

**BUSINESS PLAN FOR THE  
IMPLEMENTATION PROGRAMME**

**OF**

**M/S KIDODI SUGAR ESTATE LIMITED**

**IN**

**ESTABLISHING AND OPERATING A PROJECT FOR  
LARGE SCALE SUGARCANE FARMING**

**PREPARED BY  
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**M/S KIDODI SUGAR ESTATE LIMITED  
TABLE OF CONTENTS**

	Page
1. Investment Plan .....	2
2. Company's Background .....	2
3. Market Potential .....	4
4. The Company's Objectives .....	5
5. Plan/Prospects .....	6
6. Shareholders (Promoters) .....	7
7. Location.....	7
8. Capital Investment Cost .....	9
10. Financial Plan (Source of Funds) .....	9
11. Submission.....	11
12. Economic Growth.....	12
13. Competition/Market .....	12
14. Advertisement .....	12
15. Business Strategy .....	13
16. Environmental Issue.....	13
17. Project Management .....	13
18. Manpower and Transfer of Technology .....	14
19. Conclusion and Economic Analysis .....	15
20. Financial and Economic Analysis.....	15
21. Sensitivity Analysis.....	16
22. Appendix I – III.....	19 -22

**M/S KIDODI SUGAR ESTATE LIMITED**  
ESTABLISHING AND OPERATING A PROJECT FOR LARGE  
SCALE SUGARCANE FARMING

**1. INVESTMENT PLAN**

The investment plan has been prepared by **M/S KIDODI SUGAR ESTATE LIMITED** for the company's establishing a project for large scale sugarcane farming in kidodi/ kilosa district - Morogoro.

The investment plan has been prepared to give an analysis of the financial, human, technical and other resources required for the intended sugarcane farming project and also assess its economic viability and commercial viability in order to allocate funds for the implementation programme especially in acquiring agriculture implements, inputs plant & machineries, generators, transformer, tractors, utility vehicles etc.

The certificate of incentives will enable the project to enjoy fiscal and non- fiscal incentives, Duty exemptions on CAPITAL/ DEEMED CAPITAL GOODS and TIC ONE STOP FACILITATION such as approvals, licenses and permits such as resident / work permits, Business License, protection of investment, arbitration and transfer of foreign currency etc

**2. COMPANY'S BACKGROUND**

**M/S KIDODI SUGAR ESTATE LIMITED** is a private owned foreign company registered/ incorporated in Tanzania by Registrar of Companies under company's ordinance Cap 212, on 16<sup>th</sup> day of December, 1991 with Certificate of Incorporation No: 8582

The company was incorporated with a prime objective of setting up large scale sugarcane for sugar production.

The company determines to increase capacity of sugarcane farming. Hence increasing production and at the same time improve the quality of company's sugarcane. The project intends to increase harvest of sugarcane.

The main purpose of the proposed sugarcane farming project is to increase the harvest capacity to correspond with the growing demand especially to Kilombero Sugar Company. The quality of company's products will guarantee customer satisfaction in proposed establishing programme.

There is an extensive market to absorb all the company's sugarcane. It is on the basis of the above reasons the management resolved to invest in setting up large scale sugarcane farming for sugar manufacturing companies.

In the establishing programme, the proposed sugarcane farming project will import new agricultural implements, tractors, irrigation equipment and agricultural inputs; fertilizers and insecticides.

Hence the establishing programme of five years in setting up facilities for sugarcane farming is estimated to be USD 2,000,000. The estimated capital investment cost of USD 2,000,000 will be on farming machinery such as new and modern agricultural implements, grab cane loader tractor horse, inputs, irrigation equipment and other related machinery, generators, transformers, trucks, pickups, staff bus and other expenses

### 3. MARKET POTENTIAL

There is very big market potential for sugarcane for industries which manufactures sugar. And Sugar is much needed in various industries such as food processing industries, confectionery, baked goods, dairy products etc and breweries, beverages/soft drinks manufacturing companies etc . Therefore there is high demand of sugar in daily life at home, hotels & restaurants. And the market is growing day by day.

