

**BUSINESS PLAN FOR THE
IMPLEMENTATION PROGRAMME
OF
M/S VEGPRO TANZANIA LIMITED
IN
EXPORT OF HASS AVOCADOES IN THE MIDDLE EAST AND EUROPEAN MARKET**

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VEGPRO TANZANIA LIMITED

EXPORT OF HASS AVOCADOES IN THE MIDDLE EAST AND EUROPEAN MARKET

COMPANY'S BACKGROUND

Vegpro Tanzania Limited is a private owned company incorporated in Tanzania by Registrar of Companies under company's ordinance Cap 212, on 13th December 2019 with Certificate of Incorporation No: 140607819.

The company was incorporated with main objectives of exporting the Hass Avocadoes produced in Tanzania in the Middle East and European Market. The Hass Avocadoes will be collected from primary farmers from the southern region of Tanzania, thereby cleaned, sanitized, sorted out based on size and packed in standard open boxes. The packed fruits are then exported in the refrigerated containers in the Middle East and European Market.

THE COMPANY'S OBJECTIVES

The objectives of the company is to collect the Hass Avocadoes cultivated and produced by primary farmers and to export in the international market with the intent of motivating the farmers for higher economic reward.

SHAREHOLDERS (PROMOTERS)

The following are the owners/shareholders and promoters of the company:

No	Name of Shareholders	No. of shares	Nationality	% shareholding structure
1.	ROSTAM AZIZI	86	Tanzanian	86%
2.	DAOUD AZIZ MAZAR	7	Tanzanian	7%
3	PARISA ROSTAM AZIZI	7	Tanzanian	7%
	TOTAL	100		100%

LOCATION

The registered office of the company is located at Plot No 42, Kwale Road, Msasani, PO Box 14111, Dar es Salaam, Tanzania. But, most of the economic activities of procurement to packing and exporting is done at the Packhouse of the company, which is located at Plot No 10, Lupila Street, Kitisi Ward, Makambako Municipality, Wanging Ombe District, Njombe Region, Tanzania.

PRODUCT DESCRIPTION

Company is incorporated with the intention of exporting the Hass Avocadoes in the Middle East and European Market. The company will contact the primary farmers of Hass Avocadoes from the beginning of the season and visit frequently to the farm motivating the farmers. Once the fruits are ready, the company will collect the fruits from the farm and transport up to the packhouse thereby company will clean, sanitize, sort out the fruits and packed in the standard open boxes and export out of Tanzania under refrigerated containers preserving the real taste of fruits produced in Tanzania.

POTENTIAL MARKET

The market research conducted by the consultant in collaboration with the promoters/shareholders of the company has revealed that there is potential market of Hass Avocadoes in the Dubai, Saudi Arabia and Europe.

FINANCIAL PLAN (SOURCE OF FUNDS)

The Shareholders / Promoters of the company have allocated funds for carrying out the economic activities by its own fund

Local Fund (Equity)	Tzs. 774 Million
Loan from Director	<u>Tzs. 200 Million</u>
TOTAL	<u>TZS. 974 Million</u>

Investment Breakdown

Sorting Out Machine	Tzs. 405 Million
Vehicle	Tzs. 80.5 Million
Working Capital	Tzs. 488.5 Million

BUSINESS STRATEGY

Vegpro Tanzania Limited has well experienced directors and well qualified team in the field of growing and packing of fresh vegetables and fruits and exporting thereof. With initial client search in Middle East and European Market, the company has exported approximately USD 1 Million worth of Hass Avocadoes out of Tanzania with utmost satisfaction of clients in abroad preserving the natural taste of Hass Avocadoes. With our successful export and delivery of Hass Avocadoes in international market, the company has found a lot of substantial clients in Europe and Middle East to work together in upcoming days.

Along with the growth of export from Vegpro Tanzania, our strategy is also to increase Tanzania's production and export of Avocados in the years to come, which will ultimately help to promote and support Tanzania's International Avocado market. This will support and contribute to poverty reduction and nutrition to the local community in a great extent.

