

BUSINESS PLAN AND RELATED LOAN APPLICATION ON POLYBAGS MANUFACTURING BUSINESS IN FAVOUR OF GSK INVESTMENTS COMPANY LIMITED.



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List of Abbreviations

TZS	-	Tanzanian Shilling
MD	-	Managing Director
CEO	-	Chief executive Officer
FMD	-	Foot and Mouth Disease
LMU	-	Livestock Multiplication Unit
LU	-	Livestock Unit
PASS	-	Private Agricultural Sector Support
DALDO	-	District Agricultural Development Officer
TSZ	-	Tanzania Shorthorn Zebu
TZS	-	Tanzanian Shilling

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EXECUTIVE SUMMARY

GSK Investments Company Limited is the Tanzanian owned company established and registered in June 2022 under the Companies act cap 12 of 2002 of the united republic of Tanzania to carry out among other things the business of all kind of Agriculture and Processing of agricultural products, business of Exporter, Importers and distributors of all kinds of food products, the business of Warehouse for Agricultural Products and general stores, the business of importers and distributors of all kinds of agricultural machinery etc. Currently the company has executed cereal trading business, agricultural transportation, exportation of cereal crops etc. The Company's head office is in Dar es salaam, has sub office in Sumbawanga and Dodoma.

GSK is originally designed to bridge the gap between smallholders' farmers and global markets, by ensuring competitive prices and facilitating smallholder farmers to access market of their produce. With a commitment to facilitating trade and fostering economic opportunities, the major activities is to purchase crops from the farmers across the country and export to key off takers in Rwanda, Malawi, Zambia, DRC etc of which payment terms is 100% on delivery.

GSK Investments Company limited founded by two shareholders with an authorized share capital of TZS 100,000,000 divided into 50,000 shares with the value of TZS 2,000 each

GSK Investments Company Limited Plan to engage in Polybags manufacturing business at Mayamaya street, Zanka ward, Bahi District in Dodoma Region. The factory area is strategically located with easy access to transport, reliable electricity supply as well as access to water. The proposed polybags manufacturing machines will be supplied by Lohia Corp Limited of India; the machines will have 30 looms with capacity of producing 137,500 bags per day.

To implement this project, the promoter has provided land worth TZS 120 million, constructed wall worth TZS 100 million, committed construction of factory building that will cost TZS 800 million and committed an additional working capital of TZS 342 million, pre operating cost of TZS 72 million. the total promoter's contribution will count to TZS 2,505,113,997 (TZS 1,291,000,000 existing equity and TZS 1,214,113,997 additional equity) which is 29% of all project cost. The project requires a total of TZS 8.5 billion, the deficit of TZS 6 billion will be sourced from financial institution.

The company will hire qualified and experienced management for polybags manufacturing business, the head hunting has been made, some of key team has agreed to work with the promoter once installation has done, the team includes,

- Mr. Nittur Manjunathaiah Venkataramu (Prakash) a Mechanical Engineer with more that 40years experience in plant maintenance and production of manufacturing unit. He has practical experience in all areas relating to mechanical maintenance, installation, and plant start-up activities.
- Shivaji Galli Karambal who is a Mechanical Engineer with more than 17years experience in the field of mechanical maintenance, production, and new development in polybag plant.
- Mr James Amiri has supervisory and managerial experience in sales and marketing for over 8years

The polybags clients ranges from small to big clients, the promoter will supply bags to central, southern and western regions (Dodoma, Singida, Morogor, Mbeya, Iringa, Njombe, Songwe, Rukwa, Katavi, Tabora, Kigoma, Mtwara, Lindi and Ruvuma). The regions are leading in the production of cereals crops where polybags are used for packaging, current these regions are supplied polybags from Dar es Salaam, Shinyanga, Mwanza, Iringa, Kilimanjaro, and Arusha. Furthermore, the promoter is doing cereal trading business, on his portfolio he uses more than 1,000,000 bags per annum for rebadging of cereals purchased from the small holder farmers, therefore the promoter have assurance market of 1 million bags from himself, more market opportunity comes from other traders, he has been approached by Intracom to supply and print polybags for Fomi fertilizers the client has shown the interest of 7,000,000 bags per annum, he also in Negotiation with GSM, ETG, NFRA, WFP, SANKU to manufacture and print polybags for their use

GSK Investments Company Limited is the existing Equity, CRDB and TADB Banks benefited with several services includes facilities, insurance, deposits etc, below is the table showing promoter's banking behaviour for past six months.

Bank	Currency	Account no	Total Credit	Equivalent TZS
EQUITY	TZS	3010211886934	9,542,541,679.15	9,542,541,679.15
EQUITY	USD	3010211886935	2,048,051.00	5,529,737,700
CRDB	TZS	0150674672900	8,176,247,800.00	8,176,247,800
CRDB	USD	0250674872900	631,995.67	1,706,388,309
Total				24,954,915,488

The table below describe the existing and proposed new facilities for GSK Investments Company Limited. The records show that only Equity bank has financed the companies.

Facility Type ('000,000's)	Curr	Existing Approved Limit	Existing Balance	Proposed Limit	Incr/ (Deer)	Facility Status	Purpose/Justification
Long term loan (TADB)	TZS			6,000	6,000	Proposed	To facilitate the purchase, installation and working capital for polybag business
Revolving Short-term loan (EQUITY)	TZS	5,000	5,000	5,000	0	Current	To facilitate the purchase of cereal crops particularly rice, wheat, rye, oats, barley, millet, and maize directly from individual farmers and supply to World Food Programme (WFP).
Letter of Credit /PIL (EQUITY)	TZS	1,060	1,060	1,060	0	NEW	To facilitate the purchase of cereal crops particularly rice, wheat, rye, oats, barley, millet, and maize directly from individual farmers and supply to World Food Programme (WFP).
Assets Financing (EQUITY)	TZS	892.8	517.8	517.8	(374.98)	Current	Facility granted for the purchase of 5 units of trucks and 5 units of trailers for supply of crops to off takers.
Total Group Exposure	TZS	6,952	6,577.8	12,577.8	5,625.02		

Facility Type (‘000,000’s)	Curr	Existing Approved Limit	Existing Balance	Proposed Limit	Incr/ (Decr)	Facility Status	Purpose/Justification
<i>Exchange USD/TZS 1\$/TZS2,700</i>							

GSK Investments Company Limited is looking an investment and working capital facility worth TZS 6,000,000,000, where TZS 5,001,985,100 will be an investment loan for purchase of polybags manufacturing machineries and TZS 998,014,900 will be working capital loan to overcome production, labour and overhead cost.

The Investment Loan (Loan for machinery purchase and installation) will be granted as Letter of credit for 360days then change to term loan, the letter of credit (LC) will be charged a commission of 0.5% per quarter. Once the facility changed to term loan, the maturity of loan will be 5 years charged an interest rate of 10% per annum while Working capital loan will be granted after installation and commission of the machine, the loan will be one year to be renewed upon demand.

The proposed facility will be secured by promoter’s assets, plant and machinery to be purchased and PASS Guarantee.

#	Type of Collateral	Collateral Value [MKT "TZS"]	Collateral Value [FSV "TZS"]
1	Landed Property over Land and factory buildings to be constructed in Dodoma	1,020,000,000	816,000,000
2	Chattle mortgage over plant and machineries to be purchased and installed	5,001,985,100	4,001,588,080
3	PASS Guarantee-50%	3,000,000,000	3,000,000,000
	Total collateral value	9,021,985,100	7,817,588,080
	Total Credit Facilities		6,000,000,000
	Total Collateral Cover		130%

The Financial projections reveal that the business will incur a loss of TZS 1,221,818,639 in initial year, this is due to the fact that there will be no production and sales started, however the company will incur manpower, overhead, testing material, LC commission and depreciation cost, the high loss will be contributed by machinery depreciation, the business will earn profit on the coming year, where the first year of sales the business will generate a net profit of TZS 1,777,660,996.

It is recommended that a new loan of **TZS 6,000,000,000/-** portioned for investment and additional working capital to be granted to GSK Investments Company Limited to make the investment of polybags factory to operate smoothly. The facility will be utilized on purchase and installation of polybags manufacturing machine and additional working capital.

1. INTRODUCTION

1.1. Profile of the Promoters

GSK Investments Company Limited is the Tanzanian owned company established and registered in June 2022 under the Companies act cap 12 of 2002 of the united republic of Tanzania to carry out among other things the business of all kind of Agriculture and Processing of agricultural products, business of Exporter, Importers and distributors of all kinds of food products, the business of Warehouse for Agricultural Products and general stores, the business of importers and distributors of all kinds of agricultural machinery etc. Currently the company has executed cereal trading business, agricultural transportation, exportation of cereal crops etc. The Company's head office is in Dar es salaam and has sub office in Sumbawanga and Dodoma.

In Agriculture value chain, the company is doing cereal collection, cereal transport, cereal storage and cereal selling. The company owns lands and trucks.

GSK originally designed to bridge the gap between smallholders farmers and global markets, by ensuring competitive prices and facilitating smallholder farmers to access market of their produce. With a commitment to facilitating trade and fostering economic opportunities, the major activities is to purchase crops from the farmers across the country and export to key off takers in Rwanda, Malawi, Zambia, DRC etc of which payment terms is 100% on delivery.

GSK Investments Company Limited currently Plan to engage in Polybags manufacturing business at Mayamaya Street, Zanka ward, Bahi District in Dodoma Region. The factory area is strategically located with easy access to transport, reliable electricity supply as well as access to water. Proposed polybags manufacturing machines will be supplied by Lohia Corp Limited of India; where machines will have 30 looms with capacity of producing 137,500 bags per day.

Polybags are mostly and commonly used bags in packaging industry due to its wide range of use. They are affordable, flexible, and high strength. They are commonly used for packaging of fertilizer, grains, barley, flour, salt, sugar, feeds, seeds, and other fine materials.

The motive to engage in this line is due to its important and impact to the society as the promoter spend more than 200 million on purchase of polybags per annum from Azania Polybags limited. The promoter has seen this as another line of business which will save cost, influence income and facilitate farmers to access packages at affordable price. The promoter has promised to supply 7,000,000 polybags per annum to Itracom fertilizers Company limited, Other promising markets come from SANKU, NFRA, WFP, GSM, ETG and small holder farmers.

The factory will be the big factory in central, southern and west regions of Mbeya, Mtwara, Ruvuma, Lindi, Iringa, Rukwa, Katavi, Kigoma, Njombe, Tabora

To implement this project, the promoter has provided land worth TZS 120 million, constructed wall worth TZS 100 million, committed construction of factory building that will cost TZS 800 million and committed an additional working capital of TZS 342 million, pre operating cost of TZS 72 million. the total promoter's contribution will count to TZS 2,505,113,997 (TZS 1,291,000,000 existing equity and TZS 1,214,113,997 additional equity) which is 29% of all project cost. The project requires a total of TZS 8.5 billion, the deficit of TZS 6 billion will be sourced from financial institution.

Banking relationship

GSK Investments Company Limited is an existing Equity, CRDB and TADB Banks client benefited with several services includes facilities, insurance, deposits etc, the services offered by promoter's banks includes,

CRDB Bank: the company maintains TZS and USD accounts with CRDB Bank.

EQUITY Bank: the company maintains TZS and USD accounts with Equity bank, he has been financed several loans includes 800 million for Trucks purchase, 2 billion for cereal trading and 6 billion for cereal trading, both facilities are serviced well.

TADB Bank: The promoter was approved a facility of TZS 4 billion with TADB Bank for cereal trading business, however the promoter has not utilized this funds since funds offered by Equity bank was for the same purpose, therefore the promoter looks to relocate this approval to polybags manufacturing investment.

