

# **KALYON INVESTMENT COMPANY LIMITED**

**Located at Derm Plaza – Kijitonyama  
Plot No. 18, Block 45A New Bagamoyo Road Kinondoni nearby Makumbusho  
P.O.Box 31184 Dar es Salaam**

## **BUSINESS PLAN**

*Prepared by:*

*Kalyon Investment Co. Ltd*

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### 1. EXECUTIVE SUMMARY

**M/S KALYON INVESTMENT COMPANY LIMITED** P.O.Box 31184 Dar es Salaam, this is a private Company Registered and incorporated in Tanzania under the Companies Ordinance Act, 2002 with Certificate of Incorporation of a Company number **142269015** given at Dar es Salaam **01<sup>st</sup> day of AUGUST, 2020**. The Shareholders of the Company have been attracted by favorable environment business in Tanzania in response of Tanzania's **open policy on trade and liberalization and also industrialization**.

The project is dealing with **manufacturing of building (constructing) materials** which will be originated from **processing industrial minerals** such as calcium carbonate crystals known as **calcites; dolomites**, white marble, and other white stones. ACTUALLY, these industrial minerals can be extracted by mining or quarrying by **small scale miners** and to sell them to the company. The company then, will processing into different products like, **plastics, paints, coating, and paper and other building materials**. These products are highly needed in East, central Africa and Tanzania at large.

### 2. OWNERSHIP THE M/S KALYON COMPANY LIMITED

Name	Nationality
ZHEHONG WENG FUQIAN CITY, FUJIAN PROVINCE CHINA +86 CHINA	CHINESE
XINGLONG ZHUANG FUQIAN CITY, FUJIAN PROVINCE, +86 CHINA	CHINESE
FUHUA LIN FUQIAN CITY, FUJIAN PROVINCE CHINA +86 CHINA	CHINESE
XINGDI ZHUANG FUQIAN CITY FUJIAN PROVINCE CHINA, +86 CHINA	CHINESE

### 3. THE PROJECT OBJECTIVE

The Project Objective in to establish a factory for **manufacturing of building materials** which come after processing various of **Industrial Minerals**, such as **CALCITE**, white **stones, white marbles, limestone**, chalk and processing them into different products for sale in Tanzania, Central Africa and other East African Countries. The **industrial minerals** are minerals which are non metal not fuel, neither gemstone.

**CALCITE** is the calcium carbonate crystals which are available in more than 300 forms. Many calcite deposits are available in coastal regions. These crystals of calcium carbonate are normally **white or transparent**.

These industrial minerals can be obtained from **small-scale miners** who will sell to the factory.

The natural forms of industrial minerals like Lime stone, Chalk and Marble which are the forms of Calcium Carbonate ( $\text{CaCO}_3$ ) are found in many places in Tanzania like Lindi, Pwani, Morogoro and Tanga.

**The Project** has been promoted by the following reasons:-

- Inability of the existing Industries to satisfy the growing demand which is an opportunity to the **KALYON INVESTMENT COMPANY LIMITED** to penetrate in the East African Market, Central Africa and Southern Africa.
- The presence of both local and external market **for building materials** which comes from **industrial minerals** products which are mostly used like limestone, clay, sand, gravel, diatomite, kaolin, betonies, silica, barite, gypsum, potash, pumice and talc, most of these are available in Tanzania. ALSO, increasing population and purchasing power of the people in Tanzania and other East African countries.
- Presence of both skilled and unskilled workers who are very important in the Production Process and administration works.
- As a consequence of an attractive environment for investors in Tanzania there has been steady growth population.

#### **4. PROJECT BACKGROUND**

This study covers the initial establishment a factory for manufacturing various products extracted from Calcium Carbonate, such as plastics, paints and coatings for sale in Tanzania and other East African Countries.

The **production site** will be established in **MBEHOMBEHO village, MKUYUNI ward**, covering the area under the mining license **no.577/2017 in Rural MOROGORO District, MOROGORO Region**. **This shall be big collection points** of material from various places due to favorable environment factors and availability of materials.

The Head office for administration will be act **DERM Plaza, Plot No. 18, Block 45A Makumbusho, Kinondoni, Kijitonyama, Near Bagamoyo Road, Dar es Salaam**.

