

ZION GROUP (T) LIMITED

BUSINESS PLAN

FOR

**MANUFACTURING OF BUILDING
MATERIALS**

1.0 EXECUTIVE SUMMARY.

ZION GROUP (T) LIMITED is a private business company incorporated in the United Republic of Tanzania with Certificate of incorporation No. 107024.

The proposed business plan is of manufacturing building materials at **Plot No 2044, Block “E” sized 8646 SQM, KUNDUCHI area, KINONDONI in DAR ES SALAAM region and Plot No 47, MIKOCHE NI INDUSTRIAL area, KINONDONI in DAR ES SALAAM region.**

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

1.1 LEGAL STATUS AND COMPANY BACK GROUND BRIEF ZION GROUP (T) LIMITED bears the certificate No. 107026 issued by BRELA.

The shareholders of **ZION GROUP (T) LIMITED**, the shareholders of this company are **ENXIAN XU** and **YIFAN CHEN** both are Chinese citizens, these are reputed persons with vast experience in manufacturing industries.

The company is owned by two shareholders, namely: -

Name	% of Shares	Nationality
ENXIAN XU People's Republic of China	40%	China
YIFAN CHEN People's Republic of China	60%	China

1.2 LOCATION.

The project is located at **Plot No 2044, Block "E" sized 8646 SQM, KUNDUCHI area, KINONDONI in DAR ES SALAAM region and Plot No 47, MIKOCHE NI INDUSTRIAL area, KINONDONI in DAR ES SALAAM region.**

1.3 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.

1.4 Core Values

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

1.5 BANKERS

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

CRDB BANK

1.6 AUDITED REPORTS

ZION GROUP (T) LIMITED will maintain good financial reports which will be audited by reputable auditor firm

2.0 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:

2.1 Study Objectives:

- a) To analyze the relevant market and other factors impacting upon the supply and demand of building materials 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 building materials at Kibaha and also in accessing credit facilities required in the financing of the investment capital.

2.2 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 building materials industries in Tanzania, Characteristics of demand and the general market structure of building material 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.

3.0 THE PROJECT

3.1 Project Concept

The project involves establishing a new MANUFACTURING OF BUILDING MATERIALS 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.

3.2 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 building material 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.
- Consigning the purchased machinery and motor vehicles including all the equipment and accessories from countries of their origin to Tanzania
- 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

3.3 Project Objectives

3.3.1 Development Objectives:

ZION GROUP (T) 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 building materials.

3.3.2 Immediate Objectives:

- a) To build and operate a building materials machine and installed production capacity of 8400 metric tons per year.
- b) Enhancing the country's capacity to utilize its BUILDING MATERIALS 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.

4.0 Overview of the Manufacturing Sector and Building materials industry in Tanzania

4.1 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.

4.2 Manufacturing Industry

Tanzania manufacturing sector contributes 5.6% to the countryGDP 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-

4.2.1 Building materials industry

Tanzania has around 10 building materials industries which used to produce approximately 200,000tons of building materials per annum. The industry uses raw materials, most of which is obtained locally, however due to growing demand, producers are sometimes forced to import raw materials from neighboring countries, 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.

ZION GROUP (T) LIMITED is poised to exploit to the maximum, the anticipated development in this Sector for its own enhanced growth.

5.0 BUSINESS ENVIRONMENT ANALYSIS;

5.1 Internal Approach;

5.1.1 Management:

ZION GROUP (T) LIMITED as 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 building materials 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.

5.2 External Environment:

5.2.1 The market:

ZION GROUP (T) 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 building materials products market situation in the country is characterized by about 70% of the demand being supplied by internal manufacturers, while the remaining 30% is supplied by imports.

Products Manufacturing industries which is estimated to consume between 80%-85% of all building materials 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 building materials in the country is growing with each passing year.

5.2.1.1 Market Potential:

As explained in the topic above, the demand for building materials is on the rise, while the consumer goods manufacturing sector is one of fastest growing sectors in the country, with new rise 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 building materials products in the country.

5.2.1.2 Competition:

ZION GROUP (T) LIMITED is expecting to face competition from existing building materials 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 building materials 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.

7.0 REVENUE ASSUMPTIONS

- For the purpose of this project all revenue will come from building materials produced at the factory
- The annual revenue to grow by different percentages depending on market demand annually
- Revenue projections are based on experiences gained by the firm for being in the market for five years now.

8.0 CONCLUSION AND RECOMMENDATION

8.1 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 **ZION GROUP (T) 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
ZION GROUP (T) 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

ZION GROUP (T) 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

ZION GROUP (T) LIMITED FINANCIAL PROJECTION SUMMARY FROM 2024 TO 2028
PROJECTED STATEMENT OF PROFIT/(LOSS) AND OTHER COMPREHENSIVE INCOME FOR 5 YEARS

	2024	2025	2026	2027	2028	TOTAL
DETAILS						
CURRENCY	USD	USD	USD	USD	USD	USD
SALES	13,965,650	16,339,811	17,973,792	18,872,481	19,061,206	86,212,939
TOTAL INFLOW	13,965,650	16,339,811	17,973,792	18,872,481	19,061,206	86,212,939
						0
COST OF SALES						0
Opening Inventory	0	9,044,408	9,225,296	9,409,802	9,597,998	37,277,504
Add: Production Cost	15,960,720	11,172,504	10,949,054	10,730,073	11,803,080	60,615,431
Less: Closing Inventory	(9,044,408)	(9,225,296)	(9,409,802)	(9,597,998)	(9,789,958)	(47,067,462)
	6,916,312	10,991,616	10,764,548	10,541,877	11,611,120	50,825,473
GROSS PROFIT	7,049,338	5,348,195	7,209,244	8,330,604	7,450,086	35,387,466
OPERATING EXPENSES						
Administration Expenses	2,793,130	2,737,267	2,792,013	2,736,172	2,681,449	13,740,032
Sales and Distribution Expenses	1,396,565	1,633,981	2,696,069	2,830,872	1,906,121	10,463,608
Finance Cost	42,510	43,360	44,227	45,112	46,014	221,224
Depreciation Expense	18,000	18,360	18,727	19,102	19,484	93,673
-	0	0	0	0	0	0
TOTAL OPERATING EXPENSES	4,250,205	4,432,969	5,551,036	5,631,258	4,653,068	24,518,536
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PROFIT FOR THE YEAR	2,799,133	915,226	1,658,207	2,699,346	2,797,018	10,868,931

Appendix

ZION GROUP (T) LIMITED FINANCIAL PROJECTION SUMMARY FROM 2024 TO 2028

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 Annualy
BUILDING MATERIAL	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 Annualy 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

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

