

TOSHA FARMING LIMITED

BUSINESS PLAN FOR

**ESTABLISHMENT OF MAIZE SEED AND RICE FARMING
PROJECT IN TANZANIA**

1.0 EXECUTIVE SUMMARY

TOSHA FARMING LIMITED is a locally Registered company with a Certificate of Incorporation issued by BRELA No. 164759350 dated 30th March, 2023. The directors of this company are two American and British with vast international business experiences in farming and manufacturing projects.

Through the years of research and innovation, the company shareholders have obviously created an advantage in the market network, product, technology and cost and established a unique enterprise culture. Having operated in America for many years the shareholders are ready to establish physical presence in Tanzania by establishing facilities for maize seed and rice production plantation.

Shareholders have registered a new company in Tanzania and will work together with another very successful Tanzanian company in agricultural industry in Tanzania.

1.1 The Project

TOSHA FARMING LIMITED sets out a proposal for Investment in the establishment of a maize seed and rice production plantation in Tanzania to be located at **Mngeta Plantation, Kilombero District, Morogoro Region**. The company will import

Tractors, plows, harvesters, and irrigation equipments, machinery, equipments and other facilities from abroad to facilitate establishment of the proposed project in the country. Depending on the market consumption rate, Initial farming capacity is proposed to be total **1,000 hectares**; this capacity will increase gradually reaching **5,000 hectares** in the fifth year.

This project will make available quality products that will be used for various used such as Hybrid maize seed with high yield and resistance to common pests and diseases and High quality rice grains, focusing on long-grain varieties for local, regional and international consumption.

The macro objectives of establishing the project is to support economic, social and administrative activities in Tanzania and neighboring countries. Also, develop a partnership with local agricultural research institutes for improved seed varieties and farming techniques.

1.2 The Project Promoters

The project is being promoted **TOSHA FARMING LIMITED**, a newly registered company in Tanzania whose shareholders are as follows:

SUBSCRIBERS	% OF SHARE	Date of Birth	Nationality
KHADAR HERSI HUSSEIN P. O. Box 21343 Dar es Salaam	500	13 th March 1973	British

HURRE RASHID KOJE P. O. Box 2343 Dar es Salaam	500	16 th May 1976	American

1.3 The Market

The Economic reforms which were undertaken in the economy from the mid 1980s increased the demand for maize and rice which are staple food crops grown across the country, with maize being a significant food crop and rice being grown primarily in the central and coastal regions.

- Rise in people's standard of living and change in people's consumption patterns;
- General improvement in the national economy, especially the balance of payment which has made it possible for the Government to achieve greater capability to import critical products into the country;
- Increase general level of investments in industrial activities which are the major users of industrial inputs;

- Increase of number of small and medium-scale farmers looking to buy high-quality maize seeds and rice for their own cultivation.

These factors have led to increase demand. Furthermore, these factors have created the impetus for increased inflow of investment capital by foreign and local private investors who have in large numbers decided to establish agribusiness in Tanzania.

The reforms, which were introduced in the sector, aimed at influencing the inflow of and increased supply of both capital goods and other industrial products and their distribution in the country and beyond the national border. Tanzania therefore has a potential market for agricultural products. Furthermore Importation has to go through difficult and bureaucratic clearance procedures at the port. It is on this background that TOSHA FARMING LIMITED wishes to establish such crops plantation in the country in order to make available cheap, quality and stress free. The company targets both domestic and export markets particularly the East African market.

2.0 THE PROJECT

2.1 Project Description

TOSHA FARMING LIMITED sets out a proposal for Investment in the establishment of a maize seed and rice plantation in Tanzania

Specific requirements for the project includes but not limited to;

- Mobilization of financial and Human resources for the project
- Renovation industrial premises for display the finished products and warehouses for seed storage and rice milling
- Acquisition of complete plants, machinery and Equipment from abroad
- Procurement of office equipment namely: telephones, facsimile machine, personal computers, air conditioners and installation of local area network at head company's head office

2.3 Project Location

The proposed project will be located at **Mngeta Plantation, Kilombero District, Morogoro Region**. The company has a farm big enough to accommodate facility for maize seed and rice production.

