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BUSINESS PLAN

Novus Distilleries Limited



Prepared By: Moses Massam
IFS CERTIFIED PUBLIC ACCOUNTANT

NOVUS DISTILLERIES LIMITED
Business Plan – Distilling and blending of Spirits

TABLE OF CONTENTS

TABLE OF CONTENTS.....	1
Executive Summary	2
1. INTRODUCTION.....	3
1.1 Background.....	3
1.2 Vision, Mission, Values and Objectives of the Business.....	3
1.2.1 Mission	3
1.2.2 Vision.....	3
1.2.4 Project Objectives.....	4
1.3 Products.....	4
1.4 RATIONALE AND DESCRIPTION OF THE BUSINESS	5
2. Operational plan	6
3. Ownership and Management of the Project	6
3.2 Shareholding Structure	7
4.1 Investment Priority	8
4.2 Employment opportunity	8
4.3 Government revenue	9
5. MARKET ASSESSMENT	13
5.0 Industry Analysis	13
5.4 CONCLUSION.....	16

NOVUS DISTILLERIES LIMITED

Business Plan – Distilling and blending of Spirits

Executive Summary

Novus Distilleries Limited is a private company registered in Tanzania and trading and licensed to deal with distilling and blending of spirits in Tanzania neighboring region.

The company business models are aiming to balance the reliability and the quality of goods to satisfy the requirements of the local market and international markets. Currently the company is on formation stage where the company is investing in machinery and capacity to start the productions line. The company have one factory which operates Zambia .

The company were incorporated in Tanzania with plant and machinery are expected to be imported in between January and March 2023, financed by the capital contributions from the shareholders of Novus Distilleries Limited.

NOVUS DISTILLERIES LIMITED

Business Plan – Distilling and blending of Spirits

1. INTRODUCTION

This business plan has been drawn up regarding the distilling and blending spirits in United Republic of Tanzania. This business plan has been drawn up for an operation that would help the company and the Government of Tanzania and neighboring countries to boost the economic growth through provision of high quality and affordable distilling and blending spirits.

1.1 Background

Distilling and blending spirits forms important part of daily business and the supply chain management and improvements.

Novus Distilleries Limited operates his business legally with company registration number 159229726, tax identification number 159-229-726. The Company comply with all laws and regulations and have got all required legal documents to run and operate transport business..

1.2 Vision, Mission, Values and Objectives of the Business

1.2.1 Mission

Novus Distilleries Limited committed to provide high quality and affordable gin and vodka at reasonable costs to all customers and timely delivery.

1.2.2 Vision

Novus Distilleries Limited Vision is to be a leading provider quality products to ensure the value for money and satisfactions for our customers.

1.2.3 Core Values

Caring, Safety, Excellence, Integrity, Customer First, Team-work, Respect, Confidentiality and Dependability

NOVUS DISTILLERIES LIMITED

Business Plan – Distilling and blending of Spirits

1.2.4 Project Objectives

1. High quality products for both local and international markets
2. Sourcing the high quality machine to be installed in our industry with the state of art technology which will consummate with our environment and infrastructures.
3. Ensure the steady supply of goods are delivered within the time frame agreed by cutting the delivery time.

1.3 Products

GIN products

The main activity for the company is the transportation business for transit cargo haulage and local goods transport. The transit cargo haulage account for more than 90% of the company revenues.

Distilled gin is produced exclusively by redistilling ethanol of agricultural origin with an initial strength of 96% ABV (the Azeotrope of water and ethanol) in stills traditionally used for gin, in the presence of juniper berries and of other natural botanicals, provided that the juniper taste is predominant. Gin obtained simply by adding essences or flavorings to ethanol of agricultural origin is not distilled gin. Minimum bottled strength is 37.5% ABV.

