Ara Exim Limited

5/13/2022

Business Plan

Soy Bean Meal Processing Plant

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Executive Summary

Background

ARA EXIM LIMITED is a private Company Limited established with the main objective being to carry on business in Tanzania and abroad of manufacturing preserving, reigning, packing, prepare, manipulate, treat, market import, export, improve, produce, process, prepare, buy sell, deal in and carry on the manufacturing and trading in organic soybean meal.

The company was incorporated in Tanzania in November 2021, with company number 154106553 and is owned by Mr Mohit Gupta. It's incorporation was motivated solely by the passion to be part of the agricultural revolution and growth in Tanzania. Driven by its motto "bridging the gap", Ara Exim places itself as a liaison between farmers & suppliers, buyers & farmers but also farmers and the government.

The company intends to invest in a soybean meal processing plant with the aim of taking advantage of the supply gap for soybean produce across the world.

The company has an experienced management team with direct knowledge of the industry, extensive research experience, and unique administrative skills. The management consists of both owners who are both of Indian origin with bespoke entrepreneurial skills and business management expertise.

New Opportunity

A feasibility study conducted has affirmed that the demand for soybean meal products worldwide remains high with a huge gap between demand and supply. Tanzania has a significant production of soy bean and very little local consumption hence the excess soybean is always consumed by the export market. Currently most soybean is exported in its unprocessed form, and later processed to various products at destination countries.

The firm has been established for setting up an automatic soya high protein meal manufacturing unit in Tanzania which will serve mostly the export market. The plant will have a production capacity of 67MT per day of consumption of raw material .The company has already secured the plant & machinery required for the production process and is looking to set up the plant in an established export processing zone. Plans are underway to secure space within the export processing zones in and around Dar es salaam.

The technology of the plant shall be modern and capable of delivering the desired quality of products with minimum process loss. The total project cost is estimated at $1,200,000

The raw material, being Soya Bean is easily available in the local market as well as from surrounding countries like Uganda, Zambia and Malawi. The seed of these regions is known in the world for its high protein content, which makes it suitable, and in demand for animal feed farms and traders throughout

the world. The parameters and certifications demanded by the buyers can be easily fulfilled with this quality of available raw materials.

Business Model

The company intends to employ local individuals and to provide extensive training about the production process. The manufacturer has agreed to second one of their technicians to us for a period of 6 months to assist with the, training and take part in installation and commissioning of the plant.

We have already identified a list of potential customers and communities that are willing to purchase the processed product from us. Such loyal customers will help to expand the company's business area by word-of-mouth. The prospective location of the plant, being in an EPZ in Dar es salaam strategically palces the business in an area which is close to the port for logistics purposes and also will ensure that production costs are maintained as a minimum giving our products a competitive advantage.

Soybean processing in the country still remains very low with a select few players being able to take up the process. The major constraint for local soybean farmers is the ability to access funding to buy equipment and hence Ara Exim has also taken the initiative to enter into the market and expand the soybean production capacity for Tanzania.

Funding

Ara Exim Limited has set aside funding of at least $1,200,000 to implement the project. With time, it is expected that capacity will increase as sources of soybean are developed both locally and across the region.

The total project cost will cover the cost of importing & installing the plant plus other start up costs. The entire project will be self funded to avoid high borrowing costs.

1. Company Summary

1.1 Quick Facts

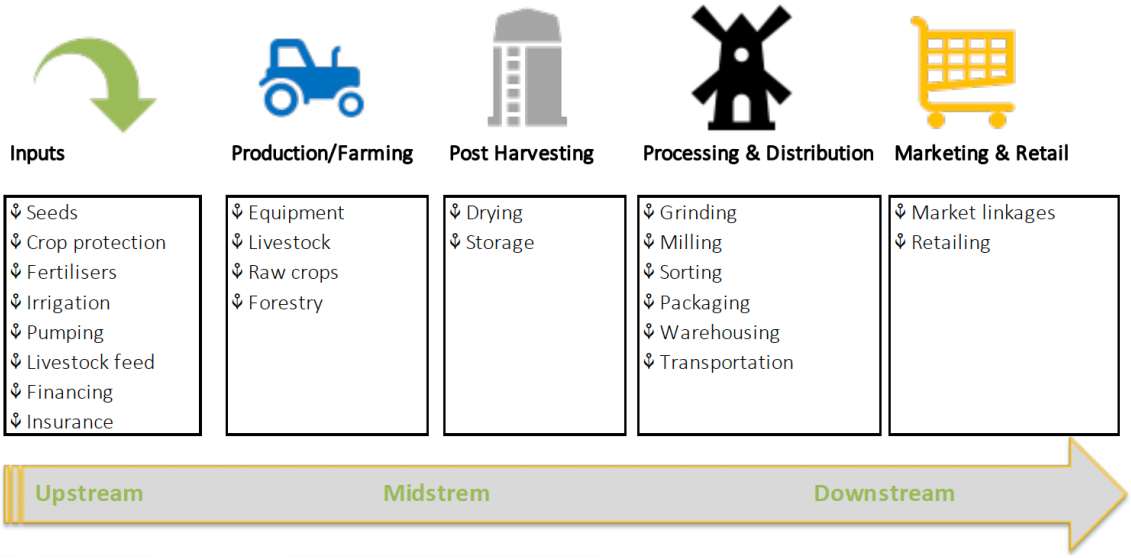
Established	**2021**
Registration No.	154106553
TIN No.	154106553
VRN No.	N/A
Ownership	Mohit Gupta – 99%
	Hitesh Upreti – 1%
Products	Full fat soybean meal
	Defatted soybean meal – no husks
	Defatted soybean meal – with husks
Locations	Dar- es salaam Oysterbay - HQ
	Dar es salaam (TBA) – Production Plant

1.2 Mission

To become the most trusted partner for the agriculture value added services industry, by providing excellent products and services that exceeds our customers expectations.

In the long term, the company intends to expand its business to the rest of the East African countries, with the ability to add value on the downstream of the agriculture value chain covering mostly processing, packaging and market linkages.

Agricultural Value Chain



Therefore, the company's strategy is to create a limited geographical niche for itself, where there will be no potential competitors. Ara Exim Limited aims to offer high-quality products at prices which are competitive in comparison to other premium-quality suppliers globally.

