

**BUSINESS PLAN FOR THE
IMPLEMENTATION PROGRAMME**

OF

M/S CASPIAN LTD

IN

**ESTABLISHING AND OPERATING MANUFACTURING FACILITIES FOR
SANDWICH PANELS, PRECAST CONCRETE and PAVING BLOCKS,
AGGREGATES.**

**PREPARED BY
M/S CASPIAN LIMITED
P. O. BOX40954
DAR ES SALAAM**

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CASPIAN LTD
ESTABLISHING OF MANUFACTURING FACILITIES FOR
PRODUCTION OF SANDWICH PANELS, PRECAST CONCRETE and
PAVING BLOCKS, AGGREGATES.

1 COMPANY'S BACKGROUND

Caspian Ltd is a private owned company incorporated in Tanzania by Registrar of Companies under company's ordinance Cap 212, on 8th of December 1987 with Certificate of Incorporation No: 14577

The company was incorporated with a prime objective of setting up manufacturing facilities for production of high quality Sandwich panels, Precast Concrete, Paving Blocks and Aggregate, thereby promoting the growth of local manufacturing industries hence reduce dependence on the low quality products which are in the market at the moment. High quality, technology and goodwill will make the Project to dominate the existing local market and the growing International demand.

The Project is estimated to cost USD 26.8 M on new and modern Plant & Machinery etc so as to produce high quality products.

2 THE COMPANY'S OBJECTIVES

Caspian Ltd is company which was establish with an objective to establish a project for manufacturing various building and construction materials/products including sandwich panels, Precast Concrete, Paving Blocks etc.

3 SHAREHOLDERS (PROMOTERS)

The following are the owners/shareholders and promoters of the intended Project.

No	Name of Shareholders	No. of shares	Nationality	% shareholding structure
1.	AKRAM AZIZ ABDULRASOOL	900,000	Tanzanian	89.99%
2.	JEHANGIR AZIZ ABDULRASOOL	100,000	Tanzanian	10.00%
3	HALID AHMED MWASUMILWE	1	Tanzanian	0.01%
	TOTAL	1,000,001		100%

The authorized capital of the company is Tshs. 1,000,001,000/= divided into 1,000,001 ordinary shares of Tshs. 1000/= each.

4 LOCATION

The Project is located at Maili street 35,visiga ,Miramboni ,Kibaha However, in the near future the Project promoters are planning to open two more projects in Lake zone and central zone where production/manufacturing of Sandwich panels, Precast Concrete and Paving Blocks, and Aggregates will be done.

5 PROJECT DESCRIPTION

Caspian Ltd was established with a main objective of setting up manufacturing facilities for production of high quality Sandwich panels, Precast Concrete, Paving Blocks and Aggregates. The Business plan for this project was prepared to give an analysis of the financial, human, technical and other resources required for the implementation of the Proposed Project.

The Plan also assess the economic and commercial viability in order to invest heavily in terms of machinery equipment, working capital, management and workforce training.

6 POTENTIAL MARKET

The market research conducted by the consultant in collaboration with the promoters/shareholders of the company has revealed that there is potential market for Sandwich panels, Precast Concrete and Paving Blocks and Aggregate locally and International. Our local customers will include individual customers, firms, institutions, construction firms etc. The Company will also supply to the external market especially in the neighboring countries.

7. FINANCIAL PLAN (SOURCE OF FUNDS)

The Shareholders/ Promoters of Caspian Ltd have allocated funds for the Proposed Project by its **own local fund and local loan:-**

Local fund (equity)	USD \$ 1million
Bank OD	USD \$ 1million
Local loan	<u>USD \$ 32million</u>
TOTAL	<u>USD \$ 34. million</u>

INVESTMENT BREAK DOWN

Land/Building	USD \$ 1.6million
Plant/Machinery	USD \$ 28.5million
Vehicles	USD \$ 718thousand
Furniture and Fittings	USD \$ 100thousand
Working Capital	<u>USD \$ 1million</u>
TOTAL CAPITAL	<u>USD \$ 32.0million</u> *

8. BUSINESS STRATEGY

CASPIAN LTD has also gone further in setting up some business strategies so as to meet the current demand, high productivity of quality Sandwich panels, Precast Concrete and Paving Blocks, and Aggregates and capture the local markets. Therefore, the management of the Company has developed and implemented the following business strategies which are Technology/Quality, Advertisement/promotion, employing qualified and experienced personnel, On the job training and business Discipline.

9. PROMOTION/ ADVERTISEMENT

CASPIAN LTD has set up some strategies in order to promote its well packed high-quality Sandwich panels, Precast Concrete and Paving Blocks, and Aggregate which will be for local market. The Major strategy is advertisement which forms part of the marketing strategy; this will be embarked upon in the newspapers, website and in the televisions and a strong marketing team.

