

**BUSINESS PLAN OF MILIMANI HOLDING COMPANY  
LIMITED**

**Agricultural Machinery Manufacturing Plant –  
Tanzania**

**FEBRUARY, 2026  
MILIMANI HOLDING COMPANY LIMITED  
P.O. Box 1818 Arusha**

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## **LIST OF ABBREVIATIONS**

ASDP – Agricultural Sector Development Programme

NGOs – Non-Governmental Organizations

SMEs – Small and Medium Enterprises

TIN – Taxpayer Identification Number

TRA – Tanzania Revenue Authority

TBS – Tanzania Bureau of Standards

USD – United States Dollar

VAT – Value Added Tax

SIDO – Small Industries Development Organization

BOT – Bank of Tanzania

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## **BUSINESS PLAN**

### **MILIMANI HOLDING COMPANY LIMITED**

#### **Agricultural Machinery Manufacturing Plant – Tanzania**

## **1.0 INTRODUCTION**

### **1.1 Executive Summary**

Milimani Holding Company Limited, established in December 2024 and headquarters located in Kisongo, Arusha, Tanzania. P.O. Box 1818 Arusha, the company is under Taxpayer Identification Number (TIN) 180-362-843 and is fully compliant with national regulatory requirements. is a forward-looking enterprise committed to advancing the agricultural sector through the production and supply of essential farming equipment. The company operates with a clear mission to enhance agricultural productivity by improving access to quality, affordable machinery for small and medium farmers.

Milimani Holding Company Limited, the company is focused on manufacturing and supplying affordable, high-quality agricultural machinery including; irrigation pumps, plough, chisel harrow, tillers, sprayer, forage harvester, combine harvester and planters. Through these products, the company aims to address the growing demand for modern farming tools that increase efficiency, reduce labour intensity, and improve crop yields.

The project aims to address Tanzania low mechanization rate by providing locally manufactured, cost-effective equipment tailored to local farming conditions.

#### **1.1.0 Ownership Structure**

Ownership of the company is held by two shareholders:

- **Finn Von Wurden Peterson** 90%
- **Anna Hnkonaebha Danshina** 10%.

Milimani Holding Company Limited aims to create long term value through strategic Investment, efficient resource management, and the implementation of high impact business initiatives. The company is positioned to contribute to economic development, job creation, and investment growth within Tanzania and beyond.

Due to its size and nature of business activities, Milimani Holding Company Limited currently has departments namely: Production, Finance and Accounts, Sales and Marketing as well as Procurement and Logistics departments all operating under the Managing Director. At present, Milimani Holding Company Limited has three members of the Board of Directors.

### **1.2 Investment Summary**

The project is estimated to investment cost a total of USD 3,705,000. This amount, USD 1,600,000 represents the value of factory of building, warehouse and land located in Kisongo and Misseriani owned by Milimani Holding Company Limited, while USD 700,000 the value for machinery currently owned by the Managing Director and located in Denmark, which will be imported into Tanzania for the establishment of an agricultural equipment manufacturing plant. The remaining USD 700,000 will be used as motor vehicles and 705,000 contributed as additional equity in cash, sourced from existing working capital to support land development and ongoing project implementation activities.

The project is expected to generate USD 747,600 net profit in Year 1, with steady growth over time. This will be from sales of different products as listed in the revenue schedule which may include the existing and new products.

## **2.0 MARKET ANALYSIS**

### **2.1 Industry Overview**

The agricultural machinery industry in Tanzania is positioned for significant growth, driven by the country predominantly agriculture-based economy and government initiatives promoting mechanization. The demand for modern farming equipment such as irrigation pumps, plough, chisel harrow, tillers, sprayer, forage harvester, combine harvester and planters is increasing as farmers seek ways to improve productivity, reduce labour intensity, and increase crop yields. Despite this growing demand, the majority of machinery is imported, and local production is limited, creating a substantial gap in supply that Milimani Holding Company Limited aims to address.

