

Dew Drop Drinks Company Limited

Business Plan For

CONSTRUCTION OF A JUICE AND CARBONATED SOFT DRINKS FACTORY SUMBAWANGA-RUKWA

FOR: MANAGEMENT
Dew Drop Company Ltd.
P.o Box 115
Sumbawanga
Rukwa, Tanzania

SEPTEMBER 2023

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EXECUTIVE SUMMARY

The Dew Drop Drinks Company Limited is a company created and registered under the Companies Act of 2002 of Tanzania, having its headquarters in Sumbawanga Rukwa region. The company which is jointly owned by Energy Milling Company Limited, Mr. Aziz Mohamed Sood and Mr. Sadat Mohamed Sood has been created for the main purpose of running a modern drinking bottled water, Juices and all type of carbonated soft drinks. Currently the company is processing drinking bottled water and doing well to the market. The company will also establish manufacturing facilities for packaging facilities.

The shares of the company are owned by Energy Milling Company Limited 50% and 25% each to Mr. Aziz Mohamed Sood and Mr. Sadat Mohamed Sood.

The Energy Milling Company Limited Share holders are again Mr. Aziz Mohamed Sood and Mr. Sadat Mohamed Sood.

Among others, for over twenty years now, the owners of Dew Drop Drinks Company Limited have been doing different businesses with great success attaining growth from one year of operations to another. The Financial statements presented with this document show growth and performance of business operations. The following table presents what have been their business lines.

S/N	BUSINESS LINE
1	Petroleum Products - Running several Filling Stations in Sumbawanga, Mpanda, Mbeya, Singida, Arusha, and Dar es Salaam.
2	Cereals (maize) processing and packaging factories in Sumbawanga and Kongowe - Kibaha Pwani.
3	Processing drinking bottled water- Sumbawanga and Dar es Salaam

Since its inception, the business has continuously accumulated expertise and goodwill in the business environment of all regions where operations are carried out. The experience of its management and commitment of its staff have geared its growth from one step to another.

The promoter has operated these business activities for all the years with proper conduct within the legal framework and business regulations. This has led to government support and good word of mouth from the society and a good record with the trade authorities in the country.

Due to successful operations, the business has accumulated profits reinvested for the business's growth and expansion of its operations. The retained earnings have been re invested to make up the total investment even bigger Since establishment, the business profits have been rising year after year.

More than the above mentioned business operations in various areas; the promoter has decided to take up the national call for private sectors to engage in comprehensive strengthening of all sectors of economy. Among the sectors in desperate need for development is provision of safe and clean water to the community. Due to this regard the promoter has decided to construct a new model factory for purification and production of packaging of drinking Juices and all types of carbonated soft drinks to used by Tanzanian and outside the country. It is established that the Project will be implemented within a period of 3 years starting last quarter of 2023.

2.0 BUSINESS DESCRIPTION

2.1 Background Information

The promoter of this investment is a well established businessman operating in various places. For over twenty years the promoter has been running Diversified businesses with great success attaining growth from one year of operation to another.

The businesses are operated in form of companies being owned by Energy Milling Company, Mr. Aziz Mohamed Sood and Sadat Mohamed Sood and managed by experienced dynamic management team.

The promoter plans to establish his juices and all type of carbonated soft drinks to be high scale business which will contribute to the nation's war against poverty in Tanzania and assist the government achieve the Millennium Development Goals (MDGs).

Vision Statements for business/business:

- The vision of the business is to position itself as the highest quality provider of mineral water, juices and carbonated soft drinks to different communities and establish itself as the most reputable provider of this service in the region and country at large.
- **Mission statement for the business/business:**
The mission of this business is to continue with provision of good services to customers, clients and Tanzanian population.

Value and Objectives of the business/businesses:

- To avail quality products to the consumers.
- To take part in the government's call for private sector's participation in implementation of Development policy.
- To participate in the economic growth of our country.
- To offer employment opportunities to the citizens.
- To see Tanzanians get prepared for the East African Community economic opportunities.

2.2 Project Description

The basic objective of the project is establish in Rukwa Region a manufacturing facility for production and packaging of drinking Juices and all types of carbonated soft drinks which is used by locals, foreigners, various industries,supermarkets,retails shops and wholesalers operating in Tanzania and outside.

It is established that the Project will be implemented within a period of 3 years starting last quarter of 2023.. The investment is expected to be one of the long waited solutions to Rukwa poverty.

3.0 MANAGEMENT AND OWNERSHIP PLAN

3.1 Business Profile

The business operations that they own are fast growing such that they have been steadily establishing themselves in the market of respective industries in the region and the country at large. The commitment to the customers and consistent quality performance is taken as key to moving the businesses names deep into the market continuously expanding its share.

The management has been and will be keen to keep up with the right strategies to be able to serve the market with what customers need and a good word of mouth

has circulated from one satisfied customer to another. The clients and customers are struggling to secure chances to work with the companies. The business in site is determined to expand and acquire long term sustainable growth.

The way used to recruitment and select people in the previous investments has been constantly made in a way to ensure that only competent personnel who are able to carry out the business's mission are retained in the office.

