

YI MING INVESTMENT COMPANY LIMITED

BUSINESS PLAN

**FOR REGISTRATION OF A PLASTIC RECYCLING
PROJECT WITH THE TIC**



MARCH 2025

A: EXECUTIVE SUMMARY

YI MING INVESTMENT COMPANY LIMITED is a local company owned by foreigners from China. The company plans to establish a project for recycling of plastic products. This plan is presented in order to get TIC certificate and enjoy the incentives given by the TIC as well as the services.

This is a 5 year project which will be located in Dar es Salaam, Tanzania. The expected value of the investment is **USD 1.5 million**. Of the investment capital **USD 1,250,000** is fixed capital while **USD 250,000** is working capital. At full capacity (during year 5) the project is expected to be producing recycled plastic amounting to 1,000 M.T. per year.

The project is expected to add value to Tanzania's economy by directly employing a total of 85 **locals** and **15 foreigners**, and generate approximately **800 indirect jobs**. In addition, it will contribute to community development via CSR, pay taxes to the government, and grant business to local SMEs. The project will also reduce plastic waste going to the environment.

Upon thorough analysis of the business idea the Investors have decided to invest in the plastic recycling project and this plan is meant to be submitted to Tanzania Investment Centre for registration of the project. The aim is to enjoy the incentives given by TIC.

B KEY SUMMARIES

| S/N | ITEMS | DETAILS | | | |
|-----|-------------------------------------|--|-------------|--------------|------------------|
| 1 | Company Name | YI MING INVESTMENT COMPANY LIMITED | | | |
| 2 | COI No. | 181226153 | | | |
| 3 | Company Reg. Date | 15th January, 2025 | | | |
| 4 | Company Location | Postal code 14121, Plot No. 12 House No. 12, Mbezi Juu Street in Kinondoni Dar es Salaam | | | |
| 5 | TIN/VRN No. | TIN | | VRN | |
| | | 181-226-153 | | N/A | |
| 6 | Company Shareholding | Shareholder | Nationality | Shares Taken | % Share |
| | a. | Lin Jinyi | China | 50 | 50% |
| | b. | Chen Liangming | China | 50 | 50% |
| | TOTAL | | | 100 | 100% |
| 7 | Project Location | Postal code 14121, Plot No. 84, Mbezi Industrial area in Kinondoni Dar es Salaam | | | |
| 8 | Project Business | Manufacturing - Recycling of Plastic Products | | | |
| 9 | JOBS | LOCAL | | FOREIGN | |
| | | (M) | (F) | (M) | (F) |
| | | 52 | 33 | 14 | 1 |
| | TOTAL JOBS (L & FOREIGN) | | | | 100 |
| 10 | Project Capacity (MTs) | | | | 1,000 |
| 11 | Project Funding | | | | |
| | <i>Local Equity</i> | | | | - |
| | <i>Local Loan</i> | | | | 450,000 |
| | <i>Foreign Equity</i> | | | | 550,000 |
| | <i>Foreign Loan</i> | | | | 500,00 |
| | Total Funding | | | | 1,500,000 |
| 12 | Financing of Items | | | | |
| | <i>Fixed Capital</i> | | | | 1,250,000 |
| | <i>Working Capital</i> | | | | 250,000 |
| | Total Financing | | | | 1,500,000 |

C TABLE OF CONTENTS

- A EXECUTIVE SUMMARY..... 1
- B KEY SUMMARIES 2
- C TABLE OF CONTENTS..... 3
- 1.0 INTRODUCTION..... 5
 - 1.1 Background Information 5
 - 1.2 The Company 5
 - 1.3 Vision 6
 - 1.4 Mission 6
 - 1.5 Shareholding 6
- 2.0 MARKET ANALYSIS 7
 - 2.1 Target Market 7
 - 2.2 The Industry 7
 - 2.3 SWOC Analysis 8
 - 2.4 PESTEL Analysis 9
 - 2.5 Target Market 10
- 3.0 THE PRODUCT 11
 - 3.1 Pricing 11
 - 3.3 Targeted Outposts 11
- 4.0 MARKETING AND SALES STRATEGY..... 11
 - 4.1 Entry Strategy 11
 - 4.2 Retention Strategy 12
 - 4.3 Expansionary Strategy 13
- 5.0 ORGANIZATION AND MANAGEMENT 13
 - 5.1 Organizational Structure 13
 - 5.2 Project Manning 13
- 6.0 OPERATIONS PLAN..... 15
 - 6.1 Project Location 15
 - 6.2 Key Suppliers 15

| | |
|-----------------------------------|----|
| 6.3 Key Business Connections..... | 15 |
| 6.4 Project Assets..... | 15 |
| 6.5 Project Roll-Out Plan..... | 15 |
| 7.0 FINANCIAL PROJECTIONS..... | 17 |
| 7.1 Production and Sales..... | 17 |
| 7.2 Profit and Loss..... | 17 |
| 7.3 Cash Flow..... | 18 |
| 7.4 Projected Ratios..... | 19 |
| 8.0 PROJECT FINANCIALS..... | 20 |
| 8.1 Funding Sources..... | 20 |
| 8.2 Financing of Items..... | 20 |
| 8.3 Investment Plan..... | 21 |
| 9.0 PROJECT JUSTIFICATION..... | 22 |
| 9.1 Fiscal Rationale..... | 22 |
| 9.2 Socio-Economic Rationale..... | 22 |
| 9.3 Financial Rationale..... | 22 |
| 9.4 Environmental Rationale..... | 23 |
| 10.0 CONCLUSION..... | 23 |
| D APPENDICES..... | 24 |

