

TARMALS AGRO LIMITED

AGRICULTURAL PROCESSING BUSINESS

Company Background

The shareholders have Tanzanian roots and a strong track record in business, having established a healthcare enterprise over the past 10 years in Dar es Salaam. The Shareholders now seek to diversify into agribusiness — a priority sector for Tanzania's economic growth and industrialisation.

We propose to establish an integrated agro-processing business in Tanzania, beginning with a modern maize seed processing plant in Arusha Region. The vision is to contribute to national food security and agricultural productivity by supplying high-quality, certified seeds.

Our long-term goal is to diversify into other seed varieties and agro-processing sectors (oil seeds, pulses, animal feeds, value-added food products), positioning the company as a leader in Tanzania's agricultural transformation.

Mission

To enhance agricultural productivity in Tanzania by providing reliable, high-quality seed processing services and, over time, developing into a diversified agro-processing company that delivers value to farmers, seed companies, and the wider economy

Vision

To become a leading Tanzanian agribusiness enterprise that supports food security, empowers farmers, and drives industrialisation by offering world-class seed processing, certified seed production, and value-added agro-processing solutions for both domestic and regional markets.

Phase 1: Maize Seed Processing Unit, Arusha Region

This would form the first phase of development of the agricultural investment business.

Initial investment: Seed Processing Plant (capacity 5-7 tonnes/hour, 40 tonnes/shift) on 2 acres of land.

Strategic importance: Aligns with Tanzania's Agricultural Sector Development Programme (ASDP II), Kilimo Kwanza policy, and TIC's goal of promoting agribusiness investment.

A seed processing plant is a specialized facility that cleans, grades, treats, and packages maize seed so that it is ready for planting. The goal is to produce high-quality, uniform, disease-free seed that farmers can plant for a good harvest.

Sector Context & Economic Significance

Agriculture contributes ~27% of GDP.

Provides employment to ~65% of the population.

Supplies ~65% of industrial raw materials.

Generates ~24% of export earnings.

Seed availability is the cornerstone of agricultural productivity. However, seed supply is lagging far behind demand:

Annual demand: ~212,274 tonnes.

Available supply: ~52,700 tonnes (2025).

Shortfall: ~159,574 tonnes.

This gap highlights both the market opportunity and the strategic need for local seed production and processing.

Market Opportunity

Current Situation

According to the Ministry of Agriculture (April 2025):

- 50,589 tonnes of seeds used.
- 27,339 tonnes produced locally.

- 15,758 tonnes imported.
- Balance untreated/informal.

Growth Drivers

- A government push for self-sufficiency in seed production.
- Rising demand from smallholder farmers and large commercial farms.
- Expansion of maize cultivation (Tanzania is among Africa's top maize producers).
- Regional demand from EAC & SADC markets (Uganda, Kenya, Zambia, Malawi).

Market Gap

Local production does not meet demand. Imports are costly and unreliable. Many local seed companies and farmer cooperatives lack access to modern processing plants, relying on outdated or costly services. Our plant aims to close this gap with high-quality, certified maize seed for domestic and regional markets.

Opportunity

The company will

- Help local producers meet TOSCI certification requirements
- Improve seed quality and farmer yields.

