

**ALPHA NAMATA COMPANY LIMITED**

**FEASIBILITY STUDY**

**ON**

**Establishment**

**of**

**MANUFACTURING FACILITIES**

**FOR**

**BOTTLED WATER AND VARIOUS JUICES**

**April , 2020**

## **1.0 EXECUTIVE SUMMARY**

### **1.1 Introduction**

This is a report prepared for Alpha Namata Company Limited a company registered in Tanzania in April of 2011 with Certificate of incorporation no **82887** to carry on various business undertakings among others being processing of the drinking Mineral Water and Juices with headquarters at Shangani area, Mtwara Municipality. The company will establish and rehabilitate processing facilities of the drinking mineral water and Juices. The company will install new machineries and will also rehabilitate and improve its manufacturing and packaging facilities

### **1.2 The project**

The project envisages an investment of US 0.600 million in the establishment of manufacturing facilities for mineral water and juices. The project intends to purchase and import as well as subsequent installation and setup of the machinery. The new machinery will have a high capacity of 4000 to 6000 bottles an hour that is 40,000 to 60,000 bottles for a ten hours day based on 500 mils bottles. The machineries will be comprehensive unit in that it will be used for water processing as well as juice and other beverages production and packaging. This company intends to bring the quoted high-quality machinery and equipment for ensuring reliability in service delivery and capitalization on the growing demand for quality locally beverages.

### **1.3 Project Financing**

The promoters will partly fund the project and they will also fund with The bank loan from Banks in Tanzania. The promoters have a strong financing background, which ensure successful implementation of the project.

### **1.4 Market start**

The growing output in fruits farming especially oranges, mangoes and others especially in the coastal regions of Tanzania and in particular in Lindi and Mtwara region provide an ample opportunity for investment in fruits processing. The available imported juices and locally made juices and water have not been able to quench the customer's need for well balanced quality soft drinks in various volumes. This planned project will be a vital step towards contributing in the efforts to satisfy this ample demand and increase the company's revenues in the process as well as shareholder's wealth. On the other side, it will expand the farmers' market opportunities and benefit many other sectors in the process that eventually lead to overall economic growth of the southern corridor and the country at large.

### **1.5 Conclusion**

It can be concluded that the project has come at the right time as the products are well known and hence it will have tremendous long-term benefits. The project is economically viable and technically feasible.

## **2.0 THE PROJECT CONCEPT**

The project intends to establish manufacturing facilities for the processing of mineral water and juices. The project envisages an investment of US 0.600 million in the establishment of manufacturing facilities for mineral water and juices. The new machinery will have a high capacity of 4000 to 6000 bottles an hour that is 40,000 to 60,000 bottles for a ten hours day based on 500 mils bottles. Based on the projected revenues from this business plan and the projected annual growth, the business will grow fast to become among leaders in the industry in the country.

**2.1** The main objective Alpha Namata Company Limited will Be:

1. To quickly establish a name in the industry by revolutionizing the service and becoming the hope to the most dissatisfied clients in the country
2. To work diligently and create value to customers through continuously improving the services including timely delivery of orders.
3. Generate sufficient profits to improve the shareholders' wealth and sustainability of the business to be able to compete well in the market and be able to reap the advantages of growing demand in Tanzania by increasing investments.
4. Maintain or improve the profit margins by minimizing operating costs per unit as a result of expanded volume of business.

5.To keep providing employment to low and high skilled Tanzanian youth through remaining in the market for a foreseeable future and expansions

## **2.2 Mission and Vision**

### **The Mission:**

The mission of Alpha Namata Company Limited is to provide a high-quality food and beverages processing services to the Tanzanian and neighboring countries with emphasis on convenience and reliability .Differentiating itself from other dealers through uncompromising image, Alpha Namata Company Limited insists on quality services serving institutional consumers and individuals at high customer care services through its highly trained and closely managed work force

### **The Vision:**

The vision of Alpha Namata Company Limited has a long-range vision of seeing this business become the most convenient and known provider of high-quality beverages to customers all over Tanzania and nearby countries. This vision goes together with desire to seeing the enterprise acquire strong and flawless performance capabilities including strong and reliable financial position.

### ***Values***

The promoters of the company believe in uncompromising high-quality services and ultimate care in handling their customers

## 2.3 The Promoters

The promoters of the project are all Tanzanian by nationalities. The two investors are industrialist by profession and are well experienced in the various manufacturing activities. They are well experienced Investors of more than 20 years. The names of the promoters along are as follows:

Percentage

	<b>Name</b>	<b>Position</b>	<b>Nationality</b>
1	Omega Menas Mnali	Managing Director/Chairperson	Tanzanian
	Humphrey		
2	Christopher Bushiri	Director and Secretary	Tanzanian

With their experience in various businesses, it is expanded that they are capable to conceive, plant, expand and operate business.

## 2.4 Location

The company's headquarters are located at Shangani area and the project will be located at Plot no1 Block C Mikindani area in Mtwara Municipality. The location is well served by all the necessary infrastructure and environment requirements and well suited to the nature of the envisaged project.

