

*Submitted to*

**CRDB BANK PLC**  
**FOR investment LOAN FINANCING**

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Prepared By  
EACOM CONSULT LTD  
Kondo Road, Bahari Beach  
+255788888828/  
+255712600001/  
+255657234024/

MASENGA INDUSTRIES LIMITED  
INDUSTRIAL EXPANSION PROJECT (2024-2029)

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# MASENGA INDUSTRIES LIMITED

## INDUSTRIAL EXPANSION PROJECT (2024-2029)

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# MASENGA INDUSTRIES LIMITED

## INDUSTRIAL EXPANSION PROJECT (2024-2029)

### 1 EXECUTIVE SUMMARY

#### 1.1 Company Description

Masenga Industries Limited is a Private Limited Company Registered under the Tanzania companies Act of 2002 with certificate of registration No. 128741 issued on 18<sup>th</sup> August, 2016. The company has been registered with the Tanzania Revenue Authority and assigned with TIN No: 132-767-327 and VAT registration No 40-038751-M. The company have all basic legal licenses and is permitted to operate businesses in Tanzania.

The company currently is doing trading business of importation of various types of goods ranging from office requirements, machineries, consumables etc as required by different customers including Government offices, Government agencies, Companies, Organization and individuals.

Additionally, the company has procured two nails making machines 4C and has started the production of various types of nails of different sizes at small scale and have a business of brick production. Having noticed the prospect of the business of building materials, the company has included in its corporate strategic plan, the plan to expand the production of nails by acquiring more nail production machines 4C and other machines for production of iron sheets at least in medium size and later on to expand to a large scale.

The inclusion of this idea in the corporate strategic plan of Masenga Industries Limited hence reaches into the decision to look into finances was envisaged by the fact that Tanzania population is keeping on increasing, hence the need for more shelter is inevitable. Further, attitude changes from traditional buildings toward modern buildings in rural area has contributed to more demand of buildings materials. Therefore, the demand for building materials will be on the increasing rate as population increases hence the need for more industries to cope with the increasing demand.

On understanding of these, Masenga Industries Limited has decided, out of different types of building materials, to concentrate on the lines of nails and iron sheet production. The management of Masenga Industries has decided to capitaFlize to these ventures, apart from the market nature and size of the market of these products, but also the experience and expertise of some of its director in these field.

The management of Masenga Industries Limited therefore, due to its inner need to fulfil its objective as stated in the corporate Strategic Plan (CSP) has come out with this proposal looking for financiers from different Financial Institutions including CRDB BANK PLC.

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### 1.2 Introduction of Proposed business

Masenga Industries Limited is seeking financing to implement one of its objectives of corporate strategic plans (CSP), which is the expansion of its nail production business and introduction of the industries to produce different types of iron sheets. Nails and Iron sheets are essential construction materials widely used in various industries including construction, automotives manufacturing and more. To fulfil these objectives, the company also plan to acquire 10 Nails Making Machines 4C and 4 three-layer roll forming machines for production of iron sheets gauge 28 and 30 together with Ridge Cap Roll Forming Machines and Arch Roof Rolling Machines (two each) as well as to continue with its business of bricks production by putting or installing a newly acquired heavy brick making machine into operation.

Additionally, the company has a plan to acquire 8 lorries for transportation of raw materials as well as finished goods to various customers.

### 1.3 Objectives/Reasons for Industrial Expansion.

The founder of Masenga Industries Limited had been for long time, dreaming to transform its trading business which has been on operation for the period of 6 years since 2017. The founder of Masenga Industries Ltd, in fulfilling his dream, he has, through funds generated from trading business, acquired brick making machine, 2 nail production machines, iron sheets making machines and set aside land for that purpose.

The dream was fueled by experience and knowledge he has learned while on study and working in the united republic of China, to meet the increasing demand for nails and iron sheets in the Tanzanian Market. The founder understands that by expanding its industry business, he will be able to offer employment and cut down the importation of nails and iron sheet, and contribute to the Tanzania Economy, hence add value to Tanzania balance of payment.

### 1.4 Proposed Industrial Location

The founder selects Msata as area of his industrial park, the reasons for choosing Msata for locating the said industries expansion are as narrated below;

- i. Masenga Industries currently do operate bricks production unit and nail production units, the machines for production of bricks and nails were located at Msata.
- ii. Masenga industries has large area of land at Msata and has set aside 50 acres for this project.
- iii. Msata is located in Bagamoyo District – Coast Region situated along Chalinze- Segera highway. It is near to Dar es Salaam port where material imported from abroad will path through.
- iv. Msata can easily be reached by road means of transport hence materials from suppliers and finished goods to customers can easily be transported.

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### 1.5 Project Requirement in terms of Working Tools & Machineries

The founder has undertaken some research to identify type and size of machines required for production of nail and iron sheets to achieve the objectives as given below.

#### **Nail Machines.**

The project requires to procure and install 10 new nail making machines with capacity of processing total of 14.5 tons of different types of Nails. These will add to the two machines of the same type already acquired and operating. All nail machines will have capacity of producing 5258 tons a year of nails at 8 hours working day in 6 days a week for 52 weeks a year.

#### **Iron sheets and Roofing cap Machines,**

The project will require 4 iron sheet making machines (Three Layer Roll Forming Machine) will be required together with, two Roofing/ Ridge Cap Roll Forming Machine and two Arch Roof Rolling Machine which gives round shape of the iron sheets. These machines will improve the iron sheet productions in terms of quality. Production of Roofing caps will require 1051 tons of materials, iron sheets of 28G and 30G will require 1586 tons and 3973 tons of iron sheets materials respectively.

#### **Bricks making Machines**

Bricks factory has been operational for a long time, however, currently the company has acquired a new heavy machine, capable to produce bricks of high quality promptly and timely. Having this machine, apart from selling its products to various customers, some bricks will be used during construction of warehouses and industrial buildings. The machine has capacity of producing up to to 3200pcs of bricks a day six days a week for 52 weeks a year. However, currently the factory uses 50 bags of cement, each to produce 30pcs of bricks, that means the production is 1500 bricks a day.

#### **Lorries, Trucks and accessories.**

The company has already acquired one lorry for transportation of raw materials and finished goods. The company need to procure 8 more additional lorries to improve the transportation business and transport materials and finished goods to various selling centers. Trucks like folk lift will be required to facilitate production.

### 1.6 Project Requirements in terms of finances

The total investment requirement as shown in table 1 on page 4 is USD 3,482,100. Out of this, the developer will contribute USD 693,700 in terms of already acquired machineries, land and office buildings, the remaining USD 2,788,400 is being sought from financier.

The table 1 below shows the total requirement; items proposed to be financed by financier and those to be funded by developer categorized according to their nature.

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**Table 1 The Projected Financing Requirements**

Details	Unit	Financing					Categories		
		Financier (CRDB BANK PLC)	Developer	Total Financing	Financier (CRDB BANK PLC)	Developer	Assets	Initial Materials	Working Capital
		Qty	Qty	USD	USD	USD	USD	USD	USD
<b>Nail Machines &amp; Materials</b>									
Nail Materials, Tools and accessories	Lump	Monthly		301,194	301,194			301,194	
NAIL MACHINE C4	Pcs	10	2	122,472	102,060	20,412	122,472		
<b>Sub Total</b>				<b>423,666</b>	<b>403,254</b>	<b>20,412</b>	<b>122,472</b>	<b>301,194</b>	
<b>Iron Sheet Machines &amp; Materials</b>									
<b>Materials for Production</b>									
Roofing Cap Materials, Tools & Accessories	Lump	Monthly		77,119	77,119			77,119	
Iron sheets Materials, tools & accessories for Iron Sheet 28G	Lump	Monthly		115,678	115,678			115,678	
Iron sheets Materials, tools & accessories for Iron Sheet 30G	Lump	Monthly		289,741	289,741			289,741	
<b>Sub Total</b>				<b>482,537</b>	<b>482,537</b>	<b>-</b>	<b>-</b>	<b>482,537</b>	
<b>Machines</b>									
Three Layer Roll Forming Machine	New	4	1	91,000	72,800	18,200	91,000		
Ridge Cap Roll Forming Machine	New	2		22,400	22,400		22,400		
Arch Roof Rolling Machine	New	2		11,760	11,760		11,760		
Bricks Factories			1	60,000		60,000	60,000		
<b>Sub Total</b>				<b>185,160</b>	<b>106,960</b>	<b>78,200</b>	<b>185,160</b>	<b>-</b>	<b>-</b>
Construction Warehouses for storage		1		175,000	175,000		175,000		
Construction Industrial Buildings		2		343,849	343,849		343,849		
Land & Buildings			Lump	265,000		265,000	265,000		
Offices			Lump	245,200		245,200	245,200		
<b>Sub Total</b>				<b>1,029,049</b>	<b>518,849</b>	<b>510,200</b>	<b>1,029,049</b>	<b>-</b>	<b>-</b>
Lories, Trucks and Accessories		8	1	1,171,800	1,076,800	95,000	1,171,800		
Working Capital	Lump	Lump	Lump	208,088	200,000	8,088			208,088
<b>TOTAL</b>				<b>3,500,300</b>	<b>2,788,400</b>	<b>711,900</b>	<b>2,508,481</b>	<b>783,731</b>	<b>208,088</b>

Exchange rate 1 USD to Tanzanian Shillings TZS 2,600

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### 1.7 Investment Structure

As explained above, out of total finance required for the investment of USD 3,500,300. the project developer will contribute USD 711,900 in term of assets and working capital. Therefore, the remaining USD 2,788,400 is being sought from Financial Institution ie CRDB BANK PLC.

**Table 2; The Projected Cost Summary of the Investment to be Contributed by Financier and Developer.**

The table below gives a total investment required per category, % of each items finance requirement to total finance requirement % of contribution of financier and developer to the fund required for acquisition of each item.

S/No.	Cost Category	Total Investment	Financier CRDB BANK PLC	Owners' Equity	% of Costs	% of AF to TAI	% of AOE to TAI
		A	B	C	A/GT	B/A	C/A
1	Project Investment Costs	USD	USD	USD	A/GT%	B/A%	C/A%
1.1	Project development- Lories	1,171,800	1,076,800	95,000	33	92	8
1.2	Project development- Machineries-Iron Sheet & Materials	607,697	589,497	18,200	17	97	
1.3	Project development- Machineries-Nails Materials	423,666	403,254	20,412	12	95	5
1.4	Project development- Warehouses-Storage	175,000	175,000		5	100	
1.5	Project development- Warehouses-Industries	343,849	343,849		10	100	
1.6	Project development- Offices	245,200		245,200	7		100
1.7	Project development- Bricks Factory	60,000		60,000			100
1.8	Project development- Land	265,000		265,000	8		100
	<b>Sub-total</b>	3,292,212	2,588,400	703,812	92%	79	21
2	Working Capital	208,088	200,000	8,088	6%	96	4
	<b>Grand Total-(GT)</b>	<b>3,500,300</b>	<b>2,788,400</b>	<b>711,900</b>	<b>100%</b>	<b>80</b>	<b>20</b>

Ratio of AOE to TAI

Assets contributed by Owners Equity to Total of respective cost/Assets Invested

Ratio of AF to TAI

Assets contributed by Financier to Total of respective cost/Assets Invested

% of Costs

% of Cost to total cost invested

This loan will be secured only by the underlying investment/assets of the project. Comprehensive insurance cover will be used to protect for any losses on hazards to all company assets including acquired Factories and Lories.

