

GOLDEN SUGAR LIMITED

**FEASIBILITY STUDY FOR SUGAR MILL FACTORY
KAKINDO, KYAKA VILLAGE- MISENYI DISTRICT
KAGERA REGION**

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1.0. EXECUTIVE SUMMARY

1.1 Factory Industry Overview:

Industrialization in Tanzania is the most target sector and governmental emphasis to the growth of national economy. It is undeniable fact that manufacturing sector plays key role in growth of any economy and it is from this sector developing countries can catch-up with the rest of the world. While other countries are struggling in upgrading the level of their industrialization to accommodate the concept of sustainability by going for more advanced technology hence increase productivity, others are still on the ground struggling to take off and catch-up with industrialized world, Tanzania being one of them. In spite of various strategies proposed and implemented, the sector contribution has remained low, and currently statistics shows a decline.

From analysis, it is evidently that manufacturing sector remain to be significant for the growth of Tanzania's economy despite her small GDP share relative to other sector like agriculture and service. The stagnant contribution share of sector is linked with; implementation lags on ambitious uncoordinated plans, slow transforming economic structure which is dominated by agriculture, and competition from low priced manufactured import from Asian economies. Thus, the best way to go is for a country to centrally coordinate all development policies to ensure connectivity and progressive monitoring of policies' implementations, and attention should be paid on emphasis for more investment from local citizen.

Sugar industry overview

Sugar is one commodity that is consumed in all parts of the world and those that are in the business of producing sugar are known to generate sales year in year out if the business is well managed.

The Sugar Processing industry is made up of businesses that manufacture raw sugar, liquid sugar and refined sugar from sugarcane and raw cane sugar.

This industry acquires its raw material from sugarcane growers. Sugar refiners also buy raw sugar from millers. This raw material is processed into a range of sugar products for industrial and consumer use.

A recent report released as Latest Update: 9th May 2023 Source: Bank of Tanzania (BoT), Tanzania Ministry of Agriculture, Tanzania Investment Centre (TIC), Tanzania Revenues Authority (TRA).

Tanzania's annual sugar demand is currently at 440,000 tons, as reported by the Sugar Board of Tanzania, while sugar production is approaching levels of self-sufficiency, with an annual increase of 70,000 tones, bringing the total production to 380,000 tones. Sugarcane farming and processing in Tanzania cannot meet the national demand and the gap is filled with sugar imports. In 2021, Tanzania's raw sugar imports amounted to \$151M, ranking it as the 48th largest raw sugar importer globally. Raw sugar was also the 14th most imported product in Tanzania, with major imports coming from India (\$41.2M), United Arab Emirates (\$32.5M), Saudi Arabia (\$19.2M), Thailand (\$14.5M), and Uganda (\$12.9M). The Tanzanian government has implemented a strategy to increase annual sugar production to 756,000 tons

by 2025. This strategy includes expanding sugar factories, encouraging farmers to cultivate sugarcane, and attracting investment in the sugar industry. By 2026, sugar production in Tanzania is projected to exceed 433,000 metric tons, with an expected average annual increase of 1.7% from 2021 to 2026. Sugar production is concentrated mainly in 3 regions: Morogoro, Kagera, and Kilimanjaro. At present, there are 4 large sugar estates in Tanzania: the Kilombero Sugar Company with a 40% market share, the Tanganyika Planting Company (34%), Kagera Sugar (17%), and Mtibwa Sugar Estates (9%). In April 2020, the Tanzania Investment Centre (TIC) issued a notice inviting domestic and foreign investors to develop sugarcane and sugar processing plantations using the 20,000-ha farm in Kibuye in the Kigoma region in northwestern Tanzania. And in July 2021, the Tanzania Revenues Authority (TRA) has waived the 15% import tax on sugar for industrial use, as part of the 2021-2021 National Budget efforts to improve the business environment in the country. In his budget speech of May 2023, Tanzania's agriculture Minister Hon. Hussein Bashe said that the production of sugar cane in the year 2023/2024 is expected to reach approximately 4,500,000tons which will produce 465,000tons of sugar. Golden Sugar Limited, is based in Kyaka Misenyi, Kagera region. We have done our detailed market research and feasibility studies and we were able to secure a well – situated and suitable farm land to start our commercial sugarcane business at Kakindo village where the new venture of sugar processing factory is constructed.

Our commercial sugarcane farm is a going to be standard one hence we will be involved in both commercial sugarcane cultivation in long run sugarcane milling for processing raw sugar. In long run we have put plans in place that will help us launch a standard sugarcane processing plant within the first years of officially running Golden Sugar limited Farms, we will process and package raw sugar and ensure that they flood the market both in the Lake zone regions, Tanzania at large and in other neighborhood countries.

Aside from the fact that we've secured the required farming land and most of the farming equipment and machines, we have also hired some key employees who are currently undergoing training so as to be able to fit into the ideal picture of the 21st century commercial sugarcane farm workforce that we want to build.

Golden Sugar Limited Farms is well positioned to become one of the leading sugarcane farms in the United Republic of Tanzania, which is why we have been able to source for the best hands and machineries to run the farm with. We have put process and strategies in place that will help us employ best practices when it comes to sugarcane farming, processing and packaging as required by the regulating bodies in the united republic of Tanzania

1.2 The company:

The entity is a private limited liability company registered as GOLDEN SUGAR LIMITED. The company incorporated on the 8th September 2021 under the Companies, Act 2002 of the United Republic of Tanzania, with the following Certifications; Certificate of Incorporation No. 153338868, Taxpayer Identification number (TIN) 153-338-868, VAT certificate No.40-048513-D, Water use permit from lake Victoria basin water board ,registration of sugar mill cum planter (McP), Sugar manufacturers' license issued by Sugar board of Tanzania with license No. SML/A.01.019 Category A issued by Sugar board of Tanzania with registration no.

GSL/MCP/A.018 with its Head Office being in Kyaka, Kagera Region. The business therefore operates legally.

The company is owned by two shareholders namely GEORGE ISUKANIJA MPEJIWA and COLLETHA MATULANYA JAMES, all the shareholders are business oriented with long experience in business averaging for more than 10 years.

