Kamal Agro

Kwanza
goodness of Africa

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Kamal Agro Limited

Business Plan for Agro Commodity Value Addition

<u>Coffee & Cashew</u>

1. Introduction –

Kamal Steel Ltd under "Kamal Agro" plans to set up a multi-dimensional Agro commodity handling, processing, and value-addition facility in Tanzania. the plant will be set up in 2 strategically prime locations such as Chang'ombe in Dar es Salaam and Kamal EPZ, Bagamoyo Rd.

Kamal Group owns and operates multiple businesses in Tanzania for Steel, gases, and industrial estate EPZ. The Subject Proposal is about enhancing the capacity of Agro Commodity trade and value addition by increasing Warehousing capacity, Commodity Processing equipment, roasting equipment, and packing equipment. Thus, adding more value to Tanzanian Agro produce and better price realization to farming communities.

The project aims to increase Agro commodity handling capability by adding roasting equipment and other cleaning and sorting equipment to increase the quality output.

2. Socio-Economic condition of Tanzania-

East and Central African countries Rwanda, Uganda, Kenya, The Democratic Republic of the Congo, and Burundi to name a few, have been heavily plagued by ethnic conflict and genocide throughout the past half-century. However, amidst the violence and instability, one state i.e. Tanzania stands out among the others with its history of political, social, and ethnic stability. Tanzania is surrounded by countries that have recently experienced political disorganization, instability, and social disorder. Tanzania has managed to avoid the internal political upheaval that has plagued so many other African nations. Tribal conflict here simply does not exist, although it is one of the most diverse nations in Africa, with more than 120 ethnic groups

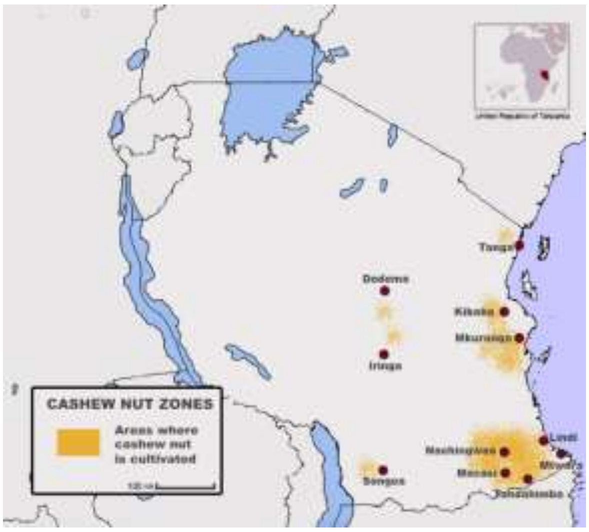
Formerly named Tanganyika, Tanzania peacefully gained its independence from Britain in 1961 and has had a relatively peaceful and stable existence following independence. Its, next-door neighbour, Zanzibar, became independent in 1963, and a year later the two nations joined forces becoming the United Republic of Tanzania. Today, it is often used by other nations as a neutral meeting ground, giving it the unofficial title, "Switzerland of Africa.'" On October 29, 1995, Tanzania held its first democratic elections. They were entirely peaceful. Tanzania is a peaceful country and politically stable.

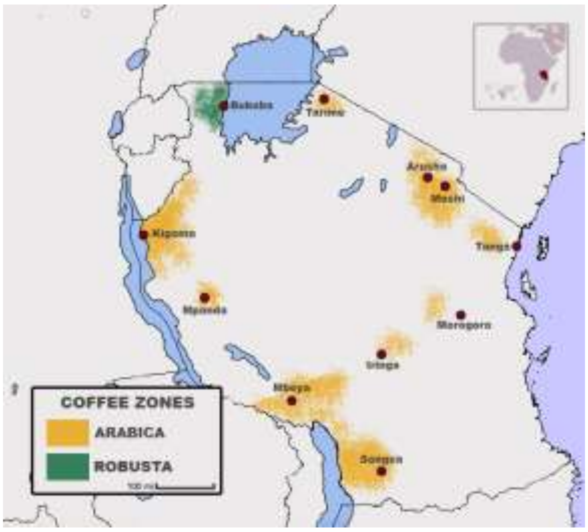
3. Overview of Tanzanian Agriculture-

Since 1990, there has been a general decline in poverty in Tanzania but it remains widespread, particularly in rural areas. About 17 million people – half the population – live below the poverty line. Approximately 80 percent of the poor live in rural areas where about 70 percent of the population lives. overall food poverty declined from 22 to 19 percent while basic needs poverty declined from 39 to 36 percent. Poverty declines were most rapid in major urban centres such as Dar es Salaam (from 28 to 18 percent) and least rapid in rural areas (from 41 to 39 percent).

Despite these improvements, Tanzania is lagging in its progress towards its targets of reducing poverty and food insecurity and in achieving the

Millennium Development Goals (MDGs) target of halving poverty. Achievement of the broad set of MDGs will require an acceleration of growth and greater equality in growth and service delivery. Meeting the specific MDG of halving poverty and food insecurity will require annual Gross Domestic Product (GDP) growth of at least 6-7 per cent. In addition, this will require further acceleration in rural economic opportunities – both farm and non-farm – and management of Tanzania's rich natural resource base. The required rate of GDP growth is substantially higher than was achieved over the last 15 years when growth averaged about 3.8 percent.