1.0 INTRODUCTION

1.1 Background Information

Yi Ming Investment Company Limited is interested in establishing a project for recycling of plastic materials. It is a manufacturing project that will help in relieving the environment of the plastic waste load. Beside the environmental benefits of the project, we expect it to employ a good number of Tanzanians and foreigners alike.

As of October 2021, global plastic production and waste were significant environmental issues. Global production of plastics was estimated to exceed 360 million metric tons per year. This production trend has been increasing steadily over the decades, driven by the demand for flexible, durable, and inexpensive materials in various industries, including packaging, automotive, construction, and consumer goods. It was estimated that about 300 million tons of plastic waste were generated annually. A significant portion of this waste ended up in landfills, incinerators, or the natural environment. It was also reported that around 8 million metric tons of plastic waste entered the oceans each year, posing a severe threat to marine ecosystems.

Recycling rates for plastics, however, remained low compared to other materials. Globally, only about 9% of plastic waste generated was estimated to be recycled, with a significant amount being exported to other countries for processing – often leading to improper handling and environmental pollution. Projections suggested that if current trends continued, plastic production could triple by 2040, leading to even higher levels of waste and environmental impact.

In response to growing concerns about plastic pollution, many governments including the Government of Tanzania and organizations worldwide have begun implementing policies aimed at reducing plastic production and waste, including bans on single-use plastics, incentives for recycling, and investment in alternative materials. Our project is focused on recycling of plastic products.

1.2 The Company

Yi Ming Investment Company Limited is a local company registered under the laws of the United Republic of Tanzania. It is owned by Foreigners by 100%. The company was issued with Certificate of Incorporation (COI) No. 181226153 of 15th January, 2025 and TIN No. 181-226-153. The offices of the company are located on Plot No. 12 Mbezi Juu in Tegeta, Dar es Salaam.

1.3 Vision

To become a world class recycler of plastic products.

1.4 Mission

Yi Ming Investment Company Limited is committed to creating long-term value through the growth of successful plastic recycling operations and a dedication to social and environmental responsibilities.

1.5 Shareholding

Yi Ming Investment Company Limited is a locally registered Company owned by foreigners by 100%. Its authorized share capital is **Shillings 1.2 billion (1,200,000,000/=)**, divided into One Hundred (100) Ordinary Shares of Tanzania Shillings Twelve Million (12,000,000/=) each. The authorized share capital is equivalent to about **USD 451,000**. Of all the authorized **100 shares** all shares have been taken as shown in **Table 1** below.

Table 1 (a): Shares Taken

| S/N | Names | Nationality | Shares Taken | % Stake |
|-----|----------------|-------------|--------------|-------------|
| 1 | Lin Jinyi | China | 50 | 50% |
| 2 | Chen Liangming | China | 50 | 50% |
| | TOTAL | | 100 | 100% |

Table 1 (b): Shares Distribution

| Shareholding by Nationality | Foreign | Local |
|-----------------------------|-------------|-----------|
| Lin Jinyi | 50% | 0% |
| Chen Liangming | 50% | 0% |
| TOTAL | 100% | 0% |

2.0 MARKET ANALYSIS

Tanzania faces a significant challenge with plastic waste, generating 315,000 tonnes annually, with only 34% collected and 95% mismanaged, leading to leakage into oceans, rivers, and lakes. This section highlights on the market aspects of our plastic recycling business. It views the market trends, and the industry. It also analyses the company itself and the environment where Yi Ming Investment Company Limited will be operating.

2.1 Target Market

Yi Ming Investment Company Limited targets the Tanzanian market in terms of raw materials supplies, and part of the consumer market. The source of raw materials is local from Dar es Salaam, Mwanza, Arusha, Mbeya and other regions of Tanzania. In addition to the Tanzanian market, we expect to export to China, Vietnam, Indonesia, Malaysia, Germany, and other countries as demand may guide us.

Regarding supply of equipment for the project, the company looks forward to source them from outside the country. With the ever growing production of waste plastic the company sees abundance of raw materials, and with the ever growing demand for plastic products it sees an opportunity to be exploited while benefiting the environment and the community.

2.2 The Industry

Tanzania, like many countries, has been facing significant challenges regarding plastic waste management. It has seen a rise in plastic consumption, particularly in single-use plastics such as bags, water bottles, and food packaging. This increase contributes to the overall plastic waste problem in the country. The management of plastic waste is a substantial challenge in Tanzania. Many urban areas struggle with inadequate waste collection and disposal services, leading to accumulation of plastic debris in streets, waterways, and public spaces. Informal dumping and burning of plastic waste are also common practices, raising environmental and health concerns.

