

# **BENS AGROSTAR COMPANY LIMITED**

**BUSINESS PLAN  
FOR  
ESTABLISHMENT  
OF A PROJECT FOR MANUFACTURING OF  
PESTICIDES**

## **1.0 Executive Summary**

BENS AGROSTAR CO. LIMITED is a company incorporated in Tanzania with Certificate of Incorporation No.121835 dated 25 November 2015. The proposed project is to be located on Plots Nos. 1-10, Block "A"; along MOROGORO-DODOMA ROAD; WAMI DAKAWA Area; MVOMERO District; MOROGORO Region.

The Plant is situated at an ideal location with all the necessary infrastructure facilities to start a manufacturing plant.

The company has booked a sprawling land suitable for the planned project for a production plant and other facilities.

This plant would make the pesticides locally to bridge the supply & demand gap in different regions of Tanzania. In the future, this plant will go global with a distribution network expanded to SADC (Southern African Development Community)

### **1.2 The Plant's features:**

- The plant's capacity is planned at 200,000 Bottles per Year, installed with technologically advanced and state-of-the-art machinery. This will be expanded along with market expansion.
- The factory will house a modern; state-of-the-art laboratory to test the raw materials and finished products; with modern equipment.

- The plant also proposes to obtain ISO & allied Quality Assurance Certifications after the commencement of its operations.
- The company plans to house a team of highly skilled process engineers and management specialists, who are the best in the industry and from highly reputable institutions.
- The company would have a mobile distribution van to cater to the needs of interior villages to improve the reach of our products & facilitate the local farmers.
- Our Agro-chemist would reach out to the local farmers for a better understanding of the pesticide's application. This would improve the yields & productivity at the farmer levels.

## **2.0 Project location**

on Plots Nos. 1-10, Block "A"; along MOROGORO-DODOMA ROAD; WAMI DAKAWA Area; MVOMERO District; MOROGORO Region.

## **2.1 Project production annual capacity**

The company is planning to produce 3,500,000 Bottles per Year,

## **2.2 Projected price**

The average price stood at \$ 3 per bottle

## 2.4 Shareholders

Shareholder names	% of shares	Nationality
Richard Benson Modest	55.55	Tanzania
Patrick Adkin Mwalunenge	22.225	Tanzania
Damian Modest Benson	22.225	Tanzania

## 2.5 Project Investment Cost

### BENS AGROSTAR CO. LIMITED COST STRUCTURE US\$

Land and Building	4,154,630
Machinery	574,815
Motor vehicles	3,586,139
Furniture	39,259
Pre expenses	387,039
Working capital	11,111,111
TOTAL	19,852,993

The total investment cost is estimated to be US\$ 19,852,933 and the loan from a financial institution has been estimated to be US\$ 14,678,344 equity is US\$5,174,649

## 2.6 Our Products and Services

At BENS AGROSTAR CO. LIMITED intend to offer our clients the service of ensuring that they can get various types of pesticides from our permanent facility.

## **2.7 Our Mission and Vision Statement**

Our vision is to be the preferred brand for all our existing and even potential customers. We intend to become a national name within 5 years of starting our pesticide manufacturing business.

To be able to achieve this vision, we intend to put plans and structures in place that will allow us to build a solid business structure. BENS AGROSTAR CO. LIMITED also intends to use targeted awareness campaigns to generate more awareness about our products.

## **2.8 Project Execution Schedule**

The company will start the procuring process of plant & machinery from January 2024

Based on that working, the company will draw the working capital limit from the bank.

Simultaneously, the company will also try to complete the other areas required for the project completion like Liasoning, Supply Chain, Engineering & marketing of the products.

## **3.0 Sales and Marketing**

The company plans to have both domestic and export markets for its products for SADC.

Domestic:

The company would market its products under different strategies:

- Direct Sales & marketing:

The company would be setting up teams to promote the products for direct marketing. This team would be comprising an agro-chemist, who would address the locals & farmers for the demonstrations by visuals & applications.

- Media marketing:

Social Media, Print Media & advertising would be used as the marketing tools to promote these products.

- Tie ups & Government Contracts:

The company would also try to get local tie-ups with government bodies & other institutional bodies for long-term contracts. These long-term contracts are anticipated being this company a local manufacturing. Therefore, Vocal for Local should be worked out concerning response, pricing & better reach for the end users.