Vodka;

Vodka may be distilled from any starch- or sugar-rich plant matter; most vodka today is produced from grains such as sorghum, corn, rye or wheat. Among grain vodkas, rye and wheat vodkas are generally considered superior. Some vodkas are made from potatoes, molasses, soybeans, grapes, rice, sugar beets and sometimes even byproducts of oil refining or wood pulp processing. In some Central European countries, such as Poland, some vodka is produced by just fermenting a solution of crystal sugar and yeast. In the European Union there are talks about the standardization of vodka, and the Vodka Belt countries insist that only spirits produced from grains, potato and sugar beet molasses be allowed to be branded as "vodka", following the traditional methods of production. The company will produce the various Vodka brands for sale in local market and exportation.

NOVUS DISTILLERIES LIMITED

Business Plan – Distilling and blending of Spirits

1.4 RATIONALE AND DESCRIPTION OF THE BUSINESS

Our business has partnered with reputable suppliers for ethyl ethanol companies in United Republic of Tanzania and other countries which creates the readymade solutions for our production lines.

Tanzania is a country of more than 61.7 million peoples which is regarded as faster growing economy. The country is bordered with the 5 East African countries (EAC) and 3 Southern African Development Community (SADC)

The alcohol and beverages market in Tanzania is growing due to increase in middle income. Currently the company is committed to ensure the good drinking habits for the peoples and ensure the quality of the products offered to the market are meeting the standards. Our products are crafted by the expatriates who have the experiences in spirits distilling and marketing.

Access to regional markets is very sensitive to the efficiency of our products, as these are the dominant mode of brands but our marketing penetrations method will ensure we are gaining the foot stand in the market. More efficient process and quality products are crucial to the development of our industries, and ensure the company is contributing to the country in terms of taxes and employment.

Our company is tapping on the efficiency and the gap by ensuring the company plays the good role to industrialize the country. The country is linking neighboring countries with foreign suppliers through Dar es salaam port. The company wealth of local knowledge ensure seamlessly supply chain management for our products and also the understanding of the regional market.

NOVUS DISTILLERIES LIMITED

Business Plan – Distilling and blending of Spirits

1.5 Operational plan

The plan created has been developed by assessing current situation of manufacturing in Tanzania and improvement in economic conditions in Tanzania.

The company have experienced management, supply chain management which covers the business in 360 degrees in management of the business spectrum.

The company have experienced management and staffs to offer production and supply chain management to the customers through the centralized productions and distributions chains in each zones within Tanzania.

2. Ownership and Management of the Project

The company Novus Distilleries Limited is owned by experienced individual and company with diverse experiences in manufacturing and supply chain management. The Managing Director of the company is fully responsible to ensure effective management, supervision and going concern of the company.

Table 3.1: Human resource requirement for Novus Distilleries Limited

Job Title	Number of people
Managing Director	1
Production Manager	1
Sales and Marketing Manager	1
Finance Manager	1
Qualified Personnel	25
Technicians	10
Other Staffs	50
Total Employees	89

