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BUSINESS PLAN FOR FARAJA SPRING WATER LIMITED

Bottled Water Production & Distribution Project - Kagera Region, Tanzania

1. Executive Summary

Faraja Spring Water Limited is establishing a bottled drinking water production facility in Bukoba Municipality, Kagera Region. The project involves importing a **semi-automatic bottling machine (2,000 bottles per hour)** from China and establishing a modern packaging, distribution, and marketing system.

The investment aims to provide quality, safe, and affordable drinking water to households, schools, institutions, retail shops, and distributors across Kagera and neighboring regions.

The project will create **10 direct jobs**, strengthen the local supply chain, and contribute to Tanzania's industrialization and WASH (Water, Sanitation & Hygiene) goals.

2. Investment Objectives

The project seeks to:

1. Establish a **modern bottled water production line** with a capacity of **2,000 bottles per hour**.
2. Supply quality drinking water that meets **TBS, standards**.
3. Serve markets in Kagera, Geita, Mwanza, Kigoma and surrounding regions.



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4. Create **employment opportunities for local youth** and empower community vendors.
5. Generate sustainable revenue, profitability, and long-term enterprise growth.
6. Support Tanzania's industrial development agenda by reducing dependency on imported beverages.
7. Reinforce environmental stewardship through **responsible sourcing and recycling initiatives**.

3. Sector and Products

Sector:

- Manufacturing
- Food & Beverage (Water Bottling)
- WASH and Environmental Health

Products:

1. **600ml bottled drinking water**
2. **1.6 Liter bottled drinking water**
3. **10 Liter's bottled drinking water**
4. **18.9 L refillable water containers** (future expansion)

4. Market Analysis

Target Market

- Retail shops
- Supermarkets
- Schools and Institutions
- Hotels, Restaurants & Bars
- Events and Catering services
- Distributors and wholesalers
- Households



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Market Demand Factors

- Increasing population in Kagera
- Limited access to safe piped drinking water
- Schools and health facilities require packaged water
- Growing urban centers around Bukoba, Muleba, Chato, Biharamulo, Ngara etc

5. Sources of Inputs and Supplies

Imported Inputs (China):

- Semi-automatic bottling machine (2,000 BPH)
- Shrink wrapping machine
- Bottle molds
- Conveyors and auxiliary equipment
- Vehicles
- Transformers

Local Supplies (Tanzania):

- Preforms
- Caps
- Stickers & Labels
- Packaging cartons
- Chemicals & treatment consumables
- Local transport and fuel
- Maintenance services



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6. Investment Costs Breakdown

Category	Amount (TZS)
Bottling Machine (Imported – China)	100,000,000
Raw Materials (caps, preforms, labels – local)	50,000,000
Regulatory Compliance (NEMC, OSHA, TBS, Fire, Bar Code)	12,000,000
Miscellaneous & Initial Operating Costs	20,000,000
Vehicles (2 Trucks)	100,000,000
Marketing & Brand Awareness	18,000,000
TOTAL INVESTMENT COST	300,000,000

7. Sources of Finance

Financier	Amount (TZS)	Purpose
Shareholders' Equity	200,000,000	Regulatory, raw materials, factory construction, marketing, vehicles, electricity
NBC Bank Loan	100,000,000	Purchase of bottling machinery + installation
Total Financing	300,000,000	Full project financing

8. Project Capacity

- **Monthly Production:** 15,000 cartons/month
- **Starting Year:** March 2026
- **Products:** 600ml bottles (2026) & 1.6L bottles (2028)



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9. Marketing Plan

Brand Positioning:

Faraja Spring Water will be positioned as **pure, healthy, safe, and locally produced.**

Marketing Strategies:

1. Distribution Expansion

- Contract local distributors
- Supply to schools, institutions, shops and supermarkets
- Mobile sales vans / trucks in neighborhoods
- Whole sale retailers and distribution partnerships.

2. Promotional Activities

- Launch discounts for first 3 months
- Visibility materials: banners, posters, stickers
- Roadshows Bukoba town and nearby areas
- Social media ads (Facebook, Instagram, WhatsApp Business)

3. Retail Strategy

- Provide branded coolers to selected strategic shops
- Offer bulk purchase incentives

4. Corporate & Institutional Sales

- Partnerships with schools, NGOs, hotels
- Long-term supply contracts



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10. Implementation Schedule 6 Months

Activity	Timeline	Status
Company setup & registration	-	Done
TIC compliance & permits	Dec 25	On going
Fabrication and Importation of machinery	Dec/January 26	Paid about 60% to Chines company ongoing process
Site preparation & factory construction		Done
Recruitment & training	February 26	To be done in Feb 2026
Testing & trial production	Feb-March	Feb/March 2026
Branding & marketing rollout	Feb-March	2026
Full commercial production	March 2026	March 2026

11. Employment Creation

The project will employ **10 staff**, including:

- Machine operators
- Quality assurance officer
- Production and packaging assistants
- Drivers and distribution staff
- Sales & marketing officer
- Accountant / admin assistant

12. Financial Projections 5 Years 2026 - 2030

This 5-year financial projection outlines expected revenues, operating costs, profits, and reinvestment plans based on two main products: 600ml bottled water and 1.6L bottled water. Production begins in 2026, with the introduction of the 1.6L product line starting in 2028. The business expects a revenue growth rate of 10% annually from the second year onward and anticipates achieving breakeven by the end of 2026.



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Key Assumptions and project capacity:

- **Starting Year: March 2026**
- **Products: 600ml bottles (2026) & 1.6L bottles (2028)**
- **Monthly Production: 15,000 cartons (600ml), 10,000 cartons (1.6L)**
- **Selling Prices: 3,500 TZS per carton (600ml), 4,500 TZS per carton (1.6L)**
- **Annual Revenue Growth: 10% from 2027 onwards**
- **Operating Costs Growth: 5% annually**
- **Depreciation: Straight-line over 5 years on 100M TZS machinery**
- **Tax Rate: 30% Corporate tax**

5 - Year Income Statement:

Year	Total Revenue(TZS)	Operating Costs	Depreciation	Profit Before Tax	Tax (30%)	Profit After Tax
2,026	630,000,000	166,600,000	20,000,000	443,400,000	133,020,000	310,380,000
2,027	693,000,000	174,930,000	20,000,000	498,070,000	149,421,000	348,649,000
2,028	1,302,300,000	183,676,500	20,000,000	1,098,623,500	329,587,050	769,036,450
2,029	1,432,530,000	192,860,325	20,000,000	1,219,669,675	365,900,903	853,768,773
2,030	1,575,783,000	202,503,341	20,000,000	1,353,279,659	405,983,898	947,295,761

13. Conclusion

Faraja Spring Water Limited is a viable and scalable investment with strong market demand, sustainable raw material supply, clear revenue potential, and community benefits. With support from TIC, shareholders and financial institutions, the project is set to become one of the leading bottled water suppliers in Kagera and surrounding regions.



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