

# **RBST INTERNATIONAL AGRIBUSINESS LTD**

## **PROPOSED PROJECT FOR CLEANING SESAME SEEDS**

### **FIVE-YEAR BUSINESS PLAN – (2020/21 - 2024/25)**

#### **1.0 THE EXECUTIVE SUMMARY**

##### **1.1 Formation and Core Objectives**

###### **(1) Formation**

RBST International Agribusiness Limited (RBST) was incorporated in Tanzania on 01<sup>st</sup> February, 2018. It is a joint venture company owned by two shareholders – Mr. Ismail Nadhiri Msuya, a Tanzanian citizen and Mr. Narayan Abhishek, an Indian citizen in proportions of 55% and 45% respectively. The Company is managed by Mr. Mparuka Hashimu Mtopela. The Company's physical address is at House number 09, Plot number 882, Shangani Street, Kambarage Road, Mtwara, Tanzania.

###### **(2) Core Objectives**

The main objective of RBST under its five-year business plan period (2020/21 - 2024/25) from April 2020 is to set up its own raw sesame seeds cleaning factory in Dar es Salaam. The cleaned sesame will be for the export market, which is ample as per data in table 5 and 6.

##### **1.2 RBST International Agribusiness Limited Five-year Business Plan**

###### **(1) Preamble**

Guided by its strengths of knowing the commodities export business as well as its solid financial muscle, and backed by the opportunities of ample global markets for cleaned sesame seeds as well as an operating environment in Tanzania that favours private entrepreneurs together with a local growing economy, RBST's vision during the next five years is *"to become the most reliable exporter of high quality cleaned sesame seeds from Tanzania"*. On the ground the Company's vision translates into a mission of *"always working to timely meet its customers' delivery orders of affordable high quality cleaned sesame seeds"*.

###### **(2) RBST Five-year Business Plan**

In the context of RBST's vision and mission, the sub objectives or goals of RBST's five year business plan cover six areas as summarised below.

###### **(a) Marketing sub objectives/goals**

The major marketing sub objectives/goals of RBST are two, namely, to:-

- (i) build its image as the most reliable exporter that always timely meets its customers' orders high quality cleaned sesame seeds; and
- (ii) attain export volumes of cleaned sesame seeds as per annex 2.1 of this report during the whole period of its five-year business plan period.

**(b) Operational sub objectives/goals**

From its operational point of view, RBST's sub objective/goal is to equip itself with the necessary capacity/resources to achieve its marketing, technical, financial, social and environmental goals – e.g. assure RBST is able to purchase all the sesame seeds to meet its export orders as indicated in annex 2.

**(c) Technical sub objectives/goals**

The Company main technical sub objectives/goals are two, namely, to:-

- (i) develop a brand for its exported cleaned & branded sesame seeds and sustain it; and
- (ii) assure RBST remains an exporter of high quality sesame seeds for the whole period of its five-year business plan (2020/21-2024/25).

**(d) Financial sub objectives/goals**

As a “for-profit” business oriented company, RBST financial sub objective/goal is to attain profitability indicated in appendix 4 so as to maximize the wealth of its shareholders.

**(e) Social sub objective/goal**

RBST social sub objectives/goals are two, namely, to:

- (i) contribute to the social well-being of the sesame farming communities in Tanzania; and
- (ii) behave as a responsible corporate citizen of Tanzania.

**(f) Environmental sub objectives/goals**

In this age of changing climatic conditions, RBST is determined to sensitize the farmers of sesame to preserve the environment they live in so that they not only produce good commodities but also enjoy their surroundings.

**1.3 Capital investments cost estimates and financing plan**

So as to accomplish its objectives over the said five year period, RBST International Agribusiness Limited is planning to invest USD 2.307 million for purposes of setting up its own sesame cleaning factory – USD 0.570 million and initial working capital to the tune of USD 1.737 million for the sesame cleaning operations.

All the above investments are expected and planned to be financed by both new equity and loan funds.

**1.4 Projected financial results**

The operations of RBST's exporting cleaned sesame seeds are expected to be carried out in a profitable manner. Projected financial results show that RBST is expected to make profits before tax that range from USD 0.437 million during the first year of its 5-year business plan to USD 0.768 million during the fifth (last) year of its business plan.

## **1.5 Economic and environmental Impact of the project to Tanzania**

### **(1) Economic impact**

RBST's project to set up its own sesame cleaning factory is expected to be economically positive to Tanzania in four ways – i.e. (a) generation of additional foreign currency by way of its sesame seeds exports; (b) employment generation of around 15 people (c) government taxes – particularly corporation tax of between USD 0.131 million and USD 0.230 million during the 5 years of its 5-year business plan and (d) various economic multiplier effects.

### **(2) Environmental impact**

The environmental impact of the sesame seeds cleaning operations of the Company are also expected to be positive as there will be no harmful waste during the seeds cleaning operations – in terms of materials or odour. Most of the waste, save stones – mainly dirt mixed with good sesame seeds during its harvest – is biodegradable into manure once disposed of into a farm.

