

BUSINESS PLAN FOR MAIZE PROCESSING BUSINESS

IN FAVOUR OF

MISENANI AGRI SERVICE LTD

Contents

Abbreviations.....	3
List of Tables	3
List of Annex	3
Attachments	3
LEGAL DOCUMENTS	3
EXECUTIVE SUMMARY	4
1.0 INTRODUCTION.....	6
1.1 PROMOTER PROFILE.....	6
1.2 PROMOTERS ASSETS	6
1.2 PRESENT MANAGEMENT.....	6
1.4 PAST BUSINESS AND FINANCIAL PERFORMANCE.....	7
1.5 LEGAL STATUS.....	7
1.6 SECURITY PLEDGED	7
1.7 PURPOSE OF THE INVESTMENT	7
2.0 ECONOMIC ASPECTS	8
2.1 CONTRIBUTION TO PROMOTER.....	8
2.2 EMPLOYMENT CREATION	8
2.3 GOVERNMENT REVENUE	8
2.4 OVERALL CONTRIBUTION TO THE ECONOMY	8
3.0 TECHNICAL ASPECTS.....	9
3.1 LOCATION AND DESCRIPTION OF THE INVESTMENT	9
3.2 MAIZE AVAILABILITY & PROCUREMENT.....	9
3.3 MODE OF OPERATION	9
3.4 PROCESSING OF MAIZE	9
3.5.3 PROCESSING OF THE FEEDS.....	9
4.0 FINANCIAL PROJECTIONS	10
4.1 REVENUE AND OPERATION COSTS	10
4.2 CAPITAL REQUIREMENTS AND FINANCING PLAN	10
4.3 LOAN REPAYMENT PLAN	10
4.4 FINANCIAL PERFORMANCE.....	10
4.2 WORKING CAPITAL	10
4.4 CASH FLOW STATEMENT	10
5.0 MANAGEMENT, HUMAN RESOURCES & WELFARE	12
5.1 MANAGEMENT AND AVAILABILITY OF LABOUR	12
5.2 TRAINING AND TECHNICAL ADVICE.....	12
5.3 GENDER CONSIDERATIONS	12
5.4 HIV & AIDS.....	12
6.0 MARKETING ASPECTS.....	13
6.1 TARGET MARKET	13
6.2 SALES STRATEGY.....	13
6.3 PRICING.....	13
6.4 DISTRIBUTION	13

7.0 CORPORATE SOCIAL RESPONSIBILITY (CSR)	14
7.1 GENDER CONSIDERATIONS	14
7.2 OCCUPATIONAL HEALTH AND SAFETY	14
7.3 COMMUNITY DEVELOPMENT ASPECTS	14
7.4 ANTI-CORRUPTION	14
7.5 LABOUR RIGHTS	14
8.0 ENVIRONMENTAL ASPECTS	15
9.0 RISK, RECOMMENDATIONS AND CONCLUSIONS	16
9.1 RISKS	16
9.2 CONCLUSION	16

Abbreviations

TZS Tanzania Shillings
 Ltd Limited
 HIV Human Immunodeficiency Virus
 AIDS Acquired Immune Deficiency Syndrome

List of Tables

Table 1: Income Statement.....	7
Table 2: Estimated Incremental Economic Results of the Investment in Year One	8
Table 3: Sensitivity Analysis Test	11
Table 4: Summary of Environmental Impact and Mitigation Measures.....	15

List of Annex

Annex 1: Investment and Financing Plan	17
Annex 2: Cost of Goods Sold.....	18
Annex 3: Working Capital.	18
Annex 4: Loan Repayment	19
Annex 5: Income Statement	21
Annex 6: Cashflow Projections.....	22
Annex 7: Discounted Cashflow	23
Annex 8: Balance Sheet Projections	24

Attachments

Legal Documents

EXECUTIVE SUMMARY

Misenani Agri Service Ltd of P. O Box 10951; Mwanza is a business company registered the company's ordinance Cap.212 and the company is limited. The company has certificate of incorporation number 28678 issued on 19th October 1995. The company among other objects deals with poultry farming input trading and feed mill processing. The business location is at Kanyama area, Kisesa, Magu district along Mwanza Musoma road.

The company is owned by two shareholders namely Mr. Cuthbert Sung`are Kivuyo (80 shares), and Joyce Namnyoki Sung`are (20 shares). The promoter owns different project including poultry production (hatchery) and agrovet shop producing day old chicks and selling veterinary and agricultural agrochemicals.

The Managing Director (Mr. Cuthbert Kivuyo) and a majority shareholder is a graduate having Bachelor of Veterinary Medicines from Sokoine University of Agriculture. The qualification and experiences have assisted him to run efficient and effectively this business. However, in his absence, Managing Director has employed other two graduates in Veterinary Medicine and Accountancy respectively that oversees all investment operation in a day-to-day basis.