1.2 Vision

To become the most valuable and respectable Agri Business in Africa by Bridging the Gap and accelerate the growth of local farmers in East Africa.

1.3 Keys to Success

Ara Exim Limited's keys to success will include:

1. A high level of quality in its product line.
2. Maintaining and growing its referral networks to generate new and repeat sales.
3. Significant investments in research and development of machinery with the aim to focus on providing precisely required specifications at low cost
4. Improving efficiencies of operations and to reduce operating costs.

1.4 Management & Staff

Ara Exim Limited's management is comprised of experienced entrepreneurs and business professionals from the business, trade and marketing management industries. Our management team possesses a breadth of functional experience in sales & marketing as well as research expertise. The company will be actively managed by Mohit Gupta who also happens to be the founder of the business.

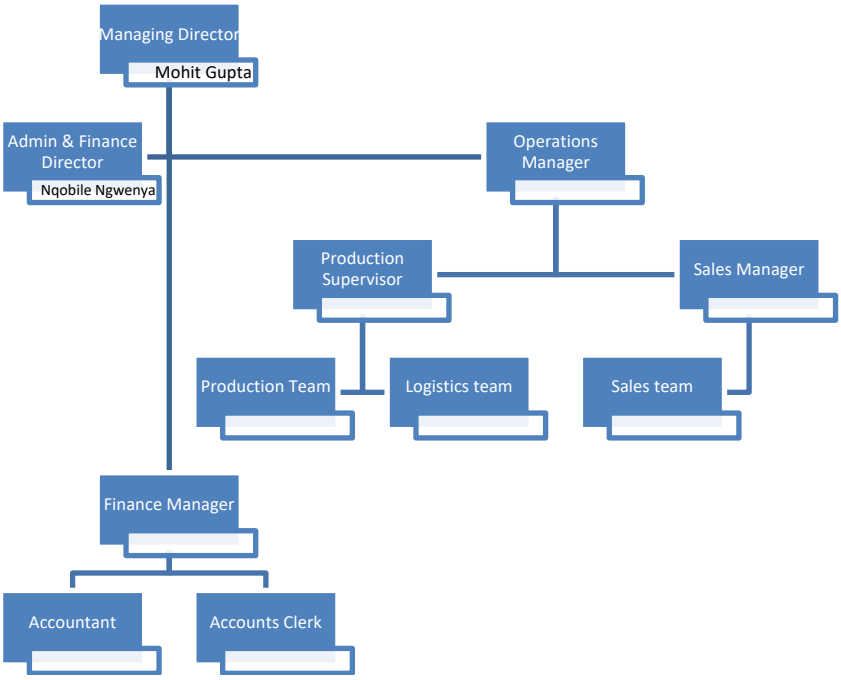
Mohit Gupta:
Founder and MD

A visionary multi-skilled leader with a passion to innovative business solutions. Technically experienced as his journey started from production background and moving on into commodities trading.
Over ten years' experience in commodities trading as he is also the founder of Cedar Exim Limited, a major player in the commodities trading business.

Nqobile Ngwenya (ACCA)
Director Admin & Finance

A hard working, honest & resilient woman with vast administrative and finance experience acquired from previous work experience across various industries in Tanzania covering Logistics, Agriculture and Construction. She brings into the company invaluable experience with managing the finances of the business. She also has a top notch direct association with primary producers in agricultural products from her previous work in the industry and has a passion for rural women empowerment through agricultural solutions.

The two are supported by a team of highly qualified and experienced staff in the areas of finance, sales, marketing, logistics and admin support as shown hereunder.



2. Product

2.1 Product Description

Soybean meal is the most important protein source used to feed farm animals. It represents two-thirds of the total world output of protein feedstuffs, including all other major oil meals and fish meal . Its feeding value is unsurpassed by any other plant protein source and it is the standard to which other protein sources are compared . While it has been an accepted part of livestock and poultry diets in the USA since the mid-1930s, soybean feed production took off in the mid-1970s and then accelerated in the early 1990s due to a growing demand from developing countries. The expansion of aquaculture and prohibitions on the feed use of slaughterhouse by-products have also fueled the demand for this high-quality source of protein .

Soybean meal is the by-product of the extraction of soybean oil. Several processes exist, resulting in different products. Soybean meal is usually classified for marketing by its crude protein content. High-protein types are obtained from dehulled seeds and contain 47-49% protein and 3% crude fibre (as fed basis). Other types of soybean meal include the hulls or part of the hulls and contain less than 47% protein and more than 6% crude fibre. In solvent-extracted soybean meals, the oil content is typically lower than 2% while it exceeds 3% in mechanically-extracted meals .

Soybean meal is used in food, principally as a protein supplement, but also as a source of metabolizable energy. Typically 1 bushel (i.e. 60 lbs./27.2 kg) of soybeans yields 48 lbs. (21.8 kg) of soybean meal. Some, but not all, soybean meal is produced from the residue left after oil extraction, removal of the oil, which is used mostly in food, but also for industrial oils, soaps and biodiesel, involves crushing and either pressing or solvent extraction.) Some, but not all, soybean meal contains ground soybean hulls. Soybean meal is heat-treated during production, to denature the trypsin inhibitors of soybeans, which would otherwise interfere with protein digestion.

2.2 Product variations

There are three main kinds of Soybean meal that are produced:

- **Full-fat Soybean meal**, made from whole soybeans. It has a high metabolizable energy concentration.(For example, metabolizable energy for swine in this product is about 3.69 megacalories per kg dry matter.) Crude Protein Concentration is about 38 precent .

- **Defatted Soybean meal with no hulls**. Defatted soybean meal, containing soybean hulls. The hulls are readily digestible by ruminant livestock. This product is often fed as a protein supplement for domestic ruminants. Ruminant-metabolizable energy concentration is about 3.0 megacalories (i.e., about 12.5 MJ) per kg dry matter, and crude protein concentration is about 44 percent. The latter percentage which is commonly used in describing the product] is calculated at the typical as-fed moisture content of 90 percent. Thus, crude protein concentration on a dry matter basis is 49 percent.

