

MAARS WELD COMPANY LIMITED

Business Plan – Maji Matitu - Mbagala

CONFIDENTIAL

LIST OF ABBREVIATIONS

BRELA	Business Registrations and Licensing Agency
DSE	Dar es Salaam Stock Exchange
GDP	Gross Domestic Product
LTD	Limited
NPV	Net Present Value
SoM	Share of Market
SoS	Share of Segment
TBS	Tanzania Bureau of Standards
TIN	Tax Identification Number
TRA	Tanzania Revenue Authority
TSHS	Tanzanian Shillings
USD	United States Dollars
VAT	Value Added Tax

1 INTRODUCTION

1.1 *Purpose of the document*

The objective of this business plan is to facilitate the Shareholders and regulatory authorities in the establishment of a manufacturing plant for iron rods for welding and its components in Tanzania. This business plan may form the basis of an important investment decision and in order to serve this objective, the document/study covers various aspects of project concept development, finance, marketing and business management.

Further objectives of this business plan include, to:

- Ascertain total investment required to set up the company in Tanzania.
- Identify the operational plan.
- Propose steps to be followed in the implementation of such project.

The document also provides sector information and a brief on government policies, which have a bearing on the project itself.

1.2 *Key considerations in decision making for investment*

Before making any investment decision, it is advisable to evaluate the associated risk factors by taking into consideration certain key elements. For manufacturing industry (Welding rods and its components) as envisaged in this study, critical factors that should be taken into consideration before launching the project are listed below:

- The economic performance of the Tanzania economy and its macroeconomic state should be a significant aspect in the consideration. Also, the political landscape and stability and predictability of policies should be taken into account.
- Manufacturing industry pattern in the primary market which is Tanzania.
- Competition landscape in the country in the manufacturing subsector.
- The potential for foreign market may be established by a review of the manufacturing industry patterns by Regions (From East Africa and the rest of Africa).
- Considering the nature of the products envisaged, the location of the company will be critical. Assessment of the location for adequate infrastructure (airport, roads and telecom) and social amenities (utilities).

2 PROJECT PROFILE

2.1 *Project Brief and Objectives of this document*

The company registered address is Plot number 1210, Maji Matitu, Mbagala, Temeke District, Dar es Salaam Region in the Eastern part of Tanzania which is the largest commercial region in Tanzania and important economic center regional-wise. It is Tanzania's leading financial center with the DSE being the country's first and most important stock exchange market.

The company is carrying the following main businesses:

- Manufacturing of 2 different sizes of welding rods and it's components.
- Manufacturing of Hard facing electrodes
- Wholesale and retail sale of welding rods and hard facing electrodes and it's components.
- Exportation of it's great variety of products outside the United Republic of Tanzania.
- Providing professional technical solutions and services.

2.2 *Project Location*

The company is intending to open a factory to manufacture welding rods and its components in Maji Matitu area, located in Mbagala, Dar es Salaam. The reason for selecting this location is for its short distance of transporting raw materials from the port and availability of working space. The main factors considered being the size of market, developed infrastructure, accessibility and availability of raw materials.

The suitability of the location is based on the following factors:

- i. Dar es Salaam is situated at the coast in the Eastern zone of Tanzania, which has the largest port in East Africa, feeding five landlocked neighboring countries.
- ii. Dar es Salaam has the largest population in Tanzania (4.4 million) and is the third fastest growing city in Africa after Bamako and Lagos with a growth rate of 5.6 percent¹.
- iii. It has relatively reliable infrastructure, water supply, electricity and roads;
- iv. It is easily accessible using Air and Road;

2.3 *Target market*

The target market is:

- Local Market.
- Foreign Market.

2.4 *Products*

The products to be manufactured locally and shall include AWS. E6013, AWS. E7018 welding rods and Hard Facing Electrodes.