The promoter has been a customer of CRDB, FBME and TADB Banks with good financial and credit histories. The promoter has received different level of loan facilities to enable him to run the business smoothly. The promoter`s plan is to expand and invest in cereal processing especially maize milling where maize bran will be used in the poultry feeds factory. To fulfill this plan, the promoter has purchased maize processing machine using his own source of funds for about TZS 132 million. To enable run maize processing business for the installed machine, he is looking for financial assistance TZS 500 million from TADB bank to finance for Silo, and weigh bridge purchase and working capital for maize purchase and other related costs.

The investment projected cost is TZS 1,037,134,725/- in total where TZS 496,081,900/- is existing equity, TZS 41,052,825/- is additional equity and TZS 500,000,000/- will be bank loan facility (see annex 1).

The project's revenue will be realized from selling of maize flour and maize bran will be used in the poultry feeds factory for production of animal feeds. It is projected that, about 350 tons of maize flour and 150 tons of maize bran will be produced and sold. The market prices for maize flour are TZS 1,300/- per kg and TZS 400/- per kg bran. The projected income statement shows positive net profit that is estimated at, TZS 31,191,013/- in the first year.

Sensitivity analysis shows that the business is viable with a Net Present Value (NPV), of TZS 459,983,748/- and the Internal Rate of Return (IRR) of 79% at 22% discount rate and therefore, the project is viable and worthy undertaking.

To meet his plan, the plan loan financing TZS 500 million (being TZS 200 million for investment and TZS 300 million for working capital) repaid in five years period at an interest rate of 15% be granted to the promoter.

Financially, the investment is viable with positive cash flow throughout the investment cycle and the promoter is solvent as indicated by the balance sheet (Ref. Annex 10 and annex 11).

The requested loan will be secured by a landed property located on plot No 88 and 89, block A, Bukerebe, Kisesa, Magu district in Mwanza City. The valuation of the property to estimate its market and force sale value is on progress. However, it is estimated at TZS 400 million.

Based on finding in this business plan, it is recommended that the client be granted a loan facility to the tune of TZS 500,000,000/- to be repaid in five years with interest rate of 15%

1.0 INTRODUCTION

1.1 Promoter Profile

Misenani Agri Service Limited of P. O Box 10951; Mwanza is a registered company and incorporated under the Companies Act, 2002. The company is limited with certificate of incorporation number 28678. This is a privately-owned medium size company engaged in poultry farming and feed milling and input trading.

The company is owned by two shareholders namely Mr. Cuthbert Sung`are Kivuyo (80 shares), and Joyce Namnyoki Sung`are (20 shares). The company business started way back from 1995 in poultry production and agroveterinarians producing day old chicks and selling agrochemicals.

The Managing Director (Mr. Cuthbert Kivuyo) and a majority shareholder is a graduate having Bachelor of Veterinary Medicine from Sokoine University of Agriculture. The qualification and experiences have assisted him to run efficient and effectively this business. However, in his absence, Managing Director has employed other two graduates in Veterinary Medicine and Accountancy respectively that oversees all investment operation in a day-to-day bases.

The business is in the outskirts of Mwanza City at Kanyama area, Kisesa, Magu district about 20 km from Mwanza town centre. The promoter identified potential business in cereal processing and therefore his plan is to invest in maize milling and animal feed production. The client has a long experience of over ten years in this business.

The promoter has been a customer with good credit history with CRDB and FBME Bank for many years. The promoter has received different level of loan facilities for many years. Due to market opportunities identified in cereal processing business, the promoter plan to invest in maize milling business and has already purchased milling machine with a capacity to process about 30 tons per day.

1.2 Promoters Assets

The promoter also owns a hatchery, storage facility, farmland, truck for chick transportation, and agroveterinarian shop. All properties have over TZS 400 million value.

1.2 Present Management

The Managing Director (Mr. Cuthbert Kivuyo) and a majority shareholder is a graduate having Bachelor of Veterinary Medicine from Sokoine University of Agriculture. He is assisted by Joyce Namnyoki and they are overall in charge of the business. They assisted

by other employers who include one veterinary and accountant, farm supervisor and milling machine operator.

1.4 Past Business and Financial Performance

The promoter started poultry business way back 1995 which gave him a vast experience in cereal processing and poultry industry. Income generation for the past three years indicated positive increase in business growth (table 1 below). Due to expansion of the poultry farm and high demand for products from customers, the promoter has decided to invest to a new maize milling and feed processing machine to have his own source of feeds for his farm (parent stocks) and to maintain the stock needed by customers.

The promoter keeps proper accounts, which are audited and here below are summarized financial performance.

Table 1: Income Statement

STATEMENT OF COMPREHENSIVE INCOME FOR THE PAST THREE YEARS				
Items		30/09/2019	31/12/2018	31/12/2017
Sales		673,593,825	765,650,100	599,402,150
		673,593,825	765,650,100	599,402,150
Less:Cost of sales		(254,048,200)	(352,422,158)	(260,141,550)
Gross profit		419,545,625	413,227,942	339,260,600
Less:Expenditures				
Operating and administration costs		120,905,487	151,910,998	86,400,100
Financial costs		566,955	238,700	245,940
NET PROFIT (LOSS) BEFORE TAXATION		298,073,183	261,078,244	252,614,560
Less:Taxation		89,421,955	78,323,473	75,784,368
NET PROFIT /(LOSS) AFTER TAXATION		208,651,228	182,754,771	176,830,192

1.5 Legal Status

The client has all the necessary licenses to operate his business, detailed in Attachments.