#### **5. LOCATION AND SITE**

The plant will be established in an appropriate location. The location will be accessible and fully provided with the necessary utilities i.e. Water and Electricity.

## 6. PLANT LAYOUR

The proposed Plant lay out is the one appropriate for the functional areas, however among the key functional areas of the facility will include the following:-

- Storage space for processing inputs
- Office space
- Manufacturing hall
- Storage of proposed products
- Social amenities space
- Ordinary stores
- Parking areas

## 7. MANPOWER

Estimate manpower according to the proposed organization set up has been **estimated at 80 Tanzanians and 8 foreign experts**. This again has been derived taking into account the types of activities that are intended to be undertaken.

### MANAGEMENT SUMMARY

The **Kalyon Investment Co. Limited** will start with **20 qualified** and experienced employees. An increase to **50 employees** will likely to be needed in three to five months. The project will continue to have white stones brokers in various places like Lindi, Tanga, Pwani, Dodoma and others just to mention the few; their main job is to take care of quality of stock collected and the payment will base on commission.

### ORGANIZATIONAL STRUCTURE

The **Kalyon Investment Co. Limited** shall have:

- A Lawyer who is going to handle legal matters and written agreements.

### MANAGEMENT TEAM

- Directors:** shall have overall responsibility for the implementation of the company's policy. In particular, they are responsible for ensuring the policy is widely communicated and that its effectiveness is monitored.
- Senior Manager:** are wholly accountable to the directors for the implementation and monitoring of the policy within the area of their specified responsibility.
- Administration Manager/ safety officer:** is a nominated manager responsible for coordinating effective safety and health policies and controls across the company.
- Accountant, project manager, drivers, technicians, translators and other employment

The company is organized into four main functional areas,

- Sales and marketing
- Finance and administration

- Logistic.
- Interpretation department
  - ❖ Managers/ supervisors
  - ❖ Directors
  - ❖ Environment programmed officer

**The personnel plan**

The personnel plan indicates employees for each department as follows:-

➤ Administration	4
➤ Marketing	2
➤ Sales/ broker	4
➤ Accounts	2
➤ Drivers	3
➤ Technicians	4
➤ Chinese, English, Swahili & Translators	2
➤ Senior Manager	1
➤ Administration Manager/ safety officer	2
❖ Geologist	3
❖ Expatriates (foreign employees)	8
❖ A nurse (red cross expert)	1
❖ Local inexperienced employees	20
❖ Others mechanic	2
❖ Non skilled employees	29

**8. IMPLEMENTATION SCHEDULE**

It is estimated that the implementation period takes about **3 YEARS** to completion once the decision for implementation has been reached.

**9. INVESTMENT STRUCTURE**

The Total Initial Investment in fixed assets and working capital is estimated at **1,045,000 USD**. The breakdown of which is as follows:-

**TABLE 12.1 INVESTMENT STRUCTURE**

ITEM	USD
FIXED ASSETS	
Land and Civil works	160,000
Machinery and equipment	735,000
Operational expenses	150,000
<b>GRAND TOTAL</b>	<b>1,045,000</b>

## **10. FINANCING PATTERN**

The Total Initial Investment of **1,045,000.USD** shall be financed as follows:-

**TABLE 13.2 FINANCING PATTERN BREAKDOWNS**

SOURCE	USD
FIXED ASSETS	
Equity (40%)	358,000
Long-term loan (60%)	537,000
<b>Sub Total</b>	<b>895,000</b>
WORKING CAPITAL	
Bank overdraft (75%)	112,500
Equity (25%)	37,500
<b>Sub Total</b>	<b>150,000</b>
<b>GRAND TOTAL</b>	<b>1,045,000</b>

## **11. OPERATIONAL COSTS**

The structure of operating costs at full capacity is as given below. This level refers to the initial year in subsequently year they are expected to increase at the rate of 2%-5% per annum.

