

MELAKA OIL TANZANIA LIMITED



BUSINESS PLAN FOR PETROL FILLING STATIONS FROM 2023-2027

Contact Information;

MELAKA OIL TANZANIA LIMITED

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Dar es Salaam

FEBRUARY, 2023

CORPORATE INFORMATION

Registration Number: 162414992

Business Activity : Development of petrol filling stations, marketing and distribution of petroleum products.

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1.0 EXECUTIVE SUMMARY

Melaka Oil Tanzania Limited is a private company limited by shares registered in Tanzania with registration numberThe main purpose to engage in development of petrol filling stations and transportation business. The stations will be located in all major towns and cities in mainland Tanzania. The fuel filling stations will be situated along major roads in Tanzania, the gas station will be seeking to expand its network so it can offer its service in all regions around the country.

The gas stations will be entrusted to retail its products services and will retail petroleum products and by-products used in motor engines like petrol (PMS), diesel and engine oilas well as retail denser petroleum products like kerosene (AGO). The gas stations will also provide more service for cars which include car wash services, vulcanizing service, wheel balancing and alignment services. This business plan was prepared to establish the viability of the petroleum fuel processing in Tanzania and guide the procurement, operational and marketing activities of the project. The plan establishes a strategic framework that provides a focus, direction and most importantly a common language that acts as a guide for all production, marketing/brand activities creating cohesive strategic alignment between the company mission, vision and goals.

A petrol filling station is a lucrative business opportunity in Tanzania and Africa as there has been a substantial rise in consumption of the product in the country. Also, the demand of petroleum fuel is increasing every year in the whole world.

The company requires a total of **USD 49,950,860** that will be used to purchase machineries & equipment, land acquisition, raw materials, and cover some operational costs at the beginning of the project. The projected operational capacity of fuel per annum is **960,000 metric tons**. The financial analysis indicates the feasibility of the project as the company will be able to recover all the invested capital within first two years of operations and start making substantial profits in the subsequent years. The financing of the project is expected to be 30% equity and 70% debt financing through bank loans. The project expects to employ at least **743 persons**, majority being Tanzanians who shall be directly employed by the project. In addition, the project

expects to create more than **2000 indirect jobs** through sales and commissioning agreements with local traders.

1.1 Vision, Mission and Core Values

Vision

Our vision is to become a leading company in petroleum business investment in Africa.

Mission

Our mission is to become a modernized facilitated most preferred petrol and oil stations being able to provide automobile related service with clean environment for provision of high-quality petroleum and gas products.

Core Values

Quality – We are reliable, committed to deliver and produce to the highest possible standards, strive to perform at an excellent level in everything we do.

Teamwork - Togetherness collectively to achieve our common vision and goals.

Honesty & Integrity - Truthful and consistent, honest and direct with our words.

Respect & Dignity - We demonstrate respect for and appropriate loyalty towards our customers, colleagues and suppliers.

Innovation & Improvement -We drive change and challenge the status quo to exceed our customers' expectation.

Safety – We are committed to the safety, wellbeing and security of the business, facilities, people whom we serve and our employees.

1.2 Project Location

The project is located at the plot No 77, Block A, Siwa road, Mikocheni Light Industry as the head office. The project areas are accessible by road with direct access to electricity and water necessary for the station to operate. The company will follow all government requirements for starting petrol stations in all locations including conducting environmental impact assessment. Facilities will be approved by the government for the kind of station we want to establish and it is easily accessible and we are deliberate about that to facilitate easy movement of petroleum products. .

1.3 Implementation Period

The project is expected to commence on 1st March, 2023. The project areas will be gradually acquired and prepared for the business. The project shall be implemented in three phases. Phase one shall include preliminary stages such as site preparation, construction, plant installation and procurement of beginning raw materials. These processes will commence in March, 2023 to Dec, 2024. Phase two shall include activities for project expansion such as construction of a more production facilities, new equipment and installation. The activities in phase two shall commence in July, 2026 through December, 2027. Then on Phase three the project shall be implemented at the installed capacity for the rest of the period. The installation of machinery and equipment and start of production is described in the Table 1.1. below.

Table 1.1: Implementation Schedule

NO	ACTIVITIES	PHASE ONE Jan2023 - Dec,2024	PHASE TWO Jan2025- June,2026	PHASE THREE July2026- beyond
1	Site preparations and resource Mobilization			
2	Preparation of project facilities and procurement of requirement			
3	Installation of machines and equipment, procurement of raw materials			
4	Operational starts			
5	Operational and distribution continue			

1.4 Project Objectives

The objective set are geared towards helping us achieve the long term goal of becoming the leading and most sought after petroleum product marketing company and automobile service provider (car wash, wheel alignment and balancing) in the country and even beyond the borders of the country. This will be our aim while we provide quality products maintaining hygiene in all branches across the country,

ensuring our customer gets their money's worth and at the same time providing economic value to our customers and partners thereby satisfying them and also maintaining honesty in our pricing. Notably the business will focus on the following specific objectives;

- To ensure availability and reliability of high-quality PMS and AGO products.
- Achieve and maintain the highest standards of safety, ethics, total quality and environmental performance in all operations.
- To improve competitive performance through a more effective utilization of technology.
- To generate sufficient income through sales to meet the needs of the owners and tax revenues to the government.
- To employ at least 36 people and improve livelihood to the community and join hands with the government to reduce unemployment level in the country.

