

# Coffee Plantation Project

## Acquiring Farmland & Cultivating Coffee in Karatu, Arusha District



**Presented to**

Tanzania Investment Centre (TIC)

P. O. Box 938, Dar es Salaam



**Presented by**

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## 1. Introduction

### *Project Report objective*

This study is done with an objective of preparing an **Investment Plan and Detailed Project Report** for M/s Adventures Big V Estates Limited, of Office 10-2, IT Plaza, Ohio Street, P. O. Box 7283, Dar es Salaam, Tanzania for a project for acquisition of farmland and cultivation of coffee in Karatu, Arusha District.

The management of Adventures Big V Estates Limited has decided to implement the whole project in phases. The implementation shall be done in Thirty-Six months.

The company's objective is to cultivate and product premium export quality Arabica coffee in Tanzania.

### *Scope of work*

The scope of services for the proposed Investment Plan for development of manufacturing unit in Arusha includes:

- Market assessment (current industry status, growth rate, future demand forecast).
- Development program (project configuration, project development plan).
- Civil works (cost of building and civil works).
- Project Cost (Basis, Cost of Land and Building, Cost of Equipment, Furniture & Fixtures, Professional Consultancy Fees and other Pre-operative expenses, Total project cost, and Means of Financing). Financial Statements - Annual Expenses, Sales Revenue, Profit and Loss Statement, Cash Flow Statement, Balance Sheet.
- Conclusions and recommendations.

### *Approach and methodology*

#### Approach

The overall approach comprised a combination of secondary and primary research. A multi-disciplinary team of appropriate personnel with experience in techno economic studies and market research were deployed for undertaking this assignment.

#### Methodology

The assignment commenced with a detailed planning for the primary and secondary research. Initially, our team interacted with Adventures Big V Estates Limited management & officials to understand the requirements of the study. Later, the team continuously interacted with Adventures

Big V Estates Limited for their inputs on the plan of acquiring farmland, farming equipment, vehicles, overall project cost, financing etc.

➤ Secondary Research

A detailed desk research was undertaken to gain a fair understanding of the global coffee & consumption, its trends, market size, best practices etc. The sources from which the secondary data was collected included in-house database, internet, and various periodicals. The secondary research was used for planning the primary research for the study and identifying the data to be collected by way of Primary research.

➤ Primary Research

Interview guidelines were developed for the compilation of the necessary information by way of interview and personal interactions.

### **Data Analysis and Report Preparation**

The data obtained from the secondary and primary research has been analysed and incorporated in the report. A worksheet model has been prepared for feasibility calculations.

### **Report Format**

The report is presented in 08 sections.

#### **Section 1 Introduction**

This chapter outlines the objectives, scope, approach & methodology for the study.

#### **Section 2 Tanzania's Economic Outlook**

This chapter discusses about the demography of Tanzania and the macro-economic developments that are taking place in the Country.

#### **Section 3 Coffee Industry Trends in Tanzania**

The chapter presents the details of the trends in the coffee industry in Tanzania.

#### **Section 4 Global Coffee Industry Trends**

The chapter presents the details of the trends in the coffee industry globally.

#### **Section 5 Genesis & Details of the Project**

The chapter discusses the initiation of the project, the stakeholders, location, site details, components of the projects, employment details and other relevant details.

and benefits of the proposed project. This also includes the market for company's products.

## **Section 6 Project Cost and Means of Finance**

The chapter presents the elements of the project cost and discusses the means of financing for the project.

## **Section 7 Financial Projections**

Financial statements including projected income statement, projected cash flow statement and projected balance sheet for the first 05 years of operation are presented in this chapter.

## **Section 8 Project Benefits to Tanzania**

This chapter enumerates how economy and community of Tanzania will be benefited as a result of the proposed project investment.

## **Section 9 Conclusions and Recommendations**

The chapter discusses the conclusions derived from the study and recommendations how to go ahead.

Annexure

## ***Limitations***

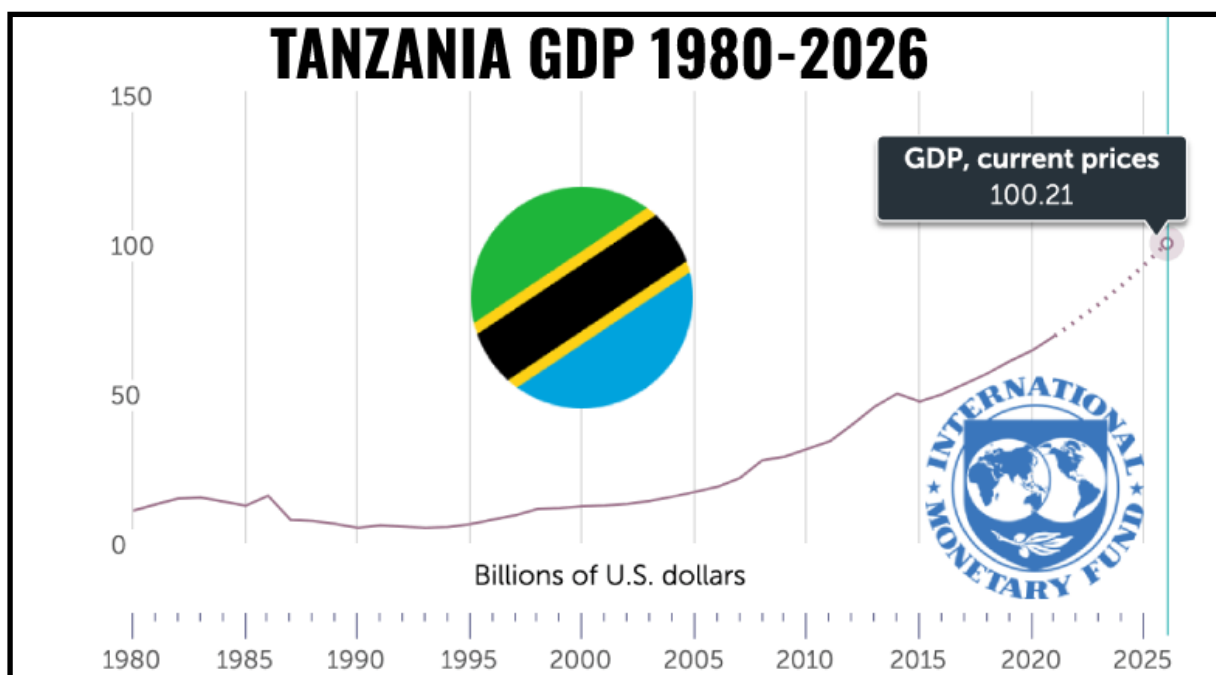
The report is prepared on the basis of best of the information provided by the various stakeholders and associations / agencies. The information in the report shall not be claimed and be used as evidence for any purpose.

## 2. Tanzania's Economic Outlook

### Introduction to the Economy of Tanzania

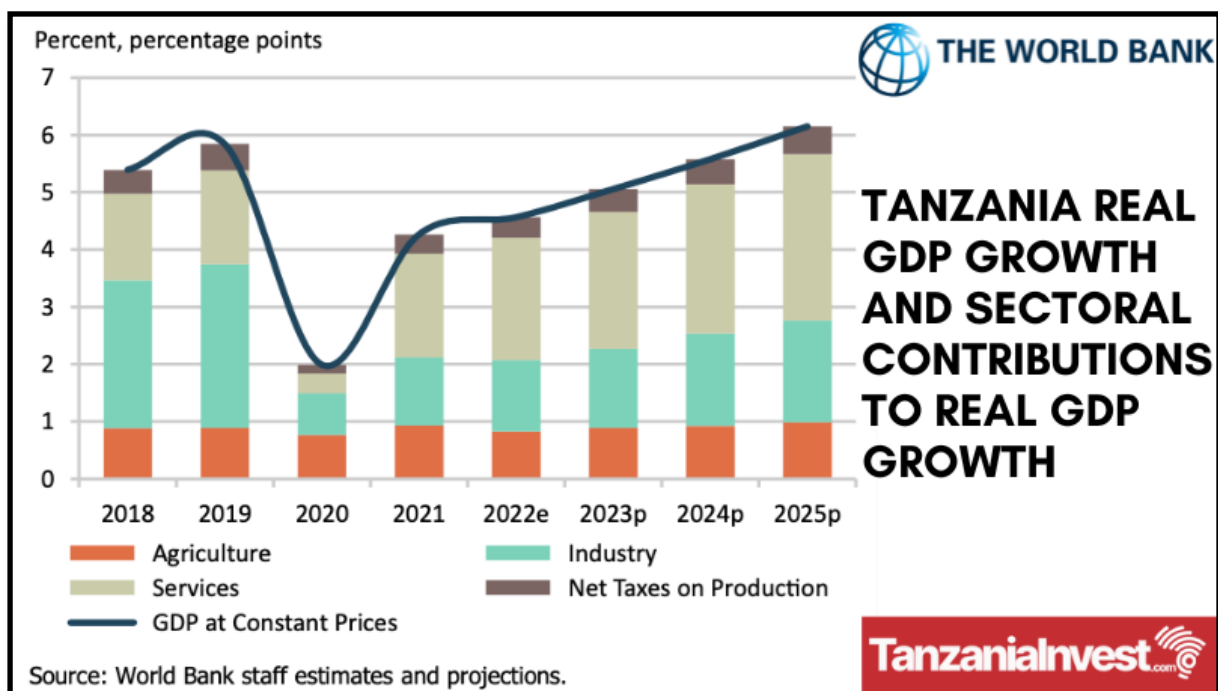
Real GDP growth slowed to 4.7% in 2022 from 4.9% in 2021 due in part to the impact of Russia's invasion of Ukraine, notably on food and energy prices. Growth was driven by services and agriculture on the supply side and by investment and consumption on the demand side. The accommodative monetary policy was tapered in June 2022 to contain inflationary pressures while supporting the growth recovery. But rising food and fuel prices pushed inflation to 4.3% in 2022 from 3.7% in 2021. Exchange rates remained stable, supported by high gold exports and tourism receipts. The fiscal deficit narrowed to an estimated 3.4% of GDP in 2022 from 3.8% in 2021, in line with the pickup in revenue performance, and was financed by external and domestic borrowing. Public debt remains sustainable and stabilized at 40.4% of GDP in 2021 and 40.9% in 2022. The current account deficit widened to 5.7% of GDP in 2022 from 3.4% in 2021, driven by the uptick in the import bill due in part to higher oil prices, and was financed mainly by external commercial debt as other financial flows including foreign direct investment and grants declined. International reserves dropped to 4.7 months of import cover in December 2022 from 6.6 months in December 2021, reflecting the tighter external financing environment. The poverty rate increased from 26.1% in 2019 to 27.7% in 2020 due to the economic slowdown induced by the COVID-19 pandemic, while inequality, measured by the Gini coefficient, increased from 0.42 in 2015 to 0.44 in 2021.