10. COMPETITION/MARKET

There are a number of manufacturers in Tanzania; however, few can compete with our high quality Sandwich panels, Precast Concrete and Paving Blocks, and Aggregates. The Company has set some business strategies in order to compete with other manufacturers of these products.

Though there is extensive market for high quality Sandwich panels, Precast Concrete and Paving Blocks, and Aggregates as the supply is not enough compared to the level of the market. As the demand/ Market size is increasing day by day due to usage in different places (to **individual customer, firms, institutions, construction Projects and etc.**)

CASPIAN LTD will employ staff with experiences and specialized in production of quality Sandwich panel, Precast and Aggregate, therefore they had been in that field for many years. The company anticipates to dominate the local and export market because the Company has set up business and marketing strategies, and also determined to manufacture high quality products.

11. ECONOMIC GROWTH

Positive economic growth which had been registered in Tanzania, have attracted more investments in the Tanzania such as the proposed project.

The economic growth resulted by various economic activities has influenced the demand of the high quality Sandwich panels, Precast

Concrete and Paving Blocks, and Aggregates which are going to be produced by Caspian Ltd. These products will be sold to individual customer, firms, institutions, construction Projects and etc.

In actual facts the demand is growing day by day for both local markets.

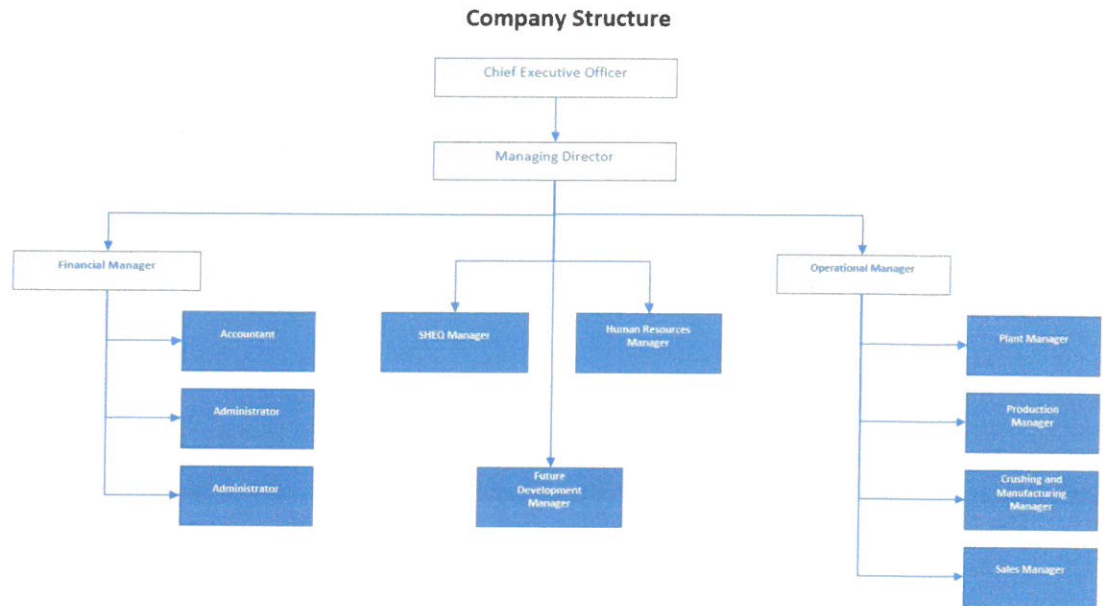
12. ENVIRONMENTAL ISSUE

All operations of industrial activities and the whole process of production of high-quality Sandwich panels, Precast Concrete and Paving Blocks, and Aggregates are environmental friendly. The pieces and unwanted materials will be recycled according to the rules and regulation set by Government.

13. PROJECT MANAGEMENT

CASPIAN LTD is professionally managed and headed by the Managing Director and supporting managers. Mr. Akram Aziz is the Managing Director of the Company; He is well versed in construction, mining, manufacturing industry, etc. The other Director is Mr. Jehangir Aziz who is also assisted by managers.

THE COMPANY'S ORGANIZATION CHART



14. PROJECT'S IMPLEMENTATION SCHEDULE

14.1 May – June 2020

- Preparing the Business Plan and all other documentation for establishing and operating a Manufacturing facilities for production of high quality Sandwich panels, Precast Concrete and Paving Blocks, and Aggregates for International and local market.
- Registration of the Proposed Project with Tanzania Investment Centre.
- Getting Certificate of Incentives.
- Application for Import Duty exemption on Deemed Capital Goods.
- Ordering/Importing the new and modern Plant & Machinery, Equipment etc.