1.5. Project components and costs

The project is still at the initial stages; require some investments in terms of fixed assets, labour and materials. The Project has already obtained required documentations to allow its implementations. Some preliminary costs such as paying rent and grounds works where a filling stations shall be installed has started. The details of the requirements are explained in Table 1.2.

Table 1.2: Project Requirements (US\$)

S/N	Type of Investment	QTY	Cost/Unit	Amount \$
	Land & Buildings			
1	Land Acquisition in cities and towns	100	45,000	4,500,000
2	Buildings and structures	100	173,913	17,391,300
	Total Land & Buildings			21,891,300
	Plant Machinery			
1	Pumps	400	5000	2,000,000
2	Generators kv 55	100	20,000	2,000,000
3	Underground storage tank	300	30,000	9,000,000
4	Fuel tankers	100	40,000	4,000,000
5	Installation cost	100	10,000	1,000,000
	Total Machinery			18,000,000
	Office Equipment			
1	Furniture & Fixtures	100	5,000	500,000
2	Computers, Printers, Telephones & Fax	100	2,000	200,000
	Total Office Equipment			700,000
	Working Capital			
1	Raw Materials 80,000 lts/month per station	8,000,000	0.869	6,952,000
2	Direct labour	743		1,764,000
3	Operational Overheads			643,560
	Total working Capital			9,359,560
	Total Project Requirements			49,950,860

2.0 BUSINESS DESCRIPTION

The project gears towards setting up of 100 petrol filling stations in all towns and cities with distribution network across the country for domestic use in Motor engines as well as for industrial use. Petroleum products are complex mixture of hundreds of hydrocarbon compounds ranging from light, volatile, short-chained organic compounds to heavy-long chained branched compound. The Tanzanian petroleum scenario presents a gap between demand and supply. The major utility of petrol is a spark-ignition in motor engine. It is approximated that petrol is being used by around 55 % of the clients in Tanzania. In urban areas where petrol is the common fuel, used by the clients as fuel for motor engine.

2.1 Petrol filling station

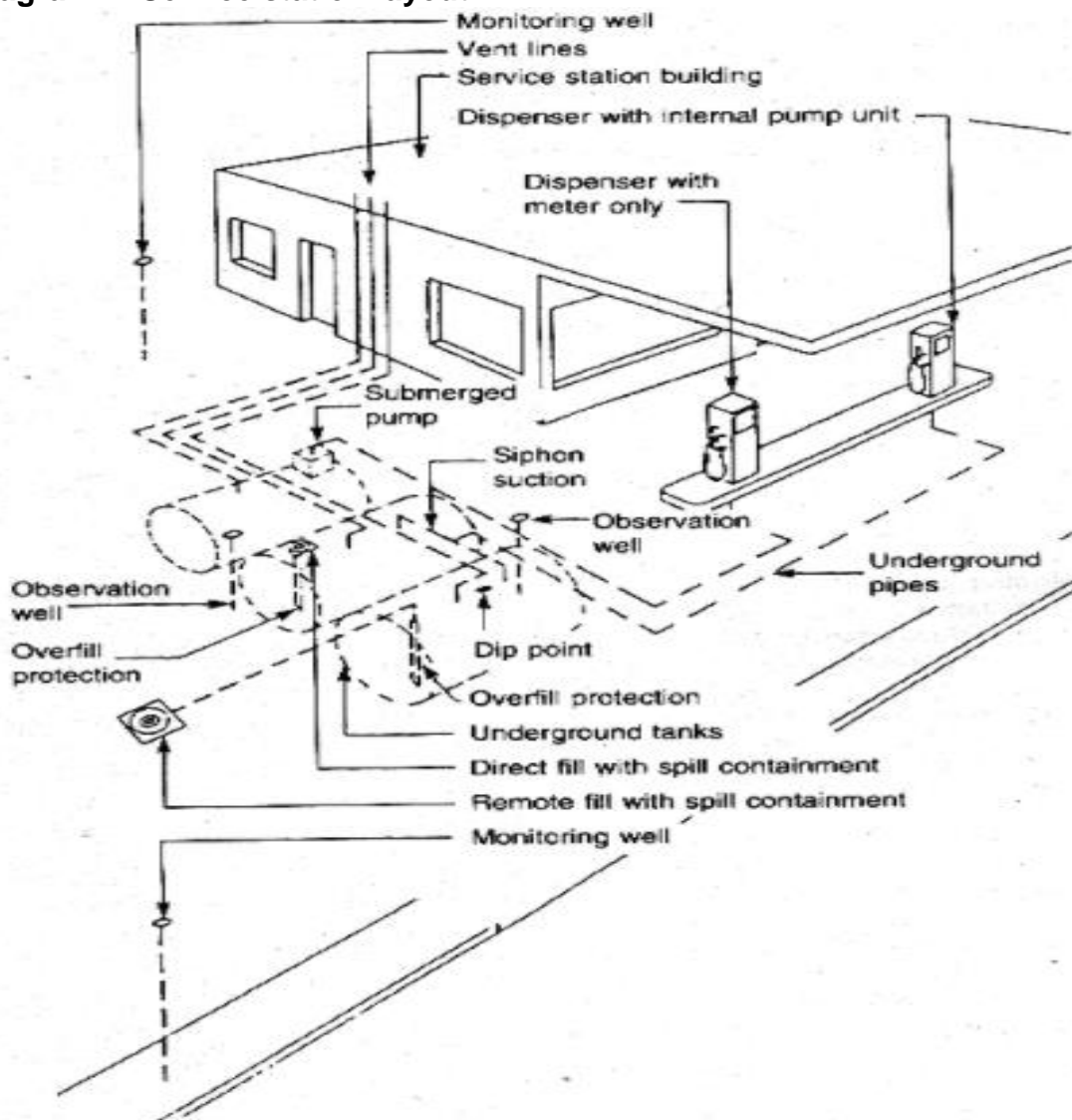
Petrol fillings station- is a facility that sells fuel and engine lubricants for motor vehicles and other automobile service the most common fuel is gasoline and diesel. The filling station plant fuel dispensers which used to pump gasoline, diesel, compressed natural gas, CGH₂, HCNG, LPG, liquid hydrogen, Kerosene and sometime alcohol fuel like Methanol, ethanol, butanol, propanol and biofuels either propane, butane or a mixture of the two. Petrol is manufactured by refining crude oil by fractional distillation. Whilst liquid under pressure when released from pressure at ambient temperature, it is gaseous. It is stored and transported in fuel tankers as a liquid under moderate pressure.

