

NYANZA MINES (TANGANYIKA) LIMITED



A BUSINESS PLAN

FOR TIC REGISTRATION OF A SALT PROCESSING PROJECT

AUGUST 2024

A: EXECUTIVE SUMMARY

Nyanza Mines (Tanganyika) Limited is a company planning to invest in salt manufacturing in Uvinza. Uvinza Salt Works are salt mines that have been in used since the Iron Age. There are numerous brine springs in the area. The site is located in the town of Uvinza in Uvinza District of Kigoma Region.

Nyanza Mines (Tanganyika) Limited plans to invest TSHS 20 billion in the project and thereby directly employ 150 people, 146 of whom are locals. Estimates for indirect jobs stand at 3,000. Through a thorough analysis of the business idea, the promoters of the company have decided to register the project with TIC so that the idea can get a soft landing in its implementation through incentives given by TIC.

Statistics show that Tanzania produced roughly 182,000 metric tons of salt in 2022. The output increased from 113,000 metric tons in the previous year. During the period in study, salt production in the country reached its highest in 2016, at 178,200 metric tons. The demand for salt is still high in Tanzania and other countries, which calls for more production of this mineral.

This project is socio-economically useful as it will create jobs, generate cash flows, pay taxes, and develop the community and other benefits. The company presents this business plan so that the project can be registered.

B KEY SUMMARIES

S/N	ITEMS	DETAILS			
1	Company Name	Nyanza Mines (Tanganyika) Limited			
2	COI No.	127			
3	Company Reg. Date	03/07/1927			
4	Company Location	Postal code 47601, P.O. Box 42 Uvinza, Kigoma			
5	TIN/VRN No.	TIN		VRN	
		100-1 32-079		N/A	
6	Company Shareholding	Shareholder	Nature of Entity	Shares Taken	% Share
	a.	Mukesh Tulsidas Mamlani	Individual	112	0%
	b.	Mac Group Limited	Company	685289	50%
	c.	Union Trust Investments Limited	Company	685288	50%
	TOTAL			1370689	100%
7	Project Location	Title no. 12148 Uvinza, Kigoma			
8	Project Business	Manufacturing of salt			
9	JOBS	LOCAL		FOREIGN	
		(M)	(F)	(M)	(F)
		105	39		0
	TOTAL JOBS (L & FOREIGN)				150
10	Project Capacity (MTS)				146,410
11	Project Funding				
	<i>Local Equity</i>				6,800,000,000
	<i>Local Loan</i>				13,200,000,000
	<i>Foreign Equity</i>				-
	<i>Foreign Loan</i>				-
	Total Funding				20,000,000,000
12	Financing of Items				
	<i>Fixed Capital</i>				18,000,000,000
	<i>Working Capital</i>				2,000,000,000
	Total Financing				20,000,000,000

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1.0 INTRODUCTION

1.1 Company Background

NYANZA MINES (TANGANYIKA) LIMITED was originally registered as Nyanza Salt Mines (Tanganyika) Limited. The company was issued with a certificate of incorporation (COI) No. 127 on 23rd June 2000. The company has been issued TIN no. 100-1 32-079 for tax purposes. The company's office is located on title no. 12148 and at Nyanza in Uvinza, Kigoma Region.

1.2 Shareholding

NYANZA MINES (TANGANYIKA) LIMITED is owned by an individual (Tanzanian) and two local companies. Its authorized share capital is TShs. 6,853,445,000 divided into TShs 5,000 each. The authorized number of shares is 1,370,689 and the share capital is equivalent to about USD 2,557,356.83 in today's terms. Of the authorized shares all have been taken as shown in **Table 1** below.

Table 1: Shareholding Structure

S/ N	NAMES	CATEGORY	SHARES TAKEN	% SHARE
1	Mukesh Tulsidas Mamlani	Individual	112	0.008%
2	MAC Group Limited	Company	685,289	49.996%
3	Union Trust Investments Limited	Company	685,288	49.996%
	TOTAL		1,370,689	100%

1.3 The Project, Activity and Product

This is a manufacturing project with special focus on salt that is extracted in Uvinza, Kigoma – Western Tanzania. The project is located on title no. 12148 in Uvinza.

1.6 Project's Clientele

The project targets clients from Tanzania, the EAC region, and beyond in terms of consumers. The larger part of the product will be exported for consumption abroad. In terms of machineries and equipment, the company expects to source them from outside the country. As for supplies, the company will source them from within Tanzania, and for those which cannot be obtained within the country the company will import them.

2.0 MARKET ANALYSIS

This section reviews the market status for salt in Tanzania and beyond. It covers the status-quo of the market, SWOT analysis, and PESTEL analysis as well as market strategy for the products.

Nyanza Mines (Tanganyika) Limited aims to establish itself as a leading manufacturer of salt in Tanzania, and in the Eastern African region. The all-time focus of the company is salt extraction and processing. This business plan is for salt processing.

2.1 Market Status Quo

2.1.1 The Supply Side

Salt manufacturing in Tanzania is an important industry, given the country's access to abundant natural resources, including vast salt flats and coastal areas along the Indian Ocean. Also, for our company, the Uvinza area where we operate has been very rich in underground water salt from times immemorial. The salt production process in Tanzania typically involves both traditional and modern methods, with a variety of uses for the salt produced, including edible, industrial, and preservative applications. Our company will embark on edible salt production.

2.1.2 The Demand Side

The salt produced in Tanzania is used for the following purposes mainly:-

1. Edible purposes (table salt).
2. Food preservation (such as curing fish and meat).
3. Industrial applications (in manufacturing and chemical processes).
4. Agricultural uses (as a livestock mineral supplement).

