

BUSINESS PLAN PROPOSAL

BY

PWANI STEEL INDUSTRY LIMITED

FOR

APPLICATION FOR A CERTIFICATE OF INCENTIVE

SUBMITTED TO THE TANZANIA INVESTMENT CENTRE

PWANI STEEL INDUSTRY LIMITED

P.O. Box 30112

KIBAHA PWANI

**STEEL PRODUCTS MANUFACTURING PLANT TO BE ESTABLISHED ON PLOT
19-22 BLOCK D ZEGERENI, VISIGA, KIBAHA DISTRICT, PWANI REGION,
TANZANIA**

MARCH 2020

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PARTI: GENERAL PROJECT INFORMATION

1.GENERAL

This project document gives details on an investment proposal by **PWANI STEEL INDUSTRY LIMITED** for establishment of a steel products plant at zegereni on a 7 acres Plot No **19-22 Block D**, in Kibaha District, Pwani Region. The company intends to bring into the country from China the machinery and equipment to produce steel products like steel pipes and nails, to serve the existing demand for the product in the construction industry.

PWANI STEEL INDUSTRY LIMITED is therefore applying for a Certificate of Incentives from the Tanzania Investment Centre (TIC) under Section 17 of the Tanzania Investment Act and Part IV of the Investment Regulations 2002 to fulfill its ambition.

PWANI STEEL INDUSTRY LIMITED is particularly applying for a certificate of incentive which is to be used to finance the purchase of the following machinery and equipment from China:

- 1) One (1) Steel Coil Slitting Machine Line
- 2) One (1) Sheet Metal Decoiler Machine Line
- 3) One (1) Seam Welded Pipe Making Machine
- 4) One (1) Electric Hoist System
- 5) One (1) Maintenance Equipment
- 6) One (1) Drawing and Nail Making Machine
- 7) One (1) Polish and Coating Machine
- 8) One (1) Standby generator 800 KVA
- 9) Two(2) Prefabricate Factory and Storage
- 10) Two (2)Vehicles (Heavy duty Trucks)
- 11) Four (4) Light Vehicles

To be financed through an investment from china around 2 million USD.

2.REGISTERED OWNERS PROFILE

PWANI STEEL INDUSTRY LIMITED is owned by experienced individuals in the steel industry. They have several years' experience in initiating/running mega steel factories.

Professional Back ground

Zhang Shujin(25%) , Liu Bin(24%) and Yan Xinmei(51%) the shareholders of PWANI STEEL INDUSTRY LIMITED are experienced Chinese business Citizens specializing in Steel trading and manufacturing activities specifically.

Zhang Shujin has 20 years of experience in the management of a steel manufacturer. He is very professional in the process and optimization of steel pipe manufacturing.

Liu Bin is an expert in raw material market analysis of steel products and has 10 years of experience in market management and analysis of steel products.

Yan Xinmei is very good at steel products trade and investment, she has 20 years experiences to operate a steel products trading company and 10 years management experiences to in steel production company.

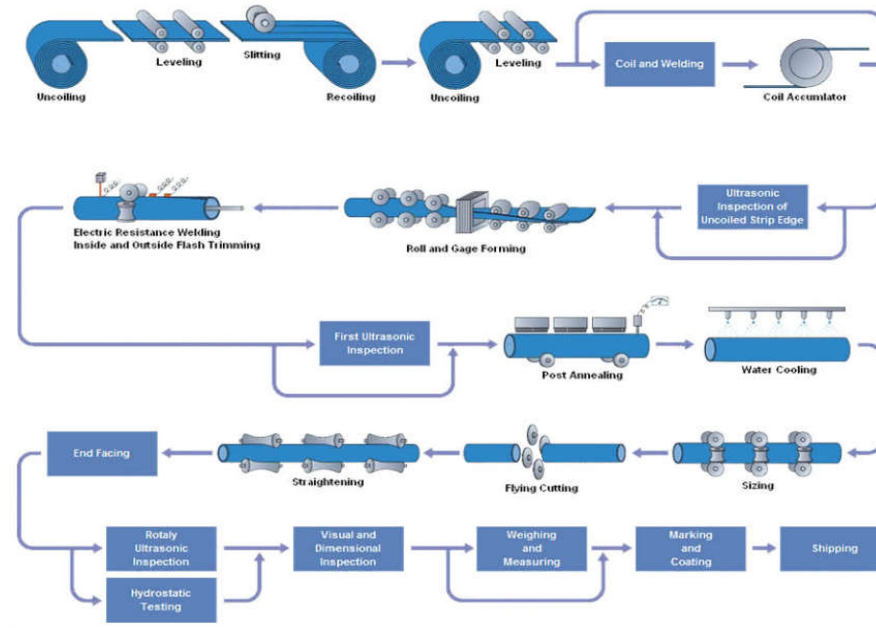
3.PRODUCTS MANUFACTURING PROCESS

Steel has 2 percent carbon by weight and other hardening agents such as boron, titanium, manganese, chromium, molybdenum, nickel, and vanadium. This gives steel more tensile strength, hardness, and less ductility than pure iron.

These properties make steel a vital product in almost all sectors of the economy. Automotive, transportation, building and construction, machine and equipment, are all part of the sectors that depend on steel products with building and construction being the largest consumer of steel products. Pwani steel industry limited is looking at producing High quality steel Pipes and Nails.