4. **Contribution of Agriculture to the Economy-**

Agriculture remains the largest sector in the economy; hence, its performance significantly affects output and corresponding income and poverty levels. The sector accounts for about half of GDP and exports, and its importance is amplified through backward and forward linkage effects. The sale of agricultural products accounts for about 70 percent of rural household incomes.

Over the years average agricultural growth was 3.6 percent, which was higher than in the 1970s and 1980s when annual agricultural growth averaged 2.9 and 2.1 percent respectively.

Agricultural exports grew annually over 7 percent per year, although this rate has slowed in recent years due to declining world market prices. Food crop production has grown at a rate of 3 percent which is about the rate of population growth and accounts for about 65 percent of agricultural GDP, with cash crops accounting for only about 10 percent. National data show significant progress towards the objective of a sustained 5 percent growth rate with an increase of the five-year moving average agricultural GDP growth rates from about 3.3 to 4.3 percent.

Increasing growth, reducing food insecurity, and accelerating poverty reduction, particularly in rural areas, requires an increase in agricultural productivity, higher added value, and improved producer price incentives. These increases also require consolidation and continuation of long-term reforms, particularly with respect to markets, institutions, and investments. Greater emphasis is needed on improved institutional functioning and service delivery, technology adoption, infrastructure development, and greater commercialization among smallholders.

Agricultural productivity has improved but not yet to the levels to achieve Tanzania's agricultural growth targets. While agricultural (land) productivity growth in Tanzania has been higher than in sub-Saharan Africa in aggregate, it lags behind other world regions. With the sustained decline in real-world agricultural prices resulting from the technology revolution, productivity gains will be needed to maintain the competitiveness of agriculture.

Agricultural growth has varied across food crops, cash crops, and livestock. Within food crops, maize is the most important (accounting for over 20 percent of total agricultural GDP) followed by rice/paddy, beans, cassava, sorghum, and wheat. Within cash crops, the most important by export value are coffee, cashew, cotton, tobacco, and tea. The recent annual average growth rates of export crops, food crops, and livestock have been about 6, 4, and 3 percent respectively.

Investments in greater efficiency and relevance of technology generation and use can yield extremely attractive productivity returns. Much of the past growth in Tanzanian agriculture was the result of area expansion and improvements in the incentive regime. However, there have been recent improvements in yields and productivity.

5. **Need for Agro Commodity Processing Centre –**

Tanzania is strategically located in East Africa with access to shipping routes to ship commodities across the globe and sharing boundaries with nations that are landlocked and have to use this country for storage and shipping.

By KAL having the facility to process Agro commodity and value-addition, this can in turn be a boon for Tanzania and other nations to ensure the highest quality products are shipped. Thus, enhancing the quality & trust between the businesses and impacting better price realization which will reflect in the entire product supply chain up to the farmers.

6. The Coffee Industry in Tanzania-

The vast and varying landscape of Tanzania provides appropriate altitude, climate, and soil suitable for the cultivation of good-quality Arabica and Robusta coffee. These conditions make the country the third-largest producer of coffee in Africa after Ethiopia and Uganda, contributing about one percent of the world's Arabica coffee and ranking it the 15th-largest coffee-growing country in the world. Despite these admirable facts, local consumption of coffee is barely 100 grams per person per year, and only seven percent of the country's produced coffee is consumed domestically

Tanzania's main Arabica coffee production (accounting for about 70% of the total) is concentrated in the regions of Kilimanjaro, Arusha, Mbeya, Songwe, and Ruvuma, with smaller volumes produced in the regions of Tanga, Iringa, Morogoro, Kigoma, Manyara, Geita, Mwanza, Katavi, Ngombe and Mara. Robusta coffee is mainly produced in the Kagera Region.

Approximately 90% of total coffee is produced by smallholder farmers averaging one hectare, while the remaining 10% is grown on more than 110 estates. The country's diverse altitude, temperature, rainfall, and soil provide ample opportunities for increased production and quality to meet the needs of established international and emerging coffee markets.

7. **Some of the opportunities that have been identified include:**

- A relatively steady annual growth in world coffee consumption over the past decades coupled with production limitations in larger coffee-producing countries as their production potential is being limited by urbanization and a shift to other economic activities;

