CONQUER INVESTMENT COMPANY LIMITED

BUSINESS PLAN FOR
SPICES PRODUCTION FACTORY

Presented by:
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DAR ES SALAAM

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EXECUTIVE SUMMARY

1.1 Introduction

CONQUER INVESTMENT COMPANY LIMITED is privately owned companies incorporated for purposes of establishing a modern factory for the production of spices. The project will manufacture spices in high quality , with the aim of meeting increasing demand of spices and allied products

The Company is registered under Certificate of Incorporation No. 111952 dated 10^{th} March, 2014.

1.2 The Project

The promoters of this project through CONQUER INVESTMENT COMPANY LIMITED decided to invest on spices after taking into consideration of the following:

A: Self-assessment in order to understand their capabilities strengths, limitations and preferences of undertaking such a project.

B: Explored possible and suitable opportunities based on environment, current business scene, technology change and linkage related ideas.

C: Assessed the market potentiality available

D: Identified viable project location

E: Considers finances mobilization to suit the project requirement

G: Re assessed their managerial strengths and is in the process of pooling up human resources from local and foreign sources.

The project aims at manufacturing spices purposes which will be over a wide range of products, domestic and other uses. The project will therefore have a positive indirect impact on the environment as it will reduce waste from cooking oil.

The macro objectives of establishing the project is to support economic, social and administrative activities in the country .Also , to increase the competitiveness of Tanzania goods in the export markets and improve the manufacturing industry by offering competitive transport rates.

1.3 The Project Location

The Project will be located in Pwani Region. The location is well served by all the necessary infrastructures and environmental requirements and hence well suited to the nature of the envisaged project.

1.4 The Project Promoters

The Project is being promoted by CONQUER INVESTMENT COMPANY LIMITED based in the Dar es Salaam. The shareholders to this project:

S/No	NAME OF SHAREHOLDER	NATIONALITY	SHAREHOLDING (%)
1	MEIYING SHI	Chinese	50
2	XIE XUEMING	Chinese	35
3	HUO XUEMING	CHINESE	9
4	WEI LI	CHINESE	5
5	LIN JIANHONG	CHINESE	1

1.5 The Market

Recent reforms taking place in economy indicate that there is a continuous increase in demand for spices in the local market and in the international market. This has brought about a concern in the market. It is the idea of this project to focus on the external market especially the EA countries which are in high demand of spices products and semi-finished products. The Asia market is also growing as well as demand.

1.6 Project Cost and Financing Plan

The total cost of the project is estimated as US Dollars 1,000,000

The following is the summary of the capital investment cost estimated.

PARTICULAR	AMOUNTS USD
Land and Buildings	135,000
Plant & Machines	254,000
Motor Vehicles	64,000
Furniture & Fixtures	22,000
Pre Expenses	25,000
Working Capital	500,000
TOTAL	**1,000,000**

1.6 Financing

The project's cost will be fully financed by shareholder's equity contribution by Usd 800,000 and a bank loan of Usd 200,000

1.7 Financial Indicators

The following are some of the financial analysis highlights:

1.7.1 Profitability

Profitability after tax over the years in US $ is as follows:

1st Year 97,017.00

2nd Year 137,416.00

3rd Year 145,282.00

4th Year 155,266.00

5th Year 165,024.00

1.7.2 Liquidity

The projected net cash flow over the year shows a health position and demonstrates the ability of the company to meet financial commitments as they fall due. The drop in cash flow is due to the fact that the company will repay the Bank loan of 200,000

The Summary thereof in US $ is as follows

1st Year 222,504.00

2nd Year 245,654.00

3rd Year 255,544.00

4th Year 66,769.00

5th Year 275,005.00

1.7.3 Payback period

The Investment recoups itself in 5 years

1.8 Social and Economic Impact

The proposed project will result into the following social and economic impacts:

1.8.1 Increased availability of quality products alongside competitive prices of these products will result in increased healthy competition among all trading and manufacturing companies

1.8.2 The proposed project of this sector will provide employment for about 30 people.

1.8.3 The Government and other agencies will benefit from various taxes, fees and commissions that will be paid to the Treasury

1.9 Conclusion and Recommendations

The Executive Summary highlights indicate that the proposed project will be financially and economically viable. The project will generate significantly to the social and economic benefit by way of increasing the provision of spices. It is recommended that the project be accorded the required institutional and financial support to pave the way for its expeditious establishment and development.

