





BEIJING MEN

BUILDING MATERIALS

(TANZANIA) Co. LTD

1.

**Ag: EXD**

The approved project has fulfilled the investment requirements, which are: -

- (a) Minimum finance investment threshold has been exceeded, the project expects to invest ..... 2.0 M USD .....
- (b) Legal entity has been incorporated under certificate  
No. .... 68094 ..... of ..... 23/10/08 .....

Based on the above, the letter of approval is hereby submitted for signature in order for the project to comply with the requirements of Section 17 of Tanzania Investment Act, 1997.

Submitted for signature.



Revocatus Arbogast

**Ag: DIF**

30<sup>th</sup> December 2008

2.

PL0 , F.5

Reference is made to concerns raised on F.5. Study the submitted letter and provide appropriate advice to rectify the raised concern.

 Ag. DIF 28/08/2018

3

Ag DIF

Nawasilisha kuuwa Nakala 3 za Land Form No. 1. Kuvunja Na. 15, 16, 17  
Kitabu D Zegereni Kibaha kwa giti ya EXD's kutani

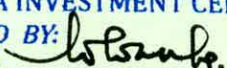
Muamankuu Hashemi  
[Mpina Arshi]  
02/11/2018

4.

EXD

1 forward for signature 3-copies of Land Form No 1 for Plot  
# 15, 16, 17 Kitabu "D" Zegereni in Kibaha Township.

 Ag. DIF 02/11/2018

|  |
|--|
| TANZANIA INVESTMENT CENTRE   |
| APPROVED BY:  |
| Signature: _____<br>(EXECUTIVE DIRECTOR)   |
| Date: <u>02/11/2018</u>  |

5. Muzananku

Do the next step

~~AG~~ AG. DIF 05/11/2018

Ag DIF

6. I Submit to you land form No. 1 of plots No. 15, 16 & 17 block 'D' at Zegezi in Kibaha Township for Gazettement and later Submission to the National Land Allocation Committee.

Masanaku Hashim  
Land Surveyor  
071112018.

7. Ag DIF

7. I forward for you for signature letter of land form No. 1. for gazettement and later Submission to the National Land Allocation Committee.

Masanaku H. Shiba  
Land Surveyor  
28 ha baais

THE UNITED REPUBLIC OF TANZANIA

THE LAND ACT, 1999  
(NO.4 OF 1999)

DESIGNATION OF LAND FOR  
INVESTMENT PURPOSES  
(Under Section 20)

I, NATHANIEL NHONGE MATHEW of P.O. Box 9230, Dar es salaam, being Assistant Commissioner for lands hereby designate the following land(s) for investment purposes under the Tanzania Investment Act, No.26 of 1997.

- (a) Area known as Plot No.15 Block "D" Zegereni in Kibaha Township with registered plan No E 354/440.
- (b) Measuring 15,151 square metres bound with beacons, ZAV431 & ZAV432, ZL30, & ZL31, ZQS278, ZNE578, ZB177, ZB178, ZQS272, ZQS273, ZQS274 and ZD32 on registered number 97617.
- (c) Situated at Zegereni in Kibaha Township.
- (d) The land is designated for industrial use only.

Dated at 30th this day of October 2018

Assistant commissioner for lands

Copies served upon us

Executive Director of the Tanzania Investment Centre  
Date .....day of.....2018

Authorised officer of the Town  
Date 19th day of July 2018  
AUTHORISED LAND OFFICER  
KIBAHA TOWN COUNCIL

THE UNITED REPUBLIC OF TANZANIA

THE LAND ACT, 1999  
(NO.4 OF 1999)

DESIGNATION OF LAND FOR  
INVESTMENT PURPOSES  
(Under Section 20)

I, NATHANIEL NHONGE MATHEW of P.O. Box 9230, Dar es salaam, being Assistant Commissioner for lands hereby designate the following land(s) for investment purposes under the Tanzania Investment Act, No.26 Of 1997.

- (a) Area known as Plot No.16 Block "D" Zegereni in Kibaha Township with registered plan No E 354/441.
- (b) Measuring 35,336. square metres bound with beacons, ZB182,ZB183,ZB184,ZQS278, ZL30,ZL31,ZL32,ZL33,ZL34,&ZL36 on registered number 98179.
- (c) Situated at Zegereni in Kibaha Township.
- (d) The land is designated for industrial use only.

Dated at 30th this.....day of October 2018

[Signature]  
Assistant commissioner for lands

Copies served upon us

.....  
Executive Director of the Tanzania Investment Centre

Date .....day of.....2018

[Signature]  
.....  
Authorised officer of the Town

AUTHORISED LAND OFFICER  
KIBAHA TOWN COUNCIL

Date 19/7 day of July 2018

THE UNITED REPUBLIC OF TANZANIA

THE LAND ACT, 1999  
(NO.4 OF 1999)

DESIGNATION OF LAND FOR  
INVESTMENT PURPOSES  
(Under Section 20)

I, NATHANIEL NHONGE MATHEW of P.O. Box 9230, Dar es salaam, being Assistant Commissioner for lands hereby designate the following land(s) for investment purposes under the Tanzania Investment Act, No.26 Of 1997.

(a) Area known as Plot No.17 Block "D" Zegereni in Kibaha Township with registered plan No E 315/719.

(b) Measuring 8,456 square metres bound with beacons, ZAX683, ZAX684, ZAX685, ZAX686, ZAV431, ZAV432 & ZD32, on registered number 42290.

(c) Situated at Zegereni in Kibaha Township.

(d) The land is designated for industrial use only.

Dated at 30<sup>th</sup> this day of October 2018

Assistant commissioner for lands

Copies served upon us

Executive Director of the Tanzania Investment Centre  
Date .....day of.....2018

Authorised officer of the Town

AUTHORISED LAND OFFICER  
KIBAHA TOWN COUNCIL

Date 19<sup>th</sup> day of July 2018

**JAMHURI YA MUUNGANO WA TANZANIA**  
**WIZARA YA ARDHI, NYUMBA NA MAENDELEO YA MAKAZI**

⑦

Simu +255 22 211 3165  
Nukushi: +255 22 212 4576  
Barua pepe: cl@ardhi.go.tz  
Unapojibu tafadhali taja:



1 MTA A WA ARDHI,  
S.L.P. 9132,  
11477 DAR ES SALAAM,

**Kumb.Na.LD/3658959/5, 365908/5&365907/5**

**30/10/2018**

Mkurugenzi Mtendaji,  
Kituo cha Uwekezaji Tanzania (TIC),  
S.L.P 938,  
**DAR ES SALAAM.**

**Yah: Kutangaza Kiwanja na. 15, 16 & 17 Kitalu "D" Eneo la Misugusugu Kibaha Mjini Kwa  
Ajili Ya Uwekezaji.**

Husika na kichwa cha habari hapo juu.

Tulipokea barua zenye Kumb.Na.KTC/LD/PT/15098/5, KTC/LD/PT/15099/5 na KTC/LD/PT/15100/15 ya tarehe 19/07/2018. Kwa mujibu wa barua hiyo Halmashauri waliwasilisha mapendekezo ya kutangaza kiwanja tajwa kwa ajili ya uwekezaji ili kuwezesha umilikishaji kupitia Kituo cha uwekezaji Tanzania (TIC) kwa maslahi ya Kampuni ya BNBM (TANZANIA) BUILDING MATERIALS INDUSTRY LIMITED yenye hati ya uwekezaji (**Certificate Of Incentives No.018149**).

Hivyo Kamishna wa Ardhi Msaidizi Kanda ya Dar es salaam na Pwani ameshasaini fomu ya Ardhi Na. 1 (**Land Form No.1**) ambayo inawasilishwa kwako kwa ajili ya taratibu za kusainiwa na hatua ya matangazo. Baada ya kutangazwa unaombwa utuwasilishie nakala ya Gazeti la Serikali (GN) kwa hatua zinazofuata.

Tunategemea ushirikiano wako.

Bishanga, T.H

**K.n.y: KAMISHNA WA ARDHI MSAIDIZI  
KANDA YA DARE ES SALAAM NA PWANI**

**Nakala:** Mkurugenzi wa Mji,  
Halmashauri ya Mji wa Kibaha,  
S.L.P 30112,  
**KIBAHA**

BNBM (TANZANIA) BUILDING MATERIALS INDUSTRY LIMITED,  
S. L. P 31299,  
**DAR ES SALAAM.**

6

JAMHURI YA MUUNGANO WA TANZANIA  
WIZARA YA ARDHI, NYUMBA NA MAENDELEO YA MAKAZI

Simu: +255 262 963313  
Nukushi: +255 262 963315  
Barua pepe: aczc@ardhi.go.tz  
Web: www.ardhi.go.tz



Ofisi ya Kamishna wa Ardhi Msaidizi  
Kanda ya Kati  
Barabara ya Chuo Kikuu cha Dodoma,  
Jengo la Ofisi ya Taifa ya Ukaguzi,  
Ghorofa ya Sita,  
S. L. P. 1062,  
40477-DODOMA.

Tafadhali unapojibu taja:  
**Kumb. Na. LD/CZ/11812/8**

Mkurugenzi Mtendaji,  
Kituo cha Uwekezaji Tanzania,  
S.L.P 938,  
**DAR ES SALAAM.**



25 Oktoba, 2018.

**YAH: KIWANJA NA. 2 KITALU "A" CHEKELENI – MOROGORO WILAYA**

Rejea kichwa cha habari hapo juu.

Ofisi ya Kamishna wa Ardhi imepokea Fomu ya Ardhi Na. 1 kwa ajili ya kutangaza eneo hili kuwa eneo la uwekezaji kwa mujibu wa Fungu la 20 kifungu (1) – (2) la Sheria ya Ardhi Na. 4 ya Mwaka 1999. Fomu hiyo imeshasainiwa na Afisa Ardhi Mteule wa Halmashauri ya Wilaya ya Morogoro na Kamishna wa Ardhi Msaidizi Kanda ya Mashariki.

Kwa barua hii nawasilisha kwako Fomu ya Ardhi Na. 1 kwa ajili ya saini yako na kisha kulitangaza eneo hili kwenye Gazeti la Serikali.

Wako katika utumishi wa umma,

H. A. Midello

**Kny: KAMISHNA MSAIDIZI WA ARDHI  
KANDA YA KATI**

**Nakala:**

Alistair James Company Ltd,  
P. O. Box 4543,  
**DAR ES SALAAM.**

– Fuatilia suala lako TIC.

**UNITED REPUBLIC OF TANZANIA**

**THE LAND ACT. 1999**

**(NO. 4 OF 1999)**

**DESIGNATION OF LAND FOR INVESTMENT PURPOSE**

**(Under Section 20)**

**I, HEZEKIEL KITILYA** of P.O.Box 1062 **DODOMA**, being Assistant Commissioner for Lands **HEREBY DESIGNATE** the following land for investment purposes under the **Tanzania Investment Act. No. 26 of 1997.**

- a) The land is located at Chekeleni – Mikese in Morogoro District.
- b) Is known as Plot No. **2** Block "A" situated at Chekeleni – Mikese in Morogoro District shown in the registered plan No. **92137** of 3<sup>rd</sup> August, 2017.
- c) Plot measuring **67,639** square metres bound with beacons BFQ1, BFQ2, BFQ3, BFQ4, BFQ5, BFQ6, BFQ7, BFQ8, BFQ20, BFQ21, and BFQ23.
- d) The land is designated for Industrial use purposes only.

Dated at Dodoma this 25<sup>th</sup> day of October 2018.

  
Assistant Commissioner for Lands

Copies served upon us:

.....  
Executive Director of Tanzania Investment Centre

Date .....



.....  
Authorised Land Officer

Date .. 8<sup>th</sup> OCTOBER, 2018 .....

Ag DIF  
FYA.  
Iskhanbe  
EXD  
23/08/2018



Ref: AA/RT/BNM/01/21/08/2013

21<sup>st</sup> August 2018

The Registrar of Titles,  
Ministry of lands, Housing and Human Settlement Development,  
Dar es Salaam - Tanzania.

Dear Sir/Madam,



**RE: STATUS OF THE REGISTRATION OF THE DERIVATIVE TITLES FOR THE LANDED PROPERTIES SITUATED ON PLOTS NO. 1010/3/1 AND 1010/3/3 BUGURUNI AREA, ILALA MUNICIPALITY DAR ES SALAM TANZANIA IN FAVOUR OF BEIJING NEW BUILDING MATERIALS (TANZANIA) COMPANY LIMITED**

Kindly refer to the above captioned matter and further to the letter dated 23<sup>rd</sup> May 2018 with Ref NO. BNM/RT/BGR/05/23/2018 from **BEIJING NEW BUILDING MATERIALS (TANZANIA) COMPANY LIMITED** (herein after referred to as " **Our Client**") on whose instructions we would like to address and request from your esteemed office as herein:

1. Vide the aforementioned letter, our client (a foreign company incorporated in Tanzania) notified your esteemed office that they are the bonafide owners of the landed properties situated on Plot No.1010/3/3 and 1010/3/1 situated at Buguruni Area, Ilala Municipality Dar es Salaam Tanzania and that the said plots are registered at your esteemed registry in favor of Tanzania Investment Center with Certificates of Titles Number 168942 and 168821. A copy of the letter dated 23<sup>rd</sup> May 2018 addressed to your office is herewith attached for your ease of reference.
2. That in the same letter, our client further notified your esteemed office that prior to the acquisition of the said plots, a comprehensive due diligence on the titles was conducted for the land and in this regard, there was the application for an official search as well as a title verification for each of the plots. The findings from the said verification as well as search indicated that the registered owners of the land at the time (**DELUXE REAL ESTATE LIMITED**) were indeed the owners of the land and it is on this express assurance from your esteemed office that our client proceeded to purchase the land from the then owners.
3. That as clearly elaborated in our client's letter dated 23<sup>rd</sup> May 2018, subsequent to the verification of the ownership of the land as well as the titles, our client duly acquired the land and being a foreign company, they duly complied with all the legal and procedural steps in a bid to have derivative titles for each of the plots issued in their favor.

0787 632 987/0718000426

info@aymakattorneys.co.tz

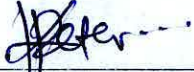
Plot Number 1530, 1531, 1532  
Chole Road, Masaki  
P. O. Box 105069, Dar es Salaam  
Dar es Salaam - Tanzania



4. That Our Client specifically applied for registration at the Tanzania Investment Center, conducted a valuation for the land, applied for the certificate of approval for the land from the Commissioner for Lands, paid all the requisite statutory taxes, submitted the certificate of Titles for registration at your esteemed registry and the same were duly registered.
5. That following the registration of the each of the titles, there was the surrender of the titles and then designation of the land for investment purposes and later the allocation of the Land to Our client through the Tanzania Investment Center by the National Land Allocation Committee and later the preparation and registration of new certificates of titles for each of the plots in favor of Tanzania Investment Center. That during the transfer process, your esteemed office was fully engaged and that the entire requisite documents were duly registered following your approvals.
6. We have however noted with concern that despite our client complying with all the requisite statutory procedures as highlighted above as well as the registration of the individual Certificates of Titles for each of the plots in favor of Tanzania Investment Center, Our client has up to this date not been issued with the derivative titles for each of the plots.
7. That we have since **25<sup>th</sup> January 2018 (almost 8 months)**, followed up on the registration of the derivative titles for each of those plots but the same have not been registered in our client's favour. We have further not been provided with any **written notice** as to the reasons for the continued delay or failure for the registration of the derivative titles in our client's favour except for informal and unsubstantiated statements from the various officials at your registry.
8. In light of the foregoing, and as stated in our client's letter dated 23<sup>rd</sup> May 2018, we hereby request your esteemed office to provide us with a **formal notice** with the reasons for the continued delay or failure to register the derivative titles for the captioned plots in our client favour. This will enable us to advise our client accordingly before proceeding with other legal measures to protect their interests.

We thank you in advance for your usual cooperation and looking forward to your prompt response to our request.

Yours Sincerely,



**AYMAK ATTORNEYS**  
C.c



1. The Executive Director,  
Tanzania Investment Center,  
Dar es Salaam – Tanzania.
  
2. The Minister for Lands,  
Ministry of Lands, Housing and Human Settlement Development,  
Dar es Salaam – Tanzania.
  
3. The Commissioner for Lands,  
Ministry of Lands, Housing and Human Settlement Development,  
Dar es Salaam – Tanzania.
  
4. The Managing Director,  
Deluxe Real Estate Limited,  
Dar es Salaam – Tanzania.
  
5. The Managing Director,  
Beijing New Building Materials (Tanzania) Company Limited,  
Dar es Salaam.



北新集团坦桑尼亚有限公司

CNBM

BEIJING NEW BUILDING MATERIALS (TANZANIA) COMPANY LIMITED

Ref BNBM/RT/BGR/05/23/2018

23<sup>rd</sup> May 2018

The Registrar Of Titles,  
Ministry of Lands, Housing and  
Human Settlement Development.  
Dar es salaam.

Dear Sir/ Madam

**RE: STATUS OF THE ISSUANCE OF THE DERIVATIVE TITLES FOR PLOT NO.  
1010/3/1 AND 1010/3/3 BUGURUNI AREA, ILALA MUNICIPALITY DAR-ES-  
SALAAM.**

Kindly refer to the above captioned matter and to your office through Tanzania Investment Centre. We, **Beijing New Building Materials (Tanzania) Company Limited**, are a limited liability Chinese State owned company, incorporated under the laws of Tanzania and licensed as well as registered with Tanzania Investment center and the bonafide owners of the landed properties situated on Plots Numbers 1010/3/1 and 1010/3/3 and it is in this capacity that we would like to address and request from your esteemed office as we do herein under.

1. That ~~some time in April 2017~~ our company acquired the aforementioned plots from Deluxe Real estate limited, the company that was owning the plots ~~prior to our acquisition~~.
2. That following the acquisition of the aforementioned plots, our company duly commenced the legal transfer process for the aforementioned plots into our favour and specifically, our company applied for the registration of the proposed project with Tanzania Investment Center, applied for a certificate of approval from the authorized office at Ilala, paid the relevant taxes and further logged all the transfer documents to our esteemed office for the purpose of registration of titles in our favour.



CNBM

# 北新集团坦桑尼亚有限公司

BEIJING NEW BUILDING MATERIALS (TANZANIA) COMPANY LIMITED

3. That upon completion of the registration of titles. we further proceeded to surrender the titles in lieu of us applying for the derivative titles as well as advertising in the government gazette as per the law.
4. That all the formal procedures relating to the acquisition of the derivative title for the two captioned plots were complied with and all the relevant taxes and fees were promptly paid through Tanzania Investment Center.
5. That following the completion of the above procedure and while we were waiting to be issued with the derivative titles for our plots, we commenced the preliminary stages of the construction of our building center complex and sometime in February 2018, the foundation stone for the said project was laid on in the presence of the honorable Minister for Industry and Trade, the Chinese ambassador to Tanzania as well as other government officials.
6. That while following up on our derivative titles from your office, we were informally notified that the registration of our derivative titles had been halted on grounds that the land we acquired allegedly formed part of the land owned by CCM and that is currently undergoing investigation and verification.
7. That we duly notified your office the fact that prior to the acquisition of the land , we applied for official search reports from your office as well as lodged an application for verification of the title and the findings from the report and searches issued by your office indicated that the land was legally owned by Deluxe Real Estate Limited and that there was no any form of dispute on the land.
8. In light of the foregoing, we kindly request your esteemed office to provide us with a written confirmation as to when, the alleged investigation into the land ownership of our plots shall be concluded. We also request you to furnish us with any



北新集团坦桑尼亚有限公司

CNBM

BEIJING NEW BUILDING MATERIALS (TANZANIA) COMPANY LIMITED

document/correspondence that was submitted to your office for purposes of halting the process of us being issued with the derivative titles.

We further request for your esteemed office's direct intervention in this matter and also assist us as to when the titles shall be issued. We further wish to inform you that following the delay in issuing us with the titles, our company cannot proceed with the construction and this is gravely affecting our contractual obligations with our sub contractors as well as employees at the site and the entire economy at large.

We thank you in advance for your usual cooperation and looking forward to your prompt response.

Yours Sincerely,

**BEIJING NEW BUILDING MATERIALS TANZANIA COMPANY LTD**

C.c:

1. The Honorable Minister for Lands,  
Ministry of Lands, Housing and Human Settlement Development,  
Dar es Salaam
2. The Commissioner for Lands,  
Ministry of Lands, Housing and Human Settlement Development  
Dar es Salaam
3. The Managing Director; Deluxe Real Estate Limited

012  
4

**UNITED REPUBLIC OF TANZANIA  
MINISTRY OF LABOUR AND EMPLOYMENT**

Telegraphic Address "KAZIAJIRA"  
Tel. No: 2121968/2121928  
Fax: 2112052  
E-mail: [ps@kazi.go.tz](mailto:ps@kazi.go.tz)  
In reply please quote :



P. O. Box 1422,  
DAR ES SALAAM

Ref.No. EP. 3140/12/11

7<sup>th</sup> November, 2013

Managing Director,  
Beijing New Building Material (T) Co. Ltd,  
P. O. Box 75753,  
DAR ES SALAAM.



**RE: APPEAL FOR NON GRANTING OF A WORK PERMIT IN  
RESPECT OF MR CHEN WEI QUING**

Please refer to your letter with Ref. No. BNBM (T) 2013070401 dated 4<sup>th</sup> July, 2013 concerning the above subject matter.

After consideration of your grounds of appeal; I have decided to grant the application in question for a period of two years.

The previous letter with Ref. No. EP.3140/12/10 dated 26<sup>th</sup> September, 2013 is hereby revoked as it was signed against the requirements of Section 27 (4) of the National Employment Promotion Service Act Cap 243.

Yours sincerely,

Gaudentia M. Kabaka (MP)

**MINISTER FOR LABOUR AND EMPLOYMENT**

Copy: Director  
Tanzania Investment Centre (TIC),  
P. O. Box 938,  
DAR ES SALAAM.

" : Principal Commissioner,  
Immigration Department,  
P. O. Box 512,  
DAR ES SALAAM.

UNITED REPUBLIC OF TANZANIA  
MINISTRY OF LABOUR AND EMPLOYMENT

Telegraphic Address "KAZIAJIRA"  
Tel. No: 2121968/2121928  
Fax: 2112052  
E-mail: [ps@kazi.go.tz](mailto:ps@kazi.go.tz)



P. O. Box 1422,  
DAR ES SALAAM

In reply please quote:

Ref. No. EP.3140/12/10

26<sup>th</sup> September, 2013

Managing Director,  
Beijing New Building Material (T) Co. Ltd.,  
P. O. Box 75753,  
DAR ES SALAAM.




D/R

Re: **APPEAL FOR WORK PERMIT FOR THE STAFF OF BEIJING  
NEW BUILDING MATERIAL (T) CO. LTD MR. CHEN WEI QING –  
EP.3140/12**

Reference is made to your appeal letter dated 4<sup>th</sup> July, 2013 concerning the above subject matter.

Having gone through the grounds of your appeal, the Minister for Labour and Employment has been convinced and recommend that Mr. Chen Wei Qing be granted work permit for a period of two years; in the position of Operations Manager. As from now the company should prepare some one who will be the successor of the applicant.

However, the same information submitted in the appeal should have been submitted during the first application.

  
Ally M. Ahmed

For; **MINISTER FOR LABOUR & EMPLOYMENT**

**Copy:** Director,  
Tanzania Investment Centre (TIC),  
P. O. Box 938,  
DAR ES SALAAM.

The Principal Commissioner of Immigration,  
Immigration Department,  
P. O. Box 512,  
DAR ES SALAAM.

TICC/PP.10/041624/3

4<sup>th</sup> April, 2013

**Managing Director,**  
Beijing New Building Materials (Tanzania),  
Company Limited,  
P.O. Box 75753,  
**DAR ES SALAAM**

**RE: PROPOSED ACQUISITION OF LAND IN TANZANIA**

Kindly refer the above captioned.

Tanzania Investment Centre (TIC) has received a letter from M/s Beijing New Building Materials (Tanzania) Company Limited of P.O. Box 75753 Dar es Salaam with ref. No. BNBM (T) 2013020701 dated on Feb. 2013 requesting to advice on procedures geared to achieve the acquisition of Land in Tanzania.

Into the current situation a foreign company registered in Tanzania in the name of Evergreen Resources Company Limited (ERCL) owns a Certificate of Occupancy of Plot no. 33A Mbagala Industrial Area, Temeke Municipality. Dar es Salaam City.

Beijing New Building Materials (Tanzania) Company Limited Identified a piece of Land, being Plot No. 33A Mbagala Industrial areas, Temeke Municipality. The Company request TIC to advice on the following pints.

1. Is ERCL permitted, under the law, to transfer its Certificate of Occupancy to us as purchasers?  
Yes, but through Tanzania Investment Centre (TIC) and your company to obtain Derivative Right/Leasehold title.
2. If we successfully purchase the land from ERCL, is it allowed under the law to use the then purchased land registered in our name to apply for approval of our investment programme, though we was apply for CERTIFICATE OF INCENTIVES detailed information described at the above?.  
Yes, on your Certificate of Incentives only with plot number.

3. Following the envisaged purchase of the land, what type of title should we expect to get? Will it be a form of Lease from TIC of a Certificate of Occupancy?

You are going to get Derivative Right with Leasehold title only.

4. What kind of taxes liable to pay in the land purchase transaction? Transfer fees, registration fees, consent fees, capital gains tax? Any other?

- Land rent recently
- Stump duty
- Capital Gain
- Valuation Report

5. What kind of tax incentives/benefits would we eligible to get once we have acquired the land and are using it for approved investment programme? Are there any tax holidays for TIC Certificate holders?

- TIC Registered projects which are among priority sectors or economic Infrastructure are allowed Import Duty & Deemed Capital Goods.
- Capital Goods by Generic don't have Import Duty 0% and VAT Relieved from taxes as per VAT Act – 3<sup>rd</sup> schedule.
- These are Plant, Machinery, Forklift, Graders, Caterpillars, Excavator, lift/escalator, concrete mixer, Truck mounted Drilling Rigs etc.
- Deemed Capital Goods are exempted 90% Duty. And also are exempted VAT at the rate of 45% (According to the New Law) These are: Utility Vehicles, Building materials, Equipment etc.
- There are no Income Tax Holidays – the companies pay Corporate Tax (30%) on profits.  
Withholding taxes on Dividend (10%) Rental income (10%) Interest (10%) etc.

6. Once we have acquired the land under the said purchase arrangement, will we have the authority to deal with it freely in terms of assignments, disposal, mortgage or leasing? Would we have the power to sell and transfer the subject land to any bona fide purchaser, local or foreign?

Yes, you can do but TIC should give you the consent of it.

7. Once the term of the Right of Occupancy is about to expire, what steps are we expected to take to get it renewed?

You apply for the renew one through TIC and follow all procedures required.

Thanking you.

  
**Hans Msemu**

for: Tanzania Investment Centre.

TICC/PP.10/041624/2

30<sup>th</sup> December 2008

Managing Director,  
Beijing New Building Materials (T) Co. Ltd,  
P.O. Box 77198,  
**DAR ES SALAAM**

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE  
ESTABLISHMENT OF FACILITIES FOR MANUFACTURING OF  
BUILDING MATERIALS INCLUDING PLYWOOD AND STEEL  
PROFILES**

We wish to acknowledge receipt of your project proposal to manufacture building materials as presented in the TIC P.A. 1 Form No. 07599 and Feasibility Study with a projected investment of USD 2m.

We have studied your project proposal and are pleased to inform you that your investment proposal is now officially registered and therefore your project will be granted a CERTIFICATE OF INCENTIVES, given under authority conferred upon TIC under Part III, Section 17 (1-8) of the Tanzania Investment Act, 1997.

You will be required to submit to the Centre a Progress Report on the implementation of the project after every six months for our information and review. Guidelines for the preparation of the report are contained in annexure 2 also attached to this letter. Please do not hesitate to contact the Centre for any clarification if the need arises. Please also note that a facilitation fee equivalent to US\$ 750.00 is payable at the ruling exchange rate before collection of your Certificate of Incentives. Please arrange to make payments at your earliest convenience.

.../2

TICC/PP.10/041624/2

30<sup>th</sup> December 2008

We wish you every success in the implementation of the project.

Yours sincerely,  
**Tanzania Investment Centre**



**R.P. MBILINYI**

Ag: Executive Director

Copy to: Permanent Secretary,  
Ministry of Finance and Economic Affairs,  
P. O. Box 9111,  
**DAR ES SALAAM**

Permanent Secretary,  
Ministry of Industry, Trade and Marketing,  
P.O. Box 9503,  
**DAR ES SALAAM**

Commissioner General,  
Tanzania Revenue Authority,  
P. O. Box 11491,  
**DAR ES SALAAM**



# TIC Evaluation Report

Name of the Company  
**Beijing New Building Materials (T) Co. Ltd.**

|             |          |                   |  |                |                    |
|-------------|----------|-------------------|--|----------------|--------------------|
| Post Box    | 0 ?      | COI Number        | 68094                                    | Contact        | Lu Kailong         |
| Post Office | 77198    | COI Date          | 23/10/2008                               | Designation    | General Manager    |
| Region      | 0 ?      | Application F. No | 07599                                    | Phone          | 0                  |
| Country     | Tanzania | Status            | New                                      | Direct Phone   | 0                  |
|             |          | Sector            | Manufacturing                            | Cell Phone     | 0762 986 688       |
|             |          | Sub Sector        | Plywood And Steel Profiles Manufacturers | Fax            | 022 212 4935       |
|             |          | File No           | 041624                                   | E-Mail Address | Aleclu@Hotmail.Com |

| Project Location |               | Investment Finance Plan in Millions USD   |                |              |              |            |   |   |   |   |  |  |
|------------------|---------------|---|----------------|--------------|--------------|------------|---|---|---|---|--|--|
| Plot/Block       | 0             | <table border="1"> <tr> <th>Foreign Equity</th> <th>Local Equity</th> <th>Foreign Loan</th> <th>Local Loan</th> </tr> <tr> <td>2</td> <td>0</td> <td>0</td> <td>0</td> </tr> </table> | Foreign Equity | Local Equity | Foreign Loan | Local Loan | 2 | 0 | 0 | 0 |  |  |
| Foreign Equity   | Local Equity  |   | Foreign Loan   | Local Loan   |              |            |   |   |   |   |  |  |
| 2                | 0             |   | 0              | 0            |              |            |   |   |   |   |  |  |
| Street           | 0             |   |                |              |              |            |   |   |   |   |  |  |
| District         | Ilala         |   |                |              |              |            |   |   |   |   |  |  |
| Region           | Dar es Salaam |   |                |              |              |            |   |   |   |   |  |  |

| Shareholders Detail                     |             |      | Investment Breakdown (USD Million) |      |
|---|-------------|------|------------------------------------|------|
| Name                                    | Nationality | (%)  | Land/Building                      | 0.3  |
| BNBM Trading Company                    | Chinese     | 1    | Plant                              | 1    |
| Beijing New Building Materials Co. Ltd. | Chinese     | 99 ? | Vehicles                           | 0.2  |
|   |             |      | Furniture & Fittings               | 0.05 |
|   |             |      | Pre-expenses                       | 0.05 |
|   |             |      | Others                             | 0.15 |
|   |             |      | Working Capital                    | 0.25 |
|   |             |      | Total                              | 2    |

|                   |      |              |                |
|-------------------|------|--------------|----------------|
| Employment        | 44   | Evaluated By | Zakaria Kingu  |
| Capacity          | xxxx | Drawn By     | Dorah Registry |
| Project Turn Over |      |              |                |

**Description**

To establish facilities for manufacturing of building materials including plywood and steel profiles

**Recommendations**

Be approved subject to providing evidence as required by section 17 of Tanzania Investment Act, 1997

**Decision**

*Approved.*

*Conditions: No importation of finished goods.*

# BEIJING NEW BUILDING MATERIALS (T) COMPANY LIMITED

**Dar es salaam  
Tanzania**

Date: December 18<sup>th</sup> 2008

The Executive Director  
Tanzania Investment Centre  
P.O. Box 938  
**Dar es salaam**  
TANZANIA



Dear Sir,

**RE: APPLICATION FOR TIC CERTIFICATE OF INCENTIVES**

We are in the process of establishing state of the art manufacturing facilities for building materials particularly plywood and steel profiles in Tanzania. It is due to this reason that we kindly submit our application for TIC Certificate of Incentives to facilitate smooth implementation of our programme.

Attached herewith please find the following basic documents for your perusal and necessary action:

1. Duly completed and signed Application Form for TIC Certificate.
2. A copy of our Certificate of Incorporation
3. A copy of the company's Memorandum and Articles of Association
4. Evidence of land ownership for the Project Location.
5. A letter of Credibility from our Bankers
6. Company Board Resolution to register with TIC
7. A copy of our Business Plan showing the Implementation Period, Programme of Implementation and Operative Date.

Thank you in for your kind consideration

Yours' sincerely

**BEIJING NEW BUILDING MATERIALS (T) COMPANY LIMITED**

**Lu Kailong  
GENERAL MANAGER**

# BEIJING NEW BUILDING MATERIALS (T) COMPANY LIMITED

## EXTRACT FROM A MEETING OF THE BOARD OF DIRECTORS AND SHAREHOLDERS OF

### BEIJING NEW BUILDING MATERIALS (T) COMPANY LIMITED

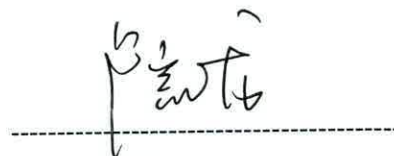
AT A DULY CONVENED AND CONSTITUTED MEETING OF THE BOARD OF DIRECTORS OF BEIJING NEW BUILDING MATERIALS (T) COMPANY LIMITED HELD AT THE REGISTERED OFFICES OF THE COMPANY IN DAR ES SALAAM ON THE 14TH DAY OF DECEMBER 2008, THE FOLLOWING RESOLUTIONS WERE PASSED:

1. THAT FUNDS BE CONTRIBUTED BY SHAREHOLDERS TO FINANCE ESTABLISHMENT OF A PROJECT FOR MANUFACTURING BUILDING MATERIALS AT COST OF USD. 2,000,000.
2. THAT MR LU KAILONG IS THE PRINCIPAL OFFICER TO OVERSEE IMPLEMENTATION OF THE PROJECT
3. THAT THE PROJECT BE REGISTERED WITH TANZANIA INVESTMENT CENTRE SO AS TO ENJOY FULLY INVESTMENT INCENTIVES, BENEFITS AND PROTECTION AS STATUTORILY PROVIDED FOR UNDER TANZANIA INVESTMENT ACT, 1997.

CERTIFIED TRUE EXTRACT  
(By order of the Board)



**CHAIRMAN**



**SECRETARY**

# TANZANIA



## Certificate of Incorporation

Section 15

No **68094**

### I HEREBY CERTIFY THAT

**BEIJING NEW BUILDING MATERIALS (TANZANIA)**

**COMPANY LIMITED===**

is this day incorporated under the Companies Act, 2002 and that the Company is Limited

Given under my hand at Dar es salaam

this **23RD** day of **OCTOBER**

**TWO THOUSAND AND EIGHT**

*I, A. K. Byamungu, Advocate,  
Notary Public & Commissioner  
for Dar es Salaam hereby certify that this  
is a true copy of the original.  
Certified at Dar-es-Salaam  
this 22<sup>nd</sup> day of October 20 22.*

Asst. Registrar of Companies

UNITED REPUBLIC OF TANZANIA

THE TANZANIA INVESTMENT ACT

(No. 26 of 1997)

APPLICATION FOR REGISTRATION

(Made under Regulation 42)

To: The Executive Director  
Tanzania Investment Centre  
P. O. Box 938  
**DAR ES SALAAM**  
Tanzania

- x 1. I/We Lu Kailong  
(director/directors/agent of Beijing New Building Materials (Tanzania) Company Limited  
(name of business enterprise) apply for registration of Certificate of incentives  
under Section 17 of the Act and Part IV of the Investment Regulations, 2002.
2. The registered office of the company will be situated at United Republic of Tanzania

Copies of the following documents are attached to this application:

- (i) The Memorandum and Articles of Association/or partnership agreement
  - (ii) Certificate of Incorporation/Registration
  - (iii) A copy of the Project Profile or Feasibility Study showing the implementation period, programme of implementation and operative date
  - (iv) Evidence of financing and evidence of land ownership for the project
3. The Head Office of the Company will be situated at see above
- \* 4. The Principal Officers of the Company are Cui Lijun, Yu xianfeng, Yi Yuan
5. Auditors of the Company are
6. The authorized share capital of the Company is Tshs./US\$ 600,000,000/-

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ ..... 2,000,000 .....

8. The month and day of the financial year end is ..... June 30 .....

Note: *failure to provide all the required information will result in the return of the application by the Centre.*

I/We enclose a cheque/cash made payable to the **Tanzania Investment Centre** for Tshs./US\$ ..... 100 ..... Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*

\* I, Lu Kailong ..... of Post Office Number 77198, DSM .....

..... do solemnly and sincerely declare that I am a director/duly authorized agent of Beijing New Building Materials (Tanzania) Company Limited .....

**AND** that all the requirements of the Tanzania Investment Act, 1997 in respect of matters precedent to the registration of the business enterprise under the Act and incidental thereto have been complied with, **AND** I make this solemn declaration conscientiously believing the same to be true.

Declared at Dar es Salaam }  
The 22<sup>nd</sup> day of December } 2008 }

\* [Signature] .....  
Applicant

Before me:

[Signature]  
Commissioner for Oaths



APPLICATION SUMMARY

Company Name: Beijing New Building Materials (T) Co. Ltd

Certificate of Incorporation Number: 68094 Status: MEW

Certificate of Incorporation Date: 23/10/2008

Post Box: 77198

Town: D'SALAM

Sector: MANUFACTURING

Sub-Sector: PLYWOOD & STEEL PROFILES MANUFACTURER

Investment Financing Plan in Million US\$/Tshs.

| Foreign Equity | Local Equity | Foreign Loan | Local Loan |
|----------------|--------------|--------------|------------|
| 2,000,000      | -            | -            | -          |

Project Objectives: TO ESTABLISH MANUFACTURING FACILITIES FOR PLYWOOD & STEEL PROFILES

Capacity:

Employment: Foreign: 10 Local: 34 Total: 44

Implementation Period: 5 YEARS

Project Location

Site/Plot/Block No.:

Street: District: Region:

(Attach sketch map showing project location)

| Shareholders                           | Nationality | %  |
|--|-------------|----|
| BEIJING NEW BUILDING MATERIALS CO. LTD | CHINESE     | 99 |
| BNBM TRADING COMPANY                   | CHINESE     | 1  |

**Investment Breakdown** ~~US\$/Tsh.M~~

|                      |                  |
|----------------------|------------------|
| Land/Building        | 300,000          |
| Plant                | 1,000,000        |
| Vehicles             | 200,000          |
| Furniture & Fittings | 50,000           |
| Pre-expenses         | 50,000           |
| Others               | 150,000          |
| Working Capital      | 250,000          |
| <b>TOTAL</b>         | <b>2,000,000</b> |

\* **Contact Details:**

Name: Lu Kailong Title: General Manager  
Telephone: +255-762-986688 Fax: 022-2124935  
Email: aleclu@hotmail.com

**Payments to be made payable to:**

TANZANIA INVESTMENT CENTRE  
STANDARD CHARTERED BANK TANZANIA LTD.  
SWIFT ADDRESS: **SCBLTZTX**  
ACCOUNT NO.: **8702006002000**

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**THE COMPANIES ACT, 2002**

**(No. 12 OF 2002)**

**COMPANY LIMITED BY SHARES**

**MEMORANDUM**

**AND**

**ARTICLES OF ASSOCIATION**

**OF**

**BEIJING NEW BUILDING MATERIALS  
(TANZANIA) COMPANY LIMITED**

Drawn by Subscriber:

Beijing New Building Materials Co., Ltd.  
No.16, West Road  
Jiancaicheng Xisanqi,  
Haidian District,  
Beijing, China

---

5000/-  
33286577. 23/10/12  
Dawes

**THE COMPANIES ACT, 2002**

**(No. 12 OF 2002)**

Stamp Duty Sh. 2500/-  
33286577. 23/10/12  
Dawes

**COMPANY LIMITED BY SHARES**

**MEMORANDUM OF ASSOCIATION**

**OF**

**BEIJING NEW BUILDING MATERIALS  
(TANZANIA) COMPANY LIMITED**

- 1<sup>st</sup>. The name of the Company is BEIJING NEW BUILDING MATERIALS (TANZANIA) COMPANY LIMITED.
- 2<sup>nd</sup>. The Registered Office of the Company will be situated in Mainland Tanzania.
- 3<sup>rd</sup>. The objects for which the Company is established are:
  - (1) To engage in the manufacturing and trading of building materials, construction machinery and industrial raw materials.
  - (2) To engage in the import and export of building materials, construction machinery and industrial raw materials.
  - (3) To work the mines and mining rights under or upon the lands and properties to be acquired by the Company, and to crush, wash, smelt, reduce or otherwise treat and render marketable and sell or dispose of the produce of any mines, whether belonging to the Company or not.
  - (4) To search for ores and minerals, mine, and grant licenses for mining in or over any lands which may be acquired by the Company and to lease any such lands for building or agricultural use, and to sell or otherwise dispose of the lands, mines, or other property of the Company.
  - (5) To carry on the business of traders, general merchants, wholesalers and retailers, exporters and importers, commissioning agents and manufacturers'

representatives and to buy, sell, hire, manufacture, barter, trade and deal in property, goods, produce, articles and merchandise of all kinds and or transact any and every description of agency, commission, distribution, marketing, commercial, industrial, manufacturing, mercantile, insurance and financial business.

- (6) To provide advisory and consultancy services to individuals, companies, partnerships, governmental bodies, associations and any other bodies having legal capacity to be advised.
- (7) To provide consultancy on construction, architecture, structural designs and engineering, construction labor management, estate plans and soil testing.
- (8) To buy, manufacture, export, import and deal in construction machinery, plants, equipments and or things capable of being used in the construction industry.
- (9) To carry on the business of electrical engineering design and manufacture of electrical generation, transmission, distribution, motors, industrial, domestic equipments and the like.
- (10) To act as brokers, valuers, retailers, wholesalers, commission agents and managers of real estate.
- (11) To construct, erect and maintain, either by the Company or other parties, buildings, houses, flats, shops, and all other works, erections and things of any description whatsoever, either upon the lands acquired by the Company or upon other lands, and generally to alter and improve the lands and other property of the Company.
- (12) To grant easements, *profits a pendre* or other rights in, over or under the said lands and to acquire such rights in, over or under any adjoining lands.
- (13) To lend or advance money to builders and other persons on securities of all descriptions, whether real or personal, and to grant loans upon mortgage of any lands, buildings and premises of whatever tenure, for the improvement thereof or otherwise.
- (14) To acquire by purchase, lease, exchange or otherwise and to sell or lease lands, houses, buildings, workshops and premises and to mortgage, charge or otherwise deal with all or any such lands, tenements or premises.
- (15) To adopt such means of making known the products of the Company as may seem expedient and, in particular, by advertising in the press by circulars, by purchase and exhibition of works, art or interest, by publication of books and periodicals, and by granting prizes, rewards and donations.

- (16) To carry on any trade or business whatsoever which, in the opinion of the board of Directors, can be advantageously carried on in connection with or ancillary to any of the businesses of the Company.
- (17) To enter into working arrangements of all kinds (including joining in co-operative arrangements) with other companies corporation, firms or persons and also to make and carry into effect arrangements with respect to union of interests or amalgamation either in whole or in part of any other arrangements, including joint ventures, with other companies, corporation, firms or persons.
- (18) To buy, hire, manufacture, sell, barter, deal and trade in all kinds of merchandise, produce, metals, minerals, goods, stores, chattels, properties and effects of any sort or kind, and to transact any and every description of agency, commission, commercial, industrial, manufacturing, mercantile and financial business.
- (19) To invest and deal with the moneys of the Company not immediately required in such manner as may from time to time be determined and to hold or otherwise deal with any investments made.
- (20) To lend and advance money or give credit on such terms as may seem expedient and with or without security to customers and others to enter into guarantees, contracts of indemnity and suretyships of all kinds, to receive money on deposit or loan upon any terms and to secure or guarantee the payment of any sums of money or the performance of any obligation by any company, firm or person including any holding or subsidiary company.
- (21) To borrow and raise money in any manner and to secure the repayment of any money borrowed, raised or owing by mortgage, charge, standard security, lien or other security upon the whole or any part of the Company's property or assets (whether present or future), including its uncalled capital, and also by a similar mortgage, charge, standard security, lien or security to secure and guarantee the performance by the Company of any obligation or liability it may undertake or which may become binding on it.
- (22) To draw, make, accept, endorse, discount, negotiate, execute and issue cheques, bills of exchange, promissory notes, bills of lading, warrants, debentures and other negotiable or transferable instruments.
- (23) To subscribe for, take, purchase, or otherwise acquire, hold, sell, deal with and dispose or, place and underwrite shares, stocks, debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any other company constituted or carrying on business in any part of the world, and debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any government or authority, municipal, local or otherwise, in any part of the world.

- (24) To control, manage, finance, subsidize, co-ordinate or otherwise assist any company or companies in which the Company has a direct or indirect financial interest, to provide secretarial, administrative, technical, commercial and other services and facilities of all kinds for any such company or companies and to make payments by way of subvention or otherwise and any other arrangements which may seem desirable with respect to any business or operations of or generally with respect to any such company or companies.
- (25) To promote any other company for the purpose of acquiring the whole or any part of the business or property or undertaking or any of the liabilities of the Company, or of undertaking any business or operations which may appear likely to assist or benefit the Company or to enhance the value of any property or business of the Company, and to place or guarantee the placing of, underwrite, subscribe for, or otherwise acquire all or any part of the shares or securities of any such company as aforesaid.
- (26) To sell or otherwise dispose of the whole or any part of the business or property of the Company, either together or in portions, for such consideration as the Company may think fit, and in particulars for shares, debentures, or securities of any company purchasing the same.
- (27) To act as agents or brokers and as trustees for any person, firm or company, and to undertake and perform sub-contracts.
- (28) To remunerate any person, firm or company rendering services to the Company either by cash payment or by the allotment to him or them or shares or other securities of the Company credited as paid up in full or in part or otherwise as may be thought expedient.
- (29) To pay all or any expenses incurred in connection with the promotion, formation and incorporation of the Company, or to contract with any person, firm or company to pay the same, and to pay commissions to brokers and others for underwriting, placing, selling, or guaranteeing the subscription of any shares or other securities of the Company.
- (30) To distribute among the Members of the Company in kind any property of the Company of whatever nature.
- (31) To procure the Company to be registered or recognized in any part of the world.
- (32) To do all or any of the things or matters aforesaid in any part of the world and either as principals, agents, contractors or otherwise, and by or through agents, brokers, sub-contractors or otherwise and alone or in conjunction with others.
- (33) To do all such other things as may be deemed incidental or conducive to the attainment of the Company's objects or any of them.

4<sup>th</sup>. The liability of the Members is limited.

5<sup>th</sup>. The share capital of the Company is Shillings Six Hundred Million (TShs. 600,000,000/=) divided into 100 Shares of TShs. 6,000,000/= each.

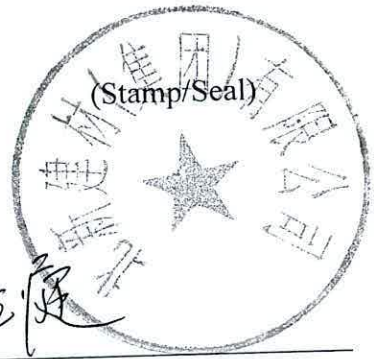
**[INTENTIONALLY LEFT BLANK]**

We the several persons whose names and addresses are subscribed, are desirous of being formed into a company, in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names:

| Names, Addresses and Description of Subscribers. | No. of Shares taken by each Subscriber | Stamp/Seal of Subscribers |
|--|--|---------------------------|
|--|--|---------------------------|

1. Beijing New Building Materials Co., Ltd.  
 No.16, West Road  
 Jiancaicheng Xisanqi  
 Haidian District,  
 Beijing, China

99 Shares



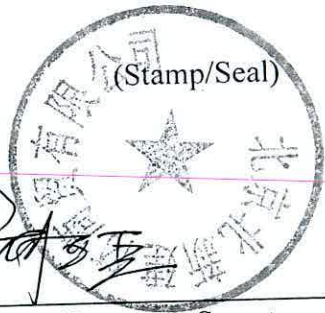
Stamped/Sealed in the presence of:

*[Handwritten Signature]*

Director/Company Secretary

2. BNBM Trading Company  
 South to East Road  
 Xisanqihuandao  
 Haidian District,  
 Beijing, China

1 Share



Stamped/Sealed in the presence of:

*[Handwritten Signature]*

Director/Company Secretary

Dated this 21<sup>st</sup> day of October, 2008

5000/-  
33286577.23/10/08  
[Signature]

**THE COMPANIES ACT, 2002**

(No. 12 OF 2002)

2500/-  
33286577.23/10/08  
[Signature]

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**COMPANY LIMITED BY SHARES**

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**ARTICLES OF ASSOCIATION**

**OF**

**BEIJING NEW BUILDING MATERIALS  
(TANZANIA) COMPANY LIMITED**

1. In these articles, unless the context otherwise requires, expressions defined in the Companies Act, 2002, or any statutory modification thereof in force at the date at which these articles become binding on the Company, shall have the meanings so defined, and words importing the masculine gender shall include the feminine and words importing persons shall include bodies corporate.
2. The clauses of Table "A" will only apply as modified by the following clauses and regulations, and if there appears or arises any inconsistency between the provisions of these regulations and those of Table "A", the provisions of the regulations set forth herein shall prevail.

SHARES

3. The Company is registered as a private company and accordingly:
  - (a) The right to transfer shares is restricted in the manner hereinafter provided.
  - (b) The number of the members of the Company (exclusive of the persons who are in the employment of the Company) is limited to fifty (50), provided that when two (2) or more persons hold one or more shares in the Company jointly, they shall for the purpose of these articles be treated as a single person.
  - (c) Any invitation to the public to subscribe for any shares or debentures of the Company is prohibited.

4. The shares shall be under the control of the Directors, who will allot or otherwise dispose of the same to such persons, and on such conditions and terms, as they think fit.
5. Every person whose name is entered as a member in the register of members shall, without payment, be entitled to a certificate under the common Seal of the Company specifying the share or shares held by him and the amount paid up thereon, provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all.
6. If a share certificate is defaced, lost, or destroyed, it may be renewed on payment of such fee and indemnity as the Directors think fit.
7. Without prejudice to any special rights previously conferred on the holders of existing shares, any shares may be issued with such preferred, deferred to other special rights or restrictions, whether in regard to dividend, voting, return of share capital or otherwise, as the Company may from time to time by special resolution determine, and any preference share may, with the sanction of a special resolution, be issued on the terms that it is, or at the option of the Company is liable to be redeemed.
8. The Company shall not be bound to recognize any equitable, contingent, future or partial interest in any share or any right in respect of a share other than an absolute right thereto in the person or persons from time to time registered as the holder or holders thereof, but the Directors shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons who may have an interest therein.
9. The Company shall have first and paramount lien upon all shares (whether fully paid or not) registered in the name of any member, either alone or jointly with any other person for his debts, liabilities and engagements whether solely or jointly, with any other person, to or with the Company, whether the period for the payment, fulfillment or discharge thereof shall have actually arrived or not, and such lien shall extend to all dividends from time to time declared in respect of such shares; provided, however, the Directors may, from time to time, declare any share to be exempt, wholly or partially, from the provisions of this article.
10. No member shall be entitled to receive any dividend or to exercise any privilege as a member until he shall have paid all calls for the time being due and payable on every share held by him, whether alone or jointly with any other person, together with interest and expenses, if any.
11. The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares, and each member shall (subject to receiving at least fourteen (14) days' advance notice specifying the time or times of payment) pay to

the Company at the time so specified the amount called on his shares. A call shall be deemed to have been made the time when the resolution of the Directors authorizing the call was passed.

12. The joint holders of any shares shall be jointly and severally liable to pay all calls in respect thereof.
13. (a) The Directors may in their absolute discretion and without assigning any reason therefor decline to register any transfer of shares to a person or entity of whom they do not approve, and they may also decline to register any transfer of shares on which the Company has a lien. The Directors may also suspend the registration of transfers during the fourteen (14) days immediately preceding the Ordinary General Meeting in each year and at such other time as the Directors may direct, not exceeding in all thirty (30) days in each year. The Directors may decline to recognize any instrument of transfer unless (i) a fee not exceeding One Hundred Thousand Shillings (Tshs. 100,000/=) is paid to the Company in respect thereof, and (ii) the instrument of transfer is accompanied by the certificate of shares to which it relates, and such other evidence as the Directors may require. If the Directors refuse to register any shares they shall within two (2) months after the date on which the transfer was lodged with the Company send the transferee notice of such refusal.
  - (b) Any share may be transferred at any time by a member to another member or a spouse or offspring of the transferor member, and any share of a deceased member may be transferred by his executors or administrators to such deceased member's spouse or offspring.
  - (c) Save as herein otherwise provided, no share shall be transferable to a person or entity who is not a member of the Company so long as any member thereof is willing to purchase the same at a fair value. Such fair value shall be determined by the unanimous decision of the Directors of the Company as and when such occasion for sale or transfer arises and such determination of the Directors shall be accepted by all the parties as fair value. In the event that all of the Directors fail to reach agreement on the fair value, an independent auditor shall be selected by the Directors to determine the fair value for such shares. Upon refusal by all the members of the Company to buy the shares of a member such selling member shall be entitled to sell such shares to any persons or entities, and the Directors shall register or cause to be registered the transfer relating to such shares.
  - (d) Notwithstanding anything contained herein, a share shall be transferable to any one with the written consent of the Directors and the Directors shall have the power to register such transfer.
14. Shares shall be transferred in the following form, or in any usual or common form which the Directors shall approve:

I, A.B., of \_\_\_\_\_ in consideration of the sum of Shs. \_\_\_\_\_ paid to me by C.D., of \_\_\_\_\_ (hereinafter called the "Transferee") do hereby transfer to the Transferee the share (or shares) numbered \_\_\_\_\_ in the undertaking called BEIJING NEW BUILDING MATERIALS (TANZANIA) COMPANY LIMITED to hold unto the Transferee subject to the several conditions on which I hold the same and I, the Transferee, do hereby agree to take the said share (or shares) subject to the conditions aforesaid.

At Witness our hands the \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_

Witness to the signature of, etc.

15. The executors or administrators of a deceased member (not being one of the several joint holders) or a court appointed receiver or trustee in liquidation, in the event of a winding up, dissolution or other similar action where the shareholder is an entity, shall be the only persons recognized by the Company as having any title to the shares registered in the name of such member, and in case of the death, winding up, dissolution or other similar action, of any one or more of joint registered holders of any registered shares, the survivor or survivors or the legal personal representatives of the deceased survivor or the court appointed receiver or trustee in liquidation, as the case may be, shall be the only persons recognized by the Company as having any title to or interest in such shares.
16. Any person or entity becoming entitled to a share in consequence of the death, winding up, dissolution or bankruptcy of a member shall, upon such evidence being produced as may from time to time be required by the Directors, have the right either to be registered as a member in respect of the share or, instead of being registered himself, to make such transfer of the share as the deceased, wound up, dissolved or bankrupt person or entity could have made; provided, however, the Directors shall, in either case, have the same right to decline or suspend registration as they would have in the case of a transfer of a share by the deceased, wound up, dissolved or bankrupt person before the death, winding up, dissolution or bankruptcy.
17. A person or entity becoming entitled to a share by reason of the death, winding up, dissolution, or other similar action, or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he/it would be entitled if he/it were the registered holder of the share, except that he/it shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.
18. If a member fails to pay any call or installment of a call on the day appointed for payment thereof, the Directors may at any time thereafter during such time as any part of such call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.

19. The notice shall name a further day (not earlier than the expiration of fourteen (14) days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.
20. If the requirements of any such notice as aforesaid are not complied with, then any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect.
21. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.
22. A person or entity whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him/it to the Company in respect of the shares, but his/its liability shall cease if and when the Company receives payment in full of the nominal amount of the shares.
23. A statutory declaration in writing that the declarant is a Director of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons or entities claiming to be entitled to the share, and that declaration, and the receipt of the Company for the consideration, if any, given for the share on the sale or disposition thereof, shall constitute a good title to the share, and the person or entity to whom the share is sold or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money, if any, nor shall his/it's title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, or disposal of the shares.

#### ALTERATION OF CAPITAL

24. The Directors may, with the sanction of an extra-ordinary resolution of the Company, increase the capital by such sum to be divided in shares of such amount, as the resolution shall prescribe.
25. The new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto and subject to such conditions and restrictions as the General Meeting resolving upon the creation of such new shares shall direct or as the Directors shall determine, and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of the asset of the Company and with or without any right of voting.

26. The Company in General Meeting may, before the issue of any new shares, determine that the same, or any of them, shall be offered in the first instance, and either at par or at a premium, to all the then shareholders of any class of shares, in proportion to the amount of the capital held by them, or make any other provision as to the issue and allotment of the new shares; but, in default of any such determination the new shares may be dealt with as if they formed part of the shares in the original capital.
27. Except so far as otherwise provided by the conditions of issue, or by these presents, any capital raised by the creation of new shares shall be considered part of the original capital, and shall be subject to the provisions herein contained with references to the payment of calls and installments, control, transfer and transmission, forfeiture lien, surrender and otherwise.
28. The Company may by special resolution:
  - (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - (b) Sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum subject nevertheless to the provisions of the Companies Act, 2002, Section 64(1)(d);
  - (c) Cancel shares which, at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person, and diminish the amount of the share capital by the amount of the shares so cancelled;
  - (d) Reduce its share capital in any manner and with and subject to any consent required by law.

#### GENERAL MEETINGS

29. A General Meeting shall be held once in every year at such time (not being more than fifteen (15) months after the holding of the last preceding General Meeting) as may be prescribed by the Company in General Meeting, or in default, at such time in the month following that in which the anniversary of the Company's incorporation occurs as the Directors shall appoint. In default of a General Meeting being so held, a General Meeting shall be held in the month next following, and may be convened by any two (2) members in the same manner as nearly as possible as that in which meetings are to be convened by the Directors.
30. The above mentioned General Meetings shall be called Ordinary Meetings, and all other General Meetings shall be called Extraordinary Meetings.
31. The Directors may whenever they think fit convene an Extraordinary General Meeting. Extraordinary General Meetings may also be convened by such

requisitionists pursuant to Section 134 of the Companies Act, 2002. If at any time there are not within Tanzania sufficient Directors capable of acting to form a quorum, any Director or any two (2) members of the Company may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

#### NOTICE OF GENERAL MEETINGS

32. Every General Meeting shall be called by giving twenty one (21) clear days' notice to the members either by advertisement or by notice sent by post specifying the place, day and hour of meeting. All notices of annual general meetings shall specify it as such, and in case of any special business, the general nature of such business.
33. Notices of meetings may be distributed to members via courier, postal service, e-mail or facsimile; provided, however, that such notice shall be deemed to have been received on the earlier of the date of (a) actual receipt; (b) upon delivery by a courier as evidenced by a signed receipt; (c) upon confirmation of receipt by the receiving telecopier; or (d) when first available on the recipient's email server. If received after 4:30 p.m., recipient's local time, or if received on a day when the recipient's facility at the location the notice is delivered are closed, such communication shall be deemed received at 9:00 a.m. the next day on which such facilities are open.
34. The accidental omission to give notice of any meeting to or the non-receipt of any such notice by any of the members shall not invalidate any resolution passed at any such meeting.

#### PROCEEDINGS AT GENERAL MEETINGS

35. All business shall be deemed special that is transacted at any Ordinary Meeting with the exception of sanctioning a dividend, the consideration of the accounts, balance sheets, and the ordinary report of the Directors and Auditors, the election of Directors in the place of those retiring by rotation, and the appointment and fixing of the remuneration of the auditors.
36. No business shall be transacted in any General Meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided, two (2) members personally present shall be a quorum. A corporation present by a proxy who is not a member shall be deemed to be a member personally present for the purposes of this clause.
37. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.

38. The Chairman or in his absence the Deputy Chairman, if any, of the Board of Directors shall preside as Chairman at every General Meeting of the Company.
39. If there is no such Chairman or Deputy Chairman, or if any meeting they are not present within fifteen (15) minutes after the time appointed for holding the meeting, or are unwilling to act as Chairman, the members present shall choose someone of their number to be Chairman.
40. The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at the adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for ten (10) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment, or of the business to be transacted at an adjourned meeting.
41. At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman of the meeting or by at least two (2) members present in person or by proxy and, unless a poll is so demanded a declaration by the Chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and entry to that effect in the minute book shall conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favor of or against that resolution.
42. If a poll is demanded as aforesaid, it shall be taken in such manner and at such time and place as the Chairman of the meeting directs and either at once, after an interval or adjournment, or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn. In case of any dispute as to the admission or rejection of a vote, the Chairman shall determine the same, and such determination made in good faith shall be final and conclusive.
43. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.
44. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded. No poll shall be demanded on the election of a Chairman or a meeting, and a poll demanded on a question of adjournment shall be taken at the meeting without adjournment.

## VOTES OF MEMBERS

45. On a show of hands every member present in person shall have one (1) vote. On a poll every member shall have one (1) vote for each share of which he is the holder. A corporation present by a proxy who is not a member shall be deemed to be a member present in person for the purposes of this clause.
46. Any person entitled under the transmission clause to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that he shall satisfy the Directors of his right to transfer such shares at least forty-eight (48) hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.
47. A member shall be deemed present at a General Meeting if the member participates by telephone or other electronic means and all members participating in the meeting are able to hear each other.
48. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if were solely entitled thereto; and if more than one of such joint holders are present at any meeting, personally or by proxy, that one of the said persons so present whose name stands first on the register of such shares shall alone be entitled to vote in respect thereof; several executors or administrators of a deceased member in whose sole name any shares stand shall for the purposes of this clause be deemed joint holders thereof.
49. A member of unsound mind, or, in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, curator bonis or other person in the nature of a committee or curator bonis appointed by that court, and such committee, curator bonis or other person may on a poll, vote by proxy.
50. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, revocation, or transfer shall have been received at the office or by the Chairman of the meeting before the vote is given.
51. No member shall be entitled to be present or to vote on any question, either personally or by proxy, or as proxy for another member, at any General Meeting, or upon a poll, or reckoned in a quorum, whilst any call or other sum shall be due and payable to the Company in respect of any of the shares of such member.
52. On a poll, votes may be given either personally or by proxy.

53. The instrument appointing a proxy shall be in writing under the hands of the appointer or of his attorney duly authorized in writing, or, if the appointer is a corporation, either under the common seal, or under the hand of an officer or attorney so authorized. No person shall act as a proxy unless either he is entitled on his own behalf to be present and vote at the meeting at which he acts as proxy, or he is appointed to act at that meeting as proxy for a corporation.
54. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority shall be deposited at the registered office of the Company not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting or taking of the poll at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
55. An instrument appointing a proxy may be in the following form, or in any other form which the Directors shall approve.

BEIJING NEW BUILDING MATERIALS (TANZANIA) COMPANY LIMITED

I, \_\_\_\_\_, of \_\_\_\_\_ being a member of \_\_\_\_\_ hereby appoint \_\_\_\_\_ of \_\_\_\_\_ as my proxy to vote for me and on my behalf at the Ordinary (or Extraordinary, as the case may be) General Meeting of the Company to be held \_\_\_\_\_ on the day of \_\_\_\_\_ and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_.

DIRECTORS

56. Unless otherwise determined by a General Meeting, the number of Directors shall not be less than two (2) and not more than seven (7). The following shall be the first Directors of the Company:
1. Cui Lijun;
  2. Yu Xianfeng; and
  3. Li Yuan.
57. The remuneration of each of the Directors shall be determined by the Company in General Meeting from time to time. The Directors shall also be entitled to be prepaid all traveling expenses incurred by them respectively in or about the performance of their duties as Directors, including their expenses of traveling to and from Board meetings. If any Directors shall render any special duties or services outside his ordinary duties as a Director, the Directors may pay him special remuneration in

addition to his salary, commission, or participation in profits or otherwise as may be arranged.

58. The continuing Directors may act notwithstanding any vacancy in their body, but so that if the number falls below the minimum above fixed, the Directors shall not, except in emergencies or for the purpose of filling up vacancies, act so long as the number is below the minimum.
59. A limited liability company or other corporation shall be capable of being appointed a Director and shall discharge its duties and functions from time to time through one of its nominee but in no other manner.
60. The Directors shall have power, upon mutual agreement, at any time, and from time to time, to appoint any other qualified person as a Director, either to fill a casual vacancy, or as an addition to the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed. But any Directors so appointed shall hold office only until the next following Ordinary General Meeting of the Company, and shall then be eligible for re-election.
61. Any individual of seventy (70) years of age or more may be a director of the Company.

