

BUSINESS PLAN PREPARED

FOR

GSB AGRO EXPORT CO.LTD

FOR

**PACKING HOUSE, OIL MILL
AND
AVOCADO PACKAGING MATERIALS**

INTRODUCTION

This is the resident company incorporated under the Companies Act 2002 in 22nd March, 2024 with registration number 173276044 whose main activities shall be growing avocado, Exporting Avocado, Avocado oil extrusion and producing Avocado packaging materials.

GSB Agro Export Co. Ltd has currently acquired land located at Makota village within Iringa region, the proposed area will be used for establishing a plant that will make avocado oil extrusion, avocado house parking and production of avocado packaging materials.

OPPORTUNITY:

Every business that is established to make profit knows that it needs strategies that will allow it to have competitive advantage over others in the same industry. At GSB Agro Export Co. Ltd we intend to become a renowned company in the entire Tanzania as well, and we have drafted competitive advantage strategies that will ensure that we achieve our vision. We are going to be one of the few best avocado grower, exporter, Avocado oil and Avocado packaging materials producer, the company that will retail its products to end user consumers as well as distributors. This we intend to do so as to encourage increased patronage and increase awareness for our company as well.

We will hire the best hands to help us run this business and they not only require having the vast experience that is needed to kick start our company and carry it forward, but they also have keyed into our vision and are determined to project the company's corporate culture internally and also externally. We also intend to deploy effective publicity strategies that will increase our awareness in by participating in community programs and sponsoring events and people to achieve their dreams.

Lastly, we intend to offer excellent customer service that will attend to the various needs of our clients, from order processing, inquiries, complaints as well as suggestions. We also intend to keep in touch with our existing and potential customers through our various social media platforms and our website that will be handled by the best customer service executives.

VISION

Our vision is to become the largest avocado grower, exporter, Avocado oil extrusion and Avocado packaging materials producer company of east, and central for local and foreign business in next five years, the company will consistently deliver convenience, quality service and add values that are Team work, Reliability, integrity and customer satisfaction.

MISSION.

To constantly exceed customer expectations by providing quality avocado oil, affordable house packing and avocado packaging materials solutions in a safe, efficient and cost effective manner without damaging the environment, to identify and enter new areas of business thereby expanding the company, to create a work environment where an employee can exceed his personal best in job performance and in customer service, to operate the group in a manner of continuous improvement thereby expanding market share in all its diversified businesses, to be oriented towards adaptation and to take advantage of windows of opportunity, to make a contribution to various communities as individuals and as a group and finally to succeed in business and to provide a sufficient return on investment to the stakeholders.

OUR VALUES

GSB Agro Export Co. Ltd will maintain a high standard of efficiency in terms of service to clients, growing best avocados, exporting best avocado outside the country, producing best both avocado oil and avocado packages materials as per the international standards, trained staffs so as to give excellent customer service and product as per standards required internationally.

PLANNED ACTIVITIES DURING THE PROJECT

We also aim to work directly with farmers, through CONTRACT FARMING, in this case will support them through agriculture inputs and will buy their Avocado after harvest. for packing and exportation business outside the country, we will also be packing avocado for other farmers and business men/women ready to be transported outside the country, the rejected avocados will be used to production avocado oil and animal food, also we will be producing avocado packaging materials. In Tanzania Avocado is grown mostly in Southern Region and when compares to our neighboring countries Like Malawi, Kenya and Zambia it clearly to say that Tanzania is in infant stage of Avocado farming, and in general growth trend is positive.

To run this project smoothly we are planning to import the following machines from various countries such as China, German and Mexico, such as ONE OIL FILTRATION MACHINE, 3 COLD ROOM STORAGE, 3 BEGUMMING MACHINE, 2 CLEARING PROCESSING MACHINE, ONE 1ST LINE PRESSING TECHNOLOGY-PLANT, ONE BLEACHING MACHINE, 20 TRUCKS FOR DELIVERY, 4 SEMI AUTOMATIC BOILING LINE, 2 DEACTIVATION MACHINE, 2 BOILERS AND COMPRESSORS , 2 CHILLERS, 3 PCS AVOCADO REF INERY GENERATOR, 3 PCS COMPRESSOR, 15 SET COMPLETE BROILER HOUSE, 20 SET OF COMPLETE BROILER HOUSE FLOOR EQUIPMENT.

In addition, machines, the company will also import 20 trucks, plus the trailers for delivering purpose from reputed suppliers like Sino truck, AM Trailers Superdol etc. These trucks will be regularly serviced by highly trained mechanics at or own garages with highly skilled engineers. And if there is a need, service of specialized mechanics from Scania and Chinese expatriates will be used for repairing/servicing of the trucks. Spares used for repairing the trucks will be from branded reputed suppliers or original supplier like Scania, Sino truck, TATA, Shark Man etc.

