

TEXAS HARDWARE LIMITED

BUSINESS PLAN

MANUFACTURING OF BUILDING MATERIALS

Texas Hardware

2/17/2024

Texas Hardware Limited
Plot No. 2 Block B,
Nyashishi Misungwi District,
P. O. Box 2647 Mwanza

This is a business plan for a project of manufacturing of varieties of building materials. It is presented for TIC registration

KEY SUMMARIES

Table 1: Project Summaries

S/N	ITEMS	DETAILS		
1.	Company Name	TEXAS HARDWARE LIMITED		
2.	COI No.	91218		
3.	Company Reg. Date	28-05-2012		
4.	Company Location	Plot No. 2 Block B, Nyashishi Misungwi District, P. O. Box 2647 Mwanza		
5.	TIN/VRN No.	TIN. 118-690-265 VRN. 40-013744-O		
6.	Company Shareholding	Shareholder	Nationality	Shares Taken
	a.	Jonex Joel Kinyonyi	Tanzania	82%
	b.	Hellen John	Tanzania	13%
	c.	Beth Jonex	Tanzania	5%
	TOTAL			100%
7.	Project Location	Plot No. 133 Nyakato Industrial Area, Mwanza (Title no 9945)		
8.	Project Business	To manufacture various types of building materials		
9.	Jobs	LOCAL: M_120_F_58_FOREIGN: M_13_F_9_Indirect Jobs_400_		
10.	Project Capacity	19,033 metric tons and 45,386 square meters per annum		
11.	Project Funding			
	<i>Local Equity</i>	USD 8,000,000		
	<i>Local Loan</i>	USD 12,000,000		
	<i>Foreign Equity</i>	0		
	<i>Foreign Loan</i>	0		
	Total Funding	USD 20,000,000		
12.	Financing of Items			
	<i>Fixed Capital</i>	USD 19,280,000		
	<i>Working Capital</i>	USD 720,000		
	Total Financing	USD 20,000,000		

EXECUTIVE SUMMARY

Texas Hardware is a local company registered under the laws of the United Republic of Tanzania. The company looks forward to establish a new project for manufacturing of various building materials within the city of Mwanza. These products include nails of all sizes, black pipes, H/sections of all sizes, colored and normal roofing iron sheets, mild-steel plates, wire mesh, BRC mesh and others.

Total financing for this project is USD 20 million, 40% of which is local equity and 60% is local loan. Expected employments include 200 direct jobs with the project and 400 indirect jobs. As a business, it is obvious that this will be a going concern as envisaged by the promoters of the project.

This plan has scrutinized the business idea from different angles and the management is convinced that the idea will be a success. With the intention to enjoy incentives offered under the TIC this plan is intended to secure the appropriate registration.

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1.0 INTRODUCTION

1.1 The General Overview

This business plan is aimed at presenting Texas Hardware Limited's business idea for consideration for registration with Tanzania Investment Centre. It presents a project for various building materials. The document presents the company and elucidates on the viability of the project presented. The company's key focus is on securing a TIC certificate so that the project can find a soft landing and the business can be a going concern with its benefits profiting the government, the SMEs, individuals, households and local governments in Mwanza region.

1.2 Company Details

Texas Hardware Limited is a body corporate registered under the laws of Tanzania and granted a certificate of incorporation No. 91218 issued by the appropriate Authority on 28/05/2012. The authorized share capital of Texas Hardware Limited is TSH. 5,000,000,000/= that is divided into 100,000 shares of TSHS. 50,000/= each. The value of the authorized share capital is equivalent to about USD 1,964,636.50. Of all the authorized shares 39,000 shares are yet to be issued. Shareholding details are given under **tables 2** and **3** below.

Table 2: Distribution of Authorized Shares

S/N	Names	Shares Taken	% Stake
1	Jonex Joel Kinyonyi	50,000	50%
2	Hellen John	8,000	8%
3	Beth Jonex	3,000	3%
4	Unissued Shares	39,000	39%
	TOTALS	100,000	100%

Table 3: Distribution of Issued Shares

S/N	Names	Nationality	Shareholding
1	Jonex Joel Kinyonyi	Tanzania	82%
2	Hellen John	Tanzania	13%
3	Beth Jonex	Tanzania	5%
	TOTALS		100%

All the shareholders of Texas Hardware Limited are Tanzanians and as such this is purely a local project. No foreign investment is involved in this project.

