



TECHNAL COMPANY LTD

10

**EXD** ✓

The approved project has fulfilled the investment requirements, which are: -

- (a) Minimum finance investment threshold has been exceeded, the project expects to invest ..... USD 0.975M .....
- (b) Legal entity has been incorporated under certificate No. .... 69225 ..... of 7/02/2009 .....

Based on the above, the letter of approval is hereby submitted for signature in order for the project to comply with the requirements of Section 17 of Tanzania Investment Act, 1997.

Submitted for signature.



N. A. Senzia

**DIF**

19<sup>th</sup> February 2009

20

**EXD**

In response to the TIC letter of registration dated 18<sup>th</sup> February 2009 .....

the project has submitted the required documents namely: -

- (a) Company Board Resolution.
- (b) Reference letter/Financing from Standard Chartered LTD .....
- (c) Lease Agreement or Evidence of land. .....

With the above submission EXD is requested to sign Certificate of Incentives No. 041641 ..... herein attached.

18/06/09

  
**DIF**

3. ExD

Certificate of Incorporation has been amended  
as per folio 5 to reflect a new shareholder  
and is hereby submitted for your approval and  
Signature

10/09/09

  
DIF

4

T.F.N. 614 (Rev. 8.94)

JAMHURIYA MUUNGANO WA TANZANIA  
THE UNITED REPUBLIC OF TANZANIA

STAKABADHI YA SERIKALI

EXCHEQUER RECEIPT

NIMPOKEA KWA

Issued from

TECHNICAL COMPANY LTD

JUMBA YA SHILINGI (Kwa mwaneno)

The sum of Shillings (Words)

37886363

KIASI  
Amount

Shs.	Cts.
USD	750

USADUAR SEVEN HUNDRED AND SEVENTY DOLLARS

KWA MALIPO YA: NA SENTI  
in respect of: NA SENTI

CERTIFICATE OF INCENTIVES

KWA FEDHA: TASLIMU/HUNDI

NAMBA: By: Cash/Cheque No.

SAHILI YA MPOKEA: Receiving Officer's

Signature

CHEO-Title

LAREHE-Date

16 JUN 2009

KITUO - Station

DSM



TICC/PP.10/041641/2

18<sup>th</sup> February 2009

Managing Director,  
Technal Company Ltd,  
P.O. Box 38307,  
**DAR ES SALAAM.**

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE  
ESTABLISHMENT OF BUILDING AND CONSTRUCTION MATERIALS  
PRODUCTION FACILITY**

We wish to acknowledge receipt of your project proposal to establish facility to produce construction materials as presented in the TIC P.A. 1 Form No.07668 and Feasibility Study with a projected investment of USD. 0.975m

We have studied your project proposal and are pleased to inform you that your investment proposal is now officially registered and therefore your project will be granted a CERTIFICATE OF INCENTIVES, given under authority conferred upon TIC under Part III, Section 17 (1-8) of the Tanzania Investment Act, 1997. In order to enable TIC prepare your certificate of Incentives you will be required to submit the following:-

- Bank reference for equity funding or a letter from Bank/Financial Institution indicating that a loan is granted or is under consideration as required by Section 17 (3) (f) of Tanzania Investment.

You will also be required to submit to the Centre a Progress Report on the implementation of the project after every six months for our information and review. Guidelines for the preparation of the report are contained in annexure 2 also attached to this letter. Please do not hesitate to contact the Centre for any clarification if the need arises. Please also note that a facilitation fee equivalent to US\$ 750.00 is payable at the ruling exchange rate before collection of your Certificate of Incentives. Please arrange to make payments at your earliest convenience

.../2

TICC/PP.10/041641/2

18<sup>th</sup> February 2009

We wish you every success in the implementation of the project.

Yours sincerely,  
**Tanzania Investment Centre**

  
B. D. Chonjo  
**For: EXECUTIVE DIRECTOR**

Copy to: Permanent Secretary,  
Ministry of Finance and Economic Affairs,  
P. O. Box 9111,  
**DAR ES SALAAM**

Permanent Secretary,  
Ministry of Industry and Commerce,  
P.O. Box 9503,  
**DAR ES SALAAM**

Commissioner General,  
Tanzania Revenue Authority,  
P. O. Box 11491,  
**DAR ES SALAAM**



## TIC Evaluation Report

Name of the Company  
**Technal Company Ltd.**

Post Box	Mbagaia Area Plot No. 1179	COI Number	69225	Contact	Mr. Fahed Said Mohamed
Post Office	38307	COI Date	07/01/2009	Designation	Director
Region	Dar Es Salaam	Application F. No	07668	Phone	022 2134957
Country	Tanzania	Status	?	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0
		Sub Sector	Building And Construction Materials	Fax	022 2134956
		File No	041641	E-Mail Address	Ghalib@Africalogisticstz.Com

Project Location		Investment Finance Plan in Millions USD											
Plot/Block	Plot No. 1179	<table border="1"> <thead> <tr> <th>Foreign Equity</th> <th>Local Equity</th> <th>Foreign Loan</th> <th>Local Loan</th> </tr> </thead> <tbody> <tr> <td>0.212</td> <td>0.213</td> <td>0</td> <td>0.55</td> </tr> </tbody> </table>	Foreign Equity	Local Equity	Foreign Loan	Local Loan	0.212	0.213	0	0.55			
Foreign Equity	Local Equity		Foreign Loan	Local Loan									
0.212	0.213		0	0.55									
Street	Mbagala Area												
District	Temeke												
Region	Dar es Salaam												

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	0.15
Fouad Ibrahim Maatouk	Lebanese	50	Plant	0.55
Fahed Said Mohamed	Tanzanian	50	Vehicles	0.2
			Furniture & Fittings	0
			Pre-expenses	0.025
			Others	0
			Working Capital	0.05
			Total	0.975

Employment	39	Evaluated By	Revocatus Arbogast
Capacity	xxxx	Drawn By	Shokko Registry
Project Turn Over			

### Description

To establish facilities for building and construction materials production

### Recommendations

Be approved subject to providing evidence as required by section 17 of Tanzania Investment Act, 1997

### Decision

*Approved Fahed Said Mohamed*  
*Ed 18/2*

# TECHNAL COMPANY LIMITED

Registered Office: Plot No: 123 Samora Avenue/Kimweri Street  
Factory Site: Plot No: 1179 Mbagala Industrial Area  
P.O. Box 38307 Dar es Salaam , Tanzania  
Tel: +255 22 213 4957 Fax: +255 22 213 4956

1

Ref. No: TCL/TIC/2009/1

Date: January 26 2009

Executive Director  
Tanzania Investment Centre  
P.O. Box 938  
Dar es Salaam



RE: APPLICATION FOR TIC CERTIFICATE OF INCENTIVES

We are a newly locally registered company formed with the principal objective of setting up in Dar es Salaam facilities for production of building and construction materials including fabrication of aluminium and steel structures, rolling shutters and related products, interior decoration products, aluminium cabinets, kitchenware and allied products, furniture and similar products.

It is against the above background that we hereby submit our application for TIC Certificate of Incentives to facilitate smooth implementation of the project.

Attached herewith please find the following basic documents for ease of reference and approval:

1. Three copies of Application for TIC Certificate of Incentives form
2. Certified true copy of Certificate of Incorporation
3. A certified copy of Company Memorandum and Articles of Association
4. Three copies of project Feasibility Study Report
5. Land documents in respect of the project site
6. Banker's Letter of Reference
7. Company Board Resolution to register the project with TIC

Thanking you for your kind cooperation.

Yours sincerely,  
TECHNAL COMPANY LIMITED

Fahed Said Mohamed  
DIRECTOR



# **TANZANIA INVESTMENT CENTRE**

## **REGISTRATION FORM**

**FOR**

## **CERTIFICATE OF INCENTIVES**

**(Tanzania Investment Act 1997, Section 17 and 18,  
and the Investment Regulations:  
Regulation 42, Government Notice No. 318A of 2002)**

**Tanzania Investment Centre**  
9A & B Shaaban Robert Street  
P. O. Box 938  
**DAR ES SALAAM**  
Tel. 022 2116328  
Fax. 022 2118253  
e-mail: [information@tic.co.tz](mailto:information@tic.co.tz)  
Website: [www.tic.co.tz](http://www.tic.co.tz)

**(Please fill the form in duplicate)**

UNITED REPUBLIC OF TANZANIA

THE TANZANIA INVESTMENT ACT  
(No. 26 of 1997)

APPLICATION FOR REGISTRATION  
(Made under Regulation 42)

To: The Executive Director  
Tanzania Investment Centre  
P. O. Box 938  
**DAR ES SALAAM**  
Tanzania

Si.

1. I/We FAHED SAID MOHAMED; FOUAD IBRAHIM MAATOUK  
(director/directors/agent of TECHNAL COMPANY LIMITED

(name of business enterprise) apply for registration of CERTIFICATE OF INCENTIVES OF TECHNAL

COMPANY LIMITED under Section 17 of the Act and Part IV of the Investment Regulations, 2002.

2. The registered office of the company will be situated at SAMORA / KIMWERI STREET

Copies of the following documents are attached to this application:

- (i) The Memorandum and Articles of Association/or partnership agreement
- (ii) Certificate of Incorporation/Registration
- (iii) A copy of the Project Profile or Feasibility Study showing the implementation period, programme of implementation and operative date
- (iv) Evidence of financing and evidence of land ownership for the project

3. The Head Office of the Company will be situated at SAMORA / KIMWERI STREET PLOT 123

4. The Principal Officers of the Company are FAHED SAID MOHAMED  
FOUAD IBRAHIM MAATOUK

5. Auditors of the Company are TO BE APPOINTED ON IMPLEMENTATION

6. The authorized share capital of the Company is Tshs./~~US\$~~ ONE BILLION TANZANIAN  
SHILLING (1,000,000,000/-)

7. The intended capital investment of the Company in terms of Section 2(2) of the Act

is Tshs./US\$ 975,000

8. The month and day of the financial year end is 31<sup>st</sup> December 2009

Note: *failure to provide all the required information will result in the return of the application by the Centre.*

I/We enclose a cheque/cash made payable to the **Tanzania Investment Centre** for Tshs./US\$

100.00 (ONE HUNDRED US DOLLAR) Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*

I, FAHED SAID MOHAMED of Post Office Number 38307 DAR-ES-

SALAAM do solemnly and sincerely declare that I am a director/duly-

authorized agent of TECHNAL COMPANY LIMITED

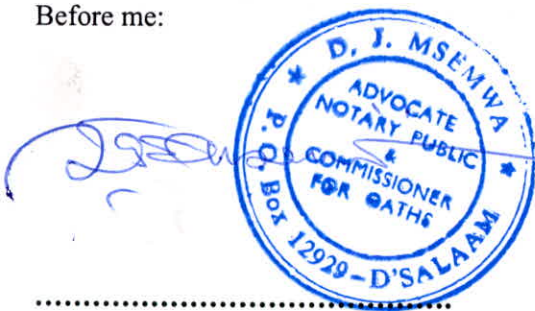
AND that all the requirements of the Tanzania Investment Act, 1997 in respect of matters precedent to the registration of the business enterprise under the Act and incidental thereto have been complied with, AND I make this solemn declaration conscientiously believing the same to be true.

Declared at Dar es Salaam }

The 2 day of FEBRUARY 2009

Applicant

Before me:



Commissioner for Oaths

APPLICATION SUMMARY

Company Name: TECHNICAL COMPANY LIMITED

Certificate of Incorporation Number: 69225 Status: NEW PROJECT

Certificate of Incorporation Date: 7 JANUARY 2009

Post Box: 38307

Town: DAR-ES-SALAAM

Sector: MANUFACTURING

Sub-Sector: BUILDING AND CONSTRUCTION MATERIALS

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
0.213	0.212		0.550

Project Objectives: TO ESTABLISH FACILITIES FOR PRODUCTION OF BUILDING AND CONSTRUCTION MATERIALS INCLUDING FABRICATION OF ALUMINIUM CABINETS,

ALUMINIUM AND STEEL STRUCTURES, INTERIOR DECORATION PRODUCTS, KITCHENWARE, FURNITURE AND ALLIED PRODUCTS.

Capacity: SALES TURNOVER 1,868,000 MILLION US DOLLARS

Employment: Foreign: 4 Local: 35 Total: 39

Implementation Period: 3 YEARS

Project Location

Site/Plot/Block No.: PLOT NUMBER 1179

Street: MBAGARA AREA District: TOMEKE Region: DAR-ES-SALAAM (Attach sketch map showing project location)

Shareholders	Nationality	%
FAHED SAID MUHAMMED	TANZANIAN	50%
FOUAD IBRAHIM MAITOUK	LEBANESE	50%

## Investment Breakdown US\$/Tshs.M

Land/Building	0.150
Plant	0.550
Vehicles	0.200
Furniture & Fittings	
Pre-expenses	0.025
Others	
Working Capital	0.050
<b>TOTAL</b>	<b>0.975</b>

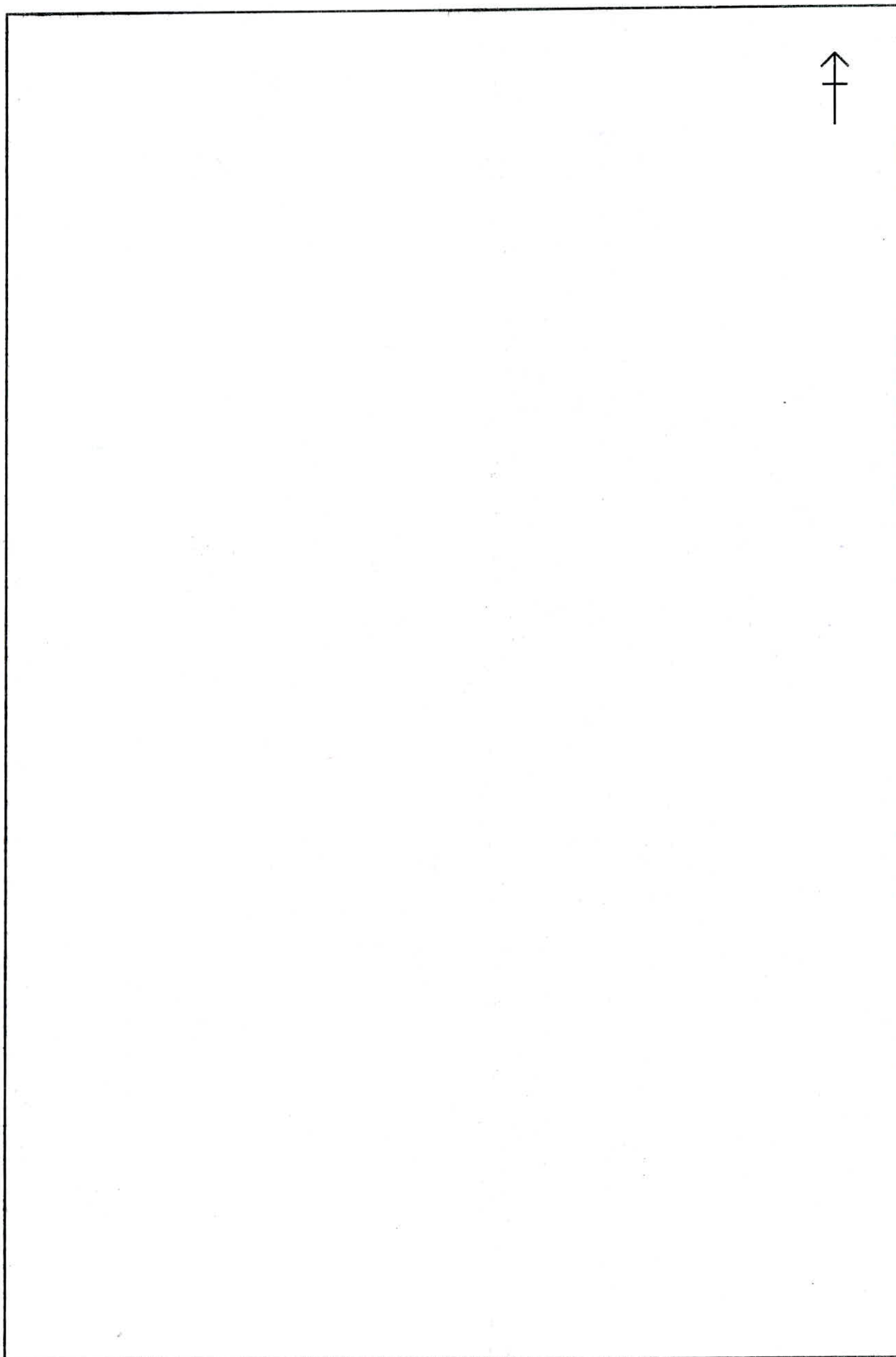
### Contact Details:

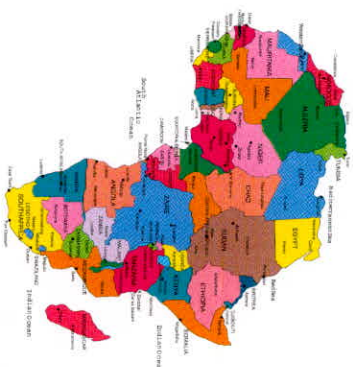
Name: FAHEE SAID MOHAMED Title: DIRECTOR  
Telephone: 255222134917 Fax: 255222134916  
Email: ghalib@office-logistics-tz.com

### Payments to be made payable to:

TANZANIA INVESTMENT CENTRE  
STANDARD CHARTERED BANK TANZANIA LTD.  
SWIFT ADDRESS: **SCBLTZTX**  
ACCOUNT NO.: **8702006002000**

**SKETCH MAP SHOWING PROJECT LOCATION**





# TECHNAL COMPANY LIMITED

Registered Office: Plot No: 123 Samora Avenue/Kimwari Street  
Factory Site: Plot No: 1179 Mbagala Industrial Area  
P.O. Box 38307 Dar es Salaam , Tanzania  
Tel: +255 22 213 4957 Fax: +255 22 213 4956

⑤

Our Ref:TCL/TIC/2/09

09/09/2009

DIRECTOR GENERAL  
TANZANIA INVESTMENT CENTRE  
P.O. Box  
DAR ES SALAAM



Dear Sir,

**REF: INTRODUCTION OF MR.HASSAN SABBAB AS A  
NEW DIRECTOR OF OUR COMPANY.**

Your kind Attention is drawn in respect to the aforesaid.

With all due diligence and respect we are writing to you sir, to officially notify to you that our company has through the Board of Director resolution which sat on 19/06/2009 resolved to sell shares to MR.HASSAN SABBAB and thereafter appoint him as a Co-Director of this Company. His Allotment of shares is 15%.

We wish farther to inform you that thereafter we have followed all legal requirement pursuant to Company's law provision to register him and he has Dully been approved by register of Company as a Director.

We therefore request you to issue as with Amended TIC Certificate reflecting this change.

Its our sincere hope that you will Accept our Request.

Yours truly,

.....  
**FOUAD IBRAHIM MAATOUK  
DIRECTOR**

# TECHNAL COMPANY LIMITED

Registered Office: Plot No: 123 Samora Avenue/Kimwari Street  
Factory Site: Plot No: 1179 Mbagala Industrial Area  
P.O. Box 38307 Dar es Salaam , Tanzania  
Tel: +255 22 213 4957 Fax: +255 22 213 4956

INDA no  
69225

## BOARD RESOLUTION

EXTRACT FROM THE MINUTES OF THE BOARD OF DIRECTORS MEETING  
HELD AT THE COMPANY'S HEAD OFFICE AT PLOT NO:123 SAMORA  
AVENUE/KIMWERI STREET ON 19/6/2006.

