

# **ALLIANCE GINNERIES LIMITED**

**BUSINESS PLAN  
FOR  
PROPOSED EXPANSION OF COTTON GINNING  
FACTORY KASOLI VILLAGE - BARIADI  
DISTRICT  
MWANZA REGION**

**SPONSOR:  
ALLIANCE GINNERIES LIMITED  
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MWANZA**

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## **1.0. EXECUTIVE SUMMARY**

### **1.1 Factory Industry Overview:**

Industrialization in Tanzania is the most target sector and governmental emphasis to the growth of national economy. It is undeniable fact that manufacturing sector plays key role in growth of any economy and it is from this sector developing countries can catch-up with the rest of the world. While other countries are struggling in upgrading the level of their industrialization to accommodate the concept of sustainability by going for more advanced technology hence increase productivity, others are still on the ground struggling to take off and catch-up with industrialized world, Tanzania being one of them. In spite of various strategies proposed and implemented, the sector contribution has remained low, and currently statistics shows a decline.

From analysis, it is evidently that manufacturing sector remain to be significant for the growth of Tanzania's economy despite her small GDP share relative to other sector like agriculture and service. The stagnant contribution share of sector is linked with; implementation lags on ambitious uncoordinated plans, slow transforming economic structure which is dominated by agriculture, and competition from low priced manufactured import from Asian economies. Thus, the best way to go is for a country to centrally coordinate all development policies to ensure connectivity and progressive monitoring of policies' implementations, and attention should be paid on emphasis for more investment from local citizen.

### **1.2 The company:**

**ALLIANCE GINNERIES LIMITED** is a private company incorporated in Tanzania under the Companies Act, 1996 with registration No. 31055 of 22 November, 1996. The main objects for which it is established include; to carry on any trade or business whatsoever as General Trading Company including buying ,processing and selling of cotton and other agricultural products, and act as wholesaler and retailers of agriculture raw materials and products as well as supplying fertilizers and farming Equipments. The authorized and paid up share capital of the company is 50,000,000 (Fifty million) divided into 1000 (One thousand) ordinary shares of nominal value Tshs. 50,000 each.

### **1.3 The Project Proposal:**

**ALLIANCE GINNERIES LIMITED** proposes expand a Cotton Ginning Factory in Bariadi District. The cotton ginning machines and Equipments are to be procured through a Local Dealer and external dealers India.

The proposed machines are capable of ginning medium and long staple cottons having the highest production and of superior quality as compared to any other Double Roller Gin machines available in the world market. The project is intended to augment the cotton ginning capacity in the country given the government emphasis to increase production and the fact that most of the existing ginneries owned by SHIRECU and Nyanza Cooperative Unions are aged and of outdated technology and with the up to date technology requires more competition to improve efficiency and quality and adequate existing products in the market to meet customer's demand for more satisfaction and right time availability and accessibility. The capital investment costs of the project amount to Tshs. 6 billion which are proposed to be financed through equity financing Tshs. 3 Billion and Bank borrowing of Tshs 3 Billion in term loan for capital investments 1 Billion and Tshs 2 Billion for working capital financing from local banks as stock loan for cotton procurement. The project loan of 1 Billion is proposed to be repaid over 5 years with interest at 9% per annum and 9% per annum for the 2 Billion stock loan as short term finance for 1 year.

#### **1.4 Rationale of the Proposal:**

The proposal by ALLIANCE GINNERIES LIMITED is aimed at increasing the country's cotton ginning capacity given the present government efforts to promote increased production of the crop by farmers. It is also aimed at filling the gap presently experienced by aged ginning capacities dominated by SHIRECU and Nyanza Cooperative Unions who have been the major players in this business for years. This will result into improved efficiency in cotton ginning and increased foreign currency earnings for both, the country in revenue collection, investors in business returns and individuals for employment opportunities.

#### **1.5 Purpose of the Study:**

This document has been prepared to serve the following purposes;

- To facilitate the application for Certificate of Incentives from Tanzania Investment Centre (TIC) so as to have access to exemptions of duties, VAT deferments and other benefits and protections as statutory provided for under Tanzania Investment Act (1997) for the Project.
- To determine the viability of the proposed project and serve as a Business plan for the company's development program.
- To utilize the document for possible mobilization of financial credits from local Banks/ Financial Institutions for either term loan financing or overdraft Facility to support smooth implementation of the proposed project.

