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1. THE COMPANY

Incorporation

KILI STEEL INDUSTRIES LIMITED of P. O. Box 5429, Dar es Salaam, was incorporated as a Limited Liability Company on 19th June 2024, under the certificate of incorporation number 175621334. The registered office of the company is situated at Plot No. 115, Pugu Road, Dar es Salaam.

Share Capital

The authorised share capital of the company is TZS 700,000,000/=, being 100 shares of TZS 7,000,000/= each. The shares are fully issued to below shareholders

1. MR. HITESH MIDHA – 16%
2. MR. KAREEM JASSANI – 16%
3. MR. NAGAJAN BHIMA MODHWADIA – 16%
4. MR. MUHAMMAD RAZA – 16%
5. MR. VISHAL MANSUKHLAL SHAH – 8%
6. MR. VINAY MANSUKHLAL SHAH – 8%
7. MR. VENUS GROVER – 4%
8. MR. ARFAN ULLAH QUMER – 5%
9. MR. VISHAL PRAFUL VORA – 6%
10. MR. PUNEET KUMAR SWARNAKAR – 5%

The Business

The Company has been incorporated with the object of manufacturing, for local sale and export

- Common nails
- Roofing nails
- BRC
- Binding wire
- Welded mesh
- Chainlink
- Barbed wire

at a modern plant to be set up at Plot No. 115, Pugu road, Dar es Salaam. During the last twenty years the promoters have accumulated considerable expertise in this line of business.

The company has rented one industrial plot on Plot No. 115, Pugu road, Dar es Salaam. The plant and required offices will be set up in this plot. The same industrial space has been rented at a cost of TZS 38,138,800 (USD 13,621) per month including VAT, from the landlord SHANANGA GROUP LIMITED.

The company has obtained the Tax Identification Number 175-621-334 and VAT registration will be applied soon. Copies of these are attached herewith this report in Annexure "B".

2. THE PROMOTERS

The company has been promoted by its Directors and shareholders. The two Directors have vast and proven industrial experience by virtue of their ownership of the associate company in the same line in Uganda.

As such the promoters have vast industrial and commercial experience in this line of business and have, capitalized the new company adequately to venture into the business of manufacturing roofing nails and binding wire in Tanzania.

3. THE MANAGEMENT

The company will be managed and run by its Board of Directors which consists of the following:

1. MR. MUHAMMAD RAZA
2. MR. VINAY MANSUKHLAL SHAH
3. MR. VENUS GROVER

As elaborated above the three Directors will be fully involved in running and managing the newly incorporated manufacturing company.

The Board of Directors will be assisted by a General Manager, Administrative Assistant, Operations Manager, Marketing Manager, Sales Manager, Corporate Affairs Manager and Finance Manager. This team of top managers will be assisted by 2 supervisors and technical persons and

Accountants. This team will be fully responsible for all aspects of management of the day to day operations and support activities of the company.

The level of staffing will be increased over one to two years based on the requirements of the project and availability of suitable Tanzanian manpower.

4. THE PROJECT

4.1 PROJECT CONCEPT

The company intends to set up a plant for manufacture of many different products at its leased premises in Dar es Salaam. At full capacity, the plant will generate 15,000 tones/year to be used for local market and export purpose.

In any developing country, as economic transformation is set in motion, the yardsticks for the level of development or industrialization are set by the per capita usage of various primary goods like energy, steel, textiles, petrochemicals, etc. and their proportions in the GNP of the country.

As the country moves towards industrialization from a primarily agrarian economy, to a more urbanized cum industrial one, the literate population requires of all kinds of nails and wires in construction.

4.2 FINANCING PLAN:

The total cost of the assets to be employed in manufacturing will be Tanzania Shillings 5,000,000,000 made up as follows:

S. No.	Capital Item	Amount in TZS
1	Machinery and Equipment	1,500,000,000
2	Annual Purchases of raw materials and other products	2,000,000,000
3	Lease of premises	457,665,600
4	Vehicle Purchase	200,000,000
5	Other assets	150,000,000
6	Working capital	692,334,400
	Total Investment	5,000,000,000

In addition to the assets listed above, the company will require working capital to the tune of Tanzania Shillings 700,000,000/=. The promoters intend to finance the project by way of equity, term loans and personal loans from shareholders.

The tables in Annexure “A” give detailed breakdown of various aspects of revenues and expenses and the basis of their inclusion in the respective tables. Further analyses are given in the subsequent chapter “6” of this report under Financial Aspects.