2.0 THE PROJECT

CONQUER INVESTMENT COMPANY LIMITED have invested on spices after taking the following into consideration

A. Self-assessment in order to understand their capabilities strengths, limitations and preferences of undertaking such a project
B. Explored possible and suitable opportunities based on environment, current business scene, technology change an linkage related ideas.
C. Assessed the market potentiality available
D. Identified viable project location
E. Considers finances mobilization to suit the project requirement
F. Re assessed their managerial strengths and is in the process of pooling up human resources from local and foreign sources.

3.1 Machines technology capacity utilities

Crushing, cutting and fine milling

Once the spices have been harvested and dried, they are usually crushed, cut and finely milled. This operation has a significant impact on the final product quality. Hosokawa offers various grinding technologies for this part of the process, depending on particle size and product characteristics, to ensure that the unique characteristics of your spices are preserved.

Crushing and cutting

The first step when processing spices is often a crushing/cutting operation in which the spices are gently cut to a specific coarse particle size.

. Fine milling

Heat generated during the fine milling process can be detrimental to the spice properties in some cases, so it is important to select the right milling technology for your application.

Cryogenic milling

For some spices, it can be beneficial to opt for cool milling (at +5^{o}C to +20^{o}C) or cryogenic milling (at -80^{o}C to -10^{o}C) instead of ambient milling. Cryogenic milling enables higher powder fineness, longer product shelf life and reduced evaporation of essential oils, thus better preserving the flavour properties. In the case of white pepper, for example, cryogenic milling retains 94.5% of the essential oil content, compared to just 57.8% retained when it is finely milled at ambient temperature.

Mixing/blending

When it comes to selecting the right equipment for the mixing/blending operation, it is important to match the amount of shear introduced during the mixing operation to the properties of your spice powder – such as fragility, cohesiveness and the fat/oil/fibre content. This will enable you to achieve optimal homogeneity while preserving the product quality and not damaging the product integrity. Hosokawa Micron generally recommends one of the following two batch mixers for spices:

- Nauta conical screw mixer: Low-shear mixing operation offering a high mixing accuracy for a variety of spices, even the most delicate ones;
- Vitomix ribbon screw mixer: Twin-screw, low-to-medium shear offers a fast mixing operation in which the mixing intensity can be adjusted to different types of spices. The Vitomix is often used for the homogeneous introduction of liquid oils/flavours into spice mixtures.

Sterilization

All spices are cleaned after being harvested and dried, but they subsequently need to be sterilized to kill off any harmful bacteria or mould before they can be further processed. Hosokawa Micron's batch steam sterilizer (HSSP) performs a very effective yet brief and gentle heat treatment followed by rapid cooling:

Minimizes the negative effect of the temperature on the spice properties such as flavour and colour;

Based on Hosokawa's conical paddle dryer (CPD) technology;

Three-in-one steam sterilizer, mixer and vacuum dryer for extra process efficiency;

Batch system: maximum flexibility in terms of time & temperature parameters and batch sizes

Safety and hygiene

Within the Hosokawa Group, we have a strong focus on hygiene by design to help our customers uphold the highest possible standards of food safety while also benefiting from efficiency gains.

- Machines are designed for optimum cleanability;
- Often available with a fully automated cleaning in place (CIP) system;
- Avoid cross-contamination between different batches of spices;
- Comply with food safety regulations;
- Optimize production efficiency by reducing downtime;
- Operator and system safety (CE/ATEX compliance).

Application-specific advice

There is such a diverse range of spices, each with their own characteristics, that selecting the best technology for your application is a complex process of interacting criteria.

3.2 Source of technology & Capacity

The machines will be Imported from China. The annual production capacity will be 1 million pieces annually. The pieces will be of various designs as per production schedules and demand.

3.3 Other inputs

These will include cars necessary for administration purpose and distribution:

- Civil works will include renovation of the existing workshop in and office buildings at the project site on the premises leased at Pwani Region.
  The site has the entire necessary infrastructure required for the business, including a workshop
- Importation of office equipment namely, telephones, facsimile machines, personal computers and air conditioners at company's head office.

3.4 The Project time table

The plant should be in fully operational with two production lines and a diversified product range by December of the year 2023

3.5 Sales revenue forecast and direct& indirect cost estimates

3.5.1 Sales Forecast

First year operation is schedules to begin Jan 2024 after completion of machinery installation and pre-production activites. The sales generation will be as of

3.5.2 OPERATING COSTS

Since the production will be done for the last quarter in the first operating year the cost will be less to being with and will substantially rise to reflect normal production in the following years

3.6 Environmental Aspects

Generally, Tanzania has environmental regulations governing the operation of garages and workshops. Nevertheless each operator takes basic precautions to ensure that during operations and in case of an accidental spillage or fire, damage to environment is limited to the minimum possible level. The company has taken into consideration environmental aspect in the factory and will put all necessary required facilities.

3.0 CAPITAL INVESTMENT AND FINANCING PLAN

4.1 Investment Plan

The total capital investment of the project is Usd 1,000,000.The promoters will contribute Usd 0.8 million and Usd 0.2 million will be financed by loan. The capital investment breakdown is as indicated below:

PARTICULAR	AMOUNTS USD
Land and Buildings	135,000
Plant & Machines	254,000
Motor Vehicles	64,000
Furniture & Fixtures	22,000
Pre Expenses	25,000
Working Capital	500,000
TOTAL	**1000,000**

4.2 **Financing Plan**

It is estimated that a total of US$ 800,000 will required price to the first year of the project to acquire the various assets as shown in the Table above

The bulk of the capital cost will be raised by the company itself through equity contribution. The other major source of funding will be internally generated revenue from operations which will be ploughed back.

Taking into account acceptable financial rations will be financed through the following sources of finance:

Financing Source	USD
Equity	800,000
Long term loans	200,000
Total	1,000,000

Interest rates for the loan are assumed to be at 8% with a grace period of 5 years and will be paid back in the fifth year of operation.

4.0 MARKET AND MARKETING ASPECTS

4.1 **General Overview**

There is a wide market for spices in Tanzania. Likewise, there is external market and the demand is increasing .Hence, it can be expected that the sponsors would not face marketing and operational problems in managing the proposed project

The existing market is supplied by importation of the products from overseas .Based on the nature of the products and its users; the company's product has a good market in Tanzania.

The ports of Dar es Salaam have undergone major rehabilitation, modernization and expansion so as not only to be able to complete with South Africa ports in handling of the cargo and this will substantially enhance cargo handling in all phases of the project. The port would also provide the proposed freight haulage project necessary condition for its soft establishment and expansion of its future operations.

CONQUER INVESTMENT COMPANY LIMITED will endeavor to achieve the projected sales for both domestic and transits business in the neighboring eastern Africa countries and Asia

4.2 **Key Success Factors**

Following are Key Success Factors of the manufacturing industry:

- Financial Resources
- Working Capital
- Use of Technology
- Proper logistics to meet demand

The importance of having huge funds to finance the use of latest technology which will yield a quality product which is important in project success operation. Further with a quality product there must be proper delivery of the product to the customers to meet their demand. All this depends on financial resources which the owner has to achieve desired result.

4.3 Long Term Relationships

Established transport firms enjoy the advantage of long- term relationships with corporate clients. Such corporate firms include among others, armies, huge mining companies using thermal power, etc, clearing and forwarding companies, just to mention a few. Again the proposed project would use its Synergy of its relation with parent companies in securing huge cargo.

However, it should be clearly understood that as time changes some industry forces have tended to re- modify these key success factors, Hence, generally it is the ability of a transport company to design and implement its business strategies that may suit building of a company's success in this sector.

5.0 MANAGEMENT AND ORGANIZATION STRUCTURE

5.1 Management

The Company policy is to have adequate manpower to manage its operations efficiently. CONQUER INVESTMENT COMPANY LIMITED believes in keeping on board only the very essential manpower strength, to develop them into highly motivated and sincere company team for the best and efficient operations of the company.

The company will have a team of qualified and experienced functional managers in the areas of Operations/Marketing, Workshop Operations and Finance & Administration. Other senior and middle level staff will be available for the startup and subsequent operations of the company. The personnel will be qualified, well-seasoned and most possessing considerable industrial experience.

5.2 Management Policy

The day to day operations will be managed by the General Manager, to be assisted by the Operations Manager who will be the overall in charge of the fleet, a Sales & Marketing Manager whose major responsibility will be marketing and a Finance & Administrative Manager who will manage finance and administrative issues. The Company's fleet pool will therefore be professionally managed.

5.3 **Organization Structure**

Once the company has well established the market its organizational structure will have to change sp as to give it a corporate structure of freight Haulage Company. Therefore, the shareholders will have to embark on a meticulous manpower planning and recruitment, which will be preceded by a manpower consultant's report.

It is proposed that the company's operations then be headed by the General Manager under whom there will be functional managers, that is : Personnel & Administration Manager, Sales & Marketing Manager, Finance & Administration manager, and Production manager.