## **12. FINANCIAL INDICATORS**

The financial indicator shows that the project is viable as hereafter confirmed here below:-

## **13. BREAK-EVEN ANALYSIS 3<sup>rd</sup> YEAR**

The Break Even Analysis on the 2<sup>nd</sup> year of operation shows that Break Even Sales and Break Even Capacity of 30%

## **14. INTERNAL RATE OF RETURN (IRR) AFTER TAX**

The Project's Internal Rate of Return after Tax is 30% well above the lending rate of 10% and 12% assumed for the long term loan and the bank overdraft.

## **15. PAY BACK PERIOD**

This gives an estimated period from start of operation of the time when initial fixed investment is recovered through profits after tax and depreciation charges. The Payback Period for this undertaking estimated at around 4 years and 5 months.

## **16. ECONOMIC ADVANTAGES**

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

Furthermore the project has potential towards the earning of the **foreign currency**. It is hereby recommended that the Project be implemented; the envisaged undertaking will be Viable and Profitable if it is implemented early. However, there will be several social economic benefits that will apprehend in the course of operating this undertaking. These will include the following:-

- Expanded employment creation
- Expanded tax base
- Expanded capacity to earn foreign currency
- Transfer of knowledge

### **Company strategies**

The Proprietors plan is to adapt management and incremental growth strategy in maintaining and expanding the business as set out below:-

- To provide the best customer services by staying loyal and faithfully to the customers.
- To ensure there is a compliance with country regulatory and statutory laws ensuring timely payment of tax obligations.
- To maintain and continue to grow the business by Managing costs whilst increasing the number of clients.
- To generate sufficient profit becoming financially sustainable.
- To offer high quality and reliable product our customers.

### **17. CONCLUSION**

The project as shown in this study is valuable undertaking to both investors and country of Tanzania at large. A part from rigid assumption and pessimistic revenue projections contained in the study, the project has shown that it is capable of creating employment, generating foreign exchange, expanding the local and central Government tax base.

This project is in the line with the Government objectives of encouraging the private sector to contribute towards economic development of this country.

In addition it has positive impact in the development of the region as it generate number of benefits on the National economy such as reliable income, employment and various tenders of goods and service demanded by the project, workforce and their families.

In order to ensure prompt implementation of the project and achieving the anticipated impact number of the factor have to be taken into the account this will include the levels of the proposed investment in this project man power needs, machinery/ equipment.

anticipated significant roles in the above mentioned sectors and in the overall status of the national economy and the proposed project area.

In the context of the immense useful potential of this project the management of the **KALYON INVESTMENT COMPANY LIMITED** anticipated that all interested parties in the region/ and the Government of Tanzania will give their full support so as to ensure timely implementation of the project and apprehension of successfully operation.

The project also stands to benefit the people of Dar es Salam, Pwani, Tanga, Lindi Morogoro, Geita, Mwanza, and the country at large.

## **18. MARKETS AND MARKETING ASPECTS**

In this chapter an attempt is made to estimate the demand for **building materials** in the local and external market as well as the Supply of these products. The ultimate goal is to establish the current demand – supply gap and projections for the future.

## **19. ASSUMPTION**

In order to estimate the Demand and Supply for **building materials which comes from such as industrial minerals** within and outside the country, the following assumptions have been made:-

- **KALYON INVESTMENT COMPANY LIMITED** is going to be one of the local and manufacturer of products.
- Increasing in the use of **industrial minerals** and other product of **calcium carbonate** in as **building materials and construction, paints, plastics and coatings** will create money for small miners who will quarry and mining the industrial minerals for selling as materials in the factory.

## **20. SUPPLY OF INDUSTRIAL MINERAL PRODUCTS IN TANZANIA**

- As noted elsewhere in this report existing Supplier of **industrial minerals** products which are mostly used like limestone, calcite, clay, sand, graves, diatomite, kaolin, betonies, silica, barite, gypsum, potash, pumice and talc, most of these are available in Tanzania and other East African countries.

## **21. DEMANDS FOR INDUSTRIAL MINERALS AND PRODUCT**

There is huge demand for **building materials** such as calcium carbonate product due to the growing number of industries in East Africa (EA) and in the SADC Countries, following the various policies which were introduced for the purpose of improving living standard of their people and encourage more investors through reduction of some cost in the process of establishing Industries which reduces the price due to competition in the market.

