



OVERLAND FARMS LIMITED



BUSINESS PLAN

FOR

INVESTING IN DAIRY CATTLE FARMING AND ESTABLISHMENT OF MILK PROCESSING PLANT WITH THE INSTALLED CAPACITY TO PROCESS 60,000 LTRS OF RAW CATTLE MILK TO YOGHURT AND UHT MILK IN 24 HOURS: PROJECT LOCATED IN IFUNDA WARD, IN IRINGA DC- TANZANIA.

SUBMITTED TO

TIC FOR APPLICATION OF REGISTRATION OF THE PROJECT

OWNED AND SUBMITTED BY;

Overland Farms Limited,
Plot No. 39 – D, Chuma Road, Chang’ombe Area,
P.O. Box 5055, Dar Es Salaam, Tanzania
Phone Contact: **+255 747 600 008/+255 746 488 488**
E-Mail: info@overland.co.tz
Website: www.overland.co.tz

DRAWN BY;

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March, 2025

SUMMARY AND RECOMMENDATIONS

The Application/Purpose

Overland Farms Limited is a Tanzanian locally registered company operating under Overland Group of Companies that has invested in Agribusiness value chain. The company own 6,500 acres of farm land in Ifunda Ward, in Iringa District Council. The 6,500 acres of the farm land owned by the company in Ifunda ward have distributed in the following farm plots: Kitemela Farm in Muwimbi Village with 1,500 acres, Sambusi Farm in Isupilo Village with 1,500 acres, Kiyegema Farm with 3,000 acres in Magunga Village and Makota Farm in Isupilo Village with 500 acres. The Overland Farms Limited has fenced all farm plots owned and has established Dairy Cattle farm at Sambusi, Makota and Kiyegema Farms that has 1,418 herds and 2,500 acres of animal feeds (grasses-Juncao, Super Napier and others) grown using advanced technologies. The farms are also equipped with modern animal sheds, pivot irrigation systems and other technologies that aid in day-to-day operations. The company is one of major producers of raw cattle milk in Southern Highlands and it trades the product to milk processing plants found in Iringa (ASAS) and Dar es Salaam regions. Currently the company produces more than 35,000 litres of raw cattle milk per day, approximately to 9,500,000 liters per annum.

The Overland Farms Limited Board of Directors has currently approved five plans that target to explore opportunities available in Dairy farming and Milk processing sub-sectors. The plans are; Expansion of current Dairy Cattle Farm through purchasing additional 200 Dairy Cattle, Establishment of Milk Processing Plant with the capacity to process 60,000 of milk in 24 Hours (for production of UHT Milk products & Yoghurt), and Strengthening of Irrigation Systems at the Animal feeds farm so as to ensure sustainable supply of feeds to herds raised at the farm. Implementation of these plans will enable the company to have at least three marketable products, these, include packed and well labelled UHT Milk, Yoghurt, and raw milk. In case of surplus production of grasses at the animal feeds farm, the company can as well trade hay and silage that will be made out of grassed grown at the animal feed farms.

The implementation of these future plans will cost in total **TZS 7,408,800,000 (Seven Billion Four Hundred Eight Million Eight Hundred Thousand Only)**, all these funds are shall be applied as long-term loan facility from Local Financial Institutions, preferably Tanzania Agricultural Development Bank-TADB (**See table 2**). The Debt funds shall compliment Equity funds already invested in the project by Shareholders of Overland

Farms Limited, the company currently has a wealth of TZS 17,838,124,235. The Debt-to-Equity ratio of the project assets after Bank loan is 29% and 71% respectively (See table 2). Moreover, the company will deploy its own funds to procure other assets relevant to these projects and not financed through bank loan, some of the assets have already acquired.

Thus, Overland Farms Limited is presenting this business plan document to Tanzania Investment Center-TIC as its attachment in process of registering this project with the Center so as to enjoy Benefits that Tanzania Investment Policies and Laws offer to kind of project like these during their implementation and operations.

Table 1: Planned Investments through TADB Bank Loan





 OVERLAND FARMS LIMITED  Plot No. 39 – D, Chuma Road, Chang’ombe Area, P.O. Box 5055, Dar Es Salaam, Tanzania Phone Contact: +255 747 600 008/+255 746 488 488 E-Mail: info@overland.co.tz Website: www.overland.co.tz					
INVESTING IN DAIRY CATTLE FARMING AND ESTABLISHMENT OF MILK PROCESSING PLANT WITH THE INSTALLED CAPACITY TO PROCESS 60,000 LTRS OF RAW CATTLE MILK TO YOGHURT AND UHT MILK: PROJECT LOCATED IN IFUNDA WARD, IN IRINGA DC- TANZANIA.					
PLANNED INVESTMENTS					
S/N	Descriptions of the Asset/Investment	Unit of Measure	No. of Units	Unit Price	Total
1	Procurement of Milk Processing Machine & Equipments (60,000 MT/24 Hours Capacity)	Set	1	3,969,000,000	3,969,000,000
2	Procurement & Installation of Irrigation Equipments	Lumpsum	1	2,116,800,000	2,116,800,000
3	Purchase of Dairy Cattle (Holstein Friesian)	No.	200	6,615,000	1,323,000,000
	GRAND TOTAL				7,408,800,000
	Note:				
	1.The price per each pregenant Heifer is USD 2,500				
	2.Exchange rate Employed is 1USD= TZS 2,646 BOT rate of 18 Th March, 2025.				