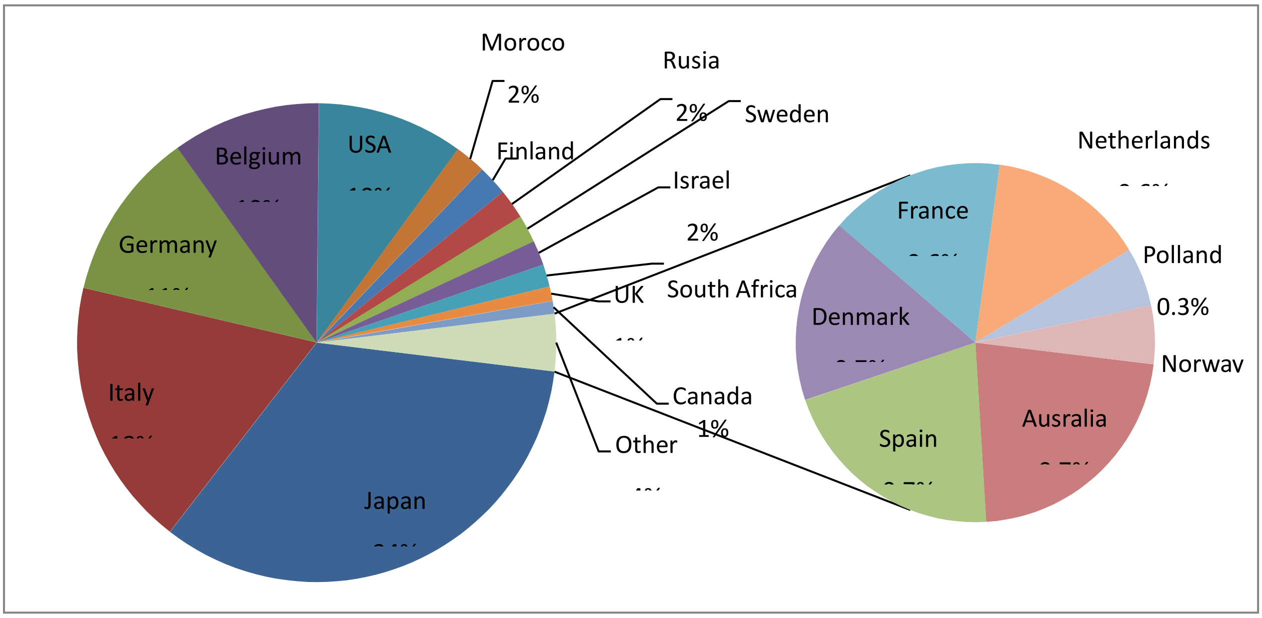
- Development of "Specialty Coffee" niche markets at the international level and Development of domestic sales and independent Tanzania roast profiles to define the uniqueness of Tanzanian coffee.

- The potential competitive advantage of Tanzania over Central American producers of mild Arabica due to Tanzania's capacity to export mild Arabica ahead of the Central American season, when the world market is short of supply of fresh quality Arabica. In addition, Tanzania is in a unique position to market its Kilimanjaro-grown coffee to Japan, where this is a widely recognized and well-liked type of coffee, and the word "Kilimanjaro" has strong marketing power.

8. **Importance of coffee to the national economy-**

Coffee is Tanzania's second largest traditional export commodity, accounting for 24% of the country's total foreign exchange earnings after Tobacco. Coffee exports have generated about USD100 million per year over the past 15 years. Overall, the coffee industry in Tanzania directly employs some 450,000 families, of which some 120,000 are in the Robusta growing areas of Kagera Region. An additional estimated 2.4 million people are indirectly engaged in the industry locally.

Tanzania exported a total of 68,147 MT of green coffee beans, with Japan accounting for 34% of this volume, Italy 18%, Germany 11%, Belgium 10% and the USA 10%



The highest quality grades of coffee are grown on Mount Kilimanjaro and Mount Meru and sold under the names “Arusha”, “Moshi”, and “Kilimanjaro”. These coffees are largely wet-processed, producing a cup quality that is typically preferred by the world’s specialty coffee markets. Coffee grown in the western part of Tanzania (Kagera) is often dry-processed and considered a lesser-grade coffee whose price is typically lower, and is consumed more in blends or instant coffee mixes.

Most of the coffee processed in Tanzania is exported overseas, largely due to the growing coffee roasting and grinding investments made there, and a steady increase in appreciation for and consumption of coffee in a wide range of hot and cold beverages. However, wide opportunities for in-country processing are available to internal and external investors which the country can capitalize on while making coffee in Tanzania a competitive crop.

9. Challenges of Tanzanian coffee

- **Low farm gate prices due to marketing process-**

According to a recent survey, some Tanzanian coffee farmers may receive as low as 50% of the auction price for the coffee that they produce. More generally, it is estimated that coffee farmers receive an average of 65% to 70% of the FOB price. The main consequence of this low share of income for coffee farmers is that coffee farming is currently not an economically profitable activity. Therefore, farmers do not have any incentives to invest time or capital in order to improve productivity and quality. this situation can be seen as the consequence of complex interactions between various factors such as delays induced by the internal marketing system and business environment (it is estimated that about 3 months are needed to move coffee from the farm gate to FOB), insufficient market information and transparency, high domestic transportation costs/local taxation, and ineffective coffee cooperatives.

- **High transaction costs-**

High transport costs strongly affect the price farmers receive as well as their productivity (problematic access to inputs). This is largely the result of the transport infrastructure being inadequate, roads being impassable in the rainy season, and poor quality of roads. Tanzania coffee producing areas cover a massive land area. This requires having in place an infrastructure or road and rail network that ensures that coffee is transported efficiently at a low cost. The country has seen major improvement in road conditions over the last few years including tarmacked highways between Dar es Salaam and Mwanza and Dar Es Salaam and Lindi. In the same pattern, the seaport of Dar Es Salaam has been recently upgraded although it still suffers from congestion.

Infrastructural impediments are not the only obstacles. Other issues include movement restrictions, lack of storage capacity, and contract enforcement problems. Local taxation and other administrative hurdles also contribute to increasing transaction costs and therefore lowering farm gate prices.

- **Under---exploited quality Potential**

In Tanzania, it is estimated that about 90% of the coffee is currently home-processed (Hans R. Neumann Stiftung) which results in inconsistent and heterogeneous quality because of deficient post-harvest practices, large international buyers therefore tend to currently use Tanzanian coffees in blends rather than developing Tanzania single origin coffees.

