

GUPTA AUTO SPARE AND HARDWARE LIMITED

PRE-FEASIBILITY STUDY REPORT ON:

INVESTMENT IN COMMERCIAL AND BUILDING REAL ESTATE PROJECT

Presented To:
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GUPTA AUTO SAPRE AND HARDWARE LIMITED

Strategic Pre-feasibility Report

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1.0 EXECUTIVE SUMMARY

1.1 Introduction

This Business Plan is designed for investment of a real estate project for Gupta Auto Spare and Hardware Limited. Strategies are laid out on this business plan which will be used for investment purposes in the course of real estate Company's operations.

1.2 Company Description

Gupta Auto Spare and Hardware Limited is a Limited company registered under the Companies Act. The Company was incorporated 18th July, 1979, and bears Certificate of Incorporation No. 7211. Gupta Auto Spare and Hardware Limited has its registered office in Arusha Municipality. Our company goals and objectives seek to ensure we generate an income that benefits both Nationals and non-Nationals so that we strengthen the economic status of the society. The company believes in customers, suppliers, and investors therefore it struggles to create good Rapport with both parties.

1.3 Business Description

Gupta Auto Spare and Hardware Limited is limited Company incorporated in Tanzania under the Company Act. The Company was incorporated 18th July, 1979, and bears Certificate of Incorporation No. 7211. The Company will be responsible among things for investing in a real estate project.

1.4 Legal Status

Legal certificates and documents such as Memorandum and Article of Association, certificate of incorporation, business license, Tax Identification Number, and value added Tax certificates justify that Gupta Auto Spare and Hardware Limited is operating within the ambit of the law of Tanzania land.

1.5 Project Promoters

1.5.1 The project promoter,

The project will be managed and operated by **GUPTA AUTO SPARE AND HARDWARE LIMITED**.

NAMEOF SHAREHOLDERS	NATIONALITY	SHARE PERCENTAGE
1. VICKRAMJEET AGGARWAL	TANZANIAN	19.03
2. SAGIRA AGGARWAL	TANZANIAN	7.25
3. AJAY AGGARWAL	TANZANIAN	0.46
4. NON ISSUED SHARES	N/A	73.26

1.6 Operations

The project will be managed and operated by **GUPTA AUTO SPARE AND HARDWARE LIMITED**. The Company will run its activities in a more professional way and it seeks to satisfy its customers by meeting customer expectations. Although the company will use an automated system, people will also be used to manage the operations.

1.7 Project Location

The project shall be located at Plot 28 Themu Industrial Area – Arusha Region.

1.8 Services

Gupta Autospare and Hardware Limited will focus on superior service for its clients. It has a full-time assistant who, among other things, will manage the company website and listings, advertise listings elsewhere, and answering basic client questions.

Gupta Autospare and Hardware Limited services include listing rentals for tenants. By serving renters or tenants, Gupta Autospare and Hardware Limited hope to become a long-term partner with each client/ tenants rather than part of a one-time transaction.

1.9 Industry Overview

Housing in Tanzania is dominated by individual home-builders who account for over 70% of the total supply. The rest is catered for by the public sector through local governments, the National Housing Corporation (NHC), the Tanzania Building Agency (TBA), the Watumishi Housing Company (WHC), and pension funds such as National Social Security Fund (NSSF), and by residential private developers. Tanzania's housing demand (affordable housing) is estimated at 200,000 housing units per annum with an existing housing deficit of 3,000,000 housing units. In 2018, there were 12.3 million households in Tanzania, of which 8.2 million (67%) were rural and 4.2 million (33%) were urban.

Tanzania has relatively young real estate sector, with large-scale commercial development only taking off in the 1990s. While public sector actors historically handled the largest projects in the country, private sector players are now playing an increasingly important role in developing residential, office and commercial space. However, the industry in mainland Tanzania is growing more slowly than the economy overall, with its contribution to GDP declining steadily in the past 10 years, from 6.1% in 2006 to 3.2% in 2015. Cost sensitivity remains a significant concern, not only directly in terms of house sales, but also indirectly in terms of demand for formal retail and commercial space, since approximately three-quarters of the population live on \$2 or less per day. As a result, the country will most likely have to depend on government intervention and innovative financing to help address demand at the lower end of the real estate market, while higher-end residential and commercial spaces are left in the hands of private sector developers.