## **1.6 Risks and mitigation measures**

Like any other business entity in operation, RBST's sesame seeds cleaning operations as well as those of exporting raw cashew nuts will face various risks during the life of those operations. These risks are of five categories, namely:-

### **(1) Economic – e.g. either a recession or hyper-inflation**

One way of mitigating an occurrence of either an economic recession or hyper-inflation is to build internal capacity to control operating costs to enable its operations to continue until the recession or hyper-inflation ends.

### **(2) Strategic - e.g. coming into force of anti-business government economic policies**

One way of averting such measures is to engage the government via trade/business or industry associations with a view of asking the government to change such policy.

### **(3) Industry - e.g. competition in purchase of raw materials**

One way of mitigation such competition is to put in place arrangements to have substantial financial resources to enable the Company purchase as much of its commodities as soon as the harvest season starts.

### **(4) Mother nature – drought or flooding, particularly for sesame seeds**

One way to mitigate this risk is to stock high volumes of these commodities.

### **(5) Turmoil caused by either economic, social, religious or political reasons**

One way of mitigating this risk is to avert it by contributing to the general welfare of disadvantaged communities and any other good causes sponsored by the government or other business.

As the probability of the occurrence of the above risks may currently be classified as “medium” - as opposed to “high” or “low”, SCPL must gear itself to put in place a system of either averting or neutralising the impact these risks may bring to its operations, if any of them was to set in.

## 2.0 THE COMPANY

### 2.1 Formation, Ownership and Management

#### (1) Incorporation

RBST International Agribusiness Limited (RBST) was incorporated under Tanzania's Cap 213 of its Laws – Companies Act of 2002 on 01st February, 2018. Its certificate of incorporation is number 121278 and is hereon attached.

#### (2) Ownership

RBST is joint venture company between a Tanzanian national – Mr. Ismail Nadhiri Msuya, who currently owns 55% of the paid up share capital of the company - and an Indian citizen - Mr. Narayan Abhishek, whose shareholding in the company is 45%.

#### (3) Management

As a company formed under the country's Companies Act 2002, RBST is managed by a Board of Directors comprising two directors, namely Messrs. Ismail Nadhiri Msuya - a Tanzanian citizen, Narayan Abhishek – an Indian citizen. Day-to-day affairs of the company are under the leadership of Mr. Mparuka Hashimu Mtopela.

The Company's physical address is at House number 09, Plot number 882, Block number -, Shangani Street, Kambarge Road, Mtwara, Tanzania.

## 2.2 RBST's Core Objectives

Since its incorporation RBST International Agribusiness Limited has been dealing with the purchase of raw sesame seeds from local farmers which it later cleans/grades and exports.

Subject to acquiring a suitable plot of land in Mtwara, the Company intends to also establish a factory in either Dar es Salaam or Mtwara for processing any of the raw agricultural commodities it is currently dealing with, particularly sesame seeds, the purpose of exporting the same.

## 2.3 Operations/past performance

Since its incorporation, the company has exported cleaned sesame seeds using hired equipment from a company called Gaumathre Agricultural Commodities Private Ltd (GACPL) in GACPL's raw sesame seeds cleaning facilities in Dar es Salaam. RBST's export performance of cleaned sesame seeds using hired equipment is as indicated in table 1 hereunder.

**Table 1: Quantity of exported cleaned sesame seeds**

Year	Quantity - in M Tons
2018	3,757.375
2019	8,456.250

Having noted that the export business of cleaned sesame seeds is a profitable business, RBST International Agribusiness Ltd has decided to set up its own sesame seeds cleaning facilities in Dar es Salaam, even though it is yet to get a plot of land to erect its own factory. Accordingly it has prepared a five-year business plan to guide its operations in this business. It is in the context of the Company's decision to set up its own sesame cleaning facilities, this report contains RBST's Five-year Business plan for the period from year 2020/21 to year 2024/25.

PROPOSED EXSTABLISHMENT OF A SESAME SEEDS CLEANING PROJECT IN DAR ES SALAAM  
 FIVE YEAR BUSINESS PLAN (2020/21 - 2024/25)

OPERATING ASSUMPTIONS  
 LOAN REPAYMENT SCHEDULE

1.0. CAPITAL INVESTMENT ITEMS LOAN REPAYMENT SCHEDULE

Loan amount	USD	2,080,000
Rate of interest on loan - p.a.		7.50%
Rate of interest on loan - p.m.		0.63%
Loan repayment grace period from date of start of project's commercial operations is months		6
Loan is repayable in monthly annuity instalments from end month of end of grace period over a period of years		4.5
Number of monthly loan repayments is		54

Loan repayment schedule is as under.

