

BUSINESS PLAN

East Coast Oil & Fats Limited (ECOF)

Establishment of PP Bags Manufacturing Plant

Dar-es-salaam,
TANZANIA

Presented by:

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MeTL Group

Project Summary

Project name	:	PP Bags Manufacturing Industry
Nature of Project	:	Packages Materials
Project Concept	:	Establishment of PP Bags Manufacturing Plant
Products/Services	:	PP Bags
Project Location	:	MeTL Complex, Plot no. 69, Kiwalani Industrial Area, Nyerere Road, Dar-es-salaam, TANZANIA
Project Promoter	:	MeTL Group
Implementing Company	:	East Coast Oil & Fats Ltd (ECOF)
Legal Status	:	Tanzania's Private Corporate Investment Company
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Background of the Plan

1.1 Introduction

MeTL Group is one of Tanzania's investment Group of companies with over 50-years of business experience engaged in key economic sectors including trading, agriculture, agro-processing, manufacturing, energy, financial services telecommunication as well as transport and distribution. MeTL Group, through its associate company – East Coast Oil & fats Limited (shortly "ECOF") - is envisaging increasing its investment portfolios in the local manufacturing sector.

ECOF has set aside an industrial site situated in Kiwalani Industrial Area in Dar-es-salaam for establishment of a new PP Bags Manufacturing Industry. The premises is an industrial building built on 5,000-square meters of land which offers required facilities for establishment of manufacturing industries.

ECOF has developed a plan to establish consumer and industrial goods manufacturing industries of different products all housed under one roof. The plan has been developed at the backdrop of the manufacturing deficit of Tanzania's current level of per capita income.

1.2 Proposed Project

- This Business Plan has been prepared by ECOF of Dar-es-salaam, Tanzania. The Plan provides a roadmap for establishment of consumer and industrial goods industries targeting largely the local Tanzania market.
- The planned industry is in Packages materials – PP Bags
- The proposed investment will improve MeTL Group's financial performance, market performance, internal efficiency, human resources, and long-term development and innovation.
- The projects will be source of packaging materials to some of MeTL Group's associate companies of the PP Bags. The project will, also, substitute the now imported packaging materials by MeTL Group's Trading Division.

The Projects Promoters

2.1 Introduction

- ECOF is an associate company of MeTL Group of Dar-es-salaam, Tanzania. MeTL Group is a Tanzania-based Group of companies with investment interests in trading, agriculture, manufacturing industries, energy, infrastructure and other sectors of the economy.

2.2 Legal Status

- ECOF, established in 2005, is a private limited liability company registered in Tanzania. The company main business objectives are to carry on the business of manufacturing of edible oil, fats, soap and allied products.
- The company has been registered with the following statutory certification:
 - Certificate of Incorporation
 - Certificate of Registration for Taxpayer Identification
 - Certificate of Value Added Tax (VRN)
 - Industrial Licenses
 - Business Licenses and other statutory documents

2.3 The Company Ownership

- ECOF is an associate company of the MeTL Group of companies. The registered shareholders of the company are Mrs. Dixita Mohamed Dewji and Mr. Murtaza Dewji who are family members of the Dewji family, the principal shareholders of MeTL Group of companies.
- The shareholding structure of ECOF is as follows:

Shareholders' name	% Shareholding	Nationality
Mohamed Gulamabbas Hassanali Dewji	60%	Tanzanian
Zubeda Gulamabbas Dewji	40%	Tanzanian
Total	100.00%	

2.4 Production and Products Development

- Since its launch in 2005, ECOF has registered growth in terms of financial resources, human resources, services offered, capital investments, market share and other growth factors.
- Core Products
 - Since inception, ECOF continues to produce and provide the market with refined palm oil, refined sunflower oil, soaps (toilet and laundry soaps), margarine and cooking fats and cosmetics.
 - The refined cooking oil (palm and sunflower Oil) accounts for about 82% of the annual sales revenues followed by soaps (14%). Refined palm oil alone accounts for about 80% of the ECOF annual revenues.
 - The Palm Oil plant was ideally set to serve the eastern and central Africa regional market that includes Malawi, Zambia, Rwanda, Burundi and the Democratic Republic of Congo (DRC). However, due to unfriendly local tax regime on the imported crude palm oil, ECOF has been unable to directly penetrate the export market in these neighbouring countries. The high tax rate increases the local cost of production that erodes the market competitive ability.
 - Presently, the Palm Oil Refinery Plant operates below 50% of its installed capacity due to local market product absorption capacity.

2.5 Company Business Strategy

- ECOF main business strategies focus on the following:
 - (i) Increase products portfolio of allied products to capitalise on the existing physical and human resources base of the company
 - (ii) Increase local market outreach of its products to all districts and villages of the country through continued investment in the distribution network
 - (iii) Increase exports of edible oil to neighbouring countries with the view to increase forex earnings and increase company revenues
 - (iv) Increase efficiency in raw materials procurement with the view to reduce per unit cost of raw materials.
 - (v) Become cost-efficient company by investing in most modern technology in the production processes including investing in co-generation power plant, packages productions, automatic packaging lines, etc.

The Project Concept

3.1 Introduction

- ECOF is planning to establish a new industry to manufacture packaging materials – PP Bags.
- As Tanzania targets to become middle-income country come 2025, MeTL Group envision to contribute to the reduced gap between the role of industry at middle-income levels and the current level of industrial activity in the country.

3.2 The Concept

- The project concept involves investment in a greenfield industry in, Plot no. 69, Kiwalani Industrial Area in Dar-es-salaam.
- The project entails procurement of plant and machineries from various plants manufacturers of PP Bags. The project will also entail construction of industrial buildings and procurement of support facilities such as motor vehicles, office equipment and furniture and others.
- Polypropylene (PP) is a type of thermoplastic resin that is now widely used across different industries. The synthetic resin material is completely resistant to acids, bases, and chemicals, which makes it the best material for many industrial applications.
- Woven PP is created by taking threads of the material and then interlacing them together to create a lightweight yet surprisingly sturdy fabric. Woven PP bags are also called rice bags, salt bags, sandbags, coal bags, seed bags, feed bags, firewood bags, fertilizer bags, cement bags, and chemical bags depending on the region and industry.
- The project will involve investment in plant to manufacture PP Bags as packaging materials.
- Woven PP bags are largely used in holding and moving agricultural items like feeds, grains, vegetables, fruits, aquatic products, fertilizers, and more. As mentioned earlier, these bags are non-toxic so there is no risk of contaminating the food items. Also, they are anti-seepage, so items like salt, sugar, and flour can't pass through the bags during transportation.

Project Investment & Financing Structure

4.1 Investment Plan

- The projects investment costs are related to construction of industrial buildings, installation of plants and machineries and procurement of support facilities as follows:

Amount in TZS '000'						
INVESTMENTS PLAN						
	Existing Investment	Additional Investments			TOTAL INVESTMENT	USD Equivalents
		Year-1	Year-2	Total		
Exchange Rate (USD/TZS)	2,300	2,300				
Land & Land Development	-	1,250,000	-	1,250,000	1,250,000	543,478
Buildings & Civil Works	-	3,180,000	-	3,180,000	3,180,000	1,382,609
Machinery & Equipment	-	14,686,100	-	14,686,100	14,686,100	6,385,261
Motor Vehicles	-	515,000	-	515,000	515,000	223,913
Office Furniture & Equipment	-	187,500	-	187,500	187,500	81,522
Physical Assets	-	19,818,600	-	19,818,600	19,818,600	8,616,783
Pre-Operating costs						
Finance Costs	-	1,882,988	-	1,882,988	1,882,988	818,690
Non-finance costs	-	4,336,506	-	4,336,506	4,336,506	1,885,438
Total Pre-Operating Costs	-	6,219,494	-	6,219,494	6,219,494	2,704,128
Capital Expenditure	-	26,038,094	-	26,038,094	26,038,094	11,320,911
Working Capital						
PP Bags Plant	-	-	1,250,682	1,250,682	1,250,682	543,775
Total Investment	-	26,038,094	1,250,682	27,288,776	27,288,776	11,864,685

4.2 Proposed Financing Structure

- The project is earmarked to be financed through equity funds from shareholders and external sources of funds from lending institutions in the form of long-term loans and short-term loans facilities.

Amount in TZS '000'						
FINANCING PLAN						
	Existing Financing	Additional Financing			TOTAL FINANCING	USD Equivalents
		Year-1	Year-2	Total		
Equity Financing						
Share Capital	-	-	-	-	-	-
Directors' Capital Costs Funds	-	14,038,094	-	14,038,094	14,038,094	6,103,519
Directors' Working Capital Funds	-	-	1,250,682	1,250,682	1,250,682	543,775
Total Equity	-	14,038,094	1,250,682	15,288,776	15,288,776	6,647,294
External Financing						
Long-Term Loans	-	12,000,000	-	12,000,000	12,000,000	5,217,391
Short-Term Loans	-	-	-	-	-	-
Total External Financing	-	12,000,000	-	12,000,000	12,000,000	5,217,391
Total Financing	-	26,038,094	1,250,682	27,288,776	27,288,776	11,864,685
Ratios:						
Shareholders' Contribution	-	54%	100%	56%	56%	56%
External Financing	-	46%	0%	44%	44%	44%

Tanzania's Business Environment

9.1 An Overview

- Tanzania is the largest country in East Africa in terms of land with 883,749km² (881,289km² mainland 2,460km² Zanzibar), plus lakes totalling to 59,100km³. The country has about 1,400km of coastline along the Indian Ocean.
- The Country is well situated geographically bordering Burundi, Kenya, Malawi, Mozambique, Rwanda, Uganda, Zambia and the Democratic Republic of Congo (DRC).



- Tanzania has a tropical type of climate. In the highlands, temperatures range between 100 and 200 Celsius during cold and hot seasons respectively. The rest of the country has temperatures never falling lower than 200 Celsius. The hottest period spreads between November and February (250 – 310 Celsius) while the coldest period occurs between May and August (150 – 200 Celsius).

9.2 Socio-Economic Development

[a] Population

- Tanzania population has increased more than four times from 12.3 million people in 1967 to 61.7 million people in 2022. The average annual intercensal growth rate according to the 2012 Population and Housing Census is 2.7%. The population is estimated to reach 68.6 people in 2024.
- Below table provides a summary of the population trend from 1967 to 2024:

Tanzania: Population Trend (in "million")							
Year	1967	1978	1988	2002	2012	2022	2024
Population	12.3	17.5	23.1	34.4	44.9	61.7	68.6*
<i>* Population Estimates</i>							
Source: NBS, Policy Brief, 2024							

[b] Urbanisation

- Tanzania cities and towns are rapidly urbanizing. This urbanization is a manifest of rural-to-urban migration as well as natural population increase.

Year	1967	1978	1988	2002	2012	2018	2022
Urban							
Population	685,092	2,257,921	3,991,882	7,554,838	12,701,238	17,785,328	21,965,444
% of Population	6%	13%	18%	23%	29%	34%	37%
Dar-es-salaam							
Population	272,821	769,445	1,205,443	2,336,055	4,364,541	5,147,070	5,383,728
% of Population	2%	5%	5%	7%	10%	10%	9%
Tanzania: (Mainland)							
Population	11,975,757	17,036,499	22,507,047	33,461,849	43,625,354	52,619,314	59,851,347
Growth Rate	-	3.30%	2.80%	2.90%	2.70%	2.70%	3.20%

- The four largest cities are Dar-es-salaam, Mwanza, Arusha and Mbeya.
- In 2022, Tanzania's urban population was 37% which is an increase from 6% in 1967 and 34% a decade ago. The current population growth rate is 3.2%.

