

AGRIBASE BIOSCIENCE
INTERNATIONAL (T) LIMITED
BUSINESS PLAN FOR THE ESTABLISHMENT
FOR
CONSTRUCTION OF
WAREHOUSE, CROP
PROTECTION AND
NUTRITION PROJECT.

EXECUTIVE SUMMARY

Company & Project concept.

AGRIBASE BIOSCIENCE INTERNATIONAL (T) Limited is limited Company incorporated in Tanzania under the Company act of 2002. The Company was incorporated 31 January 2019, and bears Certificate of Compliance No. 138737195. Company belongs to Agriculture sector and specifically Crop-Protection & Nutrition.

Company Objectives, AGRIBASE BIOSCIENCE INTERNATIONAL Limited is legally formed to fulfil the following objectives. To deal with Crop-Protection & Nutrition.

Purpose of feasibility report: This document is prepared to the serve the purpose as a feasibility study for Construction of Warehouse, Crop-Protection & Nutrition Limited for her Agriculture Project as well as to be submitted to TIC for an award of TIC Certificate of Incentives.

The project promoters, the project will be managed and operated by AGRIBASE BIOSCIENCE INTERNATIONAL Limited. The Company is owned by Kenyan investors with different shares distribution.

Company Legality, the legal certificates and documents such as Memorandum and Article of Association, certificate of compliance, justify that AGRIBASE BIOSCIENCE INTERNATIONAL Limited will be operating within the ambit of the law of the Land.

Project Organization Structure, the management of AGRIBASE BIOSCIENCE INTERNATIONAL Limited constituted by the following organization set up: - Board of Directors, who are responsible on the management on the entire operations of the Company

Investment Structure, the project is estimated to cost **TSH1,865,552,500** /= the money covers being purchased Vehicles, Land, Furniture & Fittings, Pre-expenses, and Working Capital.

BASIC INFORMATION

Name of company	Agribase Bioscience International (T) Limited
Address	P.O.BOX 79958 Arusha
Telephone	0735013827
Project Location	Arusha CBD
Certificate Of Compliance No	138737195
Sector	Agriculture
Sub Sector	Crop Protection and Nutrition
Total Cost of estimated Investment	TSH1,865,552,500 /=
Directors	1. JOSEPH KIOKO MULI 2. PANTHER BIOTECHNOLOGIES 3. ESTHER KSWII MBUVA

1. PROJECT OBJECTIVES

Agribase Bioscience International (T) Limited is legally formed to fulfil the following objectives, to carry out business of Warehouse construction, Crop Protection and Nutrition.

The company plans to Construct warehouse to manufacture medicine on Crop Protection in Arusha . The main objective is to achieve approximately 70% market share with profitable salesby 2026.

Agribase Bioscience International (T) Limited has invested heavily in Tanzania however financial stability is questionable. The Company have plans to increase Capital from 100,000 – 500,000 USD in the next 5 years.

Basically the Agriculture sector growing together with the economy of the country.

1.1 Key Region Objective / Strategy:

The company's strategy is to construct warehouse to Manufacture of medicine for Crop Protection and Nutrition in Arusha.

To establish strong partnerships with the current and future customers across the region.

To support the local agriculture industries, with continuous training.

2. LOCATION OF THE PROJECT

Agribase Bioscience International (T) Limited will conduct this project in Arusha Region, District Arusha CBD.

3. INVESTOR PROFILE/PROJECT PROMOTERS

Name	Nationality	Shares%
JOSEPH KIOKO MULI	Kenyan	31%
PANTHER BIOTECHNOLOGIES	Kenyan	31%
ESTHER KASWII MBUVA	Kenyan	38%

4. INVESTMENT COSTS

The total investment cost is **TSH 1,865,552,500** /= the Investment Financing Plan is as follows in Million TSH.

Local Equity 800,000,000/=

Foreign Equity 1,065,552,500/=

The Investment Breakdown is as follows in Million TSH

Vehicles- 186,500,000/=

Furniture & Fittings-

445,625,000/=

Land; 162,095,000/=

Pre-Expenses- 442,355,000/=

Working Capital- 628,977,500/=

TOTAL= TSH 1,865,552,500 /=

4.1 Financial and Economic Analysis

The projection for financial statements was based on the following assumption: -

- The implementation of the project will cost TSH **TSH** 1,865,552,500 /=
- The capital expenditure will spread over a period of the five years
- Implementation cost take into consideration inflation rate/influx.