3.1 Steel Pipes Manufacturing Process

Steel pipes are long, hollow tubes that are used for a variety of purposes. They are produced by two distinct methods which result in either a welded or seamless pipe. In both methods, raw steel is first cast into a more workable starting form. It is then made into a pipe by stretching the steel out into a seamless tube or forcing the edges together and sealing them with a weld. Finally, the pipe is cut and modified to meet the customer's needs.



3.1.1 Slitting and uncoiling

steel ribbon or coils are slotted to pre-determined widths for each and every size of pipes. The slotted coil is uncoiled at the entry of ERW mill and the ends are sheared and welded one after another. This results in a single endless strip.

3.1.2 Forming

steel strip is placed on an unwinding machine. As the spool of steel is unwound, it is heated. The steel is then passed through a series of grooved rollers. As it passes by, the rollers cause the edges of the skelp to curl together. This forms an unwelded pipe.

3.1.3 High frequency electric resistance welding

A high frequency induced current is used to hot pressure weld the edges of the steel strip formed into a tubular shape.

3.1.4 Eddy current or ultrasonic testing

The integrity of the raw material and weld zone is completely inspected online in a non-destructive means.

3.1.5 Sizing

Rollers with various curvatures are used to squeeze the welded tube, adjusting its outer diameter. Rectangular or square tube can be formed in addition to round tubes.

3.1.6 Cutting

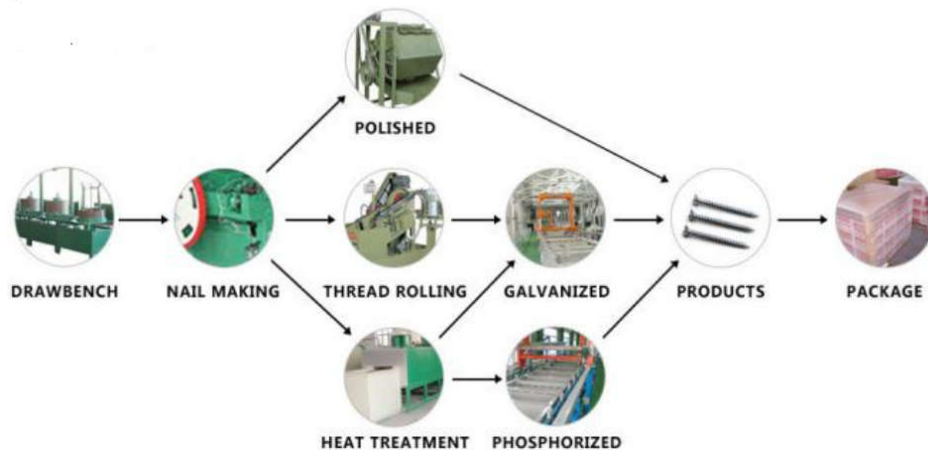
Cutters are used to cut the continuously formed tube into defined lengths.

3.1.7 End facing and bevelling

This is usually stage, where the pipes ends are faced and bevelled by the end facer. All these processes are continuous with automatic arrangements. These plain ended tubes further go for processing as per the customer requirements such as galvanizing, threading, black varnishing and more.

3.2 Nails Manufacturing Process

A nail consists of a metal rod or shank, pointed at one end and usually having a formed head at the other, that can be hammered into pieces of wood or other materials to fasten them together. A nail is usually made of steel, although it can be made of aluminum, brass, or many other metals. The surface can be coated or plated to improve its corrosion resistance, gripping strength, or decorative appearance. The head, shank, and point may have several shapes based on the intended function of the nail.



3.2.1 Drawing and nail making

Wire is drawn from a coil and fed into the nail-making machine where it is gripped by a pair of gripper dies. The shape of the head of the nail has been machined into the end of the dies

While the dies clamp the wire in place, the free end of the wire is struck by a mechanical hammer. This deforms the end of the wire into the die cavity to form the head of the nail.

With the wire still clamped in the dies, a set of shaped cutters strike the opposite end of the nail, forming the point and cutting the nail free from the rest of the wire coming off the coil.

The dies open and an expelling mechanism knocks the nail into a collection pan below the machine. The free end of the wire is drawn from the coil and fed into the machine. The cycle then begins again.

3.2.2 Polished and coating

The nails are cleaned in a rotating barrel filled with hot caustic soda. This removes any oil from the forming machine and cleans up any small metal scraps, or nippings, that might be clinging to the nails.

Many nails are given a final bright finish before being packaged. This is accomplished by placing the nails in a rotating drum of hot sawdust to lightly polish the surface of the nails. Other nails may be passed through an open flame in an oven to give them a blued finish. Galvanized nails are dipped into a tank of molten zinc in a process called hot-dip galvanizing. A zinc coating may also be applied by heating the nails to about 570°F (300°C) in a closed container filed with a powder composed of zinc dust and zinc oxide. Other coated nails are either dipped

or sprayed to obtain their final finish.

Depending on the tolerances desired, some specialty nails may also require an additional heat treat step.

