



PERITUS INFRA AFRICA
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Business Investment Plan - PLASTIC PIPE MANUFACTURING UNIT in Tanzania

PERITUS INFRA AFRICA PRIVATE LIMITED

INTRODUCTION

PERITUS EXIM PRIVATE LIMITED is an ISO 9001: 2015 Certified, Infrastructure Development Company, headquartered in **New Delhi, India**.

Business Portfolio of Company

Peritus operates primarily through its two business division:

- ❖ Water Infrastructure Development
- ❖ Supply of Water Infrastructure Equipment's

1. PROPOSED BUSINESS PLAN - PLASTIC PIPE MANUFACTURING UNIT in Tanzania

A. Main Activity: - Plastic Pipe Manufacturing / Production

B. Objective: - The objective is to manufacture Plastic Pipes through Extrusion Unit.

C. Background:

High Density Polyethylene (HDPE) **Plastic Pipes** are manufactured by extrusion technique. Plastic Pipes are generally manufactured on single screw extruder. Plastic Pipes find application in a variety of fields. The most important applications are as follows:

- Drinking water supply line
- Water lines in hilly areas. Here the property of flexibility of HDPE is exploited to the fullest extent
- Irrigation lines
- Industrial effluent disposal lines
- Sewage and gas lines
- Fuel gas line
- Mining Industry



PLASTIC PIPE EXTRUSION LINE



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2. Market Potential

Tanzanian plastic pipes and fittings market was observed in its growth stage and the market is highly correlated with the development in the sewage and drainage, irrigation, mining & gas industries in Tanzania.

Growth in the plastic pipe segment within Tanzania is expected to increase due to efforts to expand access to potable water and sewage systems. Opportunities exist for water and sewer systems, as a considerable share of the Tanzania population still need improved access to drinking water supply or improved sanitation.

Not only domestic market, but also neighbor countries such as DRC, Burundi, Rwanda and Uganda market can also be served efficiently from Tanzania.

It is anticipated that the HDPE & PVC pipes will grow at the fastest pace among all types of pipes, due to the high demand expected from their end-users. As seen below there will be huge Demand for pipes in coming Years

+ High Demand Under Water Infrastructure –

There are many **Internationally Funded project** (World Bank, AFDB, European Union, Exim Bank of India, Belgium funding etc.) which are under pipeline in the Ministry of Waters (Mow). Total Amount of Such projects expected is approx. - Used \$ 1.3 Billion by Year 2023. In addition to that, Ruwasa has an ambitious plan to pipe water into rural areas of Tanzania through several hundred rural water distribution projects.

From all these projects, we expect **30 % of Total Funding** will be utilized for Purpose of HPDE & UPVC Pipe Procurement i.e. **Approx. 400 Million Usd**. Currently there are only few player **precisely 4-5 Players** which are equipped with Highly Standard Manufacturing Plants & production Capacity in this Industry in Tanzania who are even cumulatively as on date of are capable of doing not More than **20 -30% of domestic requirements**. **Balance pipes are still imported from outside Tanzania which is causing both revenue and forex losses.**

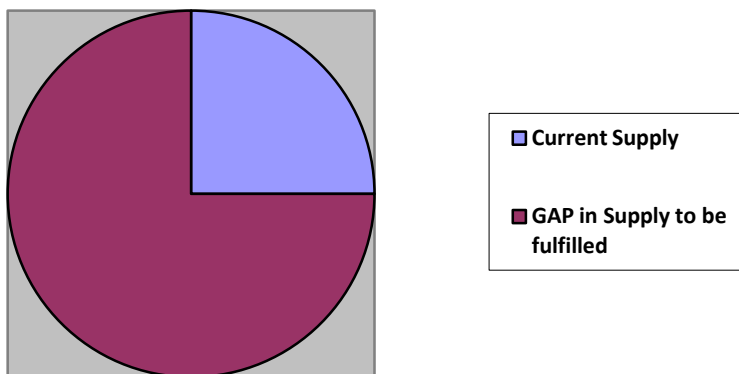
Apart from that even there stand a huge Additional demand from neighboring countries which is currently beyond the capacity of most of the existing manufacturing units in Tanzania.



High Demand Under Oil and Gas Segment :

It can be further envisaged that the Not only in even Water Segment, but also in Oil and Gas Sector. With gas distribution now extending in Dar es salaam and other strategic regions such as Lindi, Mtwara etc., including industries, hospitals, public institutes and house holds, it is generating a good demand of PLASTIC PIPEs. Currently most pipes for gas industries are being imported which if produced in Tanzania, can prove to be mutually beneficial both for the business as well as for the country.

