

2/2/2023



**MELAKA  
INDUSTRIES  
LIMITED**

**BUSINESS PLAN FOR TIC  
REGISTRATION**



**A Hybrid Project for Manufacturing of Toothpicks,  
Tissue Papers, Table Salt, Medical gloves and Syringes**

## **EXECUTIVE SUMMARY**

**Melaka Industries Limited** is a company registered under the Laws of the United Republic of Tanzania. It is a local company that is wholly and exclusively owned by Tanzanians. The company's authorized share capital is TShs. 100,000,000,000 divided into 100,000,000 shares of TShs. 1,000 each. The value of the share capital is equivalent to **USD 42,789,000**.

The company has resolved to establish a hybrid project that will include 5 different production lines for 5 different products. These products are toothpicks, tissue papers, table salt, medical gloves and syringes. Planned investment capital for this project is **USD 584,124**. The investment capital is from local equity (**30%**) and local loan (**70%**). At full capacity this project will employ a total of **131** people, **124** of whom are local.

Through analyses conducted the promoters (shareholders) of the project have realized feasibility of this project. The market analysis conducted has revealed that the products will penetrate the markets and the company can establish its niches. The financial analysis has shown that the investment will pay-off as it has been projected to make profits.

The objective of this business plan is to present the business idea so that the TIC can provide incentives and immunities to the hybrid project presented. The incentives will help this project to develop and since this is a financially, socially and fiscally rational project the management believes that it deserves the incentives. Socio-economically this hybrid project will contribute to localization of the imported products thus, besides creating employment; it will develop locals' skills and reduce national spending of foreign currency on importations of the products.



## TABLE OF CONTENTS

EXECUTIVE SUMMARY .....	1
TABLE OF CONTENTS .....	2
1.0 PREAMBLE .....	3
1.1 Company Details.....	3
2.0 PROJECT SYNOPSIS .....	3
2.1 Investment Plan .....	4
2.2 Manning Plan.....	5
2.3 Supplies Plan .....	6
2.4 Production Plan.....	8
2.5 Project Roll-Out Plan.....	9
3.0 MARKET SCRUTINY .....	10
3.1 Status-Quo of the Market .....	10
3.2 SWOC Analysis.....	11
3.2.1 Strengths .....	11
3.2.2 Weaknesses.....	12
3.2.3 Opportunities .....	12
3.2.4 Challenges .....	13
3.3 Marketing Strategy.....	13
4.0 FINANCIAL ANALYSIS.....	14
4.1 Project Financing.....	15
4.1.1 Sources of Funding .....	15
4.1.2 Financing of Project Items .....	15
4.2 Financial Projections .....	16
4.2.1 Sales Projections .....	16
4.2.2 Income Projections .....	16
4.2.3 Projected Retained Earnings .....	17
4.2.4 Projected Cash Flows.....	18
5.0 PROJECT RATIONALE.....	19
5.1 Monetary Rationale.....	19
5.2 Fiscal Rationale.....	19
5.3 Social Rationale.....	19
6.0 POST SCRIPT .....	20
7.0 ANNEXES .....	21

## 1.0 PREAMBLE

### 1.1 Company Details

**MELAKA INDUSTRIES LIMITED** is a company registered under the Laws of the United Republic of Tanzania on 5<sup>th</sup> January 2023 and granted Certificate of Incorporation No. 162-414-976. For tax purposes the company is also registered and its TIN is 162-414-976. The company has a wide range of activities that it can embark upon but for this specific plan its focus is on creating a manufacturing of toothpicks, tissue papers, medical gloves and syringes, and mineral salt.

Melaka Industries Limited is a local company owned by Tanzanians by 100%. The shareholders of the company are all local as detailed under **Table 1** where key details are given. The company's authorized share capital is TShs. 100,000,000,000 divided into 100,000,000 shares of TShs. 1,000 each. The value of the share capital is equivalent to about USD 42,789,000.

**Table 1: Company Shareholding Details**

S/No.	Names	Nationality	Shares Taken	Percents
1	Farough Ahmed Baghozah	Tanzanian	70,000,000	93.33%
2	Ahmed Mohamed Baghozah	Tanzanian	5,000,000	6.67%
				<b>100%</b>

