

**M/S BOHETA AGRO PROCESSING COMPANY
LTD.**

**BUSINESS PLAN
FOR
CROSS BORDER TRANSPORTATION SERVICES
TUNDUMA URBAN AREA**

SPONSOR

**M/S BOHETA AGRO PROCESSING COMPANY LTD.
P. O. Box 4415, DAR ES SALAAM**

**PHYSICAL ADDRESS: TUNDUMA URBAN- MWAKA AREA – SONGWE
REGION**

Consultant:

January, 2025

M/S BOHETA AGRO PROCESSING COMPANY LTD
Maize and Rice Milling services, Paper bag making
Operations and Transportation services
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BUSINESS PLAN

1.0 BUSINESS BACKGROUND:

1.1 The Proprietor:

M/S Boheta Agro Processing Company Ltd a private company incorporated on 13th July, 2018 under the companies Act, 2002. The main objects for which the company is established include the following;

- To carry on the trades or business of crops i.e. Maize, groundnuts, Beans rice and animal i.e. cow products manufacturers and merchants and to treat, cure, process prepare, manufacture, blend, preserve, can pack, warehouse, transport, buy, sell, import, export, trade and deal on crops, animals' products and other produce of the soil either by wholesale or retail.
- To carry on the business of a farmers, growers, and planters in its widest sense and to cultivate and produce coffee, tea, cinchona, rubber, cocoa and coconuts, sugar, grain, rice, sisal and other fibers tobacco, cotton, cardamom vanilla and other plants or produce of the soil. The company's official address is as given below;
- To carry on the manufacturing of the flexible packaging which includes paper bags manufacturing, plastic bags, plastic cans, bottle, boxes.
- To carry on Transportation and Storage business, which includes transportation of Container, dry and wet cargo for both local and transit cargo.

The Managing Director

Boheta Agro Processing Company Limited

P. O. Box 4415, Dar es Salaam,

TANZANIA

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1.2 Business Description:

The Proprietor owns and operates three plants i.e. Maize and rice mill plants all based Tunduma Township and Paper bag making plant in Dar es Salaam. The plants are all in good working condition. The proprietor procured the paddy and maize from farmers that are milled and packed ready for distribution in the local and export markets. The business also provides milling and transportation services for other outside customers at a fee.

This expansion will enhance our ability to deliver products efficiently, thus strengthening our existing distribution network and creating additional revenue through transportation services. The trucks will also serve as a backbone for our logistics operations, ensuring that products like maize flour and rice reach customers swiftly and regularly. Our aim is to meet the growing demand for agro-processed products in both local and export markets, facilitating growth for our business.

1.3 Objectives:

- Obtain financing for the purchase of 15 trucks.
- Utilize tax incentives via the Tanzania Investment Centre for a 75% exemption on import duties.
- Expand transportation business to ensure faster and more efficient delivery of products.
- Increase market share in the DRC Congo and Dar es Salaam by enhancing the supply chain logistics.

1.4 Market Opportunity:

The market for maize flour and rice in both the local market (Tanzania) and international markets (especially in Lubumbashi, DRC Congo) is growing. The demand for fast and reliable delivery is increasing. Additionally, the transportation business itself is a significant revenue generator, as there is a demand for reliable trucking services within the agro-processing sector.

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1.5 Financing and Funding Structure:

We intend to finance the truck purchase through a 70% debt-to-equity structure, where:

- 30% equity contribution from the company's internal funds.
- 70% debt financing via a loan from NMB Bank Plc.

The trucks cost USD 75,000 per unit (including trailers), and we plan to acquire 15 trucks, which amounts to USD 1,125,000 in total.

1.6 Tax Incentives:

Through the Tanzania Investment Centre (TIC), we intend to apply for tax incentives to reduce the import duty on trucks. Normally, import duty is 10% of the custom value, but with the 75% exemption, the cost will be significantly reduced.

1.7 Tax Calculation:

- Original Cost per Pair of Truck & Trailer = USD 75,000
- Import Duty = 10% of USD 75,000 = USD 7,500
- Tax Exemption = 75% of USD 7,500 = USD 5,625
- Final Tax Cost = USD 7,500 - USD 5,625 = USD 1,875

Thus, the effective import duty per truck will be USD 1,875 instead of USD 7,500. This will significantly reduce our capital outlay and make the financing more affordable.

1.8 Debt finance Details:

- Loan Amount: 70% of USD 1,125,000 = USD 787,500
- Interest Rate: 18% annual interest
- Repayment Term: 3 years with quarterly payments

1.9 Operating and Repayment Strategy:

The loan will be repaid in quarterly installments over a period of 3 years. The transportation business expansion will generate increased revenue through enhanced distribution capabilities, ensuring steady cash flow to meet the loan obligations.

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1.10 Operations and Logistics:

- Location Advantage: The plant's location on the Mbeya-Sumbawanga road at Tunduma Township provides easy access to key regional markets, ensuring efficient transportation operations.
- Transportation Fleet Expansion: The purchase of the 15 trucks will help to meet the growing demand for transportation of our products (maize flour, rice, etc.) both domestically and in international markets.
- Delivery Network: The trucks will also provide logistics services to third-party customers, creating an additional revenue stream. Our goal is to ensure that customers receive their products as quickly and reliably as possible.

1.11 Management Team:

The business management will be under the overall guidance of the Managing Director Mr. Hebron Reuben Mwampeta. The General Manager will however be fully responsible for management of day today business affairs of the plants. The company is at present in the process of recruiting all required qualified and experienced personnel ready for commercial operations. The company Managing Director has adequate experience to manage the business to expected successful future.

1.12 Financial Projections:

The projected financials are based on increased sales and reduced transportation costs, thanks to the fleet expansion.

- Revenue Growth: The expansion of the transportation business and milling services is expected to increase annual revenue by 30-40%.
- Operating Costs: With the addition of the trucks, fuel, maintenance, and driver salaries will become part of the operating expenses, but the new vehicles will more than offset these costs.

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- Loan Repayment: The loan repayment of USD 787,500 over 3 years with quarterly payments will be supported by the increased revenue from the transportation services and the improved efficiency of product delivery.

1.13 Risk Analysis:

- Market Risk: Changes in market demand or price fluctuations for agricultural products may affect profitability. To mitigate this risk, we will focus on diversifying our product offerings and exploring new markets.
- Operational Risk: Breakdown or accidents involving the trucks may affect service delivery. This will be managed by ensuring regular maintenance and investing in insurance for the fleet.
- Financial Risk: The 18% loan interest rate represents a substantial financial obligation. We plan to mitigate this by ensuring steady cash flows through a diversified revenue base.

1.14 Conclusion:

This expansion project is crucial for the growth and sustainability of BOHETA AGRO PROCESSING CO. LTD. By acquiring a fleet of 15 trucks, we aim to significantly enhance our transportation and distribution capabilities, ultimately improving product delivery and expanding our customer base in local and export markets. With the financing support from NMB Bank Plc and the tax incentives from the Tanzania Investment Centre, we are confident in our ability to successfully complete this project and achieve financial success.

Contact Information:

For more information or inquiries regarding the investment or project financing, please contact:

BOHETA AGRO PROCESSING CO. LTD

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