

**GYPSUM KINGS LIMITED**

**BUSINESS PLAN**

**FOR**

**GYPSUM PROCESSING FOR PRODUCTION OF GYPSUM BOARDS**

**FIVE YEARS: 2024-2029**

**Prepared by;**

Gypsum Kings Limited

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## CORPORATE INFORMATION

**Date of Incorporation** : January 2024

### Company Registration

**Number** : 171795346

**TIN** : 171795346

**Project Activity:** Processing of Gypsum and other minerals for manufacture of gypsum bodies.

### Shareholders:

Name	Address	Number of shares
1. FOXTROT HILL INVESTMENTS LIMITED	INTERSHORE CHAMBERS, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLAND	9,900
2. MUSHTAKALI GULAMABBAS FAZAL	P.O.BOX 542, DAR ES SALAAM.	100

### Registered Office & Address:

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## LIST OF ABBREVIATIONS

AfCFTA	-	African Continental Free Trade Area
CEO	-	Chief Executive Officer
CIF	-	Cost Insurance and Freight
EAC	-	East African Community
SADC	-	Southern African Development Community
SWOT/SWOC-		Strengths, Weaknesses, Opportunities and Threats/Challenges
TIN	-	Taxpayer Identification Number
US\$	-	United States Dollar

## 1.0 EXECUTIVE SUMMARY

Gypsum is among the most demanded products globally for building and construction purposes. Gypsum panel products are used throughout commercial, multi-family and residential structures across the globe. Homes, offices, hospitals, schools, libraries, stores, and gymnasiums, to name a few examples, rely on gypsum panel products for smooth interior walls that are readily installed, easily decorated and quickly repaired. Even more importantly, gypsum panels provide the passive fire resistance that today's building codes require.

As it is for other mineral-rich countries, the product in Tanzania has recorded remarkable growth in recent years. In 2022, Tanzania exported \$1.8M in Gypsum, making it the 57<sup>th</sup> largest exporter of Gypsum in the world. At the same year, Gypsum was the 184<sup>th</sup> most exported product in Tanzania. The main destination of Gypsum exports from Tanzania are Burundi (\$836k), Malawi (\$321k), the Democratic Republic of the Congo (\$284k), Rwanda (\$219k), and Nigeria (\$92.5k).

**Gypsum Kings Limited** is a private company limited by shares registered in Tanzania with the main purpose of engaging in the extraction, processing, and manufacture of building materials of Gypsum boards for the local as well as foreign markets. **The company has already acquired 100 acres of land in Lindi region**, and seeks to invest in a Gypsum processing factory for the production of gypsum boards that will be sold locally and in foreign markets.

The company is owned and managed by experienced persons in the extractive sector. The project is expected to be financed both through owners' equity and external financing through bank loans, where the total project requirement amounts to **US\$ 3,000,000 (United States Dollar Three Million only)**. During the first year of operations, the project intends to employ at least 70 locals and 7 foreigners, making a total of 77 direct employment.

## 1.1 Company Vision, Mission and Core Values

**Our Vision:** Our vision is to emerge as the best practitioner in production, processing and distribution of gypsum and other building materials for the local and foreign markets.

**Our Mission:** Our mission is to provide value addition to locally manufactured building materials mainly gypsum boards by embarking on gypsum extraction, processing and manufacture of gypsum boards through modern facilities and clean environment for production of high-quality products.

**Our Belief:** Is that, success depends entirely on our exceptional teamwork approach, while constantly striving to leave our clients with an everlasting positive customer experience.

**Core Values:** Through our dedicated, competent, professional and motivated organization, modernized, and experienced personnel, we are committed to the following principles:

- We ensure total continual customer satisfaction and optimum returns.
- We are committed to listening and responding to the needs of the community we serve;
- We are by international standards and a system that is uncompromised quality, achieved by individuals and as a team.
- To inspire and connect with our community to put their best selves forward every day.

## 1.2 Project Objectives

The main objective of our project is to increase our operational capability of gypsum boards and other building materials and buy products that can be used to manufacture other products such as fertilizers. The project intends to invest highly in the extractive sector in which we operate by providing of best practices for the production of high-quality gypsum boards that will be mined and processed by the company. The project shall also support various community development aspects including supporting education and health care.

Specifically, the project aims to achieve the following objectives;

- To ensure the availability and reliability of high-quality gypsum for the production of gypsum boards and other related products.
- To utilize the available local material to meet the growing demand in the country.
- To employ at least 70 local people to improve the livelihood to the community and join hands with the government efforts in job creation.
- To improve the linkages among producers, suppliers, and consumers of various products across the country.
- Stimulate the production of gypsum in various places of the country by utilizing the available land for gypsum extraction.