  This product has an intermediate energy concentration (for example, metabolizable energy for swine in this product protein concentration is about 48 precent). This percentage (which is commonly used in describing the product) is calculated at the typical as-fed moisture content for 88 percent, thus, crude protein concentration expressed on a dry matter basis is 54 percent.

- **Defatted Soybean meal, containing soybean hulls**. This product is often fed as a protein supplement for domestic ruminants. Ruminant-metabolizable energy concentration is about 3.0 megacalories (i.e. About 12.5 mj) per kg dry matter, and crude protein concentration is about 44 percent. The latter percentage [which is commonly used in describing the product] is calculated at the typical as-fed moisture content of 90 percent thus, crude protein concentration on a dry matter basis is 49 perce.

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2.3 Product uses

Uses as Human Food
Marketed as full-fat, low-fat, globally about 2 percent of soybean meal is used for soyflour and other products for human consumption. Soya flour "provides the basis for some soya milks and vegetable protein", and is defatted and lecithinated. Coronary heart diseases are the leading cause of death especially in industrialized countries. High levels of total and LDL cholesterol are considered risk factors for these diseases. In human, the consumption of 25g of soya protein per day may reduce the levels of total and LDL cholesterol.

Preliminary results suggest that is flavones, such as estrogens, may produce a cardio protector effect directly on blood vessel walls and on other processes involved in the etiology of coronary heart diseases although the results are sometimes incompatible. Soya is flavones act as potent antioxidants able to reduce the oxidation of LDL cholesterol and to induce vascular reactivity. The presence of modified LDL cholesterol in the blood vessel walls contribute to the formation of atherosclerotic plaques and, according to studies in humans, soy is flavones improve endothelial function and arterial relaxation.

Use in animal feed
Globally, about 98 percent of soybean meal is used as animal feed. Of the US soybean production magnitude from 2010 through 2012, about 44 percent was exported as soybeans, and 53 percent was crushed in the US. Of the crushed tonnage, 19 percent was recovered as soybean oil and the remainder was recovered as soybean meal. Of the total US soybean tonnage produced, about 35 percent was fed to US livestock and poultry as soybean meal. Most of the remaining soybean meal produced in the US was exported. It has been estimated that, of soy meal fed to animals in the US, 48 percent is fed to poultry, 26 percent to swine, 12 percent to beef cattle, 9 percent to dairy cattle, 3 percent is used in fish feed and about 2 percent in pet food. Although this implies that the tonnage of soybean meal fed to other species is relatively minor, such use is not unimportant. For example, for rapidly growing lambs on low-protein feeds, soybean meal can be an important supplement to ensure adequate protein intake, and partly because of its palatability, soybean meal is often recommended for use in starter rations when creep feeding lambs.

2.4 Soybean production & utilisation in Tanzania

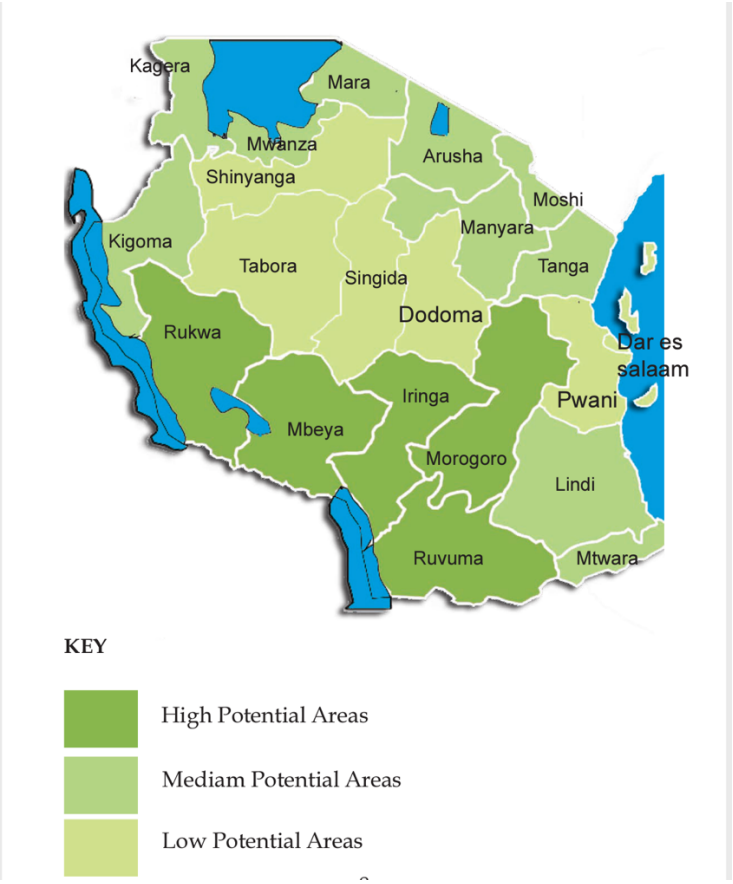
Soya bean is the single largest oilseed produced in the World. It possesses a very high nutritional value. It contains about 17 per cent oil and 40 per cent high quality protein (as against 7.0 per cent in rice, 12 per cent in wheat, 10

per cent in maize and 20-25 per cent in other pulses). Soybean being the richest, cheapest and easiest source of best quality proteins and fats and having a vast multiplicity of uses as food and industrial products is sometimes called a wonder crop. Soybean is used for making high protein food for children. Soybean grows well in warm and moist climate. A temperature of 26.5 to 3`C appears to be the optimum for most of the varieties. Soil temperatures of 15.5 C or above favour rapid germination and vigorous seedling growth. The minimum temperature for effective growth is about 10.C Well drained and fertile loam soils with a pH between 6.0 and 7.5 are most suitable for the cultivation of soybean.

Soya bean has been in the country for nearly 100 years since it was introduced in 1907. However, its production and utilization is negligible compared to other countries where soya bean is used as protein source in human food and animal feeds instead of sardines and fishmeal, especially in poultry industry.

The use of sardines in poultry feeding has been found to transmit fowl typhoid, a vertical transmission disease that implies extra costs for chemical control and have negative effects on end users of poultry products. This also bring taints to poultry products that lead to lack of market for local poultry products to international hotels, supermarkets and expatriate communities.

