

BEST WISH LIMITED

PROPOSAL TO ESTABLISH A MELAMINE TABLEWARE MANUFACTURING (MTM) PROJECT

1.0 EXECUTIVE SUMMARY

1.1 The Promoter

(1) Best Wish Limited

The Promoter of the proposed melamine tableware manufacturing project is Best Wish Limited (BWL). BWL was incorporated on 3th September,2024. The Company is owned by three Chinese shareholders in proportions of (i) 40%, (ii) 30% and (iii) 30%.

(2) Conception of the project

The shareholders of the company have a melamine tableware factory in China. Out of their experience in China and in Ethiopia – where they own a water ppr pipe and a chipboard factory. The shareholders of Best Wish Limited very much value Tanzania as a country with good investment environment in Africa, mainly due to its economy that has been growing rapidly. Accordingly, they regard Tanzania as a country with a good and large market that has high development prospects.

1.2 The Market of the MTM Project

Best Wish Ltd is planning to produce melamine tableware of 20 different types – thus the reason for the Company to import 20 different moulds of the intended products. Initially, however, BWL will confine itself with the production of only eleven types of melamine tableware, pictures of which appear in Addendum no. 2 of this report.

BWL's marketing strategy characteristics for the local market hinge on: -

- (i) Use of salesmen and women will travel to all regions of Tanzania, particularly those whose urban centres are more populated than others, such as Dar – es- Salaam itself, Arusha, Mwanza, Mbeya and Dodoma to mention only a few;
- (ii) Giving discounts for bulk purchases of tableware,
- (iii) Giving commissions to various types of customers, particularly those visited by tourists and similar people;
- (iv) Use of sales representatives– one or two for each region;
- (v) Participation in various local trade fairs – over and above those held on Saba-Saba and Nane-nane days; and
- (vi) Advertising in TVs and print media on a selective basis.

For the foreign markets, the marketing strategies will be that of using sales representatives, participation in foreign trade fairs as well as advertising in print media and TVs.

1.3 Scope of project and physical implementation timeframe

(1) Scope of the project

The main elements of the proposed project are technically four, namely: -

(1) Structure of the manufacturing project

So as to establish itself in Tanzania, BWL's is initially intending to establish itself by way of

renting its factory cum office premises. This strategy will cut down its costs of starting up the company's operations. To this end BWL has already identified a warehouse at Kigamboni's Kilimanjaro Industrial Park in Dar es Salaam region.

(2) Products of the project

The company's plan is initially to produce only eleven types of melamine tableware at its rented factory premises in Kigamboni.

(3) Organogram of the project

In its endeavour to reduce its initial operating costs, the company's organization chart will be limited to three departments – i.e. (a) department melamine tableware production, (b) department of marketing and (c) department of finance and administration.

(2) Physical implementation timeframe

Subject of funds mobilisation completion, whereby all funds to meet all the capital investment items cost estimates of the MTM project are made available, physical implementation of the proposed project is expected to take four and half months to completion. The project is expected to start its commercial operation at the beginning of March, 2025.

1.4 Project capital investment items cost estimates and financing plan

(1) Project capital investment items cost estimates

The capital investment items of the proposed Melamine Tableware Manufacturing project are estimated to cost Tanzania shillings (TZS) 1.61 billion. Of these cost estimates, TZS 699.45 billion is for Investment Capital Items (ICI) and the remaining balance of TZS 906.13 million is for the project's Initial Working Capital Items (IWCI).

(2) Financing plan

BWL's MTM project's CIICE are planned to be all financed by equity from the shareholders of Best Wish Limited. At the time of writing this report the shareholders have actually already as fully paid for the fob cost of the melamine tableware manufacturing plant.

1.5 Viability of the project

The viability of the commercial property development project has been examined by using four criteria, namely: -

(1) Financial –Internal Rate of Return (IRR) – appendix 4

Appendix 4 shows that the operations of the project are expected to have an after-tax IRR of 28.74%. This expected IRR of 28.74% is considered viable.

(2) Commercial – cash generated – appendix 3

BWL's proposed MTM project is expected to generate sufficient cash to, not only, meet all its cash requirements but also generate a surplus throughout its projected eight-year operational period, thus ending with positive cash balances at the end of each year.

(3) Net Present Value (NPV) – appendix 6

The project's operations are expected to have a positive net present value of TZS 390.04 million.

(4) Pay-back period – appendix 7

The pay-back period of the project is expected to be a mere two (2) years.

(5) Sensitivity analysis

The project's profitability is expected to be most sensitive to changes in its operating costs, followed by changes in the selling prices of its finished products.

1.6 Economic and environmental impact**(1) Economic**

The project is expected to have positive economic impact by way of generating taxes to the government, employment generation and other multiplier effects within the country's economy.