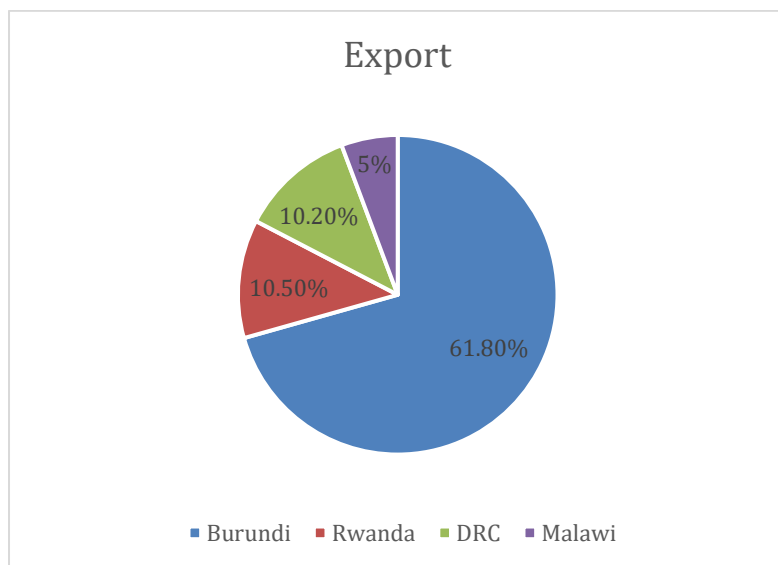
2.1.3 Key Statistics:

Tanzania produced roughly 182,000 metric tons of salt in 2022. The output increased from 113,000 metric tons in the previous year. Salt production in the country reached its highest in 2016, at 178,200 metric tons.

Exports:

In 2022, Tanzania exported \$7.06M in salt, making it the 53rd largest exporter of salt in the world. During the same year, salt was the 95th most exported product in Tanzania. The main destinations of salt exports from Tanzania are Burundi (\$4.37M), Rwanda (\$738 thousand), Malawi (\$726 thousand), Democratic Republic of the Congo (\$717 thousand), and Uganda (\$192 thousand). The fastest growing export markets for Salt of Tanzania between 2021 and 2022 were Burundi (\$647,000), Malawi (\$217,000), and Zambia (\$62,000).

Figure 1: Tanzania's Salt Export Destinations



Imports: In 2022, Tanzania imported \$11.6M in Salt, becoming the 60th largest importer of salt in the world. In the same year, salt was the 259th most imported product in Tanzania. Tanzania imports salt primarily from Kenya (\$6.69M), India (\$3.62M), Botswana (\$1.13M), Turkey (\$52,000), and China (\$19,300). The fastest growing import markets in salt for Tanzania between 2021 and 2022 were Kenya (\$1.03M), Botswana (\$381,000), and Egypt (\$10,900).

Table 2: Tanzania's Salt Import Origins

SN	COUNTRY	VALUE \$USD
1	Kenya	6.69 Million
2	India	3.62 Million
3	Botswana	1.13 Million
4	Turkey	52,000
5	China	19,300

2.1.4 Salt Trade Balance for Tanzania:

During the year 2022 Tanzania exported USD 7.07 million worth of salt and imported USD 11.6 million worth of the product. This scenario implies a USD -4.52 Million net trade for the economy. In this regard Tanzania is a net importer of salt

2.1.5 Private Sector Initiatives:

In Tanzania salt manufacturing has been under the private sector for years now. From small, medium and large scale manufacturing of salt the private sector has dominated the salt farms in the historical Uvinza and along the seashores of the Indian Ocean.

2.3 SWOT Analysis

This sub-section covers the strengths, weaknesses, opportunities and threats of the salt business in the United Republic of Tanzania.

- **Internal Assessment**
- **Strengths**
 - Ability to possess advanced technology in salt manufacturing
 - Shareholders' financial muscles
 - Skilled personnel in the field of salt extraction and processing
 - Experience in local, regional and international trade
 - Awareness of the salt market in Tanzania
 - A good track record that qualifies the company for funding from commercial banks in the country
- **Weaknesses**
 - Limited diversification as a company due to the fact that it is focused on salt only

- **Environmental Assessment**
- **Opportunities**
 - Availability of plentiful raw materials in Uvinza.
 - Market assurance as the economy imports more salt than it exports. The exports come even from distant countries. This is an opportunity for our company to reduce the negative trade balance of Tanzania in Trade
 - Enough government support to local production to counter imports in favor of the balance of trade.
 - Availability of an insatiable market for salt in Tanzania, the East African region, and part of the SADC region.
 - Improved market access under the AfCFTA, COMESA, EAC, and SADC.
 - Availability of government support in terms of incentives to projects via TIC and assurance given by the Tanzania Investment Act on arbitration and other issues affecting investment
- **Threats**
 - Complex business procedures. The company has engaged seasoned trade experts to handle these
 - Unpredictable power cuts
 - Existence of other players in the business
 - Volatility of the Tanzanian shilling against the USD.

On overall, the supply side of the Tanzanian market for salt offers much opportunities than threats for companies operating in the sector. Our company is able to adapt to the local supply market conditions and provide high-quality products and so stand a chance to succeed in the salt competitive market.

The demand side of the local and regional markets, on the other hand, provides much opportunity for our business. The market needs much of our product – salt.

From the SWOT analysis conducted of the company and of the operating environment the promoters are confident that the project will be a success. Following the analysis we have developed a market strategy for our product.

2.3 PESTEL Analysis

This sub-section analyzes the environment in which our company will be operating by undertaking the salt manufacturing project in western Tanzania.

i) Political:

Politics of Tanzania call for industrialization and development of other sectors. Our presence in the sector assures other sectors in the salt value chain which has support from the political elite of the country.

ii) Economic:

In view of the salt trade balance, which is negative for Tanzania, our product is promising in favor of the economy. Our production will reduce the imports and increase exports thus contributing to improvement of the balance of trade.

iii) Social:

The social-cultural aspects of Tanzania are very promising to our project. This emanates from the 62+ million population of hardworking Tanzanians. These people use salt in many ways from domestic to industrial levels.

iv) Technological:

New and advanced technologies are accepted in Tanzania. Networks of power supply and communication technology provide avenues for inclusion of more sophisticated technologies and business processes. Nowadays even the then remote western regions of Kigoma are accessible by roads and ICT services are accessible there as well.

v) Environmental:

The company is in favor of environmental protection for inter-generational sustainability of life and production. The environmental regulations under NEMC are favorable.

vi) Legal

The legal system in Tanzania is favorable to both local and foreign investors. The new investment act allows for dispute settlement outside the country. This provides assurance to invest and operate here.

The market for our project in Tanzania holds significant potential, driven by demand from local and foreign markets as well as supply of raw materials from locals. While competition exists, there are opportunities for differentiation through adjusting to appropriate technology of ours which is highly advanced.

