

DAR WINDOW LIMITED

FEASIBILITY STUDY FOR ESTABLISHMENT

OF

MANUFACTURING FACILITY FOR VARIOUS PVC PRODUCTS

AND

A WORKSHOP FACILITY FOR INSTALLATION

OF

PRE-ECO HEAT GLASS MACHINES

September 2020

1.0 INTRODUCTION

Tanzania is a growing economy with high potential. The pace of investment has been increasing due to the enabling environment conducive to investment, economic stability which in turns boost up foreign investor's confidence to carry investment in Tanzania.

The liberation of Trade and industry and the policy of private sector driven economy have opened the doors to both local and foreign investments. The economy is relatively diversified and there are still exists opportunities especially in the building sector especially in the area of PVC and the introduction of new technology on window fabrication in Tanzania. The private sector, the construction industry and stakeholders are being called upon to support the government in exploiting this sleeping giant.

It is on this strength that the company wishes to embark on the production of building materials specializing in PVC and establishment of the workshop facility to install up to date technology of using automatic pre-eco heated glass machines for the up market residential, commercial and industrial complexes.

2.0 THE PROJECT

The project entails the manufacturing of all types of PVC products and establishment of a workshop facility which will be for the purpose of fixing various types of glasses using automatic pre-eco heated glass machines. The workshop will also be used as training ground for local Tanzanians to utilize this new technology of pre-eco heated glass machines.

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\$ 550,000** will be required and will comprise of equity and loan will be sought when the need arises. Market for the products will be within Tanzania and indirectly export to the neighboring countries.

2.1 The Company

DAR WINDOW LIMITED has been incorporated on 4th November 2015 with certificate of incorporation no **121393**. The firm wishes to venture into the manufacturing the manufacturing of all types of PVC products and establishment of a workshop facility which will be for the purpose of fixing various types of glasses using automatic pre-eco heated glass machines for the up market residential housing, commercial and industrial complexes.

2.3 PROJECT SPONSOR

The project is being promoted by a Turk and the local Tanzanian. Therefore, this a joint venture project. The names of the promoters along with their shareholdings are as follows:

MUTLU KORKUMAZ	Turk	99%
REHEMA PAULO KULABA	Tanzanian	1%

2.4 LOCATION

The project will be located in plot no 193, block G, Bunju, 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.

3.0 PROJECT DESCRIPTION

Integrated Building materials project intends to be actively involved in the manufacturing of all types of PVC products and establishment of a workshop facility which will be for the purpose of fixing various types of glasses using automatic pre-eco heated glass machines. The factory production capacity will be 500 pcs per Day and the workshop will also be used as training ground for local Tanzanians to utilize this new technology of pre-eco heated glass machines.

The machineries will be sourced from Overseas. The project capacity will be It is planned to utilize 60% of the plant capacity in the first year and growing to 100% in the 4th year. The production will ensure quality in the entire production process, that the PVC products and glass products from pre-eco heated glass machines have sufficient structural comprehensive strength to meeting the building code requirements.

3.1 The Products

The company targets to deliver 50% of its products to up market residential housing and 50% to commercial and industrial projects. The main Raw Materials for PVC and glass products will be sourced internal and some will be 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 15% and stabilize in the fourth year.

4.0 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 sleeping giant. Tanzania has a population of 60 ml people. The provision of housing in urban centers, rural and Industrial sites remains inadequate hence once the project is undertaken will not face any problem.

4.1 Market Demand

The demands for PVC and glass products which are in accordance with the engineering structural specification are enormous. the firm targets 50% its production to the up market residential housing and 50% 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 force will be calling on architects and engineers to push sales and strengthen market specially the residential and Municipal markets. The other targeted are industrial and commercial complexes. The company

aims to at a later stage to stage export to neighboring countries Zambia, Mozambique, Rwanda and Burundi.

5.0 PROJECT COST AND FINANCING

The total initial investment is US\$. **550,000** broken down as follows

US\$

ITEM	Project Cost
Land and Building	80,000
Machinery and plan	300,000
Vehicles	20,000
Furniture & Fittings	20,000
Other	20,000
Pre-Operating Expenses	10,000
SUBTOTAL	450,000
Working Capital	100,000
TOTAL INVESTMENT	550,000

5.2 FINANCING

US\$

	EQUITY	TOTAL
Equity	385,000	385,000
Loan	165,000	165,000
TOTAL	550,000	550,000

5.3 Land and Development

The project will be situated on a plot that will require development in terms of soft and hard land scaping and erection of godown estimated at US\$. 80,000 and the investor have set the funds aside for their purpose.

5.4 Plant and Machinery cost is estimated US\$. 300,000 and Vehicles cost estimated is US\$20,000.

5.5 Furniture and fittings cost estimated is US\$ 20,000

5.6 Pre-Operational Expenses

The pre-operational cost is estimated at US\$ 10000

5.7 Others items

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

5.8 Labor

The project will employ 14 people including 2 expatriates

5.9 Utilities

These include electricity and water with annual estimate
Marketing costs

5.10 Advertisement

The firm will undertake aggressive advertising and promotion to create public product awareness in pushing sales.

5.11 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%

5.12 Corporate Tax

The project will pay corporate Tax 30% starting from first year US\$686,700 increasing to US\$1,177,400 In year 6, as a result of project profitability.

5.13 Revenue Assumptions

10.1 Sales will be generated from sales of various pvc products and the fabrication of various glass items. Total no of products from the workshop and the manufacturing facility is 1000 pcs per day and each piece is sold at the average price of US\$ 12

5.14 Operating Expenses

The costs constitute 50%of the annual sales. It is that cost will increase by 15% annually, but the impact on the operating profits is minimal.

5.14 Cash flow Projections

The cash flow is positive right from the first year.

6.0 MANPOWER

6.1 Management and organization

DAR WINDOW LIMITED project promoter will coordinate the project to implementation. Manpower requirement has been estimated at 14 employees.

6.2 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.

6.3 PROJECT SOCIAL AND ECONOMIC JUSTIFICATION

- The project will create direct employment to about 14 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

7.0 CONCLUSION AND RECOMMENDATION

It is evident from the financial and economic analysis contained in this report that the proposed building material project is financially and economically viable.

The project is therefore highly recommended to be given certificate of incentives to speed up the economic and social development of this project.