## **1.6 The Cotton Ginnery:**

### **1.6.1 Location:**

The Ginnery industry is located at Bariadi district, Mwanza Region. The company has adequate land covering 4.60 hectares to accommodate the project. The location is ideal since it is within the seed cotton growing regions of the lake zone. The road leading to the ginnery is also accessible throughout the year either from Mwanza City or Musoma to Nairobi in Kenya. All the cotton to be bought at the buying posts will be easily transported to the proposed new ginnery.

### **1.6.2 Plant Capacity:**

The proposed Ginning Plant is a modern Double Roller Plant consisting of 30 Gin with production capacity of 250 bales of 205 Kg weight based on 3 working shifts of 8 hours per day. The plant is brand new equipment and fully automated ginning plant.

### **1.6.3 Electricity and water:**

The electricity for the project site is provided by TANESCO through the National Power System. However, a standby generator of 350 KVA will be used during power outbreak has also been provided for.

### **1.6.4 Buildings:**

Buildings under consideration for the project will include;

- 1 Nos. Ginnery Plant Building
- 1 Nos. Bales storage ware house
- 2 Nos. cotton seeds ware house.
- Residential Houses
- Office Building
- Canteen
- Toilet Block
- Fencing Works

The factory buildings will be Pre Engineered structures to be imported from the machinery suppliers in India.

### **1.6.5 Project Investment and Financing:**

The total investments costs of the project are estimated at Tshs. 6 Billion. The investment is proposed to be financed through owner's equity by 3 Billion and loan facility of project loan of 1 Billion and short term loan financing as stock loan of 2 Billion from local commercial Banks. The project loan is proposed to be repaid over 5 years with the interest at 9% per annum and stock loan is to carry interest of 9% per annum.

### **1.7 Management:**

The project after its full construction will be managed by ALLIANCE GINNERIES LIMITED. The company Directors will ensure that qualified and experienced personnel are engaged in the management of the entire sections of the factory. The Managing Directors of the Company is local investors with vast experience in business management.

### **1.8 Plant Production Plan:**

The plant will be into commercial operations 2022 beginning of cotton season. The company' plans to produce and market her products for more profit maximization above current plan of procuring, processing and resale to the market. The plant is planned to go into commercial operations starting this season (2022/23) cotton season. During the first year the company plans to purchase and process a total of 10,000,000 kg of seed cotton which is expected to produce a total of 18,049 bales of lint cotton and 6,100 kg of cotton seeds. The total business revenue for the season is estimated at Tshs. 17.120 Billion divided into Tshs. 13.765 Billion from lint cotton and Tshs. 3.355 Billion from sales of cotton seeds and expected to rise on commercial percentage of estimate 25% to 30% where the Gross profit margin to be 25% to 35% basing on economic and market forces for profit determinant.

### **1.9 Market Aspect:**

#### **1.9.1 The Market for Lint Cotton:**

The major export market for lint cotton is central Asia followed by the United States of America which accounts for 25% world cotton trade. On the other hand South East Asia is the major importer and processor of raw cotton. Most of cotton finds its market in this area, which imports an average of 2.5 Million tones. Hong Kong, Portugal, Taiwan and Thailand are the principal importers of Tanzania's cotton. Portugal and Taiwan accounting for 50% for all exports from Tanzania. Part of the cotton lint produced in the country however (about 30%) is consumed locally by local Textile Manufacturers.

#### **1.9.2 The Target Market:**

Apart from traditional buyers of Tanzanian cotton, during this season, the government has assured all cotton ginners with ready market for all lint cotton to be produced at export price ranging 1.3million per one lint include; M\S New Tabora Textiles, Urafiki Textile Mills and 21st Century Textiles.

### **1.9.3 Market Demand for Cotton Seeds:**

The market for cotton seeds is comparatively large for oil milling producing edible oil. This is important raw material used for production of edible oil. Cotton seed oil has high demand due to the competitive price, high quality with low cholesterol contents as compared to the imported oil brands. It should also be noted that cotton seed oil is the common man's cooking oil in the entire Lake Region, which has a population of more than 10 Million people. Cotton cake market size is also growing rapidly particularly in Dar es salaam, Morogoro, Arusha and Kilimanjaro regions because of campaigns to encourage modern farming methods and livestock husbandry .

### **1.10 FINANCIAL EVALUATION:**

The financial evaluation carried out on this proposal indicates that the project proposal by ALLIANCE GINNERIES LIMITED to construct and operate the proposed New Cotton Ginning Plant is technically feasible, financially viable and economically sound. The results are as summarized below;

#### **1.10.1 Project Investment and Financing: -**

The total investment costs of the project are estimated at Tshs.6 Billion which are proposed to be financed through owner' equity contribution by the sponsor of Tshs. 3 Billion and loan financing of Tshs. 3 Billion from local banks divided 1Billion project loan and 2Billion stock loan for working capital to finance the planned purchase of production materials. The requirement has been assumed to be mobilized as loan facility from local commercial Banks.

