

Executive Summary

High demand of fresh chili, with the certain standard requirements of product quality, from chili processing industry continues to increase. This volume of demand from chili processing industry, such as Heinz ABC was 75 tons a day or 27,375 tons a year in 2011. During that year, supply from agribusiness firms and large farmers could not meet the required target. In order to meet this demand, agribusiness firms and large farmers need a partner to scale up their business scale to the higher level.

MAS emerge as pioneer for this partnership. MAS is a new service company that will provide integrated agribusiness solutions covering funding, development and training of human resources, agricultural technology and information technology, and access to chili processing industry market.

Opportunity

1. MAS has strong strategic partnership with one of the well-established large-scale agribusiness company that has more than ten years of experiences. This company needs strategic partner to increase its scalability.
2. Contract offered by one of chili processing companies, which is able to absorb fresh chili up to 1500 tons a year in 2013 alone.
3. Price fluctuation has been an issue for chili processing industry. To reduce exposure of significant price increase, Heinz ABC implements the upside sharing contract in addition to purchase at market price. Heinz ABC tends to increase the portion of upside sharing contract.

Partnership Scheme

1. Large-scale agribusiness firms and large farmers

Product	Profit Sharing [MAS:Consumer]	Scope of Work
MitrAgri Platinum	80:20	<ul style="list-style-type: none">• Funding• Development and training of human resources• Agricultural and Information technology• Access to chili processing industry market
MitrAgri Gold	70:30	<ul style="list-style-type: none">• Funding

2. Investor

- Retainer fee is an annual fee on managed capital in a project. The retainer fee is 10% from managed capital.
- Success fee is a fee deducted from profit of a finished project.
 - 20% of success fee is charged to MitrAgri Gold product
 - 25% of success fee is charged to MitrAgri Platinum product

Financial Highlight

Most-likely scenario seen from the financial ratio level of MAS indicates a high enough profit and the overall financial feasibility of the projected batch from 2013 to 2019. The result shows that the target could be achieved according to MAS target.

Financial factors of NPV, MIRR, ROI, DPBP to investor and MAS are shown below.

Financial Factors	Target	Stakeholder	Optimist	Most Likely	Pessimist
NPV	> 0	Investor	21,027,724,219	12,292,663,938	1,448,031,810
		MAS	4.650.081.981	2.353.072.843	(317,250,073)
MIRR	> 20%	Investor	140%	76%	28%
		MAS	64%	49%	14%
ROI	> 50%	Investor	14,063%	2,104%	207%
		MAS	1,308%	673%	60%
DPBP	5 years	Investor	1.5 years	3.6 years	6.3 years
		MAS	2.4 years	4.2 years	5.8 years

Risk Factors

Major risks faced by MAS would be weather, destructive pests and diseases. The nature of this business has a relatively high level of risk, however with proper risk mitigation, it can provide a high level of profits in a relatively short period of time. On the financial model, risk mitigation is through:

- Reducing two planting cycles to one cycle within one year.
- Using dripped irrigation technology on dry season.
- Sequential rotation on planting chili, corn, chili consecutively
- Intercropping (*tumpang sari*) with jabon plant

Based on above analysis, this business plan is feasible and prospective to proceed due to fresh chili high demand, pioneer in this industry and supported by financial projection.