

CITY DISTILLERS TANZANIA LIMITED

CITY DISTILLERS TZ
LIMITED, 2 Year Business
plan.
(2022- 2024)
Managing Director

2022

PLOT NO.268,BLOCK "A" ZONGOMELA,KAHAMA –SHINYANGA TZ.

EXECUTIVE SUMMARY:

This two year business plan has been drawn by the Directors to implement a distillery plant in Tanzania that will be blending and thus producing City Gin in several SKU's.

The business plan has been prepared mindful of the planned investment in a great quality alcohol production line.

This business plan plus its Key strategies have been drawn to cover areas such as:

- Financing/Investment.
- Distillery plant layout.
- Sales and Marketing.
- Distribution structure.
- Human resource.
- Production

After the commencement of this business, we project a growth of 5% on sales revenue quarter to quarter for the first one year and then 2.5% for the remaining one year.

Based on key findings from market research, our projected initial sales target will be 995,754 USD (2,340,000,000 TSH) for the first quarter of operations, then afterwards we project our volumes to grow as outlined in this business plan.

The Tanzanian demand for finished Spirit product is average, City Distillers (T) Ltd is targeting 5% market share for the first one year and then after 10% for the second 2nd year of our operation.

In this new venture, we are going to focus more on existing distributors who are already in the market selling competitors product, as we create our own channel.

We shall be able to quickly and efficiently reach our targeted customers to get maximum sales.

A lot of emphasis will be on the quality of the product, the distribution structure, route plan management, customer service and efficiency in effectively delivering product (alcohol) to our customers.

City Distillers (T) Limited will require a startup capital of USD 2,500,000 to cover initial startup:

The company will commence by September, 2022 with the production of spirits packaged in bottles (Glass bottle and plastic bottles).

The Directors and management of City Distillers (T) Limited have over 10 years of experience in different business entities and have exposure in East African market.

The Leadership team is fully committed to growing the distillery business to become the leading spirit distillery company in Tanzania.

1.0 Back Ground:

City Distillers (T) Ltd was incorporated on the 5th day of May, 2022 under the companies Act, 2002 under the laws of republic of Tanzania. Attached herewith are;

- Certificate of incorporation
- Memorandum and articles of association
- Tin certificate of City Distillers (T) Limited
- Trading License.

The current trend towards an increase in the number of consumers presents an opportunity for City Gin to penetrate the market in Tanzania as well and extend the services of distribution of the product closer to the consumers. The extremely high quality of City Gin yet to be produced ensures customer satisfaction, supported by the impeccable service to our customers as the backbone of this venture.

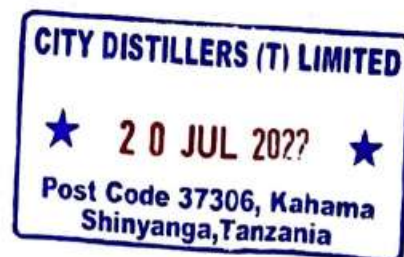
Our primary goal is to establish and strengthen our license to trade, which will be appreciated by the communities in which we are going to operate. As City Distillers (T) Ltd wishes to prosper and grow, these communities will continue to benefit from both the value created by City Distillers (T) Limited and its behavior as corporate citizens.

City Distillers (T) Limited being a new player in the industry comes as a threat to the competitors who have already been in the market for long, given core goals that it stands for. However, some of them have had their reputation compromised on matters ranging from the quality of their products Vs the standard set by Tanzanian Food and Drug Authority as the regulator.

City Distillers (T) limited

Physical address:

Plot No. 268, Block 'A'
Zongomela, Kahama, Shinyanga
Tanzania



2.0 BUSINESS SCOPE:

City Distillers (T) Limited is established with the aim of taking advantage of the opportunity created by the existing competitors who operate at very high price but perceived as poor quality products.

City Distillers (T) Limited will enter the market with high quality products with a pricing average of the two extremes. The aim is to capture both low income earners who are health conscious and middle income earners, hence the name City Gin.

3.0 OUR MISSION AND VISION

Mission:

To provide the public with high quality spirit products and offer excellent customer care service country wide as well as creating loyalty and trust amongst our customers.