1.3 The Project Proposal:

Golden sugar Limited proposes to construct a new sugar mill factory in Kyaka, Misenyi District. The sugar mill machines and Equipment's are to be procured through an external dealer AMLA AGRO INDUSTRIES manufacturer of Khandsari Sugar & Allied products, India. The proposed machines are capable of having the highest production and of superior quality since have high standard and efficient operation including high technology of crushing which is the most efficient technology to increase sugar water extraction capacity from the sugar cane. The project is intended to augment the sugar milling capacity in the country given the government emphasis to increase production and the fact that the existing factories cannot satisfy the existing demand which is still large gape covered by imported sugar from outside the country.

The capital investment costs of the project amount to Tshs. 15,118,415,000/= which are proposed to be financed through equity financing Tshs. 7,000,000,000/= already contributed to the farm and Bank borrowing of Tshs 8,118,415,000/= divided into Tshs 5,618,415,000/= for capital investments acquisition of machinery to factory and construction and Tshs 2,000,000,000/= for working capital finance as operation fund and procurement of sugarcane from out grower during 2025 season and 500,000,000/= as contingency to cover uncertainties. The project loan of Tshs 5,618,415,000/= is proposed to be repaid over 5 years including 1 year grace period at agreed interest.

TOTAL PROJECT UTILIZATION DESCRIPTION

Description	Amount (Tshs)
Machinery cost up to installation	2,952,000,000/=
Construction and related structures	2,666,415,000/=
Working capital	2,000,000,000/=
Contingency	500,000,000/=
Farm already executed equity	7,000,000,000/=
TOTAL	15,118,415,000/=

PROJECT CAPITAL STRUCTURE

EQUITY	7,000,000,000/=
BANK LOAN	8,118,415,000/=
TOTAL	15,118,415,000/=

1.4 Rationale of the Proposal:

The proposal by **Golden sugar Limited** is aimed at increasing the country's sugar milling capacity given the present government efforts to promote increased production of the sugarcane by farmers which becomes raw materials for the factory. It is also aimed at filling the gap presently experienced by demand and supply over the 10 years from sugar board as identified

statistics of the sugar industry which has not been filled for all over the period including the new target of 2024/2025 budget where the government highlight sugar demand for the season to be 650,000Mtn as domestic sugar and 250,000 Mtn as industrial sugar which statistically will depend to be covered by the import sugar to satisfy the market.

1.5 Purpose of the Study:

This document has been prepared to serve the following purposes;

- To facilitate the application for Certificate of Incentives from Tanzania Investment Centre (TIC) so as to have access to exemptions of duties, VAT deferments and other benefits and protections as statutory provided for under Tanzania Investment Act (1997) for the Project.
- To determine the viability of the proposed project and serve as a business plan for the company's development program.
- To utilize the document for possible mobilization of financial credits from local Banks/ Financial Institutions for either term loan financing or overdraft Facility to support smooth implementation of the proposed project.

1.6 The Sugar milling production factory:

1.6.1 Location:

The sugarcane farm and sugar mill plant are located at Kakindo, Kyaka Village in Misenyi district, Kagera Region. The company has adequate land covering 2,300 acres to accommodate the project with expansion plan on acquiring more acres at surrounding area with time goes on. The location is ideal since it is within the sugarcane growing region of Kagera as identified as one of geographical area supporting sugarcane farming while others are Kilimanjaro, Morogoro and Manyara. The road leading to the farm and factory is also accessible throughout the year makes easy for raw material delivering and sugar products to the market. All the sugar cane from out growers to be bought at the buying posts will be easily transported to the proposed new factory within the farm where the company will be the main supplier of the sugar cane as raw material.

1.6.2 Plant Capacity:

The proposed factory is of modern and technological machines consisting of required equipment's and machines which has 750TCD at initial start per day capable of crushing 150,000Mtns for the whole season at average sugar recovery rate of 10.5% to 13% averagely making bit efficient of yielding 15,750Mtns of sugar per year worst case scenario and produced is intended only for local market as regulation requires only to sell in local market but also to help covering the huge demand gape hanging to wait for import sugar mostly industrial sugar.

1.6.3 Electricity and water:

The electricity for the project site is provided by TANESCO through the National Power System. However, a high voltage standby generator will be used during power outbreak has also been provided for.

Water will be drained from the lake source along the farm, treatment will be made for making ready for human consumption.

1.6.4 Buildings:

Buildings under consideration for the project will include;

- Factory Buildings including structures for plants and machineries
- Sugar Storage ware house
- Sugar cane storage ware house.
- Residential Houses & other support buildings

1.6.5 Project Investment and Financing:

The capital investment costs of the project amount to Tshs. 15,118,415,000/= which are proposed to be financed through equity financing Tshs. 7,000,000,000/= already contributed to the farm and Bank borrowing of Tshs 8,118,415,000/= divided into Tshs 5,618,415,000/= for capital investments acquisition of machinery to factory and construction and Tshs 2,000,000,000/= for working capital finance as operation fund and procurement of sugarcane from out grower during 2025 season and 500,000,000/= as contingency to cover uncertainties. The project loan of Tshs 5,618,415,000/= is proposed to be repaid over 5 years including 1 year grace period at agreed interest.

1.7 Management:

The project after its full construction will be managed by Golden sugar Limited. The company Directors will ensure that qualified and experienced personnel are engaged in the management of the entire sections of the factory. The Managing Directors of the Company are local investors with vast experience in business management.

1.7.1 Ownership and Management

Ownership

Golden sugar Limited is a company limited by shares of the members. The authorized share capital is TZS 200,000,000/= being 1,000 ordinary shares of TZS 200,000/= each. It is owned by two experienced business personnel listed here under;

<i>S/N</i>	<i>Name</i>	<i>Shareholding</i>	<i>Nationality</i>
1.	GEORGE ISUKANIJA MPEJIWA	650	Tanzanian
2.	COLLETHA MATULANYA JAMES	100	Tanzanian
3	OPEN SHARES	250	Not Utilized
	TOTAL	1,000	

1.7.2. Management Structure/Executive team

The company has simple and highly effective non-bureaucratic organization structure to promote team work and communication as well as operational efficiency but all being managed by the board of director.