In June 2020, Tanzania implemented a ban on the production and importation of plastic bags, aiming to reduce plastic waste and its ecological impact. This measure was designed to limit the use of single-use plastics, although enforcement and compliance remain ongoing challenges.

There have been efforts to enhance recycling in Tanzania, but recycling rates are still relatively low. Local initiatives by NGOs and community groups have aimed to promote recycling, waste segregation, and the use of alternative materials. However, these programs often face logistical and financial barriers. Yi Ming Investment Company Limited seeks to contribute to recycling rate in Tanzania.

2.3 SWOC Analysis

This sub-section covers the analysis of the overall plastic recycling business in the country. The analysis focuses on project's internal *strengths* and *weaknesses* as well as environmental *opportunities* and *threats* as detailed in **Table 2** below. It covers the analysis of the overall recycling industry in the country, and tries to position the project in the broad spectrum within the Tanzanian and regional economies.

Table 2: SWOC Analysis

| INTERNAL STRENGTHS | INTERNAL WEAKNESSES |
|---|---|
| <ol style="list-style-type: none"> 1. The project can secure loans to the tune of 60% 2. The project is assured of liquidity as shareholders have enough capital to finance the project by 40% 3. The company has modern technology in recycling of plastics | <ol style="list-style-type: none"> 1. The company is relatively new in Tanzania. However, it will employ qualified and experienced specialists. |
| ENVIRONMENTAL OPPORTUNITIES | ENVIRONMENTAL CHALLENGES |
| <ol style="list-style-type: none"> 1. Increasing demand for plastic products locally and globally. 2. Growing Awareness and Demand for Sustainability: There is increasing public and governmental awareness regarding the environmental impact of plastic waste. | <ol style="list-style-type: none"> 1. Environmental concerns: manufacturing, including recycling activities can have negative environmental impacts. 2. Competition from existing and upcoming players in the recycling business. |

| | |
|--|---|
| <p>Since we can effectively address this issue by recycling plastics we are likely to find a growing market for our products and services.</p> <p>3. Supportive regulatory environment</p> <p>4. Availability of raw materials</p> <p>5. Tanzania provides incentives for manufacturing projects</p> <p>6. Tanzania has a very good infrastructure for transportation.</p> | <p>3. Tanzania has a challenging business environment</p> |
|--|---|

From the SWOC analysis conducted of the company and of the operating environment the promoters are confident that the project will be a success by leveraging on appropriate market strategies.

2.4 PESTEL Analysis

This sub-section analyzes the business environment of Tanzania in the *political, economic, socio-economic, technological, environmental and legal* aspects. The scanning elucidates on the viability of the project in the country. Through our analysis we have been convinced that Tanzania is the place to invest in stone quarrying as detailed in **Table 3**.

Table 3: PESTEL Analysis

| ASPECT OF ANALYSIS | ANALYTICAL DESCRIPTION |
|--------------------|---|
| Political | Tanzania is politically stable and predictable, conditions that are favorable for any project. In addition, there is political will in combating the plastic waste challenge. As such the company will have a chance to enjoy the incentives of minimizing plastic waste releasing into the environment |
| Economic | Tanzania is growing and so do the demand for plastic products, and for a cleaner environment. The growing overall population and mid-income population promises a good market. |
| Social | Tanzania is socially stable, with people of varied background globally. |

| | |
|---------------|---|
| Technological | The country has developed in terms of energy, ICT and overall production and marketing technology. Communication is available for the larger part of the country. |
| Environmental | Environmental regulations in Tanzania are very strict especially for projects like this one. However, it is not different from other countries. As such, basing on abundance of raw materials the company will abide by NEMC guidance |
| Legal | Tanzania is much more predictable when it comes to state-enterprise disputes. The country accepts suitable settlement of investment disputes. The new investment act is a good sign of this. As such the project is safe in the country |

2.5 Target Market

The company eyes the Tanzanian market in terms of both consumers, and raw materials supplies. It also plans to export to China, Vietnam, Indonesia, Malaysia, Germany and other countries. In terms of supply of equipment, however, the company will import all the equipment from outside the country, China or India.

3.0 THE PRODUCT

This is a project for recycling of plastic products. It is an environmentally friendly project that will produce plastic products for local consumption and for export. The product will be produced in Dar es Salaam.

3.1 Pricing

The product will be priced, traditionally, basing on tonnage. Considering the fact of price sensitivity among consumers the company will work to develop competitive prices as part of the strategy to enhance product sales, revenue, and the ultimate profitability.

3.3 Targeted Outposts

Yi Ming Investment Company Limited will locate its business in Dar es Salaam. This will be the initial and leading post for manufacturing and selling of plastic recycled by the project. We expect to have our agents in the metropolitans of the neighboring regions to ensure that we secure markets with time. Globally we plan to secure supply contracts in the countries targeted by our project.

4.0 MARKETING AND SALES STRATEGY

Marketing strategies are essential plans of action that businesses use to promote their products, reach their target audience, and achieve their business objectives. This section focuses on entry, retention and expansionary strategies for the plastic recycling project of ours in Tanzania.