Housing demand is increasing by about 200,000 units annually, with the current housing deficit estimated at about 3 million units, according to Tanzania Ministry of Lands, Housing and Human Settlements Development.

“The Tanzanian housing sector's fast-growing demand is mainly driven by the strong and sustained economic growth with GDP growth averaging 6-7% over the past decade, the fast-growing Tanzanian population which is estimated to be 55 million and is expected to more than double in 2050 and efforts by the government in partnership with global non-profit institutions and foreign governments to meet the growing demand of affordable housing,” said the Bank of Tanzania, the country's central bank.

Non-citizens may only acquire land (leasehold) for investment purposes, subject to the approval of the Tanzania Investment Center (TIC) for Tanzania mainland. All land in Tanzania is owned by the state, and can only be leased to individuals for five to 99 years.

1.10 Financial Overview

The need for USD 2, 870,000 of funds essential for Gupta Auto Spare and Hardware Limited to start operating. There are also certain expenses which may not be included at the start up funds being accumulated but incurred in the course of the real estate Company's business operations. To be able to see a glimpse of how Gupta Auto Spare and Hardware Limited financial assumptions are presented to create the financial statement projections which will provide a glimpse of the financial performance of Gupta Auto Spare and Hardware Limited for the set period.

1.11 Organization Mission

Is to modernize and progress the experience of rental real estate by cultivating a spirit of collaboration, innovation, and integrity.

Fostering a culture of partnership in which all clients and listings are represented in a cooperative environment, thereby ensuring its clients and listings have the competitive edge.

Leveraging the most emergent technologies and social media strategies, The Company envisions itself as more than just a commercial and building real estate; it is a lifestyle company committed to informing and connecting global communities.

1.12 Vision Statement

To be a real estate franchise that provides an excellent and consistent customer experience at all times. By basing every decision on what is best for the Client and the Company as a whole

1.13 Goals and Objectives

1. To employ capitals, experience, knowledge, technology, standards, and most recent practices in developing better returns for the company and its projects' stake holders
2. To provide a variety of real estate units that will satisfy most consumers' needs, abilities, and expectations.
3. To keep providing the better possible quality of units those suit the local and international standards in the field.
4. Become a profitable organization allowing us the freedom of taking advantage of other real estate investment opportunities as they become available.
5. Develop a solid, corporate identity in our specified targeted market area.
6. To establish good working relationships and begin working as a team, promoting communication and suggestions from all participants.

2.0 COMPANY OVERVIEW

2.1 Ownership

Gupta Auto spare and Hardware Limited located at Themu Industrial Area Plot No. 28, Arusha Municipality is a new commercial and building real estate specializing in commercial rentals.

2.2 Start-up Summary

The purposes of investing in real estate are numerous. With well-chosen assets, investors can enjoy predictable cash flow, excellent returns, tax advantages, and diversification and it's possible to leverage real estate to build wealth. Real estate investors make money through rental income, appreciation, and profits generated by business activities that depend on the property. The benefits of investing in real estate include passive income, stable cash flow, tax advantages, diversification, and leverage. Real estate investment trusts offer a way to invest in real estate without having to own, operate, or finance properties

3.0 REAL ESTATE SERVICES

Gupta Auto spare and Hardware Limited will focus on superior service for its clients particularly tenants. It has a full-time assistant who, among other things, will manage the company website and listings, and advertise listings.

Gupta Auto spare and Hardware Limited services include listing rentals for tenants. By serving renters.

- **Listing Services:** As Gupta Auto spare and Hardware Limited will promote its client's properties in local newspapers, magazines, and even television when appropriate, offering great visibility for the properties it lists.
- **Rentals:** For a standard one-month fee, As Gupta Auto spare and Hardware Limited will provide rental space meeting their specifications as closely as possible, choosing from listings.

As Gupta Autos spare and Hardware Limited understands, the key to a successful real estate business is building referrals and a long-term reputation as a trustworthy agent in the community.

7.2 MARKET STRATEGY

Gupta Auto spare and Hardware Limited will use several strategies to promote its name and develop its brand. By using an integrated marketing strategy, Gupta Autos pare and Hardware Limited will win clients and develop consistent revenue streams.