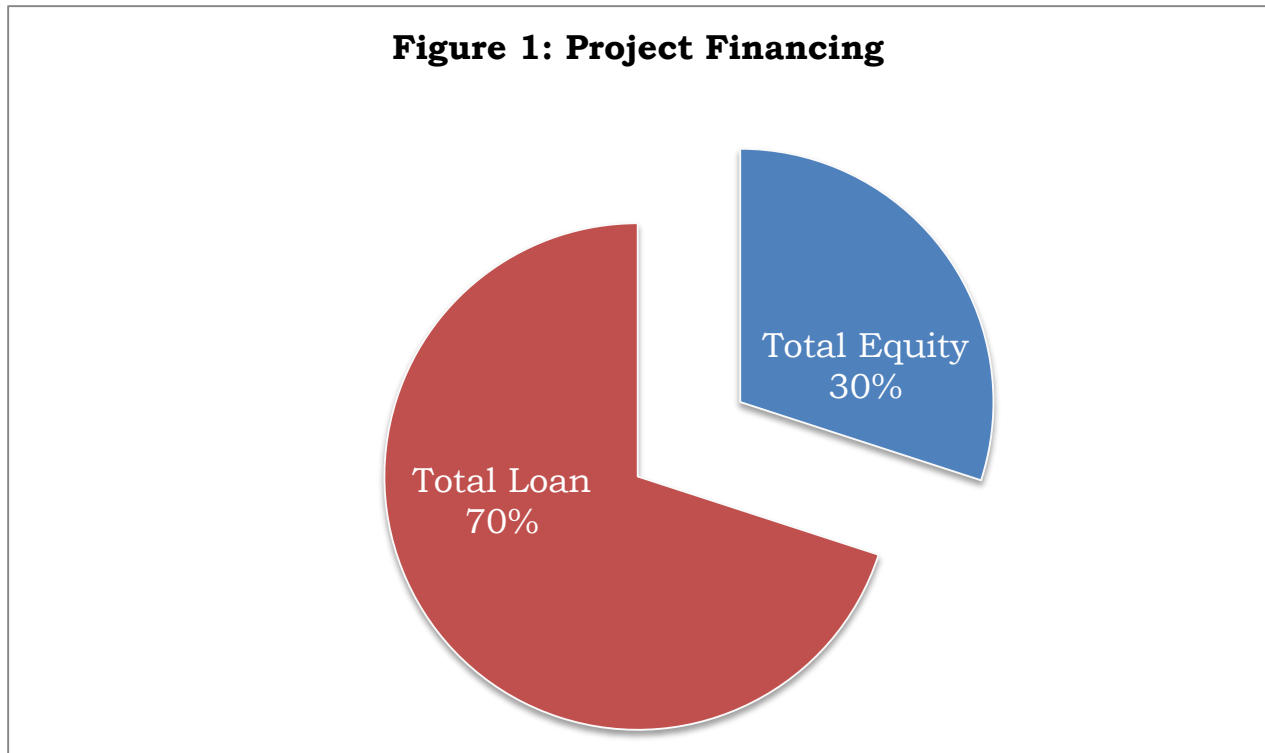
## 2.0 PROJECT SYNOPSIS

This is a hybrid project aimed at manufacturing of toothpicks, tissue papers, table salt and medical gloves & syringes. At full swing this plant will have five (5) production lines, one for each of the products. The idea is to maximize space utilization and ensure maximal utility on the rent charged.

The company's Project is located on rented Plot No. 77 block A house No. 262 B Siwa Road within Mikocheni Light Industrial Area. Its post code is



14110. This project, as shown in **figure 1** will be financed by equity (30%) and loan (70%).



## 2.1 Investment Plan

The total investment for this hybrid project is **USD 584,124** as detailed under **table 2** below. Of this amount, as shown by columns under investment breakdown, fixed capital is projected to be **USD 407,224** while working capital is **USD 176,900**. As per the columns under investment schedule most of the investment will be done during the first year of operation and the figures will gradually go down as completion of the investment process keeps pace.

**Table 2: Projected Investment Plan**

INVESTMENT BREAKDOWN		INVESTMENT SCHEDULE				
ITEMS	FINANCING	Y1	Y2	Y3	Y4	Y5
Land & Buildings	-					
Plant	94,500	94,500				
Vehicles	215,000	105,000	90,000	20,000		
Furniture & Fittings	8,000	8,000				
Pre Expenses	89,724	89,724				
Others	-	-				
Working Capital	176,900	36,900	35,000	35,000	35,000	35,000
<b>TOTAL</b>	<b>584,124</b>	<b>334,124</b>	<b>125,000</b>	<b>55,000</b>	<b>35,000</b>	<b>35,000</b>
FIXED CAPITAL	<b>407,224</b>					
WORKING CAPITAL	<b>176,900</b>					
<b>CAPITAL ADDITIONS</b>		<b>334,124</b>	<b>125,000</b>	<b>55,000</b>	<b>35,000</b>	<b>35,000</b>