The table bellows shows promoter's turnover for six months from January 2025 to June 2025.

Table 1: Promoter's turnover for January to June 2025.

Bank	Currency	Account no	Total Credit	Equivalent TZS
EQUITY	TZS	3010211886934	9,542,541,679.15	9,542,541,679.15
EQUITY	USD	3010211886935	2,048,051.00	5,529,737,700
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Total				24,954,915,488

Promoter's Existing facilities and Proposed new facility

The table below describe the existing and proposed new facilities for GSK Investments Company Limited. The records show that only Equity bank has financed the companies.

Table 2: Existing and Proposed new facility for GSK Investments Company Limited.

Facility Type ('000,000's)	Curr	Existing Approved Limit	Existing Balance	Proposed Limit	Incr/ (Decr)	Facility Status	Purpose/Justification
Long term loan (TADB)	TZS			6,000	6,000	Proposed	To facilitate the purchase, installation and working capital for polybag business
Revolving Short-term loan (EQUITY)	TZS	5,000	5,000	5,000	0	Current	To facilitate the purchase of cereal crops particularly rice, wheat, rye, oats, barley, millet, and maize directly from individual farmers and supply to World Food Programme (WFP).
Letter of Credit /PIL (EQUITY)	TZS	1,060	1,060	1,060	0	NEW	To facilitate the purchase of cereal crops particularly rice, wheat, rye, oats, barley, millet, and maize directly from individual farmers and supply to World Food Programme (WFP).
Assets Financing (EQUITY)	TZS	892.8	517.8	517.8	(374.98)	Current	Facility granted for the purchase of 5 units of trucks and 5 units of trailers for supply of crops to off takers.
Total Group Exposure	TZS	6,952	6,577.8	12,577.8	5,625.02		
<i>Exchange USD/TZS 1\$/TZS2,700</i>							

Note:

- i. The table shows that the company has three existing facilities from EQUITY Bank granted for cereal trading, and assets purchase, the performance of the existing facilities is good, the status of all facilities is current.
- ii. The promoter is looking a facility of TZS 6 billion from TADB Bank, the facility is portioned into working capital and investment loan, the use of this facility will be investment on polybags manufacturing factory.

1.2. Business Description

The promoter's head office is located at Dar es Salaam Tanzania, he operates with sub offices found in Dodoma and Sumbawanga, the collection of cereals always done in the area where there is high production, however polybags manufacturing factory will be situated in Dododma Tanzania, the area is easy to be accessible throughout the year.

1.2.1 Polybags Manufacturing business.

Poly bags are traditional bags in packaging industry due to their wide variety of usage. They are affordable, flexible, and durable. They are commonly used for packaging of fertilizer, grains, barley, flour, salt, sugar, seeds, animal feeds, seeds, and other fine materials. Polybags bags are

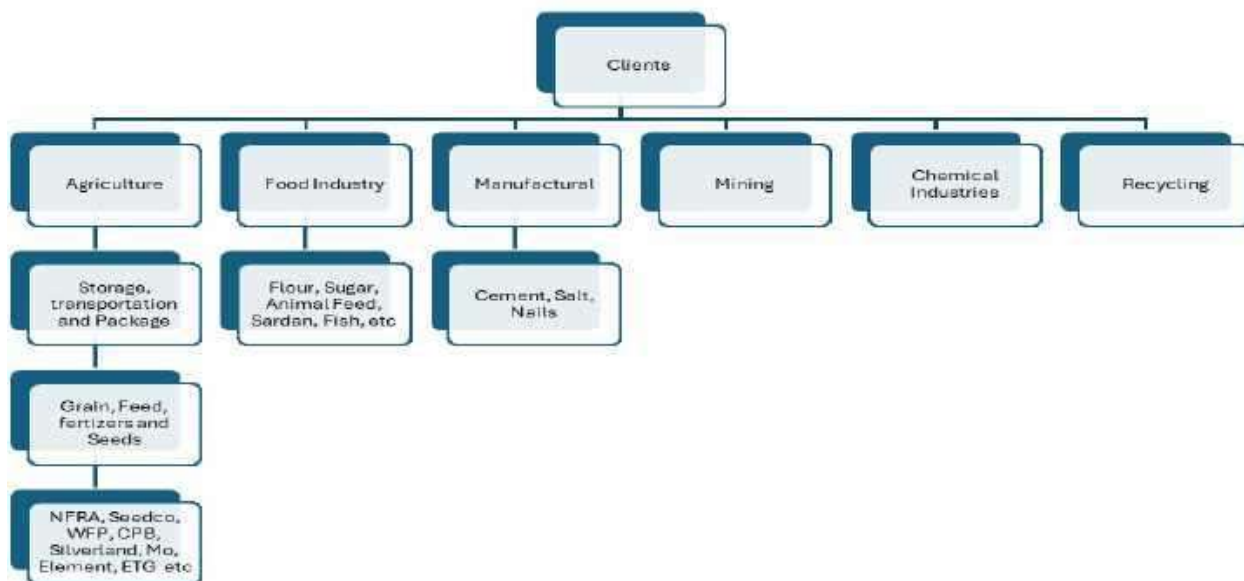
Business plan and related loan application on Polybags Manufacturing Business in favor of GSK Investments company limited

made from polypropylene woven fabric, which is a sort of plastic material. The fabric is made by weaving together long strands of polypropylene fibres. The advantage of Polybags are Reusable, Do not degrade when wet, Naturally resistant to tearing, Can be printed on both sides, Allow contents to air dry, Accommodate bulk items easily, Can be laminated as a vapor and moisture barrier, Stronger than plastic bags, Available in different sizes and colors, High strength and durability, Moisture resistance, Low cost Compared to other packaging materials, Environmentally friendly, Customizable, Resistant to UV rays, Long shelf life, Easy to handle etc.

Promoter's Plan

The promoter is looking to install polybags manufacturing plant, the project will involve construction of factory and installing of poly bags manufacturing machine. Poly bags are made from a ubiquitous polymer substance known as polyethylene. This begins with ethylene commonly extracted from natural gas, then treated to become polymer, forming long chains of hydrogen atoms. A blown film extrusion process is used to manufacture plastic that make poly bags. new machinery will be accompanied by special technical complexities and need for know-how and special skills.

Big Consumers of Polybags



Normal Size and Material Quality Consumed

Business plan and related loan application on Polybags Manufacturing Business in favor of GSK Investments company limited

Polybags Cutting

Conditions/Size (W*L in Cm)	85"*136"	80"*130"	76"*116"	70"*115"	60"*100"/50"*100"	48"*75"	46"*58"	33"*46"	46"*58" Laminated
Famous Name	Shanga mbili	Shanga moja	Chadema/Ukawa	Kinga njaa		Sembe bags	Sembe bags	Sembe bags	Mifuko ya Sokoni
Rangi ya michilizi pembeni	red		blue na michilizi kati					blue	
Debe zinazoingia	12	10	7	6	2	1	0.5	0.25	0.5
Uzito unaobebwa Kg	240	200	140	120	50	25	10	5	10
Uzito wa mfuko (gm)	180	135	112	85	88	55	42	29	43
Bei ya jumla range (TSh)	750-800	650-700	550-600	2,000	480-550	430-480	350-380	350-380	250-270
GSM	55		55	55	85	85	85	85	85

PP Woven Manufactural in Tanzania

The suppliers of polybags are categorized in three categories includes manufactural, importers of polybags rollers and importers of final polybags. The manufactural are those with factories starting from the scratch, the roller importers are those buys polybags rollers in kg, cuts the roller per size required.

Potential Areas to Invest Polybags Bags Manufacturing Plant in Tanzania

Region	Reasons
<i>Rukwa-Sumbawanga</i>	<p><i>Sole Manufactural</i></p> <p><i>Availability of Cereals</i></p> <p><i>Easy Accessibility to Rukwa, Katavi, Tabora, Songwe, Mbeya, Njombe and Ruvuma</i></p> <p><i>Connect Sadec Countries like DRC, Zambia</i></p> <p><i>Available Big Farmers</i></p> <p><i>Available Big Flour Processors and Packing such as Energy, Mbasira, Abdu etc</i></p> <p><i>Availability of Cement Manufacturing plant in Mbeya</i></p>
<i>Morogoro</i>	<p><i>No Huge Competition</i></p> <p><i>Easy to receive Raw Materia from Dar es Salaam port</i></p> <p><i>Can supply all over the country</i></p> <p><i>Availability of Agricultural activities</i></p> <p><i>Easy to supply products to Coastal region, the industrial region</i></p>
<i>Dodoma</i>	<p><i>The Capital City</i></p> <p><i>Easy to Supply products all over the country</i></p> <p><i>Sole Manufactural</i></p> <p><i>Growing city</i></p> <p><i>Available agricultura activities</i></p> <p><i>Available several factories</i></p>

Business plan and related loan application on Polybags Manufacturing Business in favor of GSK Investments company limited

The promoter has decided to install the factory in Dodoma due to available markets, accessibility of raw materials from Dar es salaam port, accessibility of infrastructures to the market, promising market from Intracom, expansion of dodoma town which influence activities that will need polybags materials. As the promoter have sub office in Sumbawanga, he will be supplying large quantity of polybags to southern highlands regions, the area is rich agricultures and food basket regions, most of maize, beans, sunflower, groundnuts, paddy coffee etc. Regions such as Songwe, Rukwaa and Katavi both suffers hig priced packaging materilas which mainly are from Dare es salaam, Arusha, Mwanza, Shinyanga and Zambia. Due to high prices and sometimes limited availability of PPE bags-packaging facilities, the company will assist the local smallholder farmers and community to have PPE baga/ packaging facilities at doors at the considerable prices- project to be not more than TSH 700 per bag compared to current price which TZS 1,000 per bag, that is why the company is venturing in the new business line of setting up a manufacturing factory of producing poly woven and non- Woven bags on a large scale with production capacity of 42.9 Million polybags per year. The Company intends to setup the factory at Mayamaya Street, Zanka ward, Bahi District in Dodoma Region. The industrial area endowed with transport accessibility, reliable TANESCO electricity supply as well as water.

Raw materials

The promoter will be using several raw materials including coating, yarn, ink, Liner, webbing, PPE/HDPE and CaCO₃. The raw material are procured from several supplier found in and out of Tanzania. The promoter will be importing and use locally. The table below show raw materials suppliers with their location and type of material supplied

Type of the Raw Material	Supplier	Location
Polypropylene Raffia Grade 3 to 4.5 MFI-SABIC	Saudi Basic Corporation (SABIC)	Saudi Arabia
Polypropylene	Sarchem Tanzania LTD	Tanzania
Calcium Carbonate	Mermas	Turkey
Master Batch	Colours and Compounds	Tanzania
Polypropylene	ETG Group Tanzania Ltd	Tanzania
Polypropylene	AG Company Ltd	Tanzania

1.3 Legality of the business

The company has been registered and offered all required legal documents includes certificate of incorporation, business licence, Tax identification number, authorities' certifications etc.

