

COMPANY PROGRESS AND OVERVIEW

OK PLAST LIMITED

1. (a) **Full Company Name** : OK PLAST LIMITED
- (b) **Registration Number & date** : No.25699 dated 12/07/1994
- (c) **Physical Address of the Business:** **Plot # 89/90, Vingunguti Industrial Area**
Off Pugu Road, Next to Fidahussein & Co
Dar es Salaam
Tanzania
- (d) **Postal Address of the Business :** **P. O. Box 8812,**
Dar es Salaam

Tanzania
- (e) **Communication Details:**

Telephone: (255) 22 2844223, 2843181/2

E-Mail mail@okplast.com
- (f) **Contact Persons:**

Sl#	Name	Designation	Mobile #	Email id
1	Sami Ghaddar	Chairman	0752 565654	mail@okplast.com
2	Fadl Ghaddar	Managing Director	0763 603030	fadl.ghaddar@okplast.com
3	Samer Fadlallah	Operations Manager	0763 646764	Samer.fadlallah@okplast.com
4	Prasad Marri	Chief Accountant	0684 000011	prasad.marri@okplast.com

2. **Main Bankers :** **DTB Bank Ltd**
Main Branch,

Mosque Street,

P.O. Box 115

Dar es Salaam

3. **Auditors:** Baker-Tilly DGP & Co
Mahavir Building
2nd Floor, Opp. Econo Lodge,
Off.Libya Street,
P.O. Box 1314,
Dar es Salaam

4. Background of the Company

OK Plast Limited was incorporated in 1994 with its main objectives being production of plastic sandals and rubber slippers. The Company has been expanding ever since. In the year 2002 the Company added two new product lines namely PU popularly called and famously known as OCEAN SANDALS and Beach combers popularly called as ISLANDERS & NIPPON SANDALS. In year 2004 the Company was the main sponsor of Ocean Miss Tanzania 2004 contest as part of our Companies business advertising and development strategy in order to create product awareness.

The target of the company -at that time- was to export to most sub-sahara countries taking advantage that Tanzania was part of COMESA and fortunately succeeded and became number one in this domain in the area. 60% of our products invaded different countries in Africa (starting Kenya and Uganda and ending in Madagascar and some countries in West Africa).

Total value of sales turnover significantly grew by 300%.

The first challenge has come in 2000 when Tanzania pulled itself out from COMESA. In 2003 a tough and unfair competition started to invade the market in Tanzania (and generally Africa). Due to very high competition from China, Middle East & India, the Company had to downsize the operations of the Slippers and PU Sandal division. We worked hard to request from different concerned departments in the government seeking and get some support in order to protect and safeguarding the local manufacturers but our attempts and efforts in doing so was totally in vain due to the flooding of imported products from outside the country.

Towards the end of the first quarter of year 2014 the situation forced the Company to shut down the slipper and PU sandal division then re-open it with a new perspective June 2015 branded K.Manjaro with high hopes that this time it will get some support, but yet again this desperate attempt proved failure and raised high frustrations and concerns.

With over 2000-strong labour force, OK Plast - as leader of footwear manufacturer- operations over the years were characterized by strong demand locally and in a number of African countries, the dream was dramatically finished in 2015.

In the year 2008 the Company further expanded its products and started the PP MAT production division and the following year (2009), the Company started metal recycling projects namely, used scrap lead acid battery recycling, lead extraction (which is now under Power Recyclers Limited's name). The Company invested substantially in Copper Scrap recycling plant in year 2012 and in the year 2013 with the financial assistance of I&M Bank (T) Ltd wherein the copper scrap is smelted, refined and production 8mm copper rods commenced in April 2013.

Copper Rods:

As mentioned above, in the year 2013, the company expanded its operations to produce 8MM Copper Rod from Copper Scrap. We smelt copper Scrap to produce Anode which has a purity of 99.5 %, then transforming the Anode into Cathode to 99.99 % purity and onward casting the Cathode to Copper Rod, which is Oxygen free continuous rods used by the Cable Manufacturing Companies as finished goods.

The current capacity of the Copper unit is over 1,000Mts for producing Copper Anode (through two big furnaces) & 400Mts for producing Copper Cathode (expandable to double, in case) and 500tons to produce copper Rod. Based on the current lack of raw material we are procuring only 120 to 150Mts of Copper Scrap which is not even 1/3rd of our Production Capacity or demand.

Our independent research and other researches indicates that there is a big quantity of the scrap materials which are being exported, hence the local factory are affected more in procuring Copper Scrap.

