M/S KILOMWA COMPANY LIMITED

Business Plan for Agro-Processing and Trading

Investment Opportunity

Agro Processing & Trading

Maize Flour Processing, Farming & Trading

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1.Introduction

1.1 Required Investment Level

S/N	BUSINESS INFORMATION	
1	Name of the Business	Kilomwa Company Limited
2	Legality	Limited Company
3	Activities	Agro-processing and Crop Production
4	Value Chain	Maize
5	Investment Type	Project Financing
6	Targeted Loan	5,227,291,200/=
7	Purpose of the Facility	❖ Purchase, Installation & Commissioning of Maize Milling Plant, Silos & Weigh Bridge. ❖ Construction of warehouses. ❖ Working for purchase of raw maize
8	Target Structure	87% of the project cost
9	Interest Rate	13%
10	Loan Tenor	7 years
11	Grace Period	1 year
	PROPOSED SECURITY	
1	Investment to be made	3,035,390,000
2	Current investment	Valuation to be done.

The proprietor is seeking a project financing facility of **TZS 5,227,291,200/=** to facilitate project expansion and modernization of the Agro-processing project in Iringa Region. The fund will be utilized for purchasing, installing and commissioning of Maize Processing Plant with processing capacity of 100MT/Day, Purchase, installation and Commissioning of two Silos with storage capacity of 5,000Mt each, Purchase and installation of weigh bridge, Purchase of five trucks and trailers and Construction of two warehouses in Tunduma and Ruvuma.

1.2 Current Level of Investment

S/N	DETAILS	AMOUNT IN TZS
1	Land	40,000,000.00
2	Buildings (2 warehouse 1500mt & 20,000mt)	325,000,000.00
3	Plant machinery	105,000,000.00
4	Farmland	150,000,000.00
5	Farm inputs (maize farming)	140,400,000.00
6	Distribution truck	350,000,000.00
	TOTAL	**1,110,400,000.00**

1.3 Purpose of facility requested

S/N	DETAILS	AMOUNT IN TZS
1	Construction of New Warehouse	1,000,000,000.00
2	Purchase Maize Milling Machinery 100MT/Day	599,040,000.00
3	Purchase of two Silos 5,000MT each	819,000,000.00
4	Purchase of Weigh Bridge	93,600,000.00
5	Purchase of 5 unit tractor truck	538,080,000.00
6	Purchase of 5 unit trailer truck	254,880,000.00
7	Port clearance & transport	622,691,200.00
8	Working capital for purchase of maize	1,300,000,000.00
	TOTAL	**5,227,291,200.00**

2.Executive Summary

2.1. Company Overview

Kilomwa Company Limited is a limited company registered under the Company Act, 2002 with registration No: 156483893 on 15th June 2022. The share capital of the Company is TZS 1,000,000,000/= divided into 10,000 Ordinary Shares of TZS 100,000/= each.

The company has been into the business since 2012 and it was being operated as sole proprietor until 15th June 2022 when limited liability was established. The company has maize processing facility with capacity of 10MT/12 hours (20MT/Day), two warehouse in Iringa with storage capacity of 1,500MT and 25,000MT which is under construction. The company also deals with agro-trading (maize trading) and maize farming. They have 200 cares for maize farming.

The company is by Tanzanian Namely Ritta Batholomeo Sekilovele and Asumwisye Stallone Mwajeka. The company has issued 6,000 ordinary shares valued at TZS 600,000,000/= out of 10,000 which is valued at TZS 1,000,000,000/= as illustrated in the structure below;

Name	Shares	Value
Ritta Batholomeo Sekilovele	3,500	350,000,000
Asumwisye Stallone Mwajeka	2,500	250,000,000
	6,000	**600,000,000**

2.4 Project Location

The project will be installed in the same location where the existing Agro-processing project at Ugwachanya area in Iringa town, Iringa Region. The existing maize milling project has started in 2012 with production capacity of 10MT/12 hours (20MT/Day), two warehouse in Iringa with storage capacity of 1,500MT and 25,000MT which is under construction.

2.5 Project Management

The management of the business is under the proprietor Ms. Ritta Batholomeo Sekilovele and Mr. Asumwisye Stallone Mwajeka who are responsible for managing daily operation of the business. The business has employed 25 casual labours.

2.6 Statement of Problem

As an economic crop, maize accounts for 74.3% of cereals production and 66% of all crops harvested annually (NBS, 2017)1. It contributes about 40% of calorific foods consumed (Bymolt et.al., 20172). Maize flour is used to make a meal popularly known as 'ugali'. SMEs play a major role in the midstream of the maize value chain.

Here is some differentiated application of processing technologies. Whereas some of the medium and large scale maize millers have adopted roller mills, all of the small-scale establishments use hammer mills. Hammer mills are considered less costly compared to roller mills. Preliminary findings have revealed small-scale millers had lower compliance levels to the required hygiene and safety conditions set by the Tanzania Bureau of Standards (TBS) and the Occupational Safety and Health Act (OSHA) of 2003. Scalability of their businesses is also constrained by limited access to credit, although the Small-scale Industrial Development Organisation (SIDO) has programmes to support such types of businesses in the

form of technology demonstration and linkages with financial institutions.

There are numbers of challenges affecting small scale millers as detailed below;

2.6.1 Upstream challenges.

Consistency of type of grains produced by smallholder farmers, which tend to differ in terms of flour contents (proportion of hulls and protein per grain) and colour, thereby affecting the quality of products by SMEs. Low farm level productivity affects the selling price dictated by farmers for them to make profits. Uncertainty in stable supplies of grains at predictable prices poses some challenge for small-scale millers whose capital base cannot cope when prices surge. Lack of a comprehensive capacity to forecast food production (market intelligence) in the country impairs ability to make well informed decisions. Lack of a marketing strategy to supply maize (both whole grain and flour) to neighbouring countries have limited the potential of Tanzanian millers to take advantage of these markets.

2.6.2 Midstream challenges

The fluctuating price of maize is a significant challenge for SME millers. Technological upgrading is constrained by limited access to adequate and affordable credit. SME millers often have limited safe storage facilities for maize and meeting health and safety standards is challenging. Fortification technologies are expensive and uncertainties about the impact on market demand is a cause of concern for SME millers. High electricity costs is also an impediment to the growth of SME millers.

2.6.3 Downstream challenges

SME millers depend on distribution networks provided by wholesalers and retailers. Informal credit relationships between millers and wholesalers and small retailers make the system quite resilient. Nevertheless, the expansion of maize milling by large scale millers may change these relationships given the lower cost of flour produced by large scale millers and their extensive distribution networks.

2.7 Solution Adopted by the Company to Unlock Challenges

The company intend to address these challenges by modernizing and expanding maize process project. The company is addressing each of these challenges differently;

- The upstream challenges which involve controlling the quality of maize supply to the factory and increase productivity of raw maize the company has more than 200 acres for maize farming. The company can produce up to 500 tons per season. On top of that, the company has out-grower program in Ruvuma, Iringa and Songwe where the company source raw maize from smallholder farmers.

- The midstream challenges which involve up grading technologies, price fluctuation and storage infrastructures, the company is expected to install modern Maize Processing Plant with processing capacity of 100MT/Day, installation and commissioning of modern storage facilities that is Silos with storage capacity of 10,000MT, Purchase and installation of weigh bridge and increase storage facilities by constructing two warehouses in Tunduma and Ruvuma for storage of maize during harvesting period and control scarcity of raw materials. The stored maize will be used for processing and trading.

- The downstream challenges which involve distribution network Purchase of five trucks and trailers to unlock the challenge of distribution network for solicitation of raw maize from smallholder farmers and distribution of final product to the market.

2.8 Tanzania Maize Value Chain Overview

2.6.1 Historical context.

Tanzania witnessed the dominance of state owned enterprises (SOEs), and specifically the National Milling Corporation (NMC) and the National Distributors Ltd (NDL), in the milling and distribution of maize flour in urban areas between 1967 and late

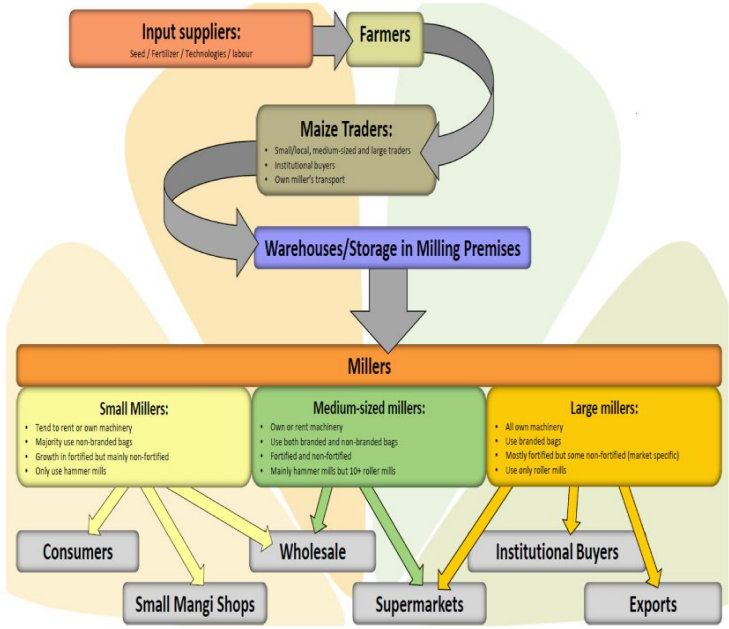
1980s (Bryce son, et.al., 1999). The NMC's network of silos and milling machines across the country were later privatized and bought by companies, including the three private sector giants in grain marketing and milling: Salim Salim Bakhresa (SSB), Mohamed Enterprises Tanzania Ltd (METL) and Export Trading Group (ETG). In the recent past, the government decided to establish a new state-owned enterprise, the Cereals and other Produce Board (CPB), using former NMC facilities in Iringa, Dodoma, Mwanza and Arusha, with a combined installed milling capacity of 240 MT per 24hours-day.

