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**PROPOSED BUSINESS PLAN FOR  
ESTABLISHMENT OF 500TCD SUGAR MILL  
WITH BY PRODUCTS(MOLLASES AND  
ETHANOL FOR ELECTRICITY) AT DAKAWA  
MVOMERO DISTRICT, MOROGORO REGION**

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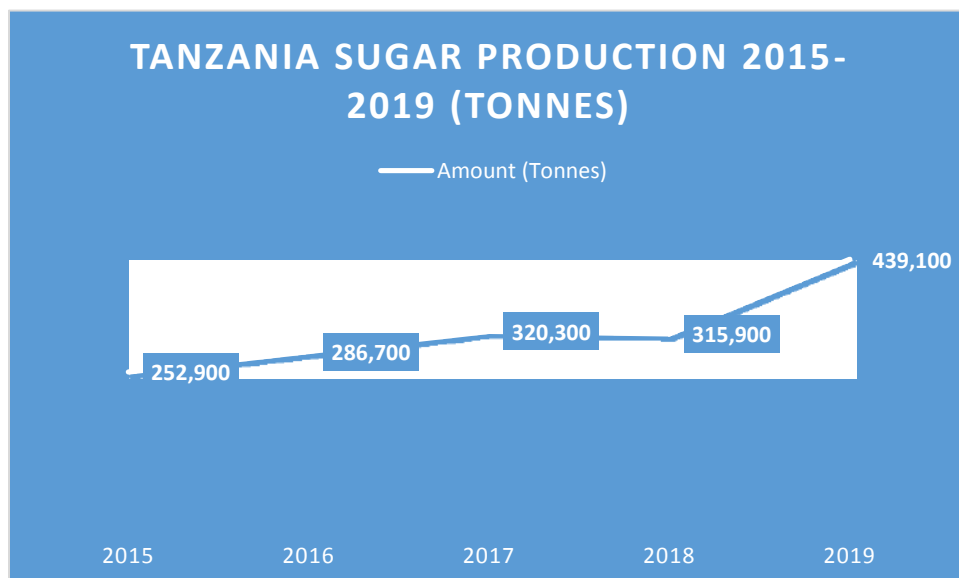
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# 1. Industry Overview

Sugar is one of the commodity that is consumed in all parts of the world and those, who are in business of producing sugar are known to generate sales year in year out, if the business is managed well. The sugar processing industry is made up of business that manufacture raw sugar, liquid sugar and refined sugar from sugarcane, raw cane sugar and sugar beets.

The industry acquire its raw materials from sugarcane growers. Sugar refiners also buy raw sugar from millers. This raw material is processed into range of sugar products for industrial and consumer use. Recent data from Tanzania ministry of agriculture shows that; sugar production in Tanzania is expected to rise by about 33 per cent in four years following the approval of six new sugarcane local varieties, this also imply the increase in revenue to Tanzania sugar industry stakeholders . According to Bank Of Tanzania Annual report for 2019/2020, Manufacturing2 sub-activity grew by 5.8 percent in 2019 compared with 8.3 percent in 2018, supported by stability in power supply and availability of raw materials, coupled with expansion in market outreach including regional markets. Major industrial products whose production increased during the review period were food items including soft drinks, cooking oil, wheat flour, and sugar.

**Figure 1.** The line graph below shows the sugar production trends from 2015 to 2019 in Tanzania



**Source;** Bank Of Tanzania, Tanzania Investment Center.

Tanzania annual demand for sugar has increased by over 16 per cent from 610,000 tonnes in 2018 to 710,000 tonnes in 2019. The country currently produce about 470,000tonnes of sugar annually. This makes the country to be net importer of sugar and hence increases loss in foreign exchanges. However, the government is optimistic that the production will jump to 700,000tonnes by 2024/2025 farming season, this will go hand in hand with increased investment in processing capacity, introduction of

Tanzanian sugarcane variety, and expansion of sugar factory in Kagera , Bagamoyo, Kilombero, Mkulazi I and II.

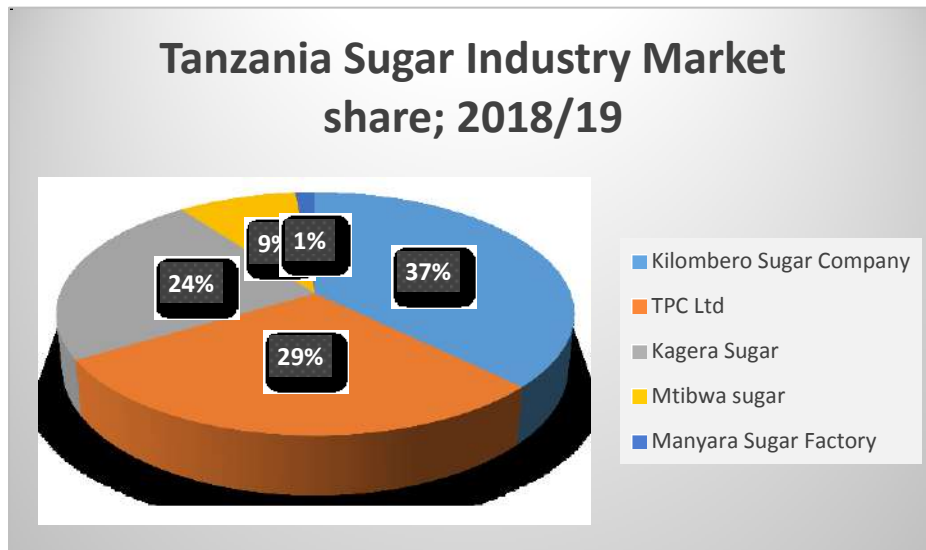
These expansions specifically includes; Bakheresa Bagamoyo which has installed the plant with capacity of producing 70,000 tonnes annually but is expected to start with production of 30,000tonnes. Mkulazi II project implemented in Morogoro it has the capacity of 50,000 tonnes. Kilombero Sugar Company is undergoing expansion that will cost \$239million,and this will enable the company to increase its annual sugar production from 125,000 to 271,000 tonnes, this expansion will also increase utilization of cane from small scale producers from 600,000tonnes to 1,450,000tonnes per year. Lastly, Manyara Sugar Factory also has increased its sugarcane processing capacity from 50tonnes to 750tonnes per day

The industry is faced with different challenges which may leads to revenue decline; such as volatile prices, production in upstream supplies industries, changing consumers taste and demand and increase in international trade. Industry participant enjoy several level of protection, including; land allocation for sugar production, improvement of infrastructure for easy accessibility to sugar production sites, controlling excessive importation of consumer sugar these government policies will act as internal price support for the industry. Sugar Board of Tanzania apply import duty rate of 35 per cent instead of 100% or 460 USD/MT whichever is higher for one year. This measure is intended to cover the gap during scarcity of sugar production in the country.

Since privatization of Tanzania sugar estates, sugar production has steadily increased by 74% from 252,900tonnes in 2015 to 439,100tonnes in 2019. it was projected that the price of sugar to increase to an average of USD 320 in 2020, and thereafter settle at USD 330 and USD 453 per tonne in 2021. The price of raw sugar most significantly affect industry revenue. Industry operators typically benefit from higher price of inputs because they can pass the cost to consumers in forms of higher prices. Consumer typically purchase these regardless of price hikes, since sugar products are staple of average Tanzanian diet. In order to assist the growth of sugar industry the government of Tanzania through Tanzania Revenue Authority (TRA) has waived the 15 per cent import tax on sugar for industrial use.

The sugar processing industry is thriving sector of the economy of Tanzania, recently Industry activity grew by 10.6 percent in 2019, above 3.8 percent in 2018, driven by manufacturing sub-activity. Manufacturing expanded by 20.5 percent owing to an increase in production of food products including sugar, noodles, wheat flour, beverages and bread. However, there is a challenge with the availability of updated data on sugar industry especially data on revenue generated. Tanzania government collect revenue from more than four registered and licensed sugar product companies available in the country. According to Sugar Board of Tanzania (SBT), the sugar industry is responsible for employing 18,267 people. Kilombero Sugar Company and The Tanganyika Planting Company are market leaders in Tanzania sugar processing industry, the followed by Kagera Sugar Company , Mtibwa Sugar and ;lastly is Manyara Sugar Factory.

**Figure 2;** Pie-chart representing the sugar industry participant and their respective market share in 2018/19



**Source;** Sugar Board Of Tanzania (SBT), 2018/19

Despite the fact that there are big corporations who are into the production of sugar, the fact remains that starting a small-scale sugar production business has a minimum barriers to entry, with relative minimal startup capital. Some of the factors that encourage aspiring entrepreneurs to start a sugar production company is the fact that, the market for sugar cut across people of all races, culture, financial status and age, this make it easier for entrepreneur who are interested in the business to come into industry at anytime they desire.

The sugar processing industry is profitable industry and it open for any aspiring entrepreneur to come in and establish his/her business; he or she can choose to start on small scale servicing a community or choose on large scale with distribution network and several outlets in key cities all around the country and even to neighbouring countries.

## 2. Executive Summary

KOM Sugar Industries Limited, is licensed sugar production company which is located on Mvomero District in Morogoro region. Morogoro is one of the major three regions in Tanzania leading in the production of sugarcane, followed by Kilimanjaro region and Kagera region. We have been able to secure a long-term lease for the facility in a strategic location with an option of long-term renewal on terms and conditions that are favourable to us.

The facility have government approval for the kind of production business we want to run and facility is easily accessible. KOM Sugar Industries Limited is in the sugar processing industry to manufacture; Brown sugar, Eternal (ENA) Extra Neutral Alcohol and Thermal Power Generation from sugarcane. We are also in business to make profit at the same time to give our customers value for their money.

We are aware that there are several sugar production companies around Tanzania, which is why we spent time and resources to conduct our feasibility study and market survey. We ensured that our facility is easy to locate and we have mapped out plans to develop a far reaching distribution network for wholesaler of sugar products around Tanzania and the neighbouring countries in East and Central Africa.

Beyond producing quality sugar, and ENA. Our Customer Care is going to be second to none. We know that our customers are the reason why we will go extra mile to get them satisfied when they purchase our sugar products. By working hard and satisfy our customers we will automatically create loyal customers who will always choose our Brand over the others; these loyal customers are not easily swayed by price or availability; they would rather pay more and ensure the same quality service and product they know and love

KOM Sugar Industries is determined to produce more than 18,000 tonnes of sugar and 4,800 tonnes of molasses on 240 days of operation annually. The project is going to provide direct employment to more that 100 people and 500 more for indirect employment. And in order for our company to be able to achieve our goals and objectives we are going to start with;

- i. Purchasing and installation of Plant and Machinery 500TCD + Power generation.
- ii. Factory Building for Sugar Ethanol Plant
- iii. Purchasing and installation of Ethanol 10KLPD Plant.

KOM Sugar Industries Limited is one of the company under KOM GROUP OF COMPANIES, with its Headquarters in Kahama, Shinyanga region. Dr. Jesca Nkwabi (PhD) who is the Chief Executive Officer of the company is graduate of Business Administration and Supply Chain Management.

### **3. Our Products and Services**

KOM Sugar Industries Limited is going to run a standard sugar production company whose products will not only be sold in Tanzania, but also throughout the neighbouring countries. We are in sugar processing industry to make profits and also to give our customers value for their money.

*These are some of the products that we will be offering;*

- i. Brown Sugar
- ii. Molasses
- iii. Eternal (ENA) Extra Neutral Alcohol
- iv. Thermal Power Generation

## **4. Our Vision and Mission Statement**

### **4.1. Our Culture**

Our culture is that, We love to celebrate, we don't take ourselves too seriously, and we put people at the center of everything we do. We are team of self-starting, vision and mission driven individual with passion for purposeful innovation. As we continue to grow rapidly, we are always in lookout for scrappy, problem-solving, big thinkers to come aboard.

### **4.2. Our Vision**

Our vision is to establish standard sugar production company whose product will not only be sold in Tanzania, but also to other neighbouring country

### **4.3. Our Mission**

To be premier corporate supply of high quality and affordable sugar products that equate to the value of money offered to us by our delighted customers.

We want to build business that will be listed amongst the top sugar brands in Africa.

### **4.4. Our Business Structure**

KOM Sugar Industries Limited is established with the aim of competing favorably with other leading sugar brands in the industry. This is why we will ensure that we put the right structure in the place that will support the kind of growth that we have in mind while setting up the business.

We will ensure that we hire people that are qualified, honest, hardworking, customer-centrist and are ready to work to help us build a prosperous business that will benefit all the stakeholders.

As matter of fact, profit-sharing arrangement will be made available to all our senior management staff and it will be based on their performance for a period of ten years or more depending how fast we meet the target. In view of that, we have decided to hire qualified and competent hands to occupy the following positions;

- i. Chief Executive Officer
- ii. Plant Manager
- iii. Human resources and Admin Manager
- iv. Merchandise Manager
- v. Sales and Marketing Manager
- vi. Machine Operators
- vii. Accountant/Cashier
- viii. Distribution Truck Drivers

## **5. Job Role and Responsibilities**

### **Chief Executive Officer – CEO**

- Increases management's effectiveness by recruiting, selecting, orienting, training, coaching, counseling, and disciplining managers; communicating values, strategies, and objectives; assigning accountabilities; planning, monitoring, and appraising job results
- Creating, communicating, and implementing the organization's vision, mission, and overall direction – i.e. leading the development and implementation of the overall organization's strategy.
- Responsible for fixing prices and signing business deals
- Responsible for providing direction for the business
- Responsible for signing checks and documents on behalf of the company
- Evaluates the success of the organization.

### **Plant Manager**

- Responsible for overseeing the smooth running of the sugar production plant
- Part of the team that determines the quantity and quality of sugar products that are to be produced
- Map out strategies that will lead to efficiency amongst workers in the plant
- Responsible for training, evaluation and assessment of plant workers
- Ensures operation of equipment by completing preventive maintenance requirements; calling for repairs.
- Ensures that the plant meets the expected safety and health standard at all times.

### **Human Resources and Admin Manager**

- Responsible for overseeing the smooth running of HR and administrative tasks for the organization
- Defining job positions for recruitment and managing interviewing process
- Carrying out staff induction for new team members
- Responsible for training, evaluation and assessment of employees
- Oversee the smooth running of the daily office and factory activities.

