

# **VISTA PRINT LIMITED**

**BUSINESS PLAN**

**FOR**

**ESTABLISHMENT OF PRINTING FACILITIES**

Presented for  
VISTA PRINT LIMITED  
P.O. Box 38013  
Dar es salaam.

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## 1.0 SUMMARY

### 1.1 Project Concept

This project document presents a proposal by **VISTA PRINT LIMITED**, a locally registered company with Certificate of Incorporation No.81874 Dated 7<sup>th</sup> February 2011 seeking to establish modern large format printing facilities dealings with printing of posters, banners, billboard etc

After recognizing that there are a lot of opportunities in printing business in Dar es Salaam and the country at large, the company has decided to establish modern printing facilities in Dar es Salaam, the company has already ordered machines of the state of art technology acquired from India and Japan. The company has identified markets from various corporate.

In essence, the project will involve ordering and setting printing machines of different model in **Plot No 740, Block 11, Ilala area, Ilala District , Dar es Salaam.**

The project to be successful implemented and achieves expected results the following must be acquired:

- Long term leasing
- Renovation of business premises

- Printing machine
- Recruitment

This business plan report lays down the financial and economic viability of the intended project.

## 1.2 Location

The headquarters of the project and the printing factory will be located at **Plot No 740, Block 11, Ilala area, Ilala District , Dar es Salaam.**

The premises will serve as both the head office and storage yard for both finished products and raw materials arriving from the abroad.

## 1.3 The Sponsors

**VISTA PRINT LIMITED** will be sponsoring this project. The Company is jointly owned by the following shareholders.

Name Subscribers	% Shares subscribed	Nationality
MOHAMED ABDULMAJID AGHEY P. O. Box 38013, DAR ES SALAAM Email:mohamed@vistagroup.co.tz Tel:+255682786336	90	Tanzania
LUTF ABDULMAJID AGHEY P. O. Box 38273, DAR ES SALAAM Email:mohamed@vistagroup.co.tz Tel:+255682786336	10	Tanzania

#### 1.4 Project Management

**VISTA PRINT LIMITED** will be under the Management of MOHAMED ABDULMAJID AGHEY, the Managing Director who has experience managing various printing businesses over 10 years and LUTF ABDULMAJID AGHEY who will take care all matters related to Financing and Administration , LUTF ABDULMAJID AGHEY has 10 years in printing business managing obtained various printing companies, the company intend to employ one local employees as Sales and Marketing Director, that employee will also act as company secretary.

Under this management, **VISTA PRINT LIMITED** is expected to grow steadily from Small Printing Factory serving local markets only to Medium scale factory serving East Africa Region.

#### 1.5 Raw Material Base

Since the sustainability and productivity of the project will highly depend on availability of raw materials, the company will be importing raw materials from India and China and some time from local market if available.

The project will strictly adhere to laws, rules and regulations of the land

## **2.0 AN OVERVIEW TO THE PRINTING INDUSTRY IN TANZANIA.**

### **2.1 Printing Sector in General:**

Tanzania's sector is still in its infancy stage as most of the crucial printing works is done overseas, like South Africa, China, Mauritius, and Dubai. The sector needs to be developed as most of the machines available are of 1980's which can not meet the demand requirements of the fast-growing economy of new technology. Printing companies can not afford to have modern printing equipment mainly because of financial constraints.

Most of printing houses are using outdated technology machines.

As the country is trying to boost all sectors of economy such as education, tourism, communication, health, mining and many others, this gives printing industry a need to expand and use modern machines to meet the standards require in Tanzania market and East Africa at large.

Advertisements and information transfer through printed form have been increasing in Tanzania as the education sector which requires printed materials for daily uses. Companies are advertising through brochures and fliers in high volumes in Tanzania. The increasing number of schools shows bright future of printing business to cater for the demand of books and other materials

## 2.2 Commercial Printing

Following liberalization of Tanzania economy, Tanzania economy currently is dominated by private sector, there is a rapid and fundamental change in all sectors of economy, and the trend is projected to continue for many years to come.

These developments increase the opportunities for printing for commercial materials. In view of the above-mentioned developments, **VISTA PRINT LIMITED** is focusing on commercial printings as a strategic market segment.

The major customers range from firms to individuals, this is growing sector due to change in demand and customers needs.

Customers needs for quality products have been increasing; however existing technology in Tanzania is limited to cope with the demand due to out dated technology used by most of printing companies in Tanzania

## 2.3 Book Publishing

Government has liberalized the marketing and distribution of books and decentralized the procurement powers to the head teachers of primary schools instead of central and local government officials, the new system came into operation in July 2004 forcing all books publishers and books sellers to developing their respective distribution and marketing strategies and networks to reach the target markets.

