

**BUSINESS PLAN
FOR
LAKE ZONE PLASTICS
COMPANY LIMITED**

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1.0. EXECUTIVE SUMMARY

Lake Zone Plastic Company Limited is a manufacturing company that aims at becoming a leading manufacturer of high-quality plastic products in the region. Our primary focus is on producing PVC pipes, utensils, and various other plastic items to cater to the growing demand in the market. Our state-of-the-art factory will be equipped with the latest technology to ensure efficient production processes and maintain high standards of quality.

One of our key strengths is our commitment to sustainability. We will utilize environmentally friendly production methods and materials to minimize our impact on the environment. Additionally, our products will be designed to be durable and long-lasting, reducing the need for frequent replacements and contributing to waste reduction.

Our target market includes construction companies, households, and businesses in the region. We aim to establish strong partnerships with distributors and retailers to ensure widespread availability of our products. Through strategic marketing and advertising campaigns, we will create awareness about our brand and products, positioning Lake Zone Plastic Company Limited as a trusted and reliable supplier of plastic products.

In conclusion, Lake Zone Plastic Company Limited is well-positioned to capitalize on the growing demand for plastic products in the region. With our focus on quality, sustainability, and customer satisfaction, we are confident in our ability to achieve success and become a market leader in the plastic manufacturing industry.

2.0. INVESTMENT COST AND SOURCE OF FINANCES

2.1. TOTAL INVESTMENT COST

The total investment cost for establishing the plastic products manufacturing facility is estimated at \$572,000 USD. This includes expenses related to a long-term land lease, construction of the factory, purchase of machinery and equipment, initial raw material procurement, and working capital for the first year of operation.

2.2. MACHINERY COSTS

Here's a more detailed breakdown of the machinery costs:

1. JWS60 HDPE 110mm Pipe Extrusion Line - \$59,700.00: This machine is essential for producing HDPE pipes with a diameter of 110mm. It includes extruders, molds, and cooling systems necessary for the production process.
2. JWG HDPE 315mm Pipe Extrusion Line - \$166,000.00: This machine is similar to the JWS60 but is designed for producing larger diameter HDPE pipes, specifically 315mm. It has a higher capacity and requires specialized tooling for the larger pipes.
3. 20-63mm Double Position Winder - \$16,200.00: This equipment is used for winding and coiling the smaller diameter pipes (20-63mm). It ensures the pipes are neatly wound for storage and transportation.
4. 63-110mm Single Position Winder - \$17,600.00: Similar to the double position winder but designed for the 63-110mm diameter pipes. It provides efficient winding for these larger pipes.
5. Gravimetric System (INOEX brand) - \$28,800.00: This system is used for controlling and monitoring the extrusion process by measuring the weight of the output. It helps ensure consistent product quality.
6. Gravimetric System (Chinese brand) - \$22,000.00: An alternative gravimetric system, from a Chinese manufacturer, that will serve a different purpose as the INOEX brand system as it has different features or specifications.
7. Laser Printer (2 sets) - \$14,000.00: These printers are used for marking and labeling the pipes with relevant information such as size, brand, and production date.

Total Machinery Cost: \$264,600.00: The total cost of all the machinery listed above. These machines are crucial for the production process and are key components of the manufacturing facility.

2.3. ACQUISITION OF LAND

The Company has secured a long-term lease for a period of 5 years starting from February 2024 ending February 2029 month, totaling \$12,000 over the lease term. The piece of land with the Title Number 8491 measures 2948 Square Meters, located in Mbulu Township, Kahama within Shinyanga region.

2.4. SOURCE OF FINANCES**1. EQUITY INVESTMENT**

The Company plans to raise a significant portion of the required funds through equity investment. The founding partners and potential investors will contribute equity capital to finance the project. The Company has sent out a call of shares to the shareholders that will raise a total of \$175,000 that will be amongst the sources of financing the Project.

2. BANK LOANS

To supplement the equity investment, the Company intends to secure loans from financial institutions. These loans will be used to finance the remaining portion of the investment cost. The Company is finalizing its arrangements with the National Bank of Commerce (NBC) who are its banker and we have an agreement in principal to provide an overdraft facility.