### **Present**

- |                          |   |                   |
|--------------------------|---|-------------------|
| 1. Fouad Ibrahim Maatouk | - | Chairman/Director |
| 2. Fahed Said Mohamed    | - | Director          |
| 3. Joseph Felician       | - | Secretary         |



As its meeting on 30/05/2009 the Board of Directors of Technal Company Limited resolved the following inter-alia:

- Admission of **Mr. HASSAN SABBAH** as a Director after acquisition and payment of 150 shares from **Mr. FOUAD IBRAHIM MAATOUK**.
- That, **Mr. FAHED SAID MOHAMED**, Director and Shareholder of this Company be and is hereby authorized, directed and empowered to execute for and on behalf of this company and its name any and all documents required in connection with this application.

.....  
**Chairperson**

*(By order of the Board)*

.....  
**Secretary**

THE UNITED REPUBLIC OF TANZANIA  
BUSINESS REGISTRATIONS AND LICENSING AGENCY



Appointment of a Director or Secretary

(Not for resignation (Use Form 210b) or change of particulars (Use Form 210c))

Pursuant to Section 210 of the Companies Act, 2002

Company Number

69225

Company Name  
(in full)

TECHNAL COMPANY LTD  
P.O. Box 38307 DAR ES SALAAM

Date of appointment

30.5.2009

Appointment as director

Appointment as secretary

Name: (First Name(s))

HASSAN

(Surname)

SABBAH

Previous name(s):

Address:  
(usual residential)

NARUNGO STREET  
POST NO 67  
ILALA MUNICIPALITY

Nationality:

LEBANESE

Date of Birth

18-8-1980

(continued on next page)

FOR OFFICIAL USE ONLY.

Business Occupation

Well

Other Directorships  
(directors only)

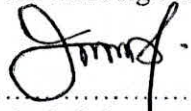
Well

I consent to act as [director] [secretary] of the above named company

Signed 

Date 30.5.2009

A director / secretary etc. must sign the form below

Signed 

Date 30.5.2009

(A director / secretary / administrator / administrative receiver / receiver)

**Notes:**

Show full First Names, not initials. If the director or secretary is a corporation, show the name on surname line and registered or principal office address on the usual residential address line.

Give previous First Name(s) or surname(s) except that:

- for a married woman, the name by which she was known before marriage need not be given.
- names not used since the age of 18 or for at least 20 years need not be given.

**Other directorships**

Give the name of every company incorporated in Tanzania of which the person concerned is a director or has been a director at any time in the past five years.



No. 00215897

THE UNITED REPUBLIC OF TANZANIA

# Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

THIS CERTIFICATE REPLACE/  
EXTENDS THE PREVIOUS ONE  
NO. 041641 ISSUED ON  
18/06/2009

AMENDMENT ON SECTION ONE  
HAS BEEN EFFECTED

No: 041641

No: .....

*Signature*

*Signature*

## This is to certify that

TECHNAL COMPANY LTD

P.O. BOX 38307

of address

DAR ES SALAAM

has been granted a Certificate of Incentives to invest in a new, ~~rehabilitation~~ ~~expansion~~ ~~or equity of the~~ enterprise known as

TECHNAL COMPANY LTD

PLOT NO. 1179, MBAGALA AREA, TEMEKE DISTRICT

Which is located at

DAR ES SALAAM

Further particulars required by Section 17 of the Tanzania Investment Act are set out overleaf.

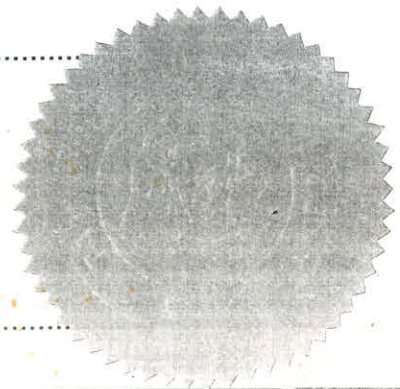
*Signature*

Executive Director

Tanzania Investment Centre  
P.O. Box 938, Dar es Salaam

Dated

10TH SEPTEMBER 2009



This Certificate is issued in accordance with the provisions of Section 17 of the Tanzania Investment Act, 1997 and subject to the conditions prescribed under item 14 and 15 hereafter:—

1. Shareholders
- | Shareholders          | Nationality | Shareholding (%) |
|-----------------------|-------------|------------------|
| Fouad Ibrahim Maatouk | Lebanese    | 50               |
| Fahed Said Mohamed    | Tanzanian   | 35               |
| Hassan Sabbah         | Lebanese    | 15               |
2. Proposed Activities: To establish facilities for production of building and construction materials
3. Sector: Manufacturing Subsector Building & construction materials
4. Investment cost: Foreign USD 0.212m. Local USD 0.763m. Total USD 0.975m.
5. Project Financing: Equity USD 0.425m. Loans USD 0.55m. Total USD 0.975m.
6. Source, terms and conditions of loan:
7. Assets to be invested:
- | Capital items: | Foreign     | Local       | Total       |
|----------------|-------------|-------------|-------------|
|                | USD 0.212m. | USD 0.763m. | USD 0.975m. |
8. Technology Agreement: None
9. Date of TIC Registration: 18th February 2009
10. Implementation period: February 2009 - January 2013
11. Operative date: 1st February 2013
12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997
- (i) Applicable Import Duty And VAT as per Customs Tariff Act, 1976 & VAT Act, 1997
  - (ii) Applicable with-holding Tax As per Income Tax Act, 2004 (as amended)
  - (iii) Eligibility of Capital Allowances As per Income Tax Act, 2004 (as amended)
13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.
14. Conditions attached to this Certificate of Incentives
- (i) Date of Commencement of investment has to be notified to the Centre.
  - (ii) Certificate not to be transferred, assigned or amended
  - (iii) Failure to commence implementation within two years invalidates Certificate
  - (iv) Failure to operate investment must be notified to the Centre
  - (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre
15. Additional conditions attached to Certificate
- Finished goods are not allowed under this Certificate

Signed



# TANZANIA INVESTMENT CENTRE

## REGISTRATION FORM

FOR

# CERTIFICATE OF INCENTIVES

**(Tanzania Investment Act 1997, Section 17 and 18,  
and the Investment Regulations:  
Regulation 42, Government Notice No. 318A of 2002)**

**Tanzania Investment Centre**  
9A & B Shaaban Robert Street  
P. O. Box 938  
**DAR ES SALAAM**  
Tel. 022 2116328  
Fax. 022 2118253  
e-mail: [information@tic.co.tz](mailto:information@tic.co.tz)  
Website: [www.tic.co.tz](http://www.tic.co.tz)

**(Please fill the form in duplicate)**

UNITED REPUBLIC OF TANZANIA

THE TANZANIA INVESTMENT ACT

(No. 26 of 1997)

APPLICATION FOR REGISTRATION

(Made under Regulation 42)

To: The Executive Director  
Tanzania Investment Centre  
P. O. Box 938  
**DAR ES SALAAM**  
Tanzania

1. I/We FAHED SAID MOHAMED; FOUAD IBRAHIM MAATOUK  
(director/directors/agent of TECHNAL COMPANY LIMITED  
(name of business enterprise) apply for registration of CERTIFICATE OF INCENTIVES OF TECHNICAL

COMPANY LIMITED under Section 17 of the Act and Part IV of the Investment Regulations, 2002.

2. The registered office of the company will be situated at SAMORA / KIMWERI STREET

Copies of the following documents are attached to this application:

- (i) The Memorandum and Articles of Association/or partnership agreement
  - (ii) Certificate of Incorporation/Registration
  - (iii) A copy of the Project Profile or Feasibility Study showing the implementation period, programme of implementation and operative date
  - (iv) Evidence of financing and evidence of land ownership for the project
3. The Head Office of the Company will be situated at SAMORA / KIMWERI STREET PLOT 123
4. The Principal Officers of the Company are FAHED SAID MOHAMED  
FOUAD IBRAHIM MAATOUK
5. Auditors of the Company are TO BE APPOINTED ON IMPLEMENTATION
6. The authorized share capital of the Company is Tshs./US\$ ONE BILLION TANZANIAN  
SHILLING (1,000,000,000/-)

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 975,000

8. The month and day of the financial year end is 31<sup>st</sup> DECEMBER 2009

Note: **failure to provide all the required information will result in the return of the application by the Centre.**

I/We enclose a cheque/cash made payable to the **Tanzania Investment Centre** for Tshs./US\$

100.00 (ONE HUNDRED US DOLLAR) Being the Registration Fees. **In the event this application is unsuccessful we understand that this fee will not be refunded.**

I, FAHED SAID MOHAMED of Post Office Number 38307 DAR-ES-


SALAAM do solemnly and sincerely declare that I am a director/duly-

authorized agent of TECHNAL COMPANY LIMITED

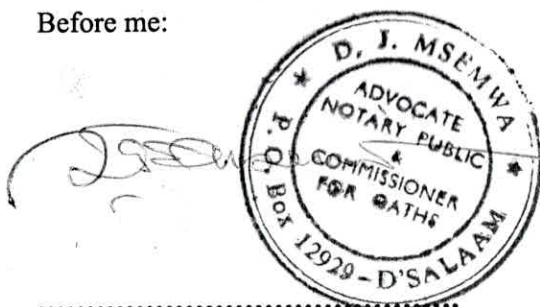
**AND** that all the requirements of the Tanzania Investment Act, 1997 in respect of matters precedent to the registration of the business enterprise under the Act and incidental thereto have been complied with, **AND I** make this solemn declaration conscientiously believing the same to be true.

Declared at Dar es Salaam }

The 2 day of FEBRUARY 2009

  
.....  
**Applicant**

Before me:



.....  
**Commissioner for Oaths**

## APPLICATION SUMMARY

**Company Name:** TECHNICAL COMPANY LIMITED

**Certificate of Incorporation Number:** 69225 **Status:** NEW PROJECT

**Certificate of Incorporation Date:** 7 JANUARY 2009

**Post Box:** 38307

**Town:** DAR-EL-SALAM

**Sector:** MANUFACTURING

**Sub-Sector:** BUILDING AND CONSTRUCTION MATERIALS

### Investment Financing Plan in Million US\$/Tshs:

Foreign Equity	Local Equity	Foreign Loan	Local Loan
0.213	0.212		0.550

**Project Objectives:** TO ESTABLISH FACILITIES FOR PRODUCTION OF BUILDING AND CONSTRUCTION MATERIALS INCLUDING FABRICATION OF ALUMINIUM CABINETS, ALUMINIUM AND STEEL STRUCTURE, INTERIOR DECORATION PRODUCTS, KITCHENWARE, FURNITURE AND ALLIED PRODUCTS.

**Capacity:** SALES TURNOVER 1,868,000 MILLION US DOLLARS

**Employment:** Foreign: 4 Local: 35 Total: 39

**Implementation Period:** 3 YEARS

### Project Location

**Site/Plot/Block No.:** PLOT NUMBER 1179

**Street:** MBAGARA AREA **District:** TIGHEKE **Region:** DAR-EL-SALAM

(Attach sketch map showing project location)

Shareholders	Nationality	%
FAHED SAID MOHAMED	TANZANIAN	50%
FOUAD IBRAHIM MAHMOUD	LEBANESE	50%
.....	.....	.....
.....	.....	.....

**Investment Breakdown US\$/Tshs.M**

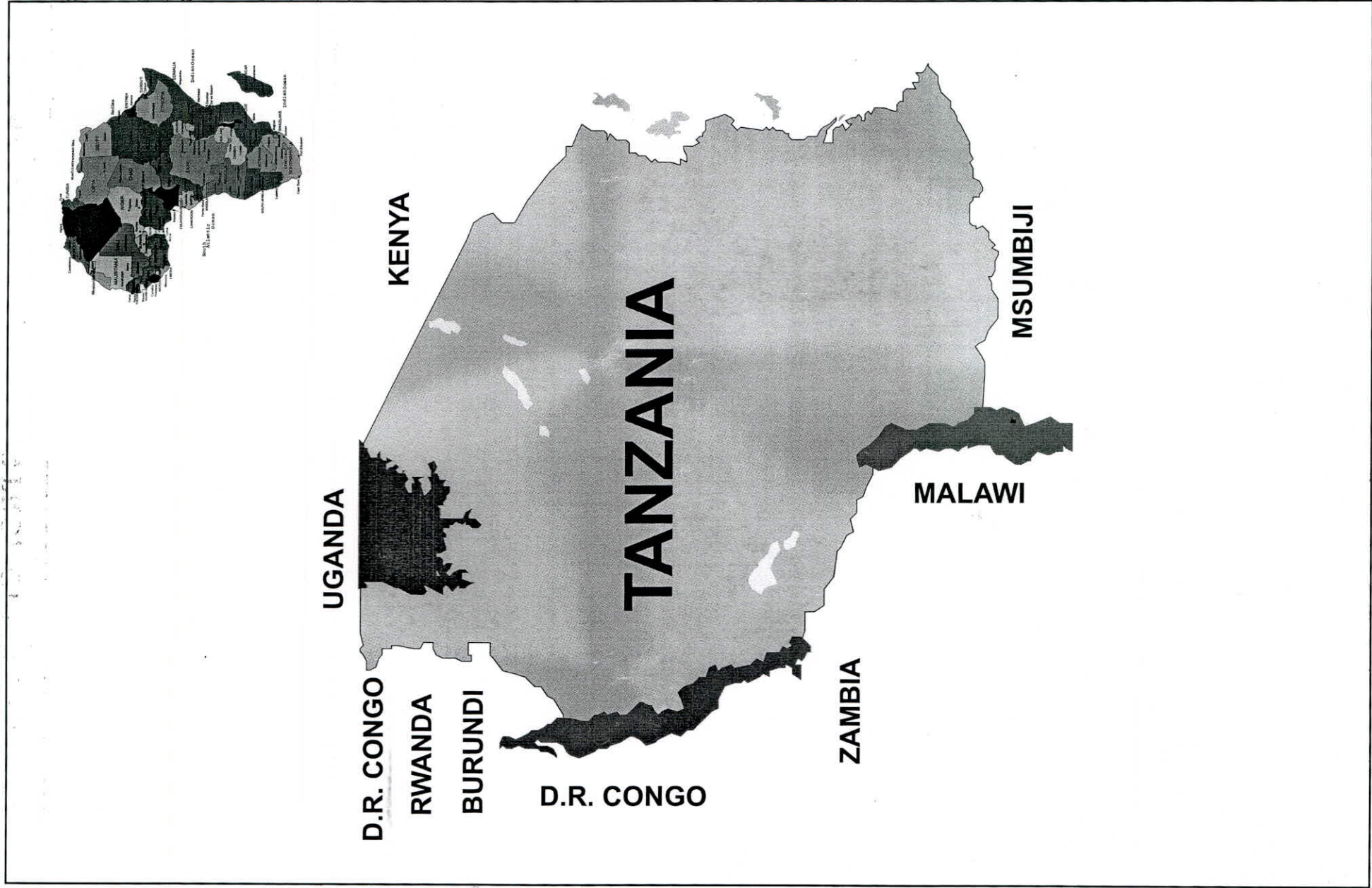
Land/Building	0.150
Plant	0.550
Vehicles	0.200
Furniture & Fittings	
Pre-expenses	0.025
Others	
Working Capital	0.050
<b>TOTAL</b>	<b>0.975</b>

**Contact Details:**

Name: FAHEE SAID MOHAMED Title: DIRECTOR  
Telephone: 255 22 213 4917 Fax: 255 22 213 4916  
Email: gkhalib@office-logistics-tz.com

**Payments to be made payable to:**

TANZANIA INVESTMENT CENTRE  
STANDARD CHARTERED BANK TANZANIA LTD.  
SWIFT ADDRESS: **SCBLTZTX**  
ACCOUNT NO.: **8702006002000**



UGANDA

D.R. CONGO

RWANDA

BURUNDI

D.R. CONGO

ZAMBIA

MALAWI

MSUMBIJI

KENYA

TANZANIA





# TANZANIA INVESTMENT CENTRE

## REGISTRATION FORM

FOR

# CERTIFICATE OF INCENTIVES

**(Tanzania Investment Act 1997, Section 17 and 18,  
and the Investment Regulations:  
Regulation 42, Government Notice No. 318A of 2002)**

**Tanzania Investment Centre**  
9A & B Shaaban Robert Street  
P. O. Box 938  
**DAR ES SALAAM**  
Tel. 022 2116328  
Fax. 022 2118253  
e-mail: [information@tic.co.tz](mailto:information@tic.co.tz)  
Website: [www.tic.co.tz](http://www.tic.co.tz)

**(Please fill the form in duplicate)**

UNITED REPUBLIC OF TANZANIA

THE TANZANIA INVESTMENT ACT

(No. 26 of 1997)

APPLICATION FOR REGISTRATION

(Made under Regulation 42)

To: The Executive Director  
Tanzania Investment Centre  
P. O. Box 938  
**DAR ES SALAAM**  
Tanzania

1. I/We FAHEE SAID MOHAMED; FOUAD IBRAHIM MAATOUK  
(director/directors/agent of TECHNAL COMPANY LIMITED  
(name of business enterprise) apply for registration of CERTIFICATE OF INCORPORATION OF TECHNAL

COMPANY LIMITED under Section 17 of the Act and Part IV of the Investment Regulations, 2002.

2. The registered office of the company will be situated at SAMORA / KIMWERI STREET

Copies of the following documents are attached to this application:

- (i) The Memorandum and Articles of Association/or partnership agreement
  - (ii) Certificate of Incorporation/Registration
  - (iii) A copy of the Project Profile or Feasibility Study showing the implementation period, programme of implementation and operative date
  - (iv) Evidence of financing and evidence of land ownership for the project
3. The Head Office of the Company will be situated at SAMORA / KIMWERI STREET PLOT 123
4. The Principal Officers of the Company are FAHEE SAID MOHAMED  
FOUAD IBRAHIM MAATOUK
5. Auditors of the Company are TO BE APPOINTED ON IMPLEMENTATION
6. The authorized share capital of the Company is Tshs./US\$ ONE BILLION TANZANIAN  
SHILLING (1,000,000,000/-)

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 975,000

8. The month and day of the financial year end is 31<sup>st</sup> DECEMBER 2009

Note: **failure to provide all the required information will result in the return of the application by the Centre.**

I/We enclose a cheque/cash made payable to the **Tanzania Investment Centre** for Tshs./US\$

100.00 (ONE HUNDRED US DOLLARS) Being the Registration Fees. **In the event this application is unsuccessful we understand that this fee will not be refunded.**

I, FAHED SAID MOHAMED of Post Office Number 38307 DAR-ES-


SALAAM do solemnly and sincerely declare that I am a director/duly-

authorized agent of TECHNAL COMPANY LIMITED

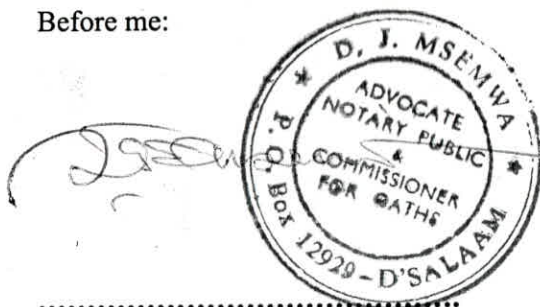
**AND** that all the requirements of the Tanzania Investment Act, 1997 in respect of matters precedent to the registration of the business enterprise under the Act and incidental thereto have been complied with, **AND I** make this solemn declaration conscientiously believing the same to be true.

Declared at Dar es Salaam }

The 2 day of FEBRUARY 2009

  
.....  
**Applicant**

Before me:



.....  
**Commissioner for Oaths**

## APPLICATION SUMMARY

Company Name: TECHNAL COMPANY LIMITED

Certificate of Incorporation Number: 69225 Status: NEW PROJECT

Certificate of Incorporation Date: 7 JANUARY 2009

Post Box: 38307

Town: DAR-ES-SALAAM

Sector: MANUFACTURING

Sub-Sector: BUILDING AND CONSTRUCTION MATERIALS

### Investment Financing Plan in Million US\$/Tshs:

Foreign Equity	Local Equity	Foreign Loan	Local Loan
<u>0.213</u>	<u>0.212</u>		<u>0.550</u>

**Project Objectives:** TO ESTABLISH FACILITIES FOR PRODUCTION OF BUILDING AND CONSTRUCTION MATERIALS INCLUDING FABRICATION OF ALUMINIUM CABINETS,

ALUMINIUM AND STEEL STRUCTURES, INTERIOR DECORATION PRODUCTS, KITCHENWARE, FURNITURE AND ALLIED PRODUCTS.