Petrol filling station addresses aspects like quality, costs, efficiency, and environment, heat controllability making it a suitable fuel choice for domestic and industrial applications. Petroleum also finds many other applications such as fuel for vehicles, refrigerant, chemical feed stock, in running turbines to produce electrical energy and in centralized heating solutions for domestic and industrial applications.

2.1.1 Petrol loading, storage and distribution

It can be a significant technical and logistical challenge to ensure that the large range of petroleum products on which society get to the right place at the right time, whilst meeting all appropriate health, safety and environmental protection requirement.

Diagram 1: Service station layout



2.1.2 Market of Petrol Filling Stations

Petrol filling stations market (popularly oil marketing) is expected to grow by fifty percent in the near future due to the wide adoption of fuel and gas for motor vehicle and residential replacing. The demand for fuel globally is rapidly increasing, suffice to say Tanzania will never struggle to find the fuel (oil) buyers. According to the Shell PMS & AGO outlook, the global demand grew by 12.5% to 359 million in 2019. Tanzania stands much chance to capitalize on the global fuel. Tanzania's consumption of fuel was estimated to be 145,800 metric tonnes in 2019. The demand

has been on a rise due to the product being used by number of individuals for domestic and industrial uses.

3.0 BUSINESS ENVIRONMENT

The business may be affected by factors beyond owner's control, and these need to be taken into account before making any investment decision. The company has considered many opportunities and challenges that may arise out of the expected changes. Thus, analysis of business environment key factors is paramount to this plan in order to determine external factors and how they are likely to affect the project.

Economically; Tanzania is now experiencing economic growth whereby the purchasing power of people is increasing and people's interactions is increasing as trade grows in the East African Region. The country is highly improving business environment to encourage investors in various sectors. The burning issue currently is the rate of inflation and continuous fall in domestic currency, as this would lead to increased cost of production as the price of fuels are rising in the global market. Issues like Common Market for the East Community and SADC arrangements are opening up business through increased transportation services in the region.

Politically; the political environment is conducive for the business operations. The current government regime is in support of investments. There have been adequate policies to support various investments as echoed in the National Development Vision 2025 (VISION 2025) and the Sustainable Industrial Development Policy 1996-2020 (SIDP) declared the government's decision to phase the public sector out of productive activities and allow the private sector to become the principal vehicle for economic growth.

Social-Cultural: The social aspect focuses on the forces within the society. Family, friends, colleagues, neighbors and the media are social factors. These factors can affect our attitudes, opinions and interests. So, it can impact sales of products and revenues earned. There is no doubt that the society is continually changing. The tastes and preferences are a great example of this change for the Tanzanian culture. Most of Tanzanians currently are willing to pay a premium price for a product that satisfies

their expectations. Demographically, the country is increasing in population where currently the country is estimated to have over 59 million people. The increase in population necessitates increase in products and services.