1.6 Security for the Loan

The requested term loan will be secured by a landed property located on plot No 88 and 89, block A, Bukerebe, Kisesa in Mwanza City. The valuation of the property is estimated at TZS 400 million.

1.7 Purpose of the Investment

The purpose of the investment is to purchase and install Silo facility, weigh bridge and cover for maize purchase and other related costs to this processing business.

2.0 ECONOMIC ASPECTS

2.1 Contribution to Promoter

It is projected that the investment will generate a net income of TZS 31,191,013/- in the year one.

2.2 Employment Creation

The business will provide permanent employment opportunities to 12 labourers. The number of casual labours will depend on the availability of raw materials and will be paid TZS 29,400,000/-

2.3 Government Revenue

The government will receive additional revenue in the form of VAT and income tax to the tune of approximately TZS 13,367,577/- annually.

2.4 Overall Contribution to the Economy

The total incremental gross profit of the investment is estimated to contribute to the economy about TZS 1,492,237,589/-

Table 2: Estimated Incremental Economic Results of the Investment in Year One

Investment		Return to debt Financing	Direct Incremental Return to Investment						Government revenue
			Return to investor and their employees			Value of goods and services and people employed		Value of produce and farm families benefiting	
Equity	Loan		Investor	No of employees per annum	Wages to employee	Value of goods and services	No of farm families employed	Value of produce	
41,052,825	500,000,000	73,753,349	31,191,013	12	29,400,000	288,472,825	50	515,000,000	13,367,577

3.0 TECHNICAL ASPECTS

3.1 Location and Description of the Investment

The promoter's business located at Kisesa area along Mwanza – Magu tarmac road just 20km from the centre of Mwanza city. The project location is good as it attracts a good number of customers with sufficient storage facilities.

3.2 Maize Availability & Procurement

The promoter will procure Maize from Kibaigwa, Mpanda, Sumbawanga, Kigoma and other places when necessary. Procurement will be done during harvesting time where maize price is lower than off season price. The promoter's plan is to buy 1,000 tons of maize.

3.3 Mode of Operation

The promoter will identify the collection centers for purchasing maize; the centers will be allocated where there is accessibility of the buyer and seller to move the product and arrangement for transportation of the product to the processing factory.

- Maize will be purchased from farmers during the harvest season. The procurement exercise will aim at securing enough stock to enable the plants operate during the off season.
- Purchased maize will be sent to the mill for processing to get maize bran for animal feeds meal and maize flour for human consumption.
- Maize flour will be packed in different packaging size to suit customer/market need.
- The processing and packaging of the product will aim at attaining high quality maize flour.

3.4 Processing of Maize

The average conversion ratio used in this business is 67% for maize and 33% for maize bran (raw material for poultry feed).

3.5.3 Processing of the Feeds

The promoter has purchased 1 maize milling machines with the capacity to process 30 ton per day that will be used in this business. A line animal feed machine is installed for production of poultry feed.

4.0 FINANCIAL PROJECTIONS

4.1 Revenue and operation Costs

The projected operation costs and revenue from the business are shown in annex 4 and 6 respectively and consist for the biggest part of raw material for hulling. The main overhead associated with the investment is predominantly purchase of raw materials and cost of electricity.

The revenue of the business will come from sales of maize flour and bran. It is projected that 350 tons of maize flour and 150 tons of maize bran will be sold and generate a total revenue of TZS 515,000,000/-. The total operation cost is TZS 329,552,825/-.

4.2 Capital Requirements and Financing Plan

The current investment done by the promoter is TZS 496,081,900/- and the projected investment will cost TZS 1,037,134,725/- in total, where TZS 41,052,825/- is an additional equity contribution (See annex 1)

4.3 Loan Repayment Plan

The projected loan repayment shows that the loan will be paid each quarter, but the promoter is supposed to service loan every month as interest charged for the loan charged interest rate of 15% per annum (See annex 7).

4.4 Financial Performance

The projected income statement shows net profit after tax of TZS 31,191,013/- at the end of year one (See annex 9).

4.2 Working Capital

The projected initial working capital for the first month is TZS 329,522,825/-; the working capital will cover the cost to procure maize, raw materials and feeds ingredients and packaging materials for the first month.

4.4 Cash flow Statement

The sources and uses of funds are shown in the projected cash flow statement. The analysis indicates that the business will meet all its financial obligations with a comfortable net cash flow (See annex 10).

Sensitivity analysis shows that the business is viable with a Net Present Value (NPV), of TZS 459,983,748/- and the Internal Rate of Return (IRR) of 79% and therefore, the project is viable and worthy undertaking. In respect to the results of analysis mentioned above, it is

therefore recommended that the term loan amounting to TZS 500,000,000 repayable in 5 years at an interest rate of 15% be granted to the promoter.