7.2 Gupta Autospare and Hardware Limited Brand

Gupta Autospare and Hardware Limited brand will focus on the Company's unique value proposition:

- Client-focused commercial and building real estate rental services, where the Company's interests are aligned with the customer/ tenant.

4.2 Promotions Strategy

4.2.1 Targeted Cold Calls

Gupta Autospare and Hardware Limited will initially invest significant time and energy into contacting potential clients via telephone. In order to improve the effectiveness of this phase of the marketing strategy, a highly-focused call list will be used, targeting tenants/ rentals. As this is a very time-consuming process, it will primarily be used during the startup phase to build an initial client base.

7.2.2 Referrals

Gupta Auto spare and Hardware Limited understand that the best promotion comes from satisfied customers. The Company will encourage its clients to refer other businesses by providing economic or financial incentives for every new client produced. This strategy will increase in effectiveness after the business has already been established.

7.2.2 Publications

Gupta Autospare and Hardware Limited will list its properties for rent in key local publications, including newspapers, area magazines, and its own newsletter. Additionally, the Company will print brochures and place them in specific locations frequented by target individuals.

7.2 Pricing Strategy

Gupta Autospare and Hardware Limited pricing will rely on the standard industry rates in order to neither be perceived as a luxury nor a discount at 3%. Rentals will have fees paid only by the tenants at the standard rate of one month's rent. Gupta Autospare and Hardware Limited will fend off pressure to discount their rates, even in down markets.

4.4 Customer Analysis

4.4.1 Demographic Profile of Target Market

Gupta Autospare and Hardware Limited will serve the residents and businesses operating in Themi Industrial Area Plot No 28, Arusha Municipality holding special events and meetings.

The area we serve is affluent and has the disposable income/profits required to demand off-premises catering services.

7.2.2 Customer Segmentation

The Company will primarily target the following customer segments:

- **Renters:** Renters in this community are either in a temporary situation where it makes more financial sense to rent than to purchase, or are attempting to save towards a purchase in the area. A small portion of this group is made up of life-long renters who never purchase a home. The renter group tends to be younger than the average home buyer, with an average age of 25. Renters change apartments at a faster rate than owners, causing a higher number of new rental closings per year even in communities with more homeowners.

4.5 Competitive Analysis

4.5.1 Direct and Indirect Competitors

Those commercial real estate which are located within a 20 mile radius of Gupta Autospare and Hardware Limited, thus providing either direct or indirect competition for customers.

7.2.2 Competitive Advantage

Gupta Autospare and Hardware Limited enjoy several advantages over its competitors. These advantages include:

- **Location:** Gupta Autospare and Hardware Limited location is near the center of town, in Arusha Municipality. It is visible from the street where many residents shop for both day-to-day and luxury items.
- **Client-oriented service:** Gupta Autospare and Hardware Limited will have a full-time assistant to keep in contact with clients and answer their everyday questions, realizes the importance of accessibility to his clients.

5.0 OPERATIONAL PLAN

Gupta Autospare and Hardware Limited will carry out its day-to-day operations primarily on an appointment basis. Buying and renting clients will make appointments to view available properties and to discuss their needs. Selling clients and landlords will make appointments to discuss the needs of their sales and properties when needed. These will primarily occur on-site at the properties, although some discussions may be held in the office's meeting room. When necessary, discussions can be conducted over the telephone.

5.1 Milestones

Gupta Autospare and Hardware Limited long term goal is to become the number one name in commercial and building real estate in terms of the right balance of price and customer service quality. We seek to do this by ensuring customer satisfaction and developing a loyal and trusting clientele.

5.2 Job Creation

Commercial real estate development is vital to every economy, supporting construction, architectural planning, engineering, and legal services such as obtaining the required permits, among many other business sectors. However, the actual development period only considers the one-time, short-term construction phase.