[c] Macro-economic Performance

- Tanzania maintains an economy highly dependent on agriculture, contributing an estimated 30% to the country's Gross Domestic Product (GDP) and employing nearly 70% of the working population.

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
GDP Growth	7.0%	7.0%	7.1%	7.0%	7.0%	4.8%	4.9%	4.7%	5.1%	5.5%
Inflation Rate	5.6%	5.2%	5.3%	3.5%	3.4%	3.3%	3.7%	4.3%	3.8%	3.1%
Exchange Rate (TZS/USD)	1,985	2,177	2,229	2,242	2,307	2,306	2,310	2,315	2,396	2,606

Source: Annual Report, BOT, 2022; Economic Survey 2021 & Ministry of Finance, 2024

- The economy continued expanding steadily in the aspect of GDP, and become more stable on inflation and exchange rates.

- For the past 8-years, both Real and Nominal GDP have been increasing annually at a rate of between 6.5% and 10.2% for the Nominal GDP; and between 4.2% and 7.0% for the Real GDP.

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024
Nominal GDP									
TZS 'trillion'	108.3	118.7	129.0	139.6	151.6	161.5	170.8	186.7	205.8
% Change	-	9.6%	8.7%	8.2%	8.6%	6.5%	5.8%	9.3%	10.2%
Real GDP									
TZS 'trillion'	100.8	107.6	115.1	123.2	129.1	135.5	141.2	148.5	156.6
% Change	-	6.7%	7.0%	7.0%	4.8%	5.0%	4.2%	5.2%	5.5%

Source: Ministry of Finance, 2024

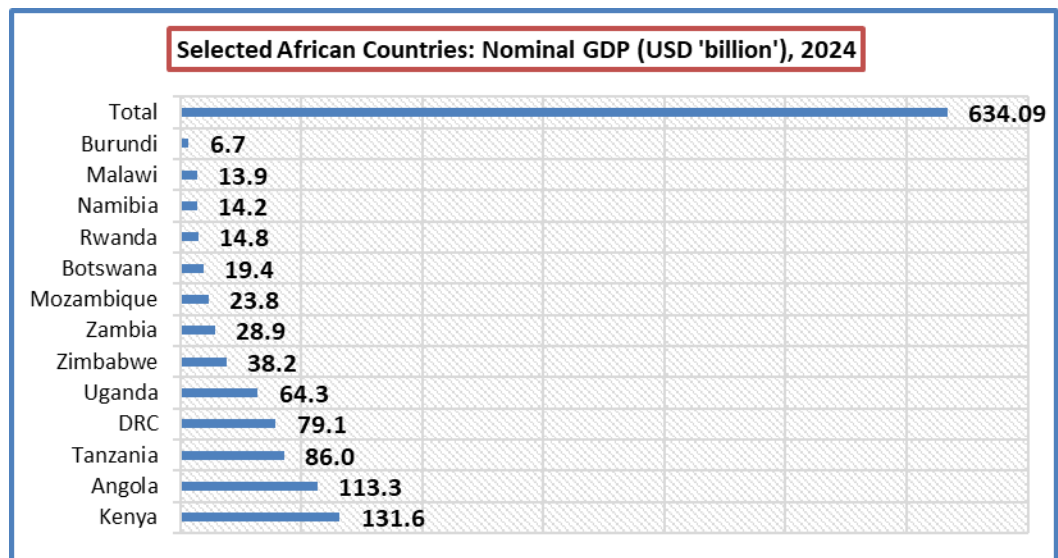
In 2024, the growth in the GDP was occasioned by strategic investment in infrastructure projects, growth in tourism sector, increased mineral production and increased credit to private sector which stimulated economic activities.

9.3 Regional Market

- The growth in intra-trade in the East and Central Africa regional market for goods and services may be determined by the growth in the economy, the population, the cargo transit business within the region and other factors.

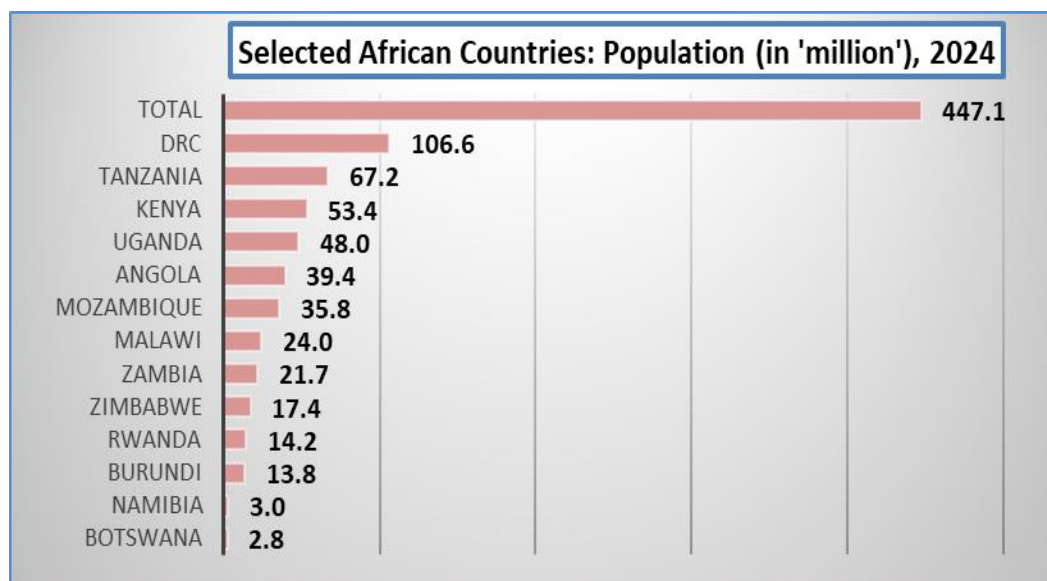
(a) Gross Domestic Products (GDP)

- Africa has emerged as one of the fastest growing regions of the world. Most of the Southern African countries experienced economic growth of between 3% and 7%.
- The below graph presents the Nominal GDP for some of the selected African countries in the southern and eastern African region.



(b) Population.

- Africa, and especially Sub-Saharan Africa, has experienced an unprecedented rate of urban growth, outpacing other regions. The six countries of Tanzania, Zambia, Malawi, DRC, Rwanda and Burundi have a combined population of about 247 million people (in year 2024).
- The populations in urban areas for most African countries are currently are estimated at about 40% of total population and expected to increase annually. The below graph depicts population distribution for some eastern and southern African countries.



(c) Transit Trade Volumes

- Tanzania is the natural gateway to one of the fastest growing regions in the world with increasing trade volumes. In 2021, transit cargo handled at Dar es Salaam port increased by 20.2 percent to 6,421,598 tons compared to 5,340,287 tons handled in 2020. This was attributed to initiatives by TPA to widen the market base especially in Zambia and DRC.

- The container transit trade flows have witnessed the highest growth, increasing at a compounded annual growth rate of 19%.

Tanzania: Transit Cargo (in Tons)						
	2017	2018	2019	2020	2021	Growth
Country						
Zambia	2,021.2	1,504.0	1,763.0	1,159.1	1,507.7	30%
DRC	1,176.7	1,779.6	1,914.1	1,840.6	2,357.9	28%
Burundi	415.9	379.7	453.2	476.8	507.0	6%
Rwanda	1,061.2	911.8	1,238.6	1,239.2	1,366.3	10%
Malawi	276.0	311.2	336.7	407.4	471.3	16%
Uganda	271.9	188.6	140.9	153.9	138.8	-10%
Others	85.4	98.5	25.3	63.2	72.5	15%
Total	5,308.3	5,173.4	5,871.8	5,340.2	6,421.5	20%

- Transit traffic growth is mainly driven by economic growth, growth in agriculture, forestry and fisheries, energy, mining and development of rail and road infrastructure.
- Transit trade is growing at a rate of 15% compared to the 10% growth in the total traffic of Dar-es-salaam port.

6.1 Introduction

- The proposed project will produce high quality products for industrial consumption particularly packaging materials.

6.2 Packaging Materials - PP Bags

- Polypropylene sacks/bags, also known as PP bags, woven bags, PP Woven bags have many applications including the following:
 - **Agriculture Industry –**
 - This is one of the biggest consumers of polypropylene material and bags. They use bags to pack different types of agricultural produce, and they are made categorically for this purpose.
 - Example, grains like cereals, pulses, vegetable all are packed in bags made to packing them specifically. Similarly, there are used for fertilizer and manure packaging.
 - The woven bags are moisture-resistant, pest and microorganisms resistant. Because of this, it keeps the grains safe inside.
 - **Chemical Industry –**
 - Chemical industry is the second biggest consumer of polypropylene bags/sacks, and it uses it in bag form, having handles for holding.
 - The chemical industry prefers polypropylene bags over other alternatives because the bags are non-reactive to chemicals. The chemical manufacturers can pack any chemical in bags without worry.
 - The **woven bags** are breathable because of the way it is made, and this gives an advantage to chemical manufacturers to their products. The packaging process of chemical is different from agricultural produce.
 - The chemical polypropylene bags are used commonly to store cement, fertilizers, manure, pesticides, etc.

Market Analysis

7.1 Introduction

- PP Bag is an important packaging material used mainly for primary packaging and it is the interface towards the consumer. One of the requirements on packaging is to protect the product from various physical hazards it may encounter on its way from the manufacturer of the product to the user of the product and potentially also during use, depending on the type of product.
- The project will produce PP Bags which are Primary Packages and they are integral part of the product and their performance may influence the users' attitudes towards the product and the brand.

7.2 World Overview

- The market of PP bags is expected to grow and reach a volume of 115,916 million units by 2031. The boosted production of woven bags is consumed by the construction, agriculture, and farming sectors predominantly in the present time and will be so in the future as well.
- Small unit packaging of spices, sugar, flour, are fuelling the demand for small woven printed woven bags called BOPP bags. The pp woven bags manufacturers are providing customized bags for specific product packaging.
- In consumer packaging, paperboard is mainly used for the manufacture of printed folding cartons (87% of the market), liquid packaging cartons, composite containers and paper cups.
- The PP Woven bags are recyclable. This factor makes woven bags an environment-friendly material and manufacturers a conscious one. It also makes it a cost-effective material for packaging bags.

7.3 Target Markets

- ECOF packages materials target two categories of clients:
 - ✓ Internal market which comprises of MeTL Group's associate companies engaged in the production/packaging of beverages, soap and detergents, refined edible oil, cooking fat, margarine, wheat flour and maize flour, confectionery, etc.

- ✓ External market which refers to companies outside the MeTL Group engaged in the production/packaging of industrial products such as bottled water, beverages, detergent and soap, pharmaceutical products, packaged food products, etc.

