

MGM EXPERT COMPANY LIMITED

BUSINESS PLAN

FOR

ESTABLISHMENT OF

AGRO BUSINESS

**MGM EXPERT COMPANY
LIMITED
SETTING UP AGRO BUSINESS
SECTOR**

1. **INVESTMENT PLAN**

The Business Plan was prepared by MGM EXPERT COMPANY LIMITED for setting up a Agrobusiness processing project.

The investment proposal was prepared to show clearly an analysis of the financial, human resource, technical and other resources required for the project and also assess its economic viability and commercial viability in order to allocate funds for the Agrobusiness sector.

The TIC certificate of incentives will enable the project to qualify for duty exemption Deemed capital Goods and VAT Deferment on Capital Goods. The Deemed Capital Goods such as importation of heavy machines handling equipment, generators, transformer etc and enjoy services under one stop shop at Tanzania Investment Centre services under one stop shop such as approvals, license and permits such as residence and work permits, Business License, Protection of investment, Arbitration and transfer of foreign currency etc.

2. **COMPANY BACKGROUND**

MGM EXPERT COMPANY LIMITED is a private company based in Morogoro, was incorporated in Tanzania by Registrar of Companies under company ordinance on 15th day of January 2024 with certificate of incorporation No;171325102. The company has been incorporated with a major objective of establishing and operating a project for Agrobusiness sector.

Currently the company intends to import facilities for processing in this project such as vehicles exemptions for the processing, machinery plants for mixed farming.

The main purpose of the proposed project is to under take the business to correspond with the clients of demand both local and foreign market in the Agriculture sector. Products especially in this competitive market, the quality of company business will guarantee clients satisfaction in proposed programme.

Agrobusiness sector is becoming the most needed project as it is the major component in Tanzania. There is a very high demand for such commencement in all around the country. MGM EXPERT COMPANY LIMITED will be one of the only few major Agrobusiness sector's processing company in the country. It is on the basis of the above reasons the management resolved to invest in establishing and operating a project of agrobusiness as a business. In setting up the facility, the intended project will be established in three years in setting up facilities for the project And is estimated to be at a cost of USD 37,604. as a capital investment.

3. **TARGETED MARKET**

There is a very high demand for the agriculture sector in Tanzania from the whole world. And MGM EXPERT COMPANY LIMITED wants to take this opportunity to in investing in this sector for the benefits of the company, and country's economy.

ECONOMIC GROWTH

The economic growth influenced such movement of cash and food crop growth especially industries and businessmen as the demand is growing day by day for the increased agrobusiness's in Africa and the world.

MGM EXPERT COMPANY LIMITED intends to maximise the project production. The project promoter is a well established business person who is to carry out various businesses majoring in Agriculture sector project. Having seen the opportunity of exercising in this business the directors are now prepared to establish a project.

4. **CARGO TRANSPORTATION FACILITIES;**

- Fleet of trucks, tractors, Tipper
- Supporting vehicles such as pick ups,
- Communication equipment; Irrigation machines, generators etc

5. **THE COMPANYS OBJECTIVES**

MGM EXPERT COMPANY LIMITED is a project for AGROBUSINESS Sector processing business and management established in Tanzania Mainland.

The mission of a proposed project is basically aimed at Agriculture and Agrobusiness as a business and marketing or promotion of the project in order to increase customers in Tanzania and around the world to achieve the following objectives;

- (a)** To carry on the business of support activites for animal production, mixed farming.
- (b)** To carry on the business of support services of

forestry, gathering of non-wood forest products, logging.

- (c) To carry on the business of support activities for crop production.
- (d) To carry on the business of seeds and food exportation of cereals and leguminous crops.
- (e) To carry on the business of manufacture of other production of wood, manufacture of articles of cork, straw and planting materials.
- (f) To carry on a business of other transportation supporting activities like export charcoal and wood production.
- (g) To carry out the business of wholesale of agriculture raw material and live animals.
- (h) To carry out the business of support activities for selling of sisal, export and import of sisal, sisal farming and processing and selling sisal by products.