Project Investment

The initial capital investment is Tanzania Shillings Three Billion Eight Hundred Million Only (Tshs 3,800,000,000) as shown in the table below:

	Capital Item	Amount in Tshs (Millions)
1	Machinery and Equipment	1,500
2	Annual Purchases of raw materials and other products	2,000
3	Lease of premises	100
4	Vehicle Purchase	100
5	Other assets	100
	Total Investment	3,800

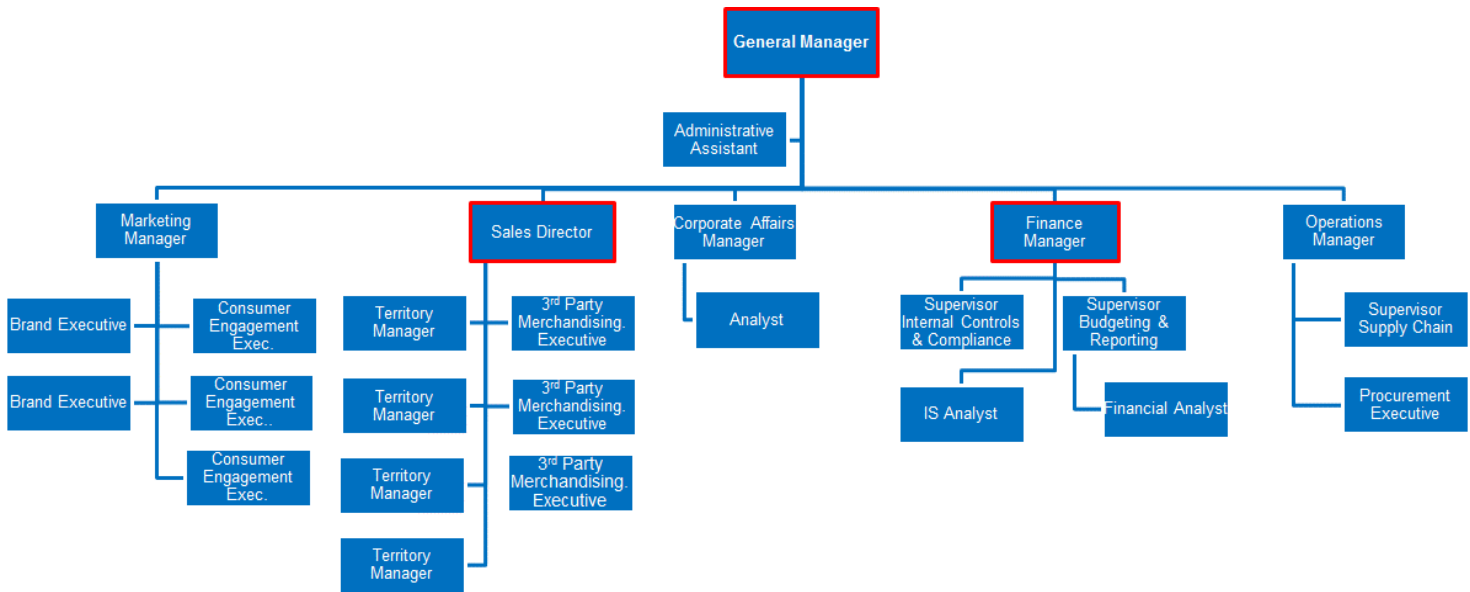
2.5 **Project Financing**

The investment is a self-financing project, where by the capital has been raised by the operations of the Company.

The investment will be Tshs 3,800,000,000 generated from the current overseas operations of the company.

2.6 **Human Resources Requirements**

The objective of the human resources plan is to support the overall business case to establish a sustainable and successful business in Tanzania. The organizational structure below will provide the necessary human capital to deliver on the overall targets set for the region as well as to provide employment opportunities for the local citizens of Tanzania. Contracts of Employment will be issued to successful candidates in line with the local labour legislations. Below is the planned organization chart once the company has finished its recruitment process.



Note: Red box indicates Management Team

2.7 Return on Investment

The shareholders will make significant investments in the initial years to build the business and grow the sales volume. These investments consist of mainly machinery, raw materials, necessary products, Selling, General & Administrative costs together with Marketing initiatives to grow brand awareness and build the product portfolio. The plan projects losses for the Company for the initial 3 years until 2024, after which the company will start turning profitable.

The analysis provides a positive NPV over a 10 years horizon. This indicates that the project is financially viable.

3 MARKET ANALYSIS

3.1 Regulatory environment

The Ministry of Industry, Trade and Investment is responsible for oversight of industrial products quality, regulation of wholesale importation, and registration of wholesale premises.

Marketing Activities

In line with the existing laws of land, different activities have been developed to support the launch of products and to make consumers aware about the products Maars Weld Company Limited is

offering and their price points. The main focus is on implementing printed visuals in different formats at Point of Sales that sell Maars Weld Company Limited products, which will support the trade to showcase what they have available for sale as well as to inform consumers about what they can purchase. Secondly, Maars Weld Company Limited will be utilizing owners of industries to inform others about products and price, as well as offering them samples.

