

JOSHI FEEDMEAL LID

MINUTE SHEET

Dokezo
No.

1.0

Ag: EXD

The approved project has fulfilled the investment requirements, which are: -

(a) Minimum finance investment threshold has been exceeded, the project expects to invest us\$ 1.5m.....

(b) Legal entity has been incorporated under certificate

No. 97488..... of 27/02/2013.....

Based on the above, the letter of approval is hereby submitted for signature in order for the project to comply with the requirements of Section 17 of Tanzania Investment Act, 1997.

Submitted for signature.



N. Senzia

DIF

22nd April, 2013

EXD

In response to the TIC letter of registration dated 22/04/2013.....

the project has submitted the required documents namely: -

(a) Company Board Resolution.

(b) Reference letter/Financing from Uchumi Commercial Bank.....

(c) Title Deed as evidence of land.....

With the above submission EXD is requested to sign Certificate of Incentives No. 042427..... herein attached.


Ag. DIF
31/05/2013

MINUTE SHEET

Dokezo
No.

2



0021.9953

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 070874

This is to certify that

FEJOMA INVESTMENTS LIMITED

P.O. BOX 72569

of address

DAR ES SALAAM

has been granted a Certificate of Incentives to invest in a new, ~~XXXXXX~~ enterprise known as

FEJOMA INVESTMENTS LIMITED

PLOT NO. 29 CDP, CENTRAL BUSINESS PARK

Which is located at

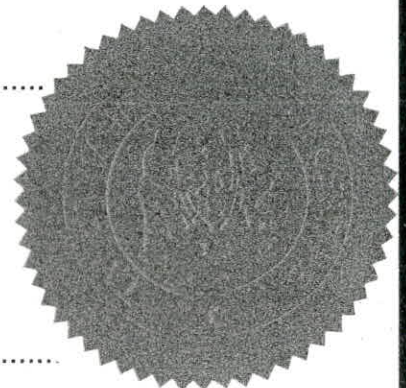
DODOMA URBAN - DODOMA

Further particulars required by Section 17 of the Tanzania Investment Act are set out overleaf.

Executive Director

Tanzania Investment Centre
P.O. Box 938, Dar es Salaam

Dated 29TH MAY 2013



This Certificate is issued in accordance with the provisions of Section 17 of the Tanzania Investment Act, 1997 and subject to the conditions prescribed under item 14 and 15 hereafter:—

1. Shareholders

Shareholders	Nationality	Shareholding (%)
Helen F. Maneno	Tanzanian	10
Anna F. Maneno	Tanzanian	30
Felix J. Maneno	Tanzanian	60

2. Proposed Activities : **To establish cargo transportation project**

3. Sector: **Transportation** Subsector **Cargo Transportation**

4. Investment cost: Foreign **—** Local **USD 2.528m.** Total **USD 2.528m.**

5. Project Financing:

Equity	USD 1.264m.	Loans	USD 1.264m.	Total	USD 2.528m.
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6. Source, terms and conditions of loan

7. Assets to be invested:

Capital items:	Foreign	Local	Total
	—	USD 2.528m.	USD 2.528m.

8. Technology Agreement **None**

9. Date of TIC Registration: **2nd October 2012**

10. Implementation period **October 2012 - September 2015**

11. Operative date **October 2015**

12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997
 - (i) Applicable Import Duty **And VAT as per Customs Tariff act, 1976 & VAT Act,**
 - (ii) Applicable with-holding Tax **As per Income Tax Act, 2004 (as amended)**
 - (iii) Eligibility of Capital Allowances **As per Income Tax Act, 2004 (as amended)**

13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.

14. Conditions attached to this Certificate of Incentives
 - (i) Date of Commencement of investment has to be notified to the Centre.
 - (ii) Certificate not to be transferred, assigned or amended
 - (iii) Failure to commence implementation within two years invalidates Certificate
 - (iv) Failure to operate investment must be notified to the Centre
 - (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre

15. Additional conditions attached to Certificate **None**

Signed 
Executive Director

TICC/PP.10/042427/6

15/08/2013

Commissioner for Customs & Excise,
Tanzania Revenue Authority,
P.O. Box 9053,
DAR ES SALAAM

Dear Sir,

**RE: DUTY/ VAT REMISSIONS ON CAPITAL/ DEEMED CAPITAL
GOODS – CERTIFICATE OF INCENTIVES No: 042427**

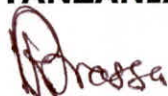
M/S Joshi Feedmeal Limited is a TIC registered company with
certificate of incentives **No. 042427** which is valid up to **March 2016**

The company has been registered with objectives of establishing animal
feed manufacturing Project.

Attached herewith please find a list of Capital/ Deemed Capital Goods for
Duty/ VAT remissions approval.

Yours sincerely

TANZANIA INVESTMENT CENTRE



Revocatus Arbogast

FOR: EXECUTIVE DIRECTOR

MINUTE SHEET

5

Dokezo
No.



TO : DIF
FROM : Ag. ZM (N)
DATE : 12TH AUGUST 2013

RE: DUTY & VAT EXEMPTION REQUEST ON DEEMED/CAPITAL GOODS FOR JOSHI FEEDMEAL LIMITED - MOSHI

I am forwarding to you an application for Duty and VAT exemption on capital goods for **Joshi Feedmeal Limited** which will be invested to facilitate the implementation of this project.

Please find the following attached documents to process their request.

1. 2 copies of Application letter
2. 2 copies of TIC CoI
3. 2 copies of Tax Payer Identification Number (TIN)
4. 2 copies of Certificate of Incorporation
5. 10 copies of list of goods to be exempted
6. Soft copy containing item no.5 above

Please expedite their application.

A handwritten signature in blue ink, appearing to read "George Mukono". The signature is written in a cursive style with a horizontal line extending to the left.

George Mukono

MINUTE SHEET

Dokezo
No.

JOSHI FEEDMEAL LIMITED
P. O. Box 3060, Moshi

Date: 05th August 2013

**Commissioner of Customs & Excise Duty,
P. O. Box 9053,
Dar-es-Salaam.**

**u.f.s. The executive Director,
Tanzania Investment Centre,
P. O. Box 938,
Dar-es-Salaam.**

Dear Sir;

**RE: APPLICATION FOR TAX RELIEF IN RESPECT OF A NEW INVESTMENT IN
DEVELOPMENT OF ANIMAL FOOD PROCESSING FACTORY**

On behalf of JOSHI Feedmeal Limited, I would like to submit to you the above mentioned application for this investment to be operated in Moshi Kilimanjaro region.

The project has already been registered at the TIC and has obtained Certificate of Incentive No. 042427 of 31st May 2013. The application is for tax relief as defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997 namely:-

- Applicable Import Duty as per Customs Tariff Act, 1976.
- Applicable VAT as per VAT Act, 1997 (as amended).
- Applicable with-holding tax as per Income Tax Act, 2004 (as amended).
- Eligibility of Capital Allowances as per Income Tax Act, 2004 (as amended).

Enclosed with this letter please find the following documents:-

- (i) Copies of Certificate of Incentives No. 042427
- (ii) TIN Certificate No. 120-920-448
- (iii) Schedule of Materials and Equipment needed in the capital investment.

I sincerely hope that you will consider this application positively so that the project (which has already commenced) can proceed to successful completion.

Yours truly,



Joseph S. Swai
MANAGING DIRECTOR


**PROPOSED ANIMAL FEED GODOWN
FOR
M/s. JOSHI FEEDMEAL LIMITED
ON PLOT NO. 5; NJORO INDUSTRIAL AREA
IN MOSHI MUNICIPALITY
KILIMANJARO REGION**

SCHEDULE OF MATERIALS

NOTE :

1. This **Schedule of Materials** has been extracted from a prepared Bills of Quantities. An allowance has been added to cater for overlaps, wastages, shrinkages and the like while preparing these quantities.
2. This Schedule of Materials booklet comprises 13 Pages of assorted items of materials.

Signed :


KOMBA RICHARD PROTAS
REGISTERED QUANTITY SURVEYOR
REG. NO. QL 77.149.7/01
P.O. BOX 7805 MDSH

**PROPOSED ANIMAL FEED GODOWN FOR
M/S JOSHI FEEDMEAL LIMITED
ON PLOT NO. 5 NJORO INDUSTRIAL AREA - MOSHI MUNICIPALITY**

ITEM	DESCRIPTION	QUANTITY	UNIT
A	<u>BUILDING MATERIALS</u>		
	<u>Bulky Materials</u>		
1	Cement; 50kg bags	8,661	BAGS
2	Sand	1,148	CM
3	Aggregate	731	CM
4	Block walling (9" block)	33,069	NO
5	Louvre block walling (9" block)	2,200	NO
6	Hardcore	394	CM
7	Lime; 25kg bags	244	CM
8	2000 mm wide DPM, 500 gauge	740	LM
9	230mm wide DPC	399	LM
10	Anti - termite treatment	120	LTR
11	<u>Formwork to in-situ concrete</u>		
	(a) 6" x 1" sawn cypress formwork	50,714	RF
	(b) 4" x 2" ditto	7,607	RF
	(c) 4' x 8' Marine plywood; 20mm thick	82	PCS
12	<u>Reinforcement bars; high yield steel</u> (12mm long pieces)		
	(a) 8mm diameter high tensile bars	844	NO
	(b) 10mm diameter high tensile bars	374	NO
	(c) 12mm diameter high tensile bars	430	NO



ITEM	DESCRIPTION	QUANTITY	UNIT
	Reinforcement bars; high yield steel (12mm long pieces)		
	(d) 16mm diameter high tensile bars	824	NO
	(e) 20mm diameter high tensile bars	36	NO
13	BRC Wire mesh;	992	SM
14	Binding wire (50 Kg roll)	6	NO
15	Paintwork		
	(a) Polyurethane lacquer varnish	146	LTR
	(b) Vinyl silk emulsion paint	1,313	LTR
	(c) Gloss oil paint	142	LTR
	(d) PVA weatherguard paint	537	LTR
	(e) Bitumen paint	71	LTR
	(f) Red oxide primer paint	150	LTR
	(g) Plastic emulsion paint	100	LTR
	(h) Macunart smoothing putty	200	KG
16	Stucco filler	900	KG
17	Tiles		
	(a) Ceramic floor tiles; 300 x 300 x 8mm	30	SM
	(b) Ceramic floor tiles; 450 x 450 x 8mm	338	SM
	(c) Ceramic skirting tiles; 100mm wide	124	LM
	(d) Ceramic wall tiles; 200 x 200 x 6mm	124	SM
	(e) White cement	30	KG



ITEM	DESCRIPTION	QUANTITY	UNIT
18	<u>Ceiling Materials</u>		
	(a) 50 x 50mm timber battens	829	LM
	(b) 75 x 50mm timber battens	121	LM
	(c) Gypsum Tape	23	ROLLS
	(d) Gypsum Boards; 4' X 8' sheets	99	PCS
	(e) Corners Runners	45	LM
	(f) Gypsum Filler (Putty)	20	KG
	<u>Windows:</u>		
19	<u>Purpose-made standard 25mm thick section wrought framed steel casement windows; 40 x 6mm mild steel flat security bars welded horizontally as per drawing details to frame;</u>		
	(a) Windows size 650 x 1190 mm overall	1	NO
	(b) Windows size 650 x 1210 mm overall	1	NO
	(c) Windows size 702 x 2410 mm overall	2	NO
	(d) Windows size 800 x 1960 mm overall	1	NO
	(e) Windows size 900 x 1190 mm overall	3	NO
	(f) Windows size 1150 x 1960 mm overall	1	NO
	(g) Windows size 1150 x 2410 mm overall	2	NO
	(h) Windows size 1200 x 1940 mm overall	4	NO
	(i) Windows size 1200 x 1960 mm overall	1	NO
	(j) Windows size 1300 x 1940 mm overall	1	NO
	(k) Windows size 1300 x 1960 mm overall	1	NO



ITEM	DESCRIPTION	QUANTITY	UNIT
	<u>Windows; (Continue)</u>		
	(l) Windows size 1550 x 1960 mm overall	1	NO
	(m) Windows size 1600 x 1940 mm overall	8	NO
	(n) Windows size 1600 x 1960 mm overall	8	NO
	(o) Windows size 800 x 1200 mm overall	7	NO
	(p) Windows size 900 x 1960 mm overall	2	NO
	(q) Windows size 1000 x 1960 mm overall	1	NO
	(r) Windows size 1158 x 1960 mm overall	2	NO
	<u>Doors</u>		
20	<u>Hardwood Timbers Doors :-</u>		
	(a) Framed timber panelled door size 750 x 2170mm high	13	NO
	(b) Framed timber panelled door size 800 x 2170mm high	5	NO
	(c) Framed timber panelled door size 900 x 2170mm high	3	NO
	(d) Framed timber panelled door size 1400 x 2170mm high	1	NO
21	<u>Mild steel roller shutters as described:-</u>		
	(a) Doors size 3700 x 2680mm high	3	NO



ITEM	DESCRIPTION	QUANTITY	UNIT
22	<u>Hardwood 'Mninga' for frames, fascia, barge board, curtain boxes and finishings</u>		
	(a) 150 x 45mm	286	LM
	(b) 15 x 25mm	230	LM
	(c) 25 x 145mm	17	LM
	(d) 25 x 45mm	235	LM
	(e) 25 x 200mm	176	LM
23	<u>5 mm thick clear glass fixed to timber or aluminium frame:-</u>		
	(a) In panes of various sizes	136	SM
24	<u>Supply the following ironmongery as per "UNION or HAFELE" Catalogue:-</u>		
	(a) Brass butt hinges; 150mm	110	NO
	(b) Oval door stop with brass cap	36	NO
	(c) Flush barrel bolts; 150mm	2	NO
	(d) Three lever mortice lockset with furniture	21	NO
	(e) Three lever mortice lockset with furniture; heavy duty	3	NO
	(f) Two lever mortice lockset with furniture	6	NO
	(g) Indicator bolt	7	NO



ITEM	DESCRIPTION	QUANTITY	UNIT
	<u>Roofing:-</u>		
	<u>Roofing Structure :-</u>		
25	<u>Metalworks; Unframed steel work</u>		
	(a) 75 mm diameter pipe, 4 mm thick; 6.00m long	120	PCS
	(b) 63 mm diameter pipe, 4 mm thick ; 6.00m long	90	PCS
	(c) 50 mm diameter; 2 mm thick; 6.00m long	128	PCS
	(d) Plates 6 mm thick; mild steel	6	SHEETS
	(e) Anchor bolt, 16 mm diameter x 350 mm long	120	NO
	(f) Bolt, 16 mm diameter x 100 mm long	100	NO
	(g) 125 x 50 x 1.5 mm thick Z - section; ; 6.00m long	260	PCS
	(h) 50 x 50 x 3mm angle line bracing bar	75	PCS
26	<u>Roofing Covering :-</u>		
	Industrial Troughed Aluminium Roofing Sheets		
	(a) 800mm wide sheets	2,845	LM
	(b) 1720mm ridge; 550mm girth	32	PCS
	(c) Coffee tray wire ; 1200mm wide	6	LM
	(d) Aluminium sheets for valleys & flashings; 26 - 30 gauge	20	PCS
27	<u>Roof Drainage</u>		
	(a) PVC down pipes; 100mm diameter; 6m long	15	PCS
	(b) Bend	16	PCS
	(c) Shoe	10	NO
	(d) 80mm outlet	10	NO
	(e) 150mm diameter half-round gutters	100	LM



ITEM	DESCRIPTION	QUANTITY	UNIT
28	<u>Metal Works</u>		
	(a) 25 mm diameter pipe, 2 mm thick; 6.00m long	10	PCS
	(b) 12mm dia rawl bolts; 100mm long	250	NO
	(c) 50 x 6mm flat bar	5	PCS
B	<u>SANITARY FITTINGS & ACCESSORIES, PLUMBING AND RELATED ITEMS</u>		
29	<u>Sanitary Fittings per Armitage Shanks Ltd Catalogue or other equal and approved:</u>		
	(a) Lavatory Washes Hand Basin "ROCA"	10	NO
	(b) Pedestal "ROCA"	10	NO
	(c) High level WC; "ROCA"	5	NO
	(d) Cistern Tank "ROCA"	12	NO
	(e) Seat & Cover "ROCA"	5	NO
	(f) Shower tray; "ROCA"	2	NO
	(g) Kitchen sink; stainless steel	1	NO
	(h) Towel Rail	2	NO
	(i) Soap holder	17	NO
	(j) Towel ring	10	NO
	(k) Toilet roll holder	12	NO
	(l) Squatting type WC "ROCA"	7	NO
	(m) Polished plate glass mirror	10	NO
	(n) Shower Head	2	NO
	(o) Shower Arm	2	NO



ITEM	DESCRIPTION	QUANTITY	UNIT
	<u>Sanitary Fittings per Armitage Shanks Ltd Catalogue:-</u> <u>(Continue)</u>		
	(p) Basin Mixers	10	NO
	(q) Hot & cold shower mixers	2	NO
	(r) Urinal bowls	4	NO
30	<u>Plumbing</u>		
	(a) IPS Water pipes - 15mm	250	PCS
	(b) Tees - 15mm	100	NO
	(c) Elbows - 15mm	100	NO
	(d) IPS Water pipes - 20mm	75	PCS
	(e) Tees - 20mm	50	NO
	(f) Elbows - 20mm	50	NO
	(g) Reducer; 15 x 20mm	20	NO
	(h) Gate Valve 20mm	5	NO
	(i) Gate Valves 15mm	20	NO
	(j) Copper pipe tail; 15mm	30	NO
	(k) Connectors; 15mm	10	NO
31	<u>Drainage</u>		
	(a) HDPE pipes 100mm (6 metres)	50	NO
	(b) Sweep Bend 100mm	15	NO
	(c) Inspection Plug 100mm	15	NO
	(d) HDPE pipes; 40mm	35	LM



