



Model Cashew Processing Business Plan

**Golden Tulip Hotel, Cotonou
September 24, 2019**

by

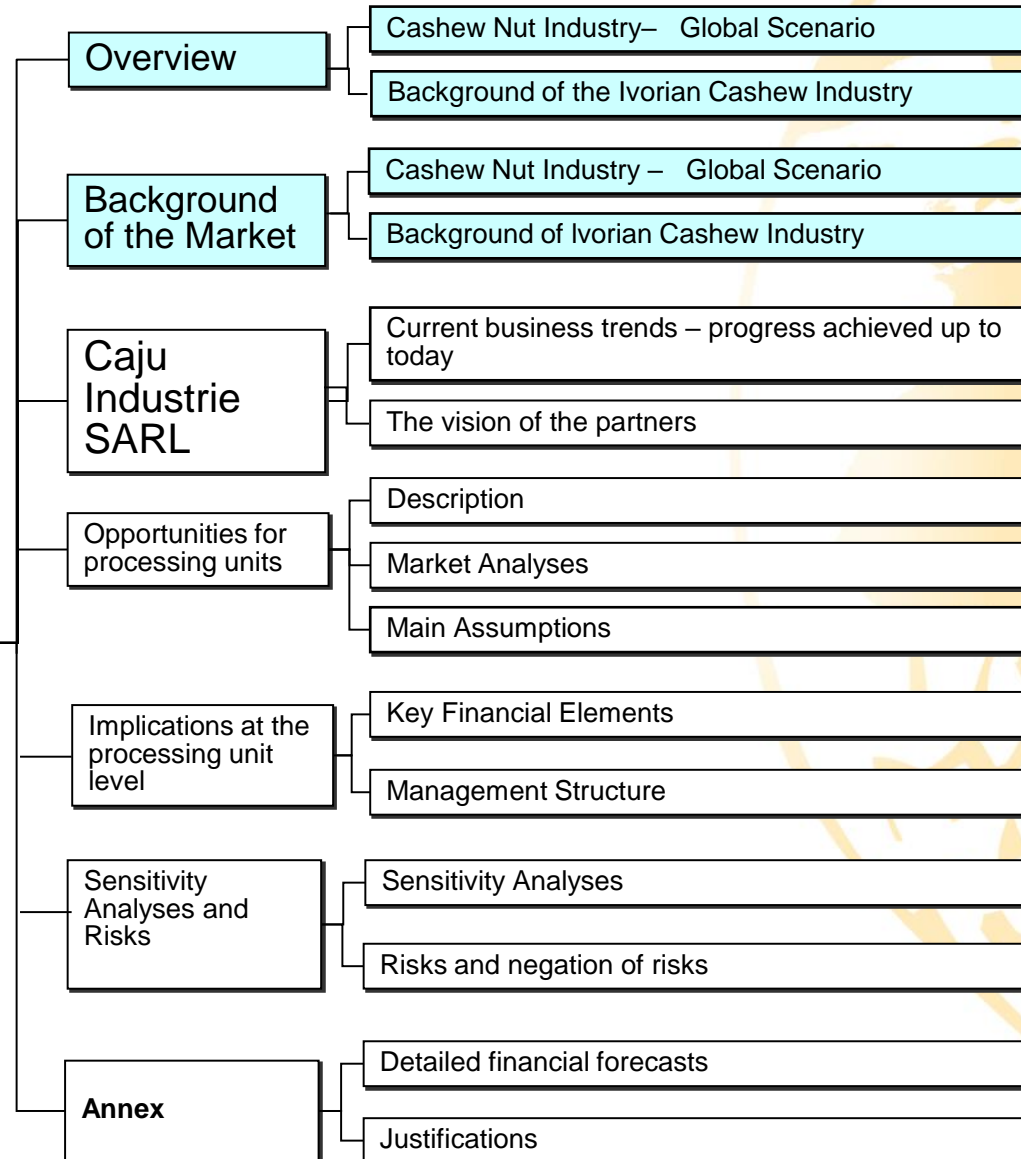
**Ernest Mintah
Managing Director
African Cashew Alliance**





Caju Industrie SARL – ELEMENTS OF THE BUSINESS PLAN

Opportunity for Caju Industrie SARL





Caju Industrie SARL is a company established to process cashew nuts, one of the emerging sectors in Cote D'Ivoire. Today, Cote d'Ivoire produces almost 330,000 tons of raw cashew nuts, 96% of which are exported to India for value addition. Mrs Kone Namaro, founder of the company with her extensive 23 years experience in the business environment is ready to take this opportunity to turn it around. She travelled all over the world to learn more and more about cashew ending several months in acquiring the necessary know-how of essential know-how for her new business.

Lots of efforts have been deployed by local governments and many development organizations to see to it that this sector is firmly established for value addition, since many services are available for these initiatives, such as technical assistance, quality control, market linkages and others. Most of these services are subsidized for African processors. Market forces are also joining hands with many projects to assist African cashew processing endeavors. ACA, African Cashew Alliance is one of the private sector initiatives to serve as a knowledge platform to share best practices among African Cashew Processors.

She is using her savings in building her plant in Boundiali, one of the major cashew nut producing regions in the North of Cote D'Ivoire. Local population is enthusiastic about her plan as there are hardly any other job opportunities in that area. Boundiali produces around 9000 tons of good quality product which will serve as a base for success of Caju Industrie.

She will be buying directly from the farmers and will pay them according to their quality, farmers will make an extra income of 40% with direct sales and quality premium. In her expansion phase she will work with 3-4 farmers' cooperatives to teach them cashew processing, and will buy back their products to package under her brand.



Overview 2/4



She is planning to start her plant with a capacity of 600 tons of raw cashew nuts in her first year, increasing gradually to 2000 tons in her fifth (5) year. The establishment of this processing in the Boundiali factory will have a social impact in the region and even beyond, job creation, poverty reduction, addressing the rural exodus phenomenon and strengthening the Côte d'Ivoire cashew industry.

Principal Technology

The main technology used by the company is a manual, simple but effective technology known as roasting steam manual dehulling process. This technology is already used by other similar units on the continent in Mozambique, Tanzania, Kenya, Africa South, Ghana, Benin and Burkina Faso. Mozambique whose processing capacity in 2001 was insignificant, today processes 80% of its cashew nuts, creating 8950 jobs. And all this through diligent assistance from Technoserve. It is this great and successful experience in Mozambique that Technoserve wants to introduce in Cote d'Ivoire starting with Caju industrie Sarl.

The process is based on methodologies and technologies specifically tailored to the Ivorian conditions. These methodologies and technologies are currently used by global leaders in the processing of cashew in India and Brazil. Compared to the technologies used under mechanical processing already existing in Côte d'Ivoire, this technology is cheaper and provides more profits and better quality almonds.





Economic Performance

Estimates deemed realistic by Technoserve, this new unit will generate a turnover of approximately 367,414,617 FCFA in the first year; then grow to 1,379,498,895 FCFA in the fifth year with a net profit after tax and interest of about 31,745,636 FCFA in the first year, rising to FCFA 272,711,103 in the fifth year. The project shows an IRR of about 54% and a positive NPV at a rate of discount of 13%, which corresponds to the interest rate charged by most banks.

Financing Needs

The cumulative CAPEX for the first year is estimated at 170,034,375 FCFA and 85,059,900 FCFA for the second year as follows:

New buildings and warehouses.....	F CFA	75.000.000
Equipment	F CFA	65,034,375
Raw Materials.....	F CFA	8.000.000
Vehicles.....	F CFA	22.000.000

In the coming years, fewer resources will be devoted to capital in order to have more funds to operate. The annual needs in working capital fund for the first year are FCFA 172,230,000 and will be 697,822,138 FCFA in the fifth year. Despite the sensitivity of this activity to the fluctuation of the market price of almonds and cashew, it can generate significant capital flows.

Cash flow is of vital importance because cash flow problems are the primary cause of bankruptcy of business enterprises in Côte d'Ivoire. This company will need cash flows in the first two years before subsequently generating enough funds for self-financing through retained earnings. Meanwhile, branch must sit down and develop a sound management of its cash so him and his team are constantly informed of the actual situation of the tter to take appropriate measures.





Financing Options

There are at least three options for financing: funding by the purchaser against sales to term financing short term sought from banks for the purchase of cashew. Spontaneous partnership with a financial partner Caju industrie SARL needs including a total loan of 266,558,514 CFA FRANCS: 65,034,375 FCFA for the period of 3 years for equipment and 201,524,139 CFA FRANCS for a period of 12 months for use as working capital.

Risks

Of course, this business is not without risks. However, the risks and strategies to avoid them have been identified and we are convinced that the overall level of exposure is negligible in view of the attractive benefits ahead. This company can stand against all odds with the exception of a default of its cash flow.