3. OTHER FINANCING OPTIONS

Additionally, the Company will consider other financing options such as supplier credit, leasing, or joint venture partnerships to meet the investment requirements.

4. RISK MANAGEMENT

A comprehensive risk assessment has been conducted to identify and mitigate potential risks associated with the investment in Lake Zone Plastic Company Limited. Strategies have been devised to address various types of risks, including market risks, regulatory risks, and operational risks.

- i. **Market Risks:** The plastic products industry is subject to market fluctuations, including changes in demand, competition, and raw material prices. To mitigate these risks, Lake Zone Plastic

Company Limited will conduct regular market research to stay informed about market trends and consumer preferences. Additionally, the Company will diversify its product range to reduce reliance on a single product or market segment.

- ii. **Regulatory Risks:** Compliance with local and international regulations is critical for the operation of a manufacturing facility. Lake Zone Plastic Company Limited will ensure strict adherence to all relevant regulations, including environmental standards, health and safety regulations, and product quality standards. The Company will also maintain open communication with regulatory authorities to stay informed about any changes in regulations that may affect its operations.
- iii. **Operational Risks:** Operational risks such as equipment failure, supply chain disruptions, and workforce issues can impact the efficiency and profitability of the factory. Lake Zone Plastic Company Limited will implement robust operational processes and quality control measures to minimize these risks. The Company will also invest in regular maintenance of equipment and machinery to ensure uninterrupted production.
- iv. **Financial Risks:** Financial risks, including fluctuations in exchange rates, interest rates, and credit risks, can impact the financial stability of the Company. Lake Zone Plastic Company Limited will implement financial risk management strategies, such as hedging against currency fluctuations and maintaining a strong cash flow position. The Company will also establish relationships with reputable financial institutions to secure favorable financing terms.

Lake Zone Plastic Company Limited is committed to mitigating risks and ensuring the long-term success of its investment. By implementing robust risk management strategies and maintaining a proactive approach to risk assessment, the Company aims to build a resilient and sustainable business that delivers value to its stakeholders.

3.0. JOB CREATION

Lake Zone Plastic Company Limited is dedicated to creating job opportunities and fostering economic development in Kahama and its surrounding areas. Our commitment

extends to providing employment for both skilled and unskilled workers from the local community. Below is a break down of the Job creation and employment strategy for the project;

- i. **Local Laborers:** At the outset, we plan to employ 20 local laborers to support the factory's operations. These individuals will be crucial to the day-to-day functioning of the facility, handling tasks such as production, maintenance, and other operational activities. By hiring locally, we aim to stimulate the local economy and provide stable employment opportunities for residents.
- ii. **Professional Positions:** In addition to local laborers, we will also hire 5 professionals to oversee various aspects of the factory's operations. These professionals will include mechanical engineers, production managers, stock takers and keepers, finance employees, and other skilled employees. Their expertise will be essential in ensuring the efficient and effective management of the factory, as well as compliance with legal and regulatory requirements.
- iii. **Foreign Consultants:** To further enhance our operational capabilities and ensure the successful establishment of the factory, we plan to engage a number of foreign consultants. These consultants will bring valuable expertise and international best practices to our operations, helping us to achieve the highest standards of quality and efficiency.
- iv. **Training and Development:** We are committed to investing in the training and development of our employees, both local and foreign. Training programs will be implemented to enhance the skills of our workforce, ensuring that they are equipped to meet the demands of the industry and contribute to the long-term success of the factory.
- v. **Community Engagement:** Lake Zone Plastic Company Limited is dedicated to being a responsible corporate citizen and actively engaging with the local community. We will work closely with local authorities, schools, and community organizations to promote education, skills development, and economic empowerment. Additionally, we will prioritize local sourcing of materials and services to further support the local economy.

Lake Zone Plastic Company Limited is committed to creating a positive impact in Kahama through job creation, skills development, and community engagement. We believe that by investing in our workforce and the local community, we can build a successful and sustainable business that benefits everyone involved.

