

# **DARSH INDUSTRIES LIMITED**

Revised Business Plan

for

Expanding A Modern Integrated Agro-Processing

and Packaging Project

*PREPARED FOR*

*DARSH INDUSTRIES LIMITED*

*P. O. Box        2385*

*ARUSHA*

## 1.0 EXECUTIVE SUMMARY

DARSH INDUSTRIES LIMITED is a company registered in the country with Certificate of incentives No.36214 issued on 4th May, 1999.

The proposed project involves expanding a modern integrated agro-processing plant focusing on:

- Tomatoes and related products
- Snacks and related products

The proposed project will have production capacity of 1500 Ton's food related products

### 1.1 Products

- Tomato Paste
- Tomato Sauce
- Ketchup
- Bulk industrial paste
- Popcorn, cassava chips, potatoes chips puffed cereals, rice snacks, fruit sticks, dip sticks, tortilla chips, fruit snack bar etc

### 1.2 Market Focus

- Tanzania domestic market
- EAC (Kenya, Uganda, Rwanda, Burundi)
- SADC export market (DRC, Zambia)

### 1.3 COMPANY OWNERSHIP

DARSH INDUSTRIES LIMITED is promoted by foreign investors who are very experienced in the industry

Shareholder Name	% of ownership	Nationality
MALA PANDIT	40	Tanzania
BADHRESH PANDIT	60	Tanzania

### 1.2 PROJECT LOCATION

The project head office will be located at Plot No. 3 Block S Ugwashanya Area, Iringa District, Iringa Region & Plot No.16 Themu Industrial Area Arusha Region.

### 1.3 VISION

To become a leading agro processor in East Africa, providing high-quality agro products

### 1.4 MISSION

To process food related products efficiently, responsibly, and profitably while creating employment and contributing to Tanzania's economy.

## 2.0 BUSINESS DESCRIPTION

DARSH INDUSTRIES LIMITED will expand a modern integrated agro-processing, packaging and distribution network to serve the growing demand domestic and international market

## 3.0 INDUSTRY OVERVIEW

### 3.1 GLOBAL INDUSTRY OVERVIEW

Globally, agro-processing is one of the largest manufacturing sectors.

#### Key Characteristics

- Accounts for a significant share of global manufacturing output
- Driven by population growth and urbanization
- Increasing demand for packaged and processed foods
- Strong integration with retail chains and export markets

Major global players operate in regions such as:

- North America
- Europe
- Asia (India, China, Thailand, Malaysia)

Developing countries are focusing on agro-processing to:

- Reduce post-harvest losses

- Improve food security
- Increase exports
- Promote industrialization

### 3.2 AGRO-PROCESSING IN AFRICA

Agro-processing is a priority sector under continental initiatives such as:

- African Union
- African Continental Free Trade Area

Importance in Africa

- Agriculture employs 50–70% of the population
- Large raw material base
- High post-harvest losses (20–40%)
- Heavy dependence on imported processed food

Key Opportunities

- Import substitution
- Regional exports under AfCFTA
- Youth employment
- Industrial value addition

### 3.3 AGRO-PROCESSING INDUSTRY IN TANZANIA

Agro-processing is a priority sector under:

- Tanzania Investment and Special Economic Zones Authority
- Ministry of Industry and Trade
- Ministry of Agriculture

Sector Importance

- Agriculture contributes about 25–30% of GDP
- Employs over 65% of the population
- Large production of maize, sunflower, cassava, rice, horticulture crops

Major Sub-Sectors

1. Grain milling
2. Edible oil processing
3. Sugar processing
4. Dairy processing
5. Meat processing
6. Fruit & vegetable processing
7. Animal feed production

### 3.4 Market Drivers

1. Population Growth

- Tanzania population: 65+ million
- Growing urban middle class

## 2. Urbanization

- Rising demand for packaged foods

## 3. Import Substitution

- Large imports of edible oil, wheat products, processed foods

## 4. Regional Trade

- EAC and SADC markets
- AfCFTA expansion

### 3.5 GOVERNMENT INDUSTRIALIZATION AGENDA

- Tax incentives
- Industrial parks
- Export promotion

### 3.6 VALUE CHAIN STRUCTURE

Agro-processing operates along the value chain:

Farmers → Aggregators → Processors → Distributors → Retailers → Consumers

Strong backward linkage (farmers) and forward linkage (retail & exports) make the sector highly strategic.