USD

Year	Month from date of starting project's commerci	Loan principal opening balance	Monthly Loan instalment payable	Loan principal o/s during the month	Monthly Loan interest payable	Monthly Loan principal repayable	Loan principal o/s closing balance	Annual loan interest payable	Annual loan principal payable
2020/21	1	2,080,000	-	2,080,000	13,000	-	2,080,000		
	2	2,080,000	-	2,080,000	13,000	-	2,080,000		
	3	2,080,000	-	2,080,000	13,000	-	2,080,000		
	4	2,080,000	-	2,080,000	13,000	-	2,080,000		
	5	2,080,000	-	2,080,000	13,000	-	2,080,000		
	6	2,080,000	45,503	2,080,000	13,000	32,503	2,047,497		
	7	2,047,497	45,503	2,047,497	12,797	32,706	2,014,792		
	8	2,014,792	45,503	2,014,792	12,592	32,910	1,981,882		
	9	1,981,882	45,503	1,981,882	12,387	33,116	1,948,766		
	10	1,948,766	45,503	1,948,766	12,180	33,323	1,915,443		
	11	1,915,443	45,503	1,915,443	11,972	33,531	1,881,912		
	12	1,881,912	45,503	1,881,912	11,762	33,741	1,848,171	151,689	231,829
2021/22	13	1,848,171	45,503	1,848,171	11,551	33,951	1,814,220		
	14	1,814,220	45,503	1,814,220	11,339	34,164	1,780,056		
	15	1,780,056	45,503	1,780,056	11,125	34,377	1,745,679		
	16	1,745,679	45,503	1,745,679	10,910	34,592	1,711,087		
	17	1,711,087	45,503	1,711,087	10,694	34,808	1,676,279		
	18	1,676,279	45,503	1,676,279	10,477	35,026	1,641,253		
	19	1,641,253	45,503	1,641,253	10,258	35,245	1,606,008		
	20	1,606,008	45,503	1,606,008	10,038	35,465	1,570,543		
	21	1,570,543	45,503	1,570,543	9,816	35,687	1,534,856		
	22	1,534,856	45,503	1,534,856	9,593	35,910	1,498,947		
	23	1,498,947	45,503	1,498,947	9,368	36,134	1,462,813		
	24	1,462,813	45,503	1,462,813	9,143	36,360	1,426,453	124,312	421,719
2022/23	25	1,426,453	45,503	1,426,453	8,915	36,587	1,389,865		
	26	1,389,865	45,503	1,389,865	8,687	36,816	1,353,049		
	27	1,353,049	45,503	1,353,049	8,457	37,046	1,316,003		
	28	1,316,003	45,503	1,316,003	8,225	37,278	1,278,726		
	29	1,278,726	45,503	1,278,726	7,992	37,511	1,241,215		
	30	1,241,215	45,503	1,241,215	7,758	37,745	1,203,470		
	31	1,203,470	45,503	1,203,470	7,522	37,981	1,165,489		
	32	1,165,489	45,503	1,165,489	7,284	38,218	1,127,271		
	33	1,127,271	45,503	1,127,271	7,045	38,457	1,088,814		
	34	1,088,814	45,503	1,088,814	6,805	38,697	1,050,117		
	35	1,050,117	45,503	1,050,117	6,563	38,939	1,011,177		
	36	1,011,177	45,503	1,011,177	6,320	39,183	971,995	91,573	454,458

1.0 Capital Investment Items loan repayment schedule ... ctd

Annex 3.2  
USD

Year	Month from date of starting project's commerci	Loan principal opening balance	Monthly Loan instalment payable	Loan principal o/s during the month	Monthly Loan interest payable	Monthly Loan principal repayable	Loan principal o/s closing balance	Annual loan interest payable	Annual loan principal payable
2023/24	37	971,995	45,503	971,995	6,075	39,428	932,567		
	38	932,567	45,503	932,567	5,829	39,674	892,893		
	39	892,893	45,503	892,893	5,581	39,922	852,971		
	40	852,971	45,503	852,971	5,331	40,171	812,799		
	41	812,799	45,503	812,799	5,080	40,423	772,377		
	42	772,377	45,503	772,377	4,827	40,675	731,702		
	43	731,702	45,503	731,702	4,573	40,929	690,772		
	44	690,772	45,503	690,772	4,317	41,185	649,587		
	45	649,587	45,503	649,587	4,060	41,443	608,144		
	46	608,144	45,503	608,144	3,801	41,702	566,443		
47	566,443	45,503	566,443	3,540	41,962	524,480			
48	524,480	45,503	524,480	3,278	42,225	482,256	56,292	489,739	
2024/25	49	482,256	45,503	482,256	3,014	42,488	439,767		
	50	439,767	45,503	439,767	2,749	42,754	397,013		
	51	397,013	45,503	397,013	2,481	43,021	353,992		
	52	353,992	45,503	353,992	2,212	43,290	310,702		
	53	310,702	45,503	310,702	1,942	43,561	267,141		
	54	267,141	45,503	267,141	1,670	43,833	223,308		
	55	223,308	45,503	223,308	1,396	44,107	179,202		
	56	179,202	45,503	179,202	1,120	44,383	134,819		
	57	134,819	45,503	134,819	843	44,660	90,159		
	58	90,159	45,503	90,159	563	44,939	45,220		
	59	45,220	45,503	45,220	283	45,220	0	18,272	482,256