

ZEAL INDUSTRIES COMPANY LIMITED

DAR ES SALAAM – TANZANIA

BUSINESS PLAN

FOR

ELECTRONIC GOODS ASSEMBLING LINE

BRIEF SUMMARY PROJECT

COMPANY: **ZEAL INDUSTRIES COMPANY LIMITED**

LOCATION: MKUZA KIBAHA COAST REGION, DAR ES SALAAM
REGION

CONTACTS: TEL: +255759157184

OBJECTIVE: TO ESTABLISHMENT ELECTRONIC ASSEMBLING LINE

FINANCING: INVESTORS' EQUITY USD 500,000

BENEFITS: AVAILABILITY ELECTRONIC GOODS, TECHNOLOGY
TRANSFER, JOBS CREATION, GOVERNMENT INCOME,

IMPLEMENTATION PERIOD: 3YEARS

CAPACITY: 800 UNITS PER MONTH

1.0. EXECUTIVE SUMMARY.

ZEAL INDUSTRIES COMPANY LIMITED is registered in Tanzania under the Companies Act 2002 with Certificate of Incorporation **No.169160821** issued on **9th October 2023**.

The directors are now well prepared to venture into assembling electronic goods.

The business plan has been prepared for **ZEAL INDUSTRIES COMPANY LIMITED** for the electronic items assembling plant.

The proposed project is estimated to cost about US\$ 500,000. The project is sponsored by shareholders' equity of US\$ 500,000

1.1 THE PROJECT PROMOTERS

The shareholders of this project are all entrepreneurs with diverse professional and business backgrounds. The company is owned by 4 shareholders, namely: -

Name	% of Share	Nationality
Profil Beda Massawe	50	Tanzania
Apolonia Joseph Mush	30	Tanzania
Shedrack Profile Massawe	10	Tanzania
Hapson David Profil	10	Tanzania

1.2 **LOCATION.**

The project head office will be located at Mkuza, Kibaha, Coast Region

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1.3 **OBJECTIVE OF STUDY**

The main objective of this study is to work out the technical and commercial feasibility of the project.

2.0 **MARKET POTENTIAL**

Tanzania is importing electronic items such as electrical fans, mobile phones, Televisions, radios, fridges, air conditioners, etc. from Asia since there are few assembling lines locally. Tanzania's production technology is not yet advanced even though some companies have invested in repairing and many of them have invested in the importation of complete electrical fans. Asia countries are the biggest exporter of electronic items in Tanzania. The internal markets for electronic products are growing due to the economic growth and rise of the purchasing power of Tanzanians, the demand is huge.

Consumer Electronics – Tanzania

- In 2024, the revenue in the Consumer Electronics market in Tanzania amounts to US\$2,996.0m.
- It is projected to grow annually by 5.73% (CAGR 2024-2028).
- The largest segment in the market is Telephony, with a market volume of US\$1,633.0m in 2024.
- When compared globally, in China generates the highest revenue with US\$218.6bn in 2024.
- In relation to the total population, each person in Tanzania generates revenues of US\$43.16 in 2024.
- Online sales are expected to contribute 2.6% of the total revenue in the Consumer Electronics market by 2024.
- The volume of the market is projected to reach 34,740.0k pieces by 2028, with a growth rate of 2.2% in 2025.
- The average volume per person in the Consumer Electronics market is expected to be 0.5pieces in 2024.

- It is worth noting that these figures specifically represent the market segment of the Consumer Electronics market in Tanzania.
- The consumer electronics market in Tanzania is experiencing a surge in demand for affordable smartphones, driven by increasing access to mobile internet services.

Definition:

Consumer electronics refers to a range of electronic devices, appliances, and gadgets designed for everyday use by individuals. The market is highly diverse and encompasses various product categories such as personal computing devices, audio and video systems, mobile devices, and smart home technology. These products are developed to enhance personal productivity, communication, and entertainment. Technological advancements, shifting consumer preferences, and a growing desire for cost-effective, easy-to-use, and high-performance devices are some of the factors propelling the consumer electronics market.

Structure:

The Consumer Electronics market is segmented into six main segments:

- The Telephony segment includes devices such as smartphones, feature phones, and landline phones. This segment is driven by the increasing demand for mobile devices that enable communication and provide access to the Internet.
- The TV, Radio & Multimedia segment includes products such as televisions, radios, digital cameras, speakers, and headphones. This segment is characterized by the demand for high-quality, immersive entertainment experiences.
- The Computing segment includes laptops, desktops, tablets, and other computing devices. These products are designed to meet the needs of individuals for personal and professional computing tasks.
- The TV Peripheral Devices segment includes products such as smart streaming devices, smart remotes, and video players. These products are designed to enhance the TV viewing experience and enable individuals to access content from various sources.