6.

PLAN OR PROSPECTS

- (a) Smooth running of the Agrobusiness sector project process business.
- (b) For efficient and effectiveness in operation.
- (c) To increase more facilities for the project i.e work machines with introduction of new technology.
- (d) To increase the volume of the project or capacity of the project to be processed in the Agrobusiness sector.

The investment proposal was prepared to show clearly an analysis of the financial, human, technical and other resources required for the project and also assess its economic visibility and commercial visibility in order to allocate funds for Agrobusiness sector.

The document has been prepared to serve as a business plan for MGM EXPERT COMPANY LIMITED for a project

specializing in Agrobusiness as a project. The implementation of the project will comprise on the following activities:

- Construction or renovation of buildings with enough space for the business project.
- The construction of a modern office and
- Purchasing CCTV and communication equipment.
- Equipping the company with relevant facilities..

The proposed project is estimated to cost about TZS 1,000,000,000/=, the project sponsors will provide full funding amounting TZS 200,000,000/= the terms of equity contribution while the rest TZS 300, 000, 000 will be re investment of cash generated from operations.

7. **THE PROJECT PROMOTERS**

The shareholders of this project are all entrepreneurs with a diverse professional and business backgrounds. The company is owned by 2 shareholders, namely;

Name	Shares%	Nationality
MAGED EL MAKSSOUD	9900	CANADA
SARAH MAHSEH MBARAK	100	TANZANIA

8. **LOCATION:**

The project head quarter will be In Morogoro, Saba Saba, Mindu.Ward Boma, Postal code 67109, Street Forest, Block number A19, House number 9.

9. **COMPANYS IMPLEMENTATION SCHEDULE**

9.1 JULY- 2024

(a) Preparing feasibility study for the land space and the

project area at the sited places.

- (b) Registration of the project with Tanzania Investment Centre i.e Application for the Certificate of Incentives.
- (c) Getting the Certificate of Incentives.

9.2 DECEMBER-2024

- (a) Application for import Duty exemption on trucks, tractors, lorries, supporting vehicles, workshop equipment, communication equipment, equipment after being awarded certificate of incentives in the establishment programme.
- (b) Importing of cargo lifting equipment, generators, transformers ball mill, flotation machine etc.

9.3 JANUARY-2025

- (a) Recruiting new employees, mechanics and other administration staff.
- (b) Other necessary buildings.
- (c) Fully commencement of the project and the Agrobusiness process.

10. CAPITAL INVESTMENT COST 1 COSTS AND ESTIMATE VALUE

1.1 Investment costs and estimate value

SN	Item	Description	Amount (In USD)
1	Investment Costs	Investment Cost	37,604,.00
		Working Capital	1,000,000.00
		Total	1,037,604.00

2	Cost & Estimate Revenue Loss	Estimate of total annual revenue	100,000.00
		Total Operational Expenses of Project (Annual)	1,100,000.00
		Interest of bankFacilities	7%
		Commissioning cost 10% materialTotal annual depreciation expenses	
		Annual Income Tax 30%	
		Total Profit & Loss: (Annual)	
3.	Project Fixed Capital	The costs before commissioning	100,000.00
		Land & Landscaping	100,000.00
		Civil & Building Implement	0.00
		Machinery, Office,	100,000.00

		Workshop & Lab Supplies	
		Total	1,500,000.00
4.	The costs before commissioning	Costs before commissioning including feasibility study, periodical visits, acquiring investment permits, technology, TIC License of Incentive, Environment License, EWURA, Port Authority (TPA), Municipality, Road Administrative etc	150,000.00
		Training Before Commissioning	15,000.00
		Total	165,000.00

6.	Transport, Work place & LSupplies	Truck	50,000.00
		Electricity	50,000.00
		Total	100,000.00
7.	Salary and Wages	Staff	10,000
		Operators	10,000
		Other Staffs	10,000
		Total	30,000.00