### **1.3 Project components and costs**

The project is expected to commence its activities on 1<sup>st</sup> April 2024 after all the preliminary arrangements and permits are obtained. The project office and some office equipment have already been prepared. The project shall be implemented in two phases. Phase one shall include preliminary stages such as site preparations, construction, office installation and procurement and installation of machineries and equipment for a gypsum production. Phase two shall include activities for project expansion such as the construction of more production facilities, new equipment purchases and the installation of a new plant. The activities in phase two shall commence in January, 2026 through the rest of the project.

**Table 1.1: Project Requirements (Cost in US\$)**

Descriptions	Quantity	Value per unit (USD)	Total value (USD)
<b>Land and Buildings:</b>			
Land	100 acres	5,000	500,000
Buildings	Lampsum		300,000
Site Preparations	Lampsum		50,000
<b>Sub-total Land &amp; Buildings</b>			<b>850,000</b>
<b>Plant:</b>			
Machinery & Equipment	Full set		1,450,000
<b>Sub-total Plant</b>			<b>1,450,000</b>
Motor vehicles	3	60,000	180,000
Furniture & Fixtures	Lampsum		20,000
Working Capital	Lampsum		500,000
<b>TOTAL</b>			<b>3,000,000</b>

The project requirement amounts to **US\$ 3,000,000 (United States Dollar Three Million only)** which covers the cost of land, buildings, plant and equipment and working capital required at the commencement of the project.

#### **1.4 Implementation Plan**

The envisaged project is expected to be implemented from 1<sup>st</sup> April, 2024 beginning with preliminary activities including site preparations, construction and acquiring relevant permits and other requirements of the project. The implementation programme is well described in the Table 1.2

**Table 1.2: Implementation Schedule**

No.	DESCRIPTION	PHASE I				PHASE II
		June 2024	July-Sept, 2024	Oct-Dec 2024	Jan-Dec,2025	Jan 2026-Dec 2029
1	Permits acquisition, Site preparations and mobilization of resources.					
2	Purchase of machineries, equipment					
3	Building Construction and Installation of the Plant					
4	Procurement of materials, Recruitments of Staff, engagements					
5	Commencement of Production					
6	Project Expansion, setting up the New Extraction Plant					

Upon completion of site preparations, construction, and installation of the Plant, machinery and equipment, and other facilities, the process of hiring and engaging qualified personnel shall follow. The project shall pay attention to expertise in the sector. Then the production of cotton lint through ginning shall start. The project shall conduct a periodical assessment of its machinery and equipment and replace obsolete ones through disposal and procurement of new equipment. Project monitoring and evaluation shall be maintained throughout the duration of five years.

**1.5. Project Benefits**

The Implementation of this project will have economic and social benefits to the community and the country at large notably:

- The project will help the community access the best, safest yet affordable gypsum products in the country;
- The project will support industrialization campaign by setting up a gypsum processing plant and promote the sector in the country.

- The project will increase employment opportunities to the community;
- The project will increase social services to the community;
- The project will increase tax revenue to the government.

## **2.0 PROJECT DESCRIPTION**

The project intends to utilise the prevailing opportunity due to availability of ample land that can be used for extraction of gypsum. The project will also help to fill the gap in the gypsum boards in the country.

The project shall be operated through the following model.

- Establishment of the Gypsum processing plant for the production of gypsum boards that will be sold locally and exported to various countries;
- The company will bring experts from best performing countries to train Tanzanians to understand how gypsum boards are manufactured to meet international standards.
- The project envisages having exchange programmes with counterparts in other countries for locals and those abroad for learning and sharing experiences.

### **2.1 Key Success Factors**

Provision of high-quality products to meet the local and foreign markets demands is our core competency. The project is designed to have modern, decent, well-managed facilities with immaculately humanitarian services during service delivery. We will ensure we have enough materials and equipment's that are operated by highly professional persons, who are ready to produce high quality products of nearly any requirement.

### **2.2 Our Staff**

**Gypsum Kings Limited** is well placed to implement its policy of “safety-first” that guarantees safe handling and delivery of our clients' requirements. The project shall maintain its policy to hire staff who have years of experience in the extraction sectors. The hired staff shall comprise both Tanzanians and foreigners, creating opportunity for hundreds of jobs, providing fair pay in an excellent work environment. We will

conduct periodical orientations and team building seminars so that our staff continue to be on the same page and properly trained to meet our objectives.

### 2.3 Machinery and Equipment

The project will ensure that appropriate machinery and equipment are installed and modern technology in place for gypsum manufacturing.



### **3.0 BUSINESS ENVIRONMENT AND SECTOR ANALYSIS**

#### **3.1 Business environment**

Businesses may be affected by factors beyond owner's control, and these need to be taken into account before making any investment decision. The company has considered many opportunities and challenges that may arise out of the expected changes. Thus, analysis of business environment key factors is paramount to this plan in order to determine external factors and how they are likely to affect the project.

