

# Dairy Products Products Manufacturing Business Plan

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Kibaha, Coast Region, Tanzania  
P.O BOX 14112, Dar Es Salaam  
Contact: (255) 767 321 387  
Email: farayi.z@gmail.com

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## 1.Executive Summary

<b>Investment Company</b> <b>Baobab Investment Company Limited</b> <b>Food and Beverage Sector</b> <b>Established 2023</b>	<b>Shareholding</b> <b>Noel Zengeni (Tanzanian) 80%</b> <b>Farayi Ziswa (Zimbabwean) 10%</b> <b>Charles Moyo (Zimbabwean) 10%</b>
<b>Business Division</b> <b>Baobab Dairy Products Manufacturing Division</b>	<b>Manufactured Product</b> <b>Various Dairy based beverages</b>
<b>Established</b> <b>July 2023</b>	<b>Target Market Share in 5 years</b> <b>6% of the non-alcoholic beverage industry in Tanzania</b>
<b>Target Sales Market</b> <b>Tanzania and select countries of East Africa</b>	<b>Target Annual Revenue in 5 years</b> <b>From US\$1.4m in Y1 to US\$1.6 in Y5</b>
<b>Target No of Employees to be employed</b> <b>Total 30 within the factory</b>	<b>Certifications</b> <b>ISO 9001 by end of year 2 of operation</b>
<b>Manufacturing Equipment, Land &amp; Building Value</b> <b>US\$275,968</b>	<b>Total Project Cost</b> <b>US\$546,461</b>
<b>Investment to-date</b> <b>US\$178,165</b>	<b>Taste Test of Samples</b> <b>61% of the 204 consumers surveyed loved the products</b>
<b>Internal Rate of Return (IRR)</b> <b>27.6%</b>	<b>Payback Period</b> <b>3.3 years</b>
<b>Annual EBITDA Expectation</b> <b>28.1%</b>	<b>Tax Contribution in 5 years</b> <b>US\$126,713</b>

## 1. Company Background

Baobab Investment Company Ltd is a for-profit diversified manufacturing and investment company operating within Tanzania, with its products set for trading across Tanzania and the regional African markets.

### 1.1 Registered Company

Investing company name: Baobab Investment Company Limited.

Established in July 2023. The manufacturing site is in Zegereni Industrial Area, Plot 166, Kibaha, Coast Region, Tanzania. P O BOX 4490, Dar Es Salaam. Contact details are +255 767 321 387 Email: Farayi.ziswa@baobabinvestments.co.tz

Baobab Dairy Products Division is a manufacturing division of the Baobab Investment Company Ltd with the primary responsibility of producing consumer foods and beverages for the group. This strategic plan document is focused on the launch of Baobab Dairy Products Manufacturing's first listing of consumer products for Tanzania and East Africa's regional retail market.

### 1.2 Baobab Dairy Products Vision

Manufacturing and distributing delicious, refreshing, and nutritious consumer dairy drinks that profitably contribute to the health and wellbeing of our community across Tanzania and East Africa.

### 1.3 Baobab Values

- **INTEGRITY:** We are committed to securing fresh, quality ingredients that are responsibly sourced, and follow sustainable practices while partnering with a diverse network of suppliers.
- **PASSION:** Our team's passion and positive attitude is the foundation to our excellent customer experience. We are always available to serve.
- **PERSERVERANCE:** We diligently set procedures and exercise proper food safety and sanitation as a priority. We follow industry best practices, educate team members and comply to ensure we deliver safe and delicious Dairy Products.
- **CREATIVITY:** We always make our products accessible and visible across the market.
- **ACHIEVEMENT:** We celebrate all manner of successes as the building blocks for sustainable business.