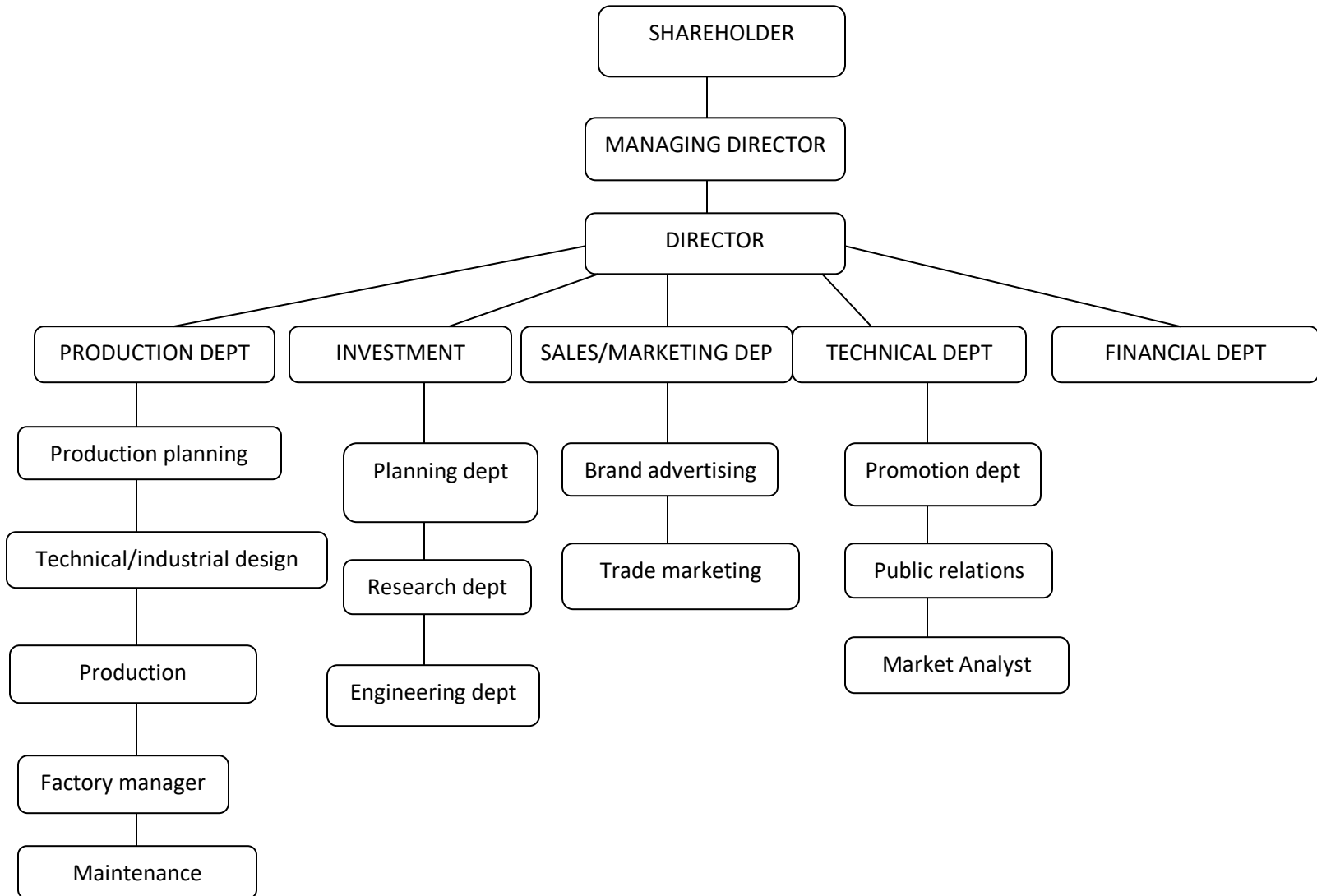
The magnitude and duration of economic impact in the construction phase are less than during the business operations phase nearly 170 jobs are supported in the construction phase for a relatively short time period. However, during the building operations phase, employment is greater and more sustainable.

With some technical skill, commercial real estate professionals can use these multipliers to quantify both the short- and long-term impacts of specific developments

Industry multipliers must be selected for each phase. The construction phase always should be based on construction industry multipliers. The business operations phase should be based on industry multipliers most closely matching the type of business occupying the property.