ITEM	DESCRIPTION	QUANTITY	UNIT
	<u>Drainage (Continue):</u>		
	(e) Tee - 40mm	20	NO
	(f) Bend - 40mm	20	NO
	(g) Vent cown 100mm	4	NO
	(h) Nahan Trap	8	NO
	(i) Gulley trap	10	NO
	(j) Cast iron manhole covers	20	NO
32	<u>Equipments & Ancillaries</u>		
	(a) Hot water cylinder; 50 litres	2	NO
	(b) 2,000 litres capacity; "Simtank"	4	NO
	(c) Soap dispenser	10	NO
C	<u>SUMMARY SCHEDULE FOR ELECTRICAL MATERIALS</u>		
	<u>Main Power</u>		
33	8 way TPN Distribution board c/w 63A/300mA RCD c/w outgoing MCBs as Mem or Merlin Gerin.	2	NO
34	12 way SPN distribution board c/w 63A/300mA SPN RCD and outgoing MCBs of 10A - 20A SP for Staff House as MEM UK or Merlin Gerin.	2	NO
35	6 way SPN distribution board c/w 63A/300mA SPN RCD and outgoing MCBs of 10A - 20A SP for Staff House as MEM UK or Merlin Gerin.	2	NO
36	100A TPN Circuit breaker	2	NO
37	Bazbar chamber TPN 200 Amps	1	PC
38	Change over switch TPN 200 Amps	1	PC



ITEM	DESCRIPTION	QUANTITY	UNIT
	<u>Electrical Installation (Continue):</u>		
57	T8; 2 x 36W; 1200mm TWIN FLOURESCENT Light Fittings with Primastic Diffuser	50	NO
58	Socket outlets wires 2.5mm2 twin + earth PVC-insulated CU cables	1,000	LM
59	13A single switched socket plate c/w neon indicator	20	NO
60	13A twin switched socket plate c/w neon indicator	20	NO
61	Hot water outlet wires 3 x 4.0mm2 PVC S/C CU cables	150	LM
62	20A DP control switch with neon indicator for water heater	2	NO
63	Cooker control unit outlet wires 3 x 6.0mm2 PVC S/C CU cables	150	LM
64	45A DP cooker control unit	1	NO
65	Ceiling fan with regulator	10	NO
66	Fire alarm system wires 2.5mm2 twin + earth PVC-insulated CU cables	500	LM
67	Fire Alarm Repeater Control Panel	3	NO
68	Heat /Smoke Detectors	10	NO
69	Electronic Sounders	4	NO
70	Addressable breakglass call points	4	NO
71	Air conditions (SANYO or LG)	5	PCS
	<u>D POWER</u>		
72	Generator 100 KVA 3 phase, with starter, alternator and full silencer rig.	1	NO
73	Transformer (max) 5000 kw	1	NO

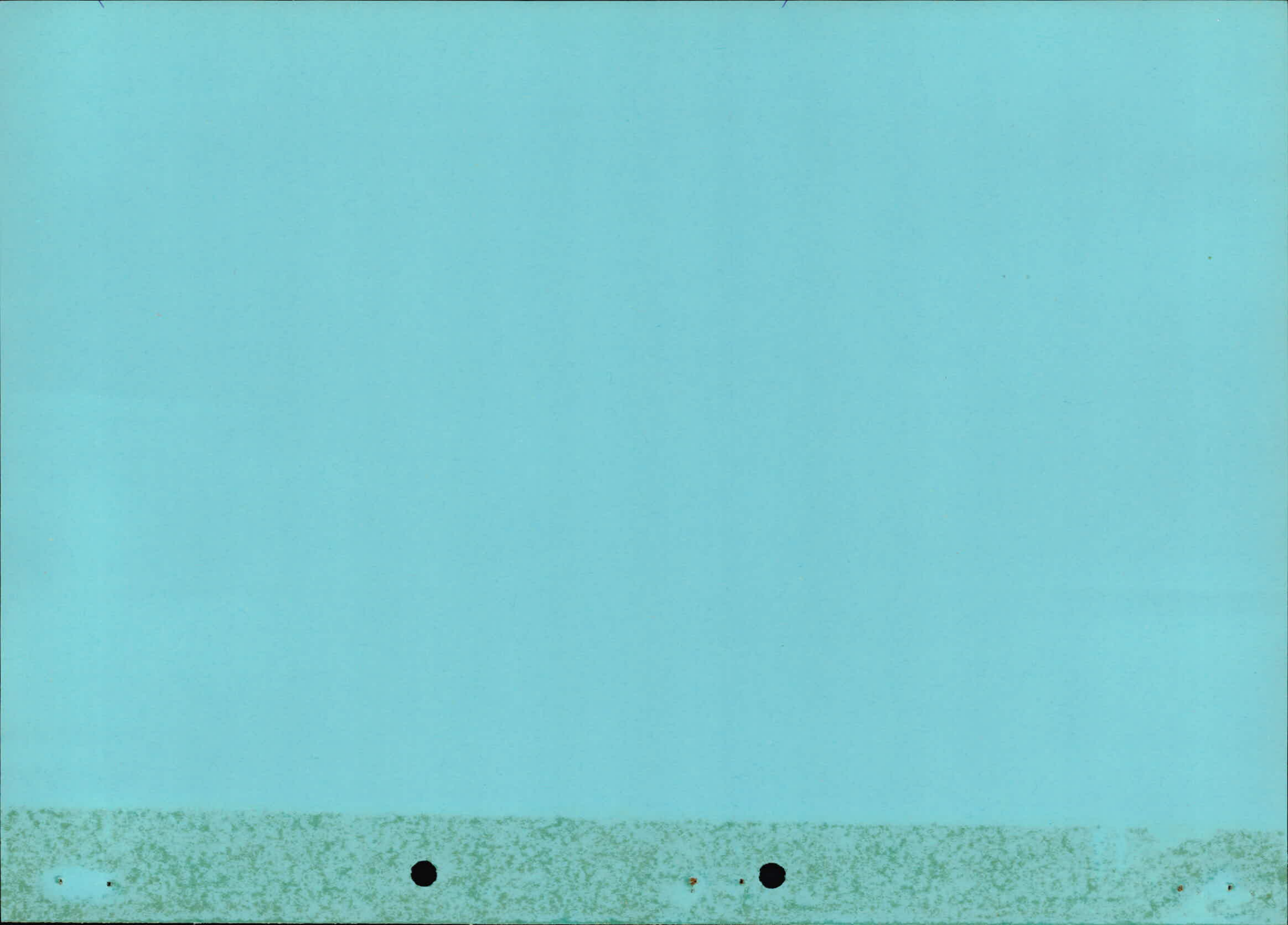


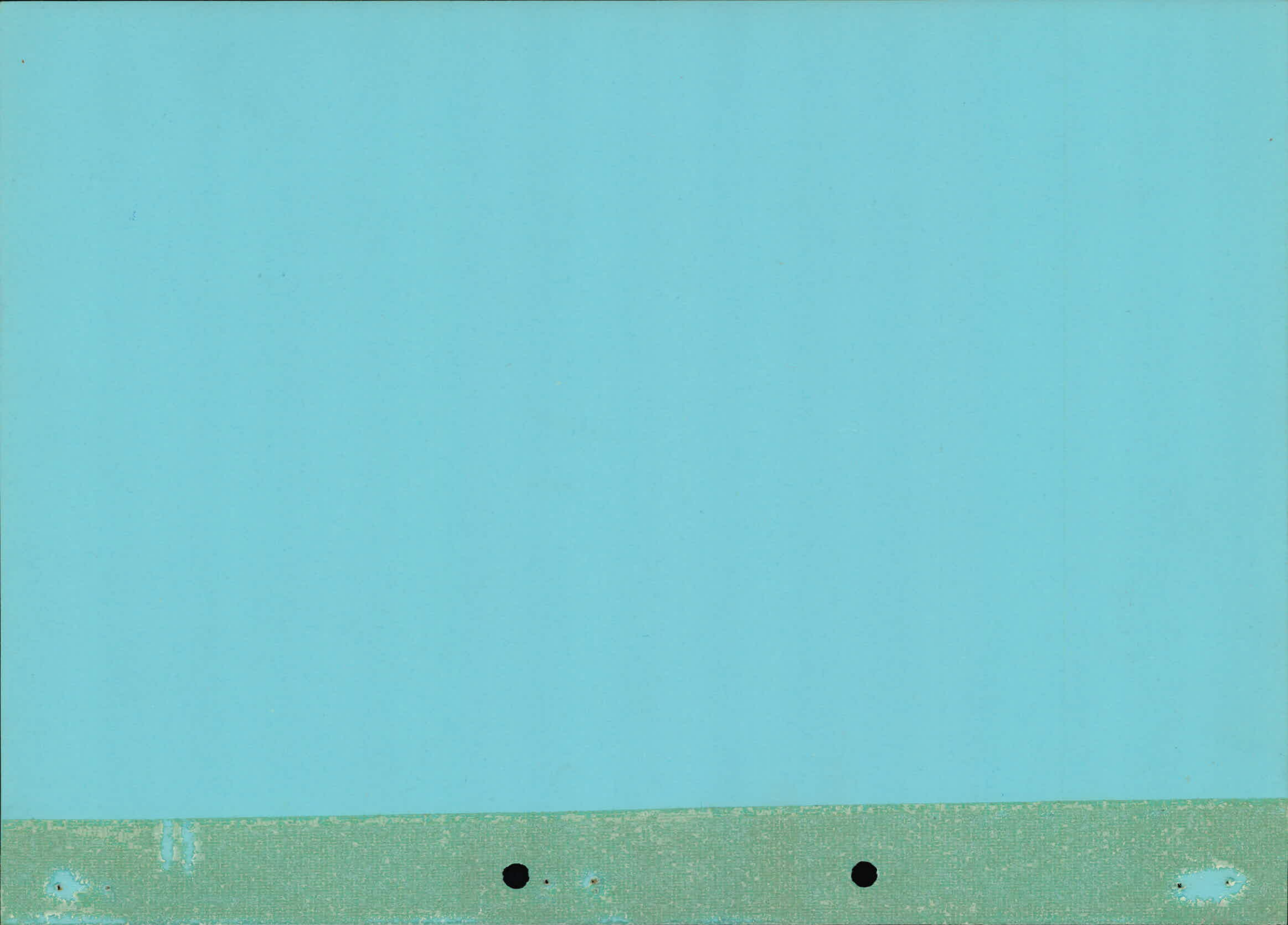
ITEM	DESCRIPTION	QUANTITY	UNIT
E	<u>SUMMARY SCHEDULE OF FURNITURES, PLANT AND EQUIPMENTS</u>		
74	<u>Furnitures</u>		
	(a) Coffee Tables	2	PCS
	(b) Office desks	6	PCS
	(c) Office chairs	12	PCS
	(d) Sofa set	1	SET
75	<u>Equipments</u>		
	(a) File Cabinets	2	PCS
	(b) Safe (money)	1	PC
	(c) Personal Computers (Laptops)	4	PCS
	(d) Photocopier	1	PC
	(e) Printers-Laser	2	PCS
	(f) UPS	4	PCS
	(g) Inverters	2	PCS
F	<u>SUMMARY SCHEDULE OF MILLERS EQUIPMENTS</u>		
76	Millers	5	SETS
77	Mixers	2	SETS
78	Winnower	2	SET



ITEM	DESCRIPTION	QUANTITY	UNIT
G	<u>MOTOR VEHICLES</u>		
79	(a) Canter Pick-Up	1	NO
80	(b) Fuso Truck	1	NO







JAMHURI YA MUUNGANO WA TANZANIA
THE UNITED REPUBLIC OF TANZANIA

TFN. 614 (Rev. 8.94)

STAKABADHI YA SERIKALI

37896863

1

EXCHEQUER RECEIPT

NIMEPOKEA KWA

Received from JOSH FEDERAL LTD - XIOSHI



KIASI
Amount

TSH		US		Cts	
1	600	000	00		

JUMLA YA SHILINGI (Kwa maneno)

The sum of Shillings (Words) SHILINGI XWILION MOJA WA JAKI SITA TU

NA SENTI
And Cents

KWA MALIPO YA

In respect of DJ BANK CERTIFICATE OF INCENTIVES FEES

KWA FEDHA TASLIMU/HUNDI

NAMBA By Cash/Cheque No. DJ BANK SLIP DATED 25/04/2013 KITUO - Station

SAHIHI YA MPOKEA Receiving Officer's

Signature [Signature]

CHEO - Title ZM-N TARHE - Date 20/05/2013

LIC - XIOSHI

ATT: SIMBIWA/MARCEWA



02

TICC/PP.10/042427/3

22nd April, 2013

Managing Director,
Joshi Feedmeal Ltd.,
P.O. Box 3060,
MOSHI

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE
ESTABLISHMENT OF ANIMAL FEEDS MANUFACTURING PROJECT**

We wish to acknowledge receipt of your project proposal to establish animal feeds manufacturing project as presented in the TIC P.A. 1 Form No. 03916 and Feasibility Study with a projected investment of USD 1.5m.

We have studied your project proposal and we are pleased to inform you that your investment proposal is now officially registered and therefore your project will be granted a CERTIFICATE OF INCENTIVES, given under authority conferred upon TIC under Part III, Section 17 (1-8) of the Tanzania Investment Act, 1997.

You will be required to submit to the Centre a Progress Report on the implementation of the project after every six months for our information and review. Guidelines for the preparation of the report are contained in annexure 2 also attached to this letter. Please do not hesitate to contact the Centre for any clarification if the need arises. Please also note that a facilitation fee equivalent to US\$ 1000.00 is payable at the ruling exchange rate before your Certificate of Incentives is prepared. Please make deposit direct to the bank as per bank details below:-

*Tanzania Investment Centre
Standard Chartered Bank (T) Ltd
US Dollar A/C 8702006002000
T.Shs A/C 0102006002000*

.../2



TIC Evaluation Report

Name of the Company
Joshi Feedmeal Ltd.

Post Box	Njoro Industrial Area, Plot No. 5, Moshi Municipal	COI Number	97488	Contact	Mr. Joseph S. Swai
Post Office	3060, Moshi	COI Date	27/02/2013	Designation	Managing Director
Region	Kilimanjaro	Application F. No	03916	Phone	0
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0713 231 227
		Sub Sector	Animal Feed Processing	Fax	0
		File No	042427	E-Mail Address	0

Project Location		Investment Finance Plan in Millions USD											
Block	Plot No. 5	<table border="1"><thead><tr><th>Foreign Equity</th><th>Local Equity</th><th>Foreign Loan</th><th>Local Loan</th></tr></thead><tbody><tr><td>0</td><td>0.66</td><td>0</td><td>0.85</td></tr></tbody></table>	Foreign Equity	Local Equity	Foreign Loan	Local Loan	0	0.66	0	0.85			
Foreign Equity	Local Equity		Foreign Loan	Local Loan									
0	0.66		0	0.85									
Street	Njoro Industrial Area												
District	Moshi Urban												
Region	Kilimanjaro												

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	1.09
Amen-God J. Swai	Tanzanian	50	Plant	0.15
Joseph S. Swai	Tanzanian	50	Vehicles	0.16
			Furniture & Fittings	0
			Pre-expenses	0.03
			Others	0.01
			Working Capital	0.06
			Total	1.5

Employment	20	Evaluated By	wf officer3
Capacity	10950 metric ton pa.	Drawn By	wf registry2
Project Turn Over		Project Type	Local

Description

To establish animal feeds manufacturing project

Recommendations

Be approved subject to providing evidence as required by section 17 of Tanzania Investment Act, 1997

Decision

Approved as recommended.
Ag OAD
17/4/2013

MINUTE SHEET

①

Dokezo
No.

TO : DIF
CC : DCA
FROM : Ag. ZM (N)
DATE : 05TH APRIL 2013



MS JOSHI FEEDMEAL LIMITED – MOSHI

I am forwarding to you **Ms Joshi Feedmeal Limited** application for consideration for the award of a Certificate of Incentives.

I have checked and ensured that the following documents are attached to assist you in processing this request at the earliest:

- 1 copy of Application Letter
- 1 copy of Board Resolution
- 1 copy of Certificate of Incorporation
- Bank reference letter from Uchumi Commercial Bank Ltd
- 1 copy of Deed of Assignment of a Right of Occupancy
- 1 certified copy of Title Deed
- 1 copy of ERV receipt number 37896836 dated 11/02/2013 of Tshs 158,000 for buying Application Form
- TIC Application Form
- 1 copy of Memorandum and Articles of Association
- 1 copy of Business Plan

I submit

A handwritten signature in blue ink, appearing to be "George Mukono".

George Mukono

MINUTE SHEET

Dokezo
No.

JOSHI FEEDMEAL LIMITED
P. O. Box 3060, Moshi

Date: 2nd April 2013

The Executive Director,
Tanzania Investment Centre,
P. O. Box 938,
Dar-es-Salaam.

U.f.s. The Zonal Manager,
TIC – Kilimanjaro Zonal Office,
P. O. Box 7735,
Moshi.



Dear Sir;

**RE: APPLICATION FOR CERTIFICATE OF INCENTIVES FOR THE DEVELOPMENT
OF A "ANIMAL FEED MANUFACTURING FACTORY" IN MOSHI**

I would like to apply for the above mentioned certificate on behalf of JOSHI Feedmeal Limited – a private company incorporated in Tanzania. Details of company's investment for which the certificate is being sought are shown in the enclosed Business Plan.

Enclosed with this letter please find the following:-

1. Copies of the company's MEMART
2. Copies of the company's Certificate of Incorporation
3. Board of Directors' Resolution
4. Bankers Recommendation Letter
5. Copies of Right of Occupancy for the property where the project is situated
6. Project's Business Plan
7. Duly filled TIC application forms.

I sincerely hope that you will consider my request and respond positively.

Yours truly,

Joseph S. Swai
MANAGING DIRECTOR

JOSHI FEEDMEAL LIMITED
P. O. Box 3060, Moshi

EXTRACT OF MINUTES


**Extra Ordinary Meeting of the Directors Held on 2nd of March 2013 at
the Company's Office in Moshi.**

Attendance: 1. Joseph Shilesario Swai – Managing Director (and Chairman)
2. Amen-God J. Swai – Director
3. C. L. Kabewa – (appointed Secretary to the Board)

Min. 2.0 Resolution:

It has been resolved that, JOSHI Feedmeal Ltd shall register the planned "Animal Feed Manufacturing Factory" Project with the TIC and apply for a Certificate of Incentives. The project to be established in the municipality of Moshi, is one the major investments by the company. It therefore needs to be granted the incentives prescribed by Tanzania Investment Act of 1997. The Chairman was commissioned to pursue the application process as soon as possible.

Confirmed on: 28th March 2013


.....
Managing Director

TANZANIA



Certificate of Incorporation

Section 15

No 97488

I HEREBY CERTIFY THAT

JOSHI FEEDMEAL LIMITED

is this day incorporated under the Companies
Act, 2002 and that the Company is Limited.

Given under my hand at Dar es salaam

this **27TH** day of **FEBRUARY****TWO THOUSAND AND THIRTEEN**

A handwritten signature in black ink, appearing to be 'A. M. M.' or similar, written over a dotted line.