### 3.7 KEY CHALLENGES

1. Inconsistent raw material supply
2. Price volatility
3. Limited access to finance
4. High energy costs
5. Infrastructure gaps
6. Competition from imports
7. Limited technology adoption

### 3.8 INVESTMENT OPPORTUNITIES

High-potential areas include:

- Edible oil refining
- Tomato processing
- Avocado oil production
- Animal feed manufacturing
- Rice milling
- Cassava starch processing
- Fruit juice processing
- Cold storage & logistics

#### 4.0 SUMMARY OF KEY BARRIERS

<b>Challenge</b>	<b>Impact</b>
Seasonal supply	Stops year-round production
Post-harvest losses	Reduces available raw material
High energy cost	Increases operational costs
Access to finance	Limits investment
Competition from imports	Reduces market share
Infrastructure issues	Increases logistics cost
Quality standards	Limits export access

#### 5.0 MARKET ANALYSIS

##### 5.1 MARKET GROWTH FORECAST

Expected drivers in next decade:

- Urban population expansion
- Growth in food manufacturing
- Increase in tourism sector food demand
- Government push for agro-industrialization

##### 5.2 EXPORT MARKET OPPORTUNITIES

Potential export destinations for Tanzania:

- Kenya
- Uganda

- Rwanda
- DRC
- Middle East (processed products)

East Africa tomato consumption continues to grow due to:

- Population growth
- Urbanization
- Food service sector expansion

### 5.3 DOMESTIC DEMAND

Agro processed products are consumed daily in:

- Households
- Restaurants
- Hotels
- Food processors

Urbanization and tourism growth in Tanzania are increasing tomato consumption significantly.

### 6.0 MARKETING STRATEGY

- Distribution through wholesalers nationwide
- Supermarket chains (Shoppers, TSN, Village Supermarket)
- Institutional sales (hotels, schools, army)
- Export agents in EAC
- Branding as “Made in Tanz

## 6.1 RISK ANALYSIS & MITIGATION

<b>Risk</b>	<b>Mitigation</b>
Seasonal raw material shortage	Contract farming
Price fluctuations	Long-term supply contracts
Competition from imports	Competitive pricing & branding
Power instability	Standby generator
Currency risk	Export diversification

## 7.0 PRODUCTS & PRICING STRATEGY

- Average price per ton US\$5,500
- Production capacity per year is 1600 tons

## 8.0 PRODUCTION PROCESS

- Sorting & Washing
- Crushing & Pulping
- Pre-heating
- Evaporation (concentration to 28–36% Brix)
- Sterilization
- Filling & Packaging
- Cooling
- Labeling & Cartoning

## 8.1 MACHINERY REQUIRED

- Tomato washing line

- Crusher & pulper
- Double-effect evaporator
- Sterilizer
- Automatic sachet filling machine
- Can filling & seaming machine
- Bottle filling line
- Boiler & steam system
- Water treatment system
- Laboratory equipment

### 8.3 RAW MATERIAL SUPPLY STRATEGY

Annual Requirement: 450,000 tons of various agriculture related raw materials

Strategy:

- Contract farming with 3,000–5,000 farmers
- Provide seeds & extension support
- Collection centers in key production regions
- Cold storage at aggregation centers

#### 8.4 HUMAN RESOURCE PLAN

<b>Position</b>	<b>Number</b>
General Manager	1
Production Manager	1
Engineers	3
Quality Control Staff	4
Machine Operators	20
Factory Workers	60
Sales & Marketing	8
Admin & Finance	6
Drivers	5
Total	108

#### 8.5 IMPLEMENTATION TIMELINE

<b>Phase</b>	<b>Duration (Months)</b>
Feasibility study, licensing	1-3
Procurement of equipment	4-6
Civil works & plant installation	7-12
Trial runs & commissioning	13-15
Full-scale production	16-18

## 9.0 PROJECT FINANCING

The company has estimated that the project will be financed by long term loan amounting to US\$9,000,000 with interest rate of 8% repaid within 5 years and remaining US\$ 4,545,000 will be shareholders contribution and cashflows generated from business.

## 9.1 PROJECT COST

The project has budgeted to cost the followings:

Land and Buildings	7,000,000
Machinery & Equipment	3,500,000
Motor Vehicles	800,000
Furniture & Fixtures	10,000
Pre exp	100,000
Others	135,000
Working Capital	2,000,000
<b>TOTAL</b>	<b>13,545,000</b>

## 9.2 PROJECT OPERATING COST

The company has estimated that the project operating cost and other cost to be 65% of the total annual revenue.

## 9.3 PROJECT REVENUE

Revenue US\$ 8,800,000 increasing by 5% every year

## 9.4 FINANCIAL ASPECTS FOR THE PROJECT

- **Projected Profit and Loss Statement**

The attached Appendix I shows the projected income for the 8years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. **US\$ 1,472,800** in the 1<sup>st</sup> year to **US\$ 17,642,279** in the 8<sup>th</sup> year.

- **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\$ 2,448,800** in the first year to **US\$ 21,850,279** at the end of 8<sup>th</sup> years of the project's operations.

- **Projected Balance Sheet**

The project's assets cash flows are shown in Appendix III. Owners' equity grows from **US\$ 4,545,000** in the first year to **US\$ 22,187,279** at the end of 5<sup>th</sup> years of the project's operations based

- **Payback Period**

Total investment is **US\$ 13,545,000 cash** accumulation in 6<sup>th</sup> year **US\$ 15,773,724** which is more than the initial investment. The project payback Period is exactly 6years. The project has a relatively short payback period.

- **Loan repayment**

Total investment loan is **US\$9,000,000** to be repaid within 5 years.

## 10.0 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 108 people. This is a significant contribution coming from investors.

- **Revenue to the Government**

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

- **Foreign Exchange Earning**

Project is planning to export to neighbouring countries the project will thus earn foreign currency for the United Republic of Tanzania.

## 11.0 CONCLUSION

- The project is profitable and contributes to government revenue by way of taxes.
- The project provides employment to 108 people.

- 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.

## 12.0 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 TISEZA. The project deserves this support because of its viability, since it is technical feasible, economically viable and socially acceptable.

## APPENDIX I

## DARSH INDUSTRIES LIMITED PROJECTED PROFIT AND LOSS STATEMENT US\$

	1	2	3	4	5	6	7	8
Revenue -Industrial textiles	8,800,000	9,240,000	9,702,000	10,187,100	10,696,455	11,231,278	11,792,842	12,382,484
Total Cost	5,720,000	6,006,000	6,306,300	6,621,615	6,952,696	7,300,331	7,665,347	8,048,614
Profit before Depreciation &Interest	3,080,000	3,234,000	3,395,700	3,565,485	3,743,759	3,930,947	4,127,495	4,333,869
Interest	720,000	576,000	432,000	288,000	144,000	-	-	-
Depreciation	256,000	256,000	256,000	256,000	256,000	256,000	256,000	256,000
Gross Profit	2,104,000	2,402,000	2,707,700	3,021,485	3,343,759	3,674,947	3,871,495	4,077,869
Tax (30%)	631,200	720,600	812,310	906,446	1,003,128	1,102,484	1,161,448	1,223,361
Profit After Tax	1,472,800	1,681,400	1,895,390	2,115,040	2,340,631	2,572,463	2,710,046	2,854,509
Accumulated Profit	1,472,800	3,154,200	5,049,590	7,164,630	9,505,261	12,077,724	14,787,770	17,642,279

## DARSH INDUSTRIES LIMITED PROJECTED CASH FLOWS US\$

<b>SOURCES:</b>		1	2	3	4	5	6	7	8
Profit before interest and depreciation	-	3,080,000	3,234,000	3,395,700	3,565,485	3,743,759	3,930,947	4,127,495	4,333,869
Equity	4,545,000								
Loan	9,000,000								
<b>Total Sources</b>	13,545,000	3,080,000	3,234,000	3,395,700	3,565,485	3,743,759	3,930,947	<b>4,127,495</b>	<b>4,333,869</b>
<b>Applications:</b>									
Capital expenditure	11,310,000	-	-	-	-	-			
working Capital & Others	2,235,000								
Cash	-	2,448,800	2,513,400	2,583,390	2,659,040	2,740,631	2,828,463	2,966,046	3,110,509
Tax	-	631,200	720,600	812,310	906,446	1,003,128	1,102,484	1,161,448	1,223,361
<b>Sub total</b>	13,545,000	3,080,000	3,234,000	3,395,700	3,565,485	3,743,759	3,930,947	<b>4,127,495</b>	<b>4,333,869</b>
<b>Total applications</b>	13,545,000	3,080,000	3,234,000	3,395,700	3,565,485	3,743,759	3,930,947	<b>4,127,495</b>	<b>4,333,869</b>
Accumulated cash		2,448,800	4,962,200	7,545,590	10,204,630	12,945,261	15,773,724	18,739,770	21,850,279

## DARSH INDUSTRIES LIMITED PROJECTED BALANCE SHEET US\$

<b>Fixed Assets</b>		1	2	3	4	5	6	7	8
Opening balance	-	11,310,000	11,054,000	10,798,000	10,542,000	10,286,000	10,030,000	9,774,000	9,518,000
<b>Total Long-term Assets</b>	-	11,310,000	11,054,000	10,798,000	10,542,000	10,286,000	10,030,000	9,774,000	9,518,000
<b>Less depreciation</b>	-	385,000	385,000	385,000	385,000	385,000	385,000	385,000	385,000
<b>Closing balance</b>	-	10,925,000	10,669,000	10,413,000	10,157,000	9,901,000	9,645,000	9,389,000	9,133,000
Working capital	2,235,000	2,235,000	2,235,000	2,235,000	2,235,000	2,235,000	2,235,000	2,235,000	2,235,000
Accumulated cash	-	2,448,800	4,962,200	7,545,590	10,204,630	12,945,261	15,773,724	18,739,770	21,850,279
<b>Total assets</b>	2,235,000	15,608,800	17,866,200	20,193,590	22,596,630	25,081,261	27,653,724	30,363,770	33,218,279
Financed by									
Equity	4,545,000	4,545,000	4,545,000	4,545,000	4,545,000	4,545,000	4,545,000	4,545,000	4,545,000
Accumulated profit	-	1,472,800	3,154,200	5,049,590	7,164,630	9,505,261	12,077,724	14,787,770	17,642,279
Total equity	4,545,000	6,017,800	7,699,200	9,594,590	11,709,630	14,050,261	16,622,724	19,332,770	22,187,279
Long term loan	9,000,000	7,200,000	5,400,000	3,600,000	1,800,000	-	-	-	-
<b>Total debts</b>	9,000,000	7,200,000	5,400,000	3,600,000	1,800,000	-			
<b>Total equity and debts</b>	13,545,000	13,217,800	13,099,200	13,194,590	13,509,630	14,050,261	16,622,724	19,332,770	22,187,279

## DARSH INDUSTRIES LIMITED DEPRECIATION SCHEDULE US\$

NAME OF ASSETS	1	2	3	4	5	6	7	8
Land And Buildings	7,000,000	6,860,000	6,720,000	6,580,000	6,440,000	6,300,000	6,160,000	6,020,000
Machinery, Tools & Equipment	3,500,000	3,465,000	3,430,000	3,395,000	3,360,000	3,325,000	3,290,000	3,255,000
Motor Vehicles	800,000	720,000	640,000	560,000	480,000	400,000	320,000	240,000
Furniture & Fixtures	10,000	9,000	8,000	7,000	6,000	5,000	4,000	3,000
Total	11,310,000	11,054,000	10,798,000	10,542,000	10,286,000	10,030,000	9,774,000	9,518,000
DEPRECIATION	1	2	3	4	5	6	7	8
Land and buildings	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
Machinery tools & Equipment	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Motor Vehicles	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Furniture & Fixtures	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
ANNUAL DEPRECIATION	256,000	256,000	256,000	256,000	256,000	256,000	256,000	256,000

## DARSH INDUSTRIES LIMITED PROJECTED LONG TERM LOAN REPAYMENT

Year	Principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
1	1,800,000	720,000.00	2,520,000.00	9,000,000.00
2	1,800,000	576,000.00	2,376,000.00	7,200,000.00
3	1,800,000	432,000.00	2,232,000.00	5,400,000.00
4	1,800,000	288,000.00	2,088,000.00	3,600,000.00
5	1,800,000	144,000.00	1,944,000.00	1,800,000.00