#### POWERS AND DUTIES OF DIRECTORS

62. The business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company, and may exercise all such powers of the Company as are not by the Companies Act, 2002, or any statutory modification thereof for time being in force, or by these articles, required to be exercised by the Company in general meeting, and the exercise of the said powers shall be subject also to the control and regulation of any General Meeting of the Company, but no resolution of the Company in General Meeting shall invalidate any prior act of the Director which would have been valid if such resolution had not been passed. In the management of the Company's business, no Director as such shall incur any personal liability except for a breach of any express contract between himself and the Company or a breach of trust knowingly and willfully committed by him.
63. Each Director shall exercise his/her powers for a proper purpose and shall not act or agree to the Company acting in a manner that contravenes the Memorandum or Articles of Association of the Company or the Companies Act, 2002. Each Director, in exercising his/her powers or performing his/her duties shall act honestly and in good faith in what the said Director believes to be the best interests of the Company.
64. The Directors may from time to time appoint, upon mutual agreement, one or more of their body to the office of Managing Director or Manager for such term, and at such remuneration (by way of salary, or commission or participation in profits, or

party in one way, and partly in another), as they may think fit and a Director so appointed shall not, while holding that office, be subject to retirement by rotation, or taken into account in determining the rotation or retirement of Director, but his appointment shall be subject to determination *ipso facto* if he ceases from any cause to be a Director, or if the Company in General Meeting resolve that his tenure of the office of Managing Director or Manager be terminated.

65. The Directors may from time to time at their discretion borrow any sum of money for the Company's business and may give such security as may be necessary or expedient.
66. The Directors shall duly comply with the provisions of the Companies Act, 2002, or any statutory modification thereof for the time being in force, and in particular with the provisions in regard to the registration of particulars of mortgages and charges affecting the property of the Company, or created by it, and to keeping a register of the Directors, and to sending to the Registrar of Companies an annual list of members, and a summary of particulars relating thereto, and notice of any consolidation or increase of capital, and copies of special and extraordinary resolutions, and a copy of the register of Directors, and notification of any charges therein.
67. The Directors shall cause minutes to be made in books provided for that purpose of:
  - (a) all appointments of officers made by the Directors;
  - (b) the names of the Directors present at each meeting of the Directors and of any Committee of the Directors;
  - (c) all resolution and proceedings at all meetings of the Company; and of the Directors and of the Committees of Directors;and every Director present at any meeting of Directors or Committee of Directors shall sign his name in a book to be kept for that purpose.

#### RESOLUTION WITHOUT MEETING

68. A resolution determined without any meeting of the Directors and evidenced by the assenting signatures under the hands of the majority of the Directors, shall be as valid and effectual as a resolution duly passed at a meeting of the Directors. The resolution shall be submitted to each Director in East Africa for his approval or dissent.

#### COMPANY SEAL

- 69 (a) The Directors shall provide a Common Seal for use at its registered office and as many facsimile thereof for use outside Tanzania in places, districts or territories where the Company had or may have opened an office or extended its operations for the purposes of the Company and substitute a new Common Seal therefore and as many new facsimiles thereof as may be necessary or expedient. The Seal or its facsimile shall never be used except by the authority of the Directors or a Committee of the Directors previously given.
- (b) Every deed or other instrument to which the Seal of the Company or its facsimile is required to be affixed shall, unless the same is executed by a duly constituted attorney or the Company, be signed by two Directors at least in whose presence the Seal or its facsimile shall have been affixed.

#### DISQUALIFICATION OF DIRECTORS

70. The office of Director shall *ipso facto* be vacated if:
- (a) the Director becomes bankrupt or suspend payment or compound with creditors; or
  - (b) the Director is found to be lunatic or becomes or unsound mind; or
  - (c) the Director absents himself from the meetings of the Directors for a continuous period of six (6) months without special leave of absence from the Directors, and the Board resolves that his office be vacated; or
  - (d) without the consent of the Company the Director accepts holds any other office or place of profit under the Company except that of Managing Director, Manager, or Lawyer; or
  - (e) the Director is concerned or interested in or participates in the profits of any contract with or work done for the Company; but no Director shall vacate his office by reason of his being a member of any corporation which has entered into contracts with or done any work for this Company or which is concerned in or participates in the profits of any contracts with the Company if he shall have declared the nature of his interest in manner required by Section 209 of the Companies Act, 2002. Nevertheless, he shall not vote in respect of any contract in which he is interested; or
  - (f) if by notice in writing to the Company the Director resigns his office; or
  - (g) if the Director is requested in writing by all his co-Directors to resign; or

- (h) if the Director becomes prohibited from being a Director by reason of any order made arising from a violation by that Director of the Companies Act, 2002.

#### ROTATION OF DIRECTORS

71. At the first Ordinary Meeting of the Company the whole of the Directors shall retire from office and at the Ordinary Meeting in every subsequent year one-third of the Directors of the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third, shall retire from office.
72. (a) The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.
- (b) Notwithstanding any restriction contained herein seventy percent (70%) of the shareholders present at a General Meeting may by resolution nominate any Directors to the office of a Director for a further period of two (2) years.
73. A retiring Director shall be eligible for re-election.
74. The Company at the General Meeting at which a Director retires in manner aforesaid may fill up the vacated office by electing a person thereof.
75. If at any General Meeting at which an election of Directors ought to take place, the place of any Director retiring by rotation is not filled up, he shall, if willing, continue in office until the Ordinary Meeting in the next year, and so on from year to year until his place is filled up, unless it shall be determined at such meeting on due notice to reduce the number of Directors in office.
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76. Any casual vacancy occurring in the Board of Directors may be filled up by the Directors, upon mutual agreement, but the person so chosen shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.
77. The Directors shall have power, upon mutual agreement, at any time, and from time to time to appoint a person as an additional Director who shall retire from office at the next following ordinary general meeting, but shall be eligible for election by the Company at that meeting as an additional Director.
78. The Company may by extraordinary resolution remove any Director before the expiration of his period of office, and may by an ordinary resolution appoint another person in his stand; the person so appointed shall be subject to retirement at the same

time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.

#### PROCEEDINGS OF DIRECTORS

79. The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman shall have a second or casting vote. A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors. During his absence from East Africa, a Director shall not be entitled to have notice of such meeting.
80. The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed shall be two (2).
81. The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to these articles as the quorum of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to that number, or of summoning a General Meeting of the Company but for no other purpose.
82. The Directors may elect a Chairman of their meetings and determine the period for which he is to hold office; and unless otherwise determined the period for which he shall hold office shall be one year, but if no such Chairman is elected or if at any one meeting the Chairman is not present within fifteen (15) minutes after the time appointed for holding the same, the Directors may choose one of their number to be Chairman of the meeting.
83. The Directors may delegate any of their powers to a committee consisting of such member or members of their body as they think fit. Any committee so formed shall in the exercise of the powers so delegated conform to regulations that may be imposed on them by the Directors.
84. Any Director who is absent from East Africa or is about to leave East Africa may appoint any duly qualified member of the Company (not being already a Director of the Company) who is approved by the majority of the Directors, to be an alternate or substitute Director during such period (not exceeding six months) as he is so absent. The appointee, whilst he holds office as an alternate Director, shall be entitled to notice of meetings of the Directors and to attend and vote thereat as a Director, but he shall not be required to have any share qualification, and shall not be entitled to remuneration otherwise than out of the remuneration of the Director appointing him. Any appointment so made may be revoked at any time by the appointer or by a majority of the other Directors, and any appointment or revocation under this clause shall be effected by notice in writing to be delivered to the Secretary of the Company.

85. A Committee may elect a Chairman of their meetings; if no such Chairman is elected, or if at any meeting the Chairman is not present within fifteen (15) minutes after the time appointed for holding the same, the members present may choose one of them to be Chairman of the meeting.
86. A Committee may meet and adjourn as they think proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes the Chairman shall have a second or casting vote.
87. All acts done by any meeting of the Directors or of a committee of Directors, or by any person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Directors or persons acting as aforesaid, or that they or any of them were disqualified, be valid as if every such person had been duly appointed and was qualified to be a Director.

#### LOCAL MANAGEMENT

88. The Directors may from time to time provide for the management and transaction of the affairs of the Company in any part of Tanzania or abroad in such manner as they think fit, and the provisions contained in the next four articles shall be without prejudice to the general power conferred by this paragraph.
89. The Directors from time to time, and at any time, may establish any local boards or agencies for managing any of the affairs of the Company in any locality where the Company carries on business and may appoint any person to be member of such local board, or any managers or agents, and may fix their remuneration. The Directors from time to time, and at any time, may delegate to any person so appointed any of the powers, authorities and discretion for the time being vested in the Directors other than the power of making calls, and may authorize the members for the time being of any such local board, or any of the agencies to fill up any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit, and the Directors may at any time remove any person so appointed, and may annul or vary any such delegation.
90. The Directors may at any time, and from time to time, by power of attorney under the Company's Seal, appoint any person or persons to be the attorney or attorneys of the Company for such purposes and with such powers authorities and discretion (not exceeding those vested in or exercisable by the Directors under these presents), and for such period and subject to such conditions as the Directors may from time to time think fit; and any such appointment may (if the Directors think fit) be made in favor of the members or any of the members of any local board established as aforesaid, or in favor of any company, or of the members, directors, nominees, or managers of any company or firm, or in favor of any person or persons whether nominated directly or indirectly by the Directors; and any such power of attorney may contain such

provisions for the protection or convenience of persons dealing with such attorney or attorneys as the Directors may think fit.

91. Any such delegates or attorneys as aforesaid may be authorized by the Directors to sub-delegate all or any of the powers, authorities, and discretion for the time being vested in them.
92. The Company may exercise the powers conferred by Section 124 of the Companies Act, 2002 and such powers shall accordingly be vested in the Directors, and the Company may cause to be kept in any part of Tanzania or any part of the world in which it transacts business a branch register of members resident in that part. The Directors may, subject to Section 125 of the Companies Act, 2002 make such provisions as they think fit relating thereto and may comply with requirements of any local law.

#### DIVIDEND AND RESERVE

93. The Company in General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors.
94. The Directors may from time to time pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company.
95. No dividend shall be paid otherwise than out of the profits.
96. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid on the shares, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.
97. The Directors may, before recommending any dividend set aside, out of the profits or the Company, such sums as they think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for property of the Company, and for such other purposes as the Directors shall in their absolute discretion think conducive to the interests of the Company; and may invest the several sums so set aside upon such investments (other than shares of the Company) as they may think fit, and from time to time deal with and vary such investments, and dispose of all or any part thereof for the benefit of the Company, and may divide the reserve fund into such special funds as they think fit and employ the reserve fund or any part thereof in the business of the Company and that without being bound to keep the same separate from other assets.
98. If several persons are registered as joint holders of any shares anyone of them may give effectual receipts for any dividend payable on the share.

99. Notice of any dividend that may have been declared shall be given in manner hereinafter mentioned to the persons entitled to share therein.
100. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.
101. Any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the members, be set off against the call. The making of call under this cause shall be deemed ordinary business of any Ordinary General Meeting which declares a Dividend.
102. Any General Meeting declaring a dividend may resolve that such dividend be paid wholly or in part by the distribution of specific assets, and in particular of paid up shares, debentures or debenture stock of the Company or paid up shares, debentures or debenture stock of any other company, or in any one or more of such ways.
103. Any General Meeting may resolve that any moneys, investments or other assets forming part of the dividend profits of the Company standing to the credit of the reserve fund or in the hands of the Company and available for dividend (or representing premiums received on the issue of shares and standing to the credit of the share premium account) be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full, either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture stock of the said Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares or debentures or debenture stock, and that such distribution or payment shall be accepted by the such shareholders in full satisfaction of their interest in the said capitalized sum.
104. A transfer of shares shall not pass the right to any dividend declared thereon after such transfer and before the registration of the transfer.
105. The Directors may retain the dividends payable upon shares in respect of which any person is under the transaction clause entitled to become a member or which any person under that clause entitled to transfer, until such person shall become a member in respect of such shares or shall duly transfer the same.
106. Unless otherwise directed, any dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled, or, in the case of joint holders, to the registered address of that one whose name stands first on

the register in respect of the joint holding; and every cheque or warrants so sent shall be made payable to the order of the person to whom it is sent.

107. All dividends unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed, and all dividends unclaimed for five (5) years after having been declared may be forfeited by the Directors for the benefit of the Company.

108. No dividend shall bear interest against the Company.

#### ACCOUNTS

109. The Directors shall cause true accounts to be kept of:

- (a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the Company; and
- (c) the assets and liabilities of the Company.

110. The books of account shall be kept at the registered office of the Company, or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.

111. The Directors shall from time to time determine whether, and to what extent and what times and place and under what conditions or regulations, the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by statute or authorized by the Directors of the Company or by the Company in a General Meeting.

112. At the Ordinary General Meeting in every year, the Directors shall lay before the Company a profit and loss account and a balance sheet containing a summary of the property and liabilities of the Company, made up to a date not more than six (6) months before meeting from the date up to which the last preceding account and balance sheet were made up, and in the case of the first account and balance sheet from the incorporation of the Company, and such balance sheet and account shall comply with the provisions of Sections 151 to 169 of the Companies Act, 2002, but the Directors shall not be bound to disclose greater details of the result or the extent of the trading and transactions of the Company than they may deem expedient, and if the Company has issued redeemable preference shares the Company shall comply with the provisions of Section 61 of the Companies Act, 2002.

113. Every such account and balance sheet shall be accompanied by a report of the Directors as to the state and condition of the Company, and as to the amount (if any) which they recommend to be paid out of the profits by way of dividend or bonus to the members and the amount (if any) which they propose to carry to the reserve fund, according to the provisions in that behalf hereinbefore contained; and the account, report and balance sheet shall be signed by two Directors.
114. A copy of such balance sheet and report shall, fourteen (14) days before to the meeting, be sent to the persons entitled to receive notices of general meetings in the manner in which notices are to be given hereunder.

#### AUDIT

115. Once at least in every year the accounts of the Company shall be examined, and the correctness of the profit and loss account and balance sheet ascertained by one or more auditor or auditors.
116. The Company at each Ordinary General Meeting shall appoint an auditor or auditors to hold office until the next Ordinary General Meeting and their appointment, remuneration, rights and duties shall be regulated by Sections 170(5) and 175 of the Companies Act, 2002.
117. Every account of the Directors, when audited and approved by a General Meeting, shall be conclusive except as regards any error discovered therein within three months next after the approval thereof, whenever any such error is discovered within that period, the account shall forthwith be corrected, and thenceforth shall be conclusive.

#### NOTICES

118. A notice may be given by the Company to any member either personally, or by sending it through the post in prepaid letter addressed to such member at his registered address, or (if he has no registered address in Tanzania) at the address, if any, within Tanzania supplied by him to the Company for the giving of notices to him.
119. As regards those members who have no registered place of address in Tanzania, a notice posted up in the office shall be deemed to be well served on them at the expiration of twenty-four (24) hours after it is so posted up.
120. The holders of shares warrants shall not, unless otherwise expressed therein, be entitled in respect thereof to notice of any General Meeting of the Company, and it shall not be necessary to give notice of General Meeting to any person entitled to a share by transmission unless such person shall have been duly registered as a member of the Company.

121. Any notice sent by post shall be deemed to have been served on the day on which the letter, envelope or wrapper containing the same is posted, and proving such service it shall be sufficient to prove that the letter, envelope or wrapper containing the notice was properly addressed and mailed. A certificate in writing signed by any manager, secretary or other officer of the Company, that the letter, envelope or wrapper containing the notice was so addressed and mailed shall be conclusive evidence thereof.
122. A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder named first in the register in respect of the share.
123. A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending it through the post in a prepaid letter addressed to them by name, or by title of representatives of the deceased, or trustee of the bankruptcy or by any like description, at the address, if any, in Tanzania supplied for the purpose by the persons claiming to be so entitled, or (until such an address had been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.
124. Notice of every General Meeting shall be given in the manner hereinbefore authorized to (a) every member of the Company except those members who (having no registered address within Tanzania) have not supplied to the Company an address within Tanzania for the giving of notices to them, and also to (b) every person entitled to a share in consequence of the death or bankruptcy of a member who but for his death or bankruptcy, would be entitled to receive notice of the meeting. No other persons shall be entitled to receive notices of General Meeting.
125. If the Company shall be wound up, and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital such assets shall be distributed so that as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid-up at the commencement of the winding up, on the shares held by them respectively. If in winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid-up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up paid up or which ought to have been paid up on the shares held by them respectively.
126. If the Company shall be wound up, whether voluntarily or otherwise, the liquidators may, with the sanction of an extraordinary resolution, divide among the contributories, in specie or in kind, any part of the assets of the Company, and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories, or any of them as the liquidators, with the like sanction, shall think fit.

## REMINDERS

127. The Directors shall comply with the following provisions amongst others of the Companies Act, 2002:

- (a) Sending in proper return of allotments (Section 55);
- (b) Sending to the Registrar notice of consolidation or sub-division of shares (Section 65);
- (c) Notice of increase of share capital (Section 66);
- (d) Keeping registers of mortgages and charges and allowing inspection, and registering such mortgages and charges with the registrar (Section 100, 101, 107, 108 and 109);
- (e) Keeping a register of members (Section 115);
- (f) Making an Annual Return, etc. (Section 128 to 130);
- (g) Calling a General Meeting every year within the proper time (Section 133);
- (h) Sending to the Registrar copies of special and extraordinary resolution, etc. (Section 145);
- (i) Keeping a register of Directors and notifying their names and nationality and changes in the Board (Section 210).

## ALTERATION OF ARTICLES

128. Subject to the provisions of the Companies Act, 2002, and to those contained in the Memorandum of Association, the Company may by special resolution make alterations or additions to the Articles of Association and any such alteration or addition so made shall be as valid and effectual as if originally contained in these Articles and be subject in like manner to alteration by special resolution.

## INDEMNITY

129. Subject to the limitations hereinafter provided the Company shall indemnify against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings every Director, Managing Agent, Auditor, Manager, Secretary, and other officer or servant of the Company who:

- (a) Is or was a party or is threatened to be made a party to any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative; or
- (b) Is or was, at the request of the Company, serving in such capacity.

130. The indemnity described in Article 126 only applies if the person acted honestly and in good faith with a view to the best interests of the Company and, in the case of criminal proceedings, the person had no reasonable cause to believe that their conduct was unlawful.

131. The decision of the Directors as to whether the person acted honestly and in good faith with a view to the best interests of the Company and as to whether the person had no reasonable cause to believe that their conduct was unlawful is, in the absence of fraud, sufficient for the purposes of the Articles, unless a question of law is involved.

132. The termination of any proceedings by any judgment, order, settlement, conviction or the entering of a *nolle prosequi* does not, by itself, create a presumption that the person had no reasonable cause to believe that the person did not act honestly and in good faith and with a view to the best interests of the Company or that the person had reasonable cause to believe that his conduct was unlawful.

133. The Company may purchase and maintain insurance in relation to any person who is or was a Director, Managing Agent, Auditor, Manager, Secretary, and other officer or servant of the Company against any liability asserted against the person and incurred by the person in that capacity, whether or not the Company has or would have had the power to indemnify the person against the liability as provided in the Articles.

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Names, Addresses and  
Description of  
Subscribers.

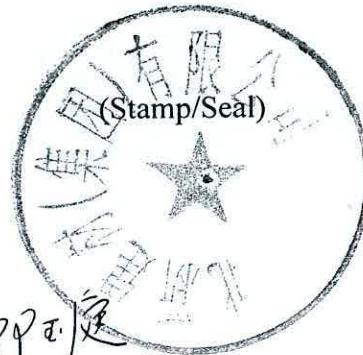
No. of Shares taken  
by each Subscriber

Stamp/Seal of  
Subscribers

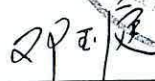
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1. Beijing New Building  
Materials Co., Ltd.  
No.16, West Road  
Jiancaicheng Xisanqi  
Haidian District,  
Beijing, China

99 Shares



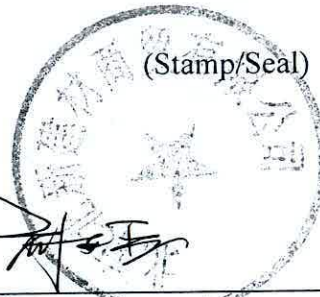
Stamped/Sealed in the presence of:




Director/Company Secretary

2. BNBM Trading Company  
South to East Road  
Xisanqihuandao  
Haidian District,  
Beijing, China

1 Share



Stamped/Sealed in the presence of:



Director/Company Secretary

Dated this 21<sup>st</sup> day of October, 2008

**BEIJING NEW BUILDING MATERIALS(T) COMPANY LIMITED**

**ESTABLISHMENT OF FACILITIES FOR MANUFACTURE  
OF  
BUILDING MATERIALS**

**A BUSINESS PLAN**

Prepared by:  
Beijing New Building Materials (T) Co. Ltd.  
Dar es salaam.

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## 1. INTRODUCTION

### FOREWORD

This Project Feasibility Study Report sets out proposals by M/s Beijing New Building Materials (T) Company Limited to establish manufacturing facilities for building materials including plywood and steel profiles. The project also involves development of a modern and well equipped distribution network. Beijing New Building Materials (T) Company Limited was incorporated on 23<sup>rd</sup> October 2008 under Certificate of Incorporation No: 68094.

### OBJECTIVE OF STUDY

The purpose of this Feasibility Study is to work out the technical and commercial details and the financial viability for the establishment of manufacturing facilities for plywood and steel profiles.

### PROJECT PROMOTERS

The following sponsors are promoting the proposed building materials manufacturing project. Directors (shareholders) are namely:

| NO | NAME AND ADDRESS  | SHARES | % SHAREHOLDING |
|----|---|--------|----------------|
| 1  | Beijing New Building Materials<br>(China) Company Limited | 99     | 99%            |
| 2  | BNBM Trading Company                                      | 1      | 1%             |

### STUDY LAYOUT

This study is presented in one document comprising the following major chapters.

|                |                                  |
|----------------|----------------------------------|
| Chapter One    | -Introduction                    |
| Chapter Two    | -Executive Summary               |
| Chapter Three  | -Market Analysis                 |
| Chapter Four   | -Production Technology           |
| Chapter Five   | -Machinery and Equipment         |
| Chapter Six    | -Production Inputs               |
| Chapter Seven  | -Manpower and Plant Organization |
| Chapter Eight  | -Investment and Financing        |
| Chapter Nine   | -Operating Costs                 |
| Chapter Ten    | -Financial Analysis              |
| Chapter Eleven | -Economic Benefits               |
| Chapter Twelve | -Conclusion and Recommendations  |

## 2. EXECUTIVE SUMMARY

### 2.1 INTRODUCTION

The Study examines the possibility of establishing manufacturing facilities for building materials for both industrial and domestic usage. The targeted Building Materials are plywood and steel profiles. A techno-economic evaluation has been carried out to determine the feasibility of project.

#### 2.1.2 Background

Plywood is a type of engineered board made from thin sheets of wood, called plies or wood veneers. The layers are glued together, each with its grain at right angles to adjacent layers for greater strength. There are usually an odd number of plies, as the symmetry makes the board less prone to warping, and the grain on the outside surfaces runs in the same direction. The plies are bonded under heat and pressure with strong adhesives, usually phenol formaldehyde resin, making plywood a type of composite material. Plywood is sometimes called the original engineered wood.

The adhesives used in plywood has become a point of concern, due to the off gassing of the formaldehyde. Both urea formaldehyde and phenol formaldehyde are carcinogenic, so their use undesirable. Many manufacturers are turning to "Greener Products" as government regulations become stronger against the use of these adhesives.

A common reason for using plywood instead of plain wood is its resistance to cracking, shrinkage, twisting/warping, and its general high degree of strength. It has replaced many dimensional lumbers on construction applications for these reasons.

#### Types of plywood

A vast number of varieties of plywood exist for different applications. Softwood plywood is usually made either of Douglas fir or spruce, pine, and fir, and is typically used for construction and industrial purposes. Decorative plywood is usually faced with hardwood, including red oak, birch, maple, lauan (Philippine mahogany) and a large number of other hardwoods.

Plywood for indoor use generally uses the less expensive urea-formaldehyde glue which has limited water resistance, while outdoor and marine grade plywood are designed to withstand rot, and use a water resistant phenol-formaldehyde glue to prevent delamination and to retain strength in high humidity.

The most common varieties of softwood plywood come in three, five or seven plies with a metric dimension of 1.2 m × 2.4 m or the slightly larger imperial dimension of 4 feet × 8 feet.

Plyes vary in thickness from 1/10" through 1/6" depending on the panel thickness. Roofing can use the thinner 5/8-inch plywood. Subfloors are at least 3/4-inch depending on the distance between floor joists. Plywood for flooring applications is often tongue and grooved. The mating edge will have a "groove" notched into it to fit with the adjacent "tongue" that protrudes from the next board. This keeps the boards from slipping past each other providing a solid feeling floor when the joints do not lie over joists. Tongue & groove flooring plywood is typically 1" in thickness.

High-strength plywood, known as aircraft plywood, is made from mahogany and/or birch, and uses adhesives with increased resistance to heat and humidity. It was used for several World War II fighter aircraft, including the British-built Mosquito bomber which was nicknamed the wooden wonder.

Certain plywoods do not have alternating plies. These are designed for a specific purpose. One such plywood is known as "Bendy Board". This is very flexible and is designed for making curved parts. However these may not be termed as plywood in some countries because the basic description of plywood is layers of veneered wood laid on top of each other with the grain perpendicular on each layer.

Other types of plywoods are fire retardant, moisture resistant, marine grade, sign grade, pressure treated, and of course the hardwood and softwood plywoods. Each of these products is designed to fill a need in industry.

In addition to the glues being brought to the forefront, the wood resources themselves are becoming the focus of manufacturers, due in part to energy conservation, as well as concern for our natural resources. There are several certifications available to manufacturers who participate in these programs. FSC certified, Leeds Certified, FSI certified, and Green guard certified. Many of these programs offer tax benefits to both the manufacturer, as well as the end user

## Plywood production

Plywood production requires a good log, called a peeler, which is generally straighter and larger in diameter than one required for processing into dimensioned lumber by a sawmill. The log is peeled into sheets of veneer which are then cut to the desired dimensions, dried, patched, glued together and then baked in a press at 140 °C (280 °F) and 19 MPa (2800 psi) to form the plywood panel. The panel can then be patched, resized, sanded or otherwise refinished, depending on the market for which it is intended.

## History

Plywood has been made for thousands of years; the earliest known occurrence of plywood was in Ancient Egypt around 3500 BC when wooden articles were made from sawn veneers glued together crosswise. This was originally done due to a shortage of fine wood. Thin sheets of high quality wood were glued over a substrate of lower quality wood for cosmetic

effect, with incidental structural benefits. This manner of inventing plywood has occurred repeatedly throughout history. Most high quality English furniture makers working in the eighteenth and nineteenth centuries (and since) have used veneering as a technique. In addition to making the most out of the highest quality materials available, it reduces prices and improves stability of construction. The irregularities of grain which confer decorative interest often result in uncontrollable warping and cracking if any attempt is made to use the wood in thicknesses much greater than those characterizing cabinet-making veneers (typically 1-2mm).

Modern plywood, in which the veneer is cut on a rotary lathe from softwood logs, is of relatively recent origin, invented by Immanuel Nobel. The first such lathes were set up in the United States in the mid 19th century. Plywood has been one of the most ubiquitous building products for decades.

One of the earliest applications of mass-produced modern plywood manufacturing in the United States was recorded in Portland, Oregon by the Portland Manufacturing Company. The owner, Thomas J. Autzen helped develop a bonding technology, which greatly shortened the drying and manufacturing process. His early engineering contribution played an important role in making plywood one of the most abundant and affordable building products ever produced.

In India, waterproof plywood is also known as "kitply". Though Kitply is a brand, it has become a genericized trademark, since the company that makes it pioneered the use of waterproof plywood in India.

#### Plywood advantages

1. High uniform strength: Wood is 45 times stronger along the grain than across the grain. Crossing the adjacent sheets tends to equalize the strength in all directions.
2. Freedom from shrinking, swelling and warping: Solid wood exhibits considerable movement across the grain but generally negligible shrinkage or swelling in a longitudinal plane. The balanced construction of a plywood panel with the grain direction of adjacent veneers at right angles tends to equalise stress, thus reducing shrinkage, swelling and warping.
3. Non-splitting qualities: Solid wood splits fairly readily along the grain. Plywood by virtue of the crossed laminations can be nailed or screwed near the edges without damage from splitting.
4. Availability of relatively large sizes: Sawn timber can be obtained in fairly long lengths but only in relatively narrow widths. Plywood can be sold in sizes up to 6 ft \* 25-ft and by the scarf jointing of small sheets up to 6 ft \*40 ft, however 8 ft\*4 ft is the most common size.
5. Economical and effective utilisation of figured wood: Twenty sheets of veneer can be sliced from 1 inch of solid wood. When glued to a core of cheaper material a high grade panel is produced. This procedure thus affects distinct economies in the use of figured or the more

valuable woods. In addition to facilitating the utilisation of attractive but fragile face veneers to give results which cannot be duplicated in solid construction. More effective utilisation is obtained by the matching of veneer in such a manner that the decorative effect due to the natural figure in the wood is enhanced by the regularity or symmetry of the design.

6. Ease of fabrication of curved surfaces: The trend of modern architectural design is to feature curved surfaces. The desired shapes can be readily fabricated in plywood construction, utilising male and female forms, or a single forming a vacuum press or autoclave

7. Reduction of waste: One of the important aspects in the manufacture of plywood is that it results in the conservation of timber by the elimination of the waste which occurs in sawing e.g. sawdust. Waste is confined to the small core which remains after peeling, from the veneer which is lost in rounding up the log, and the elimination of such defects as knots and splits.

8. Dense woods can be sliced and bonded into plywood panels for use in furniture construction whereas furniture fabricated from solid timber would be far too heavy.

#### US plywood grades

Plywood grades are determined by a veneer quality on the face and back of each panel. The first letter designates quality of face veneer (best side), while the second letter denotes the surface quality of the back of the panel. The letter "X" indicates the panel was manufactured with scrap wood as the center plies, not "exterior" as is commonly thought. The A-D rating is only good for construction (softwood) plywood, not for hardwood plywoods such as oak or maple.

"A": Highest grade quality available. Can be defect free or contain small knots, providing they are replaced with wooden plugs (the fillers having a "boat" or an "American football" shape) or repaired with synthetic patch. This grade may contain occasional surface splits that are repaired with synthetic filler. The surface is always sanded and provides for smooth paintable face quality.

"B": Second highest quality veneer grade. Normally a by-product of downgraded "A" quality veneer. Solid surface, but may contain small diameter knots and narrow surface splits. Normally repaired with wooden plugs or a synthetic filler. The surface is normally sanded smooth.

"C": Considered to be a lower end face quality, but a reasonable choice for general construction purposes. May contain tight knots up to 1½ inches diameter, some open knot holes, some face splits, and discoloration. Some manufactures may repair the defects with synthetic filler. Panels are typically not sanded.

"D": Considered to be the lowest quality veneer and often used for the back surface for construction grade panels. Allows for several knots, large and small, as well as open knots up to 2½ inches diameter. Open knots, splits, and discoloration are acceptable. "D" grade

veneers are neither repaired nor sanded. This grade is not recommended for permanent exposure to weather elements.

### Plywood applications

Plywood is used in many applications that need high-quality, high-strength sheet material. Quality in this context means resistance to cracking, breaking, shrinkage, twisting and warping. Plywood is also used as an engineering material for stressed-skin applications. It has been used for marine and aviation applications since WWII.

Steel Profiles are created as a result of careful consideration and understanding of customers needs, resulting in effective solutions to design or manufacturing problems.

### Why Steel Profiles?

- The use of special steel profiles eliminates the need to fabricate shapes by conventional operations, such as welding, subsequent straightening, milling, grinding, turning, etc.
- Special profiles are more practical than other solutions because they are designed for the job.
- Ability to produce special steel profiles in a wide variety of shapes and sizes can be especially valuable in situations where different structural parts are joined together.
- The economic and technical benefits of using special steel profiles are immediately evident in comparison with using conventional labor intensive production methods. The relevant experts in your company will be able to assess the technical and economic benefits of using special profiles.

### Making of steel profiles

Various methods are used:

- Hot rolling
- Hot extrusion
- Cold drawing
- Laser Welding

Different production processes enable the material to be formed in such a way that the resulting products meet design and budget requirements, as well as being aesthetically pleasing. The design of our plants will make it possible to produce even small quantities of special profiles economically. We shall produce special profiles in any form, quality or finish, to meet a customer's needs. We expect to supplement our range of manufacturing processes in order to provide an even greater selection of services

## 2.2 MARKET AND MARKETING ASPECTS

The market survey carried out reveals that the current demand for building materials is higher than the local production. There is wide gap between supply and demand and therefore, business opportunity exists for setting up additional manufacturing facilities to satisfy the market requirement. The project plans to acquire appropriate vehicles and recruit qualified personnel for distribution of the products.

## 2.3 PROCESS AND TECHNOLOGY

### 2.3.1 Plywood

Plywood is made of three or more thin layers of wood bonded together with an adhesive. Each layer of wood, or ply, is usually oriented with its grain running at right angles to the adjacent layer in order to reduce the shrinkage and improve the strength of the finished piece. Most plywood is pressed into large, flat sheets used in building construction. Other plywood pieces may be formed into simple or compound curves for use in furniture, boats, and aircraft.

The use of thin layers of wood as a means of construction dates to approximately 1500 B.C. when Egyptian craftsmen bonded thin pieces of dark ebony wood to the exterior of a cedar casket found in the tomb of King Tut-Ankh-Amon. This technique was later used by the Greeks and Romans to produce fine furniture and other decorative objects. In the 1600s, the art of decorating furniture with thin pieces of wood became known as veneering, and the pieces themselves became known as veneers.

Until the late 1700s, the pieces of veneer were cut entirely by hand. In 1797, Englishman Sir Samuel Bentham applied for patents covering several machines to produce veneers. In his patent applications, he described the concept of laminating several layers of veneer with glue to form a thicker piece—the first description of what we now call plywood.

Despite this development, it took almost another hundred years before laminated veneers found any commercial uses outside of the furniture industry. In about 1890, laminated woods were first used to build doors. As the demand grew, several companies began producing sheets of multiple-ply laminated wood, not only for doors, but also for use in railroad cars, busses, and airplanes. Despite this increased usage, the concept of using "pasted woods," as some craftsmen sarcastically called them, generated a negative image for the product. To counter this image, the laminated wood manufacturers met and finally settled on the term "plywood" to describe the new material.

In 1928, the first standard-sized 4 ft by 8 ft (1.2 m by 2.4 m) plywood sheets were introduced in the United States for use as a general building material. In the following decades, improved adhesives and new methods of production allowed plywood to be used for a wide variety of

applications. Today, plywood has replaced cut lumber for many construction purposes, and plywood manufacturing has become a multi-billion dollar, worldwide industry.

## Raw Materials

The outer layers of plywood are known respectively as the face and the back. The face is the surface that is to be used or seen, while the back remains unused or hidden. The center layer is known as the core. In plywoods with five or more plies, the inter-mediate layers are known as the crossbands.

Plywood may be made from hardwoods, softwoods, or a combination of the two. Some common hardwoods include ash, maple, mahogany, oak, and teak. The most common softwood used to make plywood in the United States is Douglas fir, although several varieties of pine, cedar, spruce, and redwood are also used.

Composite plywood has a core made of particleboard or solid lumber pieces joined edge to edge. It is finished with a plywood veneer face and back. Composite plywood is used where very thick sheets are needed.

The type of adhesive used to bond the layers of wood together depends on the specific application for the finished plywood. Softwood plywood sheets designed for installation on the exterior of a structure usually use a phenol-formaldehyde resin as an adhesive because of its excellent strength and resistance to moisture. Softwood plywood sheets designed for installation on the interior of a structure may use a blood protein or a soybean protein adhesive, although most softwood interior sheets are now made with the same phenol-formaldehyde resin used for exterior sheets. Hardwood plywood used for interior applications and in the construction of furniture usually is made with a urea-formaldehyde resin.

Some applications require plywood sheets that have a thin layer of plastic, metal, or resin-impregnated paper or fabric bonded to either the face or back (or both) to give the outer surface additional resistance to moisture and abrasion or to improve its paint-holding properties. Such plywood is called overlaid plywood and is commonly used in the construction, transportation, and agricultural industries.

Other plywood sheets may be coated with a liquid stain to give the surfaces a finished appearance, or may be treated with various chemicals to improve the plywood's flame resistance or resistance to decay.

## The Manufacturing Process

The trees used to make plywood are generally smaller in diameter than those used to make lumber. In most cases, they have been planted and grown in areas owned by the plywood company. These areas are carefully managed to maximize tree growth and minimize damage from insects or fire.

Here is a typical sequence of operations for processing trees into standard 4 ft by 8 ft (1.2 m by 2.4 m) plywood sheets:

### Felling the trees

- Selected trees in an area are marked as being ready to be cut down, or felled. The felling may be done with gasoline-powered chain saws or with large hydraulic shears mounted on the front of wheeled vehicles called fellers. The limbs are removed from the fallen trees with chain saws.
- The trimmed tree trunks, or logs, are dragged to a loading area by wheeled vehicles called skidders. The logs are cut to length and are loaded on trucks for the trip to the plywood mill, where they are stacked in long piles known as log decks.

### Preparing the logs

- As logs are needed, they are picked up from the log decks by rubber-tired loaders and placed on a chain conveyor that brings them to the debarking machine. This machine removes the bark, either with sharp-toothed grinding wheels or with jets of high-pressure water, while the log is slowly rotated about its long axis.
- The debarked logs are carried into the mill on a chain conveyor where a huge circular saw cuts them into sections about 8 ft-4 in (2.5 m) to 8 ft-6 in (2.6 m) long, suitable for making standard 8 ft (2.4 m) long sheets. These log sections are known as peeler blocks.

### Making the veneer

- Before the veneer can be cut, the peeler blocks must be heated and soaked to soften the wood. The blocks may be steamed or immersed in hot water. This process takes 12-40 hours depending on the type of wood, the diameter of the block, and other factors.
- The heated peeler blocks are then transported to the peeler lathe, where they are automatically aligned and fed into the lathe one at a time. As the lathe rotates the block rapidly about its long axis, a full-length knife blade peels a continuous sheet of veneer from the surface of the spinning block at a rate of 300-800 ft/min (90-240 m/min). When the diameter of the block is reduced to about 3-4 in (230-305 mm), the remaining piece of wood, known as the peeler core, is ejected from the lathe and a new peeler block is fed into place.
- The long sheet of veneer emerging from / the peeler lathe may be processed immediately, or it may be stored in long, multiple-level trays or wound onto rolls. In any case, the next process involves cutting the veneer into usable widths, usually about 4 ft-6 in (1.4 m), for making standard 4 ft (1.2 m) wide plywood sheets. At the same time, optical scanners look for sections with unacceptable defects, and these are clipped out, leaving less than standard width pieces of veneer.
- The sections of veneer are then sorted and stacked according to grade. This may be done manually, or it may be done automatically using optical scanners.
- The sorted sections are fed into a dryer to reduce their moisture content and allow them to shrink before they are glued together. Most plywood mills use a mechanical

dryer in which the pieces move continuously through a heated chamber. In some dryers, jets of high-velocity, heated air are blown across the surface of the pieces to speed the drying process.

- As the sections of veneer emerge from the dryer, they are stacked according to grade. Under width sections have additional veneer spliced on with tape or glue to make pieces suitable for use in the interior layers where appearance and strength are less important.
- Those sections of veneer that will be installed crossways—the core in three-ply sheets, or the cross bands in five-ply sheets—are cut into lengths of about 4 ft-3 in (1.3 m).

### Forming the plywood sheets

- When the appropriate sections of veneer are assembled for a particular run of plywood, the process of laying up and gluing the pieces together begins. This may be done manually or semi-automatically with machines. In the simplest case of three-ply sheets, the back veneer is laid flat and is run through a glue spreader, which applies a layer of glue to the upper surface. The short sections of core veneer are then laid crossways on top of the glued back, and the whole sheet is run through the glue spreader a second time. Finally, the face veneer is laid on top of the glued core, and the sheet is stacked with other sheets waiting to go into the press.
- The glued sheets are loaded into a multiple-opening hot press. presses can handle 20-40 sheets at a time, with each sheet loaded in a separate slot. When all the sheets are loaded, the press squeezes them together under a pressure of about 110-200 psi (7.6-13.8 bar), while at the same time heating them to a temperature of about 230-315° F (109.9-157.2° C). The pressure assures good contact between the layers of veneer, and the heat causes the glue to cure properly for maximum strength. After a period of 2-7 minutes, the press is opened and the sheets are unloaded.
- The rough sheets then pass through a set of saws, which trim them to their final width and length. Higher grade sheets pass through a set of 4 ft (1.2 m) wide belt sanders, which sand both the face and back. Intermediate grade sheets are manually spot sanded to clean up rough areas. Some sheets are run through a set of circular saw blades, which cut shallow grooves in the face to give the plywood a textured appearance. After a final inspection, any remaining defects are repaired.

The finished sheets are stamped with a grade-trademark that gives the buyer information about the exposure rating, grade, mill number, and other factors. Sheets of the same grade-trademark are strapped together in stacks and moved to the warehouse to await shipment

### 2.3.2 Steel Profiles

Various methods are used to produce steel profiles:

- Hot rolling
- Hot extrusion
- Cold drawing
- Laser Welding

Different production processes enable the material to be formed in such a way that the resulting products meet design and budget requirements, as well as being aesthetically pleasing. The design of our plants will make it possible to produce even small quantities of special profiles economically. We shall produce special steel profiles in any form, quality or finish, to meet a customer's needs. We expect to supplement our range of manufacturing processes in order to provide an even greater selection of services

### Hot Rolled Steel Shapes

During the production of special steel profiles by hot rolling the input billet or slab is formed into lengths up to 70 m using two oppositely rotating cylindrical rolls. The hot rolled steel shapes of this forming technique are used in a multitude of industrial applications. Hot rolled special profiles offer innovative solutions whether it be for automotive, materials handling, railroad or thicker flange and web thickness structural steel shapes use. Finished hot rolled steel shapes are roller straightened and sheared into production lengths or sawn into fixed lengths according to customer wishes.

- Targeted strengthening of highly stressed areas of component parts
- Best mechanical properties through uninterrupted grain orientation
- Best shape properties and fitting accuracy by maintenance of the tightest tolerances

### Hot extruding - Extruded Steel Shapes

- Extruded Stainless Steel
- Stainless Steel Extrusions

During hot extrusion a round steel billet is pre-heated and, after leaving the furnace, is pushed through a forming die into a profile bar using a ram with an extrusion force of 2,200 ton. Hot extrusion offers substantial advantages in comparison to hot rolling forging or machining.

Hot extrusion can be used to make complex profile shapes even using metals which are difficult to form. In addition, small lot sizes can be produced economically. Hot extruded profiles offer the benefit of:

- Different material thicknesses within one profile cross-section
- The possibility to use in highly sensitive areas, where the special profiles must withstand specific demands of temperature, pressure, aggressive media or hygienic requirements

### Laser welding - Laser Welded Special Profiles

For the production of laser welded special profiles both standard geometries such as sheets, tubes or angles and extruded or hot rolled pre-shapes can be used.

Hoesch Schwerter Profile hydraulically clamps the individual parts which can be up to seven meters long, and subsequently welds them together with a 12 KW CO2 laser. Of particular significance is the low thermal stressing of the work piece. This enables low-distortion or distortion-free production.

Due to the filigree and clean welding seam laser welded profiles find a wide spectrum of uses within the architecture and building industry, among others.

The applications of laser welded special profiles are as varied as the forms of the profiles themselves: angles, channels, T-profiles, beams, rectangular hollow profiles, standard hollow profiles and special forms can be produced. Laser welded special profiles are particularly suited for optically sophisticated and durable designs and also offer the following advantages:

- Precision Fit
- Free-form shapes
- Optimum weight
- Free from further processing

#### Cold Rolling - Cold Forming - Roll Forming

- Cold Rolling
- Cold Rolled
- Cold Formed
- Cold Forming
- Roll Forming

Roll forming can be described as a continuous bending operation done at room temperature in which sheet or strip metal is plastically deformed along a linear axis. Tandem sets of rolls (known as roll stations) shape the metal stock in a series of progressive stages until the desired cross-sectional configuration is obtained by cold rolling. Roll forming is ideal for producing parts with long lengths or in large quantities. It can also produce multiple length parts from the same set of tooling. Virtually any material that can be cold formed by sheet forming techniques can be roll formed. The process is quite cost effective for large production runs, although sometimes roll-forming is utilized regardless of quantity, when dimensional consistency is of great importance.

## 2.4 QUALITY CONTROL

We facilitate stone quality control by ensuring that our products are inspected for the highest quality before delivery. Similarly, sourcing of materials is done with great care to ensure that the best materials are used in the manufacturing processes for various products.

## 2.5 BYPRODUCTS/WASTE

The by products from our various processes are collected and sent out the factory for proper disposal to ensure that no harm is done to the environment

## 2.6 PRODUCTION INPUTS

As explained earlier, the basic Raw Materials used in the manufacture of building materials include hardwoods, softwoods, or a combination of the two, adhesive, plastic, metal, or resin-impregnated paper or fabric, various chemicals, and steel. These are used in the different processes during the manufacturing of the different types of building materials.

## 2.7 LOCATION

The project location is in a prime industrial area within United Republic of Tanzania. This will be the centre of company operations and it will have an area which is large enough to contain all the manufacturing operations, materials storage, and stockyard and office space

## 2.8 MANPOWER REQUIREMENTS

The whole project will comprise of a total work force of 34 permanent employees and several part time employees. Initially there will be a few technical expatriates and engineers who will give training to the local staff. Maximum employment will be given to the local work force. The plant will be organized into three functions namely:

Production and Technical Services  
Marketing  
Finance and administration

## 2.9 IMPLEMENTATION

The project is planned to undergo two phases:

**Phase I:** Major activities involved include registration of the project and approvals by the Tanzania Investment Centre (TIC), and mobilization of funds from Sponsors. Other activities include identification of appropriate production technology, sourcing of machinery and equipment, renovation of factory buildings, staff recruitment and training of core personnel. A total of six months period is planned for the above activities after completion of this study.

**Phase II:** The second phase will involve full production of various building materials envisaged to start in the second half of year 2009.

## 2.10 PROJECT ECONOMICS

### 2.10.1 Capital Investment Requirements

| COST STRUCTURE       |                  |
|----------------------|------------------|
| PARTICULAR           | AMOUNT USD       |
| Land and Buildings   | 300,000          |
| Plant & Machinery    | 1,000,000        |
| Motor Vehicles       | 200,000          |
| Furniture & Fixtures | 50,000           |
| Pre exp              | 50,000           |
| Others               | 150,000          |
| Working Capital      | 250,000          |
| <b>TOTAL</b>         | <b>2,000,000</b> |

### 2.10.2 Expenditure and Profitability

The major expenditure item is the purchase of raw materials used in the manufacture of plywood and steel profiles.

Project revenue will accrue from sales of building materials. Total revenue from this project will increase from USD 640,000 in the first year of operation to USD 894,432 in the fifth year. This is shown in the following summary.

| REVENUE PROJECTION |          |          |          |          |          |
|--------------------|----------|----------|----------|----------|----------|
| PRODUCTS           | YEARS    |          |          |          |          |
|                    | YR 1 USD | YR 2 USD | YR 3 USD | YR 4 USD | YR 5 USD |
| REVENUE            | 640,000  | 672,000  | 739,200  | 813,120  | 894,432  |
|                    | 640,000  | 672,000  | 739,200  | 813,120  | 894,432  |

## 2.11 RECOMMENDATIONS

The study shows the establishment of production facilities for building materials including plywood and steel profiles is both technically and financially a feasible undertaking. Furthermore, it will create local employment for the national benefit. In view of the findings, the project is recommended for implementation.

## 3 MARKET AND MARKETING

In this chapter, we look into whether there is a market for the proposed products and how the promoters would approach that market.

### 3.1 PRODUCTS

The products which this project will produce for sale are building materials including plywood and steel profiles.

### 3.2 DEMAND

The company projections show increasing demand for various building materials. Their use has been on the increase taking into consideration the growth occurring in construction industry in Tanzania.

### 3.3 DISTRIBUTION CHANNEL

The company will involve itself with a product that will be distributed to final consumers either directly (one level channel) or by using only one intermediary who will resale to final consumers (two level channel). It is important for these channels to be adopted because they reduce costs of distribution and avoid several profit margins of distributors, hence making the product price competitive in the market place. However, the company is exploring all sales and distribution avenues that will work to the company's advantage, given the stiff competition anticipated in the market. The company has budgeted for the development of a modern distribution/sales network that will comprise of modern and adequate number of distribution trucks as well as recruitment and training of qualified sales and marketing personnel.

## 4 PRODUCTION PROCESS AND TECHNOLOGY

### 4.1 BASIC PRODUCTION PROCESS

#### 4.1.1 Plywood

The trees used to make plywood are generally smaller in diameter than those used to make lumber. In most cases, they have been planted and grown in areas owned by the plywood company. These areas are carefully managed to maximize tree growth and minimize damage from insects or fire.

Here is a typical sequence of operations for processing trees into standard 4 ft by 8 ft (1.2 m by 2.4 m) plywood sheets:

##### Felling the trees

- Selected trees in an area are marked as being ready to be cut down, or felled. The felling may be done with gasoline-powered chain saws or with large hydraulic shears mounted on the front of wheeled vehicles called fellers. The limbs are removed from the fallen trees with chain saws.
- The trimmed tree trunks, or logs, are dragged to a loading area by wheeled vehicles called skidders. The logs are cut to length and are loaded on trucks for the trip to the plywood mill, where they are stacked in long piles known as log decks.

##### Preparing the logs

- As logs are needed, they are picked up from the log decks by rubber-tired loaders and placed on a chain conveyor that brings them to the debarking machine. This machine removes the bark, either with sharp-toothed grinding wheels or with jets of high-pressure water, while the log is slowly rotated about its long axis.
- The debarked logs are carried into the mill on a chain conveyor where a huge circular saw cuts them into sections about 8 ft-4 in (2.5 m) to 8 ft-6 in (2.6 m) long, suitable for making standard 8 ft (2.4 m) long sheets. These log sections are known as peeler blocks.

##### Making the veneer

- Before the veneer can be cut, the peeler blocks must be heated and soaked to soften the wood. The blocks may be steamed or immersed in hot water. This process takes 12-40 hours depending on the type of wood, the diameter of the block, and other factors.
- The heated peeler blocks are then transported to the peeler lathe, where they are automatically aligned and fed into the lathe one at a time. As the lathe rotates the block rapidly about its long axis, a full-length knife blade peels a continuous sheet of

veneer from the surface of the spinning block at a rate of 300-800 ft/min (90-240 m/min). When the diameter of the block is reduced to about 3-4 in (230-305 mm), the remaining piece of wood, known as the peeler core, is ejected from the lathe and a new peeler block is fed into place.

- The long sheet of veneer emerging from / the peeler lathe may be processed immediately, or it may be stored in long, multiple-level trays or wound onto rolls. In any case, the next process involves cutting the veneer into usable widths, usually about 4 ft-6 in (1.4 m), for making standard 4 ft (1.2 m) wide plywood sheets. At the same time, optical scanners look for sections with unacceptable defects, and these are clipped out, leaving less than standard width pieces of veneer.
- The sections of veneer are then sorted and stacked according to grade. This may be done manually, or it may be done automatically using optical scanners.
- The sorted sections are fed into a dryer to reduce their moisture content and allow them to shrink before they are glued together. Most plywood mills use a mechanical dryer in which the pieces move continuously through a heated chamber. In some dryers, jets of high-velocity, heated air are blown across the surface of the pieces to speed the drying process.
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### Forming the plywood sheets

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#### 4.1.2 Steel Profiles

Various methods are used to produce steel profiles:

- Hot rolling
- Hot extrusion
- Cold drawing
- Laser Welding.

##### Hot Rolled Steel Shapes

During the production of special steel profiles by hot rolling the input billet or slab is formed into lengths up to 70 m using two oppositely rotating cylindrical rolls. The hot rolled steel shapes of this forming technique are used in a multitude of industrial applications. Hot rolled special profiles offer innovative solutions whether it be for automotive, materials handling, railroad or thicker flange and web thickness structural steel shapes use. Finished hot rolled steel shapes are roller straightened and sheared into production lengths or sawn into fixed lengths according to customer wishes.

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- Best mechanical properties through uninterrupted grain orientation
- Best shape properties and fitting accuracy by maintenance of the tightest tolerances

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- The possibility to use in highly sensitive areas, where the special profiles must withstand specific demands of temperature, pressure, aggressive media or hygienic requirements

## Laser welding - Laser Welded Special Profiles

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Hoesch Schwerter Profile hydraulically clamps the individual parts which can be up to seven meters long, and subsequently welds them together with a 12 KW CO2 laser. Of particular significance is the low thermal stressing of the work piece. This enables low-distortion or distortion-free production.

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- Precision Fit
- Free-form shapes
- Optimum weight
- Free from further processing

## Cold Rolling - Cold Forming - Roll Forming

- Cold Rolling
- Cold Rolled
- Cold Formed
- Cold Forming
- Roll Forming

Roll forming can be described as a continuous bending operation done at room temperature in which sheet or strip metal is plastically deformed along a linear axis. Tandem sets of rolls (known as roll stations) shape the metal stock in a series of progressive stages until the desired cross-sectional configuration is obtained by cold rolling.

## 4.2 QUALITY CONTROL

The company will facilitate quality control by ensuring that its products are inspected for the highest quality before delivery. Similarly, sourcing of materials will be done with great care to ensure that the best materials are used in the manufacturing processes for its products.

### 4.3 ENVIRONMENT PROTECTION

Our aim is to make this project environment friendly. The company will strive to observe stringent environment protection in its production process. It will seek environmental friendly technologies. All by products will be properly handled so as not to pollute the environment. The factory surroundings will be kept clean and trees are to be planted as part of environment conservation efforts.

## 5 MACHINERY EQUIPMENT AND CIVIL WORKS

### 5.1 MACHINERY

The requisite plant, machinery and equipment for production of plywood and steel structure will be imported from China and other countries possessing the relevant technology. Already the company is negotiating with suppliers for such machinery.

### 5.2 PLANT LOCATION AND CIVIL WORKS

#### 5.2.1 Site and Location

As mentioned earlier, the project location will be in an industrial within Tanzania. This is the location of company operations and it has an area which is large enough to contain all the manufacturing operations, materials storage, and stockyard and office space

#### 5.2.2 Production Building Required

The buildings required include residential houses, garage house, staff houses and public toilet. A warehouse will also be needed for storage of raw materials and some finished building materials and for onward delivery to the customers.

#### 5.2.3 Office Building

An office block to accommodate the clerical staff will have to be constructed within the premises.

## 5.3 UTILITY SERVICES

### 5.3.1 Water

A three-inch diameter pipeline to the location from the main pipeline is available. The plant water requirement is basically for making of building and paving blocks and for other factory uses. About 2,000 liters of water will be required per day. Therefore, a water reservoir with capacity of around 5,000 liters is planned for construction.

### 5.3.2 Electricity

The Tanzania Electric Supply Company Ltd. (TANESCO) has no problem in providing electricity to us to facilitate smooth production of various types of building materials.

## 6 RAW MATERIALS AND OTHER PRODUCTION INPUTS: REQUIREMENTS AND AVAILABILITY

### 6.1 BASIC MATERIALS

The basic Raw Materials used in the manufacture of plywood and steel structures include hardwoods, softwoods, or a combination of the two, adhesive, plastic, metal, or resin-impregnated paper or fabric, various chemicals, and steel.

### 6.2 UTILITIES

#### 6.2.1 Power

As said earlier in this report, the source of energy for the proposed project will be electric power. Power is consumed in quite large quantities and is among the higher cost elements. A standby power generator has also been budgeted for to avoid inconveniences caused by frequent power cuts by TANESCO.

## 7 MANPOWER AND ORGANIZATION

The proposed project will have three independent departments, namely:

- Production and Technical Services
- Sales and Marketing
- Administration and Finance

### 7.1 ORGANIZATION

The Board of Directors shall manage the project at policy level. The top most person in the day to day running of the project will be the Managing Director who will be the project manager. Under the Managing Director's office will be the three departments mentioned above. Each department will comprise a number of sections each headed by a section head as follows.

#### PRODUCTION AND TECHNICAL SERVICES DEPARTMENT

- Plywood section
- Steel Profiles section
- Raw Materials Stores
- Quality Control section
- Research and Development section
- Repair / Maintenance section

#### SALES AND MARKETING

- Marketing Section
- Sales and Distribution Section
- Finished Goods Stores
- Procurement and Logistics Section

#### ADMINISTRATION AND FINANCE DEPARTMENT:

- Procurement
- Accounts
- Personnel and Administration
- Security

Each section will be manned by a number of personnel with varying education levels and work experiences.

The management team will comprise the Managing Director, Production Manager, Finance & Administrative Manager and the Marketing Manager.

## 7.2 RESPONSIBILITIES

Responsibilities will be as follows:

### 7.2.1 Production and Technical Services Department

This will be responsible for production planning and overseeing that daily production activities are carried. It will further be responsible for repair and maintenance of company assets and research and development activities.

Technical Staff in each of the other sections will likewise assist the Production Manager execute his duties. We recommend that expatriates be employed to man these positions at least for the initial 2 - 3 years.

### 7.2.2 Finance and Administration Department

A qualified accountant with experience in administrative issues will head the department. He will be responsible for the administration of the company as well as overseeing the financial aspects of the company. The administration and finance department will comprise three sections, namely:

- The administrative section which will be responsible for the general administrative matters of the company as well as personnel issues.
- The finance section, which will be responsible for financial issues. It will also be responsible for the proper maintenance of books of accounts and financial planning.
- The purchasing section which will be responsible for the purchase of raw materials, spare parts and equipment. This section will also be responsible for the receipt, storage and issue of purchased materials.

### 7.2.3 Sales and Marketing Department.

This Department will be headed by the Sales and Marketing Manager who will be responsible for the development of a sustainable sales and distribution network throughout the country. This will involve developing and maintaining a fleet of distribution vehicles and recruitment and training of qualified and well motivated marketing and sales personnel.

## 7.3 MANPOWER REQUIREMENT

The permanent manpower requirement for running the proposed plant is 34, with the breakdown mentioned in attached schedule 5.

## 7.4 SOURCE OF MANPOWER AND WAGE BILL

Manpower for proposed project will be employed from local sources, except for a few expatriates who would basically be engaged in the training of local staff. The workers will be given on-the-job training to familiarize them with the proposed machinery and equipment. The total wage bill per annum will be US\$ 158,400 as shown in schedule 5

## 8. INVESTMENT AND FINANCING

### 8.1 ASSUMPTIONS

The financial projections to determine the viability of the project are based on the following key assumptions:

- The production of various building materials will start from second half of the year 2009.
- The whole project output will be sold locally during initial years of project implementation.
- Financial calculations are based on current market prices and costs are assumed constant throughout the operating period under review on the assumption that if operation costs change, selling prices will change proportionally to preserve the profit margins.
- The project has adopted the currency exchange rate of United States Dollar 1 = Tanzania Shilling 1,300.00.

### 8.2 SUMMARY OF CAPITAL COSTS

On completion of project implementation, the total investment will reach to US\$ 2,000,000 as per attached schedule 3.

### 8.3 BUILDING AND CIVIL WORKS COSTS

The main civil works required for the building for the plants to be installed and operated will be construction of factory, construction of warehouse, construction of residential houses for staff, electrification and water supply, installation of overhead tank, etc. This aspect is expected to cost US\$ 300,000.

#### 8.4 PLANT MACHINERY AND EQUIPMENT COSTS

The main machines for the envisaged project have been explained earlier. The total investment on machinery and equipment is based on a quotation received from suppliers for main production machinery and amount of to US\$ 1,000,000 approximately.

#### 8.5 FURNITURE AND FITTINGS

The have been estimated at US\$ 50,000. The items to be purchased will comprise office furniture, computers, & other equipments for the office and factory use.

#### 8.6 MOTOR VEHICLES

For company work, we intend to procure the following vehicles at cost of US\$ 200,000

#### 8.7 PRE-PRODUCTION CAPITAL EXPENDITURES

These include project development cost for feasibility study and start-up expenses, transportation of machinery, installation, and other overheads during installation. A budget of US\$ 50,000 is considered adequate for this item

#### 8.8 INITIAL WORKING CAPITAL

Initial net working capital requirement at maximum for the proposed project works out at about US\$ 250,000. This is mainly for the procurement of initial stocks of raw materials Rest of the requirement of the working capital will be raised from commercial banks as and when the need arises. This will fluctuate as per stocks in hand.

#### 8.9 FINANCING PATTERN

The financing of the project will be from 100% shareholder's equity. It is anticipated that the financing of the project will take the following form.

| EQUITY (FOREIGN) US \$ | LOAN |
|------------------------|------|
| 2,000,000              | 0    |

## 9 COST OF OPERATIONS

The anticipated costs for operating the project are detailed in the following sections and summarized in attached schedule 2.

### 9.1 OFFICE RENT & OPERATION

This includes cost for Water and Energy for various manufacturing units for building materials. The costs are expected to increase from US\$ 22,525 in the first year of operation to US\$ 27,379 in the fifth year.

### 9.2 ADMINISTRATIVE OVERHEADS

This cost item has been estimated to cost US\$ 18,560 in the first year of operation. This is anticipated to increase to US\$ 22,560 during the fifth year of operation.

### 9.3 VEHICLE RUNNING EXPENSES

Vehicle running expenses include fuel, lubricants, road licenses, insurance, etc. This is expected to increase from US\$ 20,000 in first year of operation to US\$ 24,310 in the fifth year of operation.

### 9.4 SALARIES AND WAGES

The number of employees, along with their incomes, is shown in attached schedule 5. The total annual wage package is estimated at US\$ 158,400 in first year of operation. The figure is calculated to grow to US\$ 192,536 when the project reaches its fifth year of operation.

### 9.5 DEPRECIATION

The depreciation cost element has been estimated to stand at US\$ 31,000 per annum during 5 years of project implementation.

### 9.6 INSURANCE COSTS

The project is expected to insure various assets to be owned such as vehicles and buildings. The costs are expected to increase from US\$ 31,000 in the first year of operation to US\$ 37,681 in the fifth year.

## 10 FINANCIAL ANALYSIS

### 10.1 INCOME AND EXPENDITURE

#### 10.1.1 Income

The proposed project expects to earn its income through the sale of various building materials. At sustainable level of production, the total sales are expected to increase from US\$ 640,000 in the first year of production to US\$ 894,432 in the fifth year of operation.

#### 10.1.2 Expenditure

All project costs have been discussed in Chapter 9 above and are summarized in attached schedule 2.

### 10.2 NET INCOME STATEMENT

The project generates profit from the first year of operation and can easily meet both its long term and short-term obligations in less than five years.

### 10.3 CASH FLOW HIGHLIGHTS

The project's cash flow is impressive as the project has positive end of the year cash flow from first to fifth year of operation.

## 11. ECONOMIC BENEFITS OF THE PROJECT

### 11.1 EMPLOYMENT

The expansionary project will provide additional permanent direct employment to 34 individuals mostly local Tanzanians.

### 11.2 TAXES

The government will earn revenue from taxes.

### 11.3 FOREIGN CURRENCY EARNINGS

The project will bring in the country foreign currency when the company starts exporting some of the plywood and steel profiles to neighbouring countries at later stages of project implementation.

## 11.4 PRODUCTION OF HIGH QUALITY BUILDING MATERIALS

People will be able to buy high quality building materials as the company will employ state of the art technology in manufacturing the products.

## 12. CONCLUSION AND RECOMMENDATIONS

### 12.1 CONCLUSION

In all aspects, the project is feasible, sustainable and beneficial not only to the investors but also to the ultimate consumers and the economy as a whole. M/S Beijing New Building Materials (T) Company Limited is expected to produce useful building materials initially for domestic market and later for export market.