- The Drones segment includes unmanned aerial vehicles (UAVs) that are used for personal purposes. The drone market is driven by the increasing demand for high-quality aerial photography and videography.
- The Gaming Equipment segment includes gaming consoles and VR headsets. This segment is driven by the increasing popularity of video games and the rise of e-sports.

2.1 PRODUCTS

The main product of the proposed project is:

- Electronic products, mobile phones, and air condition from China
- IN-SCOPE
- TV, Radio and Multimedia
- Phones
- Computing devices and equipment
- TV Peripheral Devices
- Drones
- OUT-OF-SCOPE
- Video game consoles and VR devices

- Household appliances
- Smart remotes with a display or touchscreen
- Smart displays (smart speakers with a touchscreen)

2.2 **MARKETS**

Products are for the local markets. As mentioned above, the promoters are well-versed in the business with well-established market contacts.

3.3 **SUPPLY POSITION**

There are few assembling lines in Tanzania, and electronic products are imported as finished products due to poor technology available domestically, the rapid growth of the Tanzania economy, has convinced the company to set up an assembling line in Tanzania, and the company will be of assembling the high-quality using state of the art technology to be employed will enable the company produce very high-quality products

3.4 COMPETITION

Due to the limited and insufficient supply as aforementioned, no stiff competition is foreseen. However, the company is expecting to face competition from imported products.

3.5 PROMOTION

Appropriate promotion means will be employed after consultations with promotion experts to enable the company to properly promote its products

4.0 ASPECTS OF PROJECT SUSTAINABILITY

The project sponsors having studied market conditions are convinced that the project will be able to operate undisturbed. The growing demand for quality products and cheap gives assurance of a steady market\

4.1 **QUALITY CONTROL SYSTEM**

The required quality control system will be employed ensuring that products produced maintain the same standard

4.2 **ENVIRONMENT PROTECTION**

The company intends to make the environment friendly; the company will save the country's environment in particular and the global environment in general.

5.0 **PROJECT INVESTMENT**

The estimated capital investment cost of the project is US\$ **500,000** out of which US\$**419,200** will be fixed investment costs. Pre-production expenditures have been budgeted at US\$50,000; other cost will be US\$10,800, while working capital is put at US\$20,000

SCHEDULE I: COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	79,200.00
Machinery & Equipment	250,000.00
Motor Vehicles	80,000.00
Furniture & Fixtures	10,000.00
Pre exp	50,000.00
Others	10,800.00
Working Capital	20,000.00
TOTAL	500,000.00

For the project to be a reality a total investment amounting to US \$500,000 is needed

(i) Land and Building (industrial premises): US\$79,200

The project has opted for long-term leasing of industrial premises; the total cost has been estimated to be US\$79,200 for the first year of project implementation

(ii) Machinery and Equipment: US\$250,000

Some US\$250,000 is anticipated to be spent on the purchase of different types of machines, working tools, and equipment accommodating new technology

(iii) Motor Vehicles: US\$80,000

The project will need 1 truck, 1 Land Cruiser, and 1 double cabin pick. These vehicles will be used to facilitate project business and double cabin pick-up for administrative purposes.

(iv) Furniture: US\$10,000

This investment cost item has been estimated to cost US \$10,000. It will consist of office furniture such as tables, chairs, telephone, fax, machines, file cabinets, sofa chairs etc.

(v) Pre-Operational Expenses: US\$ 50,000

They cover things like company registration, and expenses spent in exploring the viability of the project, especially the market/client identification exercise. This pre-operational cost item also covers the architectural designs of project buildings and other engineering services. Also included under this item are issues like consultancy fees, legal fees, and recruitment and training costs of personnel.

(vi) Initial Working Capital: US\$20,000

Assumptions for working capital requirements have been estimated that it will cost US\$20,000. This will involve purchasing raw materials, daily operating costs, etc

6.0 Financing pattern

The project will be financed by equity of **US\$375,000** and a loan of **US\$ 125,000**

7.0 Project operating costs

To realize its intended objective the project will have to meet the following operating costs.

(i) Salaries and Wages US \$220,000

The project will engage 60 employees and the total cost of annual salaries has been estimated to cost US\$220,000.

(ii) Utilities US \$15,000

Considered here are water and electricity annually.