2.5 Marketing Strategy

The company's strategy is centered on application of highly developed technology and advanced equipment. We are focused on setting up a state-of-the-art salt processing plant. The quality of our products is our strategy to penetrate and remain in the market of Tanzania and of other countries.

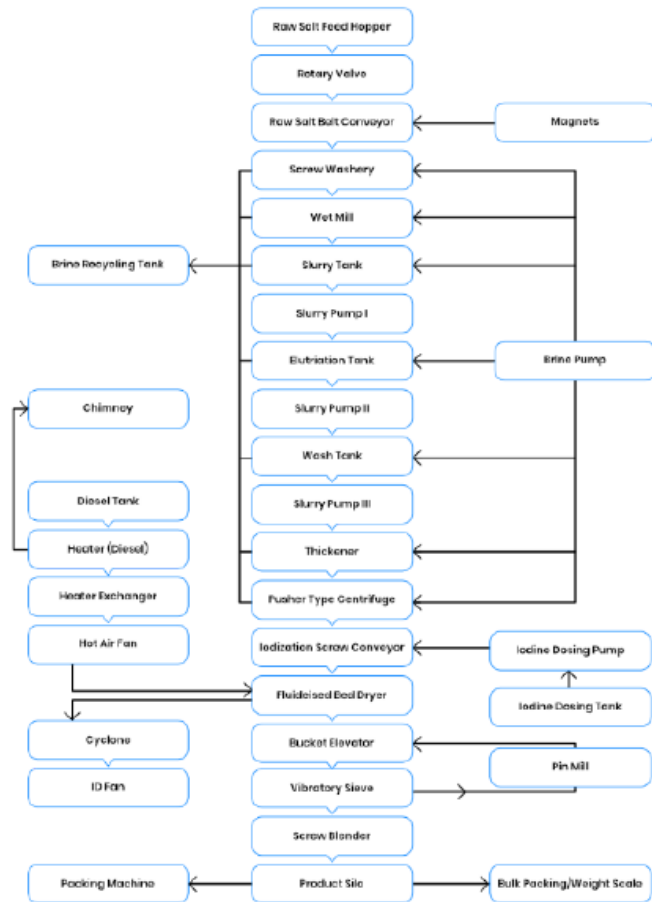


3.0 THE PRODUCT

This is a salt manufacturing project. The salt is not from the sea water but underground brine (sub-soil brine) waters in Uvinza, Kigoma. The company will process salt from the underground brine.