**Capacity:** SALES TURNOVER 1,868,000 MILLION US DOLLARS

**Employment:** Foreign: 4 Local: 35 Total: 39

**Implementation Period:** 3 YEARS

### Project Location

Site/Plot/Block No.: PLOT NUMBER 1179

Street: MIRAGARA AREA District: IGEMEKE Region: DAR-ES-SALAAM

(Attach sketch map showing project location)

Shareholders	Nationality	%
<u>FAYED SAID MOHAMED</u>	<u>TANZANIAN</u>	<u>50%</u>
.....	.....	.....
<u>FOUAD IBRAHIM MAHMOUD</u>	<u>LEBANESE</u>	<u>50%</u>
.....	.....	.....
.....	.....	.....

**Investment Breakdown US\$/Tshs.M**

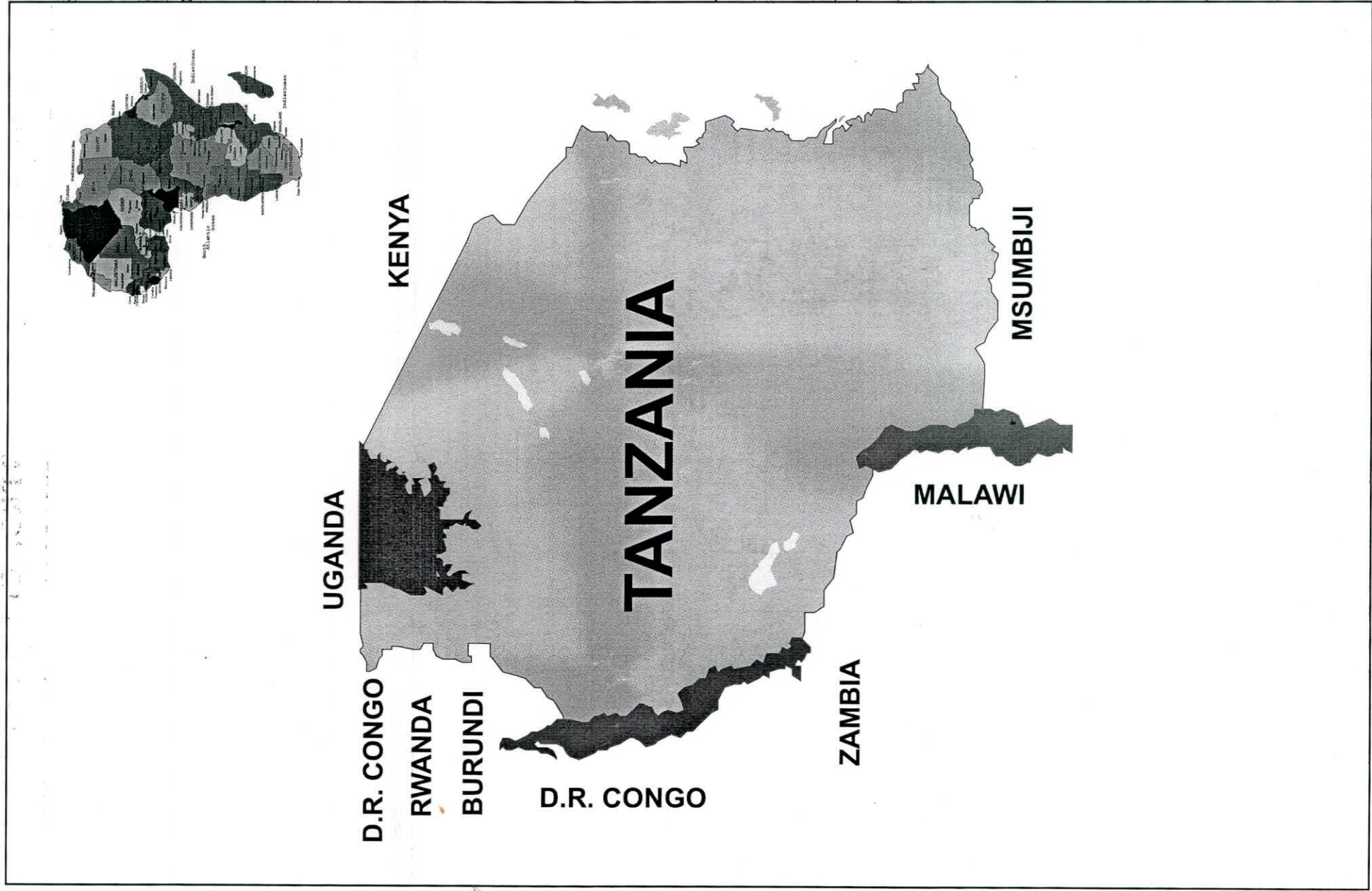
Land/Building	0.150
Plant	0.550
Vehicles	0.200
Furniture & Fittings	
Pre-expenses	0.025
Others	
Working Capital	0.050
<b>TOTAL</b>	<b>0.975</b>

**Contact Details:**

Name: FAHEE SAID MOHAMED Title: DIRECTOR  
Telephone: 255 22 213 4917 Fax: 255 22 213 4916  
Email: ghalib@afriicelogsitcz.com

**Payments to be made payable to:**

TANZANIA INVESTMENT CENTRE  
STANDARD CHARTERED BANK TANZANIA LTD.  
SWIFT ADDRESS: **SCBLTZTX**  
ACCOUNT NO.: **8702006002000**



## TANZANIA



## Certificate of Incorporation

Section 15

No 69225

I HEREBY CERTIFY THAT

**TECHNAL COMPANY LIMITED =====**

is this day incorporated under the Companies Act, 2002 and that the Company is Limited

Given under my hand at Dar es salaam

this 7TH day of JANUARY

**TWO THOUSAND AND NINE**

*Certified as a True Copy of the Original*

*[Signature]*

**DEINIOL J. MSEMWA**

*Advocate, Notary Public & Commissioner for Oaths*

*[Signature]*

*Assist. Registrar of Companies*

/MM

CTIN.: 00347535



# TANZANIA REVENUE AUTHORITY

## CERTIFICATE OF REGISTRATION

### FOR TAXPAYER IDENTIFICATION NUMBER (TIN)

(ISSUED UNDER SECTION 133 OF THE INCOME TAX ACT NO. 11 OF 2004)

**THIS IS TO CERTIFY THAT**

TECHNAL COMPANY LIMITED

.....

has been registered with the Tanzania Revenue  
Authority and assigned the Taxpayer  
Identification Number

107-596-100

.....

with effect from ..... 20-Jan-2009

  
JOANNES N. A. MALLY

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

NOTE: THE REQUIREMENTS UNDER WHICH THIS CERTIFICATE IS ISSUED ARE STATED OVERLEAF

# LEASE AGREEMENT

This agreement is made on the 01 day of January 2009  
Between

REHEMTULLA LALJI of P.O. BOX 1434 Dar es Salaam (hereafter referred  
"LANDLORD") of the one part.

And

TECHNICAL COMPANY LTD of P.O. BOX 38307 Dar es Salaam  
(Hereinafter called "the TENANT") of the other part.

WHEREAS the LANDLORD is a lawful owner of the property SITUATED AT SAMORA/KIMWERI PLOT NO.123 Dar Es Salaam (Hereinafter referred as "the Property")

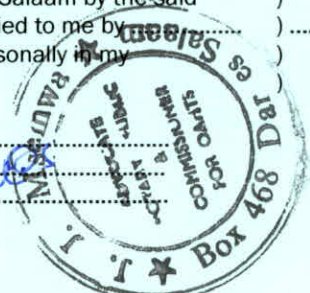

AND WHEREAS the TENANT is desirous of renting the said property situated at SAMORA/KIMWERI STREET PLOT NO. 123 Municipality, Dar es Salaam and the and the LANDLORD has agreed to let the same to the Tenant subject to the conditions appearing hereunder.

NOWHEREFORE THIS AGREEMENT WITNESS AS FOLLOWS:-



1. That in consideration of Tanzania Shillings One hundred thousand (100,000/-) being the monthly rental payment the LANDLORD shall let the demised premises to the TENANT for a term of five years from 1<sup>st</sup> January,2009 until 31<sup>st</sup> December 2013.
2. That the one year Lease Agreement shall be Tanzania Shillings Six Million (Tshs.6,000,000/=) paid in advance.
3. That the tenant hereby covenants with the LANDLORD as follows:-
  - a. That the tenant shall not part with possession of the demised premises nor sublet any part thereof without the written consent of the LANDLORD.
  - b. That the Tenant shall pay all bills in respect of water and electricity used or consumed on the demised premises.
4. That in the event or any one wishing to renew this lease or in respect of any part of the demised premises such party whereupon the parties may agree on the terms and conditions. The same notice should be served two months before the expiry of the tenancy.

IN WITNESS WHEREOF the parties have put their hands on these presents in the manner appearing hereunder:-

SIGNED and DELIVERD at Dar es Salaam by the said )  
REHEMTULLA LALJI who is identified to me by )  
The latter being known to me personally in my )  
Presence this 01 January,2009 )  
Before me: )  
Signature: )  
Address: )  
Qualification: )



SIGNED and DELIVERD at Dar es Salaam on behalf of )  
TECHNICAL COMPANY LTD )  
By FAHED.S. MOHAMED To me by..... ) for: Technical Company Ltd  
The latter being known to me personally in my )  
Presence this 01 January,2009 )  
Before me: )  
Signature: )  
Address: )  
Qualification: )



# TECHNAL COMPANY LIMITED

Registered Office: Plot No: 123 Samora Avenue/Kimweri Street  
Factory Site: Plot No: 1179 Mbagala Industrial Area  
P.O. Box 38307 Dar es Salaam , Tanzania  
Tel: +255 22 213 4957 Fax: +255 22 213 4956

EXTRACT FROM THE MINUTES OF THE BOARD OF DIRECTORS MEETING HELD AT THE COMPANY'S HEAD OFFICE AT PLOT NO: 123 SAMORA AVENUE/KIMWERI STREET ON 2<sup>ND</sup> DAY OF JANUARY 2009

Present

- |                          |   |                   |
|--------------------------|---|-------------------|
| 1. Fahed Said Mohamed    | - | Chairman/Director |
| 2. Fouad Ibrahim Maatouk | - | Director          |
| 3. Said Said Mohamed     | - | Secretary         |

AGENDA NO. 3/2009: APPLICATION FOR TANZANIA INVESTMENT CENTRE (TIC) CERTIFICATE OF INCENTIVES

At its meeting on 2nd day of January, 2009 the Board of Directors of Technal Company Limited resolved the following, inter-alia:

- o That the company apply for the Certificate of Incentive from TIC to facilitate implementation of the proposed project for establishing production facilities for the manufacturing of a range of building and construction materials in Dar es Salaam
- o That Mr. FAHED SAID MOHAMED, Director and Shareholder of this company be and is hereby authorized, directed and empowered to execute for and on behalf of this company and its name any and all documents required in connection with this application.

(By order of the Board)

.....  
Chairperson

.....  
Secretary

## LAND LEASE AGREEMENT

1. THIS AGREEMENT made this 12<sup>th</sup> day of DECEMBER 2008 between ALLY SULEIMANI of P.O. Box 15059 DAR ES SALAAM, Tanzania (hereinafter referred to as "the Lessor") of the one part and TECHNAL COMPANY LIMITED) of P.O. Box 38307 DAR ES SALAAM , Tanzania (hereinafter referred to as "the Lessee") of the other part.

2. WHEREAS the Lessor is the owner of property on PLOT No: 1179 under Title Number 42329 situated at MBAGALA INDUSTRIAL AREA, DAR ES SALAAM, and is desirous of leasing property (hereinafter referred to as the "Demised Premises") to the Lessee for a consideration of TSHS 1,500,000 (TSHS ONE MILLION FIVE HUNDRED THOUSAND ONLY) per month and,

3. WHEREAS the Lessee is desirous of taking in lease the abovementioned Demised Premises for the same consideration and upon the conditions and the terms hereinafter appearing.

### 4. NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

4.1 The period of tenancy herein referred as the "Contractual Period" shall be for three (3) years starting from the FIRST day of JANUARY 2009 to the THIRTY FIRST day of DECEMBER 2011 with an option for renewal following three months prior to the expiry date.

4.2 The monthly rent shall be TSHS 1,500,000 (SHILLINGS ONE MILLION FIVE HUNDRED THOUSAND ONLY) payable twelve months in advance and the receipt of the first such payment shall be signified by signing of the agreement.

### 5. THE LESSEE HEREBY COVENANTS WITH THE LESSOR AS FOLLOWS

5.1 Not to assign, sublet or part with the possession of the premises or any part thereof without the written consent of the Lessor.

5.2 Not to prevent the Lessor and/or his agent with or without workmen, at reasonable time of the day, after reasonable notice to the Lessee in that respect, to enter upon the premises to examine and/or execute major repairs to the said premises under the Lessor's covenants in that behalf.

5.3 To use the premises for lawful business purposes

5.4 To keep the premises and fixtures in good state of repair

5.5 Not to make any alterations or additions to the premises without the written consent of the Lessor

5.6 Unless the lease is renewed, within three months prior to the expiry of the contractual period, to surrender vacant possession of the premises to the Lessor

5.7 Either party may terminate the lease by giving the other party three months notice in writing of the desire to do so, any time from 12 months after this lease has become effective, on FIRST day of JANUARY 2009

## 6. DISPUTE RESOLUTION

All the disputes arising out of the terms of this agreement shall be settled through negotiations or arbitration.

IN WITNESS WHEREOF; the parties hereto have set their respective hands on the day and the year in the manner herein below appearing:

LESSOR

SIGNED by the LESSOR on this .....<sup>12<sup>th</sup></sup>..... day of December 2008

NAME: ALLY SULEIMANI

SIGNATURE ALLY SULEIMANI

POSTAL ADDRESS: P.O. BOX 15059 DAR ES SALAAM

QUALIFICATION: PROPERTY OWNER

BEFORE ME:

NAME JEROME P. MAMBO

SIGNATURE [Signature]

POSTAL ADDRESS P.O. Box 1222

QUALIFICATIONS ADVOCATE



LESSEE

For and on behalf of the LESSEE, TECHNAL COMPANY LIMITED

NAME: FOUAD IBRAHIM MAATOUK

SIGNATURE [Signature]

POSTAL ADDRESS: P.O. BOX 38307 DAR ES SALAAM

QUALIFICATIONS: DIRECTOR

NAME: FAHED SAID MOHAMED

SIGNATURE [Signature]

POSTAL ADDRESS: P.O. BOX 38307 DAR ES SALAAM

QUALIFICATIONS: DIRECTOR



**THE COMPANIES ACT 2002**  
**COMPANY LIMITED BY SHARES**

**MEMORANDUM**

**AND**

**ARTICLES OF ASSOCIATION**

**OF**


**TECHNAL COMPANY LIMITED**

Incorporated at..... this..... day of.....2008

***Drawn by:***

Fahed S. Mohamed  
(Subscriber)  
P.O. Box 38307  
DAR ES SALAAM

*certified copy  
# 11/1/09*



# THE UNITED REPUBLIC OF TANZANIA



## CERTIFICATE OF INCORPORATION

No.

---

***I HEREBY CERTIFY THAT***

**TECHNAL COMPANY LIMITED**

In this day incorporated under the Companies Act 2002

And that the Company is Limited

GIVEN under my hand at Dar es Salaam, the \_\_\_\_\_ day of  
Two Thousand and Eight

---

Registrar of Companies



THE COMPANIES ACT 2002  
COMPANY LIMITED BY SHARES  
MEMORANDUM OF ASSOCIATION  
OF  
TECHNAL COMPANY LIMITED

1. The name of the company is "TECHNAL COMPANY LIMITED"
2. The Registered office of the Company will be situated in Tanzania.
3. The objects for which the Company is established are:-
- (a) To carry on the business of aluminium, glass works, steel sheets, alloys, and other metals products; to trade market, buy, sell, import, export, distribute, grant sub-agencies or otherwise deal with or do any other thing in respect of such metals, glass, alloys or products; and to purchase or otherwise acquire any lands, houses, offices, workshops, buildings and premises, and any fixed and movable machinery, tools, engines, boilers, plant, implements, patterns, stock-in-trade, patents and patent rights, convenient to be used in or about trade or business.
- (b) To carry on the trades of iron-masters, steelmakers, iron founders, brass founders, tin-plate makers, colliery proprietors, cock manufacturers, miners, smelters, engineers, and workers and dealers in aluminium, copper, brass, silver, steel, tin-plate, german-silver and all other kinds of metals in all their respective branches.
- (c) To buy, sell, import, manufacture, make merchantable, hire, work, search for, get, raise, and alter aluminium, glass, iron, tin, copper, brass, bronze, steel or other metals and alloys and to deal likewise with all manner of goods manufactured or processed or made from all or any of such metals as are therein referred to.
- (d) To carry on business as merchants, manufacturers, importers, exporters, buyers, and sellers of and dealers in merchandise of all description, including metals, machinery plant, tools and metal goods generally, cement, cotton, wool, worsted, silk, flax, hemp, jute, sisal, balata, fibrous material, rubber sponges, cloth, clothers, leather and leather goods, furniture, electrical goods, ivory, jewellery, gold, silver, precious stones and games, skins, for corn, hay, straw, hops, liquors, foods, provisions, wood and timber, coal, coke, fuel, oils, household goods and fittings, waste goods and offal, and generally any articles or goods of any kinds, whether manufactured or not.
- (e) To carry on the business of manufacturer, importers, exports and deal in PVCs, pipes, plastics, bottles, bottles makers, bottle stoppers and all kind of containers including basins, trays, plastilines, pipes, manufacturers and dealers in all kind of plastic good.

Stock  
3446830. 6/1/09  
D

2,500/-  
3446830. 6/1/09  
D

- (f) To carry as manufacturers of all types of plastic goods and materials, distributors, manufacturer's, representatives, importers, exporters, buyers and sellers of, agents for and dealers in all types of plastic goods and materials, merchandise of all kinds, including surplus stores and equipment, silk, satin, wool, velvet, yarn, linen canvas, cotton and textiles and fabrics generally; flax, hemp, jute, plastic, cloth, clothes, wearing apparel, leather and leather goods, furniture, electrical goods, household and gems, plated goods, clocks and clock cases.
- (g) To carry on the business of plastic manufacturers and to buy, sell, manufacture, compound, prepare and deal in all kinds of plastic goods/materials for industrial use as well as to meet consumer market.
- (h) To manufacture, buy, sell and deal in or with any plant, machinery apparatus, tools, lead or tin foil, tinplates, boxes, cases, paper and other materials, goods and articles of any description which in the opinion of the Company may be conveniently dealt in or with by the company, in connection with or for the benefit of its undertaking and any other business which may seem to the company capable of being conducted directly or indirectly for the benefit of the company.
- (i) To carry on the business as general traders, suppliers, merchants, stockists, wholesalers, retailers and dealers in all types of electrical goods, hardware, building materials, spare parts and maintenance, tyres, tubes, tools and accessories for all types of automotive, motor vehicles, agricultural machinery, implements, equipment, all kinds of industrial projects machinery and equipment, timber, fishing gears, groceries, computers, office equipments, cooking oils, foodstuffs, cosmetics, oils, paints, spirits sheets, hinges, screws, iron mongery, textiles piece goods, all types of leather goods, shoes, bags and other similar goods.
- (j) To carry on the business of miners and mining in all their branches and for the said purpose to peg, purchase, take on lease, or exchange or otherwise acquire concessions, grants, easements, options, claims, properties, cassettes- and effects supposed to contain minerals, diamonds, or other precious stones, and any interest therein, and to explore, mine, work, excise develop and turn to account mines and mining rights and any undertaking connected therewith.
- (k) To carry on the business of fumigators, vacuum cleaners, steam cleaners, carpet cleaners, window shop, officer, club hotel, theatre cleaners vermin and insects destroyers and generally to undertake cleaning and fumigation of any kind.
- (l) To carry on the business of computer networks, sales of computers, computer accessories, consultancy, computer training, graphic, design, internet café, computer programming, web sites, telecommunication equipment telephones, cellular phones, TV-transmission equipment etc

transport automobiles, marine vessels, aircraft, drilling and mining technologies and equipment, and agricultural and dairy equipment and all types of computer networks and related networks activities.

