

IRRIGURU SOLUTIONS LIMITED

Business Plan for Establishment a Project

For

Assembling of Agriculture Implements and Tools

1.0 Executive Summary

IRRIGURU SOLUTIONS LIMITED. is an agriculture machinery and implements that assemble A-Z series of heavy machinery and systems for agriculture related farm implements and tools. IRRIGURU SOLUTIONS LIMITED will have business contacts with 10 main agriculture manufacturers in China. It has managed to create communication links.

IRRIGURU SOLUTIONS LIMITED. has an experienced management team with direct knowledge of the industry, extensive research experience, and unique administrative skills. Its team includes Mr. Zhou Rui and Yang Dongxiao, both have compiled an extensive list of customers/potential customers, vendors, and contacts for equipment deal in Tanzania.

1.1 Objectives

The IRRIGURU SOLUTIONS LIMITED. directors believe that, there is a current untapped market opportunity for agriculture machinery because, existing providers of agriculture machinery and implements are too diversified to serve the increasingly specialized needs,

The company's coverage area is constantly increasing, as customers are becoming aware of the company's presence.

1.2 Mission

IRRIGURU SOLUTIONS LIMITED. mission is to become THE exclusive full-service equipment manufacturer and service company in agriculture machinery and implements in Tanzania and to expand its business to other East Africa Countries, with the ability to satisfy all needs of Livestock farmers and Agriculture producers.

Therefore, the company's strategy is to create a limited geographical niche for itself, where there will be no potential competitors. IRRIGURU SOLUTIONS LIMITED. aims to offer high-quality agriculture equipment and machinery for crop mechanization at a price which is competitive in comparison to other premium-quality commercial machinery manufacturers in the local market.

1.3 Keys to Success

IRRIGURU SOLUTIONS LIMITED.'s keys to success will include:

- A high level of quality in its product line.

- A–Z equipment mechanization series.
- Maintaining and growing its referral networks to generate new and repeat sales.
- Significant investments in research and development of machinery with the aim to focus on precisely controlled equipment.
- Improving efficiencies of operations and to reduce the crop producers operating costs.
- Link with Consulting offices for Agriculture and Scientific support to its customers
- The machinery and Systems of IRRIGURU SOLUTIONS LIMITED. aim to help Tanzania farmers and Agriculture producers to export their products in the USA, Asia and European market and to obey all European directives for product quality.

2.0 Company Summary

IRRIGURU SOLUTIONS LIMITED. is a manufacturer of heavy Agriculture equipment incorporated in Tanzania with Certificate of Incorporation No.176530510 dated 23rd July, 2024 located Plot No. 9, in industrial Estate area, Mikocheni, Kinondoni District, Dar es Salaam Region. IRRIGURU SOLUTIONS LIMITED it is a new company with great vision with board of directors of

20 years of experience in the agriculture machinery and Implements field to generate a large customer base.

The company is specialized into agriculture planting and mechanization. the company's Directors decided to invest and establish assembling plant in Tanzania. IRRIGURU SOLUTIONS LIMITED. hopes to initially make a successful effort to secure start-up financing to implement a new business opportunity.

2.1 Company Ownership

IRRIGURU SOLUTIONS LIMITED. is a limited liability company. promoted by two shareholders who are very experienced in assembling industry. is promoted by two shareholders who are very experienced in minerals business.

Name of shareholders	% of shares	Nationality
ZHOU RUI	50	CHINA
YANG DONGXIAO	50	China

IRRIGURU SOLUTIONS LIMITED. management is comprised of experienced entrepreneurs and business professionals from the accounting, technology and

marketing management industries. Our management team will be comprised of 25 employees.

2.2 Location & Facilities

The company has one production site at **Plot No 9, Mikocheni Industrial Area, Kinondoni District, Dar es Salaam Region**, The factory is only 5 kilometers from the center of town and is located on the front line of the industrial area. It has a 500 sq. meter showroom and is visible from the main road.

The factory has designed floor area, where all manufacturing equipments and facilities are located and used for either maintenance or manufacturing of equipments and implements.

The factory facilities are open from 07:00 – 17:00 hours, Monday to Friday. The company does receive after hours calls or on weekends and provides assistance as needed.