Technological factors: Technological factors are variables that are being used for evaluating available alternatives with respect to technological capabilities. Our company consider it as an important tool for improving operations and functions. Technological factors are one of various external environment factors that affect businesses greatly and are also an integral component of the PESTLE analysis. In the present scenario, utmost dependence on equipment, technological factors can have more effect on business operation and success globally than ever before.

Furthermore, development of technology has also introduced digital marketing strategies through which companies are able to sell their products and services. Even the research and development (R&D) divisions in companies have changed its way of functioning and more advanced techniques in the development of products and services have been introduced only through technological advancements. **Melaka Oil Tanzania Limited** is constantly looking for development and updates within the technological environment. In this way, we do not only improve our operations but, we will also be well aware of business transformational phase. We will derive ground-breaking strategies to grow exponentially.

4.0 MARKET ANALYSIS

The objective of market assessment is to determine demand level and whether the company shall be able to capture some of the market share. Also, the project shall determine methods of production, market size, pricing methods and competitors' analysis. Key stakeholders in the petroleum industry and the gas market are focusing on product differentiation by offering innovative, better quality and affordable products

Melaka Oil Tanzania Limited is aware of all the market forces that are surrounding the petrol stations business. We will utilize all reasonable means to ensure that our products meet the global standards and be able to sustain competition.

4.1 TARGET MARKETS AND THEIR CHARACTERISTICS

The exponential rise in the demand for PMS and AGO can be largely attributed to its unique properties due to which, in the current day and age, it can potentially be used in a broad spectrum of industrial spheres for multiple applications. Tanzania has been faster to develop in terms of Petroleum product market Growth. With favorable government initiatives, that has escalated the rapid growth of PSM and AGO consumption in the country.

When it comes to Petroleum products, there is indeed a wide range of available customers. In essence, our target market can't be restricted to just a group of people or organization, but all those who reside in our target market locations. In view of that, we have conducted our market research and we have ideas of what our target market is expecting from us. There are opportunities for PMS and AGO in Motor vehicles, households (families) hotels, schools, restaurants, clubs, mission and lodges, and commercial clients. The market for petrol is growing at 25 percent, and retail petroleum product are in every street corner.

4.2 Market Size

An increase in the number Petrol filling stations is attributed to increase demand of petroleum products and growth in Economic activities while increase road network. A total of 6.1 billion of petroleum product (diesel, petrol, kerosene, jet A1 and HFO) were imported in the year of 2019 which is 7% increase compared to product imported in the year of 2018. For this reason, the petroleum (Retail operations in Township and village) Rules 2021 will continue to be applicable where the requirements for constructing a petrol station in rural areas have been lessened to reduce investment costs while observing the Health, safety and environment (HSE) requirement.

In Tanzania, the market for Petroleum products is promising. The petrol filling stations has witnessed unprecedented growth in the past decade due to **considerable demand** of petroleum product from the domestic sector wherein petroleum fuel is used for heating and spark-ignition for engine. Our feasibility field survey indicates that; the market is poised to keep on growing as population grows. Highest demand comes from local consumers. The operations are expected to be done throughout the year

leading total revenue of **US\$ 7,954,000 per month that is US\$ 95,448,000** per annum. Table 4.1 below summarises the expected demand for the business during the first year of the project.

Table 4.1: Expected Demand of Petroleum products (US\$)

SN	Product	Qty (Its/Month)	Price/unit	Value/Month	Annual amount
1	Diesel	3,700,000	0.99	3,663,000	43,956,000
2	Petrol	4,000,000	1.00	4,000,000	48,000,000
3	Kerosene	300,000	0.97	291,000	3,492,000
	Total	8,000,000		7,954,000	95,448,000

4.3 SWOT ANALYSIS

Melaka Oil Tanzania Limited has conducted a thorough SWOT analysis that will help to achieve our business goals and objectives. This is the summary of the SWOT analysis that was conducted. The analysis is carried out to assess the strength that the business can leverage on, and then assess its weaknesses that need to be improved. In this part also potential opportunities are identified and how the business can utilize these opportunities. Lastly, the business has identified potential threats and challenges that are likely to face the business and the workable mitigation plans.

Strengths: Part of what is going to count as positives *Melaka Oil Tanzania Limited* is the vast experience and knowledge of our management team; we have people on board and the company intend to hire people who are highly experienced in the oil sector and who understand how to grow business from the scratch to profitability. So also, our distribution network and of course our excellent customer service culture will definitely count as a strong strength for the business.

Weakness: A major weakness that may count against us is the fact that we are still at infancy stage of service provision of petroleum products in the country; and we have not yet engaged in the kind of publicity that we intend giving the business.

