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Section 1: Executive Summary

Tawico Limited is registered company with its operation in Tanzania, Dodoma, Hombolo Bwawani. Tawico limited Start to operate in late 2013 when directors had vision, passion and see the essence to help Farmers of Grapes in Hombolo to have stable market for they crop after harvesting and due to the increase demand of wine in the Tanzania and outside Tanzania after the success achieved in 2020 being able to process around 250 tons of grapes equivalents to 200,000 liters. Directors decide to register and formalize the business in 2020.

Business strategy used by Tawico limited is relationship management with stakeholders especially farmers and customers, having good relationship with farmers help our industry to get best Quality grapes leading to quality wine and having good customer relationship enable easy getting feedback about our product performance and quality. Wine Industry it's now competitive but we invest much in our team and it's a key to reach our vision in wine processing and distribution.

Management Team is lead by Managing Directors, and General Manager. We have four department accounting Department, Operation Department, Market and Sales Department, Production Department. In total Tawico limited has total of 18 employee, 10 full time and 8 part time employee

Wine market opportunity, Dodoma Region is the second largest producer of wine in Sub-Saharan Africa after South Africa. But Tanzania is among the largest importer of South African wine this can be seen in 2021 report by wine google which state that "African markets have also shown excellent recovery in 2021, with export volumes exceeding pre-Covid levels. Markets driving this growth are Nigeria, Kenya, Tanzania, Uganda, Mozambique and Zimbabwe. Further market insights show that this will continue in the future as the market expands." South Africa in 2021 export 388 million liters. So this gives the picture of increase and huge demand of wine in Tanzania and neighbor Country's

Wine production and processing it is a business so it associates with the risks, Grapes yield Fluctuation and Price uncertainty.

For the 5 year we have been activate participant in the industry we observe and experience it. We declare it profitable if done right because we were able to make profit after tax Tshs206, 219,574 in 2022 and Tshs 79,462,202 in 2021.

Tawico limited by 5-year experience we see the need for expansion so as to increase production and assist farmers in the cultivation especially from being in order to get best grapes for competitive wine. To finance this, we will need 450 million Tshs which it details will be elaborated in financial plan chapter.

Section 2: Business Description

Tawico limited Mission Statement **“To give customer the most compelling and best wine possible”**. With slogan good wine good times.

Tawico limited Start to operate in late 2023, when directors had vision, passion and see essence to help Farmers of Grapes in Hombolo to have stable market and create a wine which will be compelling and introduce hombolo, Dodoma Tanzania in a world of wine. This was motivated by the success achieved in 2020 after being able to process around 250 tons of grapes equivalent to 200,000 liters. Directors decide to register and formalize the business in 2020. Up to now it has been five years in the wine industry and we have experience success and lesson after registration.

Our winery Building has maximum storage of 600,000 liters, we have Different machine and equipment which are used in production and processing of wine. A crusher machine, pressing machine, storage Tanks of total capacity of 600,000litres, In our compound we have three building one we use as storage building with capacity of storing 400,000 liters and one building for processing another building for storage.

In 2022 we have Revenue of Tshs 500,000,000 operating expenses Tshs 21,290,118 and Profit after Tax Tshs 206,219,574 and the total value of company Equity Tshs 500,000,000/=.

Since starting operating we invest much in human capital and relationship management with our stake holders, although we face challenge because we deal with agriculture crop which its yield depends much on climate factor but due advance of technology, we will help farmers on how to tackle this problem because it affects us direct.

We a plan expansion plan which is build an extension building to have a total of 1,000,000 liters storage capacity, to change long time storage tanks to stainless steel (at least 500,000Litres), investing in a fermentation pressing and tank machine. 40% of the wine will be bottled and 60% sold as bulk wine and to start a program of trainings with farmers to make higher grape productions per acre and produce quality products for quality wines

Our objective in wine industry is to help farmer through doing professional trainings for improving productivity and quality of vineyard ,to make sure that we work with many farmers as possible current we deal 200 farmer then plan in 2030 season to reach 500 farmers ,to connect them with insecticide and agricultural supplements producers to make sure that vineyard a treated on time to avoid disease and insects supplier this will be accomplished by the company paying suppliers and collect money from farmers after harvesting, to help connect farmers to the institutions which deal with research of grapes such as TARI so that to get more marketable grape varieties and mostly important sure market to all grape farmers in Dodoma.