Board of Directors

The company is under the board of directors which is the supreme decision making and strategic body in the company. The shareholders are non-executive member. It is comprised of the following key personnel:

Overall Board Chairperson – GEORGE ISUKANIJA MPEJIWA

He is principal shareholders and non-executive member; he is driving force behind the growth of the business from humble beginnings to now boast all the operation stage to the victory of farm current status. He has also attended several courses relating to business strategy and change management both locally and in regional countries. Is a steady but assertive leader who leads from the front and does not shy away from making difficult decisions when necessary. His enormous business experience and enterprising mind has been handful in guiding the company from one stage of growth to another.

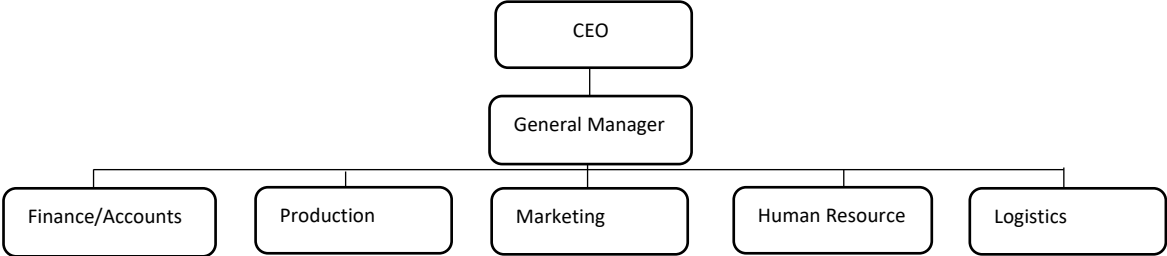
Board Secretary COLLETHA MATULANYA JAMES.

She is principal shareholders and non-executive member. She has vast experience in operating commercial business as she takes parts in day to day organizing and planning all company affairs future progress. Her presence in the Board brings a wide range of experience of commercial transaction in company's business. She has been on the board of the company for incorporation and her value is immense.

The following presents a simplified organization structure to present important positions and their inter-relationships including decision making and reporting hierarchy: -

ORGANIZATIONS AND MANAGEMENT PLAN

Organizational Structure



Abbreviations

C.E.O – Chief Executive Officer

The organizational structure above is quite flat in nature. At the top of the structure is the **General Manager** who reports to the **Chief Executive Officer** on trends, new products, demands, costs, company designs, profits and investments etc. Departmental manager reports to the General Manager. Lastly, the technical staff reports to Departmental Managers.

The logistics department is responsible to ensure that vehicles are maintained and available for transportation of raw materials and finished goods. They have to monitor movements ensuring punctuality. In addition, they also have to ensure that the vehicle is in good condition, any fault has been repaired and that the vehicles have adequate fuel. Subsequently, they also to select and allocate drivers for each trip. The managers will be responsible for driver training.

The production department mainly deals with transforming raw materials into finished goods. They are also responsible for maintenance of machineries and equipment in order to ensure fewer breakdowns. Decision about purchasing raw materials i.e. cane will be based on analysis of availability, projected production of the commodity on which the decision to purchase raw materials will be based. This is mainly that the right quantity is available at the right time.

The Finance and Accounts department control the inflow and outflow of money in the firm. They are the blood supply of the company and will be required to prepare budgets and allocate funds where necessary. They have to ensure payments to suppliers are made on time and that customers have made payments on a timely basis. It is their duty to ensure that customers make their payments on time within the credit periods and deduct any discounts or charge a penalty as per the contract. They also calculate the profit and loss of the company and investigate any losses made by the company.

The marketing department is responsible for acquiring new customers and retaining old customers. They also have to create awareness and increase the demand for the product among consumers. Research and Development and market surveys are also conducted by the marketing department.

The Human resource department is the key to the firm as this is a manufacturing business and they are the ones who will ensure adequate employees are available in order for the company to operate. It is vitally important that these employees are recruited, selected, trained, developed, and motivated well; this is the responsibility of the Human Resource department. They will also be responsible for ensuring salaries and any other benefits are paid. Quarterly, performance evaluation is carried out to ensure that employees are working efficiently.

The General Manager has to ensure that all departments are running properly. The general manager is responsible for setting company procedures, ensuring implementation, ensuring schedules and budgets are met, motivation, hiring & firing, strategic forecasting & planning, setting objectives and analyses trends in the market place. After analyzing the trends and data collected; a proposal is then created for the C.E.O to decide whether to accept or reject.

The C.E.O of the company is responsible for making the major decisions of the company i.e. profitability, creating contracts for strategic alliances, acquisitions or takeovers, launching a new product or service, entering a new market and speaking in public.

The organization has a free culture; this means that employee suggestions and comments are taken into consideration by management; this is mainly to avoid bureaucracy. In other words, employees in the department can walk into the General Manager's office and freely suggest ideas. The openness of the organization increases effectiveness of communication.

1.8 Plant Production Plan:

The plant will be into commercial operations from 2025 beginning of sugar season. The company' plans to produce and market her products for more profit maximization to be part of contributing in filling sugar gape identified in previous records (**as it will be attached here with**) and for future governmental plan. The plant is planned to go into commercial operations starting this season (2025/2026) sugar season where strategically will secure raw material availability to feed production plant by self-supplying from Golden sugar farm where quantity

of 50,000Mtns is expected to be supplied in year one from internal plan and the rest from out growers who are good in number to cover the input raw material plan of 150,000Mtns per year but from year two the volume supplied by the farm will keep on increasing since the farm expansion will be strategically maintained to support the factory supply of raw materials with the hands of engaged out growers, the input identified from plant utilization capacity of 750TCD per day which will require 150,000Mtns at sugar recovery rate of 10.5% to 13% averagely to meet the required budgeted plan of 15,750Mtns sugar by the company to the market at year one.