Book publishing industry in Tanzania is still at infant stage with few established publishing house, there are only 8 good book publishers in Tanzania with number of titles approved by Educational Material Accreditation Committee (EMAC)

#### **2.4 Newspaper Printing**

There are almost 52 registered newspapers in Tanzania of which 46 are printed regularly on a weekly basis. The rest are printed on a monthly or quarterly basis.

Currently Tanzania has the largest number of newspaper publications in East Africa and there seems to be room for more publications to be introduced in the market. However the average circulation of serious Kiswahili newspapers is almost 35,000 copies and about 10,000 for English dailies. The average weekly is 60,000 copies. These circulation figures are a small of fraction of potential demand. The main reasons for this situation include the still nascent state of journalism in Tanzania, low reading culture among majority of Tanzanians, poor communication infrastructure in several rural areas and imbalances in the distribution of income, studies indicate that on average one newspaper is read by about 8 to 10 people, this imply that demand for newspaper in the country is well above 400,000 although the purchasing power is currently limited to a total about 230,000 copies.

It is good to note that the on-going social economic reforms provide innovative publishers with new opportunities to increase their circulation volumes or introduce new newspapers.

These opportunities will consequently lead to an increase in the printing business.

## **2.5 Trading conditions and license procedures for printing business.**

The Government of Tanzania has simplified procedures for trading and printing to encourage printing sector.

Any trader basically is expected to have a business license obtained from municipal council, Tax Identification Number (TIN) from Tanzania Revenue Authority, Industrial License from BRELA, and evidence of working premises

### **1.1.1 PROJECT'S INVESTMENT CAPITAL INVESTMENT**

The estimated capital investment cost of the project is US\$ 720,000 out of which US\$ 570,000 will be fixed investment costs. While working capital is put at US\$ 100,000, other cost US\$50,000

### VISTA PRINT LIMITED COST STRUCTURE

Land and Building	15,000
Plant and Machinery	200,000
Motor vehicles	70,000
Furniture and Fittings	5,000
Others	20,000
Working capital	70,000
<b>Total</b>	<b>380,000</b>

#### 3.1 Land and Building

The headquarters of the project and the printing factory will be located at **Plot No 11, Block o, Matumbi/Nyamwezi Street, Kariakoo, Ilala , Dar es Salaam.**

. This will serve for both office accommodation and production premises.

The company has budgeted for US\$ 15,000 for land and building leasing and renovation.

#### 3.2 Plant, Machinery and Equipment

The project intends to acquire a variety of printing machinery, equipment and accessories and install them at the site. The facilities that the company intends to install have advantage of incorporating state of the art technology in printing.

The company has a budget of **US\$200,000** for machines and its accessories

### 3.3 Motor Vehicles

One (1) unit Light Truck will be required for the haulage of raw materials and finished products. One (1) unit of 4WD Pick Up has been budgeted for supervision.

Total estimated cost for above mentioned items is put at **US\$ 70,000**

### 3.4 Furniture and Fittings

The company has budgeted US\$5,000 for this

### 3.5 Working Capital

The company has set a budget of US\$70,000 as working capital

### 3.6 Other cost

It is estimated that other cost will be **US\$20,000**

### 3.7 Project Financing Plan

The project financing pattern is shown below.

Source/Type of financing	Foreign US\$	Local US\$
Equity (100%)	NIL	200,000
Local Loans	NIL	180,00
TOTAL	NIL	380,000

## 4.0 MARKETING ASPECTS

### 4.1 The Products

The main products of the proposed project mainly involve different categories of printing such as:

- Posters

- Banners
- Diaries
- Billboards
- Calendars
- Brochures
- CD covers/booklets
- Certificates
- Flyers
- Menus
- Name tags
- Point of sale/display
- Postcards
- Manus
- Greeting cards
- Letter heads
- Manuals
- Leaflets
- Other printed based products etc

#### **4.2 Supply Position**

Apparently, there is limited printing factory of the high quality which meets local demand targeted by the company. The company intends

to employ State of the art technology which will enable the company produce very high quality of products and in large quantities, in order for project to be sustainable and economically viable, the project plan to produce 30-50 square meters per day

### **4.3 Competition**

Due to the limited availability of high quality printing, no stiff competition is foreseen. However, it must be cautioned that the targeted market is very conscious regarding quality. Hence, production of sub-standard products or selling at prohibitive prices will immediately shift customers to competitors.