Section 3: Plan of Operations

Our winery is open six days of the week from Monday to Saturday and Saturday being half day. Our daily operations are sales, Serving Farmer and monitoring of wine, harvesting is a seasonal operation. In Dodoma we experience two grape seasons all season we harvest and process grapes to wine.

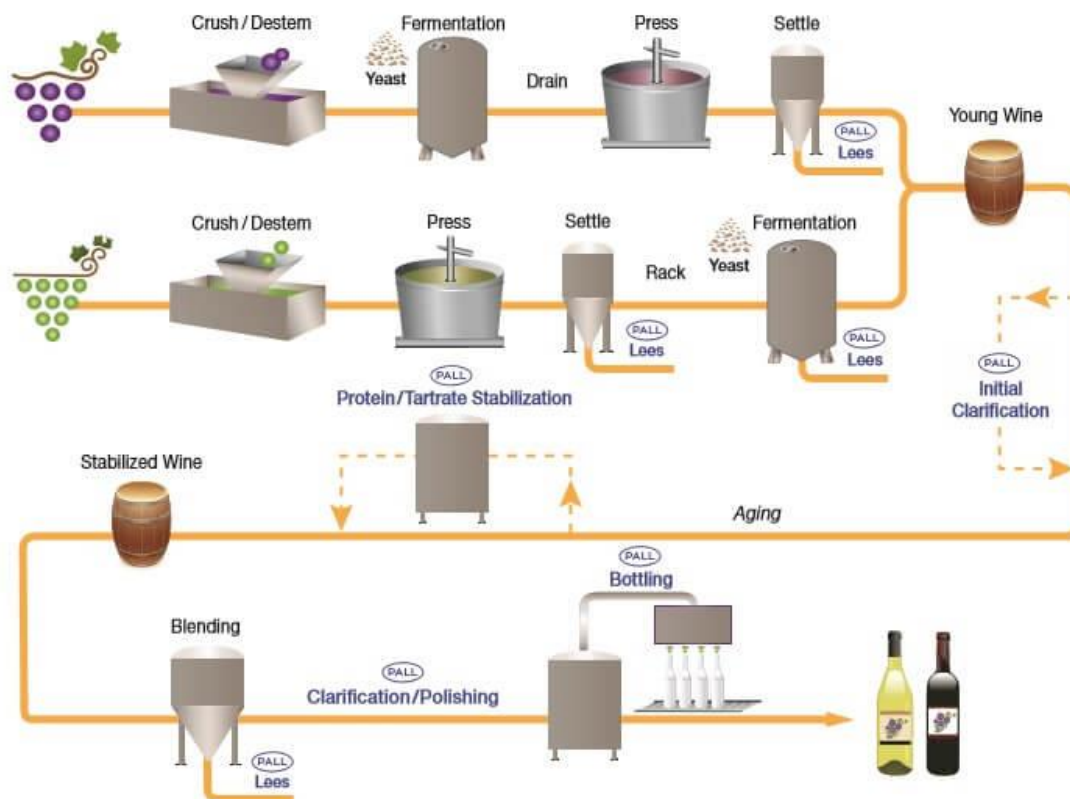
Winemaking or **vinification** is the production of wine, starting with the selection of the fruit, its fermentation into alcohol, and the bottling of the finished liquid.

The growing of grapes is viticulture and there are many varieties of grapes in Dodoma we have Syrah, Chenin Blanc and Syrah.

There are five basic stages to the wine making process which begins with harvesting or picking. After the harvest, the grapes are taken into a winery and prepared for primary fermentation. At this stage red wine making diverges from white wine making. Red wine is made from the must (pulp) of red or black grapes and fermentation occurs together with the grape skins, which give the wine its color. Roses can also be added for color and flavor. White wine is made by fermenting juice which is made by pressing crushed grapes to extract a juice; the skins are removed and play no further role.

To start primary fermentation, yeast may be added to the must for red wine, or may occur naturally as ambient yeast on the grapes (or in the air). For white wine, yeast may be added to the juice. During this fermentation, which often takes between one and two weeks, the yeast converts most of the sugars in the grape juice into ethanol (alcohol) and carbon dioxide. The carbon dioxide is lost to the atmosphere.

After the primary fermentation of red grapes, the free run wine is pumped off into tanks and the skins are pressed to extract the remaining juice and wine. The press wine is blended with the free run wine at the winemaker's discretion. The wine is then kept warm and the remaining sugars are converted into alcohol and carbon dioxide.