2.4 Marketing Strategies and Operational Plan

- The company target is to be one big company to create a strong brand identity focusing on quality and sustainability and manufacturing sector. In order to realize this target the company insist on carrying out four strategies namely; Internationalization, technology ahead, high quality and low

cost and regionalization to realize the internalization of products, market capital, mechanism, brand and

talent and establish an international sustainable company with self-motivation, capability and core competitiveness.

- Selling directly to local farmers and corporatives.
- Supply local supermarkets and small retail shops with packaged rice and maize seed.
- Develop an export market in East Africa, focusing on Kenya, Uganda and Rwanda.
- Use social media platforms to educate farmers on modern farming practices and promote products.
- Work with local governments, NGOs, and agricultural extension programs to promote sustainable farming and increase reach.
- Farming operations including a farm size initially 1,000 hectares, expanding to 5,000 hectares by year 5.
- Crops: Hybrid maize seed (50% of land) and rice (50% of land).
- Irrigation: Installation of a drip and sprinkler irrigation system to ensure consistent water supply, especially during the dry season.
- Labour: 100 full-time employees in year 1, increasing to 500 workers by year 5.
- Harvesting: Mechanized harvesting to increase efficiency and reduce labour costs.
- Storage; Warehouses for seed storage and rice milling.
- Machinery: Tractors, plows, harvesters, and irrigation

equipments.

- Processing: Rice Mills and maize seed processing units.

3.0 MANUFACTURING SECTORS IN TANZANIA

Information provided under this section is obtained from the economic survey of 2009.

Sector Growth

The agriculture is the backbone of Tanzania's economy, contributing around 30% of the GDP and employing over 60% of the population. The growth rate of manufacturing activities was 9.9 percent in 2008 compared to 8.7 percent in 2007. The growth was attributed to increase in industrial production of food and milk; chemical and printing, and increased production of goods for export. The contribution of manufacturing activities to the Gross Domestic Product (GDP) increased to 9.4 percent in 2008 from 9.2 percent in 2007

Small Enterprises

In 2008, sensitization and dissemination of 19 new technologies to small enterprises was carried out, ad lead to manufacturing of 118 machines and 1,780 spare parts. The technologies disseminated to owners of small enterprises among others included: food processing; reduction of consumption trees and woods products

for energy; packaging of processed foods; production of construction materials particularly bricks; manufacturing of lime and chalk; grinding of cooking oil from palm tree and manufacturing of soap and skin and hide processing.

In 2008, advisory services related to business development and production activities were provided to a total of 6,139 entrepreneurs, Likewise, 770 entrepreneurs were provide training in the following areas: processing of skin; chalk, cashew nuts, animal foods, bamboo, pottery and processing and preservation of foods. Out of those, 73 entrepreneurs were trained on food processing and 178 skin processing. Training on skin processing was undertaken in regions of Mara, Mwanza, Shinyanga, Tabora, Singida, Manyara, Arusha, Kagera and Morogoro. In addition, a total of six entrepreneurs' exhibitions were

Undertaken in 2008 whereby 1,269 entrepreneurs displayed and sell products worth shs 528 million. Likewise, 1,854 entrepreneurs obtained loans worth shs 1.2 billion providing a total of 3,669 new employments.

Production Cost

The cost of manufacturing production increased to shs 1,747,229 million in 2008 from shs 1,712,247 million in 2007, equivalent to an increase of 2.0 percent. The increase was due to rise in the cost of production particularly fuel.

Production in Selected Industries

Generally, production in selected industries declined in 2008. The decline was due to rise in production cost, and suspension of production in steel; textile; and skin and hide industries.

In 2008, production of corrugated iron sheets decreased from 36,492 tons to 31,743 tons in 2007, equivalent to a decrease of 13 percent. Production of steel and steel products decreased from 52,163 tons in 2007 to 39,969 tons in 2008, equivalent to a decrease of 23.4 percent. Production of sisal ropes declined from 7,783 tons in 2007 to 7,012 in 2008, equivalent to a decrease of 10 percent. Production of cotton increased from 1,630 million tons in 2007 to 1,756 million tons in 2008, equivalent to an increase of 7.7 percent.