PROMOTION / ADVERTISEMENT

This is the age of marketing and advertisements, and to reach the end customers Vegpro Tanzania shall build various promotional strategies to reach them. Vegpro Tanzania shall develop its strategies to create awareness about its products to its customers, for its brand building, to educate the customers about its products.

Vegpro Tanzania shall not leave any stone unturned for the promotions and advertisements of its products to increase the demand in the international market. These promotional strategies shall be designed to inform, persuade, and remind our target audiences. The company shall use its advertising materials, professional selling skills, TTL Social Medias, e-commerce platforms, public relations for marketing and promotional activities to take it to the international market, so that it can reach more potential end customers worldwide.

COMPETITION/MARKET

The global avocado market forecast of 2020 says it is to reach USD 17.905 Billion by 2025, which was USD 12.824 billion in 2019. The market demand of Avocadoes is growing each year. In the year 2016, the consumption of Avocado in US only was 1.05 MT tons, whereby it grew to 1.26 MT tons in 2019. Likewise in Asia Pacific & European lands as well, the demand of Avocado is increasing rapidly.

This significant growth can be attributed to growing awareness among consumers about health concerns coupled with increasing focus on healthy lifestyle promoting intake of healthy food items, increasing use of avocados across various end use industries and growing sales channel for distribution of avocados across the globe.

Therefore, we can have sufficient opportunities for us to compete and grow our market size in the days to come, whereby we can also build up better strategies to capture the market share of other international farms, as the quality of our yield is superior in quality.

ECONOMIC GROWTH

With past experience of 5 months of operation, the company has made a remarkable export of USD 1 Million in Middle East and European Market and received the positive feedback from primary farmers too. Continuous to the operation, the company is expected to make substantial export in the future thereby increasing the economic growth of farmers. Further, the company has planned to bring all the farmers within the sphere of banking channels thereby increasing the liquidity of the bank.

ENVIRONMENTAL ISSUE

All operations of producing, collecting and exporting of Hass Avocadoes are environmental friendly. The packing materials used at the time of export are environmental friendly and recycled.