4 RISK ASSESSMENT

4.1 Introduction

This business plan has been prepared since the project is faced by various potential risks and therefore needs to estimate their likely impact on the business model and to create plans to mitigate the risks. A comprehensive framework for risk management will be established and implemented across the business. The framework will be based on an identified range of possible risks, indicating their drivers, frequency, impact, trends and respective mitigation measures. All risks related to the manufacturing industry as well as those specific to the business shall be constantly monitored and actively managed to ensure appropriate and timely intervention.

Risk management will provide a clear and structured approach to identifying risks. Having a clear understanding of all risks allows measuring and prioritizing them and take the appropriate actions to reduce losses. The following benefits will accrue by managing risks:

- Saving resources – time, assets, income, property and people are all valuable resources that will be saved with proper risk management;
- Protecting the reputation and public image of the company;
- Preventing or reducing legal liability and increasing the stability of operations;
- Protecting the company from extreme actions; and
- Enhancing the ability to prepare for various circumstances and plan for adversities

An effective risk management practice does not eliminate risks. However, having an effective and operational risk management practice is an indication that the company is committed to loss reduction or prevention. The company in particular, as a start-up has the opportunity to set its records very clean and manage business it undertakes and ventures of investments it looks to. The risk strategy will be beneficial in guiding the long-term focus of the company.

4.2 Country risks

4.2.1 Political risk

The company will be operating in Tanzania and thus will derive all its revenue from the country. All the Company assets and employees will be located in Tanzania. Tanzania is a young multiparty democracy that transformed from communism in the early 1990's. In Tanzania, general elections are held every five years. Tanzania has always had peaceful elections and transfer of power between the leaders.

Key factors to watch are;

- The implementation of the devolved system of government and the operationalization of the counties

- How the various elected representatives under various parties will work together for the common good of the country.

The history of sober handling of the election results and the peaceful and smooth transition significantly reduced the perceived political risk in the country.

4.2.2 Economic risk

The Tanzanian government has acted through fiscal and monetary policy measures to monitor inflation and maintain it at a single digit. However, the economy is largely exposed to global oil prices and therefore inflation generally follows the trend of world oil prices.

4.2.3 Regulatory risk

Regulatory risk relates to the risk of non-compliance or non-conformity with laws, rules, regulations, prescribed practice or ethical standards issued from time to time. Regulatory risk may arise in instances where the laws and rules governing the conduct of business may be ambiguous or change drastically. There is always the risk that changes in government and subsequently regulations and legislation can affect the Industry in general and more specifically, the operations of the Company. The General Manager and Corporate affairs manager will be tasked with monitoring ongoing regulatory requirements and ensuring compliance with current laws and regulations.

4.3 Business risks

4.3.1 Liquidity risk

Maars Weld Company Limited approach to managing liquidity will be to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when they fall due under both normal and stressed conditions without the need to incur unacceptable losses or at the risk of damaging its reputation. Maars Weld Company Limited will implement the following core liquidity management strategies:

- The future cash flows of the business will be projected and plans will be developed to address normal operating requirements as well as contingencies;
- It will endeavor to maintain a stable funding base by ensuring that shareholders' funds are adequate and that some percentage of earnings is ploughed back into the business;
- Maars Weld Company Limited Management Team will set limits on the minimum proportion of maturing funds available to meet calls and minimum level of borrowing facilities that should be in place to cover operating expenses, capital expenditure and contingencies; and
- Maars Weld Company Limited Management Team will develop an investment policy that will ensure that the company's assets and liabilities are properly matched.

4.3.2 Credit risk

Credit risk is the risk that one party to a financial contract will cause a financial loss to the other party by failing to discharge an obligation. The company will be exposed to risk of default by customers where receivables remain unpaid. The following measures will be implemented to mitigate the Company's exposure to credit risk:

- Effective credit control will be implemented to ensure that credit terms are strictly adhered to; and

- Maximum limits will be set for amounts that may be advanced to individual customers by referencing to their credit history;

4.3.3 Currency risk

Currency exchange rates will have an impact on the operational expenses and the reporting currency will be the Tanzanian Shilling. The company's revenue will be denominated in the Tanzanian Shilling but some operational costs will be in hard currency, mainly United States Dollars. The value of the Tanzanian Shilling will fluctuate with changes in the exchange rate of the United States Dollar against the Tanzanian Shilling. It will therefore monitor its exposure to exchange rate fluctuations closely.