Asst. Registrar of Companies



UCHUMI COMMERCIAL BANK LIMITED

P.O.Box 7811 Tel. 027 275 0491 Fax. 027 275 0492 MOSHI. Email: ucb@uchumibank.co.tz

Ref:UCB/138/1/2013

THE EXECUTIVE DIRECTOR
TANZANIA INVESTMENT CENTRE,
P. O. BOX 938,
DAR-ES SALAAM.

10th January, 2013.

RE: JOSEPH SHILESARIO SWAI

Kindly refer to the above heading.

The above named person is our customer at Uchumi Commercial Bank Ltd. He operates several accounts and he is among our best/potential customers. He has been operating his accounts satisfactorily. Kindly please accord him with necessary assistance which he might need.

Best Regards.

UCHUMI COMMERCIAL BANK LTD.

MRS ANGELA G. MOSHI
GENERAL MANAGER.

Deed of Assignment
of right of way.

DEED OF ASSIGNMENT OF A RIGHT OF OCCUPANCY

THIS ASSIGNMENT Made at Moshi this ^{14th} day of April in 2013

Between

Joseph Shilesario Swai of P. O. Box 3062, Moshi (*hereinafter referred to as "the Assignor"*) of the one part;

And

JOSHI Feedmeal Limited of P. O. Box 3060, Moshi (*hereinafter referred to as "the Assignee"*) of the other part.

WHEREAS:

- 1.1 The Assignor is the lawful owner of the Right of Occupancy No. 056051/2 as reference for registration of Plot No. 5, at Njoro Industrial Area in the municipality of Moshi;
- 1.2 The Assignor is ready and willingly, without any duress to assign his said right of occupancy to the assignee, which is a body corporate, as part of his share/equity thereof;
- 1.3 The Assignor is a shareholders and directors of the Assignee with a 50% shareholding as at the time of execution of this Deed;
- 1.4 The Assignee is a body corporate – a company limited by shares with Certificate of Incorporation No. 97488 of 27th February 2013, and is ready and willingly without any enticement to be assigned the Right of Occupancy aforementioned in paragraph 1.1 herein above.

NOW THIS DEED WITNESSETH as follows:

- 2.1 That, the Assignor do hereby assign his Right of Occupancy for title No. 056051/2 on Plot No. 5, along Njoro Industrial Area in the municipality of Moshi, in his own free will, without any duress, to the Assignee to be his additional shares and equity;
- 2.2 That, the Assignee do hereby willingly agree, without any enticement, to be assigned by the Assignor, the Right of Occupancy mentioned in paragraph 2.1 herein above and that, the acceptance to be assigned is without any condition from the Assignor, other than his additional equity.

IN WITNESS WHEREOF, the parties hereto have set their respective hands hereunto in the manner shown herein below, on the date first above written.

SIGNED and DELIVERED by: }
Joseph Shilesario Swai this }
..... day of April 2013, at Moshi. }


.....
Assignor

Before me:

Signature:.....
Name:..... PATRICK D. MWITA
Address:..... 6433
..... MOSHI
Qualification:..... STATE ATTORNEY

SEALED with the **COMMON SEAL** of the }
said **JOSHI Feedmeal Limited** and }
delivered at Moshi this day of April }
in the year 2013. }



Name: Joseph Shilesario Swai
Signature:.....
Address:..... P.O. Box 3060, Moshi
Qualification: Managing Director

Before me:

Signature:.....
Name:..... PATRICK D. MWITA
Address:..... 6433
..... MOSHI
Qualification:..... STATE ATTORNEY MOSHI



REGISTRATION FORM
FOR
CERTIFICATE OF INCENTIVES

**(Tanzania Investment Act 1997, Section 17 and 18,
and the Investment Regulations:
Regulation 42, Government Notice No. 318A of 2002)**

Tanzania Investment Centre
9A & B Shaaban Robert Street
P. O. Box 938
DAR ES SALAAM
Tel. 022 2116328
Fax. 022 2118253
e-mail: information@tic.co.tz
Website: www.tic.co.tz

(Please fill the form in duplicate)



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TANZANIA INVESTMENT CENTRE

REGISTRATION FORM

FOR

CERTIFICATE OF INCENTIVES

(Tanzania Investment Act 1997, Section 17 and 18,
and the Investment Regulations:
Regulation 42, Government Notice No. 318A of 2002)

Tanzania Investment Centre
9A & B Shaaban Robert Street
P. O. Box 938
DAR ES SALAAM
Tel. 022 2116328
Fax. 022 2118253
e-mail: information@tic.co.tz
Website: www.tic.co.tz

(Please fill the form in duplicate)

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Details:

JOSEPH S. SWAI

Title:

MANAGING DIRECTOR

Phone: 0713231227

Fax:

Payments to be made payable to:

TANZANIA INVESTMENT CENTRE
STANDARD CHARTERED BANK TANZANIA LTD.
SWIFT ADDRESS: SCBLTZTX
ACCOUNT NO.: 8702006002000

UNITED REPUBLIC OF TANZANIA
THE TANZANIA INVESTMENT ACT
(No. 26 of 1997)

APPLICATION FOR REGISTRATION
(Made under Regulation 42)

To: The Executive Director
Tanzania Investment Centre
P. O. Box 938
DAR ES SALAAM
Tanzania

- I/We JOSEPH SMILESARIO SWAI
(director/directors/agent of JOSEPH FEEDMEAL LIMITED
(name of business enterprise) apply for registration of CERTIFICATE OF INCENTIVES
under Section 17 of the Act and Part IV of the Investment Regulations, 2002.
- The registered office of the company will be situated at MOSHI MUNICIPALITY
KILIMANJARO REGION
Copies of the following documents are attached to this application:
 - The Memorandum and Articles of Association/or partnership agreement
 - Certificate of Incorporation/Registration
 - A copy of the Project Profile or Feasibility Study showing the implementation period, programme of implementation and operative date
 - Evidence of financing and evidence of land ownership for the project
- The Head Office of the Company will be situated at MOSHI MUNICIPALITY
- The Principal Officers of the Company are MANAGING DIRECTOR
- Auditors of the Company are PENO & ASSOCIATES AUTHORIZED ACCOUNTANTS
- The authorized share capital of the Company is Tshs./US\$ 500,000,000/=
(FIVE HUNDRED MILLION)

7. The intended capital investment of the Company in terms of Section 2(2) of the Act

is Tshs./US\$ 2402,800,000/-

8. The month and day of the financial year end is 31st DECEMBER

Note: *failure to provide all the required information will result in the return of the application by the Centre.*

I/We enclose a cheque/cash made payable to the **Tanzania Investment Centre** for Tshs./US\$

158,000/- Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*

I. JOSEPH S. SWAI of Post Office Number 3060, MOSHI

do solemnly and sincerely declare that I am a director/~~joint~~

authorized agent of JOSEPH FEEDMEAL LTD

AND that all the requirements of the Tanzania Investment Act, 1997 in respect of matters precedent to the registration of the business enterprise under the Act and incidental thereto have been complied with. AND I make this solemn declaration conscientiously believing the same to be true.

Declared at Moshi Dar es Salaam }

The day of 20..... }



Before me:

STATE ATTORNEY
MOSHI



Commissioner for Oaths

APPLICANT

Company Name: JOSEPH LTD

Certificate of Incorporation

Certificate of Incorporation Date

Post Box: 3060

Town: MOSHI

Sector: MANUFACTURING

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity Local Equity Foreign

----- 1,050,800,000/- -----

Project Objectives: TO PARTICIPATE IN THE LIVESTOCK SUB-SECTOR SO THAT IT CAN CONTRIBUTE TO THE NATIONAL ECONOMY THROUGH INCREASED PRODUCTION

Capacity: 10,950 METRIC TONS PER ANNUM

Employment: Foreign: ----- Local: 20

Implementation Period: 36 MONTHS

Project Location

Site/Plot/Block No.: PLOT No. 5

Street: NJORO INDUSTRIAL AREA District: MOSHI MUNICIPALITY Region: KIA
(Attach sketch map showing project location)

Shareholders	Nationality	%
<u>JOSEPH S. SWAI</u>	<u>TANZANIAN</u>	<u>50%</u>
<u>AMEN-GOD J. SWAI</u>	<u>-----</u>	<u>50%</u>

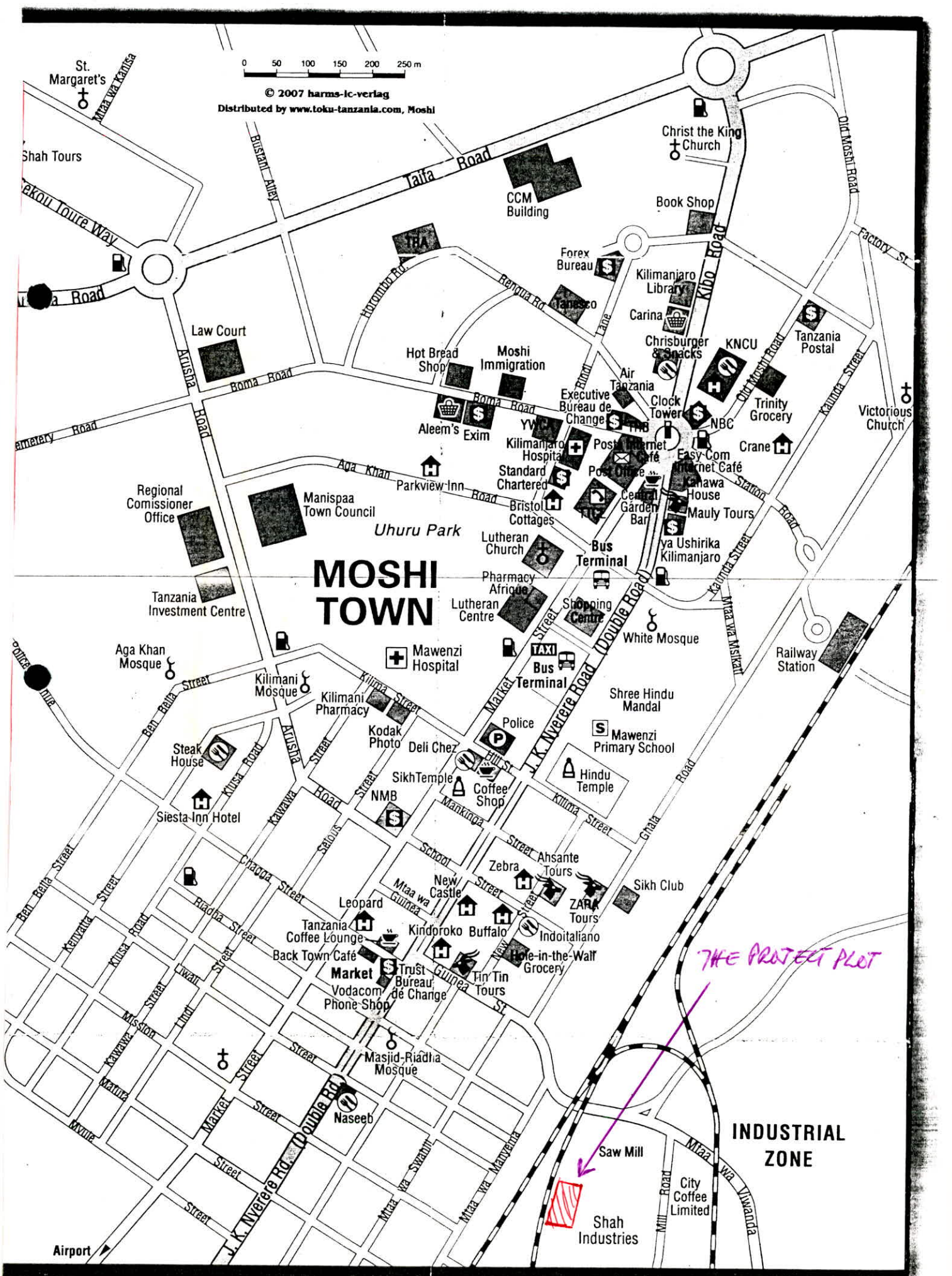
Investment Breakdown

- Land/Building
- Plant
- Vehicles
- Furniture & Fixtures
- Pre-expenses
- Office Equipment
- Others
- Working Capital
- TOTAL**

Contact Name: _____ Telephone: _____ Email: _____

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Distributed by www.toku-tanzania.com, Moshi

MOSHI TOWN



THE PROJECT PLOT

INDUSTRIAL ZONE

Saw Mill
Shah Industries
City Coffee Limited

Regional Commissioner Office
Tanzania Investment Centre

Aga Khan Mosque

Siesta-Inn Hotel

Market
Vodacom
Phone Shop

Police

Mawenzi Primary School

Sikh Club

Indoitaliano
Grocery

Shah Industries

Christ the King Church

CCM Building

Book Shop

Forex Bureau

Kilimanjaro Library

Carina

Chrisburger & Snacks

KNCU

Tanzania Postal

Trinity Grocery

Victorious Church

Easy-Com

Internet Café

Shawa House

Maulu Tours

ya Ushirika Kilimanjaro

Bus Terminal

Railway Station

Uhuru Park

Moshi Immigration

Mawenzi Hospital

Kilimani Pharmacy

Kodak Photo

Deli Chez

Sikh Temple

NMB

School

New Castle

Kindproko Buffalo

Trust Bureau de Change

Masjid-Riadha Mosque

Naseeb

Masjid-Riadha Mosque

Masjid-Riadha Mosque

Masjid-Riadha Mosque

Masjid-Riadha Mosque

Masjid-Riadha Mosque





Certificate of Title

Number 056051/2

This Certificate of Title is a valuable document and should be kept in a safe place. It must not be mutilated or written upon. It must be produced with any application for the registration of any disposition or transmission of the land.

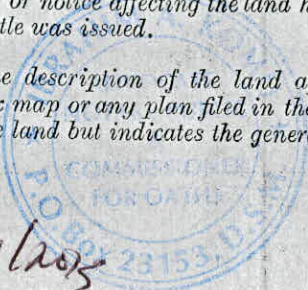
Any person intending to acquire any estate or interest in the land should search the land registry or require an official search to satisfy himself that no caveat, injunction, order or notice affecting the land has been entered in the land register since this Certificate of Title was issued.

The description of the land appearing in this Certificate of Title is not, nor is the index map or any plan filed in the land registry, conclusive as to the boundaries or extend of the land but indicates the general boundaries only.

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the Original

Mam
ADVOCATE

2/11/2015



The Land Ordinance (Cap. 68 of the Laws)

CERTIFICATE OF OCCUPANCY.

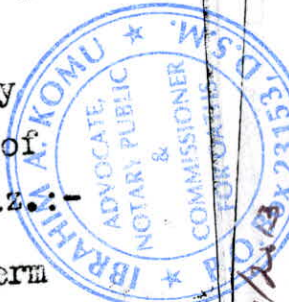
The *Twenty-eighth* day of *November*
Nineteen hundred and *Forty-nine*.

Title No. *6507 (056051/2)*

TANGANYIKA TERRITORY
RECEIVED BY THE REGISTRAR
RECEIPT No. *12484* of *28/11/49*
W. M. M. M.

THIS IS TO CERTIFY that THE OLD EAST AFRICAN TRADING COMPANY LIMITED a Limited Liability Company registered in Tanganyika Territory and having its registered office at Pandya Building, East Street, Mombasa, (hereinafter called the Occupier) is entitled to a Right of Occupancy in and over the land described in the Schedule hereto and more particularly delineated in the Plan annexed hereto for a term of Ninety-nine years from the Eighth day of March Nineteen hundred and Forty-nine according to the true intent and meaning of the said Ordinance and subject to the provisions thereof and to any regulations made thereunder and any enactment in substitution therefor or amendment thereof and to the following special terms and conditions, viz.:-

1. The Occupier shall pay during the said term the rent of Shillings Five hundred and Fifteen (Sh 515/-) to be paid yearly in advance without any deduction on the Eighth day of March in each year during the said term PROVIDED ALWAYS that the said rent shall be subject to revision by the Governor after the expiration of Twenty years from the date of commencement of the said Right of Occupancy and shall also be subject to revision or further revision after the expiration of every subsequent period of Twenty years throughout the term of the said Right of Occupancy provided that such revision may take



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Ibrahim A. Komu
Notary Public & Commissioner for Oaths

W.S. 23153

place only within five years after the above mentioned revision dates.

2. The Occupier undertakes:-

- (i) To erect buildings on the land of a value of not less than Shillings Ten thousand (Sh 10,000/-).
- (ii) Within a period of Six months from the date of commencement of the Right of Occupancy to submit to the Township Authority, Moshi, such plans of the proposed buildings (including block plans showing the position of the buildings) drawings, elevations and specifications thereof as will satisfy the said Authority and as will ensure compliance with the building covenant contained in paragraph (i) supra. Such plans and specifications shall be submitted in triplicate.
- (iii) To commence building operations within a period of Three months from the date of notification by the said Authority of approval of the plans and specifications such buildings to conform to a building line decided upon by the said Authority.
- (iv) To complete the buildings according to the said plans and specifications so that the said buildings are ready for use and occupation within a period of Twenty-four months from the date of commencement of the Right of occupancy.
- (v) At all times after the expiration of the period mentioned in the last preceding sub-paragraph to have on the land approved buildings of the type and specifications hereinbefore referred to and to maintain the same in good order and repair to the satisfaction of the said Authority.
- (vi) Not to erect nor commence to erect on the land any building of any kind whatsoever except in accordance with building plans and specifications which shall have been approved by the said Authority as hereinbefore provided.

3. No transfer of the said Right of Occupancy will receive consent until the foregoing covenants have been complied with except in special circumstances of which the Governor shall be the sole judge.

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the Original

M. M. M.
ADVOCATE

04/01/2013



M. M. M.

04/01/2013

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portion thereof nor any of the buildings to be erected thereon without the previous consent of the Governor.

5. The land shall be used only for the purpose of manufacture and/or storage of non-offensive goods and articles approved by the said Authority.

6. Adequate arrangements shall be made by the Occupier to the satisfaction of the said Authority for water supply, drainage and disposal of trade refuse and effluent.

7. The Occupier shall be entitled to use the railway facilities (if any) which will be provided and maintained by the Railway Administration subject to his entering into a separate Agreement with them in respect of such usage.

8. All buildings to be erected on the land shall be rendered rat proof and maintained in such condition, and the occupier shall carry out such measures as the Medical Officer of Health for the said Authority shall require to effect this purpose.

9. Failure to comply with any of the terms or conditions herein contained or implied will be deemed to constitute good cause for revocation of this Right of Occupancy.

