
CARPE VINUM COMPANY LIMITED



BUSINESS PLAN FOR THE ESTABLISHMENT OF WINE FACTORY - DODOMA.

February, 2022

SUBMISSION LETTER

Ref:

February 23, 2022

Managing Director,
Tanzania Agricultural Development Bank Limited,
Accacia Estate Building, 4th Floor,
Kinondoni Road,
P.O.BOX 63373,
Dar Es Salaam.

Re: Application for a debt Facility of TZS 625.504 million through the Agriculture Window

Reference is made to the above subject matter.

CARPE VINUM COMPANY LIMITED is locally incorporated company for purposes of processing, packing, distribution and supply of wine both within and without Tanzania.

The Company is taking advantage of the existing business opportunity to invest in the wine juice manufacturing product since to capitalize on the conducive investment environment and the to feel the market gap that exist within the winery business.

The facility will be dully secured through the existing landed properties, new properties, new building, machinery, equipment and a guarantee from PASS Trust.

By this letter, we submit our application for debt facility of **TZS 625,504,275.00** for your consideration.

Attached please find a detailed business plan and cash flows, including various key documents supporting the application for your review.

We thank you for your consideration and remain,

Yours sincerely,

BOARD RESOLUTION

BOARD RESOLUTION OF CARPE VINUM COMPANY LIMITED

REGARDING BORROWING TANZANIA AGRICULTURE DEVELOPMENT BANK PASSED DURING THE BOARD MEETING HELD ON Day of, 2022 IN ITS REGISTERED OFFICE, DODOMA.

PRESENT:

1. - **CHAIRMAN/Director**
2. - **Director**
3. - **Secretary**

RESOLVED THAT:

- 1- THAT, a borrowing to the tune of **TZS 625,504,275.00 (Say Tanzania shillings Six Hundred Twenty Five Million Five Hundred and Four Thousand Two Hundred Seventy Five)** be secured from Tanzania Agriculture Development Bank Limited in the form of debt for the purposes of constructing a ginnery, oil mill and acquisition of Machinery and working capital of the Company

- 2- THAT, this resolution be communicated to the financial institution(s) and remain in force until written notice to the contrary shall have been given to the respective financial institution which the Company has accessed the credit from

It is hereby certified by the undersigned that the foregoing resolution was duly passed by the Board of Directors of the above-named Company on the 6th day of November, 2021, in accordance with the Memorandum of Articles of Association of the Company and the laws governing the Company and that the said resolution has been duly recorded in the Minute Book and is full force and effect.

.....

CHAIRPERSON

Signature

.....

DIRECTOR

Signature

.....

SECRETARY

Signature

DATED: Day of, 2022 (COMPANY SEAL)

TABLE OF CONTENTS

	Page
SUBMISSION LETTER	2
BOARD RESOLUTION	3
TABLE OF CONTENTS	5
ABREVIATION AND ACRONYMS	13
SECTION ONE: EXECUTIVE SUMMARY	14
1.0 EXECUTIVE SUMMARY	14
1.1 Background	14
1.2 Vision and Mission	14
1.3 Company Ownership.....	14
1.4 Project Location and Site Suitability	15
1.7 Project Social and Environmental Impacts	16
1.8 Project milestones	16
1.9 Company Management, Governance and Organization Structure	16
1.10 National Microeconomic Performance.....	17
1.11 Agriculture and Manufacturing Sectors Overview	17

1.12 Sector Regulatory Framework	18
1.13 Challenges Facing the Agriculture and Manufacturing Sectors.....	18
1.14 Project Technical Aspects	18
1.15 The Project Business Process	19
1.16 Production Capacities	19
1.17 Market Analysis.....	19
1.18 Demand and Supply of Grapes Tanzania Wine Subsector Overview	20
1.19 Competition Analysis	20
1.20 Internal Environmental Scan Analysis.....	20
1.21 Business Risk Assessment	20
1.22 Project Financial Analysis.....	21
1.22.1 Revenue Assumptions.....	21
1.22.2 Cost Assumptions.....	21
1.22.3 Capital Cost and Financing Plan	21
1.22.4 Revenue Projection	21
1.22.5 Profitability Analysis.....	22
1.22.6 Projected cash flow statement	22

1.22.7 Projected Balance Sheet	22
1.22.8 Facility Repayment Schedule	22
1.22.9 Key Financial Indicators	22
SECTION TWO: COMPANY OVERVIEW & BUSINESS EXPANSION CONCEPT	23
2.1 Background	23
2.2 Vision and Mission	24
2.3 Company Ownership.....	25
2.4 Project Location and Site Suitability	25
2.4.1 Project Location & Site Suitability.....	25
2.4.2 Site Infrastructure and Accessibility	26
2.4.2.1 Water Source:	26
2.5 Project Social and Environmental Impacts	28
2.5.1 Environmental and Social Impact Assessment	28
2.5.2 Economic, Social and Environmental benefits.....	28
2.6 Environmental Impact Assessment	30
2.6.1 Environmental Issues:	30
Noise, Dust & Vibrations.....	30

2.6.2 Aesthetics.....	30
2.6.3 Loss of Biodiversity	31
2.6.4 Excessive Pressure on the Natural Resources	31
2.6.5 Waste Management	32
<i>Solid and Hazardous Waste</i>	32
2.6.6 Prevention and Management of Possible accidents during the Project Cycle.....	32
2.7 Project milestone	33
Development of Business Plan and Facility Restructuring	36
SECTION THREE: ORGANIZATION & MANAGEMENT	37
3.1 Company Organization	37
3.2 Management.....	37
3.3 Governance.....	37
3.4 Organization Structure.....	37
3.5 Employment.....	39
SECTION FOUR: NATIONAL MICROECONOMIC PERFORMANCE	40
4.1 Macroeconomic Performance.....	40
SECTION FIVE: AGRICULTURE AND MANUFACTURING SECTORS IN TANZANIA	43

5.1 The Agriculture Sector	43
5.2 Manufacturing Sector	43
5.3 Introduction of Grapes to Tanzania	44
5.4 Sector Regulatory Framework and Supporting Mechanism.....	45
5.4.1 Ministry of Agriculture.....	46
5.4.2 The Ministry of Industry, Trade and Investment (MITI)	46
5.4.3 Tanzania Official Seed Certification Institute (TOCSI).....	46
5.4.4 Tanzania Fertilizer Regulatory Authority	46
5.4.5 Tropical Pesticides Research Institute (TPRI).....	47
5.4.6 Tanzania Bureau of Standards (TBS).....	47
5.4.6 The National Environment Management Council (NEMC).....	47
5.5 Challenges facing the Agriculture and Manufacturing Sectors	47
SECTION SIX: TECHNICAL ASPECTS OF THE PROJECT.....	50
6.1 Land and Buildings	50
6.2 Plant, Equipment and Machinery	52
6.3 Workshop Equipment and tools	53
6.4 Safety, Security and Communication Equipment.....	53

6.5 Consumables.....	53
6.6 Furniture and Fittings.....	54
6.7 The Project Business Process.....	54
6.7.1 Production of Wine.....	54
6.7.2 Production Capacities.....	56
SECTION SEVEN: MARKET ANALYSIS AND PLAN.....	57
7.1 An Overview of Wine market analysis.....	57
7.2 Tanzania Wine Subsector Overview.....	58
7.3 Demand and Supply of Grapes Tanzania Wine Subsector Overview.....	59
7.3.1 Global Overview.....	59
7.3.2 Grapes Production Trend in Tanzania.....	60
7.3.4 Exports.....	61
7.3.5 Imports.....	61
7.3.6 Competition Analysis.....	62
7.4 Internal Environmental Scan Analysis.....	63
SECTION EIGHT: PROJECT RISK ASSESSMENT.....	65
8.1 Business Risk Assessment.....	65

SECTION NINE: FINANCIAL ANALYSIS	67
9.1. Basic Assumptions	67
9.1.1 Revenue Assumptions.....	67
9.1.2 Cost Assumptions.....	68
9.2 Capital Cost and Financing Plan	68
9.2.1 Capital Cost	68
9.2.2 Financing Plan	69
9.3 Revenue Projection.....	70
9.4 Profitability Analysis.....	70
9.5 Projected cash flow statement	71
9.6 Projected Balance Sheet	71
9.7 Facility Repayment Schedule	71
9.8 Key Financial Indicators	71
SECTION TEN: COLLATERAL	72
SECTION ELEVEN: CONCLUSION	73
SECTION TWELVE: FINANCIAL PROJECTIONS	74
13.0 INCORPORATION CERTIFICATES	83

14.0 INVOICES	86
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ATTACHMENTS:

1. Valuation of Existing Property
 2. Architectural Drawings for the Factory
 3. Bills of Quantities - Factory
 4. Invoice/Quotation for Machinery
 5. Technical Specifications- machinery
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ABBREVIATION AND ACRONYMS

AfDB	African Development Bank
DUWASA:	Dodoma Urban Water Supply Authority
DSCR	Debt Service Coverage Ratio
GDP	Gross Domestic Product
IRR	Internal Rate of Return
MVA	Manufacturing value added
MITI	Ministry of Industry, Trade and Investment
NEMC	National Environment Management Council
SIDP	Sustainable Industrial Development Policy
TBL	Tanzania Bureau of Standards
TDL	Tanzania Distilleries Limited
TOCSI	Tanzania Official Seed Certification Institute
TIPRI	Tropical Pesticides Research Institute

SECTION ONE: EXECUTIVE SUMMARY

1.0 EXECUTIVE SUMMARY

1.1 Background

CARPE VINUM COMPANY LIMITED is Tanzanian incorporated company vide certificate number 151996817 for purposes of processing, packing, distribution and supply of wine both within and without Tanzania. The business and factory is located at Itumbi Sreet, Mpunguzi ward, Dodoma city.

The Company is taking advantage of the existing business opportunity to invest in the wine juice manufacturing product to capitalize on the conducive investment environment and then to fill the market gap that exists within the winery business.

1.2 Vision and Mission

The mission statement of the company is to exceed our customers' expectations in quality, delivery and cost through continuous improvement and customer interaction. The vision is to be the most admired winery factory in production of quality and reliable products.

1.3 Company Ownership

CARPE VINUM COMPANY LIMITED is a locally owned company with its registered office at Itumbi Street, Mpunguzi ward, Dodoma.

1.4 Project Location and Site Suitability

The factory is located at Itumbi, Mpunguzi ward, Dodoma city, Tanzania. The title deed is in the name of Anthony Mavunde. The same has a long term right of occupancy of 33 years. The survey of the area has already been done and all other vital prerequisites before grant of the land ownership document, the remaining is the procedure leading to the issuance of Title Deed.

The choice of location was based on comprehensive analysis undertaken by the Company and in particular focusing on the availability of raw material (grapes), logistical aspects in of the business both for grapes and processed wine juice for trading, road access, availability of electricity, water and such other key components required for the success of the business. The site is connected the water main from Dodoma Urban Water Supply Authority (DUWASA). The site also has a drilled a water well and cost of the same forms part of this business proposal as to the expenses incurred by the Loan Applicant] and electricity through TANESCO and located on the Dodoma – Iringa highway.

1.5 Transportation and Handling of Grapes

Transportation of grapes from the farm to factory will be will be outsourced. The outsourcing of this non-core services to expert companies is meant to improve logistical efficient and minimize balance sheet burdens in terms of carrying on both capex and opex of such operations.

1.6 Grading and Quality Control

The Project has placed a greater importance on the quality control to ensure that wine qualities are adhered to, the Project has accommodated a whole department of Quality Assurance within its organization structure. The quality control process for the Project starts from the vines all the way to packaging and delivery. Automation has been accommodated in the production process to ensure

that qualities are maintained at all times. Relevant software will also be accommodated, including software that assists on product traceability.

1.7 Project Social and Environmental Impacts

Preliminary environmental impact review on the project has demonstrated that the business does not pose any potential environment or social impact to the community. Establishment of the winery facilities in Dodoma however, will have a number of derived social economic impacts including job creation, increased household income, tax to the government, foreign exchange savings, quality input to farmers and capacity building of small scale farmers among others.

1.8 Project milestones

Substantial milestones have been achieved towards the implementation of the Project and these include included the following:

Securing of land, preparation of project architectural designs, construction of parameter wall and office building, connection of utilities (water and electricity) to the site, identifying and securing of quotation for machines and equipment and development of this business plan.

1.9 Company Management, Governance and Organization Structure

The management Team for the operation of the business will entail a diverse group with strong skills in fast moving consumer goods (FMCG) and specifically beverage, general trading, finance, marketing and general management.

The overall management of the business is vested in the hands of the General Manager while the highest governance structure is the Board of Directors. The Board sets policy and provides an overall strategic direction and oversight of the organization.