1.3 Project Overview

This sub-section covers crucial project aspects, giving a picture of project viability, muscle, focus and other key aspects.

Project Location

The project will be located on Plot No. 133 in Nyakato Industrial Area, Mwanza region as provided under Title No. 9945

The Intended Products:

This is a project aimed at manufacturing of building materials within Tanzania. The building materials include nails of all sizes, black pipes, H/sections of all sizes, colored and normal roofing iron sheets, mild-steel plates, wire mesh, BRC mesh and others.

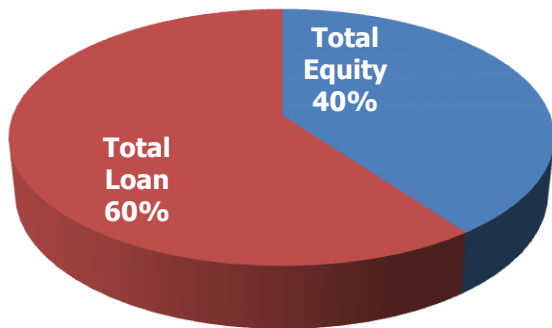
Project Financing

The project will be financed by local equity and local loan secured from our local banks. Total financing, as shown in **table 4** is USD 20,000,000. As shown in **figure 1** the equity accounts for 40% while loan accounts for 60% of the total investment value expected for the project.

Table 4: Project Financing

CATEGORIES	AMOUNT (USD)
EQUITY	
<i>Local Equity</i>	8,000,000
<i>Foreign Equity</i>	-
Total Equity	8,000,000
LOAN	
<i>Local Loan</i>	12,000,000
<i>Foreign Loan</i>	-
Total Loan	12,000,000
TOTAL FINANCING	20,000,000

FIGURE 1: PROJECT FINANCING



Markets

The company initially targets the local Tanzanian market. Plans are for expansion of the market into the neighboring countries. This will be done later upon critical market scrutiny.

Project Man Power

The project is expected to employ a total of 100 direct employees, most of whom are Tanzanians. **Table 5**, and **figures 2 & 3** give a glimpse into the planned direct jobs to be created by this project. As for the indirect jobs, the project expects to create 400 of them.

Table 5: Job Distribution

GENDER	LOCALS	FOREIGNERS	TOTALS
M	120	13	133
F	58	9	67
TOTALS	178	22	200

Fig. 2: Jobs by Nationality

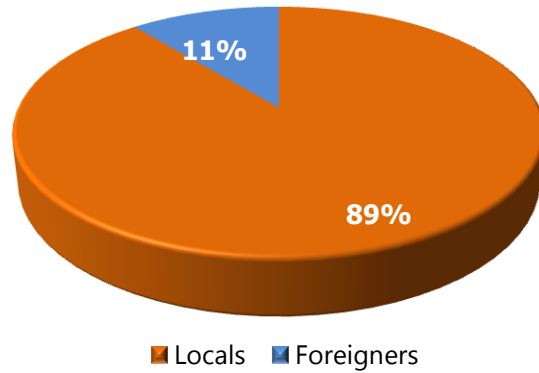
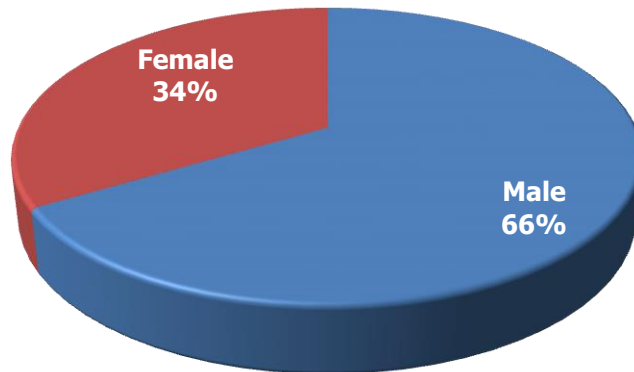


Fig. 3: Gender Distribution of Jobs



Annex 1 gives further details on expected direct jobs.

Investment Plan

The company expects to do most of its investments into the project within year 1. Then other investments will be done during the second and third years of operation as shown in **table 6** below.