## 1.4 Industry Analysis

### 1.4.1 The Soft Drinks Sector in Tanzania and East Africa

Tanzanian Beverage Industry Import value is projected to reach USD 40.8 million in 2026, a decrease of 0.3% from year 2021 recorded USD 41.6 million. The industry products demand decreased by 2.6% per year since 2000, when the country was ranked 111th in the world. Albeit the Tanzanian Alcoholic Drink Export is forecast to reach USD 60.2 million in 2026, an increase of 3.9% from 2021's figure of USD 47.6 million. Inferably, Tanzanian beverage products supply has grown by 27% annually since 2002 (Refer: Market Insight-Statista Report 2021)

The soft drinks market in East Africa is worth USD 800 million. Africa accounts for just 3 percent of global soft drink consumption.

Carbonates account for 71 percent of soft drink consumption in the region and are expected to grow further, unlike many regions across the world. Water and Dairy Products are sizable with favourable growth dynamics.

In what remains a largely traditional retail market (+/-90%), distribution remains a key competence for bottlers attempting to reach vast populations in a profitable manner. The Azam, ASAS and Tanga Fresh are the key players in the region, leveraging their long history, brands, and distribution capabilities but key local players such as Kilimanjaro Fresh and MILKCOM DAIRIES have provided fierce competition and have managed to significantly grow their market share.

For more detailed information on the drinks industry in East Africa, refer to the [following report](#). Chart analysis and trends on drinks consumption in East Africa are in Attachment 1.

## 1.5 East Africa and Tanzania Country Analysis

### 1.5.1 The Economy – East Africa

The [East African Community \(EAC\)](#) is a regional intergovernmental organization of 7 Partner States. The EAC is home to an estimated 283.7 million citizens, of which over 30% is in urban population, with a land area of 4.8 million square kilometers and a combined Gross Domestic Product of US\$ 305.3 billion.

Countries in the region have experienced heightened inflationary pressures driven by currency depreciation against the USD; particularly on food and fuel leading to rising cost of living. This has resulted in weakening national currencies, contraction in agricultural production; depressed business activity, and falling revenue collection, among others.

The continued reopening of economies globally could mitigate these adverse effects in 2023 with a projected growth rate of 4.7%, repositioning East Africa as the top-performer in growth among the regions of the continent. Limited exposure to the oil price slump, a benign political environment and a business-friendly environment has seen numerous global consumer companies establish a presence in the region.

East Africa is a very youthful region. About 80% of East Africans, are below the age of 35 years. East Africa, like the rest of Africa, is a region that will grow its population of youth by 42% over the next ten years and therefore expected to be a destination for future capital growth.

### 1.5.2 The Economy – Tanzania

Tanzania has a population of sixty-one million citizens, with an estimated 61 percent of the population under the age of thirty-five.

The economy of Tanzania is a lower-middle income economy that is overwhelmingly dependent on agriculture and tourism. In 2023, the GDP of Tanzania is expected to be US\$ 70 billion, growing at an average 5.1% annually. It is expected to grow to US\$ 230 billion in 2030, making it the second largest economy in East Africa.

Tanzania market for non-alcoholic beverage indicates the country consumption volume will reach 1,742.8ML by 2027; being 5.2% increase from year 2023 estimated figure. Whilst the country's beverage consumption volume per person in the Non-Alcoholic Drinks market is estimated at 22.94 L in 2023; evidencing a business opportunity gap that needs to be bridged.

## 2. Marketing and Sales Plan

### 2.1 Marketing Plan

Baobab Dairy Products intends to launch three new, delicious, refreshing, and nutritious Dairy Products products targeted at the different demographics of consumers across Tanzania and the East Africa market. The Dairy Products shall be manufactured in Kibaha, Coast Region in our state-of-the-art factory.

The products shall be of high quality to satisfy both the local and export market. Basically, the products aren't new inventions in the market, as they are currently produced in Zimbabwe, Zambia, and South Africa. Very little is imported into Tanzania, hence we believe we have the advantage of producing the products locally and we anticipate capturing a reasonable market share.

### 3. Distribution Plan

Baobab Dairy Products has partnered with Kibidi Ltd, a distributor organization headquartered in the Industrial area of Mikocheni for the non-exclusive national distribution of Baobab Dairy Products drinks. Kibidi Ltd have already conducted the market consumer and trade market survey for the sample products.