International:

- With SADC, Tanzania has become a gateway to this East Africa region. Therefore, promoting these products in nearby countries would give the company an edge

#### **4.0 The Agro Chemical Industries & Opportunity**

- For Tanzania, 26% is the contribution of Agriculture in the GDP, which gives agro products an edge to venture into business. There is abundant arable land available in different parts of the country, where agriculture can be promoted to increase this contribution of GDP to boost the country's growth.
- There are no manufacturers of these Agro Chemicals in Tanzania. Therefore, there is a good opportunity for this company to grow in this African continent.
- There are many importers & distributors currently, which are operating in this area to bridge the supply & demand. Therefore, local manufacturing would help the company to grow its business quickly & steadily.
- Some information on the import figures is 200 Million USD for this industry.
- There is good development in the arable land
- The company would perform CSR for the nearby region for the welfare of the population.
- The company would introduce the newer & latest technologies for better & effective products in future which would in turn increase the farming productivity & yields at local level.
- Along with these Agro products, the company will also deal in the allied & accessories to be used in the farming services.

## **5.0 Government Policies & Key Factors**

- For many years, the Government of Tanzania via TIC, has started to promote the investment at local level to boost the economy and generate employment through these capital investments. Our investments are routed through TIC, which embarks on the mutual benefits for the company & the locals.
- TIC registration would certainly bring many tangible & intangible benefits to the company in the preoperative & post-operative stage of the project.
- With TIC interventions, a lot of investments are getting on the floor, where our group company would also diversify to cater to these upcoming investments to foster local growth

## **7.0 Organizational Structure**

It is proposed that the company's operations be headed by a General Manager who will assist the Production Engineer and another professional in the areas of Marketing, Finance, Human Resources, Logistics, and Supplies, The General Manager will be functionally responsible for achieving the Business plan prepared every after five years. He will also be responsible for the entire function of the company subject to the policy guidance set. The Marketing officers will be responsible for both the domestic and export sales and



marketing. The job responsibilities will include market planning and development, sales promotion, and sales coordination.

### **7.1 Manpower Requirement and Emoluments**

The estimated manpower requirement for the project is 38 people as shown below;

<b>Employment</b>	<b>Foreign Skilled</b>	<b>Local Skilled</b>	<b>Local Unskilled</b>	<b>Total</b>
Women	1	10	<b>20</b>	31
Men	4	30	<b>30</b>	64
<b>TOTAL</b>	<b>5</b>	<b>40</b>	<b>50</b>	<b>94</b>

### **7.2 Financing pattern**

The total investment cost is estimated to be US\$ 19,852,933 and the loan from a financial institution has been estimated to be US\$ 14,678,344 equity is US\$5,174,649

## **6.0 FINANCIAL ANALYSIS**

### **6.1 Projected Sales Revenue**

For projection purposes, it is assumed that the project's economic life is five years and that the assembly line commences from the first year of operation.

## 6.2 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 8 years is shown below:

### BENS AGROSTAR CO. LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT

YEARS	YEAR 1 (2024/25)	YEAR 2	YEAR 3	YEAR 4	YEAR 5	6	7	8
<b>Revenue from:-</b>								
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
Income from cotton seeds	95,654	110,002	126,502	145,477	167,299	167,299	167,299	167,299
<b>Total Revenue</b>	<b>905,629</b>	<b>1,041,474</b>	<b>1,197,695</b>	<b>1,377,349</b>	<b>1,583,951</b>	<b>1,583,951</b>	<b>1,583,951</b>	<b>1,583,951</b>
<b>Operational Cost:-</b>								
Cost of seedcotton purchases	649,290	653,839	751,915	864,702	994,407	994,407	994,407	994,407
<b>Overhead Costs</b>	<b>36,715</b>	<b>12,171</b>	<b>12,195</b>	<b>12,219</b>	<b>12,243</b>	<b>12,243</b>	<b>12,243</b>	
<b>Profit Before Depr &amp; Int.</b>	<b>219,624</b>	<b>375,464</b>	<b>433,585</b>	<b>500,429</b>	<b>577,302</b>	<b>577,302</b>	<b>577,302</b>	<b>589,544</b>
<b>Less: Capital Charges:-</b>								
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
<b>Profit Before Tax</b>	<b>-914,571</b>	<b>-580,260</b>	<b>-408,652</b>	<b>-228,323</b>	<b>-37,964</b>	<b>-37,964</b>	<b>-37,964</b>	<b>-25,721</b>
Corporate Tax 30%								
<b>Net Profit:-</b>	<b>-914,571</b>	<b>-580,260</b>	<b>-408,652</b>	<b>-228,323</b>	<b>-37,964</b>	<b>-37,964</b>	<b>-37,964</b>	<b>-25,721</b>
<b>Retained Earnings</b>	<b>-914,571</b>	<b>-1,494,831</b>	<b>-1,903,483</b>	<b>-2,131,805</b>	<b>-2,169,769</b>	<b>-2,207,733</b>	<b>-2,245,697</b>	<b>2,271,419</b>