Social Impact

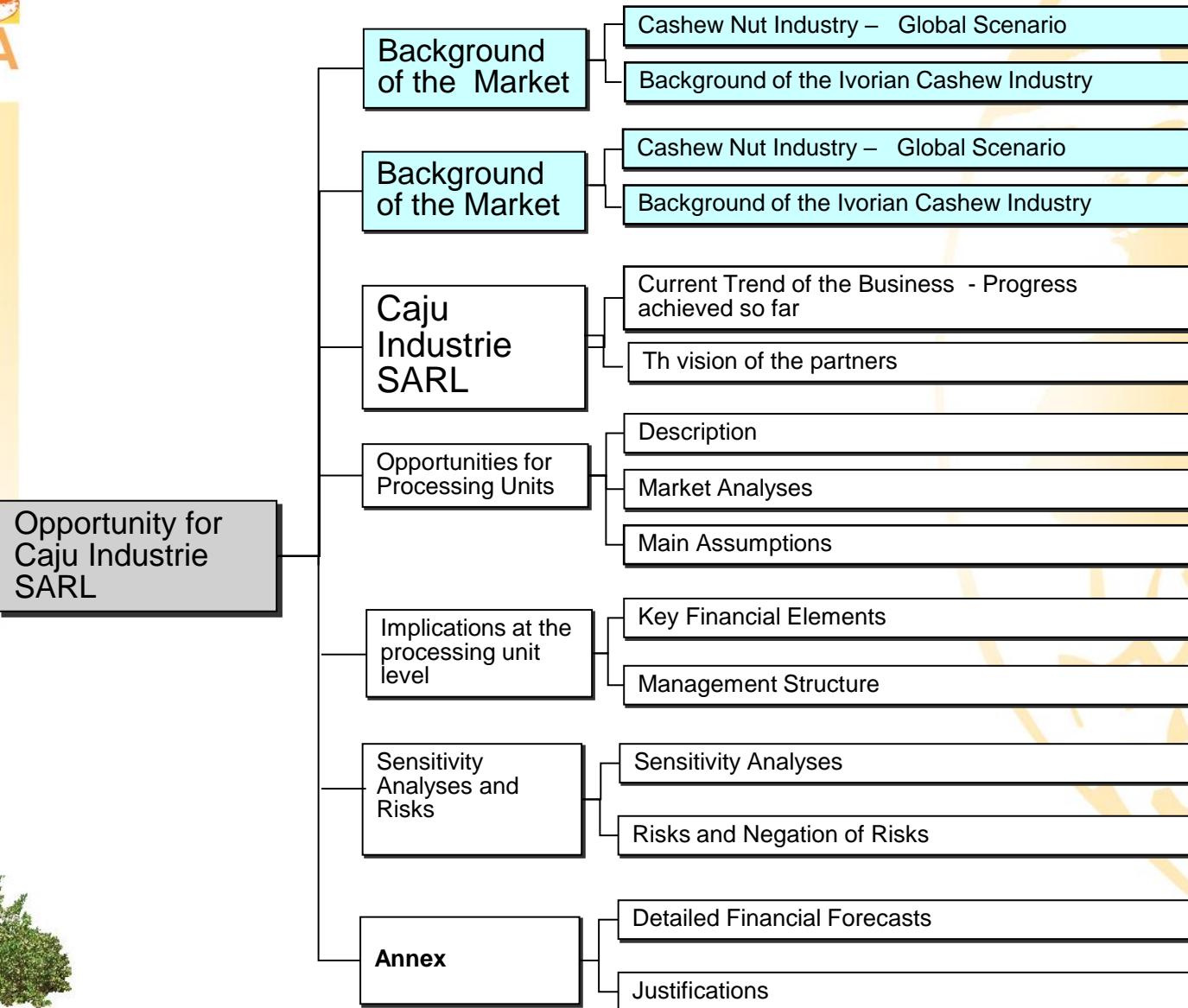
The establishment of Caju Industrie SARL in Boundiali will have a major social impact on the deprived rural population in the locality. It will create **179** jobs in the first year, then **488** jobs in the fifth year. It will pay close to **66,761,145 FCFA** in salaries for the first year of operations.

Caju Industrie will purchase directly from farmers to remove the commissions paid to middlemen. But in the long run, this will contribute to an increase in farmers' income, thus enabling them to deal directly with the company.





Caju Industrie SARL – ELEMENTS OF THE BUSINESS PLAN



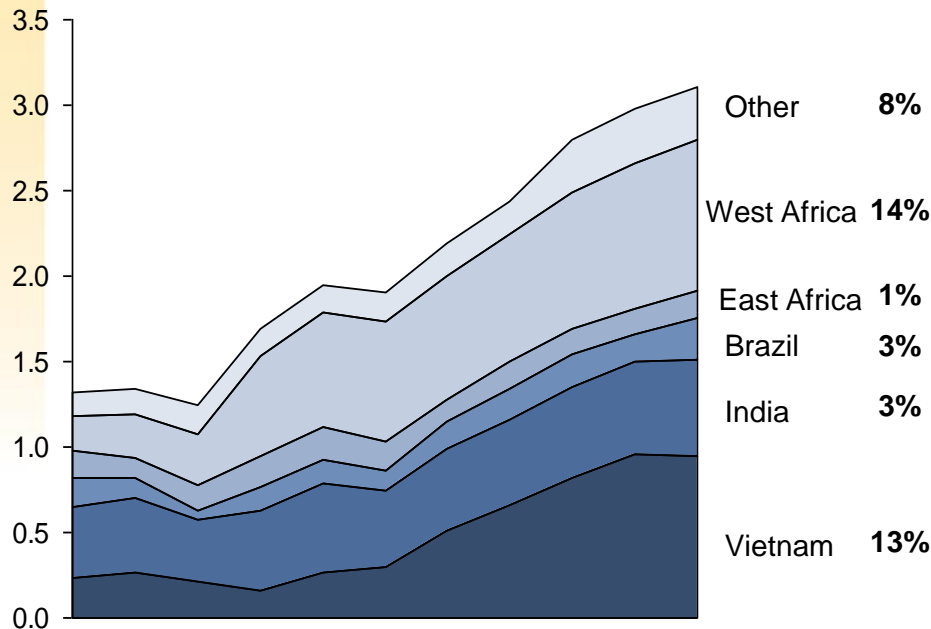


In the past decade, the production of cashew nut has been increasing steadily by 8% per year, with Vietnam and West Africa being the leading producers

World Production of raw cashew nuts

Millions of tonnes of raw cashew nuts

CAGR



•Côte D'ivoire is the leading producer of cashew in Africa and third in the world.

•Local processing is less than 3%, the external processors have set their eyes on this potential

Source:

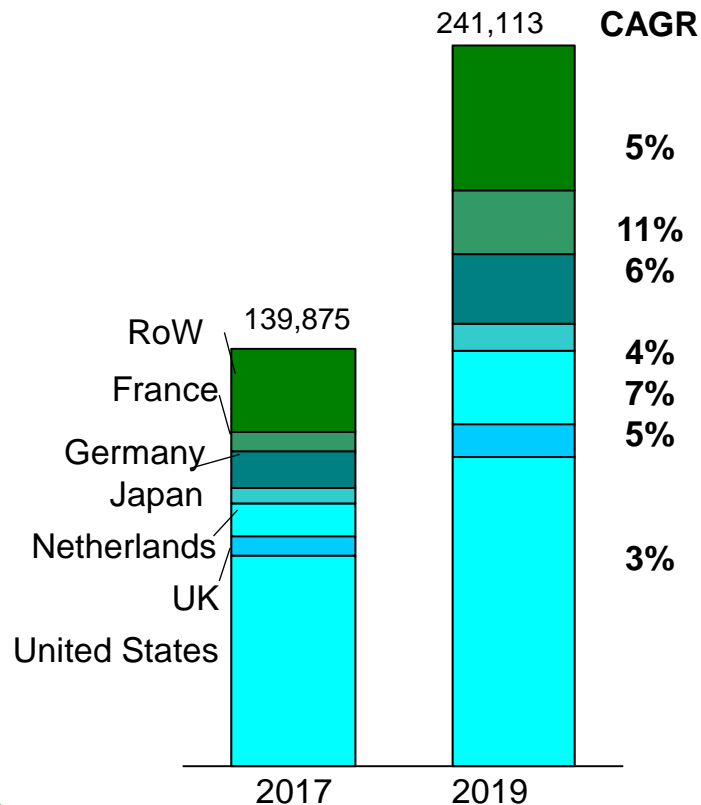
Global supply increased considerably in the last decade:

- Vietnam has actively targeted the growth of its cashew industry and as a result has become the leader of the market
- India and Brazil have lost a share of the market because of a very low production, partly due to the competition for the capacity of agricultural production.
- The growth of cashew nut production in West Africa is equal to that of Vietnam, even though there are still doubts about Nigeria's production.
- The production in East Africa is by far low due to the fall in production attributed to aging of orchards.
- In 2018, Ivorian exports amounted to 800,000 tonnes of raw cashew. This makes the country the second largest producer.



The demand for cashew kernels increased continually, particularly in North America and Europe. The other markets are also growing in size

Imports of cashew kernels in tonnes,



Cashew Demand Trends

- The cashew market is increasing continually in spite of the lack of promotion campaigns
- The purchasing power of emerging countries (India, China) is driving the demand.
- The global demand is expected to rise, in particular in the emerging countries
- Cashew is in demand for its taste and healing properties.



Source: World Bank. YEAR

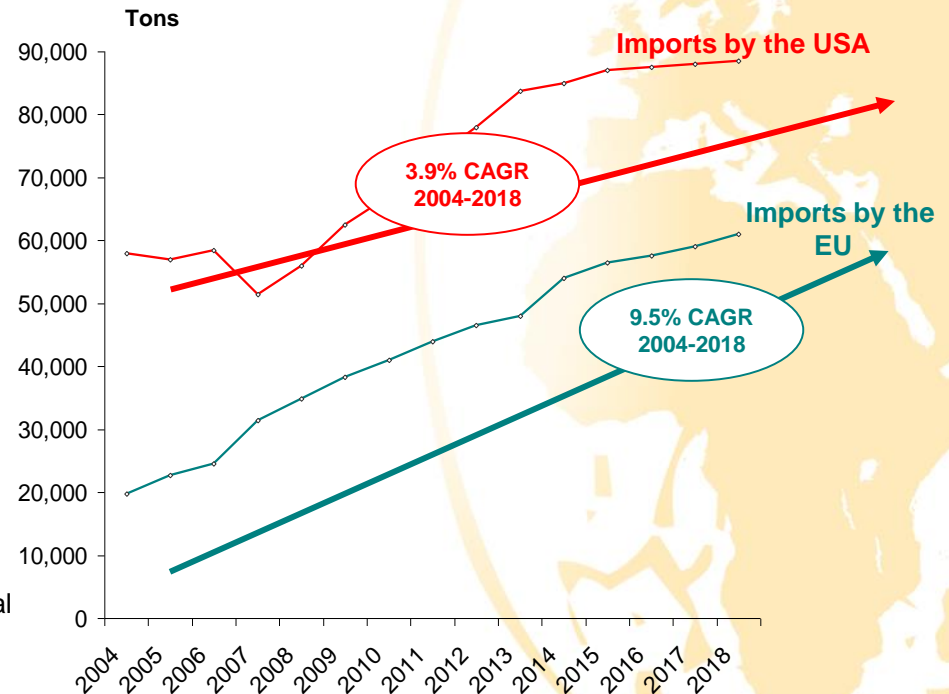


The United States and the EU are the major consumers in the world. In the course of the past decade, the consumption has increased, particularly in Europe. However, the growth has declined in very recent times.