7.4 Internal Market

- The internal market will account for about 65% of the sales. Presently, MeTL Group comprises of 20 private companies with over 30 independent business operations in manufacturing, industrial processing, trading, service provision, and agricultural crops production.
- The packages materials manufacturing of the PP Bags is targeting the following companies under MeTL Group:
 - East Coast Oils & Fats Limited – for the following products
 - Laundry soap
 - Cooking oil
 - Margarine and cooking fats
 - Handwash/dish wash detergents
 - Royal Soap and Detergent Industries Ltd – for the following products:
 - Detergent powder
 - MO Cashews Processing – for the following products:
 - Processed cashews
 - Mohammed Enterprises Tanzania Ltd – for the following products:
 - Various imported consumer goods

(i) Edible oils and soaps

- **East Coast Oils and Fats Ltd** has a state of the art facility for the manufacture of edible oils, soaps and fats and is the largest plant of its kind in East and Central Africa. The plant is located at Kurasini Industrial Area in Dar-es-salaam and has the following manufacturing facilities:
 - 1,200 tons per day of refining capacity, including bleaching and deodorization;
 - 750 tons per day of fractioning capacity beginning with refined palm oil;
 - Chemical refining capacity of 300 tons of soft oils daily;
 - a manufacturing line for toilet soap with a capacity of 600 tons a month;

- four manufacturing lines of laundry soap with an aggregate capacity of 11,000 tons per month of finished soap.

- The company's packages materials need for the consumer packs for the laundry and toilet soaps as summarised below:

BOXES REQUIREMENT SOAP PLANT (ECOF)				
ACCORDING TO 5,500 MT				
S.NO	SKU	PACKING	GROSS WT OF BOX	Monthly Requirements
1	POA OW 500GM (BROWN BOXES)	10 X 500GM	5 KG	500,000
2	POA YELLOW 500GM (BROWN BOXES)	10 X 500GM	5 KG	60,000
3	TAIFA WHITE 500GM (WHITE BOXES)	10 X 500GM	5 KG	70,000
4	SUPER TAIFA 500GM(WHITE BOXES)	10 X 500GM	5 KG	25,000
6	TAIFA 800GM (BROWN BOXES)	25 X 800GM	20 KG	7,500
7	TAIFA GREEN 100GM (BROWN BOXES)	72 X 100GM	7.2 KG	90,000
8	SURA WHITE 125GM (BROWN BOXES)	100 X 125GM	12.5 KG	80,000
9	SURA PINK 125GM (BROWN BOXES)	100 X 125GM	12.5 KG	6,000
10	BOOM 125GM (white)	100 X 125GM	12.5 KG	20,000
11	MO BEAUTY WHITE 80GM (white)	72 X 80GM	5.76 KG	10,000
12	BOOM 80GM TOILET SOAP (white)	72 X 80GM	5.76 KG	5,000
13	MO BEAUTY 20GM (HOTEL SOAP) WHITE PAPER	200 X 20GM	4.0 KG	5,000
14				-
TOTAL				878,500

- The company's packages materials need for the consumer packs for the refined palm oil and sunflower oil is as summarised below:

BOXES REQUIREMENT OIL PLANT (ECOF)				
ACCORDING TO 2,500 MT				
S.NO	SKU	PACKING	GROSS WT OF BOX	Monthly Requirements
1	SAFI 900ML	12 X 900ML	10.8	60,000
2	SAFI 3LTRS	6 X 3LTRS	18	60,000
3	SAFI 5 LTRS	4 X 5LTRS	20	40,000
4	MO 900ML	12 X 900ML	10.8	5,000
6	MO 3 LTRS	6 X 3LTRS	18	5,000
7	MO 5 LTRS	4 X 5LTRS	20	5,000
8	SUNFLOWER 1 LTRS	12 X 1LTRS	12	5,000
9	SUNFLOWER 3 LTRS	6 X 3LTRS	18	5,000
10	SUNFLOWER 5 LTRS	4 X 5LTRS	20	5,000
TOTAL				190,000

- The company's packages materials need for the consumer packs of margarine and cooking fats plant is as summarised below:

BOXES REQUIREMENT MARGARINE AND COOKING FAT PLANT (ECOF)				
ACCORDING TO 400 MT				
S.NO	SKU	PACKING	GROSS WT OF BOX	Monthly Requirements
1	COOKING FAT 500GM	24 X 500GM	12	2,500
2	COOKING FAT 4 KG	4 X 4KG	16	500
3	COOKING FAT BROWN CARTON 10 KG		10	25,000
4	MARGARINE 100GM	48 X 100GM	4.8	500
5	MARGARINE 250GM	48 X 250GM	12	500
6	MARGARINE 500GM	24 X 500GM	12	500
7	COOKING FAT 10KG (YELLOW)		10	3,500
8	MARGARINE 15 KG CARTON		15	3,000
TOTAL				36,000

(ii) Detergents

• Royal Soap Detergents & Industries Ltd

- ROYAL SOAP DETERGENTS & INDUSTRIES LTD operates detergent powder manufacturing plant. The plant is located in Mabibo Industrial Area in Dar-es-salaam. The detergent powder manufacturing plant has a capacity to produce 72,000MT of detergent powder per year.
- The other existing facilities include the Sulfonation plant with 50MT manufacturing capacity per day; and a sodium silicate liquid plant with a 100MT per day capacity.
- Cost leadership is a strategy that ROYAL SOAP is adopting through investment in production of the main raw materials for detergent manufacturing. ROYAL SOAP is presently producing about 40% of its raw materials in terms of volume and about 65% in terms of value.
- The company's packages materials need for the detergent plant is as summarised below:

BOXES REQUIREMENT DETERGENT PLANT (RSDIL)				
ACCORDING TO 100 MT				
S.NO	SKU		GROSS WT OF BOX	Monthly Requirements
1	POA 50GM	72 X 50GM	3.6	10,000
2	POA 20GM	144 X 20GM	2.88	10,000
3	TAIFA 50GM	72 X 50GM	3.6	3,500
4	MO HALISI 50GM	72 X 50GM	3.6	3,500
5	HANDWASH/DISHWASH (12 MT)			1,500
TOTAL				28,500

(iii) Cashews

- **MO Cashews Ltd**

- The processing of cashews has been under MeTL before a new company, MO Cashew Ltd was established to focus on the crop supply chain. The business was established in 2012, and located in Mbagalla area, Dar-es-salaam.
- The plant, employing more than 450 people, is installed with production capacity of 158,000-MT of cashews per annum.

(iv) Match Boxes

- **Tanzania Match Industries Ltd**

- The company has invested in match-boxes manufacturing for the domestic market and export market to the neighbouring countries.
- The plant is situated at Mbezi Beach Industrial Area in Kinondoni Municipality, Dar-es-salaam. The company
- The company's match boxes manufacturing plant has capacity to produce 400 cartons/day. The company's packaging materials requirements is as follows:

Packaging Materials	Year	2018	2019	2020	2021
10's Wrapper	Units/Year	72,000	99,000	126,000	153,000
100's - LDPE Bags	Units/Year	734,400	1,009,800	1,285,200	1,560,600
Cellotapes - 12 mm	Units/Year	720	990	1,260	1,530
MO cartons	Units/Year	72,000	99,000	126,000	153,000
Printed Outer Box Skillets	Units/Year	74,520,000	102,465,000	130,410,000	158,355,000
Duplex Board for Inner box	Kg/Year	108,000	148,500	189,000	229,500

(iv) Mohammed Enterprises Tanzania td

- **MeTL**

- The company is the trading house of the MeTL Group dealing in over 2,000 consumer products including imported sundries.
- The company imports goods such as toilet soaps, safety matches, dry cell batteries, bubble gum, biscuits, and other consumable products.

7.5 External Market

- The manufacturing sector is emerging and represented 5.2% of GDP in 2015. With a population of over 50 million people Tanzania presents a large domestic market
- The industrial firms in Tanzania which provide potential markets for the package materials comprise of the following:
 - (i) Food, Beverage and Tobacco – these include manufacturing of dairy products, canning and preserving of fruits and vegetables, canning fish and similar foods, manufacture of animal and vegetable oils, grain milling baking, sugar and confectionery as well as prepared animal feeds. The tobacco sub-sector comprises manufacturing of cigarettes, tobacco and other tobacco production.
 - (ii) Paper and Paper Products – These comprise the manufacturing of pulp, paper, paperboard, fibreboards, light packaging, heavy packaging, stationery and other paper products.
 - (iii) Chemicals and Petroleum - The chemical sub-sector comprise the manufacture of basic industrial chemicals, pesticides, plastic materials and products, medicinal and pharmaceuticals, soap, detergents, perfumes and other cosmetics, paints and other chemical products. Petroleum products comprise of petroleum refineries, fuel oils, lubricating oils and manufacture of asphalt materials.
 - (iv) Non-metallic Mineral Products – these include manufacture of pottery, earthenware, glass and glassware products, bricks, tiles, cement, concrete, gypsum and plaster products.

Marketing Strategy

8.1 General Strategy

ECOF will undertake the following strategies to achieve its goals of becoming a household name in the PP Bags industry and other industries including biscuits, confectionery, labels, exercise books, and PP Bags industries:

- Create a compelling value proposition for its products and services for both the consumers, producers and national economies.
- Build strong brand recognition and leverage brand equities affiliated with MeTL Group.
- Develop key industry relationships with wholesalers, retailers, regulators and other stakeholders in the industry.
- Leverage its investments and trading to create measurable production and marketing platform which will allow measurability, personalization and integration with the other Group investments.
- Create and provide reliable investment and marketing information in the region that will lead to efficient and profitable operations.

8.2 Other Market Strategy

ECOF will focus on the following market strategic issues:

- Distribution network -
 - The projects will establish a strong marketing and distribution network using the MeTL Group's existing knowledge base and experience. The projects strengths will be establishment of market channels within the African region that will ensure fast moving of the Group's products.
- Promotion and advertisement -
 - All the products will be branded to differentiate them with products of other producers. The projects will use direct marketing and advertise in the media.

- Pricing and prices -
 - The projects will base on cost plus margins pricing strategy. MeTL Group is projecting to offer the best prices for its products and services owing to increased efficiency in production and service delivery coupled with presence of most efficient distribution network.
- Added-value
 - The increasing trend toward added-value products such as catching packaging, fast delivery services and others usually boost market value. MeTL Group will design good packages and have reliable delivery services.
- Products Certification
 - MeTL Group's products will be certified by the Tanzania Bureau of Standards (TBS). This is an available tool to improve its position against competitors particularly imported products.
- Brand identity –
 - The projects will market their products through MeTL Group distribution network and carry MeTL brand identity and become well known countrywide and internationally.
- Going into emerging markets –
 - MeTL Group's products will penetrate to the rural population through the sales and distribution channel. In the export market, the Group will explore the markets in the neighbouring countries of Zambia, Malawi, Rwanda, Burundi, Uganda and the Democratic Republic of Congo.

8.3 Products Distribution Model

- The products will be distributed through primary and secondary distribution channels.
- The primary distribution channel includes wholesale distributors, MeTL Group's own sales branches and mobile sales unit.
- The products will then be, further, distributed to end consumers through the secondary distribution channel.

8.3.1 Primary Distributors

- (i) Wholesale Distributors
 - Wholesale distributors will account for the largest share of the projects' distribution of the projects. The wholesale distributors are targeted to sale about 70% of the total products.
 - MeTL Group will appoint trading partners for distribution of the different products.
 - The distribution/trading partners, who will sell the products mostly to retailers in the localities, must have presence in the local market places.

- (ii) MeTL Group's Sales Branches
 - MeTL Group will establish sales offices at the factories and establish sales branch offices (wholesale sales outlets) in selected areas of the country.
 - The factory and branch outlets are expected to account for about 10 to 20 percent of the projects sales.
 - The branches will sell the products directly to retailers and other bulk purchasers of the products.