Our operation during harvesting season,

Picking or harvesting, in picking of the grapes, we use hands (manual harvesting). We use this method its effective first line of defense to prevent inferior quality fruit from contaminating a lot or tank of wine, we trained our farmer on how to manual harvest and we are looking forward to increase awareness creation on this and its one of the plans for 2024. The decision to harvest grapes is typically made by the winemaker and informed by the level of sugar called Brix, acid and pH of the grapes. Other considerations include phenological ripeness, berry flavor, tannin development (seed color and taste). Overall disposition of the grapevine and weather forecasts are taken into account. We transport grapes to industry for processing.

When we receive the grapes in industry we destemming is the process of separating stems from the grapes because some grape grower during harvest my overlook, so with the purpose of lowering the development of tannins and vegetal flavors in the resulting wine destemming is crucial for Tawico limited.

Crushing is the process when gently squeezing the berries and breaking the skins to start to liberate the contents of the berries. Destemming is the process of removing the grapes from the rachis (the stem which holds the grapes). We use small scale crushers these can also destem at the same time. The decision about destemming is different for red and white wine making. Generally, when making white wine we only crush, the stems are then placed in the press with the berries. The presence of stems in the mix facilitates pressing by allowing juice to flow past flattened skins. These accumulate at the edge of the press. For red winemaking, stems of the grapes are usually removed before fermentation since the stems have a relatively high tannin content

Most red wines derive their color from grape skins and therefore contact between the juice and skins is essential for color extraction. Red wines are produced by destemming and crushing the grapes into a tank and leaving the skins in contact with the juice throughout the fermentation (maceration). It is possible to produce white (colorless) wines from red grapes by the fastidious pressing of uncrushed fruit.

Most of our white wines are processed without destemming or crushing and are transferred from picking bins directly to the press. This is to avoid any extraction of tannin from either the skins or grape seeds, as well as maintaining proper juice flow through a matrix of grape clusters rather than loose berries.

During the primary fermentation, the yeast cells feed on the sugars in the must and multiply, producing carbon dioxide gas and alcohol. The temperature during the fermentation affects both the taste of the end product, as well as the speed of the fermentation

Pressing is the act of applying pressure to grapes in order to separate juice or wine from grapes and grape skins. We do use presses in order to increase production (gallons) per ton, as pressed juice can represent between 15%-30% of the total juice volume from the grape.

We use the basket presses made of wood and operated manually. Basket presses are composed of a cylinder of wooden slats on top of a fixed plate, with a moveable plate that can be forced downward (usually by a central ratcheting threaded screw).

The press operator would load the grapes or pomace into the wooden cylinder, put the top plate in place and lower it until juice flowed from the wooden slats. As the juice flow decreased, the plate was ratcheted down again. This process continued until the press operator determined that the quality of the pressed juice or wine was below standard, or all liquids had been pressed.

But due to Advancement of Technology we are plan to have the modern Press which operate automatic using air and hydraulic because basket presses have a relatively compact design, the press cake offers a relatively longer pathway for the juice to travel before leaving the press. It is believed by advocates of basket presses that this relatively long pathway through the grape or pomace cake serves as a filter to solids that would otherwise affect the quality of the press juice and automatic press serve time

During the secondary fermentation and aging process, which takes three to six months, the fermentation continues very slowly. The wine is kept under an airlock to protect the wine from oxidation

Usually, the secondary fermentation usually takes place in large stainless steel vessels with a volume of several cubic meters, oak barrels. But us in Tawico limited secondary fermentation it takes place in plastic Tank which is very risk on wine quality and it difficult to apply airlock to plastic tank to avoid oxidation

That why we are having a plan to have stainless steel which are made for the beverage or wine purpose because they will be more helpful in wine making process and storage than plastic.

Laboratory Tests

Whether the wine is aging in tanks or barrels, tests are run periodically in a laboratory to check the status of the wine. Common tests include Brix, pH, titratable acidity, residual sugar, free or available sulfur, total sulfur, volatile acidity (V.A.) and percent alcohol. Additional tests include those for the crystallization of cream of tartar (potassium hydrogen tartrate) and the precipitation of heat unstable protein; this last test is limited to white wines. These tests may be performed throughout the making of the wine as well as prior to bottling. In response to the results of these tests, we decide on appropriate remedial action, for example the addition of more sulfur dioxide.

In laboratory Test we still perform this in local way we are planning to advance this by having a building and install lab equipment which will enable this to be done effectively.