Table 6: Investment Plan

ITEM	INVESTMENT PLAN				
	Y1	Y2	Y3	Y4	Y5
Land & Buildings	4,000,000	2,000,000	945,000		
Plant	6,000,000	3,000,000	2,292,000		
Vehicles	310,000	100,000	45,000		
Furniture & Fittings	60,000	120,000	60,000		
Pre Expenses	228,000				
Others	120,000				
Working Capital	80,000	90,000	120,000	21,000	220,000
TOTAL ANNUAL CAPITAL ADDITIONS	10,798,000	5,310,000	3,462,000	210,000	220,000

Implementation Plan

The project plans to start its operations in July 2024. The projections for this project, for now, are for 5 years. Depending on market trends and company's adjustments the project can be expanded to include additional production lines in the future.

Production Plans & Project Capacity

This is a project intended to manufacture different types of building materials. These types have different measures (MT vs. Square Meters). **Table 7** below gives production projections for the first 5 years, and capacities at year 5. From the table, the combined capacity at Y5 is 19,033 MT per annum (for the products measured in metric tons), and 45,386 square meters per annum (for those products measured in square meters). Financially, however, the combined capacity at year 5 – in terms of projected sales – is **USD 26,758,342.09** as shown under sales projections **table 11**.

Table 7: Production Plans and Capacity

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Production Line 1: Nails in Tons	3,000	3,300	3,630	3,993	4,392
Production Line 2: Black Pipes in Tons	4,500	4,950	5,445	5,990	6,588
Production Line 3: H/sections in Tons	3,200	3,520	3,872	4,259	4,685
Production Line 4: Roofing Sheets in sq. M	18,999	20,899	22,989	25,288	27,816
Production Line 5: Mild steel Plates in Tons	2,300	2,530	2,783	3,061	3,367
Production Line 6: Wire mesh in sq. M	6,400	7,040	7,744	8,518	9,370
Production Line 7: BRC Mesh in sq. M	5,600	6,160	6,776	7,454	8,199

2.0 MARKET ANALYSIS

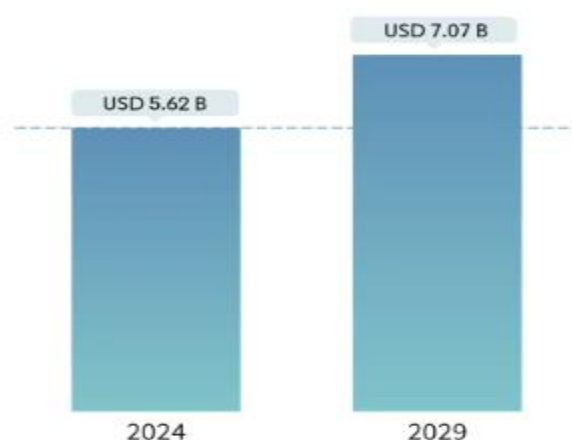
This section scans the market for building materials here in Tanzania. It also analyzes factors affecting the manufacturing of these products and develops appropriate market strategies.

2.1 Tanzanian Market Overview

Tanzania’s construction market is very high, standing at USD 5.62 Billion. It is projected to shoot up to USD 7.07 Billion in the year 2029. This implies assured market for building materials, with projected growth by 25.80% within 5 years’ time.

The company sees opportunities to grab in the projected growth. This plan seeks to establish possibility of success of the business idea presented.

Figure 4: Project Market Growth



2.2 SWOCT Analysis

This sub-section covers the analysis of the overall manufacturing business in the country, and where necessary it covers the analysis for the specific product – building materials and its various types as already presented earlier. The analysis focuses on project’s internal *strengths* and *weaknesses* as well as environmental *opportunities*, *challenges* and threats as detailed in **Table 8** below.