1.4. Business Ownership

GSK Investments Company limited founded by two shareholders with an authorized share capital of TZS 100,000,000 divided into 50,000 shares with the value of TZS 2,000 each. The share distribution are as follows,

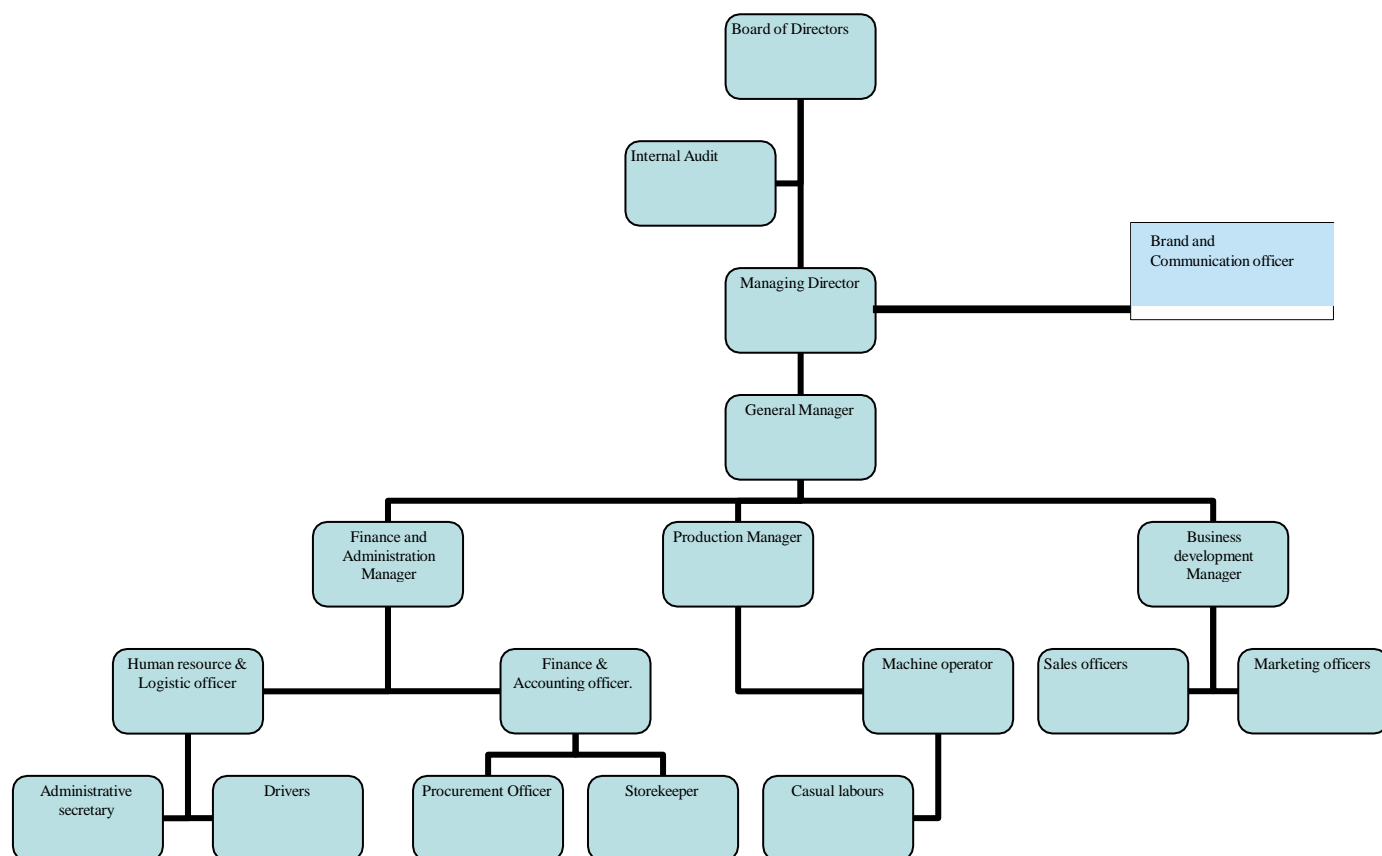
Table 1: Shareholders of Jabiri Coffee and Agro poultry Company limited

Name of Shareholders	Gender	No of Shares	Ownership	Nationality
Godfrey Husein Kipingu	Male	25,000	50%	Tanzanian
Anwar Hamud Mohamed	Male	25,000	50%	Tanzanian
Total		50,000	100%	

Currently the business has assets of more than 3 billion; the assets include fixed assets and current assets. The owners have accumulated required experience in this business.

1.5. Organization Structure, Management, Human resource & Welfare

The current organization structure of GSK Investments Company Limited is operating its activities under two major departments namely administration and Sales departments, however the new line of business will influence the changes of company organization, the new company organization will comprise three departments includes business development department, sales department and Finance and administration department. The highest decision maker for the company is board of directors. The managing director oversee day-to-day operations of the company assisted by heads of units.



Board of Directors

The Board is the strategic decision-making organ of the Company, the investment and financing decision is under the Board while the Executive Management is taking managing daily operations of the company. Below is the board of directors of GSK Investments Limited with its experience.

Table 2: Board of directors

Names of Directors	Position	Gender	Nationality	Qualifications	Experience	Shareholder ?
Godfrey Hussein Kipingu	Secretary	Male	Tanzanian	Degree	14 years	Yes
Anwar Hamud Mohamed	Board Chairman	Male	Tanzanian	Degree	6 years	Yes

Note: The Company is looking to add the team in board of directors in order to increase the expertise and experience as the company is expanding and introduce new line of business, the new line of business needs expertise on decision-making and management.

1.5.1 Management

Business plan and related loan application on Polybags Manufacturing Business in favor of GSK Investments company limited

The Management of the Company is very experienced. The management consist with professionals having adequate knowledge in Cereal trading business. Despite Mr Anwari being founder, a team behind the CEO include directors and other founders. The Board of Directors composes of executive and non-executives which anchor continuity of high-level key decision making even in absence of the CEO. Mr Anwari is an overall supervisor of the business working as managing director assisted by head of Finance and administration and other employees, current the business has a total of 12 permanent staff and several casual labours who varies depend on available work, a minimum of 20 to 100 people are working daily as casual labour paid on daily bases or by short term contract. Their duties are specifically in the general cleanliness, carriage, drying and hulling etc. The Management personnel are well experienced in the industry with required skills to manage the business. The relationship between the management and its staff is good as the business improves their welfare and contribute on corporate social responsibilities. The expansion of the project will result to the increase number of employees and positions where a total of 123 new employees will be employed permanent, positions that will be created includes Skilled Manpower, Unskilled Manpower, Manager, Supervisors, Maintenance, Quality assurance, Administrative Staff and Security.

The company will hire qualified and experienced management for polybags manufacturing business, the head hunting has been made, some of key team has agreed to work with the promoter once installation has done, the team includes,

- Mr. Nittur Manjunathaiah Venkataramu (Prakash) a Mechanical Engineer with more that 40years experience in plant maintenance and production of manufacturing unit. He has practical experience in all areas relating to mechanical maintenance, installation, and plant start-up activities.
- Shivaji Galli Karambal who is a Mechanical Engineer with more than 17years experience in the field of mechanical maintenance, production, and new development in polybag plant.
- Mr James Amiri has supervisory and managerial experience in sales and marketing for over 8years

Below are the titles and number of staff that will be hired for polybags manufacturing plant, the number considers the machine working In two shifts to achieve full capacity.

Title	no
Skilled Manpower	40
Unskilled Manpower	76
Manager	1
Supervisors	1
Maintenance	1
Quality	1
Administrative Staff	2
Security	1
Total Manpower	123

To ensure efficient and effective planning, execution, and control of overall business management, the company adheres to the principles of good governance in each business decision made and promotes high professionalism and ethics in every service provided, to achieve this, the company will develop various policy manuals to guide business operations. Carry out regular staff meetings and appraisals, encourage teamwork and sharing of information since the organization practices matrix structure.

Below are the names and experience of Management team.

Table 3: Existing Core Management team of GSK Investments Company Limited

S/N	Names of Management	Position	Qualifications	Years of Experience in	
				Company	Industry
1	Godfrey Hussein Kipingu	Head of finance	Degree	5	11
2	Anwar Hamud Mohamed	Managing director	Degree	5	11
3	Ester Pallangyo	Auditor	Degree	2	5
4	Omar hamis	Procurement manager	Degree	2	9

1.5.2. Availability of Labour

The new investment will get adequate labour for the current size of business both professional and casual labours at the area and out of the area. In Tanzania, it is estimated that more than 75% of the population live in rural areas depends directly or indirectly on agriculture for food, employment, and economic growth. The promoter employs casual labour from the project place while professionals are employed from all over the country.

1.5.3. Training and Technical Advice

The promoter will get assistance from consultancy on business operation, however if needs arise, the promoter seek technical assistance from Lohia.

1.5.4. Gender considerations

The promoter gives equal opportunity to all male and female during recruitment however the tough works like loading and offloading of raw materials will be granted to male while light activities like drying, cleaning, sorting will be granted to female. The working proportion for female and male will be 60% and 40% respectively.

1.5.5. HIV & AIDS

The Promoter is providing education on HIV/AIDS prevention and how to live healthily for those who have been infected. The Promoter provides this information to his workers (both casual and permanent) and is a continuous process.

1.6. Purpose of the Loan

GSK Investments Company Limited is looking an investment and working capital facility worth TZS 6,000,000,000, the facility will be utilized as follows,

i. TZS 5,001,985,100 an investment loan for purchase of the following machineries,

Tape Extrusion Line Model Lorex E120B.1600HS -1	874,881,000
Tape Winder Model LFW 200CE -312	407,389,500
Circular Loom LSL6 -30	1,148,904,000
BCS Liner Inersion Machines	184,923,000
Bag Conversion Machine Model BCS classic -2	68,877,000
Extrusion Coating Machine Model Lamicoat Prime C1500 -1@	382,158,000
Lohia Six colours Flexo Printing Machine Model Prismaflex 100 -1@	286,281,000
Spin-Draw-Wind Line For PP Multifilament Yarn Model Baby Lofil	302,764,500
Chiller - 75TR -1@	151,254,000
Bale Press-working capacity 45tones	68,472,000
Fabric Tester 2500N/ TapeYarn Tester 500N/ Combined Tester	23,152,500
Air Receiver 500/1000 litres, 7 Bar -1@	2,713,500
Loom Data Monitoring System -1@	251,100
Sewing Mc ST502HD/ ST602HR /ST 603 UDR-N /ST 802 UFC/	27,013,500
Aluminum Cheese Tube 35x40x218 (Black) -10000@\$1.37	37,003,500
Compressor 213 (CFM)	78,732,000
SET OF LT ELECTRIC PANELS -1@72,000	194,400,000
SET OF CABLES, WITH LUGS AND GLANDS -1@\$64,500	174,150,000
MACHINES EARTHING SET -1@23,000	62,100,000
FLOOR SCALE -1@\$2,200	5,940,000
630 KVA POWER TRANSFORMER -1@\$34,750	93,825,000
SGS Parking and other charges -1@\$4,000	10,800,000
Clearing & Local transport	270,000,000
Installation cost -1@\$30,000	146,000,000
Subtotal	5,001,985,100

ii. TZS 998,014,900 will be working capital loan to overcome production, labour and overhead cost.

Loan Structure

1. Investment Loan (Loan for machinery purchase and installation). The loan will be granted as Letter of credit for 360days then change to term loan, the letter of credit (LC) will be charge a commission of 0.5% per quarter, once the facility changed to term loan the term loan will be charged an interest rate of 10% per annum, the term loan will be will be a five years' loan.
2. Working capital loan will be granted after installation and commission of the machine, the loan will be one year to be renewed upon demand.

Note: The company has an existing loan of TZS 6.578 billion which makes a total proposed exposure to be TZS 12.578 Billion, the existing loan was granted for cereal crops trading, the payments of existing facility will not depend on cash generated from polybags business.

Financing Model

- The bank will provide loan facility to GSK Investment Company Limited for Purchase polybags manufacturing machine and additional working capital
- GSK shall honour loan repayment obligations and loan fees to Bank.
- Loan disbursement will be done as per the approved terms and conditions
- Fund will be remitted directly to supplier of equipment and machineries.
- Monitoring of the loan repayment as per the cash flow projection.

