

ALLIANCE INVESTMENT (T) LIMITED

**BUSINESS PLAN
FOR
BEVARAGE AND PACKAGING (BOTTLES) MATERIAL PRODUCTION PLANT**

1.0. INTRODUCTION

ALLIANCE INVESTMENT (T) LIMITED is a private limited liability company registered in Tanzania with Certificate of Incorporation No. 60940 dated 28th June 2007 planning to invest in beverages production and PVC pipes production.

1.1 Project Concept

The proposed project will involve construction of building to be used as industrial premises and installation of machines to be used for the project. The company is targeting cost region and neighboring region such as Morogoro, Dodoma and Singida market. Proposed project intends to develop soft drinks such as bottled water, juice, soda etc, the soft drinks produced to be packed and distributed at affordable price the project will employ adequately trained and experienced management and employees. The company plan to produce bottle for its use and for other users apart from beverages the company is planning to produce PVC pipes

The business plan by **ALLIANCE INVESTMENT (T) LIMITED** a locally registered company, the project promoters are confident of

mobilizing financial resources through equity and long-term loan from financial institutions

This study will be used as guiding tool and will be presented to TIC for obtaining certificate of incentives to facilitate smooth implementation of the project.

1.2 Location

The bottled drinking water, other beverages and PVC products plant to be located at Tuangoma, Kigamboni District Dar es Salaam region, Tanzania

1.3 Mission Statement

Beverages facilities with customized services

1.4 Vision Statement

To be a leading company in beverages production and distribution within the East Africa

1.5 Audited Reports

ALLIANCE INVESTMENT (T) LIMITED is audited by a local reputable auditing firm based in Dar es Salaam.

1.6 Company Values

- Competitive
- Efficiency
- Affordable
- Customized services

1.3 The Sponsors

ALLIANCE INVESTMENT (T) LIMITED will be sponsoring this project. The Company is currently jointly owned by four shareholders

Share Holders	% of Share	Nationality
Said Nassir Mohamed	0.55	Tanzania
Salim Said Nassir	0.15	Tanzania
Nassir Said Nassir	0.15	Tanzania
Ally Said Nassir	0.15	Tanzania
Unallotted shares	99	Tanzania

1.4 ALLIANCE INVESTMENT (T) LIMITED PROJECT

The company main business objectives include the following:

- Proposed project intends to develop soft drinks such as bottled water, juice soda etc, the soft drinks produced, packed and distributed at affordable price
- To carry on the business as importers, distributors and traders in all kinds of blowing of machine, water filling machine, water treatment machine and manufacture of PVC coil.

1.5 Objective of the study

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

1.6 Optimizing Manufacturing

The bottled water industry involves a relatively light manufacturing process, meaning it does not require any heavy transformation processes. Impacts considered in the manufacturing phase are primarily related to energy required for the entire production process at the factory level. This includes the transformation of packaging materials into bottles, product bottling (pumping, storage, treatments (if any), filling), securing with secondary packaging and storage until finished products are shipped outside of the factory.

1.7 Chlorine Dosing System

Raw water may contain living micro-organisms and organics which are objection a Membrane as it may cause fouling to deteriorate the performance. Even water may contain ferrous which can be oxidized to ferric oxide which is settling down in storage tank. We have offered a Hypo chlorite dosing system for this purpose. About 3-4 ppm of sodium hypo chlorite solution is dosed in raw water storage tank. This reacts with water to form hypo chlorite acids which acts as disinfecting agent.

For this purpose, one no. of HDPE hypo chlorite solution preparation tank along with one nos. of dosing pumps are provided. Required suction / discharge pipe work in pvc construction is provided with isolation valves. Dosage rate is adjusted as per the actual requirement, which may vary on case-to-case basis

Raw Water Storage Tank

Raw water is required in for storage of chlorinated water having appropriate capacity. The tank is fitted with PVC pipe work & isolation valves and suitable type of level indicator.