### The Tanzanian GDP Trend



According to the World Bank (WB), the GDP of Tanzania expanded by 4.6% in 2022, up from 4.3% in 2021. The value of Tanzania’s GDP at current prices reached USD 75.5 billion in 2022. The GDP per capita rose by 1.4% in 2022 and the international poverty rate dropped marginally by 0.3% points. Led by the services and industry sectors, the recovery remained broad-based as all subsectors surpassed their pre-pandemic production levels by Q3 2022. This is consistent with high-frequency indicators including cement production, electricity generation, and tourist arrivals, all of which grew substantially in 2022. The WB projects Tanzania’s GDP growth to reach 5.1% in 2023—about 2.2% per capita—as investment increases and external terms of trade improve. However, Tanzania is only projected to reach its potential growth rate of 6% in 2025. Similarly, according to the International Monetary Fund (IMF), the real GDP growth of Tanzania in 2022 was 4.7% in 2022, and it is projected to grow by 5.2% and 6.2% in 2023 and 2024 respectively. In its Africa’s Macroeconomic Performance and Outlook – January 2023, the African Development Bank (AfDB) estimates that the GDP of Tanzania will grow by +5.1% in 2023, and by +6.1% in 2024.

### Tanzania Key Economic Sectors



According to the data from the Bank of Tanzania, in 2021 Agriculture (agriculture, forestry, and fishing) accounted for 27% of the country’s GDP, Industry and Construction for 31%, and Services for 42%. The main sectors of the Tanzanian economy in terms of their contribution to the GDP are Construction which accounts for 16%, Crops (14%), Manufacturing (9%), Wholesale and retail trade; repairs (9%), Transport (8%), Livestock (8%), and Mining and Quarrying (5%). However, in the quarter ending September 2022, Mining and Quarrying reached 9.8% of the country’s GDP.

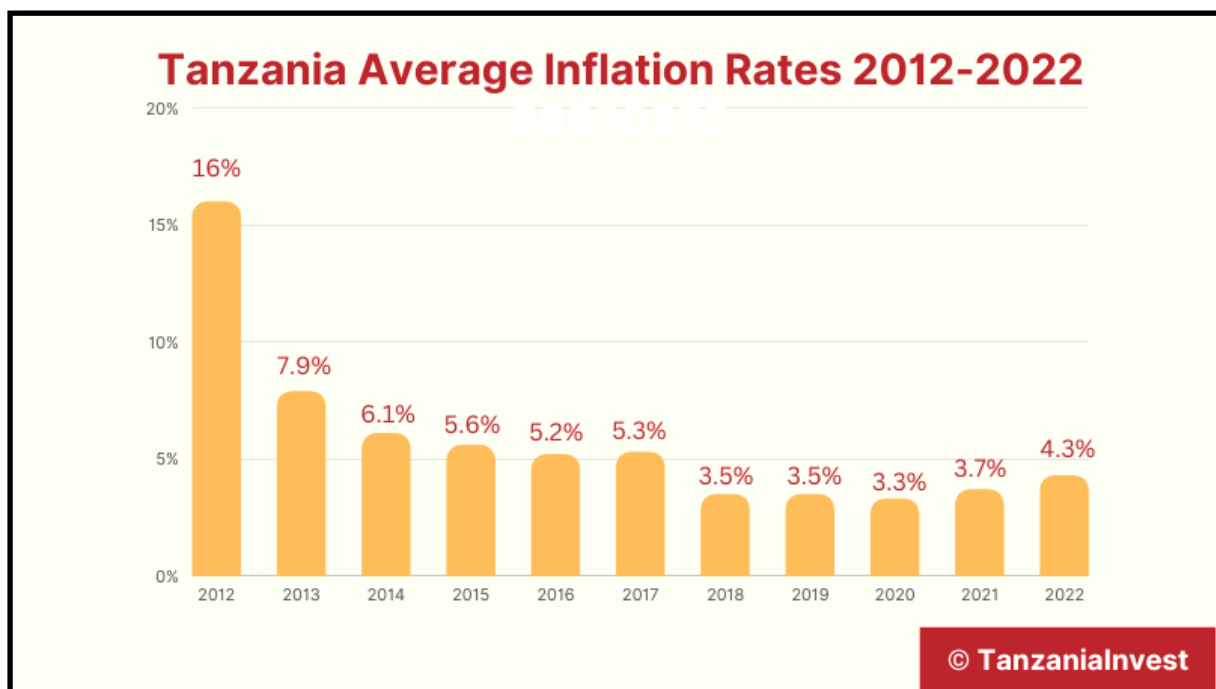
Another major sector of Tanzania's economy is tourism whose contribution to GDP fell from 10.6% in 2019 to 5.3% in 2020 due to the impact of the Covid-19 pandemic and climbed to 5.7% in 2021.

### Outlook and Risks

Real GDP growth is projected to rise to 5.3% in 2023 and 6.3% in 2024, driven by the sustained recovery in tourism and gradual stability in supply and value chains. Inflation is projected to increase to 4.7% in 2023 due to higher food and energy prices before moderating to 4.0% in 2024 due to better agricultural performance. The fiscal deficit is projected to widen to 3.5% of GDP in 2023 and 2024 due to higher spending on infrastructure, financed by domestic and external borrowing. The current account deficit is projected to narrow to 4.8% of GDP in 2023 and 4.4% in 2024 due to higher merchandise exports and tourism receipts and is projected to be financed mainly by external borrowing. Headwinds include the lingering possibility of new COVID-19 variants and the effects of Russia's invasion of Ukraine, which could aggravate food and oil prices.

### Tanzania Inflation

In 2022 (January to December) the average annual headline inflation in Tanzania was 4.3%. In 2021 it was 3.7% and 3.3% in 2020. In March 2023, the annual inflation rate reached 4.7%, which remained within the range set in the 3rd Tanzania Five-Year Development Plan (FYDP III) between 3.0% and 5.0% over the medium term.



### **Tanzania Exchange Rates**

On 26th April 2023, the average market exchange rates (source bot.go.tz) for the Tanzanian shilling (TZS) against major currencies provided were USD/TZS 2313.3707, GBP/TZS 2876.4486 EUR/TZS 2549.7983, CNY/TZS 334.2296. A year earlier, on 26th April 2022, the average market exchange rates (source bot.go.tz) for the Tanzanian shilling (TZS) against major currencies provided were USD/TZS 2298.7733, GBP/TZS 2932.3175 EUR/TZS 2468.1941. In its Monthly Economic Review of March 2023, the Bank of Tanzania (BOT) explains that the shilling remained stable against currencies of major trading partners, trading at an average rate of TZS 2,321.13 per USD, compared with TZS 2,320.64 per USD in the preceding month. On an annual basis, the shilling depreciated by 0.5% from TZS 2,309.61 per USD which was recorded in February 2022.

