

TOGABE COMPANY LIMITED

BUSINESS PLAN FOR

**FARMING AND PROCESSING OF MAIZE ,
CASHEWNUTS, SUNFLOWER AND OTHER CEREAL
CROPS
AT
TANGWE HALMET ESTATES, MKATA WARD
HANDENI TANGA
TANZANIA**

Prepared by:

Togabe Company Limited
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Dar es Salaam

00 SUMMARIES OF SALIENT FEATURES

0.1 Name of Project: Togabe Company Limited

0.2 Project Concept: Acquisition/Rehabilitation of Machinery, Estate Expansion, Modernisation and Irrigation Development

0.3 Project Owners: Togabe Company Limited
P O Box 76501, **Dar es Salaam**

0.4 Project Location: Tangwe Hamlet; Tangwe Village; Mkata Ward; Handeni District; in Tanga Region.

0.5 Additional Financing Plan: In TZS

Particulars	Owners Equity	Term Loan	Total
Capital Cost	3,227,446	3,898,168	7,125,614
Initial Working Capital	69,279		69,279
Total Investment	3,296,725	3,898,168	7,194,893
Percentage	46%	54%	100%

1.0 INTRODUCTION

1.1 The Report

This Business Plan sets out the proposals for expansion of the farming project by rehabilitating our existing milling factory in Dar es Salaam, construction and installation of cashew processing plant and increasing the fleet of earth moving equipments (bulldozers and excavator) and a combine harvester.

1.2 The Project

The project involves among others, the following:

- ❖ Expansion of the farming project by constructing of by rehabilitating our existing milling factory in Dar es Salaam
- ❖ Acquisition of new machinery (cashew processing plant and maize processing).
- ❖ Expansion of the livestock estate.
- ❖ Increasing the fleet of earth moving equipments (bulldozers and excavator) and a combine harvester to be used in harvesting our cash crops.
- ❖ Acquisition of new motor vehicles for ferrying sunflower to factory from the estate & out grower's collection centres.
- ❖ Acquisition of complete milling machine for the production of quality maize products
- ❖ Increasing working capital for buying sunflower from out growers and general factory and/or office running expenses

1.3 The Company

Togabe Company Limited, a private company incorporated in Tanzania on 22nd April 2016, with Certificate of Incorporation No 125757.

1.4 Share Capital:

The Company's authorised share capital is TZS 50,000,000 divided into 1,000 ordinary shares of TZS 50,000 each

1.5 Shareholding:

Its shareholders are given in the table below:

Shareholder	Nationality
Dotto Samwel Rweikiza	Tanzanian
Bertha Grayson Ishengoma	Tanzanian
Gladnice Anold Ngowi	Tanzanian

2.0 MARKET ASPECTS

2.1 The Product

The Company is a processor of various agricultural products such as sunflower and maize and is involved in commercial animal husbandry.

The Company will have greater capacity to cope with the increasing demand for maize and sunflower products once they acquire the required processing machineries, construct the processing factory and acquire new equipments for enhanced operations.

2.2 The Market

The market for the sale of made sunflower oil and maize is targeted to the increasing foreign and local buyers of oil and flour

2.3 Demand and Supply

Basic Market Orientation:

- i) **National market:**
The company sells sunflower oil seeds and maize after it is processed nationwide to consumers within the country.
- ii) **International Markets:**
There is also transportation of maize to neighboring countries for external markets such as South Sudan, Kenya, Congo and Rwanda

Sales Objectives:

- a) To assist the company meets its vision and mission as set-up by directors.
- b) To make reasonable profit and meet company obligations.
- c) To pay out-growers fair price for their sunflower.
- d) To remunerate workers fair wages for their efforts.
- e) Contribute to Tanzania's economy through payment of taxes and other levies.

Users of made Oil and Maize Flour:

Potential users of our products are generally the whole human race.

Distribution Channels:

- ❖ Normally commodities like maize, cooking oil and associates are sold through auction markets, local shops and supermarkets.

Critical Factors that Determine Market Potential:

These are mainly:

- ❖ Population and its growth rate.
- ❖ Sales prices
- ❖ Advertising and sales promotion.
- ❖ Transport for distribution to market.

