

EACLC LIMITED

BUSINESS PLAN

FOR

**ESTABLISHMENT OF SOYBEAN PROCESSING AND EDIBLE COOKING OIL PRODUCTION
PLANT**

AT DAR ES SALAAM

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PARTI: GENERAL PROJECT INFORMATION

1.1 PREAMBLE

This study covers the business plan of establishing a soybean processing and edible cooking oil manufacturing plant by EACLC Limited at Dar es Salaam. The activities will be geared towards the setting up of soybean and edible cooking oil production plant purposes. This report is for obtaining an industrial license and certificate of incentives from Tanzania Investment center.

1.2 THE PROJECT PROMOTERS

The project is being promoted by **EACLC LIMITED**; a limited liability company incorporated under the laws of Tanzania whose shareholders are as follow;

S/N	NAME OF SHAREHOLDERS	PERCENTAGE OF OWNERSHIP	NATIONALITY
1	SHANGHAI LINGHANG GROUP CO. LTD	90	CHINESE
2	XIANGYU WANG	10	CHINESE

1.3 LOCATION

The manufacturing plant will be set up and installed at , Dar es Salaam Region.

1.4 THE PROJECT JUSTIFICATION

Soybean demand in recent years has been so high worldwide. Soy is a predominant ingredient in the food industry. The soy market includes meat alternatives, dairy alternatives, grains, snacks, cereals, meal replacements, protein powders and formulas. Some examples of meat alternatives made of soy include tofu, tempeh, vegetarian burgers and frankfurters, meatless luncheon slices, canned meat analogs (plant-based versions of common meat products), ground soy burger, and soy bacon. Examples of dairy alternatives include soymilk, soy creamers, soy yogurts, tofu-based butter alternatives, soy whipped toppings, soy cheese, and non-dairy desserts. Soy is sold in bulk fresh, frozen, and dried soybeans. Soy is used for textured vegetable protein in meal replacements and protein powders.

A major driver of the soy market is the increased health awareness among individuals as soy has relatively less calories and various health benefits. Another important driver is increased lactose intolerance among the individuals, which causes them to consume soy products instead of milk and

milk products.

Due to growing health consciousness among consumers, demand for edible cooking oils strengthened, while demand for animal-derived fats declined. As a result, producers introduced a greater variety of edible oils that are marketed as healthier alternatives to traditional cooking oil. In recent years, the demand for Leather items has grown worldwide. Consumer demand has been shifting toward the new design and innovative leather products with changing fashion trends and lifestyles.

Due to the above factors, the Company is mainly focused at expanding its markets in the East and Southern Africa Region by producing a wide variety of edible cooking oils manufactured from different oil seeds such as soybeans, peanuts, sesame seeds and sunflower kernels in commercial quantities for retail outlets, food businesses and households. We are also in business to make profits at the same to give our customers value for their money.

We are aware that there are several cooking oil production companies scattered all around the East and Southern Africa, which is why we spent time and resources to conduct our feasibility studies and market survey so as to enable us locate the business in an area that will support the growth of the business and also for us to offer much more than our competitors will be offering.

We ensured that our facility is easy to locate and we have mapped out plans to develop a wide distribution network for wholesalers all around Eastern and Southern Africa.

Beyond the production of quality and heart friendly cooking oil in commercial quantities, our customer care is going to be second to none. We know that our customers are the reason why we are in business which is why we will go the extra mile to get them satisfied when they purchase our product.

1.5 PROPOSED DEVELOPMENT

The proposed development shall consist of a processing plant, manufacturing plant, distribution hub, administration block, warehouses, sales points, providing a gross floor area of approximately 10,000m² estimated at **USD 3,800,000.00**

1.6 REVENUE

Following an assessment of the market, the anticipated sale of **soy beans and oil** is expected be **USD 10,147,877** for the first year and would increase to **USD 22,751,671** during the 3rd year.