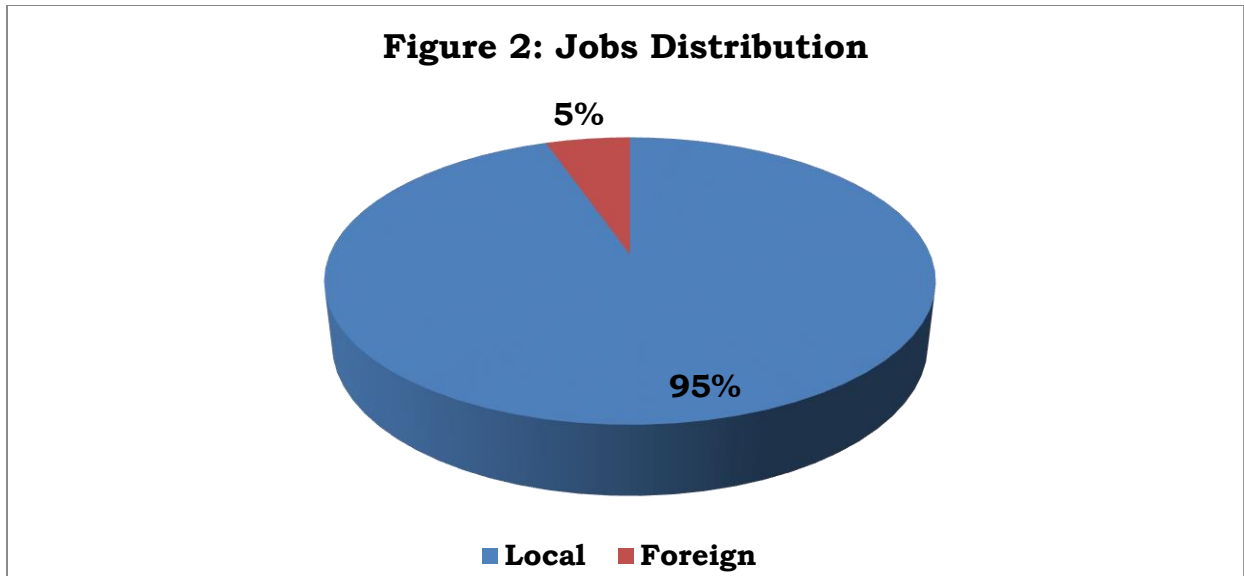
## 2.2 Manning Plan

At full capacity the project will directly employ a minimum of 131 people 124 of whom are locals and 7 foreigners. The foreigners are experts in the manufacturing of the planned products so they will mentor locals to their level of expertise. **Table 3** provides summarized details on the number of direct employees to be engaged in this project. **Annex 4**, on the other hand, gives a detailed distribution of the direct jobs. Besides the direct employment the project is expecting to produce at least 140 indirect jobs when at full capacity

**Table 3: Employment Plan**

CATEGORY	MALE	FEMALE	TOTAL
Local	69	55	<b>124</b>
Foreign	7	0	<b>7</b>
<b>TOTAL</b>	<b>76</b>	<b>55</b>	<b>131</b>

Of all the direct employees of the project at full capacity, the project will hire a foreigner amounting to 5% while locals will amount to 95% as shown in **figure 2** below.



### 2.3 Supplies Plan

The company will import the machineries that cannot be sourced within Tanzania. The imported machineries include the production lines for the different products that are going to be manufactured by the project. Vehicles and Lorries (including small lorries - Kirikou) will be sourced from local suppliers in order to hedge against any unnecessary risks. As for the raw materials, we will source them from Tanzania or a neighboring country for any materials that cannot be sourced from within the country.

For the production of toothpicks, all the raw materials will be sourced from Tanzania. With a plan to produce wooden and either bamboo or plastic toothpicks we will use the locally available tree logs as raw materials. The machineries have been ordered from China.



***Toothpick Cutting Machine***



***Wood-Wool Toothpick Shape Forming Machine***

In respect of the production of tissue papers also we will use locally available raw materials. These are recycled paper sheets that are plentiful in the country. The machineries will be ordered from China.



### ***Tissue Papers Manufacturing Line***

For the salt production line we will obtain our raw materials from Tanzania. The plan is to source them from the coastal city of Tanga.

For the syringes manufacturing line, we initially expect to source materials – needles, polypropylene and ethylene oxide – from outside the country. This is because we have not yet located local producers of the materials. Our targeted suppliers are from the Gulf and China.

For the medical gloves manufacturing line we expect to source raw materials from outside the country. The key raw materials namely latex (natural rubber latex), nitrile (nitrile butadiene rubber), polyisoprene and PVC (polyvinylchloride gloves) are not attainable within the local market.

## **2.4 Production Plan**

At full capacity the factory, through all its five production lines, is estimated to be producing items generating an annual turnover of USD 2,657,164. Quantity-wise each production line is projected to produce different quantities per annum as portrayed in **table 4**. Production is project to grow by 40% each year as shown on the table for the first five years of operation.