- (m) To engage and or otherwise carry on the business in general dealers of computer, printer, hardware and softwares, to be importers and distributors of all kinds of computer hardware and softwares, to provide general computer services, maintenance, to be commercial computer programmers and generally to be computer acquisition consultants, to design and offer computer training services, and to operate schools and training centers, to be suppliers and manufactures representatives of all kinds of computers and telecommunication systems, to be general importers, distributors, installers and servicers of all kinds of printers, photocopiers, fax and telex machines, general telephone apparels and generally to be telecommunication experts and consultants, to carry on the business of repairs of computers, all kinds of computer systems, electronic items and all kinds of electrical instruments.
- (n) To engage in and or otherwise carry on the business of environmental protection and management, financial management, sanitary services, super cleaners, removal treatment contractors, rural, urban and community centers cleaners, landscapers to be professional sanitary services contractors, promoters of health services in governmental departments, offices, companies, public or private institutions, individual and any other organization all over the world.
- (o) To carry on the business of general traders, merchants, manufacturers representatives and to buy, sell, hire, manufacture, barter, trade and deal in property, mechanical machine shop, spare parts and machinery of every description, goods and articles and merchandise of all kinds and to transact any and every description of agency, insurance agents, commission, distribution, marketing, commercial, industrial, manufacturing, merchantile, insurance and financial business.
- (p) To carry on the business of general merchants, general store-keepers, universal providers, importers, exporters, suppliers, wholesale and/or retail traders, dealers of piecewood, paints, hardware, glassware, crockery, cutlery, ironmongery, turners and other household fittings and requirements, other articles and commodities of personal, household use and consumption provisions, textiles, groceries, medicines, drugs, wines, spirits, liquors, chemical, surgical, option, photographic and other instruments, apparatus and materials, motor vehicles, automobiles and generally in all manufactured goods of all types and merchandise of all kinds.
- (q) To carry on the business of dealing in importing, exporting, marketing, manufacturing stocking, buying, selling whether by wholesale or retail of various categories of goods and merchandise, and to act as insurance agents, commission agents, brokers and manufacturers, representatives in all fields. To be agent of foreign company and to establish business

enterprises whether small scale, industries and generally deal in all kinds of general merchants and to import, export and all either by merchandise and articles of all description.

- (r) To carry on the business of wholesalers, retailers, general traders, suppliers, merchants, importers, exporters, stockists and dealers in all types of shoes, belt, clothes, textile materials, tie and dye, boutique, bags, flowers, selling second hand clothing, dresses of types and description whatsoever.
- (s) To carry on the business of household, domestic appliance and electrical goods, audio visual goods, electronic items, building material, hardwares, foodstuff, agricultural products and merchandise of every nature, kind and description whatsoever as a dealer, wholesaler, retailer, distributor, importer, exporter and after sales service and repairing.
- (t) To carry on the business as general buyers, exporters of agricultural crops and products, such as coffee, tea, sisal, cotton, beans, cashewnuts, cereals, peanuts, cowpeas, yellow gramm green monks and to be general suppliers in local and export markets, to be general bakers and confectioners and generally to be traders and manufacturers of the above.
- (u) To carry on all or any business of publishing, printing, distributing and selling of business, management, industrial, scientific, academic, communications, financial, agricultural, social and environmental information technology periodicals, brochures and books and any other reading materials.
- (v) To carry on the business of supplying of stationery, office equipment, writing materials, teaching aids and other educational establishment and as agents, school uniforms and stationers in all their business and to buy and sell stationery, office requirements and equipment, all types of books, sundry goods and to act as general merchants and commission agents of print and bind and manufacture stationers and other requirements.
- (w) To carry on the business of establishing and running shops, shopping malls, provision stores, supermarkets, department stores, groceries food and shops of all kinds and description and generally to deal with such activities.
- (x) To engage in and carry out the business of proprietors and managers of food outlet, hotels, restaurants, cafes, road houses, motels, safari and holiday camps, caravan sites, guest houses, apartment housekeepers, refreshment and tea rooms, milk and snacks bars, tavern, beer house and lodging housekeepers and to provide food and catering services to individuals, private and public institutions and to industrial and business concerns.

- (y) To carry on the business as general food processors, packers, to be general suppliers of foods stuffs and agricultural crops, grain millers, food mixers, general exporters of fresh fruits, vegetables and flowers, to act as agents of buying and selling all kinds of food stuffs, agricultural equipments of every description, and generally to deal in any other business connected therewith.
- (z) To carry on the business as manufacturers, principals or agents representatives of importing, exporting, buying, selling, distributing of new and used motor vehicles, cars, trucks, lorries or other vehicles, motor vehicles spares and parts of all descriptions, railway, fuel and other oils, petroleum of all kinds, tyres and tubes, batteries, battery solution and other spares, accessories, motor cycles, bicycles, tractors, mining equipments, fishing gears, agricultural and industrial machinery and equipments, new and second hand spare parts and accessories and generally to deal in all types of motor spare parts and industrial and agricultural machinery and parts, electronic goods and accessories thereof.
- (aa) To carry on the business and act as managers of investments and investment company, real estate agents, property managers, developers, valuers, decorators, engineers and to generally be able to carry out activities of any description with regards to land, property and real estate, investment in any type of property, buildings, lands, securities, bonds, shares and any property act as a holding company with subsidiaries and invest in any projects as the company may think fit.
- (bb) To engage in investment scheme for construction, rehabilitation, erection, ownership and management of commercial buildings, export processing zones and special economic zones, to buy, sell, hire, manufacture, trade, and deal in property, goods, produce, articles, and merchandise of all kinds and transact any and every description as development agency, distribution, marketing, commercial, industrial, manufacturing, mercantile, insurance and financial business and carry on the business of traders, general merchants, general storekeepers, metals, commission agents, business consultants, market research consultants, business transfer agents, company promoters, underwriters, financiers and bill brokers, del-credere agents, barter traders, court brokers, auctioneers and generally to execute and undertake agencies of all kind or carry on the business of warehouse construction, landscaping, engineering, general civil works and deal in all kinds of scrap metal and precious metals.
- (cc) To carry on the business of marketing, services, consultancy and selling of all types of information technologies, computer systems, conference systems, telecommunication systems, security systems, public address systems, data communication and to train, research, install and after sale services of electronic systems, voice and data networks and any

other systems or components which the company may think fit, necessary or incidental to this business.

- (dd) To carry on all or any of the business of transport, carriage and haulage contractors, owners and charter of road vehicles, aircraft and ships and boats of every description and carriers of goods and passenger by road, rail, water or air and to establish, acquire, maintain and operate transport service of every description both public and private and all services ancillary thereto and for such purposes or as independent undertakings to purchase, take in exchange, charter, hire, build, contract or otherwise acquire and to own, operate, work, manage, maintain, repair, service and deal with and in road vehicles, aircraft and vessels of every supplies therefore and to conduct any such business within the country or any other state in Africa or Europe or Asia and or any other foreign country.
- (ee) To purchase or acquire freehold, leasehold or other immovable property and movable property generally and also rights, privileges and easements over or in respect of any property movable or immovable, and to pay for the same in cash or in any other manner agreed upon, and to take over and assume liabilities for payments of all moneys owing whatsoever under and by virtue of any mortgages, charges or other existing and charged upon any and all such property as may be purchased at any time by the Company from any Government, person, firm or company and to do all things and execute such documents and deeds as may be necessary to that end.
- (ff) To advance money to any person or persons or corporations, either with or without interest upon the security of freehold or leasehold property by way of mortgage, or upon marketable security and in particular to advance money to shareholders in the company, and others, upon the security of or for the purpose of enabling the person borrowing the same to effect or purchase, or enlarge or repair any house of building or to purchase the free simple or any term or terms of years of any property in Tanzania, or elsewhere upon such terms, and conditions as the Company may think fit.
- (gg) To carry on the business of clearing and forwarding agents, commission agents, transporters, freighters, hauliers, customs bonded warehouse and godown keepers, cargo and travel agents, insurance agents, tourist agents, manufacturers' representatives, road contractors, cargo superintendents, packers, machinery haulage specialists, warehousemen, engineers, electricians, motor cars, cabs, omnibus, lorries, oil tank and coach proprietors and transporters, civil transport contractors and transporters by any other means of conveyance of people and goods in Tanzania and the neighbouring countries and in such other place or places as may from time to time be determined by the company, engage in and or otherwise carry on the business as transporters and transport agents, freight forwarders.

- (hh) To carry on the business of spare parts for different types of machines and instruments including motor vehicles, cars, trucks, lorries or other vehicles, agricultural implements, mining implements and any other machinery, tool maker, metal workers, boil makers and any other kind of machine whatsoever.
- (ii) To purchase, take on lease and otherwise acquire for investment or resale any estate, land, buildings, easements and other rights and interests in immovable property or any tenure in Tanzania and elsewhere and to sell let or lease exchange or otherwise dispose of or grant rights over any immovable property, belong to the company.
- (jj) To purchase, take or lease or in exchange, hire or otherwise acquire and hold any state or interest in any lands buildings, casements, rights, licenses secret processes, machinery, plants, stock, in trade and real or personal property of any kind.
- (kk) To accept payment for any property or rights sold or otherwise disposed or dealt with by the company either in cash, by installment or otherwise or in fully or partly paid up shares of the company or corporation, with or without deferred or preferred or guaranteed rights.
- (ll) To carry any other trade or business whatever which can in the opinion of the Board of Directors be advantageously carried on by the Company in connection with the above business or the general business of the company.
- (mm) To act as agents for the sale and purchase of any stocks shares or securities or for any other monetary or mercantile transactions.
- (nn) To act as executors and trustees of wills and settlements made by customers and others and undertake and execute trusts of all kinds.
- (oo) To do all or any of the above things in any part of the world and either as principals, agents, trustees, contractors or otherwise, and either alone or in conjunction with others and either or though agents, sub-contractors, trustees and otherwise.
- (pp) To remunerate any person, firm or company rendering services to this company, whether by cash payments or by allotment to him or them of shares or securities of the Company credited and paid in full or in part, otherwise.
- (qq) To accept for safe custody and keep for customers of the company all kinds of securities valuables and things.
- (rr) To lend money on any terms that may thought fit, and particularly to customers or other person or corporations having dealing with societies and to give any guarantees that may be expedient.



- (ss) To advance money to shareholders in the company, and other to the purpose of enabling the person borrowing the same erect or purchase, or enlarge or repair any house or building or to purchase the fee simple or any less estate or interest in, or to take a demise for any term or terms of years of any freehold or leasehold property upon such terms and conditions as the company may think fit.
- (tt) To invest and deal with the moneys of the Company not immediately required, upon such securities and in such manner as may from time to time be determined.
- (uu) To distribute among the members in pieces any property of the company, or any proceeds of sale or disposal of any property of the company.
- (vv) To draw, make, accept, endorse, discount execute and issue promissory notes, bills of lading, warrants, debentures and negotiable or transferable instruments.
- (ww) To act as agents or brokers, and as trustees for any person firm or company, and to undertake and perform sub-contracts and also to act in any other business of the company through or by means of agents, brokers, sub-contractors or others.
- (xx) To obtain any provisional order, ordinance or act of Parliament for enabling the Company to carry any of its objects into effect, or for affecting any modification of the Company's constitution, or any other purpose which may seem expedient, and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the company's interest.
- (yy) To take or otherwise and hold shares in any other company having objects altogether or in part similar to this company, or carrying on any business capable of being conducted so as directly or indirectly to benefit the company.
- (zz) To transact or carry on all kinds of Agency business and in particular in relation to the investment of money, the sale of property, and the collection and receipt of money.

That the meaning of any general word or words in any paragraph of this clause shall not be restricted by being construed ejusdem generis with any particular word or words in the same paragraph.

4. The Liability of the Members is Limited.
5. **The capital of the Company is shilling 1,000,000,000/= divided into 2 shares of Shillings 500,000,000,/= each**

The Company shall have powers to increase its capital and to divide the shares in its capital for the time being into several classes of stock or shares and to attach thereto respectively such preferential, deferred or special rights, privileges, or conditions as may be determined by or in accordance with the Articles of Association of the Company.

We, the several persons whose names and addresses are subscribed, are desirous of being formed into a company, in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names.

Names, Addresses, and Description of Subscribers.	Number of shares taken by each Subscriber	Signature
FAHED SAID MOHAMED P. O. BOX 38307 DAR ES SALAAM	500	
FOUAD IBRAHIM MAATOUK P. O. BOX 38307 DAR ES SALAAM	500	

Dated at... *DM* ...this... *6<sup>th</sup>* ...day of... *January* ...200... *9*...

**Witness** to the above signatures:

Name : *Beatus E. M.*  
 Signature : *[Signature]*  
 Postal Address : *P.O. Box 2216*  
 Qualification : *Advocate*



*certified true & correct copy on 31/1/99*



5,000/-  
34464680. 6/1/09  
D

THE COMPANIES ACT 2002  
COMPANY LIMITED BY SHARES  
ARTICLES OF ASSOCIATION  
OF  
TECHNAL COMPANY LIMITED

2,500/-  
34464680. 6/1/09  
D

PRELIMINARY

1. In these regulations:-  
"The Act" means the Companies Act 2002 of the Laws of Tanzania.

When any provision of the Act is referred to, the reference is that provision is as modified by any law for the time being in force.

Unless the context otherwise requires, the expressions defined in the Act or any statutory modification thereof in the force at the date at which these regulations become binding on the company, shall have the meaning so defined.

Any words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include females, and the words importing persons shall include bodies corporate, partnership, firms, cooperatives, societies, etc.

The regulations of Companies Act shall not apply to the company, save in so far as they are varied or excluded hereby, but in case of any conflict between the provisions herein, and the provisions under this regulation the former shall prevail, and in addition to substitution shall be the regulations of the company.

PRIVATE COMPANY

2. The Company is a Private Company and accordingly:-
  - (a) The right to transfer shares is restricted in manner hereinafter prescribed.
  - (b) The number of members of the company (exclusive of persons who are in the employment of the Company and of persons who have been formerly in the employment of the company were while in such employment to be the member of the company) is limited fifty, provided that where two or more persons hold one or more shares in the company jointly they shall for the purpose of this regulation be treated as a single member.
  - (c) Any invitation to the public to subscribe for any shares or debentures of the Company is prohibited.
  - (d) The Company shall not have power to issue share warrants to bearer.

## TRANSFER OF SHARES

3. The Directors may in their direction and without assigning any reason thereof refuse to register the transfer of any share to any person who it shall in their opinion be undesirable for any reason whatsoever to admit to membership.
4. Subject to clauses 2 and 3 hereof the right to members to transfer their shares shall be restricted as follows;
  - (a) No share shall be transferred to a person who is not a member so long as any member of any person selected by the Directors as one who it is desirable in the interest of the Company to admit to membership.
  - (b) Every shareholder or trustee in bankruptcy, or any person who may desire to sell or transfer any such shares and every who may desire to sell or transfer any such shares and every personal representatives of a deceased shareholder shall give notice in writing to the Directors that he desires to make such sale or transfer. Such notice shall constitute the Board of Directors of the Company as his agent for the sale of the said shares to any member or members of the company at the price to be agreed upon between the party giving such notice the party and the board, or in case of difference to be determined by the Auditor of the Company.
  - (c) Upon price of such shares being agreed on a determined as per clause (b) above, the board shall forthwith give notice to such of the shareholders other than the shareholders desiring to sell or transfer the said shares, stating the number and price of such share inviting the person to whom notice is sent to state within 21 days from the date of such notice whether he is willing to purchase any, if so what maximum number of such shares. At the expiration of such days 21 notice the board shall apportion such shares amongst the shareholders (if more than one) who shall have expressed their desire to purchase number of shares already held by them respectively, or if there be only one such shareholder, that the whole of such shares shall be sold to him, provided no shareholder shall be obliged to take more than the maximum number of such shares stated in his answer to the said notice.

Upon such apportionment being made or such one shareholder notifying his intention to purchase, as the case may be, the party desiring to sell or transfer such shares shall be bound upon payment of the said price to transfer the shares to the respective shareholders or to single shareholder who shall have agreed to purchase the same.

## 5. GENERAL MEETINGS: NOTICE OF GENERAL MEETING AND PROCEEDINGS OF THE GENERAL MEETINGS.

The regulation of Companies Act shall apply to the following variations:-

- (a) A General Meeting, Ordinary or Extraordinary may with the consent in writing of all members, be convened on a shorter notice than seven days or without notice.
- (b) Two members, present either personally or by proxy shall form a quorum.
- (c) Any ordinary resolution of the company determined without any general meeting and evidenced by writing under the hands of majority of the Directors and of the members of the company holding three - fourths of the issued shares of the company shall be valid and effectual as an ordinary resolution duly passed at a general meeting of the company.

## 6. DIRECTORS

- (a) Until otherwise determined by the company in General Meeting the Directors shall not be less than two and not more than four in number.
  - (b) The following persons shall be the first Directors of the company:-
    - 1. FAHED SAID MOHAMED
    - 2. FOUAD IBRAHIM MAATOUK
7. The shareholding qualification for Directors may be fixed by the company in General Meeting, and unless and until so fixed no qualification shall be required.
8. The quorum of Directors for transacting business shall, unless otherwise fixed by the Directors, be two.
9. A resolution in writing signed by all the Directors then in Tanzania shall be as valid and effectual as if it had been passed at a meeting of Directors duly called and constituted.
10. The Directors may from time to time borrow or raise any money for the purposes of the Company which may exceed the issued share capital of the company.

## BORROWING POWERS

The Directors may from time to time in their discretion raise or borrow for the purpose of any Company's business such sum or sums of money as they think fit.

- 11. The Directors may secure the repayment of or raise any such sum or sums as aforesaid by mortgage or charge upon the whole or any part of the property and assets of the Company present or future including its uncalled capital for the time being, or by the issue at such price as they may think fit, of bonds or debentures either charged upon the whole or any part of the property and assets of the company or not so charged or in such other way as the Directors may think expedient.

## VOTE OF MEMBERS

12. On a show of hands every member present in person shall have one vote. On a roll every member shall have one vote only for the shares of which he is holder.
13. No member shall be entitled to vote at any general meeting unless all calls or other sums presently by him in respect of shares in the Company have been paid.

## DISQUALIFICATION OF DIRECTORS

14. The office of a Director shall be vacated if the Director;
  - (a) becomes bankrupt; or
  - (b) is found to be a lunatic or becomes of unsound mind; or
  - (c) resigns his office by notice in writing to the Company;
  - (d) abstains himself from meetings of the directors for a period of six months without special leave of absence from the other Directors.

## S E A L

15. The Directors shall provide for the safe custody of the Seal. The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors and in the presence of at least two Directors or a Director and Secretary or other person as aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.

## ALTERNATE DIRECTORS

16. Any director shall have power to nominate any person to act or attend as alternate Director during his absence or during his inability so to act. Such Director shall be subject in all respects to the terms and conditions existing with reference to the other Directors and such Alternate Director shall exercise and discharge all the duties of Director whom he represents.
17. Unless otherwise decided by the Directors the quorum necessary to transact business of the Directors shall be two Directors personally present.

## SECRETARY

18. The Secretary shall be appointed by the Board for such terms at such remuneration and upon such condition as it may think fit, and any Secretary so appointed may be removed by the Board.