Company plans to increase its expansion plan from 1,200 Acres current utilized farm to 3,000 Acres coming year 2025/2026 in order to increase self-supply capacity and improve production management for more profit maximization and also to improve machinery capacity from 750TCD to 1000Tcd through improving machines capacity and technology in order to increase its production level and satisfy more the market as the main company objective in feeding the market by Golden sugar limited sugar product.

1.9 Market Aspect:

1.9.1 The Market for processed sugar:

Domestic market is the only market where every company venture with, since the regulations requires only to sell to the local market and the industry has not yet been able to satisfy the market making it more dependent to the import sugar to cover the gape as it will be listed in table below from statistics of Tanzania sugar board the most recent statistics used in 2024 NANE NANE governmental ceremony for farmers and beneficiaries of Agri related products and business.

NANE NANE release fliers for 2024 farmer's ceremony official data issued by Tanzania sugar board]

Uzalishaji wa Sukari, Uingizaji na Mauzo ya nje 2013/2014-2022/23

MWAKA	UZALISHAJI	SUKARI YA VIWANDANI	SUKARI MATUMIZI YA KAWAIDA (GAP SUGAR)	MAUZO YA NJE
2013/14	294,300.00	143,281.50	-	2,800
2014/15	304,007.00	120,730.60	86,942.05	-
2015/16	293,074.94	104,792.61	133,488.00	-
2016/17	330,843.48	110,951.70	144,000.00	-
2017/18	307,431.26	149,383.00	135,610.00	-
2018/19	359,218.64	127,552.81	37,419.00	-
2019/20	311,357.61	186,839.00	60,429.00	-
2020/21	367,718.14	168,014.90	46,507.00	-
2021/22	379,280.23	197,666.00	50,010.00	-
2022/23	460,048.94	205,741.36	30,000.00	-

* Sukari ya nje inajumuisha ya matumizi ya kawaida na ya viwandani.

According to the previous statistics it justifies unsatisfied demand with the huge gape where more investment need to be done on both investors in improving the sugar industries by opening new factories and expanding the existing one to cover the market demand and improve

supply level of sugar to the market for both domestic sugar for consumption and white industrial sugar for industrial use both to be produced within Tanzania

Also the government through Tanzania sugar board and ministry of agriculture are still ensuring the stable market by setting regulations which controls market intervention from external dealer to temper with the local market but also more emphasis in improving availability level of raw sugarcane as raw materials for feeding the industries through supporting the small ,medium and large scale grower for better environment in farming by reserving the farms, exempting duties ,skill and technical transformation in modern farming and by collaboration between Tanzania sugar board and TARI researching more areas for sugarcane farming.

Furthermore, up to date Tanzania has only 7 sugar companies which all together still can not satisfy the identified gape which indicates need of more industries to come and support the governmental long target on sugar industry in return for business benefit and earning more profit maximization through conducting business both farmers and owners of factories.

List of Sugar companies already in market

1. Kilombero sugar Co. ltd- Morogoro
2. TPC limited -Kilimanjaro
3. Kagera sugar limited- Kagera
4. Mtibwa sugar limited -Morogoro
5. Mkulazi holding Co. ltd -Morogoro
6. Manyara sugar Co. limited -Manyara
7. Bagamoyo sugar Co. ltd - Pwani

1.9.2 The Target Market:

Currently, the production in the country does not meet the local demand for sugar, thus creating a shortfall that can be filled through additional factories.

1.9.3 Market Entry and Growth Strategy

Cane availability in the shareholders owned farms is the only source of raw material available for the factory. As per project; we can say undoubtedly that by the commissioning stage of the factory sufficient cane will be available to run factory at 65% capacity. Subsequently; the company will continue to develop cane and the availability will gradually increase over the years to reach maximum capacity. Provisions for expansion and the capacity of plant ranges from 750 TCD to 1000 TCD allowing us to use the same plant during the growth stage

Initially as the company launch a brand; market penetration strategy will be used to increase re-purchase. After the market saturates the company will use market development strategies where the existing product/brand is introduced to the new market i.e. industries. The significance of this is that the company will increase its potential customer base.

The company is planning to launch the product to both wholesalers and retailer making the product very accessible 'at aim's length to consumers. The company philosophy is that quality is not about product itself, it began with quality of raw material, the process, distribution to retailers, when the product is sold to customers and ends after customers satisfied. We want to ensure that the quality of our product is maintained throughout the value chain; Thus, we will also train wholesalers and retailers in stocking and ensure customer satisfaction. This will help us to create long term relationships with our value chain partners.

We will use both push and pull strategies to attract both consumers and retailers. We will rigorously market our products to ensure ‘top of mind awareness’ which will be reinforced by our unbeatable quality. We recognize the need to initially sell our products at reasonable price to ensure that all retailers stock our products. Later, we plan to have simple contracts i.e. on receipts states discounts and penalties mainly to encourage early payment

In order to control volatility of price and supply of raw material; we plan to have contractual agreements with large growers to produce sugar cane specifically to us under the condition that we provide supervision and support i.e. free seed, land preparation, fertilizer and field assistance. As sales increase, we will employ the latest technology to improve efficiency (economies of scale) enabling us to lower costs and thus reduce the price of our products; which in turn will increase sales.

1.10 FINANCIAL EVALUATION:

This section sets out proposed expansion plan, financing needs, financial forecasts for 2025-2030 and the proposed security for applied facility.

1.10.1 Farm & factory Description

The company’s farm and factory are situated in Kakindo village available at Kyaka, Misenyi in Kagera region where it has the total number of 2,300 acres cultivation farm and 425 acres for sugarcane seed block where 1,200 acres has already been cultivated during 2023 to 2024/2025 year, planning to cultivate total of 3,000 Acres including additional acres to be cultivated for 2025/2026 year.

The production platform has been numbered to the production level of 50tons for every acre in the farm where sugar cane to be sold at value of Tshs 75,000/= for each ton where production maturity for the farm after plantation takes life span of maximum ten (10) years.