Table 8: SWOC Analysis for the Project

INTERNAL SCANNING	
STRENGTHS	WEAKNESSES
➤ The promoters of the company have enough	➤ The project focuses only on building

<p>muscle to fund the project as their equity amounts to 40% of the financing. The company also can be lent funds from local commercial banks to the tune of USD 12,000,000 which is 60% of the planned investment. As such the company's liquidity in respect of the manufacturing of building materials is assured.</p> <ul style="list-style-type: none"> ➤ The company also has got staffs that are experienced in the manufacturing of building materials. ➤ The management is well acquainted with the general Tanzanian market and specifically with building materials. ➤ The company has engaged seasoned staff, both local and foreign in order to have more expertise onboard 	<p>materials manufacturing and it's not much diversified.</p> <ul style="list-style-type: none"> ➤ The company is relatively new in the manufacturing of building materials but since it is experienced in the marketing of the products it stands a chance to rectify the weakness
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ENVIRONMENTAL SCANNING

OPPORTUNITIES	CHALLENGES
<ul style="list-style-type: none"> ➤ Tanzania allows individuals to organize construction of their buildings upon getting building permits. There is no obligation to engage companies. As such, market access is broadened among households. ➤ The construction sector is growing within the country thus a more promising market. ➤ Integration of African nations reduces trade and transport hurdles and provides a wider market. The building materials we produce can reach markets of the EAC, SADC and COMESA countries, especially those landlocked countries importing building materials from the Middle and Far East regions.. 	<ul style="list-style-type: none"> ➤ Environmental regulatory hurdles do exist. ➤ Business procedures are somehow complicated in Tanzania. ➤ Multiple charges on top of taxes jeopardize business growth ➤ Power cuts are common in Tanzania. The company is set to buy a 1000KW Generator
	<p>THREATS</p> <ul style="list-style-type: none"> ➤ Existence of seasoned manufacturers of building materials in the economy of Tanzania ➤ Market access for imported relatively cheaper building materials from outside the country

<ul style="list-style-type: none"> ➤ Tanzania provides incentives for investment projects ➤ Good culture by Tanzanians, believing/ taking pride in having own house, provides more assurance in terms of market 	<ul style="list-style-type: none"> ➤ Stiffening competition from other regional groups members whose companies manufacture building materials
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2.3 PESTEL Analysis

This sub-section analyzes the business environment of Tanzania in the *political, economic, socio-economic, technological, environmental and legal* aspects. The scanning elucidates on the viability of the project in the country. Through our analysis we have been convinced that Tanzania is the place to invest in the manufacturing of tires as detailed under **Table 9**.

Table 9: PESTEL Analysis

ISSUE	AN OVERVIEW
<i>Political</i>	Political factors such as government regulations and policies, tax laws, and trade laws all influence the manufacturing of building materials and their markets. Government regulations and policies related to the manufacturing of building materials, as well as the export of the products, may limit the potential for growth in the market. Tanzanian context is not very favorable but the company has engaged experienced consultants to ensure that the project takes off on the demographics and natural endowments that Tanzania has.
<i>Economic</i>	Economic factors such as GDP growth, inflation, purchasing power and the cost of raw materials have an impact on the building materials market. The cost of raw materials, such as machineries, chemicals, equipment etc will influence the cost of production and, in turn, the cost of the finished product. Additionally, the level of disposable income among consumers in different markets can affect the demand for building materials. Tanzania is doing well in the economic aspects as the middle-income tier of the

	<p>population is growing thus providing market for our products which implies higher demand for the products. Moreover, Tanzania is linked to other economies of the neighboring countries which import some building materials from abroad. In this regard the country is the best promising economy for the manufacturing of building materials.</p>
<i>Socio-cultural</i>	<p>Socio-cultural factors such as consumer preferences, lifestyle trends, and religious beliefs can influence the market. Different markets may have different preferences for certain types of building materials, so producers must be aware of these differences in order to better target their products. The society of Tanzania and those of her neighboring countries are promising as markets in the manufacturing of building materials. The social-cultural aspects of Tanzania and her neighbors are pro our business/products as locals take pride in having houses for residential and business purposes, a scenario that provides market for building materials.</p>
<i>Technological</i>	<p>Technological advances in the manufacturing of building materials have a positive effect on the materials market. Additionally, technological advances in the areas of transportation, communication, and marketing can enable producers to better reach target markets and promote their products. This makes Tanzania the appropriate location for the project</p>
<i>Environmental</i>	<p>Environmental factors such as resource availability, climate change, and waste management can also influence the manufacturing and the market for building materials. The availability of resources, water, and energy can affect the cost of production and the cost of the final product. Tanzania is the best country in the region in these regards.</p>
<i>Legal</i>	<p>Legal factors such as labor laws, environmental laws, and health and safety regulations can also impact the manufacturing and general business of building materials. Labor laws may affect the cost of production, as well as the availability of skilled workers. Additionally, consumer protection laws and health and safety regulations can affect the production process and</p>

	the marketing of the finished materials. In legal aspects Tanzania is the best place in the region.
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2.4 Market Coverage

The company targets the local Tanzanian market for locals as well as local Tanzanian market for neighboring countries whose consignments of imported building materials pass through Tanzania’s Dar es Salaam and other ports. Initially the targeted market is Tanzania but the project also targets regional markets in both the short and long run.