The sugar is also needed and used at peoples home, hotels, food processing industries, beverages/soft drinks industries etc. also in different places and occasions or events such as parties, ceremonies.

The need for sugarcane is for health purposes and has nutritional value. Sugar cane juice gives energy and water to body because they do not have any side effects.

The recent market survey undertaken by the company has realized that there is high demand for sugar due to different uses Such as industries for foods, soft drinks etc and home, hotels and restaurants. And can be used in different occasion or events.

High quality and goodwill are the factors which will make the project to dominate the market. There are number of sugar cane estate and sugar manufacturing industries in Tanzania like Kagera Sugar, Mtibwa, TPC and Kilombero Sugar Company and their Farms cannot compete with the company's sugarcane Estate.

The company also expects to increase the capacity of sugarcane for sugar manufacturing companies

#### 4. THE COMPANY'S OBJECTIVES

**M/S KIDODI SUGAR ESTATE LIMITED** is a project for setting up setting up large scale sugarcane farming in kilombero - Morogoro.

The mission of proposed project is basically aimed at production and marketing of the sugarcane to sugar manufacturing industries for local and later for export market in order to achieve the following objectives.

- ❖ To foster the growth of sugarcane and sugar manufacturing industry in Tanzania.
- ❖ To reduce acute shortage/ scarcity of raw materials for sugar manufacturing Industry.
- ❖ To promote local markets for locally processed sugar
  - ❖ To promote sugarcane farming and involvement of out growers.
  - ❖ To promote growth and expansion of private sector.
  - ❖ The Company will create more employment (more job opportunities from unskilled to professionals/technicians and out growers etc.)
  - ❖ Skill development (human resources development) through on job training and use of modern machinery and new technology application.
  - ❖ Income generation, alleviation of poverty and improve their social welfare employees.

- ❖ The Company contributes to the government revenue through taxes and other levies.

## 5. PLAN/PROSPECTS

- ❖ High production performance
- ❖ To Look for sugarcane export market in neighboring countries and hence resulting foreign earnings in addition to the prevailing local market.
- ❖ To purchase/import new FARMING EQUIPMENT, INPUTS AND IRRIGATION EQUIPMENT with introduction of new technology.
- ❖ To increase the volume of Harvest of sugarcane capacity.

## 6. SHAREHOLDERS (PROMOTERS)

The following are the shareholders/ promoters of **M/S KIDODI SUGAR ESTATE LIMITED** and their shareholder's position are:-

No	Name of Shareholders	No. of Shares	Nationality	% shareholding structure
1.	Mohamed M. Nahdi	325	Tanzanian	25%
2.	Aref Mbarak Nahdi	325	Tanzanian	25%
3.	Fuad Mbarak Nahdi	325	Tanzanian	25%
4.	Ally Mbarak Nahdi	325	Tanzanian	25%
	<b>TOTAL</b>	<b>1300</b>		<b>100%</b>

Therefore, the authorized capital of the company is Tshs. 5,000,000/= divided into 5000 ordinary shares of Tshs. 1,000/= each. The Company shall have power to increase its capital and to divide the shares in its capital for the time being into several classes of stock or shares and to attach thereto respectively such preferential, deferred or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company.

## **7. LOCATION**

The company's business premises are located at kidodi , kilosa District, Morogoro Region. Postal Address P. O. Box 67109 Morogoro

## **8. COMPANY'S IMPLEMENTATION SCHEDULE**

### **8.1 ARIL - 2025**

- ❖ Preparing feasibility study for the establishing and operating a project for Large scale Sugarcane farming.
- ❖ Registration of the proposed sugar cane estate project with Tanzania Investment Centre i.e. Application for the Certificate of incentives.
- ❖ Preparation of farm and planting sugar cane
- ❖ Getting Certificate of Incentives

### **8.2 MAY - 2023**

- ❖ Application for Duty exemption on CAPITAL/ DEEMED CAPITAL GOODS after being awarded certificate of incentives in the Establishment Programme.