Farm capacity

The farm will have the following production capacities: -

ITEM	CAPACITY
1-ACRE	50tons
1-TON	75,000/= TSHS

Factory capacity

The factory will have the following production capacities: -

ITEM	CAPACITY
1-day of production	750TCD
1-TON	10.5 Kgs to 13 Kgs (at 10.5% to 13% sugar recovery rate)

1.10.2 Finance required for the sugar factory project

The amount of facility required will be Tshs 8,118,415,000/= which makes the amount of facility in request and that will include construction of factory buildings, acquiring of sugar mill machines, installation, contingency and operation working capital both purchasing of out

grower sugarcane and operation activities. The Company wishes to apply for a credit facility in the form of a project loan totaling Tshs 8,118,415,000/= to be repaid within period of 5 years paid under seasonal production modality.

1.10.3 Facility requested.

The company is applying for a 5-year project financing facility of **Tshs 8,118,415,000/=** to open sugar milling factory as described in the business plan.

1.10.4 Financial Forecast.

4.3.1 Projected Statement of Comprehensive Income for five years (See table 6 from investment analysis attached bellow)

The following is the company's projection of financial performance (Statement of Comprehensive Income) for the whole investment. Revenues/Sales are expected to be growing by an average of 10% to 20% averagely from year one.

“Projected Statement of Comprehensive Income of the business is attached at investment analysis at the end of document”

4.3.2 Projected Statement of financial position for seven years (See table 8 from investment analysis attached bellow)

Most of the balance sheet items will keep on increasing as the business continues to operate on its normal operating cycle for investment. Currently the non-current assets of the company are Machinery & Equipment's and Motor Vehicles; Depreciation rates will continue to be at 20% and 25% respectively annually though since is non cash item is not taken into consideration. Net worth of the business will be growing with an average growth of 30% to 40%.

“Projected Statement of Financial position of the business is attached at investment analysis at the end of document”

4.3.3 Liquidity

Projected liquidity position of the company is quite healthy such that it will be able to repay the bank facility being applied for within a period of five years and break even in 3 years while at the same time meeting all its other financial obligations of operating the business

“Annex: cash flow projections attached at investment analysis NPV Annex”

4.3.4 Consideration and assumptions

The following assumptions hold for the financial projections presented in the attachments;

Inflows

- Production Capacity utilization will be 750TCD but expected to increase to 1,000TCD after a time.
- For 100% utilization input to processing mill will be 150,000Mtns of sugarcane
- Output yield capacity expected to be 15,750Mtns of sugar at 10.5% to 13% sugar recovery rate
- Output yield capacity expected to be 7500 Mtns of Molasses at 5% recovery rate
- Sugar cane as raw materials are expected to be supplied by self-Golden sugar limited and external out growers.

- Revenue is assumed to be growing by an average rate of 10% to 20% due to production capacity utilization and increase in selling price per ton as indicated in projected investment analysis based on statistics
- Inflation is dropping slightly and is assumed to remain the same at reasonable rate over the loan duration
- Legal and regulatory framework remain stable over the loan tenor
- Exchange rate will remain fairly stable at the current rate of TZS2700/USD

Operating expenses

- The operating expenses will increase by 15% per annum as result of the growth in business activities which varies with turnover.

Finance costs

- Interest Rate on loan is 9% annually

NB: Other costs are included in projections

1.11 SECURITY COVER:

The proposed loan facilities from local banks have been assumed to be secured by company Mortgage over landed properties of the company including all machinery and equipment at the project site.

1.12 CONCLUSION AND RECOMMENDATIONS:

Based on considerations and assumptions given above, it is concluded that the proposal by **Golden sugar limited** to operate new sugar mill factory at Kakindo village available at Kyaka, Misenyi in Kagera region is technically feasible and commercially viable. It is therefore recommended for the project promoters to proceed and invest in the proposed sugar milling plant at company Site in Kakindo village available at Kyaka, Misenyi in Kagera region.

2.0. TECHNICAL ANALYSIS:

2.1 Location:

The project is to be located at Kakindo village available at Kyaka, Misenyi in Kagera region. The area is linked to Bukoba to Mtukula road through a Tarmac Road. This is a strategic location, which is easily accessible by road for transportation of facilitation materials and its products. The location is also connected to the national Power Grid System.

2.2 Building and Civil Works:

Building under consideration for the project will include;

- Factory Buildings including structures for plants and machineries
- Storage ware houses
- Residential Houses
- Other supporting buildings

2.3 Plant Capacity & Technology:

The proposed factory is of modern and technological machines consisting of required equipment's and machines which has 750TCD at initial start per day capable of crushing 150,000Mtns for the whole season at average sugar recovery rate of 10.5% to 13% averagely making bit efficient of yielding 15,750Mtns of sugar per year worst case scenario and produced is intended only for local market as regulation requires only to sell in local market but also to help covering the huge demand gape hanging to wait for import sugar mostly industrial sugar.

2.4 Capital Costs:

The project total capital costs are estimated as Tshs. 15,118,415,000/= . The capital costs outlay is summarized as below:

TOTAL PROJECT UTILIZATION DESCRIPTION	
Description	Amount (Tshs)
Machinery cost up to installation	2,952,000,000 /=-
Construction and related structures	2,666,415,000/=-
Working capital	2,000,000,000/=-
Contingency	500,000,000/=-
Farm already executed equity	7,000,000,000/=-
TOTAL	15,118,415,000/=-

2.5 Source of Financing

The project sponsor would contribute equity funds to the tune of Tshs. 5 billion and the balance of Tshs. 8.118 billion would be loan finance from local Banks as per summary given under:

1	Equity	Tshs	7,000,000,000/=-
2	Bank loan-Project loan	Tshs	8,118,415,000/=-
	Sub Total		15,118,415,000/=-

2.6 Implementation Schedule:

The project is expected to be implemented immediately from the date of fund approval. Implementation involves;

- Construction of Machinery building
- Construction of stores/ warehouse
- Procurement and installation of machinery and equipment
- Electrical installations
- Trial runs
- Commercial operations.

2.7 Environmental Aspects:

The most pertinent environmental and health considerations in this project include dust emission and employee's exposure to noise and fire. The project sponsors have addressed these possible hazards adequately in the project plan. Factory workers will be provided with breathing masks and early plugs. Fire extinguishers and hydrants will also be in place.