3.0 INSTITUTIONAL AND LEGAL ASPECTS

3.1 Profile of the Company

- **Company Name:** Togabe Company Limited
- **Address:** a) P O Box 76501, Dar es Salaam
b) **Physical:** Tangwe Hamlet; Tangwe Village; Mkata Ward; Handeni District; in Tanga Region.
- **Certificate of Incorporation:** Number 125757 of 22nd April 2016 under the Companies Ordinance Cap 212
- **Contact Person:** Dotto Samwel Rweikiza
- **Position in the Company:** Chief Executive Officer / Managing Director
- **Telephone:** a) Landline: Fax +255 629 310 310
b) Cellular: +255 714 891 890

3.2 Shareholders:

Shareholder	Nationality
Dotto Samwel Rweikiza	Tanzanian
Bertha Grayson Ishengoma	Tanzanian
Gladnice Anold Ngowi	Tanzanian

3.3 Share Capital

The Company's authorised share capital is TZS 50,000,000 divided into 1,000 shares of TZS 50,000 each.

3.4 Board of Directors

The Company is owned by four entrepreneurs as subscribed in the Memorandum and Articles of Association. The Board is the highest policy making body of the Company.

3.5 Implementation Management

Project implementation management is being coordinated by the main promoter, Mr Dotto Samwel Rweikiza

3.6 Operational Management

This is directed by Mr. Dotto Samwel Rweikiza as the Managing Director. He is assisted by:

- Financial Executive
- Administration Manager
- Marketing Manager

4.0 TECHNICAL ASPECTS

4.1 Location- Existing business premises

The Company Head Office and milling operations are in Dar es Salaam, the Estate for sunflower cultivation and the Factory are located at Tangwe Hamlet; Tangwe Village; Mkata Ward; Handeni District; in Tanga Region.

4.2 Location of the Operations

Along with the existing business the new factory will be operating in Tanga at the existing premises of the sunflower farm. The new equipments would be available to take outside jobs on few occasions at the negotiations and agreements between the company and clients.

4.3 The Vehicles

The vehicles selected will have trailers to ensure maximum capacity per vehicle in transporting made tea. The company plans to increase its fleet in the next few years

4.4 Project Implementation

The Company has plans to construct the new factory and install all machineries and procure 2 new earths moving equipments as soon as TIC approves this application and obtain the certificate. More vehicles will be added in the course of the validity of the certificate.

5.0 PROJECT FINANCIERS

The Board of Directors has resolved that the project will be financed by equity. A term loan from a financial institution with favourable lending terms and conditions maybe sought in the future at the discretion of the executive management of the company.

Total Cost Plan

The total cost of acquiring the new machineries, construction and installation of the processing factory and procurement of the vehicles is planned at about 6.5 billion TZS.

Additional Financing Plan in TZS

Particulars	Owners Equity	Term Loan	Total
Capital Cost	3,227,446	3,898,168	7,125,614
Initial Working Capital	150,014		150,014
Total Investment	3,377,459	3,898,168	7,275,628
Percentage	46%	54%	100%

6.0 FINANCIAL ANALYSIS

6.1 PAST PERFORMANCE OF THE COMPANY

The Company deals primarily with transportation of cargoes within the country and across the borders, that's local and transit goods, retail and wholesale of hardware materials, Spare Parts for automobiles especially Heavy-Duty Commercial Vehicles. However, we extensively engage in the Agribusiness to exploit the potential consumer local and international market.

Over the past 4 years, Togabe Company Limited has developed an envied reputation as a quality provider of fresh produce of agribusiness nature, express road transport logistics and distribution in entire country through a persistent focus on excellent service delivery. Its commitment to service is built on a culture of trust, responsibility and accountability.

A 24 hour – 7 day service, the company's fleet includes the latest trucking and trailer equipment – kept in pristine road worth condition, professionally cleaned and mechanically serviced weekly. All drivers have an average of 5 to 10 years on road trucking experience. All are licensed and qualified, fatigue managed, with minimum certificate one blue card and fully insured for 'goods in custody' policy.

As with all customized solutions offered, Togabe Company Limited proposes to combine the above attributes to provide your business with the required express road transport and distribution solution. Our client remains to be central and the fulcrum of our business.

Our company is focused on continuous improvement while increasing effectiveness and efficiency to fulfill its policies and objectives. It is not limited to quality initiatives. Improvement in business strategy, business results and customer, employee and supplier business relationships can be subject to continued improvement. Putting it simply, it means 'getting better all the time' with an inborn slogan 'growing to serve and Serving to Grow'.

Togabe Company Limited service is based on security, speed and accountability, we have established our reputation on the consistent provision of track and trace, intact and on time delivery of all consignments entrusted to our care.

Togabe Company Limited is committed to your business to create a long-term service partnership that will deliver immediate service benefits. Its continued commitment to mutual goals will help position your business with a significant competitive advantage.

