

**WILMAR TANZANIA LIMITED**

**A FESIBILITY STUDY REPORT**

**ON THE PROPOSED**

**PRODUCTION OF EDIBLE OIL AND PACKAGING MATERIAL PROJECT**

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**DAR ES SALAAM**

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## EXECUTIVE SUMMARY

### 1.1 Introduction

WILMAR TANZANIA LIMITED is a private Company Limited established with the main objective being to carry on business in Tanzania of manufacturing preserving, reigning, packing, prepare, manipulate, treat, market import, export, improve, produce, process, prepare, buy sell, deal in and carry on the manufacturing and trading in edible oils and Packaging materials.

The company was incorporated in Tanzania in 2015 with company number 119005 and is co-owned by Wadworth Holdings Limited and Wilmar Tanzania PTE. LTD. Its incorporation was motivated solely by the passion to be part of the agricultural revolution and growth in Tanzania. Wilmar Tanzania Limited places itself as a liaison between farmers & suppliers, buyers & farmers but also farmers and the government.

The company intends to invest in an oil extraction, processing plant and packaging materials with the aim of taking advantage of the supply gap for edible oils produce across the world.

The company has an experienced management team with direct knowledge of the industry, extensive research experience, and unique administrative skills.

A feasibility study conducted has affirmed that the demand for edible oils both locally and worldwide remains high with a huge gap between demand and supply. Tanzania has a significant production of edible oils and even bigger consumption hence the demand for edible oils is always significant. Currently most edible oils are produced in informal small processing plants with very little exported.

The firm has been established for setting up an automatic oil extraction manufacturing unit in Tanzania which will serve mostly the local market and later then export market. The plant will have a production capacity of 140,000 Litres per year of finished product, with potential to double this by year 3 as more changes will be taken. The company has already secured the plant & machinery required for the production process and is looking to set up the plant in located at Plot No. 30 Vingunguti Industrial Area Dar es Salaam

The technology of the plant shall be modern and capable of delivering the desired quality of products with minimum process loss. The total project cost is estimated at US\$. **10,869,565.00**

The raw materials, being mostly sunflower, groundnuts, avocado and shea nuts are easily available in the local market as well as from surrounding countries like Uganda, Zambia and Malawi. The seed of these regions is known in the world for its high protein content, which makes it suitable, and in demand for traders throughout the world. The parameters and certifications demanded by the buyers can be easily fulfilled with this quality of available raw materials.

## **Business Model**

The company intends to employ local individuals and to provide extensive training about the production process. The plant manufacturer has agreed to second one of their technicians to us for a period of 6 months to assist with the training and take part in installation and commissioning of the plant.

We have already identified a list of potential customers and communities that are willing to purchase the processed product from us. Such loyal customers will help to expand the company's business area by word-of-mouth. The prospective location of the plant, being in Dar es Salaam strategically places the business in an area which is close to the port for logistics purposes and also will ensure that production costs are maintained as a minimum giving our products a competitive advantage.

Oil processing in the country still remains very low with a select few players being able to take up the process. The major constraint for local companies is the ability to access funding to buy equipment and hence our company has also taken the initiative to enter into the market and expand the oil production capacity for Tanzania.

The objectives of this Feasibility study Report are twofold. First is to determine the viability of the proposed project. Second is to facilitate the application for Tanzania Investment Centre (TIC) Certificate of Incentives so as to access exemptions on duties, VAT deterrents and other benefits and protections as statutorily provided for under Tanzania Investment Act (1997) for the Project. The project is wholly financed through sponsor's equity contribution.

### **1.2 The Project Promoters**

WILMAR TANZANIA LIMITED has set aside funding of at least US\$. **10,869,565.00** to implement the project. With time, it is expected that capacity will increase as sources of raw materials are developed both locally and across the region.

The total project cost will cover the cost of importing & installing the plant plus other startup costs. The entire project will be self-funded to avoid high borrowing costs.

Established	22 <sup>nd</sup> July 2015
Registration No.	119005
TIN No.	127-772-606
VRN No.	40-022318-V
Ownership	Wilmar Tanzania PTE. LTD. 36%
	Wadworth Holdings Limited 36%
Products	Sunflower oil
	Groundnut oil
	Shea nut oil
	Avocado oil
Locations	Plot No.30 Vingunguti, Industrial Area, Dar es Salaam
Investment Capital	US\$.10,869,565.00
Source of Finance	Shareholders

### **Mission**

To become the most trusted partner for the agriculture value added services industry, by providing excellent products and services that exceeds our customers expectations.

In the long term, the company intends to expand its business to the rest of the East African countries, with the ability to add value on the downstream of the agriculture value chain covering mostly processing, packaging and market linkages.