*Economically;* Tanzania is now experiencing economic growth whereby the purchasing power of people is increasing and people's interactions is increasing as trade grows in the East African Region, SADC and AfCFTA. This has called for a lot of business opportunities in the regions. The burning issue currently is the rate of inflation and continuous fall in domestic currency this would lead to increased cost of operations as the price of materials are rising.

*Politically;* Tanzania has enjoyed political stability since it gained her independence in 1961, which has allowed for a degree of continuity and coherence in the organisation of both the state and the private sector. The country retains strong national unit with an engaged civil society and private sector. The government of Tanzania is in support of investments through a number of policies and strategies that aims at making the business environment more conducive.

*Social-Cultural:* The social aspect focuses on the forces within the society. Family, friends, colleagues, neighbours and the media are social factors. These factors can affect our attitudes, opinions and interests. So, it can impact sales of products and revenues earned. There is no doubt that the society is continually changing. The tastes and preferences are a great example of this change for the Tanzanian culture. Most of Tanzanians currently are willing to pay a premium price for a product that satisfies their expectations. Demographically, the country is increasing in population where currently the country is estimated to have over 61 million people. The increase in population necessitates increase in demand of goods and services.

*Technological factors:* Technological factors are one of various external environment factors that affect businesses greatly and are also an integral component of the **environment analysis**. Our project considers technology as an integral part and important tool for improving operations and functions. In the present scenario, utmost dependence on equipment, technological factors can have more effect on business operation and success globally than ever before. Furthermore, development of technology has also introduced digital marketing strategies through which companies are able to sell their products and services. Even the research and development (R&D) divisions in most companies have changed their ways of functioning and more advanced techniques in the development of products and services have been introduced only through technological advancements. We will ensure we keep up the pace of technology to suit the needs of our customers.

## **4.0 MARKETING PLAN**

There is a growing population in the country, where current statistics shows that the population trend grows by 3% annually with a current population of 61 million in 2022.<sup>1</sup> Dar es Salaam being the largest commercial city has been one of the fastest growing cities in terms of population with more than 6 million people. The pace of regional integration within EAC and SADC blocs with recent ratification of AfCFTA paves way for more trade in the region. Our motive is to cater for this need, especially through providing high-quality gypsum products and related products that will be sold locally and at international markets.

### **4.1 Marketing Strategies**

#### **4.1.1 SWOT Analysis**

The SWOT analysis is conducted in order to assess our internal strengths and drawbacks that we need to improve. We have also analyzed external factors which may provide opportunities or pose threats to our project. Finally, we have indicated how we can best utilize the available opportunities and mitigate potential threats and overcome our weaknesses.

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<sup>1</sup> National Bureau of Statistics, 2022: Population and Housing Census

**Table 4.1: SWOT Analysis**

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• Ability of the project implementers to solicit required funds for the project.</li> <li>• Modern equipment and facilities and safe environment for production of high-quality gypsum boards from local resources.</li> <li>• Excellence in service from highly skilled management and staff.</li> <li>• Affordable prices will give options for customers to prefer our products.</li> </ul>	<ul style="list-style-type: none"> <li>• Sourcing of required resources including finances may cause delay in starting operations on time.</li> <li>• No appropriate data on the current and projected market demand.</li> </ul>
OPPORTUNITIES	THREATS/CHALLENGES
<ul style="list-style-type: none"> <li>• Growing demand of gypsum boards and related products due to increase in population and regional integration.</li> <li>• Government commitment to support industries.</li> <li>• Economic growth and rising in purchasing power of individuals provides opportunities for the project.</li> </ul>	<ul style="list-style-type: none"> <li>• High expectations of customers and changing customer preferences.</li> <li>• Ensuring punctuality, safety, health and hygiene of our products.</li> <li>• Stiff competition in the sector.</li> </ul>

From the SWOT analysis, we have been able to identify our strengths, weaknesses, opportunities and threats. The project will capitalize on the key strengths to provide best services to customers. The available opportunities create a room for business expansion and the company sees that this prevailing opportunity cannot be left in vain. The project shall make use of the marketing mix in making sure that high quality product is maintained in the market, our services reach to high demand locations (place), reasonable price is charged to our clients and appropriate promotional tools are employed to increase awareness of our products and services.

**Product:** The modern equipment and facilities shall be an added advantage to compete in the market through determination to provide high quality products and services. A sufficient budget shall be allocated for repair and maintenance to ensure that all machineries and equipment and facilities remain in a good quality all the time

so as to maintain products of high quality. The brand name “Golden Cotton” shall be used to sell companies products throughout the project.

**Pricing:** The objectives of price strategy depend on a number of factors such as business economic and marketing objectives. Price setting can be based on cost or market based. With demand and completions orientation concepts, a fair price will be set which customers are willing to pay at the same time covers operational costs with some profit margin. In this regard, price setting shall be based on demand, and competition but also cost of operation.

**Place:** The project shall invest in modern and sophisticated technology and facilities and conducive environment. The project has arranged to start operations by looking at the most convenient market segment.