Tanzania has annual potential of producing more than two million tonnes of soya bean, a potential that has not been exploited. According to available data, current production is 1,140 tonnes per year. However, the estimated annual production is more than 5,000 tonnes. The major limitations that have been found are lack of knowledge on its use in animal feed and food formulations and lack of reliable market which have undermined increased production. This is because soya bean has to be processed to remove antinutritional factors before any use.



Lack of large-scale extruder is a limitation to livestock sector because this industry needs large amounts of processed soya beans that is free from anti-nutritional factors. In addition, it was found that lack of adequate soya bean and lack of extruders has led to many poultry farms to be reluctant to change their feed formulations because they are not sure of regular and constant supply of the material throughout the year. At the moment, there is only one large-scale soya bean extruder for animal feeds, which is also underutilized. There are a number of small-scale soya bean processors who produce soya bean products like soya bean flour and soya drink that have emerged recently. Another finding is that when feed processors claim that the amount of soya bean that is produced is very little, farmers say they do not know where to sell their soya bean.

From this situation it is vivid that there is potential for increased production. This implies that lack of coordination between production and consumer is a bottleneck requiring immediate intervention. Despite the farmers' arguments it was found that, the high farm gate prices discourage investment in food and feed processing. Farmers require farm gate price of more than 300 shillings per kilo while their cost of production is less than 180 shillings per kilogram. Due to high farm gate price resulting from low production, at the moment Tanzania cannot compete in selling soya bean at world market where soya bean is sold between Tshs.200 and Tshs.323 CIF.

3. Market Analysis

3.1 Market Segmentation

The soybean meal market is projected to register a CAGR of 4.2% during the forecast period (2022-2027).

The COVID-19 pandemic positively impacted the market due to the increased usage of soybean meal in the food and beverage industry and in the manufacturing of healthcare products. However, the decline in the meat demand around the world and the closure of animal feed manufacturing units have slightly hindered the demand for soybean meal from the feed industry.

An increase in demand for high-quality protein in soybean will continue to drive higher demand for soybean meal, mainly from the animal feed industry, over the forecast period. There is an increase in the global requirement for biodiesel as a major alternative to petrol and diesel. Biodiesel is produced using soybean; therefore, this may fuel the growth of the soybean meal market during the forecast period.

The global need for soybean meal has been increasing rapidly in recent years. An increasing number of farm animals and pet animals in the region of North America and Asia-Pacific is prompting the higher consumption and production of soybean meal products. This is boosting the opportunities for soybean meal manufacturers and the overall market.

The soybean meal market is segmented by application (animal feed, food industry, beverage, and healthcare products) and geography (North America, South America, Europe, Asia-Pacific, and Middle-East and Africa).

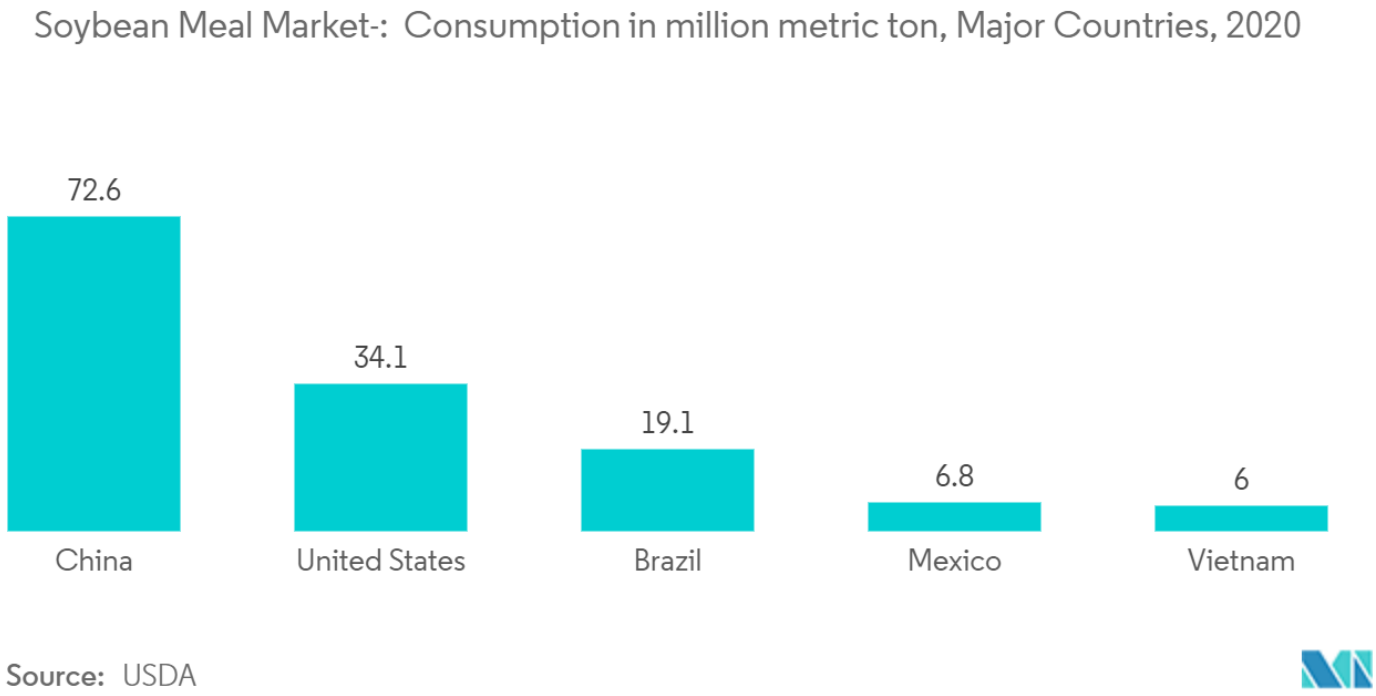
3.2 Key Market Trends

Increasing Demand for Protein-enriched Food for Humans and Animals

Soybean meal has a unique composition of amino acids and can be used as an alternative to cereal proteins. Soybean meal is used in both animal feed and human food industries. The main reasons behind the increasing demand for soybean meal include the health benefits associated with this protein-enriched food and the increasing population of livestock, cattle, ruminants, and other animals that are fed soybean meal. The other reason for the increase in demand is the restrictions placed on slaughterhouse byproducts, which in turn, has increased the market for soybean meal. This is further expected to enhance the market for soybean meals during the forecast period.