2.6.2 Midstream Storage and Logistics.

The four giants in cereals milling, namely SSB, METL, ETG and CPB (public) control most of the silo infrastructure in the grain industry. There are some additional silos managed by the National Food Reserve Agency (NFRA) with storage capacity for 254,000MT of cereals, and the World Food Programme (WFP) for refugees in the region. The Warehouse Receipt Regulatory Board (WRRB) could play an important role but currently warehouses under WRRB monitoring can hold only 26,000MT of maize and paddy, constituting about 7% of total stocks.

Additionally, there are more than 3,000 warehouses with capacity to hold up to 2.8 million cereals, which play a role in the storage of grains before milling (ESRF, 2019). Although NFRA is regarded as a buyer and seller of last resort for food security purchases, its storage capacity is less than 260,000MT at any one time. This means a significant share of marketed maize surplus is handled by primary cooperative societies and private sector buyers and sellers scattered all over the country. A summary of maize value chain in Tanzania is depicted in Figure 1.

Figure 1: Summary of maize value chain



Source: Maize Processing in Tanzania by Dr H.B. Lunogelo, Dr Hazel Gray and Professor Fortunata Makene.

Preliminary evidence suggests that although there were many suppliers of maize to the millers, medium and large-scale maize millers do have some influence on the local purchasing price of maize grain. One potential reason for this was the limited ability of the NFRA to stabilize the market given that its total purchases in recent years has been less than 100,000MT per season. CPB purchases have also been relatively small, amounting to between 3,300MT and 3,500MT during 2015/16 and 2017/18 seasons, respectively.

The concept of aggregators and millers entering into supply contracts with maize farmers has been pioneered by SOEs such as NFRA and CPB, and multinationals such as WFP who ensure that

farmers are trained in appropriate storage and grading system of the cereals through programs like FTMA (Farm to Market Alliance). In recent years the system has been emulated by other private millers such as Iringa Millers, who provide extension services to farmers to adopt good agricultural practices (GAP) in order to improve the quality of grain produced for their milling business. This model of relationship between millers and producers is also promoted by the Agriculture Marketing Development Trust (AMDT), which is working to develop maize value chain in Tanzania using the "Making Markets Work for Poor Approach" (Springfield Centre, 2015). Under the model, a service provider links the off-takers with producers over a given period of mentorship. Once the trust has been built the processor stops supporting farmers through the third party who is replaced. Actors at both national and local level play an important role in the functioning of maize marketing and value addition. At the national level, the network of farmer groups, in Kiswahili "Mtandao wa Vikundi vya Wakulima Tanzania (MVIWATA)" is the largest farmers' association supporting maize marketing, among other commodities. Food safety matters are taken care by the Tanzania Bureau of Standards (TBS) in offering advice on compliance to food safety requirements, including prevention of aflatoxin contamination of cereals. The Tanzania chapter of Global Alliance for Improved Nutrition (GAIN) is also supporting a micro-nutrient fortification programme involving large millers to improve maize meal nutritional value the Fortification Regulations of 2011. There are also fortification programmes organized by NGOs such as SANKU that target smaller millers.

2.6.3 Milling.

In addition to the big four millers: SSB, METL, ETG and CPB, there have been new entrants in the maize milling industry, but most of the new entrants have medium and small-scale milling facilities. There are also many micro-milling machines located in almost every village with ability to process less than one metric ton a day. The rural electrification programme encouraged the establishment of electric-powered mills, replacing diesel powered facilities. It is now possible to establish milling machines of slightly higher capacity than the traditional hammer mills. The government has introduced a programme for micronutrient fortification in maize flour. While medium and large-scale millers have adopted fortification, it is not yet widespread amongst small and micro scale millers. While the number of small millers that have adopted fortification is growing, some millers believe that fortified flour is less popular with customers compared to the unfortified flour.

2.6.4 Downstream retail

Distribution system: Medium and large-scale millers have invested in logistics for distribution of their milled products to wholesale and retail points, usually through their merchandize depots strategically located across the country. However, SME milling distribution networks remain resilient in the face of growing competition. Small-scale millers depend on traders to collect goods from the factories to retail outlets. The millers sometimes supply goods to retailers on interest free credit repaid when they replenish the sold stocks. The same arrangement prevails with wholesales supplying goods to established super-markets who make payments for the received goods after 30-60 days. This is an indirect credit extension by millers to supermarket and large shop owners. Established brands like Azam Sembe and Mo-Sembe dominate shelves of large super-markets in the four cities of Dar-es-salaam, Mbeya, Mwanza and Dodoma, while medium and small-scale millers share among themselves outlets in ordinary street shops and markets.

Small-scale millers on the other hand seem to face relatively tougher conditions in getting financial credit and distributing their finished products. They therefore have a smaller catchment area from their mills, relying mostly on small retail shops and supplying to some institutions such as boarding schools on credit. Over the last ten years, there has been a significant growth in branded maize packaging from SME millers. The millers also sell directly to animal feeds processors who buy bran as a by-product from dehulled maize. There is a significant growth in demand for bran for animal feed processing and it is in particularly high demand in Dar-es-salaam, Kilimanjaro and Arusha regions.

Financial institutions are involved with extending credit to millers, however it is mainly the medium sized millers who have been able to access loans from commercial banks. A significant challenge for SME millers is that these loans are provided at commercial interest rates rather than at lower rates from the development banks. An absence of well-capitalized development banks in Tanzania like TADB appears to be a constraint on SME milling development.

2.9 Production Capacity

The existing Maize Milling plant is operational at a capacity of 10MT per day and the plan is to purchase and install modernised milling plant with production capacity of 20MT per Day. The proposed maize processing plant will be automated with 20MT processing capacity per day.

2.10 Project Engineering

Processing of High-quality maize flour products is governed by strict standards of both the local country as well as internationally accepted ones. The project engineering technology is adopted from China who have extensive experience in maize processing sector which bring in vast technical know-how, experience and knowledge, to ensure that products manufactured by Hope Super Sembe meet current Good Practices of the East African Standards and Tanzania (TFDA).

Machinery, equipment and technology for the processing plant will be sourced from China through our business partners who have extensive experience in the sector. The factory is planned to be operational in 12 months from the date of financing.

2.11 Project Cost Estimates

The total project costs estimated at TZS **9,418,830,494.00** comprised of additional investment of TZS 8,088,619,294.00 and existing investment of TZS 1,810,400,000.00 which equivalent to 19% of the total investment made. New investment consists of TZS 5,227,291,200.00 as loan requested which is 48% of the new investment and the project owners are willing to inject more TZS 3,088,619,294.00 for working capital which is equivalent to 33% of the total new investment.

2.12 Project Financing Structure

The proposed financing structure envisages the use of multiple structure being a loan 48% and 52% equity contribution by the project promotors. The project promoter has already invested 19% and partly of the 33% is under consumption or construction.

S/N	DETAILS	AMNT (TZS)	%GE
1	New Borrowing (Project Financing)	5,227,291,200.00	82%
	Total Borrowing	**5,227,291,200.00**	**82%**
2	Contributed Equity – existing	1,110,400,000.00	15%
3	Additional Equity	750,874,560.00	3%
	Total Contribution	**1,861,274,560.00**	**18%**
	Total Projects Cost	**7,088,565,760.00**	**100%**

2.13 Financial Rations Analysis.

2.13.1 Profitability Ration

Gross profit margin for the project is will be 7% for the first three years thereafter drop to 6% per annum however net profit margin is increasing each year by the margin of 1% starting at 6% on year 1 growing up to 12% by year 7. Opex to sales ration indicates that the company will using 18% to generate 1 unit sales per annum for year 1 and 2 thereafter it will grow to 19% per annum. This indicates the business viability in-terms of profitability ratios.

2.13.2 Current ration.

Current ratio is the liquidity ratio that measures company ability to pay short term obligations. From the projected ratios indicates that, the company will be capable of paying its short term obligations without any struggle.

2.13.3 Payback Period and Internal Rate of return

The payback period for this project is 4 years and 9 months with internal rate of return being 7.95% and Return on Investment (ROI) being 18%.

3. Background

3.1 History

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The company has been into the business since 2012 and it was being operated as sole proprietor until 15th June 2022 when limited liability was established. The company has maize processing facility with capacity of 10MT/12 hours (20MT/Day), two warehouse in Iringa with storage capacity of 1,500MT and 25,000MT which is under construction. The company also deals with agro-trading (maize trading) and maize farming. They have 200 cares for maize farming. The company started this business as sole proprietor since 1991 under the name of Super Seki.

The company is by Tanzanian Namely Ritta Batholomeo Sekilovele and Asumwisye Stallone Mwajeka. The company has issued 6,000 ordinary shares valued at TZS 600,000,000/= out of 10,000 which is valued at TZS 1,000,000,000/= as illustrated in the structure below;

Name	Shares	Value
Ritta Batholomeo Sekilovele	3,500	350,000,000
Asumwisye Stallone Mwajeka	2,500	250,000,000
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3.2 Vision Statement

To create state of the art food processing business line.

3.3 Mission Statement

To establish a stellar company which offer products of exceptional quality. Our aim is to build a lasting brand known for delivering premium products. Every product of ours will go through extensive internal checks and quality control procedures.

3.4 Values

The company values are; Customer satisfaction.

3.5 Business objectives

- The company financial objectives is to grow shareholders value, earning per share, diversify and grow revenue streams, ensure financial sustainability and maintain profitability.

- To offer customer satisfaction through reliable products, broad product offering, increase market share, partner with customer tom provide solutions, best customer service and understand my need.