4.3.4 Operational risk

Operational risk is associated with human error, an inadequate information system, technology failures, breach in internal controls, fraud, inadequate training, unforeseen catastrophes and other operational problems that may be encountered within the operating system. Operational risk will exist as long as the company is in operation but management will ensure that an effective, integrated operational risk management framework will be adopted. This will include the following:

- Each section will have defined roles and responsibilities with regard to operational risk management;
- All Maars Weld Company Limited employees will be required to sign a code of ethics;
- A business continuity plan will be developed to assist in minimizing the impact of operational failures when disaster occurs;
- Key risks will be identified, assessed, controlled and reported on a continuous basis using appropriate tools and methodologies;
- Operational systems and procedures will be subjected to independent reviews including impromptu testing;
- Appropriate insurance to cover risks such as fire, theft and burglary shall be undertaken with reputable insurance companies;
- A comprehensive system of internal controls will be maintained and systems and procedures to monitor transactions will be established, and
- Internal auditing that will entail independent appraisal of business activities will be carried out on a regular basis.

4.3.5 Information risk

Information risk increases the possibility of harm being caused to a business as a result of a loss of confidentiality, integrity or availability of information. The value add of information technology to the business processes does at the same time increase the level of information risk through interception, system failure and inadvertent relay of data to unauthorized persons. The Maars Weld Company Limited Management Team will need to regularly evaluate the effectiveness of its information security processes. This will include disaster management plans and policies.

4.3.6 Reputation risk

This is the risk that loss of business and or public confidence will arise as a result of ethical misdemeanors by management or staff, failure to meet regulatory standards, and or due to poor customer service levels. The company will mitigate reputation risk by instituting robust regulatory compliance procedures, developing comprehensive policies and procedures and carrying out customer satisfaction surveys on a periodic basis.

4.4 *Responsibility for risk management*

The ultimate responsibility for risk management in an organization rests in the hands of the Maars Weld Company Limited Management Team of the company. Accordingly, Maars Weld Company Limited Management Team should:

- Be aware of the most significant risks facing the company;
- Know the possible effects on shareholder value of deviations to expected performance ranges;
- Ensure appropriate levels of risk awareness throughout the company;
- Be aware of how the company will manage a crisis;
- Know the importance of shareholder confidence in the company;
- Know how to manage communication with the investor community where applicable;
- Be assured that the risk management processes are working effectively; and
- Publish a clear risk management policy covering the underlying risk management philosophy and the objectives of the policy.

5 CONCLUSION AND IMPLEMENTATION PLAN

5.1 *Project Feasibility*

Technical Feasibility

The project is feasible from a technical point of view given the availability of the necessary manpower with the technical skills for driving efficient operational delivery. The majority shareholders are Tanzanian with access to qualified and experienced senior management to run the company. Personnel with the relevant skills are readily available and can be engaged in the project at anytime upon the respective needs.

The relevant skills and labor force for the proposed project is available in the local market, though it might not be easy to identify and engage.

Operational Feasibility

The main factors that would affect the operational feasibility of the project are risks management and the cost of operations.

Market unpredictability is the greatest challenge. Manufacturing industry like many other industries is affected by increasing operational cost resulting from inflation and increased price for utilities like power, etc.

Risk management could be controlled by cost controlling by efficiency and productivity improvements.

Environmental Feasibility

Service of professionals will be used to make sure that the implementation of the project will not cause environmental concern.

Financial Feasibility

Maars Weld Company Limited will make significant investments in the initial years to build the business and grow the sales volume. These investments consist of mainly Selling, General & Administrative costs together with Marketing initiatives to grow brand awareness and build the product portfolio. The plan projects losses for the Company for the initial 3 years until 2024, after which the company will start turning profitable.

5.2 Implementation Plan

One month before starting its operations, the Shareholders will have the entire senior management team identified. The team will have to be fluent in either English or Kiswahili and knowledgeable to the Tanzania power sector.

In close collaboration and consultation with the Shareholders, the management team will draw up a detailed timetable of tasks and activities to be undertaken as well as a budget, to ensure the successful launch of the project.

