

SELOUS MINING COMPANY LIMITED

BUSINESS PLAN

FOR

BEVERAGES PRODUCTION (alcoholic and non-alcoholic) PROJECT

SELOUS MINING COMPANY LIMITED

Beverages (Alcoholic and Non-Alcoholic) Producer

1.0. INTRODUCTION

SELOUS MINING COMPANY LIMITED is a privately owned and incorporated in Tanzania with Certificate of Incorporation No. 165947355 dated 1st June, 2023 which intends to establish a beverages (Alcoholic and Non-Alcoholic) Production project **Plot No. 1, Block A Hanet, Kondoa Road, Chamwino, Dodoma in Tanzania**, The Company will employ state of art technology from India.

1.1 Project Concept

The proposed project will involve renovation of building to be used as industrial premises and installation of machines to be used for the project. The company is targeting Dodoma and up-country market. Proposed project intends to develop soft drinks such as bottled water, juice, soda, sprits etc., the products produced to be packed and distributed at affordable price the project will employ adequately trained and experienced management and employees.

The business plan by **SELOUS MINING COMPANY LIMITED** a locally registered company, the project promoters are confident of mobilizing financial resources through equity contribution and long-term loan from financial institutions

SELOUS MINING COMPANY LIMITED

Beverages (Alcoholic and Non-Alcoholic) Producer

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

1.2 Location

The project will be located at **Plot No. 1, Block A Hanet, Kondoa Road, Chamwino, Dodoma in Tanzania**

1.3 The Sponsors

SELOUS MINING COMPANY LIMITED will be sponsoring this project. The Company is currently jointly owned by four shareholders with share capital of Tsh 20,000,000/=

Names	% of shares	Nationality
WANG JIAN	20	Chinese
SUN WEI	20	Chinese
ALLY HAMISI GOMA	55	Tanzania
ZHANG YUANPENG	5	Chinese

1.4 SELOUS MINING COMPANY LIMITED PROJECT

The company main business objectives include the following:
Proposed project intends to develop soft drinks such as bottled water, juice soda etc, the soft drinks produced, packed and distributed at affordable price

SELOUS MINING COMPANY LIMITED

Beverages (Alcoholic and Non-Alcoholic) Producer

1.5 **Objective of the study**

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

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\$ 0,5 , in up country the price is more than that almost 25% higher than Dar es Salaam, the same cost apply 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 drinkingwater, 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

SELOUS MINING COMPANY LIMITED

Beverages (Alcoholic and Non-Alcoholic) Producer

low income earners cannot afford the price, and bad enough juice imported are made with additive and juice concentrated, the quality is questionable that why the **SELOUS MINING COMPANY LIMITED** came in to bridge the came which have been left by existing brand such Uhai, Kilimanjaro, Afya,Hill, Maisha to mention few

2.2 **Special Strengths of DRASHTI MINERALS LIMITED**

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

2.3 **Marketing Strategy**

According to expert, 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

SELOUS MINING COMPANY LIMITED

Beverages (Alcoholic and Non-Alcoholic) Producer

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 guide line, TFDA, TBS, the state-of-the-art technology will be used, water will be treated to conform to the bacteriological standard using micro filter, activated carbon filter and ultraviolet rays, the treated water enters automatic bottle filter and sealer. The sealed water bottles are packed ready for the market

SELOUS MINING COMPANY LIMITED

Beverages (Alcoholic and Non-Alcoholic) Producer

3.0 **Project Management and Manpower Requirements**

SELOUS MINING COMPANY LIMITED will 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. **20** staff will be directly employed.

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 \$ 500,000 out of which US \$ 355,000 will be fixed investment costs. Pre-production expenditures have been budgeted at US \$70,000; other cost will be \$20,000, while working capital is put at \$55,000.

SELOUS MINING COMPANY LIMITED

Beverages (Alcoholic and Non-Alcoholic) Producer

SELOUS MINING COMPANY LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	15,000.00
Machinery & Equipment	250,000.00
Motor Vehicles	80,000.00
Furniture & Fixtures	10,000.00
Pre expenses	70,000.00
Others	20,000.00
Working Capital	55,000.00
TOTAL	500,000.00

For the project to be a reality a total investment amounting to US \$500,000 is needed

4.0 Financing pattern

The project will be financed by equity by 100%; constituting US\$ 500,000

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 support for industrialization and rises of middle-income earners gives them assurance of a steady market. The peace and

tranquility that exists 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. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied.

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

SELOUS MINING COMPANY LIMITED

Beverages (Alcoholic and Non-Alcoholic) Producer

7.2 Financial Statements:

7.3 Projected Iodge Revenue

For projection purposes, it is assumed that the economic life of the project is five years, and that revenue from business commence from the first year of operation.

SELOUS MINING COMPANY LIMITED PROJECTED REVENUE LTD

	1	2	3	4	5
Revenue	630,700	640,780	649,800	655,820	700,860

7.4 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\$**222,002** in first year to US \$**251,612** in the 5 years

SELOUS MINING COMPANY LIMITED
Beverages (Alcoholic and Non-Alcoholic) Producer

SELOUS MINING COMPANY LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT (US\$)