Distributors (including Kibidi Ltd) shall earn a maximum of 5% of revenue from their selling activity. This income shall support salaries and wages of their sales and administration teams, delivery vehicles fueling and maintenance and warehouse and storage charges.

Distributors shall use a mobile sales tracking application provided by Baobab Dairy Products to sell and track all customer sales transactions in the traditional and formal markets, in real-time. We expect to have real-time reports on sales per product, per customer, per region and per salesperson.

Baobab Dairy Products should provide Executive approved incentives to Distributors against the achievement of stretching sales targets. All products can be delivered without the need for cold chain structures across Tanzania and the East African markets. We do recommend that they do not get exposed to direct sunlight.

### 3.1 Target Market

The target markets for Baobab Dairy Products shall include the following (not in order of priority):

- Wholesalers and Sub-Distributors
- Supermarkets
- Schools
- Hotels, Restaurants and Canteens (HORECA)
- NGO's and Social Development Organizations including Government.
- Hospitals and Health Institutions
- Distributors and outlets outside Tanzania

#### 3.1.1 The Competition

The biggest advantage we have is that these new dairy beverages are not distributed in Tanzania. This advantage is however short-lived as the same products are readily available, affordable, and extremely popular in the Southern neighboring border countries of Zambia and Malawi. We therefore intend to maximize the first mover advantage in Tanzania.

### 3.1.2 Pricing Strategy

We independently conducted several market price comparisons for ready-to-drink Dairy Products in 2023 across the market.

Locally manufactured ready-to-drink Dairy Products from ASAS, Kilimanjaro Fresh and Milkcom cost an average Tsh700 across the traditional trade market for 300ml. That is the low pricing point we need to achieve to be price competitive in the general trade with our 300ml Dairy Products.

From our internal survey of consumers, we have a high potential to sell at a premium of Tsh700 to Tsh800 to our competitors considering we are launching a new category of products.

The potential to sell at a higher price shall allow us to maintain the premium quality as well as achieve sustainable margins of +16% to variable cost.

### 3.1.3 Baobab Dairy Products Product Sampling

Baobab Dairy Products produced a sample of our Sheki Sheki Milk, Dairy Yoghurt and Ready-to-Drink Dairy Products for sampling in the market in the month of June 2023. This survey reviewed 204 consumers and one hundred traders and their perception of our product.

Overall, the survey was conducted across the major settlements of Dar Es Salaam including consumers aged 15 to 62, varying industries, mixed genders and differing ethnic spectrums. 66% of those sampled were in favor of our packaging and 61% were in favor of our product flavors. Through their suggestions, we have now been improving our packaging and formulations and secondary samples have been produced. The final production shall be a summary of all the consumer insights that we shall garner from these exercises.

## 4. Technical Analysis

### 4.1.1 The Factory and Production

Baobab Dairy Products shall purchase US\$247,844 worth of technology and machinery from India that shall ensure the quality production of all our drinks requirements in Tanzania. The equipment shall be housed in a six hundred square meter production site that shall include raw material storage facilities, offices, and modern production equipment.

### 4.1.2 Raw Material Suppliers shall include:

This list of suppliers is not exhaustive as we continue to identify new opportune suppliers that can improve our product taste profiles. Raw materials will be sourced from various suppliers based in Zimbabwe, South Africa, and Tanzania. Availability of raw materials to feed this kind of project size is still lower compared to sourcing locally.

### 4.2 Plant Capacity

Given demand for the beverage products, planned technology and investment size, the plant is set to produce 2.6m liter per annum of dairy based beverages.

Based on these production capacities, the envisaged plant is categorized as a medium scale beverage production project.

Adequate market survey was done indicating that in Tanzania there is consumption capacity for beverages. We firmly believe that the proposed production capacities will be absorbed by the market. At this scale of production, the project will be operationally, commercially, financially, technically, and economically viable.

### 4.3 Regulatory and Compliance Permits and Licenses

To set up and operate beverage project in Tanzania requires the following permits, certification and licenses from the regulatory authorities.