(2) Environmental

The project is also expected to be environmentally friendly as it will have no effluent waste as its operations do not generate any liquid waste. On any case all liquid and solid waste will be disposed of via municipal approved systems.

1.7 Risks the project is likely to face project and mitigation measures**(1) Risks the project is likely to face**

There are three main types of risks that the project is likely to face once it is operational. These risks (a) economic – a recession and hyper-inflation, (b) political, social and religious - disturbances; (c) health pandemics and (d) industry risks - competition.

(2) Likelihood of the occurrence of the said risks

Other than the risk of competition, whose probability of occurrence is high, the other risks have either medium or low probability of occurrence.

(3) Possible mitigation measures for negative impact arising from the risks' occurrence

The main mitigation factor for all the above risks is that of sound management.

1.8 Success factors**(1) Internal**

The major internal success factors for a business like this MTM project are (i) the existence of sound & resourceful management and (ii) hard working and motivated employees..

(2) External

As for external success factors, there are two major success factors. These are the existence of a market for the products of the business and supportive government economic policies to the drivers of the country's economy – i.e. the private sector's businessmen and women.

2.0 THE PROMOTER – BEST WISH LIMITED

(1) Best Wish Limited (BWL)

The Promoter of BWL’s proposed Melamine Tableware Manufacturing Project is Best Wish Limited. BWL is a private company. BWL was incorporated as a private company, limited by shares on 13th September, 2024. Its incorporation number is 177963895. Its registered office as well as its physical and postal addresses are: -

Best Wish Limited
Plot no. 238., Postal Code 14121
Mzimuni Street,
Mwai Kibaki Road,
Kinondoni District,
Dar es Salaam Region
P. O. Box 71482,
DAR ES SALAAM
Tanzania.

(1) BWL Ownership

BWL is owned by three shareholders as shown below.

- (i) Mr. Yang Bin – holds 40% shares;
- (ii) Mr. Wang Chaoye - holds 30% shares; and
- (iii) Mr. Wang Kaoliang – holds 30% shares.

All the shareholders are Chinese citizens.

(2) MTM Management

In line with Tanzania’s Companies Act of 2002, BWL is managed by a Board of Directors that has 2 (two) members – Messrs. Wang Chaoye and Wang Kailiang, both of whom are also the shareholders of the company. The Chairman of the Company is Mr. Wang Chaoye. The main duty of the Board of Directors of the Company is to formulate, direct and oversee the strategic business direction of BWL and to ensure that the company attains objectives, particularly that operating at a profit yearly.

Currently, BWL’s Board of Directors is in the process of recruiting a Management Team whose main duty will be to oversee the day-to-day affairs of the Company.

(3) Location of the Company’s operations

The location of Best Wish Limited’s operations will be at Kilimanjaro Industry Park, Kigamboni, District, Dar es Salaam Region. BWL has identified a warehouse building measuring 1,600 square metres which it will rent for installing its melamine plant and equipment for the manufacture of the proposed melamine tableware the Company is intending to produce for sale in Tanzania and abroad.

(4) Conception of the Melamine Tableware Manufacturing Project

The shareholders of the company have a melamine tableware factory in China. Out of their experience in China and Ethiopia, the shareholders of Best Wish Limited very much value Tanzania as a country with good investment environment in Africa, mainly due to its economy growing rapidly.

Accordingly, they regard Tanzania as a country with a good and large market that has high development prospects. Under the circumstances, aside from the melamine tableware, they are planning to later make additional investments in a ppr water pipe plant and a board plant. It is the intention of the shareholders of Best Wish Ltd that their Company should provide strong support for Tanzania's economic growth while it continues to grow.

3.0 MARKET OF THE MTM PROJECT

Best Wish Ltd is planning to produce melamine tableware of 20 different types – thus the reason for the Company to import 20 different moulds of the intended products. Initially, however, BWL will confine itself with the production of only eleven types of melamine tableware, pictures of which appear in Addendum no. 2 of this report.

(1) Domestic markets

BWL's marketing strategy will initially also concentrate on local market until such time it is able to sell at least 80% of their production in the domestic market. The features of the company's marketing strategy will be as stated here below.

- (vii) Use of salesmen and women will travel to all regions of Tanzania, particularly those whose urban centres are more populated than others, such as Dar – es- Salaam itself, Arusha, Mwanza, Mbeya and Dodoma to name only a few;
- (viii) Use of sales representatives – one or two for each region;
- (ix) Use of various promotional gimmicks, inclusive of betting;
- (x) Giving discounts for bulk purchases of tableware,
- (xi) Giving commissions to various types of customers, particularly those visited by tourists and similar people;
- (xii) Participation in various local trade fairs – over and above those held on Saba Saba and Nane nane days.
- (xiii) Advertising in TVs and print media on a selective basis.