A full study explaining the challenge is done by BICO – University of Dar Es salaam along with a letter addressed to the Ministry of Trade and Industry early in 2019 (copy attached).

The Ban of Export of Copper Scrap or ingots (a product being formed pretentiously to be regarded or categorized as a final product) should be implemented immediately; this would eventually give more opportunities to the local manufacturers and boost more manpower and create employments to the local citizens.

Note: in order to give more value to the products Ok Plast has launched a new division to produce cables for commercial and corporate market under name of Mastercool Ltd (Mastercable brand). The factory started its activities in October 2018. The project has costed 2 Million US Dollar financed by Bank and Shareholders' loans.

Recycled Lead Ingots:

Despite on the challenges with high competition on less cost on importation in the footwear industry, the management decided to change its nature of business into the recycling industry. In 2009, the company started to manufacture Lead Ingots from the scrap batteries. This project was invested with an additional capital to produce 500Mts of Recycled Lead Ingots. The Lead Ingots were produced with a purified lead of 99.5 % purity for the purposes of 100 % exports.

With this project the company was facing high challenges in obtaining export permits and environmental clearances. At the year when the plant was installed there were only one competitor who was producing Recycled Lead Ingots at large scale. The two companies have a capacity that can absorb the quantity of scrap existing in the country.

That section called Power Recyclers Tanzania Limited, which registered under EPZA with full export of almost 10 containers a month (if and when used batteries are available).

Based on the current situation, there are 6 Competitors producing Recycled Lead Ingots, and all of these are fighting between themselves for a limited quantity of used batteries existing in Tanzanian market (estimated at 1000 tons per month) and currently facing lack of Scrap Battery as raw material.

This has to be controlled only by avoiding more issuance of Licenses for the Recycling of Scrap Batteries plant and avoid more exports of raw materials (Used Batteries which is already banned but still some smuggling is active).

P.P Mats:

The PP Mats which are being produced in a large scale occupies a major role in the entire factory which supports more manpower, mostly local nationals. This Polypropylene Mats are being produced with high quality standards of PP Mats. The mats are being sold locally and exported to the neighboring countries, such as Rwanda and Uganda. All the raw materials are being imported – hence there is no scarcity of raw materials, but the main challenge is most of the PP Mats are being imported from India, Dubai & China etc. The imported cost is lesser than the local manufacturing cost.

Most of them are declaring lower value by declaring low cost to avoid paying Duty & VAT. This underdeclaring and/or false declaration plays a major role in selling the imported PP Mats in a low price than the price fixed by the local manufacturer. Currently there are 3 companies who are producing PP Mats in the country

We suggest to apply a fixed price of the PP Mat (2.5\$/ Kgs) to be declared by the Customs and assess duty and VAT accordingly or by implementing a high excise duty.

For all what is submitted above, we pray for your intervention in trying to work on the suggested points to enable our factories to continue trading in competitive manner. Additionally the issuance of more industrial licenses to a copper processing factories and batteries smelting would attract large number of new facilities, which would eventually denying the present investors a quiet enjoyment of their investments which at bigger or a whole part is bridged by the loans and advances from the financial institutions. Any financial injury caused by the lack of materials, unfair competition and increasing of the similar traders when there are crisis in prices and availability of materials shall means that the efforts are worthless, which will definitely lead to the natural death of these investments.

An additional point is made, and emphasized, that the governing bodies, such as and particularly National Environment Management Council (NEMC) should consider the factories as a sensitive and important sectors and affording us with all necessary assistances as when the plants are shut, all activities of the company are automatically ceased and the workers/employees are returned home, leads to the unnecessary escalation of costs by the company, to incurring the costs of electricity and other utilities which never stops and rise when the plant shuts. We urge your intervention and assistance on these and other highlighted issues.

DETAILED STRUCTURE OF OK PLAST GROUP:

FINANCIAL AND EQUITY STRUCTURE: -

1.0 FINANCIAL

1.1	Authorized capital (Tshs)	10,721,360,000 /-
1.2	Paid up capital (Tshs)	10,721,360,000 /-
1.3	Total capital investment (Tshs)	20,343,223,640 /-
	<i>(Total investment=total paid-up capital + total loans + total assets)</i>	
1.4	Proposed capital investment for the forth-coming year (Tshs)	2,000,000,000 /-
1.5	Total fixed assets (Tshs)	9,621,863,640 /-
1.6	Wages, salaries and allowance paid in 2019 (Tshs)	1,068,716,000 /- p.a
1.7	Expenditure on utilities in 2019 (Tshs)	2,110,014,293 /- p.a
	<i>(Utilities = Electricity + Water + Telecommunications charges)</i>	
1.8	Other Expenditures:-	
	(i) Rents (Tshs)	121,000,000 /- p.a
	(ii) Licenses (Tshs)	68,802,000 /- p.a

