SANSUM INVESTMENT CO. LIMITED

BUSINESS PLAN
FOR
BEVARAGE AND PACKAGING (BOTTLES)MATERIAL PRODUCTION PLANT

1.0. INTRODUCTION

SANSUM INVESTMENT CO. LIMITED is a private limited liability company registered in Tanzania with Certificate of Incorporation No. 1166647037 dated 3rd July 2023 planning to invest in beverages production and packaging materials.

1.1 Project Concept

The proposed project will involve the construction of a building to be used as industrial premises and the installation of machines to be used for the project. The company is targeting the Coast regions and upcountry market. The proposed project intend develop soft drinks such as bottled water, juice, and carbonated drinks etc, the soft drinks produced to be packed and distributed at an affordable price the project will employ adequately trained and experienced management are and employees. The company plan to produce bottle for its use and for other users

The business plan by **SANSUM INVESTMENT CO. LIMITED** a locally registered company, the project promoters are confident of mobilizing financial resources through equity and long term loan from financial institutions

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

1.2 Location

The Milling and Packaging plant to be located at **Plot No. 86 Kibaha, Coast region Tanzania**

1.3 Mission Statement

Beverages facilities with customized services

1.4 Vision Statement

To be a leading company in beverages production and distribution within East Africa

1.5 Audited Reports

To be audited by a local reputable auditing firm based in Da r es Salaam ,Tanzania.

1.6 Company Values

- Competitive
- Efficiency
- Affordable
- Customized services

1.3 The Sponsors

SANSUM INVESTMENT CO. LIMITED will be sponsoring this project. The Company is currently jointly owned by four shareholders

Share Holders	% of Share	Nationality
Fuqing City Changyue Trade Co. Ltd	90	China
Fuqing City Wangchanglong Trade Co. Ltd	10	China

1.4 SANSUM INVESTMENT CO. LIMITED PROJECT

The company main business objectives include the following:

Proposed project intend to develop soft drinks such as bottled water, juice soda etc, the soft drinks produced, packed and distributed at affordable price

1.5 Objective of the study

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

1.6 Optimizing Manufacturing

The bottled water industry involves a relatively light manufacturing process, meaning it does not require any heavy transformation processes. Impacts considered in the manufacturing phase are primarily related to the energy required for the entire production process at the factory level. This includes the transformation of packaging materials into bottles, product bottling (pumping, storage, treatments (if any), filling), securing with secondary packaging and storage until finished products are shipped outside of the factory.

1.7 Chlorine Dosing System

Raw water may contain living micro-organisms and organics which are objection a Membrane as it may cause fouling to deteriorate the performance. Even water may contain ferrous which can be oxidized to ferric oxide which is settling down in storage tank. We have offered a Hypo chlorite dosing system

for this purpose. About 3-4 ppm of sodium hypo chlorite solution is dosed in raw water storage tank. This reacts with water to form hypo chlorite acids which acts as disinfecting agent.

For this purpose one no. of HDPE hypo chlorite solution preparation tank along with one nos. of dosing pumps are provided. Required suction / discharge pipe work in pvc construction is provided with isolation valves. Dosage rate is adjusted as per the actual requirement, which may very on case to case basis

Raw Water Storage Tank

Raw water is required in for storage of chlorinated water having appropriate capacity. The tank is fitted with PVC pipe work & isolation valves and suitable type of level indicator.

Raw Water Supply Pump

A Horizontal Centrifugal type of pump in Stainless Steel construction has been provided for supplying Raw water to Pressure Sand Filter Unit. Necessary Suction / discharge pipe

work in s.s construction with isolation valves are also provided up to PSF Unit.

Pressure Sand Filter

Raw Water is first filtered by filtration unit in series prior feeding R.O. Plant. Pressure Sand Filter Unit is provided for removal of suspended matters & turbidity from raw water. PSF Unit is a SS vertical Pressure Vessel. Internally, it is fitted with bottom collecting system. Uniform grades silica quartz sand is charged on the supporting media of pebbles and gravels. This unit is fitted with SS frontal pipe work and Multiport Valve externally. During service cycle water is passed in down ward direction through sand bed, thus entrapping suspended matter & turbid particles. Over a period of time, sand bed gets chocked due to suspended matters resulting higher pressure drop and lesser floe. At this stage filter bed need to be backwashed.