Raw Water Supply Pump

A Horizontal Centrifugal type of pump in Stainless Steel construction has been provided for supplying Raw water to Pressure Sand Filter Unit. Necessary Suction / discharge pipe work in s.s construction with isolation valves are also provided up to PSF Unit.

Pressure Sand Filter

Raw Water is first filtered by filtration unit in series prior feeding R.O. Plant. Pressure Sand Filter Unit is provided for removal of suspended matters & turbidity from raw water. PSF Unit is a SS vertical Pressure Vessel. Internally, it is fitted with bottom collecting system. Uniform grades silica quartz sand is charged on the supporting media of pebbles and gravels. This unit is fitted with SS frontal pipe work and Multiport Valve externally. During service cycle water is passed in down ward direction through sand bed, thus entrapping suspended matter & turbid particles. Over a period of time, sand bed gets choked due to suspended matters resulting higher pressure drop and lesser flow. At this stage filter bed need to be backwashed.

When pressure drop across the sand bed increases beyond the specified limit (0.5 kg/cm²) or quality of filtered water determinates, whichever is earlier. Regeneration involves backwash & rinsing of Sand Bed as below. For backwashing service water is passed in reverse direction of service cycle to loosen the filtering media bed. Due to this, entrapped suspended matters get free and come out along with effluent water. Backwashing is continued for about 10- 15 minutes or till the effluent coming out is clear For Rinsing of Sand Bed: Service water is passed in down ward direction to settle down the sand bed. The effluent water is drained for about 5 minutes time to ensure all unclear water is drained down.

Smb's Dosing System

The Chlorinated water may oxidize the membrane and to avoid the same precautionary we have provided Sodium MetaBiSulphite dosing system Dosage rate is 4-5 mg/liter. A HDPE chemical preparation tank with an electronics diaphragm type dosing pump is provided for this.

Activated Carbon Filter

Natural water may contain Colour, Odour, Chlorine & Organics in different proportion, which is undesirable for potable application, and hence, it is necessary to remove the same from water. If raw water is chlorinated for disinfection, it is necessary to remove the free Chlorine before feeding to R.O System. Chlorine being a strong oxidizing agent, it damages R.O. Membranes. Activated Carbon can remove Chlorine, Odour, & Colour while passing the water through carbon bed along with Odour & colour. This Carbon granules having larger surface area and specific property to absorb organics. ACF Unit is a FRP vertical pressure vessel. Internally it is fitted with strainer on bottom collecting system. The unit is fitted with SS frontal pipe work & MPV externally. A granular activated carbon is charged on the supporting media of Coarse & Fine Silica. During service cycle water is passed in down ward direction through Carbon Bed, which removes Chlorine & Odour from water.

When pressure drop across the Carbon Bed increased beyond the specified limit of (0.8 kg/cm²) or quality of filter water deteriorates, whichever is earlier the unit is isolated for regeneration. The

regeneration involves, backwashing & rinsing of Carbon Bed. Over a period of time, life of carbon gets exhausted which can be checked during laboratory testing. Particularly iodine value is most important for this application. Generally, carbon is replaced once in a year.

Anti Scalent Dosing

The hardness salts of calcium & magnesium are likely to be precipitated if concentration exceeds its solubility limit & it may fault the membranes resulting into scaling which ultimately leads to poor treated water quality from R.O. System. To prevent this an anti Scalent dosing (scale inhibitor) dosing system is provided. Normally a scale inhibitor like Perma care 191 or equivalent chemical is dosed in feed water. Dosage rate is 4-5 mg/liter. A HDPE chemical preparation tank with an electronics diaphragm type dosing pump is provided for this.

2.0 The Product Market

The market survey carried out reveals that the current demand for soft drinks in Tanzania is high, current price of bottled drinking water, soda and juice in Tanzania has attracted the company to venture in this business, the average price of bottled drinking water

of one liter in Dar es Salaam is US\$ 0.5, in up country the price is more than that almost 25% higher than Dar es Salaam, the same cost apply to other soft drinks.