The organization structure is organized in a manner that accommodates the proposed business. The structure allows optimization of resources and cost control, quality control, marketing and operational manning.

1.10 National Microeconomic Performance

Macroeconomic performance of any country provide a clear yard stick in measuring the economic efficiency of a country and therefore of critical importance when specific sector reviews are conducted to understand the previous and outlook performance of such economy as it plays a critical role in influencing the business and investment performance and or investment returns of each national sector. The African Development Bank (*AfDB, 2020*) report indicated that Tanzania economic growth slowed to 2.1% in 2020 from 6.8% in 2019 because of COVID 19. The report however, indicates that Tanzania economic outlook is positive, ¹with real GDP projected to grow 4.1% in 2021 and 5.8% in 2022, due to improved performance of the tourism sector and the reopening of trade corridors.

1.11 Agriculture and Manufacturing Sectors Overview

The proposed Project will fall under two key sectors namely agriculture and manufacturing.

Agriculture accounts for 31.1% of the GDP and employs 68% of the workforce living in rural areas (World Bank, 2015). However, agriculture in Tanzania is mainly performed by small scale farming which adversely affects levels of productivity. Several challenges affect agricultural productivity including low public investment in agricultural research and development, inadequate agricultural financing, poor production techniques, under-developed markets and market infrastructure; low farm-level value addition and poor infrastructure. On the other hand, manufacturing sector remains relatively small, with most activities concentrating on the creation of simple consumer products such as foods, beverages, tobacco, textiles, furniture and wood allied products.

The contribution of the manufacturing sector to the overall GDP of the country has averaged 8% over the last decade, however activities within the sector have been registering an annual growth of over

¹ AfDB – Tanzania Economic Outlook

4% and the sector is currently the third most important to the Tanzania economy behind agriculture and tourism.

1.12 Sector Regulatory Framework

Agriculture and manufacturing sectors in Tanzania are regulated by a number of regulating bodies and or agencies, each with a distinct aspects and objectives to address. These include Ministry of Agriculture, Ministry of Industry and Trade, Tanzania Official Seed Certification Institute (TOCSI), Tanzania Fertilizer Regulatory Authority, Tropical Pesticide Research Institute (TPRI), Tanzania Bureau of Standards (TBS) and National Environment Management Council (NEMC).

1.13 Challenges Facing the Agriculture and Manufacturing Sectors

Although there have been noticeable improvements in the agriculture and manufacturing sectors in the last 10 years, a number of challenges remain unresolved and these include Regulatory environment (multiple agencies), lack of supportive infrastructure (road, electricity, water, irrigation systems, etc.), lack of accredited laboratory for Testing and analysis, input, post-harvest loss, poor access to finance and lack of market access.

1.14 Project Technical Aspects

The project technical aspects of the project involves construction of the factory and administrative buildings, acquisition, installation and testing of equipment, securing of key project equipment, securing of necessary compliance certification for the company products including the Tanzania Bureau of Standards Certification, securing and installation of safety and security equipment, securing of furniture and fittings, staff recruitment and selection and securing of raw materials for commencement of operations.

1.15 The Project Business Process

The operations of Carpe Vinum Company limited involve production of wine juice from raw grapes. The company will also be involved in selling of grape juices to other wine producers, packaging, distribution and supply both within and outside Tanzania. The wine production process will involve all key processes namely crushing and pressing, Fermentation, clarification, storage, filtration, filling, aging and bottling.

1.16 Production Capacities

The factory will have an installed capacity of 100 metric tons per season (or 100,000 liters of wine per season). For the purposes of this study, the projections has taken assumptions of 5,000,000 liters per annum utilization capacity which targets 33% of current annual grape productions.

1.17 Market Analysis.

The global wine market is estimated to grow at a CAGR of 3.7% during the forecast period. The wine industry valued at \$157.6 billion in 2018 and is estimated to reach \$201.2 billion in 2025. Health benefits and premiumization of wine products along with innovation in flavor and more advanced distribution networks across the globe are the major factors that drive the growth of the global wine market. The wine contains antioxidants that, when consumed, fight with free radicals to avoid diseases such as cancer. Additionally, the growing demand in emerging economies such as China and India are also contributing much in terms of demand and supply to the global wine market.

Tanzanian wine industry does not have much international recognition; however, it is the second largest producer of wine in Sub-Saharan Africa after South Africa. Compared to the rest of the world, the history of wine in Tanzania is very recent and dates back to just a few years before independence. Tanzania only has one major grape growing region and it is centered on the capital city Dodoma.

1.18 Demand and Supply of Grapes Tanzania Wine Subsector Overview

Globally demand of grapes demonstrated increasing trends whereby in 2016, there were 93 countries that collectively produced 77.4 million MT, which was a 0.8% increase in production compared to 2015 global production.

Since 1969 to 2018, total of 393,182 Tons were produced in Tanzania with notable fluctuated growth trends over the period. Production in 1969 was 419 Tons and steadily grew to 16,000 Tons in 1995 and dropped to 13,000 Tons in 1999 and bounced back to 16,000 Tons in 2003. From 2003 production dropped to 5,093 in 2015 and increased to 15,019 Tons in 2018. There are a total of 2,704 farmers engaged in production with total farm size of 2,079 acres. Tanzania imports substantial amount of grape products particularly wine and spirits made from grapes. From 2013 to 2017 imports were 20,858 Tons worth TZS 329.69 billion.

1.19 Competition Analysis

The competition analysis focuses both on market and raw materials. There are known seven processors and other microprocessors with a total capacity of processing 3,535 tons equivalent of processing a total amount of 5,767 tons of grapes per year and they are all based in Dodoma.

1.20 Internal Environmental Scan Analysis

An assessment of the internal environment has been carried out during the development of this business plan whereby strengths, weaknesses, opportunities and threats (SWOT) analysis was conducted on the business and the findings documented in this report.

1.21 Business Risk Assessment

The risk assessment of the business has been conducted to assist the management and financiers to gauge the level of risk the business may be currently exposed to or may be facing in future and to provide appropriate mitigation measures to address the identified risks. On the basis of the

identified potential project risks, risk levels, likelihood of occurrence and mitigations have been provided.

1.22 Project Financial Analysis

1.22.1 Revenue Assumptions

The revenue of the project will be generated solely from the sale of wine juice. The project utilization capacity has been conservatively projected to allow building capacity and availability of raw material through contracted outgrowers.

1.22.2 Cost Assumptions

Operating cost assumptions for the Project has been based on the industry costs and current stipulated regulatory costs such taxes. The table below outlines the cost assumptions

1.22.3 Capital Cost and Financing Plan

The capital cost estimates for the proposed project is estimated at **TZS 909,824,400.00** and is to be financed through a combination of debt and equity.

The Project is therefore seeking to raise a debt of **TZS 625,504,275.00** to facilitate the implementation of the Project in terms of capital item and working capital.

1.22.4 Revenue Projection

The project is expected to generate substantial revenue from its operations, to sustain itself from the first year of commercial operations. The estimated annual revenues adequately cover the

operating costs of the project including servicing of financing obligations.

1.22.5 Profitability Analysis

The projected profit and loss accounts of the project indicate a profit after tax from year one of the operation. The ability of the project to continue making profit and servicing the debt without causing any cashflow constraints to the operations of the business confirms the growth potential of the project and its ability to generate revenue and indeed its viability.

1.22.6 Projected cash flow statement

The overall projected cash flow statement of the project indicates that it will have comfortable levels of cash position to pay of the maturing obligations as scheduled.

1.22.7 Projected Balance Sheet

The projected balance sheet indicates a sustained healthy state of affair with liabilities adequately covered by net assets throughout the projected period.

1.22.8 Facility Repayment Schedule

The repayment schedule demonstrated a positive Debt Service Coverage Ratio (DSCR) through out of facility tenure with an average DSCR of 12.79%.

1.22.9 Key Financial Indicators

The Project has an estimated Payback period of **7** years and will generate an Internal Rate of Return (IRR) of **26.75%** against the borrowing cost of 10%.

SECTION TWO: COMPANY OVERVIEW & BUSINESS EXPANSION CONCEPT

2.1 Background

CARPE VINUM COMPANY LIMITED is locally incorporated company and fully owned by the Tanzania Nationals. The company has been incorporated for purposes of processing, packing, distribution and

supply of wine both within and without Tanzania. The supply and distributorship strategy will employ both direct sales by the company and through local and international agents. The company's registered office is at Itumbi, Mpunguzi ward, Dodoma. It was incorporated on 20th of May 2021 with certificate number 151996817. The factory is located at Itumbi Street, Mpunguzi ward, Dodoma city where the certificate of occupancy for this area is under the process for meanwhile.

CARPE VINUM COMPANY LIMITED is taking advantage of the existing business opportunity to invest in the wine juice manufacturing product since to capitalize on the conducive investment environment and then to fill the market gap that exist within the winery business.

The government of Tanzania conceives industrialization as the main catalyst to transform the economy, generate the sustainable growth and reduce poverty. The government of Tanzania introduced its Sustainable Industrial Development Policy (SIDP) in 1996 to phase itself of investing direct in productive activities and let the private sector take that role. The main purpose of the government SIDP is to design a plan for industrializing Tanzania, so that the country becomes semi-industrialized by 2025.

The company considers these national policies that supports both agriculture and industrialization as a main catalyst of the industrial development and key component for a conducive environment on the proposed business.

2.2 Vision and Mission

The mission statement of the company is to exceed our customers' expectations in quality, delivery and cost through continuous improvement and customer interaction. The vision is to be the most admired fuel service station in provision of fuel service products by insuring:

- Best long-term growth.
 - Local value creation.
 - Quality of our products.
 - Having the best people.
-

2.3 Company Ownership

CARPE VINUM COMPANY LIMITED is a company that deals with processing of wines, packing, distribution, supply and sale of wine targeting both local and international markets. Incorporated in 2021 vide certificate number 151996817, the company's registered office is at Itumbi mtaa, Mpunguzi ward, Dodoma city P.O Box 1334 Dodoma, Tanzania. The initial capital of the company is TZS 500,000,000/= divided into 10,000 shares of TZS 50,000/= each.

Table 1: Shareholding Structure

S/N	Name and Address	Position	Nationality	Number of shares subscribed
1.	ANTHONY PETER MAVUNDE POBOX 1334 DODOMA.	DIRECTOR	Tanzanian	8,000
2.	PETER ANTHONY MAVUNDE POBOX 1334 DODOMA	DIRECTOR	Tanzanian	2,000

2.4 Project Location and Site Suitability

2.4.1 Project Location & Site Suitability

The factory is located at Itumbi Street, Mpunguzi ward, Dodoma city, Tanzania and within proximities of the City of Dodoma on the highway to Iringa.

The choice of location was based on comprehensive analysis undertaken by the Company and in particular focusing on the availability of raw material (grapes), logistical aspects in of the business both for grapes and processed wine juice for trading, road access, availability of electricity, water and such other key components required for the success of the business.

The location of the factory is easily accessible from all grape-producing areas within Dodoma region.

2.4.2 Site Infrastructure and Accessibility

The Project site is on the main highway from Dodoma to Iringa.

2.4.2.1 Water Source:

Water is readily available from the mains supplied by DOWASO. The site also has a drilled well that provides water throughout the year and will be supported by water reserve tanks to ensure availability of water through out.

2.4.2.2 Road Access:

As it is indicated at under Item 2.4.2 above, the Project site is situated on the main highway and therefore easily accessible through the main highway.

2.4.2.2 Electricity

The electricity to the Project will be drawn and connected to the main grid. Equally, a backup generator will be provided to counter any power outage that may impact production processes.

2.4.2.3 Office Accommodations

The office facilities for the Project will be accommodated through the main factory building, which will also house offices.

2.4.2.4 Warehousing and Storage Facilities

The facility is equipped with storage facilities and godown for receiving and processing grapes and wine juice storage.

2.4.2.5 Sorting and Storage Facilities

As demonstrated in the proceeding chapters, the facility will have warehouses for receiving grapes, storage of grapes, sorting and storage of wine juice.

2.4.2.7 Transportation and Handling

Transportation grapes from the farm to factory will be outsourced to local transporters. The outsourcing of this noncore services to expert companies is meant to improve logistical efficient and minimize balance sheet burdens in terms of carrying on both capex and opex of such operations while also diversifying the accommodation of other stakeholders into the value chain.

2.4.2.7 Grading and Quality Control

Sorting and Grading

The Project will employ mechanized sorting and grading to detect and reject **all types of foreign material** such as wood, plastic, stones and glass, **defects and bruises in grapes** as well as sorting by shape and size. The mechanization process is aimed at increased quality, reduced labor requirements, increased throughput and consistent quality and quality controls.

Quality Control

The objective of quality assurance is to ensure that the wine produced meet a international standards with respect to the product/produce itself as well as processes of production, distribution and processing.