- ❖ Ordering/Importing agricultural implements, inputs, agricultural Plant/machinery, tractors, irrigation equipment, tools, generators, transformer, utility vehicles etc.
- ❖ Clearing the CAPITAL/DEEMED CAPITAL GOODS from customs control (at the Port and Airport).

### 8.3 JUNE- 2023

- ❖ Clearing the Farm using Casual Laborers from neighboring villages
- ❖ Planting Sugar cane
- ❖ Installing irrigation equipment.
- ❖ Recruiting new staffs and training them on new technology skills (new machinery).
- ❖ Fully commencement of farming and Planting (Farming Activities)

## 9. CAPITAL INVESTMENT COST

Land/Building	USD \$	300,000
Plant/Machinery	USD \$	1,500,000
Vehicles	USD \$	1,000,000
Furniture and Fittings	USD \$	-
Pre-expenses	USD \$	50,000
Other expenses	USD \$	50,000
Working Capital	USD \$	<u>100,000</u>
<b>TOTAL CAPITAL</b>	<b>USD \$</b>	<b><u>3,000,000</u></b>

The proposed Sugar cane farming in its establishment programme in setting up Large scale sugarcane farming is to be implemented within 5 years. The company's promoters (shareholders) have

resolved to register the Sugar cane farming Project with Tanzania Investment Centre (TIC) and secure the certificate of incentives.

## 10. FINANCIAL PLAN (SOURCE OF FUNDS)

**M/S KIDODI SUGAR ESTATE LIMITED** a project for setting up Large scale Sugar cane farming has firmed up finances for the strategic investors status implementation programme by its own equity and loan:-

Own fund (equity)	USD \$ 2,500,000
Local loan	<u>USD \$ 500,000</u>
<b>TOTAL</b>	<b><u>USD \$ 3,000,000</u></b>

## 11. SUGAR CANE FARMING:

- A/Clearing the Land 515 Acres by using casual Laborers from neighboring Villagers.

B/Planting of Sugar cane and Irrigation of the Planted sugar canes

C/use of farming inputs to allow the sugar cane grow well.

## 12. LIST OF MACHINERY & EQUIPMENT

- **AGRICULTURAL IMPLEMENTS AND MACHINERY & ACCESSORIES,**
- **Tractors, Ploughs, Grab cane loader**
- **Irrigation equipment,**
- Transformer,
- Generators,
- Forklifts,
- Truck, tractor horse, Lorries, Pickups, Hardtop, staff minibuses etc.

### 13. FARMING ACTIVITIES

#### *CLEARING THE LAND*

*I*

#### *PLANTING*

*I*

#### *IRRIGATION +APPLICATION OF FARM INPUTS*

*I*

#### *HARVEST*

*I*

#### *MARKETING TO SUGAR MANUFACTURING INDUSTRIES*

### 11. SUBMISSION

**M/S KIDODI SUGAR ESTATE LIMITED** wishes to submit its investment plan and application to the Tanzania Investment Centre (TIC) its proposal for registration and award of certificate of incentives in the establishment programme.

The Proposed sugar cane Farming Project will soon commence after the Company is registered by Tanzania Investment Centre and being issued the Certificate of incentives. Thereafter the Company will order and import the farm implements, and inputs, irrigation equipment, agricultural tractors etc .

The Project will enjoy duty exemption on CAPITAL/ DEEMED CAPITAL GOODS which are agriculture implements, farm plant & machineries, irrigation equipment, tractors, generators, transformer, tractors, utility vehicles etc. These are CAPITAL/ DEEMED CAPITAL GOODS for the proposed Project.

