

TG GOODNESS GROUP COMPANY LTD BOTTLING PROJECT

Application for Project Registration with the Tanzania Investment and Special Economic Zones Authority (TISEZA)

1. EXECUTIVE SUMMARY

TG GOODNESS GROUP COMPANY LTD Project is a registered business name owned by **TG Goodness Group Company Limited**, a private limited liability company incorporated in Tanzania under the **Business Registration and Licensing Agency (BRELA)** on **4 January 2024**. With the incorporation number 171173493. The company was established with the objective of implementing integrated development projects across the country targeting both **local and international markets**.

Under its registered trade name **TG GOODNESS GROUP COMPANY LTD Project**, the company intends to establish a **modern natural spring water collection and bottling plant** located at **Mgwasi and Kasapo Villages, Makanya Ward, Same District, Kilimanjaro Region**.

The project involves the construction of a **water catchment facility at Mhero Village, Chome Ward, Same District**. The main water source is located within the **Shengena Nature Forest Reserve**, which is managed by **Tanzania Forest Services (TFS)**. The water resource falls under the regulatory authority of the **Pangani Basin Water Board**.

Water will be transported from the spring catchment area to the bottling plant through a **pipeline extending approximately 11 kilometers**. Along the pipeline route, **seven distribution points will be installed** to provide water access to surrounding communities.

The **total estimated capital investment** for the project is **TZS 7,185,887,800** comprising **TZS 4,255,957,800 in local currency** and **USD 1,149,000 in foreign currency**. After considering **tax exemptions available under TISEZA investment incentives**, the effective capital investment is estimated at **TZS 5,759,756,111**.

2. LEGAL AND INSTITUTIONAL FRAMEWORK

The project will be implemented by **TG Goodness Group Company Limited**, a company duly incorporated in the United Republic of Tanzania.

Registered Office

P.O. Box 31103
Dar es Salaam
Tanzania

Project Location

Mgwasi / Kasapo Villages
Makanya Ward
Same District
Kilimanjaro Region
Tanzania

Company Registration Details

Certificate of Incorporation – Issued **4 January 2024**

Taxpayer Identification Number (TIN) – **171-173-493**

Trade Name – **TG GOODNESS GROUP COMPANY LTD**

(BRELA Extract No. **628428**)

Provisional Water Use Permit – Issued by **Pangani Basin Water Board**

Additional permits and certificates will be obtained from relevant authorities including:

- Tanzania Forest Services (TFS)
- Tanzania Bureau of Standards (TBS)
- National Environmental Management Council (NEMC)
- Tanzania Revenue Authority (TRA)
- Occupational Safety and Health Authority (OSHA)
- Business Registration and Licensing Agency (BRELA)

3. DESCRIPTION OF THE BUSINESS

3.1 Source of Water

The primary water source for the project is located within the **Chome Nature Forest Reserve at Shengena Mountain**, in **Same District, Kilimanjaro Region**. The forest reserve is one of Tanzania's protected natural ecosystems and is jointly managed by **Tanzania Forest Services (TFS)** and the **Pangani Basin Water Board**.

Following compliance with regulatory requirements, the company was granted permission by **Pangani Basin Water Board** to access the water source for the purpose of constructing a **water catchment facility and installing a pipeline system**. Additionally, the **Pangani Basin Water Board** granted the company authorization to abstract water at a rate of **four liters per second** from the natural spring source.

Water will be conveyed from the catchment point to the bottling plant through a **pipeline of approximately 11 kilometers**. Along the pipeline corridor, **seven community distribution points (DP)** will be installed to supply water to nearby villages, health facilities, education and health institutions as **Corporate Social Responsibility (CSR)** by the company.

Water will flow naturally by **gravity** due to the difference in elevation between the catchment area and the plant site. The Shengena mountain peak stands at **2,464 meters above sea level**, while the catchment site is located at **1,950 meters above sea level**.

According to the **Bill of Quantities (BOQ)** prepared by the potential consultant, the construction of the catchment facility and installation of the pipeline system, including the seven community distribution points, is estimated to cost **TZS 550,000,000 (VAT inclusive)**.

3.2 Plant Area

The proposed **water bottling plant**, which will also serve as the **head office of the TG GOODNESS GROUP COMPANY LTD Project**, will be located at **Mgwasi and Kasapo Villages, Makanya Ward, Same District, Kilimanjaro Region**.

The plant site is located approximately **four kilometers from Makanya Centre** along the **Mkumbara–Same Highway**, and about **thirty kilometers from Same Township**.

