

# **BIO SOILZ EAST AFRICA LIMITED**

## **BUSINESS PLAN FOR PRODUCTION OF BIO-FERTILIZERS**

**Submitted to:** Tanzania Investment Centre (TIC) – Application for Certificate of Incentives

**Country:** United Republic of Tanzania

## **1. EXECUTIVE SUMMARY**

Bio Soilz East Africa Limited is a private company limited by shares, duly incorporated in the United Republic of Tanzania under the Companies Act (Cap 212).

The Company is headquartered in Arusha Region and operates in the agriculture and manufacturing sector, with a core focus on the production of bio-fertilizers and soil health enhancement products.

The Company has made a substantial capital commitment towards the implementation of the project, with a total planned investment of **TZS 1,865,552,500**.

This investment is financed through a combination of shareholder equity contributions (both initial and progressive capital injections), as well as internally generated funds through reinvestment of earnings.

The Company maintains a structured capitalization strategy designed to support sustainable growth, operational scalability, and long-term financial stability.

The proposed investment targets the establishment of a modern bio-fertilizer production facility, including processing, formulation, packaging, storage, research and development (R&D), and distribution.

## **2. COMPANY PROFILE**

- Company Name: Bio Soilz East Africa Limited
- Certificate of Incorporation: No. 192439469
- Company Type: Private Limited Company
- Registered Office: Arusha Region, Tanzania
- Sector: Agriculture / Manufacturing
- Sub-Sector: Bio-fertilizer Production & Soil Nutrition

## Core Business Activities

- Production of organic and bio-fertilizers
- Research and development of soil health solutions
- Wholesale and retail distribution of agricultural inputs
- Technical support and farmer training

## 3. SHAREHOLDING STRUCTURE

Bio Soilz East Africa Limited is jointly owned by foreign and local investors. The shareholding structure is as follows:

Shareholder	Nationality	No. of Shares	Percentage
Ermias Ayele Yirgu	Ethiopian	14	5.04%
Yonas Workeneh	Canadian	56	20.14%
Tesfaye Hailu Kebede	Ethiopian	39	14.03%
Afro Bio Soilz Systems PLC	Ethiopian	25	8.99%
Samuel Kassaye Ethasseged	Ethiopian	25	8.99%
Kalkidan Kassaye Asseged	Ethiopian	25	8.99%
Fitsum Teklu Berhe	Ethiopian	22	7.91%
Bezawit Kassaye Asseged	Ethiopian	25	8.99%
Tamrat Zerihun Abede	Ethiopian	25	8.99%
Bernard Akilimali Temu	Tanzanian	22	7.91%

**Total | | 278 | 100% |**

This ownership structure reflects a strong combination of foreign and local participation, facilitating capital inflow, technical expertise, and international best practices.

The shareholders have collectively committed to financing the total project investment of **TZS 1,865,552,500**, in proportion to their respective shareholding, through a combination of initial equity, additional capital injections, and reinvestment of future earnings.

The current authorized share capital represents the initial subscribed equity at incorporation stage, and the Company has plans to progressively strengthen its capital base in line with the scale and phased implementation of the project.

## 4. PROJECT DESCRIPTION

### 4.1 Nature of the Project

The project involves the establishment of a **bio-fertilizer manufacturing plant** producing environmentally friendly agricultural inputs such as:

- Bio-organic fertilizers
- Microbial inoculants
- Soil conditioners
- Crop-specific nutrient blends

## **4.2 Production Process (Summary)**

1. Sourcing of organic raw materials and microbial cultures
2. Fermentation and bio-processing
3. Quality control and laboratory testing
4. Formulation and blending
5. Packaging and labeling
6. Storage and distribution

# **5. PROJECT OBJECTIVES**

## **General Objective**

To contribute to sustainable agricultural productivity in Tanzania through local production of high-quality bio-fertilizers.