**Promotion:** Branding and Media advertisements both digital and print media shall be widely employed by the project. We will engage in positive promotion of the project through developing appropriate marketing strategies. The project will make advertisement of the available services via a number of media such as local newspaper, leaflets, TV, radio, social media and Internet. Different procedures of promotion will be applied, such as providing price discounts to regular customers.

#### **4.2 Revenue collection**

Revenue collections will be done on cash basis and bank transfers. Where there is a written agreement, the company will also provide services on credit basis to institutional customers. For the first year of the project, the average revenue is estimated to be **USD 2,250,000**. The description of revenue projections are shown in the Table below.

**Table 4.1: Description of Revenue Projections**

S/N	Revenue Source	Qty/MT per month	Amount per month (USD)	Amount per year (USD)
1	Wallboard (regular gypsum board)	90	90,000	1,080,000
2	Drywall (Moisture resistant)	50	61,000	732,000
3	Plasterboard	40	36,500	438,000
	<b>Total</b>	<b>180</b>	<b>187,500</b>	<b>2,250,000</b>

Different types of gypsum boards shall be manufactured to meet the needs of different market segments. Different types of gypsum board come in a variety of shapes and sizes. This makes them suitable for most construction jobs. Knowing what type of gypsum board to use is important for contractors as it can reduce the cost of a building but also improve its quality. Gypsum board can also be called drywall, plasterboard or wallboard.

## 5.0 OPERATIONAL/MANUFACTURING AND MANAGEMENT PLAN

### 5.1 Operational Plan

The operation is subject to government regulations and acquiring relevant permits and licenses before commencement of the business. All necessary licensing and permits shall be obtained prior to commencement of the project.

### 5.2 Manufacturing Process

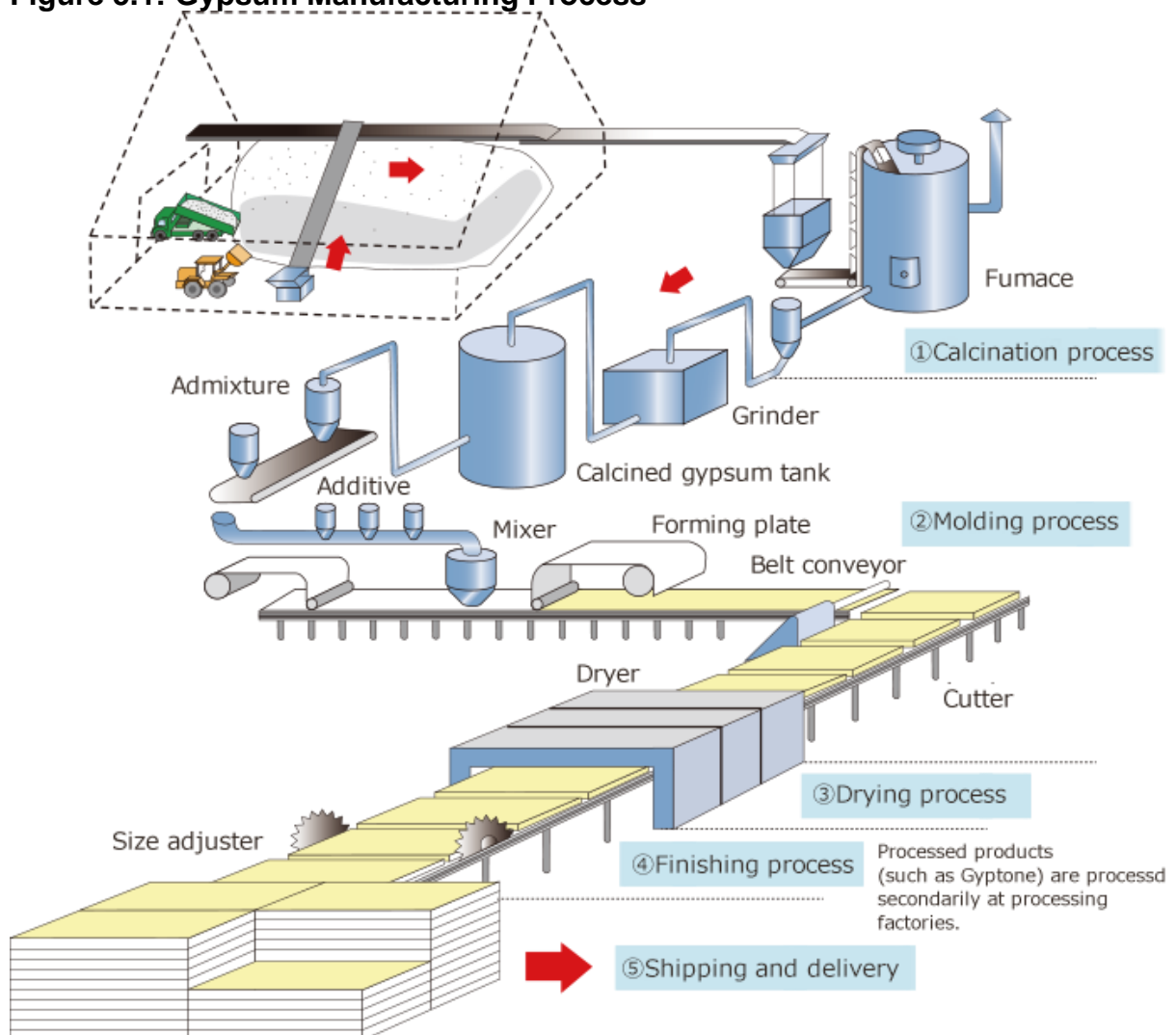
National and international standards govern the manufacture of gypsum board and set strict criteria for strength, water resistance, and other characteristics. To produce gypsum board, crushed natural gypsum or synthetic gypsum is heated or calcined to dehydrate the feedstock. Next the calcined gypsum is mixed with water and additives to form a slurry which is fed between continuous layers of recycled paper on a long board machine.