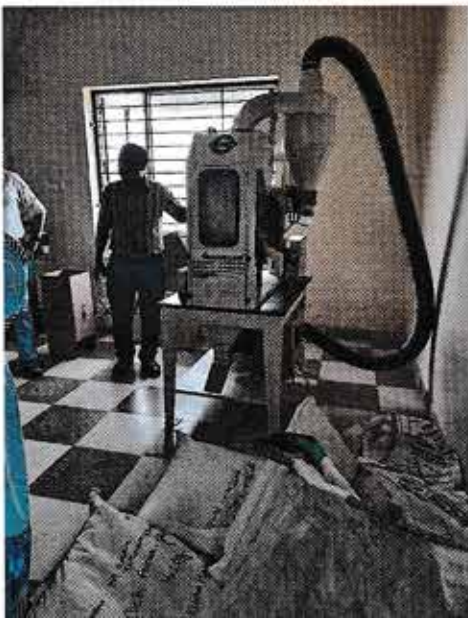
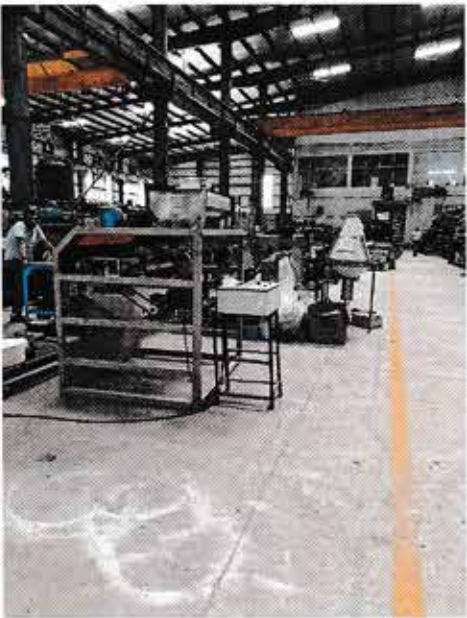
Project Description: The Proposed Seed Processing Plant

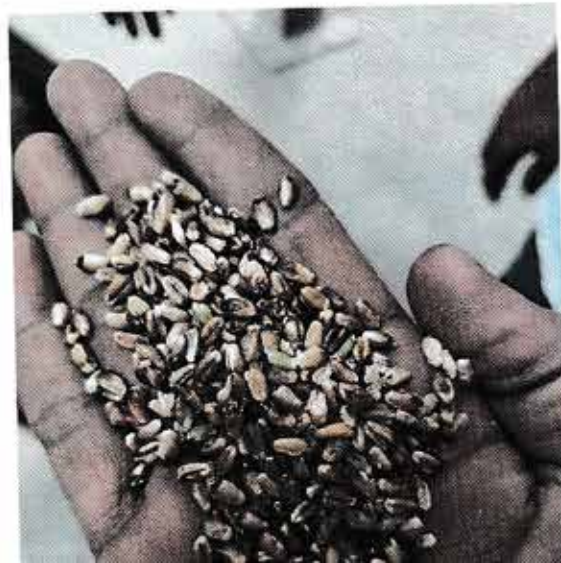
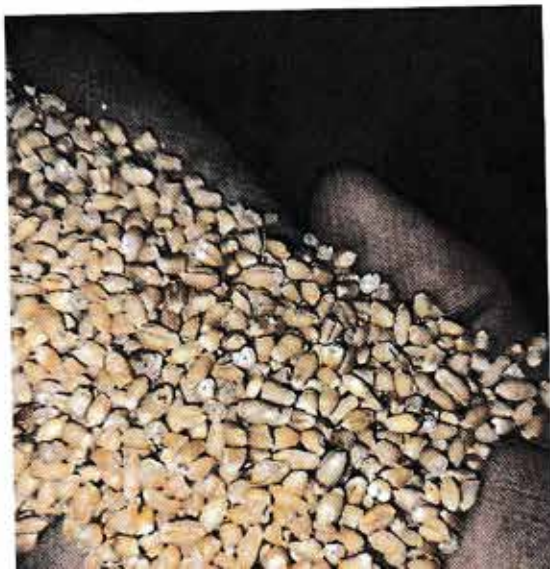
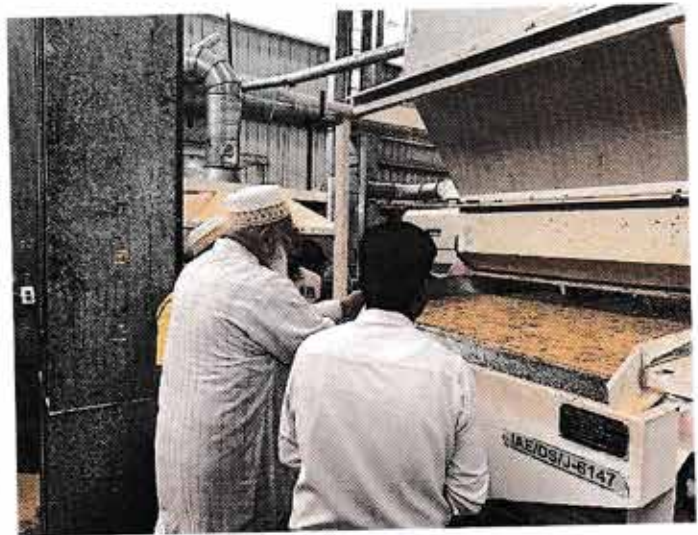
Location: Arusha Region (strategic access to maize-producing areas and transport networks).

