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# FEASIBILITY STUDY

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For – Spiral Steel Pipe Production, Copper Rod Production,  
Alluminium Rod Production, Aluminium & Copper Cable  
Production, Gas Cylinder and Water Heater Production  
Lines.



JUNE 25, 2019

SUN LIGHT STEEL INDUSTRIES COMPANY LIMITED  
Dar es Salaam. Tanzania

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## **BACKGROUND TO THE STUDY**

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### **Introduction**

Tanzania lags behind both in terms of the quantity and quality of industrial goods produced and exported. The country relies heavily on an unproductive agricultural sector, the extractive sector and low manufacturing value-added (MVA) industries. MVA as a share of Gross Domestic Product (GDP) has been between 8-9% between 2000 and 2017.

The country's industrial sector is vulnerable to international competition. Food and beverages alone account for nearly 50% of total MVA, followed by non-metallic mineral products (11%), tobacco (7%) and textiles (5%).

Tanzania's dependency on imported goods is reflected in the deficit on its trade balance. The economy's inability to be self-sufficient in terms of consumer goods is a major obstacle as more than 35% of merchandise imports are consumer goods, of which nearly half is accounted for by the demand for food products.

Tanzania has only just in the past 10 years started developing of Steel and pipe sector after decades of importation of these items, Electrical goods are still mostly imported to meet the demands of a growing population. The four factories of pipe in the local market produce about 15-20 million meters of pipes annually. There are few companies which produce cable are not able to meet the country's current market demand and over 80% is imported. There is no company which can produce the steel structure to support industrialization or even infrastructure products. The industry has huge potential for further economic growth and improving peoples' welfare.

More or less same situation is prevailing in nearby East African and other bordering countries, which add on the demand of pipe and creates a huge market bases for industry like ours.

### **The Proposal**

This Feasibility Study provides a detailed investment plan for start of SUN LIGHT's these manufacturing projects. The project will be developed in the premises at Vingunguti, Dar es Salaam by taking on long term lease from Pipe Industries Limited.

Under this project, SUN LIGHT is positioning to undertake project in Tanzania for the local and export market. Once the company starts producing steel pipes the total capacity 400,464 meter of pipes, 88,992 tons of Copper rod and 14,832 tons of Aluminum rod, 165,00 KM of aluminum cable,

804,636 KM of copper cable 2,225 tons of enameled copper wire, 1,305,216 unit gas cylinder and 845, 424 units of water heater. This is about 10-15% of the current consumption in the country and less than 4% consumption of the East Africa.

## EXECUTIVE SUMMARY

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### 0.1 Introduction

The project will cater for Infrastructure development, water, sanitation and sewerage networks, drainage, storage, Electricity Distribution and for other related areas. Output from the project are directly related to the state of the social development as well as other productive areas of the economy, and therefore exhibits the overall economic development of a country.

The market growth potential for these type of industries, for the past 20-years, attracted investments predominantly from local manufacturers. Currently, there are eight key companies in these sector. **Plasco Limited**, (Plastic pipe) majority owned by a local player; **DPI Simba** (Plastic pipe) a joint venture between the Sumaria Group & DPI Plastics (Pty) LTD of South Africa; **Kiboko Pipes** (Plastic pipe); **MMI Steel** (Steel pipe) part of the Motisun Group; **Tanzania Steel Pipes** owned by foreign shareholders; **East African Cables Limited** (cables); **ALAF Ltd** (Steel pipes) owned jointly by foreign shareholders and Government of Tanzania are some of the key players in these sectors.

### 0.2 Proposed Project

SUN LIGHT is planning to invest in the infrastructure development sector in Tanzania. The company is intending to start its product line to include manufacturing plant at Dar es Salaam.

- SUN LIGHT will provide direct employment to over 500 people in Tanzania (it will have around 25 expatriate staff to manage the plants). The project investment will cover:
  - **Machineries USD 32 million:**
  - **Overhead Cranes: USD 2 million**
  - **Steel Structures: USD 10 Million**
  - **Civil Works: USD 4 Million**
  - **Electricals and Plumbing: USD 1 Million**

**The total investment is USD49million.**

### 0.3 Purpose of the Study

This Feasibility Study aims to evaluate the viability of investing in the abovementioned project.

### 0.4 Investment Plan

The project is envisaged to be implemented as follows:

- Establishment of the steel pipes production line. This phase is estimated to cost USD49million for capital expenditure and USD10 millionfor operating/working capital.

The project investment plan for 5 years is summarized below:

**Investments Plan**  
in 5 Years

Fixed Assets	Projected					
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Building & Construction	17,000,000	-	-	-	-	-
Plant & Machineries	32,000,000	-	-	-	-	-
Motor Vehicles	-	150,000	50,000	50,000	50,000	50,000
Office Equipments	-	38,000	10,000	10,000	10,000	10,000
Furniture & Fixtures	-	75,000	5,000	5,000	5,000	5,000
<b>Total</b>	<b>49,000,000</b>	<b>263,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>

### 0.5 Project Financing

The project will be financed by 10% by way of equity, 20% by local bank and remaining 70% by ECA funding.

### 0.6 Project Rationale

The project aims to support the government's strategy for increased support to the social services sector as well as manufacturing industries in the economy. The project will increase the country's Manufacturing Value Addition (MVA) and increase the contribution of exports to the economy.

The domestic pipemarket is growing as the population growth steadily increases, currently around 3% annually, with corresponding annual economic growth of around 6% to 7%. The increase in disposable income in the population is also leading to increasing per capitapipeconsumption.

Through investment in technology, the project will further reduce dependency on imports for the water and infrastructure developments sector projects. The company is projecting to employ over 500 direct workers.

### **0.7 Profitability and Economic Viability**

The analysis of the profitability of the overall project indicates that the project is a profitable undertaking with long-term returns to the investors. The overall gross margins are, conservatively, projected to average 22-23% and the net margins are projected to be average of 22%.

The Payback Period is projected to be 3.01 years and has a positive Net Present Value (NPV) and Internal Rate of Return (IRR) greater than the cost of funds. The company is assumed to plough back all the profits from operation, hence no dividends distribution during the loan tenure. The summary of the projected Profit and Loss Statements for the first 10-years of operation is summarized in the attached financials.

### **0.8 Proposed Loans**

#### **(i) Steel Plant & Other manufacturing lines**

SUN LIGHT is seeking for a total loan of USD 44 million for the project. The proposed loan of USD 10 million will attract annual interest rate of 6%, while ECA funding will attract 3% first loan of USD 34 Million payable within 10-year period including 1-year of grace on principal and second loan of USD 10 Million is payable within 6 years including 1 year of grace period. The repayment schedule for the long-term loans is as summarized on the attached.

### **0.9 Conclusion**

The project analysis demonstrates an economically feasible project as it adds value to the country outputs. It also shows that the investors and other stakeholders will have positive returns on investing on the project due to good profits from the operations.

## ABOUTthe PROMOTERS

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### 1.1 Introduction

SUN LIGHT STEEL INDUSTRIES COMPANY LIMITED is registered in Tanzania.

### 1.2 Legal Status

SUN LIGHT is a limited liability company

### 1.3 Company Ownership

SUN LIGHT has two shareholders: Energy Poles Company Limited Superstar Forwarders Company Limited. The initial authorized share capital of the company is One Hundred Million Tanzanian Shillings (TZS100 Million/=) divided into 100 ordinary shares of TZS1,000,000 each. The authorized share capital of the Company is 100% paid up capital.

### 1.4 Company Business

SUN LIGHT's business focus is to manufacture, market and distribute steel pipes of a variety types and sizes targeted at the water sector, sewerage and sanitation sector and other infrastructure projects. The factory will be located in Vingunguti, Dar es Salaam. The location was chosen because of its proximity to road, rail transportation as well as being within the industrial and commercial hub of Dar es Salaam, the country's largest commercial center.

### 1.5 Business Performance

The company is still under implementation. However, due to high current market demand, the only steel pipe factory Tanzania Steel Pipes (TSP) is currently producing at maximum capacity, and yet cannot meet even half of the total requirement. Marketing and sales trend shows very positive sign.

### 1.6 Profiles of the Shareholders

- **Superdoll Trailers** is Tanzania's leading manufacturer of trailers, having been established in business for over 20 years. Superdoll fabricates and manufactures trailers under licence from Doll of Germany. In addition to trailers, the company is

also the sole distributor of **Michelin** tires in Tanzania and represents important OEM names such as Hella, Bandag, etc

- **Super Star Forwarders (SSF)** is one of Tanzania's leading logistics/transportation companies with a fleet of nearly 300 trucks. SSF is the exclusive logistics provider to the multinational **TOTAL International** covering its East and Central African (excluding Kenya) fuel distribution network.

Other group companies include:

- **Mtibwa Sugar Company** was one of the earliest sugar companies to be privatised in Tanzania in 1998. The estate estimated to annually produce around 50,000-60,000 MT of sugar. The Seif family own 100% of Mtibwa.
- **Kagera Sugar Limited** was also part of the Govt's privatization program. Today, Mtibwa and Kagera combined form the country's 2<sup>nd</sup> largest sugar producers. Kagera is also 100% by the promoter's family.
- **Super Service Centre (Supco)** is the Group's investment in the downstream oil marketing sector. SUPCO currently provides wholesaling, distribution and retailing of petrol, diesel oil and kerosene products.
- **General Motors Investments (GMI)** is the Group's investment in procurement, and trading. GMI is involved in agri business accessories, material, forklift, electrical, aluminium fabrication and other products.

The owners of the Group are:

- Nassor Seif
- Seif Seif

Both are highly experienced entrepreneurs and industrialists with vast commercial and industrial knowledge. Mr. N Seif is the overall Managing Director of Mtibwa, Pipes, General Motors Investments Limited and Super Service. Mr. S Seif is the overall Managing Director of Superdoll, SSF and Kagera Sugar.

## THE PROJECT CONCEPT

### 2.1 Introduction

The proposed project involves investment in an existing project which aims to increase production of steel pipes, steel structure to generate positive returns to the investors.

### 2.2 The Concept

- The project concept involves establishment of a new line producing steel pipes, Steel structure for building, aluminum electrical cable production. The project entails investments in civil works, machinery and equipment and other support facilities. The building and most of the related infrastructure work is already in place.
- SUN LIGHT will invest in the project by taking developed land on lease from its group company Pipe Industries. Pipe industries has developed over 30-acre site.
- The project investment plan is as summarized below:

Projected Debt Equity  
(for 5 years)

Fixed Assets	Projected					
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Share Capital	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Reserve & Surplus	(715,950)	13,581,932	30,678,474	50,796,188	74,017,184	100,643,400
<b>Total Equity Contribution</b>	<b>5,284,050</b>	<b>19,581,932</b>	<b>36,678,474</b>	<b>56,796,188</b>	<b>80,017,184</b>	<b>106,643,400</b>
Long Term Loan	47,206,087	40,855,326	34,364,565	27,733,804	20,963,043	13,952,283
<b>Total</b>	<b>47,206,087</b>	<b>40,855,326</b>	<b>34,364,565</b>	<b>27,733,804</b>	<b>20,963,043</b>	<b>13,952,283</b>
<b>Debt Equity Ratio</b>	<b>8.9:1</b>	<b>2.1:1</b>	<b>0.9:1</b>	<b>0.5:1</b>	<b>0.3:1</b>	<b>0.1:1</b>

## INVESTMENT IN PIPES

### 3.1 Introduction

- SUN LIGHT will commence its operation in one year from date of start of implementation.
- The projected production and utilization for Years 1-5 is as summarized below:

Normal Production Capacity & Utilization  
(for 5 years)

Fixed Assets		Projected									
Normal Production Capacity		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Steel Pipe (Spiral)	In Meter	400,464	400,464	400,464	400,464	400,464	400,464	400,464	400,464	400,464	400,464
Copper Rod	In Tons	88,992	88,992	88,992	88,992	88,992	88,992	88,992	88,992	88,992	88,992
Aluminum Rod	In Tons	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832
Aluminum Cable	In KM	165,006	165,006	165,006	165,006	165,006	165,006	165,006	165,006	165,006	165,006
Copper Cable	In KM	804,636	804,636	804,636	804,636	804,636	804,636	804,636	804,636	804,636	804,636
Enameled Wire (tons)	In Tons	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225
Gas Cylinder	In Nos	1,305,216	1,305,216	1,305,216	1,305,216	1,305,216	1,305,216	1,305,216	1,305,216	1,305,216	1,305,216
Water Heater	In Nos	845,424	845,424	845,424	845,424	845,424	845,424	845,424	845,424	845,424	845,424
<b>Capacity Utilization</b>											
Steel Pipes		20%	22%	24%	26%	29%	32%	35%	39%	43%	47%
Rod Production		10%	11%	12%	13%	14%	15%	17%	19%	21%	23%
Product Line (Copper/Aluminum Cable)		15%	17%	19%	21%	23%	25%	28%	31%	34%	37%
Gas Cylinder		15%	17%	19%	21%	23%	25%	28%	31%	34%	37%
Water Heater		15%	17%	19%	21%	23%	25%	28%	31%	34%	37%
<b>Actual Production</b>											
Steel Pipe (Spiral)	In Meter	80,093	88,102	96,111	104,121	116,135	128,148	140,162	156,181	172,200	188,218
Copper Rod	In Tons	8,899	9,789	10,679	11,569	12,459	13,349	15,129	16,908	18,688	20,468
Aluminum Rod	In Tons	1,483	1,632	1,780	1,928	2,076	2,225	2,521	2,818	3,115	3,411
Aluminum Cable	In KM	24,751	28,051	31,351	34,651	37,951	41,252	46,202	51,152	56,102	61,052
Copper Cable	In KM	120,695	136,788	152,881	168,974	185,066	201,159	225,298	249,437	273,576	297,715
Enameled Wire (tons)	In Tons	334	378	423	467	512	556	623	690	756	823
Gas Cylinder	In Nos	195,782	221,887	247,991	274,095	300,200	326,304	365,460	404,617	443,773	482,930
Water Heater	In Nos	126,814	143,722	160,631	177,539	194,448	211,356	236,719	262,081	287,444	312,807

## **INVESTMENT IN PIPE NEW FACILITY**

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### **4.1 Introduction**

- SUN LIGHT will invest in steel pipe New facility to produce pipes for use in the local water and real estate development sector. Building material will be supplied around east African market to support commercial and industrial development project. Cables and Electricity meter will be supplied to Electricity Generation/Distribution authority and industrial projects in East Africa. This is an import-substitution project in which imported goods will be substituted by cheaper locally-produced.
- Civil works (USD4M) and electrical and plumbing works (USD1 million) will be done locally & Steel Structure and cranes of (USD12 million) will be imported which will be erected under civil works.

## TANZANIA'S MANUFACTURING SECTOR

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Pipe production falls under the manufacturing sector in Tanzania. Since the year 2000, consistent economic reforms have transformed Tanzania's manufacturing sector. The relevance of the industrial sector has been reflected in many key government policy documents and initiatives of the last decade. The sector got on the track of recovery and has experienced gradual but steady growth due to the acquisition of productive facilities by the private sector and the inflow of foreign direct investment.

For instance, Tanzania's manufacturing Value-Added (MVA) has grown significantly in the last decade. Between 2000 and 2010, the MVA increased from US\$ 894 million to US\$ 1,992 million in constant 2000 terms. The growth rates in the first and second half of the decade were above 8% per year, outpaced only by China and Mozambique. At the same time, MVA growth has been complemented by economic growth.

China, Mozambique, Uganda and Tanzania had the highest GDP growth rates for the period 2000-2010 (10.5 present, 7.8 present, 7.4 present and 7.0 present, respectively), implying that there is indeed a strong link between industrialization and economic development.

Despite the notable improvement, manufacturing activities in Tanzania, are relatively small and at an infancy stage. Its contribution to GDP has averaged 8% over the last decade, with most activities concentrated on manufacture of simple consumer goods - food, beverages, tobacco, textiles and furniture and wood allied products. Most of the present industries were established in the light of import substitution strategy, whereas production focused in substituting previously imported goods in view of saving the country's meagre foreign exchange.

In terms of facilitation, the industrial sector in Tanzania receives support services from various institutions including the following: The Ministry of Industry, Trade and Marketing; The Ministry of Works and Infrastructure Development; The Ministry of Lands, Housing Development & Human Settlements; National Development Corporation (NDC); Tanzania Industrial Research and Development Organisation (TIRDO); Tanzania Bureau of Standards (TBS); Business Registrations and Licensing Agency (BRELA); and other agencies.

## TANZANIA'S BUSINESS ENVIRONMENT

### 6.1 An Overview

Tanzania is the largest nation in East Africa in terms of land with 883,749km<sup>2</sup> (881,289km<sup>2</sup> mainland; 2,460km<sup>2</sup> Zanzibar), plus lakes totalling 59,100km<sup>3</sup>. The country has about 1,400km of coastline along the Indian Ocean. It is well situated geographically bordering Burundi, Kenya, Malawi, Mozambique, Rwanda, Uganda, Zambia and the Democratic Republic of Congo. It is the economic hub of East Africa providing natural access and commercial links to eight countries.



Tanzania, with a population of about 46 million people, has a tropical type of climate. In the highlands, temperatures range between 10<sup>0</sup>c and 20<sup>0</sup>c.during cold and hot seasons respectively. The rest of the country has temperatures never falling lower than 20<sup>0</sup>c. The hottest period spreads between November and February (25<sup>0</sup>c - 31<sup>0</sup>c) while the coldest period occurs between May and August (15<sup>0</sup>c - 20<sup>0</sup>c).

### 6.2 Political Context

Tanzania continues to be politically stable and peaceful, mostly free of ethnic cleavages and labor unrest. These factors partly explain the country's continued attraction as an investment destination despite the relatively high cost of doing business and other structural hurdles. The country scores better than other East African countries in terms of civil liberties and political rights but poorly compared to Business Competitiveness.

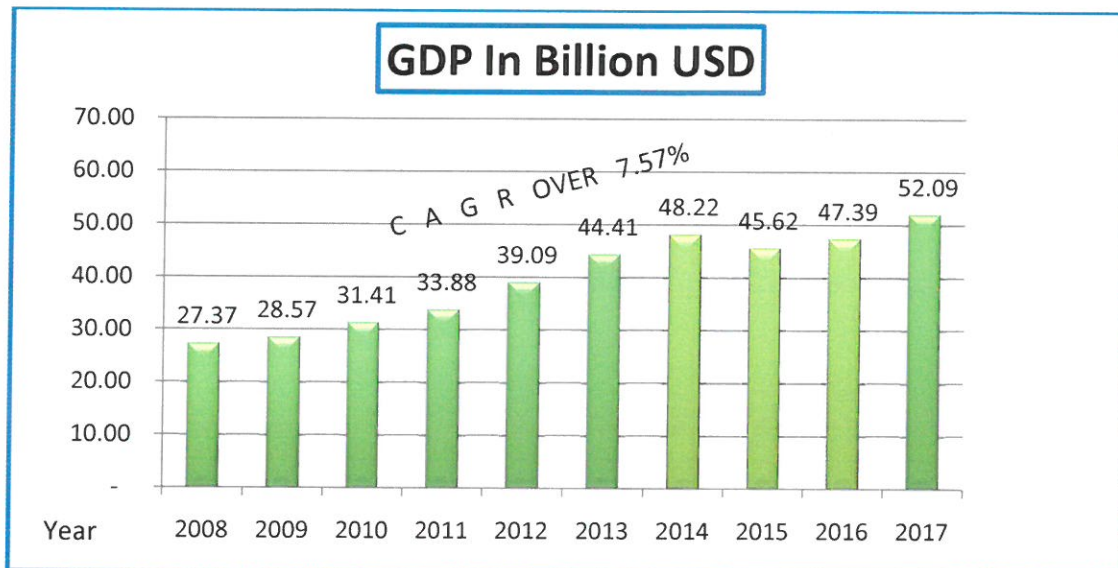
### 6.3 Macroeconomic Performance

Tanzania's economy is still highly dependent on agriculture, contributing an estimated 30 percent to GDP and employing nearly 80 percent of the working population. The service sector—which has been growing rapidly in recent years—accounts for approximately 47 percent. The industrial sector, dominated by the construction sub-sector, accounts for 23 percent of the GDP.

Tanzania's macro-economic performance for over 10-years period has been impressive, underpinned by steady implementation of policy/structural reforms; weathered through the global recession occurred in 2009; but can and should do better improving productivity and competitiveness.

Gross Domestic Product (GDP) growth (2002-2013) averaged 7.0% per annum. In the medium term, GDP growth is projected to rise by up to 7.7% by 2016. Between 2007 and 2013 Tanzania recorded an average annual growth rate of 6.8%, above the average for South Africa of 5.2%.