When pressure drop across the sand bed increases beyond the specified limit (0.5 kg/cm^2) or quality of filtered water determinates, whichever is earlier. Regeneration involves

backwash & rinsing of Sand Bed as below. For backwashing service water is passed in reverse direction of service cycle to loosen the filtering media bed. Due to this, entrapped suspended matters get free and come out along with effluent water. Backwashing is continued for about 10- 15 minutes or till the effluent coming out is clear For Rinsing of Sand Bed: Service water is passed in down ward direction to settle down the sand bed. The effluent water is drained for about 5 minutes time to ensure all unclear water is drained down.

Smbs Dosing System

The Chlorinated water may oxidize the membrane and to avoid the same precautionary we have provided Sodium MetaBiSulphite dosing system Dosage rate is 4-5 mg/liter. A HDPE chemical preparation tank with an electronics diaphragm type dosing pump is provided for this.

Activated Carbon Filter

Natural water may contain Colour, Odour, Chlorine& Organics in different proportion, which is undesirable for potable application, and hence, it is necessary to remove the same from water. If raw water is chlorinated for die-infection, it is necessary

to remove the free Chlorine feeding to R.O System. Chlorine being a strong oxidizing agent, it damages R.O. Membranes. Activated Carbon can remove Chlorine, Odour, &Colour while passing the water through carbon bed along with Odour&colour. This Carbon granules having larger surface area and specific property to absorb organics. ACF Unit is a FRP vertical pressure vessel. Internally it is fitted with strainer on bottom collecting system. The unit is fitted with SS frontal pipe work & MPV externally. A granular activated carbon is charged on the supporting media of Coarse & Fine Silex. During service cycle water is passed in down ward direction through Carbon Bed, which removes Chlorine &Odour from water.

When pressure drop across the Carbon Bed increased beyond the specified limit of (0.8 kg/cm^2) or quality of filter water deteriorates, whichever is earlier the unit is isolated for regeneration. The regeneration involves, backwashing & rinsing of Carbon Bed. Over a period of time, life of carbon gets exhausted which can be checked during laboratory testing. Particularly iodine value is most important for this application. Generally carbon is replaced once in a year.

Anti Scalent Dosing

The hardness salts of calcium & magnesium are likely to be precipitated if concentration exceeds its solubility limit & it may faults the membranes resulting into scaling which ultimately leads to poor treated water quality from R.O. System. To prevent this a anti Scalent dosing (scale inhibitor) dosing system is provided. Normally a scale inhabitator like Perma care 191 or equivalent chemical is dosed in feed water. Dosage rate is 4-5 mg/liter. A HDPE chemical preparation tank with an electronics diaphragm type dosing pump is provided for this.

2.0 The Product Market

The market survey carried out reveals that the current demand for soft drinks in Tanzania is high, current price of bottled drinking water, soda, and juice in Tanzania has attracted the company to venture in this business, the average price of bottled drinking water of one liter in Dar es Salaam is US$ 0.25, the same cost applies to other soft drinks.

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

The company will be producing various soft drinks such as bottled drinking water, soda, juice etc.

2.1 Competition

Tanzania has a good number of soft drinks produced domestically and other imported from Kenya, South Africa, UAE, Uganda, Rwanda etc the big challenge for the above mentioned is price charged. It is very expensive and most of low income earners can not afford the price, and bad enough juice imported are made with additive and juice concentrated ,the quality is questionable that why the **SANSUM INVESTMENT CO. LIMITED** came in to bridge the came which have been left by existing companies such as Ufresh, Sayona, Azam, Jambo etc brand such to mention few

2.2 Special Strengths of SANSUM INVESTMENT CO. LIMITED

- The customer care provided by the company
- New technology used by the company
- Directors' experience I the soft drinks business
- Availability of fresh water

2.3 Marketing Strategy

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

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

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

2.4 Product Pricing

The pricing policy for the project will be based on the service cost and competition levels from substitute services available in Tanzania market considering various variables namely:

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

Achieving profitability and liquidity financial performance goals, the general price of the company for each product will be lower by 10% compared with the current price.

2.5 Products

Soft drinks produced will meet WHO guidelines, TFDA,and TBS, the state of the art technology will be usand ed, water will e treated to conform to the bacteriological standard using micro filter, activated carbon filter and ultraviolet rays, the treated wateran enters automatic bottle filter and sealer . The sealed water bottles are packed ready for the market

3.0 Project Management and Manpower Requirements

SANSUM INVESTMENT CO. LIMITEDwill be under the Management with vast experience in managing various soft drinks businesses, the project will be directly managed Managing Director assisted by Managers who will comprise the management team. **74** staff will be directly employed.