- Land: 2-3 acres (for phase 1)
- Capacity: 5-7 tonnes/hour (40 tonnes per shift).
- Output: ~10,000 tonnes per year (scalable).
- Utilities: Water, three-phase electricity, storage facility, waste management.
- Machinery:
 - Seed cleaner (dust, husks, stones removal)
 - Gravity separator (grading)
 - Seed treater/coater (fungicide & insecticide protection)
 - Dryer (reduce moisture to ~12%)
 - Automatic packaging & bagging line
 - Labelling & storage facility

Seed Processing Production Process

- Cleaning
 - Removes trash like husks, dust, broken seeds, sticks, stones, and chaff
 - Equipment used: Pre-cleaners, aspirators, sieves, destoners.
- Grading (Sizing)
 - Sorts the seeds by size and weight so that only well-developed, viable seeds are selected.
 - Equipment used: Grading sieves, rotary screens, gravity separators.
- Treating (Seed Coating)
 - Applies chemicals to the seed surface: Fungicides to protect against seed-borne diseases, Insecticides to guard against storage pests, color coating for branding or quality assurance.
 - Equipment used: Seed treater / coater.
- Drying
 - Reduces moisture content of seeds to safe storage levels (usually ~12% moisture).
 - Equipment used: Drying bins, dryers (batch or continuous).
- Polishing
 - Improves appearance by removing the seed tip or fine skin
- Packaging & Bagging
 - Weighs and packs seeds into bags
 - Labelling
- Storage
 - Stores finished seed in controlled environments to maintain germination potential.





Implementation Plan (Phase 1)

Year 1-2

- Company registration & licensing (BRELA, TOSCI, TIC, TFDA for chemicals).
- Land acquisition & infrastructure development.
- Procurement and installation of machinery & processing line (cleaner, separator, treater, packer)
- Recruitment and training of technical & management staff.
- Sign service agreements with seed companies.
- Pilot production & certification (TOSCI approval).
- Launch operations within 12-18 months.

Year 3-4: Expansion & Stabilization

- Scale up production capacity to full 40 tonnes/shift (~8,000 tonnes/year).
- Expand farmer contract schemes for reliable maize seed multiplication.
- Build storage and warehouse facilities for larger stock volumes.
- Introduce R&D unit for improved seed treatment and packaging innovation.
- Strengthen distribution network across Arusha, Kilimanjaro, Manyara, Dodoma.
- Begin exports to EAC markets (Kenya, Uganda, Rwanda).

Year 5-6: Diversification within Maize Value Chain

- Increase plant utilization with hybrid maize seed varieties (in partnership with local & international breeders).
- Develop small-pack options (1kg, 5kg, 10kg bags) for smallholder farmers.
- Establish demonstration plots and farmer training programs (outreach/extension).
- Deploy digital tools (SMS/USSD) for seed traceability, farmer engagement, and after-sales support.
- Explore production of specialty maize seed (drought-tolerant, early-maturing).

Future Phases:

Expansion into processing other seeds (beans, sunflower, rice), and agro-processing (maize flour milling, animal feeds, edible oils).

Investment & Financials

Revenue Model

Charging Basis: Service fee per tonne processed.