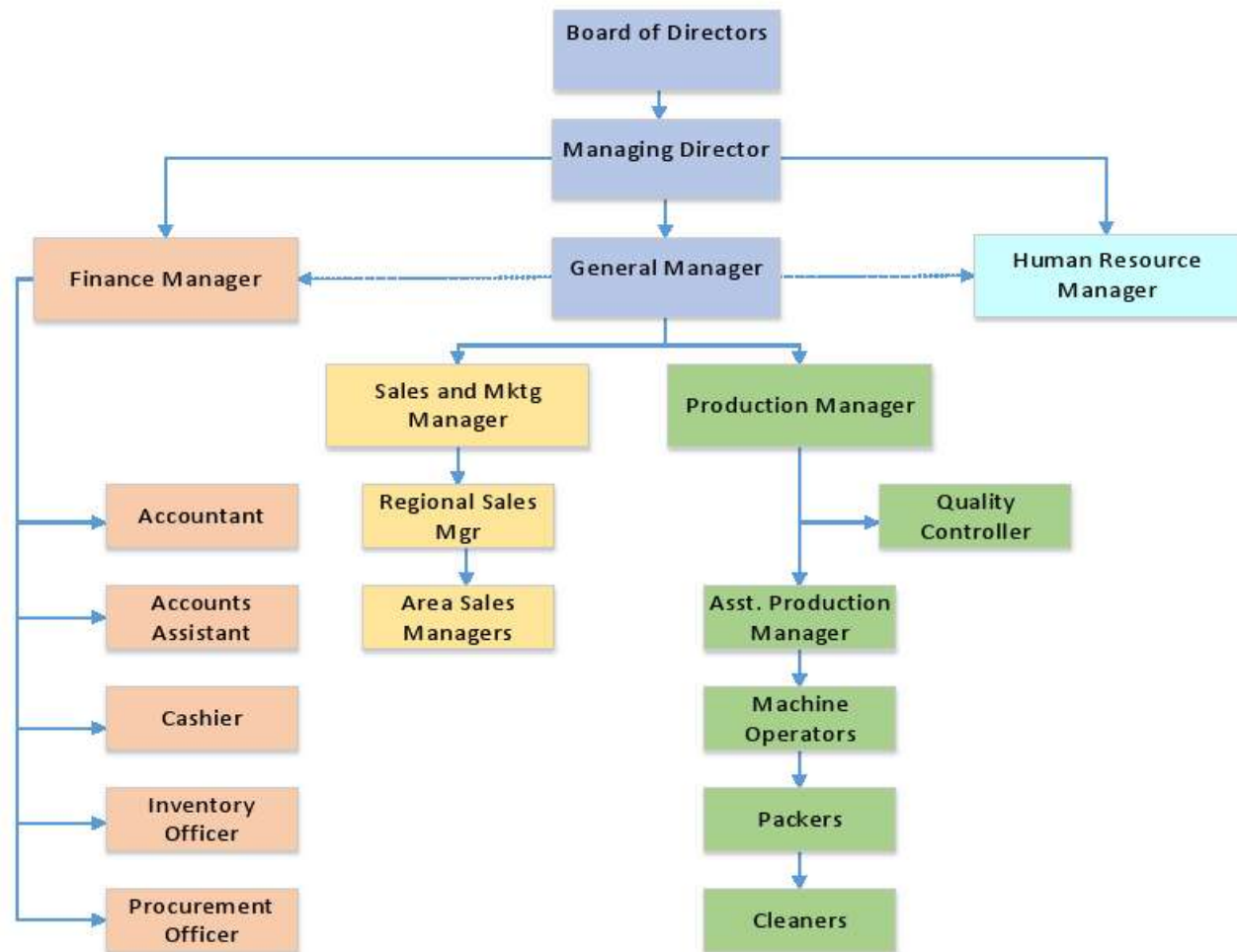
Vision:

To be the leading spirit distillery company with respect to our community and envelopment.

4.0 GENERAL OBJECTIVES:

- To enhance distribution of Spirit products throughout the Country.
- Grow, maintain and enhance positive partnerships for mutual success.
- To provide employment and train both the Skilled and unskilled personnel.
- To promote the message of drinking responsibly
- Generate revenue and profit for the company.
- To contribute towards National Development by paying taxes
- To contribute towards the National Social Sector.
- Be an employer of choice in the industry

4.1 Organizational Chart:



5.0 EMPLOYEES AND MANAGEMENT TEAM:

City Distillers (T) Limited intends to have a work force as follows:

- 10 permanent staff/Professional Personnel.
- 20 Semi Professional personnel
- 50 unskilled staff.