Employment	**Foreign Skilled**	**Local Skilled**	**Local Unskilled**	**Total**
Women	2	4	8	14
Men	8	10	42	60

TOTAL	**10**	**14**	**50**	**74**

3.1 Monitoring and Evaluation

The Management has full commitment to ensuring goods produced maintain the safety and standards required in the market. The quality control unit will establish a system of routine checking and getting feedback from customers, management philosophy is through business process, managers will strive to ensure compliance to standards and safety of products and customers they serve.

4.0 PROJECT INVESTMENT COST

The estimated capital investment cost of the project is US $3,250,000

SANSUM INVESTMENT CO. LIMITEDCOST STRUCTURE

PARTICULAR	
Land and Buildings	1,437,000.00
Machinery & Equipment	700,000.00
Motor Vehicles	230,000.00
Furniture & Fixtures	28,000.00
Pre expenses	20,000.00
Others	35,000.00

Working Capital	800,000.00
TOTAL	3,250,000.00

4.0 Financing pattern

The project will be financed by shareholders' equity US$ 3,250,000

5.0 Aspect of Project Sustainability

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. The Government's support for industrialization and rising middle-income earners gives them assurance of a steady market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

6.0 Monitoring and Evaluation

The monitoring and evaluation tools will be applied in running this project as well, the project sponsors are determined to

cooperate fully with the government and other stakeholders for smooth business running.

7.0 Financial Analysis

7.1 Considerations and Assumptions:

The corporate tax charged is 30% of the profits. The capital investment allowance is 50%. The capital assets are exempted from customs duty and Value Added Tax. Straight-line method to depreciate the project's capital items has been applied.

Revenues have been conservatively estimated based on the experience of the promoters and trends in the bottled drinking water and beverage industry in general.

7.2 Financial Statements:

7.3 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 5 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. US$ **958,300 in** first year to US$ **6,274,202** 8th year

7.4 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year 1st, i.e. US$ **1,209,300 of** operation to the 8th year i.e. US$ **13,424,89**

7.6 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Equity of the project increases from US$ **2,200,000** in the first year of operation to US $ **4,297,145 in** the 8th year

7.7 Projected payback period

Total investment is US $ 4,000,000 cash accumulation 4th year is US $4,046,994.00 which is more than the initial investment by US$ US$ 46,994 the project payback Period is within 3 years,

The project has a relatively short payback period.

7.8 Loan repayment schedule

Total loan is US $ 1,800,000 and interest is 4% charged annual, loan to be repaid within 5 years as indicated below:

8.0 ECONOMIC ASPECTS

Implementation of this project will have the following social and economic values

- The project is an ideal option for utilization of Government support for industrialization
- The project will create employment for **77 people** on permanent contract basis as well as on temporary basis.
- It will create more business opportunities to local suppliers which will also have a trickledown effect in the environmental issues.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and pay as you earn.
- The project will have transfer of knowledge and skills to manufacturing sector
- The project will generate foreign earnings

9.0 IMPLEMENTATION

Project implementation is expected to be relatively very short once project has been approved it is estimated that

implementation of the project will take hardly 9months be completed within one year:

SANSUM INVESTMENT CO. LIMITED IMPLEMENTATION

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	July 2023
2	Construction of building	June 2022- June 2024
3	Placing order of machines	June – October 20224
4	Installing machines	October-November 2023
4	Recruitment	December 2024
5	In house training	December 2023-February 2024
4	Testing production	March - May 2020
6	Commercial operations	June 2020

9.0 CONCLUSION & RECOMMENDATIONS

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 1997.

SANSUM INVESTMENT CO. LIMITEDPROJECTED INCOME & EXPENDITURE STATEMENT (US$)

	1	2	3	4	5	6	7	8
Revenue	10,800,000	11,880,000	13,068,000	14,374,800	15,812,280	17,393,508	19,132,859	21,046,145
Cost of raw materials	9,180,000	10,098,000	11,107,800	12,218,580	13,440,438	14,784,482	16,262,930	17,889,223
Profit before Depreciation &Interest	**1,620,000**	**1,782,000**	**1,960,200**	**2,156,220**	**2,371,842**	**2,609,026**	**2,869,929**	**3,156,922**
Interest	90,000	57,600	43,200	28,800	14,400	-	-	**-**
Depreciation	**161,000**	**161,000**	**161,000**	**161,000**	**161,000**	**161,000**	**161,000**	**161,000**
Net Profit before Tax	**1,369,000**	**1,563,400**	**1,756,000**	**1,966,420**	**2,196,442**	**2,448,026**	**2,708,929**	**2,995,922**
Tax (30%)	410,700	469,020	526,800	589,926	658,933	734,408	812,679	898,777
Profit After Tax	**958,300**	**1,094,380**	**1,229,200**	**1,376,494**	**1,537,509**	**1,713,618**	**1,896,250**	**2,097,145**
Accumulated Profit	958,300	2,052,680	2,579,480	3,169,406	3,828,339	4,562,746	5,375,425	6,274,202