### **Vision**

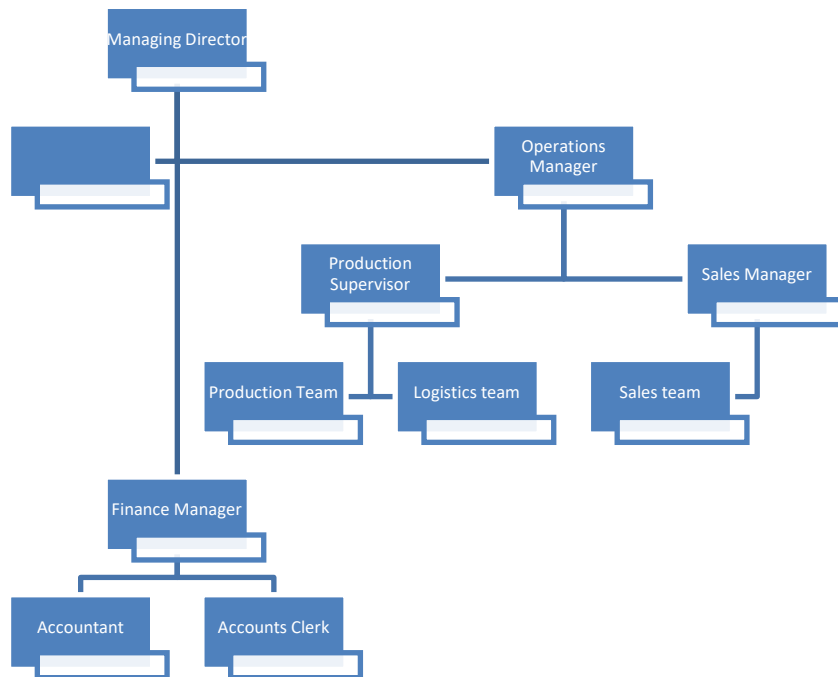
To become the most valuable and respectable Agri Business in Africa by Bridging the Gap and accelerate the growth of local farmers in East Africa.

## Keys to Success

Keys to success will include:

- A high level of quality in its product line.
- Maintaining and growing its referral networks to generate new and repeat sales.
- Significant investments in research and development of machinery with the aim to focus on providing precisely required specifications at low cost
- Improving efficiencies of operations and to reduce operating costs.

## Organization Structure



### 1. Product

#### 1.1 Product Description

Edible oil is a fatty liquid that is physically extracted from several vegetables and also some animal tissues, the most appreciated being olive oil for both taste and health properties (Preedy and Watson, 2010), especially the extra-virgin category, mechanically extracted from olives at low temperature.

Edible oils consist of about 96% triacylglycerides, composed of different fatty acids. Some other compounds or groups of compounds, such as free fatty acids, phospholipids, phytosterols, tocopherols, other antioxidants or waxes, can also be found. Fatty acids, free or bound to glycerol are susceptible to oxidative processes resulting in a wide range of volatile and non-volatile degradation products.

Therefore one of the major challenges for the oil processing industry is to maintain the high quality of the product after processing until use by the consumer. However, the oxidative stability of edible oils not only depends on conditions during storage, but also the history of the raw material and the processing steps involved.

Oxidation processes play an important role in the deterioration of fats and oils with rancidity as the main effect. The most characteristic changes which become more and more obvious during the oxidation process are the development of an unpleasant taste and smell, but also changes in colour, viscosity, density and solubility take place. Further consequences include the loss of essential fatty acids, the degradation of vitamins and pro-vitamins, and the formation of odour-intensive compounds. These changes strongly influence the nutritional value and sensory quality of edible oils. The primary stage of the oxidation process produces hydroperoxides. As these hydroperoxides degrade, compounds are formed which are considered to have a certain toxicological potential in higher concentrations. The products of the oxidation process can react with other ingredients in complex composed foods, such as amino acids or proteins, resulting in changes of texture or colour. Therefore oxidation is very important in terms of the palatability, toxicity and nutritional value of edible oils.

## 1.2 Product variations

Wilmar Tanzania Limited plans to produce Three (3) different types of edible oils to start with as follows:

### 1.2.1 Sunflower oil

Sunflower oil is the non-volatile oil pressed from the seeds of the sunflower (*Helianthus annuus*). Sunflower oil is commonly used in food as a frying oil, and in cosmetic formulations as an emollient.

Sunflower oil is primarily composed of linoleic acid, a polyunsaturated fat, and oleic acid, a monounsaturated fat. Through selective breeding and manufacturing processes, oils of differing proportions of the fatty acids are produced. The expressed oil has a neutral taste profile. The oil contains a large amount of vitamin E.