### **2.2 Target Market**

Milimani Holding Company Limited will focus on serving:

- Small- and medium-scale farmers seeking affordable mechanization solutions.

- Agricultural cooperatives and associations looking to increase collective productivity.
- Government and non-governmental organizations involved in agricultural development programs.

### **2.3 Competitive Market**

Currently, the market is dominated by imported equipment, often expensive and with limited after sales support. Milimani Holding Company Limited to offer: Locally assembled, cost-effective machinery, Reliable after sales service and spare parts supply and Products tailored to Tanzanian farming conditions and crop types

### **2.4 Market Growth Potential**

Government initiatives, such as the Agricultural Sector Development Program (ASDP) and incentives for farm mechanization, are expected to accelerate the adoption of modern equipment. With mechanization still low, the potential for market penetration is high, especially for irrigation systems, disc harrows, and planters. Increasing awareness and training for farmers will further boost demand.

### **2.5 Distribution Channels**

The company will utilize a multi-channel distribution approach, including: Direct sales to farmers and cooperatives, Partnerships with agricultural input suppliers and distributors and Participation in agricultural fairs, exhibitions, and government supported programs.

### **2.6 Market Risks and Mitigation**

Price Sensitivity: Farmers are price conscious; offering flexible payment plans or leasing options can help mitigate this. Supply Chain Disruptions: Strong relationships with local and international suppliers will reduce raw material shortages. Competition from Imports: Emphasizing local assembly, lower costs, and after sales support will differentiate the company.

## **3.0 ECONOMIC ASPECTS**

### **3.1 Agricultural Machinery Industry Demand and Supply in The Country**

The agricultural machinery industry in Tanzania faces a strong and growing demand driven by the country agriculture economy, the governments push for modernization, and farmers need for higher productivity. While demand is rising for irrigation pumps, plough, chisel harrow,

tillers, sprayer, forage harvester, combine harvester and planters, adoption levels remain low, with most farmers still relying on manual tools and draft animals. Supply is limited, with advanced machinery primarily imported and only a small portion locally assembled, creating a significant market gap. This gap presents substantial opportunities for investment in local manufacturing, distribution, and affordable mechanized solutions to meet the country's expanding agricultural needs.

### **3.2 Investment Potential of agricultural machinery Industry in Tanzania**

The agricultural machinery industry in Tanzania presents significant investment potential due to the country predominantly agriculture economy, low current mechanization levels, and growing demand for modern farming equipment such as irrigation pumps, plough, chisel harrow, tillers, sprayer, forage harvester, combine harvester and planters. With most machinery currently imported and limited local production, there is a substantial market gap for reliable, affordable, and locally accessible equipment. Government support for mechanization, including incentives and initiatives to improve access to farm machinery, further enhances the sectors attractiveness. Investors have the opportunity to capitalize on rising productivity needs, expand distribution networks, and contribute to sustainable agricultural growth while achieving strong returns.

### **3.3 Job Creation**

It is expected that upon implementation of this project the number of employees will be approximately 90 including mechanical engineers and production personnel, electrical technicians, drivers, store keepers, marketing and distribution officers etc. It is also envisaged that all technical staff will need training especially on proper operation of the new machinery.

### **3.4 Contribution to the Economy**

The agricultural machinery industry in Tanzania contributes significantly to the economy by enhancing farm productivity, creating employment, and supporting food security. By enabling mechanized farming through equipment such as irrigation pumps, plough, chisel harrow, tillers, sprayer, forage harvester, combine harvester and planters, the sector increases crop yields and efficiency, strengthens value chains, and stimulates rural economic development. Additionally, investment in local manufacturing and distribution of agricultural machinery attracts capital, fosters technological innovation, and supports overall economic growth.

## **4.0 TECHNICAL APPRAISAL**

### **4.1 Project Location**

The company has acquired a piece of land measuring 133,547 square meters in Kisongo and miseriani, on the outskirts of Arusha City, for this purpose. The land will be developed in phases, including the construction of warehouses to house production machinery and to store finished products, as well as an office building. As stated earlier, the objective is to ensure the smooth implementation of the project.