#### **1.10.2 Profitability:**

Based on assumptions and considerations used in the evaluation of the project, the business is projected to make net profit of Tshs. 280 Million for the first year making average of 5% to 5.5% profit margin. Profits are projected to increase to Tshs544 Million by the 3" year and to Tshs. 939 Million by the 5" year due to projected increase in production of cotton lints which would result into increased capacity utilization from 52% in the first year, to 63% by the 3rd year and to 77%by the5th year.

### **1.10.3 Projected Cash Flow:**

The projected net annual cash flow for the first year is estimated at Tshs. 254 Million increasing to Tshs.1.18Billion by the 3<sup>rd</sup> year and to Tshs. 2.7 Billion by the 5<sup>th</sup> year due to projected increase in production. The projected monthly cash flow for the first year also indicates a sound cash movement closing with positive balance of Tshs. 254 Million by the end of the year. The cash flow has taken into account repayment of the term loans and retirement of Tshs. 1 Billion stock loan facility for working capital financing.

### **1.10.4 Financial Rate Return:**

The financial rate of return for the estimated investments works out to 31% as compared to assumed cost of capital investment. The proposed project is therefore commercially viable.

### **1.11 SECURITY COVER:**

The proposed term loan financing from local banks has been assumed to be secured by company Mortgage over landed properties of the company including all machinery and equipment at the project site and CMA arrangement.

### **1.12 CONCLUSION AND RECOMMENDATIONS:**

Based on considerations and assumptions given above, it is concluded that the proposal by **ALLIANCE GINNERIES LIMITED** to expand Cotton Ginning Plant at Bariadi district is technically feasible and commercially viable. It is therefore recommended for the project promoters to proceed and invest in the proposed expansion of Cotton ginning at company Site in Bariadi district ,Mwanza region.

## **3.0. TECHNICAL ANALYSIS:**

### **3.1 Location:**

The project is to be located at Bariadi district. The area is linked to Mwanza and Musoma through a Tarmac road. This is a strategic location, which is easily accessible by road for transportation of facilitation materials and its products. The location is also connected to the national Power Grid System.

### 3.2 Building and Civil Works:

Building under consideration for the project will include;

1. Storage ware houses
2. Plant Building
3. Residential House
4. Office Building
5. Workshop Building
6. Canteen and fencing works

### 3.3 Plant Capacity & Technology:

The proposed Plants are of modern and technological machines consisting of required equipment's and machines necessary to process and produce the cotton lint with capacity of producing 10 cotton lint per 1 hour with 20 working hours per day. Both plants are brand new equipment and fully automated plant.

### 3.5 Capital Costs:

The project total capital costs are estimated as Tshs. 6 Billion. The capital costs outlay is summarized as below:

	Figures in Tshs.'000'
<b>Investment</b>	<b>Total costs</b>
Land & Buildings	1,581,536
Machinery & Equipment	587,500
Motor Vehicles	1,444,000
Office Furniture & Equipment	82,250
Pre-Operational Costs	304,714
<b>Total Capital Investment</b>	<b><u>4,000,000</u></b>
Working Capital	2,000,000
<b>TOTAL</b>	<b><u>6,000,000</u></b>

The breakdown of the investment into foreign (1usd@2345Tshs) and local costs is as indicated under;

			'000'
S/No	Investment	Local (TSHS)	Foreign (\$)
1	Land & Buildings	1,581,536	674.43
2	Machinery & Equipment	587,500	250.53
3	Office Furniture & Equipment	82,250	35.07
4	Motor Vehicles	1,444,000	615.78
5	Pre-Operational Costs	304,714	129.94
	<b>Total</b>	<b><u>4,000,000</u></b>	<b><u>1705.76</u></b>

### 3.6 Source of Financing

The project sponsor would contribute equity funds to the tune of Tshs. 3 Billion and the balance of Tshs. 3 Billion would be loan finance from local Banks as per summary given under:

1	Equity	Tshs	3,000,000,000
2	Bank loan-project loan	Tshs	1,000,000,000
	<b>Sub Total</b>		<b><u>4,000,000,000</u></b>
3	Bank stock loan (WC)	Tshs	2,000,000,000
	<b>Total</b>	<b>Tshs</b>	<b><u>6,000,000,000</u></b>

### 3.7 Implementation Schedule:

The project is expected to be implemented over 6 months period starting from the date of fund approval. Implementation involves;

- Construction of Machinery Hall
- Construction of stores/ warehouse
- Procurement and installation of machinery and equipment

- Electrical installations
- Trial runs
- Commercial operations.