As the board moves down a conveyer line, the calcium sulfate recrystallizes or rehydrates, reverting to its original rock state. The paper becomes chemically and

mechanically bonded to the core. The board is then cut to length and conveyed through dryers to remove any free moisture.

End tapes are applied that identify manufacturer, facility, production line, date and time of manufacture as well as country of origin are applied per GA-1000 *Identification of Gypsum Board*. Ready for installation, the panels are stored and distributed on risers of uniform height to ensure the gypsum panel products are supported evenly.

**Figure 5.1: Gypsum Manufacturing Process**

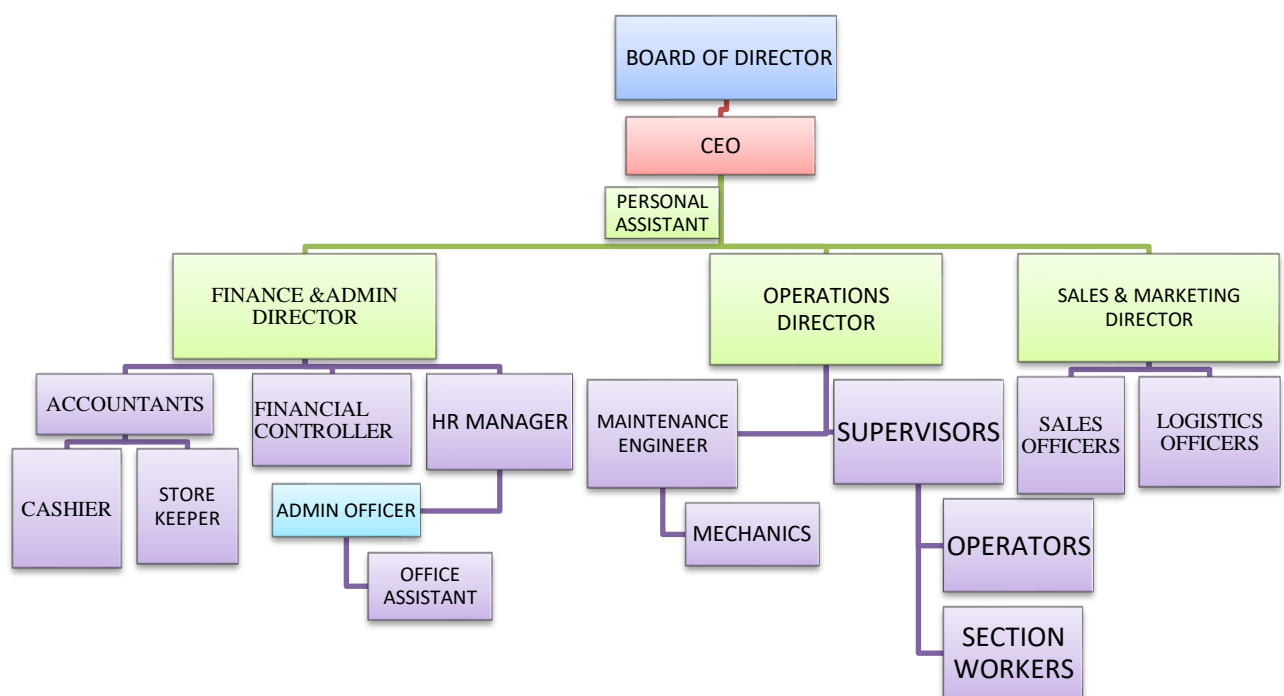


### 5.3 The Organization Structure

The project shall maintain the hierarchical mode of organization structure. The organization structure comprises of the Project Implementation Team led by the CEO and other supporting staff.