### **4.2 Production Capacity**

The plant is expected to commence operations at 55% of its rated capacity, increasing to 60% in the second year. An average production level of 65% of the installed capacity is projected to be achieved from the third year onwards. It is anticipated that the number of production days will be 25 days per month.

Furthermore, the number of agricultural machines such as irrigation pumps, plough, chisel harrow, tillers, sprayer, forage harvester, combine harvester and planters manufactured per day is expected to increase by more than 30% following the establishment of the plant. These estimates are based on the types of machinery to be used in production and the total production time available throughout the year.

### **4.3 Raw Materials**

The main cost driver for Milimani Holding Company Limited products will be the cost of purchasing various raw materials such as steel, corrugated iron sheets, and different spare parts, which are expected to account for approximately 50–60% of the total production costs.

A large portion of the raw materials to be used in the manufacturing of the company's products will be sourced locally, mainly from traders and wholesalers dealing in steel and spare parts.

To ensure smooth operations, Milimani Holding Company Limited will establish a strong network and maintain solid relationships with these raw material suppliers.

#### **4.3.0 Production and Purchase Costs**

According to conducted studies, the production cost per unit of each product is estimated to range between 50–60% of the total production costs. As stated above, the main cost driver

for Milimani Holding Company Limited products is the procurement of various raw materials, which currently accounts for approximately 50–60% of the total costs.

During the distribution stage of the manufactured products, the main cost drivers include transportation expenses, salaries to be paid to employees of Milimani Holding Company Limited, machinery maintenance costs, and other miscellaneous expenses.

#### **4.4 Quality Assurance**

Milimani Holding Company Limited fully complies with all accepted production quality standards and possesses all the necessary licenses required to operate its factory. Therefore, it is expected that the products produced and distributed by the company will meet acceptable quality standards and be certified by the relevant authorities, such as the Tanzania Bureau of Standards. This will enable Milimani Holding Company Limited to continue being among the producers of high-quality agricultural products.

Additionally, all products of Milimani Holding Company Limited will have barcodes for tracking purposes.

### **5.0 FINANCIAL APPRAISAL**

#### **5.1 Financial Projection Summary**

Investment and Financing Plan for the project, detailing the total equity contribution of USD 3,705,000. It breaks down the investment into key asset categories: Land and Building, including land valued at USD 600,000 and the factory with warehouse at USD 1,000,000, total USD 1,600,000; Machines and Equipment valued at USD 700,000; Motor Vehicles costing USD 700,000; Furniture and Fittings, including furniture at USD 3,500 and computers at USD 1,500, total USD 5,000; and Working Capital amounting to USD 700,000. This breakdown illustrates how the project funds are allocated across fixed assets, operational resources, and initial working capital, providing a clear view of the financial structure required to establish and operate the business.

**Table 1 financial breakdown**

<b>Descriptions</b>	<b>Equity of contribution</b>
<b>Land and Building</b>	<b>(USD)</b>
Land	600,000
Factory of Building and Warehouse	1,000,000
<b>Sub Total</b>	<b>1,600,000</b>
Machines and Equipment	700,000
<b>Sub Total</b>	<b>700,000</b>
Motor Vehicle	700,000
<b>Sub Total</b>	<b>700,000</b>
<b>Furniture and fittings</b>	
Furniture's	3,500
Computer	1,500
<b>Sub Total</b>	<b>5,000</b>
Working capital	700,000
<b>Sub Total</b>	<b>700,000</b>
<b>TOTAL PROJECT COST</b>	<b>3,705,000</b>

**Table 2 annual production (Capacity)**

<b>Product</b>	<b>Units</b>	<b>Price (USD)</b>	<b>Revenue (USD)</b>
Irrigation Pumps (2.0)	100	1500	150,000
Irrigation Pumps (2.1)	50	3000	150,000
Irrigation Pumps (2.2)	40	4500	180,000
Irrigation Pumps (2.3)	30	8500	255,000
Irrigation Pumps (2.4)	25	1400	35,000
Plough	100	4000	400,000
Chisel harrow	100	5000	500,000
Tillers	100	4000	400,000
Sprayer	100	3000	300,000
Planters I	100	5000	500,000
Planters II	100	6000	600,000
Forage harvester	100	6000	600,000
Combine harvester	100	6000	600,000
<b>Total Revenue</b>			<b>4,670,000</b>

### **5.1.0 Operational cost**

Operational cost is required for the Annual of business operation before the investment generate enough funds to cover its cost. This includes purchases of raw materials, administration, transport which in total will cost USD 800,000.