3.0 MARKETS AND MARKETING:

3.1 Business Strategic Framework

Vision

Our vision is to revolutionize the sugar industry by embracing sustainable practices and providing cleaner energy options. We are committed to making a positive impact on the environment and the lives of our customers. With our innovative approach and dedication to excellence, Golden Sugar Limited is poised to become a leader in the industry.

Mission

The Golden Sugar Limited aims to forge long term relationships with our community of customers and suppliers through simplicity, excellence and quality sugar products and by products with respects and gratitude towards our customer base.

Goal

- a) To have a sustainable working capital base that will enable the business to flourish.
- b) Increase annual sales turnover
- c) Increase gross profitability
- d) Increase market share

Core values

- a) Consistent High Product Quality Standards
- b) Reliability in partnership with customers
- c) Social responsibility
- d) Financial transparency and accountability
- e) Eco-friendly services

Business Objectives

Based on the projected revenues from this business plan and the projected annual growth, the business will grow fast to become among leaders in the industry in Tanzania.

The following are the objectives of GOLDEN SUGAR LIMITED which prompted the management to plan application of loan in order to have them achieved

1. To work diligently and create value to sugar milling industries through continuously improving the services including timely delivery of orders.
2. Generate sufficient profits to improve the shareholders' wealth and sustainability of the business to be able to compete well in the market and be able to reap the advantages of growing demand in Tanzania by increasing investments.
3. Maintain or improve the profit margins by minimizing operating costs per unit without compromising quality.
4. To keep providing employment to skilled Tanzanian youth through remaining in the market for a foreseeable future and planned expansions.

Business Strategies

The management of GOLDEN SUGAR LIMITED has clear strategies that will ensure the planned goals are going to be achieved as articulated above. For the sugar cane farming business and sugar mill plant to be established, the management will adopt the following strategies:

- Acquire and install irrigation and plant machinery that are guaranteed to last a long time and can be maintained easily.
- Ensure that there is transfer of skills in order to ensure the machinery will be maintained by local people at lower costs and to avoid longer downtimes at farm field.
- Ensure that the company can penetrate the market through fair pricing and innovative marketing as well as attractive packaging.
- Utilize own transport facilities as a way of improving efficiencies and cutting down on delivery costs.
- Always be conscious about the environment to maintain an eco-friendly status in all its business lines, this will assure sustainability of the company as a going concern.
- Ensure there is adherence to the country's regulatory and statutory laws, including ensuring timely payment of tax obligations.
- Best customer services by employing experienced, skilled and trustworthy staff. Emphasize on the slogan of "*CUSTOMER FIRST*" through regular trainings and monitoring.

3.2. Business Situational Analysis

3.2.1 Analysis of Strengths, Weaknesses, Opportunities and Threats

SWOT Analysis

Golden Sugar Limited do not intend to launch out with trial and error hence the need to conduct a proper SWOT analysis. We know that if we get it right from the onset, we would have succeeded in creating the foundation that will help us build a standard sugarcane farm and sugar factory that will favorably compete with leadings in Tanzania.

We are quite aware that there are several sugar mill factories in Tanzania and even in the same location where we intend locating ours, which is why we are following the due process of establishing a business.

We know that if a proper SWOT analysis is conducted for our business, we will be able to position our business to maximize our strength, leverage on the opportunities that will be available to us, mitigate our risks and be equipped to confront our threats.

Golden Sugar Limited employed the services of an expert HR and Business Analyst with bias in the commercial sugar industry to help us conduct a thorough SWOT analysis and to help us create a business model that will help us achieve our business goals and objectives.

Here is a summary from the result of the SWOT analysis that was conducted on behalf of Golden Sugar Limited.

- **Strength:**

Our strength as a sugarcane farm is the fact that we have healthy relationships with loads of major players in the industry; both suppliers and buyers within the Tanzania.

We have some of the latest commercial farming machines, tools and sugarcane irrigation equipment that will help us cultivate sugarcane in commercial quantities with less stress. Aside from our relationship (network) and equipment, we can confidently boast that we have some the most experienced hands in Lake Zone, in our payroll.

All these makes us confident to run Sugar mill plant with constant assurance of raw material supply from self-supply by Golden sugar farm.

- **Weakness:**

Our weakness could be that we are a new sugarcane farming and sugar milling business in the Lake Zone, Tanzania, and perhaps the fact that we decided to diversify our farming activities could count against us initially. We are aware of this and from our projection will overcome this weakness with time and turn it to a major advantage for the business.

- **Opportunities:**

Prices for sugarcane and processed sugar in Tanzania are partly regulated by government policy, which strives to match supply and demand. As a result, Tanzania prices are on average much higher than world prices, somewhat insulating farmers and producers from volatility. The price and demand of sugar is expected to increase in the coming years, presenting an opportunity for the industry and market forces.

- **Threat:**

Growth in per capita consumption of sugar increases demand for sugarcane. Over the past five years, as consumers have become more health-conscious, demand for caloric sweeteners (including sugar) has decreased. Per capita sugar and sweetener consumption is expected to increase slowly going forward. However, generally sluggish growth in sweetener consumption is likely to pose a threat to the industry.

External Factor Analysis Summary (EFAS)

From the analysis above we have observed that the opportunities of the business are more as compared to its Threats. Therefore, we conclude that the business is viable. I.e. O>T

3.2.2 Political, Environmental, Social and Technical Analysis

- **Political**

The business does not face any serious political threat as the country is in peace and the company is paying all of the required taxes on time hence the company has a good relationship with the tax and city authorities.

- **Environment**

The business has no negative impact on the environment and has better procedures for waste disposal.

- **Social**

The business offers employment to the surrounding community and facilitates the availability of services through payment of Tax to the government via Tanzania Revenue Authority (TRA).

- **Technical**

Technically the business is well equipped with modern facilities like, Telephone, etc. to facilitate business transactions.