**Table 4: Production Projections**

Details	Years				
	Y1	Y2	Y3	Y4	Y5
Toothpicks Production - PL1 (Cartons)	40,000	56,000	78,400	109,760	153,664
Tissue Paper Production - PL 2 (Cartons)	29,000	29,609	30,231	30,866	31,514
Table Salt Production - PL3 (Tons)	600	660	726	799	878
Medical Gloves Production - L4 (Cartons)	33,000	36,300	39,930	43,923	48,315
Syringes Production - PL5 (Cartons)	32,000	35,200	38,720	42,592	46,851

## 2.5 Project Roll-Out Plan

Production is planned to commence within the month of March 2023 and full capacity to be attained before 2027. The project's life is expected to be 5 years as shown on **figure 3**.

**Figure 3: Implementation Schedule**

No.	Activity	Time																
		2022	2023											2024	2025	2026	2027	
		Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec				
1	Registrations	■	■	■														
2	Market Analysis	■	■	■														
3	Installation of Production Line 1				■	■	■	■	■	■	■	■	■	■	■	■	■	■
4	Staff Recruitment		■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
5	Installation of Production Line 1			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
6	Operation of Line 1 - Toothpicks				■	■	■	■	■	■	■	■	■	■	■	■	■	■
7	Installation of Production Line 2							■	■	■	■	■	■	■	■	■	■	■
8	Operation of Line 2 - Tissue Papers								■	■	■	■	■	■	■	■	■	■
9	Installation of Production Line 3									■	■	■	■	■	■	■	■	■
10	Operation of Line 3 - Table Salt										■	■	■	■	■	■	■	■
11	Installation of Production Line 4											■	■	■	■	■	■	■
12	Operation of Line 4 - Medical Gloves												■	■	■	■	■	■
13	Installation of Production Line 5													■	■	■	■	■
14	Operation of Line 5 - Syringes														■	■	■	■
15	Promotion and Advertisement Campaigns			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
16	Business Expansion Analyses																■	■

### **3.0 MARKET SCRUTINY**

This section reviews the market status for the envisaged products. It covers the status-quo of the market, SWOC analysis, market worthiness and market strategy for each of the planned products.

#### **3.1 Status-Quo of the Market**

Most of the intended products are largely imported from outside Tanzania and not manufactured within the country. The Promoters of Melaka Industries Limited have the zeal to venture into the manufacturing of these products in order to seize a niche in the Tanzanian market and thereby reduce importation of the products.

Tanzania spends a lot of foreign currency to import toothpicks (HS 44190010) every year, but there are very few toothpick manufacturing factories in the country. As early as 2016, Tanzanian insiders raised concerns about the situation. Tanzania is rich in forest resources and is an important producer of wood in the continent of Africa. Bamboo or wood or plastic are important raw materials for making toothpicks. Making toothpicks from wood is cheaper than plastic toothpicks and more environmentally friendly than plastic toothpicks. Therefore, the toothpicks market in Tanzania is promising and huge. Upon localization of the manufacturing of toothpicks in Tanzania the economy of the country will be greatly improved. The Promoters of the company look forward to contribute to the localization of manufacturing of these widely used toothpicks within the United Republic.

Tissue papers (HS 48030010) also are imported into Tanzania, mainly from India. These products are commonly used in the daily life of the people so importation of these implies that the country produces less than it really consumes. With high demand for this product the company is convinced to venture into the manufacturing here within the country.

As for salt (HS 25010010), imports of this commodity group 2501 - *Salt (including table salt and denatured salt) and pure sodium chloride, whether or not in aqueous solution or containing added anti-caking or free-flowing*



*agents; sea water*) accounted for 0.094% of total import flow to Tanzania (in 2021, total imports to Tanzania amounted to \$ 10.8million). This is a promising venture and Melaka Industries looks forward to exploit it as part of localization of the manufacturing.

Tanzania imports most of the disposable medical gloves (HS 40151100) used in the country. We import largely from China and India. This is an opportunity that Melaka Industries Limited can seize and, in the process, help the country reduce spending of foreign exchange on importation of the product.

As for disposable syringes (HS 90183190) Tanzania spends a lot of foreign exchange in importing them now that local production is very minimal. For the year 2017 for example we imported USD 3,140,540 worth of syringes from China, USD 823,740 worth of syringes from Kenya, smaller amounts from other countries and USD 5,194,350 worth of syringes from the rest of the world (World Integrated Trade Solution – WITS). This implies that there is a room for localization of production of syringes in Tanzania.

### **3.2 SWOC Analysis**

Since all the products involve manufacturing, this sub-section covers the analysis of the overall manufacturing business in the country, and where necessary it covers the analysis for a specific product.

#### **3.2.1 Strengths**

The promoters of the company owning the project have enough muscle to fund the project as their equity amounts to 30% of the financing. The company also can be lent funds from a local commercial bank to the tune of USD 408,886. As such the company's liquidity in respect of the production of these products is assured.