3.0 Products and Services

IRRIGURU SOLUTIONS LIMITED. is a assembler and Authorized dealer of imported Agriculture machinery and implements. The company is a manufacturer of the branded farm implements from China such as tractors, Planters, Diggers, Harvesters, Inter row cultivators, Taper Machines and Fork–lift tractor mounted machines, Soil Preparation Machinery and Implements, Cereal Machinery and Implements, transplanting machinery, Irrigation systems, seed planting machines, mechanization, Animal food factory and packing systems and Fire Fighting units designed for Agriculture areas.

IRRIGURU SOLUTIONS LIMITED. takes pride in having brought several new items for Livestock and Vegetable equipments that were otherwise unknown, such as the manure spreader machines, Cereal mechanization, and soil preparation machines. We also have designed and patented a new vegetable seed planting machine

Our company has all the mechanization series and the associates with technology and know–how for animal food preparation and production.

Our machine is designed such that it can do all four processes—soil cultivation, fertilizing and planting on line, seed cover with soil and corrugation—in one go.

The company has already tested this machine for 5 years in China and the results were beyond expectations.

4.0 Market Analysis Summary

The overall market for agriculture machinery and implements is immense.

This business plan has identified over 1,800 agricultural producers and farmers in the local market that have a potential need to maintain and/or win customers or even more so are striving to survive. The funding schemes for agriculture and livestock support set by Tanzania Government will allow the company to stay competitive and this business opportunity is all about it.

The Ministry of Agriculture's budget increased from Tsh. 294 billion in 2021/2022 to Tsh. 1.248 trillion in

2024/2025, a 324.49% increase. 2.6% to 4.2%
Agricultural Sector Growth: The agricultural sector's growth increased from 2.6% in 2021 to 4.2% in 2023

The government has proposed a Sh1.243 trillion budget for the ministry of Agriculture in the 2025/26 financial year, aiming to sustain ongoing projects and introduce new initiatives to strengthen resilience in the sector.

In reality, all agriculture and livestock businesses are in need of our products, because there are only 10 potential competitors locally who import or manufacture agricultural machinery and implements

4.1 Market Segmentation

Our market segmentation scheme is fairly straightforward, and focuses on all agricultural and livestock sectors.

After 10 years of experience in agricultural machinery and implements manufacturing and design, the company has identified to set up assembling line in Tanzania, allowing the company to offer the same

quality of service and support as are afforded by the larger businesses.

The strategy used for years was to bring in selected products, and then attempt to find a buyer. This resulted in inventory overstock, and obsolescence. The company already knows the customers' needs and wants, therefore, as part of its marketing mix has decided to use the start with a series of 10 main machinery that will have the most predicted demand and via marketing and promotion will try to promote its complete series of products.

After sales, services and spare parts provision to repeat customers is also part of our new Marketing strategy. The aim of the new marketing approach is to keep the existing customers and a new market share. Long-term relationships with customers is one of the key-success factors mentioned earlier and was one of the reasons that company survived and earned their business in China.

The company expects that by implementing a correct marketing mix, we will increase our share in this

market segment by offering the same value-added service and support benefits that its commercial clients demand.

4.2 Target Market Segment Strategy

Our choice of target markets is based on comprehensive experience within the agriculture industry coupled with an in-depth understanding of the customers' needs for more than 10 years.

We have taken a unique approach to satisfy our customers' needs and wants and also simultaneously to answer all their questions and to air their fears about the effectiveness and efficiency of our products. The company identified that only the on-site testing of the agriculture machinery in the customers' fields could calm down even the most resistive and questionable customer.

The company cannot be successful by just waiting for the customer to come for ordering. Instead, we must focus on the specific market segments whose needs match more to our series of products. Focusing on targeted segments is the key to company's future.

Therefore, the company's focus and marketing message will be not only the customer needs but also the after service and spare parts services offered. A good marketing mix will develop company's message, communicate it, and fulfill its commitment to excellence.

Developing a market strategy. We will change the paradigm of being a product- and price-focused sales company, to that of becoming a customer- and market-focused company, aiming in sharing responsibility for customer satisfaction. We will accomplish this paradigm shift through the implementation of a balanced and continuous market research for agriculture needs and technology demands.

Planning and implementing specific strategies for each of the 10 identified segments will be an ongoing process, and we will consult with marketing specialists, and our manufacturers, to further refine these efforts as we develop an effective marketing plan.