2.5 Marketing Strategy

Competition is stiff in the market for building materials as there are local manufacturers and also foreigners who import the materials at relatively cheaper prices. As part of our marketing strategy, we will engage both penetrative (entry) and persistence strategies. The penetrative strategy will employ digital technology in conducting a social awareness teaser campaigns. This will be done using social media and an excellent website. It will push the way for our products – building materials to be precisely – into the market. In a special way we will also target big construction companies in order to develop a niche among them as they win hug buildings construction contracts.

As for the persistence strategy, considering the fact of other manufacturers and many importers of the products of ours the company has developed a special focus on the 4Ps mix in order to have a good share of the market. This strategy will enable the company stay in the market and develop a niche of its own. Here is the company’s view on the 4Ps promotional mix:-

Product: The project will produce best quality building materials. The company will abide by all approved standards in order to have universally acceptable products. This will make the products unique in the market by being compliant to the standards and thus very appealing. Through R&D the company will know more about the changing needs of the consumers and adjust the products accordingly in order to capture more market and retain its share of the same.

Price: Through the Marketing and Production Departments the company will develop a pricing mix that will make the products price-competitive in order to gain entry into the market, acquire a larger share of the market and develop a niche to be retained starting with Tanzanian market and in the neighboring countries' markets.

Place: Leveraging on ICT and the physical infrastructure the company will ensure an efficient handling of orders, deliveries and collections. The project is strategically located within the interlacustrine region of Tanzania (hub of the great lakes region of Africa) and the lake port of Mwanza. In this regard the distribution channels are designed to ensure that delivery of the products is effective and appealing to customers. In the initial stage we will deal with wholesalers for building materials. In the course of operations we can move on to have our own outlets.

Promotion: Through the qualified marketing personnel the company will design excellent promotion campaigns that will pull consumer toward the products. We will use social awareness teaser campaigns by leveraging on information communication technology.

3.0 FINANCIAL PROJECTIONS

This section focuses on expectations of performance of the project *ceteris paribus*. It focuses on the first five years of operation of the project, expecting that the product will attain its full capacity during the fifth year of operation. The content is projection and as such the actuals may deviate from it.

3.1 Projections on Production

The project expects to have steady growth in production. The growth is projected at 10% annual growth. Annual production for each production line is detailed under **table 10** below. Full capacities are shown under year 5. Production is expected to grow by 10% per annum.

Table 10: Planned Production

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Production Line 1: Nails in Tons	3,000	3,300	3,630	3,993	4,392
Production Line 2: Black Pipes in Tons	4,500	4,950	5,445	5,990	6,588
Production Line 3: H/sections in Tons	3,200	3,520	3,872	4,259	4,685
Production Line 4: Roofing Sheets in sq. M	18,999	20,899	22,989	25,288	27,816
Production Line 5: Mid steel Plates in Tons	2,300	2,530	2,783	3,061	3,367
Production Line 6: Wire mesh in sq. M	6,400	7,040	7,744	8,518	9,370
Production Line 7: BRC Mesh in sq. M	5,600	6,160	6,776	7,454	8,199

3.2 Sales Projections

The project expects steadily growing sales over the first 5 years of operation. The general assumption is that sales will be 90% of the available stock as shown in **table 11** below. At year 5 estimates show that project capacity in terms of sales is **USD 12,614,073.43**. Key assumptions are that sales will stand at 90% of the stock in hand, and inflation will stand at approximately 4%.