### 12.2 RECOMMENDATIONS

Provided all other economic factors remain substantially the same, it is strongly recommended that the project be implemented with immediate effect. It is further recommended that an application for TIC Certificate of Investment Incentives be submitted to Tanzania Investment Centre with a view to benefit from investment benefits and protection as statutorily allowed under Tanzania Investment Act, 1997.

| <b>BEIJING NEW BUILDING MATERIALS(TANZANIA) COMPANY LIMITED</b> |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>PROJECTED INCOME &amp; EXPENDITURE STATEMENT</b>             |                     |                     |                     |                     |                     |
|   | <b>YR 1<br/>USD</b> | <b>YR 2<br/>USD</b> | <b>YR 3<br/>USD</b> | <b>YR 4<br/>USD</b> | <b>YR 5<br/>USD</b> |
| Sales Revenue   | 640,000             | 672,000             | 739,200             | 813,120             | 894,432             |
| Cost of Sales   | 256,000             | 268,800             | 295,680             | 325,248             | 357,773             |
| <b>Gross Profit</b>   | <b>384,000</b>      | <b>403,200</b>      | <b>443,520</b>      | <b>487,872</b>      | <b>536,659</b>      |
| <b>Operating Expenses:</b>                                      |                     |                     |                     |                     |                     |
| Administrative Overhead Costs                                   | 18,560              | 19,488              | 20,462              | 21,486              | 22,560              |
| Motor Vehicle running expenses                                  | 20,000              | 21,000              | 22,050              | 23,153              | 24,310              |
| Salaries and wages  | 158,400             | 166,320             | 174,636             | 183,368             | 192,536             |
| Pension Contribution  | 15,840              | 16,632              | 17,464              | 18,337              | 19,254              |
| Depreciation  | 31,000              | 31,000              | 31,000              | 31,000              | 31,000              |
| Marketing Costs   | 12,800              | 13,440              | 14,112              | 14,818              | 15,558              |
| Utility costs   | 14,720              | 15,456              | 16,229              | 17,040              | 17,892              |
| Insurance   | 31,000              | 32,550              | 34,178              | 35,886              | 37,681              |
| Communication   | 18,000              | 18,900              | 19,845              | 20,837              | 22,879              |
| <b>Total Expenses</b>   | <b>320,320</b>      | <b>334,786</b>      | <b>349,975</b>      | <b>365,924</b>      | <b>383,670</b>      |
| <b>Profit before Tax</b>  | <b>63,680</b>       | <b>68,414</b>       | <b>93,545</b>       | <b>121,948</b>      | <b>152,989</b>      |
| Tax (30%)   | 19,104              | 20,524              | 28,063              | 36,584              | 45,897              |
| <b>Profit After Tax</b>   | <b>44,576</b>       | <b>47,890</b>       | <b>65,481</b>       | <b>85,364</b>       | <b>107,092</b>      |

| <b>BEIJING NEW BUILDING MATERIALS(TANZANIA) COMPANY LIMITED</b> |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>PROJECTED BALANCE SHEET</b>                                  |                     |                     |                     |                     |                     |
|   | <b>YR 1<br/>USD</b> | <b>YR 2<br/>USD</b> | <b>YR 3<br/>USD</b> | <b>YR 4<br/>USD</b> | <b>YR 5<br/>USD</b> |
| <b><u>Fixed Assets</u></b>                                      |                     |                     |                     |                     |                     |
| Long-term Assets  | 1,550,000           | 1,519,000           | 1,488,000           | 1,457,000           | 1,426,000           |
| Depreciation  | 31,000              | 31,000              | 31,000              | 31,000              | 31,000              |
| Total Long-term Assets  | <b>1,519,000</b>    | <b>1,488,000</b>    | <b>1,457,000</b>    | <b>1,426,000</b>    | <b>1,395,000</b>    |
| <b><u>Current Assets</u></b>                                    |                     |                     |                     |                     |                     |
| Cash  | 255,280             | 313,324             | 393,086             | 497,534             | 539,329             |
| Accounts Receivable   | 295,896             | 318,022             | 337,429             | 352,301             | 451,851             |
| Total Current Assets  | <b>551,176</b>      | <b>631,346</b>      | <b>730,515</b>      | <b>849,835</b>      | <b>991,180</b>      |
| Total Assets  | <b>2,070,176</b>    | <b>2,119,346</b>    | <b>2,187,515</b>    | <b>2,275,835</b>    | <b>2,386,180</b>    |
| <b><u>Current Liabilities</u></b>                               |                     |                     |                     |                     |                     |
| Accounts Payable  | 15,360              | 16,128              | 17,741              | 19,515              | 21,466              |
| Other Current Liabilities                                       | 10,240              | 10,752              | 11,827              | 13,010              | 14,311              |
| Subtotal Current Liabilities                                    | <b>25,600</b>       | <b>26,880</b>       | <b>29,568</b>       | <b>32,525</b>       | <b>35,777</b>       |
| <b><u>Long-term Liabilities</u></b>                             |                     |                     |                     |                     |                     |
| Long-term Liabilities   | -                   | -                   | -                   | -                   | -                   |
| Total Liabilities   | <b>25,600</b>       | <b>26,880</b>       | <b>29,568</b>       | <b>32,525</b>       | <b>35,777</b>       |
| <b>Net Assets</b>   | <b>2,044,576</b>    | <b>2,092,466</b>    | <b>2,157,947</b>    | <b>2,243,310</b>    | <b>2,350,403</b>    |
| <b><u>Capital and Reserves</u></b>                              |                     |                     |                     |                     |                     |
| Owners Contribution   | 2,000,000           | 2,000,000           | 2,000,000           | 2,000,000           | 2,000,000           |
| Retained Earnings   | 44,576              | 92,466              | 157,947             | 243,311             | 350,403             |
| Total Capital   | <b>2,044,576</b>    | <b>2,092,466</b>    | <b>2,157,947</b>    | <b>2,243,311</b>    | <b>2,350,403</b>    |

| <b>BEIJING NEW BUILDING MATERIALS(TANZANIA)<br/>COMPANY LIMITED</b> |                        |                     |                     |                     |                     |
|---|------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>PROJECTED CASHFLOW</b>   |                        |                     |                     |                     |                     |
|   | <b>YR 1<br/>USD</b>    | <b>YR 2<br/>USD</b> | <b>YR 3<br/>USD</b> | <b>YR 4<br/>USD</b> | <b>YR 5<br/>USD</b> |
| <b>CASHFLOW FROM OPERATIONS</b>                                     |                        |                     |                     |                     |                     |
| Cash Sales  | 512,000                | 537,600             | 591,360             | 650,496             | 626,102             |
| VAT Receipt   | 76,800                 | 80,640              | 88,704              | 97,574              | 107,332             |
| <b>Subtotal Cash Received</b>                                       | <b>588,800</b>         | <b>618,240</b>      | <b>680,064</b>      | <b>748,070</b>      | <b>733,434</b>      |
| <b>Expenditures from Operations:</b>                                |                        |                     |                     |                     |                     |
| Purchases   | 179,200                | 188,160             | 206,976             | 227,674             | 250,441             |
| Additional Cash Spent   | 289,320                | 303,786             | 318,975             | 334,924             | 352,670             |
| VAT payments  | 65,000                 | 68,250              | 74,351              | 81,025              | 88,529              |
| <b>Subtotal Cash Payment</b>  | <b>533,520</b>         | <b>560,196</b>      | <b>600,302</b>      | <b>643,622</b>      | <b>691,640</b>      |
| <b>CASH FROM OPERATIONS</b>   | <b>55,280</b>          | <b>58,044</b>       | <b>79,762</b>       | <b>104,448</b>      | <b>41,794</b>       |
| <b>CASH FLOW FROM INVESTMENTS:</b>                                  |                        |                     |                     |                     |                     |
| Purchase of Assets  | -<br>1,550,000         |                     |                     |                     |                     |
| Working capital requirement   |                        | -<br>250,000        |                     |                     |                     |
| <b>CASH FLOW FROM INVESTMENTS:</b>                                  | <b>-<br/>1,800,000</b> | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>            |
| <b>CASH FLOW FROM FINANCING:</b>                                    |                        |                     |                     |                     |                     |
| Owners Equity Contribution  | 2,000,000              |                     |                     |                     |                     |
| <b>CASH FLOW FROM FINANCING</b>                                     | <b>2,000,000</b>       | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>            |
| <b>NET CASHFLOW FOR PERIOD</b>                                      | <b>255,280</b>         | <b>58,044</b>       | <b>79,762</b>       | <b>104,448</b>      | <b>41,794</b>       |

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| <b>CASHFLOW AT<br/>START OF YEAR</b> -      | 255,280        | 313,324        | 393,086        | 497,534        |
| <b>CASHFLOW AT<br/>THE END YEAR</b> 255,280 | <b>313,324</b> | <b>393,086</b> | <b>497,534</b> | <b>539,329</b> |

| <b>BEIJING NEW BUILDING MATERIALS(TANZANIA) COMPANY LIMITED</b> |                 |                 |                 |                 |                 |  |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| <b>SCHEDULES AND TABLES</b>                                     |                 |                 |                 |                 |                 |  |
| <b>SCHEDULE 1</b>   |                 |                 |                 |                 |                 |  |
| <b>REVENUE PROJECTION</b>                                       |                 |                 |                 |                 |                 |  |
|   |                 | <b>YEARS</b>    |                 |                 |                 |  |
| <b>PRODUCTS</b>   | <b>YR 1 USD</b> | <b>YR 2 USD</b> | <b>YR 3 USD</b> | <b>YR 4 USD</b> | <b>YR 5 USD</b> |  |
| REVENUE   | 640,000         | 672,000         | 739,200         | 813,120         | 894,432         |  |
|   | <b>640,000</b>  | <b>672,000</b>  | <b>739,200</b>  | <b>813,120</b>  | <b>894,432</b>  |  |

| <b>SCHEDULE 2</b>              |                 |                 |                 |                 |                 |  |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| <b>OTHER OPERATING COSTS</b>   |                 |                 |                 |                 |                 |  |
|                                |                 | <b>8</b>        |                 |                 |                 |  |
| <b>OTHER OPERATING COST</b>    | <b>YR 1 USD</b> | <b>YR 2 USD</b> | <b>YR 3 USD</b> | <b>YR 4 USD</b> | <b>YR 5 USD</b> |  |
| Motor vehicle running expenses | 20,000          | 21,000          | 22,050          | 23,153          | 24,310          |  |
| Salaries and wages             | 158,400         | 166,320         | 174,636         | 183,368         | 192,536         |  |
| Pension Contribution           | 15,840          | 16,632          | 17,464          | 18,337          | 19,254          |  |
| Depreciation                   | 31,000          | 31,000          | 31,000          | 31,000          | 31,000          |  |
| Administrative Expenses        | 18,560          | 19,488          | 20,462          | 21,486          | 22,560          |  |
| Marketing Costs                | 12,800          | 13,440          | 14,112          | 14,818          | 15,558          |  |
| Utility costs                  | 14,720          | 15,456          | 16,229          | 17,040          | 17,892          |  |
| Insurance                      | 31,000          | 32,550          | 34,178          | 35,886          | 37,681          |  |
| Communication                  | 18,000          | 18,900          | 19,845          | 20,837          | 21,879          |  |
| <b>Total costs</b>             | <b>320,320</b>  | <b>334,786</b>  | <b>349,975</b>  | <b>365,924</b>  | <b>382,670</b>  |  |

**SCHEDULE 3**

| <b>COST STRUCTURE</b> |                   |
|-----------------------|-------------------|
| <b>PARTICULAR</b>     | <b>AMOUNT USD</b> |
| Land and Buildings    | 300,000           |
| Plant & Machinery     | 1,000,000         |
| Motor Vehicles        | 200,000           |
| Furniture & Fixtures  | 50,000            |
| Pre exp               | 50,000            |
| Others                | 150,000           |
| Working Capital       | 250,000           |
| <b>TOTAL</b>          | <b>2,000,000</b>  |

**SCHEDULE 4**

| <b>FIXED ASSETS SCHEDULE</b> |                  |                  |                  |                  |                  |
|------------------------------|------------------|------------------|------------------|------------------|------------------|
| <b>NAME OF ASSETS</b>        | <b>YR 1 USD</b>  | <b>YR 2 USD</b>  | <b>YR 3 USD</b>  | <b>YR 4 USD</b>  | <b>YR 5 USD</b>  |
| Land and Buildings           | 300,000          | 294,000          | 288,000          | 282,000          | 276,000          |
| Plant & Machinery            | 1,000,000        | 980,000          | 960,000          | 940,000          | 920,000          |
| Motor Vehicles               | 200,000          | 196,000          | 192,000          | 188,000          | 184,000          |
| Furniture & Fixtures         | 50,000           | 49,000           | 48,000           | 47,000           | 46,000           |
| <b>TOTAL</b>                 | <b>1,550,000</b> | <b>1,519,000</b> | <b>1,488,000</b> | <b>1,457,000</b> | <b>1,426,000</b> |
| <b>DEPRECIATION</b>          | <b>YR 1 USD</b>  | <b>YR 2 USD</b>  | <b>YR 3 USD</b>  | <b>YR 4 USD</b>  | <b>YR 5 USD</b>  |
| Land and Buildings           | 6,000            | 6,000            | 6,000            | 6,000            | 6,000            |
| Plant & Machinery            | 20,000           | 20,000           | 20,000           | 20,000           | 20,000           |
| Motor Vehicles               | 4,000            | 4,000            | 4,000            | 4,000            | 4,000            |
| Furniture &                  |                  |                  |                  |                  |                  |

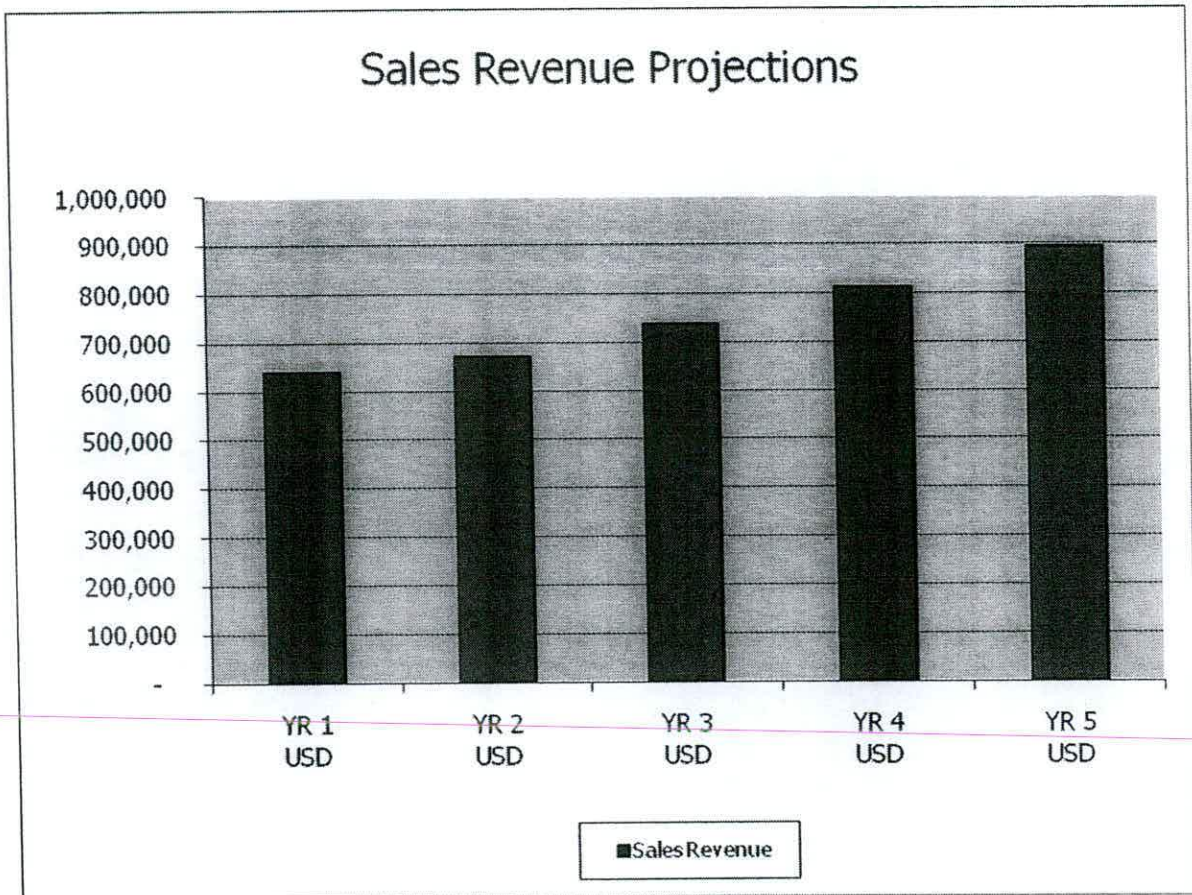
|  |                             |                  |                  |                  |                  |                  |
|--|-----------------------------|------------------|------------------|------------------|------------------|------------------|
|  | Fixtures                    | 1,000            | 1,000            | 1,000            | 1,000            | 1,000            |
|  | <b>ANNUAL DEPRECIATION</b>  | <b>31,000</b>    | <b>31,000</b>    | <b>31,000</b>    | <b>31,000</b>    | <b>31,000</b>    |
|  | <b>CLOSING FIXED ASSETS</b> | <b>1,519,000</b> | <b>1,488,000</b> | <b>1,457,000</b> | <b>1,426,000</b> | <b>1,395,000</b> |

**SCHEDULE 5**

| <b>SALARIES &amp; WAGES</b> |                                  |            |                         |                                |                            |
|-----------------------------|----------------------------------|------------|-------------------------|--------------------------------|----------------------------|
| <b>NO</b>                   | <b>EMPLOYEE DESIGNATION</b>      | <b>NO.</b> | <b>SALARY PER MONTH</b> | <b>SUBTOTAL MONTHLY SALARY</b> | <b>ANNUAL GROSS SALARY</b> |
| 1                           | General Manager                  | 1          | 1000                    | 1000                           | 12,000                     |
| 2                           | Production Manager               | 1          | 800                     | 800                            | 9,600                      |
| 3                           | Marketing Manager                | 1          | 800                     | 800                            | 9,600                      |
| 4                           | Finance & Administration Manager | 1          | 800                     | 800                            | 9,600                      |
| 5                           | Production Supervisor            | 2          | 600                     | 1200                           | 14,400                     |
| 6                           | Sales Executives                 | 2          | 500                     | 1000                           | 12,000                     |
| 7                           | Procurement Officer              | 2          | 500                     | 1000                           | 12,000                     |
| 8                           | Assistant Accountants            | 2          | 500                     | 1000                           | 12,000                     |
| 9                           | Machine Operators & Technicians  | 10         | 300                     | 3000                           | 36,000                     |
| 9                           | Secretary                        | 2          | 300                     | 600                            | 7,200                      |
| 10                          | Drivers                          | 4          | 300                     | 1200                           | 14,400                     |
| 11                          | Security Guards                  | 4          | 150                     | 600                            | 7,200                      |
| 10                          | Office Attendants                | 2          | 100                     | 200                            | 2,400                      |
|                             | <b>TOTAL USD \$</b>              | <b>34</b>  | <b>6,650</b>            | <b>13,200</b>                  | <b>158,400</b>             |

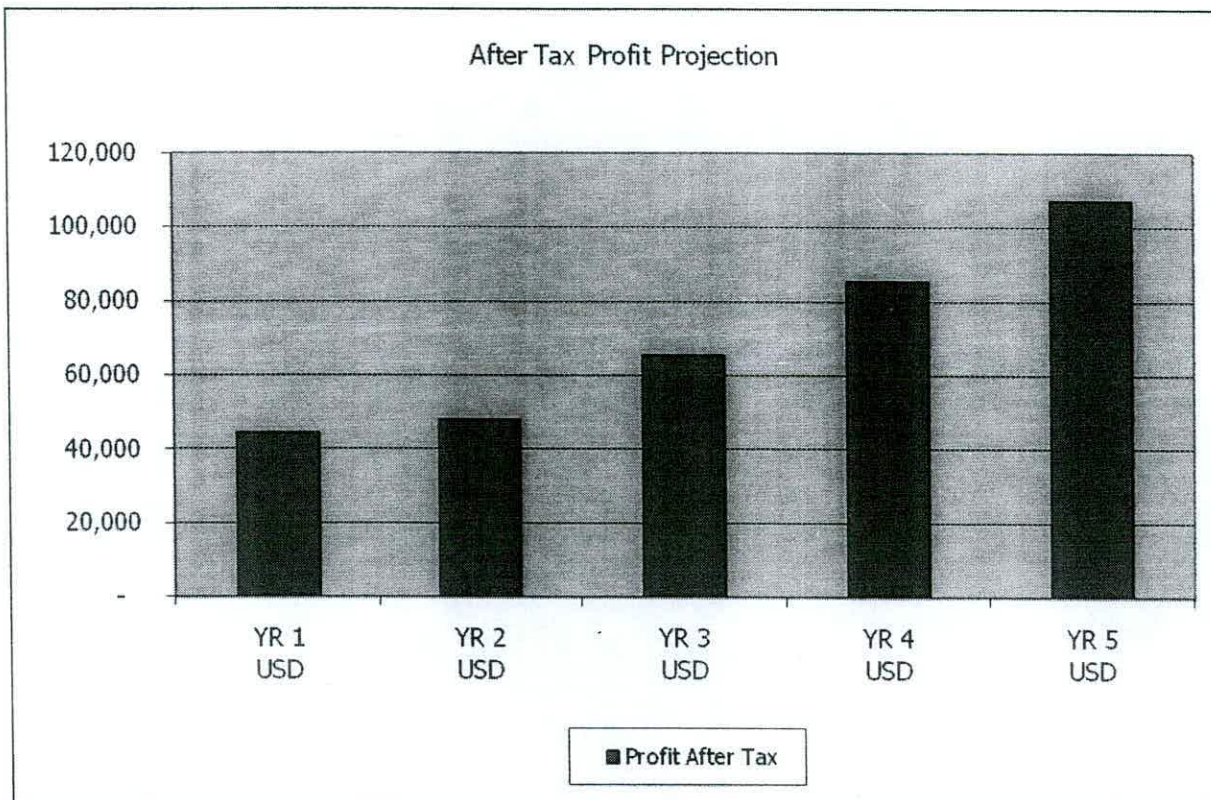
### REVENUE PROJECTION

|               | YR 1<br>USD | YR 2<br>USD | YR 3<br>USD | YR 4<br>USD | YR 5<br>USD |
|---------------|-------------|-------------|-------------|-------------|-------------|
| Sales Revenue | 640,000     | 672,000     | 739,200     | 813,120     | 894,432     |



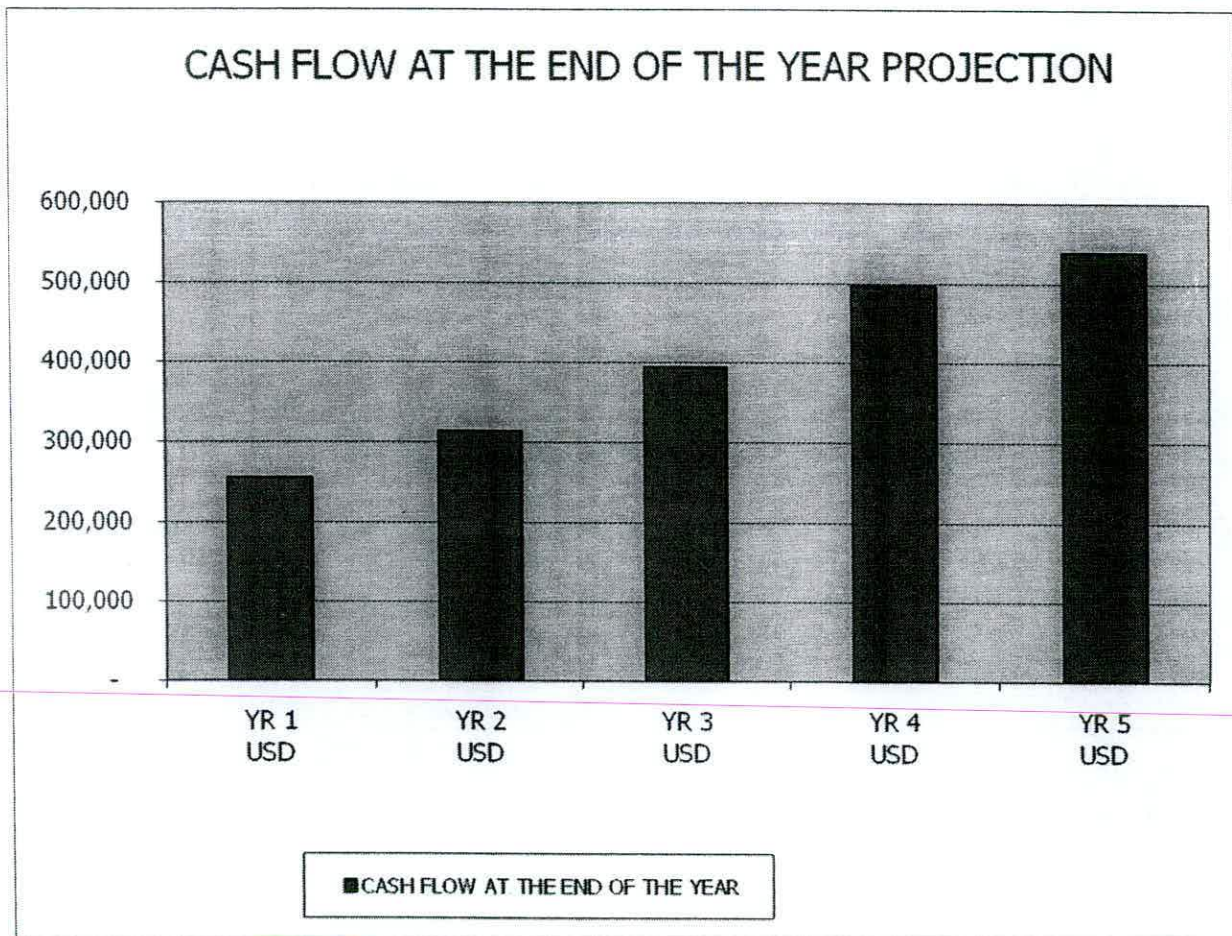
### PROFIT PROJECTION

|                         | YR 1<br>USD | YR 2<br>USD | YR 3<br>USD | YR 4<br>USD | YR 5<br>USD |
|-------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Profit After Tax</b> | 44,576      | 47,890      | 65,481      | 85,364      | 107,092     |



### CASH FLOW PROJECTION

|   | YR 1<br>USD | YR 2<br>USD | YR 3<br>USD | YR 4<br>USD | YR 5<br>USD |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>CASH FLOW AT THE END OF THE YEAR</b> | 255,280     | 313,324     | 393,086     | 497,534     | 539,329     |



**BELJING NEW BUILDING MATERIALS(T) COMPANY LIMITED**

**ESTABLISHMENT OF FACILITIES FOR MANUFACTURE  
OF  
BUILDING MATERIALS**

**A BUSINESS PLAN**

Prepared by:  
Beijing New Building Materials (T) Co. Ltd.  
Dqr es salaam.

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## 1. INTRODUCTION

### FOREWORD

This Project Feasibility Study Report sets out proposals by M/s Beijing New Building Materials (T) Company Limited to establish manufacturing facilities for building materials including plywood and steel profiles. The project also involves development of a modern and well equipped distribution network. Beijing New Building Materials (T) Company Limited was incorporated on 23<sup>rd</sup> October 2008 under Certificate of Incorporation No: 68094.

### OBJECTIVE OF STUDY

The purpose of this Feasibility Study is to work out the technical and commercial details and the financial viability for the establishment of manufacturing facilities for plywood and steel profiles.

### PROJECT PROMOTERS

The following sponsors are promoting the proposed building materials manufacturing project. Directors (shareholders) are namely:

| NO | NAME AND ADDRESS  | SHARES | % SHAREHOLDING |
|----|---|--------|----------------|
| 1  | Beijing New Building Materials<br>(China) Company Limited | 99     | 99%            |
| 2  | BNBM Trading Company                                      | 1      | 1%             |

### STUDY LAYOUT

This study is presented in one document comprising the following major chapters.

|                |                                  |
|----------------|----------------------------------|
| Chapter One    | -Introduction                    |
| Chapter Two    | -Executive Summary               |
| Chapter Three  | -Market Analysis                 |
| Chapter Four   | -Production Technology           |
| Chapter Five   | -Machinery and Equipment         |
| Chapter Six    | -Production Inputs               |
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| Chapter Twelve | -Conclusion and Recommendations  |

## 2. EXECUTIVE SUMMARY

### 2.1 INTRODUCTION

The Study examines the possibility of establishing manufacturing facilities for building materials for both industrial and domestic usage. The targeted Building Materials are plywood and steel profiles. A techno-economic evaluation has been carried out to determine the feasibility of project.

#### 2.1.2 Background

Plywood is a type of engineered board made from thin sheets of wood, called plies or wood veneers. The layers are glued together, each with its grain at right angles to adjacent layers for greater strength. There are usually an odd number of plies, as the symmetry makes the board less prone to warping, and the grain on the outside surfaces runs in the same direction. The plies are bonded under heat and pressure with strong adhesives, usually phenol formaldehyde resin, making plywood a type of composite material. Plywood is sometimes called the original engineered wood.

The adhesives used in plywood has become a point of concern, due to the off gassing of the formaldehyde. Both urea formaldehyde and phenol formaldehyde are carcinogenic, so their use undesirable. Many manufacturers are turning to "Greener Products" as government regulations become stronger against the use of these adhesives.

A common reason for using plywood instead of plain wood is its resistance to cracking, shrinkage, twisting/warping, and its general high degree of strength. It has replaced many dimensional lumbers on construction applications for these reasons.

#### Types of plywood

A vast number of varieties of plywood exist for different applications. Softwood plywood is usually made either of Douglas fir or spruce, pine, and fir, and is typically used for construction and industrial purposes. Decorative plywood is usually faced with hardwood, including red oak, birch, maple, lauan (Philippine mahogany) and a large number of other hardwoods.

Plywood for indoor use generally uses the less expensive urea-formaldehyde glue which has limited water resistance, while outdoor and marine grade plywood are designed to withstand rot, and use a water resistant phenol-formaldehyde glue to prevent delamination and to retain strength in high humidity.

The most common varieties of softwood plywood come in three, five or seven plies with a metric dimension of 1.2 m × 2.4 m or the slightly larger imperial dimension of 4 feet × 8 feet.

Plyes vary in thickness from 1/10" through 1/6" depending on the panel thickness. Roofing can use the thinner 5/8-inch plywood. Subfloors are at least 3/4-inch depending on the distance between floor joists. Plywood for flooring applications is often tongue and grooved. The mating edge will have a "groove" notched into it to fit with the adjacent "tongue" that protrudes from the next board. This keeps the boards from slipping past each other providing a solid feeling floor when the joints do not lie over joists. Tongue & groove flooring plywood is typically 1" in thickness.

High-strength plywood, known as aircraft plywood, is made from mahogany and/or birch, and uses adhesives with increased resistance to heat and humidity. It was used for several World War II fighter aircraft, including the British-built Mosquito bomber which was nicknamed the wooden wonder.

Certain plywoods do not have alternating plies. These are designed for a specific purpose. One such plywood is known as "Bendy Board". This is very flexible and is designed for making curved parts. However these may not be termed as plywood in some countries because the basic description of plywood is layers of veneered wood laid on top of each other with the grain perpendicular on each layer.

Other types of plywoods are fire retardant, moisture resistant, marine grade, sign grade, pressure treated, and of course the hardwood and softwood plywoods. Each of these products is designed to fill a need in industry.

In addition to the glues being brought to the forefront, the wood resources themselves are becoming the focus of manufacturers, due in part to energy conservation, as well as concern for our natural resources. There are several certifications available to manufacturers who participate in these programs. FSC certified, Leeds Certified, FSI certified, and Green guard certified. Many of these programs offer tax benefits to both the manufacturer, as well as the end user

## Plywood production

Plywood production requires a good log, called a peeler, which is generally straighter and larger in diameter than one required for processing into dimensioned lumber by a sawmill. The log is peeled into sheets of veneer which are then cut to the desired dimensions, dried, patched, glued together and then baked in a press at 140 °C (280 °F) and 19 MPa (2800 psi) to form the plywood panel. The panel can then be patched, resized, sanded or otherwise refinished, depending on the market for which it is intended.

## History

Plywood has been made for thousands of years; the earliest known occurrence of plywood was in Ancient Egypt around 3500 BC when wooden articles were made from sawn veneers glued together crosswise. This was originally done due to a shortage of fine wood. Thin sheets of high quality wood were glued over a substrate of lower quality wood for cosmetic

effect, with incidental structural benefits. This manner of inventing plywood has occurred repeatedly throughout history. Most high quality English furniture makers working in the eighteenth and nineteenth centuries (and since) have used veneering as a technique. In addition to making the most out of the highest quality materials available, it reduces prices and improves stability of construction. The irregularities of grain which confer decorative interest often result in uncontrollable warping and cracking if any attempt is made to use the wood in thicknesses much greater than those characterizing cabinet-making veneers (typically 1-2mm).

Modern plywood, in which the veneer is cut on a rotary lathe from softwood logs, is of relatively recent origin, invented by Immanuel Nobel. The first such lathes were set up in the United States in the mid 19th century. Plywood has been one of the most ubiquitous building products for decades.

One of the earliest applications of mass-produced modern plywood manufacturing in the United States was recorded in Portland, Oregon by the Portland Manufacturing Company. The owner, Thomas J. Autzen helped develop a bonding technology, which greatly shortened the drying and manufacturing process. His early engineering contribution played an important role in making plywood one of the most abundant and affordable building products ever produced.

In India, waterproof plywood is also known as "kitply". Though Kitply is a brand, it has become a genericized trademark, since the company that makes it pioneered the use of waterproof plywood in India.

#### Plywood advantages

1. High uniform strength: Wood is 45 times stronger along the grain than across the grain. Crossing the adjacent sheets tends to equalize the strength in all directions.
2. Freedom from shrinking, swelling and warping: Solid wood exhibits considerable movement across the grain but generally negligible shrinkage or swelling in a longitudinal plane. The balanced construction of a plywood panel with the grain direction of adjacent veneers at right angles tends to equalise stress, thus reducing shrinkage, swelling and warping.
3. Non-splitting qualities: Solid wood splits fairly readily along the grain. Plywood by virtue of the crossed laminations can be nailed or screwed near the edges without damage from splitting.
4. Availability of relatively large sizes: Sawn timber can be obtained in fairly long lengths but only in relatively narrow widths. Plywood can be sold in sizes up to 6 ft \* 25 ft and by the scarf jointing of small sheets up to 6 ft \* 40 ft, however 8 ft\*4 ft is the most common size.
5. Economical and effective utilisation of figured wood: Twenty sheets of veneer can be sliced from 1 inch of solid wood. When glued to a core of cheaper material a high grade panel is produced. This procedure thus affects distinct economies in the use of figured or the more

valuable woods. In addition to facilitating the utilisation of attractive but fragile face veneers to give results which cannot be duplicated in solid construction. More effective utilisation is obtained by the matching of veneer in such a manner that the decorative effect due to the natural figure in the wood is enhanced by the regularity or symmetry of the design.

6. Ease of fabrication of curved surfaces: The trend of modern architectural design is to feature curved surfaces. The desired shapes can be readily fabricated in plywood construction, utilising male and female forms, or a single forming a vacuum press or autoclave

7. Reduction of waste: One of the important aspects in the manufacture of plywood is that it results in the conservation of timber by the elimination of the waste which occurs in sawing e.g. sawdust. Waste is confined to the small core which remains after peeling, from the veneer which is lost in rounding up the log, and the elimination of such defects as knots and splits.

8. Dense woods can be sliced and bonded into plywood panels for use in furniture construction whereas furniture fabricated from solid timber would be far too heavy.

#### US plywood grades

Plywood grades are determined by a veneer quality on the face and back of each panel. The first letter designates quality of face veneer (best side), while the second letter denotes the surface quality of the back of the panel. The letter "X" indicates the panel was manufactured with scrap wood as the center plies, not "exterior" as is commonly thought. The A-D rating is only good for construction (softwood) plywood, not for hardwood plywoods such as oak or maple.

"A": Highest grade quality available. Can be defect free or contain small knots, providing they are replaced with wooden plugs (the fillers having a "boat" or an "American football" shape) or repaired with synthetic patch. This grade may contain occasional surface splits that are repaired with synthetic filler. The surface is always sanded and provides for smooth paintable face quality.

"B": Second highest quality veneer grade. Normally a by-product of downgraded "A" quality veneer. Solid surface, but may contain small diameter knots and narrow surface splits. Normally repaired with wooden plugs or a synthetic filler. The surface is normally sanded smooth.

"C": Considered to be a lower end face quality, but a reasonable choice for general construction purposes. May contain tight knots up to 1½ inches diameter, some open knot holes, some face splits, and discoloration. Some manufactures may repair the defects with synthetic filler. Panels are typically not sanded.

"D": Considered to be the lowest quality veneer and often used for the back surface for construction grade panels. Allows for several knots, large and small, as well as open knots up to 2½ inches diameter. Open knots, splits, and discoloration are acceptable. "D" grade

veneers are neither repaired nor sanded. This grade is not recommended for permanent exposure to weather elements.

### Plywood applications

Plywood is used in many applications that need high-quality, high-strength sheet material. Quality in this context means resistance to cracking, breaking, shrinkage, twisting and warping. Plywood is also used as an engineering material for stressed-skin applications. It has been used for marine and aviation applications since WWII.

Steel Profiles are created as a result of careful consideration and understanding of customers needs, resulting in effective solutions to design or manufacturing problems.

### Why Steel Profiles?

- The use of special steel profiles eliminates the need to fabricate shapes by conventional operations, such as welding, subsequent straightening, milling, grinding, turning, etc.
- Special profiles are more practical than other solutions because they are designed for the job.
- Ability to produce special steel profiles in a wide variety of shapes and sizes can be especially valuable in situations where different structural parts are joined together.
- The economic and technical benefits of using special steel profiles are immediately evident in comparison with using conventional labor intensive production methods. The relevant experts in your company will be able to assess the technical and economic benefits of using special profiles.

### Making of steel profiles

Various methods are used:

- Hot rolling
- Hot extrusion
- Cold drawing
- Laser Welding

Different production processes enable the material to be formed in such a way that the resulting products meet design and budget requirements, as well as being aesthetically pleasing. The design of our plants will make it possible to produce even small quantities of special profiles economically. We shall produce special profiles in any form, quality or finish, to meet a customer's needs. We expect to supplement our range of manufacturing processes in order to provide an even greater selection of services

## 2.2 MARKET AND MARKETING ASPECTS

The market survey carried out reveals that the current demand for building materials is higher than the local production. There is wide gap between supply and demand and therefore, business opportunity exists for setting up additional manufacturing facilities to satisfy the market requirement. The project plans to acquire appropriate vehicles and recruit qualified personnel for distribution of the products.

## 2.3 PROCESS AND TECHNOLOGY

### 2.3.1 Plywood

Plywood is made of three or more thin layers of wood bonded together with an adhesive. Each layer of wood, or ply, is usually oriented with its grain running at right angles to the adjacent layer in order to reduce the shrinkage and improve the strength of the finished piece. Most plywood is pressed into large, flat sheets used in building construction. Other plywood pieces may be formed into simple or compound curves for use in furniture, boats, and aircraft.

The use of thin layers of wood as a means of construction dates to approximately 1500 B.C. when Egyptian craftsmen bonded thin pieces of dark ebony wood to the exterior of a cedar casket found in the tomb of King Tut-Ankh-Amon. This technique was later used by the Greeks and Romans to produce fine furniture and other decorative objects. In the 1600s, the art of decorating furniture with thin pieces of wood became known as veneering, and the pieces themselves became known as veneers.

Until the late 1700s, the pieces of veneer were cut entirely by hand. In 1797, Englishman Sir Samuel Bentham applied for patents covering several machines to produce veneers. In his patent applications, he described the concept of laminating several layers of veneer with glue to form a thicker piece—the first description of what we now call plywood.

Despite this development, it took almost another hundred years before laminated veneers found any commercial uses outside of the furniture industry. In about 1890, laminated woods were first used to build doors. As the demand grew, several companies began producing sheets of multiple-ply laminated wood, not only for doors, but also for use in railroad cars, busses, and airplanes. Despite this increased usage, the concept of using "pasted woods," as some craftsmen sarcastically called them, generated a negative image for the product. To counter this image, the laminated wood manufacturers met and finally settled on the term "plywood" to describe the new material.

In 1928, the first standard-sized 4 ft by 8 ft (1.2 m by 2.4 m) plywood sheets were introduced in the United States for use as a general building material. In the following decades, improved adhesives and new methods of production allowed plywood to be used for a wide variety of

applications. Today, plywood has replaced cut lumber for many construction purposes, and plywood manufacturing has become a multi-billion dollar, worldwide industry.

### Raw Materials

The outer layers of plywood are known respectively as the face and the back. The face is the surface that is to be used or seen, while the back remains unused or hidden. The center layer is known as the core. In plywoods with five or more plies, the inter-mediate layers are known as the crossbands.

Plywood may be made from hardwoods, softwoods, or a combination of the two. Some common hardwoods include ash, maple, mahogany, oak, and teak. The most common softwood used to make plywood in the United States is Douglas fir, although several varieties of pine, cedar, spruce, and redwood are also used.

Composite plywood has a core made of particleboard or solid lumber pieces joined edge to edge. It is finished with a plywood veneer face and back. Composite plywood is used where very thick sheets are needed.

The type of adhesive used to bond the layers of wood together depends on the specific application for the finished plywood. Softwood plywood sheets designed for installation on the exterior of a structure usually use a phenol-formaldehyde resin as an adhesive because of its excellent strength and resistance to moisture. Softwood plywood sheets designed for installation on the interior of a structure may use a blood protein or a soybean protein adhesive, although most softwood interior sheets are now made with the same phenol-formaldehyde resin used for exterior sheets. Hardwood plywood used for interior applications and in the construction of furniture usually is made with a urea-formaldehyde resin.

Some applications require plywood sheets that have a thin layer of plastic, metal, or resin-impregnated paper or fabric bonded to either the face or back (or both) to give the outer surface additional resistance to moisture and abrasion or to improve its paint-holding properties. Such plywood is called overlaid plywood and is commonly used in the construction, transportation, and agricultural industries.

Other plywood sheets may be coated with a liquid stain to give the surfaces a finished appearance, or may be treated with various chemicals to improve the plywood's flame resistance or resistance to decay.

### The Manufacturing Process

The trees used to make plywood are generally smaller in diameter than those used to make lumber. In most cases, they have been planted and grown in areas owned by the plywood company. These areas are carefully managed to maximize tree growth and minimize damage from insects or fire.

Here is a typical sequence of operations for processing trees into standard 4 ft by 8 ft (1.2 m by 2.4 m) plywood sheets:

#### Felling the trees

- Selected trees in an area are marked as being ready to be cut down, or felled. The felling may be done with gasoline-powered chain saws or with large hydraulic shears mounted on the front of wheeled vehicles called fellers. The limbs are removed from the fallen trees with chain saws.
- The trimmed tree trunks, or logs, are dragged to a loading area by wheeled vehicles called skidders. The logs are cut to length and are loaded on trucks for the trip to the plywood mill, where they are stacked in long piles known as log decks.

#### Preparing the logs

- As logs are needed, they are picked up from the log decks by rubber-tired loaders and placed on a chain conveyor that brings them to the debarking machine. This machine removes the bark, either with sharp-toothed grinding wheels or with jets of high-pressure water, while the log is slowly rotated about its long axis.
- The debarked logs are carried into the mill on a chain conveyor where a huge circular saw cuts them into sections about 8 ft-4 in (2.5 m) to 8 ft-6 in (2.6 m) long, suitable for making standard 8 ft (2.4 m) long sheets. These log sections are known as peeler blocks.

#### Making the veneer

- Before the veneer can be cut, the peeler blocks must be heated and soaked to soften the wood. The blocks may be steamed or immersed in hot water. This process takes 12-40 hours depending on the type of wood, the diameter of the block, and other factors.
- The heated peeler blocks are then transported to the peeler lathe, where they are automatically aligned and fed into the lathe one at a time. As the lathe rotates the block rapidly about its long axis, a full-length knife blade peels a continuous sheet of veneer from the surface of the spinning block at a rate of 300-800 ft/min (90-240 m/min). When the diameter of the block is reduced to about 3-4 in (230-305 mm), the remaining piece of wood, known as the peeler core, is ejected from the lathe and a new peeler block is fed into place.
- The long sheet of veneer emerging from / the peeler lathe may be processed immediately, or it may be stored in long, multiple-level trays or wound onto rolls. In any case, the next process involves cutting the veneer into usable widths, usually about 4 ft-6 in (1.4 m), for making standard 4 ft (1.2 m) wide plywood sheets. At the same time, optical scanners look for sections with unacceptable defects, and these are clipped out, leaving less than standard width pieces of veneer.
- The sections of veneer are then sorted and stacked according to grade. This may be done manually, or it may be done automatically using optical scanners.
- The sorted sections are fed into a dryer to reduce their moisture content and allow them to shrink before they are glued together. Most plywood mills use a mechanical

dryer in which the pieces move continuously through a heated chamber. In some dryers, jets of high-velocity, heated air are blown across the surface of the pieces to speed the drying process.

- As the sections of veneer emerge from the dryer, they are stacked according to grade. Under width sections have additional veneer spliced on with tape or glue to make pieces suitable for use in the interior layers where appearance and strength are less important.
- Those sections of veneer that will be installed crossways—the core in three-ply sheets, or the cross bands in five-ply sheets—are cut into lengths of about 4 ft-3 in (1.3 m).

### Forming the plywood sheets

- When the appropriate sections of veneer are assembled for a particular run of plywood, the process of laying up and gluing the pieces together begins. This may be done manually or semi-automatically with machines. In the simplest case of three-ply sheets, the back veneer is laid flat and is run through a glue spreader, which applies a layer of glue to the upper surface. The short sections of core veneer are then laid crossways on top of the glued back, and the whole sheet is run through the glue spreader a second time. Finally, the face veneer is laid on top of the glued core, and the sheet is stacked with other sheets waiting to go into the press.
- The glued sheets are loaded into a multiple-opening hot press. presses can handle 20-40 sheets at a time, with each sheet loaded in a separate slot. When all the sheets are loaded, the press squeezes them together under a pressure of about 110-200 psi (7.6-13.8 bar), while at the same time heating them to a temperature of about 230-315° F (109.9-157.2° C). The pressure assures good contact between the layers of veneer, and the heat causes the glue to cure properly for maximum strength. After a period of 2-7 minutes, the press is opened and the sheets are unloaded.
- The rough sheets then pass through a set of saws, which trim them to their final width and length. Higher grade sheets pass through a set of 4 ft (1.2 m) wide belt sanders, which sand both the face and back. Intermediate grade sheets are manually spot sanded to clean up rough areas. Some sheets are run through a set of circular saw blades, which cut shallow grooves in the face to give the plywood a textured appearance. After a final inspection, any remaining defects are repaired.

The finished sheets are stamped with a grade-trademark that gives the buyer information about the exposure rating, grade, mill number, and other factors. Sheets of the same grade-trademark are strapped together in stacks and moved to the warehouse to await shipment

### 2.3.2 Steel Profiles

Various methods are used to produce steel profiles:

- Hot rolling
- Hot extrusion
- Cold drawing
- Laser Welding

Different production processes enable the material to be formed in such a way that the resulting products meet design and budget requirements, as well as being aesthetically pleasing. The design of our plants will make it possible to produce even small quantities of special profiles economically. We shall produce special steel profiles in any form, quality or finish, to meet a customer's needs. We expect to supplement our range of manufacturing processes in order to provide an even greater selection of services

### Hot Rolled Steel Shapes

During the production of special steel profiles by hot rolling the input billet or slab is formed into lengths up to 70 m using two oppositely rotating cylindrical rolls. The hot rolled steel shapes of this forming technique are used in a multitude of industrial applications. Hot rolled special profiles offer innovative solutions whether it be for automotive, materials handling, railroad or thicker flange and web thickness structural steel shapes use. Finished hot rolled steel shapes are roller straightened and sheared into production lengths or sawn into fixed lengths according to customer wishes.

- Targeted strengthening of highly stressed areas of component parts
- Best mechanical properties through uninterrupted grain orientation
- Best shape properties and fitting accuracy by maintenance of the tightest tolerances

### Hot extruding - Extruded Steel Shapes

- Extruded Stainless Steel
- Stainless Steel Extrusions

During hot extrusion a round steel billet is pre-heated and, after leaving the furnace, is pushed through a forming die into a profile bar using a ram with an extrusion force of 2,200 ton. Hot extrusion offers substantial advantages in comparison to hot rolling forging or machining.

Hot extrusion can be used to make complex profile shapes even using metals which are difficult to form. In addition, small lot sizes can be produced economically. Hot extruded profiles offer the benefit of:

- Different material thicknesses within one profile cross-section
- The possibility to use in highly sensitive areas, where the special profiles must withstand specific demands of temperature, pressure, aggressive media or hygienic requirements

### Laser welding - Laser Welded Special Profiles

For the production of laser welded special profiles both standard geometries such as sheets, tubes or angles and extruded or hot rolled pre-shapes can be used.

Hoesch Schwerter Profile hydraulically clamps the individual parts which can be up to seven meters long, and subsequently welds them together with a 12 KW CO2 laser. Of particular significance is the low thermal stressing of the work piece. This enables low-distortion or distortion-free production.

Due to the filigree and clean welding seam laser welded profiles find a wide spectrum of uses within the architecture and building industry, among others.

The applications of laser welded special profiles are as varied as the forms of the profiles themselves: angles, channels, T-profiles, beams, rectangular hollow profiles, standard hollow profiles and special forms can be produced. Laser welded special profiles are particularly suited for optically sophisticated and durable designs and also offer the following advantages:

- Precision Fit
- Free-form shapes
- Optimum weight
- Free from further processing

#### Cold Rolling - Cold Forming - Roll Forming

- Cold Rolling
- Cold Rolled
- Cold Formed
- Cold Forming
- Roll Forming

Roll forming can be described as a continuous bending operation done at room temperature in which sheet or strip metal is plastically deformed along a linear axis. Tandem sets of rolls (known as roll stations) shape the metal stock in a series of progressive stages until the desired cross-sectional configuration is obtained by cold rolling. Roll forming is ideal for producing parts with long lengths or in large quantities. It can also produce multiple length parts from the same set of tooling. Virtually any material that can be cold formed by sheet forming techniques can be roll formed. The process is quite cost effective for large production runs, although sometimes roll-forming is utilized regardless of quantity, when dimensional consistency is of great importance.

## 2.4 QUALITY CONTROL

We facilitate stone quality control by ensuring that our products are inspected for the highest quality before delivery. Similarly, sourcing of materials is done with great care to ensure that the best materials are used in the manufacturing processes for various products.

## 2.5 BYPRODUCTS/WASTE

The by products from our various processes are collected and sent out the factory for proper disposal to ensure that no harm is done to the environment

## 2.6 PRODUCTION INPUTS

As explained earlier, the basic Raw Materials used in the manufacture of building materials include hardwoods, softwoods, or a combination of the two, adhesive, plastic, metal, or resin-impregnated paper or fabric, various chemicals, and steel. These are used in the different processes during the manufacturing of the different types of building materials.

## 2.7 LOCATION

The project location is in a prime industrial area within United Republic of Tanzania. This will be the centre of company operations and it will have an area which is large enough to contain all the manufacturing operations, materials storage, and stockyard and office space

## 2.8 MANPOWER REQUIREMENTS

The whole project will comprise of a total work force of 34 permanent employees and several part time employees. Initially there will be a few technical expatriates and engineers who will give training to the local staff. Maximum employment will be given to the local work force. The plant will be organized into three functions namely:

Production and Technical Services  
Marketing  
Finance and administration

## 2.9 IMPLEMENTATION

The project is planned to undergo two phases:

**Phase I:** Major activities involved include registration of the project and approvals by the Tanzania Investment Centre (TIC), and mobilization of funds from Sponsors. Other activities include identification of appropriate production technology, sourcing of machinery and equipment, renovation of factory buildings, staff recruitment and training of core personnel. A total of six months period is planned for the above activities after completion of this study.

**Phase II:** The second phase will involve full production of various building materials envisaged to start in the second half of year 2009.

## 2.10 PROJECT ECONOMICS

### 2.10.1 Capital Investment Requirements

| COST STRUCTURE       |                  |
|----------------------|------------------|
| PARTICULAR           | AMOUNT USD       |
| Land and Buildings   | 300,000          |
| Plant & Machinery    | 1,000,000        |
| Motor Vehicles       | 200,000          |
| Furniture & Fixtures | 50,000           |
| Pre exp              | 50,000           |
| Others               | 150,000          |
| Working Capital      | 250,000          |
| <b>TOTAL</b>         | <b>2,000,000</b> |

### 2.10.2 Expenditure and Profitability

The major expenditure item is the purchase of raw materials used in the manufacture of plywood and steel profiles.

Project revenue will accrue from sales of building materials. Total revenue from this project will increase from USD 640,000 in the first year of operation to USD 894,432 in the fifth year. This is shown in the following summary.

| REVENUE PROJECTION |                |                |                |                |                |
|--------------------|----------------|----------------|----------------|----------------|----------------|
| PRODUCTS           | YEARS          |                |                |                |                |
|                    | YR 1 USD       | YR 2 USD       | YR 3 USD       | YR 4 USD       | YR 5 USD       |
| REVENUE            | 640,000        | 672,000        | 739,200        | 813,120        | 894,432        |
|                    | <b>640,000</b> | <b>672,000</b> | <b>739,200</b> | <b>813,120</b> | <b>894,432</b> |

## 2.11 RECOMMENDATIONS

The study shows the establishment of production facilities for building materials including plywood and steel profiles is both technically and financially a feasible undertaking. Furthermore, it will create local employment for the national benefit. In view of the findings, the project is recommended for implementation.

## 3 MARKET AND MARKETING

In this chapter, we look into whether there is a market for the proposed products and how the promoters would approach that market.

### 3.1 PRODUCTS

The products which this project will produce for sale are building materials including plywood and steel profiles.

### 3.2 DEMAND

The company projections show increasing demand for various building materials. Their use has been on the increase taking into consideration the growth occurring in construction industry in Tanzania.

### 3.3 DISTRIBUTION CHANNEL

The company will involve itself with a product that will be distributed to final consumers either directly (one level channel) or by using only one intermediary who will resale to final consumers (two level channel). It is important for these channels to be adopted because they reduce costs of distribution and avoid several profit margins of distributors, hence making the product price competitive in the market place. However, the company is exploring all sales and distribution avenues that will work to the company's advantage, given the stiff competition anticipated in the market. The company has budgeted for the development of a modern distribution/sales network that will comprise of modern and adequate number of distribution trucks as well as recruitment and training of qualified sales and marketing personnel.

## 4 PRODUCTION PROCESS AND TECHNOLOGY

### 4.1 BASIC PRODUCTION PROCESS

#### 4.1.1 Plywood

The trees used to make plywood are generally smaller in diameter than those used to make lumber. In most cases, they have been planted and grown in areas owned by the plywood company. These areas are carefully managed to maximize tree growth and minimize damage from insects or fire.

Here is a typical sequence of operations for processing trees into standard 4 ft by 8 ft (1.2 m by 2.4 m) plywood sheets:

##### Felling the trees

- Selected trees in an area are marked as being ready to be cut down, or felled. The felling may be done with gasoline-powered chain saws or with large hydraulic shears mounted on the front of wheeled vehicles called fellers. The limbs are removed from the fallen trees with chain saws.
- The trimmed tree trunks, or logs, are dragged to a loading area by wheeled vehicles called skidders. The logs are cut to length and are loaded on trucks for the trip to the plywood mill, where they are stacked in long piles known as log decks.

##### Preparing the logs

- As logs are needed, they are picked up from the log decks by rubber-tired loaders and placed on a chain conveyor that brings them to the debarking machine. This machine removes the bark, either with sharp-toothed grinding wheels or with jets of high-pressure water, while the log is slowly rotated about its long axis.
- The debarked logs are carried into the mill on a chain conveyor where a huge circular saw cuts them into sections about 8 ft-4 in (2.5 m) to 8 ft-6 in (2.6 m) long, suitable for making standard 8 ft (2.4 m) long sheets. These log sections are known as peeler blocks.

##### Making the veneer

- Before the veneer can be cut, the peeler blocks must be heated and soaked to soften the wood. The blocks may be steamed or immersed in hot water. This process takes 12-40 hours depending on the type of wood, the diameter of the block, and other factors.
- The heated peeler blocks are then transported to the peeler lathe, where they are automatically aligned and fed into the lathe one at a time. As the lathe rotates the block rapidly about its long axis, a full-length knife blade peels a continuous sheet of

veneer from the surface of the spinning block at a rate of 300-800 ft/min (90-240 m/min). When the diameter of the block is reduced to about 3-4 in (230-305 mm), the remaining piece of wood, known as the peeler core, is ejected from the lathe and a new peeler block is fed into place.

- The long sheet of veneer emerging from / the peeler lathe may be processed immediately, or it may be stored in long, multiple-level trays or wound onto rolls. In any case, the next process involves cutting the veneer into usable widths, usually about 4 ft-6 in (1.4 m), for making standard 4 ft (1.2 m) wide plywood sheets. At the same time, optical scanners look for sections with unacceptable defects, and these are clipped out, leaving less than standard width pieces of veneer.
- The sections of veneer are then sorted and stacked according to grade. This may be done manually, or it may be done automatically using optical scanners.
- The sorted sections are fed into a dryer to reduce their moisture content and allow them to shrink before they are glued together. Most plywood mills use a mechanical dryer in which the pieces move continuously through a heated chamber. In some dryers, jets of high-velocity, heated air are blown across the surface of the pieces to speed the drying process.
- As the sections of veneer emerge from the dryer, they are stacked according to grade. Under width sections have additional veneer spliced on with tape or glue to make pieces suitable for use in the interior layers where appearance and strength are less important.
- Those sections of veneer that will be installed crossways—the core in three-ply sheets, or the cross bands in five-ply sheets—are cut into lengths of about 4 ft-3 in (1.3 m).

### Forming the plywood sheets

- When the appropriate sections of veneer are assembled for a particular run of plywood, the process of laying up and gluing the pieces together begins. This may be done manually or semi-automatically with machines. In the simplest case of three-ply sheets, the back veneer is laid flat and is run through a glue spreader, which applies a layer of glue to the upper surface. The short sections of core veneer are then laid crossways on top of the glued back, and the whole sheet is run through the glue spreader a second time. Finally, the face veneer is laid on top of the glued core, and the sheet is stacked with other sheets waiting to go into the press.
- The glued sheets are loaded into a multiple-opening hot press. presses can handle 20-40 sheets at a time, with each sheet loaded in a separate slot. When all the sheets are loaded, the press squeezes them together under a pressure of about 110-200 psi (7.6-13.8 bar), while at the same time heating them to a temperature of about 230-315° F (109.9-157.2° C). The pressure assures good contact between the layers of veneer, and the heat causes the glue to cure properly for maximum strength. After a period of 2-7 minutes, the press is opened and the sheets are unloaded.
- The rough sheets then pass through a set of saws, which trim them to their final width and length. Higher grade sheets pass through a set of 4 ft (1.2 m) wide belt sanders, which sand both the face and back. Intermediate grade sheets are manually spot sanded to clean up rough areas. Some sheets are run through a set of circular saw blades, which cut shallow grooves in the face to give the plywood a textured appearance. After a final inspection, any remaining defects are repaired.

The finished sheets are stamped with a grade-trademark that gives the buyer information about the exposure rating, grade, mill number, and other factors. Sheets of the same grade-trademark are strapped together in stacks and moved to the warehouse to await shipment

#### 4.1.2 Steel Profiles

Various methods are used to produce steel profiles:

- Hot rolling
- Hot extrusion
- Cold drawing
- Laser Welding.

##### Hot Rolled Steel Shapes

During the production of special steel profiles by hot rolling the input billet or slab is formed into lengths up to 70 m using two oppositely rotating cylindrical rolls. The hot rolled steel shapes of this forming technique are used in a multitude of industrial applications. Hot rolled special profiles offer innovative solutions whether it be for automotive, materials handling, railroad or thicker flange and web thickness structural steel shapes use. Finished hot rolled steel shapes are roller straightened and sheared into production lengths or sawn into fixed lengths according to customer wishes.

- Targeted strengthening of highly stressed areas of component parts
- Best mechanical properties through uninterrupted grain orientation
- Best shape properties and fitting accuracy by maintenance of the tightest tolerances

##### Hot extruding - Extruded Steel Shapes

- Extruded Stainless Steel
- Stainless Steel Extrusions

During hot extrusion a round steel billet is pre-heated and, after leaving the furnace, is pushed through a forming die into a profile bar using a ram with an extrusion force of 2,200 ton. Hot extrusion offers substantial advantages in comparison to hot rolling forging or machining.

Hot extrusion can be used to make complex profile shapes even using metals which are difficult to form. In addition, small lot sizes can be produced economically. Hot extruded profiles offer the benefit of:

- Different material thicknesses within one profile cross-section
- The possibility to use in highly sensitive areas, where the special profiles must withstand specific demands of temperature, pressure, aggressive media or hygienic requirements

## Laser welding - Laser Welded Special Profiles

For the production of laser welded special profiles both standard geometries such as sheets, tubes or angles and extruded or hot rolled pre-shapes can be used.

Hoesch Schwerter Profile hydraulically clamps the individual parts which can be up to seven meters long, and subsequently welds them together with a 12 KW CO2 laser. Of particular significance is the low thermal stressing of the work piece. This enables low-distortion or distortion-free production.

Due to the filigree and clean welding seam laser welded profiles find a wide spectrum of uses within the architecture and building industry, among others.

The applications of laser welded special profiles are as varied as the forms of the profiles themselves: angles, channels, T-profiles, beams, rectangular hollow profiles, standard hollow profiles and special forms can be produced. Laser welded special profiles are particularly suited for optically sophisticated and durable designs and also offer the following advantages:

- Precision Fit
- Free-form shapes
- Optimum weight
- Free from further processing

## Cold Rolling - Cold Forming - Roll Forming

- Cold Rolling
- Cold Rolled
- Cold Formed
- Cold Forming
- Roll Forming

Roll forming can be described as a continuous bending operation done at room temperature in which sheet or strip metal is plastically deformed along a linear axis. Tandem sets of rolls (known as roll stations) shape the metal stock in a series of progressive stages until the desired cross-sectional configuration is obtained by cold rolling.

## 4.2 QUALITY CONTROL

The company will facilitate quality control by ensuring that its products are inspected for the highest quality before delivery. Similarly, sourcing of materials will be done with great care to ensure that the best materials are used in the manufacturing processes for its products.

#### 4.3 ENVIRONMENT PROTECTION

Our aim is to make this project environment friendly. The company will strive to observe stringent environment protection in its production process. It will seek environmental friendly technologies. All by products will be properly handled so as not to pollute the environment. The factory surroundings will be kept clean and trees are to be planted as part of environment conservation efforts.

### 5 MACHINERY EQUIPMENT AND CIVIL WORKS

#### 5.1 MACHINERY

The requisite plant, machinery and equipment for production of plywood and steel structure will be imported from China and other countries possessing the relevant technology. Already the company is negotiating with suppliers for such machinery.

#### 5.2 PLANT LOCATION AND CIVIL WORKS

##### 5.2.1 Site and Location

As mentioned earlier, the project location will be in an industrial within Tanzania. This is the location of company operations and it has an area which is large enough to contain all the manufacturing operations, materials storage, and stockyard and office space

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##### 5.2.2 Production Building Required

The buildings required include residential houses, garage house, staff houses and public toilet. A warehouse will also be needed for storage of raw materials and some finished building materials and for onward delivery to the customers.

##### 5.2.3 Office Building

An office block to accommodate the clerical staff will have to be constructed within the premises.

## 5.3 UTILITY SERVICES

### 5.3.1 Water

A three-inch diameter pipeline to the location from the main pipeline is available. The plant water requirement is basically for making of building and paving blocks and for other factory uses. About 2,000 liters of water will be required per day. Therefore, a water reservoir with capacity of around 5,000 liters is planned for construction.

### 5.3.2 Electricity

The Tanzania Electric Supply Company Ltd. (TANESCO) has no problem in providing electricity to us to facilitate smooth production of various types of building materials.

## 6 RAW MATERIALS AND OTHER PRODUCTION INPUTS: REQUIREMENTS AND AVAILABILITY

### 6.1 BASIC MATERIALS

The basic Raw Materials used in the manufacture of plywood and steel structures include hardwoods, softwoods, or a combination of the two, adhesive, plastic, metal, or resin-impregnated paper or fabric, various chemicals, and steel.

### 6.2 UTILITIES

#### 6.2.1 Power

As said earlier in this report, the source of energy for the proposed project will be electric power. Power is consumed in quite large quantities and is among the higher cost elements. A standby power generator has also been budgeted for to avoid inconveniences caused by frequent power cuts by TANESCO.

## 7 MANPOWER AND ORGANIZATION

The proposed project will have three independent departments, namely:

- Production and Technical Services
- Sales and Marketing
- Administration and Finance

### 7.1 ORGANIZATION

The Board of Directors shall manage the project at policy level. The top most person in the day to day running of the project will be the Managing Director who will be the project manager. Under the Managing Director's office will be the three departments mentioned above. Each department will comprise a number of sections each headed by a section head as follows.

#### PRODUCTION AND TECHNICAL SERVICES DEPARTMENT

- Plywood section
- Steel Profiles section
- Raw Materials Stores
- Quality Control section
- Research and Development section
- Repair / Maintenance section

#### SALES AND MARKETING

- Marketing Section
- Sales and Distribution Section
- Finished Goods Stores
- Procurement and Logistics Section

#### ADMINISTRATION AND FINANCE DEPARTMENT:

- Procurement
- Accounts
- Personnel and Administration
- Security

Each section will be manned by a number of personnel with varying education levels and work experiences.

The management team will comprise the Managing Director, Production Manager, Finance & Administrative Manager and the Marketing Manager.

## 7.2 RESPONSIBILITIES

Responsibilities will be as follows:

### 7.2.1 Production and Technical Services Department

This will be responsible for production planning and overseeing that daily production activities are carried. It will further be responsible for repair and maintenance of company assets and research and development activities.