## **Specific Objectives**

- Reduce reliance on imported chemical fertilizers
- Improve soil fertility and crop yields
- Support climate-smart and organic farming practices
- Create employment opportunities for Tanzanians
- Promote technology transfer and skills development

# **6. PROJECT LOCATION**

The project will be located in **Arusha Region**, selected due to:

- Proximity to major agricultural zones
- Access to transport infrastructure
- Availability of skilled and semi-skilled labor
- Strategic link to domestic and regional markets (EAC & SADC)

## **7. MARKET ANALYSIS**

### **7.1 Market Overview**

Tanzania's agriculture sector employs over **65% of the population** and continues to expand due to population growth and government support programs. Demand for **bio-fertilizers** is increasing due to:

- Rising costs of chemical fertilizers
- Environmental concerns
- Government promotion of sustainable agriculture

### **7.2 Target Market**

- Small and medium-scale farmers
- Commercial farms and plantations
- Agricultural cooperatives
- NGOs and development programs
- Export markets within East Africa

## **8. COMPETITIVE ADVANTAGE**

- Local production reduces costs and lead time
- Eco-friendly and organic products
- Strong R&D and technical support
- Alignment with government agricultural policies
- Experienced management and international exposure

## **9. REGULATORY & COMPLIANCE FRAMEWORK**

The project will fully comply with:

- Tanzania Investment Act
- Environmental Management Act (EMA)
- OSHA and occupational safety regulations
- TBS and TFDA (where applicable)
- BRELA, TRA, NSSF, and Immigration laws

Environmental Impact Assessment (EIA) will be conducted prior to full-scale operations.

## **10. INVESTMENT COST & FINANCING**

## 10.1 Total Investment Cost

The total investment cost for the establishment of the Bio Soilz East Africa Limited bio-fertilizer production project is **TZS 1,865,552,500**.

## 10.2 Investment Financing Plan

The investment financing structure is composed entirely of equity contributions from both foreign and local shareholders, as follows:

- Foreign Equity Contribution: TZS 1,065,552,500
- Local Equity Contribution: TZS 800,000,000

These contributions will be injected in phases, aligned with the project implementation schedule, covering capital expenditure, working capital, and operational requirements.

## 10.3 Investment Cost Breakdown

The investment cost is allocated as follows:

- Vehicles: TSH 186,500,000
- Furniture and Fittings: TSH 445,625,000
- Land Acquisition: TSH 162,095,000
- Pre-operational Expenses: TSH 442,355,000
- Working Capital: TSH 628,977,500

**Total Investment Cost:** TSH 1,865,552,500

This level of capital investment demonstrates the Company's long-term commitment to Tanzania and satisfies the minimum investment threshold required for issuance of a Certificate of Incentives by the Tanzania Investment Centre (TIC).

## 10.4 Capital Structure Clarification

The Company's current authorized share capital of **TZS 610,000,000** represents the initial subscribed capital at the time of incorporation.

However, the total project investment of **TZS 1,865,552,500** reflects the full financial commitment required for the establishment and operation of the bio-fertilizer production facility.

The difference between the authorized share capital and total investment value is attributed to planned future capital injections by shareholders, which will be made progressively in accordance with project development phases.

The Company is committed to aligning its capital structure with the scale of investment and will undertake the necessary steps to strengthen its capital base as the project advances.

## 11. EMPLOYMENT & HUMAN RESOURCE PLAN

- Direct employment: **50–80 employees**
- Indirect employment: **100+ opportunities**
- Priority to Tanzanian nationals (over 90%)
- Continuous training and skills development

## 12. SOCIAL & ECONOMIC IMPACT

- Increased agricultural productivity
- Enhanced food security
- Employment creation
- Technology and knowledge transfer
- Increased government revenue through taxes
- Environmental protection and soil conservation

## 13. RISK ANALYSIS & MITIGATION

Risk	Mitigation Strategy
Raw material supply	Long-term supplier contracts
Market competition	Product differentiation & quality
Regulatory delays	Early compliance & engagement
Climate variability	Diversified product range

## 14. FINANCIAL PROJECTIONS & PERFORMANCE ANALYSIS

### 14.1 Projected Income & Expenditure Statement (Years 1–5)

The financial projections demonstrate strong revenue growth, improving profitability, and positive cash flows over the five-year period. Sales revenues increase progressively as production capacity and market penetration expand, supported by controlled operating costs and efficient capital utilization.