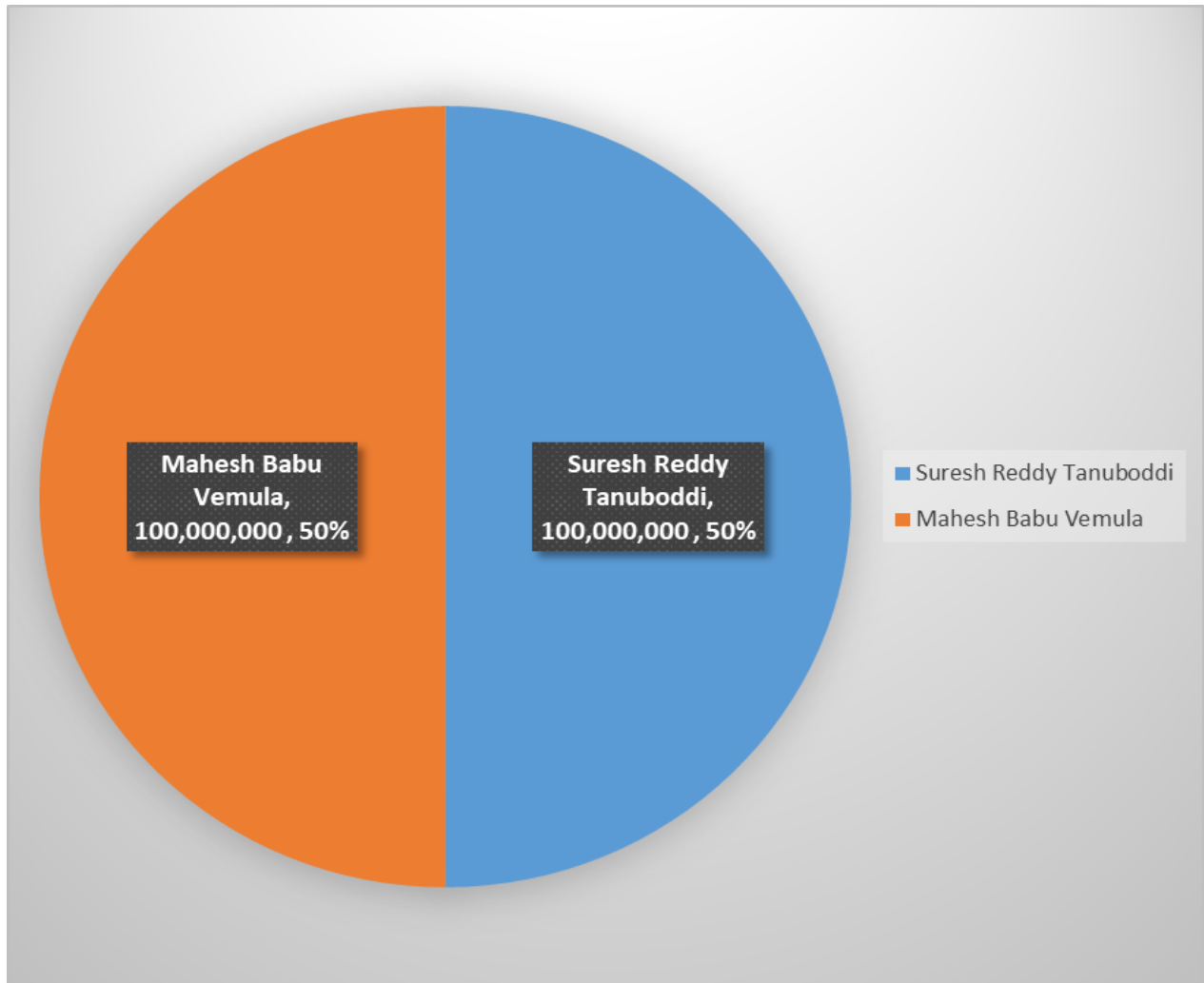
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Business Plan – Distilling and blending of Spirits

3.2 Shareholding Structure

The company shareholding structure is depicted below:

Shareholder	Share Held	Share Value	Authorized Share Capital
Suresh Reddy Tanuboddi	5,000	20,000	100,000,000
Mahesh Babu Vemula	5,000	20,000	100,000,000



NOVUS DISTILLERIES LIMITED

Business Plan – Distilling and blending of Spirits

3.2.1. Funding

Funds for financing the business was contributed the Directors of **Novus Distilleries Limited**. Also the company explored other financing window such as supplier credits and short term financing from financial institutions.

a. Equity

The company shareholders contributed the equity which were used to acquire the plant and machinery, as well as initial working capital.

b. Directors financing

The directors also extended the financing in terms of advance from directors to facilitates the company growth and ensure the company operations are running smoothly

c. Supplier Financing

The company through the good relationship with suppliers can obtain the credits for the supply of inputs and raw materials.

1. ECONOMIC ASPECTS

1.1 Investment Priority

The project investment is in line with government policy and development goals to ensure easy movements of products. This includes the goals of the country towards industrialization economy.