As of 2017, genome analysis and development of hybrid sunflowers to increase oil production are under development

to meet greater consumer demand for sunflower oil and its commercial varieties.

In 2018, Ukraine and Russia together accounted for 53% of the world's production of sunflower oil.



## **Production**

In 2018, world production of sunflower oil was 18 million [tonnes](#), led by [Ukraine](#) and [Russia](#) as the leading producers accounting together for 53% of the world total.<sup>[8]</sup>

In 2022, there was a global shortage of sunflower oil due to the 2022 Russian invasion of Ukraine which has led to over 50% drop in the availability of sunflower oil. Due to the shortages many brands are reforming their recipes by switching to rapeseed oil to allow the production of their products to continue.

## **Extraction**

Sunflower oil can be extracted using chemical solvents (e.g., hexane), or expeller pressing (i.e., squeezed directly from sunflower seeds by crushing them). "Cold-pressing" (or expeller pressing) sunflower seeds under low-temperature conditions is a method that does not use chemical solvents to derive sunflower seed oil.

Refining sunflower oil through solvent extraction, de-gumming, neutralization, and bleaching can make it more stable and suitable for high-temperature cooking, but doing so will also remove some of the oil's nutrients, flavor, color (resulting in a pale-yellow), free fatty acids, phospholipids, polyphenols, and phytosterols. Also, some of the

polyunsaturated fatty acids will be converted into trans fat due to the high temperatures involved in the process. Unrefined sunflower oil is less heat-stable (and therefore well-suited to dishes that are raw, or cooked at low temperatures), but it will retain more of its original nutrient content, flavor, and color (light-amber).

## Uses

### ➤ In food preparation

Refined sunflower oil is used for low-to-extremely-high-temperature cooking. As a frying oil, it behaves as a typical vegetable triglyceride. Unrefined sunflower oil is a traditional salad dressing in Eastern European cuisines. Sunflower oil is also an ingredient in sunflower butter.

### ➤ Seed meal

Extraction of sunflower oil leaves behind the crushed seeds, typically referred to as seed meal, which is rich in protein and dietary fiber and used as an animal feed, fertilizer or fuel.

### ➤ Supplements

**Sunflower oil dietary supplements have been marketed for treatment of eczema, but research has shown it is not medically effective.**

### ➤ As fuel

Sunflower oil can be used to run diesel engines when mixed with diesel in the tank. Due to the high levels of unsaturated fats, there is higher viscosity in cold temperatures.

### ➤ Cosmetics industry

PEG-10 sunflower glycerides, a pale yellow liquid with a "slightly fatty" odor, are the polyethylene glycol derivative of the mono- and diglycerides derived from sunflower seed oil with an average of 10 moles of ethylene oxide. PEG-10 sunflower glycerides are commonly used in cosmetic formulations.

### ➤ Horticulture

In the European Union, and United Kingdom (since Brexit), sunflower oil is sprayed onto tomato crops as a fungicide to control powdery mildew from *Oidium neolycopersici*. For this use it is classified as a 'Basic Substance' that can be used on both organic and conventional farms.

### 1.2.2 Avocado oil

Avocado oil is an edible oil extracted from the pulp of avocados. It is used as an edible oil both raw and for cooking, where it is noted for its high smoke point. It is also used for lubrication and in cosmetics.

Avocado oil has an unusually high smoke point: 250 °C (482 °F) for unrefined oil and 271 °C (520 °F) for refined.

The exact smoke point depends heavily on the quality of refinement and the way the oil is stored.



## Uses

Avocado oil functions well as a carrier oil for other flavors. It is high in monounsaturated fats and vitamin E, and also enhances the absorption of carotenoids and other nutrients.

Following drying of the avocado flesh to remove as much water as possible (the flesh is about 65% water), oil for cosmetics is usually extracted with solvents at elevated temperatures. After extraction, it is usually refined, bleached, and deodorized, resulting in an odorless yellow oil. Edible cold-pressed avocado oil is generally unrefined, like extra virgin olive oil, so it retains the flavor and color characteristics of the fruit flesh.

Avocado oil is one of few edible oils not derived from seeds; it is pressed from the fleshy pulp surrounding the avocado pit. Unrefined avocado oil from the 'Hass' cultivar has a characteristic flavor, is high in monounsaturated fatty acids, and has a high smoke point ( $\geq 250$  °C or 482 °F), making it a good oil for frying. 'Hass' cold-pressed avocado oil is a brilliant **emerald, green** when extracted; the color is attributed to high levels of chlorophylls and carotenoids; it has been described as having an avocado flavor, with grassy and butter/mushroom-like flavors. Other varieties may produce oils of slightly different flavor profile; 'Fuerte' has been described as having more mushroom and less avocado flavor.

