

SIM Coffee Co. Limited Business Plan

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Overview of SIM Coffee Co. Limited

- Located in Kathmandu, Nepal with target market Nepal.
- Produce 350 tons of organic coffee products with 1.400.000 packages (coffee powders and beans) with amount of 250 grams
- Processing, packaging and distribution of coffee products to the customers.
- Production in 5 working days a week with 8 hour shift.
- Coffee product's ex factory price is at 100 NRs (Nepal Rupees)
- Exchange rate assumption 1 Euro = 130 NRs

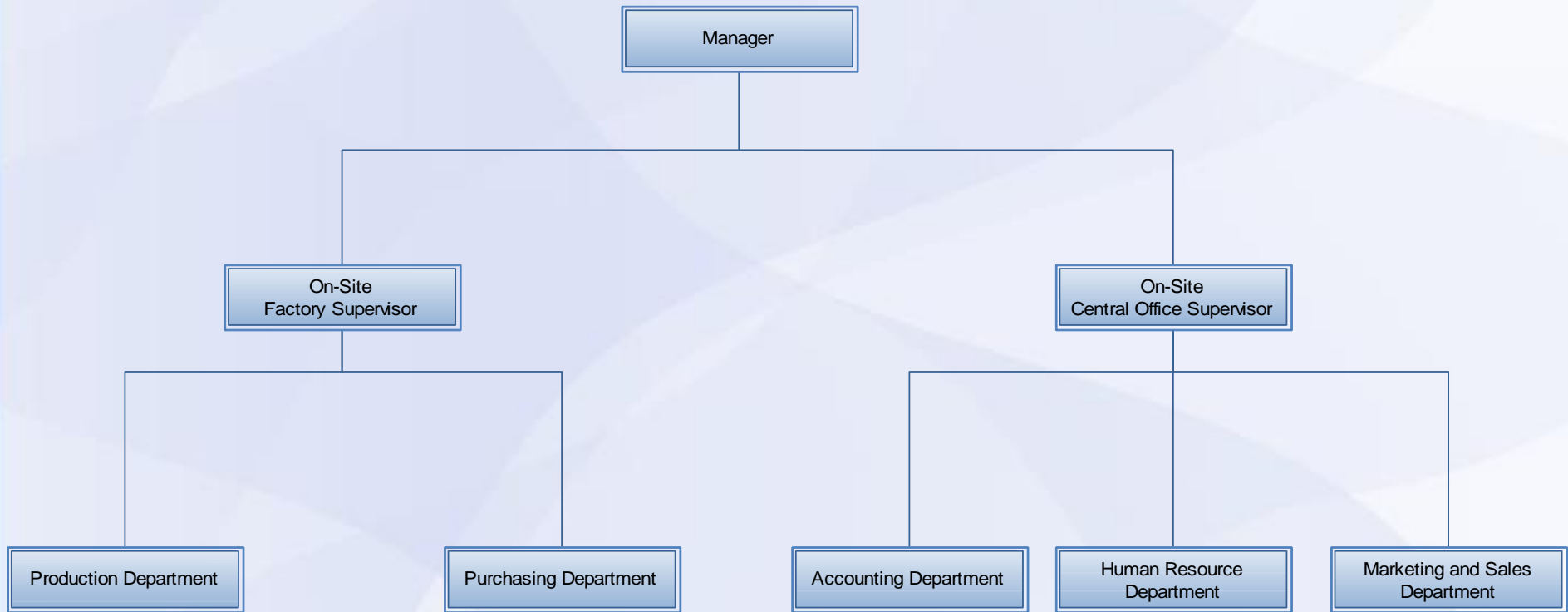
Location of SIM Coffee Co. Limited

- There are two buildings in the company for the business will be used for the business:
 - Factory in Jhapa, where the roasting and grinding coffee beans into coffee powder and packaging will happen. Factory also has primary storage for coffee before distributed.
 - Central office in Kathmandu that has secondary storage for distribution.

Company Ownership

- SIM Coffee Co. Limited is owned by Suman Adhikari, Madhukar Thapa and Muhammad Ihsan Haikal Sukmana, each of owner has 33% of all shares.