Tanzania has a potential competitive advantage in the international market thanks to its quality potential. In many aspects, the overall quality of Tanzanian coffee remains however moderately good as reflected by the coffee price differentials.

10. Opportunities for Tanzanian coffee on the world markets-

Coffee is one of the world's Favorite beverages, is a primary source of caffeine, and continues to be an essential factor in many societies' daily routines. It is reported that, after crude oil, coffee is the most sought-after commodity in the world, worth more than USD100 billion worldwide, putting it ahead of commodities like natural gas, gold, crude oil, sugar, and corn. Global coffee production is increasing significantly in developing nations with favourable conditions for its growth. Driving this growth in production is the global coffee market, which is expected to grow at a Compound Annual Growth Rate (CAGR) of 5.5% for the forecast period of 2019 to 2024. Its demand has become ubiquitous: coffee can be seen in offices, during commutes, and on kitchen counter shops worldwide. These potentials provide good signals and incentives for taking advantage of when implementing this Strategy.

According to Gayle and Lin, a survey conducted by the National Coffee Association (NCA) in the United States of America revealed that more than 70% of consumers prefer at-home coffee preparation. A gradual shift in recent years has been observed from the consumption of carbonated sweet drinks to the intake of coffee beverages among consumers, with a rapid increase in sales for

Nespresso coffee machines, coffee brewers, and drip-coffee makers for the preparation of on-demand coffee at home. While countries like Brazil, Mexico, and Colombia in South America lead the production of coffee in the world, Germany, Italy, France, Spain, and the United Kingdom are the prime nations in the development and consumption of high-quality coffee beverages.

The main export destinations of Tanzanian coffee are Japan, Italy, Germany, the USA, Belgium, and Finland. Tanzania exported more than five million bags of green coffee to the USA valued at more than USD 21.5 million and accounting for 13.2 percent of Tanzania's total coffee exports. Overall, Tanzania was able to increase its coffee exports to the world by 16 percent over the previous year. In addition to the sale of unprocessed green beans, soluble coffee manufactured in Bukoba is another product exported to the world market.

Most of Tanzania's coffee export is used for blending with other coffees, resulting in a loss of the Tanzanian name on the international market. The Tanzania Coffee Board (TCB) has made efforts over the years to make and promote a better brand name for Tanzanian coffee. In Japan, Tanzanian coffee has maintained a brand called "Kilimanjaro Coffee", and initially referred to coffee grown in that region only. In 1991, however, the All-Japan Fair-Trade Council decided that all Tanzanian coffee could retain the label "Kilimanjaro Coffee" regardless of the region in which it was grown. Furthermore, any coffee blend that contains at least 30% Tanzanian beans is also granted use of this label. This was a major step in an appreciation and consideration of the value of Tanzanian coffee in the Japanese market and today Japan is the biggest importer of coffee from Tanzanian.

Other opportunities worth mentioning include for example, coffees from other northern parts of Tanzania (such as Kilimanjaro and Arusha) which tend to have a pleasant aroma, rich acidity and body, and sweet taste with balanced flavors due to mineral nutrients from the volcanic soils of the region. By contrast, southern coffees are characteristically medium-bodied, with fine acidity and good fruity and floral taste. These qualities are important to fetching good markets.

11. SWOT analysis of the coffee industry in Tanzania-

<table>
<tr><th></th><th>STRENGTHS</th><th>WEAKNESSES</th></tr>
<tr><td>INTERNAL FACTORS</td><td>

- Available suitable land for the expansion of coffee production
- Good and diverse agroecology for coffee production
- Available high-yield imported varieties
- Presence of supporting institutions for technology development
- Good infrastructure (roads, electricity)
- Readiness of stakeholders to support the coffee industry
- The presence of mild Arabica and Robusta that can fetch premium prices on the world market
- Unique cup profiles
- Unique coffee growing areas

</td><td>

- Poor post-harvest practices among smallholder farmers (e.g. home processing and hulling machines)
- Insufficient capital for AMCOS and cooperatives to purchase/own enough coffee processing units (CPUs) and hulling machines
- Inadequate expertise of Amcos and cooperatives to manage and operate CPUs and hulling machines
- Poor extension services (insufficient and low skill)
- Prevalence of old low-yielding coffee trees
- Low production of coffee
- Poor marketing systems and information
- Low promotion and branding of Tanzanian coffee
- Poor coordination of stakeholders within the industry
- Low levels of local coffee consumption
- Limited awareness and use of coffee products
- Insufficient incentives to attract women and youth to coffee marketing and production

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<tr><td></td><td>OPPORTUNITIES</td><td>CHALLENGES</td></tr>
<tr><td>EXTERNAL FACTORS</td><td>

- Growing global demand for coffee
- Enough land to expand coffee production into areas previously untapped
- Abundant numbers of women and youth that can be engaged in coffee production
- Willingness of the government to support the coffee industry

</td><td>

- Effects of climate change, e.g. drought
- Incidences of pests and diseases
- Unpredictable policies and directives
- Price fluctuations in the world market

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	▪ Available national and international ▪ institutions for technology development ▪ Willingness of development partners to support the coffee industry ▪ specialty coffee processing stations wet mill & Dry Mill ▪ Diverse uses of coffee (e.g. fertilizer, textile, coffee pre-mixes, baking, cosmetics) ▪ Large population for local consumption ▪ R&G coffee manufacturing units.	