3.2.3 Packaging

Magnetic elevators convey the finished nails to weighing machines which drop them into open cardboard boxes. As they are dropped in, a magnetic field aligns them so they stack in neat rows. After they are packaged, the nails are demagnetized. Nails are usually sold in boxes of 1, 5, 10, 25, and 50 pounds. Smaller nails, such as brads, are sold in 2-ounce or 4-ounce boxes and are packaged without being magnetically aligned.

4. THE MARKET

Steel market is regarded as a stable one, steel manufacturing companies have to sometimes come up with strategies that would differentiate them from their competitors. This can be in the production of good quality steel.

Another trend is in ensuring that we not only produce steel but also other related activities such as steel fabrication and recycling as well; and also create avenues for our customers to be aware of what new products we are offering.

Lastly, we intend to use technology as a means of marketing our steel manufacturing company and also increasing its awareness and sales as well. Besides, technology, we also intend to use the internet in reaching out to our various existing as well potential clients.

4.1 Our Target Market

Our target market is basically everyone in Tanzania. This is why part of our expansion strategy is to have strategic sale points in different places of the country.

Due to several authentic statistics and market researches, we know exactly who and where our target markets are, and what they expect from us. We intend to engage in wholesale distribution

to retail stores that will cater to the following group of people:

- Government Projects
- The Satellite Cities Developed by NHC,NSSF, PSSF
- Malls
- Hotel
- Universities

4.2 COMPETITION

Competition is the key factor facing the project. Since we intend to survive in the steel Pipes and nails production business for a long time to come and also be among the top leading brands in Tanzania, we have drafted competitive advantage strategies that will ensure that our vision and mission statement is achieved.

We know how important our customers are to the business, and so one of our competitive advantages is to ensure that our customer retention strategies remain very high. This can be achieved by promptly attending to the complaints of our clients and giving out incentives regularly.

Another of our competitive advantage is in the hiring of competent employees who have a vast experience in the field and are attuned to our vision and corporate culture, and also understand the need to have a strong distribution network as well as excellent customer culture while also positively promoting and projecting our brands.

Another part of our competitive advantage is in ensuring that our competent employees have fair welfare packages, which would be the best in the industry. This would then ensure that they improve on their productivity, which would to a greater extent improve our bottom line.

Lastly, we would ensure that our pricing policies are not only favorable to our customers but also to us as well. This we would do by critically evaluating the right price that would be fair to

us as well as our numerous clients.

4.3 Our Competitive Advantage

Since we intend to survive in the steel production business for a long time to come and also be among the top leading brands in Tanzania, we have drafted competitive advantage strategies that will ensure that our vision and mission statement is achieved.

We know how important our customers are to the business, and so one of our competitive advantages is to ensure that our customer retention strategies remain very high. This can be achieved by promptly attending to the complaints of our clients and giving out incentives regularly.

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We will also deliver a variety of steel products as list below/ See Table below for a sample Steel Pipes and Nails that have come up for purchase

Showing sample of steel products and size

Products	Size/diameter	weight	Thickness
Square pipe	19*19	2.88kg/pcs	0.9mm
Square pipe	24*24	5.14kg/pcs	0.9mm
Square pipe	29*29	7.6kg/pcs	0.9mm
Square pipe	38*38	10.16kg/pcs	0.9mm
rectangular pipe	38*24	9.6kg/pcs	0.9mm
rectangular pipe	48*24	12.76 kg/pcs	0.9mm
Round pipe	12.7	6.08 kg/pcs	1.8mm
Round pipe	50	16.35 kg/pcs	2.5mm
Common nail	5.5×150mm	25kg/package	—
Common nail	3.7×90mm	25kg/package	—
Common nail	3.5×70mm	25kg/package	—
Common nail	2.8×60mm	25kg/package	—
roofing nail	3.8×50mm	25kg/package	—
roofing nail	3.0×60mm	25kg/package	—

4.4 RISK FACTORS FACING THE PROJECT

There are is always an element of risk in any real investment. It is therefore important to identify the risk and take into account measures for their mitigation. Risks to the project have been identified as follows:

- a) Increase in Raw material prices
- b) A period of low market demand
- c) Equipment failure that cannot be fixed in time
- d) Malicious market competition

4.5. SWOAT ANALYSIS

Having a SWOT analysis is very important as this would help us know what our chances of succeeding in this market are and how well we can improve on our weakness while eliminating totally or reducing threats to the barest minimum. In carrying out a thorough SWOT analysis, we hired a reputable business consultant who has several years of experience in helping start-ups with carrying out this analysis.

The aim of the SWOT has also helped us determine if this is a business that we should pursue or not. We are glad to say our strengths and opportunities were in high percentages and that the threats posed to our business is few and our weaknesses will be worked on.

Here is what the SWOT analysis carried out by an expert on behalf of Pwani Steel Industry Company Limited revealed;

Showing the SWOT ANALYSIS

STRENGTH	WEAKNESS
<ul style="list-style-type: none">• Experienced Shareholders of Pwani Steel Industry Limited.• Experienced Consultant team• Shareholder Commitment• Prime location of the Industry	<ul style="list-style-type: none">• Invest in unfamiliar countries• Need time to get used to the different legal and business environment• New supply chain sales channels need to be built
OPPORTUNITY	THREATS
<ul style="list-style-type: none">• Increase in sale values• Growth in economy with time• High Demand for theapartments	<ul style="list-style-type: none">• Increase in cost of raw materials• Competition from other Steel Industries

4.6 MARKETING AND SALES

Every business man knows how important marketing is to a business and how deploying the right marketing strategies will help the companies generate income as well as boost its own profile as

well. After a thorough research on what marketing strategies would be best for us to not only penetrate the market but also compete favorably with other leading brands as an upcoming company, we were able to come up with reliable data and information that will ensure our business is marketed effectively in Tanzania.

