

SAADO GROUP OF COMPANIES LIMITED

BUSINESS PLAN OF MANUFACTURING FOOD PRODUCTS

1. EXECUTIVE SUMMARY

This Project report sets out proposals of Saado Group of Companies Limited of P.O.BOX 20386, Dar es Salaam promoting a new factory to manufacture food products for the consumer market.

Saado Group of Companies Limited

This company incorporated under the companies Act 2002 on 10th November, 2023 with a certificate of incorporation number 169968632

OWNERSHIP the **M/s: Saado Group of Companies Limited**

Name	Nationality
IBRAHIM ABDULRAHMAN SAEDO	SYRAIN
ABDULRAHMAN IBRAHIM SAEDO	SYRIAN

The project objective is to produce **Food Products such as Biscuits, Popcorn, Nuts, Cashew and Chocolates**. The project shall be located at P.O.BOX 20386, Plot No. 2, Block 1, Vijibweni, Kigamboni, Dar es Salaam.

The project has been prompted by the following reasons:

- (i) The current trend towards an increase in the number of entrepreneurs and competition amongst existing companies presents an opportunity for us to penetrate the market.
- (ii) Due to high saturation of the market, there are various substitute products with low quality which we intend to work on by providing high quality products for the consumers.
- (iii) High costs for imported quality food products which most consumers fail to afford. Thus manufacturing locally would reduce cost and allow us to provide quality products to the consumers.
- (iv) As a consequence of an attractive environment for Tanzanian to invest in Tanzania there has been steady growth of new factories.

2. PROJECT BACKGROUND

2.0 SAADO GROUP OF COMPANIES LIMITED

This study covers the carrying out of the initial/ establishment of a factory to manufacture Food Products under taking to be situated in an appropriate area Plot No. 2, Block 1, Vijibweni, Kigamboni, Dar es Salaam.

The importance of such products does not need to be subjected to the efforts of orchestrating. Indeed, the demand for this product category is always on the increase due to its nature of being a basic necessity for the consumers.

The products from this country are intended to contribute towards the current supply source which is the local production.

2.1 LAYOUT OF THE STUDY

This report presents a fully-fledged financial and techno-economic analysis relevant to the proposed to manufacture food products undertaking to be situated within Plot No. 2, Block 1, Vijibweni, Kigamboni, Dar es Salaam

This report presentation commences with the coverage of an introduction which is followed by the summary and recommendations where the market and marketing plan are outlined. Aspects of the civil works and buildings are also presented.

Thereafter followed with the manpower requirements and organization, with an outline on the implementation schedule.

The investment and financing is covered and the report concludes with the presentations of operating costs and financial economic analysis respectively.

2.2 SUMMARY AND RECOMMENDATIONS

2.2.1 INTRODUCTION

The report accounts for the financial and techno-economic analysis on the phase 1 setting up / operation of an integrated food processing factory to be situated in an appropriate Block H Mbezi, Dar es Salaam

2.2.2 MARKET

There is a substantial demand supply gap both in the local and in the neighboring countries. In the context of the latter market there is an exhaustible market potential. What will be required by these project executors is to carry out proper identification / firming up business understanding with appropriate clientele

3. THE OBJECTIVE

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

3.1 MARKET POTENTIAL

The market research conducted by Saado Group of Companies Limited reveals that there a big market potential to absorb company's products to be manufactured, the current demand for Food Products is at high not only in urban areas but even in villages in different projects, our company future plan intend to carter the all regions in the lake zone region at large and nearby East African countries such as Uganda, Rwanda, Congo and Burundi. There is a constant need for the food products therefore business opportunities exist for setting up additional food manufacturing facilities to satisfy the market requirements.

3.2 PROJECT DESCRIPTION

Food processing can be simply defined as the transformation of raw materials or ingredients into a consumer food product. Commercial food processing is a more comprehensive description of manufacturing. It is defined as the process of taking raw materials and transforming them into intermediate foodstuffs or edible products through the use of labor, machinery, energy, and scientific knowledge.