Table 2: Project Financing Plan

 OVERLAND FARMS LIMITED Plot No. 39 – D, Chuma Road, Chang’ombe Area, P.O. Box 5055, Dar Es Salaam, Tanzania Phone Contact: +255 747 600 008/+255 746 488 488 E-Mail: info@overland.co.tz Website: www.overland.co.tz 				
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PROJECT FINANCING PLAN				
S/N	Descriptions of the Asset/Investment	Total Value (TZS)	Proposed Sources of Fund	
			Equity Funds	Loan From TADB
1	Property, Plant and Equipments	998,124,235	998,124,235	-
2	Dairy Cattle (Biological Assets)	7,090,000,000	7,090,000,000	-
3	Farm Land	9,750,000,000	9,750,000,000	-
4	Procurement of Milk Processing Machine & Equipments (60,000 MT/24 Hours Capacity)	3,969,000,000	-	3,969,000,000
5	Procurement & Installation of Irrigation Equipments	2,116,800,000	-	2,116,800,000
6	Purchase of Dairy Cattle (Holstein Friesian)	1,323,000,000	-	1,323,000,000
GRAND TOTAL		25,246,924,235	17,838,124,235	7,408,800,000
PERCENTAGE			71%	29%

Current status of the project

Currently number of developments have achieved by Overland Farms Limited in relation to the projects planned to be implemented. The Company already own 6,500 acres farm in Ifunda Ward, Iringa District Council. The 6,500 acres of the farm land owned by the company in Ifunda ward have distributed in the following farm plots: Kitemela Farm in Muwimbi Village with 1,500 acres, Sambusi Farm in Isupilo Village with 1,500 acres, Kiyegema Farm with 3,000 acres in Magunga Village and Makota Farm in Isupilo Village with 500 acres. These farms have modern infrastructure for Livestock husbandry ranging from advanced Animal sheds for Dairy cattle which are well equipped with milking pallor, Pivot Irrigation systems at places where grasses for feeding animals are grown, water reservoir(dam), farm machinery and equipments, and staff quarters. Overland Farms Limited is currently raising about 1,418 dairy Cattle at the farms that have the capacity of producing up to 35,000 liters of milk per day. Up to March 2025 the company has invest about TZS 17,838,124,235 in this project (See table 3). The investment includes farm land, Property, Plant & Equipments and Biological Assets. For the case of animal feeds, the farm grows Elephant grasses, Juncao grasses, Alfa alfa, maize, millet and others.

Table 3: Current Value of the Project

 OVERLAND FARMS LIMITED Plot No. 39 – D, Chuma Road, Chang’ombe Area, P.O. Box 5055, Dar Es Salaam, Tanzania Phone Contact: +255 747 600 008/+255 746 488 488 E-Mail: info@overland.co.tz 					
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VALUE OF CURRENT INVESTMENT					
S/N	Descriptions of the Asset/Investent	Unit of Measure	No. of Units	Unit Price (TZS)	Total Value (TZS)
1	Property, Plant and Equipments	Lumpsum	1	998,124,235	998,124,235
2	Dairy Cattle (Biological Assets)	No.	1418	5,000,000	7,090,000,000
3	Farm Land	Acres	6500	1,500,000	9,750,000,000
					17,838,124,235

(See some photos of the project below)







About Overland Farms Limited

Overland Farms Limited is a Tanzanian local company, this entity is operating under Overland Group of Companies that have number of sister companies including E. Awadh & Co. Ltd that is majoring in Transportation and logistics. The company was found and is owned by experienced Tanzanians Business persons Mr. Faisal Edha Awadh and Abdallah Faisal Awadh. The company has its head offices at Plot No. 39, Block D, Chuma Road, Chang'ombe Area, in Dar Es Salaam, Tanzania. It also owns 6,500 acres of farm land in Isupilo, Muwimbi and Magunga Villages, in Ifunda Ward, in Iringa region where agribusiness projects are implemented. The Company's farming projects have been in operations for more than ten years now. Having manned with competent Management team and support staff, the company is one of the leading producers of raw milk in Southern Highlands that is supplies to ASAS and to other milk processing firms found in Iringa, Morogoro and Dar es Salaam. The company has sufficient annual turnover, and by 2024 its annual sales was reported to be more than 2 billion Tanzanian Shillings.

The investment of the company in terms of farm machinery, tools and equipments, land and buildings up to March 2025 is estimated at **TZS 17,838,124,235** and there is sufficient cashflows generated from sales of milk products by the company. The company has strong financial systems that guarantee discipline and safety of both financial and non-financial assets. This means the Overland Farms Limited proves to stay solvent and sustainable in long-run period. Thus, Overland Farms is an Invest that can be relied on. On top of this this project shall employ at least 30 permanent and pensionable staff and at least 1000 individuals along the value chain. The Address of this project is;

Overland Farms Limited,

Plot No. 39, Block D, Chuma Road, Chang'ombe Area,

P.O. Box 5055, Dar Es Salaam, Tanzania

Phone Contact: **+255 747 600 008/+255 746 488 488**

E-Mail: info@overland.co.tz

Website: www.overland.co.tz

Project Management and Organization Structure

Overland Farms Limited has appropriate organization structure that ensures best management practices of company's businesses. The Company has Board of Directors that at minimum contains five Directors, founders of the company being part of board members. The Board of Directors is the overall supervisory body of the company businesses. Below the Board there is Managing Director who is the Chief accounting officer of the company and reports directly to the Board. The Managing Director shall be assisted by two Managers in the current planned businesses; Dairy Processing Plant Manager, and Dairy Cattle Farm Manager. All Managers shall report directly to the Managing Director of the company. Below Company Managers there are support staff to support operations in that particular department/project. The company will also have casual labourer how shall be hired on the daily basis based on the existing demand for labour at the farm/projects. The reporting relation in Overland Farms Limited is presented in organization structure in **figure 1**.