Technical Staff in each of the other sections will likewise assist the Production Manager execute his duties. We recommend that expatriates be employed to man these positions at least for the initial 2 - 3 years.

### 7.2.2 Finance and Administration Department

A qualified accountant with experience in administrative issues will head the department. He will be responsible for the administration of the company as well as overseeing the financial aspects of the company. The administration and finance department will comprise three sections, namely:

- The administrative section which will be responsible for the general administrative matters of the company as well as personnel issues.
- The finance section, which will be responsible for financial issues. It will also be responsible for the proper maintenance of books of accounts and financial planning.
- The purchasing section which will be responsible for the purchase of raw materials, spare parts and equipment. This section will also be responsible for the receipt, storage and issue of purchased materials.

### 7.2.3 Sales and Marketing Department.

This Department will be headed by the Sales and Marketing Manager who will be responsible for the development of a sustainable sales and distribution network throughout the country. This will involve developing and maintaining a fleet of distribution vehicles and recruitment and training of qualified and well motivated marketing and sales personnel.

## 7.3 MANPOWER REQUIREMENT

The permanent manpower requirement for running the proposed plant is 34, with the breakdown mentioned in attached schedule 5.

## 7.4 SOURCE OF MANPOWER AND WAGE BILL

Manpower for proposed project will be employed from local sources, except for a few expatriates who would basically be engaged in the training of local staff. The workers will be given on-the-job training to familiarize them with the proposed machinery and equipment. The total wage bill per annum will be US\$ 158,400 as shown in schedule 5

## 8. INVESTMENT AND FINANCING

### 8.1 ASSUMPTIONS

The financial projections to determine the viability of the project are based on the following key assumptions:

- The production of various building materials will start from second half of the year 2009.
- The whole project output will be sold locally during initial years of project implementation.
- Financial calculations are based on current market prices and costs are assumed constant throughout the operating period under review on the assumption that if operation costs change, selling prices will change proportionally to preserve the profit margins.
- The project has adopted the currency exchange rate of United States Dollar 1 = Tanzania Shilling 1,300.00.

### 8.2 SUMMARY OF CAPITAL COSTS

On completion of project implementation, the total investment will reach to US\$ 2,000,000 as per attached schedule 3.

### 8.3 BUILDING AND CIVIL WORKS COSTS

The main civil works required for the building for the plants to be installed and operated will be construction of factory, construction of warehouse, construction of residential houses for staff, electrification and water supply, installation of overhead tank, etc. This aspect is expected to cost US\$ 300,000.

#### 8.4 PLANT MACHINERY AND EQUIPMENT COSTS

The main machines for the envisaged project have been explained earlier. The total investment on machinery and equipment is based on a quotation received from suppliers for main production machinery and amount of to US\$ 1,000,000 approximately.

#### 8.5 FURNITURE AND FITTINGS

The have been estimated at US\$ 50,000. The items to be purchased will comprise office furniture, computers, & other equipments for the office and factory use.

#### 8.6 MOTOR VEHICLES

For company work, we intend to procure the following vehicles at cost of US\$ 200,000

#### 8.7 PRE-PRODUCTION CAPITAL EXPENDITURES

These include project development cost for feasibility study and start-up expenses, transportation of machinery, installation, and other overheads during installation. A budget of US\$ 50,000 is considered adequate for this item

#### 8.8 INITIAL WORKING CAPITAL

Initial net working capital requirement at maximum for the proposed project works out at about US\$ 250,000. This is mainly for the procurement of initial stocks of raw materials Rest of the requirement of the working capital will be raised from commercial banks as and when the need arises. This will fluctuate as per stocks in hand.

#### 8.9 FINANCING PATTERN

The financing of the project will be from 100% shareholder's equity. It is anticipated that the financing of the project will take the following form.

| EQUITY (FOREIGN) US \$ | LOAN |
|------------------------|------|
| 2,000,000              | 0    |

## 9 COST OF OPERATIONS

The anticipated costs for operating the project are detailed in the following sections and summarized in attached schedule 2.

### 9.1 OFFICE RENT & OPERATION

This includes cost for Water and Energy for various manufacturing units for building materials. The costs are expected to increase from US\$ 22,525 in the first year of operation to US\$ 27,379 in the fifth year.

### 9.2 ADMINISTRATIVE OVERHEADS

This cost item has been estimated to cost US\$ 18,560 in the first year of operation. This is anticipated to increase to US\$ 22,560 during the fifth year of operation.

### 9.3 VEHICLE RUNNING EXPENSES

Vehicle running expenses include fuel, lubricants, road licenses, insurance, etc. This is expected to increase from US\$ 20,000 in first year of operation to US\$ 24,310 in the fifth year of operation.

### 9.4 SALARIES AND WAGES

The number of employees, along with their incomes, is shown in attached schedule 5. The total annual wage package is estimated at US\$ 158,400 in first year of operation. The figure is calculated to grow to US\$ 192,536 when the project reaches its fifth year of operation.

### 9.5 DEPRECIATION

The depreciation cost element has been estimated to stand at US\$ 31,000 per annum during 5 years of project implementation.

### 9.6 INSURANCE COSTS

The project is expected to insure various assets to be owned such as vehicles and buildings. The costs are expected to increase from US\$ 31,000 in the first year of operation to US\$ 37,681 in the fifth year.

## **10 FINANCIAL ANALYSIS**

### **10.1 INCOME AND EXPENDITURE**

#### **10.1.1 Income**

The proposed project expects to earn its income through the sale of various building materials. At sustainable level of production, the total sales are expected to increase from US\$ 640,000 in the first year of production to US\$ 894,432 in the fifth year of operation.

#### **10.1.2 Expenditure**

All project costs have been discussed in Chapter 9 above and are summarized in attached schedule 2.

### **10.2 NET INCOME STATEMENT**

The project generates profit from the first year of operation and can easily meet both its long term and short-term obligations in less than five years.

### **10.3 CASH FLOW HIGHLIGHTS**

The project's cash flow is impressive as the project has positive end of the year cash flow from first to fifth year of operation.

## **11. ECONOMIC BENEFITS OF THE PROJECT**

### **11.1 EMPLOYMENT**

The expansionary project will provide additional permanent direct employment to 34 individuals mostly local Tanzanians.

### **11.2 TAXES**

The government will earn revenue from taxes.

### **11.3 FOREIGN CURRENCY EARNINGS**

The project will bring in the country foreign currency when the company starts exporting some of the plywood and steel profiles to neighbouring countries at later stages of project implementation.

## 11.4 PRODUCTION OF HIGH QUALITY BUILDING MATERIALS

People will be able to buy high quality building materials as the company will employ state of the art technology in manufacturing the products.

## 12. CONCLUSION AND RECOMMENDATIONS

### 12.1 CONCLUSION

In all aspects, the project is feasible, sustainable and beneficial not only to the investors but also to the ultimate consumers and the economy as a whole. M/S Beijing New Building Materials (T) Company Limited is expected to produce useful building materials initially for domestic market and later for export market.

### 12.2 RECOMMENDATIONS

Provided all other economic factors remain substantially the same, it is strongly recommended that the project be implemented with immediate effect. It is further recommended that an application for TIC Certificate of Investment Incentives be submitted to Tanzania Investment Centre with a view to benefit from investment benefits and protection as statutorily allowed under Tanzania Investment Act, 1997.

| <b>BEIJING NEW BUILDING MATERIALS(TANZANIA) COMPANY LIMITED</b> |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>PROJECTED INCOME &amp; EXPENDITURE STATEMENT</b>             |                     |                     |                     |                     |                     |
|   | <b>YR 1<br/>USD</b> | <b>YR 2<br/>USD</b> | <b>YR 3<br/>USD</b> | <b>YR 4<br/>USD</b> | <b>YR 5<br/>USD</b> |
| Sales Revenue   | 640,000             | 672,000             | 739,200             | 813,120             | 894,432             |
| Cost of Sales   | 256,000             | 268,800             | 295,680             | 325,248             | 357,773             |
| <b>Gross Profit</b>   | <b>384,000</b>      | <b>403,200</b>      | <b>443,520</b>      | <b>487,872</b>      | <b>536,659</b>      |
| <b>Operating Expenses:</b>                                      |                     |                     |                     |                     |                     |
| Administrative Overhead Costs                                   | 18,560              | 19,488              | 20,462              | 21,486              | 22,560              |
| Motor Vehicle running expenses                                  | 20,000              | 21,000              | 22,050              | 23,153              | 24,310              |
| Salaries and wages  | 158,400             | 166,320             | 174,636             | 183,368             | 192,536             |
| Pension Contribution  | 15,840              | 16,632              | 17,464              | 18,337              | 19,254              |
| Depreciation  | 31,000              | 31,000              | 31,000              | 31,000              | 31,000              |
| Marketing Costs   | 12,800              | 13,440              | 14,112              | 14,818              | 15,558              |
| Utility costs   | 14,720              | 15,456              | 16,229              | 17,040              | 17,892              |
| Insurance   | 31,000              | 32,550              | 34,178              | 35,886              | 37,681              |
| Communication   | 18,000              | 18,900              | 19,845              | 20,837              | 22,879              |
| <b>Total Expenses</b>   | <b>320,320</b>      | <b>334,786</b>      | <b>349,975</b>      | <b>365,924</b>      | <b>383,670</b>      |
| <b>Profit before Tax</b>  | <b>63,680</b>       | <b>68,414</b>       | <b>93,545</b>       | <b>121,948</b>      | <b>152,989</b>      |
| Tax (30%)   | 19,104              | 20,524              | 28,063              | 36,584              | 45,897              |
| <b>Profit After Tax</b>   | <b>44,576</b>       | <b>47,890</b>       | <b>65,481</b>       | <b>85,364</b>       | <b>107,092</b>      |

| <b>BEIJING NEW BUILDING MATERIALS(TANZANIA) COMPANY LIMITED</b> |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>PROJECTED BALANCE SHEET</b>                                  |                     |                     |                     |                     |                     |
|   | <b>YR 1<br/>USD</b> | <b>YR 2<br/>USD</b> | <b>YR 3<br/>USD</b> | <b>YR 4<br/>USD</b> | <b>YR 5<br/>USD</b> |
| <b><u>Fixed Assets</u></b>                                      |                     |                     |                     |                     |                     |
| Long-term Assets  | 1,550,000           | 1,519,000           | 1,488,000           | 1,457,000           | 1,426,000           |
| Depreciation  | 31,000              | 31,000              | 31,000              | 31,000              | 31,000              |
| Total Long-term Assets  | <b>1,519,000</b>    | <b>1,488,000</b>    | <b>1,457,000</b>    | <b>1,426,000</b>    | <b>1,395,000</b>    |
| <b><u>Current Assets</u></b>                                    |                     |                     |                     |                     |                     |
| Cash  | 255,280             | 313,324             | 393,086             | 497,534             | 539,329             |
| Accounts Receivable   | 295,896             | 318,022             | 337,429             | 352,301             | 451,851             |
| Total Current Assets  | <b>551,176</b>      | <b>631,346</b>      | <b>730,515</b>      | <b>849,835</b>      | <b>991,180</b>      |
| Total Assets  | <b>2,070,176</b>    | <b>2,119,346</b>    | <b>2,187,515</b>    | <b>2,275,835</b>    | <b>2,386,180</b>    |
| <b><u>Current Liabilities</u></b>                               |                     |                     |                     |                     |                     |
| Accounts Payable  | 15,360              | 16,128              | 17,741              | 19,515              | 21,466              |
| Other Current Liabilities                                       | 10,240              | 10,752              | 11,827              | 13,010              | 14,311              |
| Subtotal Current Liabilities                                    | <b>25,600</b>       | <b>26,880</b>       | <b>29,568</b>       | <b>32,525</b>       | <b>35,777</b>       |
| <b><u>Long-term Liabilities</u></b>                             |                     |                     |                     |                     |                     |
| Long-term Liabilities   | -                   | -                   | -                   | -                   | -                   |
| Total Liabilities   | <b>25,600</b>       | <b>26,880</b>       | <b>29,568</b>       | <b>32,525</b>       | <b>35,777</b>       |
| <b>Net Assets</b>   | <b>2,044,576</b>    | <b>2,092,466</b>    | <b>2,157,947</b>    | <b>2,243,310</b>    | <b>2,350,403</b>    |
| <b><u>Capital and Reserves</u></b>                              |                     |                     |                     |                     |                     |
| Owners Contribution   | 2,000,000           | 2,000,000           | 2,000,000           | 2,000,000           | 2,000,000           |
| Retained Earnings   | 44,576              | 92,466              | 157,947             | 243,311             | 350,403             |
| Total Capital   | <b>2,044,576</b>    | <b>2,092,466</b>    | <b>2,157,947</b>    | <b>2,243,311</b>    | <b>2,350,403</b>    |

| <b>BEIJING NEW BUILDING MATERIALS(TANZANIA)<br/>COMPANY LIMITED</b> |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>PROJECTED CASHFLOW</b>   |                     |                     |                     |                     |                     |
|   | <b>YR 1<br/>USD</b> | <b>YR 2<br/>USD</b> | <b>YR 3<br/>USD</b> | <b>YR 4<br/>USD</b> | <b>YR 5<br/>USD</b> |
| <b>CASHFLOW FROM OPERATIONS</b>                                     |                     |                     |                     |                     |                     |
| Cash Sales  | 512,000             | 537,600             | 591,360             | 650,496             | 626,102             |
| VAT Receipt   | 76,800              | 80,640              | 88,704              | 97,574              | 107,332             |
| <b>Subtotal Cash Received</b>                                       | <b>588,800</b>      | <b>618,240</b>      | <b>680,064</b>      | <b>748,070</b>      | <b>733,434</b>      |
| <b>Expenditures from Operations:</b>                                |                     |                     |                     |                     |                     |
| Purchases   | 179,200             | 188,160             | 206,976             | 227,674             | 250,441             |
| Additional Cash Spent   | 289,320             | 303,786             | 318,975             | 334,924             | 352,670             |
| VAT payments  | 65,000              | 68,250              | 74,351              | 81,025              | 88,529              |
| <b>Subtotal Cash Payment</b>  | <b>533,520</b>      | <b>560,196</b>      | <b>600,302</b>      | <b>643,622</b>      | <b>691,640</b>      |
| <b>CASH FROM OPERATIONS</b>   | <b>55,280</b>       | <b>58,044</b>       | <b>79,762</b>       | <b>104,448</b>      | <b>41,794</b>       |
| <b>CASH FLOW FROM INVESTMENTS:</b>                                  |                     |                     |                     |                     |                     |
| Purchase of Assets  | - 1,550,000         |                     |                     |                     |                     |
| Working capital requirement   |                     | - 250,000           |                     |                     |                     |
| <b>CASH FLOW FROM INVESTMENTS:</b>                                  | <b>- 1,800,000</b>  | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>            |
| <b>CASH FLOW FROM FINANCING:</b>                                    |                     |                     |                     |                     |                     |
| Owners Equity Contribution  | 2,000,000           |                     |                     |                     |                     |
| <b>CASH FLOW FROM FINANCING</b>                                     | <b>2,000,000</b>    | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>            |
| <b>NET CASHFLOW FOR PERIOD</b>                                      | <b>255,280</b>      | <b>58,044</b>       | <b>79,762</b>       | <b>104,448</b>      | <b>41,794</b>       |

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| <b>CASHFLOW AT<br/>START OF YEAR</b> -      | 255,280        | 313,324        | 393,086        | 497,534        |
| <b>CASHFLOW AT<br/>THE END YEAR</b> 255,280 | <b>313,324</b> | <b>393,086</b> | <b>497,534</b> | <b>539,329</b> |

| <b>BEIJING NEW BUILDING MATERIALS(TANZANIA) COMPANY LIMITED</b> |                 |                 |                 |                 |                 |  |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| <b>SCHEDULES AND TABLES</b>                                     |                 |                 |                 |                 |                 |  |
| <b>SCHEDULE 1</b>   |                 |                 |                 |                 |                 |  |
| <b>REVENUE PROJECTION</b>                                       |                 |                 |                 |                 |                 |  |
|   |                 | <b>YEARS</b>    |                 |                 |                 |  |
| <b>PRODUCTS</b>   | <b>YR 1 USD</b> | <b>YR 2 USD</b> | <b>YR 3 USD</b> | <b>YR 4 USD</b> | <b>YR 5 USD</b> |  |
| REVENUE   | 640,000         | 672,000         | 739,200         | 813,120         | 894,432         |  |
|   | <b>640,000</b>  | <b>672,000</b>  | <b>739,200</b>  | <b>813,120</b>  | <b>894,432</b>  |  |

| <b>SCHEDULE 2</b>              |                 |                 |                 |                 |                 |  |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| <b>OTHER OPERATING COSTS</b>   |                 |                 |                 |                 |                 |  |
|                                |                 | <b>8</b>        |                 |                 |                 |  |
| <b>OTHER OPERATING COST</b>    | <b>YR 1 USD</b> | <b>YR 2 USD</b> | <b>YR 3 USD</b> | <b>YR 4 USD</b> | <b>YR 5 USD</b> |  |
| Motor vehicle running expenses | 20,000          | 21,000          | 22,050          | 23,153          | 24,310          |  |
| Salaries and wages             | 158,400         | 166,320         | 174,636         | 183,368         | 192,536         |  |
| Pension Contribution           | 15,840          | 16,632          | 17,464          | 18,337          | 19,254          |  |
| Depreciation                   | 31,000          | 31,000          | 31,000          | 31,000          | 31,000          |  |
| Administrative Expenses        | 18,560          | 19,488          | 20,462          | 21,486          | 22,560          |  |
| Marketing Costs                | 12,800          | 13,440          | 14,112          | 14,818          | 15,558          |  |
| Utility costs                  | 14,720          | 15,456          | 16,229          | 17,040          | 17,892          |  |
| Insurance                      | 31,000          | 32,550          | 34,178          | 35,886          | 37,681          |  |
| Communication                  | 18,000          | 18,900          | 19,845          | 20,837          | 21,879          |  |
| <b>Total costs</b>             | <b>320,320</b>  | <b>334,786</b>  | <b>349,975</b>  | <b>365,924</b>  | <b>382,670</b>  |  |

**SCHEDULE 3**

| <b>COST STRUCTURE</b> |                   |
|-----------------------|-------------------|
| <b>PARTICULAR</b>     | <b>AMOUNT USD</b> |
| Land and Buildings    | 300,000           |
| Plant & Machinery     | 1,000,000         |
| Motor Vehicles        | 200,000           |
| Furniture & Fixtures  | 50,000            |
| Pre exp               | 50,000            |
| Others                | 150,000           |
| Working Capital       | 250,000           |
| <b>TOTAL</b>          | <b>2,000,000</b>  |

**SCHEDULE 4**

| <b>FIXED ASSETS SCHEDULE</b> |                  |                  |                  |                  |                  |  |
|------------------------------|------------------|------------------|------------------|------------------|------------------|--|
| <b>NAME OF ASSETS</b>        | <b>YR 1 USD</b>  | <b>YR 2 USD</b>  | <b>YR 3 USD</b>  | <b>YR 4 USD</b>  | <b>YR 5 USD</b>  |  |
| Land and Buildings           | 300,000          | 294,000          | 288,000          | 282,000          | 276,000          |  |
| Plant & Machinery            | 1,000,000        | 980,000          | 960,000          | 940,000          | 920,000          |  |
| Motor Vehicles               | 200,000          | 196,000          | 192,000          | 188,000          | 184,000          |  |
| Furniture & Fixtures         | 50,000           | 49,000           | 48,000           | 47,000           | 46,000           |  |
| <b>TOTAL</b>                 | <b>1,550,000</b> | <b>1,519,000</b> | <b>1,488,000</b> | <b>1,457,000</b> | <b>1,426,000</b> |  |
| <b>DEPRECIATION</b>          | <b>YR 1 USD</b>  | <b>YR 2 USD</b>  | <b>YR 3 USD</b>  | <b>YR 4 USD</b>  | <b>YR 5 USD</b>  |  |
| Land and Buildings           | 6,000            | 6,000            | 6,000            | 6,000            | 6,000            |  |
| Plant & Machinery            | 20,000           | 20,000           | 20,000           | 20,000           | 20,000           |  |
| Motor Vehicles               | 4,000            | 4,000            | 4,000            | 4,000            | 4,000            |  |
| Furniture &                  |                  |                  |                  |                  |                  |  |

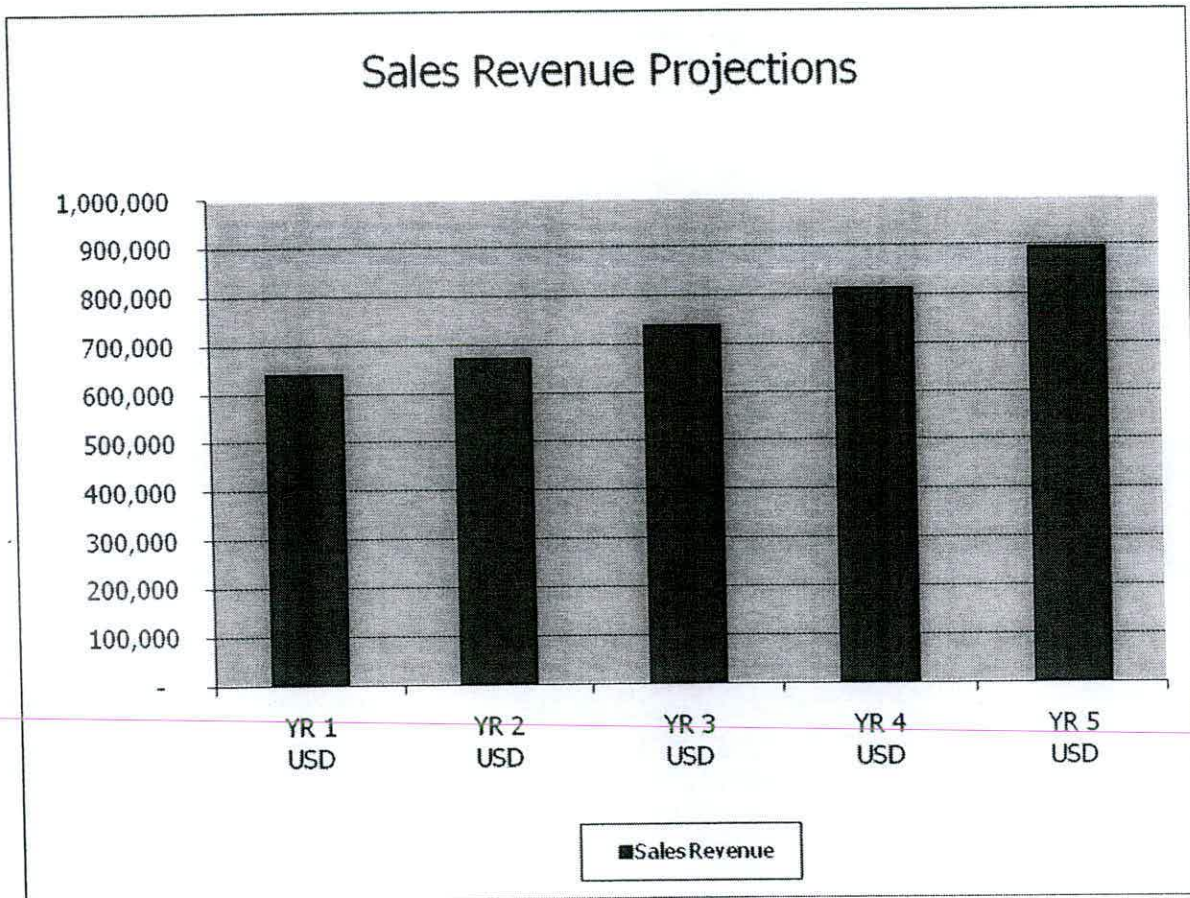
|  |                             |                  |                  |                  |                  |                  |
|--|-----------------------------|------------------|------------------|------------------|------------------|------------------|
|  | Fixtures                    | 1,000            | 1,000            | 1,000            | 1,000            | 1,000            |
|  | <b>ANNUAL DEPRECIATION</b>  | <b>31,000</b>    | <b>31,000</b>    | <b>31,000</b>    | <b>31,000</b>    | <b>31,000</b>    |
|  | <b>CLOSING FIXED ASSETS</b> | <b>1,519,000</b> | <b>1,488,000</b> | <b>1,457,000</b> | <b>1,426,000</b> | <b>1,395,000</b> |

**SCHEDULE 5**

| <b>SALARIES &amp; WAGES</b> |                                  |            |                         |                                |                            |
|-----------------------------|----------------------------------|------------|-------------------------|--------------------------------|----------------------------|
| <b>NO</b>                   | <b>EMPLOYEE DESIGNATION</b>      | <b>NO.</b> | <b>SALARY PER MONTH</b> | <b>SUBTOTAL MONTHLY SALARY</b> | <b>ANNUAL GROSS SALARY</b> |
| 1                           | General Manager                  | 1          | 1000                    | 1000                           | 12,000                     |
| 2                           | Production Manager               | 1          | 800                     | 800                            | 9,600                      |
| 3                           | Marketing Manager                | 1          | 800                     | 800                            | 9,600                      |
| 4                           | Finance & Administration Manager | 1          | 800                     | 800                            | 9,600                      |
| 5                           | Production Supervisor            | 2          | 600                     | 1200                           | 14,400                     |
| 6                           | Sales Executives                 | 2          | 500                     | 1000                           | 12,000                     |
| 7                           | Procurement Officer              | 2          | 500                     | 1000                           | 12,000                     |
| 8                           | Assistant Accountants            | 2          | 500                     | 1000                           | 12,000                     |
| 9                           | Machine Operators & Technicians  | 10         | 300                     | 3000                           | 36,000                     |
| 9                           | Secretary                        | 2          | 300                     | 600                            | 7,200                      |
| 10                          | Drivers                          | 4          | 300                     | 1200                           | 14,400                     |
| 11                          | Security Guards                  | 4          | 150                     | 600                            | 7,200                      |
| 10                          | Office Attendants                | 2          | 100                     | 200                            | 2,400                      |
|                             | <b>TOTAL USD \$</b>              | <b>34</b>  | <b>6,650</b>            | <b>13,200</b>                  | <b>158,400</b>             |

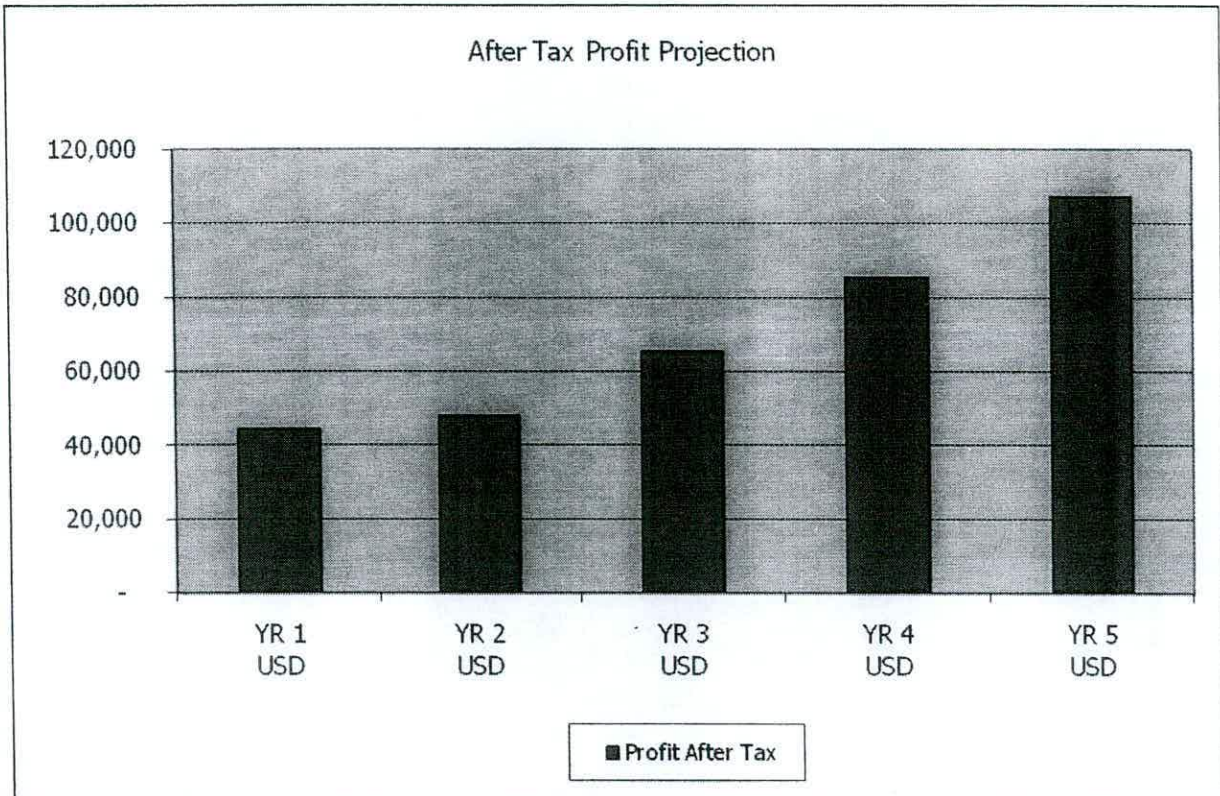
### REVENUE PROJECTION

|               | YR 1<br>USD | YR 2<br>USD | YR 3<br>USD | YR 4<br>USD | YR 5<br>USD |
|---------------|-------------|-------------|-------------|-------------|-------------|
| Sales Revenue | 640,000     | 672,000     | 739,200     | 813,120     | 894,432     |



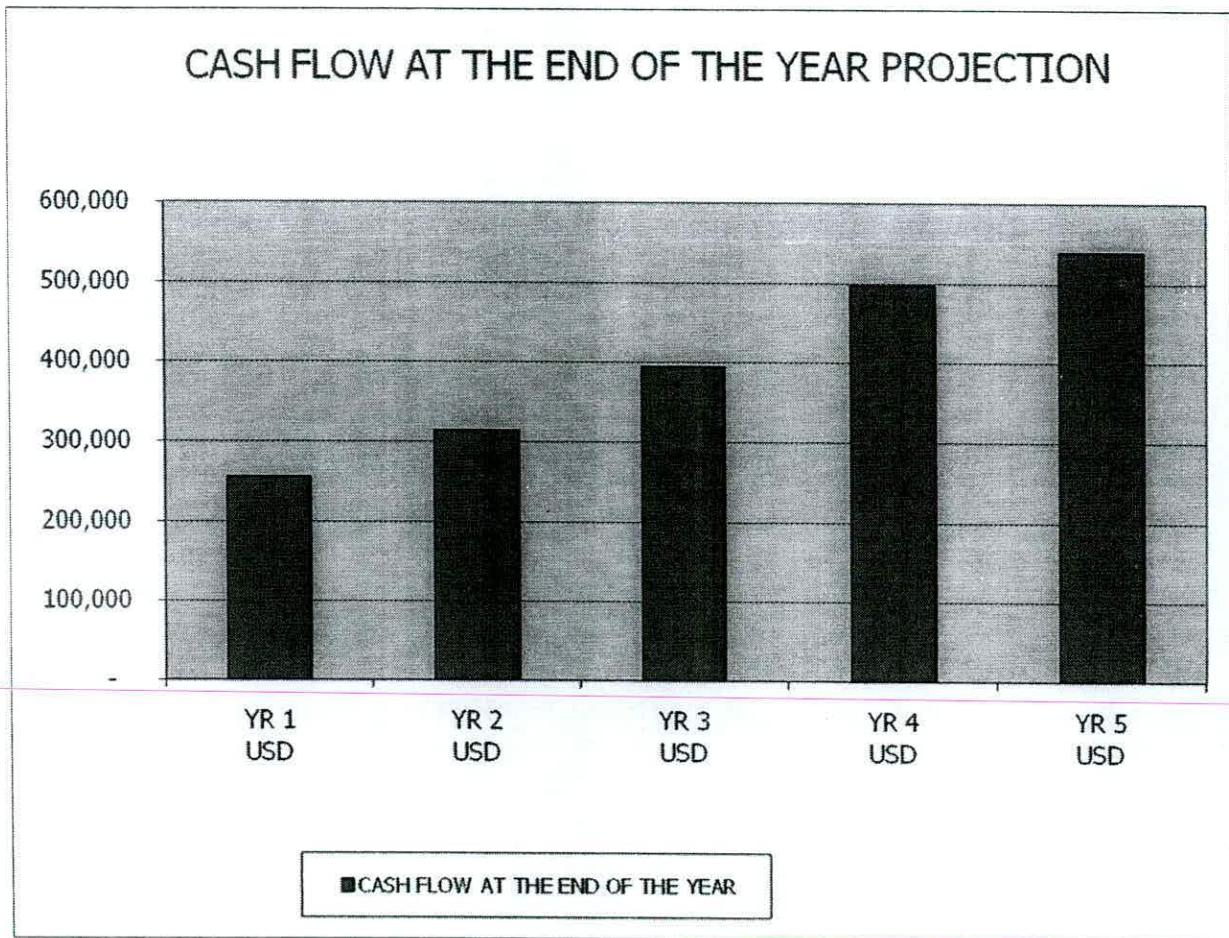
### PROFIT PROJECTION

|                         | YR 1<br>USD | YR 2<br>USD | YR 3<br>USD | YR 4<br>USD | YR 5<br>USD |
|-------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Profit After Tax</b> | 44,576      | 47,890      | 65,481      | 85,364      | 107,092     |



### CASH FLOW PROJECTION

|   | YR 1<br>USD | YR 2<br>USD | YR 3<br>USD | YR 4<br>USD | YR 5<br>USD |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>CASH FLOW AT THE END OF THE YEAR</b> | 255,280     | 313,324     | 393,086     | 497,534     | 539,329     |





RAINBOW BEVERAGES

CTD LTD



# MINUTE SHEET

Dokezo  
No.

1-0

## Ag. EXD

The approved project has fulfilled the investment requirements, which are: -

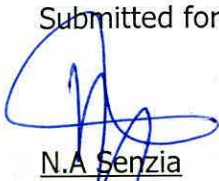
(a) Minimum finance investment threshold has been exceeded, the project expects to invest ..... US\$ 1.08m .....

(b) Legal entity has been incorporated under certificate

No. .... 82722 ..... of ..... 14/04/2011 .....

Based on the above, the letter of approval is hereby submitted for signature in order for the project to comply with the requirements of Section 17 of Tanzania Investment Act, 1997.

Submitted for signature.



N.A Senzia

DIF

13<sup>th</sup> October, 2011

## EXD

In response to the TIC letter of registration dated... 13<sup>th</sup> October 2011 .....

the project has submitted the required documents namely: -

(a) Company Board Resolution.

(b) Reference letter/Financing from... Msc International General .....

(c) Lease Agreement as evidence of land .....

With the above submission EXD is requested to sign Certificate of Incentives No. 042.115 ..... herein attached.



DIF

18/10/2011

# MINUTE SHEET

Dokezo  
No.

30 Ag ERD

14-01-13

CoT has been ammended to change project location  
and is hereby submitted for your signature.

  
A. Bragg  
A.g. DIF

7/1/2013

1

# RAINBOW BEVERAGES (TZ) LTD

PLOT 1-B 78/79, TABATA, MANDELA ROAD, DAR ES SALAM. P.O.BOX 5905

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---

THE DIRECTOR  
TANZANIA INVESTMENT CENTER  
DAR ES SALAM



**RE: APPLICATION FOR CERTIFICATE OF INCENTIVES**

**Dear Sir/Madam:**

Please refer to the above mentioned subject matter. We would like to make an application to your office – Tanzania Investment Center for a certificate of incentives for our company. Our company Rainbow Beverages (T) Ltd is a duly registered company with the Registrar of Companies in Tanzania.

We have attached the following necessary documents:

- Three copies of our projects business plan/Feasibility Study
- Three duly filled copies of the TIC application forms
- A copy of the company's Memorandum and Articles of Association
- A brief profile of investors
- Evidence of Capital Financing
- A lease agreement for our property
- Project implementation schedule

We are also humbly requesting the Tanzania Investment Center to assist us in obtaining other relevant statutory requirements to enable the company to start its operations.

Your Kind Cooperation in this matter will be highly appreciated.

Waiting for your favorable response.

Regards

Mehbub Musa

A handwritten signature in blue ink, appearing to read "Musa".

Director  
RAINBOW BEVERAGES (T) LTD





# TANZANIA INVESTMENT CENTRE

## REGISTRATION FORM

FOR

## CERTIFICATE OF INCENTIVES

(Tanzania Investment Act 1997, Section 17 and 18,  
and the Investment Regulations:  
Regulation 42, Government Notice No. 318A of 2002)

**Tanzania Investment Centre**  
9A & B Shaaban Robert Street  
P. O. Box 938  
**DAR ES SALAAM**  
Tel. 022 2116328  
Fax. 022 2118253  
e-mail: [information@tic.co.tz](mailto:information@tic.co.tz)  
Website: [www.tic.co.tz](http://www.tic.co.tz)

**(Please fill the form in duplicate)**

UNITED REPUBLIC OF TANZANIA

THE TANZANIA INVESTMENT ACT

(No. 26 of 1997)

APPLICATION FOR REGISTRATION

(Made under Regulation 42)

To: The Executive Director  
Tanzania Investment Centre  
P. O. Box 938  
DAR ES SALAAM  
Tanzania

1. I/We MR MEHBUB MUSA AND MR IREAN YOUSUF  
(director/directors/agent of RAINBOW BEVERAGES (D) LTD  
(name of business enterprise) apply for registration of CERTIFICATE OF INCENTIVES  
under Section 17 of the Act and Part IV of the Investment Regulations, 2002.
2. The registered office of the company will be situated at 390, Mandela Road,  
Kurasini, Port Area, Dar es Salaam.

Copies of the following documents are attached to this application:

- (i) The Memorandum and Articles of Association/or partnership agreement
  - (ii) Certificate of Incorporation/Registration
  - (iii) A copy of the Project Profile or Feasibility Study showing the implementation period, programme of implementation and operative date
  - (iv) Evidence of financing and evidence of land ownership for the project
3. The Head Office of the Company will be situated at 390, Mandela Road, Kurasini
4. The Principal Officers of the Company are Mr MEHBUB MUSA  
Mr IREAN YOUSUF
5. Auditors of the Company are ADOLPH ASSOCIATES, 1st Floor,  
Posta House, Dar es Salaam, Tel: 255 0 222134909
6. The authorized share capital of the Company is Tshs./~~US\$~~ 1 Billion

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 1,782,000,000 = US \$ 1,080,000
8. The month and day of the financial year end is 31<sup>st</sup> March

Note: *failure to provide all the required information will result in the return of the application by the Centre.*

I/We enclose a cheque/cash made payable to the **Tanzania Investment Centre** for Tshs./US\$

..... Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*

I, MEHBUB MUSA ..... of Post Office Number 5905, Dar es Salaam

..... do solemnly and sincerely declare that I am a director/duly

authorized agent of RAINBOW BEVERAGES (T) LTD

- AND that all the requirements of the Tanzania Investment Act, 1997 in respect of matters precedent to the registration of the business enterprise under the Act and incidental thereto have been complied with, AND I make this solemn declaration conscientiously believing the same to be true.

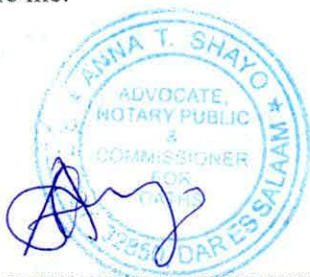
Declared at Dar es Salaam }  
..... }

*Musa*

The 04 day of October 2011 }

**Applicant**

Before me:



.....  
**Commissioner for Oaths**

APPLICATION SUMMARY

Company Name: RAINBOW BEVERAGES (T) LTD

Certificate of Incorporation Number: 82722 Status: Private limited Company

Certificate of Incorporation Date: 14th April 2011

Post Box: 5905

Town: Dar es Salaam

Sector: Beverages Manufacturing Sub-Sector: FRUIT-JUICES

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity Local Equity Foreign Loan Local Loan

1,782,000,000

US \$ 1,080,000

Project Objectives: To build a brand that is known for

quality, effectiveness and affordability. Setting up a factory for Canning and bottling of fruit-juices.

Capacity: 14,250,000,000 Annual Turnover

Employment: Foreign: 05 Local: 90 Total: 95

Implementation Period: 2 months 3 years

Project Location

Site/Plot/Block No.: 390

Street: Mandela Road District: Kurasini Region: Dar es Salaam

(Attach sketch map showing project location)

Table with 3 columns: Shareholders, Nationality, %

**Investment Breakdown**      **US\$/Tshs.M**

Land/Building .....  
Plant ..... 750,000  
Vehicles ..... 100,000  
Furniture & Fittings ..... 10,000  
Pre-expenses .....  
Others ..... 20,000  
Working Capital ..... 200,000  
**TOTAL** ..... 1,080,000

*200,000*

*000,000,200 T M*

**Contact Details:**

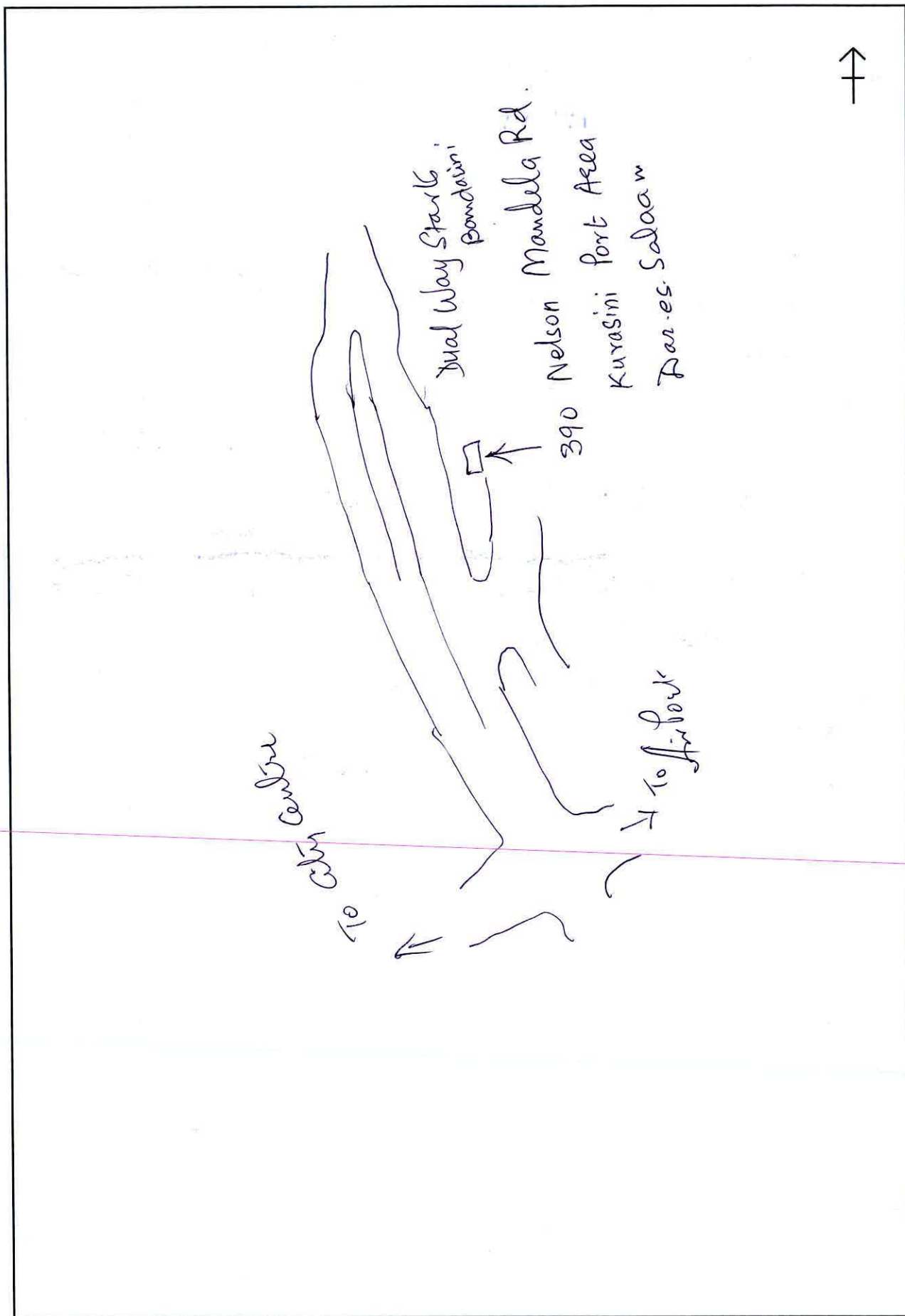
Name: ..... *MEHAB MUSA* ..... Title: ..... *DIRECTOR* .....  
Telephone: ..... *+260966759199/0765069844* ..... Fax: ..... *+255 22 2450740* .....  
Email: ..... *bestjuice@gmail.com* .....

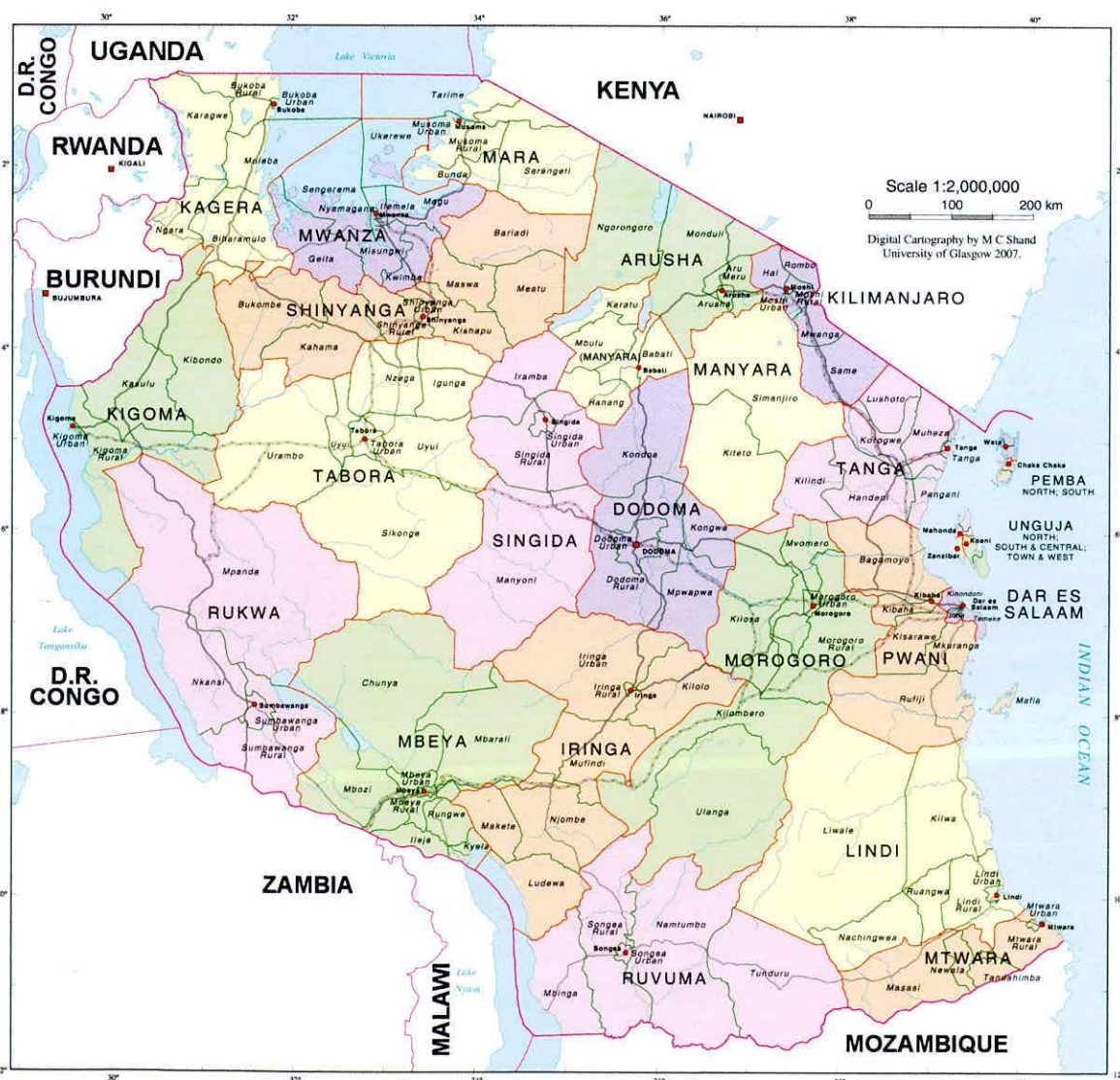
**Payments to be made payable to:**

TANZANIA INVESTMENT CENTRE  
STANDARD CHARTERED BANK TANZANIA LTD.  
SWIFT ADDRESS:      **SCBLTZTX**  
ACCOUNT NO.:      **8702006002000**

*200,000 T*

# SKETCH MAP SHOWING PROJECT LOCATION







# **TANZANIA INVESTMENT CENTRE**

## **REGISTRATION FORM**

**FOR**

## **CERTIFICATE OF INCENTIVES**

**(Tanzania Investment Act 1997, Section 17 and 18,  
and the Investment Regulations:  
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(Made under Regulation 42)

To: The Executive Director  
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Tanzania

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(~~director~~/directors/agent of RAINBOW BEVERAGES (T) LTD  
(name of business enterprise) apply for registration of CERTIFICATE OF INCENTIVES  
under Section 17 of the Act and Part IV of the Investment Regulations, 2002.
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5. Auditors of the Company are ADOLPH ASSOCIATES, 1st Floor,  
Posta House, Dar es Salaam. Tel 255 0 222134909
6. The authorized share capital of the Company is Tshs./US\$ 1 Billion

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 1,782,000,000 = US \$ 1,080,000/-
8. The month and day of the financial year end is 31<sup>st</sup> March

Note: *failure to provide all the required information will result in the return of the application by the Centre.*

We enclose a cheque/cash made payable to the **Tanzania Investment Centre** for Tshs./US\$

..... Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*

I, MEHSUB MUSA of Post Office Number 5905, Dar es Salaam

..... do solemnly and sincerely declare that I am a director/duly

authorized agent of RAINBOW BEVERAGES (T) LTD

**AND** that all the requirements of the Tanzania Investment Act, 1997 in respect of matters precedent to the registration of the business enterprise under the Act and incidental thereto have been complied with, **AND** I make this solemn declaration conscientiously believing the same to be true.

Declared at Dar es Salaam }  
..... }

The 04 day of October 2011 }

*Muse*

**Applicant**

Before me:

*[Signature]*  
.....  
**Commissioner for Oaths**



**APPLICATION SUMMARY**

Company Name: ..... RAINBOW BEVERAGES (T) LTD .....

Certificate of Incorporation Number: ... 82722 ..... Status: Private limited Company

Certificate of Incorporation Date: ... 14<sup>th</sup> April 2011 .....

Post Box: ..... 5905 .....

Town: ..... Dar es Salaam .....

Sector: ~~Beverages~~ Manufacturing

Sub-Sector: FRUIT-JUICES.  
PROCESSOR

**Investment Financing Plan in Million US\$/Tshs.**

|                |              |              |            |
|----------------|--------------|--------------|------------|
| Foreign Equity | Local Equity | Foreign Loan | Local Loan |
|----------------|--------------|--------------|------------|

US \$ 1,080,000/.....

Project Objectives: ..... To set up a brand new & known fac.

..... Setting up a factory for Canning and bottling of fruit-juices.

Capacity: ... Tsh. 14,250,000,000 Annual Turnover

Employment: Foreign: ... 05 ... Local: ... 90 ... Total: ... 95 .....

Implementation Period: ... 2 months ... 3 years

**Project Location**

Site/Plot/Block No.: ... 390 .....

Street: Mandela Road District: Kurasini Region: Dar es Salaam  
(Attach sketch map showing project location)

| Shareholders       | Nationality      | %     |
|--------------------|------------------|-------|
| MEHBUR .....       | MUSA - BRITISH   | 50    |
| IRFAN YOUSUF ..... | YOUSUF - BRITISH | 50    |
| .....              | .....            | ..... |
| .....              | .....            | ..... |
| .....              | .....            | ..... |

**Investment Breakdown**      **US\$/Tshs.M**

|                      |                 |
|----------------------|-----------------|
| Land/Building        | .....           |
| Plant                | ..... 750,000   |
| Vehicles             | ..... 100,000   |
| Furniture & Fittings | ..... 10,000    |
| Pre-expenses         | .....           |
| Others               | ..... 20,000    |
| Working Capital      | ..... 200,000   |
| <b>TOTAL</b>         | ..... 1,080,000 |

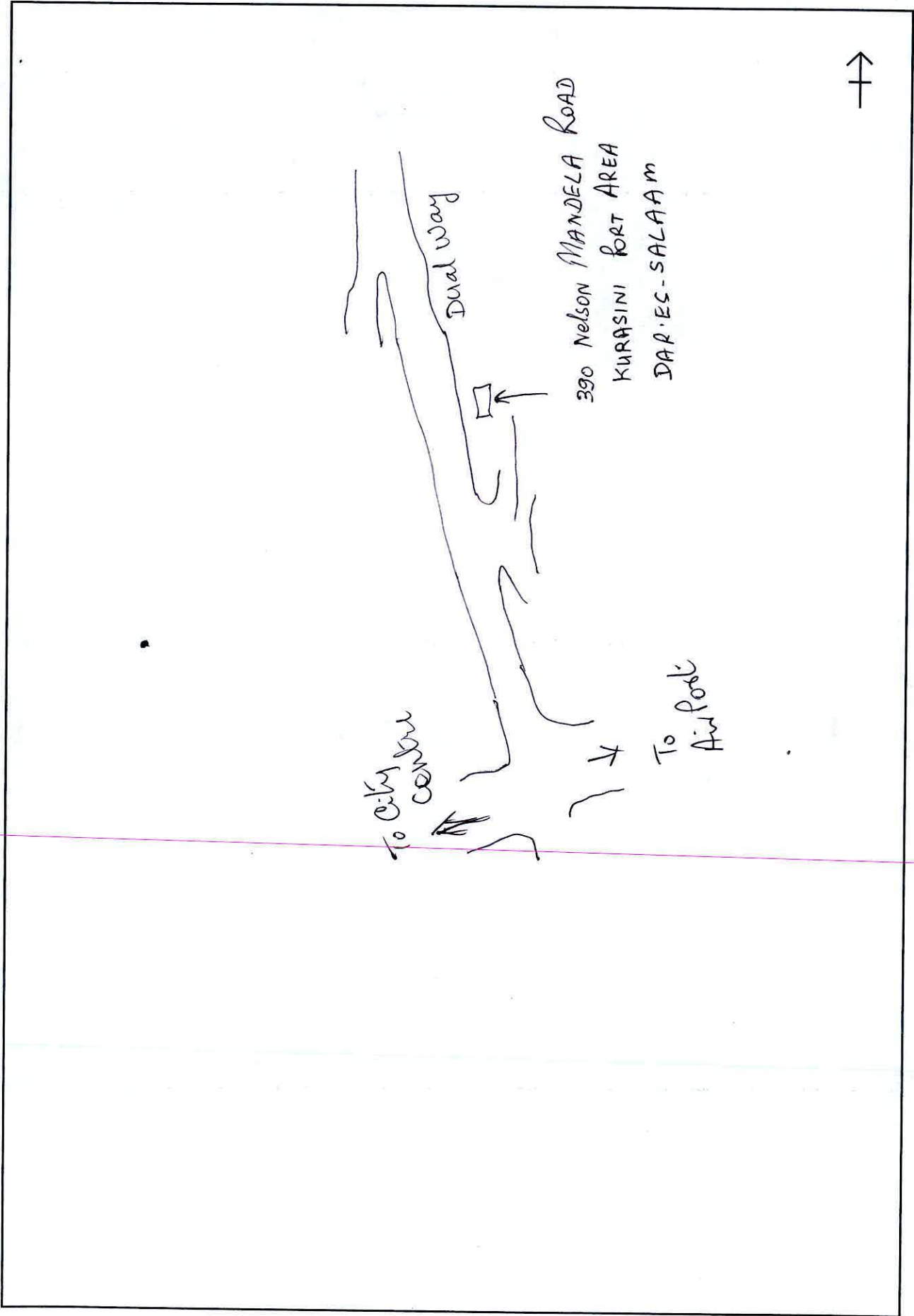
**Contact Details:**

Name: ..... MEHBUB Musa ..... Title: ..... DIRECTOR .....  
Telephone: ..... +26 096659199 / 0765069844 ..... Fax: ..... +255 22 2450740 .....  
Email: ..... bestjuice@gmail.com .....

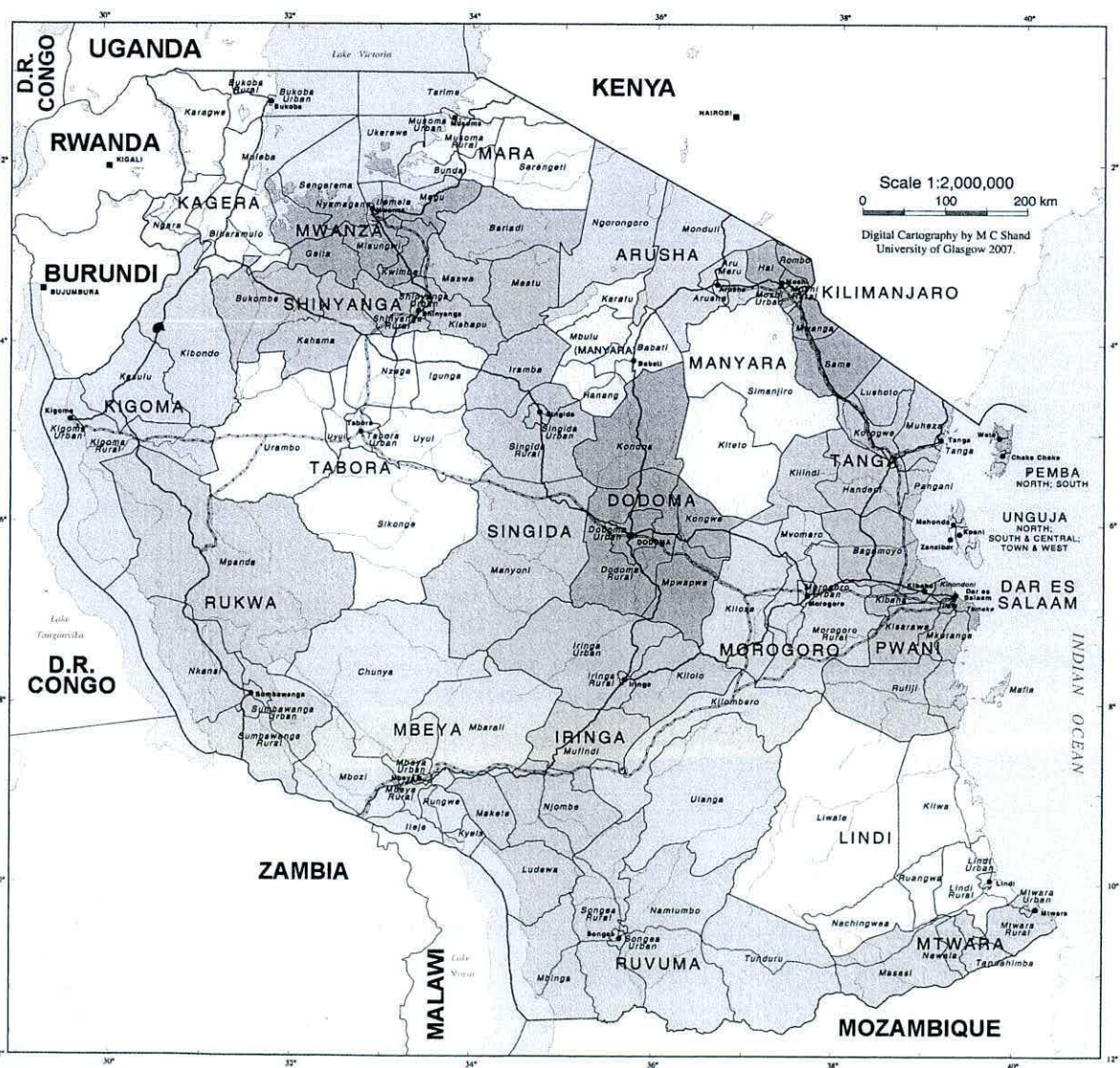
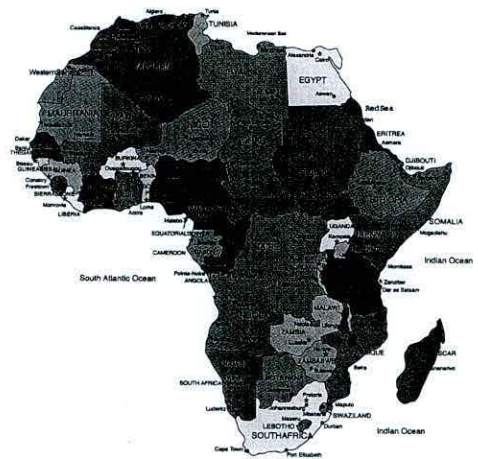
**Payments to be made payable to:**

TANZANIA INVESTMENT CENTRE  
STANDARD CHARTERED BANK TANZANIA LTD.  
SWIFT ADDRESS:      **SCBLTZTX**  
ACCOUNT NO.:      **8702006002000**

SKETCH MAP SHOWING PROJECT LOCATION







3

TICC/PP.10/042115/3

13<sup>th</sup> October, 2011

Managing Director,  
Rainbow Beverages (T) Ltd.,  
P.O. Box 5905,  
**DAR ES SALAAM**

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE  
ESTABLISHMENT OF A FACTORY FOR CANNING AND BOTTLING OF  
FRUITS JUICES**

We wish to acknowledge receipt of your project proposal to establish a factory for canning and bottling of fruits juices as presented in the TIC P.A. 1 Form No. 09526 and Feasibility Study with a projected investment of USD 1.08m.

We have studied your project proposal and are pleased to inform you that your investment proposal is now officially registered and therefore your project will be granted a CERTIFICATE OF INCENTIVES, given under authority conferred upon TIC under Part III, Section 17 (1-8) of the Tanzania Investment Act, 1997.

You will be required to submit to the Centre a Progress Report on the implementation of the project after every six months for our information and review. Guidelines for the preparation of the report are contained in annexure 2 also attached to this letter. Please do not hesitate to contact the Centre for any clarification if the need arises. Please also note that a facilitation fee equivalent to US\$ 750.00 is payable at the ruling exchange rate before your Certificate of Incentives is prepared. Please make deposit direct to the bank as per bank details below:-

.../2



TICC/PP.10/042115/3

13<sup>th</sup> October, 2011

Tanzania Investment Centre  
Standard Chartered Bank (T) Ltd  
US Dollar A/C 8702006002000  
T.Shs A/C 0102006002000

We wish you every success in the implementation of the project.

Yours sincerely,

**TANZANIA INVESTMENT CENTRE**

  
B.D. Chonjo

**FOR: EXECUTIVE DIRECTOR**

**Copy to:** Permanent Secretary,  
Ministry of Finance,  
P. O. Box 9111,  
**DAR ES SALAAM**

Permanent Secretary,  
Ministry of Industry, Trade and Marketing,  
P.O. Box 9503,  
**DAR ES SALAAM**

Commissioner General,  
Tanzania Revenue Authority,  
P. O. Box 11491,  
**DAR ES SALAAM**



## TIC Evaluation Report

Name of the Company  
**Rainbow Beverages (T) Ltd.**

|             |                            |                   |               |                |                     |
|-------------|----------------------------|-------------------|---------------|----------------|---------------------|
| Post Box    | Mandela Road, Plot No. 390 | COI Number        | 82722         | Contact        | Meghub Musa         |
| Post Office | 5905                       | COI Date          | 14/04/2011    | Designation    | Director            |
| Region      | Dar Es Salaam              | Application F. No | 09526         | Phone          | +260966759199       |
| Country     | Tanzania                   | Status            | New           | Direct Phone   | 0                   |
|             |                            | Sector            | Manufacturing | Cell Phone     | 0765 069844         |
|             |                            | Sub Sector        | Beverages     | Fax            | 022 2450740         |
|             |                            | File No           | 042115        | E-Mail Address | Bestjuice@Gmail.Com |

| Project Location |                             | Investment Finance Plan in Millions USD |              |              |            |
|------------------|-----------------------------|---|--------------|--------------|------------|
| Plot/Block       | Plot No. 390, Kurasini Area | Foreign Equity                          | Local Equity | Foreign Loan | Local Loan |
| Street           | Mandela                     | 1.08                                    | 0            | 0            | 0          |
| District         | Ilala                       |   |              |              |            |
| Region           | Dar es Salaam               |   |              |              |            |

| Shareholders Detail |             |     | Investment Breakdown (USD Million) |      |
|---------------------|-------------|-----|------------------------------------|------|
| Name                | Nationality | (%) | Land/Building                      | 0    |
| Irfan Yousuf        | British     | 50  | Plant                              | 0.75 |
| Behbub Musa         | British     | 50  | Vehicles                           | 0.1  |
|                     |             |     | Furniture & Fittings               | 0.01 |
|                     |             |     | Pre-expenses                       | 0    |
|                     |             |     | Others                             | 0.02 |
|                     |             |     | Working Capital                    | 0.2  |
|                     |             |     | Total                              | 1.08 |

|                   |       |              |              |
|-------------------|-------|--------------|--------------|
| Employment        | 95    | Evaluated By | wf officer4  |
| Capacity          | xxxxx | Drawn By     | wf registry1 |
| Project Turn Over |       | Project Type | Foreign      |

### Description

To establish a factory for canning and bottling of fruits juices

### Recommendations

Be approved subject to providing evidence as required by section 17 of Tanzania Investment Act, 1997

### Decision

*Approved*  
*[Signature]*  
 11/07/2011

STAKABADHI YA SERIKALI

37895799

1

EXCHEQUER RECEIPT

NIMEPOKEA KWA

Received from

RAINSON YOVERA (C) LTD



KIASI  
Amount

|      |     |     |     |      |     |     |     |
|------|-----|-----|-----|------|-----|-----|-----|
| Shs. |     |     |     | Cts. |     |     |     |
| USD  | --- | --- | --- | TSD  | --- | --- | --- |

JUMLA YA SHILINGI (Kwa maneno)

The sum of Shillings (Words)

Udouna Seven hundred Fifty Only

NA SENTI  
And Cents

KWA MALIPO YA

In respect of

Certificate of Incentives

KWA FEDHA TASLIMU/HUNDI

NAMBA

By Cash/Cheque No.