Table 1.0
Showing the Estimated Revenue from EACLC LIMITED

	No. of consignments sold per product (In tons)	Sales prices (USD per tons)	Gross Sales (USD)
Year 1	Soybean 3,000	4.50	13,500,000
	Edible cooking oil 3,000		

Year 2	soybean 4,000	4.50	18,000,000
	Edible cooking oil 4,000		
Year 3	soybean 5,000	4.50	22,500,000
	Edible cooking oil 5,000		

2.0 THE MARKET

Current Market of Soybeans and edible cooking oils Products

As mentioned previously, the world soybean and edible cooking oil production industry is witnessed to be growing at a rapid rate since its being demanded by different countries; for instance China and Middle East countries are the larger consumer of soybeans therefore there will be exportation of soybeans to China and Middle East. Where recently, the Tanzania government pledged to support the drive towards industrialization in the hope that the country will reap the rewards in different forms by enjoying markets in neighboring countries in the Eastern and Southern zone which is being s Kenya, Uganda, Rwanda, Burundi, Zambia, DRC, Malawi, Botswana, and other neighboring countries.

2.1. RISK FACTORS FACING THE PROJECT

There is always an element of risk in any investment. It is therefore important to identify the risk and consider measures for their mitigation. Risks to the project have been identified as follows:

2.2. COMPETITION

Competition is the key factor facing the project. The management team together with the various consultants have taken this on board and come up with a highly quality picked soybeans as well as high standard edible cooking oil.

Another area where the competition can be beaten is by delivering the best quality products to compete with the imported products and always ensure constant and continuous supply of products.

2.3. COST OVERRUNS

The consultant team has rigorously gone through the market, production requirements, machinery, specifications, legal compliance, so as to ensure that it is comprehensive so as to eliminate/minimize any variations. Furthermore, value management shall be carried out throughout the manufacturing process to forestall any cost overruns.

2.4. INCREASE IN PRICE OF MATERIALS AND DELAYS DUE TO COVID RESTRICTIONS

The directors and shareholders are aware of the risk of fluctuation of prices and together with the consultants

and where possible the Company shall be encouraged to make arrangements for the procurement of the raw materials right from the outset and have bulk storage so as to minimize abrupt changes in pricing of the products.

3.0. Table 3.0

Showing the SWOT ANALYSIS

STRENGTH	WEAKNESS
<ul style="list-style-type: none"> • Experienced Shareholders of the Company • Experienced Consultant team • Shareholders Commitment for the project to take off • Encouraging regional and inter region legal framework 	<ul style="list-style-type: none"> • Potential increase of prices due to global economic changes • Competition from counterparts
OPPORTUNITY	THREATS
<ul style="list-style-type: none"> • Increase in sale in the Eastern and Southern Region (export market) • High demand in export market • Friendly investment policy 	<ul style="list-style-type: none"> • we are a new cooking oil production company and we don't have the financial capacity to engage in the kind of publicity that we intend giving the business. • Competition from other companies and importers

3.0 TECHNICAL INFORMATION

3.1. OBJECTIVES OF THE DEVELOPMENT

The objectives for the development are as follows:

- To provide a framework to set up of soybean processing and edible cooking oil manufacturing industry and distribution hub from which the Company expects to receive return on investment

3.2. THE CONSULTANCY TEAM

The Management has selected a team that it believes shall be able to produce best products that are safe and of high-quality fit for consumers.

3.3. WORK PROGRAMME

Financial charges must be paid from the day money is borrowed, and yet cannot be repaid until the sales made. The relative timing of expenditure and revenue will have an impact on the project, it is therefore imperative that the project is completed within a short and reasonable time frame, say a maximum of 1 (one) year. The Company has already identified a production team that shall be committed to completing the production within the set time frames.

4. MARKETING AND SALES

The management understands that for success of the investment, they should embark on marketing and right from the conception stage the company has engaged a team of professionals to ensure that strategies are put in place right from the outset.

The company uses a modern approach of multi-selling in collaboration with other reputable key agencies to ensure maximum exposure and onward sales of its products.

