

H. H. HILLAL S CO.

LID

MINUTE SHEET

Dokezo
No.

1.0

Ag: EXD

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

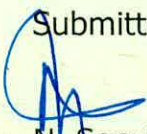
(a) Minimum finance investment threshold has been exceeded, the project expects to invest US \$ 113 m

(b) Legal entity has been incorporated under certificate

No. 66574 of 18/07/2009

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. Senzia

DIF

3rd April, 2013

2.0

Ag. EXD

In response to the TIC letter of registration dated 3rd April 2013

the project has submitted the required documents namely: -


(a) Company Board Resolution.

(b) Reference letter/Financing from Stable Bank LTD

(c) Lease agreement as evidence of land.

With the above submission EXD is requested to sign Certificate of Incentives No. 042416 herein attached.

5/04/2013



DIF

MINUTE SHEET

Dokezo
No.

THE COMPANIES ACT
(CAP. 212 R. E. 2002)

COMPANY LIMITED BY SHARES

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF

HILLAL & SONS LIMITED

(Incorporated this _____ day of _____ 2008

DRAWN BY:

Abenry & Company
Advocates
2nd Floor, Wing B, NIC Life House
Ohio Street/Sokoine Drive
P. O. Box 3167
Dar-es-Salaam
TANZANIA

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TANZANIA

THE COMPANIES ACT (CAP. 212 R. E. 2002)

MEMORANDUM OF ASSOCIATION

OF

HILLAL & SONS LIMITED

TANZANIA
Stamp Duty Shs. 500/-
PAID ON ORIGINAL
322
Receipt No. 14/1/19
Stamp Duty Officer

TANZANIA
Stamp Duty Shs. 250/- Paid
323
Receipt No. 18/1/19
Asst. Registrar of Companies

1. The name of the Company is **HILLAL & SONS LIMITED**.
2. The registered office of the Company will be situated in Mainland Tanzania.
3. The objects for which the Company is established is the transaction of any and all lawful business for which companies may be incorporated in Tanzania; and more particularly the Company shall have powers:
 - (a) (i) To carry on the business of importers, suppliers, distributors and dealers in excavating equipments of all kinds such as Caterpillars, Hitachi, Hyundai etc, including but not limited to wheel loaders, earth movers, skid steers, cranes, heavy duty lorries and trucks, steer loaders, hydraulic equipments used in connection with excavation, mini and bulk excavators, backhoes, earth moving machinery, loaders, skid steer loaders and all such equipments used in connection with excavation.
 - (ii) To carry on the business of importers, suppliers and distributors of mining equipments used in mining activities and heavy duty mining activities, its appliances, accessories and spare parts and sale the same and use in repairing its own mining machineries.

- (iii) To import, sale and distribute heavy duty generators and other electronic production machineries for the provision of power for the purposes of outdoor running and repairs of the excavating, mining and drilling machines which provide services to mining companies.
- (iv) To employ high technology technicians knowledgeable with the running and operating excavating, mining and drilling machineries and their upkeep so as to manage to provide the mining services to mining companies.
- (v) To carry or otherwise purchase, charter, hire or otherwise acquire, build, equip, develop, operate, repairs and manage excavation and mining equipments and apparatus for the purposes of carrying out its business of providing excavation and mining processes.
- (vi) To carry on the business of importers, suppliers and distributors of drilling equipments used in connection with drilling and excavation in the mines.
- (vii) To act as general merchandise, dealers, agents and suppliers of excavating, mining and drilling services to mining companies in any terms whether on hire or otherwise as the company may consider from time to time.
- (viii) To carry on the business as proprietors, operators and managers of large stores for selling, hiring or otherwise of excavating, mining and drilling equipments, spare parts, accessories and other facilities in connection therewith.
- (ix) To carry on the business of importers, exporters, suppliers and distributors, general merchants, sellers, buyers, worldwide traders, wholesalers and distributors of all kinds of building and hardware materials, electrical equipments

and apparatus, home appliances and all other related equipments.

- (x) To purchase, own, manage, take on charter, equip, operate, maintain, repair, alter, exchange, let on hire or by charter, or otherwise deal with buildings, lands, and any other assortments, and to insure or cause to be insured on the mutual principle or otherwise the same or any of them, or any risk, liability, profit, or other interest whatsoever, in regard thereto or in connection with the objectives and the business of the company.
- (xi) To purchase and own lands and real property in the name of the company for establishing garages, storerooms, workshops and all other facilities for storage and repairs of the excavating, drilling as well as the mining equipments and facilities and for safe keeping of the excavating machineries and mining as well as drilling machineries.
- (xii) To appropriate any part or parts of the real property of the Company for building godowns, storage facilities, office buildings, buildings for renting as shops, offices, supermarkets, and other places of business and to use or lease any part of the property of the company not required for the purposes aforesaid for any purpose for which it may be conveniently used or let.
- (xiii) To carry on the business importing, manufacturing and offer for excavating, mining and drilling equipments all over the country, and the world at large.
- (xiv) To acquire property either by way of purchase, hire or lease and establish large mechanical workshops for the provisions of maintenance and repair facilities of excavating, mining, road construction, drilling machineries, equipments and facilities in the country and the world at large.

- (xv) To obtain all powers and authorities necessary to carry out or extend any of the above objects.
- (b) To purchase or by any other means acquire and take options over any property whatever, and any rights or privileges of any kind over or in respect of any property, in the furtherance of the business of the company.
- (d) To apply for, register, purchase, or by other means acquire and protect, prolong and renew, whether in Tanzania Mainland or elsewhere any patents, patent rights, brevets d'Invention, licences, secret processes, trade marks, designs, protections and concessions and to disclaim, alter, modify, use and turn to account and to manufacture under or grant licences or privileges in respect of the same, and to expend money in experimenting upon, testing and improving any patents, inventions or rights which the Company may acquire or propose to acquire.
- (e) To acquire and sale shares in other companies existing or merged with the Company or undertake the whole or any part of the business, goodwill, and assets of any person, firm, or company carrying on or proposing to carry on any of the businesses which the Company is authorized to carry on and as part of the consideration for such acquisition to undertake all or any of the liabilities of such person, firm or company, or to acquire an interest in, amalgamate with, or enter into partnership or into any arrangement for sharing profits, or for co-operation, or for mutual assistance with any such person, firm or company, or for subsidizing or otherwise assisting any such person, firm or company, and to give or accept, by way of consideration for any of the acts or things aforesaid or property acquired, any shares, debentures, debenture stock or securities that may be agreed upon, and to hold and retain, or sell, mortgage and deal with any shares, debentures, debenture stock or securities so received.

- (f) To co-operate with other companies in incorporating joint stock or limited liability companies in order to carry out similar or complementary activities after meeting the requirements of the regulations and instructions followed.
- (f) To improve, manage, construct, repair, develop, exchange, let on lease or otherwise, mortgage, charge, sell, dispose of, turn to account, grant licences, options, rights and privileges in respect of, or otherwise deal with all or any part of the property and rights of the Company.
- (g) To invest and deal with the monies 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.
- (h) To lend and advance money or give credit on any terms and with or without security to any person, firm or company (including without prejudice to the generality of the foregoing any holding company, subsidiary or fellow subsidiary of, or any other company associated in any way with, the Company), to enter into guarantees, contracts of indemnity and surety ships of all kinds, to receive money on deposit or loan upon any terms, and to secure or guarantee in any manner and upon any terms the payment of any sum of money or the performance of any obligation by any person, firm or company (Including without prejudice to the generality of the foregoing any such holding company, subsidiary, fellow subsidiary or associated company as aforesaid).
- (i) 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.

- (j) 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.
- (k) To apply for, promote, and obtain any license of authority for enabling the Company to carry any of its objects into effect, or for effecting any modification of the company's constitution, or for any other purpose which may seem calculated directly or indirectly to promote the company's interests, and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the Company's interests.
- (l) To enter into any arrangements with any government authority (supreme, municipal, local, or otherwise) that may seem conducive to the attainment of the company's objects or any of them, and to obtain from any such government or authority any charters, decrees, rights, privileges or concessions which the Company may think desirable and to carry out, exercise, and comply with any such charters, decrees, rights, privileges, and concessions.
- (m) To subscribe for, take, purchase, or otherwise acquire, hold, sell, deal with and dispose of, 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.
- (n) 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.

- (o) 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.
- (p) 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 particular for shares, debentures, or securities of any company purchasing the same.
- (q) To act as agents or brokers and as trustees for any person, firm or company, and to undertake and perform sub-contracts.
- (r) To remunerate any person, firm or company rendering services to the Company either by cash payment or by the allotment to him or them of shares or other securities of the Company credited as paid up in full or in part or otherwise as may be thought expedient.
- (s) 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.

- (t) To support and subscribe to any charitable or public object and to support and subscribe to any institution, society, or club which may be for the benefit of the Company or its directors or employees, or may be connected with any town or place where the Company carries on business; to give or award pensions, annuities, gratuities, and superannuation or other allowances or benefits or charitable aid and generally to provide advantages, facilities and services for any persons who are or have been directors of, or who are or have been employed by, or who are serving or have served the Company, or any company which is a subsidiary of the Company or the holding company of the Company or a fellow subsidiary of the Company or the predecessors in business of the Company or of any such subsidiary, holding or fellow subsidiary company and to the wives, widows, children and other relatives and dependants of such persons; to make payments towards insurance; and to set up, establish, support and maintain superannuation and other funds or schemes (whether contributory or non-contributory) for the benefit of any of such persons and of their wives, widows, children and other relatives and dependants; and to set up, establish, support and maintain profit sharing or share purchase schemes for the benefit of any of the employees of the Company or of any such subsidiary, holding or fellow subsidiary company and to lend money to any such employees or to trustees on their behalf to enable any such purchase schemes to be established or maintained.
- (u) To distribute among the members of the Company in kind any property of the Company of whatever nature.
- (v) To procure the Company to be registered or recognized in any part of the world.
- (w) 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 either alone or in conjunction with others.

- (x) 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. The liability of the Members is limited.
 5. The Company's share capital is Tanzanian Shillings Two Billion (TZS. 2,000,000,000,000.00) divided into Ten Thousand (10,000) Ordinary shares of Tanzania Shillings Ten Thousand (TZS. 200,000.00) each.

We, the persons whose names and addresses are subscribed, desire to be 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.

S/N	NAMES, ADDRESS AND DESCRIPTION SUBSCRIBED	FOR NUMBER OF SHARES	SIGNATURE
1.	HILLAL HAMAD HILLAL P.O. BOX 15 SHINYANGA	8,000	
2.	HAMAD HILLAL P.O. BOX 15 SHINYANGA	2,000	

Total shares taken: 10,000

Dated the _____ day of _____ 2008

WITNESS to the above signatures:

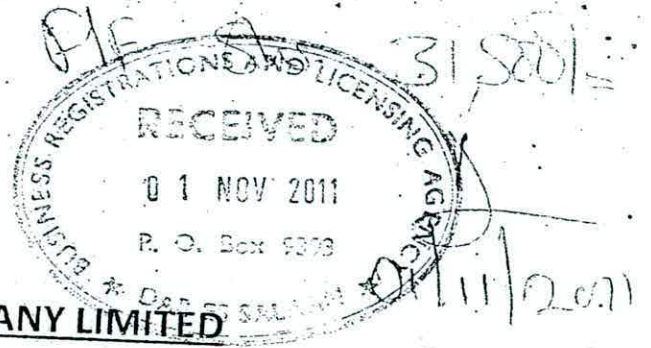
Signature: _____

Postal Address: _____

Qualification: _____



(No. of Company : 66574



H. H. HILLAL & COMPANY LIMITED

Extracts of Minutes of The Extra Ordinary General Meeting of the Share holders of The H. H. Hillal & Company Limited held at the registered office of the Company on Tuesday 14th December, 2010 at 9.00 a.m.

Present:

1. Mr. Hillal Hamad Hillal - Chairman & Shareholder
2. Mr. Hamad Hillal - Director & Shareholder

Chairman called the meeting in order and members present consented the meeting having been called properly.

Chairman briefed the members about the company's position and various issues concerning the agenda of the meeting. Members discussed about the initial subscription of Tshs.

2,000,000,000/- as a paid up capital. Looking to the current economic recession as well as the current market situation members have decided to subscribe for initial paid up capital of Tshs. 20,000,000/- (Twenty million only.) divided into 100 ordinary shares of Tshs. 200,000/- each.

Members discussed the issue at length and the following resolutions were passed as Special Resolutions in this meeting:

RESOLUTION NO. 1

RESOLVED that due to nonpayment of share capital in full, the paid up share capital of the company be and hereby reduced from Tshs. 2,000,000,000/- divided into 10,000 ordinary shares of Tshs. 200,000/- each to Tshs. 20,000,000/- divided into 100 shares of Tshs. 200,000/- each.

RESOLUTION NO. 2

RESOLVED that amount of share capital and the number of shares taken by the subscriber be and hereby amended in the "Memorandum & Articles of Association" of the company. amended structure of the subscription is as under:

No of Company : 66574

H. H. HILLAL & COMPANY LIMITED

Extracts of Minutes of The Extra Ordinary General Meeting of the Share holders of The H. H. Hillal & Company Limited held at the registered office of the Company on Tuesday 14th December 2010 at 9.00 a.m.

NAMES, ADDRESS AND DESCRIPTION OF SUBSCRIBERS	NO. OF SHARES TAKEN BY EACH SUBSCRIBERS
Mr. Hillal Hamad Hillal P.O. BOX 15 SAMIYANGA	80
Mr. Hamad Hillal P.O. BOX 15 SAMIYANGA	20


"RESOLVED FURTHER that Mr. Hillal Hamad Hillal, a director of the company be and hereby authorized to take necessary action to comply with the requirements of Companies Act, 2002 to make necessary amendments in the memorandum of Association as resolved herein above."

The Special Resolutions were carried unanimously by the members & shareholders.



CHAIRMAN

Certified True Copy



DIRECTOR

Dated: 14th December, 2010.



WAKALA WA USAJILI WA BIAHARA NA LESENI.
S.L.P 9393, Dar-es-Salaam.
SIMU : +255 22 2180141, 2180113, 2181113. NUKUSHI: +255
22 2180371
BARUA PEPE: usajili@cats-net.com, brela@cats-net.com
TOVUTI: http://www.brela-tz.com



NIMEPOKEA KWA
Received from

H.H HALLAL & CO LTD

RECEIPT NO: 00092643

KIASI CHA SHILINGI(KWA MANENO)
Sum of shillings(In words)

THIRTY-ONE THOUSAND FIVE HUNDRED TANZANIAN
SHILLINGS ONLY.

KWA MALIPO YA
In respect of

FILLING FEES [TSHS31,500] .
TOTAL TSHS : 31,500

KWA FEDHA TASLIMU/HUNDI NAMBA
By cash/cheque No.

CASH

KITUO
Station

D

SAHIHI YA MPOKEAJI
Receiving officer's sign.

CHEO
Title

TAREHE
Date

ARTHUR A.K

CASHIER

01/11/2011

THE COMPANIES ACT (CAP. 212 R. E. 2002)

ARTICLES OF ASSOCIATION
OF
HLLAL & SONS LIMITED

TABLE A EXCLUDED

PRELIMINARY

TABLE A

1. The regulations in Table A in the Schedule to the Companies Act (Cap. 212) shall not apply to the Company except in so far as the same are repeated or contained in these Articles.

INTERPRETATION

2. In these Articles, unless the subject or context otherwise requires:
 - 2.1 The words standing in the first column of the following table shall bear the meanings set opposite to them respectively in the second column thereof:

WORDS

MEANINGS

"Articles"

means these Articles of Association of the Company and any reference to "Articles" shall be referenced to that Article of the Articles of Association.

"the Auditors"

means the Auditors from time to time of Company.

"Board"	means the Board of Directors of the Company.
"Business"	means the business of the Company as described the Memorandum and Articles of Association and such other business as the Members may agree from time to time should be carried on by the Company.
"Company"	means Hilal & Sons Limited.
"Companies Act"	means the Companies Act, Cap 212 R. E. 2002 of Laws of Tanzania.
"Directors"	means the Directors of the Company or their duly appointed alternates and "Director" shall be construed accordingly.
"Guarantee"	means the guarantees, indemnities, covenants or other securities given by the Shareholders (or any of them) at any time, to secure the indebtedness and/or obligation of the Company for the proper purposes of the Business.
"Members"	means the shareholders or representatives of shareholders by proxy in a general or extraordinary meeting and "Member" shall be construed accordingly.

"Memorandum of Association"

means the Memorandum of Association of the Company.

"Notice"

means any notice, consent, approval, permission and any other communication required or permitted to be given between the Parties.

"Office"

means the registered office of the Company.

"Register"

means the Register of Members of the Company.

"Shares"

means equity shares of Tanzania Shillings Ten Thousand (TShs.10,000.00) each in the equity share capital of the Company.

"Tanzania"

means the United Republic of Tanzania.

"Territory"

means the mainland of Tanzania.

"TShs"

means Tanzanian Shillings being the currency of Tanzania.

- 2.2 Words importing the singular number only shall include the plural number and vice versa.
- 2.3 Words importing the masculine gender only shall include the feminine gender.
- 2.4 Words importing persons shall include corporations.

- 2.5 The expression "debenture" and "debentures holder" shall include debenture stock and debenture stockholder.
- 2.6 The expression "dividend" shall include bonus.
- 2.7 Reference to any provision of the Act shall be construed as a reference to such provision as modified by any statute for the time being in force.
- 2.8 Any words or expressions defined in the Act shall, except where the subject or context forbids bear the same meanings in these Articles.

PRIVATE COMPANY

3. The Company is a private company and accordingly:
- (a) the right to transfer shares is restricted in manner hereinafter prescribed;
 - (b) the number of members of the Company (exclusive of persons who are in the employment of the Company and of persons who having been formerly in the employment of the Company were while in such employment and have continued after the determination of such employment to be members of the Company) is limited to fifty. Provided that where two or more persons hold one or more shares in the Company jointly they shall for the purpose of this Regulation be treated as a single member;
 - (c) any invitation to the public to subscribe for any shares or debentures of the Company is prohibited;
 - (d) the Company shall not have power to issue share warrants to bearer. The directors may, in their absolute discretion and without assigning any reason therefore, decline to register any transfer of any share, whether or not it is a fully paid share.

4. Any branch or kind of business which the Company is either expressly or by implication authorised to undertake may be undertaken by the Board at such time or times as the Board shall think fit, and further may be suffered by the Company to be in abeyance, whether such branch or kind of business may have been actually commenced or not, so long as the Board may deem it expedient not to commence or proceed with the same.
5. The Office shall be at such place in the Territory as the Board shall from time to time appoint.
6.
 - (1) No part of the funds of the Company shall be employed in the subscription or purchase of or in loans upon the security of the Company's shares or those of its holding company (if any); or of any company holding a direct or indirect equity interest in the Company or its holding company (if any).
 - (2) The Company shall not give, whether directly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with any purchase or subscription by any person of shares in the Company or in its holding Company (if any) nor make, or guarantee or provide any security in connection with, a loan to any Director of the Company or of its holding Company (if any); but nothing in this Article shall prohibit transactions authorised by Section 46 of the Act.

CAPITAL

7. The Company's authorized share capital is Tanzanian Shillings Two Billion (TZS. 2,000,000,000,000.00) divided into Ten Thousand (10,000) Ordinary shares of Tanzania Shillings Ten Thousand (TZS. 200,000.00) each.
8. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Company may be issued with such preferred, deferred or other special rights or such

restrictions, whether in regard to dividend, voting, return or capital or otherwise as the Company may from time to time by Ordinary Resolution determine. Provided that the capital prescribed herein may be increased or decreased subject to a resolution of the Company.

PREFERENCE SHARES

9. Any preference shares may, with the sanction of an Ordinary Resolution, be issued on the terms that they are, or at the opinion of the Company are liable to be, redeemed on such terms and in such manner as the Company before the issue of the shares may by such Ordinary Resolution determine.

MODIFICATION OF RIGHTS

10. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in Writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these Articles relating to general meetings shall apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll.
11. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

ALLOTMENT OF SHARES

12. Subject to the provisions of these Articles the unissued shares for the time being of the Company shall be at the disposal of the Board which may allot, grant option over, or otherwise dispose of them to such persons, on such terms and conditions, and at such times as it may think fit, but so that no share shall be issued at a discount, except in accordance with the provisions of the Act.
13. The Company may exercise the powers of paying commissions conferred by Section 54 of the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the said Section and the rate of the commission shall not exceed the rate of the price at which the shares in respect whereof the same is paid are issued or an amount of such price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.
14. Except as required by law, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

SHARE CERTIFICATE

15. Every person whose name is entered as a Member in the Register of Members shall be entitled without payment to receive two months after allotment or lodgment of transfer (or within such other period as the conditions of issue shall provide) one certificate for all his shares or several certificates each for one or more of his shares upon payment for

every certificate after the first or such less sum as the Board shall from time to time determine. Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid up thereof, 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 to all such holders.

16. If a share certificate be defaced, or worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and the payment of expenses reasonably incurred by the Company in investigating evidence as the Directors may determine but otherwise free of charge.

REGISTER OF MEMBERS

17. The Company shall prepare and maintain a Register and their shares in which the names of shareholders, their numbers of shares, other disposals made to these shares shall be registered. No assignment of these shares shall be valid against the Company or third parties unless the cause for transferring the ownership of these shares has been recorded in such Register.

LIEN

18. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (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 (other than fully paid shares) standing registered in the name of a single person for all moneys presently payable by him or his estate to the Company; but the Board may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien, if any, on a share shall extend to all dividends payable thereon.
19. The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless

a sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen days after a notice in Writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or bankruptcy.

20. To give effect to any such sale the Directors may authorize some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer, and he shall not be bound to see the application of purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
21. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue (if any) shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

22. The Directors may from time to time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times or subject to the fulfillment of specified conditions, provided that (subject to such conditions of allotment) no call shall be payable at less than one month from the date fixed for payment of the last preceding call, and each member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) 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.

23. A call 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 to be paid by installments.
24. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
25. 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 on the sum from the day appointed for payment thereof to the time of actual payment at such rate as the Directors may determine, but the Directors shall be at liberty to waive payment of any such interest wholly or in part.
26. Any sum which by the terms of issue of a 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 purposes of these Articles 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 presents as to payment of interest and expenses, of forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
27. The Directors may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the time of payment.
28. 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 such advance, become payable) pay interest at such rate as may be agreed upon between the Directors and the members paying such sum in advance.
29. No member shall be entitled to receive any dividend or to be present or to vote on any question, either personally or by proxy, at any General Meeting, or upon a poll, or to be 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 held by him, whether alone or jointly with any other person.

TRANSFER OF SHARES

30. Subject to Article 31 and to such other of these presents as may be applicable, any member may transfer all or any of his shares by instrument in Writing. Such transfer should be in the following form or any other form which the Directors may approve:

"We/I, -----of
in consideration of the sum of Shillings[] paid to us by -----
of.....
(hereinafter called "the said transferee") do hereby transfer
shares of TShs. [.....] each in the capital of
..... (such shares being numbered) to hold unto the
said transferee, subject to the several conditions on which I hold the same;
and I, the said transferee, do hereby agree to take the said shares subject to
the conditions aforesaid.

AS WITNESS our hands the day of 200...."

31. (1) No shares shall be transferred except in accordance with the provisions of this Article.
- (2) No transfer of any share in the capital or the Company to any person whether already a member of the Company or not shall be made or registered without the previous sanction of the Directors, who may, without assigning any reason, decline to give such sanction and shall so decline in the case of any transfer the registration of which would involve a contravention of Article 4 hereof. The Directors may also suspend the registration of transfers during fourteen days immediately preceding the Ordinary General Meeting in each year.

- (3) The proposing transferor shall give notice in Writing ("the transfer notice") to the Company that he desires to transfer the shares. The notice shall constitute the Company as the agent of the proposing transferor for the sale of the shares to any member of the Company or to any person selected by the directors as one whom it is desirable in the interests of the Company to admit to membership at the value ("the sale price") to be decided by the auditors of the Company pursuant to paragraph 6 of this Article.
- (4) The said shares to be transferred shall be offered by the Company to all members of the Company (other than the selling member) holding ordinary shares for purchase at the sale price in proportion to their respective holding of shares in the Company and shall specify a time within which such offer must be accepted in Writing or in default of which such offer will be deemed to have lapsed. If the said members shall not accept all the said shares, the directors may offer those not so accepted to other members and/or to any other person or persons selected or approved by the directors as suitable for admission to membership of the Company.
- (5) If the Company within sixty days after being served with the transfer notice shall find a member or person selected as set out above willing to purchase the shares and gives notice thereof to the proposing transferor it shall be bound, upon payment of the sale price to transfer the shares to the purchasing member who shall be bound to complete the purchase within fourteen days thereof.
- (6) The auditors of the Company shall determine the sale value of shares to be transferred, at the higher of an earning based or net asset valuation.
- (7) The instrument of transfer of any share shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain a holder of the shares until the name of the transferee is entered in the register of members in respect thereof.

32. The Directors may decline to register the transfer of a share to a person of whom they shall not approve, and they may also decline to register the transfer of a share on which the Company has a lien.
33. The Directors may also decline to recognize any instrument of transfer unless:
 - (a) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer; and
 - (b) the instrument of transfer is in respect of only one class of share.
34. If the Directors refuse to register a transfer they shall within thirty days after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.
35. The registration of transfers may be suspended at such times and for such periods as the directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty days in any year.

TRANSMISSION OF SHARES

36. In the case of the death of a member (where a member is an individual) the survivor or survivors where the deceased was a joint holder, and the wife or husband and children of the deceased where he or she was a sole holder, shall be the only persons recognized by the Company as having any title to his or her interest in the shares; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him or her with other persons.

37. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as may from time to time properly be required by the Directors and subject as hereinafter provided, elect either to be registered himself or herself as holder of the share or to have some person nominated by him or her registered as the transferee thereof, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that member before his or her death or bankruptcy, as the case may be.
38. If the person so becoming entitled shall elect to be registered in his or her name, he or she shall deliver or send to the Company a notice in Writing signed by him or her stating that he or she so elects. If he or she shall elect to have another person registered he or she shall testify his or her election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer signed by that member.
39. A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he or she would be entitled if he or she were the registered holder of the share, except that he or she shall not, before being registered

FORFEITURE OF SHARES

40. 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 the 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.

41. The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service 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.
42. If the requirements of any such notice as aforesaid are not complied with, 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.
43. 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.
44. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the shares, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.
45. A statutory declaration in Writing that the declarant is a Director or the Secretary 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 claiming to be entitled to the share. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, or shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

46. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time or subject to the fulfillment of specified conditions, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

CONVERSION OF SHARES INTO STOCK

47. The Company may by ordinary resolution convert any paid up shares into stock, and reconvert any stock into paid up shares of any denomination.
48. The holders of stock may transfer the same, or any part thereof, in the same manner, and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances admit; and the Directors may from time to time fix the minimum amount of stock transferable but so that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
49. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regard dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
50. Such of the Articles of the Company as are applicable to paid-up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder".

ALTERATION OF CAPITAL

51. (1) The Company may from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount as the resolution shall prescribe.
- (2) Unless the Company otherwise resolves in the resolution increasing the share capital of the Company, all new shares shall first be offered to the existing members of the Company in proportion, as nearly as possible, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered and a time within which the offer, if not accepted, will be deemed to be declined. After the expiration of such time, or on the receipt of intimation from the person to whom the offer is made that he declines to accept the shares offered, the directors may dispose of such shares in such manner as they deem most appropriate for the Company.
52. 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 share of smaller amount than is fixed by the memorandum of association subject, nevertheless, to the provisions of Section 65(1)(d) of the Act;
- (c) 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.
53. The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to any incident authorised, and consent required, by law.

GENERAL MEETING

54. The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next. Furthermore, this meeting may be called within the six month following the financial year to consider the report of directors for the company's activity, financial position, as well as auditor's report, and for the approval of company balance sheet, closing accounts, profit distribution report, and in order to appoint, reappoint or determine the remunerations of auditor.

Provided that so long as the Company shall hold its first annual general meeting within eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year. The annual general meeting shall be held at such time and place, as the Directors shall appoint.

55. All general meetings other than annual general meetings shall be called extraordinary general meetings.
56. The Directors may, whenever they think fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisition, or, in default, may be convened by such requisitionists.

NOTICE OF GENERAL MEETINGS

57. Every general meeting shall be called by twenty-one days notice in Writing at the least. The meeting of the shareholders of the Company may be called upon a request made by the Manager, Director or Auditor of the company to consider any matter to be exhibited to the meeting. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of the meeting and the nature of any special business that is to be transacted, and 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 notices from the Company.

· Provided that a meeting of the Company shall, notwithstanding that it is called by shorter notice than that specified in these Articles, be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right.

58. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETING

59. All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the Directors and auditors, the election of Directors in the place of those retiring and the appointment of, and the fixing of the remuneration of, the auditors.
60. 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. The quorum for the meeting shall be two persons holding or represented by proxy.
61. 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 or to such other day at such other time and place as the Directors may determine, 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. For the avoidance of doubt, at no time shall one member be a quorum.

62. The chairman, if any, of the Board of Directors shall preside as chairman at every general meeting of the Company or if there is no such chairman, or if he shall not be present within fifteen minutes after the time appointed for the holding of the meeting or is unwilling to act the Directors present shall elect one of their number to be chairman of the meeting.
63. If at any meeting no Director is willing to act as chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting the members present shall choose one of their number to be chairman of the meeting.
64. 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 left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty 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.
65. 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:
 - (a) by the Chairman; or
 - (b) by the member or members present in person or by proxy; or

- (c) by a member or members holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll be 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 an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

- 66. Except as provided in Article 68 hereof, if a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 67. 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.
- 68. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.
- 69. 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 (or being corporations or government by their duly authorized representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the members or duly authorized representatives concerned.

VOTES OF MEMBERS

70. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have one vote, and on a poll every member shall have one vote for each share of which he is the holder. In the case of an equality of votes the chairman shall be entitled to a second or casting vote.
71. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of members.
72. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
73. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.
74. On a poll votes may be given either personally or by proxy.
75. The instrument appointing a proxy shall be in Writing under the hand of the appointer or of his attorney duly authorized in Writing, or, if the appointer is a corporation, either under seal, or under the hand of an officer or attorney duly authorized. A proxy need not be a member of the Company.
76. 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

that power or authority shall be deposited at the registered office of the Company or at such other place within the Territory as is specified for that purpose in the notice convening the meeting, not later than the time for holding the meeting or adjourned meeting, at which the person named in the instrument proposes to vote, or in the case of a poll, not later than the time appointed for the taking of the poll, or at such later time as the Directors may agree, and in default the instrument of proxy shall not be treated as valid.

77. An instrument appointing a proxy shall be in the following form or in any other usual form acceptable to the Directors:

"HILLAL & SONS LIMITED"

I/We of
being a member/members of the above-named Company, hereby appoint
.....of failing him of as my/our
proxy to vote for me/us/on my/our behalf at the (annual or
extraordinary, as the case may be) general meeting of the Company to be
held on the day of 200 and at any adjournment thereof.
Signed this day of 200

78. Where it is desired to afford members an opportunity of voting for or against a resolution the instrument appointing a proxy shall be in the following form or in any other usual form acceptable to the Directors:

"HILLAL & SONS LIMITED"

I/We of
being a member/members of the above-named Company, hereby appoint
.....of failing of as my/our
proxy to vote for me/us on my/our behalf at the (annual or extraordinary,
as the case may be) general meeting of the Company to be held on the
day of 200..., and at any adjournment thereof.

Signed this day of 200...."

This form is to be used in favour of/against the resolution(s). Unless otherwise instructed, the proxy will vote as he thinks fit.

79. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
80. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in Writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at the Office before the commencement of the meeting or adjourned meeting at which the proxy is used.

CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS

81. Any corporation or company which is a member of the Company may by resolution of its Directors or other governing or managing body authorize such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company, and the person so authorized shall be entitled to exercise the same powers on behalf of the corporation or company which he represents as that corporation or company could exercise if it were an individual member of the Company.