4.0. INVESTMENT EXPENDITURE BREAKDOWN

Below is a brief breakdown of how the Company plans on spending its funds on the project

- 4.1. Machinery Costs and Installation: A total of \$264,600 will be spent on machinery and installation as broken down above. This includes the purchase of extrusion lines, winders, gravimetric systems, laser printers, and the installation costs associated with these machines.

- 4.2. Construction of the Factory: The budget for the construction of the factory is \$150,000 USD. This will be allocated as follows:
 - Site Preparation: \$12000
 - Building Construction: \$78000
 - Utilities Installation: \$35000
 - Infrastructure Requirements: \$25000

- 4.3. Purchase of Raw Materials: The cost for the initial batch of raw materials is estimated as follows - Titanium Dioxide: \$13400
 - Calcium Carbonate Powder: \$7600
 - Dioctyl Phthalate (DOP): \$22800
 - Other raw materials: \$30000

- 4.4. Working Capital: A portion of the investment funds (\$33,600) will be allocated towards working capital to cover initial operational expenses such as salaries, utilities, maintenance, and other day-to-day expenses.
- 4.5. Contingency Fund: A contingency fund of \$ 50,000 will be set aside to account for unforeseen expenses or cost overruns. This fund will provide a buffer to ensure that the project can proceed smoothly without delays.
- 4.6. Lease Costs: The total cost for the long-term lease of land is \$12,000, which will provide the necessary space for the factory operations.
- 4.7. Total Investment Funds Expenditure: The total expenditure for the investment is estimated at \$572,000. This includes costs for machinery and installation, construction of the factory, purchase of raw materials (including titanium dioxide, calcium carbonate powder, dioctyl phthalate, and others), working capital, lease costs, and contingency fund. This investment will enable Lake Zone Plastic Company Limited to establish a modern manufacturing facility and commence production of plastic products.

5.0. SOURCE OF SUPPLIES AND INPUTS

Lake Zone Plastic Company Limited will source its raw materials and inputs from various suppliers, both domestic and international, to ensure a steady and reliable supply chain. The Company will prioritize the use of high-quality raw materials to produce plastic products that meet international standards.

- 5.1. Imported Raw Materials: The majority of the raw materials, including titanium dioxide, calcium carbonate powder, and dioctyl phthalate (DOP), will be imported from China and other nations. These raw materials are essential for the production of high-quality plastic products and will be sourced from reputable suppliers with a track record of delivering quality materials.
- 5.2. Local Raw Materials: Some raw materials, such as lubricants and other locally available inputs, will be purchased from local suppliers. This will not only support the local economy but also ensure a reliable and cost-effective supply of these materials.

- 5.3. **Supplier Relationships:** Lake Zone Plastic Company Limited will establish strong relationships with its suppliers to ensure a smooth and efficient supply chain. Regular communication and collaboration with suppliers will be key to maintaining a steady supply of raw materials and inputs.
- 5.4. **Quality Control:** The Company will implement strict quality control measures to ensure that all raw materials and inputs meet the required standards. This will involve regular testing and inspection of materials to ensure they meet the Company's quality requirements.
- 5.5. **Inventory Management:** Efficient inventory management practices will be implemented to ensure that raw materials and inputs are available when needed, without excess inventory leading to storage costs.

By diversifying its sources of supply and inputs, Lake Zone Plastic Company Limited aims to mitigate the risks associated with supply chain disruptions and ensure a reliable and cost-effective supply of raw materials for its manufacturing operations.

6.0. MARKETING PALN

Lake Zone Plastic Company Limited aims to establish a strong presence in the market for plastic products, focusing on PVC pipes, utensils, and other plastic items. The Company's marketing strategy will focus on building brand awareness, expanding its customer base, and driving sales through targeted marketing initiatives.

- 6.1. **Target Market:** The primary target market for Lake Zone Plastic Company Limited includes construction companies, Mining Companies, plumbing contractors, retailers, and wholesalers who require high-quality plastic products. Additionally, the Company will target individual consumers through retail channels.
- 6.2. **Product Differentiation:** Lake Zone Plastic Company Limited will differentiate its products by emphasizing their high quality, durability, and eco-friendly nature. The Company will also offer a wide range of products to cater to different customer needs and preferences.