Figure 2: Salt refining process

Mechanical Salt Refining Process



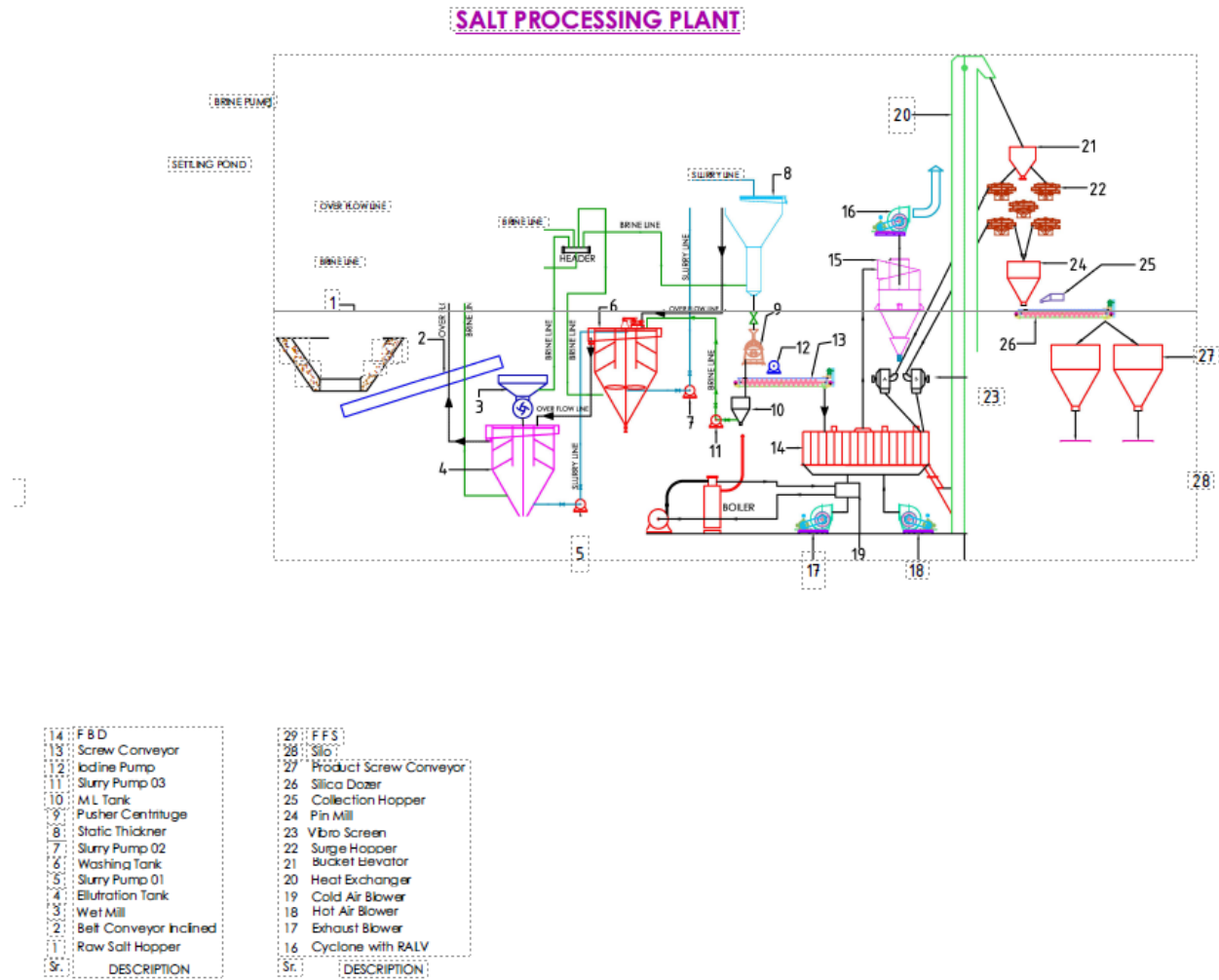
3.1 The Processing

The Raw Salt will be loaded to the hopper through which it will enter the Special Washing System. The flow rate will be measured here and controlled to set it as per the (Grinding/ Hammer Mill). The brine is added here to give slurry output from the mill. The output is tanked into a slurry tank where further brine is added. The slurry is then pre-decided rate based on the purity of raw salt. In the Screw Washery, the major portion of the impurities will be removed. The washed salt will enter the wet Mill Section pumped to the Elutriation tank for washing. The washed slurry is then transferred to Thickener and decanted brine is transferred to the clarifier by means of Elutriation & wash tank. From here the clear brine is transferred to the brine tank and remaining to the settling pond. Here at settling pond, the settled mud is drained and the upper layer of clear brine is pumped to the Screw Washery. The Salt after removal of water in Thickener is fed to the Centrifuge. In Thickener, the slurry concentration achieved is 50%.

The salt will then be centrifuged to liquid form and it will be conveyed through the blender cum screw conveyor and belt to the fluidized bed dryer. On its way to the dryer, it will be iodized. The washed salt with Iodine Solution will get fluidized in the Dryer and the Iodine mixing will be uniform. Then dry and cooled salt will come out of FBD and will then travel to the Vibro screen through the bucket elevator.

After screening, the undersize will be conveyed to a blender cum screw conveyor. Here the Free Flow Agent will be mixed at a specified and predetermined flow rate. The blender cum conveyor will mix the content well and convey the same to a silo. The finished goods from the silo bottom will be conveyed and distributed by a screw conveyor to Packing Machines. Then the pouches of 1.0 Kg. will be sealed. Another conveyor will carry the refined salt to the bagging and stitching machine where it will be packed in 50 kg bags.

Figure 3: Salt Processing Plant Layout



3.2 Pricing

Our products will be priced based on the cost of production. In doing so, we will keep competitiveness in mind lest we lose the market segments we target. Quality of the product will be maintained the highest in order to back our pricing and to secure us the market

3.3 Targeted Market

The company and the project will be stationed within the district of Uvinza in western Tanzania. The target market however is the whole of Tanzania and regional markets of EAC, COMESA and SADC.

4.0 MARKETING AND SALES STRATEGY

Marketing strategies are essential plans of action that businesses use to promote their products or services, reach their target audience, and achieve their business objectives. This section focuses on entry, retention and expansionary strategies for our salt processing project.

Our overall strategy will involve: -

i) Local Network Establishment:

- Forging strategic partnerships with key local players in the sector i.e. consumers communities and cooperative unions.
- Attending industry conferences and trade shows to network and showcase the qualities of our products.
- Enrolling as members of the Chamber of Commerce to enjoy certificates of origin for the consignments we bind to destinations outside the country.

ii) Brand Awareness:

- Implementing targeted marketing campaigns highlighting our expertise in the processing of salt.

- Utilizing digital marketing channels to deepen and widen our markets inside and outside the country.

The company looks forward to leverage on best quality products in securing a niche in the market. As part of our marketing strategy, we will engage strategies that will enhance our entry, persistence (stay) and expansion.

4.1 Entry Strategy

This strategy to penetrate the market involves identifying opportunities, assessing risks, conducting market research, and developing a strategy to successfully establish a presence and compete in the target market. Here are our adopted market entry strategies:

- i) Strategic alignment with the requirements of strategic consumers of the product.
- ii) E-commerce and Online Marketplaces: The company will use online platforms i.e. e-commerce platforms, marketplaces, and digital channels to penetrate the markets.

4.2 Retention Strategy

Our market retention strategy focuses on retaining existing customers, building loyalty, and maximizing customer lifetime value. It involves tactics and initiatives to keep customers engaged, satisfied, and coming back for repeated purchases. Some key components of our market retention strategy include Customer Relationship Management (CRM), Customer Segmentation (basing on engagement frequency, order value, loyalty status, preferences, and behavior), Loyalty Programs (including creation and implementation of loyalty programs rewarding customers for repeated purchases, referrals, engagement, and loyalty), Personalization, Customer Service Excellence, Feedback and Surveys, Retargeting and Remarketing, Customer Education and Engagement, Customer Satisfaction Metrics, and Customer Experience Enhancement.

Through these strategies the company will build long-term relationships with existing customers, increase customer loyalty, induce repeated purchases (consignments), minimize customer churn and maximize customer lifetime value. As a result our business will grow sustainably and profitability will be assured.

4.3 Expansionary Strategy

The market expansion strategy for this project seeks to enhance business growth by tapping into new markets starting from the local to the regional markets. The strategy embraces market research, identification of target markets, the development of a marketing plan, product adaptation, distribution channels, pricing strategy, market entry approach, building partnerships, regulatory compliance, after-sales services, and M&E.

5.0 ORGANIZATION AND MANAGEMENT

5.1 Organizational Structure

Nyanza Mines (Tanganyika) Limited's team is tiered into directors, management team, supervisors, workers, and support staff as detailed under *appendix 2*.

5.2 Project Manning

This project expects to directly employ a total of 150 people 144 of whom are locals as shown in **table 3** below. The gender and nationality distributions of jobs are shown in the **figures 4 (a)** and **(b)** as well. In addition, the company will hire 600 casual laborers per day for salt harvesting from July to October.