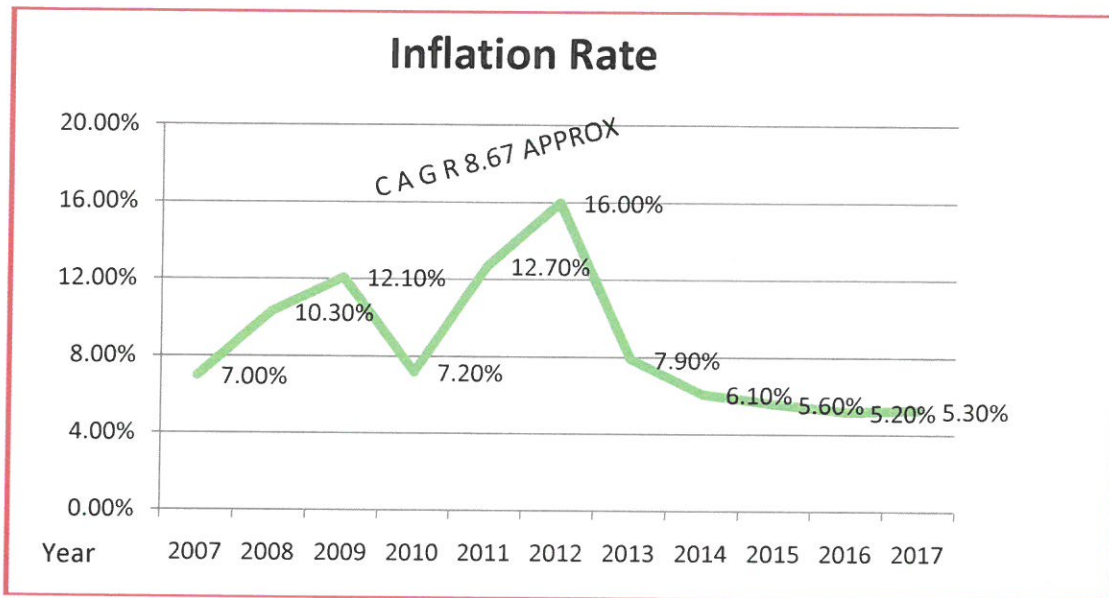
### Tanzania: GDP Growth Trend



**Source:**Tanzania Bureau of Statistics

While Tanzania's inflation averaged 8.86% per annum (2007-2017) buttressed by tight monetary policy and cash budgeting and increased to 16.1% in 2012 which due to high world market prices for oil and food in 2012, went as low as 5.3% by the year 2017 Maintaining low and stable inflation has become a major challenge for maintaining macroeconomic stability.

### Tanzania's Annual Inflation Compared to Neighbouring Countries



#### 6.4 Sector Growth Performance

Tanzania's political stability, sound macroeconomic management, and considerable resources all have contributed to Tanzania's sustained growth. Driven by tourism, mining, trade, and communications, the private sector has grown considerably. These developments have necessitated private sector development, growth of government departments and agencies as well as an influx of local and international non-governmental organisations and corporate companies in the country.

Statistically, 2002-2012 averages indicate that Tanzania's fastest growing sub-sectors (annual average of more than 8%) were mining and quarrying (9.9%), manufacturing (8.6%), Wholesale and retail trade (8.3%), Transport and communication (11.1%) and Financial Intermediation (10.6%). Hotel and Restaurants grew by 6%.

**Table 2: Tanzania: Sector Growth Trend**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	<i>Actual</i>						<i>Projection</i>				
<b>Economic Activity</b>											
Agriculture, Hunting and Forestry	4.0%	4.6%	3.2%	4.2%	3.6%	4.3%	4.4%	4.5%	4.7%	5.0%	5.6%
Crops	4.5%	5.1%	3.4%	4.4%	3.5%	4.7%	4.7%	4.9%	5.1%	5.5%	6.2%
Livestock	2.4%	2.6%	2.3%	3.4%	3.9%	3.1%	3.2%	3.2%	3.5%	3.4%	3.6%
Forestry and hunting	2.9%	3.4%	3.5%	4.1%	3.5%	2.4%	3.1%	3.0%	2.9%	2.9%	3.2%
Fishing	4.5%	5.0%	2.7%	1.5%	1.2%	2.9%	2.9%	3.3%	3.3%	3.9%	4.4%
Industry and construction	9.5%	8.6%	7.0%	8.2%	6.9%	7.8%	7.8%	7.9%	8.3%	8.9%	9.1%
Mining and quarrying	10.7%	2.5%	1.2%	2.7%	2.2%	7.8%	7.9%	8.2%	8.5%	8.6%	8.9%
Manufacturing	8.7%	9.9%	8.0%	7.9%	7.8%	8.2%	8.3%	8.4%	8.6%	9.1%	9.4%
Electricity, gas	10.9%	5.4%	8.4%	10.2%	1.5%	6.0%	6.1%	6.4%	8.6%	12.3%	12.3%
Water supply	6.5%	6.6%	5.6%	6.3%	4.0%	5.4%	5.1%	5.0%	4.9%	4.8%	4.6%
Construction	9.7%	10.5%	7.5%	10.2%	9.0%	7.8%	7.8%	7.7%	7.8%	7.9%	7.9%
Services	8.1%	8.5%	7.2%	8.2%	7.9%	8.0%	8.1%	8.5%	8.7%	8.8%	9.0%
Trade and repairs	9.8%	10.0%	7.5%	8.2%	8.1%	7.7%	7.8%	8.4%	8.5%	8.6%	8.7%
Hotels and restaurants	4.4%	4.5%	4.4%	6.1%	4.6%	4.8%	5.0%	5.4%	5.8%	5.8%	6.0%
Transport	6.5%	6.9%	6.0%	7.0%	6.7%	7.1%	7.2%	7.6%	7.7%	7.8%	8.0%
Communications	20.1%	20.5%	21.9%	22.1%	19.0%	20.6%	19.2%	18.3%	18.2%	17.4%	17.0%
Financial intermediation	10.2%	11.9%	9.0%	10.1%	10.7%	13.2%	13.3%	13.8%	13.9%	14.0%	14.4%
Real estate and business services	7.0%	7.1%	6.8%	7.0%	6.5%	6.7%	6.6%	7.2%	7.2%	7.2%	7.1%
Public administration	6.7%	7.0%	4.4%	6.5%	6.8%	5.8%	5.9%	6.3%	6.3%	6.4%	6.7%
Education	5.5%	6.9%	7.1%	7.3%	7.4%	6.5%	6.7%	6.3%	6.4%	6.7%	6.8%
Health	8.8%	9.0%	6.7%	6.9%	5.4%	5.6%	5.7%	6.0%	6.1%	6.2%	6.3%
Other social and personal services	3.2%	3.1%	3.2%	3.5%	3.0%	3.8%	3.6%	3.5%	3.7%	3.8%	3.8%
Gross value added before adjustments	7.3%	7.5%	6.1%	7.1%	6.5%	7.0%	7.1%	7.4%	7.7%	7.9%	8.3%
less FISIM	15.3%	11.0%	8.7%	9.1%	11.2%	12.7%	14.6%	16.2%	18.0%	19.7%	19.4%
Gross value added at constant 2001 basic p	7.2%	7.4%	6.0%	7.1%	6.4%	6.9%	7.0%	7.3%	7.5%	7.7%	8.0%
Add Taxes on products	6.9%	7.8%	5.8%	6.7%	6.5%	7.3%	6.8%	6.7%	6.7%	7.1%	7.0%
<b>GDP at constant 2001 market prices</b>	<b>7.1%</b>	<b>7.4%</b>	<b>6.0%</b>	<b>7.0%</b>	<b>6.4%</b>	<b>6.9%</b>	<b>7.0%</b>	<b>7.2%</b>	<b>7.4%</b>	<b>7.7%</b>	<b>8.0%</b>

## 6.5 Recent Development in the Gas Sector

Recent natural gas discovery in deep sea and ongoing construction of natural gas pipeline from Madimba (Mtwara) via SomangaFungu (Lindi) to Dar es Salaam and processing plants at Madimba and SongoSongo are indications that oil and gas subsector is going to be a significant contributor to economic development of Tanzania.

Gas production in SongoSongo field is about 100 mmscfd which is transported through the pipeline to Dar es Salaam and used to generate 320 MW of power as well as supplied to industries.

## **6.6 Potential of natural gas to the economy**

Currently, Natural gas is used as alternative fuel for power generation, industries, institutions, households and vehicles. Power generated from Natural gas is about 320 MW and is expected to increase up to about 2,216 MW within the next 5-8 years. This is expected to reduce power crisis that Tanzania has been experiencing since 2006 and boost economic growth.

On the revenue side, from the period when gas projects started to December 2013, the Government has been able to collect gas sales and VAT amounting to 232.8 Million USD for SongoSongo gas and 6.7 Million USD for Mnazi Bay.

## **6.7 Regional Trade**

Tanzania borders six landlocked countries of Uganda, Rwanda, Burundi and Democratic Republic of Congo (DRC), Zambia and Malawi. These countries are dependent on Tanzania and Kenya, which have access to sea ports, for their trade. Trade between Tanzania and the neighboring countries is largely that of re-exporting of goods from foreign countries.

For instance, transit trade is growing at a rate of 15% compared to the 10% growth in the total traffic of Dar-es-salaam port. Transit goods are projected to grow by four times to 14.6 million tonnes in 2028 up from 3.6 million tonnes in 2011, of which containerized cargo will grow from 130,000 TEUs to 735,000 TEUs in the same period as summarized in the Table below:

Trends of transit country traffic through Dar es Salaam

Category	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2018	2023	2028
	Actual											Projections				
<b>Containers</b>																
Total ('000' TEUs)	135.4	141.4	167.8	199.3	228.7	242.2	305.2	353.0	393.0	436.0	486.0	540.0	604.0	1,007.0	1,538.0	2,341.0
Transit ('000' TEUs)	24.0	23.8	36.0	43.2	51.2	61.6	79.4	90.0	102.0	118.0	130.0	148.0	166.0	287.0	480.0	735.0
Transit (as % of total)	18%	17%	21%	22%	22%	25%	26%	25%	26%	27%	27%	27%	27%	29%	31%	31%
<b>Liquid Bulk</b>																
Total ('000' tonnes)	1,613	1,658	1,867	2,062	2,013	2,134	2,121	2,214	2,324	2,440	2,562.0	2,562.0	2,824.0	3,251.0	3,790.0	4,260.0
Transit ('000' tonnes)	306.5	348.2	466.8	742.3	563.6	661.5	869.6	920.0	966.0	1,016.0	1,067.0	1,067.0	1,180.0	1,445.0	1,715.0	1,894.0
Transit (as % of total)	19%	21%	25%	36%	28%	31%	41%	42%	42%	42%	42%	42%	42%	44%	45%	44%
<b>Dry &amp; Break Bulk</b>																
Total ('000' tonnes)	1,130	1,162	1,301	1,311	1,546	1,825	1,678	1,834	1,939	2,051	2,173.0	2,303.0	2,444.0	3,175.0	3,986.0	4,718.0
Transit ('000' tonnes)	203.0	174.0	117.0	197.0	186.0	183.0	185.0	192.8	209.0	226.7	246.0	267.0	412.0	412.0	585.0	831.0
Transit (as % of total)	18%	15%	9%	15%	12%	10%	11%	11%	11%	11%	11%	12%	17%	13%	15%	18%
<b>TOTAL</b>																
Total (Million tonnes)	4.92	5.09	5.87	6.58	7.24	7.85	8.71	9.72	10.58	11.50	12.7	13.9	15.3	22.6	32.5	46.7
Transit (Million tonnes)	0.90	0.90	1.16	1.63	1.57	1.83	2.33	2.56	2.81	3.14	3.6	4.2	4.8	6.5	10.0	14.6
Transit (as % of total)	18%	18%	20%	25%	22%	23%	27%	26%	27%	27%	27%	30%	31%	29%	31%	31%

Source: TPA Master Plan (Excludes Trans-shipments)

In consideration of future transit trade, container traffic is expected to grow at an average rate of 11.4% per year.

**Country-Wise Projections for Container Transit Trade ('000' TEUs)**

Country	2011	2012	2013	2018	2023	2028
Zambia	48	54	61	99	145	214
DRC	37	43	49	96	152	240
Burundi	24	27	29	42	87	115
Rwanda	11	12	13	21	42	68
Uganda	5	6	7	14	29	58
Malawi	5	6	7	15	25	40
<b>Total</b>	<b>130</b>	<b>148</b>	<b>166</b>	<b>287</b>	<b>480</b>	<b>735</b>

## **TANZANIA'S CONSTRUCTION INDUSTRY**

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### **7.1 Introduction**

The proposed project relies on the development of the construction sector in the country for its growth. Tanzania's construction sector comprise of the infrastructure sub-sector and real estate sub-sector. The infrastructure sub-sector includes construction of roads, bridges, airports, harbors, sports grounds and other infrastructure projects. The real estate sub-sector comprises of residential and non-residential houses.

### **7.2 Sector Performance**

The growth rate of the construction sector increased to 8.6% in 2013 from 7.8% in 2012 and the contribution of construction activity to the overall GDP rose to 8.3% in 2013, compared to a contribution of 8.1% in 2012.

While the Tanzania real estate sector is not currently as highly developed as the construction sector, the developments within the construction sector have positively influenced and benefited the real estate sector through the creation of additional real estate space. The current real estate development projects that are under way, as well as those that are being developed, have created various opportunities for interested investors including suppliers of building materials.

### **7.3 Infrastructure Development**

- The Tanzania's construction sector is currently experiencing a period of growth that has primarily been driven by the recent developments in roadwork, housing and mining. In 2012, the Government through Tanzania Roads Agency (TANROADS) rehabilitated a total of 28,282 km of regional and trunk roads compared to 28,647 km in 2011.
- In addition, 2,395 bridges were rehabilitated in 2012 compared to 2,480 bridges in 2011. A total of shilling 130.857 billion, equivalent to 69 percent of the approved budget, was used for rehabilitation.
- The country is also investing heavily in the airports projects, harbor projects and other infrastructure development projects.

#### **7.4 Real Estate Development**

Urban transition is well under way in mainland Tanzania. Based on census data, rural to urban migration has been a key driver in creating this deficit as the urban population increased from a low base of 5.7% to 22.6% over 1967-2002 and up to 28.1% in 2014.

In 2010, the total housing deficit was estimated at 3 million units up from 2.2 million in 2000. Annual demand for formal land was 150,000 plots between 1991 and 2001 while supply averaged roughly 8,000 surveyed plots annually, in essence creating an annual shortfall of 95%.

Between 1990 and 2001 however, the average annual demand for plots in Dar es Salaam was 20,000 units while average annual supply was a dismal 700 units. To this end, with few or hardly any housing options available in the formal sector, over 70 percent of all urban residents reside in informal settlements. In this regard, housing development, as practised in Tanzania, has historically meant that individuals undertake construction over a period of years.

In Dar-es-salaam, for example, the uncompleted/unfinished residential housing stock is substantial with the typical form of tenure being rental. A study undertaken in 1990 indicated that tenants make up 73 percent of households and this extends to include a substantial proportion of low and lower middle income households.

In the case of Dar es Salaam, the number of informal settlements has grown from 40 in 1990 to 54 major unplanned and un-serviced settlements in 2007 with over 100 settlements when peri-urban areas are included. The formal housing construction sector remains very small and is largely being undertaken by the public sector either through the NHC or the Tanzania Building Agency (TBA), who develop housing for civil servants or through the pension funds. The private property developer market is virtually absent with the existing development aimed at luxury developments catering to expatriates, wealth individuals or the Tanzanian Diaspora overseas.

## MARKET ANALYSIS

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### 8.1 Introduction

For the past two decades, the Ministry of Water has been implementing sector reforms that aim at improving the integrated water resources management and improving water supply and sanitation services in both rural and urban areas. Since 2002, the National Water Policy has continued providing the general direction of the sector in the course of attaining the aspirations of the National Development Vision by 2025. This has been carried out through implementation of the Water Sector Development Programme (WSDP). The WSDP prioritizes activities and budgets in a three-phased timelines of five years each (first phase 2007-2014; second phase 2014-2019 and third phase 2019-2025).

**WSDP is probably largest national water program operating in Africa today with confirmed funding in the order of 1.3 billion USD for Phase 1.** It is a long term program with a twenty year vision which encompasses not only rural and urban water supply and sanitation improvements but also water resources management and measures to develop sector capacity and strengthen institutional effectiveness. The program is founded on a sector-wide approach to planning (SWAP) which incorporates structures for joint government-development partner dialogue on planning, financing, co-coordinating and monitoring.

Financing mechanisms include budget support administered via a basket fund, plus additional 'earmarked' funding deployed by a number of development partners (DPs) outside of the basket to support special projects in selected locations. At its inception WSDP absorbed a number of existing area-based urban and rural projects while offering, for the first time, investment funds and capacity building support to all public water and sanitation service providers in urban and rural areas and to Basin Water Offices responsible for water resources management.

WSDP has four components, namely:

- i) **Component 1:** Water Resources Management - IWRM priorities are implemented through 9 Basin Water Boards with emphasis on the governance of water resources;

ii) **Component 2:** Rural Water Supply and Sanitation -water supply and sanitation service improvement in rural areas through 168 Local Government Authorities;

iii) **Component 3:** Urban Water Supply and Sewerage service improvement in urban areas through 23 UWSAs; 109 Small Town Authorities and 8 National Projects;

iv) **Component 4:** Institutional Strengthening and Capacity Building together with other priorities like financing mobilization and allocation, coordination, monitoring, evaluation and reporting within the dialogue mechanism are executed with oversight of the Ministry of Water.

The overall objective of WSDP is to strengthen sector institutions for improved integrated water resources management and improved access to water supply and sanitation services. The objective is to attain the aspirations of the national and international macroeconomic policies such as National Development Vision which envisions universal access to water supply services in urban areas by 2025 and covering at least 90% of the population with water supply services in the rural areas by 2025 while ensuring environmental sustainability.

Legislation and supporting regulations have been enacted to regulate provision of water supply and sanitation services in Tanzania. The two pieces of water legislation- the Water Resources Management Act (WARMA) and Water Supply and Sanitation Act (WASSA) which were enacted in 2009, repealing all previous water laws except DAWASA and EWURA laws; The Act provides mandates for both Policy and Programme implementation including establishment of various institutions. Targets of the National Water Policy of 2002 are compatible to the targets of the National Development Vision 2025 because the policy was formulated basing on the pillars of the national vision. They include universal (100%) access to water supply in urban areas by 2025; ensuring at least the country reaches 90% water supply coverage in rural areas by 2025; and ensuring that water resources are available in a sustainable manner to serve as a driver to both social and economic needs.

The WRMA established IWRM institutions including the National Water Board, Basin Water Boards, Catchment Committees, and Water User Associations – WUAs; and supports joint IWRM management bodies on shared waters with other countries. WASSA established

Community-Owned Water Supply Organizations (COWSOs) for water supply and sanitation services in rural areas; Water Supply and Sanitation Authorities – WSSAs for water supply and sanitation services in urban areas; and establishes the National Water Investment Fund. The WRMA and WASSA laws establish institutions and provide mandates for policy implementation.

While most of institutions for water supply and sanitation are now operational, the pace for establishment of prerequisite institutions for water resources management in Tanzania, especially for catchment committees are still in preparatory stages. The Ministry of Water regulates water Resources Management, both technical and economic, but powers are delegated to Basin Water Boards. The Ministry also regulates rural water supply but regulation powers are delegated to Local Government Authorities.

Regulation of Urban Water Supply Utilities (technical and economic) is a responsibility of the Energy and Water Utilities Regulatory Authority (EWURA), which is the licensing authority for all Urban Water Supply Authorities. As a regulator, EWURA's primary objective is to protect the long-term interests of customers with regard to tariff quality and reliability of essential services. EWURA is responsible for approving business plans of urban water and sanitation authorities, issuing licenses and approving tariffs that are billed to customers. Other regulatory functions include monitoring performance of WSSAs and advising the Ministry of Water on policy changes regarding operations of WSSAs and impacts of major investments on customer tariffs.

Powers to regulate the water supply and sanitation service providers emanate from EWURA Act, Cap 414; Water Supply and Sanitation Act No. 12 of 2009, Cap 272; and Dar es Salaam Water Supply and Sewerage Authority Act No. 12 of 2001, Cap 273. The Water Supply and Sanitation Act, Cap 272 became operational on 1st August 2009. The Act provides room for sustainable management and adequate operation and transparent regulation of water supply and sanitation services with a view to give effect to the National Water Policy, 2002. The Act recognizes the functions of EWURA in water sector regulation. DAWASA Act, Cap 273 provides for sustainable management and adequate operation and transparent regulation of water supply and sanitation services within DAWASA designated area, which include Dar es Salaam and parts of Kibaha and Bagamoyo.

In May 2013, the Government introduced the **Big Results Now (BRN)** agenda, which galvanized the implementation momentum by enforcing accountability through timely bound Key Performance Indicators (KPIs). This initiative has resulted in a revolution of performance as it has facilitated installation of a total of 16,784 water points in one year (July 2013-June 2014), benefitting a total of 4,195,997 additional people with access to clean and safe water supply; compared to the total achievement of 16,062 water points achieved in all previous 6 years of Program implementation (July 2007 to June 2013).

Implementation of the WSDP Program is done throughout the country in all Local Government Authorities (LGAs), Basin Water Boards (BWBs), and Urban Water Supply and Sanitation Authorities (UWSAs). During the WSDP Program Mid Term Review (MTR) of April 2010, it was noted that the Program was not on track in relation to its targets due to several challenges including inadequate capacity in procurement, contract management and reporting; delays in the flow of funds to implementing agencies; delayed completion of designs in rural areas and delayed development of the functional Management Information System (MIS). In 2011, WSDP was restructured by adjusting not only targets and activity re-prioritization, but also extend the Phase I completion date to June 2014.

### Regulated WSSAs and Scope

EWURA regulates **130** autonomous Water Supply and Sanitation Authorities which provide water supply and sanitation services in regional and district headquarters, small towns and National Projects Water Authorities, as shown on List of WSSAs below.

