

**BINGWA LABARATORIES LIMITED**

***BUSINESS PLAN***

**FOR**

**MANUFACTURING OF PHARMACEUTICAL (Antiseptic AND Disinfectant)**

**AND RELATED PRODUCTS PROJECT**

## 1.0 Executive Summary

BINGWA LABARATORIES LIMITED is a company incorporated in Tanzania with Certificate of incorporation **No. 97114 dated 12nd February, 2013**. It is engaged in manufacturing a wide range of branded and generic medicines, personal care products, antiseptic, disinfectant and other basic everyday needs. It aims to be a pharmaceutical company that offers supreme service and easy access to the local market. In order to meet its customers' needs, BINGWA LABARATORIES LIMITED is will operate with 2 shifts per day of 8hrs.

BINGWA LABARATORIES LIMITED is the brainchild of Murtaza Shabbir Akberali, Husain Seifuddin Janoowalla and Taher Abbas Enayatali Esmailjee Through 10 years of experience in the medical field, Founders saw the need for setting up production facilities that will supply and offers products at an affordable rate.

### 1.1 **The Project Promoters**

The shareholders of this project are all entrepreneurs with a diverse professional and business backgrounds. The company is owned by 3 shareholders, namely: -

<b>Name</b>	<b>Nationality</b>	<b>No of Shares</b>
MURTAZA SHABBIR AKBERALI shares taken	Tanzania	33.34
HUSAIN SEIFUDDIN JANOOWALLA	Tanzania	33.33
TAHER ABBAS ENAYATALI ESMAILJEE	Tanzania	33.33

## 1.2 **Location.**

The project head office will be located at **Plot number 7, Block D, Kisemvule, Road Kisemvule, Mkuranga, Coastal Region**

## 1.3 **Implementation**

Project implementation is expected to be relatively very short once TIC approval is received. Currently, the supplier of machines and other equipments has already been identified and supply is awaiting instructions from the project promoters. In this respect, delivery can be done in less than 9 months once we finalize financing sources.

## 1.4 **Sources of Technology**

All the project's machines and equipment will be procured China and India.

## 2.0 **Products**

Here are the products as well as services that BINGWA LABORATORIES LIMITED will offer to our consumers such as:

- ethyl alcohol,
- isopropyl alcohol,
- hydrogen peroxide,
- chlorhexidine,
- quaternary ammonium compound.
- Quaternary Ammonium Compounds (Quats) A top choice for disinfection in hospital and institutional settings because of their low cost and quick action against a wide range of microorganisms.
- Chlorine Compounds.
- Alcohols.
- Aldehydes.
- Phenolic Compounds.
- Hydrogen Peroxide

### **3.0 Customer Focus**

BINGWA LABORATORIES LIMITED will primarily focusing pharmaceutical whole sellers and hospitals in major city such as Dar es Salaam, Dodoma, Arusha, Mwanza and Mbeya

### **4.0 Management Team**

BINGWA LABORATORIES LIMITED board of directors' experience in the medical field gives a company a great advantage in building a pharmaceutical business. Before establishing a manufacturing company,

the member of board has been in pharmaceutical industry for more than 10 years.

Bingwa Laboratories Limited's management team will also include registered pharmacists and highly skilled and trained employees that will contribute greatly to its success, total of 15 people to be employed permanently

#### **4.1 Success Factors**

BINGWA LABARATORIES LIMITED is uniquely qualified to succeed for the following reasons:

- The products are in great demand for local markets.
- Our location is proximate to market and will thus be highly convenient to significant numbers of clients
- The management team has a track record of success in business.

#### **4.2 Project Investment Cost Highlights**

BINGWA LABARATORIES LIMITED is seeking total funding of \$500,000 of capital to launch. The capital will be used for funding capital expenditures and location build-out, hiring initial employees, marketing expenses, and working capital.

For the project to be a reality a total investment amounting to **US\$ 500,000** the summary is found below:

**BINGWA LABARATORIES LIMITED COST STRUCTURE**

<b>PARTICULAR</b>	<b>US\$</b>
Land and Buildings	100,000.00
Machinery & Equipment	200,000.00
Motor Vehicles	80,000.00
Furniture & Fixtures	5,000.00
Pre exp	10,000.00
Others	5,000.00
Working Capital	100,000.00
<b>TOTAL</b>	<b>500,000.00</b>

**5.0 Targeted Markets.**

Tanzania's pharmaceutical market is among the largest in Sub-Saharan Africa. Tanzania's pharmaceutical market is valued at USD 496 mn, with per-capita drug expenditure at just over USD 8.7 in 2017. Forecast show that it would reach \$730 million by 2022 with cagr of 8%

The targeted markets of the project are the pharmaceutical whole sellers, hospitals and Tanzania Medical Store Department later on neighboring landlocked countries of Tanzania. The neighboring countries that are the target of this project are specifically DRC, Malawi, Zambia, Burundi, Rwanda and Uganda.