Table 11: Sales Projections

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Line 1 Sales (MT): 90% of the Stock	2,700	3,240	3,321	3,872	4,062
Line 2 Sales (MT): 90% of the Stock	4,050	4,860	4,982	5,808	6,093
Line 3 Sales (MT): 90% of the Stock	2,880	3,456	3,542	4,130	4,333
Line 4 Sales (SQM): 90% of the Stock	17,099	20,519	21,032	24,520	25,726
Line 5 Sales (MT): 90% of the Stock	2,070	2,484	2,546	2,968	3,114
Line 6 Sales (SQM): 90% of the Stock	5,760	6,912	7,085	8,260	8,666
Line 7 Sales (SQM): 90% of the Stock	5,040	6,048	6,199	7,227	7,583
Line 1 Unit Price (4% Inflation) USD	250.00	260.00	270.40	281.22	292.46
Line 2 Unit Price (4% Inflation) USD	1,200.00	1,248.00	1,297.92	1,349.84	1,403.83
Line 3 Unit Price (4% Inflation) USD	230.00	239.20	248.77	258.72	269.07
Line 4 Unit Price (4% Inflation) USD	6.00	6.24	6.49	6.75	7.02
Line 5 Unit Price (4% Inflation) USD	320.00	332.80	346.11	359.96	374.35
Line 6 Unit Price (4% Inflation) USD	18.00	18.72	19.47	20.25	21.06
Line 7 Unit Price (4% Inflation) USD	20.00	20.80	21.63	22.50	23.40
Sales Revenue Line 1	675,000.00	842,400.00	897,998.40	1,088,812.11	1,188,035.24
Sales Revenue Line 2	4,860,000.00	6,065,280.00	6,465,588.48	7,839,447.18	8,553,853.71
Sales Revenue Line 3	662,400.00	826,675.20	881,235.76	1,068,487.62	1,165,858.58
Sales Revenue Line 4	102,594.60	128,038.06	136,488.57	165,490.73	180,571.85
Sales Revenue Line 5	662,400.00	826,675.20	881,235.76	1,068,487.62	1,165,858.58
Sales Revenue Line 6	103,680.00	129,392.64	137,932.55	167,241.54	182,482.21
Sales Revenue Line 7	100,800.00	125,798.40	134,101.09	162,595.94	177,413.26
TOTAL SALES	7,166,874.60	8,944,259.50	9,534,580.63	11,560,562.74	12,614,073.43

3.2 Projected Income Statement

Projections show positive retained earnings from the start as shown in **table 12** below. This implies that the business will break-even during the first year of operation. In terms of margin ratios, the project is a promising endeavor.

Table 12: Projected Income Statement

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Total Sales Revenue	7,166,874.60	8,944,259.50	9,534,580.63	11,560,562.74	12,614,073.43
Less: Cost of Sales	3,065,500.00	3,188,120.00	3,315,644.80	3,448,270.59	3,586,201.42
<i>Gross Profit</i>	<i>4,101,374.60</i>	<i>5,756,139.50</i>	<i>6,218,935.83</i>	<i>8,112,292.14</i>	<i>9,027,872.02</i>
Less: Operating Expenses	3,442,583.57	1,692,642.19	1,079,555.18	555,459.95	250,517.80
<i>EBIT</i>	<i>658,791.03</i>	<i>4,063,497.31</i>	<i>5,139,380.65</i>	<i>7,556,832.19</i>	<i>8,777,354.22</i>
Less: Loan Interest	264,000.00	264,000.00	264,000.00	264,000.00	264,000.00
EBT	394,791.03	3,799,497.31	4,875,380.65	7,292,832.19	8,513,354.22
Less :Taxes (30%)	118,437.31	1,139,849.19	1,462,614.19	2,187,849.66	2,554,006.27
Net Profit/(Loss)	276,353.72	2,659,648.12	3,412,766.45	5,104,982.53	5,959,347.95
Dividend (5%)	13,817.69	132,982.41	170,638.32	255,249.13	297,967.40
Retained Earnings	262,536.03	2,526,665.71	3,242,128.13	4,849,733.41	5,661,380.56
Margin Ratios					
Gross Profit Margin	57.23%	64.36%	65.23%	70.17%	71.57%
Operating Profit Margin	16.06%	70.59%	82.64%	93.15%	97.23%
Net Profit Margin	9.19%	45.43%	53.90%	65.37%	69.58%