(2) External markets

For the foreign markets, the marketing strategies will depend on the purchases' characteristics of the customers. This notwithstanding, the features of the marketing strategies will be the same as that used in the local market – especially that of using sales representatives, participation in foreign trade fairs as well as advertising in print media and TVs.

Finally, the head of the marketing department of the company will closely monitor the results of the marketing strategies of the company so as to maximise on those that have more positive outcomes than those that are not performing to the company's expectations.

4.0 MTM PROJECT'S ELEMENTS/SCOPE

The main elements of BWL's MTM project are technically three as briefly stated hereunder.

(1) Structure of the manufacturing project

So as to establish itself in Tanzania, BWL's is initially intending to establish itself by way of renting its factory cum office premises. This strategy will cut down its costs of starting up the company's operations. To this end BWL has already identified a warehouse at Kigamboni's Kilimanjaro Industrial Park in Dar es Salaam region.

The company has already agreed with the owner of the warehouse, which measures 1,600 metres of space. This space is considered adequate for partitioning into four parts -i.e.: -

- (a) A factory to accommodate all the melamine tableware manufacturing equipment;
- (b) An office space – also adequate for BWL's operations; and
- (c) A store for both raw materials – melamine powder; and
- (d) A store for finished products

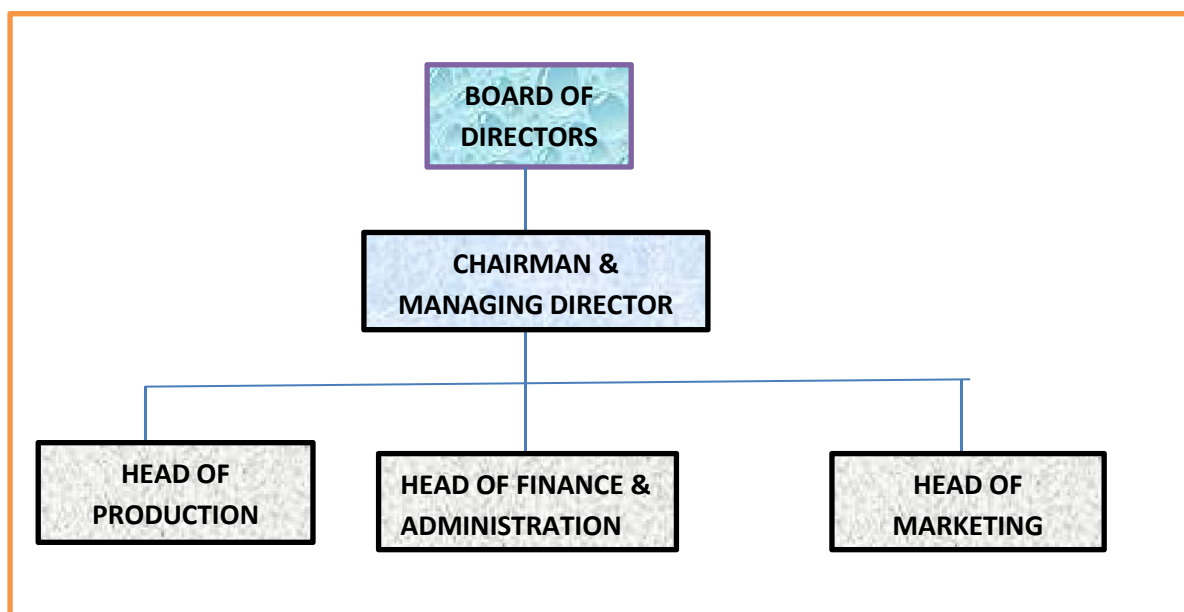
The company is now in the process of finalizing the procedures for entering into an agreement with the owner of the said warehouse at the Kilimanjaro Industrial Park in Kigamboni.

(2) Products of the project

Much as it is the intention of BWL to produce a range of 20 different types of melamine tableware products at its identified location of its factory, the company's plan is initially to produce only eleven types of melamine tableware at its rented factory premises in Kigamboni.

(3) Organogram of the project

In its endeavour to reduce its initial operating costs, the company's organization chart will be limited to three departments as shown below.



5.0 PHYSICAL PROJECT IMPLEMENTATION SCHEDULE

(1) Current status

As stated earlier above, Best Wish Limited has already been incorporated. BWL also has a TIN. The Company's TIN is 177963895 and an Income Tax Clearing Certificate (ITCC). As of now the TIN and ITCC have paved the way for BWL to apply for a Business/Trading licence for it to commence commercial business in Tanzania. Presently BWL is working on getting a VAT registration number from the Tanzania Revenue Authority.