4.2 Financial Statement of Project

The financial projection is based on the assumption that the prices of input and output are accurately estimated over the project useful lifetime that is five years. However, because of unforeseen events in the future, the prices of these inputs and outputs will be adjusted accordingly in order to maintain objective of the comply, that is maximizing next profit and at the same time to ensure customer satisfaction by providing the right product service at the right price and time. Expenditure items are as shown in the financial statements. They include all major costs items plus depreciation changes and financial charges. They are also listed under annual costs in the financial statements.

4.3 Projected Cash Flow Statement

The business has a positive net cash flow estimating that the project must be implemented. But also this guarantees the Company to meet its entire obligation.

4.4 Projected Business Scale/Production

The business projects having a medium to large-scale production. The projected planning is to grow from USD 13,000,000/= across the territory.

4.5 Projected Profit and Loss Amount

The computations of the company projected profit and loss account show a respectable turnover. This agriculture business this is good, it can be seen; the projected profit and loss of statement of the company is strong and sound. Hence the company is expected the following taxes;- Skilled Development Levy, Insurance, Land Rent Tax, PAYEE, NSSF & Corporate Tax

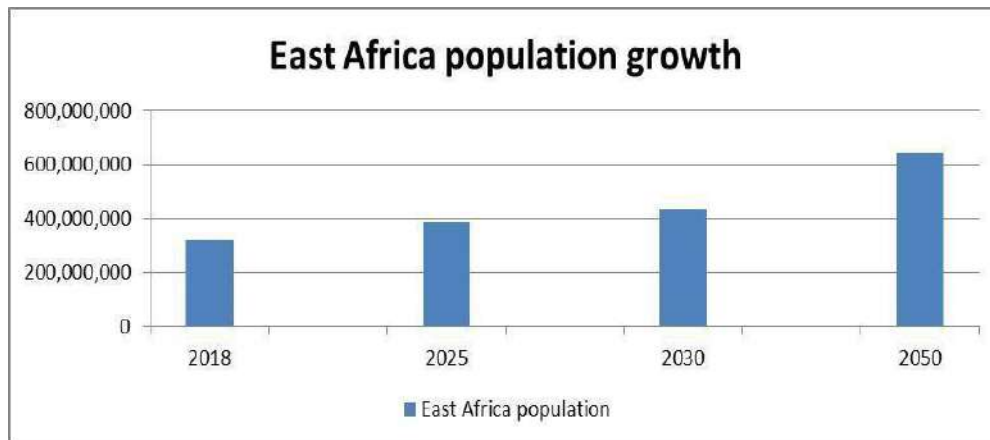
4.6 Projected Balance sheet

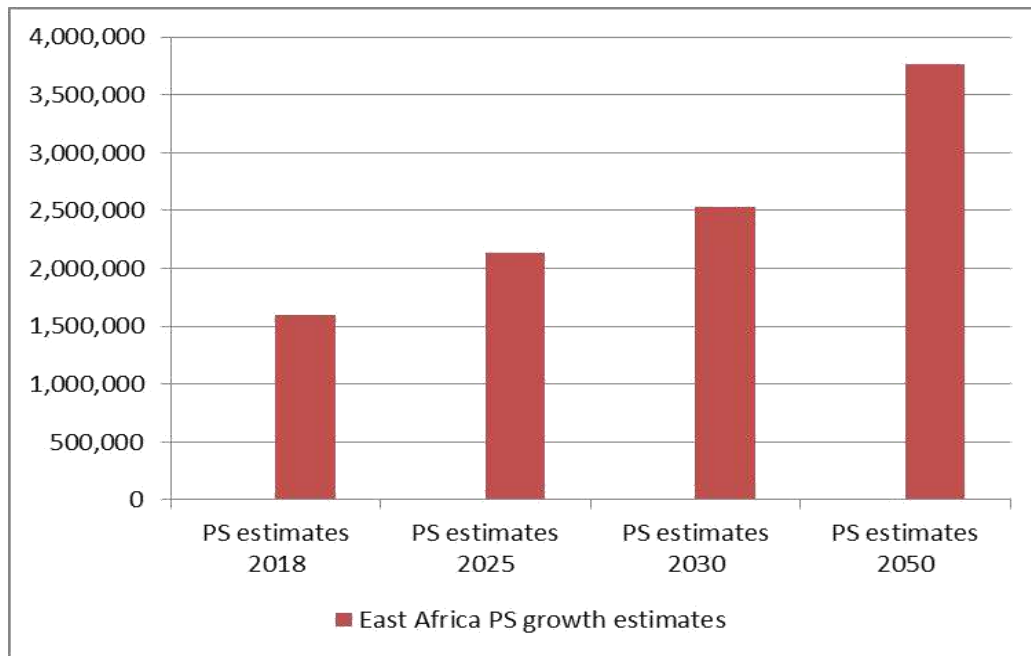
The projected current assets and current capabilities estimates that the company financial status is strong. As the result we expect the company to meet all its financial and Administrative transaction without difficulties

