

**GREAT CITY MATERIAL TANZANIA LIMITED**

Business Plan

FOR

Building materials (Roofing  
sheets and steel tubes)  
production Project

## **1.0 EXECUTIVE SUMMARY**

**GREAT CITY MATERIAL TANZANIA LIMITED** is engaged in building material businesses as its core business, and well known for quality products in Tanzania.

**GREAT CITY MATERIAL TANZANIA LIMITED** potential customers include the following among other once customers: Real estate developer, individuals etc

The original project vision is to provide reasonably priced products, underpinned by increased supply of building materials into Tanzania market, relative to demand and thus the ability to maintain prices low. GREAT CITY MATERIAL TANZANIA LIMITED will strive to work towards achieving the vision.

- 1.2 The main objective of the company is to establish itself in EAC countries and generate a turnover of more than US\$3 million in three years.

## **2.0 COMPANY OVERVIEW**

**GREAT CITY MATERIAL TANZANIA LIMITED** is a company incorporated in Tanzania with a certificate of incorporation No. 137861909 dated 11<sup>th</sup> October 2018, **GREAT CITY MATERIAL TANZANIA LIMITED** is engaged in building materials manufacturing.

## 2.1 COMPANY OWNERSHIP

**GREAT CITY MATERIAL TANZANIA LIMITED** is owned by three investors

<b>Shareholders</b>	<b>Nationality</b>	<b>Percentage of ownership</b>
ALL CITY SINGAPORE PTE. LTD.	Singapore	60
ZHANG XIAORAN	Chinese	39.9
CHEN JIAN	Chinese	0.1

## 2.2 BUSINESS PURPOSE

**GREAT CITY MATERIAL TANZANIA LIMITED** is started when the current owners observed that there was a market gap, which created by the failure by the present industry players to cater for domestic market, GREAT CITY MATERIAL TANZANIA LIMITED realised that customers were finding it difficult to get reasonable prices and prompt services. Building materials manufacturers in Tanzania is characterised by SMEs, with the majority struggling to build and establish their companies and brands. As I was experienced in industries which were more customers central; in terms of quality, cost effectiveness and last minute delivery schedule saw the opportunity to enter into this segment (one stop shop). Where iron sheet galvanised will be provided at the same window

### **2-3 VISION**

The vision of the company also extended to establishing branches in all EAC countries, however with HQ remaining in Tanzania.

**GREAT CITY MATERIAL TANZANIA LIMITED** is a sole executive-managed business with support from the lower management personnel like technician, accountant and drivers.

**GREAT CITY MATERIAL TANZANIA LIMITED** is experienced and skilled in managing building materials production, the company is operating the same business in China, with an professional background of building materials production management and marketing. The Tanzania market is still un maturing and GREAT CITY MATERIAL TANZANIA LIMITED the opportunity to enter this particular segment of the business, with ten years experience in this sector and ten years of experience in the same field, the company can see bright future.

### 2.3 **COMPANY MISSION**

To serve customers with the highest quality products and produced precisely to their requirements.

### 3.0 **BUSINESS MODEL**

**GREAT CITY MATERIAL TANZANIA LIMITED** generates its revenue from galvanised iron sheet and GREAT CITY MATERIAL

TANZANIA LIMITED would like to strengthen the same opportunity to move us forward. Like in any other company, **GREAT CITY MATERIAL TANZANIA LIMITED** has a revenue generation ratio of 60 % and others 40 %. as the target market segment being serviced is SMEs which are more price sensitive. It is envisaged that with the introduction of new capital, margins will improve to 50% and above, as the company will be able to serve big companies as well as big real estate developers like National housing, pension funds, private companies etc 's who are quality conscious and have sustained brand building initiatives, rather than the price sensitive SMEs category.

**GREAT CITY MATERIAL TANZANIA LIMITED** is looking to streamline its profitability to take it to the next level by inducing new technology to cut down operating cost.

**GREAT CITY MATERIAL TANZANIA LIMITED** has looked forward to work with their client to maintain relationships by offering value added services like advising them on the

marketing strategy, in addition to creating new revenue generation

#### **4.0 LOCATION.**

The project production premises will be located at **Plot No.33/34 Block A, Makuburi Industrial Area,Nyerere road,Dar Es Salaam**

#### **5.0 THE PROJECT PROMOTERS**

The shareholders of this project are all entrepreneurs with diverse professional and business backgrounds, the company is owned by three shareholders from China

#### **6.0 PRODUCTS AND/OR SERVICES**

**Products:**

- Galvanized roofing sheets,
- Corrugated roofing sheets etc.
- Steel tube pipes of different size and dimensions

#### **6.1 CAPACITY GENERATION**

GREAT CITY MATERIAL TANZANIA LIMITED is planning to produce various building materials Production capacity

(a) roofing sheet :500tons /month

(b) steel tube pipes :1000tons /month

The company will have a futuristic plan to increase the number every year manufacture those once we establish in the business and achieve our targets.

## **6.2 COMPETITIVE PROFILE**

We have competitors at different levels and products, **GREAT CITY MATERIAL TANZANIA LIMITED** is focused to quality and service every need of their clientele.

## **7.0 KEY SUCCESS FACTORS**

A quality, value, prompts delivery, flexibility and relationship.

## **7.1 BARRIERS TO ENTRY INTO THE INDUSTRY**

A typical barrier is the acquisition of the land, skilled workers, power reliability, and raw, technical knowhow.

## **7.2 UNIQUE CAPABILITIES/CREATING COMPETITIVE ADVANTAGE**

**GREAT CITY MATERIAL TANZANIA LIMITED** is engaged in building materials in China as its core business, at present we are known for our quality products and prompt delivery.

## **7.3 MARKETING STRATEGIES**

As a marketing strategy GREAT CITY MATERIAL TANZANIA LIMITED would target the corporate market as well as households. Looking for unique ideas/strategies to help me get my foot in the door, Building up rapport and relationship with those clientele for lifelong will fetch more business.

## **7.4 ADVERTISING, PROMOTIONS, PUBLIC RELATIONS**

GREAT CITY MATERIAL TANZANIA LIMITED will advertise mainly through social media, online, print and billboards, this will lead to high conversion ratio of turning a prospective into a client and a client into a lifelong relationship.

## **7.5 SALES ORGANISATION**

We will require a marketing and sales manager and **20** employees to be employed

## **8.0 PRICING STRATEGY**

Pricing will be done on the competitiveness of the market and cost of the production and required.

## **8.1 SERVICE AND SUPPORT**

Superior customer service builds loyalty and repeat business, and therefore ongoing revenue for your company. As our company establishes we will have offices and representative across East Africa to ensure support and services.

## **8.2 STRATEGIC ALLIANCES UNDERTAKEN OR PROPOSED**

As the company grows we will have alliances with potential customers, real estate's developers and supporting institutions

## **8.3 MANAGEMENT TEAM**

We will have a qualified and experienced team of management under the much experienced CEO and Founder

## **8.4 PERSONNEL TO BE ADDED IN ORDER TO BUILD A SUCCESSFUL TEAM**

New personnel will be added as the company grows and in line with company strategy.

## **8.5 OPERATIONS AND FACILITIES**

**GREAT CITY MATERIAL TANZANIA LIMITED** will have production unit at **Plot No.33/34 Block A, Makuburi Industrial Area ,Nyerere road, Dar Es Salaam**

to cut down the cost and will have an office in City centre for the wider reach to its clientele.

## **8.6 LICENSING AND REGULATORY ISSUES**

**GREAT CITY MATERIAL TANZANIA LIMITED** will have all the licenses required by the respective regulatory boards to carry on the business namely Certificate of incorporation TIN, VRN, OSHA, fire and safety, business license.

## **9.0 PROJECT'S INVESTMENT CAPITAL INVESTMENT**

The estimated capital investment cost of the project is US\$2,000,00.

<b>PARTICULAR</b>	<b>US\$</b>
Land and Buildings	400,000.00
Machinery & Equipment	1,100,000.00
Motor Vehicles	150,000.00
Furniture & Fittings	2,000.00
Pre expenses	48,000.00
Working Capital	300,000.00
<b>TOTAL</b>	<b>2,000,000.00</b>

## 9.1 Financing Pattern

The project will be financed by equity and loan from financial institutions

	US\$
Equity	1,300,000
Loan	700,000
<b>Total</b>	<b>2,000,000</b>

## 9.2 Financial Analysis

### 9.3 Considerations and Assumptions:

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight line method to depreciate the project's capital items has been applied, it is assumed to be 5% annual depreciation. It is assumed that the major building raw material will be procured from local market and other will be imported.

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

8 years' financial projections have been worked out

#### 9.4 **Financial Statements:**

#### 9.5 **Projected Rental Revenue**

For projection purposes, it is assumed that the economic life of the project is 5 years, and that revenue from commercial building business commence from the first year of operation.

**GREAT CITY MATERIAL TANZANIA LIMITED PROJECTED REVENUE**

-	1	2	3	4	5
Revenue	3,500,000.00	3,535,000.00	3,570,350.00	3,606,053.50	3,642,114.04

#### 9.6 **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\$ **515,060** in first year to US\$2,708,656.32 **in** the 5 year

**GREAT CITY MATERIAL TANZANIA LIMITED PROJECTED PROFIT AND LOSS STATEMENT US\$**

-	1	2	3	4	5
Revenue	3,500,000.00	3,535,000.00	3,570,350.00	3,606,053.50	3,642,114.04
<b>Cost of goods</b>	2,450,000.00	2,474,500.00	2,499,245.00	2,524,237.45	2,549,479.82
<b>Operating Expenses</b>	245,000.00	247,450.00	249,924.50	252,423.75	254,947.98
<b>Profit before Depreciation &amp; Interest</b>	805,000.00	813,050.00	821,180.50	829,392.31	837,686.23
<b>Interest</b>	56,000.00	36,000.00	30,000.00	24,000.00	18,000.00
<b>Depreciation</b>	13,200.00	20,000.00	13,200.00	13,200.00	13,200.00
<b>Gross Profit</b>	735,800.00	757,050.00	777,980.50	792,192.31	806,486.23
Tax (30%)	220,740.00	227,115.00	233,394.15	237,657.69	241,945.87
<b>Profit After Tax</b>	515,060.00	529,935.00	544,586.35	554,534.61	564,540.36
Accumulated Profit	515,060.00	1,044,995.00	1,589,581.35	2,144,115.96	2,708,656.32

**9.7 Projected Cash Flows**

This is shown in the Projected Cash Flows Statement in appendix II. They indicate that the project will meet its entire financial obligation, the cash flow in the first year **US\$ 584,260** and grow up to **US\$ 2,945,456** in 5<sup>th</sup> year,

**GREAT CITY MATERIAL TANZANIA LIMITED PROJECTED CASH FLOWS US\$**

	0	1	2	3	4	5
<b>SOURCES:</b>						
Profit before interest and depreciation	0	<b>805,000</b>	<b>813,050</b>	<b>821,181</b>	<b>829,392</b>	<b>837,686</b>
Equity	1,300,000.00					
Loan	700,000.00					
<b>Total Sources</b>	<b>2,000,000.00</b>	<b>805,000.00</b>	<b>813,050.00</b>	<b>821,180.50</b>	<b>829,392.31</b>	<b>837,686.23</b>
<b>Applications:</b>						
Capital expenditure	1,402,000.00	-	-	-	-	-
working Capital &Others	598,000.00					
Cash	0	584,260.00	585,935.00	587,786.35	591,734.61	595,740.36
Tax	-	220,740	227,115	233,394	237,658	241,946
<b>Sub total</b>	<b>2,000,000.00</b>	<b>805,000.00</b>	<b>813,050.00</b>	<b>821,180.50</b>	<b>829,392.31</b>	<b>837,686.23</b>
<b>Total applications</b>	<b>2,000,000.00</b>	<b>805,000.00</b>	<b>813,050.00</b>	<b>821,180.50</b>	<b>829,392.31</b>	<b>837,686.23</b>
Accumulated cash		584,260.00	1,170,195.00	1,757,981.35	2,349,715.96	2,945,456.32

## 9.8 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial Statements  
Total equity increases from US in **1,300,000** the first year of operation to US \$4,008,656.32 in the 5<sup>th</sup> year.