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**Table 3: Summary of Projected Financing Structure;**

The summary below forms the financial structure of the said investment;

<b>Summary of projected Financing Structure</b>				
<b>Details</b>		<b>Capital Investment</b>	<b>Working Capital</b>	<b>%</b>
<b>Source of Fund</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	
Loan From CRDB BANK PLC	2,788,400	2,588,400	200,000	80%
Owners' Equity	711,900	703,812	8,088	20%
<b>Total Funding</b>	<b>3,500,300</b>	<b>3,292,212</b>	<b>208,088</b>	<b>100%</b>
<i>Exchange rate of 1 USD to Tanzanian Shillings</i>		<i>TZS 2,600</i>		

As revealed above, the ratio of the loan to total assets is 80% while that of equity is 20% to total assets. The ratio of 20% is reasonable taking into account that the company is owned and managed by young indigenous entrepreneur who for a long time had a dream of converting his trading business of buying and selling to industrial production. Further most of the financier fund will be used to acquire machines and accessories (Assets).

### 1.8 Expected/ Projected production output

It has been assumed that, there will be a half-year grace period for a preparation, construction and testing before commencement and operationalization of the industries. This includes three months of Lories and machineries acquisition.

All machines for nails and iron sheets production are estimated to produce at 50 % capacity in year 1, 75% in year 2 and 90% in year 3 to year 5. The expected output therefore, of the whole investment for five years period are projected to be as narrated and shown in the table 4 below.

#### i. Nail production.

The proposal is to procure 10 Nail Machines 4C has capacity of producing 1.45 tons of nails per machines per day 8 working hours, gives output of 14.5 tons a day for newly acquired machines. The existing two machines contributed through owner equity has capacity of producing 2.35 tons a day. This will give a total production capacity of 16.85 tons a day. Thus, at 6 days a week and 52 weeks a year, estimated production will be 5258 tons a year.

Thus, projected production of nails will stand at 2,629 tons, 3,943 tons and 4,731 tons in year 1, year 2 and year respectively. However, the production in year 3, projected to remain constant up to year 5. (See analysis in Table 4 which gives Detailed production analysis vis a vis revenue).

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### ii. Iron Sheet Production

The plan is to procure four (4) new Iron sheet making machines with the capacity of producing 1800m of iron sheets of 28G and 5400m of iron sheets of 30G a day of 8 working hours. These will produce 46,800m and 140,400m iron sheets of 28G and 30G per month respectively. Total annual production is projected at 187,200 sheets and 561,600 sheets of 3m for 28G and 30G respectively.

The production will be carried on average by using one machine for 28G iron sheets and three machines to produce 30G iron sheets.

Therefore, the iron sheet machineries are expected to produce in year one, 93,600 sheets, year 2 and year 3 production are projected at 162,000 sheets and 194,400 sheets respectively for 28G and in respect for gauge 30 expectation is 280,800 sheets in year 1, and in year 2 and year 3 projection are at 486,000 sheets and 583,200 sheets respectively. Production in year 3 projected to remain constant up to year 5 (See analysis in Table 4 which gives Detailed production analysis vis a vis revenue)

### iii. Roofing cap

The project expects to acquire and install 2 new roofing cap machines which has capacity of producing a total 2400m of roofing cap of 8 working hours a day from both machines will use 30G material. These machines are projected to produce 62,400m of 30G per month. Total annual production projected at 249,600 pcs of 3m roofing cap.

Therefore, the production for five consecutive years will be 124,800 sheets, 180,000 sheets and 216,000 sheets of 3m in year three and will remain constant up to year 5. (See analysis in Table 4 which gives Detailed production analysis vis a vis revenue)

### iv. Bricks Production

Bricks production is the existing business for a long time, with the newly acquired heavy machine, production will be improved in terms of quantity and quality.

Having this machine, apart from selling its products as a normal business to various customers, bricks will be used for construction of warehouses and industrial buildings.

The machine has capacity of producing up to 3200pcs of bricks a day for six days a week for 52 weeks a year. However, currently the factory uses 50 bags of cement each producing 30pcs of bricks a day that means 1500 bricks are produced a day. The production depends on availability of customer orders and has no hour's limit.

The schedule below, gives the summary of production of various item in accordance to machines and expected sales revenue on basis of current market price.

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**Table 4: Projected Industrial Quantity Production**

Purchases of Materials		Y1			Y2		Y3		Y4		Y5	
Purchases of Materials	Unit	Quantity Purchased	unit Price	Annual Purchase	Quantity Purchased	Annual Purchase	Quantity Purchased	Annual Purchase	Quantity Purchased	Annual Purchase	Quantity Purchased	Annual Purchase
		Tons	USD	USD		USD		USD		USD		USD
Nails	Tons	2,629	688	1,807,163	4,469	3,072,176	5,586	3,840,220	5,865	4,032,231	5,924	4,072,554
Roofing Cap	Tons	526	875	459,813	893	781,681	1,117	977,102	1,228	1,074,812	1,241	1,085,560
Iron Sheet 28G	Tons	793	875	694,068	1,348	1,179,915	1,686	1,474,894	1,770	1,548,639	1,788	1,564,125
Iron Sheet 30G	Tons	1,987	875	1,738,443	3,378	2,955,354	4,053	3,546,425	4,256	3,723,746	4,298	3,760,983
<b>Total Revenue</b>				<b>4,699,486</b>		<b>7,989,127</b>		<b>9,838,640</b>		<b>10,379,428</b>		<b>10,483,222</b>



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### 1.9 Market, Marketing and Distribution

Demand of the product ie iron sheets, nails, bricks and roofing cap is extremely high, the population of Tanzania has been increasing as years goes and currently has reached 64million people. The population is expected to double in 2050.

Further, there is a big change of attitude among Tanzanian even in rural areas towards houses, from traditional houses to modern houses. The demand for building materials, therefore has ever been fulfilled despite of emergence of various importers and producers of building materials.

Marketing campaigning to promote product will be launched. The company is planning to concentrate with the market of all areas surrounding Msata, neighboring village and town like Chalinze, Tanga, Morogoro, villages and towns on the highway to tanga and Moshi etc.

Marketing strategies will be invested to obtain the DRC and other nearby countries Market. We intend sell 60% of our production capacity outside the country to earn foreign currencies. We will engage ourselves extensively in eastern part of DRC to market and sell our products. Marketing, selling and distribution outside our border will be stimulated by existing logistic hub with nine lorries. Our lorries will also be engaged full in transportation business by taking our goods to the market centres and hiring them.

The availability of lorries will assist to large extent the logistics and transportation of the company produces to reach required destination timely. Retailer traders, distribution partners, wholesalers and construction companies will be identified to expel market reach and penetrate. This will facilitate distribution of finished goods and carrying raw materials to the factories as required.

Sales team will also be responsible for collection of feedback from customers, distributors and end users to meet satisfactory level and market trend and use customers in sight to make improvement.

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### 1.10 Management team and Staff

- **Management team**

The company will have a project management team that will provide technical expertise, overall management and monitoring during development and performance / operationalization of the project lifetime.

Project management team which will be responsible on implementation of this project during construction, installation and operation includes the following: -

1. Mr. Hamoud Masenga Msakamali (*CEO*) Eng.
2. Christopher Zakaria (*Mechanical Engineer-Industries & Operational Manager*)
3. Mr. Peter M. Msami (Chief Finance and Administrative Officer) *MBA, CPA*.
4. Miss. Bahati Mlomasenga Msakamali (*Quality, Investment & Production Advisor*) Eng.
5. Mr. George O. Ndege, (*Mechanics Technician-Manager of Logistic*)
6. Mr. Gaston Kizundu (*Electrical Engineer*)

- **Staff**

Masenga Industries Limited will also recruit more technical and experienced staff in different field to manage the project efficiently. The Team of staff to be recruited will include Operations Engineer, two Mechanical & Electrical technicians, Accountants, Procurement and stores officer and other project officers/Assistants of who will be considered useful for the operationalization of the project.

### 1.11 Organization Chart

Company organization chart is detailed on ANNEX A of this document.

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### 1.12 Project Evaluation

On the basis of analysis made and profitability of the investment as indicated in Table 12, The investment will generate net profit after tax of USD 989,114 USD 1,008,771, USD 1,081,187, USD 1,211,892, USD 1,245,445 in year 1, year 2, year 3, year 4 and year 5 respectively. This is an indication that the investment is profitable. Further, according to projected cash flow of the investment as detailed on table 14, the investments for all years have positive balance. The table below summarized the projected investment profitability and projected cashflow of the investment.

Summary of projected profit and loss and cash flows statements

Summary of Projected Statement of Profit and Loss and Comprehensive Income						
Years	Y1	Y2	Y3	Y4	Y5	TOTAL
Details	USD	USD	USD	USD	USD	USD
<b>Total Revenues</b>	<b>6,944,685</b>	<b>10,386,558</b>	<b>12,334,990</b>	<b>13,043,714</b>	<b>13,158,716</b>	<b>55,868,663</b>
Total Operating /Direct Expenses	5,089,999	8,414,886	10,311,403	10,884,908	11,009,627	45,710,822
<b>Gross Profit</b>	<b>1,854,686</b>	<b>1,971,673</b>	<b>2,023,588</b>	<b>2,158,806</b>	<b>2,149,089</b>	<b>10,157,841</b>
<b>EBT</b>	<b>1,413,020</b>	<b>1,441,102</b>	<b>1,544,553</b>	<b>1,730,561</b>	<b>1,779,207</b>	<b>7,908,443</b>
Tax	423,906	432,330	463,366	519,168	533,762	2,372,533
<b>Net Profit After Tax</b>	<b>989,114</b>	<b>1,008,771</b>	<b>1,081,187</b>	<b>1,211,392</b>	<b>1,245,445</b>	<b>5,535,910</b>

Summary of Projected Cash flow statements for three years ended 31st May 2027						
Description	Y1	Y2	Y3	Y4	Y5	Total
	USD	USD	USD	USD	USD	USD
<b>Cash Inflow from Sales</b>	<b>6,944,685</b>	<b>10,386,558</b>	<b>12,334,990</b>	<b>13,043,714</b>	<b>13,158,716</b>	<b>55,868,663</b>
Less: Accounts Receivable-outstanding	(182,889)	(461,608)	(553,930)	(583,084)	(583,084)	(2,364,593)
Add: Recovery from Accounts Receivable	-	182,889	461,608	553,930	583,084	1,781,510
<b>Total Cash in flow</b>	<b>6,761,796</b>	<b>10,107,839</b>	<b>12,242,669</b>	<b>13,014,560</b>	<b>13,158,716</b>	<b>55,285,580</b>
Loan repayment (Principal + Interest)	386,011	772,021	772,021	772,021	772,021	3,474,095
<b>Total Payments</b>	<b>6,160,233</b>	<b>9,838,208</b>	<b>11,735,058</b>	<b>12,457,647</b>	<b>12,591,035</b>	<b>52,782,181</b>
<b>Net cash Flow</b>	<b>601,564</b>	<b>269,631</b>	<b>507,611</b>	<b>556,913</b>	<b>567,681</b>	<b>2,503,399</b>
Opening Balance	208,088	809,652	1,079,283	1,586,893	2,143,806	208,088
<b>Closing balance</b>	<b>809,652</b>	<b>1,079,283</b>	<b>1,586,893</b>	<b>2,143,806</b>	<b>2,711,487</b>	<b>2,711,487</b>

On the basis of projected net profit as indicated above, bearing in mind the total financial requirement which is USD 3,500,300 and net profit after tax from year 1 to year 5 as shown in table 12. The return on investment for all five years are 28%, 29%, 31%, 35%, and 36%.

