

**FEASIBILITY STUDY**

**FOR**

**MS. HONTAN TRADING COMPANY LIMITED**



**PREPARED BY**

MS. HONTAN TRADING COMPANY LIMITED

MBEYA

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## **1.0 INTRODUCTION**

### **1.1 Foreword**

Tanzania is linked to other states namely Zambia, DRC, Malawi and other southern African countries. These countries transport their cargo daily in tonnage, but also their citizen who reside along the border are depend much on supplies from Tanzania.

Mbeya is bordered with Malawi and Zambia on its southern part. Mbeya being a city council, it is in need of modern and bigger supplier of household items. For being a City among Tanzanian southern regions, **MS. HONTAN TRADING COMPANY LIMITED** has realized the potential this City has in terms of household items and general products markets. It is now contemplating putting up a complex that will supply various types of goods.

### **1.2 Objective of Study**

The purpose of this feasibility study is to work out the technical and commercial details and financial viability for the establishment of first Super market in Mbeya and Songwe.

### **1.3 Project Promoters**

The Super Market is being promoted by a joint venture between locally and foreign registered company namely **MS. HONTAN TRADING COMPANY LIMITED** of P.O Box 3337, Dar es Salaam

<b>Name of Director</b>	<b>Percentage Share</b>	<b>Nationality</b>
CHEN XIUFANG CHINA, PEOPLES REPUBLIC OF FUJIAN, FUZHOU, DATIAN, SHIPAIZHEN	50	CHINESE
FRANCIS FRANK MASSAWE P.O. BOX 42450 DAR ES SALAAM	20	TANZANIAN
LIN BAO CHINA, PEOPLES REPUBLIC OF FUJIAN, FUZHOU, DATIAN, SHIPAIZHEN	30	CHINESE

## **2.0 EXECUTIVE SUMMARY**

### **2.1 Introduction**

This study examines the possibility of establishing a huge shopping center for Southern Highland zone, which comprises of Mbeya, Iringa, njombe, Ruvuma, Rukwa, Songwe and Katavi. Also neighboring countries of Republic of Zambia, Democratic Republic of Congo and Republic of Malawi.

This facility will provide wholesale and retail products, ranging from household items, electronic items, mechanical items, clothes and cosmetics.

Currently, majority are getting their needs from Dar Es Salaam which is almost 1000Km from Mbeya, and 15 hours' drive by road.

Facility will reduce cost of business and consequently cost of living. HONTAN TRADING COMPANY LIMITED has planned to launch its operations from October, 2025.

We are expecting to capture market for at least 10-15% of the retail and wholesale market within 2 years of operation and realize profit by the end of year 2.

## 2.2 Market and Marketing Aspect

The market survey carried out reveals that demands for households and cloths products raising rapidly.

The survey concludes that the proposed supply products per annum will not face any market problems.

Neighboring countries, their citizen usually do their shopping at Tunduma and others shop at Kariakoo, Dar Es Salaam. Having a shopping area at Mbeya it will be a huge relief and game changer on their businesses.

Thus, we are expecting to capture 15-20% of the local and international retail and wholesale market within three years, whereby achievable profitability expected by the end of year three (3).

## 2.3 Location

The plant will be located at Kabwe Street, Mbeya Municipality in Tanzania.

## 2.4 Manpower Requirements

The Management will comprise 5 people out of a total workforce of 57 people. There will be 20 in Cashiers, 10 in stock handlers, 10 security personnel, 10 Cleaning Staffs and in marketing department.

## 2.5 Project Economics

### 2.5.1 Capital Investment Requirements

DESCRIPTION	TOTAL
Land and Building	150,000
Plant & Machinery	300,000
Furniture & Fitting	200,000
Vehicle	50,000
Pre- Operational Expenses	100,000
Others	50,000
Working Capital	250,000

<b>TOTAL INVESTMENT</b>	<b>1,100,000</b>
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### 2.5.2 Financing Scheme

i) Fixed Assets and Pre- Operational Costs

	US\$
Foreign Equity	1,000,000
Local Loan	100,000
Total	1,100,000

### **3.0 FINANCIAL ANALYSIS**

#### **3.1 Income and Expenditure**

##### **3.1.1 Income**

The project expected to generate income from imported products and Tanzanian made product, in a range of USD 2.5 Million to USD 3 Million. Simultaneously with onside beneficiaries, such as bodaboda and mama ntilie.

##### **3.1.2 Cash Flow Statement**

The project's cash flow is impressive as the need for external assistance arises Only in the initial stages of the project investment.