Projected Financial Aspects of proposed projects

These projects prove to be financially viable and less risky taking into account on analysis of different financial aspects. From the results of analysis that show eight (8) years projection of project life cycle (2025-2032), the project is estimated to earn a profit after corporate tax of **TZS 6,309,509,864** during the first year of operation, the profit is observed to grow to **TZS 14,690,010,879** in the eighth year of operations (**See Annex 12**). The Internal Rate of Return (IRR) for the project is **37%** and the Net Present Values (NPV) is **TZS 43,289,921,161** (**See Annex 19**), this proves the project to be more valuable and less risky in the side of financiers, it also proves the cost of capital to be lower than gain generated from the project. The balance sheet/assets are projected to grow from **TZS 24,472,509,864** during the first year of financial analysis to **TZS 43,740,271,910** in the eighth year of operations/ financial projection (**See Annex 14**). Lastly, the project is seen to have positive net cashflows throughout the duration of its operations; this proves its ability to meet both short-run and long-run financial obligations. The net cashflows in the first year of project operations is **TZS 5,995,228,184**, the net cashflows is **TZS 20,121,842,617** during the eighth year of operations, the decrease in the Net cashflows is due to large value of outflows as the result of repaying loan facility, thus, it will start shooting after full recover of Bank loan (**See cashflows Annex 13**).

Project Benefits to the Community and the country

A part from the financial gains that Overland Farms Limited is expecting from the business, these projects also expected to have number of benefits to the surrounding community and the country at large. The following are some of notably benefits that are expected from the project;

- (a).The company through this project is expecting to create more than 500 employment opportunities along the livestock value chain, at Milk Processing Plant at to the complement sectors/sub-sectors, this includes the permanent and pensionable jobs, causal labours, milk processors, transporters and other;
- (b).The establishment of Milk Processing Plant will create market for milk from smallholder livestock keepers around the project area and more than 7,078,500 liters will be procured each year to complement internal production and make the plant that has the capacity to process 60,000 Ltrs/day to operate under full capacity;
- (c).Surrounding community of livestock keepers can access veterinary services, animal feeds, cattle dipping services, and other expertise advices from experts of the company at affordable prices;
- (d). The farm can be used as the demonstration plot for livestock keepers in Southern Highland part of Tanzania;
- (e).Water from wells and Reservoir at the farm is expected to benefits other owners of herds and villagers around the project area;
- (f). The projects are expected to stimulate the development of other support activities in agricultural value chain, raising the level of liquidity in Iringa District, thus improving the standard of living of residents; and,
- (g).The projects will contribute to the receipts of company and thus raising profit and corporate tax to be paid to the Government.

Conclusions and Recommendations

The analysis of the project shows that it is technically feasible, socially and economically desirable, and financially viable. The demand for milk and its related products has a growing trend, thus, the establishment of Milk Processing Plant that will process milk produced at the farm and those outsourced from the community will enable the company to gain market share and to expand its profit manage to repay the Bank loan within the agreed duration and to survive in long-run period run period.

It is therefore recommended that Financers to consider and approve the proposed loan package for this project to be implemented and Tanzania Investment Center (TIC) to register, offer necessary support and to award tax benefits/ exemption according to Tanzania investment policy for this project to take over and to contribute to the economy of the country.

List of Abbreviations

BRELA	Business Registration and Licensing Agency
Co.	Company
EAC	East Africa Community
FAO	Food and Agriculture Organization of United Nations
Ltd	Limited
MD	Managing Director
MoLD	Ministry of Livestock Development
MoLF	Ministry of Livestock and Fisheries
PAYE	Pay As You Earn
RMP	Risk Management Plan
SADC	Southern African Development community
TADB	Tanzania Agricultural Development Bank
TIC	Tanzania Investment Center
TZS	Tanzania Shillings
UHT	Ultra-High Temperature
URT	United Republic of Tanzania

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CHAPTER ONE

1.0. DESCRIPTION OF THE PROJECT

1.1. Background Information about Overland Farms Limited

Overland Farms Limited is a Tanzanian locally registered company found by Mr. Faisal Edha Awadh and Mr. Abdallah Faisal Awadh operating under Overland Group of Companies. This company has purposefully incorporated to take lead in undertakings that involve investing in Agribusiness value chain, thus the company implements all Agricultural projects under Overland Group of Companies. The company currently own 6,500 acres of farm land distributed in four farm plots; Kitemela Farm in Muwimbi Village with 1,500 acres, Sambusi Farm in Isupilo Village with 1,500 acres, Kiyegema Farm with 3,000 acres in Magunga Village and Makota Farm in Isupilo Village with 500 acres, all this are found in Ifunda Ward in Iringa District Council. It also owns other farm plots in different places in Tanzania. The Overland Farms Limited has fenced the all of its farm plots and has established Dairy Cattle project that has 1,418 herds and 2,500 acres of animal feeds grown using advanced technologies. The farms are also equipped with modern animal sheds, pivot irrigation systems and other technologies that aid in day-to-day operations. The company is one of major producers of raw cattle milk in Southern Highlands and it trades the product to milk processing plants found in Iringa (ASAS), Morogoro and Dar es Salaam regions. Currently, the company produces more than 35,000 litres of raw cattle milk per day, approximately to 9,500,000 liters per annum. The value of Assets owned by the company is estimated to be **TZS 17,838,124,235**, this includes Property, Plant & Machinery, farm land (6,500 acres) and Biological Assets (Dairy Cattle).

1.2. Planned Investment by Overland Farms Limited

The Overland Farms Limited Board of Directors has currently approved the that targets to explore opportunities in Dairy Cattle farming value chain and value addition. The plans are; Expansion of Dairy Cattle Farm through purchasing additional 200 Dairy Cattle, Establishment of Milk Processing Plant with the capacity to process 60,000 of milk in 24 Hours (for production of UHT Milk products & Yoghurt), and Strengthening of Irrigation Systems at the Animal feeds farm so as to ensure sustainable supply of feeds to herds raised at the farm. Implementation of these plans will enable the company to have at least three marketable products, these, include packed and well labelled UHT Milk, Yoghurt and Fresh Milk. In case of surplus production of grasses at the animal feed farm, the farm can as well trade hay and silage that will be made out of grassed grown at the animal feeds farm.