4.0 PROFILE OF THE TARGET MARKETS

4.1 Market Segments

The business operates into one market segment which is domestic market. The opening of the new sugar mill factory is for expansion of the business through improving and maximizing production that will enhance and manages to operate and maintain feeling the identified sugar gap for both domestic sugar and industrial sugar.

4.2 The Business differential advantages over others

- a) Commitments to customers
- b) Team working spirit
- c) Quality product and services

4.3 Market analysis

- a) The market is of moderate competitions.

4.4 Entry strategy

The company employs the following strategies to enter into the market

- a) Emphasizing quality services and reliable to reduce customers price sensitivity.
- b) Simple advertisement and promotional strategy will also be employed.
- c) Customer satisfactions will be taken as a core value of the business together with selling of high-quality products.

4.5 Competitive Analysis

The business intention is to become the leading seller of crystalized sugar to the local market. The market is surely one of the most competitive within the Lake Zone. The currently existing competitors of the company are;

- a) Company with similar and close substitute services
- b) Retails with the same line of business
- c) Other agent
- d) A hawker who tends to sells the products at lower prices.

5.0 ORGANIZATION AND MANAGEMENT:

5.1 Company Organization Structure:

The company has simple and highly effective non-bureaucratic organization structure to promote team work and communication as well as operational efficiency but all being managed by the board of director.

Board of Directors

The company is under the board of directors which is the supreme decision making and strategic body in the company. The shareholders are non-executive member. It is comprised of the following key personnel:

Overall Board Chairperson – GEORGE ISUKANIJA MPEJIWA

He is principal shareholders and non-executive member; he is driving force behind the growth of the business from humble beginnings to now boast all the operation stage to the victory of farm current status. He has also attended several courses relating to business strategy and change management both locally and in regional countries. Is a steady but assertive leader who leads from the front and does not shy away from making difficult decisions when necessary. His enormous business experience and enterprising mind has been handful in guiding the company from one stage of growth to another.

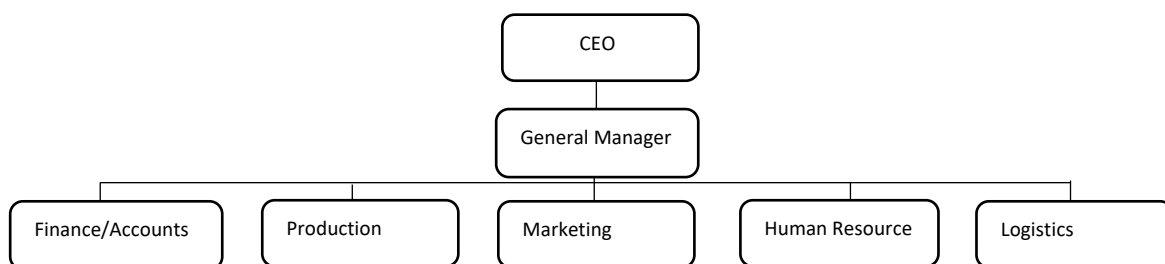
Board Secretary COLLETHA MATULANYA JAMES.

She is principal shareholders and non-executive member. She has vast experience in operating commercial business as she takes parts in day to day organizing and planning all company affairs future progress. Her presence in the Board brings a wide range of experience of commercial transaction in company's business. She has been on the board of the company for incorporation and her value is immense.

The following presents a simplified organization structure to present important positions and their inter-relationships including decision making and reporting hierarchy: -

ORGANIZATIONS AND MANAGEMENT PLAN

Organizational Structure



Abbreviations

C.E.O – Chief Executive Officer

The organizational structure above is quite flat in nature. At the top of the structure is the General Manager who reports to the Chief Executive Officer on trends, new products, demands, costs, company designs, profits and investments etc. Departmental manager reports to the General Manager. Lastly, the technical staff reports to Departmental Managers.

The logistics department is responsible to ensure that vehicles are maintained and available for transportation of raw materials and finished goods. They have to monitor movements ensuring

punctuality. In addition, they also have to ensure that the vehicle is in good condition, any fault has been repaired and that the vehicles have adequate fuel. Subsequently, they also to select and allocate drivers for each trip. The managers will be responsible for driver training.

The production department mainly deals with transforming raw materials into finished goods. They are also responsible for maintenance of machineries and equipment in order to ensure fewer breakdowns. Decision about purchasing raw materials i.e. cane will be based on analysis of availability, projected production of the commodity on which the decision to purchase raw materials will be based. This is mainly that the right quantity is available at the right time.

The Finance and Accounts department control the inflow and outflow of money in the firm. They are the blood supply of the company and will be required to prepare budgets and allocate funds where necessary. They have to ensure payments to suppliers are made on time and that customers have made payments on a timely basis. It is their duty to ensure that customers make their payments on time within the credit periods and deduct any discounts or charge a penalty as per the contract. They also calculate the profit and loss of the company and investigate any losses made by the company.

The marketing department is responsible for acquiring new customers and retaining old customers. They also have to create awareness and increase the demand for the product among consumers. Research and Development and market surveys are also conducted by the marketing department.

The Human resource department is the key to the firm as this is a manufacturing business and they are the ones who will ensure adequate employees are available in order for the company to operate. It is vitally important that these employees are recruited, selected, trained, developed, and motivated well; this is the responsibility of the Human Resource department. They will also be responsible for ensuring salaries and any other benefits are paid. Quarterly, performance evaluation is carried out to ensure that employees are working efficiently.

The General Manager has to ensure that all departments are running properly. The general manager is responsible for setting company procedures, ensuring implementation, ensuring schedules and budgets are met, motivation, hiring & firing, strategic forecasting & planning, setting objectives and analyses trends in the market place. After analyzing the trends and data collected; a proposal is then created for the C.E.O to decide whether to accept or reject.

The C.E.O of the company is responsible for making the major decisions of the company i.e. profitability, creating contracts for strategic alliances, acquisitions or takeovers, launching a new product or service, entering a new market and speaking in public.

The organization has a free culture; this means that employee suggestions and comments are taken into consideration by management; this is mainly to avoid bureaucracy. In other words, employees in the department can walk into the General Manager's office and freely suggest ideas. The openness of the organization increases effectiveness of communication.

