

TTS COMPANY LIMITED

Business Plan
for
Construction nails production

Prepared by:
TTS COMPANY LIMITED

1.0. EXECUTIVE SUMMARY

1.1 Project Concept

Construction nails are essential for building and carpentry projects. They are available in various types, each suited for specific applications, including framing, roofing, siding, and more. Common nails, with their thick shank and wide head, are suitable for general construction and framing, while box nails, with their thinner shank, are better for securing thinner pieces of wood. Other types include finish nails for trim work, and specialized nails like roofing nails and masonry nails for specific tasks.

Here's a more detailed breakdown:

- **Common Nails:**

Have a thick shank and a wide head, making them strong and suitable for framing and other rough work. Often used with dimensional lumber like 2x4s. Can be prone to splitting wood due to their thickness. Sinker nails are a variation with a slightly narrower shank and a head designed to be driven flush with the surface.

- **Box Nails:**

Have a thinner shank than common nails, making them less likely to split wood. Often galvanized to prevent rust, making them suitable for outdoor use.

Specialized Nails:

- **Framing nails:** Similar to common nails, used for framing and structural assemblies.
- **Roofing nails:** Designed for securing roofing materials like shingles and felt.
- **Masonry nails:** Made of hardened steel and used to fasten wood to concrete, brick, or other masonry.
- **Siding nails:** Used for attaching wood and fiber cement siding. Joist hanger nails: Used to attach joist hangers to wood studs.

- **Finish nails:** Small and thin, designed to be driven below the surface for a clean finish.
- **Brad nails:** Very thin, ideal for delicate trim work and molding.
- Duplex nails: Feature a double head and are used for temporary structures like scaffolding or concrete forms.
- **Concrete nails:** Specifically designed for driving into concrete.

1.2 Key Considerations When Choosing Nails

- **Material**

Nails can be made from various materials like steel, stainless steel, copper, and more, each with its own properties and suitability for different environments and applications.

- **Size**

Nails come in various lengths and diameters, and the appropriate size depends on the thickness and type of material being fastened, as well as the load the nail needs to support.

- **Coating**

Coatings like galvanization help protect nails from corrosion, especially in outdoor or damp conditions.

- **Head type**

Round, flat, checkered, and other head designs are suited for different purposes and may impact how the nail is driven and how it looks on the surface.

Show all

The proposed project is intended to reduce shortage of good and affordable construction nails available in the country.

The project detailed designs have been carried out by reputable international and local consultants.

The project will involve setting up site services/civil works, procurement of motor vehicles, general machinery and equipment

The project will further employ adequately trained and experienced management and employees.

Project document presents a proposal by TTS COMPANY LIMITED, a locally registered company with Certificate of Incorporation No.180946047 dated 6th January 2025. The project promoters are confident of mobilizing financial resources through loan and equity.

This study will be used as a guiding tool and will be presented to TIC for obtaining certificate of incentives to facilitate smooth implementation of the project.

1.2 Location

The project will be located at **Plot No. 15, Block D, Visiga, Kibaha, Coast Region .**

1.3 The Sponsors

TTS COMPANY LIMITED will be sponsoring this project. The Company is currently jointly owned by two investors;

Name	Shares %	Nationality
ZHEN LEI	90	China
EFFORT THOMAS BANGU	10	Tanzania

1.4 Objective of Study

The purpose of this study is to work out the technical and commercial details and financial viability of a lodge project.

Significant measures have been taken to liberalize the Tanzania economy so as to encourage the private sector to take a lead in Tanzania economic growth. The Government of Tanzania embarked on adjustment program to give the private sector the leading role.

It is in view of the above that TTS COMPANY LIMITED came up with a proposal to establish a project for construction nails production

It is expected that the project will be completed within a 2-year term and the company will apply to be exempted from paying import duty and VAT on Capital goods and deemed capital goods. The project will contribute significantly towards the tourism sector and construction sector.

1.5 Tanzania construction sector over View

TANZANIA's construction sector is on a strong upward trajectory, and experts predict it will maintain that momentum well into the next decade, according to a new report by ResearchAndMarkets.com.