- Invest in Learning and Growth to build high perming teams, develop leadership ability and potential of the team, create a performance-focused culture, attract and retain the best people, invest in tools to make staff more productive, improve technical and analytical skills.

3.6 Business Strategies

The management plan to embark in processing maize to produce maize flour and cautiously adopt a managed and incremental growth strategy in maintaining and expanding the enterprise as set out below: -

- Ensure that there is transfer of skills in order to ensure the machinery will be maintained by local people at lower costs and to avoid longer downtimes at factory.

- To seek funds from investors and banks in order to purchase project machinery. This will add a competitive advantage over our competitors because the company will be able supply various products maize flour compared to other competitors who produce only one product.

- ❖ Come up with most innovative products and packaging system to create customer attraction and attention.

- ❖ Ensure that the company can increase its market share through acquiring new customer using innovative offerings, competitive pricing and innovative marketing strategies.

- ❖ Involve in maize farming to create internal supply of raw materials and bulk purchases of raw materials directly from farmers at the harvesting seasoning.

- ❖ Invest in post-harvest loss by building modern storage facilities at the farm level in Tunduma and Ruvuma as well as modern storage facilities such as silo at the factory.

3.7 Maize Production

With about 4.5 million hectares, Tanzania has the largest planted area of maize in East Africa. Maize production has significantly increased over the past 10 years, largely through expansion of planted areas rather than increased yields. Over the past 50 years, maize production has kept pace with population increase. Post forecasts marketing year (MY) 2019/2020 maize production to increase by 1.8 percent from the previous year 2018/2019. New farms and an efficient fertilizer delivery system led to an expansion of land under cultivation. Post-harvest loss, ineffective extension services delivery systems, unreliable markets, pests, and diseases such as Maize Lethal Necrosis (MLN) and Fall Army Worm (FAW) persist as challenges for maize production in Tanzania.

Compared to previous year 2018/2019, total area used for maize harvesting is projected to increase by 1.2. Although growing conditions are often good for maize, the yields are low, averaging about 1.3 metric tons per hectare. Approximately half of all maize produced in Tanzania comes from the Southern Highlands. Small-scale farmers contribute over 80 percent of Tanzania's total production.

Figure 4-1: Maize Production Areas in Tanzania

3.8 Tanzania Maize Value Chain Overview

3.8.1 Historical context.

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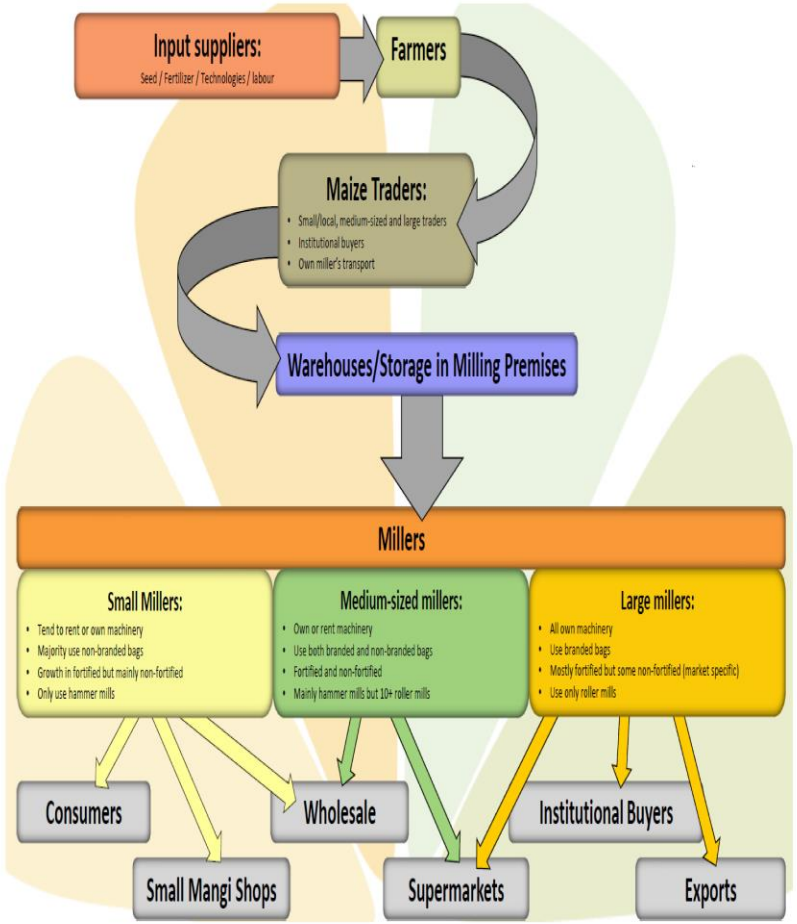

Source: Innovation and Inclusion in agro-processing – An interdisciplinary research project exploring issues around agro-processing in South Africa And Tanzania (iiap.info)

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Small-scale millers on the other hand seem to face relatively tougher conditions in getting financial credit and distributing their finished products. They therefore have a smaller catchment area from their mills, relying mostly on small retail shops and supplying to some institutions such as boarding schools on credit. Over the last ten years, there has been a significant growth in branded maize packaging from SME millers. The millers also sell directly to animal feeds processors who buy bran as a by-product from dehulled maize. There is a significant growth in demand for bran for animal feed processing and it is in particularly high demand in Dar-es-salaam, Kilimanjaro and Arusha regions.

Financial institutions are involved with extending credit to millers, however it is mainly the medium sized millers who have been able to access loans from commercial banks. A significant challenge for SME millers is that these loans are provided at commercial interest rates rather than at lower rates from the development banks. An absence of well-capitalized development banks in Tanzania like TADB appears to be a constraint on SME milling development.

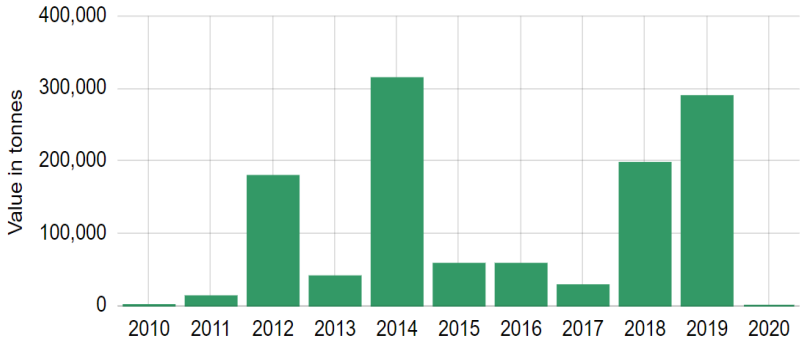
3.9 Maize Production in Tanzania

In 2020 maize production in Tanzania was 63,000,000 tonnes while the production of maize in Tanzania was 68,569,308 tonnes in 2019. The country had approximately 41,353,260.00 hectares under maize cultivation.

3.10 Tanzania maize export quantities

In 2019 Tanzania exported 2,314,112 tonnes of maize. Through 2019 alone, the demand for Tanzania maize (cereals/grains category) has surged, fluctuating by 46.776 pc compared to the year 2018. Between 2017 and 2019, maize's exports went up by 921.88% netting the country US$543.89m for the year 2019. Tanzania's maize exports are categorised as:

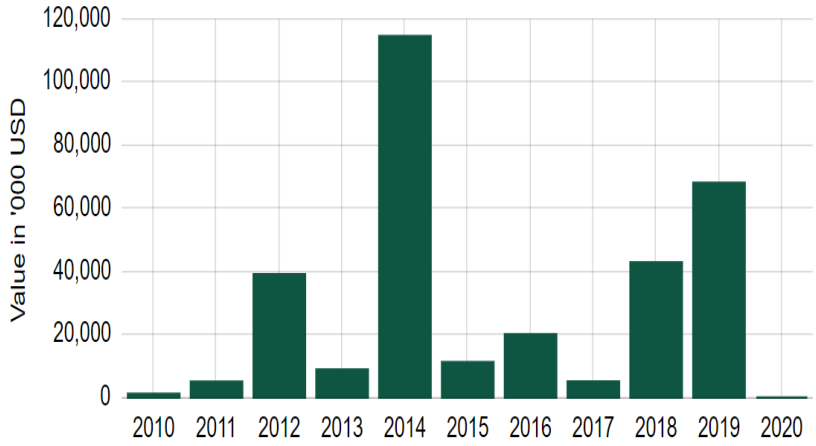
- Hulled, pearled, sliced, kibbled or otherwise worked maize grains (excluding rolled, flaked, pellets and flour) (HS code 110423)
- Maize (excluding seed for sowing) (HS code 100590)
- Maize seed for sowing (HS code 100510).



3.11 Tanzania maize export values

In 2019, Tanzania sold maize worth 543.89m USD, an increment of 58.84% from 2018's total maize export of 342.424m USD. The yearly growth in value of Tanzania maize between 2017 to 2018 was 744.241 per cent.

The per year change in the volume of Tanzania's maize exports between 2017 and 2019 was 921.88 per cent compared to a variation of 46.776% in the period between 2018 and 2019.



4. The Project information

3.12 Project Background

The company produces both produces both Sembe and Dona products as well as Maize flour for Lishe. The company has already invested a total of TZS 1,810,400,000.00 however it is proposed to increase investment worth TZS 5,099,337,750.00 and the new investment consists of TZS 5,227,291,200.00 as loan requested which is 85% of the new investment and the project owners are willing to inject more TZS 763,947,750.00 for working capital which is equivalent to 15% of the total new investment.

.

The company has maize processing facility with capacity of 10MT/12 hours (20MT/Day), two warehouse in Iringa with storage capacity of 1,500MT and 25,000MT which is under construction. The company also deals with agro-trading (maize trading) and maize farming. They have 200 cares for maize farming.