The Project has placed a greater importance on the quality control to ensure that wine qualities are adhered to, the Project has accommodated a whole department of Quality Assurance within its organization structure. The quality control process for the Project starts from the vines all the way to packaging and delivery. Automation has been accommodated in the production process to ensure that qualities are maintained at all times. Relevant software will also be accommodated, including software that assists on product traceability.

2.5 Project Social and Environmental Impacts

2.5.1 Environmental and Social Impact Assessment

Preliminary environmental impact review on the project has demonstrated that the business does not pose any potential environment or social impact to the community.

2.5.2 Economic, Social and Environmental benefits

- **Economic Impact**

The establishment of the winery facilities in Dodoma will have a number of derived economic impacts and in particular:

- **Job Creation:**

The Project will not only create permanent jobs, but will also provide jobs across the wine business value chain from the farm to the table.

- **Increased Household Income:**

Both access of market by farmers and jobs created across the value chain will increase household income.

-
- **Tax to the Government:** The facility will provide tax to the central and local government through both corporate tax and levies, cess charged at different levels. The Government will also continue to receive both land rent and improved property tax from the developed properties. These proceeds will go towards improvement of the Government's budget.
 - **Foreign Exchange Savings:** Local production of wine will to a greater extent move towards bringing the wine import gap, further improving on the National Foreign Exchange Reserves and stabilizing the national/local currency (Shilling).
 - **Social Impact**
 - **Organization and capacity building of small scale farmers:**

The Project has in place robust plans to work with AMCOS thereby creating direct market to farmers.
 - **Gender and Youth Participation:**

It has been proven over time that small scale farming in rural Tanzania is to a larger extent undertaken by women. It is also a fact that the large population of unemployed both at rural and urban is the youth (13.70%, 2014: National Bureau of Statistics, 2018). The operation of the winery will avail access to market for these groups of farmers and therefore create an inclusion of women and youth into economic participation and therefore improve on gender economic parity and contribute towards addressing youth unemployment.
-

2.6 Environmental Impact Assessment

2.6.1 Environmental Issues:

Noise, Dust & Vibrations

Impacts expected from the transporting trucks and light vehicles, dust, and vibrations associated with the construction phase as well as vibrations from heavy trucks during the operation phase when transporting both, raw materials and harvested products; this would cause discomfort to the villagers and other office workers with consideration to the surrounding/neighbouring villages.

Mitigation measures:

- Covering of all haulage vehicles carrying sand, aggregate and cement
- Access roads and exposed ground will be wetted in a manner and at a frequency that effectively keeps down the dust.
- Workers in dusty areas on the site will be issued with dust masks during dry and windy conditions

2.6.2 Aesthetics

The impacts on aesthetics may be caused by visual intrusion caused by changes in the topography of the area due to factory construction and operations. The removal and transfer of raw material and its deposition as spoil elsewhere leads to disruption and modification of landscape and loss of existing land uses. Vegetation clearance in areas earmarked for setting up infrastructures, roads and other infrastructure erection exposes bare land leading to changes and modifications of the landscape.

2.6.3 Loss of Biodiversity

Construction of Office workshop and the associated infrastructure and cultivation will involve extensive interaction with flora and fauna in the area, leading to disturbance and even disappearance on the existing biodiversity.

Mitigation measures:

- Setting a replanting and landscaping program that focuses on increasing "green area"
- Ensuring proper demarcation of the project area to be affected by the construction works. This will be aimed at ensuring that any disturbance to flora is restricted to the actual project area and avoid spillover effects on the neighboring areas.
- In the same vein, there will be strict control of construction vehicles to ensure that they operate only within the area to be disturbed by access routes and other works.
- Protection of endemic species to the area.
- Protection of water bodies by avoiding cutting of trees along the source
- Protection of endanger species including flora and fauna

2.6.4 Excessive Pressure on the Natural Resources

There will be increased population migrating into the project area looking for jobs or creating self-employment (like food vendors). These people will need accommodation (shelter/houses), and will depend on the existing water sources and secluded trees for woods and charcoal.

Mitigation measures

- Relevant authorities and other utility providers have been informed on the capacity of expansion and are aware of the necessary requirements concerning the project.
-

2.6.5 Waste Management

Solid and Hazardous Waste

The factory has been designed to ensure minimum wastage; no regular washing of the plant would be required to be done. Any spillage of explosives that would take place would be collected and sent onsite sanitary facilities. In case it is required to wash the plant for carrying out some maintenance work, provision has been made for a drainage system, which is connected to solar evaporation pond. Portable latrines recommended under the site public Health Act, OSHA Act as well as EMA Act and (if not) appropriate/required regulation will be used in the project areas. Processing plant, storage facilities, and Administration offices will utilize standard toilets with a system to collect all sewage to a centralized treatment facility. Given the topography of the area it means the industry will be located in such a way as not to pollute the water sources on the lower levels. The accumulations of sludge from the plant can then be disposed of either in an appropriately located disposal pit or in the active tailing facility.

Mitigation measures

- Waste materials that are organic in nature, such as plant material, food scraps, and paper products, can be recycled using biological composting and digestion processes to decompose the organic matter.
- The resulting organic material is then recycled as mulch or compost for agricultural or landscaping purposes.

2.6.6 Prevention and Management of Possible accidents during the Project Cycle

Accidents that are anticipated may be due to transportation, fire, flooding, headaches from pesticide fumes and others related to equipment and machine operations. All workers will be employed basing on the requisite qualification and will undergo a safety training to ensure that they have the requisite safety knowledge. In addition to the training in house safety and working regulations will be formulated and safety motivations imposed to motivate employees to adhere to safety.

The company will continue to meet high standards in maintaining the environment on which will operate.

2.7 Project milestone

Substantial milestones have been made towards the implementation of the Project and these include included the following:

Land acquisition:

The Project has secured land measuring 6.8 acres at Itumbi mtaa, Mpunguzi ward, and Dodoma city and have already constructed preliminary structures to accommodate the office functions of the business.

Architectural Designs for the project buildings:

Architectural designs for the project buildings are in place

Construction of Parameter Walls and Office Building:

To date, the parameter wall and office building have been constructed.



Diag. Parameter wall and entry to the Project Site



Diag. 2: Existing Building

Utilities

Utilities including electricity and water are in site

Secured quotations for the machinery

Machinery and equipment for the project have been identified and quotation secured.

Development of Business Plan and Facility Restructuring

In order to align the business implementation with the reality of the operations, including the installation of the new ginnery, the Company has conducted a comprehensive review of the operations of which this business plan is developed.

SECTION THREE: ORGANIZATION & MANAGEMENT

3.1 Company Organization

The process of organizing, planning, leading and controlling resources within an entity with the overall aim of achieving its objectives are critical for any organization. The organizational management of a business needs to be able to make decisions and resolve issues in order to be both effective and beneficial. The management of the company is therefor organized through a Board of Directors who are responsible for the governance and oversight of the business while the day to day management of the business is through a General Manager. During the implementation of the project, a Project Manager will be appointed to oversee the seamless implementation of the Project.

3.2 Management

The management Team for the operation of the business will be selected from is a diverse group with strong skills in fast moving consumer goods (FMCG) and specifically beverage, general trading, finance, marketing and general management.

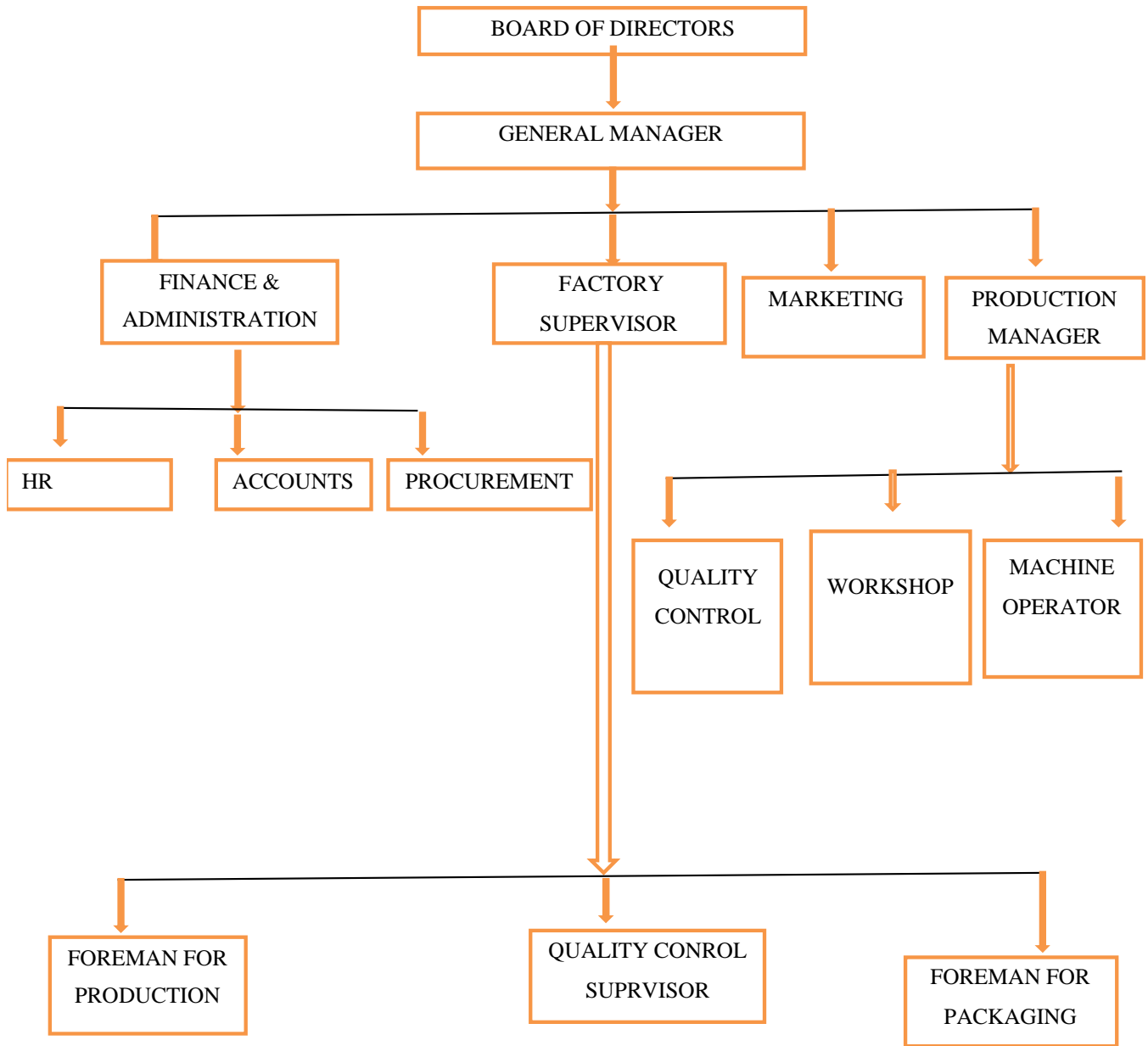
The overall management of the business is vested in the hands of the General Manager.

3.3 Governance

The highest governance structure is the Board of Directors. The Board sets policy and provides an overall strategic direction and oversight of the organization.

3.4 Organization Structure

The organization structure is organized in a manner that accommodates the proposed business. The structure allows optimization of resources and cost control, quality control, marketing and operational manning. The organization structure is outlined in the diagram below:



Diag. 3: Organization Structure

3.5 Employment

The project will employ at least 50 employees to work on permanent or seasonal terms. The number may gradually rise or fall depending on the factory production capacity and processing activities. The large force will be the workers who will participate in production process of twine. All are expected to have a strong background in manufacturing industry. Few staff will be employed to undertake accounting, storekeeping, administrative and security duties and task

SECTION FOUR: NATIONAL MICROECONOMIC PERFORMANCE

4.1 Macroeconomic Performance

Macroeconomic performance of any country provide a clear yard stick in measuring the economic efficiency of such country and therefore of critical importance when specific sector reviews are conducted to understand the previous and outlook performance of such economy as it plays a critical role in influencing the business and investment performance and or investment returns of each national sector. Where businesses are integrated, a weak performance may have spilling implications to other economies and vice versa. The review on macroeconomic performance is therefore aimed at assisting drawing the understanding of the previous performance and future economic outlook and to draw a general performance position of the economy that will allow informed recommendations that specifically address the objectives of the Project.

Report by the African Development Bank (*AfDB, 2020*) indicated that Tanzania economic growth slowed to 2.1% in 2020 from 6.8% in 2019 because of COVID 19.

The stability and expansion of Tanzania economy, coupled with increased incomes provide an ample opportunity for growth where Tanzania enjoys a population size of 59,091,392 that grows at an average of 2.9% annually. With a large size of labour-force and 943,600 square kilometers of land, the economy has experienced around 7% growth rate in the past decade (URT, 2017).