### **3.8 Environmental Aspects:**

The most pertinent environmental and health considerations in this project include dust emission and employees exposure to noise and fire. The project sponsors have addressed these possible hazards adequately in the project plan. Factory workers will be provided with breathing masks and early plugs. Fire extinguishers and hydrants will also be in place.

## **4.0 MARKETS AND MARKETING:**

### **4.1 Business Strategic Framework**

#### **4.1.1. (A) Vision**

To become a leading in cotton ginning business regional and Zonal wide.

#### **4.1.2. (B) Mission**

To provide high quality service through quality and modern service delivery systems managed by motivated staff, operating with, manufacturing, government institutions, non-governmental organizations and others.

#### **4.1.3. (B) Goal**

- a) To have a sustainable working capital base that will enable the business to flourish.
- b) Increase annual sales turnover
- c) Increase gross profitability
- d) Increase market share

#### **4.1.4. (D) Core values**

- a) Consistent High Product Quality Standards
- b) Reliability in partnership with customers

- c) Social responsibility
- d) Financial transparency and accountability
- e) Eco-friendly services

#### **4.2.0. Business Objectives**

##### **4.2.1. Operational objectives**

- a) To increase and sustain the business market share around the lake Zone Regions.

##### **4.2.2. Financial objectives**

- a) To ensure that the business liquidity position remains sound so as to be able to meet its financial obligations without any distress.
- b) To ensure that the business operates profitably and generates reasonable returns to its owners.

##### **4.2.3. Business Strategies**

- a) To engage and motivates sales force to increase efficiency in the sales activity.
- b) To undertake aggressive, but targeted advertisement, promotion and publicity programs.
- c) To establish and continue to improve the contact and source of reliable suppliers of items we sell at the premises.
- d) To extend market penetration into the rest of region through agency arrangements and using economy packs.
- e) To seek other sources of funds to raise the initial capital so as to expand the business.

#### **4.3. Business Situational Analysis**

##### **4.3.1. (a) Strengths, Weaknesses, Opportunities and Threats**

##### **4.3.2. Strengths(S)**

- a) Good administration and leadership
- b) Good customers reputation
- c) Knowledge of the local market
- d) Favourable access to distribution networks
- e) Cost advantages from customary know-how
- f) Established customer base and contacts

#### **4.3.3. Weakness (W)**

- a) Inadequate business capital that hinders the business capability to place larger orders and enjoy economies of scale.
- b) Competitor activity in a price sensitive market
- c) Concocted reputation among some of the customers and competitions.
- d) Price fluctuation.

#### **4.3.4. (A) Internal Factor Analysis Summary (IFAS)**

From the analysis of the strengths and weaknesses above, it can be observed the business strengths weigh more as compared to its weaknesses. Therefore we conclude that the business is viable. I.e.  $S > W$

#### **4.3.5. Opportunities:**

- a) Country's political stability which creates a conducive environment for investment and operations of the business.
- b) Availability and accessibility of funds from financial institutions.
- c) A good infrastructure system that facilitates operation of business.
- d) The business location favours easy purchases and supply of the goods.
- e) An unfulfilled customer demands.
- f) Improved technology

#### **4.3.6 Threats**

- a) Presence of competitors in the market with the same goods and services and others with close substitutes.
- b) Unpredictable change in weather and climate conditions which distort demand and supply trends.

#### **4.3.7 (A) External Factor Analysis Summary (EFAS)**

From the analysis above we have observed that the opportunities of the business are more as compared to its Threats. Therefore we conclude that the business is viable. I.e.  $O > T$

#### **4.3.8. Political, Environmental, Social and Technical Analysis**

##### **(a) Political**

The business does not face any serious political threat as the country is in peace and the company is paying all of the required taxes on time hence the company has a good relationship with the tax and city authorities.

##### **(b) Environment**

The business has no negative impact on the environment and has better procedures for waste disposal.

##### **(c) Social**

The business offers employment to the surrounding community and facilitates the availability of services through payment of Tax to the government via Tanzania Revenue Authority (TRA).

##### **(d) Technical**

Technically the business is well equipped with modern facilities like, Telephone, etc. to facilitate business transactions.