## **22. PLANT CAPACITY**

The envisaged processing capacity of is 41671, tones per month. These will attain in the range of 60%, 70% and 80% for year 1, 2, 3 respectively.

### **23. CIVIL WORKS AND BUILDINGS**

The Proposed facility shall be located in appropriate Industrial mineral Location at **MBEHOMBEHO village, MKUYUNI ward**, covering the area under the mining license no. **577/2017 in Rural MOROGORO District, MOROGORO Region.**

### **24. ACCESSIBILITY OF THE SITE**

The envisaged project site will be accessible; it can easily be reached and will have full provision of all basic Utilities, Electricity, Security and Water. Also the industrial site/ is nearby or closer to mineral deposit to minimize cost.

### **25. DESIGN CONCEPT**

The ultimate factory building has a well conducive and properly designed with enough space to cover all functional spaces such as processing hall, offices, raw materials storage, product storage and other social amenities space requirement. It is envisaged that on final completion the factory will have a Total built up area of **16000 square meter** or more.

### **26. AUXILIARY SERVICES REQUIREMENTS**

- **MAIN POWER SUPPLY**

The factory will be connected to the National Grid, prevailing in the MOROGORO; also a stand by generator will be available, to be provided to Supply all the essential loads in case of TANESCO Power failure i.e. frequent Power cuts and fluctuating voltages. For this reason; which has increased the use of **building materials** might be forced to use stand by Generator to some extent, such sources of power will result in the increasing the production costs of the products in question.

- **POWER DISTRIBUTION**

Power distribution in the factory compound will be via underground cables to be installed with TANESCO requirements.

- **FIRE PROTECTION**

It is composed to provide fire protection and fire fighting systems, fire detection system which consist of automatic and manual detection devices, alarm and communication systems whereas fire fighting systems will feature portable extinguishers, hose reels, wet and dry rises and automatic sprinkler system.

- **ACCESS ENTRANCE**

Wide inlet/ entrance will be provided so as to facilitate smooth passage of the workers and vehicles.

- **A PARKING SPACE FOR THE FACTORY BUILDING**

The Plant area will have ample parking space adequate to accommodate several vehicles at any given time.

- **SOURCE OF WATER**

The source of Water for the Site will be from the **BOREHOLE (WELL)** underground water system, from THE MINISTRY OF WATER, WAMI/ RUVU BASIN, WATER GROUND MOROGORO. The design of the Water Supply will be based on the Ministry of Water Design Manual. Material specification for pipes and fittings will be according to the relevant standards.

- **STORM WATER DRAINAGE**

Road storm water drainage will be dealt separately during design of the parking space where by all the drainage structures will be considered.

Storm water runoff will be collected from the building by means of spouts and full boras through down pipes and will be discharged into the open channel and deposited into road side drains.

Also the some method/ channels will be used to dispose storm water run – off from car park and other facilities to the road side drains.

- **SEWARAGE SYSTEM**

Waste and foul water is collected from the building by means of UPV PVC pipes of different sizes e.g. 75mm and 150mm to the sewer lines.

## **27. MAN POWER REQUIREMENTS AND ORGANIZATION**

The success of the venture of this kind depends on the competence of the personnel recruited by the management; it is assumed that relevant personnel with requisite skills shall be available within the country. There will be a need of the recruiting expatriates in some key positions.

The overall in charge, responsible of the day to day operations will be the project manager who in turn is answerable to the board of directors.

## **28. MAN POWER REQUIREMENTS**

Based on the proposed organization structure the Project will initially employ a Total of **80** people where by **8** will be experts and all **88** the remaining will be Tanzanians. However it is anticipated that by the time the project attains maturity the envisaged employees will employ **300** people.

## **29. RECRUITMENT AND TRAINING**

All staff will be recruited at least one month before the Plant operations are commenced.

### **30. TRAINING**

The management of the Plant would strive to employ competent and qualified personnel in the Production line. To reduce costs few senior staff will be trained at the selected locally available institutions. All other supporting staff will be trained on the job. However it is expected that most of them will have some basic knowledge and experience in manufacturing business.