The business has performed well in the fast few years. The business invested more in the project by expanding the farms and constructing modern factory from the loan given by CRDB and TIB Banks.

Togabe Company Limited- typical of most emerging entrepreneurs started in 2016 and has grown into multi-billion turnover. The business is commanding a big market share in the manufacturing industry in Tanzania.

6.2 Financial Projections:

6.2.1 Assumptions

- ◆ A total business activity analysis has been carried out rather than the incremental business accruing from additional operations only.
- ◆ We assume that TIC will issue Certificate of Incentives by March 2024.
- ◆ Operating costs will be allowed an upward variation of up to 20% each year to allow for inflation and general changes in price.

6.2.2 Capital costs

The total cost is planned at TZS 7.275 billion with additional funding coming from own sources as shown below

CAPITAL ITEMS	INVESTMENT			FUNDING	
	TOTAL COST	EXISTING	FUTURE	OWN FUNDS	LOAN
NON-CURRENT ASSETS:	7,029,600	2,072,900	4,956,700	1,116,140	3,840,560
Pre-operational Expenses	96,014	-	96,014	38,406	57,608
TOTAL PROJECT COST	7,125,614	2,072,900	5,052,714	1,154,546	3,898,168
WORKING CAPITAL	150,014		150,014	150,014	
TOTAL INVESTMENT COST	7,275,628	2,072,900	5,202,728	1,304,559	3,898,168

6.2.3 Estimated Capital Expenditure

The company plans to construct a new sunflower processing factory, install blending machineries and procure more equipments to strengthen farming activities and also boost production capacities. The equipments sought are combine harvester, cashew processing machine, tractors, planters, excavator and bulldozer and also a complete irrigation system.

6.2.4 Additional Financing Plan

Sources of additional funds will be owner's equity contribution and bank loans as highlighted in the tables above

6.2.5 Revenue and Profits

The business study demonstrates that the business will generate profits (before Tax) of TZS 564.6m in the year 1 and rise to over TZS 2.4 billion in year 6 accumulating to TZS 8.2billion over the period under review.

6.2.6 State of affairs

Through increased sales and activity, the equity will rise from TZS 6.9Bilion in year 1 to TZS 12.3 billion in the year 6

6.2.7 Cash Flow

The study shows that a positive cash flow will be generated during the period under study

6.2.8 Milestone

Implementation of the capital commitment will be timed properly to take advantage of efficient sequencing of events to allow maximum utilization of the funds.

6.2.9 Additional Investment Plan

The investment will consist of non-current and current assets amounting to TZS 1.237 Billion.

6.3. Working Capital

The assumption regarding estimated projects working capital requirements are as follows:

- Accounts receivable 5% of the income
- Payables:
 - Trade Creditors 8%
 - Commercials and Promotion 10% of Cost
 - Property maintenance 1 Month
 - Maintenance of Equipment 1 Month
 - Estate Management 1 month

Based on the above assumptions, the optimal working capital requirements works out to TZS 69.2 million in the first year and rises to 115 million in the 10th Year projected.

6.3.1 Depreciation Schedule

ITEM	Depreciation Rate
Land	0%
Buildings	5%
Pre-Operational Expenses	20%
Machinery & Equipments	12.5%
Motor Vehicles	12.5%

6.3.2 Projected Income Statements

The project is profitable. Net profit after tax rises from of TZS 529m in year 1 to over TZS 2.3 billion in the 10th year. The profits will accumulate to TZS 13.6 billion for the 10 years projected.

The Company's average Gross profit Margin is 38% and has an average Net Profit Margin of 26%

6.3.3 Capital Structure

The balance sheet shows a healthy capital structure. Total Assets rise from TZS 7.9 billion in year 1 to TZS 18.1 billion in the 10th year.

