

BESTA DIAGNOSTIC CENTRE LIMITED

BUSINESS PLAN

FOR

**ESTABLISHING
A
REGIONAL HOSPITAL
IN**

DAR ES SALAAM

PREPARED BY
BESTA DIAGNOSTIC CENTRE LIMITED
PLOT NO. 122, BLOCK A TUNISIA ROAD,
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1.0 EXECUTIVE SUMMARY

1.1 INTRODUCTION:

Health services delivery in Tanzania has a long history; there was a time, actually a period of almost thirty years, health services delivery had been largely a prerogative of the state supported only by a limited number of private-for-profit health services that were all mainly urban centered. After the country's independence, health care facilities were re-directed towards rural areas and free medical health services were introduced except for Grade I and II.

In 1977 private health services for profit were banned under the Private Hospitals (Regulation) Act and the practice of medicine and dentistry prohibited as a commercial service. This Act had negative implications on health services in the country. However, after a series of major economic and social changes, the Government adopted a different approach to the role of private sector. New policies were developed that looked favorably on the role of the private sector. The importance of the private sector in health care delivery was further recognized with an amendment to the Private Hospitals (Regulatory) Act, 1977 which resulted into the establishment of the Private Hospitals (Regulation) (Amendment) Act, 1991. Following this act, individual qualified medical practitioners and dentists could now manage private – hospitals, with the approval of the Ministry of Health.

1.2 THE PROJECT

The Project envisages at increasing Besta Diagnostic Centre to a regional hospital with bed capacity of 132.

The report which follows is about the technical, financial and economic viability of a legally established medical hospital that will be established for treating patients suffering different ailments that will be reported at this health centre.

1.3 PROJECT PROMOTERS/SPONSORS

The project is being promoted by Besta Diagnostic Centre Limited, a recently formed private limited liability company. The main sponsors of the project are Mr. Dingqiang Shen and Mr. Shiyi Shi all of whom are Chinese.

1.4 THE MARKET FOR MEDICAL HEALTH SERVICES

Medical services especially the Radiology and oncology services to be provided by this project have a ready market; these services are popular and are sought after almost daily. The only limiting factor may be the cost charged per service, but Besta Diagnostic Centre Limited shall very reasonably price its services in comparison to similar medical units in the city.

1.5 ESTIMATED CAPITAL COST

The estimated capital cost for the project is United States Dollars 10 Million (USD 10,000,000).

The Project cost includes Medical equipment USD 3,000,000, Construction of hospital of 11000 Meter Square at cost of 5,000,000, and 1,000,000 for purchasing of land; 1,000,000 Operational fund.

1.6 FINANCING PLAN

The above capital cost is planned to be financed as follows: USD 3,000,000 being 30% of the of total will be financed from internally generated funds and USD7,000,000 (70% of the project cost) will be obtained from a long term loan that will be repayable over a period of 5 years.

1.7 DEVELOPMENTAL VALUES

The developmental aspects of the project, among others, include the following:

- (i) The project will be of great relief to the ever increasing population of Dar es Salaam who are in dire need of satisfactory medical treatment.
- (ii) The project will generate direct employment to 280
- (iii) The project will in the course of its operations be paying all the relevant taxes to the central and municipal authorities.

1.8 CONCLUSION AND RECOMMENDATION

The analysis of the project as presented in this report shows that the project is technically, financially, economically and socially very viable. The project will provide medical services that are daily in great demand by the populace of Dar es Salaam.

2.0 THE COMPANY AND SHAREHOLDERS

2.1 THE COMPANY

Besta Diagnostic Centre Limited has been formed for the purpose of providing medical healthy services to people residing in Dar es Salaam and to anyone from anywhere coming to seek their services.

2.1.1. Name of the Company: Besta Diagnostic Centre Limited, Mob: +255 655 663 738/+255 652 062 011, Email: besta2012tz@gmail.com.

2.1.2. Registered Office: Plot No. 122, Block A Tunisia Road, Ada Estate, Kinondoni, Dar es Salaam.

2.1.3. Incorporation: The Company is a private limited liability company, Incorporated in the United Republic of Tanzania under the companies act of 2002, and issued with Certificate of Registration No. 91317 dated 31st May 2012.