The Managing Director and his team will undertake all set up activities and also ensure appropriate and legally compliant marketing of the products in preparation for opening and begin marketing and building relationship with distributors that will be instrumental to grow the business.

The Maars Weld Company Limited Management Team will also facilitate the preparation of all the various policy and procedures manuals and guidelines.

ANNEXURE " A "

PROJECTED CASH FLOWS - 2023 TO 2027

SCHEDULES OF REPAYMENT OF PRINCIPAL

STAFF SALARIES AND STATUTORY COSTS

SCHEDULES OF DEPRECIATION AND CAPITAL DEDUCTIONS

PROJECTED MANUFACTURING, PROFIT AND LOSS ACCOUNTS

TAXATION - PROJECTED COMPUTATIONS OF TAX LIABILITIES

PROJECTED BALANCE SHEETS

DISCOUNTED CASH FLOW ANALYSIS

NOTES TO PROJECTED CASH FLOWS & FINANCIAL STATEMENTS

PROJECTED CASH FLOWS FOR THE PERIOD 2023 TO 2027

	2023	2024	2025	2026	2027
INFLOWS:					
EQUITY FUNDS	500,000,000	-	-	-	-
LOANS FROM DIRECTORS	920,000,000	-	-	-	-
OVERDRAFT	-	-	-	-	-
SALES REVENUES	5,760,000,000	6,720,000,000	8,640,000,000	9,600,000,000	9,600,000,000
OTHER INFLOWS	-	-	-	-	-
TOTAL INFLOWS:	7,180,000,000	6,720,000,000	8,640,000,000	9,600,000,000	9,600,000,000
OUTFLOWS:					
PLANT,MACINERY,EQUIPMENT	1,500,000,000	-	-	-	-
COST OF RAW MATERIALS	4,665,600,000	5,443,200,000	6,998,400,000	7,776,000,000	7,776,000,000
FURNITURES AND FIXTURES	100,000,000	-	-	-	-
OTHER ASSETS	100,000,000	-	-	-	-
MOTOR VEHICLES	100,000,000	-	-	-	-
LOAN REPAYMENTS - DIRECTORS	-	200,000,000	200,000,000	200,000,000	200,000,000
Sub Total:	6,465,600,000	5,643,200,000	7,198,400,000	7,976,000,000	7,976,000,000
Add: Expenses:					
ACCOUNTANCY FEES	5,000,000	6,000,000	7,500,000	7,500,000	7,500,000
ADVERTISING & MARKETING	7,200,000	8,400,000	10,800,000	12,000,000	12,000,000
BANK CHARGES	2,000,000	2,000,000	2,000,000	2,400,000	2,400,000
CITY SERVICE LEVIES	17,280,000	20,160,000	25,920,000	28,800,000	28,800,000
CONSULTANCY FEES	3,500,000	4,500,000	5,500,000	5,500,000	5,500,000
DIRECTORS' REMUNERATION	48,000,000	48,000,000	48,000,000	48,000,000	48,000,000
GENERAL EXPENSES	10,200,000	6,800,000	3,500,000	4,500,000	4,500,000
INSURANCES	15,750,000	15,750,000	17,325,000	17,325,000	19,057,500
LEGAL & PROFESSIONAL FEES	4,000,000	4,500,000	4,500,000	5,500,000	6,500,000
MAINTENANCE	8,000,000	10,600,000	11,260,000	14,986,000	15,784,600
MOTOR VEHICLE RUNNING EXPENSES	24,000,000	26,400,000	29,040,000	31,944,000	35,138,400
NSSF & SDL COSTS	58,128,000	58,128,000	63,268,800	63,268,800	68,923,680
POSTAGE & COURRIER	2,000,000	3,000,000	4,200,000	6,200,000	7,500,000
PROPERTY RENT	86,400,000	86,400,000	95,040,000	95,040,000	103,680,000
PRINTING & STATIONERIES	8,640,000	10,080,000	12,960,000	14,400,000	14,400,000
STAFF SALARIES	367,200,000	367,200,000	403,920,000	403,920,000	444,312,000
TELEPHONES, FAX & INTERNET	3,000,000	3,000,000	3,600,000	3,600,000	4,200,000
TRANSPORT FOR DELIVERIES	12,000,000	18,000,000	24,600,000	24,600,000	24,600,000
UTILITIES	26,000,000	26,000,000	28,600,000	28,600,000	31,460,000
WELFARE & MEDICAL	4,600,000	5,600,000	6,200,000	6,200,000	7,800,000
TOTAL EXPENSES:	712,898,000	730,518,000	807,733,800	824,283,800	892,056,180
TOTAL OUTFLOWS:	7,178,498,000	6,373,718,000	8,006,133,800	8,800,283,800	8,868,056,180
ADD: TAXATION	-	66,009,600.00	173,009,469	241,652,165	235,488,145
TOTAL OUTFLOWS AFTER TAXES	7,178,498,000	6,439,727,600	8,179,143,269	9,041,935,965	9,103,544,325
NET CASH FLOWS	1,502,000	280,272,400	460,856,731	558,064,035	496,455,675
BALANCE B/F	0	1,502,000	281,774,400	742,631,131	1,300,695,166
TOTAL CASH FLOWS C/F	1,502,000	281,774,400	742,631,131	1,300,695,166	1,797,150,841