The Organization structure comprises of three main departments which shall report to the CEO; Finance and Admin Department which shall include the Finance and Administrative Director, Accountants, Cashiers, revenue collectors and store keepers; HR Officers, Administrative Officers and Office Assistants as well as watchmen/security guards and drivers. Marketing and Sales Department shall include the Director of Sales and Marketing, Marketing Manager; Sales Officers and Logistic Officers. The Operations Department shall include the Director of Operations, Technical and maintenance Manager, Mechanics, Machine Operators, Drivers and section workers; The figure 5.1 describes the organization structure and the reporting lines for each category.

**Figure 5.2 Organization Chart**



### **5.3 Management**

The Chief Executive Officer shall be responsible for day-to-day running of the project and direct reports to the Board of Directors. Director of Operations shall be responsible for day-to-day operational activities of the project including sourcing of materials, manage the personnel under him, repair and maintenance and control the timetable for trucks. Finance and Administrative Director shall be responsible for all financial and administrative issues. Accounting and Administrative officers shall be responsible for all financial and administrative issues respectively. The financial controller shall ensure monitoring resource allocation especially funds and making sure that the fund is used in a desired manner.

### **6.0 PROJECT MONITORING AND EVALUATION**

The project will be monitored and evaluated on a regular basis to track progress and identify any potential problems. The monitoring process will collect data on key indicators, such as the number of trucks added, the number of trucks per route, and reduction in service delivery time and costs. The evaluation process will collect data on the benefits of the project, such as improvement in transport services, the creation of jobs, and the improvement of economic activities of the Company.

The monitoring and evaluation plan will be tailored to the specific needs of the project. However, the following general principles will be followed:

- i) **Relevance:** The monitoring and evaluation plan will be relevant to the objectives of the project.
- ii) **Accuracy:** The monitoring and evaluation plan will be accurate and reliable.
- iii) **Timeliness:** The monitoring and evaluation plan will be timely and up-to-date.
- iv) **Transparency:** The monitoring and evaluation plan will be transparent and accessible to stakeholders.

## 7.0 RISK ASSESSMENT AND KEY ASSUMPTIONS

The project has the potential to significantly improve the efficiency of transport service in Dar es salaam and hence promote increase in economic activities and incomes of people. However, there are also a number of risks associated with the project. Some of the key risks may include:

- i) Competition:** There is a stiff competition in the sector especially from imported products. Majority of competitors have already covered a huge share in the market, the company intends to capitalize on a niche in which the company can best serve than others. The project shall utilize the existing gaps in the local market and exploit export potentials to various markets.
- ii) Price changes:** Due to inflation, the price of materials is expected to rise up particularly fuel and spare parts. In order to cater for this price increase, the project shall review the project planning, timelines and make price adjustments from time to time.
- iii) Accidents:** Factories are prone to accidents. One of the major causes of these accidents is overworking of employees without being given enough time to rest. We intend to employ qualified staff and use modern technology to ensure labour gets enough rest. The company also intends to secure the machineries and equipment through a comprehensive insurance cover in case of any accident, theft or any other disaster.

Despite likelihood of these risks, the project potentials to make significant contribution to the economic development are inevitable. If the project is successful, it could help to improve the development of the sector and ensuring availability of high-quality products in the country and ultimately boost economic growth.

## 8.0 FINANCIAL PLAN

### 8.1 Sources of Funds

The project financing is expected to be through both owners' equity and debt financing through both internal and external sources of financing. The amount of revenue shall be clearly allocated to the parties as per profit calculations of the project. The project financing shall be in the following mode;

**Table 8:1 Project Financing**

S/N	Type of Financing	Source	Amount (\$)
1	Equity	Foreign	670,000
2	Equity	Local	330,000
2	Loan	Foreign	2,000,000
<b>TOTAL</b>			<b>3,000,000</b>

### 8.2 Financial Assumptions

Several assumptions were made and considered in the preparation of this financial plan and projection. The assumptions are based on professional judgment, economic trends and current financial market environment. These are as noted below;

- (i) The focus market shall be both domestic market and foreign markets including EAC, SADC, ACFTA and beyond the African Continent.
- (ii) Investment shall be progressively made throughout the project;
- (iii) The annual sales are projected to grow by 10% per annum; while operating expenses will rise at the rate of 5%. The revenue is expected to double in year 3 after having installed the additional plant.
- (iv) Depreciation will be charged on straight line method to allocate the cost of each value over its estimated useful life. The rates to be used for vehicles and equipment are as follows;
  - (a) Buildings 5%
  - (b) Furniture & Fittings 10%
  - (c) Equipment 10%
  - (d) Motor vehicles 20%

The financial assumptions will also include issues on credit sales, payments of interest rates, taxes and other levies. From the beginning, we recognize that payment terms

and hence collection days are critical, but not a factor we can influence easily. At least we are planning on the problem, and dealing with it. Interest rates, tax rates, and personnel burden are based on conservative assumptions. Some of the more important underlying assumptions are:

- We assume a strong economy, without major recession.
- We assume, of course, that there are no unforeseen changes in economic policy to make our service immediately obsolete or unwanted.
- We assume an inflation rate of 5% yearly.
- Maintenance costs 5% of Property Plant and Equipment
- Corporate tax is 30% of Net Income

### 8.3 Projected Financial Sstatements

The projected financial statements for five years indicate that the company shall be able to generate substantial amounts of profits as detailed below.