Summary of Regulated WSSAs No	Type of Utilities	No of Utilities
1	Dar es Salaam Water and Sewerage Authority	1
2	Dar es Salaam Water and Sewerage Corporation (DAWASCO)	1
3	Regional Water Supply and Sanitation Authorities (WSSAs)	23
4	District Water Supply and Sanitation Authorities	72
5	National Projects Water Authorities	8
6	Small Town Water Supply and Sanitation Authorities	25
<b>Total</b>		<b>130</b>

The total budget for the WSDP in the first phase of five years period from 2007/2008 to 2011/2012 was **USD 1,439 million**. These covered:

- Water Resource Management
- Rural Water Supply
- Urban Water Supply and Sanitation
- Institutional Strengthening and Capacity Building

<b>Baseline and WSDP I Results for C3 Output Indicators</b>	<b>Baseline 2007</b>	<b>Status Oct 2014</b>	<b>Achievement</b>	<b>Increase</b>
<b>No. of domestic connections</b>	<b>289,252</b>	<b>533,522</b>	<b>+ 244,270</b>	<b>+ 84 %</b>
- Dar es Salaam	53,001	116,919	+ 63,918	
- Regional Centers	183,705	312,563	+ 128,858	
- District, Small Towns, NPs	52,546	104,040	+51,494	
<b>No. Kiosks / public standpipes</b>	<b>4,496</b>	<b>4,924</b>	<b>+ 428</b>	<b>+ 10 %</b>
- Dar es Salaam	115	205	+ 90	
- Regional Centers	1,356	1,636	+ 280	
- District, Small Towns, NPs	3,025	3,083	+ 58	
<b>No. Sewerage connections</b>	<b>27,647</b>	<b>41,479</b>	<b>+ 13,832</b>	<b>+ 50 %</b>
- Dar es Salaam	13,599	18,101	+ 4,502	
- Regional Centers	14,048	23,378	+ 9,330	
<b>No. of people with access to clean and safe water</b>	<b>4,275,775</b>	<b>7,140,565</b>	<b>+ 2,864,790</b>	<b>+ 67 %</b>
- Dar es Salaam	818,015	1,794,783	+ 976,770	
- Regional Centres	2,176,050	3,534,630	+ 1,358,580	
- District, Small Towns, NPs	1,281,710	1,811,150	+ 529,440	
<b>No. of people with access to sewerage connections</b>	<b>344,464</b>	<b>505,295</b>	<b>+ 160,830</b>	
- Dar es Salaam	203,985	271,515	+ 67,530	
- Regional Centres	140,480	233,780	+ 93,300	

## 8.2 Target Market

SUN LIGHT has targeted following distinct market segments:

1. DevelopmentPartner Group (DPG):  
Projects are funded through 3 distinct channels-
  - a DPG Water Basket
  - b. Direct ProjectFunding
  - c. SWAP (Sector Wide Approach to Planning)

The DPG currently comprise the following partners/organizations:

	<b>PARTNER/ORGANIZATION</b>
1	AFD- Government of France
2	African Development Bank (AfDB)
3	United Kingdom (DFID)
4	Embassy of Belgium (BTC)
5	European Union Delegation
6	Germanuy (GIZ)
7	Glows/Iwash
8	Government of Japan (JICA)
9	German Government (KfW)
10	Government of Netherlands (SNV)
11	UNICEF
12	USAID
13	WaterAid
14	World Bank
15	World Bank-WSP
16	WSSCC
17	World Wildlife Fund (WWF)
18	Plan International
19	Embassy of Switzerland

- 2 **Infrastructure Development, Plumbing, Civil and Road construction companies-** These comprise both local as well as non-locally owned construction

companies involved in carrying out water and related projects. These companies comprise those working for both private as well as public sector funded projects.

3 **Bilateral Funding Support-** These include bilateral partners which not part of the DPG Funding basket but are involved in directly funding the Government of the United Republic of Tanzania on water and related support projects. Important among these are India, Korea and China. In 2013, The **Government of India** pledged USD 5 billion covering a range of investment and trade support for Africa. An important part of this commitment covered water projects. These projects are intermediated by the India Ex-Im Bank, covering between USD 150-200 million to improve Tanzania's water sector. **The Government of Korea**, through the Korean Ex-Im Bank is also supporting water projects in Tanzania. These cover both feasibility, design and well as project implementation. Commitments over the next 5 years are expected to exceed USD 100 million. Another important player in the Tanzania water sector, not part of the DPG Water basket is BADEA (Arab Bank for Economic Development in Africa).

Below are the key water related projects in the county:

COUNTRY/AGENCY	SECTOR	PROJECT
French Development Agency (AFD)	Small Town WSS	Small Towns Water Supply and Sanitation (WSS)
World Bank	Urban Rural and water Resource	Water Sector Support Program Zanzibar Urban Service Project Marine and Coastal Environment Project.
UK Department for International Dvp (DFID)	Water resources Rural WSS	Rufiji Basin Rural Water Supply and Sanitation (RWSS) Program
European Union	Small Towns WSS	Water Supply Programme Regional Center
German Dvp Agencies (GTZ & GIZ)	Policy WSS	Development Ass. Policy & planning

Japan	Rural WSS  Urban WSS	Study WS improvement Coastal Region  RWSinLindi&Mtwara  Expert in groundwater dev RWS  Zanzibar WS Dev.project
German Development Bank(Kfw)	Urban WSS  Rural WSS	Urban Investment Program  Songea Water and Sanitation Project  Regional Centers  East Kilimanjaro Project  Moshi Rural District Projects
Belgium	Small Towns WSS	Kigoma Water Supply and Sanitation Project
China	National Project	Chalinze WSS
UNICEF	Water and Sanitation	Rural and urban water supply and sanitation including school WASH and technical assistance
India	Urban WSS	Dar es salaam Water Supply- Upper Ruvu and Kashwasa (KahamaShinyanga Water Supply Authority)
BADEA	Rural/small towns  Rural/urban WSS	Same-Mwanga Korogwe Project  Rural Water Supply and Sanitation Program  Zanzibar Water Supply and Sanitation Project

African Development Bank	Urban-Zanzibar  Multinational and Water Resources	Zanzibar Urban Water and Supply Sanitation Project  Lake Victoria Water Supply and Sanitation Progr.  SADC Shared Water Basin  Songwe River Basin Dev Program-Design
Others including Ireland, S.Korea, Sweden, Denmark, Norway, OPEC, Egypt, UNDP, UN HABITAT, CIDA, DANIDA, Water Aid, CARE, SNV, Plan		Various earmarked Project
REA		Rural Electrification Agency Procurements
TANESCO		Electricity distribution project

As a brief illustration of the commitment of the above partners, AFD's investment in Tanzania's water sector alone since 2009 has amounted to USD 155 million. This includes on-going projects covering Drinking Water supply in Bukoba and Musoma (USD 40 million) and Sanitary networks/drinking water (USD 45 million).

### **8.3 Water Distribution and Management**

As mentioned above, the National Water Policy provides the general direction of the sector in the course of attaining the aspirations of the National Development Vision by 2025, through implementation of the Water Sector Development Program (WSDP). This encompasses not only rural and urban water supply and sanitation improvements but also water resources management and measures to develop sector capacity and strengthen institutional effectiveness.

Water Resources Management priorities are implemented through 9 Basin Water Boards.

Rural Water Supply and Sanitation -water supply and sanitation service improvement in rural areas through 168 Local Government Authorities; Urban Water Supply and Sewerage service improvement in urban areas is covered through 23 UWSAs; 109 Small Town Authorities and 8 National Projects;

## MARKETING STRATEGY

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### 9.1 Market Competition

- Presently, Tanzania has an estimated production capacity of 6-8 million meters (other than small pipe) of pipe per annum. Domestic demand, currently stands at over 20 million meters (other than conduits small steel pipes) and growing at an annual average of 10 per cent over the past five years to 2017.
- The oldest pipe manufacturer operating in the country includes Tanzania Steel Pipes followed by Plasco.
- Currently Tanzania has many cable manufacturing company, however all are small and not able to meet even 50% of country's demand.
- SUN LIGHT is the newest entrant in Tanzania's pipe manufacturing and cable manufacturing sector and will be having the largest installed capacity.
- There are no new players expected to enter the market in the foreseeable future.

### PIPE

COMPANY NAME	START YEAR	TYPES OF PIPES MANUFACTURED	NEW FACILITY PLANS	SALES FOCUS
SUN LIGHT	2013 under New facility for Steel		STEEL PIPES	Factory
PLASCO	1994	HDPE PVC FITTINGS	Special Fittings & Storage (2016)	Factory
DPI SIMBA	2000	HDPE PVC	None	Factory & Agent
KIBOKO PIPES AND TANKS	2005	PVC HDPE Tanks	None	Factory & Agent
TZ STEEL PIPES	2004	Steel Pipes Fittings	ERW 2016	Factory

### INDUSTRY – COMPETITION/INDUSTRY UPDATE

- **Kiboko Plastics** is one of largest manufacturers of superior quality **PVC AND HDPE pipes, water tanks** and fittings **for water Management, irrigation, water distribution and sewage Disposal systems** in Tanzania. The company also manufactures PET bottles and buckets.

The company manufactures their products using state of the art manufacturing plants that produce a wide range and sizes of pipes and pipe fittings, and tanks for domestic, industrial, irrigation, building and construction industries. The products are sold and distributed through a nationwide dealership network as well as exported to adjoining countries.

The company employs more than 100 people among which include engineers, quality controllers, warehouse staff and sales & marketing employees. The team is abreast with all the technological progression and latest trends, constantly adapting and innovating products to meet market demand and consumer expectations.

Kiboko is TBS Approved and an ISO 14001: 2004 & OHSAS 18001 : 2007 certified

#### **Products:**

- UPVC PRESSURE PIPES:
  - PP-R PIPE for hot & cold water plumbing system
  - Bore well Casings
  - High Density polyethylene Pipes (HDPE)
  - Storage water tanks
  - PET bottles
- **DPI SIMBA LTD (DSL)** is one of the leading manufacturer and supplier of Infrastructure piping systems in Tanzania, specializing in manufacturing and supplying uPVC and HDPE pipes and its accessories.

DSL is a joint venture company formed by two major corporate giants of East and South Africa. Sumaria Group of Tanzania and DPI Plastics (Pty) LTD of South Africa.

DSL can produce 12000tonnes of PVC & HDPE pipes annually in their Plant. PVC pipes from 20mm to 315mm and HDPE pipes from 20mm to 630mm.

Products are in accordance with ISO 9001:2008 and certified by Tanzania Bureau of Standards (TBS).

- **Plasco**

Plasco produces a range of products which include PVC, HDPE and related fittings. They expect to expand in 2016 to include special fittings. It is owned by the AunaliRajabali family.

## 9.2 Market Strategies

SUN LIGHT will deploy the following marketing strategies:

- **The Product:** The company will produce high quality and consistent products for supply to the local and export markets. The company is well positioning to offer the market GRP, in which it is the only such manufacturer in Eastern Africa.
- **Capital Investment:** The company has invested in the newest technology for ALL its product lines, having imported the latest technology.
- **Distribution network:** SUN LIGHT intends to establish a strong marketing and distribution network going forward. The company strength will be establishment of market channels within the country and in the neighboring countries that will ensure fast moving of the company's products. The company has established a central warehouse from where products are distributed to wholesalers and retailers. As stated above, the company is targeting the DPGs, bilateral partners, private sector construction companies, consultants as well as the key water authorities across the country.
- **Pricing and prices:** The company maintains a competitive pricing posture.

## TECHNICAL ASPECTS

### 10.1 Location and Accessibility

The project is located at Vingunguti, within Dar es Salaam.

### 10.2 Land and Land Ownership

The land on which the factory and the infrastructure under deployment which will be owned by SUN LIGHT.

### 10.3 Plant and Machinery

The project's main plant and machinery components comprise of plant, machinery and other ancillary equipment and infrastructure.

### 10.4 Equipment and Tools

The company has procured part of the equipment and machinery for the new line. These include a continuous machine, coating machine, overhead cranes, steel structures and related infrastructure.

### 10.5 Working Capital

- The requirement of working capital has been tabulated below:

Working Capital Facilities  
(for 5 years)

Amount in USD

Fixed Assets	Projected					
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Normal Production Capacity</b>						
Facility Amount:						
New Trade Loan						
Facility Amount	-	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Fund Based Uses (in%)	0%	25%	25%	25%	25%	25%
Non Fund based Uses (in%)	0%	75%	75%	75%	75%	75%
Fund Based Interest (in%)	0%	6%	6%	6%	6%	6%
Nonfund Based Interest (in%)	0%	1%	1%	1%	1%	1%

### 10.6 Raw Materials Availability

- Steel Pipe and Structure Production:** Key raw materials in the production of pipes are steel Coil which is available worldwide, majority of steel in Tanzania is being imported from China, South Africa, India, Japan, Turkey etc. Plenty of materials are available.

- **Copper and Aluminum Cable:** Key raw materials in the production of cables are Aluminum, and copper which is available worldwide, majority of aluminum in Tanzania is being Imported from China, Middle East, India etc. and copper from Zambia and other international market. Plenty of materials are available.

## MANAGEMENT AND ORGANISATION

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### 11.1 Organisation Structure

- SUN LIGHT is under the Board of Directors who is executive Members. They are responsible for major policy and strategic decisions. The Board is under the Chairmanship of Mr. NassorSeif.
- Day-to-day management is under the supervision of a Chief Executive Officer (CEO), assisted by a team of professionals in finance, operating, sales and marketing, project management and in other relevant functions.
- The CEO oversees daily operational activities of the project and reports directly to the Chairman.

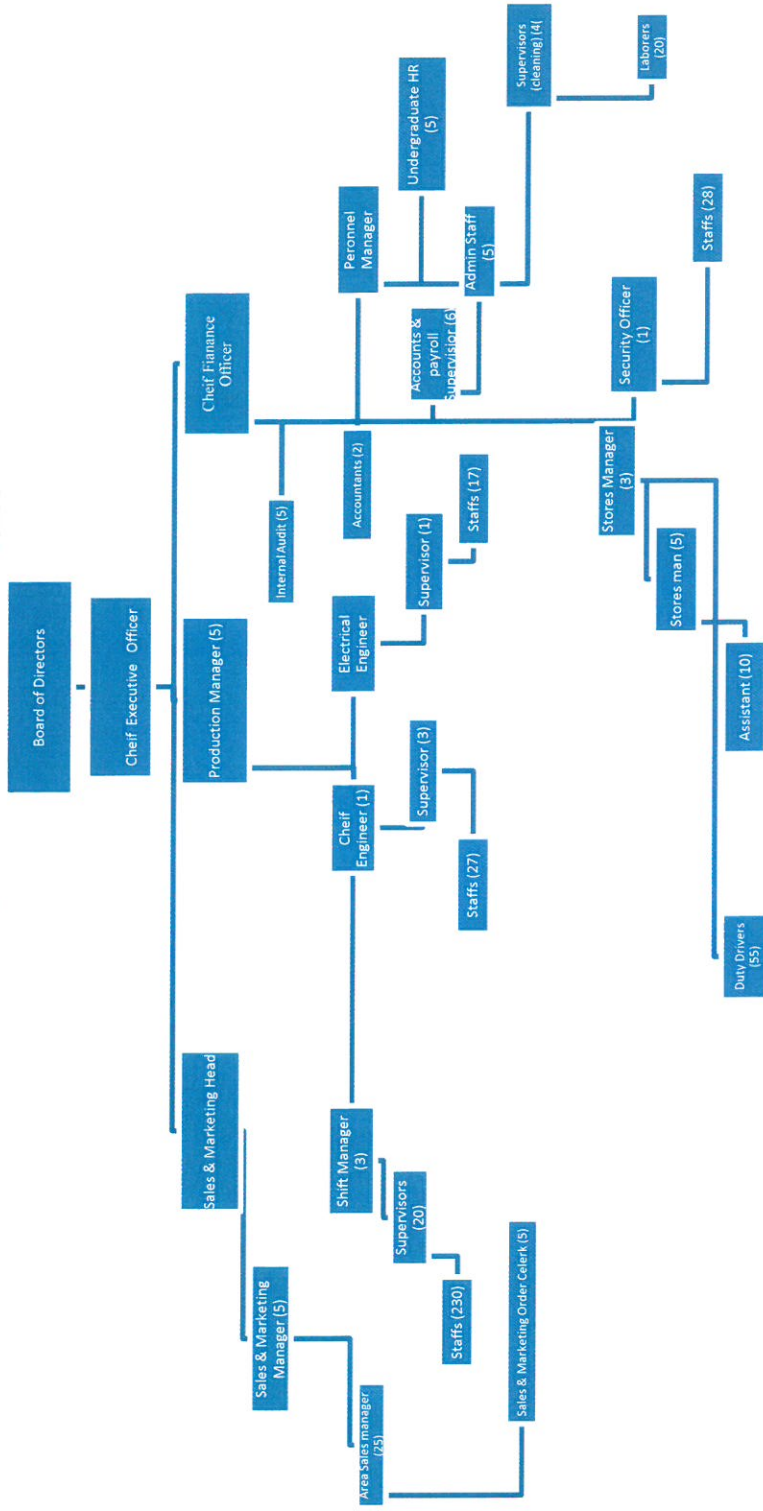
### 11.2 Manpower Complement and Cost

- SUN LIGHT will employ around 500 staff employed in the factory as direct workers, supervisors, Administration Section and sales and marketing staff.
- The salaries and wages have been taken at the going market rates, and an additional 20% is provided to cover the benefits and pre-requisites that shall be given to all employees.
- It is noted that the project will have trickle-down effect by generating additional indirect employment mainly in the construction and building sector, water sector and trading industry.

### 11.3 Human Capital Development

- SUN LIGHT has employed expatriates in key technical positions. Like other establishments for the Super Group, there is an uncompromising commitment to the quality of human capital.
- Management at the company as well as Group level continuously identify training needs of all employees and adopt systematic and focused training programs and refresher courses.

# ORGANIZATION CHART OF OPERATIONS & MANAGEMENT TEAM OF SUN LIGHT



## **IMPLEMENTATION AND OPERATIONAL PLAN**

### **12.1 Project Management**

The SUN LIGHT management team with the Directors drives strategic and business operations.

### **12.2 Project Implementation**

SUN LIGHT has already undertaken the design and most of the infrastructure towards the steel project implementation. The following are the main aspects of the project implementation:

- Advance payment of USD5 million has been made to the machinery suppliers.
- Approvals and other statutory documentation for pipe production is already in place
- Internal team responsible for the implementation is already in place.
- Finalization of mode of project implementation, O&M contracts for individual project components, along with strong consultancy team for effective monitoring of the implementation/commissioning of each project component.
- Interface between the existing production set up, the new line and overall production capacity and infrastructure is already in place.

### **12.3 Project Schedule**

The detailed PERT/CPM networks for the New facility project is in place. The major activities include:

- Appointment of Project Engineer/Consultants, in-house project team and Project Architect.
- Basic Engineering and finalizing outline specifications
- Detailed design engineering and specifications
- Preparation of package bids, bidding, bid evaluation, recommendations, and contracting for civil, mechanical, and electrical and instrumentation components.
- Negotiations with vendors and contractors
- Vendor drawing review and approvals, inspection and expediting and delivery at site.
- Site supervision for erection, testing and commissioning
- Bidding, contracting and signing of contracts
- Line stabilisation and development of MIS (management information system).

#### **12.4 Pre-Construction Phase**

SUN LIGHT has already commissioned the following activities:

- architectural plans, structural design and detailed working drawings, appropriate technical specifications for the construction contract to execute the works,
- Line design and schedule of materials including finishes,
- Design and production of detailed working drawings for services such as power and lighting points, electrical fittings, security system, firefighting system etc.
- Preparation of bills of quantities.

#### **12.5 Construction/Installation Phase**

- This is a turn-key project, where the machinery suppliers will undertake the installation and commissioning of the plants.
- The delivery of the machines should commence 60-90 days after competing of financial closure and scheduled to be completed within 3 months. SUN LIGHT will contract a reputable building contractor to undertake the construction works.
- SUN LIGHT has commissioned the following professional consultants in the implementation of the project;
  - Quantity surveyor and
  - Service, civil and structural engineers. These professionals will follow up the construction works with site visits, inspections and meetings as per programmed activities as well as on client's request.
- The consultants will ensure the work output is of the required quality and technical specifications for the value of money are met. The consultants will prepare financial appraisal, final accounts and payment evaluation and certification of the contractors' interim claims and advice client for payment and conduct regular inspection of the project before approval of payments.

#### **12.6 Implementation Schedule**

- The project is scheduled to take 3-4-months period.
- The project implementation schedule is as summarised below:

### Steel Pipe Expansion

Activity	Months						
	1	2	3	2nd Qtr	3rd Qtr	4th Qtr	5th Qtr
▪ Design Works							
▪ Statutory Approvals							
▪ Financial Approvals							
▪ Ordering of machinery							
▪ Plant Installation							
▪ Plant Commissioning							
▪ Steel pipes Production							

## **RISKS AND UNCERTAINTIES**

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### **13.1 Performance Risk**

The performance risk of the project relates to availability of raw material, steel being the main raw materials for production of steel pipes. All the key materials such as steel plates, rolls, resins etc. are widely available.

### **13.2 Inflation risk**

There is a potential risk that inflation might raise at higher rates than projected. This may increase the price of the final products hence reduce the demand for the product. While this risk usually prevails in developing countries like Tanzania, the Government appears committed to continue maintaining macroeconomic stability and bring inflation further down.

### **13.3 Political risk**

The Government may from time to time issue new directives which may impact on the project implementation and operations. However, this risk is strongly addressed by the Government long-term commitment of involving private sector in policy decisions.

### **13.4 Managerial risk**

Managerial risks - Management of the factory requires close supervision and expertise in production and marketing. The company employs experienced personnel with competence in pipe manufacturing and marketing. Additionally, SUN LIGHT also leverages Group support in strategy, finance and marketing.

### **13.5 Forex risk**

The company mostly invoices in TShs especially for public sector project. On private sector projects, the company inflows can be in either USD or TShs. The Group also draws on internal support where some group companies earn upto 90% of the revenues in USD. Hence there is a reasonable amount of Fx mitigation.

### **13.6 Payment risk**

The majority of the company's business is derived from water boards/companies. These are semi-autonomous, receiving project funding directly from bilateral or through SWAP funding. The Ministry of Water provides overall oversight, technical support and where required, financial support. While the sector is well funded with DPG/other bilateral support, there is a risk of payments either getting misappropriated or delayed through any administrative or bureaucratic quagmire. The mitigant is that SUN LIGHT has excellent relationships with nearly all the key water authorities and is generally well positioned to secure financial payments on a timely basis.

## FINANCIAL AND ECONOMIC EVALUATION

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### 14.1 Introduction

- This section presents the financial plan.
- The main objective of the financial analysis is to examine both commercial profitability and economic viability of the proposed project.
- The financial plan is presented in the attached Financial Projections, Assumptions, Annexure - 1-6, and P& Sch - 1-5, BS Sch - 1-9 and working 1 to 7.