The main reasons behind the increasing demand for protein-enriched foods are its health benefits and the number of livestock, cattle, ruminants, and other animals that are fed soybean meal. The other reason for the increase in demand is the restrictions placed on slaughterhouse byproducts, which in turn, has increased the market for soybean meal.

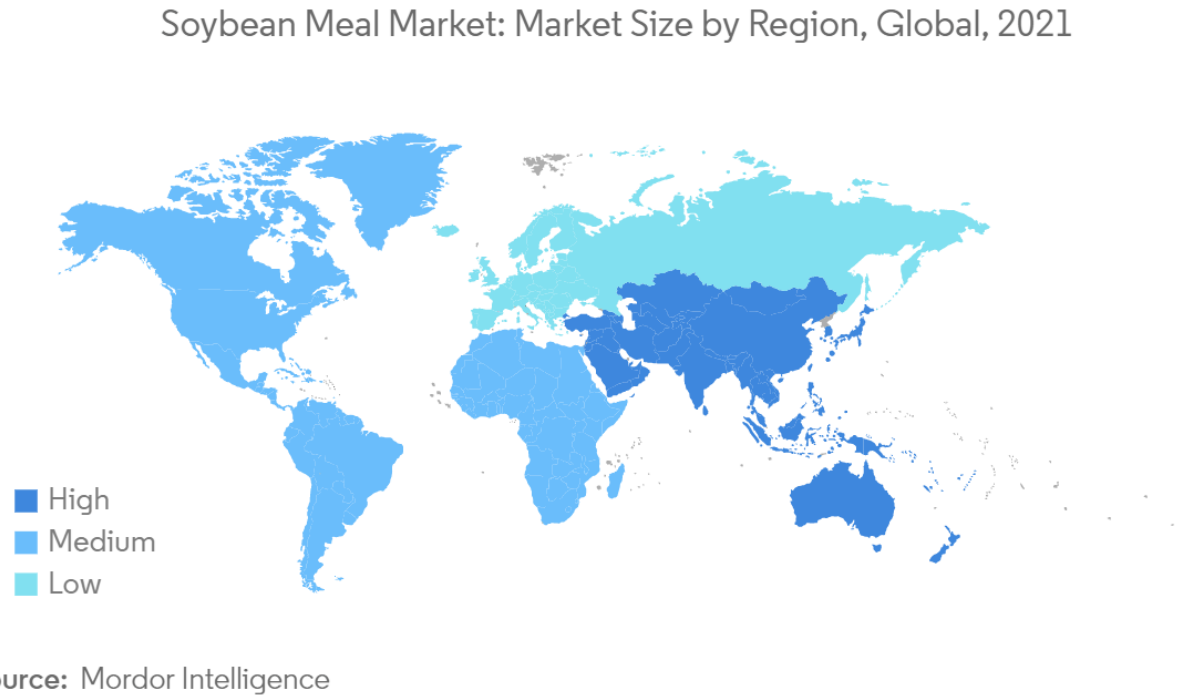
China was the largest soybean meal-producing country, with a capacity of 78.4 million metric ton, followed by the United States with 46.9 million metric ton, in 2020. The major importers of soybean meal are Vietnam, Belgium, Spain, and other countries. The major exporters are the United States, Italy, India, and other countries. Owing to the large numbers of swine, poultry, and aquaculture in these countries, they demand quality protein ingredients to formulate feeds, which supports the commercial production of meat, milk, and eggs.



3.3 Market size

Asia-Pacific is the dominant region in the soybean meal market, holding the major share of the market. China, India, Bangladesh, Thailand, Pakistan, and Japan are the major producers of soybean meal in the region. According to the USDA, soybean meal production increased from 69.69 million metric ton and 7.2 million metric ton in 2016-2017 to 78.41 million metric ton and 7.6 million metric ton in 2020-2021 in China and India, respectively. Soybean meal is majorly consumed by the animal feed industry in the region. Soybean meal is widely used in the larger varieties of products like bakery products, health food, cosmetics, and in the manufacturing of antibiotics.

Higher feed production is expected for the remainder of the calendar year 2021 and into 2022 as changes in the livestock and poultry industry drive moderate growth of soybean meal (SBM) use. As China imports large quantities of beans to crush at home to meet its increasing demand for protein meal, in the near future, it is set to become the world's largest producer of soybean meal. Argentina is the biggest soybean meal exporter, followed by Brazil, the United States, and India.



3.4 Target Market Segment Strategy

The main target market for our products shall be China and India. The strategy to be used will be to stay close to our customers. This will result in building of trust and forging of good relations with our customer. The company already knows the customers' needs and wants, therefore, as part of its marketing mix has decided to invest in the production of soybean meal that will have the most predicted demand and via marketing and promotion will try to promote these products.

The company expects that by implementing a correct marketing mix, we will increase our share in the identified market segments by offering the same value-added product and support benefits that its customers demand.

Our choice of target markets is based on comprehensive experience within the markets and also commodities trading business coupled with an in-depth understanding of the customers' needs for more than 10 years.

We will take a unique approach to satisfy our customers needs and wants and also simultaneously to answer all their questions and to air their fears about the quality of our products. The company identified that only efficient quality control will ensure repeat business with customers.

The company cannot be successful by just waiting for the customer to come for ordering. Instead, we must focus on the specific market segments whose needs match more to our products. Focusing on targeted segments is the key to company's future.

We intend to change the paradigm of being a product- and price-focused sales organization, to that of becoming a customer- and market-focused organization, aiming in sharing responsibility for customer satisfaction. We will accomplish this paradigm shift through the implementation of a balanced and continuous market research for agriculture needs and technology demands.

Planning and implementing specific strategies for the identified segments will be an ongoing process, and we will will consult with marketing specialists, and our suppliers, to further refine these efforts as we develop an effective marketing plan.

