

FOOD STAR TRADING TANZANIA LIMITED

AGRO-BUSINESS

BUSINESS PLAN

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1. Executive Summary

Food Star Trading Limited is a registered commercial farm company headquartered in Dar Es Salaam, Tanzania. This business plan delineates a comprehensive strategy for Food Star Trading Tanzania Limited, outlining an agricultural venture that will present substantial investment opportunities within Tanzania's burgeoning agricultural sector. The primary objective is to leverage these initiatives to enhance agricultural productivity, foster substantial employment, and stimulate economic growth in Tanzania.

Food Star Trading Tanzania Limited is initiating a banana farming project that involves an investment of \$10 million to cultivate 387 hectares, with an objective to produce 19,350 tons of bananas annually for export to the Middle East and CIS countries. Key expenditures include \$2.5 million allocated for land, \$2.7 million for irrigation systems, and \$2.2 million for earthmoving activities. This venture aims to create 305 jobs across various functions such as planting, irrigation setup, processing, and logistics. The marketing plan highlights the premium quality, flavor, and health benefits of Tanzanian bananas, focusing on securing direct contracts with major retailers. The implementation timeline spans from Q3 2024 to Q2 2026, covering land design, irrigation installation, planting, and harvesting.

This project is poised to make a significant impact on Tanzania's economy by attracting foreign direct investment, enhancing productivity within the agricultural sector, and creating enormous employment opportunities. Food Star Trading Tanzania Limited's initiatives underscore its dedication to sustainable agricultural development and its strategic positioning within the East African market.

Food Star Trading Limited is part of the global FMCG player called D42. The Tanzania investment will be funded as follows

- A. Shareholder Capital (Equity)
- B. Bank Loan (Debt Financing)

2. Company Background

2.1 Registered Name & Corporate Structure

Food Star Trading Tanzania Limited with an incorporation number 172354610 registered on 19 February 2024 is a company registered under the laws of Tanzania with the intention of becoming the largest agricultural company in Tanzania. Food Star Trading Tanzania Limited is part of D42 Group.

2.2 Business Structure

Food Star Trading Tanzania Limited is a commercial farm with the aim of dealing with banana farming.

The banana farm project involves cultivating 387 hectares of land, with a targeted annual production of 17,400 tonnes of bananas primarily for export to the Middle East and CIS countries. The total investment for this project is estimated at \$10 million. The project aims to create 305 new jobs, with positions ranging from planting and irrigation setup to processing and logistics. The project's marketing strategy emphasizes the high quality, taste, and health benefits of Tanzanian bananas.

In addition, Food Star Trading Tanzania Limited will also undertake the cultivation of field crops like soybeans, sunflower and maize. These will be implemented within the first five years of operations and will add to the overall sales of the business.

2.3 Corporate Social Responsibility

Food Star Trading Tanzania Limited will implement the following tasks that will contribute to the overall corporate social responsibility

- A. The banana project is expected to create 305 new jobs over the duration of the project.
- B. The priority will be given to local suppliers especially in areas such as staff catering, freight, fleet purchases, etc.
- C. Local communities will benefit from services such as water supply, employees' medical benefits, and access to good roads.

3. Project Location

Food Star Trading Tanzania Limited's banana farm will be located in the district of Rufiji in the Coastal Region.

Food Star Trading Tanzania Limited will be headquartered in Dar Es Salaam.

4. Products and Services

Food Star Trading Tanzania Limited is a standard commercial farm, hence will be involved in commercial crop cultivation of bananas and field crops such as soybeans, sunflower and maize. Below are the products

- A. **Banana** - The project involves cultivating 387 hectares of land, with a target annual production of 17,400 tonnes of bananas
- B. **Field Crops** - The project aims at utilizing the cultivation of field crops such as soybeans, sunflower and maize.

5. Market Analysis

5.1 Industry Analysis

According to the data, the production of fresh banana fruits has increased by 3.6% on the basis of an annual average between 2018 and 2022, reaching the highest production of 135 million tons in 2022, which is an increase of 8% from 2021 (FAOSTATS, 2023). The world cultivated the largest area of 5,940 hectares of fresh bananas in 2022, producing nearly 135 million tons (FAOSTAT, 2023). These figures usually exclude informally traded bananas, especially by small-scale farmers (FAO, 2020). The increase in the productivity of bananas can also be noticed globally and this is attributed to the adoption of better irrigation systems, as well as the applications of synthetic fertilizers and pesticides (FAO, 2020). According to FAOSTATS (2023), an average global yield of 23 tons is obtained per hectare of cultivated fresh banana fruits.¹