### 14.2 Financial Goals

The immediate financial goals of the company are as follows:

- Finance the establishment of steel production line, amounting to USD44 million term loan through external financing out of which USD34 million against equipment supply from Europe under ECA funding, USD10 Million from local bank and the balance through equity investment already made of USD5 million.
- USD10 million working capital facility for importation of raw material.

### 14.3 Financial Assumptions

#### (i) General Financial Assumptions

- The currency of accounting is Tanzanian Shilling
- The exchange rate of TZ\$ to USD is assumed at 2019 is TZ\$ 2,300 to 1 USD.
- Financial projections for the first 10-years of operation have been worked out.

### 14.4 Capital Investment Plan

- Projected Investment costs and financing plan are presented below.
- The total capital costs are estimated at USD49 million which include capex- machinery, overhead cranes, and steel structures, civil and electrical.

**Investments Plan**  
in 5 Years

Fixed Assets	Projected					
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Building & Construction	17,000,000	-	-	-	-	-
Plant & Machineries	32,000,000	-	-	-	-	-
Motor Vehicles	-	150,000	50,000	50,000	50,000	50,000
Office Equipments	-	38,000	10,000	10,000	10,000	10,000
Furniture & Fixtures	-	75,000	5,000	5,000	5,000	5,000
<b>Total</b>	<b>49,000,000</b>	<b>263,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>

### 14.5 Financing Plan

- The capital costs worth USD49million will be financed by shareholders funds of USD5million, and external financing of USD44million. The current and projected debt equity ratio (initial 5 years) given below:

**Projected Debt Equity**  
(for 5 years)

Fixed Assets	Projected					
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Share Capital	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Reserve & Surplus	(715,950)	13,581,932	30,678,474	50,796,188	74,017,184	100,643,400
<b>Total Equity Contribution</b>	<b>5,284,050</b>	<b>19,581,932</b>	<b>36,678,474</b>	<b>56,796,188</b>	<b>80,017,184</b>	<b>106,643,400</b>
Long Term Loan	47,206,087	40,855,326	34,364,565	27,733,804	20,963,043	13,952,283
<b>Total</b>	<b>47,206,087</b>	<b>40,855,326</b>	<b>34,364,565</b>	<b>27,733,804</b>	<b>20,963,043</b>	<b>13,952,283</b>
<b>Debt Equity Ratio</b>	<b>8.9:1</b>	<b>2.1:1</b>	<b>0.9:1</b>	<b>0.5:1</b>	<b>0.3:1</b>	<b>0.1:1</b>

### 14.5 Operating Assumptions

#### 14.6.1 Production Assumptions

- The project production assumptions are detailed in the financial projections.
- The plant is projected production of pipes in Year 1to year 10 are as under.

Normal Production Capacity & Utilization  
(for 5 years)

Fixed Assets		Projected									
Normal Production Capacity		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Steel Pipe (Spiral)	In Meter	400,464	400,464	400,464	400,464	400,464	400,464	400,464	400,464	400,464	400,464
Copper Rod	In Tons	88,992	88,992	88,992	88,992	88,992	88,992	88,992	88,992	88,992	88,992
Aluminum Rod	In Tons	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832
Aluminum Cable	In KM	165,006	165,006	165,006	165,006	165,006	165,006	165,006	165,006	165,006	165,006
Copper Cable	In KM	804,636	804,636	804,636	804,636	804,636	804,636	804,636	804,636	804,636	804,636
Enameled Wire (tons)	In Tons	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225
Gas Cylinder	In Nos	1,305,216	1,305,216	1,305,216	1,305,216	1,305,216	1,305,216	1,305,216	1,305,216	1,305,216	1,305,216
Water Heater	In Nos	845,424	845,424	845,424	845,424	845,424	845,424	845,424	845,424	845,424	845,424
<b>Capacity Utilization</b>											
Steel Pipes		20%	22%	24%	26%	29%	32%	35%	39%	43%	47%
Rod Production		10%	11%	12%	13%	14%	15%	17%	19%	21%	23%
Product Line (Copper/Aluminum Cable)		15%	17%	19%	21%	23%	25%	28%	31%	34%	37%
Gas Cylinder		15%	17%	19%	21%	23%	25%	28%	31%	34%	37%
Water Heater		15%	17%	19%	21%	23%	25%	28%	31%	34%	37%
<b>Actual Production</b>											
Steel Pipe (Spiral)	In Meter	80,093	88,102	96,111	104,121	116,135	128,148	140,162	156,181	172,200	188,218
Copper Rod	In Tons	8,899	9,789	10,679	11,569	12,459	13,349	15,129	16,908	18,688	20,468
Aluminum Rod	In Tons	1,483	1,632	1,780	1,928	2,076	2,225	2,521	2,818	3,115	3,411
Aluminum Cable	In KM	24,751	28,051	31,351	34,651	37,951	41,252	46,202	51,152	56,102	61,052
Copper Cable	In KM	120,695	136,788	152,881	168,974	185,066	201,159	225,298	249,437	273,576	297,715
Enameled Wire (tons)	In Tons	334	378	423	467	512	556	623	690	756	823
Gas Cylinder	In Nos	195,782	221,887	247,991	274,095	300,200	326,304	365,460	404,617	443,773	482,930
Water Heater	In Nos	126,814	143,722	160,631	177,539	194,448	211,356	236,719	262,081	287,444	312,807

#### 14.6.2 Revenues Assumptions

- The project revenues assumptions are presented in projected Financial Assumptions.

#### 14.6.3 Working Capital Requirements

- The project working capital requirements are presented in **Working - 3**.

#### 14.6.4 Loan Repayment Schedule

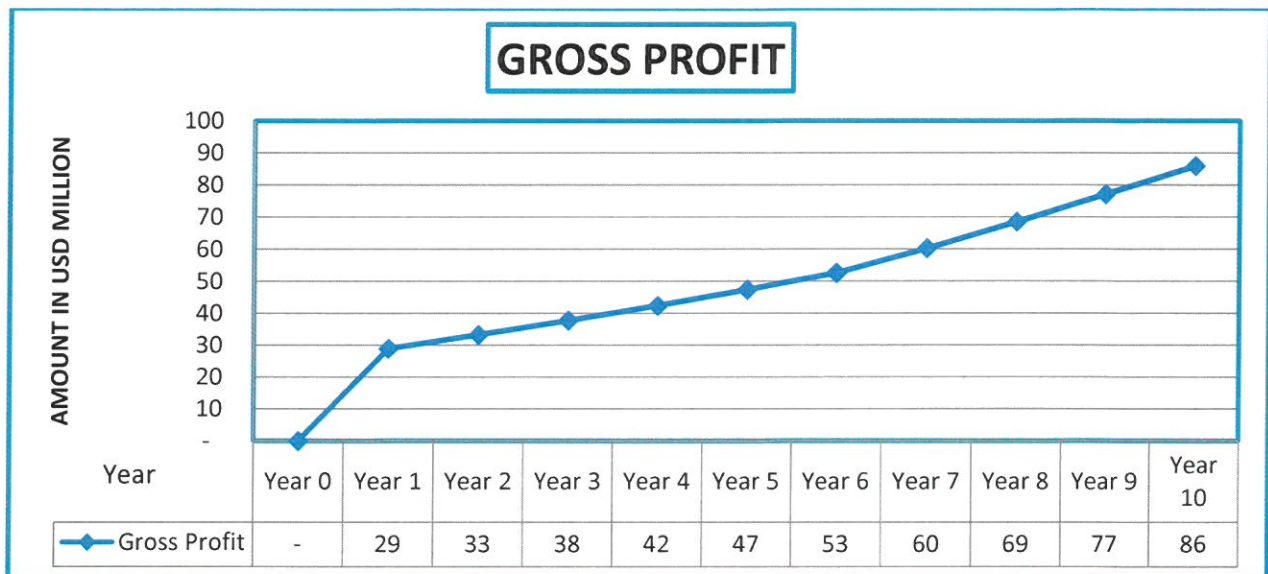
- The long-term loans repayment schedules are presented in Financial Projection **BS Sch 3 & 4**.
- It is assumed that the project will be financed by long-term loans facilities which will finance capital costs and short-term loans facilities for the working capital facilities.
- The loans will be disbursed in the period summarized on the attached. Proposed repayment is 1+10 years for ECA funding and 1+5 years for local funding.

### 14.6.5 Financial Results

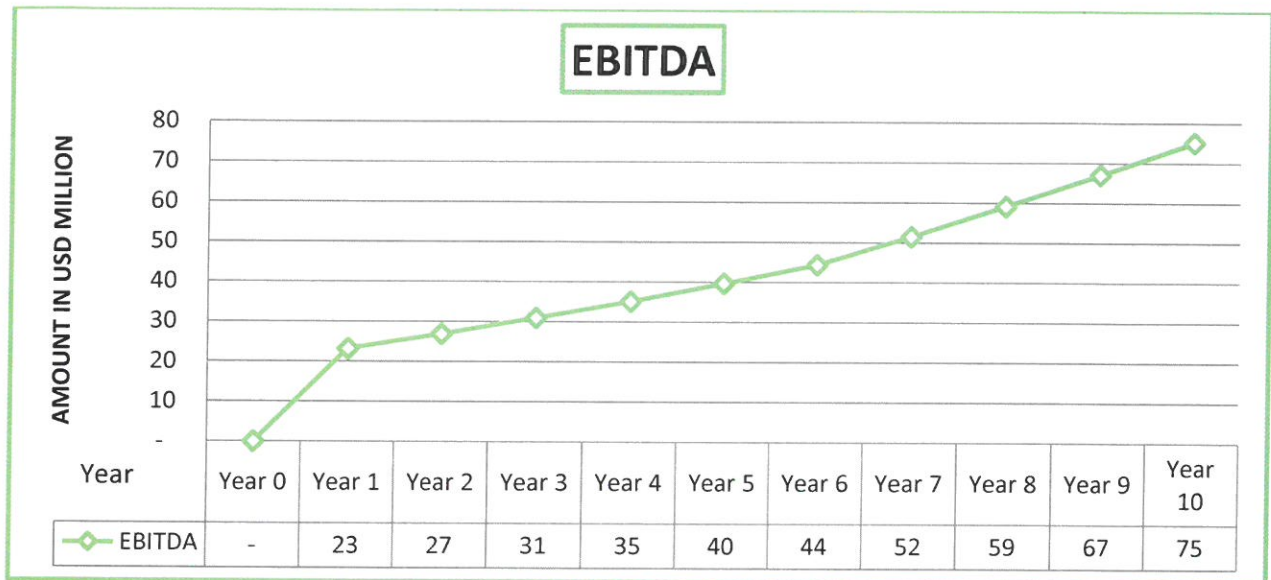
- The financial results are presented in the Profit and Loss Statements and Balance Sheets and Cash-flow Statements, Ratio Analysis, Projected IRR, Projected Payback Period (in Financial Projection Annex- 1 to 6).

#### (i) Projected Profitability

- Profitability of the project has been carried out and presented in Annex 1.
- The analysis of the profitability of the overall project indicates that the project is a profitable undertaking with long-term returns to the investors.
- The net margins are projected to average between 11% in year 1 to 14% in year 10.
- The summary of the projected Profit and Loss Statements Gross Profit is presented below in Million USD.



- The summary of the projected Profit and Loss Statements EBITDA is presented below in Mullion USD.



**(ii) Projected Balance Sheet**

- The projected balance sheet is presented in **Annex 2**.
- The projected balance sheet shows that the net physical assets are decreasing overtime due to depreciation.
- The total net assets increase overtime due to increased net current assets over time.
- The project is projected to have positive net current assets throughout the project life-time.

**(iii) Projected cash flow Statement**

- The projected sources and applications of funds and revenues are summarized in the attached **Annex 3**.
- The sources of finance to the project include shareholders' equity, the company sales revenues and long-term loan finances.
- Funds applications include loan refinancing, working capital expenses, and project operating expenses, finance costs, loan repayment and corporate tax.
- The projected cash flow statements indicate that the company will have positive cash balances throughout the project life-time.

**(iv) Viability Assessment**

- On the basis of the assumptions made on the revenues generation, capital expenditure requirements, and cash flows projections, the project is both financially feasible and economically viable.
- Three measures have been used to evaluate viability of the proposed pipe production project. Internal Rate of Return (IRR) and the Payback Period (PP).

**IRR and PP**

- Internal Rate of Return (IRR) is that rate which equates the present value of the cash outflows and inflows refer **Annex - 5**. It is the rate of return on invested capital that the project is returning to the shareholders. A project is considered to be viable if the IRR is greater than the cost of capital – the discounted rate used. The higher the IRR the more viable is the project. The cost of capital for this project is assumed to be 6%, the rate of interest chargeable by the external source of funds.
- Payback Period (PP) is defined as the time required for the investment project to generate cash flows that would be enough to payback the initial capital investment refer **Annex - 6**. The shorter the payback period, the more profitable is the project. The PP, also, has to be shorter than the project’s financial projections period.
- The project IRR, and PP are as shown in **Annex 5&6**.
- The key indicators are as follows:
  - Assumed Cost of funds .....6%
  - IRR .....43%
  - Payback Period .....3.01-years
- The IRR of 43% is greater than the assumed cost of fund (the current average cost of funds charged by financial institutions), and
- The NPV is positive, suggesting a viable business venture.
- The Payback Period is 3.01years period which is within the financial projections period of 10-years, and thus it is a viable proposition.

**(v) Projected Financial Ratios**

- Financial ratios are performance indicators which provide additional information from the financial statements.

- The ratios include liquidity ratios, profitability ratios, activity ratios, leverage ratios, and serviceability ratios.
- The ratios analysis demonstrate that the project is financially viable undertaking.
- The financial ratios are as presented in **Annex 4** given below.

Projected Ratio Analysis

NO.	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Average
1	Return on Capital Employed	39%	42%	47%	53%	59%	64%	72%	80%	87%	94%	64%
2	EBITDA Margin	17%	18%	18%	19%	19%	19%	19%	20%	20%	20%	19%
3	Asset Turnover	2.59	2.98	3.40	3.84	4.33	4.85	5.65	6.51	7.42	8.39	5.00
4	Return on Fixed Assets	45%	53%	62%	71%	82%	93%	110%	128%	147%	167%	96%
5	Debt Equity Ratio	2.09	0.94	0.49	0.26	0.13	0.07	0.03	0.00	0.00	0.00	0.40
6	Interest Coverage Ratio	12.26	16.34	22.21	30.99	46.09	70.08	104.23	166.76	267.98	300.27	103.72
7	DSCR	2.82	3.31	3.86	4.45	5.04	8.40	10.01	11.82	267.98	300.27	61.79
8	Current Ratio	1.30	1.70	2.09	2.48	2.86	3.31	3.64	3.99	4.41	4.82	3.06

- **Return On Capital Employed:**

Return of capital employed is in the range of 39% in year 1 year which grown to 94% by year 10 with an average 64 % in ten years, it shows the project capacity to pay back the investment with decent return.

- **EBITDA Revenue**

EBIDITA margin in improving consecutively, from nearly 17% (USD23 Million) in year 1to nearly 20%(USD75 million) by year 10with an average of around 19% in ten years. Return on capital employed with EBITDA Revenue ratio considering the type of business it is evident that business has capacity to give decent return on capital employed.

- **Assets Turnover**

Assets turnover ratio is 2.59 times in year1, which grows to 8.39 times by year10 an average of 5times in 10 years.

- **Return on Fixed Assets**

Return on Fixed Assets is 45% in year 1 which grows to 167% by year 10 and an average 96% in 10 years. This is due to the fact that substantial part (i.e. due to repayment of Term Loans gradually).

- **Debt Equity Ratio**  
Debt Equity Ratio is 2.09 in year 1 which goes down to 0 by year 9 due to full repayment of Term Loans with an average of 0.40 in ten years, it shows commitment and confidence of promoter in the project.
- **Interest Coverage Ratio**  
EBITDA is covering 12.26 times of interest in year 1, which grows to 300.27 times by year 10 having an average of 103.72 times in ten years. This demonstrates the project's worthiness of interest service and payment of principle amount.
- **Debt Service Coverage Ratio**  
EBITDA is covering 2.82 times of interest in year 1, which grows to 300.7 times by year 10 having an average of 61.79 times in ten years. Therefore, it shows project worthiness of interest service and loan repayment successfully.
- **Current Coverage Ratio**  
Current Ratio is 1.30 in year 1, which grows to 4.82 by year 10 with an average of nearly 3.06 in ten years, It shows that with help of working capital limits project will never have liquidity problem to fulfil its commitments on time.

**(vi) Other Economic Benefits**

- Tax Income – the project will pay income taxes, property taxes, corporate taxes and other taxes to the government.
- Dividends – the shareholders will receive dividends from the project.
- Job Creation – the project will create around 500 direct jobs and over 2,000 indirect employments, mostly in the trading and transport sectors.
- Saving of foreign currency- the project will produce pipe which will save the nation from imports.
- Industrial development - The project will add to the stock of industries to the economy. Tanzania is in a great need for industrial development, an important factor for the country's economic growth and development.

**(vii) General Comments**

The project financial and economic analysis suggests that the project is financially viable and economically feasible. The project will be in a position to meet its financial obligations from internally generated incomes. The project will be able to pay-back to the lenders and investors from incomes generated from sale of its finished products.

## FINANCIAL REQUIREMENTS

### 15.1 Proposed Financing Structure

SUN LIGHT is seeking for finance amounting to USD44million to finance capital investment for the plant.

### 15.2 Sources and Uses of Funds

- The project will source financing from external lenders to the tune of USD44 million with shareholders' equity of USD5 million.

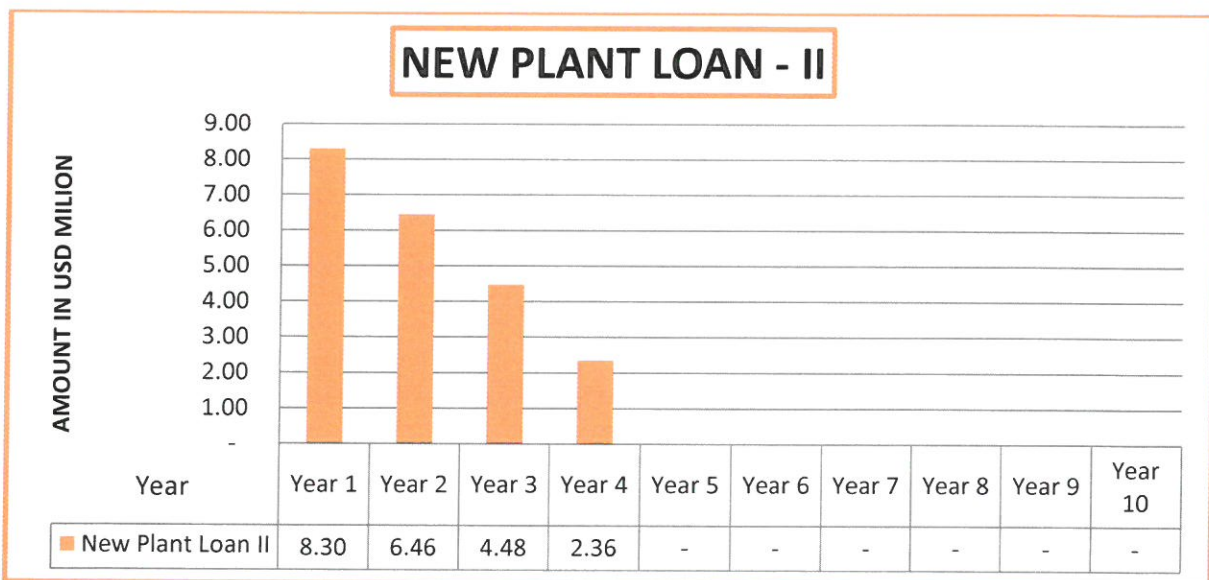
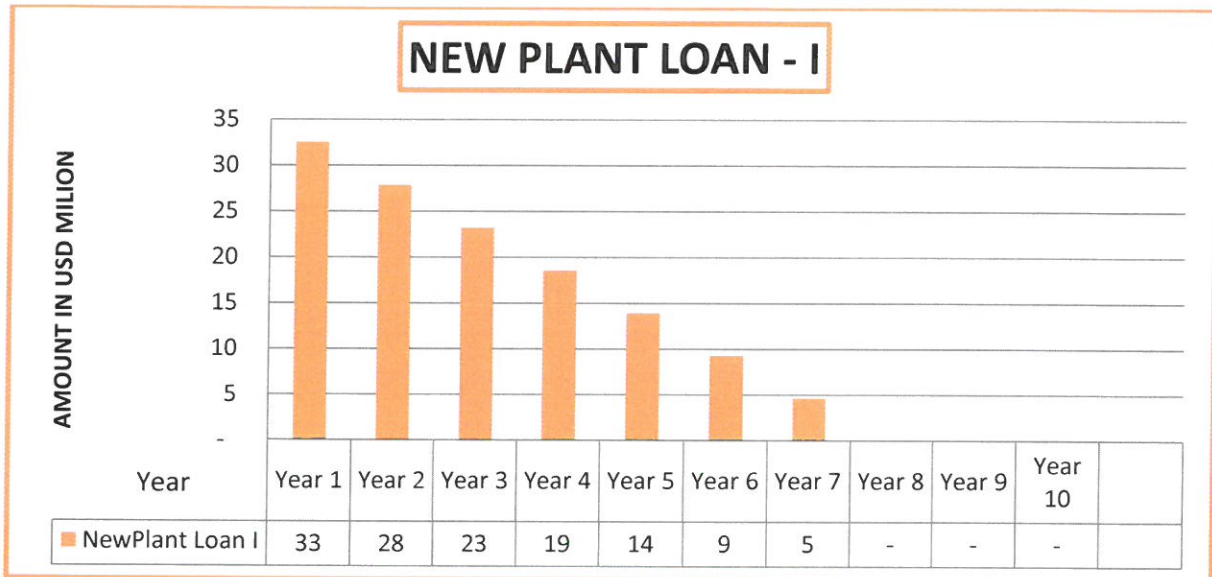
### 15.3 Proposed Terms and Conditions of the Medium-Term Loan

- The Long-Term Loans facilities are as indicated in the Project Repayment Schedules in BS Sch 3 & 4.
- The following are the proposed Terms and Conditions for the long-term loans are as follows:

Loan currency	US Dollar (USD)
<b>Loan – I</b>	
Loan Amount- Plant	USD33,000,000
Type of facility	LongTerm Loan
Mode of disbursement	Direct disbursement to the suppliers/contractors
Loan tenure	11-years (Including Grace Period)
Grace Period	1-year
Interest rate	Fixed rate of 3% p.a.
<b>Loan – II</b>	
Loan Amount- Steel Pipe Plant	USD10,000,000
Type of facility	LongTerm Loan
Mode of disbursement	USD6 Million payment to the supplier of plant and remaining USD4 Million Direct disbursement to the local contractors/suppliers.
Loan tenure	6-years (Including Grace Period)
Grace Period	1-year
Interest rate	LC/SBLC fixed rate of 1% and Loan disbursed at Fixed rate of 6% p.a.