**Table 8.2: Projected Income Statements for Five Years**

Description	YEAR 1 (US\$)	YEAR 2 (US\$)	YEAR 3 (US\$)	YEAR 4 (US\$)	YEAR 5 (US\$)
Revenue	1,750,000	2,050,000	3,970,117	4,351,418	4,601,905
Less: Cost of sales	957,043	1,004,895	2,009,790	2,110,280	2,215,794
<b>Operating Profit</b>	<b>792,957</b>	<b>1,045,105</b>	<b>1,960,327</b>	<b>2,241,138</b>	<b>2,386,111</b>
<i>Less: Op. expenses</i>	<i>642,067</i>	<i>674,170</i>	<i>1,348,341</i>	<i>1,415,758</i>	<i>1,486,546</i>
Earnings Before Interest and Tax	150,890	370,935	611,986	825,380	899,565
Less: Charges					
Interest	510,000	408,000	306,000	204,000	102,000
<b>Earnings/(Loss) Before Tax</b>	<b>-359,110</b>	<b>-37,065</b>	<b>305,986</b>	<b>621,380</b>	<b>797,565</b>
<i>Corporate Tax (30%)</i>	<i>0</i>	<i>0</i>	<i>91,796</i>	<i>186,414</i>	<i>239,270</i>
<b>Earnings After Tax (Loss)</b>	<b>-359,110</b>	<b>-37,065</b>	<b>214,190</b>	<b>434,966</b>	<b>558,296</b>
<i>Dividends (30%)</i>	<i>0</i>	<i>0</i>	<i>64,257</i>	<i>130,490</i>	<i>167,489</i>
<b>Retained Earnings</b>	<b>0</b>	<b>0</b>	<b>149,933</b>	<b>304,476</b>	<b>390,807</b>

**Table 8.3 Projected Balance Sheet for Five Years**

<b>DESCRIPTIONS</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>NON-CURRENT ASSETS</b>					
Land & Buildings	807,500	767,125	728,769	692,330	657,714
Machinery & Equipment	949,697	854,727	769,255	1,049,283	1,297,174
Motor vehicles	135,000	200,000	175,000	250,000	200,000
<b>Total Non-Current Assets</b>	<b>1,892,197</b>	<b>1,821,852</b>	<b>1,673,024</b>	<b>1,991,613</b>	<b>2,154,888</b>
Stocks	44,150	115,000	19,284	22,500	53,100
Debtors & Prepayments	55,693	56,825	11,500	15,400	16,700
Cash and Bank balance	139,288	266,379	86,343	217,495	347,886
<b>Total Current Assets</b>	<b>239,131</b>	<b>438,204</b>	<b>117,127</b>	<b>255,395</b>	<b>417,686</b>
<b>TOTAL ASSETS</b>	<b>2,131,328</b>	<b>2,260,056</b>	<b>1,790,151</b>	<b>2,247,008</b>	<b>2,572,574</b>
Equity	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Additional capital	1,076,436	1,147,486	0	0	0
Retained Earnings	0	0	630,076	840,331	1,070,728
<b>Total Equity</b>	<b>2,076,436</b>	<b>2,147,486</b>	<b>1,630,076</b>	<b>1,840,331</b>	<b>2,070,728</b>
Bank loan	1,680,000	1,260,000	840,000	420,000	0
<b>Total Non-Current Liability</b>	<b>1,680,000</b>	<b>1,260,000</b>	<b>840,000</b>	<b>420,000</b>	<b>0</b>
Trade Creditors and Accruals	36,017	90,364	49,336	308,177	383,746
Taxation	18,875	22,206	110,739	98,500	118,100
<b>Total Current Liabilities</b>	<b>54,892</b>	<b>112,570</b>	<b>160,075</b>	<b>406,677</b>	<b>501,846</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>2,131,328</b>	<b>2,260,056</b>	<b>1,790,151</b>	<b>2,247,008</b>	<b>2,572,574</b>

