

# Khali Liquor Limited Business Plan

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# 1. EXECUTIVE SUMMARY

## Overview of Khali Liquor Limited

Khali Liquor Limited is a Tanzanian liquor manufacturing company that specializes in producing high-quality gin and vodka. By focusing on locally sourced ingredients, the company aims to provide premium spirits at affordable prices. The business is committed to sustainability, local economic development, and job creation, with an initial production capacity of 130,000 bottles per month in the first year, planning for a 20% annual production increase.

### Investment and Goals

With an initial investment of TZS 220 million, Khali Liquor has set up a simple efficient factory capable of producing 10,000 bottles per day. The company aims to significantly impact the Tanzanian economy by creating job opportunities and contributing to the growth of the local liquor industry. We seek support from the National Investment Centre (NIC) for tax subsidies and investment assistance to accelerate growth.

### Summary of Financials

- **Initial Investment:** TZS 220M
- **Revenue Year 1:** TZS 234M (130,000 bottles/month)
- **Gross Profit per Bottle:** TZS 930
- **Net Profit Year 1:** TZS 76.9M
- **Break-even Point:** Expected within 1-2 years
- **5-Year Projected Revenue:** TZS 485M by Year 5

# 2. BUSINESS OVERVIEW

## 2.1 Vision

To become Tanzania's leading producer of high-quality, affordable spirits, enhancing the local liquor industry and contributing to the country's economic development. We aim to position Khali Liquor as a symbol of quality and local sustainability in the liquor sector.

## 2.2 Mission

Khali Liquor's mission is to manufacture and distribute premium gin and vodka, using locally sourced ingredients to ensure affordability without compromising quality. Through our operations, we will drive national economic growth by supporting local agriculture, creating jobs, and developing the local manufacturing industry.

## 2.3 Unique Value Proposition

- **Affordable Premium Spirits:** High-quality gin and vodka offered at competitive prices.
- **Locally Sourced Ingredients:** Supporting local farmers, reducing the cost of imported raw materials, and enhancing sustainability.
- **Strategic Distribution:** Strong relationships with wholesalers, retailers, liquor stores, bars, and restaurants.
- **Scalability & Job Creation:** Plans to employ over 100 individuals within five years, contributing to the national economy.

# 3. MARKET ANALYSIS

## 3.1 Target Market

Khali Liquor will primarily target low- to middle-income consumers who seek quality spirits at affordable prices. The market includes:

- **Retail Stores:** Supermarkets, local shops, and online stores.
- **Restaurants & Bars:** Premium establishments that cater to customers looking for high-quality but affordable spirits.
- **Liquor Stores & Wholesalers:** These will form the core distribution channels for the company.

## Consumer Demographics

The target market consists of consumers aged 21-45, primarily urban professionals, and young adults in Tanzania who have increasing disposable incomes and are seeking more affordable premium alcohol options.

## 3.2 Market Size & Industry Overview

The Tanzanian liquor industry is growing rapidly, driven by urbanization, rising disposable incomes, and a strong retail sector. The East African alcoholic beverages market is growing at an estimated annual rate of 5-7%. This expanding market presents significant opportunities for Khali Liquor to capture a substantial share, especially with its unique offering of affordable premium products.

## 3.3 Competitive Landscape

Khali Liquor faces competition from established local and international brands. Key competitors include:

- **Local Brands:** Established players with strong distribution networks.
- **International Brands:** Brands that have entered Tanzania's market through large distribution networks.

## Competitive Advantages

- **Price Positioning:** Offering premium quality at an affordable price gives Khali Liquor a competitive edge.
- **Locally Sourced Ingredients:** Reduces production costs and boosts the local economy, allowing Khali Liquor to maintain a sustainable business model.
- **Stronger Distribution Network:** Khali Liquor plans to engage directly with wholesalers and retailers, ensuring better control over product availability.

# 4. PRODUCTION & OPERATIONS

## 4.1 Production Capacity

- **Year 1:** 130,000 bottles/month (10,000 bottles/day).
- **Annual Growth:** Production will increase by 20% annually as demand rises.

## Scalability

The factory is designed for future scalability, with modular equipment and systems that can easily expand to accommodate the growth in production.

## 4.2 Supply Chain & Raw Materials

All raw materials will be sourced locally, supporting Tanzanian agriculture and reducing dependence on imported goods. Key raw materials include:

- **Grain** for distillation/ **Ethanol** from local plants
- **Botanicals** for gin production
- **Glass Bottles** and **Packaging**

The company will establish relationships with local farmers and suppliers to ensure a consistent supply of high-quality ingredients.

