

LAMAR GLOBAL INVESTMENT LIMITED

BUSINESS PLAN

FOR

MACHINES FABRICATION AND WATER PUMPS

1.0. EXECUTIVE SUMMARY

1.1 Project Concept

LAMAR GLOBAL INVESTMENT LIMITED is a company incorporated in Tanzania with Certificate of Incorporation No. 168038585 dated 25th August, 2023, the company was formed on the basis of providing quality machine tools for selected industries. The owners had worked in this field for several years and had established multiple business contacts which will help the company pick up major business accounts

The project promoters are confident of mobilizing financial resources through owners' equity by US\$300,000 and the remaining US \$ 2,575,000 will be sourced from local financial institutions.

1.2 Location

The project will be located at Plot **No.66, Block 65 Viwandani Street Ilala District, Dar es Salaam.**

1.3 The Sponsors

LAMAR GLOBAL INVESTMENT LIMITED will be sponsoring this project. The Company is jointly owned by three shareholders

Name of shareholders	% Ownership	Nationality
XU WENHAO	70	CHINA
ZHU LIANGFENG	30	CHINA

1.4 The Company Objectives

The company main business objective is fabrication of various machines and machine components

1.5 Objective of Study

The purpose of this study is to work out the project viability technically and financially of a project for fabrication of various machines and machine components.

1.6 Mission

The company's mission is to be successful by effectively utilizing the philosophies of high quality, advanced techniques, and customer service.

1.7 Keys to Success

It is important that the company continues to provide superb customer service and fast delivery. At the same time, the company's further success will depend on securing new customers in the served market niches.

2.0 Project Management and Manpower requirements

The project will be under management of **LAMAR GLOBAL INVESTMENT LIMITED** management who have more than twenty-five in the field assisted by 25 employees.

LAMAR GLOBAL INVESTMENT LIMITED has a management team with direct knowledge of the industry, extensive research experience, and unique administrative skills. The company's management team consists of people with broad backgrounds in manufacturing, automation, and finance.

2.1 Project description

Significant measures have been taken to liberalize the Tanzania economy so that to encourage private sector to take a lead in Tanzania economic growth; The Government of Tanzania embarked on adjustment program to give the private sector the leading role.

It is in view of the above; **LAMAR GLOBAL INVESTMENT LIMITED** came up with a proposal to develop a project for fabrication of machines and component parts for machines, tools, or appliances.

To compliment this, the board of directors have developed strong working relationships with our customers and plan to further this area by continuing to offer customers value-added improvements and vertically-integrate the business to support these improvements.

It is expected that the project will be completed within one year's time and the company will apply to be exempted from paying import duty and VAT on Capital good and deemed capital good.

3.0 **The General Over Manufacturing in Tanzania**

The manufacturing sector in Tanzania has demonstrated substantial growth in recent years. The latest data reveals: In 2019, the manufacturing output was \$5.19 billion, marking a 12.73% increase from 2018. In 2020, the output rose to \$5.31 billion, a 2.28% increase from 2019. The year 2021 saw a further increase to \$5.67 billion, a 6.85% increase from 2020. In 2022, the manufacturing output reached \$6.20 billion, a 9.32% increase from 2021. In 2022, Tanzania's manufacturing sector emerged as the most significant component of its industrial landscape, contributing 23.2% to the nation's GDP.

This sector primarily focuses on light manufacturing industries, including textiles, garments, and food processing. Additionally, Tanzania is witnessing an expansion in its heavy manufacturing sector, encompassing areas like cement production, steel manufacturing, and pharmaceuticals.

The main manufacturing goods in Tanzania include: Textiles and Apparel: A major export sector, contributing significantly to employment and foreign exchange earnings. Processed Food and Beverages: This sector has seen growth due to increased domestic demand and export potential. Cement: With the construction boom, cement production has increased, making Tanzania one of the largest cement producers in East Africa. Iron and Steel Products: Essential for the construction and automotive industries, this sector is growing in response to local and regional demand.

