

**J & Z BROTHERS TANZANIA
LIMITED**

BUSINESS PLAN

FOR

**MANUFACTURING OF TYRES
AND TUBES MATERIALS**

EXECUTIVE SUMMARY.

J&Z BROTHERS TANZANIA LIMITED is a private business company incorporated in the United Republic of Tanzania with Certificate of incorporation No. 169704902 issued on 30th October 2023.

The proposed business plan is of manufacturing of tyres, tubes at **House number 30, Block number F, Plot No 32, Kilwa Road Street Dundani Industrial Area, Poastal code 61506, ward Vikindu, District, Pwani Region.**

The proposed new project shall cost US\$ 1m and creating new employment of 500 local people and 100 foreign people.

LEGAL STATUS AND COMPANY BACK GROUND BRIEF of J & Z BROTHERS TANZANIA LIMITED bears the certificate No. 169704902 issued in 2023 by BRELA.

The shareholders of **J & Z BROTHERS TANZANIA LIMITED**, the shareholders of this newly formed company are Yongling Ji and Zhigang Zhang limited both are Chinese, these are reputed people with vast experience in manufacturing industries.

The company is owned by two shareholders, namely: -

Name	% of Shares	Nationality
YONGLING JI Hongkong, People's Republic of China	50%	China
ZHIGANG ZHANG Hongkong, People's Republic of China	50%	China

LOCATION.

**House number 30, Block number F, Plot No 32, Kilwa Road
Street Dundani Industrial Area, Poastal code 61506, ward
Vikindu, District, Pwani Region.**

MISSION

Prompt and professionally high-quality service delivery to customers, aimed at ensuring that they realize the highest value for money, thereby increasing the market share and seizure of every available opportunity for the company's growth.

Core Values

Service provision with commitment, integrity and creativity while treating each customer as if they were the company's only customer

BANKERS

The company is currently maintaining bank account of the following bank.

NMB BANK

AUDITED REPORTS

J & Z BROTHERS COMPANY LIMITED will maintain good financial reports which will be audited by reputable auditor firm.

BASIS OF THE BUSINESS PLAN

A study based on rapid appraisal surveys was conducted prior to, and as the basis of preparation of this plan, the surveys were based on the following objectives and approach:

Study Objectives:

- a) To analyze the relevant market and other factors impacting upon the supply and demand of tyres and tubes in all sizes required.

- b) To examine the physical and operational characteristics of the existing market in order to determine the positioning of the proposed company's business in the market place.
- c) To conceptualize the proposed company's production and business operations, assess their economic viability, commercial profitability, social feasibility and provide a vision as to how the planned objectives should be realized.
- d) To provide supporting documentation required for manufacturing of tyres and tubes at Mkuranga and also in accessing credit facilities required in the financing of the investment capital.

Study Approach:

- a) Participatory: Semi- structured interview and discussion were held with the Company's Directors, stakeholders in packaging works and related businesses
- b) Physical visits to the company's main business premises
- c) A brief market survey on tyres and tubes industries in Tanzania, Characteristics of demand and the general market structure of tyres and tubes products, competition among suppliers and producers in the market.
- d) Conduction of profitability/viability test of the investment, using the appropriate financial projections for the initial period of five years proposed for the business operations.

THE PROJECT

Project Concept

The project involves establishing a new MANUFACTURING OF TYRES AND TUBES industry; this will include construction of and installations of modern machines, purchasing vehicles, new generator etc.

The planned production capacity is 8400 metric tons per year.

Project planned business project will entail the following main activities:

- Making shopping visit to Tanzania, China and other supplier countries to identify the suitable and appropriate machinery for the planned project.
- Ordering of the tyres and tubes production machinery, motor vehicles and their assorted and equipment from China and other overseas suppliers and entering into agreements for the purchase/ acquisition of those assets.
- Clearing of all the purchased goods from the ports of entry and transporting them to the company's premises in Dar es salaam
- Installation of the machinery, registration, insuring and licensing of the vehicles ready for deployment in the company's business

Project Objectives

Development Objectives:

J & Z BROTHERS TANZANIA LIMITED aims at playing a significant role in the participation of the company in the efforts to maximize exploitation of the largely existing business potential in manufacturing industry particularly In tyres and tubes material.

Immediate Objectives:

- a) To build and operate a tyre and tubes machine and installed production capacity of 8400 metric tons per year.
- b) Enhancing the country's capacity to utilize its tyres and tubes raw materials and related natural resources when their commercial exploitation begins,

- c) Creating employment opportunities to skilled and semi-skilled Tanzanians in industrial operations, including their supplies and distribution in the company's business.