**BINGWA LABARATORIES LIMITED** has resolved to invest in the manufacturing sector so as to provide a solution on pharmaceutical products which is great demand in the local market

that would lead to stimulating the said intraregional trade. The project is expected to offer a challenge to the business community to enhance intraregional trade between Tanzania and these countries.

## **6.0 Competitive Advantage**

BINGWA LABARATORIES LIMITED enjoys several advantages over its competitors. These advantages include:

- **Location:** Plot number 7, Block D, Samora Street Kisemvule, Road Kisemvule, Mkuranga, Coastal Region Bingwa Laboratories Limited's location is at the strategic new industry location, giving us access to local market and foreign.
- **Great service:** The company will offer home delivery and pick-up services, further extending our market reach. The staff will also be trained to attend to a customer's need as fast and as convenient as possible.
- **Management:** Our management team has years of business and marketing experience that allows us to market to and serve customers in a much more sophisticated manner than our competitors.
- **Relationships:** Having lived in the community for 25 years, Founders knows all the local leaders, newspapers and other influences. As such, it will be relatively easy for BINGWA LABARATORIES LIMITED to build brand awareness and an initial customer base.

## **7.0 Marketing Plan**

The BINGWA LABARATORIES LIMITED Brand

The BINGWA LABARATORIES LIMITED brand will focus on the Company's unique value proposition:

- Convenient location
- Significant personal attention
- Complete variety of medical supplies and equipment
- Delivery Service
- Friendly, customer-focused environment

### **7.1 Promotions Strategy**

BINGWA LABARATORIES LIMITED expects its target market to be pharmaceuticals whole sellers, hospitals and Government. Bingwa laboratories Limited's promotions strategy to reach these individuals includes:

#### **7.1.1 Local Publications**

BINGWA LABARATORIES LIMITED will announce its opening several weeks in advance through publicity pieces in multiple local newspapers and publications. Regular advertisements will run to maintain exposure to relevant markets. Community newspapers, hospital publications, health programs, and similar channels will be a major promotion effort.

### **7.1.2 Community Events/Organizations**

BINGWA LABARATORIES LIMITED will promote itself by distributing marketing materials and participating in local community events, such as hospital fairs, local festivals.

### **7.1.3 Commuter Advertising**

BINGWA LABARATORIES LIMITED will drive attention toward company products by hiring workers to hold signs alongside route or highway. Advertising on heavily traveled commute routes are an opportunity to alert large numbers of working individuals with disposable income of our opening.

### **7.1.4 Customer Loyalty Programs**

BINGWA LABARATORIES LIMITED will create a winning customer loyalty program to keep its best clients coming back again and again.

### **7.1.5 Direct Mail**

BINGWA LABARATORIES LIMITED will blanket pharmaceuticals wholesalers and hospital with direct mail pieces. These pieces will provide general information on BINGWA LABARATORIES LIMITED, offer discounts and/or provide other inducements for people to visit the place.

### **7.1.6 Ongoing Customer Communications**

BINGWA LABARATORIES LIMITED will maintain a website and publish a weekly flyer with the latest promos and events.

## 8.0 Financing Pattern

The financing pattern being considered is that involving the investment of US\$500,000. The project will be financed both by equity and loan. Equity contribution will constitute US\$200,000, while the remaining US\$300,000 will be in the form of a loan.

The loan will be negotiated and acquired from one of domestic financial institutions. The project sponsors expect to procure this loan on the following terms and conditions: -

Loan Amount : **US\$ 300,000**

Interest Rate : 8% annually

## 8.1 Project Operating Costs

In order to realize its intended objective, the project will have to meet the operating costs estimated to be 80% of total revenue.

## 8.2 Financial Aspects for The Project

### (i) Projected Profit and Loss Statement

The schedule below shows the projected income for the 5years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. **US\$ 150,850** to **US\$ 880,571** in the 5<sup>th</sup> year

**(ii) Projected Cash Flows**

The project's cash flows are shown in schedule vii. They depict a good liquid position right from the first year. Cash accumulation builds up from **US\$187,350** in the first year to **US\$ 1,015,071** at the end of 5th years of the project's operations.