Current GAP in Demand- Supply for Pipes



A. Our Strength

- **Vision and mission is in line with Proposed Project :** Our Vision “A better World :Infrastructure for All” and our Mission “To become a leading engineering infrastructure company which specializes in providing cost effective and high Quality solution , by utilizing most advanced technology , customized to meet the requirement of customers , thus promoting technology transfer advantages from developed world to developing countries ” are very well in line with with the current proposed plan for setting up of Pipe Manufacturing Plant .
- **Good and Already Existent Large customer Base :** with Government (ministry of waters and local authorities) and well as Private Player like Afcons, L &T and Megha engineering whereby we have successfully completed several Pipeline Projects.
- **Sound Technical Knowledge of Product & Market:** Peritus has been serving water industry for last 8 years where its founds have more than 60 years of cumulative experience in Water Infrastructure segment. This gives us a sound Knowledge of Technical specifications of Product and as well as existent market scenario where end product will be consumed.



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- **Synergy of Backward Vertical Integration:** Set up of a manufacturing Plant will give us a synergy of Backward Vertical Integration which can be envisaged from our current existence in this Industry.
- **Professional Board :** Our Company is led by Highly skilled and very well educated professionals graduated from Indian Institute of Technology, Chartered Accountants and CPA's which are having an in-depth knowledge of this industry with each having experience of more than 10 Years in this area.
- **Our Company is Supported by Good Financials :** which manifest our efficiency and effectiveness of operation in this Industry

B. Growth With Holistic Approach

We operate our business more over a Socialism approach rather than a capitalist approach. This approach is in line with our Vision & core value with which our company was first registered.

- **It helps drive change with innovation & modern technology** , where new and improved products enable new markets to be developed
- **Increased employment**
- **Creates New Wealth:** Not only employment but it creates new wealth as No. of Transactions take places between related Businesses which work in synergy to create new wealth.
- **Better Place for Society:** Increased wealth improves the standard of living with better consumer Basket and a better Place for Society.
- **Increased GDP Growth:** More Employment & Wealth Creation leads to higher National Income and Spending power of people which add on to a sustainable GDP Growth.
- **Economic Reforms:** Increased Earning facilitates Government to generate more Tax Revenue and Higher Spending where by Government can utilise this Revenue in further economic development and growth of country.

We will not only able to generate the employment, we further will also be contributing and be a part of **Nation's vision for Country's Infrastructure growth Plan**. We will be paying **approx. Tshs 1 Billion Tax as VAT and Corporate Tax** each year (projected) which will eventually increase with the increase in capacity utilisation ratio.



C. Production Plan

No. of working days/annum	: 300 Days
No. of working shifts (8hrs)/day	: 3 Shift /Day
Installed capacity (annual)	: Maximum Production Capacity per machine – 250kg/hr x 24 hrs x 288 days = 1728 MT/ Year
Utilized capacity (%)Year - I	: 50 %
Year - II	: 55 %
Year - III	: 65 %
Year - IV	: 75 %
Year - V	: 85 %

D. Investment Plan

To execute our proposed Plan of setting up the Manufacturing Plant of Pipes in Tanzania we are planning to investment USD \$ 1.18 Million (TSH 2.75 Billion) as per below mentioned asset allocation.

S.no	Investment	Amount in Usd \$
a)	Land & Building	350,000
b)	Plant	250,000
c)	Vehicles	100,000
d)	Furniture & Fittings	20,000
e)	Pre-Expenses	10,000
f)	Others	20,000
g)	Working Capital	430,000
	Total Investment	\$1,180,000.00

E. Source Of Financing

S.No	Source of Finance	Amount in Usd \$	% contribution
1.	Promoters Investment/Equity	600,000	50.85 %
2.	Bank Financing	580,000	49.15 %
Total		\$1,180,000	100%



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F. Financial Plan & Cash flow for 5 Years

Financial Plan - 5 Years (All in USD)

Period	Year	Year	Year	Year	Year	Year	Terminal Value Perpetuity
	0	1	2	3	4	5	
Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	
Initial Investment (Annexure 1)	11,80,000.00						
Discounting Factor	15%						
Growth Factor	5%						
Capacity Utilization		50%	55%	65%	75%	85%	
Sales		19,87,200.00	21,85,920.00	25,83,360.00	29,80,800.00	33,78,240.00	
Cost of Production							
Material		13,82,400.00	15,20,640.00	17,97,120.00	20,73,600.00	23,50,080.00	
Payroll , Utility and Other Expenses		3,34,260.00	3,67,686.00	4,04,455.00	4,44,901.00	4,89,391.00	
EBIDTA		2,70,540.00	2,97,594.00	3,81,785.00	4,62,299.00	5,38,769.00	
Depreciation		1,12,500.00	88,125.00	69,469.00	55,139.00	44,088.00	
Financing EXP		1,18,000.00	1,18,000.00	1,18,000.00	1,18,000.00	1,18,000.00	
PBT		40,040.00	91,469.00	1,94,316.00	2,89,160.00	3,76,681.00	
Tax@30 %		12,012.00	27,441.00	58,295.00	86,748.00	1,13,004.00	
PAT		28,028.00	64,028.00	1,36,021.00	2,02,412.00	2,63,677.00	30,32,285.50
Profitability Ratio %		1%	3%	5%	7%	8%	
CFAT		1,40,528.00	1,52,153.00	2,05,490.00	2,57,551.00	3,07,765.00	35,39,297.50
PV of PAT(DCF)	11,80,000.00	24,372.17	48,414.37	89,436.02	1,15,729.72	1,31,094.07	13,76,487.74
PV of CFAT(DCF)	11,80,000.00	1,22,198.26	1,15,049.53	1,35,113.01	1,47,255.62	1,53,013.60	16,06,642.78