The competitive advantage of the company's products is quality produced and customer care services,

The company will be producing various soft drinks such as bottled drinking water, soda, juice and PVC pipes.

2.1 Competition

Tanzania has a good number of soft drinks produced domestically and other imported from Kenya, South Africa, UAE, Uganda, Rwanda etc the big challenge for the above mentioned is price charged. It is very expensive and most of low-income earners cannot afford the price, and bad enough juice imported are made with additive and juice concentrated, the quality is questionable that why the **ALLIANCE INVESTMENT (T) LIMITED** came in to bridge the came which have been left by existing companies such as

- Sky Drops Drinking Water
- Kisima Pure & Refreshing Drinking Water
- Pare Mountains Drinking Water

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- Cool Blue Tanzania
- Bakhresa food products Ltd.
- Afya Water (Msasani Watercom Depot)
- Udzungwa Drinking water Plant
- Junaco Group of Companies
- Jibu Maji Drinking Water - Tegeta Dar-es-Salaam Franchise
- Jibu Maji Drinking Water - Ilala Dar-es-Salaam Franchise
- Jibu Maji Drinking Water - Jeti Lumo, Dar-es-Salaam Franchise
- Jibu Maji Drinking Water - Boko Dar-es-Salaam Franchise
- Hill Group (Hill Water, Hill Feeds, Hill Packaging)
- Drop of Zanzibar
- Siringet Drinking Water
- eWATER tanzania Office
- Angel Drinking Water
- Meru Spring Water Ltd.
- Merrywater AG Ltd.
- Maji Poa
- Ecowater Utawala Station
- Ecowater Esrin Station

- Ecowater MUSTSO Station
- Ecowater Igoma Station
- Sayona Drinks Ltd.
- Aqualink Desalination (T) Ltd
- Pure Life Water Purification Plant

2.2 **Special Strengths of ACQUA MORANI LIMITED**

- The customer care provided by the company
- New technology used by the company
- Directors experience in soft drinks business
- Availability of fresh water

2.3 **Marketing Strategy**

According to expert, personal selling is the most effective method for marketing. In order to reduce sunk costs, the project will use various marketing strategies such as:

- Internet
- Specialized magazine, news paper
- Radio
- Television
- Posters

- Sponsorship etc

The project products will be aggressively promoted to domestic market and skilled personnel will be recruited

2.4 **Product Pricing**

The pricing policy for the project will be based on the service cost and competition levels from substitute services available in Tanzania market considering various variables namely:

- Service positioning
- Gain market share from competitors
- Stimulating and increasing demand and

Achieving profitability and liquidity financial performance goals, the general price of the company for each product will be lower by 5% compared with the current price. the average price per carton is estimated to be US\$ 1 and production capacity estimated to be 1,500,000 cartons per year

2.5 **Products**

Soft drinks produced will meet WHO guide line, TFDA, TBS, the state-of-the-art technology will be used, water will e treated to conform to the bacteriological standard using micro filter, activated

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carbon filter and ultraviolet rays, the treated water enters automatic bottle filter and sealer. The sealed water bottles are packed ready for the market

3.0 Project Management and Manpower Requirements

ALLIANCE INVESTMENT (T) LIMITED will be under the Management with vast experience in managing various soft drinks businesses, the project will be directly managed Managing Director assisted by Managers who will comprise the management team. **60** staff will be directly employed.

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women		5	30	30
Men	5	10	15	30
TOTAL	5	15	45	60

3.1 Monitoring and Evaluation

The Management has full commitment to ensuring goods produced maintain the safety and standards required in the market. The quality control unit will establish a system of routine checking and getting feedback from customers, management philosophy is through

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business process, managers will strive to ensure compliance to standards and safety of products and customers they serve.