0186081010/2011

KITUO - Station

DSU

SAHIHI YA MPOKEAJI  
Signature

Receiving Officer's

CHEO - Title

Acc

TAREHE - Date

13 OCT 2011

NPC-KUTA



T.C

5

# RAINBOW BEVERAGES (TZ) LTD

PLOT 1-B 78/79, TABATA, MANDELA ROAD, DAR ES SALAM. P.O.BOX 5905

DATE: 20<sup>th</sup> October 2011

COMMISSIONER OF CUSTOMS & EXCISE  
TANZANIA REVENUE AUTHORITY  
P.O.BOX 9053,  
DAR ES SALAAM



UFS  
EXECUTIVE DIRECTOR,  
TANZANIA INVESTMENT CENTRE,  
P.O.BOX 938,  
DAR ES SALAAM

Dear Sir,

**RE: DUTY & VAT EXEMPTION ON CAPITAL/ DEEMED CAPITAL GOODS FOR  
CERTIFICATE OF INCENTIVES NO: 042115**

We are TIC approved project with certificate of incentives no. 042115.  
Which is valid up to September 2014.

The company has been registered with objectives of Establishing a factory for canning and bottling of fruit juices.

Attached herewith please find attached a list of Capital/Deemed Capital Goods for Duty/VAT exemption approved.

Yours Sincerely

A handwritten signature in black ink, appearing to be "Irfan Yousuf".

Irfan Yousuf  
MANAGING DIRECTOR  
RAINBOW BEVERAGES (T) LTD



with the Vice-Chief  
of The Original

Signature

Date

*[Handwritten Signature]*

18/10/2011



00218113

THE UNITED REPUBLIC OF TANZANIA  
Tanzania Investment Centre

# Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

042115

No: .....

## This is to certify that

RAINBOW BEVERAGES (TANZANIA) LIMITED

P.O. BOX 5905

of address .....

DAR ES SALAAM

has been granted a Certificate of Incentives to invest in a new, ~~rehabilitation expansion~~  
~~or equity of the~~ enterprise known as

RAINBOW BEVERAGES (TANZANIA) LIMITED

PLOT NO. 390 KURASINI AREA, MANDELA

Which is located at .....

TEMEKE - DAR ES SALAAM

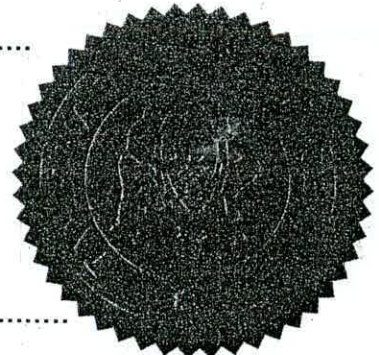
Further particulars required by Section 17 of the Tanzania Investment Act are set out overleaf.

*[Handwritten Signature]*  
Ag. Executive Director

Tanzania Investment Centre  
P.O. Box 938, Dar es Salaam

18TH OCTOBER 2011

Dated .....



This Certificate is issued in accordance with the provisions of Section 17 of the Tanzania Investment Act, 1997 and subject to the conditions prescribed under item 14 and 15 hereafter:—

1. Shareholders
 

|              | Nationality | Shareholding (%) |
|--------------|-------------|------------------|
| Irfan Yousuf | British     | 50               |
| Behbub       | British     | 50               |
2. Proposed Activities : To establish a factory for canning and bottling of fruits juices
3. Sector: Manufacturing Subsector Beverages Processors
4. Investment cost: Foreign USD 1.08m. Local - Total USD 1.08m.
5. Project Financing: Equity USD 1.08m. Loans - Total USD .08m.
6. Source, terms and conditions of loan.....
7. Assets to be invested:
 

|                | Foreign           | Local    | Total            |
|----------------|-------------------|----------|------------------|
| Capital items: | <u>USD 1.08m.</u> | <u>-</u> | <u>USD 1.08m</u> |
8. Technology Agreement ..... None
9. Date of TIC Registration: ..... 13th October 2011
10. Implementation period ..... October 2011 - September 2014
11. Operative date..... October 2014
12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997
  - (i) Applicable Import Duty ..... And VAT as per Customs Tariff Act, 1976 & VAT Act, 1997
  - (ii) Applicable with-holding Tax ..... As per Income Tax Act, 2004 (as amended)
  - (iii) Eligibility of Capital Allowances ..... As per Income Tax Act, 2004 (as amended)
13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.
14. Conditions attached to this Certificate of Incentives
  - (i) Date of Commencement of investment has to be notified to the Centre.
  - (ii) Certificate not to be transferred, assigned or amended
  - (iii) Failure to commence implementation within two years invalidates Certificate
  - (iv) Failure to operate investment must be notified to the Centre
  - (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre
15. Additional conditions attached to Certificate  
Finished goods are not allowed under this Certificate

Signed .....  
Ag. Executive Director



# TANZANIA REVENUE AUTHORITY

## CERTIFICATE OF REGISTRATION FOR TAXPAYER IDENTIFICATION NUMBER (TIN)

(ISSUED UNDER SECTION 133 OF THE INCOME TAX ACT NO. 11 OF 2004)

### THIS IS TO CERTIFY THAT

RAINBOW BEVERAGES (TANZANIA) LIMITED

.....

has been registered with the Tanzania Revenue  
Authority and assigned the Taxpayer  
Identification Number

114-886-947

.....

with effect from 03-10-2011

.....



P. N. Kassera

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

# RAINBOW BEVERAGES (T) LTD

## LIST OF ITEMS TO IMPORT

| ITEM NO.  | ITEM DETAILS  | QTY | UNIT MEASUREMENT | ITEM GROUP | ITEM PRICE | TIN         |
|---|---|-----|------------------|------------|------------|-------------|
| <b>1.CARBONATED/SPARKLINE RINSER FILLER CAPPER 24/24/8 MACHINE MODEL NO. 340 B SR, NO 2</b> |   |     |                  |            |            |             |
| 1.01  | RINSER FILLER CAPPER MACHINE MODEL NO. 340B-24/24/8 SR NO. 2 WITH 350ML CHANGE PARTS FITTED | 1   | NO.              |            |            | 114-886-947 |
| 1.02  | CAP ELEVATOR CHAIN ASSLY.   | 1   | NO.              |            |            | 114-886-947 |
| 1.03  | CAP CHUTE ASSLY WITH AIR JET  | 1   | NO.              |            |            | 114-886-947 |
| 1.04  | LEVEL PAD AND BOLT  | 8   | NO.              |            |            | 114-886-947 |
| 1.05  | CAP ELEVATOR STAND  | 1   | NO.              |            |            | 114-886-947 |
| 1.06  | OUT FEED CONVEYOR   | 1   | NO.              |            |            | 114-886-947 |
| 1.07  | CAP RETURN PIPE LINE  | 1   | NO.              |            |            | 114-886-947 |
| 1.08  | CAP RETURN PIPE FUNNEL  | 1   | NO.              |            |            | 114-886-947 |
| 1.09  | MACHINE MANUAL 340B SR. NO. 01 24/24/8  | 1   | BOX              |            |            | 114-886-947 |
| 1.1   | CAP ELEVATOR HOPPER   | 1   | NO.              |            |            | 114-886-947 |
| 1.11  | ELECTRICAL PANNEL COMPLETE  | 1   | NO.              |            |            | 114-886-947 |
| 1.12  | PANNEL MOUNTING BRACKET WITH LEVEL BOLT   | 1   | NO.              |            |            | 114-886-947 |
| 1.13  | LEVEL PAD AND BOLT  | 4+4 | NO.              |            |            | 114-886-947 |
| 1.14  | RINSER WATER PIPE LINE WITH PRESSURE GAUGE PRESSURE SWITCH AND PNUMATIC IDMC VALVE FITTED   | 1   | SET              |            |            | 114-886-947 |
| 1.15  | FILLER WATER PIPE LINE  | 1   | NO.              |            |            | 114-886-947 |
| 1.16  | CIP RETURN PIPE   | 1   | NO.              |            |            | 114-886-947 |
| 1.17  | MACHINE OPERATIONG PLATFORM   | 1   | NO.              |            |            | 114-886-947 |
| 1.18  | RINSER INFEED GUIDE   | 1   | NO.              |            |            | 114-886-947 |
| 1.19  | RINSER TRANSFER GUIDE   | 1   | NO.              |            |            | 114-886-947 |
| 1.2   | FILLER TRANSFER GUIDE   | 1   | NO.              |            |            | 114-886-947 |
| 1.21  | CAPPER GUIDE  | 1   | NO.              |            |            | 114-886-947 |
| 1.22  | CAPPER OUTFEED GUIDE  | 1   | NO.              |            |            | 114-886-947 |
| 1.23  | RINSER TRANSFER SPIDER  | 1   | SET              |            |            | 114-886-947 |





|                             |   |    |     |                                |             |
|-----------------------------|---|----|-----|--------------------------------|-------------|
| 1.89                        | BYPOD SUPPORT PIPE 1"X16 SWG X 500 LONG       | 2  | NO. |                                | 114-886-947 |
| <b>2. LABELLING MACHINE</b> |   |    |     |                                | 114-886-947 |
| 2.01                        | MAIN SS SPIDER                                | 1  | NO. |                                | 114-886-947 |
| 2.02                        | MAIN SS SPIDER MOUNTING SS SPACER D20X53 LONG | 8  | NO. |                                | 114-886-947 |
| 2.03                        | INFEED AND OUTFEED SPIDER WITH HOUSING ASSY   | 2  | SET |                                | 114-886-947 |
| 2.04                        | BOTTLE GUIDE MIDDLE-SS SPACER D30X76 LONG     | 9  | NO. |                                | 114-886-947 |
| 2.05                        | BOTTLE GUIDE TOP SS SPACER                    | 9  | NO. |                                | 114-886-947 |
| 2.06                        | ROW CHAIN CONVEYOUR 2500 Lg. 0-1              | 1  | NO. |                                | 114-886-947 |
| 2.07                        | ROW CHAIN CONVEYOUR 2500 Lg. 1-2              | 1  | NO. |                                | 114-886-947 |
| 2.08                        | ROW CHAIN CONVEYOUR 2500 Lg. 4-5              | 2  | NO. |                                | 114-886-947 |
| 2.09                        | ROW CHAIN CONVEYOUR 2500 Lg. 5-6              | 4  | NO. |                                | 114-886-947 |
| 2.1                         | ROW CHAIN CONVEYOUR 2500 Lg. 6-7              | 6  | NO. |                                | 114-886-947 |
| 2.11                        | ROLLER CONVEYOUR 2500 mm Lg. 0-1              | 2  | NO. |                                | 114-886-947 |
| 2.12                        | S.S.PIPE 48.3 Q                               | 2  | NO. |                                | 114-886-947 |
| 2.13                        | S.S.PIPE 42.2 Q                               | 2  | NO. |                                | 114-886-947 |
| 2.14                        | S.S. CABLE TRAY                               | 2  | NO. |                                | 114-886-947 |
| 2.15                        | S.S. LURICATION TRAY                          | 1  | NO. |                                | 114-886-947 |
| 2.16                        | INSPECTION TUBE LIGHT                         | 2  | NO. |                                | 114-886-947 |
| 2.17                        | S.S. CONNECTIONG TRAY                         | 1  | NO. |                                | 114-886-947 |
| 2.18                        | BIPOT   | 1  | NO. |                                | 114-886-947 |
| 2.19                        | TRIPOT  | 1  | NO. |                                | 114-886-947 |
| 2.2                         | 2 ROW CHAIN CONVEYOUR 1000 mm Lg. 2-3         | 1  | NO. | LABELLING MACHINE<br>Machinery | 114-886-947 |
| 2.21                        | 2 ROW CHAIN CONVEYOUR 1000 mm Lg. 3-4         | 1  | NO. |                                | 114-886-947 |
| 2.22                        | S.S. LUBRICATION TRAY                         | 2  | NO. |                                | 114-886-947 |
| 2.23                        | AIR CONVEYOR 2500 mm Lg. 0-1                  | 1  | NO. |                                | 114-886-947 |
| 2.24                        | AIR CONVEYOR 2500 mm Lg. 1-2                  | 1  | NO. |                                | 114-886-947 |
| 2.25                        | AIR CONVEYOR 2500 mm Lg. 2-3                  | 1  | NO. |                                | 114-886-947 |
| 2.26                        | AIR CONVEYOR 2500 mm Lg. 3-4                  | 1  | NO. |                                | 114-886-947 |
| 2.27                        | AIR CONVEYOR 2500 mm Lg. 4-5                  | 1  | NO. |                                | 114-886-947 |
| 2.28                        | NECK GUIDE                                    | 30 | NO. |                                | 114-886-947 |
| 2.29                        | S.S. PIPE 48.3 Q                              | 10 | NO. |                                | 114-886-947 |
| 2.3                         | S.S. PIPE 42.2 Q                              | 10 | NO. |                                | 114-886-947 |
| 2.31                        | S.S. CABLE TRAY                               | 5  | NO. |                                | 114-886-947 |

|                                       |   |    |     |   |             |
|---------------------------------------|---|----|-----|---|-------------|
| 2.32                                  | S.S. ROD 10mm Q X 3 Mtr.                          | 20 | NO. |   | 114-886-947 |
| 2.33                                  | CONNECTOR   | 10 | NO. |   | 114-886-947 |
| 2.34                                  | AIR CONVEYOR FLATE WITHOUT CYLINDER               | 30 | NO. |   | 114-886-947 |
| 2.35                                  | ROLLER CONVEYOR                                   | 1  | NO. |   | 114-886-947 |
| 2.36                                  | BIPOT   | 12 | NO. |   | 114-886-947 |
| 2.37                                  | AIR CONVEYOR SUPPORT CLAMP WITH ASSEMBLY          | 15 | NO. |   | 114-886-947 |
| 2.38                                  | SPARE NUT, BOLT AND WASHER                        | 1  | BAG |   | 114-886-947 |
| 2.39                                  | BLOWER MACHINE                                    | 2  | NO. |   | 114-886-947 |
| 2.4                                   | DRIVE MOTOR                                       | 3  | NO. |   | 114-886-947 |
| 2.41                                  | PLASTIC STRAIGHT CHAIN                            | 33 | MTR |   | 114-886-947 |
| <b>3. JUICE LINE FOR PET BOTTLING</b> |   |    |     |   |             |
| 3.01                                  | SPANCER SET AND DRILL MACHINE                     | 1  | SET | JUICE LINE FOR PET<br>BOTTLING - Machinery    | 114-886-947 |
| 3.02                                  | TOOL BOX  | 1  | SET |   | 114-886-947 |
| 3.03                                  | BENCH WISE, BEARING PULLER, IPER RANGE            | 1  | NO. |   | 114-886-947 |
| 3.04                                  | PIPER RANGE                                       | 1  | NO. |   | 114-886-947 |
| 3.05                                  | MULTI AND CLAMP METER, AXO FRAME, SCREW DRIVE SET | 1  | SET |   | 114-886-947 |
| 3.06                                  | CHAIN PULLER BLOCK, SCREW DRIVERS SET             | 1  | SET |   | 114-886-947 |
| 3.07                                  | S.S. BUCKET WITH COVER                            | 8  | NO. |   | 114-886-947 |
| 3.08                                  | MUGS  | 8  | NO. |   | 114-886-947 |
| 3.09                                  | SCOOP   | 4  | NO. |   | 114-886-947 |
| 3.1                                   | PALTS   | 2  | NO. |   | 114-886-947 |
|                                       |   |    |     |   | 114-886-947 |
| 4                                     | <b>DOMINO INK JET PRINTER A220</b>                | 1  | NO. | DOMINO INK JET<br>PRINTER A220 -<br>machinery | 114-886-947 |
| 4.01                                  | DOMINO INK JET STAND                              | 1  | NO. |   | 114-886-947 |
|                                       |   |    |     |   | 114-886-947 |
| 5                                     | <b>COOLING TOWER</b>                              | 1  | NO. | COOLING TOWER -<br>Machinery                  | 114-886-947 |
| 5.01                                  | FRP TANK FOR THE COOLING TOWER MODEL              | 1  | NO. |   | 114-886-947 |
| 5.02                                  | 5HP MOTOR   | 1  | NO. |   | 114-886-947 |
| 5.03                                  | KIRLOSKAR MAKE PUMP MODEL KDS - 1555              | 1  | NO. |   | 114-886-947 |
| 5.04                                  | 15T2 DUPLEX                                       | 2  | NO. |   | 114-886-947 |
| 5.05                                  | 15TE20 WITH WATER COOLED AFTERCOOLER              | 3  | NO. | 114-886-947                                   |             |

|       |   |       |       |   |             |
|-------|---|-------|-------|---|-------------|
| 6     | 2 NOS DELAIR DEHUMIDIFYING TYPE COMPRESSES AIR DRYER<br>MODEL NO. FDI-P-110A      | 2     | NO.   | 2 NOS DELAIR<br>DEHUMIDIFYING TYPE<br>COMPRESSES AIR<br>DRYER MODEL NO. FDI<br>P-110A - Machinery | 114-886-947 |
| 6.01  | FILTERS FOR FDI-P-110A  | 3     | NO.   |   | 114-886-947 |
| 6.02  | DELAIR DEHUMIDIFYING TYPE COMPRESSOR AIR DRYER MODEL NO.<br>FDI-110A WITH FILTERS | 2     | NO.   |   | 114-886-947 |
|       |   |       |       |   | 114-886-947 |
| 7     | Delivery Trucks   | 5     | no.   | VEHICLE   | 114-886-947 |
| 8     | Stainless Steel mixing and storage tanks  | 6     | no.   | Machinery   | 114-886-947 |
| 9     | Shrink wrapping machines  | 2     | no.   | Machinery   | 114-886-947 |
| 10    | Stainless Steel filter housing  | 10    | no.   | Machinery   | 114-886-947 |
| 11    | Filter bags   | 800   | no.   | Machinery   | 114-886-947 |
| 12    | Protective clothing   | 100   | Pairs | EQUIPMENT   | 114-886-947 |
| 13    | Stainless Steel pipes and fittings  | loose |       | Machinery   | 114-886-947 |
| 14    | Desktop and laptop computers  | 6     | no.   | EQUIPMENT   | 114-886-947 |
| 15    | Forklift  | 1     | no.   | EQUIPMENT   | 114-886-947 |
| 16    | Standby generator   | 1     | no.   | EQUIPMENT   | 114-886-947 |
| 17    | 500 KVA Transformer   | 1     | no.   | EQUIPMENT   | 114-886-947 |
| 18    | Electrical Cables and switch gear   | 30    | pcs   | EQUIPMENT   | 114-886-947 |
| 19    | Injection moulding machines   | 3     | no.   | Machinery   | 114-886-947 |
| 20    | Automatic moulding machines   | 2     | no.   | Machinery   | 114-886-947 |
| 21    | Preform moulds  | 2     | no.   | Machinery   | 114-886-947 |
| 22    | Cap mould   | 1     | no.   | Machinery   | 114-886-947 |
| 23    | Water Chillers  | 3     | no.   | Machinery   | 114-886-947 |
| 24    | Hopper loader   | 1     | no.   | Machinery   | 114-886-947 |
| 25    | water treatment machinery of 6000 LPH   | 1     | no.   | Water Treatment/ RO<br>Machinery  | 114-886-947 |
| 25.01 | RO plant machinery  | 1     | no.   |   | 114-886-948 |
| 25.02 | storage tank  | 1     | no.   |   | 114-886-949 |

7

**TICC/PP.10/042115/7**

**04/11/2011**

Commissioner for Customs & Excise,  
Tanzania Revenue Authority,  
P.O. Box 9053,  
**DAR ES SALAAM**

Dear Sir,

**RE: DUTY/ VAT REMISSIONS ON CAPITAL/ DEEMED CAPITAL  
GOODS – CERTIFICATE OF INCENTIVES No: 042115**

**M/S Rainbow Beverages (T) Limited** is a TIC registered company with certificate of incentives **No. 042115** which is valid up to **September 2014**

The company has been registered with objectives of establishing a factory for canning and bottling of fruits juices.

Attached herewith please find a list of Capital/ Deemed Capital Goods for Duty/ VAT remissions approval.

Yours sincerely

**TANZANIA INVESTMENT CENTRE**

  
N.A. Senzia

**FOR: EXECUTIVE DIRECTOR**

8

# RAINBOW BEVERAGES (T) LIMITED

PO Box 42761, TEMEKE, DAR ES SALAAM  
Email: [bestjuicetz@gmail.com](mailto:bestjuicetz@gmail.com) Telephone: +255 22 2860527

---

October 3, 2012

The Director,  
Tanzania Investment Centre,  
PO Box 938, Dar Es Salaam.



Kind Attn: Ms. NakualaSenzia

Sub: Change of Address. Certificate of Incentives no: 042115

Madam,

We wish to bring it to your notice that, due to unavoidable reasons, we are forced to shift our plant and request you to issue a certificate with our new address.

Rainbow Beverages (T) Limited,  
Plot No. 5, Vingunguti,  
Dar Es Salaam.

Thank you.

Truly,  
For Rainbow Beverages (T) Limited

  
Karthikeyan.K  
General Manager

+255 766717373



Original  
Signature  
Date: 2/12/2011  
Tanzania Investment Centre



00218113

THE UNITED REPUBLIC OF TANZANIA

# Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

042115

No: .....

**This is to certify that**

RAINBOW BEVERAGES (TANZANIA) LIMITED

of address .....  
P.O. BOX 5905

DAR ES SALAAM

has been granted a Certificate of Incentives to invest in a new, ~~rehabilitation expansion~~  
~~or equity of the~~ enterprise known as

RAINBOW BEVERAGES (TANZANIA) LIMITED

Which is located at .....  
PLOT NO. 390 KURASINI AREA, MANDELA

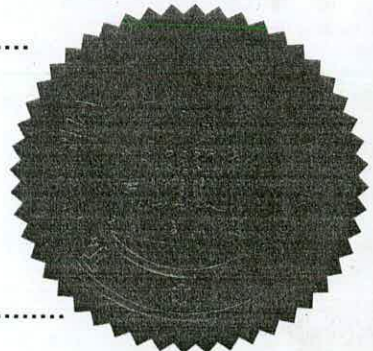
TEMEKE - DAR ES SALAAM

Further particulars required by Section 17 of the Tanzania Investment Act are set out overleaf.

.....  
Ag. Executive Director

Tanzania Investment Centre  
P.O. Box 938, Dar es Salaam

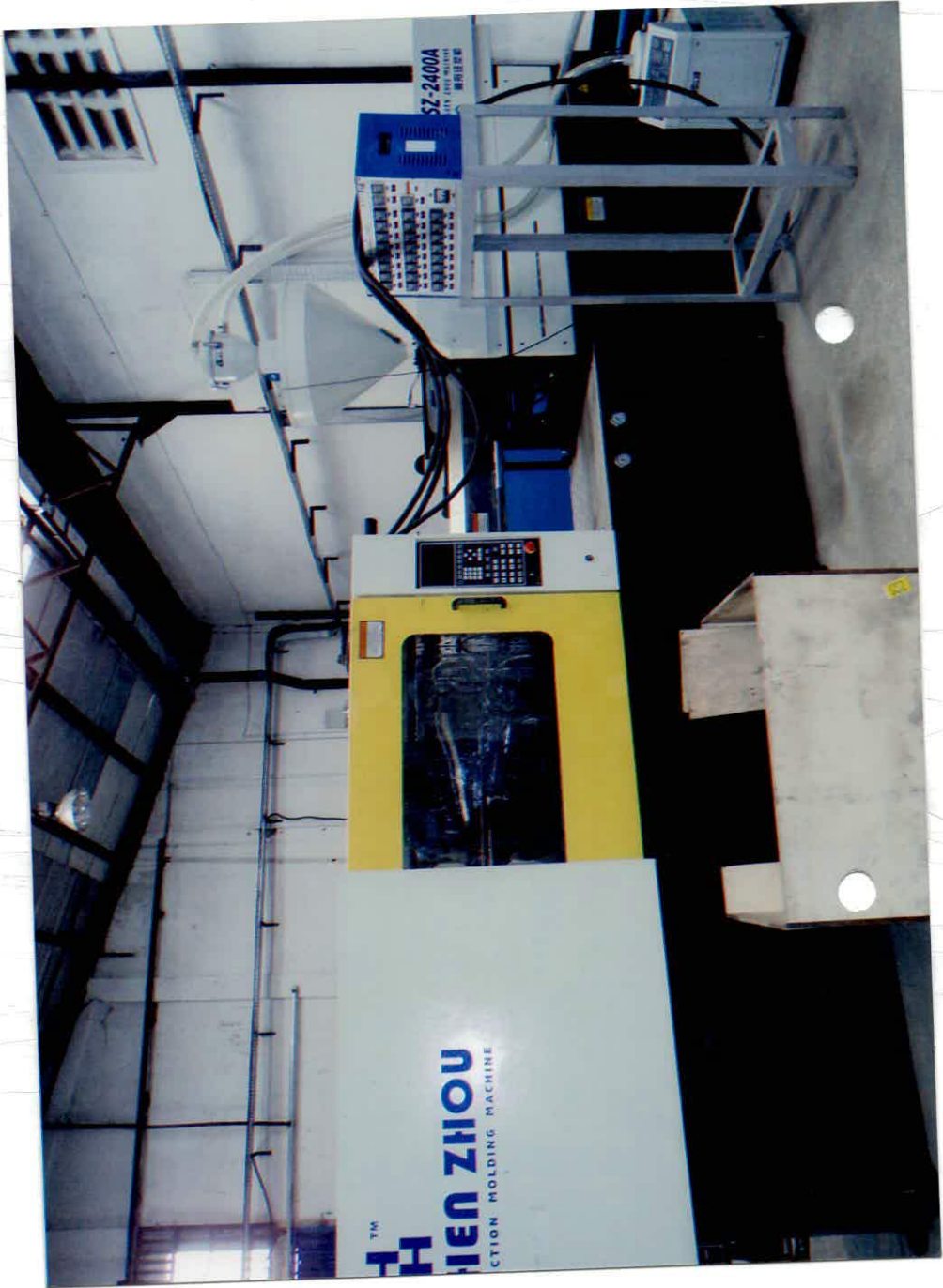
Dated .....  
18TH OCTOBER 2011



This Certificate is issued in accordance with the provisions of Section 17 of the Tanzania Investment Act, 1997 and subject to the conditions prescribed under item 14 and 15 hereafter:—

1. Shareholders
- |              | Nationality | Shareholding (%) |
|--------------|-------------|------------------|
| Irfan Yousuf | British     | 50               |
| Behbub       | British     | 50               |
2. Proposed Activities: To establish a factory for canning and bottling of fruits juices
3. Sector: Manufacturing Subsector: Beverages Processors
4. Investment cost: Foreign USD 1.08m. Local - Total USD 1.08m.
5. Project Financing: Equity USD 1.08m. Loans - Total USD 1.08m.
6. Source, terms and conditions of loan
7. Assets to be invested:
- | Capital items: | Foreign    | Local | Total     |
|----------------|------------|-------|-----------|
|                | USD 1.08m. | -     | USD 1.08m |
8. Technology Agreement: None
9. Date of TIC Registration: 13th October 2011
10. Implementation period: October 2011 - September 2014
11. Operative date: October 2014
12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997 And VAT as per Customs Tariff Act, 1976 & VAT Act, 1997
- (i) Applicable Import Duty: As per Income Tax Act, 2004 (as amended)
  - (ii) Applicable with-holding Tax: As per Income Tax Act, 2004 (as amended)
  - (iii) Eligibility of Capital Allowances: As per Income Tax Act, 2004 (as amended)
13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.
14. Conditions attached to this Certificate of Incentives
- (i) Date of Commencement of investment has to be notified to the Centre.
  - (ii) Certificate not to be transferred, assigned or amended
  - (iii) Failure to commence implementation within two years invalidates Certificate
  - (iv) Failure to operate investment must be notified to the Centre
  - (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre
15. Additional conditions attached to Certificate
- Finished goods are not allowed under this Certificate

Signed .....  
Ag. Executive Director



OLD PLANT  
COMMISSIONED INSPECTION  
MOULDING MACHINE

FUJIFILM



Filtration Crystals  
Pit

OLD PLANT

REVERSE OSMOSIS +  
PROCESSING

INSTALLED

D

D



GRACE  
DIGITAL

GRACE  
DIGITAL

MITSUBISHI  
COLOR PAPER

OLD PLANT

FINISHED PLANT

MITSUBISHI  
COLOR PAPER

GRACE  
DIGITAL

MITSUBISHI  
COLOR PAPER

GRACE  
DIGITAL

MITSUBISHI  
COLOR PAPER



GRACE  
DIGITAL

MITSUBISHI  
COLOR PAPER

MITSUBISHI  
COLOR PAPER

NEW BLAUT  
WAVE IN PROGRESS

GRACE  
DIGITAL

MITSUBISHI  
COLOR PAPER

GRACE  
DIGITAL

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GRACE  
DIGITAL



NEW PLANT  
WORK IN PROGRESS



MITSUBISHI  
COLOR PAPER

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COLOR PAPER

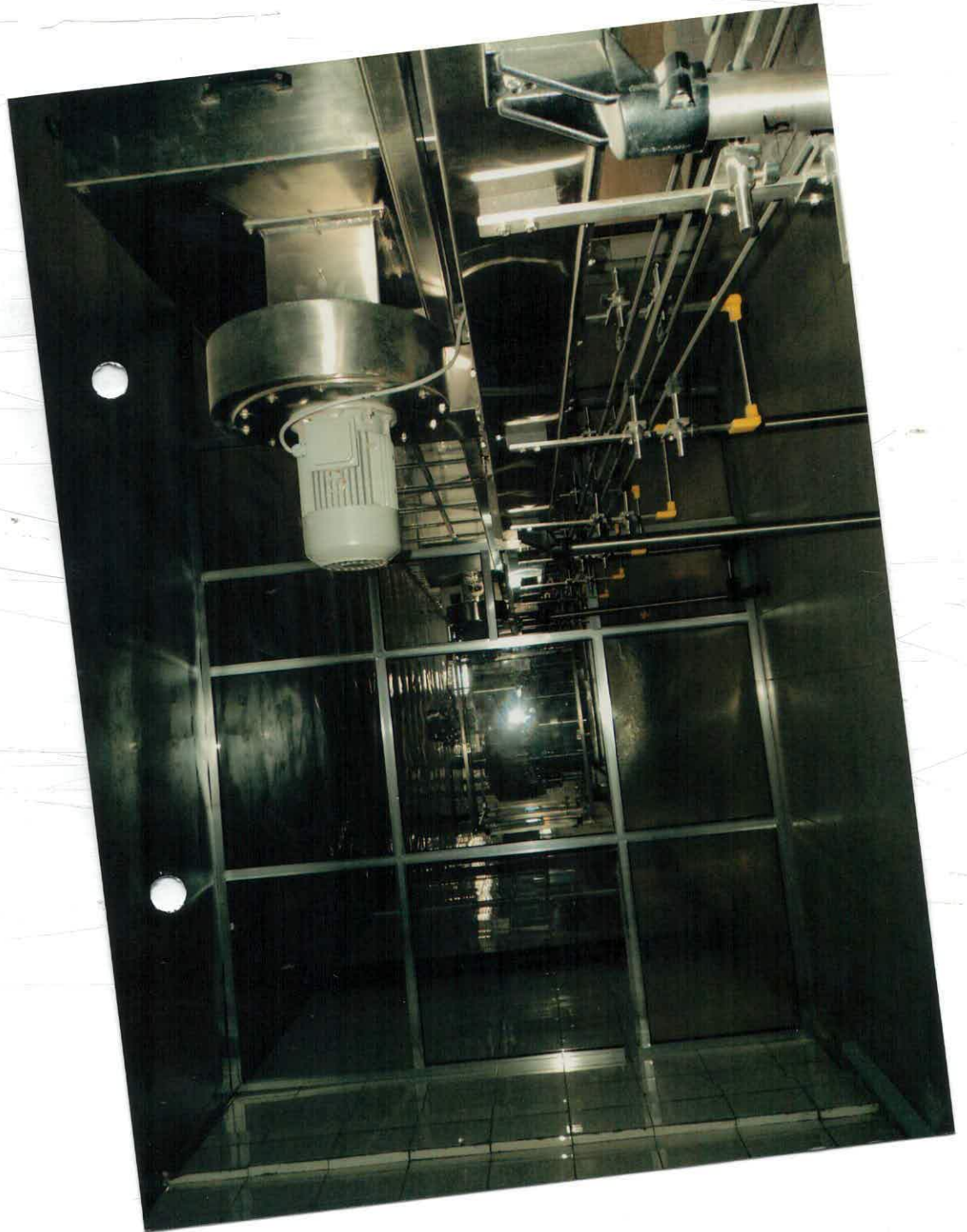
GRACE<sup>3</sup>  
DIGITAL

ALUMINIUM ENCAPSULATED  
JUICE & LIME +  
PITCHES

OLD PLANT

GRACE<sup>3</sup>  
DIGITAL

GRACE



GRACE  
DIGITAL

GRACE  
DIGITAL

MITSUBISHI  
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GRACE  
DIGITAL

MITSUBISHI  
COLOR PAPER

OLD PLANT  
FUTURE LINE - INSTALLED



Certified as a True Copy of the Original

  
ILDEFONCE LUNLI NDEMELA  
Advocate, Notary Public & Commissioner for Oath.

2/1/2013

LAND FORM NO. 55

THE UNITED REPUBLIC OF TANZANIA  
THE LAND ACT 1999  
(NO. 4 OF 1999)

9

CONTRACT OF LEASE  
(Under Section 64)

CT NO. 18963  
PLOT NO. 5  
VINGUNGUTI  
DAR ES SALAAM- CITY

WE, **MARS INTERNATIONAL LIMITED**, a company registered under the laws of Tanzania of Post Office Box 21772 Dar es Salaam (hereinafter called "**the Lessor**") represented by Mr. Ali Abid R. Hussein Mandani, hereby agree to lease the right of occupancy registered under the above reference to **RAINBOW BEVERAGES (T) LIMITED**, a company registered under the laws of Tanzania of Post Office Box 42761 Dar es Salaam (hereafter called "**the Lessee**") represent by Mr. Karthikeyan Krishnamoorthy.

1. Description of the Land.

WHEREAS the Lessor is the owner of the premises known as Plot No. 5 Vingunguti Dar es Salaam comprising Godowns B, D & E, measuring 1850 square meters together with living quarters comprising of two bedrooms, hall and kitchen as part of the premises and has exclusive right to ownership and control of the said premises including any fixtures erected thereon hereinafter called "the demised premises" shown in the drawing annexed hereto as ANNEXURE.

2. Duration/type of Lease.

The Lessor hereby Demises unto the Lessee the demised premises to hold the same unto the lessee for a term of five years renewable from the 1<sup>st</sup> day of October, 2012 and expiring on the 30th day of September, 2017.

3. Purpose of Lease.

The demised premises shall be used for manufacturing & Storage.

4. Rent.

The rent shall be USD 3000/= per month and payable 12 months in advance by way of cheque. The rent shall be increased at the rate of ten percent (10%) every alternate year. (Oct 2014 by 10% & Oct 2016 by another 10%)

5. Date of execution of Lease.

The lease shall be executed on the 28th day of September, 2012.





6. Date of delivery of Possession.

Immediately on payment of the rent in advance, provided that delivery shall be subject to the covenants of the Lessor with the Lessee.

7. Covenants of the Lessee.

The lessee hereby covenants with the Lessor as follows:-

- (a) To pay the reserved rent at the time and in the manner aforesaid;
- (b) To use the demised premises in the manner aforesaid and to return the same to the Lessor in a good condition and tenantable repair at the expiry of the Lessee.
- (c) To pay for its use of electricity and water and for sewerage disposal.
- (d) To permit by appointment the Lessor and its agents at all reasonable times to enter and examine the state of repair of the demises premises and to carry out any repairs and in the case of rent default.
- (e) To abide by local authority regulations governing commercial premises, especially with regard to city regulations in respect of garbage and refuse.
- (f) Not to make any alteration to the demised premises without the Lessor's consent in writing. Minor repairs or renovations allowed at Lessee's cost.
- (g) Not to assign, underlet or any part with the possession of the demised premises or any part thereof without the consent of the Lessor.
- (h) Not to use or suffer the demised premises or any part thereof for any illegal or immoral purposes or for any hazardous material.
- (i) To deduct withholding tax at the rate provided by law and to pay and obtain a receipt from the Income Tax department on behalf of the Lessor and to supply a copy of the receipt to the Lessor.
- (j) To yield up the demised premises in a good condition at the expiration of the term of the lease hereby granted.
- (k) To pay stamp duty on the contract of the lease as may be provided for by the law.



- 2. Permission to park 4 (four) trucks and 2 (two) cars within the premises.
- 3. Permission to have their own security systems and people within the premises.
- 4. Permission to have necessary documents and approval letters from the Lessor, when dealing with government authorities.

**5. Option to Renew.**

Lessor reserves the right whether or not to renew.

**6. Notice.**

Either party may give 90 days' Notice of its intention to terminate the contract during the period of its subsistence.

The Lessor will not be responsible for any loss, theft, fire or any natural disaster.

**IN WITNESS THEREOF** the parties hereto have executed these presents having read and understood the same in the manner and on the day and year hereinafter appearing.

Dated at Dar es Salaam this 28<sup>th</sup> day of September 2012.

Signature of the Lessor

Name: **Mr. Ali Abid R. Hussein Mandimani**  
Designation: **Director**  
Company Stamp/Seal



Signature of Lessee

Name: **Karthikeyan Krishnamoorti**  
Designation: **General Manager**  
Company Stamp / Seal



Witness:

Name: \_\_\_\_\_

Signature \_\_\_\_\_

Witness:

Name: \_\_\_\_\_

Signature \_\_\_\_\_





**TANZANIA REVENUE AUTHORITY**



1011 DEPARTMENT .....

**PAYMENT NOTICE AND DEPOSIT SLIP**

01372682 /12-13

**PART 1: TAX PAYMENT NOTICE**

1. Taxpayer Name and Address: MARS INTERNATIONAL LTD

2. TIN: 103 740 118

4. Tax Region IZARA

3. Tax Debit No. \_\_\_\_\_  
5. Total Tax Payment TZS 565,200/-

6. Type of Tax SLAVRY

| GFS CODE | Amount    | Tax Period        | GFS CODE | Amount | Tax Period |
|----------|-----------|-------------------|----------|--------|------------|
| 070201   | 565,200/- | OCT 2012-OCT 2013 |          |        |            |
|          |           |                   |          |        |            |
|          |           |                   |          |        |            |

**PART 2: TAX PAYMENT DEPOSIT SLIP**

7. Name of Bank IFM BANK

Branch MAIN

8. Payment

| Cash:                | Denomination           | Amount (TZS)    | Cents          |
|----------------------|------------------------|-----------------|----------------|
|                      | <b>Notes:</b> 10000/-x |                 |                |
|                      | 5000/-x                |                 |                |
|                      | 2000/-x                |                 |                |
|                      | 1000/-x                |                 |                |
|                      | 500/-x                 |                 |                |
|                      | <b>Coins</b> 200/-x    |                 |                |
|                      | 100/-x                 |                 |                |
|                      | 50/-x                  |                 |                |
|                      | 20/-x                  |                 |                |
|                      | 10/-x                  |                 |                |
|                      | 5/-x                   |                 |                |
|                      | <b>Total Cash TZS</b>  |                 | <u>565,200</u> |
| <b>Cheques:</b>      |                        |                 |                |
| Cheque Number        | Drawer's Name          | Bank and Branch | TZS            |
|                      |                        |                 |                |
|                      |                        |                 |                |
| <b>TOTAL CHEQUES</b> |                        |                 |                |
| <b>GRAND TOTAL</b>   |                        |                 |                |

9. Amount in words FIVE HUNDRED SIXTY FIVE THOUSAND TWO HUNDRED ONLY  
10. Taxpayer's Signature [Signature] Date 22/10/2012

- 2. Permission to park 4 (four) trucks and 2 (two) cars within the premises.
- 3. Permission to have their own security systems and people within the premises.
- 4. Permission to have necessary documents and approval letters from the Lessor, when dealing with government authorities.

**5. Option to Renew.**

Lessor reserves the right whether or not to renew.

**6. Notice.**

Either party may give 90 days' Notice of its intention to terminate the contract during the period of its subsistence.

The Lessor will not be responsible for any loss, theft, fire or any natural disaster.

**IN WITNESS THEREOF** the parties hereto have executed these presents having read and understood the same in the manner and on the day and year hereinafter appearing.

Dated at Dar es Salaam this 28<sup>th</sup> day of September 2012.

Signature of the Lessor



Name: **Mr. Ali Abid R. Hussein Mandimani**  
Designation: **Director**  
Company Stamp/Seal

Signature of Lessee



Name: **Karthikeyan Krishnamoorthi**  
Designation: **General Manager**  
Company Stamp / Seal

Witness:

Name: \_\_\_\_\_

Signature

Witness:

Name: \_\_\_\_\_

Signature

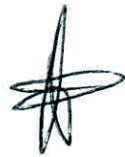
**8. Covenants of the Lessor**

The Lessor hereby covenants with the Lessee as follows:-

- (a) That the lessee paying the rent hereby reserved and performing and observing the several covenants on its part and the conditions herein contained shall peacefully hold and enjoy the demised premises during the said term of the lease without any interruption or harassment by the Lessor or his agents or assignees.
- (b) That the Lessor shall further covenant with the Lessee as follows:-
- i. To ensure that the godowns are leakage proof and fully cleaned and made fit for running the proposed plant.
  - ii. To provide three toilets fully fitted with doors and other fittings.
  - iii. To allow the existing ABB 315 KVA Distribution Transformer to be used exclusively by the Lessee.
  - iv. To allow the installation of another transformer and laycables within the demised premises in addition to the existing 315 ABB Transformer.
  - v. To allow fresh TANESCO 3 phase domestic Line for a light load requirements.
  - vi. To allow a covered sewer to be constructed within the plant and the same to be connected to the main sewer in Nyerere road.
  - vii. To allow a Bore Well be sunk at the Lessee's cost within the demised premises for the Lessee's exclusive consumption.
  - viii. The plant to be allowed to operate 24 hours a day and 7 days a week.
  - ix. Lessee shall remove its machinery, transformer, Switchgear, Electrical cables, fixtures & fittings among others invested by Lessee on the expiry / termination of the contract.

**9. Permission.**

1. To alter the premises with the permission of the Lessor to accommodate its production activity at its cost.
  - A shed to house compressors behind their leased godown.
  - To place cooling tower, water tank and Generator at designated places outside the godown.
  - To tile and encapsulate with aluminum structure within the godown.
  - To lay cable trays, ducts and cables.
  - To break a portion of the wall.
  - To build a concrete block to install the transformer.
  - To build office rooms, pantry, shelves etc.



# RAINBOW BEVERAGES (T) LIMITED

10

PO Box 41031, VINGUNGUTI, DAR ES SALAAM  
Email: [bestjuicetz@gmail.com](mailto:bestjuicetz@gmail.com) Telephone: +255 22 2860527

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December 14, 2012

The Director,  
Tanzania Investment Centre,  
PO Box 938, Dar Es Salaam.



Kind Attn: Ms. Nakuala Senzia

Sub: Progress Report - Certificate of Incentives no: 042115

Madam,

In continuation with our letter dated October 3, 2012, regarding shifting of our premises, we are pleased to enclose the following as advised.

1. Progress Report for the last one year
2. Photographs of both the old & new plant
3. Exim Bank Cheque no 244211 dated 14<sup>th</sup> December 2012 for USD 750 fees for the amended certificate.

Please acknowledge receipt of the above.

We look forward to your support in establishing our plant in Dar Es Salaam.

Thank you.

Truly,  
For Rainbow Beverages (T) Limited

Karthikeyan.K  
General Manager

Encl: as above

**TANZANIA INVESTMENT CENTRE  
DAR ES SALAAM**

**PROGRESS REPORT**

(Information required for the project's progress report after every six months)

1. Planned activity for the period November 2011 to November 2012.

Importation of Machinery  
Installation  
Commissioning  
Registration – TFDA  
Other Governmental Clearances  
Commercial production

2. Achievements made on the project implementation to-date

Importation of machinery  
Installation  
Commissioning  
Registration of Premises – TFDA

Relocation of Premises to Vingunguti due to sewer connectivity & other constraints.  
Installation in Progress  
Awaiting Dawasco's solution to our sewer connectivity

3. Project Financial Expenditure to Date

|                             | Foreign       | Local         | Total (In USD) |
|-----------------------------|---------------|---------------|----------------|
| Land & Building             |               | 129330        | 129330         |
| Plant & Machinery           | 801767        | 54164         | 855931         |
| Vehicles                    |               |               |                |
| Furniture                   |               |               |                |
| Office Equipment            |               |               |                |
| Insurance Cover             |               |               |                |
| Pre-Operational Expenditure |               | 37244         | 36862          |
| Working Sub total Capital   |               |               |                |
| <b>Grand Total</b>          | <b>801767</b> | <b>220738</b> | <b>1022505</b> |

## TAZANIA INVESTMENT CENTRE

### PROGRESS REPORT

#### 4. Project Financing

The project is being financed by promoters of the company.

#### 5. Problems & Solutions

- Cost of Power connectivity & some of the billing rules are not conducive to the investor.
- Sewer Connectivity needs to be addressed. In the absence of proper connectivity the guidelines of environmental & other government agencies needs to be relooked.
- We relocated due to sewer connectivity. We choose the new location primarily due to proximity to main sewer line. Though we are only 160 Meters from the main sewer line Dawasco is not in a position to connect through the road and are requesting us to take permission from adjacent plot owner to construct the sewer line through their property. They have not given us the Permission. Now we are stranded looking at other alternatives.
- Gap between the rules & infrastructure availability leads to arbitrary decisions of various government bodies leaving the investor at the mercy of the inspectors.

#### 6. Recommendations & other comments

- While we agree that guidelines & rules of various agencies are definitely in the right direction, we should also look into Infrastructure availability and make amends in the guidelines wherever necessary, which will help the investors in better understanding of their role.
- Government designated /allocated Industrial area / plots with necessary Infrastructure at least for foreign investors based on their product will definitely go a long way in attracting investments.

Unclaimed refund beyond three years will be forfeited



# TANZANIA INVESTMENT CENTRE

Shaaban Robert Street, P.O. Box 938, Dar Es Salaam, Tel. +255 22 2116328-31, Fax: +255 22 2118253

**RECEIPT** REC009712

No. 004201

Received from : RAINBOW BEVERAGES(T) LTD

Address P.O. Box 41031 DSM

Received the sum of (In words): SEVEN HUNDRED FIFTY AND ZERO CENTS ONLY

**For Executive Director  
Tanzania Investment Centre**

Being payment in respect of CERTIFICATE OF INCENTIVES FEES

Amount : USD 750.00

C / Cheque No: 244211 of 14/12

Date : 17-Dec-2012

J. Simba

Receiving Officer



12

No 00219519

THE UNITED REPUBLIC OF TANZANIA

# Certificate of Incentives

THIS CERTIFICATE ~~REPLACE~~ <sup>(Section 17 of the Tanzania Investment Act, 1997)</sup>  
THE PREVIOUS ONE NO. 042115 ISSUED ON  
18/10/2011

AMENDMENT ON PROJECT LOCATION  
HAS BEEN EFFECTED

No: 042115

## This is to certify that

RAINBOW BEVERAGES (TANZANIA) LIMITED

of address P.O. BOX 5905  
DAR ES SALAAM

has been granted a Certificate of Incentives to invest in a new, ~~rehabilitation or expansion~~  
~~XXXXXX of the~~ enterprise known as

RAINBOW BEVERAGES (TANZANIA) LIMITED

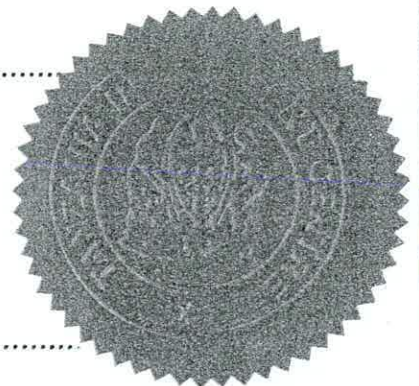
Which is located at PLOT NO. 5 VINGUNGUTI, GODOWNS B, D & E  
ILALA - DAR ES SALAAM

Further particulars required by Section 17 of the Tanzania Investment Act are set out overleaf.

Ag. Executive Director

Tanzania Investment Centre  
P.O. Box 938, Dar es Salaam

Dated 7TH JANUARY 2013



This Certificate is issued in accordance with the provisions of Section 17 of the Tanzania Investment Act, 1997 and subject to the conditions prescribed under item 14 and 15 hereafter:—

1. Shareholders
 

|                       | Nationality    | Shareholding (%) |
|-----------------------|----------------|------------------|
| <b>Irfan Yousuf</b>   | <b>British</b> | <b>50</b>        |
| <b>Mehbub I. Musa</b> | <b>British</b> | <b>50</b>        |
  
2. Proposed Activities : **To establish a factory for canning and bottling of fruits juices**
  
3. Sector: **Manufacturing** Subsector **Beverage Processors**
  
4. Investment cost: Foreign **USD 1.08m.** Local **—** Total **USD 1.08m.**
  
5. Project Financing: Equity **USD 1.08m.** Loans **—** Total **USD 1.08m.**
  
6. Source, terms and conditions of loan.....
  
7. Assets to be invested:
 

|                | Foreign           | Local    | Total             |
|----------------|-------------------|----------|-------------------|
| Capital items: | <b>USD 1.08m.</b> | <b>—</b> | <b>USD 1.08m.</b> |
  
8. Technology Agreement **None**
  
9. Date of TIC Registration: **13th October 2011**
  
10. Implementation period **October 2011 – September 2014**
  
11. Operative date **October 2014**
  
12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997 **And VAT as per Customs Tariff Act, 1976 & VAT Act, 1997**
  - (i) Applicable Import Duty **As per Income Tax Act, 2004 (as amended)**
  - (ii) Applicable with-holding Tax **As per Income Tax Act, 2004 (as amended)**
  - (iii) Eligibility of Capital Allowances **As per Income Tax Act, 2004 (as amended)**
  
13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.
  
14. Conditions attached to this Certificate of Incentives
  - (i) Date of Commencement of investment has to be notified to the Centre.
  - (ii) Certificate not to be transferred, assigned or amended
  - (iii) Failure to commence implementation within two years invalidates Certificate
  - (iv) Failure to operate investment must be notified to the Centre
  - (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre
  
15. Additional conditions attached to Certificate **Finished goods are not allowed under this Certificate**

Signed   
Ag. Executive Director

# RAINBOW BEVERAGES (T) LIMITED

PO Box 41031, VINGUNGUTI, DAR ES SALAAM  
Email: [besstjuicetz@gmail.com](mailto:besstjuicetz@gmail.com) Telephone: +255 22 2860527

13

December 18, 2012

The Director,  
Tanzania Investment Centre,  
PO Box 938, Dar Es Salaam.

Kind Attn: Ms. Nakuala Senzia

Sub: Submission - Certificate of Incentives no: 042115

Madam,


In continuation with our communication regarding shifting of our premises, we are pleased to enclose our original "Certificate of Incentives" as advised. We would be pleased if the fresh certificate is issued at your earliest.

Please acknowledge receipt of the above.

We look forward to your support in establishing our plant in Dar Es Salaam.

Thank you.

Truly,  
For Rainbow Beverages (T) Limited

  
Karthikeyan.K  
General Manager

Encl: as above





# **TANZANIA REVENUE AUTHORITY**

TRA/CE/C/P.20/08/1784

21<sup>st</sup> November, 2011

Managing Director,  
Rainbow Beverages (Tanzania) Limited,  
P.O.BOX 36140,  
**DAR ES S ALAAM.**

## **RE: DUTY /VAT EXMPTION ON CAPITAL/DEEMED CAPITAL GOODS- CERTIFICATE OF INCENTIVES NO.042115 OF 18.10.2011**

We are writing in response to your letter dated 20<sup>th</sup> October, 2011, supported by the letter Ref. TICC/PP.10/042115/7 of 04<sup>th</sup> November, 2011, from Tanzania Investment Centre, regarding the captioned subject.

We hereby confirm and approve <sup>Six</sup> ~~seven~~ **page lists of items** herein referred as capital/deemed capital goods for facilitation of your project with certificate of incentives mentioned above. Locally manufactured goods are to be procured locally. However; we have not approved filter bags and protective clothing because such items do not form part of deemed capital goods under your project.

The approved goods will be assessable at 0% Import Duty and VAT relief under the 3<sup>rd</sup> Schedule to the VAT Act, Cap.148; upon completion of form VAT 224 duly approved by the Commissioner for Domestic Revenue for local purchases and Commissioner for Customs and Excise for importations.

Sincerely yours,

Said Athumani

**For: COMMISSIONER FOR CUSTOMS AND EXCISE.**

NK/  
C.C: Commissioner for Domestic Revenue.  
C.C: Manager- TRA Temeke,  
C.C: Executive Director, ✓  
Tanzania Investment Centre,  
DSM.

**ISO 9001:2008 Certified**

**CUSTOMS & EXCISE DEPARTMENT**

Sokoine Drive, P.O. Box 9053, Dar es Salaam, Tanzania

Tel: 255-22-2117765 or 255-22-2127783/4/6/8 Fax: 255-22-2138878/2135193

# RAINBOW BEVERAGES (T) LTD

**LIST OF ITEMS TO IMPORT**

| ITEM NO.   | ITEM DETAILS  | QTY | UNIT MEASUREMENT | ITEM GROUP | ITEM PRICE | TIN         |
|--|---|-----|------------------|------------|------------|-------------|
| <b>1. CARBONATED/SPARKLINE RINSER FILLER CAPPER 24/24/8 MACHINE MODEL NO. 340 B SR, NO 2</b> |   |     |                  |            |            |             |
| 1.01   | RINSER FILLER CAPPER MACHINE MODEL NO. 340B-24/24/8 SR NO. 2 WITH 350ML CHANGE PARTS FITTED | 1   | NO.              |            |            | 114-886-947 |
| 1.02   | CAP ELEVATOR CHAIN ASSLY.   | 1   | NO.              |            |            | 114-886-947 |
| 1.03   | CAP CHUTE ASSLY WITH AIR JET  | 1   | NO.              |            |            | 114-886-947 |
| 1.04   | LEVEL PAD AND BOLT  | 8   | NO.              |            |            | 114-886-947 |
| 1.05   | CAP ELEVATOR STAND  | 1   | NO.              |            |            | 114-886-947 |
| 1.06   | OUT FEED CONVEYOR   | 1   | NO.              |            |            | 114-886-947 |
| 1.07   | CAP RETURN PIPE LINE  | 1   | NO.              |            |            | 114-886-947 |
| 1.08   | CAP RETURN PIPE FUNNEL  | 1   | NO.              |            |            | 114-886-947 |
| 1.09   | MACHINE MANUAL 340B SR. NO. 01 24/24/8  | 1   | BOX              |            |            | 114-886-947 |
| 1.1  | CAP ELEVATOR HOPPER   | 1   | NO.              |            |            | 114-886-947 |
| 1.11   | ELECTRICAL PANNEL COMPLETE  | 1   | NO.              |            |            | 114-886-947 |
| 1.12   | PANNEL MOUNTING BRACKET WITH LEVEL BOLT   | 1   | NO.              |            |            | 114-886-947 |
| 1.13   | LEVEL PAD AND BOLT  | 4+4 | NO.              |            |            | 114-886-947 |
| 1.14   | RINSER WATER PIPE LINE WITH PRESSURE GAUGE PRESSURE SWITCH AND PNUMATIC IDMC VALVE FITTED   | 1   | SET              |            |            | 114-886-947 |
| 1.15   | FILLER WATER PIPE LINE  | 1   | NO.              |            |            | 114-886-947 |
| 1.16   | CIP RETURN PIPE   | 1   | NO.              |            |            | 114-886-947 |
| 1.17   | MACHINE OPERATIONG PLATFORM   | 1   | NO.              |            |            | 114-886-947 |
| 1.18   | RINSER INFEED GUIDE   | 1   | NO.              |            |            | 114-886-947 |
| 1.19   | RINSER TRANSFER GUIDE   | 1   | NO.              |            |            | 114-886-947 |
| 1.2  | FILLER TRANSFER GUIDE   | 1   | NO.              |            |            | 114-886-947 |
| 1.21   | CAPPER GUIDE  | 1   | NO.              |            |            | 114-886-947 |
| 1.22   | CAPPER OUTFEED GUIDE  | 1   | NO.              |            |            | 114-886-947 |
| 1.23   | RINSER TRANSFER SPIDER  | 1   | SET              |            |            | 114-886-947 |









|                                       |   |    |     |   |             |
|---------------------------------------|---|----|-----|---|-------------|
| 2.32                                  | S.S. ROD 10mm Q X 3 Mtr.                          | 20 | NO. |   | 114-886-947 |
| 2.33                                  | CONNECTOR   | 10 | NO. |   | 114-886-947 |
| 2.34                                  | AIR CONVEYOR FLATE WITHOUT CYLINDER               | 30 | NO. |   | 114-886-947 |
| 2.35                                  | ROLLER CONVEYOR                                   | 1  | NO. |   | 114-886-947 |
| 2.36                                  | BIPOT   | 12 | NO. |   | 114-886-947 |
| 2.37                                  | AIR CONVEYOR SUPPORT CLAMP WITH ASSEMBLY          | 15 | NO. |   | 114-886-947 |
| 2.38                                  | SPARE NUT, BOLT AND WASHER                        | 1  | BAG |   | 114-886-947 |
| 2.39                                  | BLOWER MACHINE                                    | 2  | NO. |   | 114-886-947 |
| 2.4                                   | DRIVE MOTOR                                       | 3  | NO. |   | 114-886-947 |
| 2.41                                  | PLASTIC STRAIGHT CHAIN                            | 33 | MTR |   | 114-886-947 |
| <b>3. JUICE LINE FOR PET BOTTLING</b> |   |    |     |   |             |
| 3.01                                  | SPANCER SET AND DRILL MACHINE                     | 1  | SET | JUICE LINE FOR PET<br>BOTTLING - Machinery    | 114-886-947 |
| 3.02                                  | TOOL BOX  | 1  | SET |   | 114-886-947 |
| 3.03                                  | BENCH WISE, BEARING PULLER, IPER RANGE            | 1  | NO. |   | 114-886-947 |
| 3.04                                  | PIPER RANGE                                       | 1  | NO. |   | 114-886-947 |
| 3.05                                  | MULTI AND CLAMP METER, AXO FRAME, SCREW DRIVE SET | 1  | SET |   | 114-886-947 |
| 3.06                                  | CHAIN PULLER BLOCK, SCREW DRIVERS SET             | 1  | SET |   | 114-886-947 |
| 3.07                                  | S.S. BUCKET WITH COVER                            | 8  | NO. |   | 114-886-947 |
| 3.08                                  | MUGS  | 8  | NO. |   | 114-886-947 |
| 3.09                                  | SCOOP   | 4  | NO. |   | 114-886-947 |
| 3.1                                   | PALTS   | 2  | NO. |   | 114-886-947 |
|                                       |   |    |     |   | 114-886-947 |
| 4                                     | <b>DOMINO INK JET PRINTER A220</b>                | 1  | NO. | DOMINO INK JET<br>PRINTER A220 -<br>machinery | 114-886-947 |
| 4.01                                  | DOMINO INK JET STAND                              | 1  | NO. |   | 114-886-947 |
|                                       |   |    |     |   | 114-886-947 |
| 5                                     | <b>COOLING TOWER</b>                              | 1  | NO. | COOLING TOWER -<br>Machinery                  | 114-886-947 |
| 5.01                                  | FRP TANK FOR THE COOLING TOWER MODEL              | 1  | NO. |   | 114-886-947 |
| 5.02                                  | 5HP MOTOR   | 1  | NO. |   | 114-886-947 |
| 5.03                                  | KIRLOSKAR MAKE PUMP MODEL KDS - 1555              | 1  | NO. |   | 114-886-947 |
| 5.04                                  | 15T2 DUPLEX                                       | 2  | NO. |   | 114-886-947 |
| 5.05                                  | 15TE20 WITH WATER COOLED AFTERCOOLER              | 3  | NO. |   | 114-886-947 |



|       |   |           |   |             |
|-------|---|-----------|---|-------------|
| 6     | 2 NOS DELAIR DEHUMIDIFYING TYPE COMPRESSES AIR DRYER<br>MODEL NO. FDI-P-110A      | 2 NO.     | 2 NOS DELAIR<br>DEHUMIDIFYING TYPE<br>COMPRESSES AIR<br>DRYER MODEL NO. FDI<br>P-110A - Machinery | 114-886-947 |
| 6.01  | FILTERS FOR FDI-P-110A  | 3 NO.     |   | 114-886-947 |
| 6.02  | DELAIR DEHUMIDIFYING TYPE COMPRESSOR AIR DRYER MODEL NO.<br>FDI-110A WITH FILTERS | 2 NO.     |   | 114-886-947 |
|       |   |           |   | 114-886-947 |
| 7     | Delivery Trucks   | 5 no.     | VEHICLE   | 114-886-947 |
| 8     | Stainless Steel mixing and storage tanks  | 6 no.     | Machinery   | 114-886-947 |
| 9     | Shrink wrapping machines  | 2 no.     | Machinery   | 114-886-947 |
| 10    | Stainless Steel filter housing  | 10 no.    | Machinery   | 114-886-947 |
| 11    | Filter bags   | 800 no.   | Machinery   | 114-886-947 |
| 12    | Protective clothing   | 100 Pairs | EQUIPMENT   | 114-886-947 |
| 13    | Stainless Steel pipes and fittings  | loose     | Machinery   | 114-886-947 |
| 14    | Desktop and laptop computers  | 6 no.     | EQUIPMENT   | 114-886-947 |
| 15    | Forklift  | 1 no.     | EQUIPMENT   | 114-886-947 |
| 16    | Standby generator   | 1 no.     | EQUIPMENT   | 114-886-947 |
| 17    | 500 KVA Transformer   | 1 no.     | EQUIPMENT   | 114-886-947 |
| 18    | Electrical Cables and switch gear   | 30 pcs    | EQUIPMENT   | 114-886-947 |
| 19    | Injection moulding machines   | 3 no.     | Machinery   | 114-886-947 |
| 20    | Automatic moulding machines   | 2 no.     | Machinery   | 114-886-947 |
| 21    | Preform moulds  | 2 no.     | Machinery   | 114-886-947 |
| 22    | Cap mould   | 1 no.     | Machinery   | 114-886-947 |
| 23    | Water Chillers  | 3 no.     | Machinery   | 114-886-947 |
| 24    | Hopper loader   | 1 no.     | Machinery   | 114-886-947 |
| 25    | water treatment machinery of 6000 LPH   | 1 no.     | Water Treatment/ RO<br>Machinery  | 114-886-947 |
| 25.01 | RO plant machinery  | 1 no.     |   | 114-886-948 |
| 25.02 | storage tank  | 1 no.     |   | 114-886-949 |



# TANZANIA



## Certificate of Incorporation

Section 15

No 82722

### I HEREBY CERTIFY THAT

**RAINBOW BEVERAGES (TANZANIA) LIMITED =====**

is this day incorporated under the Companies Act, 2002 and that the Company is Limited

Given under my hand at Dar es salaam

this **14TH** day of **APRIL**

**TWO THOUSAND AND ELEVEN**



*[Signature]*  
Asst. Registrar of Companies

# RAINBOW BEVERAGES (TZ) LTD

## PROJECT IMPLEMENTATION SCHEDULE

| PERIOD | ACTION   |
|--------|--|
| Apr-11 | Visited Dar es salaam  |
|        | Did a market research and studied the business enviroment  |
|        | Conducted a PEST analysis of the market. Political, Economic, Social, Technological  |
|        | Did a feasibility Study - Which highlited a potential scope in the market which could be serviced by setting up a local manufacuring plant in Dar es salaam. |
|        | Visited Tanzania Investment Center to get information on Investing in Tanzania   |
|        | Had a board meeting in which it was resolved to go ahead with a project in Dar es Salaam   |
|        | Duly registered Rainbow Beverages (T) Ltd with the registrar of companies. (Copy of Certificate of incorporation attached)                                   |
|        | Successfully applied to the Sugar Board of Tanzania for white sugar import Permit. (Copy of Permit Attached)   |
| May-11 | Ordered all the necessary machinery from China, India and South Africa   |
|        | Sourced a suitable premises for the plant  |
| Oct-11 | Currently in Dar es salaam   |
|        | Expecting machinery shortly - Bill of Ladings for machinery attached   |
|        | Started all other legal and official proceedures   |
|        | Applying to the TIC for the certificate of incentives  |
|        | Planning for offloading of machinery   |
|        | Installation of Machinery  |
|        | Renovations to the premisis and other civil works  |
|        | Sourcing of local staff  |
|        | Training of staff  |
|        | Water and Electrical Works   |
| Nov-11 | Purchasing of local raw materials  |
|        | Commisioning of the project  |
|        | Launch the product in the market   |
| Dec-11 | Setting up a distribution network for the product  |
|        | Marketing and advertising activities   |

EAST AFRICAN COMMUNITY GAZETTE 20th June, 2011 20th June, 2011

19. MansorDaya Chemicals 1701.99.10 Sugar for Industrial Use 21  
Tablets, Dry syrups & Oral  
Liquids
20. Iringa Quality Products Limited 1701.99.10 Sugar for Industrial Use 300  
Biscuits, Cookies &  
Chocolate
21.  
Dubai Refreshments & Beverage  
Limited  
1701.99.10 Sugar for Industrial Use 50 Maaza mango juice
22.  
Dabaga Vegetable Fruit Canning  
Limited  
1701.99.10 Sugar for Industrial Use 50  
Tomato sauce, Jams &  
Chutney
23.  
Iringa Foods and Logistics  
Limited  
1701.99.10 Sugar for Industrial Use 200 Lollipops
24. Darsh Industries Limited 1701.99.10 Sugar for Industrial Use 100  
Jams, Sauces, Juices &  
Chutney
25.  
Halais Pro Chemie Industries  
Limited  
1701.99.10 Sugar for Industrial Use 50  
Fruto orange, Black  
currant, Mango , Pineapple  
& Passion(juices)
26. 21st Century Food & Packaging 1701.99.10 Sugar for Industrial Use 14,000 sukaritamu KK
27. Power Food Industries Limited 1701.99.10 Sugar for Industrial Use 100  
Plumpynut, Nutributter&  
Supplementary plumpy
28. Super Sip Limited 1701.99.10 Sugar for Industrial Use 500 Carbonated drinks
29. Zamzam Confectionery Limited 1701.99.10 Sugar for Industrial Use 50  
Bubble gum, Candies &  
sweets
- \* 31. RainBow Beverage(T) Limited 1701.99.10 Sugar for Industrial Use 50 \*  
Fruit flavoured juices &  
Carbonated soft drinks
32. Fish Eagle Industries Limited 1701.99.10 Sugar for Industrial Use 50  
Carbonated soft  
drinks,Maltbased drinks,  
Sparkling water, Still  
water, Flavoured sparkling  
water & mixes

HON HAFSA MOSSI,

Chairperson, Council of Ministers.