The food industry is the world's largest industry, consisting of a complex collection of several firms that contribute to the global population's food energy supply. Numerous profitable examples exist of the most lucrative food processing business concepts.

The Food Industry in Tanzania has various local firms penetrated into the market with products of different categories. The availability of local raw materials in the Tanzanian market allows for the manufacturing of food items to be of low cost. However, the production process for food items is not solely reliant on the preparation, mixing, cooking and packaging, rather, it also relies on the quality control of the process.

There is a constant requirement of quality from the consumers due to which the consideration of quality in the manufacturing process is essential at all steps including the raw materials and machinery. The food items would be manufactured to meet the needs of the consumers by having various options in terms of flavor and taste.

3.3 MANUFACTURING PROCESS

- Raw Material Receipt: In the realm of ingredient management, a well-structured warehouse is the hub for gathering and storing various ingredients.
- Mixing: Mixing is the combining of two or more materials to achieve a desired level of uniformity.
- Molding: Is the process of shaping liquid or pliable raw material using a rigid frame called a mold or matrix.
- Baking: Is the process of converting raw materials into a set structure of the food product with the consideration of variables such as temperature and time.
- Cooling: Is a technique used to maintain the quality and freshness of products by keeping them at a specific temperature during production and storage.
- Packaging: Is defined as enclosing food to protect it from tampering or contamination from physical, chemical, and biological sources, with active packaging

being the most common packaging system used for preserving food products.

- **Quality Control:** Strict quality control measures are implemented to ensure consistency in taste, texture, and appearance. Samples are regularly tested for taste, texture, and shelf life.

3.4 QUALITY CONTROL

Quality control in food manufacturing is a process that ensures that food products meet specific quality standards and regulatory requirements before they are released to the market. It further involves monitoring and testing raw materials, production processes, and finished products to ensure that they meet certain specifications and are safe for consumption.

Quality control in food manufacturing is crucial for maintaining product consistency, ensuring food safety, and meeting consumer expectations.

Food safety: Quality control is essential for preventing foodborne illnesses and ensuring that food products are safe for consumption. By identifying and controlling potential hazards in the production process, quality control can help prevent contamination of food products.

Compliance with regulations: Quality control helps ensure that food products comply with local and international regulations and standards. Failure to comply with these regulations can result in fines, product recalls, and reputational damage.

Product consistency: Quality control is important for maintaining product consistency and ensuring that customers receive the same quality product every time they purchase it. This helps build brand loyalty and trust.

Cost savings: Quality control can help identify and eliminate non-conforming products, which can result in cost savings for the company. It can also help identify areas for process improvement, which can lead to increased efficiency and reduced waste.

Reputation: Quality control is essential for protecting the reputation of the company. A single incident of contaminated or unsafe food can have a significant negative impact on the company's reputation and bottom line.

3.5 MONITORING AND EVALUATION

The management has full commitment to ensuring good use of the resource and sustainable environment and well-being of the community with which they do business, thus, the management will strive to ensure compliance to standard ad safety of products and customer they serve.

3.5.1 Project Investment

The estimated capital cost of the project is TSH 660,000,000 that explained below

Capital	Cost (US\$)
Land and Building	70,000
Machinery and Equipment	320,000
Trucks & Trailers, Tankers and other Vehicles	110,000
Office Furniture and Fixtures	10,000
Pre-operational Expenses	10,000
Others	20,000
Initial Working Capital	120,000`
Total	660,000

3.5.2 Finance patterns

The project will be financed by equity 660,000,000

3.6 DISTRIBUTION

Product will be sold at the factory where wholesale customers will be served.

The company will use advertisements in order to capture customer of internal and external market of the country where the market is concentrated. This would be a strategy to increase sales.

3.6.1 PLANT CAPACITY

We expect to attain capacity of 60% to 70% for the coming three years with a plan to expand plant capacity in the upcoming years.