(2) Project's Physical Implementation Schedule

So as to complete all legal requirements for it to establish its Melamine Tableware Manufacturing, the Company is in the process of applying for its industrial licence as well as entering into agreements for renting the warehouse. All in all, physical implementation schedule of the MTM project is four months from today -13th October,2024. Production of melamine tableware will start on 01st March 2025.

Physical Implementation of the MTM project is as per figure 1 below.

Figure 1: Physical Implementation schedule of BWL's MTM project

PHYSICAL IMPLEMENTATION SCHEDULE OF BEST WISH LIMITED'S MELAMINE TABLEWARE MANUFACTURING PROJECT								
								Figure 1
S. NO.	ACTIVITY	DURATION OF ACTIVITY MONTH	MONTH 0.5: October, 2024	MONTH – November, 2024	MONTH – December, 2024	MONTH - January, 2025	MONTH – February, 2025	MONTH – 01st March, 2025
1	Finalise Registration formalities of VAT with TRA	0.5						
2	Shipment of melamine plant & machinery from China to Tanzania.Sea voyage from China to D'Salaam will take 1 month.	1						
3	Taking possession of Warehouse at Kilimanjaro Industrial Park at Kigamboni and start of partitioning works for converting it into a factory cum offices and stores. Conversion work will take 1 month to be completed.	1						
4	Arrival of melamine plant & machinery at D'Salaam port, Tanzania	1						
5	Shipment of melamine powder from China to D'Salaam – raw material for manufacture of melamine tableware. Sea voyage will take 1 month.	1						
6	Clearance of melamine plant & machinery and transporting same to Kigamboni Warehouse for its installation. Clearance and installation of machinery will take 1 month to complete.	1						
7	Arrival of melamine powder at D'Salaam port.	1						
8	Clearance of melamine powder at D'Salaam port and transporting same to Kigamboni Warehouse for its use in the manufacture of melamine tableware. Clearance and transport of same to Kigamboni will take 0.5 of a month to be completed.	1						
9	Completion of installation of melamine plant & machinery at Kigamboni factory and start of trial runs of manufacture of melamine tableware	1						
10	Commissioning of the manufacture of melamine tableware	1						

6.0 PROJECT CAPITAL INVESTMENT ITEMS COST ESTIMATES AND FINANCING PLAN

(1) Project Capital Investment Items Cost Estimates (CIICE)

The capital investment items of BWL's proposed MTM project are estimated to cost Tanzania shillings (TZS) 1.61 billion. Of these cost estimates, TZS 699.45 billion is for Investment Capital Items (ICI) and the remaining balance of TZS 906.13 million is for the project's Initial Working Capital Items (IWC).

(i) Investment capital items cost estimates (ICICE)

The breakdown of the cost estimates for the investment capital items is as indicated in table 3 below.

Table 3: Summary of investment capital items cost estimates

Fixed Investment Capital Items Cost Estimates (FICICE)				Total: TZS '000'
Factory plant and machinery				354,211
Office equipment				201,390
Furniture and fittings				71,925
Motor vehicle				71,925
Total				699,451

Details of the above cost estimates are shown in annexes 1.1 to 1.3 of this report.

(ii) Basis of investment capital items cost estimates

(a) Factory plant and machinery - TZS 354.21 million

The cost of factory plant and machinery is based on a commercial invoice no. TZBW02 from a Chinese supplier – M/s " 北京京迪凯西进出口有限公司 - Beijing Jingdu Kathy Import and Export Co. Ltd, Room 905,9th Floor, North and South Building, No.8, Wenhuiyuan North Road, Haidian, Beijing, China, TEL: +8618500023203". The above supplier's commercial invoice is attached to this report Addendum no. 1.

(b) Office equipment

Office equipment cost estimates are based on local suppliers' prices of required equipment such as IT equipment, communication and security- CCTV, etc.

(c) Furniture and Fittings

Cost estimates for furniture and fittings are also based on various local suppliers' prices of required furniture and fittings.

(d) Motor vehicles

As in the case of office equipment and furniture & fittings cost estimates, motor vehicles cost estimates are also based on local suppliers' prices of reconditioned motor vehicles imported mainly from Japan.

(iii) Initial Working Capital Items Cost Estimates (IWCICE)

Cost estimates of Initial Working Capital Items Cost Estimates are as stated above under section 6.0 (1). The computations of IWCI's cost estimates is given in Annex 3.4. This annex is one of several annexes forming part of this report which are also attached to this report.

(2) Financing plan

BWL's MTM project's CIICE are planned to be all financed by equity from the shareholders of Best Wish Limited.