Production of wheat flour decreased from 406,336 tons in 2007 to 287,925 tons in 2008, equivalent to a decline of 29.1 percent.

However, production of biscuits and spaghetti increased from 11,273 tons in 2007 to 15,435 tons in 2008, equivalent to an increase of 36.9 percent.

Production of beer declined from 310,194 million litres in 2007 to 291,178 million litres in 2008, equivalent to a decrease of 34.6 percent. Production of Kibuku brew declined from 10,320 million litres in 2007 to 10,235 million litres in 2008.

Equivalent to a decrease of 0.8 percent. Production of Konyagi declined from 5,622 million litres in 2007 to 4,049 million litres in 2008, equivalent to a decrease of 28 percent. However, production of cigarette increased from 5,821 million in 2007 to 6,101 million in 2008, equivalent to an increase of 4.8 percent.

4.0 **MANAGEMENT AND ORGANIZATION STRUCTURE**

4.1 Management

The company policy is to have adequate manpower to manage its operations efficiently.

TOSHA FARMING LIMITED believes in keeping on board only the very essential manpower strength, to develop them into highly motivated and sincere company team for the best and efficient operations of the company.

The company will have a team of qualified and experienced functional staffs in the areas of Operations, Marketing, and Finance & Administration.

4.2 Management Policy

The day to day operations will be managed by the General Manager, to be assisted by production Engineers who will be in charge of operations. The Company will employ other professionally in the areas of farming, marketing, Finance, Human Resources, logistics and supplies and others for smooth Implementation of the project

The General Manager will manage the company under the policy guidance of the Board of Directors

4.3 Organizational Structure

It is proposed that the company's operations be headed by the General Manager under who will assist the Production Engineer and other professional in the areas of Farming, Marketing, Finance, Human Resources, Logistics and Supplies, The General Manager will be functionally responsible for achieving the Business plan prepared every after five year. He will also be responsible for the entire function for the company subject to policy guidance set. The Marketing officers will be responsible for both the domestic and export sales and marketing. The job responsibilities will include market planning and development, sales promotion and sales co-

ordination.

4.4 Manpower Recruitment and Emoluments

The estimated manpower requirement for the project is **20** people including **5** Foreign Engineers/Technician as shown below;

5.0 Project Investment Cost

The estimated capital investment cost of the project is **US\$ 1,500,000**

TOSHA FARMING LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	200,000.00
Machinery & Equipment	700,000.00
Motor Vehicles	45,000.00
Furniture & Fittings	5,000.00
Pre exp	150,000.00
Others	100,000.00
Working Capital	300,000.00
TOTAL	1,500,000.00

6.0 Financial Analysis

6.1 Considerations and Assumptions:

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight line method to depreciate the project's capital items has been applied, it is assumed to be 5% annual depreciation.

It is assumed that the major raw material will be available from local market and other will be imported. Revenues have been conservatively estimated based on experience of the promoters and trends in the Real estate industry.

8 years financial projections have been worked out

6.2 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 8 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. US \$ **96,600** in first year to US \$ **3,750,362 in** the 8 year, refer appendix (I)

6.3 Projected Cash Flows

The project's cash flows depict a good liquid position right from the first year. Cash accumulation builds up from US \$ **79,134** in the first year to US \$ **3,482,130** at the end of 8 years of the project's operations, refer appendix (II)

6.4 Projected Balance Sheet

Project total assets increase from US \$ **1,517,000** at the end of first year to US \$ **4,205,530** at the end of 8th year which is significance increase as you can see, refer appendix (III)

7.0 Implementation Schedule

Project implementation is expected to be relatively very short once project has been approved it is estimated that construction of serviced furnished apartment will be completed within two years:-

Project Implementation

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	March 2025
2	Processing Exemptions	April -May 2025
3	Mobilizing Fund	April - May 2025

3	Renovation of building/Warehouse	March -September 2025
4	Ordering Machines and other equipment	January -May 2025
5	Testing business and in house training	March -May 2025
6	Commercial operations	May 2025

The proposed project will result into the following social and economic impacts:

- Make available cheap, quality products
- Increase the provision of high quality services in farming and manufacturing sector
- Increased availability of quality distribution and marketing products alongside competitive prices of these products will result in increased farming competition among Tanzania market.
- The project will result in direct employment creation 25 people many more indirectly
- The Government and other agencies will benefit from various taxes, fees and commissions that will be paid by the company

8.0 **Conclusion**

TOSHA FARMING LIMITED set out a proposal to Invest in the establishment of a maize seed and rice production project to be located in Morogoro region.