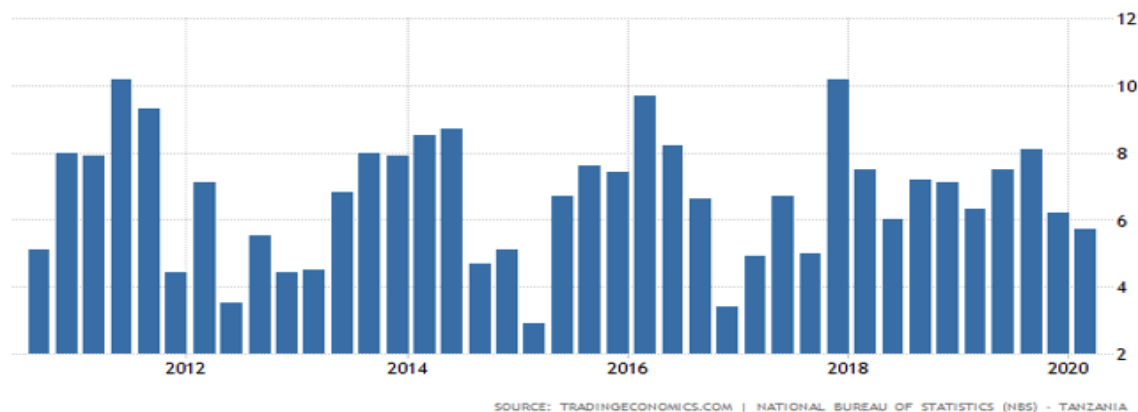


Figure 1: Tanzania GDP Growth
Source: Tradegenomics/National Bureau of Statistics (2020)

During 2020, inflation fell to 3.3% in 2020 from 3.5% in 2019, due to a steady decline in food prices while exchange rates remained stable, partly due to the Bank of Tanzania’s interventions to ensure stability in the foreign exchange market.

The current account deficit improved to 3.2% of GDP during 2020 from 3.4% recorded in 2019 due to better export performance, particularly gold exports.

African Development Bank indicates that Tanzania economic outlook is positive, ²with real GDP projected to grow 4.1% in 2021 and 5.8% in 2022, due to improved performance of the tourism sector and the reopening of trade corridors. Energy and fuel price increases are expected to persist in 2021, raising overall inflation to 3.9% in 2021 and 3.4% in 2022. Spending on large infrastructure projects and depressed revenue performance are expected to widen the fiscal deficit to 3.2% of GDP in both 2021 and 2022, financed mainly by external borrowing. The current account deficit is projected to grow to 3.9% of GDP in 2021, due to the lingering effects of COVID–19 on merchandise exports and increased imports of capital goods for large infrastructure projects. It is expected to narrow to 3.3% of GDP in 2022.

² AfDB – Tanzania Economic Outlook

The positive economic outlook is considered by the company as a catalyst for investment.

SECTION FIVE: AGRICULTURE AND MANUFACTURING SECTORS IN TANZANIA

The proposed Project will fall under two key sectors namely agriculture and manufacturing. While the Project will be a manufacturing project *passé*, its raw materials are entirely agriculture produce. It is with this background that this business plan has examined both sectors to have a good understanding of the business environment provided by the sectors, including its challenges and regulatory environments.

5.1 The Agriculture Sector

Agriculture accounts for 31.1% of the GDP and employs 68% of the workforce living in rural areas (World Bank, 2015). Given the sector's role as the main source of food and livelihood for the majority of the population in the country, agriculture has substantial potential to reduce poverty and food insecurity. However, agriculture in the country is mainly performed by small scale farming which adversely affects levels of productivity. Several challenges affect agricultural productivity including low public investment in agricultural research and development, inadequate agricultural financing, poor production techniques, under-developed markets and market infrastructure, low farm-level value addition and poor infrastructure.

5.2 Manufacturing Sector

While the manufacturing sector in Tanzania has an obvious great opportunity, the sector remains relatively small, with most activities concentrating on the creation of simple consumer products such as foods, beverages, tobacco, textiles, furniture and wood allied products.

The contribution of the manufacturing sector to the overall GDP of the country has averaged 8% over the last decade, however activities within the sector have been registering an annual growth of over

4% and the sector is currently the third most important to the Tanzania economy behind agriculture and tourism.

Key factors in the growth of Manufacturing Industry are the growing **Manufacturing value added (MVA)** per capita, MVA as percentage of GDP, share in total manufacturing employment, the emergence of new firms, products and market penetration, rising sales and revenues or business profitability, expansion in exports, increase in labor and employment and the acquisition of new product technologies. MVA has demonstrated a growing trend and World Bank data (WB Data, 2020) has estimated MVA for Tanzania to be 8.50 during 2020.

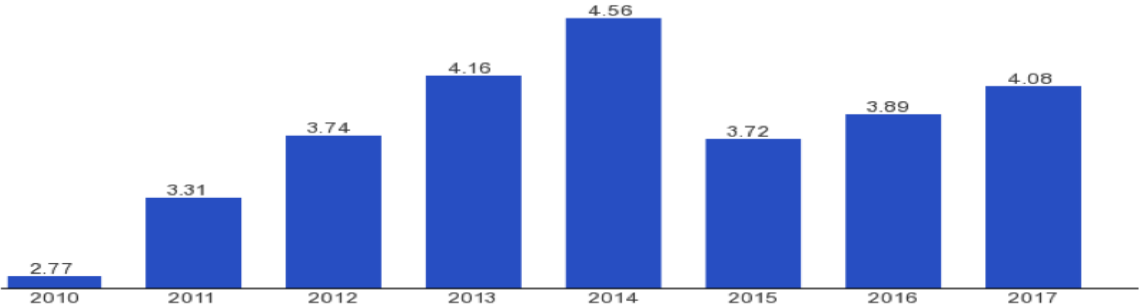


Figure 2: Manufacturing value added
MVA Performance - Tanzania
Source: WB

5.3 Introduction of Grapes to Tanzania

Vines were first introduced to Tanzania by members of the Roman Catholic Congregation of the Holy Ghost in 1938. The missionaries from the Hombolo Catholic mission planted their first vines near Kondo District in Dodoma. Initially the vines grown were used for domestically making wine for religious practices and domestic consumption. In 1957 Passionist Father Irioneo Maggioni, of the Bihawana Mission started his own commercial farm from three vine seedlings out of curiosity and the farm grew rapidly to a commercial scale.

After independence the local government took interest in the industry and made their first investment into a four-acre grape farm at Dodoma Isanga Prison in 1961. The program was very successful and in just three years it was expanded to five of the nearby villages centered around the prison. In 1963, the national service camp in Makutupora (Dodoma) joined the scheme and began growing grapes in the village that created a new nucleus for grape growing. In 1969 the prison built a winery plant and was Tanzania's sole purchaser of grapes for wine production in the country.

In a bid to add value for the vine farmers, in 1979 the government of Tanzania invested in a new company and created the Dodoma Wine Company, which directly procured grapes from the farmers for wine production. The company assisted farmers in grape growing practices and set up a research center in the name of Makutupora Grapevine Research Centre.

International investors mainly from South Africa began to take interest in the industry in the early 1990s and by 1999 South Africa's Distell Group Limited acquired a stake in the local Tanzania Breweries Limited subsidiary Tanzania Distilleries Limited (TDL), which subsequently acquired the Dodoma Wine Company. TDL currently holds the highest market share of wine in country through their flagship brand "Dodoma Wine". As the company continued to invest in the production capacity, the company also began importing South African wine into the country to help develop the market. Simultaneously, in 2002 an Italian engineer started the Central Tanzania Wine Company, which today is part of the top three company producing wine in the country.

5.4 Sector Regulatory Framework and Supporting Mechanism

Agriculture and manufacturing sectors in Tanzania are regulated by a number of regulating bodies and or agencies, each with a distinct aspects and objectives to address.

Apart from the Ministry of Agriculture, cotton subsector is regulated and organized through:

5.4.1 Ministry of Agriculture

The Ministry of Agriculture is responsible for the deliver quality of agricultural and cooperative services, provide conducive environment to stakeholders and to facilitate the private sector to contribute effectively to sustainable agricultural production, productivity and cooperative development

5.4.2 The Ministry of Industry, Trade and Investment (MITI)

MITI is tasked with all aspects of trade promotion, trade integration, and industrial development (including small and medium-sized enterprise (SME) development). To this end, it sets trade and industrial policy and provides various types of trade intelligence and marketing services.

5.4.3 Tanzania Official Seed Certification Institute (TOCSI)

TOCSI is responsible for certifying seeds. It performs field and seed inspection, sampling and testing, and variety evaluation and verification.

5.4.4 Tanzania Fertilizer Regulatory Authority

Fertilizers are the domain of the Tanzania Fertilizer Regulatory Authority, an information and control body that enforces laws and policies governing the manufacturing, importation and use of fertilizers. To this end, it controls fertilizer quality and ensures that fertilizers and supplements are packed and labeled appropriately.

5.4.5 Tropical Pesticides Research Institute (TPRI)

TPRI is responsible for analyzing, approving and registering all pesticides before being brought to the Tanzanian market. TPRI researches the management of pests, pesticides and biodiversity through a number of divisions, including its Plant Protection Division, National Plant Quarantine Station, Pesticides and Environment Management Centre, National Herbarium of Tanzania, and National Plant Genetic Resources Centre.

5.4.6 Tanzania Bureau of Standards (TBS)

Tanzania Bureau of Standards (TBS) is the national standards body for Tanzania and is mandated to undertake measures for quality control of products of all descriptions and to promote standardization in industry and commerce. The project products will require certification from TBS to be eligible for consumption in the local market.

5.4.6 The National Environment Management Council (NEMC)

NEMC is a Government agency charged with the mandate to oversee environmental management issues including prevention and control pollution, waste management, environmental quality standards, environmental compliance and enforcement.

The Project therefore will be subject to the NEMC compliance including periodic reviews and certifications.

5.5 Challenges facing the Agriculture and Manufacturing Sectors

Although there have been noticeable improvements in the agriculture and manufacturing sectors in the last 10 years, a number of challenges remain unresolved:

- **Regulatory environment:**

Regulatory environment for both agriculture and manufacturing sectors in Tanzania is regulated by a number of agencies, each with a distinct aspects and objectives to address which complicates its organization, regulatory and compliance aspects of the entire business value chain.

- **Lack of Supportive Infrastructure:** Supporting infrastructure in terms of all season road access, ginning facilities, reliable energy (electricity), storage facilities remains a challenge for the horticulture subsector

- **Lack of Accredited Laboratory for Testing and Analysis work**

Accredited laboratory are an essential component in the success of agri-business in ensuring that products meet the desired specifications, including safety standards, prior to export and or distribution to the market for public consumption. Testing by accredited laboratory also improves acceptance of the products.

- **Inputs**

In order for the agriculture sector and indeed the grape farming to prosper, inputs need to be available, affordable, accessible, of good quality and farmers must be able to properly utilize the inputs. Agriculture sector in Tanzania has been facing challenges in accessing appropriate inputs and in a timely manner. Where input has been accessed in many cases has been of poor quality or unaffordable to farmers. Farmers also lack knowledge on the applicability and the usage of input, which all lead to poor productivity.

- **Post-harvest Loss**

Post-harvest loss remains a major challenge to many horticulture producers in Tanzania and is attributed by a number of factors, including limited knowledge on post harvest control, prevention and reduction techniques, broken distribution/delivery channels, limited access to credit and financing, lack of efficiency and cost-effective in linking smallholder supply to buyers and poor infrastructure among other factors.

- **Access to Finance**

Access to financing is another challenge facing horticulture producers and particularly the smallholder farmers.

According to the FinScope Tanzania 2017 survey report, only 14% of the population received financial services from the commercial banks while 7% received such services from Microfinance Institutions and micro-lenders. These statistics demonstrates the limitation of financial access to the Tanzania population.

Lack of Market Access

African Journal of Economic Review, Volume IX, Issue II, April, 2021 only 4.2% of the farmers and 20% of the traders had access to credit in their grape farming /trading activities. All (100%) the farmers interviewed farmers in Dodoma had no reliable market for selling their grapes. About 63.3% of the traders reported unreliable market for their grapes.

This challenge is characterized by a number of reasons, including poor quality production, limited quantity, limited knowledge and information on available opportunities.