RAW MATERIAL

List of raw materials sources locally includes:

- Flour
- Cocoa
- Nuts (various)
- Sugar
- Honey
- Mint
- Salt
- Pepper

TOOLS:

List of tools to be used are:

- Mixture Bowls
- Spoons and Spatulas
- Plates
- Knives
- Molders
- Baking Oven
- Cooling Tunnel
- Oil Sprayer
- Rotary Cutters
- Slab Slicer
- Laminators
- Baking Sheet
- Biscuit Cutter
- Pastry Brush
- Wire Cooling Rack
- Cardboards
- Boxes
- Wrappers

4.0 CIVIL WORKS AND BUILDINGS

4.1 GENERAL

Our facility is at Plot No. 2, Block 1, Vijibweni, Kigamboni, Dar es Salaam

4.2 ACCESSIBILITY OF THE SITE

The envisaged project site will be accessible; it can easily be reached and will have full provision of all basic utilities, electricity and water.

4.3 DESIGN CONCEPT

The ultimate factory building will be built of concrete blocks and properly designed with ample space to cover all functional spaces such as processing hall, offices, raw materials storage, product storage and other social amenities space requirement. It is envisaged that on final completion the factory will have a total built up area of 4,065 square meter.

4.4 AUXILIARY SERVICE SREQUIREMENTS

4.4.1 POWER SUPPLY SYSTEM

- **MAIN POWER SUPPLY**

It will power supply from the national grid prevailing in the municipality, this power at times is highly unreliable because of the frequent cuts and fluctuating voltages.

- **EMERGENCY POWER SUPPLY**

A stand by generator will have to be provided to supply all the essential loads in an event of TANESCO power failure. For this reason, we might be forced to use stand-by generator to some

extent, such sources of power will result in the increase in the production costs of the products in question.

- **POWER DISTRIBUTION**

Power distribution in the factory compound will be via underground cables to be installed with TANESCO requirements.

- **FIRE PROTECTION**

It is composed to provide fire protection and firefighting systems, fire detection system which consist of automatic and manual detection devises, alarm and communication systems whereas firefighting systems will feature portable extinguishers, hose reels, wet and dry rises and automatic sprinkler system.

4.4.2 ACCESS ENTRANCE

Wide inlet/ entrance will be provided so as to facilitate smooth passage of the workers and vehicles.

4.4.3 A PARKING SPACE FOR THE FACTORY BUILDING

The plant area will have ample parking space adequate to accommodate several vehicles at any given time.

4.4.4 WATER SUPPLY

- **SOURCE OF WATER**

The source of the portable water for the plant will be from the municipal water system.

Design of the water supply will be based on the ministry of water and livestock design manual. Material specification for pipes and fittings will be according to the relevant British standards.

4.4.5 STORM WATER DRAINAGE

Road storm water drainage will be dealt separately during design of the parking space where by all the drainage structures will be considered.

Storm water runoff will be collected from the building by means of spouts and full boras through down pipes and will be discharged into the open channel and deposited into road side drains.

Also the same method / channels will be used to dispose storm water run - off from car park and other facilities to the road side drains.

5.0 MAN POWER REQUIREMENTS AND ORGANIZATION

5.1 MANAGEMENT

The success of the venture of this kind depends on the competence of the personnel recruited of manage; it is assumed that relevant personnel with requisite skills shall be available within the country. There will be a need of the recruiting expatriates in some key positions.

The overall in charge, responsible of the day to day operations will be the project manager who in turn is answerable to the board of directors.

5.2 ORGANIZATION SET UP

Initially the operation will broadly be divided into the following:

- Administration department
- Production department
- Marketing and sales department
- Finance department

5.3 MAN POWER REQUIREMENTS

5.3.1 TOTAL MAN POWER REQUIREMENTS

Based on the proposed organization structure the project will initially employ a total of 15 permanent and casual labors.

5.3.2 RECRUITMENT

All staff will be recruited at least one month before the plant operations are commenced.

5.3.3 TRAINING

The management of the plant would strive to employ competent and qualified personnel in the manufacturing business. To reduce costs few senior staff will be trained at the selected locally available institutions, all other supporting staff will be trained on the job.