**Table 8:4 Projected Cash Flow for Five Years**

<b>DESCRIPTIONS</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>Cash from operations:</b>					
Profits before tax	150,890	370,935	611,986	825,380	899,565
<b>Adjustments for non-cash items:</b>					
Depreciations	560,750	448,600	436,600	748,500	648,100
<b>Change in Working Capital:</b>					
Receivables	-55,693	-56,825	-11,500	-15,400	-16,700
Trade payables & Accruals	36,017	90,364	49,336	235,293	383,746
<b>Total</b>	<b>691,964</b>	<b>853,074</b>	<b>1,086,422</b>	<b>1,793,773</b>	<b>1,914,711</b>
Tax payments	0	0	-91,796	-186,414	-239,270
<b>Total Cash Inflow from Operating Activities</b>	<b>691,964</b>	<b>853,074</b>	<b>994,626</b>	<b>1,607,359</b>	<b>1,675,442</b>
<b>Cash from investing activities:</b>					
Purchase of assets	-831,252	-518,750	-479,868	-850,000	-829,163
Other purchases	0	-322,127	-68,343	-802,168	-759,175
<b>Net Cash Outflow from Investing Activities</b>	<b>-831,252</b>	<b>-840,877</b>	<b>-548,211</b>	<b>1,652,168</b>	<b>1,588,338</b>
<b>Cash from financing activities:</b>					
Dividends	0	0	-64,257	-130,490	-167,489
Loan Repayments	-735,000	-672,000	-609,000	-546,000	-483,000
<b>Net Cash Outflow from Financing Activities</b>	<b>-735,000</b>	<b>127,091</b>	<b>-180,036</b>	<b>131,152</b>	<b>130,391</b>
<i>Beginning Cash Balance</i>	<i>874,288</i>	<i>139,288</i>	<i>266,379</i>	<i>86,343</i>	<i>217,495</i>
<b>Ending Cash Balance</b>	<b>139,288</b>	<b>266,379</b>	<b>86,343</b>	<b>217,495</b>	<b>347,886</b>

#### 8.4 Loan Repayment Plan

As indicated, the financing of the project shall come from both equity and debt financing through bank loans. The project shall ensure that, the repayments of loans are usually made in periodic payments that include some principal and interest as indicated in Table 8.5 below.

**Table 8.5: Loan Repayment Schedule**

<b>Loan amount (US\$)</b>	2,100,000				
<b>Interest rate per annum</b>	15%				
<b>Annual Instalments</b>	12				
<b>Loan Duration (Years)</b>	5				
<b>Years</b>	<b>Principal Payment</b>	<b>Balance</b>	<b>Interest</b>	<b>Total Repayment</b>	<b>Total Repayment Per Month</b>
<b>Year 1</b>	420,000	1,680,000	315,000	<b>735,000</b>	<b>61,250</b>
<b>Year 2</b>	420,000	1,260,000	252,000	<b>672,000</b>	<b>56,000</b>
<b>Year 3</b>	420,000	840,000	189,000	<b>609,000</b>	<b>50,750</b>
<b>Year 4</b>	420,000	420,000	126,000	<b>546,000</b>	<b>45,500</b>
<b>Year 5</b>	420,000	0	63,000	<b>483,000</b>	<b>40,250</b>
<b>TOTAL</b>	<b>2,100,000</b>	-	<b>945,000</b>	<b>3,045,000</b>	<b>253,750</b>

From the loan disbursement table above, it shows that the project will be able to repay its loan within a period of five years. This is a good indication as the project will be able to cover its financing requirements on time.

### 8.5 Internal Rate of Return (IRR%)

The proposed project is expected to have an IRR of **13.35%** over its projected operational period of five years. This IRR indicates that, the project is feasible and is bankable. This implies even with borrowed funds the project is an attractive investment proposition. The profitability analysis also implies that the project will break-even in year 3 and start making substantial profits in year 4 progressively.

**Table 8.6: Internal Rate of Return**

	<b>Outlay</b>	<b>-3,000,000</b>
	NPBT Yr 1	150,890
	NPBT Yr 2	370,935
	NPBT Yr 3	1,348,341
	NPBTYr 4	1,415,758
	NPBTYr 5	1,486,546
<b>IRR</b>		<b>13.35%</b>

## **9.0 ECONOMIC ASPECTS**

### **9.1 National economic and social Benefits**

The economic and social impact of establishing the proposed project to Tanzania is expected to be positive. This positive impact is expected to be direct and indirect as explained below:

#### **a) Direct economic impact**

Direct positive economic impact is expected to come from the following factors, namely,

- 1) Tax payments to the government increased,
- 2) Access to quality, reliable and affordable products increased,
- 3) Employment opportunities generation; more than 70 direct jobs expected to be created.
- 4) Technology and skills transfer from expertise hired from different parts of the globe.

#### **b) Indirect economic impact**

The project is expected to operate as a responsible corporate citizen by fulfilling some of its corporate responsibilities such as assisting some of the disadvantaged communities by way of donations, starting from the communities living near the project and participation in economic development activities of the country.

## **10.0 CONCLUSION**

The fact that owners are willing to raise investment capital to finance the project, it shows a strong commitment in making sure that the project is successfully implemented. The project lays in areas that are very rich in gypsum deposits and easily accessible with key infrastructure, hence project activities will help to revamp the building and construction sector at large. Owners are willing to comply with all government requirements. The fact that there is a huge demand for gypsum products in the country despite the presence of several other players in the market, makes this project a viable idea.