The report shows that the construction market in Tanzania is forecast to grow by an impressive 7 percent in 2025, reaching a total value of approximately 29.26trn/-.

This marks a significant milestone in a period of robust growth, with the sector achieving a compound annual growth rate (CAGR) of 10.1 percent between 2020 and 2024.

The construction industry has experienced steady progress in recent years, driven by several key factors, including increased urbanization, rising infrastructure development, and the government's focus on improving the nation's transport, energy, and housing sectors.

As the market continues to expand, its growth prospects remain strong, with a forecasted CAGR of 6.7 percent from 2025 to 2029. By 2029, the industry is projected to reach approximately 40.44trn/-, a considerable jump from the 2024 value of 27.34trn/-.

The demand for both affordable housing and high-end residential projects has been increasing, particularly in major cities like Dar es Salaam.

In addition, Tanzania's commercial construction sector is seeing significant investments in office buildings, retail spaces, hospitality developments, and restaurants. Commercial construction projects are expected to continue to grow, driven by the need for improved infrastructure to support the country's expanding economy.

Green building and sustainability also takes centre stage in Tanzania's construction boom, with green building practices gaining traction across residential, commercial, and industrial sectors.

The report highlights a significant growth in the demand for green building construction, with a 10-year forecast showing promising growth in both value and volume. These sustainable projects, which include energy-efficient buildings and eco-friendly materials, are expected to become a key feature of Tanzania's urban landscape as the country embraces global environmental trends.

Infrastructure development is another critical driver of growth in Tanzania's construction market. The Tanzanian government has been heavily investing in infrastructure, with key projects in transportation, energy, and utilities. Construction in transportation infrastructure, including highways, bridges, railways, and airports, is expected to see strong growth as Tanzania continues to modernize its logistics network to support the burgeoning economy.

The report also underscores the importance of marine, water, and sewer systems, all of which will play a crucial role in supporting the nation's expanding population and urbanization efforts. These developments will significantly improve the living standards of Tanzanians, boost employment opportunities, and stimulate further economic growth.

The Tanzanian construction market is undeniably on a path to continued growth, fuelled by government investment, urbanization, and rising demand across residential, commercial, and infrastructure projects. As the country progresses toward becoming a regional economic hub, the

construction sector will remain a key pillar in driving Tanzania's development forward.

2.0 Project Management and Manpower requirements

TTS COMPANY LIMITED will be under a Management with vast experience in managing construction nails production. The overall in charge regarding policy and business strategy will be the board of directors. The Managing Director will be assisted by properly trained managers in areas of Sales and Marketing, Finance, Administration and Operations, who will together comprise of a management team of 15 staff directly employed.

2.2 Targeted Markets.

The target market for construction nails is broad, encompassing various sectors within the building and construction industry. This includes home builders, commercial construction companies, infrastructure developers, and DIY enthusiasts. Additionally, specific applications like wood construction, concrete construction, and prefabricated construction each represent distinct segments within this.

2.3 Supply and Competition

The proposed project will compete with existing local producers and imported construction nails.

2.4 Market Strategy

A strong market strategy for construction material producers should focus on building brand awareness, generating leads, and establishing trust with potential customers. This can be achieved through a combination of digital marketing, content marketing, and participation in industry events. Focusing on key decision-makers like project managers, architects, and procurement officers is crucial

The project will use internet for advertising to potential customers in the world.

2.5 Pricing

The pricing policy for the project will be based on the service cost and competition levels considering various variables namely:

- Service positioning
- Gain market share from competitors
- Stimulating and increasing demand and
- Achieving profitability and liquidity financial performance goals

The price of construction nails in Tanzania can vary significantly depending on the type, size, and supplier. However, some common nail types and their approximate prices can be found. For example, ceiling nails are around US\$20, while common nails can be around US\$44 , aA 25kg bag of ceiling board nails is around US\$30, and a 45kg bag of 2.5" nails is around US\$50.

2.6 Monitoring and Evaluation

The Management has full commitment to ensuring good use of the resourced and sustainable environment and well being of the community with which they do business. Thus, the management philosophy is through business process. Managers will strive to ensure compliance to standards and safety of products and customers they serve.