### **4.0 Economic Benefits**

The successful operation of this investment will contribute significant Economic benefit to Mbeya, Songwe and Rukwa regions people and Tanzania Southern Highland as whole. In summary the benefits which will be realized are as follows:

- The execution of this project will bring about employment opportunities
- 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 help in overall efforts of alleviation of poverty in the Region
- This project will facilitate opportunities to increase foreign exchange earnings through export of some of its value products
- Project will create Government Revenue through Taxation

## **5.0 Conclusion**

The investment and development of these products processing undertaking is in Line with the Government objective of encouraging proper development of Industries in the country. 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

This document has provided a full analysis on the financial, Techno-economic viability and have established that the proposed project is technically sound financially viable, and economically/ socially beneficial.



**MS. HONTAN TRADING COMPANY LIMITED**  
**INVESTMENT COST**

<b>DESCRIPTION</b>	<b>TOTAL</b>
Land and Building	150,000
Plant & Machinery	300,000
Furniture & Fitting	250,000
Vehicle	50,000
Pre- Operational Expenses	100,000
Others	50,000
Working Capital	250,000
<b>TOTAL INVESTMENT</b>	<b>1,100,000</b>

**MS. HONTAN TRADING COMPANY LIMITED**  
**PROJECT FINANCING**

<b>DESCRIPTION</b>	<b>TOTAL USD</b>
Foreign Equity	1,000,000
Local Equity	100,000
<b>TOTAL INVESTMENT</b>	<b>1,100,000</b>

**MS. HONTAN TRADING COMPANY LIMITED**

**DEPRECIATION SCHEDULE**

		<b>Rate</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>10-Sep</b>
Land & Building		4%	150,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Plant & Machinery		12.00%	300,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000
Furniture & Fitting		12.50%	200,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Vehicles		25%	50,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Pre Operational Expenses		20%	100,000	20,000	20,000	20,000	20,000	20,000	20,000	-		
<b>TOTAL</b>				<b>93,000</b>	<b>93,000</b>	<b>93,000</b>	<b>93,000</b>	<b>93,000</b>	<b>93,000</b>	<b>73,000</b>	<b>73,000</b>	<b>73,000</b>

**MS. HONTAN TRADING COMPANY LIMITED**  
**PROFIT & LOSS FORECAST**

	1	2	3	4	5	6	7	8	9	
	60%	80%	90%							
PNOVER	660,000	880,000	990,000	990,000	990,000	990,000	990,000	990,000	990,000	990,000
Sale of Steel & Copper Products										
	660,000	880,000	990,000	990,000	990,000	990,000	990,000	990,000	990,000	990,000
RECT COSTS	242000	322000	403000	403000	403000	403000	403000	403000	403000	403000
Total Direct Cost	242000	322000	363000	403000	403000	403000	403000	403000	403000	403000
LOSS PROFIT	737000	939600	1229000	1229000	1229000	1229000	1229000	1229000	1229000	1229000
OTHER COSTS	200750	200750	200750	200750	200750	200750	196750	196750	196750	200750
Depreciation										
Profit before tax	536250	738850	1,028,250	1,028,250	1,028,250	1,028,250	1,032,250	1,032,250	1,032,250	1,032,250
ERATING PROFIT	536250	738850	1,028,250	1,028,250	1,028,250	1,028,250	1,032,250	1,032,250	1,032,250	1,032,250
Taxation 30%	160875	221655	308475	308475	308475	308475	309675	309675	309675	309675
GROSS PROFIT	375375	517195	719775	719775	719775	719775	722575	722575	722575	722575
MULATIVE	375375	892570	1,612,345	2,332,120	3,051,895	3,771,670	4,494,245	5,939,395	5,939,395	6,661,970

**MS. HONTAN TRADING COMPANY LIMITED**  
**PROJECTED CASH FLOW**

		0	1	2	3	4	5	6	7	8	
Source											
Profit before			737000	939600	1229000	1229000	1229000	1229000	1229000	1229000	1229000
interest and											
Depreciation											
Equity		<b>1,100,000</b>									
Total Sources		<b>1,100,000</b>	737000	939600	1229000	1229000	1229000	1229000	1229000	1229000	1229000
Duplications		<b>1,100,000</b>									
Capital Expenditure		<b>1,100,000</b>									
Tax		<b>1,100,000</b>	536250	738850	1,028,250	1,028,250	1,028,250	1,028,250	1,032,250	1,032,250	1,032,250
Sub Total		<b>1,100,000</b>	536250	738850	1,028,250	1,028,250	1,028,250	1,028,250	1,032,250	1,032,250	1,032,250
Capita Duplications		<b>1,100,000</b>	536250	738850	1,028,250	1,028,250	1,028,250	1,028,250	1,032,250	1,032,250	1,032,250
Net working capital			200750	200750	200,750	200,750	200,750	200,750	196,750	196,750	196,750
Acumulated Cash			200758	401500	602,250	803,000	1,003,750	1,204,500	1,401,250	1,598,000	1,794,750