6.0 ORGANIZATION AND MANAGEMENT PLAN

6.1 Organizational Structure



7.2 Management Strategy

Gupta Auto Spare and Hardware Limited real estate project is expected to be expensive and of high visibility undertakings with many stakeholders. The Company will oversee its own real estate project and tackle real estate project across a network of buildings to cultivate systems for managing the project for the following reasons:

7.2 Budget Management

The Project manager will hire and manage multiple contractors, watch cost increases due to change orders, budget for materials, pay vendors, use financing properly, and follow dozens of protocols to keep a project at or under budget.

7.2 Time Management

The Project manager will also keep track of time. Not ordering supplies on time, failing to coordinate among contractors, or forgetting to pull a permit that takes several weeks can slow a project down. In turn, this can add to a project's or project client's costs – even costs not directly tied to the project itself.

7.2 Risk Management

All projects risk going over budget or taking longer than expected. They will also expose the Company to risk. The Project manager will be tasked with reducing risk by hiring only properly licensed or bonded professionals, securing adequate project insurance, designing and managing contracts that clarify all parties' responsibilities, and other tasks designed to avoid litigation or other expenses.

7.2 Summary of Expected Results

- Provide an opportunity for both residential and commercial rentals to people around the community.
- Increase the number of direct and indirect employment opportunities.
- Increase tax contributed to the government
- Generate foreign currency.

7.2 Social and Economic Impact of the Project

- Real estate is one of the few assets that react proportionately to inflation. As inflation goes up, housing values and rents go up. Though real estate in general is a good hedge against inflation, rental properties that are re-leased every year are especially effective, since monthly rents can be adjusted upward in inflationary periods. For this reason alone, therefore, real estate is one of the best ways to hedge an investment portfolio against inflation.
- Real estate market is full of inefficiencies. There is a lack of transparency relating to individual property values and also the strength of different markets, which means that real estate investments have the potential for very high profits.
- Real estate investing involves taking on a great deal of financial and legal liability.
- All the disadvantages mentioned above add to the liability a real estate investor takes on when purchasing, financing, rehabbing, leasing, managing, and maintaining a property. Even though investment properties may be in a corporation, there are often personal guarantees associated with the business, and the risk of losing the income and profits generated by the company

6.9 Drivers to Investment in Real Estate

6.9.1 Navigating new tenant expectations and tools for engagement

The occupant experience has been emerging as a major industry focus and highlighting the importance of blending sustainability, intelligence, and experience. It is worth noting that 90% of the costs associated with running a building come from employee salaries and benefits. Just 10% is attributed to the building's operating costs, including energy, maintenance, and mortgage/rent, among other things.

Worker health and productivity are emerging as strategic priorities among corporate real estate leaders, and the industry continues to innovate on space design and the resulting impacts of how people interact with each other. Health design trends include integrating amenities and features such as access to daylight, quality of lighting, acoustics, ventilation, and thermal comfort into typical building designs.

7.2.2 Inflation Hedge

An advantage of commercial real estate is that it can offset the long-term impact of inflation. A major factor is the fact that property rents can be adjusted with inflation, which is often the result of strong economic growth.

7.0 FINANCIAL PLAN

The company expect to invest 2,870,000 USD from shareholders' funds and Loan from the Banks. Profits generated from business operation will be re-invested. There shall be a loan from commercial banks as the investor has set aside 50% of USD 1, 750,000 USD for the investment in phase one up to phase 3 and the rest 50% shall be financed by Project promoters' equity. Table below show the assumptions how the investment financing plan will look like.

7.1 TABLE 1: FINANCING

<i>Financing</i>	\$
Long-term liabilities	
Long-term loan	1,750,000
Owner's equity	
Cash	760,000
Contributed asset value	360,000
Total	2,870,000

7.2 TABLE 2: INVESTMENT COST PLAN

<i>COST INVESTMENT STRUCTURE</i>	\$
Current assets	
Working capital	100,000
Plant	-
Property and equipment	
Land	2,500,000
Furniture and fixtures	120,000
Other	-
Pre Expenses	75,000
Motor Vehicles	75,000
<i>Total assets</i>	2,870,000

GUPTA AUTOSPARES AND HARDWARE LIMITED
Plot No. 14, Unga ltd, Factory area, Arusha Region