Table 3: Sensitivity Analysis Test

Sensitivity Analysis	Change	IRR	NPV (TZS)
Base Scenario	0%	79%	459,983,748
Operational Costs Rise	5%	72%	427,524,072
Revenue Falls	-5%	66%	382,374,625

5.0 MANAGEMENT, HUMAN RESOURCES & WELFARE

5.1 Management and Availability of Labour

The investment is both labor intensive and mechanized therefore need more commitment from the promoter particularly during procurement of raw materials and transportation, loading and off-loading activity. The promoter will be the overseer of all operation assisted by supervisors employed in the company.

The promoter has long experience in this business and therefore has sufficient skills to run the business. However, if need be, both permanent and casual labor will be employed and are available in Mwanza.

5.2 Training and Technical Advice

The training and technical advice whenever needed can be obtained from various resource centres such as qualified personnel available in Mwanza city. The management team is advised to create a proactive training schedule to go together with the need of the company.

5.3 Gender Considerations

The promoter is aware of gender equality issue in the investment though there is no gender action plan but during recruitment the promoter has to recruit both female and male employees.

5.4 HIV & AIDS

The promoter now is not giving proper education to his workers about HIV/AIDS other than trying to warn his workers about the problem. However, he will seek collaboration with the organizations participating in control of HIV/AIDS so that he can provide the right information on this disease to his workers as well as the surrounding community in general.

6.0 MARKETING ASPECTS

6.1 Target Market

The target market for products will be in Mwanza, Dar es Salaam, Shinyanga, Singida, Dodoma, Kagera, Kigoma, DR Congo, Kenya, Burundi, and Rwanda where there is a big market especially for maize flour.

6.2 Sales Strategy

The promoter plan to establish market around the country and neighbor countries by establishing sales and distribution centers to enable him increase sales volume.

6.3 Pricing

The main products from the promoters' business are maize flour and maize bran. The products will be sold at prevailing market prices; however, this business plan used the following prices.

6.4 Distribution

The promoter has its outlet and identifies potential market in near regions and neighbour countries, however, customers will purchase products at his premises.

7.0 CORPORATE SOCIAL RESPONSIBILITY (CSR)

7.1 Gender Considerations

The nature of the work favors all gender and therefore both women and men are employed. However, when need for specific works that require specific gender, such gender will be of the choice.

7.2 Occupational Health and Safety

Most of the small and medium entities businesses are not aware of the Occupational safety and Healthy Authority (OSHA. However, the promoter has promised to make follow up and abide with the law which enforces any company or organization with more than two employees must abide with OSHA regulation.

7.3 Community Development Aspects

The promoter is one of the people who are contributing a lot to the society in terms of participation in community development works. The promoter is also trying to give back part of his profit by helping the students who lack or have inadequate school fees and for those who lack uniforms in the areas he lives and work.

7.4 Anti-Corruption

According to the promoter he does not entertain corruption behaviour and activities. The promoter seems to walk the talk as he is having all documents required and follow all the procedures in all activities. This gives us a picture that the promoter is playing a fair game in the business as well as out of the business. However, the issue of corruption is very difficult to address as both parties involved would like to cover it.

7.5 Labour Rights

In our analysis we did not see any violation of the labour rights like child employment or working beyond the normal hours without payments.

8.0 ENVIRONMENTAL ASPECTS

Negative environmental impact from the milling processing and mitigating measures has been listed in table 4 below.

Table 4: Summary of Environmental Impact and Mitigation Measures

Area of Impact	Type of Impact	Mitigation Measures
Environment	<ol style="list-style-type: none"><li data-bbox="678 533 1003 701">1. Environment pollution due to dumping of maize waste from processing area and also during de-hulling.<li data-bbox="678 737 1003 806">2. Noise pollution due to machines operation.	<ol style="list-style-type: none"><li data-bbox="1079 533 1404 932">1. Big part of the maize will be sieved and sorted in a machine which will separate stone and dust. This operation will be conducted outdoors and has little impact on neither humans nor the natural environment.<li data-bbox="1079 940 1404 1192">2. Hygiene will be adhered to by the promoter by making use of municipal waste collection system and look for waste opportunities.<li data-bbox="1079 1201 1404 1264">3. Sale of maize bran as animal feed.<li data-bbox="1079 1272 1404 1411">4. Workers handling raw material inside buildings wear dust masks.

9.0 RISK, RECOMMENDATIONS AND CONCLUSIONS

9.1 Risks

The big risk is sometimes farmers mixing of low-quality maize with the good one and this have impact on the quality of maize flour which brings about lower selling price on the market. This kind of risk will be reduced by choosing good quality maize after inspection of bags, buying well sieved. The second biggest risk is the price fluctuation either because of increase in price or decrease of price due to the demand and supply, and competition for food, the season can cause problem in maize flour selling price to increase or drop. The mitigation strategy of the promoter is to buy enough raw materials at low price and use the stock for a long time.

9.2 Conclusion

The financial and technical analysis shows that the promoter investment is viable and profitable. It is therefore recommended that a total loan facility of TZS 500,000,000/- from TADB bank be granted to the promoter.