The Marketing Manager will be responsible for both the countrywide and regional wide sales and marketing for the service .The job responsibilities will include market planning and development, sales promotion and sales co- ordination.

5.4 **Manpower requirement and emoluments**

NO	EMPLOYEE DESIGNATION	NO	SALARY PER MONTH	SUBTOTAL MONTHLY SALARY	ANNUAL GROSS SALARY
1	Managing Director	1	900	900	10,800
2	Management	1	600	600	7,200
3	Transport Manager	0	2500	0	0
4	Accounts Assistants	1	300	300	3,600
5	Supervisor	1	200	200	2,400
6	Drivers	1	150	150	1,800
7	Assistant Drivers	0	400	0	0
8	Mechanics	1	300	300	3,600
9	Secretary	0	300	0	0
10	Casual labors	24	50	1200	14,400
	TOTAL USD $	**30**	**5700**	**3650**	**43,800**

6.0 FINANCIAL ANALYSIS

6.1 Financial Viability

The analysis of the proposed CONQUER INVESTMENT COMPANY LIMITED project shows that the project can generate a fairly good profit and that it generates sufficient cash to meet its financial obligations

6.2 Fundamental Assumptions:

The preparation of the financial projections took into account the following main assumptions:

7.2.1 The operation period under which the viability of the project is being evaluated is 5 years

7.2.2 The capital of the proposed project is US$ 800,000

7.2.3 All the calculations throughout the economic lifetime of the project are constant with March 2023 being the base date.

7.2.4 The projected operational costs are shown

7.2.5 Capital Expenditure has been assumed to be incurred for a period of 1 year

7.2.6 The financial plan is for the shareholders to finance the project form own sources by ploughing back profits

6.3 Working Capital Requirements

Ideally, working capital requirements are directed by the volume and business tempo

6.4 Projected Profitability

The projected profit and loss account is shown in the *Financial Analysis Schedule.* On the basis of the operating assumptions and cost the proposed investment is expected to be profitable throughout the project period of five years. The after tax profits (US$)are as follows:

1st Year	97,017
2nd Year	137,416
3rd Year	145,282
4th Year	155,266
5th Year	185,024

6.5 **Cash Flow Projection**

The liquidity performance of the project is shown in the Financial Analysis Schedules. The projections take into account the assumed sources and applications of funds over the planned period and show the ability of the project to meet financial obligations and capital expenditure requirements.

Cash flow on the 5 the year will be used to pay back the loan and this reflects the small balance at the end of the year but the activities will be performed as usual

6.6 Financial Review

The financial review of the proposed CONQUER INVESTMENT COMPANY LIMITED shows that:

7.6.1 The project is profitable

7.6.2 The liquidity position is sound and that is should be able to meet its financial commitments without any undue difficulty.

7.6.3 The operations are financially viable

7.6.4 The key ratios are acceptable with Internal Rate of Return (IRR) of 20%, Net Present Value of US$ 199,476 and a Payback Period of 5 years.

6.7 **Development Aspects**

The following are the major economic and social benefits, which will be generated by the proposed project.

6.7.1 Revenue to the government Treasury and other organs in the form of taxes, fees and levies.

6.7.2 Increase in employment opportunities

6.7.3 Savings/earnings of foreign exchange because of the project's active engagement in the transit trade

6.7.4 Facilitate in increased improvement and availability of the freight Haulage services especially in the transportation of raw materials, crops, building, materials and finished products to and form markets.

With the liberalization of the economy in fully swing the resultant industrial growth is expected to push up the demand for the transportation of industrial and consumer goods services considerably.

7.0 CONCLUSION AND RECOMMENDATIONS

The foregoing discussion highlights on the social, economic and financial dimensions which the envisaged project is set to generate in this country. The brief financial analysis indicates that the project will be financially viable. Therefore, it is strongly recommended that the sponsors, CONQUER INVESTMENT COMPANY LIMITED be availed with the required institutional assistance so as to enable them establish the propose project.