Table: 3: Planned Direct Jobs

GENDER	LOCALS	FOREIGNERS	TOTALS
M	105	6	121
F	39	0	39
TOTALS	144	6	150

Figure 4(a): Gender Distribution of Jobs

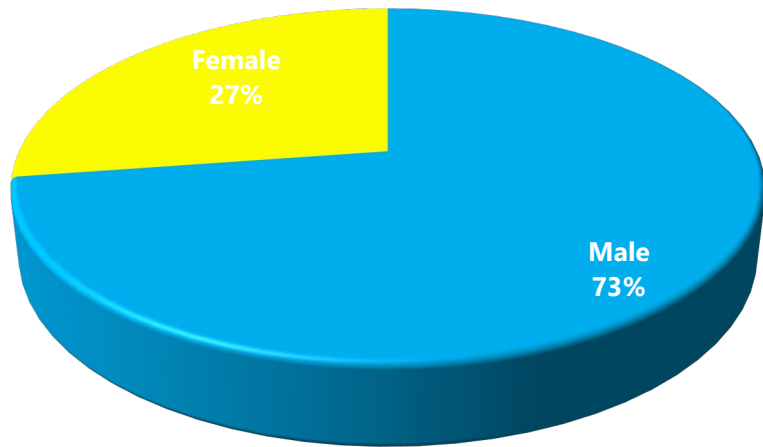
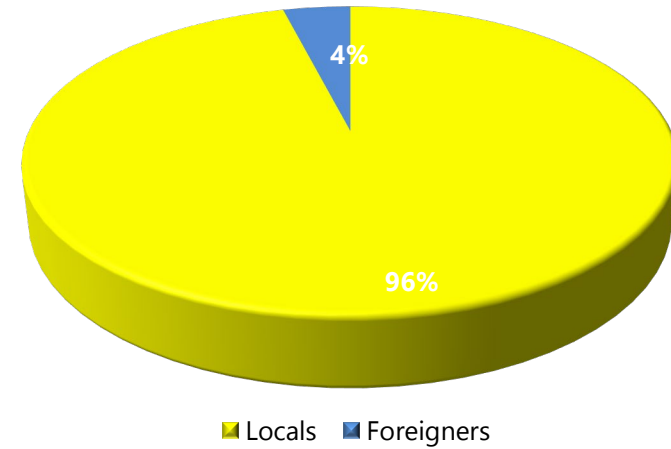


Figure 4 (b): Jobs by Nationality



6.0 OPERATIONS PLAN

6.1 Project Location

This project is located within the district of Uvinza. The operational area of the project is within the region of Kigoma in western Tanzania.

6.2 Key Suppliers

Nyanza Mines (Tanganyika) Limited expects to source its supplies of underground brine (raw materials) from its area. As for machineries, these will be sourced from outside the country. All other supplies will be sourced locally.

6.3 Key Business Connections

Locally the company expects to link itself with local players in the sector. These include consumers, industrialists, cooperative unions, and chambers.

6.4 Project Assets

The company expects to invest a total of **TSHS 20 billion** in this project. Injection of the capital will be in the form of various items as summarized in **table 4** below. A detailed list of items will be shared via the proposed list for exemptions.

Table 4: Summary of Assets

ITEM	AMOUNT IN TSHS
Land-Development & Buildings	5,197,000,000
Plant	9,000,000,000
Vehicles	3,200,000,000
Furniture & Fittings	100,000,000
Pre Expenses	300,000,000
Others	203,000,000
Working Capital	2,000,000,000
TOTAL	20,000,000,000
TOTAL FIXED CAPITAL	18,000,000,000
TOTAL WORKING CAPITAL	2,000,000,000

6.5 Project Roll-Out Plan

This is a 5 years business plan by design but can need more time in order to attain the desired goals. The roll-out plan starts in 2024 as it is shown in Figure 3

Figure 5: Implementation Plan

DESCRIPTION		PHASE ONE		PHASE TWO			
No.	Activities	August-September 2024	September 2024	September 2024	November-January 2025	April 2025	Year 2024-2025
1	TIC Registration						
2	Construction of Buildings						
3	Securing Permits and Licenses						
4	Importation of Equipment						
5	Commencement of Operation						

7.0 FINANCIAL PROJECTIONS

This section covers projections in terms of production and sales, profit and loss, and cash flow projections for the first five years of implementation of the project. Key assumptions for these projections are 85% sales and a 6% inflation rate over the years of the project.

7.1 Production and Sales

This sub-section focuses on production and sales projections. Production is expected to grow gradually over the first five years of operation. Maximum level of production is expected to be attained during the fifth year and it will hit a level of 146,410 metric tons per year as shown in **table 5** below.

Table 5: Production Projections

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Annual production p.a. (MT)	60,000	70,000	90,000	100,000	120,000
		-	-	-	-
TOTAL PRODUCTION P.A. (MT)	60,000	70,000	90,000	100,000	120,000

Revenue from the sales shows a steady growth over the year, peaking at Year 5 as shown in **table 6** below. Key assumptions are the same as stated above. In addition, production is assumed to grow by 10% per year

Table 6: Sales Projections

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Annual Production in MT	60,000	70,000	90,000	100,000	120,000
Annual Sales in MT (85% of the Stock)	51,000	67,150	78,923	94,416	106,746.51
Price per MT	200,000	212,000	224,720	238,203	252,495
		-	-	-	-
Sales	10,200,000,000	14,235,800,000	17,735,576,560	22,490,193,331	26,953,001,887
	-	-	-	-	-
TOTAL SALES	10,200,000,000	14,235,800,000	17,735,576,560	22,490,193,331	26,953,001,887

7.2 Profit and Loss

This is a viable project ceteris paribus. Retained earnings are assured from the first year of the project, implying that the project will breakeven during Y1 of operation as shown in **Table 7.2**.

Table 7.2: Projected Income Statement

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Total Sales Revenue	10,200,000,000	14,235,800,000	17,735,576,560	22,490,193,331	26,953,001,887
Less: Cost of Sales	4,947,000,000	6,904,363,000	8,690,432,514	11,020,194,732	13,339,040,634
<i>Gross Profit</i>	<i>5,253,000,000</i>	<i>7,331,437,000</i>	<i>9,045,144,046</i>	<i>11,469,998,599</i>	<i>13,613,961,253</i>
Less: Operating Expenses	2,713,200,000	3,815,194,400	4,753,134,518	5,937,411,039	7,115,592,498
<i>EBIT</i>	<i>2,539,800,000</i>	<i>3,516,242,600</i>	<i>4,292,009,528</i>	<i>5,532,587,559</i>	<i>6,498,368,755</i>
Less: Loan Interest	2,356,441,867	1,717,187,496	1,259,232,482	990,659,841	707,890,458
EBT	183,358,133	1,799,055,104	3,032,777,045	4,541,927,719	5,790,478,297
Less:Taxes (30%)	55,007,440	539,716,531	909,833,114	1,362,578,316	1,737,143,489
Net Profit/(Loss)	128,350,693	1,259,338,573	2,122,943,932	3,179,349,403	4,053,334,808
Dividend	-	-	-	-	-
Retained Earnings	128,350,693	1,259,338,573	2,122,943,932	3,179,349,403	4,053,334,808

