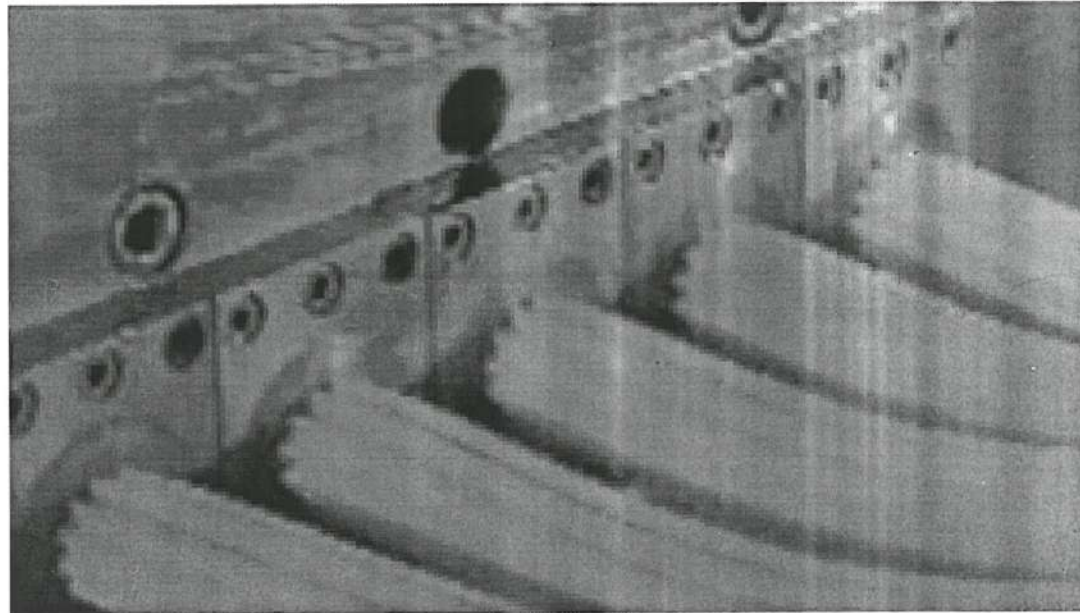


JUMBO FOOD INDUSTRIES LIMITED

**BUSINESS PLAN
FOR
ESTABLISHING FOOD INDUSTRY PROJECT
(BUBBLE GUM, CONFECTIONERY AND BAKERY RELATED PRODUCTS)**



INTRODUCTION.

JUMBO FOOD INDUSTRIES LIMITED is a privately owned and incorporated in Tanzania with Certificate of Incorporation No.77252 dated 6th July 2010 which intend to establish modern Bubble gum, confectionery and bakery related products **Plot No. P8091 Kitunda Nyantira Ilala** in Dar es Salaam Tanzania, The Company will employ state of art technology.

PROJECT CONCEPT.

The proposed project will involve establishing of a modern FOOD FACTORY; the company has obtained a parcel of land at **Plot No. P8091 Kitunda Nyantira Ilala** Dar es Salaam region in to be used as industrial premises, the company already purchased modern and sophisticated machines and equipment from countries like EUROPE, China and India. The company is targeting both domestic & international markets. Proposed project intends to develop modern bubble gum and confectionery food factory, the products produced will be packed and distributed at affordable price, the project will employ adequately trained and experienced management and employees.

The business planed by **JUMBO FOOD INDUSTRIES LIMITED**. A locally registered company, the project promoters are confident of mobilizing financial resources through equity contribution and loan financing locally and internationally.

This study will be used as guiding tool and will be presented to TIC for obtaining certificate of incentives to facilitate smooth implementation of the project.

LOCATION.

The new project will be located at **Plot No. P8091 Kitunda Nyantira Ilala** Dar Es Salaam in Tanzania.

THE SPONSORS.

JUMBO FOOD INDUSTRIES LIMITED will be sponsoring this project. The Company is currently jointly owned by one Tanzanian and two foreign shareholders.