### **3.0 THE MARKET**

The demand for drinking water and non-Alcoholic Drinks has already been established and is influenced by the presence of large population and level of personal disposable income. The available imported juices and locally made juices and water have not been able to quench the customer's need for well balanced quality soft drinks in various volumes. In general, the future prospects are bright and the management of Alpha Namata Company Limited is keen to cling to the market base it has been able to raise through rigorous efforts from every member of the company from top level management to the support staff.

**3.1** With the existing low capacity of drinking water and all types of soft drinks and backward technology in production in the country, the project like this one and improvement of linkages in industry sector assure that the products produced will not face serious market problems.

**3.2** For them being in the production of the drinking water and juice it has been able to establish that there is a good and guaranteed market for drinking water and non-Alcoholic Drinks including juice. Most of the industries and wholesale shoppers import this product throughout the world

**3.3** The proposed project intends make assurance that the demand is matched with supply. Project is designed to manufacture drinking water and juice .

### **5.3 Water Production**

The water as a raw material is essentially the town current water, which passes through appropriate system of filtering and treatment. This treatment system is certified by the World food organization (WHO) and accepted for the human feeding by the Food and Agriculture Organization of the united Nations (FAO)

### **5.4 Juice Production**

Non- carbonated drinks, drinks with different flavors like orange, strawberry pineapple, lemon etc. will be produced. the juice production will need Sugar, Flavor, and citric acids. Vitamins CMC sodium benzoate, potassium sorbet and other necessary vitamins such as A&E will be use d according to the taste of the market. The company also intends to use some concentrated fruit juices.

## 6.0 CAPITAL INVESTMENT

The capital investment required is estimated at 0.600 Million in foreign currency. Most of the financing will be sourced from loan and retained earnings. The capital investment breakdown as follows.

**US \$**

<b><i>Description</i></b>	<b><i>USD</i></b>
Land & buildings	100,000
Machinery and equipment	300,000
Vehicles	50,000
Furnitures and fixtures	50,000
Pre-operational Expense's	10,000
Others	30,000
Working Capital	60,000
<b>Total Investment</b>	<b>600,000</b>

### 6.1 Project Financing

The promoters of the project have decided to make contributions and finance the project with the term loan. The working capital will be sourced from local banks.

USD

<b>Source</b>	<b>Local</b>	<b>Total</b>
<b>loan</b>	<b>300,000</b>	<b>300,000</b>
<b>Retained Earnings</b>	<b>300,000-</b>	<b>300,000</b>

<b>Total</b>	<b>600,000</b>	<b>600,000</b>
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## **6.2 Land and Building**

The sum amounting to US \$100,000 will be deployed for building construction and rehabilitation

## **6.3 Plant and Machinery**

The cost of plant and machinery add up to US \$300,000.

## **6.4 Motor vehicles**

Utility pick-ups and trucks will be required. The total of both vehicles will amount to US \$ 50,000. The project will also purchase one 4-wheel drive and 3tons truck for the use in the factory

## 7.0 MANAGEMENT AND ORGANISATION

The top most body of the company administration is the board of directors composed of four shareholders. These form the Board of Directors which is the key policy making and governing body of the company. The following are the members to date;

	<b>Name</b>	<b>Position</b>	<b>Nationality</b>
1	Omega Menas Mnali	Managing Director/Chairperson	Tanzanian
2	Humphrey Christo- pher Bushiri	Director and Secretary	Tanzanian

The managing Director, Mr. Omega Menas Mnali is a well experienced and educated businessperson.

This is the initiator of this business and the main strategic figure to its operations and wellbeing. He is a well established business man who has accumulated enough experience in business administration and management. Side by side with his fellow directors and workers, he will be an integral part of the management team that will take Alpha Namata Company Limited from one step to another. Though his determination to take the company to even higher levels of performance, he has forged vital business relations with potential customers and hence built strong business networks.

### **7.1 Support Personnel**

Besides the key management mentioned above, the business success will be pegged on the services of other employees who, in their respective positions have kept the business growing from one stage to another. The management will continue to rely on the commitment of its employees coupled with efforts to develop them through appropriate trainings and responsibility allocation. Its management is dedicated to seeing the business reach its vision of becoming the main dealer in Tanzania. The recruitment will be made carefully making sure only suitable personnel capable of carrying out the business's objectives as the first priority above all.

### **7.2 Training and Succession Plan**

The firm will use employees with trainings on the activities from vocational colleges in the country but will as well conduct on the job trainings to make the staff familiar with the modern machinery and equipment. The management believes that this approach will prove successful to Alpha Namata Company Limited because they believe that 'practice makes it perfect'.

### **7.3 Manpower Requirements**

The Company will employ additional work with the introduction of new lines to the tune of 25 workers

## **7.4 Recruitment**

All new staff would be recruited at least one month before the new part of the plant operations are commenced.

## **7.5 Training**

The management of the plant would strive to employ competent and qualified personnel in the 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. However, it is expected that most of them will have some basic knowledge and experience.

## **3 8.0 Implementation Schedule**

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, survey, acquisition of machinery and equipment, recruitment of qualified personnel and other factors have been looked into.