4.3 PLANT AND MACHINERY

The project to manufacture above mentioned products requires complex set of automatic Nail manufacturing machines and equipment and raw materials as well as other inputs. These machines and/or equipment are as under:

- Nail making machine
- Roofing nail making machine

Also required are conveyor systems to facilitate the faster flow of raw materials through different stages of production. Also required is mobile lifting equipment to lift and move.

The total cost of these machines and equipment are expected at TZS 1,500,000,000/= and the company intends to import this equipment from Uganda, India and China.

4.4 RAW MATERIALS

The annual requirement of raw materials for this project will be acquired at around TZS 2,000,000,000. Following raw material will be required for the manufacturing process

1. Cap Washer
2. Wire Rods
3. Boric Acid
4. Wire Drawing Powder
5. HCL
6. Brighter M
7. Brighter R
8. Zinc Stone
9. And many other raw materials

Thus the management of this project knows exactly what weights to buy or import for its specific production requirements. This is extremely necessary to bring about maximum possible economies or savings in the use of raw materials.

4.5 HUMAN RESOURCES

The company will require services of management staff, support staff and skilled and unskilled workers at the plant. The company intends to hire the following management personnel to start the project:

General Manager	1
Sales Director	1
Finance Manager	1
Administrative Assistant	1
Marketing Manager	2
Operations Manager	2
Corporate Affairs Manager	1
Technical Persons	9
Supervisors	3
Production Person	8
Plant helpers	65
Accountant	1

Of the above 95 persons, the company will need to recruit expatriate personnel for the positions of General Manager, Operations manager and technical personnel. This is important due to the technical nature of the industry which needs to employ new technologies to the country as well as the complex issues involved during and after the production stages. The ultimate objective is to be competitive and offer quality products to local and highly competitive export markets.

At the production level the plant will require services of 35 skilled and unskilled operators, handlers and helpers which to be acquired locally by the company. In addition, the company will also need to hire four security personnel to assist with safety and security of the assets of the company. This function of security will be sub-contracted to an independent company.

5. THE MARKET

The target market for these products is local and international. We are planning to export our product to other east African community and international market

6. FINANCIAL ASPECTS

6.1 BASIC ASSUMPTIONS:

The following basic assumptions form the basis of the study:

The total investments are TZS 5,000,000,000 /= which include Plant and Machinery, Equipment, Motor Vehicles, Furniture and Fixtures and Office and Information Technology products.

It should be noted that all capital costs have been taken at landed costs excluding Customs duties and Value Added Taxes (V.A.T.). Thus the promoters believe the exemption of customs duties and deferment of VAT will be an important requisite for the project to be implemented.

Gross revenues arising from production and sale of products is conservatively estimated as follows: Year 1 at 60% of capacity, Year 2 at 70% of the capacity, Year 3 at 90% of capacity, Year 4 at 100% of capacity and Year 5 at 100% of the installed capacity of the plant.

Taxation is assumed to be constant i.e. at 30% of net business incomes. However even if the system of taxation and the rate were to change to be in line with EAC member states' tax regimes, there will not be any significant changes to cash outflows. This is because the Corporation Tax rates are highly unlikely to exceed 30% as any increase will deter new foreign direct investment and there are several other known avenues to broaden the tax base and raise revenues in all the three member states of the East African Community. Other Local and central Government taxes, levies, etc. are presumed to remain unchanged.

Miscellaneous other incomes, likely to arise in the future, e.g. introduction of new products like MS plates slitting, Wheel barrows, hallow section to name a few, excess production through expansion of production capacity etc, have not been taken into account.

For the purpose of this study the figures are quoted in Tanzania Shillings and the rate of exchange against the US \$ is presumed at TZS 3000/=

6.2 FINANCIAL ANALYSIS

The project is expected to pay back in a period of just less than five years. This is extremely positive for an industrial investment project which is commonly expected to pay back over ten years.

The Cash Flow analysis of the project shows a net surplus of TZS 368,901,671/= at the end after five years. The Cash Flow analysis and projected financial statements are inclusive of revenues and payments of principal amounts and interest costs. However, it should be noted that fluctuations in exchange rates and other factors of production as well as tariffs on imported finished products can result in reduced surpluses by end of the same period.