Also, knowing the importance of marketing to our business, our sales and marketing executives have been empowered to deliver our corporate sales goals so as to shore up our revenue base while also positively promoting the company's image.

We also know how important technology is in these times especially when it comes to marketing and so we have perfected plans to develop an app that will bring us closer to our existing and potential clients. We would also make our official website and social media platforms as active as possible for our audience.

We intend in summary to leverage on the following approaches to market our products and services at Pwani Steel Industry Limited;

- a) Advertise our steel products via local newspapers, national newspapers, and radio stations and on television.
- b) Encourage our loyal customers by giving out incentives for referrals
- c) Engage in word of mouth marketing
- d) Engage in direct marketing through our sales and marketing executives
- e) Ensure our business is listed in Yellow pages and other local directories as well as online directories
- f) Use our website to sell our products and services
- g) Make use of our social media platforms to actively promote and sell our products and services.

Regardless of the fact that our brand is a well-known one that has a high standard, we know how important creating awareness for a business is. Every business established for the purpose of making profit and competing favorably with other leading brands must have good publicity and

advertising strategies laid out, and this we have in place.

Pwani steel Industry Limited intends to explore all available means of publicity in Tanzania. Our publicity strategies will ensure that we not only promote our products and services but project our image positively to intending and existing clients.

Listed below are the platforms we intend to leverage on in promoting Pwani Steel Industry Limited;

- Ensure that we introduce our Steel products to commercial offices around us
- Provide distribution benefits to all our distributors and partners
- Place adverts on print media (local newspapers as well as relevant magazines) and electronic media (radio stations and televisions)
- Use our social media platforms – such as Facebook, Twitter, and instagram to seriously engage our existing and potential clients and promote our brands
- Sponsor social shows such as community pageants and educational fairs
- Distribute our handbills and fliers in various target areas
- Install our billboards in various strategic locations around Tanzania
- Give our distribution trucks an attractive color that will visibly show and promote our products
- Our Pricing Strategy

Our pricing module will however not be too different from that of our competitors, as we would during the first six months of operations offer our products at a little less price than that of our competitors; we might however raise the prices a bit after our brand has become well known. We would never offer prices that are below our cost of production as well as overheads as we intend to be in business for a long time.

5. REVENUE PROJECTION

Revenue projections are based on the following assumptions:

- The steel factory has a production capacity of 30 metric tonnes per day. Half of the capacity plan to be used as a process factory for other steel products supplier and the remaining capacity will be used as our own products process.
- The steel factory will operate for 24 days per month, for a period of 11 months per annum, other days being reserved for maintenance purposes and holidays.
- The steel production plant will operate on a capacity utilization of 75% during the first year of its operation, increasing to 80% during the second year and 85% in the third year, 90% from the fourth year onwards.
- The quantities of steel production sold each year are projected to increase from 75% of the total quantities produced during the first year of operations to 80% during the second year and 85% from the third year onwards.
- Applied Exchange Rate is TSHILLING 2,320 per 1 USD.
- Revenue from steel products is projected to increase from USD 2,524,500 in the first year, to USD 2,692,800 in the second year, to USD 2,861,100 in third year, and USD 3,029,400 from the fourth year onwards as indicated in Appendix 8.

5.1 Operating Expenses

The main operating expenses for steel pipes include transportation costs as well as electricity and water costs associated with production as indicated in Appendix 4;

The main operating expenses for steel pipes include transportation costs as well as electricity and water costs associated with production as indicated in Appendix 6;

Administrative costs for the project insurance costs are presented as indicated in Appendix 7.

5.1.1 Salaries and Wages

Salaries, wages and 30% social security benefits for 49 workers are also indicated in Appendix 7.

5.1.2 Re-investment Expenditure

Re-investment will be carried out in years 3 and 9 for vehicles and the factory building and processing plant respectively.

5.1.3 Corporate income

Tax rate of 30% is assumed is to remain unchanged over the projected period of ten (10) years.