DIRECTORS

82. The number of Directors shall not be less than two and not more than five (or such greater number as the Company may in General Meeting determine). The first Directors shall be appointed in writing by the subscribers of the Memorandum of Association and until such appointment the first Directors shall be as named in the particulars

delivered to the Registrar of Companies pursuant to the provisions of section 145 of the Act.

83. (1) The remuneration of the Directors shall from time to time be determined by the Company in general meeting. Such remuneration shall be deemed to accrue from day to day. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company.
- (2) Any Director who, by request, performs special services or goes or resides abroad for any purpose of the Company may be paid such extra remuneration as the Board may determine.
84. The share holding qualification for Directors may be fixed by the Company in general meeting, and unless and until so fixed no share qualification shall be required.
85. A Director of the Company may be or become a Director or other officer of, or otherwise interested in, any Company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of, or from his interest in, such other Company unless the Company otherwise direct.

POWERS AND DUTIES OF DIRECTORS

86. (1) No action or decision relating to any of the matters specified below which are reserved to the Board shall be taken by the Company unless the Board has given its prior approval to proceed with the matters aforesaid, by passing a resolution in accordance with these Articles:
- (a) to appoint or dismiss the Chief Executive Officer nominated

- by the Manager. The nomination shall not unreasonably be rejected;
- (b) to appoint or dismiss any of its Senior Employees as defined in the Company's staff regulations as amended from time to time;
 - (c) to approve the terms for the Chief Executive Officer nominated by the Manager;
 - (d) to establish such committees of the Board as the Board may deem necessary;
 - (e) to approve the job descriptions of the individual members of the Management Team and of the committees of the Board;
 - (f) to approve the annual budgets, forecasts and financial reports: Provided that any proposed material revision to the annual budget shall first be approved at a duly convened meeting of the Board;
 - (g) to approve policies necessary for conducting the Company's business and ensure that the Company carries out those policies. Such policies relate, without being limited, to risk management, credit audit, accounting, anti-money laundering and asset liability management;
 - (h) to ensure that the Company shall maintain with a well established and reputable insurer adequate insurance against all risks usually insured against by companies carrying on the same or a similar business and (without prejudice to the generality of the foregoing) for the full replacement or reinstatement value of all its assets of an insurable nature;
 - (i) to ensure that where a fresh issue of Shares is contemplated,

the Company allots and issues its Shares and other Securities at the best price reasonably obtainable in the circumstances; provided that where publicly quoted prices are available, the offer price shall compare fairly with the market price;

- (j) to approve any unbudgeted material acquisition or disposal by the Company, including any material acquisition or grant of any licence of or relating to any intellectual property rights and, for the purposes of this paragraph, material shall mean a figure in an amount exceeding 10% of the approved budget;
- (k) to ensure compliance with domestic and international guidelines for good corporate governance;
- (l) to approve the launch and closing of any branch outside the business plan;
- (m) to approve the issue of any debenture, the creation of mortgages, liens, charges, pledges or other encumbrance of any nature on the Company's assets or in the ordinary course of business and to factor or assign any of its book debts;
- (n) to approve the granting by the Company of any guarantee or indemnity not in the ordinary course of business;
- (o) to make any claim, disclaimer, surrender, election or consent of a material nature for tax purposes and, for the purposes of this paragraph, material shall mean a figure in an amount exceeding 10% of the approved budget;
- (p) to approve any contract, liability or commitment of the Company which:
 - (i) is of a long term or unusual nature; for this purpose

long term means continuing for more than three (3) calendar years;

- (ii) could involve an obligation of a material magnitude or nature; for this purpose material means a liability for expenditure exceeding 10% of the approved budget; or
 - (iii) is outside the ordinary course of business of the Company;
 - (iv) cannot be terminated by the Company without penalty within 12 months of its commencement, unless a contract satisfies such criteria of authorisation as the Board may approve from time to time as part of the procedures for the Company entering into contract;
- (q) to submit to the Members an annual report incorporating:
- (i) the Company's internal controls and systems that are adequate to provide reasonable assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability for the Company's assets;
 - (ii) such controls as are based on established written policies and procedures and are implemented by trained and skilled personnel, whose duties have been segregated appropriately;
 - (iii) such controls as are monitored by the Company, and that all Employees are required to maintain the highest ethical standards in ensuring that the Company's business practices are conducted in a manner that, in all reasonable circumstances, is above

reproach; and

- (iv) anything that has come to their attention to indicate that any material malfunction of the aforesaid controls, procedures and systems may have occurred during the year under review;
- (r) to enter into any service agreement with any Employee, which is not terminable without payment of compensation on not more than three (3) months' notice;
- (s) to approve the acquisition and/or disposal of any assets or business interests that exceed ten percent (10%) of the core capital;
- (t) to borrow any money or obtain any advance or credit in any form other than normal trade credit or other than on normal banking terms of unsecured overdraft facilities or vary the terms and conditions of any borrowings or bank mandates;
or
- (u) to make any gift or charitable donation if not within the budget;
- (v) to lend any money to any person otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits, or grant of any credit to any person (except to its customers in the normal course of business);
- (w) to sell, transfer, lease, licence or in any other way dispose of any of its assets otherwise than in the ordinary course of its business;

- (x) enter into any technical assistance with the Manager arrangement or amend, terminate, revoke or replace any technical assistance agreement presently in place;
- (y) to make major decisions relating to the conduct of material legal proceedings to which the Company is a party.

87. 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 primary or collateral security for any debt, liability or obligation of the Company or of any third party
88. The Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purpose and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Regulations) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretion vested in him.
89. The Directors may exercise the powers conferred upon the Company by Sections 124 and 127 (both inclusive) of the Act with regard to the keeping of a branch register, and the Directors may (subject to the provisions of those Sections) make and vary such regulation as they may think fit respecting the keeping of any such register.
90. (1) A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors in accordance with Section 209 of the Act.

- (2) A Director shall, nevertheless, be entitled to vote in respect of any contract or arrangement in which he is interested.
 - (3) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be voided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.
 - (4) A Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or the arrangement of the terms thereof.
 - (5) Any Director may act himself or by his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director. Provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.
91. All cheques, promissory notes, dates, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by resolution determine.

92. The Directors shall cause minutes to be made in books provided for the purpose:
- (a) of all appointments of officers made by the Directors;
 - (b) of the names of the Directors present at each meeting of the Directors and of any committee of the Directors;
 - (c) of all resolutions and proceedings at all meetings of the Company, and of the Directors, and of 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.
93. The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

DISQUALIFICATION OF DIRECTORS

94. The office of Director shall be vacated if the Director:
- (a) ceases to be a Director by virtue of any provision of the Act or he becomes prohibited by law from being a director; or
 - (b) becomes bankrupt or makes any arrangement of composition with his creditors generally; or
 - (c) becomes of unsound mind; or
 - (d) resigns his office by notice in writing to the Company; or
 - (e) shall for more than six consecutive months have been absent without permission of the Directors from meetings of the Directors held during that period and the directors resolve that his office be vacated.

ALTERNATE DIRECTORS

95. Each Director shall have power by an instrument in Writing to nominate any person to act as alternate Director in his place and his discretion to remove such alternate Director; and on such appointment being made the alternate Director shall be subject in all respects to the terms and conditions affecting the other Directors, and each alternate Director, while acting in the place of an absent Director, shall exercise all the rights and discharge all the duties of the Director he represents. Should an alternate Director also be a Director of the Company, all rights vested in him as an alternate Director (including the right of voting at meetings and of signing on behalf of such Director any such resolution as is mentioned in Article 109) shall be in addition to and not in substitution for his rights as a Director. Any instrument appointing an alternate Director shall be delivered to and retained by the Company. If the Director making any such appointment shall cease to be a Director, the person appointed by him shall cease to have any power or authority to act as an alternate Director.
96. All appointments and removal of an alternate Director shall be effected by instrument in Writing delivered at the Office and signed by the appointor.

APPOINTMENT AND REMOVAL OF DIRECTORS

97. The Company may by Ordinary Resolution:
- (a) appoint any person a Director, so, however, that the prescribed maximum be not exceeded, and determine the period for which he is to hold office;
 - (b) remove any Director from office and appoint another person in his stead.
98. A Director need not be a member of the Company, but he shall, nevertheless, be entitled to receive notice of and to attend and speak at any General Meeting or at any separate meeting of the holders of any class of shares in the Company.

99. Every Director shall remain in office until the expiry of his period of appointment or until removed under the provisions of Article 98 or until his office is vacated under the provisions of Article 94 or as otherwise agreed by all of the members of the Company in Writing.
100. Subject to and in accordance with any agreement in Writing among all of the members of the Company, the Director shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with these Articles.

PROCEEDINGS OF DIRECTORS

101. Unless otherwise agreed between the Members at General Meeting, a meeting of the Board shall be held not less frequently than once every three (3) calendar months to review the Company's business and progress and determine such other matters as may fall within the competence of the Board.
102. Notice of at least fourteen (14) days shall be given to each Director of any Board meeting unless all Directors approve a shorter notice period.
103. The quorum for Board meetings shall be at least two Directors. No business shall be conducted at any meeting of Directors unless a quorum is present at the beginning of the meeting and at the time when there is to be voting on any business.
104. If a quorum is not present within thirty (30) minutes after the time specified for a Directors' meeting in the notice of the meeting, then it shall be adjourned to the same day in the following week and at the same time and place. At the adjourned meeting any three Directors nominated by three different Members (including at least one Director appointed by a Member holding not less than twenty five percent shareholding in the Company) shall constitute a quorum.

105. A meeting of Directors shall be adjourned to another time or date at the request of all the Directors present at the meeting. No business shall be conducted at a meeting after such a request has been made.
106. (1) Meetings of Directors shall make decisions by passing resolutions. A resolution is passed if more votes are cast for it than against it.
- (2) The Directors shall be deemed to meet if, notwithstanding that they are in separate locations, they are nonetheless linked by conference telephone, conference video link or other communication equipment which allows those participating to hear and speak to each other. A quorum in that event shall be the number of Directors required for a quorum in accordance with Article 106 hereof. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Chairman of the meeting then is.
107. Each Director at a meeting of Directors shall have one vote. In the case the Board can not arrive at a decision because of equal number of votes for and against a resolution, then the matter shall be adjourned to another date as the Directors shall agree. If no agreement is reached at the next meeting, the matter shall be referred to a duly convened meeting of the Members for determination. The decision of the Members shall be deemed to constitute a duly passed resolution of the Board.
108. If at any meeting the Chairman shall not be present within thirty minutes after the time appointed for holding the same, the Directors present shall choose one of their number to be Chairman of such meeting.
109. The Directors shall cause proper minutes to be made of all General Meetings of the Company and proper records to be kept of all written resolutions (and of signatures) and also of all the appointments of officers, and of the proceedings of all meetings of Directors and committees, and of the attendances thereat, and all business transacted at such meetings. All such minutes and records (and signatures) shall be entered in books provided for the respective purpose.

Any such record of a written resolution (and of the signatures) purporting to be signed by a Director or by the Secretary shall be evidence of the proceedings in agreeing to a written resolution and, until the contrary is proved, the requirements of the Act with respect to those proceedings shall be deemed to be complied with, and any such minutes of any such meeting, if purporting to be signed by the Chairman of such meeting, shall be conclusive evidence without any further proof of the facts therein stated.

110. A resolution in writing signed by all the Directors for the time being entitled to receive notice of a meeting of the Directors or of a committee of Directors shall be as valid and effective for all purposes as a resolution passed at a meeting of the Directors or, as the case may be, a committee of Directors duly convened, held and constituted, and may consist of several documents in the like form each signed by one Director or more Directors.

MANAGEMENT OF THE COMPANY

111. Subject to Shareholders' approval, the Board may enter into such arrangement and/or agreement with such firm or body corporate in relation to the management and administration of the business and affairs of the Company. The Manager so appointed shall, under the direction of the Board, manage the business and affairs of the Company in accordance with the approved business plan of the Company and responsibilities set out in the documents evidencing the arrangement. The Manager shall at all times nominate a Management Team of fully qualified and professionally competent staff. The Manager shall be entitled to such remuneration and benefits set out in the documents evidencing the management arrangement.
112. The responsibility of the Management Team shall include, but not be limited to:
- (a) the day-to-day management of the business and the affairs of the Company;

- (b) The preparation of annual budgets in line with a business plan, and presentation by the Chief Executive Officer, not later than twenty eight (28) days, or such longer period as may be agreed by the Board) prior to the commencement of each financial year or period, at a duly convened meeting of the Board, of the budget for the ensuing financial year or period, containing a profit and loss and cash flow forecast on a month-by-month basis and a projected balance sheet for the end of such financial year or period for the Company.
 - (c) reporting to the Board with such frequency and in such manner as may be required by the Board; and
 - (d) complying with all decisions and directions of the Board, in relation to matters reserved for the Board, as communicated to him from time to time by the Board.
113. The Directors may entrust to and confer upon the Manager any of the powers exercisable by them under such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own power and may from time to time revoke, withdraw, alter or vary all of any of such powers.

SECRETARY

114. The Secretary shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit, and any Secretary so appointed may be removed by them.
115. No person shall be appointed or hold office as Secretary who is:
- (a) the sole Director of the Company; or
 - (b) a corporation the sole Director of which is the sole Director of the Company;

- (c) the sole Director of a corporation, which is the sole Director of the Company.
116. A provision of the Act or these Articles requiring or authorising 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

117. The seal shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors. The Director may determine who shall be sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a Director and by the Secretary or by a second Director.

DIVIDENDS AND RESERVE

118. Subject to section 180 of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Directors.
119. 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.
120. The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for any purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit. The Directors may also without placing the

same to reserve carry forward any profits, which they may think prudent not to divide.

121. Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but no amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
122. The Directors may deduct from any dividend payable to any member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
123. Any general meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets and in particular of paid up shares, debentures or debenture stock of any other company or in any one or more of such ways, and the Directors shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.
124. Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named in the register of members or to such person and to such address as the holder or

joint holders may in Writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one or two or more joint holders may give effectual receipts for any dividends, bonuses or other moneys payable in respect of the shares held by them as joint holders.

125. No dividend shall bear interest against the Company.

ACCOUNTS

126. The Directors shall cause proper books of account to be kept with respect to:

- (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.

Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

FINANCIAL YEAR

127. The Company's financial year shall commence on 1st January to 31st December each year, except for the first financial year which shall commence from the date of incorporation of the company to the end of the current year thereof, and each following financial year shall be for the period of twelve (12) months.

Within four (4) months from the end of the financial year, the Manager or Directors of the Company shall prepare a balancer sheet, profit and loss account, company activity report, company's financial position and their suggestions with regard to profit distribution. The Manager/Directors

shall send a copy of such documents and a copy of the auditor's report to each shareholder and general departments of the company.

128. The books of account shall be kept at the registered office of the company, or, subject to section 151(4) of the Act, at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.
129. No member (as such) shall have any right of inspecting any accounting records or other book or document of the Company except as conferred by statute or authorized by the Directors or by ordinary resolution of the Company.
130. The Directors shall, in accordance with Section 153, 155 and 159 of the Act, cause to be prepared and to be laid before the Company in general meeting such profit and loss accounts, balance sheets, cash flow statements, group accounts (if any) and reports as are referred to in those Sections.
130. In accordance with section 163 of the Act, the copy of the Company's annual accounts to be laid before the Company in general meeting together with a copy of the director's report and the auditors' report shall not less than twenty-one days before the date of the meeting be sent to every member of, and every holder of debentures of, the Company:

Provided that this Article shall not require a copy of those documents to be sent to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

CAPITALIZATION OF PROFITS

133. The Directors may, with the authority of an ordinary resolution of the company-resolve to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and that such sum be capitalized to the members who would have been

entitled to it were distributed by way of dividend and in the same proportions and apply such sum either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full in issued shares or debentures of the Company to be allotted and distributed.

Make such provision regarding the issue of fractional certificates or by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions, and authorize any person to enter on behalf of all the members entitled thereto into an agreement with the company providing for the allotment to them respectively, credited as fully paid up, of any shares or debentures to which they are entitled upon such capitalization, and any agreement made under such authority shall be effective and binding on all such members.

132. Whenever such a resolution as aforesaid shall have been passed the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully-paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full power to the Directors to make such provision by the issue of fractional certificates or by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions, and also to authorize any person to enter on behalf of all the members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalization, or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such members.

AUDIT

133. Auditors shall be appointed and their duties regulated in accordance with Sections 170 to 179 of the Act. Further, the company shall have an auditor to be selected annually by the partners by a resolution issued in the meeting of shareholders. The Auditor shall be approved and licensed to practice in Tanzania in accordance with the provisions of auditors and accountants. The auditor shall observe the memorandum of association and the company's law. He shall audit the inventories, annual closing accounts, balance sheet, and shall provide an annual report to the meeting of partners. In doing so, he shall have access on all company's books and records and contracts made with third parties. He may ask for clarifications and statements required necessary by him. His annual remuneration shall be determined by the shareholders.

NOTICES

134. A notice may be given by the Company to any member in writing either personally in his residence or by registered letter to his registered address, or (if he has no registered address within the Territory) to such address, supplied by him to the Company for the giving of notice to him. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the notice, and to have been effected in the case of a notice of a meeting at the expiration of seven days after the letter containing the same is posted, and in any other case at the time at which the letter would be delivered in the ordinary course of post.
135. A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder first named in the register of members in respect of the share.
136. 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 the title of representatives of the deceased, or trustee of the bankrupt, or by

any like description, at the address, if any within Tanzania supplied for the purpose by the persons claiming to be so entitled, or (until such an address has 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.

137. Notice of every general meeting shall be given in any manner hereinbefore authorized to:

- (a) every member except those members who (having no registered address within Tanzania) have not supplied to the Company an address for the giving of notices to them;
- (b) every person upon whom the ownership of a share devolves by reason of his being legal personal representative or a trustee in bankruptcy of a member where the member but for his death or bankruptcy would be entitled to receive notice of the meeting; and
- (c) the auditor for the time being of the Company.

No other person shall be entitled to receive notices of general meetings.

WINDING UP

138. The company shall be wound up by one of the reasons of winding up as mentioned of the Companies Act. When being wound up, the company will enter the phase of liquidation as per the provisions of the Companies Act, considering that in case of elective liquidation, the following shall be complied with:



- 1. To prepare the financial position of the company at the date of issuing the partners' resolution with regard to dissolution and liquidation of the company, this shall be approved by a auditor approved and licensed to practice within the Tanzania, this report shall prove the company ability to pay their debts and liabilities against others.

2. To pay all rights of creditors or make settlements with them. Otherwise, the company may not be liquidated unless a resolution of the complaint shall be issued with regard to the registering of company insolvency in accordance with the creditors' or company's request as per the Companies Act.

If the Company shall be wound up the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Act, divide amongst the members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or difference 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 contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY

139. Subject to the provisions of the Act, but without prejudice to any indemnity to which a Director may otherwise be entitled, every Director or other officer or Auditor of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under section 481 of the Act in which relief is granted to him by the Court from liability for negligence, default, breach of trust in relation on the affairs of the Company.

S/N	NAMES, ADDRESS AND DESCRIPTION SUBSCRIBED	FOR	NUMBER OF SHARES	SIGNATURE
1.	HILLAL HAMAD HILLAL P.O. BOX 15 SHINYANGA		8,000	
2.	HAMAD HILLAL P.O. BOX 15 SHINYANGA		2,000	

Total shares taken: 10,000

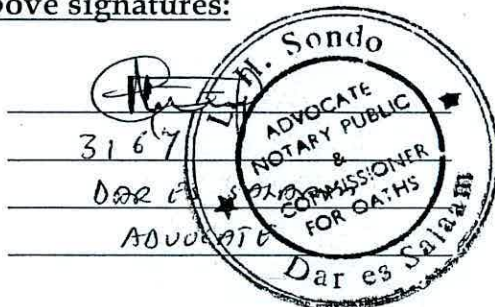
Dated the _____ day of _____ 2008

WITNESS to the above signatures:

Signature: _____

Postal Address: _____

Qualification: _____



Business Plan

Medical Textile Project



March 2013

Cotton Rolls
Cotton Gauze

Cotton Crepe
Bandage

POP Bandage

I.V. FLUID

H.H. HILLAL & CO LTD

ASG Blue Glass Building, Corner of Gerezani & Nyerere Road,
P.O. Box 15236, Dar-Es-Salaam, Tanzania

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TABLE OF CONTENTS

CHAPTER	SUBJECT	PAGE NO
1	EXECUTIVE SUMMARY PRESENTATION	6
	EXECUTIVE SUMMARY	10
2	THE COMPANY	25
2.1	Background	25
2.2	Organization Chart	26
3	GENERAL PERSPECTIVES OF THE DIVERSIFICATION AND EXPANSION PROGRAMME	27
3.1	Introduction	27
3.2	Project Objective and Scope	32
3.3	Location	36
3.4	Production Process	39
3.5	Raw Materials	45
3.6	Utilities	45
3.7	Manpower Requirement	46
3.8	Implementation Schedule	47
4	TECHNICAL ASPECTS OF THE EXPANSION PROGRAMME	49
4.1	Summary of Project Costs	49
4.2	Land, Civil Works and Buildings	50
4.3	Plant and Machinery	51
4.4	Auxiliary Equipment	54

4.5	Preliminary and Pre-Operating Expenses	55
4.6	Contingency Margin	55
4.7	Interest During Construction	56
4.8	Working Capital Requirement	56
4.9	Financing Plan	57
5	THE MARKET	59
5.1	Production Identification	59
5.2	Supply and Demand Analysis	61
6	STRATEGY AND IMPLEMENTATION ISSUES	71
6.1	Business Issues	71
6.2	Marketing and Sales Strategy	71
6.3	Pricing Strategy	72
6.4	Promotion Strategy	72
6.5	Key Success Factors	73
6.6	Consultants to the Project	76
7	RISK FACTORS AND MITIGANTS	77
7.1	Risk Management	77
7.1.2	Currency and Exchange Risk	66
7.1.3	Business Risk	66
8	FINANCIAL ANALYSIS	80
8.1	Revenue Statement	80
8.2	Operating Cost Estimates	80
8.3	Profitability Analysis	86

8.4	Cash flow Projections	87
8.5	Balance Sheet Projections	87
8.6	Break – Even Point Analysis	88
8.7	Pay- Back Period Analysis	88
9	CONCLUSIONS AND RECOMMENDATIONS	89
9.1	Economic Justification	89
9.2	Recommendations	90

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LIST OF APPENDICES

APPENDIX	TITLE	PAGE NO
I	Estimated Cost of Labour	91
II	Computation of Raw and Consumable Materials' Requirement	96
III	Schedule of Working Capital Estimates	97
IV	Projected Revenue Schedules	98
V	Schedule of Depreciation	100
VI	Estimate of Interest Charges	101 :
VII	Projected Profit & Loss Account Statements	104 :
VIII	Projected Cash flow Statements	106
IX	Project Balance Sheet Statements	107
X	Break – Even Point Analysis	108
XI	Pay – Back Period Analysis	109
XII	Calculation of D.S.C.R	110

SECTION ONE

EXECUTIVE SUMMARY

1.1 **T**he company, **H.H. Hillal & Co Ltd**, (a.k.a. Hillal), one of the leading company in the country, for supply and distribution for Medical Textile Project, like Absorbent Cotton Gauze, Absorbent Cotton Rolls, Adult Diapers, Baby Diapers, Maternity Pads, Complete Delivery kits and many other Products. The company has just set up State of Art Cotton Ginning Factory with the Investment of About 6.00 Million USD.

1.2 **T**he main activities of the company is Import and Distribution of Medical Textile Products. The company is one of the leading supplier of products to MSD. The following business plan therefore relates to a proposal by the company to set up vertically integrated manufacturing facility from Cotton Ginning plant till final products and using existing distribution network , involving the manufacture of:

* Medical and Personal Hygiene Textile products such as

Absorbent Cotton Gauze Rolls

Absorbent Cotton Wool Products

Cotton Crepe bandages

Plaster of Paris (POP) Bandages

* **I.V. Fluids**

The diversification programme when fully implemented will enable the plant have the following annual installed capacities:

	<u>Products</u>	<u>Unit</u>	<u>Quantity</u>
[A]	Medical Textile Products		
	* POP Bandage	Pieces	5,220,000
	* Crepe Bandage	Roll	2,088,000
	* Absorbent Cotton Roll	Roll	5,568,000
	* Absorbent Cotton Gauze Roll	Roll	2,485,695
[B]	Medical Products		
	* I.V. Fluid 500 ml	No	50,112,000
	* I.V. Fluid 1000 ml	No	30,067,200

1.3 **T**he proposed outputs are predicated on the company operating three shifts per day each of eight (8) hours per day and for 348 days per annum. The project's capacity utilization is expected to increase from 80% in the first year of resumed commercial operations to 85% in the second year and progressing steadily to 95% from the fourth year onwards.

1.4 **T**he diversification project is to be located Shinyanga Region. The Location of the plant is at the same place which is one of the largest cotton growing area of the country. The company has already acquired about 50 Acres (20 Hectares) of Land for setting up this diversification and expansion plan. The factory location is accessible all year round and is adequately served with such infrastructural facilities as electric power from the national grid, water availability and telecommunication facilities from the private telecommunications operators. To avoid unintended interruptions to its operations, the company has provided alternative power and water resources for its own use.

1.5 **T**he total cost of the project at the completion of the expansion programme is estimated at USD 118.00 Millions, including cost of Land, Building, Plant and Machinery, Pre Operative, Contingency and Margin money for Working Capital.

The total project cost of USD 118.00 at the end of the diversification programme implementation is expected to have been financed from Shareholders' total contribution of USD 17.70 Millions, a long term loan of USD 100.30 Million. The proposed financing plan gives a long-term debt/equity ratio of **85 : 15**.

1.6 **M**arket investigations of the supply and demand scenarios reveal a substantial supply gap for the products of this company. Indeed, local manufacture and supply of most of the products in its product range is negligible. This notwithstanding, key issues on strategy to ensure business success as well as the important success factors that will affect the business operations of this company in the market place have been highlighted. Ditto for the risk factors and their mitigants. Broadly speaking, with excellent quality products, competitive product pricing and a technically competent management team, this diversification programme would assuredly be a huge commercial success. The company's is already into marketing of these products and presently the demand is fulfilled by Importing of these products so market prospects are quite bright.

1.7 **T**he financial projections on the factory's operations at the commencement of the diversification programme reveal satisfactory levels of profitability and liquidity. With Net Sales Revenue of USD 76.30 Millions , the company posts a Profit After Tax (PAT), of USD 7.03 Millions in the very first year of expanded operations. This profit level rises to USD 11.75 Millions by the fifth year. In the


same period under review, tax payment to Government will increase from USD 0.89 Million to USD 5.33 Million .


The cashflow projections show that the company will post positive cash balances for all of the first five years; increasing from USD 5.04 Millions in Year 1 to USD 50.96 Millions by the fifth year.

The Balance Sheet projections also show a healthy trend. The Shareholders' Funds increase from US \$ 17.70 Millions in the first year of expanded operations to US \$ 65.78 Million by the fifth year.

The Break-Even Point Analysis reveals that the company can break even at **60%** of the installed capacity. This compares favourably with the proposed operational capacity of 80% in the first year of expanded operations. In the same vein, the Pay – Back period is estimated to be **6 years and 1 month**. These are considered very satisfactory for a project of this magnitude.



Contents	
<ul style="list-style-type: none"> ▪ Introduction of Project ▪ Highlights of Project ▪ Tanzania Textile Industry ▪ Tanzania Medical Textile Industry ▪ Introduction H.H. Hillal & Co Ltd ▪ Project Details <ul style="list-style-type: none"> - Cost of Project - Production Details - Cost of Production - Estimation of Working Results - Calculation of DSCR - Calculation of Pay Back Period 	

	<div style="text-align: right;"></div> <h3 style="color: green;">Introduction of Project</h3>
	<ul style="list-style-type: none"> ▪ The Project to be executed by H.H. Hillal & Co Ltd, a subsidiary of Phantom Group ▪ The Project is to manufacture the following Products <ul style="list-style-type: none"> – Cotton Ginning Plant – Absorbent Cotton Wool in Roll form of Different sizes (About 8,000 Kgs of 16,000 Roll of 500 gms Per Day) – Absorbent Cotton Gauze (650,000 Mtrs or 6,500 Rolls of 100 Mtrs Per Day) – 100% Cotton Crepe Bandage (5,000 Crepe Bandages Per Day) – Plaster of Paris Bandage (14,000 Plaster of Paris Bandage Per Day) – I.V. Fluid (230,000 Bottles Per Day)

	<div style="text-align: right;"></div> <h3 style="color: green;">Highlights of Project</h3>
	<ul style="list-style-type: none"> ▪ Only Manufacturing Facility of this Kind in whole of Africa. ▪ All products to be manufactured as per British and European Pharmacopeia Standards and WHO ▪ One of the Largest Bleaching Facility for Bleached Cotton in Whole of Africa. ▪ One of the Largest Cotton Rolls Manufacturing facility in Africa. ▪ Largest Absorbent Cotton Gauze Manufacturer in Africa. ▪ Largest Weaving Facility in Whole of Africa (168 Japanese Toyota Air Jet Looms in one Shed) ▪ First 100% Crepe Bandage Manufacturer in Whole of Africa ▪ First I.V. Fluid Manufacturing Plant in Tanzania. ▪ After this manufacturing facility, the Import of these products would stop. ▪ Country would be in position to Export these products to neighboring countries.

Highlights of Project



- Largest Employment Generator in Textile Industry in United Republic of Tanzania
 - Direct Employment - 1750 Nos
 - Indirect Employment - about 5000 Nos
- Every Year Saving of Foreign Exchange worth more than 90 Million USD, through out the life of Project
- Estimated Saving of **877 Million USD** in First 10 Year of Operation.
- Provision of about 50 Million USD of Corporate Tax in First 10 years of Operation.
- Using 10% of Total Tanzania Cotton Production or 20% of Cotton Exported (As per 2010-11 Cotton Production Figures)
- Giving a boost to Medical and Health Sector of the Tanzania and whole of East of Africa.

