

EMALR COMPANY LIMITED

BUSINESS PLAN

FOR

HDPE PIPE MANUFACTURING PROJECT

**EXTRACT FROM MEETING OF THE BOARD OF DIRECTORS AND SHAREHOLDERS OF
EMALR COMPANY LIMITED**

**Plot No. 2, Block K, Kisarawe ii, Kigamboni, Dar es Salaam Region
P.O. Box 21091
DAR ES SALAAM**

At a duly convened and constituted meeting of the board of directors of EMALR COMPANY LIMITED according to Companies Act 2012 and Tanzania Investment Act 1997 on 20th of February 2019, the following resolutions were passed:

1. That US\$ 267,000 be allocated to establish a project for manufacturing of HDPE PIPES
2. That the shareholders Dominick Izahak Chuwa and Eliwaha Andrew Kilango will provide part finance for the project
3. That the company be registered with Tanzania Investment Centre so as to enjoy fully investment incentives, benefits and protection as statutory provided for under Tanzania Investment Act, 1997.

Certified true extract

(By order of the board)

Eliwaha Andrew Kilango

.....

Chairman

Stella January Soka

.....

Secretary

1.0. EXECUTIVE SUMMARY.

EMALR COMPANY LIMITED registered in Tanzania under with

Certificate of Incorporation No.139234308 issued on 28th May 2019.

The project promoters are well established business in Tanzania, carrying out various businesses but majoring in Manufacturing of HDPE PIPES and trading. Having been in the business for over 10 years the directors are now well prepared for expanding business by establishing the Manufacturing of HDPE PIPES projects.

The business plan has been prepared for **EMALR COMPANY LIMITED** For manufacturing of HDPE PIPES project. The implementation of this project will include following activities:

- Registration of project to TIC
- Obtaining various permit and license
- Repairing industrial building
- Ordering machines
- Recruiting
- The purchase of 1 Single Cabins Pick Up
- Purchasing 1 light trucks
- Purchasing of machines and equipment's
- Equipping the company with relevant facilities

The proposed project is estimated to cost about US\$ 267,000. The project sponsors will prove 100% of this investment.

1.1 THE PROJECT PROMOTERS

The shareholders of this project are all entrepreneurs with a diverse professional and business backgrounds. The company is owned by 2

Shareholders, namely:

Name	Nationality	%of Share	Date of Birth
Dominick Izahak Chuwa P. O. Box 21091 Dar es Salaam	Tanzania	60	
Eliwaha Andrew Kilango P. O. Box 21091 Dar es Salaam	Tanzania	40	

1.2 LOCATION.

The project head office will be located at Plot No. 2, Block K, Kisarawe ii, Kigamboni, Dar es Salaam Region.

1.3 OBJECTIVE OF STUDY

The purpose of this study is to work out the technical and commercial details and financial viability of a factory for manufacturing of HDPE PIPES project.

1.4. MARKET AND MARKETING ASPECTS

The market survey carried out reveals that the current demands for manufacturing of HDPE PIPES project are higher than local production. There is wide gap between supply and demand and therefore, business opportunities exist for setting up additional manufacturing facilities to satisfy the market requirement. With local production, country will save huge amount of foreign earnings which otherwise could be used for importing other essential needs at present. Tanzania population is estimate to be 55 million building increases at high rate will they all mostly need HDPE pipes

2.0. PROJECT DETAILS

2.1. INTRODUCTION

Tanzania is geographically strategically located in relation to her neighbors. Because of the above-mentioned factor, the country's manufacturing sector has a great potential in contributing in economic growth of Tanzania Economy.

Sector plays a critical role in the social and economic development of a country. There is a wide market for manufacturing of HDPE Pipes in Tanzania and in other neighboring countries, Hence the project is not expecting to face operational problem.

Tanzania market is supplied by imported products from Asia based on the quality of products which will be supplied by **EMALR COMPANY LIMITED** the company's products is expected to have a good market in Tanzania and other countries

It is quite gratifying to note that the Government of Tanzania realizes the role of manufacturing sector for its economic and social development, and as a result has developed fiscal and non-fiscal

Incentives which are very instrumental in improving the business and investment environmental in the manufacturing sector . It is alleged that limited availability of high-quality HDPE Pipes produced within Tanzania is the major causes of importation of low-quality products in Tanzania. It is in view of this that, **EMALR COMPANY LIMITED** has resolved to assist by providing a solution to stimulate manufacturing sector by increasing supplies and productivity. EMALR COMPANY LIMITED has major objectives as following: -

- To promote HDPE Pipes manufacturing in Tanzania
- To bring new technology and technical knowhow in the country in the course of its business Transactions
- To provide extra employment to more people in the sector.
- To manufacture products of high quality
- To increase Government revenue

3.0 PROJECT MANAGEMENT

EMALR COMPANY LIMITED will be under the skilled and professional Management who have experience in managing international businesses.

