

BUSINESS PLAN

FOR

MANUFACTURING

OF

CONSTRUCTION

MATERIALS

**Safety wave Tanzania company limited,
P.o box 25630,
Dar es salaam,
TANZANIA.**

EXECUTIVE SUMMARY

SAFETY WAVE TANZANIA COMPANY LIMITED a private business company incorporated in the United Republic of Tanzania with Certificate of incorporation No. 174 926 034 issued on 25TH May 2024.

The proposed business plan is of manufacturing of construction materials at The new project is located at Region: **Pwani** , **District Kibaha**, **Ward kwala** ,postal code **61208** ,**kwala industrial area** ,plot no **1**,block **'B'**.

The proposed new project shall cost US\$1m and creating new employment of 50 local people and 3 foreign people.

LEGAL STATUS AND COMPANY BACKGROUND BRIEF

SAFETY WAVE TANZANIA COMPANY LIMITED bears the certificate No. 174 926 034 issued in 2002 by BRELA.

The shareholders of **SAFETY WAVE TANZANIA COMPANY LIMITED**, the shareholders of this newly formed company are , Wang Peng, and **HONG KONG INTERNATIONAL BRIDGE AND ROADWAY DEVELOPMENT GROUP CO LIMITED** .

The company is owned by two shareholders,namely:-

Name	%of Shares	Nationality
HONG KONG INTERNATIONAL BRIDGE AND ROADWAY DEVELOPMENT GROUP CO LIMITED	99	China
WANG PENG	1	China

LOCATION.

The new project is located at Region: **Pwani , District Kibaha,Ward kwala ,postal code 61208 ,kwala industrial area ,plot no 1,block ‘B’.**

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.

CRDBBANK

AUDITED REPORTS

SAFETY WAVE TANZANIA 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 up on the supply and demand of construction materials.
- b) To carry on the business of galvanized steel sheet,bridge wave guardrail,subsidiary column.
- c) To carry on the business of construction materials.
- d) Design and installation services for comprehensive product technical solution, local production and assembly of construction materials.
- e) To provide supporting documentation required for manufacturing of construction materials at Dar es salaam 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 construction materials industries in Tanzania, Characteristics of demand and the general market structure of construction materials product 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 CONSTRUCTION MATERIALS industry; this will include construction of and installations of modern machines, purchasing vehicles, new generator etc.

The planned production capacity is 2300 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 materials 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

PROJECT OBJECTIVES

Development Objectives:

SAFETY WAVE TANZANIA 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 manufacturing industry particularly in construction materials.

Immediate Objectives:

- a) To manufacture construction materials things production capacity of 2300 metric tons per year.
- b) Creating employment opportunities to skilled and semi-skilled Tanzanians in industrial operations, including their supplies and distribution in the company's business.
- c) Construction of roads .

Overview of the Manufacturing Sector and Construction 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 capital 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 926,333 TZS million.

- **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\$1.4 billion in 2015 accounting for 25% of Tanzania's total exports value

CONSTRUCTION I INDUSTRY

Tanzania in recent years has witnessed growth in the construction industry. This includes both private projects such as residential and commercial real estate as well public projects such as construction of roads, railways, bridges, water systems, telecommunications, and air transport networks to name a few.

There has been a consistent, yearly increase in government spending on infrastructure this past decade which has acted as a stimulant for continued inflows of investments in the construction industry. The infrastructure sector has been the key beneficiary of 2021-22 budget as Tanzania commences the third phase of country's Five-Year Development Plan (FYTDP III).

Projects to be financed by the government under the plan include the construction of the Standard Gauge Railway (included in the TZS 1.19 trillion allocated for railways), construction of Julius Nyerere Hydropower Project (2,115 MW) (included in TZS 2.34 trillion allocated to power projects), strengthening Air Tanzania Company Ltd, and construction of Crude Oil Pipeline Project from Hoima (Uganda) to Chongoleani, Tanga (Tanzania), and the Business bridge in Mwanza.

As of 2020, construction contributed 14.4 percent to the country's GDP.

ROADS CONSTRUCTION

According to Tanzania's 2025 Development Vision, the government has prioritized development of road networks which is the most widely used form of Transport carrying over 90% of passengers and 75% of cargo in the country.

The road network in Tanzania currently comprises 86,472 kilometers of roads, of which 12,786 kilometers are trunk roads, 21,105 kilometers are regional roads and the remaining 52,581 kilometers are district, urban and feeder roads.

Tanzania National Roads Agency (TANROADS) is managing the national road network of about 33,891 kilometers, comprising 12,786 kilometers of trunk and 21,105 kilometers of regional roads.