Arusha, Tanzania  
June 2011.

# TANZANIA



## Certificate of Incorporation

Section 15

No 82722

### I HEREBY CERTIFY THAT

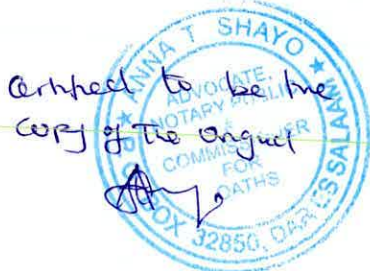
**RAINBOW BEVERAGES (TANZANIA) LIMITED =====**

is this day incorporated under the Companies Act, 2002 and that the Company is Limited

Given under my hand at Dar es salaam

this **14TH** day of **APRIL**

**TWO THOUSAND AND ELEVEN**



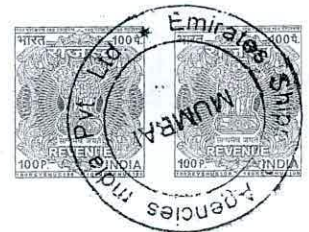
*[Signature]*  
Asst. Registrar of Companies

|  |  |   |                 |  |                |
|--|--|---|-----------------|--|----------------|
| SHIPPER (NAME AND FULL ADDRESS)<br>PAMS INDUSTRIES<br>UNIT NO.6, GROUND FLOOR,<br>4-B, SHANTI NAGAR,<br>VAKOLA, SANTACRUZ (E),<br>MUMBAI-400 055, INDIA. |  | BOOKING NO.<br>ESLINDMUM1068188                                       | SERVICE<br>EIX6 | BL No.<br>EPIRINDMUM147203   | AGENCY REF NO. |
| CONSIGNEE (NAME AND FULL ADDRESS)<br>RAINBOW BEVERAGES (TZ) LTD.<br>P.O. BOX 5905,<br>DAR ES SALAAM,<br>TANZANIA.  |  | EXPORT REFERENCES   |                 |  |                |
| NOT NEGOTIABLE<br>UNLESS "TO ORDER OF"   |  | FORWARDING AGENT - REFERENCES (NAME AND FULL ADDRESS/F.M.C)           |                 |  |                |
| NOTIFY (NAME AND ADDRESS)<br>RAINBOW BEVERAGES (TZ) LTD.<br>P.O. BOX 5905,<br>DAR ES SALAAM,<br>TANZANIA.  |  | POINT AND COUNTRY OF ORIGIN OF GOODS                                  |                 |  |                |
| PRECARRIAGE BY (*)<br>-  |  | PLACE OF RECEIPT BY PRECARRIER(*)<br>NHAVA SHEVA, INDIA               |                 | DESTINATION OFFICE<br>FOREBRIDGE TANZANIA LIMITED<br>FOREBRIDGE TANZANIA LTD<br>ROOM 705, 7TH FLOOR, WING A, J M MALL, SAMORA AVE.,<br>DAR ES SALAAM, TANZANIA<br>PHONE :252-22-2114860, FAX :252-22-2114858 |                |
| PORT OF LOADING<br>NHAVA SHEVA, INDIA  |  | OCEAN VESSEL (vessel/voyage/leg)<br>EMIRATES YANGTZE/01132/W          |                 | PROPOSED ROUTING   |                |
| PORT OF DISCHARGE<br>DAR ES SALAAM, TANZANIA   |  | PLACE OF FINAL DELIVERY BY ON CARRIERS (*)<br>DAR ES SALAAM, TANZANIA |                 |  |                |

**PARTICULARS FURNISHED BY SHIPPER - CARRIER NOT RESPONSIBLE**

| MARKS AND NUMBER  | No OF PKGS./CNTRS.  | DESCRIPTION OF PACKAGES AND GOODS   | CARGO WEIGHT           | MEASUREMENT |
|---|---|---|------------------------|-------------|
| R B L<br>TANZANIA   | 1 X HIGH CUBE 40' CONTAINER<br>SAID TO CONTAIN<br>16 (SIXTEEN) PACKAGES ONLY. |   | 8099.000<br>KGS        |             |
| FSCU9543121<br>CS:12345<br>SS:-<br>TW:3900.00 KGS<br>CW:8099.00 KGS<br>GW:11999.00 KGS<br>FCL/FCL<br>LINER<br>CY / CY | MACHINERIES<br>S/B NO. 4830725 DT.02.08.2011                                  | SAID TO CONTAIN<br>SHIPPER'S LOAD, STOW & COUNT.<br>FREIGHT PREPAID<br>SHIPPED ON BOARD | NT.WT.KGS.<br>7002.000 |             |
| TTL TW :3900.0KGS<br>TTL CW :8099.0KGS<br>TTL GW :11999.0KGS  |   |   |                        |             |

ORIGINAL



\*\*\*\*\* end of page \*\*\*\*\*

BL No. EPIRINDMUM147203 SHEET 1 / 1

SHIPPER'S DECLARED VALUE \$ (IF NOT DECLARED, LIABILITY LIMIT APPLIES AS PER CLAUSE 16.)

**TOTAL No. OF CONTAINERS OF PACKAGES RECEIVED BY THE CARRIER: TOTAL UNITS :1**

The number of containers of packages shown in the 'TOTAL No. OF CONTAINERS OR PACKAGES RECEIVED BY THE CARRIER' box which are said by the shipper to hold or consolidate the goods described in the PARTICULARS FURNISHED BY SHIPPER - CARRIER NOT RESPONSIBLE box, have been received by EMIRATES SHIPPING LINE DMCEST from the shipper in apparent good order and condition except as otherwise indicated hereon - weight, measure, marks, numbers, quality, quantity, description, contents and value unknown - for Carriage from the Place of Receipt or the Port of loading (whichever is applicable) to the Port of Discharge or the Place of Delivery (whichever is applicable) on the terms and conditions hereof INCLUDING THE TERMS AND CONDITIONS ON THE REVERSE SIDE HEREOF, THE CARRIER'S APPLICABLE TARIFF AND THE TERMS AND CONDITIONS OF THE PRECARRIER AND ONCARRIER AS APPLICABLE IN ACCORDANCE WITH THE TERMS AND CONDITIONS ON THE REVERSE SIDE HEREOF.

IN WITNESS WHEREOF THREE(3) ORIGINAL BILLS OF LADING (unless otherwise stated above) HAVE BEEN SIGNED ALL OF THE SAME TENOR AND DATE, ONE OF WHICH BEING ACCOMPLISHED THE OTHERS TO STAND VOID.

| FREIGHT CHARGES     | CURRENCY | PREPAID | COLLECT | PAYABLE AT |
|---------------------|----------|---------|---------|------------|
| FREIGHT AS ARRANGED |          |         |         |            |

EMIRATES SHIPPING LINE DMCEST  
as Carrier

Place Issued : MUMBAI,INDIA  
Date Issued : 30-Aug-2011

No of Originals : THREE(3)

For Emirates Shipping Agencies India Pvt. Ltd.

By EMIRATES SHIPPING AGENCIES (INDIA) PVT LTD  
as Agents only for the carrier

As Agent

(\*1) Applicable only when used as intermodal Bill of Lading (see clause 8 on the reverse hereof)

SECURITY NO.: YETMB7

**BILL OF LADING FOR COMBINED TRANSPORT AND PORT TO PORT SHIPMENTS**

\*Applicable only when document for combined transport

Shipper  
**Weizmann Ltd.**  
**26, Gobind Mahal, 86/B Nataji Subash Road,**  
**Marine Drive Mumbai - 400 002 India**

|                |              |
|----------------|--------------|
| B/L Number     | 1560JNP15104 |
| Shipper's Ref. |              |

Consignee  
**To order : Rainbow Beverages [TZ] Ltd,**  
**P.O.Box 5905, Dar-Es-Salaam,**  
**Tanzania.**



Notify Party and Address (Leave blank if stated above)  
**M/s. Rainbow Beverages [TZ] Ltd.,**  
**P. O. Box 5905,**  
**Dar-Es-Salaam, Tanzania.**  
**Tel: 002260966759199.**

Received in apparent good order and condition (Unless otherwise stated herein) the goods or containers or other packages said to contain goods herein mentioned to be delivered, subject to the exceptions, conditions, provisions and liberties herein contained (and whether written, printed or stamped on the front or reverse here of) in the like good order and condition, upto the above consignee or to his or their assigns which persons are herein included in the term consignee, Freight for the said goods with primate, if any, shall be paid on shipment at the Merchant shipment at place of receipt in cash without deduction, vessel or cargo lost or not lost. If freight is not so paid on shipment at case freight to be calculated and paid at any additional rate applicable when freight is payable on delivery together with the cost of telegraphic advices of non-payment.

|                 |                                  |
|-----------------|----------------------------------|
| Pre-Carriage by | Place of Receipt by Pre-Carrier* |
|                 |                                  |

In witness where of the Master or duly authorised agent to the said vessel hath affirmed to the below number of original Bills of Lading all of this tenor & date on of which being accomplished the others to stand void.

|                       |                                |
|-----------------------|--------------------------------|
| Port of Loading       | Port of Discharge              |
| <b>J.N.P.T. INDIA</b> | <b>DAR-ES-SALAAM, TANZANIA</b> |

The term apparent good order and condition when used on this Bill of Lading with reference to iron, steel or metal products does not mean that the goods when received were free of visible rust or moisture. If the shipper so requests, a substitute Bill of Lading will be issued omitting the above definition and setting forth any notation as to rust or moisture which may appear on the Mate's or Tally Clerk's receipts.

|                             |                                  |                         |                        |
|-----------------------------|----------------------------------|-------------------------|------------------------|
| Vessel / Voy. No.           | Place of delivery by On-carrier* | Pre-Carriage Payable at | On-Carriage Payable at |
| <b>MSC VENEZUELA - 121A</b> | <b>DAR-ES-SALAAM, TANZANIA</b>   |                         |                        |

| Container No.              | Seal No.       | No. Of Containers or Pkgs. | Kind of Packages : Description of Goods Marks & Nos<br>PARTICULARS OF GOODS AS DECLARED BY SHIPPER | Gross Weight   | Measurement     |
|----------------------------|----------------|----------------------------|--|----------------|-----------------|
| <b>CONTAINER NO</b>        | <b>SEAL NO</b> | <b>01</b>                  | <b>X20' FCL SAID TO CONATIN</b>  |                |                 |
| <b>TTNU-394836-9</b>       | <b>E76764</b>  | <b>35</b>                  | <b>PACKAGES</b>  |                |                 |
| <b>CUSTOM SEAL: 605486</b> |                |                            | <b>(TOTAL THIRTY FIVE PACKAGES ONLY.)</b>  | <b>GR. WT:</b> | <b>3194.000</b> |
| <b>R. T.</b>               |                |                            | <b>WATER TREATMENT PLANT OF 6000 LPH</b>   | <b>NET.WT:</b> | <b>2945.000</b> |
| <b>WL</b>                  |                |                            | <b>COMPLETE WITH RO PLANT CONSUMABLES</b>  |                |                 |
| <b>Dar-Es-Salaam</b>       |                |                            | <b>AND SPARE PARTS AND STORAGE TANK.</b>   |                |                 |
| <b>20/54.</b>              |                |                            | <b>S.BILL NO: 5249625 DATE: 02.09.2011.</b>  |                |                 |
|                            |                |                            | <b>FREIGHT PREPAID</b>   |                |                 |
|                            |                |                            | <b>FREIGHT PREPAID AS ARRANGED</b>   |                | <b>FCL/FCL</b>  |

**SHIPPER'S LOAD STOW COUNT & SEAL**

TOTAL NUMBER OF CONTAINERS OR PACKAGES OR UNITS

| OTHER CHARGES                       | R/TONS | FRT. RATE | PER | M/T | PKG | TEU | Prepaid | Collect |
|-------------------------------------|--------|-----------|-----|-----|-----|-----|---------|---------|
|                                     |        |           |     | CBM |     | FEU |         |         |
| 1. <b>SHARAF SHIPPING</b>           |        |           |     |     |     |     |         |         |
| 2. <b>AGENCY (T) LTD</b>            |        |           |     |     |     |     |         |         |
| 3. <b>Po Box: 75904</b>             |        |           |     |     |     |     |         |         |
| 4. <b>House</b>                     |        |           |     |     |     |     |         |         |
| 5. <b>BIHARI Road</b>               |        |           |     |     |     |     |         |         |
| 6. <b>DAR ES SALAAM</b>             |        |           |     |     |     |     |         |         |
| 7. <b>Tel: +255 22 2122290 / 91</b> |        |           |     |     |     |     |         |         |
| <b>Fax: +255 22 2122292</b>         |        |           |     |     |     |     |         |         |
| <b>TOTAL</b>                        |        |           |     |     |     |     |         |         |

|          |                              |                     |  |                    |
|----------|------------------------------|---------------------|--|--------------------|
| Ex. Rate | Prepaid                      | Payable at          | Place B / L issued                         | Date               |
|          | <b>MUMBAI</b>                |                     | <b>MUMBAI</b>                              | <b>14 SEP 2011</b> |
|          | Number of Original B (s) / L | SHIPPED ON BOARD BY | For The Shipping Corporation of India Ltd. |                    |
|          | <b>THREE(3)</b>              |                     | For and on Behalf of                       |                    |
| Date     |                              |                     | The Shipping Corporation of India Ltd.     |                    |
|          |                              |                     | As Carriers / As Agents only               |                    |

# **RAINBOW BEVERAGES (TZ) LTD**

**PLOT 1-B 78/79, TABATA, MANDELA ROAD, DAR ES SALAM. P.O.BOX 5905**

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## **COMPANY BOARD RESOLUTION 6<sup>th</sup> April 2011**

### **AGENDA: PROJECT PROPOSAL FOR SETTING UP A BEVERAGE JUICE MANUFACTURING PLANT IN DAR ES SALAAM**

It has been resolved by the board of the company after conducting the necessary studies to set up a plant for Beverage Juices in Dar es salaam. All directors have given the go ahead for the project and to register the project with the Tanzania Investment Center.

Mr Mehbub Musa – Director



Mr Irfan Yousuf – Director



Mr Faiyaz Patel - Secretary





# TANZANIA INVESTMENT CENTRE

## REGISTRATION FORM

FOR

## CERTIFICATE OF INCENTIVES

(Tanzania Investment Act 1997, Section 17 and 18,  
and the Investment Regulations:  
Regulation 42, Government Notice No. 318A of 2002)

Tanzania Investment Centre  
9A & B Shaaban Robert Street  
P. O. Box 938  
DAR ES SALAAM  
Tel. 022 2116328  
Fax. 022 2118253  
e mail: [information@tic.co.tz](mailto:information@tic.co.tz)  
Website: [www.tic.co.tz](http://www.tic.co.tz)

(Please fill the form in duplicate)

UNITED REPUBLIC OF TANZANIA

THE TANZANIA INVESTMENT ACT  
(No. 26 of 1997)

APPLICATION FOR REGISTRATION  
(Made under Regulation 42)

To: The Executive Director  
Tanzania Investment Centre  
P. O. Box 938  
DAR ES SALAAM  
Tanzania

1. I/We MR MEHBUB MUSA AND MR IRFAN YOUSUF  
(director/directors/agent of RAINBOW BEVERAGES (T) LTD  
(name of business enterprise) apply for registration of CERTIFICATE OF INCENTIVES  
under Section 17 of the Act and Part IV of the Investment Regulations, 2002.
2. The registered office of the company will be situated at 390, Mandela Road,  
Kurasini, Port Area, Dar-es-salaam.

Copies of the following documents are attached to this application:

- (i) The Memorandum and Articles of Association/or partnership agreement
  - (ii) Certificate of Incorporation/Registration
  - (iii) A copy of the Project Profile or Feasibility Study showing the implementation period, programme of implementation and operative date
  - (iv) Evidence of financing and evidence of land ownership for the project
3. The Head Office of the Company will be situated at 390, Mandela Road, Kurasini.
4. The Principal Officers of the Company are MR MEHBUB MUSA  
MR IRFAN YOUSUF
5. Auditors of the Company are ADOLPH ASSOCIATES, 1<sup>st</sup> Floor,  
Posta House, Dar-es-Salaam Tel - 255 0 222134909
6. The authorized share capital of the Company is Tshs./US\$ 1 Billion

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 1,782,000,000 = US \$ 1,080,000/-
8. The month and day of the financial year end is 31<sup>st</sup> March

Note: *failure to provide all the required information will result in the return of the application by the Centre.*

I/We enclose a cheque/cash made payable to the **Tanzania Investment Centre** for Tshs./US\$ ..... Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*

I, MEHRUB MUSA of Post Office Number 5905, Dar es Salaam ..... do solemnly and sincerely declare that I am a director/duly authorized agent of RAINBOW BEVERAGES (D) LTD .....

AND that all the requirements of the Tanzania Investment Act, 1997 in respect of matters precedent to the registration of the business enterprise under the Act and incidental thereto have been complied with, AND I make this solemn declaration conscientiously believing the same to be true.

Declared at Dar es Salaam }  
 ..... }  
 The 04 day of October 2011 }

*Musa*

**Applicant**

Before me:



Commissioner for Oaths

APPLICATION SUMMARY

Company Name: RAINBOW BEVERAGES (T) LTD

Certificate of Incorporation Number: 82722 Status: Private limited Company

Certificate of Incorporation Date: 14th April 2011

Post Box: 5905

Town: Dar es Salaam

Sector: Beverages Manufacturing Sub-Sector: FRUIT-JUICES PROCESSORS

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity Local Equity Foreign Loan Local Loan

US \$ 1,080,000

Project Objectives: Setting up a factory for Canning and bottling of fruit-juices.

Capacity: 14,250,000 Annual Turnover

Employment: Foreign: 05 Local: 90 Total: 95

Implementation Period: 3 years

Project Location

Site/Plot/Block No.: 390

Street: Mandela Road District: Kurasini Region: Dar es Salaam

Table with 3 columns: Shareholders, Nationality, %

Empty table rows for additional shareholders.

**Investment Breakdown**      **US\$/Tshs.M**

|                      |                            |
|----------------------|----------------------------|
| Land/Building        | .....                      |
| Plant                | ..... 750,000              |
| Vehicles             | ..... 100,000              |
| Furniture & Fittings | ..... 10,000               |
| Pre-expenses         | .....                      |
| Others               | ..... 20,000               |
| Working Capital      | ..... 200,000              |
| <b>TOTAL</b>         | ..... <b>USD 1,080,000</b> |

**Contact Details:**

Name: ..... MEHUS MUSA ..... Title: ..... DIRECTOR .....

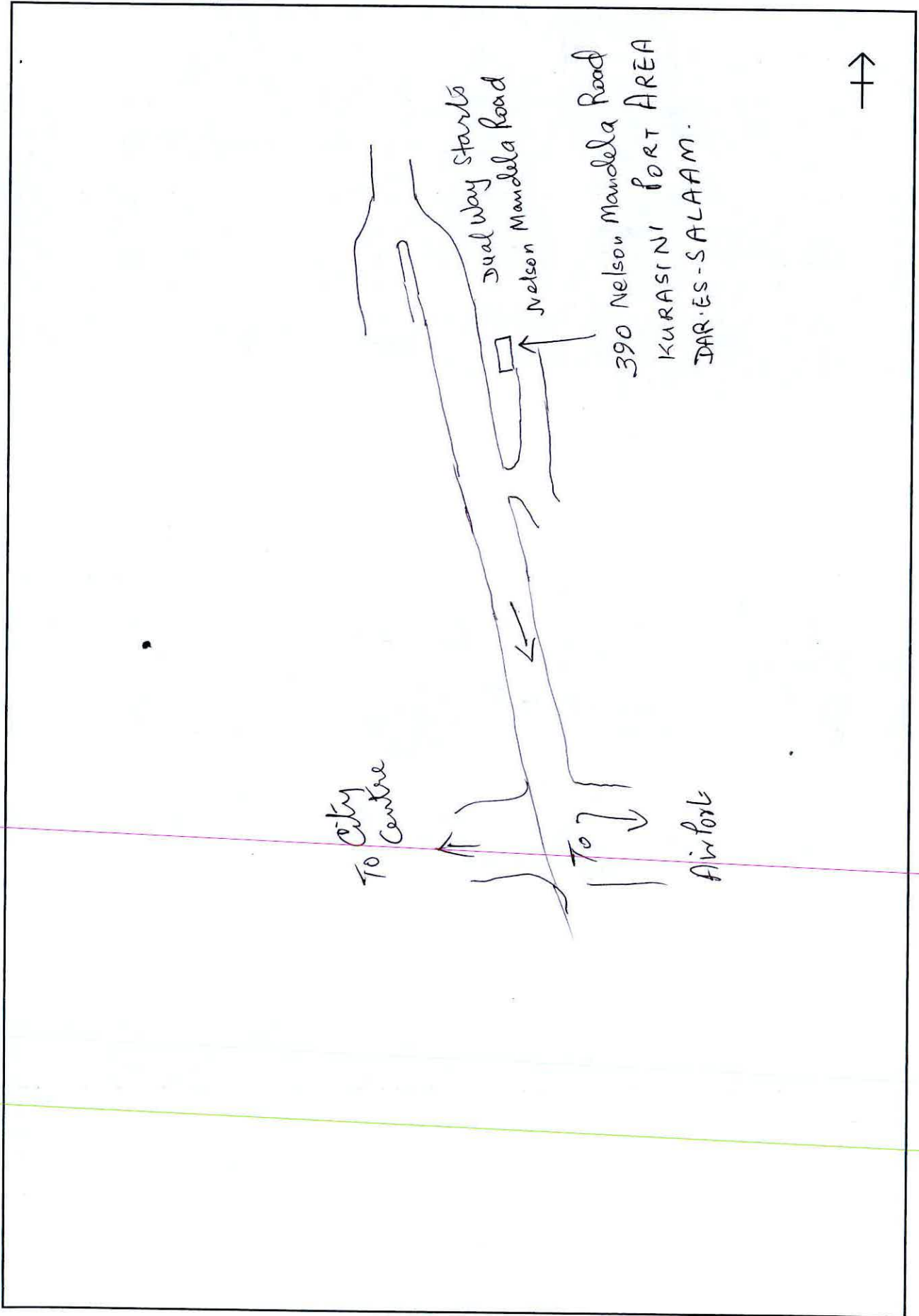
Telephone: ..... +260966759199/0765069844 ..... Fax: ..... +255 22 2450740 .....

Email: ..... bestjuice@gmail.com .....

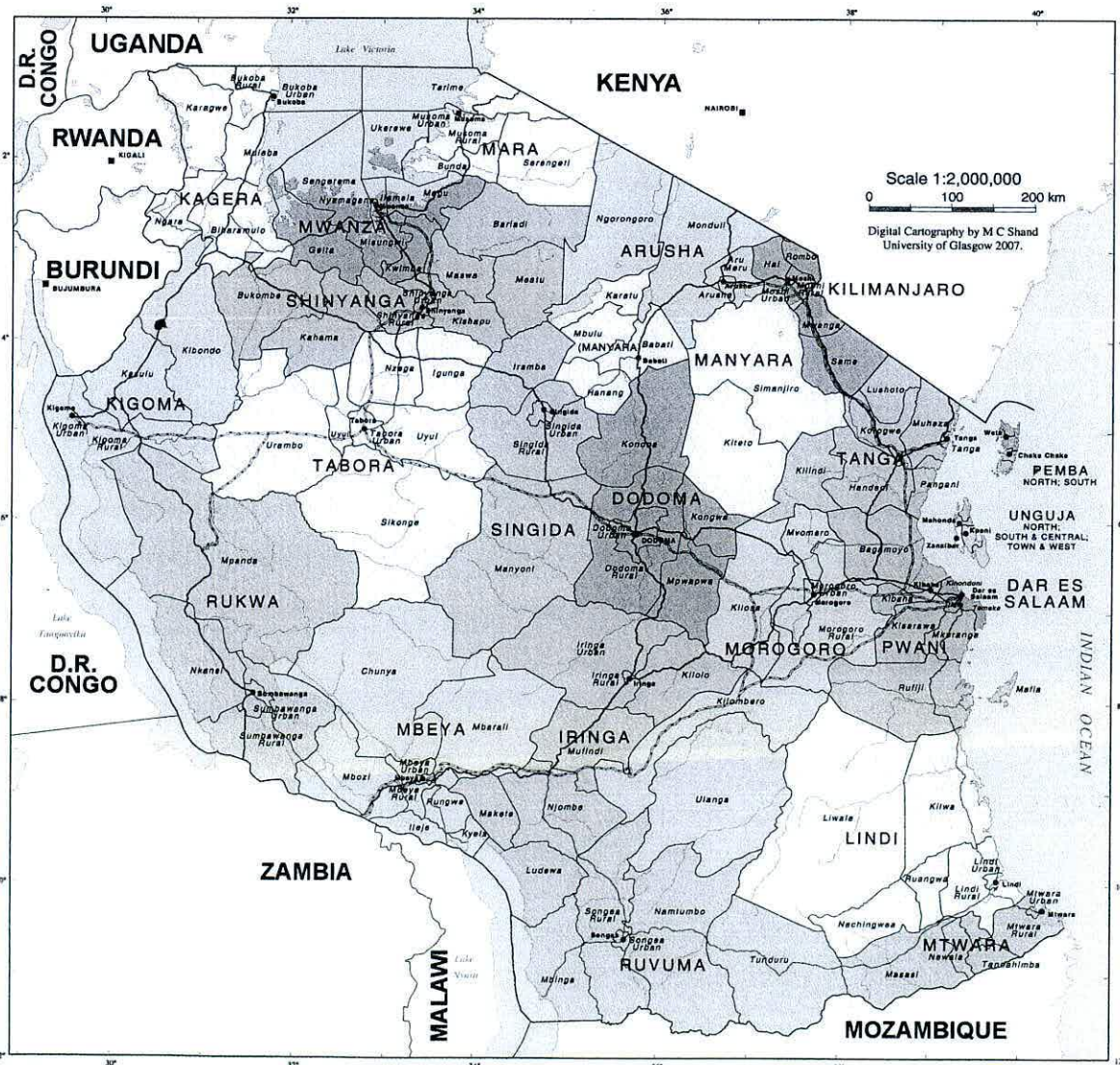
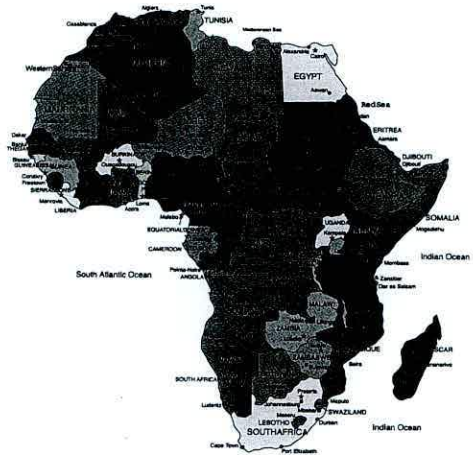
**Payments to be made payable to:**

TANZANIA INVESTMENT CENTRE  
STANDARD CHARTERED BANK TANZANIA LTD.  
SWIFT ADDRESS:      **SCBLTZTX**  
ACCOUNT NO.:      **8702006002000**

**SKETCH MAP SHOWING PROJECT LOCATION**







Scale 1:2,000,000

Digital Cartography by M C Shand  
University of Glasgow 2007.

# RAINBOW BEVERAGES (TZ) LTD

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## BUSINESS PLAN/FEASIBILITY STUDY

### INTRODUCTION

In the late 2006, the promoters of Mopani Group of Companies were researching the general market on trading and manufacturing. Rainbow Beverages (TZ) Ltd was set up based on the reasons listed below.

**1. The promoters understood the Tanzanian beverages industry.**

They understood the market, the products, the distribution challenges, the market segments, the suppliers and supply chain, and where to get experienced talent.

**2. The promoters identified a potential scope for the product in the middle and lower income market.**

After studying the market, an opportunity to supply our product in the middle and lower income group was identified. The study conducted highlighted that this particular market was dominated by imported juices and few local juices. Thus the idea of our product to be produced as a local product seemed very promising.

**3. The promoters felt confident they could outperform the established companies, by offering better products, prices, and service.**

The Tanzanian drinks market has been dominated by large, foreign owned companies that focus on higher middle income group. There was a gap for a company that could:

- Develop products for the common people
- Reduce costs with local production facilities, and
- Give customers what they want.

- Offer outstanding customer service

**4. The business would employ a revolutionary manufacturing idea at its core.**

Producing drinks locally gave two significant benefits:- 1) A cost advantage and 2) A better product.

Firstly, the most popular drinks are imported as finished product which becomes more costly but if manufactured locally it would cost approximately 20% cheaper.

**MISSION/VISION/VALUES**

The company wants to be the best it can be. The statements below articulate the aims of the company.

**MISSION STATEMENT (Why we exist)**

“Rainbow Beverages (TZ) Ltd exists for the welfare and development of its employees, customers, and shareholders, and to make a positive difference in their lives.”

**VISION STATEMENT (What we want to become)**

Our vision is to develop and maintain:

- A trusted brand that is known for quality, effectiveness, and affordability
- World class customer service and customer responsiveness.
- A countrywide distribution network of traders, stockist and retailers.
- Manufacturing expertise and capacity to produce better and cheaper products than our competitors
- An enduring corporate culture that represents our values.

**VALUE STATEMENTS (What we believe in)**

1. Customers are the driving force for our business.
2. Our products and customer service must be better than our competitors.
3. Trust is at our core. There must be fairness and integrity in all dealings – customers, suppliers, employees.
4. We work hard. We do our best. We are continuously improving.

5. We are fast. To be fast, we must be flexible and innovative in our thinking and decision making.
6. Work should be balanced with other aspects of life – e.g. family, health.
7. Managers serve subordinates, not the other way around.
8. We want to develop people and will assist any willing employee in reaching his or her full potential.
9. Promotions are based on merit and from within whenever possible.
10. Our culture embodies employee involvement, open communication, teamwork and cooperation.

### **GOALS (What we want to achieve)**

#### **Marketing**

- Establish distribution and sales in all provinces and other countries.
- Create greater awareness of the company and products. (sales calls, signage, adverts, samples)
- Improve customer service.

#### **Production**

1. Produce quality products
2. With the minimum rejections.

#### **Financial**

- Produce Gross Profit of 20%
- Achieve budget targets on expenditures
- Establish Tanzanian based financing
- Foreign Exchange Generation and Savings

#### **Human Resources**

1. Increase wages and bonus pay
2. Improve working environment – health and safety
3. Develop people.

## **MARKETING**

### **OVERVIEW**

The size of the Tanzanian beverages industry is approximately 20% per annum. The company believes it will continue to grow. For example:-

1. The Tanzanian government and its subsidiaries bodies is committed to growth. Like the Sugar Board of Tanzania has committed to supply at a reduced rate and also the government giving a subsidy of 10% on the duties.
2. New suppliers to the market have increased distribution and the supply demand still cannot be matched.
3. The Neighbourhood. Because of local production being low imports from other countries like Zambia has grown. The example being that people are buying products from our company whose product name Best Juices and bringing to Tanzania and selling at a higher price. This will be stopped and the foreign exchange will remain in the country.

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### **MARKET SEGMENTS & CUSTOMER STRATEGY**

The company believes it can most effectively compete for small and medium income group, initially ignoring large commercial institutions and the large tenders. Below are brief descriptions of the market segment.

1. **Commercial Buyers**  
The biggest factors influencing commercial buyers are: 1) Financing 2) Relationships, and 3) price. The company believes that it is at a competitive disadvantage on the first two factors, it has chosen to limit its efforts and resources in this segment.
  2. **Traders, Wholesalers & Retailers**
-

The company believes it can build a sustainable customer base and a brand presence in this market segment. This is being achieved through: 1) Consignment financing 2) Point of sale posters 3) Flyers 4) Attendance at regional trade shows.

Included in this segment are traders and retailers from the Democratic Republic of Congo, a sub segment that will make up about 10% of Rainbow Beverages (TZ) Ltd turnover.

### **3. Factory Direct**

Factory direct sales will be responsible for almost 10% of company turnover. Constant attention is given to the factors that determine successful factory direct sales: 1) Fast, efficient customer service 2) Informative, easy to read instructions 3) Flexible pricing 4) Open hours during lunch, late in the day, and on Saturdays.

### **4. NGOs & Donors**

The NGO community has become more involved in direct procurement and distribution in recent years. Rainbow Beverages (TZ) Ltd expects modest sales with this segment.

## **MARKET STRATEGY**

### **1. Focus on building a distribution network.**

By focusing on small and medium scale are serviced through a country-wide distribution network, the company is able to tailor its offerings to fit that market segment.

### **2. Offer a wide range of products.**

The company offers a wide range of products. Competitors offer less than half those products. Most competitors are unable or unwilling to produce range of products.

### **3. Offer higher quality products.**

### **4. Be customer driven**

- In response to customer demand, products will be offered in various packaging
- For convenience for its customers, the company has extended working hours.

- In selected cases, the company offers either short term credit or consignment to shop owners. This removes financial obstacles to the rollout of new products to customers. It also enables customers to keep a wider variety of products.
- The company understands that the end user needs more information. The company's product will be extremely received, updated continuously and contains a very helpful knowledge of the ingredients.

## **5. Pricing**

The company is able to compete on price because of its built-in-cost advantage. The company realizes that it is competing against very well established brands. The pricing practise is to position its products at or below the better known brands. Sales people are empowered to "do what is necessary" when negotiating with a buying customer.

The company feels that in a few years, after the brand has been established and the efficacy of the products have been proved; some products will be able to attract premium pricing.

The company feels that the foreign exchange generation will be higher and due to the fact that the sister company in Zambia's products are coming into Tanzania will be stopped as they will be manufacturing in the country so the foreign exchange will not be going out of the country which will be saving for the nation.

## **6. Products**

The company stands ready to produce any other custom blend beverages for orders. This is where Rainbow Beverages (TZ) Ltd is creating and expanding its niche.

## **7. Product Packaging**

Most packaging, although of good quality, lacks in marketing and selling emphasis. For example, the major competitors give only the generic name. Rainbow Beverages' packaging is more informative and assertive. This enables greater sell through at retail level.

## **8. Advertising and promotion.**

The company focuses its resources on its target market. Its advertising and promotion revolves around that customer base.

- **Sales calls and presentations-** retailers and trades, and larger institutional customers are serviced with personal calls, by a combination of the MD, marketing director, and sales people.
- **Trade shows** - a large presence is made at the major shows. Stand are manned at all the shows.
- **Free Samples** – they are given out liberally at trade shows, workshops and other gatherings.
- **Television adverts** – television advertising is slotted to coincide with major events and shows.
- **Radio Adverts** – is also used in conjunction with major events.
- **Calendars** - the company will be producing about 2,000 of its own A1 wall calendars, which will be very well received and appreciated by customers.
- **Print advertising** – is utilized during the season. Occasional adverts in the various Gazette and the main newspapers usually coincide with special features or placements of articles.
- **Outside advertising** – outdoor signage will be contracted with an advertising company for various billboards across the country.

## **PRODUCTION**

The manufacturing process consists of two separate operations. The company also wants to bring in the latest technology and machinery so that the employees are also benefitted from the same. The culture of clean and safe manufacturing process with good environment for the employees will be on top priority. The first is the bottle production. The second operation is making of the best juice.

### **Bottle production**

The average bottle production per day will be approximately 150,000 to 170,000 bottles per day with the initial investment of two pet blowing machines and three injection moulding machines which can manufacture different sizes of bottles, so that are various packing of finished products, which can cater from an individual to a house hold and a big organization.

We are intending to increase the bottle production line in two more phases which will grow up to four times the normal production from the first phase.

### **Beverage production**

The average production per day (24hrs) in three shifts will be approximately 6500 to 7000 cases with one juice filling line. The same will be increased in two phases as the bottle production and more varieties will be produced.

## **CAPITAL EQUIPMENT**

The equipment employed for manufacturing is a combination of imported and custom made machinery. A workshop employing two full time technicians continuously upgrades and customizes the manufacturing process.

## **QUALITY CONTROL**

Very strict quality control measures are followed. Testing and production samples will be scrupulously recorded and saved for 18 months. Specifically:

- Over 2,000 samples will be physically sorted by products and compiled in a Quality Control Record Book. On a normal production day, six to eight physical samples will be tested in each batch.
- Scales are checked daily and logged. Digital scales are employed for weighing of components and finished products.
- Every case is tagged with a batch number and expiry date for tracing.
- Incoming and outgoing weights will be spot checked and logged.

## **RAW MATERIAL SUPPLY**

The company will endeavour source raw materials locally as much as possible. The advantage would be to reduce lead times and also complement the local industry. However certain raw materials such as white sugar which is not manufactured locally will have to be imported to which the sugar board of Tanzania have granted special rebates on duties for Rainbow Beverages (TZ) Ltd. (Copy enclosed).

Factory, warehouse, and office space is being rented. The current space can accommodate annual sales of approximately two million cases. The long term plan is to purchase and build on bare land.

## **HUMAN RESOURCES**

The company relies on its people. Total general factory workers employed are expected to be about ninety during season and to about sixty in the offseason.

The company will be helpful in the creation of employment and as the three phases of capital injection will also help in creating more job opportunities in the country.

The company plans to invest in human resources to train local staff to meet the needs of the more specialised fields.

## **FINANCE**

Attached herewith is a detailed financial forecast for the company for a period of five years. We have prepared forecast Profit and loss accounts after interest and taxes, Forecast Balance sheets showings assets with depreciation amounts, Forecast Cashflow statement, breakdown of operational costs, notes and assumptions to the accounts.

### **Credit Terms**

The company offers short term consignment and credit terms to selected customers. Repayment terms range from a few days with a post-dated cheque up to consignment of up to 30 days. Credit sales will comprise about 10% of sales. Bad debts will be less than ½ of 1%

**Bankers & Existing Credit Facilities: Exim Bank, Main Branch, Dar es Salaam**

### **CORPORATE INFORMATION**

**Date of Incorporation**            **14<sup>th</sup> April 2011**

#### **Shareholders**

- **Irfaan Yousuf**
- **Mehbub Musa**

**Borrowing History**            **Nil**

**Accountants/Tax Consultants: Adolph Associates – 1<sup>st</sup> floor Posta House, P.O.Box 19080, Dar Es Salaam. Tel 255 0 22 21 34909**

## SWOT ANALYSIS

### STRENGTHS

1. **Management.** Management is "hands on", financially involved, multi-cultural, and experienced
2. **Manufacturing capabilities.** Current capabilities give the company 1) Better products 2) Wider product range, with ability to continuously develop new products and 30 A cost advantage over competitors
3. **A distribution network.** This is a customer base that buys year round and is relationship based, which is considered preferable to business that is tender-based or quote-based and seasonal.

### WEAKNESSES

1. **Brand Credibility.** Tanzanians tend to be very risk averse, and view new products and new companies with suspicion. This will make the roll out and acceptance of new products a slower proposition early in the company's life.
2. **Raw Material supply.** Dependence on foreign sources makes re-supply problematic. The company has buying relationships with more than ten different raw material suppliers, which mitigates these problems.
3. **Shortage of finance.** Growth is slower, purchase prices higher, and some buying and selling opportunities are lost when there isn't ample cash to finance raw materials.

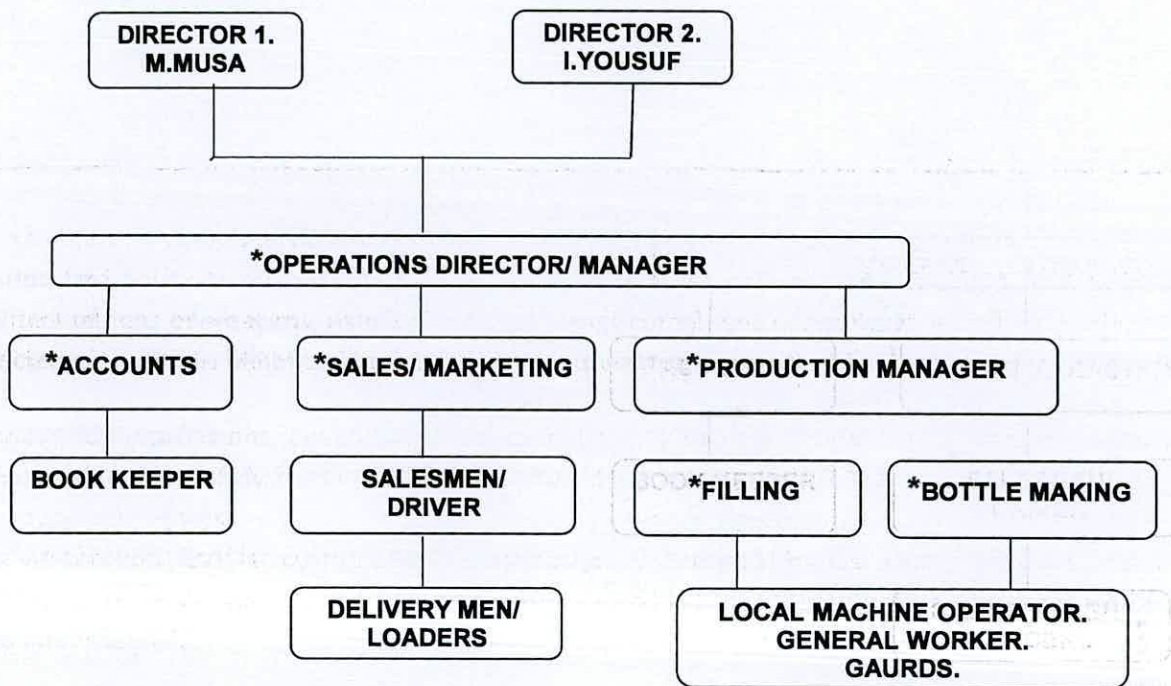
### OPPORTUNITIES

1. **The government is committed for new investments.** It appears that the government has keen interest to grow the economy of Tanzania, which was shown by giving 10% Duty concessions and the Sugar Board of Tanzania willing to supply sugar at a reduced rate.
2. **A change in people's attitudes.** As the Tanzanians becomes more knowledgeable and desirous of better products. Rainbow Beverages products will continue to build market share.
3. **Other products and services.** There are other products and services that are not getting the distribution they need. Some of those products and services may be offered by Rainbow Beverages in the future.

### THREATS

- **Negative campaigning by competitors, opponents.** New products in the market can cause competitors to rumour mongering.
- **Cheap quality products from other countries.** This threat has diminished recently but still exists.
- **Supply Shocks.** Raw materials are worldwide commodities and dependent on transport. As such, they are susceptible to supply shortages.

**NB:** A SWOT analysis in Tanzania would not be complete without the mention of exchange rates. The company does not take forward positions on currencies. However, the industry does move its prices as the shilling strengthens or weakens, which diminishes the effect of the shilling movement. As a rule, Rainbow Beverages benefits when the shilling appreciates.



\* = EXPATS.

EXPATS

|  |  |                   |                    |                    |                      |                      |  |
|--|--|-------------------|--------------------|--------------------|----------------------|----------------------|--|
| <b>Annex I</b>                         |  |                   |                    |                    |                      |                      |  |
| <b>RAINBOW BEVERAGES (TZ) LIMITED</b>  |  |                   |                    |                    |                      |                      |  |
| <b>Projected Profit &amp; Loss</b>     |  |                   |                    |                    |                      |                      |  |
| <b>In (TZS)</b>                        |  |                   |                    |                    |                      |                      |  |
|  |  |                   |                    |                    |                      |                      |  |
| <b>Profit &amp; Loss</b>               |  | <b>Year I</b>     | <b>Year II</b>     | <b>Year III</b>    | <b>Year IV</b>       | <b>Year V</b>        |  |
|  |  |                   |                    |                    |                      |                      |  |
| <b>Income</b>                          |  |                   |                    |                    |                      |                      |  |
| Sales Collection                       |  | 14,250,000,000    | 16,387,500,000     | 19,665,000,000     | 23,598,000,000       | 28,317,600,000       |  |
| <b>Cost of Goods Sold</b>              |  | 13,679,971,200    | 15,731,966,880     | 18,091,761,912     | 21,710,114,294       | 26,052,137,153       |  |
|  |  |                   |                    |                    |                      |                      |  |
| <b>Operating expenses</b>              |  |                   |                    |                    |                      |                      |  |
| Salaries & Wages                       |  | 43,200,000        | 43,718,400         | 44,243,021         | 44,773,937           | 45,311,224           |  |
| NSSF                                   |  | 4,320,000         | 4,371,840          | 4,424,302          | 4,477,394            | 4,531,122            |  |
| Licences & Other Permits               |  | 500,000           | 506,000            | 512,072            | 518,217              | 524,435              |  |
| Office Rent                            |  | 30,000,000        | 30,360,000         | 30,724,320         | 31,093,012           | 31,466,128           |  |
| Motor vehicle running expenses         |  | 30,000,000        | 30,360,000         | 30,724,320         | 31,093,012           | 31,466,128           |  |
| Printing, stationery & Office Expenses |  | 6,000,000         | 6,072,000          | 6,144,864          | 6,218,602            | 6,293,226            |  |
| Utilities-Electricity, water           |  | 75,600,000        | 76,507,200         | 77,425,286         | 78,354,390           | 79,294,643           |  |
| Miscellaneous expenses                 |  | 24,000,000        | 24,288,000         | 24,579,456         | 24,874,409           | 25,172,902           |  |
| Depreciation                           |  | 271,188,000       | 271,188,000        | 271,188,000        | 271,188,000          | 271,188,000          |  |
|  |  | 484,808,000       | 443,653,040        | 445,722,620        | 447,817,036          | 449,936,584          |  |
| Profit/(Loss) before tax               |  | 85,220,800        | 211,880,080        | 1,127,515,468      | 1,440,068,670        | 1,815,526,262        |  |
| Taxation                               |  | 25,566,240        | 63,564,024         | 338,254,640        | 432,020,601          | 544,657,879          |  |
| <b>Profit/(Loss) for the year</b>      |  | <b>59,654,560</b> | <b>148,316,056</b> | <b>789,260,827</b> | <b>1,008,048,069</b> | <b>1,270,868,384</b> |  |

**Annex III**  
**RAINBOW BEVERAGES (TZ) LIMITED**  
**Projected Balance Sheet**  
**In (Usd)**

|   | <b>Year I</b>               | <b>Year II</b>              | <b>Year III</b>             | <b>Year IV</b>              | <b>Year V</b>               |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Fixed assets (Net)                      | 1,478,412,000               | 1,207,224,000               | 936,036,000                 | 748,601,019                 | 790,480,942                 |
| <b>Current Assets</b>                   |                             |                             |                             |                             |                             |
| Stocks (raw materials & finished goods) | 375,000,000                 | 731,250,000                 | 1,277,500,000               | 1,933,000,000               | 2,719,600,000               |
| Debtors                                 | 261,083,776                 | 500,407,000                 | 1,126,859,590               | 1,953,042,607               | 2,740,097,380               |
| Cash and Bank                           | 85,156,384                  | 80,086,856                  | 164,482,679                 | 179,812,077                 | 196,981,003                 |
| Creditors                               | -1,139,997,600              | -1,310,997,240              | -1,507,646,826              | (1,809,176,191)             | (2,171,011,429)             |
| <b>Net assets</b>                       | <b><u>1,059,654,560</u></b> | <b><u>1,207,970,616</u></b> | <b><u>1,997,231,443</u></b> | <b><u>3,005,279,512</u></b> | <b><u>4,276,147,896</u></b> |
| <b>Capital Employed</b>                 |                             |                             |                             |                             |                             |
| Share Capital                           | 1,000,000,000               | 1,000,000,000               | 1,000,000,000               | 1,000,000,000               | 1,000,000,000               |
| Accumulated profit                      | 59,654,560                  | 207,970,616                 | 997,231,443                 | 2,005,279,512               | 3,276,147,896               |
| <b>Total capital employed</b>           | <b><u>1,059,654,560</u></b> | <b><u>1,207,970,616</u></b> | <b><u>1,997,231,443</u></b> | <b><u>3,005,279,512</u></b> | <b><u>4,276,147,896</u></b> |

| <b>RAINBOW BEVERAGES (TZ) LIMITED</b>          |               |                       |                       |                       |                       |                       |
|--|---------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>NPV &amp; IRR ANALYSIS</b>                  |               |                       |                       |                       |                       |                       |
| <b>Basic Assumptions</b>                       |               |                       |                       |                       |                       |                       |
| Initial outlay                                 | 1,760,400,000 |                       |                       |                       |                       |                       |
| Corporate Tax Rate                             | 30%           |                       |                       |                       |                       |                       |
| Bank Loan                                      | -             |                       |                       |                       |                       |                       |
| Bank Interest Rate                             | 18%           |                       |                       |                       |                       |                       |
| Term of loan in months                         | 60            |                       |                       |                       |                       |                       |
| <b>Summary of Projected cash flow (In Tzs)</b> |               |                       |                       |                       |                       |                       |
| <b>for Five years</b>                          |               |                       |                       |                       |                       |                       |
|  |               | Year I                | Year II               | Year III              | Year IV               | Year V                |
| <b>INFLOWS</b>                                 |               |                       |                       |                       |                       |                       |
| Sales Collection                               |               | 14,250,000,000        | 16,387,500,000        | 19,665,000,000        | 23,598,000,000        | 28,317,600,000        |
| <b>Total Inflows</b>                           |               | <b>14,250,000,000</b> | <b>16,387,500,000</b> | <b>19,665,000,000</b> | <b>23,598,000,000</b> | <b>28,317,600,000</b> |
| <b>OUTFLOWS</b>                                |               |                       |                       |                       |                       |                       |
| Payment to suppliers                           |               | 5,699,988,000         | 6,554,986,200         | 7,865,983,440         | 9,439,160,128         | 11,327,016,154        |
| Salaries & Wages                               |               | 43,200,000            | 47,520,000            | 52,272,000            | 57,499,200            | 63,249,120            |
| NSSF   |               | 4,320,000             | 4,752,000             | 5,227,200             | 5,749,920             | 6,324,912             |
| Licences & Other Permits                       |               | 500,000               | 550,000               | 605,000               | 665,500               | 732,050               |
| Office Rent                                    |               | 30,000,000            | 33,000,000            | 36,300,000            | 39,930,000            | 43,923,000            |
| Motor vehicle running expenses                 |               | 30,000,000            | 33,000,000            | 36,300,000            | 39,930,000            | 43,923,000            |
| Printing, stationery & Office Expenses         |               | 6,000,000             | 6,600,000             | 7,260,000             | 7,986,000             | 8,784,600             |
| Utilities-Electricity, water                   |               | 75,600,000            | 83,160,000            | 91,476,000            | 100,623,600           | 110,685,960           |
| Miscellaneous expenses                         |               | 24,000,000            | 26,400,000            | 29,040,000            | 31,944,000            | 35,138,400            |
| Loan Repayment-Principle                       |               | -                     | -                     | -                     | -                     | -                     |
| <b>Total Outflows</b>                          |               | <b>5,913,608,000</b>  | <b>6,789,968,200</b>  | <b>8,124,463,640</b>  | <b>9,723,508,348</b>  | <b>11,639,777,196</b> |
| Taxation                                       |               | 25,566,240            | 63,564,024            | 338,254,640           | 432,020,601           | 544,657,879           |
| Opening Balance                                |               | #REF!                 | #REF!                 | #REF!                 | #REF!                 | #REF!                 |
| Movement during the period                     |               | #REF!                 | #REF!                 | #REF!                 | #REF!                 | #REF!                 |
| Closing balance                                |               | #REF!                 | #REF!                 | #REF!                 | #REF!                 | #REF!                 |
| <b>New Calculations</b>                        |               |                       |                       |                       |                       |                       |
| Earnings before interest and tax               |               | 8,336,392,000         | 9,597,531,800         | 11,540,536,360        | 13,874,491,652        | 16,677,822,804        |
| Interest expense                               |               | -                     | -                     | -                     | -                     | -                     |
| Earnings after interest                        |               | 8,336,392,000         | 9,597,531,800         | 11,540,536,360        | 13,874,491,652        | 16,677,822,804        |
| Corporate Tax                                  |               | 2,500,917,600         | 2,879,259,540         | 3,462,160,908         | 4,162,347,496         | 5,003,346,841         |
| <b>Profit After Tax</b>                        | <b>Outlay</b> | <b>-1,760,400,000</b> | 5,835,474,400         | 6,718,272,260         | 8,078,375,452         | 9,712,144,156         |
| <b>Net Present Value</b>                       |               | <b>76,015,557,939</b> |                       |                       |                       |                       |
| <b>Internal Rate of Return</b>                 |               | <b>348%</b>           |                       |                       |                       |                       |

| RAINBOW BEVERAGE LIMITED  |                                      |                                    |                              |                              |                              |  |
|---|--------------------------------------|------------------------------------|------------------------------|------------------------------|------------------------------|--|
| Basic Assumptions   |                                      |                                    |                              |                              |                              |  |
| Income  | Standard Packgng for different sizes | Projected Monthly Sales            | Price Per Unit Pack (TZS)    | Total Income Per Month (TZS) | Total Income Per Annum (TZS) |  |
|   | 350mls                               | 95000                              | 7,500                        | 712,500,000                  | 8,550,000,000                |  |
|   | 500mls                               | 63333                              | 7,500                        | 475,000,000                  | 5,700,000,000                |  |
| <b>Sub Total</b>  |                                      |                                    |                              |                              | <b>14,250,000,000</b>        |  |
| Direct Costs  |                                      | Projected monthly production units | Unit price per standard pack | Total Monthly Costs          | Total Cost per annum         |  |
| 1 Bottles   | 350mls                               | 95000                              | 4,500                        | 427,500,000                  | 5,130,000,000                |  |
|   | 500mls                               | 63333                              | 4,500                        | 284,998,500                  | 3,419,982,000                |  |
| 2 Carton Boxes  | 350mls                               | 95000                              | 1,500                        | 142,500,000                  | 1,710,000,000                |  |
|   | 350mls                               | 63,333                             | 1,500                        | 94,999,500                   | 1,139,994,000                |  |
| <b>Sub Total</b>  |                                      |                                    |                              |                              | <b>11,398,976,000</b>        |  |
| <b>3 Other Running Costs</b>  |                                      |                                    |                              | <b>Total Per Month</b>       | <b>Total Per Annum</b>       |  |
| Salaries & Weges  | 12                                   | 300,000                            |                              | 3,600,000                    | 43,200,000                   |  |
| NSSF  | 12                                   | 30,000                             |                              | 360,000                      | 4,320,000                    |  |
| Licences & Other Permits  | 1                                    | 500,000                            |                              | 500,000                      | 500,000                      |  |
| Office Rent   | 5                                    | 500,000                            |                              | 2,500,000                    | 30,000,000                   |  |
| Motor vehicle running expenses  | 5                                    | 500,000                            |                              | 2,500,000                    | 30,000,000                   |  |
| Printing, stationery & Office Exper   | 1                                    | 500,000                            |                              | 500,000                      | 6,000,000                    |  |
| Utilities-Electricty, water   | 1                                    | 6,300,000                          |                              | 6,300,000                    | 75,600,000                   |  |
| Miscelleneous expenses  | 1                                    | 2,000,000                          |                              | 2,000,000                    | 24,000,000                   |  |
| <b>Note:</b>  |                                      |                                    |                              |                              |                              |  |
| The production plant is having the capacity to produce 8000 bottle per hour. However, full capacity will be attained in year four |                                      |                                    |                              |                              |                              |  |
| There will be one shift only in a day of eight (8) working hours  |                                      |                                    |                              |                              |                              |  |

|  |   |                  |  |  |  |  |  |
|--|---|------------------|--|--|--|--|--|
|  |   |                  |  |  |  |  |  |
|  | Stock level will be maintained at equal to cover two months sales   |                  |  |  |  |  |  |
|  | Depreciation is calculated on straight line method using the following rates: 25% for motor vehicles, 4% for factory building and 12.50% for plants and machinery |                  |  |  |  |  |  |
|  | Expenses are expected to grow in line with inflation projected at 12% p.a   |                  |  |  |  |  |  |
|  | Corporation Tax rate is 30% of net profit   |                  |  |  |  |  |  |
|  | Creditors to be maintained at 20% of the monthly materials requirement and payable monthly in arrears   |                  |  |  |  |  |  |
|  | All sales will be done on cash, with few credit sales to credible customers. 10% of the monthly sales are expected to be credit with thirty days credit period    |                  |  |  |  |  |  |
|  | Sales are expected at the rate of 15% in year and 20% thereafter  |                  |  |  |  |  |  |
|  |   |                  |  |  |  |  |  |
|  |   |                  |  |  |  |  |  |
|  | <b>The List of Plants, Machinery &amp; Equipments will be as follows:</b>   |                  |  |  |  |  |  |
|  | Production machinery  | 750,000          |  |  |  |  |  |
|  | M/Vehicle   | 100,000          |  |  |  |  |  |
|  | Furniture & Fittings  | 10,000           |  |  |  |  |  |
|  | Equipments  | 200,000          |  |  |  |  |  |
|  | Computers   | 20,000           |  |  |  |  |  |
|  |   | <b>1,080,000</b> |  |  |  |  |  |

**MOPANI INTERNATIONAL (MOZ) LIMITED**  
**C.Postal 703, Machava Socimol**  
**Cell: +258826259498**  
**Email:Mopani@tropical.co.mz**

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## **COMPANY PROFILE**

### **INTRODUCTION**

In the late 2006, the promoters of Mopani Group of Companies, were researching the general market on trading and manufacturing. Mopani International Ltd, Mozambique was set up based on the reasons listed below.

- 1. The promoters understood the Mozambique industry.**  
They understood the market, the products, the distribution challenges, the market segments, the suppliers and supply chain, and where to get experienced talent.
- 2. The promoters felt confident they could outperform the established companies, by offering better products, prices, and service.**
- 3. The business would employ a revolutionary manufacturing idea at its core.**

### **MISSION/VISION/VALUES**

The company wants to be the best it can be. The statements below articulate the aims of the company.

#### **MISSION STATEMENT (Why we exist)**

“Mopani International Limited exists for the welfare and development of its employees, customers, and shareholders, and to make a positive difference in their lives.”

#### **VISION STATEMENT (What we want to become)**

Our vision is to develop and maintain:

- A trusted brand that is known for quality, effectiveness, and affordability
- World class customer service and customer responsiveness.
- A countrywide distribution network of traders, stockist and retailers.
- Manufacturing expertise and capacity to produce better and cheaper products than our competitors
- An enduring corporate culture that represents our values.

## **VALUE STATEMENTS (What we believe in)**

1. Customers are the driving force for our business.
2. Our products and customer service must be better than our competitors.
3. Trust is at our core. There must be fairness and integrity in all dealings – customers, suppliers, employees.
4. We work hard. We do our best. We are continuously improving.
5. We are fast. To be fast, we must be flexible and innovative in our thinking and decision making.
6. Work should be balanced with other aspects of life – e.g. family, health.
7. Managers serve subordinates, not the other way around.
8. We want to develop people and will assist any willing employee in reaching his or her full potential.
9. Promotions are based on merit, and from within whenever possible.
10. Our culture embodies employee involvement, open communication, teamwork and cooperation.

## **GOALS (What we want to achieve)**

### **Marketing**

- Establish distribution and sales in all provinces and other countries.
- Create greater awareness of the company and products.
- Improve customer service.

### **Production**

1. Produce quality products
2. With the lowest possible rejections.

### **Financial**

- Produce Gross Profit of 40%
- Achieve budget targets on expenditures
- Establish Mozambique based financing

### **Human Resources**

1. Increase wages and bonus pay
2. Improve working environment – health and safety
3. Develop people.

## MARKET STRATEGY

1. Focus on building a distribution network.
2. Offer a wide range of products.
3. Offer higher quality products.
4. Be customer driven
5. Keep the pricing reasonable and affordable
6. Advertising and promotion.

Due to these above factors we started our operations in Mozambique, where we produce Carbonated Drinks named **Fizz**.

We produce around 8,000 cases per day with a turnover of 1.1 million dollars and distribute the same in the following parts of the country.

- Maputo
- Beira
- Quelimane
- Nampula
- Tete
- Chimoi
- Pebane
- Pemba
- Lichinge
- Machange
- Vilemkulo
- Xai-Xai
- Bel-Vista
- Chinde

The company's business experience encompasses the operations of Mopani International Limited in Wholesale and retail dealership of **Fizz** till date. It grew its turnover from a mere \$80,000 to \$1.1m average on a monthly basis.

We also managed to employ on field the marketing team with vehicles and sales executives to work closely along with the distributors on a daily basis. This attribute lead to not only employment but effective distribution of products on whole of the Mozambique market.

This tremendous growth in a short period of time was largely attributing to the Managing Director's innovative systems, ethical business practices and chasing a vision to become the biggest and dynamic manufacturers and distribution channel with a large loyal distributor base. The business concept and model that has been adopted through the sales executives and distributor network which accounts for 80% of the total turnover.

This entails physical distribution of stocks by field sales representatives in close proximity locations based on "routing system" which ensures optimizing on customer stock up, high product availability, easy identification of growth areas and associated parameters, enhancing customer relationship through regular visits, etc.

As business grew, the directors thought of diversifying and looked at other business ventures by introducing other products like the manufacturing of Corn Naks. As a result the company started producing corn naks under the name of Supreme Foods under the brand of "Magic Naks".

As the product goes hand in hand with the carbonated drinks, it was a great idea as the product hit the market instantaneously. This enabled our long term plans to keep our same business strategy and improve on our past failures, consolidate our clientele, take the business to higher heights and to continue searching the market.

#### **EXPANSION**

We have acquired a land of over 20,000 Sq mtrs with a built up area of 5,000 sq mts on the main highway NH1 near the tollgates.

#### **LOCATION**

We are currently located at Machava Socimol, Maputo.

#### **DIRECTORS**

##### **1. Mr. Irfan Ismail Yousuf**

He is the founder and overall director with 80% shareholding in the company. He is a very experienced and seasonal businessman. He owns eight other companies.