(iii) Motor vehicle running Expenseus\$6,000

Petrol/diesel and lubricant requirements for the project's motor vehicles, cost element will amount to US\$6,000 annually.

(iv) Insurance: US\$6,000

Insurance is estimated to cost US\$ 6,000 annually

(v) Marketing cost US\$9320

A portion of US\$9320 is to be used in advertising the project

(vi) Depreciation cost US\$41,920

For the day-to-day depreciation of fixed assets of the project, US\$41,920 will be required annually for depreciation costs.

(vii) Pension contribution of US\$2,200

The company has set aside US\$2,200 as a pension contribution

(vii) Communication costs US\$ 5,400

(viii) Administrative cost US\$1,400

(ix) Maintenance cost US\$7,000

(x) Donation US\$5,000

8.0 PROJECT SUSTAINABILITY

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed

9.0 FINANCIAL ANALYSIS

9.1 Considerations and Assumptions:

The corporate tax charged is 30% of the profits. The capital investment allowance is 50%. The capital assets are exempted from customs duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied.

It is assumed that the major building raw material will be procured from the local market and others will be imported. Revenues have been conservatively estimated based on the experience of the promoters and trends in the industry.

9.3 Financial Statements:

9.3 Projected Revenue

For projection purposes, it is assumed that the economic life of the project is five years and that revenue from the project commences from the first year of operation.

SCHEDULE 7.3: SUMMARY OF REVENUE "US\$"

Year	1	2	3	4	5
Sales Revenue \$	740,000	750,000	760,000	770,000	780,000

9.4 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 5 years. The position depicted is that the project earns profit throughout its life. Accumulated after-tax profits grow from. US\$ in first year **147,368** to US\$ in the year 5th **164,966; for the detail refer appendix (IV)**

9.5 Projected Cash Flows

This is shown in the financial statements. The project has a positive end-of-year cash flow from year 1 US\$**530,859** of operation to the 5th year US\$ **2,723,440; for the detail refer to appendix (V)**

9.6 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under the same heading. The net worth of the project increases from US\$**647,368** in the first year of operation to US\$ **664,966** in the 5th year; **for the details refer to appendix (VI).**

9.7 **Projected payback period**

Total investment is **US\$500,000** cash accumulation in 3 years is **US\$577,517** which is more than the initial investment by **US\$ US\$ 77,517**, the project payback Period is within 3 **years**.

The project has a relatively short payback period; **for the detail refer appendix (VII)**

10.0 **ECONOMIC ASPECTS**

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

- The project is an ideal option for utilization of the recently acquired prime site
- The project will create employment for **20** people on permanent contract basis as well as on temporary basis.
- It will create more business opportunities to local suppliers which will also have a trickledown effect in the environmental issues.

- It will generate substantial revenue to the government in the form of corporate tax, value added tax and pay as you earn.
- The project will have transfer of knowledge and skills to the manufacturing sector
- The project will generate foreign earnings

11.0 IMPLEMENTATION

Project implementation is expected to be relatively very short once project has been approved it is estimated that construction of hotel will be completed within one year: -

SCHEDULE 11.0 IMPLEMENTATION

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	March 2024
2	Placing order of machines	June– August 2024
3	Installing machines	September-November 2024
4	Recruitment	December 2024
5	In house training	January- February 2025
4	Testing production	March - May 2025
6	Commercial operations	June 2025

12.0 CONCLUSION & 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, 2022.

Appendix (I)**COST STRUCTURE**

PARTICULAR	US\$
Land and Buildings	79,200.00
Machinery & Equipment	250,000.00
Motor Vehicles	80,000.00
Furniture & Fixtures	10,000.00
Pre exp	50,000.00
Others	10,800.00
Working Capital	20,000.00
TOTAL	500,000.00

Appendix (II)

SUMMARY OF REVENUE " US\$"

	1	2	3	4	5
Sales Revenue	740,000.00	750,000.00	760,000.00	770,000.00	780,000.00

Appendix (III)

FIXED ASSETS SCHEDULE

NAME OF ASSETS	1 USD	2 USD	3 USD	4 USD	5 USD
Land And Buildings	79,200	71,280	63,360	55,440	47,520
Machinery, Tools & Equipment	250,000	225,000	200,000	175,000	150,000
Motor Vehicles	80,000	72,000	64,000	56,000	48,000
Furniture & Fixtures	10,000	9,000	8,000	7,000	6,000
Total	419,200	377,280	335,360	293,440	251,520
DEPRECIATION	2011 USD	2012 USD	2013 USD	2014 USD	2015 USD
Land and buildings	7,920	7,920	7,920	7,920	7,920
Machinery tools & Equipment	25,000	25,000	25,000	25,000	25,000
Motor Vehicles	8,000	8,000	8,000	8,000	8,000
Furniture & Fixtures	1,000	1,000	1,000	1,000	1,000
ANNUAL DEPRECIATION	41,920	41,920	41,920	41,920	41,920
CLOSING FIXED ASSETS	377,280	335,360	293,440	251,520	209,600