- 6.3. **Distribution Channels:** The Company will utilize a mix of distribution channels to reach its target market, including direct sales, wholesalers, retailers, and online platforms. Efforts will be made to establish strong relationships with distributors and retailers to ensure wide availability of its products.
- 6.4. **Promotional Strategies:** Lake Zone Plastic Company Limited will use a variety of promotional strategies to build brand awareness and drive sales. This will include advertising in relevant trade publications, participating in industry trade shows and exhibitions, and leveraging digital marketing channels such as social media and search engine optimization (SEO).
- 6.5. **Customer Relationship Management:** The Company will prioritize customer satisfaction and loyalty by providing excellent customer service and after-sales support. Customer feedback will be actively sought and used to improve products and services.
- 6.6. **Competitive Analysis:** Lake Zone Plastic Company Limited will continuously monitor the market and competitors to identify opportunities and threats. This will help the Company to adjust its marketing strategies and product offerings accordingly.
- 6.7. **Budget Allocation:** The Company has allocated a significant portion of its budget towards marketing and promotion to ensure effective market penetration and brand building. The budget will be monitored and adjusted as necessary based on the performance of various marketing initiatives.

By implementing a comprehensive marketing plan, Lake Zone Plastic Company Limited aims to establish itself as a leading provider of plastic products in the market, driving sales and revenue growth in the process.

7.0. IMPLEMENTATION SCHEDULE

The implementation of Lake Zone Plastic Company Limited's manufacturing facility will be carried out in three distinct phases, each crucial to the overall success of the project.

- 7.1. Phase 1: Construction (Month 1-2)
During this phase, the focus will be on laying the groundwork for the factory. This includes site preparation, foundation construction, and the installation of utilities and infrastructure. The goal is to create a solid foundation for the machinery and ensure that the facility meets all necessary standards and regulations.
- 7.2. Phase 2: Machinery Installation (Month 3)
Once the construction is complete, the machinery and equipment will be delivered and installed. This phase involves setting up the extrusion lines, winders, gravimetric systems, and other essential machinery. Testing and calibration will also be conducted to ensure that everything is in working order and ready for production.
- 7.3. Phase 3: Testing and Production Commencement (Month 4)
With the machinery in place, the focus will shift to testing and quality assurance. Trial production runs will be conducted to test the efficiency and quality of the manufacturing process. Once everything is running smoothly, full-scale production will commence, ramping up to meet market demand.

By dividing the implementation into these three phases, Lake Zone Plastic Company Limited aims to ensure a smooth and efficient rollout of its manufacturing operations. Each phase is carefully planned to ensure that the factory is built to the highest standards, the machinery is installed correctly, and production starts on time and meets the expected quality standards.

Below is a weekly breakdown of the implementation phases.

- i. Factory Construction (Month 1-2):
 - Week 1-2: Site preparation and clearing
 - Week 3-4: Foundation and building construction
 - Week 5-6: Installation of utilities and infrastructure
 - Week 7-8: Finishing touches and final inspections
- ii. Machinery Installation (Month 3):
 - Week 1: Delivery and setup of machinery
 - Week 2: Installation of extrusion lines and equipment

- Week 3: Testing and calibration of machinery
 - Week 4: Final adjustments and readiness for production
- iii. Production Commencement (Month 4):
- Week 1: Trial production runs and quality testing
 - Week 2: Full-scale production begins
 - Week 3-4: Ramp-up production to meet demand
- iv. Marketing and Sales (Ongoing):
- Launch marketing campaigns to promote products
 - Establish distribution channels and partnerships
 - Monitor sales performance and adjust strategies as needed
- v. Quality Control and Assurance (Ongoing):
- Implement strict quality control measures
 - Conduct regular inspections and audits
 - Continuously improve processes to ensure product quality
- vi. Training and Development (Ongoing):
- Provide training for employees on machinery operation and safety
 - Offer professional development opportunities for staff
 - Ensure compliance with health and safety regulations
- vii. Customer Service and Support (Ongoing):
- Establish customer service department
 - Provide after-sales support and assistance
 - Collect feedback from customers to improve products and services

By following this implementation schedule, Lake Zone Plastic Company Limited aims to complete the construction of the factory, install the machinery, and commence production within a four-month timeline. This timeline allows for efficient and effective implementation of the project, ensuring that the Company can begin operations and achieve its business goals in a timely manner.