3.13 Production Capacity

The installed maize processing plant has a capacity to process 20MT of raw maize per 12 hours. The company is intended to install modern Maize Processing Plant with processing capacity of 100MT/Day, installation and commissioning of modern storage facilities that is Silos with storage capacity of 10,000MT, Purchase and installation of weigh bridge and increase storage facilities by constructing two warehouses in Tunduma and Ruvuma for storage of maize during harvesting period and control scarcity of raw materials.

3.14 Production Process

- The promoter will process raw maize from the farmers to produce maize flour (Sembe & Dona) as the main product and maize Bram as secondary produce.

- The complete maize flour milling process involves various maize milling machinery, mainly for maize cleaning and flour milling. Scientific and reasonable corn flour processing processes should be automated, which can not only reduce labour cost and energy consumption, but also ensure the quality of the final maize products.

Maize flour Processing Flow chart

3.15 Flour Milling Machinery

The promoter intends to modernise and expand maize milling business by acquiring small maize flour milling machinery with processing capacity of 80MT per Day. The Milling plant will be automated connected with two Silo with storage capacity of 5000MT each and Weigh bridge. However construction of factory building and warehouses for storage maize a the farm level is very key to this project.

Small Maize Flour Milling Machinery

Mazie storage Silos.

3.16 Project costing

The total project costs estimated at TZS **9,418,830,494.00** comprised of additional investment of TZS 8,088,619,294.00 and existing investment of TZS 1,810,400,000.00 which equivalent to 19% of the total investment made. New investment consists of TZS 5,227,291,200.00 as loan requested which is 48% of the new investment and the project owners are willing to inject more TZS 3,088,619,294.00 for working capital which is equivalent to 33% of the total new investment.

The schedule below show new investment to be done by the company.

S/N	DETAILS	AMOUNT IN TZS
1	Construction of New Warehouse	1,000,000,000.00
2	Purchase Maize Milling Machinery 100MT/Day	599,040,000.00
3	Purchase of two Silos 5,000MT each	819,000,000.00
4	Purchase of Weigh Bridge	93,600,000.00
5	Purchase of 5 unit tractor truck	538,080,000.00
6	Purchase of 5 unit trailer truck	254,880,000.00
7	Port clearance & transport	622,691,200.00
8	Working capital for purchase of maize	1,300,000,000.00
	TOTAL	**5,227,291,200.00**

5. Market & Industry Analysis

3.17 Marketing Strategies

The company product brand goes by the name of **Hope Super Sembe** which is established brand name. The company's marketing strategy includes the 4 P's of marketing by Michael Porter and we quoted bellow from the executive team.

- **Product**

We have made sure that quality is the first and foremost factor in our products. That is our customers are fully satisfied with a quality product of maize produce.

Our products are categorized according to packaging size in order to appeal to a wide range of customer's needs.

Our products are packaged in different sizes ranging from 1Kg, 5kg, 10kg, 25kg and 50kg well labelled bags according to standards.

- **Pricing**

Our prices are affordable for we have targeted low and middle-income earners as our market niche.

This shall make our prices affordable according to our market needs. Moreover, our prices will be in proportion to the quality of our products and services in comparison to our competitor's prices and quality of their products and services.

- **Promotion**

The promoter has committed to promotes its products effectively and efficiently. Our products are advertised through media, trade fairs and exhibitions like (**SabaSaba and NaneNane**).

We shall use social media, Television & radio stations, flyers and road shows. Our advertising and promotion goal is to develop personal familiarity between our products, services, customers, staff and community we serve.

- **Place**

Our products are sold all over Dar es Salaam, Iringa, Mbeya, Dodoma and Pwani with existing selling points which are performing great. This due to huge demand of our products in the respective areas.

3.18 Selling and Distribution Strategies

The company does sales by orders. Generally, the sales method is by cash and credit bases. However, in the future in order to attract more customers and increase sales volume, the promoter will start setting efficient and effective credit and collection policy.

The promoter looks forward to strengthen its distribution channels by introducing more sales centres and acquiring adequate distribution vehicles.

3.19 Raw material acquisition Strategies

The main raw material is maize which the company will buy from local farmers in particular from Southern highland especially Njombe, Ruvuma, Songwe, Rukwa, Iringa and Mbeya and Northern Zone particularly Manyara.

Raw materials sourcing strategy: -

- Single sourcing of raw materials which is direct from small farmers in order to procure at a reasonable price together and ensuring inventory is always at hand.

3.20 Packaging Material Sourcing Strategy

Packaging materials shall be; Sieve bags and Others (handling and labelling). Moreover, these products are packaged in different sizes ranging from 1kg, 5kg, 10kg, 25kg and 50kg according to standards.

3.21 Potential Market

Potential customers are local end users, retail and wholesale traders. While local end users include individuals (who buy for household consumption) hotels and restaurants and entrepreneurs, cooked food vendors, retail and wholesale traders include wholesale stores, supermarkets, food and beverage processing companies, and exporters.

3.22 Product Demand

The demand for the product is high and is growing due to a number of factors which have given the owners the confidence to expand this business line. The following factors contribute to the growth of demand for the stated products:

- The company is currently in the process of expanding their market to other regions including Arusha, Dodoma, Mwanza and Singida.

- The promoter also sells its maize bran (by-product) to dairy and beef farmers in Coast region, Iringa, Dodoma and Dar es salaam as well as the animal feed processing factories in the country.

6. Competition pattern

6.1 Competitive Landscape

The main competition for this project will be from large maize flour processing companies in the region. To copy with competition from both small, medium and large maize flour processors the promoter is seeking to undertake the following measures;

- Modern and expand its business operation.
- Raise finances for sourcing maize direct from farmers at the time of harvest to insure availability of raw material throughout the season.
- Capitalise on the already made brand name Hope Super Sembe.
- Improve distribution channel to reach market destination.

The fact remains that the demand for high quality maize flour products will not be satisfied in the short to medium term and therefore requires companies that can invest in the industry for the long term with machinery that can produce large quantities sustainably.

The level of competition is also dependent on the ability of companies to raise the high level of capital required to commence a business of this type.

However, the company will continue using competitive advantages including quality and affordable products, existing and well-established strong relationships with both suppliers and customers and stakeholders to overcome the present and future competition.

3.1 List of Some maize processors in Eastern Zone part

The table below indicates the list of some maize processors that may create competition to the promoter

S/N	Name	Location	Dominance	Target Market	Capacity MTPD
1	Joydons (T) Ltd	Bagamoyo	Existing	Local & Export	50
2	Smigi Investment Limited	Kibaha	Existing	Local	20
3	Dominick Milling Ltd	Kibaha	New entry	Breweries & consumer	100
4	Segera Sembe	Tanga	Existing	Tanga	100
5	Small millers	DSM	Existing	Local	

6.2 Direct Competitors

There are large milling companies which are registered in Tanzania and they have a long experience and financial muscles to supply the market through ought the year. However, the promoter has established its business modal (go to market) to cater both low and high income earners.

6.3 Competitive Advantage

The promoter is aware of the competition that the business is up against. The business has been into this market for over 10 years which they have established their competitive advantage. They will ride on their already established name and brand to compete at the highest level. Name of the brand of existing maize flour is Hope Super Sembe.

6.4 SWOT Analysis

7. Business Operations Modal

3.2 Business Model

Business model is a complete agriculture value chain modal with financial inclusion element to enhance the production capacity of the farmer groups. The company adopted the bellow stages in the business

3.3 Production

The promoter has been sourcing maize from traders or agents at Kibaigwa market in Dodoma and Tandika and Manzese Dar es Salaam who basically source from farmers. The future plan is to source direct from farmers during harvesting season, through will way Post-Harvest Loss will be managed from the farmer's level. Maize will be sourced from Southern highland including Ruvuma, Mbeya, Songwe, Rukwa and partly from Northern zone including Manyara.

The promoter will engage LGA in respective areas to train farmers on Good Agricultural Practise (GAP) in collaboration with other players in the agriculture sector like TADB, FSDT, FMTA, Agro vet dealers and PASS. The training is specifically focussed on best agriculture practices to increase productivity. The training program shall include M&E elements where by the farmers that show positive results will be graduated to access financial services form the formal sectors under guarantee scheme organize by the promoter and their partners in the sector.

3.4 Agro dealership

To ensure farmers achieve maximum production the promoter will contract certified suppliers of farm inputs to the farmers including seeds, fertilizers, technology, pest sides and farm implements to support farmers to avoid the use farm inputs which are below the standards.

3.5 Aggregator

The company adopted an out-grower's scheme with contracts to the farmers whereby the company will purchase all harvest from the farmers and pay them a fixed price as per market price as the contract will base on market price however indicative price will be set at the start of the season. This will provide an assurance of market to farmers and thus reduces the number of middle men who always exploit the farmers and exaggerate the market prices to the processers. Under this modal the promoter will be assured with sufficient supply of quality raw materials at affordable price all the time.

3.6 Processing

The company process the raw materials from the farmers to finished product and supply to local markets in the region. The company then package the product in various quantities well branded and finally supply to the market as a final product for human consumption or industrial use.

3.7 Distribution Modal

The promoter has its marketing strategies which has deployed a special purpose vehicle involved in distribution of the finished products (the vehicles are not branded). The promoter has applied for addition two trucks with 1.5 tones which will be branded as Hope Super Sembe. The choices of the truck is to reach even the concentrated market where big truck cannot penetrate.

The promoter has specific local dealers who always purchase the final products in bulk and are located in all big markets including Kawe market, Tegeta market, Bunju Market, Bagamoyo, Mbweni, Boko market. The below is the list of potential buyers in the region who are always willing and demanding a supply of our products.

8. Marketing & Sales

3.8 Marketing Strategies

- Initial marketing tools will be direct marketing through mobilization of agents in different areas and persuading them to sell our products.