5.2 Financial Highlights

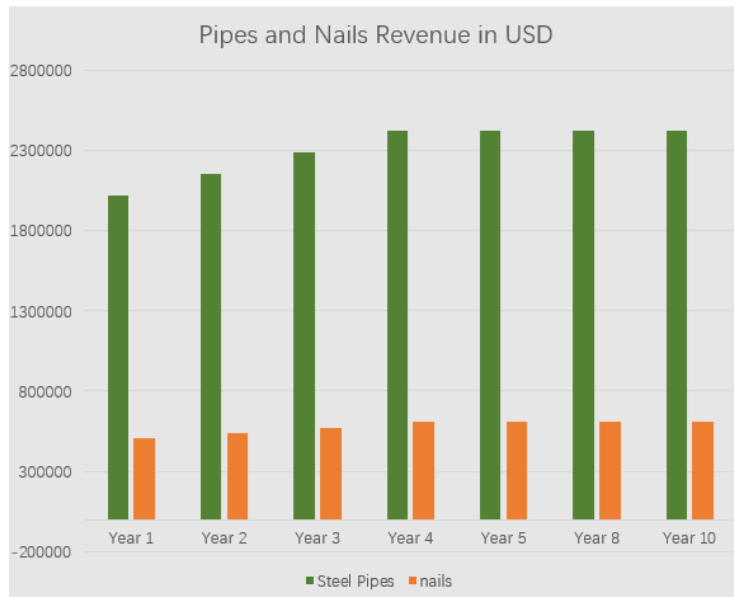
Financial forecasts over a ten-year period for the project have been worked out. Investment Costs is estimated at USD 2,000,000/=, presented in Appendix 1, whereas the assets depreciation schedule is presented in Appendix 2. Appendix 3 A shows the steel pipes production plan, Appendix 4 shows production costs for steel pipes, Appendix 5 shows the production plan for nails, Appendix 6 presents the production costs for nails. Administrative costs including manpower requirements are presented in Appendix 7. The projected income statement for the whole project is then presented in Appendix 8. Cashflow projections are presented in Appendix 9

Gross operating income is USD 2,524,500 in the first year, to USD 2,692,800 in the second year, to USD 2,861,100 in third year, and USD 3,029,400 from the fourth year onwards.

Gross operating profit is projected to increase from USD 316,800 in the first year, increasing to USD 525,101 in the fourth year, USD 494,935 in year 6, USD 483,021 in year 8 and USD 421,848 in the tenth year

Profits after taxation are projected to start at USD 307,464 in the first year, increasing to USD 362,697 in the third year, USD 409,579 in the fourth year, USD 386,049 in year 6, USD 376,756 in year 8 and USD 329,041 in the tenth year.

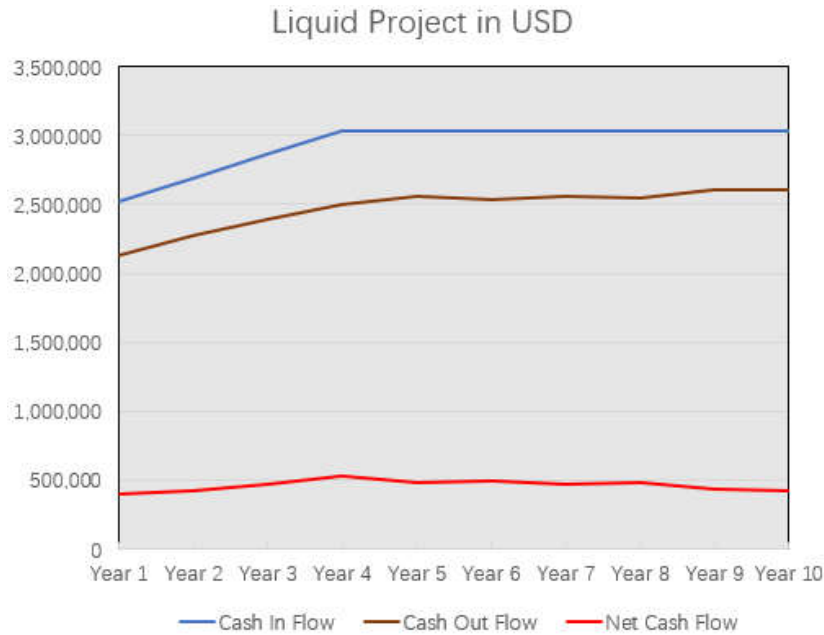
Accumulated retained earnings are projected to increase from USD 307,464 in the first year to USD 3,569,398 in the tenth year as shown in Appendix 8.



6. Project Liquidity

The proposed project is very profitable. It generates positive net cashflows from the first year of operations with net cashflow of USD 394,184. Positive net cashflows are recorded in each year of operation.

The project is able to achieve an attractive payback period of 6 years as indicated in Appendix 9. That is to say the whole investment cost of USD 2,000,000 will fully be recouped in that period.



7. MANPOWER REQUIREMENTS AND ORGANISATION

7.1 MANAGEMENT

This success of a venture of this kind depends on the competence of the personnel recruited to manage. It is assumed that relevant personnel with requisite skills shall be available within the country.

In Order to streamline operations, it is proposed to engage two key figures; Operational officer and the Accountant. These two along with the Industry Manager will form the central operational core that will ensure the success of the project.

7.2 MANPOWER REQUIREMENTS

Based on the proposed organization structure the project will initially employ a total of 49 persons.

7.2.1 Chief Executive Officer

- Provides a clear strategic direction for the organization and communicate these strategies to appropriate channels

- Has an experience with the budgets as well as allocate resources appropriately
- Ensures that the right professionals are hired into the management team
- Builds corporate culture that would influence employees attitude and decision

7.2.2 Human Resources and Admin Manager

- Ensures the development, management as well as implementation of personnel policies
- Recruits, retain and terminates staff appropriately
- Ensures that office practices are adhered to and in line with employment related laws
- Ensures that the administrative systems are constantly reviewed with an aim to being proactive instead of reactive
- Ensures that staff welfare and incentive packages are appropriately done.