8.0. FINANCIAL PROJECTIONS

Lake Zone Plastic Company Limited's financial projections for the next five years outline a growth trajectory based on prudent financial management and strategic business decisions.

In the first year, the Company anticipates significant initial expenses as it establishes its operations. However, subsequent years are expected to show steady revenue growth, with expenses and net profits aligning to create a sustainable and profitable business model.

With a focus on efficient operations and market expansion, Lake Zone Plastic Company Limited aims to achieve a strong financial position and deliver value to its stakeholders over the projection period.

Financial Projection for the Next Five Years:

Year 1:

- Revenue: \$300,000
- Expenses: \$600,000
- Net Profit: -\$300,000

Year 2:

- Revenue: \$450,000
- Expenses: \$150,000
- Net Profit: \$300,000

Year 3:

- Revenue: \$600,000

- Expenses: \$200,000
- Net Profit: \$400,000

Year 4:

- Revenue: \$750,000
- Expenses: \$250,000
- Net Profit: \$500,000

Year 5:

- Revenue: \$900,000
- Expenses: \$300,000
- Net Profit: \$600,000

- Revenue growth is projected at 50% annually, driven by increased market penetration and product diversification.
- Expenses start at \$150,000 in the second year and increase by \$50,000 yearly.
- Net profit starts at \$450,000 in the second year and increases by \$50,000 yearly.
- The financial projections are based on current market conditions and may be subject to change based on various factors.

9.0. CAPACITY OF THE PROJECT

Lake Zone Plastic Company Limited's manufacturing facility is designed to have a production capacity that meets market demand while ensuring operational efficiency and product quality.

- 9.1. **Production Capacity:** The factory has the capacity to produce about 300 Tons of PVC pipes, utensils, and other plastic items per year. This capacity is scalable to meet increased demand as the business grows.
- 9.2. **Efficiency:** The layout and design of the factory are optimized for efficient production processes, minimizing wastage and maximizing output. State-of-the-art machinery and equipment are used to ensure high productivity and product quality.
- 9.3. **Product Diversification:** The factory is equipped to produce a wide range of plastic products, allowing Lake Zone Plastic Company Limited to diversify its product portfolio and cater to various market segments.

- 9.4. **Quality Control:** Stringent quality control measures are in place throughout the production process to ensure that all products meet the required quality standards. This includes regular testing and inspection of raw materials, in-process materials, and finished products.
- 9.5. **Scalability:** The factory is designed to be scalable, allowing for expansion and increased production capacity as the business grows. This flexibility ensures that Lake Zone Plastic Company Limited can adapt to changing market conditions and customer demands.

Overall, the capacity of Lake Zone Plastic Company Limited's project is designed to support its growth ambitions and position the company as a leading manufacturer of plastic products in the region.

10.0. CONCLUSION

Lake Zone Plastic Company Limited's project to establish a manufacturing facility for plastic products is a strategic investment aimed at tapping into the growing demand for high-quality plastic products in the region. The project has been carefully planned and structured to ensure that it is implemented efficiently and effectively, with a focus on achieving long-term sustainability and profitability.

The company's comprehensive business plan includes detailed financial projections, a thorough risk assessment, and a clear implementation strategy. By leveraging its expertise, resources, and market knowledge, Lake Zone Plastic Company Limited is well-positioned to succeed in the competitive plastic products industry.

With a commitment to quality, innovation, and customer satisfaction, Lake Zone Plastic Company Limited aims to become a trusted provider of plastic products in the region, driving growth and delivering value to its stakeholders. The company's project is not just about establishing a manufacturing facility, but about creating a lasting impact in the local community through job creation, skills development, and economic empowerment.

In conclusion, Lake Zone Plastic Company Limited's project represents a significant opportunity for growth and success. By staying true to its core values and vision, the

company is poised to become a leader in the plastic products industry and make a positive contribution to the region's economy.