- We will initially send our marketing team to peach our products in different place of Dar es Salaam and Pwani and Morogoro as expansion market. These will include sending product samples in order to pass the same to final consumers.

- Our strong network of business men will be fully utilized before moving to new customers. With the new truck purchase we will distribute our products at every angle of the market demand.

- Incentives and motivation arrangements will be in place for our agents. These would include discounts for bulky purchase and bonuses upon reaching certain amount of volume per month.

3.9 Promotion

- Initially we will engage customers and distributors in sampling the product and explain about the product. Also we emphasize that it is made with quality ingredients that are best for human consumption and are manufactured in safe and hygienic conditions.

- Secondly, we will invest in printed material as we will have marketing team to travel to various business centres to persuade agents to join our supply chain.

- We will use print media (newspapers) which are distributed in urban areas.

3.10 Low-cost Promotional Methods

- Cost will be also considered when marketing our products. Our major priority will be development of network of agents through the use of marketing team and ensuring good packaging. Other marketing tool will be used consistently

3.11 Word of Mouth versus other Advertisement Methods

- We believe that word of mouth will be the strongest form of advertising, this will be particularly important amongst agents and other resellers.

3.12 Intended Product Image to the Market

- The promoter planned to be seen as a manufacturer of hygienic products at convenience and develop a brand that is trusted in the market, we understand the value and importance of developing such a brand and maintaining it.

- Doing so will enable us to build customer loyalty to become a consumer's first choice in our industry. We will ensure that products that we sell are free from cholesterol and also add food ingredients to the same in order to maintain natural taste fresh cereals.

3.13 Graphic Image Support

- The will engage an advertising agency to design our product artwork, logo and other slogans.

- We have analysed what other bands have done and what has worked and why others have failed to have a significant impact.

9. Management Team Profiling

3.14 Management

The management of the business is under Ms. Ritta Batholomeo Sekilovele running the business as owner and Chief Executive Officer and Mr. Asumwisye Stallone Mwajeka who is running production and marketing. Ms. Ritta Batholomeo Sekilovele has been into this business since 1991, she has proven qualification and experience.

- **Ms. Ritta Batholomeo Sekilovele - Managing Director.**

Ms. Ritta Batholomeo Sekilovele is a business guru in maize value chain running through the entire value from maize production, aggregation, trading and maize flour processing. She current running all day to day management of the business operations.

Ms. Ritta is a Tanzanian with over 30 years' business experience in maize milling. She started from the bottom and been running the business as sole proprietor, the product is branded as Super Seki. As part of business growth she has managed to protect and promote the brand until now the business run as limited company and her being majority shareholder.

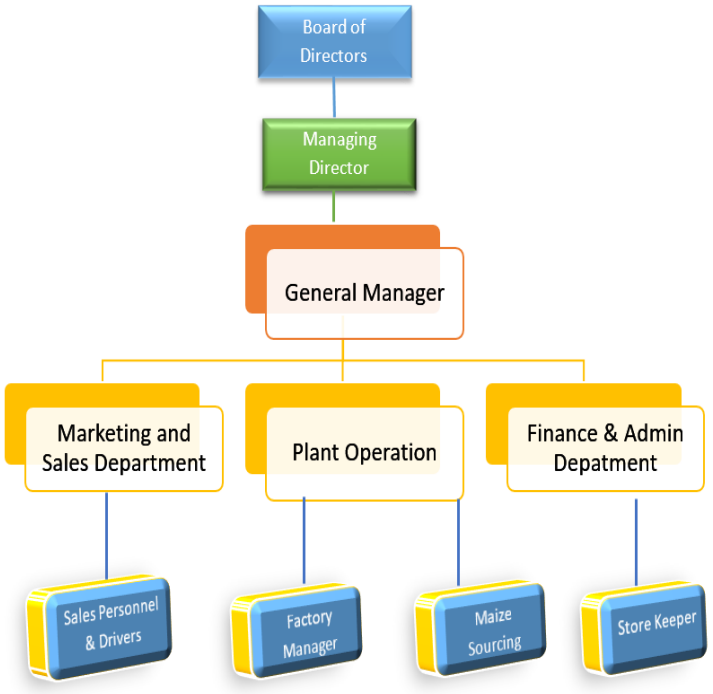
- **Mr. Asumwisye Stallone Mwajeka – Director of Business operations.**

Mr. Asumwisye Stallone Mwajeka is managing the business on maize sourcing, processing and distribution to the market. He has been key figure in the business growth by managing both maize production, out-growers engagement and contract farming, marketing and distribution.

3.15 Technical/ Support Staff

For efficient and effective operations there is a technical and supporting team made up of seasoned full and part time staff hired according to their qualifications and experience.

3.16 Management Structure



3.1 Personnel Plan

The following personnel plan is enclosed in the table below: Personnel plan for the next five years of this planning period.

3.2 Human Resource Requirements and Labor Costs

The company shall employ both technical staff and other operational staff to ensure maximum performance of the company at all the time. Bellow schedule include the five years staff planning and costing for the project.

KILOMWE COMPANY LIMITED

PROJECTED ANNUAL STAFF PLAN

S/N	Position	Summary Payment per Month				Annual Pay in Tzs	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
		Head Count	Basic Pay	Benefits	Gross Pay								
	Descriptions of Designations												
	Corporate Positions												
1.0	Plant Manager	1	1,000,000	-	1,000,000	12,000,000	12,000,000	12,240,000	12,480,000	12,979,200	13,498,368	14,038,303	14,599,835
	Subtotal	**1**	**1,000,000**	**-**	**1,000,000**	**12,000,000**	**12,000,000**	**12,240,000**	**12,480,000**	**12,979,200**	**13,498,368**	**14,038,303**	**14,599,835**
	Finance & Admin Department												
2.0	Accountant Manager	1	800,000	-	800,000	9,600,000	9,600,000	9,792,000	9,984,000	10,383,360	10,798,694	11,230,642	11,679,868
	Finance officer	1	400,000		400,000	4,800,000	4,800,000	4,896,000	4,992,000	5,191,680	5,399,347	5,615,321	5,839,934
	Procurement	2	400,000		800,000	9,600,000	9,600,000	9,792,000	9,984,000	10,383,360	10,798,694	11,230,642	11,679,868
	Drivers	**5**	**250,000**		1,250,000	15,000,000	15,000,000	15,300,000	15,600,000	16,224,000	16,872,960	17,547,878	18,249,794
	Subtotal	**4**	**1,850,000**	**-**	**3,250,000**	**39,000,000**	**39,000,000**	**39,780,000**	**40,560,000**	**42,182,400**	**43,869,696**	**45,624,484**	**47,449,463**
	Production Department												
3.0	Machine Operator	2	600,000	-	1,200,000	14,400,000	14,400,000	14,688,000	14,976,000	15,575,040	16,198,042	16,845,963	17,519,802
	Subtotal	**2**	**600,000**	**-**	**1,200,000**	**14,400,000**	**14,400,000**	**14,688,000**	**14,976,000**	**15,575,040**	**16,198,042**	**16,845,963**	**17,519,802**
	Marketing Department												
4.0	Marketing Manager	1	800,000	-	800,000	9,600,000	9,600,000	9,792,000	9,984,000	10,383,360	10,798,694	11,230,642	11,679,868
5.0	Sales Personnel	3	300,000	-	900,000	10,800,000	10,800,000	11,016,000	11,232,000	11,681,280	12,148,531	12,634,472	13,139,851
	Subtotal	**4**	**1,100,000**	**-**	**1,700,000**	**20,400,000**	**20,400,000**	**20,808,000**	**21,216,000**	**22,064,640**	**22,947,226**	**23,865,115**	**24,819,719**
	GRAND TOTAL	**11**	**4,550,000**	**-**	**7,150,000**	**85,800,000**	**85,800,000**	**87,516,000**	**89,232,000**	**92,801,280**	**96,513,331**	**100,373,864**	**104,388,819**

10. Financial Projections

3.3 PROJECTED FIVE YEARS FINANCIAL SUMMARY

3.3.1 Financial assumptions

	Projections Assumptions and Considerations	
	GENERAL ASSUMPTIONS	
	Number of months in a year is 12	12
	Nomber of days per month	25
	Price for purchase of Maize Milling Processing Machines and Pre-cleaning	256,000
	Price for purchase of 2 silos	350,000
	New warehouse under construction at Ugwachanya with storage capacity of 20,000MT	2,024,671,544
	Price for purchase of tractor truck per unit	57,000
	Unit of truck to be purchased	5
	Price unit trailer to be purchase	27,000
	Unit of truck trailer to be purchased	5
	Price of weigh bridge	40,000
	BOQ for construction of unit warehouse	450,000,000
	Unit of warehouse	2
	Foundation base for 1 silo	100,000,000
	Exchange rate per US$	2,340
	Project tenure in years	7
	Transport Cost	54,400
	Port Clearance Charges	495,395,200
	Base-case Year is assumed to be production capacity at 100%	100%
	Direct costs	
	Machine Capacity = 80MT/24Hrs	80
	Maize cleaned per Kg	90%
	Wastes	10%
	Processed Maize flour @70% Yield of 90% clean maize	70%
	Maize bram @30% Yield of 90% clean maize	30%
	Purchase price @Tzs per Kg	500
	Factory Overhead Tzs 3/Kg	3
	Loading & Offloading, Cleaning Tzs 2.5/Kg	2.5
	Utility costs Tzs 10/Kg	10
	Packaging Costs Tzs 12/Kg	12
	Transportation Costs Tzs 1.5/Kg	1.5
	Depreciation Rates	
	Land @ 0%	0%
	Buildings @5%	5%
	Motor vehicle @10%	10%
	Plant Machinery & Elevator @10%	10%
	Sales and Distribution	
	Sales for Maize Flour Tzs 900/Kgs	900
	Sales for Maize Bram Tzs 300/Kgs	300