12. Project – Kamal Agro Road map.

Based on the above data, it is clear that Tanzania's coffee industry has a unique opportunity to expand and impact the industry in both upstream and downstream verticals to uplift the industry standards from its current position.

KAL in a phased manner proposes to strategically place itself in these 2 verticals to be able to add value to the current supply chain and help the Tanzanian coffee industry achieve a unique identity for its commodity. This will be taken up for both Cashew and coffee as this commodity has the potential to promote national interest and has international recognition for its quality.

13. Kamal Agro Coffee –

Central Processing Unit - KAL plans to support Amcos by providing and helping them monitor state-of-the-art CPU systems that can produce Speciality coffees will help improve the quality of coffee at a primary level. These CPUs will be equipped with Fruit colour sorters and SS fermentation talks. (Phase 1)

Specialty coffee dry mills- KAL would customize a low-intensity dry mill to handle specialty coffee milling with the latest technology of colour sorters to ensure only top-quality beans are exported. This will help build trust and long-term business relationships with buyers. (Phase 1)

Roast & Ground coffee -As a part of the downstream initiative Kal is proposing to establish a roasting, grinding & Packing facility to promote roasted coffees from Tanzania under the brand KWANZA in the local and international markets. The production line will be able to handle in-house production and a white labelling facility for bulk orders. Specialized packing materials will be imported to ensure long product shelf life. (Phase 2)

14. Coffee Production line cost projection –

Kamal Agro -Coffee Production Line Cost Break Up			
Sl.no	**Description**	**Details**	**Cost (approx.) USD**
1	Land Requirement	6000 SQ. Mtr	USD 150,000
2	Building Cost	2500 SQ. Mtr	USD 625,000
3	Specialty Wet mill 2 locations	2 units	USD 300,000
4	Speciality Coffee dry mill	1500 Kg/Day	USD 140,000
5	Coffee colour sorter	1500 Kg/Hr.	USD 70,000
6	Coffee Roasting, Grinding & Blending equipment	100 kg/Hr	USD 60,000
7	Packing & Marketing	lumpsum	USD 20,000
Investment details Of the Coffee Processing line			**USD 1,365,000**

15. Kamal Agro Cashew –

Raw cashew nut Processing plant – Even though Tanzania is known for its cashew quality. The majority of this commodity is exported in raw form. By processing it in the state-of-the-art facility in Tanzania we can achieve higher margins and quality and save time and transport expenses. (Phase 1)

Cashew Roasting and Packing – As a part of the downstream initiative through Brand KWANZA Kal proposes to set up a roasting facility to support domestic and international demand. (Phase 1)

Cashew Nut Milk & Cheese- to further enhance the value of the low-grade cashews. KAL proposes the Cashew Nut Milk and cheese processing plant for both Domestic and international markets. (Phase 2)

16. Cashew Production line cost projection –

Kamal Agro -Cashew Production Line Investment details			
S.NO	**DESCRIPTION**	**UNIT PRICE**	**TOTAL PRICE (INR)**
1	Land Requirement	6000 SQ. Mtr	USD 150,000
2	Building Cost	2000 SQ. Mtr	USD 500,000
3	Roasted Cashew Nut Plant	2000 Kg/Day	USD 76,000
6	RCN Processing plant	5000 Kg/Day	USD 679,985
Investment details Of Cashew Processing line			**USD 1,405,985**