- (iii) Food Vendors
 - MeTL Group will target commercial food vendors' category who are the major consumers of biscuits and confectionery products. These may include hotels and restaurants, outdoor catering units, and other food vendors.

- (iv) Supermarkets
 - MeTL Group recognises and will identify supermarkets as sales agents for its food products.
 - Supermarkets will form the smallest distribution channel for MeTL Group's distribution network. This is estimated to account for about 2percent of the total sales.

8.3.2 Secondary Distributors

(i) Retailers

- MeTL Group distribution network will cover retailers located in various parts of the country in urban to peri-urban areas.
- Retailers are business units that resell a variety of consumer products to other business and end consumers.
- Retailers will form an important distribution network for MeTL Group's products. These are estimated to purchase about 90percent of products that are sold by wholesale distributors and 20 to 40percent of the products sold directly by MeTL Group's sales branches and mobile sales unit.
- Retailers have their retail stores in markets or by roadsides and sell groceries and other household supplies. They sell their products in small quantities to accommodate limited cash available to majority of their customers.

(ii) End Consumers

- End consumers are the most important group in the MeTL Group's distribution network because they determine the quality of cooking oil/margarine to supply.
- The projects will, through use of the media, promote the products so that the end users become aware of the products in the market.

Technical Analysis

9.1 Location and Accessibility

- The industrial project will all be housing under one roof in the industrial building situated in Kiwalani Industrial Area, Dar-es-salaam.
- The premises will comprise of the main factory buildings and offices, the machinery as well as the warehouses and other amenities for proposed industrial projects.

9.2 Land and Land Development

- The land on which the plants will be built will be leased from a sister company under the MeTL Group.
- The Industrial Complex covers an area measuring 5,000-sqm which is adequate for the establishment of the proposed projects.

9.3 Plant and Machinery

- ECOF will procure and install new brand plant and machineries to produce the PP Bags. The plant and machinery components for each of the projects are as follows:

Machinery & Equipmepment

Main Machines

PP Flat Yarn Making Machine (500Kg / Hr)
Circular weaving machine
Lamination Machine
Roll to Roll Flexographic Printing Machine
Conversion Line
Bale Press
Testing Equipment

Optional Equipment

Auto Roll Changing System
Air Shaft for Unwinding Roll
Corona Treater (4kw)
Automatic Ink Circulation pump
Doctor Blade system

Sub-total

Bobbins

Electrical Installations (600KWh)
Incl. transformer, LT Switchgear, & accessories

Pipeworks

Material Handling Equipment

Cone Carrier
Cloth Carrier
Fork lift
Pallet trucks
Strapping machine

Extinguishers & Hydrant System

Testing instruments

Diesel Generator (1000KVA)

- Additionally, each project will undertake to install electricity and water and procure support facilities and equipment.
- Since most of the machinery and equipment will be imported, MeTL Group will incur costs associated with shipment and clearing and other statutory expenses.
- Machinery installations will be done by machinery suppliers or qualified companies on the specific factory.

9.4 Office Furniture and equipment

- Each project will establish its office and will procure office furniture and equipment for use in the respective projects.
- The office furniture and equipment include office chairs, office tables, office cabinets, carpets and other office furniture; computers and computer accessories, computer software and other office equipment.

9.5 Motor Vehicles

- ECOF will undertake to procure motor vehicles for use by each factory. The projects will procure motor vehicles for their operations which may include raw materials transportation, distribution of final products to the market as well as office cars for use in the operation of the projects.

9.6 Utilities

- The cost of electric power has been estimated based on installed load and its utilization in each industrial operation.
- Additional to electricity, the plants will require fuel and water for their operations.
- All utilities requirements have been worked out to installed capacity.

9.7 Working Capital

- The requirement of working capital for each project has been tabulated in working capital Annex.
- ECOF will arrange for external financing such as Overdraft facilities and Letters of Credits to finance working capital requirements of the projects.

Quality Control

10.1 Introduction

- ECOF will invest in Quality control (QC) testing programs for raw materials, APIs and intermediates to machinery supplier's specifications supported by troubleshooting and specialist QC methods.
- Quality control testing of raw materials will be installed from early stage of product development through to commercial batch release. The quality of raw materials can vary considerably from supplier to supplier of raw materials, and even batch to batch, and so controlling the quality of the input material is key to the success of the products.

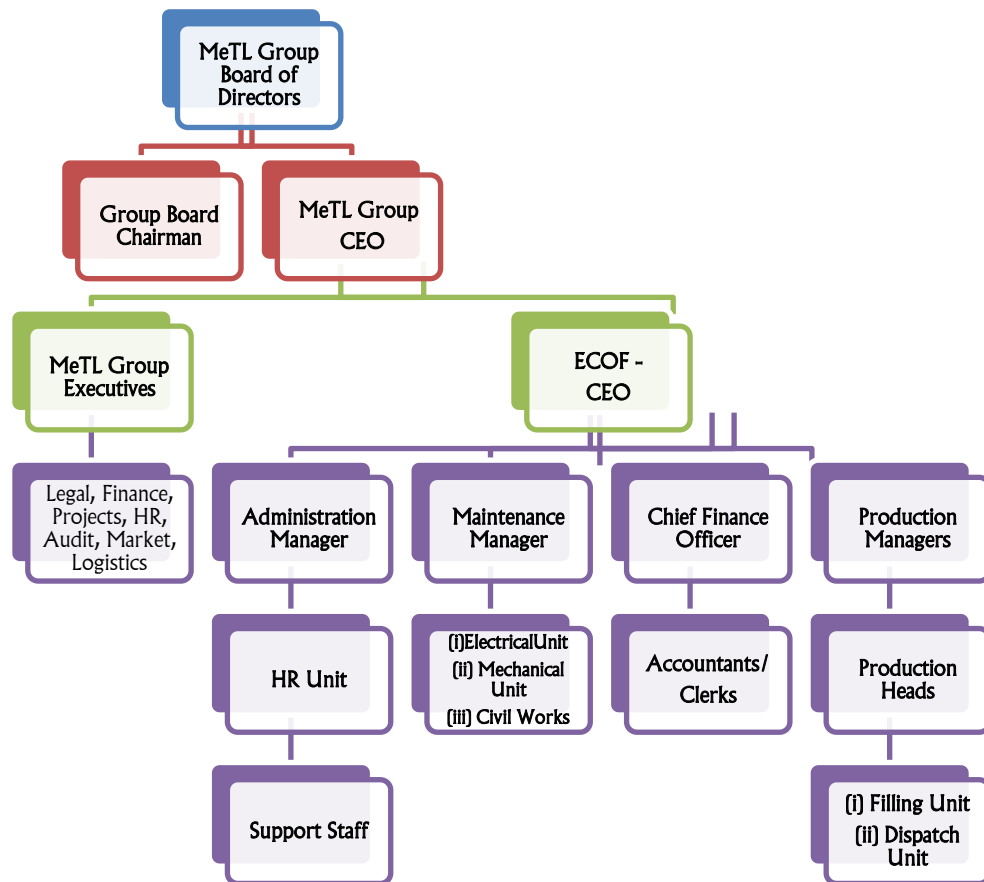
10.2 Scientific And Laboratory Services

- The projects will establish Scientific and Laboratory Services Unit which will be the cornerstone of ECOF's service to the customers. The unit will consist of some scientists, engineers, and technicians. The unit will be supported by well-equipped laboratories.
- The Scientific and Laboratory services Unit will work closely with customers, on site and in the projects laboratory, to solve their most challenging problems. The Unit will be determined to help customers achieve the best economics and performance of the products.
- The Unit will utilize advanced equipment and sophisticated analytical methods to evaluate all aspects of the products.
- The Laboratory capabilities will include but not limited to:
 - Contamination analysis
 - Light and electron microscopy
 - Microbial and endotoxin challenge testing
 - Particle counting and others.

Organisation and Management

11.1 Company Organisation Structure

- The project will be under the general management of the Board of Directors of MeTL Group which is responsible for major policy and strategic decisions of the projects. The Board is under the Chairmanship of Mr. Gulam Dewji, the founder of the MeTL Group.
- At the strategic level, the day-to-day management of the project is supervised by MeTL Group CEO who is being assisted by a team of professionals in treasury, finance, production and in other relevant fields to the project at the Group Head Office.
- At the operational level, each of the projects will be under a qualified and highly experienced General Manager.
- The project's Organisation Chart is presented below:



11.2 Staffing

- The two projects are projecting to employ over 100-staff contingent excluding casual labourers.

11.3 Remuneration

- The projects will pay salaries and wages to the workers at competitive rates as shown in the attached Annexes.
- Additionally, the projects will provide the workers with other benefits including food on site, medical assistance and other benefits.

11.4 Manpower Training

- ECOF will hire experienced workers so that they can easily adopt the system and good practices involved in efficient running of the projects.
- ECOF will identify training needs of all the technical staff and the factories attendants and will install systematic and focused training programs and refresher courses.

Implementation AND Operation Plan

12.1 Projects Implementation

12.1.1 Projects Mission & State of Play

- The overall mission of ECOF is to develop the project using best proven technologies, operating in an environmentally friendly and sustainable manner while providing a safe working environment. Attention will be paid to product quality, product safety and operating efficiency.
- The following are the main aspects of the projects status:
 - The project is being developed under the overall leadership of the MeTL Group.
 - The site for the proposed investment has been identified and secured.
 - Subject to availability of investible funds, kick-off meetings will be held with technology partners, equipment suppliers, architects and other stakeholders wherein projects implementation issues will be thoroughly debated.
 - The general location has been agreed – Mbezi Beach Industrial Area. This has been confirmed when a site survey and necessary foundation testing was completed.
- The main stakeholders to the projects have in common agreed that the project would be implemented along the lines of the technology/machinery supplier whereby the design and supply will be carried out by the respective suppliers of machineries.
- This will be achieved by preliminary order as set out below and a main order when all of the design is complete and agreed and financing in place.

12.1.2 Preliminary

- The ECOF intends to place a PRELIMINARY ORDER on the various machineries and support facilities within months, thus a need to:
 - Carry out the basic engineering designs
 - Engage an architect with industry experience to design the structures and to prepare a Bills of Quantities (BOQ) for civil and general works for the support facilities.
 - Produce a design, tender documents, seek quotes and select a construction material supplier.
- The preliminary order will allow ECOF to keep the project on track for commissioning in within 14-months after the Preliminary Order.

12.1.3 Turnkey Supply

- In order to minimise risks, ECOF will choose to place a Turnkey Order whereby the technology/machinery supplier is responsible for a turnkey package as set out below.
 - (i) Basic Engineering and finalizing outline specifications
 - (ii) Detailed design engineering and specifications
 - (iii) Civil design and supervision
 - (iv) Selection of all equipment and building steelwork
 - (v) Mechanical and Electrical erection other than local unskilled labour and tools.
 - (vi) Commissioning
- This will provide a fixed price in USD for the above services.

12.1.4 Local Construction Supervision

- ECOF will be assisted by local professional advisers to carry out the remaining works and will:
 - Prepare and evaluate the package bids, and undertake bidding and bid evaluation,
 - Undertake engagement and supervision of contractors
 - Undertake compliance with all safety and other industrial regulations

12.1.5 Other Considerations

- Practically, the plants may be commissioned some 12- months to 14-months after securing of the necessary finance with the view to immediately place order on the plant and machinery to carry out the pre-engineering works to enable the projects to solicit for all licenses and permits to commence on the following:
 - (i) Civil construction on site
 - (ii) Fabrication of steel structures by an identified steel supplier
 - (iii) Manufacture of equipment for the projects
- A conservative estimate is given to 18-months for project implementation considering possible delays in machinery supply, documentation, and other delays in construction.