# RAINBOW BEVERAGES (TZ) LTD

## PROJECT IMPLEMENTATION SCHEDULE

| PERIOD                     | ACTION  |
|----------------------------|---|
| Apr-11                     | Visited Dar es salaam   |
|                            | Did a market research and studied the business enviroment   |
|                            | Conducted a PEST analysis of the market. Political, Economic, Social, Technological   |
|                            | Did a feasibility Study - Which highlited a potential scope in the market which could be serviced by setting up a local manufacturing plant in Dar es salaam. |
|                            | Visited Tanzania Investment Center to get information on Investing in Tanzania  |
|                            | Had a board meeting in which it was resolved to go ahead with a project in Dar es Salaam  |
|                            | Duly registered Rainbow Beverages (T) Ltd with the registrar of companies. (Copy of Certificate of incorporation attached)                                    |
|                            | Successfully applied to the Sugar Board of Tanzania for white sugar import Permit. (Copy of Permit Attached)  |
| May-11                     | Ordered all the necessary machinery from China, India and South Africa  |
|                            | Sourced a suitable premises for the plant   |
| Oct-11                     | Currently in Dar es salaam  |
|                            | Expecting machinery shortly - Bill of Ladings for machinery attached  |
|                            | Started all other legal and official proceedures  |
|                            | Applying to the TIC for the certificate of incentives   |
|                            | Planning for offloading of machinery  |
|                            | Installation of Machinery   |
|                            | Renovations to the premisis and other civil works   |
|                            | Sourcing of local staff   |
|                            | Training of staff   |
| Water and Electrical Works |   |
| Nov-11                     | Purchasing of local raw materials   |
|                            | Commisioning of the project   |
|                            | Launch the product in the market  |
| Dec-11                     | Setting up a distribution network for the product   |
|                            | Marketing and advertising activities  |

# Tenancy Agreement

1. THIS AGREEMENT made on the day of **1<sup>st</sup> September. 2011 to 31<sup>st</sup>**

**August<sup>s</sup>.2014**

Between **F M ABRI [T] LTD**, Dar es Salaam (hereinafter called "the Landlord" which expression shall where the context so admits include its successors and assigns) of the one part, and **RAINBOW BEVERAGES [TANZANIA] LIMITED** of P.O. Box 5905 Dar es Salaam. (Hereinafter called "the Tenant" which expression shall where the context so admits include his successor and assigns) of the other part.

**2. WHEREAS :**

The landlord admits the tenant to be the rightful occupier Office block and empty space on Plot 360, Kurasini, Mandela Road, Port area, Dar es Salaam. Together to hold the same for the period of 36 months commencing from **1<sup>st</sup> September. 2011** paying a monthly rent of USD. 250\$ (USD Two Hundred and Fifty only) and the rent is payable every 12 Months up to **1<sup>st</sup> August .2014** in advance.

**3. THE TENANT HEREBY CONVENANTS WITH THE LANDLORD**

**As follows:**

- a. To pay the reserved rent in the manner aforesaid.
- b. To pay all rates and charges for water, electric power, telephone and share for the security and maintenance and other outgoings payable by Tenant under the laws of the Country in respect of the demised premises.
- c. To keep the interior of the demised premises in good tenable repair and condition.
- d. To keep the surrounding of the demised premises in good order and condition.
- e. ~~To make any alteration or additions to the demised premises without the prior written consent of the Landlord.~~
- f. To take all precautions of avoiding general loss or damage to the demised premises and loss or injury to the occupants of the neighboring premises.
- g. Not to assign, sublet or part with the possession of the demised premises or any part thereof without the prior written consent of the landlord.
- h. To use the demised premises for the purpose of a Commercial purposes only.
- i. Not to use or permit to be used the demised premises in a way which would create nuisance or annoyance to the public, neighbors or adjoining tenants.

j To permit the Landlord and or his agent at all reasonable times with or without workers to enter upon the demised premises to view the condition and to execute repair where necessary under this agreement.

k To yield up the demised premises at the termination of the tenancy in good tenantable repair and condition. One month's notice in advance shall be given either by the Tenant or by the Landlord to terminate this agreement on its expiry.

4. The Landlord hereby covenants with the tenant

That the Tenant paying the rent here reserving and performing and observing the several covenants on his part herein contained shall peacefully hold and enjoy the demised premises during this tenancy without any interruptions from the Landlord or any person rightfully claiming under or in trust for him.

5. The Landlord and tenant hereby mutually agree and declare as follows:

a. The Landlord shall not be responsible for taking out insurance of the demised premises or any other portion of the building in which the demised premises is situated against fire or any other hazards or rights.

b. If the rent hereby reserved or any part thereof shall be unpaid for 21 days after becoming payable (whether demanded or not) or if any covenant on the Tenant's part herein contained shall not be performed or observed, then in any of the said cases, it shall be lawful for the landlord at any time thereafter to re-enter upon the demised premises or any part thereof in the name of the whole and then this agreement shall absolutely determine but without prejudice to any right or action of the landlord in respect of any breach of the Tenant's covenants herein contained.

c. Any notice under this Agreement shall be in writing. Notice to the Tenant shall be deemed to be sufficiently served if left addressed to him on the demised premises or sent to him through his postal address by Registered Post and notice to the landlord shall be deemed to be sufficiently served if addressed to him and posted by Registered Post at the address herein before stated or any other address used by the Landlord in future and notified to the Tenants in writing.

d. Either the Landlord or the Tenant has the right to give one month's notice to terminate this Lease Agreement and vacate the said premises.

6. It is further hereby agreed that this tenancy agreement covers the period of 12 months effective 1<sup>st</sup> September 2011. However, the Landlord shall have the right to renew this agreement after its expiring for further period of 12(Twelve) Month.

In witness whereof the parties hereto have set their hands on the day mentioned against their respective names.

Signed and delivered by:

The Landlord

-----  
**F M ABRI [Tanzania] Limited**

The Tenant

-----  
**Rainbow Beverages [Tanzania] Limited**

In the presence of:

Name: -----

Address: -----

Occupation: -----

Name: -----

Address: -----

Occupation: -----



ايم جي سي انتر للتجارة العامة ش.ذ.م.م.  
MGC INTERNATIONAL GENERAL TRADING L.L.C

To,  
Tanzania Investment Centre,  
Dar es Salam

Dear Sir,

**Sub: Financing to Rainbow Beverages (TZ) Ltd**

This is with reference to the aforementioned subject. We are pleased to inform you that MGC International General Trading LLC will be financing the whole project on behalf of Rainbow Beverages (TZ) Ltd.

Thanking You

Yours faithfully

Irfaan Yousuf  
Director

# Tenancy Agreement

1. THIS AGREEMENT made on the day of **1<sup>st</sup> September. 2011 to 31<sup>st</sup> August<sup>s</sup>.2014**

Between **F M ABRI [T] LTD**, Dar es Salaam (hereinafter called "the Landlord" which expression shall where the context so admits include its successors and assigns) of the one part, and **RAINBOW BEVERAGES [TANZANIA] LIMITED** of P.O. Box 5905 Dar es Salaam. (Hereinafter called "the Tenant" which expression shall where the context so admits include his successor and assigns) of the other part.

2. **WHEREAS :**

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3. **THE TENANT HEREBY CONVENANTS WITH THE LANDLORD**

**As follows:**

- a. To pay the reserved rent in the manner aforesaid.
- b. To pay all rates and charges for water, electric power, telephone and share for the security and maintenance and other outgoings payable by Tenant under the laws of the Country in respect of the demised premises.
- c. To keep the interior of the demised premises in good tenable repair and condition.
- d. To keep the surrounding of the demised premises in good order and condition.
- e. Not to make any alteration or additions to the demised premises without the prior written consent of the Landlord.
- f. To take all precautions of avoiding general loss or damage to the demised premises and loss or injury to the occupants of the neighboring premises.
- g. Not to assign, sublet or part with the possession of the demised premises or any part thereof without the prior written consent of the landlord.
- h. To use the demised premises for the purpose of a Commercial purposes only.
- i. Not to use or permit to be used the demised premises in a way which would create nuisance or annoyance to the public, neighbors or adjoining tenants.

j To permit the Landlord and or his agent at all reasonable times with or without workers to enter upon the demised premises to view the condition and to execute repair where necessary under this agreement.

k To yield up the demised premises at the termination of the tenancy in good tenable repair and condition. One month's notice in advance shall be given either by the Tenant or by the Landlord to terminate this agreement on its expiry.

4. The Landlord hereby covenants with the tenant

That the Tenant paying the rent here reserving and performing and observing the several covenants on his part herein contained shall peacefully hold and enjoy the demised premises during this tenancy without any interruptions from the Landlord or any person rightfully claiming under or in trust for him.

5. The Landlord and tenant hereby mutually agree and declare as follows:

a. The Landlord shall not be responsible for taking out insurance of the demised premises or any other portion of the building in which the demised premises is situated against fire or any other hazards or rights.

b. If the rent hereby reserved or any part thereof shall be unpaid for 21 days after becoming payable (whether demanded or not) or if any covenant on the Tenant's part herein contained shall not be performed or observed, then in any of the said cases, it shall be lawful for the landlord at any time thereafter to re-enter upon the demised premises or any part thereof in the name of the whole and then this agreement shall absolutely determine but without prejudice to any right or action of the landlord in respect of any breach of the Tenant's covenants herein contained.

c. Any notice under this Agreement shall be in writing. Notice to the Tenant shall be deemed to be sufficiently served if left addressed to him on the demised premises or sent to him through his postal address by Registered Post and notice to the landlord shall be deemed to be sufficiently served if addressed to him and posted by Registered Post at the address herein before stated or any other address used by the Landlord in future and notified to the Tenants in writing.

d. Either the Landlord or the Tenant has the right to give one month's notice to terminate this Lease Agreement and vacate the said premises.

6. It is further hereby agreed that this tenancy agreement covers the period of 12 months effective 1<sup>st</sup> September 2011. However, the Landlord shall have the right to renew this agreement after its expiring for further period of 12(Twelve) Month.

In witness whereof the parties hereto have set their hands on the day mentioned against their respective names.

Signed and delivered by:

The Landlord



F.M. ABRI  
P.O. BOX 80  
IRINGA

-----  
**F M ABRI [Tanzania] Limited**

The Tenant



-----  
**Rainbow Beverages [Tanzania] Limited**

In the presence of:

Name: ----- Faiyaz Patel -----  
Address: ----- Plot 130, Kaybala Rd, Lusaka, Zambia -----  
Occupation: ----- Secretary of the Company. -----

Name: -----  
Address: -----  
Occupation: -----

THE COMPANIES ACT (ACT NO.12 OF 2002)

---

COMPANY LIMITED BY SHARES

---

MEMORANDUM  
AND  
ARTICLES OF ASSOCIATION  
OF

**RAINBOW BEVERAGES (TANZANIA) LIMITED.**

---

**DRAWN BY:  
IRFAAN ISMAIL YOUSUF  
(SUBSCRIBER)  
P.O. Box 19080  
DAR ES SALAAM.**

THE COMPANIES ACT, 2002  
 COMPANY LIMITED BY SHARES  
 MEMORANDUM OF ASSOCIATION  
 OF

**RAINBOW BEVERAGES (TANZANIA) LIMITED.**



foos  
 11/2/21  
 14746  
 9/7/21  
 [Signature]

foos  
 11/2/21  
 14746  
 9/7/21  
 [Signature]

1. The name of the Company is **RAINBOW BEVERAGES (TANZANIA) LIMITED.**
2. The registered office of the Company will be situated in the United Republic of Tanzania.
3. The objects for which the Company is established are: -
  - a) To carry on the business of processing and production of juices.
  - b) To carry on the business of sale and distribution of raw materials for making juices.
  - c) To carry on the business of provision of technical services on the processing and production of juices.
  - d) To carry on the business as trainer on the production of juices.
  - e) Generally to do all such other things as may appear to the company to be incidental or conducive to the attainment of the above objects or any which are legally carried out.
    - (i) It is hereby declared that, the word "Company" in this clause, except where used in reference to this company, shall be deemed to include any partnership or other body of persons, whether incorporated or not incorporated and whether domiciled in Tanzania or elsewhere, and
    - (ii) The objects set forth in each sub-clause of this clause shall not be restrictively construed but the widest interpretation shall be given thereto, and shall not, except where the context expressly so requires, be in any way limited or restricted by reference to or inference from any object or objects set forth in such sub-clause or from the terms of any sub-clause or by the name of the company. None of such sub-clause or the object or objects therein specified or the powers hereby conferred shall be deemed subsidiary or ancillary to the objects or powers mentioned in any other sub-clause but the company shall have as full power to exercise all or any of the objects conferred by any provided in each of the said sub-clause as if each sub-clause contained the objects of a separate company.

4. The liability of the Members is limited.
5. The Share Capital of the Company is Tanzania Shillings Three Billion (TZS. 3,000,000,000/=) only, divided into 30,000 ordinary shares each of Tanzania Shillings One Hundred Thousand (Tshs100, 000/=) only, subject and to the rights attached to any class of shares for the time being carrying special rights whether as part of the original or any special, qualified preferred or deferred rights and privileges, or conditions as to capital dividends, rights deferred rights and privileges, or conditions as to capital dividends, rights of voting or other matters but so as that any such rights privileges or conditions **SHALL NOT** be altered or modified except in accordance with the Articles of Association of the Company for the time being in force.

**NOW, THEREFORE WE**, the several persons whose names and addresses are hereafter described, are desirous of being formed into a Company in pursuance of this Memorandum of Association and have respectively agreed to take the number of shares in the capital of the Company as set out opposite to our respective names: -

| NAMES, POSTAL ADDRESS AND DESCRIPTION OF SUBSCRIBER          | NUMBER OF SHARES TAKEN BY EACH SUBSCRIBER | SIGNATURE OF EACH SUBSCRIBER  |
|--|---|---|
| 1. IRFAAN ISMAIL YOUSUF<br>P.O.BOX 38013<br>LUSAKA<br>ZAMBIA | 15,000                                    |  |
| 2. MEHBUB ISMAIL MUSA<br>P.O.BOX 38013,<br>LUSAKA<br>ZAMBIA  | 15,000                                    |  |

DATED THIS.....13..... DAY OF APRIL 2011 DAR ES SALAAM

SIGNED BEFORE ME:

SIGNATURE:

NAME:

QUALIFICATION:

POSTAL ADDRESS:



THE COMPANIES ACT, 2002  
 COMPANY LIMITED BY SHARES  
 ARTICLES OF ASSOCIATION  
 OF

**RAINBOW BEVERAGES (TANZANIA) LIMITED.**

PRELIMINARY

1. In these Articles:

|                 |   |
|-----------------|---|
| “The Act”       | Means the Company’s Act, 2002   |
| “The SEAL”      | means the Common Seal of the Company  |
| “The Secretary” | means any person appointed to perform the duties of the Secretary of the Company. |
| “The Register”  | means the Register of the Members of the Company.                                 |
| “The Dividend”  | means the Dividend declared by the Company and includes bonus.                    |

Expression referring to writing shall unless the contrary intention appears, constructed as including references to printing, lithography and other modes of representing or reproducing words in a visible form.

Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meanings in the Act or any statutory modification thereof in force at the date at which these Articles become binding upon the Company.

2. The Regulations contained in Table ‘A’ of the First Schedule to the Act shall unless otherwise provided herein, apply to the Company.
3. The Company is a **PRIVATE COMPANY** and accordingly:-
  - (a) No invitation shall be issued to the public to subscribe for any shares or debentures of the Company.
  - (b) The right to transfer the shares of the Company shall be restricted in the manner hereafter appearing.
  - (c) The number of the Members of the Company (not including persons who are in the employment of the Company and /or persons who, having been formerly in the employment of the Company were while in that employment and have continued after the determination of that employment to be Members of the Company) shall be limited to fifty, provided that, for the purposes of this

provisions, where two or more persons hold one or more shares in the Company jointly they shall be treated as a single member.

- (i) The Share Capital of the Company is Tshs. 3,000,000,000/= (Tanzania Shillings Three Billion only), divided into 30,000 ordinary shares each of Tanzania Shillings One Hundred Thousand (Tshs. 100,000/=)
  - (ii) Subject to the provisions, if any, in that behalf of the Memorandum of Association, and without prejudice to any special rights previously conferred on the holders of existing shares, any shares may be issued with such preferred, deferred or other special rights or such restrictions whether in regard to the dividend, voting, return of share capital or otherwise, as the Company may from time to time by special resolution, be issued on the terms that it is or at the option of the Company is liable to be redeemed.
4. The Company may pay to any person a commission consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally or procuring or agreeing to produce subscriptions, whether absolute or conditionally, for any share in the Company; **PROVIDED THAT** such commission shall not exceed five percent of the price at which such shares are issued, or an amount equivalent to such percentage; and the requirement of Section 44 of the Companies Act shall be observed.

#### LIEN

5. (i) The Company shall have a first and paramount lien on every share for all Monies (whether presently payable or not) called or payable at a fixed time in respect of that share, and the company shall also have a first and paramount lien on all shares standing registered in the name of any person for all monies presently payable by him or his estate to the company; but the Directors may at any time declare any time share to be wholly or in part exempt from the provisions of this Article.
- (ii) The lien hereby conferred shall attach to all shares registered in the name of Any person indebted or under liability to the company, whether he be the Sole registered holder or be one of several joint holders.
- (iii) The company's lien, if any, on a share shall extend to all dividends payable thereon.

#### CALLS ON SHARES

6. The Directors may from time to time calls upon the members in respect of any moneys unpaid on their shares provided that no call shall exceed on-forth of the nominal amount of the share, or be payable at less than one month notice from the last call; and each member shall (subject of receiving at least fourteen day's notice specifying the times and place of Account) pay to the company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine.

- 7. All calls shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed, and may be required paid by installments.
- 8. Joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
- 9. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum from the day appointed for payment as the Directors may determine, but the Directors, shall be at liberty to waive payment of that interest wholly or in part.
- 10. Any sum which by the terms of issue of share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purpose of those regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment, all the relevant provisions of these regulations as if such sum had become payable by virtue of a call dully made and notified.
- 11. The Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him and upon all or any of the moneys so advanced may (until the same would, but for advance, become presently payable) pay interest at such rate not exceeding 10 percent per annum (Unless the Company in General Meeting shall otherwise direct) as may be agreed upon between the member paying such sum in advance land the Directors.

**TRANSFER OF SHARES**

12. (i) Subject to the provisions hereinafter contained shares in the Company shall be transferable by written instrument in the common form hereunder provided and which shall be signed by both the transferor and the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof.

(ii) ~~Shares shall be transferred in the following form or in any usual or common form which the Directors all approve.~~  
 "I.A.B. of ..... in consideration of the sum of Shs. .... Paid to me by C.E. of ..... (Hereinafter called "the said transferee") DO HEREBY transfer to said transferee the share (or shares) numbered ..... in the undertaking called .....to hold unto the said transferee, subject to the several conditions on which I hold the same, and I the said transferee, DO HERE BY agree to take the said share (or shares) subject to the conditions aforesaid.

As witness our hand this..... day of..... 2011

**ALTERATION OF CAPITAL**

13. The Company from time to time by special resolution increases the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.
14. The new shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, and forfeiture and otherwise as the shares in the original share capital.
15. The Company may by ordinary resolution:-
  - (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - (b) Sub-divide its existing shares, or any of them into shares of small amount than is fixed by the Memorandum of Association, subject, nevertheless, to the provisions of Section 51 (1) (d) of the Act; Cancel any shares, which, at the date of the passing of the resolution have not been taken or agreed to be taken by any person.
16. The Company may, by special resolution reduce its share capital in any manner and with such subject to, any incident authorized, and consent required, by law.

#### **GENERAL MEETINGS**

17. A General Meeting shall be held once in every calendar year (not being more than fifteen months after the holding of the preceding General Meeting) at such time and place as may be determined by the Directors. . . in default of a General Meeting so held, a General Meeting may be convened by any one member in the same manner as nearly as possible as which meetings are to be convened by the Directors.
18. All General Meetings other than the Annual General Meeting shall be called Extraordinary General Meetings.
19. The Directors may, whenever they deem fit, convene an Extraordinary General Meeting and Extraordinary General Meeting shall also be convened on such requisition, or in default may be convened by such requisitions as provided by Section 114 of the Act.

#### **NOTICE OF GENERAL MEETINGS**

20. Subject to the provisions of Section 117 (2) of the Act relating to special resolutions, twenty-one days notice at the least (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given) specifying the place, the day and the hour of meeting and, in case of special business, the general nature of that business, shall be given in manner hereinafter mentioned, or in such other manner, if any, as may be prescribed by the Company in General Meeting, to such persons as are under the regulations of the Company, entitled to receive such notice from the Company; but with the consent of all the members entitled to receive notice of some.
21. The accidental omission to give notice of a meeting to or the non-receipt of notice of meeting by any member shall not invalidate the proceedings at any meeting.

22. Subject to the provisions of the Act, a resolution in writing signed by all the members for the time being entitled to receive notice of and to attend and vote at General Meetings shall be as valid and effective as if the same had been passed at a General Meeting of a Company duly convened and held.

### **PROCEEDINGS AT GENERAL MEETINGS**

23. All business shall be deemed special that is transacted at an Extraordinary Meeting, and all that is transacted at the Annual General Meeting, with the exception of sanctioning a dividend, the consideration of the accounts, balance sheets and the ordinary report of the Directors and Auditors, the election of Directors and other officers in place of those retiring by rotation, and the appointment and fixing of the remuneration of the Auditors.
24. No business shall be transacted at any General Meeting unless a quorum of members is present at the time when the meeting proceeds to business; save as herein otherwise provided, two members present in person or by proxy shall be a quorum.
25. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of member, shall be dissolved; in any other case, it shall stand adjourned to the same day in the next week, at the same time and place; and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the meeting shall be dissolved.
26. The Chairman, if any, of the Board of Directors shall preside as Chairman at every General Meeting of the Company.
27. If there is no such Chairman, or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting the remaining Directors (or alternate Directors as the case may be) shall choose one of their number to be Chairman of the meeting.
28. The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business unfinished at the meeting from which the adjourned at the meeting from which the adjournment took place. When a meeting is adjourned for ten days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

### **BOARD OF DIRECTORS**

29. (a) Unless and until the Company in General Meeting shall otherwise determine, the number of Directors shall not be less than two.
- (b) The first Directors of the Company shall be:

1. IRFAAN ISMAIL YOUSUF
2. MEHBUB ISMAIL MUSA

30. (a) The remuneration of Directors shall from time to time be determined by the Company in General Meeting.
- (b) In addition to their usual remuneration, the Directors shall also be paid such travelling, hotel and other expenses incurred in connection with their attendance at meetings of Directors.
31. (a) Each Director may nominate in writing to the Secretary of the Company a person approved by his co-directors to act as Alternate Director in his place during his absence or if he is unable to act as such Director himself.
- (b) On such appointment being made, the Alternate Director shall, except as regards remuneration, be subject to all respects to the terms and conditions existing with reference to the other Directors, and each Alternate Director whilst acting in the place of an absent Director, shall enjoy all the rights of and exercise and discharge all the duties of the Director he represents.

#### **BORROWING POWERS**

32. The Directors may exercise all the powers of the Company to borrow, money, and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third part.

#### **POWERS AND DUTIES OF DIRECTORS**

33. The business of the Company shall be managed by the Directors, who may pay all expenses incurred in a setting up and registering the Company, and may exercise all such powers of the Company as are not, by the Act, or by these Articles, required to be exercised by the Company in General Meeting, subject, nevertheless, to any regulations of these Articles, ~~to provisions of the Act, and to such regulations, being~~ consistent with the aforesaid regulation or provisions, as may be prescribed by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.
34. The Board of Directors may from time to time entrust to and confer upon the Managing Director or Manager all or any of the powers of the Directors (except the power to make calls, forfeit shares or issues debentures) as they may see fit, but the exercise of all powers by the Managing Director or Manager shall be subject to such regulations and restriction as the Directors may from time to time make and impose, and the said powers may at any time be withdrawn, revoked or varied.
35. The Board of Directors shall cause minutes to be made in books provided for the purpose to record:-

- (a) The names of the Directors present at each meeting of the Directors and of any committee of the Director, and every such Director present at any meeting of Directors, and every such Director present at any meeting of Directors or Committee of Directors shall sign against his name in a book to be kept for that purpose.
- (b) All resolutions and proceeding at all meetings of the Company and of the Directors and of Committees of Director.
- (c) All appointments of Offices made by the Directors.

### **SECRETARY**

- 36. The Directors shall appoint the Secretary for such terms, at such remuneration and upon such conditions as they may see fit, and they may remove any Secretary so appointed.
- 37. No person shall be appointed or hold office as a Secretary who is:-
  - (a) The sole Director of the Company;
  - (b) A Corporation, the sole Director of which is the sole Director of the Company;  
or
  - (c) The sole Director of a Corporation that is the sole Director of the Company.
- 38. A provision of the Act or these regulations requiring or authorizing a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as or in place of the Secretary.

### **THE SEAL**



- 39. The Directors shall provide for the safe Custody of the Seal of the Company, and the Seal shall only be used by the authority of the Directors or of a committee of the Directors authorized by the Directors in that behalf, and every instruments to which the Seal shall be affixed shall be signed by a Director and countersigned by the Secretary or a Second Director or by some other person appointed by the Directors for the purpose.

### **WINDING-UP**

- 40. If the Company shall be wound up, the liquidator may, with sanction of an extraordinary resolution of she Company, divide amongst the members in specie o kind the whole or any part of the assets of the Company and may, for such purpose set such value as he may deem fair upon any property to be divided as aforesaid and may determine how much division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributors as the liquidator with the like sanction shall see fist, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

### INDEMNITY

41. Subject to the provisions of the companies act, every director, managing director, agent, auditor, secretary and other officer for the time being of the company shall be indemnified any proceedings, whether criminal, in which judgment is given in his favor or in which he is acquitted.

| NAMES, POSTAL ADDRESS AND DESCRIPTION OF SUBSCRIBER            | NUMBER OF SHARES TAKEN BY EACH SUBSCRIBER | SIGNATURE OF EACH SUBSCRIBER  |
|--|---|---|
| 1. IRFAAN ISMAIL YOUSUF,<br>P.O. BOX 38013<br>LUSAKA<br>ZAMBIA | 15,000                                    |  |
| 2. MEHBUB ISMAIL MUSA,<br>P.O. Box 38013,<br>LUSAKA.<br>ZAMBIA | 15,000                                    |  |

DATED THIS 13 DAY OF APRIL 2011 DAR ES SALAAM

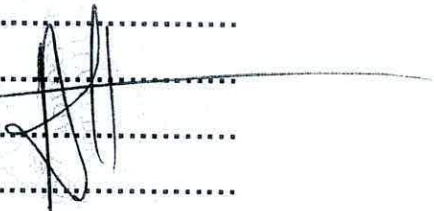
SIGNED BEFORE ME:

SIGNATURE:

NAME:

QUALIFICATION:

POSTAL ADDRESS:

.....  
  
 .....  
 .....  
 .....

# RAINBOW BEVERAGES (TZ) LTD

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## BUSINESS PLAN/FEASIBILITY STUDY

### INTRODUCTION

In the late 2006, the promoters of Mopani Group of Companies were researching the general market on trading and manufacturing. Rainbow Beverages (TZ) Ltd was set up based on the reasons listed below.

**1. The promoters understood the Tanzanian beverages industry.**

They understood the market, the products, the distribution challenges, the market segments, the suppliers and supply chain, and where to get experienced talent.

**2. The promoters identified a potential scope for the product in the middle and lower income market.**

After studying the market, an opportunity to supply our product in the middle and lower income group was identified. The study conducted highlighted that this particular market was dominated by imported juices and few local juices. Thus the idea of our product to be produced as a local product seemed very promising.

**3. The promoters felt confident they could outperform the established companies, by offering better products, prices, and service.**

The Tanzanian drinks market has been dominated by large, foreign owned companies that focus on higher middle income group. There was a gap for a company that could:

- Develop products for the common people
- Reduce costs with local production facilities, and
- Give customers what they want.

- Offer outstanding customer service

#### **4. The business would employ a revolutionary manufacturing idea at its core.**

Producing drinks locally gave two significant benefits:- 1) A cost advantage and 2) A better product.

Firstly, the most popular drinks are imported as finished product which becomes more costly but if manufactured locally it would cost approximately 20% cheaper.

### **MISSION/VISION/VALUES**

The company wants to be the best it can be. The statements below articulate the aims of the company.

#### **MISSION STATEMENT (Why we exist)**

“Rainbow Beverages (TZ) Ltd exists for the welfare and development of its employees, customers, and shareholders, and to make a positive difference in their lives.”

#### **VISION STATEMENT (What we want to become)**

Our vision is to develop and maintain:

- A trusted brand that is known for quality, effectiveness, and affordability
- World class customer service and customer responsiveness.
- A countrywide distribution network of traders, stockist and retailers.
- Manufacturing expertise and capacity to produce better and cheaper products than our competitors
- An enduring corporate culture that represents our values.

#### **VALUE STATEMENTS (What we believe in)**

1. Customers are the driving force for our business.
2. Our products and customer service must be better than our competitors.
3. Trust is at our core. There must be fairness and integrity in all dealings – customers, suppliers, employees.
4. We work hard. We do our best. We are continuously improving.

5. We are fast. To be fast, we must be flexible and innovative in our thinking and decision making.
6. Work should be balanced with other aspects of life – e.g. family, health.
7. Managers serve subordinates, not the other way around.
8. We want to develop people and will assist any willing employee in reaching his or her full potential.
9. Promotions are based on merit and from within whenever possible.
10. Our culture embodies employee involvement, open communication, teamwork and cooperation.

### **GOALS (What we want to achieve)**

#### **Marketing**

- Establish distribution and sales in all provinces and other countries.
- Create greater awareness of the company and products. (sales calls, signage, adverts, samples)
- Improve customer service.

#### **Production**

1. Produce quality products
2. With the minimum rejections.

#### **Financial**

- Produce Gross Profit of 20%
- Achieve budget targets on expenditures
- Establish Tanzanian based financing
- Foreign Exchange Generation and Savings

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#### **Human Resources**

1. Increase wages and bonus pay
2. Improve working environment – health and safety
3. Develop people.

## **MARKETING**

### **OVERVIEW**

The size of the Tanzanian beverages industry is approximately 20% per annum. The company believes it will continue to grow. For example:-

1. The Tanzanian government and its subsidiaries bodies is committed to growth. Like the Sugar Board of Tanzania has committed to supply at a reduced rate and also the government giving a subsidy of 10% on the duties.
2. New suppliers to the market have increased distribution and the supply demand still cannot be matched.
3. The Neighbourhood. Because of local production being low imports from other countries like Zambia has grown. The example being that people are buying products from our company whose product name Best Juices and bringing to Tanzania and selling at a higher price. This will be stopped and the foreign exchange will remain in the country.

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### **MARKET SEGMENTS & CUSTOMER STRATEGY**

The company believes it can most effectively compete for small and medium income group, initially ignoring large commercial institutions and the large tenders. Below are brief descriptions of the market segment.

1. **Commercial Buyers**  
The biggest factors influencing commercial buyers are: 1) Financing 2) Relationships, and 3) price. The company believes that it is at a competitive disadvantage on the first two factors, it has chosen to limit its efforts and resources in this segment.
2. **Traders, Wholesalers & Retailers**

The company believes it can build a sustainable customer base and a brand presence in this market segment. This is being achieved through: 1) Consignment financing 2) Point of sale posters 3) Flyers 4) Attendance at regional trade shows.

Included in this segment are traders and retailers from the Democratic Republic of Congo, a sub segment that will make up about 10% of Rainbow Beverages (TZ) Ltd turnover.

### **3. Factory Direct**

Factory direct sales will be responsible for almost 10% of company turnover. Constant attention is given to the factors that determine successful factory direct sales: 1) Fast, efficient customer service 2) Informative, easy to read instructions 3) Flexible pricing 4) Open hours during lunch, late in the day, and on Saturdays.

### **4. NGOs & Donors**

The NGO community has become more involved in direct procurement and distribution in recent years. Rainbow Beverages (TZ) Ltd expects modest sales with this segment.

## **MARKET STRATEGY**

### **1. Focus on building a distribution network.**

By focusing on small and medium scale are serviced through a country-wide distribution network, the company is able to tailor its offerings to fit that market segment.

### **2. Offer a wide range of products.**

The company offers a wide range of products. Competitors offer less than half those products. Most competitors are unable or unwilling to produce range of products.

### **3. Offer higher quality products.**

### **4. Be customer driven**

- In response to customer demand, products will be offered in various packaging
- For convenience for its customers, the company has extended working hours.

- In selected cases, the company offers either short term credit or consignment to shop owners. This removes financial obstacles to the rollout of new products to customers. It also enables customers to keep a wider variety of products.
- The company understands that the end user needs more information. The company's product will be extremely received, updated continuously and contains a very helpful knowledge of the ingredients.

## **5. Pricing**

The company is able to compete on price because of its built-in-cost advantage. The company realizes that it is competing against very well established brands. The pricing practise is to position its products at or below the better known brands. Sales people are empowered to "do what is necessary" when negotiating with a buying customer.

The company feels that in a few years, after the brand has been established and the efficacy of the products have been proved; some products will be able to attract premium pricing.

The company feels that the foreign exchange generation will be higher and due to the fact that the sister company in Zambia's products are coming into Tanzania will be stopped as they will be manufacturing in the country so the foreign exchange will not be going out of the country which will be saving for the nation.

## **6. Products**

The company stands ready to produce any other custom blend beverages for orders. This is where Rainbow Beverages (TZ) Ltd is creating and expanding its niche.

## **7. Product Packaging**

Most packaging, although of good quality, lacks in marketing and selling emphasis. For example, the major competitors give only the generic name. Rainbow Beverages' packaging is more informative and assertive. This enables greater sell through at retail level.

## **8. Advertising and promotion.**

The company focuses its resources on its target market. Its advertising and promotion revolves around that customer base.

- **Sales calls and presentations-** retailers and trades, and larger institutional customers are serviced with personal calls, by a combination of the MD, marketing director, and sales people.
- **Trade shows** - a large presence is made at the major shows. Stand are manned at all the shows.
- **Free Samples** – they are given out liberally at trade shows, workshops and other gatherings.
- **Television adverts** – television advertising is slotted to coincide with major events and shows.
- **Radio Adverts** – is also used in conjunction with major events.
- **Calendars** - the company will be producing about 2,000 of its own A1 wall calendars, which will be very well received and appreciated by customers.
- **Print advertising** – is utilized during the season. Occasional adverts in the various Gazette and the main newspapers usually coincide with special features or placements of articles.
- **Outside advertising** – outdoor signage will be contracted with an advertising company for various billboards across the country.

## **PRODUCTION**

The manufacturing process consists of two separate operations. The company also wants to bring in the latest technology and machinery so that the employees are also benefitted from the same. The culture of clean and safe manufacturing process with good environment for the employees will be on top priority. The first is the bottle production. The second operation is making of the best juice.

### **Bottle production**

The average bottle production per day will be approximately 150,000 to 170,000 bottles per day with the initial investment of two pet blowing machines and three injection moulding machines which can manufacture different sizes of bottles, so that are various packing of finished products, which can cater from an individual to a house hold and a big organization.

We are intending to increase the bottle production line in two more phases which will grow up to four times the normal production from the first phase.

### **Beverage production**

The average production per day (24hrs) in three shifts will be approximately 6500 to 7000 cases with one juice filling line. The same will be increased in two phases as the bottle production and more varieties will be produced.

## **CAPITAL EQUIPMENT**

The equipment employed for manufacturing is a combination of imported and custom made machinery. A workshop employing two full time technicians continuously upgrades and customizes the manufacturing process.

## **QUALITY CONTROL**

Very strict quality control measures are followed. Testing and production samples will be scrupulously recorded and saved for 18 months. Specifically:

- Over 2,000 samples will be physically sorted by products and compiled in a Quality Control Record Book. On a normal production day, six to eight physical samples will be tested in each batch.
- Scales are checked daily and logged. Digital scales are employed for weighing of components and finished products.
- Every case is tagged with a batch number and expiry date for tracing.
- Incoming and outgoing weights will be spot checked and logged.

## **RAW MATERIAL SUPPLY**

The company will endeavour source raw materials locally as much as possible. The advantage would be to reduce lead times and also complement the local industry. However certain raw materials such as white sugar which is not manufactured locally will have to be imported to which the sugar board of Tanzania have granted special rebates on duties for Rainbow Beverages (TZ) Ltd. (Copy enclosed).

Factory, warehouse, and office space is being rented. The current space can accommodate annual sales of approximately two million cases. The long term plan is to purchase and build on bare land.

## **HUMAN RESOURCES**

The company relies on its people. Total general factory workers employed are expected to be about ninety during season and to about sixty in the offseason.

The company will be helpful in the creation of employment and as the three phases of capital injection will also help in creating more job opportunities in the country.

The company plans to invest in human resources to train local staff to meet the needs of the more specialised fields.

## **FINANCE**

Attached herewith is a detailed financial forecast for the company for a period of five years. We have prepared forecast Profit and loss accounts after interest and taxes, Forecast Balance sheets showings assets with depreciation amounts, Forecast Cashflow statement, breakdown of operational costs, notes and assumptions to the accounts.

### **Credit Terms**

The company offers short term consignment and credit terms to selected customers. Repayment terms range from a few days with a post-dated cheque up to consignment of up to 30 days. Credit sales will comprise about 10% of sales. Bad debts will be less than ½ of 1%

**Bankers & Existing Credit Facilities: Exim Bank, Main Branch, Dar es Salaam**

### **CORPORATE INFORMATION**

**Date of Incorporation**            **14<sup>th</sup> April 2011**

#### **Shareholders**

- **Irfaan Yousuf**
- **Mehbub Musa**

**Borrowing History**            **Nil**

**Accountants/Tax Consultants: Adolph Associates – 1<sup>st</sup> floor Posta House, P.O.Box 19080, Dar Es Salaam. Tel 255 0 22 21 34909**

## SWOT ANALYSIS

### STRENGTHS

1. **Management.** Management is “hands on”, financially involved, multi-cultural, and experienced
2. **Manufacturing capabilities.** Current capabilities give the company 1) Better products 2) Wider product range, with ability to continuously develop new products and 3) A cost advantage over competitors
3. **A distribution network.** This is a customer base that buys year round and is relationship based, which is considered preferable to business that is tender-based or quote-based and seasonal.

### WEAKNESSES

1. **Brand Credibility.** Tanzanians tend to be very risk averse, and view new products and new companies with suspicion. This will make the roll out and acceptance of new products a slower proposition early in the company’s life.
2. **Raw Material supply.** Dependence on foreign sources makes re-supply problematic. The company has buying relationships with more than ten different raw material suppliers, which mitigates these problems.
3. **Shortage of finance.** Growth is slower, purchase prices higher, and some buying and selling opportunities are lost when there isn’t ample cash to finance raw materials.

### OPPORTUNITIES

1. **The government is committed for new investments.** It appears that the government has keen interest to grow the economy of Tanzania, which was shown by giving 10% Duty concessions and the Sugar Board of Tanzania willing to supply sugar at a reduced rate.
2. **A change in people’s attitudes.** As the Tanzanians becomes more knowledgeable and desirous of better products. Rainbow Beverages products will continue to build market share.
3. **Other products and services.** There are other products and services that are not getting the distribution they need. Some of those products and services may be offered by Rainbow Beverages in the future.

### THREATS

- **Negative campaigning by competitors, opponents.** New products in the market can cause competitors to rumour mongering.
- **Cheap quality products from other countries.** This threat has diminished recently but still exists.
- **Supply Shocks.** Raw materials are worldwide commodities and dependent on transport. As such, they are susceptible to supply shortages.

**NB:** A SWOT analysis in Tanzania would not be complete without the mention of exchange rates. The company does not take forward positions on currencies. However, the industry does move its prices as the shilling strengthens or weakens, which diminishes the effect of the shilling movement. As a rule, Rainbow Beverages benefits when the shilling appreciates.

|  |  |                   |                    |                    |                      |                      |
|--|--|-------------------|--------------------|--------------------|----------------------|----------------------|
| <b>Annex I</b>                         |  |                   |                    |                    |                      |                      |
| <b>RAINBOW BEVERAGES (TZ) LIMITED</b>  |  |                   |                    |                    |                      |                      |
| <b>Projected Profit &amp; Loss</b>     |  |                   |                    |                    |                      |                      |
| <b>In (TZS)</b>                        |  |                   |                    |                    |                      |                      |
|  |  |                   |                    |                    |                      |                      |
| <b>Profit &amp; Loss</b>               |  | <b>Year I</b>     | <b>Year II</b>     | <b>Year III</b>    | <b>Year IV</b>       | <b>Year V</b>        |
|  |  |                   |                    |                    |                      |                      |
| <b>Income</b>                          |  |                   |                    |                    |                      |                      |
|  |  |                   |                    |                    |                      |                      |
| Sales Collection                       |  | 14,250,000,000    | 16,387,500,000     | 19,665,000,000     | 23,598,000,000       | 28,317,600,000       |
|  |  |                   |                    |                    |                      |                      |
| <b>Cost of Goods Sold</b>              |  | 13,679,971,200    | 15,731,966,880     | 18,091,761,912     | 21,710,114,294       | 26,052,137,153       |
|  |  |                   |                    |                    |                      |                      |
|  |  |                   |                    |                    |                      |                      |
| <b>Operating expenses</b>              |  |                   |                    |                    |                      |                      |
|  |  |                   |                    |                    |                      |                      |
| Salaries & Wages                       |  | 43,200,000        | 43,718,400         | 44,243,021         | 44,773,937           | 45,311,224           |
| NSSF                                   |  | 4,320,000         | 4,371,840          | 4,424,302          | 4,477,394            | 4,531,122            |
| Licences & Other Permits               |  | 500,000           | 506,000            | 512,072            | 518,217              | 524,435              |
| Office Rent                            |  | 30,000,000        | 30,360,000         | 30,724,320         | 31,093,012           | 31,466,128           |
| Motor vehicle running expenses         |  | 30,000,000        | 30,360,000         | 30,724,320         | 31,093,012           | 31,466,128           |
| Printing, stationery & Office Expenses |  | 6,000,000         | 6,072,000          | 6,144,864          | 6,218,602            | 6,293,226            |
| Utilities-Electricity, water           |  | 75,600,000        | 76,507,200         | 77,425,286         | 78,354,390           | 79,294,643           |
| Miscellaneous expenses                 |  | 24,000,000        | 24,288,000         | 24,579,456         | 24,874,409           | 25,172,902           |
| Depreciation                           |  | 271,188,000       | 271,188,000        | 271,188,000        | 271,188,000          | 271,188,000          |
|  |  | 484,808,000       | 443,653,040        | 445,722,620        | 447,817,036          | 449,936,584          |
|  |  |                   |                    |                    |                      |                      |
| Profit/(Loss) before tax               |  | 85,220,800        | 211,880,080        | 1,127,515,468      | 1,440,068,670        | 1,815,526,262        |
|  |  |                   |                    |                    |                      |                      |
| Taxation                               |  | 25,566,240        | 63,564,024         | 338,254,640        | 432,020,601          | 544,657,879          |
|  |  |                   |                    |                    |                      |                      |
| <b>Profit/(Loss) for the year</b>      |  | <b>59,654,560</b> | <b>148,316,056</b> | <b>789,260,827</b> | <b>1,008,048,069</b> | <b>1,270,868,384</b> |

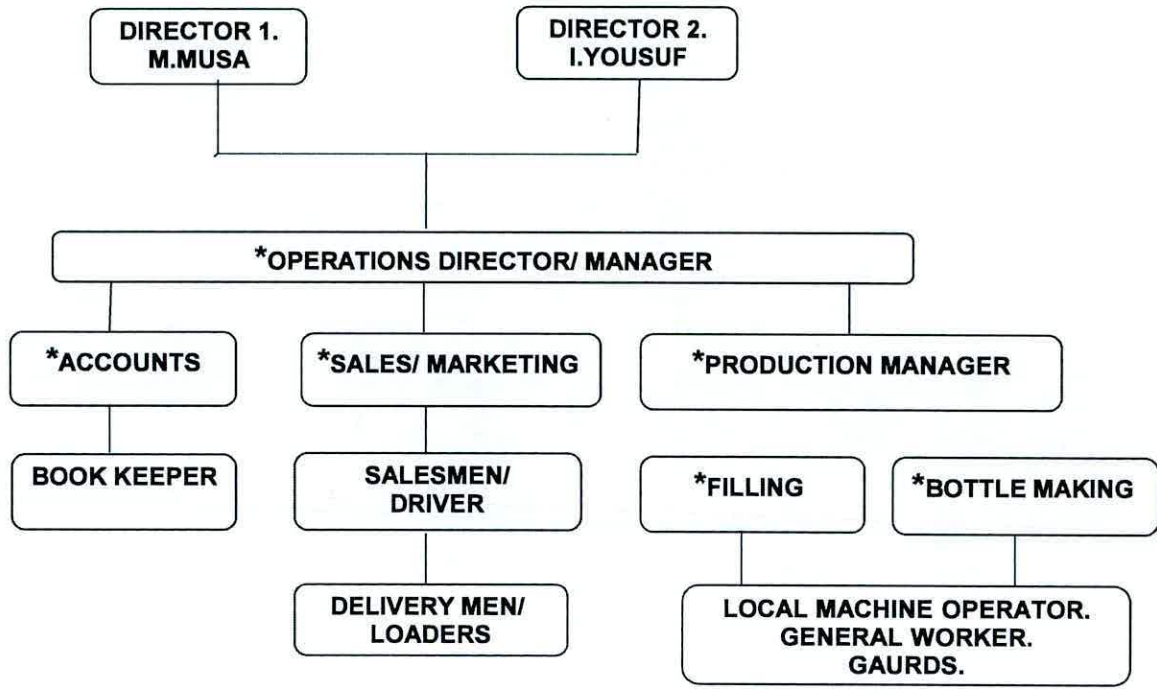
**Annex III**  
**RAINBOW BEVERAGES (TZ) LIMITED**  
**Projected Balance Sheet**  
**In (Usd)**

|   | <b>Year I</b>               | <b>Year II</b>              | <b>Year III</b>             | <b>Year IV</b>              | <b>Year V</b>               |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Fixed assets (Net)                      | 1,478,412,000               | 1,207,224,000               | 936,036,000                 | 748,601,019                 | 790,480,942                 |
| <b>Current Assets</b>                   |                             |                             |                             |                             |                             |
| Stocks (raw materials & finished goods) | 375,000,000                 | 731,250,000                 | 1,277,500,000               | 1,933,000,000               | 2,719,600,000               |
| Debtors                                 | 261,083,776                 | 500,407,000                 | 1,126,859,590               | 1,953,042,607               | 2,740,097,380               |
| Cash and Bank                           | 85,156,384                  | 80,086,856                  | 164,482,679                 | 179,812,077                 | 196,981,003                 |
| Creditors                               | (1,139,997,600)             | (1,310,997,240)             | (1,507,646,826)             | (1,809,176,191)             | (2,171,011,429)             |
| <b>Net assets</b>                       | <b><u>1,059,654,560</u></b> | <b><u>1,207,970,616</u></b> | <b><u>1,997,231,443</u></b> | <b><u>3,005,279,512</u></b> | <b><u>4,276,147,896</u></b> |
| <b>Capital Employed</b>                 |                             |                             |                             |                             |                             |
| Share Capital                           | 1,000,000,000               | 1,000,000,000               | 1,000,000,000               | 1,000,000,000               | 1,000,000,000               |
| Accumulated profit                      | 59,654,560                  | 207,970,616                 | 997,231,443                 | 2,005,279,512               | 3,276,147,896               |
| <b>Total capital employed</b>           | <b><u>1,059,654,560</u></b> | <b><u>1,207,970,616</u></b> | <b><u>1,997,231,443</u></b> | <b><u>3,005,279,512</u></b> | <b><u>4,276,147,896</u></b> |

| <b>RAINBOW BEVERAGES (TZ) LIMITED</b>                         |                               |                       |                       |                       |                       |                       |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>NPV &amp; IRR ANALYSIS</b>                                 |                               |                       |                       |                       |                       |                       |
| <b>Basic Assumptions</b>                                      |                               |                       |                       |                       |                       |                       |
| Initial outlay  | 1,760,400,000                 |                       |                       |                       |                       |                       |
| Corporate Tax Rate  | 30%                           |                       |                       |                       |                       |                       |
| Bank Loan   | -                             |                       |                       |                       |                       |                       |
| Bank Interest Rate  | 18%                           |                       |                       |                       |                       |                       |
| Term of loan in months  | 60                            |                       |                       |                       |                       |                       |
| <b>Summary of Projected cash flow (In Tzs) for Five years</b> |                               |                       |                       |                       |                       |                       |
|   |                               | Year I                | Year II               | Year III              | Year IV               | Year V                |
| <b>INFLOWS</b>  |                               |                       |                       |                       |                       |                       |
| Sales Collection  |                               | 14,250,000,000        | 16,387,500,000        | 19,665,000,000        | 23,598,000,000        | 28,317,600,000        |
| <b>Total Inflows</b>  |                               | <b>14,250,000,000</b> | <b>16,387,500,000</b> | <b>19,665,000,000</b> | <b>23,598,000,000</b> | <b>28,317,600,000</b> |
| <b>OUTFLOWS</b>   |                               |                       |                       |                       |                       |                       |
| Payment to suppliers  |                               | 5,699,988,000         | 6,554,986,200         | 7,865,983,440         | 9,439,180,128         | 11,327,016,154        |
| Salaries & Wages  |                               | 43,200,000            | 47,520,000            | 52,272,000            | 57,499,200            | 63,249,120            |
| NSSF  |                               | 4,320,000             | 4,752,000             | 5,227,200             | 5,749,920             | 6,324,912             |
| Licences & Other Permits                                      |                               | 500,000               | 550,000               | 605,000               | 665,500               | 732,050               |
| Office Rent   |                               | 30,000,000            | 33,000,000            | 36,300,000            | 39,930,000            | 43,923,000            |
| Motor vehicle running expenses                                |                               | 30,000,000            | 33,000,000            | 36,300,000            | 39,930,000            | 43,923,000            |
| Printing, stationery & Office Expenses                        |                               | 6,000,000             | 6,600,000             | 7,260,000             | 7,986,000             | 8,784,600             |
| Utilities-Electricity, water                                  |                               | 75,600,000            | 83,160,000            | 91,476,000            | 100,623,600           | 110,685,960           |
| Miscellaneous expenses  |                               | 24,000,000            | 26,400,000            | 29,040,000            | 31,944,000            | 35,138,400            |
| Loan Repayment-Principle                                      |                               | -                     | -                     | -                     | -                     | -                     |
| <b>Total Outflows</b>   |                               | <b>5,913,608,000</b>  | <b>6,789,968,200</b>  | <b>8,124,463,640</b>  | <b>9,723,608,348</b>  | <b>11,639,777,196</b> |
| Taxation  |                               | 25,566,240            | 63,564,024            | 338,254,640           | 432,020,601           | 544,657,879           |
| Opening Balance   |                               | #REF!                 | #REF!                 | #REF!                 | #REF!                 | #REF!                 |
| Movement during the period                                    |                               | #REF!                 | #REF!                 | #REF!                 | #REF!                 | #REF!                 |
| Closing balance   |                               | #REF!                 | #REF!                 | #REF!                 | #REF!                 | #REF!                 |
| <b>New Calculations</b>                                       |                               |                       |                       |                       |                       |                       |
| Earnings before interest and tax                              |                               | 8,336,392,000         | 9,597,531,800         | 11,540,536,360        | 13,874,491,652        | 16,677,822,804        |
| Interest expense  |                               | -                     | -                     | -                     | -                     | -                     |
| Earnings after interest                                       |                               | 8,336,392,000         | 9,597,531,800         | 11,540,536,360        | 13,874,491,652        | 16,677,822,804        |
| Corporate Tax   |                               | 2,500,917,600         | 2,879,259,540         | 3,462,160,908         | 4,162,347,496         | 5,003,346,841         |
| <b>Profit After Tax</b>                                       | <b>Outlay (1,760,400,000)</b> | <b>5,835,474,400</b>  | <b>6,718,272,260</b>  | <b>8,078,375,452</b>  | <b>9,712,144,156</b>  | <b>11,674,475,963</b> |
| <b>Net Present Value</b>                                      |                               | <b>76,015,557,939</b> |                       |                       |                       |                       |
| <b>Internal Rate of Return</b>                                |                               | <b>348%</b>           |                       |                       |                       |                       |

| RAINBOW BEVERAGE LIMITED  |  |                                    |                              |                              |                              |  |
|---|--|------------------------------------|------------------------------|------------------------------|------------------------------|--|
| Basic Assumptions   |  |                                    |                              |                              |                              |  |
| Income  | Standard Packaging for different sizes | Projected Monthly Sales            | Price Per Unit Pack (TZS)    | Total Income Per Month (TZS) | Total Income Per Annum (TZS) |  |
|   | 350mls                                 | 95000                              | 7,500                        | 712,500,000                  | 8,550,000,000                |  |
|   | 500mls                                 | 63333                              | 7,500                        | 475,000,000                  | 5,700,000,000                |  |
| <b>Sub Total</b>  |  |                                    |                              |                              | <b>14,250,000,000</b>        |  |
| Direct Costs  |  | Projected monthly production units | Unit price per standard pack | Total Monthly Costs          | Total Cost per annum         |  |
| 1 Bottles   | 350mls                                 | 95000                              | 4,500                        | 427,500,000                  | 5,130,000,000                |  |
|   | 500mls                                 | 63333                              | 4,500                        | 284,998,500                  | 3,419,982,000                |  |
| 2 Carton Boxes  | 350mls                                 | 95000                              | 1,500                        | 142,500,000                  | 1,710,000,000                |  |
|   | 350mls                                 | 63,333                             | 1,500                        | 94,999,500                   | 1,139,994,000                |  |
| <b>Sub Total</b>  |  |                                    |                              |                              | <b>11,399,976,000</b>        |  |
| <b>3 Other Running Costs</b>  |  |                                    |                              | <b>Total Per Month</b>       | <b>Total Per Annum</b>       |  |
| Salaries & Wages  | 12                                     | 300,000                            |                              | 3,600,000                    | 43,200,000                   |  |
| NSSF  | 12                                     | 30,000                             |                              | 360,000                      | 4,320,000                    |  |
| Licences & Other Permits  | 1                                      | 500,000                            |                              | 500,000                      | 500,000                      |  |
| Office Rent   | 5                                      | 500,000                            |                              | 2,500,000                    | 30,000,000                   |  |
| Motor vehicle running expenses  | 5                                      | 500,000                            |                              | 2,500,000                    | 30,000,000                   |  |
| Printing, stationery & Office Exper   | 1                                      | 500,000                            |                              | 500,000                      | 6,000,000                    |  |
| Utilities-Electricity, water  | 1                                      | 6,300,000                          |                              | 6,300,000                    | 75,600,000                   |  |
| Miscellaneous expenses  | 1                                      | 2,000,000                          |                              | 2,000,000                    | 24,000,000                   |  |
| <b>Note:</b>  |  |                                    |                              |                              |                              |  |
| The production plant is having the capacity to produce 8000 bottle per hour. However, full capacity will be attained in year four |  |                                    |                              |                              |                              |  |
| There will be one shift only in a day of eight (8) working hours  |  |                                    |                              |                              |                              |  |

|   |                  |  |  |  |  |  |
|---|------------------|--|--|--|--|--|
| Stock level will be maintained at equal to cover two months sales   |                  |  |  |  |  |  |
| Depreciation is calculated on straight line method using the following rates: 25% for motor vehicles, 4% for factory building and 12.50% for plants and machinery |                  |  |  |  |  |  |
| Expenses are expected to grow in line with inflation projected at 12% p.a   |                  |  |  |  |  |  |
| Corporation Tax rate is 30% of net profit   |                  |  |  |  |  |  |
| Creditors to be maintained at 20% of the monthly materials requirement and payable monthly in arrears   |                  |  |  |  |  |  |
| All sales will be done on cash, with few credit sales to credible customers. 10% of the monthly sales are expected to be credit with thirty days credit period    |                  |  |  |  |  |  |
| Sales are expected at the rate of 15% in year and 20% thereafter  |                  |  |  |  |  |  |
|   |                  |  |  |  |  |  |
|   |                  |  |  |  |  |  |
| <b>The List of Plants, Machinery &amp; Equipments will be as follows:</b>   |                  |  |  |  |  |  |
| Production machinery  | 750,000          |  |  |  |  |  |
| M/Vehicle   | 100,000          |  |  |  |  |  |
| Furniture & Fittings  | 10,000           |  |  |  |  |  |
| Equipments  | 200,000          |  |  |  |  |  |
| Computers   | 20,000           |  |  |  |  |  |
|   | <b>1,080,000</b> |  |  |  |  |  |



\* = EXPATS.

## **MOPANI INTERNATIONAL (MOZ) LIMITED**

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**Cell: +258826259498**

**Email:Mopani@tropical.co.mz**

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# **COMPANY PROFILE**

## **INTRODUCTION**

In the late 2006, the promoters of Mopani Group of Companies, were researching the general market on trading and manufacturing. Mopani International Ltd, Mozambique was set up based on the reasons listed below.

**1. The promoters understood the Mozambique industry.**

They understood the market, the products, the distribution challenges, the market segments, the suppliers and supply chain, and where to get experienced talent.

**2. The promoters felt confident they could outperform the established companies, by offering better products, prices, and service.**

**3. The business would employ a revolutionary manufacturing idea at its core.**

## **MISSION/VISION/VALUES**

The company wants to be the best it can be. The statements below articulate the aims of the company.

### **MISSION STATEMENT (Why we exist)**

“Mopani International Limited exists for the welfare and development of its employees, customers, and shareholders, and to make a positive difference in their lives.”

### **VISION STATEMENT (What we want to become)**

Our vision is to develop and maintain:

- A trusted brand that is known for quality, effectiveness, and affordability
- World class customer service and customer responsiveness.
- A countrywide distribution network of traders, stockist and retailers.
- Manufacturing expertise and capacity to produce better and cheaper products than our competitors
- An enduring corporate culture that represents our values.

## **VALUE STATEMENTS (What we believe in)**

1. Customers are the driving force for our business.
2. Our products and customer service must be better than our competitors.
3. Trust is at our core. There must be fairness and integrity in all dealings – customers, suppliers, employees.
4. We work hard. We do our best. We are continuously improving.
5. We are fast. To be fast, we must be flexible and innovative in our thinking and decision making.
6. Work should be balanced with other aspects of life – e.g. family, health.
7. Managers serve subordinates, not the other way around.
8. We want to develop people and will assist any willing employee in reaching his or her full potential.
9. Promotions are based on merit, and from within whenever possible.
10. Our culture embodies employee involvement, open communication, teamwork and cooperation.

## **GOALS (What we want to achieve)**

### **Marketing**

- Establish distribution and sales in all provinces and other countries.
- Create greater awareness of the company and products.
- Improve customer service.

### **Production**

1. Produce quality products
2. With the lowest possible rejections.

### **Financial**

- Produce Gross Profit of 40%
- Achieve budget targets on expenditures
- Establish Mozambique based financing

### **Human Resources**

1. Increase wages and bonus pay
2. Improve working environment – health and safety
3. Develop people.

## MARKET STRATEGY

1. Focus on building a distribution network.
2. Offer a wide range of products.
3. Offer higher quality products.
4. Be customer driven
5. Keep the pricing reasonable and affordable
6. Advertising and promotion.

Due to these above factors we started our operations in Mozambique, where we produce Carbonated Drinks named **Fizz**.

We produce around 8,000 cases per day with a turnover of 1.1 million dollars and distribute the same in the following parts of the country.

- Maputo
- Beira
- Quelimane
- Nampula
- Tete
- Chimoi
- Pebane
- Pemba
- Lichinge
- Machange
- Vilemkulo
- Xai-Xai
- Bel-Vista
- Chinde

The company's business experience encompasses the operations of Mopani International Limited in Wholesale and retail dealership of **Fizz** till date. It grew its turnover from a mere \$80,000 to \$1.1m average on a monthly basis.

We also managed to employ on field the marketing team with vehicles and sales executives to work closely along with the distributors on a daily basis. This attribute lead to not only employment but effective distribution of products on whole of the Mozambique market.

This tremendous growth in a short period of time was largely attributing to the Managing Director's innovative systems, ethical business practices and chasing a vision to become the biggest and dynamic manufacturers and distribution channel with a large loyal distributor base. The business concept and model that has been adopted through the sales executives and distributor network which accounts for 80% of the total turnover.

This entails physical distribution of stocks by field sales representatives in close proximity locations based on "routing system" which ensures optimizing on customer stock up, high product availability, easy identification of growth areas and associated parameters, enhancing customer relationship through regular visits, etc.

As business grew, the directors thought of diversifying and looked at other business ventures by introducing other products like the manufacturing of Corn Naks. As a result the company started producing corn naks under the name of Supreme Foods under the brand of "Magic Naks".

As the product goes hand in hand with the carbonated drinks, it was a great idea as the product hit the market instantaneously. This enabled our long term plans to keep our same business strategy and improve on our past failures, consolidate our clientele, take the business to higher heights and to continue searching the market.

#### **EXPANSION**

We have acquired a land of over 20,000 Sq mtrs with a built up area of 5,000 sq mts on the main highway NH1 near the tollgates.

#### **LOCATION**

We are currently located at Machava Socimol, Maputo.

#### **DIRECTORS**

##### **1. Mr. Irfan Ismail Yousuf**

He is the founder and overall director with 80% shareholding in the company. He is a very experienced and seasonal businessman. He owns eight other companies.

# RAINBOW BEVERAGES (TZ) LTD

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## BUSINESS PLAN/FEASIBILITY STUDY

### INTRODUCTION

In the late 2006, the promoters of Mopani Group of Companies were researching the general market on trading and manufacturing. Rainbow Beverages (TZ) Ltd was set up based on the reasons listed below.

**1. The promoters understood the Tanzanian beverages industry.**

They understood the market, the products, the distribution challenges, the market segments, the suppliers and supply chain, and where to get experienced talent.

**2. The promoters identified a potential scope for the product in the middle and lower income market.**

After studying the market, an opportunity to supply our product in the middle and lower income group was identified. The study conducted highlighted that this particular market was dominated by imported juices and few local juices. Thus the idea of our product to be produced as a local product seemed very promising.

**3. The promoters felt confident they could outperform the established companies, by offering better products, prices, and service.**

The Tanzanian drinks market has been dominated by large, foreign owned companies that focus on higher middle income group. There was a gap for a company that could:

- Develop products for the common people
- Reduce costs with local production facilities, and
- Give customers what they want.

- Offer outstanding customer service

#### **4. The business would employ a revolutionary manufacturing idea at its core.**

Producing drinks locally gave two significant benefits:- 1) A cost advantage and 2) A better product.

Firstly, the most popular drinks are imported as finished product which becomes more costly but if manufactured locally it would cost approximately 20% cheaper.

### **MISSION/VISION/VALUES**

The company wants to be the best it can be. The statements below articulate the aims of the company.

#### **MISSION STATEMENT (Why we exist)**

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Our vision is to develop and maintain:

- A trusted brand that is known for quality, effectiveness, and affordability
- World class customer service and customer responsiveness.
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- Manufacturing expertise and capacity to produce better and cheaper products than our competitors
- An enduring corporate culture that represents our values.

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3. Trust is at our core. There must be fairness and integrity in all dealings – customers, suppliers, employees.
4. We work hard. We do our best. We are continuously improving.

5. We are fast. To be fast, we must be flexible and innovative in our thinking and decision making.
6. Work should be balanced with other aspects of life – e.g. family, health.
7. Managers serve subordinates, not the other way around.
8. We want to develop people and will assist any willing employee in reaching his or her full potential.
9. Promotions are based on merit and from within whenever possible.
10. Our culture embodies employee involvement, open communication, teamwork and cooperation.

### **GOALS (What we want to achieve)**

#### **Marketing**

- Establish distribution and sales in all provinces and other countries.
- Create greater awareness of the company and products. (sales calls, signage, adverts, samples)
- Improve customer service.

#### **Production**

1. Produce quality products
2. With the minimum rejections.

#### **Financial**

- Produce Gross Profit of 20%
- Achieve budget targets on expenditures
- Establish Tanzanian based financing
- Foreign Exchange Generation and Savings

#### **Human Resources**

1. Increase wages and bonus pay
2. Improve working environment – health and safety
3. Develop people.

## **MARKETING**

### **OVERVIEW**

The size of the Tanzanian beverages industry is approximately 20% per annum. The company believes it will continue to grow. For example:-

1. The Tanzanian government and its subsidiaries bodies is committed to growth. Like the Sugar Board of Tanzania has committed to supply at a reduced rate and also the government giving a subsidy of 10% on the duties.
2. New suppliers to the market have increased distribution and the supply demand still cannot be matched.
3. The Neighbourhood. Because of local production being low imports from other countries like Zambia has grown. The example being that people are buying products from our company whose product name Best Juices and bringing to Tanzania and selling at a higher price. This will be stopped and the foreign exchange will remain in the country.

