

Kenya Soybean Enterprise Profile

Aug 2021

Company overview

<p>Have you been referred by or received support from any of the following AGRA partners?</p> <p>International Maize and Wheat Improvement Center (CIMMYT)</p>		<p>If other, please state below, otherwise indicate N/A</p> <p>N/A</p>	
<p>Company name</p> <p>Kenya Soybean</p>	<p>Brief description (Please limit your response to 100 word or less)</p> <p>Kenya Soybean manufactures soy cake for animal feed production. The company sources soybeans directly from smallholder farmers and processes it into soy cake that is used as a key input for animal feed production.</p>	<p>Type of organization</p> <p>Private company</p>	<p>Years in operation</p> <p>6</p>
<p>Stage of the business</p> <p>Early stage/ Startup</p>	<p>Agribusness focus</p> <p>Value addition/ processing</p>	<p>If other, please specify below, otherwise indicate N/A</p> <p>N/A</p>	<p>Agriculture value chain(s) focus?</p> <p>Cash Crops</p>
<p>Point of contact (name, title, email)</p> <p>Melvin Kizito, Founder and CEO, Melvin.kizito@kenyasoybean.co.ke</p>	<p>Brief description of the market opportunity/ problem (including gaps and how you address it) (Please limit your response to 150 word or less)</p> <p>Kenya faces a large scarcity of high protein animal feed and as a result, 95% of the local consumption is imported. Demand for animal feed is growing at 10% annually driven by increased demand for animal-based proteins. The sub-sector is also of critical importance to the government's food security plans as indicated by several incentives to encourage soya processing.</p>	<p>Primary country of operation</p> <p>Kenya</p>	<p>Other country(ies) of operation</p> <p>Uganda, Tanzania</p>
<p>Firm Website</p> <p>www.kenyasoybean.co.ke</p>	<p>Does the business have more than 30% women ownership?</p> <p>Yes</p>	<p>Is your business leadership team composed of more than 30% women?</p> <p>No</p>	<p>2020 revenue in US\$</p> <p>112,000.00</p>
<p>How many employees does your business have?</p> <p>34</p>	<p>Does the business have more than 30% youth ownership (under 35 years)?</p> <p>Yes</p>	<p>Is your business leadership team composed of more than 30% youth (under 35 years)?</p> <p>Yes</p>	<p>2019 revenue in US\$</p> <p>35,457.00</p>
<p>Do you engage smallholder farmers in your business?</p> <p>Yes</p>	<p>If yes, what is the estimate number of smallholder farmers that you engage?</p> <p>9,500</p>	<p>If yes, in what way do you engage smallholder farmers (100 word or less)</p> <p>The company works with smallholder farmers by guaranteeing a premium market for their soybean produce. In addition, it offers extension services to all its farmers to help them increase both the quality and quantity of their produce.</p>	<p>Do your products and/or services contribute to improved nutrition? If yes, provide a brief description (100 word or less)</p> <p>Soy cake is used in the production of animal feed which in turn is used to produce animal protein such as fish, chicken, and beef. Given Africa has an acute shortage of animal protein, this helps provide an affordable protein and a balanced diet hence contributing to improved nutrition.</p>
		<p>Do you have audited financial statements?</p> <p>Yes</p>	<p>If yes, for how many years?</p> <p>4</p>

Financing and expansion overview

<p>Brief description of the company's growth plans and vision, and connection to smallholder farmers (Please limit your response to 150 word or less)</p> <p>The company would like to increase its production capacity in order to meet growing demand and further integrate into animal feed production. Kenya Soybean anticipates that it will need to produce 7,000MT (40% increase) of soy cake next year. To achieve this, the company plans to engage with more smallholder farmers to source quality inputs.</p>	<p>Has the business received outside investment previously?</p> <p>Yes</p>	<p>If yes, what is the total amount, source and nature (instrument) of the investment?</p> <p>US\$100k 5-year loan from a commercial bank</p>	<p>Does the company have existing debt obligations?</p> <p>Yes</p>	<p>If yes, what is the estimate amount (in US\$)? Can provide a range</p> <p>50,000.00</p>
	<p>How much capital is the company currently fundraising (US\$)?</p> <p>2,000,000</p>	<p>What is the split between equity and debt? (In reference to your fundraising amount)</p> <p>60% debt and 40% equity</p>	<p>In relation to debt, are you currently in arrears or have you previously been in arrears?</p> <p>Yes</p>	<p>If now or previously in arrears, what is the repayment plan?</p> <p>The company renegotiated the terms was able to spread the repayments over a longer period of time.</p>
<p>Description of the investment opportunity (Discuss the investment thesis including why the investment is attractive.) (Please limit your response to 150 word or less)</p> <p>The investment will enable the company to use the output (soy cake) from their current production as raw material for production of finished animal feed. These high value products will grow the company's revenue 3X in the next 2 years and improve our gross margins from the current 5% to 30%. The company will provide an average return on equity (ROE) of 30-40% over the next 5 years.</p>	<p>What is your preferred term period of the investment?</p> <p>5 years and above</p>	<p>If fundraising for debt, what is the amount in US\$, preferred terms (e.g., tenor), and how soon do you need the funding?</p> <p>Preferred terms are 5-6 year loan with a 12 month moratorium on principal</p>	<p>If fundraising for debt, do you have collateral valued at least 50% of the loan required?</p> <p>Yes</p>	<p>If yes, please indicate type of collateral</p> <p>Available collateral include factory equipment, land, motor vehicles among others</p>
<p>What investor facing materials are available i.e., investment teaser, investment memorandum, financial model etc.? List the material available below</p> <p>Investment memo and pitch deck</p>	<p>Experience with previous investors (brief description, highlighting pain points) (Please limit your response to 100 word or less)</p> <p>Kenya Soybean has been in contact with investors but did not have advisory support to progress the conversations.</p>	<p>Preferred currency of investment</p> <p>Hard Currency</p>	<p>Summary of planned use of funds</p> <p>US\$1.5M will be used to purchase machinery for a new product line (finished animal feed). The remaining US\$0.5M as working capital for the purchase of soybeans.</p>	
	<p>Could current expansion plans benefit from Business Advisory Services ("BAS") / Technical Assistance ("TA")? If yes, what type of BAS/TA would be most useful? (Please limit your response to 100 word or less)</p> <p>The team lacks expertise in supply chain management and will require an expert to help them build a logistics and supply chain infrastructure to support their rapid growth.</p>	<p>Could your expansion plan benefit from matchmaking for market access opportunities? Please explain</p> <p>Yes. The company would like to network with potential customers in the food processing industry, as well as regional players as Kenya Soybean hopes to expand outside the country</p>		

Governance and other metrics

<p>Decision-making process: Management makes important decisions (e.g. on strategy, hiring new executives, approving budgets) by consensus?</p> <p>Sometimes</p>	<p>Board members provide unsolicited advice regarding Day-To-Day management?</p> <p>Always</p>	<p>Management makes Day-To-Day decisions without interference from the Board of Directors?</p> <p>Sometimes</p>	<p>Management makes Day-To-Day decisions without interference from other external persons or organizations?</p> <p>Never</p>
<p>Have you previously undergone a SCOPE assessment? This is a service provided by an AGRA partner, SCOPEinsight, that conducts an assessment on enterprises and assigns them a score based on various metrics. If unfamiliar to you, please respond with a "No".</p> <p>No</p>	<p>If yes, please confirm in which year you were assessed. If no, indicate N/A</p> <p>N/A</p>	<p>If yes, please include your SCOPE rating score. If no, indicate N/A</p> <p>N/A</p>	