

M/S CONSUMER GOODS MASTERS LIMITED

**BUSSINESS PLAN
FOR
TISSUE PAPERSMANUFACTURING
DAR ES SALAAM-TANZANIA**

Prepared By

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1.0 EXECUTIVE SUMMARY

Consumer Goods Masters limited is a manufacturing company that is based in Dar es Salaam dealing with among other objectives to produce, store, handling, marketing and distribution of consumable goods and its accessories. Our aim is to manufacture consumables goods of the highest quality to our various customers all over the world

1.1 Our Product and Services

The main goal of establishing Consumer Goods Masters limited is not only to generate revenue and maximize profit but also to favorably compete against similar manufacturing industry both new and existing, and within a period of five years to be among the top manufacturing industry and distributor of consumable goods in Tanzania. In order to achieve this, we have gone the extra mile to ensure that we get the best professionals and also the best equipment so that we will run standard consumable goods products.

All necessary business arrangements including licenses and permits have been made.

1.2 Our Vision Statement

To provide healthy by healthy tissue paper

1.3 Our Mission Statement

To become the leading safe and healthy tissue producer in Africa

1.4 Shareholders

Consumer Goods Masters Limited is founded by four shareholders with a combination of experience that can help in building the company to favorably compete with other companies.

Names of Shareholders	Number of shares
HAIDARY ALI KHALIFE P.O.BOX 7283 DAR ES SALAAM TANZANIA	400
HAIDARY ALI KHALIFE P.O.BOX 7283 DAR ES SALAAM TANZANIA	400
Ali AfifFawaz P.O.BOX 7283 DAR ES SALAAM TANZANIA	100
HassanHaidaryKhalife P.O.BOX 7283 DAR ES SALAAM TANZANIA	100
Unsubscribe Shares	4,000

1.5 Our Business Structure

We are aware of the importance of building a solid business structure that can support the picture of the kind of world class business we want to own. This is why we are committed to only hire the best hands within our area of operations.

M/s Goods Consumer Masters Limited will ensure that employees are qualified, hardworking, creative, customer centric and are ready to work to help us build a prosperous business that will benefit all the stakeholders (the owners, workforce, and customers).

2.0 Industry Overview

In North America, people are consuming around three times as much tissue as in Europe. Out of the world's estimated production of 21 million tons (21,000,000 long tons; 23,000,000 short tons) of tissue, Europe produces approximately 6 million tons (5,900,000 long tons; 6,600,000 short tons). The European tissue market is worth approximately 10 billion Euros annually and is growing at a rate of around 3%.

The European market represents around 23% of the global market. Of the total paper and board market tissue accounts for 10%. An analysis and market research in Europe, Germany was one of the top tissue-consuming countries in Western Europe while Sweden was on top of the per-capita consumption of tissue paper in Western Europe Market Study.

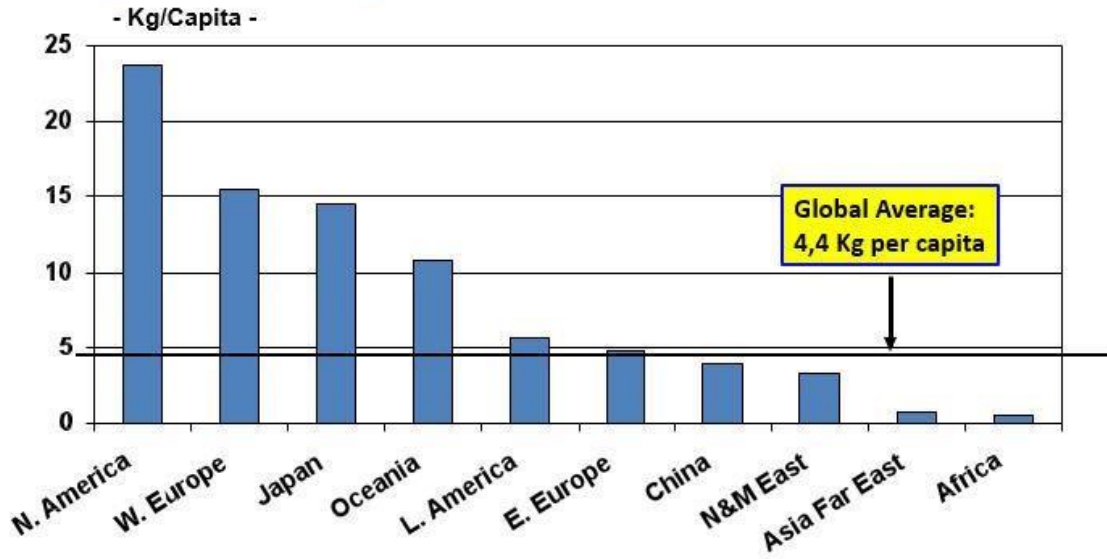
In Europe, the industry is represented by the European Tissue Symposium (ETS), a trade association. The members of ETS represent the majority of tissue paper producers throughout Europe and about 90% of total European tissue production. ETS was founded in 1971 and is based in Brussels since 1992. Tissue paper production and consumption is predicted to continue to grow because of factors like urbanization, increasing disposable incomes and consumer spending. In 2015, the global market for tissue paper is growing at per annum rates between 8-9% (China, currently 40% of global market) and 2-3% (Europe).