Implementation of these plans needs TZS 25,246,924,235; this amount is the value of the project after full implementation. However, the company has already invested **TZS**

17,838,124,235 (See table 1). The project expansion as narrated in this business plan will need additional TZS 7,408,800,000, this is applied as Bank Loan. The Debt-to-Equity ratio of the project assets after Bank loan is 29% and 71% respectively (See table 2).

These investments once implemented as scheduled will enable Overland farms to produced varied quantities of aforementioned products and thus expanding its market share compared to current position. If all projects fully undertaken the estimated products per year will be as follows; UHT Milk will be 9,00,000 Ltrs, Yoghurt product 9,000,000 Ltrs, and Liters of raw milk to be produced at the farm will be 10,921,500. The project volumes of different products after business expansion are presented in table 5 below.

Table 4: Projected Outputs from planned projects





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ESTIMATED VOLUME OF OUTPUT FOR EACH PROJECT											
S/N	Description of the Project	Expected Products/output	Unit of measure	Volume of Output							
				2025	2026	2027	2028	2029	2030	2031	2032
1	Milk Processing Plant (60,000Ltrs/24 Hours)	(a) UHT Milk (50%)	Ltrs	0	0	6,000,000	7,500,000	9,000,000	9,000,000	9,000,000	9,000,000
		(b) Yoghurt (50%)	Ltrs	0	0	6,000,000	7,500,000	9,000,000	9,000,000	9,000,000	9,000,000
2	Milk production at the Farm	Raw Milk	Ltrs	9,571,500	9,571,500	10,921,500	10,921,500	10,921,500	10,921,500	10,921,500	10,921,500
	Milk Surplus/(Deficity)			9,571,500	9,571,500	(1,078,500)	(4,078,500)	(7,078,500)	(7,078,500)	(7,078,500)	(7,078,500)
Note:											
(a). Milk Processing Plant is estimated to operate in 300 days per year											
(b). First two years- 2025 and 2026 will be for project infrastructure construction/erection											
(c). The Milk processing Plant will outsource some milk from outgrowers since internal production will not be enough to feed the Plant											
(d).Milk processing plant will start operating under full capacity in 2029											

Table 5: Projected Volume of Milk to be Outsourced after Project implementation

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AMOUNT OF RAW MILK TO BE OUTSOURCED TO FEED THE MILK PROCESSING PLANT										
S/N	Description of the Product	Unit of measure	Volumes (Ltrs)							
			2025	2026	2027	2028	2029	2030	2031	2032
1	Total Raw milk from the Dairy cattle Farm	Ltr/Years	9,571,500	9,571,500	10,921,500	10,921,500	10,921,500	10,921,500	10,921,500	10,921,500
2	Milk needed by Processing Plant	Ltr	-	-	12,000,000	15,000,000	18,000,000	18,000,000	18,000,000	18,000,000
3	Milk to be Outsourced	Ltr	-	-	1,078,500	4,078,500	7,078,500	7,078,500	7,078,500	7,078,500
4	Surplus Milk from the Dairy Farm	Ltr	9,571,500	9,571,500	-	-	-	-	-	-
Note:										
(a). The Milk Processing, Filling and packaging Plant will have the capacity to process 60,000 Ltrs/Day										
(b). The Plant will be operated in 300 days per year										
(c). The Plant will start Operations in 2027, and in 2027 will process 40,000 Ltr/Day , in 2028 will process 50,000 Ltrs/Day and from 2029 will operate under full capacity										