Overview of the Manufacturing Sector and tyres, tubes industry in Tanzania

The economy

Tanzania is one of the fastest growing economies in Africa, thanks to the sustained economic reforms which are being undertaken since the late 1980's.

The country's economy has been constantly growing since mid-1990 by average of 5.9%, and now growing at average of 7% which make Tanzania economy to be among the fastest growing economy in Africa and world at large. The overall vision is to transform the sector of the economy from the present level of per capita GDP of about US\$867 to medium developed country with an average per capital GDP of around US\$2,500 (National Development Vision 2025), the GDP from manufacturing 926,333TZSmillion.

Manufacturing Industry

Tanzania manufacturing sector contributes 5.6% to the country GDP in 2014 with \$2.69bn compared to \$1.47bn in 2009, representing an increase of 82%.

Tanzania's manufactured goods imports tripled over the past 5 years increasing from US\$497.7m in 2010 to US\$1.4billion in 2015 accounting for 25% of Tanzania's total exports value-

Tyres and tubes industry

Tanzania has around more than 40 tyres and tubes industries which used to produce approximately 200,000 tons of tyres ad tubes per annum. The industry uses raw materials, most of which is obtained outside the country and somehow producers also use to raw materials available within the country, where there is excess of the materials, which can be obtained at competitive prices. Due to financial difficulties and lack of adequate supply of raw materials.

J & Z BROTHERS TANZANIA LIMITED is poised to exploit to the maximum, the anticipated development in this Sector for its own enhanced growth.

BUSINESS ENVIRONMENT ANALYSIS;

Internal Approach;

Management:

J & Z BROTHERS LIMITED is a corporate entity is managed under the Board of Directors. Day to day management of its conducted under the company's Managing Director who will be assisted by directors, Managers, senior officers etc.

The Managing Director will be closely assisted by well qualified professionals in the tyres and tubes industry, industrial management and operations. The company managers, heads of departments and operational staff for the production machines will be recruited for their competence, experience and good track record in their respective fields and in previous employments.

External Environment:

The market:

J & Z BROTHERS TANZANIA LIMITED marketing policy aim at two objectives:

- further penetration/ entrenchment into the market's main Segments to increase and retain a larger market share.
- Early investment cost recovery to enhance economic viability of the company's business and expedite its growth.

The policy will be hinged on continual conduction of market surveys as a way of establishing current market situations and also as the means of enabling the company to develop marketing strategies which will facilitate achievement of set out sales goals, on monthly and annual basis. Surveys will enable the company to identify the potential market for its products and plan strategies for its penetration.

The tyres and tubes products market situation in the country is characterized by about 30% of the demand being supplied by internal manufacturers, while the remaining 70% is supplied by imports.

Products Manufacturing industries which is estimated to consume between 80%-85% of all tyres and tubes products in the local market, has been also growing over years.

The market surveys conducted during feasibility study for this project established that, demand for tyres and tubes in the country is growing with each passing year.

Market Potential:

As explained in the topic above, the demand for tyres and tubes is on the rise, while the consumer goods manufacturing sector is one of the fastest growing sectors in the country, with new consumer goods industries and products every day, the sixth phase Government initiative of industrialization, construction of economic infrastructure such as standard gauge, improvement of ports, fly over, etc all these create the demand for tyres and tubes products in the country.

Competition:

J & Z BROTHERS TANZANIA LIMITED is expecting to face competition from existing tyres and tubes industries which controls a sizeable market share of paper products in Tanzania, the company plan to increase market share by investing in a new and bigger tyres and tubes manufacturing machines with production capacity of 8400 metric tons per year

6.0 PROJECT OPERATING COSTS

In order to realize its intended objective, the project operating costs will vary based on total revenue.

REVENUE ASSUMPTIONS

- For the purpose of this project all revenue will come from tyres and tubes produced at the factory
- The annual revenue to grow by different percentages depending on market demand annually
- Revenue projections are based on experiences and research done by the firm.

CONCLUSION AND RECOMMENDATION

Conclusion

The project is viable and profitable throughout the project period, after the foregoing economic and financial evaluation of the project; we strongly recommend that **J & Z BROTHERS TANZANIA LIMITED** Board of Directors approval and accept the business proposal. The new project deserves this support because of its viability, since it is technical feasible, economically viable and socially acceptable

Appendix I
J & Z BROTHERS TANZANIA LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	300,000.00
Machinery & Equipment	150,000.00
Motor Vehicles	20,000.00
Furniture & Fixtures	10,000.00
Pre exp	10,000.00
Others	10,000.00
Working Capital	500,000.00
TOTAL	1,000,000.00