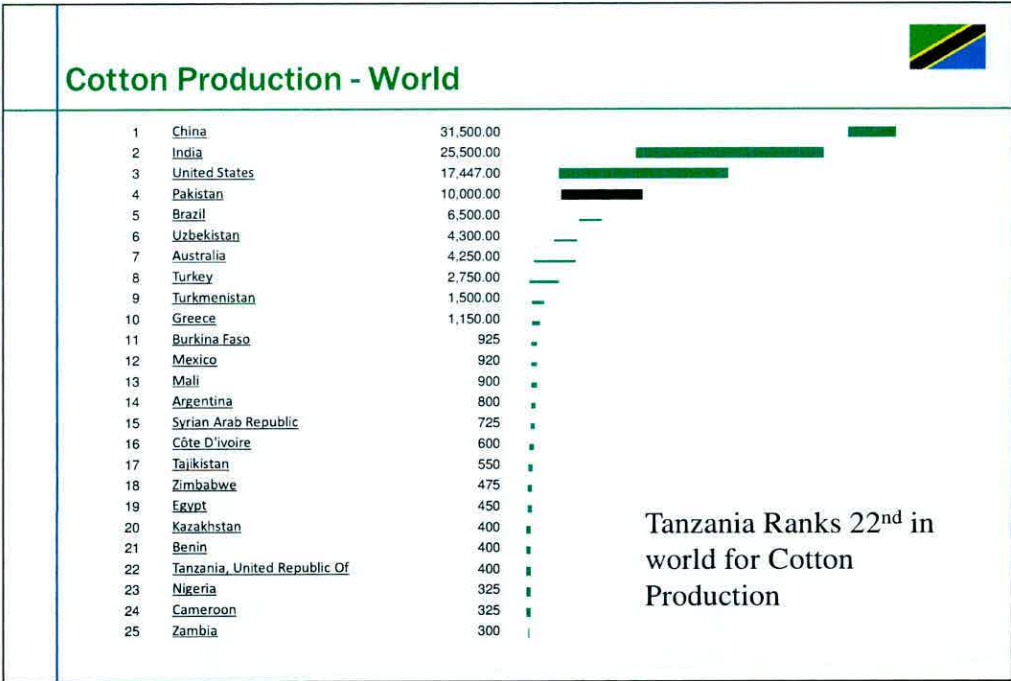
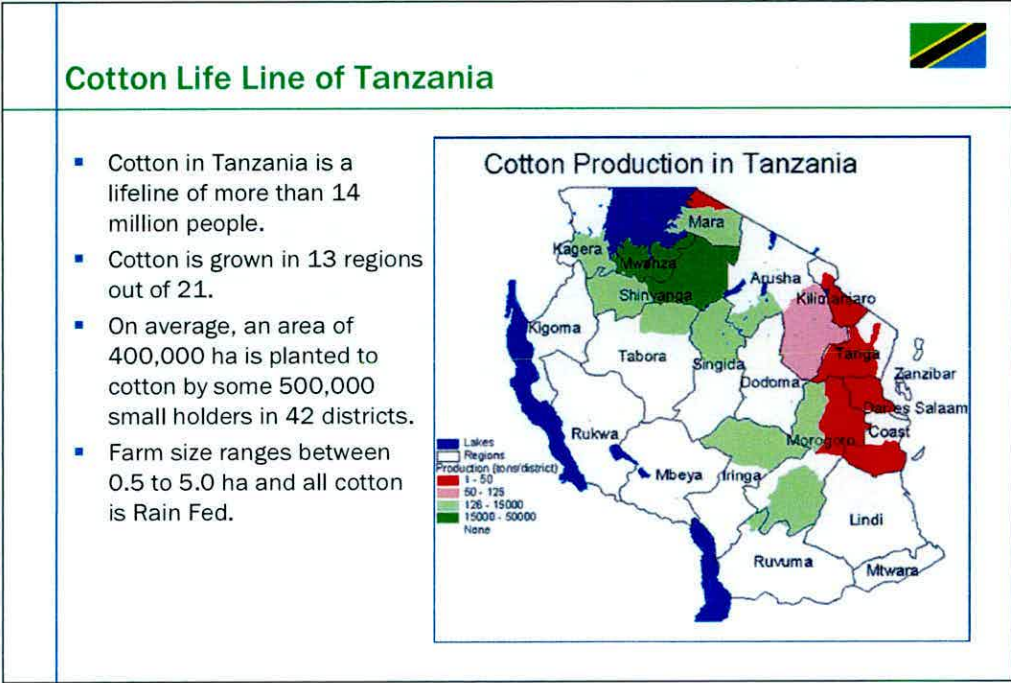
Introduction - Tanzania



Introduction Tanzania



Capital	Dodoma
Largest city	Dar es Salaam
Area	
Total	945,203 km ² (31st) 364,898 sq mi
Water (%)	6.2
Population	
2012 census	44,929,002
Density	46.3/km ² (124th) 119.9/sq mi
GDP (PPP)	
Total	2011 estimate \$63.892 billion
Per capita	\$1,515
GDP (nominal)	
Total	2011 estimate \$23.333 billion
Per capita	\$553



Cotton Production and Yield in Tanzania



Table 2.2: Cotton Production and Yield Trends: 2001/02- 2008/09

Period	Acreage ('000 Hectares)	Yield Kg/ Ha	Production ('000 MT)
2001/02	392	161	63
2002/03	291	172	50
2003/04	459	257	117
2004/05	471	212	100
2005/06	450	214	96
2006/07	459	215	99
2007/08	410	163	67
2008/09	485	256	124

Source: Tanzania Cotton Board; Cotton World Statistics in: Bulletin of the International Cotton Advisory Committee; September, 2009.

In Year 2011 the Productivity is about 750 Kgs/ ha as compared to 2000 Kgs/ ha of world average.

So there is huge potential of increasing the total production of cotton, even if total area for cotton production remain same in coming year.

The similar trend is seen countries like China, India and other cotton Growing countries.

Challenges of Textile Industry in Tanzania



- Inadequate extension services which limit productivity to only 750 kilograms per hectare as compared to the world's average of 2000kg/ha.
- Poor cotton quality
- Continued inadequate local processing of lint into textiles and apparel;
- Low level of expenditure in research development activities;
- Poor infrastructure in particular feeder roads and cotton storage facilities at village level;
- Inadequate resources for the TCB to spearhead issues of cotton promotion and development

(Courtesy TCB, Annual Report 2011)

Introduction H.H. Hillal & Co Ltd



- Phantom group a well established group in Tanzania for Supply of Medical Products in country and Cotton Ginning.
- The group is one of Largest Importer & Suppliers of Absorbent Cotton Gauze in country.
- Seeing the huge Potential in the Filed of Medical Textile, the group has planned to start manufacturing facility of Medical Textile Products.
- The planned Ginning Company would supply cotton for Production of Medical Textile Products.
- The company would be fully integrated from Cotton to Final Products.
- The company will have all the **fully Integrated** manufacturing facility from Cotton to Fabric.


Medical Textile Products - Tanzania





- Presently Tanzania Imports all the Medical Textile Products for its consumption.
- The estimated imports of the products is
 - Absorbent Cotton Wool - About 4.00 Million Rolls/ year
 - Absorbent Cotton Gauze - About 2.00 Million Rolls/ Year
 - 100% Cotton Crepe Bandage - About 8.00 Million Rolls/Year
 - Plaster of Paris Bandage - About 10.00 Million Rolls/Year
- In fact the whole of East Africa is dependent upon Import of these products as there is no manufacturing facility in the Region.

(Estimated figures as per company market research)

Advantage – Tanzania for Medical Product Production 
<ul style="list-style-type: none"> ▪ Availability of Cotton ▪ Tanzania is having huge production of cotton. (It ranked 22nd in World for cotton Production). ▪ 50.56% of Tanzania cotton is having of 27.4- 27.9 mm fiber length, and suitable for these applications. ▪ The cotton is Roller Ginned with low neps and low short fiber content. ▪ 95% is within the Prime Micronaire range of 3.5-4.9 , with high uniformity ratio of 81-85%, which is suitable to High Speed Spinning. ▪ Access to market ▪ The neighboring countries and COMESA countries are easy accessible and there is no manufacturing facility. ▪ Cheap Labor cost compared to other neighbor countries.

Advantage for Country from Project 
<ul style="list-style-type: none"> ▪ This would be Largest textile manufacturing facility in Tanzania (and even in whole Africa) ▪ This project would be Largest Weaving facility in whole of Africa. The Project would be making about 600,000 Mtrs of gauze Fabric per Day. This would be more than the total requirement of Tanzania. The company would be able to export to COMESA countries . ▪ The Project would be manufacturing about 16,000 rolls of 500 gms per day. The company would be able to export Cotton Rolls after fulfilling complete country demand. ▪ After Setting up this project, there will be no need to import these products for Tanzanian Market. ▪ By this country would be able to save more than 90 Million USD in Foreign Exchange, every year.

	<div style="text-align: right;"></div> <h2 style="color: green;">Employment Generation</h2> <ul style="list-style-type: none"> ▪ Largest Employment Generator in Textile Industry in United Republic of Tanzania (Direct Employment -1700 Nos and Indirect Employment – about 5000 Nos) The Project would employ and train local man power and would benefit the whole area for Employment Generation. ▪ Using 10% of Total Tanzania Cotton Production or 20% of Cotton Exported (As per 2010-11 Cotton Production Figures by TCB) The Project would use about 6,636,038 Kgs of Cotton Line per Year, which is about 10% of Total Cotton Lint Production of Tanzania. The total production of Cotton was 66,618,420 Kgs in year 2010-11 (Courtesy TCB) This would directly help the whole chain of Cotton Production and would benefit farmers directly.
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	<div style="text-align: right;"></div> <h2 style="color: green;">Location of Project</h2> <ul style="list-style-type: none"> ▪ The company has selected Shinyanga for setting up the Project. ▪ Shinyanga area produces the maximum cotton in country. ▪ The company has already taken about 50 acres of land. ▪ The site is very near to Shinyanga town and will be developed completely for setting up the project. ▪ The site has following advantages: <ul style="list-style-type: none"> - Close Proximity to largest cotton growing in country - Close Proximity to market. All East African countries are well connected to this region.
--	--

Area wise Cotton Production of Tanzania




Table 1: Seed Cotton Production from 2008/09 to 2010/2011


Zone	Region	2008/09	2009/2010	2010/2011
WCGA	Shinyanga	220,808	174,162	105,143
	Mwanza	75,744	59,637	33,669
	Mara	53,283	10,986	10,705
	Tabora	13,451	4,700	10,737
	Kagera	2,559	15,650	1,827
	Singida	1,300	294	753
	Kigoma	1	1,336	47
	WCGA		367,145	266,765	162,881
ECGA	Manyara	898	172	490
	Morogoro	307	33	73
	Kilimanjaro	84	6	33
	Pwani	84	19	28
	Tanga	157	5	11
	Iringa	23	4	1
	ECGA		1,552	230	636
Total		368,697	267,004	163,517

Shinyanga Region produces about 32% of seed cotton of whole country




Project Details


Products Planned 




Cotton Wool Rolls




100% Cotton Crepe Bandage




I.V. Fluid




Absorbent Cotton Gauze Rolls



POP Bandage



I.V. Fluid

Estimated Project Cost 

		Million USD
DESCRIPTION		AMOUNT
1	Land	9.91
2	Building	16.47
3	Plant & machinery	51.97
4	Service & Utility	19.89
5	Pre-operative expenses	7.52
6	Contingent expenditure	7.19
7	Margin for Working capital	5.04
Total Estimated Project Cost		118.00

Financial Highlights	
Financial Highlights	
Break-even point	70%
Debt service coverage ratio	1.70
Internal rate of return	17%
Pay back period	6.12
Interest rate - Term Loan	5.00%
Interest rate - Working capital loan	5.00%

Production Details					
POP & Crepe Bandage Production Details					
Yearly Production Details in Nos					
PRODUCT/ YEAR	2015	2016	2017	2018	2019
Capacity Utilization	80%	85%	90%	95%	95%
POP Bandage Pcs (10 CmX 4 Mtrs)	4,176,000	4,437,000	4,698,000	4,959,000	4,959,000
Crepe Bandage Roll (10cm X 4.5 Mtrs)	1,670,400	1,774,800	1,879,200	1,983,600	1,983,600
Cotton Rolls Production Details					
Production Details in Kgs					
PRODUCT/ YEAR	2015	2016	2017	2018	2019
Capacity Utilization	80%	85%	90%	95%	95%
Cotton Rolls	2,227,200	2,366,400	2,505,600	2,644,800	2,644,800
Total	2,227,200	2,366,400	2,505,600	2,644,800	2,644,800

Production Details					
Absorbent Cotton Bandage Production Details					
PRODUCT/ YEAR	2015	2016	2017	2018	2019
Utilization %	80%	85%	90%	95%	95%
Absorbent Gauze Rolls					
Gauze Rolls Production	1,988,556	2,112,841	223,7125	236,1410	2,361,410
Gauze Rolls used for POP	16,704	17,748	18,792	19,836	19,836
Total Gauze Rolls for Sales	1,971,852	2,095,093	2,218,333	2,341,574	2,341,574
I.V. Production Details					
PRODUCT/ YEAR	2015	2016	2017	2018	2019
Capacity Utilization	80%	85%	90%	95%	95%
IV Fluid 500 ml	40,089,600	42,595,200	451,00,800	47,606,400	47,606,400
IV Fluid 1000 ml	24,053,760	25,557,120	27,060,480	28,563,840	28,563,840
Total	64,143,360	68,152,320	72,161,280	76,170,240	76,170,240

Cost of Production						
Million USD						
Description		2,015	2,016	2,017	2,018	2,019
1. Raw Materials		21.68	23.11	25.04	25.72	25.72
Sub Total 1		21.68	23.11	25.04	25.72	25.72
2. Consumables						
- Consumable expenses		2.40	2.55	2.70	2.85	2.85
Sub Total 2		2.40	2.55	2.70	2.85	2.85
3. Utilities						
-Power, Steam and Coal		8.55	8.78	9.00	9.22	9.22
- Water		0.17	0.18	0.19	0.19	0.19
Sub Total 3		8.73	8.96	9.19	9.42	9.42
4. Labour Overheads						
-Factory Workers/Staff		6.80	6.80	6.80	6.80	6.80
Sub Total 4		6.80	6.80	6.80	6.80	6.80
5. Factory Overheads						
-Repairs, Maintenance & Stores	2.50%	2.21	2.21	2.21	2.21	2.21
-Insurance on Factory Assets		0.28	0.26	0.24	0.22	0.20
-Other Factory Overheads	2.00%	1.53	1.62	1.72	1.81	1.81
Sub Total 5		4.01	4.09	4.17	4.24	4.22
6. Total 1+2+3+4+5+6+7		43.61	45.51	47.90	49.04	49.02
Total Cost of Production		43.61	45.51	47.90	49.04	49.02

Estimation of Working Results						
Million USD						
Description		2,015	2,016	2,017	2,018	2,019
a. Cost of Production		43.61	45.51	47.90	49.04	49.02
b. Administrative Expenses						
-Administrative Salaries		1.84	1.84	1.84	1.84	1.84
- Other Admin. Overheads	2.00%	1.53	1.62	1.72	1.81	1.81
Total Admin. Expenses		3.37	3.46	3.56	3.65	3.65
c. Packing Expenses		1.53	1.62	1.72	1.81	1.81
d. Sale Expenses	5.00%	3.81	4.05	4.29	4.53	4.53
e. Total Cost Production (a+b+c)		52.17	54.49	57.31	58.88	58.86
f. Expected Sales Ex-factory		76.30	81.07	85.84	90.61	90.61
h. Gross Profit Before interest (f+g-e)		23.98	26.43	28.37	31.57	31.59
i. Financial Expenses						
-Interest on IC Loan		6.02	6.02	5.74	4.98	4.23
-Interest on Borrowing for W. Capital		0.76	0.80	0.85	0.85	0.85
-Bank Charges	1%	0.76	0.81	0.86	0.91	0.91
j. Total Financial Expenses		7.54	7.63	7.45	6.74	5.99
k. Depreciation		8.52	8.52	8.52	8.52	8.52
l. Operating Profit (h-j-k)		7.92	10.28	12.41	16.31	17.09
o. Profit/ Loss before Tax		7.92	10.28	12.41	16.31	17.09
p. Provision for Tax		0.89	1.91	3.09	4.71	5.33
q. Profit after Tax		7.03	8.36	9.32	11.60	11.75

Calculation of D.S.C.R.											
Million USD											
Description	Year under Consideration for DSCR								Total		
	2,015	2,016	2,017	2,018	2,019	2,020	2,021	2,022	2,023	2,024	Total
A) Numerator											
-Retained Profit	7.03	8.36	9.32	11.60	11.75	11.96	12.21	12.51	12.84	13.20	77.72
-Depreciation & Prelim	8.52	8.52	8.52	8.52	8.52	8.52	8.52	8.52	8.52	8.52	59.63
-Interest on Term Loan	6.02	6.02	5.74	4.98	4.23	3.48	2.73	1.97	1.22	0.47	29.15
Total - A	21.57	22.90	23.58	25.10	24.50	23.96	23.46	23.00	22.58	22.19	166.50
B) Denominator											
-Interest on Term Loan	6.02	6.02	5.74	4.98	4.23	3.48	2.73	1.97	1.22	0.47	29.15
-Instalment of Loan	-	-	6.27	12.54	12.54	12.54	12.54	12.54	12.54	12.54	68.96
Total - B	6.02	6.02	12.00	17.52	16.77	16.02	15.26	14.51	13.76	13.01	98.11
DSCR A/B	3.58	3.81	1.96	1.43	1.46	1.50	1.54	1.58	1.64	1.71	1.70
Average DSCR	1.70										

Calculation of Pay Back Period



DESCRIPTION		Million USD				
		2,015	2,016	2,017	2,018	2,019
A. Investment						
1. Total Investment	118.00					
2. Less Margin Money	5.04					
Net Investment (1-2)	112.96					
B. Net Inflows						
1. Net Profit after Tax		7.03	8.36	9.32	11.60	11.75
2. Depreciation		8.52	8.52	8.52	8.52	8.52
Total		15.55	16.88	17.84	20.12	20.27
Cumulative		15.55	32.44	50.28	70.40	90.67
Pay back period	(112.96	-	50.28	)		62.68
	3 +	-----			=	-----
	(70.40	-	50.28	)		20.12
					=	3.12
	3 +	3.12	=	6.12	Years	



Thank You

SECTION TWO

THE COMPANY

2.1 BACKGROUND

H. H. Hillal & Company Limited was incorporated in the years 2008 as a limited company and the company is situated at the main land of Tanzania with the object of importers, suppliers, distributors and dealers of Medical and Personal Hygiene Products such as Cotton Rolls, Absorbent Bleached Gauze, Baby Diapers of different varieties, Adult Incontinent Products and Diagnostics items.

The company is supplying these products in Local Market for different Government Agencies like MSD (Medical Supply Department).

Chairman Mr. H. H. Hillal is having experience and business history of 30 years in the Trading field participated in various global tenders. Now the Company started the operation of the Diapers Division and Electronic Division is very promising way

Mr Hamad Hillal Hamad is a Tanzanian and second shareholder of the H.H.Hillal & Company Limited with shareholding of 20%. Mr Hamad Hillal was born in 1982, a graduate with Bachelor of Business Administration (BBA) from UK and currently taking his MBA. Mr Hamad Hillal is a young and energetic new generation manager and leader, who have gain extensive experience in working closely with the management of all H.H. Hillal & Company Limited affiliated and associated companies. He is currently a Board of Director member in several companies in Tanzania affiliated to H.H.Hillal & Company Limited.

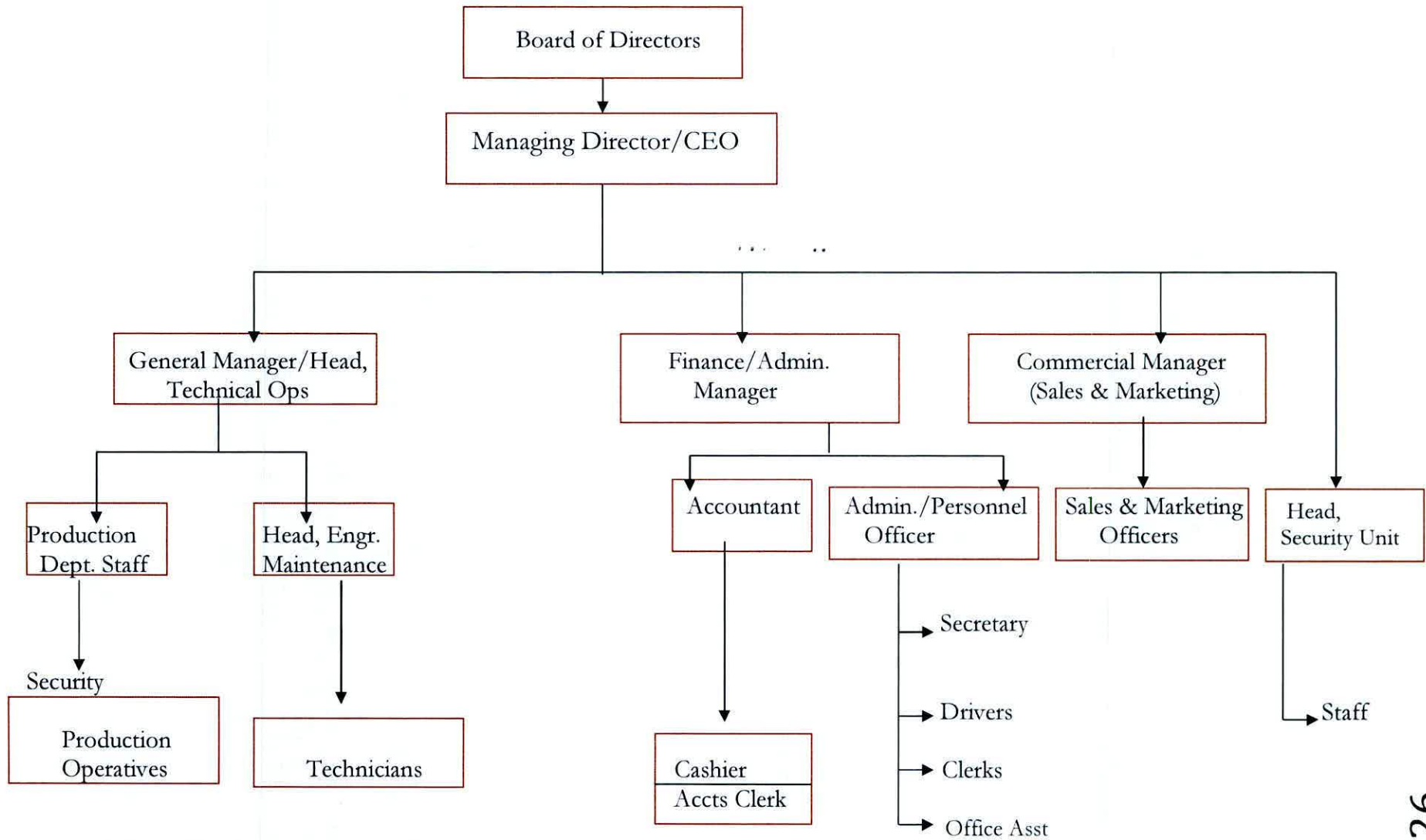


Fig 1: H.H. & Hillal Co Ltd– Company Organogram

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SECTION THREE

GENERAL PERSPECTIVES OF THE DIVERSIFICATION AND EXPANSION

3.1 INTRODUCTION

The company is setting up 2 different product range for Strengthening of Medical Industry of United Republic of Tanzania. These range of Product Range are:

- A. Medical Textile Products**
- B. Saline Water or I.V. Fluid**

A. Medical Textile Products

The textile industry occupies a unique position because clothing is a basic human need – both for protection from adverse weather and enhancement of appearance.

The textile industry is linked to the clothing, furnishing, cordage, bagging, chemicals and petrochemicals industries and it is strategic in terms of the nation's overall industrialization efforts because of its high absorption capacity of engineering goods and services. Aside from the fact that it is a massive employer of labour, the industry contributes to manpower development and training, applied technology and industrialization.

The process of producing finished clothing materials involves:

- Spinning - the process by which the cotton fibre is transformed into yarn.
- Weaving - the process by which the yarn is transformed into fabrics.
- Processing - the process where the grey fabric from the weaving section is & Finishing subjected to various mechanical and chemical treatments to enhance its commercial value.

(i) Apart from the usages of Textile in garments and other applications, these days textiles are used for the many other applications which does not come in Garment and other conventional purposes. These areas of application are called "**TECHNICAL TEXTILES**".

(ii) One of the largest application in "**TECHNICAL TEXTILES**" is Medical, and Personal Hygiene Applications. For Medical Applications various products from the Textile Segment is used for various applications. Some of the Basic Products are:

a. **Absorbent Bleached Cotton Rolls**

These are used for Wound Management, Cleaning the wounds, Dressing and other applications. These rolls are made in different weights like 50 gms, 100gms, 250 gms, 400 gms and 500 gms.

b. **Absorbent Cotton Gauze Rolls**

The Gauze is woven fabric and then bleached and converted in the form of rolls. These are used for all Wound Care Management applications, Surgery and Operation

Procedures. This is one of the basic products required in all the Hospitals and Nursing Care

c. **Cotton Crepe Bandage**

This is woven in Narrow Width and is having the Stretch for compression. This used to treat muscle sprains and strains by reducing the flow of blood to a particular area by the application of even stable pressure which can restrict swelling at the place of injury

d. **POP Bandage**

This is manufactured by coating of Plaster of Paris on the Gauze Fabric using special technique and then dried. This is used directly after dipping in Water. These are used for treatment of Broken Bones.

(iii): All the above products are manufactured using cotton and cotton yarns. The company is already having the Cotton Ginning Plant. The company has decided to forward integrate Cotton Ginning with the following facilities to manufacture all the above products:

A. **Cotton Spinning**

The company is planning to self sufficient in production of cotton yarn to manufacture Cotton Gauze Fabric for Absorbent Cotton Gauze Rolls, POP Bandage and Cotton Crepe Bandage. The proposed Spinning plant would be with Latest and State of Art Machines with about 26,400 Spindles. This would be one of the Largest Spinning Plants in Tanzania having the Production Capability of about 11,250 Kgs per day with Average count of Ne 36s

B. Cotton Weaving

The proposed weaving Facility would be manufacturing Cotton Gauze fabric used for Absorbent Cotton Gauze Rolls and Gauze required for POP Bandage. For this company has selected high speed "Air Jet" machines from the World Reputed "TOYOTA" machines. These machines are capable to run on the speed of more than 1000 Picks per Min. The company has planned to install about 168 Air Jet Weaving Machines. **This would be largest Installation of these machines in "WHOLE OF AFRICA"** and would have the capacity to manufacture about 700,000 Mtrs of Gauze Fabric of 90 cm wide.

C. Bleached Cotton Production

To manufacture Absorbent Bleached Cotton Rolls, first cotton is bleached. This is done using special machines and Technology. the company is planning to manufacture about 8,000 Kgs of Bleached cotton per day.

D. Cotton Rolls

The bleached cotton would be converted in to cotton rolls. The cotton rolls would be manufactured using the latest Technology and Double Doffer Carding Machines, Conveyors and Cotton Rolling Machines. The cotton rolls would be manufactured directly from machines and would not be hand touched for best Hygienic Conditions.

E. Narrow Width Cotton Weaving

This is used for manufacturing of Cotton Crepe Bandage.

The manufacturing of 100% Cotton Crepe Bandage is using special Technology and Technique.

F. Fabric Processing

The company is planning to have the complete in house

Processing of all the Gauze Fabric and Cotton Crepe

Bandage. This would be also "**LARGEST PROCESSING CAPACITY IN AFRICA**" , with the capacity of more than 700,000 Mtrs per day.

G. POP Bandage

To manufacture POP Bandage, special Coating machine with the capacity of Coating of Plaster of Paris will be used.

- (iv) After this Diversification and Expansion Plan, the company would be one the **LARGEST** and **ONLY** manufacturer of all these products in "**WHOLE OF AFRICA**"

B. Saline Water/ I.V. Fluid

Intravenous fluids are chemically prepared solutions that are administered to the patient. They are tailored to the body's needs and used to replace lost fluid and/or aid in the delivery of IV medications. For patients that do not require immediate fluid or drug therapy, the continuous delivery of a small amount of IV fluid can be used to keep a vein patent (open) for future use. IV fluids come in different forms and have different impacts on the body.

Most IV fluids are packaged in soft plastic or vinyl bags of various sizes (10, 50, 100, 250, 500, 1,000, 2,000, and 3,000 milliliters)

The company is planning to manufacture most common sizes 500-, and 1,000-milliliter bags, but the machines selected would have the capacity to manufacture all the sizes up to 1,000 milliliters.

On Starting of Production of this Plant, this would be **ONLY MANUFACTURING FACILITY OF SALINE WATER PLANT IN TANZANIA**

3.2 PROJECT OBJECTIVE AND SCOPE

Amongst the myriad of problems facing the Tanzanian textile industry, two challenges stand out: dumping of cheap textile imports from China and other South East Asian countries as well as the present situation in the country. These problems have led to the shutting down of most of the textile plants in the country. It is against this background that the company has decided to evolve a strategic and comprehensive approach to overcome these problems by manufacturing **more value added products and products requiring the Special Technology**. Thus the proposed diversification and expansion programme of the company involves the manufacture of:

- Medical and Personal Hygiene Textile products; and
- Saline Water or I.V. Fluids

All the selected products are import-substitution and export-based products. This will help reduce the country's dependence on imports for these products and potential of Exports of these Products to Neighbouring Countries. Details of the products in these two broad groups are as follows:

(i) **Medical & Personal Hygiene Textile Products**

	<u>Products</u>	<u>Market</u>	<u>End-use</u>
a)	Absorbent Cotton Wool Products * Cotton Rolls	Domestic & Export	This range of products is used for Medical & Personal Hygiene applications.
b)	Cotton Crepe bandage Products * Crepe Bandages (Self-Edged Type)	Domestic & Export	This type of product is used in medical especially where 100% cotton is required
c)	Plaster of Paris (POP Bandages) * POP Bandages	Domestic& Export	This product has major usage for orthopaedic application
d)	Absorbent Cotton Gauze Rolls * Absorbent Cotton Gauze Rolls	Domestic& Export	This product has major usage for Wound Management and Operational Procedures.

(ii) **Saline Water (I.V. Fluids)**

a)	Saline Water - * Saline Water (I.V. Fluid)	Domestic& Export	This product has major usage for Critical Patient Care.
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Cogent reasons have been adduced for going into the production of these products. Amongst others, these include the fact that:

- * currently, no manufacturing of the suggested products and there is virtually no export of these products from United Republic of Tanzania.
- * the present products are mostly from Import Source while country is exporting of exporting raw material used for these products i.e. Ginned Cotton.
- * the regular out flow of Hard Currency for Import of these products.
- * the products imported are high volume products and in case of Saline Water, it is virtually import of Water only
- * to manufacture these products, transfer of technical know-how is essential along with training and technical management of the plant. This will also act as entry barrier for competitors.

:

The plant as configured, while operating three shifts each of eight (8) hours per days, 29 Days a month and 348 days per annum, will have the following installed capacities:

	<u>Products</u>	<u>Unit</u>	<u>Quantity</u>
[A]	Medical Textile Products		
	* POP Bandage	Pieces	5,220,000
	* Crepe Bandage	Roll	2,088,000
	* Absorbent Cotton Roll	Roll	5,568,000
	* Absorbent Cotton Gauze Roll	Roll	2,485,695
[B]	Medical Products		
	* I.V. Fluid 500 ml	No	50,112,000
	* I.V. Fluid 1000 ml	No	30,067,200

Capacity utilization for the first year of operation is estimated to be 80%, rising to 85% in the second year and progressing steadily to 95% by the fourth year of resumed commercial operations. Actual production figures for these periods will be as follows:

Production Quantities for Year 1 - 5

Yearly Production Details in Nos					
PRODUCT/ YEAR	2015	2016	2017	2018	2019
Capacity Utilization	80%	85%	90%	95%	95%
POP Bandage Pcs (10 CmX 4 Mtrs)	4,176,000	4,437,000	4,698,000	4,959,000	4,959,000
Crepe Bandage Roll (10cm X 4.5 Mtrs)	1,670,400	1,774,800	1,879,200	1,983,600	1,983,600
Cotton Rolls	2,227,200	2,366,400	2,505,600	2,644,800	2,644,800
Gauze Rolls Production	1,988,556	2,112,841	223,7125	236,1410	2,361,410
Gauze Rolls used for POP	16,704	17,748	18,792	19,836	19,836
I.V. Fluid 500 ml	40,089,600	42,595,200	451,00,800	47,606,400	47,606,400
I.V. Fluid 1000 ml	24,053,760	25,557,120	27,060,480	28,563,840	28,563,840

3.3 LOCATION

The Currently, H.H.Hillal & Company Limited is located centrally at the Centre of Dar es Salaam City in Tanzania, East Africa. The Main offices are situated at Blue Glass Building at the junction of Gerezani road and Nyerere Road.

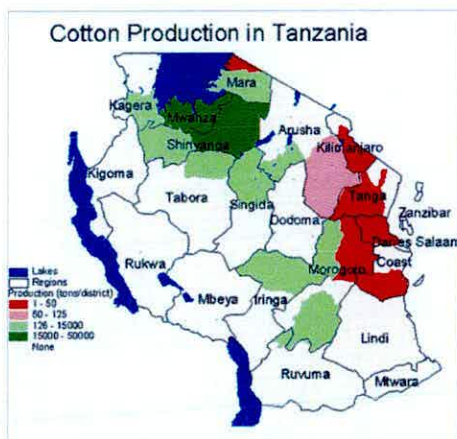
The Company occupies the first floor of the Building with more than 500 square meters of office space in spacious office building in the Dar es Salaam City Centre.

The Proposed Plan of the company is set up the manufacturing facility in the Shinayanga Region of the country. This region accounts for about 32% of total cotton production of the country.

The summary of Cotton Production in the United Republic of Tanzania is as follows:

Cotton is Life Line of Tanzania

- Cotton in Tanzania is a lifeline of more than 14 million people.
- Cotton is grown in 13 regions out of 21.
- On average, an area of 400,000 ha is planted to cotton by some 500,000 small holders in 42 districts.
- Farm size ranges between 0.5 to 5.0 ha and all cotton is Rain Fed.