G. VEM under my hand and seal and by order of the Governor the day and year first above written.



[Signature]
LAND OFFICER.
07/01/2013

Certified true copy of the Original
[Signature]
07/01/2013
ADVOCATE

THE SCHEDULE HEREBEFORE REFERRED TO:

ALL THAT piece or parcel of land being Plot No. Five, Non-offensive Factory Site, situate in Hoshi Township, containing Fifty-one thousand Five hundred and Forty-one. (51,541) square feet as delineated on the Land Survey Division Plan Number D^{4 61}/₅₉₆₆ annexed hereto and thereon bordered red.

WE, the within-named THE OLD EAST AFRICAN TRADING COMPANY LIMITED hereby accept the terms and conditions contained in the foregoing Certificate of Occupancy.

The COMMON SEAL of THE OLD EAST AFRICAN TRADING COMPANY LIMITED was affixed hereto in the presence of:- OTTO RASMUSSEN, a Director and ARTHUR HOLDEN, the Secretary of the said Company

who have also signed their names and who are able to read and write the language in which the within written document is written this Fourteenth day of November, 1949, in my presence:-

[Handwritten Signature]

Director.

[Handwritten Signature]

Secretary

[Handwritten Signature]
[Handwritten Signature]
[Handwritten Signature]



Certified true copy of the Original

[Handwritten Signature]
ADVOCATE

24/01/2013

[Handwritten Signature]

24/01/2013

43 Registered

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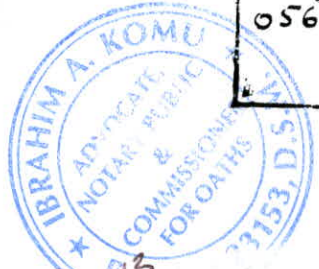
Director.

Manu

Secretary



The Land Registrar on
Ombaya, 22-4-70
All documents
TRANSCRIBED
to Title Number
056051/2
Nyakulira
Registrar



Certified true copy of
the Original
ADVOCATE

Manu 04/07/2013

Certified true copy of
the Original

Manu 04/07/2013

07/2013

The Companies Act, 2002
(CAP. 212)

Company Limited by Shares

Memorandum

and

Articles of Association

of

Joshi Feedmeal Limited

Drawn by:

Joseph Shilesario Swai
P.O. Box 3060,
Moshi

The Companies Act
(Cap. 212)

Company Limited by Shares

Memorandum of Association

Of

JOSHI FEEDMEAL LIMITED

TANZANIA
Stamp Duty Sht
PAID ON ORIGINAL
Receipt No. 3223
2506/2506/23
Stamp Duty Office

TANZANIA
Stamp Duty Sht
2506/2506/23
Receipt No. 3223
Asst. Registrar of Companies


1. The name of the Company is "**JOSHI FEEDMEAL LIMITED**".
2. The registered office of the Company will be situated in the UNITED REPUBLIC OF TANZANIA.
3. The objects for which the Company is established are **to carry on any trade or business whatsoever as a general commercial company**, including but not limited to the following: -
 - 3.1 to carry on the business of manufacturing, distributing, selling (wholesale or retail) exporting, importing, stocking and supplying of all types of animal and poultry feeds in Tanzania or elsewhere in the world;
 - 3.2 to carry on the business of manufacturing, distributing, selling (wholesale or retail), importing, exporting and supplying all types of goods and machinery related to all types of animal husbandry and poultry keeping, machinery and accessories related to animal and poultry feeds production industry including but not limited to packaging materials;
 - 3.3 to carry on the business of providing consultancy, training and supplying of educational materials related to all types of animal husbandry and poultry keeping in Tanzania or elsewhere in the world;
 - 3.4 to provide administrative, financial and other services and facilities for any company in which this company is interested, or for any other persons;
 - 3.5 to sell or dispose of the undertaking or any property or assets of the company for such consideration as may be thought fit, including the share or loan capital or other obligations of anybody corporate;
 - 3.6 to guarantee, grant indemnities in respect of, support or secure, whether by personal covenant or by mortgaging or charging all or any part of the undertaking, property and assets (present and future) and uncalled capital of the company or by both such methods, the performance of the contracts or obligations and the repayment or payment of the principal and premium of and interest and dividends on any securities or obligations of any company whether having objects or engaged or intending to engage in business similar to those of the company or not, notwithstanding the fact that the company may not receive any consideration or advantage,

direct or indirect, from entering into any such guarantee or other arrangement or transaction contemplated herein;

- 3.7 to borrow and raise money and to secure or discharge any debt or obligation of or binding on the company in such manner as may be thought fit and in particular by mortgages and charges upon all or any part of the undertaking, property and assets (present and future) and the uncalled capital of the company, or by the creation and issue of debentures, debenture stock or other securities of any description;
- 3.8 to do all or any of the above things either alone or as a member of a partnership, trading group or consortium, and in any part of the world;
- 3.9 **to carry on any other business or activity of any nature** whatsoever which may seem to the Directors to be capable of being conveniently or advantageously carried on, in connection or conjunction with, any business of the Company hereinbefore or hereinafter authorised or otherwise utilising the Company's assets, skills, know-how or expertise as the Directors consider fit;
- 3.10 to do all such other things as are incidental or the Company may think conducive or incidental to the attainment of the above objects and to obtain all powers and authorities necessary to carry out or extend the above objects;
- 3.11 AND it is hereby declared that:-
 - 3.11.1 The objects set forth in this clause shall not, except when the context expressly so required, be in any way limited or restricted by reference to or inference from the terms of any sub-clause or any name of the Company. None of such sub-clause or the objects therein specified or the powers thereby conferred shall be deemed subsidiary or auxiliary merely to the object mentioned in the first sub-clause of this clause and the Company shall have full power to exercise all or any of the powers conferred by any part of this clause in any part of the world and notwithstanding that the business undertaking, property or acts proposed to be transacted, acquired, dealt with or performed do not fall within the objects of the first sub-clause of this clause;
 - 3.11.2 The word "Company" in this clause, shall be deemed to include any partnership or other body or persons, whether incorporated, and whether domiciled in the United Republic of Tanzania or elsewhere and the intention is that the objects specified in each paragraph of this clause shall except where otherwise expressed in such paragraph, be an independent main object and be in no way limited or restricted by reference to or inference from the terms of any other paragraph or the name of the Company and may be carried out in as full and ample manner and construed in as wide a sense as if each of the said paragraphs defined the object of a separate and distinct company.
4. The liability of the members of the Company is limited.
5. The share capital of the Company is Tanzania Shillings Five Hundred Million (**Tsh 500,000,000.00**), divided into 50,000 shares of Tanzania Shillings Ten Thousand (**Tshs 10,000.00**) each, with power for the Company to increase or reduce the said capital and to issue any part of its capital, original or increased, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions, and so that unless the condition of issue shall otherwise expressly declared, every issue of

shares, whether declared to be preference or otherwise, shall be subject to the powers herein before contained.

We, the several persons whose names and addresses are subscribed below, are desirous of being formed into a Company, in pursuance of this Memorandum of Association and we respectfully agree to take the number of shares in the capital of the Company set opposite our respective names;

Names, Addresses, and Description of Subscribers.	Number of shares taken by each Subscriber	Signature
1. Joseph Shilesario Swai P.O. Box 3060, MOSHI	1,000	
2. Amen- God Joseph Swai P.O. Box 3060, MOSHI.	1,000	AMEN God

Dated at Arusha this 22nd Day of FEBRUARY 2013

Witness to the above signatures

Name:

Signature:

Postal Address:

Qualification:

Amendo Ngallaba
Arusha
Advocate
Notary Public
&
Commissioner
for Ombuds
P.O. Box 2567 D'SALAMI



Qualification: Advocate/Notary Public

The Companies Act
(Cap. 212)

Company Limited by Shares

Articles of Association

Of

JOSHI FEEDMEAL LIMITED

Preliminary

1. **Table A**

The Regulations contained in Table A shall, except where they are modified or excluded by these Articles or are inconsistent herewith, apply to the Company and, subject to any such modification, exclusions or inconsistencies, shall together with these Articles constitute the Articles of Association of the Company to the exclusion of any other regulations or articles of association.

2. **Interpretation**

In these Articles, the following words have the following meanings:

"Act" the Companies Act 2002 as amended from time to time;

"Articles" these Articles of Association as amended from time to time

"Table" Table A in the Schedule to the Companies Act 2002. Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in Table A shall have the same meanings in these Articles; and

"Regulations" means Regulations contained in Table A to the Act.

"Tsh" Tanzanian Shillings.

References in these Articles and in Table A to writing shall be construed as including references to any method of representing or reproducing words in a legible and non-transitory form.

Words denoting the singular shall include the plural and vice versa. Words denoting the masculine shall include the feminine. Words denoting persons shall include body corporate and unincorporated associations.

Headings in these Articles are for convenience only shall not affect the interpretation hereof.

Share Capital

3. **Amount of Share Capital**

The share capital of the Company is Tanzania Shillings Five Hundred Million (**Tsh 500,000,000.00**), divided into **50,000** shares of Tanzania Shillings Ten Thousand (**Tshs 10,000.00**) each.

4. Issue of shares and form of share certificate

- 4.1 No shares in the Company or any right to subscribe for or convert any security into shares in the Company shall at any time be allotted unless within one month notice before that allotment to every shareholder for the identity of the proposed allottee.
- 4.2 Every share certificate shall be executed by the Company in such manner as the directors may decide (which may include use of the seal and/or manual or facsimile signatures by one or more directors) and shall specify the number of shares to which it relates and the amount paid up on those shares.

5. Directors' Authority

The directors are authorized to exercise all powers of the Company to allot relevant securities, but only if the allotment otherwise conforms to the requirements of these Articles. The maximum nominal amount of relevant securities which may be allotted under this authority shall be the nominal amount of the unissued share capital at the date of adoption of this Article or such other amount as may from time to time be authorized by the Company in general meeting.

Transfer of shares

6. Directors' Right to Refuse Registration

The directors may in their absolute discretion and without assigning any reason therefore refuse to register any transfer of shares (not being fully-paid shares) to a person of whom they do not approve or of a share on which the Company has a lien.

General Meetings

7. Adjourned General Meeting

If a quorum is not present within half an hour of the time appointed for a general meeting, the meeting shall be adjourned to such day and at such time and place as the directors may determine and if a quorum is not present within half an hour from the time appointed for the adjourned meeting the meeting shall be dissolved.

8. Votes

Subject to any rights or restrictions attached to any shares and to any other provisions of these Articles, at a general meeting, on a show of hands, every member present in person shall have one vote, and on a poll every member present in person or by proxy shall have one vote for each share of which he is the holder.

The chairman shall have a second or casting vote. Regulation 53 shall apply accordingly.

Proxies

9. Deposit and Form of Proxy

- 9.1 An instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor and in any common form or in such other form as the directors may approve, and the directors

may at their discretion treat a faxed or other machine- made copy of an instrument in any such form as an original copy of the instrument.

- 9.2 The instrument of proxy shall, unless the contrary is stated in it, be valid for any adjournment of the meeting as well as for the meeting to which it relates, and shall be deemed to include authority to vote as the proxy thinks fit on any amendment of a resolution put to the meeting for which it is given.
- 9.3 In this Article and for the purposes of Regulation 63," address" in relation to electronic communications includes any number or address used for the purpose of such communication.
- 9.4 The instrument appointing a proxy and (if required by the directors)any authority under which it is executed or a copy of the authority (certified notarially or in any other manner approved by the directors)may be delivered to the registered office, or to some other place or to some person specified or agreed by the directors, before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to act or, in case of a poll taken after the date of the meeting or adjourned meeting, before the time appointed for the taking of the poll, and an instrument of proxy which is not so delivered shall be invalid

Directors

10. Number of Directors

Until otherwise determined by the company in General Meeting the Directors shall not be less than two and not more than seven in number.

11. Share qualification

No shareholding qualification for directors shall be required.

12. Directors' Remuneration

Any director who serves on any committee, or who otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director, may be paid such extra remuneration by way of salary, commission or otherwise or may receive such other benefits as the directors may determine. Regulation 81 shall be extended accordingly.

Appointment and Removal of Directors

13. Appointment and Retirement of Directors

The Company may by ordinary resolution appoint a person who is willing to act to be a director either to fill a vacancy or to be an additional director. Regulation 84 and 85 of Table A shall apply to this Article accordingly.

14. Vacation of office

The Company may by ordinary resolution, remove any director from office. Any director who is an employee of the Company and who ceases to be an employee shall be removed from office from the date his employment ceases. Regulation 86 shall apply accordingly.

Appointment and Removal of Alternate Directors

15. Appointment of Alternate Directors

- 15.1 Any director (other than an alternate director) may appoint any person (whether or not a director) to be an alternate director and may remove from office an alternate director appointed by him.
- 15.2 In these Articles, where the context so permits, the term "director" shall include an alternate director appointed by a director. A person may be appointed an alternate director by more than one director.
- 15.3 The appointment of an alternate director shall determine on the happening of any event which if he were a director would cause him to vacate such office or if the director of whom he is the alternate ceases to be a director.

16 Attendance and Notice of Meetings

- 16.1 An alternate director shall be entitled to receive notice of all meetings of the directors and of all meetings of committees of directors of which his appointor is a member, to attend and vote at such meetings at which the director appointing him is not personally present, and generally to perform all the functions of his appointor as a director in his absence. An alternate director who is already a director of the Company in his own right, will also be a director (and may vote) in his own right.
- 16.2 A person signed by an alternate director need not also be signed by his appointor and, if it is signed by his appointor, it need not be signed by the alternate director in that capacity.

17. Alternate Directors' Remuneration

An alternate director may be paid expenses and shall be entitled to be indemnified by the Company to the same extent as if he were a director but shall not be entitled to receive from the Company any fee in his capacity as an alternate director except such part (if any) of the remuneration otherwise payable to the director appointing him as an alternate director may by notice in writing to the Company from time to time direct.

Meetings and Proceedings of Directors

18. Proceedings of Directors

Subject as provided in these Articles, the directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit.

19. Notice of Board Meetings

- 19.1 A director may, and the secretary at the request of a director shall, call a meeting of directors.
- 19.2 A director whose registered address is not within Tanzania shall be entitled to have notices sent to him as if he were a director with a registered address within Tanzania.

- 19.3 Notice of a meeting of the directors shall be deemed to be properly given to a director if it is given to him personally or by word of mouth or sent in writing (including by e-mail) to him at his last known address or any other address given by him to the Company for this purpose, or by any other means authorized in writing by the director concerned.
- 19.4 A director may waive notice of any meeting either prospectively or retrospectively.
- 19.5 The parties will ensure that at least twenty one days' notice of a meeting of directors is given to all directors entitled to receive notice accompanied by:
- 19.5.1 an agenda specifying in reasonable detail the matters to be raised at the meeting; and
- 19.5.2 copies of any papers to be discussed at the meeting.
- 19.6 A shorter period of notice of a meeting of directors may be given if a majority of directors agree in writing.
- 19.7 Matters not on the agenda may not be raised at a meeting of directors, or business conducted in relation to those matters, unless all the directors agree in writing.

20. **Telephone Board Meetings**

The directors, any committee of the directors, shall be deemed to meet together if, being in separate locations, they are linked by conference telephone or other communication equipment which allows those participating to hear and speak to each other. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting is.

Directors' Interest and Disclosure of Information

21. **Directors' Interests**

A director who to his knowledge is in any way, whether directly or indirectly interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the directors in accordance with the Act. Subject, where applicable, to such disclosure, a director shall be entitled to vote in respect of any contract or proposed contract in which he is interested and if he shall do so his vote shall be counted and he shall be taken into account in ascertaining whether a quorum is present.

Notices and Time of Service

22. **Notices**


- 22.1 A member whose registered address is not within Tanzania shall be entitled to have notice sent to him as if he were a member with a registered address within Tanzania. The last sentence of Regulations 59 shall not apply accordingly.
- 22.2 Any notice or other document may be served on or delivered to any member by the Company either personally, or by sending it by courier addressed to the member at his registered address or by fax to a number provided by the member for this purpose, or by leaving it at his

registered address addressed to the member, or by any other means authorized in writing by the member concerned.

23. **Time of Service**

23.1 Any notice or other document if given personally or sent by courier, shall be deemed served when delivered; and if sent by fax, shall be deemed served when dispatched. In proving such service or delivery, it shall be sufficient to prove that the notice or document was delivered to the address given for notice, or, in the case of a fax, that such fax was duly dispatched to a current fax number of the addressee.