EXPORT MANAGEMENT

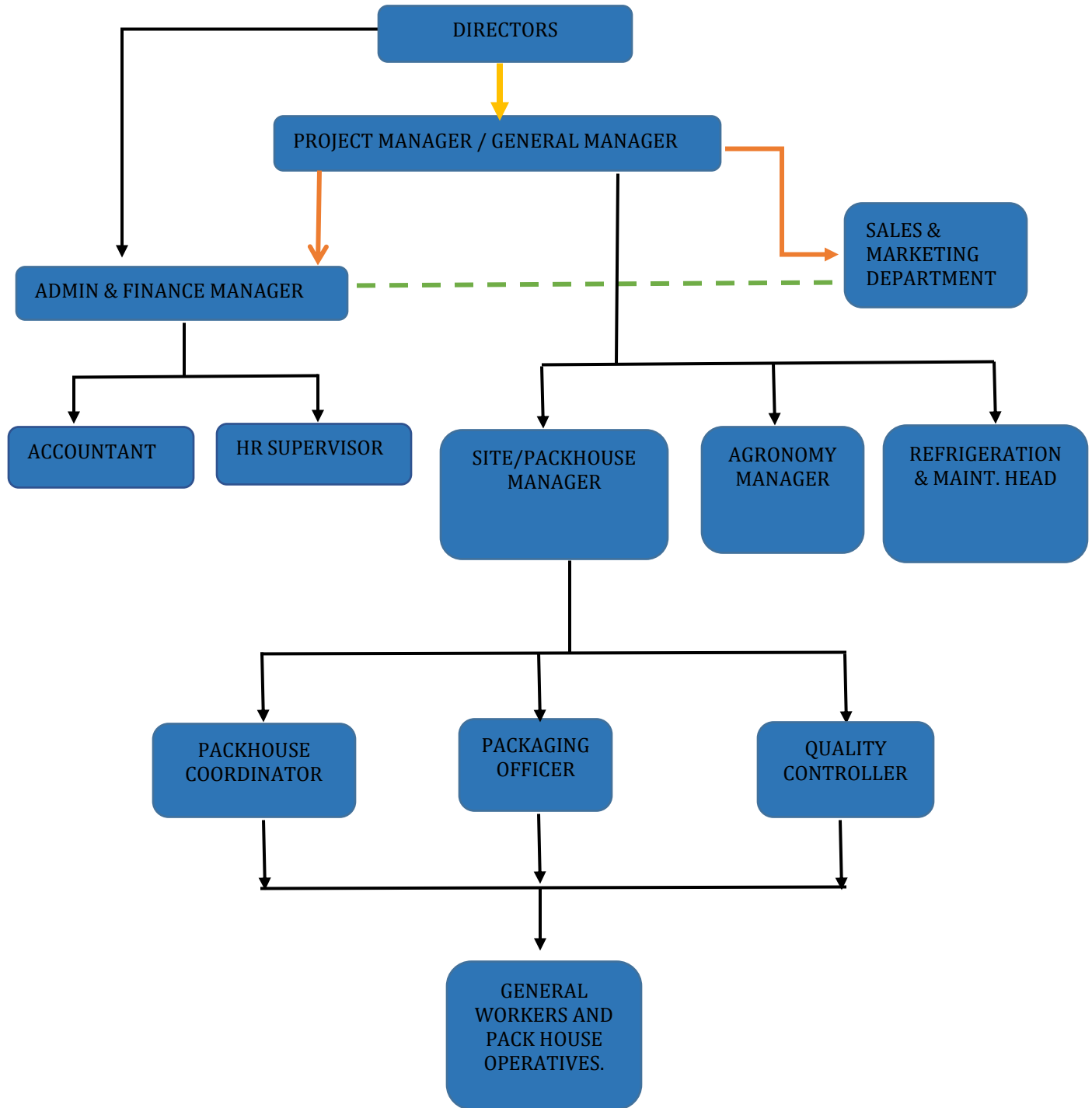
The collection of fruits, sorting, packing and exporting are handled by the expert team and headed by Mr. Daoud Aziz Mazar, Director of company along with experienced forwarder of fresh vegetable and fruits and shipped via Air or Sea. Following key steps are adhered during the export of Hass Avocadoes:

- a. Fruits collected from farms are transported to packhouse of the company.
- b. The fruits are offloaded and loaded in the "Sorting Out" machine.
- c. The loaded fruits in machine will be passed through the different sequential stages
 - i. Washing of the fruits
 - ii. Drying of the fruits
 - iii. Waxing of the Fruits
 - iv. Sorting of the fruits according to the size
 - v. Packing of the fruits in standard boxes
 - vi. The packed boxes are skidded into Pallets.

All the process are closely monitored by supervisor and site manager.

- d. The pallets are loaded into refrigerated transport vehicle or refrigerated container in packhouse depending upon the schedule of export.
- e. The forwarders shall prepare all the necessary document of export thereof, get export assessment document and handover to the final carrier out of Tanzania.

THE ORGANIZATION CHART OF COMPANY



PLAN OF ACTIONS FOR EXPORT OPERATIONS

A. AUGUST – SEPTEMBER 2021

- i. The company will prepare and document all the necessary plan of actions to get registration with GLOBAL GAAP

B. SEPTEMBER - OCTOBER 2021

- i. The Agronomist, Site Manager and Quality Assurance will survey the farm of farmers and make sure that fruits are collected from farmers once the fruits are matured and ready for export.

C. NOVEMBER 2021 TO APRIL 2022

- i. The company will collect the matured fruits from the farm of farmers and brought up to the Packhouse of the company and prepare necessary activities and export it within 1 days after packing the fruits as per demand of Middle East and European Market.