Under this management EMALR COMPANY LIMITED is expected to grow steadily from small to medium company producing high quality products serving domestic to neighboring states. The company will have a team of qualified and experienced functional managers in the areas of operations/Marketing, workshop Finance and Administration. Other senior and middle level staff will be available for the startup and subsequent operations of the company, the total number of employees are expected to be 11

3.1 PROJECT MANAGEMENT POLICY

The day to day operations will be managed by the Managing Director, to be assisted by Directors of Production and Technical Director who will be the overall in charge of production, a sales& marketing Director whose major responsibility will be marketing and sales, financing and administration Director who will take care all matters related to finance resources and human resources of the company

Employees Distribution Summary

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	0	1	2	3
Men	1	5	2	8
TOTAL	1	6	4	11

In order to ensure timely delivery of consignments, provision of goods service to customers, Management will provide on the job training in the field of motor vehicle maintenance and will provide bonus and

3.2 RAW MATERIAL BASE

The manufacturing project will strictly adhere to the law of the land, particularly environmental issues, and raw materials will be sourced locally and other imported from China.

The Pipe industry is an important segment of the evolving industry in developing countries including Tanzania.

3.3 MANUFACTURING SECTOR IN TANZANIA.

Generally, Tanzania has environmental regulations governing the operation of manufacturing industries; operators are required to take environmental impacts assessment to ensure environmental impacts is minimal.

The Government of Tanzania has simplified procedures for manufacturing to encourage value addition, that is why Tanzania through TIC has in place fiscal and non-fiscal incentives to enable investors to have soft landing, procedure and rules are fair and transparent.

4.0 PROJECT'S INVESTMENT CAPITAL

The estimated capital investment cost of the project is US\$ 267,000

SCHEDULE I: EMALR COMPANY LIMITED COST STRUCTURE

PARTICULAR	USD
Land and Buildings	10,000.00
Machinery & Equipment	100,000.00
Motor Vehicles	70,000.00
Furniture & Fixtures	1,000.00
Pre exp	2,000.00
Others	4,000.00
Working Capital	80,000.00
TOTAL	267,000.00

For the project to be a reality a total investment amounting to US\$ 267,000 is needed

(i) Land and Building (industrial premises): US\$10,000

The project is planning to renovate the building located in Kigamboni to accommodate machinery and also to be used as project office, the total cost has been estimated to be US\$10,000 for the first year of project implementation

(ii) Machinery and Equipment: US\$100,000

Some US\$100,000 is anticipated to be spent on the purchase of different types of machines, working tools and equipment's accommodating new technology

(iii) Motor vehicles US\$70,000

The project will need 1truck, 1Land Cruiser, and 1double cabin pick. These vehicles will be used to facilitate project business and double cabin pick up for administrative purposes.

(iv) Furniture: US\$1000

This investment cost item has been estimated to cost US \$1000. It will consist of office furniture such as tables, chairs, telephone, fax, machines, file cabinets, sofa chairs etc.

(v) Pre-Operational Expenses: US\$ 2000

They cover things like company registration, expenses spent in exploring the viability of the project, especially the market/client identification exercise. Also included under this item are issues like consultancy fees, legal fees and recruitment and training Costs of personnel.

(vi) Initial Working Capital: US\$80,000

Assumptions for working capital requirements have been estimated that it will cost US\$80,000. This will involve purchasing of raw materials, daily operating costs etc

5.0 FINANCINGPATTERN

The project will be financed by equity US\$267,000 and cash generated from business

5.1 CAPACITY

The company is planning to install machines of production capacity of 6000 pieces of HDPE pipes for 12 months and one piece of HDPE pipe estimated to be sold at US\$ 34 wholesale price.

6.0 PROJECT OPERATINGCOSTS

In order to realize its intended objective, the project will have to meet the following operating costs.