### **5.0 PROFILE OF THE TARGET MARKETS**

#### **5.1 Market Segments**

The business currently operates into one market segment which is domestic market. The opening of the factory is for expansion of the business through improving and maximizing production that will enhance and manages to operate another market like regional and international market segments.

#### **5.2 The Business differential advantages over others**

- a) Commitments to customers
- b) Team working spirit
- c) Quality product and services

### **5.3 Market analysis**

- a) The market is of moderate competitions.

### **5.4 Entry strategy**

The company employs the following strategies to enter into the market

- a) Emphasizing quality services and reliable to reduce customers price sensitivity.
- b) Simple advertisement and promotional strategy will also be employed.
- c) Customer satisfactions will be taken as a core value of the business together with selling of high quality products.

### **5.5 Competitive Analysis**

The business intention is to become the leading seller of cotton lint and cotton seeds to the local and international market. The market is surely one of the most competitive within the Lake Zone. The currently existing competitors of the company are;

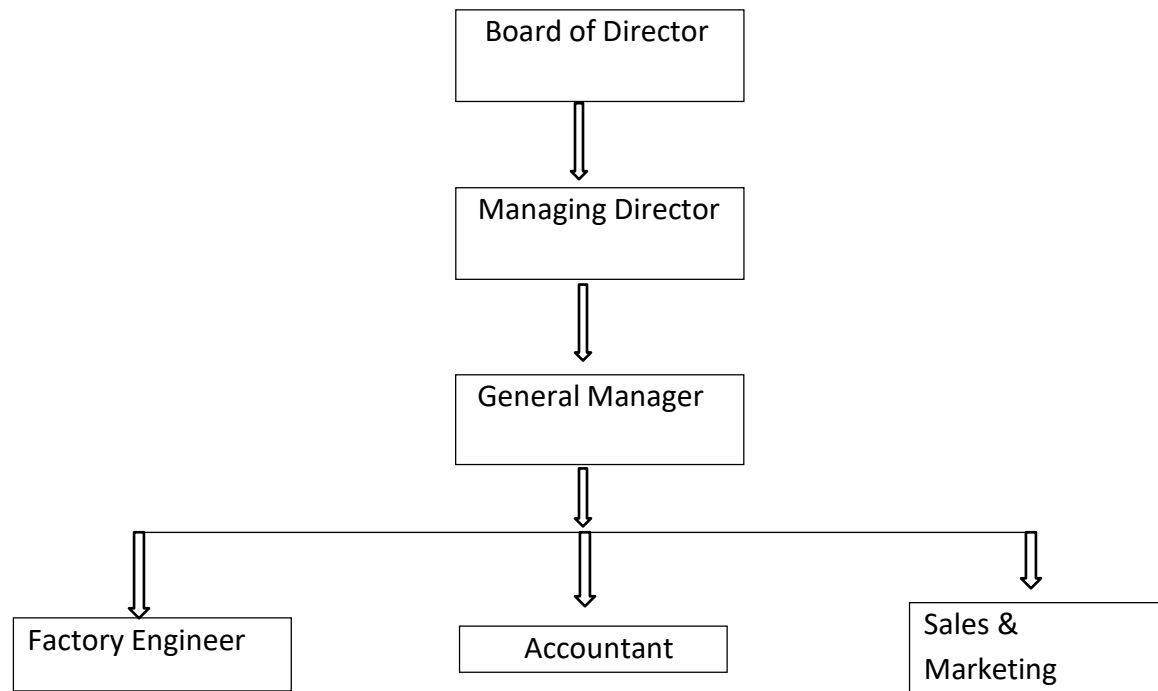
- a) Company with similar and close substitute services
- b) Retails with the same line of business
- c) Other agent
- d) A hawker who tends to sells the products at lower prices.

## 6.0 ORGANIZATION AND MANAGEMENT:

### 6.1 Company Organization Structure:

The project Organization Structure will consists of three (3) departments' i.e. Factory / Production Departments, Accounts Department and the Sales and Marketing Department. Each department shall be led by a manager with respective section heads. A broad outline of the organization structure is as indicated under;

#### ORGANIZATIONAL STRUCTURE:



## **6.2 Management:**

The project management will be under the supervision of the Board of Directors of ALLIANCE GINNERIES LIMITED under its principal shareholders. The General Manager shall be appointed by the Board of directors and would head the Factory Management. Three heads of departments namely; Finance and Administrative Manager, Production and the Operations Manager would assist the General Manager. A supporting staff of over 60 permanent employees will be employed. The company Managing Director has accumulated vast experience in the business management and marketing industry. This experience would enable him not only utilize his technical and business management experience in this area, but would also enable the project to charting out a proper business strategy, identification, and recruitment of technical and management personnel required for efficient management of the ginnery.