Preservative

We preserve using sulfur dioxide (SO₂), without the use of sulfur dioxide, wines can readily suffer bacterial spoilage no matter how hygienic the winemaking practice.

Filtration

Filtration in winemaking is used to accomplish two objectives, clarification and microbial stabilization. In clarification, large particles that affect the visual appearance of the wine are removed. In microbial stabilization, organisms that affect the stability of the wine are removed therefore reducing the likelihood of re-fermentation or spoilage. We use filter to do this although we face challenge because our filter has small capacity, we plan to improve filter machine in order to be able to filter large quantity of wine

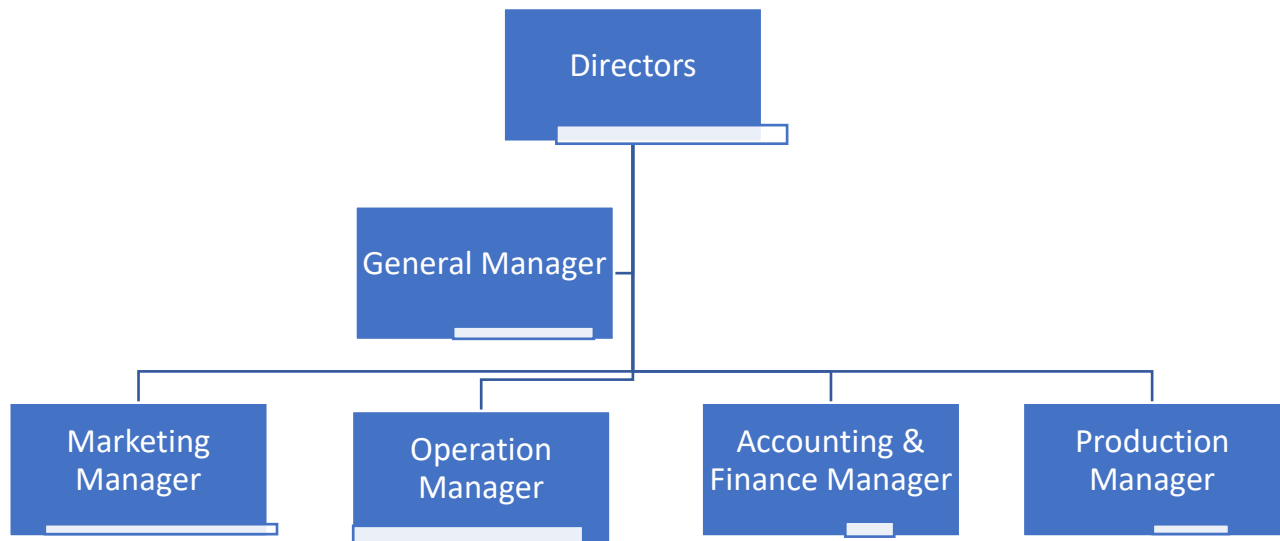
We have not start bottling of wine but we are planning to start bottling and in order to be effective in this we will require the bottling line of capacity of filling 500 carton of 12 bottles per day and this machine must be able to put the corks or screw and label the wine bottle.

Management Team

Our management philosophy is Laisser Faire and Democrat because our key Advantage in Shubi is relationship management

And we believe in knowledge and knowledge can be acquire through learning, Experience and Observation, so we emphasize our employee and management to never spot learning because the world is dynamic.

We have five manager, one director and 4 normal work under operation department and Production department and 5 part time worker especially during harvest season



Directors

Director has experience of wine industry for more than 6 years he works as Vintner and Quality Controller at Alko Vintages company Limited in 2017 up to 2019, he has been a director of TAWICO LIMITED from 2019 to 2023 a wine making company he undertakes duty as Vintner and someone how make follow up on farmers vineyard wellbeing and ensure they provide the industry with the best grapes. He achieved success in all field we work in Alko Vintages Company Limited and TAWICO.