12.1.6 Implementing Agency

- The project will be implemented by ECOF in collaboration with other relevant stakeholders including government and non-government bodies.

- During the implementation of the project, the company will form Technical Committee that will closely involve all the stakeholders. Some of the stakeholders shall include:
 - ✓ Tanzania Bureau of Standards (TBS)
 - ✓ Local governments
 - ✓ Relevant ministerial departments including Ministry of Industries, Ministry of Energy, Ministry of Health, Ministry of Water and other relevant ministry departments
 - ✓ Non-governmental organisations in the area of interest including industry trade associations.
 - ✓ Development partners including funding agencies.
 - ✓ Local communities

12.2 Project Operation

- Upon completion of the implementation activities the project will be managed by ECOF, and it will involve the following operational activities:
 - (i) PP Bags manufacturing
 - (ii) Sourcing of raw materials and other support facilities, and
 - (iii) Marketing, transport and distribution of the final products
- During operation, the plants will promote products quality standards as follows:
 - Conduct risk assessments of procedures and products in laboratory to identify high risks, and develop an action plan to minimise them.
 - Keeping up-to-date protocols and procedures for preparing and administering the final products.
 - Training of staff involved in administering and monitoring of the respective industries and offer practical training and exposure opportunities on food industry and other industries to local trainees.
 - Undertaking audits of all practices associated with the respective industries.

Risk Analysis

13.1 Delays or Cost+ Overruns in Project Implementation

- A number of factors may lead to delays in project commissioning including statutory documentations, funds mobilisation and timely disbursement as well as machinery delivery and installation works.
- The shareholders have great experience in the industrial sector and will follow closely with the government technocrats and policy makers to reduce delays in the project implementation. The company will ensure all conditions with the financing partners are timely addressed. On the machinery procurement and installations, the risks are minimised by the choice of the turnkey structure.

13.2 Price Risk

- Pricing is of paramount concern to consumer goods and packaging materials. Artificially depressed prices set by governments can ultimately cripple products supplies and reduce incentives for further investment in a market.
- While the Tanzania government is sensitive to concerns related to cost-savings and the affordability of consumer goods, it encourages transparency and competition in pricing decisions and appropriate recognition of the value of innovative products. The government is not involved in setting prices of the final products to be produced.

13.3 Counterfeits

- A counterfeit product is produced and sold with the intent to deceptively represent its origin, authenticity or effectiveness. Counterfeit products are a dangerous source of unfair competition and financial harm for both the innovative and generic industries. It is a problem facing most industries in Africa.
- MeTL Group will invest considerable resources to ensure a safe supply chain for genuine products. Additionally, the Tanzania government, through TBS, Fair Competition Commission and other organs, has consistently enforced policies to address counterfeiting problems.

13.4 Inflation risks

- There is a potential risk that inflation might increase at higher rates than projected. This may increase the price of the final products hence reduce the demand for the product.
- While this risk usually prevails in Developing Countries like Tanzania, the government appears committed to continue maintaining the macroeconomic stability and bring inflation further down.

13.5 Political risks

- The government may from time to time issue new directives (on issues such as regulations of supply of energy, imports of specific raw materials, tendering, etc.) which may negatively impact on the project implementation and operations.
- This risk is strongly addressed by the fact that the Tanzania government has maintained long-term commitment of involving the private sector in policy decisions.

13.6 Managerial risks

- The management of the project – PP Bags manufacturing - requires close supervision and expertise in production and marketing.
- The projects will employ personnel with experience in the respective manufacturing industries in the fields of production and marketing.
- Additionally, the shareholders of MeTL Group will be part of the management team to drive the finance and marketing department.

Financial and Economic Analysis

14.1 Introduction

- This section represents financial plan, which is divided into two sections:
 - The financial assumptions, and
 - Results of the Financial Assumptions
- The financial model presents the financial projections of PP Bags Manufacturing Project.
- The main objective of the financial analysis is to examine both commercial profitability and economic viability of the proposed projects.
- The results of the financial assumptions which include the Investment and Financing Plan, Projected Profit and Loss and Cash Flow Statements, Balance Sheet are presented in the attached Annexes.
- The financial assumptions which lead to the financial results are detailed in the attached Annexes.

14.2 Financial Goals

The immediate financial goals of ECOF are as follows:

- To finance the establishment of the industrial project in Mbezi Beach industrial area, Dar-es-salaam.
- Finance daily finance obligations through internally generated funds.

14.3 Financial Assumptions

(i) General Financial Assumptions

- The currency of accounting is Tanzania Shillings (TZS)
- The exchange rate of TZS to USD is assumed at TZS 2,500 to 1 USD.
- The project life time is assumed to be Ten (10) years during which the projects will periodically undertake to replace the worn-out core assets.
- The projections have assumed inflation of the operating expenses of the project.

(ii) Investment Plan

- The Investment Plan is presented in Annex 1 which shows the existing and additional investments of the proposed projects.

- The project implementation period is assumed to be 12-months during which the promoters will undertake to develop the projects.
- The summary of the projected investment plan for the PP Bags manufacturing Project is presented below:

East Coast Oil & Fats Ltd PP Bags Manufacturing Plant INVESTMENT & FINANCING PLAN						
Amount in TZS '000'						
INVESTMENTS PLAN						
	Existing Investment	Additional Investments			TOTAL INVESTMENT	USD Equivalents
		Year-1	Year-2	Total		
Exchange Rate (USD/TZS)	2,300	2,300				
Land & Land Development	-	1,250,000	-	1,250,000	1,250,000	543,478
Buildings & Civil Works	-	3,180,000	-	3,180,000	3,180,000	1,382,609
Machinery & Equipment	-	14,686,100	-	14,686,100	14,686,100	6,385,261
Motor Vehicles	-	515,000	-	515,000	515,000	223,913
Office Furniture & Equipment	-	187,500	-	187,500	187,500	81,522
Physical Assets	-	19,818,600	-	19,818,600	19,818,600	8,616,783
Pre-Operating costs						
Finance Costs	-	1,882,988	-	1,882,988	1,882,988	818,690
Non-finance costs	-	4,336,506	-	4,336,506	4,336,506	1,885,438
Total Pre-Operating Costs	-	6,219,494	-	6,219,494	6,219,494	2,704,128
Capital Expenditure	-	26,038,094	-	26,038,094	26,038,094	11,320,911
Working Capital						
PP Bags Plant	-	-	1,250,682	1,250,682	1,250,682	543,775
Total Investment	-	26,038,094	1,250,682	27,288,776	27,288,776	11,864,685

(iii) Financing Plan

- The Project Financing Plan is as presented in Annex 1.
- The project is proposed to be financed through MeTL Group equity and loan financing. The summary of the financing plan is as follows:

Amount in TZS '000'						
FINANCING PLAN						
	Existing Financing	Additional Financing			TOTAL FINANCING	USD Equivalents
		Year-1	Year-2	Total		
Equity Financing						
Share Capital	-	-	-	-	-	-
Directors' Capital Costs Funds	-	14,038,094	-	14,038,094	14,038,094	6,103,519
Directors' Working Capital Funds	-	-	1,250,682	1,250,682	1,250,682	543,775
Total Equity	-	14,038,094	1,250,682	15,288,776	15,288,776	6,647,294
External Financing						
Long-Term Loans	-	12,000,000	-	12,000,000	12,000,000	5,217,391
Short-Term Loans	-	-	-	-	-	-
Total External Financing	-	12,000,000	-	12,000,000	12,000,000	5,217,391
Total Financing	-	26,038,094	1,250,682	27,288,776	27,288,776	11,864,685
Ratios:						
Shareholders' Contribution	-	54%	100%	56%	56%	56%
External Financing	-	46%	0%	44%	44%	44%

(iv) Depreciation Assumptions

- The Depreciation Schedules are presented in Annex 3 for each project in the respective project projections.
- The depreciation and amortisation rates are as indicated in the respective schedules.

(v) Operations and Output Assumptions

- The PP Bags Manufacturing project will produce PP Bags for packaging of various products. The bags will have different strengths according to the intended use.
- The bags will have different sizes as summarised below:

PP Bags Produced
5kg - PP Bag
10kg - PP Bag
25kg - PP Bag
50kg - PP Bag
100kg - PP Bag

- The PP Bags manufacturing plant will have Polypropylene intake capacity of 367-kg/hour equivalent to 3.0million 50kg-bags/month.
- The plants are assumed to work for one-shift of 8-hours a day; and assumed to work at 60% capacity utilisation in the first year increasing at a rate of 10%, annually.

(vi) Operating Costs Assumptions

- The project operating costs for the project have considered the Direct and Indirect Operating costs.
- The operating cost assumptions are presented in the attached Annexes.
- The direct operating costs for the project have considered all costs associated with production of the respective products.
- For estimating the direct operating costs all cost variables have been considered including materials input costs, packaging materials, statutory expenses, utilities expenses, direct labour costs, plant maintenance costs, and other direct operating costs.

- The indirect operating costs have considered the fixed labour costs and administration costs as well as staff benefits costs.
- The direct operating costs are assumed to account for about 70% of the projected revenues and the indirect costs are projected to account for about 8% of the total revenues.
- Other Operating Costs assumptions are as indicated in the schedules.

(vii) Projected Working Capital

- Working capital assumptions for the project have been worked out in the Working Capital Schedules.
- The Working Capital Schedule indicates the current assets and liabilities of the project.
- Other working capital costs are as indicated in the attached working capital schedules of the project.

14.4 Financial Results

14.4.1 Projected Profitability

- o The Profitability for each of the projects has been carried out and presented in the respective projections of the project in Annex 8.