1.3. Project Organization and Management

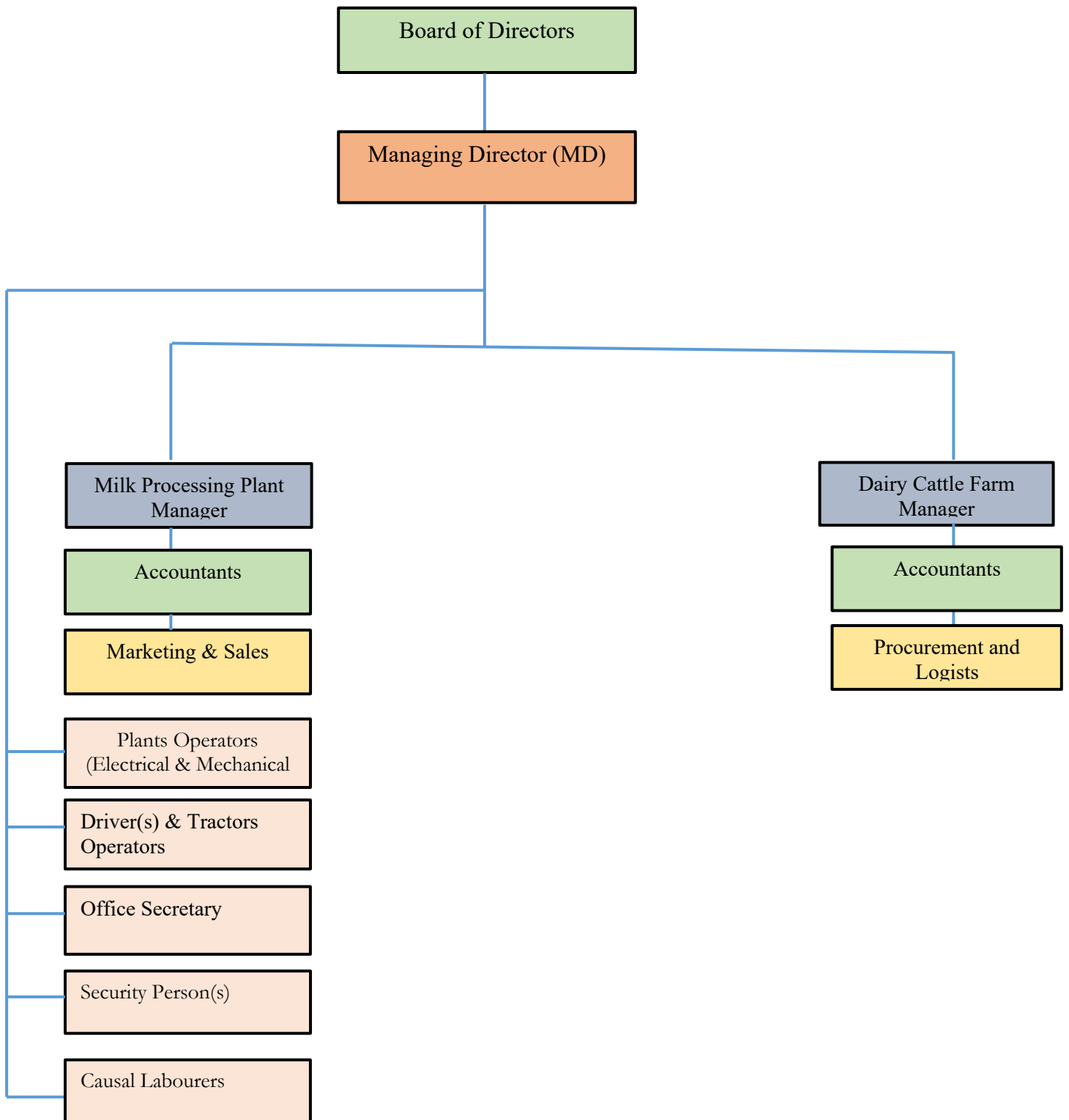
Overland Farms Limited has appropriate organization structure that ensures best management practices of company’s businesses. The Company has Board of Directors that at minimum contains five Directors, founders of the company being part of board members. The Board of Directors is the overall supervisory body of the company businesses. Below the Board there is Managing Director who is the Chief accounting officer of the company and reports directly to the Board. The Managing Director shall be assisted by two Managers in the current planned businesses; Dairy Processing Plant Manager, and Dairy Cattle Farm Manager. All Managers shall report directly to the Managing Director of the company. Below Company Managers there are support staff to support operations in that particular department/project. The company will also have casual labourer how shall be hired on the daily basis based on the existing demand for labour at the farm/projects. The reporting relation in Overland Farms Limited is presented in organization structure in **figure 1**.

1.4. Physical location, address and contacts of the Projects

The Physical address of Overland Farms Limited where the company own 6,500 acres of farm land is in Isupilo, Muwimbi and Magunga Villages, in Ifunda Ward, in Iringa District. The Dairy Cattle farm will be at Sambusi, Makota and Kiyegema Farms; Irrigation Systems are needed at Makota Farm; and Plants (Milk Processing plant & Animal Feeds Processing Plant) will be at Sambusi Farm. However, the Company's address in relation to these projects will be;

Overland Farms Limited,
Plot No. 39 – D, Chuma Road, Chang'ombe Area,
P.O. Box 5055, Dar Es Salaam, Tanzania
Phone Contact: **+255 747 600 008/+255 746 488 488**
E-Mail: info@overland.co.tz
Website: www.overland.co.tz

Figure 1: Overland Farms Limited Organization structure



CHAPTER TWO

2.0. OVERVIEW OF LIVESTOCK SECTOR IN TANZANIA

2.1. Background Information

Tanzania accounts for about 1.4% of the global cattle population and 11% of African cattle population (FAO 2014). Tanzania has about 30.5 million cattle, 18.8 million goats and 5.3 million sheep (URT-MoLF,2017). Other livestock include; 1.9 million pigs, 38.2 million local chickens and 36.6 million improved chickens. The livestock sector employs about 50% of her population, which is equivalent to 4.6 million households who their income depends on livestock (URT-MoLF, 2017). The Livestock Sector plays an important role in building a strong national economy by increasing household food security, income, animal draught power, manure, foreign currency and employment opportunities while nurturing the livestock resources. This contributes to increased economic growth and Government revenue. The Livestock Sector by its nature has high multiplying effects and net worth per capital invested. Livestock is used as security as it can be converted easily into monetary values (non-fixed assets/ liquidity) when need arises. This contributes to increased purchasing power to consumable and capital goods.

Despite the potential of livestock resources available in the country, the sector contributes only 6.9% of the country's GDP, which is very little to economic growth as compared to the potential available in livestock sector. The sector is facing so many challenges including low genetic potential, feed and water resources, diseases, land conflicts, lack of value addition of livestock priority commodities including milk, increased postharvest losses, lack of quality processed products for local and international markets and illegal trade of livestock and livestock products. The indigenous approach to livestock husbandry that current dominates the country is one of the reasons behind poor performance of the livestock sector in Tanzania. More than 80% of the herds are raised under nomadic pastoralism and chickens are under local raising systems. The establishment of modern livestock farming approach is one of the approaches available for ensuring increased productivity and production in the sector, reduced livestock diseases, solving land conflict associated with nomadism, and thus raising the contribution of livestock sector to the GDP of the country. Overland Farms Limited livestock farming project established, Milk processing plant project, Poultry farm and Animal Feeds mill project to be established are an exemplous effort towards transforming livestock sector in the country. The project will employ modern technology in livestock farming, milk processing, and animal feeds production that guarantee high productivity, environmental conservation and quality products to the market. The livestock farms already established and can be used as model farms among livestock keepers and thus contributed to the total

transformation of the livestock sector. The establishment of milk processing plant is also important contribution towards development of dairy sub-sector in the country due the fact that more than 96% of the raw milk produced in the country is not processed and thus command low value and high post milking losses.