1.2 Fixed capital depreciation

S/N	Description	Production (Estimated)	Unit Price (USD)	Amount (USD)
1.	Production Average	1000 T per year	1000	1,000,000
Total Cash Income				400,000
Deduction (Current Costs)				200,000
Deduction (Depreciation Costs)				50,000
Deduction (Banking Fees 12%)				20,000
Net Profit (USD):				130,000

1.3 Period of Investment & Capital Return

1.	Period of Investment	Purchase of	1 year
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	& Capital Return	machinery, equipment, transport, set-up and putting into operation	
		Commissioning, trial operation, financing & administrative affairs	1 year
		Settling the principal with interest	1 year
		Capital Annual Rate	1 year

2 COMPANY FINANCING

Description	Total (USD)	Banking Loan	Customer Share
Fixed Costs of Project	37,604.000	0	1000
Cost of Circulating Capital 15% of Current Expenses	-	-	-

Total	37,604.000	0	1000
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The intended project is to be implemented within 2 year. The company promoters (shareholders) have resorted to register the project with Tanzania Investment Center (TIC) and securing the certificate of incentives.

11. **FINANCIAL PLAN (SOURCE OF FUNDS)**

MGM EXPERT COMPANY LIMITED has firmed up finances for the implementation programme by its fund and Loan.

Own fund (equity)		USD
	\$ 37,604.000	
Local loan		<u>USD</u>
	<u>\$ 75,209.000</u>	
TOTAL	112,813,000	USD \$

12. **GRAPHITE PROJECT TOURISM SECTOR**

- (i) Trucks
- (ii) Generators, Transformers
- (iii) Pickups
- (iv) Moblie workshop.

13. **SUBMISSION**

MGM EXPERT COMPANY LIMITED submits the investment proposal and application to the Tanzania Investment Centre (TIC) for registration and award of certificate of Incentives for the commencement of the processing project.

The project will soon commence after the company is registered under Tanzania Investment Centre and being issued the Certificate of Incentives. Thereafter the company will import the project facilities such as; vehicals, machinery plants.

14. **ECONOMIC GROWTH**

The current economic growth which had been registered in Tanzania, as the result of investment, business, constructing have attracted more investments as well as processing and business in the Tanzania such as the intended agrobusiness sector project. The economic growth influenced such movement of goods especially industries and business such as the demand is growing day by day for the increased production in crops.

15. **COMPETITION OR MARKET**

Despite there being a numbers of agriculture based companies in Tanzania, still the comodity is not enough compared to the level of demand.

However, the inteneded project will provide trustworthy, efficient and quality services to dominate the other markets around because the project ensure high quality in producativity.

16. **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 products.

17. **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.

- (i) Advertisement and Promotion,
- (ii) Employing qualified and experienced operators,
- (iii) On job training,
- (iv) Business Discipline.

18. **ENVIRONMENTAL ISSUE**

The agrobusiness project and the whole project implementation is environmental friendly. The workshop activities of services will not cause any harm to people.

19. **PROJECT MANAGEMENT**

The overall management of the company is vested in the Board of Directors. MAGED EL MAKSSOUD and SARAH MAHSEH MBARAK are the shareholders of the company and they are well versed in distribution of the business.

20. **MANPOWER AND TRANSFER OF TECHNOLOGY**
MGM EXPERTS COMPANY LIMITED being the AGROBUSINESS sector/ project in management will usher in the technology by using modern workshop activities. The advantages to the country are quite significant, and will get the advantage of value addition due to such incoming technology.

The proposed project will cause more people to be employed in, different types of personnels, security

guards, accountants, and about 500 local people and foreigners will increase their income, improve their social welfare and pay taxes; it is poverty alleviation programme to them. Local employees will get on job training in a long run will improve the technical competence in the project.