East Coast Oil & Fats Ltd											
PP Bags Manufacturing Plant											
Projected Profit And Loss Statements											
Amount in TZS '000'											
	Year	Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
Revenues											
Revenues from PP Bags		-	14,668,665	17,954,446	21,365,791	24,906,408	28,580,103	32,390,783	33,038,599	33,699,371	34,373,358
Total Net Revenues		-	14,668,665	17,954,446	21,365,791	24,906,408	28,580,103	32,390,783	33,038,599	33,699,371	34,373,358
Less: Direct Operating Costs											
Raw Material Costs		-	7,141,375	8,741,043	10,401,841	12,125,574	13,914,096	15,769,309	16,084,695	16,406,389	16,734,517
Utilities Costs		-	611,623	723,470	839,546	959,976	1,084,887	1,214,410	1,238,699	1,263,473	1,288,742
Direct Labour		-	307,200	313,344	319,611	326,003	332,523	339,174	345,957	352,876	359,934
Maintenance & repairs		-	252,086	221,625	226,058	230,579	235,191	239,894	244,692	249,586	254,578
Other Direct expenses		-	14,283	17,482	20,804	24,251	27,828	31,539	32,169	32,813	33,469
Total Direct Operating Costs		-	8,326,567	10,016,964	11,807,859	13,666,383	15,594,525	17,594,326	17,946,213	18,305,137	18,671,240
Gross Profit/(Loss)		-	6,342,098	7,937,482	9,557,932	11,240,025	12,985,578	14,796,457	15,092,386	15,394,234	15,702,119
Less: Indirect Operating Costs											
Administration costs		-	26,400	26,928	27,467	28,016	28,576	29,148	29,731	30,325	30,932
Distribution & Marketing costs		-	733,433	897,722	1,068,290	1,245,320	1,429,005	1,619,539	1,651,930	1,684,969	1,718,668
Other Indirect expenses		-	14,400	14,688	14,982	15,281	15,587	15,899	16,217	16,541	16,872
Indirect Labour Costs		-	214,200	218,484	222,854	227,311	231,857	236,494	241,224	246,048	250,969
Total Indirect Operating costs		-	988,433	1,157,822	1,333,592	1,515,928	1,705,025	1,901,080	1,939,101	1,977,883	2,017,441
Operating Profit/(Loss) Before DI&T		-	5,353,665	6,779,660	8,224,340	9,724,096	11,280,552	12,895,377	13,153,285	13,416,351	13,684,678
Let: Depreciation		-	2,089,400	1,831,312	1,606,598	1,462,293	1,287,505	1,129,495	1,043,621	920,016	806,847
Amortisation		-	777,437	777,437	777,437	777,437	777,437	777,437	777,437	777,437	-
Operating Profit/(Loss) Before I&T		-	2,486,828	4,170,911	5,840,306	7,484,366	9,215,611	10,988,445	11,332,227	11,718,897	12,877,831
Less: Finance Costs											
Interest on Long-Term Loans	16%	-	1,860,810	1,687,586	1,484,939	1,247,870	970,533	646,088	266,533	(0)	(0)
Interest on Short-term Loans	8%	-	100,055	120,806	142,924	142,924	142,924	142,924	142,924	142,924	142,924
Total Finance costs		-	1,960,865	1,808,392	1,627,863	1,390,794	1,113,457	789,012	409,457	142,924	142,924
Operating Profit/(Loss) Before Tax		-	525,963	2,362,519	4,212,443	6,093,572	8,102,154	10,199,433	10,922,770	11,575,974	12,734,907
Let: Provision for Corporate Tax	30%	-	157,789	866,545	1,263,733	1,828,072	2,430,646	3,059,830	3,276,831	3,472,792	3,820,472
Profit/(Loss) after Tax		-	368,174	1,495,974	2,948,710	4,265,501	5,671,508	7,139,603	7,645,939	8,103,182	8,914,435
Let: Dividends	0%	-	0	0	0	0	0	0	0	0	0
Retained Income		-	368,174	1,495,974	2,948,710	4,265,501	5,671,508	7,139,603	7,645,939	8,103,182	8,914,435
Cumulative retained income		-	368,174	1,864,149	4,812,859	9,078,360	14,749,868	21,889,471	29,535,410	37,638,592	46,553,027
Ratios:											
Gross Margin	-	-	43%	44%	45%	45%	45%	46%	46%	46%	46%
EBITDA Margins	-	-	36%	38%	38%	39%	39%	40%	40%	40%	40%
Net margins	-	-	3%	8%	14%	17%	20%	22%	23%	24%	26%

14.4.2 Projected cash flow Statements

- The projected sources and applications of funds and revenues have been worked out for the project and presented in Annex 9.
- Summary of the cash flow statements for the PP Bags Project is as presented below.

East Coast Oil & Fats Ltd											
PP Bags Manufacturing Plant											
Projected Cash Flow Statements											
Amount in TZS '000'											
<u>Year:</u>	<u>Year-1</u>	<u>Year-2</u>	<u>Year-3</u>	<u>Year-4</u>	<u>Year-5</u>	<u>Year-6</u>	<u>Year-7</u>	<u>Year-8</u>	<u>Year-9</u>	<u>Year-10</u>	
Cash Inflow											
Share Capital	-	-	-	-	-	-	-	-	-	-	-
Directors' Capital Costs Funds	14,038,094	-	-	-	-	-	-	-	-	-	-
Directors' Working Capital Funds	-	1,250,682	-	-	-	-	-	-	-	-	-
Long-Term Loans	12,000,000	-	-	-	-	-	-	-	-	-	-
Short-term Loans	-	-	-	-	-	-	-	-	-	-	-
Total External finance	26,038,094	1,250,682	-	-	-	-	-	-	-	-	-
Sales revenues	-	14,668,665	17,954,446	21,365,791	24,906,408	28,580,103	32,390,783	33,038,599	33,699,371	34,373,358	
Less: VAT	-	-	-	-	-	-	-	-	-	-	-
Total Net Revenues	-	14,668,665	17,954,446	21,365,791	24,906,408	28,580,103	32,390,783	33,038,599	33,699,371	34,373,358	
Total Cash Inflows	26,038,094	15,919,347	17,954,446	21,365,791	24,906,408	28,580,103	32,390,783	33,038,599	33,699,371	34,373,358	
Cash Outflows											
Capital expenditure:											
Land & Land Development	1,250,000	-	-	-	-	-	-	-	-	-	-
Buildings & Civil works	3,180,000	-	-	-	-	-	-	-	-	-	-
Machinery & equipment	14,686,100	-	-	-	-	-	-	-	-	-	-
Office Furniture & Equipment	187,500	-	-	-	50,000	-	-	50,000	-	-	-
Motor Vehicles	515,000	-	-	257,500	-	-	257,500	-	-	257,500	
Pre-operating expenses											
Finance Costs	1,882,988	-	-	-	-	-	-	-	-	-	-
Non-finance costs	4,336,506	-	-	-	-	-	-	-	-	-	-
Total Capital expenditure	26,038,094	-	-	257,500	50,000	-	257,500	50,000	-	257,500	
Additional working capital	-	1,250,682	259,390	276,475	-	-	-	-	-	-	-
Direct Operating expenses	-	8,326,567	10,016,964	11,807,859	13,666,383	15,594,525	17,594,326	17,946,213	18,305,137	18,671,240	
Indirect operating Expenses	-	988,433	1,157,822	1,333,592	1,515,928	1,705,025	1,901,080	1,939,101	1,977,883	2,017,441	
Corporate Tax	-	157,789	866,545	1,263,733	1,828,072	2,430,646	3,059,830	3,276,831	3,472,792	3,820,472	
Loan Repayments											
Interest on Long-Term Loans	-	1,860,810	1,687,586	1,484,939	1,247,870	970,533	646,088	266,533	-	0	0
Interest on Short-term loans	-	100,055	120,806	142,924	142,924	142,924	142,924	142,924	142,924	142,924	
Principal on Long-term loans	-	1,019,813	1,193,036	1,395,684	1,632,753	1,910,090	2,234,535	2,614,090	0	0	
Dividends	-	-	-	-	-	-	-	-	-	-	-
Total Cash Outflows	26,038,094	13,704,149	15,302,149	17,962,705	20,083,930	22,753,743	25,836,283	26,235,692	23,898,736	24,909,577	
Surplus (Deficit)	-	2,215,199	2,652,297	3,403,086	4,822,478	5,826,360	6,554,501	6,802,907	9,800,635	9,463,782	
Opening Cash Balance	-	0	2,215,199	4,867,496	8,270,581	13,093,059	18,919,419	25,473,920	32,276,827	42,077,462	
Closing Cash Balance	-	2,215,199	4,867,496	8,270,581	13,093,059	18,919,419	25,473,920	32,276,827	42,077,462	51,541,244	

14.4.3 Projected Balance Sheets

- The projected balance sheet statements of the project have been worked out and presented in Annex 10.

East Coast Oil & Fats Ltd PP Bags Manufacturing Plant										
Projected Balance Sheets										
Amount in TZS '000'										
Year	Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
Fixed Assets	26,038,094	26,038,094	23,171,258	20,820,009	18,485,974	16,246,244	14,438,803	12,581,871	10,760,813	9,320,860
Less: Depreciation	-	2,866,837	2,608,749	2,384,034	2,239,730	2,064,941	1,906,932	1,821,058	1,697,453	806,847
Net Fixed assets	26,038,094	23,171,258	20,562,509	18,435,974	16,246,244	14,181,303	12,531,871	10,760,813	9,063,360	8,514,013
Current Assets:										
Cash Balances/(Bank Overdraft)	-	2,215,199	4,867,496	8,270,581	13,093,059	18,919,419	25,473,920	32,276,827	42,077,462	51,541,244
Trade Debtors	-	564,179	690,556	821,761	821,761	821,761	821,761	821,761	821,761	821,761
Advance Payments	-	480,379	577,902	681,223	681,223	681,223	681,223	681,223	681,223	681,223
Stocks										
Raw materials	-	595,114.55	728,420.21	866,820.05	866,820.05	866,820.05	866,820.05	866,820.05	866,820.05	866,820.05
Utilities	-	50,968.62	60,289.18	69,962.18	69,962.18	69,962.18	69,962.18	69,962.18	69,962.18	69,962.18
Work-in-Progress	-	93,150.00	111,747.86	131,414.51	131,414.51	131,414.51	131,414.51	131,414.51	131,414.51	131,414.51
Spares & Consumables	-	42,014.36	36,937.55	37,676.30	37,676.30	37,676.30	37,676.30	37,676.30	37,676.30	37,676.30
Finished goods	-	388,125.01	465,616.10	547,560.45	547,560.45	547,560.45	547,560.45	547,560.45	547,560.45	547,560.45
Other Inputs	-	2,380.46	2,913.68	3,467.28	3,467.28	3,467.28	3,467.28	3,467.28	3,467.28	3,467.28
Total Stocks	-	1,171,753	1,405,925	1,656,901	1,656,901	1,656,901	1,656,901	1,656,901	1,656,901	1,656,901
Other Current Assets	-	38,016.66	44,531.63	51,291.98	51,291.98	51,291.98	51,291.98	51,291.98	51,291.98	51,291.98
Total Current Assets	-	4,469,527	7,586,409	11,481,758	16,304,236	22,130,596	28,685,096	35,488,004	45,288,639	54,752,420
Current Liabilities:										
Trade Creditors	-	640,505	770,536	908,297	908,297	908,297	908,297	908,297	908,297	908,297
Accrued Incomes	-	80,597	98,651	117,394	117,394	117,394	117,394	117,394	117,394	117,394
Administrative expenses	-	193,558	234,835	277,684	277,684	277,684	277,684	277,684	277,684	277,684
Utilities	-	50,969	60,289	69,962	69,962	69,962	69,962	69,962	69,962	69,962
Other Current Liabilities	-	38,017	44,532	51,292	51,292	51,292	51,292	51,292	51,292	51,292
Total Current Liabilities	-	1,003,646	1,208,842	1,424,630	1,424,630	1,424,630	1,424,630	1,424,630	1,424,630	1,424,630
Net Current Assets	-	3,465,881	6,377,567	10,057,128	14,879,606	20,705,966	27,260,466	34,063,374	43,864,009	53,327,790
Total Net Assets	26,038,094	26,637,138	26,940,076	28,493,102	31,125,850	34,887,269	39,792,337	44,824,187	52,927,368	61,841,803
Financed By:										
Equity										
Share Capital	0	0	0	0	0	0	0	0	0	0
Directors' Capital Costs Funds	14,038,094	14,038,094	14,038,094	14,038,094	14,038,094	14,038,094	14,038,094	14,038,094	14,038,094	14,038,094
Directors' Working Capital Funds	0	1,250,682	1,250,682	1,250,682	1,250,682	1,250,682	1,250,682	1,250,682	1,250,682	1,250,682
Accumulated Profits	0	368,174	1,864,149	4,812,859	9,078,360	14,749,868	21,889,471	29,535,410	37,638,592	46,553,027
Total Equity	14,038,094	15,656,951	17,152,925	20,101,635	24,367,136	30,038,644	37,178,247	44,824,187	52,927,368	61,841,803
External Finance										
Long-Term Loans	12,000,000	10,980,187	9,787,151	8,391,467	6,758,714	4,848,625	2,614,090	-0	-0	-0
Bank Short-term Loans	0	0	0	0	0	0	0	0	0	0
Total External financing	12,000,000	10,980,187	9,787,151	8,391,467	6,758,714	4,848,625	2,614,090	-0	-0	-0
Total Financing	26,038,094	26,637,138	26,940,076	28,493,102	31,125,850	34,887,269	39,792,337	44,824,187	52,927,368	61,841,803

14.5 Viability Assessment

- Based on the assumptions made on the revenues generation, capital expenditure requirements, and cash flows projections, the projects are both financially feasible and economically viable.
- Three measures have been used to evaluate viability of each of the proposed projects. They include Net Present Value (NPV), Internal Rate of Return (IRR) and the Payback Period (PP). The project IRR, NPV and PP are as shown in Annex 6.
- The Viability Assessment for each of the projects is as follows:
 - Loan Interest rates 16% per annum
 - NET Present Value (NPV) TZS 15.2 billion
 - Normal Payback Period 4-Years
 - Direct Employment 62 people
- The NPV for the project is positive, suggesting viable business venture. The IRR for both the projects are higher than the cost of funds.
- The Payback Periods range between 4-years which are shorter than the financial projections period of 10-years, and thus the project is considered to be viable proposition.