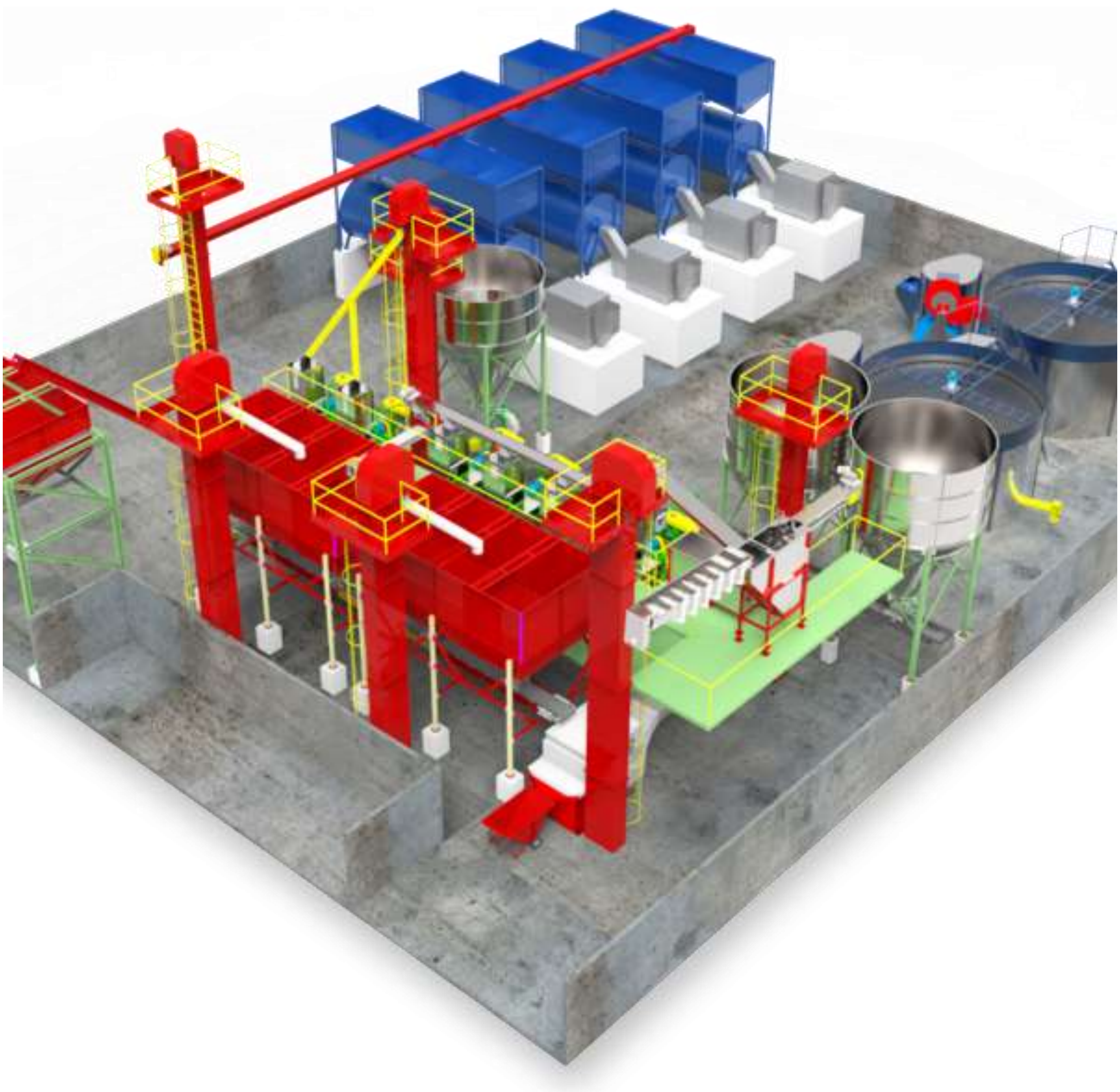
17.Strengths of the project –

Meeting International Standards –Green Coffee export plays a vital role in the Tanzanian economy. Maintaining and adhering to international grading and quality norms is essential for repetitive and trustful business deals. With our in-house warehousing and grading monitored in a multilevel quality analysis module, we will ensure that only top-quality goods are processed for export.

Meeting Domestic demands of roast and ground coffee – there are limited roasting facilities in Tanzania that can customize an order. With our in-house roasting facility, we would be able to open a new horizon of custom roasting products that can meet a wide range of clients. and boost Tanzanian premium coffee availability and consumption.

<u>KWANZA Coffee Branding example -</u>

<u>Coffee Wet Mill for Central Processing Unit –</u>




Bioreactor
Type A
Capacity: 30
penagos

Coffee Colour Sorter –CPU

Coffee Colour Sorter –Dry Mill

Coffee Roaster –

Packing Equipment –

<u>Coffee Range of products –</u>

Cashew processing plant-

The majority of cashews are exported in raw form to other countries to be processed. Adding value by processing in the countries of production has a big impact on logistics, and origin declaration and boosts the local economy.

Cashew Roasting line -

Cashew under the Brand Kwanza-

18.Employment generation –

Both commodities depend highly on skilled labor to process the goods. And majority of these processes are handled by women workers as they require specialized handling skills. Empowering women can in turn help communities to have stable growth. The project has the potential to employ over 30-50 women daily.

19. Financial Projections –

Estimated Project Cost –

Kamal Agro -Coffee Production Line Cost Break Up			
Sl.no	**Description**	**Details**	**Cost (approx.) USD**
1	Land Requirement	6000 SQ. Mtr	USD 150,000
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Investment details Of Cashew Processing line			**USD 1,405,985**

Furniture & Fixture	USD 50,000
Others	USD 5,544
Total Fixed Investment	**USD 2,826,529**
Working Capital Requirement	**USD 881,346**
Total Cost for the project	**USD 3,707,875**

Projected Financials –

KAMAL AGRO LIMITED							
Coffee & Cashew processing line project							
FINANCIAL YEARS	**Y-1**	**Y-2**	**Y-3**	**Y-4**	**Y-5**	**Y-6**	**Y-7**
Revenue from Green bean Trade							
Plant occupancy in Days	90	120	180	200	220	230	240
Total production in Kgs	720,000	960,000	1,440,000	1,600,000	1,760,000	1,840,000	1,920,000
Revenue from Roasted Coffee							
Plant Run in days	150	165	182	200	220	242	266
Production in KGS	9,000	9,900	10,890	11,979	13,177	14,495	15,944
Revenue from Processed Cashew							
Plant Run in days	90	108	130	156	187	224	269
Production in KGS	135,000	162,000	194,400	233,280	279,936	335,923	403,108
Revenue from Green bean Trade	3,240,000	4,320,000	6,480,000	7,200,000	7,920,000	8,280,000	8,640,000
Revenue from Roasted Coffee	108,000	118,800	130,680	143,748	158,123	173,935	191,329
Revenue from Processed Cashew	877,500	1,053,000	1,263,600	1,516,320	1,819,584	2,183,501	2,620,201
REVENUE							
Total Revenue from Agro trading Activity	4,225,500	5,491,800	7,874,280	8,860,068	9,897,707	10,637,436	11,451,530
TOTAL REVENUE	**4,225,500**	**5,491,800**	**7,874,280**	**8,860,068**	**9,897,707**	**10,637,436**	**11,451,530**
Raw material cost green bean Trade	2,664,000	3,552,000	5,328,000	5,920,000	6,512,000	6,808,000	7,104,000
Raw material cost Roasted Coffee	63,000	69,300	76,230	83,853	92,238	101,462	111,608
Raw material cost Processed Cashew	675,000	810,000	972,000	1,166,400	1,399,680	1,679,616	2,015,539
TOTAL PURCHASE COSTS	**3,402,000**	**4,431,300**	**6,376,230**	**7,170,253**	**8,003,918**	**8,589,078**	**9,231,148**
	-	-	-	-	-	-	-