Annex 1: Investment and Financing Plan

Annex 1: Investment						
Descriptions	Existing		Additional		Total	
	Equity	Loan	Equity	Loan	Equity	Loan
Land and Buildings	200,000,000				200,000,000	-
Sub-Total	200,000,000	-	-	-	200,000,000	-
Machinery and Equipments						
Plants/Machinery	283,081,900				283,081,900	-
Weigh Bridge				41,400,000	-	41,400,000
Silo	8,000,000			127,600,000	8,000,000	127,600,000
Silo Installation and Testing				31,000,000	-	31,000,000
Sub-Total	291,081,900	-	-	200,000,000	291,081,900	200,000,000
Office Furniture, Fixture and Fittings						
Office Furniture	5,000,000				5,000,000	-
Sub-Total	5,000,000	-		-	5,000,000	-
Pre operational Expenses						
Consultancy			11,500,000		11,500,000	
Sub-Total	-	-	11,500,000	-	11,500,000	-
Working Capital (WC)			29,552,825	300,000,000	29,552,825	300,000,000
Sub-Total			29,552,825	300,000,000	29,552,825	300,000,000
Grand total	496,081,900	-	41,052,825	500,000,000	537,134,725	500,000,000
Financing Plan (TZS)	Existing	New Funding	Total	Gearing		
Promoter's Equity	496,081,900	41,052,825	537,134,725	52%		
Loan		500,000,000	500,000,000	48%		
Total Finance	496,081,900	541,052,825	1,037,134,725	100%		

Annex 2: Cost of Goods Sold

Annex 2: Cost of Goods Sold													
Description	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Services:													
Electricity Consumption	247,481	363,246	380,189	380,189	512,715	512,715	512,715	512,715	512,715	512,715	512,715	512,715	5,472,825
Machine Operators	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	9,600,000
Full time Drivers	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	6,000,000
Milling Attendants	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	14,400,000
Total Cost of Services	2,747,481	2,863,246	2,880,189	2,880,189	3,012,715	3,012,715	3,012,715	3,012,715	3,012,715	3,012,715	3,012,715	3,012,715	35,472,825
Materials:													
Maize Purchased	-	-	-	-	-	-	-	-	-	-	-	-	-
Maize Purchased	100,000,000	100,000,000	50,000,000	-	-	-	-	-	-	-	-	-	250,000,000
Packaging Materials	1,200,000	1,200,000	600,000	-	-	-	-	-	-	-	-	-	3,000,000
Total Cost of Goods per Month	101,200,000	101,200,000	50,600,000	-	-	-	-	-	-	-	-	-	253,000,000
Total Cost of Goods and Services	103,947,481	104,063,246	53,480,189	2,880,189	3,012,715	3,012,715	3,012,715	3,012,715	3,012,715	3,012,715	3,012,715	3,012,715	288,472,825

Annex 3: Working Capital.

Annex 3: Working Capital													
Description	Year 1	Year 2	Year 3	Year 4	Year 5								
Man Power	29,400,000	29,400,000	29,400,000	29,400,000	29,400,000								
Overhead Cost	11,680,000	11,680,000	11,680,000	11,680,000	11,680,000								
Cost of Sales	288,472,825	288,472,825	288,472,825	288,472,825	288,472,825								
Total Working Capital	329,552,825	329,552,825	329,552,825	329,552,825	329,552,825								
Change in Working Capital		-	-	-	-			-	-	-	-		
Monthly Working Capital													
Descriptions/Months	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Man Power	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	29,400,000
Overhead Cost	4,640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	11,680,000
Cost of Sales	103,947,481	104,063,246	53,480,189	2,880,189	3,012,715	3,012,715	3,012,715	3,012,715	3,012,715	3,012,715	3,012,715	3,012,715	288,472,825
Total Working Capital	111,037,481	107,153,246	56,570,189	5,970,189	6,102,715	6,102,715	6,102,715	6,102,715	6,102,715	6,102,715	6,102,715	6,102,715	329,552,825
Change in Working Capital		- 3,884,236	- 50,583,057	- 50,600,000	132,526	-	-	-	-	-	-	-	