Tanzania Agribusiness Currently, the majority of crops in Tanzania are marketed in their raw forms, while value-addition to agricultural products is mostly on a small-scale secondary level. Still, the Tanzanian agriculture value-added net output increased by 46% during the period 2012–2017, from USD 10.5 billion to USD 15.3 billion. Currently, value-added products in Tanzania include cotton yarn, manufactured coffee and tobacco, sisal products (yarn and twine), and wheat flour. In line with the 2025 Vision of the Ministry of Agriculture, Food and Cooperatives of Tanzania, there should be at least two new products developed

from each of the staple crops, horticultural crops, livestock, and fisheries by that year. Industrialization of Tanzania

The Government of Tanzania focuses on industrialization as the main catalyst to transform the economy, generate sustainable growth, and reduce poverty. The Government of Tanzania introduced its Sustainable Industrial Development Policy (SIDP) in 1996 to phase itself out of investing directly in productive activities and let the private sector take that role. The main purpose of the Government's SIDP is to design a plan for industrializing Tanzania so that the country becomes semi-industrialized by 2025. In order for Tanzania to become a semi-industrialized country, the contribution of manufacturing to the national economy must reach a minimum of 40% of the GDP by 2025. Foreign Direct Investments (FDIs) are expected to provide the capital for the desired industrial development

4.0 Target Market Segment Strategy

LAMAR GLOBAL INVESTMENT LIMITED will focus our market offerings on major customer groups:

- Automobile industry
- Components for mining and construction machines and equipment
- Machines components
- Manufactures of complete product lines.
- Household water pumps users etc.

Our market research shows that these customer segments are the most demanding in terms of the engineering, technical service support, and automated design. LAMAR GLOBAL INVESTMENT LIMITED is particularly strong in these areas and will utilize our capacities to serve these clients. The company will seek customers who require production of components used in upper-end product lines. This will provide a further possibility for LAMAR GLOBAL INVESTMENT LIMITED to offer our value-added engineering services.

4.1 Industry Participants

Competitive threats come from machine shops who perform similar types of machining, as well as design firms that have established relationships with a large customer base. Their machinery, tooling, fixturing, and inspection equipment is tailored to accommodate specific customer products. Their weaknesses, however, are lack of engineering ability, process control, expertise to develop and combine processes, to synchronously combine operations, and an inability to design and build automatic load and unload systems for internal use.

4.2 Competition and Buying Patterns

LAMAR GLOBAL INVESTMENT LIMITED believes that our customers choose our products based on the following criteria:

- Price.
- Performance.
- Customer service and support.

4.3 Value Proposition

LAMAR GLOBAL INVESTMENT LIMITED's products and services offer the following advantages to customers.

- Delivery. We provide on-time delivery, thereby reducing customer inventory and providing them with overall cost reduction.
- Quality. The products we supply are of high quality and have attributes that enable customers to carry out their business functions.
- Price. Our products competitively priced, thus helping customers control their own bottom line.

4.4 Competitive Edge

LAMAR GLOBAL INVESTMENT LIMITED has several highly significant competitive advantages:

- Engineering and technical support service.
- Automated system design and build.
- Customer service and support.

- Engineering and technical skills.
- Cross-functional teams encourage creativity.
- Quality systems are in place.

4.5 Market Needs

Each of the served segment's market needs are shaped by the desire to procure quality products at reasonable prices. LAMAR GLOBAL INVESTMENT LIMITED is in the position to offer just that to our clientele, and we understand that our products must help our clients to better add value to their own end customers.

4.6 Market Strategy

According to expert, personal selling is the most effective method for marketing. The project will use all types of media and publicity will support and enhance personal selling. The project will use internet and print media for advertising.

The market strategy is to capitalize on our expertise by positioning the company to acquire strategic companies within the industry. We plan to leverage our expertise to acquire companies with product lines that complement our manufacturing operations. The company's goal in the next year is to secure more contract manufacturing positions. The company's goal in the next five years is to continue with our "value added" scheme and embark on an acquisition program that will see the company take over key industry players.

4.7 Pricing

The pricing policy for the project will be based on the service cost and competition levels considering various variables namely:

- Service positioning
- Gain market share from competitors
- Achieving profitability and liquidity financial performance goals
- The average price is US\$ 1500
- 2200 Units

4.8 **Monitoring and Evaluation**

The Management has full commitment to ensuring good use of the resources and sustainable environment. Thus, the management philosophy is through business process, the company will strive to ensure compliance to standards and safety.

4.9 **Aspect of 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. The growing of manufacturing, mobile industry sector, and growth of economic activities in Tanzania gives them assurance of a steady market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

4.10 **Projected Risks**

This is a manufacturing industry investment; no major risks have been identified for this kind of project so far. Unless a change in the country's political and economic stability occurs, the project is more likely to prosper very fast for a very long period.

