

GLASSWIN LIMITED

FEASIBILITY STUDY FOR ESTABLISHMENT

OF

MANUFACTURING FACILITY FOR PRODUCING & FABRICATION

OF

BUILDING MATERIALS SUCH AS UPVC, PVC, ALUMINUM & GLASSES

**Prepared by
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1.0 EXECUTIVE SUMMARY

1.1 INTRODUCTION

This business plan represents management's best estimate of the future potential of business establishment venture. UPVC, PVC, Aluminums and Glass products in the construction industry have a very high demand especially worldwide. The rate of consumption of UPVC, PVC, Aluminums and Glass products in the construction depends on the number of economic activities especially in the construction sector which goes hand in hand with the growth rate of the economy of the country. So far Tanzania has been experiencing positive growth rate. The rapidly changing market environment for the UPVC, PVC, Aluminums and Glass products industry poses a great challenge to the construction industry.

1.2 THE COMPANY

The sponsor of the project is Glasswin Limited of P.O. Box 60614 having certificate of incorporation No: 119207 dated 31st July 2015. Glasswin Limited is owned by Tanzanians. It is primarily a family business with the following shareholders.

Name of the shareholders	Nationality	No of shares	% Age of shares
Faith Birdal	Turk	4,998	49.9
Emre Birdal	Turk	5,000	50
Yusuf Ceyhan	Turk	2	0.1

The shareholders have extensive and long-term exposure to the manufacturing sector especially in the construction sector through their involvement in the various manufacturing and trading activities of UPVC, PVC, Aluminums and Glass products.

1.3 Company Vision

The project promoters wish to see Glasswin Limited as the leading producer of quality Products of UPVC, PVC, Aluminums and Glass products used in the construction industry in Tanzania. The customers should associate the company's name with high quality products manufactured to international standards in a modern environment. This includes positioning Glasswin Limited clearly in relation to the competitors and placing the company as a leading UPVC, PVC and Aluminums products building materials manufacturer in areas of production technology, quality control, safety, and working environment.

1.4 The Project

Glasswin Limited intends to invest **US\$ 990,000** to install facilities for the manufacturing of several UPVC, PVC, Aluminums and Glass products to be used in the construction industries. The proposed project will produce range of quality products of UPVC, PVC, Aluminums and Glass products used in the construction industry. The products to be with the capacity of **1680** pieces per month.

1.5 The Market

Tanzania has a population of 60 million and a GNP per capita of USD 1,105 (2019). Tanzania's economic development has shown a stable and improving trend. The future economic outlook is looked upon with optimism. The stabilization of the economy is expected to lead to increased growth with the anticipation that there will be various construction activities hence the products when produced will not face any problem. Among the specific growth sectors, construction, agriculture, tourism and mining offer a growth potential which remains untapped.

1.6 LOCATIONS AND SITE

The manufacturing plant will be located in Plot No. 353 & plot no 92 Mikocheni and Mikocheni light industrial area respectively, Kinondoni – Dar es Salaam.

1.7 MANPOWER

Estimated manpower according to the proposed level set up has been estimated at 125 people. This again has been derived taking into account the types of activities that are intended to be undertaken. The manpower will be working in shifts.

1.8 IMPLEMENTATION SCHEDULE

It is estimated that the project will take about 36 months to completion once the decision for implementation has been reached.

1.9 INVESTMENT STRUCTURE

The total initial investment in fixed assets and working capital is estimated at **USD 990,000**. The breakdown of which is as follows:

ITEM	Project Cost
Land and Building	100,000
Machinery and plan	650,000
Vehicles	100,000
Furniture & Fittings	10,000
Other	20,000
Pre-Operating Expenses	10,000
SUBTOTAL	890,000
Working Capital	100,000
TOTAL INVESTMENT	990,000

1.10 FINANCING PATTERN

The total initial investment of **US \$ 990,000** shall be financed as follows;

Investment Financing

US\$

	Foreign	Total
Equity	990,000	990,000
Total	990,000	990,000

1.11 OPERATION COSTS

The structure of operating costs at full capacity is estimated to 75 % of the Total revenue as given below

1.12 ECONOMIC ADVANTAGES

On the basis of the above account the analysis has overwhelmingly proved that the project is financially sound and techno-economically viable.

2.0 INTRODUCTION

The pace of investment in Tanzania has been increasing due to the enabling environment conducive to investment and economic stability which in turns boost up foreign investor's confidence to carry investment in Tanzania. The economy is relatively diversified and there are still exists opportunities especially in the building sector especially in the area of UPVC, PVC, Aluminums and Glass products. Most of construction activities in Tanzania are opting for the PVC, UVPC and Aluminum products. It is on this strength that the company wishes to embark on the production of building materials specializing in UPVC, PVC, Aluminums and Glass products for the up market residential, commercial and industrial complexes.

2.2 THE PROJECT

The project intends to establish the manufacturing cum workshop facilities for the fabrication of all types of UPVC, PVC, Aluminums and Glass products. The Business Plan is to be presented to relevant Government authorities to obtain the necessary permits and investment incentives. To implement the project an Investment of **US\$ 990,000** will be required and will comprise of equity and the loan will be sought when the need arises. Market for the products will be within Tanzania and indirectly export to the neighboring countries.

2.3 The Company

Glasswin Limited has been incorporated on 31st July 2015 with certificate of incorporation no **119207**. The firm wishes to venture into the manufacturing cum workshop facilities for the fabrication of all types of UPVC, PVC, Aluminums and Glass products for the up market residential housing, commercial and industrial complexes.