Organizational Structure



Raw Ingredients

- Cattura (Arabica) coffee beans are used as our ingredients for our coffee product.
- Coffee beans are bought directly from local farmer's coffee without middleman/ distributors so the price will be cheaper.
- Only organic coffee beans without insecticides and other chemicals are used to preserve the quality of beans also it's healthier and has better taste than other non-organic coffee products.

Coffee Production Process

- After coffee cherries are ripe and turn into bright deep red color, it is ready to be harvested using hand or machine.
- Coffee cherries are separated from their pulp and the beans are separated based on weight through water channels and transported into water-filled fermentation tanks for 12 - 48 hours to remove the sticky layer of mucilage that is still attached to the parchment. After fermentation is finished, coffee beans are rinsed using a water channel.
- Wet coffee beans need to be dried until 11% moisture, called parchment coffee, to prepare them for storage under the sun or using a dry machine and put it into jute bags.

- Parchment layer of the coffee and any silver skin also will be removed using polishing machine. After that any defective beans coffee beans are disposed and good coffee beans sorted by size and weight and put it into coffee sacks.
- Coffee beans are roasted using machine in temperature about 290 degree Celsius until beans have reached 200 degree and it will turn brown and oil inside beans will emerge and beans are cooled using air or water. Roasting will produce coffee's flavor and aroma.
- Roasted coffee beans are grinded using grinder machine into coffee powder to maximize flavor of coffee.

Types of Product

- There are two types of coffee products of coffee bean types that will be sold to customer, depend on customer's preferences:
 - Coffee powder (coffee beans that has been roasted and milled)
 - Coffee beans (coffee beans that has been only roasted) grams
- Each package of coffee products will have 250 grams amount of weight.

Market Opportunities (SWOT Analysis)

Strength	<ul style="list-style-type: none">• We sell organic coffee products in Nepal's market with competitive price• Nepal produces one of the best organic coffee beans of different types in the world with cheap price.
Weakness	<ul style="list-style-type: none">• Currently our products are from two types of coffee beans.• Need to compete with coffee companies that has been in the market longer than our company• We don't have our own coffee plantation
Opportunities	<ul style="list-style-type: none">• Most of coffee products sold in Nepal are imported and not from organic coffee beans.• Increase number of demand for organic coffee beans from Nepal's market and international market.• Increase number of coffee products to the market
Threats	<ul style="list-style-type: none">• Increase competition from local and import coffee products in the market• Rising price of coffee beans in the market

Target Market

- Our target market are customers living in Nepal who would like to taste original flavor of healthy organic coffee with competitive price.
- Customers could be end customer with different ages, genders, jobs, etc. Also it could be companies, hotels and many more.

Competitors

- Plantec Coffee Estate (P) Limited

Created in 2008, this local organic coffee companies sells “Jalpa Gold” products in Nepal and “Mount Everest Supreme” products for export.



- Highland Coffee Promotion Co. Limited

It sells NECCO and HimCoffee brands to domestic and international markets with recognition from U.S. Food and Drug Administration (FDA) and OneCert Certified Organic



Investment Calculations

Investment	Price Per Unit (NRs)	Quantity	Total Sum (NRs)	Depreciation Rate	Depreciation (NRs)
Land and Building					
Factory Building + Land	20.000.000	1	20.000.000	5%	1.000.000
Central Office Building + Land	10.000.000	1	10.000.000	5%	500.000
Additional Cost (Tax, Notary, etc.)	900.000	1	900.000	-	-
Renovation	1.000.000	1	1.000.000	-	-
Total (NRs)		31.900.000		1.500.000	

Investment	Price per Unit (NRs)	Quantity	Total Sum (NRs)	Depreciation Rate	Depreciation (NRs)
Machines					
Roaster Machine	50.700.000	2	101.400.000	15%	15.210.000
Grinder Machine	5.590.000	6	33.540.000	15%	5.031.000
Packaging	4.225.000	4	16.900.000	15%	2.535.000
Fermentation Tanks	3.640.000	5	18.200.000	15%	2.730.000
Polishing Machine	5.070.000	4	20.280.000	15%	3.042.000
Labeling Machine	3.250.000	4	13.000.000	15%	1.950.000

