

TACECO COMPANY LIMITED

BUSINESS PLAN

FOR

ESTABLISHMENT OF TACECO CEMENT

FACTORY

2024

1.0 EXECUTIVE SUMMARY.

TACECO COMPANY LIMITED is a company registered under the laws of the United Republic of Tanzania having a Certificate of Incorporation No. **156039489** dated 06th May 2022.

The project promoters have sufficient knowledge and experience in Cement production and its by-products such as clinker, promoters of the project are well established businesses carrying out various projects majoring in Cement production. Having been in the business for over 15 years the directors are now well-prepared for establishing the production of Cement and by-products targeting to supply in the domestic and export market.

This business plan has been prepared for **TACECO COMPANY LIMITED**. The implementation of this project will include the following activities:

- Registration of project to TIC
- Land Acquisition
- Obtaining various permits and license
- Ordering machines and other project equipment
- Installation of machines
- Recruiting

The proposed project is estimated to cost about USD 50,000,000 to be sourced from shareholders' equity, loans and cash generated from business after the commencement of the primary phases of the project.

1.2 THE PROJECT PROMOTERS

The shareholders of this project are individuals with diverse professional and International business backgrounds. The company is owned by two shareholders, namely: -

| NAME | Number of shares | Nationality |
|--------------------|-------------------------|-----------------------|
| Athos Limited | 4999 | Republic of Mauritius |
| Claude Ndahangarwa | 1 | Burundian |

1.3 LOCATION.

The project head office will be located at **Plot No. 02 Block A, South Makere, Kasulu District, and Kigoma Region Tanzania.**

1.4 OBJECTIVE OF THE STUDY

This study aims to work out the technical, economical, commercial details and financial viability of a project.

2.0 OVERVIEW OF CEMENT PRODUCTION MINERALS DEPOSITS IN TANZANIA

Building materials are essential elements for the infrastructural sector especially in the developing countries. Tanzania is endowed with abundant natural resources in way of minerals such as limestone, clay, gypsum, coal, and laterite. In Tanzania, Kasulu, Kigoma there has been a discovery of an adequate amount of mineral deposits that are favorable for cement production. Having such mineral deposits, especially at Kigoma Region, makes it essential since most of the deposits were discovered at the coastal and highland regions.

Exploitation of such mineral deposits in the process of producing building materials such as cement and other by-products shall amount to a great utilization of minerals at the local and national level.

Such exploitation extents to benefit the mining sector, industrial sector as well as the infrastructural sector while the government and the investor, both earn revenue and profits respectively.

2.1. Demand for cement and by-products in Tanzania and neighboring countries

Tanzania as a developing country, falls to a high demand in supply of building materials such cement and its by-products. The demand grows both domestically and internationally; domestically, demand is spurred

by a growing population, urbanization, industrialization, large scale projects and an emerging middle class made up of wealthier consumers who are more able to participate in niche markets for cement.

Internationally, cement and by-products demand is rising and producers are able to fetch better prices by exporting their produce, largely to neighboring countries such as The Democratic Republic of Congo, Burundi and Rwanda.

At international level, a by-product technically known as Clinker is demanded at industrial level for production of cement. This

TACECO COMPANY LIMITED resolved to establish a modern, eco-friendly and high-end cement factory, joining hands with the government in effort to strengthen the country's economy, since the Government cited the mining and industrial sectors among potential revenue and job creation sectors, its importance is not only to social economic development but has a positive sign on economic-socio development.

2.2. PROJECT DESCRIPTION

2.2.1. TACECO CEMENT FACTORY OVERVIEW

Currently Tanzania has several factories producing cement and by-products as building materials and they vary in quality in operational and production aspects. TACECO COMPANY CEMENT production is based on sophisticated, high end and eco-friendly machinery and technology that facilitates productivity, environmental preservation and quality end product.

Basing on the establishment of the project stated, the company expects an adequate competition related to existing projects (factories), it is also anticipated that the project will expand productivity time to time.

2.2.2. Production process

The production process and the recipes for all the products are the same.

The process is given below

| <u>Steps</u> | <u>Description</u> |
|--------------|-----------------------------------|
| Step 1 | Extraction of Raw Materials |
| Step 2 | Grinding, Proportion and Blending |
| Step 3 | Pre-Heating Raw Material |

- Step 4 Kiln Phase
- Step 5 Production of Clinker
- Step 6 Mixing Clinker with additives
- Step 7 Cooling and Final Grinding
- Step 8 Grading
- Step 9 Weighing and packing in their respective bags
- Step 10 Quality Inspection
- Step 11 Transport to Storage
- Step 12 Distribution and Shipping

Packaging, Transportation, Distribution and Shipping

The produced cement along with its by-products, will be packed into 50kgs bags ready for sorting, quality inspection, transportation, storage and finally shipping or distribution depending on the respective market.