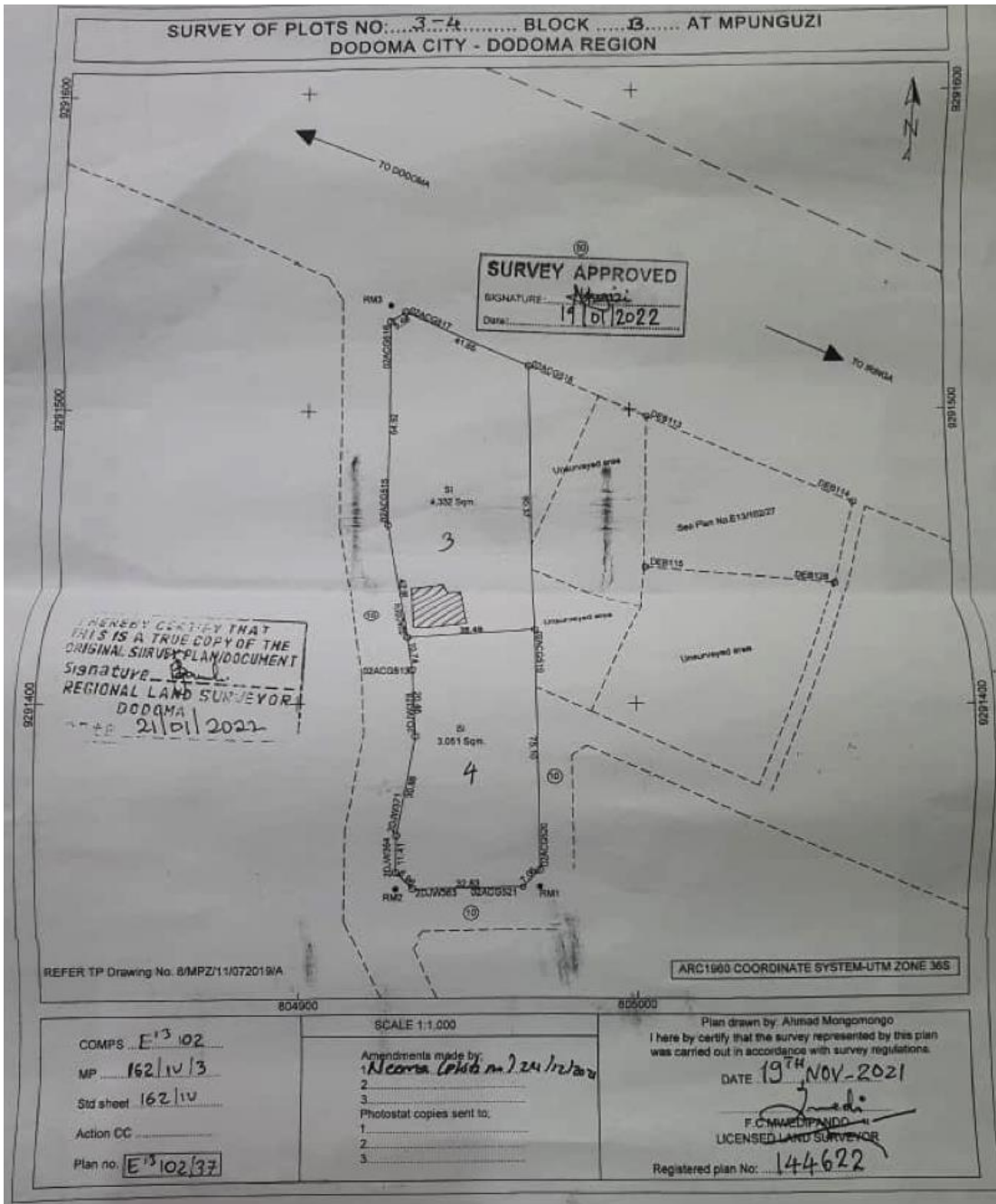
SECTION SIX: TECHNICAL ASPECTS OF THE PROJECT

6.1 Land and Buildings

This stage will involve carrying out development activities that will facilitate a proposed factory to operate. The Project also will require support facilities to make it operational, which will include:

- Administrative office,
- A warehouse,
- Workshops
- A strong room,
- A store house.
- Roam (sanitary accommodation)

The factory lay out and building images are outlined below:



Diag. 4: Site Plan



Diag. 5: Factory Impression

For full details of the facility see the attached architectural drawings.

6.2 Plant, Equipment and Machinery

The machinery and equipment for the proposed winery will include:

- Germinating boxes,
- Lauter tun
- Malt mills machines
- Accessories
- Head polisher
- Galvanizing equipment
- Compressor

-
- Surface grinder
 - Finest machine,
 - Crane
 - Brewing pan or Wort kettle
 - Whirlpool
 - Fermentation tank

6.3 Workshop Equipment and tools

The company will also order workshop equipment and tools as given below.

- forklift,
- lifting chains,
- Tool boxes,

6.4 Safety, Security and Communication Equipment

The company will also purchase safety, Security and Communication equipment as listed below.

- Fire Extinguishers,
- Fire Hoses,
- Fire Buckets,
- First Aid kits,
- Mobile Phones.

6.5 Consumables.

The company will further order consumable to enable factory operations smoothly conducted. These includes the following

- Tyres and tubes,
 - Fuels and oils,
 - Stationery
-

-
- Grapes
 - Packet for packaging

6.6 Furniture and Fittings

Furniture and fittings will be purchased for use at the factory site. The project expects to order the following items.

- Table and chairs,
- Safe and Cash Boxes,
- Air conditioners.

6.7 The Project Business Process

The operations of Carpe Vinum Company limited deal with the production of wine juice from raw grapes cultivated by out growers and locally available farmers i.e juice from grapes used to make wines, also there will be selling of grape juices to other wine producers, packing, distribution and supply and sale in and outside Tanzania and in particular, to act as main supplier and engage local and foreign agents for distributorship, supply and sale in market place. The grapes will be purchased from out growers and locally available famers.

6.7.1 Production of Wine

Malting

The first step in the production of wine is malting. Firstly the fresh barley and grapes gets soaked in water and put in the so-called germinating boxes to germinate. In this phase the enzymes (amylase) are formed which are needed for the starch separation. The germinating process is then interrupted at the optimal stage by the drying (kilning). The green malt is dried carefully at 80° Celsius and tastes

slightly sweet when dried. The malt sugar later serves to feed the yeast cultures, which then form the wine alcohol.

Fermentation

The seventh step in the wine making process is the alcoholic fermentation. This takes place in a fermentation tank where special brewing yeast is added. The yeast turns the malt sugar into alcohol and carbon dioxide. As soon as the malt sugar has fermented the yeast sinks and is collected. Depending on the type of yeast and the wort preparation used a top- or bottom-fermented wine is produced.

Storage

The eighth step in wine production is the storage. Young wine is stored anything from three weeks to three months in a storage tank at between 1 and 2° Celsius. A secondary fermentation takes place; remaining yeast particles and protein-tannin sink to the bottom. The wine becomes clear and acquires its characteristic colour.

Filtration

The ninth step in the wine production process is the filtration. At this last stage any substances still remaining after fermentation and secondary fermentation, such as yeast particles, hop resin and protein are extracted and the wine gets its final clear colour.

Filling

The tenth and final stage in the wine production process is the filling. Bottled wine and cans from Braeu am Berg are filled in the filling station Starzinger. The wine is filled using counter pressure to prevent any carbon dioxide from escaping. Barrels are filled directly in our brewery.

This project is also a link between local farmers grapes growers and outside market since it will be collecting raw grapes from local farmers from Dodoma, produce wine juice and sell locally and export for foreign market.

6.7.2 Production Capacities

The factory will have an installed capacity of 100 metric tons per season (or 100,000 liters of wine per season). For the purposes of this study, the projections has taken assumptions of 1,000,000 liters per annum utilization capacity which targets 6.6% of current annual grape productions.

SECTION SEVEN: MARKET ANALYSIS AND PLAN

7.1 An Overview of Wine market analysis.

Global Wine Market Size, Share & Trends Analysis Report by Type (Still Wine, Sparkling Wine, Dessert Wine, and Fortified Wine), by Distribution Channel (Online and Offline), Forecast Period 2019-2025.

The global wine market is estimated to grow at a CAGR of 3.7% during the forecast period. The wine industry valued at \$157.6 billion in 2018 and is estimated to reach \$201.2 billion in 2025. Health benefits and premiumization of wine products along with innovation in flavor and more advanced distribution networks across the globe are the major factors that drive the growth of the global wine market. The wine contains antioxidants that, when consumed, fight with free radicals to avoid diseases such as cancer. Additionally, the growing demand in emerging economies such as China and India are also contributing much in terms of demand and supply to the global wine market.

According to the Wine Institute of the US, the consumption of wine has been increased over the past 4 years from 919 million gallons in 2015 to 966 million gallons in 2018. However, the consumption of wine per individual has not seen a sharp increase. In 2015, the wine consumption per individual was 2.86 gallons and in 2018 the wine consumption per individual was 2.95 gallons. According to the World Health Organization, in 2016, wine holds 28% of share (in terms of volume) in the overall alcoholic beverage consumption across the globe. Barefoot, Concha Toro, Gallo, Changyu, Yello Tail, Sutter Home, Robert Mondavi, hardy's, Beringer, and Great Wall among others are the major wine brands across the globe this is due to it influence and impact in all world

Financial markets.

The prominent companies in the wine market are Constellation Brands, Treasury Wine Estates, and Accolade Wines. These market players adopt several strategies in order to stay competitive in the market. For instance, in April 2019, Bishop Cider had Launched Uncommon Wines, which is a woman-

powered 'session' wine in a can. This wine contains less than 5% of alcohol by volume, therefore, it is termed as a session beer to be produced across the globe for decades.

7.2 Tanzania Wine Subsector Overview

Tanzanian wine industry does not have much international recognition; however, it is the second largest producer of wine in Sub-Saharan Africa after South Africa. Compared to the rest of the world, the history of wine in Tanzania is very recent and dates back to just a few years before independence. Tanzania only has one major grape growing region and it is centered around the capital city Dodoma. The most common grape varieties in the region are Chenin Blanc, Syrah, Cabernet Sauvignon and a local variety named for a Dodoma sub-region, Makutupora. Initially wine production and grape growing was limited to missionaries, however, in 1969 the government entered the market with the formation of the Dodoma Wine company.

The wine crops are completely organic, grown without the use of pesticides. The only protective measure is the twice yearly spraying with copper sulphate. A small part of the land, where the most prized vines are grown, is leased to tenants directly by the company. The remaining part is subdivided into small, family-run vineyards. As well as the Teroldego and Marzemino varieties of grapes planted by the Italian missionary, Aglianico, Chardonnay and Chenin Blanc, are also grown. The present capacity of the cellar is 2000 hl per year, but this is expected to increase to 6000 hl in the next 3 years. After the official opening of Company in July 2005, intends to promote the development of the vineyards, thereby giving grape producers and Company the chance to grow and boost the local economy.

7.3 Demand and Supply of Grapes Tanzania Wine Subsector Overview

7.3.1 Global Overview

Globally demand of grapes demonstrated increasing trends whereby in 2016, there were 93 countries that collectively produced 77.4 million MT, which was a 0.8% increase in production compared to 2015 global production. The major grapes producing countries included China that led by 19.1%, Italy (10.6%), USA (9.2%), France (8.06%) and Spain (7.7%). The rest of the countries produced 45.34% of the total global production. However, in relation to regions, Europe is the largest grapes producing region in the world, accounting for more than 45% of the world grapes production. Africa has 10 countries engaged in grapes production which in 2016 produced 4.95 million MT or 6.4% of the total global production. South Africa lead by producing 2.01 million MT, Egypt 1.72 million MT, Algeria 0.54 million MT, Morocco 0.37 million MT, and Tunisia 0.134 million MT. Others are Madagascar 0.133 million MT, Libya 0.033 million MT, Ethiopia, Tanzania and Zimbabwe together accounting for 0.014 million MT. At global scale, South Africa is ranked 10 by producing 2.6% of the global production.

The major exporters of grapes are Chile, USA, and Italy while the top importing countries are the UK, Germany, the Netherlands, and the USA. During 2016, the top three grape importing countries of Europe were UK, Germany, and the Netherlands, who collectively imported 25% of the total global grape traded in the world. The USA is the largest importer of grapes in the world, accounting for 16.4% of the total world imports.

The amount of grapes imported worldwide during 2017 increased by 4.4million MT which was an increase of 7% against the previous year level. The total import volume increased at an average annual rate of +2.1% from 2007 to 2017; the trend pattern remained relatively stable, with somewhat noticeable fluctuations being observed over the 10 years period. In value terms, grape imports stood at USD \$9 billion in 2017. The total import value increased at an average annual rate of +4.0% from 2007 to 2017; however, the trend pattern indicated some noticeable fluctuations over the period. Grape imports attained its maximum level in 2017, and is predicted that likely there will

be steady growth in the future.