7.2.3 Marketing Executives

- Carries out promotional activities that will project the image of the company as well as bring in revenue
- Devises marketing and sales strategy for Pwani Steel Industry Limited
- Manages campaigns on all of the company's social media platforms
- Plans and organizes product and service exhibitions' for the company
- Monitors performance and change weak strategies

7.2.4 Accountants

- Ensures that tax returns are prepared and that tax requirements, preparation and reporting are complied with
- Works with management and report all the finances regarding Pwani Steel Industry Limited.
- Ensures that budgets are developed, and maintained periodically and also compare budgeted costs to actual costs
- Prepares and analyzes of accounting records, financial statements and reports in order to determine accuracy and conformance with accounting standards
- Carries out analysis of business operations including costs and revenues and use this to

not only project future income and expenses but to proffer advice as well.

7.2.5 Mechanics and assistant

- Ensure the smooth operation of the machine
- Complete daily maintenance and repair of equipment
- Ensure the completion of monthly production
- Assist to solve any problems in production activities and Communicate with the leadership on any safety issues

7.2.6 Drivers

- Ensures that cargoes are loaded and unloaded at the appropriate times
- Ensures that all traffic laws are followed
- Inspects truck before and after every trip, and report any major defects found to the appropriate department
- Carries out light repairs and maintenance on trucks as at when due
- Ensures that clients get their products on time

7.2.7 Security Guard

- Protects the property Prevents security problems that are likely to arise during the course of carrying out security duties
- Responds to security issues that might crop up
- Enlightens employees by providing security tips

8. Economic and Social Benefits

The successful operation of the cement production project to be operated by **PWANI STEEL INDUSTRY LIMITED** will have significant economic and social benefits to the country as a whole. In summary, some of the benefits which will be realized include:

- (i) Creation of permanent employment opportunities for over 47 Tanzania employees.

- (ii) The project will solve the market demand for steel pipe
- (iii) The neighborhood of the project will benefit domestic lighting from the electrification of the factory.
- (iv) Feeder roads leading to the factory will be frequently repaired by the project hence affording easy transportation of goods and people around the project.
- (v) Provision of income to employees and other service providers (individual entrepreneurs) thus contributing to Government efforts in improving citizens' living standards.
- (vi) Provision of a new market for food products and other goods required at project area, thus generating an economic multiplier effect to the project area and surrounding areas.

Provision of revenue to the Government through corporate tax. It is projected that the project will contribute a total of USD 1,006,753 to the Treasury in the form of corporate tax over a period of ten years, which implies an annual average of USD 83,896.08.

9. Summary and Conclusion

This project document has provided descriptions of a detailed investment proposal by **PWANI STEEL INDUSTRY LIMITED** for establishment and operation of a steel products plant at Zegereni on a 7 acres Plot No 19-22 Block D, in Kibaha District, Pwani Region.

9.1 Summary

The main products of the company are steel pipes and nails, and has the ability to produce most types of products on the market. The shareholders of company are very experienced to run steel products factory, they can take use of their advantage and knowledge in production techniques and market analysis to make company grow steady and successful.

According to the above statement, the investment cost will be 2 million USD. The proposed project is very profitable. it generates positive net cashflows from the first year of operations with net cashflow of USD 394,184 and will fully be recouped in within 6 years.

The project will contribute a total of USD 1,006,753 to the Treasury in the form of corporate tax over a period of ten years, which implies an annual average of USD 83,896.08.

The project can create permanent employment opportunities for over 47 Tanzania employees and train skilled technicians and mechanics of locals, as well as improve the quality of life in the project area and surrounding areas.

9.2 Conclusion

The company is therefore seeking for a Certificate of Incentives from the Tanzania Investment Centre (TIC) under Section 17 of the Tanzania Investment Act and Part IV of the Investment Regulations 2002, for the importation of the cement production machinery and equipment of the proposed cement factory.

Through the various parameters, which have been considered in the study, it has been established that the proposed project is technically feasible, financially viable, economically and socially beneficial.

It is therefore recommended that the Tanzania Investment Centre (TIC) provide the necessary support to the company by approving this application for Certificate of Incentives.

PART II : APPENDIX

APPENDIX 1

investment cost

ITEM	USD
Land & Building	420,000
Plant(factory and Equipment)	1,100,000
Vehicles	130,000
Furniture & Fittings	80,000
Pre-Operational Expenses	50,000
Others	20,000
working capital	200,000
GRAND TOTAL	2,000,000