Moreover, it is expected that most of them will have some basic knowledge and experience in manufacturing business.

6.0 IMPLEMENTATION SCHEDULE

6.1 GENERAL

Both local and external factors have been taken into account when drawing out the proposed schedule of implementation. Factors such as finalization of civil works, acquisition of machinery and equipment, recruitment of qualified personnel and other factors have been looked into.

FINANCIAL STATEMENTS

Capital	Cost (US\$)
Land and Building	70,000
Machinery and Equipment	320,000
Trucks & Trailers, Tankers and other Vehicles	110,000
Office Furniture and Fixtures	10,000
Pre-operational Expenses	10,000
Others	20,000
Initial Working Capital	120,000`
Total	660,000

OTHER OPERATING COST						
Other Operations Cost		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Motor Vehicle running expens		16,000	16,400	16,800	17,200	17,600
Salaries and Wages		21,800	23,980	26,378	29,016	31,917
Administrative Overhead Costs		1,800	1,980	2,178	2,396	2,635
Utility Costs		13,000	14,300	15,730	17,303	19,033
Interest on Loan		8,600	7,740	6,966	6,269	5,642
Raw Materials		58,800	64,680	71,148	78,263	86,089
Total Costs		120,000	129,080	139,200	150,447	162,918

FIXED ASSETS SCHEDULE						
NAME OF ASSETS		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings		70,000	66,500	63,000	59,500	56,000
Plant & Machines		320,000	256,000	192,000	128,000	64,000
Motor Vehicle		110,000	102,000	97,000	92,000	87,000
Furniture & Fixtures		10,000	8,750	7,500	6,250	5,000
Total		510,000	433,250	359,500	285,750	212,000
Depreciation		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings		3,500	3,500	3,500	3,500	3,500
Plant & Machines		64,000	64,000	64,000	64,000	64,000
Motor Vehicles		8,000	5,000	5,000	5,000	5,000
Furniture & Fixtures		1,250	1,250	1,250	1,250	1,250
ANNUAL DEPRECIATION		76,750	73,750	73,750	73,750	73,750
CLOSING FIXED ASSETS		433,250	359,500	285,750	212,000	138,250

PROJECTED INCOME STATEMENT						
		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEARS 5
Sales Revenue		957,000	1,148,400	1,378,080	1,653,696	1,984,435
Cost of Sales		191,400	191,400	191,400	191,400	191,400
Gross Profit		765,600	957,000	1,186,680	1,462,296	1,793,035
Operating Expenses						
Administrative Overhead						
Costs		1,800	1,818	1,836	1,855	1,873
Motor Vehicle running		16,000	16,160	16,322	16,485	16,650
Salaries and Wages		21,800	22,018	22,238	22,461	22,685
Depreciation		76,750	77,518	78,293	79,076	79,866
Utility Costs		13,000	13,130	13,261	13,394	13,528
Insurance		16,500	16,665	16,832	17,000	17,170
Interest on Loan		8,600	8,686	8,773	8,861	8,949
Total Expenses		136,650	138,017	139,397	140,791	142,199
Profit before Tax		628,950	818,984	1,047,283	1,321,505	1,650,837
Tax (30%)		188,685	245,695	314,185	396,452	495,251
Profit After Tax		440,265	573,288	733,098	925,054	1,155,586

PROJECTED BALANCE SHEET						
		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Fixed Assets		510,000	433,250	359,500	285,750	212,000
Long term Assets						
Depreciation		76,750	73,750	73,750	73,750	73,750
Total long term assets		433,250	359,500	285,750	212,000	138,250
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		150,000	150,000	150,000	150,000	150,000
Total Assets		583,250	509,500	435,750	362,000	288,250
Current 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 Liabilities						
Long term Liabilitie		1,820,000	1,820,000	1,820,000	1,820,000	1,820,000
Total Liabilities		433,250	359,500	285,750	212,000	138,250
Net Assets		820,810	877,633	951,268	1,044,516	1,157,656
Capital 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		583,250	509,500	435,750	362,000	288,250