7.3.2 Grapes Production Trend in Tanzania

Since 1969 to 2018, total of 393,182 Tons were produced with notable fluctuated growth trends over the period. Production in 1969 was 419 Tons and steadily grew to 16,000 Tons in 1995 and dropped to 13,000 Tons in 1999 and bounced back to 16,000 Tons in 2003. From 2003 production dropped to 5,093 in 2015 and increased to 15,019 Tons in 2018. There are a total of 2,704 farmers engaged in production with total farm size of 2,079 acres.

According to the study conducted by Lutheran World Relief Services indicates that from 2013/14 to 2017/18 total production recorded in Dodoma was 36,183.00 Tons while cumulatively acreage was 12,145.00 acres. The assessment conducted in this study of farmer categories indicated about 34% of the producers own between 1/2 to 2 acres, 62.9% own between 2 to 5 acres and those owning above 5 acres are 31%.

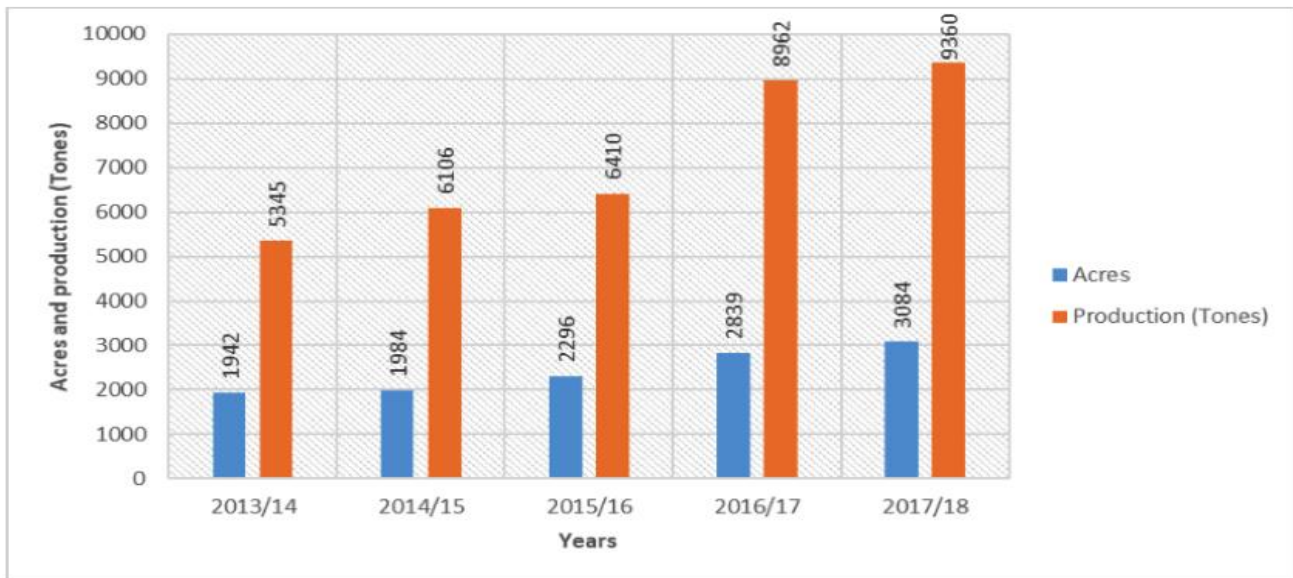


Figure 3: Grape Production Trend in Dodoma City Council for Five Years from 2013/14 to 2017/18

7.3.4 Exports

Tanzania is ranked 77th out of 93 countries in global production and its share to global production is insignificant. From 2013 to 2016 exports of grapes and wine products was worthy TZS 320.36 million. Destinations were nine countries of which eight of them were from Africa that imported grapes products worth TZS 294.02 million, which was 92% of the total exports. The only destination outside Africa was United Kingdom.

7.3.5 Imports

Tanzania imports substantial amount of grape products particularly wine and spirits made from grapes.

From 2013 to 2017 imports were 20,858 Tons worth TZS 329.69 billion. The imports were from several countries in Europe, Asia, America, Africa and Arab Countries. The spread of the imports indicates that Tanzania is a destination of many exporters.

Table 3: Imports of wine and other grapes products

Year	Volume in (Net Kgs)	Customs Value (TZS)
2013	7,581,547	27,790,132,060
2014	4,628,382	14,271,246,705
2015	4,133,388	11,847,914,663
2016	4,769,919	13,364,765,394
2017	3,744,522	12,292,507,223
Total	20,857,785	329,677,766,045

Source: Tanzania Revenue Authority (TRA)

7.3.6 Competition Analysis

The competition analysis is examining both the market and raw materials aspects of the value chain. Dodoma City Council have a total of known seven processors and other microprocessors with a total capacity of processing 3,535 tons (table 6 below) equivalent of processing a total amount of 5,767 tons of grapes per year. The table below outlines the competitors and their capacity:

Table 4: Competitors

Producers/Competitors	Capacity (in Liters)
Central Tanganyika Wine Company (CETAWICO)	1,500,000
ALKO Vitage Co Ltd	
Bihawana Winery Company	60,000
Miyuji Precious Blood Winery	
Veyula Mission Winery	60,000
Agricultural Marketing Cooperative Society (UWAZAMAM)	
Dane Holding Company	500,000
Small Holders Processors	
TOTAL	3,535,000

7.4 Internal Environmental Scan Analysis

An Internal Environment Assessment focused on determining how well Company's resources, which include physical, human, technology and financial as well as systems and procedures are deployed to implement its operations and how such will translate to optimization of the business. An assessment of the internal environment was carried out during the development of this business plan whereby strengths, weaknesses, opportunities and threats (SWOT) analysis was conducted on the business.

The following is a brief summary of opportunities, threats, strengths and weaknesses analysis:

STRENGTHS:

- ✓ Geographically located close to the nucleus of raw material production
- ✓ Existing government policies and support
- ✓ Existing infrastructure and expertise
- ✓ Appropriate management and Governance structure in place (Board and Executive Management).

WEAKNESSES:

- Overdependence local farmers with limited acreage
- Project dependent on external financing

OPPORTUNITIES:

- Ample export and local demand that provide expansion opportunities.
 - Scope to diversify into related market segments (juices)
 - Existing laws, policies, guidelines that assures sustainability of the business
-

THREATS:

- Commodities price may be subject to volatility against the global prices
- Market segments growth could attract major competition with limitation in raw material
- Constant changing agriculture policies

SECTION EIGHT: PROJECT RISK ASSESSMENT

8.1 Business Risk Assessment

The risk assessment of the business has been conducted to assist the management and financiers to gauge the level of risk the business may be currently exposed to or may be facing in future and to provide appropriate mitigation measures to address the identified risks. On the basis of the identified potential project risks, risk levels, likelihood of occurrence and mitigations have been provided. It is observed that the project is exposed to the following potential risks:

Poor grape farming practices result in suboptimal yields	Use of non-certified seeds and late harvesting.
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Price volatility

Price volatility is a key market risk in the commodity business where international and domestic price changes are triggered by a number of factors including local, regional and international demand, drought, change in regulatory framework and such factors.

There are no known national or local interventions / mechanisms to mitigate the impact of international price volatility on producer prices. Equally, there is no price stabilization and no stable price-setting system. Price instability is therefore considered a threat to the export business of the Company.

Inadequate input supply chain leads to lower yields	This is considered a threat in the sense that lower yields have a direct impact to the availability of grapes required for winery
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processing. Inadequate input also leads to poor grape quality. The Government through the Prime Minister has in July 2021 directed all municipalities within Dodoma Region to establish nurseries to address this challenge.

- **Post-Harvest Loss:** Statistics from FAO (2017), on post-harvest risk in Tanzania indicates that farmers incur losses of up to 30% of production from post-harvest loss and the retained produce are of low quality. This risk is mitigated through appropriate quality management strategy, including but not limited to automation of production and business processes and long-term marketing agreement that guarantees market of all produce from the Project.
 - **Regulatory Risks:** Although these risks do not necessarily manifest themselves in the form of catastrophic shocks to agriculture, they are identified as the main drivers of agricultural GDP volatility that cause stakeholders income instability. This risk is mitigated through policy advocacy with the government, and compliance and timely response to any new regulatory/policy framework that is perceived to cause impact to the business.
-

SECTION NINE: FINANCIAL ANALYSIS

9.1. Basic Assumptions

Assumptions used in the financial projections have been developed prudently and with great care to reflect the realistic scenarios of the current market with future market adjustments in mind and are aimed at deriving the most realistic financial presentations with limited error margins.

9.1.1 Revenue Assumptions

The revenue of the project will be generated solely from the sale of wine juice. The project utilization capacity has been conservatively projected to allow building capacity and availability of raw material through contracted outgrowers.

The table below provides the basis of revenue and cost assumption for the proposed development.

Table 5: Revenue Generating Activities

	Item	Rate per Month	
1	Wine Production per annum	550,000	Tons
2	1 Ton of Grapes Produces	606	Liters
3	Annual Production in Liters	333,300	Liters
4	Price per litter (Wholesale)	5,700	TZS/Litter
5	Other By products	-	TZS/Litter
6	Price (Other Byproducts	-	TZS/Litter
7	Financing cost	10%	Per annum
8	Loan Tenor	7	Years

9.1.2 Cost Assumptions

Operating cost assumptions for the Project has been based on the industry costs and current stipulated regulatory costs such taxes. The table below outlines the cost assumptions

Table 6: Cost Assumptions

Cost Item	Assumptions
Repairs & Maintenance (Buildings)	2.00% Buildings & Civil works
Insurance	0.050% Investement cost
Security & Fire Brigade Services	350,000 TZS/month
Water Bills	150,000 TZS/month
Land Rent	550,000 TZS/month
Fumigation Expenses	500,000 TZS/p.a.
Purchase of Raw Materials	30 TZS/KG (1,000,000 Kg)
Bags and packaging	13,000000 TZS/p.a
Transportation (Grapes to Factory)	15 TZS/Kg
Distribution Costs	Lumpsum
Adverts & Promotion	0.10% Income
Heat Lighting & Power	450,000 TZS/Month
Repairs & Maintenance (Machinery & MV)	5.00% Costs
Municipal Taxes	0.50% Income
Property Tax	0.20% Investement cost
Salaries and Wages (inc statories)	15.00% of Operating Costs
Miscellaneous	3.00% of Operating Costs

9.2 Capital Cost and Financing Plan

9.2.1 Capital Cost

The capital cost estimates for the proposed project estimates that the development of Project will cost

about **TZS 909,824,400.00** which is proposed to be financed through a combination of debt and equity. The Promoters have already made significant investments to the Project including land acquisition, building construction and parameter wall construction.

9.2.2 Financing Plan

The proposed development will be financed through a combination of debt and equity as demonstrated by the table below:

Table 7: Financing Plan

S/No	Particulars	%	Cost (TZS)
1	Equity	31.25%	284,320,125
2	Term Loan	68.75%	625,504,275
	Total	100%	909,824,400
EQUITY CONTRIBUTION			
	Land and Building (Existing as per Evaluation)		160,000,000
	Architectural Drawings		18,800,000
	Consultancy fee (Architectural, Engineering & Related)		11,000,000
	Preparation of Feasibility Study		17,500,000
	Legal fees		12,000,000
	Valuations (Property)		5,000,000
	Travel and Accomodation		5,000,000
	Building permits		2,500,000
	Furniture, Fittings & Others		2,500,000
	Computers		5,500,000
	Printer		1,500,000
	Routers and other network equipment		550,000
	Generator Set		10,000,000
	Transport and Installation (machinery)		11,500,000
	Arrangers Fee		20,000,000
			283,350,000

The Project is therefore seeking to raise a debt of **TZS 625,504,275.00** to facilitate the implementation of the Project, including working capital.

9.3 Revenue Projection

The project is expected to generate substantial revenue from its operations, to sustain itself from the first year of commercial operations.

The estimated annual revenues adequately cover the operating costs of the project including servicing of financing obligations.

Annex 2 of the of this documents details the Projected Revenues

9.4 Profitability Analysis

The projected profit and loss accounts of the project indicate a profit after tax from year one of the operation.

The ability of the project to continue making profit and servicing the debt without causing any cashflow constrains to the operations of the business confirms the high value of the project and its ability to generate revenue and indeed its viability.

Details of the project profitability are annexed under **Annex 5** of this report.

9.5 Projected cash flow statement

The overall projected cash flow statement of the project is given as **Annexure 6**. As evident the project will have comfortable levels of cash position to pay of the maturing obligations as scheduled.

9.6 Projected Balance Sheet

The projected balance sheet indicates a sustained healthy state of affair with liabilities adequately covered by net assets throughout the projected period.

The project balance sheet of the project during the projected period is given as Annexure 8.