The Company has future plans to set up branches in Burundi, Kenya and Zambia.

For the avocado oil, the company expect to process an average of 38 Metrics tones per day. The factory will be running at an average of 26 days per month. Expected selling price is 25-3.5 USD per Litre for refined oil and 800-1000 USD per ton of Low-fat Avocado Cake. From the 38 Metric tons per day also we are expecting to be packing 50 tons of avocado per 26 days 11.95% of it is expected to be avocado oil, 85.72% is Low Fat Avocado Cake and the remaining is avocado hulls and Impurity. Therefore, sale per month for the capacity of 27 Metric tons per day is expected to be TZS 18 billion per years and later months with the increased capacity to reach 38 Metric tons, sales is expected to be TZS 33.3 billion per year.

We expect to be purchased at 700-826 USD per ton. Which means in the above capacity we expect month costs to be TZS 1.02 billion per Months in the early months and TZS 2 billion in the later months as capacity increases and the need for buffer stock to ensure consistence of production.

PROJECT DESCRIPTION.

Significant measures have been taken to liberalize the Tanzania economy so that to encourage private sector to take a lead in Tanzania economic growth; The Government of Tanzania embarked on adjustment program to give the private sector the leading role. It is in view of the above our Company came up with a proposal to develop a project for producing avocado oil, exporting avocado outside the country, and producing avocado packaging materials so as to support the industrialization policy of the Government.

GSB AGRO EXPORT COMPANY LIMITEDS will dedicate time and put effort, knowledge and experience to achieve highest possible results. The plant will be equipped with new high-tech processing machines and will have its own veterinary department, which will be responsible of the technological process to meet the veterinary standards and local and foreign export health regulations. The production at the beginning would be intended for the domestic and foreign market and would be dominantly consisted of fresh products, will leverage on the experience of the existing sister company one G.S.B Geo Consultant limited which among the other thing shall provide equity for this project.

Location of the company near by the main road, would allow the company to operate close to the most of its target consumers at right place, right time and affordable price. Strong push in the distribution, intensive promotion activities and sales force of people with note of sales aggressiveness, have to result in growing market share and brand awareness.

Analysis that has been done shows that GSB AGRO EXPORT COMPANY LIMITEDS has a great potential to capture market share that will make it a market leader, with potential for exports and entering new East Africa Markets.

We intend to offer various products and services at GSB AGRO EXPORT COMPANY LIMITEDS, including Avocado processing and house packing, Avocado material packages industry, Avocado export and Avocado Oil Production unit; however, in the Avocado Oil our main products will be refined Avocado oil for domestic use and export, crude Avocado oil for industrial use and Avocado Meal for animal feed.

MARKET ANALYSIS

According to a 2018 World report, Avocado itself, and Avocado oil is the third most consumed edible oil in the world with a 35% market share of the whole market. Avocado oil is also contained in household food products such as margarine. It is also used by food manufacturers in mayonnaise, meat products, commercially baked goods as well as salad dressings. The little flavor that Avocado oil has whereby it doesn't change the taste of the food is the reason why it is such a huge hit with customers.

A great majority of the world's avocado are processed or crushed every year to produce avocado meal and oil, while residual is used directly for human consumption.

The global avocado oil market attained a volume of 51 million tons in 2020 driven by increasing health awareness and rising demand from the developing regions. Aided by the rising demand from non-food sectors like biodiesel, the market is expected to witness a further growth in the forecast period of 2021-2026, growing at a CAGR of 1.5%. The market is projected to reach 55.5 million tons by 2026.

On the basis of end use, the retail segment is expected to remain highly attractive throughout the forecast period. Currently, this segment accounts for little over 38% revenue share of the market and projected to reach valuation of US\$ 8,156 million by 2025. Meanwhile, the foodservice segment is estimated to retain its second spot.

Now with the Government campaigns to end the importation of the edible Oil, GSB Agro Export Co. Ltd foresee the opportunity to meet the import gap created as well as compete for a local market share.

MARKET STRATEGY AND SALES PLAN

Our current location was chosen after several feasibility studies were conducted as to what location would be favorable to our marketing strategies. We need to be close to market hence large production will be exported to Dar es salaam city with estimated population of 7 million people and other regions and globally. We know how important marketing is and also how important having the right strategies at the right place is likely to propel our business faster, also the house packing being located at Iringa will help get more growers from Iringa, Mbeya and Njombe who will easily access the plant.