Source of funds of the Promoter

As stated above, the shareholders of Best Wish Limited will use their own funds to fund all the costs of setting up their proposed MTM project in Tanzania. Their funds will come from their personal savings they have accumulated from their various business operations in China as well as recently in Ethiopia. At the time of writing this report, the shareholders have actually already as fully paid for the fob cost of the melamine tableware manufacturing plant. They are now expected to pay only the freight and insurance of the plant and machinery. This is expected to be paid anytime during the first week of November, 2024.

7.0 PROJECTED FINANCIAL RESULTS

As an industrial manufacturing sector project, financial projections for the proposed Melamine Tableware Manufacturing project of BWL have been prepared for a period of only 8 (eight) years to see what the expected financial results are going to be like. The projections are based on various assumptions that are indicated in annexes 2 to 3. One of these assumptions - i.e. that of inflation is explained hereunder.

(1) Operating assumptions

(i) Inflation

Given that Tanzania's economy is impacted by inflation, it is logical and normal to factor inflation when preparing financial projections of any business project so as to gauge the impact of such inflation on the project's expected financial results once it is operational. According to the Bank of Tanzania's Monthly Economic Review report of September, 2024, the country's headline inflation was 3.1%. So, for BWL's proposed MTM project, the annual inflation factored into its projected financials has been assumed to be at 3.1%. The resultant annual inflationary indices have accordingly been applied on both rental income and operating costs in the financial projections.

(2) Projected financial results

Based on the revenues and operating costs assumptions in annexes 2 and 3, details of the Expected Key Financial Performance Indicators (EKFPis) of the proposed Melamine Tableware Manufacturing project are contained in appendices 1 through to 7 and summarized in appendix 8, which is reproduced hereunder as table 7.

Table 7: Expected Key Financial Performance Indicators of the Melamine Tableware Manufacturing Project

BEST WISH LIMITED										Appendix 8			
TABLEWARE MANUFACTURING PROJECT													
SUMMARY OF EXPECTED KEY FINANCIAL PERFORMANCE INDICATORS (EKFPis)													
YEAR					Investment Year: 0	1	2	3	4	5	6	7	8
Total capital investment cost				TZS'000'	699,451								
Planned input capacity utilisation					70.00%	80.50%	96.60%	96.60%	96.60%	96.60%	96.60%	96.60%	96.60%
Total Capital Employed				TZS'000'	2,148,254	2,724,472	3,481,077	4,243,903	5,037,522	5,861,813	6,716,832	7,602,781	
Equity Funds				TZS'000'	2,046,683	2,602,953	3,329,460	4,087,036	4,875,327	5,694,196	6,543,682	7,423,976	
Closing cash balance				TZS'000'	565,879	1,056,275	1,626,644	2,406,090	3,206,516	4,029,053	4,874,788	5,744,774	
Revenue				TZS'000'	4,155,525	4,870,680	5,962,134	6,146,961	6,337,516	6,533,979	6,736,533	6,945,365	
Gross profit				TZS'000'	1,605,137	1,905,903	2,366,998	2,440,375	2,516,027	2,594,024	2,674,438	2,757,346	
Earnings before interest, tax, depreciation and amortizatr (EBITDA)				TZS'000'	726,565	876,793	1,108,037	1,142,387	1,177,801	1,214,312	1,251,956	1,290,767	
Earnings before interest and tax (EBIT)				TZS'000'	630,143	794,671	1,037,867	1,082,252	1,126,131	1,169,812	1,213,552	1,257,563	
Earnings before tax (EBT)				TZS'000'	630,143	794,671	1,037,867	1,082,252	1,126,131	1,169,812	1,213,552	1,257,563	
Earnings after tax (EAT)				TZS'000'	441,100	556,270	726,507	757,576	788,291	818,869	849,486	880,294	
Profit margins													
Gross profit margin					38.63%	39.13%	39.70%	39.70%	39.70%	39.70%	39.70%	39.70%	39.70%
EBITDA margin					17.48%	18.00%	18.58%	18.58%	18.58%	18.58%	18.58%	18.58%	18.58%
EBIT margin					15.16%	16.32%	17.41%	17.61%	17.77%	17.90%	18.01%	18.11%	18.11%
EBT margin					15.16%	16.32%	17.41%	17.61%	17.77%	17.90%	18.01%	18.11%	18.11%
EAT margin					10.61%	11.42%	12.19%	12.32%	12.44%	12.53%	12.61%	12.67%	12.67%
Return on capital													
Return on Capital employed (ROCE)					29.33%	29.17%	29.81%	25.50%	22.35%	19.96%	18.07%	16.54%	
Return on equity (shareholders funds) - ROE					21.55%	21.37%	21.82%	18.54%	16.17%	14.38%	12.98%	11.86%	
Gearing ratio													
Debt/equity ratio					0.05	0.05	0.05	0.04	0.03	0.03	0.03	0.02	
Viability criteria													
Internal rate of return (IRR)					28.74%								
Net present value (NPV)				TZS'000'	319,044								
Payback period is				Years	2								

It is apparent from table 7 above that BWL's proposed MTM project is expected to be a profitable undertaking as its projected financial results show that the project is expected to be profitable from the first year of its operations to the end of year eight. In addition, it is expected to become a cash-cow as its yearly closing cash balances are expected to be positive from the end of the first year to the end of year eight.