Roles of GSK in this Financing Model.

- Timely repayment of the loan instalments both principal and interest as per the approved cash flow.
- Provide support services to polybags buyers particular smallholder farmers.

Buyers:

- Sign PP bags Purchase agreement with GSK Investments Company Limited.
- Remit sales proceed to GSK collection account held at financier bank.
- Comply with signed PP Bags purchase agreement

Suppliers.

- Comply with sales contracts agreement
- Give quotations of the full amount payable including installation fees.
- Train staffs to operate the machines after commissioning.
- Supply raw materials.

Rational for recommendation to finance this project.

- ✓ The business is viable, profitable and has positive outlook following continued growth of demand of polybags.
- ✓ Business experience of over 8 years from directors
- ✓ Promising market from Intracom, WFP etc
- ✓ Good account operation of TZS 24 billion for the past 6 months

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- ✓ The business is very well organized and managed by the Directors and other well-trained staff.
- ✓ The company will be able to meet the demands of the clients on time
- ✓ Excellent repayment of the existing facilities
- ✓ Machinery loan will be under 360 days LC. The payment to supplier will be made direct to the suppliers account after receiving borrower's instructions.
- ✓ Ready available market, the promoter has promising market in Tanzania and Rwanda
- ✓ The project will create employment opportunities to more than 243 people.
- ✓ Source of government revenue through payment of income tax
- ✓ The business is very well organized and managed by the promoter and other well-trained supporting staffs.
- ✓ The projected cash flows of the business support the business growth and evidence the repayment capacity of the business.
- ✓ The company will be able to double the income and become more competitive in the industry in terms of production capacity compared to other companies in the industry.
- ✓ Commitment of the promoter which supported by Strong security coverage over 125% supported by landed properties, machinery and PASS Guarantee.
- ✓ The promoter is off taker of small holder farmers all over Tanzania and will be selling polybags on reduced prices, the farmers include female, youth, and male.
- ✓ The promoter will purchase and install big polybags manufacturing machine with 30 looms which will reduce importation of roller.

1.7. Security Pledged for the Loan

The promoter will pledge the following securities for the requested facility,

Table 4: Securities arrangement

#	Type of Collateral	Collateral Value [MKT "TZS"]	Collateral Value [FSV "TZS"]
1	Landed Property over Land and factory buildings to be constructed in Dodoma	1,020,000,000	816,000,000
2	Chattle mortgage over plant and machineries to be purchased and installed	5,001,985,100	4,001,588,080
3	PASS Guarantee-50%	3,000,000,000	3,000,000,000
	Total collateral value	9,021,985,100	7,817,588,080
	Total Credit Facilities		6,000,000,000
	Total Collateral Cover		130%

The proposed collateral will be contributed by existing promoter's assets, relating company assets, new assets and PASS Guarantee, Total collateral becomes 130% which is higher than 125% collateral requirement as per BOT regulation.

2. ECONOMIC ASPECTS AND SOCIAL IMPACT

Overview about the Tanzania Polypropylene Woven Bags And Sacks Market Shipment Analysis:

Tanzania Polypropylene Woven Bags And Sacks Market registered a growth of 20.3% in value shipments in 2022 as compared to 2021 and an increase of 3.67% CAGR in 2022 over a period of 2017. In Polypropylene Woven Bags And Sacks Market Tanzania is becoming more competitive as the HHI index in 2022 was 2903 while in 2017 it was 4758. Herfindahl Index measures the competitiveness of exporting countries. The range lies from 0 to 10000, where a lower index number represents a larger number of players or exporting countries in the market while a large index number means less numbers of players or countries exporting in the market (Source: 6Wresearch).

2.1 Economic Impact

- **Reduce Importation:** the factory will reduce importation of polybags from China and India, funds that would be used for importation will remain in the country and circulate.
- **Government Income:** The project will meet its obligation and remit various tax payments annually. It is expected that employment tax, withholding taxes, corporate taxes will provide significant revenues to the government. In 2025 the organization will contribute a tax of TZS 731 million.
- **Contribution to the Economy:** The total incremental gross profit of the investment is estimated to contribute to the economy approximately TZS 4,843,609,829/=

2.2. Impact of project to the Society

- **Employment Creation.** The project has 12 permanent workers, once the project implemented the number of permanent employees will increase to 254 people. about 50 to 100 people will be working as casual labour, the number will vary depends on available activities, the return to employee is estimated to be TZS 766 million per annum, the casual labour to be employed will include,
 - ✓ Sewing of bags which will mostly be done by women's
 - ✓ Sorting of bags according to the size and customer name
 - ✓ Packaging to read for deliver to the customer
- **Available of high-Quality product:** the promoter plan to install modern polybag processing machine with capacity of producing 11 tons of polybags per day.
- **Storage facilities:** the packages produced provides storage facilities where farmers can store their cereals using the liner polybags. the facilities will enable farmers to sell their produce when price is high without using chemicals.

- **Out growers Scheme:** the promoter has registered out growers doing maize farming, In the long run, the company plan to register other small holder farmers doing other crops the registered farmers will be supplied with inputs, training, and assured market of their produce. This is motive to small holder farmers to consume polybags manufacture by GSK Investments company Limited and sell their produce to the company.
- **Market Assurance:** The project will assure market of maize to more than 1,000 farmers in southern highlands regions.
- **Social contribution:** The company investing part of the premiums to social projects like schools, health facilities and learning centres, capacity building programs to the farmers.
- **Training farmers:** The project will continue training farmers on best agronomic practices hence ensures optimum land use and income to the community.
- **Availability of polybags:** the project will increase availability of polybags in the country hence enable farmers to access easily every ware.

3. TECHNICAL ASPECT

The main business of the company is cereal trading, the promoter buys cereals from small scale farmers and sales to the market, the promoter wants to introduce another line of business where plan to install the polybags manufacturing plant, the machinery will be acquired from Lohia Corporation limited the Indian company. The plant will be installed in Dodoma. Below are the technical operations of Polybags manufacturing plant.

Polybags Manufacturing process

PP woven sacks are generally manufactured and printed as per the customers' demands/needs. The end users adopt different kinds of colour combinations and designs in the printing of these sacks to convey the message, characteristic, quantity & quality related details and handling instructions etc. For some kind of specific applications like filling of hydroscopic materials E.g. chemicals, fertilizers, food products etc. these woven sacks are laminated also. Flexography is a process in which the raised image area of rubber printing plates deposits ink on the substrate. (This is unlike offset lithography, which uses flat, or planography, plates.) The flexor plates are affixed to the press rollers with adhesive, and as the rollers turn and the plates strike the ribbon of sheet plastic traveling through the web press, the plates print the graphic designs on the plastic woven bags.

According to experience of PP manufacturing process, quality control usually takes place in two places:

- The extruder: this is determined by checking the quality of the materials fed into the machine. The quality of the material will determine the colour to be effected in the fibres.
- After the production, there is a constant check of the final fibres. The quality of the fibres determines the quality of the bag. If they are not in the quality desired, they can be recycled.
- The source of power to support operation of the project will be from TANESCO and the installed standby generator, which has the capacity of 20KVA to be used in case of power outage.

Poly bags are made from a ubiquitous polymer substance known as polyethylene. This begins with ethylene commonly extracted from natural gas, then treated to become polymer, forming long chains of hydrogen atoms. Blown film extrusion process is used to manufacture plastic that make poly bags. In other words, it involves superheating and pressurizing raw LDPE, HDPEOR LLDPE plastic pellets to create a consistent molten liquid. Once the liquid is created, the resin is forced into a circular dhe. Then the hot resin is blown outward or upward to create a thin, Long balloon of very pliable plastic film.

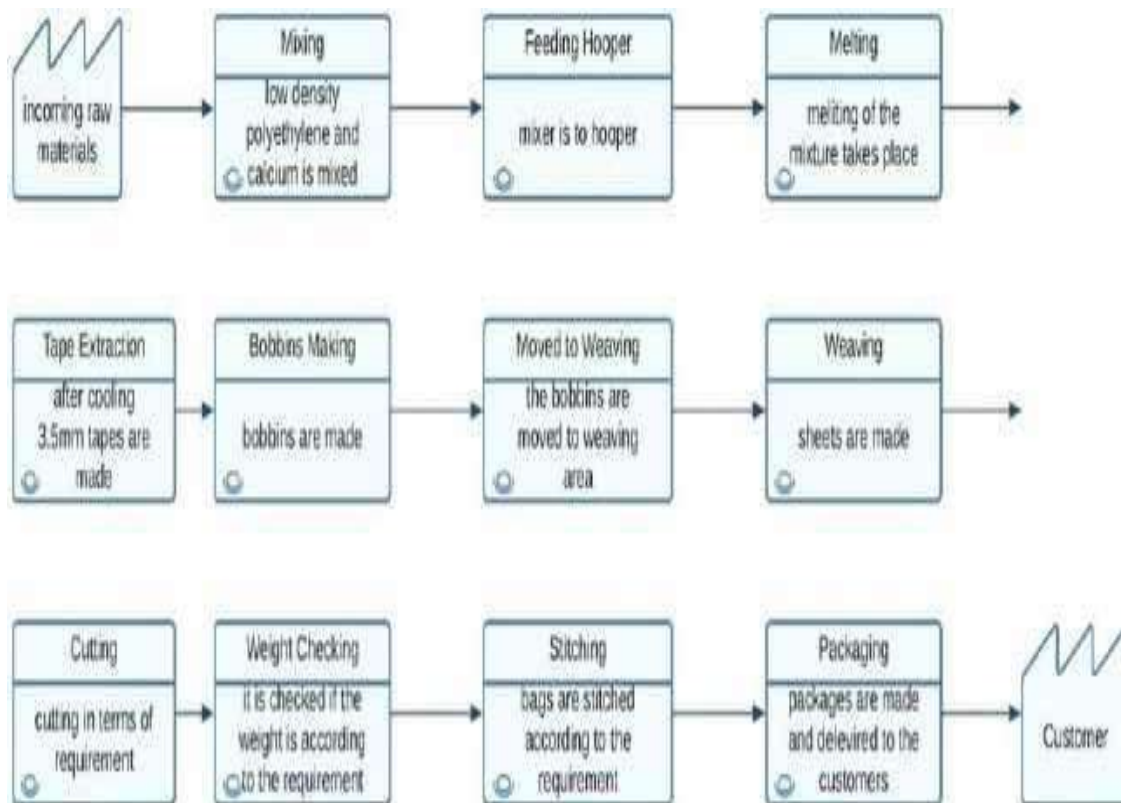


Table 10: Project Implementation plan for first year

Activity	Months											
	1	2	3	4	5	6	7	8	9	10	11	12
Fund Soliciting	Yellow											
Construction works	Grey	Grey	Grey	Grey	Grey							
Purchase of the machines	Yellow	Yellow	Yellow	Yellow	Yellow							
Clearing and Transportation to project site					Green							
Recruitment of key personnel					Green							
Installation and commissioning					Blue	Blue	Blue	Blue	Blue			
Testing										Purple	Purple	
Commercial production												Yellow

The Project implementation Schedule to be reviewed as per the time frame.

4. MARKETING ASPECTS

Market Opportunity and Demand of Woven bags:

The agricultural sector grew by 4% in 2017 from 3.8 & in 2006. This was still significantly higher than the population growth rate of 2.9% thus implying positive impact on the poverty reduction. The Food Self Sufficiency Ratio (SSR) in 2007/08 was 104 implying that the nation was largely food self- sufficient (Ministry of Agriculture Annual report 2007/2008). The increase in production in the agricultural sector trigger the demand for packaging of the cereals and other produce.