- The Projected long-term loans outstanding (amount in USD Million) at end of each financial year is as below:

### New Plant Loan



### 15.4 Security of the loan

Pari passu legal mortgage and debenture over all assets of the company and personal guarantees of the Shareholders.

## CONCLUSION AND RECOMMENDATION

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Tanzania is well situated for the production of pipes in East Africa. SUN LIGHT already has the state of art production equipment and infrastructure, the largest installed capacity and the only GRP manufacturer in East Africa. High growth potential exists in the industry.

Tanzania's economy is expected to grow at an estimated 7.0 % over the next five years, supported by the manufacturing, mining and tourism sectors. The improving performance of the economy has fueled strong growth in demand for water and the prospects remain favorable, given the linear relationship between socio economic growth and demand and consumption of water.

Tanzania's efforts to develop the mortgage industry will likely result to increased housing construction. The expanding middle-class will have disposable income and improved access to credit to purchase property. Improvement in energy supply, introduction of new energy sources and stabilization of energy prices is a special opportunity for water resources, utilities, supply and services.

## Teaser of the Project

### 1. Introduction

Sunlight Steel Company Limited is a newly established company which is part of a bigger corporate group (Super Group). The group has diversified profile and main companies are like. Super Star Forwarders Limited, Superdoll Trailer Manufacturing Company Limited, Kagera Sugar Limited, Mtibwa Sugar Limited, General Motors Investment Limited and Pipe Industries Limited to name a few.

The Group is established in Tanzania since more than 30 years in Tanzania and over the years it has gained market reputation and now it is one of the most respected group in the country.

### 2. Proposed Project

Spiral Steel Pipe Production, Copper Rod Production, Aluminium Rod Production, Aluminium & Copper Cable Production, Gas Cylinder and Water Heater Production Lines. The company is intending to start its operation by taking developed plot of a sister concern Pipe Industries on long term lease of 25 years at its manufacturing plant at Dar es Salaam.

Sunlight Steel Company Limited will provide direct employment to over 500 people.

The project investment will cover:

- **Total Project cost is EURO 62.38 million:** (financed as under):
- **ECA Funding of EURO 52 million:** (which is 85% it will be finance under ECA Funding from Europe)
- **LC/SBLC is needed for EURO 10 Million,** from local bank in Tanzania at the following terms:

LC will be issued for guarantying the start of production and advance payment which bank will pay to plant supplier after 2 years, and which will be repaid back to the bank in next 5 years.

### **3. Project Rationale**

The project aims to support the government's strategy for increased support to the social services sector as well as manufacturing industries in the economy. The project will increase the country's Manufacturing Value Addition (MVA) and increase the contribution of exports to the economy.

The domestic market is growing as the population growth steadily increases, currently around 3% annually, with corresponding annual economic growth of around 6% to 7%. The increase in disposable income in the population is also leading to increasing the consumption.

Through investment in technology, the project will further reduce dependency on imports for the water, electricity and infrastructure sector.

### **4. Profitability and Economic Viability**

The analysis of the profitability of the overall project indicates that the project is a profitable undertaking with long-term returns to the investors. The overall gross margins are, conservatively, projected to average 37% to 40% and the net margins are projected to be average of above 20%.

The Payback Period is projected to be 7.5 years and has a positive Net Present Value (NPV) and Internal Rate of Return (IRR) greater than the cost of funds. The company is assumed to plough back all the profits from operation, hence no dividends distribution during the loan tenure.

## **5. Proposed Loans**

Sun Energy is seeking a LC/SBLC facility for EURO 8 Million project for initial two years. We propose LC/SBLC should attract annual interest rate of 1%, and fund based at loan which should attract annual interest rate of 6%payable within 5-years.

## **6. Security for LC/SBLC**

We will offer a property of General Motors Investment located at main Nyerere Road market value over T Shs 26 Billionas security to secure the facility together with director's personal guarantee.

Particulars	Best case	Worst Case	Average
Return on Capital Employed	94%	39%	64%
EBITDA Margin	20%	17%	19%
Asset Turnover	8.39	2.59	5.00
Return on Fixed Assets	166.9%	45.0%	95.7%
Debt Equity Ratio	-	2.09	0.40
Interest Coverage Ratio	300	12	104
DSCR	300.27	2.82	61.79
Current Ratio	4.82	1.30	3.06
IRR			43%
Pay Back Period in years @6% (in USD)			<b>3.01</b>

# Sun Light Steel Industries Company Limited

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Sun Light Steel Industries Company Limited

Assume - 1

Assumptions

Sr. No.	Particulars	Unit	Amount in USD																	
			Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10							
<b>1</b>	<b>PRODUCTION DATA</b>																			
1.1	Working Days	Days	0	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365
	Calendar Days	Days	0	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18
	Down Time	Days	0	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
	Scheduled Maintenance	Days	0	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26
	Holidays/off	(Alternate Sunday)	0	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56
	Total Nonworking Days	Days	0	309	309	309	309	309	309	309	309	309	309	309	309	309	309	309	309	309
	Operating Days	Days	0	309	309	309	309	309	309	309	309	309	309	309	309	309	309	309	309	309
1.2	Working Hours																			
	Shifts	Nos	0	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
	No of effective hours in each shifts	Hours	0	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
	No of hours worked per day	Hours	0	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24
	Annual worked hours	Hours	-	7,416	7,416	7,416	7,416	7,416	7,416	7,416	7,416	7,416	7,416	7,416	7,416	7,416	7,416	7,416	7,416	7,416
1.3	Products Capacity																			
1.3.1	Steel Pipes	No. of Lines																		
	Product Line	No. of Lines																		
	DM - Over 300 MM to 3000MM (SPIRAL)	1	-	400,464	400,464	400,464	400,464	400,464	400,464	400,464	400,464	400,464	400,464	400,464	400,464	400,464	400,464	400,464	400,464	400,464
1.3.2	Copper Rod	No. of Lines																		
	Product Line	1	-	88,992	88,992	88,992	88,992	88,992	88,992	88,992	88,992	88,992	88,992	88,992	88,992	88,992	88,992	88,992	88,992	88,992
	Production Line	12	-	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832
1.3.3	Aluminium Rod (Inhouse Consumption)	No. of Lines																		
	Product Line	1	-	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832
	Production Line	2	-	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832	14,832
1.3.4	Cable Production	No. of Lines																		
	Product Line (Aluminum Cable)	KM/Hour	-	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000
	DOG 100mm <sup>2</sup>	1	-	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000
	RABBIT 50mm <sup>2</sup>	1	-	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000	29,664,000
	ABC 4C x 25mm <sup>2</sup>	1	-	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000
	ABC 2C x 25mm <sup>2</sup>	1	-	51,912,000	51,912,000	51,912,000	51,912,000	51,912,000	51,912,000	51,912,000	51,912,000	51,912,000	51,912,000	51,912,000	51,912,000	51,912,000	51,912,000	51,912,000	51,912,000	51,912,000
	ABC 4C x 50mm <sup>2</sup>	1	-	22,248,000	22,248,000	22,248,000	22,248,000	22,248,000	22,248,000	22,248,000	22,248,000	22,248,000	22,248,000	22,248,000	22,248,000	22,248,000	22,248,000	22,248,000	22,248,000	22,248,000
	ABC 4C x 95mm <sup>2</sup>	1	-	5,562,000	5,562,000	5,562,000	5,562,000	5,562,000	5,562,000	5,562,000	5,562,000	5,562,000	5,562,000	5,562,000	5,562,000	5,562,000	5,562,000	5,562,000	5,562,000	5,562,000
1.3.5	Cable Production	No. of Lines																		
	Product Line (Copper Cable)	KM/Hour	-	778,680,000	778,680,000	778,680,000	778,680,000	778,680,000	778,680,000	778,680,000	778,680,000	778,680,000	778,680,000	778,680,000	778,680,000	778,680,000	778,680,000	778,680,000	778,680,000	778,680,000
	Domestic Wire	1	-	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000
	Power Cables	3,500	-	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225
	Enameled Wire (tons)	0.3	-	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225

Sun Light Steel Industries Company Limited

Assume - 1

Assumptions

Sr. No.	Particulars	Unit	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Amount in USD		
1.3.6	Gas Cylinder	No. of Lines	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Gas Cylinder	Pcs/Hour	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	6KG	24	-	355,968	355,968	355,968	355,968	355,968	355,968	355,968	355,968	355,968	355,968	355,968	355,968	355,968
	12KG	20	-	296,640	296,640	296,640	296,640	296,640	296,640	296,640	296,640	296,640	296,640	296,640	296,640	296,640
	15KG	18	-	266,976	266,976	266,976	266,976	266,976	266,976	266,976	266,976	266,976	266,976	266,976	266,976	266,976
	20KG	16	-	118,656	118,656	118,656	118,656	118,656	118,656	118,656	118,656	118,656	118,656	118,656	118,656	118,656
	25KG	14	-	103,824	103,824	103,824	103,824	103,824	103,824	103,824	103,824	103,824	103,824	103,824	103,824	103,824
1.3.7	Water Heater	No. of Lines	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Water Heater	Pcs/Hour	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	5 Ltrs	24	-	177,984	177,984	177,984	177,984	177,984	177,984	177,984	177,984	177,984	177,984	177,984	177,984	
	10Ltrs	20	-	148,320	148,320	148,320	148,320	148,320	148,320	148,320	148,320	148,320	148,320	148,320	148,320	
	15Ltrs	18	-	133,488	133,488	133,488	133,488	133,488	133,488	133,488	133,488	133,488	133,488	133,488	133,488	
1.4	Plant Capacity Utilisation	10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Change in Capacity Utilisation		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Steel Pipes		0%	20%	22%	24%	26%	29%	32%	35%	39%	43%	47%	47%	47%	47%
	Copper Rod		0%	10%	11%	12%	13%	14%	15%	17%	19%	21%	23%	23%	23%	23%
	Product Line (Copper/Aluminum Cable)		0%	15%	17%	19%	21%	23%	25%	28%	31%	34%	37%	37%	37%	37%
	Gas Cylinder		0%	15%	17%	19%	21%	23%	25%	28%	31%	34%	37%	37%	37%	37%
	Water Heater		0%	15%	17%	19%	21%	23%	25%	28%	31%	34%	37%	37%	37%	37%
1.5	Quantities Produced		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Steel Pipes	Mtrs per annum	-	80,093	88,102	96,111	104,121	116,135	128,148	140,162	156,181	172,200	188,218	188,218	188,218	188,218
1.5.1	Production Line	KM/Hour	-	8,899	9,789	10,679	11,569	12,459	13,349	15,129	16,908	18,688	20,468	20,468	20,468	20,468
	DM - Over 300 MM to 3000MM (SPIRAL)		-	4,449,600	5,042,880	5,636,160	6,229,440	6,822,720	7,416,000	8,009,280	8,602,560	9,195,840	9,789,120	10,382,400	10,975,680	11,568,960
1.5.2	Copper Rod		-	4,449,600	5,042,880	5,636,160	6,229,440	6,822,720	7,416,000	8,009,280	8,602,560	9,195,840	9,789,120	10,382,400	10,975,680	11,568,960
	Production Line (Aluminum Cable)		-	3,893,400	4,412,520	4,931,640	5,450,760	5,969,880	6,489,000	7,008,120	7,527,240	8,046,360	8,565,480	9,084,600	9,603,720	10,122,840
	DOG 100mm <sup>2</sup>	4,000	-	7,786,800	8,825,040	9,863,280	10,901,520	11,939,760	12,978,000	14,016,240	15,054,480	16,092,720	17,130,960	18,169,200	19,207,440	20,245,680
	RABBIT 50mm <sup>2</sup>	4,000	-	3,337,200	3,782,160	4,227,120	4,672,080	5,117,040	5,562,000	6,006,960	6,451,920	6,896,880	7,341,840	7,786,800	8,231,760	8,676,720
	ABC 4C x 25mm <sup>2</sup>	3,500	-	834,300	945,540	1,056,780	1,168,020	1,279,260	1,390,500	1,501,740	1,612,980	1,724,220	1,835,460	1,946,700	2,057,940	2,169,180
1.5.3	ABC 2C x 25mm <sup>2</sup>	7,000	-	116,802,000	132,375,600	147,949,200	163,522,800	179,096,400	194,670,000	210,243,600	225,817,200	241,390,800	256,964,400	272,538,000	288,111,600	293,685,200
	ABC 4C x 50mm <sup>2</sup>	3,000	-	3,893,400	4,412,520	4,931,640	5,450,760	5,969,880	6,489,000	7,008,120	7,527,240	8,046,360	8,565,480	9,084,600	9,603,720	10,122,840
	ABC 4C x 95mm <sup>2</sup>	750	-	834,300	945,540	1,056,780	1,168,020	1,279,260	1,390,500	1,501,740	1,612,980	1,724,220	1,835,460	1,946,700	2,057,940	2,169,180
	Product Line (Copper Cable)		-	116,802,000	132,375,600	147,949,200	163,522,800	179,096,400	194,670,000	210,243,600	225,817,200	241,390,800	256,964,400	272,538,000	288,111,600	293,685,200
1.5.4	Domestic Wire	105,000	-	3,893,400	4,412,520	4,931,640	5,450,760	5,969,880	6,489,000	7,008,120	7,527,240	8,046,360	8,565,480	9,084,600	9,603,720	10,122,840
	Power Cables	3,500	-	334	378	423	467	512	556	623	690	756	823	890	957	1,024
	Enameled Wire (tons)	0.3	-	334	378	423	467	512	556	623	690	756	823	890	957	1,024

Sun Light Steel Industries Company Limited

Assume - 1

Assumptions

Sr. No.	Particulars	Unit	Amount in USD										
			Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1.5.5	Gas Cylinder		-	53,395	60,515	67,634	74,753	81,873	88,992	99,671	110,350	121,029	131,708
	Gas Cylinder		-	44,496	50,429	56,362	62,294	68,227	74,160	80,093	86,026	91,958	97,891
	12KG		-	40,046	45,386	50,725	56,065	61,404	66,744	72,083	77,422	82,761	88,100
	15KG		-	17,798	20,172	22,545	24,918	27,291	29,664	32,037	34,410	36,783	39,156
	20KG		-	15,574	17,650	19,727	21,803	23,880	25,956	28,032	30,108	32,184	34,260
	25KG		-	13,349	15,129	16,908	18,688	20,468	22,248	24,027	25,807	27,587	29,367
	35KG		-	11,124	12,607	14,090	15,574	17,057	18,540	20,023	21,506	22,989	24,472
1.5.6	Water Heater		-	26,698	30,257	33,817	37,377	40,936	44,496	48,055	51,615	55,175	58,734
	Water Heater		-	22,248	25,214	28,181	31,147	34,114	37,080	40,046	43,012	45,979	48,945
	5 Ltrs		-	20,023	22,693	25,363	28,032	30,702	33,372	36,042	38,712	41,382	44,052
	10Ltrs		-	17,798	20,172	22,545	24,918	27,291	29,664	32,037	34,410	36,783	39,156
	15Ltrs		-	15,574	17,650	19,727	21,803	23,880	25,956	28,032	30,108	32,184	34,260
	20Ltrs		-	13,349	15,129	16,908	18,688	20,468	22,248	24,027	25,807	27,587	29,367
	25KG		-	11,124	12,607	14,090	15,574	17,057	18,540	20,023	21,506	22,989	24,472
2	Products Sale Prices		-	-	-	-	-	-	-	-	-	-	-
2.1	Change in Price	2%	-	-	-	-	-	-	-	-	-	-	-
	Steel Pipes		-	-	-	-	-	-	-	-	-	-	-
2.2	Product Line		214.04	218.32	222.68	227.14	231.68	236.31	241.04	245.86	250.78	255.79	260.91
	DM - Over 500 MM to 3000MM (SPIRAL)		214.04	218.32	222.68	227.14	231.68	236.31	241.04	245.86	250.78	255.79	260.91
2.3	Copper Rod		7,500	7,630	7,783	7,939	8,097	8,259	8,425	8,593	8,765	8,940	9,119
	Production Line (Aluminum Cable)		7,500	7,630	7,783	7,939	8,097	8,259	8,425	8,593	8,765	8,940	9,119
2.4	Product Line (Copper Cable)		1,05	1,07	1,09	1,11	1,14	1,16	1,18	1,21	1,23	1,25	1,28
	DOG 100mm <sup>2</sup>		1,05	1,07	1,09	1,11	1,14	1,16	1,18	1,21	1,23	1,25	1,28
	RABBIT 50mm <sup>2</sup>		0,52	0,53	0,54	0,55	0,56	0,57	0,59	0,60	0,61	0,62	0,63
	ABC 4C x 25mm <sup>2</sup>		1,17	1,19	1,22	1,24	1,27	1,29	1,32	1,34	1,37	1,40	1,43
	ABC 2C x 25mm <sup>2</sup>		0,70	0,71	0,73	0,74	0,76	0,77	0,79	0,80	0,82	0,84	0,85
	ABC 4C x 50mm <sup>2</sup>		2,59	2,64	2,69	2,75	2,80	2,86	2,92	2,98	3,03	3,10	3,16
2.4	Product Line (Copper Cable)		3,52	3,59	3,66	3,73	3,81	3,88	3,96	4,04	4,12	4,20	4,29
	9500		3,52	3,59	3,66	3,74	3,81	3,89	3,96	4,04	4,12	4,21	4,29
	Domestic Wire		0,07	0,07	0,07	0,07	0,08	0,08	0,08	0,08	0,08	0,08	0,09
Power Cables		2,81	2,87	2,93	2,99	3,05	3,11	3,17	3,23	3,30	3,36	3,43	
Enameled Wire (tons)		8,596	8,768	8,944	9,123	9,305	9,491	9,681	9,875	10,072	10,274	10,479	