Avocado oil has a similar monounsaturated fat profile to olive oil. Avocado oil is naturally low acidic, helping to increase smoke point. Unrefined avocado oil can be safely heated to 480 °F (249 °C). Both unrefined and refined avocado oil can safely be used for almost any high-heat cooking, including baking, stir-frying, deep-frying, searing, barbecuing, roasting, and sauteing. Like all oils, the more refined, the higher the smoke point. Each 30 mL of avocado oil contains 3.6 mg of Vitamin E and 146.1 mg of beta-sitosterol.

### 1.2.3 Peanut oil

Peanut oil is the oil from the seed (peanut) of the peanut plant. Peanut oil is used in cooking and is also used to make medicine. It is also commonly referred to as groundnut oil or arachis oil. The oil usually has a mild or neutral flavor but, if made with roasted peanuts, has a stronger peanut flavor and aroma. It is often used in American, Chinese, Indian, African and Southeast Asian cuisine, both for general cooking, and in the case of roasted oil, for added flavor.

Peanut oil has a high smoke point relative to many other cooking oils, so it is commonly used for frying foods. Peanut oil is high in monounsaturated "good" fat and low in saturated "bad" fat. This is believed to help prevent heart disease and lower cholesterol. Peanut oil might help to reduce fatty build up in blood vessels.

People use peanut oil for high levels of cholesterol or other fats in the blood, heart disease, joint pain, dry skin, and many other conditions, but there is no good scientific evidence to support these uses.



### Uses

- **Food preparation** - Unrefined peanut oil is used as a flavorant for dishes akin to sesame oil. Refined peanut oil is commonly used for frying volume batches of foods like French fries and has a smoke point of 450 °F/232 °C.
- **Biodiesel** - At the 1900 Paris Exhibition, the Otto Company, at the request of the French Government, demonstrated that peanut oil could be used as a source of fuel for the diesel engine; this was one of the earliest demonstrations of biodiesel technology.
- **Cosmetics** - Peanut oil, as with other vegetable oils, can be used to make soap by the process of saponification. Peanut oil is safe for use as a massage oil.

### 1.3 Edible oil production & utilisation in Tanzania

Despite strong growth in sunflower seed production, the level of edible oil processing in Tanzania is low compared to prevailing demand (est. at 300,000 – 400,000 tons a year). Much of the demand gap is currently met by imported edible oil (60% across all edible oils, 55-70% for sunflower oil) (Salisali, 2017). The Government of Tanzania wants to reduce Tanzania's dependence on imported edible oil by boosting domestic oil seed production and downstream oil processing capacity.

In 2016 the government implemented a 10% tariff on imports of CPO as one mechanism to support this objective, but stakeholder views on the merits of the tariff policy are mixed.

Overall, there is a huge potential for producing edible oilseeds in Tanzania. This includes high demand of vegetable oil, large suitable land, availability of market/demand, presence of water bodies, favorable policies and regulations, availability of power in the rural areas through the Rural Electrification Program through the Rural Electrification Authority (REA) program, and possibility of a wide range of products that can be produced in these oilseeds value chain.

Various studies have indicated that the performance of this subsector does not mirror the underlying opportunities. Production is characterized by small area of cultivation and low yield. For example, on average, sunflower cultivation is on small-scale, with an average farmer cultivating 4.0 acres only, producing 0.6 tons of sunflower seeds per acre. This level is far below productivity of 2.0 - 3.0 Tons of sunflower seed per acre. Similar low productivity levels have been reported for oil palm in Kigoma and Mbeya, whereby under current farming conditions one Dura plant yields 7-8 litres of palm oil/year; and, a plant of Tenera yields 28 litres/year.

As for avocados, there is no single company in Tanzania which processes avocados to produce edible oils. This is an opportunity for investment in the country.

While the role of farmers in the sunflower value chain is only confined at production level and selling sunflower seeds, processing is characterized by small and medium scale processors and is only limited to sunflower oil and animal cake. It has been reported that the low performance in this subsector is driven by a few constraints. These include; poor farming practices, inadequate extension services, poor access to finance, depressed farm gate prices of sunflower products, inadequate processing facilities, threat from imported edible oil and inadequate technology.

## 2. Market Analysis

### 2.1 Market Segmentation

Deficit in food supply, edible oil in particular is a common occurrence in Tanzania. The deficit in edible oil from the domestic supply is mainly due to use of poor production technology, that include use of unimproved seed coupled with dependent on rain fed agriculture leads to low productivity.