CONSUMPTION

- The United States are the biggest market in the world, with about 88,500 tonnes per annum. The main suppliers are India (51%) Vietnam (23%) and Brazil (17%)
- The European imports of cashew kernels have increased from less than 25,000 tonnes to reach close to 61,000 tonnes during the past decade, accounting for a CAGR of 9.5%. India is still the largest supplier, 50% of total imports, followed by Vietnam and Brazil. The Netherlands is the main European market, about 1/3 of imports, though a major proportion is for re-export.
- Canada, Japan, Australia, India and the Middle East are other important markets.
- The African consumption is relatively low even though the potential exists. However, the local small-scale production is not taken into account in the international trade statistics.
- It is a fact that there is a huge potential market for cashew kernel, particularly, in the new markets of Europe, the Middle-East and Asia

IMPORTS OF CASHEW KERNELS ON THE BIGGEST MARKETS

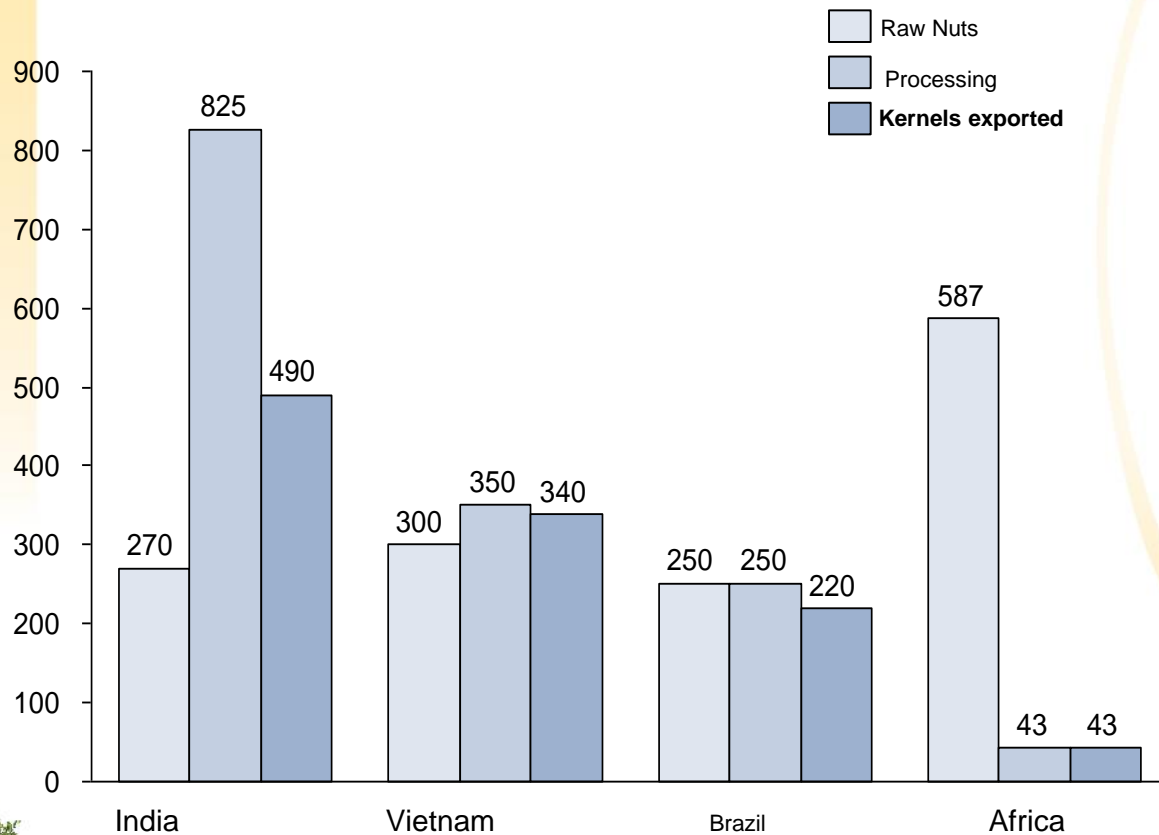


Source: World Trade Atlas, Euromonitor, from "The US and European Markets for Cashew Nuts" Report (Accord Associates)



India and Vietnam have established themselves as leaders of the cashew nut processing for export.

Cashew Nut Production, Processing and Export, Thousands of tonnes, 2018



- Vietnam has quickly become the 2nd largest processing country in the world through political, ban on the export of raw cashew nuts.
- India which has also placed a ban on the export of cashew nuts, has a longstanding tradition of processing with skilled manpower and local entrepreneurs.
- The processing of cashew is mainly an export-driven industry. However, local demand is growing in India.



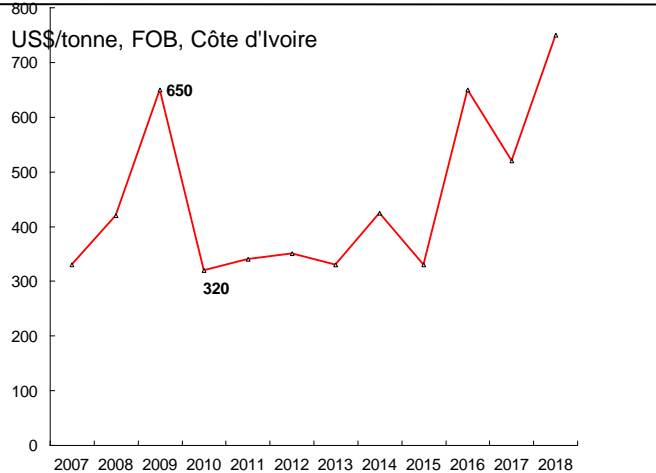
Source: Cotonou, ACA Meeting Benin, 2006, Cashew sector across Africa



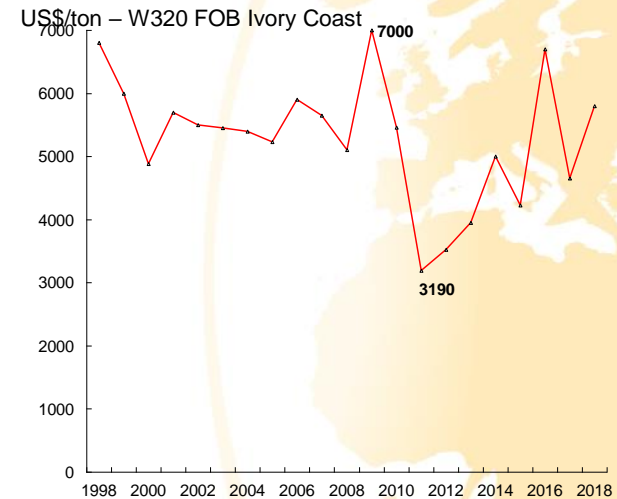
The prices of cashew nuts and kernels depend on the world markets. In spite of a brief upsurge in prices in 2017 and 2018, the prices of cashew nuts and kernels have rebound at average prices.

Les cours du marché des NOIX et des AMANDES de cajou

Raw Nuts



Kernels



- The prices of raw cashew nuts are highly variable and they are influenced mainly by the needs of the Indian industries
- The prices surged in 2017 and 2018 due to the poor harvests in some African producing countries, and this created some panic among some Indian industrialists who were disturbed not to have procured enough to feed their factories.
- The shortages that followed caused a short-lived rise in prices of kernels (see the right side of the Graph).
- The price of raw cashew in Côte d'Ivoire rose to about FCFA300,000 /tonne, this made the processing option highly profitable in the country.

- During the 1988-98 decade, the prices of kernels were relatively stable within the \$ 4000 - 4500 dollars / tonne bracket
- In spite of a short-lived rise in prices in 2017 and 2018, the prices of cashew kernels fell to an all-time low in 2020, caused by a serious glut in production, mainly in India and Vietnam.
- Recently, the trend of prices used to stabilise or rise slightly. At the Port of Abidjan, the average FOB price was 4650 dollars/tonne in the second (2nd) half of 2018.

Source: Man Production – Edible Nut Market Report



Though it is important for the Ivorian economy and in spite of the increase in production during the past decade, the cashew sector is confronted with the effects of the political crisis.

The Ivorian cashew industry – an overview

Comments

It is concentrated in the rural part of the North

Huge local processing potential

Efforts to redress things are shaky

Still vital for the economy

- The greater proportion of the Ivorian cashew is concentrated in the rural parts of the Ivory Coast, north, north-west, north-east of Côte d'Ivoire where the climate is favourable
- After several years of decline in the quality due to political instability, the Ivorian cashew has regained its good quality since 2006. Currently, thousands of farmers are cultivating new cashew plantations.
- The production of raw cashew reached a record high of more than 330,000 tonnes in 2008. But only 8,000 tonnes of raw cashew are processed locally.
- New plantations are being cultivated everyday as many new farmers have entered into the sector
- Thousands of young Ivorians are looking for jobs especially in the north of the country.
- With the war coming to an end and the determination of the operators in the sector, progress has started to be recorded in the area of cashew production and local production initiatives.
- Efforts to process cashew have been less fruitful since the plants were in a learning stage and did not receive any external support.
- However, many projects have received adequate support enabling them to establish small and medium-scale units in the production zones.
- In spite of all its weaknesses, the export of cashew is still a pillar of the Ivorian economy. In fact, it generates huge foreign exchange inflows and creates close to 125 000 direct and 25% indirect jobs and increases incomes in the rural production areas rurales de production.
- The cashew-related incomes will provide added value of 160 million additional euros to the Ivorian economy.
- The industry is going to pay close to 53 million euros as salaries.





The political situation, a distinct model can be defined in the light of the existing basic potential. The cashew processing industry in Côte d'Ivoire is promising if we focus on the appropriate technology, a good management and not on the huge size of the processing units.

THE IVORIAN CASHEW INDUSTRY – FUNDAMENTAL BELIEFS

Comments

Excellent prospects for the cashew nut

- Consumption per capita is high in the USA (250g per capita annually.) – A great consumption potential exists for the other markets in the EU, Asia and the emerging markets
- The healing properties of cashew kernels do not need to be over-emphasised (e.g. the kernels do not allow people to put on weight and they do not contain cholesterol)

Côte d'Ivoire has a huge potential...

- The Ivorian climate is excellent for the cultivation of cashew – the Ivorian cashew production in 2008 was more than 310,000 tonnes of raw cashew, which makes the country the leading producer in Africa and the second in the world
- Abundance of labour in the North and everywhere in the country.

...if we opt for the good approach

- The current liberal economic and industrial policy is favourable for the new operators.
- The recommended approach is the use of small-sized processing units accompanied by technologies and management suitable for local conditions locales.
- Many international projects will allow the local manufacturer to develop their managerial skills and to find job opportunities for them.
- The African Cashew Alliance, which is supporting the programmes in Côte d'Ivoire is contributing immensely in this direction.