**Table 3 operational cost**

<b>Description</b>	<b>Annual Cost (USD)</b>
Raw Materials & Components	350,000
Direct Labor (Production Staff)	180,000
Utilities (Electricity, Water, Gas)	50,000
Maintenance (Machines & Equipment)	25,000
Depreciation	45,000
Administrative Salaries	70,000
Office Utilities & Supplies	10,000
Marketing & Distribution	40,000
Insurance (Factory, Vehicles, Equipment)	15,000
Transportation / Logistics	10,000
Miscellaneous Expenses	5,000
<b>Total Operating Costs</b>	<b>800,000</b>

## **5.2 FIVE YEAR FINANCIAL PROJECTION (USD)**

The five-year financial projections for the proposed agricultural machinery manufacturing plant indicate a strong and steadily improving financial performance under realistic operating assumptions. Revenue is projected to grow at an annual rate of 10%, increasing from USD 4,670,000 in Year 1 to USD 6,837,347 in Year 5, reflecting expanding market demand and

production capacity. Cost of production is estimated at 60% of revenue, resulting in a consistent gross profit margin of 40%, while operating costs are expected to rise moderately by 4% per year due to inflation and expansion-related expenses. Despite these increasing costs, the company maintains solid profitability, with Earnings Before Interest and Tax (EBIT) rising from USD 1,068,000 in Year 1 to USD 1,799,052 in Year 5. After accounting for a 30% corporate tax rate, net earnings are projected to grow significantly from USD 747,600 to USD 1,259,336 over the same period. This upward trend demonstrates the project’s ability to generate increasing returns, sustain operational efficiency, and remain financially viable, making it an attractive investment opportunity with strong growth potential.

**Table 4 five years of financial projection**

<b>Year</b>	<b>Revenue</b>	<b>Cost of Products (60%)</b>	<b>Gross Profit</b>	<b>Operating Costs (+4%)</b>	<b>EBIT</b>	<b>Tax (30%)</b>	<b>Earnings After Tax</b>
<b>Year 1</b>	4,670,000	2,802,000	1,868,000	800,000	1,068,000	320,400	<b>747,600</b>
<b>Year 2</b>	5,137,000	3,082,200	2,054,800	832,000	1,222,800	366,840	<b>855,960</b>
<b>Year 3</b>	5,650,700	3,390,420	2,260,280	865,280	1,395,000	418,500	<b>976,500</b>
<b>Year 4</b>	6,215,770	3,729,462	2,486,308	899,891	1,586,417	475,925	<b>1,110,492</b>
<b>Year 5</b>	6,837,347	4,102,408	2,734,939	935,887	1,799,052	539,716	<b>1,259,336</b>

**Table 5 Annual Cash Flows**

<b>Year</b>	<b>Earnings After Tax</b>	<b>Cumulative Cash Flow</b>
Year 1	747,600	747,600
Year 2	855,960	1,603,560
Year 3	976,500	2,580,060
Year 4	1,110,492	3,690,552
Year 5	1,259,336	4,949,888

### **5.3 Payback Period**

Initial Investment: 3,705,000 (USD)

Cumulative cash flow exceeds 3,705,000 (USD) between Year 3 and Year 4

Fraction of Year 4 needed=  $(3,705,000 - 2,580,060) / 1,110,492 = 0.1$  year

Payback Period: 4 years and 1 monthly

### **5.4 Break-Even Analysis**

Break-even revenue: USD 2,000,000

Year 1 revenue: USD 4,670,000

The company operates well above break-even, ensuring a strong margin of safety.