## 5 9.1 Investment Structure

The total initial investment in fixed assets is estimated at US\$ 0.600 million whose breakdown is as follows

<b>Description</b>	<b>US</b>
Land & buildings	100,000
Machinery and equipment	300,000
Vehicles	50,000
Furnitures and fixtures	50,000
Pre-operational Expense's	10,000
Others	30,000
Working Capital	60,000
<b>Total Investment</b>	<b>600,000</b>

## 9.2 OPERATING COSTS

The prices of inputs are assumed to remain constant over the ten years period because under rising inflation the prices and services will rise including those of outputs hence having the profit margin unchanged.

## 9.3 Depreciation

Depreciation rates have been calculated as follows:

Land, building and civil works	4% Straight Line
Vehicle	25% Straight Line
Pre-Operational Expenses	20% Straight Line
Equipment	12.5% straight line

## **9.4 Tax**

Corporation tax is charged at 30% on profits before tax.

## **9.5 Income**

The project's income at full capacity utilization is estimated to average at US\$ 0.830 million.

## **9.6 Projected Cash Flows**

The project has a positive net cash flow from year 1

## **9.7 Economic Benefits**

The successful operation of this processing plant will contribute significant economic benefits to Dar-es-salaam region people and Tanzania as whole. The execution of this project will bring;

- Employment opportunities for 20 people.
  - Provision of income to other services providers, thus contributing to the reduction of poverty. The income to be earned will help in improving standard of living of the workers and other people residing in the region.
  - The direct income for the workers, combined with other social benefits that the Management of will provide and help in overall efforts of alleviation of poverty in the Region.
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- Provision of a market for goods and services demanded by expanded tax base to the Treasury and local Government

authorities and generation of substantial income to the Government.

## **10 Conclusion**

The establishment of this Beverage processing undertaking is in line with the Government objective of encouraging proper development of industries in the country.

In addition, it will have a positive impact on the development of the region, as it would generate a number of benefits and more positive impact on the economy of the region. In the context of the immense useful potential of this project, the management of Alpha Namata Company Limited anticipates that all interested parties in the region/and the Government of Tanzania will give their full support so as to ensure timely implementation of the project and apprehension of successful operation.

# Alpha Namata Company Limited

## INVESTMENT COST

<i>Description</i>	<i>US</i>
Land & buildings	100,000
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<b>Total Investment</b>	<b>600,000</b>



# Alpha Namata Company Limited

## Projected Profit and loss Account

(USD '000)

Description	1	2	3	4	5	6	7	8
Revenues from Various Lines	365	467	560	683	830	830	830	830
Cost of Goods Sold	237	303	364	444	540	540	540	540
<b>Gross Profit</b>	128	164	196	239	290	290	290	290
<b>Total Gross Income</b>	<b>128</b>	<b>164</b>	<b>196</b>	<b>239</b>	<b>290</b>	<b>290</b>	<b>290</b>	<b>290</b>
Depreciation	61	61	61	61	61	61	61	61
<b>Operating profit</b>	<b>67</b>	<b>103</b>	<b>135</b>	<b>178</b>	<b>229</b>	<b>229</b>	<b>229</b>	<b>229</b>
Profit before tax and interest	67	103	135	178	229	229	229	229
Interest on loan	42	46	32	15	0.88	-	-	-
Profit before tax	25	57	103	163	228	229	229	229
Income tax	8	17	31	49	68	69	69	69
Profit after tax	<b>17</b>	<b>40</b>	<b>72</b>	<b>114</b>	<b>160</b>	<b>160</b>	<b>160</b>	<b>160</b>
Accumulated profit	<b>17</b>	<b>57</b>	<b>129</b>	<b>243</b>	<b>403</b>	<b>563</b>	<b>723</b>	<b>883</b>

# ALPHA NAMATA COMPANY LIMITED

## PROJECTED CASHFLOW

	0	1	2	3	4	5	6	8	9	10
<b>Cash Inflow</b>										
Equity	0.600	-	-	-	-	-	-	-	-	-
<b>Total Inflow</b>	0.600	-	-	-	-	-	-	-	-	-
<b>Operational Inflow</b>										
Profit before Tax		25	57	103	163	228	229	229	229	229
Depreciation		61	61	61	61	61	61	61	61	61
<b>Total Operations Inflow</b>		<b>86</b>	<b>118</b>	<b>164</b>	224	289	290	290	290	290
<b>Total Cash inFlow</b>	0.600	<b>86</b>	<b>118</b>	<b>164</b>	224	289	290	290	290	290
<b>Cash Outflow</b>										
Investment	0.600	-	-	-	-	-	-	-	-	-
<b>Operational Outflow</b>										
		42	46	32	15	0.88	-	-	-	-
Taxation		8	17	31	49	68	69	69	69	69
<b>Total Cash Outflow</b>		50	63	63	64	69	69	69	69	69
<b>Net Cash flows</b>	-	<b>36</b>	<b>55</b>	<b>101</b>	<b>160</b>	<b>220</b>	<b>221</b>	<b>221</b>	<b>221</b>	<b>221</b>