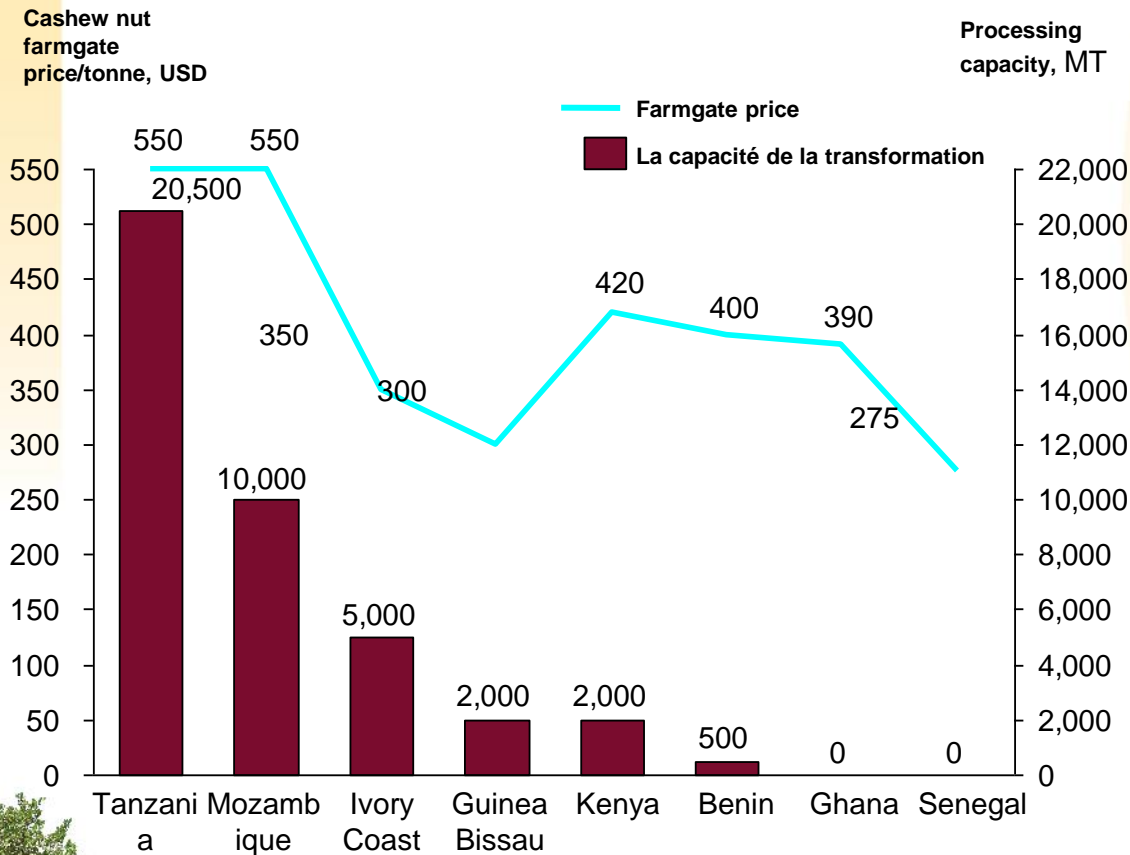


Source: Technoserve



The farmers gain from the plant gate prices in the countries where the local processing industry has been developed. Thus, thousands of farmers gain 30 to 40% of additional incomes.

Farmgate price of cashew nut and the local cashew nut processing industry, 2018



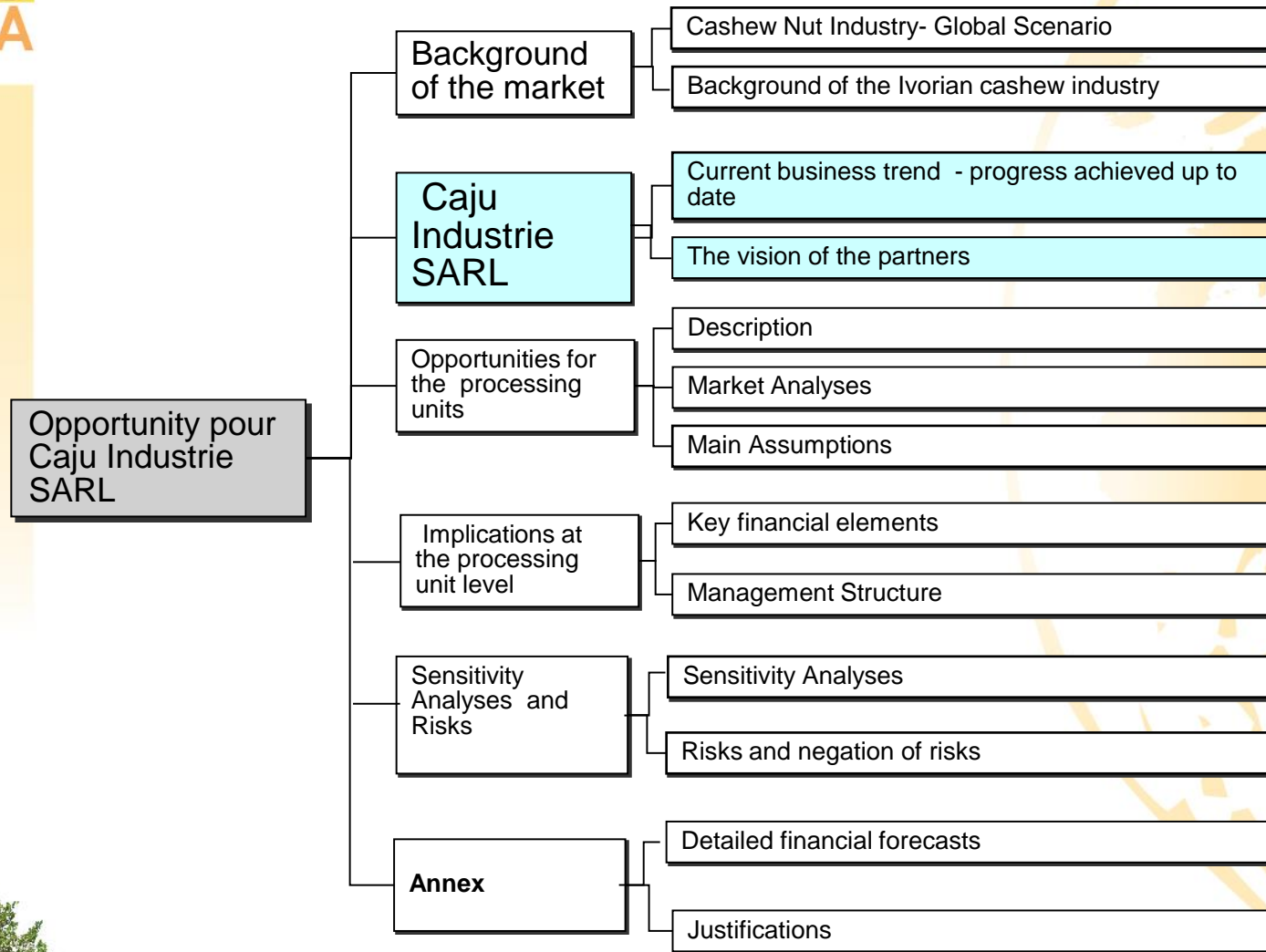
Benefits of the local processing industry for the producers:

- The presence of the local industry broadens the local market and reduces the dependence on international buyers
- More taxes for the nuts being exported and therefore possible increase in the prices of farmers
- The existence of a local industry reduces the involvement of the government in fixing the price of the cashew nut.

Source:



Caju Industrie SARL – ELEMENTS OF THE BUSINESS PLAN





PROFIL DU PROMOTEUR

PROFESSIONAL TRAINING

1984 – 1987

Bachelor of Science (First Degree) Economics Option, University of Montreal Canada

1983 - 1984

Canada

College Certificate (D.E.C.) Pure Science Option, Collège André-Grasset, Montreal-

PROFESSIONAL EXPERIENCE

2005

GMTCI (Garantie Cautionnement des Transporteurs de Côte d'Ivoire)

Officer-in-charge, Accounting and Finance Department.

2000 - 2004

TUCI (Transit et Usinage de Côte d'Ivoire)

Officer-in-charge, Accounting and Finance Department.

1998

IVOIRE COMMODITIES

Director of Finance and Administration (DAF).

1994

SOFIN SA CI (Financing and Investment Company)

Officer-in-charge, Accounting and Finance Department.

1993

UMECI (Union des Mutualistes d'Entreprises de Côte d'Ivoire)

Officer-in-charge, Operations

1991

G E M (Groupe Epargne Mutuelle) Côte d'Ivoire

Officer in charge of Housing Section.

1987

NEA (Nouvelle Editions Africaines) Côte d'Ivoire

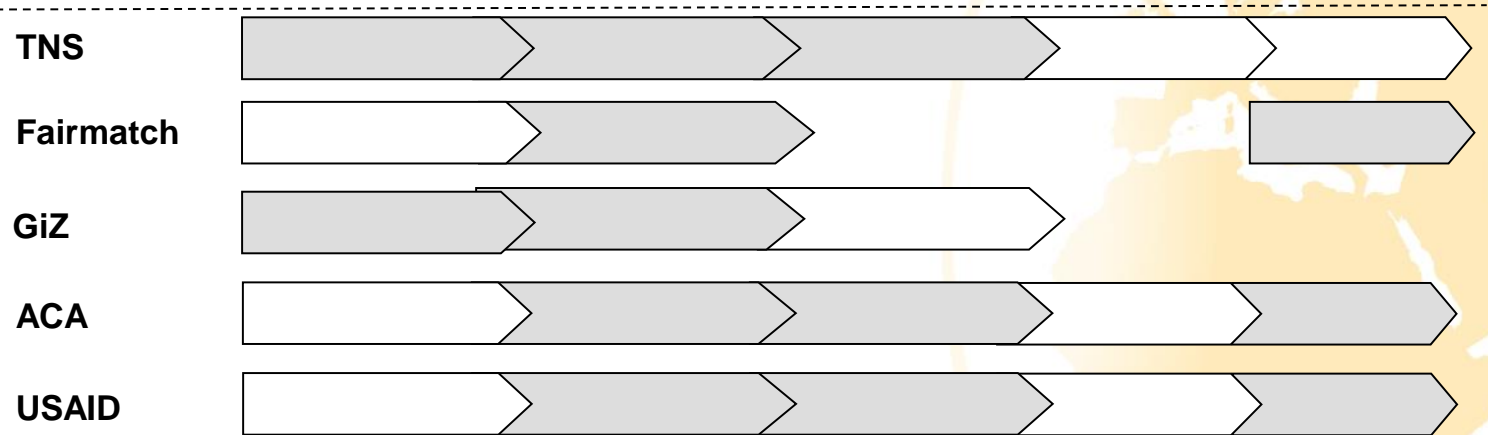
Management Analyst and Internal Audit






Today, with the support of several international organisations, Côte d'Ivoire has the requisite know-how in many critical areas in the cashew chain and the cashew nut environment