Tissue paper production and consumption is predicted to continue growing because of factors like urbanization, increasing disposable incomes and consumer spending.

In 2015, the global market for tissue paper is growing at per annum rates between 8-9% (China, currently 40% of global market) and 2-3% (Europe). Tissue Production

Tissue paper is produced on a paper machine that has a single large steam heated drying cylinder (Yankee dryer) fitted with a hot air hood. The raw material is paper pulp. The Yankee cylinder is sprayed with adhesives to make the paper stick. Creping is done by the Yankee's doctor blade that is scraping the dry paper off the cylinder surface. The crinkle (creping) is controlled by the strength of the adhesive, geometry of the doctor blade, speed difference between the Yankee and final section of the paper machine and paper pulp characteristic

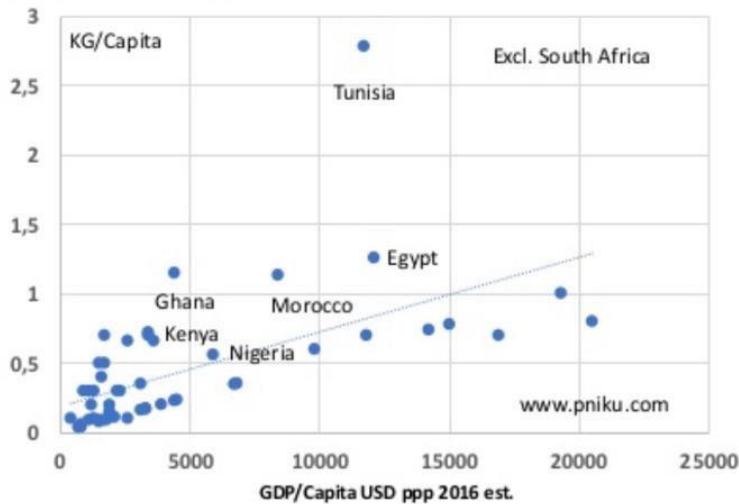
Per Capita Consumption of Tissue by World Region in 2011



RISI

TISSUE PAPER CONSUMPTION IN AFRICA

Africa has great potential for tissue paper. In many countries the per capita consumption is still less than 1 kg, but it is expected to grow fast.



Pekka Niku Consulting

3.0 SWOT Analysis

In our bid to ensure that we run a standard consumable goods manufacturing business, we have engaged the services of the finest business consultant here in Tanzania to look through our business concept and determine how best suited we are to not only run a standard consumables goods business but to also favorably compete with other similar businesses as well.

Due to this we have taken stock of our strengths, weaknesses, opportunities and threats and used this to understand how we are likely to survive not only in our industry here in Tanzania but also all over the East Africa and the world as well. The result we got after conducting the SWOT analysis for Consumer Goods Masters Limited are;

3.1 Strength

Our core strength lies in the power of our team; our workforce. We have a team of certified and highly trained and experienced recycling engineers and technicians / machine operators, a team with excellent qualifications and experience in various niche areas in the recycling industry.