His duties and Responsibilities are:

1. Lead the Tawico team.
2. Chief Vintner and Our Cellar Master
3. Develop and execute the company's business strategies in order to attain the goals of the company
4. Provide strategic advice to staff so that they will have accurate view of the market and the company's future

5. Prepare and implement comprehensive business plans to facilitate achievement by planning cost-effective operations and market development activities
6. Ensure company policies and legal guidelines are communicated all the way from the top down in the company and that they are followed at all times
7. Communicate and maintain trust relationships with farmers, business partners and authorities
8. Oversee the company's financial performance, investments and other business ventures
9. Delegate responsibilities and supervise the work of executives providing guidance and motivation to drive maximum performance
10. Read all submitted reports by lower rank managers to reward performance, prevent issues and resolve problems
11. Act as the public speaker and public relations representative of the company in ways that strengthen its profile
12. Analyze problematic situations and occurrences and provide solutions to ensure company survival and growth

General Manager

The general manager at Tawico limited has experience of running business and making things possible is what makes him to be suitable for the title of general manager. He has worked in different institutions in Dodoma until when he shifted at Tawico Limited and started to do business with him due to his best communication skills and making sure things are implemented.

Her duties are:

1. Oversee day-to-day operations
2. Design strategy and set goals for growth
3. Maintain budgets and optimize expenses
4. Set policies and processes
5. Ensure employees work productively and develop professionally
6. Oversee recruitment and training of new employees
7. Evaluate and improve operations and financial performance
8. Direct the employee assessment process
9. Prepare regular reports for managing director
10. Ensure staff follows health and safety regulations Provide solutions to issues (e.g. profit decline, employee conflicts, loss of business to competitors)

Our production manager is a quick learner and having directives from our managing director has proved to be the best especially in maintenance of quality production of wine and having good relationships with farmers during harvesting periods and workers who operate under him. Added advantages of him include understanding of quality standards and health & safety regulations and knowledge of performance evaluation and budgeting concepts.

Duties of Our Production Manager

1. Estimate costs and prepare budgets
2. Organize workflow to meet specifications and deadlines
3. Monitor production to resolve issues
4. Supervise and evaluate performance of production personnel (quality inspectors, workers etc.)
5. Determine number of necessary resources (workforce, raw materials etc.)
6. Approve maintenance work, purchasing of equipment etc.
7. Ensure output meets quality standards
8. Enforce health and safety precautions
9. Report to upper management

Market and Sale Manager

His charming and passion to understand people needs has make him the best and fit in this post because he adheres our vision, his understanding and ability to express our product to customer and being able to listen and present customer views to management during his period of internship with Tawico has been the best

His duties and Responsibilities

1. Develop strategies and tactics to get the word out about our company and drive qualified traffic to our front door
2. Deploy successful marketing campaigns and own their implementation from ideation to execution
3. Experiment with a variety of organic and paid acquisition channels like content creation, content curation, pay per click campaigns, event management, publicity, social media, lead generation campaigns, copywriting, performance analysis
4. Produce valuable and engaging content for our website and blog that attracts and converts our target groups
5. Build strategic relationships and partner with key industry players, agencies and vendors
6. Prepare and monitor the marketing budget on a quarterly and annual basis and allocate funds wisely
7. Oversee and approve marketing material, from website banners to hard copy brochures and case studies
8. Measure and report on the performance of marketing campaigns, gain insight and assess against goals
9. Analyze consumer behavior and adjust email and advertising campaigns accordingly

Operation Manager

Due to his sharpness and flexibility, he fit best in post considering he work with other company which involve in wine production like TAWICO LIMITED and he has been close to farmer because he is a farmer to of grapes

His duties go in big context because Anthony Amlima our book keep report to him

His responsibilities

1. Is responsible for implementing and maintaining the processes that an organization uses.
2. Helping solve personnel issues.
3. Overseeing the accounting department and working closely to review budgets, revenue growth, and profitability.
4. Is responsible for reporting on how the business is functioning and whether the implemented processes and policies are working or need changes.

Section 4: Industry Analysis

The worldwide Wine market is expected to reach more than US\$413 billion in terms of revenue by 2027. Compared to the Beer and Spirits industries, the Wine industry is much more fragmented with the biggest players, E&J Gallo, Constellation Brands, The Wine Group and Treasury Wine Estates, together accounting for less than 10% of the total market

Tanzanian wine industry is based entirely in Dodoma Region and is the second largest producer of wine in Sub-Saharan Africa after South Africa. Compared to the rest of the world, the history of wine in Tanzania is very recent and dates back to just a few years before independence. Tanzania only has one major grape growing region and it is based around the legislative capital city Dodoma. The most common grape varieties in the Dodoma wine region are Chenin Blanc, Syrah, Cabernet Sauvignon and a variety named for a Dodoma sub-region, Makutupora. Initially wine production and grape growing was limited to missionaries, however, in 1969 the government entered the market with the formation of the Dodoma Wine company.