### **4.4 Distribution**

**VISTA PRINT LIMITED** depend on the following as distribution strategies to reach company's clients

Its Customer Care Service Centre and delivery centre located at **Plot No 11, Block o, Matumbi/Nyamwezi Street, Kariakoo, Ilala , Dar es Salaam.**

- Government tender
- NGOs
- International Organizations
- Private companies

- Individuals
- Agents etc

#### 4.5 **Promotion**

Appropriate promotion means will be employed after consultations with promotion experts to enable the company properly promote its products to the target market. Generally the company will put more efforts in promotion by participating in different trade fairs like Sabasaba, Nane nane and any other,

**VISTA PRINT LIMITED** will be sponsoring some activities as promotion strategy

#### 4.5 **Production Capacity and pricing**

From the survey made in different printing houses, there are differences in pricing depending on whether printing is done using new technology or old technology, the company will base on market price, the emphases will be on quality and customized services

The project has estimated to produce various printing products of **495,000 units**, and the average price is **US\$ 1.5** per unit

#### 4.6 **Advertising**

The company will be using Fm radio and other radio, Television, billboard, Posters, T-shirt, News papers, internet etc to promote company's products

#### 4.7 Sales representatives

The company will be having sales representatives that will be paid on commission basis and been budgeted at the rate of 5% for all sales that will be made as the result of representatives

#### 5.0 MANPOWER REQUIREMENTS

##### 5.1 Manpower Requirements.

The management team will be supported by a team of **41 local** and **6 foreigners' experts'** permanent staff in various capacities. Casual laborers will also be employed on a daily or weekly payment basis.

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	2	5	5	12
Men	4	15	10	29
<b>TOTAL</b>	<b>6</b>	<b>20</b>	<b>15</b>	<b>41</b>

#### 6.0 ASPECTS OF PROJECT SUSTAINABILITY

The project sponsors having studied market environment and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed taking into consideration that, the company has been in this business for 10 years and the management has got vast knowledge and experiences in this sector. The growing demand for quality printing materials gives them assurance of a steady

market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

#### **6.1 Monitoring and evaluation**

The monitoring and evaluation tools that have been successful in previous projects , will be applied in the project expanded as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth business running.

### **7.0 FINANCIAL ANALYSIS**

#### **7.1 Considerations and Assumptions:**

##### **Exchange Rate**

The exchange rate for the financial analysis has been taken at Tshs. 2,300 = US\$ 1.00 for all the period.

##### **Taxation and Depreciation**

The corporate tax charged is 30% of the profits. 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.

##### **Production and Revenue Assumptions**

It is assumed that the major raw material will be imported from abroad and sometimes from local dealers. Revenues have been conservatively estimated based on experience of the promoters and trends in printing industry in general

## 7.2 Financial Statements:

### Project Profit and Loss Account

For projection purposes, it is assumed that the economic life of the project is five (6) years and that production of the different types of printed products commence from the first year of operation

## 7.3 Projected net income

This is shown in the income statements. The project net income after tax increases from **US\$ 94,990** in the 1<sup>st</sup> year up to **US\$621,507** in 6<sup>th</sup> year of project operation.

VISTA PRINT LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT (US\$)

	1	2	3	4	5	6
Revenue	742,500	779,625	781,481	781,574	781,579	781,579
Operating cost	594,000	623,700	625,185	625,259	625,263	625,263
Profit before Depreciation & Interest	148,500	155,925	156,296	156,315	156,316	156,316
Interest	10,000	7,500	5,000	2,500	0	0
Depreciation	2,800	2,800	2,800	2,800	2,800	2800
Net Profit before Tax	135,700	145,625	148,496	151,015	153,516	153,516
Tax (30%)	40,710	43,688	44,549	45,304	46,055	46,055
Profit After Tax	94,990	101,938	103,947	105,710	107,461	107,461
Accumulated Profit	94,990	196,928	300,875	406,585	514,046	621,507

## 7.4 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow, the accumulated cash flows grows from **US\$107,790** in the 1<sup>st</sup> year to **US\$663,307** in 6<sup>th</sup> year of project operation

### VISTA PRINT LIMITED PROJECTED CASH FLOW " US\$"

<b>SOURCES:</b>		1	2	3	4	5	6
Profit before interest and depreciation	-	148,500	155,925	156,296	156,315	156,316	156,316
Owners' Equity	180,000						
Loan	200,000	-	-	-	-	-	
<b>Total Sources</b>	<b>380,000</b>	<b>148,500</b>	<b>155,925</b>	<b>156,296</b>	<b>156,315</b>	<b>156,316</b>	<b>156,316</b>
<b>Applications:</b>							
Capital expenditure	110,000	-	-	-	-	-	
working Capital &Others	270,000	-	-	-	-	-	
Cash	-	107,790	112,237	111,747	111,011	110,261	110,261
Tax	-	40,710	43,688	44,549	45,304	46,055	46,055
<b>Sub total</b>	<b>380,000</b>	<b>148,500</b>	<b>155,925</b>	<b>156,296</b>	<b>156,315</b>	<b>156,316</b>	<b>156,316</b>
<b>Total applications</b>	<b>380,000</b>	<b>148,500</b>	<b>155,925</b>	<b>156,296</b>	<b>156,315</b>	<b>156,316</b>	<b>156,316</b>
Accumulated cash		107,790	220,027	331,774	442,785	553,046	663,307

## 7.5 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Owner's equity rises from **US\$ 180,000** in the 1<sup>st</sup> year to **US\$ 287,461** in 6<sup>th</sup> year of project operation.

