



ALLANY'S AGRIQ

Investment Memorandum
2022

Prepared by 
PearlMutual
Consulting Limited

BASIC INFORMATION

OWNERSHIP STRUCTURE

Name	Percentage ownership
Olumide Akintayo	60%
Adedolapo Akintayo	20%
Rebekah Akintayo	10%
Gabriel Akintayo	10%

INTERNAL ASSESSMENT

SME Risk Rating: 2

Interpretation: Good financial condition and strong capacity to meet obligations

MISSION STATEMENT

To build a trans-generational and global agricultural value chain.

VISION STATEMENT

To be a major employer of labour through our value chain of farming, trading, logistics and, processing while creating wealth for stakeholders.

FUND ARRANGER



CAPITAL RAISING | FINANCIAL ADVISORY | EXECUTIVE TRAINING

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Analysts:
Oyindamola Oni

Temitope Soladoye (MBA)
Olufunmi Adepoju (CFA, FRM)

Company profile

Allany's Agriq ("the Company") is an Agro-commodity trading company. The Company was registered in August 2017 under the Companies and Allied Matters Act 1990 (CAMA) of the Federal Republic of Nigeria, with the registration number – BN2532778. The Company engages in the sourcing and purchasing of high-quality raw cashew nuts and sesame seed from various Local Buying Agents (LBA) and aggregators and sells directly to Exporters.

Allany's Agriq has been in the trading business for over 10 years focusing on cashew, soybeans, shea butter, and sesame seeds. However, the Company is also involved in the primary production of crops such as maize, sorghum and animal husbandry. With such a diverse array of services, the company is indeed poised to take advantage of the huge opportunities in the Nigerian agriculture and agro-business sector. In the past, Allany's Agriq has been known for its ability to meet the required export grades. They have a loyal and dedicated clientele that usually pay within a week of receiving receipt of goods supplied. Allany's Agriq has created impact in the economy, employing a significant number of youth and women.

Company track record

- Over the years, the Company's turnover has steadily grown, reaching N700 million at the end of the 2019 season.
- In 2020 alone, despite the pandemic, Allany's Agric traded a total of 6000 tons in all commodities and recorded a turnover of over N800m. Please note that the turnover includes commodities purchased with funds received from exporters.
- In 2021 the company traded a total of 5000 tons of cashew and sold 2000 tons of sesame to exporters and local buyers bringing in revenue of N717,651,815.
- It is worth noting that PearlMutual Consulting has facilitated over N257 Million as working capital from investors for the Company over the last three years. All interest payments were paid as at when due to investors, while the principal was fully funded paid on or before the due date. This has boosted investors' confidence and assurance of their investment in the Company.

2021 Management Account	
Description	Amount (N)
Revenue	717,651,815
Cost of sales	(654,886,634)
Gross Profit	71,765,182
General and Administrative expenses	(18,579,305)
EBIT	53,185,876
Finance cost	(25,871,997)
EBT	27,313,879
Tax expense	(328,962)
Profit for the year	26,984,917

The transaction

Allany's Agriq is currently seeking to raise funds (N30 million) for the 2022 Sesame seed season, which has already begun. The Sesame seeds are grown in Kogi, Yobe, Niger, Kano, Jigawa, Kaduna and Edo state. The seed is sourced from farmers, after which the product is machine cleaned at 98% and the moisture content is reduced to 6% which meets international specifications, then bagged and sold to their key clients who export the commodity. This funding will augment working capital during the sesame seed season and allow the company to increase turnover, dictate better terms of trade, and increase weekly trade volumes.

Borrower	Allany's Agriq
Loan Size	N30,000,000.00 (Thirty Million Naira Only)
Tenor	Six (6) months from the date of disbursement
Debt Issuance Structure	N1 Million Per Unit
Interest rate	17% p.a. for N1m to N5m 20% p.a. for N6m to N10m 22% p.a. for investments above N10m
Repayment	Interest is payable monthly Principal – Bullet Payment at Maturity

RISK AND SECURITY

1. Credit risk – The risk that principal or interest or both may not be paid as at when due.
2. Diversion risk – The risk that the fund requested may not be used for its sole purpose or what it was originally intended for.
3. Operational risk - is the prospect of loss arising from business processes such as mechanical failure, human error etc.
4. Inflation risk – is the prospect of loss arising from a decline in purchasing power of money.
5. Liquidity Risk – is the risk that the prospect may be unable to generate enough revenue from the business to liquidate the fund as at when due.

The following mitigants have been provided to reduce and/or negate the above risks and other uncertainties.

1. Direct debit of interest and principal on due dates to the company's account via Remita.
2. PearlMutual will be setting up a debt service reserve account (DSRA). Our organisation will be made a signatory to the account.
3. Personal guarantee of the key promoter with a notarized statement of net worth.
4. Signed undated cheque(s) for the principal amount.