### **Tanzania Balance of Trade**

The current account of Tanzania recorded a deficit of USD 5,294.5 million in the year ending February 2023 compared with a deficit of USD 2,744.3 million recorded in the corresponding period in 2022, on the account of the challenges endured by high inflation coupled with effects of the war in Ukraine. The overall balance of payments also had a deficit balance of USD 1,294.2 million compared with a surplus of USD 801.9 million in the year to February 2022. Exports of goods and services increased to USD 12,383.1 million in the year ending February 2023 from USD 10,202.1 million in the corresponding period in 2022, mostly driven by non-traditional exports (particularly minerals and manufactured goods), and services receipts, mainly tourism. A notable increase was registered in the exports of minerals, particularly gold, coal, and diamonds. Gold exports registered an annual increase of 7% to USD 2,859.6 million. Exports of diamonds were USD 66.9 million, higher than USD 9.6 million in the year to February 2022. Coal exports grew significantly to USD 228.6 million from USD 23.2 million. Likewise, the export of manufactured goods increased by 19.9% to USD 1,490.2 million, largely driven by fertilizer, iron and steel, and cement.

### **Tanzania National Debt**

Tanzania's national debt stock, comprising the public and private sectors, was USD 40,738 million at the end of February 2023. Out of the debt stock, 71% was external debt. Multilateral institutions continued to account for the largest share of the debt stock, at 47.2%, followed by commercial creditors. The largest portion of the disbursed outstanding debt was in the hands of transport and telecommunication activities, followed by social welfare and education, and energy and mining activities. The structure of external debt by currency remained unchanged, where USD continued to dominate (68.9%), followed by the Euro.

### ***Tanzania Foreign Direct Investment (FDI)***

According to the World Investment Report of 2022 published by the United Nations Conference on Trade and Development (UNCTAD), foreign direct investment (FDI) to Tanzania rose by 35% to USD 922 million in 2021 from USD 695 million in 2020. According to the Monthly Investment Bulletin-March 2023 released by the Tanzania Investment Centre (TIC), the top five leading sources of FDI to Tanzania are China, the USA, Mauritius, Spain, and India.

Sources: African Development Bank (AfDB), Bank of Tanzania (BoT), Foreign Service Institute of the US Department of State, International Monetary Fund (IMF), Tanzania Investment Centre (TIC), Tanzania National Bureau of Statistics, World Bank (WB).

### ***Climate change issues and policy options***

The financing gap for Tanzania to respond adequately to climate change over 2020–30 is an estimated \$3.4 billion a year. Potential exists for private financing to bridge this gap, including through carbon taxes and green-listed equity. However, many private investors are less attracted to climate mitigation investments due to perceived low returns and poor incentives. Of the \$5.5 billion in climate finance received over 2010–20, \$3.0 billion (approximately 54%) came from the private sector, but uncertainty about incentive policies is a major risk to the sustainability of this trend. In addition, Tanzania has vast natural capital that can complement public and private financing of climate change and green growth. Hydropower, with a potential of 7 gigawatts, accounts for only 561 megawatts of installed capacity. Geothermal potential is estimated at 5 gigawatts; solar photovoltaics potential, with average sunshine of more than 9 hours per day, is estimated at 34 gigawatts; and on-shore wind potential, with windspeeds of 0.9–9.9 meters per second across the country, is estimated at 8 gigawatts. Tanzania has about 57 trillion cubic feet of discovered natural gas reserves, with 8.3 trillion cubic feet earmarked for generating 7.09 gigawatts of electricity. By 2022, 100 million cubic feet had been harnessed for 527 megawatts of electricity.

### **3. Coffee Industry Trends in Tanzania**

#### ***Coffee in Tanzania***

Coffee production is an important part of Tanzania's economy because it is the country's main export crop. Tanzanian coffee output averages between 30,000 and 40,000 metric tonnes per year, with Arabica accounting for roughly 70% and Robusta accounting for 30%.

Smallholder coffee farms account for 90% of all coffee farms in the country, with estates accounting for the remaining. The coffee industry employs roughly 270,000 people, according to industry estimates.

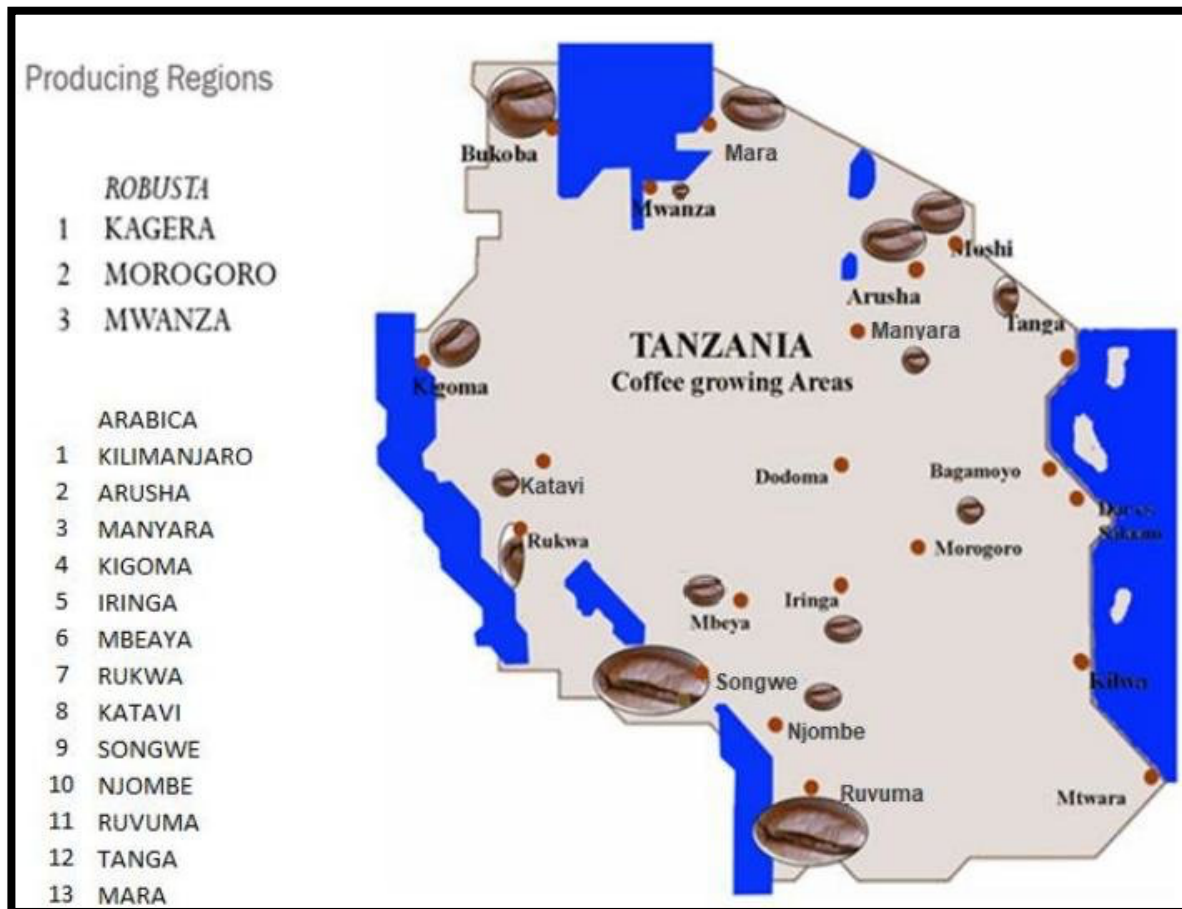
#### ***Coffee Production in Tanzania***

Post forecasts 2023/24 coffee production will increase 21 percent to 1.35 million bags as Tanzania's growing regions experience good rainfall after drought conditions in 2022/23 and as most Arabica trees enter the most productive period of their three-year yield cycle. In 2018, the Government of Tanzania (GoT) supported distribution of high-yielding Arabica coffee seedlings which replaced older varieties in existing plantations. These seedlings have since matured and are poised to enter the highest-yielding period of their three-year cycle. Arabica coffee trees usually take three to four years to mature after planting and then undergo a three-year cycle, with yields increasing over two years and then falling in the third.

In 2023/24 area harvested is expected to remain unchanged at 265,000 hectares. The GoT has set ambitious goals to increase overall coffee production, however most of its efforts have focused on improving yields in existing plantations as opposed to expanding acreage. According to the GoT, in October 2022, 3 million new Robusta seedlings were distributed to farmers free of charge under the government's 2021-2025 coffee development strategy. According to local sources, these seedlings were largely used to replace older coffee trees on existing farms.

Tanzania has several growing zones, including the Lake Victoria region and the northern, western, eastern, and southern regions. Arabica is grown in the western, northern, and southern highlands, while Robusta is grown in eastern Tanzania and near Lake Victoria. Tanzania coffee is cultivated under three different production regimes, including small-scale mono-cropping in the south; small-scale intercropping with bananas near Lake Victoria and in the north, east, and west; and large-scale estate farming in the north and south. Roughly 90 percent of Tanzanian coffee is produced by smallholder farmers, while 10 percent is produced by larger estates. Compared to larger estates, smallholder farmers often lack access to finance and depend more on family labour for production.