An analysis of the discounted cash flows at a high rate of 12% also reveals an NPV of TZS 245,616,104/= at the same point in time and when the rate is taken at 24% the NPV is positive at TZS 154,968,025/=. The DCF rate used is quite high when compared to the rate of inflation in Tanzania or in other countries with US \$ denominated or pegged economies.

The Financial analysis clearly show the financial benefits in terms of direct and indirect taxes, NSSF contributions, local government taxes like city service levies and property taxes, employment opportunities to Tanzanian nationals and other benefits to ancillary trade and services in the local economy.

Please refer to the ANNEXURE A for the detailed financial projections of the venture.

7. ECONOMIC & SOCIAL BENEFITS

The following benefits will accrue to the nation from the implementation of this project covering the existing and new investments:

- Provision of high quality industrial facility in a secure and well serviced location in Dar es Salaam.
- Employment of at least 35-45 Tanzanian nationals with total estimated gross emoluments of TZS 112,800,000/= or more plus benefits in the first year and rising thereafter each year to reach 140 million by YEAR 5.

- Additional employment opportunities in enterprises which will benefit in terms of new businesses opportunities to service this new project.
- Direct Taxes to T.R.A. – TZS 375 million or more over the next five years by way of corporation taxes at the current rate of 30% of net taxable incomes.
- Additional direct taxes will also accrue from employment taxes of employees, and withholding taxes on dividends paid to shareholders. Withholding tax itself will be 46 million per year
- Skills and development levies to T.R.A. amounting to TZS 90 million over five years.
- Value Added Taxes to T.R.A. – TZS 5,128,628,400/= over the next five years based on the current VAT rate of 18% of the value of the sales i.e. total output taxes payable to TRA.
- Total NSSF contributions amounting to TZS 490,754,400/= over the same period, being contributions by the company and the employees.
- Total payments of TZS 85,477,140/= by way of City Service Levies to local government.
- Taxes on rentals payable by landlord at the rate of 30% of the rental incomes generated from company being a tenant of the premises.
- Additional revenue generation for other companies, both private and public, in respect of investments during the construction of additional facilities and improvements and on the recurrent expenditure on goods and services thereafter.

8. S W O T ANANLYSIS

STRENGTHS:

Investments in new plant, efficiency, customer base, proven experience, own facilities, grasp over mechanical engineering, ability solve technical problems and evolve engineering solutions in house, innovations in better use of machines, well known in the market as a reliable supplier, willingness to undertake orders from smaller customers employing flexible solutions, creditworthy with capital goods and raw materials suppliers and bankers.

WEAKNESSES:

Presence of bigger players, distance of certain regional markets in Dar es Salaam, costs of transportation of raw materials to Dar es Salaam due to current infrastructural and shipping problems and competitive pressures hampering profitability.

OPPORTUNITIES:

Importance of Dar es Salaam as a major source of supplies to education market, lower costs, nearer to export markets of Kenya, Uganda, Rwanda, Burundi and DRC, ample space for expansion, ability to undertake contract production for bigger players, opportunities to service upcountry and smaller customers with speed and flexibility.

THREATS:

Downturn in the economy, nationally and internationally, failure of crops due to various reasons, new manufacturers, imports from neighbouring countries, evasion of tariffs by unscrupulous importers. Same applies if there are recurrences of epidemics similar to Covid between 2020 and 2022.

9. CONCLUSIONS:

The project which the promoters intend to undertake is based on very sound fundamentals. These are the prime location of the property in the equally prime industrial and commercial area of Dar es Salaam, installation and commissioning of a new plant for manufacture of nails and binding wires, adequate security, availability of water, power, nearness and access to all main roads and with easy access to international airport and cargo terminal.

The financial analysis which forms part of this report shows that the project is totally viable and warrants financial facilities from bankers.

The revenue projections are based on actual sales done by the associated company during past years to existing customers and hence these are guaranteed revenue streams which the company will realize.

Similarly, all the projections of expenses and outgoings are also based on certainty which in turn is based on historical figures of the preceeding years and scientific estimates for the future years.

The Net Present Values (NPV) of the project based on discounted cash flow rates of 12% and 24%, which are much more than the current inflation rate as well as current savings rate, gives positive cash flows.

The payback period for the project is just 6-7 years.

Finally, the promoters do not perceive any negative factors that may lead to reduced demand for the products of the company and thus reduced revenues from the project. On the other hand, the revenues from this investment are highly likely to go up within the next 12 to 18 months, exceeding the rate of growth projected in this report.