5. PearlMutual shall continually monitor the business closely by visiting the warehouse regularly and requesting management account information monthly.
6. Letter of Stock Hypothecation sealed and signed by the key promoter.
7. Relevant insurance policies with reputable insurance companies to cover the goods in the warehouse and whilst on transit shall be provided by the company.
8. PearlMutual registered as a member with CRC Credit Bureau in January 2020 to further boost investor confidence and to protect our customers.
9. PearlMutual now has an internal rating model used for all SMEs

MANAGEMENT TEAM

OLUMIDE AKINTAYO

Olumide Akintayo (B. Tech Agronomy). Trained with IITA Ibadan at the cassava breeding unit and with IITA-PROSAB Maiduguri on grain research work as a field assistant. He has been involved personally in farming and farm establishment since 2003. He is also a skilled Agro commodity trader with experience in Nigeria's agricultural supply value chain since 2010. Olumide is widely travelled between the North and South of Nigeria on agricultural-related trips. Currently, Allany's Agriq oversees the Company's activities and formulates strategies for achieving organizational goals

TOLUWASE AKANDE

Toluwase Akande holds a high school certificate. He has been in the Agro-commodity business for over eight years. He also has previous work experience processing cashew to kernels in a cashew processing factory. He is the general manager and hence, oversees the day to day operations of the firm. Mr Akande has previous work experience in Agro-commodity trading and processing

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ALLANY'S AGRIQ CASH FLOW PROJECTION

Starting date	
Cash balance alert minimum	

	Week 10	Week 11	Week 12	Week 13	Week 14	Week 15	Week 16	Week 17	Week 18 (end of season)	Total
Cash on hand (beginning of month)	5,120,833.33	6,208,333.33	7,295,833.33	5,850,000.00	6,937,500.00	8,025,000.00	9,112,500.00	37,200,000.00	9,112,500.00	
Cash on hand (end of month)	6,208,333.33	7,295,833.33	5,850,000.00	6,937,500.00	8,025,000.00	9,112,500.00	37,200,000.00	65,287,500.00	16,933,333.33	

CASH RECEIPTS											
Cash sales (from sesame funded)	27,300,000.00	27,300,000.00	27,300,000.00	27,300,000.00	27,300,000.00	27,300,000.00	27,300,000.00	27,300,000.00	27,300,000.00	27,300,000.00	327,600,000.00
Cash margins (from sesame funded by buyer)	787,500.00	787,500.00	787,500.00	787,500.00	787,500.00	787,500.00	787,500.00	787,500.00	787,500.00	787,500.00	9,450,000.00
Loan proceeds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,000,000.00
Owner contributions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,000,000.00
TOTAL CASH RECEIPTS	28,087,500.00	28,087,500.00	28,087,500.00	28,087,500.00	28,087,500.00	28,087,500.00	28,087,500.00	28,087,500.00	28,087,500.00	28,087,500.00	367,050,000.00
Total cash available	33,208,333.33	34,295,833.33	35,383,333.33	33,937,500.00	35,025,000.00	36,112,500.00	37,200,000.00	65,287,500.00	37,200,000.00		

CASH PAID OUT											
Success fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenses and overhead	0.00	0.00	2,000,000.00	0.00	0.00	0.00	2,000,000.00	0.00	0.00	0.00	6,000,000.00
Interest expense	0.00	0.00	533,333.33	0.00	0.00	0.00	533,333.33	0.00	266,666.67		1,600,000.00
Materials and supplies (in	27,000,000.00	27,000,000.00	27,000,000.00	27,000,000.00	27,000,000.00	27,000,000.00	27,000,000.00	27,000,000.00			324,000,000.00
SUBTOTAL	27,000,000.00	27,000,000.00	29,533,333.33	27,000,000.00	27,000,000.00	27,000,000.00			266,666.67		331,600,000.00
Loan principal payment	0.00	0.00	0.00	0.00	0.00	0.00				20,000,000.00	0.00
TOTAL CASH PAID OUT	27,000,000.00	27,000,000.00	29,533,333.33	27,000,000.00	27,000,000.00	27,000,000.00			20,266,666.67		331,600,000.00
Cash on hand (end of month)	6,208,333.33	7,295,833.33	5,850,000.00	6,937,500.00	8,025,000.00	9,112,500.00	37,200,000.00	65,287,500.00	16,933,333.33		

Assmptions

- Owner's Contribution is N10,000,000.00
- Weekly gross profit on sesame funded by owner/loan is at N10,000.00 per tonne
- Weekly gross profit on sesame funded by buyer is at N4,500.00 per tonne
- trade 30 mt per week with the available capital (loan+owner funds)
- trade 175 mt per week with the buyer's cash
- Interest = 32% paid monthly (every four weeks)
- Principal will be repaid at the end of the period
- Expenses and overhead is N1,000,000.00 every 4 weeks
- Sesame seeds cost = N900,000 per ton