Fig 1: Tanzania Coffee Growing Areas



Source: Tanzania Coffee Board

The bulk of Tanzania's harvest for both Robusta and Arabica begins in July and extends until October. Coffee may continue to be harvested in smaller volumes until December.

Coffee remains Tanzania's most important cash crop and contributes indirectly to the incomes of six to seven percent of Tanzania's total population of 56 million, including more than 40 percent of Tanzania farmers. Most coffee farms are small with an average of .63 hectares of land and cultivate between 380 and 2,000 trees.

In general, inefficient use of farming inputs such as fertilizer, poor agricultural practices, and limited credit access hinder coffee productivity in Tanzania.

### **Coffee Consumption in Tanzania**

Post anticipates MY 2023/24 consumption will increase slightly to 77,000 bags from 75,000 the year before due to growth in Tanzania's tourism sector. After a decline in international visits associated with the Covid-19 pandemic in MY 2021/22, local sources indicate Tanzania's tourism sector has recovered and is resuming its pre-Covid growth trend. According to the World Tourism

Organization, from 2015 to 2019, the number of international visitors to Tanzania increased 34 percent, reaching 1.53 million visitors in 2019. New hotel construction in Dar es Salaam, Arusha, and Zanzibar will likely facilitate an increase in international visitors. Prior to the Covid-19 pandemic, Tanzania experienced a boom in hotel construction, particularly in Zanzibar, where the total number of hotels increased from 378 (in 2013) to 620 (in 2020).

Non-tourist consumption is expected to remain unchanged. Most Tanzanians continue to prefer tea to coffee, due to consumer preferences and tea's relative affordability. Tea is generally less expensive than coffee. According to the Tanzania Coffee Board, only 7 percent of Tanzania's production is consumed domestically.

Year 2022/23 consumption is anticipated to increase from 40,000 to 75,000 bags year-on-year as the tourism industry recovers from Covid-19 related impacts. While Tanzania did not enforce significant Covid-19 related restrictions, the pandemic depressed visits from international travellers, driving down consumption.

### **Tanzania's Coffee Trade**

Post forecasts for year 2023/24 exports will increase 13 percent to 1.27 million bags as higher production increases exportable supplies. Tanzania's top markets include the EU, Japan, the United States, Morocco, Russia, South Korea, India, Australia, and South Africa.

Table 1: Leading Destinations for Tanzania's Green Coffee Exports

<b>REGION</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
EU 27	30,366	30,628	40,184	35,495
Japan	15,552	11,231	13,524	16,901
United States	3,168	3,220	2,487	3,530
Morocco	3,034	2,987	6,115	2,981
Russia	1,434	1,476	1,282	**
India	3,070	1,131	1,265	1,076
South Korea	1,467	1,097	874	1,213
South Africa	872	1,192	452	1,713
Australia	988	720	1,097	908
Other Countries	3,020	2,777	5,160	3,651

Source: Trade Data Monitor, LLC

It is anticipated that in 2023/24 imports will remain flat at 6,000 bags of soluble coffee due to unchanged domestic consumption. Soluble coffee is largely consumed by non-tourist consumers as it is an affordable alternative to ground coffee. Tanzania does not import significant amounts of green coffee beans.

Year 2022/23 exports are expected to decline 7 percent year-on-year to 1.16 million bags as lower production associated with drought conditions decreases exportable supplies.

### ***Tanzania Policy on Coffee***

The GoT continues to implement its 2021-2025 coffee development strategy. Under this strategy, the GoT has set a goal of providing 20 million new seedlings to farmers every year. As noted in the production section, farmers have begun to receive new seedlings which are expected to improve yields but leave area planted unchanged as they replace older trees in existing plantations. Coffee seedlings are primarily supplied by the Tanzania Coffee Research Institute (TACRI) however, distribution of seedlings through the institute has historically been constrained due to lack of funding for seedling production.

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## 4. Global Coffee Industry Trends

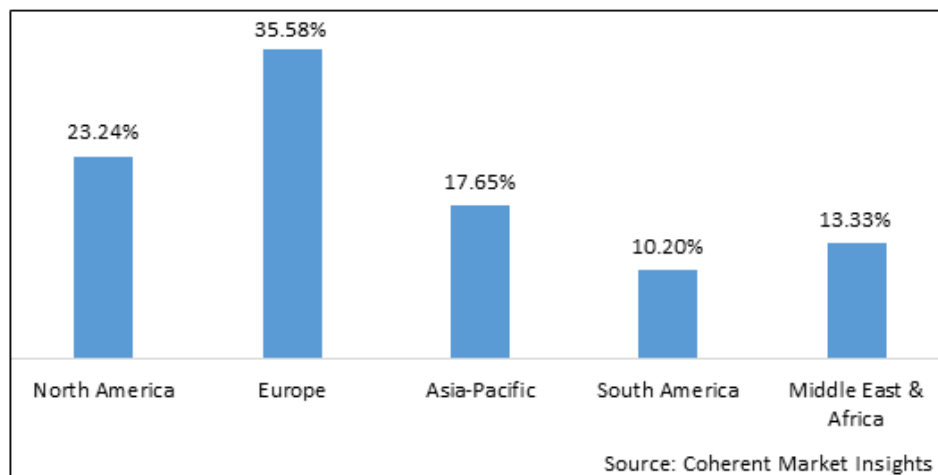
The global coffee market size was valued at USD 127 billion in **2022** and is anticipated to witness a compound annual growth rate (CAGR) of 4.72% from **2023 to 2030**. The coffee market is expected to witness a significant growth owing to the increasing demand for organically and sustainably cultivated whole-bean coffee. This is primarily due to its high antioxidant properties and health benefits. Furthermore, the market is also gaining popularity due to its rich taste and aroma. Several coffee companies are working hard to develop their products and promote them as healthy beverages. Additionally, increasing wealthy and millennial population, rising e-commerce retail sales, fortification of coffee with antioxidants, increasing health concerns about caffeine, and green coffee consumption in emerging countries are further propelling market growth.

### *Global Coffee Market: Regional Insights*

Based on geography, the global coffee market is segmented into North America, Europe, Asia Pacific, Latin America, and Middle East & Africa.

Regionally, North America is expected to dominate the global coffee market over the forecast period owing to the high consumption of coffee in the region. Coffee is among the most consumed beverages across the country. For instance, as per a survey conducted by the National Coffee Association, more than 70% of the consumers prefer at-home coffee recipes. The rise in cafe culture, increasing disposable income, employee demography, and food service outlets are some of the major factors driving growth of the regional coffee market.

In Europe, the market of coffee is expanding rapidly. In particular, Germany, Italy, and Belgium offer very interesting opportunities for green coffee exporters. These countries have a mix of positive characteristics, including high volumes sourced directly from producing countries and a growing market for specialty coffees. European consumers are increasingly aware of the origin of their food and beverage products, so they want to know that they are buying fair-trade or organic coffee. In addition, they are willing to pay more for high-quality and specialty coffees, which is why opportunities in this segment are growing fast.

**Figure 2. Global Coffee Market Share (%), By Region**

### **Global Coffee Market Drivers**

#### **Increasing working population uplifting the presence of coffee houses**

Growing adoption of western culture due to globalization and increasing penetration of coffee brands are key factors expanding coffee chains worldwide. Recently, coffee shops have experienced strong growth as outlets gained popularity as hangout zones for family, friends, colleagues, and business associates, among others. Moreover, the emergence of premium stores from companies such as Starbucks Corporation, Coffee Day Enterprises Ltd, and Barista Coffee Co Ltd, among others increased adoption of coffee, thereby fuelling the market growth.

#### **Growing demand for certified coffee products to foster market growth**

For instance, in November 2022, Nescafé Dolce Gusto launches Neo, the brand's next-generation coffee machines and pods. Neo combines high quality, cutting-edge technology, and sustainability to create the ultimate coffee shop-at-home experience. In a Nestlé first, Neo's new range of coffee pods are paper based, home compostable, and use 70% less packaging (by weight) than current capsules.

### **Global Coffee Market Opportunities**

Increasing focus of key players on introducing new product with innovative packaging is expected to serve major growth opportunities. For instance, in May 2020, Nespresso launched its first coffee capsules made using 80% recycled aluminium. These capsules were made from 95% recycled material earlier this year in March. Further, by the end of 2021, Nespresso targets to have all machines sold in this new packaging, which, in turn, will boost the market growth of coffee.

Growing popularity of ready-to-drink coffee is creating potential opportunities for key players. In September 2022, TH International Limited, the exclusive operator of Tim Hortons coffee shops in

China ("Tims China"), announced the launch of two co-branded ready-to-drink (RTD) coffee products in partnership with Sinopec's Easy Joy, China's largest convenience store chain.

### **Global Coffee Market Trends**

#### **Organic and fair-trade coffee is a growing trend**

The rising popularity of organic and fair-trade coffee is accelerating growth of the coffee market. The growing demand for certified products is mainly attributed to the increased consumer confidence, as these certified products are believed to be reliable and safe for use.