4.0 PROJECT INVESTMENT COST

The estimated capital investment cost of the project is US \$1,655,000

ALLIANCE INVESTMENT (T) LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	520,000.00
Machinery & Equipment	735,000.00
Motor Vehicles	180,000.00
Furniture & Fixtures	20,000.00
Pre exp	130,000.00
Others	0.00
Working Capital	70,000.00
TOTAL	1,655,000.00

For the project to be a reality a total investment amounting to US \$1,655,000 is needed for production of Capacity 1.5m cartons of beverages per year

4.0 Financing pattern

The project will be financed by owners' equity US\$ 855,000 and long-term loan US\$ 800,000

5.0 Aspect of Project Sustainability

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. The Government support for industrialization and rises of middle-income earners gives them assurance of a steady market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

6.0 Monitoring and Evaluation

The monitoring and evaluation tools will be applied in running this project as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth business running.

7.0 Financial Analysis

7.1 Considerations and Assumptions:

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom

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duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied.

Revenues have been conservatively estimated based on experience of the promoters and trends in the bottled drinking water and beverages industry in general.

7.2 Financial Statements:

7.3 Projected Iodge Revenue

For projection purposes, it is assumed that the economic life of the project is five years, and that revenue from bottled drinking water business from the first year of operation.

ALLIANCE INVESTMENT (T) LIMITED PROJECTED REVENUE LTD

	1	2	3	4	5	6
Revenue	1,500,000	1,575,000	1,653,750	1,736,438	1,823,259	1,914,422

7.4 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 5 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. US\$ **359,975** in first year to US\$ **2,597,453** in 6th year

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ALLIANCE INVESTMENT (T) LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT (US\$)

	1	2	3	4	5	6
Revenue	1,500,000.00	1,575,000.00	1,653,750.00	1,736,437.50	1,823,259.38	1,914,422.34
Operating Expenses:	900,000.00	945,000.00	992,250.00	1,041,862.50	1,093,955.63	1,148,653.41
Profit before Depreciation & Interest	600,000.00	630,000.00	661,500.00	694,575.00	729,303.75	765,768.94
Interest	48,000.00	38,400.00	28,800.00	19,200.00	9,600.00	-
Depreciation	37,750.00	37,750.00	37,750.00	37,750.00	37,750.00	37,750.00
Gross Profit	514,250.00	553,850.00	594,950.00	637,625.00	681,953.75	728,018.94
Tax (30%)	154,275.00	166,155.00	178,485.00	191,287.50	204,586.13	218,405.68
Profit After Tax	359,975.00	387,695.00	416,465.00	446,337.50	477,367.63	509,613.26
Accumulated Profit	359,975.00	747,670.00	1,164,135.00	1,610,472.50	2,087,840.13	2,597,453.38

7.5 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year 1st, i.e., **US\$445,725** of operation to the 6th year i.e., **US\$2,967,953**

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ALLIANCE INVESTMENT (T) LIMITED PROJECTED CASH FLOW " US\$"

SOURCES:							
Profit before interest and depreciation	0	600,000	630,000	661,500	694,575	729,304	765,769
Equity	855,000						
Loan	800,000						
Total Sources	1,655,000	600,000	630,000	661,500	694,575.	729,303	765,768
Applications:							
Capital expenditure	1,455,000	-	-	-	-	-	
working Capital &Others	200,000						
Cash	0	445,725	463,845	483,015	503,287.	524,717	547,363
Tax	-	154,275	166,155	178,485	191,288	204,586	218,406
Sub total	1,655,000	600,000	630,000	661,500	694,575	729,303	765,768
Total applications	1,655,000	600,000	630,000	661,500	694,575	729,303	765,768
Accumulated cash		445,725	909,570	1,392,585	1,895,872	2,420,590.	2,967,953

7.6 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Equity of the project increases from US\$ **855,000** in the first year of operation to US \$ **3,452,453** in the 6th year

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ALLIANCE INVESTMENT (T) LIMITED PROJECTED BALANCE SHEET " US \$"