23.2 Any requirement in these Articles or in Table A for any notice, resolution or other document to be signed by or on behalf of any person shall be deemed satisfied where a notice, resolution or other document is received with the signature of the relevant person reproduced thereon by means of facsimile copy if such signature is confirmed by receipt of the notice, resolution or document bearing the original signature in manuscript within 14 days of receipt of the reproduction

Names, Addresses, and Description of Subscribers.	Number of shares taken by each Subscriber	Signature
1. Joseph Shilesario Swai P.O. Box 3060, MOSHI	1,000	
2. Amen God Joseph Swai P.O. Box 3060, MOSHI	1,000	AMEN GOD

Dated at Dsm this 25th day of FEB 2013

Witness to the above signatures:

Name: _____

Postal Address: _____

Signature: _____

Qualification: _____



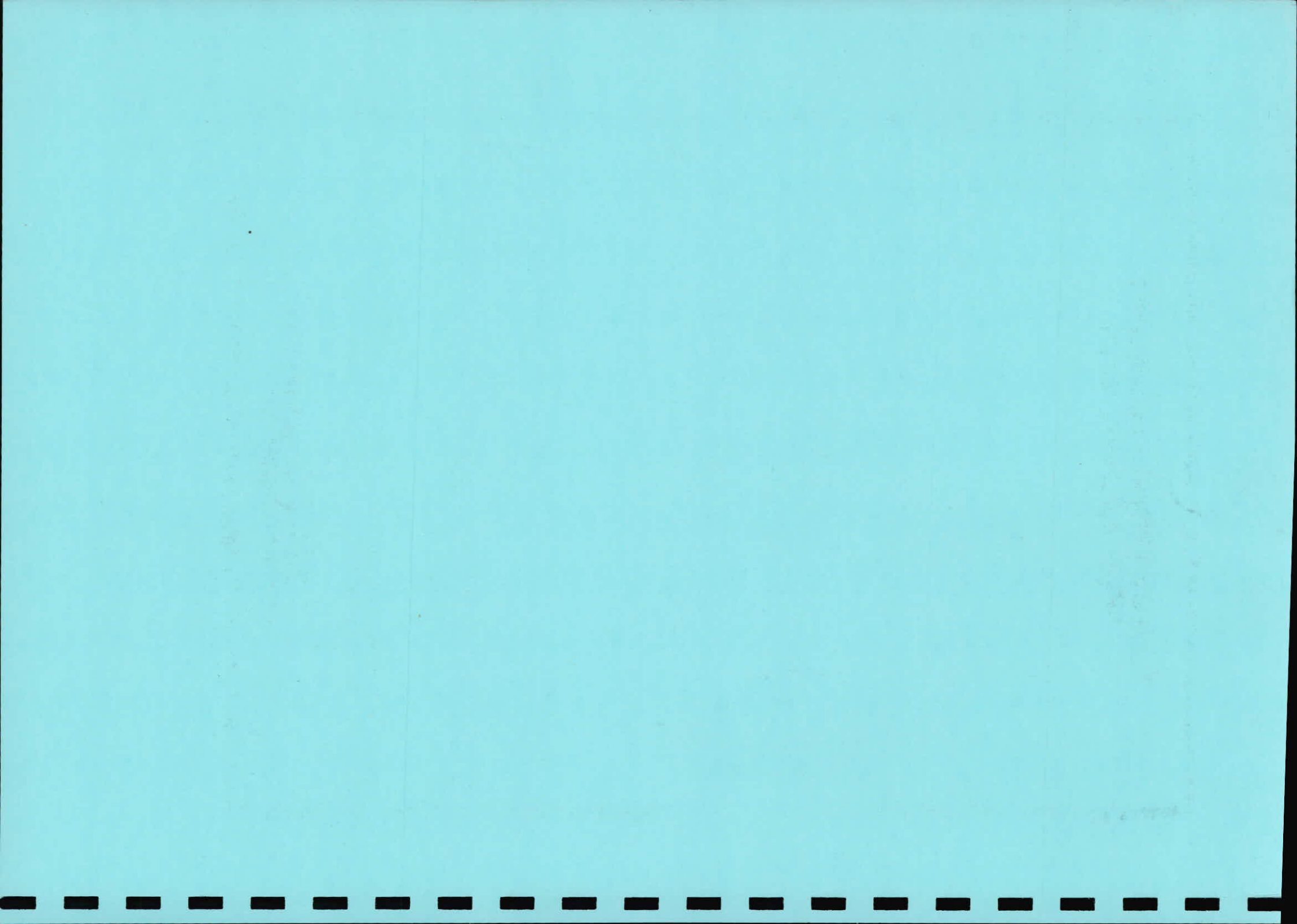
JOSHI FEEDMEAL LIMITED
P. O. Box 3060, Moshi

Business Plan
For
Animal Feed Manufacturing Project

March 2013

Business Plan By: Management,
JOSHI Feedmeal.Ltd,
P. O. Box 3060,
Moshi.

CONSULTANTS: DaB Consultants,
P. O. Box 7418,
Moshi.
Phone: 255 27 2752245
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E-mail: kabewa2002@yahoo.com



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Acronyms and Abbreviations

<i>ATEC</i>	<i>Accounting Technician Certificate</i>
<i>CEO</i>	<i>Chief Executive Officer</i>
<i>CTI</i>	<i>Confederation of Tanzanian Industries</i>
<i>GDP</i>	<i>Gross Domestic Product</i>
<i>GFC</i>	<i>Global Financial Crisis</i>
<i>IRR</i>	<i>Internal Rate of Return</i>
<i>MD</i>	<i>Managing Director</i>
<i>MFI</i>	<i>Micro-Finance Institution</i>
<i>NEMC</i>	<i>National Environmental Management Council</i>
<i>NIT</i>	<i>National Institute of Transport</i>
<i>SIDO</i>	<i>Small Industries Development Organisation</i>
<i>TBS</i>	<i>Tanzania Bureau of Standards</i>
<i>TCCIA</i>	<i>Tanzania Chamber of Commerce Industry and Agriculture</i>
<i>TIC</i>	<i>Tanzania Investment Centre</i>
<i>TPC</i>	<i>Tanganyika Planting Company Ltd</i>
<i>VAT</i>	<i>Value Added Tax</i>

1.0 BACKGROUND:

Tanzania is rich in livestock resources in terms of both, numbers and variety. It ranks third in Africa in terms of cattle population after Ethiopia (*31 million*) and Sudan (*30 million*). The estimated livestock population totals to 18.5 million cattle, 13.1 million goats, 3.6 million sheep and 30 million indigenous/traditional poultry, among other species.

A total of 88.6 million hectares of land resource is currently free for economic activities, other than primary agriculture and 60 million hectares out of these are suitable rangelands for livestock grazing. The rangelands have a capacity to carry a total of 20 million livestock units. Presently, only 17 million livestock units are kept. There is room therefore, for expansion of the livestock industry and hence the potential for investment opportunities.

While rangelands will continue to be the main source of animal feed, compounded (*or industrial*) feedstuffs are important, especially for poultry, dairy and pig production. These feedstuffs account for about 60% of total production costs of commercial farm animals. Optimum production of animals and animal products largely depend upon the adequacy of all essential nutrients in rations.

Production of compounded feedstuffs however, is constrained by lack of large scale agricultural production of raw material – such as yellow maize (*American corn*), soya beans, simsim and groundnuts, which could supply manufacturers of animal feed with appropriate ingredients for production of high quality feeds. Industrial feedstuffs production is currently estimated at 500,000 metric tons per annum, while the demand stands at 650,000 tons. The difference is bridged by backyard compounding of feeds by smallholder livestock keepers, mainly poultry and pig farmers (*Ministry of Livestock Development and Fisheries*).

There are complaints by livestock farmers on the low performance of their animals. In most cases the problem has been associated with low quality feedstuffs as a result of weak regulatory mechanism on producers. However, compounded feedstuffs production is also constrained by a number of factors such as high taxes, seasonal availability of raw material, inadequate credit facilities to producers and distributors, lack of sufficient knowledge on feed formulation and high production costs. Both, poor utilization of concentrates and the use of poorly formulated feeds have also shown to affect animal productivity in the country. All these challenges are expected to be addressed by the Livestock Development Policy, whose main object regarding animal feeds, is to promote production of quality animal feedstuffs for increased production and productivity of livestock.

JOSHI Feedmeal Ltd is engaged in feedstuffs compounding particularly for the market of North-eastern part of Tanzania. The long term plans of the company is

to be the leading producer of industrial feedstuffs in this part of the country, where there is a considerable expansion of market, as the number of improved stocks farmers is steadily on the rise. This Business Plan is for expansion of existing small scale factory owned by the founders of this company. The company has taken over the factory to continue business from now-onwards.

2.0 VISION AND MISSION OF THE COMPANY:

2.1 Vision:-

JOSHI Feedmeal Ltd envisages being the leading manufacturer of animal feeds in the whole of North-eastern Tanzania in the next five to seven years from now.

2.2 Mission:-

As a manufacturer – production of quality products at competitive prices. As a trader – provision of prompt and professionally high quality service delivery to customers, aimed at ensuring that they realize the highest value for their money.

2.3 Core Values:-

Service provision with commitment, integrity and creativity while treating each client as if they were the company's only client.

3.0 BASIS OF THE BUSINESS PLAN:

A study based on rapid appraisal surveys was conducted prior to, and as the basis of preparation of this plan. The surveys were based on the following objectives and approach:-

3.1 Study Objectives:-

- (a) To analyze the relevant market and other factors impacting upon the supply and demand of animal feeds and allied products in the short, medium and long term requirements.
- (b) To examine the physical and operational characteristics of the existing market in order to determine the positioning of the proposed company's business in the market place.
- (c) To conceptualize the proposed company's production and business operations, assess their economic viability, commercial profitability, social feasibility and provide a vision as to how the planned objectives should be realized.
- (d) To provide supporting documentation required in applying for registration of the proposed business project with the Tanzania Investment Centre (TIC) to obtain a certificate of incentives, also in accessing bank loans and other credit facilities required in the financing of investment capital.

3.2 Study Approach:-

- (a) Participatory: Semi-structured interview and discussions were held with the Company's Directors, businesspeople in animal husbandry, animal feeds production and distribution and related businesses.
- (b) Physical visits to the company's main business centre's location at SIDO Industrial Estate and the proposed new factory at Plot No. 5 Njoro Industrial Area, in the municipality of Moshi, where it is proposed that the new Headquarters of the company will also be situated.
- (c) A brief market survey on feedstuffs industries and their products in Tanzania, characteristics of demand and the general market structure of industrial animal feeds products, competition among suppliers and producers in the market and the supply of raw materials.
- (d) Conduction of profitability/viability test of the investment, using the appropriate financial projections for the initial period of five years of the proposed business operations.

4.0 THE PROJECT:

4.1 Project Concept:-

This is an industrial project involving processing of animal feeds. The process includes milling of cereals grain and other ingredients like fishmeal, cotton and sunflower cakes, bone-meal, etc. The ground ingredients are then mixed together with special pre-mixes and concentrates according to approved formulae for each of the products to be produced. Packing, storage and distribution of final products are the last in the chain of production process activities.

The factory's industrial set-up will have the following basic Plant, Machinery & Equipment:-

- Ten grain millers
- Six feed mixers
- Industrial weighing scale
- One Rice Huller
- Two winnowers
- One gunny bag sewing machine
- Assortment of tools

For the purpose of raw materials procurement, supplies and distribution of finished goods, the company shall acquire 2 Fuso trucks 2 canter pick-ups to add up to the existing one Fuso truck and two canter pick-ups. This will make a small fleet consisting of seven motor vehicles to serve the factory.

financing plan. Implementation of the first out the four main project activities mentioned above has already been accomplished. Implementation of the remaining three activities will commence as soon as sufficient funds for each of the proposed investment items will be made available (*priority-wise*) from the planned sources.

4.3 Project Objectives:

4.3.1 Development Objective:-

JOSHI Feedmeal Ltd as an investor aims at playing a significant role in the livestock development efforts to maximize productivity and economic returns of the sector, so that it can occupy its rightful position in contributing to the National Economy.

4.3.2 Immediate Objectives:

- (a) To build and operate a feed meal compounding factory with an installed production capacity of 300 metric tons per month, of various animal feed products.
- (b) Enhancing the country's capacity to produce animal feed concentrates to fill the existing demand/supply gap and meet the growing demand, with increased husbandry of improved species of livestock particularly poultry, dairy and beef cattle.
- (c) Creating employment opportunities to skilled and semi-skilled Tanzanians in both – agro-processing and animal feed industrial operations, including their supplies and distribution in the company's business.
- (d) To participate in the revamping of Kilimanjaro region's ailing economy after the declining of agricultural outputs, low producer prices and the need to diversify the region's economy, to manufacturing, agro-processing and animal husbandry, from the predominant coffee industry and recently, tourism businesses.

5.0 THE PROJECT PROMOTERS:

JOSHI Feedmeal Limited is the promoter of the proposed animal feeds manufacturing project. The authorized share capital of the company is currently T.Shs. 500 million. Ownership of the company in percentage of authorized, issued and paid-up share capital is as follows:-

- Joseph Shilesario Swai 50%
- Amen-God Joseph Swai 50%

Mr. Joseph S. Swai is the Managing Director (MD) of the company. The other shareholder is also a director. The MD, Mr. J. S. Swai, a middle aged, serious

businessman started business from the lowest ranks of entrepreneurs in the early years of the 1980s decade. He trained himself as a carpenter and started self-employment in 1981. Between 1981 and 1984 he worked as a carpenter in Moshi, Arusha and Singida towns. In 1984 he chanced his luck as a cargo truck driver mainly based in Moshi. In 1989 he decided to settle back in his home village in Machame, Hai district, where he started a retail shop and operated a milk vending business in Moshi town. He also maintained his small carpentry workshop and worked as a smallholder farmer, growing cereals in his farm. He is still maintaining all these activities up to now.

In the year 2004, he ventured into animal feed selling, opening a retail shop in Moshi municipality. In 2008 he decided to venture into production of these products. Between 2008 and 2009 he rented factory premises at SIDO Industrial Estate in Moshi, and secured three investment loans consecutively from a famous MFI in Moshi, going by the name of "*Equity For Tanzania*" (EFTA), worth T.Shs. 12; 18 and 30 million each respectively. He invested the loan funds in acquisition of plant and machinery needed in his new factory and commenced production in 2008.

In the animal feeds manufacturing arena he demonstrated stunning acumen in management and entrepreneurial skills. His exemplary abilities in management steered the new, small factory into one of the successful and respected producers of animal feed products in Moshi in a span of less than 3 years. Not surprisingly therefore, between 2010 and 2011 he was able to secure two loans consecutively worth T.Shs 55 and 200 million, each respectively from Uchumi Commercial Bank in Moshi. These credit facilities enabled him to expand his business and acquire the property upon which the proposed project in this document will be implemented.

The other director – Mr. Amen-God J. Swai is an accountant who is employed by an accounting firm in Lindi region. He is therefore not engaged in the day to day managerial functions of the company, but he is in a position to offer his financial expertise. Equipped with the wide experience in business as explained above, the MD is optimistic of successful implementation and economic viability of the proposed project.

6.0 Overview of the Manufacturing Sector and Animal Feeds Industry In Tanzania:

6.1 The Economy:-

Tanzania is one of the fastest growing economies in Africa, thanks to the sustained economic reforms which are being undertaken since the late 1980's. The country's economy has been constantly growing since mid 1990s by an average of above 5.5% annually. In the year 2004 the economy grew by 5.6% in 2005 by 5.9% and in 2006 by 6.2%. The growth was maintained up to 2008

when it reached 7.4%. In 2009 however, the rate dropped to 6.0%, mainly because of the Global Financial Crisis (GFC) as well as the 2008/09 drought which affected agricultural production and hydro power generation and by extension the industrial production as well (*Planning Commission – Economic Surveys for 2005 – 2009*). The GFC also adversely affected key foreign exchange earning sectors such as tourism.

All these factors had significant impact on the total GDP. However, other sectors such as communication, transportation, education and gas production continued to grow. The government projected a growth of 10% by the year 2010. This target was not achieved; it was instead set as an objective for the next five years. The overall goal is to achieve the National Vision 2025 of becoming a middle income nation by that year. The NV – 2025 aims at raising the standard of living and quality of life of the people through enhancement of both – the productive and non-productive sectors of the economy from the present level of per capita GDP of about US.\$ 210 to medium developed country with an average per capita GDP of around US.\$ 2,500 (*National Development Vision 2025, National Planning Commission*).

6.1.1 Brief Economic Overview of Kilimanjaro Region:

Kilimanjaro region where the proposed project will be located is composed of seven administrative districts of: Same, Mwanga, Rombo, Moshi-Rural, Moshi-Urban, Hai and Siha (*Siha was founded after the splitting of Hai district in 2005*). With the exception of Moshi municipality and the smaller townships of Sanya-Juu, Hai, Himo, Mkuu and Tarakea (*in Rombo*), Mwanga and Same, the rest of the region is largely rural.

The exact location of the region is in the North Eastern part of Tanzania Mainland. It lies, South of the Equator between latitudes 2° 25' and 4° 15', and longitudes 36° 25'3" and 38° 18'00" East of Greenwich. It has a common border with the Republic of Kenya in the North, Tanga region to the Southeast, Arusha region to the West and Manyara region to the South. The region covers a land area of 13,209 sq. kms. or 1.4% of the entire land area of Tanzania Mainland. Area-wise, this is the smallest region on the mainland Tanzania.

6.1.2 The Region's Economy:

Kilimanjaro region, with a population of 1,381,149 (*2002 census*) has a population density of 104 people per sq. km. compared to the national average of 37 people per km². The highlands of Kilimanjaro and Pare mountains however, where most farming takes place have a population density of up to 350 people per km².

Agriculture is the dominant economic activity, employing more than 80% of the population in the region. It is practiced on a smallholder scale, on plots of 0.5 to

5 hectares per family, owned under freehold lease system. The main crops that are grown are: maize, beans, coffee, sunflower, sorghum, cassava, paddy, bananas and other fruits especially citrus types and mangoes. Sugarcane is grown in large farms particularly the T.P.C. To a large extent the practiced agriculture and the regional economy as a whole is basically subsistence.

Table 1: Kilimanjaro Region's Districts' Population by Sex, Number of Households and Average Household size.

<u>Districts</u>	<u>POPULATION (NUMBER)</u>			<u>HOUSEHOLDS</u>	
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Number</u>	<u>Aver. Size</u>
Rombo	116,859	129,620	246,479	50,123	4.9
Mwanga	55,666	59,954	115,620	24,326	4.8
Same	103,520	108,805	212,325	44,474	4.8
Moshi Rural	192,998	209,433	402,431	84,862	4.7
Hai	127,782	132,176	259,958	58,056	4.5
Moshi Urban	71,040	73,296	144,336	35,598	4.1
TOTAL	667,865	713,284	1,381,149	279,439	4.6

Source: National Census 2002 Report (for the figures quoted on the table)

Note: (i) Situation before the split of Hai district to form Siha district

(ii) The region's population growth rate is 1.6 per annum – 2002 census

People also keep limited numbers of livestock i.e. a few traditional (*humped zebu*) cows, goats, sheep, pigs and freely feeding poultry. In the upper areas, the region is one of the leading nationally in the number of pedigree dairy cows. In urban areas a good number of people (*which is increasingly on the rise*) rear broilers and layers poultry. In 2004, agriculture (*which includes crop farming, livestock, forestry, hunting and fishing*) contributed 69.2% to the region's GDP. Of the total agricultural output, crop farming accounted for 77.2% and livestock 16.3%, leaving 6.3% to forestry and hunting sub-sectors, while fishing accounted for only 0.2% (*Kilimanjaro Socio-Economic Profile – RC's Office*). There have been some changes since 2004 to-date, although exact figures could not be obtained from authorities at the time of writing, but the changes are insignificant in terms of improving the standard of living to the majority population.

6.2 Manufacturing Industry:-

The industry as a whole accounted for 8.6% of GDP in 2009 compared to 7.8% in 2008. Manufacturing activities grew by 8.0% in 2009 from 9.9% in 2008 (*Planning Commission – Economic Survey for 2009*). The decline is largely attributed to GFC again which took its toll in 2009. Manufacturing is mainly limited to processing of agricultural products and light industry for consumer goods. The sector is small and, at this rate of growth, it does not make much impact on overall economic growth either. It has not performed well mainly due to inability of most industries to compete effectively in the local, regional and international markets. Its base is depressed even further by importation of second-hand goods following trade liberalization and evasion of duties and taxes

by importers. The few exceptions are those industries with a strong local market such as – all beverages i.e. beer, soft drinks (*including drinking water*); sugar, cement and cigarettes.