Share Holders	% of Share	Nationality	Date of Birth
UMER MURTAZA ABUBAKAR UMER	51%	Tanzania	10.04.1992
ABID ABDULAZIZ HUSSAIN	39%	Pakistani	02.06.1976
AHMED MUHAMMAD SIDDIQUE MUSTAFA	10%	Pakistani	01.01.1985

JUMBO FOOD INDUSTRIES LIMITED PROJECT.

The main business objectives is establishment of modern bubble gum and related products

OBJECTIVE OF THE STUDY.

The purpose of this study is to work out the technical and commercial viability of the project

THE PRODUCT MARKET.

The market survey carried out reveals that the current demand for Bubble gum, candies and other food related products is high, current price of such products in domestic market as attracted the company to venture in this business

The competitive advantage of the company's products is quality produced and customer care services,

COMPETITION.

Currently there are many companies dealing with confectionery items, the big challenge for the above mentioned is quality, varieties, price charged and customer service. They are very expensive and most of people cannot afford the price, and bad enough most of confectionery related products in the market are of low

quality, the quality is questionable that why the **JUMBO FOOD INDUSTRIES LIMITED** came in to fill the gap.

SPECIAL STRENGTHS OF JUMBO FOOD INDUSTRIES LTD.

- The customer care provided by the company
- New technology used by the company
- Directors experience in FOOD business
- Experienced technical staff

MARKETING STRATEGY.

According to expert, personal selling is the most effective method for marketing. In order to reduce sunk costs, the project will use various marketing strategies such as:

- Internet
- Specialized magazine, news paper
- Radio
- Television
- Posters
- Sponsorship etc

The project products will be aggressively promoted to domestic market and skilled personnel will be recruited

PRODUCT PRICING.

The pricing policy for the project will be based on the service cost and competition levels from substitute services

available in Tanzania market considering various variables namely:

- Service positioning
- Gain market share from competitors
- Stimulating and increasing demand and

Achieving profitability and liquidity financial performance goals

PRODUCTS.

Production facilities include ultra-modern, fully and semi-automatic production lines. Our production lines with their vast production capabilities operated by highly trained professionals will enable the company to satisfy the production requirements of our customers.

The project will include the installation of a fully automated Bubble gum and ball gum line from Europe and depositing candy and Centre liquid filled bubble line from china, with the capacity to produce 36,000 pieces per hour our above-mentioned plants allow us to fulfil the requirements of our customers.

With a product range consisting of more than 30 varieties of quality products ranging from bubble gum, ball gums, center filled gum and candy depositing line.

Our production facilities to be operated under strict hygienic conditions with all staff trained in safe food handling. Our certifications include: TBS, TFDA ETC.

Our product development department will continuously be innovating and moving forward with the latest consumer demands and trends.

PROJECT MANAGEMENT AND MANPOWER

REQUIREMENTS.

JUMBO FOOD INDUSTRIES LIMITED will be under the Management with vast experience in managing various Food businesses; the project will be directly managed by The Managing Director will be assisted by two manager all together comprise the management team.58 staff will be directly employed.

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	0	15	30	45
Men	6	10	20	36
TOTAL	6	25	50	81

MONITORING AND EVALUATION.

The Management has full commitment to ensuring goods produced maintain the safety and standards required in the market. The quality control unit will establish a system of routine checking and getting feedback from customers,

management philosophy is through business process, managers will strive to ensure compliance to standards and safety of products and customers they serve.

ENVIRONMENT PROTECTION.

The company intends to make environment friendly; the company will save the country's environment in particular and global environment in general.

PROJECT INVESTMENT COST.

The project is estimated at US Dollars **\$1,350,000** to cover for the acquisition modern machineries, equipment and motor vehicles. Breakdown of the total investment is as proved here below.

JUMBO FOODINDUSTRIES LIMITED COSTSTRUCTURE

PARTICULAR	US\$
Land and Buildings	400,000.00
Machinery & Equipment	600,000.00
Motor Vehicles	60,000.00
Furniture & Fittings	15,000.00
Pre exp	25,000.00
Working Capital	250,000.00
TOTAL	1,350,000.00

INVESTMENT PATTERN.