(3) Viability of the project

The viability of BWL's proposed MTM project has been examined by using five criteria, namely:-

(i) Financial –Internal Rate of Return (IRR) – appendix 4

Appendix 4 shows that the operations of the project are expected to have an after-tax IRR of 28.74%. Given that the cost of foreign loan funds obtained from commercial banks in Tanzania at present is expected to be no more than 15% per annum at worst, the expected IRR of 28.74% of BWL's project is above the cost of foreign loan funds that could have been used to meet part of the project's investment costs, the project is considered viable.

(ii) Commercial – cash generated – appendix 3

It is again apparent from table 7 that BWL's proposed MTM project is expected to generate sufficient cash to, not only, meet all its cash requirements but also generate a surplus throughout its projected eight-year operational period, thus ending with positive cash balances at the end of each year.

(iii) Net Present Value (NPV) – appendix 6

From table 7 above, the project's operations are expected to have a positive net present value of TZS 319.04 million.

(iv) Pay-back period – appendix 7

The pay-back period of the project is expected to be a mere two (2) years.

(v) Sensitivity analysis – appendix 5

Given the nature of this project as well as the assumptions underlying its projected operating results, six factors that have impact on its profitability have been considered. These are: -

- (A) Decrease in selling prices of its products
- (B) Decrease in its initial - i.e. 1st year's - input capacity utilization
- (C) Increase in its operating costs
- (D) Decrease in CAGR of input capacity utilization for the 3rd year
- (E) Decrease in CAGR of input capacity utilization for the 2nd year
- (F) Increase in rate of losses during production of its finished products

The profitability of the project is expected to be least sensitive to changes in the increase of losses during the manufacture of the melamine tableware, followed by changes in the compound annual growth rate of year 2 (two) of the project's manufacturing capacity utilization rate. However, its profitability is expected to be most sensitive to changes in its operating costs, followed by changes in the selling prices of its finished products.

Table 8 below shows the impact of the project's IRR arising from changes in the above factors.

Table 8: Impact on the project's IRR as result of changes in factors in stated in the table.

BEST WISH LIMITED							Appendix 5
TABLEWARE MANUFACTURING PROJECT							
SENSITIVITY ANALYSIS							IRR
BASE CASE							28.74%
Increase in operating costs by					10.00%		-21.28%
Decrease in selling price by					10.00%		-7.90%
Decrease in its initial - i.e. 1st year's - input capacity utilisation by					10.00%		21.61%
Decrease in CAGR of input capacity utilization for the 3rd year by					10.00%		28.00%
Decrease in CAGR of input capacity utilization for the 2nd year by					10.00%		28.01%
Increase in rate of losses during the manufacturing of its products by					10.00%		28.19%

From the above table it is apparent that management of the MTM project should be alert on its operating costs of the project. They need to ensure that any signs of a likely change in any of its operating costs – especially an increase in these costs - are attended to immediately otherwise the project will incur losses as and when these costs increase.

8.0 ECONOMIC AND ENVIRONMENTAL IMPACT OF THE PROJECT

All commercially-oriented business projects in Tanzania have an impact on both the country's economy and environment. Accordingly, the impact of BWL's proposed MTM project on the country's economy and environment are described hereunder.

(1) Economic impact

The economic impact of BWL's project on the country's economy is of two types - direct and indirect. Each of these types of impact is elaborated here below.

(i) Direct economic impact

The expected BWL's project's direct positive impact to Tanzania's economy comprises two types of economic aspects, namely: -

- tax payments to the government; and
- direct employment generation opportunities.

Each of the above aspects is briefly stated hereunder.

(a) Tax payments to government

As per table 7 of this report – Appendix 8 – i.e. EKFPs, once operational the proposed MTM project is expected to be a profitable undertaking for all the eight years of its projected operations. Profit before tax is expected to grow from TZS 0.63 billion during its first year to TZS 1.26 billion during the 8th year of its projected operations. Accordingly, as indicated in appendix 1 of this report, it is expected that taxes due to the government will grow from TZS 0.19 billion for year 1 to TZS 0.38 billion during its 8th year.

(b) Employment generation

During its operational stage BWL's MTM's project is expected to generate direct employment of not less than 20 people in all its operational areas starting from its manufacturing area to that of marketing its products.