7.3 Cash Flow

Table 7.3: Projected Cash Flow

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Net Income	128,350,693	1,259,338,573	2,122,943,932	3,179,349,403	4,053,334,808
Add: Depreciation and Amortization	1,200,000,000	2,865,300,000	3,276,600,000	3,422,200,000	3,442,200,000
(Increase)/ Decrease in Operating Working Capital	800,000,000	1,750,000,000	200,000,000	(1,200,000,000)	(1,150,000,000)
Cash Flow from Operating Activities	2,128,350,693	5,874,638,573	5,599,543,932	5,401,549,403	6,345,534,808
(Capital Expenditure)	(12,810,000,000)	(4,570,000,000)	(1,820,000,000)	(400,000,000)	(400,000,000)
Cash Flow from Investing Activities	(12,810,000,000)	(4,570,000,000)	(1,820,000,000)	(400,000,000)	(400,000,000)
Increase (decrease) in long-term debt	10,871,250,000	(3,341,250,000)	(3,341,250,000)	(4,747,683,218)	(4,748,513,532)
(Dividend)	-	-	-	-	-
Issuance of Equity	-	-	-	-	-
Cash Flow from Financing Activities	10,871,250,000	(3,341,250,000)	(3,341,250,000)	(4,747,683,218)	(4,748,513,532)
Beginning Cash	2,000,000,000	2,189,600,693	152,989,266	591,283,198	845,149,383
Net Cash Flow	189,600,693	(2,036,611,427)	438,293,932	253,866,185	1,197,021,276
Ending Cash	2,189,600,693	152,989,266	591,283,198	845,149,383	2,042,170,659

7.4 Projected Ratios

Margin Ratios	Y1	Y2	Y3	Y4	Y5
Gross Profit Margin	51.50%	51.50%	51.00%	51.00%	50.51%
Operating Profit Margin	24.90%	24.70%	24.20%	24.60%	24.11%
Net Profit Margin	1.26%	8.85%	11.97%	14.14%	15.04%
Profitability Ratios	Y1	Y2	Y3	Y4	Y5
Gross Profit Margin: (Gross Profit/Total Revenue)	51.50%	51.50%	51.00%	51.00%	50.51%
Net Profit Margin: (Net Income/Total Revenue)	1.26%	8.85%	11.97%	14.14%	15.04%
Return on Assets (ROA): (Net Income/Total Assets)	0.64%	6.30%	10.61%	15.90%	20.27%
Return on Equity (ROE): (Net Income/Shareholders' Equity)	1.89%	18.52%	31.22%	46.76%	59.61%
Solvency Ratios	Y1	Y2	Y3	Y4	Y5
Debt-to-Equity Ratio: Total Debt/Shareholders' Equity	225%	153%	93%	51%	15%
Interest Coverage Ratio: Earnings Before Interest and Taxes (EBIT)/Interest Expense	108%	205%	341%	558%	918%

7.4 Projected Ratios

The projections show that the project will be a success as the margin and profitability ratios show a positive trend from Y1 of the first five years of operation of the project. **Table 8** gives the details

Table 8: Projected Ratios

Margin Ratios	Y1	Y2	Y3	Y4	Y5
Gross Profit Margin	51.50%	51.50%	51.00%	51.00%	50.51%
Operating Profit Margin	24.90%	24.70%	24.20%	24.60%	24.11%
Net Profit Margin	1.26%	8.85%	11.97%	14.14%	15.04%
Profitability Ratios	Y1	Y2	Y3	Y4	Y5
Gross Profit Margin: (Gross Profit/Total Revenue)	51.50%	51.50%	51.00%	51.00%	50.51%
Net Profit Margin: (Net Income/Total Revenue)	1.26%	8.85%	11.97%	14.14%	15.04%
Return on Assets (ROA): (Net Income/Total Assets)	0.64%	6.30%	10.61%	15.90%	20.27%
Return on Equity (ROE): (Net Income/Shareholders' Equity)	1.89%	18.52%	31.22%	46.76%	59.61%
Solvency Ratios	Y1	Y2	Y3	Y4	Y5
Debt-to-Equity Ratio: Total Debt/Shareholders' Equity	225%	153%	93%	51%	15%
Interest Coverage Ratio: Earnings Before Interest and Taxes (EBIT)/Interest Expense	108%	205%	341%	558%	918%

8.0 PROJECT FINANCIALS

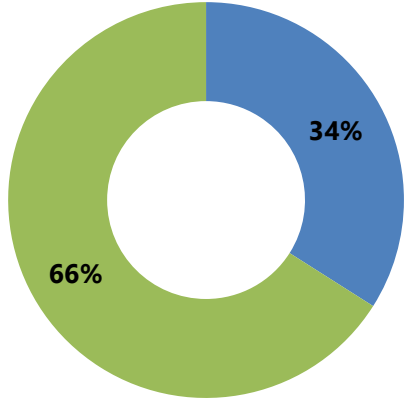
8.1 Funding Sources

This is a TShs. 20 billion project. Its source of funding is equity and loan. The equity and the loan are local. The details are given in **table 9** below.

Table 9: Project Funding

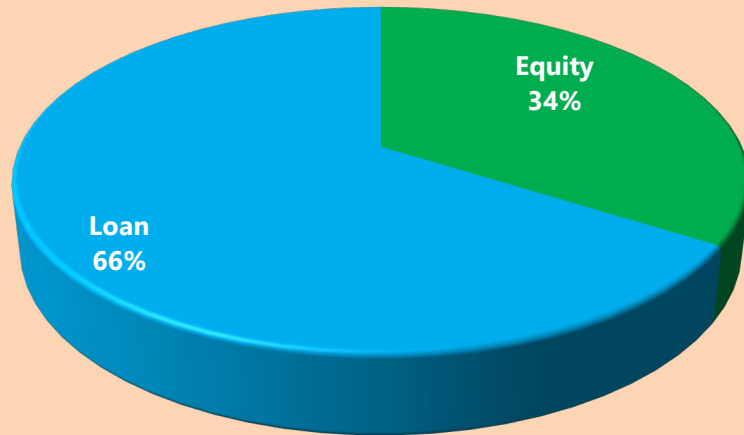
CATEGORIES	AMOUNT (TSHS)	%
EQUITY		
<i>Local Equity</i>	6,800,000,000	34
<i>Foreign Equity</i>	-	-
Total Equity	6,800,000,000	34
LOAN		
<i>Local Loan</i>	13,200,000,000	66
<i>Foreign Loan</i>	-	-
Total Loan	13,200,000,000	66
TOTAL FINANCING	20,000,000,000	100