It is estimated that a total of US\$ **1,350,000** will be required over a period of three years of the project to acquire the various assets.

Source	Value (\$)
Equity	950,000
Loan	4,00,000
Total	1,350,000

PROJECT IMPLEMENTATION.

The project implementation is estimated to be carried out in a period of 18months from Aug 2021.

5.0 ECONOMIC BENEFITS:

The promoter’s mission is to contribute maximum benefits to the society and economy at large. They and will continue creating good livelihood for their employees and their families and have a strong tax generation capabilities.

INDUSTRY ANALYSIS.

The Food industry in Tanzania generates sizable revenues to the companies and government. There are many existing food firms in Tanzania but very few use modern technologies probably because of cost involved. The

company has for long time enjoyed economies of scale due to available production capacity and technology which enable the company to offer the following benefits;

- Unbeatable discount on the normal price of large quantities
- Computerised and automated production system.

7.0: FINANCIAL ANALYSIS AND PROJECTIONS.

Financial Analysis

Considerations and Assumptions:

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied, it is assumed to be 5% annual depreciation.

It is assumed that the major building raw material will be procured from local market and other will be imported. Revenues have been conservatively estimated based on experience of the promoters and trends in the food industry.

8 years financial projections have been worked out

Projected Profit and Loss Statement.

The Income and Expenditure Statement shows the projected income for the 8 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. US \$ **96,600** in first year to US \$ **850,000** in the 8 year, refer appendix (I)

Projected Cash Flows.

The project's cash flows depict a good liquid position right from the first year. Cash accumulation builds up from US \$ **79,134** in the first year to US \$ **1,000,000** at the end of 8 years of the project's operations, refer appendix (II)

Projected Balance Sheet.

Project total assets increase from US \$ **500,000** at the end of first year to US \$ **1,500,000** at the end of 8th year which is significance increase as you can see, refer appendix (III)

Projected Risks.

No major risks have been identified for this kind of project so far. Unless a change in the country's political and economic stability and global changes affect Food business.

Implementation Schedule.

Project implementation is expected to be relatively very short once project has been approved it is estimated that construction of serviced furnished apartment will be completed within two years: -

Project Implementation

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	August 2021
2	Processing Exemptions	September -June 2023
3	Mobilizing Fund	October -March 2023
3	Construction/renovation of building	September -march 2022
4	Ordering Machines and other equipment	September -December 2022
5	Testing business and in-house training	January –March 2022
6	Commercial operations	April 2022 or soon

CONCLUSION & RECOMMENDATION.

CONCLUSION

- The project is profitable and contributes to government revenue by way of taxes.
- The project provides employment to **81** people.
- The project is an encouraging sign to prove that we have investors who have confidence with Tanzania and are ready to invest such large sums of investment.

RECOMMENDATION.

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implemented and be given all the support required by all the concerned Government Ministries and Agencies, including the Tanzania Revenue Authority, TRA and the Tanzania Investment Centre – (TIC). The project deserves this support because of its viability, since it is technical feasible, economically viable and socially acceptable.

JUMBO FOOD INDUSTRIES LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT " US \$

APPENDIX I

	1	2	3	4	5	6	7	8
Revenue	840,000.00	907,200.00	979,776.00	1,058,158.08	1,142,810.73	1,234,235.58	1,332,974.43	1,439,612.39
Cost of Raw material	310,800.00	335,664.00	362,517.12	391,518.49	422,839.97	456,667.17	493,200.54	532,656.58
Cost of Goods Sold	529,200.00	571,536.00	617,258.88	666,639.59	719,970.76	777,568.42	839,773.89	906,955.80
Operating Expenses:								
Fuel and lubricants	24,000.00	25,440.00	26,966.40	28,584.38	30,299.45	32,117.41	34,044.46	36,087.13
Utility	12,000.00	12,600.00	13,230.00	13,891.50	14,586.08	15,315.38	16,081.15	16,885.21
Electricity	24,000.00	25,200.00	26,472.00	27,820.32	29,249.54	30,764.51	32,370.38	34,072.61
Donation	8,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Salary and Wages	90,000.00	94,500.00	99,225.00	104,186.25	109,395.56	114,865.34	120,608.61	126,639.04
Insurance	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00
Maintenance	20,000.00	22,000.00	24,200.00	26,620.00	29,282.00	32,210.20	35,431.22	38,974.34
Communication	10,000.00	10,500.00	11,025.00	11,576.25	12,155.06	12,762.82	13,400.96	14,071.00
Total Expenses	208,000.00	215,240.00	237,118.40	237,678.70	249,967.69	263,035.66	276,936.77	291,729.32
Profit before Interest and Depreciation	321,200.00	691,960.00	820,657.60	820,479.38	892,843.04	971,199.92	1,056,037.66	1,147,883.07