4.3 Competition and Buying Patterns

Our customers want equipment that works well. They are paying a great deal of their annual income to purchase a machine, and will not buy anything unless they have a clear demonstration that it works, or a recommendation about buying from another farmer they trust Tanzania farmers and agriculture producers are the last-minute man. Plans to buy a machinery only when it is critical and necessary, and when he identify the need, he wants immediate delivery.

IRRIGURU SOLUTIONS LIMITED.'s closest competitors are importers of the same farm implements which to be manufactured by our company **most** of them located in Dar es Salaam, Mwanza, Arusha and Dodoma.

4.4 Strategy and Implementation Summary

IRRIGURU SOLUTIONS LIMITED. has already differentiated itself from other manufacturers and importers of agriculture machinery and implements by offering a spare parts and service maintenance to their

maintenance, professional advice to customers and custom solutions depending on customer demands.

Build a Relationship-Oriented Business Build long-term relationships with clients, not just selling the equipments. Let them become dependent on company's assistance to help out in many situations. Make them understand the value of the relationship.

The company plans to rapidly develop marketing alliances with agriculture consulting offices. The market strategy is to capitalize on IRRIGURU SOLUTIONS LIMITED. ever-increasing customer base and contacts by offering the latest products and after sales service.

The company's goal in the next year is to exhibit its products in the agriculture state fair that will take place August each year which will allow for expanding the product service area with up-to-date servicing equipment.

The company is planning to participate to the Saba saba International Trade every year and other local and international exhibition

4.5 Competitive Edge

IRRIGURU SOLUTIONS LIMITED competitive edge is our positioning as a strategic ally with our clients, who are clients more than customers. By building a machinery based on long-standing relationships with satisfied clients, IRRIGURU SOLUTIONS LIMITED simultaneously build defenses against competition. The longer the relationship stands, the more we help our clients understand what IRRIGURU SOLUTIONS LIMITED offer them and why they should both stay with IRRIGURU SOLUTIONS LIMITED. In agriculture communities, reputation is extremely important, and word-of-mouth advertising is invaluable.

The following differentiate IRRIGURU SOLUTIONS LIMITED. from its competitors:

- Wide Range of Machinery and Implements.

The company's machinery series satisfies all needs and wants of the crop producer. Our latest technology

systems and implements allow farmers to produce higher-quality products and give them a better competitive edge.

- Low Overhead Cost.

The company's machinery systems provide a unique, low-cost production which was estimated to range from 30–70% of the crop operating cost.

4.6 Marketing Strategy

The overall marketing plan for IRRIGURU SOLUTIONS LIMITED. products and services is based on the following fundamentals:

- **The segment of the market(s) planned to reach.**

Distribution channels planned to be used to reach market segments: radio, sales associates, and Post cards, direct marketing, mailings, etc.

- **Share of the market expected to capture over a fixed period of time.**

4.7 Market Responsibilities

IRRIGURU SOLUTIONS LIMITED. is committed to an extensive promotional campaign. This will be done aggressively and on a broad scale.

To accomplish initial sales goals, the company will require an extremely effective promotional campaign to accomplish two primary objectives:

- **Attract quality sales/service personnel that have a desire to be successful.**

Attract customers that will constantly look to IRRIGURU SOLUTIONS LIMITED. for their marketing. In addition, the company plans to advertise in magazines, newspapers, television, radio, and on billboards throughout the country.

In addition to standard advertisement practices, IRRIGURU SOLUTIONS LIMITED. will gain considerable recognition through these additional promotional mediums:

- Press releases sent to major radio stations, newspapers, and magazines.
- Radio advertising on secondary stations.
- Incentives. As an extra incentive for customers and potential customers to IRRIGURU SOLUTIONS LIMITED. name, the company plans to distribute coffee mugs, T-shirts, pens, and other advertising specialties with the company logo. This will be an

ongoing program for the company, when appropriate and where it is identified as beneficial.

- Brochures. The objective of brochures is to portray the company's goals and products as an attractive functionality. It will also show to customers how to use the latest technology of innovations or what it relates to agricultural and Livestock sector.

5.0 Sales Strategy

IRRIGURU SOLUTIONS LIMITED will be offering a unique solution that will be introduced to the market through targeted advertising and direct sales. The direct sales force

will manage the direct sales through personal sales calls and direct visits to villages and customer premises. This market is a long term, repetitive business where relationships are a key component to success.