3.2 Weakness:

As a new company in Tanzania and East Africa as well, it might take some time for our organization to break into the market and gain acceptance especially from top profile clients (big time manufacturing / production companies that make such kind of a product in the world and highly competitive Goods consumable industry; that is perhaps our major weakness. Another weakness is that we may not have the required cash to pump into promoting our business the way we would want to.

3.3 Opportunities:

No doubt, the opportunities in the recycling industry is massive considering the number of individuals and manufacturing companies who are now cost conscious switching over to alternative source of raw materials basically to save cost and energy. As a recycling company, we are ready to take advantage of any opportunity that is available in the industry.

3.4 Threat:

Just like any other business, one of the major threats that we are likely going to face is economic downturn. It is a fact that economic downturn affects purchasing / spending power. Another threat that may likely confront us is the arrival of a new recycling plants in same location where our target market exists and who may want to adopt same business model like us.

4.0 Marketing Analysis:

4.1 Market Trends:

In market the trend is of Healthy and high quality tissue papers. People prefer healthy and safe side for their selves. Branded names are commonly known for their name and secondly for their standard of health maintain for the customers. There are also a lot of types of tissue in the market such as facial tissue, toilet tissue. The Safe Tissue started work with toilet range

4.2 Supply and Demand Factor:

The demand and supply are two primary components that influence the working of any plan of action. The demand is the will and capacity of purchasers to buy a specific product, while supply is the capacity of the business to accommodate the interest of customers. To copes with modern era demand and supply factor are critically set according to the market trend.

4.3 Purchasing Patterns:

Two factors of business as explained above influence the purchasing pattern of the customers. Price is the main factor which plays a vital role in the purchasing pattern of the customer. Hence the Safe Tissue Company set the price accordingly to purchasing patterns of their customer.

4.4 Life patterns:

Peoples always prefer health over anything in this world. The life patterns of local affected by the highly expensive daily use product. The Safe tissue changes the life pattern of locals by providing the cheap and healthy tissue papers.

4.5 Marketing and promotions tactics:

The Safe Tissue implements the marketing mix to accomplish their valuable goals. It includes the Price

4.5.1 Product:

To live in this rapid market industry product should be differentiated to make the sale in the market. People want something different and valuable to them for purchasing product. The Safe tissue company has made this marketing mix by making product of high quality and according to modern standard.

4.5.2 Place:

Place where to sell your product is also the most important perspective of the company. Place is selected according to suppliers and market. Location of the business helps a lot in gaining more sales. Our Target is Urban and semi urban area.

4.5.3 Price:

Price of the product has great influence over customers. The Safe Tissue price is reasonable and affordable by locals and middle level and low level of families. Hence this factor has the increase the market shares of The Safe tissue in the market.

4.5.4 Promotion:

Promotion is the element of gaining the customer interest. Promotions are made according to price and market trend and customer buying behavior. Promotion creates awareness about the product and hence in results increase in sales