3.4 Competition

Some large scale and numerous small and medium scale processors operate mainly in Dar es Salaam and Arusha with limited presence elsewhere in the country. Processing is for inclusion in human foods as fortifiers. Numerous (as many as 500 with trading licences) small private retailers sell small quantities of feed and feed additives and supplements.
Main products are Chick Starter (and a more expensive version containing a coccidiostat), Layers, Broiler Starter, Broiler Growers and Broiler Finisher: in 2013 all is in the form of mash although some firms have or will shortly have pelleting capacity. There is no regular production of pig compound feeds. Many small producers buy ingredients and mix their own concentrate feed

However, most of these processors do not produce export quality soybean meal. Ara Exim intends to make produce solely for the export market. Therefore due to the required capital outlay for such a project, there is limited competition for the export of soybean meal within Tanzania.

Major competition will come from other suppliers worldwide, but however due to the local availability of high-grade soybean as the main ingredient, Ara Exim's production costs are expected to be its main competitive advantage.

3.5 Competitive Edge

Our competitive edge is our positioning as a strategic ally with our customers, who are clients more than customers. By providing products based on long-standing relationships with satisfied clients, we simultaneously build defenses against competition. The longer the relationship stands, the more we help our clients understand what we offer them and why they should stay with Ara Exim.

4. Marketing Strategy

The overall marketing plan for Ara Exim Limited's products is based on the following fundamentals:

- The segment of the market(s) planned to reach.
- Distribution channels planned to be used to reach market segments: Direct marketing, mailings,exhibitions etc.
- Share of the market expected to capture over a fixed period of time.

We will implement a strategy that treats customers as a family. This means our marketing resources will be centered on advertising both sales promotions (events & workshops) and personal sales (customer service, friendly atmosphere).

4.1 Market Responsibilities

Ara Exim is committed to an extensive promotional campaign. This will be done aggressively and on a broad scale. To accomplish initial sales goals, the company will require an extremely effective promotional campaign to accomplish two primary objectives:

1. Attract quality sales personnel that have a desire to be successful.
2. Attract customers that will constantly look to Ara Exim for their needs.

In addition, the company plans to advertise in global trade magazines as well as attend all the global exhibitions relevant to the industry, like Biofach.

5. Sales Strategy

- We will be offering quality products that will be introduced to the market through targeted advertising and direct sales. The direct sales force will consist of both directors with coordination of their seasoned sales associate offices in India. Mr. Mohit will manage the direct sales through personal sales calls and direct visits to customer. This market is a long term, repetitive business where relationships are a key component to success.
- We will promote the company and its ability to supply quality products at affordable prices. We will make marketable Ara Exim and keep the reputation as the reliable supplier it aims to be.
- In future, we hope to offer leased mechanization services to small holder farmers who cannot afford outright purchase of farm implements.
- Ara Exim will also provide other services such as training and education to farmers regarding good farming practices to produce high quality yield.
- We will also connect the farmers through a mobile platform for easy management of the supplies and manage product quality.
- Provide alert services and information through the mobile platform during planting and harvest season.

6. Pricing & Payment options

The company will offer competitive prices, which are subject to review when necessary. Knowledge of market and competitor prices gives to the company the advantage of pricing in-line with competitors. Ara Exim's suppliers have and will continue to supply products that enable the company to meet the customers' price ranges.

Our pricing strategy will be based on competitive Blue Book values (large client wholesale and individual small client prices) plus premium packaged brands with additional consumer needs offered per market requirements and global competitiveness. We will have a full packaged pricing model to carter for all target market segments. We will not exceed or be near uncompetitive prices offered by middlemen, and will attempt to offer our product at reduced prices plus a fair profit margin than existing suppliers

Ara Exim will maintain a commercial letter of credit payment policy only for business customers with a net 30-day limit. Most of our's customer will be expected to deal with their own financial sources. However, the company plans to offer flexible payment options for the customers by making special arrangements with financial institutions to give credit them credit if they cannot afford to pay cash upfront.

7 Personnel Plan

Ara Exim's management is highly experienced and qualified. It's key management team includes Mr.Mohit Gupta and Ms. Nqobile Ngwenya. Jointly, they are responsible for business management, contract negotiations ,sourcing, arranging financing as needed, marketing, sales and quality control. The two are supported by a team of production, sales, logistics, finance and admin support staff.

Designation	Quantity
Sales executives	2
Customer support	1
Technicians	2
Production Manager	1
Finance support staff	3
Logistics team	2
Admin support	2
Production support team	6

Specialised functions like human resources and marketing will be outsourced to professional companies in order to keep operational costs at a minimum.

9. Financial Plan

The following sections shows in detail that Ara Exim will be profitable and will easily recoup its investment within a year.

9.1 Important Assumptions

The key underlying assumptions of our financial plan shown in the following general assumption table are:

1. We assume access to the funding necessary to invest in the project, and to provide adequate initial capitalization for a wider range of operational activities.
2. We will manage to get duty & vat exemptions for the importation of our equipment through registering the project with TIC
3. It is assumed that the company will get space within the EPZ in order to benefit from lower facility rental costs.
4. We assume realistic to minimum sales, against highest expenses.
5. We assume that production of soya bean locally and across the region will grow steadily to reach its potential and hence increase supply of raw material gradually.
6. The effects of covid 19 and other pandemic shall pose minimum disruption to our and our suppliers' operations.
7. Steady economic growth globally.