3.0 Project Investment Cost

The estimated capital investment cost of the project is US \$1,340,000.

TTS COMPANY LIMITED COST STRUCTURE US

PARTICULAR	US\$
Land and Buildings	900,000.00
Machinery & Equipment	100,000.00
Motor Vehicles	80,000.00
Furniture & Fixtures	150,000.00
Pre exp	25,000.00
Others	5,000.00
Working Capital	80,000.00
TOTAL	1,340,000.00

For the project to be a reality, a total investment amounting to US \$1,340,000 is needed

3.2 Financing pattern

The project will be financed as following:

Foreign Equity	Local Equity	Foreign Loan	Local Loan
402,000	NIL	469,000	469,000

3.2 Project operating costs

In order to realize its intended objective, the project will have to meet the operating costs which have been budgeted to be 70% of total revenue to cover expenses such as Salaries and Wages, Utilities Motor vehicle, running Expenses, Insurance Marketing cost, Depreciation cost, Pension, Communication, Administrative cost, Maintenance cost, Loan interest, Donation etc.

4.0 Aspect of Project Sustainability

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. The growing tourism sector gives them assurance of a steady market. The peace and tranquility that exists in Tanzania is another aspect of assured business sustainability.

5.0 Financial Analysis

5.1 Considerations and Assumptions:

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

It is assumed that the major building raw material will be procured from local market and others will be imported. Revenues have been conservatively estimated based on experience of the promoters and trends in the construction nails industry.

5.2 Projected Revenue

For projection purposes, it is assumed that the economic life of the project is 8 years, and that revenue from lodge business commence from the first year of operation.

Summary Of Revenue " Us\$"

	1	2	3	4	5	6	7	8
Revenue	1,125,000	1,181,250	1,240,313	1,302,328	1,367,445	1,435,817	1,507,608	1,582,988

5.3 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 8-year period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from US \$ **154,322** in first year to US \$ **1,863,193** in the 8th year.

5.4 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from 1st US\$ **271,362** to the 8th year US \$ **2,424,313**

5.5 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Owner equity of the project increases from US\$ **402,000** in the first year of operation to US \$ **2,265,193 in** the 8th year.

5.6 Projected payback period

Total investment is US \$ **1,340,000**, cash accumulation in year 6 is **US\$ 1,487,406** which is more than the initial investment, the project payback period is exactly 6 years only.

The project has a relatively short payback period. It is remarkably impressing for a project whose investment is as big as US\$ 1,340,000 being recovered in 6 years.

5.7 Projected loan repayments

The loan borrowed from financial institution is expected to be fully paid within 5 years of projection operation.

5.8 Projected Risks

This is a hospitality industry; no major risks have been identified for this kind of project so far. Unless a change in the country's political and global economic stability occurs, the project is more likely to prosper very fast for a very long period.

6.0 Economic Aspects

Implementation of this project will have the following social and economic values

- The project is an ideal option for utilization of the recently acquired prime site
- The project will increase economic multiplier effects among construction stakeholders.
- The project will create direct employment for 15 people on permanent contract basis and indirect employment of 60 people.
- It will create more business opportunities to local suppliers and transporters, which will also have a trickledown effect in the environmental issues.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and pay as you earn.

7.0 Implementation

Project implementation is expected to be relatively very short, once the project has been approved it is estimated that construction of cottages will be done in 3 phases to be completed within 2 years.

8.0 Conclusion and recommendations

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated

privileges and benefits as provided for under the Tanzania Investment Act, 2022.