APPENDIX 2

DEPRECIATION SCHEDULE in USD

ITEM	RATE	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Land & Building	4.00%	-	-	-	-	-	-	-	-	-	-
Opening Banlance		420,000	403,200	387,072	371,589	356,726	342,457	328,758	315,608	302,984	410,864
Additions	-	-	-	-	-	-	-	-	-	120,000	-
Annual Depreciation	4.00%	16,800	16,128	15,483	14,864	14,269	13,698	13,150	12,624	12,119	16,435
Closing Banlance		403,200	387,072	371,589	356,726	342,457	328,758	315,608	302,984	410,864	394,430
Plant(facorty and Equipment)	10.00%	-	-	-	-	-	-	-	-	-	-
Opening Banlance		1,120,000	1,008,000	907,200	816,480	1,134,832	1,021,349	919,214	827,293	1,144,563	1,030,107
Additions		-	-	-	400,000	-	-	-	400,000	-	-
Annual Depreciation	10.00%	112,000	100,800	90,720	81,648	113,483	102,135	91,921	82,729	114,456	103,011
Closing Banlance		1,008,000	907,200	816,480	1,134,832	1,021,349	919,214	827,293	1,144,563	1,030,107	927,096
Vehicles	25.00%	-	-	-	-	-	-	-	-	-	-
Opening Banlance		130,000	97,500	73,125	124,844	93,633	70,225	122,668	92,001	69,001	121,751
Additions		-	-	70,000	-	-	70,000	-	-	70,000	-
Annual Depreciation	25.00%	32,500	24,375	18,281	31,211	23,408	17,556	30,667	23,000	17,250	30,438
Closing Banlance		97,500	73,125	124,844	93,633	70,225	122,668	92,001	69,001	121,751	91,313
Furniture and Fittings	10.00%	-	-	-	-	-	-	-	-	-	-
Opening Banlance		80,000	72,000	64,800	80,320	72,288	65,059	80,553	72,498	65,248	80,723
Additions		-	-	22,000	-	-	22,000	-	-	22,000	-
Annual Depreciation	10.00%	8,000	7,200	6,480	8,032	7,229	6,506	8,055	7,250	6,525	8,072
Closing Banlance		72,000	64,800	80,320	72,288	65,059	80,553	72,498	65,248	80,723	72,651

APPENDIX 3

Steel Pipes Production Plan in metric tonne

product category	specification	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Square pipe	19*19*0.9mm	650	700	750	800	800	800	800	800	800	800
Square pipe	24*24*0.9mm	500	550	660	700	700	700	700	700	700	700
Square pipe	29*29*0.9mm	750	800	850	900	900	900	900	900	900	900
Square pipe	38*38*0.9mm	750	800	850	860	860	860	860	860	860	860
rectangular pipe	38*24*0.9mm	400	450	500	600	600	600	600	600	600	600
rectangular pipe	48*24*0.9mm	650	650	650	680	680	680	680	680	680	680
Round pipe	12.7*1.8mm	550	580	600	620	620	620	620	620	620	620
Round pipe	50*2.5mm	700	750	750	780	780	780	780	780	780	780

APPENDIX 4

production costs for steel pipes

			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Loading cost at site in USD		0.5/T	2,475	2,640	2,805	2,970	2,970	2,970	2,970	2,970	2,970	2,970
Tranroad Costs in USD		0.03/T·km	11,880	12,672	13,464	14,256	14,256	14,256	14,256	14,256	14,256	14,256
Fuel consumption of transportation	Turnover	0.40%	10,098	10,771	11,444	12,118	12,118	12,118	12,118	12,118	12,118	12,118
Extra Vehicle Hiring Expense	Turnover	0.80%	20,196	21,542	22,889	24,235	24,235	24,235	24,235	24,235	24,235	24,235
Water and Electricity Cost	Turnover	2.50%	63,113	67,320	71,528	75,735	75,735	75,735	75,735	75,735	75,735	75,735
Package Materias	Turnover	0.30%	7,574	8,078	8,583	9,088	9,088	9,088	9,088	9,088	9,088	9,088
Repair and Maintanance	Turnover	1.20%	30,294	32,314	34,333	36,353	36,353	36,353	36,353	36,353	36,353	36,353
Total Costs		-	133,749	152,698	162,241	157,529	157,529	157,529	157,529	157,529	157,529	157,529

APPENDIX 5

Nails Production Plan in metric tonne

product category	specification	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Common nail	5.5×150mm	260	280	300	320	320	320	320	320	320	320
Common nail	3.7×90mm	160	166	170	180	180	180	180	180	180	180
Common nail	3.5×70mm	110	120	130	136	136	136	136	136	136	136
Common nail	2.8×60mm	120	130	140	150	150	150	150	150	150	150
roofing nail	3.8×50	220	230	240	252	252	252	252	252	252	252
roofing nail	3.0×60	120	130	142	150	150	150	150	150	150	150

APPENDIX 6

production costs for nails

			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Loading cost at site in USD		0.5/T	495	528	561	594	594	594	594	594	594	594
Tranroad Costs in USD		0.03/T-km	2,376	2,534	2,693	2,851	2,851	2,851	2,851	2,851	2,851	2,851
Fuel consumption of transportation	Turnover/3	0.40%	3,366	3,590	3,815	4,039	4,039	4,039	4,039	4,039	4,039	4,039
Extra Vehicle Hiring Expense	Turnover/3	0.80%	6,732	7,181	7,630	8,078	8,078	8,078	8,078	8,078	8,078	8,078
Water and Electricity Cost	Turnover/3	2.10%	17,672	18,850	20,028	21,206	21,206	21,206	21,206	21,206	21,206	21,206
Package Materias	Turnover/3	0.20%	1,683	1,795	1,907	2,020	2,020	2,020	2,020	2,020	2,020	2,020
Repair and Maintenance	Turnover/3	1.00%	8,415	8,976	9,537	10,098	10,098	10,098	10,098	10,098	10,098	10,098
Total Costs		-	40,739	43,454	46,170	48,886	48,886	48,886	48,886	48,886	48,886	48,886