2.2. Milk production, processing and Trade in Tanzania

Tanzania is estimated to produce about 1.9 billion litres of milk annually (FAO, 2014) this level of production is not promising as compared to the number of livestock population in the country. This level of production has made Tanzania to be less competitive in the world market and fail to supply the needed products even in domestic markets. The market for milk has growing trend largely influence by population growth and increase in world demand for food. The expansion in the international trade in milk and related products has also increased the market for products in the global market. Thus, there is high chance of business growth once investment is made in Livestock value chain including milk products business.

CHAPTER THREE

3.0. MARKET ANALYSIS

3.1. Current Market for Company Products

Currently Overland Farms Limited has only raw milk as its product from its Dairy Cattle farming project located in Isupilo and Magunga Villages, in Ifunda Ward in Iringa District. This farm produces at least 35,000 liters of milk per day and all milk are supplied to ASAS Dairy Processing Plant and in case of surplus some of raw milk are sold in Dar es Salaam Markets.

3.2. Market Niche Focused by the Company

Implementation of the planned projects will enable the Overland Farms Limited to have the following marketable products; Raw Milk from the Dairy Cattle farm, UHT Milk & Yoghurt from Milk processing Plant and Animal Feeds (Grasses) to feed herds owned. All raw milk that will be produced at the Dairy Cattle farm will be supplied to company's Milk processing plant, this means milk from the Dairy Cattle Farm will have Sure market. Processed milk will be supplied in Domestic Market and in a long-run the focus is to export to EAC countries such as Kenya, Uganda, Burundi, Rwanda and Democratic Republic of Congo (DRC). Animal feeds grown (grasses) will be used to feed herds raised by the project.

3.3. Degree of Competition in the market

The company's products are expected to face competition from other milk processing firms found in Southern Highlands zone and Tanzania at large. Some of notable competitors are ASAS Dairy, Kilimanjaro Fresh, Mbeya Milk, Shambani Milk, Dar Fresh, and many other firms found in Tanzania. However, Overland Farms Limited will maintain its competitive advantage through maintain quality of the products (milk products) from the plant to the market, diversification of the market and increasing order customers (Sales by order). There will be kin establishment of sales centers and selection of products agents. However, the company itself is the market for number of its products such as raw milk from dairy farm.

3.4. Marketing Strategy

For the sake of managing entry in the market and creating strong muscles against the main competitors Overland Farms Limited will use market penetration strategy, sales by contracts strategy and right marketing principle. Market penetration strategy involves charging low

prices for the products compared to the prices charged by competitor on the similar products, for instance processed milk to be charged at 1% less than the price charged by the main competitors-ASAS, Kilimanjaro Fresh and Dar Fresh, this is possible as the milk processing plant will purchase large percent of its raw milk from its own farm at lower prices as compared if outsourced from other livestock keepers. Price penetration strategy will enable to attract new customers and even engulf some of customers from the competitors. More customer to be supplied by order, that is, sales by contract are expected to be increased this will reduce competition as these customers will be sure market for company products. The company will as well follow marketing '**Right**' Principle i.e., Make right Products to the right people at the right place, at right time and the right price, use right promotional techniques in facing its competitors and attracting potential customers.

CHAPTER FOUR

4.0. RISK AND FINANCIAL ANALYSIS

4.1. RISK ANALYSIS

Risk is the probability of deviation of the actual outcome of an event from the expected/desired outcome. These projects, like all other projects, have their own set of risks. It is important that possible risks are identified and necessary actions to minimise or eliminate them altogether are outlined and implemented when and where necessary so as to improve the overall sustainability and viability of the projects. In these projects there is possibility of livestock to be attacked by diseases and resulting to mass death, farm fire hazards, livestock theft, and low sales figures than the expectations, milk quality compromise, prices fluctuations and others.

4.1.1. Risk Management Plan

The Risk Management Plan (RMP) has taken into consideration on the three main angles in assessment of the risks associated with the businesses. With RMP in place the risks have been assessed on the basis of:

- (i). Probability of occurrence;
- (ii). Impact on projects success and sustainability; and,
- (iii). Action to be taken to mitigate identified risks.

Table 6 below summarizes the risks associate with the projects, their possibility of occurrence and actions to be taken to mitigate. However, the summarized risks might be not the only risks of engaging in these businesses, the Management of the project will for several time review the projects' risks based on the experience from the actual operations and take appropriate mitigation measures.

Table 6: Summary of the proposed Risks and the Management Plan

Risk	Probability of Occurrence	Action to be taken
Attach of Livestock by Disease and thus massive death	Medium , due existence of different means through which livestock contaminant diseases.	<ul style="list-style-type: none">✓ Livestock Insurance cover with NIC✓ Employ/ Consult livestock specialists in the farm✓ Fencing of the farm to avoid interaction with outside group of livestock✓ Treating animals according to advises and schedule as presented by experts✓ On time Vaccines to flocks and adhere to protocol for

Risk	Probability of Occurrence	Action to be taken
		diseases control at project area
Low sales figures	Medium , due to high level of competition in the market	<ul style="list-style-type: none"> ✓ Ensure high quality of farms and industrial products ✓ Sales by order/sales contracts ✓ Expanding markets to different regions and focusing on export markets as well ✓ Forging strategies that enable Maintaining/retaining customers ✓ Strengthening Advertisement and Promotions
Market risks (Price fluctuations)	Medium , due to unpredictable market movements	<ul style="list-style-type: none"> ✓ Sales by order/Sales contracts ✓ Market diversification ✓ Maintain quality of the produce and farm products
Livestock theft	Low , due to fencing and security at the farm	<ul style="list-style-type: none"> ✓ Insurance Cover form NIC ✓ Fencing the farm ✓ Employing security persons ✓ Creating strong bond with the surrounding communities
Fire hazards	Low , farms will have green grasses throughout the year due to the presence of irrigation systems	<ul style="list-style-type: none"> ✓ Farm insurance cover with NIC ✓ Cleaning farm boundaries to avoid bush fire ✓ Having a farm watch person/guard ✓ Adherence to fire fighting protocol at Industrial premises



4.2. FINANCIAL ANALYSIS

This part presents the financial performance of the project through analysing basic financial statement and other performance indicators. The part presents; Projected Income Statement (Profit and Loss Account), Balance Sheet (Statement of Financial Position), Cashflow Statement, Sensitivity Analysis, Internal Rate of Return (IRR), Net Present Value (NPV) and Payback Period. All these analyses are in relation to established projects that Overland Farms Limited plan to implement.