### **31. IMPLEMENTATION SCHEDULE**

Both local and external factors have been taken into account when drawing out the proposed schedule of implementation. Factors such as finalization of civil works, acquisition of machinery and equipment, recruitment of qualified personnel and other factors have been put into consideration.

### **32. PRELIMINARY FORMALITIES**

On the finalization of the study duration of about 2 weeks will be needed for execution of the Preliminary formalities of the Project.

### **33. PROJECT STAGE**

#### **• Finalization of the Plot Acquisition**

The management has already decided the likely location of the **MBEHOMBEHO village, MKUYUNI ward**, covering the area under the mining license **no. 577/2017 in Rural MOROGORO District, MOROGORO Region** mining area. The office for Administration purposes will be at Bagamoyo road, Kijitonyama at Derm Plaza, plot no 18 Block 45a. In order to facilitate other daily activities.

#### **• Plot Development Undertaking**

These will comprise of activities such as Plot clearing, carrying out construction of drainage channels, even though the houses for workers have already been constructed. They will take 4 months to be complete.

#### **• Construction of the Buildings**

This undertaking will require a period of 8-18 months to completion.

#### **• Ordering of Machinery/ Equipment/ Vehicles/ Furniture**

Timely ordering will have to be executed to match the rate of development of the Plant. Time required will run into several days.

#### **• Installation of Machinery/ Equipment/ Furniture**

Once the buildings are constructed and then will follow the installation of machinery/ equipment/ furniture and fittings upon arrival at the Project site.

- **Trial Runs**

Upon completion of the installation of machinery and equipment then will follow trial runs of the unit. This will take about 4 weeks.

- **Commercial Production**

On completion of the trial runs then will follow commercial production.

### **34. ASSUMPTIONS**

- The project construction time is assumed to be **two year**.
- The economic life of the project is 50 years.
- The currency exchange rate of Tshs. 2,235/= to be one US\$ has been adopted.
- Re-investment in vehicles shall be done after every four.

### **35. BANK OVERDRAFT**

As noted above a short term of financing of usd. 112,500 shall be sought to cover 75% of the initial working capital requirement. An interest rate of 12% has been assumed.

### **36. OWNER'S EQUITY**

The owners shall finance 25% of the cost of working capital and 40% of the fixed assets costs.

### **37. OPERATING COSTS**

The prices of inputs are assumed to remain constant over the ten years period because under rising inflation the prices and services will rise including those of outputs hence leaving the profit margin unchanged.

### **38. BREAKDOWN ON THE OPERATING EXPENSES**

The main cost items will include raw materials, salaries and wages, vehicles running expenses, electricity, water, Insurance, maintenance of machinery and equipment/ furniture and fittings and administrative overheads.

- **Depreciation**

Depreciation rates have been calculated as follows:-

Building and Civil works	5% Straight Line
Vehicle	25% Straight Line
Pre-operational Expenses	20% Straight Line
Equipment	12.5% Diminishing Value

Total depreciation charges in year one is Tshs. 43,125 decreasing steadily to Tshs. 10,459 in year 10

- **Tax**

Corporation tax is charges at 30% on profits before tax.

### **39. FINANCIAL AND ECONOMIC ANALYSIS**

The prices of inputs and outputs are assumed to remain constant over the life of the project i.e. 10 years. However, in case of changes in the costs of inputs, to maintain the desired profit margin, the prices of the outputs will be accordingly adjusted.

### **40. INCOME**

The project's income in the first year is estimated to average in Tshs. 49,634,000 rising to 74,635,586 in years 5 onwards.

### **41. EXPENDITURE**

The expenditure items are as indicated in the operating costs. They include all costs items plus depreciation and financial charges. These are listed in Appendices 8: A:

#### **PROJECTED INCOME STATEMENT FOR THE YEARS 2021 TO 2025**

The following is the management's projections of financial performance (income statement) for the year 2021 to 2025 with the effect of loan facilities. Revenues are expected to be growing by 20% throughout the years. Operating expenses is projected to increase by an average of 12% per year until the end 2025. Basing on the above projections, here is the year's projected income statement of the business.