FINANCIAL PROJECTIONS

COST STRUCTURE

PARTICULAR	AMOUNTS USD
Land and Buildings	135,000
Plant & Machines	254,000
Motor Vehicles	64,000
Furniture & Fixtures	22,000
Pre Expenses	25,000
Working Capital	500,000
TOTAL	**1,000,000**

OTHER OPERATING COST

Other Operations Cost	**YEAR 1**	**YEAR 2**	**YEAR 3**	**YEAR 4**	**YEAR 5**
Motor Vehicle running expens	60,000	60,400	60,800	61,200	61,600
Salaries and Wages	43,800	48,180	52,998	58,298	64,128
Adminitrative Overhead Costs	51,800	56,980	62,678	68,946	75,840
Utility Costs	23,000	25,300	27,830	30,613	33,674
Interest on Loan	8,600	7,740	6,966	6,269	5,642
Raw Materials	312,800	344,080	378,488	416,337	457,970
Total Costs	**500,000**	**542,680**	**589,760**	**641,663**	**698,855**

PROJECTED INCOME STATEMENT						
		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR5
Sales Revenue		1,450,000	1,740,000	2,088,000	2,505,600	3,006,720
Cost of Sales		290,000	290,000	290,000	290,000	290,000
Gross Profit		**1,160,000**	**1,450,000**	**1,798,000**	**2,215,600**	**2,716,720**
Operating Expenses						
Administrative Overhead						
Costs		51,800	52,318	52,841	53,370	53,903
Motor Vehicle running		60,000	60,600	61,206	61,818	62,436
Salaries and Wages		43,800	44,238	44,680	45,127	45,578
Depreciation		77,900	78,679	79,466	80,260	81,063
Utility Costs		23,000	23,230	23,462	23,697	23,934
Insurance		25,000	25,250	25,503	25,758	26,015
Interest on Loan		8,600	8,686	8,773	8,861	8,949
Total Expenses		**178,300**	**180,083**	**181,884**	**183,703**	**185,540**
Profit before Tax		**981,700**	**1,269,917**	**1,616,116**	**2,031,897**	**2,531,180**
Tax (30%)		294,510	380,975	484,835	609,569	759,354
Profit After Tax		**687,190**	**888,942**	**1,131,281**	**1,422,328**	**1,771,826**

PROJECTED BALANCE SHEET					
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Fixed Assets	475,000	397,100	331,800	266,500	201,200
Long term Assets					
Depreciation	77,900	65,300	65,300	65,300	65,300
Total long termassets	**397,100**	**331,800**	**266,500**	**201,200**	**135,900**
Current Assets					
Cash	406,100	684,700	979,050	1,292,735	1,625,723
Account Receivable	105,000	110,250	216,535	421,763	527,628
Inventory	214,710	376,383	438,469	402,292	467,493
Total Current Assets	**525,000**	**525,000**	**525,000**	**525,000**	**525,000**
Total Assets	**922,100**	**856,800**	**791,500**	**726,200**	**660,900**
Curent Liabilities					
Accounts Payable	84,000	88,200	92,610	97,241	102,103
Other Current Liablit	70,000	73,500	77,175	81,034	85,085
Subtotal Current Liabi	**154,000**	**1,616,700**	**169,785**	**178,274**	**187,188**
Long term Liabilties					
Long term Liabilitie	1,820,000	1,820,000	1,820,000	1,820,000	1,820.00
Total Liabiities	**397,100**	**331,800**	**266,500**	**201,200**	**135,900**
Net Assets	**820,810**	**877,633**	**951,268**	**1,044,516**	**1,157,656**
Captil and Reserves					
Owners Contribution	780,000	780,000	780,000	780,000	780,000
Retained Earning	**40,810**	**97,633**	**171,268**	**264,516**	**377,656**
Total Capital	**922,100**	**856,800**	**791,500**	**726,200**	**660,900**

FIXED ASSETS SCHEDULE						
NAME OF ASSETS		**YEAR 1**	**YEAR 2**	**YEAR 3**	**YEAR 4**	**YEAR 5**
Land and Buildings		135,000	128,250	121,500	114,750	108,000
Plant & Machines		254,000	203,200	152,400	101,600	50,800
Motor Vehicle		64,000	46,400	41,400	36,400	31,400
Furniture & Fixtures		22,000	19,250	16,500	13,750	11,000
Total		**475,000**	**397,100**	**331,800**	**266,500**	**201,200**
Depreciation		**YEAR 1**	**YEAR 2**	**YEAR 3**	**YEAR 4**	**YEAR 5**
Land and Buildings		6,750	6,750	6,750	6,750	6,750
Plant & Machines		50,800	50,800	50,800	50,800	50,800
Motor Vehicles		17,600	5,000	5,000	5,000	5,000
Furniture &Fixtures		2,750	2,750	2,750	2,750	2,750
ANNUAL DEPRECIATION		**77,900**	**65,300**	**65,300**	**65,300**	**65,300**
CLOSING FIXED ASSETS		**397,100**	**331,800**	**266,500**	**201,200**	**135,900**