#### **Coffee as a functional beverage**

Growing demand for coffee as a functional beverage is expected to provide potential market opportunities. For instance, in August 2018, Starbucks introduced a plant-based, protein-blended cold-brew, in almond and cocoa flavours, delivering 12 grams and 10 grams of plant-based protein, respectively. The almond variant is prepared by blending the Starbucks cold-brew coffee with almond drink/milk, plant-based protein, almond butter, and a banana/date fruit blend.

### **Global Coffee Market Restraints**

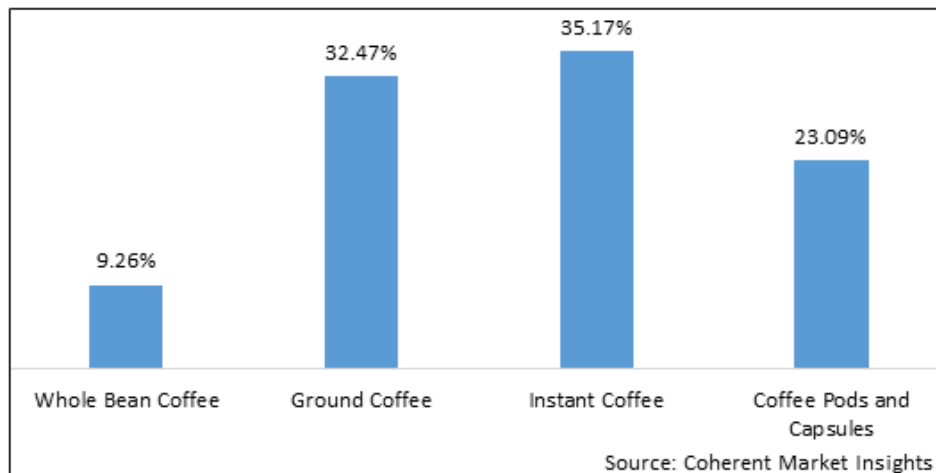
#### **Change in climatic conditions impacting coffee plantations**

A 2011 study reported that the coffee berry borer, *Hypothenemus hampei*, appeared to be thriving under warm conditions. The pest, which probably originated in Central Africa, spread to all coffee-producing regions in the world, except China and Nepal. Notably, the damage in coffee beans is causing losses of more than USD 500 million per year.

#### **Growing popularity of tea as healthier alternative drink**

Growing awareness about the health benefits of tea, premiumization of tea, increasing on-the-go convenience trends with regard to ready-to-drink (RTD) tea, and demand for herbal tea are key factors boosting the market share of tea market. However, growing adoption of western culture is expected to open new market avenue.

Figure 2. Global Coffee Market Share (%), By Segment



### Global Coffee Market Segmentation

The global coffee market report is segmented into product type, distribution channel, and geography.

Based on product type, the market is segmented into Whole Bean, Ground Coffee, Instant Coffee, and Coffee Pods and Capsules. Out of which, **Ground Coffee** is expected to dominate the global market over the forecast period, and this is attributed to the growing demand from medium income group due to its aroma and availability of quality brand. The ground coffee segment of the market studied was valued at USD 41.24 billion in 2022, and it is projected to reach USD 58.35 billion by 2030, registering a CAGR of 2.31% during the forecast period, 2023-2030.

**Instant Coffee segment** is also expected to witness significant growth in the near future. Convenience is the major factor driving growth of this segment.

Based on distribution channel, the market is segmented into On-trade and Off-trade. Off-trade is further segmented into Supermarkets/hypermarkets, Convenience Stores, Specialist Retailers, and Other Off-trade Channels. Out of which, **Off-trade** is expected to dominate the global market over the forecast period, and this is attributed to the large retail space and availability of diversified product ranges at supermarkets/hypermarkets.

**Convenience Stores segment** is also expected to witness significant growth in the near future. This segment offers convenient and affordable cups of coffee for on-the- go customers. Moreover, convenience stores offer premium and branded coffee products, and thus, they attract high-income consumers.

## 5. Genesis & Details of the Project

### Introduction

Adventures Big V Estates Limited is a limited liability company registered under the Companies Act 2002 of Tanzania on June 13, 2022, with registration number 156591610. The registered office of the company is at IT Plaza, Ohio Street, Dar es Salaam, Tanzania.

The principal business activity of the company is to acquire farmland, grow and produce premium quality Arabica Coffee. The company has identified and has made an agreement to acquire farmland in Karatu, Arusha District.

### Company's Objectives

The key objective of the company is TO ACHIEVE AND SUSTAIN HIGH YIELDS OF HIGH-QUALITY COFFEES THAT WILL FETCH PREMIUM PRICES IN THE MARKET.

It would like to attain a production capacity and to produce greater than 1,500 Kgs of coffee per hectare.

It would aim to produce more than 80% of the coffee of a premium grade (AAA, AA, AB, PB)

It would obtain and maintain quality certifications. i.e. RA, CAFÉ

### Ownership

According to the present records of Registrar of Companies in Tanzania the Paid-Up Capital of the company is TZS. 6,926,940,000/- divided in 692,694 equity shares of TZS. 10,000/- each with the shareholding pattern as follows: -

No.	Name of Shareholder	No. of Shares	Nationality	% Shareholding
01.	Tanzania Big Five Adventures LLC	621,425	American	89.71%
02.	Tanzania Big Five Adventures II LLC	69,269	American	10.00%
03.	Mr. Dakshinamurthy Raja	1,800	American	0.26%
04.	Mrs. Neeta Raja	200	American	0.03%
	<b>TOTAL</b>	<b>692,694</b>		<b>100%</b>

### Experienced & Qualified Directors

**Mr. Dakshinamurthy Raja** is a seasoned and vastly experienced businessman. The following is a brief about his roles, education, and accomplishments.

**Roles:**

- Co-Founder & Chairman of Computer Enterprises Inc (since 1993)
- Board of Directors for Commonwealth Financing Authority (2017-2020)
- Host of Radio Show “The Raja Show” on KDKA (1020AM) (2013-2019)
- Board of Directors for Port Authority of Allegheny County (2013-2019)
- Board of Directors for Pennsylvania Higher Education Assistance Agency (PHEAA) (2013-2016)
- Past President of Mt. Lebanon Commission (2010; elected to Commission 2008-2012)
- Past President of TiE Pittsburgh (elected in 2008 for 2008 -2009) and Board Member (2008-2012)
- Founding Chair of the University of Pittsburgh Computer Science Industry Board (2003 to 2008)
- Venture Capitalist with Pittsburgh Equity Partners (2010 – Present)
- Board Member of a number of private businesses (ongoing)
- Chair of Judging Panel for Carnegie Science Awards for Entrepreneur Categories (2017– Present; served as Judge from 2010)
- Judge for Ernst & Young Entrepreneur of the Year Awards (2013)

**Education:**

- MBA (honors) from Carnegie Mellon University (2001)
- MS Computer Science from University of Pittsburgh (1989)

**Accomplishments:**

- CEI is a leading national firm providing cutting edge IT solutions to the Fortune 50 and other businesses in the United States. Raja started CEI in spare bedroom of his townhouse in 1992 and has since successfully grown the company to employ over 1000 with offices across the United States and globally.
- As Commissioner in Mt. Lebanon, lead the initiative to address budget issues not only to tackle severe shortfalls but also to the pass the first planned tax cut in 2009 in the history of Mt. Lebanon. Again, lead the initiative to reduce the taxes in 2011 to offset a new storm water fee.
- Initiated and Chaired the University of Pittsburgh’s Computer Science Industry Board to better align the curriculum with industry and to enhance entrepreneurship among students within the Department. The Industry Board is now an established organization within the University with representation from our region’s leading firms such as Alcoa, Bank of New York Mellon, FedEx, Google, PNC Bank, U.S. Steel and Westinghouse.
- Initiated the “Business Mentoring Roundtable” (BMR) which is now a core component of TiE Pittsburgh (an organization with the region’s leading entrepreneurs and CEOs as its leadership). The BMR focuses on providing mentoring to startup businesses with the objective of these businesses staying / growing in our region.
- Led the economic development initiatives of CONNECT (with official representation from Pittsburgh and 38 municipalities) to target our region becoming the leader in terms of economic and job growth with innovation.

**Mrs. Neeta Raja**, the second director also is a businesswoman who has invested in various businesses and has had experience of overlooking management activities.

### ***Project Location & The Farmland***

Adventures Big V Estates Limited farm is located just outside the Ngorongoro Conservation area on the western slopes of Mount Oldeani, an extinct volcano in northern Tanzania.

German settlers who were the first to plant coffee in 1929 originally owned these farms. Formerly it was Nitin Coffee Estate Ltd since 1962 owned by the Ondhia family. The estate was one of the first coffee plantations in Oldeani Area.

Since May 2022, the name changed to Adventures Big V Estates limited following change of ownership under the management of Coffee Management Services.

