners		TOTAL
		M	F	M	F	
A.	Directors					
1	Managing Director			1		1
2	Director of Supplies				1	1
3	Director of Production			1		1
B.	Management Team					
1	Finance Manager	1				1
2	Quality Manager - Inputs			1		1
3	Quality Manager - Products				1	1
4	HR Manager	1				1
C.	Supervisors					
1	Raw Materials Handling Supervisors	1	1	1	1	4
2	Product Handling Supervisors	1	1	2	1	5
3	Logistics Supervisors	1	1	1		3
4	Maintenance Supervisors	1		2	1	4
D.	Workers					
1	Raw Materials Workers	20	10			30
2	Processing Workers	16	4			20
3	Workshop Personnel	5	1			6
4	Plant Technicians	2	1	3		6
E.	Support Staff					
1	Cleaners	2	4			6
2	Drivers & Operators	9	6			15
3	Security Guards	6	3			9
4	Accountant/ Cashier		1			1
	TOTAL	66	33	12	5	116

Appendix 3: Retained earnings Projections



Appendix 4: Operating Expenses Projections

ITEMS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Marketing Expenses	41,500.00	40,280.00	44,308.00	48,738.80	53,612.68
Bank Charges	3,600.00	3,744.00	4,118.40	4,530.24	4,983.26
Insurance	39,732.00	41,321.28	45,453.41	49,998.75	54,998.62
Office Expenses	14,000.00	14,000.00	14,000.00	14,000.00	14,000.00
Permits and Licenses	67,900.00	800.00	800.00	1,800.00	66,800.00
Vehicle Expenses	74,000.00	76,960.00	80,038.40	83,239.94	86,569.53
Professionals Fees	17,000.00	3,600.00	17,000.00	3,600.00	17,000.00
Provision for Bad Debts	9,500.00	11,077.00	12,915.78	15,059.80	17,559.73
Miscellaneous Expenses	46,000.00	50,600.00	55,660.00	61,226.00	67,348.60
TOTAL OPERATING EXPENSES	313,232.00	242,382.28	274,293.99	282,193.53	382,872.43

Appendix 5: Gross Profit Projections

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
PROJECTED SALES	1,900,000	2,215,400	2,583,156	3,011,960	3,511,946
<i>COST OF SALES</i>					
Power Utilities	22,000	22,880	23,795	24,747	25,737
Water Utilities	6,000	6,240	6,490	6,749	7,019
Wages	600,000	624,000	648,960	674,918	701,915
Supplies	120,000	124,800	129,792	134,984	140,383
TOTAL COST OF SALES	748,000	777,920	809,037	841,398	875,054
GROSS PROFIT	1,152,000	1,437,480	1,774,120	2,170,562	2,636,892