We will promote the company and its ability to act as an ally to agriculture producers and livestock farmers. We will make marketable IRRIGURU SOLUTIONS LIMITED., and keep the reputation as the industry-leading manufacturer it represents

5.1 Pricing

IRRIGURU SOLUTIONS LIMITED will maintains a commercial credit policy for business customers with a net 30-day limit. Most of IRRIGURU SOLUTIONS LIMITED. customers choose to deal with their own financial sources.

The company will offer competitive prices, which are subject to review when necessary. Knowledge of market and competitor prices gives to the company the advantage of pricing in-line with competitors. The IRRIGURU SOLUTIONS LIMITED. suppliers have and will continue to supply products that enable the company to meet the customers' price ranges.

Most companies have a 15–20% markup on their merchandise. Having worked for most of the larger companies in the area, the board of directors have an advantage of knowing which companies are firm with the prices and how much others will decrease their prices.

The average price of our products will like Cereals mechanization US\$100,000, Vegetable

mechanization US\$80,000, Livestock Machines
US\$70,000 Other Machinery US\$10,00

Annual production capacity been estimated to be 120
units

6.0 Project Operating Cost

The company has estimated that the project operating
cost and other cost to be 80% of the total annual
revenue

6.2 Project Financing

The company has estimated that the project will be
financed by equity 100%.

6.3 Project Cost

The project has budgeted to cost the followings:

Land and Buildings	250,000
Machinery & Equipment	800,000
Motor Vehicles	70,000
Furniture & Fixtures	5,000
Pre exp	20,000
Others	150,000
Working Capital	2,000,000
TOTAL	3,295,000

7.0 Financial Aspects of The Project

(i) Projected Profit and Loss Statement

The attached Appendix I shows the projected income for the 5years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. **US\$ 1,329,650** in the 1st year to **US\$ 10,958,500** in the 5th year.

(ii) Projected Cash Flows

The project's cash flows are shown in Appendix II. They depict a good liquid position right from the first year. Cash accumulation builds up from **US\$ 1,350,150** in the first year to **US\$ 11,061,000** at the end of 5th years of the project's operations.

(iii) Projected Balance Sheet

The owners' equity is shown in Appendix III. Owners' equity grows from **US\$ 3,295,000** in the first year to **US\$ 14,253,500** at the end of 5th years of the project's operations based

(iv) Payback Period

Total investment is **US\$ 3,295,000** cash accumulation in 3rdyear **US\$ 5,142,450** which is more than the initial

investment, the project payback Period is exactly 3years.

8.0 Economic Aspects of The Projects

Besides the financial/monetary returns to the owners, there are other benefits to be derived for the whole country viz.

- **Employment Opportunities**

Employment and poverty reduction are among the major concern of the Central and the Local Government authorities. It is gratifying to note that the company, is going to provide additional employment to 20 people. This is a significant contribution coming from local investors.

- **Revenue to the Government**

The Project is expected to pay a substantial annual amount in the form of corporation tax and other taxes

9.0 CONCLUSION

Conclusion on the feasibility of the project

Comprehensive analysis shows that it is highly feasible to establish agriculture farm implement assembling plant

- i. The demand for agriculture farm implement continues to increase
- ii. Favorable policy environment: The government is promoting local production of agriculture farm implement; the project is in line with this direction
- iii. Considerable economic benefits: The investment payback period is expected to be about 3 years, and the medium- and long-term profitability is good
- iv. The project is profitable and contributes to government revenue by way of taxes.
- v. The project provides employment to 15 people.
- vi. The project is an encouraging sign to prove that we have good business environments and we have investors who have confidence in their country. Tanzania so much so that they are ready to invest

such large sums of investment despite the odds of the sector in question.

10.0 Recommendation

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implemented and be given all the support required by all the concerned Government Ministries and Agencies, including the Tanzania

Revenue Authority, TRA and the Tanzania Investment Centre – (TIC). The project deserves this support because of its viability, since it is technically feasible, economically viable and socially acceptable.