The public sector (government and NGOs) in the value chain

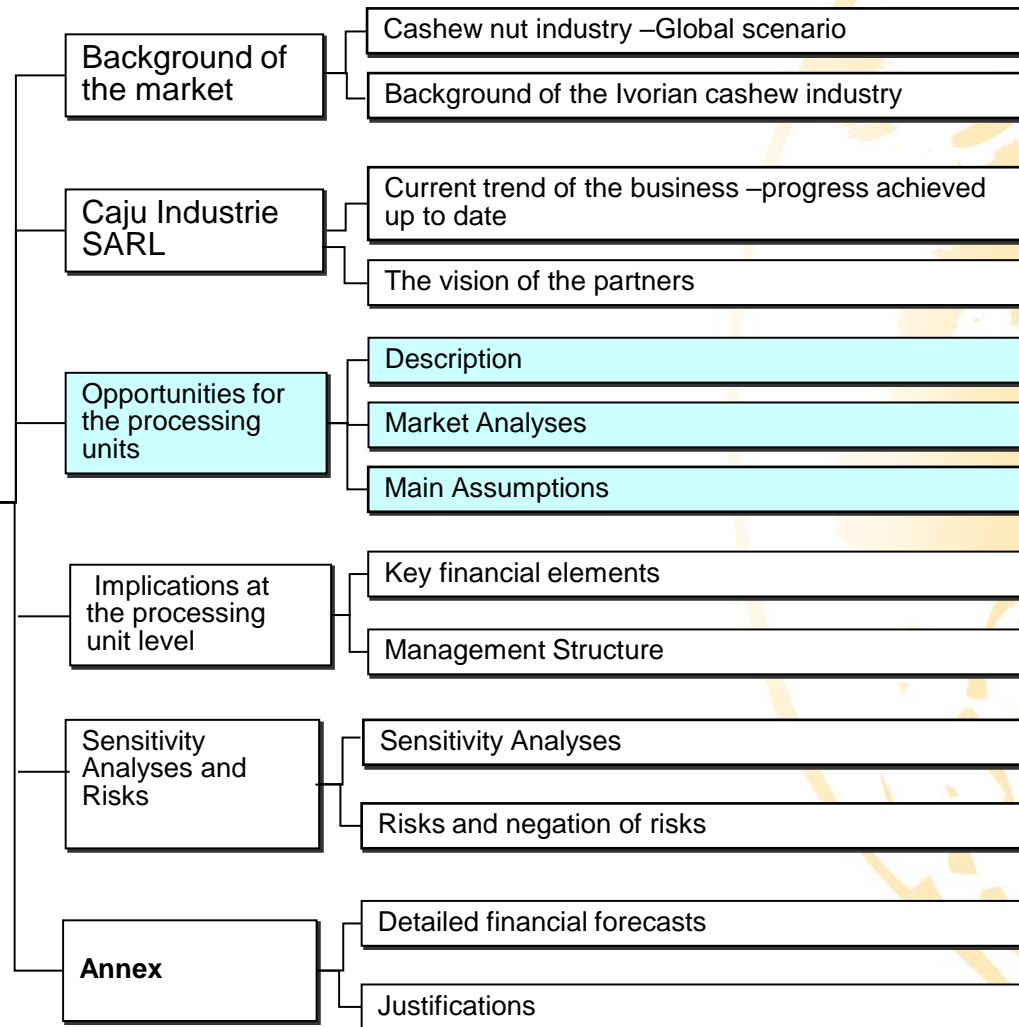


 Primary focus
 Second focus



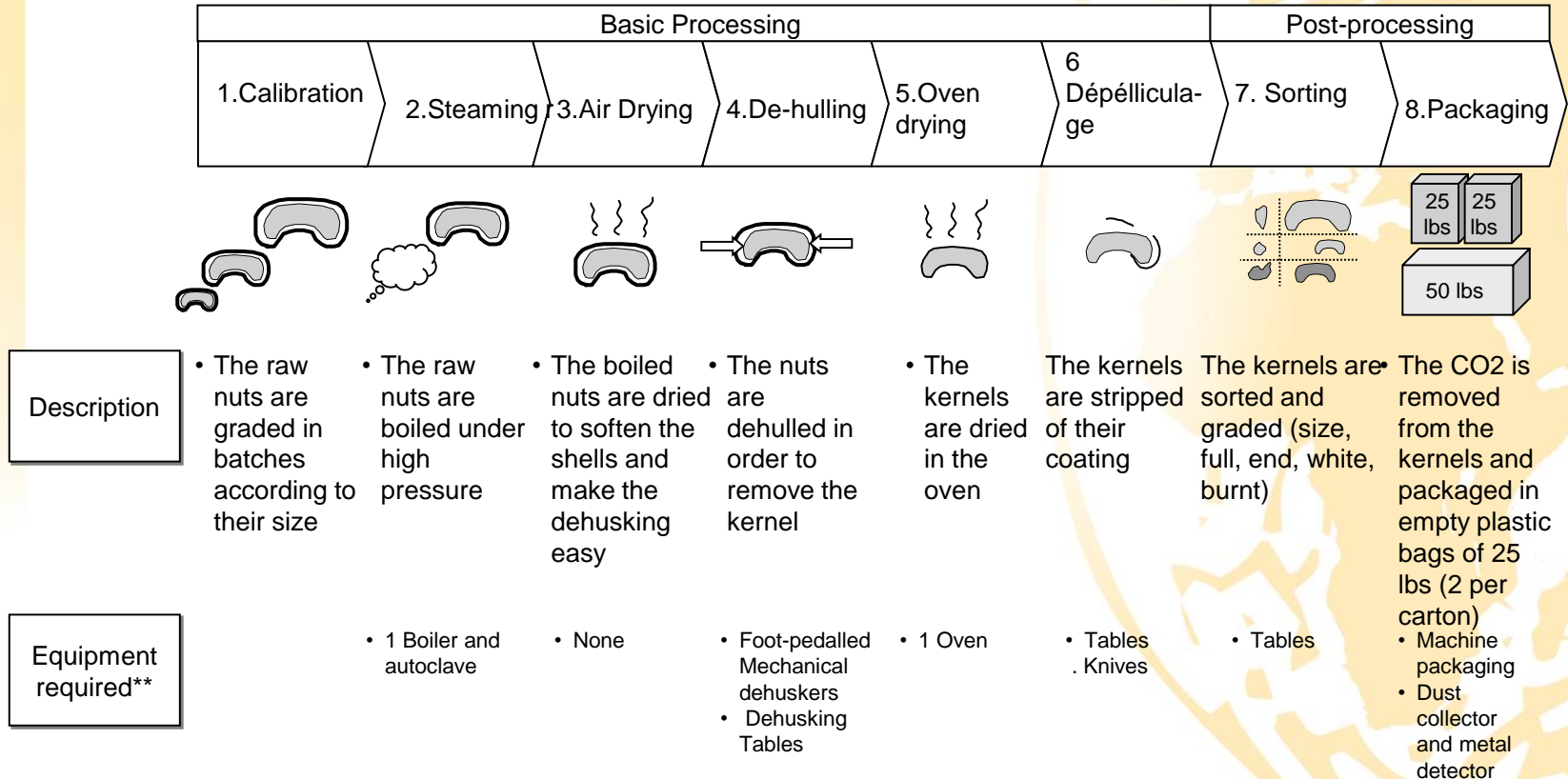
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Opportunity for Caju Industrie SARL



Cashew processing can be summarized in eight (8) simple manual stages. This process is applicable to small and medium scale plants in rural areas within the cashew production areas in Côte d'Ivoire.

SMALL/MEDIUM SCALE PROCESSING UNIT – OVERVIEW



*The processing is done manually as pertains in India. First country to process cashew worldwide but adapted to Ivorian conditions

Source: Technoserve





This small-scale technology is the key to success regarding cashew processing in other African countries. It is suitable for Ivorian conditions

KEY SUCCESS FACTORS IN CASHEW PROCESSING

Success Factors

Description

Advantage in the methodology adopted

1. Supply at competitive price of good quality nut



- The nuts must be supplied at the best possible price (including transport expenses, deadlines)
- The nuts must be of the best possible quality

- The location of Caju Industrie SARL in the rural setting helps to reduce transport costs, avoid middlemen and therefore to obtain supplies at a more competitive price

2. Low operational cost



- The operating cost per kg of processed nuts must be as low as possible
- This depends on both the salaries and the efficiency of the workers

- low cost as compared to mechanical dehushing
 - Manual dehushing is a very effective method
 - Low cost of labour in the rural environment al
 - Operations effectively managed

3. Low cost price



- The cost price per kg of processed nut must also be as low as possible
- This depends on the level of investment, efficiency of capital and the rate of efficiency of use of the production potential.

- Based on adjustment of capacity, the cost of lost production of Caju Industrie SARL Company should account for only 15% of those of largescale mechanical plants
- Furthermore, Société Caju Industrie SARL which is also a large-scale one, has the opportunity to attain a 90% utilisation rate.

4. High quality output



- The profits depend highly on the average sales prices, which in turn depend highly on the proportion of full nuts of the finished product

- The manual dehushing is highly efficient than the mechanical one if the employees are well-trained and motivated.





The processing unit will be located in Boundiali. The necessary investment will be around FCFA 170,034,375 for Capex

ACA PROCESSING PLANT - DESCRIPTION/ OVERVIEW



Description

- The new unit will have a processing capacity of 2,000 tonnes of raw cashew nuts per annum. But only 600 tonnes will be processed this year, then gradually to 2000 tonnes. The business will create about 179 new jobs for the first year and 488 jobs the plant reaches its full operational level.

Mise en Application

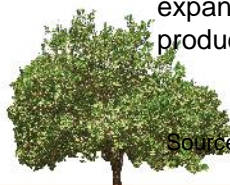
- The plant will be based in Boundiali, one of the cashew production zones in Côte d'Ivoire. Indeed, the productive characteristics in Boundiali offer conditions that can sustain larger production capacities to foster not only expansion of kernels production but also future exploration of new by-products such as CNSL and others of the false fruit.

Reasons

- The success of other units of the same size has shown that the processing industry is viable with good management. This must easily inspire Caju Industrie S.A..R.L.
- There is an absolute need to create new plants and expand the already existing ones.
- The new medium-sized plants will be more attractive economically than the small ones due to some expenses.
- A large-scale operation will also increase the social impact on the community

Key financial elements

Capex Investment :	~ 170,034,375 FCFA
Met margin, % (1 st Year):	9 %
EBE (1 year):	~ 61,528,763 FCFA
Repayment	<36 months
NPV:	268,232,997 FCFA
IRR:	~54%



Source : Economic model



There is no threat of competition at the local level (real or potential), but as already indicated – the operation is facing the risk of global market insecurity in respect of raw materials

OVERVIEW OF THE COMPETITION

Small,
domestic

Description

- Small-scale production at the village level, mainly for local or domestic consumption
- Entry of small-scale plants in the Region could play on the supply of raw cashew.