3.2 Sponsorship, Management and key personnel

Sponsorship of the investment is mainly in the hands of the owners of the company. These are the key persons pioneering the high performance of the businesses, who are policy makers and each in his position will contribute to the well being of the business.

(a) Name: Mr. Aziz Mohamed Sood
Position: Chief Executive Officer

This is one of the key personnel who has worked tirelessly to ensure well being of the previous investments which are doing very well. He is a well established man who has accumulated enough experience in business administration and management. Side by side with Mr. Sadat Mohamed Sood and fellow workers, he has been part of the management team that has taken the businesses from one step to another. .

Business Experience

Mr. Aziz has been in business activities for quite a long time. It is during this time that he explored various opportunities in the region and decided to take chances. He has been playing a pivotal role since then and has geared the survival and growth of their investments through all these years. His duties are generally to oversee the day to day operations and strategic direction of the businesses. He has also been the main correspondent of the business's dealings with third parties.

3.3 Support Personnel

Besides the key management the business expects to enjoy the services of other employees who in their respective positions will keep the business growing from one stage to another.

4.0 MARKET ANALYSIS AND MARKETING PLAN

4.1 Industry Overview

The demand for drinking water and non-Alcohol Drinks has already been established and is influenced by the presence of large population and level of personal disposable income. The proposed project intends make assurance that the demand is matched with supply. Project is designed to manufactured drinking water and all types of soft drinks.

With the existing low capacity of drinking water and all types of soft drinks and backward technology in production in the country, the project like this will improve linkages in industry sector and assure that the products produced will not face serious market problems.

For them being in the production of the drinking water and all types of soft drinks it has been able to establish that there is a good and guaranteed market for drinking water and non-Alcoholic Drinks. Most of the industries and wholesale shoppers import this product throughout the world

4.2 Players in the Industry

Of current, the supply for mineral water, juices and mineral water, juices and carbonated soft drinks is still low in many places such that the promoter is supposedly going to be among few who have decided to invest in such large scale production to help reduce the gap between demand and supply.

4.3 Barrier to entering the industry

While the government insists and have put conducive environment for establishment of sustainable local businesses, lack of funds has been the main hindering factor for many investors in the region and the country at large, to invest in production industry. Those out of Rukwa and even Rukwa residents have not been able to explore the potential in the region while concentrating their efforts in big cities especially Dar es Salaam, Mwanza, Mbeya and Arusha.

4.4 Pricing Strategies and the Price

The pricing of business product is important because it will have a direct effect on the success of the business. Though pricing strategy and computations can be complex, the basic rules of pricing are straight forward:

- All prices must cover costs.
- Prices must reflect the dynamics of cost, demand, changes in the market and response to competitors.
- The promoter prices will be established to assure continued growth. The business will not neglect existing market prices approach in estimating prices for its products

4.5 Advertising & Promotion

The Company will engage some of the funds for advertisement purposes of the products. It will use sign posters to be located at the fore side of the factory, road sides, media and any other possible way to make the product known to the entire community in Rukwa, Dar Es salaam, the country and even outside the country such as Zambia, Democratic Republic of Congo, Rwanda and Burundi.

4.6 Targeted Customers

Not only the local community and of neighboring regions such as Coast region, Morogoro, Mtwara, Lindi, Tanga but all places in the country and outside where the company will manage to deliver the products. Therefore the targeted customers are individuals, institutions, organizations within and without the country.

4.7 Competition Analysis

Competition for the business's product can be looked at as direct and indirect competition as follows;

4.7.1. Direct Competition

This is the competition that comes from other dealers involved in the same level of service provision. The factory is an ultra modern production line which is expected to be among very few found in the country. It expects to manufacture its own bottles, labels and caps. This is not the case with most of similar factories in the country which spend a lot of funds to make them available. With this advantage over others the Dew Drop Drinks Factory is likely to buffer comfortably some of competition challenges.

4.7.2 Indirect Competition

This is regarded to come from alternative similar service providers whichever state they may be in. However, this is not considered to be a major threat due to long time standing demand for quality products that the company is about to offer.

5.0 IMPLEMENTATION PLAN

(a) Construction

Construction of the factory for production of mineral water is completed and is operating with branch in Dar Es Salaam.

Construction of the factory for production of Juices and all type of carbonated soft drinks is except to start last quarter of year 2023. The total investment cost to establish the mentioned factory is TZS 49.020 Billion.

TOTAL INVESTMENT	OWNER'S EQUITY	REQUIREMENT BANK LOAN
TSHS	TSHS	TSHS
59,020,000,000	21,000,000,000	38,020,000,000

(b) Factory Production Operations

Trial production will start immediately after completion of construction and installations.

6.0 ENVIRONMENTAL AND SOCIAL ISSUES

6.1 Environment Aspects

This particular business has no negative environment aspect effects. Otherwise, the entity will communicate in regular basis with NEMC about matters concerning environment issues. Keen care will be taken by the competent contractors being engaged and it is the applicant's hope that all environmental considerations will be given its deserved weight during construction. Trees will be planted around the building and continued environmental maintenance will be a subject of importance throughout the life of the project.