**(iii) Projected Balance Sheet**

The project's owners' equity grows from **US\$ 200,000** in the first year to **US\$ 1,080,571** at the end of 5th years of the project's operations based on the 120 trucks

**(iv) Payback Period**

Total investment is **US\$500,000** cash accumulation in 3rd year is **US\$ 527,031** which is more than the initial investment. The project payback Period is within three years.

The project has a relatively short payback period. It is remarkably impressive for a project whose investment is as big as **US\$500,000** being recovered in within than 5 year.

**9.0 Economic Aspects of The Projects**

Besides the financial/monetary returns to the owners, there are other benefits to be derived for the whole country viz.

**(i) Employment Opportunities**

Employment and poverty reduction are among the major concern of the Central and the Local Government authorities. It is gratifying to note that BINGWA **LABARATORIES LIMITED** is going to provide

additional employment to **15** people. This is a significant contribution coming from local investors.

**(ii) Revenue to the Government**

The Project is expected to pay a substantial annual amount in the form of corporation tax during the project's eight years covered under our project review.

**10.0 Conclusion and Recommendation**

**3.1 Conclusion**

- (i) The project is profitable and contributes to government revenue by way of taxes.
- (ii) The project has a sound after tax internal rate of return
- (iii) The project provides employment to **15** people all of whom are national Tanzanians.
- (iv) The project is an encouraging sign to prove that we have investors who have confidence in this country. Tanzania so much so that they are ready to invest such large sums of investment.

**10.1 Recommendation**

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implement and be given all the support required by all the concerned Government Ministries and Agencies, including the Tanzania Revenue Authority, TRA and the Tanzania Investment Centre – (TIC). The project deserves this support

because of its viability, since it is technical feasible, economically viable and socially acceptable.

**BINGWA LABORATORIES LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT US\$**

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Revenue	720,000	756,000	793,800	833,490	875,165
<b>Operating Expenses:</b>	468,000	491,400	515,970	541,769	568,857
<b>Profit before Depreciation &amp;Interest</b>	<b>252,000</b>	<b>264,600</b>	<b>277,830</b>	<b>291,722</b>	<b>306,308</b>
<b>Interest</b>	24,000	19,200	14,400	9,600	4,800
<b>Depreciation</b>	12,500	12,500	12,500	12,500	12,500
<b>Gross Profit</b>	<b>215,500</b>	<b>232,900</b>	<b>250,930</b>	<b>269,622</b>	<b>289,008</b>
Tax (30%)	64,650	69,870	75,279	80,886	86,702
<b>Profit After Tax</b>	<b>150,850</b>	<b>163,030</b>	<b>175,651</b>	<b>188,735</b>	<b>202,305</b>
Accumulated Profit	150,850	313,880	489,531	678,266	880,571

**BINGWA LABORATORIES LIMITED PROJECTED CASH FLOW US\$**

<b>SOURCES:</b>		1	2	3	4	5
Profit before interest and depreciation	-	<b>252,000</b>	<b>264,600</b>	<b>277,830</b>	<b>291,722</b>	<b>306,308</b>
Equity	200,000					
Loan	300,000					
<b>Total Sources</b>	<b>500,000</b>	<b>252,000</b>	<b>264,600</b>	<b>277,830</b>	<b>291,722</b>	<b>306,308</b>
<b>Applications:</b>						
Capital expenditure	385,000	-	-	-	-	-
working Capital &Others	115,000					
Cash	-	187,350	194,730	202,551	210,835	219,605
Tax	-	64,650	69,870	75,279	80,886	86,702
<b>Sub total</b>	<b>500,000</b>	<b>252,000</b>	<b>264,600</b>	<b>277,830</b>	<b>291,722</b>	<b>306,308</b>
<b>Total applications</b>	<b>500,000</b>	<b>252,000</b>	<b>264,600</b>	<b>277,830</b>	<b>291,722</b>	<b>306,308</b>
Accumulated cash		187,350	382,080	584,631	795,466	1,015,071