## **7.0 FINANCIAL EVALUATION:**

The project after full implementation and commencement of commercial operation is a going concern. It has therefore been assumed that it will continue to operate profitably and successfully for subsequent years. The business is projected to run smoothly and generate adequate profits to be able to meet its financial commitment without problems. The financial evaluation carried out on this report indicates that the project proposal is technically feasible, financially and economically sound. The results are summarized below;

### **7.1 Project Investments and Financing:**

The total project investments are estimated at Tshs. 6 Billion Which have been assumed to be financed through project loan financing of Tshs.1 Billion, working capital 2 Billion, Equity financing by the company of 3 Billion. Additional investments in fixed assets have been assumed upon expansion Over the 5 years projected period.

### **7.2 Working capital:**

It has also been estimated that the project would need an estimated Tshs. 2Billion to finance the business working capital for the first year. The requirement has been assumed to be provided by local commercial bank with interest at 9% per annum.

### **7.3 Projected Income Statement:**

Based on assumptions and considerations used in this evaluation, the business is projected to make net profit after tax of Tshs 280 million for the first year increasing to Tshs. 544 Million By the 3<sup>rd</sup> year and to Tshs. 939Million By the 5<sup>th</sup> year as per details given in schedule IV of this report.

#### **7.4 Projected Cash Flow:**

The annual net cash movement for the first year is estimated at Tshs. 254 Million Increasing to Tshs. 1.18 Billion By the third year and to Tshs. 2.73 Billion By the 5<sup>th</sup> year. The cash flow has taken into account all operating costs and repayment of the term loan and stock facility of Tshs. 2 Billion by the end of the season as per details given in schedules V of this report.

#### **7.5 Projected Balance Sheet:**

These projections indicate that, the company's liabilities would be adequately Covered by net fixed assets throughout the period under review.

#### **7.6 Financial Rate of Return (IRR):**

The project's internal rate of return works at over 31% which is a key factor in project viability assessment. Assuming the cost of capital of 9% per annum, this is yet another confirmation that the project is commercially viable.

#### **7.7 Pay Back Period:**

The project payback period works out to four years and about two months only. This confirms to the investors that the project would be able to recoup their investments over only a short period of four years. Details are as in schedule VI.

#### **8.0 ECONOMIC BENEFITS:**

The business under consideration has the following economic benefits:

- It contributes towards increased capacity in production of cotton lint and cotton seeds for production of edible oil in the market.
- The business increases regional trade and industrial development among EAC member states considering the fact that part of the company products would be exported to Ugandan and Kenyan as final products.
- The business also contributes towards increased government revenue through taxes and duties.
- The business generates over 100 direct jobs every year and a number of indirect jobs.

### **9.0. ENVIRONMENTAL AND SAFETY ASPECTS:**

Cotton ginning does not involve production of any hazardous materials. No major environmental impact is therefore expected as a result of the operations of the plant. However, necessary protection gears are provided to the workers against emissions of dust from cotton processing to protect the workers. Any waste materials produced by the plant are also properly handled and disposed through existing system established by the company.

### **10.0 RISK ANALYSIS:**

The major risk factor considered is the possibility of poor harvests due unfavorable weather conditions. There is very minimal control over this factor hence the project will need to adjust its business expectations and respective financial obligations with its creditors to cope with the actual situation.

### **11.0 SECURITY COVER FOR BANK BORROWING:**

**ALLIANCE GINNERIES LIMITED** will provide Legal Mortgage over the company's landed properties located at Plant Sites at Bariadi district including all plant and equipment.

### **12.0 CONCLUSIONS AND RECOMMENDATION.**

Based on considerations and assumptions used in the evaluation of this project, it is concluded that the proposal by **ALLIANCE GINNERIES LIMITED** to invest in the expansion of Cotton Ginning Plant at Bariadi district is technically feasible and financially viable. It is therefore recommended for the project promoters to proceed and invest in the proposed expansion of Cotton Plant at company Site in Bariadi district.