SCHEDULE OF REPAYMENT OF LOAN

Fig. in TZS

	2023	2024	2025	2026	2027
LOANS PAYABLE	920,000,000	920,000,000	720,000,000	520,000,000	320,000,000
INTEREST @ 0%	0	0	0	0	0
PAYMENT OF PRINCIPAL	0	-200,000,000	-200,000,000	-200,000,000	-200,000,000
PAYMENT OF INTEREST	0	0	0	0	0
BALANCE DUE & PAYABLE	920,000,000	720,000,000	520,000,000	320,000,000	120,000,000

STAFF SALARIES

	2023	2024	2025	2026	2027
Executive Managers - 7 persons	168,000,000	168,000,000	184,800,000	184,800,000	203,280,000
Accountant	12,000,000	12,000,000	13,200,000	13,200,000	14,520,000
Technicians x 9	86,400,000	86,400,000	95,040,000	95,040,000	104,544,000
Production Staff + Supervisors - 11 persons	48,000,000	48,000,000	52,800,000	52,800,000	58,080,000
Helpers x 22	52,800,000	52,800,000	58,080,000	58,080,000	63,888,000
TOTALS:	367,200,000	367,200,000	403,920,000	403,920,000	444,312,000

STAFF RELATED STATUTORY COSTS

DIRECTORS' REMUNERATION	48,000,000	48,000,000	48,000,000	48,000,000	48,000,000
STAFF SALARIES	367,200,000	367,200,000	403,920,000	403,920,000	444,312,000
TOTALS:	415,200,000	415,200,000	451,920,000	451,920,000	492,312,000
EMPLOYER'S N.S.S.F CONTR. COSTS	41,520,000	41,520,000	45,192,000	45,192,000	49,231,200
SKILLS & DEVELOPMENT LEVIES	16,608,000	16,608,000	18,076,800	18,076,800	19,692,480
TOTAL COSTS	58,128,000	58,128,000	63,268,800	63,268,800	68,923,680

SCHEDULE OF DEPRECIATION ON ASSETS

	BUILDINGS	PLANT & MACHINE	MOTOR VEHICLES	FURNITURE & FIX.	I.T. & OFFICE AIDS	Total Depreciation
F.Y. 2023	0	1,500,000,000	100,000,000	165,000,000	35,000,000	
DEPRECIATE	0	-300,000,000	-20,000,000	-33000000	-7,000,000	-360,000,000
F.Y. 2024						
BAL. VALUE	0	1,200,000,000	80,000,000	132,000,000	28,000,000	
DEPRECIATE	0	-240,000,000	-16,000,000	-26,400,000	-5,600,000	-288,000,000
F.Y. 2025						
BAL. VALUE	0	960,000,000	64,000,000	105,600,000	22,400,000	
ADDITION	0	25,000,000	20,000,000	-	0	
		985,000,000	84,000,000	105,600,000	22,400,000	
DEPRECIATE	0	-197,000,000	-16,800,000	-21,120,000	-4,480,000	-239,400,000
F.Y. 2026						
BAL. VALUE	0	788,000,000	67,200,000	84,480,000	17,920,000	
DEPRECIATE	0	-157,600,000	-13,440,000	-16,896,000	-3,584,000	-191,520,000
F.Y. 2027						
BAL. VALUE	0	630,400,000	53,760,000	67,584,000	14,336,000	
DEPRECIATE	0	-126,080,000	-10,752,000	-13,516,800	-2,867,200	-153,216,000
BAL. VALUE	0	504,320,000	43,008,000	54,067,200	11,468,800	