3.3 Projected Cash Flow

Table 13: Projected Cash Flow Statement

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Net Income	276,353.72	2,659,648.12	3,412,766.45	5,104,982.53	5,959,347.95
Add: Depreciation and Amortization	3,243,619.20	1,481,565.70	849,652.12	299,081.75	35,889.81
(Increase)/ Decrease in Operating Working Capital	-	122,620.00	127,524.80	132,625.79	137,930.82
Cash Flow from Operating Activities	3,519,972.92	4,263,833.81	4,389,943.37	5,536,690.07	6,061,388.97
(Capital Expenditure)	-	-	-	-	-
	10,798,000.00	5,310,000.00	3,462,000.00	210,000.00	220,000.00
Cash Flow from Investing Activities	10,798,000.00	5,310,000.00	3,462,000.00	210,000.00	220,000.00
Increase (decrease) in long-term debt	-	-	-	-	-
	2,664,000.00	2,664,000.00	2,664,000.00	2,664,000.00	2,664,000.00
(Dividend)	-	-	-	-	-

	13,817.69	132,982.41	170,638.32	255,249.13	297,967.40
Issuance of Equity	8,000,000.00	-	-	-	-
<i>Cash Flow from Financing Activities</i>	5,322,182.31	2,796,982.41	2,834,638.32	2,919,249.13	2,961,967.40
Beginning Cash	720,000.00	2,675,844.77	6,518,993.36	8,425,688.31	6,018,247.37
Net Cash Flow	-	-	-	-	-
	1,955,844.77	3,843,148.59	1,906,694.95	2,407,440.94	2,879,421.57
Ending Cash	2,675,844.77	6,518,993.36	8,425,688.31	6,018,247.37	3,138,825.80

4.0 PROJECT RATIONALE

This section overviews the rationale of the project. It focuses on the fiscal, social and monetary benefits of the project as shown in **table 14** below.

Table 14: Project Benefits

DETAILS	YEARS					TOTALS
	Y1	Y2	Y3	Y4	Y5	
Income Tax	118,437.31	1,139,849.19	1,462,614.19	2,187,849.66	2,554,006.27	7,462,756.62
VAT on Sales (20%)	1,433,374.92	1,788,851.90	1,906,916.13	2,312,112.55	2,522,814.69	9,964,070.18
Cost of Sales	3,065,500.00	3,188,120.00	3,315,644.80	3,448,270.59	3,586,201.42	16,603,736.81
Wages	64,800.00	67,200.00	69,696.00	72,291.84	74,991.51	348,979.35
CSR (2%)	5,527.07	53,192.96	68,255.33	102,099.65	119,186.96	348,261.98
SUMMARIES	Y1	Y2	Y3	Y4	Y5	TOTALS
To the Government (Tax and VAT)	1,551,812.23	2,928,701.09	3,369,530.32	4,499,962.20	5,076,820.95	17,426,826.80
To the Supplier SMEs	3,065,500.00	3,188,120.00	3,315,644.80	3,448,270.59	3,586,201.42	16,603,736.81
To Individuals/ Households	64,800.00	67,200.00	69,696.00	72,291.84	74,991.51	348,979.35
To the Community	5,527.07	53,192.96	68,255.33	102,099.65	119,186.96	348,261.98

4.1 Fiscal Rationale

Fiscally the project will pay taxes (income tax and VAT), and trigger trickle down generation of these taxes as stakeholder businesses deal with the project at different levels. These taxes are revenue to the government. Projections stand at USD 17,426,826.80 as a total of income tax and VAT at the firm level. More taxes will be generated from other upstream and downstream businesses.

4.2 Socio-economic Rationale

Socially the project will create 200 direct employments and 400 indirect employments. Also, it will pay CSR to the tune of about USD 348,261.98 to the general community, USD 348,979.35 to individuals/ households in terms of wages and USD 16,603,736.81 to supplier SMEs.

Economically the investment of USD 20 million will trigger production and a series of services that will add to employment and incomes. Also, the project will develop skills of locals in the manufacturing and marketing of building materials.

4.3 Monetary Rationale

The project will generate cash flows among SMEs, and a good business to the lending banks which will in turn pay their workers and pay taxes to the government.

5.0 CONCLUSION

This business idea has been scrutinized and shows promise of success. The analysis made, the projections done and the rationale established makes the project worth of incentives in order for it to take-off. Upon granting of fiscal and other incentives this local project will find a soft landing and develop a trajectory of business success.