Further, with the cash flow on Table 14 as summarized above, the investment is projected to have a cash balance of USD 853,349 in 1<sup>st</sup> year, USD 812,421 in 2<sup>nd</sup> year, USD 1,107,239 in 3<sup>rd</sup> year, USD 1,219,329 in 4<sup>th</sup> year and USD 1,299,461 in 5<sup>th</sup> year before the annual loan repayment.

## MASENGA INDUSTRIES LIMITED INDUSTRIAL EXPANSION PROJECT (2024-2029)

This means that the investment will be able to service the loan in two and a half (2.5) years (payback period).

Additionally, discounting the 5 years net cash flow before loan repayment at 10% assumed risk free rate, the projected present value will be USD 3,918,057.28, the amount higher than the initial investment which was USD 3,500,100 by USD 417,757

### 1.13 Viability of the project

On the basis of the above, the profit generation by investment will be increasing year after year and the project was projected to record return on investment of 28% In 1<sup>st</sup> year, 29% in 2<sup>nd</sup> year, 31% in 3<sup>rd</sup> year. 35% in 4<sup>th</sup> year and 36 in 5<sup>th</sup> year. The Payback period of the investment is 3.5 years and the project has positive Net Present Value of USD 417,757. On this regard, we are convinced to say that, the investment is worth undertaking, the finance requested is worth financing and finally reach to a conclusion that, **the investment is viable.**

# MASENGA INDUSTRIES LIMITED

## INDUSTRIAL EXPANSION PROJECT (2024-2029)

### 2 THE PROJECT - INDUSTRIAL EXPANSION

#### 2.1 Project Overview

Over the past decade, in an effort to strengthen and modernize the industries, the Tanzanian government has undertaken a series of far-reaching policy reforms. The Government has embarked on expanding industrial base and seeing it as an opportunity to enable Tanzania fulfill its economic goal of attaining middle income economy by 2025.

This is in recognition that industrial development has helped economic growth of modern societies and agricultural Production, marketing and development. Agro processing, being value addition on agriculture will increase production as well as marketing of processed agricultural produces. Livestock and fisheries will also be considered for being processed or added value through industrialization. Building materials, health equipment, drugs and other related nature will be considered to be manufactured locally to reduce importation and minimize the usage of foreign currencies. Export will improve balance of trade and increase foreign currency reserves.

The government has strengthened the ministry of trade and industry, also established the ministry of investment. NEMC, Tanzania investment Center, TRA, TBS and other institutions has also played a very vital role on business and industrial sector. The government have improved industrial and business policies to encourage Tanzanian to invest in industries and other business including Transportation.

The government move of improving Tanzania infrastructures such as health centers, hospitals, secondary and primary schools, offices etc have increased needs of building materials and encouraged the indigenous people to establish small and medium sizes industries for production of a wide range of products. Management of Masenga industries consider these as an opportunity to establish building materials industries concentrations to Nails and Iron Sheets factories.

#### 2.2 Introduction of Proposed business

Masenga Industries Limited is seeking financing to implement one of its objectives of corporate strategic plans (CSP), which is the expansion of its nail production business and introduction of the business of different types of iron sheets. To fulfil these objectives, the company also plan to acquire 10 Nails Making Machines 4C and 4 three-layer roll forming machines for production of iron sheets gauge 28 and 30 together with Ridge Cap Roll Forming Machines and Arch Roof Rolling Machines (two each) as well as to continue with its business of bricks production by putting or installing a newly acquired heavy brick making machine into operation.

Additionally, the company has a plan to acquire 8 lorries for transportation of raw materials as well as finished goods to various customers.

# MASENGA INDUSTRIES LIMITED

## INDUSTRIAL EXPANSION PROJECT (2024-2029)

### 2.3 Objectives/Reasons for Industrial Expansion.

The founder of Masenga Industries Limited had been dreaming to transform its trading business which has been on operation for the period of 6 years since 2017. The founder of Masenga Industries Ltd in fulfilling his dream, he has, through fund generated from trading business acquired brick making machine, 2 nail production machines, iron sheets making and set aside land for that purpose.

The dream was fueled by experienced and knowledge he has learned while on study and working in the united republic of China. The founder understands that by expanding its industry business, he will be able to offer employment and cut down the importation of finished goods hence add value to Tanzania balance of payment.

### 2.4 Project Industrial location

Masenga Industries Limited will implement this project at Msata village, in Bagamoyo district coast region. Msata with a population of over 10,000 is located along Chalinze - Segerera highway about 40kms from Chalinze, 64kms from Bagamoyo town, 120 Kms from Dar es Salaam and 125kms from Morogoro.

The industries will create employment to the township of Msata and nearby citizens and by establishing industries at Msata, it will rise the standard of living of indigenous people. The company plans to market its products at Dar es Salaam, Tanga, Morogoro, Dodoma and Peri-urban areas in between the mentioned cities and towns as for local market. Masenga Industries Limited will increase market size to include nearby countries mostly in east, central and southern African zone depending on the increase of its production capacity.

### 2.5 Project Main Characteristics

The optimization of land use will be carried during the project implementation. Masenga industries has potential land of 50 acres at Msata village where industries will be constructed. Logistic hub will also be situated within the industrial park to offer transport services to all industries within the park at Msata. Logistic services used by our industries, will also be used to transport industrial materials and finished goods to different customers and selling centers. The transport services will also be used to ferry goods to and from Tanga port, Kwala dry port and Dar es Salaam port. As the Government plan to construct Bagamoyo port, this will be of advantageous to our logistic services.

# MASENGA INDUSTRIES LIMITED INDUSTRIAL EXPANSION PROJECT (2024-2029)

## 2.6 Project Production

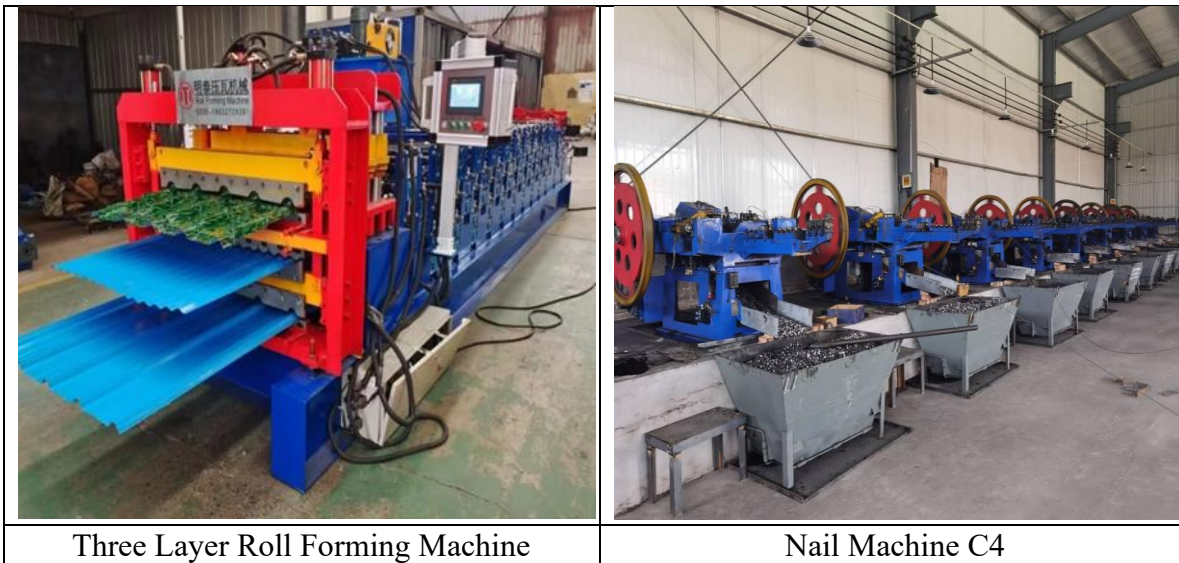
The project will involve the production of the following lines of products

### A. Nails products production line

The company currently has 2 nail production machines with capacity of 2.35 tons a day for 8 working hours. The nail production will be expanded by adding 10 new nail machines 4C. Those machines each has capacity of producing 1.45 tons per day. Thus, by adding 10 more machines the production capacity will increase by 14.5 tons a day from the current capacity of 2.35 tons a day for 8 working hours a day. The twelve machines will have capacity of producing an average of 5258 tons a year.

The production will be carried for six days a week (Exclusive of Sunday). However, production is planned to be at 50% of capacity utilization in year one, 75% of capacity in year two and 90% of capacity in year three.

The nail machineries are expected to produce 2629 tons in year 1, and year 2 and year 3 projected at 3943 tons and 4731 tons respectively.



### B. Iron Sheets Production

The project expects to install 4 new Iron sheet making machines which has capacity of producing 1800m of iron sheets of 28G and 5400m of iron sheets of 30G a day of 8 working hours a day. These will produce 46,800m and 140,400m iron sheets of 28G and 30G per month respectively. Total annual production is projected at 187,200 sheets and 561,600 sheets of 3m for 28G and 30G respectively.

## MASENGA INDUSTRIES LIMITED INDUSTRIAL EXPANSION PROJECT (2024-2029)

This production will be carried on average by using one machine for 28G iron sheets and three machines to produce 30G iron sheets.

The machinery capacity utilization estimated at 50% production in year 1, 75% in year 2 and 90% in year 3. See analysis in Table 2 which gives Detailed production analysis vis a vis revenue.

the projection of production in year 1 are estimated to be 93,600 sheets, year 2 and year 3 projected at 162,000 sheets and 194,000 sheets respectively for 28G, and for iron sheets of 30G the projected production is 280,800 sheets in year 1 and for year 2 and year 3 projection are at 486,000 sheets and 583,200 sheets respectively.

### **C. Roofing /Ridge Cap production**

The project will install 2 new roofing cap machines with capacity of producing total of 2400m of roofing cap at 8 working hours a day from CRDB BANK Plch machines using 30G material. These machines will produce 60,000m of 30G per month. To make total annual production be 240,000 pcs of 3m roofing cap.

The machines are expected to operate at 50% production of machinery capacity in the first year, 75% in year 2 and 90% in year 3. Refer to analysis in Table 2 which gives detailed production analysis vis a vis revenue

As revealed in Table 2, the production in year 1 is projected at 124,800 pcs of 3m of roofing cap, and year 2 and year 3 projection are at 180,000 pcs and 216,000 pcs.