Opportunities: Rising economic activities attracts rise in demand for fuel, thus filling station in the country opens up a huge opportunity to our business. We only need to position our business to take advantage of the existing market of fuel and also to

create our own new market. We know that it is going to require hard work, but we are determined to achieve it.

Challenges/Threats: We are quite aware that just like any other business, one of the major threats that we are likely going to face is economic downturn and unfavourable government policies. It is a fact that economic downturn affects purchasing power. Another threat that may likely confront us is the likelihood of other companies to start manufacture of same products in similar locations where we are. However, we understand on how to position ourselves in the market, at the same time making sure that our products meet the demand requirements.

4.4 Marketing, Distribution and Communication Strategy

Various methods of marketing mix will be used to curb the existing and potential weaknesses and challenges/threats while utilizing the arising opportunities and leveraging on the key strengths of the company.

Pricing: The objectives of price strategy depend on a number of factors such as business economic and marketing objectives. Price setting can be based on cost or market based. With demand and competition orientation concepts, a fair price can be set which customers are willing to pay at the same time covers operational costs with some profit margin. Our products will be competitively priced in relation to the dictates of the market. Due to the introductory nature of our products we intend to implement a penetration pricing strategy which will ensure that potential customers are not frightened away by our prices, up until our products are appreciated and fully operational. In this case our products will be priced a bit cheaper. However, this will dictate that our costs are prudently kept so as to ensure our financial goals come to fruition.

Distribution: *Melaka Oil Tanzania Limited* has arranged to start operations by looking at the most convenient market segment. The main targeted market is selling the products retail in all selected regions. After production expansion, distribution shall be done throughout the country distributed monthly and regular follow-up shall be made. While for other customer segments, online marketing shall be fully applied to contact

potential customers. However, the company shall mainly focus to engage in distribution for its Petroleum products in all strategic areas in Tanzania.

Promotion: A word of mouth has been the major promotion strategy for the business. This strategy is cheap and the product can effectively describe itself as it is clean and self-sufficient. The company shall make use of the media that will help to promote the products. The company will also be printing t-shirts and fliers as a communication strategy and promotional tools. The official website will be launched and maintained by the company. This strategy will help to promote the company in both local and foreign markets.

Table 4.4. Marketing expenses

S/N	Promotional tool	Qty	Price per unit (\$)	Amount per Year (\$)
1	T-shirts	2000	6	12,000
2	Fliers	5000	0.4	2,000
3	TV and radio advertisements			5,000
4	Website and maintenance			2,000
	Total			21,000

5.0 OPERATIONAL PLAN

5.1 Operational Requirements

The project shall be operated through two main departments; the finance and administration; and operations on the other hand. The Finance and Administration department is responsible for all administrative and personnel issues; while the operations department is responsible for field operations and technical aspects of the business shall. The operations manager is a skilled salaried employee who work day to day to achieve station targets. The Finance and Administrative Manager will lead the strategic plans and make sure they correspond to available operational environment. The operational plan is associated with production costs as well as materials required as inputs in the production process.

5.2 Labour Requirements

Labour is one of the most important inputs in any industrial enterprise. The proposed plant will require both skilled and unskilled labour who will be Tanzanians and some expats. Table 5.1 indicates labour required amounts to **US\$ 9,500** per month that is **US\$ 114,000** per year.

Table 5.1: Labour Requirement (US\$)

Description	Qty	Unit price \$	Monthly Salary	Annual Salary
			\$	\$
Managing Director	1	1,500	1,500	18,000
Operations Manager	20	800	16,000	192,000
Section Supervisors	100	500	50,000	600,000
Pump Attendants	400	100	40,000	480,000
Human Resource Officer	2	500	1000	12,000
Sales Officers	4	500	2,000	24,000
Finance Manager	1	1,000	1,000	12,000
Accountants	3	500	1,500	18,000
Cashier	4	400	1,600	19,200
Store Keeper	4	400	1,600	19,200
Personal Secretary	2	200	400	4,800
Drivers	102	200	20,400	244,800
Security Officers	100	100	10,000	120,000
Total	743		147,000	1,764,000

5.3 Raw Materials Requirements

The project requires raw materials that will be sourced within the country. The project intends to procure raw materials every month, thus annual material requirements amounts to **USD 6,834,000** per month. The company shall purchase petroleum fuel from bulky suppliers and fill them into fuel containers ready for distribution to our filling station in Tanzania.

Table 5.2: Raw Materials Requirements per Month (US\$)

SN	Product	Qty (Its/Month)	Price/unit	Value/Month	Annual amount
1	Diesel	3,700,000	0.85	3,145,000	37,740,000
2	Petrol	4,000,000	0.86	3,440,000	41,280,000
3	Kerosene	300,000	0.83	249,000	2,988,000
	Total	320,000		6,834,000	82,008,000

5.4 Operational Overheads

Production overheads covers costs such as utilities for water and electricity, postage and telephone, maintenance and other costs directly associated with operations. Table 5.3 shows production overheads amounting to **US\$ 53,630** per month that is **US\$ 643,560** per year.