Tanzania Ranks 22nd in the World for cotton Production



WORLD COTTON PRODUCTION MAP

Year Wise Cotton Production of Tanzania

Tanzania, United Republic of								
(000) 480-pound bales								
Year (Aug. 1 - July 31)	Beginning Stocks	Production	Imports	Total Supply	Mill Use	Exports	Ending Stocks	SUR*
2012	350	400	0	750	150	225	375	100.00%
2011	335	315	0	650	150	150	350	116.67%
2010	435	275	0	710	150	225	335	89.33%
2009	440	410	0	850	140	275	435	104.82%
2008	285	570	0	855	165	250	440	106.02%
2007	295	310	0	605	170	150	285	89.06%
2006	302	200	0	502	110	97	295	142.51%

Confidential and Not for Circulation

Prepared by

2005	248	575	0	823	120	401	302	57.97%
2004	152	525	0	677	70	359	248	57.81%
2003	142	235	0	377	70	155	152	67.56%
2002	137	280	0	417	60	215	142	51.64%
2001	116	230	0	346	55	154	137	65.55%
2000	124	188	0	312	50	146	116	59.18%

Source: USDA-Foreign Agriculture Service

*Stocks-to-Use Ratio: Calculated by dividing Ending Stocks by Total Use(Use & Exports)

The Major usage of cotton is for Exports and Country consumption of cotton is not increasing.

After completion of this planned Diversification plan, the company would be able to use about 10% of Total Cotton Production of Country. This would make the company the **Largest Single Source of Cotton Consumer in the Country.**

Cotton Production in different Regions of Country:

Table 1: Seed Cotton Production from 2008/09 to 2010/2011

Zone	Region	2008/09	2009/2010	2010/2011	
WCGA	Shinyanga	220,808	174,162	105,143	
	Mwanza	75,744	59,637	33,669	
	Mara	53,283	10,986	10,705	
	Tabora	13,451	4,700	10,737	
	Kagera	2,559	15,650	1,827	
	Singida	1,300	294	753	
	Kigoma	1	1,336	47	
		WCGA	367,145	266,765	162,881
ECGA	Manyara	898	172	490	
	Morogoro	307	33	73	
	Kilimanjaro	84	6	33	
	Pwani	84	19	28	
	Tanga	157	5	11	
	Iringa	23	4	1	
		ECGA	1,552	230	636
		Total	368,697	267,004	163,517

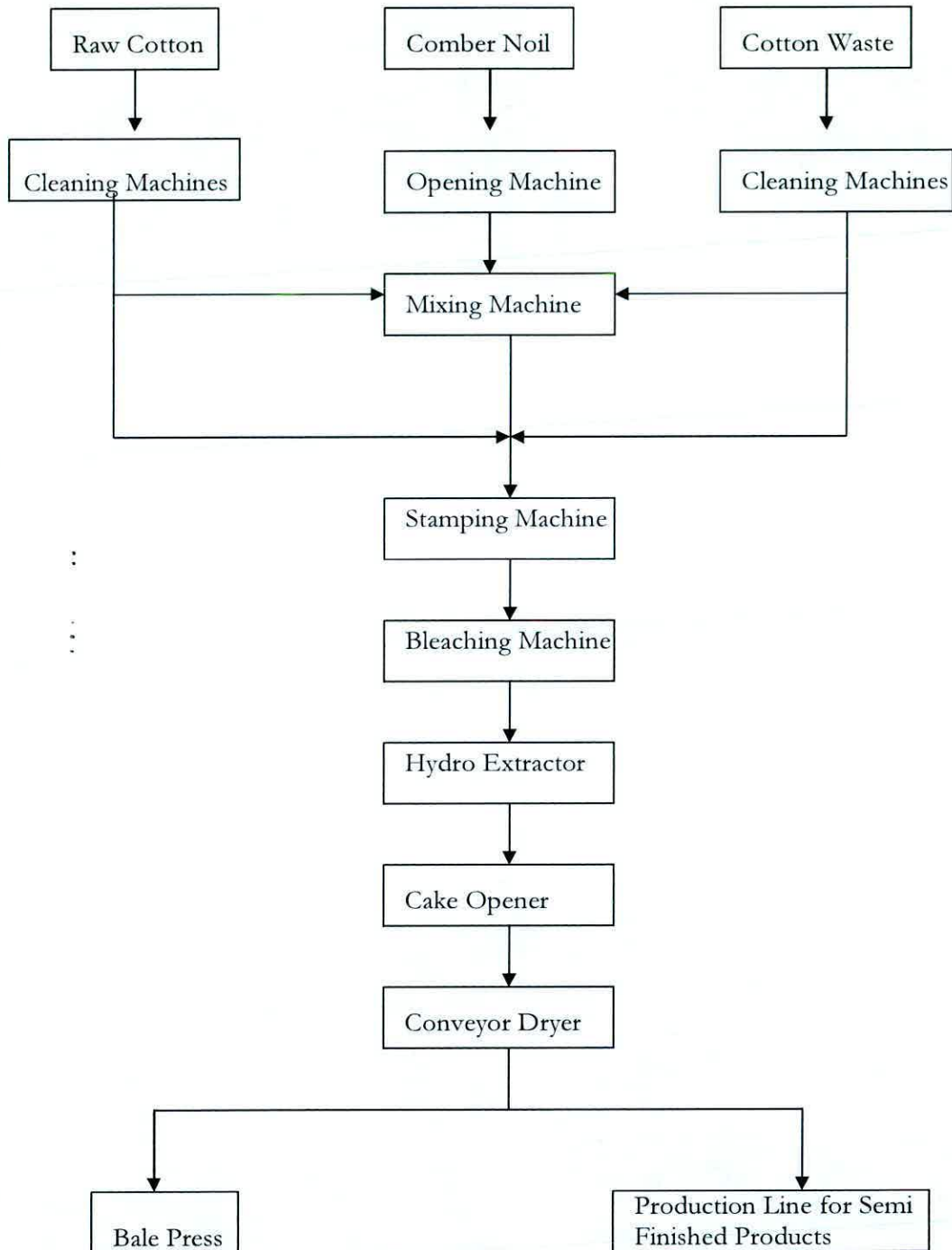
Shinyanaga Region accounts for about 32% of total cotton production of the country, so the selection of location is Ideal for production of these products. The Region is also well connected with whole of Country and neighbouring countries and whole of COMESA region.

3.4 PRODUCTION PROCESS

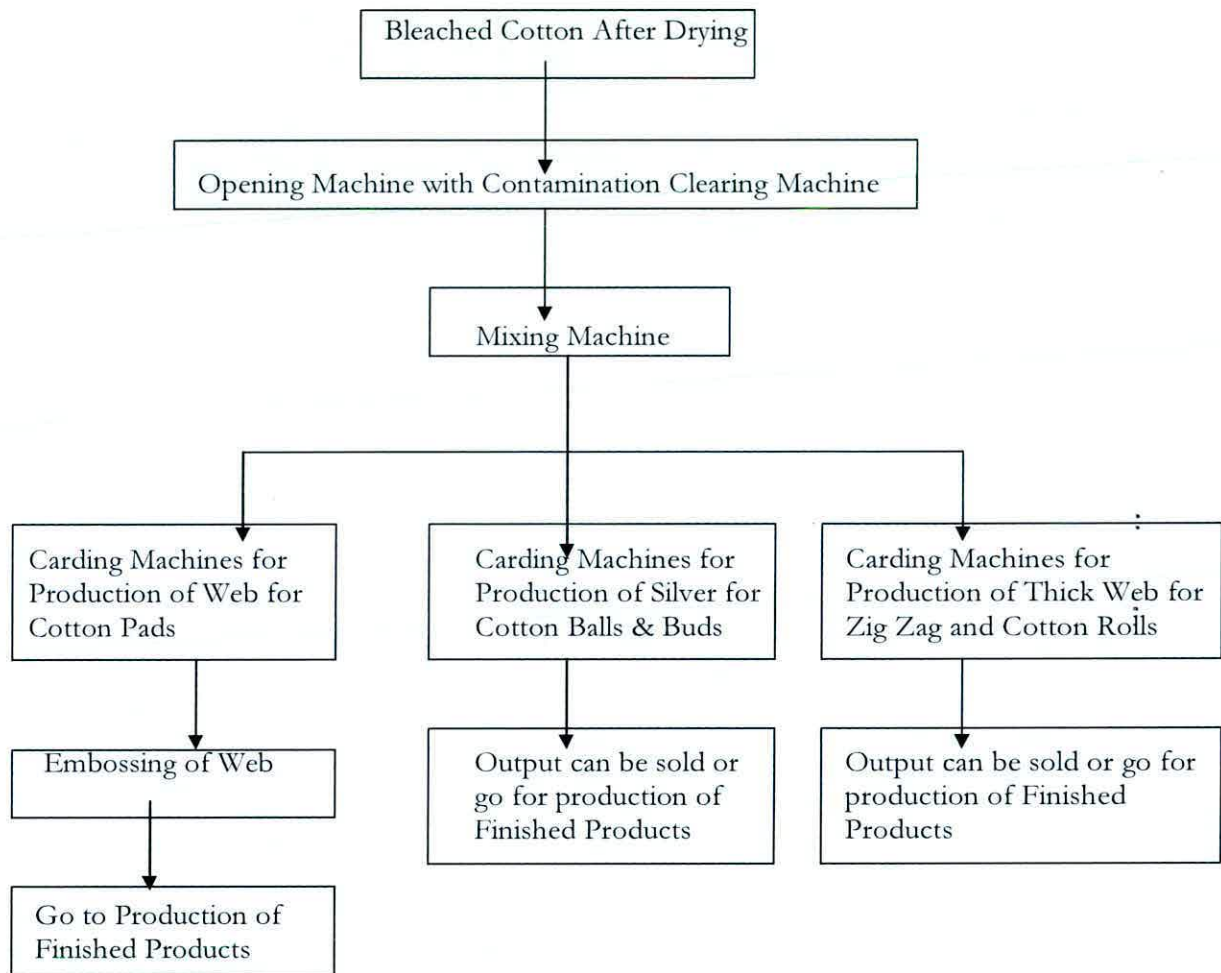
Production Process for Medical Textile Products:

The manufacturing processes for the production of the company's products are shown schematically below:

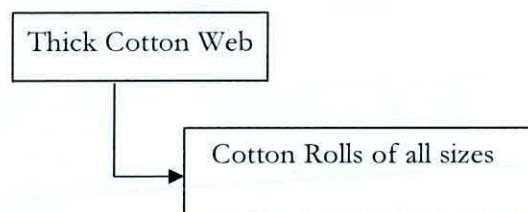
3.4.1 PRODUCTION OF ABSORBENT BLEACHED COTTON



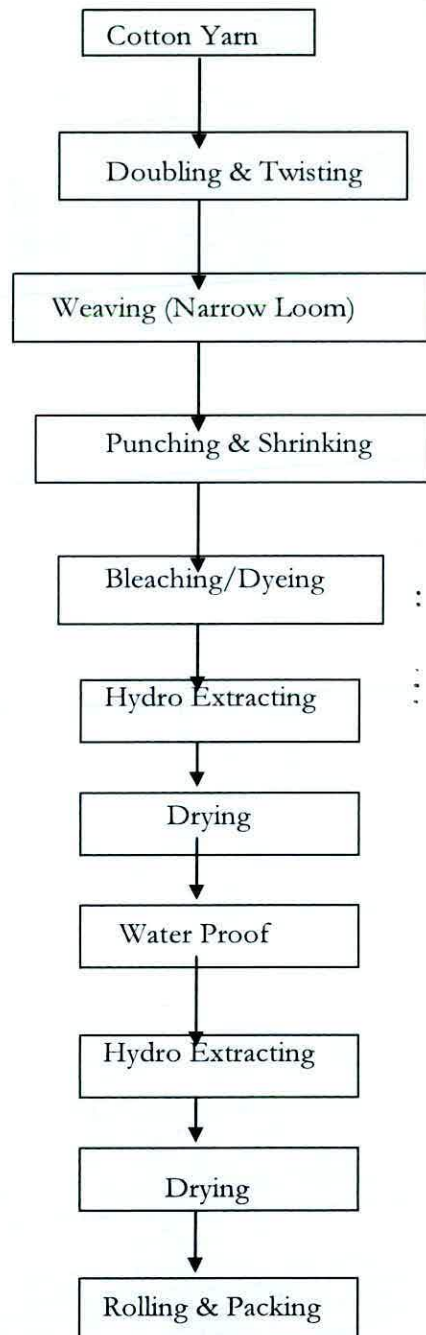
PRODUCTION LINE FOR SEMI FINISHED PRODUCTS



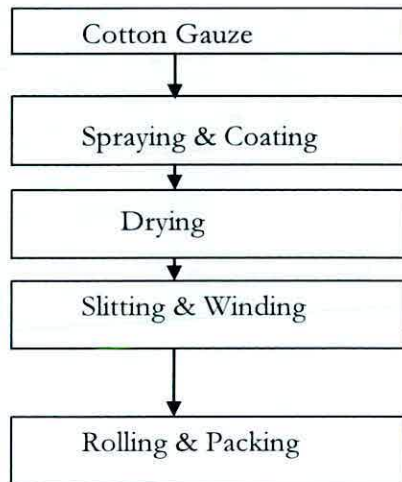
PRODUCTION OF FINISHED PRODUCTS



3.4.2 PRODUCTION OF CREPE BANDAGE

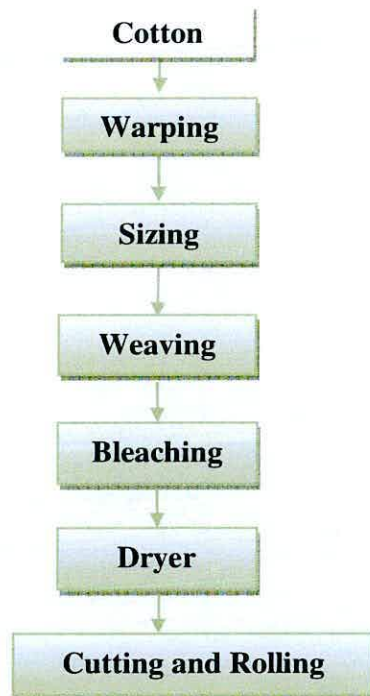


3.4.3 PRODUCTION OF POP BANDAGE

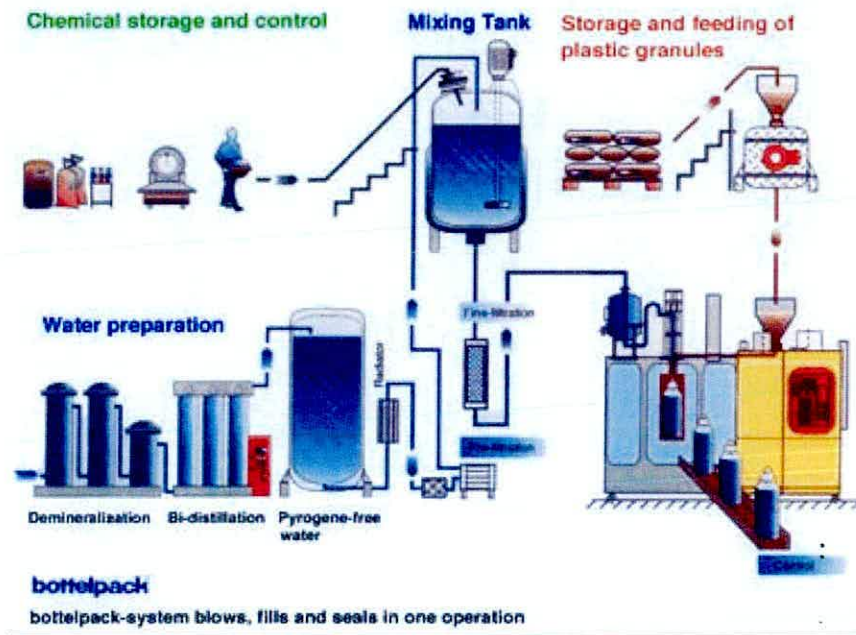


3.4.4 PRODUCTION GAUZE FABRIC

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:
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3.4.5 PRODUCTION PROCESS FOR SALINE WATER (I.V. FLUID)



Blow-Fill-Seal machines (BFS) are usually placed where the filling machines of the conventional filling process had been installed. A typical Blow-Fill-Seal process is shown above. Following water preparation, product preparation and sterile filtration, the filling product is fed in sterile condition to the BFS machine. The plastic granulate is transported from the resin material storage to the BFS machine, is processed there to plastic packaging, filled with the filling product and sealed immediately.

3.5 RAW MATERIAL

Cotton is the main raw material for the Whole range of Medical Textile Products planned. The company has its own Ginning Plant, which would be the source of supply of the Ginned Cotton. The company is in house producing Cotton Yarn, fabric and all the Products.

Raw Material for Saline Water is mostly Water and the company would be installing the Best Treatment Plant for making Water Suitable for Medical Applications.

3.6 UTILITIES

The following utilities are required by the project to ensure smooth operations:

- ❖ Electricity;
- ❖ Water;
- ❖ Compressed Air;
- ❖ Fuel;
- ❖ Fire fighting equipment;
- ❖ Material handling equipment.

(i) Electricity Supply

The factory of H.H. & Hillal Co Ltd would be linked with the national grid However the provision of Back Up Power is also planned in the Project.

(ii) **Water Supply**

The company's water requirement is substantial and this would be met using Industrial Bore well.

(iii) **Compressed Air**

To meet its compressed air need, the company is installing required Compressors.

(iv) **Fuel & Lubricants**

Adequate storage facilities for normal production requirements for diesel (AGO), petrol (PMS) and grease are available. These items, which will be required for daily operations are usually obtained from local petroleum products marketing companies. No problems are envisaged with respect to their regular availability through the usual sources.

(v) **Material Handling & Fire Fighting Equipment.**

The operation of the company involves the use of sundry material handling equipment. In addition, since the possibility of fire outbreak is quite real, the company would be installing sufficient fire fighting equipment. Fire hydrants with standard gauges, valves, pumps and pipings stationed at strategic locations within the factory premises.

3.7 **MANPOWER REQUIREMENT**

At full operations, the company would give direct employment to more than One Thousand Seven Hundred and Fifty (1750) persons, of which about One Hundred fifty-five will be in the managerial cadre.

3.8 IMPLEMENTATION SCHEDULE

The activities preceding the implementation of this diversification project such as negotiations for the term loan facility, etc. are expected to be resolved before the start of actual implementation. This programme is envisaged to go into commercial operations after about eighteen (18) months from the start of active implementation. Given below is the schedule of implementation for this project.

:
:
:

←———— Period [Months] —————→

0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

Reach complete Agreement on the Project and get a Loan offer	xxx																			
Acceptance of Loan offer and signing of Agreement.	xxx																			
Meeting pre-disbursement conditions & perfecting all Legal matters			xxx	xxx																
Loan draw down and order the Plant & Machinery					xxx															
Complete Civil works at the factory building						xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx					
Delivery & Installation of Plant and Machinery												xxx	xxx	xxx	xxx					
Test Run and Commissioning																	xxx	xxx		
Full Commercial Operations																			xxx	xxx

SECTION FOUR

TECHNICAL ASPECTS OF THE EXPANSION PROGRAMME

4.1 SUMMARY OF THE PROJECT COST

The total cost of the project at the completion of the expansion programme is estimated at US \$ 118.00 Million. The new investment is made up of US \$ 112.96 Million in Fixed Capital and US \$ 5.04 Million in Margin of Working Capital. The summary of the total project cost is as detailed below:

DETAILS OF ESTIMATED PROJECT COST

		Million USD
	DESCRIPTION	AMOUNT
1	Land	9.91
2	Building	16.47
3	Plant & Machinery	51.97
4	Service & Utility	19.89
5	Pre-operative expenses	7.52
6	Contingent expenditure	7.19
7	Margin for Working capital	5.04
	Total Estimated Project cost	118.00

4.2 LAND, CIVIL WORKS AND BUILDINGS

The proposed plant is to be set up in the Shinyanga Region of the country and the company has already acquired the total land of about 50 Acres (About 20 Hectares). The company would be developing the complete complex for with independent life line required for the project.

The whole complex would be having different buildings for Production, Administrative Office, Utility like Boiler, Electrical Room, DG House, Waste Water Treatment Plant, Research and Development Centre, Canteen etc.

The complex would also have the Residential Complex for essential Engineering Staff.

The Details of Land Cost and Cost of Development required with estimated cost are as follows:

Description		Million USD		
		Cost to be Incurred		Grand Total
		Estimated Cost	Total	
(1) LAND & SITE DEVELOPMENT				
(a) Area of Land				
In Acres	50			
In Sq. Mt	2,02,400			
(b) Rate of land per Sq Mtrs (USD)	35			
(c) Cost of land		7.08	7.08	7.08
(d) Site Development Charges		1.32	1.32	1.32
Rs. per Sq Mtrs	7			
(e) Cost of laying roads (internal roads for the factory)		0.76	0.76	0.76
(f) Cost of fencing/ compound wall		0.75	0.75	0.75
Total		9.91	9.91	9.91

The Details of all the Building Required with Estimated Cost is as follows:

Sl	Description	Length Mtrs	Width Mtrs	Height Mtrs	Area (Sq mts)	Rates USD/Sq Meter	Cost Million USD
1	Raw Material Godown	40	70	7	2800	300	0.84
	Spinning	140	70	7	9800	300	2.94
2	Warping & Sizing	45	70	7	3150	300	0.95
	Air Jet Looms	110	70	7	7700	300	2.31
	Bleaching & Drying	60	35	7	2100	300	0.63
	Inspection & Packing	40	35	7	1400	300	0.42
	Fiber Bleaching	30	35	11	1050	300	0.32
	Carding & Cotton Rolls	50	35	7	1750	300	0.53
	Saline Wate Plant	60	40	5	2400	900	2.16
	Corrugation Plant	90	25	9	2250	300	0.68
	Finishing Godown	60	35	7	2100	300	0.63
	Humidification & Plant Office	300	10	5	3000	300	0.90
	Waste Godown	30	30	7	900	300	0.27
	Boiler Room	40	20	14	800	300	0.24
	Electrical Room	50	20	5	1,000	300	0.30
	Water Treatment Plant	30	20	5	600	300	0.18
	Water Tanks						0.3
	Civil Cost for Waste Water Treatment Plant						0.25
	Engineers, Director Residence	80	30		2,400	600	1.44
	Grand Total				45,200		16.27

4.3 PLANT AND MACHINERY

The company would be purchasing all the State of Art and best machines for manufacturing the planned products. The Estimated cost of Installed Plant and Machinery is about US \$ 51.97 Million. The summary for the machines planned is as follows:

Description		Million USD		
		Cost to be Incurred		Grand
		Cost	Total	Total
PLANT & MACHINERY				
(a) Import Machinery				
i. CIF Value		50.45	50.45	50.45
ii. Clearing loading, unloading & transport charges to factory site	2.00%	1.01	1.01	1.01
(b) Foundation, Installation & other charges	1.00%	0.51	0.51	0.51
Total of Plant and Machinery		51.97	51.97	51.97

The Details of Individual Cost of Plant & Machinery is as follows:

Particulars of Plant	BASIC COST	Price CURRENCY	Price in Million USD
Cotton Ginning Plant	6,000,000	USD	6.00
Cotton Spinning Plant	7,150,000	USD	7.15
Absorbent Bleached Cotton Roll Plant	5,550,000	USD	5.55
Absorbent Gauze Roll Plant	17,850,000	USD	17.85
Crepe Bandage Plant	1,200,000	USD	1.20
POP Plant	1,200,000	USD	1.20
Saline Water Plant	4,000,000	EURO	10.40
Corrugation Plant	1,100,000	USD	1.10
Total Plant & Machinery			50.45

The complement of plant and machinery for this expansion programme will be acquired from a number of machinery suppliers based in India, South Korea, Germany, Switzerland and Italy. These issues will be co-ordinated by Messrs. Onella Consulting Pvt Ltd, the technical partners to H.H. Hillal & Co Ltd:

Messrs. Onella Consulting Pvt Ltd
108, Ambica Vihar,
Paschim Vihar,
New Delhi - 110087,
India.

The machinery to be acquired will be capable of producing export-quality high-tech Medical textile products and Saline Water Project. Indeed all the products to be produced will be with transfer of technology; this acting as entry barrier for otherwise interested local entrepreneurs.

...

INSTALLATION AND COMMISSIONING

The installation work would be supervised directly by the machinery suppliers. The costs of technical know-how, supervision of installation and commissioning is already included in the cost of machines. The company will be bearing only Local Accommodation and Food for Engineers.

4.4 SERVICES & UTILITY EQUIPMENT

The total Installed cost of these Services & Utility equipment for Main plant and machinery to be procured is put at US \$ 19.5 Million, with the summary of cost as follows::

Description		Million USD		
		Cost to be Incurred		Grand
		Cost	Total	Total
(3) SERVICES & UTILITY IMPORTED				
i. CIF Value		19.50	19.50	19.50
ii. Clearing loading, unloading & transport charges to factory site		2.00%	0.39	0.39
TOTAL SERVICES & UTILITY		19.89	19.89	19.89

4.5 PRE-OPERATING EXPENSES

The following pre-commissioning operating expenses will be incurred:

			Million USD	
DESCRIPTION			AMOUNT	
1	Estimated time to Start Commercial Production (In Months)		8	
2	Establishment			
i)	7 Months Salary - Admin. Staff	7	1.073	
ii)	7 months 25% salary of Total factory staff & workers	7	0.771	
	Total			1.844
3	Technical Know How, Consulting Expenses			3.00
4	Travelling		0.110	
5	Training Expenses		0.240	0.350
6	Interest during construction period			
a)	Cost of Land, building, plant and Machinery & M.F.A		98	
b)	Funds utilised 100%		98	
c)	Average Term Loan Utilised		65	
d)	Interest		2.183	2.183
7	Insurance			
(i)	Cost of Bldg, Plant & Machinery & misc. fixed assets		98	
(ii)	Funds Utilised 100%		98	
(iii)	Insurance @ 0.15%	0.15%		0.147
	TOTAL			7.52

4.8 CONTINGENCY MARGIN

Seeing the size and volume of the Project, contingency margin of 7.5% on the cost of the fixed assets to be acquired has been provided for. This is to cover probable physical omissions, and any variations in prices and foreign exchange rate fluctuations during the implementation period. The estimate amounts to US \$ 7.19 Million.

4.9 INTEREST DURING CONSTRUCTION

The computation of the interest charge during programme implementation is based on the assumption that the draw down of the term loan will be made over 12 months during complete implementation period of Eighteen (18) months.

The amount of US\$ 2.183 Million estimated as interest during project implementation is based on the proposed long-term loan of US \$ 100.30 Million

4.10 WORKING CAPITAL REQUIREMENT

Detailed computation of the working capital needs of the company in the first full year of commercial operations amounts to US \$ 20.16 Million with the Margin Money of US \$ 5.04 Million and US \$ 15.12 Million as Bank Finance. Details of the working capital provisions for the first five years of diversified operations are shown in **Appendix III**. The summary for the first year's requirement are as shown below:

DESCRIPTION	No. of Months Required	Bank Margin Available (%)	Year 1		
			Amount Required	Amount of Bank Finance	Margin Money Required
<u>STOCK OF INVENTORIES</u>					
1. Raw Material					
-Indigenous	2.00	75%	3.61	2.71	0.90
2. Consumables					
-Indigenous	1.00	75%	0.20	0.15	0.05
3. Stock of Work-In-Progress	1.00	75%	3.63	2.73	0.91
4. Stock of Finished Goods	1.00	75%	6.36	4.77	1.59
			13.81	10.35	3.45
<u>SUNDRY DEBTORS</u>					
5. Bill Receivable/ Goods in transit	1.00	75%	6.36	4.77	1.59
			6.36	4.77	1.59
Total			20.16	15.12	5.04
1. Increase in Working Capital			20.16		
2. Increase in Bank Borrowings				15.12	
3. Increase in Margin Money					5.04
4. Interest on Bank Borrowings @		5.00%		0.76	

4.11 FINANCING PLAN

The total Project cost of US \$ 118.00 Million is proposed to be funded by the way of Long terms Loans from International Sources and Promoters funds. It is proposed to approach Banks and other international funding organization after getting the Guarantee from Government of United Republic of Tanzania.

For the Project, it is very Important to get the funds at competitive rate of Interest for Long term. The Funding plan for the Project is as follows:

		Million USD
DESCRIPTION		AMOUNT
Total Project Cost		118.00
Debt Equity Ratio	:	5.67
Debts	85.0%	
Equity	15.0%	
Debt		100.30
- Foreign Currency Loan	:	100.30
Equity Share Capital	:	17.70

The proposed financing plan gives a long-term debt/equity ratio of **85 : 15**. These are considered satisfactory for a project of this magnitude.

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SECTION FIVE

THE MARKET

5.1 PRODUCTION IDENTIFICATION

Textiles fabrics are made from threads that are woven or interlaced together by traditional manual method or by the use of machines. Textiles fabrics (cloth) can be made from cotton, wool, linen and silk. Textiles fabrics are used for the production of different clothing apparels such as shirts, trousers, under pants, blouses, skirts, suits, gowns, etc. They are also used for the production of canvas shoes, bags, window blinds, handkerchief, napkins, upholstery for vehicle and home furniture, etc.

Before the industrial revolution in Britain, manual methods involving the use of traditional loom was in use in many countries of the world. However, since the revolution, the use of modern machinery and equipment in the production of textile fabrics is now predominant. Technological innovations have also made it possible for textile industry to offer technical solutions to the multiple end-users in the different industries.

Technical textiles are defined as textile materials and products used primarily for their technical performance and functional properties rather than their aesthetic or decorative characteristics. Other terms used for defining technical textiles include industrial textiles, functional textiles, performance textiles, engineering textiles, medical textiles, invisible textiles and hi-tech textiles.

Technical textiles is a knowledge based research oriented industry and has been slowly but steadily gaining ground due to one or more of the reasons such as: functional requirement, health & safety; cost effectiveness; durability; high strength; light weight; versatility; customization; user friendliness; eco friendliness; logistical convenience etc.

Technical textiles are not a single coherent industry and market segment is diverse and broad based. Its usage is in diverse industries from aerospace to railways to construction etc. and is developing in other industries also due to technological advances. The range and diversity of raw materials, processes, products and applications that it encompasses is immense. Depending on the product characteristics, functional requirements and end-use applications the highly diversified range of technical textile products have been grouped into various sectors application-wise like Meditech, Buildtech, Mobiltech, Clothtech & Geotech etc.

Messrs H.H. & Hillal Co Ltd will engage in the production of two broad groups of Meditech products. These are:

(i) **Medical & Personal Hygiene Textile Products**

	<u>Products</u>	<u>Market</u>	<u>End-use</u>
a)	Absorbent Cotton Wool Products * Cotton Rolls	Domestic & Export	This range of products is used for Medical & Personal Hygiene applications.
b)	Cotton Crepe bandage Products * Crepe Bandages (Self-Edged Type)	Domestic & Export	This type of product is used in medical especially where 100% cotton is required
c)	Plaster of Paris (POP Bandages) * POP Bandages	Domestic & Export	This product has major usage for orthopaedic application
d)	Absorbent Cotton Gauze Rolls * Absorbent Cotton Gauze Rolls	Domestic & Export	This product has major usage for Wound Management and Operational Procedures.

(ii) **Saline Water (I.V. Fluids)**

a) Saline Water -

* Saline Water (I.V. Fluid)

Domestic& Export

This product has major usage for Critical Patient Care.

5.2 **SUPPLY AND DEMAND ANALYSIS**

International Scenario

The world market for technical textiles was estimated to be around 19.68 million tonnes with a value of **US\$ 107 billion** during 2005, which is expected to increase to 23.77 million tonnes with a value of **US\$ 127 billion** by 2010. The drivers for future growth of this industry are expected to be Asian countries like China and India.

In the global scenario, Mobiltech, Indutech and Sporttech are predominant segments, which contribute about 56 percent of total global consumption of technical textiles. The segment-wise global market size in 2005 and potential in 2010 is given below:

Segment-wise market size of technical textiles

(Volume – ‘000 tonnes; Value – US\$ mn).

Technical Textile Sectors	Year				CARG (%)	
	2005		2010			
	Volume	Value	Volume	Value	Volume	Value
Mobiltech	2828	26861	3338	29282	3.02	1.34
Indutech	2624	16687	3257	21528	3.98	4.85
Sporttech	1153	16052	1382	19062	3.40	3.21
Buildtech	2033	7296	2591	9325	4.63	4.73
Hometech	2499	7622	2853	8778	2.70	2.66
Clothtech	1413	7014	1656	8306	2.95	3.19
Meditech	1928	6670	2380	8238	4.43	4.33
Agrotech	1615	6568	1958	8079	3.55	3.84
Protech	279	5873	340	6857	3.63	2.82
Packtech	2990	5329	3606	6630	3.52	4.20
Geotech	319	927	413	1203	4.94	4.98
Total	19681	106899	23774	127288	3.59	3.20

Source : DRA.

The trend in the various sectors in the textile industry in many industrialized countries indicate that the use of conventional textiles has reached a static level and its manufacture has become highly competitive, often unviable and many companies are switching over to value-added technical textiles with capability to meet functional demands for precision applications. As use of technical textiles is dictated by need, its pricing normally offers good margins. There is a steady growth of both consumption and production of technical textiles throughout the world. A view currently gaining ground is that the technical textile industry in the developed world is maturing in some significant ways and growth of technical textiles in developed economies generally is expected to be moderate. In contrast, China, India and other countries in Asia, Africa, South America and Eastern Europe are expected to experience healthy growth in the near future.

Fibre Consumption in Technical Textiles

Technical textiles are predominantly man-made/inorganic fibre/yarn based because of inherent advantages of strength and versatility of such fibre/yarn and this trend is expected to continue in future also as per details given below:

FIBRE CONSUMPTION IN TECHNICAL TEXTILES

Volume – '000 tonnes

Fibre Type	Year			CARG (%)
	2000	2005	2010	
Natural	3462	3839	4447	2.54
Man-made / Inorganic	13252	15843	19327	3.85
Total	16714	19682	23774	3.59

Source : DRA.

Fibre-wise consumption indicates that polyolefin and polyester accounts for 50% of the consumption followed by glass and jute at 15% and 14% respectively. Cotton and viscose account for 7% and 6% respectively. The specialized fibres and yarns such as aramids and carbon fibres account for only 1% of total textile materials used in technical textile application.

Technical textiles are consumed in the form of unspun fibres, yarn and in the fabric form, however, major consumption is in the form of fabric at 67%, unspun fibres at 24% and remaining 9% in yarn type products.

DISPOSABLE MEDICAL SUPPLIES

Overview

US demand for disposable medical supplies will increase 4.9% annually to over \$70 billion in 2011. The best growth opportunities are anticipated in dry powder inhalers, prefilled syringes and transdermal patches for drug delivery; blood glucose test strips for diabetes monitoring; polymer and biological tissue sealants for wound closure; and daily contact lenses. All of these products offer significant therapeutic, infection prevention and/or convenience advantages over competitive supplies. Hospitals will remain the largest market for disposable medical supplies based on the complexity of procedures performed and stringent infection prevention requirements. However, the home health care market will grow faster as consumers broaden preventive medicine and self-treatment activities to save out-of-pocket health care costs.

Drug delivery, catheterization and related products will remain the largest and fastest expanding group of disposable medical supplies, with demand increasing 5.7% annually to \$35 billion in 2011. Growth will reflect a rising base of chronic care patients who require surgery or continuous therapy. This trend, coupled with the introduction of new higher value-added, safety-enhanced products, will boost growth opportunities for several single-use products, especially prefilled inhalers and syringes, atherectomy and coronary perfusion catheters, transdermal patches and peritoneal dialysis kits.

Demand for wound management supplies will reach \$8 billion in 2011, up 4.0% annually from 2006. Dressings will post the strongest growth as highly absorbent alginate and foam products and fast-healing collagen and growth factor dressings expand applications in the treatment of moderate-to-severe lacerations. Trends toward less invasive surgery will weaken overall growth opportunities for wound closures. Tissue sealants composed of cyanoacrylates and bioengineered fibrins will fare the best in the marketplace based on superior binding traits and fast healing

advantages. Demand for bandages will expand at a below average pace due to limited pricing flexibility and the general lack of proprietary products.

Class IV surgical drapes and gowns will post the strongest sales gains among nonwoven medical textiles as surgical infection prevention safeguards are upgraded by hospitals and ambulatory surgery centers. Disposable facemasks will also fare well in the marketplace, benefiting from routine use by medical providers in virtually all direct contact patient procedures. New enhanced absorbent, odor neutralized diapers and shields will see the fastest gains in demand among incontinence products based on comfort and protection advantages.

Among other disposable medical supplies, blood glucose test strips and home tests kits for other diabetes markers, along with daily contact lenses, first aid kits, biological indicators and laboratory gloves, will command the strongest growth opportunities. An expanding number of diabetics engaging in self-testing will boost demand for blood glucose test strips. New color-tinted, UV-protected and moisture-enhanced brands will expand sales of daily contact lenses. Trends promoting self-treatment and preventive medicine will impact favorably on demand for first aid kits. The upgrading of infection prevention safeguards in hospitals will promote the widening use of biological indicators in sterilization processes. Lastly, the expansion and increasing sophistication of drug discovery activities and medical research investigations will boost the market for laboratory gloves.

About 600 producers and distributors compete in the disposable medical supplies industry. Based on 2006 domestic sales, the top ten industry competitors combined held almost 40 percent of the US market and consisted of Johnson & Johnson, GlaxoSmithKline, Covidien (formerly Tyco Healthcare), Becton Dickinson, Baxter International, Cardinal Health, Kimberly-Clark, Boston Scientific, Hospira and 3M. Within major product groups, the two or three largest competitors usually divide the majority of sales.

DISPOSABLE MEDICAL SUPPLIES DEMAND BY PRODUCT GROUP (million dollars) 2001 - 2016						
Item	2001	2006	2011	2016	% Annual Growth	
					06/01	11/06
Medical Product Demand (bil \$)	280	412	575	800	8.0	6.9
% disposable medical supplies	14.9	13.4	12.2	10.9	--	--
Disposable Medical Supplies Demand	41850	55400	70400	87100	5.8	4.9
Drug Delivery, Catheter & Related	18620	26400	34900	44300	7.2	5.7
Wound Management Supplies	5350	6590	8020	9600	4.3	4.0
Cotton Medical Disposables	5120	6250	7500	8900	4.1	3.7
Other	12760	16160	19980	24300	4.8	4.3

:

Disposable Medical Cotton Products

:

The market for medical cotton products will advance 3.4% annually to **US \$260 million** in 2011. Similar to sponges, these products will expand wound management applications based on versatility advantages. However, limited pricing flexibility and the lack of differentiable products will moderate overall growth opportunities for medical cotton products.

Cotton is a versatile plant-derived textile suitable for many medical-related purposes. Specifically, it is used to absorb saliva and blood in dental procedures; administer local anesthetics to IV and drug injection sites; apply topical medication and patient preparations to skin surfaces; cleanse minor wounds; stop bleeding prior to attachment of bandages and dressings; and shield irritated eyes and ears from exposure to external elements.

Sterile balls and rolls make up the majority of cotton demand in the medical sector. Cotton balls are typically packaged in quantities ranging from 100 to 5,000 units and sell for an average wholesale price of approximately \$4 per thousand. Roll cotton is normally sold for \$7 to \$12 per pound by manufacturers with one, five and ten pound boxes the most common package sizes available. Most cotton products are discounted up to 60 percent on contract. Approximately 30 companies supply cotton and cotton products to the US health care sector, including Johnson & Johnson, Kendall and Medline Industries.

THE MARKET FOR MEDICAL PRODUCTS - TANZANIA AND NEIGHBOURING COUNTRIES

A field survey of the domestic target market in Tanzania revealed that large amounts virtually all of Medical and Personal Hygiene Textile products are imported from various countries like China, India, KSA, UK and other European Countries.

As per the Detailed Analysis of company the following are the quantities Imported in United Republic of Tanzania every year:

- The estimated imports of the products is
 - Absorbent Cotton Wool - About 4.00 Million Rolls/ year
 - Absorbent Cotton Gauze - About 2.00 Million Rolls/ Year
 - 100% Cotton Crepe Bandage - About 8.00 Million Rolls/Year
 - Plaster of Paris Bandage - About 10.00 Million Rolls/Year

After the Diversification and Expansion Plan the company would be able to satisfy the complete demand of the country and even would be able to export to other African countries.

The Estimated demand for other Neighboring Countries for Cotton Rolls is as follows:

Country	Population	Estimated Market (Tons/Year)
Ethiopia	86 Million	About 6,000
Chad	11 Million	About 600
Tanzania	46 Million	About 3,500
Uganda	35 million	About 2,500
Kenya	42 Million	About 3,500
Saudi Arabia	28 Million	About 2,400
	:	
Total	:	18,500

It is interesting to note that the use of these products cuts across age, gender, religion, tribe and to some extent socio-economic class, and not influenced by preferences of either trado-medical or modern medical therapy. For example, trado-medical and modern medical practitioners will normally resort to the use of absorbent cotton wool to clean wounds, and also use gauze bandages to tie the dressing on limbs or affected parts of the patient.

CONCLUSION

The huge amount of medical and personal hygiene textile products and Saline Water imported into the country is a clear indication of the high demand for these products. The company has already established marketing network and supply record to MSD and different Hospitals. The company is already supplying these products to the following Hospitals:

1. Kilimanjaro Christian Medical Centre(KCMC)
2. Mawezi Hospital
3. Kilema hospital
4. Kibosho hospital
5. Mount meru hospital
6. Salien Lutheran hospital
7. AICC hospital
8. Tanga referral hospital-bombo
9. Mbeya referral hospital
10. Mbeya provincial hospital
11. Mbarizi hospital
12. Songea pronvincial hospital
13. Peramiho mission hospital
14. Iringa provincial hospital
15. Ipamba mission hospital
16. Mirembe hospital
17. Dodoma provincial hospital
18. St. Gema mission hospital
19. Provincial hospital morogoro
20. Mazimbo hospital morogoro
21. Mafinga hospital Morogoro
22. Muhimbili National Hospital
23. Lugalo Military Hospital
24. Agakhan Hospital
25. Regency Hospital
26. Trauma Centre
27. M O I
28. Medical Stores Department MSD (cover almost all Government hospitals)

H.H. Hillal & Co Ltd will be interested in penetrating the market with not just a wide range of different medical textile products and Saline Water, but also exportable standard quality products at highly competitive prices that meet international standards like British Pharmacopoeia (BP), American Pharmacopoeia (AP), European Pharmacopoeia (EP) and W.H.O. standards.

MARKETING PLAN

The company will adopt the following market strategies in order to achieve the projected sales targets and get the best from the market in terms of realizing its investment objectives.

SALES PROMOTION

This shall take the form of appearances at, and participation in trade/fashion fairs to popularize the products of the company locally.

PHYSICAL DISTRIBUTION

The distribution network will cover hospitals, pharmacies, chemists, chain stores, departmental stores, boutiques, fancy shops, super market and shop in big hotels of international standard.

SALES PROMOTIONS

This will be done regularly in public places and big hospitals in order to attract attention and get wide publicity. Samples will be distributed on such occasions to enable the company's products gain popularity.

Sales Price Details	Unit	Rate (USD)
POP Bandage Pcs (10 CmX 4 Mtrs)	Pcs	2.00
Crepe Bandage Roll (10cm X 4.5 Mtrs)	Pcs	1.50
Cotton Rolls (90 cm X 100 Mtrs)	Kgs	5.00
Absorbent Gauze Rolls	Pcs	14.00
IV Fluid 500 ml	Pcs	0.33
IV Fluid 1000 ml	Pcs	0.57

These prices have been used in our financial analysis.

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:
:

SECTION SIX

STRATEGY AND IMPLEMENTATION ISSUES

6.1 BUSINESS ISSUES

The success of every business idea lies amongst others, on its strategies and on implementation. Business success hinges mainly on the formulation of good strategies and their successful implementation afterwards. The management of this company recognizes this and will take steps to accurately implement its formulated strategies. The key business issues to deal with include:

- The highly capital-intensive nature of this manufacturing enterprise, making it a no-go area for many otherwise interested entrepreneurs;
- The products of this firm are high-value addition medical textile products requiring specific technical know-how to produce. This will create significant barriers to entry for other interested investors.
- Since its products are for the mass market, local and international, the company will incur substantial costs to be able to reach a wide spectrum of the market.
- The infrastructural challenges facing the manufacturing sector as a whole in this country require unique strategies to tackle, especially at the individual company level.

6.2 MARKETING & SALES STRATEGY

The fact that this company has been engaged in trading of the same products for a relatively long time, just as its technical partners have requisite experience in projects of this nature are major advantages to this project.

Two major marketing strategies are being adopted by this company; these being Direct and Indirect marketing:

6.2.1 Direct Marketing

This will be the major form of marketing to be used by this company and it involves:

- * The company's marketing and sales staff will engage in full time field marketing, and developing new businesses.
- * Top management contacts and prospecting;
- * Electronic and print media advertisement, promotions (e.g. attendance at major Trade Fairs) and programme sponsorships as direct marketing methodologies will also be explored.

6.2.2 Indirect Marketing

Indirect marketing involves the company using its marketing associates overseas to sell its products.

6.3 PRICING STRATEGY

In the Present conditions, all the Products are Imported from various countries with no manufacturing in Local Market. Company is already Importing the Products and supplying to various agencies, so the Present Sales prices or the Purchase CIF Prices of the same products is considered for Feasibility and Financial Analysis.

6.4 PROMOTION STRATEGY

Amongst several others, the company will employ the following strategies to position itself for the great challenges which its debut in the market will engender:

- Print media advertisement. The company's management will select a number of newspapers and related medical/health-focused journals that will give it mileage for this purpose;
- Sponsorship of related activities to announce its presence;
- Production of branded corporate gifts such as calendars, biros, diaries, towels, etc.;
- Production of brochures, leaflets, flyers, etc.; and
- The use of the Internet to disseminate information as much as possible.

6.5 KEY SUCCESS FACTORS

H.H. & Hillal Co Ltd is an old player in the local market and has supply record for the similar products. As it embarks on the proposed diversification programme, a number of factors will hold it in good stead.

(i) Customer Service

One of the factors that differentiates a business from the other is the quality of customer service and its ability to deliver branded or differentiated services or products. Successful companies invest substantially in product packaging to ensure good quality products and customer satisfaction. They also put in place internal structures for evaluating, maintaining and monitoring the delivery of customer service.

Customer service is the interface between a company and its markets; it makes or breaks the company. To give its customers quality products, this company is planning to produce the complete range of Medical Textile Products Saline Water (I.V. Fluids) , thus making it a “One Stop Solution” for completely meeting the needs of the customer. In addition, with the state-of-the-arts plant and machinery it is acquiring, the production of quality products is assured.

(ii) Access To Market Intelligence

H.H. & Hillal Co Ltd along with its associate, Messrs. Onella Consulting Pvt Ltd and its know-how partners and marketing associates have necessary market intelligence and business intelligence to enable it access to major international markets. It will also be able to forecast new developments and trends in the products, in time to give it vital edge over its competitors.

(iii) **Board and Management**

The Board of Directors (BOD) has the responsibility for approving strategies and policies, understanding the risks run by the company, setting acceptable levels for these risks and ensuring that management takes the steps necessary to identify, monitor and control these risks.

Management has the responsibility for implementing strategies approved by the Board; setting appropriate internal control policies and monitoring the effectiveness of the internal control system.

Undoubtedly, the quality, capability and creativity of management can make or mar a company, as management is a critical success factor in any organisation. For successful operations, any organisation requires professional, skilled, experienced and disciplined management teams, which can apply management principles and best practices that guarantee success. Director of H.H. & Hillal Co Ltd has very long experience for over 30 years now while its technical partners, Messrs. Onella Consulting Pvt Ltd, India has long experience in running projects of this type. This company is also tied up for the technical know-how for all the products it intends to produce. The technical know-how partners have also agreed to give complete technical support in the operations of the project.

(iv) **Pricing**

Pricing has always been an important competition factor, generally because of no manufacturing facility in East African Zone, the Pricing is not a very high concern until Pricing is at par with Imported Prices.

As stated earlier the proposed pricing structure of this company is expected to encourage patronage from its potential clients as well as assure it a healthy profit margin, as it will selling its very high quality products at current price levels with the very low quality products that presently dominate the local market.

(v) **Low Operating Costs**

The success of any company depends on its ability to efficiently and effectively utilise its scarce resources to achieve set targets. Very often, this is reflected by lower operating costs. Wastages are eliminated and all expenses are justified before commitments. Most of the successful companies have low cost structures matched with high-income patterns. The management of this company is very much aware of this. The company is fully vertically Integrated. The company is producing all the required intermediate products in house giving the Edge for Low Cost of Production.

(vi) **High Utilization Rate**

With proper selection of machinery and co-ordinated production efforts as well as the experience of Messrs. Onella Consulting Pvt Ltd, this company will be able to achieve better utilization rates of its plant and machinery and thereby reduce cost of production.

(vii) **Research & Development**

H.H. & Hillal Co Ltd is planning to set up a standard Research and Development Centre to develop new products and improve the existing product lines.

6.6 CONSULTANTS TO THE PROJECT

The company has appointed M/s Onella Consulting Pvt Ltd (a.k.a Onella) as Technical Consultant and Project Execution and Management Agency. The scope of work of Onella includes the following:

- Project Conceptualization
- Product Mix Selection
- Technology Selection
- Techno Economic Feasibility study
- Project Management Services

Onella would be appointing complete team of Engineers during duration of Project Execution. The team would include Civil Engineers, Mechanical Engineer, Electrical Engineer, Textile Engineers and Project Management Team.

The complete coordination with all the machine manufacturers, all engineering team and other agencies would be taken care by Onella.

The company has also appointed M/s The Epitome as financial consultant with the scope of work as follows:

- Preparation of Business Plan
- Budgeting of Project
- Financial Controlling during execution.

SECTION SEVEN

RISK FACTORS AND MITIGANTS

7.1 RISK MANAGEMENT

Risk management is the ability of management to identify, evaluate and manage the internal and external factors that could adversely affect the achievement of company objectives. This assessment should cover all the various risks facing a company. It is the responsibility of senior management to ensure that the risks affecting the achievement of the company's strategies and objectives are continually being evaluated.

Changes in the business environment that can cause a great deal of risks and have negative impact on this business and the possible steps to mitigate these risks are stated hereunder.

7.1.1 CURRENCY AND EXCHANGE RISK

This is the risk of incurring losses from an adverse change in the exchange rates. This risk pervades all organizations that deal in international transactions. The involvement of this company in foreign currency denominated transactions after the procurement of its plant and equipment will centre on the importation of some of its raw materials and critical spares as well as its export sales during commercial operations.

The ability of the Bank of Tanzania to defend the value of the national currency is dependent on a number of factors, chief amongst which are: the level of the country's external reserves, the productivity of the economy vis-à-vis the external environment, the ability to earn foreign exchange, etc. In relative terms, the BOT has been quite successful in keeping the exchange rate stable. For companies in the

manufacturing sector, the immediate effect of devaluation of the national currency is an increase in the price of its imported production inputs. Since this problem equally affects all firms in the economy, the effect is uniform and most firms usually transfer these additional costs to the consumers of their products.

7.1.3 BUSINESS RISK

In particular, the manufacturing sector of the Tanzania economy is faced with a number of daunting challenges.

The business issues of serious concern are:

(i) **High Cost of Funds**

The products planned to manufacture is a capital intensive, long gestation venture. Unfortunately, venture capital is virtually nonexistent in the local capital market. Interest rate is therefore very high when compared with most of the other countries. Thus, there is the need to source adequately priced, long-tenured funds for investment in this industry. For the same reasons the company is approaching for the International Funding to reduce the Cost of Fund at par of other countries producing the similar products.

(ii) **High Haulage Cost**

The cost of transporting bulky manufactures is very high in Tanzania, due amongst other reasons, to the deplorable state of the roads nationwide and the apparent non-existence of the railway system. Investments in new haulage trucks for the distribution of their products have painfully diverted funds that these companies could have used to expand their production facilities.

These concerns in the business environment, as stated earlier, are economy-wide issues that affect all economic units/firms equally. Therefore, the top quality of the Board of Directors and Management to be inaugurated for this company will be an edge in the company's effort to resolve these daunting business challenges.

SECTION EIGHT

FINANCIAL ANALYSIS

8.1 REVENUE STATEMENT

The gross sales revenue for the first year of operation of this diversification project at 80% capacity utilization is estimated at US \$ 76.30 Million. This is based on the selling prices recommended in Section 5 of this Report. Details of the computations are shown in **Appendix IV**.

8.2 OPERATING COST ESTIMATES

The major operating cost elements in the operation of the factory are as detailed below:

8.2.1 RAW MATERIALS AND CONSUMABLES

The cost of raw materials and consumables at 100% capacity utilization for this diversification programme is estimated at US \$ 30.07 Million. In the first year of full operations, at 80% capacity utilization, US \$ 24.07 Million will be required to procure the raw materials. Details of the raw material costing are shown in **Appendix II**.

8.2.2 SALARIES AND WAGES

At the start of commercial operations, a total of 1646 persons will be recruited – covering both Direct (1535) and Indirect (111) employees. With this number of employees, the estimated cost of labour in terms of salaries and wages for the first full year of this project is put at USD \$ 6.80 Million of which US \$ 3.36 Million million is for direct labor and the balance US \$ 3.45 million for indirect labor. These include the normal welfare benefits, shift allowance and contributions. Details of the wages for the new employees are as shown in **Appendix I**.

8.2.3 ESSENTIAL SERVICES / UTILITIES

The utility requirements for the diversification programme are as follows:

(i) **ELECTRICITY**

The installed power is estimated at about 9,220 KWH for both equipment and for general lighting, whereas actual utilization is put at 5,960 KWH. The estimate of expenses on the consumption of electric energy is based on tariff code for heavy industrial users. A provision of US \$ 4.978 Million has been made for electricity demand and consumption charge in the first year of diversified operations (details below). The company has also planned the provision for own power generating plant for uninterrupted production activities.

(ii) **STEAM REQUIREMENT**

Steam is required for Bleaching, sizing, fabric processing and for Production of saline Water at different stages.. The total requirement in Year 1 at 80% capacity utilization is 23,143kg/hr. This increases to 27,483kg/Hr in Year 4. To meet the steam needs of the company in the first year of resumed operations, a provision of US \$ 3.58 Million has been made.

(iii) **WATER COST**

The water requirement for this project is relatively large and substantial. In operations, water is required for bleaching of cotton, cooling and other sundry purposes. The company will depend largely on its own existing water supply system via its industrial borehole. To cover the expenses on water supply, effluent treatment, etc, a provision of US \$ 0.172 Million has been made.

Therefore, the total estimated cost of these and other utilities (in the first year of resumed operations of this project is US \$ 8.73 Million. This is projected to increase subsequent years, largely in tandem with the increasing plant capacity utilization. Fuller details of the utility requirements are presented below:

Requirement of Power

Description	Total installed KWH	Load factor	Actual Utilization KWH
Cotton Spinning Plant	1800	65%	1170
Absorbent Bleached Cotton Roll Plant	500	65%	325
Absorbent Gauze Roll Plant	1600	65%	1040
Crepe Bandage Plant	150	65%	97.5
POP Plant	30	65%	19.5
Saline Water Plant	3000	65%	1950
Services	0	65%	0
Boiler	100	65%	65
ETP	100	65%	65
Air Compressor	1200	65%	780
Humidification	400	65%	260
Other Office Equipments	50	50%	25
Laboratory	50	50%	25
Work Shop	20	30%	6
General lighting	80	60%	48
Non-factory area lighting	40	60%	24
Residence	100	60%	60
	9220		5960

Calculation of Steam Requirement:

DESCRIPTION		2015	2016	2017	2018	2019
Capacity Utilization		80%	85%	90%	95%	95%
Weight of Cotton Fiber for Bleaching		6400	6800	7200	7600	7600
Steam per Kg of Bleaching & Dryer		8	8	8	8	8
Total steam for Bleaching		51,200	54,400	57,600	60,800	60,800
Total requirement of steam	Day	51,200	54,400	57,600	60,800	60,800
Line losses		10%	10%	10%	10%	10%
Total steam required for Bleaching	Kg/Day	56,889	60,444	64,000	67,556	67,556
	Kg/Hr	2,370	2,519	2,667	2,815	2,815
FOR FABRIC SIZING & PROCESSING						
Total Kg of Yarn Dyed and Bleached For Gauze & Crepe		8,895	9,451	10,007	10,563	10,563
Steam per Kg of fabric	Kg.	9	9	9	9	9
Total steam required		80,058	85,062	90,066	95,069	95,069
Line losses		10%	10%	10%	10%	10%
Total steam required for fabric processing		88,954	94,513	1,00,073	1,05,632	1,05,632
Net steam required	Kg/Day	1,45,843	1,54,958	1,64,073	1,73,188	1,73,188
	Kg/Hr	6,077	6,457	6,836	7,216	7,216
THERMIC FLUID REQUIRMENT						
No of Saline Water Bottle Production		1,84,320	1,95,840	2,07,360	2,18,880	2,18,880
Equivalent cost Steam Required (for Heating)	Kg.	2	2	2	2	2
Total steam required		3,68,640	3,91,680	4,14,720	4,37,760	4,37,760
Line losses		10%	10%	10%	10%	10%
Total steam required for fabric processing		4,09,600	4,35,200	4,60,800	4,86,400	4,86,400
Net steam required	Kg/Day	5,55,443	5,90,158	6,24,873	6,59,588	6,59,588
	Kg/Hr	23,143	24,590	26,036	27,483	27,483

8.2.4 SALES EXPENSES

Sale of the company's products would be made locally and internationally. The Company has already well established network for Sales and Marketing of the Products. Apart from this, a well co-ordinated and highly aggressive network for the sale of the company's product will be established. The sales campaign will be spearheaded by the Sales Team of the Commercial Division complemented by the Executive Management team. This will be supported by the use of the media – electronic and print – as well as other promotional tactics such as participation in both local and international trade fairs.

Apart from this Sales Force, the company will consider appointing capable distributors of its products who have the financial muscle to pick up the products from the factory.

To cover its advert costs, sales and business promotion and other related expenses, a provision of US \$ 3.81 Million which is equivalent to 5% of the net sales turnover for the first year has been made as operating cost under this subhead.

8.2.5 GENERAL ADMINISTRATIVE EXPENSES

The company's administrative costs cover such usual office expenses as printing and stationery, rents and rates, postage & courier charges, transport & traveling as well as such other office expenses as entertainment & public relations. Others include medical expenses of staff, Directors' emolument as well as Audit, Legal, and other professional fees. Based on current cost levels adjusted upwards for normal inflationary increases, it is projected that these expenses will cost the company a total of US \$ 1.53 Million which is equivalent to 2% of the net sales turnover for the first year. Apart from this the total Administrative Salary of about US \$ 1.84 Million is considered for about 93 Staff.

8.2.6 MAINTENANCE OF ASSETS

This company will accord the highest priority to the maintenance of its assets given that the proper maintenance of equipment is very necessary for sustained commercial production activities. This item of expenditure is provided to cover the scheduled preventive and breakdown maintenance of the company's assets. A provision of approximately 2.5% of the project's total Fixed Capital cost, amounting to US \$ 2.21 Million has been made for this expense subhead in the first year of resumed operations.

8.2.7 INSURANCE OF ASSETS

The insurance of the company's assets against common industrial perils especially fire and burglary will be undertaken throughout the commercial life of the project. This will be carried out with first class insurance underwriting houses to ensure the survival of the company in case of any adverse natural occurrence. :

A provision of 0.25% of the project's Fixed Capital cost, amounting to US \$ 0.28 Million has been made for this expense subhead in the first year of commercial operations.

8.2.8 DEPRECIATION AND AMORTIZATION

The depreciation charge on the fixed capital items is calculated on the straight-line basis to write off the cost of the assets over their expected useful lives. A depreciation allowance of US \$ 8.42 Million is provided for the first year of expanded operation.

8.2.9 FINANCE CHARGES

The interest payment on the long-term loan facility has been computed at 5% per annum. This is inclusive of sundry miscellaneous fees charged by the lending bank/financing institution. The short-term working capital facility has also been computed at 5%. The total bank charges for various other operations is taken as 1% of Total Sales. Based on these, the finance charge for the first full year of expanded operations amounts to US \$ 7.54 Million. Details of the finance charges for subsequent years are shown in **Appendix VI**, while the breakdown of the yearly loan repayments is presented in a schedule in **Appendix VIa**.

8.3 PROFITABILITY ANALYSIS

The Profit and Loss Account projections for the first five years of diversified operation are shown in **Appendix VII**. Based on our analysis, the expected earnings are summarized below:

Description / Year	2015	2016	2017	2018	2019
Expected Sales (Million US \$)	76.30	81.07	85.84	90.61	90.61
Profit/ Loss before Tax (Million US \$)	7.92	10.28	12.41	16.31	17.09
Provision for Tax (Million US \$)	0.89	1.91	3.09	4.71	5.33
Profit after Tax (Million US \$)	7.03	8.36	9.32	11.60	11.75
Gross Profit	31%	33%	33%	35%	35%
Operating Profit %	10%	13%	14%	18%	19%
Net Profit	9%	10%	11%	13%	13%

The table above shows that the company will post profits for all of the first five years at the resumption of commercial operations. Profitability is projected to increase from US \$ 7.03 Million in the first year to US \$ 11.75 Million by the fifth year. The Net Profit Margin increases from 9% from first year of Operation to 13% in the Fifth Year.

8.4 CASHFLOW PROJECTIONS

Details of the cashflow projections are shown in **Appendix VIII**. The summary is shown below:

Description / Year	2015	2016	2017	2018	2019
Cash & Bank Balances (Million US \$)	15.55	32.13	43.38	50.96	58.69

These projections show an impressive build-up of cash from US \$ 15.55 Million in the first full year of resumed operations to a high level of US \$ 58.69 Million by the fifth year. Therefore there will be sufficient yearly cash balances during resumed commercial operations to meet the company's obligations as they fall due. Further purchases of needed fixed assets, modernization and other activities for the expansion of its operations in subsequent years will be financed from the company's internally generated funds.

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8.5 BALANCE SHEET PROJECTIONS

The Balance Sheet projections for the first five years of expanded operations are quite solid. Details of these projections are shown in **Appendix IX**. The summary is as shown below:

Description	2015	2016	2017	2018	2019
Net Fixed Assets	104.44	95.92	87.40	78.89	70.37
Other Current Assets	35.72	53.50	66.07	73.66	81.39
Total Assets	140.16	149.42	153.48	152.54	151.75
Total Share Holders' Funds	24.73	33.10	42.42	54.02	65.78
Loans Liability	100.30	100.30	94.03	81.49	68.96
Other Current liabilities	15.12	16.03	17.02	17.02	17.02
Total Liabilities	140.16	149.42	153.48	152.54	151.75

These projections indicate commendable and steady growth in Shareholders' Funds from US \$ 24.73 after the first year of operations to US \$ 65.78 Million by the fifth year.

8.6 BREAK-EVEN POINT ANALYSIS

The Break-Even Point Analysis on the company's operations reveals that it can break even at **60%** of installed capacity. Detailed Break Even computations are shown in **Appendix X**

8.7 PAY-BACK PERIOD ANALYSIS

The Pay - Back Period Analysis, which shows the period of time it takes the original investment outlay of a project to be recovered from the additional earnings of the project itself, shows that this company can pay back itself in 6.12 years This is quite commendable for a project of this magnitude. Details of the Pay – Back Period computations are shown in **Appendix XI**.

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SECTION NINE

CONCLUSION & RECOMENDATION

9.1 ECONOMIC JUSTIFICATION

This study has considered in details the technical feasibility and financial viability of embarking on this diversification and expansion programme. From the analysis of our findings, several benefits could be derived from the execution of this project. It has high value-added potential, as its contribution to the national income is quite significant.

In the developing economies of the world in particular, the impact of the these type industry on the industrialization process has been enormous. Its spheres of influence continue to burgeon daily making it indispensable in modern living. For Tanzania in particular the textile sector, with its root in cotton growing way up to garment making, has very high value-added potential. In addition to the above, this project which focuses on medical and personal hygiene textile products is particularly relevant.