The company also has got staffs who are experienced in the trade of manufacturing of the intended products.



The management is acquainted with the general Tanzanian market and has developed insight into the specific targeted products.

### **3.2.2 Weaknesses**

The company is not a giant in the industry. As such it might be lacking some levels of experience in the market. However, through consulting experts in the business arena it is expected to take off and pick its niche in the market.

### **3.2.3 Opportunities**

There is assurance of availability of raw materials for 60% of the planned products within Tanzania. These products are toothpicks, tissue papers and table salt.

With a population of 62 million people and the fact that the country imports the planned products Tanzania provides assurance of a local market.

Tanzania being a member of the EAC has duty-free-quota-free market access to Burundi, DRC, Kenya, Rwanda, South Sudan and Uganda. Upon advanced stages of production the company expects to be exporting to these neighboring countries.

In terms of power utilities Tanzania has got relatively lower tariffs and has less power cuts. Tanzania is expecting to be exporting electricity which will be generated from the Julius Nyerere Hydro Electric Power plant.

In governance Tanzania is characterized by peace and tranquility for there has been no havoc in the country. This is strength as it provides our business with assurance that we will operate smoothly resting assured that the promoters' property is secured. With good investment act Promoters of the company are guaranteed of freedom from nationalization of their stake in the company.



### 3.2.4 Challenges

The procedures in the country are many and relatively complex. The company engages experienced business consultants to overcome this impediment.

There is somehow stiff competition in the industry as Tanzania has some factories manufacturing the same products. The company has taken this into account via the marketing strategy.

The open doors for Tanzania into the rest of EAC member countries imply the same for the other EAC members into Tanzania. This implies stiffer intra-regional competition where there is duty-free quota-free market access intra-regionally.

For syringes and medical gloves some key raw materials are not available in Tanzania. They are to be sourced from outside the country.

From the SWOC analysis conducted of the company and of the operating environment the promoters are confident that the project will be a success. Following the analysis we have developed a market strategy for our products.

### 3.3 Marketing Strategy

As part of our marketing strategy, we will engage both penetrative (entry) and persistence strategies. The penetrative strategy will employ digital technology in conducting a social awareness teaser campaign. This will be done using social media and an excellent website. It will push the way for our products – mainly toothpicks, tissue papers and table salt – into the market. For medical gloves and syringes, our entry strategy will base on physical personal selling to the Medical Stores Department (MSD) which is state-owned and it procures medicines and medical devices.

As for the persistence strategy, considering the fact of many importers of the products of ours the company has developed a special focus on the 4Ps mix in order to have a good share of the market. This strategy will enable the company stay in the market and develop a niche of its own. Here is the company's view on the 4Ps promotional mix:-



**Product:** The hybrid project will produce best quality products namely toothpicks, tissue papers and table salt. Also, for the medical gloves and syringes we will abide by all approved health standards in order to have universally acceptable products. This will make the products unique in the market by being compliant to the standards and thus very appealing. Through R&D the company will know more about the changing needs of the consumers and adjust the products accordingly in order to capture more market and retain its share of the same.

**Price:** Through the Marketing and Production Departments the company will develop a pricing mix that will make the products price-competitive in order to gain entry into the market, acquire a larger share of the market and develop a niche to be retained starting with Tanzanian market and in the neighboring countries' markets.

**Place:** The project is strategically located within the seaport city of Dar es Salaam which is the commercial capital of Tanzania. In this regard the distribution channels are designed to ensure that delivery of the products is effective and appealing to customers. In the initial stage we will deal with wholesalers for toothpicks, tissue paper and table salt. For the medical gloves and syringes we shall deal with large institutions, especially the MSD. In the course of operations we can move on to have our own outlets.

**Promotion:** Through the qualified marketing personnel the company will design excellent promotion campaigns that will pull consumer toward the products. We will use social awareness teaser campaigns by leveraging on information communication technology.

#### **4.0 FINANCIAL ANALYSIS**

This section covers project financing and financial projections. Project financing includes source of funding and financing of items in the project. Financial projections, on the other hand, cover sales projections, income projections, projected retained earnings and projected cash flow.



## 4.1 Project Financing

### 4.1.1 Sources of Funding

The project will be financed by equity (30%) amounting to **USD 175,238** and by a local loan (70%) which will total to **USD 408,886** as shown on **Table 5**. All the equity and the loan are local i.e. Tanzanian.