5. MARKETS OVERVIEW

The current market is mainly local and foreign , around 60-65%. The future trend is the agriculture which will increase as the brand is expanding with the middle income growing; they are able to spend more.

The main activity is manufacturing of medicine for crop protection and nutrition. This type of activity is unique and rare in the industry. The growing population will increase the agriculture industry.





6. ECONOMIC SWOT ANALYSIS

Strengths:

- Large population growth.
- Agriculture based economy employing 80% of the work force and represents 85% of exports revenue.
- Agriculture plays an important part to some countries.
- Currency susceptible to exchange fluctuations.
- Government has simplified the establishment of new businesses.
- Well educated population.

Weaknesses:

- Very low per capita income in agriculture sector.
- Many obstacles to foreign investment due to bureaucratic attitude.
- One of the world's poorest economies in terms of per capita income
- Land prices are higher where water resources are found.
- High fuel prices due to high government taxation
- Limited loans to small business projects
- Poor national infrastructure.

- Corruption is an issue.

Opportunities:

- In order to maintain the per capital consumption at its current level with the increasing population growth, agriculture sector needs to increase to meet this demand.
- Expansion of agriculture
- Economy is expanding over 5-6% % per annum
- Urbanization

Threats:

- Many obstacles for foreign investment due to bureaucratic attitude.
- One of the world's poorest economies in terms of per capita income
- Limited loans to small business projects.
- Difficult to obtain credit facilities unless you are a successful established business

7. INDUSTRY SWOT ANALYSIS

Strengths:

- Well organized and professional agriculture industry.
- Continued expansion of agriculture projects.
- Well educated population
- Availability of land and water resources.
- Good infrastructure which allows easy links to neighboring countries

Weaknesses:

- Ongoing disease challenges.
- High fertilizer cost, poor quality and availability
- Lack of infrastructure
- Lack of power supply in certainly areas – temporary
- Poor road network and transportation
- Lack of finance for agriculture.

- Inadequate management competences

Opportunities:

- Agriculture can be used as a tool to alleviate poverty.
- There is a high demand for medicine concerning Crop Protection and Nutrition.
- Agriculture sector is a high priority and capital investments required
- International agriculture companies looking for investment
- Expansion plans from local large-scale construction companies

Threats:

- Governmental bureaucracy and regulations limiting the establishment of a modern industry.
- Some illegal agriculture companies.
- Pandemic Disease Covid-19.

8. SOCIAL AND ECONOMIC IMPACT OF THE PROJECT

The proposed project will result into the following social and economic impacts:

- Increasing and enhancing the provision of high quality agriculture services in Tanzania and Region
- The proposed project in investment will provide employment to 80 people direct and other 100 people indirect.
 - 95 percent of all direct employment will be local people and 5 percent will be foreign people.
 - Employment will be based on the gender equality and equity
 - 80 people will be employed permanently and other 100 people or company-based people will provide services during and after manufacture of medicine such as supplying of agricultural material, transport, food and other commodities.
 - Through Direct and Indirect employment, the Induced jobs will be created too
 - The company shall employ less than 5 people foreigners
- The Government and other agencies will benefit from various taxes, fees and commissions that will be paid to the government by Agribase Bioscience International (T) Limited .