India leads banana production in the world, reaching nearly 35 million tons of fresh bananas per year, followed by China with approximately 12 million tons. Nigeria, Angola and Tanzania are the only African countries that are found in the top ten banana-producing countries in the world, with Nigeria being 4th, Angola being 9th, and Tanzania being 10th as of 2022.²

5.2 Market Trends

Food Star Trading Tanzania Limited's target market for bananas is Middle East and CIS countries. Total global production of bananas and tropical fruits is projected to grow at 1.8 % annually between 2019 and 2028, after registering 2.3% annual growth in the previous decade. Under the baseline scenario, production is expected to marginally exceed 255 million tonnes by 2028.³

The Middle East imported over 1.5 million tons of bananas in 2023, with the UAE, Saudi Arabia, and Qatar being the largest importers.⁴ Likewise, Russia alone imported approximately 1.4 million tons of bananas in 2023.⁵

With these market trends for bananas, Food Star Trading Limited will gain a market share in the industry and with the targeted markets, the project is set to be a success.

5.3 Competitive Analysis

Given the global trend, Tanzania is in the top 10 banana producing countries. Hence, Food Star Trading Tanzania Limited aims to contribute to the success in the banana industry.

¹ FAO. 2024. Banana Market Review 2023. Rome.

² <https://worldpopulationreview.com/country-rankings/banana-production-by-country>

³ FAO. 2020. Medium-term outlook. Prospects for global production and trade in bananas and tropical fruits 2019-2028. Rome.

⁴ FAO. 2024. Banana Market Review 2023. Rome.

⁵ <https://www.trademap.org/Index.aspx>

Below are the factors that will give Food Star Trading Tanzania competitive advantage in the banana industry.

- **Unique Selling Point** - Freshness due to proximity to the Middle East compared to Latin American competitors.
- **Branding** - Emphasize Tanzanian origin. Highlighting the quality, taste, and health benefits of Tanzanian bananas, positioning them as premium products in the target markets.

6. Marketing Plan

6.1 Marketing Strategies

Food Star Trading Tanzania Limited has identified the main reason the majority of commercial farms do not break even. It is their inability to sell off their farm produce, especially perishable crops as at when due. Food Star Trading Tanzania Limited has divided its marketing strategies into two categories

A. Market Entry Strategies

- **Distribution Channels** - Food Star Trading Tanzania Limited is part of D42 group that buys bananas and can offtake all the banana production in Tanzania.
- **Logistics** - Purchase of own fleet of trucks for inland logistics.
- **Regulatory Compliance** - Ensure compliance with import regulations, including sanitary and phytosanitary (SPS) measures in target markets

B. Product Promotion

- **Trade Fairs** - Participate in major food trade fairs like Gulfood in Dubai and World Food Moscow.
- **Digital Marketing** - Targeted online campaigns in Middle Eastern and CIS countries highlighting the quality and freshness of Tanzanian bananas.
- **Partnerships** - Collaborate with health and wellness influencers to promote the benefits of consuming fresh bananas.

6.2 Pricing

Some of the factors that will help Food Star Trading Limited sell the farm produce at the right price and guarantee profits are dependent on the strategies while some of the factors are beyond the company's control. For instance, unfavorable climatic conditions and natural disasters such as flooding will directly affect production and the prices of bananas.

Food Star Trading Limited has identified the easiest means of penetrating the market and acquiring a significant customer base for all the agricultural produce is to sell them at competitive prices hence Food Star Trading Limited will ensure the prices of these bananas are going to be highly competitive by regularly aligning prices to current market prices.

7. Management and Organizational Plan

7.1 Shareholding Structure and Directors

The shareholders structure of Food Star Trading Tanzania Limited is highlighted in the Table below. These are renowned companies in the agricultural industry and are known for contributing to countries GDP growth wherever they operate

Name of the Shareholder	Shareholding	Nationality
Royal Ventures LLC - FZ	99%	UAE
Brick Enterprises - FZCO	1%	UAE

The Directors of the company have a diverse professional and business background in the agricultural industry spanning over several years. Below are the company directors.

1. Sergei Solomonov

Mr. Solomonov is operating as the company's Chief Executive Officer. With more than 30 years of experience in Banana production business globally, Mr. Sergei is key to the success of the project.

2. Haythan Taha Abdelkarim Korany (Non-Executive)

Mr. Korany is the Non-Executive Director and is key to the overall strategy development of the company. Sitting on multiple boards, his experience shaped the overall strategy of the company to drive success.

7.2 Key Personnel and their roles

1. Maurice Kane - Operations Director of Banana Business

Mr. Maurice is the director of the banana business responsible for overseeing and managing the day-to-day operation of the banana farm. This includes planning and organizing planting and harvesting schedules, managing staff and monitoring crops. Mr. Maurice has extensive experience in implementing strategies to improve production and profitability and ensuring compliance with relevant regulations.