Power & Water Expenses	38,400	42,240	46,464	51,110	56,221	61,844	68,028
Labor	33,429	36,771	40,449	44,493	48,943	53,837	59,221
TOTAL DIRECT COST	**3,473,829**	**4,510,311**	**6,463,143**	**7,265,857**	**8,109,083**	**8,704,759**	**9,358,396**
GROSS PROFIT	**751,671**	**981,489**	**1,411,137**	**1,594,211**	**1,788,624**	**1,932,677**	**2,093,133**
ADMINISTRATION & EMPLOYEE COST							
Staff operating cost	20,357	20,357	20,357	20,357	20,357	20,357	20,357
Operation & Maintenance	9,600	10,080	10,584	11,113	11,669	12,252	12,865
Sales & Marketing	9,600	10,560	11,616	12,778	14,055	15,461	17,007
Taxes & Insurance	12,000	13,200	14,520	15,972	17,569	19,326	21,259
TOTAL UNDISTRIBUTED OPERATING EXPENSES	**51,557**	**54,197**	**57,077**	**60,220**	**63,651**	**67,396**	**71,488**
GROSS OPERATING PROFIT- EBITDA	**700,114**	**927,291**	**1,354,060**	**1,533,991**	**1,724,974**	**1,865,281**	**2,021,646**
FIXED CHARGES							
Depreciation on PPE & Building	224,433	224,433	224,433	224,433	224,433	224,433	224,433
Depreciation on Furniture	6,000	6,000	6,000	6,000	6,000	6,000	6,000
TOTAL FIXED CHARGES	**230,433**	**230,433**	**230,433**	**230,433**	**230,433**	**230,433**	**230,433**
EBIT	**469,681**	**696,858**	**1,123,627**	**1,303,558**	**1,494,540**	**1,634,847**	**1,791,212**
Interest on loan amount	**296,630**	**266,293**	**202,922**	**133,215**	**56,536**	-	-
Tax	**51,915**	**129,169**	**276,211**	**351,103**	**431,401**	**490,454**	**537,364**
NP	**121,136**	**301,395**	**644,493**	**819,240**	**1,006,603**	**1,144,393**	**1,253,848**
PROJECTED BALANCE SHEET							
ASSETS	**Y-1**	**Y-2**	**Y-3**	**Y-4**	**Y-5**	**Y-6**	**Y-7**
Non-current assets							
Property, plant and equipment (NBV)	2,826,529	2,826,529	2,826,529	2,826,529	2,826,529	2,826,529	2,826,529
Accumulated Depreciation	- 230,433	- 460,867	- 691,300	- 921,734	- 1,152,167	- 1,382,601	- 1,613,034
Current assets							
Inventory	850,500	1,107,825	1,594,058	1,792,563	2,000,980	2,147,270	2,307,787
Trade receivables	211,275	285,154	407,972	463,402	518,055	557,775	600,465
Cash and cash equivalents	480,130	342,547	314,623	559,089	1,156,548	2,484,688	3,906,412

Total Assets	**4,138,001**	**4,101,188**	**4,451,881**	**4,719,849**	**5,349,945**	**6,633,660**	**8,028,159**
EQUITY AND LIABILITIES							
Equity							
Share capital	741,575	741,575	741,575	741,575	741,575	741,575	741,575
Retained earnings	121,136	422,531	1,067,024	1,886,265	2,892,868	4,037,261	5,291,109
Total Equity	**862,711**	**1,164,106**	**1,808,599**	**2,627,840**	**3,634,443**	**4,778,836**	**6,032,684**
Non-current liabilities							
Long-term borrowings	2,662,930	2,029,223	1,332,145	565,360	-	-	-
Current liabilities							
Trade payables	612,360	907,859	1,311,136	1,526,650	1,715,502	1,854,824	1,995,475
Tax payable	-	-	-	-	-	-	-
Total Liabilities	**4,138,001**	**4,101,188**	**4,451,881**	**4,719,849**	**5,349,945**	**6,633,660**	**8,028,159**
Cash Flow Statement							
Indirect Method							
Cash flows from operating activities	**Y-1**	**Y-2**	**Y-3**	**Y-4**	**Y-5**	**Y-6**	**Y-7**
Net Income	121,136	301,395	644,493	819,240	1,006,603	1,144,393	1,253,848
Add: Depreciation	230,433	230,433	230,433	230,433	230,433	230,433	230,433
Operating profit	**351,569**	**531,829**	**874,927**	**1,049,674**	**1,237,036**	**1,374,826**	**1,484,282**
Add: depreciation expense							
Increase in inventory	- 850,500	- 257,325	- 486,233	- 198,506	- 208,416	- 146,290	- 160,517
Increase in trade receivables	- 211,275	- 73,879	- 122,818	- 55,430	- 54,653	- 39,719	- 42,691
Increase in trade payables	612,360	295,499	403,277	215,514	188,852	139,322	140,650
Net cash generated from operating activities	**- 97,846**	**496,124**	**669,153**	**1,011,252**	**1,162,819**	**1,328,140**	**1,421,724**
Cash flows from investing activities							
Payments to purchase equipment	- 2,826,529	-	-	-	-	-	-
Proceeds from disposals of equipment							
Net cash used in investing activities	**- 2,826,529**	**-**	**-**	**-**	**-**	**-**	**-**
Cash flows from financing activities							
Issues of share capital	741,575						
Long-term borrowings	2,966,300	-	-	-	-	-	-