Employment Generation

On full implementation, this project will provide direct employment to a total of about one Thousand and Thirty Nine (1739) persons. This is quite significant given the current crusade by the three tiers of Government – Federal, State, and Local – to provide jobs for the large population of idle unemployed and underemployed youths. This also gives credence to the view that the unemployment menace is better tackled through Government support to the private sector rather than by direct government intervention in employment. The company would be one of the Largest in terms of giving Employment to Local Man Power.

Cotton Usage

The company would be using more than 10% of total cotton production of country. Cotton which is Life Line of Tanzania, and 10% of production consumed by one Industry would boost Cotton Growing Farmers.

Saving in Foreign Exchange

In the Present condition, all the products are being Imported. The Production in Tanzania would save Foreign currency of about US \$ 877 Million, only in the First Ten Years of Operation.

Financially, this project is a viable proposition. It posts commendable levels of returns on investments throughout the projected periods. Relatedly, the operation of this project will yield substantial revenue to government's coffers through the increased corporate and individual taxes to be paid by the company and its employees.

9.2 RECOMMENDATIONS

From our analysis, this project has been found to be technically feasible, financially viable and economically desirable. In particular, it will have no problems meeting its financial obligations in the course of normal business operations.

We therefore have no hesitation whatsoever in recommending this project to its promoters for their profitable execution.

For and On Behalf of:

Ravi Bhushan Arora

Managing Director

Onella Consulting Pvt Ltd.

(Technical Advisor)

Suneel S Maheshwari

Director

The Epitome

(Financial Advisor)

APPENDIX I

ESTIMATED COST OF MANAGEMENT AND LABOUR

Production Worker Cost

PARTICULARS	Skilled (Shift Wise)				Semi-skilled (Shift Wise)				Unskilled (Shift Wise)			
	1st	2nd	3rd	Gen	1st	2nd	3rd	Gen	1st	2nd	3rd	Gen
Raw Material Handling	6	6	6	3	2	2	2	-	2	2	2	3
Spinning	120	120	120	30	30	30	30	15	4	4	4	3
Cotton Rolls	30	30	30	12	15	15	15		2	2	2	3
Cotton Gauze	65	65	65	15	20	20	20	10	1	1	1	3
Crepe Bandage	12	12	12	6	4	4	4	3	1	1	1	3
POP	4	4	4	2	2	2	2	1				
Packing	12	12	12	4	6	6	6	3	2	2	2	3
Maintenance	9	9	9	6	6	6	6	4	6	6	6	4
Saline Water Plant	36	36	36	12	12	12	12	6	4	4	4	2
Total Production Worker	294	294	294	90	97	97	97	42	22	22	22	24
DG	2	2	2	1	1	1	1					
Boiler	3	3	3	2	2	2	2	-				
Compressor	2	2	2	1	1	1	1	-				
Electrical Room	3	3	3	1	2	2	2	2				
Water Treatment	3	3	3		2	2	2	2				
Other					6	6	6	6	2	2	2	4
Humidification Plant	6	6	6	2	4	4	4	2				
Total Services & Utility	19	19	19	7	18	18	18	12	2	2	2	4
Total (Shift-wise)	313	313	313	97	115	115	115	54	24	24	24	28
Total (Skill-wise)				1036				399				100
Total requirement of factory workers				1036				399				100

Production Staff

Designation	Nos.	Salary Per Person/Per Month USD	Total Salary Per Annum Million USD
Cotton Spinning			
General manager	1	4,000	0.05
Manager Production	3	2,500	0.09
Shift Officers	12	1,100	0.16
Absorbent Cotton Roll			
General manager	1	4,000	0.05
Manager Production	2	2,500	0.06
Shift Officers	8	1,100	0.11
Crepe Bandage			
Manager Production	1	2,000	0.02
Shift Officers	4	1,000	0.05
Weaving			
General manager	1	4,000	0.05
Manager Production	2	2,000	0.05
Shift Officers	12	1,000	0.14
Processing			
General manager	1	4,000	0.05
Manager Production	2	2,000	0.05
Shift Officers	4	1,000	0.05
Saline Water Plant			
General manager	1	4,000	0.05
Manager Production	2	2,000	0.05
Shift Officers	6	1,500	0.11
Pharmacist	6	2,500	0.18
R& D/Design & development			
General manager	3	5,000	0.18
Manager (Physical lab)	6	1,100	0.08
Manager (Analytical lab)	6	1,100	0.08
Manager (product dev)	2	1,100	0.03
Sample Collector	12	500	0.07
Pharmaceutical Expert	9	2,000	0.22
R& D In charge	2	4000	0.10

Engineering			
Chief engineer	1	6,000	0.07
Manager (Engineering)	1	3,000	0.04
Asst. Manager (Engineering)	3	1,500	0.05
Manager (Electrical)	1	2,000	0.02
Asst. Manager (Electrical)	3	1,500	0.05
Manager(Electronics)	1	2,000	0.02
Asst Manager (Electronics)	3	1,500	0.05
DG in charge	4	750	0.04
Shift Officers	12	1,000	0.14
Foreman	6	750	0.05
Total	111		2.65

Administrative Staff

Designation	Nos.	Salary Per Person/Per Month USD	Total Salary Per Annum Million USD
CEO	1	7,000	0.08
Marketing			
Manager	4	1,500	0.07
Executive	8	1,000	0.10
Clerical staff	10	500	0.06
Raw material purchase			
Manager Purchase(cotton)	2	1,000	0.02
Manager Purchase(Others)	1	1,000	0.01
Accounts/Commercial			
General Manager	1	3,000	0.04
Account officer	3	1,250	0.05
Assistant	9	800	0.09
Commercial (Marketing, HR, Secretarial)		:	
General Manager	1	4,000	0.05
Managerial staff	1	2,000	0.02
Company secretary	1	3,000	0.04
Other Admin office staff	4	1,500	0.07
Store in charge	3	3,000	0.11
Store Clerks	9	750	0.08
Time office staff	12	650	0.09
Time office in charge	1	1,000	0.01
Security Guards	25	600	0.18
Drivers	10	600	0.07
Peons	10	600	0.07
Total	93		1.31

Total Cost of Man Power

Annual Cost			Million USD
PARTICULARS		No. of person	Amount p.a.
FACTORY WORKERS		1535	2.58
Add : Other Benefits	30%		0.77
Total Salary (Factory Staff)			3.36
FACTORY STAFF		111	2.65
Add : Other Benefits	30%		0.80
Total Salary (Factory Staff)			3.45
ADMINISTRATIVE		93	1.31
Add : Other Benefits	40%		0.53
Total Salary (Admin related)			1.84

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APPENDIX II**COMPUTATION OF RAW & CONSUMABLE MATERIALS'
REQUIREMENT**

Yearly requirement of Raw Material (Quantity)	Quantity in				Kgs
Summary	2015	2016	2017	2018	2019
Ginned Cotton required for Yarn used in Gauze Fabric and Crepe Bandage	32,52,677	34,55,970	36,59,262	38,62,554	38,62,554
Cotton required for Production of Absorbent Bleached Cotton Rolls	25,89,767	27,51,628	29,13,488	30,75,349	30,75,349
Total Cotton Required	58,42,445	62,07,597	65,72,750	69,37,903	69,37,903

Yearly requirement of Raw Material (Value)	Value in Million USD				:
Summary	2015	2016	2017	2018	2019
Ginned Cotton required for Yarn used in Gauze Fabric and Crepe Bandage	6.083	6.463	6.843	7.223	7.223
Cotton required for Production of Absorbent Bleached Cotton Rolls	4.843	5.146	5.448	5.751	5.751
Raw Material for Saline Water (Water, Dextrose, Plastic Granules)	10.750	11.500	12.750	12.750	12.750
Total Cotton Required	21.675	23.108	25.041	25.724	25.724

APPENDIX III

SCHEDULE OF WORKING CAPITAL ESTIMATES

				Million USD
DESCRIPTION		2015	2016	2017
	No. of Months Required	Amount Required	Amount Required	Amount Required
<u>STOCK OF INVENTORIES</u>				
1. Raw Material				
-Indigenous	2.00	3.61	3.85	4.17
2. Consumables				
-Indigenous	1.00	0.20	0.21	0.22
3. Stock of Work-In-Progress	1.00	3.63	3.79	3.99
4. Stock of Finished Goods	1.00	6.36	6.76	7.15
		13.81	14.61	15.54
<u>SUNDRY DEBTORS</u>				
5. Bill Receivables/ Goods in transit	1.00	6.36	6.76	7.15
	:	6.36	6.76	7.15
Total		20.16	21.37	22.70
Increase in Working Capital		20.16	1.20	1.33

APPENDIX IV

Projected Revenue Schedule

Yearly Production Details					
PRODUCT/ YEAR	2015	2016	2017	2018	2019
Capacity Utilization	80%	85%	90%	95%	95%
POP Bandage Pcs (10 CmX 4 Mtrs) (Nos)	4,176,000	4,437,000	4,698,000	4,959,000	4,959,000
Crepe Bandage Roll (10cm X 4.5 Mtrs) (Nos)	1,670,400	1,774,800	1,879,200	1,983,600	1,983,600
Cotton Rolls Kgs	2,227,200	2,366,400	2,505,600	2,644,800	2,644,800
Absorbent Gauze Rolls					
Gauze Rolls Production (Nos)	1,988,556	2,112,841	223,7125	236,1410	2,361,410
Gauze Rolls used for POP (Nos)	16,704	17,748	18,792	19,836	19,836
Total Gauze Rolls for Sales	1,971,852	2,095,093	2,218,333	2,341,574	2,341,574
IV Fluid 500 ml (Nos)	40,089,600	42,595,200	451,00,800	47,606,400	47,606,400
IV Fluid 1000 ml (Nos)	24,053,760	25,557,120	27,060,480	28,563,840	28,563,840
Total I.V. Fluid (Nos)	64,143,360	68,152,320	72,161,280	76,170,240	76,170,240

Sales Price Details

Sales Price Details	Unit	Rate (USD)
POP Bandage Pcs (10 CmX 4 Mtrs)	Pcs	2.00
Crepe Bandage Roll (10cm X 4.5 Mtrs)	Pcs	1.50
Cotton Rolls	Kgs	5.00
Absorbent Gauze Rolls (90 cmX100 Mtrs)	Pcs	14.00
IV Fluid 500 ml	Pcs	0.33
IV Fluid 1000 ml	Pcs	0.57

Sales Revenue Details

	Million USD				
SUMMARY	2015	2016	2017	2018	2019
POP Bandage Pcs (10 CmX 4 Mtrs)	8.35	8.87	9.40	9.92	9.92
Crepe Bandage Roll (10cm X 4.5 Mtrs)	2.51	2.66	2.82	2.98	2.98
Cotton Rolls	11.14	11.83	12.53	13.22	13.22
Absorbent Gauze Rolls	27.61	29.33	31.06	32.78	32.78
IV Fluid 500 ml	13.11	13.93	14.75	15.57	15.57
IV Fluid 1000 ml	13.59	14.44	15.29	16.14	16.14
TOTAL SALES REVENUE	76.30	81.07	85.84	90.61	90.61

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APPENDIX V**DEPRICIATION SCHEDULE**

Description		Million USD			
		Building	Plant & Machinery	Misc Fixed Assets	Total
1. Total value of assets		16.47	51.97	19.89	88.34
2. Pre-Operative Expenses		1.40	4.43	1.69	7.52
Sub Total		17.88	56.40	21.58	95.86
Contingency	7.5%	1.34	4.23	1.62	7.19
					-
TOTAL		19.22	60.63	23.20	103.05
Less residual value @	8.50%	1.63	5.15	1.97	8.76
Vital Value		17.58	55.48	21.23	94.29
Depreciation (percent)		3.34%	10.34%	10.34%	
Depreciation St. Line Method		0.59	5.74	2.20	8.52
Residual Value after 10 Yr		13.34	3.27	1.25	17.86

APPENDIX VI

ESTIMATION OF INTEREST CHARGES ON TERM LOAN

Project Cost (Million USD)	:	118.00
Equity (Million USD)	:	17.70
Debt (Million USD)	:	100.30
INTEREST ON TERM LOAN		
Interest on Term Loan		5.00%
Moratorium Period		2 Year
No. of years of Instalments		8 Year
Total Time for Loan Repayment		10 Years

Description /Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Million USD	
Opening Balance	100.30	100.30	100.30	94.03	81.49	68.96	56.42	43.88	31.34	18.81		
Repayment	-	-	6.27	12.54	12.54	12.54	12.54	12.54	12.54	12.54		
Closing Balance	100.30	100.30	94.03	81.49	68.96	56.42	43.88	31.34	18.81	6.27		
Interest	6.02	6.02	5.74	4.98	4.23	3.48	2.73	1.97	1.22	0.47		

APPENDIX VI A

Quarterly Calculation of Interest and Repayment

Year	Quarter	Term Loan Out Standing	Repayment	Closing Balance	Amount in Million USD		
					Interest	Yearly Interest	Installments
2015	Qtr 1	100.30	0.00	100.30	1.50		
2015	Qtr 2	100.30	0.00	100.30	1.50		
2015	Qtr 3	100.30	0.00	100.30	1.50		
2015	Qtr 4	100.30	0.00	100.30	1.50	6.02	0.00
2016	Qtr 1	100.30	0.00	100.30	1.50		
2016	Qtr 2	100.30	0.00	100.30	1.50		
2016	Qtr 3	100.30	0.00	100.30	1.50		
2016	Qtr 4	100.30	0.00	100.30	1.50	6.02	0.00
2017	Qtr 1	100.30	3.13	97.17	1.50		
2017	Qtr 2	97.17	3.13	94.03	1.46		
2017	Qtr 3	94.03	3.13	90.90	1.41		
2017	Qtr 4	90.90	3.13	87.76	1.36	5.74	6.27
2018	Qtr 1	87.76	3.13	84.63	1.32		
2018	Qtr 2	84.63	3.13	81.49	1.27		
2018	Qtr 3	81.49	3.13	78.36	1.22		
2018	Qtr 4	78.36	3.13	75.23	1.18	4.98	12.54
2019	Qtr 1	75.23	3.13	72.09	1.13		
2019	Qtr 2	72.09	3.13	68.96	1.08		
2019	Qtr 3	68.96	3.13	65.82	1.03		
2019	Qtr 4	65.82	3.13	62.69	0.99	4.23	12.54
2020	Qtr 1	62.69	3.13	59.55	0.94		
2020	Qtr 2	59.55	3.13	56.42	0.89		
2020	Qtr 3	56.42	3.13	53.29	0.85		
2020	Qtr 4	53.29	3.13	50.15	0.80	3.48	12.54
2021	Qtr 1	50.15	3.13	47.02	0.75		
2021	Qtr 2	47.02	3.13	43.88	0.71		
2021	Qtr 3	43.88	3.13	40.75	0.66		
2021	Qtr 4	40.75	3.13	37.61	0.61	2.73	12.54

2022	Qtr 1	37.61	3.13	34.48	0.56		
2022	Qtr 2	34.48	3.13	31.34	0.52		
2022	Qtr 3	31.34	3.13	28.21	0.47		
2022	Qtr 4	28.21	3.13	25.08	0.42	1.97	12.54
2023	Qtr 1	25.08	3.13	21.94	0.38		
2023	Qtr 2	21.94	3.13	18.81	0.33		
2023	Qtr 3	18.81	3.13	15.67	0.28		
2023	Qtr 4	15.67	3.13	12.54	0.24	1.22	12.54
2024	Qtr 1	12.54	3.13	9.40	0.19		
2024	Qtr 2	9.40	3.13	6.27	0.14		
2024	Qtr 3	6.27	3.13	3.13	0.09		
2024	Qtr 4	3.13	3.13	0.00	0.05	0.47	12.54
Total	Total		100.30		36.86	36.86	94.03

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APPENDIX VII

PROJECTED PROFIT & LOSS ACCOUNT

ESTIMATION OF COST OF PRODUCTION

Million USD

Description		2015	2016	2017	2018	2019
1. Raw Materials		21.68	23.11	25.04	25.72	25.72
Sub Total 1		21.68	23.11	25.04	25.72	25.72
2. Consumables						
- Consumables expenses		2.40	2.55	2.70	2.85	2.85
Sub Total 2		2.40	2.55	2.70	2.85	2.85
3. Utilities						
-Power, Steam and Coal		8.55	8.78	9.00	9.22	9.22
- Water		0.17	0.18	0.19	0.19	0.19
Sub Total 3		8.73	8.96	9.19	9.42	9.42
4. Labour Overheads						
-Factory Workers/Staff		6.80	6.80	6.80	6.80	6.80
Sub Total 4		6.80	6.80	6.80	6.80	6.80
5. Factory Overheads						
-Repairs, Maintenance & Stores	2.50%	2.21	2.21	2.21	2.21	2.21
-Insurance on Factory Assets		0.28	0.26	0.24	0.22	0.20
-Other Factory Overheads	2.00%	1.53	1.62	1.72	1.81	1.81
Sub Total 5		4.01	4.09	4.17	4.24	4.22
6. Total 1+2+3+4+5+6+7		43.61	45.51	47.90	49.04	49.02
Total Cost of Production		43.61	45.51	47.90	49.04	49.02

APPENDIX VII

PROJECT PROFIT AND LOSS STATEMENT (MILLION US \$)

		Million USD				
Description		2015	2016	2017	2018	2019
a. Cost of Production		43.61	45.51	47.90	49.04	49.02
b. Administrative Expenses						
-Administrative Salaries		1.84	1.84	1.84	1.84	1.84
- Other Admin. Overheads	2.00%	1.53	1.62	1.72	1.81	1.81
Total Admin. Expenses		3.37	3.46	3.56	3.65	3.65
c. Packing Expenses		1.53	1.62	1.72	1.81	1.81
d. Sale Expenses	5.00%	3.81	4.05	4.29	4.53	4.53
e. Total Cost Production (a+b+c)		52.17	54.49	57.31	58.88	58.86
f. Expected Sales Ex-factory		76.30	81.07	85.84	90.61	90.61
h. Gross Profit Before interest (f + g - e)		23.98	26.43	28.37	31.57	31.59
i. Financial Expenses						
-Interest on IC Loan		6.02	6.02	5.74	4.98	4.23
-Interest on Borrowing for W. Capital		0.76	0.80	0.85	0.85	0.85
-Bank Charges	1%	0.76	0.81	0.86	0.91	0.91
j. Total Financial Expenses		7.54	7.63	7.45	6.74	5.99
k. Depreciation		8.52	8.52	8.52	8.52	8.52
l. Operating Profit (h-j-k)		7.92	10.28	12.41	16.31	17.09
o. Profit/ Loss before Tax		7.92	10.28	12.41	16.31	17.09
p. Provision for Tax		0.89	1.91	3.09	4.71	5.33
q. Profit after Tax		7.03	8.36	9.32	11.60	11.75

APPENDIX VIII

PROJECT CASH FLOW STATEMENT (MILLION US \$)

Description	2015	2016	2017	2018	2019
CASH FLOW FROM OPERATING ACTIVITIES					
Net profit before tax and extraordinary items	15.46	17.91	19.86	23.06	23.07
Adjustment for					
- Depreciation	8.52	8.52	8.52	8.52	8.52
- Preliminary Expenses W/Off	-	-	-	-	-
- Interest on Bank Borrowings for Working Capital	(0.76)	(0.80)	(0.85)	(0.85)	(0.85)
- Bank Charges	(0.76)	(0.81)	(0.86)	(0.91)	(0.91)
Operating profit before working capital changes	22.46	24.81	26.67	29.82	29.84
Adjustment for					
Increase in bank borrowings for working capital	15.12	0.90	1.00	-	-
Decrease in bank borrowings for working capital					
Increase in working capital	(20.16)	(1.20)	(1.33)	-	-
Decrease in working capital					
Cash generated from operation	17.42	24.51	26.33	29.82	29.84
Payment of direct taxes	(0.89)	(1.91)	(3.09)	(4.71)	(5.33)
Net cash from operating activities	16.53	22.60	23.25	25.10	24.50
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from issue of share capital					
Proceeds from long term loan	-				
Proceeds from unsecured loans					
Decrease in Secured Medium & Long Term Borrowings	-	-	(6.27)	(12.54)	(12.54)
Interest on Term Loans	(6.02)	(6.02)	(5.74)	(4.98)	(4.23)
	(6.02)	(6.02)	(12.00)	(17.52)	(16.77)
Net increase/(Decrease) in cash and cash equivalents	10.51	16.58	11.24	7.58	7.73
Cash and cash equivalents at the beginning of the year	5.04	15.55	32.13	43.38	50.96
Cash and cash equivalents at the end of the year	15.55	32.13	43.38	50.96	58.69

APPENDIX IX**PROJECT BALANCE SHEET (MILLION US \$)**

Description	2015	2016	2017	2018	2019
A. Assets					
Fixed Assets					
1. Gross Fixed Assets	112.96	112.96	112.96	112.96	112.96
2. Cumulative Depreciation	8.52	17.04	25.56	34.08	42.59
Net Fixed Assets	104.44	95.92	87.40	78.89	70.37
Current Assets					
3. Current Assets	20.16	21.37	22.70	22.70	22.70
4. Cash Balance	15.55	32.13	43.38	50.96	58.69
	35.72	53.50	66.07	73.66	81.39
Total (A)	140.16	149.42	153.48	152.54	151.75
B. Liabilities					
Net Worth					
1. Equity	17.70	17.70	17.70	17.70	17.70
2. Cumulative Profits	7.03	15.40	24.72	36.32	48.08
(Retained Profit)	24.73	33.10	42.42	54.02	65.78
Term Liabilities					
6. Term Loans	100.30	100.30	94.03	81.49	68.96
4. Unsecured Loans					
	100.30	100.30	94.03	81.49	68.96
Other Current liabilities					
7. Bank Borrowings	15.12	16.03	17.02	17.02	17.02
Total (B)	140.16	149.42	153.48	152.54	151.75

APPENDIX X

BREAK EVEN POINT CALCULATIONS

			Million USD
DESCRIPTION	2015	2016	2017
A. Sales Realisation	76.30	81.07	85.84
B.- Raw material	21.68	23.11	25.04
- Consumables	2.40	2.55	2.70
- Interest on Working Capital	0.76	0.80	0.85
- Salary & wages (70%)	4.76	4.76	4.76
- Factory overheads (70%)	2.81	2.86	2.92
- Administrative overheads (70%)	2.36	2.42	2.49
- Bank charges	0.76	0.81	0.86
- Utilities	8.73	8.96	9.19
- Sales Expenses	3.81	4.05	4.29
- Packing Expenses	1.53	1.62	1.72
Total B	49.59	51.95	54.81
	:		
C. Contribution (A-B)	26.71	29.12	31.02
D. Fixed costs			
- Salary & wages (30%)	2.04	2.04	2.04
- Factory overheads (30%)	1.20	1.23	1.25
- Administrative overheads (30%)	1.01	1.04	1.07
- Interest on Term loan	6.02	6.02	5.74
- Depreciation & Preliminary Expenses	8.52	8.52	8.52
Total D	18.79	18.84	18.61
	-	-	-
BREAK EVEN POINT D/C (%)	70%	65%	60%

APPENDIX XI

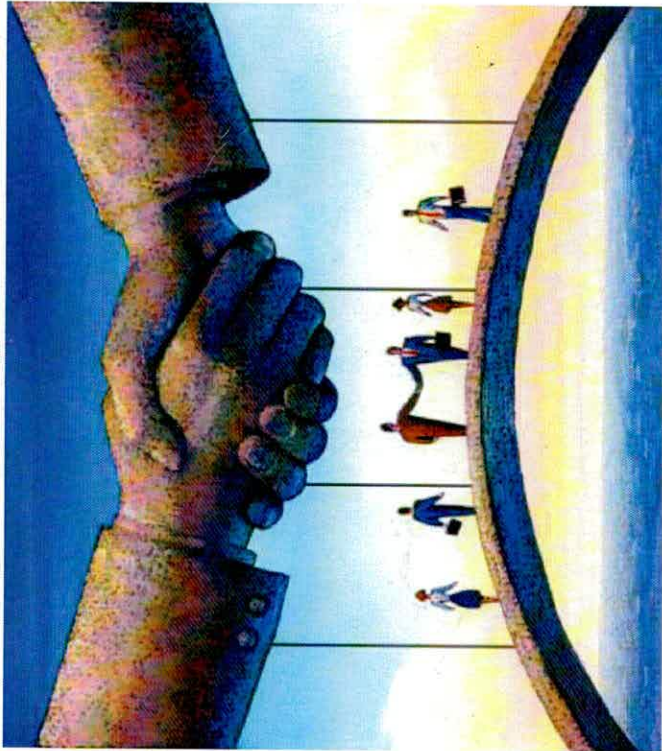
PAY BACK PERIOD CALCULATIONS

DESCRIPTION	Million USD						
	2015	2016	2017	2018	2019		
A. Investment							
1. Total Investment	118.00						
2. Less Margin Money	5.04						
Net Investment (1-2)	112.96						
B. Net Inflows							
1. Net Profit after Tax	7.03	8.36	9.32	11.60	11.75		
2. Depreciation	8.52	8.52	8.52	8.52	8.52		
Total	15.55	16.88	17.84	20.12	20.27		
Cumulative	15.55	32.44	50.28	70.40	90.67		
Payback period	{ 112.96 - 50.28 }						62.68
	3	+	-----			=	-----
	{ 70.40 - 50.28 }						20.12
						=	3.12
	3	+	3.12	=	6.12	Years	

APPENDIX XII

CALCULATION OF DEBT SERVICE COVERAGE RATIO

									Million USD		
Description/ Year	2015	Year under Consideration for DSCR							2023	2024	Total
		2016	2017	2018	2019	2020	2021	2022			
A) Numerator											
-Retained Profit	7.03	8.36	9.32	11.60	11.75	11.96	12.21	12.51	12.84	13.20	77.72
-Depreciation & Preliminary Exp.	8.52	8.52	8.52	8.52	8.52	8.52	8.52	8.52	8.52	8.52	59.63
-Interest on Term Loan	6.02	6.02	5.74	4.98	4.23	3.48	2.73	1.97	1.22	0.47	29.15
Total - A	21.57	22.90	23.58	25.10	24.50	23.96	23.46	23.00	22.58	22.19	166.5
B) Denominator											
-Interest on Term Loan	6.02	6.02	5.74	4.98	4.23	3.48	2.73	1.97	1.22	0.47	29.15
-Instalment of Loan	-	-	6.27	12.54	12.54	12.54	12.54	12.54	12.54	12.54	68.96
Total - B	6.02	6.02	12.00	17.52	16.77	16.02	15.26	14.51	13.76	13.01	98.11
DSCR A/B	3.58	3.81	1.96	1.43	1.46	1.50	1.54	1.58	1.64	1.71	1.70
Average DSCR		1.70									



Thank You

Contents



- Introduction of Project
- Highlights of Project
- Tanzania Textile Industry
- Introduction Phantom Group
- Details of Project
- Schemes offered by various Governments across world
- Facilities requested for Project
- Future Plans



Introduction of Project

- The Project to be executed by H.H. Hillal & Co Ltd, a subsidiary of Phantom Group
- The Project is to manufacture the following Products
 - **Absorbent Cotton Wool in Roll form of Different sizes**
(About 8,000 Kgs of 16,000 Roll of 500 gms Per Day)
 - **Absorbent Cotton Gauze**
(600,000 Mtrs or 6,000 Rolls of 100 Mtrs Per Day)
 - **100% Cotton Crepe Bandage**
(5,000 Crepe Bandages Per Day)
 - **Plaster of Paris Bandage**
(14,000 Plaster of Paris Bandage Per Day)



Highlights of Project

- Only Manufacturing Facility of this Kind in whole of Africa.
- All products to be manufactured as per British and European Pharmacopeia Standards.
- One of the Largest Bleaching Facility for Bleached Cotton in Whole of Africa
- Largest Weaving Facility in Whole of Africa (**168 Japanese Toyota Air Jet Looms in one Shed**)
- Only 100% Crepe Bandage Manufacturer in Whole of Africa
- Largest Employment Generator in Textile Industry in United Republic of Tanzania (**Direct Employment -1700 Nos and Indirect Employment – about 5000 Nos**)
- Saving of Foreign Exchange worth more than **60 Million USD** from First Year of Operations
- Using 10% of Total Tanzania Cotton Production or 20% of Cotton Exported (As per 2010-11 Cotton Production Figures)



Introduction - Tanzania

Introduction Tanzania

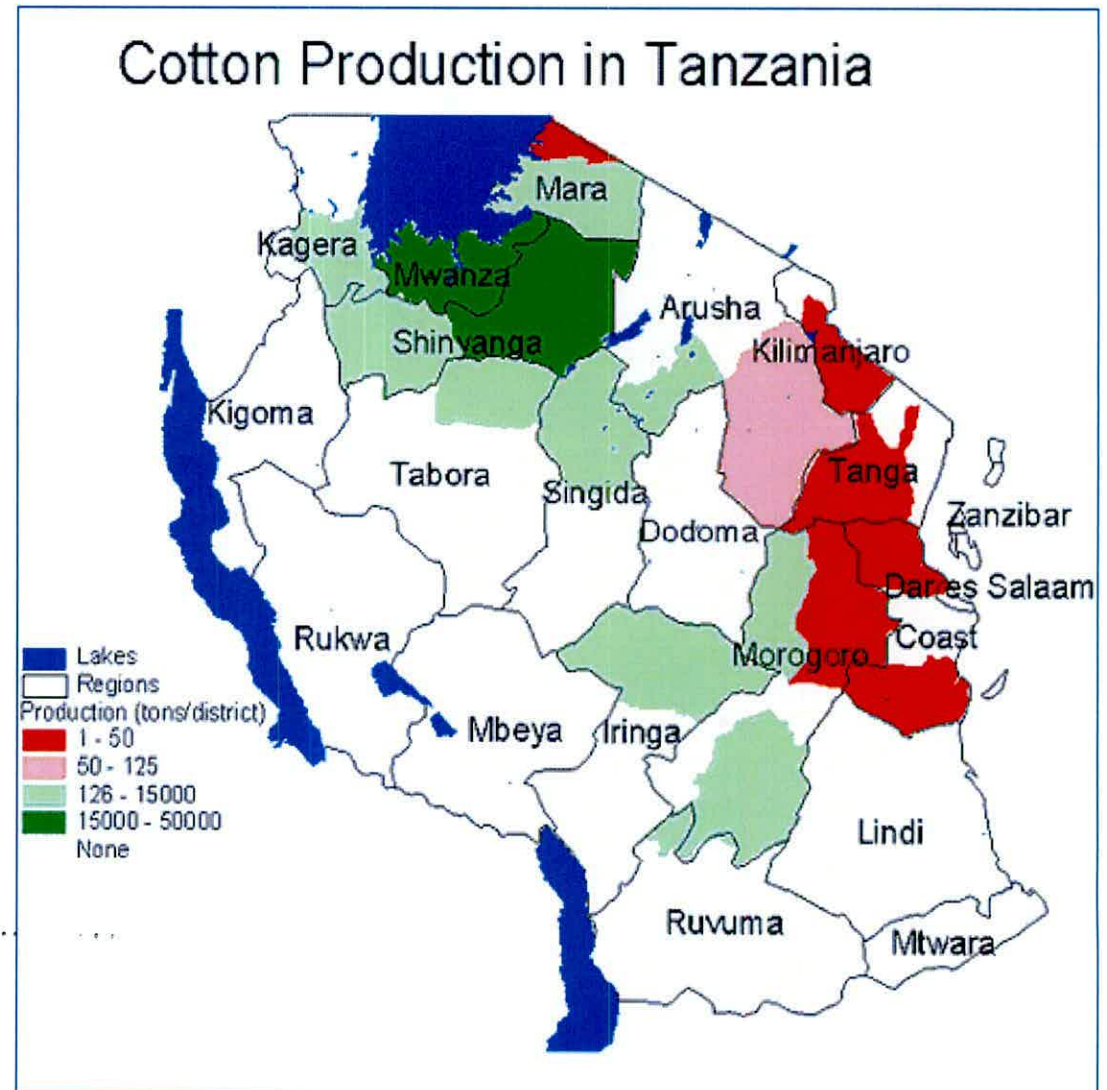


Capital	Dodoma
Largest city	Dar es Salaam
<u>Area</u>	
Total	945,203 km ² (31st) 364,898 sq mi
Water (%)	6.2
<u>Population</u>	
2012 census	44,929,002
Density	46.3/km ² (124th) 119.9/sq mi
<u>GDP (PPP)</u>	
Total	2011 estimate \$63.892 billion
Per capita	\$1,515
<u>GDP (nominal)</u>	
Total	2011 estimate \$23.333 billion
Per capita	\$553



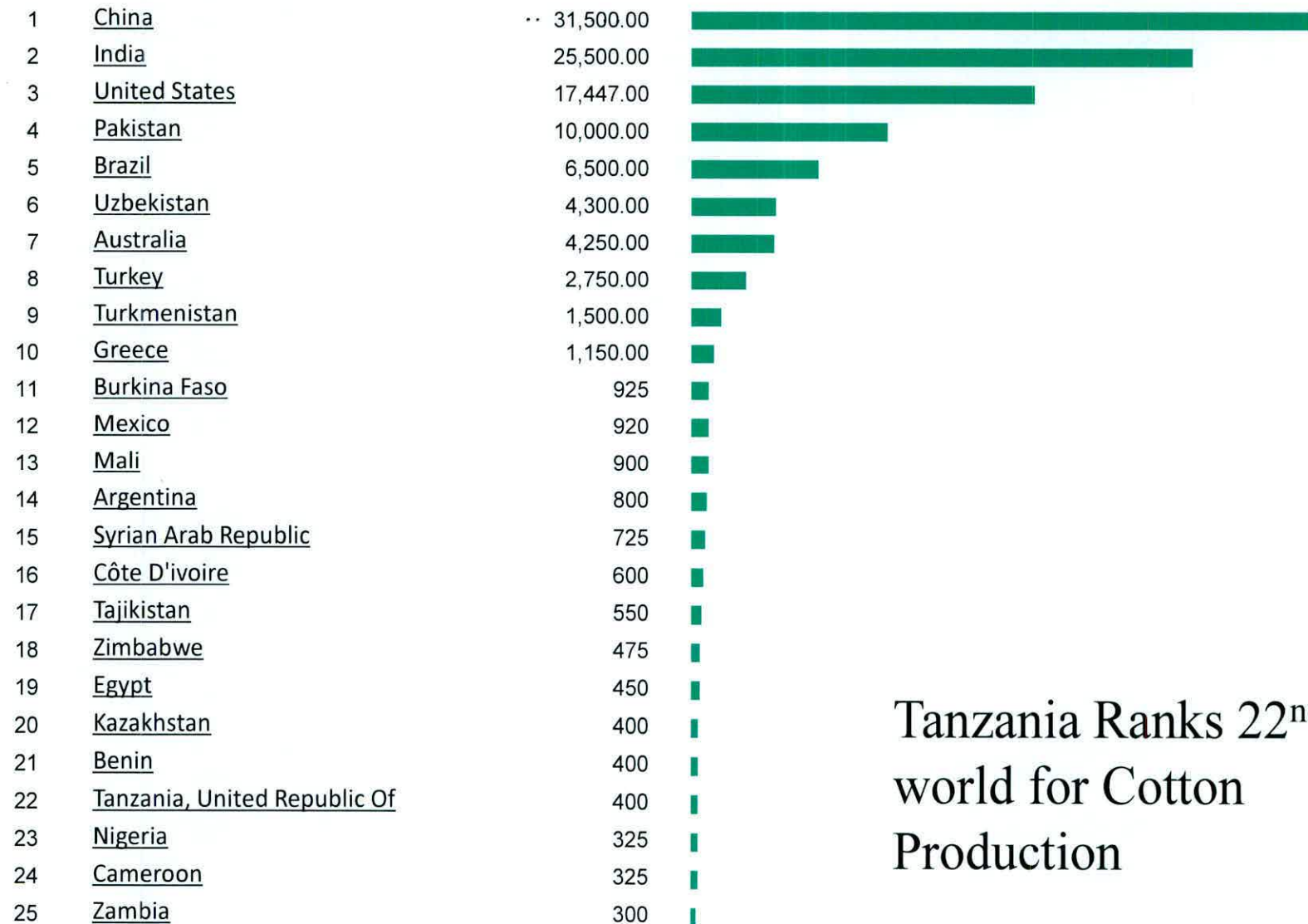
Cotton Life Line of Tanzania

- Cotton in Tanzania is a lifeline of more than 14 million people.
- Cotton is grown in 13 regions out of 21.
- On average, an area of 400,000 ha is planted to cotton by some 500,000 small holders in 42 districts.
- Farm size ranges between 0.5 to 5.0 ha and all cotton is Rain Fed.