Other key business assumptions are:

ASSUMPTIONS					
	YEAR 1	**YEAR 2**	**YEAR 3**	**YEAR 4**	**YEAR 5**
Current Interest Rate (USD)	6-8.00%	6-8.00%	6-8.00%	6-8.00%	6-8.00%
Long-term Interest Rate (USD)	6.00%	6.00%	6.00%	6.00%	6.00%
Tax Rate Income	30.00%	30.00%	30.00%	30.00%	30.00%
VAT Rate	18.00%	18.00%	18.00%	18.00%	18.00%
Duty	0.00%	0.00%	0.00%	0.00%	0.00%

9.2 Investment cost

List of machinery

Name of machinery	FOB Cost	
Soya Crushing Mill Plant	$	115,960.00
Extruder For Soya Bronto	$	96,460.00
Soya Cleaning & Mill Plant /Vibro Separator MTRA Complete With 2 Nos SPL	$	73,190.00
APFC Panel	$	6,214.00
Main Panel	$	13,208.00
Sub Panel of Main	$	1,573.00
Cable and other fitting	$	13,338.00
electric motor of Slemens	$	8,983.00
H Beam 15 Mtrs. Long	$	31,317.00
Total Machinery FOB	**$**	**360,243.00**
Shipping & freight	$	8,700.00
Machinery CIF cost	$	368,943.00
Clearing costs	$	31,057.00
Total Machinery	**$**	**400,000.00**

Total funds requirements

Particulars	Amount		Source	Amount %
Leasehold property	$	3,000.00	Capital	100%
Building	$	270,000.00	Capital	100%
Plant & Machinery	$	400,000.00	Capital	100%
Furniture & Fittings	$	15,000.00	Capital	100%
Licences & permits	$	5,000.00	Capital	100%
Preliminary expenses	$	5,000.00	Capital	100%
Insurance	$	2,000.00	Capital	100%
Working Capital	$	500,000.00	Capital	100%
TOTAL	**$**	**1,200,000.00**	**TOTAL**	**100%**

The entire funding requirement will be financed through owner's equity.

9.3 Sales forecast

Plant capacity		
Processing capacity	67	Mt/Day
Working days in a year	300	Days
Annual production	20100	Mt
Annual Output Capacity:		
88% Soybean	17688	Mt
9% Soya Oil	1809	Mt

3% of the raw material is lost as waste during the production process and hence maximum annual output is 19,500MT as indicated above.

However, considering that soya bean production is still growing in Tanzania, it is expected that during the first 5 years of operation we will not be able to achieve maximum capacity as detailed below:

Annual production	% of capacity	Soybean Meal	Soya Oil
Year 1	30%	5,306.40	542.70
Year 2	40%	7,075.20	723.60
Year 3	50%	8,844.00	904.50
Year 4	60%	10,612.80	1,085.40
Year 5	70%	12,381.60	1,266.30

The entire produce will be sold and hence the production quantities also represent the expected sales quantities. The selling price has been based on current prevailing rates and any changes thereof will be directly affected by the price of raw materials and hence the relationship is linear. The current price for soybean meal is **$520/Mt** and for Soya Oil is **$900/Mt.**
Hence sales projections for the next five years are indicated below:

Annual sales values	Soybean Meal Sales	Soya Oil Sales	Total Sales
Year 1	$ 2,759,328.00	$ 488,430.00	$ 3,247,758.00
Year 2	$ 3,679,104.00	$ 651,240.00	$ 4,330,344.00
Year 3	$ 4,598,880.00	$ 814,050.00	$ 5,412,930.00
Year 4	$ 5,518,656.00	$ 976,860.00	$ 6,495,516.00
Year 5	$ 6,438,432.00	$ 1,139,670.00	$ 7,578,102.00

9.4 Raw materials

The cost of raw materials has been taken at the rates prevailing in the market presently($480/MT). The raw material required for proposed products is raw soybean. Quantity of raw soybean required for each year at the estimated capacity utilization is as under:

Annual purchases value	% of capacity	Soya beans purchases
Year 1		$ 2,894,400.00
Year 2		$ 3,859,200.00
Year 3		$ 4,824,000.00
Year 4		$ 5,788,800.00
Year 5		$ 6,753,600.00

9.5 Staff costs

Staff costs are estimated as per below chart:

Designation	Quantity	Monthly Rate	Annual Cost
Managing Director	1	$ 3,000.00	$ 36,000.00
Finance & Admin Director	1	$ 2,000.00	$ 24,000.00
Sales executives	2	$ 700.00	$ 16,800.00
Customer support	1	$ 600.00	$ 7,200.00
Technicians	2	$ 500.00	$ 12,000.00
Production Manager	1	$ 1,500.00	$ 18,000.00
Finance support staff	3	$ 800.00	$ 28,800.00
Logistics team	2	$ 700.00	$ 16,800.00
Admin support	2	$ 600.00	$ 14,400.00
Production support team	6	$ 400.00	$ 28,800.00
Total			**$ 202,800.00**

9.6 Consumables & other costs

The company shall require packing material, stores and other consumables. The price of packing material used for in soya meal and soya oil is taken $1.30/MT.

The company shall require other stores consumables miscellaneous general stores items which are easily available in local market through the distributor/ consignee of the leading manufactures / local traders.

The provision for repair and maintenance of machinery has been taken at $25,000 in first year and gradually increasing as the machinery wear and tear increases.

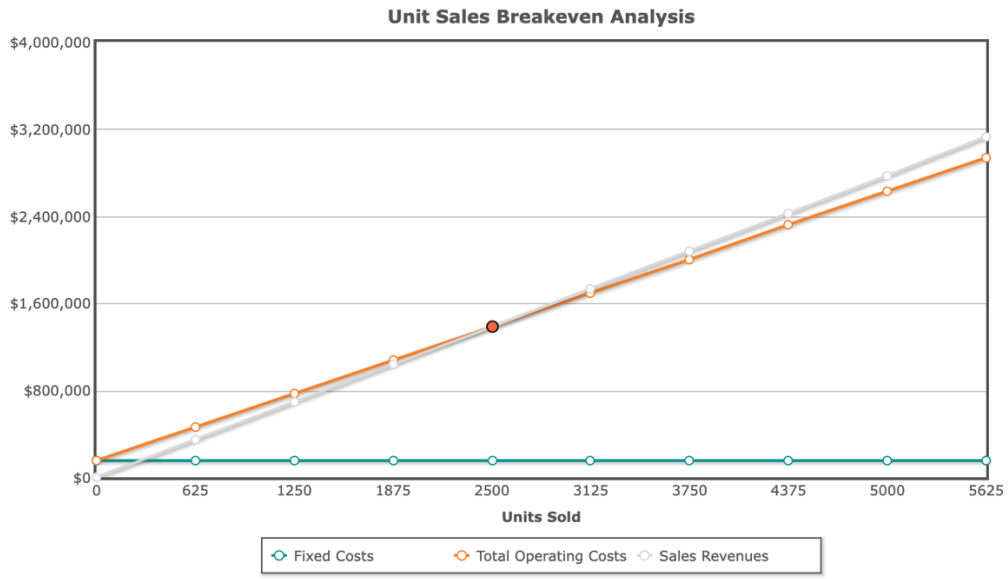
Insurance premium has been taken at 3% on the cost of fixed assets and stocks.