## WINDING UP

19. With the sanction of a special resolution of the shareholders any part of the assets of the Company including any shares in other Companies may be divided between the members of the Company in special or may be vested in Trustees for the benefit of such members and the liquidation of the company may be closed and the company dissolved but so that no member shall be compelled to accept any shares whereupon there is any liability.

## ALTERNATION OR ADDITION



20. Subject to the provisions of the Act and to those contained in the Memorandum of Association the Company may by Special Resolution make alteration or addition so made shall be as valid and effectual as if originally contained in those articles and be subject in like manner to alteration by Special Resolution.

## INDEMNITY

21. Every Director, Managing Director, Agent, Auditor, Secretary and other Officer for the time being of the Company shall be indemnified out of the Assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or is in connection with any application in which relief is granted to him by the Court.

## ARBITRATION

22. If and whenever any dispute or difference shall arise between the Company and any of the members or their respective representatives touching upon the construction or meaning of any of the Articles herein contained or any act matter or thing made or done or omitted to be done or with regard to the rights or liabilities arising here under or arising out of the relation existing between the parties by reasons of these Articles or the Act, such differences shall (unless a sole arbitrator be agreed upon) forthwith be referred to the arbitration of three 3) arbitrators, one to be appointed by each party and the third to be appointed by the first two or, in the event of failure to agree within (Cap. 15) or any then existing statutory modifications or re-enactment thereof shall apply.

Names, Addresses, and Description of Subscribers.	Number of shares taken by each Subscriber	Signature
FAHED SAID MOHAMED P. O. BOX 38307 DAR ES SALAAM	500	
FOUAD IBRAHIM MAATOUK P. O. BOX 38307 DAR ES SALAAM	500	

Dated at... Don ..... this 6<sup>th</sup> day of January ..... 2009.....

**Witness** to the above signatures:

Name : BEATUS E. M.

Signature : [Handwritten Signature]

Postal Address : P.O. Box 22216

Qualification : Advocate



*certified true & correct copy of the original*

*21/1/09*

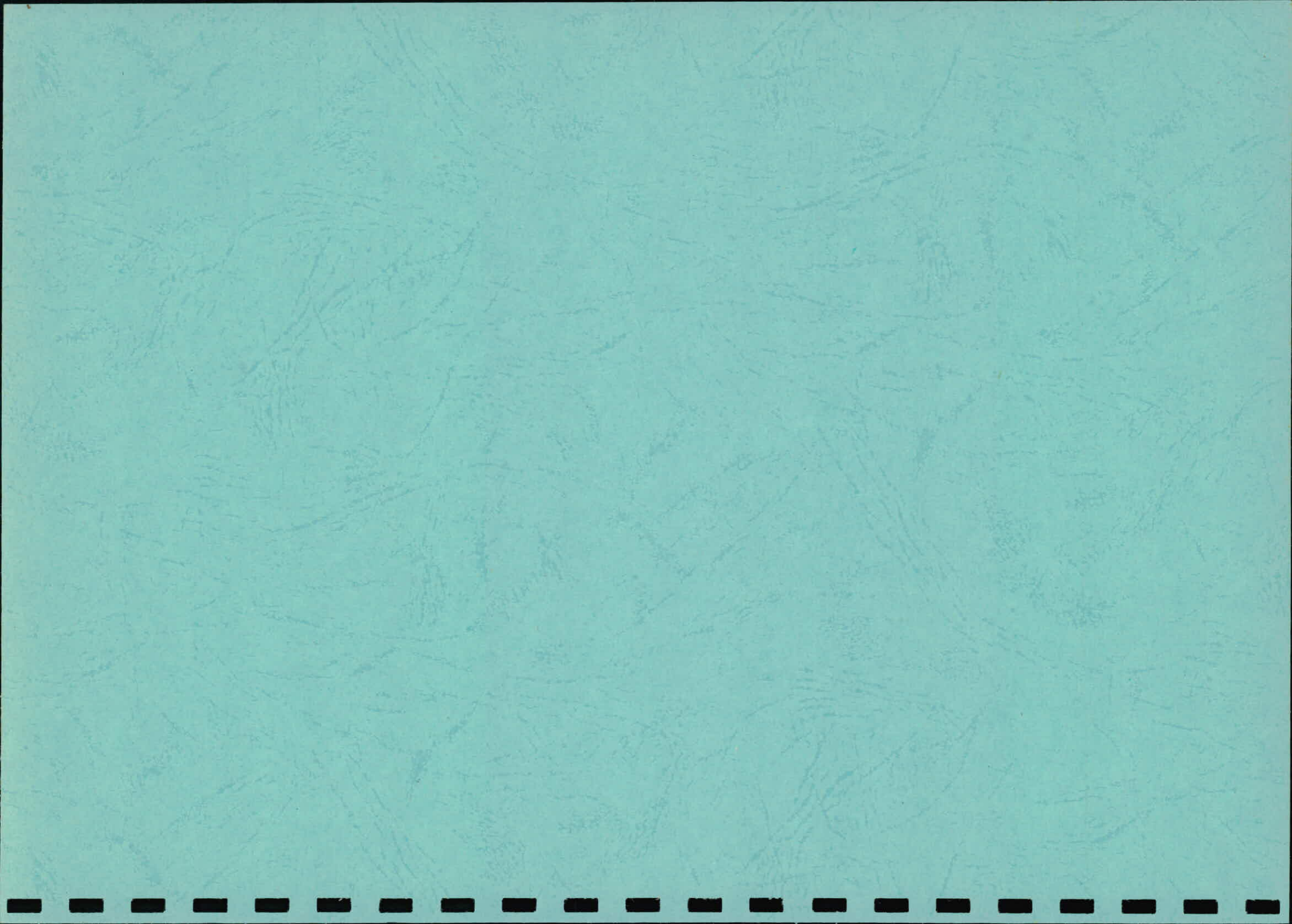


**TECHNAL COMPANY LIMITED**

**Proposed Project for Production  
of  
Building and Construction Materials  
A BUSINESS PLAN**

Prepared for :  
Technal Company Limited  
P.O. Box 38307  
Dar es Salaam  
Tanzania

**JANUARY 2009**



# **TECHNAL COMPANY LIMITED**

*Proposed Project for Production  
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*Building and Construction Materials*

## **A BUSINESS PLAN**

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JANUARY 2009

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## 1.0 EXECUTIVE SUMMARY

### 1.1 The Project Concept

Technal Company Limited is a newly local registered company under Certificate of Incorporation No: 69225 dated 7<sup>th</sup> January 2009 created for purposes of undertaking projects in the manufacturing of construction and building materials including fabrication of aluminium and steel structures and related products, furniture making and high-tech internal decoration products in Tanzania. It is also the objective of the company to provide timely, accurate and cost effective construction and building materials including aluminium and steel structures and related products, furniture and high-tech internal decorations products for all kinds of housing. The company plans to introduce its products in the market at the time when the government is promoting and encouraging the private sector to take an active role in provision of housing facilities in both urban and rural areas. The National Housing Corporation and National Social Security Fund are currently the major players in the sector.

This Paper entails a business plan for the proposed investment in the production and marketing of aluminium and steel structures as well as general construction and building materials, furniture and internal decoration products of high quality using Chinese high technology and locally available raw materials for industrial, commercial and residential applications. The products will include Rolling Shutters, fabrication of various types and sizes of aluminium and steel structures and related products including door/window grills, aluminium and steel door/window frames, aluminium cabinets, aluminium kitchenware and allied products; and interior high-tech designs mainly using gypsum. Furniture will include dining-room furniture, living-room furniture, bedroom furniture and kitchen-furniture.

The aim of this study is to assess the commercial viability and operational feasibility of the project being undertaken by Technal Company Limited. Most of the data has been compiled by the promoters own research and study done in Tanzania and is first hand information. The financials have also been carried out on the basis of market and cost information provided by the promoters of the project. The report arising from the study will also be used to solicit financing of the project as well as presented to Tanzania Investment Centre for purposes of obtaining TIC Certificate of Incentives to facilitate implementation of the projects.

### 1.2 Existing Supplying Capacity

The capacity of the existing local suppliers of foresaid products is very low. The current suppliers of the products have a limited capacity because of the following reasons.

- o High cost of purchasing plant & equipment (many of them have manual and obsolete machines)
- o Problem with technology – most firms owns equipment, which are not capable of producing required quality, specifications and range of products
- o On account of limited capital to provide reliable and high quality products they face uncertainty to obtain steady volume of works to meet overheads.

### 1.3 Estimated Capital Investment Cost

Technal Company Limited will invest a total amount of US\$ 975,000 out of which an amount of US\$. 925,000 will be used on procurement of fixed assets and US\$ 50,000 million will be working capital during the first year of operation. The investment in fixed assets will be distributed as follows:

Item	Total Costs
Land & Buildings	150,000
Machinery & Equipment	550,000
Motor Vehicles	200,000
Pre-Operational Expenses	25,000
<b>Fixed Investment</b>	<b>925,000</b>
Working Capital	50,000
<b>TOTAL INVESTMENT</b>	<b>975,000</b>

### 1.4 Project Financing Plan

The initial financing of the investment will be as follows:

(IN US\$)

Item Description	Equity Contribution	Term Loan	Total
Land & Buildings	150,000	0.00	150,000
Machinery & Equipment	0.00	550,000	550,000
Motor Vehicles	200,000	0.00	200,000
<b>Sub Total</b>	<b>350,000</b>	<b>550,000</b>	<b>900,000</b>
Pre-Operational Expenses	25,000	0.00	25,000
Working Capital	50,000	0.00	50,000
<b>TOTAL INVESTMENT COST</b>	<b>425,000</b>	<b>550,000</b>	<b>975,000</b>

The shareholders will raise equity of US\$ 425,000 and secure a bank term loan facility of US\$ 550,000 for financing the machinery, equipment and utility vehicles.

### 1.5 Profitability

Project Promoted by: M/s Technal Company Limited of P.O. Box 38307 Dar es Salaam

On the basis of the projections and the assumptions contained in this report the Company will be financially and commercially profitable. It will be able to generate the following business over the projected five-year period.

**1.6 Projected profit and loss over the five-year period**

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	1,628,640	1,661,213	1,711,049	1,779,491	1,868,466
Gross Profit	222,768	227,223	234,040	243,402	255,572
Profit Before Tax	6,458	24,480	52,882	83,343	116,075
Net Income	4,521	17,136	37,017	58,340	81,253

**1.7 Social Viability:**

Technal Company Limited will participate in improving the housing industry in Tanzania and play a role in alleviating poverty in the country by providing timely reliable and cost effective products in the construction of all kinds of houses. The company will also pay taxes to the government as per tax laws and regulations.

**1.8 Employment**

The company will employ 39 employees.

**2.0 THE BUSINESS PROPOSAL**

**2.1 Background**

M/S Technal Company Limited is a newly established and privately owned limited liability company incorporated under Companies Act (2002) with Certificate of Incorporation No: 69225 of issued on the 7<sup>th</sup> day of January 2009.

The Objective with which the company was established was carrying on the production of all types of construction and building materials to enhance and support the development of low cost housing in Tanzania.

Of particular interest is the proposed investment in the production and marketing of construction and building materials as well as steel and aluminium structures and related products, furniture and internal decorations of high quality using Chinese high technology and locally available raw materials for industrial, commercial and residential applications. The products will include Rolling Shutters; fabrication of various types and sizes of aluminium and steel structures and related

products including door/window grills, aluminium/steel door/window frames and aluminium cabinets, kitchenware and allied products. The project will also be involved in interior high-tech designs, mainly in the production of gypsum decorations using internally available raw materials using Chinese high technology.. Furniture will include dining-room furniture, living-room furniture, bed-room furniture and kitchen-furniture.

## 2.2 Mission

The mission on Technal Company Limited is to become one of the leading producers of all types of construction and building materials, steel and aluminium fabricated structures and products domestic furniture and providers of internal decoration services geared to enhance all kinds of housing programs in the country.

## 2.3 Company Ownership

As a private company, the ownership is limited to what is stipulated in the Memorandum and Articles of Association Presently, the following are the promoter and directors of the company, namely.

Name and Address of the Shareholder	Nationality	No. of Shares Held	% Share - holding
Fahed Said Mohamed P.O. Box 38307 Dar es Salaam	Tanzanian	500	50%
Fouad Abraham Maatouk P.O. Box 38307 Dar es Salaam	Lebanese	500	50%

## 2.4 Project Location and Contact Information

The Company will have its head office at Plot No: 123 situated at Samora/Kimweri Street, Ilala District, while the production site will be locate at Plot No -----in Dar es Salaam.

The proposed project site has adequate supply of power by TANESCO and water, two most important inputs in the manufacturing of construction and building materials. Furthermore, the area is easily accessible by road transport and very close to the Dar es Salaam Port, thus transport of raw materials and finished products will not pose any problem.

### 3.0 MANAGEMENT OF THE COMPANY

#### 3.1 Background of the Directors: Brief Profiles of Directors

Brief Profile of Investors

##### 3.1.1 Mr. Fouad Ibrahim Maatouk

Mr. Fouad Ibrahim Maatouk is a seasoned technician in the manufacturing of many types of construction and building materials. He has been in the business for over 15 years. Having seen a bright future in the manufacturing of construction and building materials in the country, the shareholder convinced his counterparts to establish manufacturing facilities to produce the products which are currently been imported to a large extent. Mr. Maatouk is the technical person in the project.

##### 3.1.2 Mr. Fahed Said Mohamed

Mr. Mohamed is an experienced trader in all types of construction and building materials, garments, tyres and general merchandize.

#### 3.2 Organizational Structure

##### The Chief Executive Office

Mr. Fouad Ibrahim Maatouk will be fully responsible for managing the business. His activities will include:

- Supervision of the production and implementation of the business development plan.
- Finance
- Marketing
- Public relations,
- Administration and personnel.

He has good experience in the management of trading and manufacturing business.

##### The Technical Manager

His duties will be to handle day to day operations including:-

- Supervising production
- Machine maintenance
- Pricing of products
- Marketing of the products

Under the Technical Manager there will be technicians, carpenters and artisans.

#### 4.0 MACHINERY & RAW MATERIALS

##### 4.1 LAND & BUILDINGS

The project has already secured on lease terms an industrial site at Plot No: 1179 Mbagala Industrial Area, Temeke District, Dar es Salaam with adequate space for accommodating the factory/manufacturing facilities and storage facilities for both raw materials and finished goods. A budget of US\$ 150,000 has been set aside for this item to convert the existing godown into factory as well as raising other industrial and storage facilities, construction of other necessary civil works and structures in the area.

##### 4.2 PLANT, MACHINERY & EQUIPMENT

The company will soon order machinery and equipment comprising of complete plants for manufacturing of Rolling Shutters and Gypsum Decorations. Likewise, the company will order machineries for the manufacture of Aluminium and Steel Structures like widow/door frames as well as other products including Aluminium Kitchen Cabinets and related products. Additional machinery and accessories will be required to complete the investment and enable production to commence. Arrangement to secure modern production machinery and equipment from China is under way and delivery will be done soon after TIC certificate has been obtained.

##### 4.3 RAW MATERIALS

To produce the envisaged products, materials will be required and these will be procured both within the country and through imports

#### 5.0 MARKET ANALYSIS

##### 5.1 Overview

The aim of this chapter is to analyze the market in which Technal Company Limited operates and assess the potential for expansion. The study looks at a number of factors that determine the market and how the enterprise is positioned.

##### 5.2 Line of Business

Technal Company Limited will be engaged in the manufacturing and sale of the following products, namely,

- Aluminium & Steel Structures and other various aluminum and steel products
- Rolling Shutters
- Gypsum Decorations
- Quality Kitchen and household / office furniture.
- Corrugated Galvanized Iron Sheets

The company's management is planning to commence with the production of Gypsum Decorations and Aluminium & Steel Structures and allied products in the first year followed by Rolling Shutters and a line for quality kitchen and furniture in the second. Corrugated Galvanized Iron Sheets will be added in the third year.

### 5.3 Marketing of Products

Products that will be manufactured by Technal Company Limited will be similar to the locally manufactured and imported products sold by its competitors; there is no product differentiation with the exceptions of few products. There are four important aspects that count for a firm to be successful in this line of business.

- Quality product
- Offering competitive prices
- Customer tailor made product
- Customer relations

#### 5.3.1 Product Prices

The company's product prices will be charged to cover the production costs, plus profit margin. On the other hand the firm will set its prices relatively lower or equal to that charged by other local manufacturers as a strategy to penetrate the market and an incentive to customers.

#### 5.3.2 Product Range

The company will have an advantage of manufacturing various kinds of products as in section 4.2 above. Product range is the most significant tool in attracting a wide customer base. It affects the purchasing process. Customers do favour manufacturer/importer with a wider range of products as :

- It saves search time
- Reduces transport costs
- Attracts discount

#### 5.3.3 Customer Relations

Technal Company Limited realizes that much of the business is generated from customers whom he has and maintains cordial relationship with. The enterprise will try the best to make sure that it maintains good business relations with customers in order to grow.

#### 5.3.4 Quality Products

The company is introducing high quality products that have never been in the market before. It is anticipated that the new products will revolutionize the market and housing industry.

#### 5.4 Market Segment

For Technal Company Limited, the market of the product will be segmented as follows:

Table 2.2 Market Segment

1	Households
2	Contractors
3	Government Departments
4	Public and Private Corporations

#### 5.5 Competition Analysis

As a result of trade liberalization enabling people to access commodities both from internal and external sources, the company will definitely continue to face competition from other dealers in foresaid products. However, the survey made by the firm reveals that:

- Some of the similar supplied by local manufacturers are of a very poor quality and hence discourage customers.
- Prices charged by other dealers on similar products are relatively high compared to quality.

#### 5.6 Marketing Strategies

Despite the existing competitive environment Technal Company Limited will easily continue to penetrate the market by adopting various marketing strategies, such as:

- Providing customers with what is needed in terms of quality, quantity and affordability
- Setting competitive prices against its competitors. Naturally, people would like to buy high quality, but low cost products. The profit margins will be kept reasonably low to capture a bigger market share.
- Personal selling through, distribution of brochures, neon signs, stickers and advertisement through media i.e. Radio, Television and newspapers and maintenance and a website. These will create awareness to the products of the firm.
- Establishing and maintaining links with regional dealers in hardware and construction materials to widen its market segment.

## 6.0 FINANCIAL ANALYSIS

### 6.1. Investment

Investment required to expand the business is estimated at US\$ 975,000

**Table No. 6.1 Investment Plan**

The initial financing of the investment will be as follows:

(IN US\$)

Item	Total Costs
Land & Buildings	150,000
Machinery & Equipment	550,000
Motor Vehicles	200,000
Pre-Operational Expenses	25,000
<b>Fixed Investment</b>	<b>925,000</b>
Working Capital	50,000
<b>TOTAL INVESTMENT</b>	<b>975,000</b>

The project has acquired on lease a vast godown an industrial plot in which they will develop civil works structures to be used as a factory building and offices. A budget of US\$ 150,000 is set aside for this development.

Initial working capital at the tune of US\$ 50,000 will be required for the procurement of raw materials. The raw materials required are to be procured locally.

The pre-operational expenditure budget includes the costs for professional and legal fees, machinery installation and commissioning. US\$ 25,000 will be spent to cover the costs.

Annex II of the attached Financial Statements shows the breakdown of investment items.

### 6.2 Sources of Finance

The project promoters are expected to raise a total of US\$ 425,000 or 44% of the total investment amount. It is planned that the remaining US\$. 56% will be met by Bank Term Loans as shown below.