### **5.5 Financial Viability**

The financial analysis of the agricultural equipment manufacturing project indicates strong viability. The Internal Rate of Return (IRR) and Net Present Value (NPV) calculations confirm that the investment is profitable, reflecting positive returns above the company's cost of capital. The sensitivity analysis highlights that the project's profitability is particularly sensitive to fluctuations in selling prices, indicating that even moderate changes in market pricing could significantly impact net income. Overall, the results demonstrate that while the project is

financially sound, careful pricing and market management are crucial to maintaining expected returns.

## 6.0 PROJECT HUMAN RESOURCE MANAGEMENT

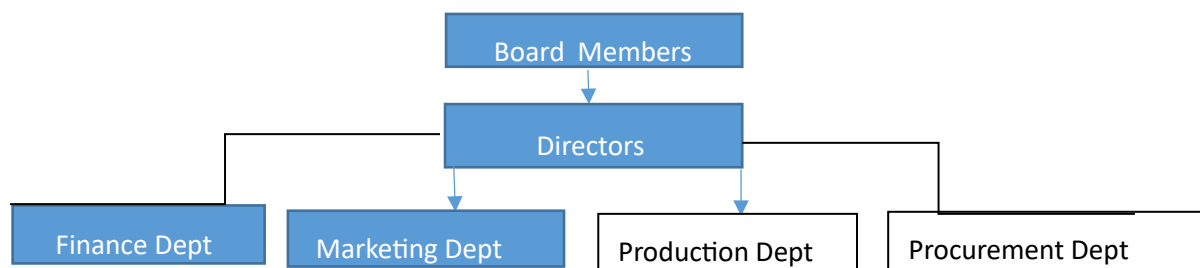
### 6.1 Employment and Labour issues

It is expected that upon implementation of this project the number of employees will be approximately 90 including Administrative, mechanical engineers and production personnel, electrical technicians, drivers, store keepers, marketing and distribution officers etc. It is also envisaged that all technical staff will need training especially on proper operation of the new machinery.

### 6.2 Technical Advice

Mlimani Holding company Limited has two shareholders knowledgeable and skilled shareholders and directors as well as experienced dynamic, self-motivated and hardworking management team

#### 6.2.0 Organizational Structure



Due to its size and nature of business activities, Milimani Holding company Limited currently has four departments namely: Production, Finance and Accounts, Sales and Marketing as well as Procurement and Logistics departments all operating under the Managing Director. At present, Milimani Holding company Limited has two members of the Board of Directors.

### 6.3 Community Development Aspects

The company is aware of the issues of community development like Gender issues, corporate social responsibilities, anti-corruption, labour rights and the HIV issues Upon the launch of the project there will be a plan to be used to deal with the issues named above. There are local

NGO that provide directions and plans on how to deal with the issues and they will be contacted if needs arise.

## **7.0 PROJECT RISKS AND MITIGATION MEASURES**

Price Sensitivity: Farmers are price conscious; offering flexible payment plans or leasing options can help mitigate this. Supply Chain Disruptions: Strong relationships with local and international suppliers will reduce raw material shortages. Competition from Imports: Emphasizing local assembly, lower costs, and after sales support will differentiate the company.

***Table 6 Risks and Mitigation***

<b>Risk</b>	<b>Mitigation</b>
Cheap imports	Focus on quality service
Power supply	Backup generators
Skilled labour gap	Training programs
Market penetration	Financing options

## **8.0 CONCLUSIONS AND RECOMMENDATIONS**

Milimani Holding Company Limited presents a financially viable and strategically positioned investment opportunity within Tanzania's growing agricultural sector. The project demonstrates strong revenue growth, increasing profitability, and a reasonable payback period of approximately four years.

The business benefits from a significant market gap, government support for mechanization, and a scalable operational model. With proper implementation, cost control, and effective market penetration strategies, the company is well-positioned to achieve sustainable growth and deliver attractive returns to investors.