(2) Indirect economic impact – (Multiplier effects)

The main objectives of the proposed MTM project, are to provide affordable and high quality tableware to all Tanzanians in both urban and rural areas of the country as well as and various hotels in the hospitality sector and health and educational institutions providers.

In the context of the above stated objectives, some of the multiplier effects expected from BWL's MTM project will be in areas such as those of (a) employment, (b) additional revenue generation to government and (c) improvement in the quality of life of MTM project's customers.

(3) Environmental impact

The project is expected to hardly have any negative environmental impact during its operations as all waste will be disposed of in compliance with Kigamboni's Municipal Council's regulations. So, the project is environmentally friendly.

9.0 RISKS THE PROJECT MAY FACE, RISK OCCURRENCE PROBABILITY AND MITIGATION MEASURES

As in the case of sensitivity analysis, within their operating environments, businesses also face various risks some of which are beyond their control. Thus it is incumbent upon the management of any business to make themselves aware of the risks their company could face and how to deal with such risks, in the event they occur. To this end an analysis has been carried out to find out the risks that BWL's business operations are likely to face and probable mitigation measures that may be applied to either minimize or neutralize or completely steer away from any negative impact arising out of the occurrence of some of the risks that their companies do face during their operations.

(1) Risks that BWL may face, mitigation measures and risk occurrence probability

The risks that BWL's operations are likely to face and the measures to mitigate their negative impact and the probability of risks occurrence are stated in the Risk Assessment Matrix table no. 9 below.

A risk assessed to have a high probability of occurrence has been marked with "H" and shaded in RED, while one assessed to have a medium probability of occurrence has been marked with "M" and shaded in "BLUE". Finally, a risk assessed to have a low probability of occurrence has been marked with "L" and shaded with a GREEN colour.

Table no. 9: Risk Assessment Matrix

S. no.	Risk Type	Risk Description	Risk Mitigation measures	Risk Occurrence Probability – H, M & L
1	Economic (a) Recession (b)Hyper inflation	Both a recession & hyper-inflation stifle economic activities within the country’s economy and so lower the purchasing power of the people. This lowers demand for goods and services, which in turn leads to a slump in business’ profitability.	(a) Build internal capacity to control operating costs so that BWL’s operations are not too badly affected by low demand for its products/services. (b) Diversify the types of its clientele as a hedge against a recession since the impact of a recession is not the same for all clients. (c) Carry out a review of its tariffs with a view of lowering them to a level that results in continuing with its operations profitably by way of getting more customers	M
2	Strategic	Strategic risks are those arising from changes in government measures/policies that lead to negative impact on the business prospects of commercial enterprises such as RWL. For example, categorising expenses that were previously tax allowable as no longer tax allowable.	(a) If an anti-business measure is introduced by the Government of the day, with the support of industry/trade associations – e.g. the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) – the affected enterprise, say BWL, would have to engage the Government with a view of retracting such measure(s). (b) Business entities such as BWL have the obligation to behave as good corporate citizens and fulfil their responsibilities to government – e.g. paying their due taxes - and within their communities, thus dissuading the government from changing its pro-business measures/policies to anti- business ones.	M
3	Industry – mainly “Competition”	Competition from other industry operators, particularly in areas like that of tariffs for, and quality of, products provided affect levels of demand for the business’s products. In the manufacturing industry, selling prices and quality of products are sensitive issues. If there is an oversupply of a particular type of product - e.g. melamine table plates, there is usually a downward pressure to reduce tariffs so as to get more customers. The sensitivity analysis has shown that lowering of selling prices of melamine tableware is the second factor in negatively impacting on the MTM’s profitability.	(a) Undertaking effective marketing in line with the marketing strategies mentioned in the marketing section; (b) Management to be more resourceful in how to motivate its human resources for them to raise their productivity at minimum cost so as to lower overall operating costs.	H

S. no.	Risk Type	Risk Description	Risk Mitigation measures	Risk Occurrence Probability – H, M & L
4	Financial	The major financial risk for BWL is that of currency exchange rate risk. Since the company may not be a foreign currency earner, some of its operating costs - e.g. imported raw materials - may escalate due to the depreciation of the Tanzania shilling against the USD, causing the undertaking to suffer exchange losses.	(a) Management to devise a pricing policy of cost plus or something similar to this which enables the company to have capacity at all times to operate profitably. (b) To put in place a practice that allows very little credit to its patrons/customers so that its liquidity is high to the extent of enabling it to reinvest part of its spare cash in short term monetary instruments to cover any exchange losses that may occur.	M
5	Political, social, and religious disturbances	Disturbances – whether political, social or religious – harm business as they create insecurity within the populace, thus leading to people to reduce their momentum for engaging in economic activities.	To fend off disturbances of a political, social or religious nature and so maintain peace and stability in the country, it is incumbent upon business entities to contribute positively to the sustenance of a country's peaceful and stable environment. One way of doing this is to contribute to improve the living standards of most disadvantaged communities – e.g. giving donations to such communities.	L

10.0 SUCCESS FACTORS FOR THE PROPOSED PROJECT

For any business operations to succeed – i.e. attain its business objectives – irrespective of whether such objectives are financial or otherwise, there are two categories of factors that must be in place for that business' operations to succeed. These categories are – (a) internal factors to the business and (b) is that of external factors. Hereunder are the internal and external factors that must be in place for BWL's MTM project's operations to succeed.