Comments

- **No threat of competition**
 - The Ivorian production of cashew kernels is insignificant as compared with the global consumption (< ½ %)
 - The real competition will be with foreign industries
 - Caju Industrie SARL is the first processing unit in the region
 - The Ivorian industry processes less than 3% of the Ivorian production on the whole.

External/
Imports

- The biggest cashew processing outside Côte d'Ivoire across the world, mainly in India.

- **Serious competitive threat** – Actually, the price of the kernel is determined by the world market, beyond the influence of any Ivorian producer
- The only protection for the newcomers is to produce the high kernels at a low cost.





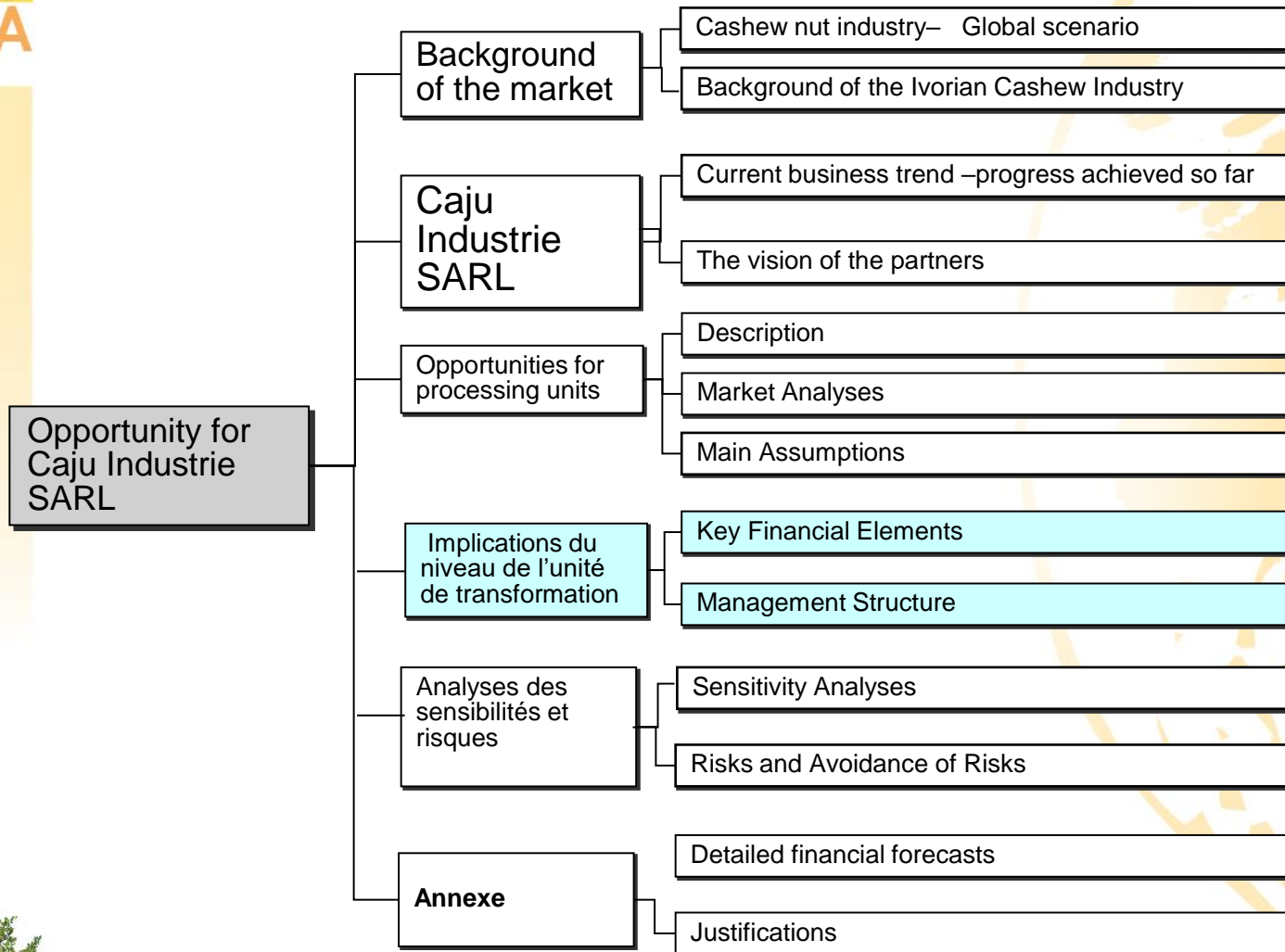
Based on all the above information, the following main assumptions were made for the economic modelling of the processing plants' performance

	Assumptions	Source/ Comments
<div>Revenus</div> <div>Prices of finished Products</div>	<ul style="list-style-type: none"> • \$5870/ tonne of kernel in the 1st year, growing to 2% p.a. 	<ul style="list-style-type: none"> • The price of \$ 5.87/kg is the current price in force • The annual increase of 2% is based on: <ul style="list-style-type: none"> – Possible increase in price by 5-10% when it is established that your kernels are of good quality – Possible rebound of the global market, since current average prices tend to rise.
<div>Capex</div>	<ul style="list-style-type: none"> • 170,034,375 FCFA 	<ul style="list-style-type: none"> • Depending on actual estimates at the plant, equipment with a capacity of 2.000 tonnes plus cost of premises Boundiali (main building and warehouse)
<div>Coûts</div> <div>Raw materials</div>	<ul style="list-style-type: none"> • 287,050 CFA/ tonne of raw cashew during the 1st year, growing to 5% p.a. 	<ul style="list-style-type: none"> • Depending on the current selling price • Increase in the price of raw cashew higher than the price of kernels is unlikely.
<div>Manpower</div>	<ul style="list-style-type: none"> • ~179 to more than 488 employees in the 5th year • ~25 office employees/ technicians/managers • Average monthly salaries \$80 • 17.4% additional social expenses. • 6 % salary increment p.a. 	<ul style="list-style-type: none"> • Depending on the organisational structure of the plant and salaries. • The social costs are under-estimated – the actual social costs should be less. • The annual rates of salary inflation is around 5-6% in the region

* For more details on any of the assumptions regarding modelling, please refer to the general assumption or detailed figures from the business unit in economic model (Annex)
Source: Economic Model, Technoserve



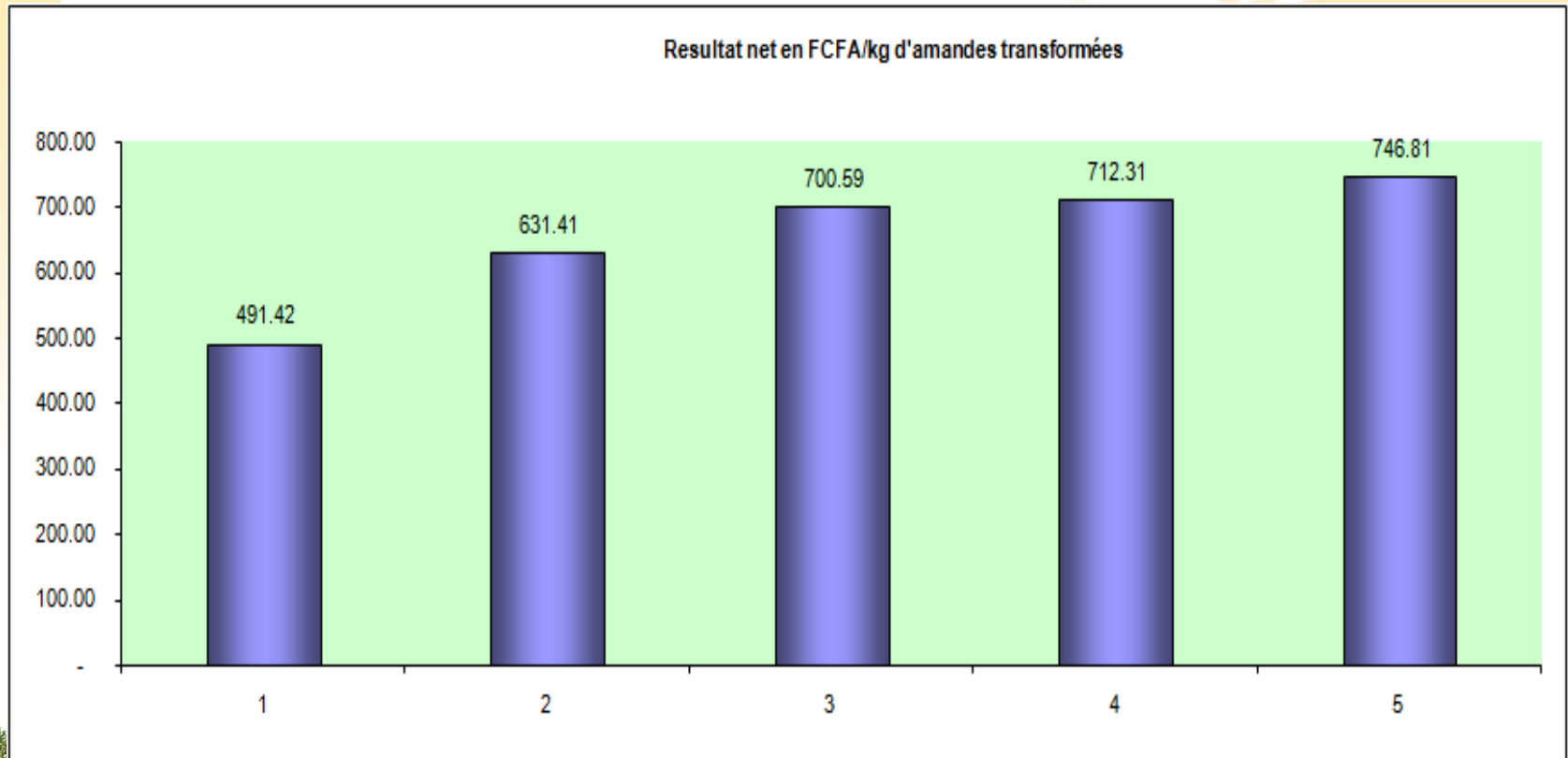
Caju Industrie SARL – ELEMENTS OF THE BUSINESS PLAN



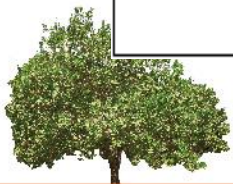


According to projections, turnover should increase from 367 million FCFA in the first year to FCFA 1.3 billion in the fifth year. The net margins are to grow from 9% to 20% in the fifth year. The EBE will grow from 61 million in the first year to 324 million CFA in the fifth year.