2.0 EQUITY STRUCTURE

2.1	Local	25 %	%
2.2	Foreign (specify country)	75 % - Lebanese / French	%

TABLE 1 – SALES OF FINISHED GOODS DURING THE YEAR 2021/2022 (In Tshs)

TYPE OF FINISHED GOODS	LOCAL SALES	SALES TO EPZ/MUB/DUTY FREE AREA	SALES TO EAST AFRICAN COUNTRIES	TOTAL SALES OF FINISHED GOODS
	Tshs	Tshs	Tshs	Tshs
Copper Rods	14,336,825,059	824,902,791	7,399,622,260	22,561,350,110
Lead Ingots	-	8,895,444,846	-	8,895,444,846
PP Mats	813,254,321	-	229.379.424	1,042,633,745

Electrical Cables	5,930,509,587	-	-	5,930,509,587
			TOTAL SALES	38,429,938,288

TABLE (II): IMPORTS/PURCHASES OF RAW MATERIALS DURING THE YEAR 2021/2022 (In Tshs)

TYPE OF RAW MATERIALS (RM)	OVERSEAS PURCHASE (SPECIFY COUNTRY, EXCLUDE EAC COUNTRIES)	LOCAL PURCHASES	PURCHASES FROM EPZ/MUB/DUTY FREE FIRMS	TOTAL PURCHASE/IMPORTS OF RAW MATERIALS
	Tshs	Tshs	Tshs	Tshs
Copper Scrap	-	7,752,702,162	-	7,752,702,162
Battery Scrap	-	7,233,612,525	-	7,233,612,525
PP Recycled / Yarn	-	483,260,699	-	483,260,699
Copper Rods	-	2,770,216,134	-	2,770,216,134
Pvc Compound	-	2,219,216,935	-	2,219,216,935
			Total	20,459,008,455

TOTAL EMPLOYMENT AND WAGES IN 2021/2022 (TZS)

Category of Employment	Tanzanians Permanent	Tanzanians Casuals	Expatriates	Total No. Of Employees	Total Salaries/ Wages - Per Annum	No. of Males	No. of Females
Managerial and Professional	08	-	18	26	491,500,000	20	1
Supervisory and Technical	98	41	-	139	313,600,000	45	3
Clerical	42	-	-	42	75,600,000	31	11
Skilled Workers	148	-	-	148	102,480,000	42	6
Unskilled Workers	12	154	-	166	85,536,000	84	-
			TOTAL	521	1,068,716,000		

TOTAL TAXES REMITTED BY OKPLAST PROJECT :

DETAILS	OKPLAST LIMITED	POWER RECYCLERS (T) LTD	MASTERCool INDUSTRIES LTD
VAT	1,760,153,084	-	186,131,808
SDL	24,132,350	8,016,850	4,365,800
PAYEE	68,530,251	28,936,600	13,721,400
PROVISIONAL TAX	40,500,000	-	18,000,000
EWURA LEVY	7,050,943	2,199,485	731,723
REA LEVY	20,838,731	6,598,000	2,195,175

CITY SERVICE LEVY	23,803,672	-	2,783,480
WITHOLDING TAX	14,680,518	11,183,619	4,854,710
NSSF	49,807,693	16,451,850	9,194,750
STAMP DUTY	1,845,376	48,000	240,000
WCF	5,242,744	1,730,760	955,750
OTHER GOVT. LICENSES & FEES	32,802,000	20,226,000	29,761,500
TOTAL TAXES PAID PER ANNUM	2,049,387,361.42	95,391,163.61	272,936,096.00

List of Production Cost's incurred for Production :

<u>S. No.</u>	<u>Details</u>	<u>Amount</u>
1.	TANESCO	976,136,787
2.	PAN AFRICAN ENERGY – GAS FOR FURNACE	1,133,877,506

DECLARATION

I hereby declare that to the best of my knowledge, all the particulars furnished in this survey are true and correct information of my company.

PRASAD.MARRI

Name of reporting officer: _____

OPERATIONS MANAGER

Official Position: _____



Signature: _____

12-09-2022

Date: _____

Company's official stamp:

