

JU YE CONCRETE COMPANY LIMITED

BUSINESS PLAN FOR
ESTABLISHMENT OF BUILDING
MATERIALS

1. EXECUTIVE SUMMARY

The feasibility study has been prepared by M/S JU YE CONCRETE for the implementation in establishing and operating a project for setting up facilities for manufacturing high quality production Building materials and concrete mixing project for building.

The study was prepared to show the financial economic and other resources required for the implementation of the building materials project and also assess its economic and commercial viability for presentation to company's promoters (shareholders) for allocation of funds and machinery as well as equipment to supplement the equity contribution.

2. COMPANY BACKGROUND

M/S JU YE CONCRETE CO. LTD is a private limited liability company incorporated and registered under companies Ordinance (Cap 212) by Registrar of companies on 10th day of March 2017, with certificate of incorporation Number 133839

The company was incorporated with prime objectives of carrying on business of manufacturing of preparing and supplying of all types and size of concrete supplier for construction civil or building works, Building Materials, Hardware's, machine tools cement iron sheet bars ceiling boards, stones cheaping of aggregates and all materials related to construction or civil work to individuals businessmen and companies, weather local or foreign. As a result the company can earn the local and foreign currency.

3. LOCATION

The project will be located at Plot No. 234 Arusha

4. THE SPONSOR

JU YE CONCRETE CO. LTD will be sponsoring this project. The company is currently jointly owned by three shareholders with share capital of TSHS.....the following sponsors are promoting the intended

	NAMES	SHARES	NATIONALITY
1	Xu Shui You	50	China
2	Huang Xiang Zhong	25	China
3	Xu Hong Juan	25	China
	TOTAL	50	

5. OBJECTIVE OF THE STUDY

The main purpose of the project proposal is to establish and operate facilities for manufacturing high quality Building Materials and mixing concrete to correspond with the growing demand. The quality of company's products will guarantee customers satisfaction in this intended programme.

There is very big market for the high quality concrete Mixing and Building materials which influenced the management of MS/ JU YE CONCRETE CO. LTD to invest in manufacturing them. The proposed project will import machinery from China and install new modern and sophisticated machinery and use of new Chinese technology..

6. POTENTIAL MARKET

There is an extensive market potential for the company's building materials and concrete mixing manufactures under this implementation programme as the market is growing day by day especially in urban as well as rural areas for construction, Civil Works, Building Works projects. The intended project in its implementation programme will manufacture different kind of Building materials.

A recent survey undertaken by M/S JU YE CONCRETE CO. LTD has realized that there is high demand for high quality concrete mixing which will be made suitable for construction, civil works, and Building works projects.

There are number of factors which will make the proposed project to dominate the market such as quality and goodwill. There are few manufactures and supplier of concrete mixing for construction and civil works who can compete with the company's quality products.

The improvement and growth in agricultural, industrial and commercial sectors has proved that there

7. PRODUCTS/SERVICES

Concrete Installation has developed sophisticated formwork solutions for some of the most complex construction projects being done today. The company's standard form systems are versatile and completely adaptable to a variety of configurations such as Y-walls, shafts, and circular walls.

The Concrete Installation system can be adapted to almost any construction requirement that calls for forming. The company's expert staff has the capability to design and manufacture any custom component or accessory item that may be required to complete the formwork package.

Owners, developers, construction managers, general contractors, and concrete subcontractors have realized substantial savings in labor and material costs by using structural contours construction methods, systems and equipment. Applications include commercial and residential structures, bridges, educational projects, recreational projects, civil projects, tunnels, utility projects, environmental projects, and virtually every other type of concrete construction.

8. CAPACITY

The proposed project to sells 1000 tons of various goods per years.

9. PROJECT MANAGEMENT AND MANPOWER REQUIREMENTS

JU YE CONCRETE CO. LTD will be under the Management with vast experience in managing various agribusinesses; the project will be directly managed by The Manager by 46 employees

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	0	18	4	22
Men	4	15	5	24
TOTAL	4	23	9	46

10. MONITORING AND EVALUATION

The management has full commitment to ensuring goods and services provided maintain the safety and standards required in the market. The quality control unit will establish a system a routine checking getting feedback from customers, management philosophy is through business process, managers will strive to ensure compliance to standards and safety of products and customers they serve

11. ENVIRONMENT PROTECTION

Concrete Installation will be committed to conducting business in a manner that protects the health and safety of all employees, customers, and persons living in the community where it operates. To accomplish this, Concrete Installation will ensure that it complies with current Health Administration and Occupational Health and Safety laws and will maintain its operations, procedures, technologies, and policies accordingly. Each employee will have the responsibility to fully comply with established safety rules and to perform work in such a manner to prevent injuries to themselves and others. Concrete Installation is very concerned about job-site safety and plans to set up a comprehensive safety program.

12. PROJECT INVESTMENT COST

The estimated capital investment cost of the project is **US\$ 505,000** will be fixed investment costs.

JU YE CONCRETE COMPANY LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	0.00
Machinery & Equipment	70,000.00
Motor Vehicles	80,000.00
Furniture & Fixtures	70,000.00
Pre exp	5,000.00
Others	20,000.00
Working Capital	260,000.00
TOTAL	505,000.00

For the project to be a reality a total investment amounting to **US\$505,000** is needed

12.1 FINANCING PATTERN

The project will be financed by equity by 100%; constituting **US\$ 505,000**

12.2 PROJECT OPERATING COSTS

In order to realize its intended objective, the project will have to meet the operating costs budgeted to be 70%.

12.3 FINANCIAL ANALYSIS

Considerations and Assumptions:

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

Revenues have been conservatively estimated based on experience of the promoters and trends in the bakery industry.

12.4 FINANCIAL STATEMENTS:

Projected Revenue

JU YE CONCRETE COMPANY LIMITED PROJECTED REVENUE

	1	2	3	4	5
Revenue	360,000.00	396,000.00	435,600.00	479,160.00	527,076.00

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

12.5 PROJECTED PROFIT AND LOSS STATEMENT

The Income and Expenditure Statement shows the projected income for the 5 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. US\$**31,150** in first year to US \$**818,606** in the 5 year,

Appendix I

**JU YE CONCRETE COMPANY LIMITED PROJECTED INCOME &
EXPENDITURE STATEMENT**

“US \$”505,000

	1	2	3	4	5
Revenue	360,000.00	396,000.00	435,600.00	479,160.00	527,076.00
Cost of sales (77% of revenue):	277,200.00	304,920.00	335,412.00	368,953.20	405,848.52
Operating Expenses	10,800.00	11,880.00	13,068.00	14,374.80	15,812.28
Gross Profit Before Interest and Depreciation	72,000.00	79,200.00	87,120.00	95,832.00	105,415.20
Depreciation	27,500	24,063	21,055	18,423	16,120
Interest	-	-	-	-	-
Gross Profit After Interest and Depreciation	44,500.00	55,137.00	66,065.00	77,409.00	89,295.20
Tax (30%)	13,350.00	16,541.10	19,819.50	23,222.70	26,788.56
Net Profit	31,150.00	86,287.00	152,352.00	229,761.00	319,056.20
Accumulated Profit	31,150	117,437.00	269,789.00	499,550.00	818,606.20

12.6 PROJECTED CASH FLOWS

This is shown in the financial statements. The project has a positive end of year cash flow from year 1st, i.e. US\$ **58,650** of operation to the 5th year i.e. US\$ **339,847**,

Appendix II

JU YE COMPANY LIMITED PROJECTED CASH FLOW US\$

	0	1	2	3	4	5
SOURCES:						
Profit before interest and depreciation	0	72,000.00	79,200.00	87,120.00	95,832.00	105,415.20
Equity	505,000.00					
Total Sources	505,000.00	72,000.00	79,200.00	87,120.00	95,832.00	105,415.20
Applications:						
Capital expenditure	220,000	-	-	-	-	-
working Capital &Others	285,000.00	-	-	-	-	-
Cash	0	58,650.00	62,659.00	67,301.00	72,610.00	78,627.00
Tax	-	13,350.00	16,541.10	19,819.50	23,222.70	26,788.56
Sub total	505,000.00	72,000.00	79,200.10	87,120.50	95,832.70	105,415.56
Total applications	505,000.00	72,000.00	79,200.10	87,120.50	95,832.70	105,415.56
Accumulated cash		58,650.00	121,309.00	188,610.00	261,220.00	339,847.00

12.7 PROJECTED BALANCE SHEET

The projected Balance Sheet of the project is shown in the financial statements under same heading. Total capital of the project increases from US\$ **505,000** in the first year of operation to US \$ **824,056** in the 5th year.

Appendix III

JU YE CONCRETE COMPANY LIMITED PROJECTED BALANCE SHEET

US \$

	0	1	2	3	4	5
<u>Fixed Assets</u>						
Opening balance	-	220,000	192,500	168,438	147,383	128,960
Total Long-term Assets	-	220,000	192,500	168,438	147,383	128,960.
Less depreciation	-	-	-	-	-	-
Closing balance	-	220,000	192,500	168,438	147,383	128,960.
Working capital	285,000	285,000	285,000	285,000	285,000	285,000
Accumulated cash	-	58,650	121,309	188,610	261,220	339,847
Total assets	285,000	563,650	598,809	642,048	693,603	753,807
Financed by						
Equity	505,000	505,000	505,000	505,000	505,000	505,000
Net profit	-	31,150	86,287.00	152,352	229,761	319,056.2
Total equity	505,000	536,150	591,287.00	657,352	734,761	824,056.2
Total debts	-	-	-	-	-	-
Total equity and debts	505,000	536,150	591,287	657,352	734,761	824,056.2

12.8 PROJECTED PAYBACK PERIOD

Total investment is US \$ **505,000** cash accumulation the fourth year is US\$ **590,591** which is more than the initial investment by US\$ **85,591** the project payback Period is within 4 years,

The project has a relatively short payback period. It is remarkably impressive for a project whose investment is as big as US\$ **505,505** being recovered within 4 years.

Appendix IV

JU YE CONCRETE COMPANY LIMITED PAY BACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	31,150.00	27,500	58,650.00	58,650.00
2	86,287.00	24,063	110,350.00	169,000.00
3	152,352.00	21,055	173,407.00	342,407.00
4	229,761.00	18,423	248,184.00	590,591.00
5	319,056.20	16,120	335,176.20	925,767.20

12.9 ECONOMIC ASPECTS

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

- The project is an ideal option for utilization business opportunity available in Tanzania market
- The project will create employment for 46 people on permanent contract basis as well as on temporary basis.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and pay as you earn.
- The project will have transfer of knowledge and skills as far as super market industry is concerned

12.10 IMPLEMENTATION

Project implementation is expected to be relatively very short once project has been approved it is estimated that construction of hotel will be completed within one year: -

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	May 2021
2	Rehabilitation of premises	May-July 2021

4	Ordering various super market items	August 2021
5	Setting and arranging various items	September 2021
6	Testing operations	October 2021
7	Commercial Operations	November 2021

13 CONCLUSION AND RECOMMENDATIONS

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

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 1997