5.0 **Project Investment Cost**

The estimated capital investment cost of the project is US \$2,875,000 as shown in the schedule below:

LAMAR GLOBAL INVESTMENT LIMITED PROJECTED INVESTMENT COST US\$

Land and Buildings	800,000
Machinery & Equipment	1,500,000
Motor Vehicles	100,000
Furniture & Fixtures	5,000
Pre exp	20,000
Others	150,000
Working Capital	300,000
TOTAL	2,875,000

5.1 **Financing Pattern**

The project will be financed by equity by US\$300,000 and the remaining US\$ 2,575,000 to be sourced from financial institutions

5.2 **Projected Project Operating Costs**

In order to realize its intended objective, the project will have to meet the operating costs which is estimated to be 75% of the total annual revenue.

5.3 **Considerations and Assumptions:**

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied, it is assumed to be 10% annual depreciation.

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

5.4 **Projected Profit and Loss Statement**

The Income and Expenditure Statement shows the projected income for the 8 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. **US \$519,750** in first year to **US \$ 5,952,532** in the 5th year, refer appendix II

5.5 **Projected Cash Flows**

This is shown in the Projected Cash Flows Statement in appendix II. They indicate that the project will meet its entire financial obligation, the Accumulated cash flow in the first year **US\$767,250** and grow up to **US\$ 6,902,532 in 8th year**, refer appendix III

5.5 **Projected Balance Sheet**

The projected Balance Sheet of the projected is shown in the financial statements under appendix IV total owners' equity of the project increases from **US\$ 300,000** at the end of first year of operation to **US \$ 6,252,532** at the

end of in 8th year. Therefore; balance sheets depict a healthy financial, refer appendix IV

5.6 **Projected payback period**

Total investment is **US\$2,875,000** cash accumulation in year 4 is **US\$ 3,209,757** which is more than the initial investment costs, the project payback Period is within 4 years, refer appendix V

6.0. **Economic Aspects**

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

- The project is an ideal option for utilization of the existing market
- The project will significantly contribute in increase of machines and machine components available in Tanzania
- The project will create direct employment for 25 people on permanent contract basis leave alone temporary employees.
- It will create more business opportunities to local suppliers, which will also have a trickledown effect in the Tanzania economy as whole.
- It will generate substantial revenue to the government in the form of corporate tax paid, value-added tax and pay as you earn etc.
- The project will have transfer of knowledge and skills as far as manufacturing sector

8.0 **Implementation Schedule**

Project implementation is expected to be relatively very short once project has been approved it is estimated that construction of serviced furnished apartment will be completed within two years: -

LAMAR GLOBAL INVESTMENT LIMITED PROJECT IMPLEMENTATION

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	September 2025
2	Renovation	October 2025- January 2027
3	Procurement machines and other facilities	February 2027
4	Recruitment	March 2027
5	Testing business and in house training	April- July 2027
6	Commercial operations	September 2027

9.0 Conclusion and 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 TISEZA and be granted the Certificate of Incentives with its associated privileges and benefits as provided for under the TISEZA Act, 2025.

LAMAR GLOBAL INVESTMENT LIMITED COST STRUCTURE

Land and Buildings	800,000
Machinery & Equipment	1,500,000
Motor Vehicles	100,000
Furniture & Fixtures	5,000
Pre exp	20,000
Others	150,000
Working Capital	300,000
TOTAL	2,875,000

LAMAR GLOBAL INVESTMENT LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT (US\$)

	1	2	3	4	5	6	7	8
Revenue	3,300,000	3,465,000	3,638,250	3,820,163	4,011,171	4,211,729	4,422,316	4,643,431
Operating Expenses:	2,310,000	2,425,500	2,546,775	2,674,114	2,807,819	2,948,210	3,095,621	3,250,402
Profit before Depreciation & Interest	990,000	1,039,500	1,091,475	1,146,049	1,203,351	1,263,519	1,326,695	1,393,029
Interest	206,000	164,800	123,600	82,400	41,200	-	0	0
Depreciation	41,500	41,500	41,500	41,500	41,500	41,500	41,500	41,500
Gross Profit	742,500	833,200	926,375	1,022,149	1,120,651	1,222,019	1,285,195	1,351,529
Tax (30%)	222,750	249,960	277,913	306,645	336,195	366,606	385,558	405,459
Profit After Tax	519,750	583,240	648,463	715,504	784,456	855,413	899,636	946,071
Accumulated Profit	519,750	1,102,990	1,751,453	2,466,957	3,251,412	4,106,826	5,006,462	5,952,532