However, the high rates of population growth and industrialization increase demand for edible oil both for home consumption and industrial use. Despite Tanzania having comparative advantage in the production of edible oil particularly from sunflower still this opportunity has not fully exploited. Currently, Tanzania, is revitalizing its edible oil sub-sector in order to reduce its dependency on imported edible oil.

The sunflower sub-sector in Tanzania is deemed as key to industrialization, thus a potential contributor to economic growth and development, especially for smallholder farmers and small-to medium-size processors. The current speed of adjustment in production of sunflower edible oil is low per year that indicate that it will take many years for Tanzania to be self-sufficient.

### 2.2 Key Market Trends

Edible oil is currently one of the products that are in a huge shortage with prices rapidly climbing causing some households to stop buying it because they cannot afford it.

The trend has been the case for over a year, even before the start of the Russia-Ukraine war that began in February, this year.

The price of a 20-litre container of edible oil shot from around Sh55,000 around June 2021 to about Sh130,000 in May, 2022. Only recently has the prices been easing to around Sh94,000 per 20-litre container.

However, the government has been strategizing with the view to increasing local production of sunflower and palm oil seeds so as to reduce dependence on importation and end price fluctuations. The goal is to produce at least a million tons of sunflower.

### 2.3 Market size

Data provided by Tanzania Sunflower Processors Association (Tasupa) shows Tanzania is a net importer of 395,000 tonnes of palm oil from Malaysia. Furthermore, Tasupa says that Russia and Ukraine are world largest sunflower producers at 25 and 22 percent respectively.

However, the ongoing Russia-Ukraine war has adversely affected the supply of cooking oil from the two nations to most countries causing hiking of prices.

Tanzania produces 205,000 tonnes of cooking oil a year through oil seeds against a demand of 570,000 tonnes. The deficit is imported from Malaysia, India, Singapore and Indonesia at a cost of \$204.7 million per year.

Shortage of edible oil has pushed retail prices from \$1.3 to \$2.8 per litre. The Ministry of Agriculture has in the 2021/2022 budget increased the allocation for extension services to \$5 million to strengthen agricultural production with a focus on oil seeds crops. The major crops for edible oil production in Tanzania are sunflower, palm oil, groundnuts, sesame, soya beans and cotton. The Sunflower Oil Processors Association said it is facing a shortage of 1.4 million tonnes to effectively meet the gap for edible oil in Tanzania. Chairman Ringo Iringo said the current production capacity of smallholder farmers is only 352,908 tonnes against the actual demand of 1.72 million tonnes per year by processing industries.

### 2.4 Target Market Segment Strategy

The main target market for our products shall be the local market. The strategy to be used will be to stay close to our customers. This will result in building of trust and forging of good relations with our customers. The company already knows the customers' needs and wants, therefore, as part of its marketing mix has decided to invest in the production of oils that have the most predicted demand and via marketing and promotion will try to promote these products.

The company expects that by implementing a correct marketing mix, we will increase our share in the identified market segments by offering the same value-added product and support benefits that its customers demand.

Our choice of target markets is based on comprehensive experience within the markets and also commodities trading business coupled with an in-depth understanding of the customers' needs for more than 10 years.

We will take a unique approach to satisfy our customers needs and wants and also simultaneously to answer all their questions and to air their fears about the quality of our products. The company identified that only efficient quality control will ensure repeat business with customers.

The company cannot be successful by just waiting for the customer to come for ordering. Instead, we must focus on the specific market segments whose needs match more to our products. Focusing on targeted segments is the key to company's future.

We intend to change the paradigm of being a product- and price-focused sales organization, to that of becoming a customer- and market-focused organization, aiming in sharing responsibility for customer satisfaction. We will accomplish this paradigm shift through the implementation of a balanced and continuous market research for agriculture needs and technology demands.

Planning and implementing specific strategies for the identified segments will be an ongoing process, and we will consult with marketing specialists, and our suppliers, to further refine these efforts as we develop an effective marketing plan.

## **2.5 Competition**

Some large scale and numerous small and medium scale processors operate mainly in Dar es Salaam, Morogoro and Shinyanga with limited presence elsewhere in the country.

Out of approximately 22 leading companies in Tanzania's edible oil sector, the majority of the leading companies are involved in sunflower seed growing and processing, reflecting the overall sector structure. Nearly 70% of the companies produce sunflower seed oil, four of which also produce edible oils from other sources such as baobab, soyabean, sesame seed, cotton seed and palm oil.