4.2.1. Major Assumptions

Projection of results of the project has made under the consideration of the assumptions as presented in **Table 7** below;

Table 7: Assumptions employed in undertaking Financial Analysis

 OVERLAND FARMS LIMITED Plot No. 39 – D, Chuma Road, Chang’ombe Area, P.O. Box 5055, Dar Es Salaam, Tanzania Phone Contact: +255 747 600 008/+255 746 488 488 E-Mail: info@overland.co.tz Website: www.overland.co.tz 	
INVESTING IN DAIRY CATTLE FARMING AND ESTABLISHMENT OF MILK PROCESSING PLANT WITH THE INSTALLED CAPACITY TO PROCESS 60,000 LTRS OF RAW CATTLE MILK TO YOGHURT AND UHT MILK: PROJECT LOCATED IN IFUNDA WARD, IN IRINGA DC- TANZANIA.	
ASSUMPTION USED IN FINANCIAL ANALYSIS	
1	A business-friendly political, economic and social environment will continue to persist throughout the duration of the project.
2	This project will be financed through both Equity and Debt funds. A bank loan TZS 7,408,800,000 (Equivalent of USD 2,800,000) of shall be raised to complement Equity Funds during expansion of Dairy cattle Farm and erection of Milk processing plant.
3	The proposed interest on the applied Loan facility from the Bank to complement Equity funds is projected to be 7% p.a , charged on reduced balance and repayment made semi-annually.
4	Bank Loan duration will be Six (6) Years, two years of grace period exclusive .
5	The project will add 200 Pregnant Heifers in the Dairy Cattle Farm Unit to strenghtern raw Milk production so as to ensure sustainable supply of suffiecent milk to the Milk Processing Plant.
6	Expansion of Dairy Cattle farm that current has only 1,418 Cattle will necessitate to improve animal feeds farm, the expansion will aslo involve procurment and installation of Irrigation infrastructure for growing enough grasses (Animal feeds) to feed the growing number of cattle.
7	Milk Processing Plant will have installed Capacity to process 60,000 Ltrs of raw Milk to Marketable products (Yoghurt, and UHT Milk) in 24 Hours. About 50% of the processed products will be Yoghurt and 50% will be UHT Milk.
8	The Dairy Processing Plant Will outsource part of raw milk from outgrowers at TZS 1,000 per liter.
9	Following Project expansion, the farm will have 1,618 Dairy Cattle
10	Estimated minimum Milk production capacity per Cattle is 25 ltrs per day
11	The minimum selling price of UHT Milk packed in one liter will be TZS 4,050
12	The minimum selling price of Yoghurt Milk packed in one liter will be TZS 3,000
13	The farm will sell raw Milk at TZS 1,200 per liter at farm gates
14	Straight-line depreciation method is used in depreciating fixed assets of the farm.
15	The estimates covers the period of Eight (8) years from 2025 to 2032, this means loan repayment will start at the mid of 2027
16	Exchange rate Employed is 1USD= TZS 2,646 BOT rate of 18 Th March, 2025.

4.2.2. Financial Performance

With regard to the aforementioned assumptions, the financial forecasts of the projects illustrate to have strong financial performance as described in the following parts;

4.2.2.1. Income Statements

The projected income statement as indicated in **annex 12** shows the project to have the profit after corporate tax of **TZS 6,309,509,864** during the first year of operation, the profit grows up to **TZS 14,690,010,879** in the eighth year of operations. The profit is expected to grow further from the Nineth year of operations after full repayment of Bank loan. Thus, the business is

worth to undertake has it records positive value in its Profit and Loss Account during all period under estimations.

4.2.2.2. Projected Cash flow Statements

The cashflows projection portrays a liquidity position for the projects. The project has positive net cashflows during all years of operations. This proves that the business is able to meet its short-term and long-term financial obligations including servicing the loan facility applied from the Bank. The net cashflows in the first year of project operations is **TZS 5,995,228,184**, the net cashflows is **TZS 20,121,842,617** during the eighth year of operations (See cashflows Annex 13).

4.2.2.3. Balance Sheet/ Statement of Financial Position

The projected asset base for the project stands about **TZS 24,472,509,864** during the first year of operations; the capital will accumulate and grow to **TZS 43,740,271,910** during the eighth year of operations. The asset base of the project is more than enough to cover its liabilities throughout the forecast period, meaning that the project will remain solvent throughout its lifetime. The projected balance sheet is available in **annex 16**.

4.2.2.4. Sensitivity Analysis

A sensitivity analysis was carried out on the project to see the effect on the project profitability when sales revenue drops by 5% and when project operating costs increases by 5% assuming other factors influencing profit of the project remain unchanged. The analysis was carried out to find if the project is still financially viable if the sales revenue will be reduced by 5% assuming other factors influencing profit (such as operational costs) held constant. The analysis was also done by inflating the operation costs by 5% at the same levels of sales revenue. Both situations lead to the fall in the profits of the project, however, the events still show the project to be viable since it still generates profit despite of the circumstances applied (Seen Annex 17 and Annex 18)

4.2.5. Bank Loan Facilities Repayment Schedules

The loan facility (Principal & Interest) planned to be secured from the Bank is proposed to be repaid within six years, two years of grace period exclusive. The first instalment is proposed to be in October, 2027 and the last payment to be affected in April 2033. The prepayment is proposed to be semi-annually (every after six months) as proposed in loan repayment schedule presented in **annex 16**. The **company also expects the grace period of two years** from the date of disbursement of the loan in exclusive of six years of loan repayment duration.