Our marketing strategies are intended allow us to become a big brand in Tanzania. Our marketing strategies will also penetrate the market to reach our various customers while also competing favorably with other leading brands as well.

There are certain platforms we intend to use in intensifying our publicity and advertising strategies for our project and they are:

- Partnering with communities in various projects
- Create an attractive but unique logo that will be easily recognizable by customers
- Placing unique adverts in food magazines, local and national newspapers as well as on radio and television
- Massively advertising on the internet by placing ads on popular forums and biogas
- Ensuring that our website is optimized to be able to rank tops amongst searches on line
- Using social media platforms such as Facebook, Instagram and Twitter to engage existing and potential customers on the benefits of soybean oil
- Ensuring that we install our billboards in strategic and conspicuous locations all around major City
- Ensure that our business fliers are distributed in target locations
- Ensure that our trucks are branded well with our logos.

PRICING

The pricing policy for the project will be based on the cost of services provided;

MONITORING AND EVALUATION

The Management has full commitment to ensuring good use of the resources and sustainable environment. Thus, the management philosophy is through business process, the company will strive to ensure compliance to standards and safety.

PROJECT INVESTMENT COST

The estimated capital investment cost for the all project is estimated to cost US \$4,900,000

GSB AGRO EXPORT CO.LTD

PARTICULAR	US\$
Land and Buildings	250,000.00
Vehicles	1,000,000.00
Insurance cover	50,000.00
Furniture, Machines and Equipment	2,500,000.00
Working Capital	1,100,000.00
TOTAL	4,900,000.00

FINANCING PATTERN

The project will be financed by equity US\$ 4,900,000.00 and project cash flows realized from business in various phases.

ASPECT OF PROJECT SUSTAINABILITY

The project sponsors having studied market conditions, the infrastructure in Tanzania and being in business for 5 years is convinced that the project will be able to operate undisturbed. The growing of industrial, trade, Agricultural sector and good leadership gives them assurance of a steady market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

MONITORING AND EVALUATION

The monitoring and evaluation tools will be applied in running this project as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth business running.

FINANCIAL ANALYSIS

CONSIDERATIONS AND ASSUMPTIONS:

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied, it is assumed to be 5% annual depreciation.

It is assumed that the major building raw material will be procured from local market and other will be imported. Revenues have been conservatively estimated based on experience of the promoters and trends in the Agro industry. Five (5) years financial projections have been worked out.

The maximum capacity of the factory is expected to be able to process 38 Metric tons of Avocado Oil per day and Avocado house packing is estateted to range from 80% to 95% for the first seven months and then operate on **97% capacity of 2000 units** from there on. The company is expected to process 27 Metric tons per day for the first few months and later 38 Metric tons per day as efficiency increases. The expected sales perlite of edible oil is 3.3 USD and avocado meal is expected to be sold at 670-1000 USD per ton.

The cost of purchasing 1 metric ton is expected to be 700 to 850 USD, Purchases is expected to be 27 Metric tons on the first few months and later increases as the cash flow position is becoming stable to support keeping buffer stock.

The company direct and operating expenses are expected to consume 80% of the revenue generated in the first few months and later reduce to 75% as the economies of scale increases.

PROJECT INVESTMENT FINANCING PLAN.

G.S.B GEO CONSULTANT C0.LTD, a sister company owned by Tanzanian nationals is registered under the Company Act on 25th September,2019 whose main activities mining, minerals consultant and production the smart doors will provide the equity to finance the project and the business operations as whole.

GSB AGRO EXPORT C0.LTD	USD
Equity	4,900,000.00
Foreign Loan	0.00
Local Loan	0.00

KEY HIGHLIGHTS AND INSIGHTS OF OUR COMPANY

- Planned to set up the best refinery avocado oil extrusion plant in Iringa that will be among the best in East, central Africa.
- Importing 100 trucks into Tanzania for delivering purpose by Dec 2029
- To process 38 metric tons of Avocado oil per day and help to cover the problem of cooking in Tanzania.
- Highly trained and Skilled employee and mechanics will be in place with the direct support from the manufactures of our machines so to work closely making sure the plant is operating smoothly
- To Invest USD 4 million in domestic market in next 5 years to increase the operating capacity.
- To invest on quality avocado house packing that will process best avocado for the external market.
- To invest on the best avocado packaging materials that will help the local growers to boost up their revenues by not importing them from outside the country as we don't produce avocado packing materials here in Tanzania.
- To become leading avocado grower, avocado exporter, avocado oil producer, avocado packaging materials in Tanzania by end of 2029
- To employ head count staff of 250 end of 2029