6.0 FINANCIAL EVALUATION:

The project after full implementation and commencement of commercial operation is a going concern. It has therefore been assumed that it will continue to operate profitably and successfully for subsequent years. The business is projected to run smoothly and generate adequate profits to be able to meet its financial commitment without problems. The financial evaluation carried out on this report indicates that the project proposal is technically feasible, financially attractive and economically sound. The results are summarized below;

6.1 Project Investments and Financing:

The capital investment costs of the project amount to Tshs. 15,118,415,000/= which are proposed to be financed through equity financing Tshs. 7,000,000,000/= already contributed to the farm and Bank borrowing of Tshs 8,118,415,000/= divided into Tshs 5,618,415,000/= for capital investments acquisition of machinery to factory and construction and Tshs 2,000,000,000/= for working capital finance as operation fund and procurement of sugarcane from out grower during 2025 season and 500,000,000/= as contingency to cover uncertainties. The project loan of Tshs 5,618,415,000/= is proposed to be repaid over 5 years including 1 year grace period at agreed interest.

6.2 Working capital:

It has also been estimated that the project would need an estimated Tshs. 2 billion to finance the business working capital for the first year. The requirement has been assumed to be provided by local commercial bank.

Above the factory structure the Golden sugar farm will be able to supply 50,000 Mtns of sugar cane as raw materials to total requirement of 150,000Mtns year one requirement where the difference of 100,000Mtns to be procured from out growers but from year 2 Golden sugar farm will be able to have full supply of raw materials through coverage of 3000 Acres.

6.3 Projected Income Statement:

Based on assumptions and considerations used in the evaluation of the project, the company's projection of financial performance (Statement of Comprehensive Income) for the whole investment. Revenues/Sales are expected to be growing by an average of 10% to 20% averagely from year one while 35% to 40% as profit margin.

6.4 Projected Balance Sheet:

These projections indicate that, the company's liabilities would be adequately Covered by net fixed assets throughout the period under review.

6.5 Financial Rate of Return (IRR):

The project's internal rate of return works at over 37.36% which is a key factor in project viability assessment. Assuming the cost of capital of 9% to 10% per annum, this is yet another confirmation that the project is commercially viable.

6.6 Pay Back Period:

The project payback period works out to be within repayment period after year 3. This confirms to the investors that the project would be able to recoup their investments over short period of time.

7.0 ECONOMIC JUSTIFICATION

The company has not gone into this decision blindly as proper market research has been conducted. Clearly, there is guaranteed demand for sugarcane as raw material and crystalized sugar in the country. The issue of refined pure sugar in Tanzania is no longer a luxury but a necessity for consumption of human needs and industrial use on daily base.

The shareholders are already established business people and have demonstrated great management skills in growing the existing and in diversified businesses. They are heeding the government's call to help industrialize the country which promotes self-employment spirit, local entrepreneurs, income-generation, financial deepening, and provides employment to local people as well. Shareholders are investing a lot of money in buildings, storage facilities, infrastructure, plants and machinery which demonstrates their commitment.

By establishing new business line, the company is playing its part in providing employment opportunities for a lot of Tanzanians and making a contribution towards employment creation and poverty reduction. The income accruing to the employees helps to uplift family's welfare in poverty alleviation. Expansion of the business means that there are more employment opportunities opening up for the local populace.

Therefore, getting financial support to implement farming and factory activities, opening sugar milling factory will help the company kick off this new business line and add to the company's turnover, profitability and net worth.

7.1 Corporate Social Responsibility (CSR)

Positive impact from the establishment of this new business is as follows: -

- Offering employment opportunities to the local population during preparing, managing and operating farm, construction of the new sugar plant and after completion, to work in the sugar plant.
- Offering business opportunities to local suppliers (Out growers) of raw materials and foodstuff that may be required to the farm for consumption, construction or actual running of the sugar plant.
- Uplift the living standards of the local population.
- Ensure that the roads, electricity, water, security and water infrastructures around the factory areas are brought up to standard.
- They plan to give back to the community a portion of their net profit towards projects like water boreholes to communities, school desks and chairs for local schools, health facilities to communities and security by establishing a strong-armed security guard office.

7.2 Government Regulation

- The Ministry of Industry and Trade is the agency responsible for overall policy setting, co-ordination, monitoring, evaluation and regulating business and industrialized

standards. The promotion of hygiene and sanitation is in the hands of the Ministry of Health and Social Welfare. Decentralization in the Tanzanian industrialized sector has transferred responsibilities for service provision to Local Government Authorities (LGAs). LGAs comprise 132 municipals, district and town councils: they are responsible for the procurement, financing, management and monitoring of service providers in their administrative area.

- **Environmental regulation.** Screening of possible environmental impacts on proposed project sites is carried out by the National Environment Management Council (NEMC) as part of the Environmental and Social Management Framework. NEMC is responsible for setting standards and issuing permits for the discharge of effluents into the environment, including into water resources.

8.0 SECURITY PROPOSED

The company will offer the following securities for the applied facility:

- Project farm.
- Project structures and infrastructures in the farm
- Machinery and equipment's to be acquired

9.0 CONCLUSION

The detailed discussion in the previous sections reveals that, this business is financially viable and economically justifiable. The need to go into sugarcane farming and sugar milling factory is in line with demand supply gap,

Management analysis also shows that the key staff is well experienced in the commercial farming and manufacturing industry with integrity and goodwill in the market.

Socio-economic analysis depicts that the company will play big role in improving people's living standards, modernizing the community, impacting new skills and technology transfer.

The current and future economic, social and financial conditions in the country are expected to support the growth of this company and become a powerful actor in the industry. Investments in this project are certainly most likely going to pay back and returns are prospectively high.

It is, therefore, recommended that the business deserves favorable financing consideration of **8,118,415,000/= ,5,618,415,000/= covering the construction of factory building, acquiring and installing of sugar mill plan ,500,000,000/= contingency and 2 billion to cover operational working capital.** This will enable the company to meet the total costs of managing the sugar mill factory at high standards of technology as well as have sufficient working capital to get the business line off to a good start and ensure sustainability over the coming years.