1.2 Employment opportunity

The project will creates employment to people who otherwise could not have secured employment and indirectly will create more opportunities. It also develops skills to the employees on a continuous basis that will have a multiplier effect and associated demand for support services.

NOVUS DISTILLERIES LIMITED

Business Plan – Distilling and blending of Spirits

1.3 Government revenue

The government is expected to earn greater amount of income in form of taxes such as corporate tax, Value Added Tax, Excise duty, Employment taxes such as pay as you earn and skills and development levy. Also other government fees such as licenses and permits.

1.4 Economies of scale

In the industry, the aspect of economies of scale comes in when bulk buying is done. Production and Transporting products in bulk will cost the customer or organization less money than producing and transporting the same products in small portions. Our company can reduce its expenditure by increasing the productions and good supply chain to ferry the goods. This aspect has become a new trend in the manufacturing industry, where the cost is minimized through the application of large scale processes.

In addition, producing products in bulk has enhanced the safety and security of items by reducing the chances of losses. Producing goods in large quantities requires special packaging such as containers. This strategy has played a significant role in preventing the loss of a small number of products while they are in the market.

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Business Plan – Distilling and blending of Spirits

NOVUS DISTILLERIES LIMITED

Business Plan – Distilling and blending of Spirits

1.5 ANNUAL SALES AND PURCHASES PROJECTIONS

The following is the projected purchases of devices for the next 12 months.