The company, although new in the Tanzanian and regional EAC market, looks forward to use business specialists and seasoned recycling specialists in securing a niche in the markets. As part of our marketing strategy, we will engage strategies that will enhance our entry, persistence (stay) and expansion.

4.1 Entry Strategy

This strategy to penetrate the market is a plan outlining how we will enter the new market. It involves identifying opportunities, assessing risks, conducting market research, and developing a strategy to successfully establish a presence and compete in the target market. Here are our adopted market entry strategies:

- i) Strategic Alignment: the decision to invest in the pro-environmental conservation project paves the way for the company to enjoy incentives in the operations.
- ii) Greenfield Investment: the shareholders all being foreigners have resorted to building a new facility from the ground up in the Tanzania – the initial market. This is the facility for recycling of plastic products. The project is a promise and the promoters have organized significant investment financing and have dedicated time to establish it.
- iii) Expansion: in the long run the company will be supplying plastic products to the neighboring regions, distant regions and beyond the borders of Tanzania.
- iv) Strategic Alliances: the company will form alliances with local companies, suppliers, distributors, and industry associations to access new markets, share resources, and collaborate on marketing, distribution, and R&D.
- v) E-commerce and Online Marketplaces: The company will use online platforms i.e. e-commerce platforms, marketplaces, and digital channels to penetrate both local and foreign markets.

4.2 Retention Strategy

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

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

4.3 Expansionary Strategy

The market expansion strategy for this project seeks to enhance business growth by tapping into new markets starting from the neighboring regions to Dodoma to increase revenue and reach a broader audience. The strategy embraces market research, identification of target markets, the development of a marketing plan, service adaptation, distribution channels, pricing strategy, market entry approach, building partnerships, regulatory compliance, and M&E

5.0 ORGANIZATION AND MANAGEMENT

5.1 Organizational Structure

Yi Ming Investment Company Limited's team is tiered into directors, management team, supervisors, support staff, and operators, as well as drivers, as detailed under **appendix 3**.

5.2 Project Manning

This project expects to directly employ a total of 100 people, 85 of whom are locals, as shown in **Table 4** below. The gender and nationality distributions of jobs are shown in **figures 1 (a)** and **(b)** as well.

Table: 4: Planned Direct Jobs

| GENDER | LOCALS | FOREIGNERS | TOTALS |
|---------------|---------------|-------------------|---------------|
| M | 52 | 14 | 66 |
| F | 33 | 1 | 34 |
| TOTAL | 85 | 15 | 100 |

Figure 1 (a): Gender Distribution of Jobs

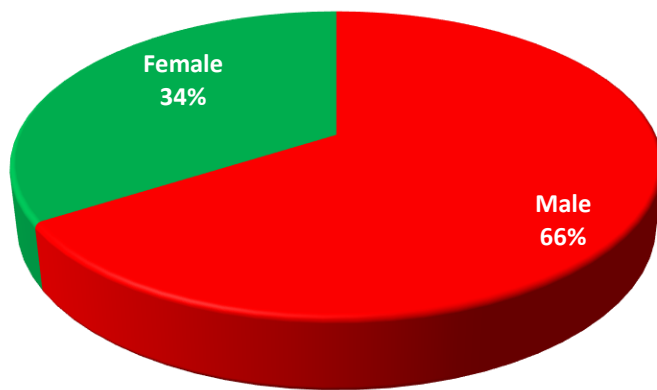
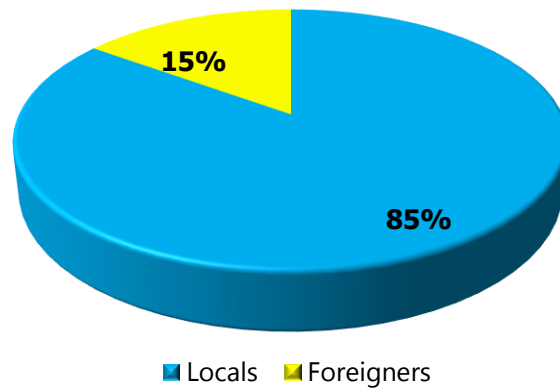


Figure 1 (b): Jobs by Nationality



6.0 OPERATIONS PLAN

6.1 Project Location

This project is located at Postal Code 14121 Plot No. 84, Mbezi Industrial area, Kawe Ward within Kinondoni municipality In Dar es Salaam.

6.2 Key Suppliers

The Company expects to source its supplies from Tanzania, except for those which cannot be sourced from within the economy. Supplies of machinery are expected to be sourced from outside the country, from China mostly. The local supplies will be sourced via local SMEs.

6.3 Key Business Connections

Locally, the company expects to use local dealers in getting orders from customers. The consumers can be private or public institutions.

6.4 Project Assets

The company expects to invest a total of **USD 1,500,000** in this project. Injection of the capital will be in the form of various items as summarized in **Table 5** below. A detailed list of items will be shared via the proposed list for exemptions.