(1) Internal Success factors

Internal success factors that must be in place for BWL's Melamine Tableware Manufacturing project to achieve its business objectives are:-

- (a) Adequate resources – e.g. finance, human, and sound plant and machinery, appropriate technology for manufacturing its proposed melamine tableware;
- (b) Appropriate management to assure the attainment of required quality of its melamine tableware for sale – sound and resourceful management; and
- (c) Suitable organisational set up that assures compliance of internal and international production and trading practices for its products as well as safety of BML's capital resources at all times; and
- (d) Hard working and motivated employees.

(2) External Success factors

External success factors that must be in place for BWL's Melamine Tableware Manufacturing project to achieve its business objectives are:-

- (a) Availability of markets – local and foreign for BWL's Melamine Tableware Manufacturing project's products;
- (b) Adequacy of all elements that assure continuity and sustainability of all factors of production of BWL's MTM's products – e.g. inputs and factory utilities;
- (c) Supportive government economic policies that enable businesses to achieve their business objectives;
- (d) Peace and harmonious industrial relations within the country; and
- (e) Finished melamine Products' quality standards do not change all the time.

(3) Current Status of the success factors

As for success factors that are internal to BWL, it may be said that the shareholders of Best Wish Limited have the expertise to run a company for producing melamine tableware. They have at one time owned and managed a company producing melamine table plates in Ethiopia. Furthermore, they have other factories in China. We used to build a factory in Ethiopia and have similar factories in China. We have rich experience in opening factories and producing melamine tableware abroad.

So, they are now coming to Tanzania because they believe there is a large market in Tanzania. Their belief is strengthened by the fact that from a population point of view Tanzania is the second country in East Africa with a large number of people. There is therefore a great chance quite a number of these people will at one time or another buy melamine tableware for their use at their homes.

Finally, there is peace and stability in Tanzania today. So, from an external point of view the success factors make Tanzania suitable for them. There are also a number of government economic policies that support the setting up of investments in Tanzania by both its citizens and foreigners. To this end they consider Tanzania to be a safe haven for investments made by foreigners.

11.0 CONCLUSIONS AND RECOMMENDATIONS

(1) Conclusions

In the context of the above preceding chapters, it is apparent that BWL's proposed Melamine Tableware Manufacturing project is a viable undertaking. Its projected financial results show that it is expected to be a profitable venture whose IRR is expected to be 28.74%.

The project is also commercially sound as it is expected to become a cash-cow. It is also expected to have a positive impact to the country's economy. It is also environmentally friendly and its risks are manageable.

Subject to availability of funding, completing the implementation of the project in the manner described herein above is a wise course of action to take.

(2) Recommendations

In the context of section 11.(1) above, it is recommended that the promoter of the project should continue to take steps and efforts to complete the physical implementation of this project and set up the project as quickly as possible in the manner described herein chapter 4.0 above.

12.0 APPENDICIES

Appendices that form part of this project report are as listed below.

S. No.	Name of appendix
1	Projected Profit and Loss accounts – Appendix 1
2	Projected Cash Flow Statements – Appendix 2
3	Projected Balance Sheets – Appendix 3
4	Discounted Cash Flow Analysis (DCF – IRR) – Appendix 4
5	Sensitivity Analysis – Appendix 5
6	Net Present Value – Appendix 6
7	Payback Analysis – Appendix 7
8	Expected Key Financial Performance Indicators (EKFPIs) – Appendix 8

13.0 ANNEXES

Annexes that form part of this report are as listed here below.

S. No.	Name of annex
1.1-1.2	Investment Capital Items Cost Estimates
2.-2.2	Revenue assumptions
3.1- 3.5	Operating costs assumptions

14.0 ADDENDUM

Addenda – all copies - that form part of this report are as listed here below.

Addendum No.	Name of Addendum
1	Copy of Commercial Invoice no. TZBW02
2	Copy of a picture of melamine products that BWL will be producing as per this report.
3	Physical Implementation Schedule of BWL's MTM project – Figure 1
4	Certificate of Incorporation of Best Wish Limited