4.1. THE MARKETING PROPOSAL

The marketing strategies that shall be put in place for EACLC Limited will aim at attaining maximum exposure and onward sales at the optimal price so as to maximize on the return on investment. The marketing shall commence right from the conceptual stage of the manufacturing.

i. Identification of the Target Market

Identifying and listing the target market, followed by products group to cater for the identified groups.

ii. Putting in place competitive pricing and top sales terms

The results of the comparative analysis shall be embodied in the sale prices to ensure that the sale prices offered to the buyers are competitive in view of the products that shall be produced to compete with other brands in the market.

iii. Promotion Strategies

Promotion strategies that shall be adopted by EACLC Limited will be aimed at informing, influencing, and persuading prospective buyers to purchase our products and beauty products through the use of the below promotion tools:

- ◆ Advertising

- ◆ E-Marketing
 - ◆ Personal Selling
 - ◆ Sales Promotion
 - ◆ Selection Mix
- **Advertising**
Various forms of Print media and visual imagery will be used to create awareness of our products the public. The advertising will call for public attention through paid messages in newspapers, magazines, billboards, signboards, and display areas.
 - **E-Marketing**
Our Products shall be available via the company website and social media pages for easy viewing by prospective buyers. Furthermore, emails shall be sent out to prospective clients with a link to the order/purchase gateway. The E-Platform shall also create an opportunity for enquiries.
 - **Personal Selling**
 - Personal selling in contrast to the impersonal and mass appeal of advertising will consist of individual interpersonal communication to include:
 - Direct canvassing to the target market. This is a very good prospective method; a list of prospects shall be prepared and they shall be contacted and given presentations.
 - Handling of enquiries over the telephone
 - **Sales Promotion**
 - This will be in the form of presentation of marketing brochures for the Company that shall be carefully prepared and distributed to the target market with select information to capture key information which will serve to inform, attract, influence and persuade prospective buyers.

5.0. FINANCIAL PROPOSAL

5.1. ESTIMATED COST OF THE PROJECT

The total project investment is estimated at **USD 3,800,000** including the land, manufacturing plant, distribution center, machines and equipment, raw materials and initial operation capital.

5.2. MODE OF PROJECT FINANCING

The development shall be entirely carried out by the Company shareholders who intend to seek financing from the financial institutions at a sharing of Equity 87%:

	USD
Total Development Cost:	3,800,000
Equity:	3,300,000

5.3. INVESTMENT COST FINANCING PATTERN

The total investment cost is estimated at **USD 3,800,000.00** a summary of the breakdown is as indicated in the table below

ITEM	USD \$
Fixed Asset	
Civil Works & Building	1,000,000
Machinery and Equipment	500,000
Vehicles	1,200,000
Furniture and Fittings	600,000
Raw materials	
Pre-Operational Expenses	
Sub total	3,300,000
Initial working capital	500,000
GRAND TOTAL	3,800,000

5.4. FINANCING PLAN (USD)

Equity	100%	3,300,000
Debt	0%	0
TOTAL LOAN AMOUNT		0
Interest rate p.a. on USD Borrowing		16 %
Loan Period	Years	5
Capital Repayment Grace Period	Years	1

5.5. REVENUE

Table 5.0**Showing the cash flows and financial projection for EACLC LIMITED- Tanzanian Shillings****(Note: The Revenue line represents Earnings Before Interest, Tax, Depreciation and Amortization Cashflow)**

Item	Year 1	Year 2	Year 3
Cash Inflows			
Equity	5,753,075,000		
Loan	5,753,075,000		
Revenue	3,243,119,016	4,142,415,56	4,651,437,81
Total Cash Inflows	14,749,269,01	4,142,415,56	4,651,437,81
Cash Outflows			
Machines, furniture, vehicles purchase	5,522,952,000		
Construction work	3,912,091,000		
Loan Repayment		1,150,615.00	1,150,615.00
Investment in working capital	2,871,107,000	1,5000,000,00	2,000,000,00
Financial Charge			
Loan interest paid	836,113,567	652,015,167	467,916,767
Taxes and fees	290,621,010	615,639,495	823,575,689
Total Cash Out Flows	13,432,884,576	3,918,269,661	4,442,107,456
Net Cash Flows	1.316,384,439	224,145,904	209,330,358
Cum.(Deficit)/Excess cash flows	1,316,384,439	1,540,530.343	1,749,860,701

5.6. FINANCIAL VIABILITY**RETURN ON INVESTMENT**

The project indicates a very healthy return on investment with a payback period of within 3.8 years. of the completion of construction

6.0. MANPOWER REQUIREMENTS AND ORGANISATION**6.1. MANAGEMENT**

This success of a venture of this kind depends on the competence of the personnel recruited to

manage. It is assumed that relevant personnel with requisite skills shall be available within and outside the country.