All the employees will be recruited on the basis of best industry practices.

City Distillers (T) Limited is an equal opportunity employer and will give all the qualifying candidates the opportunity to prove themselves.

This approach will enable us get the best skills in the market.

We shall offer our employees very competitive packages so that we are able to not only recruit the best in the industry, but also to retain the best.

Employees will be afforded continuous job training to enhance their skills and enable them keep abreast with Technological advances in the industry.

6.0 FINANCIAL PLAN:

City Distillers (T) Limited is set to build upon a future of long term growth, rather than focus on short-term profits. Our goal is to be completely self-sufficient within 2 years of operation.

Startup Costs for Plant and Machinery:

Our proposed capital investment in this venture is approximately USD 2,500,000 which is to be provided solely by the share holders of City Distillers (T) Limited.

Particulars	Details			Cost (USD)
Construction and other Factory Setups	Setting up the factory and other supportive structures			92,000
Production Machinery	The entire line of production including bottling plant, tanks, Water treatment plant, pumps, electrical machines and other Accompaniment machines			650,250
Vehicles for distribution	Purchase of 30 units of trucks for the distribution of our products			390,000
Laboratory and office set-up	Setup for Lab equipment, office computers, Furniture and other Office needs initial costs			56,250
Raw material costs	Litres	Containers		
Spirit for three months	330,000	10 Containers	0	392,343
Flavor for three month	1,500	1,500 liters	1,500	63,750
Expected volume of water to be Consumed	M1,000	0	0	1,500
Expected electricity to be consumed	150KVA	150	0	2,500
OPEX	Operational costs- marketing, Fuel, vehicle			125,000
Packaging materials for three months	Bottles, caps, Labels, and boxes and others			580,702
Human resource	Salaries and wages			45,206
Other Extra cost				45,206
Total initial cost and Working capital for the first Quarter in (USD)				2,500,000

7.0 PRODUCTION & SERVICES

Services:

Startup Costs for Plant and Machinery:

Our proposed capital investment in this venture is approximately USD 2,500,000 which is to be provided solely by the share holders of City Distillers (T) Limited

Our distillery will offer unique soft spirits with different flavors that shall be complimented by good customer experience.

Branded as;

- City Gin
- City Coffee
- City Pineapple

Brand will be packaged in 200ml bottles, 500ml bottles and 750ml, City Gin and City coffee are going to be unique spirit with great appeal to the customer. It will be a product with a smooth taste.

- We expect to offer our Distributors and retailers added services like training in business skills, customer care and basic book keepings skills so that their businesses are sustainable.
- In addition, our distribution model will cut costs by employing an appropriate marketing team so that it gives us a competitive edge in distribution, this will translate to reduced prices for the final consumers.

7.1Production:

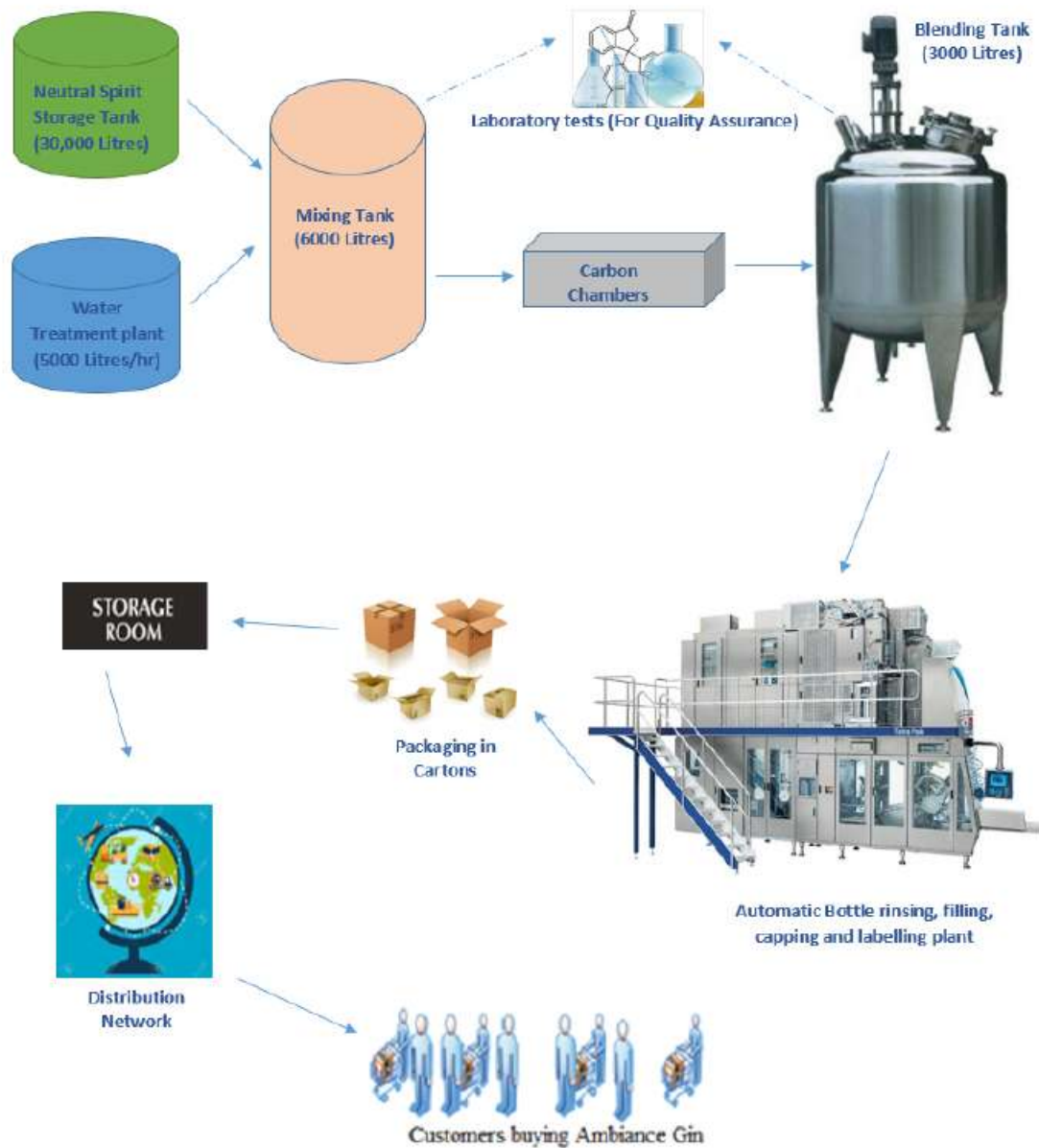
The production process involves mixing extra neutral spirit 96.4% ABV and water in tanks followed by purification in purification chambers, blending in blending tanks, filling and packaging.

The finished product is transferred to stores before dispatch to the market. The production is carried out in two shifts (i.e. day shift and night shift). The production capacity of the bottling plant will be 10,000 bottles per hour.

Quality is monitored through Good Manufacturing Practices (GMPs), Standard Operating Practices (SOPs), Hazard Analysis and Critical control Points (HACCP) techniques.

Inventory Control

7.3 Sample of the production process layout:



8.0 SUPPLIERS:

The company intends to procure the raw materials through both importation and from locally established companies with good reputation on quality.

Other suppliers we expect to partner with are:-

- Royal Swazi Sugar Company Swaziland (Neutral Spirit)
- USA Distilleries Holdings LLC Swaziland (Neutral Spirit)
- Kakira sugar Limited –Uganda (Neutral spirit)
- Kilimanjaro Sugar Limited (Neutral Spirit)
- Best Packer Limited Uganda (Bottles and Packaging materials in Uganda)
- Statpack Tanzania Limited (spares parts and machine servicing)

SUPPLIERS – ROYAL SWAZI SUGAR CO:



SUPPLIERS – USA DISTILLERS:



City Distillers (T) Limited will ensure good working relationships with our suppliers which will establish mutual trust.

9.0 SALES AND MARKETING:

Market Research

The current Tanzania total market demand is huge and City Distillers (T) Limited is targeting a market share of 5% for the first year of operations and then after the second year we would have achieved 10% market share.

The initial production capacity of the Factory/plant will be 90,000 Liters of the end product per month. The growth trend is expected to be exponential, considering that a wider section of the consumers will move from consuming the illicit, homemade liquors to consuming factory made spirits.