The total area allocated for the project is **approximately 13.5 hectares**, which will accommodate the construction of:

- Water storage tanks with capacity of **250–300 cubic meters**
- Factory buildings for the **bottling plant**
- **Bottle blowing plant**
- Product **storage warehouses**
- Administrative offices

Future development plans include **construction of staff housing** during the later stages of the **five-year project implementation period**. In addition, the company has already secured **Nkau'nkau hill** for beautification

3.3 Bottling Process

The production process will utilize **semi-automated bottling equipment** with an automated capping system capable of processing **4,000 bottles per hour**. The factory will operate **two shifts per day**, each consisting of **eight working hours**, enabling a maximum production capacity of approximately **64,000 bottles per day**.

Initial bottle sizes will include:

- 350 ml
- 500 ml
- 1,000 ml
- 1,500 ml

Production will begin at **50% capacity during the first six months**, increase to **80% capacity during the following twelve months**, and reach **full production capacity thereafter**.

3.4 Bottle Blowing

To ensure product authenticity, reduce packaging costs, and prevent counterfeit products, the company will produce its own **plastic bottles using an in-house bottle blowing machine**.

The production process will consist of two stages:

1. Bottle blowing
2. Water filling and capping

The bottle blowing machine will be capable of producing multiple bottle sizes through interchangeable molds.

3.5 Power Supply

The Makanya area offers favorable climatic conditions for **solar energy generation**. The factory will therefore rely primarily on **solar power systems** to operate compressors and other production equipment. Electricity from **TANESCO** will serve as **backup power** to ensure continuous operations in case of solar power interruptions.

3. SALES AND MARKETING

The project targets both **export and domestic markets**, with **80% of total production intended for export markets**.

The company is conducting export market analysis. Export packaging will focus mainly on **350 ml bottle sizes**, while larger bottle sizes will serve the domestic market.

Distribution Strategy

Export products will be delivered through:

- **Julius Nyerere International Airport (JNIA)**
- **Kilimanjaro International Airport (KIA)**
- **Tanga Port**

Domestic distribution will be conducted through appointed agents across key regions including:

- Kilimanjaro
- Arusha
- Manyara
- Tanga
- Dar es Salaam

4. CORPORATE GOVERNANCE AND MANAGEMENT

The project will be governed by the **Board of Directors of TG Goodness Group Company Limited**, which provides strategic direction and oversight.

The management team will consist of:

- Project Manager
- Finance and Administration Manager
- Operations Manager
- Marketing Manager

The management team will oversee daily operations and report directly to the Board of Directors.

5. CHALLENGES

Taxes on Capital Goods

Taxes and levies on imported and locally procured capital goods represent a significant portion of the project investment. Registration with **TISEZA** will allow the company to benefit from **tax incentives and exemptions**.

Regulatory Compliance

The company is committed to complying with all relevant laws and regulations of the United Republic of Tanzania and is in the process of obtaining all required permits and licenses.

6. CAPITAL STRUCTURE AND FINANCIAL REQUIREMENTS

The total capital requirement for the project is estimated at **TZS 7,185,887,800**.

This financial plan is structured around a total investment of **TZS 7,185,887,800** for the **Natural Spring Water Project**.

The projection accounts for the solar-powered bottling plant, and the high-margin 80% export strategy. It also incorporates the 10-year outlook, showing the transition from initial heavy debt servicing to a high-liquidity cash cow.

Investment Category	Local Component (TZS)	Foreign Component (USD)	Total (TZS Equivalent)	% of Total
1. Land & Civil Works	1,450,000,000	-	1,450,000,000	20.2%
2. Catchment & 11km Pipeline	550,000,000	-	550,000,000	7.7%
3. Plant & Machinery	850,000,000	750,000	2,761,000,000	38.4%
4. Solar Energy System	255,957,800	200,000	765,557,800	10.6%

Investment Category	Local Component (TZS)	Foreign Component (USD)	Total (TZS Equivalent)	% of Total
5. Distribution Fleet	650,000,000	199,000	1,157,051,200	16.1%
6. Working Capital / Pre-Ops	500,000,000	-	500,000,000	7.0%
Grand Total	4,255,957,800	1,149,000	7,185,887,800	100%

1. Key Performance Assumptions

- **Operational Capacity:** Starts at 50% (Year 1), 80% (Year 2), and hits 100% capacity (19.2M bottles/year) from Year 3 onward.
- **Weighted Price:** Blended price of TZS 500 per bottle (reflecting higher margins for 350ml exports vs. domestic volumes).
- **Operating Margin:** High EBITDA margin (approx. 35-40%) due to zero pumping costs (gravity flow) and reduced energy bills (solar).
- **Financing:** 60% Debt (TZS 4.3B) at 15% interest; 40% Equity (TZS 2.8B).