## FINANANCIAL BASIC ASSAMPTIONS

### SCHEDULE I

#### ALLIANCE GINNERIES LIMITED PROPOSED NEW COTTON GINNING FACTORY

#### FINANCIAL BASIC ASSUMPTIONS

#### SCHEDULE I

TSHS. "000"

#### INVESTMENT AND FINANCING PLAN

Capital Investment	
Equity	3,000,000
Project Loan	1,000,000
<b>Total</b>	<b>4,000,000</b>
<b>Financial Gearing(Capital Investment)</b>	
Equity	75%
Loans	50%
<b>Total</b>	<b>100%</b>
Working Capital	2,000,000
<b>TOTAL INVESTMENTS</b>	<b>6,000,000</b>
Equity	3,000,000.00
Loans	3,000,000.00
<b>Total</b>	<b>6,000,000.00</b>
<b>Total Financial Gearing:</b>	
Equity	50%
Loans	50%
<b>Total</b>	<b>100%</b>

## INVESTMENT PLAN AND FINANCIAL PLAN

### SCHEDULE IIB

#### ALLIANCE GINNERIES LIMITED PROPOSED NEW COTTON GINNING FACTORY

#### INVESTMENT PLAN AND FINANCIAL PLAN

SCHEDULE  
IIB  
TSHS."000"

#### Investment Plan:

S/NO	Assets	Existing Investment	Additional Investments	Investments
1	Land Value	100,000	-	100,000
2	Buildings	481,536	1,000,000	1,481,536
3	Office Furniture & Equipment	-	82,250	82,250
4	Plant and Machinery	-	587,500	587,500
5	Motor Vehicles & Generator	-	1,444,000	1,444,000
6	Pre Operational Costs	-	304,714	304,714
7	<b>TOTAL CAPITAL COSTS</b>	<b>581,536</b>	<b>3,418,464</b>	<b>4,000,000</b>
8	Working Capital	-	2,000,000	2,000,000
9	<b>TOTAL INVESTMENT</b>	<b>581,536</b>	<b>5,418,464</b>	<b>6,000,000</b>

Financing Plan: s/no	Assets	Existing Structure			New Structure		
		Equity	Bank Loan	TOTAL	Equity	Bank Loans	Total
1	Land Value	100,000	-	100,000	-	-	-
2	Buildings	481,536	-	481,536	-	1,000,000	1,000,000
3	Office Furniture & Equipment	-	-	-	82,250	-	82,250
4	Plant and Machinery	-	-	-	587,500	-	587,500
5	Motor Vehicle & Generator	-	-	-	1,444,000	-	1,444,000
6	Pre Operational Cost	-	-	-	304,714	-	304,714
7	<b>TOTAL CAPITAL COSTS</b>	<b>581,536</b>	-	<b>581,536</b>	<b>2,418,464</b>	<b>1,000,000</b>	<b>3,418,464</b>
8	<b>Financing Gearing (%)</b>	<b>100%</b>	0%	100%	71%	29%	100%
9	Working Capital/Stock loan	-	-	-	-	2,000,000	2,000,000
10	<b>TOTAL FINANCING PLAN</b>	<b>581,536</b>	-	<b>581,536</b>	<b>2,418,464</b>	<b>3,000,000.00</b>	<b>5,418,464</b>
11	<b>Financing Gearing (%)</b>	100%	0%	100%	45%	55%	100%

## TERM LOAN REPAYMENT SCHEDULE

### SCHEDULE IIIA

**ALLIANCE GINNERIES LIMITED  
PROPOSED NEW COTTON GINNING FACTORY AND OIL MILL GINNERY**

### STOCK LOAN REPAYMENT SCHEDULE

**SCHEDULE IIIA, Tshs."000"**

Bank Project Loan		1,000,000			
Interest Rate		9%			
Year	Year	Opening Balance	Principal Repayment	Interest	Closing Balance
1	2022	1,090,000	200,000	18,000	872,000
2	2023	872,000	200,000	18,000	654,000
3	2024	654,000	200,000	18,000	436,000
4	2025	436,000	200,000	18,000	218,000
5	2026	218,000	200,000	18,000	-
6	TOTAL		1,000,000	90,000	

### Bank STOCK LOAN

Facility **2,000,000** **SCHEDULE IIIB, Tshs."000"**  
Interest Rate **9%**

Month	Month	Opening Balance	STOCK LOAN Retirement	Interest	Closing Balance
1		2,000,000	-	18,000	2,000,000
2		2,000,000	-	18,000	2,000,000
3		2,000,000	-	18,000	2,000,000
4		2,000,000	-	18,000	2,000,000
5		2,000,000	-	18,000	2,000,000
6		2,000,000	-	18,000	2,000,000
7		2,000,000	-	18,000	2,000,000
8		2,000,000	-	18,000	2,000,000
9		2,000,000	-	18,000	2,000,000
10		2,000,000	2,000,000	18,000	-
11		-	-	-	-
12		-	-	-	-
			<b>2,000,000</b>	<b>180,000</b>	