- Given the above scenario, we expect a very healthy growth potential in the Tanzania spirit market in the medium to long term.

9.1 Sales strategies:

As the distillery industry has grown significantly over the years in Tanzania, City Distillers (T) Limited feels that it is imperative that the Company hire a public relations and marketing firm to assist the business in properly positioning its products regionally and then onto a national level. As such, we are currently sourcing a number of national marketing firms that will act as both a developer of the Company's advertisements as well as a publicity agent.

9.2 Promotion:

City Distillers (T) Limited will regularly attend well known beer/spirits festivals, contests, and other events that focus on the products produced by distillers.

We shall engage in low cost approaches of promoting our products. Preliminary, we shall explore sports promotions and other traditional events to get our product message to the intended customers.

City Distillers (T) Limited - 2 year Business Plan for City Gin.

The promotional budget will be availed to Regions, prioritized as per specific needs which will be advised by the Marketing Agency.

9.3 Pricing:

We intend to have competitive prices and ride on quality and service. The price will position the products as affordable, yet of high quality which will lower barriers of entry.

9.4 Distribution Channels:

We intend to sell our product through distributors across the country; our flagship brand will be City Gin.

9.5 Credit Policy:

We intend to pursue a prudent credit policy, to some of our credible Distributors who will need Credit facilities.

In future, with the establishment of better relationships with distributors, we will offer up to a 14-day credit period to selected distributors based on thorough credit analysis. All credit will be backed up by Bank guarantees.

9.6 Target Market:

The product will be launched under distributorships in several urban centers, trading centers, village centers in the districts/provinces. Our main target regions are;

- Kahama
 - Mwanza
 - Dodoma
 - Mbeya
 - Tabora
- Singida
 - Mara
 - Manyara
 - Geita
 - Iringa
- Kigoma
 - Katavi
 - Shinyanga
 - Simiyu
 - Arusha

The mentioned areas shall operate on distributorship basis and each distributorship will have an Area Sales Manager to offer support to the distributors as well as promote our product.

9.7 Tools of Trade:

City Distillers (T) Limited wishes to start off with 30 trucks to be deployed in the Distribution/ Marketing departments to enhance sales of the new product in the various parts of Tanzania. The Company is to invest USD 390,000 and even more depending on the practical results in purchasing the necessary Trucks/Vehicles for startup in order to support in deploying the distribution mechanisms as planned.

9.8 Sales and Cash flow Projections

Sales Projection for year 2022		
QUARTER	USD	TSH
1	-	-
2	-	-
3	319,148	750,000,000
4	957,446	2,250,000,000
Total	1,276,594	3,000,000,000
Sales Projection for year 2023		
QUARTER	USD	TSH
1	1,005,318	2,362,498,005
2	1,055,584	2,480,622,905
3	1,108,363	2,604,654,051
4	1,163,782	2,734,886,753
Total	4,333,048	10,182,661,714
Sales Projection for year 2024		
QUARTER	USD	TSH
1	1,192,876	2,803,258,922
2	1,222,698	2,873,340,395
3	1,253,265	2,945,173,905
4	1,284,597	3,018,803,252
Total	4,953,437	11,640,576,474

CASHFLOW PROJECTIONS FOR OCTOBER -DECEMBER 2022			
DETAILS	USD	TSHS	TOTAL
MANUFACTURING PROCESS			
Opening Raw Material stocks			
Add Raw Material Stocks -Spirits 330,000 Ltrs	392,343	922,006,050	
Add Raw Material Stocks -Flavors	63,750	149,812,500	
Add Raw Material Stocks-boxes,bottles,caps and labels	580,702	1,364,649,700	
Total raw materials cost	1,036,795	2,436,468,250	
Less Closing stocks /revolving capital		1,096,410,713	
Total Raw materials Consumed		1,340,057,538	
Add Product Cost			
Electricity	1,500	3,525,000	
Water	2,500	5,875,000	
Packaging materials for about 3months	580,702	1,364,649,700	
Total		1,374,049,700	
Total cost of production			2,714,107,238
Sales	1,271,595		2,988,248,250
Opening Finished Stocks			
Add Cost Of Production		2,714,107,238	
Cost of Goods available		2,714,107,238	
Less Closing Finished Stocks		1,096,410,713	
Cost of Sales			1,617,696,525
Gross profit			1,370,551,725
Sales & Adm costs			
Staff Costs		212,468,200	
Operational costs		293,750,000	
Other Extra Costs taxes LED and VAT		1,691,578,375	
Audit Fees		6,000,000	
Depreciation		-	
Total Expenses			2,203,796,575
Profit before Tax			833,244,850
Corporate Tax 30%			-
Net profit for the period sept to dec-2022 Less			833,244,850

10.0 DISTRIBUTORS:

City Distillers Limited expects to attract distributors in major regional centers and municipalities across the country. Distributors with capital of between USD 10,000 to USD 20,000 will be offered opportunities to partner with us in growing their businesses.

The company will support the distributors in both marketing and promotional activities which will be run regionally, and availing them with a regional sales executive who will be equipped with branded vans/ Trucks and other promotional items to push the product.

11.0 CUSTOMERS:

We expect our final consumers to be both low, middle income earners and high income earners in towns and peri-urban centers across the country.

Another segment we expect to experience a rapid growth potential is the self-employed and rural farmers who currently consume illicit and home-brewed alcohol.

The target customer market is characterized by people who consume alcohol at least three times in a week. Among the drinkers, a third is expected to drink alcohol nearly daily or more often.

12.0 COMPETITIVE ANALYSIS:

SWOT Analysis- Summary:

City Distillers (T) Limited sees its strengths as the ability to respond quickly to what the market dictates and to provide a premium distilled spirit to a growing market.

In addition, through aggressive marketing and quality management we intend to become a well-respected and known entity in our respective industry. Below are the summarized strengths, weaknesses, opportunities and threats.

12. Strengths:

- First of its kind distillery
- Quality product
- Quality service
- Production manager- UK trained in Distilling and brewing with 5 years' experience in the same industry
- Sales and Marketing Manager with fast experience in marketing
- Distinct bottle shape that helps the consumers to remember the name easily
- Financial potential.
- An aggressive and focused marketing campaign with clear goals and strategies.

12. Weaknesses:

- Lack of reputation in comparison to our competitors.
- Channels of distribution not defined yet.

12. Opportunities:

- New Flavors from Germany - Flavored Waragi/Gin attracts the consumers.
- Changes in social patterns, population profiles, lifestyle changes.
- Consumer preferences evolving, opportunity for a more sophisticated product.
- Specific niche – Peri-urban population is a growing market for the Spirit industry.

- Diversifying market segments so there is no dependency on one particular market.

12.Threats:

- The present growth in the market may result in market saturation, through competition.
- Flooding of new flavors
- Increasing number of distilleries looking at penetrating the market

13.0 ADDITIONAL SUPPORT:

City Distillers (T) Limited intends to develop a highly specialized Distillery that will produce a number of seasonal and specialized spirits with City Gin as a flagship brand.

At this time, our Company is not only sourcing the required equipment for the business, but also highly experienced spirit specialists who will apply their years of experience and specialized recipes to the Company's spirits.

City Distillers (T) Limited is requesting for support from the Tanzania Government bodies/ Authorities in securing Tax incentives (Tax exemptions) on its initial set up machinery, Trucks, and Raw materials so as to make it easier for the company to do necessary promotions and Give a ways to its customers in the entire country.

Our main focus is going to be on sales distribution of City Gin, City coffee and City pineapple, target achievement as per business plan, paying Government taxes, customer service excellence and staff retention as these are core to our business and will enhance our relationship with Tanzanian Government .

Prepared and presented by:

CITY DIRECTORS:

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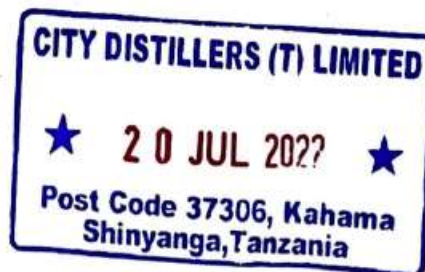
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APPENDIX

Some pictures of the purchased machinery.



Figure 1 Blending Tanks



Stainless steel pump



Ozone generator



Pipes & valves



Figure 4 Automatic Bottle rinsing, filling and capping machine



Figure 3 Filling Nuzzles



Figure 5 Bottle Labeling machine