3.3.2 Projected Financing Plan

PROJECTED FINANCING PLAN

S/N	Key Activities	SHAREHOLDERS		FINANCIER	TOTAL FINANCING
		Own Equity	*Earnings*	*Loan*	*In Tzs*
1.00	**Current Investment (Valued by August 2022)**				
1.10	LAND	40,000,000.00	-	-	40,000,000.00
1.20	BUILDINGS (EXISTING WAREHOUSE COMPLETE)	125,000,000.00		200,000,000.00	325,000,000.00
1.30	PLANT MACHINERY	105,000,000.00			105,000,000.00
1.40	FARMLAND	150,000,000.00			150,000,000.00
1.50	FARM INPUTS (MAIZE FARMING)	140,400,000.00			140,400,000.00
1.60	DISTRIBUTION TRUCK	200,000,000.00		150,000,000.00	350,000,000.00
1.70	WIP	(200,000,000.00)		200,000,000.00	-
-				-	-
	TOTAL	**560,400,000.00**	**-**	**550,000,000.00**	**1,110,400,000.00**
	TOTAL AVAILABLE INVESTMENT	**560,400,000.00**	**-**	**550,000,000.00**	**1,110,400,000.00**
	Contribution Gearing for Existing Investment	**50%**	**0%**	**50%**	**100%**
2.00	**Construction of New Warehouse**				
2.10	Preliminaries, Architectural Designs and General Items	-	-	-	-
2.20	Measured Works, Prime and Provisional Sums for 1 warehouse in progress, 2 warehouse and foundation base for silos new investment	552,634,560.00	-	1,000,000,000.00	1,552,634,560.00
	TOTAL	**552,634,560.00**	**-**	**1,000,000,000.00**	**1,552,634,560.00**
3.00	**Acquisition of Processing Equipment, Machinery and Silos**				
3.10	Purchase of Maize Milling Machinery 100MT/Day	-	-	599,040,000.00	599,040,000.00
3.20	Purchase of two Silos 5,000MT each	-	-	819,000,000.00	819,000,000.00
3.30	Purchase of Weigh Bridge	-	-	93,600,000.00	93,600,000.00
	TOTAL	**-**	**-**	**1,511,640,000.00**	**1,511,640,000.00**
4.00	**Acquisition of Distribution Truck**	**-**			
4.10	Purchase of 5 unit tractor truck	134,520,000.00		538,080,000.00	672,600,000.00
4.20	Purchase of 5 unit trailer truck	63,720,000.00		254,880,000.00	318,600,000.00
	TOTAL	**198,240,000.00**	**-**	**792,960,000.00**	**991,200,000.00**
5.00	**Logistics**	**-**			
5.10	Transport Cost	-		127,296,000.00	127,296,000.00
5.20	Port Clearance Charges	-		495,395,200.00	495,395,200.00
	TOTAL	**-**	**-**	**622,691,200.00**	**622,691,200.00**
6.00	**Working Capital Needs for Raw Materials Purchases**				
6.10	Initial Direct Costs	-		1,300,000,000.00	1,300,000,000.00
6.20	Initial Operating Costs	-		-	-
	TOTAL	**-**	**-**	**1,300,000,000.00**	**1,300,000,000.00**
	TOTAL NEW REQUIRED INVESTMENT	**750,874,560.00**	**-**	**5,227,291,200.00**	**5,978,165,760.00**
	Contribution Gearing for New Investment	**13%**	**0%**	**87%**	**100%**
	GRAND TOTAL	**1,311,274,560.00**	**-**	**5,777,291,200.00**	**7,088,565,760.00**

3.3.3 Projected Production Plan

PRODUCTION PLAN PROJECTIONS

MACHINE CAPACITY

Details	Descriptions (Various)	Quantity (Kgs)	Final Product (Kgs)	(Kgs)
			Maize Flour	
Capacity in MT per day	**100**	**100,000.00**	Maize Bram	Maize Flour
Maize Input in MT per Year		30,000,000.00	8,100,000	18,900,000
Cleaned Yield(90%)	90%	27,000,000.00		
Waste (10%)	10%	3,000,000.00	YIELD PERCENTAGE	
Cleaned Maize		27,000,000.00		
Processed Maize Flour	70%	18,900,000.00		
Maize bram	30%	8,100,000.00		

PRODUCTION PROJECTIONS FOR FIVE YEARS

Details	Quantity	Cost Amount (Tzs)	Maize Flour@100% (Tzs)	Year 1 (Tzs)	Year 2 (Tzs)	Year 3 (Tzs)	Year 4	Year 5 (Tzs)	Year 6	Year 7 (Tzs)	Re-marks
PRODUCTION PERCENTAGE→			100%	65%	70.00%	75%	80%	85.00%	90.00%	95%	
Capacity in Kgs per day	**30,000,000**										
Purchase Raw Maize in Kgs	500	15,000,000,000.00	15,000,000,000	9,750,000,000.00	10,500,000,000.00	11,250,000,000.00	12,000,000,000.00	12,750,000,000.00	13,500,000,000.00	14,250,000,000.00	
Factory Overheads per Kg	1.50	45,000,000.00	45,000,000	29,250,000.00	31,500,000.00	33,750,000.00	36,000,000.00	38,250,000.00	40,500,000.00	42,750,000.00	
Loading & Offloading, Cleaning	0.50	15,000,000.00	15,000,000	9,750,000.00	10,500,000.00	11,250,000.00	12,000,000.00	12,750,000.00	13,500,000.00	14,250,000.00	
Utility costs	5.00	150,000,000.00	150,000,000	97,500,000.00	105,000,000.00	112,500,000.00	120,000,000.00	127,500,000.00	135,000,000.00	142,500,000.00	
Packaging	5.00	150,000,000.00	150,000,000	97,500,000.00	105,000,000.00	112,500,000.00	120,000,000.00	127,500,000.00	135,000,000.00	142,500,000.00	
Inward Transportation Costs per Kgs	1.50	45,000,000.00	45,000,000	29,250,000.00	31,500,000.00	33,750,000.00	36,000,000.00	38,250,000.00	40,500,000.00	42,750,000.00	
Annual Poduction Costs			**15,405,000,000**	**10,013,250,000.00**	**10,783,500,000**	**11,553,750,000**	**12,324,000,000**	**13,094,250,000**	**13,864,500,000**	**14,634,750,000**	
GRAND TOTAL-PRODUCTION COSTS			**15,405,000,000**	**10,013,250,000**	**10,783,500,000**	**11,553,750,000**	**12,324,000,000**	**13,094,250,000**	**13,864,500,000**	**14,634,750,000**	

3.3.4 Projected Sales Plan

SALES PLAN PROJECTIONS

Sales Details			100%	65%	70%	75%	80%	85%	90%	95%
Details	Quantity	Unit	Maize Flour@100%	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
	(Kgs)	(Tzs)	(Tzs)	(Tzs)	(Tzs)	(Tzs)	(Tzs)	(Tzs)	(Tzs)	(Tzs)
Maize Flour	18,900,000.0	900.00	17,010,000,000	11,056,500,000.00	11,907,000,000.00	12,757,500,000.00	13,608,000,000.00	14,458,500,000.00	15,309,000,000.00	16,159,500,000.00
Maize Bram	8,100,000.0	300.00	2,430,000,000	1,579,500,000.00	1,701,000,000.00	1,822,500,000.00	1,944,000,000.00	2,065,500,000.00	2,187,000,000.00	2,308,500,000.00
Annual Revenues			**17,010,000,000**	**12,636,000,000.00**	**13,608,000,000.00**	**14,580,000,000.00**	**15,552,000,000.00**	**16,524,000,000.00**	**17,496,000,000.00**	**18,468,000,000.00**
GRAND TOTAL REVENUES			**17,010,000,000**	**12,636,000,000.00**	**13,608,000,000.00**	**14,580,000,000.00**	**15,552,000,000.00**	**16,524,000,000.00**	**17,496,000,000.00**	**18,468,000,000.00**