Table 5.3: Operational Overheads (US\$)

Item	Monthly Expenses	Estimated Annual Costs
Postage & Telephone	2,500	30,000
Electricity bills	7,500	90,000
Water bills	3,750	45,000
Rent	2,380	28,560
Maintenance Costs	25,000	300,000
Others	12,500	150,000
Total Costs	53,630	643,560

5.5 Total Operational Cost

The estimated total operational cost is **US\$ 84,415,560** per annum as shown in Table 5.4 below. The raw materials are purchased on monthly basis, thus materials per consignment amounts to **US\$ 7,034,630**. Other costs of labour and overheads are also calculated on monthly basis.

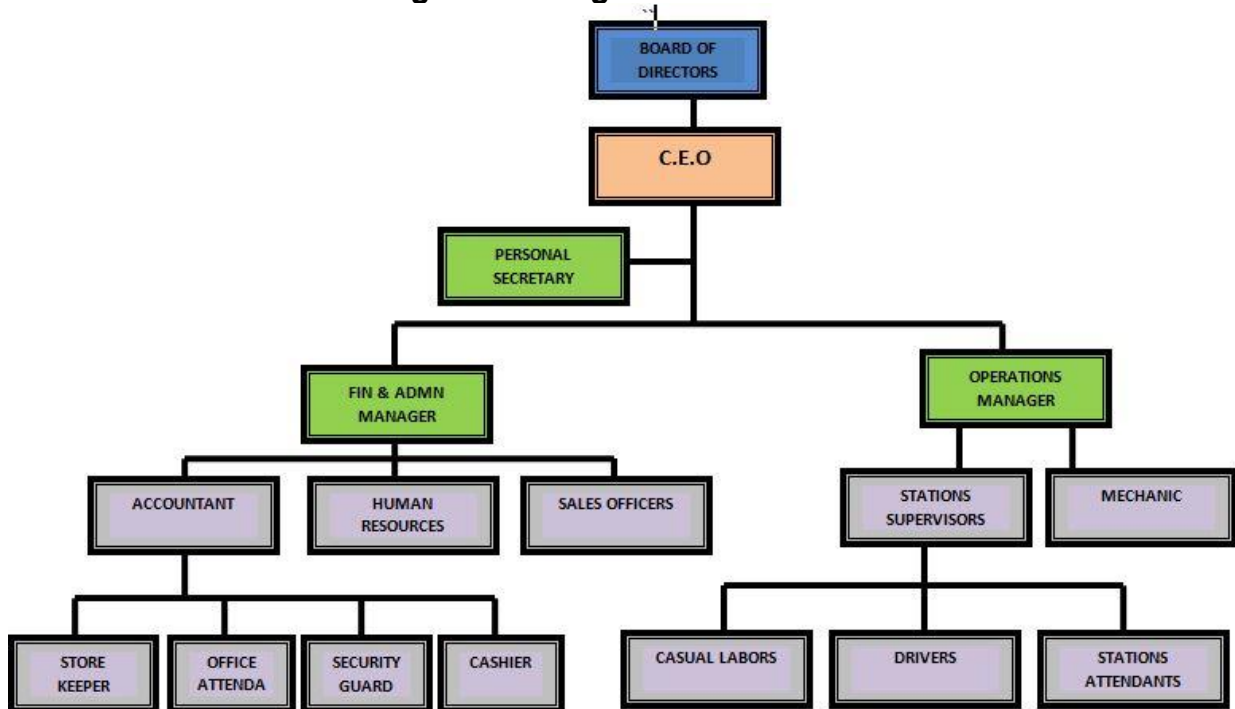
Table 5.4: Total Operational Cost (US\$)

Item	Expenses/Month	Annual Cost
Raw materials	6,834,000	82,008,000
Direct labour	147,000	1,764,000
Operational Overheads	53,630	643,560
Total Costs	7,034,630	84,415,560

6.0 MANAGEMENT PLAN

The management structure of **Melaka Oil Tanzania Limited** will be headed by the CEO who shall be overseeing all company's operations on daily basis. The Operations Manager shall be responsible for day-to-day operations and manage all staff under his/her line. The Finance and Administrative Manager shall be responsible for all administrative duties and finances and supervises all personnel under his/her line; The Marketing Manager shall be responsible for daily operations, sales and engaging casual workers at different levels when needed. The engineering and maintenance manager shall be responsible for technical issues of the plant. The following figure illustrates the organization structure of the company.