### **Merchandise Manager**

- Manage vendor relations, market visits, and the ongoing education and development of the organizations' buying teams
- Responsible for the purchase of raw sugarcane, raw cane sugar and sugar beets directly from sugarcane plantations and farms
- Responsible for planning sales, monitoring inventory, selecting the merchandise, and writing and pricing orders to vendors

### **Sales and Marketing Manager**

- Manage external research and coordinate all the internal sources of information to retain the organizations' best customers and attract new ones
- Model demographic information and analyze the volumes of transactional data generated by customer purchases
- Identify, prioritize, and reach out to new partners, and business opportunities et al
- Responsible for supervising implementation, advocate for the customer's needs, and communicate with clients
- Document all customer contact and information
- Represent the company in strategic meetings
- Help increase sales and growth for the company

### **Accountant/Cashier**

- Responsible for preparing financial reports, budgets, and financial statements for the organization
- Provides managements with financial analyses, development budgets, and accounting reports
- Responsible for financial forecasting and risks analysis.
- Performs cash management, general ledger accounting, and financial reporting
- Responsible for developing and managing financial systems and policies
- Responsible for administering payrolls
- Ensuring compliance with taxation legislation
- Handles all financial transactions for the organization
- Serves as internal auditor for the organization

### **Client Service Executive**

- Welcomes guests and clients by greeting them in person or on the telephone; answering or directing inquiries.
- Ensures that all contacts with clients (e-mail, walk-In center, SMS or phone) provides the client with a personalized customer service experience of the highest level
- Through interaction with clients on the phone, uses every opportunity to build client's interest in the company's products and services
- Manages administrative duties assigned by the manager in an effective and timely manner
- Consistently stays abreast of any new information on the company's products, promotional campaigns etc. to ensure accurate and helpful information is supplied to clients
- Receives parcels / documents for the company
- Distribute mails in the organization
- Handles any other duties as assigned by the line manager

### **Production Workers/Machine Operators:**

- Operate machines such as pasteurizers, evaporating machine/steamer, sugar extractor, stirring tank, and packaging machines et al.
- Assist in packaging and loading sugar products into distribution trucks

### **Distribution Truck Drivers**

- Assist in loading and unloading sugar products
- Maintain a logbook of their driving activities to ensure compliance with federal regulations governing the rest and work periods for operators.
- Keep a record of vehicle inspections and make sure the truck is equipped with safety equipment
- Assist the transport and logistics manager in planning their route according to a delivery schedule.
- Transport finished goods and raw materials over land to and from manufacturing plants or retail and distribution centers
- Inspect vehicles for mechanical items and safety issues and perform preventative maintenance
- Comply with truck driving rules and regulations (size, weight, route designations, parking, break periods etc.) as well as with company policies and procedures
- Report defects, accidents or violations

## **6. SWOT Analysis**

We are quite aware that there are several sugar manufacturing companies in Tanzania which is why we are following the due process of establishing a business. We know that if a proper SWOT analysis is conducted for our business, we will be able to position our business to maximize our strength, leverage on the opportunities that will be available to us, mitigate our risks and be equipped to confront our threats.

KOM Sugar Industries Limited employed the services of an expert HR and Business Analyst with bias in startup business to help us conduct a thorough SWOT analysis and to help us create a Business model that will help us achieve our business goals and objectives. This is the summary of the SWOT analysis that was conducted for KOM Sugar Industries Limited;

### **6.1. Strength:**

Part of what is going to count as positives for KOM Sugar Industries Limited is the vast experience of our management team, we have people on board who understand how to grow a business from the scratch to becoming a national phenomenon.

So also, our closeness to sugarcane plantations, large national distribution network and of course our excellent customer service culture will definitely count as a strong strength for the business.

### **6.2. Weakness:**

A major weakness that may count against us is the fact that we are a new sugar production company and we don't have our own sugarcane plantation hence we will initially depend on suppliers of raw sugarcane from farmers.

### **6.3. Opportunities:**

The trade-weighted index (TWI) measures the strength of the Tanzanian shillings relative to the currencies of Tanzania trading partners. As the Tanzanian shilling appreciates, downstream industries can purchase sugar produced abroad at a lower cost, hurting industry revenue.

However, the Tanzania government highly regulates the level of sugar imports, reducing the influence of the TWI. The TWI is expected to increase gradually in the coming year. However, expected depreciation of the Tanzanian shillings moving forward presents a potential opportunity for the industry.

### **6.4. Threat:**

Sugar processors in Tanzania produce raw sugar and refined sugar to sell. A rise in the price of sugar enables operators to sell sugar at a higher price and thus increases industry revenue. The Tanzania Ministry of Agriculture under Sugar Board of Tanzania (SBT) assists the industry through a series of policies aimed at keeping the price of sugar steady. The price of sugar is expected to increase in the coming year, yet its price volatility poses a potential threat to the industry.