Long-term borrowings repaid	- 303,370	- 633,707	- 697,078	- 766,785	- 565,360	-	-
Net cash used in financing activities	**3,404,505**	**- 633,707**	**- 697,078**	**- 766,785**	**- 565,360**	**-**	**-**
Net cash flow for the period	**480,130**	**- 137,583**	**- 27,924**	**244,466**	**597,459**	**1,328,140**	**1,421,724**
Opening	**-**	**480,130**	**342,547**	**314,623**	**559,089**	**1,156,548**	**2,484,688**
Closing	**480,130**	**342,547**	**314,623**	**559,089**	**1,156,548**	**2,484,688**	**3,906,412**
Diff	**-**	**-**	**-**	**-**	**-**	**-**	**-**
NPV	480,130	- 125,075	- 23,078	183,671	408,073	824,670	802,526
Payback Period	3						
GP	18%	18%	18%	18%	18%	18%	18%
NP	2.87%	5.49%	8.18%	9.25%	10.17%	10.76%	10.95%
ROCE	13%	22%	36%	41%	41%	34%	30%
Net worth	862,711	1,164,106	1,808,599	2,627,840	3,634,443	4,778,836	6,032,684
DSCR RATIO							
Operating Profit	700,114	927,291	1,354,060	1,533,991	1,724,974	1,865,281	2,021,646
Total debt Service	511,011	820,112	839,123	860,036	604,935	-	-
DSCR RATIO	**1.37**	**1.13**	**1.61**	**1.78**	**2.85**	**0.00**	**0.00**
Current Ratio	**2.52**	**1.91**	**1.77**	**1.84**	**2.14**	**2.80**	**3.42**

20. Promoter's profile –

The company is an established name in the steel industry in Tanzania and is already operating a Steel alloy manufacturing unit Kamal Steel Ltd, with an S capacity of about 80, 000 tpa of steel. The finished products of the plant are High tensile Deformed Bars (Grade 500) Mild Steel Deformed and Round Bars, Angled Flat, and Squared Bars. The company is one of the major players in steelmaking in Tanzania. The company's promoters are Mr. Gagan Gupta Chairman and MD with wide experience in steel production, Mr. Sameer Gupta- A director with a technical background and strong exposure to strategic planning and trading in steel, Mr. Satyam Gupta Director with a keen business sense and experience in the international business segment.

The company has a geographic presence in East and Central Africa and its boundaries are connected to eight East African countries including Zambia

Burundi, Congo Kenya, and Malawi. The Company is committed to going for an environment-friendly process and adopting the necessary provisions in this direction. The company is committed to quality and has gone for specialized quality check measures.

The company and the management team of Kamal Steels Limited have extensive manufacturing experience in the steel sector in the Tanzania region.

The promoters have an established presence in the engineering industry in India with extensive experience in providing technology and turnkey project management for setting up steel plants.

The company was incorporated in Tanzania through the Tanzania Investment Centre under a foreign investment scheme. The company has high-profile technocrats with extensive exposure to the steel manufacturing sector in the Tanzania region. The profile of the top hierarchy of the company is given below,

Mr. Gagan Gupta is the Chairman and MD of the group. He is a high-profile technocrat, an engineer with over two decades of exposure to the steel industry with e nag towards regional dynamics of East Africa on steel scenario. He is a visionary and has guided the company to achieve heights.

Mr. Sameer Gupta Director. He has a sound technical background and wide experience in trading and production of steel. He is at the helm of affairs of marketing and strategic planning of the company in the East African region.

Mr. Satyam Gupta Director. He has a keen business acumen and sense and deals in international marketing. He holds an MBA degree in Finance. He has wide experience in the international business segment of Kamal Steel.

21. Progress as of date –

- Brand KWANZA registration completed under TBS
- Brand KWANZA will be representing both Coffee and Cashew products for both Domestic and International markets.

- Registration of Brand in progress in countries like France, Japan, India & South Africa.
- Abundant Land Available for expansion and development of the project at EPZ site.
- Speciality Coffee production initiated with multiple AMCOS.
- Temporary Milling space secured for our current season.
- Work on the ground in the form of Knowledge transfer has already started with regular meetings with AMCOS and Buyers. (Below Images Attached)

<u>KAL team With Farmers –</u>


Kamal Agro
Kamal Coffee
from the land of kilimanjaro
WELCOMES
YOU TO
FARMERS CONNECT

Thank You.

Kamal Agro Team,