In Order to streamline the manufacturing and sales operations, it is proposed to engage a team of qualified and experienced personnel to meet the Company target. These along with the Project Manager and Management will form the central operational core that will ensure the success of the project.

6.2. MANPOWER REQUIREMENTS

Based on the proposed organization structure the project will initially employ 30 persons in the first year of production, and from the second year the employment opportunities will increase up to 100 people will be employed in the industry.

CONCLUSION

We are of the opinion that the project is viable and the proposed marketing strategies will achieve maximum exposure for the achievement of 100% sales as summarized hereunder:

- The proposed sales prices for cosmetic and beauty products are reasonably priced and competitive comparative pricing from USD 4.50 per carton the starting years.

APPENDIX: I EACLC LIMITED INVESTMENT COST

ITEM	USD \$
Fixed Asset	
Civil Works & Building	1,000,000
Machinery and Equipment	500,000
Furniture and Fittings	1,200,000
Raw materials	600,000
Pre-Operational Expenses	500,000
Sub total	3,300,000
Initial working capita!	500,000
GRAND TOTAL	3,800,000

EACLC LIMITED FINANCING PATTERN

(Note: Borrowing assumed to be local borrowing in Tanzanian Shillings hence interest rate of 16%)

		USD
Equity		3,300,000
Debt		0
TOTAL LOAN AMOUNT		3,300,000
Interest rate p.a. on usd Borrowing	16%	
Loan Period	Years	5
Capital Repayment Grace Period	Years	1

Figures on thousands TZ shs	value	Rat e %	1	2	3	4	5	6	7	8	9	10
Land and Civil Works	3,912,091	5%	3,716,486	3520,881	3,325,277	3,129,672	2,934,068	2,738,463	2,542,859	2,347,254	2,151,650	1,956,045
Machinery and Equipment	5,062,706	20 %	5,062,706	4,050,164	3,037,623	2,025,082	1,012,541					
Furniture & Fittings	115,061	20 %	115,061	92,049	69,036	46,024	23,012					
Motor Vehicles	345,184	29 %	345,184	276,147	207110	138073	69,036					
Operational.												
Total	9,435,043		9,435,043	8,134,848	6,834,653	5,534,458	4,234,263	2,738,463	2,542,859	2,347,254	2,151,650	1,956,045

EACLC LIMITED
CASHFLOWS PROJECTION (Tanzanian Shillings)

YEAR	0	1	2	3	4	5	6	7	8	9	10
Sources											
Profit before interest/depreciation		3,243,119,016	4,142,415,566	4,651,437,814	5,289,846,207	5,747,192,341	6,187,326,513	6,312,341,337	6,678,525,750	7,732,490,300	8,851,147,284
Other Sources	11,506,150,000	3,243,119,016	4,142,415,566	4,651,437,814	5,289,846,207	5,747,192,341	6,187,326,513	6,312,341,337	6,678,525,750	7,732,490,300	8,851,147,284

Total sources	11,506,150,000											
Applications												
Capital expenditure	9,345,043,000				460,246,000	460,246,000	230,123,000	1,380,738,000				
Other Applications (excl. working capital)		1,126,734,576	2,418,269,661	2,442,107,456	2,504,761,094	2,513,096,054	2,920,516.829	1,807,406,276	1,917,261,600	2,233,450.963	2,569,048,060	
Total Applications	9,345,043,000	1,126,734,576	2,418,269,661	2,442,107,456	2,965,007,094	2,973,342,054	3,150.639,829	3,188,144,276	1,917,261,600	2,233,450.963	2,569,048,060	
Working capital	2,071,107,000	800,000,000	1,500,000,000	2,000,000,000	2,200,000,000	2,700,000,000	3,000,000,000	3,000,000,000	4,700,000,000	5,500,000,000	5,900,000,000	
				0	0	0	0	0	0	0	0	