7.2 TABLE 2: INVESTMENT COST PLAN

COST INVESTMENT STRUCTURE		\$
Current assets		
Working capital		
Property and equipment		100,000
Land		
Furniture and fixtures		2,500,000
Pre Expenses		120,000
Motor Vehicles		75,000
Total assets		2,870,000

GUPTA AUTOSPARES AND HARDWARE LIMITED
Plot No. 14, Unga ltd, Factory area, Arusha Region

GUPTA AUTO SPARES AND HARDWARE LIMITED FIXED ASSETS US\$

NAME OF ASSETS	1	2	3	4	5	6	7	8
Land And Buildings	2,500,000	2,300,000	2,100,000	1,900,000	1,700,000	1,500,000	1,300,000	1,100,000
Machinery, Tools & Equipment	75,000	65,000	55,000	45,000	35,000	25,000	15,000	5,000
Motor Vehicles	73,000	61,000	49,000	37,000	25,000	13,000	1,000	-11,000
Furniture & Fixtures	120,000	108,000	96,000	84,000	72,000	60,000	48,000	36,000
Total	2,768,000	2,534,000	2,300,000	2,066,000	1,832,000	1,598,000	1,364,000	1,130,000
DEPRECIATION	1	2	3	4	5	6	7	8
Land and buildings	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Machinery tools & Equipment	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Motor Vehicles	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Furniture & Fixtures	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
ANNUAL DEPRECIATION	232,000	232,000	232,000	232,000	232,000	232,000	232,000	232,000

GUPTA AUTOSPARES AND HARDWARE LIMITED
Plot No. 14, Unga Ltd, Factory area, Arusha Region

**GUPTA AUTO SPARES AND HARDWARE LIMITED PROJECTED
 INCOME & EXPENDITURE STATEMENT (US\$)**

	1	2	3	4	5	6	7	8
Revenue	13,734,000.00	15,107,400.00	16,618,140.00	18,279,954.00	21,079,494.00	22,187,443.40	24,306,187.74	26,636,806.51
Operating Expenses:	8,927,100.00	9,819,810.00	10,817,910.00	11,819,701.00	13,701,671.10	14,771,838.21	15,149,022.03	17,963,924.23
Profit before Depreciation & Interest	4,806,900.00	5,287,590.00	5,816,349.00	6,397,983.00	7,377,822.90	7,415,605.19	8,157,165.71	9,672,882.28
Interest	600,000.00	600,000.00	600,000.00	600,000.00	600,000.00	600,000.00	600,000.00	600,000.00
Depreciation	556,975.00	556,975.00	556,975.00	556,975.00	556,975.00	556,975.00	556,975.00	556,975.00
Net Profit	3,649,925.00	4,130,615.00	4,659,374.00	5,241,089.00	5,880,872.90	6,545,855.19	7,387,415.71	8,210,313.28
Tax (30%)	1,949,775.00	2,391,845.00	3,978,122.00	5,723,026.70	7,642,421.87	9,753,756.56	12,076,224.71	14,630,939.68
Profit After Tax	5,549,475.00	8,914,305.00	12,615,618.00	16,687,062.30	21,165,651.03	26,092,098.63	31,511,191.00	37,472,192.60
Accumulated Profit	5,549,475.00	7,941,320.00	21,919,442.00	37,642,468.70	55,284,890.57	75,038,647.13	94,114,871.84	118,745,811.52

GUPTA AUTOSPARES AND HARDWARE LIMITED
Plot No. 14, Unga ltd, Factory area, Arusha Region