9.7 Facility Repayment Schedule

The project interest and principal repayment schedule of the proposed loan is given as Annexure 4. The repayment schedule demonstrated a positive Debt Service Coverage Ratio (DSCR) through out of facility tenure with an average DSCR of 12.79%.

9.8 Key Financial Indicators

The key financial indicators of the project are given in as **Annexure 9**.

The Project has an estimated Payback period of **7** years and will generate an Internal Rate of Return (IRR) of **26.75%** against the borrowing cost of 10%.

SECTION TEN: COLLATERAL

The funding advanced to the Project will be secured through existing land and buildings and additional security will be added as the new buildings are finalized and new machinery are installed. The Promoters are also seeking guarantee from PASS Trust to secure any security deficiency during the implementation of the Project.

SECTION ELEVEN: CONCLUSION

Review of proposed business has demonstrated a profitable and sustainable business with tremendous growth potential.

While it is evident that the COVID 19 Pandemic has disrupted the hospitality business which is one of the main consumers of wine, it is also evident that the hospitality sector and the general business is picking up. The ongoing global vaccination campaign is notable yielding results with reduced infections and opening up of travel restrictions.

Equally, the proposed business has proved to be support by a robust market segment as evidenced by the statistics provided in this report. The ongoing aggressive government measures to revive and support the grape production in Tanzania will further complement the improved production, which is essential for raw quality material.

The review on the business risk has demonstrated minimal and manageable risks with mitigation procedures mapped out to control and or eliminate the foreseeable potential risks, further guaranteeing the sustainability of the business.

On the basis of the review undertaken, the Project is highly recommended for financing and implementation

SECTION TWELVE: FINANCIAL PROJECTIONS

ANNEX 1 - INVESTMENT COST		
EUR TZS Exchange Rate 1: 2,736 (as at 14/08/2021)		
USD TZS Exchange Rate 1:2300		
	<u>TZS/m2</u>	<u>TOTAL TZS</u>
Land and Building (Existing as per Evaluation)	-	160,000,000
Land and Buildings	-	160,000,000
Construction and Civil Work		
Buildings (Factory Buildings as per BOQs)		110,000,000
Contingency (of Construction & Civil work)		3,300,000
Consultancy fee (Architectural, Engineering & Related)		11,000,000
Construction & Civil Work		124,300,000
ADD: VAT (Construction & Civil Work)		22,374,000
Construction, Civil Work & VAT		146,674,000
Genset (50KV)		10,000,000
Machinery (Winery Equipment)		-
Membrane press		46,150,400
Destemeter/Crusher		22,000,000
Rubber Impeller Pump		6,750,000
Mono Pump		16,000,000
Fermentation Tank		2,400,000
Everful tank		14,400,000
Stainless Steel Tank		204,000,000
Transport and Installation		11,500,000
Machinery & Genset		333,200,400
Furniture, Fittings & Others		2,500,000
Computers	3	5,500,000
Printer	1	1,500,000
Routers and other network equipment		550,000
Packaging Materials		10,000,000
Furniture & Fittings & Others		17,550,000
Pre Operating Expenses		
Architectural Drawings		18,800,000
Preparation of Feasibility Study		17,500,000
Legal fees		12,000,000
Valuations (Property)		5,000,000
Travel and Accommodation		5,000,000
Building permits		2,500,000
Pre Operating Expenses		60,800,000
Arrangers Fee		20,000,000
Pre Operating Expenses & Other Costs		141,600,000
Working Capital		30,000,000
TOTAL		909,824,400

ANNEX 2 -Projected Revenue												
S/No	Particulars	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
	Wine Sales	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000
	Other Byproducts	-	-	-	-	-	-	-	-	-	-	-
	OVRALL REVENUE	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000

Annex 3 Operating Cost Schedule		Grapes per Kg (TZS)	30										
		Annual Grape (Kg)	1,000,000										
		Utilization capacity	75%										
Cost Item	Assumptions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
Repairs & Maintenance (Buildings)	2.00% Buildings & Civil works	2,486,000	2,486,000	2,486,000	2,486,000	2,486,000	2,486,000	2,486,000	2,486,000	2,486,000	2,486,000	2,486,000	
Insurance	0.050% Investment cost	454,912	454,912	454,912	454,912	454,912	454,912	454,912	454,912	454,912	454,912	454,912	
Security & Fire Brigade Services	350,000 TZS/month	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	
Water Bills	150,000 TZS/month	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	
Land Rent	550,000 TZS/month	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	
Fumigation Expenses	500,000 TZS/p.a.	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	
Purchase of Raw Materials	30 TZS/KG (1,000,000 Kg)	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	
Bags and packaging	13,000,000 TZS/p.a	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000	
Transportation (Grapes to Factory)	15 TZS/Kg	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	
Distribution Costs	Lumpsum	10,000,000	10,000,000	10,000,000									
Adverts & Promotion	0.10% Income	1,899,810	1,899,810	1,899,810	1,899,810	1,899,810	1,899,810	1,899,810	1,899,810	1,899,810	1,899,810	1,899,810	
Heat Lighting & Power	450,000 TZS/Month	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000	
Repairs & Maintenance (Machinery & MV)	5.00% Costs	16,660,020	16,660,020	16,660,020	16,660,020	16,660,020	16,660,020	16,660,020	16,660,020	16,660,020	16,660,020	16,660,020	
Municipal Taxes	0.50% Income	9,499,050	9,499,050	9,499,050	9,499,050	9,499,050	9,499,050	9,499,050	9,499,050	9,499,050	9,499,050	9,499,050	
Property Tax	0.20% Investment cost	1,819,649	1,819,649	1,819,649	1,819,649	1,819,649	1,819,649	1,819,649	1,819,649	1,819,649	1,819,649	1,819,649	
Salaries and Wages (inc statories)	15.00% of Operating Costs	15,040,416	15,040,416	15,040,416	15,040,416	15,040,416	15,040,416	15,040,416	15,040,416	15,040,416	15,040,416	15,040,416	
Miscellaneous	3.00% of Operating Costs	3,459,295.71	3,459,296	3,459,296	3,459,296	3,459,296	3,459,296	3,459,296	3,459,296	3,459,296	3,459,296	3,459,296	
TOTAL OPERATING COSTS		118,769,153	118,769,153	118,769,153	108,769,153	108,769,153	108,769,153	108,769,153	108,769,153	108,769,153	108,769,153	108,769,153	

ANNEX 4 - Loan Repayment and Debt Service Coverage ratio

Particulars	Tenor (Yrs)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Bank Term Loan-I											
Interest Rate		10.0% p.a.									
Opening Balance		-	625,504,275	625,504,275	536,146,521	446,788,768	357,431,014	268,073,261	178,715,507	89,357,754	
Drawdowns		625,504,275									
Interest			62,550,428	58,082,540	49,146,764	40,210,989	31,275,214	22,339,438	13,403,663	4,467,888	
Principal Repayment	7	-	-	89,357,754	89,357,754	89,357,754	89,357,754	89,357,754	89,357,754	89,357,754	
Balance		625,504,275	625,504,275	536,146,521	446,788,768	357,431,014	268,073,261	178,715,507	89,357,754	0	-
Total Loan Commitments		-	62,550,428	147,440,293	138,504,518	129,568,743	120,632,967	111,697,192	102,761,417	93,825,641	-

Debt Service Coverage Ratio

Particulars	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Profit B.D.I	1,608,093,161	1,613,736,656	1,950,798,828	1,620,567,385	1,619,233,372	1,619,233,372	1,617,952,008	1,616,716,952	1,614,364,151	1,613,683,994	1,611,936,762
Interest Dues	0	62,550,428	58,082,540	49,146,764	40,210,989	31,275,214	22,339,438	13,403,663	4,467,888	0	0
Principal Repayment	0	89,357,754	89,357,754	89,357,754	89,357,754	89,357,754	89,357,754	89,357,754	89,357,754	0	0
Total Repayment	0	151,908,181	147,440,293	138,504,518	129,568,743	120,632,967	111,697,192	102,761,417		0	
Debt Service Coverage Ratio	10.62	10.62	13.23	11.70	12.50	13.42	14.49	15.73			
Average DSCR	12.79										

**Annex 5
Fixed Assets And Depreciation Schedule**

Capital Allowances	Rate	Tax Code
Land	0.0%	Income Tax Act Cap 340
Buildings	10.0%	Income Tax Act Cap 340
Plant & Machinery	12.5%	Income Tax Act Cap 340
Furniture and Equipment	12.5%	Income Tax Act Cap 340

Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
Buildings	<i>Rate</i>											
Opening Balance		146,674,000	132,006,600	118,805,940	106,925,346	96,232,811	86,609,530	77,948,577	70,153,720	63,138,348	56,824,513	51,142,062
Additions		-	-	-	-	-	-	-	-	-	-	-
Depreciation	10.00%	14,667,400	13,200,660	11,880,594	10,692,535	9,623,281	8,660,953	7,794,858	7,015,372	6,313,835	5,682,451	5,114,206
Closing Balance		132,006,600	118,805,940	106,925,346	96,232,811	86,609,530	77,948,577	70,153,720	63,138,348	56,824,513	51,142,062	46,027,855
Motor Vehicles												
Opening Balance		-	-	-	-	-	-	-	-	-	-	-
Additions		-	-	-	-	-	-	-	-	-	-	-
Depreciation	12.50%	-	-	-	-	-	-	-	-	-	-	-
Closing Balance		-	-	-	-	-	-	-	-	-	-	-
Genset												
Opening Balance		333,200,400.00	291,550,350	255,106,556	223,218,237	209,267,097	183,108,710	160,220,121	140,192,606	122,668,530	107,334,964	93,918,093
Additions		-	-	-	-	-	-	-	-	-	-	-
Depreciation	12.50%	41,650,050.00	36,443,794	31,888,320	28,139,514	26,158,387	22,888,589	20,027,515	17,524,076	15,333,566	13,416,870	11,739,762
Closing Balance		291,550,350	255,106,556	223,218,237	209,267,097	183,108,710	160,220,121	140,192,606	122,668,530	107,334,964	93,918,093	82,178,332
Furniture												
Opening Balance		17,550,000	15,356,250	13,436,719	11,757,129	11,022,308	9,644,520	8,438,955	7,384,085	6,461,075	5,653,440	4,946,760
Additions		0	-	-	-	-	-	-	-	-	-	-
Depreciation	12.50%	2,193,750	1,919,531	1,679,590	1,473,821	1,377,789	1,205,565	1,054,869	923,011	807,634	706,680	618,345
Closing Balance		15,356,250	13,436,719	11,757,129	11,022,308	9,644,520	8,438,955	7,384,085	6,461,075	5,653,440	4,946,760	4,328,415
Totals:												
Opening Balance		497,424,400	438,913,200	387,349,215	341,900,712	316,522,217	279,362,760	246,607,653	217,730,411	192,267,953	169,812,917	150,006,915
Additions		-	-	-	-	-	-	-	-	-	-	-
Depreciation		58,511,200	51,563,985	45,448,503	25,378,495	37,159,457	32,755,107	28,877,242	25,462,458	22,455,035	19,806,002	17,472,313
Closing Balance		438,913,200	387,349,215	341,900,712	316,522,217	279,362,760	246,607,653	217,730,411	192,267,953	169,812,917	150,006,915	132,534,602

ANNEX 6 - Projected Cash Flow Statement

Sl No	Particulars	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
I	Sources:											
1	Equity - CASH	284,320,125										
	- NON CASH											
2	Bank Loan	625,504,275										
3	Revenues		1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000
4	Total Sources	909,824,400	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000
II	Applications:											
1	Capital expenditure	387,349,215										
2	Change in Net Operating Capital		55,894,083			783,333						
3	Taxation		167,304,192	169,757,981	170,473,463	171,807,475	173,088,839	174,323,895	175,518,215	176,676,696	177,356,853	
4	Principal Repayment- Bank loan			89,357,754	89,357,754	89,357,754	89,357,754	89,357,754	89,357,754	89,357,754		
5	Interest Payment - Bank loan		62,550,428	58,082,540	49,146,764	40,210,989	31,275,214	22,339,438	13,403,663	4,467,888		
6	Dividends		451,721,317	458,346,549	460,278,349	463,880,183	467,339,866	470,674,517	473,899,180	477,027,079	478,863,504	
	Other Preoperative expenses											
7	Operating expenses		118,769,153	118,769,153	108,769,153	108,769,153	108,769,153	108,769,153	108,769,153	108,769,153	108,769,153	108,769,153
8	Total Applications	387,349,215	856,239,172	894,313,977	878,025,482	874,808,887	869,830,825	865,464,756	860,947,964	856,298,568	764,989,511	108,769,153
III	Surplus (Deficit)	522,475,185	1,043,570,828	1,005,496,023	1,021,784,518	1,025,001,113	1,029,979,175	1,034,345,244	1,038,862,036	1,043,511,432	1,134,820,489	1,791,040,847
IV	Opening Balance		522,475,185	1,566,046,013	2,571,542,036	3,593,326,553	4,618,327,666	5,648,306,842	6,682,652,085	7,721,514,121	8,765,025,552	9,899,846,042
V	Closing Balance	522,475,185	1,566,046,013	2,571,542,036	3,593,326,553	4,618,327,666	5,648,306,842	6,682,652,085	7,721,514,121	8,765,025,552	9,899,846,042	11,690,886,889