The certificate of incentives will enable the project to enjoy TIC FACILITATION like processing of approvals, permits and licenses such as resident / work permits, Business license, protection of investment, arbitration and transfer of foreign currency etc

## **12. ECONOMIC GROWTH**

Positive economic growth which had been registered in Tanzania, have attracted more investments in the Tanzania like the proposed project in setting up Large scale sugarcane farming intended for sugar manufacturing industries.

The economic growth influenced such industries as the demand is growing day by day for the increased population and other food processing, drinks & beverages manufacturing industries.

## **13. COMPETITION/MARKET**

Despite there being a number of Sugar Estates and Sugar manufacturing Industries such as Kagera Sugar, Mtibwa Sugar, TPC, Kilombero Sugar and importers of Sugar licensed during sugar scarcity still the supply is not enough compared to the level of demand.

However, the proposed sugar cane estate project for setting up large scale sugarcane farming intended for sugar manufacturing industries will combat the sugar scarcity.

The intended sugar cane estate Project expects to dominate the market because the project ensures high quality sugarcane Due

to Modern Farming, Involvement of well trained & facilitated out growers.

#### **14. ADVERTISEMENT**

Advertisement, which forms part of the marketing strategy, will be embarked upon in the newspapers, street banners and later on in the televisions in a manner benefiting the promotional role of any company or private institutions.

#### **15. BUSINESS STRATEGY**

In order to meet the current demand and high productivity the management of the company will develop and implement additional strategies which will capture markets

- ❖ Technology/product quality and design,
- ❖ Advertisement/promotion,
- ❖ Employing qualified and experienced personnel,
- ❖ On job training,
- ❖ Business Discipline.

#### **16. ENVIRONMENTAL ISSUE**

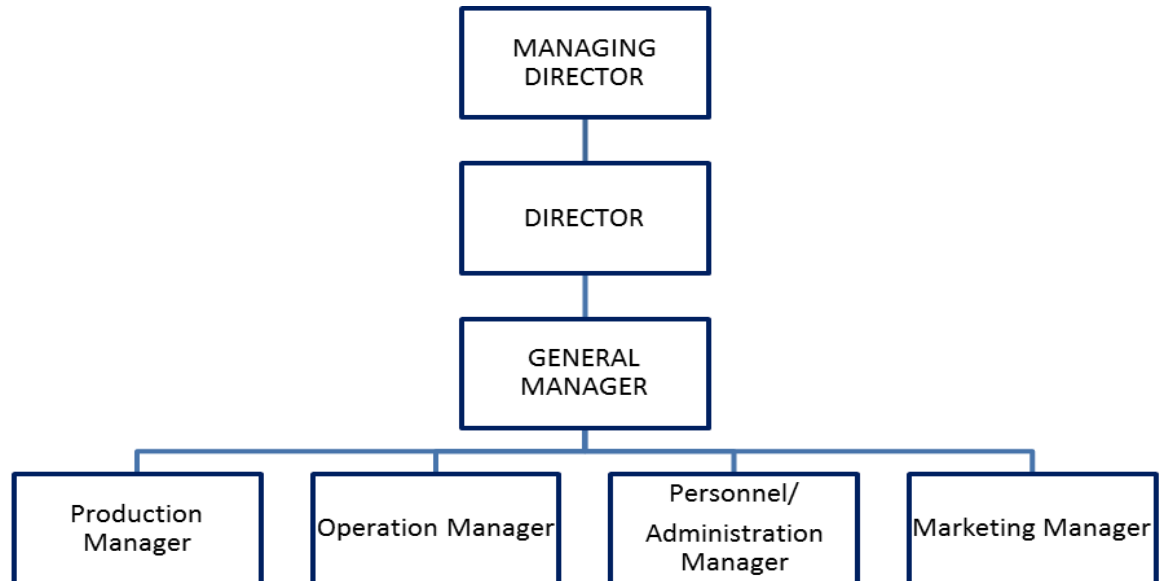
The setting up large scale sugarcane farming involving out growers is environmental friendly for both Agriculture, harvesting and transporting sugarcane to sugar manufacturing industries will not cause any harm to people. The agricultural inputs and related materials are not harmful.