ADVANTAGE OF THE OPERATIONS

The proposed EXPORT will have a great advantage to the United Republic of Tanzania which are;-

- A. **PAYING TAXES – Vegpro Tanzania Ltd.** will contribute to the government revenue through taxes and other levies.
- B. **DIRECT EMPLOYMENT - Vegpro Tanzania Ltd.** will create direct employment by creating the skilled manpower including technicians from unskilled human resources.
- C. **INDIRECT EMPLOYMENT –** There will indirect employment and sources of income generation in the farm of primary farmers, who will be motivated to cultivate and produce in mass level resulting into employing the local residents residing nearby of the farm, thereby uplifting socio economic values and livelihood of farmers and unemployed youths. Currently we are dealing with approximately 300 number of primary farmers.
- D. **TECHNOLOGY/ SKILL DEVELOPMENTS-** (human resources development) through on job training and use of new and modern machinery as well as application of new technology application.

- E. **INCOME GENERATION** - alleviation of poverty and improve their social welfare.
- F. Will bring the primary farmers within the banking channels and tax brackets.

PROSPECTS / FUTURE PLAN

- D. To increase quality and production performance
- E. To increase the volume of production

CONCLUSION AND RECOMMENDATION

The financial evaluation of the proposed operations done so far indicates that the project will be profitable both economically and financially viable. There are also many other benefits direct to this operations like taxes, employment, availability of products, technology etc.

The management being experienced businessmen possesses ample managerial capabilities in various business disciplines. Based on the above factors, it is recommended that the company should be granted the certificate of incentives so as to commence the proposed export operations by exporting the fruits and increase the production capacity of primary farmers thereby increasing their socio economic values and livelihood.

FINANCIALS PROJECTIONS

VEGPRO TANZANIA LIMITED

BUDGETED PROFIT & LOSS ACCOUNT

Amount in TZS

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Expected No. of Shipment					
Containers	84	116	136	156	176
Total Kgs / Container	23,040	23,040	23,040	23,040	23,040
Total Estimated Selling Quantity	1,935,360	2,672,640	3,133,440	3,594,240	4,055,040
Selling Price Per Kg in Euro	€ 1.50	€ 1.50	€ 1.55	€ 1.60	€ 1.65
BUDGETED INCOME & EXPENDITURE ACCOUNT					
Budgeted Revenue	7,547,904,000	10,623,744,000	13,113,446,400	15,814,656,000	18,734,284,800
Less: Direct Cost	6,619,802,039	9,598,712,956	11,816,346,639	14,231,746,908	16,859,146,338
Gross Profit	928,101,961	1,025,031,044	1,297,099,761	1,582,909,092	1,875,138,462
Less:					
Payroll Related Expenses	182,625,225	228,281,532	273,937,838	301,331,622	346,531,365
Administrative Expenses	64,382,400	83,690,640	92,059,704	101,265,674	111,392,242
Depreciation	115,227,655	121,787,655	157,987,655	242,175,191	221,495,143
Profit Before Tax	565,866,681	591,271,217	773,114,564	938,136,604	1,195,719,713
Less: Tax @ 30%	169,760,004	177,381,365	231,934,369	281,440,981	358,715,914
Profit After Tax	396,106,677	413,889,852	541,180,195	656,695,623	837,003,799
Cummulative Profit	396,106,677	809,996,529	1,351,176,723	2,007,872,346	2,844,876,145
Performance Indicators					
Gross Margin %	12.30%	9.65%	9.89%	10.01%	10.01%
Net Margin %	5.25%	3.90%	4.13%	4.15%	4.47%