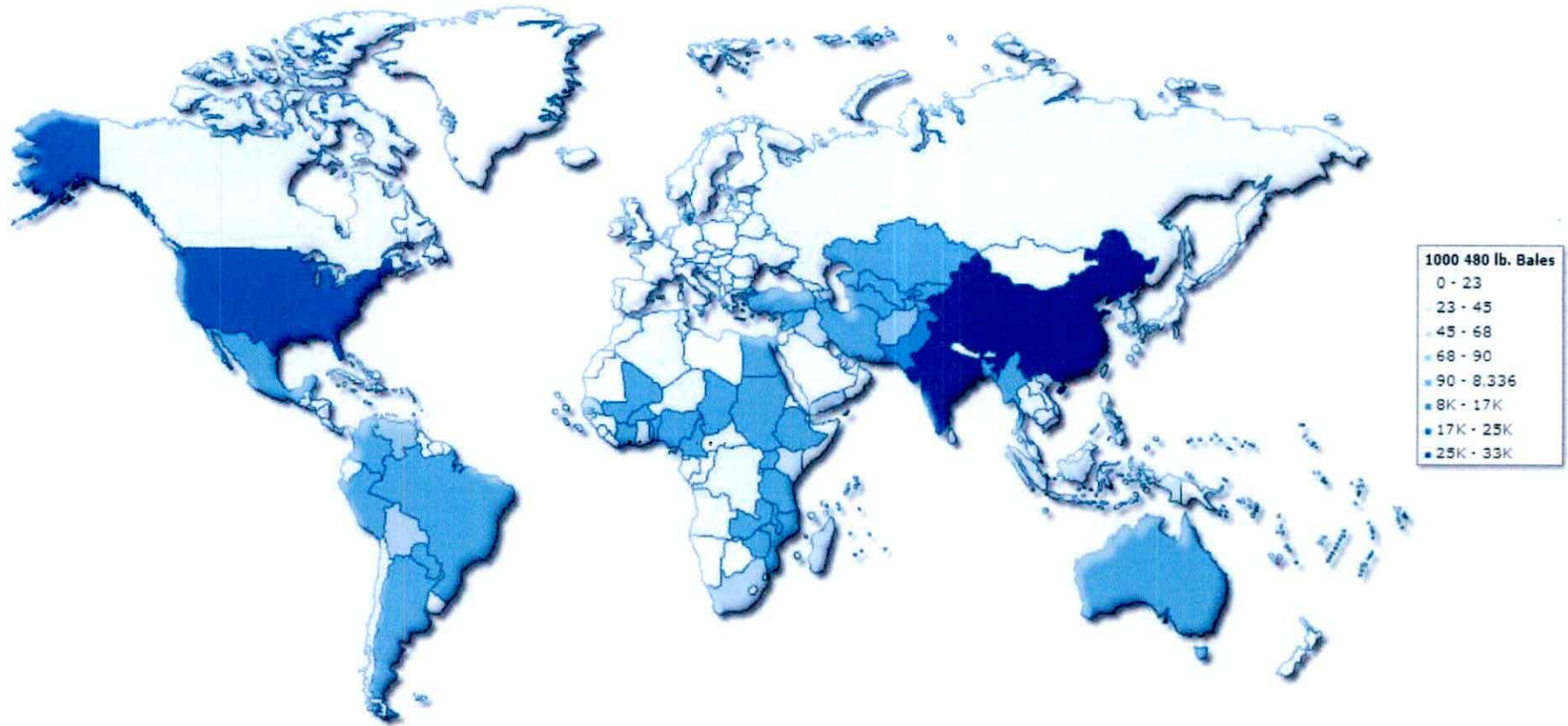
Cotton Production - World



Tanzania Ranks 22nd in
world for Cotton
Production



World Cotton Production Map



Tanzania hold good position on World Cotton Production Map



Cotton Production - Tanzania

Tanzania, United Republic of (000) 480-pound bales								
Year (Aug. 1 - July 31)	Beginning Stocks	Production	Imports	Total Supply	Mill Use	Exports	Ending Stocks	SUR*
2012	350	400	0	750	150	225	375	100.00%
2011	335	315	0	650	150	150	350	116.67%
2010	435	275	0	710	150	225	335	89.33%
2009	440	410	0	850	140	275	435	104.82%
2008	285	570	0	855	165	250	440	106.02%
2007	295	310	0	605	170	150	285	89.06%
2006	302	200	0	502	110	97	295	142.51%
2005	248	575	0	823	120	401	302	57.97%
2004	152	525	0	677	70	359	248	57.81%
2003	142	235	0	377	70	155	152	67.56%
2002	137	280	0	417	60	215	142	51.64%
2001	116	230	0	346	55	154	137	65.55%
2000	124	188	0	312	50	146	116	59.18%

Source: USDA-Foreign Agriculture Service

*Stocks-to-Use Ratio: Calculated by dividing Ending Stocks by Total Use(Use & Exports)



Cotton Production and Yield in Tanzania

Table 2.2: Cotton Production and Yield Trends: 2001/02- 2008/09

Period	Acreage (‘000 Hectares)	Yield Kg/ Ha	Production (‘000 MT)
2001/02	392	161	63
2002/03	291	172	50
2003/04	459	257	117
2004/05	471	212	100
2005/06	450	214	96
2006/07	459	215	99
2007/08	410	163	67
2008/09	485	256	124

Source: Tanzania Cotton Board; **Cotton World Statistics** in: Bulletin of the International Cotton Advisory Committee; September, 2009.

In Year 2011 the Productivity is about 750 Kgs/ ha as compared to 2000 Kgs/ ha of world average.

So there is huge potential of increasing the total production of cotton, even if total area for cotton production remain same in coming year.

The similar trend is seen countries like China, India and other cotton Growing countires.



Challenges of Textile Industry in Tanzania

- Inadequate extension services which limit productivity to only 750 kilograms per hectare as compared to the world's average of 2000kg/ha.
- Poor cotton quality
- Continued inadequate local processing of lint into textiles and apparel;
- Low level of expenditure in research development activities;
- Poor infrastructure in particular feeder roads and cotton storage facilities at village level;
- Inadequate resources for the TCB to spearhead issues of cotton promotion and development

(Courtesy TCB, Annual Report 2011)



Introduction Phantom Group

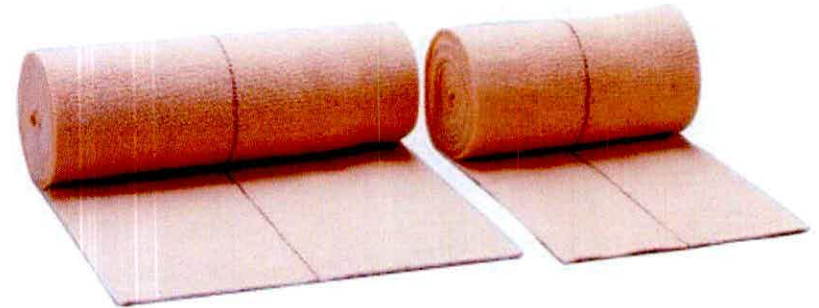
- Phantom group a well established group in Tanzania for Supply of Medical Products in country and Cotton Ginning.
- The Group is having “STATE OF ART GINNING PLANT” in Shinyanga Region.
- The group is one of Largest Importer & Suppliers of Absorbent Cotton Gauze in country.
- Seeing the huge Potential in the Filed of Medical Textile, the group has planned to start manufacturing facility of Medical Textile Products.
- The group Ginning Company would supply cotton for Production of Medical Textile Products.
- The company would be fully integrated from Cotton to Final Products.
- The company will have all the in-house manufacturing facility from Cotton to Fabric.



Products Planned



Cotton Wool Rolls



100% Cotton Crepe Bandage



Absorbent Cotton Gauze Rolls



POP Bandage



Medical Textile Products - Tanzania

- Presently Tanzania Imports all the Medical Textile Products for its consumption.
- The estimated imports of the products is
 - Absorbent Cotton Wool - About 4.00 Million Rolls/ year
 - Absorbent Cotton Gauze - About 2.00 Million Rolls/ Year
 - 100% Cotton Crepe Bandage - About 8.00 Million Rolls/Year
 - Plaster of Paris Bandage - About 10.00 Million Rolls/Year
- In fact the whole of East Africa is dependent upon Import of these products as there is no manufacturing facility in the Region.

(Estimated figures as per company market research)



Advantage – Tanzania for Medical Product Production

■ **Availability of Cotton**

- Tanzania is having huge production of cotton. (It ranked 22nd in World for cotton Production).
- 50.56% of Tanzania cotton is having of 27.4- 27.9 mm fiber length, and suitable for these applications.
- The cotton is Roller Ginned with low neps and low short fiber content.
- 95% is within the Prime Micronaire range of 3.5-4.9 , with high uniformity ratio of 81-85%, which is suitable to High Speed Spinning.

■ **Access to market**

- The neighboring countries and COMESA countries are easy accessible and there is no manufacturing facility.
- Cheap Labor cost compared to other neighbor countries.



Advantage for Country from Project

- This would be Largest textile manufacturing facility in Tanzania (and even in whole Africa)
- This project would be Largest Weaving facility in whole of Africa. The Project would be making about **600,000 Mtrs** of gauze Fabric per Day. This would be more than the total requirement of Tanzania. The company would be able to export to COMESA countries
- The Project would be manufacturing about **16,000** rolls of 500 gms per day. The company would be able to export Cotton Rolls after fulfilling complete country demand.
- After Setting up this project, there will be no need to import these products for Tanzanian Market.
- By this country would be able to save more than 65 Million USD in Foreign Exchange.



Employment Generation

- Largest Employment Generator in Textile Industry in United Republic of Tanzania (**Direct Employment -1700 Nos and Indirect Employment – about 5000 Nos**)

The Project would employ and train local man power and would benefit the whole area for Employment Generation.

- Using 10% of Total Tanzania Cotton Production or 20% of Cotton Exported (As per 2010-11 Cotton Production Figures by TCB)

The Project would use about 6,636,038 Kgs of Cotton Lint per Year, which is about 10% of Total Cotton Lint Production of Tanzania. The total production of Cotton was 66,618,420 Kgs in year 2010-11 (Courtesy TCB)

This would directly help the whole chain of Cotton Production and would benefit farmers directly.



Location of Project

- The company has selected Shinyanga for setting up the Project.
- Shinyanga area produces the maximum cotton in country.
- The company has already taken about 50 acres of land.
- The site is very near to Shinyanga town and will be developed completely for setting up the project.
- The site has following advantages:
 - Close Proximity to largest cotton growing in country
 - Close Proximity to market. All East African countries are well connected to this region.



Area wise Cotton Production of Tanzania

Table 1: Seed Cotton Production from 2008/09 to 2010/2011

Zone	Region	2008/09	2009/2010	2010/2011	
WCGA	Shinyanga	220,808	174,162	105,143	
	Mwanza	75,744	59,637	33,669	
	Mara	53,283	10,986	10,705	
	Tabora	13,451	4,700	10,737	
	Kagera	2,559	15,650	1,827	
	Singida	1,300	294	753	
	Kigoma	1	1,336	47	
		WCGA..	367145	266,765	162,881
ECGA	Manyara	898	172	490	
	Morogoro	307	33	73	
	Kilimanjaro	84	6	33	
	Pwani	84	19	28	
	Tanga	157	5	11	
	Iringa	23	4	1	
		ECGA	1,552	230	636
	Total	368,697	267,004	163,517	

Shinyanga Region produces about 32% of seed cotton of whole country



Schemes given by different countries for Promotion

- All developing countries offer fiscal benefits for Promotion of textile Industry. The brief details is as follows:
- **India**- Indian government offers various schemes for Promotion of textile industry. Some incentive are offered by Central Government and every State also give separate schemes. This include reduction in Interest rates of Loan, Capital Subsidy, Reduction in Power Tariff, VAT Exemption, Import Duty Exemption of Import of Plant and machinery.
- **Pakistan** – Pakistan also offers similar schemes of in Interest rates of Loan, Capital Subsidy, Reduction in Power Tariff, VAT Exemption, Import Duty Exemption of Import of Plant and machinery.
- **Nigeria** – Nigeria offers very Low Interest rate under CTG scheme for textile industry.



Benefits requested for the Project

- The project seeks a capital subsidy as it is one of its own kind in whole of Africa and is a very large scale one with Huge Capital investment.
- This is Large scale Project and the company will be able to compete with the International Players only if it is able to get the financial assistance at very low cost so **The company is requesting to give Guarantee to Debt Portion of Project to go to the international market for financial assistance.** This would also help company to approach International funding agencies for Debt Funding.
- **The Project seeks Exemption on Import Duty and VAT on Plant and Machinery and the Material purchased for this Project.**
- **The project also seeks a special rate in the power tariff to reduce the cost to be able to compete to the international market.**



Estimated Project Cost

- The Estimated Project cost is as follows:
 - Total Project Cost - About 82 Million USD
 - Contribution from Phantom Group - About 12.3 Million USD
 -
 - Assistance required (Guarantee to Loan)- About 69.7 Million USD



Future Plans

- In Future company wants to develop it self as “ONE STOP SOLUTION” for all medical & personal hygiene products. These Include the following range of Products:
- Adult Diapers
- Baby Diapers
- Delivery Kits
- Sanitary Pads
- Cotton Pleats
- Cotton Balls
- Cotton pads
- Surgical Gowns
- Surgical Mask
- Surgical caps
- And many more Products



Picture of Similar Plant – General View



Side view of Plant



Out side view of Plant



Picture of Similar Plant – Spinning Plant



Cotton Cleaning Machine



Spinning Machine



Testing Laboratory



Picture of Similar Plant – Fiber Bleaching Plant



Cotton Cleaning Machine



Fiber Bleaching Machine



Stamping Machine



Testing Laboratory



Picture of Similar Plant – Cotton Roll Plant



Bleached Cotton Carding Machine



Cotton Roll Making Machine



Picture of Similar Plant – Gauze Making Plant



Gauze Bleaching Machine



Gauze Weaving Machine



Gauze Drying Machine



Gauze Slitting & Winding Machine



Picture of Similar Plant – Crepe Bandage Plant



Fabric Bleaching Machine



Fabric Shrinking Machine



Crepe Bandage Weaving Machine



Packing Machine

Thank You





**Cotton Based
Medical Textile
Manufacturing
Facility**

By

**PHANTOM
Group**



8893

Unclaimed refund beyond three years will be forfeited



10903

TANZANIA INVESTMENT CENTRE

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

RECEIPT REC010565

No. 004929

Received from : H. H. HILLAL AND COMPANY LTD

Address P. O. Box 15236 Dar Es Salaam.

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

Being payment in respect of : REGISTRATION FEE

Amount : USD 100.00

Cash / Cheque No: D/ deposit 11/03

Date : 11-Mar-2013

**For Executive Director
Tanzania Investment Centre**

BUisso 

Receiving Officer



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
Website: 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 HILLAL HAMAD HILLAL
(director/directors/agent of M/S H.H. HILLAL & COMPANY 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 ASG. BLUE GLASS BUILDING
CORNER OF GEREZANI & NYERERE ROAD, DAR ES SALAAM, 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 ASG. BLUE GLASS BUILDING, DAR ES SALAAM
4. The Principal Officers of the Company are HAMAD HILLAL
AJIT KUMAR CEO
RAVI B. ARORA & SUNEEL - CONSULTANT
5. Auditors of the Company are M/S MARTEC & CO
P.O. BOX 71914, DAR ES SALAAM, TANZANIA
6. The authorized share capital of the Company is Tshs./US\$ 2,000,000,000/-
(TSHS: TWO BILLION ONLY)

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 118,000,000/-
8. The month and day of the financial year end is MARCH 31ST

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/- (ONE HUNDRED ONLY)..... Being the Registration Fees. **In the event this application is unsuccessful we understand that this fee will not be refunded.**

I, HILLAL HAMAD HILLAL of Post Office Number 15236

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

authorized agent of M/S. H. H. HILLAL & COMPANY 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 25 day of MARCH 2013 }


Applicant



Before me:



25/03/2013
.....
Commissioner for Oaths

APPLICATION SUMMARY

Company Name: M/S. H. H. HILLAL & COMPANY LTD

Certificate of Incorporation Number: 66574 Status: LIMITED LIABILITY COMPANY

Certificate of Incorporation Date: 18.07.2008

Post Box: 15236

Town: DAR ES SALAAM

Sector: MEDICAL Sub-Sector: MEDICAL TEXTILE, SALINE WATER

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity Local Equity Foreign Loan Local Loan
\$ 17.70 MILLION \$ 100.30 MILLION

Project Objectives: TO SETUP MANUFACTURING PLANT FOR PRODUCTION OF MEDICAL PRODUCTS LIKE ABSORBENT COTTON ROLLS, ABSORBENT COTTON GAUZE ROLLS, COTTON CREPE BANDAGE, PLASTER OF PARIS BANDAGE & I.V. FLUIDS

Capacity: SEPARATELY ATTACHED

Employment: Foreign: 29 Local: 1710 Total: 1739

Implementation Period: 18 MONTHS

Project Location SHINYANGA

Site/Plot/Block No.: PLOT 176, BLOCK -KK INDUSTRIAL AREA -MZ ROAD

Street: MWANZA ROAD District: SHINYANGA Region: SHINYANGA
(Attach sketch map showing project location)

Table with 3 columns: Shareholders, Nationality, %
HILLAL HAMAD HILLAL TANZANIAN 80%
HAMAD HILLAL TANZANIAN 20%

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

Land/Building	.....	26.38	.....
Plant	.....	51.97	.....
Vehicles	}	19.90
Furniture & Fittings	
Pre-expenses	.....	7.52	.....
Others	.....	7.19	.....
Working Capital	.....	5.04	.....
TOTAL	.....	118.00	.....

Contact Details:

Name: HILLAL HAMAD HILLAL Title: CHAIRMAN
Telephone: 0784275165 Fax: +255 22 2136080
Email: hillal.ca@yahoo.com

Payments to be made payable to:

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

YEARLY PRODUCTION CAPACITY

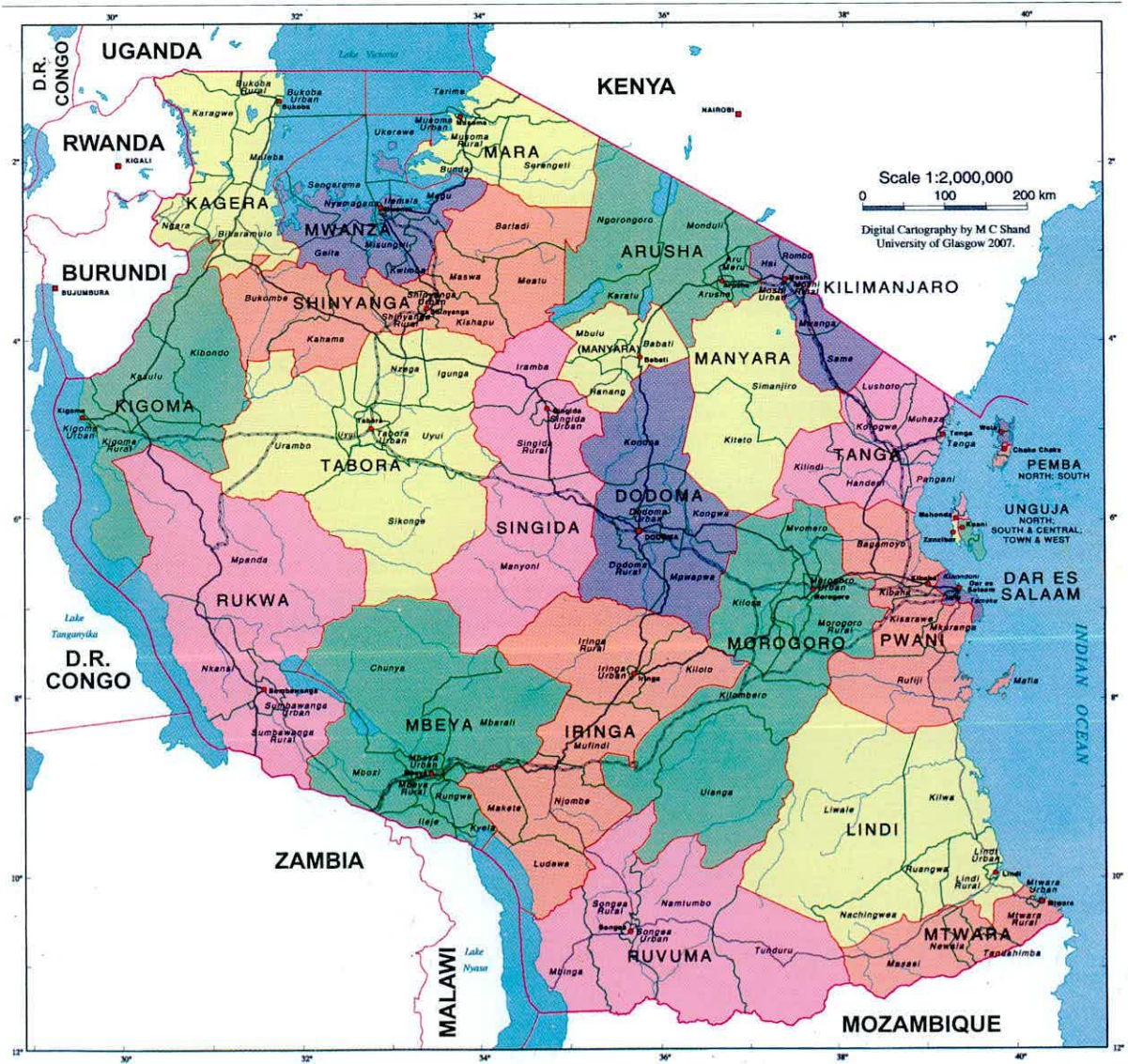
Products	Unity	Quantity
A. Medical Textile Products		
• POP Bandage	Pieces	5,220,000
• Crepe Bandage	Roll	2,088,000
• Absorbent Cotton Roll	Roll	5,568,000
• Absorbent Cotton Gauze Roll	Roll	2,485,695
B. Medical Products		
• I.V. Fluid 500ml	No	50,112,000
• I.V. Fluid 1000mln	No	30,067,200



SKETCH MAP SHOWING PROJECT LOCATION

ATTACHED





DATED THIS ^{1st}.....DAY OF January.....2013

**THE LAND ACT NO. 4 OF 1999
AND
LAND REGISTRATION ACT
[CAP. 334 R.E. 2002]**

LEASE AGREEMENT

BETWEEN

EL- HILLAL MINERALS LIMITED

AND

H.H. HILLAL & COMPANY LIMITED

FOR LEASE OF LAND WITH AN AREA OF FIFTY (50) HECTARES CONSTITUTING THE LAND KNOWN AS FARMS NO. 95, 96, 97, 98 AND 99 SITUATED AT BUGANIKA VILLAGE IN KISHAPU DISTRICT IN SHINYANGA CONTAINING THREE THOUSAND EIGHT HUNDRED SEVENTY ONE HACTARES (3871) WITH A CERTIFICATE OF TITLE NO. 19730

DRAWN BY:

**MAWENZI ADVOCATES' CHAMBERS,
NIC INVESTMENT HOUSE,
7TH FLOOR WING A,
SAMORA AVENUE/MIRAMBO STREET,
P.O. BOX 78220,
DAR ES SALAAM.**



Del

LEASE AGREEMENT

This **LEASE AGREEMENT** is made on the ^{1st}.....day of January 2013

Between

EL-HILLAL MINERALS LIMITED, a limited liability company registered under the Companies Act 2002 of P.O. Box 15 Shinyanga (hereinafter called the "**Lessor**") which expression shall where the context admits include and extend to its successors and assigns and the persons deriving title under it, of the first part;

And

H.H. HILLAL & COMPANY LIMITED, a limited liability company registered under the Companies Act 2002 of P.O. Box 15, Shinyanga (hereinafter called the "**Lessee**") which expression shall where the context admits include and extend to its successors and assigns and the persons deriving title under it, of the second part;

- A: WHEREAS** the **Lessor** is the owner of all that land known as Farms No. 95, 96, 97, 98 and 99 situated at Buganika Village in Kishapu District in Shinyanga Region containing Three Thousand Eight Hundred and Seventy One (3,871) hectares with a Certificate of Title No. 19730 registered at Mwanza Land Registry with a copy appended hereto. (hereinafter referred to as "the Property").
- B: WHEREAS** the Lessor is desirous of leasing to the Lessee part of the property referred to under recital A with an area of fifty (50) hectares (hereinafter referred to as "the Land") for the purposes of constructing a medical dressing products factory.
- C: WHEREAS** both parties are now desirous and require a formal agreement to embody the terms and conditions of leasing the Land.

NOW THEREFORE IN CONSIDERATION of the premises and the mutual covenants of the Parties hereto as set forth hereinafter it is mutually agreed as follows:-

1.0 CONSIDERATION:

1.1 In consideration of the rent hereby reserved and on the terms and conditions, covenants, and agreements herein contained and on the part of the Lessee to be observed and performed, the Lessor do hereby demises to the Lessee fifty (50) hectares of the property referred under Clause 1.0 **TO HOLD** the same unto the Lessee and its successors and assigns for a term of fifty (50) years commencing from 1st January 2013 for the sole propose of constructing a medical dressing products factory.

1.2 The Lessee shall pay to the Lessor monthly rent amounting to Tanzanian Shillings Fifty Thousand [Tshs. 50,000/=]

2.0 LESSEE'S COVENANTS

- (a) To pay all charges and taxes if any, in respect of the Land accrued and payable during the tenure of the lease period and upon the expiration to provide documentary evidence for having settled all the above referred charges.
- (b) Not (without the previous consent in writing of the Lessor) to make any alterations or additions to the demised premises or to cut maim or timbers thereof.
- (c) To permit the Lessor or its agents or servant by reasonable prior notice, and at all reasonable hours to enter and view the condition of the Land and in the event of any repairs being necessary to carry the same out within one month of receiving a notice to do so and certainly prior to vacating the premises (subject to the same being the Tenant's responsibility).
- (d) To use the Land to construct medical dressings products only and not to assign, sublet, or part with possession of the Land without the previous written consent of the Landlord. In the

case of the Lessee, any misdemeanours or breaches of the occupants shall be automatically imputed upon the Lessee jointly and severally in all respect with the occupant, and or the person committing the breach or misdemeanour. Such breach includes those committed by the agents, employees, or invitees of the Lessee whether by carelessness or negligence.

- (e) The Lessee during its occupancy of the demised premises, shall hold the Lessor free and harmless from any damages or liability or responsibility to any person or property arising out of or as a consequence of the fault and negligence of the Lessee his agents, employees, domestic help, or guests and indemnify the Lessor to the extent of any damage caused. The Lessee has no liability in case of fortuitous events like earthquakes, explosion, flood, and the like, which are beyond the control of the Lessee.
- (f) Not to assign or sublet the Land or any part thereof without the written consent of the Lessor.

3.0 THE LESSOR HEREBY COVENANTS WITH THE TENANT AS FOLLOWS:-

- a) That the Lessor has a good title, right and full power to demise unto the Lessee the Land in the manner aforesaid.
- b) On the Lessee paying rent in the manner aforesaid and observing and performing the covenants, conditions and stipulations herein contained and on its part to be observed and performed it shall peacefully and quietly possess and enjoy the Land during the term hereby granted without eviction, interruption, disturbance, claim demand whatsoever by the Lessor or any person or persons lawfully or equitably claiming by, from or in trust for him.
- c) To pay and discharge all statutory rates, taxes, assessments, impositions, duties, charges and outgoings whatsoever save for electricity and/or telephone charges and water rates charges which are now or may hereafter become imposed or charged upon the Land or payable by the Lessee in respect thereof.