**Table No. 6.2 Financing Plan**

(IN US\$)

Item Description	Equity Contribution	Term Loan	Total
Land & Buildings	150,000	0.00	150,000
Machinery & Equipment	0.00	550,000	550,000
Motor Vehicles	200,000	0.00	200,000
<b>Sub Total</b>	<b>350,000</b>	<b>550,000</b>	<b>900,000</b>

Pre-Operational Expenses	25,000	0.00	25,000
Working Capital	50,000	0.00	50,000
<b>TOTAL INVESTMENT COST</b>	<b>425,000</b>	<b>550,000</b>	<b>975,000</b>

### 6.3 Loan Repayment

The following has been assumed on the Supplier's Credit Facility:

- Rate of interest is 8% per annum on outstanding amount
- Repayment period is 4 years
- Remittance is on monthly basis
- No grace period.

Table No. 6.3 Loan Repayment Schedule

	Year 1	Year 2	Year 3	Year 4	Year 5
Loan Size	550,000	281,600	211,200	140,800	70,400
Installments	70,400	70,400	70,400	70,400	70,400
Balance	281,600	211,200	140,800	70,400	0.00
Interest	52,800	42,240	31,680	21,120	10,560
Total Repay	123,200	112,640	102,080	91,520	10,560

### 6.4 Depreciation Allowance

Depreciation has been allowed based on Tanzanian tax policies. The rates are as follows:

Land & Buildings	5%
Plant, Machinery & Equipment	12.5%
Motor Vehicles	20%
Furniture, Fixture & Fittings	12.5%
Pre-operational Expenses	20%

### 6.5 Operating Costs

The company incurs both direct (variable) costs as well as fixed costs.

#### 6.5.1 Variable / Direct Costs

Variable costs with the factory include raw material, electricity and consumables. According to the determined production process and the rated capacities of the machinery; variable costs have been calculated 85% and 90% of sales for the various products.

#### 6.5.2 Fixed Costs

In the first year, the monthly overheads will average at US\$ 42,000 the figure will rise annually due to expansion as shown below. The business operates on credit (that does not exceed 21 days) and cash basis, this

eases the demand for working capital. The total cost per annum is as given in the table below.

Year	1	2	3	4	5
Salaries	20,400	20,808	21,224	21,649	22,082
Stationery	360	367	375	382	390
Transport & Traveling	2,400	2,448	2,497	2,547	2,598
Staff Welfare	5,100	5,202	5,306	5,412	5,520
Repair & Maintenance	14,315	14,602	14,894	15,192	15,495
<b>Total Costs</b>	<b>42,575</b>	<b>43,427</b>	<b>44,295</b>	<b>45,181</b>	<b>46,085</b>

#### 6.6 Net Income

The financial projections show that the project will make a profit of US\$. 4,521 in the first year, it will increase to US\$. 13,600 in the second year and further to US\$ 37,000 in the third year. In the fourth and fifth year, profit after tax will be US\$. 58,340 and 81,253 respectively.

Item	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	1,628,640	1,661,213	1,711,049	1,779,491	1,868,466
Gross Profit	222,768	227,223	234,040	243,402	255,572
Profit before tax	6,459	24,480	52,882	83,343	116,075
<b>Net Income</b>	<b>4,521</b>	<b>17,136</b>	<b>37,017</b>	<b>58,340</b>	<b>81,253</b>

#### 6.7 Projected Cash Flows

Analysis of the first year of operations, shows that the business will generate healthy cash flows except for few first months of year one. Annual projection details are depicted in Appendix V

#### 6.8 Projected Balance Sheets

After the investment and market development efforts, the balance sheet will improve substantially. Company assets, net of liabilities are to grow from US\$. 675,000 in the first year to US\$. 789,000 in year five.

Item	Year 1	Year 2	Year 3	Year 4	Year 5
Total Net Assets	657,911	672,101	697,702	736,156	789,052
Represented by:					
Term, Loan	480,600				
Equity	172,790	650,445	639,029	619,142	590,785
Retained Profits	4,521	21,656	58,674	117,014	198,267
<b>Total Financing</b>	<b>657,911</b>	<b>672,101</b>	<b>697,702</b>	<b>736,156</b>	<b>789,052</b>

## 7.0 ECONOMIC ASPECTS OF THE PROJECT

### 7.1 Employment Effect

The project will generate 39 jobs apart from other indirect jobs that will be created through implementation and operations of the project.

### 7.2 Linkage Effects

The construction materials production business has high forward linkages with the construction sector especially low cost hosing.

## 8.0 CONCLUSION AND RECOMMENDATIONS

- The project will have adequate liquidity to honour its maturing obligations.
- The economic aspects reveal that the project will be beneficial to the nation in terms of promoting growth for the construction industry job creation and generating government revenue in terms of tax collections and other levies.

It is therefore recommended that the project be implemented and get the necessary support from TIC and other government departments and institutions for the smooth implementation of the project.

### CAPITAL INVESTMENT

Annex 1(a)

A. Land & Building					80000	370000
B. Machinery & Equipment						
Corrugated G.I.S Plant					150000	150000
Wood working machines	Several	30000	0	0	32400	32400
Book making moulds	10	5000	50000	54000		54000
Spares & Accessories for wood working machine	Several	5000	50000	54000		54000
Six cutter spindle molder	1	25000	25000	27000		27000
Glue Mixer and Spreader	1	15000	15000	16200		16200
God Hydraulic press	1	25000	25000	27000		27000
Resizing Circular Saw (4 cuts at time)	1	40000	40000	43200		43200
Timber broom stick manuf machine	1					
- Belt sander						

Project Promoted by: M/s Technal Company Limited of P.O. Box 38307 Dar es Salaam

- Threading Machine						
- Edge Coming machine						
- Turning Machine						
Five ton overhead gantry with accessories	1	15000	15000	16200		16200
Compressors	2	5000	10000	10800		10800
Three-Ton Fork Lift	1	10000	10000	10800		10800
Nailing guns	2	2500	5000	5400		5400
Sub Total			260000	280800	82400	363200
Add: 2% Clearing and Forwarding Charges					5616	5616
Total			260000	280800	88016	368816
C. Motor Vehicles						
Trucks – Tipper Type 18 Tons						
Delivery Truck Open Body Pick Up			120000	129600		129600
4 Wheel Drive Vehicle			15000	16200		16200
Sub-Total			50000	54000		54000
Add:2% clearing & forwarding charges			185000	199800		199800
Total						
TOTAL (A+B+C)			445000			
Pre-Operation Expenses					6969	6969
Fixed Capital Costs					178981	178981
Initial Working Capital (For Raw Materials)			445000	480600	15428	15428
TOTAL			445000	480600	194409	975000

#### Pre Operational Expenses

		US\$.
Professional Fees		10,000
Registration and Certificates Fees		2,000
Machinery Installation & Commissioning		13,000
Total		25,000

Capital investment Summary

Item	Total Costs
Land & Buildings	150,000
Machinery & Equipment	550,000
Motor Vehicles	200,000
Pre-Operational Expenses	25,000
<b>Fixed Investment</b>	<b>925,000</b>
Working Capital	50,000
<b>TOTAL INVESTMENT</b>	<b>975,000</b>

Annex III

MONTHLY WAGE BILL (000'T.SHS)

	Staff	Monthly Rate	Monthly Bill	Yearly Total
Shift Supervisor	1	150	150	1,800
Machine Operators	10	80	800	9,600
Unskilled Laborer	15	50	750	9,000
Stores Personnel	1	80	80	960
Accounts Personnel	1	80	80	960
Secretary	1	70	70	840
Drivers	6	50	300	3,600
Guards	4	50	200	2,400
Sub-Total	39		1,700	20,400
Add 25% Staff welfare			425	5,100
<b>Grand Total</b>	<b>39</b>	<b>2,125</b>	<b>2,125</b>	<b>25,000</b>

Depreciation Schedule (US\$. '000) - Parameters

Item	USD		Foreign Costs	Local Costs	Total Costs
Land & Buildings	80,000	25	4%	SML	3,200
Plant & Machinery	368,816	8	12.5%	SML	46,102
Motor Vehicles	203,796	4	25.0%	SML	50,949
Pre-Operational costs	6,969	5	20%	SML	1,394
<b>TOTAL</b>	<b>659,581</b>				<b>101,645</b>

Monthly Schedule

Month	1	2	3	4	5	6	7	8
Opening	659,581	651,111	642,640	634,170	625,699	617,229	608,759	600,289

Project Promoted by: M/s Technal Company Limited of P.O. Box 38307 Dar es Salaam

Proposed Project for Production of Building & Construction Materials: A Business Plan

Balance									
Allowance	8,470	8,470	8,470	8,470	8,470	8,470	8,470	8,470	8,470
Closing	651,111	542,640	634,170	625,699	617,229	608,759	600,288	591,111	582,640

Month	Year 1	Year 2	Year 3	Year 4	Year 5
Opening Balance	659,581	651,111	642,640	634,170	625,699
Allowance	8,470	8,470	8,470	8,470	8,470
Closing	651,111	542,640	634,170	625,699	617,229

Overhead Costs in T.Shs. '000'

Month	1	2	3	4	5	6	7	8	9	10	11	12
Salaries	1700	1700	1700	1700	1700	1700	1700	1700	1700	1700	1700	20400
Stationery	30	30	30	30	30	30	30	30	30	30	30	3600
Transport & Traveling	200	200	200	200	200	200	200	200	200	200	200	1400
Staff Welfare	425	425	425	425	425	425	425	425	425	425	425	5100
Repair & Maintenance	1193	1193	1193	1193	1193	1193	1193	1193	1193	1193	1193	14300
Total Costs	3548	3548	3548	3548	3548	3548	3548	3548	3548	3548	3548	42500

Overhead Costs in T.Shs. '000'

Particulars	1	2	3	4	5	6	7	8	9	10	11
CURRENT ASSETS											
Stocks											
Raw Materials – 30% months usage	35157	35157	35157	35157	35157	35157	35157	35157	35157	35157	35157
Total Stocks	35147	35147	35147	35147	35147	35147	35147	35147	35147	35147	35147
Debtors 20% of sales	27144	27144	27144	27144	27144	27144	27144	27144	27144	27144	27144
Total Current Assets	62291	62291	62291	62291	62291	62291	62291	62291	62291	62291	62291
Creditors 40% raw material supplies	46862	46862	46862	46862	46862	46862	46862	46862	46862	46862	46862
Total Working Capital	15428	15428	15428	15428	15428	15428	15428	15428	15428	15428	15428
Net Working Capital	15428										

Annex XI

	ANNEX V				
	INCOME STATEMENT				
	2010	2011	2012	2013	2014
Sales revenue	1,628,640.00	1,661,213.00	1,711,049.00	1,779,491.00	1,868,466.00
Less variable costs	1,296,536.00	1,317,986.50	1,348,935.50	1,390,130.00	1,442,630.50
<i>Material</i>	933,536.00	953,986.50	983,835.50	1,023,820.00	1,074,990.50
<i>Personnel</i>	306,000.00	306,000.00	306,000.00	306,000.00	306,000.00
<i>Marketing (except personnel)</i>	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00
<i>Other variable costs</i>	45,000.00	46,000.00	47,100.00	48,310.00	49,640.00
VARIABLE MARGIN	332,104.00	343,226.50	362,113.50	389,361.00	425,835.50
in % of sales revenue	20.391492	20.661198	21.163245	21.88047	22.790648
Less fixed costs	83,187.50	83,187.50	83,187.50	83,187.50	83,187.50
<i>Depreciation</i>	83,187.50	83,187.50	83,187.50	83,187.50	83,187.50
OPERATIONAL MARGIN	248,916.50	260,039.00	278,926.00	306,173.50	342,648.00
in % of sales revenue	15.283703	15.653562	16.301462	17.205678	18.338466
Financial costs	24,000.00	18,673.90	12,921.71	6,709.35	0
GROSS PROFIT FROM OPERATIONS	224,916.50	241,365.10	266,004.29	299,464.15	342,648.00
in % of sales revenue	13.810081	14.529449	15.546269	16.828641	18.338466
GROSS PROFIT	224,916.50	241,365.10	266,004.29	299,464.15	342,648.00
Investment allowances	375,000.00	0	0	0	0
TAXABLE PROFIT	0	241,365.10	266,004.29	299,464.15	342,648.00
Income (corporate) tax	0	72,409.53	79,801.29	89,839.24	102,794.40
NET PROFIT	224,916.50	168,955.57	186,203.00	209,624.90	239,853.60
in % of sales revenue	13.810081	10.170614	10.882389	11.780049	12.836926
Dividends	0	0	0	73,368.72	83,948.76
RETAINED PROFIT	224,916.50	168,955.57	186,203.00	136,256.19	155,904.84
RATIOS					
Net profit to equity (%)	34.655855	26.033216	28.690755	32.299677	36.957411
Net profit to net worth (%)	25.736612	16.200987	15.149848	15.35341	15.76702
Net profit+interest to investment (%)	24.405554	18.257051	19.328411	20.930297	23.108927

	PROJECTED BALANCE SHEET						ANNEX VII
	2009	2010	2011	2012	2013	2014	
<b>TOTAL ASSETS</b>	949,000.00	1,221,555.31	1,314,367.71	1,425,560.54	1,481,453.09	1,641,810.66	
Total current assets	0	355,742.81	531,742.71	726,123.04	865,203.09	1,108,748.16	
<i>Inventory on materials &amp; supplies</i>	0	74,044.67	75,748.88	78,236.29	81,568.33	85,832.54	
<i>Work in progress</i>	0	10,479.47	10,658.22	10,916.13	11,259.42	11,696.92	
<i>Finished product</i>	0	24,977.09	25,394.18	25,995.97	26,796.97	27,817.82	
<i>Accounts receivable</i>	0	75,631.27	76,882.55	78,687.90	81,090.92	84,153.45	
<i>Cash surplus, finance available</i>	0	170,610.33	343,058.89	532,286.74	664,487.46	899,247.43	
Total fixed assets, net of depreciation	949,000.00	865,812.50	782,625.00	699,437.50	616,250.00	533,062.50	
<i>Fixed investments</i>	0	900,000.00	900,000.00	900,000.00	900,000.00	900,000.00	
<i>Construction in progress</i>	900,000.00	0	0	0	0	0	
<i>Total pre-production expenditures</i>	49,000.00	49,000.00	49,000.00	49,000.00	49,000.00	49,000.00	
<i>Less accumulated depreciation</i>	0	83,187.50	166,375.00	249,562.50	332,750.00	415,937.50	
<i>Less depreciation allowance</i>	0	0	0	0	0	0	
<b>TOTAL LIABILITIES</b>	949,000.00	1,221,555.31	1,314,367.71	1,425,560.54	1,481,453.09	1,641,810.66	
Total current liabilities	0	114,215.06	109,974.23	112,618.58	116,121.84	120,574.56	
<i>Accounts payable</i>	0	114,215.06	109,974.23	112,618.58	116,121.84	120,574.56	
Total long-term debt	300,000.00	233,423.76	161,521.42	83,866.89	0	0	
Total equity capital	649,000.00	649,000.00	649,000.00	649,000.00	649,000.00	649,000.00	
Reserves, retained profit brought forward	0	0	224,916.50	393,872.07	580,075.07	716,331.26	
Retained profit	0	224,916.50	168,955.57	186,203.00	136,256.19	155,904.84	
Net worth	649,000.00	873,916.50	1,042,872.07	1,229,075.07	1,365,331.26	1,521,236.10	
<b>RATIOS</b>							
Equity to total liabilities (%)	68.387777	53.12899	49.377354	45.525952	43.808339	39.529528	
Net worth to total liabilities (%)	68.387777	71.541296	79.344011	86.216968	92.161626	92.656001	
Long-term debt to net worth	0.46225	0.267101	0.154881	0.068236	0	0	
Current assets to current liabilities	0	3.114675	4.835158	6.447631	7.450822	9.19554	

	PROJECTED BALANCE SHEET						ANNEX VII
	2009	2010	2011	2012	2013	2014	
<b>TOTAL ASSETS</b>	949,000.00	1,221,555.31	1,314,367.71	1,425,560.54	1,481,453.09	1,641,810.66	
Total current assets	0	355,742.81	531,742.71	726,123.04	865,203.09	1,108,748.16	
<i>Inventory on materials &amp; supplies</i>	0	74,044.67	75,748.88	78,236.29	81,568.33	85,832.54	
<i>Work in progress</i>	0	10,479.47	10,658.22	10,916.13	11,259.42	11,696.92	
<i>Finished product</i>	0	24,977.09	25,394.18	25,995.97	26,796.97	27,817.82	
<i>Accounts receivable</i>	0	75,631.27	76,882.55	78,687.90	81,090.92	84,153.45	
<i>Cash surplus, finance available</i>	0	170,610.33	343,058.89	532,286.74	664,487.46	899,247.43	
Total fixed assets, net of depreciation	949,000.00	865,812.50	782,625.00	699,437.50	616,250.00	533,062.50	
<i>Fixed investments</i>	0	900,000.00	900,000.00	900,000.00	900,000.00	900,000.00	
<i>Construction in progress</i>	900,000.00	0	0	0	0	0	
<i>Total pre-production expenditures</i>	49,000.00	49,000.00	49,000.00	49,000.00	49,000.00	49,000.00	
<i>Less accumulated depreciation</i>	0	83,187.50	166,375.00	249,562.50	332,750.00	415,937.50	
<i>Less depreciation allowance</i>	0	0	0	0	0	0	
<b>TOTAL LIABILITIES</b>	949,000.00	1,221,555.31	1,314,367.71	1,425,560.54	1,481,453.09	1,641,810.66	
Total current liabilities	0	114,215.06	109,974.23	112,618.58	116,121.84	120,574.56	
<i>Accounts payable</i>	0	114,215.06	109,974.23	112,618.58	116,121.84	120,574.56	
Total long-term debt	300,000.00	233,423.76	161,521.42	83,866.89	0	0	
Total equity capital	649,000.00	649,000.00	649,000.00	649,000.00	649,000.00	649,000.00	
Reserves, retained profit brought forward	0	0	224,916.50	393,872.07	580,075.07	716,331.26	
Retained profit	0	224,916.50	168,955.57	186,203.00	136,256.19	155,904.84	
Net worth	649,000.00	873,916.50	1,042,872.07	1,229,075.07	1,365,331.26	1,521,236.10	
<b>RATIOS</b>							
Equity to total liabilities (%)	68.387777	53.12899	49.377354	45.525952	43.808339	39.529528	
Net worth to total liabilities (%)	68.387777	71.541296	79.344011	86.216968	92.161626	92.656001	
Long-term debt to net worth	0.46225	0.267101	0.154881	0.068236	0	0	
Current assets to current liabilities	0	3.114675	4.835158	6.447631	7.450822	9.19554	