VEGPRO TANZANIA LIMITED

BUDGETED BALANCE SHEET

Amount in TZS

PARTICULARS	Year 1	Year 2	Year 3	Year 4	Year 5
ASSETS	491,940,570	593,952,916	1,040,040,628	1,007,865,436	786,370,294
PROPERTY, PLANT & EQUIPMENT	491,940,570	593,952,916	1,040,040,628	1,007,865,436	786,370,294
CURRENT ASSETS					
ACCOUNT RECEIVABLES	628,992,000	885,312,000	1,092,787,200	1,317,888,000	1,561,190,400
BANK BALANCE	45,159,831	66,010,148	18,008,643	245,918,336	1,133,363,407
INVENTORY	322,721,280	378,362,880	434,004,480	489,646,080	233,694,720
TOTAL CURRENT ASSETS	996,873,111	1,329,685,028	1,544,800,323	2,053,452,416	2,928,248,527
CURRENT LIABILITIES					
ACCOUNT PAYABLES	112,938,960	133,095,180	152,339,802	171,654,166	87,180,927
STATUTORY LIABILITIES	3,112,762	3,890,952	4,669,143	5,136,057	5,906,465
TOTAL CURRENT LIABILITIES	116,051,722	136,986,132	157,008,945	176,790,223	93,087,392
NET CURRENT ASSETS	880,821,389	1,192,698,896	1,387,791,379	1,876,662,193	2,835,161,134
LOAN FROM DIRECTORS	200,000,000	200,000,000	300,000,000	100,000,000	-
TOTAL NET ASSETS	1,172,761,960	1,586,651,812	2,127,832,006	2,784,527,629	3,621,531,428
EQUITY & RESERVE					
SHARE CAPITAL	774,941,019	774,941,019	774,941,019	774,941,019	774,941,019
PROFIT & LOSS ACCOUNT	397,820,941	811,710,793	1,352,890,987	2,009,586,610	2,846,590,409
SHAREHOLDER'S FUND	1,172,761,960	1,586,651,812	2,127,832,006	2,784,527,629	3,621,531,428

VEGPRO TANZANIA LIMITED

BUDGETED CASH FLOW STATEMENT

Amount in TZS

CASH FLOW	Year 1	Year 2	Year 3	Year 4	Year 5
Operating profit/(loss)	565,866,681	591,271,217	773,114,564	938,136,604	1,195,719,713
Depreciation Charged	115,227,655	121,787,655	157,987,655	242,175,191	221,495,143
Interest Paid					
Operating cash flow before working capital effects	681,094,336	713,058,872	931,102,218	1,180,311,795	1,417,214,855
(In)/decrease in inventories	(107,588,116)	(55,641,600)	(55,641,600)	(55,641,600)	255,951,360
(In)/decrease in contract accounts receivable	(97,465,304)	(256,320,000)	(207,475,200)	(225,100,800)	(243,302,400)
(In)/decrease in other receivables	29,201,564	-	-	-	-
In/(decrease) in trade creditors	(515,017,028)	20,156,220	19,244,622	19,314,364	(84,473,239)
In/(decrease) in contract accruals	(21,084,868)	778,190	778,190	466,914	770,409
Working capital effects	(711,953,753)	(291,027,190)	(243,093,988)	(260,961,122)	(71,053,871)
Operating cash flow	(30,859,417)	422,031,682	688,008,231	919,350,674	1,346,160,985
Corporation tax paid	(169,760,004)	(177,381,365)	(231,934,369)	(281,440,981)	(358,715,914)
Tax paid	(169,760,004)	(177,381,365)	(231,934,369)	(281,440,981)	(358,715,914)
Investing activities					
Payments to acquire property, plant & equipment	(79,600,000)	(223,800,000)	(604,075,367)	(210,000,000)	(0)
Net cash flow from investing activities	(79,600,000)	(223,800,000)	(604,075,367)	(210,000,000)	(0)
Net cash flow before financing	(280,219,421)	20,850,317	(148,001,505)	427,909,693	987,445,071
Movement on shareholder loan	-	-	-	-	-
Loan from Directors	200,000,000	-	100,000,000	(200,000,000)	(100,000,000)
Net cash flow from financing	200,000,000	-	100,000,000	(200,000,000)	(100,000,000)
Net cash flow	(80,219,421)	20,850,317	(48,001,505)	227,909,693	887,445,071
Cash & overdrafts brought forward	125,379,253	45,159,831	66,010,148	18,008,643	245,918,336
Cash & overdrafts carried forward	45,159,831	66,010,148	18,008,643	245,918,336	1,133,363,407