The farm is Rainforest Alliance certified.

The farm has provided a wildlife corridor for Elephants, Buffaloes and other animals from Ngorongoro Crater, the world's largest and an impressive game reserve to connect in their natural habitats.

The area is known for exceptional coffee grown near the crater almost at an altitude of 6000 feet above sea level, grown in the shade of albizzia, grevillea and Cordia trees. Coffee develops its bright acidity from the mineral rich volcanic soil and underlying black currents.

The farm has previously been awarded first position at a National Taste of Harvest Competition held in Moshi, Tanzania on 7<sup>th</sup> November 2007 held by EAFCA and as a result we were awarded one week fully sponsored training at the Starbucks Quality Center in Lausanne, Switzerland.

### ***Day to day management***

Mr. Sri M is the CFO, and all operations will be executed under his able leadership. The company has an adequate organization structure that is complex but efficient.

Mr. Wilson Waithaka is the Manager and manages all the operation of farming, harvesting, processing, packaging, and exports.

The management of the company has the required expertise in-house. The day-to-day activities would be managed by individuals appointed for the said purpose, respectively.

### ***Employment***

Coffee farming & harvesting is a labour-intensive business and hence Adventures Big V Estates Limited shall have a large work force. At the peak of the season the company is expected to be giving employment to more than 250 individuals.

### **Strategies**

In order to achieve the objectives, it is planned to implement the following strategies.

- Establish an effective preventive maintenance program of the equipment, which will ensure sustainable equipment availability for operation.
- Establish a quality assurance and control system that will ensure provision of quality products and services.
- Conduct regular evaluations of production and servicing processes to ensure optimum costs of products and services.
- Device and implement productivity improvement measures.
- Develop and implement an effective international marketing policy.
- Develop and implement an advertising and promotion program.

### **Commitment to Corporate Social Responsibilities**

Adventures Big V Estates Limited is committed to provide support to local authority services and to reform the livelihood of nearby region by enhancing development of the farm area through increased business activities to provide direct employment and adequate training being provided in farming sector.

## 6. Project Cost and Means of Finance

### Cost of Project

The capital cost of the entire project has been estimated to be around US\$ 3.621 million. The major factors contributing towards the cost of the project is the cost of farmland. The table below indicates the detailed cost of project:

Cost of Project				
Units: USD				
No.	Description	Unit Price	No. of Units	Total
1	Purchase of Farmland at Karatu, Arusha Region	2,650,000	1	2,650,000
2	Capex on Farmland Development	275,000	1	275,000
3	Renovations & Refurbishments	25,000	1	25,000
4	Cost of Coffee Crop on the Farmland	350,000	1	350,000
5	Furniture & Equipment for Office	1,500	1	2,000
6	ICT Hardware & Peripherals	3,000	1	3,000
7	Farm and Irrigation Equipment	125,000	1	125,000
8	Development of Coffee Nursery	11,000	1	11,000
9	Company registration and other statutory registrations	5,000	1	5,000
10	Professional Advisory Services	2,500	1	3,000
11	Contingencies	172,450	1	172,000
<b>TOTAL COST OF PROJECT</b>				<b>3,621,000</b>

Considering the size of this project and keeping in mind the **36 months** of implementation period, the contingencies have been estimated at US\$ 172,000/-.

### Means of Finance

The finance for the project is already arranged for by the promoters. The table below indicates in detail the manner in which the investment has been arranged:

Source of Funds / Financed By		
Units: USD		
No.	Particulars	Amount
1	Equity & Shareholders Capital	7,843
2	Shareholders Advances	3,613,157
<b>TOTAL FINANCING</b>		<b>3,621,000</b>

## 7. Financial Projections

Details of financial projections are attached as appendices to this report. However, in brief the annexed project financials show that the project will be one with a full proof financing scheme.

The financing is so prudently designed that the smooth cash flow position is guaranteed throughout the period of operations of next 5 years.

### Assumptions

For the purpose of calculations and projections the following assumptions were made:

Assumption for Calculation of Projected Financial Statements			
No.	Description	Units	Value / Amount
1	Exchange Rate 1 USD =	TZS	2,750.00
2	Number of months of operation per year	Months	12.00
3	Production of Coffee Beans in Tons per annum	Tons	140.00
4	Growth in annual production	%	7%
5	Selling Price of Coffee Beans in USD per Ton	USD	4,800.00
6	Increase in selling price annually	%	10%
7	Annual increase in Other Income	%	2.00%
8	Contingencies as % of total cost		5.00%
9	Annual increase in Administrative Expenses		8.00%
10	Annual increase in Salaries & Wages of employed staff		8.00%
11	No. of Days of Debtors / Creditors for Working Capital Requirement		
	Stock of Consumables	Days	60.00
	Sundry Debtors	Days	30.00
	Other Payables	Days	30.00
	Sundry Creditors	Days	45.00

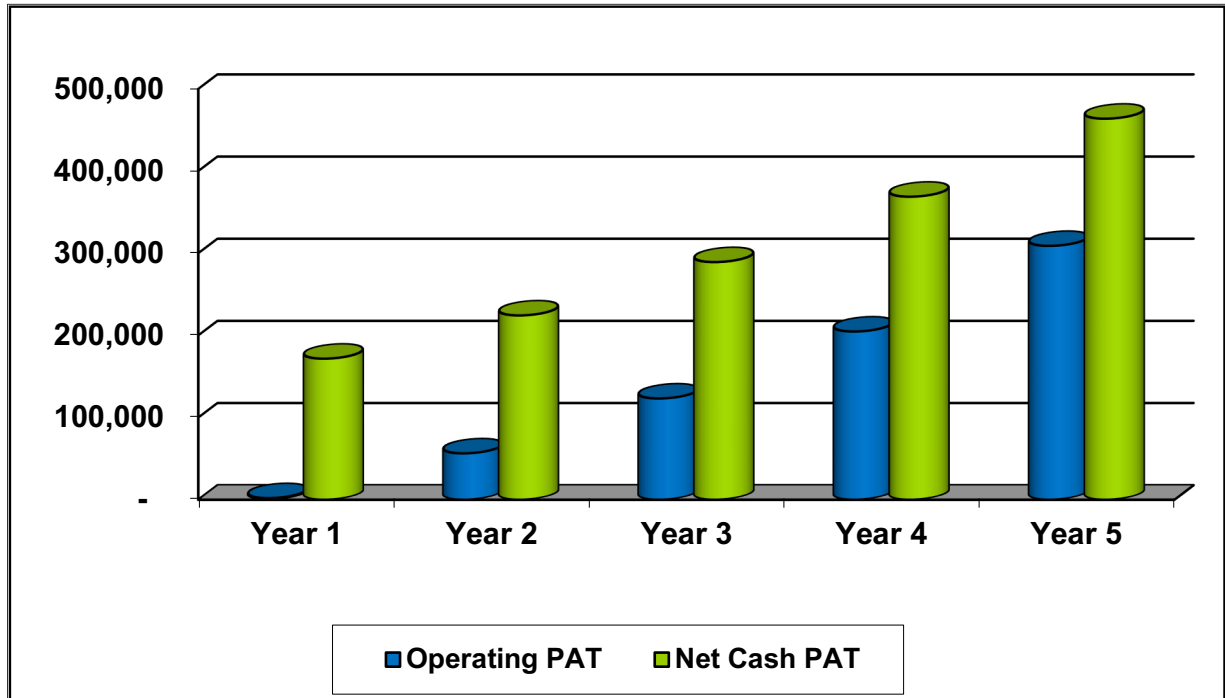
### Financial Indicators

Considering the consumption and demand of coffee in Tanzania & globally, it is evident that Adventures Big V Estates Limited will successfully produce & sell all the coffee that they grow and process. Since only a small area of the land is cultivated, it is estimated that the company will produce 140 tons of coffee per annum. The projected financials are calculated with this as the base assumption. The detailed calculations of the projected financials are given in the annexure.

The detailed financials annexed herein affirms that the business will have comfortable cash flow and hence there won't be any hiccups with regards to either working capital requirement. With the continuous increase in efficiency of the operations the project is expected to have gross profit margins ranging from 40% up to 60%.

The chart below indicated the summary of the projected profits of the company from the first five years of the operations:

Table: Projected Profits for the Company (USD)



Over a period of four years operations the total amount of Reserves generated shall be to the tune of USD 700,000/-. It indicates a comfortable position for the company.

## **8. Project Benefits to Tanzania**

Adventures Big V Estates Limited has the aim of producing and exporting premium quality Arabica Coffee from Tanzania. With the proposed investment for establishment of business, Adventures Big V Estates Limited intends to achieve multi-faceted benefits to the Tanzanian communities and to the nation.

### ***Benefits of such project***

This project would be beneficial not only for nation's economic growth but also in many other ways.