---

### **MARKET SEGMENTS & CUSTOMER STRATEGY**

The company believes it can most effectively compete for small and medium income group, initially ignoring large commercial institutions and the large tenders. Below are brief descriptions of the market segment.

1. **Commercial Buyers**  
The biggest factors influencing commercial buyers are: 1) Financing 2) Relationships, and 3) price. The company believes that it is at a competitive disadvantage on the first two factors, it has chosen to limit its efforts and resources in this segment.
2. **Traders, Wholesalers & Retailers**

The company believes it can build a sustainable customer base and a brand presence in this market segment. This is being achieved through: 1) Consignment financing 2) Point of sale posters 3) Flyers 4) Attendance at regional trade shows.

Included in this segment are traders and retailers from the Democratic Republic of Congo, a sub segment that will make up about 10% of Rainbow Beverages (TZ) Ltd turnover.

### **3. Factory Direct**

Factory direct sales will be responsible for almost 10% of company turnover. Constant attention is given to the factors that determine successful factory direct sales: 1) Fast, efficient customer service 2) Informative, easy to read instructions 3) Flexible pricing 4) Open hours during lunch, late in the day, and on Saturdays.

### **4. NGOs & Donors**

The NGO community has become more involved in direct procurement and distribution in recent years. Rainbow Beverages (TZ) Ltd expects modest sales with this segment.

## **MARKET STRATEGY**

### **1. Focus on building a distribution network.**

By focusing on small and medium scale are serviced through a country-wide distribution network, the company is able to tailor its offerings to fit that market segment.

### **2. Offer a wide range of products.**

The company offers a wide range of products. Competitors offer less than half those products. Most competitors are unable or unwilling to produce range of products.

### **3. Offer higher quality products.**

### **4. Be customer driven**

- In response to customer demand, products will be offered in various packaging
- For convenience for its customers, the company has extended working hours.

- In selected cases, the company offers either short term credit or consignment to shop owners. This removes financial obstacles to the rollout of new products to customers. It also enables customers to keep a wider variety of products.
- The company understands that the end user needs more information. The company's product will be extremely received, updated continuously and contains a very helpful knowledge of the ingredients.

## **5. Pricing**

The company is able to compete on price because of its built-in-cost advantage. The company realizes that it is competing against very well established brands. The pricing practise is to position its products at or below the better known brands. Sales people are empowered to "do what is necessary" when negotiating with a buying customer.

The company feels that in a few years, after the brand has been established and the efficacy of the products have been proved; some products will be able to attract premium pricing.

The company feels that the foreign exchange generation will be higher and due to the fact that the sister company in Zambia's products are coming into Tanzania will be stopped as they will be manufacturing in the country so the foreign exchange will not be going out of the country which will be saving for the nation.

## **6. Products**

The company stands ready to produce any other custom blend beverages for orders. This is where Rainbow Beverages (TZ) Ltd is creating and expanding its niche.

## **7. Product Packaging**

Most packaging, although of good quality, lacks in marketing and selling emphasis. For example, the major competitors give only the generic name. Rainbow Beverages' packaging is more informative and assertive. This enables greater sell through at retail level.

## **8. Advertising and promotion.**

The company focuses its resources on its target market. Its advertising and promotion revolves around that customer base.

- **Sales calls and presentations-** retailers and trades, and larger institutional customers are serviced with personal calls, by a combination of the MD, marketing director, and sales people.
- **Trade shows** - a large presence is made at the major shows. Stand are manned at all the shows.
- **Free Samples** – they are given out liberally at trade shows, workshops and other gatherings.
- **Television adverts** – television advertising is slotted to coincide with major events and shows.
- **Radio Adverts** – is also used in conjunction with major events.
- **Calendars** - the company will be producing about 2,000 of its own A1 wall calendars, which will be very well received and appreciated by customers.
- **Print advertising** – is utilized during the season. Occasional adverts in the various Gazette and the main newspapers usually coincide with special features or placements of articles.
- **Outside advertising** – outdoor signage will be contracted with an advertising company for various billboards across the country.

## **PRODUCTION**

The manufacturing process consists of two separate operations. The company also wants to bring in the latest technology and machinery so that the employees are also benefitted from the same. The culture of clean and safe manufacturing process with good environment for the employees will be on top priority. The first is the bottle production. The second operation is making of the best juice.

### **Bottle production**

The average bottle production per day will be approximately 150,000 to 170,000 bottles per day with the initial investment of two pet blowing machines and three injection moulding machines which can manufacture different sizes of bottles, so that are various packing of finished products, which can cater from an individual to a house hold and a big organization.

We are intending to increase the bottle production line in two more phases which will grow up to four times the normal production from the first phase.

### **Beverage production**

The average production per day (24hrs) in three shifts will be approximately 6500 to 7000 cases with one juice filling line. The same will be increased in two phases as the bottle production and more varieties will be produced.

## **CAPITAL EQUIPMENT**

The equipment employed for manufacturing is a combination of imported and custom made machinery. A workshop employing two full time technicians continuously upgrades and customizes the manufacturing process.

## **QUALITY CONTROL**

Very strict quality control measures are followed. Testing and production samples will be scrupulously recorded and saved for 18 months. Specifically:

- Over 2,000 samples will be physically sorted by products and compiled in a Quality Control Record Book. On a normal production day, six to eight physical samples will be tested in each batch.
- Scales are checked daily and logged. Digital scales are employed for weighing of components and finished products.
- Every case is tagged with a batch number and expiry date for tracing.
- Incoming and outgoing weights will be spot checked and logged.

## **RAW MATERIAL SUPPLY**

The company will endeavour source raw materials locally as much as possible. The advantage would be to reduce lead times and also complement the local industry. However certain raw materials such as white sugar which is not manufactured locally will have to be imported to which the sugar board of Tanzania have granted special rebates on duties for Rainbow Beverages (TZ) Ltd. (Copy enclosed).

Factory, warehouse, and office space is being rented. The current space can accommodate annual sales of approximately two million cases. The long term plan is to purchase and build on bare land.

## **HUMAN RESOURCES**

The company relies on its people. Total general factory workers employed are expected to be about ninety during season and to about sixty in the offseason.

The company will be helpful in the creation of employment and as the three phases of capital injection will also help in creating more job opportunities in the country.

The company plans to invest in human resources to train local staff to meet the needs of the more specialised fields.

## **FINANCE**

Attached herewith is a detailed financial forecast for the company for a period of five years. We have prepared forecast Profit and loss accounts after interest and taxes, Forecast Balance sheets showings assets with depreciation amounts, Forecast Cashflow statement, breakdown of operational costs, notes and assumptions to the accounts.

### **Credit Terms**

The company offers short term consignment and credit terms to selected customers. Repayment terms range from a few days with a post-dated cheque up to consignment of up to 30 days. Credit sales will comprise about 10% of sales. Bad debts will be less than ½ of 1%

**Bankers & Existing Credit Facilities: Exim Bank, Main Branch, Dar es Salaam**

### **CORPORATE INFORMATION**

**Date of Incorporation**            **14<sup>th</sup> April 2011**

#### **Shareholders**

- **Irfaan Yousuf**
- **Mehbub Musa**

**Borrowing History**            **Nil**

**Accountants/Tax Consultants: Adolph Associates – 1<sup>st</sup> floor Posta House, P.O.Box 19080, Dar Es Salaam. Tel 255 0 22 21 34909**

## SWOT ANALYSIS

### STRENGTHS

1. **Management.** Management is "hands on", financially involved, multi-cultural, and experienced
2. **Manufacturing capabilities.** Current capabilities give the company 1) Better products  
2) Wider product range, with ability to continuously develop new products and 3) A cost advantage over competitors
3. **A distribution network.** This is a customer base that buys year round and is relationship based, which is considered preferable to business that is tender-based or quote-based and seasonal.

### WEAKNESSES

1. **Brand Credibility.** Tanzanians tend to be very risk averse, and view new products and new companies with suspicion. This will make the roll out and acceptance of new products a slower proposition early in the company's life.
2. **Raw Material supply.** Dependence on foreign sources makes re-supply problematic. The company has buying relationships with more than ten different raw material suppliers, which mitigates these problems.
3. **Shortage of finance.** Growth is slower, purchase prices higher, and some buying and selling opportunities are lost when there isn't ample cash to finance raw materials.

### OPPORTUNITIES

1. **The government is committed for new investments.** It appears that the government has keen interest to grow the economy of Tanzania, which was shown by giving 10% Duty concessions and the Sugar Board of Tanzania willing to supply sugar at a reduced rate.
2. **A change in people's attitudes.** As the Tanzanians becomes more knowledgeable and desirous of better products. Rainbow Beverages products will continue to build market share.
3. **Other products and services.** There are other products and services that are not getting the distribution they need. Some of those products and services may be offered by Rainbow Beverages in the future.

### THREATS

- **Negative campaigning by competitors, opponents.** New products in the market can cause competitors to rumour mongering.
- **Cheap quality products from other countries.** This threat has diminished recently but still exists.
- **Supply Shocks.** Raw materials are worldwide commodities and dependent on transport. As such, they are susceptible to supply shortages.

**NB:** A SWOT analysis in Tanzania would not be complete without the mention of exchange rates. The company does not take forward positions on currencies. However, the industry does move its prices as the shilling strengthens or weakens, which diminishes the effect of the shilling movement. As a rule, Rainbow Beverages benefits when the shilling appreciates.

| <b>RAINBOW BEVERAGES (TZ) LIMITED</b>                         |                               |                       |                       |                       |                       |                       |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>NPV &amp; IRR ANALYSIS</b>                                 |                               |                       |                       |                       |                       |                       |
| <b>Basic Assumptions</b>                                      |                               |                       |                       |                       |                       |                       |
| Initial outlay  | 1,760,400,000                 |                       |                       |                       |                       |                       |
| Corporate Tax Rate  | 30%                           |                       |                       |                       |                       |                       |
| Bank Loan   | -                             |                       |                       |                       |                       |                       |
| Bank Interest Rate  | 18%                           |                       |                       |                       |                       |                       |
| Term of loan in months  | 60                            |                       |                       |                       |                       |                       |
| <b>Summary of Projected cash flow (In Tzs) for Five years</b> |                               |                       |                       |                       |                       |                       |
|   |                               | Year I                | Year II               | Year III              | Year IV               | Year V                |
| <b>INFLOWS</b>  |                               |                       |                       |                       |                       |                       |
| Sales Collection  |                               | 14,250,000,000        | 16,387,500,000        | 19,665,000,000        | 23,598,000,000        | 28,317,600,000        |
| <b>Total Inflows</b>  |                               | <b>14,250,000,000</b> | <b>16,387,500,000</b> | <b>19,665,000,000</b> | <b>23,598,000,000</b> | <b>28,317,600,000</b> |
| <b>OUTFLOWS</b>   |                               |                       |                       |                       |                       |                       |
| Payment to suppliers  |                               | 5,699,988,000         | 6,554,986,200         | 7,865,983,440         | 9,439,180,128         | 11,327,016,154        |
| Salaries & Wages  |                               | 43,200,000            | 47,520,000            | 52,272,000            | 57,499,200            | 63,249,120            |
| NSSF  |                               | 4,320,000             | 4,752,000             | 5,227,200             | 5,749,920             | 6,324,912             |
| Licences & Other Permits                                      |                               | 500,000               | 550,000               | 605,000               | 665,500               | 732,050               |
| Office Rent   |                               | 30,000,000            | 33,000,000            | 36,300,000            | 39,930,000            | 43,923,000            |
| Motor vehicle running expenses                                |                               | 30,000,000            | 33,000,000            | 36,300,000            | 39,930,000            | 43,923,000            |
| Printing, stationery & Office Expenses                        |                               | 6,000,000             | 6,600,000             | 7,260,000             | 7,986,000             | 8,784,600             |
| Utilities-Electricity, water                                  |                               | 75,600,000            | 83,160,000            | 91,476,000            | 100,623,600           | 110,685,960           |
| Miscellaneous expenses  |                               | 24,000,000            | 26,400,000            | 29,040,000            | 31,944,000            | 35,138,400            |
| Loan Repayment-Principle                                      |                               | -                     | -                     | -                     | -                     | -                     |
| <b>Total Outflows</b>   |                               | <b>5,913,608,000</b>  | <b>6,789,968,200</b>  | <b>8,124,463,640</b>  | <b>9,723,608,348</b>  | <b>11,639,777,196</b> |
| Taxation  |                               | 25,566,240            | 63,564,024            | 338,254,640           | 432,020,601           | 544,657,879           |
| Opening Balance   |                               | #REF!                 | #REF!                 | #REF!                 | #REF!                 | #REF!                 |
| Movement during the period                                    |                               | #REF!                 | #REF!                 | #REF!                 | #REF!                 | #REF!                 |
| Closing balance   |                               | #REF!                 | #REF!                 | #REF!                 | #REF!                 | #REF!                 |
| <b>New Calculations</b>                                       |                               |                       |                       |                       |                       |                       |
| Earnings before interest and tax                              |                               | 8,336,392,000         | 9,597,531,800         | 11,540,536,360        | 13,874,491,652        | 16,677,822,804        |
| Interest expense  |                               | -                     | -                     | -                     | -                     | -                     |
| Earnings after interest                                       |                               | 8,336,392,000         | 9,597,531,800         | 11,540,536,360        | 13,874,491,652        | 16,677,822,804        |
| Corporate Tax   |                               | 2,500,917,600         | 2,879,259,540         | 3,462,160,908         | 4,162,347,496         | 5,003,346,841         |
| <b>Profit After Tax</b>                                       | <b>Outlay (1,760,400,000)</b> | <b>5,835,474,400</b>  | <b>6,718,272,260</b>  | <b>8,078,375,452</b>  | <b>9,712,144,156</b>  | <b>11,674,475,963</b> |
| <b>Net Present Value</b>                                      |                               | <b>76,016,557,939</b> |                       |                       |                       |                       |
| <b>Internal Rate of Return</b>                                |                               | <b>348%</b>           |                       |                       |                       |                       |

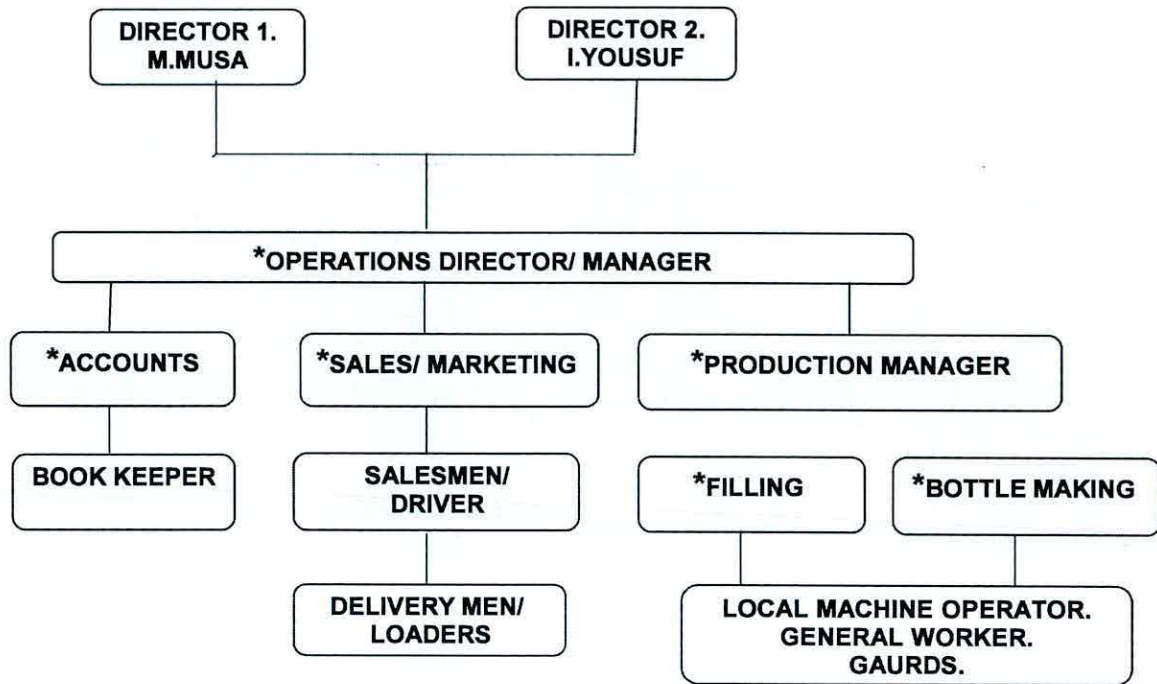
**Annex III**  
**RAINBOW BEVERAGES (TZ) LIMITED**  
**Projected Balance Sheet**  
**In (Usd)**

|   | Year I                      | Year II                     | Year III                    | Year IV                     | Year V                      |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Fixed assets (Net)                      | 1,478,412,000               | 1,207,224,000               | 936,036,000                 | 748,601,019                 | 790,480,942                 |
| <b>Current Assets</b>                   |                             |                             |                             |                             |                             |
| Stocks (raw materials & finished goods) | 375,000,000                 | 731,250,000                 | 1,277,500,000               | 1,933,000,000               | 2,719,600,000               |
| Debtors                                 | 261,083,776                 | 500,407,000                 | 1,126,859,590               | 1,953,042,607               | 2,740,097,380               |
| Cash and Bank                           | 85,156,384                  | 80,086,856                  | 164,482,679                 | 179,812,077                 | 196,981,003                 |
| Creditors                               | (1,139,997,600)             | (1,310,997,240)             | (1,507,646,826)             | (1,809,176,191)             | (2,171,011,429)             |
| <b>Net assets</b>                       | <b><u>1,059,654,560</u></b> | <b><u>1,207,970,616</u></b> | <b><u>1,997,231,443</u></b> | <b><u>3,005,279,512</u></b> | <b><u>4,276,147,896</u></b> |
| <b>Capital Employed</b>                 |                             |                             |                             |                             |                             |
| Share Capital                           | 1,000,000,000               | 1,000,000,000               | 1,000,000,000               | 1,000,000,000               | 1,000,000,000               |
| Accumulated profit                      | 59,654,560                  | 207,970,616                 | 997,231,443                 | 2,005,279,512               | 3,276,147,896               |
| <b>Total capital employed</b>           | <b><u>1,059,654,560</u></b> | <b><u>1,207,970,616</u></b> | <b><u>1,997,231,443</u></b> | <b><u>3,005,279,512</u></b> | <b><u>4,276,147,896</u></b> |

|  |                   |                    |                    |                      |                      |  |
|--|-------------------|--------------------|--------------------|----------------------|----------------------|--|
| <b>Annex I</b>                         |                   |                    |                    |                      |                      |  |
| <b>RAINBOW BEVERAGES (TZ) LIMITED</b>  |                   |                    |                    |                      |                      |  |
| <b>Projected Profit &amp; Loss</b>     |                   |                    |                    |                      |                      |  |
| <b>In (TZS)</b>                        |                   |                    |                    |                      |                      |  |
| <b>Profit &amp; Loss</b>               | <b>Year I</b>     | <b>Year II</b>     | <b>Year III</b>    | <b>Year IV</b>       | <b>Year V</b>        |  |
| <b>Income</b>                          |                   |                    |                    |                      |                      |  |
| Sales Collection                       | 14,250,000,000    | 16,387,500,000     | 19,665,000,000     | 23,598,000,000       | 28,317,600,000       |  |
| <b>Cost of Goods Sold</b>              | 13,679,971,200    | 15,731,966,880     | 18,091,761,912     | 21,710,114,294       | 26,052,137,153       |  |
| <b>Operating expenses</b>              |                   |                    |                    |                      |                      |  |
| Salaries & Wages                       | 43,200,000        | 43,718,400         | 44,243,021         | 44,773,937           | 45,311,224           |  |
| NSSF                                   | 4,320,000         | 4,371,840          | 4,424,302          | 4,477,394            | 4,531,122            |  |
| Licences & Other Permits               | 500,000           | 506,000            | 512,072            | 518,217              | 524,435              |  |
| Office Rent                            | 30,000,000        | 30,360,000         | 30,724,320         | 31,093,012           | 31,466,128           |  |
| Motor vehicle running expenses         | 30,000,000        | 30,360,000         | 30,724,320         | 31,093,012           | 31,466,128           |  |
| Printing, stationery & Office Expenses | 6,000,000         | 6,072,000          | 6,144,864          | 6,218,602            | 6,293,226            |  |
| Utilities-Electricity, water           | 75,600,000        | 76,507,200         | 77,425,286         | 78,354,390           | 79,294,643           |  |
| Miscellaneous expenses                 | 24,000,000        | 24,288,000         | 24,579,456         | 24,874,409           | 25,172,902           |  |
| Depreciation                           | 271,188,000       | 271,188,000        | 271,188,000        | 271,188,000          | 271,188,000          |  |
|  | 484,808,000       | 443,653,040        | 445,722,620        | 447,817,036          | 449,936,584          |  |
| Profit/(Loss) before tax               | 85,220,800        | 211,880,060        | 1,127,515,468      | 1,440,068,670        | 1,815,526,262        |  |
| Taxation                               | 25,566,240        | 63,564,024         | 338,254,640        | 432,020,601          | 544,657,879          |  |
| <b>Profit/(Loss) for the year</b>      | <b>59,654,560</b> | <b>148,316,036</b> | <b>789,260,827</b> | <b>1,008,048,069</b> | <b>1,270,868,384</b> |  |

| RAINBOW BEVERAGE LIMITED  |                                       |                                    |                              |                              |                              |  |
|---|---------------------------------------|------------------------------------|------------------------------|------------------------------|------------------------------|--|
| Basic Assumptions   |                                       |                                    |                              |                              |                              |  |
| Income  | Standard Packging for different sizes | Projected Monthly Sales            | Price Per Unit Pack (TZS)    | Total Income Per Month (TZS) | Total Income Per Annum (TZS) |  |
|   | 350mls                                | 95000                              | 7,500                        | 712,500,000                  | 8,550,000,000                |  |
|   | 500mls                                | 63333                              | 7,500                        | 475,000,000                  | 5,700,000,000                |  |
| <b>Sub Total</b>  |                                       |                                    |                              |                              | <b>14,250,000,000</b>        |  |
| Direct Costs  |                                       | Projected monthly production units | Unit price per standard pack | Total Monthly Costs          | Total Cost per annum         |  |
| 1 Bottles   | 350mls                                | 95000                              | 4,500                        | 427,500,000                  | 5,130,000,000                |  |
|   | 500mls                                | 63333                              | 4,500                        | 284,998,500                  | 3,419,982,000                |  |
| 2 Carton Boxes  | 350mls                                | 95000                              | 1,500                        | 142,500,000                  | 1,710,000,000                |  |
|   | 350mls                                | 63,333                             | 1,500                        | 94,999,500                   | 1,139,994,000                |  |
| <b>Sub Total</b>  |                                       |                                    |                              |                              | <b>11,399,976,000</b>        |  |
| 3 <b>Other Running Costs</b>  |                                       |                                    |                              | <b>Total Per Month</b>       | <b>Total Per Annum</b>       |  |
| Salaries & Wages  | 12                                    | 300,000                            |                              | 3,600,000                    | 43,200,000                   |  |
| NSSF  | 12                                    | 30,000                             |                              | 360,000                      | 4,320,000                    |  |
| Licences & Other Permits  | 1                                     | 500,000                            |                              | 500,000                      | 500,000                      |  |
| Office Rent   | 5                                     | 500,000                            |                              | 2,500,000                    | 30,000,000                   |  |
| Motor vehicle running expenses  | 5                                     | 500,000                            |                              | 2,500,000                    | 30,000,000                   |  |
| Printing, stationery & Office Exper   | 1                                     | 500,000                            |                              | 500,000                      | 6,000,000                    |  |
| Utilities-Electricity, water  | 1                                     | 6,300,000                          |                              | 6,300,000                    | 75,600,000                   |  |
| Miscellaneous expenses  | 1                                     | 2,000,000                          |                              | 2,000,000                    | 24,000,000                   |  |
| <b>Note:</b>  |                                       |                                    |                              |                              |                              |  |
| The production plant is having the capacity to produce 8000 bottle per hour. However, full capacity will be attained in year four |                                       |                                    |                              |                              |                              |  |
| There will be one shift only in a day of eight (8) working hours  |                                       |                                    |                              |                              |                              |  |

|   |                  |  |  |  |  |  |  |
|---|------------------|--|--|--|--|--|--|
| Stock level will be maintained at equal to cover two months sales   |                  |  |  |  |  |  |  |
| Depreciation is calculated on straight line method using the following rates: 25% for motor vehicles, 4% for factory building and 12.50% for plants and machinery |                  |  |  |  |  |  |  |
| Expenses are expected to grow in line with inflation projected at 12% p.a   |                  |  |  |  |  |  |  |
| Corporation Tax rate is 30% of net profit   |                  |  |  |  |  |  |  |
| Creditors to be maintained at 20% of the monthly materials requirement and payable monthly in arrears   |                  |  |  |  |  |  |  |
| All sales will be done on cash, with few credit sales to credible customers. 10% of the monthly sales are expected to be credit with thirty days credit period    |                  |  |  |  |  |  |  |
| Sales are expected at the rate of 15% in year and 20% thereafter  |                  |  |  |  |  |  |  |
|   |                  |  |  |  |  |  |  |
|   |                  |  |  |  |  |  |  |
| <b>The List of Plants, Machinery &amp; Equipments will be as follows:</b>   |                  |  |  |  |  |  |  |
| Production machinery  | 750,000          |  |  |  |  |  |  |
| M/Vehicle   | 100,000          |  |  |  |  |  |  |
| Furniture & Fittings  | 10,000           |  |  |  |  |  |  |
| Equipments  | 200,000          |  |  |  |  |  |  |
| Computers   | 20,000           |  |  |  |  |  |  |
|   | <b>1,080,000</b> |  |  |  |  |  |  |



\* = EXPATS.

## **MOPANI INTERNATIONAL (MOZ) LIMITED**

**C.Postal 703, Machava Socimol**

**Cell: +258826259498**

**Email:Mopani@tropical.co.mz**

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# **COMPANY PROFILE**

## **INTRODUCTION**

In the late 2006, the promoters of Mopani Group of Companies, were researching the general market on trading and manufacturing. Mopani International Ltd, Mozambique was set up based on the reasons listed below.

**1. The promoters understood the Mozambique industry.**

They understood the market, the products, the distribution challenges, the market segments, the suppliers and supply chain, and where to get experienced talent.

**2. The promoters felt confident they could outperform the established companies, by offering better products, prices, and service.**

**3. The business would employ a revolutionary manufacturing idea at its core.**

## **MISSION/VISION/VALUES**

The company wants to be the best it can be. The statements below articulate the aims of the company.

### **MISSION STATEMENT (Why we exist)**

“Mopani International Limited exists for the welfare and development of its employees, customers, and shareholders, and to make a positive difference in their lives.”

### **VISION STATEMENT (What we want to become)**

Our vision is to develop and maintain:

- A trusted brand that is known for quality, effectiveness, and affordability
- World class customer service and customer responsiveness.
- A countrywide distribution network of traders, stockist and retailers.
- Manufacturing expertise and capacity to produce better and cheaper products than our competitors
- An enduring corporate culture that represents our values.

## **VALUE STATEMENTS (What we believe in)**

1. Customers are the driving force for our business.
2. Our products and customer service must be better than our competitors.
3. Trust is at our core. There must be fairness and integrity in all dealings – customers, suppliers, employees.
4. We work hard. We do our best. We are continuously improving.
5. We are fast. To be fast, we must be flexible and innovative in our thinking and decision making.
6. Work should be balanced with other aspects of life – e.g. family, health.
7. Managers serve subordinates, not the other way around.
8. We want to develop people and will assist any willing employee in reaching his or her full potential.
9. Promotions are based on merit, and from within whenever possible.
10. Our culture embodies employee involvement, open communication, teamwork and cooperation.

## **GOALS (What we want to achieve)**

### **Marketing**

- Establish distribution and sales in all provinces and other countries.
- Create greater awareness of the company and products.
- Improve customer service.

### **Production**

1. Produce quality products
2. With the lowest possible rejections.

### **Financial**

- Produce Gross Profit of 40%
- Achieve budget targets on expenditures
- Establish Mozambique based financing

### **Human Resources**

1. Increase wages and bonus pay
2. Improve working environment – health and safety
3. Develop people.



This tremendous growth in a short period of time was largely attributing to the Managing Director's innovative systems, ethical business practices and chasing a vision to become the biggest and dynamic manufacturers and distribution channel with a large loyal distributor base. The business concept and model that has been adopted through the sales executives and distributor network which accounts for 80% of the total turnover.

This entails physical distribution of stocks by field sales representatives in close proximity locations based on "routing system" which ensures optimizing on customer stock up, high product availability, easy identification of growth areas and associated parameters, enhancing customer relationship through regular visits, etc.

As business grew, the directors thought of diversifying and looked at other business ventures by introducing other products like the manufacturing of Corn Naks. As a result the company started producing corn naks under the name of Supreme Foods under the brand of "Magic Naks".

As the product goes hand in hand with the carbonated drinks, it was a great idea as the product hit the market instantaneously. This enabled our long term plans to keep our same business strategy and improve on our past failures, consolidate our clientele, take the business to higher heights and to continue searching the market.

## **EXPANSION**

We have acquired a land of over 20,000 Sq mtrs with a built up area of 5,000 sq mts on the main highway NH1 near the tollgates.

## **LOCATION**

We are currently located at Machava Socimol, Maputo.

## **DIRECTORS**

### **1. Mr. Irfan Ismail Yousuf**

He is the founder and overall director with 80% shareholding in the company. He is a very experienced and seasonal businessman. He owns eight other companies.



## MARKET STRATEGY

1. Focus on building a distribution network.
2. Offer a wide range of products.
3. Offer higher quality products.
4. Be customer driven
5. Keep the pricing reasonable and affordable
6. Advertising and promotion.

Due to these above factors we started our operations in Mozambique, where we produce Carbonated Drinks named **Fizz**.

We produce around 8,000 cases per day with a turnover of 1.1 million dollars and distribute the same in the following parts of the country.

- Maputo
- Beira
- Quelimane
- Nampula
- Tete
- Chimoi
- Pebane
- Pemba
- Lichinge
- Machange
- Vilemkulo
- Xai-Xai
- Bel-Vista
- Chinde

The company's business experience encompasses the operations of Mopani International Limited in Wholesale and retail dealership of **Fizz** till date. It grew its turnover from a mere \$80,000 to \$1.1m average on a monthly basis.

We also managed to employ on field the marketing team with vehicles and sales executives to work closely along with the distributors on a daily basis. This attribute lead to not only employment but effective distribution of products on whole of the Mozambique market.

# RAINBOW BEVERAGES (TZ) LTD

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## BUSINESS PLAN/FEASIBILITY STUDY

### INTRODUCTION

In the late 2006, the promoters of Mopani Group of Companies were researching the general market on trading and manufacturing. Rainbow Beverages (TZ) Ltd was set up based on the reasons listed below.

**1. The promoters understood the Tanzanian beverages industry.**

They understood the market, the products, the distribution challenges, the market segments, the suppliers and supply chain, and where to get experienced talent.

**2. The promoters identified a potential scope for the product in the middle and lower income market.**

After studying the market, an opportunity to supply our product in the middle and lower income group was identified. The study conducted highlighted that this particular market was dominated by imported juices and few local juices. Thus the idea of our product to be produced as a local product seemed very promising.

**3. The promoters felt confident they could outperform the established companies, by offering better products, prices, and service.**

The Tanzanian drinks market has been dominated by large, foreign owned companies that focus on higher middle income group. There was a gap for a company that could:

- Develop products for the common people
- Reduce costs with local production facilities, and
- Give customers what they want.

- Offer outstanding customer service

#### **4. The business would employ a revolutionary manufacturing idea at its core.**

Producing drinks locally gave two significant benefits:- 1) A cost advantage and 2) A better product.

Firstly, the most popular drinks are imported as finished product which becomes more costly but if manufactured locally it would cost approximately 20% cheaper.

### **MISSION/VISION/VALUES**

The company wants to be the best it can be. The statements below articulate the aims of the company.

#### **MISSION STATEMENT (Why we exist)**

“Rainbow Beverages (TZ) Ltd exists for the welfare and development of its employees, customers, and shareholders, and to make a positive difference in their lives.”

#### **VISION STATEMENT (What we want to become)**

Our vision is to develop and maintain:

- A trusted brand that is known for quality, effectiveness, and affordability
- World class customer service and customer responsiveness.
- A countrywide distribution network of traders, stockist and retailers.
- Manufacturing expertise and capacity to produce better and cheaper products than our competitors
- An enduring corporate culture that represents our values.

#### **VALUE STATEMENTS (What we believe in)**

1. Customers are the driving force for our business.
2. Our products and customer service must be better than our competitors.
3. Trust is at our core. There must be fairness and integrity in all dealings – customers, suppliers, employees.
4. We work hard. We do our best. We are continuously improving.

5. We are fast. To be fast, we must be flexible and innovative in our thinking and decision making.
6. Work should be balanced with other aspects of life – e.g. family, health.
7. Managers serve subordinates, not the other way around.
8. We want to develop people and will assist any willing employee in reaching his or her full potential.
9. Promotions are based on merit and from within whenever possible.
10. Our culture embodies employee involvement, open communication, teamwork and cooperation.

### **GOALS (What we want to achieve)**

#### **Marketing**

- Establish distribution and sales in all provinces and other countries.
- Create greater awareness of the company and products. (sales calls, signage, adverts, samples)
- Improve customer service.

#### **Production**

1. Produce quality products
2. With the minimum rejections.

#### **Financial**

- Produce Gross Profit of 20%
- Achieve budget targets on expenditures
- Establish Tanzanian based financing
- Foreign Exchange Generation and Savings

#### **Human Resources**

1. Increase wages and bonus pay
2. Improve working environment – health and safety
3. Develop people.

## **MARKETING**

### **OVERVIEW**

The size of the Tanzanian beverages industry is approximately 20% per annum. The company believes it will continue to grow. For example:-

1. The Tanzanian government and its subsidiaries bodies is committed to growth. Like the Sugar Board of Tanzania has committed to supply at a reduced rate and also the government giving a subsidy of 10% on the duties.
2. New suppliers to the market have increased distribution and the supply demand still cannot be matched.
3. The Neighbourhood. Because of local production being low imports from other countries like Zambia has grown. The example being that people are buying products from our company whose product name Best Juices and bringing to Tanzania and selling at a higher price. This will be stopped and the foreign exchange will remain in the country.

### **MARKET SEGMENTS & CUSTOMER STRATEGY**

The company believes it can most effectively compete for small and medium income group, initially ignoring large commercial institutions and the large tenders. Below are brief descriptions of the market segment.

1. **Commercial Buyers**  
The biggest factors influencing commercial buyers are: 1) Financing 2) Relationships, and 3) price. The company believes that it is at a competitive disadvantage on the first two factors, it has chosen to limit its efforts and resources in this segment.
2. **Traders, Wholesalers & Retailers**

The company believes it can build a sustainable customer base and a brand presence in this market segment. This is being achieved through: 1) Consignment financing 2) Point of sale posters 3) Flyers 4) Attendance at regional trade shows.

Included in this segment are traders and retailers from the Democratic Republic of Congo, a sub segment that will make up about 10% of Rainbow Beverages (TZ) Ltd turnover.

### **3. Factory Direct**

Factory direct sales will be responsible for almost 10% of company turnover. Constant attention is given to the factors that determine successful factory direct sales: 1) Fast, efficient customer service 2) Informative, easy to read instructions 3) Flexible pricing 4) Open hours during lunch, late in the day, and on Saturdays.

### **4. NGOs & Donors**

The NGO community has become more involved in direct procurement and distribution in recent years. Rainbow Beverages (TZ) Ltd expects modest sales with this segment.

## **MARKET STRATEGY**

### **1. Focus on building a distribution network.**

By focusing on small and medium scale are serviced through a country-wide distribution network, the company is able to tailor its offerings to fit that market segment.

### **2. Offer a wide range of products.**

The company offers a wide range of products. Competitors offer less than half those products. Most competitors are unable or unwilling to produce range of products.

### **3. Offer higher quality products.**

### **4. Be customer driven**

- In response to customer demand, products will be offered in various packaging
- For convenience for its customers, the company has extended working hours.

- In selected cases, the company offers either short term credit or consignment to shop owners. This removes financial obstacles to the rollout of new products to customers. It also enables customers to keep a wider variety of products.
- The company understands that the end user needs more information. The company's product will be extremely received, updated continuously and contains a very helpful knowledge of the ingredients.

## **5. Pricing**

The company is able to compete on price because of its built-in-cost advantage. The company realizes that it is competing against very well established brands. The pricing practise is to position its products at or below the better known brands. Sales people are empowered to "do what is necessary" when negotiating with a buying customer.

The company feels that in a few years, after the brand has been established and the efficacy of the products have been proved; some products will be able to attract premium pricing.

The company feels that the foreign exchange generation will be higher and due to the fact that the sister company in Zambia's products are coming into Tanzania will be stopped as they will be manufacturing in the country so the foreign exchange will not be going out of the country which will be saving for the nation.

## **6. Products**

The company stands ready to produce any other custom blend beverages for orders. This is where Rainbow Beverages (TZ) Ltd is creating and expanding its niche.

## **7. Product Packaging**

Most packaging, although of good quality, lacks in marketing and selling emphasis. For example, the major competitors give only the generic name. Rainbow Beverages' packaging is more informative and assertive. This enables greater sell through at retail level.

## **8. Advertising and promotion.**

The company focuses its resources on its target market. Its advertising and promotion revolves around that customer base.

- **Sales calls and presentations-** retailers and trades, and larger institutional customers are serviced with personal calls, by a combination of the MD, marketing director, and sales people.
- **Trade shows** - a large presence is made at the major shows. Stand are manned at all the shows.
- **Free Samples** – they are given out liberally at trade shows, workshops and other gatherings.
- **Television adverts** – television advertising is slotted to coincide with major events and shows.
- **Radio Adverts** – is also used in conjunction with major events.
- **Calendars** - the company will be producing about 2,000 of its own A1 wall calendars, which will be very well received and appreciated by customers.
- **Print advertising** – is utilized during the season. Occasional adverts in the various Gazette and the main newspapers usually coincide with special features or placements of articles.
- **Outside advertising** – outdoor signage will be contracted with an advertising company for various billboards across the country.

## **PRODUCTION**

The manufacturing process consists of two separate operations. The company also wants to bring in the latest technology and machinery so that the employees are also benefitted from the same. The culture of clean and safe manufacturing process with good environment for the employees will be on top priority. The first is the bottle production. The second operation is making of the best juice.

### **Bottle production**

The average bottle production per day will be approximately 150,000 to 170,000 bottles per day with the initial investment of two pet blowing machines and three injection moulding machines which can manufacture different sizes of bottles, so that are various packing of finished products, which can cater from an individual to a house hold and a big organization.

We are intending to increase the bottle production line in two more phases which will grow up to four times the normal production from the first phase.

### **Beverage production**

The average production per day (24hrs) in three shifts will be approximately 6500 to 7000 cases with one juice filling line. The same will be increased in two phases as the bottle production and more varieties will be produced.

## **CAPITAL EQUIPMENT**

The equipment employed for manufacturing is a combination of imported and custom made machinery. A workshop employing two full time technicians continuously upgrades and customizes the manufacturing process.

## **QUALITY CONTROL**

Very strict quality control measures are followed. Testing and production samples will be scrupulously recorded and saved for 18 months. Specifically:

- Over 2,000 samples will be physically sorted by products and compiled in a Quality Control Record Book. On a normal production day, six to eight physical samples will be tested in each batch.
- Scales are checked daily and logged. Digital scales are employed for weighing of components and finished products.
- Every case is tagged with a batch number and expiry date for tracing.
- Incoming and outgoing weights will be spot checked and logged.

## **RAW MATERIAL SUPPLY**

The company will endeavour source raw materials locally as much as possible. The advantage would be to reduce lead times and also complement the local industry. However certain raw materials such as white sugar which is not manufactured locally will have to be imported to which the sugar board of Tanzania have granted special rebates on duties for Rainbow Beverages (TZ) Ltd. (Copy enclosed).

Factory, warehouse, and office space is being rented. The current space can accommodate annual sales of approximately two million cases. The long term plan is to purchase and build on bare land.

## **HUMAN RESOURCES**

The company relies on its people. Total general factory workers employed are expected to be about ninety during season and to about sixty in the offseason.

The company will be helpful in the creation of employment and as the three phases of capital injection will also help in creating more job opportunities in the country.

The company plans to invest in human resources to train local staff to meet the needs of the more specialised fields.

## **FINANCE**

Attached herewith is a detailed financial forecast for the company for a period of five years. We have prepared forecast Profit and loss accounts after interest and taxes, Forecast Balance sheets showings assets with depreciation amounts, Forecast Cashflow statement, breakdown of operational costs, notes and assumptions to the accounts.

### **Credit Terms**

The company offers short term consignment and credit terms to selected customers. Repayment terms range from a few days with a post-dated cheque up to consignment of up to 30 days. Credit sales will comprise about 10% of sales. Bad debts will be less than ½ of 1%

**Bankers & Existing Credit Facilities: Exim Bank, Main Branch, Dar es Salaam**

### **CORPORATE INFORMATION**

**Date of Incorporation**            **14<sup>th</sup> April 2011**

#### **Shareholders**

- **Irfaan Yousuf**
- **Mehbub Musa**

**Borrowing History**            **Nil**

**Accountants/Tax Consultants: Adolph Associates – 1<sup>st</sup> floor Posta House, P.O.Box 19080, Dar Es Salaam. Tel 255 0 22 21 34909**

## SWOT ANALYSIS

### STRENGTHS

1. **Management.** Management is “hands on”, financially involved, multi-cultural, and experienced
2. **Manufacturing capabilities.** Current capabilities give the company 1) Better products 2) Wider product range, with ability to continuously develop new products and 3) A cost advantage over competitors
3. **A distribution network.** This is a customer base that buys year round and is relationship based, which is considered preferable to business that is tender-based or quote-based and seasonal.

### WEAKNESSES

1. **Brand Credibility.** Tanzanians tend to be very risk averse, and view new products and new companies with suspicion. This will make the roll out and acceptance of new products a slower proposition early in the company’s life.
2. **Raw Material supply.** Dependence on foreign sources makes re-supply problematic. The company has buying relationships with more than ten different raw material suppliers, which mitigates these problems.
3. **Shortage of finance.** Growth is slower, purchase prices higher, and some buying and selling opportunities are lost when there isn’t ample cash to finance raw materials.

### OPPORTUNITIES

1. **The government is committed for new investments.** It appears that the government has keen interest to grow the economy of Tanzania, which was shown by giving 10% Duty concessions and the Sugar Board of Tanzania willing to supply sugar at a reduced rate.
2. **A change in people’s attitudes.** As the Tanzanians becomes more knowledgeable and desirous of better products. Rainbow Beverages products will continue to build market share.
3. **Other products and services.** There are other products and services that are not getting the distribution they need. Some of those products and services may be offered by Rainbow Beverages in the future.

### THREATS

- **Negative campaigning by competitors, opponents.** New products in the market can cause competitors to rumour mongering.
- **Cheap quality products from other countries.** This threat has diminished recently but still exists.
- **Supply Shocks.** Raw materials are worldwide commodities and dependent on transport. As such, they are susceptible to supply shortages.

**NB:** A SWOT analysis in Tanzania would not be complete without the mention of exchange rates. The company does not take forward positions on currencies. However, the industry does move its prices as the shilling strengthens or weakens, which diminishes the effect of the shilling movement. As a rule, Rainbow Beverages benefits when the shilling appreciates.

|  |  |                   |                    |                    |                      |                      |
|--|--|-------------------|--------------------|--------------------|----------------------|----------------------|
| <b>Annex I</b>                         |  |                   |                    |                    |                      |                      |
| <b>RAINBOW BEVERAGES (TZ) LIMITED</b>  |  |                   |                    |                    |                      |                      |
| <b>Projected Profit &amp; Loss</b>     |  |                   |                    |                    |                      |                      |
| <b>In (TZS)</b>                        |  |                   |                    |                    |                      |                      |
|  |  |                   |                    |                    |                      |                      |
| <b>Profit &amp; Loss</b>               |  | <b>Year I</b>     | <b>Year II</b>     | <b>Year III</b>    | <b>Year IV</b>       | <b>Year V</b>        |
|  |  |                   |                    |                    |                      |                      |
| <b>Income</b>                          |  |                   |                    |                    |                      |                      |
| Sales Collection                       |  | 14,250,000,000    | 16,387,500,000     | 19,665,000,000     | 23,598,000,000       | 28,317,600,000       |
|  |  |                   |                    |                    |                      |                      |
| <b>Cost of Goods Sold</b>              |  | 13,679,971,200    | 15,731,966,880     | 18,091,761,912     | 21,710,114,294       | 26,052,137,153       |
|  |  |                   |                    |                    |                      |                      |
| <b>Operating expenses</b>              |  |                   |                    |                    |                      |                      |
|  |  |                   |                    |                    |                      |                      |
| Salaries & Wages                       |  | 43,700,000        | 43,718,400         | 44,243,021         | 44,773,937           | 45,311,224           |
| NSSF                                   |  | 4,320,000         | 4,371,840          | 4,424,302          | 4,477,394            | 4,531,122            |
| Licences & Other Permits               |  | 500,000           | 506,000            | 512,072            | 518,217              | 524,435              |
| Office Rent                            |  | 30,000,000        | 30,360,000         | 30,724,320         | 31,093,012           | 31,466,128           |
| Motor vehicle running expenses         |  | 30,000,000        | 30,360,000         | 30,724,320         | 31,093,012           | 31,466,128           |
| Printing, stationery & Office Expenses |  | 6,000,000         | 6,072,000          | 6,144,864          | 6,218,602            | 6,293,226            |
| Utilities-Electricity, water           |  | 75,600,000        | 76,507,200         | 77,425,286         | 78,354,390           | 79,294,643           |
| Miscellaneous expenses                 |  | 24,000,000        | 24,288,000         | 24,579,456         | 24,874,409           | 25,172,902           |
| Depreciation                           |  | 271,188,000       | 271,188,000        | 271,188,000        | 271,188,000          | 271,188,000          |
|  |  | 484,808,000       | 443,653,040        | 445,722,620        | 447,817,036          | 449,936,584          |
|  |  |                   |                    |                    |                      |                      |
| Profit/(Loss) before tax               |  | 65,220,800        | 211,880,080        | 1,127,515,468      | 1,440,068,670        | 1,815,526,262        |
|  |  |                   |                    |                    |                      |                      |
| Taxation                               |  | 25,566,240        | 63,564,024         | 338,254,640        | 432,020,601          | 544,657,879          |
|  |  |                   |                    |                    |                      |                      |
| <b>Profit/(Loss) for the year</b>      |  | <b>59,654,560</b> | <b>148,316,056</b> | <b>789,260,827</b> | <b>1,008,048,069</b> | <b>1,270,868,384</b> |

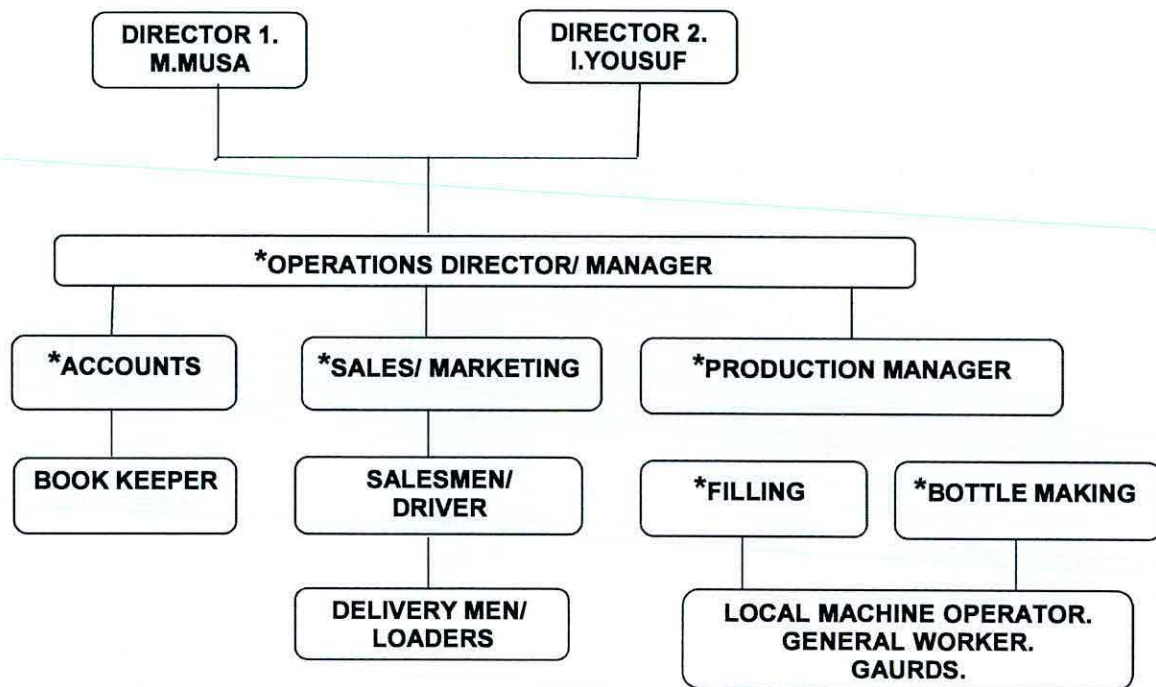
| <b>RAINBOW BEVERAGES (TZ) LIMITED</b>          |   |                       |                       |                       |                       |                       |
|--|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>NPV &amp; IRR ANALYSIS</b>                  |   |                       |                       |                       |                       |                       |
| <b>Basic Assumptions</b>                       |   |                       |                       |                       |                       |                       |
| Initial outlay                                 | 1,760,400,000                           |                       |                       |                       |                       |                       |
| Corporate Tax Rate                             | 30%                                     |                       |                       |                       |                       |                       |
| Bank Loan                                      | -                                       |                       |                       |                       |                       |                       |
| Bank Interest Rate                             | 18%                                     |                       |                       |                       |                       |                       |
| Term of loan in months                         | 60                                      |                       |                       |                       |                       |                       |
| <b>Summary of Projected cash flow (In Tzs)</b> |   |                       |                       |                       |                       |                       |
| <b>for Five years</b>                          |   |                       |                       |                       |                       |                       |
|  |   | Year I                | Year II               | Year III              | Year IV               | Year V                |
| <b>INFLOWS</b>                                 |   |                       |                       |                       |                       |                       |
| Sales Collection                               |   | 14,250,000,000        | 16,387,500,000        | 19,665,000,000        | 23,598,000,000        | 28,317,600,000        |
| <b>Total Inflows</b>                           |   | <b>14,250,000,000</b> | <b>16,387,500,000</b> | <b>19,665,000,000</b> | <b>23,598,000,000</b> | <b>28,317,600,000</b> |
| <b>OUTFLOWS</b>                                |   |                       |                       |                       |                       |                       |
| Payment to suppliers                           |   | 5,699,988,000         | 6,554,986,200         | 7,865,983,440         | 9,439,180,128         | 11,327,016,154        |
| Salaries & Wages                               |   | 43,200,000            | 47,520,000            | 52,272,000            | 57,499,200            | 63,249,120            |
| NSSF   |   | 4,320,000             | 4,752,000             | 5,227,200             | 5,749,920             | 6,324,912             |
| Licences & Other Permits                       |   | 500,000               | 550,000               | 605,000               | 665,500               | 732,050               |
| Office Rent                                    |   | 30,000,000            | 33,000,000            | 36,300,000            | 39,930,000            | 43,923,000            |
| Motor vehicle running expenses                 |   | 30,000,000            | 33,000,000            | 36,300,000            | 39,930,000            | 43,923,000            |
| Printing, stationery & Office Expenses         |   | 6,000,000             | 6,600,000             | 7,260,000             | 7,986,000             | 8,784,600             |
| Utilities-Electricity, water                   |   | 75,600,000            | 83,160,000            | 91,476,000            | 100,623,600           | 110,685,960           |
| Miscellaneous expenses                         |   | 24,000,000            | 26,400,000            | 29,040,000            | 31,944,000            | 35,138,400            |
| Loan Repayment-Principle                       |   | -                     | -                     | -                     | -                     | -                     |
| <b>Total Outflows</b>                          |   | <b>5,913,608,000</b>  | <b>6,789,968,200</b>  | <b>8,124,463,640</b>  | <b>9,723,608,348</b>  | <b>11,639,777,196</b> |
| Taxation                                       |   | 25,566,240            | 63,564,024            | 338,254,640           | 432,020,601           | 544,657,879           |
| Opening Balance                                |   | #REF!                 | #REF!                 | #REF!                 | #REF!                 | #REF!                 |
| Movement during the period                     |   | #REF!                 | #REF!                 | #REF!                 | #REF!                 | #REF!                 |
| Closing balance                                |   | #REF!                 | #REF!                 | #REF!                 | #REF!                 | #REF!                 |
| <b>New Calculations</b>                        |   |                       |                       |                       |                       |                       |
| Earnings before interest and tax               |   | 8,336,392,000         | 9,597,531,800         | 11,540,536,360        | 13,874,491,652        | 16,677,822,804        |
| Interest expense                               |   | -                     | -                     | -                     | -                     | -                     |
| Earnings after interest                        |   | 8,336,392,000         | 9,597,531,800         | 11,540,536,360        | 13,874,491,652        | 16,677,822,804        |
| Corporate Tax                                  |   | 2,500,917,600         | 2,879,259,540         | 3,462,160,908         | 4,162,347,496         | 5,003,346,841         |
| <b>Profit After Tax</b>                        | <b>Outlay</b><br><b>(1,760,400,000)</b> | <b>5,835,474,400</b>  | <b>6,718,272,260</b>  | <b>8,078,375,452</b>  | <b>9,712,144,156</b>  | <b>11,674,475,963</b> |
| <b>Net Present Value</b>                       |   | <b>76,016,567,939</b> |                       |                       |                       |                       |
| <b>Internal Rate of Return</b>                 |   | <b>348%</b>           |                       |                       |                       |                       |

**Annex III**  
**RAINBOW BEVERAGES (TZ) LIMITED**  
**Projected Balance Sheet**  
**In (Usd)**

|   | <b>Year I</b>               | <b>Year II</b>              | <b>Year III</b>             | <b>Year IV</b>              | <b>Year V</b>               |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Fixed assets (Net)                      | 1,478,412,000               | 1,207,224,000               | 936,036,000                 | 748,601,019                 | 790,480,942                 |
| <b>Current Assets</b>                   |                             |                             |                             |                             |                             |
| Stocks (raw materials & finished goods) | 375,000,000                 | 731,250,000                 | 1,277,500,000               | 1,933,000,000               | 2,719,600,000               |
| Debtors                                 | 261,083,776                 | 500,407,000                 | 1,126,859,590               | 1,953,042,607               | 2,740,097,380               |
| Cash and Bank                           | 85,156,384                  | 80,086,856                  | 164,482,679                 | 179,812,077                 | 196,981,003                 |
| Creditors                               | (1,139,997,600)             | (1,310,997,240)             | (1,507,646,826)             | (1,809,176,191)             | (2,171,011,429)             |
| <b>Net assets</b>                       | <b><u>1,059,654,560</u></b> | <b><u>1,207,970,616</u></b> | <b><u>1,997,231,443</u></b> | <b><u>3,005,279,512</u></b> | <b><u>4,276,147,896</u></b> |
| <b>Capital Employed</b>                 |                             |                             |                             |                             |                             |
| Share Capital                           | 1,000,000,000               | 1,000,000,000               | 1,000,000,000               | 1,000,000,000               | 1,000,000,000               |
| Accumulated profit                      | 59,654,560                  | 207,970,616                 | 997,231,443                 | 2,005,279,512               | 3,276,147,896               |
| <b>Total capital employed</b>           | <b><u>1,059,654,560</u></b> | <b><u>1,207,970,616</u></b> | <b><u>1,997,231,443</u></b> | <b><u>3,005,279,512</u></b> | <b><u>4,276,147,896</u></b> |

| RAINBOW BEVERAGE LIMITED  |                                       |                                    |                              |                              |                              |  |
|---|---------------------------------------|------------------------------------|------------------------------|------------------------------|------------------------------|--|
| Basic Assumptions   |                                       |                                    |                              |                              |                              |  |
| Income  | Standard Packging for different sizes | Projected Monthly Sales            | Price Per Unit Pack (TZS)    | Total Income Per Month (TZS) | Total Income Per Annum (TZS) |  |
|   | 350mls                                | 95000                              | 7,500                        | 712,500,000                  | 8,550,000,000                |  |
|   | 500mls                                | 63333                              | 7,500                        | 475,000,000                  | 5,700,000,000                |  |
| <b>Sub Total</b>  |                                       |                                    |                              |                              | <b>14,250,000,000</b>        |  |
| Direct Costs  |                                       | Projected monthly production units | Unit price per standard pack | Total Monthly Costs          | Total Cost per annum         |  |
| 1 Bottles   | 350mls                                | 95000                              | 4,500                        | 427,500,000                  | 5,130,000,000                |  |
|   | 500mls                                | 63333                              | 4,500                        | 284,998,500                  | 3,419,982,000                |  |
| 2 Carton Boxes  | 350mls                                | 95000                              | 1,500                        | 142,500,000                  | 1,710,000,000                |  |
|   | 350mls                                | 63,333                             | 1,500                        | 94,999,500                   | 1,139,994,000                |  |
| <b>Sub Total</b>  |                                       |                                    |                              |                              | <b>11,399,976,000</b>        |  |
| 3 <b>Other Running Costs</b>  |                                       |                                    |                              | <b>Total Per Month</b>       | <b>Total Per Annum</b>       |  |
| Salaries & Wages  | 12                                    | 300,000                            |                              | 3,600,000                    | 43,200,000                   |  |
| NSSF  | 12                                    | 30,000                             |                              | 360,000                      | 4,320,000                    |  |
| Licences & Other Permits  | 1                                     | 500,000                            |                              | 500,000                      | 500,000                      |  |
| Office Rent   | 5                                     | 500,000                            |                              | 2,500,000                    | 30,000,000                   |  |
| Motor vehicle running expenses  | 5                                     | 500,000                            |                              | 2,500,000                    | 30,000,000                   |  |
| Printing, stationery & Office Exper   | 1                                     | 500,000                            |                              | 500,000                      | 6,000,000                    |  |
| Utilities-Electricity, water  | 1                                     | 6,300,000                          |                              | 6,300,000                    | 75,600,000                   |  |
| Miscellaneous expenses  | 1                                     | 2,000,000                          |                              | 2,000,000                    | 24,000,000                   |  |
| <b>Note:</b>  |                                       |                                    |                              |                              |                              |  |
| The production plant is having the capacity to produce 8000 bottle per hour. However, full capacity will be attained in year four |                                       |                                    |                              |                              |                              |  |
| There will be one shift only in a day of eight (8) working hours  |                                       |                                    |                              |                              |                              |  |

|   |                  |  |  |  |  |  |  |
|---|------------------|--|--|--|--|--|--|
| Stock level will be maintained at equal to cover two months sales   |                  |  |  |  |  |  |  |
| Depreciation is calculated on straight line method using the following rates: 25% for motor vehicles, 4% for factory building and 12.50% for plants and machinery |                  |  |  |  |  |  |  |
| Expenses are expected to grow in line with inflation projected at 12% p.a   |                  |  |  |  |  |  |  |
| Corporation Tax rate is 30% of net profit   |                  |  |  |  |  |  |  |
| Creditors to be maintained at 20% of the monthly materials requirement and payable monthly in arrears   |                  |  |  |  |  |  |  |
| All sales will be done on cash, with few credit sales to credible customers. 10% of the monthly sales are expected to be credit with thirty days credit period    |                  |  |  |  |  |  |  |
| Sales are expected at the rate of 15% in year and 20% thereafter  |                  |  |  |  |  |  |  |
|   |                  |  |  |  |  |  |  |
| <b>The List of Plants, Machinery &amp; Equipments will be as follows:</b>   |                  |  |  |  |  |  |  |
| Production machinery  | 750,000          |  |  |  |  |  |  |
| M/Vehicle   | 100,000          |  |  |  |  |  |  |
| Furniture & Fittings  | 10,000           |  |  |  |  |  |  |
| Equipments  | 200,000          |  |  |  |  |  |  |
| Computers   | 20,000           |  |  |  |  |  |  |
|   | <b>1,080,000</b> |  |  |  |  |  |  |



\* = EXPATS.

## **MOPANI INTERNATIONAL (MOZ) LIMITED**

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# **COMPANY PROFILE**

## **INTRODUCTION**

In the late 2006, the promoters of Mopani Group of Companies, were researching the general market on trading and manufacturing. Mopani International Ltd, Mozambique was set up based on the reasons listed below.

- 1. The promoters understood the Mozambique industry.**  
They understood the market, the products, the distribution challenges, the market segments, the suppliers and supply chain, and where to get experienced talent.
- 2. The promoters felt confident they could outperform the established companies, by offering better products, prices, and service.**
- 3. The business would employ a revolutionary manufacturing idea at its core.**

## **MISSION/VISION/VALUES**

The company wants to be the best it can be. The statements below articulate the aims of the company.

### **MISSION STATEMENT (Why we exist)**

“Mopani International Limited exists for the welfare and development of its employees, customers, and shareholders, and to make a positive difference in their lives.”

### **VISION STATEMENT (What we want to become)**

Our vision is to develop and maintain:

- A trusted brand that is known for quality, effectiveness, and affordability
- World class customer service and customer responsiveness.
- A countrywide distribution network of traders, stockist and retailers.
- Manufacturing expertise and capacity to produce better and cheaper products than our competitors
- An enduring corporate culture that represents our values.

## **VALUE STATEMENTS (What we believe in)**

1. Customers are the driving force for our business.
2. Our products and customer service must be better than our competitors.
3. Trust is at our core. There must be fairness and integrity in all dealings – customers, suppliers, employees.
4. We work hard. We do our best. We are continuously improving.
5. We are fast. To be fast, we must be flexible and innovative in our thinking and decision making.
6. Work should be balanced with other aspects of life – e.g. family, health.
7. Managers serve subordinates, not the other way around.
8. We want to develop people and will assist any willing employee in reaching his or her full potential.
9. Promotions are based on merit, and from within whenever possible.
10. Our culture embodies employee involvement, open communication, teamwork and cooperation.

## **GOALS (What we want to achieve)**

### **Marketing**

- Establish distribution and sales in all provinces and other countries.
- Create greater awareness of the company and products.
- Improve customer service.

### **Production**

1. Produce quality products
2. With the lowest possible rejections.

### **Financial**

- Produce Gross Profit of 40%
- Achieve budget targets on expenditures
- Establish Mozambique based financing

### **Human Resources**

1. Increase wages and bonus pay
2. Improve working environment – health and safety
3. Develop people.

## MARKET STRATEGY

1. Focus on building a distribution network.
2. Offer a wide range of products.
3. Offer higher quality products.
4. Be customer driven
5. Keep the pricing reasonable and affordable
6. Advertising and promotion.

Due to these above factors we started our operations in Mozambique, where we produce Carbonated Drinks named **Fizz**.

We produce around 8,000 cases per day with a turnover of 1.1 million dollars and distribute the same in the following parts of the country.

- Maputo
- Beira
- Quelimane
- Nampula
- Tete
- Chimoi
- Pebane
- Pemba
- Lichinge
- Machange
- Vilemkulo
- Xai-Xai
- Bel-Vista
- Chinde

The company's business experience encompasses the operations of Mopani International Limited in Wholesale and retail dealership of **Fizz** till date. It grew its turnover from a mere \$80,000 to \$1.1m average on a monthly basis.

We also managed to employ on field the marketing team with vehicles and sales executives to work closely along with the distributors on a daily basis. This attribute lead to not only employment but effective distribution of products on whole of the Mozambique market.

This tremendous growth in a short period of time was largely attributing to the Managing Director's innovative systems, ethical business practices and chasing a vision to become the biggest and dynamic manufacturers and distribution channel with a large loyal distributor base. The business concept and model that has been adopted through the sales executives and distributor network which accounts for 80% of the total turnover.

This entails physical distribution of stocks by field sales representatives in close proximity locations based on "routing system" which ensures optimizing on customer stock up, high product availability, easy identification of growth areas and associated parameters, enhancing customer relationship through regular visits, etc.

As business grew, the directors thought of diversifying and looked at other business ventures by introducing other products like the manufacturing of Corn Naks. As a result the company started producing corn naks under the name of Supreme Foods under the brand of "Magic Naks".

As the product goes hand in hand with the carbonated drinks, it was a great idea as the product hit the market instantaneously. This enabled our long term plans to keep our same business strategy and improve on our past failures, consolidate our clientele, take the business to higher heights and to continue searching the market.

#### **EXPANSION**

We have acquired a land of over 20,000 Sq mtrs with a built up area of 5,000 sq mts on the main highway NH1 near the tollgates.

#### **LOCATION**

We are currently located at Machava Socimol, Maputo.

#### **DIRECTORS**

##### **1. Mr. Irfan Ismail Yousuf**

He is the founder and overall director with 80% shareholding in the company. He is a very experienced and seasonal businessman. He owns eight other companies.