14.2 October - November 2020

- Installing the Plant & Machinery for Production Recruiting new staffs and training them on new technology skills (new machinery).

14.3 December - January 2020/21

- Fully commencement of production.

15. MANPOWER AND TRANSFER OF TECHNOLOGY

M/S CASPIAN LTD in manufacturing of high-quality products will usher in the Country new technology (Transfer of knowledge/technology). The advantages to the Country are quite significant and will get the advantage of value addition due to such incoming technology.

Further the country can reduce its dependence on importation of these products. These will be available in the Country at reasonable price and in a good quality.

The production of high-quality Sandwich panels, Precast Concrete and Paving Blocks, and Aggregates are of great use in the country such as employment, technology, government revenues etc.

The Project will cause more people to be employed in the Company about 475 local people and 25 Foreign people , local people will be trained how to operate the machinery (Transfer of knowledge/ skills)– New technology. Their employment will raise their income and improve their social welfare and pay taxes; it is poverty alleviation programme to them.

Local employees will get on job training and in a long run will improve the technical competence of the production of high-quality Sandwich panels, Precast Concrete and Paving Blocks, and Aggregates

16. ADVANTAGES OF THE PROJECT

The proposed project will have a great advantage to the United Republic of Tanzania which are;-

- **PAYING TAXES– Caspian Ltd** will contribute to the government revenue through taxes and other levies.
- **JOB CREATION/ EMPLOYMENT - Caspian Ltd** will create more employment (more job opportunities from unskilled to professionals/technicians etc.)

- **TECHNOLOGY/ SKILL DEVELOPMENTS-** (human resources development) through on job training and use of new and modern machinery as well as application of new technology application.
- **INCOME GENERATION** - alleviation of poverty and improve their social welfare.
- will foster the growth of the Industrial sector in Tanzania.
- Will solve the insufficient supply, substandard quality of products and make these products available at affordable price.
- To promote growth and expansion of private sector.

17 PROSPECTS/ FUTURE PLAN

- To import new and sophisticated modern machinery
- To introduce new technology.
- To increase quality and production performance.
- To increase the volume of production capacity.

18. CONCLUSION AND RECOMMENDATION

The financial evaluation of the proposed project done so far indicates that the project will be profitable both economically and financially viable venture. There are also many other benefits direct to this project like taxes, employment, availability of products, technology etc

The management being experienced businessmen possesses ample managerial capabilities in various business disciplines. Based on the above factors, it is recommended that the company should be granted the certificate of incentives so as to commence the proposed project by importing and installing Plant & Machinery and increase its production capacity.

FINANCIAL PROJECTIONS

CASPIAN LIMITED

Appendix-I

Forecast 5 Year: Income Statement (Fig. USD \$ '000')

Year	1	2	3	4	5
	Forecast	Forecast	Forecast	Forecast	Forecast
Currency	US\$	US\$	US\$	US\$	US\$
Income	28,961	31,655	34,675	37,985	37,985
Total Income	28,961	31,655	34,675	37,985	37,985
-					
TOTAL					
Cost of Production	14,481	15,827	17,338	18,993	18,993
Total Contract Costs	14,481	15,827	17,338	18,993	18,993
-					
GP	14,481	15,827	17,338	18,993	18,993
Total GP	14,481	15,827	17,338	18,993	18,993
GP% on cost (mark-up)	50%	50%	50%	50%	50%
OPERATING EXPENSES					
Administrative expenses	1,738	1,899	2,081	2,279	2,279
Personnel expenses	2,896	3,165	3,468	3,799	3,799
Exchange (Gain)/Loss	72	79	87	95	95
Interest Paid - Bank Overdraft	1,949	1,684	1,228	772	317
Marketing other expenses	1,376	1,504	1,647	1,804	1,804
Depreciation	3,216	3,119	2,758	2,440	2,159
(Profit)/Loss on sale of Fixed Assets	-	-	-	-	-

TOTAL	11,247	11,450	11,268	11,190	10,453
PBT	3,233	4,378	6,069	7,803	8,540
TAX					
Provision for income tax	970	1,313	1,821	2,341	2,562
3 or 5% Withholding Tax Paid	-	-	-	-	-
NET PROFIT	2,263	3,064	4,249	5,462	5,978
NP% on cost (mark-up)	16%	19%	25%	29%	31%
NP% on revenue (margin)	8%	10%	12%	14%	16%
PBT% on cost (mark-up)	22%	28%	35%	41%	45%
PBT% on revenue (margin)	11%	14%	18%	21%	22%
Accum profits B/FWD		2,263	5,328	9,576	15,038
NET	2,263	3,064	4,249	5,462	5,978
Accum profits C/FWD	2,263	5,328	9,576	15,038	21,016