### 3.1 Market Responsibilities

WILMAR TANZANIA LIMITED is committed to an extensive promotional campaign. This will be done aggressively and on a broad scale. To accomplish initial sales goals, the company will require an extremely effective promotional campaign to accomplish two primary objectives:

1. Attract quality sales personnel that have a desire to be successful.
2. Attract customers that will constantly look to Wilmar Tanzania Limited for their needs.

In addition, the company plans to advertise in social media, local magazines as well as attend all the local and global exhibitions relevant to the industry, like Saba Saba and Biofach.

#### 4. Sales Strategy

1. We will be offering quality products that will be introduced to the market through targeted advertising and direct sales. This market is a long term, repetitive business where relationships are a key component to success.
2. We will promote the company and its ability to supply quality products at affordable prices. We will make marketable and keep the reputation as the reliable supplier it aims to be.
3. In future, we hope to offer leased mechanization services to small holder farmers who cannot afford outright purchase of farm implements.
4. We will also provide other services such as training and education to farmers regarding good farming practices to produce high quality yield.
5. We will also connect the farmers through a mobile platform for easy management of the supplies and manage product quality.
6. Provide alert services and information through the mobile platform during planting and harvest season.

#### 5. Pricing & Payment options

The company will offer competitive prices, which are subject to review when necessary. Knowledge of market and competitor prices gives to the company the advantage of pricing in-line with competitors.

Our pricing strategy will be based on competitive Blue Book values (large client wholesale and individual small client prices) plus premium packaged brands with additional consumer needs offered per market requirements and global competitiveness. We will have a full packaged pricing model to cater for all target market segments. We will not exceed or be near uncompetitive prices offered by middlemen, and will attempt to offer our product at reduced prices plus a fair profit margin than existing suppliers

We will maintain a commercial letter of credit payment policy only for business customers with a net 30-day limit. Most of our's customer will be expected to deal with their own financial sources. However, the company plans to offer flexible payment options for the customers by making special arrangements with financial institutions to give credit them credit if they cannot afford to pay cash upfront

## **6. Financial Plan**

The following sections shows in detail that Wilmar Tanzania Limited will be profitable and will easily recoup its investment within a year.

### **6.1 Important Assumptions**

The key underlying assumptions of our financial plan shown in the following general assumption table are:

- We assume access to the funding necessary to invest in the project, and to provide adequate initial capitalization for a wider range of operational activities.
- We will manage to get duty & vat exemptions for the importation of our equipment through registering the project with TIC
- It is assumed that the company will get space within the commercial hub of Tanzania in order to benefit from close proximity to market.
- We assume realistic to minimum sales, against highest expenses.
- We assume that production of raw materials locally and across the region will grow steadily to reach its potential and hence increase supply of raw material gradually.
- The effects of covid 19 and other pandemic shall pose minimum disruption to our and our suppliers' operations.
- Steady economic growth globally.

### **6.2 Projected Profit Loss Accounts**

The projected profit and Loss accounts show that profit after tax will increase from US\$ 1,023,375 in the first year of operation to US\$ 1,174,600 by tenth year of the operations

### **6.3 Projected Cash flow**

The projected cash flow indicates that the proposed project will have enough funds to meet other cash obligations including reinvestment as the fall due. Cash flow at end of year increases from US\$2,286,192 in first year of operation to US\$23,609,207 by tenth year of the operation

### **6.4 Projected Balance Sheet**

The projected balance sheet show a very healthy situation throughout the life span of the project .The long term liabilities are well covered by the net fixed assets. Similarly the current assets.Net assets increase from US\$11,892,941 in the first year of operation to US\$ 12,044,165 in the tenth year of operation

## **7.0 CONCLUSION AND RECOMMENDATIONS**

Evaluation of the **M/S Wilmar Tanzania Limited** project proposal and its attached projected financial statements indicates that the project proposal is technically feasible, financially attractive and economically viable. In order to realize the envisaged benefits from the proposed project. It is recommended that he Tanzania Investment Centre together with other authorities should offer the necessary approvals and support to **M/S Wilmar Tanzania Limited** for timely establishment of the edible oil production and packaging projects in Dar es Salaam.