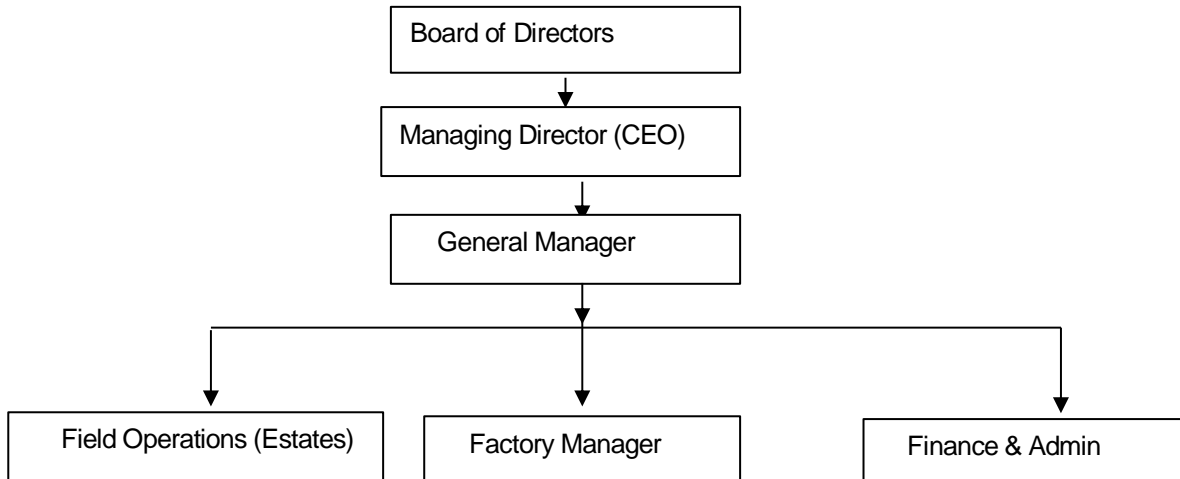
6.3.4 Liquidity Projections

The liquidity position of the project is good. Cash equivalent rises from year TZS 1.36 billion in 1st year and TZS 14.7 billion in year 10. On assumption that the project be on schedule, it is expected to meet its obligations on due dates, without undue difficulty

7. ORGANISATION AND MANAGEMENT

7.1 Organisation Chart:

This is schematically shown below: -



7.2 Information on Key Personnel:

❖ **Duties and responsibilities of key personnel are:**

i) Operations Manager:

Will direct activities of the company on daily basis.

ii) Factory Manager:

Responsible for the receiving and processing of Milk and milk products from the receiving, processing, packaging and dispatch from the factory. Manage all factory technical and general affairs including but not limited to machinery, equipment, quality assurance among others

iii) Farm Manager:

Will be responsible for the production of farm milk; cows feeding; general & technical Management of the farm to guarantee higher production of milk at a required standard and/or quality. In summary, seeing the improvements in feeding management by establishing pastures (within the farm or hired neighbouring land) and providing concentrates and fodder preservation. Ensure treatment of the cows, management and up keeping of all farm machinery and equipments.

iv) Finance & Administration Manager:

He manages financial operations and human resource aspects of the company.

7.3 Details of Company in Terms of:

i) Planning:

Planning for the company operation will continue to be the guideline of its development. Various plans have been executed for rehabilitation of capital items, modernization and expansion, market and sales, finance among others.

ii) Controlling:

The Managing Director will control the company operations with assistance from the Operations Manager and other line managers.

iii) Monitoring & Systems:

Management information systems (MIS) will be installed at the factory premises. Each Manager will provide weekly reports to the Managing Director from which control and monitoring will be made.

Board of Directors

The Company is managed through the Board of Directors the Board is responsible for policy matters. The Board comprises of four directors. The Consultant is used to provide professional acquaintance to the directors.

8. SECURITY AND RISK MITIGATION

8.1 Proposed Security Arrangements:

The security cover proposed is as follows:

- A first charge on the company's immovable assets.
- A guarantee of company Directors.
- A floating debenture on the company's total assets.

8.2 Risk Mitigation:

- **Operational risks such as processing machinery failure**
These will be controlled by ensuring frequent machine repairs and maintenance.
- **Compliance risks, for example not meeting environmental standards**
These will be met by ensuring all products adhere to safety standards
- **Inadequate Working Capital:**
This will be obtained from Commercial Banks operating in the country.

10.0 CONCLUSION AND RECOMMENDATIONS:

a. CONCLUSION

Analysis of viability of the proposed investment in transportation vehicles indicates that the transportation of made tea is financially viable and economically attractive.

- The Company contributes towards the expansion of high-class production, processing and blending of made oils.
- Efficient operations in sale of cooking oil increase foreign exchange earning capacity
- The Company will provide new direct employment to over 230 Tanzanians in the field of manufacturing industry.
- The government earns substantial revenue from the sale cooking oil in form of levies and taxes.

b. RECOMMENDATION

That the project is viable and meets necessary requirements of Tanzania Investment Act, 1997 in respect of matters precedent to the registration of the business enterprise under the Act

It is recommended to TIC to approve the project and assist the investor to be granted with the necessary tax exemptions on acquisition of capital goods. The analyses are sound, economically attractive and socially acceptable.