Description	2025	2024	2023	2022	2021
	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'
Revenues	3,932,161	3,510,858	3,134,695	1,091,948	-
Direct expenses	2,300,314	2,053,852	1,833,796	638,790	-
Gross Profit	<b>1,631,847</b>	<b>1,457,006</b>	<b>1,300,898</b>	<b>453,158</b>	-
<b><u>Expenses:</u></b>					
Administrative Expenses	221,212	210,678	200,645	191,091	-
Marketing and Promotion	314,573	280,869	250,776	87,356	-
Staff Costs	51,517	49,064	46,727	44,502	-
Audit Fee					
interest on Term Loan	101,489	108,660	115,151	121,028	-
Interest on Overdraft	50,234	83,723	139,539	232,565	-
Depreciation	160,331	204,905	264,337	343,579	445,555
<b>Total Expenses</b>	<b>899,355</b>	<b>937,898</b>	<b>1,017,175</b>	<b>1,020,121</b>	<b>445,555</b>
<b>Profit before taxation</b>	<b>732,491</b>	<b>519,108</b>	<b>283,723</b>	<b>(566,962)</b>	<b>(445,555)</b>
Income tax	219,747	155,732	85,117	-	-
<b>Profit for the year</b>	<b>512,744</b>	<b>363,376</b>	<b>198,606</b>	<b>(566,962)</b>	<b>(445,555)</b>

**PROJECTED FINANCIAL POSITION STATEMENT AS AT END OF YEAR 2021 TO 2025**

Most of the balance sheets items will keep on increasing as the business continue to operate on its normal operating cycle. At the moment the only noncurrent assets owned by the business is furniture and fittings and Motor Vehicles Only. Here is the business's projected Statement of Financial Position as at the end of year 2021 to 2025

Description	2025	2024	2023	2022	2021
	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'
<b>ASSETS</b>					
<i>Non-current assets:</i>					
Property, plant and equipment	705,474	865,805	1,070,710	1,335,047	1,678,625
<b>Total Non-Current assets</b>	<b>705,474</b>	<b>865,805</b>	<b>1,070,710</b>	<b>1,335,047</b>	<b>1,678,625</b>
<i>Current assets:</i>					
Stock	805,110	718,848	641,829	223,576	-
Debtors and other receivables	983,040	877,714	783,674	272,987	-
Cash at Bank & Hand	269,458	192,378	447,698	1,979,220	146,170
<b>Total Current Assets</b>	<b>2,057,608</b>	<b>1,788,941</b>	<b>1,873,201</b>	<b>2,475,783</b>	<b>146,170</b>
<b>TOTAL ASSETS</b>	<b>2,763,082</b>	<b>2,654,746</b>	<b>2,943,911</b>	<b>3,810,830</b>	<b>1,824,795</b>
<b>EQUITY &amp; LIABILITIES</b>					
<i>Current liabilities</i>					
Trade payables	260,444	217,037	180,864	150,720	125,600
Bank Overdraft	558,155	930,258	1,550,430	2,584,050	-
	<b>818,599</b>	<b>1,147,295</b>	<b>1,731,294</b>	<b>2,734,770</b>	<b>125,600</b>
<i>Non-Current liabilities</i>					
Term Loan	972,624	1,048,337	1,116,878	1,178,927	1,235,100
	<b>972,624</b>	<b>1,048,337</b>	<b>1,116,878</b>	<b>1,178,927</b>	<b>1,235,100</b>
<i>Equity</i>					
Shareholder Contributions	909,650	909,650	909,650	909,650	909,650
Retained earnings	62,208	(450,536)	(813,911)	(1,012,517)	(445,555)
	971,858	459,114	95,739	(102,867)	464,095
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,763,082</b>	<b>2,654,746</b>	<b>2,943,911</b>	<b>3,810,830</b>	<b>1,824,795</b>

**PROJECTED SHEET: FOR THE END OF THE YEAR 2021 TO 2025**

<b>ASSETS</b>						
NON CURRENT	NOTE	2021	2022	2023	2024	2025
		"000"	"000"	"000"	"000"	"000"
Property, plants and equipments		705,474	865,805	1,070,710	1,335,047	1,678,625
<b>TOTAL NON CURRENT ASSETS</b>		<b>705,474</b>	<b>865,805</b>	<b>1,070,710</b>	<b>1,335,047</b>	<b>1,678,625</b>