## 7.4 Projected Cash Flows

This is shown in the financial statements. The project has a positive end-of-year cash flow year1 and is shown below:

### BENS AGROSTAR CO. LIMITED PROJECTED CASH FLOWS US \$

	YEAR 1 (2025/2026)	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>Cash inflows:</b>					
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
<b>Total Cash Inflows</b>	<b>2,418,756</b>	<b>375,464</b>	<b>433,585</b>	<b>500,429</b>	<b>577,302</b>
<b>Cash Outflows:</b>					
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
<b>Total Cash Outflow</b>	<b>2,356,006</b>	<b>389,330</b>	<b>469,721</b>	<b>448,763</b>	<b>430,021</b>
<b>Net Cash flow</b>	<b>62,751</b>	<b>(13,866)</b>	<b>(36,135)</b>	<b>51,666</b>	<b>147,281</b>
<b>Commutative cash flow</b>	<b>62,751</b>	<b>48,884</b>	<b>12,749</b>	<b>64,415</b>	<b>211,696</b>

## 7.5 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
<b>Lint &amp; Cotton seed sales - REVENUE</b>	2,445,199,386	2,811,979,294	3,233,776,188	3,718,842,616	4,276,669,009
<b>VARIABLE COSTS</b>					
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
<b>Total</b>	<b>2,075,455,200</b>	<b>2,103,854,550</b>	<b>2,379,781,100</b>	<b>2,695,926,425</b>	<b>3,058,272,955</b>
<b>Contribution Margin</b>	369,744,186	708,124,744	853,995,088	1,022,916,191	1,218,396,053
<b>Margin Ratio</b>	15.12%	25.18%	26.41%	27.51%	28.49%
<b>FIXED COSTS</b>					
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
<b>Total</b>	<b>2,405,163,491</b>	<b>2,008,281,192</b>	<b>1,701,932,991</b>	<b>1,395,585,388</b>	<b>1,089,238,391</b>
<b>Break Even (Sales/Revenue)</b>	15,905,873,616	7,974,929,810	6,444,615,963	5,073,692,703	3,823,315,133
<b>Break Even Capacity</b>	98.36%	71.42%	52.63%	37.53%	25.47%

## 8.0 ECONOMIC ASPECTS

Implementation of this project will have the following social and economic values

- The project will boost investment in the pesticides subsector which is important for the economy, and contribute to research and other skills development.
- The project will involve the transfer of technology in the pesticide manufacturing industry.
- The project will create employment for **94 people** on a permanent contract basis as well as temporarily.
- It will create more business opportunities among Tanzanians, which will also have a trickle-down.
- Provision of a market for goods and services demanded by expanded tax base to the Treasury and local Government authorities and generation of substantial income to the Government.
- Direct income for workers, combined with other social benefits that the management of the company will provide and help in overall efforts of alleviation of poverty
- It will generate substantial revenue for the government in the form of corporate tax, value-added tax, and pay-as-you-earn.
- The project will earn substantial amounts of foreign exchange.

## 9.0 IMPLEMENTATION

Project implementation is expected to be relatively very short once the project has been approved it is estimated that ordering and assembling of machines will take approximately 8 months: -

### IMPLEMENTATION SCHEDULE

	<b>ACTIVITY</b>	<b>PERIOD</b>
1	Processing TIC Certificate of Incentive	February 2024
2	Ordering of plant and machinery and Vehicles	April 2024
3	Arrival of Plant, Machinery and Vehicles	May 2024
4	Assembling and fixing machines	May-October 2024
5	Testing machines	December- 2024
6	Commercial production	January 2025

## 10.0 CONCLUSION AND RECOMMENDATIONS

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by the Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 1997.