Investment	Price Per Unit (NRs)	Quantity	Total Sum (NRs)	Depreciation Rate	Depreciation (NRs)
Sorter Machine	3.542.500	2	7.085.000	15%	1.062.750
Total (NRs)		210.405.000		31.560.750	
Offsite Investment					
Installation Machine and Tools	300.000	1	300.000	-	-
Supporting Tools	100.000	1	100.000	25%	40.000
License and Registration	128.690	1	128.690	20%	25.378
Total (NRs)		528.690		65.738	

Investment	Price Per Unit (NRs)	Quantity	Total Sum (NRs)	Depreciation Rate	Depreciation (NRs)
Office Furniture					
Computer	30.000	13	390.000	25%	97.500
Furniture Set	15.000	28	420.000	25%	105.000
All in One Printer	20.000	5	100.000	25%	25.000
Supporting Software	30.000	1	30.000	25%	7.500
Total (NRs)		940.000		235.000	

Investment Type	Total Expenditure	Depreciation Rate	Depreciation Cost
Building	31.900.000	5%	1.500.000
Machines	210.405.000	5%	31.560.750
Office Furniture	940.000	25%	235.000
Offsite Investment	528.690	20 - 25%	65.738
Circulating Capital	1.000.000	-	-
Reserve Investment	5.000.000	-	-
Total (NRs)	249.773.000		33.361.488

Consumption Cost per Coffee Product

Materials	Consumption per Product	Unit Price (NRs)	Total Cost per Product (NRs)
Raw Materials (in kg)			
Coffee Cherry	0.25	20	5
Packaging and Labeling			
Coffee Pouche	1	7	7
Cardboard	0.025	4	0.1
Label	1	0.05	0.05
Utilities			
Electricity	-	1.1	1.1
Water	-	0.1	0.1
Maintenance Cost	-	0.2	0.2
Total Cost per Product (NRs)			13.55

Other Cost

Cost Type	Unit Price (NRs)	Quantity	Total Price (NRs)
Insurance	300.000	1	300.000
Waste Management	500.000	1	500.000
Logistic Rent	2.400.000	1	2.400.000
Total (NRs)			3.200.000

Labour Cost

Employee Description	Employee Numbers	Salary per Year (NRs)	Total Amount (NRs)
Manager	1	754.000	754.000
On Site Supervisor	2	546.000	546.000
Department Manager	3	360.000	1.080.000
Production Department	50	180.000	9.000.000
Purchasing Department	3	240.000	720.000
Human Resource Department	4	240.000	960.000
Marketing and Sales Department	10	240.000	2.400.000
Accounting Department	5	240.000	1.200.000
Total	78		17.206.000

Investments and Financing

Investors	Investment Percentage	Total Investment (NRs)
Owner's Equity	60%	149.863.800
Bank Loan	40%	99.909.200
Total	100%	249.773.000

- Bank of Kathmandu's loan will be for 5 years with 12% interest rate.

Financial Debt Calculation

Year	Balance of Debt (NRs)	Interest Rate	Interest Paid (NRs)	Repayment (NRs)
Year 1	99.909.200	12%	11.989.104	19.981.840
Year 2	79.920.360	12%	9.590.443	19.981.840
Year 3	59.938.520	12%	7.192.622	19.981.840
Year 4	39.956.680	12%	4.794.801	19.981.840
Year 5	19.981.840	12%	2.397.820	19.981.840
Total			35.964.780	99.909.200

Self Cost per Coffee Product

Production	Year 1	Year 2	Year 3	Year 4	Year 5
Utilization Percentage	70%	85%	100%	100%	100%
Total Utilization	980.000	1.190.000	1.400.000	1.400.000	1.400.000
Cost (NRs)	Year 1	Year 2	Year 3	Year 4	Year 5
Finance Cost	11.989.104	9.590.443	7.192.622	4.794.801	2.397.820
Labour Cost	17.206.000	17.206.000	17.206.000	17.206.000	17.206.000
Consumption Cost	13.279.000	16.124.500	18.970.000	18.970.000	18.970.000
Depreciation Cost	33.361.488	33.361.488	33.361.488	33.361.488	33.361.488
Other Cost	3.200.000	3.200.000	3.200.000	3.200.000	3.200.000
Total Cost	79.035.592	79.502.431	79.950.110	77.532.289	75.135.308
Self Cost per Product	80.64	66.79	57.09	55.38	53.67

Year 6	Year 7	Year 8	Year 9	Year 10
100%	100%	100%	100%	100%
1.400.000	1.400.000	1.400.000	1.400.000	1.400.000