- National Environment Certificate from National Environment Management Council (NEMC).
- OSHA.
- Tanzania Bureau of Standard (TBS).
- Industrial licenses.
- Tanzania Investment Centre Certificates of Incentives.
- Tanzania Medical Device Authority (TMDA) License.
- Business licenses, and
- Local Government Authority
- Work Permits for some foreigners.

The company has already liaised with relevant authorities (i.e. NEMC, TMDA, TBS, BRELA) who are responsible for issuing permits, approval, and certificates; and received guidance for the necessary procedures required to get permits and certificates and comply with required project implementation and operation. All certifications and registrations shall be secured before production starts.

We intend to be ISO 9001 certified within 2 years of launch and strive for more ISO standards in future.

### 4.4 Baobab Investment Company Shared Technology

To ensure the long-term viability of all the Baobab enterprises, mobile and administrative reporting and tracking technology shall be at the forefront of operational execution. Below are some of the technologies that shall be sought and shared within all the business enterprises:

- Sales - Customer and Trader Tracking: We shall track and report in real-time the trading activity of all the Baobab Dairy products in the market. The system should also track supply service delivery to improve OTIF supply.
- Administration: Baobab Investment Company intends to be a fully automated operation with all trading, expenses and asset transactions reported through SAGE in real time. Analysis and reporting shall be presented through dynamic reports.
- HR Services: All Baobab Investment Company personnel shall be managed through an automated HR system for payroll settlement, time-management/clocking, leave management and administration.
- Payment Services: Baobab Investment Company shall be cashless and shall use all facilities including mobile-money and Wakala services for transactions.
- Communication: We shall speak to all members of the team through tools including WhatsApp groups, Mobile reporting system and company email and google apps.

## 5 The Team

### 5.1.1 Board of Directors

Key management team members have already been identified who shall be the company owners as indicated in the table below. A Chairman and Non-Executive Directors shall also be incorporated for Governance purposes.

<p>Mr Noel Zengeni (Tanzanian) Executive Director Experience: 27 years Executive Management experience in Multinationals FMCG and Manufacturing industries East and Southern Africa. Shareholding: 80%</p>	<p>Mr Charles Moyo (Zimbabwean) Executive Director – Production Experience: +20 years in large scale corporate manufacturing experience. Shareholding: 10%</p>
<p>Mr Farayi Ziswa (Zimbabwean) Executive Director and Company Secretary Experience: 25 years Executive Management in Multinationals and Entrepreneurship in the FMCG and Retail industries across East, Southern Africa and Middle East. Shareholding: 10%</p>	<p><i>Vacant: Non-Executive Director</i> <i>Vacant: Chairman</i> Shareholding (if any)</p>

The founding Executive Directors have a combined 72 years of working experience that shall be invaluable in the rollout of Baobab Dairy Products onto the market.

### 5.1.2 Governance Structure

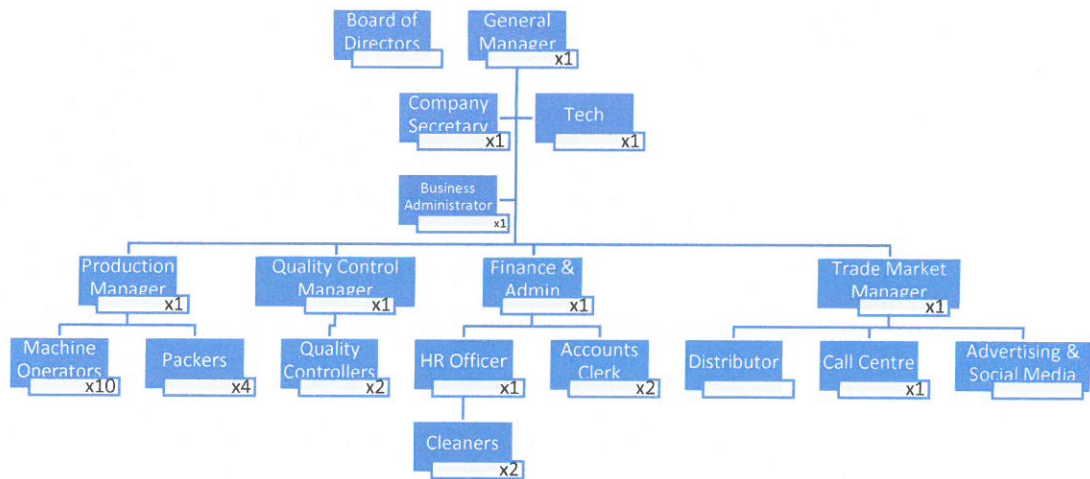
A General Manager shall be recruited to manage operations and share routine monthly performance results with the board. The Board shall meet fortnightly in the first 3 months of establishment and thereafter once quarterly to review performance. The Board shall be constituted and governed by rules set out in the Articles of Association.