	PROJECTED BALANCE SHEET						ANNEX VII
	2009	2010	2011	2012	2013	2014	
<b>TOTAL ASSETS</b>	<b>949,000.00</b>	<b>1,221,555.31</b>	<b>1,314,367.71</b>	<b>1,425,560.54</b>	<b>1,481,453.09</b>	<b>1,641,810.66</b>	
Total current assets	0	355,742.81	531,742.71	726,123.04	865,203.09	1,108,748.16	
<i>Inventory on materials &amp; supplies</i>	0	74,044.67	75,748.88	78,236.29	81,568.33	85,832.54	
<i>Work in progress</i>	0	10,479.47	10,658.22	10,916.13	11,259.42	11,696.92	
<i>Finished product</i>	0	24,977.09	25,394.18	25,995.97	26,796.97	27,817.82	
<i>Accounts receivable</i>	0	75,631.27	76,882.55	78,687.90	81,090.92	84,153.45	
<i>Cash surplus, finance available</i>	0	170,610.33	343,058.89	532,286.74	664,487.46	899,247.43	
Total fixed assets, net of depreciation	949,000.00	865,812.50	782,625.00	699,437.50	616,250.00	533,062.50	
<i>Fixed investments</i>	0	900,000.00	900,000.00	900,000.00	900,000.00	900,000.00	
<i>Construction in progress</i>	900,000.00	0	0	0	0	0	
<i>Total pre-production expenditures</i>	49,000.00	49,000.00	49,000.00	49,000.00	49,000.00	49,000.00	
<i>Less accumulated depreciation</i>	0	83,187.50	166,375.00	249,562.50	332,750.00	415,937.50	
<i>Less depreciation allowance</i>	0	0	0	0	0	0	
<b>TOTAL LIABILITIES</b>	<b>949,000.00</b>	<b>1,221,555.31</b>	<b>1,314,367.71</b>	<b>1,425,560.54</b>	<b>1,481,453.09</b>	<b>1,641,810.66</b>	
Total current liabilities	0	114,215.06	109,974.23	112,618.58	116,121.84	120,574.56	
<i>Accounts payable</i>	0	114,215.06	109,974.23	112,618.58	116,121.84	120,574.56	
Total long-term debt	300,000.00	233,423.76	161,521.42	83,866.89	0	0	
Total equity capital	649,000.00	649,000.00	649,000.00	649,000.00	649,000.00	649,000.00	
Reserves, retained profit brought forward	0	0	224,916.50	393,872.07	580,075.07	716,331.26	
Retained profit	0	224,916.50	168,955.57	186,203.00	136,256.19	155,904.84	
Net worth	649,000.00	873,916.50	1,042,872.07	1,229,075.07	1,365,331.26	1,521,236.10	
<b>RATIOS</b>							
Equity to total liabilities (%)	68.387777	53.12899	49.377354	45.525952	43.808339	39.529528	
Net worth to total liabilities (%)	68.387777	71.541296	79.344011	86.216968	92.161626	92.656001	
Long-term debt to net worth	0.46225	0.267101	0.154881	0.068236	0	0	
Current assets to current liabilities	0	3.114675	4.835158	6.447631	7.450822	9.19554	

Cash flows on Annual Basis (000'US\$)

Particulars	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Opening Balance						
Inflows						
Short Term Loan	480,600					
Equity	194,409					
Depreciation		101,645	101,645	93,174	84,704	76,234
After Tax Profits		4,521	17,136	37,017	58,340	81,253
<b>Total Inflows</b>	<b>675,009</b>	<b>106,165</b>	<b>187,781</b>	<b>130,192</b>	<b>143,044</b>	<b>157,486</b>
<b>Outflows :</b>						
Capital Expenditure	659,581					
Loan Repayment	20,698	96,120	96,120	96,120	96,120	96,120
Working Capital Increase						
<b>Total Outflows</b>	<b>675,009</b>	<b>96,120</b>	<b>96,120</b>	<b>96,120</b>	<b>96,120</b>	<b>96,120</b>
Net Cash Flow		10,045	22,661	34,072	46,924	61,366
<b>CUMULATIVE CASH</b>		<b>10,045</b>	<b>32,706</b>	<b>66,778</b>	<b>113,702</b>	<b>175,068</b>

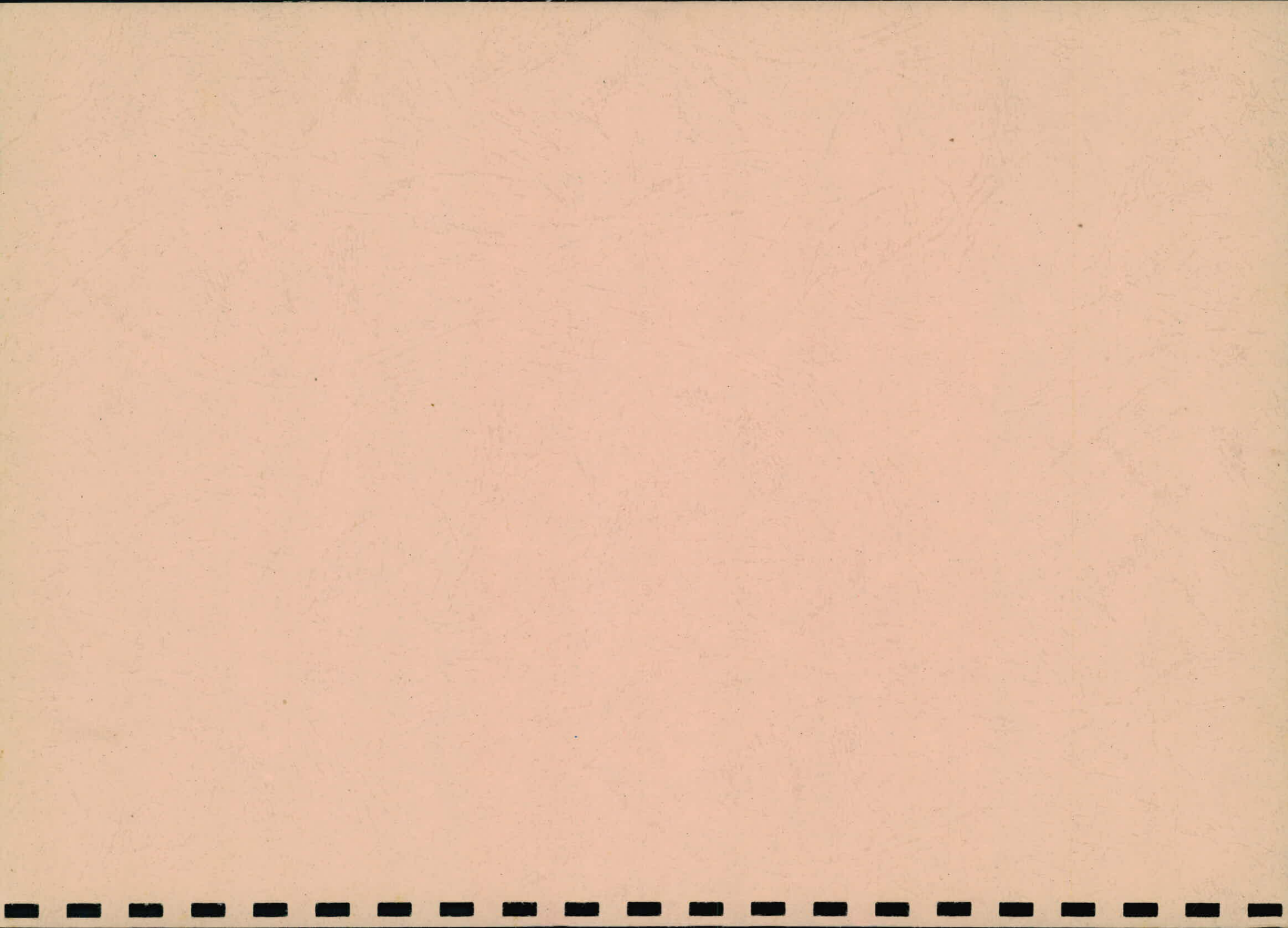
Discounted Cash flow Statement

Particulars	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Inflows</b>						
Operating Profit	-	180,193	183,797	189,310	196,883	206,727
Add : Depreciation		101,645	101,645	93,174	84,704	76,234
Interest		72,090	57,672	43,254	28,836	14,418
Salvage Value						202,179
Recovery of Working Capital						
<b>Total Inflows</b>		<b>353,928</b>	<b>343,113</b>	<b>325,739</b>	<b>310,423</b>	<b>499,558</b>
<b>Outflows :</b>						
Investment	659,581					
Working Capital Increase	20,698					
<b>Total Outflows</b>	<b>680,279</b>					
<b>Net Cash Flow</b>	<b>(680,279)</b>	<b>353,928</b>	<b>343,113</b>	<b>325,739</b>	<b>310,423</b>	<b>499,558</b>
						<b>43%</b>

## Profit and Loss Statement for the first year (000 US\$)

Particulars	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10
	135720	135720	135720	135720	135720	135720	135720	135720	135720	135720
Less : Direct costs	117156	117156	117156	117156	117156	117156	117156	117156	117156	117156
Gross Profit	18564	18564	18564	18564	18564	18564	18564	18564	18564	18564
Less Overheads	3548	3548	3548	3548	3548	3548	3548	3548	3548	3548
Operating Profit	15016	15016	15016	15016	15016	15016	15016	15016	15016	15016
Less Capital Charges										
Interest on Loan	6008	6008	6008	6008	6008	6008	6008	6008	6008	6008
Depreciation	8470	8470	8470	8470	8470	8470	8470	8470	8470	8470
Total Capital Charges	14478	14478	14478	14478	14478	14478	14478	14478	14478	14478
Profit before tax	538	538	538	538	538	538	538	538	538	538
Less Tax (30%)	161	161	161	161	161	161	161	161	161	161
Net Profit after Tax	377	377	377	377	377	377	377	377	377	377
Accumulated Profits	377	753	1130	1507	1884	2260	2637	3014	3390	3767



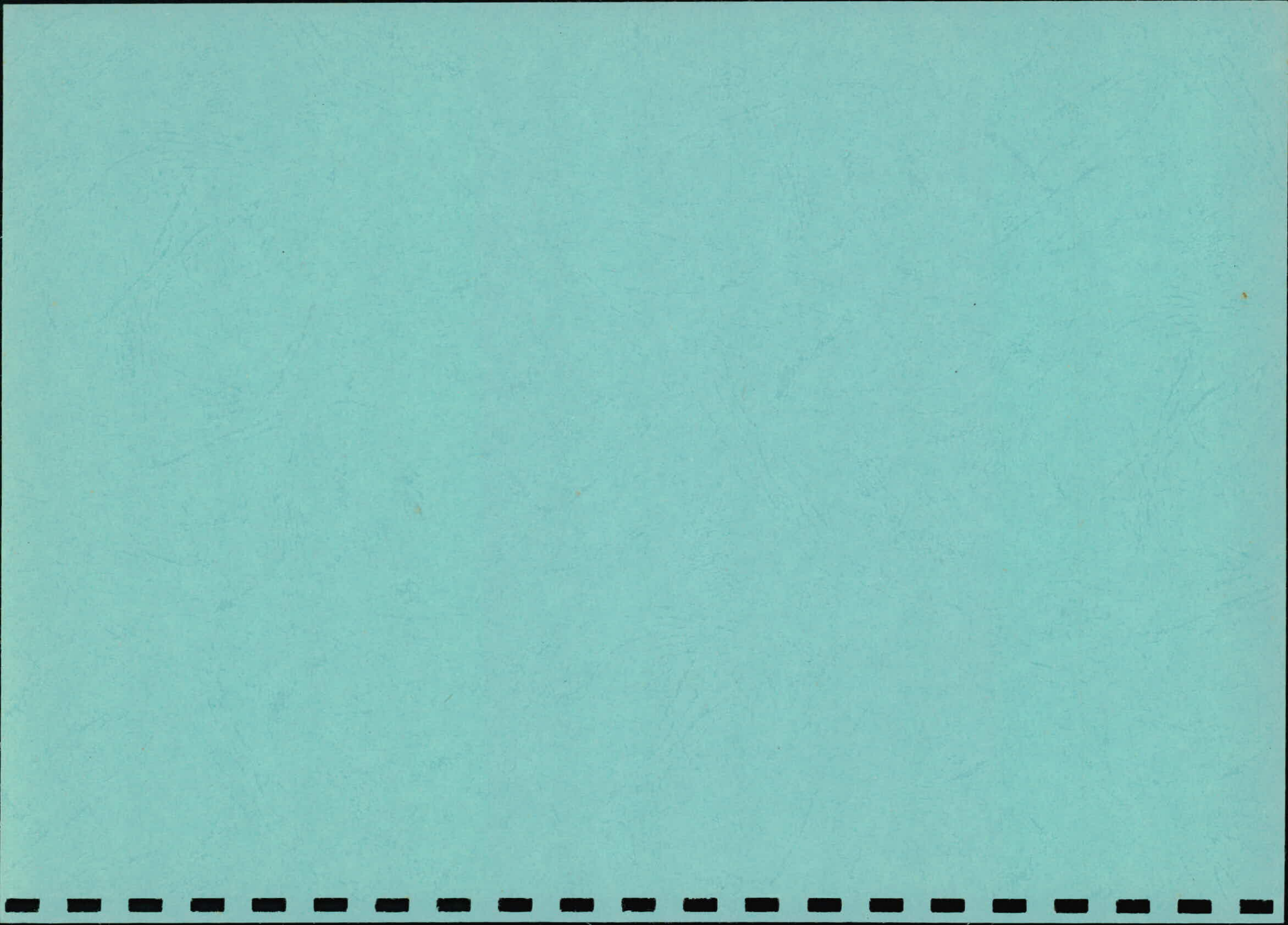


**TECHNAL COMPANY LIMITED**

**Proposed Project for Production  
of  
Building and Construction Materials  
A BUSINESS PLAN**

Prepared for :  
Technal Company Limited  
P.O. Box 38807  
Dar es Salaam  
Tanzania

JANUARY 2009



**TECHNAL COMPANY LIMITED**

**Proposed Project for Production  
of  
Building and Construction Materials  
A BUSINESS PLAN**

Prepared for :  
Technal Company Limited  
P. O. Box 38307  
Dar es Salaam  
Tanzania

**JANUARY 2009**

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- II. Depreciation Schedule
- III. Staffing Program
- IV. Overhead Costs
- V. Repair & Maintenance
- VI. Loan Guide & Repayment Schedule
- VII. Sales Plan & Production Costs
- VIII. Working Capital Requirement
- IX. Projected Income Statements
- X. Projected Balance Sheets
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- XII. Discounted Cashflow Statements
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## 1.0 EXECUTIVE SUMMARY

### 1.1 The Project Concept

Technal Company Limited is a newly local registered company under Certificate of Incorporation No: 69225 dated 7<sup>th</sup> January 2009 created for purposes of undertaking projects in the manufacturing of construction and building materials including fabrication of aluminium and steel structures and related products, furniture making and high-tech internal decoration products in Tanzania. It is also the objective of the company to provide timely, accurate and cost effective construction and building materials including aluminium and steel structures and related products, furniture and high-tech internal decorations products for all kinds of housing. The company plans to introduce its products in the market at the time when the government is promoting and encouraging the private sector to take an active role in provision of housing facilities in both urban and rural areas. The National Housing Corporation and National Social Security Fund are currently the major players in the sector.

This Paper entails a business plan for the proposed investment in the production and marketing of aluminium and steel structures as well as general construction and building materials, furniture and internal decoration products of high quality using Chinese high technology and locally available raw materials for industrial, commercial and residential applications. The products will include Rolling Shutters, fabrication of various types and sizes of aluminium and steel structures and related products including door/window grills, aluminium and steel door/window frames, aluminium cabinets, aluminium kitchenware and allied products; and interior high-tech designs mainly using gypsum. Furniture will include dining-room furniture, living-room furniture, bedroom furniture and kitchen-furniture.

The aim of this study is to assess the commercial viability and operational feasibility of the project being undertaken by Technal Company Limited. Most of the data has been compiled by the promoters own research and study done in Tanzania and is first hand information. The financials have also been carried out on the basis of market and cost information provided by the promoters of the project. The report arising from the study will also be used to solicit financing of the project as well as presented to Tanzania Investment Centre for purposes of obtaining TIC Certificate of Incentives to facilitate implementation of the projects.

### 1.2 Existing Supplying Capacity

The capacity of the existing local suppliers of foresaid products is very low. The current suppliers of the products have a limited capacity because of the following reasons.

- High cost of purchasing plant & equipment (many of them have manual and obsolete machines)
- Problem with technology – most firms owns equipment, which are not capable of producing required quality, specifications and range of products
- On account of limited capital to provide reliable and high quality products they face uncertainty to obtain steady volume of works to meet overheads.

### 1.3 Estimated Capital Investment Cost

Technal Company Limited will invest a total amount of US\$ 975,000 out of which an amount of US\$. 925,000 will be used on procurement of fixed assets and US\$ 50,000 million will be working capital during the first year of operation. The investment in fixed assets will be distributed as follows:

Item	Total Costs
Land & Buildings	150,000
Machinery & Equipment	550,000
Motor Vehicles	200,000
Pre-Operational Expenses	25,000
<b>Fixed Investment</b>	<b>925,000</b>
Working Capital	50,000
<b>TOTAL INVESTMENT</b>	<b>975,000</b>

### 1.4 Project Financing Plan

The initial financing of the investment will be as follows:

(IN US\$)

Item Description	Equity Contribution	Term Loan	Total
Land & Buildings	150,000	0.00	150,000
Machinery & Equipment	0.00	550,000	550,000
Motor Vehicles	200,000	0.00	200,000
<b>Sub Total</b>	<b>350,000</b>	<b>550,000</b>	<b>900,000</b>
Pre-Operational Expenses	25,000	0.00	25,000
Working Capital	50,000	0.00	50,000
<b>TOTAL INVESTMENT COST</b>	<b>425,000</b>	<b>550,000</b>	<b>975,000</b>

The shareholders will raise equity of US\$ 425,000 and secure a bank term loan facility of US\$ 550,000 for financing the machinery, equipment and utility vehicles.

### 1.5 Profitability

Project Promoted by: M/s Technal Company Limited of P.O. Box 38307 Dar es Salaam

On the basis of the projections and the assumptions contained in this report the Company will be financially and commercially profitable. It will be able to generate the following business over the projected five-year period.

#### 1.6 Projected profit and loss over the five-year period

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	1,628,640	1,661,213	1,711,049	1,779,491	1,868,466
Gross Profit	222,768	227,223	234,040	243,402	255,572
Profit Before Tax	6,458	24,480	52,882	83,343	116,075
Net Income	4,521	17,136	37,017	58,340	81,253

#### 1.7 Social Viability:

Technal Company Limited will participate in improving the housing industry in Tanzania and play a role in alleviating poverty in the country by providing timely reliable and cost effective products in the construction of all kinds of houses. The company will also pay taxes to the government as per tax laws and regulations.

#### 1.8 Employment

The company will employ 39 employees.

### 2.0 THE BUSINESS PROPOSAL

#### 2.1 Background

M/S Technal Company Limited is a newly established and privately owned limited liability company incorporated under Companies Act (2002) with Certificate of Incorporation No: 69225 of issued on the 7<sup>th</sup> day of January 2009.

The Objective with which the company was established was carrying on the production of all types of construction and building materials to enhance and support the development of low cost housing in Tanzania.

Of particular interest is the proposed investment in the production and marketing of construction and building materials as well as steel and aluminium structures and related products, furniture and internal decorations of high quality using Chinese high technology and locally available raw materials for industrial, commercial and residential applications. The products will include Rolling Shutters; fabrication of various types and sizes of aluminium and steel structures and related

products including door/window grills, aluminium/steel door/window frames and aluminium cabinets, kitchenware and allied products. The project will also be involved in interior high-tech designs, mainly in the production of gypsum decorations using internally available raw materials using Chinese high technology.. Furniture will include dining-room furniture, living-room furniture, bed-room furniture and kitchen-furniture.

## 2.2 Mission

The mission on Technal Company Limited is to become one of the leading producers of all types of construction and building materials, steel and aluminium fabricated structures and products domestic furniture and providers of internal decoration services geared to enhance all kinds of housing programs in the country.

## 2.3 Company Ownership

As a private company, the ownership is limited to what is stipulated in the Memorandum and Articles of Association Presently, the following are the promoter and directors of the company, namely.

Name and Address of the Shareholder	Nationality	No. of Shares Held	% Share - holding
Fahed Said Mohamed P.O. Box 38307 Dar es Salaam	Tanzanian	500	50%
Fouad Abraham Maatouk P.O. Box 38307 Dar es Salaam	Lebanese	500	50%

## 2.4 Project Location and Contact Information

The Company will have its head office at Plot No: 123 situated at Samora/Kimweri Street, Ilala District, while the production site will be locate at Plot No -----in Dar es Salaam.

The proposed project site has adequate supply of power by TANESCO and water, two most important inputs in the manufacturing of construction and building materials. Furthermore, the area is easily accessible by road transport and very close to the Dar es Salaam Port, thus transport of raw materials and finished products will not pose any problem.