## FINANCIAL STATEMENTS

### Total Investment Capital Breakdown

INVESTMENT PLAN	US\$.
Land & Building	90,000.00
Plant and Machinery	8,371,622.09
Furniture/Fixtures	60,000.00
Vehicles	70,000
Initial W/Capital	2,277,942.91
<b>GRAND TOTAL</b>	<b>10,869,565.00</b>

## WORKING CAPITAL

YEAR	1	2	3	4	5	6	7	8	9	10
ADMINISTRATION EXPENSES	4,012,135	4,065,783	4,119,435	4,173,045	4,226,559	4,278,794	4,333,068	4,385,914	4,438,423	4,490,471
DEBTORS (2% OF REVENUE)	552,000	557,520	563,095	568,726	574,413	580,158	585,959	591,819	597,737	603,714
DAMAGES, SPOILAGES ETC	0	0	0	0	0	0	0	0	0	0
OTHERS	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>4,564,135</b>	<b>4,623,303</b>	<b>4,682,530</b>	<b>4,741,771</b>	<b>4,800,972</b>	<b>4,858,952</b>	<b>4,919,027</b>	<b>4,977,733</b>	<b>5,036,160</b>	<b>5,094,185</b>

MONTHLY WORKING CAPITAL WILL BE \$ 380,344.59

## CASH FLOW

YEAR	1	2	3	4	5	6	7	8	9	10
INFLOW										
EQUITY	10,869,565	0	0	0	0	0	0	0	0	0
DEPRECIATION	1,262,817	1,262,817	1,262,817	1,262,817	1,262,817	1,262,817	1,262,817	1,262,817	1,262,817	1,262,817
PRETAX PROFIT	1,461,965	1,485,127	1,508,514	1,532,120	1,555,941	1,579,488	1,604,202	1,628,618	1,653,228	1,678,000
TOTAL INFLOW	13,594,347	2,747,944	2,771,330	2,794,937	2,818,758	2,842,304	2,867,018	2,891,434	2,916,045	2,940,817
OUT FLOW;										
INVESTMENT	10,869,565	0	0	0	0	0	0	0	0	0
CORP. TAX 30%	438,589	445,538	452,554	459,636	466,782	473,846	481,260	488,585	495,968	503,400
TOTAL OUTFLOW	11,308,154	445,538	452,554	459,636	466,782	473,846	481,260	488,585	495,968	503,400
NET	2,286,192	2,302,405	2,318,776	2,335,301	2,351,975	2,368,458	2,385,758	2,402,849	2,420,076	2,437,417

## OPERATING COST SCHEDULE

YEAR	1	2	3	4	5	6	7	8	9	10
UTILITIES										
ELECTRICITY & WATER	1,016,000	1,016,600	1,017,260	1,017,986	1,018,785	1,019,663	1,020,629	1,021,692	1,022,862	1,024,148
FIXED/SEMI FIXED COST;										
DEPRECIATION	1,262,817	1,262,817	1,262,817	1,262,817	1,262,817	1,262,817	1,262,817	1,262,817	1,262,817	1,262,817
ADMINISTRATION COST;										
SALARIES & WAGES	1,733,318	1,786,366	1,839,359	1,892,243	1,944,957	1,996,315	2,049,623	2,101,405	2,152,745	2,203,507
OTHER ADMIN. EXPENSES	336,000	339,600	343,560	347,916	352,708	357,978	363,776	370,174	377,169	384,886
<b>TOTAL</b>	<b>4,348,135</b>	<b>4,405,383</b>	<b>4,462,995</b>	<b>4,520,961</b>	<b>4,579,267</b>	<b>4,636,772</b>	<b>4,696,844</b>	<b>4,756,088</b>	<b>4,815,592</b>	<b>4,875,357</b>