**Table 5: Project Financing**

Details	Amount	Percentage
<b>Local</b>		
Equity	175,238	30%
Loan	408,886	70%
<b>Sub-total - Local</b>	<b>584,124</b>	<b>100%</b>
<b>Foreign</b>		
Equity	0	0%
Loan	0	0%
<b>Sub-total - Foreign</b>	<b>0</b>	<b>0%</b>
<b>GRAND TOTAL</b>	<b>584,124</b>	
<b>Total Equity</b>	<b>175,238</b>	<b>30%</b>
<b>Total Loan</b>	<b>408,886</b>	<b>70%</b>

### 4.1.2 Financing of Project Items

The invested capital of USD 584,124 will fund various items in the project. These include plant, vehicles and other items as shown on **Table 6** below.

**Table 6: Financing of Items**

ITEMS	FINANCING (USD)
Land & Buildings	-
Plant	94,500
Vehicles	215,000
Furniture & Fittings	8,000
Pre Expenses	89,724
Others	-
Working Capital	176,900
<b>TOTAL</b>	<b>584,124</b>

## 4.2 Financial Projections

### 4.2.1 Sales Projections

The company has projections of steadily growing sales over the first five years of operation of the project. From year 1 to year 5 the company expects to sell sales amounting to USD 933,000; 1,134,845; 1,404,634; 1,768,356 and 2,262,280 respectively. The growth in sales is projected to be 40% per year. The costs of sale are projected to be USD 50,000; 54,000; 67,400; 69,820 and 72,482 for the first respective five years of operation of the project. **Table 7** below gives the details, including those of projected gross profit for the first five years.

**Table 7: Gross Profit Projections**

Details	Years				
	Y1	Y2	Y3	Y4	Y5
Sales	933,000	1,134,845	1,404,634	1,768,356	2,262,280
Cost of Sales	50,000	54,000	67,400	69,820	72,482
<b>Gross Profit/ (Loss)</b>	<b>883,000</b>	<b>1,080,845</b>	<b>1,337,234</b>	<b>1,698,536</b>	<b>2,189,798</b>

The project promises to yield gross profit throughout the first five years of operation. In Year 1 the profit is expected to be the lowest as it is the year of investment – even in promotion campaigns - which implies much spending while the products are relatively new in the market and thus sales are picking up the pace.

### 4.2.2 Income Projections

Through the first five years of operation the project is expected to be making profits. In year 1 the profits will be the lowest because of the heavy spending in investment in this year of operation. The projected profits, as shown on **Table 8**, are USD 420,652; 537,109; 672,065; 870,209 and 1,132,391 for the first respective five years.