All taken into consideration, Manufacturing Industry is one of the important economic sectors in Tanzania. Apart from being a significant employer accounting for 18 per cent of the total wage employment and being the largest single source of formal urban employment, the industrial sector contributes 18 per cent of the total foreign exchange earnings. The sector also facilitates development of other sectors of the economy through supply and demand relationships and forward and backward linkages.

However, generally speaking the growth of industrial sector is still faced with a number of constraints. These include; lack of reliable infrastructure such as power, water, finance, enabling environment and other facilities required for enhanced production, hence the sector still requires significant improvement to stimulate its full growth.

6.2.1 Animal Feed Processing Industry:

Livestock farming in Tanzania is pre-dominantly pastoralist in nature. This type of livestock keeping has hardly anything to do with the use of industrial animal feeds. When we are therefore talking of 18.5 million cattle; 13.1 million goats; 3.6 million sheep and the 30 million poultry, these numbers cannot be reflected in any way, in the consumption rate of compounded feedstuffs or the market potential for the products of feed meal industries in the country.

However, with the increasing conflicts between farmers and pastoralist communities on the one hand, and between government authorities having jurisdiction over game reserves and controlled areas and pastoralists on the other hand, it is becoming clearer with each passing day that, sustainability of the livestock sub-sector in the long run, lies on the rate and extent of modernization of livestock husbandry to be practiced in the country in future. This means deliberate measures have to be taken to gradually move away from pastoralist type of husbandry to less (*towards zero*) grazing type, and changing of stocks from the traditional ones to more improved and productive species.

This process is very much supported and facilitated by availability of "*crop residues*" in the country, which could be used to supplement pasture in a transition period during which reduction of traditional stocks to be replaced by improved species is being implemented. This same period would also usher-in the journey towards maximization of the use of compounded feeds by the more productive improved livestock species. The wide range of agro-ecological zones that are found in Tanzania, which favour production of a number of cereals and leguminous crops facilitates the availability of this (*crop residues*) resource,

which is less costly compared to compounded feedstuffs. However, this is only possible if livestock keepers are educated on the importance, conservation and utilization skills of crop residues through livestock extension services (*which the country lacks critically at the moment*).

The above observed situation, explains why there is such a small *Animal Feed Processing Industry* in the country, with such a large population of livestock as pointed out in the first paragraph of this sub-topic. The total output of compounded animal feeds industries in the country is currently estimated at 1,125 tons per day, which is roughly $\frac{1}{2}$ of their total installed capacity of about 2,500 tons per day (*Ministry of Livestock Development and Fisheries – Dept of Pastoral Systems Development*). Reasons advanced for the under-capacity utilization of the factories are mainly seasonality and insufficient availability of raw materials and lack of reliable capital base to most of the feedstuffs manufacturing entities.

Table 2: Cattle Population in Tanzania

Region	Human Population	Cattle Owners	Indigenous Cattle	Beef Cattle	Dairy Cattle	Total No. Of Cattle
Arusha	1,351,675	31,254	1,825,034	16,823	33,033	1,874,890
Coast	638,015	1,336	80,464	5,805	2,754	89,023
D'Salaam	1,360,850	NA	4,306	118	2,186	6,610
Dodoma	1,237,819	30,013	1,006,971	11,828	2,700	1,021,490
Iringa	1,208,914	29,371	472,909	2,526	10,184	485,619
Kagera	1,326,183	24,379	351,509	11,553	14,915	341,977
Kigoma	854,817	10,718	62,342	0	482	62,824
K'njaro	1,108,699	82,431	341,079	8,503	18,494	368,074
Lindi	646,550	372	5,009	533	885	6,427
Mara	970,942	37,306	969,930	3,476	3,934	977,340
Mbeya	1,476,199	50,414	902,409	138	5,537	908,084
Morogoro	1,222,737	3,487	317,214	12,274	5,373	334,861
Mtwara	889,494	1,497	13,393	124	1,267	14,784
Mwanza	1,878,271	67,127	1,362,495	165	3,472	1,366,132
Rukwa	694,974	14,043	392,692	110	1,449	394,251
Ruvuma	783,327	7,161	37,227	674	1,718	39,619
Shinyanga	1,772,549	72,902	1,900,548	203	3,299	1,904,050
Singida	791,814	46,313	945,154	655	727	946,536
Tabora	1,036,293	27,049	931,793	2,083	379	934,255
Tanga	1,283,636	27,655	425,073	22,374	6,231	453,678
Tanzania	22,533,758	564,828	12,347,551	99,965	119,019	12,530,530

Source: 1984 Livestock Census and 1988 Human Population Census

Note: No analyzed figures could be obtained in the recent censuses for cattle & human populations. These figures however, are indicative of types, trend and ratios.

Observation: The growth of livestock population over the years to the current recorded population of 18.5 million (2006 livestock census) coupled with human population growth shows consistence in the ratios of the two populations. In the 2002 human population census for example, the total human population was 35

million. The number of cattle had reached 15.6 million in 1994/95 (see the figures on Table 3 below). Calculation in projecting population growth of beef and dairy cattle using the same ratios as on table 2 above, will show that the numbers of these species are also on the increase, hence the demand for compounded feeds which are normally consumed by these two types of cattle.

Table 3: Status of Livestock Industry in Tanzania

Type/Name	Sample Census 1994/95	Census 2006
Cattle	15.6 million	18.5 million
Goats	10.7 million	13.1 million
Sheep	3.5 million	3.6 million
Chicken	27 million	30.0 million
Pigs	201,789	-
Donkeys	134,286	-
Buffalos	4,807	-
Rabbits	47,851	-
Guinea fowls	43,159	-
Geese	1.2 million	-

Source: Ministry of Agriculture and Ministry of Livestock Development (Alternatively)

On the other hand, the growing demand of livestock products by local consumers and the growing number of tourist hotels, particularly chicken meat, pork, bacon and eggs has considerably stimulated increased production of these products. The growing demand is largely supplied by local producers, since the country's importation of these products (*if any*) is insignificant. No research has been conducted so far, to show if the increasing production of livestock products to meet the growing demand is done by the same livestock farmers, who are just expanding their operations by increasing number of stocks to step-up their production capacities or, it is a result of new farmers entering into livestock industry or, traditional ones turning into modern, improved husbandry. What is important though is the fact that, increased production of livestock products has increased demand of feedstuffs in the market. Market structure of feedstuffs products therefore, is currently characterised by an elastic demand side with a slightly static supply side (*see topic 7.2.1 below titled "The market"*). This is a conducive environment for investment in the sub-sector, a situation which JOSHI Feedmeal Ltd is making efforts to exploit.

7.0 BUSINESS ENVIRONMENT ANALYSIS:

7.1 Internal Appraisal:-

7.1.1 Management:

JOSHI Feedmeal Ltd as a corporate entity is managed under the Board of Directors. Day to day management of its business is conducted under the company's Managing Director (*who is also the CEO*) – Mr. J. S. Swai who is also the founder of the company. He is as explained earlier in *topic 5.0* of this report; he is an accomplished and well experienced entrepreneur. This project is his

brain child. He is therefore well prepared to embark on implementation of the proposed project and in the successful operation of its business thereafter.

The Managing Director (MD) will be closely assisted by well qualified professionals in management, marketing, animal feed processing and industrial operations. The company's management team and operational staff of the factory will be recruited for their competence, experience and good track record in their respective fields and in previous employments. Recruitment of any extra staff in future will always follow these standards.

Management structure of JOSHI Feedmeal Ltd will have the following four main departments of:-

- Factory Management & Production
- Marketing and Sales
- Transport and Logistics
- Accounts & Stores

These departments are coordinated by the Managing Director through the Heads of Departments. The company's organizational structure is shown on the following drawing on *page 13* in *Figure 2* below. The Heads of Departments shall be persons with the following minimum qualifications and working experience:

Factory & Production Manager: He/she must be at least a high school certificate holder with animal production background or, a person with adequate knowledge on animal feed industrial processes and production. Training on industrial management at diploma level shall be an added advantage. Working experience of not less than 3 years in a supervisory or managerial level at a recognised animal feeds industry shall be necessary. He/she will be in-charge of, and responsible for the whole factory and production department.

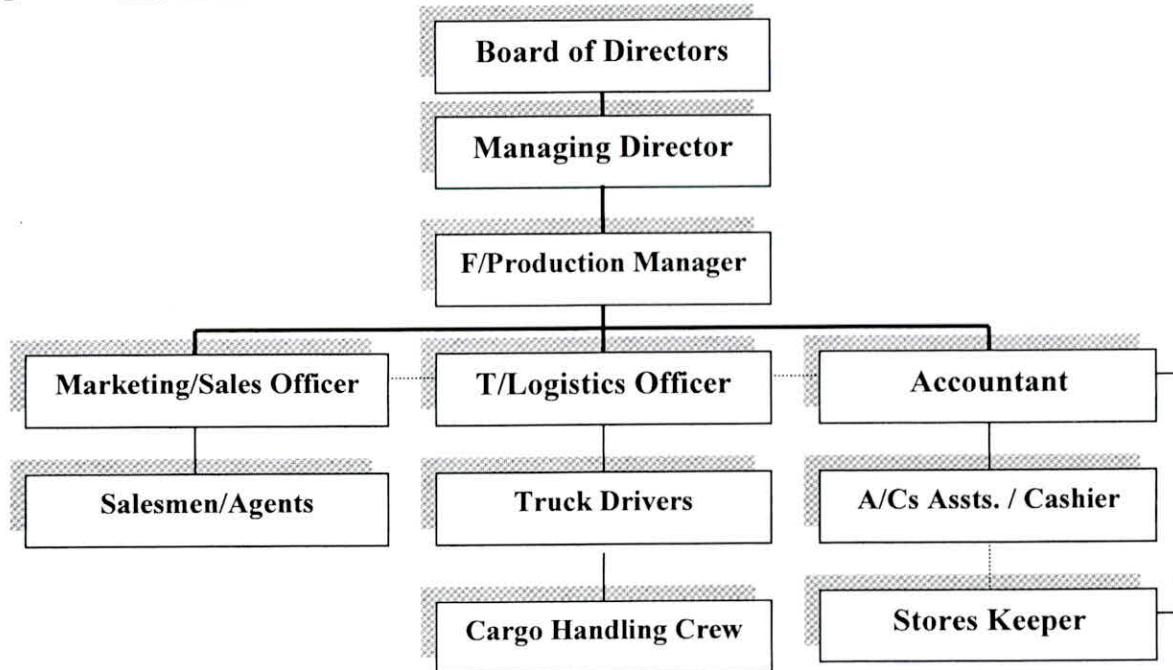
Marketing & Sales Officer: shall be a person with at least a Diploma in Business Administration (*marketing bias*) with at least 3 years of working experience in an industrial company, one of them in a supervisory/managerial position will be an added advantage. He/she shall be responsible for the planning and execution of markets researches, surveys and formulate sound marketing strategies for the company's merchandise.

Accountant: This will be a person with minimum qualification of Diploma in Accountancy or Intermediate Accounting Professional qualification (*or ATEC III*) with at least 2 years post qualification experience (*preferably in a manufacturing industry set-up*). He/she will be responsible for all financial matters of the company.

Transport & Logistics Officer: He/she must have a minimum qualification of high school certificate with a minimum experience of 7 years in transport management or, Diploma in Transport Management (*preferably from NIT*) or equivalent, plus a minimum working experience of 2 years. He/she will manage the small fleet of company's motor vehicles and advise on its expansion if, and when necessary. He/she will also advise the MD on the type of trucks to be acquired by the company, develop their maintenance schedules and determine their obsolescence, so that they may be timely disposed off, to cut down unnecessary costs.

Labour Requirements: Initially the company will hire a total of 20 employees including the management and subordinate staff. The number may be increased with the passing of time, increased production and logistics requirements. It is planned however, that most of cargo handling will be done by casuals and outsourced labour. The initial total staff establishment will be as shown on *annexure V* to this report titled "*Manpower Requirements and Wages Schedule*". The largest portion of the workers will be in the production department, followed by transport department. The rest will be engaged in administrative duties.

Figure 2: Organizational Structure of JOSHI Feedmeal Ltd



Key:-

- _____ Line Management Relationship
- Functional Relationship

The company shall streamline management and the size of labour force by outsourcing some of the services such as cleaning, maintenance and to a large extent security services. Marketing and sales department will be by and large

under marketing executives and sales agents. All these measures are aimed at promoting cost efficiency by cutting down unnecessary costs to realize maximum profits.

7.1.2 Technical Aspects:

Plant, Machinery & Equipment: JOSHI Feedmeal Ltd is planning to use the best and most suitable technology available for the planned animal feeds factory and all allied activities in the factory. All the machines will be the modern and approved items suited to the country's environment that are in the market today. They will not be necessarily wholly automated. This is to avoid acquisition of the ultra high-tech, state of the art equipment and machinery, which cannot be easily maintained in the country for maximum efficiency and productivity.

Some of these machines which are not available in the local market will be imported by the company. During reconnaissance trips to a number of suppliers and manufacturers, the company's management has been able to identify suitable machinery for the proposed factory in the country and some of them in China. Apart from the main plant the factory will have a power backup generator for emergency power supply during intermittent power cuts.

Processing Lines: The production line of the whole factory involves two processes of – Milling of cereal grains and other pre-mixes such as fishmeal, bonemeal, cotton cake, etc. The second process involves mixing of those ingredients in approved ratios to make appropriate feeds, i.e. poultry starter, finisher, broilers' or layers' feed etc. The main plant therefore includes the following machinery:-

- ❖ Grain Millers and Hullers, complete with their electrical motors, switches and installation accessories.
- ❖ Winnowers to clean grains before their intake into millers and hullers.
- ❖ Mixers to mix the ground grains together with pre-mixes to make appropriate feeds.
- ❖ Packing machinery to pack feeds into bags of appropriate sizes and sealing them by sewn seams.

Motor vehicles: Currently the company has one Fuso truck and one Canter pick-up. Most of transportation (*both – inwards and outwards*) is currently done by suppliers and customers, especially the big ones, and in some cases, hired transporters. With the planned expansion, the company will need to operate with sales and distribution agents. This arrangement shall require increased haulage capacity to timely supply the company's agents with their stocks, as a way of facilitating outlets of its products. Initially the company shall add 2 more Fuso

trucks and 2 Canter pick-ups for this purpose. Should this fleet prove to be inadequate, the company shall enter into truck hire contracts with private truck owners to augment its haulage capacity, as the need may arise.

Computerized Record System: For the purpose of facilitating modern information management practices, the company shall computerize its records keeping system. This measure will simplify recording of purchases, sales, invoicing, receipting of payments and calculation of taxes. The system will give the company's management access to daily business transactions with a lot of ease. The company will continue improving on the system to maximize the benefits of modern IT in managing its business.

7.2 External Environment:-

7.2.1 The Market:

JOSHI Feedmeal Ltd's marketing policy will aim at two main objectives namely:-

- Further penetration and entrenchment into the market's main segments to increase and retain a larger market share.
- Early investment cost recovery to enhance economic viability of the company's business and expedite its growth.

The policy will be hinged on continual conduction of market surveys as a way of establishing current market situations and also as the means of enabling the company to develop marketing strategies which will facilitate achievement of set out sales goals, on monthly and annual basis. Surveys will enable the company to identify the potential market for its products and plan strategies for its penetration. The aim is to maximize penetration of new markets and retain the market segments which the company shall have already won.

Market structure of feedstuffs products is characterised by a steadily growing demand side as explained in *topic 6.2.1* above. Growth of demand is indicated by the growing production of livestock products annually (*see table 4 below*). The steady growth of production depicts the direct growth of demand for the products at the local market since exportation of these products is negligible (*with the exception of skins and hides which are exported by over 85% and small quantities of live animals*).

7.2.1.1 Market Potential:

Basic indicator for feedstuffs demand is increased sales by distributors, wholesalers, sales agents and retailers. Increased consumption of livestock products, particularly in urban areas through restaurants, hotels, supermarkets and other product outlets is another reliable indicator, especially for pork, bacon, poultry meat and eggs. These products are largely produced by commercial

livestock keepers who use industrial feedstuffs, unlike beef which can be from any type of cattle, and indeed large quantities of this product are produced by pastoralists who rear traditional humped zebu type of cattle (*see cattle populations on table 2 above*).

Table 4: Production of Livestock Products for 2003 - 2006

PRODUCT	Product'n Unit	2003	2004	2005	2006	% Change In 2005/06
Meat Products:						
Beef	Tons	182,500	184,000	204,520	210,370	2.86
Goat meat & Mutton	"	74,500	75,800	78,093	78,579	0.62
Pork & Bacon	"	23,000	26,000	27,000	29,925	10.83
Chicken Meat	"	61,500	63,000	68,896	69,420	0.76
Total	Tons	341,500	348,800	378,509	388,294	2.58
Dairy Milk:						
Traditional Cows	Lts.(000)	620,700	813,700	920,000	941,815	2.37
Dairy Cows	"	359,800	366,300	466,400	470,971	0.9
Total	Lts.(000)	980,500	1,180,000	1,386,400	1,412,786	1.9
Chicken Eggs	Pcs.(000)	790,000	910,000	1,800,000	2,145,000	19.16
Skins & Hides						
Cattle	Pcs.	1,400,000	1,600,000	1,500,000	1,363,721	-9.08
Goats	"	800,000	1,200,000	1,500,000	1,216,740	-18.88
Sheep	"	460,000	650,000	700,000	861,770	23.11
Total	Pcs.	2,660,000	3,450,000	3,700,000	3,442,231	-6.96

Source: Ministry of Livestock Development

Note: These figures are for recorded production in butcheries and other officially recognized institutions. The actual production by local populations in their villages is higher than these numbers.

Stepped-up access to export markets for livestock products from Tanzania, would increase demand and therefore further stimulate production of livestock products, particularly by commercial producers, who in turn would increase demand for compounded feedstuffs. So far, development towards this direction is dwarfed by low investments in the sub-sector perpetuated largely by unavailability of investment capital. Both, the investors and financial institutions in the country have not seen this sub-sector as a priority to them. The sub-sector therefore, has huge investment potential and business opportunities, waiting to be exploited.