SANSUM INVESTMENT CO. LIMITEDPROJECTED CASH FLOW " US$"

SOURCES:		1	2	3	4	5	6	7	8
Profit before interest and	-	1,050,000	1,102,500	1,157,625	1,215,506	1,276,282	1,340,096	1,407,100	1,477,455

depreciation									
Equity	3,250,000								
Loan	9								
Total Sources	**3,250,009**	**1,050,000**	**1,102,500**	**1,157,625**	**1,215,506**	**1,276,282**	**1,340,096**	**1,407,100**	**1,477,455**
Applications:									
Capital expenditure	2,372,000		-	-	-	-	-	-	-
working Capital &Others	878,000								
Cash	-	749,241	774,360	812,948	853,464	896,007	940,677	987,580	1,036,829
Tax	-	300,759	328,140	344,678	362,042	380,274	399,419	419,520	440,627
Sub total	**3,250,000**	**1,050,000**	**1,102,500**	**1,157,625**	**1,215,506**	**1,276,282**	**1,340,096**	**1,407,100**	**1,477,455**
Total applications	**3,250,000**	**1,050,000**	**1,102,500**	**1,157,625**	**1,215,506**	**1,276,282**	**1,340,096**	**1,407,100**	**1,477,455**
Accumulated cash		749,241	1,523,601	2,336,549	3,190,013	4,086,020	5,026,697	6,014,277	7,051,106

SANSUM INVESTMENT CO. LIMITEDPROJECTED BALANCE SHEET " US $"

Fixed Assets	**1**	1	2	3	4	5	6	7	8
Opening balance	-	**2,372,000**	**2,324,260**	**2,276,520**	**2,228,780**	**2,181,040**	**2,133,300**	**2,085,560**	**2,037,820**
Total Long-term Assets	**-**	**2,372,000**	**2,324,260**	**2,276,520**	**2,228,780**	**2,181,040**	**2,133,300**	**2,085,560**	**2,037,820**
Less depreciation						**47,740**	**47,740**		

	-	**47,740**	**47,740**	**47,740**	**47,740**			**47,740**	**47,740**
Closing balance	**-**	**2,324,260**	**2,276,520**	**2,228,780**	**2,181,040**	**2,133,300**	**2,085,560**	**2,037,820**	**1,990,080**
Working capital	878,000	878,000	878,000	878,000	878,000	878,000	878,000	878,000	878,000
Accumulated cash	-	2,261,610	4,631,370	7,114,687	9,717,240	12,348,990	15,112,197	18,013,434	21,059,602
Total assets	**878,000**	**153,000**	**153,000**	**153,000**	**153,000**	**153,000**	**153,000**	**153,000**	**153,000**
Financed by									
Equity	6,060,000	6,060,000	6,060,000	6,060,000	6,060,000	6,060,000	6,060,000	6,060,000	6,060,000
Accumulated profit	-	1,932,910	3,973,970	6,128,588	8,402,440	11,025,490	13,779,997	16,672,534	19,710,002
Total equity	6,060,000	7,992,910	10,033,970	12,188,588	14,462,440	17,085,490	19,839,997	22,732,534	25,770,002
Bank Loan	4,000,000	3,000,000	2,000,000	1,000,000	-	-			
Total debts	**4,000,000**	**2,000,000**	**2,000,000**	**1,000,000**	**-**	**-**			
Total equity and debts	**10,060,000**	**9,992,910**	**12,033,970**	**13,188,588**	**14,462,440**	**17,085,490**	**19,839,997**	**22,732,534**	**25,770,002**

SANSUM INVESTMENT CO. LIMITEDPAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	701,771	**47,740**	**749,511**	749,511
2	765,660	**47,740**	**813,400**	1,562,911
3	804,248	**47,740**	**851,988**	2,414,899

4	844,764	**47,740**	**892,504**	3,307,403
5	887,307	**47,740**	**935,047**	4,242,450
6	978,880	47,740	**1,026,620**	5,269,070
7	1,028,129	47,740	**1,075,869**	6,344,939
8	3,189,646.12	47,740.00	**3,237,386**	9,582,325