7.0 MARKETING ASPECTS

7.1 THE PRODUCTS

HDPE pipes

7.2 THE MARKETS

The products are for both the local and export market in neighboring countries. As mentioned above, the promoters are well versed in the business with well-established market contacts.

7.3 SUPPLY POSITION

Apparently, there is limited production of HDPE PIPES targeted by the company. State of the art technology to be employed will enable the company produce very high-quality products

7.4 COMPETITION

Due to the limited and insufficient supply as aforementioned, no stiff competition is foreseen. However, it must be cautioned that the targeted market is very conscious regarding quality. Hence, production of sub-standard products or selling at prohibitive prices will immediately shift customers to substitute products.

7.5 DISTRIBUTION

The company expects to establish its own show rooms to facilitate distribution of its products. This will include setting up of a special unit which will be provided with resources to enable it efficiently undertakes the distribution function of the company. The company will contribute to growth of the domestic production and adds to foreign currency reserve. Several countries including China, India and Ethiopia their economies through export of Plastic products such as HDPE pipes , pvc pipes and pipes although they later faced a number of challenges.

Tanzania is endowed with large number of plastic raw materials, but plastic by-products are underutilized for economic purposes. HDPE raw material are poorly handled and exploited due to the low level of processing technologies including application of hazardous chemical such as LD ,HD and black are toxic and cause pollution of water bodies and are hazardous for all kinds of organisms. All these processes release waste and HDPE manufacturing as one of the most polluting industries due to high amount of chemical gaseous wastes especially smoke and fumes released into environment also consider appointing wholesalers in regions and districts level and dealers in neighboring countries when it reaches the stage of exporting products to such countries.

7.6 PROMOTION

Appropriate promotion means will be employed after consultations with promotion experts to enable the company properly promote its products to the target mark

7.7 PRICING STRATEGY

The company intend to offer best quality services that comply to the price charged as indicated earlier, there is a market segment that has spending power and can afford Therefore, this pricing. this pricing will reflect the targeted market segment in focus. One pair of shoes estimated to be sold at US\$ 34 wholesale price

8.0 ASPECTS OF PROJECT SUSTAINABILITY

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. The growing demand for quality HDPE PIPES locally and in neighboring countries gives them assurance of a steady market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

8.1 MONITERING AND EVALUATION

The monitoring and evaluation tools will be applied in running this project as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth business running.

9.0 FINANCIAL ANALYSIS

9.1 CONSIDERATIONS AND ASSUMPTIONS:

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied.

It is assumed that the major building raw material will be procured from local market and other will be imported. Revenues have been conservatively estimated based on experience of the promoters and trends in the HDPE pipes and plastic pipes industry.

9.2 FINANCIAL STATEMENTS:

9.3 PROJECTED LODGE REVENUE

For projection purposes, it is assumed that the economic life of the project is five years, and that revenue from the project commence from the first year of operation.

SCHEDULE 7.3: EMALR COMPANY LIMITED SUMMARY OF REVENUE "US\$"

Year	1	2	3	4	5
Revenue\$	740,000	750,000	760,000	770,000	780,000

9.4 PROJECTED PROFIT AND LOSS STATEMENT

The Income and Expenditure Statement shows the projected income for the 5 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. US\$ 372,540 in first year to US\$ 1,988,899 in the year 5th for the detail refer **appendix (iii)**

10.5 PROJECTED CASH FLOWS

This is shown in the financial statements. The project has a positive end of year cash flow from year 1 US\$843,340 of operation to the 5th year US\$4,670,328; **for the detail refer appendix (iv)**

10.6 PROJECTED BALANCE SHEET

The projected Balance Sheet of the project is shown in the financial statements under same heading. Net worth of the project increases from US\$ 267,000 in the first year of operation to US\$ 2,255,899 in the 5th year; **for the detail refer appendix (v).**

10.7 PROJECTED PAYBACK PERIOD

Total investment is US\$ 267,000 cash accumulation in 1st years is US\$ 384,840 which is more than the initial investment by US\$ 117,840, the project payback Period is within a year. The project has a relatively short payback period; **for the detail refer appendix (vi)**

11.0 ECONOMIC ASPECTS

Implementation of this project will have the following social and economic values

- The project is an ideal option for utilization of available market
- The project will create employment for **11** people on permanent contract basis as well as on temporary basis.
- It will create more business opportunities to local suppliers which will also have a trickledown effect in the environmental issues.
- It will generate substantial revenue to the government in the form of corporate tax, value Added tax and pay as you earn.
- The project will have transfer of knowledge and skills to manufacturing sector
- The project will generate foreign earnings

12.0 IMPLEMENTATION

Project implementation is expected to be relatively very short once project has been approved it is estimated that construction of factory will be completed within one year: -

SCHEDULE 11.0 IMPLEMENTATION

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	Oct 2019
2	Placing order of machines	October-Dec 2019
3	Installing machines	Jan -March20120
4	Recruitment	April 2020
5	In house training	April- June 2020
6	Testing production	July 2020
7	Commercial operations	August 2020

13.0 CONCLUSION & RECOMMENDATIONS

The project is technically feasible, **financially** viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 1997.