APPENDIX 7

Administrative costs including manpower requirements

Salaries&wages	number	USD/per month	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Managing Director	1	2,000	24,000	24,000	26,400	26,400	29,040	29,040	31,944	31,944	35,138	35,138
Chief Account	1	1,000	12,000	12,000	13,200	13,200	14,520	14,520	15,972	15,972	17,569	17,569
Accounts	4	350	16,800	16,800	18,480	18,480	20,328	20,328	22,361	22,361	24,597	24,597
Marketing manager	1	1,000	12,000	12,000	13,200	13,200	14,520	14,520	15,972	15,972	17,569	17,569
Marketing officers	4	300	14,400	14,400	15,840	15,840	17,424	17,424	19,166	19,166	21,083	21,083
Store keepers	4	300	14,400	14,400	15,840	15,840	17,424	17,424	19,166	19,166	21,083	21,083
Hunman resoures officers	2	400	9,600	9,600	10,560	10,560	11,616	11,616	12,778	12,778	14,055	14,055
Project engineer	2	400	9,600	9,600	10,560	10,560	11,616	11,616	12,778	12,778	14,055	14,055
Mechanics	16	300	57,600	57,600	63,360	63,360	69,696	69,696	76,666	76,666	84,332	84,332
Assistant	6	380	27,360	27,360	30,096	30,096	33,106	33,106	36,416	36,416	40,058	40,058
Drivers	4	260	12,480	12,480	13,728	13,728	15,101	15,101	16,611	16,611	18,272	18,272
Security guards	4	260	12,480	12,480	13,728	13,728	15,101	15,101	16,611	16,611	18,272	18,272
Total Salaries&wages	49	6,950	222,720	222,720	244,992	244,992	269,491	269,491	296,440	296,440	326,084	326,084
Other Admin Expense												
Insurance	1%	Turnover	25,245	26,928	28,611	30,294	30,294	30,294	30,294	30,294	30,294	30,294
Local Govement Levies	1.20%	Turnover	30,294	32,314	34,333	36,353	36,353	36,353	36,353	36,353	36,353	36,353
General Office Expense	1%	Turnover	25,245	26,928	28,611	30,294	30,294	30,294	30,294	30,294	30,294	30,294
Travelling Expense	0.16%	Turnover	4,039	4,308	4,578	4,847	4,847	4,847	4,847	4,847	4,847	4,847
Meal Allowance	0.15%	Turnover	3,787	4,039	4,292	4,544	4,544	4,544	4,544	4,544	4,544	4,544
Marking Expense	0.50%	Turnover	12,623	13,464	14,306	15,147	15,147	15,147	15,147	15,147	15,147	15,147
Total Other Admin Expense			101,232	107,981	114,730	121,479	121,479	121,479	121,479	121,479	121,479	121,479
Total Administrative Expense in USD			323,952	330,701	359,722	366,471	390,970	390,970	417,919	417,919	447,563	447,563

APPENDIX 8

Project Income Statement In USD

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	2,524,500	2,692,800	2,861,100	3,029,400	3,029,400	3,029,400	3,029,400	3,029,400	3,029,400	3,029,400
Raw Materials Costs	1,503,076	1,603,281	1,703,486	1,803,691	1,803,691	1,803,691	1,803,691	1,803,691	1,803,691	1,803,691
Prouduction costs	174,488	196,152	208,412	206,415	206,415	206,415	206,415	206,415	206,415	206,415
Administration costs	323,952	330,701	359,722	366,471	390,970	390,970	417,919	417,919	447,563	447,563
Depreciatoin	128,800	141,303	124,484	127,723	151,160	133,389	135,739	118,354	143,826	149,883
Profit before tax	394,184	421,363	464,996	525,101	477,164	494,935	465,636	483,021	427,905	421,848
Taxation	86,720	92,700	102,299	115,522	104,976	108,886	102,440	106,265	94,139	92,807
Profit after tax	307,464	328,663	362,697	409,579	372,188	386,049	363,196	376,756	333,766	329,041
Accumulated Earning	307,464	636,127	998,824	1,408,402	1,780,590	2,166,639	2,529,835	2,906,591	3,240,357	3,569,398

APPENDIX 9

Project cash flow In USD

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cash in flow	2,000,000	2,130,316	2,271,437	2,396,104	2,504,299	2,552,236	2,534,465	2,563,764	2,546,379	2,601,495	2,607,552
Equity	2,000,000	-	-	-	-	-	-	-	-	-	-
Revenue	0	2,524,500	2,692,800	2,861,100	3,029,400	3,029,400	3,029,400	3,029,400	3,029,400	3,029,400	3,029,400
Total Cash In flow	2,000,000	2,524,500	2,692,800	2,861,100	3,029,400	3,029,400	3,029,400	3,029,400	3,029,400	3,029,400	3,029,400
Depreciatoin	0	128,800	141,303	124,484	127,723	151,160	133,389	135,739	118,354	143,826	149,883
Total Cash out flow	1,800,000	2,130,316	2,271,437	2,396,104	2,504,299	2,552,236	2,534,465	2,563,764	2,546,379	2,601,495	2,607,552
Net Cah flow	200,000	394,184	421,363	464,996	525,101	477,164	494,935	465,636	483,021	427,905	421,848
Cum.Deficit/Excess	200,000	594,184	1,015,547	1,480,543	2,005,644	2,482,808	2,977,742	3,443,378	3,926,399	4,354,304	4,776,152