Figure 5: Investment by Categories



■ Local Equity ■ Local Loan

Figure 6: Financing Modal



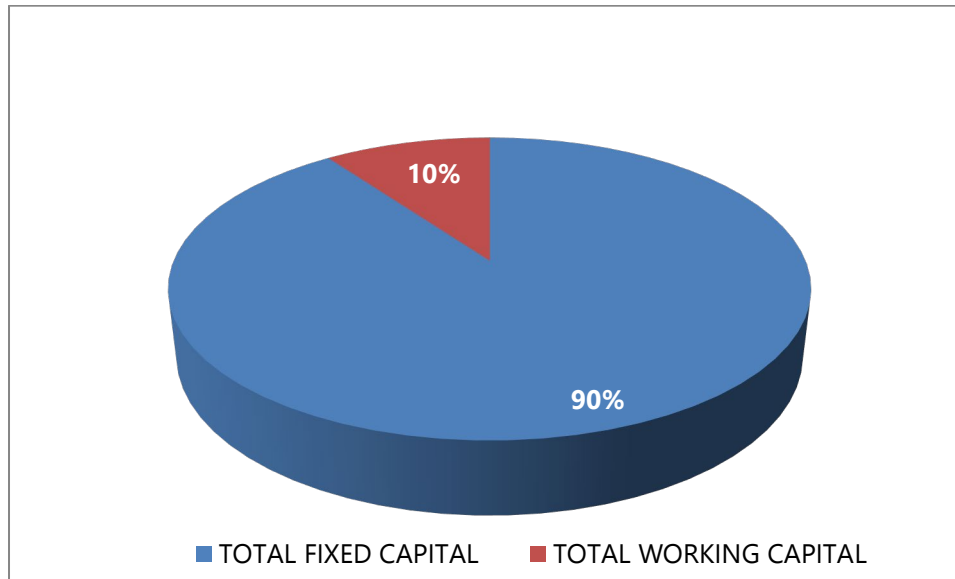
8.2 Financing of Items

The TSHS 20 billion planned investment will finance the project in terms of fixed assets to the tune of TSHS 18 billion and Working capital of TSHS 2 billion as shown under **table 10** and *Figure 7* below.

Table 10: Items Financing

ITEM	AMOUNT IN TSHS
Land-Development & Buildings	5,197,000,000
Plant	9,000,000,000
Vehicles	3,200,000,000
Furniture & Fittings	100,000,000
Pre Expenses	300,000,000
Others	203,000,000
Working Capital	2,000,000,000
TOTAL	20,000,000,000
TOTAL FIXED CAPITAL	18,000,000,000
TOTAL WORKING CAPITAL	2,000,000,000

Figure 7: Working vs. Fixed Capital



8.3 Investment Plan

The planned investment capital will be injected into the project over the years as implementation goes on. By the end of the 5th year all the capital will be injected and the project is expected to be operating at its full capacity. *Table 11* below gives the details

Table 11: Capital Injection Plan

ITEM	INVESTMENT PLAN					TOTAL INVESTMENT
	Y1	Y2	Y3	Y4	Y5	
Land-Development & Buildings	4,000,000,000	1,000,000,000	197,000,000	-	-	5,197,000,000
Plant	6,000,000,000	2,000,000,000	1,000,000,000			9,000,000,000
Vehicles	2,000,000,000	1,000,000,000	200,000,000			3,200,000,000
Furniture & Fittings	20,000,000	60,000,000	20,000,000			100,000,000
Pre Expenses	300,000,000					300,000,000
Others	90,000,000	110,000,000	3,000,000			203,000,000
Working Capital	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	2,000,000,000
TOTALS	12,810,000,000	4,570,000,000	1,820,000,000	400,000,000	400,000,000	20,000,000,000

9.0 PROJECT RATIONALE

This project is rational financially, fiscally and socially. Socially the project will create 150 direct jobs, 144 of which go to locals. Also, the project will create about 3,000 indirect jobs to locals. These include jobs in households. Over the 5 years of operation the project expects to inject money into the economy via wages totaling to TSHS. 3.8 billion. As part of its CSR policy the company expects to donate some amounts to the hosting community. *Appendix 1* gives details on the rationale.

In addition to creation of cash flows in the economy the project will benefit the local financial sector by paying interest on loans. This is part of the financial rationale of the project as shown in *appendix 1*. The interest on loan will total to about TSHS 1.7 billion. Since this is a project producing for both domestic and export markets, economically this project will add to exports and reduce importation of salt. Through exporting the project will earn foreign currency and through selling locally it will reduce spending of foreign currency on importation of salt. Also, it will reduce the negative balance of trade in salt for Tanzania.

Fiscally, in addition to tax revenues that will be collected from stakeholder firms and households, this project expects to pay taxes to the government. The expected taxes for the first five years includes the income tax and the VAT. *Appendix 1* gives more details on the rationale of this project.

10.0 CONCLUSION

This is a TSHS 20 billion project planning to process salt for local and regional markets. It is expecting to create 150 direct jobs and 3,000 indirect ones. Socio-Economically the project is justifiable. As such the management presents this business plan so that the project can be registered by TIC and enjoys the available incentives.