Woven polypropylene bags offers packaging for a large variety of products in industries such Packing fertilizer, grains, barley, flour, salt, sugar, seeds, animal feeds, seeds and other fine materials. Whether simple bags for business –to business applications or bags with high quality graphics for superb consumer appreciation, woven polypropylene bags offer economy, better protection, saving weight and greater strength than other available packaging.

Advantages of Polypropylene (PP) Woven Bags includes PP woven bags are water- proof and rot-proof hence they are suitable when storage for a period of time is necessary, They are odorless and free from fluff, hence they are particularly hygienic, They are resistant to many chemically aggressive substances this is important in the case of many industrial applications, Much greater burst strength than regular plastic bags, Naturally resistant to tearing, Better pest resistance, Re-usable, Physiologically harmless and are therefore suitable for packaging food stuffs, Less expensive compared to other packaging materials like jute and paper.

The polybags clients range from small to big clients, the promoter will supply bags to central, southern and western regions (Dodoma, Singida, Morogor, Mbeya, Iringa, Njombe, Songwe, Rukwa, Katavi, Tabora, Kigoma, Mtwara, Lindi and Ruvuma). The regions are leading in the production of cereals crops where polybags are used for packaging, current these regions are supplied polybags from Dar es Salaam, Shinyanga, Mwanza, Iringa, Kilimanjaro, and Arusha. Furthermore, the promoter is doing cereal trading business, on his portfolio he uses more than 1,000,000 bags per annum for rebadging of cereals purchased from the small holder farmers, therefore the promoter have assurance market of 1 million bags from himself, more market opportunity comes from other traders, he has been approached by Intracom to supply and print polybags for Fomi fertilizers the client has shown the interest of 7,000,000 bags per annum, he also in Negotiation with GSM, ETG, NFRA, WFP, SANKU to manufacture and print polybags for their use.

The Largest consumers of polybags are local farmers, particularly maize, beans and rice farmers, who use them to store their produce after harvest. The southern highland regions are food baskets and rich producer of other various crops in the country. It has huge market of more than 50Million bags, triggered by massive crop production and industrialization such as Mbeya cement, Agro-processors such like Raphael group, Mbasira, Kilomwa, Mbata traders etc, while

there is only 1-factory namely JND Polybag based in Iringa. The factory has the capacity to produce only 15Million PPE bags per annum while leaving the gap of about 35Million bags. Either the presence of PPE bags factories in the central and southern highland regions will provides the solutions of value chain vertical integrations on ground while lowering prices of polybags to smallholder farmers. It's from this background GSK Investments Company Ltd intends to scale up and diversify company investment via establishment of the polybags factory with the capacity of 49.5Million PPE bags per annum in Dodoma region. The bellow table summarizes some selected crops in the southern highland zone region, which create a readily and well-determined market for PPE bags factories;

Demand of PPE Woven bags for selected crops in the southern highland who is the major producer of cereal crops in Tanzania.

Region	Maize-tons	Beans-tons	Paddy-tons	Irish-tons	Year	Source	Demand
Rukwa	803,414.40	154,040.50	134,146	19,076.98	2022/2023	RAS	11.1Million
Songwe	333,858	53,025	142,181	41,325.30-Sunflower	2022/2023	RAS	5.7Million
Katavi	357,876	39,270.3	316,631.1	42,308.4-Groundnuts	2018/19	Guide	7.6Million
Mbeya	701,078	112,273	405,305	939,356	2020	Guide	21.6Million
Iringa	577,442	94,280	53,710	169,922	2020	Guide	9Million

Note; The approximate demand for PPE woven bags against various crops produced in the southern highland regions is more than 50Million per annum.

List of some buyers plan to buy Polybags from the promoter

List of major buyers	
Name	Location
GSK Investments Company Limited	Dodoma
Mbozi Coffee Curing Company	Songwe
Mbeya Cement Company Limited	Songwe
City Coffee	Mbeya
CMS Company Limited	Songwe
Majinjah Food Processing CO.Ltd	Songwe
Lima Company Limited	Songwe
GDM company Limited	Songwe
ILAS Super Sembe	Songwe
Mbasira food Processing	Rukwa
Shimondo AMCOS	Songwe
Ndolezi Amcos	Songwe
Hawiga AMCOS	Songwe
Sogea AMCOS	Songwe
Kibanza Company Limited	Mbeya
Kyela Cooperative Union	Mbeya
Songwe Cooperative Union	Songwe
Rungwe Cooperative Union	Mbeya

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Ufipa cooperative union Ltd	Rukwa
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However, the promoter will keep on promoting her products to various market in and out of Tanzania, the promotion will consider small, medium and large entrepreneurs, the promoter plans to face food manufactural in southern and central zone as per list below,

No	NAME	CONTACTS DETAILS	LOCATION	Quantity / Annum
1	Super Seki Investment	0768292044/0757409887	Iringa	720,000
2	Usungiro	684191526	Iringa	180,000
3	De Super Sembe	754769423	Iringa	120,000
4	A.G	0684996644/0764187833	Iringa	216,000
5	Mwananchi	758128084	Iringa	122,724
6	R.K	755519621	Iringa	122,736
7	F.K	682338410	Iringa	228,000
8	D.M.K	766411993	Iringa	240,000
9	Another One	767331302	Iringa	132,000
10	Mwangaza	759323951	Iringa	240,000
11	Masoud	767140714	Iringa	162,000
12	Duma Super Sembe	714744276	Iringa	207,000
13	Saboso Dona	754469516	Iringa	183,432
14	Amani Vijo	759384237	Iringa	139,164
15	Kisigo Tea Company	763010745	Iringa-Mufindi	300,000
16	Mapanda Sembe	755694020	Iringa - Mafinga	175,800
17	Mapanda Rice	755694020	Iringa - Mafinga	96,000
18	Kasuku Lime	754570043	Iringa - Ifunda	156,000
19	Mamba Lime	755056689	Iringa - Ifunda	120,000
20	Tenende Super Sembe	754514579	Njombe	120,000
21	Mligo Super Sembe	753390451	Njombe	228,000
22	Mkulima Bora	784420884	Njombe-Igwachanya	228,000
23	Raha Leo Super Sembe	754640971	Njombe - Makambako	228,000
24	Mzalendo Sembe	755762840	Njombe - Makambako	228,000
25	Dangote Super Sembe	752911098	Mbeya	228,000
26	Penguin Lime	622274931	Songwe	210,000
27	Hanza Super Sembe	785859595	Songea	120,000
28	Upendo Super Sembe	752118057	Songea	188,376
29	Beckah Super Sembe	784528856	Songea	270,936
30	Mtazamo Investment	787320099	Songea	270,936
31	Dulla Super Sembe	767626234	Songea	270,936
32	Al-Mujibu	712408045	Songea	270,936
33	Lukman	716525425	Songea	270,936
34	M.M Sembe	715569128	Songea	143,820
35	Kimolo Super Rice	754451597	Dodoma	147,360
36	Kingare Super Sembe	784411951	Dodoma	201,600
37	Malatu Super Rice	782680494	Dodoma	310,764
38	Chavda	782039535	Dodoma	214,272
39	Dodoma Lime	784276484	Dodoma	164,220
40	I.C	786891919	Morogoro -Ifakara	143,844
41	C.G	784392788	Morogoro -Ifakara	180,000
42	Halima Agro	767999132	Rukwa - Sumbawanga	164,220
43	Mwayaya Sembe	766951926	Rukwa - Sumbawanga	164,220
44	London Super Sembe	754625942	Rukwa - Sumbawanga	164,220
			TOTAL	8,992,452

Pricing.

Polybags prices will depend on production cost, bag size, quantity and market prices, the promoter will offer several sizes with different prices as follows,

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Conditions/Size (W*L in Cm)	85"*136"	85"*136"	76"*116"	75"*115"	70"*115"	60"*100"/50"*100"	60"*100"	48"*75"	50"*75"	46"*58"	33"*46"	46"*58" Laminated
Famous Name	Shanga mbili	Mchina	Chadema	Mchina	Kinga njaa		Mchina	Sembe bags	Mchina	Sembe bags	Sembe bags	Mifuko ya Sokoni
Bales	12	12	7	7	6	2	2	1	1	0.5	0.25	0.5
Carried weight (kg)	240	240	140	140	120	50	50	25	25	10	5	10
Bags weight (gm)	120	118	112	112	100	88	78	55	52	42	29	43
Whole sale price range (TSh)	750-800	650-680	550-600	450-480	2,000	480-550	350-380	430-480	250-280	350-380	350-380	250-270

4.4 Competition

Polybags production business like any other business have competitor ranges from small to big competitors, the size of competition depends on number of bags produced, below is the list of big producers.

- A to Z Textile Mills Ltd located in Arusha is a family owned and operated company which started with a single sewing machine in the 1960s, expanding considerably to presently include 8 companies within the group which offer a wide variety of products and services in both local and international markets. In addition, combines 50 years of textile manufacturing and plastic extrusion expertise to produce the highest quality PP woven bags with state-of- the-art machinery.
- Azania Poly Bag Industries Ltd (APBIL) is one of the largest manufacturers of woven polypropylene bags in Tanzania. The company started commercial production in 2009 and has since expanded to an annual production capacity of more than 40 million bags. Since its inception, the market for various types of polypropylene bags has increased considerably, prompting APBIL to expand to meet the growth in various market sectors.
- Hillary Packaging Company Ltd- Bagamoyo: Is among the leading polypropylene woven bags manufacturers in Tanzania. Owing to our long-term experience, they offer customers the best quality products. Hill PP woven bags are light, but strong enough to handle any kinds of strain. Customer preference is paramount to the products we make. That means we produce bags based on customer’s specifications, dimensions, and weight requirement.
- HARSHO Group of Companies is a Combination of Three Companies Registered to Operate in The United Republic of Tanzania. The Companies Conduct Its Operation at Kwasadala, Hai, Kilimanjaro. The Company is leading manufacturers and distributors of non-woven materials, bags, and polypropylene bags. Non-woven bags come with different bag colors, types, sizes, and GSM with TBS recommendations. All our bags and material are Reusable – Recyclable and we are proud to own our recycling plant as part of our Environmental noble act
- Omary packages, the company has been existing for several years operating from Dar es salaam, the company has capacity of manufacturing 60million polybags per annum, it is owned by Bakhresa and services printers and big clients.
- Fresho Investments Co. Ltd has been serving the international markets since early 90’s. The company specialize in cotton ginning, retail trade, oil milling, Bio diesel production, money market, packaging as well as transport services. Fresho PP Bags manufacture

wooven sacks in all sizes, materials and colors. We are constantly striving to achieve synchronization between the technology, process, and manpower to deliver products and services which efficiently meet quality and the price structure for clients.

Small manufactural with capacity below 20million bags per annum are Rochluzi Co. Ltd of Kahama, Lakairo Investment of Mwanza, Mwilamba agro Ltd of Songea Ruvuma and SOWAMCO of Namtumbo Ruvuma, Victoria moulding in Mwanza, TC industries Dar es Salaam, Tanzania ya viwanda in Morogoro, PPTL in Arusha, Monaban in Arusha, Chines manufacture in Mwanza and JND in Iringa.

Despite majority of these competitors been in the business for many years, the proposed project has the following advantages over its competitors includes.