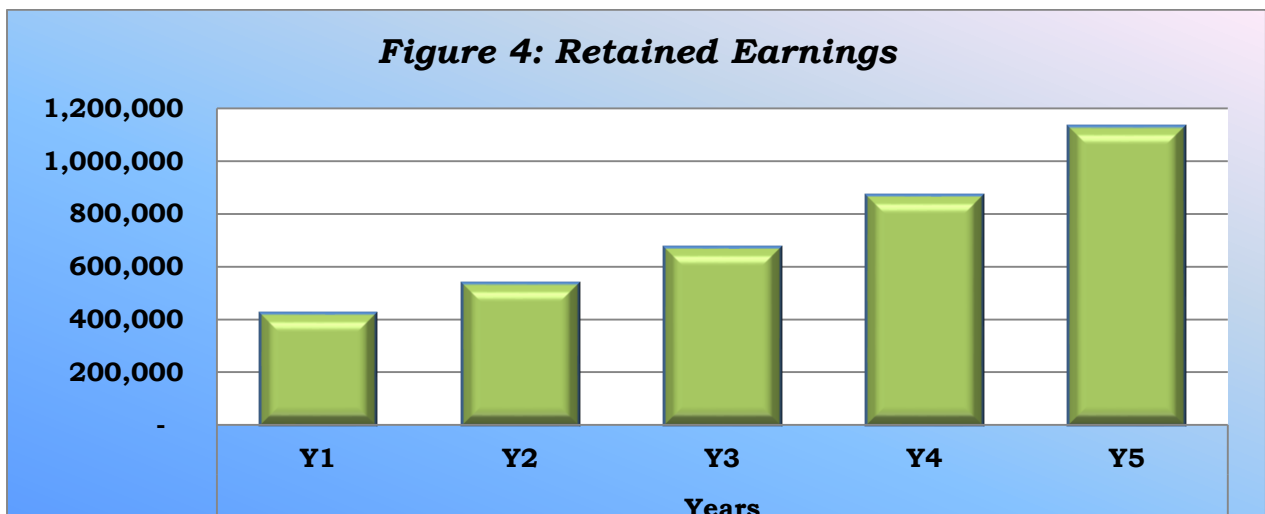


**Table 8: Projected Income Statement**

Details	Years				
	Y1	Y2	Y3	Y4	Y5
Total Sales	933,000	1,134,845	1,404,634	1,768,356	2,262,280
Less: Cost of Sales	50,000	54,000	67,400	69,820	72,482
Gross Profit	883,000	1,080,845	1,337,234	1,698,536	2,189,798
Less: Operating Expenses	78,680	68,567	83,963	91,437	114,516
EBIT	804,320	1,012,278	1,253,271	1,607,099	2,075,282
Less: Loan Interest	53,155	53,155	53,155	53,155	53,155
EBT	751,165	959,123	1,200,116	1,553,944	2,022,127
Less:Taxes (30%)	225,349	287,737	360,035	466,183	606,638
Net Profit/(Loss)	525,815	671,386	840,081	1,087,761	1,415,489
Dividend (20%)	105,163	134,277	168,016	217,552	283,098
<b>Retained Earnings</b>	<b>420,652</b>	<b>537,109</b>	<b>672,065</b>	<b>870,209</b>	<b>1,132,391</b>

#### 4.2.3 Projected Retained Earnings

Retained earnings projections show a positive trend for the project. This will give the company an edge in the market as it can re-adjust the price mix in order to keep more competitive. **Figure 4** gives the picture.



#### 4.2.4 Projected Cash Flows

The project is a promising venture as projections show a positive cash flow as shown on **Table 9**. This is a muscle giving the company an edge in the market as cash flow implies liquidity which helps the project operate smoothly.

**Table 9: Projected Cash Flow**

Details	Years				
	Y1	Y2	Y3	Y4	Y5
<b>Cash from Operations</b>					
Profit Before Tax	751,165	959,123	1,200,116	1,553,944	2,022,127
<b>Adjustment for Non-cash Items:</b>					
Change in Working Capital:					
Receivables (-ve)	- 45,000	-45,000	- 43,000	- 38,000	- 17,000
Trade Payables and Accruals	10,000	13,000	15,000	19,000	23,000
Capital Additions	334,124	125,000	55,000	35,000	35,000
<b>Total</b>	<b>299,124</b>	<b>93,000</b>	<b>27,000</b>	<b>16,000</b>	<b>41,000</b>
Tax Payments	225,349	287,737	360,035	466,183	606,638
Total Cash Inflow from Operating Activities	524,473	380,737	387,035	482,183	647,638
Cash from Investing Activities:					
Land Rent and development of Property	84,724	84,724	84,724	84,724	84,724
Net Cash Outflow from Investing Activities	251,662	107,925	114,223	209,372	374,827
Cash from Financing Activities:					
Dividends	105,163	134,277	168,016	217,552	283,098
<i>Change in Cash and Cash Equivalent</i> s	<i>146,499</i>	<i>- 26,352</i>	<i>- 53,793</i>	<i>- 8,181</i>	<i>91,729</i>
Opening Cash Balance	10,000	8,000	11,000	5,800	12,500
Closing Cash Balance	8,000	11,000	5,800	12,500	11,000

## 5.0 PROJECT RATIONALE

This project's rationale can be viewed in monetary, fiscal and social aspects. From the financial analysis conducted this project is worth a green light in the Tanzanian economy. Monetarily it will create income for supplier and distributor SMEs, fiscally it will pay taxes (both Income Tax and VAT on sales), and socially it will contribute to social development as detailed under subsequent items.

### 5.1 Monetary Rationale

The project is expected to incur a total of **USD 750,864** on production and operating expenses through its first five years of operation. This money will go to supplier SMEs and other companies that will be supplying raw materials to the plant. **Annex 1** gives the details.

### 5.2 Fiscal Rationale

Fiscally the project projects to pay a total of **USD 3,446,565** as taxes to the government in its first five years of operation. Of this amount income tax is projected to be **USD 1,945,942** while VAT is projected to total to **USD 1,500,623**. The VAT projections are for the sales at the company's level only and will multiply as the products change hands. The same applies for the income tax. **Annex 1** gives the details.

### 5.3 Social Rationale

Socially the project will participate in various engagements as part of its CSR program. Over the first five years it is expected to incur a total amount of **USD 7,265** on CSR as shown on **Annex 1**. In addition, the project will directly employ a total of at least 124 locals. Other locals amounting to at least 140 will enjoy indirect employment via the project. The indirect jobs will be for those supplying raw materials, and to service providers.

Economically manufacturing of these products i.e. toothpicks, tissue papers, table salt, medical gloves and syringes will add to local production. The production will reduce national spending of foreign exchange on importation of the products.



## **6.0 POST SCRIPT**

This project is a hybrid in its design. It aims to produce toothpicks, tissue papers, table salt, medical gloves and syringes. The project is owned locally by 100%. The planned capital for this project is USD 584,124 30% of which is equity and 70% is a local loan secured from a local commercial bank.

From our visceral assessment of our business idea we have come up with this business plan with confidence of success. This project is highly likely to be a success and it is rational socio-economically, fiscally and monetarily. If it gets a soft landing via the TIC the promoters of the project look forward to a successful hybrid project.