## PROJECTED INCOME STATEMENT SCHEDULE IV

	2022	2023	2024	2025	2026
	TSHS	TSHS	TSHS	TSHS	TSHS
Revenue	5,750,000,000.00	7,187,500,000.00	8,984,375,000.00	11,230,468,750.00	14,038,085,937.50
Cost of Sale	4,312,500,000.00	5,031,250,000.00	5,839,843,750.00	7,299,804,687.50	9,012,451,171.88
<b>Gross profit/loss</b>	<b>1,437,500,000.00</b>	<b>2,156,250,000.00</b>	<b>3,144,531,250.00</b>	<b>3,930,664,062.50</b>	<b>5,025,634,765.63</b>
<b>Gross Profit Margin (%)</b>	<b>25%</b>	<b>30%</b>	<b>35%</b>	<b>35%</b>	<b>36%</b>
Less: Operational Expenses	862,500,000.00	1,365,625,000.00	2,192,187,500.00	2,807,617,187.50	3,509,521,484.38
<b>Operating Surplus</b>	<b>575,000,000.00</b>	<b>790,625,000.00</b>	<b>952,343,750.00</b>	<b>1,123,046,875.00</b>	<b>1,516,113,281.25</b>
Capital Charges					
Depreciation	175,000,000.00	175,000,000.00	175,000,000.00	175,000,000.00	175,000,000.00
Interest on stock Facility	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Interest on Bank project Loan	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00
<b>Total Capital Charges</b>	<b>175,033,000.00</b>	<b>175,033,000.00</b>	<b>175,033,000.00</b>	<b>175,033,000.00</b>	<b>175,033,000.00</b>
<b>Profit Before Tax</b>	<b>399,967,000.00</b>	<b>615,592,000.00</b>	<b>777,310,750.00</b>	<b>948,013,875.00</b>	<b>1,341,080,281.25</b>
<b>Tax Provision</b>	<b>119,990,100.00</b>	<b>184,677,600.00</b>	<b>233,193,225.00</b>	<b>284,404,162.50</b>	<b>402,324,084.38</b>
<b>Net Profit After Tax</b>	<b>279,976,900.00</b>	<b>430,914,400.00</b>	<b>544,117,525.00</b>	<b>663,609,712.50</b>	<b>938,756,196.88</b>
<b>Retained Earnings</b>	<b>279,976,900.00</b>	<b>710,891,300.00</b>	<b>1,255,008,825.00</b>	<b>1,918,618,537.50</b>	<b>2,857,374,734.38</b>

## ANNUAL CASH FLOW

### SCHEDULE V

YEAR	2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027
<b>CASH INFLOWS</b>						
Equity Contribution	3,000,000	-	-	-	-	-
Bank Term Loan	3,000,000	-	-	-	-	-
Profit After Tax	-	279,976,900	430,914,400	544,117,525	663,609,713	938,756,100
Depreciation	-	175,000,000	175,000,000	175,000,000	175,000,000	175,000,000
<b>Total Inflows</b>	<b>6,000,000</b>	<b>454,976,900</b>	<b>605,914,400</b>	<b>719,117,525</b>	<b>838,609,713</b>	<b>1,113,756,100</b>
<b>CASH OUTFLOWS</b>						
Investment & Reinvestments	6,000,000	-				
Net Working Capital	-	-				
Principle Loan Repayment	-	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
<b>Total Outflow</b>	<b>6,000,000</b>	<b>200,000,000</b>	<b>200,000,000</b>	<b>200,000,000</b>	<b>200,000,000</b>	<b>200,000,000</b>

**SCHEDULE VI**

**PAY BACK PERIOD**

**SCHEDULE VIII**

S/N O	YEAR	OPENING BALANCE	CASH FLOW	DEPR	NET CASH FLOW	UNRECOVERED BALANCE
1	2022	6,000,000,000	254,976,900	175,000,000	429,976,900	5,570,023,100
2	2023	5,570,023,100	660,891,300	175,000,000	835,891,300	4,734,131,800
3	2024	4,734,131,800	1,180,008,825	175,000,000	1,355,008,825	3,379,122,975
4	2025	3,379,122,975	1,818,618,538	175,000,000	1,993,618,538	1,385,504,438
5	2026	1,385,504,438	2,732,374,734	175,000,000	2,907,374,734	-
		Payback Period: 4 Years				