2.1.4. Registration: The Company is registered with the Tanzanian Investment Centre and was issued a certificate of incentive No. 130242 on 29th June 2012.

Besta Diagnostics Centre was registered on 07th March 2013 as a Private Health Facility by the Ministry of Health and Social Welfare with Registration No. 071412 and has a business license No. B01502926 from Kinondoni Municipality.

2.2 COMPANY SHAREHOLDERS

The present shareholders of the Company and their shareholding are as given below:

	Company shareholders	Nationality	% shares
1	Dingqiang Shen	Chinese	69
2	Shiyi Shi	Chinese	30
3	Qin Yu	Chinese	1

2.3 COMPANY DIRECTORS

The current directors of the Company are:

1. Mr. Dingqiang Shen
2. Mr. Shiyi Shi
3. Ms. Qin Yu

2.4 CURRENT OPERATIONS

Besta Diagnostic Centre currently has a fully operational with a radiology center equipped with MRI, CT, X ray and others, and a Oncology Center with both Radiotherapy and Chemotherapy services, and other clinical services like Neurosurgeon, Neurology, Orthopedics and etc; The current Operations of the center have an revenue income of 5-6 Billion annually.

3.0 THE PROJECT CONCEPT

The Government of Tanzania invites, encourages and supports all types of legal investments, whether in the production of goods or provision of services into the country; including the most vital medical health care services.

The current project, i.e. Besta Diagnostic Centre Limited entails putting up a Medical Hospital in Kinondoni, one of the most important residential parts of the city of Dar es Salaam. The place is near almost all the major hospitals in Dar es Salaam.

The Hospital will alleviate the congestion of queues of patients at the major hospitals by providing an alternative medical service point which in all cases will be cheaper compared to the charges demanded by some of these hospitals. It shall further improve the quality of medical services by introducing new concept and new technology.

The hospital is all set to be adequately equipped with the latest medical equipment in the course of its operations; and these equipments will be operated by very competent, skilled and experienced medical staff that will be employed by the Centre. In one way the hospital wants to ensure that it becomes the one-stop-service for different patient from Dar and countrywide.

4.0 PROJECT LOCATION

This project is planned to be located within Dar es Salaam, adjacent to the Bests Diagnostic Centre on Tunisia Road in Kinondoni within 50 meters walking distance. The Company has purchased this plot, to put up a permanent medical structure.

5.0 PROJECT IMPLEMENTATION

The project is planned to start immediately as soon as the building permit is granted and expected to complete on the middle of 2025. The Management is in process of completion of architecture and structural design .

Project implementation is expected to undergo the following distinctive stages:

- Funds mobilization
- Construction of hospital building
- Medical equipment delivery, installation and commissioning

Construction of hospital building are anticipated to 15 months, and the medical equipment will expect to fully operational within 3-4 months after the completion of building.

6.0 IMPLEMENTATION SCHEDULE

	ACTIVITY	PERIOD
1.	Funds mobilization	July 2023
2.	Architectural and structural design	Oct 2023-Feb 2024
3.	Construction of Hospital	Mar 2024-Aug 2025
4.	Medical equipment installation and commissioning	Jul 2025- Oct 2025
5.	Fully operational of hospital	Nov. 2025

7.0 MANAGEMENT AND STAFFING

7.1 MANAGEMENT

The company project will be governed by the Board of Directors. The day to day operations of the project shall be managed by;

1. Board of Directors
2. Management team
3. Head of the Department

7.2 ORGANIZATION STAFF

Besta Diagnostic Centre Limited management appreciate the need for good corporate governance and far as applicable has applied and will continue to apply and improve its corporate governance as the case may be in accordance to the applicable Corporate Governance Principles as issued by the Organisation for Economic Corporation and Governance (OECD).

The project will be run under a hierarchical organization which shall be pyramidal with a singular of power at the top with subsequent levels of power beneath him.

The supreme body of Besta Diagnostic Centre Limited will be the Board of Directors who will be entrusted the role of governance of the Company. The daily operations of the project shall be managed by the General Manager. The General Manager shall be assisted by the Departmental Manager with the Radiologists, Radiographers and Nurses reporting directly to him/her.

7.3 STAFF

The project is expected to generate direct employment opportunities to 280 people of various categories, education levels and skills in the medical profession.