All other necessary precautions will be taken into consideration to make sure that the business's operations do not end up harming the surrounding environment and the management will work hand in hand with the government to ensure good environmental practices. These will involve proper use of resources and disposition of liquid and solid wastes.

6.2 Social Aspects (Corporate Social Responsibility)

The business has but a way of integrating the economic, social and environment imperatives in its activities. The business will incorporate moral and social obligations to its activities with respect to the surrounding communities.

This will involve creating innovative and proactive solutions to the societal and environmental challenges, as well as collaborating with both governments as internal and external stakeholders to improve its CSR performance. This has over time helped the business to create strong partnership and loyalty between the entity, business community and business services providers, and surrounding community.

7.0 FINANCIAL PLAN

7.1 Estimated Revenues

The total revenues of the promoter will be a total of existing business lines revenues and the collection from the new line (sales of Juices and all type of carbonated soft drinks).

The revenues for the operations are shown in Annex 9.

7.2.1 Capital Requirements

The following is the analysis of required funds for business idea presented in this document. The business needs 100% of funds to be able to complete the planned investment. The total cost of the investment is as shown hereunder: -

Item	Total
Land & Building	8,000,000,000
Plant	30,000,000,000
Vehicles	8,000,000,000
Furniture and Fitting	3,000,000,000
Pre-operation Expense	20,000,000
Others	0
Initial work capital	10,000,000,000
Total	59,020,000,000

7.2.2 Project Financing

The promoters of the project have decided to make contribution and finance the project with the term loan. The working capital will be sourced from local banks. TShs.

Source	Local	Total
Equity	21,000,000,000	21,000,000,000
Loan	38,020,000,000	38,020,000,000
Total	59,020,000,000	59,020,000,000

7.2.3

7.3 Depreciation

Depreciation on non current assets will be charged on reducing balance basis at the following rates.

Table 9: Non Current Assets Depreciation

Description	Percentage Depreciation
Land and Buildings	5%
Furniture and Equipment	12.5%
Motor Vehicles	25%

8.0 FINANCIAL AND ECONOMIC ANALYSIS

Assumptions

- The prices of inputs and outputs are assumed to remain constant over the life of the project.
- However, in case of changes in the costs of inputs, to maintain the desired profit margin; the prices of the outputs will be accordingly adjusted.

Income

The project's income at full capacity utilization is estimated to average at TShs.79,315,200,000/= per annual.

Projected Cash Flows

The project has a positive net cash flow from year 1 of operation to the fifth year when the long-term loan will have been paid in full.

Economic Benefits

The successful operation of this processing plant will contribute significant economic benefits to Rukwa region people and Tanzania as a whole. The execution of this project will bring;

- Employment opportunities for 42 people in the Rukwa
- Provision of income to other service providers, thus contributing to the reduction of poverty. The income to be earned will help in improving the standard of living of the workers and other people residing in the region.
- The direct income for the workers, combined with other social benefits that the management will provide and help in overall efforts of alleviation of poverty in the Region.
- Provision of a market for goods and services demanded by an expanded tax base to the Treasury and local Government authorities and generation of substantial income to the Government. The Government earns considerable revenue from the manufacturing sector in terms of tax collections.
- This project will facilitate opportunities to increase foreign exchange earnings through export of some of its value products.

9.0 POTENTIAL RISKS ANALYSIS

The following risks are relevant as they may in one way or another affect the expected performance of the business due to the uncertainty of the future.

(a) Natural hazards like storms, fire and floods;

The business will insure all the investment is comprehensively insured to hedge against such possibilities.

(b) Competition

This is a threat that cannot be avoided as the business seems to be profitable and worth undertaking. Due to a growing economy, new entrants are expected to emerge and add up to the existing threat from the existing competitors discussed

above. Super quality services and high commitment to meeting customer requirements will serve as a weapon against competition.

10.0 CONCLUSION

The undertaking of this Beverages processing undertaking is in line with the Government objective of encouraging proper development of industries in the country.

In addition, it will have a positive impact on the development of the region, as it would generate a number of benefits and more positive impact on the economy of the region.

This document has provided a full analysis on the financial, Techno- economic viability on operation of the Integrated Beverages products processing undertaking along with the financing requirements/ parameters have been considered and that the proposed project is technically sound, financially viable, and economically/socially beneficial.

In order to ensure prompt implementation of the project and achieving the production targets a number of factors have to be taken into account this will include the level of the proposed investment in this project, economic impact anticipated, the overall status of the national economy, and the proposed project area.

In the content of the immense useful potential of this project, the management of Sayona Drinks Ltd. Anticipated that all interested parties in the region/and the Government of Tanzania will give their full support so as to ensure timely implementation of the projects and apprehension od successful operation..

10.0 ATTACHMENTS

The following attachments are annexed to this document for further clarification of the discussed issues and for further understanding of the business performance and financial standing.

1. Previous years financial statements
2. Project financial statements for five years showing the expected operations'