## 7.0 ANNEXES

### *Annex 1: Project Rationale*

Details	Years					
	Y1	Y2	Y3	Y4	Y5	TOTALS
Total Production Cost	50,000	54,000	67,400	69,820	72,482	<b>313,702</b>
Total Operating Expenses	78,680	68,567	83,963	91,437	114,516	<b>437,162</b>
Income Tax	225,349	287,737	360,035	466,183	606,638	<b>1,945,942</b>
VAT on Sales	186,600	226,969	280,927	353,671	452,456	<b>1,500,623</b>
Provision for CSR	841	1,074	1,344	1,740	2,265	<b>7,265</b>
<b>TOTALS</b>	<b>541,471</b>	<b>638,347</b>	<b>793,668</b>	<b>982,852</b>	<b>1,248,356</b>	<b>4,204,695</b>
<b>SUMMARIES</b>						
To the Government	411,949	514,706	640,962	819,854	1,059,094	<b>3,446,565</b>
To the Private Sector (SMEs)	128,680	122,567	151,363	161,257	186,998	<b>750,864</b>
To the Society (CSR)	841	1,074	1,344	1,740	2,265	<b>7,265</b>
<b>TOTALS</b>	<b>541,471</b>	<b>638,347</b>	<b>793,668</b>	<b>982,852</b>	<b>1,248,356</b>	<b>4,204,695</b>

### *Annex 2: Projected Operating Expenses*

Details	Years				
	Y1	Y2	Y3	Y4	Y5
Marketing Expenses	6,500	650	650	650	650
Bank Charges	720	720	720	720	720
Insurance	1,800	1,800	1,800	1,800	1,800
Office Expenses	2,700	2,700	2,700	2,700	2,700
Permits and Licenses	3,500	200	200	1,200	200
Vehicle Expenses	6,800	6,800	6,800	7,000	7,200
Professionals Fees	37,000	32,000	42,000	41,000	55,000
Provision for Bad Debts	18,660	22,697	28,093	35,367	45,246
Miscellaneous Expenses	1,000	1,000	1,000	1,000	1,000
<b>TOTAL OPERATING EXPENSES</b>	<b>78,680</b>	<b>68,567</b>	<b>83,963</b>	<b>91,437</b>	<b>114,516</b>



**Annex 3: Loan Details**

DETAILS	LOAN SECURED	INTEREST RATE	ANNUAL PRINCIPAL REPAYMENT	ANNUAL PAYBACK (PRINCIPAL)					TOTAL
				Y1	Y2	Y3	Y4	Y5	
Local Loan	408,886	0.13	81,777	134,932	134,932	134,932	134,932	134,932	674,662
Foreign loan	-	0.14	-	-	-	-	-	-	-
<b>TOTAL PRINCIPAL LOAN</b>			81,777	134,932	134,932	134,932	134,932	134,932	674,662

**ANNUAL REPAYMENT DETAILS**

DETAILS	LOAN SECURED	INTEREST RATE	ANNUAL PRINCIPAL REPAYMENT	ANNUAL INTEREST AND PRINCIPAL PAYBACK					
				Y1	Y2	Y3	Y4	Y5	
Local Loan	408,886	0.13	81,777	53,155	53,155	53,155	53,155	53,155	265,776
Foreign Loan	-	0.14	-	-	-	-	-	-	-
<b>TOTAL INTEREST ON LOAN</b>			81,777	53,155	53,155	53,155	53,155	53,155	265,776
<b>TOTAL REPAYMENT</b>				<b>188,088</b>	<b>188,088</b>	<b>188,088</b>	<b>188,088</b>	<b>188,088</b>	<b>940,438</b>

**Annex 4: Detailed Job Information**

CATEGORIES	LOCAL		FOREIGN		NUMBER
	Male	Female	Male	Female	
<b>Senior Management Team:</b>					
Managing Director	1				1
Deputy Managing Director		1			1
<b>Managers:</b>					
Accounts Manager		1			1
Plant Supervisors		1	1		2
Supervisors: PL 1 - PL5			5		5
Operators: PL1 - PL5	3	2			5
Marketing Manager		1			1
R&D Manager			1		1
Logistics Manager		1			1
<b>Other Staff:</b>					
Drivers	8				8
Workers – Production Line 1 Toothpicks	8	15			23
Workers - Production Line 2 Tissue Papers	9	17			26
Workers - Production Line 3 Table Salt	19	5			24
Workers - Production Line 4 Medical Gloves	11	5			16
Workers - Production Line 5 Syringes	10	5			15
Stores and Procurement		1			1
<b>TOTALS</b>	<b>69</b>	<b>55</b>	<b>7</b>	<b>0</b>	<b>131</b>