As such the promoters strongly believe that this is a very safe, secure and profitable investment for the company and fully justified under the present state of the economy of the country.

KILI STEEL INDUSTRIES LTD., P O BOX 5429, DAR ES SALAAM

Fig.in TZS

PROJECTED CASH FLOWS FOR THE PERIOD YEAR 1 TO YEAR 5

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
INFLOWS:					
EQUITY FUNDS	700,000,000	-	-	-	-
LOANS FROM DIRECTORS	1,200,000,000	-	-	-	-
OVERDRAFT	-	-	-	-	-
SALES REVENUES	4,070,340,000	4,748,730,000	6,105,510,000	6,783,900,000	6,783,900,000
OTHER INFLOWS	-	-	-	-	-
TOTAL INFLOWS:	5,970,340,000	4,748,730,000	6,105,510,000	6,783,900,000	6,783,900,000
OUTFLOWS:					
PLANT,MACINERY,EQUIPMENT	1,500,000,000	-	-	-	-
COST OF RAW MATERIALS	2,902,200,000	3,385,900,000	4,353,300,000	4,837,000,000	4,837,000,000
FURNITURES AND FIXTURES	100,000,000	-	-	-	-
OTHER ASSETS	150,000,000	-	-	-	-
MOTOR VEHICLES	200,000,000	-	-	-	-
LOAN REPAYMENTS - DIRECTORS	-	200,000,000	200,000,000	200,000,000	200,000,000
Sub Total:	4,852,200,000	3,585,900,000	4,553,300,000	5,037,000,000	5,037,000,000
Add: Expenses:					
ACCOUNTANCY FEES	5,000,000	6,000,000	7,500,000	7,500,000	7,500,000
ADVERTISING & MARKETTING	5,087,925	5,935,913	7,631,888	8,479,875	8,479,875
BANK CHARGES	2,000,000	2,000,000	2,000,000	2,400,000	2,400,000
CITY SERVICE LEVIES	12,211,020	14,246,190	18,316,530	20,351,700	20,351,700
CONSULTANCY FEES	3,500,000	4,500,000	5,500,000	5,500,000	5,500,000
DIRECTORS' REMUNERATION	48,000,000	48,000,000	48,000,000	48,000,000	48,000,000
GENERAL EXPENSES	7,200,000	6,800,000	3,500,000	4,500,000	4,500,000
INSURANCES	15,750,000	15,750,000	17,325,000	17,325,000	19,057,500
LEGAL & PROFESSIONAL FEES	4,000,000	4,500,000	4,500,000	5,500,000	6,500,000
MAINTENANCE	8,000,000	10,600,000	11,260,000	14,986,000	15,784,600
MOTOR VEHICLE RUNNING EXPENSES	24,000,000	26,400,000	29,040,000	31,944,000	35,138,400
NSSF & SDL COSTS	64,008,000	64,008,000	69,736,800	69,736,800	76,038,480
POSTAGE & COURRIER	2,000,000	3,000,000	4,200,000	6,200,000	7,500,000
PROPERTY RENT	457,665,000	457,665,000	480,548,250	480,548,250	480,548,250
PRINTING & STATIONERIES	6,105,510	7,123,095	9,158,265	10,175,850	10,175,850
STAFF SALARIES	409,200,000	409,200,000	450,120,000	450,120,000	495,132,000
TELEPHONES, FAX & INTERNET	2,500,000	2,500,000	3,000,000	3,000,000	3,600,000
TRANSPORT FOR DELIVERIES	10,000,000	18,000,000	24,600,000	24,600,000	24,600,000
UTILITIES	22,000,000	22,000,000	24,200,000	24,200,000	26,620,000
WELFARE & MEDICAL	4,600,000	5,600,000	6,200,000	6,200,000	7,800,000
TOTAL EXPENSES:	1,112,827,455	1,133,828,198	1,226,336,733	1,241,267,475	1,305,226,655
TOTAL OUTFLOWS:	5,965,027,455	4,719,728,198	5,779,636,733	6,278,267,475	6,342,226,655
ADD: TAXATION	-	-	76,580,340	151,268,615	147,387,105
TOTAL OUTFLOWS AFTER TAXES	5,965,027,455	4,719,728,198	5,856,217,072	6,429,536,090	6,489,613,760
NET CASH FLOWS	5,312,545	29,001,803	249,292,928	354,363,910	294,286,240
BALANCE B/F	0	5,312,545	34,314,348	283,607,275	637,971,185
TOTAL CASH FLOWS C/F	5,312,545	34,314,348	283,607,275	637,971,185	932,257,426