IRR Matrix

	At Discounted Cash Flow	At Actuals
IRR		
PAT	7.94%	23.31%
CFAT	14.11%	30.41%

Assumption :-

Prices of Material and Finished Goods are taken as same through out of years

PROJECTED BALANCE SHEET (5 Years)

(Amount in USD \$)

<u>PARTICULARS</u>	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028
ASSETS					
Non current Assets					
Property, Plant & Equipment	\$ 607,500.00	\$ 519,375.00	\$ 449,906.00	\$ 394,767.00	\$ 350,679.00
Current Assets					
Inventory	\$ 345,600.00	\$ 380,160.00	\$ 449,280.00	\$ 518,400.00	\$ 587,520.00
Trade and Other Receivable	\$ 331,200.00	\$ 364,320.00	\$ 430,560.00	\$ 496,800.00	\$ 563,040.00
Cash and cash equivalent	\$ 53,640.00	\$ 55,000.00	\$ 60,000.00	\$ 70,000.00	\$ 297,611.00
Total Current assets	\$ 730,440.00	\$ 799,480.00	\$ 939,840.00	\$ 1,085,200.00	\$ 1,448,171.00
Total Assets	\$ 1,337,940.00	\$ 1,318,855.00	\$ 1,389,746.00	\$ 1,479,967.00	\$ 1,798,850.00
<u>EQUITY</u>					
Share Capital	\$ 600,000.00	\$ 600,000.00	\$ 600,000.00	\$ 600,000.00	\$ 600,000.00
Retained Earnings	\$ 28,028.00	\$ 92,056.00	\$ 228,077.00	\$ 430,489.00	\$ 694,166.00
Shareholder's Fund	\$ 628,028.00	\$ 692,056.00	\$ 828,077.00	\$ 1,030,489.00	\$ 1,294,166.00
<u>LIABILITIES</u>					
Current liabilities					
Bank Credit Facility	\$ 467,500.00	\$ 345,918.00	\$ 203,854.00	\$ 17,130.00	\$ -
Trade and Other Payable	\$ 230,400.00	\$ 253,440.00	\$ 299,520.00	\$ 345,600.00	\$ 391,680.00
Duties & Taxes Payable	\$ 12,012.00	\$ 27,441.00	\$ 58,295.00	\$ 86,748.00	\$ 113,004.00
Total Current liabilities	\$ 709,912.00	\$ 626,799.00	\$ 561,669.00	\$ 449,478.00	\$ 504,684.00
Total liabilities	\$ 709,912.00	\$ 626,799.00	\$ 561,669.00	\$ 449,478.00	\$ 504,684.00
Total Equity and Liabilities	\$ 1,337,940.00	\$ 1,318,855.00	\$ 1,389,746.00	\$ 1,479,967.00	\$ 1,798,850.00



G. Job Creation

Sr. No	EMPLOYMENT	LOCAL	FOREIGN
1.	Plant Operator	1	1
2.	Finance & Accounts	1	1
3.	Sales & Marketing	1	1
4.	Technician	1	1
5.	HR Executive	1	
6.	Electrician	2	
7.	Semi-Skilled	3	
8.	Engineers		3
9.	Management		3
TOTAL		10	10

H. Resource Plan

1. Company registration – Company has been registered with Brela and TRA.
2. Land – Land of approximately 10,500 Sqm has been identified in Dodoma (Near Nala area). Sales agreement is signed and advance has been paid.
3. Machineries – Extruder machine has already been ordered and is now ready for dispatch from India. Other smaller equipment, including Lab equipment procurement is under process.
4. Manpower – We intend to send a team of our skilled experts for successful startup of the factory and also hire team members from Tanzania for further training and operations.
5. Raw Material – Raw material sources have been identified and negotiation is ongoing for best prices and delivery periods.

I. Implementation Schedule

1. Land Purchase :- We intend to complete the Sale registration process by August 2022
2. Land Development :- Our plan to complete the Land Development by January 2023
3. Machine Installation :- We will start our Machine Installation by February 2023



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4. Trial Run :- Trial Run would take place in between March to June 2023
5. Product Launch :- Final Product Launch will be June 2023

J. Conclusion :-

PLASTIC PIPE demand is exponentially increasing in Tanzania, mostly due to domestic market requirements for both water and gas distribution network expansion, but also to cater demand from neighboring countries.

Tanzania's conducive business environment and large market size makes it a suitable geography for this investment.

Peritus has strong background and experience in Water segment and is willing to take this initiative with a hope to convert into a mutually beneficial investment both for the company as well as for the country and fellow citizens of Tanzania.

We reiterate our commitment towards this project and look forward to receive support from all stake holders from Tanzania to bring this initiation to fruition, for the betterment of water & gas Infrastructure in Tanzania.