UNIT LEVEL P&L Sales in CFA, EBE



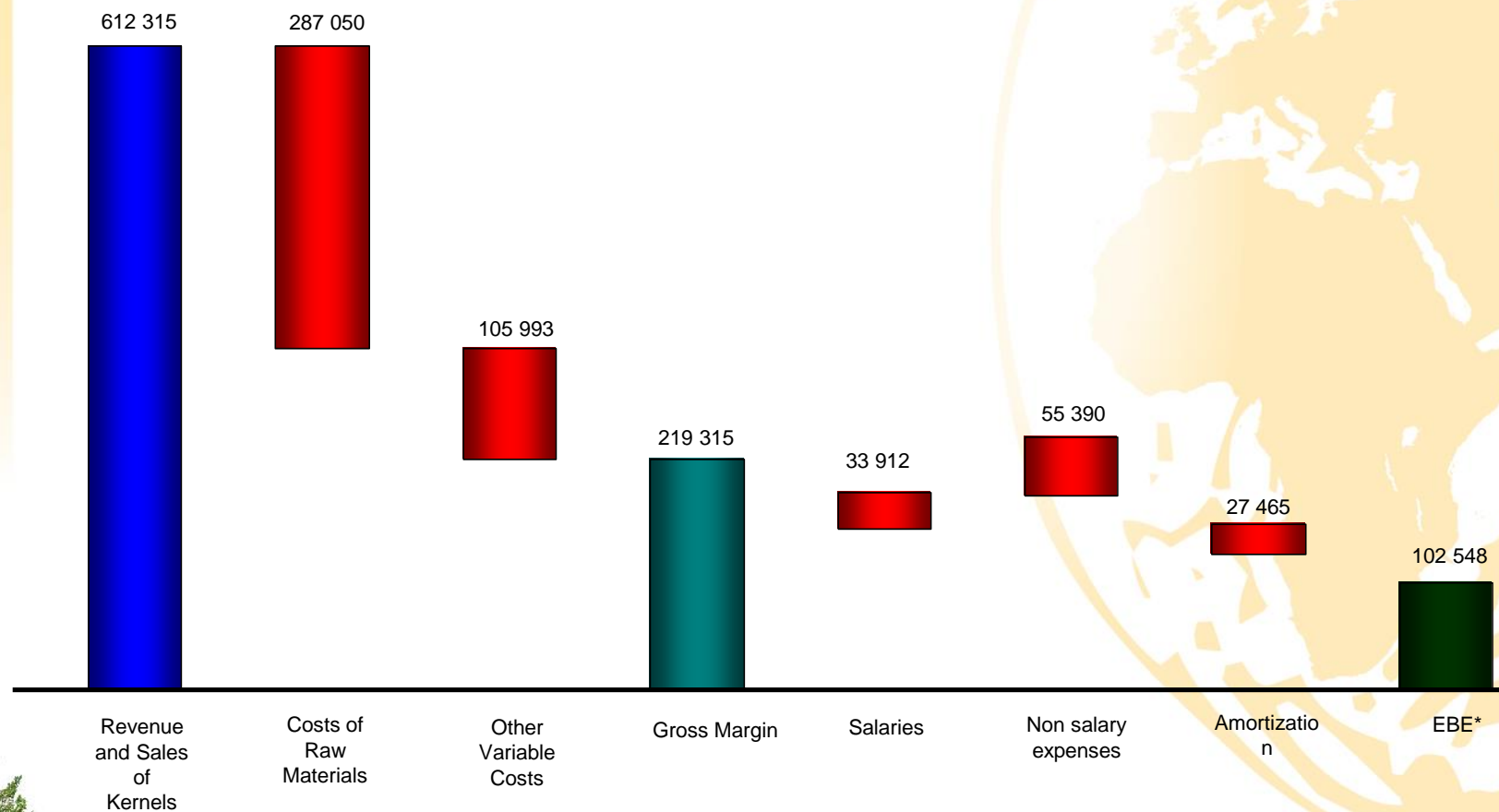
Source: Economic model





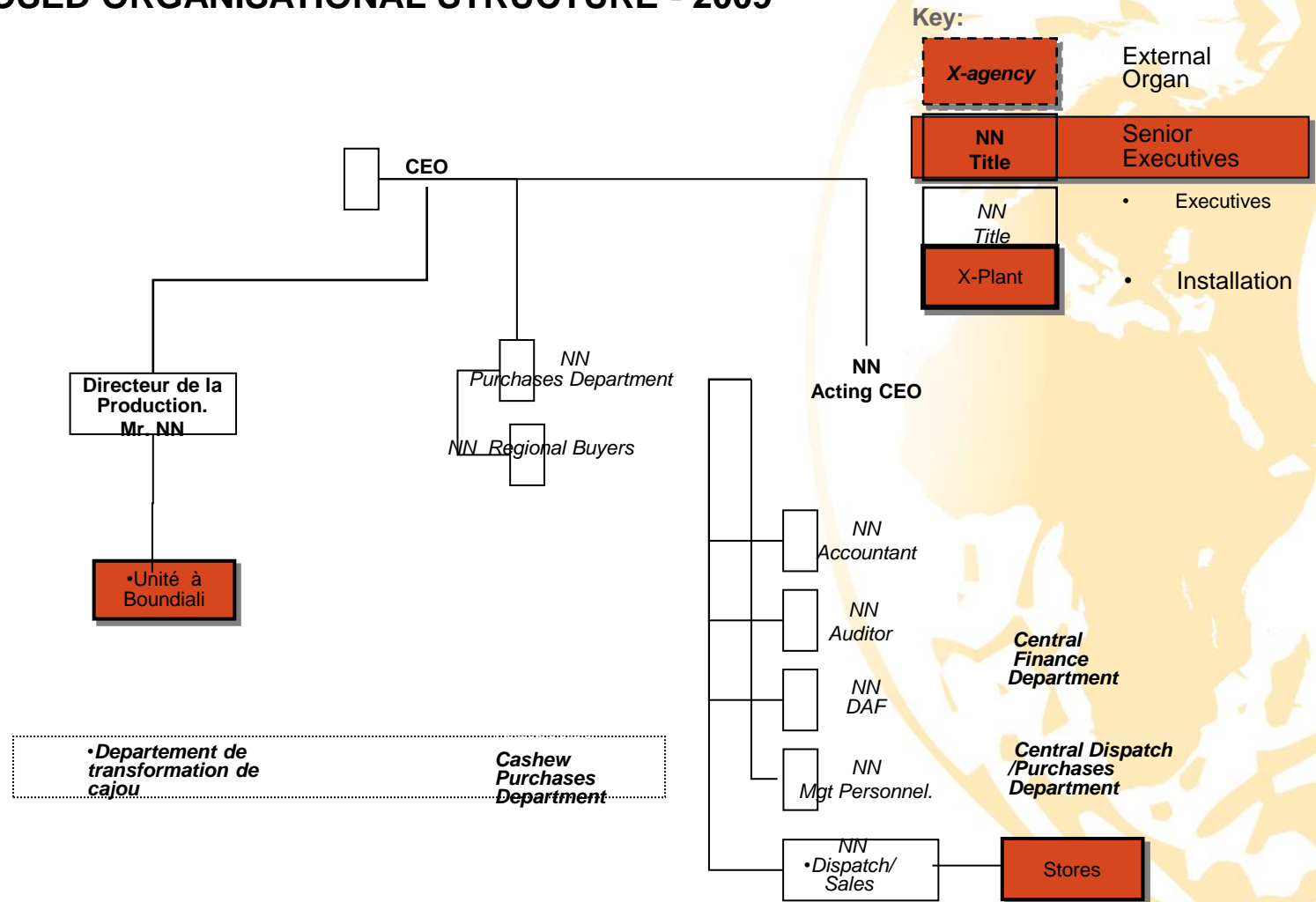
In the first year, the plant shows a positive EBE in spite of the substantial investment. The profitability of the business is based on economies of scale.