APPENDIX I

IRRIGURU SOLUTIONS LIMITED PROJECTED PROFIT AND LOSS STATEMENT US\$

	1	2	3	4	5
Revenue (Food & drinks)	9,600,000	12,000,000	15,000,000	18,750,000	23,437,500
Operating Expenses:	7,680,000	9,600,000	12,000,000	15,000,000	18,750,000
Profit before Depreciation & Interest	1,920,000	2,400,000	3,000,000	3,750,000	4,687,500
Interest	-	-	-	-	-
Depreciation	20,500	20,500	20,500	20,500	20,500
Gross Profit	1,899,500	2,379,500	2,979,500	3,729,500	4,667,000
Tax (30%)	569,850	713,850	893,850	1,118,850	1,400,100
Profit After Tax	1,329,650	1,665,650	2,085,650	2,610,650	3,266,900
Accumulated Profit	1,329,650	2,995,300	5,080,950	7,691,600	10,958,500

IRRIGURU SOLUTIONS LIMITED PROJECTED CASH FLOWS US\$

SOURCES:		1	2	3	4	5
Profit before interest and depreciation	–	1,920,000	2,400,000	3,000,000	3,750,000	4,687,500
Equity	3,295,000					
Total Sources	3,295,000	1,920,000	2,400,000	3,000,000	3,750,000	4,687,500
Applications:						
Capital expenditure	1,125,000	–	–	–	–	–
working Capital &Others	2,170,000					
Cash	–	1,350,150	1,686,150	2,106,150	2,631,150	3,287,400
Tax	–	569,850	713,850	893,850	1,118,850	1,400,100
Sub total	3,295,000	1,920,000	2,400,000	3,000,000	3,750,000	4,687,500
Total applications	3,295,000	1,920,000	2,400,000	3,000,000	3,750,000	4,687,500
Accumulated cash		1,350,150	3,036,300	5,142,450	7,773,600	11,061,000

APPENDIX III

IRRIGURU SOLUTIONS LIMITED PROJECTED BALANCE SHEET US\$

<u>Fixed Assets</u>	-	1	2	3	4	5
Opening balance	-	1,125,000	1,104,500	1,084,000	1,063,500	1,043,000
Total Long-term Assets	-	1,125,000	1,104,500	1,084,000	1,063,500	1,043,000
Less depreciation	-	20,500	20,500	20,500	20,500	20,500
Closing balance	-	1,104,500	1,084,000	1,063,500	1,043,000	1,022,500
Working capital	2,170,000	2,170,000	2,170,000	2,170,000	2,170,000	2,170,000
Accumulated cash	-	1,350,150	3,036,300	5,142,450	7,773,600	11,061,000
Total assets	2,170,000	4,624,650	6,290,300	8,375,950	10,986,600	14,253,500
Financed by						
Equity	3,295,000	3,295,000	3,295,000	3,295,000	3,295,000	3,295,000
Accumulated profit	-	1,329,650	2,995,300	5,080,950	7,691,600	10,958,500
Total equity	3,295,000	4,624,650	6,290,300	8,375,950	10,986,600	14,253,500
Total equity and debts	3,295,000	4,624,650	6,290,300	8,375,950	10,986,600	14,253,500

IRRIGURU SOLUTIONS LIMITED PROJECTED DEPRECIATION SCHEDULE US\$

NAME OF ASSETS	1	2	3	4	5
Land And Buildings	250,000	245,000	240,000	235,000	230,000
Machinery, Tools & Equipment	800,000	792,000	784,000	776,000	768,000
Motor Vehicles	70,000	63,000	56,000	49,000	42,000
Furniture & Fixtures	5,000	4,500	4,000	3,500	3,000
Total	1,125,000	1,104,500	1,084,000	1,063,500	1,043,000
DEPRECIATION	1	2	3	4	5
Land and buildings	5,000	5,000	5,000	5,000	5,000
Machinery tools & Equipment	8,000	8,000	8,000	8,000	8,000
Motor Vehicles	7,000	7,000	7,000	7,000	7,000
Furniture & Fixtures	500	500	500	500	500
ANNUAL DEPRECIATION	20,500	20,500	20,500	20,500	20,500

IRRIGURU SOLUTIONS LIMITED PROJECTED INVESTMENT COST US\$

Land and Buildings	250,000
Machinery & Equipment	800,000
Motor Vehicles	70,000
Furniture & Fixtures	5,000
Pre exp	20,000
Others	150,000
Working Capital	2,000,000
TOTAL	3,295,000