Financing Requirements

15.1 Proposed Financing Structure

- ECOF is seeking for investment funds amounting to TZS 27.2 billion for the PP Bags Project to be invested in 12-month, of which TZS 26.0 billion will be required for CAPEX and TZS 1.2 billion for working capital.
- The company is seeking for a medium-term loan facility amounting to TZS 12.0 billion for procurement of the physical infrastructure.
- The balance of the investment costs will be sourced from the shareholders.

15.2 Medium-Term Loan Repayment Schedules

- The Medium-term Loan Repayment Schedule for PP Bags Manufacturing Project is presented in Annex 7.
- The following are the main assumptions:
 - The loan amount is TZS 12.0 billion
 - The proposed loan chargeable interest rate of 16% all-inclusive per annum has been assumed.
 - The loan is 8-year term loan facility including 12-months of grace period on principal as summarised below:

East Coast Oil & Fats Ltd PP Bags Manufacturing Plant Loan Repayment And Interest Payment Schedule			Amount in TZS '000'							
			Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8
External Loan										
Principal Amount	12,000,000 TZS 5,217,391 USD									
Interest rate	16% p.a		16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%
Repayment period	7.00 Years									
Installment period	Quarterly									
Grace Period (Months)	12 On Principal 0 on Interest									
Principal repayment	24 Quarters									
Repayment Schedule										
Opening Balance			-	12,000,000	10,980,187	9,787,151	8,391,467	6,758,714	4,848,625	2,614,090
Drawdowns			12,000,000	-	-	-	-	-	-	-
Interest Due	16.0% p.a.		1,344,000	1,860,810	1,687,586	1,484,939	1,247,870	970,533	646,088	266,533
Principal Repayment	7.00 Years		-	1,019,813	1,193,036	1,395,684	1,632,753	1,910,090	2,234,535	2,614,090
Balance			12,000,000	10,980,187	9,787,151	8,391,467	6,758,714	4,848,625	2,614,090	-

Conclusion And Recommendations

- Industrial development has recently taken centre stage in the policy debate in Tanzania. The adoption of the Long-Term Perspective Plan (2011/12-2025/26), which advocates for industry to drive the socio-economic transformation envisioned in the Tanzania Development Vision-2025, and the Integrated Industrial Development Strategy (2011-2025), confirms that the Government of Tanzania conceives industrialization as the main catalyst to transform the economy, generate sustainable growth and reduce poverty.
- Despite the past and current efforts to boost industrialization, paramount challenges remain. Macro-economic stability policies, trade liberalization and regional integration have paved the way but proven insufficient. With manufacturing still accounting for less than 10% of national GDP, Tanzania remains one of the less industrialized countries in the world. Diversifying away from an unproductive agricultural sector and from low value-added extractive industries is a prerequisite if Tanzania is to achieve its development vision in 2025.
- The analysis of the projects indicates that the projects are financially viable and technically feasible. The projects will be able to meet their financial obligations from the projects sales revenues.
- The preliminary assessment of the viability of the proposed projects demonstrates the projects are a medium-term investment and profitable ventures. It is recommended that implementation of the projects should observe the timeframe to capture the window of opportunity for their establishment to match with business targets.

East Coast Oil & Fats Ltd (ECOF)

**PP Bags
Manufacturing Plant**

Financial Projections

December. 2025

ANNEX 1**East Coast Oil & Fats Ltd****PP Bags Manufacturing Plant****INVESTMENT & FINANCING PLAN**

Amount in TZS '000'

INVESTMENTS PLAN						
	Existing Investment	Additional Investments			TOTAL INVESTMENT	USD Equivalents
		Year-1	Year-2	Total		
Exchange Rate (USD/TZS)	2,300	2,300				
Land & Land Development	-	1,250,000	-	1,250,000	1,250,000	543,478
Buildings & Civil Works	-	3,180,000	-	3,180,000	3,180,000	1,382,609
Machinery & Equipment	-	14,686,100	-	14,686,100	14,686,100	6,385,261
Motor Vehicles	-	515,000	-	515,000	515,000	223,913
Office Furniture & Equipment	-	187,500	-	187,500	187,500	81,522
Physical Assets	-	19,818,600	-	19,818,600	19,818,600	8,616,783
Pre-Operating costs						
Finance Costs	-	1,882,988	-	1,882,988	1,882,988	818,690
Non-finance costs	-	4,336,506	-	4,336,506	4,336,506	1,885,438
Total Pre-Operating Costs	-	6,219,494	-	6,219,494	6,219,494	2,704,128
Capital Expenditure	-	26,038,094	-	26,038,094	26,038,094	11,320,911
Working Capital						
PP Bags Plant	-	-	1,250,682	1,250,682	1,250,682	543,775
Total Investment	-	26,038,094	1,250,682	27,288,776	27,288,776	11,864,685

ANNEX 1**East Coast Oil & Fats Ltd****PP Bags Manufacturing Plant****INVESTMENT & FINANCING PLAN**

Amount in TZS '000'

FINANCING PLAN

	Existing Financing	Additional Financing			TOTAL FINANCING	USD Equivalents
		Year-1	Year-2	Total		
Equity Financing						
Share Capital	-	-	-	-	-	-
Directors' Capital Costs Funds	-	14,038,094	-	14,038,094	14,038,094	6,103,519
Directors' Working Capital Funds	-	-	1,250,682	1,250,682	1,250,682	543,775
Total Equity	-	14,038,094	1,250,682	15,288,776	15,288,776	6,647,294
External Financing					-	-
Long-Term Loans	-	12,000,000	-	12,000,000	12,000,000	5,217,391
Short-Term Loans	-	-	-	-	-	-
Total External Financing	-	12,000,000	-	12,000,000	12,000,000	5,217,391
Total Financing	-	26,038,094	1,250,682	27,288,776	27,288,776	11,864,685
Ratios:						
Shareholders' Contribution	-	54%	100%	56%	56%	56%
External Financing	-	46%	0%	44%	44%	44%

Annex 8
East Coast Oil & Fats Ltd
PP Bags Manufacturing Plant
Projected Profit And Loss Statements

Amount in TZS '000'

	Year	Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
Revenues											
Revenues from PP Bags	-	14,668,665	17,954,446	21,365,791	24,906,408	28,580,103	32,390,783	33,038,599	33,699,371	34,373,358	
Total Net Revenues	-	14,668,665	17,954,446	21,365,791	24,906,408	28,580,103	32,390,783	33,038,599	33,699,371	34,373,358	
Less: Direct Operating Costs											
Raw Material Costs	-	7,141,375	8,741,043	10,401,841	12,125,574	13,914,096	15,769,309	16,084,695	16,406,389	16,734,517	
Utilities Costs	-	611,623	723,470	839,546	959,976	1,084,887	1,214,410	1,238,699	1,263,473	1,288,742	
Direct Labour	-	307,200	313,344	319,611	326,003	332,523	339,174	345,957	352,876	359,934	
Maintenance & repairs	-	252,086	221,625	226,058	230,579	235,191	239,894	244,692	249,586	254,578	
Other Direct expenses	-	14,283	17,482	20,804	24,251	27,828	31,539	32,169	32,813	33,469	
Total Direct Operating Costs	-	8,326,567	10,016,964	11,807,859	13,666,383	15,594,525	17,594,326	17,946,213	18,305,137	18,671,240	
Gross Profit/(Loss)	-	6,342,098	7,937,482	9,557,932	11,240,025	12,985,578	14,796,457	15,092,386	15,394,234	15,702,119	
Less: Indirect Operating Costs											
Administration costs	-	26,400	26,928	27,467	28,016	28,576	29,148	29,731	30,325	30,932	
Distribution & Marketing costs	-	733,433	897,722	1,068,290	1,245,320	1,429,005	1,619,539	1,651,930	1,684,969	1,718,668	
Other Indirect expenses	-	14,400	14,688	14,982	15,281	15,587	15,899	16,217	16,541	16,872	
Indirect Labour Costs	-	214,200	218,484	222,854	227,311	231,857	236,494	241,224	246,048	250,969	
Total Indirect Operating costs	-	988,433	1,157,822	1,333,592	1,515,928	1,705,025	1,901,080	1,939,101	1,977,883	2,017,441	
Operating Profit/(Loss) Before DI&T	-	5,353,665	6,779,660	8,224,340	9,724,096	11,280,552	12,895,377	13,153,285	13,416,351	13,684,678	
Less: Depreciation	-	2,089,400	1,831,312	1,606,598	1,462,293	1,287,505	1,129,495	1,043,621	920,016	806,847	
Amortisation	-	777,437	777,437	777,437	777,437	777,437	777,437	777,437	777,437	777,437	
Operating Profit/(Loss) Before I&T	-	2,486,828	4,170,911	5,840,306	7,484,366	9,215,611	10,988,445	11,332,227	11,718,897	12,877,831	
Less: Finance Costs											
Interest on Long-Term Loans	16%	-	1,860,810	1,687,586	1,484,939	1,247,870	970,533	646,088	266,533	-0	-0
Interest on Short-term Loans	8%	-	100,055	120,806	142,924	142,924	142,924	142,924	142,924	142,924	142,924
Total Finance costs	-	1,960,865	1,808,392	1,627,863	1,390,794	1,113,457	789,012	409,457	142,924	142,924	
Operating Profit/(Loss) Before Tax	-	525,963	2,362,519	4,212,443	6,093,572	8,102,154	10,199,433	10,922,770	11,575,974	12,734,907	
Less: Provision for Corporate Tax	30%	-	157,789	866,545	1,263,733	1,828,072	2,430,646	3,059,830	3,276,831	3,472,792	3,820,472
Profit/(Loss) after Tax	-	368,174	1,495,974	2,948,710	4,265,501	5,671,508	7,139,603	7,645,939	8,103,182	8,914,435	
Less: Dividends	0%	-	0	0	0	0	0	0	0	0	0
Retained Income	-	368,174	1,495,974	2,948,710	4,265,501	5,671,508	7,139,603	7,645,939	8,103,182	8,914,435	
Cumulative retained income	-	368,174	1,864,149	4,812,859	9,078,360	14,749,868	21,889,471	29,535,410	37,638,592	46,553,027	
Ratios:											
Gross Margin	-	-	43%	44%	45%	45%	45%	46%	46%	46%	46%
EBITDA Margins	-	-	36%	38%	38%	39%	39%	40%	40%	40%	40%
Net margins	-	-	3%	8%	14%	17%	20%	22%	23%	24%	26%