D APPENDICES

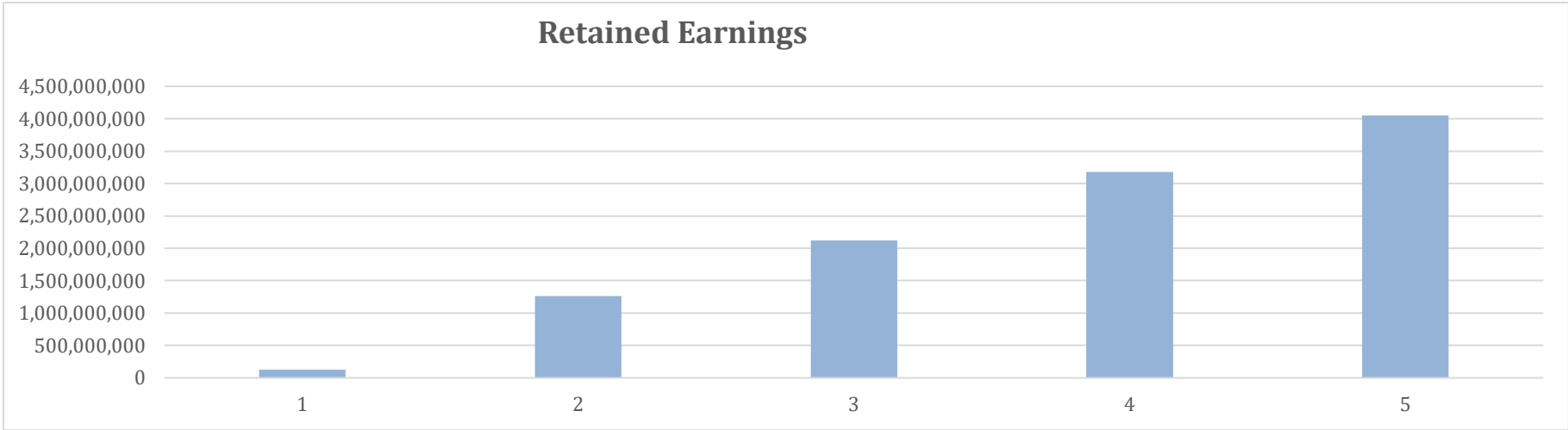
Appendix 1: Project Rationale

DETAILS	YEARS					TOTAL
	Y1	Y2	Y3	Y4	Y5	
Interest to the local banking sector	2,356,441,867	1,717,187,496	1,259,232,482	990,659,841	707,890,458	7,031,412,143
Wages to Households	1,275,000,000	1,494,759,000	2,216,947,070	2,811,274,166	3,369,125,236	11,167,105,472
Payment to supplier SMEs	5,185,200,000	6,359,498,400	7,950,019,962	10,724,131,605	13,643,307,896	43,862,157,864
Income Tax	55,007,440	539,716,531	909,833,114	1,362,578,316	1,737,143,489	4,604,278,890
VAT	408,000,000	569,432,000	709,418,568	899,606,542	1,078,120,038	3,664,577,148
CSR	1,018,656	9,994,750	16,848,760	25,232,930	32,169,322	85,264,419
SUMMARIES	Y1	Y2	Y3	Y4	Y5	TOTAL
To the Private Sector	7,541,641,867	8,076,685,896	9,209,252,445	11,714,791,446	14,351,198,354	50,893,570,007
To the Government	463,007,440	1,109,148,531	1,619,251,682	2,262,184,858	2,815,263,527	8,268,856,037
To the Hosting Community	1,276,018,656	1,504,753,750	2,233,795,830	2,836,507,097	3,401,294,558	11,252,369,891

Appendix 2: Detailed Project Manning Plan

S/N	Category	Local		Foreigners		TOTAL
		M	F	M	F	
A.	Directors					
1	Managing Director			1		1
2	Director of Extractions				1	1
3	Director of Production			1		1
B.	Management Team					
1	Finance Manager		1			1
2	Quality Manager - Inputs			1		1
3	Quality Manager - Products				1	1
4	HR Manager	1				1
C.	Supervisors					
1	Raw Materials Handling Supervisors	1		1		2
2	Product Handling Supervisors	1	1			2
3	Logistics Supervisors	1	1			2
4	Maintenance Supervisors	1	1			2
D.	Workers					
1	Raw Materials Extraction Workers	40	10			50
2	Processing Workers	36	9			45
3	Workshop Personnel	5	1			6
4	Plant Technicians	2	1			3
E.	Support Staff					
1	Cleaners	2	4			6
2	Drivers & Operators	9	6			15
3	Security Guards	6	3			9
4	Accountant/ Cashier		1			1
	TOTAL	105	39	4	2	150

Appendix 3: Retained earnings Projections



Appendix 4: Operating Expenses Projections

ITEMS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Marketing Expenses	969,000,000	1,387,990,500	1,746,954,291	2,237,774,236	2,695,300,189
Bank Charges	2,400,000	2,496,000	2,745,600	3,020,160	3,322,176
Insurance	25,500,000	26,520,000	29,172,000	32,089,200	35,298,120
Office Expenses	586,500,000	854,148,000	1,108,473,535	1,461,862,567	1,819,327,627
Permits and Licences	43,400,000	800,000	800,000	3,800,000	40,400,000
Vehicle Expenses	484,500,000	782,969,000	1,019,795,652	1,293,186,117	1,549,797,609
Professionals Fees	76,500,000	84,150,000	92,565,000	101,821,500	112,003,650
Provision for Bad Debts	25,500,000	35,589,500	44,338,941	56,225,483	67,382,505
Depreciations	480,000,000	624,000,000	592,800,000	563,160,000	535,002,000
Miscellaneous Expenses	19,900,000	16,531,400	115,489,498	184,471,777	257,758,623
TOTAL OPERATING EXPENSES	2,713,200,000	3,815,194,400	4,753,134,518	5,937,411,039	7,115,592,498

Appendix 5: Gross Profit Projections

ITEM	YEARS				
	Y1	Y2	Y3	Y4	Y5
Projected Sales	10,200,000,000	14,235,800,000	17,735,576,560	22,490,193,331	26,953,001,887
Cost of Sales					
Power Utilities	387,600,000	412,838,200	620,745,180	809,646,960	970,308,068
Water Utilities	12,000,000	12,480,000	12,979,200	13,498,368	14,038,303
Wages	1,275,000,000	1,494,759,000	2,216,947,070	2,811,274,166	3,369,125,236
Depreciation	720,000,000	2,241,300,000	2,683,800,000	2,859,040,000	2,907,198,000
Supplies of Salt	2,552,400,000	2,742,985,800	3,155,961,065	4,526,735,238	6,078,371,027
<i>TOTAL COST OF SALES</i>	4,947,000,000	6,904,363,000	8,690,432,514	11,020,194,732	13,339,040,634
GROSS PROFIT	5,253,000,000	7,331,437,000	9,045,144,046	11,469,998,599	13,613,961,253