NOVUS DISTILLERIES LIMITED

Business Plan – Distilling and blending of Spirits

Period of Cash Flow Projections year	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total
Inflows:													
Cash and Debtors Collections	0	0	206,177,400	201,595,680	180,977,940	190,141,380	160,360,200	158,069,340	148,905,900	180,977,940	160,360,200	183,268,800	1,770,834,780
Capital Injections	200,000,000												200,000,000
Directors current account		30,000,000	0										30,000,000
Total inflows	200,000,000	30,000,000	206,177,400	201,595,680	180,977,940	190,141,380	160,360,200	158,069,340	148,905,900	180,977,940	160,360,200	183,268,800	2,000,834,780
Out Flows:													
FIXED & VARIABLE EXPENSES													
Commissions and fees	-	-	4,123,548	4,031,914	3,619,559	3,802,828	3,207,204	3,161,387	2,978,118	3,619,559	3,207,204	3,665,376	35,416,698
Sales and marketing	-	-	12,100,000	12,100,000	12,100,000	12,100,000	12,100,000	12,100,000	12,100,000	12,100,000	12,100,000	12,100,000	121,000,000
Interest expense	6,556,333	6,415,464	6,272,598	6,127,709	5,980,767	5,831,743	5,680,608	5,527,332	5,371,885	5,214,236	5,054,353	4,892,205	68,925,230
Purchases of Raw materials	-	-	145,878,700	85,811,000	85,811,000	171,622,000	85,811,000	85,811,000	163,040,900	85,811,000	85,811,000	180,203,100	1,175,610,700
Salary and wages - Experts	-	-	8,250,000	8,250,000	8,250,000	8,250,000	8,250,000	8,250,000	8,250,000	8,250,000	8,250,000	8,250,000	82,500,000
Salaries/ wages - Other Staffs	-	-	5,850,000	5,850,000	5,850,000	5,850,000	5,850,000	5,850,000	5,850,000	5,850,000	5,850,000	5,850,000	58,500,000
Workers Compensation Fund (WCF)	-	-	29,250	29,250	29,250	29,250	29,250	29,250	29,250	29,250	29,250	29,250	292,500
Social Security Contributions	-	-	1,795,000	1,795,000	1,795,000	1,795,000	1,795,000	1,795,000	1,795,000	1,795,000	1,795,000	1,795,000	17,950,000
Skills and Development Levy (SDL)	-	-	718,000	718,000	718,000	718,000	718,000	718,000	718,000	718,000	718,000	718,000	7,180,000
Repairs and maintenance	1,073,333	1,073,333	1,073,333	1,073,333	1,073,333	1,073,333	1,073,333	1,073,333	1,073,333	1,073,333	1,073,333	1,073,333	12,880,000
Water & Electricity	514,800	514,800	514,800	514,800	514,800	514,800	514,800	514,800	514,800	514,800	514,800	514,800	6,177,600
Auditing Fee	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	3,000,000
Telephone, postage and Internet	176,000	176,000	176,000	176,000	176,000	176,000	176,000	176,000	176,000	176,000	176,000	176,000	2,112,000
Tax Consultations	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	4,800,000
Oil and Lubricants	2,083,333	2,083,333	2,083,333	2,083,333	2,083,333	2,083,333	2,083,333	2,083,333	2,083,333	2,083,333	2,083,333	2,083,333	25,000,000
Road Toll	6,414,408	6,414,408	6,414,408	6,414,408	6,414,408	6,414,408	6,414,408	6,414,408	6,414,408	6,414,408	6,414,408	6,414,408	76,972,896
Weight and Measures	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	13,200,000
Permits and other costs	-	-	440,000	440,000	440,000	440,000	440,000	440,000	440,000	440,000	440,000	440,000	4,400,000
Bank Charges	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	3,000,000
Loan Processing fees	-	-	-	-	-	-	-	-	-	-	-	-	-
City service levy	-	-	618,532	604,787	542,934	570,424	481,081	474,208	446,718	542,934	481,081	549,806	5,312,500
Rent	1,388,400	1,388,400	1,388,400	1,388,400	1,388,400	1,388,400	1,388,400	1,388,400	1,388,400	1,388,400	1,388,400	1,388,400	16,660,800
Demurrage and handling charges	1,157,000	1,619,800	1,619,800	1,619,800	1,619,800	1,619,800	1,619,800	1,619,800	1,619,800	1,619,800	1,619,800	1,619,800	18,974,800
Insurance	1,458,333	2,041,667	2,041,667	2,041,667	2,041,667	2,041,667	2,041,667	2,041,667	2,041,667	2,041,667	2,041,667	2,041,667	23,916,666
Courier Services	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,200,000
Business Licence	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	400,000
Security Expenses & Accessories	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	3,000,000
Parking and Gate pass Expenses	76,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	1,000,000
Plant and machinery													
Taxes paid	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	6,000,000
Trucks repayments	175,000,000												175,000,000
Total Outflows	198,781,275	24,694,538	204,354,703	144,036,734	143,415,584	229,288,320	142,841,218	142,435,252	219,298,948	142,649,053	142,014,862	238,771,812	1,970,382,398
Net flow	1,218,725.33	5,305,462	1,822,697	57,558,946	37,562,356	-39,146,940	17,718,982	15,634,088	-70,393,048	38,328,887	18,345,238	-53,503,012	30,452,382
Opening Cash Balance	-	1,218,725.33	6,524,187.11	8,346,884.12	65,905,830.05	103,468,185.95	64,321,246.38	82,040,228.74	97,674,316.77	27,281,271.21	65,610,158.19	83,955,396.01	
Net flow	1,218,725.33	5,305,461.78	1,822,697.01	57,558,945.93	37,562,355.91	(39,146,939.58)	17,718,982.37	15,634,088.03	(70,393,045.56)	38,328,886.98	18,345,237.82	(53,503,012.14)	
Accumulated cash flow	1,218,725.33	6,524,187.11	8,346,884.12	65,905,830.05	103,468,185.95	64,321,246.38	82,040,228.74	97,674,316.77	27,281,271.21	65,610,158.19	83,955,396.01	30,452,383.86	

NOVUS DISTILLERIES LIMITED

Business Plan – Distilling and blending of Spirits

2. MARKET ASSESSMENT

5.0 Industry Analysis

For Novus Distilleries Limited to have the Centre running the Key Success Factors include use of advanced technology for managing the factory, Procured quality products which ensure the return on investment, Good supply, networking abilities, timely delivery, lowest product sourcing cost, accessible location and other factors deem to be important. .