SCHEDULE OF REPAYMENT OF LOAN

Fig. in TZS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
LOANS PAYABLE	1,200,000,000	1,200,000,000	1,000,000,000	800,000,000	600,000,000
INTEREST @ 0%	0	0	0	0	0
PAYMENT OF PRINCIPAL	0	-200,000,000	-200,000,000	-200,000,000	-200,000,000
PAYMENT OF INTEREST	0	0	0	0	0
BALANCE DUE & PAYABLE	1,200,000,000	1,000,000,000	800,000,000	600,000,000	400,000,000

STAFF SALARIES

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Executive Managers - 9 persons	210,000,000	210,000,000	231,000,000	231,000,000	254,100,000
Accountant	12,000,000	12,000,000	13,200,000	13,200,000	14,520,000
Technicians x 9	86,400,000	86,400,000	95,040,000	95,040,000	104,544,000
Production Staff + Supervisors - 11 persons	48,000,000	48,000,000	52,800,000	52,800,000	58,080,000
Helpers x 22	52,800,000	52,800,000	58,080,000	58,080,000	63,888,000
TOTALS:	409,200,000	409,200,000	450,120,000	450,120,000	495,132,000

STAFF RELATED STATUTORY COSTS

DIRECTORS' REMUNERATION	48,000,000	48,000,000	48,000,000	48,000,000	48,000,000
STAFF SALARIES	409,200,000	409,200,000	450,120,000	450,120,000	495,132,000
TOTALS:	457,200,000	457,200,000	498,120,000	498,120,000	543,132,000
EMPLOYER'S N.S.S.F CONTR. COSTS	45,720,000	45,720,000	49,812,000	49,812,000	54,313,200
SKILLS & DEVELOPMENT LEVIES	18,288,000	18,288,000	19,924,800	19,924,800	21,725,280
TOTAL COSTS	64,008,000	64,008,000	69,736,800	69,736,800	76,038,480

PROJECTED FINANCIAL STATEMENTS

TZS

MANUFACTURING, PROFIT & LOSS ACCOUNTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
SALES	4,070,340,000	4,748,730,000	6,105,510,000	6,783,900,000	6,783,900,000
Less: COST OF GOODS SOLD	-2,902,200,000	-3,385,900,000	-4,353,300,000	-4,837,000,000	-4,837,000,000
GROSS REVENUES	1,168,140,000	1,362,830,000	1,752,210,000	1,946,900,000	1,946,900,000
LESS: EXPENSES	-1,112,827,455	-1,133,828,198	-1,226,336,733	-1,241,267,475	-1,305,226,655
NET OPERATING REVENUES	55,312,545	229,001,803	525,873,268	705,632,525	641,673,345
ADD: OTHER INCOME	0	0	0	0	0
LESS: DEPRECIATION	-390,000,000	-312,000,000	-258,600,000	-206,880,000	-165,504,000
NET PRE TAX PROFITS	-334,687,455	-82,998,198	267,273,268	498,752,525	476,169,345
LESS: TAXATION (PER COMPUTATIONS)	-	-	76,580,340	151,268,615	147,387,105
TO PROFIT&LOSS APPROPRIATION A/C	-334,687,455	-82,998,198	190,692,928	347,483,910	328,782,240

TAXATION

COMPUTATION OF TAX LIABILITIES

(As per current Tax Laws)

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TOTAL NET INCOME (PER ACCOUNTS)	-334,687,455	-82,998,198	267,273,268	498,752,525	476,169,345
ADD BACK: DEPRECIATION	390,000,000	312,000,000	258,600,000	206,880,000	165,504,000
TOTAL:	55,312,545	229,001,803	525,873,268	705,632,525	641,673,345
LESS: CAPITAL DEDUCTIONS:					
WEAR & TEAR - Class 1 - IT EQUIP.	-56,250,000	-35,156,250	-21,972,656	-13,732,910	-8,583,069
WEAR & TEAR - Class 2	-425,000,000	-318,750,000	-239,062,500	-179,296,875	-134,472,656
WEAR & TEAR - Class 3	-12,500,000	-10,937,500	-9,570,313	-8,374,023	-7,327,271
TOTAL DEDUCTIONS:	-493,750,000	-364,843,750	-270,605,469	-201,403,809	-150,382,996
TAXABLE INCOME:	-438,437,455	-135,841,948	255,267,799	504,228,716	491,290,349
CORPORATION TAX @ 30%	-	-	76,580,340	151,268,615	147,387,105