ANNEX 7 - Projected Profit And Loss Statement

S/No	Particulars	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
I	INCOME											
1	Income From Sale of Wine and Wine Products	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000
3	Total Revenue	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000	1,899,810,000
II	EXPENSES											
1	Operating expenses	118,769,153	118,769,153	118,769,153	108,769,153	108,769,153	108,769,153	108,769,153	108,769,153	108,769,153	108,769,153	108,769,153
2	Profit/(Loss) bfr. Depr. Inter. & Tax	1,781,040,847	1,781,040,847	1,781,040,847	1,791,040,847	1,791,040,847	1,791,040,847	1,791,040,847	1,791,040,847	1,791,040,847	1,791,040,847	1,791,040,847
3	Depreciation	51,563,985	45,448,503	25,378,495	37,159,457	32,755,107	28,877,242	25,462,458	22,455,035	19,806,002	17,472,313	
4	Profit/(loss) bfr. Inter. & Tax	1,729,476,862	1,735,592,344	1,755,662,352	1,753,881,390	1,758,285,740	1,762,163,605	1,765,578,389	1,768,585,812	1,771,234,845	1,773,568,534	1,791,040,847
5	Interest charges	-	62,550,428	58,082,540	49,146,764	40,210,989	31,275,214	22,339,438	13,403,663	4,467,888	-	-
7	Profit/(Loss) bfr. Tax	1,729,476,862	1,673,041,916	1,697,579,812	1,704,734,626	1,718,074,751	1,730,888,391	1,743,238,950	1,755,182,149	1,766,766,958	1,773,568,534	1,791,040,847
8	Provision for Taxation - 10%	172,947,686	167,304,192	169,757,981	170,473,463	171,807,475	173,088,839	174,323,895	175,518,215	176,676,696	177,356,853	179,104,085
9	Profit/(Loss) after Tax	1,556,529,176	1,505,737,725	1,527,821,831	1,534,261,163	1,546,267,276	1,557,799,552	1,568,915,055	1,579,663,934	1,590,090,262	1,596,211,681	1,611,936,762
10	Dividend 30%	466,958,753	451,721,317	458,346,549	460,278,349	463,880,183	467,339,866	470,674,517	473,899,180	477,027,079	478,863,504	483,581,029
11	Retained Income	1,089,570,423	1,054,016,407	1,069,475,282	1,073,982,814	1,082,387,093	1,090,459,686	1,098,240,539	1,105,764,754	1,113,063,183	1,117,348,177	1,128,355,734
III	Cumulative Retained Rncome	1,089,570,423	2,143,586,830	3,213,062,112	4,287,044,926	5,369,432,020	6,459,891,706	7,558,132,245	8,663,896,999	9,776,960,182	10,894,308,359	12,022,664,092
	Available Reserves	1,089,570,423	2,143,586,830	3,213,062,112	4,287,044,926	5,369,432,020	6,459,891,706	7,558,132,245	8,663,896,999	9,776,960,182	10,894,308,359	12,022,664,092
V	Net margins	82%	79%	80%	81%	81%	82%	83%	83%	84%	84%	85%

ANNEX 8 - Projected Balance Sheet

<u>Particulars</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>
<u>ASSETS</u>											
Net Fixed Assets	387,349,215	341,900,712	316,522,217	279,362,760	246,607,653	217,730,411	192,267,953	169,812,917	150,006,915	132,534,602	
Current Assets:											
Cash	522,475,185	1,566,046,013	2,571,542,036	3,593,326,553	4,618,327,666	5,648,306,842	6,682,652,085	7,721,514,121	8,765,025,552	9,899,846,042	11,690,886,889
Other current assets		96,088,435	96,088,435	96,013,435	96,013,435	96,013,435	96,013,435	96,013,435	96,013,435	96,013,435	96,013,435
Total Current Assets	522,475,185	1,662,134,448	2,667,630,471	3,689,339,989	4,714,341,102	5,744,320,277	6,778,665,520	7,817,527,556	8,861,038,987	9,995,859,477	11,786,900,324
Current Liabilities:											
Current liabilities		40,194,352	40,194,352	39,336,019	39,336,019	39,336,019	39,336,019	39,336,019	39,336,019	39,336,019	39,336,019
Total Current Liabilities		40,194,352	40,194,352	39,336,019	39,336,019	39,336,019	39,336,019	39,336,019	39,336,019	39,336,019	39,336,019
Net Current Assets	522,475,185	1,621,940,096	2,627,436,119	3,650,003,970	4,675,005,083	5,704,984,258	6,739,329,501	7,778,191,537	8,821,702,968	9,956,523,458	11,747,564,305
Pre Operative Expenses											
Total Assets	909,824,400	1,963,840,807	2,943,958,335	3,929,366,730	4,921,612,736	5,922,714,669	6,931,597,454	7,948,004,454	8,971,709,884	10,089,058,060	11,747,564,305
<u>LIABILITIES</u>											
Shareholder's Equity	284,320,125	284,320,125	284,320,125	284,320,125	284,320,125	284,320,125	284,320,125	284,320,125	284,320,125	284,320,125	284,320,125
Accumulated Profits		1,054,016,407	2,123,491,689	3,197,474,503	4,279,861,597	5,370,321,283	6,468,561,822	7,574,326,576	8,687,389,759	9,804,737,935	10,933,093,669
Term loan	625,504,275	625,504,275	536,146,521	446,788,768	357,431,014	268,073,261	178,715,507	89,357,754	0		
Total Liabilities	909,824,400	1,963,840,807	2,943,958,335	3,928,583,396	4,921,612,736	5,922,714,669	6,931,597,454	7,948,004,454	8,971,709,884	10,089,058,060	11,217,413,794

ANNEX 9

Key Financial Indicators

Particulars	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Cash InFlows:											
Profit B.D.I.T	1,781,040,847	1,781,040,847	1,781,040,847	1,781,040,847	1,791,040,847	1,791,040,847	1,791,040,847	1,791,040,847	1,791,040,847	1,791,040,847	1,791,040,847
Salvage Value											424,110,728
Total InFlow	1,781,040,847	1,781,040,847	1,781,040,847	1,781,040,847	1,791,040,847	1,791,040,847	1,791,040,847	1,791,040,847	1,791,040,847	1,791,040,847	2,215,151,575
Cash OutFlows:											
Capital Investments	909,824,400	-									
Net change in Operating Expenses	-	55,894,083	-	-	783,333	-	-	-	-	-	-
Total OutFlow	909,824,400	55,894,083	-	-	783,333	-	-	-	-	-	-
Net InFlow/(OutFlow)	871,216,447	1,725,146,764	1,781,040,847	1,781,040,847	1,790,257,514	1,791,040,847	1,791,040,847	1,791,040,847	1,791,040,847	1,791,040,847	2,215,151,575
WACC	10.00%										
Internal Rate of Return (IRR)	26.75%										
Net Present Value	10,876,076,197										

13.0 INCORPORATION CERTIFICATES

	TANZANIA	C.I 
Certificate of Incorporation of a Company Section 15 No: 151996817 I HEREBY CERTIFY THAT CARPE VINUM COMPANY LIMITED is this day incorporated under the Companies Act, 2002 and that the Company is Limited. GIVEN under my hand at Dar es Salaam this 20 th day of MAY TWO THOUSAND AND TWENTY ONE.		
	 PRINC ASST. REGISTRAR OF COMPANIES	

LESENI YA BIASHARA

B

3804266

(Imetolewa chini ya Sheria ya Leseni za Biashara Na. 25 ya Mwaka 1972 marekebisho ya mwaka 1980 na masharti yaliyo nyuma)

*Futa isiyotakiwa.

1. Ofisi iliyotolewa HIJJI LA DODOMA
2. Nambari ya Ushuru wa mapato TIN-151-996-817
3. Leseni imetolewa kwa GARPE VINUM COMPANY LIMITED
kuendesha biashara ya KUTENGENEZA NA KUZA WINE
katika Wilaya/Kanda* ya DODOMA(M) Mtaa MPUNGUZIB
MPUNGUZI
4. Ni ya Shina/Tawi*
Ada Sh. 10/000 Nambari ya Stakabadhi 640116
ya tarehe 18/08/2021
5. Mpya inaendeleza* muda wa Leseni Na. MPYA
ya tarehe 18/08/2021

(ii) Muda wa leseni hii utaishia 17/08/2022 30 Juni 20 22

Tarehe

19/08/2021

ADA 100000
FOMU 1000

Sahiti na Muhuri wa Mtoaji Leseni



iP-Dsm

TIN:



TANZANIA REVENUE AUTHORITY

**CERTIFICATE OF REGISTRATION
FOR
TAXPAYER IDENTIFICATION NUMBER (TIN)**
(ISSUED UNDER SECTION 23 OF THE TAX ADMINISTRATION ACT 2015)

THIS IS TO CERTIFY THAT
CARPE VINUM COMPANY LIMITED

HAS BEEN REGISTERED WITH THE TANZANIA REVENUE AUTHORITY
AND ASSIGNED THE TAXPAYER IDENTIFICATION NUMBER
151-996-817

WITH EFFECT FROM: **20 May 2021**

TRA LOCATION: **DODOMA** TAX OFFICE: **DODOMA**

PHYSICAL LOCATION:


STREET / AREA: **NEAR DANE WINE INDUSTRIES**


ABDUL Y. MAPEMBE

OFFICIAL SEAL **AG. COMMISSIONER FOR DOMESTIC REVENUE**

NOTE: THE REQUIREMENTS UNDER WHICH THIS CERTIFICATE IS ISSUED ARE STATED OVERLEAF

14.0 INVOICES

Copy Quotation		Date: 11/02/2022	Page 1		QUA10006												
		Bacchus Africa Limited Plot No. 66/1 Block No. W/A Kiwata Dodoma TIN No: 152-367-724															
		Bill To: MAV001 ANTHONY MAVUNDE DODOMA TANZANIA		Ship To:													
Due By Sales Code Payment Terms: 0 days		Your Reference ANTHONY Tax Reference Tax Exempt N		Incl/Excl Exclusive													
Code	Description	Qty	Unit	Unit Price	Disc%	Tax	Nett Price										
ENOVMSC	ENOVENETA MEMBRANE PRESS MODEL PPA 9	1	EACH	46,150,40 0		0.00%	TSh46,150,400										
ENOVMSC	ENOVENETA DESTEMMER/CRUSHER MODEL TEMA 1	1	EACH	22,000,00 0		0.00%	TSh22,000,000										
ENOVMSC	ENOVENETA RUBBER IMPELLER PUMP MODEL T40 WITH ELECTRICAL INVERTER	1	EACH	6,750,000		0.00%	TSh6,750,000										
ENOVMSC	PLATINUM MONOPUMP WITH S/S HOPPER FOR GRAPE MASH	1	EACH	16,200,00 0		0.00%	TSh16,200,000										
ENOITMSC	V1500 FERMENTATION TANK	2	EACH	1,200,000		0.00%	TSh2,400,000										
ENOITMSC	V1500 EVERFULL TANK	5	EACH	2,800,000		0.00%	TSh14,000,000										
ENOITMSC	10 000L STAINLESS STEEL TANK	10	EACH	20,400,00 0		0.00%	TSh204,000,000										
PAYMENT TERMS: 50% ON ORDER 50% BEFORE SHIPMENT PRICES EX-FACTORY, ITALY COST OF FREIGHT TO BE DISCUSSED																	
Bank: NBC BANK Account number: 02910000427 Branch: DODOMA				<table border="1"> <tr> <td>Sub Total</td> <td>TSh311,500,40 0</td> </tr> <tr> <td>Discount @ 0.00%</td> <td>TSh0</td> </tr> <tr> <td>Amount Excl Tax</td> <td>TSh311,500,40 0</td> </tr> <tr> <td>Tax</td> <td>TSh0</td> </tr> <tr> <td>Total</td> <td>TSh311,500,400</td> </tr> </table>				Sub Total	TSh311,500,40 0	Discount @ 0.00%	TSh0	Amount Excl Tax	TSh311,500,40 0	Tax	TSh0	Total	TSh311,500,400
Sub Total	TSh311,500,40 0																
Discount @ 0.00%	TSh0																
Amount Excl Tax	TSh311,500,40 0																
Tax	TSh0																
Total	TSh311,500,400																
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