The Executive Summary highlights indicate that the proposed project will ensure financial and economically viable, The project will generate significantly to the social and economic progress by way of increasing the provision of quality services in the country. It is recommended that the project be accorded the required institutional support to pave the way for its expeditious establishment and development.

In that regard; we strongly recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under Tanzania Investment Act, 1997 to enable smooth implementation

9.0 **Recommendations**

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania

Investment Centre and be granted the TIC Certificate of Incentives with

its associated privileges and benefits as provided for under the Tanzania Investment Act, 1997.

PROJECTED INCOME & EXPENDITURE STATEMENT " US \$

	1	2	3	4	5	6	7	8
Revenue	840,000.00	907,200.00	979,776.00	1,058,158.08	1,142,810.73	1,234,235.58	1,332,974.43	1,439,612.39
Cost of Raw material	310,800.00	335,664.00	362,517.12	391,518.49	422,839.97	456,667.17	493,200.54	532,656.58
Cost of Goods Sold	529,200.00	571,536.00	617,258.88	666,639.59	719,970.76	777,568.42	839,773.89	906,955.80
Operating Expenses:								
Fuel and lubricants	24,000.00	25,440.00	26,966.40	28,584.38	30,299.45	32,117.41	34,044.46	36,087.13
Utility	12,000.00	12,600.00	13,230.00	13,891.50	14,586.08	15,315.38	16,081.15	16,885.21
Electricity	24,000.00	25,200.00	26,472.00	27,820.32	29,249.54	30,764.51	32,370.38	34,072.61
Donation	8,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Salary and Wages	90,000.00	94,500.00	99,225.00	104,186.25	109,395.56	114,865.34	120,608.61	126,639.04

Insurance	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00
Maintenance	20,000.00	22,000.00	24,200.00	26,620.00	29,282.00	32,210.20	35,431.22	38,974.34
Communication	10,000.00	10,500.00	11,025.00	11,576.25	12,155.06	12,762.82	13,400.96	14,071.00
Total Expenses	208,000.00	215,240.00	226,118.40	237,678.70	249,967.69	263,035.66	276,936.77	291,729.32
Profit before Interest and Depreciation	321,200.00	691,960.00	753,657.60	820,479.38	892,843.04	971,199.92	1,056,037.66	1,147,883.07
Interest on loan	84,000.00	84,000.00	84,000.00	84,000.00	84,000.00	84,000.00		
Depreciation	99,200.00	99,200.00	99,200.00	99,200.00	99,200.00	99,200.00	99,200.00	99,200.00
Profit before Tax	138,000.00	508,760.00	570,457.60	637,279.38	709,643.04	787,999.92	956,837.66	1,048,683.07
Tax (30%)	41,400.00	152,628.00	171,137.28	191,183.81	212,892.91	236,399.98	287,051.30	314,604.92
Profit After Tax	96,600.00	356,132.00	399,320.32	446,095.56	496,750.13	551,599.95	669,786.36	734,078.15
Accumulated Profit	96,600.00	452,732.00	852,052.32	1,298,147.88	1,794,898.01	2,346,497.96	3,016,284.32	3,750,362.46