Annex 4: Loan Repayment

Annex 4: Loan Repayment					
* Interest Rate P.A			0		
* Repayment Period (Months)			60		
* Grace Period (Months)			6		
Installments	Opening Balance	Principal Repayment	Interest	Total Installment	Closing Balance
Installment 1	500,000,000	-	6,250,000	6,250,000	500,000,000
Installment 2	500,000,000	-	6,250,000	6,250,000	500,000,000
Installment 3	500,000,000	-	6,250,000	6,250,000	500,000,000
Installment 4	500,000,000	-	6,250,000	6,250,000	500,000,000
Installment 5	500,000,000	-	6,250,000	6,250,000	500,000,000
Installment 6	500,000,000	-	6,250,000	6,250,000	500,000,000
Installment 7	500,000,000	6,538,801	6,250,000	12,788,801	493,461,199
Installment 8	493,461,199	6,620,536	6,168,265	12,788,801	486,840,664
Installment 9	486,840,664	6,703,292	6,085,508	12,788,801	480,137,371
Installment 10	480,137,371	6,787,083	6,001,717	12,788,801	473,350,288
Installment 11	473,350,288	6,871,922	5,916,879	12,788,801	466,478,366
Installment 12	466,478,366	6,957,821	5,830,980	12,788,801	459,520,545
Subtotal		40,479,455	73,753,349	114,232,804	
Year 2					
Installment 13	459,520,545	7,044,794	5,744,007	12,788,801	452,475,751
Installment 14	452,475,751	7,132,854	5,655,947	12,788,801	445,342,897
Installment 15	445,342,897	7,222,014	5,566,786	12,788,801	438,120,883
Installment 16	438,120,883	7,312,290	5,476,511	12,788,801	430,808,593
Installment 17	430,808,593	7,403,693	5,385,107	12,788,801	423,404,900
Installment 18	423,404,900	7,496,239	5,292,561	12,788,801	415,908,661
Installment 19	415,908,661	7,589,942	5,198,858	12,788,801	408,318,719
Installment 20	408,318,719	7,684,817	5,103,984	12,788,801	400,633,902
Installment 21	400,633,902	7,780,877	5,007,924	12,788,801	392,853,025
Installment 22	392,853,025	7,878,138	4,910,663	12,788,801	384,974,887
Installment 23	384,974,887	7,976,615	4,812,186	12,788,801	376,998,273
Installment 24	376,998,273	8,076,322	4,712,478	12,788,801	368,921,951
Subtotal		90,598,594	62,867,013	153,465,607	
Year 3					
Installment 25	368,921,951	8,177,276	4,611,524	12,788,801	360,744,674
Installment 26	360,744,674	8,279,492	4,509,308	12,788,801	352,465,182
Installment 27	352,465,182	8,382,986	4,405,815	12,788,801	344,082,196
Installment 28	344,082,196	8,487,773	4,301,027	12,788,801	335,594,423
Installment 29	335,594,423	8,593,870	4,194,930	12,788,801	327,000,553
Installment 30	327,000,553	8,701,294	4,087,507	12,788,801	318,299,259
Installment 31	318,299,259	8,810,060	3,978,741	12,788,801	309,489,199
Installment 32	309,489,199	8,920,186	3,868,615	12,788,801	300,569,014
Installment 33	300,569,014	9,031,688	3,757,113	12,788,801	291,537,326
Installment 34	291,537,326	9,144,584	3,644,217	12,788,801	282,392,742
Installment 35	282,392,742	9,258,891	3,529,909	12,788,801	273,133,850
Installment 36	273,133,850	9,374,627	3,414,173	12,788,801	263,759,223
Subtotal		105,162,728	48,302,880	153,465,607	

Installment 37	263,759,223	9,491,810	3,296,990	12,788,801	254,267,413
Installment 38	254,267,413	9,610,458	3,178,343	12,788,801	244,656,955
Installment 39	244,656,955	9,730,589	3,058,212	12,788,801	234,926,366
Installment 40	234,926,366	9,852,221	2,936,580	12,788,801	225,074,145
Installment 41	225,074,145	9,975,374	2,813,427	12,788,801	215,098,771
Installment 42	215,098,771	10,100,066	2,688,735	12,788,801	204,998,705
Installment 43	204,998,705	10,226,317	2,562,484	12,788,801	194,772,388
Installment 44	194,772,388	10,354,146	2,434,655	12,788,801	184,418,243
Installment 45	184,418,243	10,483,573	2,305,228	12,788,801	173,934,670
Installment 46	173,934,670	10,614,617	2,174,183	12,788,801	163,320,053
Installment 47	163,320,053	10,747,300	2,041,501	12,788,801	152,572,753
Installment 48	152,572,753	10,881,641	1,907,159	12,788,801	141,691,112
Subtotal		122,068,111	31,397,496	153,465,607	
Installment 49	141,691,112	11,017,662	1,771,139	12,788,801	130,673,450
Installment 50	130,673,450	11,155,382	1,633,418	12,788,801	119,518,067
Installment 51	119,518,067	11,294,825	1,493,976	12,788,801	108,223,243
Installment 52	108,223,243	11,436,010	1,352,791	12,788,801	96,787,233
Installment 53	96,787,233	11,578,960	1,209,840	12,788,801	85,208,272
Installment 54	85,208,272	11,723,697	1,065,103	12,788,801	73,484,575
Installment 55	73,484,575	11,870,243	918,557	12,788,801	61,614,332
Installment 56	61,614,332	12,018,621	770,179	12,788,801	49,595,710
Installment 57	49,595,710	12,168,854	619,946	12,788,801	37,426,856
Installment 58	37,426,856	12,320,965	467,836	12,788,801	25,105,891
Installment 59	25,105,891	12,474,977	313,824	12,788,801	12,630,914
Installment 60	12,630,914	12,630,914	157,886	12,788,801	- 0
Subtotal		141,691,112	11,774,496	153,465,607	
Grand Total		500,000,000	228,095,233	728,095,233	