3.3.5 Projected Income Statement

PROJECTED COMPREHENSIVE INCOME STATEMENT FOR THE END OF THE 5 YEARS

PARTICULARS	Year 1 (Tzs)	Year 2 (Tzs)	Year 3 (Tzs)	Year 4 (Tzs)	Year 5 (Tzs)	Year 6 (Tzs)	Year 7 (Tzs)
Total Revenues	12,636,000,000	13,608,000,000	14,580,000,000	15,552,000,000	16,524,000,000	17,496,000,000	18,468,000,000
Less: Cost of Sale							
Opening Stock	-	10,013,250	10,783,500	11,553,750	12,324,000	13,094,250	13,864,500
Direct Costs	10,013,250,000	10,783,500,000	11,553,750,000	12,324,000,000	13,094,250,000	13,864,500,000	14,634,750,000
Closing Stock	10,013,250	10,783,500	11,553,750	12,324,000	13,094,250	13,864,500	14,634,750
Cost of Sale	**10,003,236,750**	**10,782,729,750**	**11,552,979,750**	**12,323,229,750**	**13,093,479,750**	**13,863,729,750**	**14,633,979,750**
GROSS PROFIT	**2,632,763,250**	**2,825,270,250**	**3,027,020,250**	**3,228,770,250**	**3,430,520,250**	**3,632,270,250**	**3,834,020,250**
Less: Employment & Operating Expenses							
Employment Expenses	109,041,000	113,645,820	118,250,640	124,977,466	131,867,764	138,928,075	146,165,198
Operating Expenses	126,150,000	128,042,250	129,962,884	131,912,327	133,891,012	135,899,377	137,937,868
Sales and Distribution Expenses	10,000,000	10,150,000	10,302,250	10,456,784	10,613,636	10,772,840	10,934,433
TOTAL	**245,191,000**	**251,838,070**	**258,515,774**	**267,346,576**	**276,372,412**	**285,600,292**	**295,037,498**
EBITDA	**2,387,572,250**	**2,573,432,180**	**2,768,504,476**	**2,961,423,674**	**3,154,147,838**	**3,346,669,958**	**3,538,982,752**
Less: Depreciation							
Depreciation	501,177,577	461,371,498	425,030,443	391,833,689	361,491,296	333,741,093	308,345,964
EBIT	**1,886,394,673**	**2,112,060,682**	**2,343,474,033**	**2,569,589,984**	**2,792,656,542**	**3,012,928,865**	**3,230,636,787**
Less: Capital Charges and Tax							
Interest Charged	627,274,944	579,358,108	474,812,284	370,266,460	265,720,636	161,174,812	56,628,988
Total	**627,274,944**	**579,358,108**	**474,812,284**	**370,266,460**	**265,720,636**	**161,174,812**	**56,628,988**
Earning Before Tax	**1,259,119,729**	**1,532,702,574**	**1,868,661,749**	**2,199,323,524**	**2,526,935,906**	**2,851,754,053**	**3,174,007,799**
Less: Corporate Tax-30%	377,735,918.64	459,810,772.10	560,598,524.65	659,797,057.32	758,080,771.91	855,526,215.84	952,202,339.81
Net Profit/Loss for the Year	**881,383,810**	**1,072,891,802**	**1,308,063,224**	**1,539,526,467**	**1,768,855,134**	**1,996,227,837**	**2,221,805,460**
Dividends	-	-	-		-		-
Earnings after Dividends	**881,383,810**	**1,072,891,802**	**1,308,063,224**	**1,539,526,467**	**1,768,855,134**	**1,996,227,837**	**2,221,805,460**
Accumulation	**881,383,810**	**1,954,275,612**	**3,262,338,836**	**4,801,865,303**	**6,570,720,437**	**8,566,948,274**	**10,788,753,734**

3.3.6 Projected Statement of Financial Position

PROJECTED FINANCIAL POSITION AS AT THE END OF EACH FIVE YEARS

DETAILS	Year 1 (Tzs)	Year 2 (Tzs)	Year 3 (Tzs)	Year 4 (Tzs)	Year 5 (Tzs)	Year 6 (Tzs)	Year 7 (Tzs)
ASSET							
NON-CURRENT ASSET							
Total Non-Current Asset	6,903,333,966.80	6,441,962,468.46	6,016,932,025.04	5,625,098,335.79	5,263,607,039.80	4,929,865,946.53	4,621,519,982.05
Subtotal	**6,903,333,966.80**	**6,441,962,468.46**	**6,016,932,025.04**	**5,625,098,335.79**	**5,263,607,039.80**	**4,929,865,946.53**	**4,621,519,982.05**
CURRENT ASSET							
Cash in Hand	200,000,000.00	200,000,000.00	200,000,000.00	200,000,000.00	200,000,000.00	200,000,000.00	200,000,000.00
Account Receivables	126,360,000.00	136,080,000.00	145,800,000.00	155,520,000.00	165,240,000.00	174,960,000.00	184,680,000.00
Inventory	10,013,250.00	10,783,500.00	11,553,750.00	12,324,000.00	13,094,250.00	13,864,500.00	14,634,750.00
Cash at Bank and Cash Equivalent	1,590,741,043.36	2,244,069,143.26	3,096,227,610.86	5,396,063,797.64	8,494,313,751.90	-	-
Subtotal	**1,927,114,293.36**	**2,590,932,643.26**	**3,453,581,360.86**	**5,763,907,797.64**	**8,872,648,001.90**	**388,824,500.00**	**399,314,750.00**
TOTAL ASSET	**8,830,448,260.16**	**9,032,895,111.72**	**9,470,513,385.90**	**11,389,006,133.42**	**14,136,255,041.69**	**5,318,690,446.53**	**5,020,834,732.05**
EQUITY & LIABILITIES							
EQUITY							
Contributed Share capital	600,000,000.00	600,000,000.00	600,000,000.00	600,000,000.00	600,000,000.00	600,000,000.00	600,000,000.00
Fresh Capital Introduced (Owner)	-	-	-	-	-	-	-
Revaluation Reserve	-	-	-	-	-		-
Retained Earnings	2,993,143,810.16	4,066,035,611.72	5,374,098,835.90	8,163,036,533.42	11,780,730,391.69	3,833,610,746.53	4,406,199,982.05
Total Equities	**3,593,143,810.16**	**4,666,035,611.72**	**5,974,098,835.90**	**8,763,036,533.42**	**12,380,730,391.69**	**4,433,610,746.53**	**5,006,199,982.05**
LIABILITIES							
NON-CURRENT LIABILITIES							
Commercial Loan	5,227,291,200.00	4,356,076,000.00	3,484,860,800.00	2,613,645,600.00	1,742,430,400.00	871,215,200.00	-
Subtotal	**5,227,291,200.00**	**4,356,076,000.00**	**3,484,860,800.00**	**2,613,645,600.00**	**1,742,430,400.00**	**871,215,200.00**	**-**
CURRENT LIABILITIES							
Account Payables	10,013,250.00	10,783,500.00	11,553,750.00	12,324,000.00	13,094,250.00	13,864,500.00	14,634,750.00
Short-term Loan	-	-	-	-	-	-	-
Provision for Tax	-	-	-	-	-	-	-
Subtotal	**10,013,250.00**	**10,783,500.00**	**11,553,750.00**	**12,324,000.00**	**13,094,250.00**	**13,864,500.00**	**14,634,750.00**
Total Liabilities	**5,237,304,450.00**	**4,366,859,500.00**	**3,496,414,550.00**	**2,625,969,600.00**	**1,755,524,650.00**	**885,079,700.00**	**14,634,750.00**
TOTAL EQUITY & LIABILITIES	**8,830,448,260.16**	**9,032,895,111.72**	**9,470,513,385.90**	**11,389,006,133.42**	**14,136,255,041.69**	**5,318,690,446.53**	**5,020,834,732.05**
To Balance	*-*	*0.00*	*0.00*	*0.00*	*0.00*	*(0.00)*	*(0.00)*

3.3.7 Projected Statement of Cash Flows

PROJECTED CASH FLOW FOR THE FIVE YEARS

PARTICULARS	Year 1 (Tzs)	Year 2 (Tzs)	Year 3 (Tzs)	Year 4 (Tzs)	Year 5 (Tzs)	Year 6 (Tzs)	Year 7 (Tzs)
CASH FLOW FROM OPERATING ACTIVITIES							
EBITA	**2,387,572,250**	**2,573,432,180**	**2,768,504,476**	**2,961,423,674**	**3,154,147,838**	**3,346,669,958**	**3,538,982,752**
Interest expense	627,274,944	579,358,108	474,812,284	370,266,460	265,720,636	161,174,812	56,628,988
Tax Expense	377,735,919	459,810,772	560,598,525	659,797,057	758,080,772	855,526,216	952,202,340
Dividends	-	-	-	-	-	-	-
	1,005,010,863	**1,039,168,880**	**1,035,410,809**	**1,030,063,517**	**1,023,801,408**	**1,016,701,028**	**1,008,831,328**
Operating Cash Flow B4 Change in WC	**1,382,561,387**	**1,534,263,300**	**1,733,093,668**	**1,931,360,156**	**2,130,346,430**	**2,329,968,930**	**2,530,151,424**
Change in Working Capital							
Decrease/Increase in Inventories	(10,013,250)	(770,250)	(770,250)	(770,250)	(770,250)	(770,250)	(770,250)
Decrease/Increase in Account Receivables	-	(9,720,000)	(9,720,000)	(9,720,000)	(9,720,000)	(9,720,000)	(9,720,000)
Decrease/Increase in Account Payables	10,013,250	770,250	770,250	770,250	770,250	770,250	770,250
Decrease/Increase in Short-term Loan	-	-	-	-	-	-	-
Total Change In WC	**-**	**(9,720,000)**	**(9,720,000)**	**(9,720,000)**	**(9,720,000)**	**(9,720,000)**	**(9,720,000)**
Cash Flow from Operating Activities	**1,382,561,387**	**1,524,543,300**	**1,723,373,668**	**1,921,640,156**	**2,120,626,430**	**2,320,248,930**	**2,520,431,424**
CASH FLOW FROM INVESTING ACTIVITIES							
Acquisition/Movement in Total Fixed Assets	(5,619,111,544)	-	-		-		-
Existing Fixed Assets Carried Down	-	-	-		-		-
Income Tax Paid	-	-	-		-		-
Cash flow - Investment	**(5,619,111,544)**	**-**	**-**		**-**		**-**
Cash Flow before Finance	**(4,236,550,157)**	**1,524,543,300**	**1,723,373,668**	**1,921,640,156**	**2,120,626,430**	**2,320,248,930**	**2,520,431,424**
CASH FLOW FROM FINANCING							
Owners' Cash Injection-Shareholders	600,000,000	-	-	-	-	-	-
Owners' FreshCash Injection-Shareholders	-	-	-	-	-	-	-
Equity Fund Injection	-	-	-	-	-	-	-
Commercial Debt Loan - Injection	5,227,291,200	-	-	-	-	-	-
Commercial Debt/Loan - Principle Drawdown	-	(871,215,200)	(871,215,200)	(871,215,200)	(871,215,200)	(871,215,200)	(871,215,200)
Total net cash flow from finance	**5,827,291,200**	**(871,215,200)**	**(871,215,200)**	**(871,215,200)**	**(871,215,200)**	**(871,215,200)**	**(871,215,200)**
NET CASH FLOW	**1,590,741,043**	**653,328,100**	**852,158,468**	**1,050,424,956**	**1,249,411,230**	**1,449,033,730**	**1,649,216,224**
Cash and Cash Equivalents at the Beginning of the Year	-	1,590,741,043	2,244,069,143	3,096,227,611	4,146,652,567	5,396,063,798	6,845,097,528
Cash and Cash Equivalents at the End of the Year	1,590,741,043	2,244,069,143	3,096,227,611	4,146,652,567	5,396,063,798	6,845,097,528	8,494,313,752
Net increase/(Decrease) in Cash and Cash Equivalents:	**1,590,741,043**	**653,328,100**	**852,158,468**	**1,050,424,956**	**1,249,411,230**	**1,449,033,730**	**1,649,216,224**

