

BUSINESS PROPOSAL FOR DAIRY PROCESSING AND DISTRIBUTION EXPANSION PROJECT

Submitted by: *Cmat Group Ltd*

Submitted to: *Tanzania Agricultural Development Bank (TADB)*

Total Project Cost: **TZS 170,000,000**

1. Introduction

Cmat Group Ltd is a Tanzanian agribusiness company specializing in milk collection, processing, and distribution. The company collaborates with smallholder dairy farmers to ensure a consistent supply of quality milk.

Cmat Group Ltd seeks financial support of **TZS 170 million** from the **Tanzania Agricultural Development Bank (TADB)** to expand its processing capacity and improve the distribution system. The investment will fund modern milk processing equipment, cooling facilities, four delivery vehicles, and working capital to boost production and distribution efficiency.

2. Background

Cmat Group Ltd currently collects and processes raw milk from farmers in **Tanga, Morogoro, Iringa and Dar es Salaam**. Due to limited capacity and manual operations, the company faces production bottlenecks and distribution challenges.

This project aims to upgrade operations to handle **5,000 liters per day**, expand the product range (milk, yoghurt, butter, and ghee), and strengthen cold-chain distribution through fridges and dedicated vehicles.

3. Project Objectives

- Expand processing capacity to **5,000 liters per batch**.
 - Introduce automated packaging and processing systems.
 - Maintain cold-chain integrity with **10 distribution fridges**.
 - Improve product reach using **4 small distribution vehicles**.
 - Increase operational liquidity through **TZS 10 million working capital**.
 - Strengthen farmer linkages and job creation.
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4. Project Components and Estimated Costs

No.	Item Description	Estimated Cost (TZS)
1	Milk Processing Tank (5,000L)	30,000,000
2	Automatic Milk Packaging Machine	20,000,000
3	Bottle Filling and Capping Machine	15,000,000
4	Butter and Ghee Processing Machine	12,000,000
5	Yoghurt Filling and Sealing Machine	12,000,000
6	Milk Transfer Pump	4,000,000
7	SS Pipes and Fittings	7,000,000
8	Four (4) Distribution Vehicles	45,000,000
9	Ten (10) Distribution Fridges	10,000,000
10	Working Capital	10,000,000
Total Project Cost		TZS 170,000,000

5. Management and Organization Structure

Overview

Cmat Group Ltd has a comprehensive management framework that supports efficient milk processing, product quality assurance, effective distribution, and strong human resource management. The structure ensures accountability, operational efficiency, and readiness for future expansion.

Management Hierarchy

1. Managing Director (MD)

Provides overall leadership, strategic vision, and governance oversight. Ensures compliance with company goals and regulatory requirements, and manages stakeholder relations.

2. General Manager (GM)

Reports directly to the MD. Oversees day-to-day operations, departmental coordination, performance supervision, and business continuity.

3. Departmental Heads

- **Operations Manager** – Oversees milk processing activities, machinery performance, and production output. Supervises the *Production and Quality Team*.
- **Production & Quality Team** – Handles daily milk processing, packaging, product testing, hygiene, and quality control to ensure compliance with food safety standards.

- **Finance & Administration Officer** – Responsible for accounting, financial reporting, budgeting, payroll, and administrative services.
- **Sales & Marketing Officer** – Manages product promotion, customer engagement, market growth, and sales targets.
- **Procurement & Logistics Officer** – Coordinates raw milk sourcing, transport, storage, and finished product distribution.
- **Human Resources (HR) Officer** – Manages recruitment, training, staff welfare, and compliance with labor laws.
- **Technical Supervisor** – Oversees maintenance of production machinery, cold storage units, and electrical systems.

4. Support Staff & Drivers

Support operational logistics, deliveries, plant hygiene, and distribution across supply routes.

6. Financial Projections (3 Years – Updated)

Key Assumptions

- Processing capacity: 5,000 liters/day × 25 days/month = **125,000 liters/month (1.5 million liters/year)**
- **Average selling price: TZS 2,000 per liter**
- **Year 1 revenue: TZS 3,000,000,000**
- Production cost: **65% of sales**
- **Fixed operating expenses: TZS 350,000,000 annually, increasing by 5% per year**
- **Sales growth rate: 5% per year**

Financial Projections – Cmat Group Ltd (3 Years)

1. Projected Income Statement (TZS)

Description	Year 1	Year 2 (+5% sales growth)	Year 3 (+5% sales growth)
Revenue (Sales)	3,000,000,000	3,150,000,000	3,307,500,000
Cost of Goods Sold (65%)	1,950,000,000	2,047,500,000	2,149,875,000
Gross Profit	1,050,000,000	1,102,500,000	1,157,625,000
Operating Expenses (350M growing 5%)	350,000,000	367,500,000	385,875,000
Net Operating Profit	700,000,000	735,000,000	771,750,000

2. Cash Flow Summary (TZS)

Item	Year 1	Year 2	Year 3
Net Profit	700,000,000	735,000,000	771,750,000
Depreciation (non-cash)	20,000,000	20,000,000	20,000,000
Loan Repayment	(150,000,000)	(150,000,000)	(150,000,000)
Net Cash Flow	570,000,000	605,000,000	641,750,000

3. Balance Sheet (TZS)

Assets	Year 1	Year 2	Year 3
Fixed Assets (equipment, vehicles, fridges)	170,000,000	160,000,000	150,000,000
Current Assets (cash, stock, receivables)	250,000,000	320,000,000	390,000,000
Total Assets	420,000,000	480,000,000	540,000,000
Liabilities & Equity	Year 1	Year 2	Year 3
Loan Payable (TADB)	150,000,000	100,000,000	50,000,000
Owner's Equity & Retained Earnings	270,000,000	380,000,000	490,000,000
Total Liabilities & Equity	420,000,000	480,000,000	540,000,000

7. Implementation Plan

Phase	Activity	Duration
1	Procurement of equipment & vehicles	2 month
2	Installation and testing	1 month
3	Staff training	2 weeks

Phase Activity	Duration
4 Launch of operations	Continuous

8. Conclusion

The proposed **TZS 170 million** investment will enable **Cmat Group Ltd** to significantly expand its dairy processing and distribution capacity.

Support from **TADB** will enhance value addition in Tanzania's dairy sector, promote rural livelihoods, and ensure sustainable agribusiness growth.