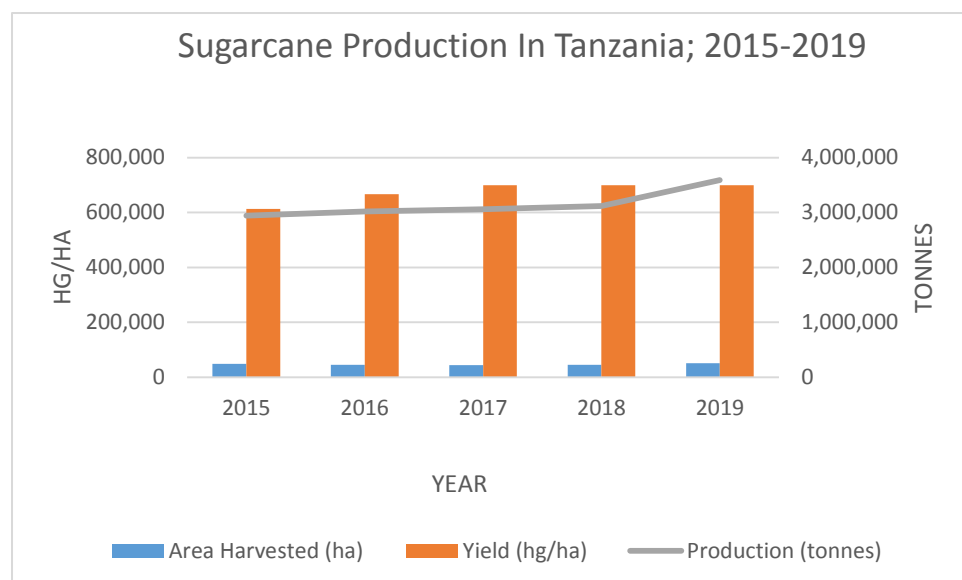
## 7. Market Analysis

The development of sugar industry is one of the Tanzania government agricultural priorities. In order to meet the demand for the domestic market, the government expect production of 700,000 tonnes by 2025, compare to 439,100 tonnes in 2019, and 250,000 tonnes in 2015. The prices of sugar have gone up. Before 2019, one kg of sugar was going for US\$0.22 in 2017 and US\$0.47 in 2018. In 2019 the export price changed to \$0.48 per kilo, by 2.051%.

As for today sugar remain one of the main import item for Tanzania, recent reports indicate that Tanzania demand for domestic sugar was 545,000 tonnes, while the country five factories had the capacity of producing 439,000 tonnes in 2019. currently the industry have more that seven (7) sugar factories, which are;

- Kilombero Sugar Company Limited
- Tanganyika Planting Company Limited
- Kagera Sugar Limited
- Mtibwa Sugar Estate Limited
- Manyara Sugar Company Limited
- Mkulazi Holding Company Limited
- Bakhresa Sugar Limited

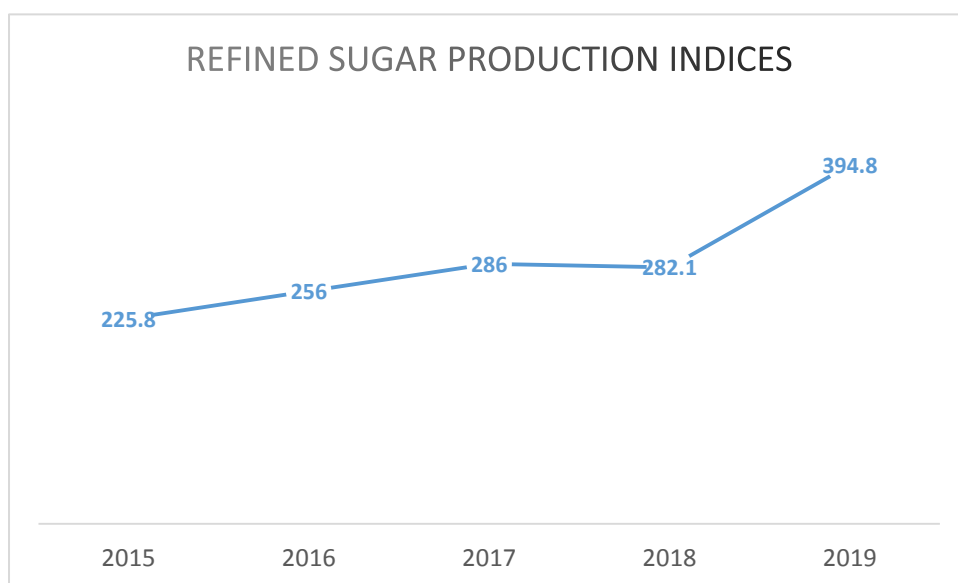
**Figure 3:** The bar and line graph below shows; sugarcane production area harvested, yield per area and sugarcane production.