Table 5: Summary of Assets

| ITEM | AMOUNT IN USD |
|------------------------------|------------------|
| Land & Buildings | 1,060,000 |
| Plant | 100,000 |
| Vehicles | 180,000 |
| Furniture & Fittings | 25,000 |
| Pre Expenses | 45,000 |
| Others | 40,000 |
| Working Capital | 50,000 |
| TOTALS | 1,500,000 |
| TOTAL FIXED CAPITAL | 1,450,000 |
| TOTAL WORKING CAPITAL | 50,000 |

6.5 Project Roll-Out Plan

This is a 5 years plan by design but can need more time in order to attain the desired goals. The roll-out plan started in January 2025 as it is shown in **Figure2**

Figure 2: Implementation Plan

| S/No. | ACTIVITY | TIMING | | | | | | | | | | | | | | | |
|-------|-----------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|------|------|------|
| | | 2025 | | | | | | | | | | | | 2026 | 2027 | 2028 | 2029 |
| | | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | | | | |
| 1 | Planning and registrations | | | | | | | | | | | | | | | | |
| 2 | Construction of Buildings | | | | | | | | | | | | | | | | |
| 3 | Land Acquisition | | | | | | | | | | | | | | | | |
| 4 | Plants Installment | | | | | | | | | | | | | | | | |
| 5 | Commencement of Production | | | | | | | | | | | | | | | | |
| 6 | Staff and Consultants engagements | | | | | | | | | | | | | | | | |
| 7 | Planning for expansions | | | | | | | | | | | | | | | | |
| 8 | Marketing Campaign | | | | | | | | | | | | | | | | |
| 9 | Company Performance Assessment | | | | | | | | | | | | | | | | |
| 10 | Assessments for Expansion | | | | | | | | | | | | | | | | |

7.0 FINANCIAL PROJECTIONS

This section covers projections in terms of production and sales, profit and loss, and cash flow projections for the first five years of implementation of the project.

7.1 Production and Sales

This sub-section focuses on production and sales projections. Production is expected to grow gradually over the first five years of operation. Maximum level of production is expected to be attained during the fifth year, and it will hit a 1,000 metric tons level as shown in **Table 6 below**.

Table 6: Production/ Tonnage Projections

| DETAILS | YEARS | | | | |
|----------------------|-------|-----|-----|-----|-------|
| | Y1 | Y2 | Y3 | Y4 | Y5 |
| Production P.A. (MT) | 600 | 700 | 800 | 900 | 1,000 |

Revenue from the transported tonnage shows steady growth over the year, peaking at Year 5 as shown in **table 7** below. Key assumptions are that of the existing stock 90% will be sold, and that inflation stands at a 4% growth rate p.a.

Table 7: Sales/ Revenue Projections

| DETAILS | YEARS | | | | |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Y1 | Y2 | Y3 | Y4 | Y5 |
| Production P.A. (MT) | 600 | 700 | 800 | 900 | 1,000 |
| Sales Projections (90% of the Stock) | 540 | 684 | 734 | 869 | 928 |
| Price per MT | <u>800.00</u> | <u>832.00</u> | <u>865.28</u> | <u>899.89</u> | <u>935.89</u> |
| TOTAL SALES (USD) | <u>432,000</u> | <u>569,088</u> | <u>635,462</u> | <u>782,041</u> | <u>868,376</u> |

7.2 Profit and Loss

This is a viable project ceteris paribus. Retained earnings are assured from the starting of the project, implying that the project will breakeven during the first year of operation as shown in **Table 8**.

Table 8: Projected P&L

| DETAILS | YEARS | | | | |
|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Y1 | Y2 | Y3 | Y4 | Y5 |
| Total Sales Revenue | 432,000.00 | 569,088.00 | 635,461.63 | 782,041.45 | 868,375.71 |
| Less: Cost of Sales | 183,000.00 | 190,320.00 | 197,932.80 | 205,850.11 | 214,084.12 |
| <i>Gross Profit</i> | <i>249,000.00</i> | <i>378,768.00</i> | <i>437,528.83</i> | <i>576,191.34</i> | <i>654,291.60</i> |
| Less: Operating Expenses | 193,760.00 | 61,685.44 | 66,464.91 | 70,962.71 | 306,507.22 |
| <i>EBIT</i> | <i>55,240.00</i> | <i>317,082.56</i> | <i>371,063.92</i> | <i>505,228.63</i> | <i>347,784.38</i> |
| Less: Loan Interest | 15,600.00 | 15,600.00 | 15,600.00 | 15,600.00 | 15,600.00 |
| EBT | 39,640.00 | 301,482.56 | 355,463.92 | 489,628.63 | 332,184.38 |
| Less :Taxes (30%) | 11,892.00 | 90,444.77 | 106,639.18 | 146,888.59 | 99,655.31 |
| Net Profit/(Loss) | 27,748.00 | 211,037.79 | 248,824.75 | 342,740.04 | 232,529.06 |
| Dividend (10%) | 2,774.80 | 21,103.78 | 24,882.47 | 34,274.00 | 23,252.91 |
| Retained Earnings | 24,973.20 | 189,934.01 | 223,942.27 | 308,466.03 | 209,276.16 |