CONTACT US

CORPORATE HEAD QUARTERS: GSB AGRO EXPORT CO.LTD. MAKOTA (Village) IRINGA P. O. Box 33507 IRINGA, Tanzania. Email: tomherman862@gmail.com	DAR ES SALAAM BRANCH GSB AGRO EXPORT CO.LTD P. O. Box 33507 MAKOTA (Village) IRINGA Tanzania. Email: tomherman862@gmail.com	CONTACT PERSON: THOMAS HERMAN DIRECTOR GSB AGRO EXPORT CO.LTD +255767257372 Email: tomherman862@gmail.com
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PROJECTED INCOME & EXPENDITURE STATEMENT

YEARS	YEAR 1 (2024/25)	YEAR 2	YEAR 3	YEAR 4	YEAR 5	6	7	8
Revenue from:-								
Income from cotton lint	809,976	931,472	1,071,193	1,231,872	1,416,652	1,416,652	1,416,652	1,416,652
Incom from cotton seeds	95,654	110,002	126,502	145,477	167,299	167,299	167,299	167,299
Total Revenue	905,629	1,041,474	1,197,695	1,377,349	1,583,951	1,583,951	1,583,951	1,583,951
Operational Cost:-								
Cost of seedcotton purchases	649,290	653,839	751,915	864,702	994,407	994,407	994,407	994,407
Overhead Costs	36,715	12,171	12,195	12,219	12,243	12,243	12,243	
Profit Before Depr & Int.	219,624	375,464	433,585	500,429	577,302	577,302	577,302	589,544

Less: Capital Charges:--								
Depreciation	629,999	552,367	474,735	397,103	319,471	319,471	319,471	319,471
Interest Expense	504,195	403,356	367,502	331,648	295,794	295,794	295,794	295,794
Profit Before Tax								
Tax	-914,571	-580,260	-408,652	-228,323	-37,964	-37,964	-37,964	-25,721
Corporate Tax 30%								
Net Profit:--	-914,571	-580,260	-408,652	-228,323	-37,964	-37,964	-37,964	-25,721
Retained Earnings								-
	-914,571	-1,494,831	-1,903,483	-2,131,805	-2,169,769	-2,207,733	-2,245,697	2,271,419

Projected Cash Flows

This is shown in the financial statements. The project has a positive end-of-year cash flow year 1 and is shown below:

GSB AGRO CO. LIMITED PROJECTED CASH FLOWS US \$

	YEAR 1 (2025/2026)	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Cash inflows:					
Equity	798,591.4				
Short term Bank loan	1,400,541				
Profit before Capital charges	219,624	375,464	433,585	500,429	577,302
Total Cash Inflows	2,418,756	375,464	433,585	500,429	577,302

Cash Outflows:					
Investment	1,046,408				
Working capital	805,402				
Change in working capital	–	(14,026)	102,219	117,115	134,226
Corporate Tax	–	–	–	–	–
Loan Servicing	504,195	403,356	367,502	331,648	798,644,663
Total Cash Outflow	2,356,006	389,330	469,721	448,763	430,021
Net Cash flow	62,751	(13,866)	(36,135)	51,666	147,281
Commutative cash flow	62,751	48,884	12,749	64,415	211,696

Projected Break even

This is shown in the Break Even Analysis is given below:

Break Even Analysis US\$

Particulars/Year	YEAR 1 (2024/25)	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Lint & Cotton seed sales – REVENUE	2,445,199,386	2,811,979,294	3,233,776,188	3,718,842,616	4,276,669,009
VARIABLE COSTS					
Direct Ginning & seed cotton costs	2,075,455,200	2,103,854,550	2,379,781,100	2,695,926,425	3,058,272,955
Total	2,075,455,200	2,103,854,550	2,379,781,100	2,695,926,425	3,058,272,955
Contribution Margin	369,744,186	708,124,744	853,995,088	1,022,916,191	1,218,396,053
Margin Ratio	15.12%	25.18%	26.41%	27.51%	28.49%
FIXED COSTS					
Overheads	99,131,323	32,862,210	32,925,841	32,990,071	33,054,906
Depreciation	1,700,998,333	1,491,391,914	1,281,785,495	1,072,179,076	862,572,657
Interest Expense	605,033,836	484,027,069	387,221,655	290,416,241	193,610,827
Total	2,405,163,491	2,008,281,192	1,701,932,991	1,395,585,388	1,089,238,391
Break Even (Sales/Revenue)	15,905,873,616	7,974,929,810	6,444,615,963	5,073,692,703	3,823,315,133
Break Even Capacity	98.36%	71.42%	52.63%	37.53%	25.47%