PROJECTED BALANCE SHEETS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
ASSETS:					
Fixed Assets:					
FIXED ASSETS (AT COST)	1,950,000,000	1,950,000,000	1,950,000,000	1,950,000,000	1,950,000,000
OTHER ASSETS (AT COST)	0	0	0	0	0
LESS: ACCUMULATED DEPRECIATION	-390,000,000	-702,000,000	-960,600,000	-1,167,480,000	-1,332,984,000
= BOOK VALUE OF ASSETS	1,560,000,000	1,248,000,000	989,400,000	782,520,000	617,016,000
Current Assets:					
VAT CREDITS RECOVERABLE	0	0	0	0	0
CASH & BANK BALANCES	5,312,545	34,314,348	283,607,275	637,971,185	932,257,426
TOTAL ASSETS	1,565,312,545	1,282,314,348	1,273,007,275	1,420,491,185	1,549,273,426
LIABILITIES:					
LOAN FROM DIRECTORS	1,200,000,000	1,000,000,000	800,000,000	600,000,000	400,000,000
OVERDRAFT	0	0	0	0	0
SHAREHOLDERS' FUNDS					
P & L Approp. A/C : B/F	0	-334,687,455	-417,685,653	-226,992,725	120,491,185
Additions for the year	-334,687,455	-82,998,198	190,692,928	347,483,910	328,782,240
Total P & L Appr. A/C	-334,687,455	-417,685,653	-226,992,725	120,491,185	449,273,426
Equity / Paid up Capital					
100 shares @ TZS 7,000,000/=	700,000,000	700,000,000	700,000,000	700,000,000	700,000,000
TOTAL LIABILITIES	1,565,312,545	1,282,314,348	1,273,007,275	1,420,491,185	1,549,273,426

NOTES :

CASH FLOW PROJECTIONS:

Equity Funds refers to paid up share capital to be injected as per projections.

Revenue Projections - show revenues from production for sale only. Contract production is not considered.

The following expenses are based on estimates:

Accountancy Fees, Advertising & Marketing (at 0.125% of Sales), Bank Charges, Consultancy Fees, General Expenses, Legal & Professional Fees, Maintenance, Postage & Courier, Printing & Stationeries, Telephones, Fax & Internet and Transport for deliveries, Welfare & Medical. (These are all conservatively estimated on the higher side.)

The following expenses are based as follows:

City Service Levies - are calculated at the rate of 0.3% of gross revenues.

Insurances are taken at 1% of cost of assets + other risk factors.

Interest Costs - See the relevant Schedule.

Property rents are as per contract with landlord.

Motor Vehicles running expenses are based on historical experience and data.

NSSF & SDL Costs - See the relevant Schedule.

Staff Salaries - See the relevant Schedule.

Utilities are based on historical experience of running a similar industry.

Taxation - See the relevant Schedule. Based on computation of taxable income.

FINANCIAL STATEMENTS:

Depreciation is taken as follows:

5 % on cost of properties, on straight line basis.

25 % on cost of machinery, equipment, motor vehicles, on straight line basis.

12.5 % on furniture, fittings, office equipment and I. T. products on straight line basis.

PROJECTIONS OF SALES REVENUES:

100% CAPACITY

Figures in TZS

Product type	Quantity tonnes	Price	Sale Values
Common nails	700	2,430,000	1,701,000,000
Roofing nails	600	2,430,000	1,458,000,000
BRC	500	2,000,000	1,000,000,000
Binding wire	500	1,500,000	750,000,000
Welded mesh	500	1,500,000	750,000,000
Chainlink	350	1,650,000	577,500,000
Barbed wire	350	1,564,000	547,400,000
			-
			<u>6,783,900,000</u>

RAW MATERIAL COSTS:

100% CAPACITY

Product type	Quantity tonnes	Price	Landed cost
RAW MATERIAL COST	3,500	1,382,000	4,837,000,000
			-
			<u>4,837,000,000</u>