7.3 Cash Flow

Table 9: Projected Cash Flow

| DETAILS | YEARS | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Y1 | Y2 | Y3 | Y4 | Y5 |
| Net Income | 27,748.00 | 211,037.79 | 248,824.75 | 342,740.04 | 232,529.06 |
| Add: Depreciation and Amortization | | | | | |
| (Increase)/ Decrease in Operating Working Capital | | | | | |
| Cash Flow from Operating Activities | 27,748.00 | 211,037.79 | 248,824.75 | 342,740.04 | 232,529.06 |
| (Capital Expenditure) | - | - | - | - | - |
| | 730,000.00 | 750,000.00 | 10,000.00 | 10,000.00 | - |
| Cash Flow from Investing Activities | - | - | - | - | - |
| | 730,000.00 | 750,000.00 | 10,000.00 | 10,000.00 | - |
| Increase (decrease) in long-term debt | | | | | |
| (Dividend) | - | - | - | - | - |
| | 2,774.80 | 21,103.78 | 24,882.47 | 34,274.00 | 23,252.91 |
| Issuance of Equity | | | | | |
| Cash Flow from Financing Activities | - | - | - | - | - |
| | 2,774.80 | 21,103.78 | 24,882.47 | 34,274.00 | 23,252.91 |

| | | | | | |
|----------------|-------------|--------------|--------------|--------------|--------------|
| Beginning Cash | 250,000.00 | 955,026.80 | 1,515,092.79 | 1,301,150.52 | 1,002,684.48 |
| Net Cash Flow | -705,026.80 | -560,065.99 | 213,942.27 | 298,466.03 | 209,276.16 |
| Ending Cash | 955,026.80 | 1,515,092.79 | 1,301,150.52 | 1,002,684.48 | 793,408.32 |

7.4 Projected Ratios

The projections show that the project will be a success as the margin, profitability and solvency ratios show a positive trend for the first five years of operation of the project. **Table 10** gives the details

Table 10: Projected Ratios

| Margin Ratios | Y1 | Y2 | Y3 | Y4 | Y5 |
|-------------------------|--------|--------|--------|--------|--------|
| Gross Profit Margin | 57.64% | 66.56% | 68.85% | 73.68% | 75.35% |
| Operating Profit Margin | 22.18% | 83.71% | 84.81% | 87.68% | 53.15% |
| Net Profit Margin | 12.79% | 55.72% | 58.39% | 64.60% | 40.05% |

| Profitability Ratios | Y1 | Y2 | Y3 | Y4 | Y5 |
|---|--------|--------|--------|--------|--------|
| Gross Profit Margin: (Gross Profit/Total Revenue) | 57.64% | 66.56% | 68.85% | 73.68% | 75.35% |
| Net Profit Margin: (Net Income/Total Revenue) | 6.42% | 37.08% | 39.16% | 43.83% | 26.78% |
| Return on Assets (ROA): (Net Income/Total Assets) | 3.80% | 14.26% | 16.70% | 22.85% | 15.50% |
| Return on Equity (ROE): (Net Income/Shareholders' Equity) | 3.08% | 23.45% | 27.65% | 38.08% | 25.84% |

| Solvency Ratios | Y1 | Y2 | Y3 | Y4 | Y5 |
|---|---------|----------|----------|----------|----------|
| Debt-to-Equity Ratio: Total Debt/Shareholders' Equity | 15.07% | 15.07% | 15.07% | 15.07% | 15.07% |
| Interest Coverage Ratio: Earnings Before Interest and Taxes (EBIT)/Interest Expense | 254.10% | 1932.58% | 2278.61% | 3138.65% | 2129.39% |

8.0 PROJECT FINANCIALS

8.1 Funding Sources

This is a **USD 1.5 million** project. Its source of funding is equity and a loan. The equity is foreign and the loan is local. The details are given in **table 11** below.