Figure 6.1: Organization Chart



7.0 FINANCIAL PLAN

7.1 Financial Assumption

Several assumptions were made and considered in the preparation of this financial plan and projection. The assumptions are based on professional judgment, economic trends and current financial market environment. These are as noted below;

- (i) The focus market shall be domestic market through retailers, direct sales and later to other countries through exports;
- (ii) All sales will take place throughout the month and billing will be done at the end of the month;
- (iii) The annual sales is projected to grow by 5% per annum;
- (iv) Depreciation will be charged on straight line method to allocate the cost of each value over its estimated useful life. The rates to be used are as follows;

(a) Buildings	5%
(b) Furniture & Fittings	10%
(c) Equipment	10%
(d) Motor vehicles	20%

The financial assumptions will also include issues on credit sales, payments of interest rates, taxes and other levies. From the beginning, we recognize that payment terms and hence collection days are critical, but not a factor we can influence easily. At least we are planning on the problem, and dealing with it. Interest rates, tax rates, and personnel burden are based on conservative assumptions. Some of the more important underlying assumptions are:

- We assume a strong economy, without major recession.
- We assume, of course, that there are no unforeseen changes in economic policy to make our service immediately obsolete or unwanted.
- We assume an inflation rate of 5% yearly.
- Maintenance costs 5% of Property Plant and Equipment
- Corporate tax is 30% of Net Income

7.2 Sources of Funds

The project financing shall come from owners' equity. The owners have already committed some funds into the project used for land acquisition and preliminary costs of the project.

7.3 Profitability Analysis

The project profitability analysis indicates that the project will be able to generate substantial amounts of profits throughout the project, table 7.1 summarizes the profit analysis for 5 years.

7.1 Profit Projections (US\$)

YEARS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEARS 5
Sales	95,448,000	100,220,400	105,231,420	110,492,991	116,017,641
Total production cost	84,415,560	88,636,328	93,068,144	97,721,551	102,607,628
Profit Margin (Loss)	11,032,440	11,584,072	12,163,276	12,771,440	13,410,013

7.3 Operating Expenses

The following table shows the projected operating costs for five years. All expenses reflect an annual inflation rate of 5% annually.

Table 7.2 Operating Expenses

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5
Marketing expenses	21,000	22,050	23,152	24,310	25,525
Bank Charges	4,566	4,794	5,034	5,286	5,550
Insurance	201,500	211,575	222,154	233,261	244,925
Office expenses	126,125	132,431	139,053	146,005	153,306
Permits and Licenses	18,500	19,425	20,396	21,416	22,487
Vehicle expenses	196,500	206,325	216,641	227,473	238,847
Professional fees	10,500	11,025	11,576	12,155	12,763
Provisional for bad & doubtful debts	185,000	194,250	203,963	214,161	224,869
Depreciations	2,739,565	2,739,565	2,739,565	2,739,565	2,739,565
Miscellaneous expenses	12,100	12,705	13,340	14,007	14,708
Total	3,515,356	3,554,145	3,594,874	3,657,639	3,682,545

7.4 The Projected Income Statements

The Projected income statements for five years indicate that the project shall be able to generate substantial amounts of profits as detailed below.

Table 7.3 Projected Income Statements for five years

Description	Year 1	Year 2	Year 3	Year 4	Year 5
	US\$	US\$	US\$	US\$	US\$
Total sales	95,448,000	100,220,400	105,231,420	110,492,991	116,017,641
Less Cost of sales:	84,415,360	88,636,328	93,068,144	97,721,551	102,607,628
Gross Profit	11,032,440	11,584,072	12,163,276	12,771,440	13,410,013
Less Operating Expenses	3,515,356	3,554,145	3,594,874	3,657,639	3,682,545
<i>Earnings before Interest and Tax (EBIT)</i>	<i>7,517,084</i>	<i>8,029,927</i>	<i>8,568,402</i>	<i>9,113,801</i>	<i>9,727,468</i>
Less Loan interest	1,258,762	1,258,762	1,258,762	1,258,762	1,258,762
<i>Earnings Before Tax</i>	<i>6,258,322</i>	<i>6,771,165</i>	<i>7,309,640</i>	<i>7,855,039</i>	<i>8,468,706</i>
Less TAX 30%	1,877,497	2,031,349	2,192,892	2,356,512	2,540,612
NET PROFIT/ (Loss)	4,380,825	4,739,816	5,116,748	5,498,527	5,928,096
Dividend 30%	1,314,248	1,621,745	1,535,024	1,649,558	1,778,429
Retained Earnings	3,066,577	3,118,071	3,581,724	3,848,969	4,149,667

7.5 Projected Balance Sheet

The Projected balance sheet for five years indicates the capacity of the project to finance its operations throughout the projected period as shown in Table 7.4.