Appendix (IV)

PROJECTED INCOME & EXPENDITURE STATEMENT

		1	2	3	4	5
Sales Revenue		740,000.00	750,000.00	760,000.00	770,000.00	780,000.00
Cost of Sales		210,233.00	213,593.00	216,600.00	218,606.00	220,000.00
Gross Profit		529,767.00	536,407.00	543,400.00	551,394.00	559,000.00
Operating Expenses:						
Administrative Expenses		1,400.00	4,205.00	5,000.00	5,200.00	5,800.00
Motor vehicle running expenses		6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
Salaries and Wages		220,000.00	220,000.00	220,000.00	220,000.00	220,000.00
Donation		5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Depreciation		41,920.00	41,920.00	41,920.00	41,920.00	41,920.00
Marketing Costs		9,320.00	9,345.00	9,358.00	9,365.00	9,370.00
Maintenance & Repair		7,000.00	7,000.00	7,000.00	7,000.00	7,000.00
Interest		7,500.00	7,500.00	7,500.00	7,500.00	7,500.00
Utility costs		15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Insurance		6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
Communication		5,400.00	5,406.00	5,410.00	5,415.00	5,415.00
Pension Contribution		2,200.00	2,200.00	2,200.00	2,200.00	2,200.00
Total Expenses		326,740.00	329,576.00	330,388.00	330,600.00	331,000.00
Profit before tax		203,027.00	206,831.00	213,012.00	220,794.00	228,000.00
Tax (30%)		60,908.10	62,049.30	63,903.60	66,238.20	68,400.00
Profit After Tax		142,118.90	144,781.70	149,108.40	154,555.80	159,600.00

Appendix (V)

PROJECTED CASH FLOW US\$

	1	2	3	4	5
CASH FLOW FROM OPERATIONS:					
Cash Sales	605,500.00	613,000.00	621,000.00	628,900.00	636,700.00
VAT Receipt	133,200.00	135,000.00	136,800.00	138,600.00	140,400.00
Subtotal cash Received	738,700.00	748,000.00	757,800.00	767,500.00	777,100.00
Expenditures from Operations:					
Cash spent	170,000.00	172,647.00	174,812.00	176,257.00	177,609.00
VAT Payments	37,841.00	38,446.00	38,988.00	39,349.00	39,711.00
Subtotal Cash Payment	207,841.00	211,093.00	213,800.00	215,606.00	217,320.00
CASH FLOW FROM OPERATIONS:	530,859.00	536,907.00	544,000.00	551,894.00	559,780.00
CASH FLOW FROM INVESTMENTS:					
Purchase of Assets	(419,200.00)				
Working Capital ,pre-expenses and Others	(80,800.00)				
CASH FLOW FROM INVESTMENTS:	(500,000.00)				
CASH FLOW FROM FINANCING:					
Loan	125,000.00				
Owners Equity Contribution	375,000.00				
CASH FLOW FROM FINANCING:	500,000.00				
NET CASH FLOW FOR PERIOD	530,859.00	536,907.00	544,000.00	551,894.00	559,780.00
CASH FLOW START OF YEAR	-	530,859.00	1,067,766.00	1,611,766.00	2,163,660.00
CASH FLOW AT THE END OF YEAR	530,859.00	1,067,766.00	1,611,766.00	2,163,660.00	2,723,440.00

Appendix (VI)

PROJECTED LONG TERM LOAN REPAYMENT

Year	Principle	Loan Interest (6%)	Total Amount Paid	Loan Balance
0				125,000
1	31,250	7,500	38,750	93,750
2	31,250	7,500	38,750	62,500
3	31,250	7,500	38,750	31,250
4	31,250	7,500	38,750	0

Appendix (VII)

PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulative Cash Flow
1	142,118.00	24,000.00	166,118.00	166,118.00
2	144,781.00	24,000.00	168,781.00	334,899.00
3	149,108.00	24,000.00	173,108.00	508,007.00
4	154,555.00	24,000.00	178,555.00	686,562.00
5	159,716.00	24,000.00	183,716.00	870,278.00