Wines were first introduced in the country by members of the Roman Catholic Congregation of the Holy Ghost in 1938. The missionaries from the Hombolo Catholic mission planted their first vines near the Kondoa District in Dodoma Region.^[1] Initially the vines grown were used for domestically making wine for religious practices and domestic consumption. In 1957 Passionist Father Irioneo Maggioni, of the Bihawana Mission started his own commercial farm from three vine seedlings out of curiosity and the farm grew rapidly to a commercial scale.

After independence the local government took interest in the industry and made their first investment into a four-acre grape farm at Dodoma Isanga Prison 1961. The program was very successful and in just three years expanded to 5 of the nearby villages centered around the prison. In 1963, the national service camp in Makutupora also joined the scheme and began growing grapes in the village that created a new center for grape growing around the village. In 1969 the prison built a winery plant and was Tanzania's sole purchaser of grapes for wine production in the country.

In 1979, in a plan to add value for the local farmers the central government invested in a new company and created the Dodoma Wine Company, which directly procured grapes from the farmers for wine production. The company assisted farmers in grape growing practises and set up a research center called the Makutupora Grapevine Research Centre

In 2021, Tanzania exported \$270k in Wine, making it the 97th largest exporter of Wine in the world. At the same year, Wine was the 343rd most exported product in Tanzania. The main destination of Wine exports from Tanzania are: Democratic Republic of the Congo (\$126k), Burundi (\$92.7k), China (\$43.6k), Rwanda (\$7.16k), and South Africa (\$472).

The fastest growing export markets for Wine of Tanzania between 2020 and 2021 were Democratic Republic of the Congo (\$126k), Rwanda (\$7.16k), and South Africa (\$358).

In 2021, Tanzania imported \$14.2M in Wine, becoming the 94th largest importer of Wine in the world. At the same year, Wine was the 183rd most imported product in Tanzania. Tanzania imports Wine primarily from South Africa (\$9.91M), France (\$1.56M), United Arab Emirates (\$1.34M), Spain (\$498k), and Italy (\$333k).

The fastest growing import markets in Wine for Tanzania between 2020 and 2021 were South Africa (\$2.99M), France (\$1.24M), and United Arab Emirates (\$590k).

In 2018, the average tariff for Tanzania in Wine was 20.7%. The countries with the highest import tariffs for Wine were Angola (Most favored Nation duty rate treatment, 22%), Benin (Most favored Nation duty rate treatment, 22%), Burkina Faso (Most favored Nation duty rate treatment, 22%), Central African Republic (Most Favored Nation duty rate treatment, 22%), and Cote d'Ivoire (Most Favored Nation duty rate treatment, 22%).

Alcohol consumption is generally acceptable in Tanzania, especially amongst the younger working population of legal drinking age .it is common for colleagues to go out for drinks after working hours on Fridays and for friends to meet for drinks at the weekend and have bottles of wine at home or in different occasion

The tougher economic conditions that began to emerge in Tanzania during 2016 led to falling disposable income level for many households, with only modest growth in income level seen for most since then unsurprisingly this has led to falling consumer confidence, which has in turn been reflected in pressure coming on alcohol consumption.

After several years of improvement made to Tanzania's intercity roads, the transportations of alcoholic drink are relatively easy between the country's main cities. However, this is not the case in rural areas, which are mainly accessible only by dirt roads, making them difficult to reach during rainy seasons.

Both the legal drinking age and purchasing age remained at 18 years in Tanzania in 2021. Most producer also feature the warning on packaging. "Not for sales for person under the age of 18.

Wine are subjected to excise duties, import duties on imports, service levy, and Value added Tax. The Value added Tax (VAT) is set at 18% and did not change towards the end of the review period.

Wine drinks are expected to register positive total volume growth overs the forecast period, because wine slated for positive volume growth in on-trade and off – trade terms, positive growth is set to be underpinned by recent introduction of electronic tax stamps, as well as increased marketing efforts by key market players

Section 5: Competitor Analysis

Wine production in Tanzania they many Winery range in different categories from winery which process grapes from harvesting until bottling and other are just involving in purchases of bulk wine and bottle they product but I don't see them as threat or competitor because in wine business we act as family it see everyone to get is share for local producer but the biggest competition is from imported wine from South Africa and Europe, because they cover the large market share of market as we can refer in industry analysis chapter In 2021, Tanzania imported \$14.2M in Wine, becoming the 94th largest importer of Wine in the world.