PROJECTIONS

J & Z BROTHERS TANZANIA LIMITED
FINANCIAL PROJECTION SUMMARY FROM 2024 TO 2028
PROJECTED STATEMENT OF FINANCIAL POSITION FOR 5 YEARS FROM 2024 - 2028

DETAILS	2024	2025	2026	2027	2028
CURRENCY	USD	USD	USD	USD	USD
ASSETS					
NON-CURRENT ASSETS					
PPE	462,000	471,240	480,665	490,278	500,084
TOTAL NON-CURRENT ASSET	462,000	471,240	480,665	490,278	500,084
CURRENT ASSET					
Inventory	9,044,408	9,225,296	9,409,802	9,597,998	9,789,958
Trade Receivables	418,970	490,194	539,214	566,174	571,836
Working Capital	500,000	500,000	500,000	500,000	500,000
Cash and Cash Equivalent	315,600	315,916	316,232	316,548	316,864
TOTAL CURRENT ASSET	10,278,978	10,531,406	10,765,247	10,980,720	11,178,659
TOTAL ASSETS	10,740,978	11,002,646	11,245,912	11,470,998	11,678,742
EQUITY AND LIABILITIES					
EQUITY					
Share Capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Retained Earnings	2,799,133	915,226	1,658,207	2,699,346	2,797,018
TOTAL EQUITY	3,799,133	1,915,226	2,658,207	3,699,346	3,797,018
LIABILITIES					
Trade Payables	3,990,180	2,793,126	2,737,263	2,682,518	2,950,770
Other Payables	2,951,665	6,294,294	5,850,441	5,089,134	4,930,954
TOTAL LIABILITIES	6,941,845	9,087,420	8,587,705	7,771,652	7,881,724
TOTAL EQUITY AND LIABILITIES	10,740,978	11,002,646	11,245,912	11,470,998	11,678,742

J & Z BROTHERS TANZANIA LIMITED
FINANCIAL PROJECTION SUMMARY FROM 2024 TO 2027
PROJECTED STATEMENT OF PROFIT/(LOSS) AND OTHER COMPREHENSIVE INCOME FOR 5 YEARS

	2024	2025	2026	2027	2028
DETAILS					
CURRENCY	USD	USD	USD	USD	USD
SALES	12,700,750	15,700,801	16,339,890	17, 965,650	18,061,206
TOTAL INFLOW	12,700,750	15,700,801	16,339,792	17,965,950	18,061,206
COST OF SALES					
Opening Inventory	0	8,044,408	8,225,296	9,409,802	9,525,280
Add: Production Cost	14,950,710	10,170,405	9,572,504	9,995,504	10,803,800
Less: Closing Inventory	(8,044,408)	(8,225,296)	(9,409,802)	(9,525,280)	(9,780,860)
	6,906,302	9,989,617	8,388,998	9,880,026	10,548,220
GROSS PROFIT	5,794,448	5,711,284	7,950,892	8,085,624	7,512,980
OPERATING EXPENSES					
Administration Expenses	2,790,130	2,737,200	2,792,300	2,736,172	2,681,449
Sales and Distribution Expenses	1,030,780	1,330,241	2,450,500	2,360,700	2,906,000
Finance Cost	40,500	41,360	42,700	44,800	45,014
Depreciation Expense	16,700	16,360	16,727	18,102	18,484
-	0	0	0	0	0
TOTAL OPERATING EXPENSES	3,878,110	4,125,161	5,302,227	5,159,774	5, 610,437
PROFIT FOR THE YEAR	1,916,330	1,586,123	2,648,665	2,925,850	1,907,543

Appendix

J & Z BROTHERS TANZANIA LIMITED
FINANCIAL PROJECTION SUMMARY FROM 2023 TO 2027

Cost of Sales Analysis				
Cost of Raw Material Produced				
Particular	Units (TONES)/MONTH	Cost per Unit in USD per month	Total Cost of production in USD per month	Total Cost of production in USD Annually
TYRES AND TUBE	500	2,660.12	1,330,060	15,960,720
Total Cost of Raw material produced		2,660.12	1,330,060.00	15,960,720

Labour Cost					
Particular	Rate per day per labour USD\$	Rate per month per labour in USD\$	No of Labours	Total Cost per month in USD\$	Total Cost Annually in USD\$
Foreign employees	141.06	3,667.66	100	366,765.96	4,401,191.49
Direct and Indirect Labours	65.22	1,695.65	500	847,825.97	10,173,911.69
					14,575,103.18

Closing stock

	Year 1
Particular	Amount in USD\$
Opening Stock	-
Add: Production Cost	15,960,720
Less: Cost of Sales	30,535,823
Closing Stock	9,044,408