Annex 5: Income Statement

Annex 5: Income Statement													
Descriptions	Year 1	Year 2	Year 3	Year 4	Year 5								
Revenue:													
Maize Flour Sales	455,000,000	550,550,000	666,165,500	806,060,255	975,332,909								
Maize Bran sales	60,000,000	66,000,000	72,600,000	79,860,000	87,846,000								
Total Revenue	515,000,000	616,550,000	738,765,500	885,920,255	1,063,178,909								
Cost of Sales	288,472,825	288,472,825	288,472,825	288,472,825	288,472,825								
Man Power Cost	29,400,000	29,400,000	29,400,000	29,400,000	29,400,000								
Overhead Cost	11,680,000	11,680,000	11,680,000	11,680,000	11,680,000								
Total Gross Profit	185,447,175	286,997,175	409,212,675	556,367,430	733,626,084								
Less Capital Charges:													
Interest Term Loan	73,753,349	62,867,013	48,302,880	31,397,496	11,774,496								
Depreciation	67,135,238	67,135,238	67,135,238	67,135,238	67,135,238								
Profit Before Tax	44,558,589	156,994,925	293,774,558	457,834,697	654,716,351								
Corporate Tax	13,367,577	47,098,478	88,132,368	137,350,409	196,414,905								
Net Profit	31,191,013	109,896,448	205,642,191	320,484,288	458,301,446								
Retained Earnings	31,191,013	141,087,460	346,729,651	667,213,939	1,125,515,384								
Net Profit Margin	0.06	0.18	0.28	0.36	0.43								
	0.36	0.47	0.55	0.63	0.69								
Monthly Income Statement													
Description	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Revenue from													
Maize Flour Sales	18,200,000	34,580,000	40,222,000	36,199,800	48,869,730	41,539,271	47,077,840	47,077,840	42,370,056	29,659,039	27,681,770	41,522,655	455,000,000
Maize Bran sales	2,400,000	4,560,000	5,304,000	4,773,600	6,444,360	5,477,706	6,208,067	6,208,067	5,587,260	3,911,082	3,650,343	5,475,515	60,000,000
Total revenue	20,600,000	39,140,000	45,526,000	40,973,400	55,314,090	47,016,977	53,285,907	53,285,907	47,957,316	33,570,121	31,332,113	46,998,170	515,000,000
Cost of Sales	103,947,481	104,063,246	53,480,189	2,880,189	3,012,715	3,012,715	3,012,715	3,012,715	3,012,715	3,012,715	3,012,715	3,012,715	288,472,825
Man Power Cost	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	29,400,000
Overhead Cost	4,640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	11,680,000
Profit Before Int & Depr.	- 90,437,481	- 68,013,246	- 11,044,189	35,003,211	49,211,375	40,914,262	47,183,192	47,183,192	41,854,601	27,467,406	25,229,398	40,895,455	185,447,175
Depreciation	5,594,603	5,594,603	5,594,603	5,594,603	5,594,603	5,594,603	5,594,603	5,594,603	5,594,603	5,594,603	5,594,603	5,594,603	67,135,238
Interest Term Loan	6,250,000	6,250,000	6,250,000	6,250,000	6,250,000	6,250,000	6,250,000	6,168,265	6,085,508	6,001,717	5,916,879	5,830,980	73,753,349
Profit Before Tax	- 102,282,085	- 79,857,849	- 22,888,792	23,158,608	37,366,772	29,069,658	35,338,589	35,420,324	30,174,490	15,871,086	13,717,916	29,469,872	44,558,589
Corporate Tax												13,367,577	13,367,577
Net Profit	- 102,282,085	- 79,857,849	- 22,888,792	23,158,608	37,366,772	29,069,658	35,338,589	35,420,324	30,174,490	15,871,086	13,717,916	16,102,295	31,191,013
Retained Earnings	- 102,282,085	- 182,139,933	- 205,028,725	- 181,870,117	- 144,503,345	- 115,433,687	- 80,095,098	- 44,674,775	- 14,500,285	1,370,801	15,088,717	31,191,013	
Net Profit Margin	-497%	-204%	-50%	57%	68%	62%	66%	66%	63%	47%	44%	34%	