Table 7.4 Projected Balance Sheet for Five Years

	Notes	2023	2024	2025	2026	2027
		USD	USD	USD	USD	USD
ASSETS						
Non-current assets						
Property Plant and Equipment	6	33,351,735	30,612,170	27,872,605	25,133,040	22,393,475
		33,351,735	30,612,170	27,872,605	25,133,040	22,393,475
Current assets						
Trade and other receivables	7	38,179,200	40,088,160	42,092,568.00	44,197,196	46,407,056
Cash and bank balance	9	(30,107,433)	-29,070,959	-25,553,131	-	-
		8,071,767	11,017,201	16,539,437	19,442,105	22,988,018
TOTAL ASSETS		41,423,502	41,629,371	44,412,042	44,575,145	45,381,493
EQUITY AND LIABILITIES						
Equity attributed to shareholders						
Issued capital		36,091,300	36,091,300	36,091,300	36,091,300	36,091,300
Retain Earnings		3,066,577	3,118,071	3,581,724	3,548,969	4,149,667
		39,157,877	39,209,371	39,673,024	39,640,269	40,240,967
Current liabilities						
Other payables						
		10,500	11,025.00	11,576.25	12,155.06	12,762.82
Income tax payable	10	2,255,125	2,408,975	4,727,442	4,922,721	5,127,763
		2,265,625	2,420,000	4,739,018	4,934,876	5,140,526
TOTAL EQUITY / LIABILITIES		41,423,502	41,629,371	44,412,042	44,575,145	45,381,493

7.6 Projected Cash Flows

The projected cash flows for five years indicates that the project shall be able to maintain sufficient cash required to meet all operational needs as shown in Table 7.5.

Table 7.5 Cash Flow Projections for Five Years

	2023	2024	2025	2026	2027
	USD	USD	USD	USD	USD ¹
CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES					
	0				
Loss before taxation	7,517,084	8,029,916	15,758,140	16,409,068	17,092,544
Add: Non-cash items					
Depreciation	2,739,565	2,739,565	2,739,565	2,739,565	2,739,565
Change In Working Capital					
Increase in trade/ other receivables	(38,179,200)	(1,908,960)	(2,004,408)	(2,104,628)	(2,209,860)
Increase in trade /other payables	10,500	525	551.25	578.81	607.75
	-27,912,051	8,861,046	16,493,848	17,044,584	17,622,857
Tax		(2,255,125)	(2,408,975)	(4,727,442)	(4,922,721)
Net cash outflow/operating activities	27,912,051.00	6,605,921	14,084,873	12,317,142	12,700,136
INVESTING ACTIVITIES					
Purchase of fixed assets	(36,091,300)	-	-	-	-
Net cash used in invest activities	(36,091,300)	-	-	-	-
FINANCING ACTIVITIES					
capital injection	36,091,300	-	-	-	-
Net cash inflow from fin activities	36,091,300.00	-	-	-	-
Net movement in cash and equiv	-27,912,051	6,605,921	14,084,873	12,317,142	12,700,136
Cash bal at the begin of the year	-	(27,912,051)	(21,306,130)	(7,221,257)	5,095,885
Cash/ cash equiv at the end	-27,912,051	-21,306,130	-7,221,257	5,095,885	17,796,021
	-30,107,433	-29,070,959	-25,553,131	-	-23,419,038
	2,195,382	7,764,829	18,331,874	29,850,976	41,215,059

8.0 ECONOMIC ASPECTS

8.1 National economic and social Benefits

The economic and social impact of establishing the proposed project to Tanzania is expected to be positive. This positive impact is expected to be direct and indirect as explained below:

(i) Direct economic impact

Direct positive economic impact is expected to come from three factors, namely,

- (a) Tax payments to the government
- (b) Foreign currency savings,
- (c) Employment opportunities generation; 36 direct jobs expected to be created
- (d) Technology transfer.

(ii) Indirect economic (job creation)

In addition to the direct employment opportunities that the proposed project is expected to generate, its operations are expected to boost operations of their distributors and suppliers of goods/services that the project will need to sustain its operations. With the increase in the activities of these suppliers, there is great likelihood that the increase will create additional employment opportunities in their businesses.

(iii) Corporate Social Responsibility

The project is also expected to operate as a responsible corporate citizen by fulfilling some of its corporate responsibilities such as assisting some of the disadvantage communities by way of donations, starting from the communities living near the factory.

9.0 CONCLUSION

The financial analysis in this plan indicates a positive growth and ability of the project to recover initial investments and make substantial profits in the successive years. The objectives indicated in this plan are likely to be met; hence it is feasible undertaking this project. In addition, the communities where the project will operate is likely to benefit from employment created through provision of locally made PMS and AGO product and other related products at a reasonable price and thus create more indirect jobs to all stakeholders engaged in the purchase and sell of company's products. The project is also expected to benefit the society through social corporate responsibility activities of the company; and most importantly; the government will get taxes from the project and help to contribute to countries economic growth strategies.

9.1 Recommendation

We are highly encouraged to undertake this project, due to the fact that it has proven to have great potentials of meeting the locally available demand and foreign markets as well. The financial analysis also shows a significant contribution of the to the country's economic activities through employment creation and raising tax revenues to the government. Various stakeholders both from the public and private sector are highly requested to support this project at whatever capacity that may make this project a success.