The following policy documents, governed within the laws of Tanzania, shall be used to drive the business operations, administration, and the companies' values:

- HR Policy
- Finance Policy
- Manufacturing Policy
- Marketing and Brand Policy

### 5.1.3 Operational Team

Below is the ideal full structure of the management team for the Company. This structure shall be trimmed in alignment with performance as defined by the Board.



Salaries and wages are expected to contribute 10% of Net Sales annually (estimate \$157,860 total per year).

- It shall be important to establish two yearly contracts of employment that have a component of fixed salary plus incentive compensation, driven towards the organization's sales goals.
- For long serving Executive team members, we need to consider the potential for share options, exercisable after 3-5 years, to encourage greater ownership and responsibility to the organization's goals.
- We recommend that all personnel be graded by a standardized hierarchy and responsibility to ensure equitable and transparent management of all staff without bias or prejudice to any gender, skill or role. The lowest level staff shall be Grade 1 and higher up to maximum Grade 5.
- All employment roles shall be defined by a description, minimum qualifications for the role, pay-scale and grade.
- No overtime shall be paid to any department except manufacturing plant. Any other departments shall require the employee to manage their time with their supervisor.

## 6. Financial Projection

### 6.1.1 Objectives/Goals

- To serve nutritious, healthy, and tasty beverages to consumers as an alternative to the current energy drinks sold in the market.
- To generate net revenue of US\$1.6m annually in year 5 and US\$1.7m by year 10.
- To be cash positive (cashflow statement) by year 3.
- To raise US\$200,000 additional financing through short term loan to finance the startup.
- To raise US\$195,430 through an equity disposal program to add critical venture investors.
- To employ at least 30 skilled and professional people in the project.
- To capture market share of at least 6% in the non-alcoholic beverage drinks industry of Tanzania.
- To generate an EBITDA% return of at least 10% per annum to shareholders and investors.
- To contribute to the country's economy through taxes and other levies of at least \$126,713 over the next 5 years.

## 6.1.2 SWOT Analysis

Category	Details
<b>STRENGTHS</b> (to build on)	<ul style="list-style-type: none"> <li>• A strong founding executive team with 72 combined years of experience in Financial Management, Sales, Marketing and Production.</li> <li>• Completed market research and successful product sampling survey</li> <li>• Good innovation pipeline</li> <li>• Complete supply chain expertise</li> <li>• Technology for mapping capabilities and tools</li> </ul>
<b>WEAKNESSES</b> (to eliminate)	<ul style="list-style-type: none"> <li>• Long supply chain lead times</li> <li>• Third party distribution agreement</li> <li>• New company and brand images in an established and competitive market</li> <li>• Funding limits to cater - marketing, administration, and site preparations</li> </ul>
<b>OPPORTUNITIES</b> (to pursue)	<ul style="list-style-type: none"> <li>• The IMF estimated the Tanzania economy GDP to grow at 5.1% in 2022; and furthering to grow at 6% by 2026, hence making a promising economic environment to venture in.</li> <li>• In Tanzania and East Africa, the population growth demographics, urbanization, increase in disposable incomes and the low non-alcoholic drink consumption per capita are reflecting a large opportunity to grow Dairy Products supply into the market.</li> <li>• Potential for strategic routes and partnerships to regional markets</li> <li>• Introducing new product profile</li> <li>• Continuous development/innovation pipeline</li> <li>• Food supplements joint venture</li> </ul>
<b>THREATS</b> (to eliminate)	<ul style="list-style-type: none"> <li>• Major competitors – Azam, ASAS, MilkCom, Kilimanjaro Fresh</li> <li>• New entrants and counterfeits</li> <li>• Forex shortages</li> <li>• Environmental Plastic packaging</li> </ul>