Annex 6: Cashflow Projections

Annex 6: Cash Flow													
Descriptions/Years	Year 1	Year 2	Year 3	Year 4	Year 5								
Cash Inflow:													
Equity	41,052,825												
Term Loan	500,000,000												
Profit Bef Depr and Inter	185,447,175	286,997,175	409,212,675	556,367,430	733,626,084								
Total Cash Inflow	726,500,000	286,997,175	409,212,675	556,367,430	733,626,084								
Cash Outflow:													
Initial Working Capital	111,037,481												
Fixed Assets	200,000,000												
Loan Repayment	114,232,804	153,465,607	153,465,607	153,465,607	153,465,607								
Corporate Tax	13,367,577	47,098,478	88,132,368	137,350,409	196,414,905								
Total Cash Outflow	438,637,862	200,564,085	241,597,975	290,816,016	349,880,513								
Net Cashflow	287,862,138	86,433,091	167,614,701	265,551,414	383,745,571								
Accumulated Cashflow	287,862,138	374,295,229	541,909,929	807,461,343	1,191,206,915								
Monthly Cash Flow													
Descriptions/Months	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Cash Inflow:													
Equity	41,052,825												41,052,825
Term Loan	500,000,000												500,000,000
Maize Flours	18,200,000	34,580,000	40,222,000	36,199,800	48,869,730	41,539,271	47,077,840	47,077,840	42,370,056	29,659,039	27,681,770	41,522,655	455,000,000
Maize Bran	2,400,000	4,560,000	5,304,000	4,773,600	6,444,360	5,477,706	6,208,067	6,208,067	5,587,260	3,911,082	3,650,343	5,475,515	60,000,000
Total Cash Inflow	561,652,825	39,140,000	45,526,000	40,973,400	55,314,090	47,016,977	53,285,907	53,285,907	47,957,316	33,570,121	31,332,113	46,998,170	1,056,052,825
Cash Outflow:													
Production Cost													
Cost of Sales	103,947,481	104,063,246	53,480,189	2,880,189	3,012,715	3,012,715	3,012,715	3,012,715	3,012,715	3,012,715	3,012,715	3,012,715	288,472,825
Man Power Cost	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	29,400,000
Overhead Cost	4,640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	11,680,000
Initial Working Capital	111,037,481												111,037,481
Fixed Assets	200,000,000												200,000,000
Loan Repayment	6,250,000	6,250,000	6,250,000	6,250,000	6,250,000	6,250,000	12,788,801	12,788,801	12,788,801	12,788,801	12,788,801	12,788,801	114,232,804
Corporate Tax													13,367,577
Total Cash Outflow	428,324,963	113,403,246	62,820,189	12,220,189	12,352,715	12,352,715	18,891,516	18,891,516	18,891,516	18,891,516	18,891,516	18,891,516	32,259,092
Net Cashflow	133,327,862	-74,263,246	-17,294,189	28,753,211	42,961,375	34,664,262	34,394,391	34,394,391	29,065,800	14,678,606	12,440,598	14,739,077	287,862,138
Accumulated Cashflow	133,327,862	59,064,616	41,770,427	70,523,639	113,485,014	148,149,275	182,543,666	216,938,057	246,003,858	260,682,463	273,123,061	287,862,138	

Annex 7: Discounted Cashflow

Annex 7: Discounted Cashflow					
Descriptions/Years	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Inflows					
Profit before Depreciation & Interest	185,447,175	286,997,175	409,212,675	556,367,430	733,626,084
Residual Fixed Assets					360,405,713
Residual Working Capital					329,552,825
Total Inflows	185,447,175	286,997,175	409,212,675	556,367,430	1,423,584,621
Cash Outflows					
Fixed Assets	200,000,000				
Initial Working Capital	111,037,481				
Corporate Tax	13,367,577	47,098,478	88,132,368	137,350,409	196,414,905
Loan Repayment	114,232,804	153,465,607	153,465,607	153,465,607	153,465,607
Total Outflows	438,637,862	200,564,085	241,597,975	290,816,016	349,880,513
Net Cashflows	(253,190,686)	86,433,091	167,614,701	265,551,414	1,073,704,108
NPV at 22%	459,983,748				
IRR	79%				
Sensitivity Analysis	Change	IRR	NPV (TZS)		
Base Scenario	0%	79%	459,983,748		
Operational Costs Rise	5%	72%	427,524,072		
Revenue Falls	-5%	66%	382,374,625		

Annex 8: Balance Sheet Projections

Annex 8: Balance Sheet Projections					
Descriptions	Year 1	Year 2	Year 3	Year 4	Year 5
CURRENT ASSETS					
Cash	287,862,138	374,295,229	541,909,929	807,461,343	1,191,206,915
Working Capital	111,037,481	111,037,481	111,037,481	111,037,481	111,037,481
Total Current Assets	398,899,620	485,332,710	652,947,411	918,498,825	1,302,244,396
FIXED ASSETS (NET DEP.)					
Land	195,000,000	190,000,000	185,000,000	180,000,000	175,000,000
Machineries	429,696,663	368,311,425	306,926,188	245,540,950	184,155,713
Office Furniture	4,250,000	3,500,000	2,750,000	2,000,000	1,250,000
Total Fixed Asset	628,946,663	561,811,425	494,676,188	427,540,950	360,405,713
TOTAL ASSETS	1,027,846,282	1,047,144,135	1,147,623,598	1,346,039,775	1,662,650,109
REPRESENTED BY:					
Equity	537,134,725	537,134,725	537,134,725	537,134,725	537,134,725
Term Loan	459,520,545	368,921,951	263,759,223	141,691,112	
Retain Earnings	31,191,013	141,087,460	346,729,651	667,213,939	1,125,515,384
TOTAL	1,027,846,282	1,047,144,135	1,147,623,598	1,346,039,775	1,662,650,109
Liquidity Ratio	1	1	2	6	#DIV/0!