The company what do extract what we do

- Central Tanzania Wine Company (cetawico)
- Alko Vintages Ltd
- Betrice Winery
- Kisutu Winery
- Shubi vintners company limited

General characteristics of most local producer are they crush grapes and ferment wine which compose of grapes harvest from different location in Dodoma region and as we know the soil is different and quality and test vary depend on location the grapes were grown. The style of wine which most produced is fortified wine.

Competitors marketing strategy in this we will focus much on imported wine, the imported wine has been able to win the local market because of the quality of wine , Price which is equivalent to price of local produced wine and Distribution channel they use big distributor, and this is due to most of the importer being large company like Serengeti Breweries Limited and Mohan's , this company has already set they network well

But most of the Importer are Just trader they import what they think is suitable for local market but they don't possess the skill and Technics of wine making and that lead the most fail to present the wine to final consumer especially the benefit and content of the wine the wine

In general, most of the importer wine it importer by people how has no passion in wine making rather than making money so they don't invest in educating consumer on importance and uniqueness of the wine and mostly important wine is culture and Tradition

Local Producer weakness are many industries focus much on production of fortified wine and this is due lack of enough competence to make as style of wine and too much blend which later lead to wine loss it tastes or origin.

Tanzania is still developing country and due to growth of population and people have disposable income lead to increase of demand of wine, the is large and increase demand of quality wine which will explain culture of the people and make people of Tanzania have sense of proudly when drink it, so we believe Towaco limited we have our big share and chance of revolute the wine industry in Tanzania

Because our Sustainable advantage will be in relationship management through awareness creation especially to farmer so they can have enough yield on the farmer so be able to get wine which is not mixed with many grapes from different location and have management staff which is knowledge and equipped

Setion 6: Marketing Plan

By understanding many wines makers' view marketing as an inconvenience and secondary to the production process. Wineries spend large sums of money on grapes, equipment, barrels, etc., but are reluctant to allocate sufficient funds, time, and personnel towards marketing their wines. The common saying that “a good wine will sell itself” is not a viable marketing strategy and, unlike many vintners believe, marketing is as important as the production process. The ultimate purpose of the marketing plan is to explain how we will get our wines known and purchased by customers.

Our most desirable customers

Shubi vintners our desirable customers are those how wishes to pack wine without starting from harvesting (Bulk Purchases), middle income class how made large of Tanzania population and East Africa Region, Advantages of this market is profitable and it offer growth potential

Our competitive advantage in meeting the needs and wants of customers in these segments are: -

To bulk Customer wine purchases, we will offer them with best wine and wine style they wish which won't be familiar to every customer, it will vary depend on the budget of customer this is to ensure each customer can afford it and this is possible because of having required techniques of wine processing in our winery.

We will offer assistance of preservation to the customer after selling him the wine we will be have the tendency of visiting his/her storage place to ensure the wine is preserved well and any assistance on what to be done to the winery will be offered in order to treat the wine.

To reach our fine customer how purchases the bottles we will invest much in media platform by starting programs which create brand awareness, campaign on importance of drinking wine and wine processing

East Africa market we will penetrate it by participating in different exhibitions and create relationship with distributor and formulate the partnership which will be beneficial to all sides.

Product strategy we will sell bulk wine based on customer preference. Their order will be received at the start of harvesting. Bottle wine will be of different ages to ensure quality and enable everyone to have something affordable. We will have wine available in different volumes (Volume- 5litres, 3litres, 1.5litres, 750 ml, 325 ml) and we will be having special wine which will only be sold on special occasions.

Pricing strategy impacts customers and profitability so we will set prices to the margin. We consider we cover our cost of production and which will allow us to get profit as we have to continue to run the business. We will not follow the market lead price. We will produce which will be having different prices.

Promotion strategies are media advertising, public relations through participating in social issues and wine tasting, and networking through participating in all EAST AFRICA business Exhibitions and funding different events.

Place strategy investing in distribution channels through partnership with distributor and purchasing of heavy vehicles which can carry 14 tons and more to be able to move large products to other regions and light vehicles for town distribution. And open branches in every big city in the country which will be like wine shops which will be able to host few people and enjoy our wine.