2.0. PROJECT MANAGEMENT

For purposes of the project, **TACECO COMPANY LIMITED**, will be under the leadership of the Managing Director and the Project Manager whom are well equipped and experienced in managing such production. Under this management, **TACECO COMPANY LIMITED** is expected to grow steadily from a small to a medium company. The company will have

a team of qualified and experienced functional managers in different areas. Other senior and middle-level staff will be available for the start-up and subsequent operations of the company, the total number of employees is expected to be **150**

2.1 PROJECT MANAGEMENT POLICY

The day-to-day operations will be managed by the Managing Director and the Project Manager to be assisted by the Production and Technical Director who will be overall in charge of production, Business Development and Logistics Director and financing and administration Director who will take care of all matters related to financial resources and human resources of the company

4.0 FINANCIAL ASPECTS

THRISHOOL EXIM LIMITED COST STRUCTURE (USD)

| | |
|----------------------|----------------------|
| Land and Buildings | 2,000,000.00 |
| Mining Rights | 4,550,000.00 |
| Vehicles | 1,350,000.00 |
| Plant and Machinery | 17,000,000.00 |
| Furniture & Fittings | 50,000.00 |
| Others | 50,000.00 |
| Working Capital | 25,000,000.00 |
| TOTAL | 50,000,000.00 |

For the project to be a reality a total investment amounting to USD 50,000,000. Is needed

5.0 FINANCING PATTERN

The project will be financed by the equity of USD 50,000,000

5.1 PRODUCTION CAPACITY

The company has estimated to produce 900,000 tones per year

5.2 SELLING PRICE

The average price is estimated to be USD 7 per bag

6.0 FINANCIAL ANALYSIS

6.1 Considerations and Assumptions:

The corporate tax charged is 30% of the profits. The capital investment allowance is 50%. The capital assets are exempted from customs duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied.

6.2 Financial Statements:

6.3 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 5 years period. The position depicted is that the project earns profit throughout its life. Accumulated after-tax profits grow from United States Dollar 10,150,000 in the first year to United States Dollar 44,923,230.00 in the fifth year

6.4 Projected Cash Flows

This is shown in the financial statements. The project has a positive end-of-year cash flow from first year, i. e USD 41,150,000.00 of operation to the 5th year i.e. USD 215,232.130.00

6.5 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under the same heading. The net worth of the project increases from USD 126,000,000.00 in the first year of operation to USD 209,318,900.00 in the 5th year.

7.0 ECONOMIC ASPECTS

Besides the financial/monetary returns to the owners, there are other benefits to be derived countrywide.

(i) Employment Opportunities

Employment and poverty reduction are among the major concern of the Central and Local Government authorities. It is gratifying to note that the project is going to provide employment for **more than 150** people. This is a significant contribution coming from investors.

(ii) Revenue to the Government

The Project is expected to pay a substantial annual amount in the form of corporation tax and other taxes will be paid directly to the government during the project's 5 years covered under our project review.

(iii) Foreign Exchange Earning

Since the project's final products will be exported, the project will thus earn foreign currency for the United Republic of Tanzania.

8.0 CONCLUSION AND RECOMMENDATION

8.1 CONCLUSION

- (i) The project is profitable and will highly contribute to the government revenue by way of taxes.
- (ii) The project provides employment to more than 200 individuals all of whom are national Tanzanians and 50 whom are foreign expatriates.
- (iii) The project has been largely encouraged by Limestone and other affiliated mineral deposits available in the country that facilitates mineral exploitation and utilization within the country benefitting the national economy, technology, social services and creation of employment through minerals and industrialization.

9.0 RECOMMENDATION

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implemented and be given all the support required by all the concerned Government Ministries and Agencies, including the Tanzania Revenue Authority (TRA) and the Tanzania Investment Centre – (TIC) The project deserves this support

because of its viability, since it is technically feasible, economically viable and socially acceptable.

**TACECO COMPANY LIMITED PROJECTED INCOME & EXPENDITURE
STATEMENT (USD)**

| | 1 | 2 | 3 | 4 | 5 |
|---|----------------|----------------|----------------|----------------|----------------|
| - | | | | | |
| Revenue | 126,000,000.00 | 136,000,000.00 | 146,010,000.00 | 171,517,000.00 | 209,318,900.00 |
| Operating Expenses: | 60,500,000.00 | 70,700,000.00 | 70,000,000.00 | 70,800,000.00 | 87,000,000.00 |
| Gross Profit Before Loan Payment and Depreciation | 65,500,000.00 | 65,300,000.00 | 76,010,000.00 | 100,717,000.00 | 122,318,900.00 |
| Loan Payment | 8,000,000.00 | 8,000,000.00 | 8,000,000.00 | 8,000,000.00 | 8,000,000.00 |
| Depreciation and Maintenance | 3,000,000.00 | 3,000,000.00 | 3,000,000.00 | 3,000,000.00 | 3,000,000.00 |
| Gross Profit | 54,500,000.00 | 54,300,000.00 | 65,010,000.00 | 89,717,000.00 | 111,318,900.00 |
| Tax (30%) | 16,350,000.00 | 16,290,000.00 | 19,503,000.00 | 26,915,100.00 | 33,395,670.00 |
| Profit After Tax | 38,150,000.00 | 38,010,000.00 | 45,507,000.00 | 62,801,900.00 | 77,923,230.00 |
| Accumulated Profit | 10,150,000.00 | 10,010,000.00 | 25,507,000.00 | 37,801,900.00 | 44,923,230.00 |

TACECO COMPANY LIMITED PROJECTED PAYBACK PERIOD USD

| Year | Profit After Tax | Depreciation | Total Cash Flow | Accumulated Cash Flow |
|------|------------------|---------------------|-----------------------|--------------------------|
| 1 | 38,150,000.00 | 3,000,000.00 | 41,150,000.00 | 41,150,000.00 |
| 2 | 38,010,000.00 | 3,000,000.00 | 41,010,000.00 | 82,160,000.00 |
| 3 | 45,507,000.00 | 3,000,000.00 | 48,507,000.00 | 130,667,000.00 |
| 4 | 62,801,900.00 | 3,000,000.00 | 65,801,900.00 | 114,308,900.00 |
| 5 | 77,923,230.00 | 3,000,000.00 | 100,923,230.00 | 215,232,130.00 |