CHAPTER FIVE

5.0 ECONOMIC AND SOCIAL VIABILITY

5.1. Overall Benefits of the projects

These projects once implemented as planned will offer a number of economic and social benefits to the owners, employees, people around the project area and Tanzanians at large. The project is expected to create about thirty-three (30) permanent and pensionable jobs- **See Annex 10**, more than 50 directly but casual jobs, and at least 500 jobs along the value chains. Projects will as well contribute to the increase in the income of individuals involved in the value chain and thus raise the level of their livelihoods. Apart from the listed benefits, these projects will pay corporate tax, and PAYE to the Government of URT; this will enable the government to improve different community services in the country.

5.2. Benefits of the Projects to the community in project area

A part from the financial gains that Overland Farms Limited is expecting from the business, these projects also expected to have number of benefits to the surrounding community and the country at large. The following are some of notably benefits that are expected from the project;

- (a).The company through this project is expecting to create more than 500 employment opportunities along the livestock value chain, at Milk Processing Plant at to the complement sectors/sub-sectors, this includes the permanent and pensionable jobs, causal labours, milk processors, transporters and other;
- (b).The establishment of Milk Processing Plant will create market for milk from smallholder livestock keepers around the project area and more than 7,078,500 liters will be procured each year to complement internal production and make the plant that has the capacity to process 60,000 Ltrs/day to operate under full capacity;
- (c).Surrounding community of livestock keepers can access veterinary services, animal feeds, cattle dipping services, and other expertise advices from experts of the company at affordable prices;
- (d). The farm can be used as the demonstration plot for livestock keepers in Southern Highland part of Tanzania;

- (e). Water from wells and Reservoir at the farm is expected to benefit other owners of herds and villagers around the project area;
- (f). The projects are expected to stimulate the development of other support activities in agricultural value chain, raising the level of liquidity in Iringa District, thus improving the standard of living of residents; and,
- (g). The projects will contribute to the receipts of company and thus raising profit and corporate tax to be paid to the Government.

CHAPTER SIX

6.0. SWOC ANALYSIS

This part describes Internal and External Business environment that Overland Farms Limited Operates. The analysis focuses to describe Strengths of the of the company, Weaknesses, Opportunities available in the market and Challenges that are expected to be encountered by the company in relation to planned Projects. The Analysis is described below;

6.1. Strengths of Overland Farms Limited

- ✓ The company already Own 6,500 acres of farm land in Ifunda Ward, in Iringa District;
- ✓ The Company has Dairy Cattle farm with 1,418 that produce approximately of 35,000 liters of raw cattle milk per day;
- ✓ The company has Competent Management Team with diversity of Knowledge and Skills needed in running the proposed projects; and,
- ✓ The Company has large Fixed Asset (Non-Current Assets) based of more than TZS 17,838,124,235. These are investments in the Isupilo, Magunga and Muwimbi Villages farms.

6.2. Weakness of Overland Farms Limited

- ✓ Insufficient working capital to invest in strategic projects; and,
- ✓ Un promising connection to regional markets (EAC and SADC Markets for its agribusiness projects.

6.3. Opportunities available in the sector

- ✓ High population growth rate that ensures the market for farm products;
- ✓ Raised income of individuals and urbanization that raise the demand for Milk and related products;
- ✓ Friendly business environment and political stability in Tanzania;
- ✓ Possibility of some exemptions after registration to TIC
- ✓ Technological advancement that has simplified marketing and distribution of products;
- ✓ Presence of Financial Institutions and Agribusiness loan product;
- ✓ Tanzania being a member to the regional blocks EAC and SADC simplified international trade among the member states; and,
- ✓ Opportunity in the labour market to supply required skills in cost effective manner.

6.4. Challenges that exist in the market

- ✓ Existence of competitors in the sector;
- ✓ Existence of pests and diseases;
- ✓ Market movements/price instabilities;
- ✓ Difficult to increase supply of the products within a short-period of time; and,
- ✓ Difference in standards requirements among nations, this affects export volumes
- ✓ Unreliable weather and climatic changes

CHAPTER SEVEN

7.0. CONCLUSIONS AND RECOMMENDATIONS

7.1. Conclusion

The analysis of the project shows that it is technically feasible, socially and economically desirable, and financially viable. There is a growing market for products that the Overland Farms Limited produces/will produce in planned project not only within the country but also throughout Africa and the World at large. The project will therefore allow the company to gain a market share and conceive desired benefits out of the planned investments and manage to repay the TADB loan within the agreed duration.

7.2. Recommendations

In view of the preceding analysis, it is therefore recommended the following;

- (i). Financers to consider and approve the proposed loan package of **TZS 7,408,800,000 (Seven Billion Four Hundred Eight Million Eight Hundred Thousand Only)** to facilitate Expansion of Dairy Cattle Farm, Establishment of Milk Processing Plant, , and Strengthening of Irrigation Systems at the Animal feeds farm;
- (ii). The interest rate for the facilities is proposed to be **less or equal to 7% per annual, charged on reduce balance**. The loan to be repaid in the **duration of Six years, two years of grace period exclusive**;
- (iii). The Projects' assets including those expected to be accrued from the expansion/Establishment of new project are proposed to be part of collateral of the loan. The Company will agree with the Bank on other assets that will be pledged as collateral for the applied loan, in case needed; and,
- (iv). TIC to register the project since it has significant contribution to the economy.