The roofing cap machineries are projected to produce 124,800 pcs of 3m of roofing cap in year one, and in year 2 and year 3 projection are at 180,000 pcs and 216,000 pcs respectively.

### **D. Bricks Production**

Bricks production is the existing business for a long time, with the newly acquired machine, production will be improved for more quantity within the same period of time with better quality.

Having this machine, apart from selling its products as a normal business to various customers, this will assist production of various type of material to be used on this project during construction of warehouses and industrial buildings.

The machine has capacity of producing up to 3000pcs of bricks a day for six days a week for 52 weeks a year. However, currently production is at the highest of 50 bags of cement of 30pcs of bricks a day that is 1500 pcs bricks a day. The production depends on availability of customer orders. The production has no hour's limit.

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Arc Roof Roll Forming Machine



Bricks Production Machine



Ridge Roll Forming Machine



Nail Polisher Machine



Iron sheets Raw Materials



Nails Raw Materials

# MASENGA INDUSTRIES LIMITED

## INDUSTRIAL EXPANSION PROJECT (2024-2029)

### 2.7 Project Requirement in terms of Working Tools & Machinery

To attain the above production objective, the follows have to be acquired.

#### **Nail productions Machines.**

The project requires to install 10 new nail making machines with capacity of processing total of 14.5 tons of different types of Nails. These will add to the two machines of the same type already acquired and operating. All nail machines will have capacity of producing 5258 tons of nails at 8 hours working day in 6 days a week for 52 weeks a year, giving a total of 5258 tons.

#### **Iron sheets and Roofing cap production Machines,**

The project will require to purchase 4 iron sheet making machines (Three Layer Roll Forming Machine) will be purchased together with, two Roofing/ Ridge Cap Roll Forming Machine and two Arch Roof Rolling Machine which gives round shape of the iron sheets. All machines will improve the iron sheet productions to the quality of the highest standard. Production will need materials of 28G and 30G. production of Roofing cap will require 1051 tons of materials, iron sheets of 28G and 30G will require 1586 tons and 3973 tons of iron sheets materials respectively.

#### **Bricks Making Machines**

Bricks factory was the existing business for a long time, however, currently the company has acquired a new heavy machine, capable to produce bricks of high quality promptly and timely. Having this machine, apart from selling its products as normal to various customers, this will assist production of various type bricks to be used during construction of warehouses and industrial buildings. The machine has capacity of producing up to to 3200pcs of bricks a day six days a week for 52 weeks a year. However, currently production is at the highest of 50 bags of cement at 30pcs of bricks a day that is 1500 bricks a day. The production depends on availability of customer orders.

#### **Lorries, Forklift & Accessories**

The company has already acquired one lorry for transportation of raw materials and finished goods. The company need to procure 8 more additional lorries for smoothly operates the business and transport material and finished goods to various selling centers. Further the investment will require forklift for lifting and movement of goods.

### 2.8 Project Requirements in terms of finances

The total investment requirement is USD 3,482,100 out of this, the developer will contribute USD 693,700 in terms of already acquired machinery and, land and office buildings and the remaining USD 2,788,400 is being sought from financier.

The table 1 below shows the total requirement and items to be financed by financier and those to be funded by developer categorized according to their nature.

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INDUSTRIAL EXPANSION PROJECT (2024-2029)

**Table 1 : The Prpjected Financing Requirements**

Details	Unit	Financing					Categories		
		Financier (CRDB BANK PLC)	Developer	Total Financing	Financier (CRDB BANK PLC)	Developer	Assets	Initial Materials	Working Capital
		Qty	Qty	USD	USD	USD	USD	USD	USD
<b>Nail Machines &amp; Materials</b>									
Nail Materials, Tools and accessories	Lump	Monthly		301,194	301,194			301,194	
NAIL MACHINE C4	Pcs	10	2	122,472	102,060	20,412	122,472		
<b>Sub Total</b>				<b>423,666</b>	<b>403,254</b>	<b>20,412</b>	<b>122,472</b>	<b>301,194</b>	
<b>Iron Sheet Machines &amp; Materials</b>									
<b>Materials for Production</b>									
Roofing Cap Materials, Tools & Accessories	Lump	Monthly		77,119	77,119			77,119	
Iron sheets Materials, tools & accessories for Iron Sheet 28G	Lump	Monthly		115,678	115,678			115,678	
Iron sheets Materials, tools & accessories for Iron Sheet 30G	Lump	Monthly		289,741	289,741			289,741	
<b>Sub Total</b>				<b>482,537</b>	<b>482,537</b>	<b>-</b>	<b>-</b>	<b>482,537</b>	
<b>Machines</b>									
Three Layer Roll Forming Machine	New	4	1	91,000	72,800	18,200	91,000		
Ridge Cap Roll Forming Machine	New	2		22,400	22,400		22,400		
Arch Roof Rolling Machine	New	2		11,760	11,760		11,760		
Bricks Factories			1	60,000		60,000	60,000		
<b>Sub Total</b>				<b>185,160</b>	<b>106,960</b>	<b>78,200</b>	<b>185,160</b>	<b>-</b>	<b>-</b>
Construction Warehouses for storage		1		175,000	175,000		175,000		
Construction Industrial Buildings		2		343,849	343,849		343,849		
Land & Buildings			Lump	265,000		265,000	265,000		
Offices			Lump	245,200		245,200	245,200		
<b>Sub Total</b>				<b>1,029,049</b>	<b>518,849</b>	<b>510,200</b>	<b>1,029,049</b>	<b>-</b>	<b>-</b>
Lories		8	1	1,171,800	1,076,800	95,000	1,171,800		
Working Capital	Lump	Lump	Lump	208,088	200,000	8,088			208,088
<b>TOTAL</b>				<b>3,500,300</b>	<b>2,788,400</b>	<b>711,900</b>	<b>2,508,481</b>	<b>783,731</b>	<b>208,088</b>

Exchange rate 1 USD to Tanzanian Shillings TZS 2,600

Prepared by: EACOM CONSULT LIMITED

MASENGA INDUSTRIES LIMITED

# MASENGA INDUSTRIES LIMITED

## INDUSTRIAL EXPANSION PROJECT (2024-2029)

### 2.8.1 Project Investment Structure

The estimated total project investment required is USD 3,482,100, out of this, developer will contribute two machines 4C for nail production, office buildings, one lorry, land and bricks making machine that, make the developer contribution to be of USD 693,700 and the financier is requested to loan USD 2,788,400 required for industrial expansion.

The investment structure of the project expansion will be 100% funded by financier while when investment is considered as a whole ie loan financing and developer financing the investment structure will be 80% and 20% respectively.

A summary of investment cost and financing structure of the project are presented in table 6 and 7 respectively.

**Table 2; The Projected Cost Summary of the Investment to be Contributed by Financier and Developer.**

S/No.	Cost Category	Total Investment	Financer CRDB BANK PLC	Owners' Equity	% of Costs	% AF to TAI	% AOE to TAI
		A	B	C	A/GT	B/A	C/A
<b>1</b>	<b>Project Investment Costs</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>A/GT%</b>	<b>B/A%</b>	<b>C/A%</b>
1.1	Project development- Lorries	1,171,800	1,076,800	95,000	33	92	8
1.2	Project development- Machineries & Iron Sheet & Materials	607,697	589,497	18,200	17	97	
1.3	Project development- Machineries- Nails Materials	423,666	403,254	20,412	12	95	5
1.4	Project development- Warehouses- Storage	175,000	175,000		5	100	
1.5	Project development- Warehouses- Industries	343,849	343,849		10	100	
1.6	Project development- Offices	245,200		245,200	7		100
1.7	Project development- Bricks Factory	60,000		60,000			100
1.8	Project development- Land	265,000		265,000	8		100
	<b>Sub-total</b>	<b>3,292,212</b>	<b>2,588,400</b>	<b>703,812</b>	<b>92%</b>	<b>79</b>	<b>21</b>
2	Working Capital	208,088	200,000	8,088	6%	96	4
	<b>Grand Total-(GT)</b>	<b>3,500,300</b>	<b>2,788,400</b>	<b>711,900</b>	<b>100%</b>	<b>80</b>	<b>20</b>

Ratio of AOE to TAI

Assets contributed by Owners Equity to Total of respective cost/Assets Invested

Ratio of AF to TAI

Assets contributed by Financier to Total of respective cost/Assets Invested

% of Costs

% of Cost to total cost invested

As revealed above, fund from financier will be used to procure lorries and various machines for nails, Iron sheet production etc. the total cost of these items is USD 2,588,400 and USD 200,000 will be used for a working capital. For developers' contribution; Machines for brick making, nail production etc are already on site, together with land set aside for industries make the value of

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developer contribution be USD 693,700 including USD 8,088 to be used as working capital. The analysis above also shows the percentage of contribution of each item to total and proportional of contribution by financier and developer for each item. The summary of proposed financial structure for the whole investment is hereby given below

The proposed financial structure is analyzed as in table 3

**Table 3: Projected Financing Structure**

<b>Summary of Financing Structure</b>				
<b>Details</b>	<b>Total Investment</b>	<b>Capital Investment</b>	<b>Working Capital</b>	<b>%</b>
<b>Source of Fund</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	
Loan From CRDB BANK PLC	2,788,400	2,588,400	200,000	80%
Owners' Equity	711,900	703,812	8,088	20%
<b>Total Funding</b>	<b>3,500,300</b>	<b>3,292,212</b>	<b>208,088</b>	<b>100%</b>

As revealed on the summary, the investment gearing ratio is 80% debt to 20% equity. The investment has a high gearing ratio because most of financier contribution will be used for acquisition of assets ie Machineries and lorries and this ratio will be for a short time period ie the gearing ratio will go down end of year 1.