3.3.8 Projected Analytical Ratios

Financial Analytical Ratios

S/N	Ratio Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
1.0	**Sales Growth Rate**							
1.0	Sales Growth	0%	8%	7%	7%	6%	6%	6%
2.0	**Profitability**							
2.1	Gross Profit Margins %	0%	7%	7%	7%	6%	6%	6%
2.2	Cost of Sale/Sales %	79%	79%	79%	79%	79%	79%	79%
2.3	Net Profit Margin %	6%	7%	8%	9%	10%	11%	12%
2.4	Operation Costs/Sales %	18%	18%	19%	19%	19%	19%	19%
3.0	**Liqudity**							
3.1	Current Ratio	169.73	206.53	256.02	407.06	602.51	13.62	13.62
3.2	Quick Ratio	194.69	229.71	277.66	427.35	621.60	31.65	30.70
4.0	**Working Capital**							
4.1	Stock turnover days	1.39	1.39	1.39	1.39	1.39	1.39	1.39
4.2	Debtor turnover days	4.61	4.61	4.61	4.61	4.61	4.61	4.61
4.3	creditor turnover debt	0.37	0.37	0.37	0.37	0.37	0.37	0.37
4.4	Working Capital Cycle (days)	6	6	6	6	6	6	6
5.0	**Gearing**							
5.1	Tangible Net Worth	6,616,715,491	8,170,600,077	10,109,464,478	14,231,667,527	19,705,919,565	8,295,197,150	9,271,475,975
5.2	Net Profit/Tangible Net Worth	9.39%	9.50%	9.58%	8.14%	6.83%	18.47%	18.51%
6.0	**Annual Performance Per all Employees**							
6.1	Sales Revenues	10,108,800,000	10,886,400,000	11,664,000,000	12,441,600,000	13,219,200,000	13,996,800,000	14,774,400,000
6.2	Net Profit	621,037,675	776,173,783	968,802,370	1,158,162,088	1,345,782,612	1,531,803,013	1,716,348,592
6.3	Fixed Assets	7,835,347,475	7,858,835,592	8,074,952,295	9,380,873,592	11,363,374,098	4,910,341,108	4,647,445,788
	Total Headcount/Employees	11	11	11	11	11	11	11
	Employee Contribution to Sales	918,981,818	989,672,727	1,060,363,636	1,131,054,545	1,201,745,455	1,272,436,364	1,343,127,273
	Employee Contribution to Net Profit	56,457,970	70,561,253	88,072,943	105,287,463	122,343,874	139,254,819	156,031,690
	Fixed Assets Contributions to Sales	78%	72%	69%	75%	86%	35%	31%

Interest Rate	12%
Investment Capital	(4,519,811,200.00)

Detailed Information	Baseline Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
	0	1	2	3	4	5	6	7
Cash Flows	(4,519,811,200.00)	1,250,502,908.36	413,708,614.90	576,272,026.60	738,083,282.93	900,444,875.89	1,063,290,190.63	1,226,558,245.88
PV of Cash Flows	(4,519,811,200.00)	1,202,406,642.65	382,496,870.29	512,303,733.25	656,153,350.92	800,492,215.85	945,261,107.68	1,090,405,814.29
Net Present Value	(589,775,289.47)							
Balance CF	(4,519,811,200.00)	(3,269,308,291.64)	(2,855,599,676.74)	(2,279,327,650.14)	(1,541,244,367.21)	(640,799,491.32)	422,490,699.31	1,649,048,945.19
Pay Back Period	**(4.90)**	Years						
Internal Rate of Return(IRR)	7.95%							
Return on Investment(ROI)	18%							

Interest Service Coverage Ratio (ISCR)	3.43	4.01	5.27	7.23	10.74	18.80	56.62
Debt Service Coverage Ratio (DSCR)	#DIV/0!	2.67	2.87	3.07	3.28	3.48	3.68

3.3.9 Projected Statement of Cash Flows

The sensitivity analysis for the project has been looked at three scenarios including Base case, cost increase at 10% and sales capacity drop to 90%.

SENSITIVITY ANALYSIS

Base Case in Year One

Details	Amount
Sales Revenues	10,108,800,000.00
TOTAL SALES	**10,108,800,000.00**
Production Capacity at	**100%**
Cost of Sale	8,002,589,400.00
Gross Profit	**2,106,210,600.00**
Deductions	**100%**
Employment Expenses	109,041,000.00
Operating Expenses	126,150,000.00
Sales and Distribution Expenses	10,000,000.00
	245,191,000.00
EBITDA	**1,861,019,600.00**
Depreciation	431,445,577.20
Interest Charged	542,377,344.00
	973,822,921.20
Earning Before Tax	**887,196,678.80**
Addback: Depreciation	431,445,577.20
Profit/Loss	**1,318,642,256.00**

Break Even for Cost Increase

Details	Amount
Sales Revenues	10,108,800,000.00
TOTAL SALES	**10,108,800,000.00**
Cost of sale	**10%**
Cost of Sale	8,802,848,340.00
Gross Revenue	**1,305,951,660.00**
Deductions	**100.0000%**
Employment Expenses	109,041,000.00
Operating Expenses	126,150,000.00
Sales and Distribution Expenses	10,000,000.00
	245,191,000.00
EBITDA	**1,060,760,660.00**
Depreciation	431,445,577.20
Interest Charged	542,377,344.00
	973,822,921.20
Earning Before Tax	**86,937,738.80**
Addback: Depreciation	431,445,577.20
Profit/Loss	**518,383,316**

Break Even for Sales Capacity

Details	Amount
Sales Revenues	9,097,920,000.00
TOTAL SALES	**9,097,920,000.00**
Sales Capacity at	**90.0000%**
Cost of Sale	8,002,589,400.00
Gross Revenue	**1,095,330,600.00**
Deductions	**100%**
Employment Expenses	109,041,000.00
Operating Expenses	126,150,000.00
Sales and Distribution Expenses	10,000,000.00
	245,191,000.00
EBITDA	**850,139,600.00**
Depreciation	431,445,577.20
Interest Charged	542,377,344.00
	973,822,921.20
Earning Before Tax	**(123,683,321.20)**
Addback: Depreciation	431,445,577.20
Profit/Loss	**307,762,256**

11. Risks & Mitigation Measures

1. Production **Unavailable or scarce raw material stock for production**	**The promoter plan to source raw material direct from smallholder farmers during harvesting season. The material will be stored in the warehouse for utilization throughout the season.**
2. Technology **The technology employed may be unreliable or unproven**	The installation of machineries will be done by export or manufacturer and technology will be transferred to local employee.
3. Strategic **Strategic risks are those arising from changes in government measures/policies that lead to negative impact on the business prospects of commercial enterprises. For example, the government may introduce fiscal measures that impinge on the capacity of a commercial enterprise to sustain its profitability– e.g. categorizing expenses that were previously tax allowable as no longer tax**	a) If an anti-business measure is introduced, with the support of industry/trade associations – e.g. the TCCIA – the affected enterprise, would have to engage the Government with a view of retracting such measure(s). b) Business entities such as the proposed project has an obligation to behave as good corporate citizens and fulfil their responsibilities to government – e.g. paying their due taxes - and within their communities, thus dissuading the government from changing its pro-business measures/policies to anti-business ones.
4. Industry **There is competition from other businesses, firmly established, dealing in the same line of business. Capital outlay for the new entrant is therefore a risk that needs to be managed as well as being able to get market share from these businesses that already have a loyal customer base and stable market share. Due to the growing economy, new entrants are also a constant threat**	a) Undertaking effective marketing in line with the marketing strategies mentioned in the marketing chapter; b) Management to be resourceful in how to motivate its human resources for them to raise their productivity and satisfaction of their clients at minimum cost.

12. Conclusion

The presented information to this business plan indicates that the business is financially viable and economically justifiable. The rationale to diversify into commercial maize processing line is well reasoned after a thorough market research and proven market demand in the country. It makes economic sense as demonstrated by the cash flow forecasts.

- Management analysis also shows that the key staff is well experienced in the industry with integrity and goodwill in the market.
- The security offered has a very good value that should cover for the exposure being requested.
- Socio-economic analysis depicts the business is of interest to the economy at large as analyzed above.

The promoters of the business has long standing experience in the maize value chain including processing of maize flour processing since 1991. The management of the business is under Ms. Ritta Batholomeo Sekilovele running the business as owner and Chief Executive Officer and Mr. Asumwisye Stallone Mwajeka who is running production and marketing.

The main business operator is a woman who has been running the business since 1991 with product branded as Super Seki. TADB financing this

It is, therefore, recommended that the business deserves favourable a total financing consideration of **Tanzania Shilling Four Billion Five Hundred Million Only (TZS 4,500,000,000)** for the stated purposes to purchase.

13. Pictorial presentation

Ware house under construction (**Ms. Ritta Batholomeo Sekilovele – project promoter)**

View of the ware under construction (Storage capacity 20,000MT)

Existing milling plant and building

Current Maize Milling Plant

New site for new warehouse