Year 6	Year 7	Year 8	Year 9	Year 10
0	0	0	0	0
17.206.000	17.206.000	17.206.000	17.206.000	17.206.000
19.970.000	19.970.000	19.970.000	19.970.000	19.970.000
33.361.488	33.361.488	33.361.488	33.361.488	33.361.488
3.200.000	3.200.000	3.200.000	3.200.000	3.200.000
72.737.492	72.737.492	72.737.492	72.737.492	72.737.492
51.96	51.96	51.96	51.96	51.96

Price Definition

- Average self costs for each coffee products of 250 grams are:
 - 80.64 NRs in first 5 year of production
 - 51.96 NRs in last 5 years of production
- Our ex factory price for our both coffee products is 100 NRs

Income Calculation

Year	Total Production	Price per Product (NRs)	Total Income (NRs)
1	980.000	100	98.000.000
2	1.190.000	100	119.000.000
3	1.400.000	100	140.000.000
4	1.400.000	100	140.000.000
5	1.400.000	100	140.000.000
6	1.400.000	100	140.000.000
7	1.400.000	100	140.000.000
8	1.400.000	100	140.000.000
9	1.400.000	100	140.000.000
10	1.400.000	100	140.000.000

Cash Flow Calculation (10 Years)

(NRs)	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	98.000.000	119.000.000	140.000.000	140.000.000	140.000.000
Depreciation Cost	33.361.488	33.361.488	33.361.488	33.361.488	33.361.488
Labour Cost	17.206.000	17.206.000	17.206.000	17.206.000	17.206.000
Consumption Cost	13.279.000	16.124.500	18.970.000	18.970.000	18.970.000
Financing Cost	11.989.104	9.590.443	7.192.622	4.794.801	2.397.820
Other Cost	3.200.000	3.200.000	3.200.000	3.200.000	3.200.000
Bruto Profit	18.964.408	39.517.569	60.069.890	62.467.711	64.864.692
Tax (25%)	4.741.102	9.879.392	15.017.472	15.616.927	16.216.173
Profit after Tax	14.223.306	29.638.176	45.052.417	46.850.783	48.648.519
Cashflow	47.584.794	62.999.664	78.413.905	80.212.271	82.010.007
Repayment Credit	19.981.840	19.981.840	19.981.840	19.981.840	19.981.840
Dividend	27.602.954	43.017.824	58.432.065	60.230.431	62.028.167

Year 6	Year 7	Year 8	Year 9	Year 10
140.000.000	140.000.000	140.000.000	140.000.000	140.000.000
33.361.488	33.361.488	33.361.488	33.361.488	33.361.488
17.206.000	17.206.000	17.206.000	17.206.000	17.206.000
18.970.000	18.970.000	18.970.000	18.970.000	18.970.000
0	0	0	0	0
3.200.000	3.200.000	3.200.000	3.200.000	3.200.000
67.262.508	67.262.508	67.262.508	67.262.508	67.262.508
16.815.627	16.815.627	16.815.627	16.815.627	16.815.627
50.446.881	50.446.881	50.446.881	50.446.881	50.446.881
83.808.370	83.808.370	83.808.370	83.808.370	83.808.370
0	0	0	0	0
83.808.370	83.808.370	83.808.370	83.808.370	83.808.370

Equity Profitability Calculation

Year	Equity (NRs)	Profit after Tax (NRs)	Dividend (NRs)	Interest on Equity (%)
1	149.863.800	14.223.306	27.602.954	18,42%
2	149.863.800	29.638.176	43.017.824	28,7%
3	149.863.800	45.052.417	58.432.065	39%
4	149.863.800	46.850.783	60.230.431	40,2%
5	149.863.800	48.648.519	62.028.167	41,34%
6	149.863.800	50.446.881	83.808.370	55,92%
7	149.863.800	50.446.881	83.808.370	55,92%
8	149.863.800	50.446.881	83.808.370	55,92%
9	149.863.800	50.446.881	83.808.370	55,92%
10	149.863.800	50.446.881	83.808.370	55,92%

Future Plans

- SIM Coffee Co. Limited will have its own coffee plantation farm by recruiting local farmers to have better quality control of coffee cherries.
- Products will be sold not only in Nepal but will be exported to other countries as well.