Therefore; balance sheets a healthy financial

### GREAT CITY MATERIAL TANZANIA LIMITED PROJECTED BALANCE SHEET US\$

<b>Fixed Assets</b>	-	1	2	3	4	5
Opening balance	-	<b>1,402,000.00</b>	<b>1,372,800.00</b>	<b>1,343,600.00</b>	<b>1,314,400.00</b>	<b>1,285,200.00</b>
<b>Total Long-term Assets</b>	-	<b>1,402,000.00</b>	<b>1,372,800.00</b>	<b>1,343,600.00</b>	<b>1,314,400.00</b>	<b>1,285,200.00</b>
<b>Less depreciation</b>	-	<b>29,200.00</b>	<b>29,200.00</b>	<b>29,200.00</b>	<b>29,200.00</b>	<b>29,200.00</b>
<b>Closing balance</b>	-	<b>1,372,800.00</b>	<b>1,343,600.00</b>	<b>1,314,400.00</b>	<b>1,285,200.00</b>	<b>1,256,000.00</b>
Working capital	598,000.00	598,000.00	598,000.00	598,000.00	598,000.00	598,000.00
Accumulated cash	-	584,260.00	1,170,195.00	1,757,981.35	2,349,715.96	2,945,456.32
<b>Total assets</b>	<b>598,000.00</b>	<b>2,555,060.00</b>	<b>3,111,795.00</b>	<b>3,670,381.35</b>	<b>4,232,915.96</b>	<b>4,799,456.32</b>
Financed by						
Equity	1,300,000.00	1,300,000.00	1,300,000.00	1,300,000.00	1,300,000.00	1,300,000.00
Accumulated profit	-	<b>515,060.00</b>	<b>1,044,995.00</b>	<b>1,589,581.35</b>	<b>2,144,115.96</b>	<b>2,708,656.32</b>
Total equity	1,300,000.00	1,815,060.00	2,344,995.00	2,889,581.35	3,444,115.96	4,008,656.32
Bank overdraft	700,000.00	560,000.00	420,000.00	280,000.00	140,000.00	200,000.00
<b>Total debts</b>	<b>700,000.00</b>	<b>560,000.00</b>	<b>420,000.00</b>	<b>280,000.00</b>	<b>140,000.00</b>	
<b>Total equity and debts</b>	<b>2,000,000.00</b>	<b>2,375,060.00</b>	<b>2,764,995.00</b>	<b>3,169,581.35</b>	<b>3,584,115.96</b>	<b>4,008,656.32</b>

## 10.0 Implementation Schedule

Project implementation is expected to be relatively very short once the project has been approved it is estimated that construction of serviced furnished apartment will be completed within two years:-

### Great City Material Tanzania Limited Project Implementation

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	Nov 2023
3	Mobilizing Fund	Nov –Feb 2024
3	Renovation of building	Feb -September 2024
4	Ordering Machines and other equipment	September –December 2024
5	Testing business and in house training	December -March 2025
6	Commercial operations	April 2025

## 11.0 ECONOMIC ASPECTS

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

- Building materials production. At present 50% of building materials are mainly imported from China.
- The project will involve transfer of technology in building materials manufacturing.

- The project will create employment for **20** people on a permanent contract basis as well as temporarily.
- It will create more business opportunities for local suppliers, which will also have a trickledown effect in the sub-sector.
- It will generate substantial revenue for the government in the form of corporate tax, value-added tax, and royalties.
- The project will earn substantial amounts of foreign exchange.

## **11.0 CONCLUSION AND RECOMMENDATIONS**

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

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