Revenues and Expenses in FCFA per tonne of raw cashew nuts

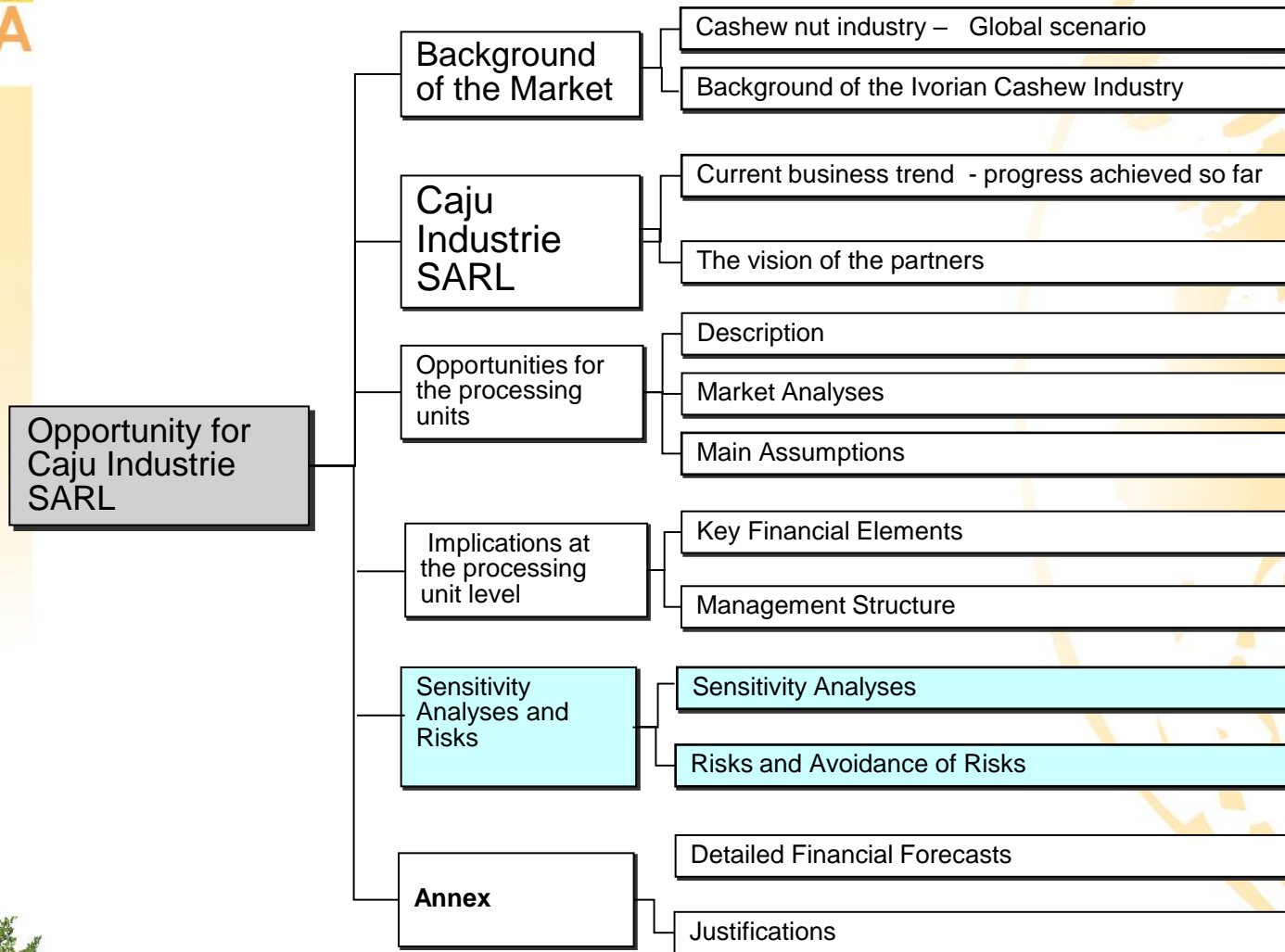


Gross margin
Source: Economic model

PROPOSED ORGANISATIONAL STRUCTURE - 2009



Caju Industrie SARL – ELEMENTS OF THE BUSINESS PLAN





The following table shows that the worst of cases occurs when the price of kernels falls and nthat the price of raw cashew nut increases. The first year, the cost price will decrease the margins due to the investment and the low production.

Variation combinée des prix de la noix brutes avec prix de ventes 1ère année

		2670.39	2787.77	2875.80	2934.49	2993.18	3081.22	3139.91
Prix noix brutes	Resultat net (FCFA)							
FCFA/ton	31,745,636	-9%	-5%	-2%	0%	2%	5%	7%
258,345.00	-10%	17,580,563	32,277,147	43,299,586	50,647,878	57,996,170	69,018,609	76,366,901
272,697.50	-5%	8,129,441	22,826,026	33,848,465	41,196,757	48,545,049	59,567,488	66,915,780
281,309.00	-2%	2,458,769	17,155,353	28,177,792	35,526,084	42,874,376	53,896,815	61,245,107
287,050.00	0%	(1,321,680)	13,374,905	24,397,343	31,745,636	39,093,928	50,116,366	57,464,659
292,791.00	2%	(5,102,128)	9,594,456	20,616,895	27,965,187	35,313,479	46,335,918	53,684,210
295,661.50	3%	(6,992,353)	7,704,232	18,726,671	26,074,963	33,423,255	44,445,694	51,793,986
301,402.50	5%	(10,772,801)	3,923,784	14,946,222	22,294,514	29,642,807	40,665,245	48,013,538
315,755.00	10%	(20,223,922)	(5,527,338)	5,495,101	12,843,393	20,191,685	31,214,124	38,562,416

Variation combinée des prix de la noix brutes avec prix de ventes 2ème année

		2699.73	2787.77	2875.80	2993.18	2993.18	3081.22	3139.91
Prix noix brutes	Resultat net (FCFA)							
FCFA/ton	93,135,546	-8%	-5%	-2%	0%	2%	5%	7%
286,332.38	-5%	56,822,841	76,960,836	97,098,831	110,524,162	123,949,492	144,087,487	157,512,817
292,360.43	-3%	49,867,395	70,005,390	90,143,385	103,568,715	116,994,045	137,132,040	150,557,370
286,332.38	-2%	46,389,672	66,527,667	86,665,662	100,090,992	113,516,322	133,654,317	147,079,647
301,402.50	0%	39,434,225	59,572,220	79,710,216	93,135,546	106,560,876	126,698,871	140,124,201
307,430.55	2%	32,478,779	52,616,774	72,754,769	86,180,099	99,605,429	119,743,424	133,168,755
310,444.58	3%	29,001,056	49,139,051	69,277,046	82,702,376	96,127,706	116,265,701	129,691,031
316,472.63	5%	22,045,609	42,183,605	62,321,600	75,746,930	89,172,260	109,310,255	122,735,585
325,514.70	8%	11,612,440	31,750,435	51,888,430	65,313,760	78,739,090	98,877,085	112,302,415



Source: From economic model

This business is not without risks. However, the risks and strategies to avoid them have been identified; and management is convinced that the risk profile is attractive due to the benefits that are seen in the horizon.

RISQUES[1/2]

Possible Causes

Collapse of prices of seeds

- Low demand on the main American and European markets
- Excess capacity for processing in India, Brazil and in Vietnam, Jointly with the entry of new capacities in the second-third of producing countries
- Economic recession in seed markets

Mitigation/ comments

- The price of seeds is already at a 10-year average without discounting new falls even though they are less probable due to the loss of capacity. The prices of seeds have gone up recently.
- Though cashew nuts are the cheapest among health nuts, budgetary cuts will be to the detriment of other expensive nuts.

Increase in prices of nuts

- Poor harvests in every producing country
- Ban on exports or taxes on major exports in the producing country [to promote internal processing]
- High demand for finished seeds
- Predatory purchases by Indian buyers

- Any non localised price surge will lead to a price increase of seeds, for the benefit of a long-term business



..... Risks and risk management

RISKS [2/2]

Increase
in the cost
of labour

Possible Causes

- Social upheavals
- New costly legislation

Mitigation/ comments

- As long as the facilities are well managed and therefore source of real opportunities in rural communities, social disorders should not intervene the economic model should fully support any increases social costs business economics is insensitive to costs of labour force productivity against wage increase

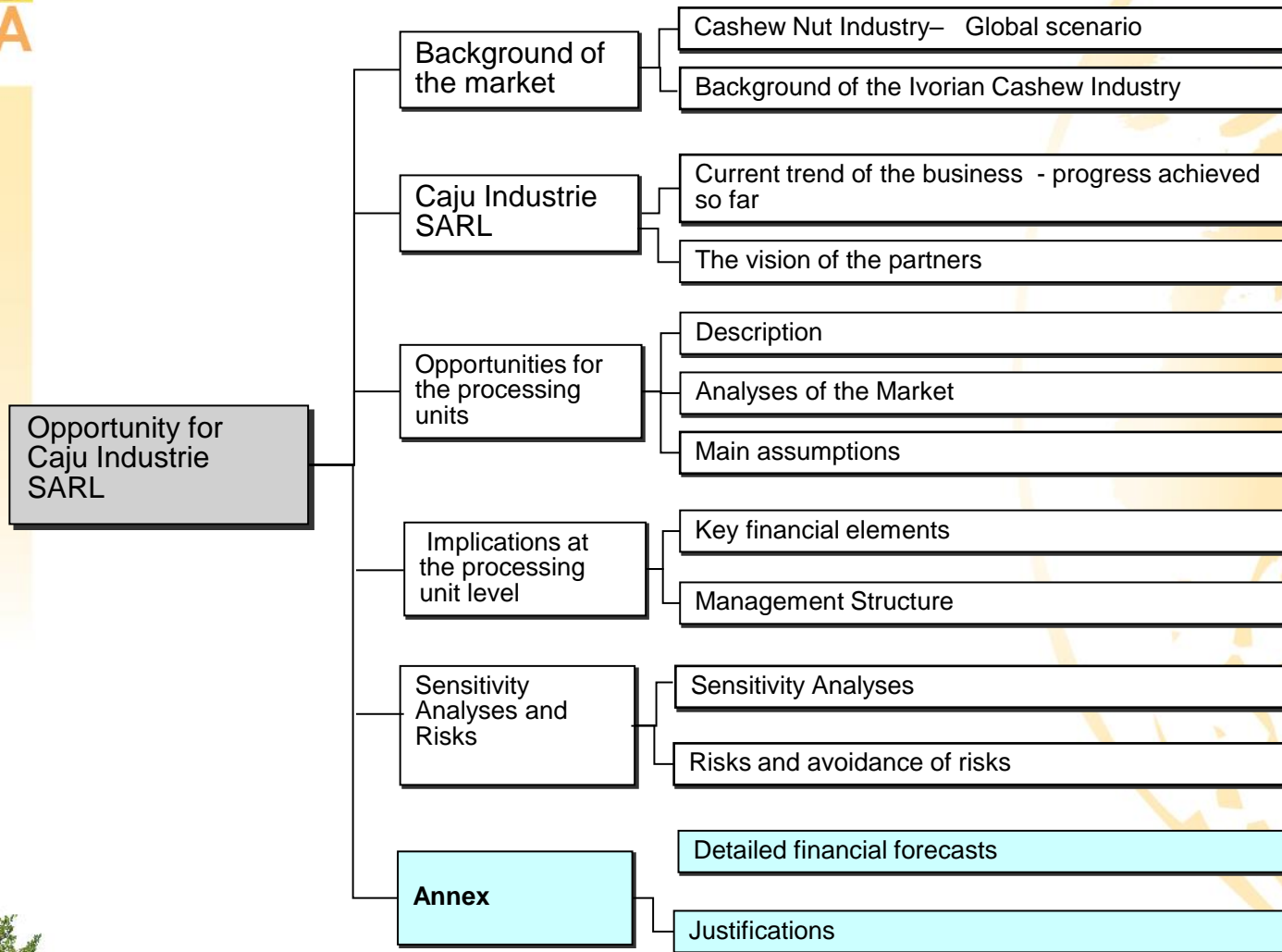
Management
Inadequacies

- Consciousness of insufficient cash flows on the part of Management.
- Inability to manage operations and quality/output at the same time at two medium-sized plants
- Inability to create a central administrative structure administrative central and the required financial controls for the management of medium-size units.
- Demise or incapacitation of owners and other key personnel

- Cash flow management will be of cardinal importance during the first two or three years of the project. Management must strictly measure and control the company's cash flow.
- The Entrepreneur and his main advisor [Technoserve] both have a vast experience in the management of large-scale multi-site operations
- The Entrepreneur is fully aware of the need to have an efficient administrative structure, and highly qualified staff including awareness about the costs and needs of autonomy/related delegation to such a staff
- Limited technological risk; new average plant operating with known processes



Caju Industrie SARL – ELEMENTS OF THE BUSINESS PLAN





Thank You

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