## PROFIT & LOSS ACCOUNT

FIGURES IN US\$

YEAR	1	2	3	4	5	6	7	8	9	10
REVENUE	27,600,000	27,876,000	28,154,760	28,436,308	28,720,671	29,007,877	29,297,956	29,590,936	29,886,845	30,185,714
COST OF GOODS										
RAW MATERIALS	19,320,000	19,513,200	19,708,332	19,905,415	20,104,469	20,305,514	20,508,569	20,713,655	20,920,792	21,129,999
GROSS PROFIT	8,280,000	8,362,800	8,446,428	8,530,892	8,616,201	8,702,363	8,789,387	8,877,281	8,966,054	9,055,714
SALARIES & WAGES	1,733,318	1,786,366	1,839,359	1,892,243	1,944,957	1,996,315	2,049,623	2,101,405	2,152,745	2,203,507
ELECTRICITY & WATER	1,016,000	1,016,600	1,017,260	1,017,986	1,018,785	1,019,663	1,020,629	1,021,692	1,022,862	1,024,148
INSURANCE	245,000	245,500	246,050	246,655	247,321	249,663	248,858	249,744	250,718	251,790
BUSINESS TRAVELING	845,000	845,500	846,050	846,655	847,321	848,053	848,858	849,744	850,718	851,790
MINOR REPAIRS & MAINT	380500	380550	380605	380666	380732	380805	380886	380974	381,072	381,179
PRINT & STATIONERY	182,000	182,200	182,420	182,662	182,928	183,221	183,543	183,897	184,287	184,716
TELEPHONE	201,000	201,300	201,630	201,993	202,392	202,832	203,315	203,846	204,431	205,074
BANK CHARGES	20200	20220	20242	20266	20293	20322	20354	20390	20429	20472
BUSINESS LICENSE	10200	10220	10242	10266	10293	10322	10354	10390	10429	10472
SUNDRY EXPENSES	503,000	503,300	503,630	503,993	504,392	504,832	505,315	505,846	506,431	507,074
ADVERTISEMENT	83,000	83,500	84,050	84,655	85,321	86,053	86,858	87,744	88,718	89,790
DIRECTORS REMUNERATION	336,000	339,600	343,560	347,916	352,708	357,978	363,776	370,174	377,169	384,886
DEPRECIATION	1,262,817	1,262,817	1,262,817	1,262,817	1,262,817	1,262,817	1,262,817	1,262,817	1,262,817	1,262,817
TOTAL EXPENSES	6,818,035	6,877,673	6,937,914	6,998,772	7,060,260	7,122,875	7,185,185	7,248,663	7,312,825	7,377,714
PRETAX PROFIT	1,461,965	1,485,127	1,508,514	1,532,120	1,555,941	1,579,488	1,604,202	1,628,618	1,653,228	1,678,000
CORP. TAX 30%	438,589	445,538	452,554	459,636	466,782	473,846	481,260	488,585	495,968	503,400
NET PROFIT	1,023,375	1,039,589	1,055,960	1,072,484	1,089,159	1,105,642	1,122,941	1,140,032	1,157,260	1,174,600

## BALANCE SHEET

FIGURES IN US\$

YEAR	1	2	3	4	5	6	7	8	9	10
FIXED ASSETS	8,591,622	8,548,667	8,505,811	8,463,094	8,420,568	8,379,071	8,336,295	8,294,681	8,253,481	8,212,796
LESS DEPRECIATION	1,262,817	1,262,817	1,262,817	1,262,817	1,262,817	1,262,817	1,262,817	1,262,817	1,262,817	1,262,817
NET CURRENT ASSESTS	4,564,135	4,623,303	4,682,530	4,741,771	4,800,972	4,858,952	4,919,027	4,977,733	5,036,160	5,094,185
TOTAL	11,892,941	11,909,154	11,925,525	11,942,049	11,958,724	11,975,207	11,992,506	12,009,597	12,026,825	12,044,165
REPRESENTED BY;										
EQUITY	10,869,565	10,869,565	10,869,565	10,869,565	10,869,565	10,869,565	10,869,565	10,869,565	10,869,565	10,869,565
PRETAX PROFIT	1,461,965	1,485,127	1,508,514	1,532,120	1,555,941	1,579,488	1,604,202	1,628,618	1,653,228	1,678,000
LESS TAXATION	438,589	445,538	452,554	459,636	466,782	473,846	481,260	488,585	495,968	503,400
NET PROFIT	1,023,375	1,039,589	1,055,960	1,072,484	1,089,159	1,105,642	1,122,941	1,140,032	1,157,260	1,174,600
TOTAL	11,892,940	11,909,154	11,925,525	11,942,049	11,958,724	11,975,207	11,992,506	12,009,597	12,026,825	12,044,165

## ECONOMIC RATE OF RETURN ON EQUIT

FIGURES IN US\$

YEAR	1	2	3	4	5	6	7	8	9	10
PROFIT AFTER TAX	1,023,375	1,039,589	1,055,960	1,072,484	1,089,159	1,105,642	1,122,941	1,140,032	1,157,260	1,174,600
EQUITY	10,869,565	10,869,565	10,869,565	10,869,565	10,869,565	10,869,565	10,869,565	10,869,565	10,869,565	10,869,565
% RATE OF RETURN	9%	10%	10%	10%	10%	10%	10%	10%	11%	11%

## ECONOMIC RATE OF RETURN ON INVESTMENT

FIGURES IN US\$

YEAR	1	2	3	4	5	6	7	8	9	10
PROFIT AFTER TAX	1,023,375	1,039,589	1,055,960	1,072,484	1,089,159	1,105,642	1,122,941	1,140,032	1,157,260	1,174,600
EQUITY	10,869,565	10,869,565	10,869,565	10,869,565	10,869,565	10,869,565	10,869,565	10,869,565	10,869,565	10,869,565
% RATE OF RETURN	9%	10%	10%	10%	10%	10%	10%	10%	11%	11%