**CURRENT ASSETS:**

Inventory	805,110	718,848	641,829	223,576	51,271
Debtors and Prepayments	983,040	897,714	783,674	272,987	46,175
Cash and Bank balance	269,458	192,378	447,698	1,979,220	48,724
<b>TOTAL CURRENT ASSETS</b>	<b>2,763,082</b>	<b>2,674,745</b>	<b>2,943,911</b>	<b>3,810,830</b>	<b>1,824,795</b>

**EQUITY AND LIABILITIES:****Current Liabilities:**

Trade Creditors and Accruals	260,444	217,037	180,864	150,720	100,600
Bank overdraft	558,155	930,258	1,550,430	2,584,050	25,000
Term Loan (non-current liabilities)	972,624	1,048,337	1,116,878	1,178,927	1,235,100
	<b>1,791,223</b>	<b>2,195,632</b>	<b>2,848,172</b>	<b>3,913,697</b>	<b>1,360,700</b>

**FINANCED BY:**

Shareholder contributions	909,650	909,650	909,650	909,650	909,650
Retained earnings	62,208	(450,536)	(813,911)	(1,012,517)	(445,555)
	<b>971,858</b>	<b>459,114</b>	<b>95,739</b>	<b>(102,867)</b>	<b>464,095</b>

<b>TOTAL EQUITY AND LIABILITY</b>	<b>2,763,081</b>	<b>2,654,746</b>	<b>2,943,911</b>	<b>3,810,830</b>	<b>1,824,795</b>
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**42. FINANCIAL INDICATORS**

Financial indicators showing the financial viability of the project are summarized below:

- **Internal Rate of Return (IRR) After Tax**

This is estimated at 30% well above the lending rate of 10% and 12% for long term and bank overdraft respectively used for the study.

- **Payback Period**

This has been computed and found to be 4 years 5 months.

- **Break-even Analysis: 3<sup>rd</sup> Year**

The break-even analysis in the 2<sup>nd</sup> of operation shows breakeven sales at Tshs. 1,635,586 and breakeven capacity of 30%.

**43. SENSITIVITY ANALYSIS**

A sensitivity analysis has been carried out on the project's IRR responsiveness to changes in sales prices, operating costs, or initial investment. And the result of the sensitivity analysis has shown that the IR is more sensitive to changes in sales prices than changes in either operating costs or initial investment.

**44. ECONOMIC BENEFITS OF THE PROJECTS**

The economic benefits of the plant to the Morogoro, and Tanzania as whole are as follows:-

- a) Contribution to the Industrial base in the Region hence creation of direct employment opportunities for over 88 employees in the factory.

- b) Provision of income to People will increase the demand for services and goods with regard to welfare of the people and their families.
- c) Poverty alleviation in the Morogoro Region and Tanzania as whole through direct income, medical and other social benefits that Management will provide.
- d) Setting up this Plant in the Morogoro is the strategy of poverty alleviation, which emphasizes the creation of job opportunities.
- e) Expanded tax base to the Treasury and local Government authorities and generation of substantial income to the Government. The Government earns considerable revenue from the manufacturing Industry in terms Tax collections.
- f) Opportunity for increasing Foreign Exchange Earnings through export of some of the Plants products to the neighboring countries.

#### **45. CONCLUSION**

The investment and development of the Plant is in line with the Government policies which places special emphasis on initiating/ setting up of various Industries in the Country. In addition, it will have a positive impact on the development of the Region, as it would generate a number of benefits and reliable income for the employees of the company and providers of the services and goods demanded by these workers/ their families.

This document has provided a full analysis on the financial, Techno-economic viability on the establishment/ operation of the processing Undertaking, along with the financing requirements/ parameters have been considered and it has been established that the proposed project is technically sound, financially viable and economically/ socially beneficial.

However, in order for this project to be implemented and the production targets to be achieved as planned, several factors have to be taken into account. This will include consideration of the level of investments in this project, the roles of the Industries in the context of the overall National Economy.

The management anticipates that all interested parties in the MOROGORO and the Government of Tanzania at large will give their full support so as to ensure timely implementation of the project and apprehension of successful operation.