☰ Distribution Channels

PT. Presentations Template

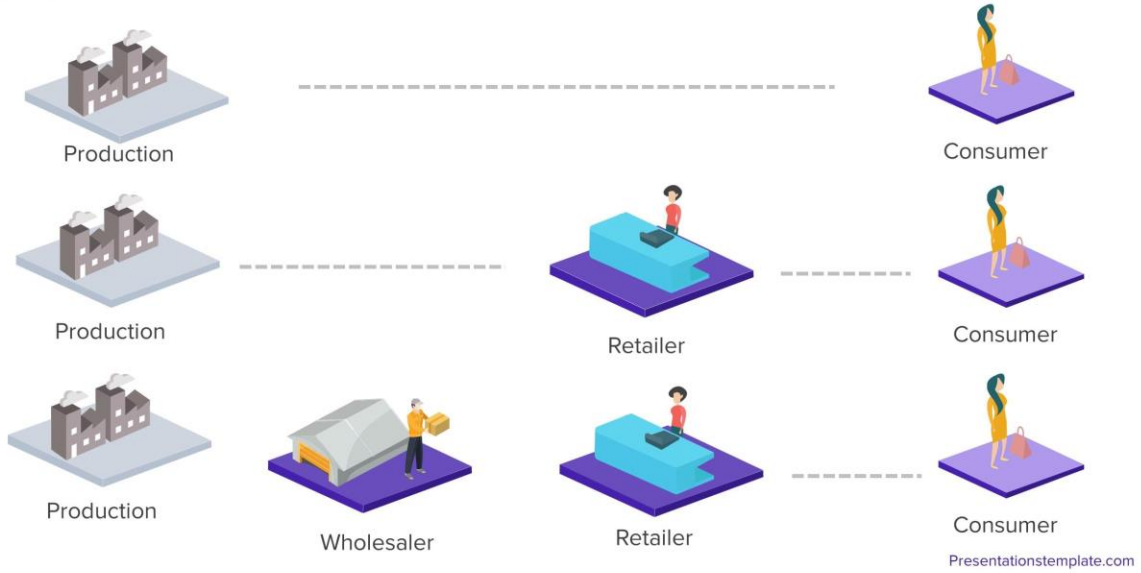


Diagram of our distribution

Section 7: Financial Plan

“In order to make a small fortune in the wine industry, start with a large one.” This common wine industry quote highlights the financial difficulties many wineries face. Wineries are capital intensive and an accurate financial plan is vital for the success of a startup winery. Wineries must pour large sums of money into capital assets such as crushers, presses, stainless steel tanks, bottling lines, etc. that are only used a few weeks out of the year. Cash flow constraints arise because of the long lag time from production to sales. Premium wineries are required to age wines one to two years prior to releasing them, and this aging process ties up a great deal of capital in inventory. This lag time is even more of a problem for growing wineries because only when they level off production are sales able to catch up with production volumes. It takes time to get a successful marketing plan in place. It usually takes five years before a growing winery is into a positive cash flow situation, and most often it is even longer.

The break-even analysis

Variable Costs	Amount
Cost of Goods Sold	
Inventory	157,666,940
Raw Materials	850,159,886
Direct Labor (Includes Payroll Taxes)	29,400,000
Total Variable Cost	1,037,226,826

Fixed Cost	Amount
Salaries (includes payroll taxes)	24,000,000
Repairs & maintenance	5,000,000
Advertising	25,000,000
Car, delivery and travel	2,500,000
Accounting and legal	1,000,000
Utilities	600,000
Insurance	1,500,000
Taxes (Real estate, etc.)	3,000,000
Interest	50,000,000
Depreciation	1,600,000
Miscellaneous expenses	1,000,000
Principal portion of debt payment	200,000,000
Total Fixed Cost	315,200,000

Total cost = Total Variable Cost + Total Fixed Cos

Total Fixed Cost	Total Variable Cost	TOTAL COST
315,200,000	1,037,226,826	1,352,426,826

Tshs 1,352,426,862 is the total cost of producing 550,000 liters

In order to break even the sales target should be as follow based on our plan of production we should break even when we able to sales 65% of liters produced and this can be done in 14 month based on our marketing plan

Product base on Volume	Liters Produced	Price per unit	Sales by Percentages from production
Bottle (750ml)	150,000	8,500/= @1bottle	25%
5 liters gallons	100,000	30,000/= @1 gallon	5%
Bulk Wine	300,000	2,500/= @1litres	40%
Total amount	550,000		65%

Investment Plan

Investment Required	Amount
Building for storage facility	80,000,000
Working capital	200,000,000
Press Machine	50,000,000
Fermentation Tanks	250,000,000
Total amount	510,000,000