BINGWA LABORATORIES LIMITED PROJECTED BALANCE SHEET US \$

<b>Fixed Assets</b>	-	1	2	3	4	5
Opening balance	-	<b>385,000</b>	<b>372,500</b>	<b>360,000</b>	<b>347,500</b>	<b>335,000</b>
<b>Total Long-term Assets</b>	-	<b>385,000</b>	<b>372,500</b>	<b>360,000</b>	<b>347,500</b>	<b>335,000</b>
<b>Less depreciation</b>	-	<b>12,500</b>	<b>12,500</b>	<b>12,500</b>	<b>12,500</b>	<b>12,500</b>
<b>Closing balance</b>	-	<b>372,500</b>	<b>360,000</b>	<b>347,500</b>	<b>335,000</b>	<b>322,500</b>
Working capital	115,000	115,000	115,000	115,000	115,000	115,000
Accumulated cash	-	187,350	382,080	584,631	795,466	1,015,071
<b>Total assets</b>	<b>115,000</b>	<b>674,850</b>	<b>857,080</b>	<b>1,047,131</b>	<b>1,245,466</b>	<b>1,452,571</b>
Financed by						
Equity	200,000	200,000	200,000	200,000	200,000	200,000
Accumulated profit	-	<b>150,850</b>	<b>313,880</b>	<b>489,531</b>	<b>678,266</b>	<b>880,571</b>
Total equity	200,000	350,850	513,880	689,531	878,266	1,080,571
Long term loan	300,000	240,000	180,000	120,000	60,000	-
<b>Total debts</b>	<b>300,000</b>	<b>240,000</b>	<b>180,000</b>	<b>120,000</b>	<b>60,000</b>	<b>-</b>
<b>Total equity and debts</b>	<b>500,000</b>	<b>590,850</b>	<b>693,880</b>	<b>809,531</b>	<b>938,266</b>	<b>1,080,571</b>

BINGWA LABARATORIES LIMITED PROJECTED LONG TERM LOAN REPAYMENT US \$

<b>Year</b>	<b>principle</b>	<b>Loan Interest (8%)</b>	<b>Total Amount Paid</b>	<b>Loan Balance</b>
1	60,000.00	24,000.00	84,000.00	300,000.00
2	60,000.00	19,200.00	79,200.00	240,000.00
3	60,000.00	14,400.00	74,400.00	180,000.00
4	60,000.00	9,600.00	69,600.00	120,000.00
5	60,000.00	4,800.00	64,800.00	60,000.00

**BINGWA LABARATORIES LIMITED PROJECTED PAYBACK PERIOD: US\$**

<b>Year</b>	<b>Profit After Tax</b>	<b>Depreciation</b>	<b>Total Cash Flow</b>	<b>Accumulated Cash Flow</b>
1	<b>150,850</b>	<b>12,500</b>	<b>163,350</b>	163,350
2	<b>163,030</b>	<b>12,500</b>	<b>175,530</b>	338,880
3	<b>175,651</b>	<b>12,500</b>	<b>188,151</b>	527,031
4	<b>188,735</b>	<b>12,500</b>	<b>201,235</b>	728,266
5	<b>202,305</b>	<b>12,500</b>	<b>214,805</b>	943,071

**BINGWA LABARATORIES LIMITED COST STRUCTURE**

<b>PARTICULAR</b>	<b>US\$</b>
Land and Buildings	100,000.00
Machinery & Equipment	200,000.00
Motor Vehicles	80,000.00
Furniture & Fixtures	5,000.00
Pre exp	10,000.00
Others	5,000.00
Working Capital	100,000.00
<b>TOTAL</b>	<b>500,000.00</b>

**BINGWA LABARATORIES LIMITED COST STRUCTURE**

<b>NAME OF ASSETS</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Land And Buildings	100,000	98,000	96,000	94,000	92,000
Machinery, Tools & Equipment	200,000	198,000	196,000	194,000	192,000
Motor Vehicles	80,000	72,000	64,000	56,000	48,000
Furniture & Fixtures	5,000	4,500	4,000	3,500	3,000
<b>Total</b>	<b>385,000</b>	<b>372,500</b>	<b>360,000</b>	<b>347,500</b>	<b>335,000</b>
<b>DEPRECIATION</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Land and buildings	2,000	2,000	2,000	2,000	2,000
Machinery tools & Equipment	2,000	2,000	2,000	2,000	2,000
Motor Vehicles	8,000	8,000	8,000	8,000	8,000
Furniture & Fixtures	500	500	500	500	500
<b>ANNUAL DEPRECIATION</b>	<b>12,500</b>	<b>12,500</b>	<b>12,500</b>	<b>12,500</b>	<b>12,500</b>