Estimated Processing Price (benchmark): USD 70–100/tonne (Tsh 180,000–250,000).

Plant Throughput:

- One 8-hour shift → ~40 tonnes/day.
- 250 working days → ~10,000 tonnes/year (at full utilization).

Annual Revenue Potential:

- 10,000 tonnes × USD 80 average fee ≈ USD 800,000/year.

Capital Expenditure

Capital Requirement (estimate): USD 0.8-1M

- Land & infrastructure: 25%
- Machinery & installation: 40%
- Working capital: 20%
- Licensing, certification & training: 5%
- Contingency: 10%

ROI: Break-even expected in Year 3–4.

Impact

- Support Tanzania's agricultural productivity and seed self-sufficiency.
- Create ~40 direct jobs and many indirect jobs (transport, packaging).
- Enable smaller seed companies and cooperatives to compete by accessing professional processing services.
- Reduce reliance on imported seed processing.

Risk Mitigation

- Client risk: Build contracts with multiple seed companies, not single dependency.
- Seasonality: Offer flexible contracts and diversify into other crop seeds.
- Regulation: Engage with TOSCI early to ensure compliance.
- Competition: Compete on reliability, quality, and turnaround speed.

Broader Agro-Processing Ventures

In the medium to long term, the company aims to leverage its agricultural expertise and processing capacity to diversify into **other agro-processing industries**, aligned with national industrialisation goals. Potential areas include:

- **Maize Milling & Value-Added Products**
 - Production of maize flour and fortified products for domestic and export markets.
 - Development of animal feed lines from by-products.
- **Oilseed Processing**
 - Sunflower and groundnut processing into edible oils.
 - By-products (cake) used for livestock feed.
- **Pulse & Horticultural Crop Processing**
 - Cleaning, grading, and export packaging for beans, lentils, and pigeon peas.
 - Vegetable and fruit drying, juice extraction, and packaging for urban and export markets.
- **Export-Oriented Agro Products**
 - Targeting EAC and SADC regional markets with both seed and food products.
 - Building a strong Tanzanian agribusiness brand.

Financial Projections (Phase 1)

- **Processing fee:** USD 80 per tonne (average).
- **Plant capacity:** 40 tonnes/day × 250 days = 10,000 tonnes/year (full).
- **Utilisation ramp-up:**
 - Year 1 → 30% of full capacity (3,000 tonnes).
 - Year 2 → 60% (6,000 tonnes).
 - Year 3 → 80% (8,000 tonnes).
- **Operating costs (OPEX):**
 - Labor & management: USD 120,000/year.
 - Utilities (power, water, fuel): USD 80,000/year.
 - Maintenance & spares: 5% of machinery cost → ~USD 50,000/year.
 - Chemicals/packaging support (if provided): USD 40,000/year.
 - General admin & compliance: USD 60,000/year.
- **Capital expenditure (CAPEX):** USD 1,000,000 (land, building, machines) ~ assumed upfront investment.
- **Depreciation:** Straight line over 10 years (~USD 100,000/year).

Item	Year 1 (30%)	Year 2 (60%)	Year 3 (80%)
Processing Volume (tonnes)	3,000	6,000	8,000
Revenue (@ USD 80/t)	240,000	480,000	640,000
Operating Costs (OPEX)	350,000	360,000	370,000
EBITDA (before depreciation)	-110,000	120,000	270,000
Depreciation	100,000	100,000	100,000
Net Profit/Loss	-210,000	20,000	170,000
Cumulative Profit/Loss	-210,000	-190,000	-20,000

Key Insights

- **Year 1:** Expected loss (due to under-utilisation + high fixed costs).
- **Year 2:** Break-even reached as throughput doubles.
- **Year 3:** Solid profitability with USD ~170K net profit.
- **ROI:** Project achieves cumulative break-even around **Year 3-4**.
- **Upside:** If full 10,000t capacity is reached in Year 4, revenue would hit USD 800,000/year, with net profit > USD 300,000.