## 6.2 Sales & Profitability Performance

We are anticipating sales of US\$1.4m in year one and incremental growth thereafter as we open new markets across Tanzania and the region. See below our global 10-year Income Statement budget plan for Baobab Dairy Products.

Income Statement	1	2	3	4	5	6	7	8	9	10
Sales Revenue	1,401,706	1,592,418	1,608,342	1,624,426	1,640,670	1,657,077	1,673,648	1,690,384	1,707,288	1,724,361
Distribution Costs	70,085	79,621	80,417	81,221	82,034	82,854	83,682	84,519	85,364	86,218
Cost of Sales	896,281	1,022,867	1,033,096	1,043,427	1,053,861	1,064,400	1,075,044	1,085,794	1,096,652	1,107,619
Contribution to Operating Ex	435,340	489,930	494,829	499,778	504,775	509,823	514,921	520,070	525,271	530,524
Contribution %	31%	31%	31%	31%	31%	31%	31%	31%	31%	31%
Operating Expenses	280,783	343,719	347,156	350,627	354,134	357,675	361,252	364,864	368,513	372,198
Operating Expenses %	20%	22%	22%	22%	22%	22%	22%	22%	22%	22%
EBITDA	154,557	146,211	147,673	149,150	150,642	152,148	153,670	155,206	156,758	158,326
EBITDA %	11%	9%	9%	9%	9%	9%	9%	9%	9%	9%

Baobab Dairy Products targets to generate a Sales Contribution (Margin) of approximately 31% annually. Our target EBITA is 9% to 10%. To achieve this, we intend to ensure that we sell all units at a Variable Margin of +16%.

### 6.2.1 Key Investment Assumptions in our planning

Investment Assumptions Summary	Income tax arte %	30%	Inflation on commodities (Years 2 ) & (Years 3 -10)	2% & 1%	Selling Price Reccovery plan (Years 2 - 10)	1%
	Depreciation Period (years)	10	Annual Inflation on Overheads	1.0%	Volume Target (Ltr) by Year 3	1%
	WACC (Cost of capital)	15.00%	Headcount	30	Capacity Utilisation	90%

### 6.2.2 Investment Capital

- Baobab Dairy Products intends to invest a total of US\$546,461 in capital equipment, registration, and initial startup costs over the first 6 months of operations. The breakdown of the investment is highlighted below:

SUMMARY STARTUP EXPENSES	TOTALS	Brief Details
Site Preparation	\$33,235	GMP compliant facilities, Storage conditions, IT kit and Software, Furniture and Fittings and Utilities yard.
Capital equipment	\$251,344	Processing Equipment, Delivery Van
Location/administration expenses	\$53,053	Employment costs x 3 months, Utilities x 1, Insurance and Compliance licences (TFDA,TBS, NEMCA)
Opening inventory	\$139,146	Inventory cover for 2 months
Advertising/Promotional expenses	\$5,500	Sales expenses for 2 months
Product Launches/ Distribution expenses	\$4,000	Marketing expenses for 2 months
Investor Contingency fund	\$14,054	
Receivables	\$2,040	30 day credit facility to formal clients.
Project Feasibility	\$11,245	Founders project funding
Lease agreement	\$1,830	Recoverable expense from NSSF
Land and buidling	\$27,225	
Project lead contingency	\$3,789	
<b>Total</b>	<b>\$546,461</b>	

- 60% of the capital expenditure is scheduled for fixed asset equipment and property with 26% of the capital expenditure is scheduled towards working capital including raw materials. The balance of 14% shall go toward launching activities.