Fixed Assets	-						
Opening balance	-	1,455,000	1,417,250	1,379,500	1,341,750	1,304,000	1,266,250
Total Long-term Assets	-	1,455,000	1,417,250	1,379,500	1,341,750	1,304,000	1,266,250
Less depreciation	-	37,750.	37,750	37,750	37,750.00	37,750.00	37,750.00
Closing balance	-	1,417,250	1,379,500	1,341,750.0 0	1,304,000	1,266,250	1,228,500
Working capital	200,000.00	200,000	200,000	200,000	200,000	200,000	200,000
Accumulated cash	-	445,725	909,570	1,392,585	1,895,872	2,420,590	2,967,953
Total assets	200,000	2,062,975	2,489,070	2,934,335	3,399,872	3,886,840	4,396,453
Financed by							
Equity	855,000	855,000	855,000.00	855,000.00	855,000.00	855,000.00	855,000.00
Accumulated profit	-	359,975.00	747,670	1,164,135	1,610,472	2,087,840	2,597,453
Total equity	855,000.00	1,214,975	1,602,670	2,019,135	2,465,472	2,942,840	3,452,453
Long term loan	-	800,000	640,000	480,000	320,000	160,000	-
Total debts	-	800,000	640,000	480,000	320,000	160,000	-
Total equity and debts	855,000	2,014,975	2,242,670	2,499,135	2,785,472	3,102,840	3,452,453

7.7 Projected payback period

Total investment is US \$ **1,650,000** cash accumulation 6th year is US \$ **1,761,472** which is more than the initial investment by US\$ **106,472** the project payback Period is within 6 years,

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The project has a relatively short payback period.

ALLIANCE INVESTMENT (T) LIMITED PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	359,975.00	37,750	397,725.00	397,725.00
2	387,695.00	37,750	425,445.00	823,170.00
3	416,465.00	37,750	454,215.00	1,277,385.00
4	446,337.50	37,750	484,087.50	1,761,472.50
5	477,367.63	37,750	515,117.63	2,276,590.13
6	564,557.1775	37,750	602,307.18	2,878,897.30

7.8 Loan repayment schedule

Total loan is US \$ 1,655,000 and interest is 6% charged annual, loan to be repaid within 5 years as indicated below:

ALLIANCE INVESTMENT (T) LIMITED PROJECTED LONG TERM LOAN REPAYMENT US\$

Year	principle	Loan Interest (6%)	Total Amount Paid	Loan Balance
0				
1	160,000.00	48,000.00	208,000.00	800,000.00
2	160,000.00	38,400.00	198,400.00	640,000.00
3	160,000.00	28,800.00	188,800.00	480,000.00
4	160,000.00	19,200.00	179,200.00	320,000.00
5	160,000.00	9,600.00	169,600.00	160,000.00

8.0 ECONOMIC ASPECTS

Implementation of this project will have the following social and economic values

- The project is an ideal option for utilization of Government support for industrialization
- The project will create employment for 60 **people** on permanent contract basis as well as on temporary basis.
- It will create more business opportunities to local suppliers which will also have a trickledown effect in the environmental issues.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and pay as you earn.
- The project will have transfer of knowledge and skills to manufacturing sector
- The project will generate foreign earnings

9.0 IMPLEMENTATION

ALLIANCE INVESTMENT (T) LIMITED

Project implementation is expected to be relatively very short once project has been approved it is estimated that implementation of the project will take hardly 9months be completed within one year:

ALLIANCE INVESTMENT (T) LIMITED IMPLEMENTATION

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	November 2021
2	Construction of building	December 2021- Sept 2022
3	Placing order of machines	June - October 2022
4	Installing machines	October-November 2022
4	Recruitment	December 2022
5	In house training	December 2022-February 2023
4	Testing production	March - May 2023
6	Commercial operations	June 2023

9.0 CONCLUSION & RECOMMENDATIONS

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 1997.