Table 11: Project Funding

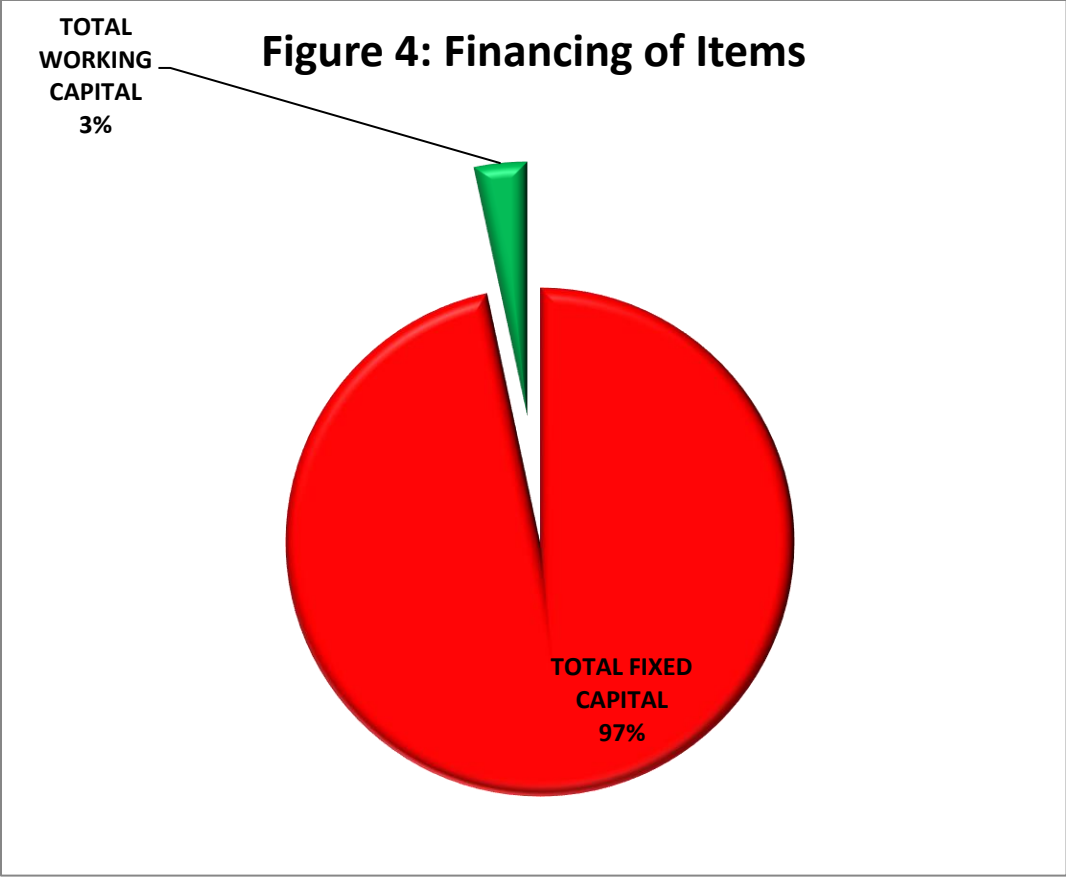
| CATEGORIES | AMOUNT (USD) | Proportion |
|------------------------|------------------|-------------|
| EQUITY | | |
| <i>Local Equity</i> | - | - |
| <i>Foreign Equity</i> | 550,000 | 0.37 |
| Total Equity | 550,000 | 0.37 |
| LOAN | | |
| <i>Local Loan</i> | 450,000 | 0.30 |
| <i>Foreign Loan</i> | 500,000 | 0.33 |
| Total Loan | 950,000 | 0.63 |
| TOTAL FINANCING | 1,500,000 | 1.00 |

8.2 Financing of Items

The **USD 1,500,000** planned investment will finance the project in terms of fixed assets to the tune of **USD 1,450,000** and Working capital of **USD 50,000** as shown under **table 12** and **Figure 4** below.

Table 12: Items Financing

| INVESTMENT BREAKDOWN | |
|------------------------------|----------------------|
| ITEM | AMOUNT IN USD |
| Land & Buildings | 1,060,000 |
| Plant | 100,000 |
| Vehicles | 180,000 |
| Furniture & Fittings | 25,000 |
| Pre Expenses | 45,000 |
| Others | 40,000 |
| Working Capital | 50,000 |
| TOTALS | 1,500,000 |
| TOTAL FIXED CAPITAL | 1,450,000 |
| TOTAL WORKING CAPITAL | 50,000 |



8.3 Investment Plan

The planned investment capital will be injected into the project over the years as implementation goes on. By the end of the 5th year all the capital will be injected and the project is expected to be operating at its full capacity. **Table 13** below gives the details

Table 13: Capital Injection Plan

| INVESTMENT BREAKDOWN ITEM | INVESTMENT PLAN | | | | | TOTAL INVESTMENT |
|------------------------------|------------------|----------------|---------------|---------------|----|------------------|
| | Y1 | Y2 | Y3 | Y4 | Y5 | |
| Land & Buildings | 860,000 | 200,000 | | | | 1,060,000 |
| Plant | 80,000 | 20,000 | | | | 100,000 |
| Vehicles | 120,000 | 60,000 | | | | 180,000 |
| Furniture & Fittings | 5,000 | 20,000 | | | | 25,000 |
| Pre Expenses | 45,000 | | | | | 45,000 |
| Others | 10,000 | 10,000 | 10,000 | 10,000 | | 40,000 |
| Working Capital | 25,000 | 25,000 | | | | 50,000 |
| TOTAL | 1,145,000 | 335,000 | 10,000 | 10,000 | | 1,500,000 |

9.0 PROJECT JUSTIFICATION

This section covers the justification for the project. It covers the fiscal, socio-economic, and financial rationale. This coverage provides apologetics for green-lighting of the project for both fiscal and non-fiscal incentives from the government side.

9.1 Fiscal Rationale

Fiscally this project will contribute to taxes to the government. This contribution is in the form of income tax and value added tax. As such the project will fill the government's coffer with money to the tune of, ceteris paribus, **USD 1,101,213.20** as shown under ***appendix 1***. This amount includes Income Tax (**USD 443,819.85**) and VAT (**USD 657,393.36**). These amounts correspond to the business of the company but will create a multiplier along value chains. There will be more taxes down the chain.