#### **17. PROJECT MANAGEMENT**

The overall management of the company is vested in the Board of Directors. Mr. Mohamed Mbarak Nahdi is the Managing Director of the Company; he is well versed in intended sugar

cane estateProject .The other Directors are Aref Mbarak Nahdi, Fuad Mbarak Nahdi and Ally Mbarak Nahdi.

## THE COMPANY'S ORGANIZATION CHART



### 18. MANPOWER AND TRANSFER OF TECHNOLOGY

This project being setting up Large scale sugar cane farming will usher in the country the best sugar cane farming methods (Transfer of knowledge/technology). The advantages to the country are quite significant, and will get the advantage of value addition due to such incoming technology.

Further the country can reduce its dependence on importation of sugar due to scarcity etc. Hence Tanzanian will be able to purchase sugar at a reasonable price.

The intended sugar cane farming Project will cause more people to be employed in the Estate about 50 local people such

as agricultural officers, supervisors, drivers, guards and daily casual laborers from the village this will increase their income and improve their social welfare and pay taxes; it is poverty alleviation programme to them.

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

## **19. CONCLUSION AND RECOMMENDATION**

The financial evaluation of the proposed sugarcane farming project for setting up Large scale sugarcane farming done so far indicates that this programme will be profitable both economically and financially viable venture. There are many other benefits direct and indirect of this project.

The management being experienced businessmen possesses ample managerial capabilities in various business disciplines. Based on the above factors, it is recommended that the company should be granted the large scale sugar cane farming project so that the project will import and enjoy tax exemption on CAPITAL/ DEEMED CAPITAL GOODS as per investment proposal and certificate of incentives and increase its production capacity.

## **20. FINANCIAL AND ECONOMIC ANALYSIS**

### **20.1 Projected Profit and Loss Account**

The company envisages generating a profit of USD \$ 60,000,000 this operating year. The profit amount is expected to steadily rise to USD \$ 70,000,000 in year two, USD \$ 80,000,000 in year three and USD \$ 90,000,000 in year four. And 100,000,000 in the fifth year.

### **20.2 Projected cash flows**

The projected cash flows for the next five years indicate that the company will have enough funds to service/repay the loan and interest payments. Hence the financial obligations will be met in a timely fashion.

### 20.3 Proposed Balance Sheet:

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

## 21. SENSITIVITY ANALYSIS

To assess further the viability of the sugar cane farming project, sensitivity analysis has been worked out on the basis of several unfavorable conditions that might negatively affect the operations of **M/S KIDODI SUGAR ESTATE LIMITED**

### 21.1 Effect of cost increase on profitability (on the basis of year II SUGARCANE ESTATE INCOME in “000” USD \$)

<b>Income</b>	<b>Costs</b>	<b>Increase</b>	<b>Profit before depreciation</b>
972.0	735.0	%	237.0
972.0	771.75	5%	200.25
972.0	808.50	10%	163.50

21.2 Effect of SUGAR CANE ESTAT INCOME decrease/drop on profitability (on the basis of year II costs in “000” USD \$)

<b>Income</b>	<b>Income Decrease</b>	<b>Cost</b>	<b>Profit before depreciation</b>
972.0	%	735.0	70,000.00
923.40	5%	735.0	188.40
874.80	10%	735.0	139.00

The viability/profitability of the company operations appears more sensitive to sale income/revenue than increase in the operating costs. This implies that the company should strive to maintain the existing market and undertake an aggressive marketing strategy to hire more clients and expand its market or clients base.