- d) The Lessor shall maintain in good working condition and working order all the connections for supply of water and electricity as well as the soil and sewage connections at its own costs provided that if any damage is caused to such connection by the Lessee or its servants or visitors or guests such damage will be made good by the Lessee at the costs of the Lessee.
- e) The Lessor or its servants and agents will at all reasonable times have the right to enter upon the demised premises for carrying out any work of repairs, additions or alterations to the Land or to the connections for the amenities aforesaid by previous notice thereof to the Lessee and the Lessee shall not object to the same.
- f) The Lessor reserves the right to mortgage, sell or otherwise dispose of the property, provided the Lessee's rights under this lease are respected. The Lessee itself agrees to allow the Lessor or its authorized representative, to enter the demised premises, together with the prospective buyers, upon prior notice and arrangement made by the Lessor with the Lessee and at reasonable hours. The Lessor agrees that in the event such sale of the Land occurs, the conditions embodied in this Contract of Lease, shall be respected and honoured by the new owner.

4.0 PROVIDED ALWAYS THAT IT IS HEREBY MUTUALLY AGREED AND DECLARED AS FOLLOWS:-

- a) That if the rent hereby reserved or any part thereof shall at any time be in arrears and unpaid for twenty one days after the same shall have become due (whether formally or legally demanded or not) or if the Lessee shall at any time fail or neglect to perform or observe any of the covenants and obligations herein contained and its part to be performed and observed the Lessor shall be entitled to re-enter and take possession of the Land.
- b) Any notice under this lease shall be in writing may be served on the party on who it is to be served either personally, or to an agent duly authorized to receive mail, or by leaving it at the Land (if by courier such delivery service to be made to such premises or place) and in the case of a notice to be

served on the Lessor it may be served in like manner or upon any agent for the Lessor duly authorized in that behalf.

- c) In the event of any dispute of claim arising from or in connection with this lease, which is not settled mutually by the parties, thereto such dispute or claim may be referred by either party to the court or tribunal in Dar es Salaam Tanzania for adjudication and settlement.
- d) The Lessee may terminate this Lease at any time upon giving written notice to the Lessor at six (6) calendar months in advance of the termination date. Such termination of this Lease will be without prejudice to any right of action or remedy of either Party in respect of any antecedent breach of the terms and conditions contained herein. If the Lessee terminates this lease in accordance with this clause, the Lessee shall not be liable for any charges additional to those incurred to the date when the Lease is terminated and the Landlord shall, within sixty (60) business days of the termination date refund to the Lessee all advance rental payments in excess of rental liability accrued to the date of termination.
- e) Save as otherwise provided for herein this lease shall be held firm and binding and cannot be terminated before the expiry of a period of Thirty (30) years from the date of commencement.
- f) If the Lessee shall be desirous of taking a lease of the Land for a further term upon the expiration of the term hereby granted it shall within three (3) months before the expiration of the term hereby granted have given to the Lessor notice in writing of such desire. If the Lessee shall have paid the rent hereby reserved and shall have reasonably performed and observed the stipulations herein contained and on its part to be performed and observed up to the expiry of the tenancy hereby created, then the Lessor will let the demised premises to the Lessee for a further term to be agreed between the Tenant and the Lessor from the date following the date of expiry of this present lease at a rent to be mutually agreed upon by both parties.

IN WITNESS WHEREOF the Landlord and the Tenant have executed these presents on the day hereinbefore appearing:-

SEALED with the Common Seal of the said

EL- HILLAL MINERALS LIMITED

and **DELIVERED** at DAR-ES-SALAM

..... in the presence
of us this 1st day of JANUARY 2013



Signature : [Signature]

Postal address : P.O. BOX 15

: SHINYANGA

Qualification : CHAIRMAN

Signature : [Signature]

Postal address : P.O. BOX 15

: SHINYANGA

Qualification : DIRECTOR

SEALED with the Common Seal of the said

H.H. HILLAL & COMPANY LIMITED

and **DELIVERED** at Dar es Salaam

in the presence
of us this 15th day of January 2013



Signature : [Signature]

Postal address : P.O. Box 15
: SHINYANGA

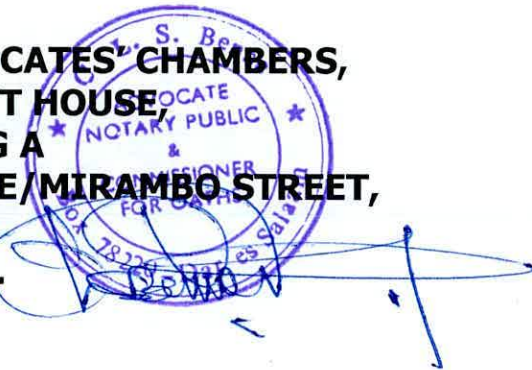
Qualification : CHAIRMAN

Signature : [Signature]

Postal address : P.O. Box 15
: SHINYANGA

Qualification : DIRECTOR

DRAWN BY:
MAWENZI ADVOCATES' CHAMBERS,
NIC INVESTMENT HOUSE,
7TH FLOOR WING A
SAMORA AVENUE/MIRAMBO STREET,
P.O. BOX 78220,
DAR ES SALAAM.



TANZANIA

THE LAND ACT 1999

(NO. 4 OF 1999)

CERTIFICATE OF OCCUPANCY

(Under Section 29)

Date of Issue: 4-3-2008

Title Number: 19730 LR Mwanza

Land Office Number: 181687

Land: Farms No. 95, 96, 97, 98 and 99, Buganika Village, Kishapu District

Term: Sixty Six Years

CERTIFIED AS A TRUE COPY OF
THE ORIGINAL DOCUMENT

B. Ngatunga 01/01/13
BERNARD NGATUNGA
ADVOCATE / NOTARY PUBLIC



TITLE No. 19730

REGISTERED ON

4-3-2008

at 10:55 Am

MMurway

Asst. Registrar of Titles



Land Form 23

Stamp Duty Shs. 100/2 Paid

and Revenue Receipt No. 25556011

7-1-2008

MMurway
Asst. Registrar of Titles

TANGANYIKA

STAMP DUTY PAID Shs. 100

ORIGINAL No. 967702

Receipt No. 25556011

7-1-08

MMurway
Asst. Registrar of Titles

THE UNITED REPUBLIC OF TANZANIA

THE LAND ACT, 1999
NO.4 OF 1999

CERTIFICATE OF OCCUPANCY
(Under Section 29)

Title No. 19730 **LR**

L.O. No. 181687.

L.D/KDC/F/03.

The 7th day of February, Two thousand and eight.

THIS IS TO CERTIFY that **EL-HILLAL MINERALS LTD.** A Limited Liability Company Incorporated in Tanzania and having its Registered Office in Shinyanga of P.O. Box 15 SHINYANGA (hereinafter called "the Occupier") is entitled to a Right of Occupancy (hereinafter called "the Right") in and over the land described in the Schedule hereto (hereinafter called "the Land") for a term of **Sixty six** years from the first day of **October, Two thousand and seven** according to the true intent and meaning of the land Act and subject to the provisions thereof and to regulations made thereunder and to any enactment in substitution therefore or amendment thereof and to the following conditions:-

1. The Occupiers having paid rent up[to the thirtieth day of June, 2008, shall there after pay rent of shillings **One million, nine hundred thirty five thousand, five hundred (Shs.1,935,500/=)** a year in advance on the first day of July in every year of the term without any deduction PROVIDED that the rent may be revised by the Commissioner for Lands.
2. **USER:** The land shall be used for **Farming and Livestock keeping purposes** only, Use Group 'R' use classes (a), (b) and (c) as defined in the Town and Country Planning (Use Classes) Regulations 1960, as amended in 1993.

CERTIFIED AS A TRUE COPY OF THE ORIGINAL DOCUMENT

B. Ngatunga 01/01/13

BERNARD NGATUNGA
ADVOCATE / NOTARY PUBLIC



3. The Occupiers shall:-

- (i) Demarcate the boundaries of the land to the satisfaction of **Kishapu District Council** (hereinafter called "the Authority") and thereafter to maintain such demarcation that the boundaries are always easily identifiable.
- (ii) Do everything necessary to preserve the environment and protect the soil and preserve soil fertility and prevent soil erosion on the land and use the land so as not to cause soil erosion outside its boundaries and do all things which may be required by the authorities responsible for agriculture and environment to achieve such objective.
- (iii) Be responsible for the protection of all beacons on the throughout the term of the Right. Missing beacons will have to be re-established at any time at the Occupier expenses as assessed by the authority responsible for Surveys and Mapping.
- (iv) Abide to all development conditions as described by the Land Regulations, 1948.

4. The following are the rights of the occupiers:-

- (i) The permanent, exclusive rights to the land, the subject of the right of occupancy against all persons other that the Commissioner.
- (ii) The Right shall confer no water rights.

5. The Occupiers shall not assign the Right within three years of the date hereof without the prior approval of the Commissioner for Lands.

6. The Occupiers shall deliver to the Commissioner for Lands notification of disposition in prescribed form before or at the time the disposition is carried out together with the payment of all premia taxes and dues prescribed in connection with the disposition.

7. The President may revoke the Right of Occupancy for good cause and or in the public interest.

SEALED with the Common Seal of the said

H.H. HILLAL & COMPANY LIMITED

and **DELIVERED** at Dar es Salaam

..... in the presence
of us this 15th day of January 2013



Signature : [Signature]

Postal address : P.O. Box 15

: SHINYANGA

Qualification : CHAIRMAN

Signature : [Signature]

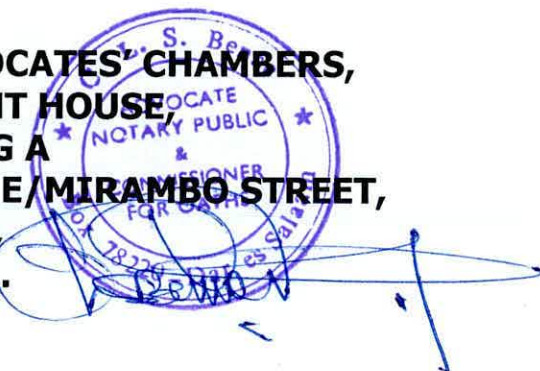
Postal address : P.O. Box 15

: SHINYANGA

Qualification : DIRECTOR

DRAWN BY:

**MAWENZI ADVOCATES' CHAMBERS,
NIC INVESTMENT HOUSE,
7TH FLOOR WING A
SAMORA AVENUE/MIRAMBO STREET,
P.O. BOX 78220,
DAR ES SALAAM.**



TANZANIA

THE LAND ACT 1999

(NO. 4 OF 1999)

CERTIFICATE OF OCCUPANCY

(Under Section 29)

Date of Issue: 4-3-2008

Title Number: 19730 LR Mwanza

Land Office Number: 181687

Land: Farms No. 95, 96, 97, 98 and 99, Buganika Village, Kishapu District

Term: Sixty Six Years

**CERTIFIED AS A TRUE COPY OF
THE ORIGINAL DOCUMENT**

B. M. Ngatunga 01/01/13
**BERNARD NGATUNGA
ADVOCATE / NOTARY PUBLIC**



TITLE No. 19730

REGISTERED ON

4-3-2008

at 10:55 Am

MM Mway

Asst. Registrar of Titles



Land Form 23

Stamp Duty No. 100/2 Paid

and Revenue Receipt No. 25556011

7-1-2008

MM Mway
Asst. Registrar of Titles

TANGANYIKA

STAMP DUTY PAID 100

ORIGINAL No. 96772

Receipt No. 25556011

7-1-08

MM Mway
Asst. Registrar of Titles

THE UNITED REPUBLIC OF TANZANIA

THE LAND ACT, 1999

NO.4 OF 1999

CERTIFICATE OF OCCUPANCY

(Under Section 29)

Title No. 19730 **CR** *Howe*

L.O. No. 181687.

L.D/KDC/F/03.

The *7th* day of *February*, Two thousand and eight.

THIS IS TO CERTIFY that **EL-HILLAL MINERALS LTD.** A Limited Liability Company Incorporated in Tanzania and having its Registered Office in Shinyanga of P.O. Box 15 SHINYANGA (hereinafter called "the Occupier") is entitled to a Right of Occupancy (hereinafter called "the Right") in and over the land described in the Schedule hereto (hereinafter called "the Land") for a term of **Sixty six** years from the first day of **October, Two thousand and seven** according to the true intent and meaning of the land Act and subject to the provisions thereof and to regulations made thereunder and to any enactment in substitution therefore or amendment thereof and to the following conditions:-

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2. **USER:** The land shall be used for **Farming and Livestock keeping purposes** only, Use Group 'R' use classes (a), (b) and (c) as defined in the Town and Country Planning (Use Classes) Regulations 1960, as amended in 1993.

CERTIFIED AS A TRUE COPY OF THE ORIGINAL DOCUMENT

B Bernard 01/01/13

BERNARD NGATUNGA
ADVOCATE / NOTARY PUBLIC



3. The Occupiers shall:-

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- (ii) Do everything necessary to preserve the environment and protect the soil and preserve soil fertility and prevent soil erosion on the land and use the land so as not to cause soil erosion outside its boundaries and do all things which may be required by the authorities responsible for agriculture and environment to achieve such objective.
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- (iv) Abide to all development conditions as described by the Land Regulations, 1948.

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- (ii) The Right shall confer no water rights.

5. The Occupiers shall not assign the Right within three years of the date hereof without the prior approval of the Commissioner for Lands.

6. The Occupiers shall deliver to the Commissioner for Lands notification of disposition in prescribed form before or at the time the disposition is carried out together with the payment of all premia taxes and dues prescribed in connection with the disposition.

7. The President may revoke the Right of Occupancy for good cause and or in the public interest.

SCHEDULE

ALL that land known as Farms No. 95, 96, 97, 98 and 99 situate at Buganika Village in Kishapu District containing three thousand eight hundred seventy one (3871) hactares shown for identification only edged red on the plan attached to this Certificate and defined on the registered Survey Plan No. 48507 deposited at the Office of the Director for Surveys and Mapping at Dar Es Salaam.

Given under my hand and official seal the day and year first above written.

[Handwritten Signature]
COMMISSIONER FOR LANDS

I the within named EL – HILLAL MINERALS LIMITED hereby accept the terms and conditions contained in the foregoing Certificate of Occupancy.

SEALED with the common seal of the said)
EL – HILLAL MINERALS LIMITED)
in the presence of us this 3 -)
day of JANUARY 2005)

Signature *[Handwritten Signature]*)
Postal Address P.O. BOX 15)
SHINYANGA)
Qualification CHAIRMAN)

Signature *[Handwritten Signature]*)
Postal Address P.O. BOX 15 SHINYANGA)
Qualification DIRECTOR)

CERTIFIED AS A TRUE COPY OF THE ORIGINAL DOCUMENT

[Handwritten Signature] 01/01/13

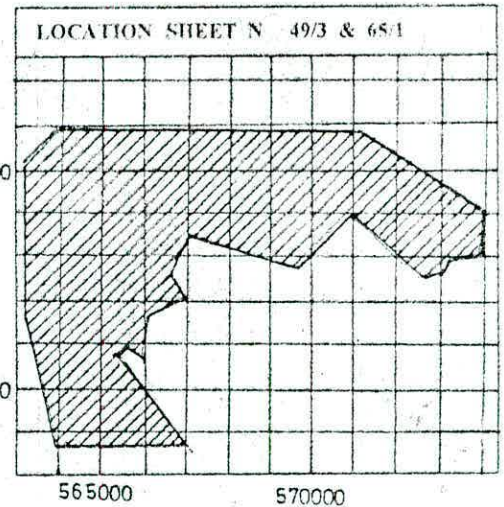
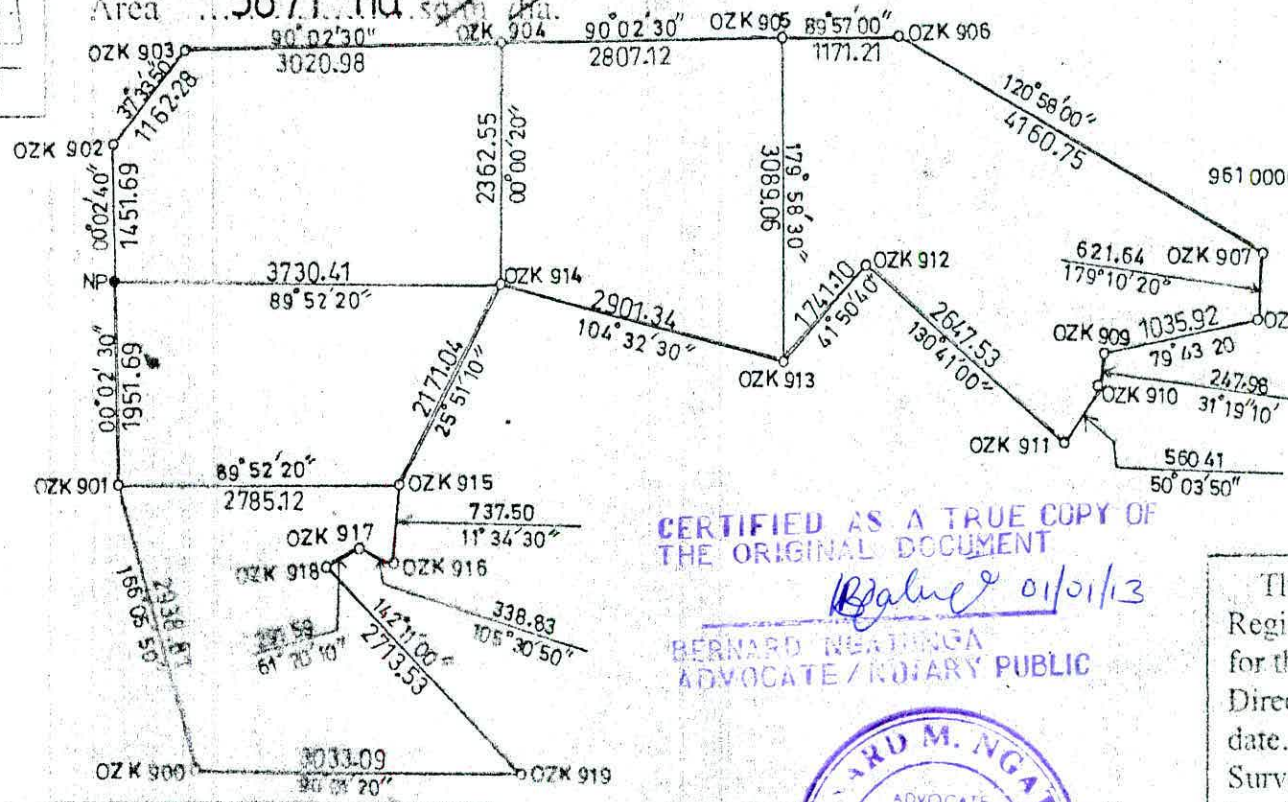
BERNARD NGATUNGA
ADVOCATE / NOTARY PUBLIC



KISHAPU DI 'RICT



Locality Buganika
 Block -
 Farms No 95 - 99
 L.O.No 181687
 Area 3871 ha



E.A (TANZANIA) 1:50,000

CERTIFIED AS A TRUE COPY OF THE ORIGINAL DOCUMENT

B. Ngatunga 01/01/13

**BERNARD NGATUNGA
 ADVOCATE / NOTARY PUBLIC**



This plan prepared in accordance with Registered plan No. **48507**.... is approved for the purpose of land registration ordinance. Director of surveys and mapping *J. J. J. J.* date.... **31.12.2007**..
 Surveys and Mapping Division, Ministry of Land, House and Settlements Development, Dar es salaam

... plan implies no
 ... admission of title by the
 ...



TIC Evaluation Report

Name of the Company

Hillal & Sons Ltd.

Post Box	Mwanza Road, Plot No. 176 Block Kk, Industrial Area	COI Number	66574	Contact	Mr. Hillal Hamad Hillal
Post Office	15236, Dar Es Salaam	COI Date	18/07/2008	Designation	Chairman
Region	Shinyanga	Application F. No	10903	Phone	0
Country	Tanzania	Status		Direct Phone	0
		Sector	Manufacturing	Cell Phone	0786 275 165
		Sub Sector	Medical Textile, Saline Water	Fax	0
		File No	042416	E-Mail Address	0

Project Location		Investment Finance Plan in Millions USD			
Plot/Block	Plot No. 176 Block KK, Industrial Area	Foreign Equity	Local Equity	Foreign Loan	Local Loan
Street	Mwanza Road	0	13	100	0
District	Shinyanga Urban				
Region	Shinyanga				

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	21.38
Hamad Hillal	Tanzanian	20	Plant	51.97
Hillal Hamad Hillal	Tanzanian	80	Vehicles	19.9
			Furniture & Fittings	0
			Pre-expenses	7.52
			Others	7.19
			Working Capital	5.04
			Total	113

Employment	1739	Evaluated By	wf officer4
Capacity	xxxxx	Drawn By	wf registry1
Project Turn Over		Project Type	Mixed(Local & Foreign)

Description

To establish project for manufacturing of medical products

Recommendations

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

Decision



No 00219774

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 042416

This is to certify that

H.H. HILLAL & COMPANY LIMITED

P.O. BOX 15236
of address
DAR ES SALAAM

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

H.H. HILLAL & COMPANY LIMITED

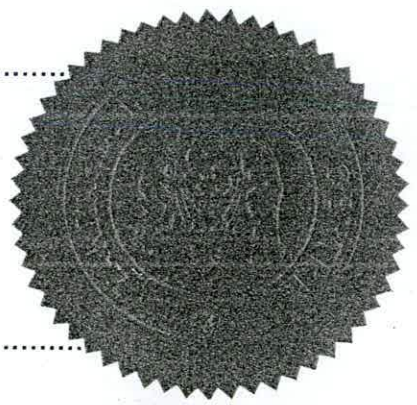
PLOT NO. 176 BLOCK KK INDUSTRIAL AREA
Which is located at
MHUMBU - SHINYANGA

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 4TH APRIL 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 (%)
<u>Hillal H. Hillal</u>	<u>Tanzanian</u>	<u>20</u>
<u>Hamad Hillal</u>	<u>Tanzanian</u>	<u>80</u>
.....
.....

2. Proposed Activities : To establish Project for manufacturing of medical products

3. Sector: Manufacturing Subsector Medical Textile & Saline Water

4. Investment cost: Foreign — Local USD 118m. Total USD 118m.

5. Project Financing: Equity USD 18m. Loans USD 100m. Total USD 118m.

6. Source, terms and conditions of loan.....

7. Assets to be invested:

	Foreign	Local	Total
Capital items:	<u>USD 100m.</u>	<u>USD 18m.</u>	<u>USD 118m.</u>

8. Technology Agreement None

9. Date of TIC Registration: 3rd April 2013

10. Implementation period April 2013 - March 2016

11. Operative date April 2016

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, 97
 - (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

H.H. Hillal & Co. Limited

ASG Blue Glass Building, Corner of Gerezani & Nyerere Road

P.O. Box 15236, Dar es Salaam - Tanzania

Tel: +255 22 2136090, +255 22 2120061, Fax:+255 22 2127136

E-mail: hillal_co@yahoo.com

BOARD RESOLUTION

EXTRACT OF THE MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF M/S H.H.HILLAL & COMPANY LIMITED (REGISTRATION NUMBER 66574) WHICH WAS HELD AT CORPORATE OFFICE, DAR ES SALAAM ON 03rd DAY OF APRIL 2013

Present :

Hillal Hamad Hillal – Chairman

Hamad Hillal - Director

Mr.Hillal Hamad Hillal, Chairman Chaired the meeting

Mr.Hillal Hamad Hillal explained the developments of the company and the proposed medical product manufacturing project and financial arrangement plan and the following resolutions have been passed.

It was Resolved that

1. The company is authorized to invest in the manufacturing facility involving manufacture of Absorbent Cotton Wool products, Absorbent Cotton Gauze Rolls, Cotton Crepe Bandages, Plaster of Paris Bandages and I V Fluids in Shinyanga with the estimated total cost of USD 118.00 Million.
2. The company is authorized to apply for government guarantee to obtain for long term loan to International Financial Institution or International Development Banks or any Government Direct funding. The guarantee the company looking for will be 85% of the total project cost which is USD 100.30 million.
3. The company is authorized to apply for exemption and tax relief to Tanzania Investment Centre for their project according to the list which will be prepared and forwarded to Tanzania Investment centre.

Meeting was concluded with the vote of Thanks by the Chairman

On Behalf of Board of Directors



Chairman



Director



Sole Agents and Distributors of Lotus Adult Diapers, Baby Diapers, Sanitary Pads and Maternity Pads.



Stanbic Bank

A member of Standard Bank Group

Ag. Executive Director,
Tanzania Investment Centre,
P. O Box 938,
Dar Es Salaam
Tanzania

Stanbic Centre
Plot No. 99A
Kinondoni Road / Ali Hassan Mwinyi
Road
Dar es Salaam
Fax: 2666301
Telephone: (255-22) 2666430

Date	Direct telephone Number	In reply please quote our reference	Your reference
04/04/2013	+255 22 2666351	SBT/HHHCL/2013	

Dear Mr. Raymond .P. Mbilinyi,

RE: REFERENCE LETTER FOR H.H.HILLAL AND COMPANY LIMITED

As the heading above refers

H.H. Hillal and Company Limited is one of our affluent clients who hold United States Dollar (USD) and Tanzania Shillings (TZS) current business accounts with us. They have been with us since December 2010 operating their accounts to satisfactory.

Kindly avail them accordingly.

It is our understanding however that, this letter has been given in strict confidence, for your office use only without any responsibility to the bank or any of its officers.

Thank you for your cooperation.

Yours Faithfully,

Lorraine Shipella
Assistant Relationship Manager
Business Banking

Stanbic Bank Tanzania Limited

Directors:

H. Senkoro (Chairman / Non-Executive); G. Alliy (Non-Executive); Dr. H. Kibola (Non-Executive); N. Margwe (Non-Executive);
K. Mbathi (Non -Executive); B. Awale (Managing Director)

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 REC010841

No.005115

Received from : *H. H. Hillal & Co. Ltd*
CONTINENTAL SOIL AGRICULTURE LTD

Address P. O. Box 15236, Dar Es Salaam

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

Being payment in respect of : CERTIFICATE OF INCENTIVES

Amount : USD 750.00

Cash / Cheque No: D. Deposit 03/04
03-ADI-2013

Date :

for Executive Director
Tanzania Investment Centre
B. Ujiso *[Signature]*
Receiving Officer

Aug '11

53980

TICC/PP.10/042416/3

3rd April, 2013

Managing Director,
H. H. Hillal & Company Ltd,,
P.O. Box 15236,
DAR ES SALAAM

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE
ESTABLISHMENT OF PROJECT FOR MANUFACTURING OF MEDICAL
PRODUCTS**

We wish to acknowledge receipt of your project proposal to establish project for manufacturing of medical products as presented in the TIC P.A. 1 Form No. 10903 and Feasibility Study with a projected investment of USD 113m.

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. In order to enable TIC prepare your Certificate of Incentives, You will be required to submit the following:-

- Company Board Resolution accompanied by Bank Reference for equity funding or a letter from Bank/Financial Institution that a loan is granted or is under consideration as required by Section 17(3) (f) of Tanzania Investment Act,1997.
- Certified document showing evidence of Land ownership for the location of the project (Transfer of Land ownership) .

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.10/042416/3

3rd April, 2013

*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

THE UNITED REPUBLIC OF TANZANIA



Certificate of Change of Name

NO **66574**

I HEREBY CERTIFY THAT

HILLAL & SONS LIMITED =====

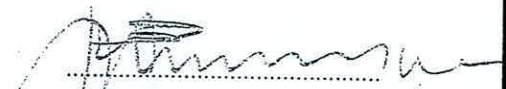
having, with sanction of a special Resolution of the said Company, and with the approval of the Registrar signified in writing Changed its name, is now called the **H.H. HILLAL & COMPANY LIMITED =====**

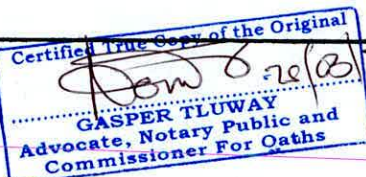
and I have entered such new name on the Register accordingly.

Given under my hand at Dar es salaam

this **15TH** day of **APRIL**

Two thousand and **TEN**


Asst. Registrar of Companies



TANZANIA



Certificate of Incorporation

Section 15

No **66574**

I HEREBY CERTIFY THAT

HILLAL & SONS 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 **18TH** day of **JULY**

TWO THOUSAND AND EIGHT

[Signature]
Assi. Registrar of Companies

Certified True Copy of the Original
[Signature] 28/05/2013
GASPER TLUWAY
Advocate, Notary Public and
Commissioner For Oaths



TIC Evaluation Report

Name of the Company
Hillal & Sons Ltd.

Post Box	Mwanza Road, Plot No. 176 Block Kk, Industrial Area	COI Number	66574	Contact	Mr. Hillal Hamad Hillal
Post Office	15236, Dar Es Salaam	COI Date	18/07/2008	Designation	Chairman
Region	Shinyanga	Application F. No	10903	Phone	0
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0786 275 165
		Sub Sector	Medical Textile, Saline Water	Fax	0
		File No	042416	E-Mail Address	0

Project Location		Investment Finance Plan in Millions USD			
Plot/Block	Plot No. 176 Block KK, Industrial Area	Foreign Equity	Local Equity	Foreign Loan	Local Loan
Street	Mwanza Road	0	13.15	100	0
District	Shinyanga Urban				
Region	Shinyanga				

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	26.38
Hamad Hillal	Tanzanian	20	Plant	51.97
Hillal Hamad Hillal	Tanzanian	80	Vehicles	19.9
			Furniture & Fittings	0
			Pre-expenses	7.52
			Others	7.19
			Working Capital	5.04
			Total	118

Employment	1739	Evaluated By	wf officer4
Capacity	xxxxx	Drawn By	wf registry1
Project Turn Over		Project Type	Mixed(Local & Foreign)

Description

To establish project for manufacturing of medical products

Recommendations

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

Decision

Approved

Ag EXD

28/03/13

H.H. Hillal & Co. Limited

ASG Blue Glass Building, Corner of Gerezani & Nyerere Road

P.O. Box 15236, Dar es Salaam - Tanzania

Tel: +255 22 2136090, +255 22 2120061, Fax: +255 22 2127136

E-mail: hillal_co@yahoo.com

25.03.2013

To

The Executive Director
Tanzania Investment Centre.
9A&B Shaaban Robert Street
P.O.Box 938
Dar Es Salaam
Tanzania



Dear Sir,

Sub: Registration for Certificate of incentives

Reference to the above subject we would like to inform you that we are planning to set up a new manufacturing plant at Shinyanga for the production of Medical products like Absorbent Cotton Rolls, Absorbent Cotton Gauze Rolls, Cotton Crepe Bandage, Plaster of Paris Bandage and I.V Fluids(Saline Water) for our local consumption and Export to neighboring countries

As we are importing all these products ever since from the day of our usage, we are losing lot of foreign exchange and these plant will help to save lot of foreign exchange by the way of stopping our imports.

Estimated Annual Foreign Exchange savings out of this plant to our country is USD 90 million per annum.

In so many ways this plant is first in kind in our country.

The total Investment plan is USD 118 million with the local Equity and foreign loan in the proportion of 15:85

Now we would like to register this project with your office at the first step to move this project with the other department for required approval.

We attached the following documents for your kind notice

1. Dully filled application
2. Receipt of Registration fee paid
3. Copy of the Site plan with land ownership
4. Copy of the Memorandum and Article of Association
5. Certified copy of the Certificate of Company Incorporation
6. Detailed business plan
- *7. Copy of the Extract of the board resolution



**Sole Agents and Distributors of Lotus Adult Diapers, Baby Diapers,
Sanitary Pads and Maternity Pads.**

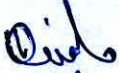
We request you to register this project and issue the necessary certificate to start the other processes.

We would appreciate if you would kindly accord approval at the earliest.

We wish to thank you for your cooperation.

Thanking you,
Yours Faithfully,

For H.H. Hillal & Company Ltd



H.H.Hillal
Chairman