**VISTA PRINT LIMITED PROJECTED BALANCE SHEET " US \$"**

<b>Fixed Assets</b>	-	1	2	3	4	5	6
Opening balance	-	<b>110,000</b>	<b>107,200</b>	<b>104,400</b>	<b>101,600</b>	<b>98,800</b>	<b>96,000</b>
<b>Total Long-term Assets</b>	-	<b>110,000</b>	<b>107,200</b>	<b>104,400</b>	<b>101,600</b>	<b>98,800</b>	<b>96,000</b>
<b>Less depreciation</b>	-	2,800	2,800	2,800	2,800	2,800	2,800
<b>Closing balance</b>	-	<b>107,200</b>	<b>104,400</b>	<b>101,600</b>	<b>98,800</b>	<b>96,000</b>	<b>93,200</b>
Working capital	270,000	270,000	270,000	270,000	270,000	270,000	270,000
Accumulated cash	-	107,790	220,027	331,774	442,785	553,046	663,307
<b>Total assets</b>	<b>270,000</b>	<b>484,990</b>	<b>594,427</b>	<b>703,374</b>	<b>811,585</b>	<b>919,046</b>	
Financed by							
Equity	180,000	180,000	180,000	180,000	180,000	180,000	180,000
Net profit	-	<b>94,990</b>	<b>101,938</b>	<b>103,947</b>	<b>105,710</b>	<b>107,461</b>	<b>107,461</b>
Total equity	180,000	274,990	281,938	283,947	285,710	287,461	287,461
Long term loan	200,000	-	-	-	-	-	-
<b>Total debts</b>	<b>200,000</b>	-	-	-	-	-	-
<b>Total equity and debts</b>	<b>380,000</b>	<b>274,990</b>	<b>281,938</b>	<b>283,947</b>	<b>285,710</b>	<b>287,461</b>	<b>287,461</b>

## 7.6 Projected Payback Period

The projected initial investment Cost is **US\$ 380,000** and cash accumulated in 4th year is **US\$417,785** which is greater than by **US\$ 37,785**, Therefore, the project payback period is within 4 years of project operations.

**VISTA PRINT LIMITED PROJECTED PAYBACK PERIOD**

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	94,990	2,800.00	97,790.00	97,790.00
2	101,938	2,800.00	104,738.00	202,528.00
3	103,947	2,800.00	106,747.00	309,275.00
4	105,710	2,800.00	108,510.00	417,785.00
5	107,461	2,800.00	110,261.00	528,046.00
6	107,461	2,800.00	110,261.00	638,307.00

## 7.7 Projected Loan Repayment Schedule

The Board of directors has planned to apply a loan amounting to US\$ 200,000 from local financial institutions, the loan to be repaid within 4 year with interest rate of 5%

VISTA PRINT LIMITED PROJECTED LOAN REPAYMENT SCHEDULE

Year	principle	Loan Interest (5%)	Total Amount Paid	Loan Balance
0				200,000
1	50,000	10,000	60,000	150,000
2	50,000	7,500	57,500	100,000
3	50,000	5,000	55,000	50,000
4	50,000	2,500	52,500	0
TOTAL	200,000	25,000	225,000	

## 7.8 Projected Investment Cost

The estimated capital investment cost of the project is US\$ 380,000 out of which US\$ 110,000 will be fixed investment costs. While working capital is put at US\$ 270,000

VISTA PRINT LIMITED PROJECTED

Land and Building	15,000
Plant and Machinery	200,000
Motor vehicles	70,000
Furniture and Fittings	5,000
Others	20,000
Working capital	70,000
<b>Total</b>	<b>380,000</b>

## 8.0 ECONOMIC ASPECTS

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

- The project will involve transfer of technology in printing industry.
- The project will add more employments direct and indirect; **41** people will be employed on permanent contract basis as well as on temporary basis.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and levies.
- Increase the availability of quality printing services

## 9.0 IMPLEMENTATION

Project implementation is expected to be relatively very short once project has been approved; it is estimated to be as followings:

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	April 2021
2	Renovation industrial premises	May -August 2021
5	Installation of machines	October- December 2021
6	Testing operations	Jan –March 2022
7	Commercial Operations	April 2022

## 10.00 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 approve by Tanzania Investment Centre and granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 1997 and other laws of the land.