2.4 PROJECT SPONSOR

The project is being promoted by a Turkish nationality and hence is a foreign company. The names of the promoters along with their shareholdings are as follows:

Name of the shareholders	Nationality	No of shares	% Age of shares
Faith Birdal	Turk	4,998	49.9
Emre Birdal	Turk	5,000	50
Yusuf Ceyhan	Turk	2	0.1

2.5 LOCATION

The project will be located in plot no 353 and plot no 92 Mikocheni and Mikocheni light industrial respectively, Kinondoni district, Dar-Es-Salaam and is well served by all the necessary infrastructure and environment requirements and well suited to the nature of the envisaged project.

2.6 PROJECT DESCRIPTION

The building materials project intends to establish manufacturing facility for the manufacturing and fabrication of all types of UPVC, PVC, Aluminums and Glass products. The manufacturing facility will

impart knowledge to Tanzanians and will be like training ground for local Tanzanians to utilize this technology of fabrication of various UPVC, PVC, Aluminums and Glass products. The machineries will be sourced from Overseas. It is planned to utilize 50% of the plant capacity in the first year and growing to 100% in the 5th year. The production will ensure quality in the entire production process, that the PVC and aluminum products have sufficient structural comprehensive strength to meet the building code requirements.

2.7 The Products

The company targets to deliver 60% of its products to up market residential housing and 40% to commercial and industrial projects. The main Raw Materials will be sourced from overseas depending on the type of raw materials needed. Various vehicles will be purchased for the project. It is anticipated that the production will annually grow by 10% and stabilize in the fifth year.

3.0 MARKET AND MARKET POTENTIAL

The company main aim is to manufacture quality building materials for the local and neighboring countries surrounding Tanzania. There is a huge market potential in the residential, commercial and industrial housing which has remained untapped. Tanzania has a population of 60 ml people. And there is a lot of construction activities of housing in urban centers, rural and Industrial sites hence once the project is undertaken will not face any marketing problem.

4.0 Market Demand

The demands for UPVC, PVC, Aluminums and Glass products as building materials products are in accordance with the engineering structural specification and are enormous. The firm targets 60% its production to the up market residential housing and 40% to the industrial and commercial high-rise complexes. The Target Markets are Real estate developers and builders for residential and self-serviced apartments.

The company sales personal will be calling on architects and engineers to push sales and strengthen market specially the residential and in the Municipality. The other targeted are industrial and commercial complexes. The company aims to export at a later stage to export to all SADC and East African Markets.

5 .0 MANPOWER

5.1 Management and organization

Glasswin Limited project promoter will coordinate the project to implementation. Manpower requirement has been estimated at 125 employees.

5.2 Training and Requirement

The company will recruit the key staff and the operators 3 months before the operations start to enable them participate in the trial production. This will be part of their orientation and training programme. On the job training will be a continuous process in production, machinery repairs and maintenance sales and marketing.

6 .0 PROJECT COST AND FINANCING

The total initial investment is US\$. **990,000** broken down as follows

US\$

ITEM	Project Cost
Land and Building	100,000
Machinery and plan	650,000
Vehicles	100,000
Furniture & Fittings	10,000
Other	20,000
Pre-Operating Expenses	10,000
SUBTOTAL	890,000
Working Capital	100,000
TOTAL INVESTMENT	990,000

6.2 FINANCING

US\$

	EQUITY	TOTAL
Equity	990,000	990,000
TOTAL	990,000	990,000

6.3 Land and Development

The project will be situated on a plot that will require development in terms of soft and hard land scaping estimated at US\$. 100,000 and the investor have set the funds aside for their purpose.

6.4 Plant and Machinery cost is estimated US\$. 650,000 and Vehicle's cost estimated is US\$100,000.

6.5 Furniture and fittings cost estimated is US\$ 10,000

6.6 Pre-Operational Expenses

The pre-operational cost is estimated at US\$ 10,000

6.7 Others items

Items like generator and the like are estimated at US\$ 20,000

6.8 Labor

The project will employ 125 people including 5 expatriates

6.9 Utilities

These include electricity and water with annual estimate
Marketing costs

6.10 Advertisement

The firm will undertake aggressive advertising and promotion to create public product awareness so that it can increase sales

6.11 Depreciation

The details of depreciation charges are shown in appendix 'D' and the provisions have been calculated on straight-line basis.

a)	Land and building	5%
b)	Machinery/plant	12.5%
c)	Vehicles	25%
d)	Furniture & Fittings	12.5%

6.12 Corporate Tax

The project will pay corporate Tax 30% starting from first year US\$2178 increasing to US\$28,588 In year 6, as a result of project profitability.

6.13 Revenue Assumptions

Sales will be generated from sales of various products. Total no of products from the workshop and the manufacturing facility is **1680** pieces per month

6.14 Operating Expenses

The costs constitute 65%of the annual sales. It is that cost will increase as production increases but the impact on the operating profits is minimal.

6.15 Cash flow Projections

The cash flow is positive right from the first year.

7.0 PROJECT SOCIAL AND ECONOMIC JUSTIFICATION

- The project will create direct employment to about 125 people.
- The project will create indirect jobs in the construction Industry
- The project will contribute to poverty alleviation, in the sense that it will ensure constant income to families in meeting the basic needs like food clothing, education fees, homes improvement and development.
- It will at later stage generate forex from exports to the regional markets, SADC and EAC

8.0 CONCLUSION AND RECOMMENDATION

It is evident the proposed building material project is financially and economically viable. The project is therefore highly recommended to be given certificate of incentives to so that it can implement its project as planned and hence contribute to the economic and social development of this project.