2. Eliya Jonas - Chief Finance Officer (CFO)

Mr. Eliya is a distinguished business leader with a robust background in Finance and Supply Chain, boasting over a decade and a half of experience. His professional journey is defined by a steadfast commitment to propelling organizations towards growth and operational

efficiency, with deep expertise in finance, business performance, supply chain optimization, business development, partnerships, and risk management. He has been pivotal in implementing strategic initiatives that boost growth, profitability, and operational fluidity. Mr. Eliya is in charge of a company's financial operations. As a CFO, his responsibilities include internal and external financial reporting, stewardship of a company's assets, and ownership of cash management.

3. Eric Ongara - Chief Human Resource Officer

Mr. Eric is an experienced business leader with a demonstrated history of working in the consumer goods industry. Mr. Eric will be responsible for formulating talent strategy, implementing initiatives for employee retention, in charge of building stakeholder engagement and management, implementing labor productivity and promoting employee engagement.

4. Arseniy Astapenko - Chief Commercial Officer (CCO) East Africa

Mr. Arseniy has extensive experience in agriculture commodities specifically in export and sourcing. As a Chief Commercial Officer, Mr. Arseniy will oversee the company's strategic supply partners and develop sourcing policies. He will also create cost estimates and forecasts for the procurement and negotiate reasonable and cost-effective contracts. Moreover, he will evaluate sourcing procedures, present improvement strategies for senior management approval, and analyze and calculate procurement costs and research and develop cost reduction strategies.

8. Implementation Schedule

The implementation schedule of the banana farm is grouped into five key areas: land development, irrigation installation, planting, harvesting, and infrastructure setup. Below is the Gantt chart for the overall project and the design phase

	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	2024	2024	2025	2025	2025	2025	2026	2026
Land Design								
Irrigation Design								
Infrastructure Design								
Tissue Culture								
Fleet Purchases								
Land Development								

Irrigation Installation								
Planting								
Harvest								

Land and irrigation designs, tissue culture and fleet purchases are scheduled to begin in quarter 3 of 2024 and are projected to be completed in quarter 4 of 2024. Infrastructure design is scheduled to be completed in quarter 3 of 2024.

Land development and irrigation installation will begin quarter 1 of 2025 and is projected to be completed by quarter 4 of 2025. Concurrently, planting is scheduled to begin in quarter 2 of 2025 and the first harvest is scheduled to happen in quarter 2 of 2026.

9. Financial Plan

9.1 Capital Costs

The total capital expenditure for the banana farming project is projected to be USD \$10 million. Below is the capital expenditure breakdown for the banana farm project.

CAPEX Breakdown	Price (USD)
Weather and Water Sensors	9,000
Fleet Purchases	100,000
Road Freight	450,000
Farm Design	12,000
Agricultural Equipment	85,000
Applications	360,000
Infrastructure	130,000
Seedlings Supply	650,000
Packhouse Design	500,000
Earthmoving	2,200,000
Irrigation Suppliers	2,260,000
Land	2,700,000
Miscellaneous	544,000
Total	10,000,000

9.2 Source of Funds

The total funds required for the banana farming project are USD \$10 million. These funds will come from two sources outlined below

- A. Shareholder Capital (Equity)
- B. Bank Loan (Debt Financing)

9.3 Financial Projections

The financial performance of the banana project from 2024 to 2033 shows promising growth and profitability. The sale price per kilogram increases from \$0.89 in 2023 to \$1.08 in 2033. The harvested area remains steady at 387 hectares from 2025 onwards, with average yields increasing from 36 T/Ha (Tons per Hectare) to 45 T/Ha. Total output reaches 17,415 tons annually from 2028 onwards. Total revenue grows from \$12.68 million in 2025 to \$18.46 million by 2033. Despite rising COGS and SG&A expenses, EBITDA turns positive in 2025 and stabilizes at around \$4.1m million annually by 2033, indicating robust financial health and sustainability for the project.