### 3.0 MANAGEMENT OF THE COMPANY

#### 3.1 Background of the Directors: Brief Profiles of Directors

Brief Profile of Investors

##### 3.1.1 Mr. Fouad Ibrahim Maatouk

Mr. Fouad Ibrahim Maatouk is a seasoned technician in the manufacturing of many types of construction and building materials. He has been in the business for over 15 years. Having seen a bright future in the manufacturing of construction and building materials in the country, the shareholder convinced his counterparts to establish manufacturing facilities to produce the products which are currently been imported to a large extent. Mr. Maatouk is the technical person in the project.

##### 3.1.2 Mr. Fahed Said Mohamed

Mr. Mohamed is an experienced trader in all types of construction and building materials, garments, tyres and general merchandize.

#### 3.2 Organizational Structure

##### The Chief Executive Office

Mr. Fouad Ibrahim Maatouk will be fully responsible for managing the business. His activities will include:

- Supervision of the production and implementation of the business development plan.
- Finance
- Marketing
- Public relations,
- Administration and personnel.

He has good experience in the management of trading and manufacturing business.

##### The Technical Manager

His duties will be to handle day to day operations including:-

- Supervising production
- Machine maintenance
- Pricing of products
- Marketing of the products

Under the Technical Manager there will be technicians, carpenters and artisans.

#### 4.0 MACHINERY & RAW MATERIALS

##### 4.1 LAND & BUILDINGS

The project has already secured on lease terms an industrial site at Plot No: 1179 Mbagala Industrial Area, Temeke District, Dar es Salaam with adequate space for accommodating the factory/manufacturing facilities and storage facilities for both raw materials and finished goods. A budget of US\$ 150,000 has been set aside for this item to convert the existing godown into factory as well as raising other industrial and storage facilities, construction of other necessary civil works and structures in the area.

##### 4.2 PLANT, MACHINERY & EQUIPMENT

The company will soon order machinery and equipment comprising of complete plants for manufacturing of Rolling Shutters and Gypsum Decorations. Likewise, the company will order machineries for the the manufacture of Aluminium and Steel Structures like widow/door frames as well as other products including Aluminium Kitchen Cabinets and related products. Additional machinery and accessories will be required to complete the investment and enable production to commence. Arrangement to secure modern production machinery and equipment from China is under way and delivery will be done soon after TIC certificate has been obtained.

##### 4.3 RAW MATERIALS

To produce the envisaged products, materials will be required and these will be procured both within the country and through imports

#### 5.0 MARKET ANALYSIS

##### 5.1 Overview

The aim of this chapter is to analyze the market in which Technal Company Limited operates and assess the potential for expansion. The study looks at a number of factors that determine the market and how the enterprise is positioned.

##### 5.2 Line of Business

Technal Company Limited will be engaged in the manufacturing and sale of the following products, namely,

- Aluminium & Steel Structures and other various aluminum and steel products
- Rolling Shutters
- Gypsum Decorations
- Quality Kitchen and household / office furniture.
- Corrugated Galvanized Iron Sheets

The company's management is planning to commence with the production of Gypsum Decorations and Aluminium & Steel Structures and allied products in the first year followed by Rolling Shutters and a line for quality kitchen and furniture in the second. Corrugated Galvanized Iron Sheets will be added in the third year.

### 5.3 Marketing of Products

Products that will be manufactured by Technal Company Limited will be similar to the locally manufactured and imported products sold by its competitors; there is no product differentiation with the exceptions of few products. There are four important aspects that count for a firm to be successful in this line of business.

- Quality product
- Offering competitive prices
- Customer tailor made product
- Customer relations

#### 5.3.1 Product Prices

The company's product prices will be charged to cover the production costs, plus profit margin. On the other hand the firm will set its prices relatively lower or equal to that charged by other local manufacturers as a strategy to penetrate the market and an incentive to customers.

#### 5.3.2 Product Range

The company will have an advantage of manufacturing various kinds of products as in section 4.2 above. Product range is the most significant tool in attracting a wide customer base. It affects the purchasing process. Customers do favour manufacturer/importer with a wider range of products as :

- It saves search time
- Reduces transport costs
- Attracts discount

#### 5.3.3 Customer Relations

Technal Company Limited realizes that much of the business is generated from customers whom he has and maintains cordial relationship with. The enterprise will try the best to make sure that it maintains good business relations with customers in order to grow.

#### 5.3.4 Quality Products

The company is introducing high quality products that have never been in the market before. It is anticipated that the new products will revolutionize the market and housing industry.

#### 5.4 Market Segment

For Technal Company Limited, the market of the product will be segmented as follows:

Table 2.2 Market Segment

1	Households
2	Contractors
3	Government Departments
4	Public and Private Corporations

#### 5.5 Competition Analysis

As a result of trade liberalization enabling people to access commodities both from internal and external sources, the company will definitely continue to face competition from other dealers in foresaid products. However, the survey made by the firm reveals that:

- Some of the similar supplied by local manufacturers are of a very poor quality and hence discourage customers.
- Prices charged by other dealers on similar products are relatively high compared to quality.

#### 5.6 Marketing Strategies

Despite the existing competitive environment Technal Company Limited will easily continue to penetrate the market by adopting various marketing strategies, such as:

- Providing customers with what is needed in terms of quality, quantity and affordability
- Setting competitive prices against its competitors. Naturally, people would like to buy high quality, but low cost products. The profit margins will be kept reasonably low to capture a bigger market share.
- Personal selling through, distribution of brochures, neon signs, stickers and advertisement through media i.e. Radio, Television and newspapers and maintenance and a website. These will create awareness to the products of the firm.
- Establishing and maintaining links with regional dealers in hardware and construction materials to widen its market segment.

## 6.0 FINANCIAL ANALYSIS

### 6.1. Investment

Investment required to expand the business is estimated at US\$ 975,000

**Table No. 6.1 Investment Plan**

The initial financing of the investment will be as follows:

(IN US\$)

Item	Total Costs
Land & Buildings	150,000
Machinery & Equipment	550,000
Motor Vehicles	200,000
Pre-Operational Expenses	25,000
<b>Fixed Investment</b>	<b>925,000</b>
Working Capital	50,000
<b>TOTAL INVESTMENT</b>	<b>975,000</b>

The project has acquired on lease a vast godown an industrial plot in which they will develop civil works structures to be used as a factory building and offices. A budget of US\$ 150,000 is set aside for this development.

Initial working capital at the tune of US\$ 50,000 will be required for the procurement of raw materials. The raw materials required are to be procured locally.

The pre-operational expenditure budget includes the costs for professional and legal fees, machinery installation and commissioning. US\$ 25,000 will be spent to cover the costs.

Annex II of the attached Financial Statements shows the breakdown of investment items.

### 6.2 Sources of Finance

The project promoters are expected to raise a total of US\$ 425,000 or 44% of the total investment amount. It is planned that the remaining US\$. 56% will be met by Bank Term Loans as shown below.

**Table No. 6.2 Financing Plan**

(IN US\$)

Item Description	Equity Contribution	Term Loan	Total
Land & Buildings	150,000	0.00	150,000
Machinery & Equipment	0.00	550,000	550,000
Motor Vehicles	200,000	0.00	200,000
<b>Sub Total</b>	<b>350,000</b>	<b>550,000</b>	<b>900,000</b>

Project Promoted by: M/s Technal Company Limited of P.O. Box 38307 Dar es Salaam

Pre-Operational Expenses	25,000	0.00	25,000
Working Capital	50,000	0.00	50,000
<b>TOTAL INVESTMENT COST</b>	<b>425,000</b>	<b>550,000</b>	<b>975,000</b>

### 6.3 Loan Repayment

The following has been assumed on the Supplier's Credit Facility:

- Rate of interest is 8% per annum on outstanding amount
- Repayment period is 4 years
- Remittance is on monthly basis
- No grace period.

Table No. 6.3 Loan Repayment Schedule

	Year 1	Year 2	Year 3	Year 4	Year 5
Loan Size	550,000	281,600	211,200	140,800	70,400
Installments	70,400	70,400	70,400	70,400	70,400
Balance	281,600	211,200	140,800	70,400	0.00
Interest	52,800	42,240	31680	21,120	10,560
Total Repay	123,200	112,640	102,0804	91520	10,560

### 6.4 Depreciation Allowance

Depreciation has been allowed based on Tanzanian tax policies. The rates are as follows: :

Land & Buildings	5%
Plant, Machinery & Equipment	12.5%
Motor Vehicles	20%
Furniture, Fixture & Fittings	12.5%
Pre-operational Expenses	20%

### 6.5 Operating Costs

The company incurs both direct (variable) costs as well as fixed costs.

#### 6.5.1 Variable / Direct Costs

Variable costs with the factory include raw material, electricity and consumables. According to the determined production process and the rated capacities of the machinery; variable costs have been calculated 85% and 90% of sales for the various products.

#### 6.5.2 Fixed Costs

In the first year, the monthly overheads will average at US\$ 42,000 the figure will rise annually due to expansion as shown below. The business operates on credit (that does not exceed 21 days) and cash basis, this

eases the demand for working capital. The total cost per annum is as given in the table below.

Year	1	2	3	4	5
Salaries	20,400	20,808	21,224	21,649	22,082
Stationery	360	367	375	382	390
Transport & Traveling	2,400	2,448	2,497	2,547	2,598
Staff Welfare	5,100	5,202	5,306	5,412	5,520
Repair & Maintenance	14,315	14,602	14,894	15,192	15,495
<b>Total Costs</b>	<b>42,575</b>	<b>43,427</b>	<b>44,295</b>	<b>45,181</b>	<b>46,085</b>

#### 6.6 Net Income

The financial projections show that the project will make a profit of US\$. 4,521 in the first year, it will increase to US\$. 13,600 in the second year and further to US\$ 37,000 in the third year. In the fourth and fifth year, profit after tax will be US\$. 58,340 and 81,253 respectively.

Item	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	1,628,640	1,661,213	1,711,049	1,779,491	1,868,466
Gross Profit	222,768	227,223	234,040	243,402	255,572
Profit before tax	6,459	24,480	52,882	83,343	116,075
<b>Net Income</b>	<b>4,521</b>	<b>17,136</b>	<b>37,017</b>	<b>58,340</b>	<b>81,253</b>

#### 6.7 Projected Cash Flows

Analysis of the first year of operations, shows that the business will generate healthy cash flows except for few first months of year one. Annual projection details are depicted in Appendix V

#### 6.8 Projected Balance Sheets

After the investment and market development efforts, the balance sheet will improve substantially. Company assets, net of liabilities are to grow from US\$. 675,000 in the first year to US\$. 789,000 in year five.

Item	Year 1	Year 2	Year 3	Year 4	Year 5
Total Net Assets	657,911	672,101	697,702	736,156	789,052
Represented by:					
Term, Loan	480,600				
Equity	172,790	650,445	639,029	619,142	590,785
Retained Profits	4,521	21,656	58,674	117,014	198,267
<b>Total Financing</b>	<b>657,911</b>	<b>672,101</b>	<b>697,702</b>	<b>736,156</b>	<b>789,052</b>

## 7.0 ECONOMIC ASPECTS OF THE PROJECT

### 7.1 Employment Effect

The project will generate 39 jobs apart from other indirect jobs that will be created through implementation and operations of the project.

### 7.2 Linkage Effects

The construction materials production business has high forward linkages with the construction sector especially low cost housing.

## 8.0 CONCLUSION AND RECOMMENDATIONS

- The project will have adequate liquidity to honour its maturing obligations.
- The economic aspects reveal that the project will be beneficial to the nation in terms of promoting growth for the construction industry job creation and generating government revenue in terms of tax collections and other levies.

It is therefore recommended that the project be implemented and get the necessary support from TIC and other government departments and institutions for the smooth implementation of the project.

### CAPITAL INVESTMENT

Annex 1(a)

A. Land & Building					80000	370000
B. Machinery & Equipment						
Corrugated G.I.S Plant					150000	150000
Wood working machines	Several	30000	0	0	32400	32400
Book making moulds	10	5000	50000	54000		54000
Spares & Accessories for wood working machine	Several	5000	50000	54000		54000
Six cutter spindle molder	1	25000	25000	27000		27000
Glue Mixer and Spreader	1	15000	15000	16200		16200
God Hydraulic press	1	25000	25000	27000		27000
Resizing Circular Saw (4 cuts at time)	1	40000	40000	43200		43200
Timber broom stick manuf machine	1					
- Belt sander						

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- Threading Machine						
- Edge Coming machine						
- Turning Machine						
Five ton overhead gantry with accessories	1	15000	15000	16200		16200
Compressors	2	5000	10000	10800		10800
Three-Ton Folk Lift	1	10000	10000	10800		10800
Nailing guns	2	2500	5000	5400		5400
Sub Total			260000	280800	82400	363200
Add: 2% Clearing and Forwarding Charges					5616	5616
Total			260000	280800	88016	368816
C. Motor Vehicles						
Trucks – Tipper Type 18 Tons						
Delivery Truck Open Body Pick Up			120000	129600		129600
4 Wheel Drive Vehicle			15000	16200		16200
Sub-Total			50000	54000		54000
Add:2% clearing & forwarding charges			185000	199800		199800
Total						
TOTAL (A+B+C)			445000			
Pre-Operation Expenses					6969	6969
Fixed Capital Costs					178981	178981
Initial Working Capital (For Raw Materials)			445000	480600	15428	15428
TOTAL			445000	480600	194409	975000

#### Pre Operational Expenses

		US\$.
Professional Fees		10,000
Registration and Certificates Fees		2,000
Machinery Installation & Commissioning		13,000
Total		25,000

Capital investment Summary

Item	Total Costs
Land & Buildings	150,000
Machinery & Equipment	550,000
Motor Vehicles	200,000
Pre-Operational Expenses	25,000
<b>Fixed Investment</b>	<b>925,000</b>
Working Capital	50,000
<b>TOTAL INVESTMENT</b>	<b>975,000</b>

Annex III

MONTHLY WAGE BILL (000'T.SHS)

	Staff	Monthly Rate	Monthly Bill	Yearly Total
Shift Supervisor	1	150	150	1,800
Machine Operators	10	80	800	9,600
Unskilled Laborer	15	50	750	9,000
Stores Personnel	1	80	80	960
Accounts Personnel	1	80	80	960
Secretary	1	70	70	840
Drivers	6	50	300	3,600
Guards	4	50	200	2,400
Sub-Total	39		1,700	20,400
Add 25% Staff welfare			425	5,100
<b>Grand Total</b>	<b>39</b>	<b>2,125</b>	<b>2,125</b>	<b>25,000</b>

Depreciation Schedule (US\$. '000) - Parameters

Item	USD		Foreign Costs	Local Costs	Total Costs
Land & Buildings	80,000	25	4%	SML	3,200
Plant & Machinery	368,816	8	12.5%	SML	46,102
Motor Vehicles	203,796	4	25.0%	SML	50,949
Pre-Operational costs	6,969	5	20%	SML	1,394
<b>TOTAL</b>	<b>659,581</b>				<b>101,645</b>

Monthly Schedule

Month	1	2	3	4	5	6	7	8
Opening	659,581	651,111	642,640	634,170	625,699	617,229	608,759	600,289

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Proposed Project for Production of Building & Construction Materials: A Business Plan

Balance									
Allowance	8,470	8,470	8,470	8,470	8,470	8,470	8,470	8,470	8,470
Closing	651,111	542,640	634,170	625,699	617,229	608,759	600,288	591,111	582,640

Month	Year 1	Year 2	Year 3	Year 4	Year 5
Opening Balance	659,581	651,111	642,640	634,170	625,699
Allowance	8,470	8,470	8,470	8,470	8,470
Closing	651,111	542,640	634,170	625,699	617,229

Overhead Costs in T.Shs. '000'

Month	1	2	3	4	5	6	7	8	9	10	11	12
Salaries	1700	1700	1700	1700	1700	1700	1700	1700	1700	1700	1700	20400
Stationery	30	30	30	30	30	30	30	30	30	30	30	3600
Transport & Traveling	200	200	200	200	200	200	200	200	200	200	200	2400
Staff Welfare	425	425	425	425	425	425	425	425	425	425	425	5100
Repair & Maintenance	1193	1193	1193	1193	1193	1193	1193	1193	1193	1193	1193	14316
Total Costs	3548	3548	3548	3548	3548	3548	3548	3548	3548	3548	3548	42516

## Overhead Costs in T.Shs. '000'

Particulars	1	2	3	4	5	6	7	8	9	10	11
CURRENT ASSETS											
Stocks											
Raw Materials – 30% months usage	35157	35157	35157	35157	35157	35157	35157	35157	35157	35157	35157
Total Stocks	35147	35147	35147	35147	35147	35147	35147	35147	35147	35147	35147
Debtors 20% of sales	27144	27144	27144	27144	27144	27144	27144	27144	27144	27144	27144
Total Current Assets	62291	62291	62291	62291	62291	62291	62291	62291	62291	62291	62291
Creditors 40% raw material supplies	46862	46862	46862	46862	46862	46862	46862	46862	46862	46862	46862
Total Working Capital	15428	15428	15428	15428	15428	15428	15428	15428	15428	15428	15428
Net Working Capital	15428										

Annex XI

## Cash flows on Annual Basis (000'US\$)

Particulars	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Opening Balance						
Inflows						
Short Term Loan	480,600					
Equity	194,409					
Depreciation		101,645	101,645	93,174	84,704	76,234
After Tax Profits		4,521	17,136	37,017	58,340	81,253
<b>Total Inflows</b>	<b>675,009</b>	<b>106,165</b>	<b>187,781</b>	<b>130,192</b>	<b>143,044</b>	<b>157,486</b>
Outflows :						
Capital Expenditure	659,581					
Loan Repayment	20,698	96,120	96,120	96,120	96,120	96,120
Working Capital Increase						
<b>Total Outflows</b>	<b>675,009</b>	<b>96,120</b>	<b>96,120</b>	<b>96,120</b>	<b>96,120</b>	<b>96,120</b>
Net Cash Flow		10,045	22,661	34,072	46,924	61,366
<b>CUMULATIVE CASH</b>		<b>10,045</b>	<b>32,706</b>	<b>66,778</b>	<b>113,702</b>	<b>175,068</b>

## Discounted Cash flow Statement

Particulars	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Inflows</b>						
Operating Profit	-	180,193	183,797	189,310	196,883	206,727
Add : Depreciation		101,645	101,645	93,174	84,704	76,234
Interest		72,090	57,672	43,254	28,836	14,418
Salvage Value						202,179
Recovery of Working Capital						
<b>Total Inflows</b>		<b>353,928</b>	<b>343,113</b>	<b>325,739</b>	<b>310,423</b>	<b>499,558</b>
<b>Outflows :</b>						
Investment	659,581					
Working Capital Increase	20,698					
<b>Total Outflows</b>	<b>680,279</b>					
<b>Net Cash Flow</b>	<b>(680,279)</b>	<b>353,928</b>	<b>343,113</b>	<b>325,739</b>	<b>310,423</b>	<b>499,558</b>
						<b>43%</b>

## Profit and Loss Statement for the first year (000 US\$)

Particulars	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10
	135720	135720	135720	135720	135720	135720	135720	135720	135720	135720
Less : Direct costs	117156	117156	117156	117156	117156	117156	117156	117156	117156	117156
Gross Profit	18564	18564	18564	18564	18564	18564	18564	18564	18564	18564
Less Overheads	3548	3548	3548	3548	3548	3548	3548	3548	3548	3548
Operating Profit	15016	15016	15016	15016	15016	15016	15016	15016	15016	15016
Less Capital Charges										
Interest on Loan	6008	6008	6008	6008	6008	6008	6008	6008	6008	6008
Depreciation	8470	8470	8470	8470	8470	8470	8470	8470	8470	8470
Total Capital Charges	14478	14478	14478	14478	14478	14478	14478	14478	14478	14478
Profit before tax	538	538	538	538	538	538	538	538	538	538
Less Tax (30%)	161	161	161	161	161	161	161	161	161	161
Net Profit after Tax	377	377	377	377	377	377	377	377	377	377
Accumulated Profits	377	753	1130	1507	1884	2260	2637	3014	3390	3767