The market for distilling and blending spirits is still robust in Tanzania fuelled by improvements in industrial levels and, also the business relationship and proximity of the country.

5.1. Rival Analysis

The market study established that the competition level is moderately high and the market for alcoholic beverages and its associated products as stable in Tanzania. With a quality plant and machinery, cutting the delivery time, managing the supply chain placed the company in a competitive positions.

Therefore, managing the supply chain understanding the clients' needs will positively improve the product marketability and gain a good market share. With the good procurement policy, we will be in positions of having stable prices to curb the problem of price fluctuations which had been common in mobile phones and quality after sales services which creates confidence for our customers.

NOVUS DISTILLERIES LIMITED

Business Plan – Distilling and blending of Spirits

Table 5.1: Rival Analysis

Key Success Factor	Industry1	Industry2	Industry3	Competitor 4	Competitor 5	Competitor 6	Competitor 7	NOVUS DISTILLERIES LIMITED
Reputation and Image	High	High	Moderate	Moderate	Moderate	High	Moderate	High
Good services	High	High	Moderate	Moderate	Moderate	High	Moderate	High
Supply Chain management	High	High	Moderate	Moderate	Moderate	Moderate	Moderate	High
Reliability of the trucks	Moderate	Moderate	Low	Low	Low	Moderate	Moderate	High
Affordability	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	High
Timely delivery	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	High
Price Stability	High	High	Moderate	Moderate	High	High	High	High

From Table 5.1 above, the company is focusing on quality and reliable distilling and blending spirits, Stable prices, after sale services, supply chain management and protecting the brand.

NOVUS DISTILLERIES LIMITED

Business Plan – Distilling and blending of Spirits

5.2 Strengths, Weaknesses, Opportunities and Challenges (SWOC)

The analysis of key strengths and weaknesses that emanate from the internal environment and opportunities and challenges emanating the project from external environment is depicted in Table 5.2 below

Table 5.2: SWOT Analysis for Novus Distilleries Limited

STRENGTH	WEAKNESSES
<ul style="list-style-type: none">• Bulk Sourcing• Steady supply and good supply chain• Focus on affordability's• After sale services which is very key in customers confidence for our products	<ul style="list-style-type: none">• After sales services is expensive due to wide coverage of the country
OPPORTUNITIES	THREATS/CHALLENGES
<ul style="list-style-type: none">• There are more than 61 million peoples in Tanzania.• The increase in middle class fuels the consumptions of high quality products.• Connecting the customers with financing options for the mobile phones	<ul style="list-style-type: none">• Technology is evolving faster but we got this sorted

5.3 Strategic issues-Priority Areas for the Project Plan

Through situational analysis and discussion with the members of management, the followings were established as the priority issues to be addressed in the next three years of this Business Plan:

- Focus on marketing strategies by doubling the annual productions and sales within the country and also establishing the export market.
- Ensuring the company provide high quality products at the reasonable cost, strength and care about customer needs.
- Maintaining effective and close communication with both customers and employees.
- Ensuring on time delivery of products to customers
- Heavily focusing on after sales services to our customers to ensure the products are offering the intended satisfactions

NOVUS DISTILLERIES LIMITED

Business Plan – Distilling and blending of Spirits

5.4 CONCLUSION

The demand and market for quality alcoholic beverages in Tanzania is still not utilized in fully and there is a potential of doing good business by playing part to ensure the quality products are produced and supplied within the country and for the exportation purposes.

This makes the project, relevant in the country like Tanzania and neighboring countries in Africa when there is rapid growth of population which triggered by improvement of internet infrastructure, water sector and industry. The company will fuel the development through the creations of employments and contributing to the country through paying taxes.

The financial returns from the project are therefore expected to be adequate to reflect the conservative approach to revenues and associated cost projections as well as long term view by the shareholders.