# MASENGA INDUSTRIES LIMITED

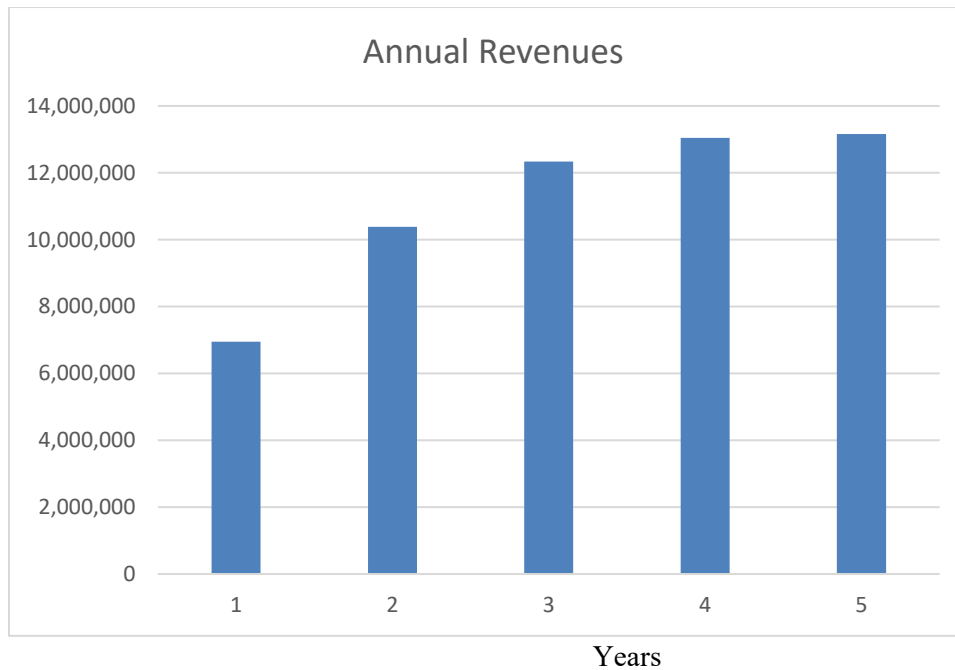
## INDUSTRIAL EXPANSION PROJECT (2024-2029)

### 2.8.2 Projected Production and Revenues

The project is projected to produce and sell 5258 tons of Nail, 187,200 sheets of 28G and 561,600 Sheets of 30G of Iron sheets and 249,600 Roofing caps of 3m. Annual Production were projected at 50% in year 1, 75% in year 2 and 90% in year 3 to 5 of which will produce total revenue of USD 6,944,685 (2024/25), USD10,386,558 (2025/26), USD12,334,990 (2026/27) USD 13,043,714 (2027/28) USD 13158,716 (2028/29).

**Figure 1: Yearly Revenue Projections (year 1 to 5) in USD**

Revenue



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INDUSTRIAL EXPANSION PROJECT (2024-2029)

Summary of three years revenue projection are analyzed in Table 4 below.

**Table 4; Summary of Projected Industrial Quantity Production and Revenue**

Purchases of Materials		Y1			Y2		Y3		Y4		Y5	
Purchases of Materials	unit	Quantity Purchased	unit Price	Annual Purchase	Quantity Purchased	Annual Purchase	Quantity Purchased	Annual Purchase	Quantity Purchased	Annual Purchase	Quantity Purchased	Annual Purchase
		Tons	USD	USD		USD		USD		USD		USD
Nails	Tons	2,629	688	1,807,163	4,469	3,072,176	5,586	3,840,220	5,865	4,032,231	5,924	4,072,554
Roofing Cap	Tons	526	875	459,813	893	781,681	1,117	977,102	1,228	1,074,812	1,241	1,085,560
Iron Sheet 28G	Tons	793	875	694,068	1,348	1,179,915	1,686	1,474,894	1,770	1,548,639	1,788	1,564,125
Iron Sheet 30G	Tons	1,987	875	1,738,443	3,378	2,955,354	4,053	3,546,425	4,256	3,723,746	4,298	3,760,983
Total Revenue				<b>4,699,486</b>		<b>7,989,127</b>		<b>9,838,640</b>		<b>10,379,428</b>		<b>10,483,222</b>

Expected Produced products will be sold and give a total revenue of USD 6,944,685 (2024/25), 10,386,558 (2025/26), 12,334,990 (2026/27), USD 13,043,714 (2027/28) USD 13,158,716 (2028/29). As shown in the table 12.

# MASENGA INDUSTRIES LIMITED

## INDUSTRIAL EXPANSION PROJECT (2024-2029)

### 2.9 Project Financial Evaluation.

Based on the technical information provided for the rationale of industrial development. Financial evaluation shows potential and viability of the project. The data gives or shows profitability and sustainability of the project. We have analysed the financial projections of the project as presented in the following sections.

#### 2.9.1 Key Assumptions

The Project financial plan depends on important assumptions presented here below:

<b>Parameter</b>	<b>Value (in USD)</b>
Total Expansion project cost (Funded by 100% loan from BANK).	2,788,400
Owners' Equity Existing for the Project	711,900
<b>Total Project Investment</b>	<b>3,500,300</b>
USD to Tanzanian Shillings	TZS 2,600
Project construction period	3 to 6 Months
Plant industrial life	20 years
Depreciation rate	5%
Inflation rate	4.5%
Discount rate (cost of capital)	10%
Insurance cover for PP&E	0.3%
Debt equity ratio	80:20
Loan repayment duration	5 years
Loan Interest during construction (IDC)	0%
Loan Interest after factory construction/commissioning	10%
Loan appraisal fee	0%
Loan grace period	6 Months
Income tax rate	30% of EBT

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INDUSTRIAL EXPANSION PROJECT (2024-2029)

2.9.2 Projected Cash Flow Statement for Three Year Ended 31<sup>st</sup> May 2029

Table 5 Projected Cash Flow Statement for Three Years Ended 31<sup>st</sup> May 2029

Projected Cash Flow Statements for Twelve Months Ended 31st May, 2029							
Description	Year 0	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
<b>Cash Inflow</b>		<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Revenue from Sales of Iron Sheet & Related Products		3,533,400	5,774,538	6,929,446	7,294,154	7,294,154	30,825,692
Revenue from Sales of nails		2,562,885	3,457,620	4,149,144	4,367,520	4,367,520	18,904,689
Transport Income		612,000	918,000	1,020,000	1,122,000	1,224,000	4,896,000
Revenue from Sales of Bricks & Paving's		117,600	117,600	117,600	129,360	135,828	617,988
Sales of Other building Materials		118,800	118,800	118,800	130,680	137,214	624,294
Owners' Equity	711,900						
Loan from CRDB	2,788,400						
<b>Cash Inflow from Sales</b>	<b>3,500,300</b>	<b>6,944,685</b>	<b>10,386,558</b>	<b>12,334,990</b>	<b>13,043,714</b>	<b>13,158,716</b>	<b>55,868,663</b>
Less: Accounts Receivable-outstanding		(182,889)	(461,608)	(553,930)	(583,084)	(583,084)	(2,364,593)
Add: Cash Recovery from Accounts Receivable			182,889	461,608	553,930	583,084	644,496
<b>Total Cash in flow</b>		<b>6,761,796</b>	<b>10,107,839</b>	<b>12,242,669</b>	<b>13,014,560</b>	<b>13,158,716</b>	<b>54,148,566</b>
<b>Cash Outflow</b>							
Operating costs		36,000	36,000	36,000	36,000	36,000	180,000
Purchase of Materials for Bricks Productions		72,000	72,000	72,000	72,000	72,000	360,000
Purchases of Building Materials		96,000	96,000	96,000	96,000	96,000	480,000
Purchase of Vehicles & Trailers	1,171,800				120,000	120,000	240,000
Purchase of Machineries, Molds & Installation Cost	247,632	-	-	-			-
Construction of industrial Buildings & Warehouses	518,849	-	-	-			-
Bricks Factory	60,000						
Purchase of Initial Materials	783,731	-	-	-			-
Land and Buildings	510,200						
Purchase of Materials for Industrial Production		4,699,486	7,989,127	9,838,640	10,379,428	10,483,222	43,389,903
Salaries-Direct Costs		120,000	120,000	120,000	120,000	120,000	600,000
Wages-skilled & Unskilled		64,000	64,000	70,000	70,000	75,000	343,000
Water & Electricity Bills		9,600	1,000	1,000	2,000	2,000	15,600
Vehicles - Insurance		20,000	22,500	25,000	30,000	35,000	132,500

Exchange rate 1 USD to Tanzanian Shillings TZS 2,600

Prepared by: EACOM CONSULT LIMITED

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**2.9.3 Projected Net Present value (NPV) of the project**

**Table 6 Projected Net Present value (NPV)**

Year	Net Cashflow USD	PVIF = 1 /	Present Value PV
		(1+r) <sup>n</sup> 10%	
1	853,348.97	0.9090	775,694.21
2	812,421.28	0.8260	671,059.98
3	1,107,238.51	0.7510	831,536.12
4	1,219,329.17	0.6830	832,801.83
5	1,299,460.77	0.6210	806,965.14
<b>Total</b>	<b>5,291,798.71</b>		<b>3,918,057.28</b>

Net Present Value = Total Present Value (TPV) - Initial Investment

Our Initial Investment = 3,500,299.93

	Total Present Value USD	Initial Investment USD	Net Present Value USD
<b>NPV</b>	3,918,057.28	-3,500,300	<b>417,757</b>
<b>NPV =</b>	<b>USD</b>		<b>417,757</b>

**2.9.4 Projected Payback period**

Projected Project Payback Period

Payback Period = Initial Investment/Average Cashflow

Investment Costs	USD
Investment through Loan	2,788,400
Investment through Owners Equity	711,900
<b>Total Investment</b>	<b>3,500,300</b>

Year	Cash Flow USD	Cummulative Payment	
1	853,349	853,349	2,646,951
2	812,421	1,665,770	1,834,530
3	1,107,239	2,773,009	727,291
4	1,219,329	3,992,338	(492,038)
		Period in Years	3.60
<b>Total</b>	<b>3,992,338</b>	<b>3,500,300</b>	(492,038)

**Projected Payback Period = 3.5 years (Three and a Half Years)**

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**2.9.5 Projected Loan Repayment**

Loan repayment will be made on monthly bases starting on 7<sup>th</sup> the loan will be paid in 30 months or two and a half years of operation as shown in Table 16.

**Table 8 Projected Loan Repayment Schedule**

Loan Repayment Schedule											
Month	OB	PRI	NT	INS	CB	INT	PRI	Total	CB		Repa y
	USD	USD	USD	USD	USD	USD	USD	USD	Balances in USD		YR QTR
Loan	2,788,400					Quarterly			Quarterly	Yearly	Q1
1	2,788,400		0	0	2,788,400	0	0	0	3,474,095	3,474,095	
2	2,788,400		0	0	2,788,400						
3	2,788,400		0	0	2,788,400						
4	2,788,400		0	0	2,788,400	0	0	0	3,474,095		Q2
5	2,788,400		0	0	2,788,400						
6	2,788,400		0	0	2,788,400						
7	2,788,400	41,098	23,237	64,335	2,747,302	68,680	124,326	193,005	3,281,090		Q3
8	2,747,302	41,441	22,894	64,335	2,705,861						
9	2,705,861	41,786	22,549	64,335	2,664,074						
10	2,664,074	42,134	22,201	64,335	2,621,940	65,546	127,460	193,005	3,088,085		Q4
11	2,621,940	42,486	21,849	64,335	2,579,454						
12	2,579,454	42,840	21,495	64,335	2,536,615	134,225	251,785	386,011		3,088,085	Y1
13	2,536,615	43,197	21,138	64,335	2,493,418	62,332	130,673	193,005	2,895,080		Q1
14	2,493,418	43,557	20,778	64,335	2,449,861						
15	2,449,861	43,920	20,416	64,335	2,405,942						
16	2,405,942	44,286	20,050	64,335	2,361,656	59,038	133,967	193,005	2,702,074		Q2
17	2,361,656	44,655	19,680	64,335	2,317,002						
18	2,317,002	45,027	19,308	64,335	2,271,975						
19	2,271,975	45,402	18,933	64,335	2,226,573	55,661	137,344	193,005	2,509,069		Q3
20	2,226,573	45,780	18,555	64,335	2,180,793						
21	2,180,793	46,162	18,173	64,335	2,134,631						
22	2,134,631	46,547	17,789	64,335	2,088,084	52,199	140,806	193,005	2,316,064		Q4
23	2,088,084	46,934	17,401	64,335	2,041,150						
24	2,041,150	47,326	17,010	64,335	1,993,824	229,231	542,790	772,021		2,316,064	Y2
25	1,993,824	47,720	16,615	64,335	1,946,104	48,649	144,356	193,005	2,123,058		Q1
26	1,946,104	48,118	16,218	64,335	1,897,987						
27	1,897,987	48,519	15,817	64,335	1,849,468						
28	1,849,468	48,923	15,412	64,335	1,800,545	45,010	147,995	193,005	1,930,053		Q2
29	1,800,545	49,331	15,005	64,335	1,751,215						
30	1,751,215	49,742	14,593	64,335	1,701,473						
31	1,701,473	50,156	14,179	64,335	1,651,317	41,279	151,726	193,005	1,737,048		Q3
32	1,651,317	50,574	13,761	64,335	1,600,743						
33	1,600,743	50,996	13,340	64,335	1,549,747						
34	1,549,747	51,421	12,915	64,335	1,498,327	37,455	155,551	193,005	1,544,042		Q4
35	1,498,327	51,849	12,486	64,335	1,446,478						
36	1,446,478	52,281	12,054	64,335	1,394,197	172,394	599,628	772,021		1,544,042	Y3

