

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), with **Certificate of Incorporation No. 192439469**. 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 invested heavily in Tanzania and maintains a structured financial plan to support sustainable growth. While the initial phase of operations requires significant capital outlay, the Company has a clear capitalization strategy and plans to strengthen its financial position progressively. The Company intends to increase its capital base from **USD 100,000 to USD 500,000 within the next five (5) years** in order to expand production capacity, strengthen working capital, and enhance market penetration.

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. The project aligns with Tanzania's national priorities on sustainable agriculture, food security, climate-smart farming, import substitution, and green industrialization.

This business plan is submitted to the Tanzania Investment Centre (TIC) in support of the application for a **Certificate of Incentives**.

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 supports capital inflow, skills transfer, and compliance with Tanzania Investment Centre (TIC) requirements.

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 **TSH 1,865,552,500**.

10.2 Investment Financing Plan

The investment financing structure is as follows:

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

Total Investment: TSH 1,865,552,500

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).

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 projected financial performance, supported by detailed statements and graphs presented of this business plan, confirms the project's economic viability and long-term contribution to Tanzania's development objectives.

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
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