21. **CONCLUSION AND RECOMMENDATION**

The financial evaluation of the project done so far indicates that this project 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 project so that the project will operate and enjoy tax exemption on capital and deemed goods and increase its production capacity.

22. **FINANCIAL AND ECONOMIC ANALYSIS**

22.1 Projected Profit and Loss Account

The company envisages generating a profit of USD \$ 50,000 this operating year. The profit amount is expected to steadily rise to USD \$ 160, 000 in year two, USD \$270,000 in year three and USD \$280,000 in year four.

22.2 Projected cash flows

The projected cash flows for the next five years indicate that the company will have enough funds to service and repay

the loan and interest payments. Hence the financial obligations will be met in a timely fashion.

23.3 Proposed Balanced Sheet

The projected balance sheet shows healthy financial situation. Short term liabilities are all times covered by fixed assets. Also current liabilities are adequately covered by current assets.

Appendix 1 MGM EXPERT COMPANY LIMITED PROJECTED INCOME STATEMENT

(Fig. USD \$ '000')

INCOME	1 st year	2 nd year	3 rd year	4 th year	5 th year
Sales Income	720.0	760.0	800.0	850.0	900.0
Total Income	720.0	760.0	800.0	850.0	900.0
Utilities	150.0	150.0	150.0	150.0	150.0
Salaries and wages	80.0	85.0	90.0	100.0	110.0
Transportation/fuel	100.0	105.0	110.0	120.0	130.0
Administrative Expenses					
Other Expenses	100.0	110.0	120.0	130.0	140.0
Total Expenditure	470.0	500.0	530.0	570.0	610.0
Net Profit (pre tax)	250.0	260.0	270.0	280.0	290.0

and depreciation)

Appendix II **MGM EXPERT COMPANY**
LIMITED
PROJECTED CASHFLOW STATEMENT
(Fig. USD \$ '000')

YEAR	1	11	111	1V	V	TOTAL
Cash inflow						
Income from operation	250.0	260.0	270.0	280.0	290.0	1350.0
	250.0	260.0	270.0	280.0	290.0	1350.0
Cash outflow						
Interest payments	50.0	45.0	40.0	35.0	30.0	200.0
Loan re-payment	50.0	50.0	50.0	50.0	50.0	250.0
Wear and	10.0	12.0	14.0	16.0	18.0	70.0

tear						
Taxes	10.0	10.0	10.0	10.0	10.0	50.0
	120.0	117.0	114.0	111.0	108.0	570.0
Surplus cash generated	130.0	143.0	156.0	169.0	182.0	780.0

Appendix III
MGM EXPERT COMPANY LIMITED
PROJECTED LONG TERM LOAN REPAYMENT
(Fig. in USD \$'000')

YEAR	PRINCIPAL	INTEREST	TOTAL	AMOUNT
0				500.0
I	50.0	50.0	100.0	450.0
II	50.0	45.0	95.0	400.0
III	50.0	40.0	90.0	350.0
IV	50.0	35.0	85.0	300.0
V	50.0	30.0	80.0	250.0
VI	50.0	25.0	75.0	200.0
VII	50.0	20.0	70.0	150.0
VIII	50.0	15.0	65.0	100.0

IX	50.0	10.0	60.0	50.0
X	50.0	5	55.0	00.0

Appendix IV
MGM EXPERT COMPANY 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	100.0	150.0	200.0	250.0	350.0

	funds					
2.	Long Term Loan	100.0	95.0	90.0	85.0	80.0
3.	Associated Cos/ Directors	100.0	100.0	100.0	100.0	100.0
4.	Current liabilities	0.0	0.0	0.0	0.0	0.0
		0.0	0.0	0.0	0.0	0.0
	Application of funds					
1.	Fixed Assets	300.0	300.0	300.0	300.0	300.0
2.	Current Assets	200.0	295.0	390.0	485.0	630.0
		500.0	595.0	690.0	785.0	930.0