Exchange rate 1 USD to Tanzanian Shillings TZS 2,600  
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Loan Repayment Table Continue

Month	OB	PRI	INT	INS	CB	INT	PRI	TOTAL	CB		Repay
	USD	USD	USD	USD	USD	USD	USD	USD	Balances in USD		QTR YR
Loan	Quarterly							Quarterly	Yearly		
37	1,394,197	52,717	11,618	64,335	1,341,480	33,533	159,472	193,005	1,351,037		Q1
38	1,341,480	53,156	11,179	64,335	1,288,324						
39	1,288,324	53,599	10,736	64,335	1,234,725						
40	1,234,725	54,046	10,289	64,335	1,180,679	29,513	163,492	193,005	1,158,032		Q2
41	1,180,679	54,496	9,839	64,335	1,126,183						
42	1,126,183	54,950	9,385	64,335	1,071,233						
43	1,071,233	55,408	8,927	64,335	1,015,824	25,392	167,614	193,005	965,027		Q3
44	1,015,824	55,870	8,465	64,335	959,955						
45	959,955	56,335	8,000	64,335	903,619						
46	903,619	56,805	7,530	64,335	846,814	21,166	171,839	193,005	772,021		Q4
47	846,814	57,278	7,057	64,335	789,536						
48	789,536	57,756	6,579	64,335	731,780	109,605	662,416	772,021	772,021		Y3
49	731,780	58,237	6,098	64,335	673,543	16,835	176,171	193,005	579,016		Q1
50	673,543	58,722	5,613	64,335	614,821						
51	614,821	59,212	5,124	64,335	555,609						
52	555,609	59,705	4,630	64,335	495,904	12,393	180,612	193,005	386,011		Q2
53	495,904	60,203	4,133	64,335	435,702						
54	435,702	60,704	3,631	64,335	374,998						
55	374,998	61,210	3,125	64,335	313,787	7,840	185,165	193,005	193,005		Q3
56	313,787	61,720	2,615	64,335	252,067						
57	252,067	62,235	2,101	64,335	189,833						
58	189,833	62,753	1,582	64,335	127,080	3,173	189,833	193,005	0		Q4
59	127,080	63,276	1,059	64,335	63,803						
60	63,803	63,803	532	64,335	0	40,241	731,780	772,021	0		Y3
		2,788,400	685,695	3,474,095		685,695	2,788,400	3,474,095			

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**2.10 PROJECTED FINANCIAL STATEMENTS**

**2.10.1 Notes to the Financial Statements**

**OPERATING COSTS AFTER PROJECT COMMISSIONING**

A summary of projected operating and administrative costs of the project for 3 years after commissioning is presented in table 8.

**Table 9: Summary of Projected Operating, Administrative & Marketing Costs**

S/No.	Category	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
	OPERATING /DIRECT COSTS	USD	USD	USD	USD	USD	USD
1	Operating costs	36,000	36,000	36,000	36,000	36,000	180,000
2	Purchase of Materials for Bricks Productions	72,000	72,000	72,000	72,000	72,000	360,000
3	Purchases of Building Materials	96,000	96,000	96,000	96,000	96,000	480,000
4	cost of Materials for Industrial Production	4,581,999	7,906,886	9,792,403	10,365,908	10,480,627	43,127,822
5	Salaries and Wages	120,000	120,000	120,000	120,000	120,000	600,000
6	Wages-skilled & Unskilled	64,000	64,000	70,000	70,000	75,000	343,000
7	Maintenance cost- (Vehicle, machines and tools)	120,000	120,000	125,000	125,000	130,000	620,000
	<b>Sub Total</b>	<b>5,089,999</b>	<b>8,414,886</b>	<b>10,311,403</b>	<b>10,884,908</b>	<b>11,009,627</b>	<b>45,710,822</b>
	<b>ADMINISTRATIVE &amp; MARKETING COSTS</b>						
8	Water & Electricity Bills	9,600	1,000	1,000	2,000	2,000	15,600
9	Vehicles - Insurance	20,000	22,500	25,000	30,000	35,000	132,500
10	Industrial Plant & Stock- Insurance	38,830	38,830	38,830	38,830	38,830	194,150
11	Transport & Marketing Costs	9,600	9,600	9,600	9,600	9,600	48,000
12	Staff salaries-Indirect	12,800	12,800	15,600	15,600	15,600	72,400
13	Travelling and Other Distribution Allowances	5,000	5,000	5,000	5,000	5,000	25,000
	<b>Sub Total</b>	<b>95,830</b>	<b>89,730</b>	<b>95,030</b>	<b>101,030</b>	<b>106,030</b>	<b>487,650</b>
	<b>Total</b>	<b>5,185,829</b>	<b>8,504,616</b>	<b>10,406,433</b>	<b>10,985,938</b>	<b>11,115,657</b>	<b>46,198,472</b>

As revealed above the major component of operating costs will be the purchase of material which form a part of the total operating and administrative costs.

**TABLE 9A COST OF MATERIAL USED IN PRODUCTION**

Cost of Goods Produced	Y1 USD	Y2 USD	Y3 USD	Y4 USD	Y5 USD
Opening Stock	-	117,487	199,728	245,966	259,486
Purchases of Materials	4,699,486	7,989,127	9,838,640	10,379,428	10,483,222
<b>Material Purchased</b>	<b>4,699,486</b>	<b>8,106,614</b>	<b>10,038,369</b>	<b>10,625,394</b>	<b>10,742,708</b>
Less: Stock of Materials	117,487	199,728	245,966	259,486	262,081
<b>COST OF PRODUCTION</b>	<b>4,581,999</b>	<b>7,906,886</b>	<b>9,792,403</b>	<b>10,365,908</b>	<b>10,480,627</b>

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**Table 10. PROJECTED PROPERTY, PLANT AND EQUIPMENT**

<b>Description</b>	<b>Y1</b>	<b>Y2</b>	<b>Y3</b>	<b>Y4</b>	<b>Y5</b>
<b>Cost</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b>Balances beginning of the year</b>	-	3,292,212	3,292,212	3,292,212	3,412,212
Additions during the Year	3,292,212	-	-	120,000	120,000
<b>Balances End of the Year</b>	<b>3,292,212</b>	<b>3,292,212</b>	<b>3,292,212</b>	<b>3,412,212</b>	<b>3,532,212</b>
<b>Depreciation</b>					
<b>Balances beginning of the year</b>		164,611	329,221	493,832	664,442
Adjustments					
Charge for the Year	164,611	164,611	164,611	170,611	176,611
<b>Balances End of the year</b>	<b>164,611</b>	<b>329,221</b>	<b>493,832</b>	<b>664,442</b>	<b>841,053</b>
<b>NBV at the Year End</b>	<b>3,127,601</b>	<b>2,962,991</b>	<b>2,798,380</b>	<b>2,747,770</b>	<b>2,691,159</b>

**Table 11 PROJECTED LOAN ACCOUNT**

<b>Description</b>	<b>Y1</b>	<b>Y2</b>	<b>Y3</b>	<b>Y4</b>	<b>Y5</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b>Loan Opening balance</b>		2,536,615	1,993,824	1,394,197	731,780
Addition-Principal	2,788,400				
Loan Paid	(251,785)	(542,790)	(599,628)	(662,416)	(731,780)
<b>LOAN CLOSING BALANCE</b>	<b>2,536,615</b>	<b>1,993,824</b>	<b>1,394,197</b>	<b>731,780</b>	<b>0</b>

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The projected Profit & Loss, Projected Cash Flow Statements and Projected Statements of Financial Position are presented in Table 10; Table 11 and Table 12 respectively.

**2.10.2 Projected Statement of Profit and Loss and Comprehensive Income**

**Table 12: Projected Statement of Profit and Loss and Comprehensive Income**

<b>Profit and Loss Statement</b>	<b>Years</b>					
<b>Years</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>TOTAL</b>
<b>Details</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Total Revenues	6,944,685	10,386,558	12,334,990	13,043,714	13,158,716	55,868,663
Total Operating/Direct Expenses	5,089,999	8,414,886	10,311,403	10,884,908	11,009,627	45,710,822
<b>Gross Profit</b>	<b>1,854,686</b>	<b>1,971,673</b>	<b>2,023,588</b>	<b>2,158,806</b>	<b>2,149,089</b>	<b>10,157,841</b>
Administrative Expensive	95,830	89,730	95,030	101,030	106,030	487,650
Depreciation (Book)	164,611	164,611	164,611	170,611	176,611	841,053
<b>Total Expenditure</b>	<b>260,441</b>	<b>254,341</b>	<b>259,641</b>	<b>271,641</b>	<b>282,641</b>	<b>1,328,703</b>
<b>EBIT</b>	<b>1,594,245</b>	<b>1,717,332</b>	<b>1,763,947</b>	<b>1,887,165</b>	<b>1,866,448</b>	<b>8,829,138</b>
Interest & Other Finance Expenses	181,225	276,231	219,394	156,605	87,241	920,695
<b>EBT</b>	<b>1,413,020</b>	<b>1,441,102</b>	<b>1,544,553</b>	<b>1,730,561</b>	<b>1,779,207</b>	<b>7,908,443</b>
Tax	423,906	432,330	463,366	519,168	533,762	2,372,533
<b>Net Profit After Tax</b>	<b>989,114</b>	<b>1,008,771</b>	<b>1,081,187</b>	<b>1,211,392</b>	<b>1,245,445</b>	<b>5,535,910</b>

As shown above the investment is projected to make a profit after tax of USD 989,114 in year 1, USD 1,008,771 in year 2, USD 1,081,187 in year 3, USD1,211,392 in year 4 and USD 1,245,445 in year 5. Total profit accumulation is projected to be USD 5,535,910. Part of this profit will be ploughed back to business for more expansion.