However, increasing local demand for livestock products, resulting from growing urban populations, growing number of hotels and supermarkets, particularly with the growing number of foreign tourist visiting the country each year, is currently the main driver of enhanced demand for compounded feedstuffs. Although the figures on *table 4* above relates to the situation of up to 2006, they however depict the general trend of production growth, which is believed to be prevalent to-date. The growing number of groceries, restaurants and take-away fast food

kiosks in all urban areas in which chicken meat, eggs and beef are the major food items sold is another important indicator of the growing demand for livestock products, hence the growth of demand for compounded feedstuffs to support increase production of these products.

Table 5: Distribution and Numbers of Visitors (both local and foreign) to the Major National Parks in Tanzania Mainland, 1997 to 2000, 2006 & 2007

National Park	Total Visitors						% change 2006/07
	1997	1998	1999	2000	2006	2007	
Kilimanjaro	16,378	17,333	22,560	33,515	38,446	39,926	3.8
Serengeti	116,993	123,652	202,858	309,517	267,183	284,495	6.4
Manyara	60,735	62,690	73,820	85,775	133,519	145,042	8.6
Ngorongoro	185,468	192,917	200,800	208,249	p. 218,349	527,380	p.141.5
Arusha	26,821	29,366	45,880	48,425	53,145	52,881	-0.49
Mikumi	7,031	3,630	12,784	10,609	28,702	28,673	-0.1
Ruaha	5,683	6,268	10,938	11,523	22,364	19,279	-13.8
Tarangire	57,097	64,315	56,724	67,720	103,114	117,643	14.1
Gombe	910	1150	961	2201	819	910	11.1
Total	477,116	501,321	627,325	777,533	865,641	1,216,229	40.5

Source: Planning Commission – Economic Survey June 2000 2001, 2007 & 2008

Table 5 above, shows the growing number of visitors to Kilimanjaro National Park and the other National Parks in the Northern Tourist Circuit. All these visitors have to stay and eat in the hotels spreading over the area covering the circuit, which covers the three Northern regions of Kilimanjaro, Arusha and Manyara. On tables 6 and 7 below, see the increasing number of foreign visitors and increasing accommodation facilities respectively, on an annual basis. These hotels are supplied most of their meat, eggs and milk by local producers.

Table 6: Number of Foreign Tourist Visitors Entering the Country and the Amount of Cash Collected from 2001 to 2007

Year	Number of Tourists	% Change	Number of Bednights	Income in US.\$ Million	% Change
2001	525,122	4.7	5,549,000	725.0	-1.9
2002	575,000	9.5	8,430,000	730.0	0.7
2003	576,000	0.2	9,600,000	731.0	0.1
2004	582,000	1.0	9,625,000	746.0	2.1
2005	612,754	5.3	10,587,000	823.1	10.3
2006	644,124	5.1	11,792,000	950.0	15.4
2007	719,031	11.6	12,748,000	1,037.3	9.2

Source: Planning Commission – Economic Survey 2007

Table 7: Accommodation/Tourist Facilities in the Country, 2001 to 2007

Item/Year	2001	2002	2003	2004	2005	2006	2007
Number of Hotels	329	465	469	474	495	503	515
Number of Rooms	10,325	25,300	30,600	30,840	31,365	31,689	31,870
Number of Beds	18,284	45,500	55,500	55,932	56,562	56,781	56,995

Source: Bureau of Statistics (National Planning Commission)

7.2.1.2 Competition:

Serious competition to the proposed business is expected to be between and among producers of feedstuffs in Kilimanjaro region particularly, where the proposed project will be located. This is area in which the company will also derive the core market for its products. Currently, the company's products are sold to as far as Arusha region, but the bulk (*as much as over 90%*) of the company's products find its market in Kilimanjaro region. It should be remembered that according to *table 2* above, Kilimanjaro region ranks 2nd with the highest population of *Dairy Cattle (18,494)*, surpassed only by Arusha region (*before the splitting to form Manyara region*) with 33,033 Dairy stocks. The table also portrays Kilimanjaro as the 6th region with highest population of *Beef Cattle (8,503)*, following Tanga region – 22,374; Arusha region – 16,823; Morogoro region – 12,274; Dodoma region 11,828 and Kagera region – 11,553. The following are the current main competitors to the company with their estimated percentage of market share in the region:-

Table 8: Ranking of the Main Competitors

Sno	Company	% of Market Share
1.	Harsho Feed Meal Corp. Ltd	45%
2.	JOSHI Feedmeal Ltd	20%
3.	Kibo Animal Feeds Ltd	10%
4.	Millennium Animal Feeds Ltd	7%
5.	Moshi Feeds Ltd	7%
6.	Kilimanjaro Animal Feeds Ltd	6%
7.	East African Animal Feeds Ltd	5%

Source: Survey by DaBCO – January 2013

JOSHI Feedmeal Ltd plans to take the lead in controlling market share of feedstuffs in the region. Since the neighbouring regions (*to Kilimanjaro*) of Arusha, Manyara and Tanga are also leaders in rearing beef and dairy cattle, let alone other types of livestock i.e. poultry and pigs, there is ample room for expansion in scooping market share in those regions as well, by spreading distribution channels to those regions where the number of feedstuffs producers in their localities is limited.

7.2.1.3 Marketing & Sales Promotion:

JOSHI Feedmeal Ltd's strategy in marketing its products shall involve the use of every effective and efficient tool available to present its products to the targeted market. These tools will include, but not limited to:

- Use of promotional materials i.e. fliers and posters
- Advertisements in print media and electronic media
- Online Advertising through the Company's website*
- Participation in international and local Trade Shows and Exhibitions*

(*Going online and attending international trade fairs, targets the E. African market, the protocol of which has already been signed).

The major objective of advertisements and promotional activities will be to increase the company's publicity and goodwill. The second objective will be to target the would be future buyers, particularly the large ones, win them and retain them to build-up the company's market share. As a manufacturer, JOSHI Feedmeal Ltd shall target wholesalers and large livestock producers as the main market segments, to build up, on its current market share which is a mixture of all – large and small buyers. Marketing strategies for the company shall always be guided by market researches and surveys, which will be a continuous exercise in the company's business management.

7.2.1.4 Pricing Policy:

As a tool for marketing, pricing of the JOSHI Feedmeal Ltd's products will be aimed at two goals: Firstly to make a further and effective penetration of the market and secondly to achieve early cost recovery. The company shall generate baseline prices based on a cost-plus approach with the goal of maintaining a 30% to 35% gross margin. However, since feedstuffs products' prices are highly responsive to market forces, the market itself and the level of competition will be the major yardstick for price scaling. Discounts will be offered and other incentives (*gifts*) to new customers (*and agents if need be*). These will initially range from 5 to 10%. Indicative product price and annual sales are shown on *annexure VIII* to this report.

7.2.2 Economic Aspects:

Manufacturing industry plays an important role in the growth of any country's economy. The proposed project also falls within the livestock sub-sector which in turn is an integral part of the Agricultural sector. The sub-sector contributes 30% of the agricultural GDP, which in turn contributes over 40% of the National GDP. The two sectors – of industry and agriculture are central to the growth of Tanzania's national economy. Agriculture employs around 80% of the country's population, while manufacturing industry takes around 18% of the total wage employment.

The fact that Tanzania's economy is growing, at an average of 5.5% annually in the last 10 years is enough evidence of conduciveness of the economic situation in the country for any viable business enterprise such as the planned one in this proposal. The need to fulfill market needs as envisaged in this business plan arises from uninterrupted function of market forces. This is a healthy situation for the growth of both – the business and national economy.

This investment has backward linkage to primary agriculture and forward linkage to the livestock sub-sector (*including livestock products processing*) and the

trade sector. The investment shall also have the following effects to the economy:-

- **Employment:** Initially the business will have a permanent staff establishment (*direct employment*) of 20 skilled and semi-skilled employees. This number may increase with the passing of time depending on the production capacity being utilized at the material time. Indirect employment to between 100 and 150 people in different sectors serving the industry in logistics and transportation will be created by the investment.
- **Government Revenue:** The Company's business is expected to pay corporate tax worth over T.Shs. 607.6 million in the first 5 years of its operations, apart from VAT and other consumer taxes and levies.

7.2.3 Political Climate:

The country's political situation is quite favourable to any viable business operations. There is a stable government with economic policies that encourage and promote the private sector to take lead in the running of the economy. The private sector is represented at district to national levels by such institutions as the TCCIA (*Tanzania Chamber of Commerce, Industry and Agriculture*) and CTI (*Confederation of Tanzania Industries*) etc. These together with other sectoral associations, give the private sector a platform for constructive dialogue with the government at all levels and facilitates the sharing of experiences from both sides to enable the government to come up with policies that are favourable to the growth of the private sector. The government has gone as far as forming a *National Business Council* whose chairman is the president himself.

8.0 ENVIRONMENTAL PROTECTION:

Manufacturing industry is among the sectors that are known to cause the highest rate of pollution in the world. Most of the highly destructive gases such as carbon dioxide, carbon monoxide and other oxidized gases are emitted by manufacturing industries. However, the proposed project involves grinding of grains and pre-mixes, mixing them together and packing of the products. The process does not involve any dangerous or poisonous chemicals.

The machinery, equipment and motor vehicles to be acquired for use by JOSHI Feedmeal Ltd, will be checked for compliance with the existing environmental protection measures, standards and laws. These will be purchased from reputable suppliers with approval by Tanzania Bureau of Standards (TBS) and other relevant authorities.

For the machines and equipment to be imported, they are also subject to pre-shipment inspection apart from being checked and certified by the Ministry of

Trade and Industry through TBS, on their arrival in the country, before they are put into operation by the company as required by the law. All these measures will guarantee that the project is environmentally friendly, and it will obviously be accepted by all government and technical authorities in the country before the project's take-off.

JOSHI Feedmeal Ltd's business is conducted in compliance with the existing laws i.e. the National Environmental Protection Act and national guidelines on environmental protection, monitored by NEMC (*National Environmental Management Council*). The social environment will be improved by the business through increased employment and observation of good neighbourliness with all the people and communities neighbouring the company's business operation centres wherever they are.

The natural environment shall be protected through proper and prudent disposal of sewage and solid wastes. Prompt and regular repairs and conduction of routine maintenance to all machinery and motor vehicles, shall be always observed to minimize emission of fumes and regulate noises. The company will promote tree planting where possible and necessary in the effort to promote environmental protection.

9.0 FINANCIAL AND ECONOMIC VIABILITY:

Economic and financial viability of the proposed business project is shown in the financial projections in *annexure I to XV*. The projections in *annexure VIII* and *IX* respectively indicate that the project will be operating on profit throughout the projected 5 years from year one. The project should realize net cash balance of T.shs. 526.5 million in year 1, gradually rising to over T.shs. 1.3 billion in the 5th year. This will enable the company to service its loan as per *annexure IV(a)* & *(b)* and meet its other important financial obligations. Looking at the performance of similar businesses in the country, achievement of these levels of performance by JOSHI Feedmeal Ltd is quite possible.

Projections also, portray a growth of assets from T.shs. 2.2 billion in the 1st year to over T.Shs. 3.2 billion in the fifth year (*annexure X – Projected Balance Sheets*) and an IRR of 12.23%, (*annexure XI*) which is in the region of current interest rates in the country ranging between 9% and 25%. The project is expected to create direct employment to 20 skilled and semi-skilled people initially and indirect employment to more than 100 people.

10.0 ESTIMATED PROJECT COSTS AND FINANCING PLAN:

Looking at *annexure I* the total investment cost of the project is estimated at T.shs. 2.4 billion (*including initial working capital of T.Shs. 100 million*). This is equivalent to US.\$ 1,501,750. The larger portion of cost outlay is applied in the Land & Building investment item. Acquisition of Motor Vehicles and Machinery &

Equipment are the second and third items respectively. Office Equipment and Furniture & Fittings are the last on the list.

JOSHI Feedmeal Ltd plans to contribute a total of T.Shs. 438 million towards implementation of the project (*including the working capital*) and apply for a loan to the tune of T.shs. 1.352 billion from banks. The tables in *annexure I* and *IV(a) & (b)* analyses the investment structure and loan repayment schedules respectively.

10.1 Revenue and Operating Expenses:-

Revenue: The foot note on *annexure VIII – "Projected Income Statements"* shows the estimated revenue from sales of feedstuffs products. The projected sales of T.Shs. 2.016 billion per annum represent sales at 100% utilization of the planned/installed capacity of the factory which is 160 bags of 60 kgs each. Revenue is pegged on total capacity utilization of 55% in the 1st year, followed by 60%; 70%; 75% and 80% capacity utilization for the 2nd to the 5th year respectively.

Operating Expenses: These are categorized into: Variable, Fixed and Semi-Fixed expenses. These projections are detailed in *annexure VI*. The rounded estimates are based on consumption estimates and the company's experience in its businesses. Others are based on such schedules as wages schedule – *annexure V* and percentages of cost of sales from annual sales (*revenue*) – *appendix VIII*.

JOSHI FEEDMEAL LIMITED
Animal Feed Manufacturing Industry Project

INVESTMENT STRUCTURE
Total Investment Will Be As Follows:-
(The Figures are in T.Shs. "000")

ITEM	SHAREHOLDER'S EQUITY		FINANCIER	TOTAL
	Existing	Contribution		
Land & Buildings	360,000	28,000	1,352,000	1,740,000
Motor Vehicles	75,000	180,000	-	255,000
Machinery & Equipment	172,800	70,000	-	242,800
Furniture & Fittings	5,000	-	-	5,000
Office Equipment	-	10,000	-	10,000
Pre-Operational Expenses	-	50,000	-	50,000
Sub-Total	612,800	338,000	1,352,000	2,302,800
Add: Working Capital	0	100,000	0	100,000
TOTAL	612,800	438,000	1,352,000	2,402,800
Ratio	25.5%	18.2%	56.3%	100%

Note: Pre-Operational Expenses includes:-

		T.Shs.
(i)	Professional & Consultancy Fees	40,000
(ii)	Registration Fees	5,000
(iii)	Insurances	3,000
(iv)	Travelling Expenses	2,000
	Total	50,000

JOSHI FEEDMEAL LIMITED
Animal Feed Manufacturing Industry Project

INVESTMENT AND RE-INVESTMENT SCHEDULE
 (The figures are in T.Shs. "000")

ITEM	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Land & Buildings	360,000	966,000	414,000	-	-	-
Motor Vehicles	75,000	90,000	90,000	-	-	-
Machinery & Equipment	172,800	54,000	16,000	-	-	-
Furniture & Fittings	5,000	-	-	-	-	-
Office Equipment	-	10,000	-	-	-	-
Pre-Operational Expenses	-	50,000	-	-	-	-
TOTAL	612,800	1,170,000	520,000	-	-	-

JOSHI FEEDMEAL LIMITED
Animal Feed Manufacturing Industry Project

ECONOMIC & TAX DEPRECIATION SCHEDULE
(The figures are in T.Shs. "000")

ECONOMIC DEPRECIATION:

ITEM/YEAR	Rate	Year 1	Year 2	Year 3	Year 4	Year 5
Land & Buildings		1,326,000	1,713,480	1,679,210	1,645,626	1,612,713
Depreciation	2%	26,520	34,270	33,584	32,913	32,254
NBV 31/12		1,299,480	1,679,210	1,645,626	1,612,713	1,580,459
Motor Vehicles		165,000	213,750	160,312	120,234	90,175
Depreciation	25%	41,250	53,438	40,078	30,059	22,544
NBV 31/12		123,750	160,312	120,234	90,175	67,631
Machinery & Equipment		226,800	214,450	187,644	164,188	143,664
Depreciation	12.5%	28,350	26,806	23,456	20,524	17,958
NBV 31/12		198,450	187,644	164,188	143,664	125,706
Furniture & Fittings		5,000	4,375	3,828	3,349	2,930
Depreciation	12.5%	625	547	479	419	366
NBV 31/12		4,375	3,828	3,828	3,349	2,564
Office Equipment		10,000	8,750	7,656	6,699	5,862
Depreciation	12.5%	1,250	1,094	957	837	733
NBV 31/12		8,750	7,656	6,699	5,862	5,129
Pre-Operational Expenses		50,000	40,000	32,000	25,600	20,480
Depreciation	20%	10,000	8,000	6,400	5,120	4,096
NBV 31/12		40,000	32,000	25,600	20,480	16,384
Economic Depreciation		<u>107,995</u>	<u>124,155</u>	<u>104,954</u>	<u>89,872</u>	<u>77,951</u>
Accumulated Depreciation		<u>107,995</u>	<u>232,150</u>	<u>337,104</u>	<u>426,976</u>	<u>504,927</u>

TAX DEPRECIATION:

ITEM/YEAR	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Land & Buildings	1,326,000	13,260	17,135	16,792	16,456	16,127
Motor Vehicles	165,000	41,250	53,438	40,078	30,059	22,544
Machines & Equipment	226,800	28,350	26,806	23,456	20,524	17,958
Furniture & Fittings	5,000	625	547	479	419	366
Office Equipment	10,000	1,250	1,094	957	837	733
TOTAL	-	<u>84,735</u>	<u>99,020</u>	<u>81,762</u>	<u>68,295</u>	<u>57,728</u>

JOSHI FEEDMEAL LIMITED
Animal Feed Manufacturing Industry Project

LOAN REPAYMENT AND INTEREST SCHEDULE
(The figures are in T.Shs. "000")

YEARS	PRINCIPAL	INTEREST 12%	TOTAL	BALANCE
0	0	0	0	(1,352,000)
1	210,132	150,768	360,900	(1,141,868)
2	236,783	124,117	360,900	(905,085)
3	266,830	94,070	360,900	(638,255)
4	300,586	60,314	360,900	(337,669)
5	<u>337,669</u>	<u>22,1214</u>	<u>359,793</u>	0
TOTAL	1,352,000	451,393	1,803,393	0

JOSHI FEEDMEAL LIMITED
Animal Feed Manufacturing Industry Project

LOAN REPAYMENT AND INTEREST SCHEDULE (Monthly)
 (The figures are in T.Shs. "000")