LAMAR GLOBAL INVESTMENT LIMITED PROJECTED CASH FLOW US\$

SOURCES:		1	2	3	4	5	6	7	8
Profit before interest and depreciation	-	990,000	1,039,500	1,091,475	1,146,049	1,203,351	1,263,519	1,326,695	1,393,029
Equity	300,000								
Loan	2,575,000								
Total Sources	2,875,000	990,000	1,039,500	1,091,475	1,146,049	1,203,351	1,263,519	1,326,695	1,393,029
Applications:									
Capital expenditure	2,405,000	-	-	-	-	-			
working Capital & Others	470,000								
Cash	-	767,250	789,540	813,563	839,404	867,156	896,913	941,136	987,571
Tax	-	222,750	249,960	277,913	306,645	336,195	366,606	385,558	405,459
Sub total	2,875,000	990,000	1,039,500	1,091,475	1,146,049	1,203,351	1,263,519	1,326,695	1,393,029
Total applications	2,875,000	990,000	1,039,500	1,091,475	1,146,049	1,203,351	1,263,519	1,326,695	1,393,029
Accumulated cash		767,250	1,556,790	2,370,353	3,209,757	4,076,912	4,973,826	5,914,962	6,902,532

LAMAR GLOBAL INVESTMENT LIMITED PROJECTED BALANCE SHEET US \$

Fixed Assets		1	2	3	4	5	6	7	8
Opening balance	-	2,405,000	2,363,500	2,322,000	2,280,500	2,239,000	2,197,500	2,156,000	2,114,500
Total Long-term Assets	-	2,405,000	2,363,500	2,322,000	2,280,500	2,239,000	2,197,500	2,156,000	2,114,500
Less depreciation	-	41,500	41,500	41,500	41,500	41,500	41,500	41,500	41,500
Closing balance	-	2,363,500	2,322,000	2,280,500	2,239,000	2,197,500	2,156,000	2,114,500	2,073,000
Working capital	470,000	470,000	470,000	470,000	470,000	470,000	470,000	470,000	470,000
Accumulated cash	-	767,250	1,556,790	2,370,353	3,209,757	4,076,912	4,973,826	5,914,962	6,902,532
Total assets	470,000	3,600,750	4,348,790	5,120,853	5,918,757	6,744,412	7,599,826	8,499,462	9,445,532
Financed by									
Equity	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Accumulated profit	-	519,750	1,102,990	1,751,453	2,466,957	3,251,412	4,106,826	5,006,462	5,952,532
Total equity	300,000	819,750	1,402,990	2,051,453	2,766,957	3,551,412	4,406,826	5,306,462	6,252,532
Long term loan	2,575,000	2,060,000	1,545,000	1,030,000	515,000	-	0	0	0
Total debts	2,575,000	2,060,000	1,545,000	1,030,000	515,000	-	-	-	-
Total equity and debts	2,875,000	2,879,750	2,947,990	3,081,453	3,281,957	3,551,412	4,406,826	5,306,462	6,252,532

LAMAR GLOBAL INVESTMENT LIMITED PROJECTED LONG TERM LOAN REPAYMENT

Year	Principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
1	515,000.00	206,000.00	721,000.00	2,575,000.00
2	515,000.00	164,800.00	679,800.00	2,060,000.00
3	515,000.00	123,600.00	638,600.00	1,545,000.00
4	515,000.00	82,400.00	597,400.00	1,030,000.00
5	515,000.00	41,200.00	556,200.00	515,000.00

LAMAR GLOBAL INVESTMENT LIMITED PROJECTED FIXED ASSETS US\$

NAME OF ASSETS	1	2	3	4	5	6	7	8
Land And Buildings	800,000	784,000	768,000	752,000	736,000	720,000	704,000	688,000
Machinery, Tools & Equipment	1,500,000	1,485,000	1,470,000	1,455,000	1,440,000	1,425,000	1,410,000	1,395,000
Motor Vehicles	100,000	90,000	80,000	70,000	60,000	50,000	40,000	30,000
Furniture & Fixtures	5,000	4,500	4,000	3,500	3,000	2,500	2,000	1,500
Total	2,405,000	2,363,500	2,322,000	2,280,500	2,239,000	2,197,500	2,156,000	2,114,500
DEPRECIATION	1	2	3	4	5	6	7	8
Land and buildings	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
Machinery tools & Equipment	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Motor Vehicles	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Furniture & Fixtures	500	500.00	500.00	500.00	500.00	500	500	500
ANNUAL DEPRECIATION	41,500	41,500	41,500	41,500	41,500	41,500	41,500	41,500