MASENGA INDUSTRIES LIMITED  
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2.10.3 Projected Statement of Financial Position as at the End of Each Year.

Table 13: Projected Statement of Financial Position As At the End of Each Year.

Particulars	YEAR				
	1	2	3	4	5
<b>ASSETS</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b>Non-Current Assets</b>					
Property Plant and Equipment	3,127,601	2,962,991	2,798,380	2,747,770	2,691,159
<b>Current Assets</b>					
Inventory	117,487	199,728	245,966	259,486	262,081
Debtors	182,889	461,608	553,930	583,084	583,084
Bank	809,652	1,079,283	1,586,893	2,143,806	2,711,487
<b>TOTAL ASSETS</b>	<b>4,237,629</b>	<b>4,703,609</b>	<b>5,185,169</b>	<b>5,734,145</b>	<b>6,247,810</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Owners' Equity	711,900	711,900	711,900	711,900	711,900
Grants					
Retained Earnings	989,114	1,997,885	3,079,072	4,290,465	5,535,910
<b>CURRENT LIABILITIES</b>					
Creditors					
Tax payable					
<b>LONG TERM LIABILITIES</b>					
Bank loan	2,536,615	1,993,824	1,394,197	731,780	0
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,237,629</b>	<b>4,703,609</b>	<b>5,185,169</b>	<b>5,734,145</b>	<b>6,247,810</b>

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2.10.4 Projected Cash Flow Statements

Table 14: Projected Cash Flow Statement based on Projected Statement of Financial Position.

Particulars	Y0	Y1	Y2	Y3	Y4	Y5	TOTAL
Net profit	-	989,114	1,008,771	1,081,187	1,211,392	1,245,445	5,535,910
Add Depreciation		164,611	164,611	164,611	170,611	176,611	841,053
Cash from operations	-	1,153,725	1,173,382	1,245,798	1,382,003	1,422,056	6,376,963
(Increase)/ decrease in Stock		(117,487)	(82,241)	(46,238)	(13,520)	(2,595)	(262,081)
(Increase)/ decrease in Accounts Receivable		(182,889)	(278,719)	(92,322)	(29,154)	-	(583,084)
Acquisition of Motor vehicles					(120,000)	(120,000)	(240,000)
Owners' Equity	711,900						-
Loan	2,788,400						-
<b>Net Project Cash flows</b>	<b>3,500,300</b>	<b>853,349</b>	<b>812,421</b>	<b>1,107,239</b>	<b>1,219,329</b>	<b>1,299,461</b>	<b>5,291,799</b>
Loan							
Subtract Loan repayments-CRDB Bank Plc		251,785	542,790	599,628	662,416	731,780	2,788,400
Add Grant							
Cost of Investment through owners' Equity	(703,812)						
Cost of Investment through Financier	(2,588,400)						
Equity Cash Flows	-						
Equity Sponsor Recovery	-						
<b>Net Equity Cash Flows</b>	<b>208,088</b>	<b>601,564</b>	<b>269,631</b>	<b>507,611</b>	<b>556,913</b>	<b>567,681</b>	<b>2,503,399</b>
Opening Balance	-	208,088	809,652	1,079,282	1,586,893	2,143,806	208,088
<b>Closing Balances</b>	<b>208,088</b>	<b>809,652</b>	<b>1,079,282</b>	<b>1,586,893</b>	<b>2,143,806</b>	<b>2,711,487</b>	<b>2,711,487</b>

As shown above, the cash flow is positive for all three consecutive years, this is proof that the investment will be healthier financially and guarantee its sustainability (Financial stability & potential growth)

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**2.10.5 Projected Financial Ratio Analysis**

Summary of Projected Financial Ratio as analyzed from the Table No 12 Statement of Profit and Loss and comprehensive Income and Table 13 Statement of Financial Position are reported as here under;

sn	Details	Y0	Y1	Y2	Y3	Y4	Y5
<b>A</b>	<b>PROFITABILITY RATIO</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
i	Gross profit margin		27%	19%	16%	17%	16%
ii	Net profit margin		14%	10%	9%	9%	9%
iii	Return on Investment		28%	29%	31%	35%	36%
	<b>EFFICIENCY RATIO</b>		<b>Days</b>	<b>Days</b>	<b>Days</b>	<b>Days</b>	<b>Days</b>
i	Inventory Holding period		8	8	9	9	9
ii	Trade Receivable		10	16	16	16	16
iii	Operating cycle/working capital		18	25	25	25	25
	<b>GEARING RATIO</b>						
i	Gearing ratio	80%	72%	57%	40%	21%	0%
iv	Equity ratio	20%	20%	20%	20%	20%	20%

**Profitability Ratios**

- According to the above table, **Gross profit margin** has slightly increased by 1% Y2 compared to Y1. The same happened when compared year 4 and year 5. Changes of Revenue and Operating expenses are not significantly different to make effective changes on the rate.
- **Net profit margin** has slightly decreased in Y2 by 1% compared to Y1 and remain constant from year 3 to year 5.
- projected **Return on Investment** as per above computation are 28% in the 1<sup>st</sup> year, 29% in the 2<sup>nd</sup> year, 31% in 3<sup>rd</sup> year, 35% in 4<sup>th</sup> year and 36% in the 5<sup>th</sup> year.

**Efficiency Ratios**

- Inventory days has increase from 8 days in Y1 & Y2 to 9 days from Year 3 to Y5. This shows stock or inventory management are in good order.
- Trade receivable has slightly increase in Y1 by 6 days to Y2 there after remain constants at 16 days to year 5, in the table above, this shows quick debtors' recovery are observed.

**Gearing Ratio**

- Gearing Ratio has significant decrease in Y0 gives 80% while in Y1 gives 72% as the loan has been reduce by being paid, in Y2 the ratio dropped to 57%, and in Y5 dropped to 0% as the loan has fully paid.

**2.11 Land**

Masenga Industries Limited have land that, can accommodate the construction of the factories buildings and warehouses at Msata where 50 acres were set aside for industrial park. Moreover, Construction of this industries will not affect the preservation of agricultural areas. The land is along Chalinze -Segera highway. 120kms from Dar es Salaam.

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### 2.12 Industries Construction

#### 2.12.1 General

Masenga Industries Limited, the project developer, will implement this project by contracting a qualified contractor on construction and installation of machinery.

The construction of the Nail and Iron sheet Factories in the industrial park is estimated to take place in 6 months period. The construction work will be undertaken by a contractor experienced in warehouses and factory building. Installation of machines will be carried by supplier who will also be responsible for training and commissioning.

Additionally, Safety and environmental protection rules will be set for various service providers working on site. The NEMC, OSHA and other regulators will indicate the rules of good environmental conduct concerning, in particular, the prevention of accidental pollution risks, the use of space, noise and dust, traffic on the roads and the restoration of accesses. Throughout the construction, particular attention will be paid to management of waste. This waste will be sorted (recyclable or not) and grouped in adapted containers.

#### 2.12.2 Authorizations necessary for project realization

##### Land Clearing Authorization

The ground-mounted industrial project will in principle not be required to obtain a forest clearing permit. No Compensation measures will be carried out within the framework of this authorization as the land is owned by Masenga Industries Ltd, and will be contributed as part of owners' equity.

##### Request for Derogation of Protected Species

Following the clearing authorization and the opinion of the Environmental Authority, a file will be implemented to respond to the instruction of a request for exemption from the protection of species in context of this project.

As these are independent regulations, in addition to the issuance of this clearing authorization and the future building permit, the issuance of the derogation to the protection of species which would require in this case an opinion of the National Council for the Protection of Nature will be a prerequisite to any start of the project.

#### 2.12.3 Site preparation

The site area can be prepared prior to the start of construction. A working meeting to organize the work will be setup. This will assist to:

- i. Understand the environmental constraints of the site.
- ii. Prepare the documents related to the safety of the system: Prevention plan, traffic plan
- iii. Study the possibility of installing a base for the duration of works
- iv. Optimize the areas necessary for the teams and the plant (parking, waste sorting, water point in case of fire) with the district council.

## MASENGA INDUSTRIES LIMITED INDUSTRIAL EXPANSION PROJECT (2024-2029)

The warehouses and the life base will be set up at the beginning of the construction site, access will be strictly reserved to authorized persons only. The living base (Contractors Site), with an area of about 4000 m<sup>2</sup>, will be allowed to accommodate the contractors for the construction period of the warehouses and factory houses or shelters and constitutes a storage area. The living base is composed, among others, of the following elements:

- i. Site office(s)
- ii. A changing room -refectory;
- iii. A sanitary block equipped with a double wall septic tank;
- iv. A container(s) for equipment and tools;
- v. The creation of a parking area for vehicles and construction machinery;
- vi. The creation of a waste zone. Waste bins will enable selective sorting of the different categories of waste produced. They will be regularly emptied and the waste sent to approved treatment Centre's.
- vii. The establishment of area intended to receive the different categories of materials in transit. Thus, specific waiting areas will be created, whether it is earth or other materials.

### **Tests**

Prior to commissioning, operational tests will be carried out. The aim is to ensure the proper functioning of all components of the factories from an electrical, mechanical and remote control.

### **Site maintenance**

There will be few security guards on the site. On the other hand, the plant will be equipped with a permanent video surveillance system and of the installation a remote management system used from our company's headquarters which will be installed. This system allows us to be warned in case of failure and to react quickly for corrective maintenance operations.

- The visual control of the modules and structures, the possible detection of objects masking
- The cells (cardboard, plastic);
- The verification of the state of the cables and connectors;
- Checking the condition of the connection boxes;
- Verification of the structure and modules resistance;
- Electrical tests of the strings;
- Verification of the inverters, possibly infrared thermography of the protection cabinets;
- Verification of the cells and electrical connections;
- Verification of the electrical protections, lightning protections, continuity of the grounds and ground connections.

## Security

During construction period, the site will not be open to the public for security reasons. Thus, the entire site will be fenced. Gates will allow access to the site to supervisors, labors, maintenance teams and the fire department. In order to ensure the security of the site, different equipment will be placed in designated area. Video surveillance will be installed and fencing on the entire project work.

### 2.13 Choice of Machinery

Identification of type of machineries suitable for this project has been done. However, the choice of supplier/ suppliers of the same will be carried based on several criteria including:

- The price of the machinery
- Production capacity required
- The origin of the machinery to guarantee a good quality of nails and corrugated iron sheets
- The supply of machinery in sufficient quantity at the right time
- State of the art technology to be considered

### 2.14 Work and Operation Phase

The actual construction of a factory building, storage facility and installation of machinery consists of three main phases, each with several sub-phases.