1. **Location:** The proposed project will be located in Dodoma, the place is closer to the best crops production zone and the markets especially export markets. These will increase access to the clients in and out of Tanzania, furthermore the access of raw materials is easily from Dar es Salaam hence lower costs of production and marketing.
2. **Product quality:** the promoter will offer high quality packages due to modern machine technology and high quality raw materials that will be purchased.
3. **Price:** The promoter will set the price which is low compared to other players, however the price set will cover cost of production.
4. **Service to the customers:** the promoter will be able to make field visit to existing customers to hear any comments regarding to the distributed packages, any default will be returned to the factory and the client will be compensated with new bags.
5. **Economies of Scale:** the promoter will start with 30 looms which assure massive production and lower cost of production
6. **Available market:** The promoter has large promising market ranging from individual, institutions, and companies.
7. **Low production costs:** easily access of raw material and massive production lowers cost of production.
8. **Experience of the management team-** The promoter has experience in cereal trading, the same experience will be adopted in polybags manufacturing business furthermore the promoter will employ plant manager, operators and marketing manager with experience of more than ten years, the head hunting has been done.
9. **Reliability-** the investment area is easily to be accessible all over the country as it will be situated at the centre of the country.
10. **Technology:** the promoter will purchase the machines with modern technology. The machinery will be purchased from Lohia Corp Limited; Lohia is the second leading manufactural of quality.

5. FINANCIAL PROJECTIONS

Financial Assumption

During preparation of financial projections, the promoter assumed various variables as follows,

- i. The machine will be imported from India
- ii. The exchange rate for USD against TZS will be TZS 2,700

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- iii. The machine to be purchased will have capacity of producing 11mT of polybags
- iv. The products will be sold in weight of roller
- v. The machine will operate at fully capacity in two shifts
- vi. The installation of machineries will take nine months
- vii. The testing of machineries will take three months, at this period staff will pass through orientation, testing of machineries, no sales will be done.
- viii. The Operation manager will be employed after machinery installation, hence will spend three months before operation start, other employees will be employed one month before operation start.
- ix. The projections consider Y0 as the year where machinery installation, commissioning and testing will be done, therefore no commercial sales will be done, at this period the company will incur some overhead costs, man power cost to few key staff, raw material cost for testing machineries, commission for LC, depreciation of purchased machineries etc.
- x. The promoter will add TZS 800 million for construction in Y0, the working capital addition will be done in Y1.
- xi. The promoter will request the Letter of Credit (LC) of 360 days, then the facility will be changed to term loan of five years
- xii. The bank will charge a commission of 2% for LC and an interest rate of 10% for bank loan

5.1. Investment and Financing Plan

The projected investment cost is assumed to be TZS 8,505,113,997/- where TZS 1,291,000,000 is promoter's existing equity, TZS 1,214,113,997/- will be additional equity, TZS 6,000,000,000 will be bank loan. Both promoter's additional equity and bank loan will be used to finance investment and additional working capital. The additional equity will be obtained from promoter's existing cereal businesses. The promoter's additional equity will cover construction of warehouse, cost for initial running of the business and pre-operating costs. The gearing ratio shows that the equity will be 29% while the loan will cover 71% of investment cost.

Annex 2: Promoter's Financing Plan

	Existing		Additional		Total
	Equity	Loan	Equity	Loan	
Land and buildings					-
Land and Fencing	220,000,000				220,000,000
Warehouses building			800,000,000	-	800,000,000
Subtotal	220,000,000	-	800,000,000	-	1,020,000,000
Plant And Machinery					
Tape Extrusion Line Model Lorex E120B.1600HS -1				874,881,000	874,881,000
Tape Winder Model LFW 200CE -312				407,389,500	407,389,500
Circular Loom LSL6 -30				1,148,904,000	1,148,904,000
BCS Liner Inersion Machines				184,923,000	184,923,000
Bag Conversion Machine Model BCS classic -2				68,877,000	68,877,000
Extrusion Coating Machine Model Lamicoat Prime C1500 -1				382,158,000	382,158,000
Lohia Six colours Flexo Printing Machine Model Prismaflex 100 -1				286,281,000	286,281,000
Spin-Draw-Wind Line For PP Multifilament Yarn Model Baby Lofil				302,764,500	302,764,500
Chiller - 75TR -1				151,254,000	151,254,000
Bale Press-working capacity 45tones				68,472,000	68,472,000
Fabric Tester 2500N/ TapeYarn Tester 500N/ Combined Tester				23,152,500	23,152,500
Air Receiver 500/1000 litres, 7 Bar -1				2,713,500	2,713,500
Loom Data Monitoring System -1				251,100	251,100
Sewing Mc ST502HD/ ST602HR /ST 603 UDR-N/ST 802 UFC/				27,013,500	27,013,500
Aluminum Cheese Tube 35x40x218 (Black) -10000				37,003,500	37,003,500
Compressor 213 (CFM)-1				78,732,000	78,732,000
SET OF LT ELECTRIC PANELS -1				194,400,000	194,400,000
SET OF CABLES, WITH LUGS AND GLANDS -1				174,150,000	174,150,000
MACHINES EARTHING SET -1				62,100,000	62,100,000
FLOOR SCALE -1				5,940,000	5,940,000
630 KVA POWER TRANSFORMER -1				93,825,000	93,825,000
SGS Parking and other charges -1				10,800,000	10,800,000
Clearing & Local transport-1				270,000,000	270,000,000
Installation cost -1				146,000,000	146,000,000
Subtotal	-	-	-	5,001,985,100	5,001,985,100
Motorvehicle					
Trucks -5	900,000,000				900,000,000
Motorvehicle-1	121,000,000				121,000,000
Subtotal	1,021,000,000	-	-	-	1,021,000,000
Furniture and fittings					
Furnitures and fittings	50,000,000				50,000,000
Subtotal	50,000,000	-	-	-	50,000,000
Working capital			342,113,997	998,014,900	1,340,128,897
Pre-operating cost			72,000,000		72,000,000
Subtotal	-	-	342,113,997	998,014,900	1,340,128,897
General Total	1,291,000,000	-	1,214,113,997	6,000,000,000	8,505,113,997

Description	Existing	New	Total	Gearing
Equity	1,291,000,000	1,214,113,997	2,505,113,997	29%
Loan	-	6,000,000,000	6,000,000,000	71%
Total	1,291,000,000	7,214,113,997	8,505,113,997	100%

5.2. Production Cost Projection

The projected Production Cost is estimated to overcome purchase of raw materials, electricity cost and other costs. In initial year the production cost will be covered for testing of the machine,

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a total of TZS 158,032,799.78 will be incurred in Year 0, however the year of operations the promoter will incur a total of TZS 11,346,265,170.63 will be used to overcome productions cost.

Annex 3: Promoter's Projected production cost

Description	Daily	Monthly	Y0	Year 1	Year 2	Year 3	Year 4	Year 5
Machine Capacity								
Total Production in Tons	11.25	292.50	48.75	3,510.00	3,510.00	3,510.00	3,510.00	3,510.00
Weight of 1 bag Considered in Grams	80	80	80	80	80	80	80	80
No. of bags produced	140,625	3,656,250	609,375	43,875,000	43,875,000	43,875,000	43,875,000	43,875,000
Raw Materials								
Coating								
Coating Weight/bag (gms)	20	20	20*	20	20	20	20	20
% of Bags to be coated per day	65%	65%	65%	65%	65%	65%	65%	65%
No. of Coated Bags	91,406.25	2,376,562.50	396,093.75	28,518,750.00	28,518,750.00	28,518,750.00	28,518,750.00	28,518,750.00
Total Coating material required per day in Kgs	1,828	47,531	7,922	570,375	570,375	570,375	570,375	570,375
Coating Cost/kg	3,240.0	3,240.0	3,240.0	3,240.0	3,240.0	3,240.0	3,240.0	3,240.0
Total Coating cost	5,923,125.0	154,001,250.0	25,666,875.0	1,848,015,000.0	1,848,015,000.0	1,848,015,000.0	1,848,015,000.0	1,848,015,000.0
Yarn								
Yarn requirement per bag in Grams	2	2	2*	2	2	2	2	2
Total yarn requirement in Kgs	281.25	7,312.50	1,218.75	87,750.00	87,750.00	87,750.00	87,750.00	87,750.00
Yarn Cost/kg	4,860.0	4,860.0	4,860.0	4,860.0	4,860.0	4,860.0	4,860.0	4,860.0
Total Yarn Cost	1,366,875.0	35,538,750.0	5,923,125.0	426,465,000.0	426,465,000.0	426,465,000.0	426,465,000.0	426,465,000.0
Ink								
% of Bags to be printed	65%	65%	65%	65%	65%	65%	65%	65%
Printing ink Requirement per bag in Grams	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Total Print ink requirement in Kgs	137.11	3,564.84	594.14	42,778.13	42,778.13	42,778.13	42,778.13	42,778.13
Cost/kg	6,750.00	6,750.00	6,750.00	6,750.00	6,750.00	6,750.00	6,750.00	6,750.00
Ink Cost	925,488.28	24,062,695.31	4,010,449.22	288,752,343.75	288,752,343.75	288,752,343.75	288,752,343.75	288,752,343.75
Liner Consumption per day (Kgs)	0	0	0	0	0	0	0	0
Liner Cost per Kg.	5,130.00	5,130.00	5,130.00	5,130.00	5,130.00	5,130.00	5,130.00	5,130.00
Liner Cost	-	-	-	-	-	-	-	-
Webbing Consumption per day (Kgs)	0	0	0	0	0	0	0	0
Webbing cost per Kg	4,590	4,590	4,590	4,590	4,590	4,590	4,590	4,590
Webbing Cost	-	-	-	-	-	-	-	-
Recipe for Woven								
PP/ HDPE -70% (kg)	7,875	204,750	34,125.00	2,457,000	2,457,000	2,457,000	2,457,000	2,457,000
CaCO3 -30% (kg)	3,375	87,750	14,625.00	1,053,000	1,053,000	1,053,000	1,053,000	1,053,000
Colour	-	-	-	-	-	-	-	-
UV	-	-	-	-	-	-	-	-
Any Other Masterbatch	-	-	-	-	-	-	-	-
Cost/kg								
PP -@ 2,970	2,970.00	2,970.00	2,970.00	2,970.00	2,970.00	2,970.00	2,970.00	2,970.00
CaCO3 -@ 1,350	1,350.00	1,350.00	1,350.00	1,350.00	1,350.00	1,350.00	1,350.00	1,350.00
Colour	-	-	-	-	-	-	-	-
UV	-	-	-	-	-	-	-	-
Any Other Masterbatch	-	-	-	-	-	-	-	-
Recipe Cost per Kg. for Woven	27,945,000.00	726,570,000.00	121,095,000.00	8,718,840,000.00	8,718,840,000.00	8,718,840,000.00	8,718,840,000.00	8,718,840,000.00
Sub Total Material Cost per day	36,160,488.28	940,172,695.31	156,695,449.22	11,282,072,343.75	11,282,072,343.75	11,282,072,343.75	11,282,072,343.75	11,282,072,343.75
Electricity cost								
Running power as a percentage of Installed power	60%	60%	60%	60%	60%	60%	60%	60%
Installed power	1224.68	1224.68	1224.68	1224.68	1224.68	1224.68	1224.68	1224.68
Running power	734.808	19105.008	4776.252	229260.096	229260.096	229260.096	229260.096	229260.096
Power Tariff	280	280	280	280	280	280	280	280
Power cost per Month	205,746.24	5,349,402.24	1,337,350.56	64,192,826.88	64,192,826.88	64,192,826.88	64,192,826.88	64,192,826.88
Total running Cost	36,366,234.52	945,522,097.55	158,032,799.78	11,346,265,170.63	11,346,265,170.63	11,346,265,170.63	11,346,265,170.63	11,346,265,170.63

5.3. Revenue Projection

The initial year will be used for testing of machineries, no sales will be done in year 0, however the first year of operations will generate a revenue of TZS 16,189,875,000 from sales of 3,597,750 kg of polybags. See the annex 4 below,

Annex4: Revenue projections

Description	Daily	Monthly	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Production in Tons	11.53	299.81	49.97	3597.75	3597.75	3597.75	3597.75	3597.75
Production in kg	11,531	299,813	49,969	3,597,750	3,597,750	3,597,750	3,597,750	3,597,750
Selling price per Kg	4,500.00	4,500.00	-	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00
Revenue Per day	51,890,625.00	1,349,156,250.00	-	16,189,875,000	16,189,875,000	16,189,875,000	16,189,875,000	16,189,875,000

5.4. Working Capital

The business will have enough working capital required to finance operations. The working capital required includes direct cost, manpower cost and overhead cost, the required working

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capital for initial year will be TZS 311,630,800 to overcome testing of the machine, the operation year will require a total of TZS 1,028,498,098 to run the factory smoothly as cost of one month, the funds will be revolving. See annex 5 below,

Annex 5: Working capital plan.