1. Pro Forma Profit & Loss

Food Star Trading Tanzania Limited Projected Income Statement

Category	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Sale Price(\$/kg)	0.89	0.91	0.92	0.94	0.96	0.98	1	1.02	1.04	1.06
Harvested Area (Ha)	-	387	387	387	387	387	387	387	387	387
Average Yields (kg/Ha)	36,000	36,000	41,000	43,000	45,000	45,000	45,000	45,000	45,000	45,000
Total Output (Kg M)	-	13.93	15.87	16.64	17.42	17.42	17.42	17.42	17.42	17.42
Total Revenue (\$M)	0.00	12.68	14.60	15.64	16.72	17.07	17.42	17.76	18.11	18.46
COGS (\$M)	0.00	2.20	2.50	2.62	2.75	2.83	2.92	3.00	3.09	3.19
SG&A (\$M)	0.77	0.79	0.82	0.84	0.87	0.89	0.92	0.95	0.98	1.00
EBITDA (\$M)	(0.77)	9.69	11.28	12.18	13.10	13.34	13.58	13.81	14.04	14.27

2. Pro Forma Cash Flow Analysis

Food Star Trading Tanzania Limited Projected Cash Flow Statement

Category	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Cash at the Beginning	0	2.99	5.09	15.47	26.76	38.97	51.42	64.11	77.03	90.18
Operation Activities										
Cash Inflows (\$M)	0	12.68	14.60	15.64	16.72	17.07	17.42	17.76	18.11	18.46
Cash Outflows (\$M)	(0.77)	(2.99)	(3.32)	(3.47)	(3.62)	(3.72)	(3.84)	(3.95)	(4.07)	(4.19)
Net Cash Flow from Operations (\$M)	(0.77)	9.69	11.28	12.18	13.10	13.34	13.58	13.81	14.04	14.27
Investing Activities										
Cash Inflows (\$M)										
Cash Outflows (\$M)	(3.30)	(6.70)								
Net Cash Flow from Investing (\$M)	(3.30)	(6.70)								
Financing Activities										
Cash Inflows (\$M)	7.06	0.00								
Cash Outflows (\$M)		(0.89)	(0.89)	(0.89)	(0.89)	(0.89)	(0.89)	(0.89)	(0.89)	(0.89)
Net Cash Flow from Financing (\$M)	7.06	(0.89)	(0.89)	(0.89)	(0.89)	(0.89)	(0.89)	(0.89)	(0.89)	(0.89)
Net Increase/Decrease in cash (\$M)	2.99	2.09	10.39	11.29	12.21	12.45	12.69	12.92	13.15	13.38
Cash at the End of the Year (\$M)	2.99	5.09	15.47	26.76	38.97	51.42	64.11	77.03	90.18	103.56

3. Pro Forma Balance Sheet

Food Star Trading Tanzania Limited Projected Balance Sheet Statement

Category	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Assets										
Other Current Assets	0.77	1.91	1.97	2.03	2.09	2.15	2.21	2.28	2.35	2.42
Cash/Cash Equivalent	2.99	5.09	15.47	26.76	38.97	51.42	64.11	77.03	90.18	103.56
Fixed Assets	3.30	9.84	9.34	8.88	8.43	8.01	7.61	7.23	6.87	6.52
Total Assets	7.06	16.83	26.78	37.66	49.49	61.58	73.94	86.54	99.40	112.51
Liabilities & Equity										
Current Liabilities										
Long-term Liabilities	7.00	6.44	5.86	5.25	4.61	3.93	3.22	2.47	1.69	0.86
Total Liabilities	7.00	6.44	5.86	5.25	4.61	3.93	3.22	2.47	1.69	0.86
Equity	0.06	10.39	20.92	32.41	44.88	57.65	70.72	84.07	97.71	111.65
Total Liabilities & Equity	7.06	16.83	26.78	37.66	49.49	61.58	73.94	86.54	99.40	112.51

9.4 Sensitivity Analysis

To assess further the implementation of the overall project, a sensitivity analysis has been worked out based on several unfavorable conditions that might negatively affect the operations of Food Star Trading Tanzania Limited.

With an initial investment of USD \$10 million, the expected Internal Rate of Return (IRR) is around 20% and the payback period is approximately 8 years.

It is imperative to understand and note that these scenarios are subject to changes given the internal and external factors.

A. Market Risks

- Risk - Fluctuations in demand, political instability in target regions (Middle East and CIS countries)
- Mitigation - Diversify export destinations, establish long-term contracts with buyers.

B. Operational Risks

- Risk - Dependence on weather conditions, disease outbreaks
- Mitigation - Invest in resilient farming practices, disease-resistant banana varieties

10. Conclusion & Recommendation

The financial evaluation of the project done so far indicates that this project will be profitable both economically and financially, additionally supported by management being experienced businessmen who possess ample managerial capabilities in various business disciplines as highlighted in the document.

The assessment of the viability of the proposed development demonstrates a high-income earning capacity. Based on the analysis, the investment will generate an IRR, which is greater than the cost of capital and an acceptable payback period.

Based on the above factors, it is recommended that the company should be granted the certificate of incentives for the implementation of the project so that the project can operate and benefit from tax exemptions on capital and deemed goods and increase its production.