PROJECTED INCOME & EXPENDITURE STATEMENT

PROJECTED INCOME & EXPENDITURE STATEMENT						
		YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Sales Revenue		1,784,000	2,972,000	4,194,000	5,378,000	6,536,000
Cost of Sales		1,090,000	1,710,000	2,369,000	3,001,000	3,703,000
Gross Profit		694,000	1,262,000	1,825,000	2,376,000	2,833,000
General Administrative and Other Expenses:		227,000	227,000	227,000	227,000	227,000
Depreciation		239,000	309,000	353,000	401,000	471,000
Operating Profit		228,000	726,000	1,245,000	1,748,000	2,134,000
Finance Costs		320,000	360,000	360,000	330,000	300,000
Profit before Tax		(92,000)	366,000	885,000	1,418,000	1,834,000
Tax (30%)		-	109,800	265,500	425,400	550,200
Profit After Tax		(92,000)	256,200	619,500	992,600	1,283,800

PROJECTED BALANCE SHEET						
		YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
<u>Fixed Assets</u>						
Long-term Assets		10,450,000	9,405,000	8,464,500	7,618,050	6,856,245
Depreciation		(1,045,000)	(940,500)	(846,450)	(761,805)	(685,624)
Total Long-term Assets		9,405,000	8,464,500	7,618,050	6,856,245	6,603,745
<u>Current Assets</u>						
Cash		1,055,000	1,258,220	1,299,883	1,379,153	1,597,364
Accounts Receivable		147,017	173,080	195,453	114,069	129,157
Stock		200,533	220,674	225,892	246,509	279,321
Total Current Assets		1,402,550	1,651,974	1,721,228	1,739,731	2,005,842
Total Assets		10,807,550	10,116,474	9,339,278	8,595,976	8,609,587

<u>C urrent Liabilities</u>						
Accounts Payable		4,298,900	3,507,958	2,559,809	3,165,870	3,099,771
Income taxes payable		500,650	352,000	326,000	475,600	550,400
Subtotal Current Liabilities		4,799,550	3,859,958	2,885,809	3,641,470	3,650,171
<u>L ong-term Liabilities</u>						
Long-term Loan		0	0	0	0	0
Net Liabilities		4,799,550	3,969,758	3,151,309	3,641,470	3,650,171
<u>Capital and Reserves</u>						
Cash		3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
Owners Contribution		2,500,000	2,500,000	2,500,000	1,000,000	1,000,000
Retained Earnings		(92,000)	156,516	353,469	354,506	359,416
Total Capital		6,008,000	6,256,516	6,453,469	4,954,506	4,959,416
Total		10,807,550	10,116,474	9,339,278	8,595,976	8,609,587

PROJECTED STATEMENT OF CASH FLOWS

		YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
<u>CASH PROVIDED BYTH FOLLOWING ACTIVITIES</u>						
OPERATING						
Net earnings		(92,000)	256,200	619,500	992,600	1,283,800
Depreciation		<u>239,000</u>	<u>309,000</u>	<u>3 53,000</u>	<u>4 01,000</u>	<u>471,000</u>
		147,000	565,200	972,500	1,393,600	1,754,800
Change in working capit <u>accounts</u>						
Accounts receivable		(87,000)	(43,080)	(65,453)	(89,069)	(294,157)
Inventory		200,533	220,674	225,892	246,509	279,321
Other assets		0	0	0	0	0
Accounts payable		4,298,900	1,200,000	886,534	669,645	794,562
Income taxes payable		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total		<u>4,559,433</u>	<u>1,942,794</u>	<u>2 ,019,476</u>	<u>2,220,685</u>	<u>2,534,526</u>
FINANCING						
Repayment of long- term loan		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

CHANGE IN CASH		4,559,433	1,942,794	2,019,476	2,220,685	2,534,526
CASH BEGINNING OF THE YEAR		1,055,000	1,258,220	1,299,883	1,379,153	1,597,364
CASH, END OF THE YEAR		5,614,433	3,201,014	3,319,359	3,599,838	4,131,890

OPERATING COSTS

		YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Depreciation		239,000	309,000	353,000	401,000	471,000
Operating profit		<u>228,000</u>	<u>726,000</u>	<u>1,245,000</u>	<u>1,748,000</u>	<u>2,134,000</u>
TOTAL		467,000	1,035,000	1,598,000	2,149,000	2,605,000

COST INVESTMENT STRUCTURE AT FULL CAPACITY

Current assets	Rate	USD
Working capital		1,055,000
Opening stock		200,533
Account receivable		<u>147,017</u>
		1,402,550
Property and Equipment		
Long - term assets		10,450,000
Depreciation	(10%)	<u>(1,045,000)</u>
		9,405,000
Total Assets		10,807,550
Current Liabilities		
Account payable		4,298,900
Income tax payable		<u>500,650</u>
		4,799,550
Owner's Equity		
Cash		3,600,000

Contributed asset value		2,500,000
Less Retained Earnings		<u>(92,000)</u>
		6,008,000
Total		10,807,550