Sun Light Steel Industries Company Limited

Assume - 1

Assumptions

Sr. No.	Particulars	Unit	Amount in USD																					
			Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10											
2.5	<b>Gas Cylinder</b>																							
	Gas Cylinder	USD	12.00	12.24	12.48	12.73	12.99	13.25	13.51	13.78	14.06	14.34	14.63	14.91	15.19	15.47	15.75	16.03	16.31	16.59	16.87			
	6KG	USD	16.00	16.32	16.65	16.98	17.32	17.67	18.02	18.38	18.75	19.12	19.50	19.87	20.25	20.63	21.01	21.39	21.77	22.15	22.53	22.91		
	12KG	USD	22.00	22.44	22.89	23.35	23.81	24.29	24.78	25.27	25.78	26.29	26.82	27.35	27.89	28.44	28.99	29.56	30.14	30.73	31.33	31.94	32.56	
	15KG	USD	28.00	28.56	29.13	29.71	30.31	30.91	31.53	32.16	32.81	33.46	34.13	34.82	35.53	36.25	36.99	37.74	38.51	39.30	40.11	40.94	41.79	
	20KG	USD	32.00	32.64	33.29	33.96	34.64	35.33	36.04	36.76	37.49	38.24	39.01	39.80	40.61	41.44	42.29	43.16	44.05	44.95	45.87	46.81	47.77	
	25KG	USD	36.00	36.72	37.45	38.20	38.97	39.75	40.54	41.35	42.18	43.02	43.88	44.76	45.66	46.58	47.52	48.48	49.46	50.46	51.48	52.52	53.58	
2.6	<b>Water Heater</b>																							
	Water Heater	USD	15.00	15.30	15.61	15.92	16.24	16.56	16.89	17.23	17.57	17.93	18.28	18.64	19.01	19.39	19.77	20.16	20.56	20.97	21.39	21.82	22.26	
	5 Ltrs	USD	20.00	20.40	20.81	21.22	21.65	22.08	22.52	22.97	23.43	23.90	24.38	24.87	25.37	25.88	26.40	26.93	27.47	28.02	28.58	29.15	29.73	30.32
	10Ltrs	USD	25.00	25.50	26.01	26.53	27.06	27.60	28.15	28.72	29.29	29.88	30.47	31.08	31.70	32.34	33.00	33.67	34.36	35.06	35.78	36.52	37.28	38.06
	15Ltrs	USD	30.00	30.60	31.21	31.84	32.47	33.12	33.78	34.46	35.15	35.85	36.57	37.30	38.05	38.82	39.61	40.41	41.23	42.07	42.93	43.81	44.71	45.63
	20Ltrs	USD	35.00	35.70	36.41	37.14	37.89	38.64	39.42	40.20	41.01	41.83	42.66	43.51	44.38	45.27	46.18	47.11	48.06	49.03	49.99	50.98	51.99	53.02
	25KG	USD	40.00	40.80	41.62	42.45	43.30	44.16	45.05	45.95	46.87	47.80	48.76	49.74	50.74	51.76	52.79	53.84	54.91	56.00	57.10	58.22	59.36	
3	<b>Sales Revenue</b>																							
	Steel Pipes	USD	-	17,485,523	19,618,757	21,830,326	24,122,510	27,443,994	30,888,688	34,460,193	39,166,471	44,047,215	49,107,523	54,350,000	59,772,000	65,374,000	71,154,000	77,112,000	83,250,000	89,568,000	96,066,000	102,744,000	109,592,000	
	Product Line	USD	-	17,485,523	19,618,757	21,830,326	24,122,510	27,443,994	30,888,688	34,460,193	39,166,471	44,047,215	49,107,523	54,350,000	59,772,000	65,374,000	71,154,000	77,112,000	83,250,000	89,568,000	96,066,000	102,744,000	109,592,000	
	DM - Over 300 MM to 3000MM (SPIRAL)	USD	-	56,592,866	63,112,591	69,870,468	76,873,415	84,128,532	91,643,104	106,222,518	121,348,451	137,036,932	153,304,414	170,152,000	187,579,000	205,576,000	224,152,000	243,307,000	263,041,000	283,354,000	304,246,000	325,716,000	347,764,000	
	<b>Total Sales Steel Pipes</b>	USD	-	56,592,866	63,112,591	69,870,468	76,873,415	84,128,532	91,643,104	106,222,518	121,348,451	137,036,932	153,304,414	170,152,000	187,579,000	205,576,000	224,152,000	243,307,000	263,041,000	283,354,000	304,246,000	325,716,000	347,764,000	
	<b>Copper Rod</b>																							
	Total Sales Copper Rod	USD	-	4,765,522	5,508,943	6,280,195	7,080,094	7,909,476	8,769,202	10,017,936	11,313,112	12,656,088	14,048,257	15,488,000	16,972,000	18,500,000	20,072,000	21,688,000	23,348,000	25,052,000	26,800,000	28,592,000	30,428,000	
	<b>Product Line (Aluminum Cable)</b>																							
	DOG 100mm <sup>2</sup>	USD	-	2,360,068	2,728,238	3,110,192	3,506,332	3,917,074	4,342,843	4,961,263	5,602,684	6,267,777	6,957,232	7,680,000	8,436,000	9,224,000	10,044,000	10,896,000	11,779,000	12,692,000	13,636,000	14,610,000	15,614,000	
	RABBIT 50mm <sup>2</sup>	USD	-	4,646,384	5,371,219	6,123,190	6,903,091	7,711,739	8,549,971	9,767,487	11,030,284	12,339,685	13,697,051	15,103,000	16,557,000	18,058,000	19,606,000	21,201,000	22,843,000	24,534,000	26,274,000	28,062,000	29,898,000	
	ABC 4C x 25mm <sup>2</sup>	USD	-	5,559,775	6,427,100	7,326,894	8,260,109	9,227,722	10,230,735	11,687,592	13,198,630	14,765,436	16,389,634	18,070,000	19,806,000	21,588,000	23,416,000	25,289,000	27,207,000	29,170,000	31,178,000	33,231,000	35,330,000	
	ABC 2C x 25mm <sup>2</sup>	USD	-	8,816,215	10,191,544	11,618,361	13,098,173	14,632,530	16,223,023	18,533,181	20,929,257	23,413,762	25,989,276	28,650,000	31,396,000	34,227,000	37,143,000	40,145,000	43,234,000	46,408,000	49,668,000	53,014,000	56,446,000	
	ABC 4C x 95mm <sup>2</sup>	USD	-	2,994,210	3,461,307	3,945,890	4,448,471	4,969,578	5,509,750	6,294,338	7,108,106	7,951,907	8,826,617	9,738,000	10,685,000	11,667,000	12,684,000	13,736,000	14,822,000	15,943,000	17,098,000	18,288,000	19,512,000	
	<b>Total Sales Aluminum Cable</b>	USD	-	29,142,173	33,688,352	38,404,721	43,296,270	48,368,119	53,625,523	61,261,798	69,182,073	77,394,655	85,908,067	94,720,000	103,832,000	113,244,000	122,956,000	132,968,000	143,280,000	153,892,000	164,804,000	176,016,000	187,538,000	
	<b>Product Line (Copper Cable)</b>																							
	Domestic Wire	USD	-	8,339,663	9,640,650	10,990,341	12,390,164	13,841,583	15,346,103	17,531,388	19,797,946	22,148,153	24,584,450	27,105,000	29,710,000	32,400,000	35,174,000	38,032,000	40,974,000	44,000,000	47,110,000	50,304,000	53,582,000	
	Power Cables	USD	-	11,178,384	12,922,212	14,731,322	16,607,627	18,553,092	20,569,732	23,498,862	26,536,929	29,687,119	32,952,702	36,353,000	39,883,000	43,543,000	47,333,000	51,253,000	55,303,000	59,483,000	63,793,000	68,233,000	72,803,000	
	Enameled Wire (tons)	USD	-	2,926,197	3,382,684	3,856,260	4,347,426	4,856,696	5,384,597	6,151,364	6,946,648	7,771,282	8,626,123	9,510,000	10,423,000	11,366,000	12,338,000	13,339,000	14,369,000	15,428,000	16,516,000	17,633,000	18,779,000	
	<b>Total Sales Copper Cable</b>	USD	-	22,444,244	25,945,546	29,577,923	33,345,216	37,251,370	41,300,432	47,181,614	53,281,522	59,606,555	66,163,276	72,958,000	79,983,000	87,247,000	94,750,000	102,493,000	110,476,000	118,700,000	127,174,000	135,897,000	144,870,000	

Sun Light Steel Industries Company Limited

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Assumptions

Sr. No.	Particulars	Unit	Amount in USD																		
			Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10								
4	Gas Cylinder																				
	Gas Cylinder	USD	-	653,557	755,512	861,284	970,984	1,084,728	1,202,633	1,373,888	1,551,512	1,735,692	1,926,618								
	6KG	USD	-	726,175	839,458	956,982	1,078,871	1,205,253	1,336,259	1,526,543	1,723,903	1,928,547	2,140,687								
	12KG	USD	-	898,641	1,038,829	1,184,265	1,335,103	1,491,501	1,653,621	1,889,096	2,133,330	2,386,577	2,649,100								
	15KG	USD	-	508,322	587,621	669,887	755,210	843,677	935,381	1,068,580	1,206,732	1,349,983	1,498,481								
	20KG	USD	-	508,322	587,621	669,887	755,210	843,677	935,381	1,068,580	1,206,732	1,349,983	1,498,481								
	25KG	USD	-	490,168	566,634	645,963	728,238	813,546	901,975	1,030,416	1,163,634	1,301,769	1,444,964								
	35KG	USD	-	453,859	524,661	598,114	674,295	753,283	835,162	954,089	1,077,439	1,205,342	1,337,929								
	50KG	USD	-	4,239,045	4,900,336	5,586,383	6,297,912	7,035,667	7,800,414	8,911,192	10,063,282	11,257,891	12,496,259								
	<b>Total</b>				<b>4,239,045</b>	<b>4,900,336</b>	<b>5,586,383</b>	<b>6,297,912</b>	<b>7,035,667</b>	<b>7,800,414</b>	<b>8,911,192</b>	<b>10,063,282</b>	<b>11,257,891</b>	<b>12,496,259</b>							
	5	Water Heater																			
		Water Heater	USD	-	408,473	472,195	538,302	606,865	677,955	751,646	858,680	969,695	1,084,808	1,204,136							
		5 Ltrs	USD	-	453,859	524,661	598,114	674,295	753,283	835,162	954,089	1,077,439	1,205,342	1,337,929							
10Ltrs		USD	-	510,592	590,244	672,878	758,581	847,444	939,557	1,073,350	1,212,119	1,356,009	1,505,170								
15Lts		USD	-	544,631	629,593	717,737	809,154	903,940	1,002,194	1,144,907	1,292,927	1,446,410	1,605,510								
20Lts		USD	-	555,978	642,710	732,689	826,011	922,772	1,023,074	1,168,759	1,319,863	1,476,544	1,638,963								
25KG		USD	-	544,631	629,593	717,737	809,154	903,940	1,002,194	1,144,907	1,292,927	1,446,410	1,605,510								
35KG		USD	-	510,592	590,244	672,878	758,581	847,444	939,557	1,073,350	1,212,119	1,356,009	1,505,170								
50KG		USD	-	3,528,755	4,079,241	4,650,335	5,242,641	5,856,779	6,493,385	7,418,043	8,377,090	9,371,532	10,402,400								
<b>Total</b>					<b>3,528,755</b>	<b>4,079,241</b>	<b>4,650,335</b>	<b>5,242,641</b>	<b>5,856,779</b>	<b>6,493,385</b>	<b>7,418,043</b>	<b>8,377,090</b>	<b>9,371,532</b>	<b>10,402,400</b>							
5.1		Sales Revenues																			
		Sales Steel Pipes	USD	-	17,485,523	19,618,757	21,830,326	24,122,510	27,443,994	30,888,688	34,460,193	39,166,471	44,047,215	49,107,523							
		Copper Rod	USD	-	56,592,866	63,112,591	69,870,468	76,873,415	84,128,532	91,643,104	106,222,518	121,348,451	137,036,932	153,304,414							
	Sales Aluminum Cable	USD	-	29,142,173	33,688,352	38,404,721	43,296,270	48,368,119	53,625,523	61,261,798	69,182,073	77,394,655	85,908,067								
	Sales Copper Cable	USD	-	22,444,244	25,945,546	29,577,923	33,345,216	37,251,370	41,300,432	47,181,614	53,281,522	59,606,555	66,163,276								
	Sales Gas Cylinder	USD	-	4,239,045	4,900,336	5,586,383	6,297,912	7,035,667	7,800,414	8,911,192	10,063,282	11,257,891	12,496,259								
	Sales Water Heater	USD	-	3,528,755	4,079,241	4,650,335	5,242,641	5,856,779	6,493,385	7,418,043	8,377,090	9,371,532	10,402,400								
	<b>Total Sales Revenue</b>	USD	<b>0</b>	<b>133,432,607</b>	<b>151,344,823</b>	<b>169,920,156</b>	<b>189,177,964</b>	<b>210,084,460</b>	<b>231,751,546</b>	<b>265,455,357</b>	<b>301,418,889</b>	<b>338,714,780</b>	<b>377,381,939</b>								
	Product Cost																				
	Production Cost % to Sales																				
	Steel Pipes	% of Sales	66%	66%	66%	66%	66%	66%	66%	66%	66%	66%	66%	66%							
	Copper Rod	% of Sales	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%							
	Aluminum Cable	% of Sales	63%	63%	63%	63%	63%	63%	63%	63%	63%	63%	63%	63%							
Copper Cable	% of Sales	63%	63%	63%	63%	63%	63%	63%	63%	63%	63%	63%	63%								
Gas Cylinder	% of Sales	64%	64%	64%	64%	64%	64%	64%	64%	64%	64%	64%	64%								
Water Heater	% of Sales	64%	64%	64%	64%	64%	64%	64%	64%	64%	64%	64%	64%								

Sun Light Steel Industries Company Limited

Assume - 1

Assumptions

Sr. No.	Particulars	Unit	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Amount in USD			
													Year 10	Year 11		
5.2	<b>Production Cost</b>															
	Steel Pipes	USD	-	11,540,445	12,948,379	14,408,015	15,920,856	18,113,036	20,386,534	22,743,727	25,849,871	29,071,162	32,410,965	36,000,000	39,800,000	
	Copper Rod	USD	-	50,367,651	56,170,206	62,184,717	68,417,339	74,874,393	81,562,362	88,494,041	95,677,819	103,118,716	110,924,863	119,094,499	127,627,700	
	Aluminum Cable	USD	-	18,359,569	21,223,662	24,194,975	27,276,650	30,471,915	33,784,080	37,219,272	40,777,619	44,463,250	48,284,071	52,244,082	56,347,193	
	Copper Cable	USD	-	14,139,874	16,345,694	18,634,091	21,007,486	23,468,363	26,019,272	28,764,117	31,692,914	34,804,661	38,100,358	41,588,005	45,366,602	
	Gas Cylinder	USD	-	2,712,989	3,136,215	3,575,285	4,030,664	4,502,827	4,992,265	5,503,163	6,036,501	6,594,289	7,177,527	7,786,325	8,421,603	
	Water Heater	USD	-	2,258,403	2,610,714	2,976,214	3,355,290	3,748,338	4,155,766	4,579,047	5,014,991	5,472,020	5,951,653	6,454,400	6,980,887	
	<b>Total Cost of Production</b>			<b>99,378,931</b>	<b>112,434,871</b>	<b>125,973,297</b>	<b>140,008,286</b>	<b>155,178,873</b>	<b>170,900,279</b>	<b>196,051,828</b>	<b>222,803,895</b>	<b>250,547,624</b>	<b>279,311,981</b>	<b>308,644,000</b>	<b>338,577,000</b>	
	5.3	<b>Production Cost (Itemized)</b>														
		<b>Steel Pipes</b>	% of Sales	-	1,638,743	1,838,670	2,045,938	2,260,762	2,572,051	2,894,888	3,229,609	3,670,682	4,128,105	4,602,357	5,102,609	5,628,861
Local raw materials		% Share of cost	-	8,655,334	9,711,285	10,806,011	11,940,642	13,584,777	15,289,901	17,057,795	19,387,403	21,803,372	24,308,224	26,902,076	29,584,828	
Imported raw materials		% Share of cost	-	923,236	1,035,870	1,152,641	1,273,669	1,409,043	1,630,923	1,819,498	2,067,990	2,325,693	2,592,877	2,871,411	3,162,363	
Electricity		% Share of cost	-	57,702	64,742	72,040	79,604	90,565	101,933	113,719	129,249	145,356	162,055	179,462		
Fuel - Generator		% Share of cost	-	92,324	103,324	115,264	127,367	144,904	163,092	181,950	206,799	232,569	259,288	287,057		
Maintenance & repair		% Share of cost	-	13,849	15,538	17,290	19,105	21,736	24,464	27,292	31,020	34,885	38,893	43,045		
Oil & Lubricants		% Share of cost	-	92,324	103,324	115,264	127,367	144,904	163,092	181,950	206,799	232,569	259,288	287,057		
Consumables		% Share of cost	-	66,935	75,101	83,566	92,341	105,056	118,242	131,914	149,929	168,613	187,984	207,969		
Other direct costs		% Share of cost	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Copper Rod</b>	% of Sales	-	251,838	280,851	310,924	342,087	374,372	407,812	442,301	477,938	514,763	553,988	594,913	637,548		
Local raw materials	% Share of cost	-	48,856,621	54,485,100	60,319,175	66,364,819	72,628,162	79,115,492	85,844,819	92,827,146	100,064,473	107,554,800	115,297,127	123,293,454		
Imported raw materials	% Share of cost	-	503,677	561,702	621,847	684,173	748,744	815,624	885,483	958,302	1,033,011	1,109,620	1,188,149	1,268,594		
Electricity	% Share of cost	-	251,838	280,851	310,924	342,087	374,372	407,812	442,301	477,938	514,763	553,988	594,913	637,548		
Fuel - Generator	% Share of cost	-	100,735	112,340	124,369	136,835	149,749	163,125	176,950	191,165	206,819	222,924	240,489	259,514		
Maintenance & repair	% Share of cost	-	100,735	112,340	124,369	136,835	149,749	163,125	176,950	191,165	206,819	222,924	240,489	259,514		
Oil & Lubricants	% Share of cost	-	251,838	280,851	310,924	342,087	374,372	407,812	442,301	477,938	514,763	553,988	594,913	637,548		
Consumables	% Share of cost	-	50,368	56,170	62,185	68,417	74,874	81,562	88,494	95,678	103,119	110,925	119,095	127,628		
Other direct costs	% Share of cost	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Aluminum Cable</b>	% of Sales	-	1,009,776	1,167,301	1,330,724	1,500,216	1,675,955	1,858,124	2,046,951	2,247,727	2,461,959	2,690,159	2,932,866	3,190,631		
Local raw materials	% Share of cost	-	14,687,655	16,978,929	19,355,980	21,821,320	24,377,532	27,027,264	29,774,908	32,614,451	35,549,694	38,584,937	41,724,790	44,964,743		
Imported raw materials	% Share of cost	-	1,835,957	2,122,366	2,419,497	2,727,665	3,047,191	3,378,408	3,724,272	4,085,949	4,459,471	4,848,386	5,242,208	5,641,449		
Electricity	% Share of cost	-	183,596	212,237	241,950	272,767	304,719	337,841	372,420	408,549	446,187	485,336	526,005	568,294		
Fuel - Generator	% Share of cost	-	183,596	212,237	241,950	272,767	304,719	337,841	372,420	408,549	446,187	485,336	526,005	568,294		
Maintenance & repair	% Share of cost	-	156,056	180,401	205,657	231,852	259,011	287,165	326,370	366,729	408,244	451,919	497,754	544,869		
Oil & Lubricants	% Share of cost	-	183,596	212,237	241,950	272,767	304,719	337,841	372,420	408,549	446,187	485,336	526,005	568,294		
Consumables	% Share of cost	-	119,337	137,954	157,267	177,298	198,067	219,597	241,919	265,146	290,199	316,831	345,163	375,296		
Other direct costs	% Share of cost	-	-	-	-	-	-	-	-	-	-	-	-	-		

Sun Light Steel Industries Company Limited

Assume - 1

Assumptions

Sr. No.	Particulars	Unit	Amount in USD																	
			Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10							
	<b>Copper Cable</b>																			
	Local raw materials	% Share of cost	-	777,693	899,013	1,024,875	1,155,412	1,290,760	1,431,060	1,634,843	1,846,205	2,065,367	2,292,557							
	Imported raw materials	80.00%	-	11,311,899	13,076,555	14,907,273	16,805,989	18,774,691	20,815,418	23,779,533	26,853,887	30,041,703	33,346,291							
	Electricity	10.00%	-	1,413,987	1,634,569	1,863,409	2,100,749	2,346,836	2,601,927	2,972,442	3,356,736	3,755,213	4,168,286							
	Fuel - Generator	1.00%	-	141,399	163,457	186,341	210,075	234,684	260,193	297,244	335,674	375,521	416,829							
	Maintenance & repair	1.00%	-	141,399	163,457	186,341	210,075	234,684	260,193	297,244	335,674	375,521	416,829							
	Oil & Lubricants	0.85%	-	120,189	138,398	158,390	178,564	199,481	221,164	252,658	285,323	319,193	354,304							
	Consumables	1.00%	-	141,399	163,457	186,341	210,075	234,684	260,193	297,244	335,674	375,521	416,829							
	Other direct costs	0.65%	-	91,909	106,247	121,122	136,549	152,544	169,125	193,209	218,188	244,089	270,939							
	<b>Gas Cylinder</b>																			
	Local raw materials	% Share of cost	-	149,214	172,492	196,641	221,686	247,655	274,575	313,674	354,228	396,278	439,868							
	Imported raw materials	84.40%	-	2,289,763	2,646,965	3,017,541	3,401,880	3,800,386	4,213,471	4,813,470	5,435,783	6,081,063	6,749,979							
	Electricity	5.40%	-	146,501	169,356	193,065	217,656	243,153	269,582	307,971	347,787	389,073	431,871							
	Fuel - Generator	0.51%	-	13,836	15,995	18,234	20,556	22,964	25,461	29,086	32,847	36,746	40,788							
	Maintenance & repair	2.00%	-	54,260	62,724	71,506	80,613	90,057	99,845	114,063	128,810	144,101	159,952							
	Oil & Lubricants	0.65%	-	17,634	20,385	23,239	26,199	29,268	32,450	37,071	41,863	46,833	51,984							
	Consumables	0.71%	-	19,262	22,267	25,385	28,618	31,970	35,445	40,492	45,728	51,156	56,783							
	Other direct costs	0.83%	-	22,518	26,031	29,675	33,455	37,373	41,436	47,336	53,456	59,802	66,380							
	<b>Water Heater</b>																			
	Local raw materials	% Share of cost	-	124,212	143,589	163,692	184,541	206,159	228,567	261,115	294,874	329,878	366,164							
	Imported raw materials	84.40%	-	1,906,092	2,203,443	2,511,925	2,831,865	3,163,598	3,507,467	4,006,930	4,524,969	5,062,126	5,618,960							
	Electricity	5.40%	-	121,954	140,979	160,716	181,186	202,410	224,411	256,368	289,512	323,880	359,507							
	Fuel - Generator	0.51%	-	11,518	13,315	15,179	17,112	19,117	21,194	24,212	27,343	30,589	33,953							
	Maintenance & repair	2.00%	-	45,168	52,214	59,524	67,106	74,967	83,115	94,951	107,227	119,956	133,151							
	Oil & Lubricants	0.65%	-	14,680	16,970	19,345	21,809	24,364	27,012	30,859	34,849	38,986	43,274							
	Consumables	0.71%	-	16,035	18,536	21,131	23,823	26,613	29,506	33,708	38,065	42,584	47,269							
	Other direct costs	0.83%	-	18,745	21,669	24,703	27,849	31,111	34,493	39,405	44,499	49,782	55,258							
<b>5.4</b>	<b>Total Itemized Cost of Production</b>																			
	Local raw materials	USD	-	3,951,477	4,501,917	5,072,793	5,664,703	6,266,952	7,095,026	8,034,653	9,103,147	10,211,167	11,359,867							
	Imported raw materials	USD	-	87,707,364	99,102,278	110,917,905	123,166,516	136,329,144	149,969,012	172,235,574	195,829,924	220,299,154	245,668,821							
	Electricity	USD	-	4,945,312	5,664,842	6,411,176	7,185,097	8,037,378	8,920,875	10,161,152	11,500,497	12,889,351	14,329,159							
	Fuel - Generator	USD	-	659,889	750,596	844,667	942,201	1,046,421	1,154,433	1,322,901	1,500,960	1,685,612	1,877,050							
	Maintenance & repair	USD	-	617,481	706,560	798,954	894,762	999,079	1,107,211	1,263,234	1,430,357	1,603,659	1,783,322							
	Oil & Lubricants	USD	-	423,143	484,573	548,291	614,364	683,609	755,379	865,013	979,525	1,098,271	1,221,375							
	Consumables	USD	-	704,453	800,935	900,994	1,004,735	1,117,262	1,233,889	1,412,034	1,602,113	1,799,231	2,003,593							
	Other direct costs	USD	-	369,811	423,171	478,518	535,909	599,026	664,455	757,268	857,373	961,179	1,068,794							
	<b>Total Cost of Production</b>		-	<b>99,378,931</b>	<b>112,434,871</b>	<b>125,973,297</b>	<b>140,008,286</b>	<b>155,178,873</b>	<b>170,900,279</b>	<b>196,051,828</b>	<b>222,803,895</b>	<b>250,547,624</b>	<b>279,311,981</b>							