**Source:** Food and Agriculture Organization, 2020

## 7.1. Market Trends

A recent trend shows that industry players have been able to use health concerns to their advantage. In the last five years, research findings have suggested that the use of high fructose corn syrup (HFCS) in place of sugar increases the risk of obesity and insulin resistance. Sugar companies have used the information to market their product to the health-conscious consumer.



**Source:** Bank Of Tanzania Annual Report 2019/2020

Food inflation averaged 5.3 percent, higher than 2.6 percent in 2018/19 following increase in prices of major food items including rice, sugar, bananas and maize flour. Conversely, non-food inflation eased to an average of 2.6 percent from 3.9 percent, mainly due to a decline in fuel prices, particularly in the third quarter of the 2019/20. It is expected that inflation will remain below the medium term target of 5.0 percent in 2020/21 attributed to adequate food supply and moderation of fuel prices in the world market. However, the volume of imports of consumer sugar is expected to continue decrease over the five years through 2025 as the Tanzania government imposes heavy tariffs on consumer sugar imports and waived 15 per cent on importing industrial sugar.

Falling revenues over the last five years have pushed many industry participants to consolidate and vertically integrate in order to cut costs. Operators are taking advantage of economies of scale and economies of scope, increasing their capacities and producing more for a lower per-unit cost in order to enjoy the growing industry. As a result, the number of establishments is expected rise in the five years to 2025

## 7.2. Tanzania Sugar Export Quantity

In 2019 Tanzania exported 104 tonnes of sugar. Through 2019 alone, the interest in Tanzania sugar (processed category) has decreased, recording a change of -97.125 percent compared to the year 2018. Between 2017 and 2019, sugar's exports went down by -57.72 per cent earning the country US\$0.05m for the year 2019. Tanzania's sugar exports are classified as:

- Cane or beet sugar and chemically pure sucrose, in solid form (excluding cane and beet sugar containing added flavouring or colouring and raw sugar) (HS code 170199)
- Refined cane or beet sugar, containing added flavouring or colouring, in solid form (HS code 170191)
- Raw cane sugar, in solid form, not containing added flavouring or colouring matter, obtained without centrifugation, with sucrose content 69° to 93°, containing only natural anhydrous microcrystals (see subheading note 2.) (HS code 170113)
- Raw beet sugar (excluding added flavouring or colouring) (HS code 170112)
- Raw cane sugar, in solid form, not containing added flavouring or colouring matter (excluding cane sugar of 1701 13) (HS code 170114)
- Raw cane sugar (excluding added flavouring or colouring) (HS code 170111)

Tanzania's top destinations for sugar are Rwanda, Burundi, France, Comoros and Malawi.

## 7.3. Tanzania Molasses Export Quantity

In 2021, the approximate price range for Tanzania Molasses is between US\$ 0.05 and US\$ 0.08 per kilogram or between US\$ 0.02 and US\$ 0.04 per pound(lb). The price in Tanzanian shilling is TZS 107.18 per kg. The average price for a tonne is US\$ 46.09 in Mwanza and Dar es Salaam. Tanzania's import price for molasses in 2019 was US\$0.67 per kilo.

In 2019 Tanzania shipped 16,317 tonnes of molasses. Across 2019 alone, the market for Tanzania molasses (processed category) has improved, changing by 317.421 % compared to the year 2018. Between 2017 and 2019, molasses' exports grew by 136.34 percent netting the nation US\$0.75m for the year 2019. Tanzania's molasses exports are classified as:

- Beet molasses resulting from the extraction or refining of sugar (HS code 170390)
- Cane molasses resulting from the extraction or refining of sugar (HS code 170310)

Tanzania best performing export market for molasses are Netherlands, United Arabs Emirates (UAE), Oman, Jordan and Uganda.

## **8. Our Target Market**

When it comes to selling sugar, there is indeed a wide range of available customers. In essence, our target market can't be restricted to just a group of people, but all those who reside in our target market locations.

In view of that, we have conducted our market research and we have ideas of what our target market would be expecting from us. We are in business to engage in wholesale distribution and to retail our sugar to the following groups of people;

- Spirit Alcohol Beverage
- Bakeries, cakes makers and confectioneries manufacturer
- Households
- Soda drinks manufacturers
- Snacks manufacturers
- Ice Cream makers
- Pharmaceutical production companies
- Everybody in our target market location

### **8.1. Our competitive advantage**

A quick of the Sugar Processing industry reveals that the market has become much more intensely competitive over the last decade. As a matter of fact, you have to be highly creative, customer centric and proactive if you must survive in this industry.

We are aware of the stiff competition and we are well prepared to compete favorably with other sugar production companies in Tanzania and throughout the East and Central Africa countries. Part of what is going to count as competitive advantage for KOM Sugar Industries Limited is the vast experience of our management team.

So also, closeness to some of the largest sugarcane plantations, our large and far reaching national distribution network and of course our excellent customer service culture will definitely count as a strong strength for the business.

