

**ZHONGTENG CONSTRUCTION
MATERIAL COMPANY LIMITED**

BUSINESS PLAN

FOR

MANUFACTURING

OF

STEEL STRUCTURE

1.0 EXECUTIVE SUMMARY.

ZHONG CONSTRUCTION MATERIAL COMPANY LIMITED is a private business company incorporated in the United Republic of Tanzania with Certificate of incorporation No. 169781044 issued on 02TH November 2023.

The proposed business plan is manufacturing of steel structure at Dar es salaam, **Kinondoni , Road ALI HASAN MWINYI, Postal code 14110, Plot No G6, Block 4,House number 21.**

The proposed new project shall cost US\$ 1m and creating new employment of 500 local people and 30 foreign people.

1.1 LEGAL STATUS AND COMPANY BACK GROUND BRIEF

ZHONG CONSTRUCTION MATERIAL COMPANY LIMITED bears the certificate No. 169781044 issued in 2023 by BRELA.

The shareholders of **Zhongteng construction material company limited**, the shareholders of this newly formed company are CHENGYU LIU and WANG WEN registered in China.

The company is owned by two shareholders, namely: -

Name	% of Shares	Nationality
CHENGYU LIU	51%	China
WANG WEN	49%	China

1.2 LOCATION.

The new project is located at Region **Dar es salaam, District Kinondoni, Ward Kinondoni, Postal code 14110, Street ADA ESTATE, Road ALI HASAN MWINYI, Plot number G6, Block number 4, House number 21.**

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.

NMB BANK

1.6 AUDITED REPORTS

ZHONGTENG CONSTRUCTION MATERIAL COMPANY 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 steel structure product.

- 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 steel structure 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 steel structure industries in Tanzania, Characteristics of demand and the general market structure of steel 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 steel structure Materials.

The planned Project is production capacity of 9000 tons per year.

3.2 Project planned business project will entail the following main activities:

- To produce steel structure.
- To develop, integrate and manufacturing of steel structure.
- Ordering of the materials, production machinery, motor vehicles and their assorted and equipment from China and other overseas suppliers and entering into agreements for the purchase for production.
- Consigning the purchased machinery and motor vehicles including all the equipment and accessories from countries of their origin to Tanzania.
- To conduct business in buying, selling, importing, and exporting industrial and steel structure.
- Clearing of all the purchased goods from the ports of entry and transporting them to the company's premises in Dar es salaam.

3.3 Project Objectives

3.3.1 Development Objectives:

ZHONGTENG CONSTRUCTION MATERIAL COMPANY 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 Import at particularly in steel structure.

3.3.2 Immediate Objectives:

- a) To increase production capacity within the country.
- b) Enhancing the country's capacity to utilize its **MANUFACTURING OF STEEL STRUCTURE**.

- 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 in Tanzania

4.1 The economy

Tanzania is one of the fastest growing in Afrika ,thanks to the sustained economic reforms which are being under taken since 1980's.

The country's economy has been constantly growing since 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.

MANUFACTURING INDUSTRY

The manufacturing sector in Tanzania is still relatively small but has a significant contribution to the country's overall GDP. Over the past decade the sector has averaged 8% of GDP and 4% annual growth rate. Most of the manufacturing activities is centered on simple consumer products such as foods, beverages, tobacco, textiles, and chemicals, plastic, wood and steel allied products.

Currently the domestic value addition is limited by the dependence of imported intermediate goods, signifying limited inter-industry linkages that are important for promoting domestic manufacturing base and employment. Various technological, financial, policy, and administrative constraints remain unresolved and therefore, limiting faster industrial growth and transformation.

4.1.1 Steel Structure Industry

The steel industry in Tanzania has seen some exciting growth in recent years, drive by segments such as construction, mining, and governmental infrastructure Project but also comes with a caveat, the industry's expansion is putting considerable strain on the country's energy infrastructure.

ZHONTENG CONSTRUCTION MATERIAL COMPANY 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:

ZHONGTENG CONSTRUCTION MATERIAL COMPANY 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 manufacturing of steel structure, 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:

ZHONGTENG CONSTRUCTION MATERIAL COMPANY 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.

5.2.1.1 Market Potential:

The global iron and steel market size was valued at USD 1,676.24 billion in 2022 and is expected to grow at a compound annual growth rate (CAGR) of 3.8% from 2023 to 2030. Rising investment in residential construction is expected to augment the market growth over the forecast period

5.2.1.2 Competition:

ZHONGTENG CONSTRUCTION MATERIAL COMPANY is expecting to face competition from existing manufacturing of steel structure which controls a sizeable market share products in Tanzania, the company plan to increase market share by investing in a new and bigger Manufacturing of steel structure.

The planned Project is to import more than 9000 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 steel structure product.
- 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 **ZHONTENG CONSTRUCTION MATERIAL COMPANY** 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

ZHONGTENG CONSTRUCTION MATERIAL LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	300,000.00
Machinery & Equipment	130,000.00
Motor Vehicles	20,000.00
Furniture & Fixtures	15,000.00
Pre exp	15,000.00
Others	20,000.00
Working Capital	500,000.00
TOTAL	1,000,000.00

PROJECTIONS

ZHONGTENG CONSTRUCTION MATERIAL COMPANY 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

ZHONGTENG CONSTRUCTION MATERIAL COMPANY
FINANCIAL PROJECTION SUMMARY FROM 2024 TO 2027
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
PROFIT FOR THE YEAR	2,799,133	915,226	1,658,207	2,699,346	2,797,018	10,868,931

**ZHONGTENG CONSTRUCTION MATERIAL COMPANY LIMITED
FINANCIAL PROJECTION SUMMARY FROM 2024 TO 2028**

Cost of Sales Analysis				
<i>Cost of Raw Material Produced</i>				
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
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

Labor 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	3,967.55	30	119,026.5	1,428,318.00
Direct and Indirect Labours	65.22	2,035.65	500	1,017,825	12,213,900.00
					12,308,880.75

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