TAXATION - SCHEDULE OF CAPITAL DEDUCTIONS

YEAR	IT EQUIPMENT C 1 - I.E. 37.5 %	MACHINES, M/V C 2 - I.E. 25 %	FURN. & FITTS. C 3 - I.E. 12.5 %	TOTALS	TOTAL FOR YEAR
2023 W.D.V.	-	-	-	-	
ADDITIONS	35,000,000	1,600,000,000	165,000,000	1,800,000,000	
Total	35,000,000	1,600,000,000	165,000,000	1,800,000,000	
WEAR & TEAR	-13,125,000	-400,000,000	-20,625,000	-433,750,000	(433,750,000.00)
2024 W.D.V.	21,875,000	1,200,000,000	144,375,000	1,366,250,000	
ADDITIONS	-	-	-	-	
Total	21,875,000	1,200,000,000	144,375,000	1,366,250,000	
WEAR & TEAR	-8,203,125	-300,000,000	(18,046,875)	-326,250,000	(326,250,000.00)
2025 W.D.V.	13,671,875	900,000,000	126,328,125	1,040,000,000	
ADDITIONS	-	45,000,000	-	45,000,000	
Total	13,671,875	945,000,000	126,328,125	1,085,000,000	
WEAR & TEAR	(5,126,953)	(236,250,000)	(15,791,016)	-257,167,969	(257,167,968.75)
2026 W.D.V.	8,544,921.88	708,750,000	110,537,109	827,832,031	
ADDITIONS	-	-	-	-	
Total	8,544,921.88	708,750,000	110,537,109	827,832,031	
WEAR & TEAR	(3,204,346)	(177,187,500)	(13,817,139)	(194,208,984)	(194,208,984.38)
2027 W. D. V.	5,340,576	531,562,500	96,719,971	633,623,047	
ADDITIONS	-	-	-	-	
Total	5,340,576.17	531,562,500	96,719,971	633,623,047	
WEAR & TEAR	(2,002,716)	(132,890,625)	(12,089,996)	(146,983,337)	(146,983,337)
	3,337,860.11	398,671,875	84,629,974	486,639,709	

PROJECTED FINANCIAL STATEMENTS

TZS

MANUFACTURING, PROFIT & LOSS ACCOUNTS

	2023	2024	2025	2026	2027
SALES	5,760,000,000	6,720,000,000	8,640,000,000	9,600,000,000	9,600,000,000
Less: COST OF GOODS SOLD	-4,665,600,000	-5,443,200,000	-6,998,400,000	-7,776,000,000	-7,776,000,000
GROSS REVENUES	1,094,400,000	1,276,800,000	1,641,600,000	1,824,000,000	1,824,000,000
LESS: EXPENSES	-712,898,000	-730,518,000	-807,733,800	-824,283,800	-892,056,180
NET OPERATING REVENUES	381,502,000	546,282,000	833,866,200	999,716,200	931,943,820
ADD: OTHER INCOME	0	0	0	0	0
LESS: DEPRECIATION	-360,000,000	-288,000,000	-239,400,000	-191,520,000	-153,216,000
NET PRE TAX PROFITS	21,502,000	258,282,000	594,466,200	808,196,200	778,727,820
LESS: TAXATION (PER COMPUTATIONS)	- -	66,009,600 -	173,009,469 -	241,652,165 -	235,488,145
TO PROFIT&LOSS APPROPRIATION A/C	21,502,000	192,272,400	421,456,731	566,544,035	543,239,675

TAXATION

COMPUTATION OF TAX LIABILITIES

(As per current Tax Laws)

	2023	2024	2025	2026	2027
TOTAL NET INCOME (PER ACCOUNTS)	21,502,000	258,282,000	594,466,200	808,196,200	778,727,820
ADD BACK: DEPRECIATION	360,000,000	288,000,000	239,400,000	191,520,000	153,216,000
TOTAL:	381,502,000	546,282,000	833,866,200	999,716,200	931,943,820
LESS: CAPITAL DEDUCTIONS:					
WEAR & TEAR - Class 1 - IT EQUIP.	-13,125,000	-8,203,125	-5,126,953	-3,204,346	-2,002,716
WEAR & TEAR - Class 2	-400,000,000	-300,000,000	-236,250,000	-177,187,500	-132,890,625
WEAR & TEAR - Class 3	-20,625,000	-18,046,875	-15,791,016	-13,817,139	-12,089,996
TOTAL DEDUCTIONS:	-433,750,000	-326,250,000	-257,167,969	-194,208,984	-146,983,337
TAXABLE INCOME:	-52,248,000	220,032,000	576,698,231	805,507,216	784,960,483
CORPORATION TAX @ 30%	-	66,009,600	173,009,469	241,652,165	235,488,145