Lastly, our employees will be well taken care of, and their welfare package will be among the best within our category in the Sugar Processing industry, meaning that they will be more than willing to build the business with us and help deliver our set goals and achieve all our aims and objectives. We will also give good working conditions and commissions to freelance sales agents that we will recruit from time to time.

## 9. Sales and Marketing Strategy

### 9.1. Sources of Income

KOM Sugar Industries Limited is established with the aim of maximizing profits in the sugar processing industry in both Tanzania and we are going to ensure that we do all it takes to sell our sugar to a wide range of customers.

We will generate income by selling;

- i. Brown Sugar
- ii. Molasses
- iii. Eternal (ENA) Extra Neutral Alcohol
- iv. Thermal Power Generation

### 9.2. Sales Forecast

One thing is certain when it comes to sugar production company, if your products are well – packaged and branded and if your production plant is centrally positioned and easily accessible, you will always attract customers cum sales and that will sure translate to increase in revenue for the business.

We are well positioned to take on the available market in Tanzania and every city where our sugar will be sold and we are quite optimistic that we will meet our set target of generating enough income/profits from the first six months of operation and grow the business and our clientele base.

We have been able to critically examine the sugar processing industry and we have analyzed our chances in the industry and we have been able to come up with the following sales forecast.

Below are the sales projections for KOM Sugar Industries Limited, it is based on the location of our business and other factors as it relates to small scale and medium scale sugar production company startups in Tanzania;

- **First Fiscal Year (FY1): \$ 15,222,000**
- **Second Fiscal Year (FY2): \$ 17,124,750**
- **Third Fiscal Year (FY3): \$ 17,124,750**

**N. B:** This projection was done based on what is obtainable in the industry and with the assumption that there won't be any major economic meltdown and there won't be any major competitor offering same products as we do within same location. Please note that the above projection might be lower and at the same time it might be higher.

### **9.3. Marketing Strategy and Sales Strategy**

Before choosing a location to start KOM Sugar Industries Limited and also the kind of sugar products we produce, we conducted a thorough market survey and feasibility studies in order for us to penetrate the available market in our target market locations.

We have detailed information and data that we were able to utilize to structure our business to attract the number of customers we want to attract per time and also for our products to favorably compete with other leading sugar brands in Tanzania.

We hired experts who have good understanding of the sugar processing industry to help us develop marketing strategies that will help us achieve our business goal of winning a larger percentage of the available market in Tanzania.

In summary, KOM Sugar Industries Limited will adopt the following sales and marketing approach to sell our sugar;

- Open our sugar production company with a party so as to capture the attention of residents who are our first targets
- Engage in roadshow in targeted communities from time to time to sell our products
- Advertise our products in community – based newspapers, local TV and radio stations
- List our business and products on yellow pages ads (local directories)
- Leverage on the internet to promote our sugar brands
- Engage in direct marketing and sales
- Encourage the use of Word of mouth marketing (referrals)

## **10. Publicity and Advertising Strategy**

KOM Sugar Industries Limited has a long – term plan of distributing our sugar in various locations all around Tanzania and East and Central Africa which is why we will deliberately build our brand to be well accepted first in Tanzania before venturing out.

Here are the platforms we intend leveraging on to promote and advertise KOM Sugar Industries Limited

- Place adverts on both print (community – based newspapers and magazines) and electronic media platforms
- Sponsor relevant community programs
- Leverage on the internet and social media platforms like; Instagram, Facebook, twitter, et al to promote our sugar brand
- Engage in roadshow from time to time in targeted communities
- Distribute our fliers and handbills in target areas
- Position our Flexi Banners at strategic positions in the location where we intend getting customers to start patronizing our products.
- Ensure that our products are well branded and that all our staff members wear our customized clothes, and all our official cars and distribution vans are customized and well branded.

## **11. Our Pricing Strategy**

Our prices will conform to what is obtainable in the industry but will ensure that within the first 6 to 12 months our products are sold a little bit below the average prices of various sugar brands in Tanzania. We have put in place business strategies that will help us run on low profits for a period of 6 months; it is a way of encouraging people to buy into our sugar brand.

### **11.1. Payment Options**

The payment policy adopted by KOM Sugar Industries Limited is all inclusive because we are quite aware that different customers prefer different payment options as it suits them but at the same time, we will ensure that we abide by the financial rules and regulation of Tanzania.

Here are the payment options that KOM Sugar Industries Limited will make available to her clients;

- Payment via bank transfer
- Payment with cash
- Payment via credit cards
- Payment via online bank transfer
- Payment via check
- Payment via mobile money transfer
- Payment via bank draft

In view of the above, we have chosen banking platforms that will enable our client make payment for sugar purchase without any stress on their part. Our bank account numbers will be made available on our website and promotional materials.