**22. LIST OF CAPITAL GOODS**

- **AGRICULTURAL IMPLEMENTS AND MACHINERY & ACCESSORIES,**
- **Tractors, Ploughs. Harvesters, grab cane loader**
- **Irrigation equipment**
- Transformer,
- Generators,
- Forklifts,
- Tractor horse, Lorries, minibuses
- Pick ups,
- Hardtop,
- Buses etc
  
- **ETC**

## Appendix I

### M/S KIDODI SUGAR ESTATE LIMITED

### PROJECTED INCOME STATEMENT

(Fig. USD \$ '000')

Income	Years				
	I	II	III	IV	V
Sales Income	930.0	972.0	1,014.0	1,056.0	1,098.0
<b>Total Income</b>	<b>930.0</b>	<b>972.0</b>	<b>1,014.0</b>	<b>1,056.0</b>	<b>1,098.0</b>
Utilities	500	500	500	500	500
Salaries and wages	50	60	70	80	90
Transportation/fuel	40	50	60	70	80
Administrative Expenses	60	70	80	90	100
Other Expenses	50	55	60	65	70
<b>Total Expenditure</b>	<b>700.0</b>	<b>735.0</b>	<b>770.0</b>	<b>805.0</b>	<b>840.0</b>
Net Profit (pre tax and depreciation)	230.0	237.0	244.0	251.0	258.0

**Appendix II**

**M/S KIDODI SUGAR ESTATE LIMITED**

**PROJECTED CASHFLOW STATEMENT**

**(Fig. USD \$ '000')**

Year	I	II	III	IV	V	Total
<b>Cash inflow</b>						
Income from operation	230.0	237.0	244.0	251.0	258.0	1220.0
	<b>230.0</b>	<b>237.0.0</b>	<b>244.0</b>	<b>251.0</b>	<b>258.0</b>	<b>1220.0</b>
<b>Cash outflow</b>						
Interest payments	50.0	40.0	30.0	20.0	10.0	<b>150.0</b>
Loan re-payment	100.0	100.0	100.0	100.0	100.0	<b>500.0</b>
Wear & tear	10.0	15.0	20.0	25.0	30.0	<b>100.0</b>
Taxes	10.0	12	14	16	18	<b>70.0</b>
	<b>170.0</b>	<b>167.0</b>	<b>164.0</b>	<b>161.0</b>	<b>158.0</b>	<b>820.0</b>
<b>Surplus cash generated</b>	<b>60.0</b>	<b>70.0</b>	<b>80.0</b>	<b>90.0</b>	<b>100.0</b>	<b>400.0</b>

### Appendix III

#### M/S KIDODI SUGAR ESTATE LIMITED

#### PROJECTED LONG TERM LOAN REPAYMENT

(Fig. in USD \$ '000')

	Repayment			
Year	Principal	Interest	Total	Amount
<b>O</b>				500.0
<b>I</b>	100	50.0	150.0	400.0
<b>II</b>	100	40.0	140.0	300.0
<b>III</b>	100	30.0	130.0	200.0
<b>IV</b>	100	20.0	120.0	100.0
<b>V</b>	100	10.0	110.0	0

## Appendix 1V

### M/S KIDODI SUGAR ESTATE LIMITED

#### PROJECTED BALANCE SHEET

(Fig. in USD \$ '000')

No.	ITEM	YEAR 1	YEAR II	YEAR III	YEAR IV	YEAR V
	<b>Source of funds</b>					
1.	Shareholders funds	150.0	200.0	250.0	300.0	350.0
2.	Long term Loan	150.0	140.0	130.0	120.0	110.0
3.	Associated Cos/ Directors	100.0	150.0	200.0	250.0	300.0
4.	Current Liabilities	100.0	150	200.0	250.0	300.0
		<b>500.0</b>	<b>640.0</b>	<b>780.0</b>	<b>920.0</b>	<b>1,060.0</b>
	<b>Application of funds</b>					
1.	Fixed Assets	400.0	400.0	400.0	400.0	400.0
2.	Current Assets	100.0	240.0	380.0	520.0	660.0
		<b>500.0</b>	<b>640.0</b>	<b>780.0</b>	<b>920.0</b>	<b>1,060.0</b>