Sun Light Steel Industries Company Limited

Assumptions

Assume - 1

Sr. No.	Particulars	Unit	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
6.2	<b>Marketing &amp; Sales costs</b>												
	Increases by	5%											
6.3	Travelling expenses			348,148	365,556	383,833	403,025	423,176	444,335	466,552	489,879	514,373	540,092
6.4	Adverts & marketing			244,444	256,667	269,500	282,975	297,124	311,980	327,579	343,958	361,156	379,214
6.5	Sales Commission			533,730	605,379	679,681	756,712	840,338	927,006	1,061,821	1,205,676	1,354,859	1,509,528
6.6	Customer care costs			106,746	121,076	135,936	151,342	168,068	185,401	212,364	241,135	270,972	301,906
6.7	Training & Development costs			132,818	216,924	236,278	257,452	280,619	305,975	333,731	364,120	397,399	433,849
6.8	Transport & Distribution			467,014	681,052	764,641	851,301	945,380	1,042,882	1,194,549	1,356,385	1,524,217	1,698,219
	<b>Total</b>	0.45% of turnover		<b>1,832,902</b>	<b>2,246,653</b>	<b>2,469,869</b>	<b>2,702,807</b>	<b>2,954,705</b>	<b>3,217,579</b>	<b>3,596,596</b>	<b>4,001,153</b>	<b>4,422,976</b>	<b>4,862,807</b>
7	<b>PROPERTY PLANT &amp; EQUIPMENTS (WITH ADDITIONS)</b>												
7.1	Building & Construction	17,000,000	17,000,000										
7.2	Plant & Machineries	32,000,000	32,000,000										
7.3	Motor Vehicles			150,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
7.4	Office Equipments			38,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
7.5	Furniture & Fixtures			75,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
	<b>Total</b>	49,000,000	49,000,000	263,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
8	<b>FINANCING</b>												
	Owner's Contribution	5,000,000											
	NEW PLANT LOAN	44,000,000											
	Working Capital Financing		10,000,000										
	<b>Total</b>		10,000,000										
8.1	Exchange Rate		2.300	2.340	2.380	2.420	2.460	2.500	2.540	2.580	2.620	2.660	2.700
9	<b>DEPRECIATION</b>												
	Method followed - Written Down Value Method												
	<u>Rates of Depreciation</u>												
	Building & Construction	0.00%											
	Plant & Machineries	2.50%											
	Motor Vehicles	10.00%											
	Office Equipments	20.00%											
	Furniture & Fixtures	20.00%											
10	<b>INCOME TAX</b>												
	Rate of Income Tax	30.00%											

## Sun Light Steel Industries Company Limited

## Projected Ratio Analysis

NO.	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Average
1	Return on Capital Employed	39%	42%	47%	53%	59%	64%	72%	80%	87%	94%	64%
2	EBITDA Margin	17%	18%	18%	19%	19%	19%	19%	20%	20%	20%	19%
3	Asset Turnover	2.59	2.98	3.40	3.84	4.33	4.85	5.65	6.51	7.42	8.39	5.00
4	Return on Fixed Assets	45%	53%	62%	71%	82%	93%	110%	128%	147%	167%	96%
5	Debt Equity Ratio	2.09	0.94	0.49	0.26	0.13	0.07	0.03	0.00	0.00	0.00	0.40
6	Interest Coverage Ratio	12.26	16.34	22.21	30.99	46.09	70.08	104.23	166.76	267.98	300.27	103.72
7	DSCR	2.82	3.31	3.86	4.45	5.04	8.40	10.01	11.82	267.98	300.27	61.79
8	Current Ratio	1.30	1.70	2.09	2.48	2.86	3.31	3.64	3.99	4.41	4.82	3.06

## Sun Light Steel Industries Company Limited

## Projected IRR

Particulars	Amount in USD										IRR	
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9		Year 10
<b>Receipt of Funds</b>												
Share Capital	5,284,050											
Share Premium	-											
Secured Loan	-47,206,087											
<b>Repayment</b>												
Repayment of Secured Loan	-	6,350,761	6,490,761	6,630,761	6,770,761	7,010,761	4,650,761	4,650,761	4,650,761	-	-	
Interest payment	715,950	1,893,052	1,648,379	1,395,306	1,133,833	861,711	633,688	494,165	354,642	250,000	250,000	
Remains of EBITDA	-	715,950	11,476,397	14,338,727	17,283,614	20,430,858	26,230,650	31,290,864	36,728,005	46,945,010	52,591,114	
Terminal Value of the Project(salvage)												
<b>Gross Total</b>	<b>(52,490,137)</b>	<b>17,080,878</b>	<b>19,615,537</b>	<b>22,364,794</b>	<b>25,188,209</b>	<b>28,303,330</b>	<b>31,515,098</b>	<b>36,435,790</b>	<b>41,733,408</b>	<b>47,195,010</b>	<b>52,841,114</b>	<b>43%</b>

## Sun Light Steel Industries Company Limited

## Projected Payback Period

Particulars	Projected Payback Period										Amount in USD			
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10			
<b>Funds Invested</b>														
Share Capital	(5,284,050)													
Share Premium	-													
Secured Loan	(47,206,087)													
<b>Profit Generated from Operation</b>														
Cash Profit before Interest/(Loss)	-	17,080,878	19,615,537	22,364,794	25,188,209	28,303,330	31,515,098	36,435,790	41,733,408	47,195,010	52,841,114			
<b>Gross Total</b>	<b>(52,490,137)</b>	<b>17,080,878</b>	<b>19,615,537</b>	<b>22,364,794</b>	<b>25,188,209</b>	<b>28,303,330</b>	<b>31,515,098</b>	<b>36,435,790</b>	<b>41,733,408</b>	<b>47,195,010</b>	<b>52,841,114</b>			
Discounting @7%	1.00	0.94	0.89	0.84	0.79	0.75	0.70	0.67	0.63	0.59	0.56			
Discounted cash Flow	(52,490,137)	16,114,036	17,457,758	18,777,912	19,951,420	21,149,894	22,216,901	24,231,881	26,184,057	27,934,654	29,506,202			
					3.01									

Sun Light Steel Industries Company Limited

Projected Income

Particulars	Projected Income										Amount in USD		
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10		
Sales Steel Pipes	-	17,485,523	19,618,757	21,830,326	24,122,510	27,443,994	30,888,688	34,460,193	39,166,471	44,047,215	49,107,523		
Copper Rod	-	56,592,866	63,112,591	69,870,468	76,873,415	84,128,532	91,643,104	106,222,518	121,348,451	137,036,932	153,304,414		
Sales Aluminum Cable	-	29,142,173	33,688,352	38,404,721	43,296,270	48,368,119	53,625,523	61,261,798	69,182,073	77,394,655	85,908,067		
Sales Copper Cable	-	22,444,244	25,945,546	29,577,923	33,345,216	37,251,370	41,300,432	47,181,614	53,281,522	59,606,555	66,163,276		
Sales Gas Cylinder	-	4,239,045	4,900,336	5,586,383	6,297,912	7,035,667	7,800,414	8,911,192	10,063,282	11,257,891	12,496,259		
Sales Water Heater	-	3,528,755	4,079,241	4,650,335	5,242,641	5,856,779	6,493,385	7,418,043	8,377,090	9,371,532	10,402,400		
<b>Total Income</b>	<b>-</b>	<b>133,432,607</b>	<b>151,344,823</b>	<b>169,920,156</b>	<b>189,177,964</b>	<b>210,084,460</b>	<b>231,751,546</b>	<b>265,455,357</b>	<b>301,418,889</b>	<b>338,714,780</b>	<b>377,381,939</b>		

## Sun Light Steel Industries Company Limited

## Projected Profit &amp; Loss Account

Particulars	Reference	Amount in USD										
		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Income	P. Sch - 1	-	133,432,607	151,344,823	169,920,156	189,177,964	210,084,460	231,751,546	265,455,357	301,418,889	338,714,780	377,381,939
Cost of Production	P. Sch - 2	-	(104,535,511)	(118,107,109)	(132,212,759)	(146,871,694)	(162,728,621)	(179,205,003)	(205,187,024)	(232,852,611)	(261,601,212)	(291,470,927)
Gross Profit		-	28,897,096	33,237,714	37,707,397	42,306,270	47,355,839	52,546,543	60,268,333	68,566,278	77,113,568	85,911,012
Indirect Expenses	P. Sch - 3	-	(5,688,554)	(6,295,088)	(6,720,726)	(7,166,206)	(7,641,274)	(8,138,477)	(8,763,539)	(9,426,443)	(10,119,530)	(10,844,189)
EBITDA		-	23,208,542	26,942,627	30,986,672	35,140,064	39,714,565	44,408,066	51,504,795	59,139,836	66,994,038	75,066,823
Finance Cost		(715,950)	(1,893,052)	(1,648,379)	(1,395,306)	(1,133,833)	(861,711)	(633,688)	(494,165)	(354,642)	(250,000)	(250,000)
Depreciation & Amortisation	B. Sch - 5	-	(889,944)	(870,616)	(851,774)	(833,379)	(815,403)	(797,820)	(780,614)	(763,770)	(747,277)	(731,127)
Net Profit Before Tax (PBT)		(715,950)	20,425,546	24,423,632	28,739,591	33,172,851	38,037,452	42,976,558	50,230,016	58,021,424	65,996,761	74,085,695
Tax		-	(6,127,664)	(7,327,090)	(8,621,877)	(9,951,855)	(11,411,236)	(12,892,967)	(15,069,005)	(17,406,427)	(19,799,028)	(22,225,709)
Profit Transferred to Balance Sheet		(715,950)	14,297,882	17,096,542	20,117,714	23,220,996	26,626,216	30,083,591	35,161,011	40,614,996	46,197,733	51,859,987

## Sun Light Steel Industries Company Limited

## Projected Balance Sheet

Particulars	Reference	Amount in USD											
		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Share Capital	B. Sch - 1	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Reserves & Surplus		(715,950)	13,581,932	30,678,474	50,796,188	74,017,184	100,643,400	130,726,991	165,888,002	206,502,998	252,700,731	304,560,718	
Secured Loans	B. Sch - 4	47,206,087	40,855,326	34,364,565	27,733,804	20,963,043	13,952,283	9,301,522	4,650,761	-	-	-	-
<b>Capital Employed</b>		<b>52,490,137</b>	<b>60,437,258</b>	<b>71,043,039</b>	<b>84,529,993</b>	<b>100,980,227</b>	<b>120,595,683</b>	<b>146,028,513</b>	<b>176,538,763</b>	<b>212,502,998</b>	<b>258,700,731</b>	<b>310,560,718</b>	
Fixed Assets	B. Sch - 5	52,206,087	51,579,142	50,773,527	49,986,753	49,218,373	48,467,971	47,735,151	47,019,537	46,320,767	45,638,490	44,972,363	
Cash & Bank Balances	Annex - 3	284,050	1,499,850	7,238,219	19,047,034	34,419,970	52,803,584	76,898,302	105,226,133	138,470,037	181,787,619	230,625,888	
Receivables & Current Assets		-	22,238,768	25,224,137	28,320,026	31,529,661	35,014,077	38,625,258	44,242,560	50,236,481	56,452,463	62,896,990	
Inventories		-	14,811,891	16,737,998	18,735,225	20,805,646	23,033,366	25,341,873	29,099,541	33,084,373	37,216,959	41,501,614	
<b>Total Current Assets</b>		<b>284,050</b>	<b>38,550,509</b>	<b>49,200,355</b>	<b>66,102,285</b>	<b>86,755,276</b>	<b>110,851,027</b>	<b>140,865,433</b>	<b>178,568,233</b>	<b>221,790,891</b>	<b>275,457,042</b>	<b>335,024,492</b>	
Payables	B. Sch - 6	0	29,692,394	28,930,842	31,559,046	34,993,422	38,723,315	42,572,071	49,049,007	55,608,660	62,394,800	69,436,137	
Bank Overdraft	Annex - 3												
<b>Total Current Liabilities</b>		<b>0</b>	<b>29,692,394</b>	<b>28,930,842</b>	<b>31,559,046</b>	<b>34,993,422</b>	<b>38,723,315</b>	<b>42,572,071</b>	<b>49,049,007</b>	<b>55,608,660</b>	<b>62,394,800</b>	<b>69,436,137</b>	
<b>Net Current Assets</b>		<b>284,050</b>	<b>8,858,115</b>	<b>20,269,513</b>	<b>34,543,240</b>	<b>51,761,854</b>	<b>72,127,712</b>	<b>98,293,362</b>	<b>129,519,226</b>	<b>166,182,231</b>	<b>213,062,241</b>	<b>265,588,355</b>	
<b>Total Assets</b>		<b>52,490,137</b>	<b>60,437,258</b>	<b>71,043,039</b>	<b>84,529,993</b>	<b>100,980,227</b>	<b>120,595,683</b>	<b>146,028,513</b>	<b>176,538,763</b>	<b>212,502,998</b>	<b>258,700,731</b>	<b>310,560,718</b>	

Projected Cash Flow

PARTICULARS	Amount in USD										
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Opening Balance											
<b>INFLOWS</b>											
Share Capital	6,000,000										
Secured Loan	46,380,000										
Collection From Debtors	-	111,193,839	148,359,454	166,824,267	185,968,329	206,600,044	228,140,365	259,838,055	295,424,967	332,498,798	370,937,412
<b>Total Inflows</b>	<b>52,380,000</b>	<b>111,193,839</b>	<b>148,359,454</b>	<b>166,824,267</b>	<b>185,968,329</b>	<b>206,600,044</b>	<b>228,140,365</b>	<b>259,838,055</b>	<b>295,424,967</b>	<b>332,498,798</b>	<b>370,937,412</b>
<b>OUTFLOWS</b>											
Payments to Creditors	-	95,343,562	127,089,856	138,302,507	152,673,944	168,867,724	185,803,231	211,231,294	239,704,233	269,067,187	299,558,435
Purchase of Fixed Assets	51,380,000	263,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Interest Payments	715,950	1,893,052	1,648,379	1,395,306	1,133,833	861,711	633,688	494,165	354,642	250,000	250,000
Tax Payments	-	6,127,664	7,327,090	8,621,877	9,951,855	11,411,236	12,892,967	15,069,005	17,406,427	19,799,028	22,225,709
Repayment of Secured Loan	-	6,350,761	6,490,761	6,630,761	6,770,761	7,010,761	4,650,761	4,650,761	4,650,761	-	-
<b>Total Outflows</b>	<b>52,095,950</b>	<b>109,978,039</b>	<b>142,621,085</b>	<b>155,015,452</b>	<b>170,595,393</b>	<b>188,216,431</b>	<b>204,045,647</b>	<b>231,510,225</b>	<b>262,181,063</b>	<b>289,181,215</b>	<b>322,099,143</b>
Surplus/(Deficit)	284,050	1,215,800	5,738,369	11,808,815	15,372,936	18,383,614	24,094,718	28,327,831	33,243,904	43,317,583	48,838,269
Opening Balance	-	284,050	1,499,850	7,238,219	19,047,034	34,419,970	52,803,584	76,898,302	105,226,133	138,470,037	181,787,619
<b>Closing Balance</b>	<b>284,050</b>	<b>1,499,850</b>	<b>7,238,219</b>	<b>19,047,034</b>	<b>34,419,970</b>	<b>52,803,584</b>	<b>76,898,302</b>	<b>105,226,133</b>	<b>138,470,037</b>	<b>181,787,619</b>	<b>230,625,888</b>

## Sun Light Steel Industries Company Limited

## Projected Cost of Production

Particulars	Amount in USD										
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Opening Stock of Raw Material</b>	-	-	164,645	187,580	211,366	236,029	265,290	295,626	334,777	379,298	425,465
Local	-	-	14,617,894	16,517,046	18,486,317	20,527,753	22,721,524	24,994,835	28,705,929	32,638,321	36,716,526
Imported	-	-	29,352	33,372	37,541	41,864	46,553	51,412	58,835	66,755	74,968
Consumables	-	-	-	-	-	-	-	-	-	-	-
<b>Purchases of Raw Material</b>	-	4,116,122	4,524,852	5,096,579	5,689,366	6,396,213	7,125,362	8,073,804	9,147,667	10,257,334	11,407,729
Local	-	102,325,259	101,001,430	112,887,176	125,207,951	138,522,916	152,242,323	175,946,668	199,762,316	224,377,359	249,897,099
Imported	-	733,805	804,955	905,163	1,009,058	1,121,951	1,238,748	1,419,456	1,610,033	1,807,445	2,012,108
Consumables	-	-	-	-	-	-	-	-	-	-	-
<b>Direct Expenses</b>	-	4,945,312	5,664,842	6,411,176	7,185,097	8,037,378	8,920,875	10,161,152	11,500,497	12,889,351	14,329,159
Electricity	-	659,889	750,596	844,667	942,201	1,046,421	1,154,433	1,322,901	1,500,960	1,685,612	1,877,050
Fuel - Generator	-	617,481	706,560	798,954	894,762	999,079	1,107,211	1,263,234	1,430,357	1,603,659	1,783,322
Maintenance & repair	-	423,143	484,573	548,291	614,364	683,609	755,379	865,013	979,525	1,098,271	1,221,375
Oil & Lubricants	-	369,811	423,171	478,518	535,909	599,026	664,455	757,268	857,373	961,179	1,068,794
Other direct costs	-	-	-	-	-	-	-	-	-	-	-
<b>Allocated Expenses</b>	-	5,156,580	5,672,238	6,239,462	6,863,408	7,549,749	8,304,724	9,135,196	10,048,716	11,053,587	12,158,946
Salaries & Staff Benefit	-	-	-	-	-	-	-	-	-	-	-
<b>Less: Closing Stock of Raw Material</b>	-	(164,645)	(187,580)	(211,366)	(236,029)	(265,290)	(295,626)	(334,777)	(379,298)	(425,465)	(473,328)
Local	-	(14,617,894)	(16,517,046)	(18,486,317)	(20,527,753)	(22,721,524)	(24,994,835)	(28,705,929)	(32,638,321)	(36,716,526)	(40,944,803)
Imported	-	(29,352)	(33,372)	(37,541)	(41,864)	(46,553)	(51,412)	(58,835)	(66,755)	(74,968)	(83,483)
Consumables	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cost of Production</b>	-	<b>104,535,511</b>	<b>118,107,109</b>	<b>132,212,759</b>	<b>146,871,694</b>	<b>162,728,621</b>	<b>179,205,003</b>	<b>205,187,024</b>	<b>232,852,611</b>	<b>261,601,212</b>	<b>291,470,927</b>

## Sun Light Steel Industries Company Limited

## Projected Indirect Expenses

Particulars	Amount in USD											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
<b>Administrative costs</b>	-	-	-	-	-	-	-	-	-	-	-	-
Office Supplies	-	295,652	310,435	325,957	342,254	359,367	377,335	396,202	416,012	436,813	458,654	458,654
Fees and Levies	-	430,435	451,957	474,554	498,282	523,196	549,356	576,824	605,665	635,948	667,746	667,746
Internet	-	225,217	236,478	248,302	260,717	273,753	287,441	301,813	316,903	332,749	349,386	349,386
Telephone	-	226,087	237,391	249,261	261,724	274,810	288,551	302,978	318,127	334,033	350,735	350,735
Meals	-	739,130	776,087	814,891	855,636	898,418	943,339	990,505	1,040,031	1,092,032	1,146,634	1,146,634
Fuel for vehicles	-	495,652	520,435	546,457	573,779	602,468	632,592	664,221	697,432	732,304	768,919	768,919
Medical	-	272,174	285,783	300,072	315,075	330,829	347,371	364,739	382,976	402,125	422,231	422,231
Staff utilities	-	340,870	357,913	375,809	394,599	414,329	435,046	456,798	479,638	503,620	528,801	528,801
Repairs and maintenance	-	500,000	525,000	551,250	578,813	607,753	638,141	670,048	703,550	738,728	775,664	775,664
Other costs	-	330,435	346,957	364,304	382,520	401,646	421,728	442,814	464,955	488,203	512,613	512,613
<b>Marketing &amp; Sales costs</b>	-	-	-	-	-	-	-	-	-	-	-	-
Travelling expenses	-	348,148	365,556	383,833	403,025	423,176	444,335	466,552	489,879	514,373	540,092	540,092
Adverts & marketing	-	244,444	256,667	269,500	282,975	297,124	311,980	327,579	343,958	361,156	379,214	379,214
Sales Commission	-	533,730	605,379	679,681	756,712	840,338	927,006	1,061,821	1,205,676	1,354,859	1,509,528	1,509,528
Customer care costs	-	106,746	121,076	135,936	151,342	168,068	185,401	212,364	241,135	270,972	301,906	301,906
Training & Development costs	-	132,818	216,924	236,278	257,452	280,619	305,975	333,731	364,120	397,399	433,849	433,849
Transport & Distribution	-	467,014	681,052	764,641	851,301	945,380	1,042,882	1,194,549	1,356,385	1,524,217	1,698,219	1,698,219
<b>Total of Indirect Cost</b>	-	<b>5,688,554</b>	<b>6,295,088</b>	<b>6,720,726</b>	<b>7,166,206</b>	<b>7,641,274</b>	<b>8,138,477</b>	<b>8,763,539</b>	<b>9,426,443</b>	<b>10,119,530</b>	<b>10,844,189</b>	<b>10,844,189</b>