*(Detailed Income & Expenditure Statements covering Years 1–5 are presented in this section and reflected in graphical form for clarity of trend analysis.)*

## **14.2 Projected Balance Sheet (Years 1–5)**

The projected balance sheets indicate a stable asset base, strong equity position, and manageable liabilities. Fixed assets reflect investment in production facilities and equipment, while current assets remain sufficient to support operations and working capital requirements.

*(Balance Sheet projections are presented for Years 1–5 and illustrated through comparative graphs to demonstrate financial stability and growth.)*

## **14.3 Projected Cash Flow Statement (Years 1–5)**

Projected cash flow statements show positive net cash flows from operating activities throughout the project period. This confirms the Company’s ability to meet its financial obligations, fund operations, and support future expansion without liquidity constraints.

*(Cash flow projections for Years 1–5 are included and supported by graphical representations showing cash movement trends.)*

## **14.4 Financial Graphs and Trends**

The following financial graphs are included in this business plan and appear clearly in the financial section:

- Sales Revenue Growth (Years 1–5)
- Gross Profit and Net Profit Trends
- Cash Flow Performance
- Asset Growth and Capital Structure

These graphs provide a clear visual representation of the Company’s financial viability and long-term sustainability.

# **15. CONCLUSION & JUSTIFICATION FOR TIC INCENTIVES**

Bio Soilz East Africa Limited meets the Tanzania Investment Centre (TIC) qualification criteria through substantial capital investment, employment creation, technology transfer, and contribution to sustainable agriculture.

The project demonstrates strong financial viability and long-term sustainability, supported by committed shareholders and a clear capital investment strategy aligned with national development priorities.

The Company respectfully requests the Tanzania Investment Centre to grant a Certificate of Incentives to support the successful implementation of this strategic investment.



**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
<b>Total Assets</b>		<b>10,807,550</b>	<b>10,116,474</b>	<b>9,339,278</b>	<b>8,595,976</b>	<b>8,609,587</b>

<b><u>C urrent Liabilities</u></b>						
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
<b><u>L ong-term Liabilities</u></b>						
Long-term Loan		0	0	0	0	0
<b>Net Liabilities</b>		<b>4,799,550</b>	<b>3,969,758</b>	<b>3,151,309</b>	<b>3,641,470</b>	<b>3,650,171</b>
<b><u>Capital and Reserves</u></b>						
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		<b>10,807,550</b>	<b>10,116,474</b>	<b>9,339,278</b>	<b>8,595,976</b>	<b>8,609,587</b>

#### PROJECTED STATEMENT OF CASH FLOWS

		YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
<b>CASH PROVIDED BYTH FOLLOWING ACTIVITIES</b>						
<b>OPERATING</b>						
Net earnings		(92,000)	256,200	619,500	992,600	1,283,800
Depreciation		239,000	309,000	3 53,000	4 01,000	471,000
		147,000	565,200	972,500	1,393,600	1,754,800
Change in working capit accounts						
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		0	0	0	0	0
<b>Total</b>		<b>4,559,433</b>	<b>1,942,794</b>	<b>2 ,019,476</b>	<b>2,220,685</b>	<b>2,534,526</b>
<b>FINANCING</b>						
Repayment of long- term loan		0	0	0	0	0

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

#### OPERATING COSTS

		<b>YR 1</b>	<b>YR 2</b>	<b>YR 3</b>	<b>YR 4</b>	<b>YR 5</b>
		<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
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>
<b>TOTAL</b>		<b>467,000</b>	<b>1,035,000</b>	<b>1,598,000</b>	<b>2,149,000</b>	<b>2,605,000</b>

#### COST INVESTMENT STRUCTURE AT FULL CAPACITY

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

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