## 4.3 Sales & Distribution Strategy

Khali Liquor will initially focus on a wholesale and retail model. As production increases, the company will expand into liquor stores, supermarkets, and on-premise venues like bars and restaurants. The company's distribution strategy involves:

- **Direct Partnerships:** Establishing long-term relationships with key wholesalers, retailers, and distributors.
- **Regional Expansion:** Expanding distribution to regional markets as the brand grows.

# 5. FINANCIALS

## 5.1 Initial Investment Breakdown

- **Machinery:** TZS 88M (40%)
- **Factory Setup:** TZS 22M (10%)

- **Raw Materials:** TZS 66M (30%)
- **Working Capital:** TZS 44M (20%)

This breakdown reflects the key investments needed to establish a sustainable production process, including machinery, factory setup, and working capital.

## 5.2 Cost Structure

- **Cost per Bottle:**
  - Alcohol Content: TZS 500
  - Labels: TZS 150
  - Bottles: TZS 170
  - Labor & Packaging: TZS 52
  - **Total Cost per Bottle:** TZS 870

## 5.3 Revenue & Profitability

- **Selling Price:** TZS 1,800 per bottle (inclusive of taxes)
- **Gross Profit per Bottle:** TZS 930 ( exclusive of duties)
- **Projected Monthly Revenue (Year 1):** TZS 234M
- **Net Profit (Year 1):** TZS 1.41B

## 5.4 Detailed Financial Projections (5-Year Outlook)

Year	Bottles Sold (Monthly)	Bottles Sold (Annully)	Revenue (TZS)	COGS (TZS)	Gross Profit (TZS)	Amortization (TZS)	Operating Income (TZS)
1	130,000	1,560,000	2,808,000,000.00	1,357,200,000.00	<b>1,450,800,000.00</b>	44,000,000.00	<b>1,406,800,000.00</b>
2	156,000	1,872,000	3,369,600,000.00	1,628,640,000.00	<b>1,740,960,000.00</b>	44,000,000.00	<b>1,696,960,000.00</b>
3	187,200	2,246,400	4,043,520,000.00	1,954,368,000.00	<b>2,089,152,000.00</b>	44,000,000.00	<b>2,045,152,000.00</b>
4	224,640	2,695,680	4,852,224,000.00	2,345,241,600.00	<b>2,506,982,400.00</b>	44,000,000.00	<b>2,462,982,400.00</b>
5	269,568	3,234,816	5,822,668,800.00	2,814,289,920.00	<b>3,008,378,880.00</b>	44,000,000.00	<b>2,964,378,880.00</b>

## 5.5 Break-even Analysis

Khali Liquor is expected to break even within 1-2 years, assuming production and sales grow as planned.

## 6. ORGANIZATIONAL STRUCTURE

### Board of Directors

- Chairman
- Managing Director
- Non-Executive Directors

### Executive Team

- Chief Executive Officer (CEO)
- Chief Financial Officer (CFO)

### Departments

- **Production & Quality Control**
  - Factory Manager
  - Production Supervisors
  - Quality Control Officers
  - Machine Operators & Technicians
- **Sales & Marketing**
  - Regional Sales Managers
  - Marketing Officers
  - Customer Support Team

### Employment Growth

- **Current Staff:** 6 employees
- **Target Staff in 5 Years:** 100+ employees
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## 7. GOVERNMENT SUPPORT & INCENTIVES REQUEST

Khali Liquor seeks support from the TIC in the form of:

- **Tax Subsidies:** To reduce operational costs and enhance profitability.
- **Investment Assistance:** To expedite production expansion.
- **Regulatory Assistance:** To streamline the process of obtaining necessary licenses and approvals whenever required , as well as any other support considering this is a new establishment.

## 8. FUTURE EXPANSION & SCALABILITY

Khali Liquor plans to:

- Increase production by 20% annually over the next 5 years.
- Introduce new product variants (flavored vodkas, premium editions) to cater to diverse consumer tastes.
- Expand into neighboring East African countries and explore regional distribution.

## 9. CONCLUSION

Khali Liquor is poised to become a leader in Tanzania's liquor industry by offering premium products at an affordable price point. With a scalable business model, a focus on local sourcing, and a commitment to economic development, the company will make a significant impact on the local market and beyond.