Annex 9
East Coast Oil & Fats Ltd
PP Bags Manufacturing Plant
Projected Cash Flow Statements

Amount in TZS '000'											
Year:	Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10	
Cash Inflow											
Share Capital	-	-	-	-	-	-	-	-	-	-	-
Directors' Capital Costs Funds	14,038,094	-	-	-	-	-	-	-	-	-	-
Directors' Working Capital Funds	-	1,250,682	-	-	-	-	-	-	-	-	-
Long-Term Loans	12,000,000	-	-	-	-	-	-	-	-	-	-
Short-term Loans	-	-	-	-	-	-	-	-	-	-	-
Total External finance	26,038,094	1,250,682	-	-	-	-	-	-	-	-	-
Sales revenues	-	14,668,665	17,954,446	21,365,791	24,906,408	28,580,103	32,390,783	33,038,599	33,699,371	34,373,358	-
Less: VAT	-	-	-	-	-	-	-	-	-	-	-
Total Net Revenues	-	14,668,665	17,954,446	21,365,791	24,906,408	28,580,103	32,390,783	33,038,599	33,699,371	34,373,358	-
Total Cash Inflows	26,038,094	15,919,347	17,954,446	21,365,791	24,906,408	28,580,103	32,390,783	33,038,599	33,699,371	34,373,358	-
Cash Outflows											
Capital expenditure:											
Land & Land Development	1,250,000	-	-	-	-	-	-	-	-	-	-
Buildings & Civil works	3,180,000	-	-	-	-	-	-	-	-	-	-
Machinery & equipment	14,686,100	-	-	-	-	-	-	-	-	-	-
Office Furniture & Equipment	187,500	-	-	-	50,000	-	-	50,000	-	-	-
Motor Vehicles	515,000	-	-	257,500	-	-	257,500	-	-	-	257,500
Pre-operating expenses											
Finance Costs	1,882,988	-	-	-	-	-	-	-	-	-	-
Non-finance costs	4,336,506	-	-	-	-	-	-	-	-	-	-
Total Capital expenditure	26,038,094	-	-	257,500	50,000	-	257,500	50,000	-	257,500	-
Additional working capital	-	1,250,682	259,390	276,475	-	-	-	-	-	-	-
Direct Operating expenses	-	8,326,567	10,016,964	11,807,859	13,666,383	15,594,525	17,594,326	17,946,213	18,305,137	18,671,240	-
Indirect operating Expenses	-	988,433	1,157,822	1,333,592	1,515,928	1,705,025	1,901,080	1,939,101	1,977,883	2,017,441	-
Corporate Tax	-	157,789	866,545	1,263,733	1,828,072	2,430,646	3,059,830	3,276,831	3,472,792	3,820,472	-
Loan Repayments											
Interest on Long-Term Loans	-	1,860,810	1,687,586	1,484,939	1,247,870	970,533	646,088	266,533	-	0	0
Interest on Short-term loans	-	100,055	120,806	142,924	142,924	142,924	142,924	142,924	142,924	142,924	142,924
Principal on Long-term loans	-	1,019,813	1,193,036	1,395,684	1,632,753	1,910,090	2,234,535	2,614,090	-	0	0
Dividends	-	-	-	-	-	-	-	-	-	-	-
Total Cash Outflows	26,038,094	13,704,149	15,302,149	17,962,705	20,083,930	22,753,743	25,836,283	26,235,692	23,898,736	24,909,577	-
Surplus (Deficit)	-	2,215,199	2,652,297	3,403,086	4,822,478	5,826,360	6,554,501	6,802,907	9,800,635	9,463,782	-
Opening Cash Balance	-	0	2,215,199	4,867,496	8,270,581	13,093,059	18,919,419	25,473,920	32,276,827	42,077,462	-
Closing Cash Balance	-	2,215,199	4,867,496	8,270,581	13,093,059	18,919,419	25,473,920	32,276,827	42,077,462	51,541,244	-

Annex 10**East Coast Oil & Fats Ltd
PP Bags Manufacturing Plant****Projected Balance Sheets**

Amount in TZS '000'										
Year	Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
Fixed Assets	26,038,094	26,038,094	23,171,258	20,820,009	18,485,974	16,246,244	14,438,803	12,581,871	10,760,813	9,320,860
Less: Depreciation	-	2,866,837	2,608,749	2,384,034	2,239,730	2,064,941	1,906,932	1,821,058	1,697,453	806,847
Net Fixed assets	26,038,094	23,171,258	20,562,509	18,435,974	16,246,244	14,181,303	12,531,871	10,760,813	9,063,360	8,514,013
Current Assets:										
Cash Balances/(Bank Overdraft)	-	2,215,199	4,867,496	8,270,581	13,093,059	18,919,419	25,473,920	32,276,827	42,077,462	51,541,244
Trade Debtors	-	564,179	690,556	821,761	821,761	821,761	821,761	821,761	821,761	821,761
Advance Payments	-	480,379	577,902	681,223	681,223	681,223	681,223	681,223	681,223	681,223
Stocks										
Raw materials	-	595,114.55	728,420.21	866,820.05	866,820.05	866,820.05	866,820.05	866,820.05	866,820.05	866,820.05
Utilities	-	50,968.62	60,289.18	69,962.18	69,962.18	69,962.18	69,962.18	69,962.18	69,962.18	69,962.18
Work-in-Progress	-	93,150.00	111,747.86	131,414.51	131,414.51	131,414.51	131,414.51	131,414.51	131,414.51	131,414.51
Spares & Consumables	-	42,014.36	36,937.55	37,676.30	37,676.30	37,676.30	37,676.30	37,676.30	37,676.30	37,676.30
Finished goods	-	388,125.01	465,616.10	547,560.45	547,560.45	547,560.45	547,560.45	547,560.45	547,560.45	547,560.45
Other Inputs	-	2,380.46	2,913.68	3,467.28	3,467.28	3,467.28	3,467.28	3,467.28	3,467.28	3,467.28
Total Stocks	-	1,171,753	1,405,925	1,656,901	1,656,901	1,656,901	1,656,901	1,656,901	1,656,901	1,656,901
Other Current Assets	-	38,016.66	44,531.63	51,291.98	51,291.98	51,291.98	51,291.98	51,291.98	51,291.98	51,291.98
Total Current Assets	-	4,469,527	7,586,409	11,481,758	16,304,236	22,130,596	28,685,096	35,488,004	45,288,639	54,752,420
Current Liabilities:										
Trade Creditors	-	640,505	770,536	908,297	908,297	908,297	908,297	908,297	908,297	908,297
Accrued Incomes	-	80,597	98,651	117,394	117,394	117,394	117,394	117,394	117,394	117,394
Administrative expenses	-	193,558	234,835	277,684	277,684	277,684	277,684	277,684	277,684	277,684
Utilities	-	50,969	60,289	69,962	69,962	69,962	69,962	69,962	69,962	69,962
Other Current Liabilities	-	38,017	44,532	51,292	51,292	51,292	51,292	51,292	51,292	51,292
Total Current Liabilities	-	1,003,646	1,208,842	1,424,630	1,424,630	1,424,630	1,424,630	1,424,630	1,424,630	1,424,630
Net Current Assets	-	3,465,881	6,377,567	10,057,128	14,879,606	20,705,966	27,260,466	34,063,374	43,864,009	53,327,790
Total Net Assets	26,038,094	26,637,138	26,940,076	28,493,102	31,125,850	34,887,269	39,792,337	44,824,187	52,927,368	61,841,803
Financed By:										
Equity										
Share Capital	0	0	0	0	0	0	0	0	0	0
Directors' Capital Costs Funds	14,038,094	14,038,094	14,038,094	14,038,094	14,038,094	14,038,094	14,038,094	14,038,094	14,038,094	14,038,094
Directors' Working Capital Funds	0	1,250,682	1,250,682	1,250,682	1,250,682	1,250,682	1,250,682	1,250,682	1,250,682	1,250,682
Accumulated Profits	0	368,174	1,864,149	4,812,859	9,078,360	14,749,868	21,889,471	29,535,410	37,638,592	46,553,027
Total Equity	14,038,094	15,656,951	17,152,925	20,101,635	24,367,136	30,038,644	37,178,247	44,824,187	52,927,368	61,841,803
External Finance										
Long-Term Loans	12,000,000	10,980,187	9,787,151	8,391,467	6,758,714	4,848,625	2,614,090	-0	-0	-0
Bank Short-term Loans	0	0	0	0	0	0	0	0	0	0
Total External financing	12,000,000	10,980,187	9,787,151	8,391,467	6,758,714	4,848,625	2,614,090	-0	-0	-0
Total Financing	26,038,094	26,637,138	26,940,076	28,493,102	31,125,850	34,887,269	39,792,337	44,824,187	52,927,368	61,841,803

Annex 11
East Coast Oil & Fats Ltd
PP Bags Manufacturing Plant
Projected Internal Rates of Return

	Amount in TZS '000'									
	Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
Cash InFlows:										
Profit After Tax	-	2,486,828	4,170,911	5,840,306	7,484,366	9,215,611	10,988,445	11,332,227	11,718,897	12,877,831
Depreciation	-	2,866,837	2,608,749	2,384,034	2,239,730	2,064,941	1,906,932	1,821,058	1,697,453	806,847
Salvage Value										8,514,013
Total InFlow	-	5,353,665	6,779,660	8,224,340	9,724,096	11,280,552	12,895,377	13,153,285	13,416,351	22,198,691
Cash OutFlows:										
Capital Costs	26,038,094	-	-	257,500	50,000	-	257,500	50,000	-	257,500
Net change in Operating expenses	-	1,250,682	259,390	276,475	-	-	-	-	-	-
Total OutFlow	26,038,094	1,250,682	259,390	533,975	50,000	-	257,500	50,000	-	257,500
Net InFlow/(OutFlow)	(26,038,094)	4,102,983	6,520,270	7,690,365	9,674,096	11,280,552	12,637,877	13,103,285	13,416,351	21,941,191
Cost of Loan Funds	<u>16.00%</u>									
Net Present Value (NPV)	<u>15,233,179</u>									
Internal Rate of Return (IRR)	<u>29%</u>									
Payback Period										
	Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
Capital Investments	-26,038,094	0	0	-257,500	-50,000	0	-257,500	-50,000	0	-257,500
Undiscounted Net Flow	-26,038,094	5,353,665	6,779,660	7,966,840	9,674,096	11,280,552	12,637,877	13,103,285	13,416,351	13,427,178
Cumulative Undiscounted Net Flow	-26,038,094	-20,684,429	-13,904,770	-5,937,929	3,736,167	15,016,719	27,654,597	40,757,882	54,174,232	67,601,410
Normal Payback Period	4-years									