PROJECTED BALANCE SHEETS

	2023	2024	2025	2026	2027
ASSETS:					
Fixed Assets:					
FIXED ASSETS (AT COST)	0	0	0	0	0
OTHER ASSETS (AT COST)	1,800,000,000	1,800,000,000	1,800,000,000	1,800,000,000	1,800,000,000
LESS: ACCUMULATED DEPRECIATION	-360,000,000	-648,000,000	-887,400,000	-1,078,920,000	-1,232,136,000
= BOOK VALUE OF ASSETS	<u>1,440,000,000</u>	<u>1,152,000,000</u>	<u>912,600,000</u>	<u>721,080,000</u>	<u>567,864,000</u>
Current Assets:					
VAT CREDITS RECOVERABLE	0	0	0	0	0
CASH & BANK BALANCES	1,502,000	281,774,400	742,631,131	1,300,695,166	1,797,150,841
TOTAL ASSETS	<u>1,441,502,000</u>	<u>1,433,774,400</u>	<u>1,655,231,131</u>	<u>2,021,775,166</u>	<u>2,365,014,841</u>
LIABILITIES:					
LOAN FROM DIRECTORS	920,000,000	720,000,000	520,000,000	320,000,000	120,000,000
OVERDRAFT	0	0	0	0	0
SHAREHOLDERS' FUNDS					
P & L Approp. A/C : B/F	0	21,502,000	213,774,400	635,231,131	1,201,775,166
Additions for the year	21,502,000	192,272,400	421,456,731	566,544,035	543,239,675
Total P & L Appr. A/C	21,502,000	213,774,400	635,231,131	1,201,775,166	1,745,014,841
Equity / Paid up Capital					
10,000 shares @ TZS 50,000/=	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
TOTAL LIABILITIES	<u>1,441,502,000</u>	<u>1,433,774,400</u>	<u>1,655,231,131</u>	<u>2,021,775,166</u>	<u>2,365,014,841</u>

DISCOUNTED CASH FLOW ANALYSIS

YEAR	NET C/FLOWS	DCF @ 12%		DCF @ 24%	
2023	1,502,000	1.00	1,502,000	1	1,502,000
2024	280,272,400	0.88	246,639,712	1	213,007,024
2025	460,856,731	0.77	356,887,452	1	267,296,904
2026	558,064,035	0.68	379,483,544	0	245,548,176
2027	496,455,675	0.60	297,873,405	0	163,830,373
	<u>1,797,150,841</u>		<u>1,282,386,113</u>		<u>891,184,476</u>

NOTES :

CASH FLOW PROJECTIONS:

Equity Funds refers to paid up share capital to be injected as per projections.

Revenue Projections - show revenues from production for sale only. Contract production is not considered.

The following expenses are based on estimates:

Accountancy Fees, Advertising & Marketing (at 0.125% of Sales), Bank Charges, Consultancy Fees, General Expenses, Legal & Professional Fees, Maintenance, Postage & Courier, Printing & Stationeries, Telephones, Fax & Internet and Transport for deliveries, Welfare & Medical. (These are all conservatively estimated on the higher side.)

The following expenses are based as follows:

City Service Levies - are calculated at the rate of 0.3% of gross revenues.

Insurances are taken at 1% of cost of assets + other risk factors.

Interest Costs - See the relevant Schedule.

Property rents are as per contract with landlord.

Motor Vehicles running expenses are based on historical experience and data.

NSSF & SDL Costs - See the relevant Schedule.

Staff Salaries - See the relevant Schedule.

Utilities are based on historical experience of running a similar industry.

Taxation - See the relevant Schedule. Based on computation of taxable income.

FINANCIAL STATEMENTS:

Depreciation is taken as follows:

5 % on cost of properties, on straight line basis.

25 % on cost of machinery, equipment, motor vehicles, on straight line basis.

12.5 % on furniture, fittings, office equipment and I. T. products on straight line basis.