A few significant advantages can be summarised as follows: -

- The project will bring in a total investment of USD 3.621/- million over a period of just three years. Major part of this has already been invested.
- Since most of the produce is expected to be exported, it will generate a significant amount of Forex Revenues.
- In the peak season the company will be offering employment to about 250 individuals.
- The company is expected to contribute an estimated amount of USD 284,000/- by way of employment taxes in a period of 5 years.
- The project will support and increase economic activities in Karatu & regions around it.
- The premium quality Arabica Coffee will be produced and converted to economic benefits to the national by multiple folds.

## **9. Conclusions & Recommendations**

The economic impact from implementing and operating it is extremely positive.

Benefits should arise from capital inflows, technology transfer leading to innovation and productivity increase, upgrading domestic production, quality improvement, employment creation, backward and forward linkages and multiplier effects through local sourcing of staff.

Since the project is technically feasible, financially and economically viable, socially and from nation's point of view desirable a fast implementation thereof is recommended. It is important that there are no cost overruns to enable the realization of the benefits as outlined above.

It may be mentioned here that total investment of US\$ 3.621 million will play a humungous role in boosting the economy of the nation. The project would bring advanced knowledge in the field of coffee growing. This would generate additional foreign exchange reserves in the country.

The study's outcome indicates that this is a project of major significance to provide impetus to overall economy of Tanzania. The present need of the country, to engage itself in international trade, would also be met through this project. It is recommended that the financial institutions should come forward with positive outlook and provide finance for this project.

Annexures

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Projected Financial Statements

<b>Assumption for Calculation of Projected Financial Statements</b>			
<b>No.</b>	<b>Description</b>	<b>Units</b>	<b>Value / Amount</b>
1	Exchange Rate 1 USD =	TZS	2,750.00
2	Number of months of operation per year	Months	12.00
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8	Contingencies as % of total cost		5.00%
9	Annual increase in Administrative Expenses		8.00%
10	Annual increase in Salaries & Wages of employed staff		8.00%
11	No. of Days of Debtors / Creditors for Working Capital Requirement		
	Stock of Consumables	Days	60.00
	Sundry Debtors	Days	30.00
	Other Payables	Days	30.00
	Sundry Creditors	Days	45.00

Cost of Project				
Units: USD				
No.	Description	Unit Price	No. of Units	Total
1	Purchase of Farmland at Karatu, Arusha Region	2,650,000	1	2,650,000
2	Capex on Farmland Development	275,000	1	275,000
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4	Cost of Coffee Crop on the Farmland	350,000	1	350,000
5	Furniture & Equipment for Office	1,500	1	2,000
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9	Company registration and other statutory registrations	5,000	1	5,000
10	Professional Advisory Services	2,500	1	3,000
11	Contingencies	172,450	1	172,000
<b>TOTAL COST OF PROJECT</b>				<b>3,621,000</b>
Source of Funds / Financed By				
Units: USD				
No.	Particulars	Amount		
1	Equity & Shareholders Capital	7,843		
2	Shareholders Advances	3,613,157		
<b>TOTAL FINANCING</b>				<b>3,621,000</b>

Projected Administrative Expenses						
						Units: USD
No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
<b>A</b>	<b>Administrative Expenses</b>					
1	Audit fee (Inclusive VAT)	3,750	4,050	4,374	4,724	5,102
2	Bank charges	800	864	933	1,008	1,088
3	License and certification fee	6,000	6,480	6,998	7,558	8,163
4	Management Staff Salaries	22,500	24,300	26,244	28,344	30,611
5	Marketing and business promotion	2,500	2,700	2,916	3,149	3,401
6	Management fee	24,000	25,920	27,994	30,233	32,652
7	Office and general expenses	8,000	8,640	9,331	10,078	10,884
8	Printing and stationery	5,400	5,832	6,299	6,802	7,347
9	Professional fees	7,500	8,100	8,748	9,448	10,204
10	Telephone, courier and internet	4,800	5,184	5,599	6,047	6,530
11	Training and education	2,200	2,376	2,566	2,771	2,993
12	Security & Related Expenses	60,000	64,800	69,984	75,583	81,629
13	Other Misc. Expenses	7,400	7,992	8,631	9,322	10,068
	<b>Total Annual Administrative Expenses</b>	<b>154,850</b>	<b>167,238</b>	<b>180,617</b>	<b>195,066</b>	<b>210,672</b>

Projected Profit & Loss Statement						
						Units: USD
No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
1	Total Annual Production of Coffee Beans in Tons	140	150	160	172	184
2	Selling Price of Coffee Beans in USD/Ton	4,800	5,280	5,808	6,389	7,028
3	Other Income	50,000	51,000	52,020	53,060	54,122
	<b>Total Annual Sales</b>	<b>722,000</b>	<b>841,944</b>	<b>982,961</b>	<b>1,148,778</b>	<b>1,343,781</b>
	<b>Direct Operational Expenses</b>					
4	Direct Casual Labour Costs	75,000	81,000	87,480	94,478	102,037
4	Salaries and Wages of Operations Staff	22,000	23,760	25,661	27,714	29,931
	NSSF, PAYE, SDL, NHIF, WCF & Other Staff Related Statutory Payments	48,500	52,380	56,570	61,096	65,984
5	Machinery & Equipment Running Expenses	35,000	37,800	40,824	44,090	47,617
	Electricity and Water	6,000	6,480	6,998	7,558	8,163
	Agrochemicals - Fertilizers & Pesticides	145,000	156,600	169,128	182,658	197,271
	Management Fees	30,000	32,400	34,992	37,791	40,815
	Milling & Picking	21,000	22,680	24,494	26,454	28,570
6	Other Utilities	12,274	13,256	14,316	15,462	16,699
	<b>Total Annual Direct Expenses</b>	<b>394,774</b>	<b>426,356</b>	<b>460,464</b>	<b>497,302</b>	<b>537,086</b>
	<b>Gross Profit</b>	<b>327,226</b>	<b>415,588</b>	<b>522,497</b>	<b>651,477</b>	<b>806,696</b>

Projected Profit & Loss Statement						
						Units: USD
No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
	<b>Other Operating Costs</b>					
13	Administrative Expenses	154,850	167,238	180,617	195,066	210,672
18	Depreciation on All Assets	169,718	167,859	165,987	164,079	154,786
	<b>Total Operating Expenses</b>	<b>324,568</b>	<b>335,097</b>	<b>346,604</b>	<b>359,145</b>	<b>365,458</b>
19	Operating Profits Before Tax	2,658	80,491	175,893	292,331	441,238
20	Corporate Tax @ 30%	798	24,147	52,768	87,699	132,371
	<b>Operating Profits After Tax</b>	<b>1,861</b>	<b>56,344</b>	<b>123,125</b>	<b>204,632</b>	<b>308,866</b>
	Proposed Dividends	-	-	-	-	-
<b>21</b>	<b>Cumulative Net Profit / (Loss) CF to BS</b>	<b>1,861</b>	<b>58,205</b>	<b>181,329</b>	<b>385,961</b>	<b>694,828</b>
<b>22</b>	<b>Net Cash Profits After Tax</b>	<b>171,578</b>	<b>224,203</b>	<b>289,112</b>	<b>368,711</b>	<b>463,653</b>

Projected Balance Sheet						
						Units: USD
No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
<b>1</b>	<b>Non-Current Assets (Net Value)</b>					
	Land & Building	3,118,539	3,027,925	2,941,841	2,860,061	2,717,058
	Machinery & Equipment	28,911	52,641	73,404	91,573	80,126
	Furniture & Fittings	1,850	1,619	1,417	1,240	1,085
	ICT Hardware	1,982	1,239	774	484	302
	<b>Total Non-Current Assets</b>	<b>3,151,282</b>	<b>3,083,423</b>	<b>3,017,436</b>	<b>2,953,357</b>	<b>2,798,571</b>
<b>2</b>	<b>Current Assets</b>					
	Stocks & Inventory of Consumables	5,634	6,085	6,572	7,097	7,665
	Sundry Debtors	89,014	103,801	121,187	141,630	165,672
	Cash & Bank Balances	96,433	306,957	579,882	929,443	1,370,452
	<b>Total Current Assets</b>	<b>191,081</b>	<b>416,843</b>	<b>707,641</b>	<b>1,078,170</b>	<b>1,543,789</b>
<b>3</b>	<b>Current Liabilities</b>					
	Salaries & Wages Payable	9,822	10,608	11,456	12,373	13,363
	Taxes & Duties on Salaries & Wages Payable	3,986	4,305	4,650	5,022	5,423
	Other Payables / Liabilities	5,694	6,149	6,641	7,172	7,746
	<b>Total Current Liabilities</b>	<b>19,502</b>	<b>21,062</b>	<b>22,747</b>	<b>24,567</b>	<b>26,532</b>
	Net Current Assets	171,579	395,781	684,893	1,053,603	1,517,257
<b>4</b>	<b>TOTAL ASSETS</b>	<b>3,322,861</b>	<b>3,479,204</b>	<b>3,702,330</b>	<b>4,006,961</b>	<b>4,315,828</b>
	<b>Liabilities</b>					
	Additional Equity Share Capital	7,843	7,843	7,843	7,843	7,843
	Retained Earnings / Reserves	1,861	58,205	181,329	385,961	694,828
	Shareholders Advances	3,313,157	3,413,157	3,513,157	3,613,157	3,613,157
<b>5</b>	<b>TOTAL LIABILITIES</b>	<b>3,322,861</b>	<b>3,479,205</b>	<b>3,702,329</b>	<b>4,006,961</b>	<b>4,315,828</b>