- Construction.  
Preparation of the site, installation of the base camp, civil engineering/levelling, securing the site and construction of factory building.
- Installation of machineries and electrical components
- Commissioning, testing and Training

#### Operation Phase of the factory

The factory machineries are planned to be operated for a period of 20 years. The factory will be added to the computerized supervision platform of the company, which will be installed and be in operation for:

- Controlling real time production,
- Track incidents remotely,
- Manage break downs and un avail ability (network decoupling, machinery & electrical faults),
- Plant maintenance interventions,
- Control the security of the park (technical security, intrusions)

# MASENGA INDUSTRIES LIMITED

## INDUSTRIAL EXPANSION PROJECT (2024-2029)

### 2.15 Management and Manpower

#### Management and Staffing

Project senior management officers who are responsible for driving the project development and implementation are: -

**1. Hamoud Masenga Msakamali (CEO):**

He is a Civil engineer, participated in establishing the Masenga Industries Ltd in 2016. He managed and supervised the company as CEO to date. He obtained his civil engineering degree at The Harbin Institute of Technology in China. He worked as trainee engineer as civil engineer in roads, buildings, and in renewable energy (solar) construction in China. There after returned home and fully managing the Masenga Industries Limited

**2. Peter, M, Mssami. (Chief Finance and Administrative Officer):**

Mr. Mssami is a Certified Professional Accountant with over 30 years of experience of providing comprehensive high quality Public Finance and accounting support services to various institutions in United Republic of Tanzania including Sokoine University. Utilizing his expertise in finance and operational management, he has been pivotal in insuring businesses are equipped with tools necessary to meet aggressive sales and growth plans. He is an expert on project management, forecasting, identifying new market opportunities and implementing internal control to ensure adherence to compliance whilst minimizing business risk. He holds a MBA Finance (Birmingham City University UK (2009), CPA (T) Highest accounting professional qualification, Intermediate stage in Procurement & Supplies Professional - National Board of Material Management Coursework (2006), Certificate in Information Technology - Learn IT - Dar Es Salaam & The NCC Education of UK (2002)

**3. Gaston Kizundu (Electrical Engineer).**

He is going to work as an electrical engineer in this project. He is a professional Electrical Engineer registered by the engineer's registration board. He is always dealing with factories and building electrical installation and/or wiring to the company buildings and machineries.

He is always being used by the company on maintenance of major electrical faults. He has a vast experience in the energy sector working with various organizations CRDB BANK Plc public and private organizations.

**4. Mr. Christopher Zacharia (Industrial and Operation Manager):** He is a Mechanical Engineer experienced in industrial machineries for over 20 years. He worked in different organization such as, CMG Investment LTD, Kioo Ltd, ARM Cement (Rhino Cement), Chemi & Cotex Industries Ltd, Cyclone (T) Ltd, Tanga Cement Co. Ltd to mention the few. In those organization he worked in different capacity such as, Plant Mechanical Engineer, Production Manager, Maintenance Planner and Projects Engineer

# MASENGA INDUSTRIES LIMITED

## INDUSTRIAL EXPANSION PROJECT (2024-2029)

### **Employee/staff**

Masenga Industries Limited will employ key operating and supporting staff after construction and commissioning phase:

- Operation staff will be for those directly engaged for machine operation and maintenance. These will include Operations Engineer, Electrical and Mechanical Technicians and machineries operators.
- Supporting Staff will Comprise of those working in finance, Marketing, selling, Procurement, Administration and others. To mention the few.

### **Organization chart**

The organization chart is attached in this document as ANNEX A

## **3 COMPATIBILITY TO URBAN PLANNING DOCUMENTS**

### **3.1 Bringing the POS in to conformity**

The application for a building permit for the implementation of the factories will be submitted by Masenga Industries Limited. An application for a council planning certificate will be made. This certificate freezes the town planning rules in force at the time of its request. Consequently, it can only guarantee that the town planning rules applicable to the land, the administrative limitations to the right of ownership and the taxes due will not be called into question. In any case, it does not exempt the project owner from the building permit application procedure.

### **3.2 Justification and Reason for Choosing the Project at Msata**

Masenga Industries Limited have the land that can accommodate the construction of the factory buildings and warehouses in the industrial park at Msata. Moreover, the implementation of logistic and Factories/industries business on this site does not affect the preservation of agricultural areas.

The project of constructing building material factory and logistic hub on the industrial park will have social and economic impact to benefit the public through Job creation, income generation thus paying tax and social services provision.

### **3.3 Texts Governing the Public Inquiry & Integration into The Global Procedure**

#### **Purpose of the Survey**

The public inquiry procedure is provided for in Article L123-1 of the Environmental Code:" The purpose of the public inquiry is to ensure public information and participation as well as the consideration of the interests of third parties during the preparation of decisions likely to affect the environment mentioned in Article L. 123-2. The observations and proposals collected during the inquiry are taken into consideration by the project owner and by the authority competent to take the decision.

NOTE: These provisions apply to projects, plans, programs or other planning documents for which the order of opening and organizing the public inquiry is published as of the first

## MASENGA INDUSTRIES LIMITED INDUSTRIAL EXPANSION PROJECT (2024-2029)

day of the sixth month after the publication of the decree in Council of State provided for in Article L. 123-19 of the Environmental Code."

The Public Inquiry is carried out within the framework of the impact study required to obtain a building permit.

### **3.4 Regulations Applicable to the Implementation**

The installation of factory is subject to several regulations (town planning code, building code, environmental code, electricity law...) and requires a certain number of prior steps depending on the type of installation. Since 2009.

#### **Opinion on the Project**

The notices will be inserted by the State services after instruction if such a need arises.

#### **Procedures Concentration**

Several awareness actions will be set up in order to make this project known to as many people as possible. Masenga Industries Limited will take care to call the press in order to inform the public.

## **4 COMMUNICATION AND CONSULTATION ACTIONS**

### **4.1 Communication Action**

- i. Press article
- ii. Internet communication through the website of the company to the community
- iii. Public meetings
- iv. Project presentation leaflets

### **4.2 Consultation Actions**

A consultation and information meeting with the inhabitants and the elected representatives will be jointly organized by the council and Masenga Industries Limited. Posters will be put up in the council hall and in the council's sub offices. The elected representatives and Masenga Industries Limited will both be responsible for distributing letters, inviting the inhabitants to participate in the consultation meetings.

Assessment of the consultation will be done to give the Masenga Industries Limited time and opportunity to answer the various questions on the choice of the project location, the development phases at the end of the meeting, to gather the support shared by a large majority of the members present.

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**5 RISK MANAGEMENT**

**5.1 Risk management team**

Risk management team will be formulated by members from each department to assess the availability of risks on quarterly basis. Risk register will be maintained and possible risk, there shall be mitigated instantly.

**5.2 Identified risks and its considered mitigations**

In these industries, the following risks were identified as among of potential risks.

- Fluctuation of raw materials prices
- Market competition
- Regulatory compliances
- Other operational Challenges

The following table shows list of possible risks and their litigations

Sn	Possible Risks	Mitigation
1	Fluctuation of raw materials prices.	<ul style="list-style-type: none"> <li>• Contract purchase can be used to stabilize cost of raw materials.</li> <li>• Bulk purchase can reduce prices for adequate.</li> <li>• Diversification of supplier can give choice of prices.</li> </ul>
2	Market competition	<ul style="list-style-type: none"> <li>• Improve production costs to ensure good profits at less or competitive selling price.</li> <li>• Ensuring production were made at the best quality at minimum costs.</li> <li>• Efficiencies during production will reduce cost per item and increase profitability at competitive market prices.</li> <li>• Improving production &amp; marketing technologies to increase efficiencies and increase sales quantities.</li> </ul>
3	Regulatory compliances	<ul style="list-style-type: none"> <li>• Ensuring to abide with laws and regulations as required by regulatory authorities, in establishment of such factories, tax laws, standards, industrial best practices and Government directives.</li> <li>• Ensure employees are updated through training and education to improve awareness of compliance and accountability.</li> <li>• Carry audit regularly to identify &amp; address compliance gap promptly.</li> </ul>
4	Power interruptions	<ul style="list-style-type: none"> <li>• Negotiating with TANESCO to obtain adequate power for the industries.</li> <li>• Obtaining a generator as a contingency plan to produce required power to be used by the factory.</li> <li>• To negotiate with TANESCO to authorize power production through solar.</li> </ul>
5	Other operational Challenges	<ul style="list-style-type: none"> <li>• Ensure reliability and uptime of machinery &amp; Equipment by regular maintenance.</li> <li>• Monitoring of key performance indicator (KPI) to identify &amp; address operational issues promptly.</li> </ul>

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## INDUSTRIAL EXPANSION PROJECT (2024-2029)

### 6 MONITORING & EVALUATION AND SUSTAINABILITY

#### 6.1 Monitoring

Monitoring will be the ongoing process starting from time of establishment to the time of the project being operational. It will focus on the project plan of activities and budgets; milestones and targets; and approaches, methodologies and process (practices).

#### 6.2 Evaluation

- Evaluation will be facilitated through monthly and quarterly progress reports.
- The project will be subject to review at the midterm in one and a half years to assess progress of the activities.
- Project evaluation will be conducted at the end of every three years to its project life time.

The exercise will be carried out, to see its effectiveness, efficiency, relevance and impact Bonafede beneficiaries-the clientele group.

#### 6.3 Sustainability.

The Project is sustainable, as revealed in the projections, the project will produce sufficient profit and surplus and be able to service the loan for the period of three year. Some of the profit will be ploughed back to business.

Life time of machineries were estimated to be twenty years. That to say, after three years of loan support the factories will continue to produce with support of accumulate funds generated during the three year of loan support.

### 7 PROJECT FINANCIAL ANALYSIS, IMPLICATIONS AND VIABILITY

#### 7.1 FINANCIAL ANALYSIS AND IMPLICATIONS.

SN	Financial Analysis	Implications
6.1.1	Payback Period	Two and a half year, (30 Months) on the year 2028/29
6.1.2	Cash Flow Statements	Positive of over USD 2,711,487 balance at the end of 2028/29
6.1.3	Net Present Value	Positive
6.1.4	Loan Repayment	Fully paid up in the year 2028/29

#### 7.2 PROJECT VIABILITY

On the basis of the analysis above the project is viable on the following grounds.

Cash Flow Statement show surplus of USD 2,711,487 at the end of third year of 2028/2029

1. Payback period is within 30 Months.
2. NPV is positive.
3. The project has a social impact to villagers in Msata ward and national at large, with fully Tax being paid.

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The financial analysis shows the project is viable as it will pay the loan in the period of one and a half years. Cash flow show that at the end of third years the project will have enough fund to sustain itself. The net Present value is positive and it shows a sign of profitability and sustainability.

Further, the retained earnings from the project will be used to expand business by installing new factories, machineries and purchasing new vehicles for logistic business. On the basis of these conclusion is hereby given

**8 CONCLUSION**

The board of Directors belief that the project is viable and is of benefit to the community as it will employ indigenious people of Msata and neighbor village, hence increase Income and improve their standard of living. The contribution to the nation through taxes and other means, will contribute to Tanzania development and be beneficial to the nation and Public at large.

Therefore, we submit our request.

**Hamoud Masenga Msakamali**  
**CEO/Director**

.....  
**Date**

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**Separately Attached Documents**

- a) Organization Chart
- b) Certificate of incorporation
- c) Tax Identification Number (TIN)
- d) Feasibility study
- e) Audited Financial Statements FYE 31<sup>st</sup> December, 2020-2022. (Three Years)
- f) Management Account FYE 31<sup>st</sup> December, 2023
- g) Tax Clearance
- h) Photos