Appendix IV

GUPTA AUTO SPARES AND HARDWARE LIMITED PROJECTED CASH FLOW US\$

	0	1	2	3	4	5	6	7	8
SOURCES:									
Profit before interest and depreciation	0	48,069,000	52,875,900	58,163,490	63,979,839	70,377,822	77,415,605	85,157,165	93,672,882
Loan	1,760,000	-	-	-	-	-	-	-	-
Total Sources	2,870,000	48,069,000	52,875,900	58,163,490	63,979,839	70,377,822	77,415,605	85,157,165	93,672,882
Applications:									
Capital expenditure	100,000	-	-	-	-	-	-	-	-
working Capital & Others	100,000	-	-	-	-	-	-	-	-
Cash	0	37,119,225	40,484,055	44,185,368	48,256,813	52,735,401	57,661,849	63,080,941	69,311,943
Tax	-	10,949,775	12,391,845	13,978,122	15,723,026	17,642,421	19,753,756	22,076,224	24,630,939
Sub total	2,870,000	48,069,000	52,875,900	58,163,490	63,979,839	70,377,822	77,415,605	85,157,165	93,942,882
Total applications	2,870,000	48,069,000	52,875,900	58,163,490	63,979,839	70,377,822	77,415,605	85,157,165	93,942,882
Accumulated cash		37,119,225	77,603,280	121,788,648	170,045,461	222,780,862	280,442,711	343,523,652	412,835,595
Necessary working capital	100,000	91,815,000	91,815,000	91,815,000	91,815,000	91,815,000	91,815,000	91,815,000	91,815,000

GUPTA AUTOSPARES AND HARDWARE LIMITED
Plot No. 14, Unga Ltd, Factory area, Arusha Region

Appendix V

GUPTA AUTO SPARES AND HARDWARE LIMITED PROJECTED BALANCE SHEET US \$

	0	1	2	3	4	5	6	7	8
Fixed Assets									
Opening balance	-	5818500	5261525	4704550	4147575	3590600	3033625	2476650	1919675
Additions	-								
Total Long-term Assets	-	5818500	5261525	4704550	4147575	3590600	3033625	2476650	1919675
Less depreciation	-	556970	556970	556970	556970	556970	556970	556970	556970
Closing balance	-	5261520	4704550	4147570	3590600	3033620	2476650	1919670	1362700
Working capital	2,870,000.00	9181500	9181500	9181500	9181500	9181500	9181500	9181500	9181500
Accumulated cash	-	3711925	7760320	12178868	17004541	22278082	28044271	34352362	41283555
Total assets	2,870,000.00	3711925	7760320	12178868	17004541	22278082	28044271	34352362	41283555
Financed by									
Loan		15000000	13125000	112500000	9375000	7500000	5625000	3750000	1875000
Net profit	-	2554947	3794130	5191942	6764248.7	8528480.57	10503867.1	12711471.8	15174511.5
Total equity	-	17554945	16919130	16441942	16139248.7	16028490.6	16128847.1	16461471.8	17049511.5

GUPTA AUTOSPARES AND HARDWARE LIMITED
Plot No. 14, Unga Ltd, Factory area, Arusha Region

Appendix VI

GUPTA AUTO SPARES AND HARDWARE LIMITED PROJECTED LONG TERM LOAN REPAYMENT

Year	Principle	Repayments US\$		Total Amount Paid	Loan Balance
		Loan Interest (4%)			
0					
1	18,750,000	6,000,000		24,750,000	150,000,000
2	18,750,000	6,000,000		24,750,000	131,250,000
3	18,750,000	6,000,000		24,750,000	112,500,000
4	18,750,000	6,000,000		24,750,000	93,750,000
5	18,750,000	6,000,000		24,750,000	75,000,000
6	18,750,000	6,000,000		24,750,000	56,250,000
7	18,750,000	6,000,000		24,750,000	37,500,000
8	18,750,000	6,000,000		24,750,000	18,750,000
TOTAL	2,870,000	48,000,000		198,000,000	0

GUPTA AUTOSPARES AND HARDWARE LIMITED
Plot No. 14, Unga Ltd, Factory area, Arusha Region

Appendix VII

EAST AFRICA STEEL TOWER CO. LIMITED PROJECTED PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulative Cash Flow
1	25,549,475.00	5,569,750.00	31,119,225.00	31,119,225.00
2	28,914,305.00	5,569,750.00	34,484,055.00	65,603,280.00
3	32,615,618.00	5,569,750.00	38,185,368.00	103,788,648.00
4	36,687,062.30	5,569,750.00	42,256,812.30	146,045,460.30
5	41,165,651.03	5,569,750.00	46,735,401.03	192,780,861.33
6	46,092,098.63	5,569,750.00	51,661,848.63	244,442,709.96
7	51,511,191.00	5,569,750.00	57,080,941.00	301,523,650.96
8	57,472,192.60	5,569,750.00	63,041,942.60	364,565,593.56

Initial Investment = USD 2,870,000

From above table, payback period is calculated at year 5