APPENDIX II

PROJECTED CASH FLOW US\$

	0	1	2	3	4	5	6	7	8
SOURCES:									
Profit before interest and depreciation	0	321,200.00	691,960.00	753,657.00	820,479.00	892,843.00	971,199.00	1,056,037.00	1,147,883.00
Loan	700,000.00								
Equity	817,000.00	-	-	-	-	-	-	-	-
Total Sources	1,517,000.00	321,200.00	691,960.00	753,657.00	820,479.00	892,843.00	971,199.00	1,056,037.00	1,147,883.00
Applications:									
Capital expenditure	1,142,000.00	-	-	-	-	-	-	-	-
working Capital and others	375,000.00	-	-	-	-	-	-	-	-
Cash	0	79,134.00	338,666.00	381,854.00	66,822.00	479,285.00	534,134.00	768,956.00	833,279.00
Tax	-	41,400.00	152,628.00	171,137.00	191,183.00	212,892.00	236,399.00	287,081.00	314,604.00

Sub total	1,517,000.00	120,534.00	491,294.00	552,991.00	258,005.00	692,177.00	770,533.00	1,056,037.00	1,147,883.00
Debt service									
Interest	-	84,000.00	84,000.00	84,000.00	84,000.00	84,000.00	84,000.00	-	-
Principal	-	116,666.00	116,666.00	116,666.00	116,666.00	116,666.00	116,666.00		-
Total debt service	-	200,666.00	200,666.00	200,666.00	200,666.00	200,666.00	200,666.00	-	-
Total applications	1,517,000.00	321,200.00	691,960.00	753,657.00	458,671.00	892,843.00	971,199.00	1,056,037.00	1,147,883.00
Accumulated cash		79,134.00	417,800.00	799,654.00	866,476.00	1,345,761.00	1,879,895.00	2,648,851.00	3,482,130.00
Necessary working capital	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00

PROJECTED BALANCE SHEET US \$

	0	1	2	3	4	5	6	7	8
<u>Fixed Assets</u>	-								
Opening balance	-	1,142,000.00	1,042,800.00	943,600.00	844,400.00	745,200.00	640,000.00	546,800.00	447,600.00
Additions	1,142,000.00	0	0	0	0	0	0	0	0
Total Long-term Assets	1,142,000.00	1,142,000.00	1,042,800.00	943,600.00	844,400.00	745,200.00	640,000.00	546,800.00	447,600.00
Less depreciation	-	99,200.00	99,200.00	99,200.00	99,200.00	99,200.00	99,200.00		99,200.00
Closing balance	1,142,000.00	1,042,800.00	943,600.00	844,400.00	745,200.00	646,000.00	540,800.00	447,600.00	348,400.00
Debtors	-	-	-	-	-	-	-	-	-
Working capital	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00		375,000.00
Accumulated cash	-	79,134.00	417,800.00	799,654.00	866,496.00	1,345,761.00	1,879,895.00	2,648,851.00	3,482,130.00

Total assets	1,517,000.00	1,496,934.00	1,736,400.00	2,019,054.00	1,986,696.00	2,366,761.00	2,795,695.00	3,471,451.00	4,205,530.00
Financed by									
Equity	817,000.00	817,000.00	817,000.00	817,000.00	817,000.00	817,000.00	817,000.00	817,000.00	817,000.00
Profit	-	96,600.00	356,132.00	399,220.00	446,085.00	2,297,255.00	2,904,014.00	3,569,043.00	4,296,972.00
Total equity	817,000.00	913,600.00	1,173,132.00	1,216,220.00	1,263,085.00	3,114,255.00	3,721,014.00	4,386,043.00	5,113,972.00
Long term loan	700,000.00	583,334.00	466,668.00	350,002.00	116,670.00	-	-	-	-
Creditors	-	-	-	-	-	-	-	-	-
Total debts	700,000.00	583,334.00	466,668.00	350,002.00					
Total equity and debts	1,517,000.00	1,496,934.00	1,639,800.00	1,566,222.00	1,263,085.00	3,114,255.00	3,721,014.00	4,386,043.00	5,113,972.00

PROJECTED LONG TERM LOAN REPAYMENT

Repayments US\$				
Year	Principle	Loan Interest (12%)	Total Amount Paid	Loan Balance
0				700,000
1	116,666	84,000	200,666	583,334
2	116,666	84,000	200,666	466,668
3	116,666	84,000	200,666	350,002
4	116,666	84,000	200,666	233,336
5	116,666	84,000	200,666	116,670
6	116,666	84,000	200,666	4
TOTAL	699,996	504,000	1,203,996	