Projected Cash Flow Statement						
						Units: USD
No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
<b>1</b>	<b>Cash Inflow</b>					
	Introduction of Equity Capital	7,843	-	-	-	-
	Shareholders Advances	3,313,157	100,000	100,000	100,000	-
	Cash Profits from Operations	171,578	224,203	289,112	368,711	463,653
<b>2</b>	<b>Total Inflow for the period</b>	<b>3,492,578</b>	<b>324,203</b>	<b>389,112</b>	<b>468,711</b>	<b>463,653</b>
	<b>Cash Outflow</b>					
	Purchase of Land & Building	3,104,750	68,750	68,750	68,750	-
	Purchase of Machinery & Equipment	31,250	31,250	31,250	31,250	-
	Purchase of Furniture & Fittings	2,000	-	-	-	-
	Purchase of ICT Hardware	3,000	-	-	-	-
	Purchase of Other Misc. Assets	180,000	-	-	-	-
	Change in Working Capital Requirement	75,146	13,678	16,187	19,149	22,644
	Payment of Dividend	-	-	-	-	-
<b>3</b>	<b>Total Outflow for the Period</b>	<b>3,396,146</b>	<b>113,678</b>	<b>116,187</b>	<b>119,149</b>	<b>22,644</b>
<b>4</b>	<b>Surplus / (Deficit)</b>	<b>96,433</b>	<b>210,525</b>	<b>272,924</b>	<b>349,562</b>	<b>441,009</b>
<b>5</b>	Opening Cash Balance	-	96,433	306,957	579,882	929,443
<b>6</b>	Closing Cash Balance	96,433	306,957	579,882	929,443	1,370,452
	Cash Balance as per Balance Sheet	96,433	306,957	579,882	929,443	1,370,452

Projected Working Capital Requirement							
							Units: USD
No.	Particulars	No. of Days	Year 1	Year 2	Year 3	Year 4	Year 5
<b>1</b>	<b>Current Assets</b>						
	Stock of Consumables	60	5,634	6,085	6,572	7,097	7,665
	Sundry Debtors	45	89,014	103,801	121,187	141,630	165,672
	<b>Sub-total</b>		<b>94,648</b>	<b>109,886</b>	<b>127,759</b>	<b>148,727</b>	<b>173,337</b>
<b>2</b>	<b>Current Liabilities</b>						
	Salaries & Wages Payable	30	9,822	10,608	11,456	12,373	13,363
	Taxes & Duties on Salaries & Wages Payable	30	3,986	4,305	4,650	5,022	5,423
	Other Payables / Liabilities	30	5,694	6,149	6,641	7,172	7,746
	<b>Sub-total</b>		<b>19,502</b>	<b>21,062</b>	<b>22,747</b>	<b>24,567</b>	<b>26,532</b>
<b>3</b>	<b>Net Working Capital Requirement</b>		<b>75,146</b>	<b>88,824</b>	<b>105,011</b>	<b>124,161</b>	<b>146,805</b>

Projected Schedule for Assets and Depreciation Thereof							
							Units: USD
No.	Asset categories	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
1	Land & Building	Value as of beginning of the year	-	3,118,539	3,027,925	2,941,841	2,860,061
		Purchase / Sale of Assets	3,104,750	68,750	68,750	68,750	-
		Allocation of Contingencies	177,923	-	-	-	-
		Value at year end	3,282,673	3,187,289	3,096,675	3,010,591	2,860,061
		Depreciation Rate (%)	5.00%	5.00%	5.00%	5.00%	5.00%
		<b>Depreciation for the Year</b>	<b>164,134</b>	<b>159,364</b>	<b>154,834</b>	<b>150,530</b>	<b>143,003</b>
		<b>Asset Value after Depreciation</b>	<b>3,118,539</b>	<b>3,027,925</b>	<b>2,941,841</b>	<b>2,860,061</b>	<b>2,717,058</b>
2	Machinery & Equipment	Value as of beginning of the year	-	28,911	52,641	73,404	91,573
		Purchase / Sale of Assets	31,250	31,250	31,250	31,250	-
		Allocation of Contingencies	1,791	-	-	-	-
		Value at year end	33,041	60,161	83,891	104,654	91,573
		Depreciation Rate (%)	12.50%	12.50%	12.50%	12.50%	12.50%
		<b>Depreciation for the Year</b>	<b>4,130</b>	<b>7,520</b>	<b>10,486</b>	<b>13,082</b>	<b>11,447</b>
		<b>Asset Value after Depreciation</b>	<b>28,911</b>	<b>52,641</b>	<b>73,404</b>	<b>91,573</b>	<b>80,126</b>
3	Furniture & Fittings	Value as of beginning of the year	-	1,850	1,619	1,417	1,240
		Purchase / Sale of Assets	2,000	-	-	-	-
		Allocation of Contingencies	115	-	-	-	-
		Value at year end	2,115	1,850	1,619	1,417	1,240
		Depreciation Rate (%)	12.50%	12.50%	12.50%	12.50%	12.50%
		<b>Depreciation for the Year</b>	<b>264</b>	<b>231</b>	<b>202</b>	<b>177</b>	<b>155</b>
		<b>Asset Value after Depreciation</b>	<b>1,850</b>	<b>1,619</b>	<b>1,417</b>	<b>1,240</b>	<b>1,085</b>
4	ICT Hardware	Value as of beginning of the year	-	1,982	1,239	774	484
		Purchase / Sale of Assets	3,000	-	-	-	-

Projected Schedule for Assets and Depreciation Thereof							
							Units: USD
No.	Asset categories	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
		Allocation of Contingencies	172	-	-	-	-
		Value at year end	3,172	1,982	1,239	774	484
		Depreciation Rate (%)	37.50%	37.50%	37.50%	37.50%	37.50%
		<b>Depreciation for the Year</b>	<b>1,189</b>	<b>743</b>	<b>465</b>	<b>290</b>	<b>181</b>
		<b>Asset Value after Depreciation</b>	<b>1,982</b>	<b>1,239</b>	<b>774</b>	<b>484</b>	<b>302</b>

Calculation of Financial Indicators					
Projected Internal Rate of Return (IRR) & Net Present Value (NPV)					
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Capital Outflow/Investment	(3,321,000)	(100,000)	(100,000)	(100,000)	-
Cash Balance	96,433	306,957	579,882	929,443	1,370,452
Increase in Current Assets	75,146	13,678	16,187	19,149	22,644
Residual value current assets after 5 yrs.	-	-	-	-	173,337
Residual value fixed assets after 5 yrs.	-	-	-	-	2,798,571
<b>Total</b>	<b>(3,149,422)</b>	<b>220,635</b>	<b>496,069</b>	<b>848,592</b>	<b>4,365,004</b>

IRR =	19.72%
NPV =	733,114 @ 12%

Projected Pay Back Period					
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Operating Cash Profit After Tax	171,578	224,203	289,112	368,711	463,653
Interest on Long Term Loan	-	-	-	-	-
Gross Operating Profit	171,578	224,203	289,112	368,711	463,653
<b>Cumulative Gross Operating Surplus</b>	<b>171,578</b>	<b>395,781</b>	<b>684,893</b>	<b>1,053,604</b>	<b>1,517,256</b>

**Net CoP (US\$) = 3,621,000**

**Pay Back Period = 11.93**

Projected Break-Even Analysis					
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Revenue</b>					
Total Revenue	722,000	841,944	982,961	1,148,778	1,343,781
<b>Variable Cost</b>					
	394,774	426,356	460,464	497,302	537,086
<b>Fixed Cost</b>					
Operating Costs	154,850	167,238	180,617	195,066	210,672
Interest on Long Term Loans	-	-	-	-	-
<b>Sub-Total</b>	<b>154,850</b>	<b>167,238</b>	<b>180,617</b>	<b>195,066</b>	<b>210,672</b>
<b>Break Even Revenue (Rent)</b>	<b>154,850</b>	<b>167,238</b>	<b>180,617</b>	<b>195,066</b>	<b>210,672</b>
<b>Margin of Safety</b>	<b>567,150</b>	<b>674,706</b>	<b>802,344</b>	<b>953,712</b>	<b>1,133,110</b>

Return on Investment (ROI) per year					
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
ROI before Tax	0.07%	2.22%	4.86%	8.07%	12.19%
ROI after Tax	0.05%	1.56%	3.40%	5.65%	8.53%

Particulars	Average
ROI before Tax	<b>5.48%</b>
ROI after Tax	<b>3.84%</b>