	1	2	3	4	5
Sales Revenue	630,700.00	640,780.00	649,800.00	655,820.00	700,860.00
Cost of Sales	210,233.00	213,593.00	216,600.00	218,606.00	233,620.00
Gross Profit	420,467.00	427,187.00	433,200.00	437,214.00	467,240.00
Operating Expenses:					
Administrative Expenses	1,400.00	4,205.00	5,000.00	5,200.00	5,800.00
Motor vehicle running expenses	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
Salaries and Wages	22,000.00	22,000.00	22,000.00	22,000.00	22,000.00
Donation	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Depreciation	24,000.00	24,000.00	24,000.00	24,000.00	24,000.00
Marketing Costs	9,320.00	9,345.00	9,358.00	9,365.00	9,375.00
Maintenance & Repair	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00
Utility costs	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Insurance	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
Communication	5,400.00	5,406.00	5,410.00	5,415.00	5,418.00
Pension Contribution	2,200.00	2,200.00	2,200.00	2,200.00	2,200.00
Total Expenses	103,320.00	106,156.00	106,968.00	107,180.00	107,793.00
Profit before tax	317,147.00	321,031.00	326,232.00	330,034.00	359,447.00
Tax (30%)	95,144.10	96,309.30	97,869.60	99,010.20	107,834.10
Profit After Tax	222,002.90	224,721.70	228,362.40	231,023.80	251,612.90

7.5 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\$ **403,292** of operation to the 5th year i.e. US\$ 2,014,479

SELOUS MINING COMPANY LIMITED
Beverages (Alcoholic and Non-Alcoholic) Producer

SELOUS MINING COMPANY LIMITED PROJECTED CASH FLOW " US\$"

CASH FLOW FROM OPERATIONS:	1	2	3	4	5
Cash Sales	490,000.00	492,000.00	493,500.00	500,250.00	500,350.00
VAT Receipt	113,526.00	115,340.00	116,964.00	118,047.60	126,154.80
Subtotal cash Received	603,526.00	607,340.00	610,464.00	618,297.60	626,504.80
Expenditures from Operations:					
Cash spent	162,391.94	165,146.26	167,612.00	178,256.92	181,568.40
VAT Payments	37,841.94	38,446.74	38,988.00	39,349.08	42,051.16
Subtotal Cash Payment	200,233.88	203,593.00	206,600.00	217,606.00	223,619.56
CASH FLOW FROM OPERATIONS:	403,292.12	403,747.00	403,864.00	400,691.60	402,885.24
CASH FLOW FROM INVESTMENTS:					
Purchase of Assets	(355,000.00)				
Working Capital ,pre-expenses and Others	(145,000.00)				
CASH FLOW FROM INVESTMENTS:	(500,000.00)				
CASH FLOW FROM FINANCING:					
Owners' Equity Contribution	500,000.00				
CASH FLOW FROM FINANCING:	500,000.00				
NET CASH FLOW FOR PERIOD	403,292.12	403,747.00	403,864.00	400,691.60	402,885.24
CASH FLOW START OF YEAR	-	403,292.12	807,039.12	1,210,903.12	1,611,594.72
CASH FLOW AT THE END OF YEAR	403,292.12	807,039.12	1,210,903.12	1,611,594.72	2,014,479.96

7.6 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Net worth of the project increases from US\$ **722,002** in the first year of operation to US \$ **751.612** in the 5th year.

SELOUS MINING COMPANY LIMITED

Beverages (Alcoholic and Non-Alcoholic) Producer

SELOUS MINING COMPANY LIMITED PROJECTED BALANCE SHEET " US \$"

	1	2	3	4	5
<u>Fixed Assets</u>					
Long-term Assets	355,000	319,500	284,000	248,500	213,000
Depreciation	35,500	35,500	35,500	35,500	35,500
Total Long-term Assets	319,500	284,000	248,500	213,000	177,500
<u>Current Assets</u>					
Cash	603,526	607,340	610,464	618,297	62,504
Accounts Receivable	27,174	33,440	39,336	37,523	74,350
Total Current Assets	630,700	640,780	649,800	655,820	136,854
Total Assets	950,200	924,780	898,300	868,820	314,354
<u>Current Liabilities</u>					
Accounts Payable	9,999	10,000	10,000	10,000	10,000
Other Current Liabilities	0	0	0	0	0
Subtotal Current Liabilities	9,999	10,000	10,000	10,000	10,000
<u>Long-term Liabilities</u>					
Long-term Liabilities	0	0	0	0	0
Total Liabilities	9,999	10,000	10,000	10,000	10,000
Net Assets	940,201	914,780	888,300	858,820	304,354
<u>Capital and Reserves</u>					
Owners Contribution	500,000	500,000	500,000	500,000	500,000
Retained Earnings	222,002	224,721	228,362	231,023	251,612
Total Capital	722,002	724,721	728,362	731,023	751,612

7.7 Projected payback period

Total investment is US \$ 500,000 cash accumulation second year is 517,723 which is more than the initial investment by US\$ US\$ 17,723 the project payback Period is within 2 years,

SELOUS MINING COMPANY LIMITED

Beverages (Alcoholic and Non-Alcoholic) Producer

The project has a relatively short payback period. It is remarkably impressive for a project whose investment is as big as US\$ 500,000 being recovered within 2 years.

SELOUS MINING COMPANY LIMITED PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulative Cash Flow
1	222,002.00	35,500.00	257,502.00	257,502.00
2	224,721.00	35,500.00	260,221.00	517,723.00
3	228,362.00	35,500.00	263,862.00	781,585.00
4	231,023.00	35,500.00	266,523.00	1,048,108.00
5	251,612.00	35,500.00	287,112.00	1,335,220.00
Initial Fixed Investment and Working capital for Expansion= USD			500,000.00	
From above table, payback period is within 2years				

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 **20 people** on permanent contract basis as well as on temporary basis.
-

SELOUS MINING COMPANY LIMITED

Beverages (Alcoholic and Non-Alcoholic) Producer

-
- 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:

SELOUS MINING COMPANY LIMITEDIMPLEMENTATION

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	August 2024
2	Placing order of machines	September– October 2024
3	Installing machines	October-February 2025
4	Recruitment	August 2025
5	In house training	December -February 2026
4	Testing production	March - May 2026
6	Commercial operations	June 2027-2029

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.