TTS COMPANY LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT (US\$)

	1	2	3	4	5	6	7	8
Revenue	1,125,000	1,181,250	1,240,313	1,302,328	1,367,445	1,435,817	1,507,608	1,582,988
Operating Expenses:	787,500	826,875	868,219	911,630	957,211	1,005,072	1,055,325	1,108,092
Profit before Depreciation & Interest	337,500	354,375	372,094	390,698	410,233	430,745	452,282	474,896
Interest	75,040	60,032	45,024	30,016	15,008	0	0	0
Depreciation	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Gross Profit	220,460	252,343	285,070	318,682	353,225	388,745	410,282	432,896
Tax (30%)	66,138	75,703	85,521	95,605	105,968	116,624	123,085	129,869
Profit After Tax	154,322	176,640	199,549	223,078	247,258	272,122	287,198	303,027
Accumulated Profit	154,322	330,962	530,511	753,589	1,000,846	1,272,968	1,560,165	1,863,193

TTS COMPANY LIMITED PROJECTED CASH FLOW US\$

SOURCES:		1	2	3	4	5	6	7	8
Profit before interest and depreciation	-	337,500	354,375	372,094	390,698	410,233	430745.0273	452282.2787	474896.3926
Equity	402,000								
Loan	938,000								
Total Sources	1,340,000	337,500	354,375	372,094	390,698	410,233	430,745	452,282	474,896
Applications:									
Capital expenditure	1,230,000	-	-	-	-	-			
working Capital & Others	110,000								
Cash	-	271,362	278,672	286,573	295,094	304,266	314,122	329,198	345,027
Tax	-	66,138	75,703	85,521	95,605	105,968	116,624	123,085	129,869
Sub total	1,340,000	337,500	354,375	372,094	390,698	410,233	430,745	452,282	474,896
Total applications	1,340,000	337,500	354,375	372,094	390,698	410,233	430,745	452,282	474,896
Accumulated cash		271,362	550,034	836,607	1,131,701	1,435,966	1,750,088	2,079,285	2,424,313

TTS COMPANY LIMITED PROJECTED BALANCE SHEET US \$

Fixed Assets	-	1	2	3	4	5	6	7	8
Opening balance	-	1,230,000	1,188,000	1,146,000	1,104,000	1,062,000	1,020,000	978,000	936,000
Additions	-								
Total Long-term Assets	-	1,230,000	1,188,000	1,146,000	1,104,000	1,062,000	1,020,000	978,000	936,000
Less depreciation	-	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250
Closing balance	-	1,212,750	1,170,750	1,128,750	1,086,750	1,044,750	1,002,750	960,750	918,750
Working capital	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
Accumulated cash	-	271,362	550,034	836,607	1,131,701	1,435,966	1,750,088	2,079,285	2,424,313
Total assets	110,000	1,594,112	1,830,784	2,075,357	2,328,451	2,590,716	2,862,838	3,150,035	3,453,063
Financed by									
Equity	402,000	402,000	402,000	402,000	402,000	402,000	402,000	402,000	402,000
Accumulated profit	-	154,322	330,962	530,511	753,589	1,000,846	1,272,968	1,560,165	1,863,193
Total equity	402,000	556,322	732,962	932,511	1,155,589	1,402,846	1,674,968	1,962,165	2,265,193
Long term loan	938,000	750,400	562,800	375,200	187,600	187,600	187,600	187,600	187,600
Bank overdraft	-	-	-	-	-	-			
Total debts	938,000	750,400	562,800	375,200	187,600	187,600	187,600	187,600	187,600
Total equity and debts	1,340,000	1,306,722	1,295,762	1,307,711	1,343,189	1,590,446	1,862,568	2,149,765	2,452,793

TTS COMPANY LIMITED PROJECTED PAY BACK PERIOD US\$

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	154,322	42,000	196,322	158,760
2	176,640	42,000	218,640	377,400
3	199,549	42,000	241,549	618,949
4	223,078	42,000	265,078	884,027
5	247,258	42,000	289,258	1,173,284
6	272121.5191	42,000	314,122	1,487,406

TTS COMPANY LIMITED PROJECTED LONG TERM LOAN REPAYMENT

Year	principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
1	187,600.00	75,040.00	262,640.00	938,000.00
2	187,600.00	60,032.00	247,632.00	750,400.00
3	187,600.00	45,024.00	232,624.00	562,800.00
4	187,600.00	30,016.00	217,616.00	375,200.00
5	187,600.00	15,008.00	202,608.00	187,600.00