\$	Budget
Fixed Capital	325,857
Working Capital	141,187
Non Capital Costs	79,417
<b>Total Outlay</b>	<b>546,461</b>

And expected investment returns.

Investment Data and Returns Summary					
IRR pre-interest (%)	27.6%			NPV post tax (\$)	182,765
Payback pre-interest (years)	3.29			Investment - Equity (\$)	373,556
SRR pre-interest (%)	28.1%			Investment - Loan (\$)	200,000

- A total of US\$1400,000 has already been invested in the project.
- An additional strategic investment of \$195,478 equity shareholding of Baobab Investment Company Ltd, shall be sold towards raising for the successful launch and operation of Baobab Dairy Products Division. A specific % will be negotiated and shareholding redistributed to accommodate the strategic investor for an agreed consideration.

Strategic Investor funding:	
Equipment	86,085
Leasehold refurbishment / Site preparation	33,235
Administrative	\$52,604
Advertising and launch roll-outs	\$9,500
Contingency	\$14,054
<b>Total</b>	<b>195,478</b>

- US\$200,000 is required as a short-term loan at 8% per annum interest from an investor on a 3-year repayment plan to get the business to secure working capital to commission production.

### 6.2.3 Cashflow

Against an investment of US\$546,461 and operational expenses as presented earlier, below is the expected cashflow statement summary for Baobab Dairy Products from month 1 of production operations. We expect to be cash positive by year 3 of operation.

	YEARS										
Cash Flow	0	1	2	3	4	5	6	7	8	9	10
Gross Cash Flow (EBITDA)	0	180,074	175,506	181,768	188,184	194,755	212,341	230,415	248,989	268,075	287,683
Net Cash Flow	(325,858)	73,842	133,152	149,373	129,378	133,931	147,085	161,291	174,293	187,652	201,378
Cum Cash Flow	(325,858)	(252,016)	(118,864)	30,509	159,887	293,817	440,903	602,193	776,486	964,138	1,165,516

## 7. Risk Analysis and Mitigation

### 7.1.1 Business Risk

- This is the risk that the company will not have adequate cash flow to meet its operating expenses. The risk is composed of financial risk, which is linked to debt and risk often linked to economic climate.
- If the company is entirely financed by equity, it would pose almost no financial risk, but it would be susceptible to business risk or changes in the overall economic climate. In this project, there will be minimal financial risk because the project is planned to be funded by equity from the shareholders.
- The company, through distributors, has put a strategy to kick start the business with several orders from reliable and committed wholesalers, sub-distributors, kiosks around colleges, schools, hospitals and other wholesalers to start generating quick cash flow.

### 7.1.2 Technology Risk

- The process of effective technology risk management begins with risk identification in the context of the overall business strategy. Understanding the role that technology plays in enabling core business operations and establishes the framework for understanding where relevant risks lie.
- The company will be embarking on a project that will involve acquisition, installation and operation of state-of-the-art technology in the beverage industry. The selected technology is proven and has been used by producers in Zimbabwe, Zambia and South Africa.
- However, as part of its overall strategy, the company will obtain technical assistance and capacity-building services from the supplier of plant technology as part of the Sale Agreement.

### 7.1.3 Market Risk

- Market Risk would occur, if we engage in price wars with our competitors – a state of competitive price reductions in the market for similar products. This shall be avoided at all cost, as we shall not sell below our gross margin price.
- The best mitigation strategy of Market Risk for the Project comes from long-term sales agreements/contract to be entered with the company's key clients such as supermarkets, wholesalers, hotels, schools etc. The company will also invest much more in product marketing to create awareness of the new brand in the marketplace.

## 7.2 Environment Issues

In adherence to regulations, the company shall seek environment clearance from NEMC regarding the beverage production project, of which the process has already commenced. Environmental factors will be considered to protect the environment as well as to comply with other regulatory bodies including OSHA. The project has considered the following factors to conserve the environment.

- **Factory Design:** The factory designs are planned not only to be environmentally friendly but also aesthetically appealing. The production facility will comprise of the processing plant, office space, warehouse, and an open reserve water tank which will be designed to allow adequate ventilation and lighting to minimize energy consumption. The plant design will be as per TMDA requirement for setting up and operating the food processing project.