SCHEDULE OF DEPRECIATION ON ASSETS

	BUILDINGS	PLANT & MACHINE	MOTOR VEHICLES	FURNITURE & FIX.	I.T. & OFFICE AIDS	Total Depreciation
F.Y. YEAR 1	0	1,500,000,000	200,000,000	100,000,000	150,000,000	
DEPRECIATE	0	-300,000,000	-40,000,000	-200,000,000	-30,000,000	-390,000,000
F.Y. YEAR 2						
BAL. VALUE	0	1,200,000,000	160,000,000	80,000,000	120,000,000	
DEPRECIATE	0	-240,000,000	-32,000,000	-16,000,000	-24,000,000	-312,000,000
F.Y. YEAR 3						
BAL. VALUE	0	960,000,000	128,000,000	64,000,000	96,000,000	
ADDITION	0	25,000,000	20,000,000	-	0	
		985,000,000	148,000,000	64,000,000	96,000,000	
DEPRECIATE	0	-197,000,000	-29,600,000	-12,800,000	-19,200,000	-258,600,000
F.Y. YEAR 4						
BAL. VALUE	0	788,000,000	118,400,000	51,200,000	76,800,000	
DEPRECIATE	0	-157,600,000	-23,680,000	-10,240,000	-15,360,000	-206,880,000
F.Y. YEAR 5						
BAL. VALUE	0	630,400,000	94,720,000	40,960,000	61,440,000	
DEPRECIATE	0	-126,080,000	-18,944,000	-8,192,000	-12,288,000	-165,504,000
BAL. VALUE	0	504,320,000	75,776,000	32,768,000	49,152,000	

TAXATION - SCHEDULE OF CAPITAL DEDUCTIONS

YEAR		IT EQUIPMENT C 1 - I.E. 37.5 %	MACHINES, M/V C 2 - I.E. 25 %	FURN. & FITTS. C 3 - I.E. 12.5 %	TOTALS	TOTAL FOR YEAR
YEAR 1	W.D.V.	-	-	-	-	
	ADDITIONS	150,000,000	1,700,000,000	100,000,000	1,950,000,000	
	Total	150,000,000	1,700,000,000	100,000,000	1,950,000,000	
	WEAR & TEAR	-56,250,000	-425,000,000	-12,500,000	-493,750,000	(493,750,000.00)
YEAR 2	W.D.V.	93,750,000	1,275,000,000	87,500,000	1,456,250,000	
	ADDITIONS	-	-	-	-	
	Total	93,750,000	1,275,000,000	87,500,000	1,456,250,000	
	WEAR & TEAR	-35,156,250	-318,750,000	(10,937,500)	-364,843,750	(364,843,750.00)
YEAR 3	W.D.V.	58,593,750	956,250,000	76,562,500	1,091,406,250	
	ADDITIONS	-	0	-	-	
	Total	58,593,750	956,250,000	76,562,500	1,091,406,250	
	WEAR & TEAR	(21,972,656)	(239,062,500)	(9,570,313)	-270,605,469	(270,605,468.75)
YEAR 4	W.D.V.	36,621,093.75	717,187,500	66,992,188	820,800,781	
	ADDITIONS	-	-	-	-	
	Total	36,621,093.75	717,187,500	66,992,188	820,800,781	
	WEAR & TEAR	(13,732,910)	(179,296,875)	(8,374,023)	(201,403,809)	(201,403,808.59)
YEAR 5	W. D. V.	22,888,184	537,890,625	58,618,164	619,396,973	
	ADDITIONS	-	-	-	-	
	Total	22,888,183.59	537,890,625	58,618,164	619,396,973	
	WEAR & TEAR	(8,583,069)	(134,472,656)	(7,327,271)	(150,382,996)	(150,382,996)
		14,305,114.75	403,417,969	51,290,894	469,013,977	

DISCOUNTED CASH FLOW ANALYSIS

YEAR	NET C/FLOWS		DCF @ 12%		DCF @ 24%
YEAR 1	5,312,545	1.00	5,312,545	1.00	5,312,545
YEAR 2	29,001,803	0.88	25,521,586	0.76	22,041,370
YEAR 3	249,292,928	0.77	193,052,443	0.58	144,589,898
YEAR 4	354,363,910	0.68	240,967,459	0.44	155,920,120
YEAR 5	294,286,240	0.60	176,571,744	0.33	97,114,459
	<u>932,257,426</u>		<u>641,425,778</u>		<u>424,978,393</u>