Description	Monthly	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Production cost	945,522,098	158,032,800	11,346,265,171	11,346,265,171	11,346,265,171	11,346,265,171	11,346,265,171
Manpower cost	63,882,000	77,382,000	766,584,000	766,584,000	766,584,000	766,584,000	766,584,000
Overhead cost	19,094,000	76,216,000	229,128,000	229,128,000	229,128,000	229,128,000	229,128,000
Total WC	1,028,498,098	311,630,800	12,341,977,171	12,341,977,171	12,341,977,171	12,341,977,171	12,341,977,171
Required WC		1,340,128,897					

5.5. Manpower cost

The promoter plans to employ 123 permanent staff in managerial and non-management positions, the majority staff will be employed in initial year however the manager will be employed three months before starting operations, at this period the manager will evidence the testing of the machine etc. a cost of TZS 693,660,000 will be incurred to pay salaries annually form year 1. See annex 6 below.

Annex 6: Projected manpower Cost

Title	Rate	no	Monthly	Yo	Year 1	Year 2	Year 3	Year 4	Year 5
Manager	6,750,000	1	6,750,000	20,250,000	81,000,000	81,000,000	81,000,000	81,000,000	81,000,000
Maintenance	3,510,000	1	3,510,000	3,510,000	42,120,000	42,120,000	42,120,000	42,120,000	42,120,000
Supervisors	5,400,000	1	5,400,000	5,400,000	64,800,000	64,800,000	64,800,000	64,800,000	64,800,000
Skilled Manpower	499,500	40	19,980,000	19,980,000	239,760,000	239,760,000	239,760,000	239,760,000	239,760,000
Unskilled Manpower	310,500	76	23,598,000	23,598,000	283,176,000	283,176,000	283,176,000	283,176,000	283,176,000
Quality	2,700,000	1	2,700,000	2,700,000	32,400,000	32,400,000	32,400,000	32,400,000	32,400,000
Administrative Staff	810,000	2	1,620,000	1,620,000	19,440,000	19,440,000	19,440,000	19,440,000	19,440,000
Security	324,000	1	324,000	324,000	3,888,000	3,888,000	3,888,000	3,888,000	3,888,000
Total Manpower		123	63,882,000	77,382,000	766,584,000	766,584,000	766,584,000	766,584,000	766,584,000

5.6. Overhead Cost

The overhead cost implies indirect cost that incurred by the company on running day-to-day operations, the cost might vary due to requirement, the annex 7 below shows the projected overhead cost for the company for a period of six years.

Annex 7: Projected overhead cost.

Description	Monthly	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Communication & internet	350,000	1,400,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000
Repair and Mantainance	3,600,000	14,400,000	43,200,000	43,200,000	43,200,000	43,200,000	43,200,000
Properties Insurance	2,500,000	10,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Fuels	1,784,000	7,136,000	21,408,000	21,408,000	21,408,000	21,408,000	21,408,000
Allowances	1,500,000	6,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000
Postage & Stationaries	100,000	400,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Trainings & Meetings	460,000	1,840,000	5,520,000	5,520,000	5,520,000	5,520,000	5,520,000
Electricity for Administration issues	150,000	600,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Travelling cost	1,900,000	7,600,000	22,800,000	22,800,000	22,800,000	22,800,000	22,800,000
Water expences	70,000	280,000	840,000	840,000	840,000	840,000	840,000
Entertments	300,000	1,200,000	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
Distribution Cost	780,000	3,120,000	9,360,000	9,360,000	9,360,000	9,360,000	9,360,000
Business Licence	40,000	-	480,000	480,000	480,000	480,000	480,000
Staff Meals	800,000	3,200,000	9,600,000	9,600,000	9,600,000	9,600,000	9,600,000
Staff Medical	400,000	1,600,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000
Bank charges and commissions	150,000	600,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Accountancy Fee	150,000	600,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Legal fees	150,000	600,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Audit fee	530,000	2,120,000	6,360,000	6,360,000	6,360,000	6,360,000	6,360,000
Rent	600,000	2,400,000	7,200,000	7,200,000	7,200,000	7,200,000	7,200,000
Sales and Marketing cost	2,580,000	10,320,000	30,960,000	30,960,000	30,960,000	30,960,000	30,960,000
Miscellaneous expenses	200,000	800,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Total	19,094,000	76,216,000	229,128,000	229,128,000	229,128,000	229,128,000	229,128,000

5.7. Loan repayment.

The promoter is looking a new facility of TZS 6,000,000,000 portioned into working capital and investment loan. The Investment Loan will cover purchase and installation of machinery while Working capital loan will cover operation cost. The investment loan will be in terms 360 days LC which will be converted into term loan to be matured in five years, the working capital will be granted after commissioning and testing of machines, the maturity of working capital loan will be one year. See annex 8 below.

Annex 8: Loan repayment plan

Investment Loan

* Loan Amount	5,001,985,100
* Interest Rate Per Year	10%
* Grace Period (Years)	1
* Repayment : (Years)	5
*No of installments	5

Description	Y0	Year 1	Year 2	Year 3	Year 4	Year 5
Opening Balance	5,001,985,100	5,001,985,100	4,182,672,542	3,281,428,727	2,290,060,532	1,199,555,517
Closing Balance	5,001,985,100	4,182,672,542	3,281,428,727	2,290,060,532	1,199,555,517	-
Principle Repayment	-	819,312,558	901,243,814	991,368,196	1,090,505,015	1,199,555,517
Interest/commission	100,039,702	500,198,510	418,267,254	328,142,873	229,006,053	119,955,552
Installment	100,039,702.00	1,319,511,068.35	1,319,511,068.35	1,319,511,068.35	1,319,511,068.35	1,319,511,068.35

Working Capital Loan

* Loan Amount	998,014,900
* Interest Rate Per Year	10%
* Grace Period (Months)	0
* Repayment : (Years)	1
*No of installments	1

Description	Y0	Year 1
Opening Balance		998,014,900
Closing Balance		-
Principle Repayment		998,014,900
Interest		99,801,490
Installment	0	1,097,816,390.00

5.6. Income Statements, Cash flow and Balance Sheet Projections.

- The income statements annex 9.
 - ✓ The projection reveal that the business will incur a loss of TZS (1,221,818,639) in initial year, this is due to the fact that there will be no production and sales started, however the company will incur manpower, overhead, testing material, LC commission and depreciation cost, the high loss will be contributed by machinery depreciation, the business will earn profit on the coming year, where the first year of sales the business will generate a net profit of TZS 1,777,660,996.
 - ✓ EBITDA will keep growing.
 - ✓ The business will make a gross profit margin of 30%
 - ✓ The Net profit margin will be 11%,
 - ✓ Sales revenue will keep increasing.
- Cash flow statement annex 10.
 - ✓ Cash flow statement shows that; the promoter will meet their short- and long-term financial obligations including servicing of all credit facilities extended to them.
- Balance sheet annex 11.
 - ✓ The balance sheet will keep on increasing year to year reveal the strong of business.
 - ✓ Net worth will grow.
 - ✓ It will continue to be liquid business with current ratio above 1

- ✓ The requested loan will be fully utilized in five years.
- ✓ Interest coverage ratio is projected to be 1.7 times in the first year, the ratio will keep strong indicate that the project will have good ability to service the interest due.
- Discounted Cash flow annex 12
 - ✓ The discounted cash flow reveal that the business can survive even if the price of items will decrease, the NPV is projected to be 136,682,113.65 at 15% and IRR will be 16% which is higher than cost of borrowing.
- Change in Equity
 - ✓ The promoter's equity is growing as the profit grows.

6. SWOC Analysis

Table 13: SWOC Analysis

STRENGTHS	
The borrower has been in business for about 8 years	
The Promoter has long experience and working relationship with individuals, smallholder farmers, farmers associations, agro dealers and processors	
Assurance of the market for the business to be financed as all consignments will be under off-taking contract	
The proposed management team is well equipped with high knowledge and experience in polybag Manufacturing plant.	
The promoter has located at the centre of the market	
The borrower claims the highest rank in sales turnover	
WEAKNESSES	MITIGATIONS
<ul style="list-style-type: none"> ▪ Inadequate working capital and investment funds to make operation smoothly 	<ul style="list-style-type: none"> ▪ Applying for Bank's finance of TZS 6 billion
<ul style="list-style-type: none"> ▪ Inadequate Collateral, the collateral provided by the Client covers 30% of Proposed exposure. 	<ul style="list-style-type: none"> ▪ The inadequate collateral will be enhanced by putting machinery to be purchased and PASS Guarantee.
OPPORTUNITIES	
<ul style="list-style-type: none"> ▪ Packages particularly polybags have strong demand in the world market the company just need effective marketing strategies to exploit this demand and increase her market share. ▪ Good government policy which favours importation of raw materials and exportations of final products to neighbourhood countries. 	
CHALLENGES	MITIGATIONS
<ul style="list-style-type: none"> • Barriers to entry are very high • Competition from other people doing similar business • Shortage Experience of the existing management Team and directors 	<ul style="list-style-type: none"> • There is massive capital outlay required to commerce a business of this nature. This insulates the Company from competition for sometimes but they need to continue to modernize equipment and methods of operation. • The promoter has Focus on developing unique selling propositions (USPs) for products and services to differentiate from competitors. • The Existing Management team has been in business for the past 8 years and will on board people who have been in Polybags business for a while therefore they will be on position to Understand the business with its challenges and set proper strategies to win over competition.

7. ENVIRONMENTAL ASPECTS

Due to nature of this business, there is very little negative environmental impact. However, the production of polybags makes the increase number of plastic bags in the environment circulation, once this bags not destructed, they can stay in the soil for a long period, however the following measure will be taken by the promoter to reduce/limit the spread of polybags in the soil.

- i. Recycling of non-useful polybags; the promoter will buy a recycling machine, the recycled polybags provide raw materials which can be used to manufacture other polybags, the material are mixed with new CaCO₃ to manufacture polybags.
- ii. Train farmers; the promoter will train farmers and polybags users on good use and handling of non-useful polybags.
- iii. Buy used polybags, the promoter will be buying non-useful polybags, the purchase back of non-useful polybags will influence people to collect the bags everywhere and submit to the promoter, the promoter will recycle the collected bags.
- iv. Promote re-use of polybags, the promoter will promote the re-use of polybags, this can be achieved by imposing the price that will make the promoter to use more than once for the bags.
- v. On production, the necessary protection gears will be provided to workers against any pollution during manufacturing of polybags.
- vi. The company will comply with all requirements and certifications to run the business such as NEMC, OSHA etc.
- vii. the business is a socially inclusive i.e. gender sensitive, labour standards and terms of employments are observed. Public health and safety security, occupational health and safety are observed.