2. Five-Year Financial Projection (Short-Term Growth)

(All figures in TZS '000)

Item	Year 1	Year 2	Year 3	Year 4	Year 5
Total Revenue	4,800,000	7,680,000	9,600,000	10,080,000	10,584,000
COGS (Production)	(2,160,000)	(3,456,000)	(4,320,000)	(4,536,000)	(4,762,800)
Gross Profit	2,640,000	4,224,000	5,280,000	5,544,000	5,821,200
Operating Expenses	(960,000)	(1,228,800)	(1,440,000)	(1,512,000)	(1,587,600)
EBITDA	1,680,000	2,995,200	3,840,000	4,032,000	4,233,600
Interest Expense	(645,000)	(516,000)	(387,000)	(258,000)	(129,000)
Depreciation	(718,589)	(718,589)	(718,589)	(718,589)	(718,589)
Net Profit (EBT)	316,411	1,760,611	2,734,411	3,055,411	3,386,011
Tax (10% TISEZA)	(31,641)	(176,061)	(273,441)	(305,541)	(338,601)

Item	Year 1	Year 2	Year 3	Year 4	Year 5
Net Income	284,770	1,584,550	2,460,970	2,749,870	3,047,410

3. Ten-Year Cash Flow & Cumulative Position

(All figures in TZS Millions)

Year	Annual Net Cash Flow	Cumulative Cash Position	Notes
Year 0	(7,185.9)	(7,185.9)	Initial Investment
Year 1	1,003.4	(6,182.5)	50% Capacity, Debt Serving begins
Year 2	2,303.1	(3,879.4)	Ramp up to 80%
Year 3	3,179.6	(699.8)	Full Capacity
Year 4	3,468.5	2,768.7	Breakeven Achieved

Year	Annual Net Cash Flow	Cumulative Cash Position	Notes
Year 5	3,766.0	6,534.7	Debt repayment complete
Year 6	4,020.0	10,554.7	Free Cash Flow expansion
Year 7	4,250.0	14,804.7	Potential for new product lines
Year 8	4,460.0	19,264.7	
Year 9	4,680.0	23,944.7	
Year 10	4,920.0	28,864.7	Terminal Value Peak

4. Strategic Financial Analysis

The TISEZA Impact

By registering with TISEZA, your effective investment is lowered in terms of tax burden, but the cash flow above maintains the full 7.1 Billion to be conservative. The tax exemption saves the company over **TZS Billions** in cumulative taxes over the first 10 years.

Cash Flow Drivers

1. **Gravity Feed (Shengena Mountain):** Unlike competitors who pay high electricity bills for deep-well pumping, your water arrives at the plant via 1,950m elevation. This keeps your COGS significantly lower than the industry average.
2. **Solar Integration:** By investing in solar for the blowing and bottling machines, your "Fixed OPEX" is shielded from the 5-7% annual increase in TANESCO tariffs.
3. **Export Dominance:** Earning in USD (via exports to regional markets) while paying majority costs in TZS acts as a natural hedge against currency depreciation.

Payback & IRR

- **Payback Period:** 3.8 to 4 years.
- **Internal Rate of Return (IRR):** Estimated at **34%**, which is exceptionally high for the manufacturing sector in Tanzania, driven by the low utility costs.

5. Risk Mitigation Planning

- **Pipeline Integrity:** The 11km pipeline is the "lifeline." We have allocated TZS 550M for construction, but a maintenance reserve of 2% of revenue is built into Year 2 onwards to handle potential repairs.
- **Regulatory Buffer:** Costs for ongoing compliance with **NEMC** and **Pangani Basin Water Board** are integrated into the annual Operating Expenses

7. CONCLUSION

The Directors of **TG Goodness Group Company Limited** are confident that the **TG GOODNESS GROUP COMPANY LTD Bottling Project** is a viable investment with strong potential for **export earnings, employment creation, and government revenue through taxation.**

Based on the financial projections, including **Net Present Value (NPV)** and **Internal Rate of Return (IRR)**, the project demonstrates strong economic feasibility.

The company therefore respectfully requests **registration of the project by the Tanzania Investment and Special Economic Zones Authority (TISEZA)**.