Interest on loan	84,000.00	84,000.00	84,000.00	84,000.00	84,000.00	84,000.00	84,000.00	84,000.00	84,000.00	84,000.00		
Depreciation	99,200.00	99,200.00	99,200.00	99,200.00	99,200.00	99,200.00	99,200.00	99,200.00	99,200.00	99,200.00	99,200.00	99,200.00
Profit before Tax	138,000.00	508,760.00	570,457.60	637,279.38	709,643.04	787,999.92	856,837.66	928,259.66	1,004,837.66	1,083,683.07	1,163,078.15	1,242,473.15
Tax (30%)	41,400.00	152,628.00	171,137.28	191,183.81	212,892.91	236,399.98	267,051.30	297,702.62	328,353.94	359,005.26	389,656.58	420,307.90
Profit After Tax	96,600.00	356,132.00	399,320.32	446,095.56	496,750.13	551,599.95	609,786.36	669,556.04	726,483.72	784,677.81	843,421.57	902,165.25
Accumulated Profit	96,600.00	452,732.00	852,052.32	1,298,147.88	1,794,898.01	2,346,497.96	2,916,284.32	3,505,040.28	4,104,554.00	4,714,231.81	5,333,853.38	5,963,478.63

JUMBO FOOD INDUSTRIES LIMITED PROJECTED CASH FLOW US\$

APPENDIX II

	0	1	2	3	4	5	6	7	8
SOURCES:									
Profit before interest and depreciation	0	321,200.00	691,960.00	753,657.00	820,479.00	892,843.00	971,199.00	1,056,037.00	1,147,883.00
Loan	700,000.00								
Equity	817,000.00								
Total Sources	1,517,000.00	321,200.00	691,960.00	753,657.00	820,479.00	892,843.00	971,199.00	1,056,037.00	1,147,883.00
Applications:									
Capital expenditure	1,142,000.00								
working Capital and others	375,000.00								
Cash	0	79,134.00	338,666.00	381,854.00	66,822.00	479,285.00	534,134.00	768,956.00	833,279.00
Tax	-	41,400.00	152,628.00	171,137.00	191,183.00	212,892.00	236,399.00	287,081.00	314,604.00
Sub total	1,517,000.00	120,534.00	491,294.00	552,991.00	258,005.00	692,177.00	770,533.00	1,056,037.00	1,147,883.00
Debt service									
Interest	-	84,000.00	84,000.00	84,000.00	84,000.00	84,000.00	84,000.00	84,000.00	84,000.00
Principal	-	116,666.00	116,666.00	116,666.00	116,666.00	116,666.00	116,666.00	116,666.00	116,666.00

Total debt service	-	200,666.00	200,666.00	200,666.00	200,666.00	200,666.00	200,666.00	200,666.00	200,666.00	200,666.00	-
Total applications	1,517,000.00	321,200.00	691,960.00	753,657.00	458,671.00	892,843.00	971,199.00	1,056,037.00	1,147,883.00	1,147,883.00	-
Accumulated cash		79,134.00	417,800.00	799,654.00	866,476.00	1,345,761.00	1,879,895.00	2,648,851.00	3,482,130.00	3,482,130.00	
Necessary working capital	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00