8. SERVICES PROVIDED

OUT PATIENT	IN PATIENTS	RADIOLOGY	LAB	SURGERY	Others
Oncology	Ward	CT	All type of lab services	Orthopedics	Dialysis
Orthopedics	ICU	MRI	Histology	Neurological	Emergency
Neurological	NICU	X-Ray	PCR test services	Gynecologic	
Neurology	PICU	Ultrasound		Edoscopic	
Obs/Gyn		Mammography		Oncological	
Paediatrics				General	

				surgery	
Nephrology					
Urology					
Dental					
General Clinic					
Endocrinology					
Gastrorolgy					
ENT					
Ophthalmology					

9. FINANCING PATTERN

The project investment will be financed by both internal funding amounting to USD 3,000,000 and and Long term loans totaling USD 7,000,000 on terms shown below.

9.1 LONG TERM LOAN

The term loan will be procured on the following terms and conditions:

- Principal amount: US \$ 7,000,000
- Repayment period: 5 years
- Interest rate on outstanding balance: 12%

YEAR	OPENING BALANCE	ANNUAL REPAYMENT	ANNUAL CLOSING BALANCE	ANNUAL INTEREST 12%
1 - 2024/25	7,000,000	1,842,600	5,898,132	740,732
2 - 2025/26	5,898,132	1,842,600	4,664,040	608,508
3 - 2026/27	4,664,040	1,842,600	3,281,856	460,416
4 - 2028/29	3,281,856	1,842,600	1,733,810	294,544
5- 2029/30	1,733,810	1,842,600	0	108,790

9.2 DEPRECIATION

Project assets lose value as they are put into use through wear and tear, technological change and to apportion the total cost of the asset over its useful life; in business operations this fact must be taken into consideration. Depreciation alerts the investor of this fact thus telling him to set aside funds for replacing the depreciating assets. According to the tax law of Tanzania the rate of depreciation of building and medical equipment are 5% and 12.5% respectively.

9.3 FINANCIAL ANALYSIS

The basic assumptions supporting the projected production, sales revenue and related operating expenses are explained in the following sections.

10. REVENUE ASSUMPTIONS

As per the assumptions given below, the following will be the scenario of revenue for the proposed's project. It is expected that the number of patients will be increasing annually as the Centre gets popularity within the society. It is expected there shall be 300 business days per year translating to 25 business days per month.

	1st Year	2nd Year	3rd Year	4th Year	5th Year
Patient Flow	30,000.00	50,000.00	70,000.00	100,000.00	100,000.00
Consultation fee	450,000,000.00	750,000,000.00	1,050,000,000.00	1,500,000,000.00	1,500,000,000.00
NEW Diagnostic Service	450,000,000.00	750,000,000.00	1,050,000,000.00	1,500,000,000.00	1,500,000,000.00
Lab Test	540,000,000.00	900,000,000.00	1,260,000,000.00	1,800,000,000.00	1,800,000,000.00
Pharmacy	3,600,000,000.00	6,000,000,000.00	8,400,000,000.00	12,000,000,000.00	12,000,000,000.00
Operation	1,500,000,000.00	1,500,000,000.00	2,100,000,000.00	3,000,000,000.00	3,000,000,000.00
ICU	120,000,000.00	120,000,000.00	120,000,000.00	120,000,000.00	120,000,000.00
Ward	337,500,000.00	472,500,000.00	472,500,000.00	675,000,000.00	675,000,000.00
Radiotherapy	2,250,000,000.00	2,250,000,000.00	2,250,000,000.00	2,250,000,000.00	2,250,000,000.00
Total:	9,247,500,000.00	12,742,500,000.00	16,702,500,000.00	22,845,000,000.00	22,845,000,000.00
USD	3,774,489.80	5,201,020.41	6,817,346.94	9,324,489.80	9,324,489.80

11. Summaries and Conclusion

The expanded BESTA Hospital will be one of the best private sector health investments in Dar, When it launches its operation, it will increase the productivity of the people through alleviating their health care problems. The venture will enhance the health care service coverage in the target market, and generate Revenue for the government within five years .Furthermore, it will create job opportunity for 280 people and return its initial investment in the years in to consider. In general, it is a feasible project having positive present value and have huge impact in not only medical sector and in the whole society at large.