7.0 ANNEXES

Annex 1: Direct Jobs Details

S/N	Category	Local		Foreigners		TOTAL
		M	F	M	F	
A.	Senior Management Team					
1	Managing Director	1				1
2	Director of Production			1		1
3	Director of Change Management				1	1
B.	Management Team					
1	Finance Manager		1			1
2	Marketing Manager		1			1
3	Production Manager			1		1
4	HR Manager	1				1
C.	Supervisors					
1	Production Lines 1 & 2 Supervisors	1	1	1	1	4
2	Production Lines 3 & 4 Supervisors	1	1	1	1	4
3	Production Lines 5 & 6 Supervisors	1	1	1	1	4
4	Production Line 7 Supervisors	1	1	1	1	4
D.	Operators					
1	Lines 1 & 2 Operators	2	1	2	1	6
2	Lines 3 & 4 Operators	2	1	2	1	6
3	Lines 5 & 6 Operators	1	2	1	2	6
4	Line 7 Operators	2		2		4
E.	Labourers					
1	Lines 1 & 2 Workers	22	12			34
2	Lines 3 & 4 Workers	22	12			34
3	Lines 5 & 6 Workers	22	12			34
4	Line 7 Workers	22	12			34
F.	Drivers					
1	Vehicles Drivers	6				6
2	Lorries Drivers	9				9
3	Forklifts Operators	4				4
	TOTAL	120	58	13	9	200

Annex 2: Operating Expenses

ITEMS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Marketing Expenses	5,700.00	4,800.00	5,280.00	5,808.00	6,388.80
Bank Charges	250.00	260.00	286.00	314.60	346.06
Insurance	8,480.00	8,819.20	9,701.12	10,671.23	11,738.36
Office Expenses	10,800.00	10,800.00	10,800.00	10,800.00	10,800.00
Permits and Licences	7,800.00	100.00	100.00	1,100.00	6,700.00
Vehicle Expenses	6,900.00	7,176.00	7,463.04	7,761.56	8,072.02
Professionals Fees	3,200.00	2,400.00	3,400.00	2,400.00	3,600.00
Provision for Bad Debts	35,834.37	44,721.30	47,672.90	57,802.81	63,070.37
Depreciations	3,243,619.20	1,481,565.70	849,652.12	299,081.75	35,889.81
Miscellaneous Expenses	120,000.00	132,000.00	145,200.00	159,720.00	175,692.00
TOTAL OPERATING EXPENSES	3,442,583.57	1,692,642.19	1,079,555.18	555,459.95	250,517.80

Annex 3: Loan Details

LOAN DETAILS								
DETAILS	LOAN SECURED	INTEREST RATE	ANNUAL PRINCIPAL PAYBACK					TOTAL
			Y1	Y2	Y3	Y4	Y5	
Local Loan	12,000,000.00	0.11	2,400,000.00	2,400,000.00	2,400,000.00	2,400,000.00	2,400,000.00	12,000,000.00
Foreign Loan	-	0.14	-	-	-	-	-	-
TOTAL PRINCIPAL REPAYMENT			2,400,000.00	2,400,000.00	2,400,000.00	2,400,000.00	2,400,000.00	12,000,000.00
INTEREST DETAILS								
DETAILS	LOAN SECURED	INTEREST RATE	ANNUAL INTEREST PAYBACK					TOTAL
			Y1	Y2	Y3	Y4	Y5	
Local Loan	12,000,000.00	0.11	264,000.00	264,000.00	264,000.00	264,000.00	264,000.00	1,320,000.00
Foreign Loan	-	0.14	-	-	-	-	-	-
TOTAL INTEREST REPAYMENT			264,000.00	264,000.00	264,000.00	264,000.00	264,000.00	1,320,000.00
TOTAL REPAYMENT			2,664,000.00	2,664,000.00	2,664,000.00	2,664,000.00	2,664,000.00	13,320,000.00

Annex 4: Investment Breakdown

INVESTMENT BREAKDOWN	
ITEM	AMOUNT IN USD
Land & Buildings	6,945,000
Plant	11,292,000
Vehicles	455,000
Furniture & Fittings	240,000
Pre Expenses	228,000
Others	120,000
Working Capital	720,000
TOTALS	20,000,000
TOTAL FIXED CAPITAL	19,280,000
TOTAL WORKING CAPITAL	720,000