JUMBO FOOD INDUSTRIES LIMITED PROJECTED BALANCE SHEET US \$

APPENDIX III

	0	1	2	3	4	5	6	7	8
Fixed Assets									
Opening balance	-	1,142,000.00	1,042,800.00	943,600.00	844,400.00	745,200.00	640,000.00	546,800.00	447,600.00
Additions	1,142,000.00	0	0	0	0	0	0	0	0
Total Long-term Assets	1,142,000.00	1,142,000.00	1,042,800.00	943,600.00	844,400.00	745,200.00	640,000.00	546,800.00	447,600.00
Less depreciation	-	99,200.00	99,200.00	99,200.00	99,200.00	99,200.00	99,200.00	99,200.00	99,200.00
Closing balance	1,142,000.00	1,042,800.00	943,600.00	844,400.00	745,200.00	646,000.00	540,800.00	447,600.00	348,400.00
Working capital	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00
Accumulated cash	-	79,134.00	417,800.00	799,654.00	866,496.00	1,345,761.00	1,879,895.00	2,648,851.00	3,482,130.00
Total assets	1,517,000.00	1,496,934.00	1,736,400.00	2,019,054.00	1,986,696.00	2,366,761.00	2,795,695.00	3,471,451.00	4,205,530.00
Financed by									
Equity	817,000.00	817,000.00	817,000.00	817,000.00	817,000.00	817,000.00	817,000.00	817,000.00	817,000.00
Profit	-	96,600.00	356,132.00	399,220.00	446,085.00	2,297,255.00	2,904,014.00	3,569,043.00	4,296,972.00
Total equity	817,000.00	913,600.00	1,173,132.00	1,216,220.00	1,263,085.00	3,114,255.00	3,721,014.00	4,386,043.00	5,113,972.00
Long term loan	700,000.00	583,334.00	466,668.00	350,002.00	116,670.00	-	-	-	-

Creditors	-	-	-	-	-	-	-	-	-
Total debts	700,000.00	583,334.00	466,668.00	350,002.00					
Total equity and debts	1,517,000.00	1,496,934.00	1,639,800.00	1,566,222.00	1,263,085.00	3,114,255.00	3,721,014.00	4,386,043.00	5,113,972.00

APPENDIX IV

JUMBO FOOD INDUSTRIES LIMITED PROJECTED LONG-TERM LOAN REPAYMENT

Year	Repayments US\$				Total Amount Paid	Loan Balance
	Principle	Loan Interest (12%)				
0						700,000
1	116,666	84,000			200,666	583,334
2	116,666	84,000			200,666	466,668
3	116,666	84,000			200,666	350,002
4	116,666	84,000			200,666	233,336
5	116,666	84,000			200,666	116,670
6	116,666	84,000			200,666	4
TOTAL	699,996	504,000			1,203,996	

JUMBO FOOD INDUSTRIES LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	400,000.00
Machinery & Equipment	600,000.00
Motor Vehicles	60,000.00
Furniture & Fittings	15,000.00
Pre exp	25,000.00
Working Capital	250,000.00
TOTAL	1,350,000.00

JUMBO FOOD INDUSTRIES LIMITED FIXED ASSETS SCHEDULE (US\$)

NAME OF ASSETS	1	2	3	4	5	6	7	8
Land And Buildings	400,000	285,000	270,000	255,000	240,000	225,000	210,000	195,000
Machinery, Tools & Equipment	600,000	666,000	592,000	518,000	444,000	370,000	296,000	222,000
Motor Vehicles	60,000	90,000	80,000	70,000	60,000	50,000	40,000	30,000
Furniture & Fixtures	15,000	1,800	1,600	1,400	1,200	1,000	800	600
Total	1,0750,00	1,042,800	943,600	844,400	745,200	646,000	546,800	447,600
DEPRECIATION	2011 USD	2012 USD	2013 USD	2014 USD	2015USD	2013 USD	2014 USD	2015USD
Land and buildings	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Machinery tools & Equipment	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000
Motor Vehicles	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Furniture & Fixtures	200	200	200	200	200	200	200	200
ANNUAL DEPRECIATION	99,200	99,200	99,200	99,200	99,200	99,200	99,200	99,200
CLOSING FIXED ASSETS	1,042,800	943,600	844,400	745,200	646,000	546,800	447,600	348,400