Appendix (i)**EMALR COMPANY LIMITED COST STRUCTURE**

PARTICULAR	US \$
Land and Buildings	10,000.00
Machinery & Equipment	100,000.00
Motor Vehicles	70,000.00
Furniture & Fixtures	1,000.00
Pre exp	2,000.00
Others	4,000.00
Working Capital	80,000.00
TOTAL	267,000.00

Appendix (ii)**EMALR COMPANY LIMITED SUMMARY OF REVENUE "US\$**

	1	2	3	4	5
Revenue	3,630,000	3,663,000	3,996,300	4,029,630	4,032,963

EMALR COMPANY LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT

	1	2	3	4	5
Revenue	3,630,000	3,663,000	3,996,300	4,029,630	4,032,963
Cost of raw materials	2,541,000	2,564,100	2,797,410	2,820,741	2,823,074
Profit before Depreciation &Interest	1,089,000	1,098,900	1,198,890	1,208,889	1,209,889
Other operating cost	544,500	549,450	599,445	604,445	604,944
Depreciation	12,300	12,300	12,300	12,300	12,300
Net Profit before Tax	532,200	537,150	587,145	592,145	592,644
Tax (30%)	159,660	161,145	176,144	177,643	177,793
Profit After Tax	372,540	376,005	411,002	414,501	414,851
Accumulated Profit	372,540	748,545	1,159,547	1,574,048	1,988,899

EMALR COMPANY LIMITED PROJECTED CASH FLOW US\$

		1	2	3	4	
SOURCES:		-	-	-	-	-
Profit before interest and depreciation		1,089,000	1,098,900	1,198,890	1,208,889	1,209,890
Equity	267,000					
Total Sources	267,000	1,089,000	1,098,900	1,198,890	1,208,889	1,209,889
Applications:						
Capital expenditure	181,000	-	-	-	-	-
working Capital & Others	86,000	86,000	86,000	86,000	86,000	86,000
Cash	-	843,340	851,755	936,746	845,246	946,096
Tax		159,660	161,145	176,144	177,643	177,742
Sub total	267,000	1,089,000	1,098,900	1,198,890	1,108,889	1,209,889
Total applications	267,000	1,089,000	1,098,900	1,198,890	1,108,889	1,209,889
Accumulated cash		843,340	1,942,240	2,878,986	3,724,232	4,670,328

EMALR COMPANY LIMITED PROJECTED CASH FLOW US\$

	-	1	2	3	4	
Fixed Assets						
Opening balance	-	181,000	168,700	156,400	144,100	131,800
"Total Long-term						
Assets"	-	181,000	168,700	156,400	144,100	131,800
Less depreciation	-	12,300	12,300	12,300	12,300	12,300
Closing balance	-	168,700	156,400	144,100	131,800	119,500
Working capital	86,000	86,000	86,000	86,000	86,000	86,000
Accumulated cash	-	86,000	1,942,240	2,878,986	3,724,232	4,670,329
Total assets	86,000					
Financed by						
Equity	267,000	267,000	267,000	267,000	267,000	267,000
"Accumulated						
Profit"	-	372,540	748,545	1,159,547	1,574,048	1,988,899
Total equity	267,000	639,540	1,015,545	1,426,547	1,841,048	2,255,899
Total equity and debts	267,000	639,540	1,015,545	1,426,547	1,841,048	2,255,899

EMALR COMPANY LIMITED PROJECTED PAYBACK PERIOD US\$

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	372,540	12,300.00	384,840.00	384,840.00
2	376,005	12,300.00	388,305.00	773,145.00
3	411,002	12,300.00	423,302.00	1,196,447.00
4	414,501	12,300.00	426,801.00	1,623,248.00
5	414,851	12,300.00	427,151.00	2,050,399.00