## Sun Light Steel Industries Company Limited

## Projected Interest Expenses

Particulars	Amount in USD										
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Exchange Rate	2300	2340	2380	2420	2460	2500	2540	2580	2620	2660	2700
New Plant Loan	600,000	1,643,052	1,398,379	1,145,306	883,833	611,711	383,688	244,165	104,642	0	-
New Working Capital Loan	-	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000
Facility Charges Payments	115,950	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Forex Loss/(Gain) Long Term Loan	-	-	-	-	-	-	-	-	-	-	-
<b>Total Interest Expenses</b>	<b>715,950</b>	<b>1,893,052</b>	<b>1,648,379</b>	<b>1,395,306</b>	<b>1,133,833</b>	<b>861,711</b>	<b>633,688</b>	<b>494,165</b>	<b>354,642</b>	<b>250,000</b>	<b>250,000</b>

Sun Light Steel Industries Company Limited

Projected Facility Charges

Particulars	Amount in USD											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
<b>Facility Amount:</b>												
New Plant Loan	46,380,000											
New Working Capital Loan	-	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
<b>Facility Charges (in%):</b>												
New Plant Loan	115,950	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
New Working Capital Loan	-											
<b>Facility Charges:</b>												
Total Facility Charges	<b>115,950</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>

Sun Light Steel Industries Company Limited

Projected Share Capital

Particulars	Amount in USD											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Opening Balance	-											
Added during the year	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Closing Balance	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000

## Sun Light Steel Industries Company Limited

## Projected Resurves &amp; Surplus

Particulars	Amount in USD										
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Opening Balance		(715,950)	13,581,932	30,678,474	50,796,188	74,017,184	100,643,400	130,726,991	165,888,002	206,502,998	252,700,731
Profit & Loss A/c	(715,950)	14,297,882	17,096,542	20,117,714	23,220,996	26,626,216	30,083,591	35,161,011	40,614,996	46,197,733	51,859,987
Closing Balance	<b>(715,950)</b>	<b>13,581,932</b>	<b>30,678,474</b>	<b>50,796,188</b>	<b>74,017,184</b>	<b>#####</b>	<b>130,726,991</b>	<b>165,888,002</b>	<b>206,502,998</b>	<b>252,700,731</b>	<b>304,560,718</b>

## Sun Light Steel Industries Company Limited

## Projected Secured Loan (Itemised)

Particulars	Amount in USD										
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Exchange Rate</b>	2300	2340	2380	2420	2460	2500	2540	2580	2620	2660	2700
<b>Opening Balance</b>											
New Plant Loan	-	47,206,087	40,855,326	34,364,565	27,733,804	20,963,043	13,952,283	9,301,522	4,650,761	-	-
<b>Total of Opening Balance</b>	-	47,206,087	40,855,326	34,364,565	27,733,804	20,963,043	13,952,283	9,301,522	4,650,761	-	-
<b>New Loan</b>											
New Plant Loan	46,380,000	-	-	-	-	-	-	-	-	-	-
<b>Total New Loan</b>	46,380,000	-	-	-	-	-	-	-	-	-	-
<b>Interest Capitalised</b>											
New Plant Loan	826,087	-	-	-	-	-	-	-	-	-	-
<b>Total Interest Capitalised</b>	826,087	-	-	-	-	-	-	-	-	-	-
<b>Repayments of Loan</b>											
New Plant Loan	-	(6,350,761)	(6,490,761)	(6,630,761)	(6,770,761)	(7,010,761)	(4,650,761)	(4,650,761)	(4,650,761)	-	-
<b>Total Repayment</b>	-	(6,350,761)	(6,490,761)	(6,630,761)	(6,770,761)	(7,010,761)	(4,650,761)	(4,650,761)	(4,650,761)	-	-
<b>Exchange Diff Adj</b>											
New Plant Loan	0	-	-	-	-	-	-	-	-	-	-
<b>Total of Exchange diff</b>	0	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance</b>											
New Plant Loan	47,206,087	40,855,326	34,364,565	27,733,804	20,963,043	13,952,283	9,301,522	4,650,761	-	-	-
<b>Total of Closing Balance</b>	47,206,087	40,855,326	34,364,565	27,733,804	20,963,043	13,952,283	9,301,522	4,650,761	-	-	-

## Sun Light Steel Industries Company Limited

## Projected Secured Loan (Consolidated)

Particulars	Amount in EURO										
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Opening Balance		37,206,087	32,555,326	27,904,565	23,253,804	18,603,043	13,952,283	9,301,522	4,650,761	-	-
New Plant Loan I		10,000,000	8,300,000	6,460,000	4,480,000	2,360,000	-	-	-	-	-
New Plant Loan II		47,206,087	40,855,326	34,364,565	27,733,804	20,963,043	13,952,283	9,301,522	4,650,761	-	-
Total of Opening Balance	-										
New Loan											
New Plant Loan I	36,380,000										
New Plant Loan II	10,000,000										
New Plant Loan	46,380,000										
Intrest Capitalized											
New Plant Loan I	826,087										
New Plant Loan II	826,087										
Total Interest Capitalised											
Repayments of Loan											
New Plant Loan I		(4,650,761)	(4,650,761)	(4,650,761)	(4,650,761)	(4,650,761)	(4,650,761)	(4,650,761)	(4,650,761)		
New Plant Loan II		(1,700,000)	(1,840,000)	(1,980,000)	(2,120,000)	(2,360,000)	-	-	-		
Total Repayment		(6,350,761)	(6,490,761)	(6,630,761)	(6,770,761)	(7,010,761)	(4,650,761)	(4,650,761)	(4,650,761)		
Closing Balance											
New Plant Loan I	37,206,087	32,555,326	27,904,565	23,253,804	18,603,043	13,952,283	9,301,522	4,650,761	-	-	-
New Plant Loan II	10,000,000	8,300,000	6,460,000	4,480,000	2,360,000	-	-	-	-	-	-
Total of Closing Balance	47,206,087	40,855,326	34,364,565	27,733,804	20,963,043	13,952,283	9,301,522	4,650,761	-	-	-

Sun Light Steel Industries Company Limited

Projected Fixed Assets

NO.	PARTICULARS	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
I	<b>Lands &amp; Building</b>												
	Opening balance	18,112,316	18,112,316	18,112,316	18,112,316	18,112,316	18,112,316	18,112,316	18,112,316	18,112,316	18,112,316	18,112,316	
	Revaluation at Market Price												
	Additions	17,825,714	-	-	-	-	-	-	-	-	-	-	
	Int. Capitalised	286,602	-	-	-	-	-	-	-	-	-	-	
	Transfers	-	-	-	-	-	-	-	-	-	-	-	
	Gross Block	18,112,316	18,112,316	18,112,316	18,112,316	18,112,316	18,112,316	18,112,316	18,112,316	18,112,316	18,112,316	18,112,316	
	<b>Depreciation During the Year</b>												
	Closing Balance WDV	18,112,316	18,112,316	18,112,316	18,112,316	18,112,316	18,112,316	18,112,316	18,112,316	18,112,316	18,112,316	18,112,316	18,112,316
	II	<b>Plant &amp; Machinery</b>											
Opening balance		34,093,771	33,241,427	32,410,391	31,600,131	30,810,128	30,039,875	29,288,878	28,556,656	27,842,739	27,146,671	26,468,004	
Additions		33,554,286	-	-	-	-	-	-	-	-	-	-	
Int. Capitalised		539,485	-	-	-	-	-	-	-	-	-	-	
Transfers		34,093,771	33,241,427	32,410,391	31,600,131	30,810,128	30,039,875	29,288,878	28,556,656	27,842,739	27,146,671	26,468,004	
Total		34,093,771	33,241,427	32,410,391	31,600,131	30,810,128	30,039,875	29,288,878	28,556,656	27,842,739	27,146,671	26,468,004	
<b>Depreciation During the Year</b>													
Closing Balance WDV		34,093,771	33,241,427	32,410,391	31,600,131	30,810,128	30,039,875	29,288,878	28,556,656	27,842,739	27,146,671	26,468,004	
III		<b>Motor Vehicles</b>											
		Opening balance	-	135,000	166,500	194,850	220,365	243,329	263,996	282,596	304,403	327,963	354,403
	Additions	150,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	
	Int. Capitalised	-	-	-	-	-	-	-	-	-	-	-	
	Transfers	-	150,000	185,000	216,500	244,850	270,365	293,329	313,996	332,596	349,336	364,403	
	Gross Block	-	150,000	185,000	216,500	244,850	270,365	293,329	313,996	332,596	349,336	364,403	
	<b>Depreciation During the Year</b>												
	Closing Balance WDV	-	135,000	166,500	194,850	220,365	243,329	263,996	282,596	304,403	327,963	354,403	
	IV	<b>Office Equipments</b>											
		Opening balance	-	30,400	32,320	33,856	35,085	36,068	36,854	37,483	37,987	38,389	38,712
Additions		38,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
Int. Capitalised		-	-	-	-	-	-	-	-	-	-	-	
Transfers		-	38,000	40,400	43,856	45,085	46,068	46,854	47,483	47,987	48,389	48,712	
Gross Block		-	7,600	8,080	8,771	9,017	9,214	9,214	9,371	9,497	9,597	9,678	
<b>Depreciation During the Year</b>													
Closing Balance WDV		-	30,400	32,320	33,856	35,085	36,068	36,854	37,483	37,987	38,389	38,712	
V		<b>Furniture &amp; Fixtures</b>											
		Opening balance	-	60,000	52,000	45,600	40,480	36,384	33,107	30,486	28,389	26,711	25,369
	Additions	75,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
	Int. Capitalised	-	-	-	-	-	-	-	-	-	-	-	
	Transfers	-	75,000	65,000	57,000	45,480	41,384	38,107	35,486	33,389	31,711	30,369	
	Gross Block	-	15,000	13,000	11,400	10,120	9,096	8,277	7,621	7,097	6,678	6,342	
	<b>Depreciation During the Year</b>												
	Closing Balance WDV	-	60,000	52,000	45,600	40,480	36,384	33,107	30,486	28,389	26,711	25,369	
	Total Opening WDV	-	52,206,087	51,579,142	50,773,527	49,986,753	49,218,373	48,467,971	47,735,151	47,019,537	46,320,767	45,638,490	
	Total Closing WDV	52,206,087	51,579,142	50,773,527	49,986,753	49,218,373	48,467,971	47,735,151	47,019,537	46,320,767	45,638,490	44,972,363	
Total Current Year's Depreciation	-	889,944	870,616	851,774	833,379	815,403	797,820	780,614	763,770	747,277	731,127		
Fixed Assets additions	51,380,000	263,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000		

## Sun Light Steel Industries Company Limited

## Projected Payables

Particulars	Amount in USD										
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Opening Balance	-	-	29,692,394	28,930,842	31,559,046	34,993,422	38,723,315	42,572,071	49,049,007	55,608,660	62,394,800
Purchases (under LC)	-	107,175,186	106,331,236	118,888,918	131,906,375	146,041,080	160,606,433	185,439,928	210,520,016	236,442,138	263,316,936
Direct Expenses	-	7,015,636	8,029,742	9,081,606	10,172,332	11,365,513	12,602,353	14,369,567	16,268,711	18,238,072	20,279,701
Allocated Expenses	-	5,156,580	5,672,238	6,239,462	6,863,408	7,549,749	8,304,724	9,135,196	10,048,716	11,053,587	12,158,946
Indirect Expenses	-	5,688,554	6,295,088	6,720,726	7,166,206	7,641,274	8,138,477	8,763,539	9,426,443	10,119,530	10,844,189
Payments to Creditors	-	(95,343,562)	(127,089,856)	(138,302,507)	(152,673,944)	(168,867,724)	(185,803,231)	(211,231,294)	(239,704,233)	(269,067,187)	(299,558,435)
Closing Balance	-	29,692,394	28,930,842	31,559,046	34,993,422	38,723,315	42,572,071	49,049,007	55,608,660	62,394,800	69,436,137

## Sun Light Steel Industries Company Limited

## Projected Receivables

Particulars	Amount in USD										
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Opening Balance	-	-	22,238,768	25,224,137	28,320,026	31,529,661	35,014,077	38,625,258	44,242,560	50,236,481	56,452,463
Income	-	133,432,607	151,344,823	169,920,156	189,177,964	210,084,460	231,751,546	265,455,357	301,418,889	338,714,780	377,381,939
Collections	-	(111,193,839)	(148,359,454)	(166,824,267)	(185,968,329)	(206,600,044)	(228,140,365)	(259,838,055)	(295,424,967)	(332,498,798)	(370,937,412)
Closing Balance	-	22,238,768	25,224,137	28,320,026	31,529,661	35,014,077	38,625,258	44,242,560	50,236,481	56,452,463	62,896,990



## Sun Light Steel Industries Company Limited

## New Term Loan (I)

Loan Amount        36,380,000  
 Interest            3.00%  
 Moratorium        1 Years  
 Instalments        32 Quarterly

Amount in USD

Year	Quarter	Opening Balance	Receipts	Interest	Principal	Repayments	Closing Balance
Year 0	First Quarter		18,190,000	136,425			18,326,425
	Second Quarter	18,326,425	6,063,333	182,923		-	24,572,682
	Third Quarter	24,572,682	6,063,333	229,770			30,865,785
	Fourth Quarter	30,865,785	6,063,333	276,968			37,206,087
Year 1	First Half	37,206,087		558,091	(2,325,380)	(558,091)	34,880,706
	Second Half	34,880,706		523,211	(2,325,380)	(523,211)	32,555,326
Year 2	First Half	32,555,326	-	488,330	(2,325,380)	(488,330)	30,229,945
	Second Half	30,229,945	-	453,449	(2,325,380)	(453,449)	27,904,565
Year 3	First Half	27,904,565	-	418,568	(2,325,380)	(418,568)	25,579,185
	Second Half	25,579,185	-	383,688	(2,325,380)	(383,688)	23,253,804
Year 4	First Half	23,253,804	-	348,807	(2,325,380)	(348,807)	20,928,424
	Second Half	20,928,424	-	313,926	(2,325,380)	(313,926)	18,603,043
Year 5	First Half	18,603,043	-	279,046	(2,325,380)	(279,046)	16,277,663
	Second Half	16,277,663	-	244,165	(2,325,380)	(244,165)	13,952,283
Year 6	First Half	13,952,283	-	209,284	(2,325,380)	(209,284)	11,626,902
	Second Half	11,626,902	-	174,404	(2,325,380)	(174,404)	9,301,522
Year 7	First Half	9,301,522	-	139,523	(2,325,380)	(139,523)	6,976,141
	Second Half	6,976,141	-	104,642	(2,325,380)	(104,642)	4,650,761
Year 8	First Half	4,650,761	-	69,761	(2,325,380)	(69,761)	2,325,380
	Second Half	2,325,380	-	34,881	(2,325,380)	(34,881)	0
			<b>36,380,000</b>	<b>5,569,863</b>	<b>(37,206,087)</b>	<b>(4,743,776)</b>	

## Sun Light Steel Industries Company Limited

## New Term Loan (I)

Loan Amount	10,000,000
Intrest(fund based)	6.00%
Moratorium	1 Years
Instalments	28 Quarterly

Amount in EURO

Year	Quarter	Opening Balance	Receipts	Interest	Principal	Repayments	Closing Balance
Year 0	First Quarter		10,000,000	150,000		(150,000)	10,000,000
	Second Quarter	10,000,000		150,000		(150,000)	10,000,000
	Third Quarter	10,000,000		150,000		(150,000)	10,000,000
	Fourth Quarter	10,000,000		150,000		(150,000)	10,000,000
Year 1	First Quarter	10,000,000		150,000	(425,000)	(150,000)	9,575,000
	Second Quarter	9,575,000		143,625	(425,000)	(143,625)	9,150,000
	Third Quarter	9,150,000		137,250	(425,000)	(137,250)	8,725,000
	Fourth Quarter	8,725,000		130,875	(425,000)	(130,875)	8,300,000
Year 2	First Quarter	8,300,000		124,500	(460,000)	(124,500)	7,840,000
	Second Quarter	7,840,000	-	117,600	(460,000)	(117,600)	7,380,000
	Third Quarter	7,380,000	-	110,700	(460,000)	(110,700)	6,920,000
	Fourth Quarter	6,920,000	-	103,800	(460,000)	(103,800)	6,460,000
Year 3	First Quarter	6,460,000	-	96,900	(495,000)	(96,900)	5,965,000
	Second Quarter	5,965,000	-	89,475	(495,000)	(89,475)	5,470,000
	Third Quarter	5,470,000	-	82,050	(495,000)	(82,050)	4,975,000
	Fourth Quarter	4,975,000	-	74,625	(495,000)	(74,625)	4,480,000
Year 4	First Quarter	4,480,000	-	67,200	(530,000)	(67,200)	3,950,000
	Second Quarter	3,950,000	-	59,250	(530,000)	(59,250)	3,420,000
	Third Quarter	3,420,000	-	51,300	(530,000)	(51,300)	2,890,000
	Fourth Quarter	2,890,000	-	43,350	(530,000)	(43,350)	2,360,000
Year 5	First Quarter	2,360,000	-	35,400	(590,000)	(35,400)	1,770,000
	Second Quarter	1,770,000	-	26,550	(590,000)	(26,550)	1,180,000
	Third Quarter	1,180,000	-	17,700	(590,000)	(17,700)	590,000
	Fourth Quarter	590,000	-	8,850	(590,000)	(8,850)	-
			<b>10,000,000</b>	<b>2,271,000</b>	<b>(10,000,000)</b>	<b>(2,271,000)</b>	

Sun Light Steel Industries Company Limited

Interest on Working Capital Working

Particulars	Amount in USD											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
<b>Facility Amount: New Trade Loan</b>	-											
Facility Amount	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Fund Based Uses (in%)	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Non Fund based Uses (in%)	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
Fund Based Interest (in%)	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Nonfund Based Interest (in%)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Interest	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000
<b>Total Interest</b>	<b>0</b>	<b>225,000</b>	<b>225,000</b>	<b>225,000</b>	<b>225,000</b>	<b>225,000</b>	<b>225,000</b>	<b>225,000</b>	<b>225,000</b>	<b>225,000</b>	<b>225,000</b>	<b>225,000</b>

Sun Light Steel Industries Company Limited

Working of Direct Labor

Working - 4

Production Salary (Direct Cost)	Local/Expat	No of Employees	Per month Salary	Amount in USD (Annual)
<b>(For 4 Shift Operation of 6 hours)</b>				
<b>Operational Management</b>		<b>No. of Person</b>	<b>Monthly CTC</b>	<b>Annual CTC</b>
Chief Executive Officer	Expat	1	15000	180,000
Production Manager	Expat	4	5000	240,000
Chief Engineer	Expat	1	4500	54,000
Electrical Engineer	Expat	2	4000	96,000
Shift Managers	Local	3	3000	108,000
Stores Manager	Expat	2	3500	84,000
Security Officer	Local	1	2000	24,000
<b>Operational Personnel</b>				
Supervisors	Expat	8	2000	192,000
Supervisors (Local)	Local	12	2000	288,000
Line Operator	Local	35	1500	630,000
Operational Wokers (trained)	Local	40	1000	480,000
Operational Wokers (semi-trained)	Local	60	800	576,000
Machanics	Expat	4	1000	48,000
Machanics	Local	4	1000	48,000
Operational Wokers (unskilled)	Local	35	400	168,000
<b>Maintenance Engineering</b>				
Supervisors	Expat	1	4000	48,000
Tradsmen	Local	4	500	24,000
Tradesmen Assistants	Local	4	500	24,000
<b>Electrical &amp; Instrumental Engineering</b>				
Supervisor	Expat	1	3000	36,000
Electrical Tradesmen	Local	3	500	18,000
Instruments Tradesmen	Local	4	500	24,000
Tradesmen Assistants	Local	4	400	19,200
<b>Workshop</b>				
Supervisor	Expat	2	3000	72,000
Machine Operator	Local	4	500	24,000
Assistants Operator	Local	8	400	38,400
<b>Engineering Stores</b>				
Storesman	Expat	2	750	18,000
Assistant	Local	8	500	48,000
<b>Security</b>				
Duty Officer	Local	3	500	18,000
Guards	Local	35	250	105,000
<b>Transportation</b>				
Duty Drivers	Local	65	300	234,000
<b>Total</b>				<b>3,966,600</b>

**Sun Light Steel Industries Company Limited**

**Working of Indirect Labor**

**Working - 5**

<b>Administration Salary (indirect Cost)</b>	<b>Local/Expat</b>	<b>No of Employees</b>	<b>Per month Salary</b>	<b>Amount in USD (Annual)</b>
Chief Fianace Officer	Expat	1	8,000	96,000
Sales & Marketing Head	Expat	2	5,000	120,000
Sales & Marketing Manager	Expat	5	3,000	180,000
Sales & Marketing Manager	Local	5	2,500	150,000
Area Sales Manager	Local	8	1,000	96,000
Area Sales Supervisor	Local	15	750	135,000
Sales & Marketing Order Clerks	Local	4	500	24,000
Personnel Manager	Local	1	1,800	21,600
Undegraduate (HR)	Local	4	400	19,200
<b>Accounts</b>				-
Accountants	Local	3	1,500	54,000
Accounts & Payroll Celerk	Local	2	1,000	24,000
Internal Audit	Local	4	1,500	72,000
Perosnnel Supervisors	Local	3	750	27,000
Admin Staff	Local	4	500	24,000
<b>General Cleaning etc</b>				-
Supervisors	Local	4	500	24,000
Labourers	Local	25	250	75,000
<b>Total</b>				<b>1,141,800</b>