SAFETY WAVE TANZANIA COMPANY 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:

SAFETY WAVE TANZANIA COMPANY 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 manufacturing of construction materials , 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:

SAFETY WAVE TANZANIA COMPANY LIMITED policy aim at two objectives:

- Further penetration/entrenchment into the market's main Segments to increase and retain 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.

MARKET POTENTIAL:

construction Materials Market size was valued at USD 1.28 trillion in 2022 and is poised to grow from USD 1.33 trillion in 2023 to USD 1.81 trillion by 2031, at a CAGR of 3.9% during the forecast period (2024-2031).

The Tanzania construction market research report provides detailed market analysis, information, and insights into the Tanzanian construction industry. It includes the Tanzanian construction industry's growth prospects by market, project type, and construction activity.

The report provides critical insight

into the impact of industry trends and issues, as well as an analysis of key risks and opportunities in Tanzanian construction industry. It also gives an analysis of the mega-project pipeline,

focusing on development stages and participants, in addition to listings of major projects in the pipeline.

Competition:

SAFETY WAVE TANZANIA COMPANY LIMITED is expecting to face competition from existing construction 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 8 4300 metric tons per year

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 construction materials produced

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.

CONCLUSION AND RECOMMENDATION

Conclusion

The project is viable and profit able throughout the project period, after the foregoing economic and financial evaluation of the project; we strongly recommend that **SAFETY WAVE TANZANIA COMPANY 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

SAFETY WAVE TANZANIA COMPANY LIMITED

PARTICULAR	US\$
Land and Buildings	200,000.00
Machinery & Equipment	300,000.00
Motor Vehicles	50,000.00
Furniture & Fixtures	5,000.00
Pre exp	10,000.00
Others	10,000.00
Working Capital	300,000.00
TOTAL	875,000.00

SAFETY WAVE TANZANIA COMPANY LIMITED
FINANCIAL PROJECTIONS SUMMARY FROM 2024 TO 2028
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	970,000	1,265,700	1,367,800	1,581,000	1,785,000
TOTAL INFLOW	970,000	1,265,700	1,367,800	1,581,000	1,785,000
COST OF SALES					
Opening Inventory	0	544,200	545,300	390,500	489,980
Add: Production Cost	832,650	526,230	588,700	600,890	680,000
Less: Closing Inventory	-430,260	-350,689	-356,000	-299,890	-370,000
	402,390	719,741	778,000	691,500	799,980
GROSS PROFIT	567,610	545,959	589,800	889,500	985,020
OPERATING EXPENSES					
Administration Expenses	105,000	100,005	110,200	295,000	390,000
Sales and Distribution Expenses	199,200	105,700	107,850	125,000	90,985
Finance Cost	123,210	123,900	120,000	145,000	100,000
Depreciation Expense	10,000	10,055	10,008	10,009	10,100
	-	0	0	0	0
TOTAL OPERATING EXPENSES	437,410	339,660	348,058	575,009	591,085
	-				
PROFIT FOR THE YEAR	130,200	206,229	241,742	314,491	393,935

SAFETY WAVE TANZANIA COMPANY LIMITED
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	80,000	85,000	89,500	90,100	95,600
TOTAL NON-CURRENT ASSET	80,000	85,000	89,500	90,100	95,600
CURRENT ASSET					
Inventory	430,460	350,689	356,000	299,890	370,000
Trade Receivables	65,000	68,000	67,000	68,800	69,900
Working Capital	150,000	150,000	150,000	150,000	150,000
Cash and Cash Equivalent	40,000	45,600	45,800	46,900	47,000
TOTAL CURRENT ASSET	685,460	614,289	618,800	565,590	636,900
TOTAL ASSETS	765,460	699,289	708,300	655,690	732,500
EQUITY AND LIABILITIES					
EQUITY					
Share Capital	300,000	300,000	300,000	300,000	300,000
Retained Earnings	80,909	89,455	90,100	123,000	124,890
TOTAL EQUITY	380,909	389,455	390,100	423,000	424,890
LIABILITIES					
Trade Payables	199,382	120,340	122,540	120,800	173,610
Other Payables	185,169	189,494	195,660	111,890	134,000
TOTAL LIABILITIES	384,551	309,834	318,200	232,690	307,610
TOTAL EQUITY AND LIABILITIES	765,460	699,289	708,300	655,690	732,500

SAFETY WAVE TANZANIA COMPANY LIMITED
 FINANCIAL PROJECTION SUMMARY 2024-2028

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 Annually
MATERIAL	60	1050	63,000	756,000
Total Cost of Raw material produced		1050	63,000	756,000

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	105	2730	3	8,190	98,200
Direct and Indirect Labours	60	1560	50	78,000	936,000
					1,034,280

	Year 1
Particular	Amount in USD\$
Opening Stock	-
Add: Production Cost	756,000
Less: Cost of Sales	1,790,280
Closing Stock	430,260