## 12. Startup Expenditures

Starting a standard sugar production company is indeed a capital – intensive business because the amount required in setting up a sugar production plant is not a pocket money. The bulk of the startup capital will be spent on leasing or acquiring a facility and also in purchasing Planting and Machinery 500TCD +Power Generation, Ethanol 10 KLPD Plant,

This is our startup budget for the first three (3) years of Production

YEAR		0	1	2
Demand				
Sugar demand		18000	20250	20250
Mollases demand		4800	5400	5400
Sales				
Sugar sale per annum	\$	\$14,742,000	\$16,584,750	\$16,584,750
Molasses Sale per annum	\$	\$480,000	\$540,000	\$540,000
Total Sales Per Annum	\$	\$15,222,000	\$17,124,750	\$17,124,750
Cash flow			(\$1,538,000)	\$9,781,750
Variable Cost				
Number of Working Days	Annually	240	270	270
Cost of Sugarcane	\$	\$3,360,000	\$3,780,000	\$3,780,000
Conversation Cost For sugar	\$	\$1,800,000	\$2,025,000	\$2,025,000
Total Variable cost	\$	\$5,160,000	\$5,805,000	\$5,805,000
Initial Project Cost				
Plant &Machinery 500TCD + Power		\$6,000,000		
Ethanol 10 KLPD Plant		\$3,000,000		
Factory Building For Sugar Ethanol Plant		\$1,600,000		
Supervision, Erection & Commisioning		\$1,000,000		
Total Project Cost		\$16,760,000	\$5,805,000	\$5,805,000
Gross Profit		(\$1,538,000)	\$9,781,750	\$21,101,500
Loan Interest		0.00	0.00	0.00
Loan repayment		\$0	\$0	\$0
Net Profit after loan		(\$1,538,000)	\$9,781,750	\$21,101,500
Discount Factor		1.00	0.83	0.69
Present Value		\$0	(\$1,281,667)	\$6,792,882
Return On Investment		-10.9	0.6	0.3
NPV		\$5,511,215		

**Note:** The following are key Assumption applied during this budget formulation.

- i. Cane crushed per day = 500 tonnes
- ii. Cane price per ton = \$28
- iii. Sugar price per ton = \$819
- iv. Molasses price per ton = \$100
- v. Conversation cost per ton = \$15

- vi. Sugar production per day = 75 tonnes
- vii. Molasses production per day = 20 tonnes

### **12.1. Generating Funds / Startup Capital for KOM Sugar Industries Limited**

KOM Sugar Industries Limited is one of the business that is owned and financed by KOM Group of Companies. The startup capital will be contributed by KOM Group and Their stakeholders/ financial institution.

### **13. Sustainability and Expansion Strategy**

Part of the plans we have in place to sustain KOM Sugar Industries Limited is to ensure that we continue to make available a wide range of sugar, deliver quality services, improvise on how to do things faster and cheaper. We are not going to relent in providing conducive environment for our workers and also the required trainings that will help them deliver excellent services at all times.

We are quite aware that our customers are key component to the growth and survival of our business hence we are going to continuously engage them to give us ideas on how to serve them better and the products they want to see in our store.

We will not waste time in adopting new technology, best practices and diversifying our services. KOM Sugar Industries Limited will make sure that the right foundation, structures and processes are put in place to ensure that our staff welfare are well taken of.

Our company's corporate culture is designed to drive our business to greater heights and training and retraining of our workforce is at the top burner. We know that if that is put in place, we will be able to successfully hire and retain the best hands we can get in the industry; they will be more committed to help us build the business of our dreams.

### **Check List/Milestone**

- Business Name Availability Check: **Completed**
- Business Registration: **Completed**
- Opening of Corporate Bank Accounts: **Completed**
- Securing Point of Sales (POS) Machines:
- Opening Mobile Money Accounts:
- Opening Online Payment Platforms:
- Application and Obtaining Tax Payer's ID:
- Application for business license and permit: **Completed**
- Purchase of Insurance for the Business:
- Leasing of facility and construction of standard sugar production plant:
- Conducting Feasibility Studies: **Completed**
- KOM Group capital generation: **Completed**
- Applications for Loan from the bank: **In Progress**
- writing of business plan: **Completed**
- Drafting of Employee's Handbook: **Completed**
- Drafting of Contract Documents and other relevant Legal Documents: **In Progress**
- Design of the Company's Logo: **Completed**
- Printing of Packaging and Promotional Materials: **In Progress**
- Recruitment of employees: **In Progress**
- Purchase of the needed furniture, racks, shelves, computers, electronic appliances, office appliances and CCTV: **In progress**
- Creating Official Website for the Company: **In Progress**
- Creating Awareness for the business both online and around the community: **In Progress**
- Health and Safety and Fire Safety Arrangement (License): **Secured**
- Opening party/launching party planning: **In Progress**
- Establishing business relationship with vendors – wholesalers, sugarcane plantations, beet farmers, suppliers and merchants of sugar: **In Progress**