Month	Date	Principal	Interest 12%	TOTAL	Balance
0	30.04.2013	0	0	0	(1,352,000)
1	31.05.2013	17,629	12,446	30,075	(1,334,371)
2	30.06.2013	16,475	13,600	30,075	(1,317,896)
3	31.07.2013	17,077	12,998	30,075	(1,300,819)
4	31.08.2013	16,817	13,258	30,075	(1,284,002)
5	30.09.2013	17,411	12,664	30,075	(1,266,591)
6	31.10.2013	17,166	12,909	30,075	(1,249,425)
7	30.11.2013	17,341	12,734	30,075	(1,232,084)
8	31.12.2013	17,923	12,152	30,075	(1,214,161)
9	31.01.2014	17,701	12,374	30,075	(1,196,460)
10	28.02.2014	18,274	11,801	30,075	(1,178,186)
11	31.03.2014	18,067	12,008	30,075	(1,160,119)
12	30.04.2014	18,251	11,824	30,075	(1,141,868)
13	31.05.2014	19,564	10,511	30,075	(1,122,304)
14	30.06.2014	18,637	11,438	30,075	(1,103,667)
15	31.07.2014	19,190	10,885	30,075	(1,084,477)
16	31.08.2014	19,022	11,053	30,075	(1,065,455)
17	30.09.2014	19,566	10,509	30,075	(1,045,889)
18	31.10.2014	19,416	10,659	30,075	(1,026,473)
19	30.11.2014	19,613	10,462	30,075	(1,006,860)
20	31.12.2014	20,144	9,931	30,075	(986,716)
21	31.01.2015	20,019	10,056	30,075	(966,697)
22	28.02.2015	20,540	9,535	30,075	(946,157)
23	31.03.2015	20,432	9,643	30,075	(925,725)
24	30.04.2015	20,640	9,435	30,075	(905,085)
25	31.05.2015	21,743	8,332	30,075	(883,342)
26	30.06.2015	21,072	9,003	30,075	(862,270)
27	31.07.2015	21,570	8,505	30,075	(840,700)
28	31.08.2015	21,507	8,568	30,075	(819,193)
29	30.09.2015	21,995	8,080	30,075	(797,198)
30	31.10.2015	21,950	8,125	30,075	(775,248)
31	30.11.2015	22,174	7,901	30,075	(753,074)
32	31.12.2015	22,647	7,428	30,075	(730,427)
33	31.01.2016	22,631	7,444	30,075	(707,796)
34	29.02.2016	23,094	6,981	30,075	(684,702)
35	31.03.2016	23,097	6,978	30,075	(661,605)

Loan Repayment and Interest Schedule (Monthly): Continued

Month	Date	Principal	Interest 12%	TOTAL	Outstanding
36	30.04.2016	23,350	6,725	30,075	(638,255)
37	31.05.2016	24,006	6,069	30,075	(614,249)
38	30.06.2016	23,832	6,243	30,075	(590,417)
39	31.07.2016	24,268	5,807	30,075	(566,149)
40	31.08.2016	24,321	5,754	30,075	(541,828)
41	30.09.2016	24,746	5,329	30,075	(517,082)
42	31.10.2016	24,819	5,256	30,075	(492,263)
43	30.11.2016	25,072	5,003	30,075	(467,191)
44	31.12.2016	25,480	4,595	30,075	(441,711)
45	31.01.2017	25,585	4,490	30,075	(416,126)
46	28.02.2017	25,982	4,093	30,075	(390,144)
47	31.03.2017	26,110	3,965	30,075	(364,034)
48	30.04.2017	26,365	3,710	30,075	(337,669)
49	31.05.2017	26,967	3,108	30,075	(310,702)
50	30.06.2017	26,908	3,167	30,075	(283,794)
51	31.07.2017	27,276	2,799	30,075	(256,518)
52	31.08.2017	27,461	2,614	30,075	(229,057)
53	30.09.2017	27,816	2,259	30,075	(201,241)
54	31.10.2017	28,024	2,051	30,075	(173,217)
55	30.11.2017	28,310	1,765	30,075	(144,907)
56	31.12.2017	28,646	1,429	30,075	(116,261)
57	31.01.2018	28,890	1,185	30,075	(87,371)
58	28.02.2018	29,213	862	30,075	(58,158)
59	31.03.2018	29,482	593	30,075	(28,676)
60	30.04.2018	28,676	292	28,968	0
	TOTAL	1,352,000	451,393	1,803,393	0

JOSHI FEEDMEAL LIMITED
Animal Feed Manufacturing Industry Project

MANPOWER REQUIREMENTS AND WAGES SCHEDULE
 (The figures are in T.Shs. "000")

POSITION	No. of Employees	Monthly Salaries @	Monthly Payroll Bill	Annual Payroll Bill
Factory Manager	1	300	300	3,600
Administrative Staff	4	150	600	7,200
Drivers	3	170	510	6,120
Production Personnel	4	90	360	4,320
Handling Crew	8	90	720	8,640
Sub-Total	20	-	2,490	29,880

JOSHI FEEDMEAL LIMITED
Animal Feed Manufacturing Industry Project

VARIABLE, FIXED AND SEMI-FIXED COSTS SCHEDULE
(The figures are in T.Shs. "000")

ITEM/YEAR	Year 1	Year 2	Year 3	Year 4	Year 5
VARIABLE COSTS:					
Operating Capacity	55%	60%	70%	75%	80%
Raw Materials Purchases	399,170	435,608	508,064	544,332	580,220
Cargo Handling Expenses	2,270	2,540	2,520	2,640	2,980
Electricity	12,490	12,850	13,800	14,400	14,400
Water	360	360	420	420	420
Machinery Repairs & Maintenance	2,400	2,400	3,000	3,000	3,000
TOTAL Variable Costs	416,690	453,758	527,804	564,792	601,020
FIXED & SEMI-FIXED COSTS:					
Salaries & Wages	29,880	29,880	29,880	29,880	29,880
NSSF Employer's Contributions	2,988	2,988	2,988	2,988	2,988
Skills & Development Levy	1,793	1,793	1,793	1,793	1,793
Travelling & Accommodation	2,280	2,400	2,520	2,640	2,640
Telephone, Postage & Emails	948	1,068	1,188	1,308	1,308
Fuel, Oils & Lubricants	33,600	36,000	37,200	38,600	39,600
Emergency Power – Fuel	540	540	600	600	600
M.V. Repairs & Maintenance	4,800	6,000	7,200	8,400	8,400
Printing & Stationery	720	840	960	1,080	1,200
Audit & Accountancy Fees	1,000	1,000	1,000	1,000	1,000
Bank Charges	420	480	540	600	720
Directors' Remunerations	6,000	6,000	6,000	7,200	7,200
Packing Materials	1,200	1,320	1,320	1,320	1,440
Insurance & Licences	550	550	550	550	550
Miscellaneous Expenses	240	240	300	300	300
TOTAL Fixed & Semi-Fixed Costs	86,959	91,099	94,039	98,259	99,619
TOTAL OPERATING COSTS	503,649	544,857	621,843	663,051	700,639

JOSHI FEEDMEAL LIMITED
Animal Feed Manufacturing Industry Project

PROJECTED WORKING CAPITAL SCHEDULE
(The figures are in T.Shs. "000")

ITEM/YEAR	Year 1	Year 2	Year 3	Year 4	Year 5
Operating Capacity	55%	60%	70%	75%	80%
CURRENT ASSETS:					
Inventories	35,288	37,514	41,766	43,892	45,738
Trade & Other Receivables	27,720	30,240	35,280	37,800	40,320
TOTAL CURRENT ASSETS	63,008	67,754	77,046	81,692	86,058
CURRENT LIABILITIES:					
Trade & Other Payables	5,239	5,768	6,675	6,943	6,387
TOTAL CURRENT LIABILITIES	5,239	5,768	6,675	6,943	6,387
NET WORKING CAPITAL	57,769	61,986	70,371	74,749	79,671
CHANGE IN W/CAPITAL	57,769	4,217	8,385	4,378	4,922

JOSHI FEEDMEAL LIMITED
Animal Feed Manufacturing Industry Project

PROJECTED INCOME STATEMENTS
(The figures are in T.Shs. "000")

ITEM	Year 1	Year 2	Year 3	Year 4	Year 5
Operating Capacity	55%	60%	70%	75%	80%
Revenue:					
Sales	1,108,800	1,209,600	1,411,200	1,512,000	1,612,800
Less: Variable Costs	416,690	453,758	527,804	564,792	601,020
Contributions Margin	692,110	755,842	883,396	947,208	1,011,780
Less: Fixed & S/Fixed Costs	86,959	91,099	94,039	98,259	99,619
Operating Surplus	605,151	664,743	789,357	848,949	912,161
Less: Capital Charges:-					
- Economic Depreciation	107,995	124,155	104,954	89,872	77,951
- Interest on Loan	150,768	124,117	94,070	60,314	22,124
Total	258,763	248,272	199,024	150,186	100,075
Profit Before Tax	346,388	416,471	590,333	698,763	812,086
Less: Tax Depreciation	84,735	99,020	81,762	68,295	57,728
Add: Economic Depreciation	107,995	124,155	104,954	89,872	77,951
Taxable Income	369,648	441,606	613,525	720,340	832,309
Tax Payable 30%	73,930	92,737	122,705	147,670	170,623
NET PROFIT AFTER TAX	272,458	323,734	467,628	551,093	641,463
Profit Brought Forward	0	272,458	596,192	1,063,820	1,614,913
RETAINED EARNINGS	272,458	596,192	1,063,820	1,614,913	2,256,376

Note: Sales figure is based on:

160 bags per day at 35,000/= x 30 days x 12 months = T.Shs. 2,016,000
(This is a projection at 100% Operation Capacity).

JOSHI FEEDMEAL LIMITED
Animal Feed Manufacturing Industry Project

PROJECTED CASHFLOW STATEMENTS
(The figures are in T.Shs. "000")

ITEM	Year 1	Year 2	Year 3	Year 4	Year 5
Operating Capacity	55%	60%	70%	75%	80%
CASH INFLOWS:					
Term Loan	1,352,000	-	-	-	-
Equity	844,800	106,000	-	-	-
Profit Before Tax	346,388	416,471	590,333	698,763	812,086
Economic Depreciation	107,995	124,155	104,954	89,872	77,951
TOTAL INFLOWS	<u>2,651,183</u>	<u>646,626</u>	<u>695,287</u>	<u>788,635</u>	<u>890,037</u>
CASH OUTFLOWS:					
Investment	1,782,800	520,000	-	-	-
Loan Repayment	210,132	236,783	266,830	300,586	337,669
Income Tax	73,930	92,737	122,705	147,670	170,623
Change in W/Capital	57,769	4,217	8,385	4,378	4,922
TATOL OUTFLOWS	<u>2,124,631</u>	<u>853,737</u>	<u>397,920</u>	<u>452,634</u>	<u>513,214</u>
NET IN/(OUT) FLOWS	526,552	(207,111)	297,367	336,001	376,823
Opening Balance	0	526,552	319,441	616,808	952,809
Closing Balance	<u>526,552</u>	<u>319,441</u>	<u>616,808</u>	<u>952,809</u>	<u>1,329,632</u>

JOSHI FEEDMEAL LIMITED
Animal Feed Manufacturing Industry Project

PROJECTED BALANCE SHEETS
(The figures are in T.Shs. "000")

ITEM	Year 1	Year 2	Year 3	Year 4	Year 5
ASSETS:					
Non-Current Assets:					
Property, Plant & Equipment	1,782,800	2,302,800	2,302,800	2,302,800	2,302,800
Less: Accumulated Depreciation	107,995	232,150	337,104	426,976	504,927
Net Fixed Assets	1,674,805	2,070,650	1,965,696	1,875,824	1,797,873
Current Assets:					
Inventories	35,288	37,514	41,766	43,892	45,738
Trade & Other Receivables	27,720	30,240	35,280	37,800	40,320
Cash in Hand/Bank	526,552	319,441	616,808	952,809	1,329,632
Total Current Assets	589,560	387,195	693,854	1,034,501	1,415,690
TOTAL ASSETS	2,264,365	2,457,845	2,659,550	2,910,325	3,213,563
EQUITY & LIABILITIES:					
Capital and Reserves					
Equity	844,800	950,800	950,800	950,800	950,800
Retained Earnings	272,458	596,192	1,063,820	1,614,913	2,256,376
Total Equity	1,117,258	1,546,992	2,014,620	2,565,713	3,207,176
Non-Current Liabilities:					
Term Loan	1,141,868	905,085	638,255	337,669	0
Current Liabilities:					
Trade & Other Payables	5,239	5,768	6,675	6,943	6,387
Total Current Liabilities	5,239	5,768	6,675	6,943	6,387
TOTAL EQUITY & LIABILITIES	2,264,365	2,457,845	2,659,550	2,910,325	3,213,563

JOSHI FEEDMEAL LIMITED
Animal Feed Manufacturing Industry Project

DISCOUNTED CASHFLOW AND INTERNAL RATE OF RETURN
(The figures are in T.Shs. "000")

ITEM	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
CASH INFLOWS:						
Gross Operating Surplus	-	<u>605,151</u>	<u>664,743</u>	<u>789,357</u>	<u>848,949</u>	<u>912,161</u>
Salvage Value of Assets	-	-	-	-	-	1,797,873
Recoupment of W/Capital	-	-	-	-	-	79,671
Total Inflows	-	<u>605,151</u>	<u>664,743</u>	<u>789,357</u>	<u>848,949</u>	<u>2,789,705</u>
CASH OUTFLOWS:						
Investment	2,302,800	-	-	-	-	-
Loan Repayment	-	210,132	236,783	266,830	300,586	337,669
Income Tax	-	73,930	92,737	122,705	147,670	170,623
Change in Working Capital	-	<u>57,769</u>	<u>4,217</u>	<u>8,385</u>	<u>4,378</u>	<u>4,922</u>
Total Outflows	<u>2,302,800</u>	<u>341,831</u>	<u>333,737</u>	<u>397,920</u>	<u>452,634</u>	<u>513,214</u>
Net Cashflow	(2,302,800)	<u>263,320</u>	<u>331,006</u>	<u>391,437</u>	<u>396,315</u>	<u>2,276,491</u>

The Internal Rate of Return (IRR) is 12.23%

JOSHI FEEDMEAL LIMITED
Animal Feed Manufacturing Industry Project

PAYBACK PERIOD ANALYSIS
(The figures are in T.Shs. "000")

Capital Investment T.Shs. 2,302,800

Years	Profit After Tax	Depreciation	Total	Cumulative	BALANCE
0	0	0	0	0	(2,302,800)
1	272,458	107,995	380,453	380,453	(1,922,347)
2	323,734	124,155	447,889	828,342	(1,474,458)
3	467,628	104,954	572,582	1,400,924	(901,876)
4	551,093	89,872	640,965	2,041,889	(260,911)
5	641,463	77,951	719,414	2,761,303	458,503

The Payback Period is 4 years and 5 months

JOSHI FEEDMEAL LIMITED
Animal Feed Manufacturing Industry Project

BREAK-EVEN POINT ANALYSIS (Based on year 3)
(The Figures are in T.Shs. "000")

		T.Shs.
	Variable Costs	527,804
	Fixed Costs	94,039
	Total Costs	621,843
A	Total Sales	1,411,200
B	Variable Costs	527,804
C	Contribution Margin (A-B)	883,396
D	Fixed Costs	94,039
E	Contribution Margin Ratio (C/A)	0.6
	Break-even Point in Sales = (D/E)	156,731
	Capacity % at Break-even (D/C* 100)	10.6%

JOSHI FEEDMEAL LIMITED
Animal Feed Manufacturing Industry Project

KEY FINANCIAL RATIOS ANALYSIS
 (The Figures are in T.Shs. "000")

ITEM/YEAR	Year 1	Year 2	Year 3	Year 4	Year 5	
1. DEBT SERV. COVERAGE RATIO:						
Net Profit After Tax	272,458	323,734	467,628	551,093	641,463	
Depreciation & Interest	258,763	248,272	199,024	150,186	100,075	
A	<u>531,221</u>	<u>572,006</u>	<u>666,652</u>	<u>701,279</u>	<u>741,538</u>	
Interest Payments	150,768	124,117	94,070	60,314	22,124	
Loan Repayment	210,132	236,783	266,830	300,586	337,669	
B	<u>360,900</u>	<u>360,900</u>	<u>360,900</u>	<u>360,900</u>	<u>359,793</u>	
Debt Service Coverage Ratio:						
(A/B)	1.5	1.6	1.8	1.9	2.0	
2. RETURN ON INVESTMENT:						
Net Profit After Tax	272,458	323,734	467,628	551,093	641,463	
Interest Payments	150,768	124,117	94,070	60,314	22,124	
A	<u>423,226</u>	<u>447,851</u>	<u>561,698</u>	<u>611,407</u>	<u>663,587</u>	
Capital Investment	B	<u>2,302,800</u>	<u>2,302,800</u>	<u>2,302,800</u>	<u>2,302,800</u>	
Return on Investment:						
*100 (A/B)	18.4%	19.4%	24.4%	26.5	28.8%	
3. RETURN ON EQUITY:						
Net Profit After Tax	A	272,458	323,734	467,628	551,093	641,463
Share Capital/Equity	B	844,800	950,800	950,800	950,800	950,800
Return on Equity:						
(A/B)		0.3	0.3	0.5	0.6	0.7

JOSHI FEEDMEAL LIMITED
Animal Feed Manufacturing Industry Project

ANNUAL INVESTMENT SUMMARY SCHEDULE
(The figures are in T.Shs. "000")

Year	Year 0	Year 1			Year 2			G/Total
ITEM	Existing	Qty	Cost	Total	Qty	Cost	Total	T.Shs.
Land & Buildings	360,000	-	-	966,000	-	-	414,000	1,740,000
Motor Vehicles:								
Fuso Truck	25,000	1	40,000	40,000	1	40,000	40,000	105,000
Canter Pick-up	50,000	1	50,000	50,000	1	50,000	50,000	150,000
Sub-Total	75,000			90,000			90,000	255,000
Machine & Equip:								
Millers	40,000	3	8,000	24,000	2	8,000	16,000	80,000
Millers	23,000	-	-	-	-	-	-	23,000
Mixer	30,000	-	-	-	-	-	-	30,000
Mixer	9,000	2	9,000	18,000	-	-	-	27,000
Weighing Scale	9,000	-	-	-	-	-	-	9,000
Bag Sewing Mach.	2,500	-	-	-	-	-	-	2,500
Containers	8,300	-	-	-	-	-	-	8,300
Rice Huller	13,000	-	-	-	-	-	-	13,000
Pasteurizer	21,000	-	-	-	-	-	-	21,000
Tools	5,000	-	-	-	-	-	-	5,000
Winnower	12,000	1	12,000	12,000	-	-	-	24,000
Sub-Total	172,800	-	-	54,000	-	-	16,000	242,800
Furniture	5,000	-	-	-	-	-	-	5,000
Office Equipment	-	-	-	10,000	-	-	-	10,000
Pre-Opera. Expe	-	-	-	50,000	-	-	-	50,000
Grand Total	612,800	-	-	1,170,000	-	-	520,000	2,302,800