9.2 Socio-Economic Rationale

Socio-economically this project has many benefits to the economy of Tanzania. It will directly employ a total of 100 peoples, where only 15 are foreigners. As of indirect employments, the project expects to generate 800 indirect jobs. Payment to the employees will create a trickle-down positive effect in the economy giving an impetus for growth and development among households.

Through its CSR policy the company expects to spend, ceteris paribus, a total of about **USD 29,587.99** on the surrounding community over the first 5 years of operation. ***Appendix 1*** gives the details.

Following growth dumping of plastic products that are destructive to the environment, this project will help in reducing plastic pollutants in our cities. Also, it will supply plastic items for local sales to cater for the ever growing demands, and for export thus generating foreign currency and cutting spending of foreign currency on importations for the products.

9.3 Financial Rationale

Monetarily this project will create flows that will nourish Tanzania's economy. The money spent on supplier SMEs, on wages and on other supplier firms will create taxes, revenues and other benefits along the various value chains supported by this plastic recycling project. To the supplier firms, other

things remaining the same, cash amounting to **USD 1,791,132.48** will flow to supplier SMEs and other entities like banks in the form of settlement for purchases.

9.4 Environmental Rationale

This project expects to adhere to all environmental requirements to ensure safety of the environment and of the workers. All guidance by NEMC will be taken onboard in order to stay environmental friendly. Also, in its business, the project will remove plastic waste from the environment and recycle them to make products.

10.0 CONCLUSION

This is a plastic recycling project. It will be located in Dar es Salaam. The project will create a total of 100 direct jobs, 85 jobs being for locals, and 800 indirect jobs to the locals. This implies job creation to Tanzanians as 85% of all direct employees, and 100% of all the indirect employees are Tanzanian.

Considering the rationale for this project, having analyzed the market and developed strategies for our market and the impending success in this project the promoters present the plan and the idea for consideration in the form of registration with the TIC and enjoyment of the incentives that will provide a soft landing for this project to the greater good of the economy. In the future the company expects to invest in other sectors. Support to this project will help the company develop other projects.

D APPENDICES

1. Project Rationale

| DETAILS | YEARS | | | | | TOTAL |
|--------------------------------------|------------|------------|------------|------------|------------|--------------|
| | Y1 | Y2 | Y3 | Y4 | Y5 | |
| Interest to the local banking sector | 23,400.00 | 23,400.00 | 23,400.00 | 23,400.00 | 23,400.00 | 117,000.00 |
| Payment to supplier SMEs | 374,600.00 | 249,160.00 | 261,220.40 | 272,902.62 | 516,249.46 | 1,674,132.48 |
| Income Tax | 9,552.00 | 88,104.77 | 104,299.18 | 144,548.59 | 97,315.31 | 443,819.85 |
| VAT | 86,400.00 | 113,817.60 | 127,092.33 | 156,408.29 | 173,675.14 | 657,393.36 |
| CSR | 636.80 | 5,873.65 | 6,953.28 | 9,636.57 | 6,487.69 | 29,587.99 |
| SUMMARIES | Y1 | Y2 | Y3 | Y4 | Y5 | TOTAL |
| To the Private Sector | 398,000.00 | 272,560.00 | 284,620.40 | 296,302.62 | 539,649.46 | 1,791,132.48 |
| To the Government | 95,952.00 | 201,922.37 | 231,391.50 | 300,956.88 | 270,990.46 | 1,101,213.20 |
| To the Hosting Community | 636.80 | 5,873.65 | 6,953.28 | 9,636.57 | 6,487.69 | 29,587.99 |

2. Detailed Project Manning Plan

| S/N | Category | Local | | Foreigners | | TOTAL |
|-----|------------------------------|-------|----|------------|---|-------|
| | | M | F | M | F | |
| A. | Directors | | | | | |
| 1 | Managing Director | 1 | | | | 1 |
| 2 | Directors | 1 | | 4 | 1 | 6 |
| B. | Management Team | | | | | |
| 1 | Finance Manager | | 1 | | | 1 |
| 2 | Logistics Manager | 1 | | | | 1 |
| 3 | Technical Manager | | | 1 | | 1 |
| C. | Supervisors | | | | | |
| 1 | Technical Supervisors | 1 | | 7 | | 8 |
| 2 | Fleet Supervisor | | 1 | 1 | | 2 |
| 3 | Supplies Supervisor | | 1 | 1 | | 2 |
| D. | Drivers and Operators | | | | | |
| 1 | Drivers | 4 | | | | 4 |
| 2 | Plant Operators/ Workers | 37 | 25 | | | 62 |
| E. | Support Staff | | | | | |
| 1 | Cleaners | 1 | 2 | | | 3 |

| | | | | | | |
|---|---------------------|-----------|-----------|-----------|----------|------------|
| 2 | Mechanics | 3 | 1 | | | 4 |
| 3 | Security Guards | 3 | 1 | | | 4 |
| 4 | Accountant/ Cashier | | 1 | | | 1 |
| | TOTAL | 52 | 33 | 14 | 1 | 100 |