- Plants, Machinery and Equipment: The equipment designs, make, and capacity ratings will be carefully selected based on their suitability to produce food and minimal environmental emissions as advised by industrial experts.
- Waste Disposal: The production process flow is environmentally friendly as there will be no waste to be generated by the project.

### 7.3 Social and Economic Impacts

The project will promote social-economic goals and objectives stated in the Tanzania strategic plan for industrialization with the following benefits:

- Creation of direct employment for over thirty people.
- Payment of income to employees and other service providers (including individual entrepreneurs), thus contributing to the government efforts to enhance the citizens wealth creation and ultimately improving their livelihood.
- Add revenue base to both the promoters and the Government of Tanzania.
- The project has a multiplier effect on the people where the project will be located.

### 8. Key Action Plans

Below schedule outlines the timelines for the implementation of key actions related to the project rollout and activities.

#### Overview Investments for commissioning the Beverage Project

Project description	Project Lead	Expected Spent	Down Payment	Complete Payment	Contingency	2024													
						3	4	5	6	7	8	9	10	11	12				
Zegereni land acquisition and construction of building at the premises	Baobab/ Contractor	\$ 40,000	\$ 16,411	\$ 23,589	\$ 4,718														
Site Preparation	Baobab/ Contractor	\$ 33,235		\$ 33,235	\$ 3,324														
Transformer and Electrical Cabling	Baobab/ Contractor	\$ 15,000		\$ 15,000	\$ 1,500														
Beverage process equipment payment	Baobab	\$ 196,000	\$ 110,000	\$ 86,000	\$ 8,600														
Beverage process equipment - Import and deliver to site	Baobab/ Agent	\$ 21,200		\$ 21,200	\$ 2,120														
Beverage process equipment - Installation	Radhey/ Baobab	\$ 7,000		\$ 7,000	\$ 700														
Payment and Imports for Ingredients and packaging raw material	Baobab/ Contractor	\$ 150,000		\$ 150,000	\$ 15,000														
Tanzania Investment Centre	Baobab	\$ 1,100		\$ 1,100	\$ 110														
Regulatory compliance - Import Registration PVOC	Baobab	\$ 1,000		\$ 1,000	\$ 100														
Regulatory compliance - Tanzania Bureau of Standards	Baobab	\$ 1,000		\$ 1,000	\$ 100														
Regulatory compliance - NEMC	Baobab	\$ 2,000		\$ 2,000	\$ 200														
Regulatory compliance - Weights and Measures	Baobab	\$ 1,000		\$ 1,000	\$ 100														
Commissioning of Processing and packing	Baobab	\$ -		\$ -	\$ -														
<b>Total</b>		<b>\$ 468,535</b>	<b>\$ 126,411</b>	<b>\$ 342,124</b>	<b>\$ 36,571</b>														

#### Summary of activities

Land, Building, Utilities and Site Preparation
Equipment
Registration and Regulatory compliance
Ingredients and Packaging Raw Materials
<b>Total</b>

\$ 71,824	\$ 9,541
\$ 114,200	\$ 11,420
\$ 6,100	\$ 610
\$ 150,000	\$ 15,000
<b>\$ 342,124</b>	<b>\$ 36,571</b>

## 9. Conclusion and Recommendation

The company is planning to set up and operate a beverage production facility to be located at Kibaha District, Tanzania. The promoters are confident that the project will operate successfully and ensure return on the investors capital and assets augmented by the following reasons.

- The company will recruit a competent management team to run the project effectively and efficiently. Currently there are three key management members who have adequate experience and knowledge in the areas of financial management, production, and marketing.
- Currently, demand for the beverage in Tanzania is growing due to the increasing population and urbanization. This attracts more investment in the food and beverage Industry.
- The project will be implemented under turnkey contract and hence implementation, completion and operation risks will be mitigated; and
- The project is technically, financially and commercially feasible and henceforth recommended for implementation.

# Attachment 1: Economic Overview of Drinks Market