Administrative expenditure includes office establishment expenses, traveling, postage, telephone, stationery etc., which has been considered to increase every year @ 5% every year.

Sales expenses including brokerage, advertising & promotion, commission etc. have been taken @ 1 % of sale of finished goods.

9.7 Break-even Analysis

Our Break-even Analysis is shown in the following table and chart.



Ara Exim Limited will have to sell at least 2,500MT to break even. Which is easily attainable within the first year as anticipated sales volumes in the first year are 5,825MT. However, this is highly dependent on fixed costs being maintained at a minimum.

9.8 Projected Profit and Loss

The following table shows the projected Profit and Loss statement for the next five years. Our largest operating expenses will be payroll-related, to cover necessary staff.

Depreciation reflects the declining value of our long-term assets.

The business is expected to generate gross margins of at least 9%.

The projected profit & loss is attached as Annex 1.

Column1	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	**$ 3,247,758.00**	**$ 4,330,344.00**	**$ 5,412,930.00**	**$ 6,495,516.00**	**$ 7,578,102.00**
Cost of sales					
Raw Materials	$ 2,894,400.00	$ 3,859,200.00	$ 4,824,000.00	$ 5,788,800.00	$ 6,753,600.00
Consumables	7,603.83	10,138.44	12,673.05	15,207.66	17,742.27
Factory overheads	$ 48,716.37	$ 64,955.16	$ 81,193.95	$ 97,432.74	$ 113,671.53
	$ 2,950,720.20	**$ 3,934,293.60**	**$ 4,917,867.00**	**$ 5,901,440.40**	**$ 6,885,013.80**
Gross Profit	**$ 297,037.80**	**$ 396,050.40**	**$ 495,063.00**	**$ 594,075.60**	**$ 693,088.20**
GP Margin	**9%**	**9%**	**9%**	**9%**	**9%**
Staff expenses	$ 202,800.00	$ 212,940.00	$ 223,587.00	$ 234,766.35	$ 246,504.67
Insurance	$ 2,000.00	$ 2,000.00	$ 2,000.00	$ 2,000.00	$ 2,000.00
Admin overheads	$ 16,238.79	$ 21,651.72	$ 27,064.65	$ 32,477.58	$ 37,890.51
	$ 221,038.79	$ 236,591.72	$ 252,651.65	$ 269,243.93	$ 286,395.18
Operating Profit	**$ 75,999.01**	**$ 159,458.68**	**$ 242,411.35**	**$ 324,831.67**	**$ 406,693.02**
OP%	**2%**	**4%**	**4%**	**5%**	**5%**
Depreciation	$ 60,000.000	$ 60,000.000	$ 60,000.000	$ 60,000.000	$ 60,000.000
Net Profit	$ 15,999.01	$ 99,458.68	$ 182,411.35	$ 264,831.67	$ 346,693.02
Tax @ 30%	$ 4,799.70	$ 29,837.60	$ 54,723.41	$ 79,449.50	$ 104,007.91
Net Profit after tax	**$ 11,199.31**	**$ 69,621.08**	**$ 127,687.95**	**$ 185,382.17**	**$ 242,685.12**
Cumulative Profits	**$ 11,199.31**	**$ 80,820.38**	**$ 208,508.33**	**$ 393,890.50**	**$ 636,575.61**

9.9 Projected Balance Sheet

The business is generally a cash basis business and hence there will be no receivables or payables in its operation.

Estimated balance sheets for the first five years are as below:

Column1	Year 1	Year 2	Year 3	Year 4	Year 5
Fixed Assets	$ 625,000.00	$ 565,000.000	$ 505,000.000	$ 445,000.000	$ 385,000.000
Cash reserves	86199.31	215820.38	403508.33	648890.5	951572.61
Total Assets	**$ 711,199.31**	**$ 780,820.38**	**$ 908,508.33**	**$ 1,093,890.50**	**$ 1,336,572.61**
Capital	$ 700,000.00	$ 700,000.00	$ 700,000.00	$ 700,000.00	$ 700,000.00
Accumulated Profits	$ 11,199.31	$ 80,820.38	$ 208,508.33	$ 393,890.50	$ 636,575.61
Total Capital & Reserves	**$ 711,199.31**	**$ 780,820.38**	**$ 908,508.33**	**$ 1,093,890.50**	**$ 1,336,575.61**

10. Strategy & Implementation Plan

Ara Exim Limited will differentiate itself from other producers of soy meal by offering custom products depending on customer demands. The company plans on building long-term relationships with clients and not just selling them products and make them understand the value of the relationship.

The company plans to rapidly develop marketing alliances with agriculture consulting offices. The market strategy is to capitalize on our customer base and contacts by offering the best products at affordable prices.

The company's goal this and the following years is to exhibit its products in the international trade fairs & exhibitions like Biofach which will allow for expanding the product service area.

The project is expected to be implemented within 4 months for a fully-fledged operation.

11. Project Milestones

The accompanying table lists important program milestones achieved so far. The milestone schedule indicates our emphasis on planning for implementation.

Activity	**Status**	**% Completion**
Company registration	Completed. Awaiting business licence after securing the location for plant	80%
Land Acquisition	Not necessarily required but the company is in the process of securing space within the Ubungo EPZ to set up the plant	50%
Building	We will put up a prefabricated steel warehouse where we will install the plant & machinery	0%
Purchase & installation of machinery	Already concluded. Machinery is expected to arrive in Dar es salaam within 2 months	80%
TIC application	In progress	20%
Hire of staff	In progress. HR consultants have been engaged to acquire the required talent	40%
Supply arrangements	Suppliers have been identified who have committed to providing the required raw materials	90%

The milestone table shows planning & implementation milestones. Our business plan includes complete provisions for plan-vs.-actual analysis, and we will hold follow-up meetings every month to discuss the variance and course corrections, and a final plan review on every 2 weeks.