8. CORPORATE SOCIAL RESPONSIBILITY (CSR)

8.1. Gender Considerations

The Promoter's project engages both male and female in various operations.

8.2. Occupational Health and Safety

The promoter is aware of Occupational Safety and Health Authority (OSHA); however, the company has not yet registered by OSHA, but the promoter will be registered.

8.3. Anti-Corruption

According to the promoter, the company does not entertain corruption behaviour and activities. The promoter seems to be genuine as he is having all documents required and follow all procedures in his activities. This gives a picture that the promoter is playing a fair game in the business as well as out of the business. The issue of corruption is very difficult to address as both parties involved would like to cover it however the promoter will prepare policies and operation procedures so that there will be no room to entertain corruptions.

8.4. Labour Rights

The promoter adhering to labour law, the business is also in preparation of human resource policy and human resources manual. Employees will be allowed to form their organ that will be speaking on behalf of employees to the management, furthermore the employees will be allowed to join trade unions. There will be posters around the area portraying rights and responsibilities of employees.

8.9. Corporate Social Responsibility

The promoter plans to give part of the profit made to the society through CSR, the fund that back to the society will be used to improve infrastructures such as building of schools, contribution of desks, improving health services.

9. RISKS, RECOMMENDATIONS AND CONCLUSION

9.1. Risks

Polybags manufacturing business like any other business faces risk, the promoter is aware of risks that might affect the smooth operation of the business and have necessary precautions to reduce the risk to happen during project execution, management and operational. Below is the risk that might happen with precaution measures,

SN	Risk Category	Descriptions	Proposed Mitigations strategies if applicable
1	Credit risk	<ul style="list-style-type: none"> This happens if the company will not honor its financial obligations 	<ul style="list-style-type: none"> The Company engages in other business includes transportation and cereals, he has been financed several loans and payments are done smoothly.
2	Competition risk	<ul style="list-style-type: none"> High competition from other business. 	<ul style="list-style-type: none"> The Company has a ready established distribution network. through their established already business lines at Dodoma, Mbeya, Songwe, Iringa, Njombe , Ruvuma and Rukwa.
3	Environmental pollution risk	<ul style="list-style-type: none"> Can cause pollution and disturb the ecosystem. 	<ul style="list-style-type: none"> Factory will be located at the industrial area and will have issued with clearance certificates from relevant regulatory bodies in the country before commencing of the operations.
4	Miss allocation of funds and Fund diversion	<ul style="list-style-type: none"> Use of fund to the purposes which was not intended 	<ul style="list-style-type: none"> Fund will have disbursed as per approved financial plan. The machineries will be supplied under LC The payment of machineries will be done direct to supplier The working capital will be granted after machinery commissioning and testing Proper monitoring will be done
5	Exchange rate risk	<ul style="list-style-type: none"> This happens when the foreign currency appreciate against local current 	<ul style="list-style-type: none"> The purchase of machinery involves foreign currency, the promoter will use LC to import machine, the loan will then be changed to term loan of five years where the promoter will ask the payments to be done in TZS. Furthermore, the promoter is exporting cereals where the payments are done in USD; the received funds will be used to purchase raw materials.

6	Character Risk	<ul style="list-style-type: none"> This is edged on the promoter's behavior to maintain business relationship with partners especially banks and customers. 	<ul style="list-style-type: none"> The promoter has good banking behavior that includes loan repayments and regular uses of his account where turnovers match reported sales. This can be evidenced by performance of previous loans.
7	Management Risk	<ul style="list-style-type: none"> Poor management of the factory may lead to its failure 	<ul style="list-style-type: none"> The managing director has the view of all his businesses most of the time, not only has he put into the management people he trusts mostly being member of the family such as wives and children who well understand the businesses in terms of both opportunities and challenges. Investing in leadership development and management training programs. Establishing clear roles, responsibilities, and performance metrics for management personnel. Implementing regular performance evaluations and feedback mechanisms
8	Operational risk	<ul style="list-style-type: none"> This might happen due to various issues like water, power outage, theft, fire etc 	<ul style="list-style-type: none"> The Promoter will install stand by generator in case of power cut off, also he will employ a security guard. install camera, fire extinguisher and arrange insurance for fire and theft related risks
9	Environmental and Social Risk Assessment	<ul style="list-style-type: none"> Effect of the project to social and environmental impact 	<ul style="list-style-type: none"> The company complies with all requirements and certifications to run the business such as NEMC, OSHA etc. Also, the business is a socially inclusive i.e. gender sensitive, labor standards and terms of employments are observed. Public health and safety security, occupational health and safety are observed where employees will use necessary protection gears and recycling of polybags will be promoted.
10	Financial risk Assessment	<ul style="list-style-type: none"> Financial risks relate to not having sufficient cash flow to meet expected obligations, generating lower than expected profits and losing equity in business. 	<ul style="list-style-type: none"> The client has a well-articulated financial management plan, control of expenses, also the proposed financing will help the client to be liquid enough to purchase enough raw materials
11	Machinery risk	<ul style="list-style-type: none"> This happens when the promoter buys deficient machinery 	<ul style="list-style-type: none"> The promoter has directly approached Lohia corp limited for the manufacturing of polybags machinery however before paying money, the

			promoter will go to India and verify all data including machine to be supplied. The trip will involve polybags experty
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It is recommended that a new loan of **TZS 6,000,000,000/-** portioned for investment and additional working capital to be granted to GSK Investments Company Limited to make the investment of polybags factory to operate smoothly. The facility will be utilized on purchase and installation of polybags manufacturing machine and additional working capital.

ANNEXES

Annex 9: Income Statement Projections

Descriptions/Months	Yo	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue from :-						
Package trading	-	16,189,875,000	16,189,875,000	16,189,875,000	16,189,875,000	16,189,875,000
Revenue	-	16,189,875,000	16,189,875,000	16,189,875,000	16,189,875,000	16,189,875,000
Cost of Sales						
Production Cost	158,032,800	11,346,265,171	11,346,265,171	11,346,265,171	11,346,265,171	11,346,265,171
Total Cost	158,032,800	11,346,265,171	11,346,265,171	11,346,265,171	11,346,265,171	11,346,265,171
Gross Profit	(158,032,800)	4,843,609,829	4,843,609,829	4,843,609,829	4,843,609,829	4,843,609,829
Gross Margin	#DIV/0!	30%	30%	30%	30%	30%
Expenses						
Man Power Costs	77,382,000	766,584,000	766,584,000	766,584,000	766,584,000	766,584,000
Overheads Costs	76,216,000	229,128,000	229,128,000	229,128,000	229,128,000	229,128,000
Total Expenses	153,598,000	995,712,000	995,712,000	995,712,000	995,712,000	995,712,000
EBITD	(311,630,800)	3,847,897,829	3,847,897,829	3,847,897,829	3,847,897,829	3,847,897,829
Less: Capital Charges:-						
Depreciation	810,148,138	708,382,120	619,847,418	542,805,562	475,748,277	417,366,765
EBIT	(1,121,778,937)	3,139,515,709	3,228,050,412	3,305,092,267	3,372,149,552	3,430,531,064
Interest	100,039,702	600,000,000	418,267,254	328,142,873	229,006,053	119,955,552
Profit Before Tax	(1,221,818,639)	2,539,515,709	2,809,783,157	2,976,949,394	3,143,143,499	3,310,575,512
Tax 30%	-	761,854,713	842,934,947	893,084,818	942,943,050	993,172,654
Net Profit	(1,221,818,639)	1,777,660,996	1,966,848,210	2,083,864,576	2,200,200,449	2,317,402,859
Retained Earning	(1,221,818,639)	555,842,357	2,522,690,567	4,606,555,143	6,806,755,592	9,124,158,451
Net Margin	#DIV/0!	11%	12%	13%	14%	14%

Annex 10: Cash Flows Projections

Descriptions/Months	Y0	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Inflows						
Loan	5,001,985,100	998,014,900				
Equity Contribution	1,214,113,997	-				
Revenue	-	16,189,875,000	16,189,875,000	16,189,875,000	16,189,875,000	16,189,875,000
Total Cash Inflows	6,216,099,097	17,187,889,900	16,189,875,000	16,189,875,000	16,189,875,000	16,189,875,000
Cash Outflows						
Fixed Assets	5,801,985,100					
Costs	311,630,800	12,341,977,171	12,341,977,171	12,341,977,171	12,341,977,171	12,341,977,171
Tax	-	761,854,713	842,934,947	893,084,818	942,943,050	993,172,654
Loan Repayment	100,039,702	2,417,327,458	1,319,511,068	1,319,511,068	1,319,511,068	1,319,511,068
Total Cash Out Flow	6,213,655,602	15,521,159,342	14,504,423,186	14,554,573,057	14,604,431,289	14,654,660,893
Net Cash flow	2,443,496	1,666,730,558	1,685,451,814	1,635,301,943	1,585,443,711	1,535,214,107
Commulative cash Flow	2,443,496	1,669,174,054	3,354,625,868	4,989,927,810	6,575,371,522	8,110,585,629

Annex 11: Balance Sheet Projections

Descriptions/Years	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Fixed Assets						
PPE	6,282,836,963	5,574,454,842	4,954,607,424	4,411,801,862	3,936,053,585	3,518,686,819
Total Fixed	6,282,836,963	5,574,454,842	4,954,607,424	4,411,801,862	3,936,053,585	3,518,686,819
Current Assets						
Cash	2,443,496	1,669,174,054	3,354,625,868	4,989,927,810	6,575,371,522	8,110,585,629
Total Current Assets	2,443,496	1,669,174,054	3,354,625,868	4,989,927,810	6,575,371,522	8,110,585,629
TOTAL NET ASSETS	6,285,280,458	7,243,628,896	8,309,233,292	9,401,729,672	10,511,425,106	11,629,272,448
REPRESENTED BY:						
Equity	2,505,113,997	2,505,113,997	2,505,113,997	2,505,113,997	2,505,113,997	2,505,113,997
Loan	5,001,985,100	4,182,672,542	3,281,428,727	2,290,060,532	1,199,555,517	-
Retained Earnings	(1,221,818,639)	555,842,357	2,522,690,567	4,606,555,143	6,806,755,592	9,124,158,451
TOTAL	6,285,280,458	7,243,628,896	8,309,233,292	9,401,729,672	10,511,425,106	11,629,272,448
<i>Check</i>	-	-	-	-	-	-

Annex 12: Discounted Cash flow

Descriptions/Years	Year 0	Year 1	Year 2	Year 3	Year 4
Inflows					
EBITD	(311,630,800)	3,847,897,829	3,847,897,829	3,847,897,829	3,847,897,829
Residual Assets					
Total Inflows	(311,630,800)	3,847,897,829	3,847,897,829	3,847,897,829	3,847,897,829
Outflows					
Fixed Assets	5,801,985,100				
Tax	-	761,854,713	842,934,947	893,084,818	942,942,818
Loan repayment	100,039,702	2,417,327,458	1,319,511,068	1,319,511,068	1,319,511,068
Total Outflows	5,902,024,802	3,179,182,171	2,162,446,016	2,212,595,887	2,262,454,887
Net Cashflows	(6,213,655,602)	668,715,658	1,685,451,814	1,635,301,943	1,585,442,942
NPV at 15%	136,682,113.65				
IRR	16%				
Sensitivity Analysis	Change %	IRR	NPV (TZS)		
Base	0%	16%	136,682,114		
Decline in Revenue	5%	13%	71,822,996		
Increase in operational cost	5%	12%	51,151,341		