Forecast 5 Year: CASH FLOW (Fig. USD \$ '000')

Year	1	2	3	4	5
Currency	US\$	US\$	US\$	US\$	US\$
Operating profit/(loss)	2,263	3,064	4,249	5,462	5,978
Depreciation	3,216	3,119	2,758	2,440	2,159
Remove profit on sale of fixed assets					
Operating cash flow before working capital effects	5,479	6,183	7,007	7,902	8,137
(In)/decrease in inventories	-200	0	0	0	0
(In)/decrease in contract accounts receivable	-2413	-224	-252	-276	0
(In)/decrease in other receivables					
In/(decrease) in trade creditors	1,759	167	184	201	(3)
In/(decrease) in Other accruals	-8399	-9180	-10056	-11016	-11016
Working capital effects	-9,253	-9,237	-10,124	-11,090	11,019
Operating cash flow	-3,774	-3,054	-3,117	-3,188	-2,881
Returns on investment and servicing of finance					
Interest paid on overdraft	1,949	1,684	1,228	772	317
Exchange (gain)/loss					
Dividends paid					
Net cash flow from servicing finance	1,949	1,684	1,228	772	317
Corporation tax paid	970	1,313	1,821	2,341	2,562
Withholding tax suffered	-	-	-	-	-
Tax paid	970	1,313	1,821	2,341	2,562
Investing activities					
Payments to acquire property, plant & equipment	-27,794	3,119	2,758	2,440	2,159
Proceeds on sale of property, plant & equipment	-				
Net cash flow from investing activities	-27,794	3,119	2,758	2,440	2,159
Net cash flow before financing	-28,648	3,062	2,691	2,366	2,157
Financing - drawdown / (repayment)					

Bank	26,034	-6,508	-6,508	-6,508	-6,508
Equity	1,000	-	-	-	-
In/(decrease) in other short-term borrowings	2,263	3,064	4,249	5,462	5,978
Net cash flow from financing	29,297	-3,444	-2,260	-1,046	-531
Net cash flow	649	-383	431	1,320	1,626
Cash & overdrafts brought forward		649	267	698	2,017
Cash & overdrafts carried forward	649	267	698	2,017	3,643
Analysed:					
Cash at bank and in hand	1,649	1,267	1,698	3,017	4,643
Bank overdrafts	-1,000	-1,000	-1,000	-1,000	-1,000
Cash & overdrafts carried forward	649	267	698	2,017	3,643

M/S CASPIAN LTD

PROJECTED LONG TERM LOAN REPAYMENT

(Fig. in USD \$ '000')

Year	Repayment			Amount (000)
	Principal	Interest	Total	
O				32,000
I	5,966	1,879	7,845	26,034
II	6,508	1,614	8,122	19,525
III	6,508	1,158	7,666	13,017
IV	6,508	702	7,211	6,508
V	6,508	247	6,755	0

M/S CASPIAN LIMITED

Forecast 5 Year: BALANCE SHEET (Fig. in USD \$ '000')

Year	1	2	3	4	5
	Forecast	Forecast	Forecast	Forecast	Forecast
Currency	US\$	US\$	US\$	US\$	US\$
NON-CURRENT ASSETS					
Property, plant & equipment	27,794	24,675	21,916	19,476	17,317
Assets Revaluation	-	-	-	-	-
Investments	-	-	-	-	-
CURRENT ASSETS					
Cash at bank & in hand	1,649	1,267	1,698	3,017	4,643
Inventories	200	200	200	200	200
Accounts receivable & Other Assets	2,413	2,638	2,890	3,165	3,165
Loans receivable	-	-	-	-	-
Total current assets	4,263	4,105	4,787	6,383	8,008
CURRENT LIABILITIES			-		
Accounts payable	1,759	1,927	2,110	2,312	2,309
Bank overdrafts	1000	1000	1000	1000	1000
Total current liabilities	2,759	2,927	3,110	3,312	3,309
NET CURRENT ASSETS	1,504	1,178	1,677	3,071	4,699
Total assets less current liabilities	29,297	25,853	23,593	22,547	22,016
Long-term loans	26,034	19,525	13,017	6,508	0
NET ASSETS	3,263	6,328	10,576	16,038	22,016
Share capital	1,000	1,000	1,000	1,000	1,000
Shareholder loan	-	-	-	-	-
Revaluation reserve	-	-	-	-	-
FX revaluation reserve	-	-	-	-	-
Accumulated profits	2,263	5,328	9,576	15,038	21,016
SHAREHOLDER'S FUNDS	3,263	6,328	10,576	16,038	22,016