5.0 TECHNICAL ASPECTS

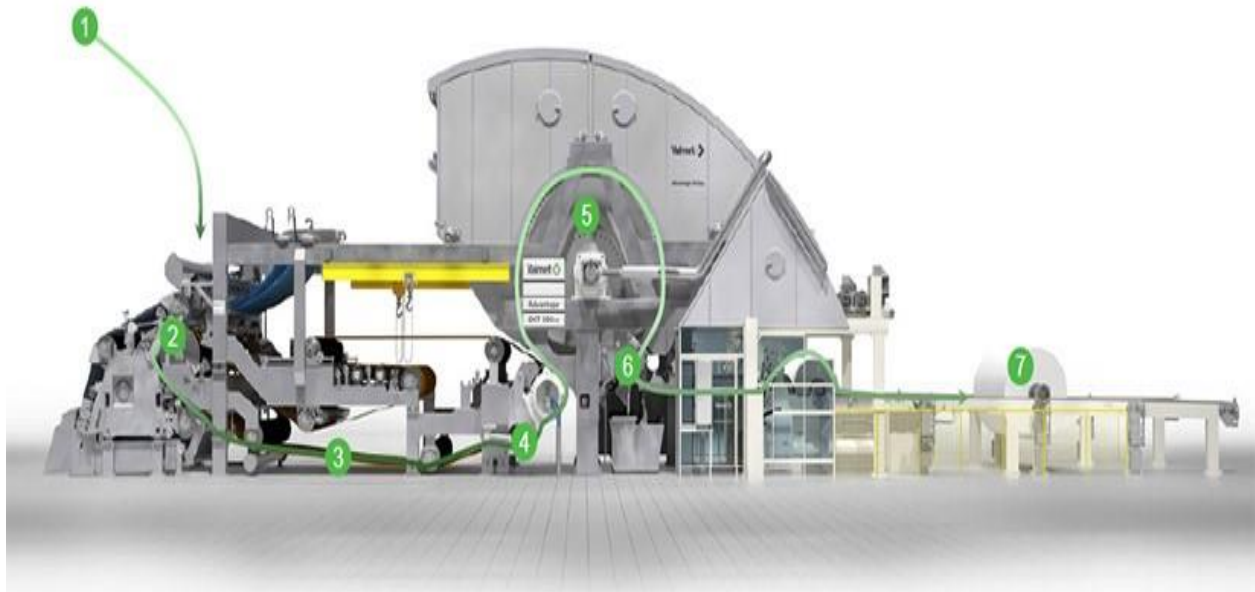
5.1 Tissue Production

Tissue paper is produced on a paper machine that has a single large steam heated drying cylinder (Yankee dryer) fitted with a hot air hood. The raw material is paper pulp. The Yankee cylinder is sprayed with adhesives to make the paper stick. Creping is done by the Yankee's doctor blade that is scraping the dry paper off the cylinder surface. The crinkle (creping) is controlled by the strength of the adhesive, geometry of the doctor blade, speed difference between the Yankee and final section of the paper machine and paper pulp characteristics.

The highest water absorbing applications are produced with a through air drying (TAD) process. These papers contain high amounts of NBSK and CTMP. This gives a bulky paper with high wet tensile strength and good water holding capacity. The TAD process uses about twice the energy compared with conventional drying of paper.

The properties are controlled by pulp quality, creping and additives (both in base paper and as coating). The wet strength is often an important parameter for tissue.

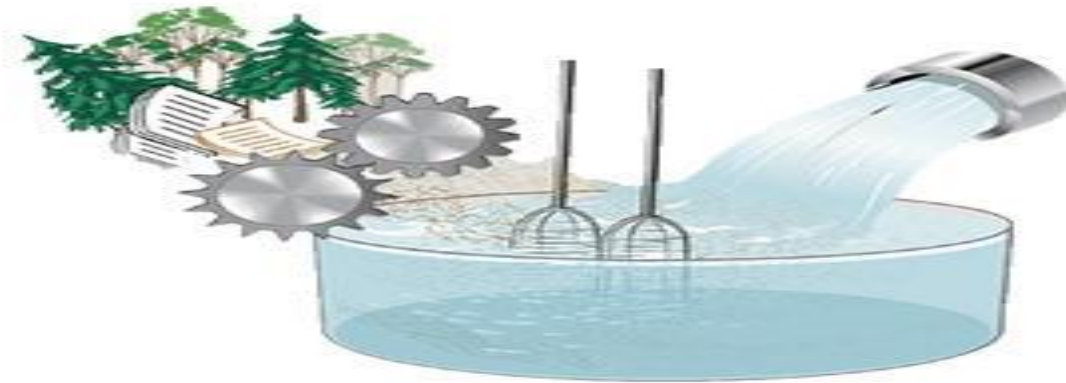
Figure 1 Tissue Production



5.2 Creation of the stock

The pulp is dissolved using water. The fibers in the pulp can either be fresh or derived from recycled paper. The fibers usually come from wood, although they also can originate from e.g. straw or sugar cane residue. When the stock enters the machine, it comprises more than 99 per cent water and less than one per cent fibers.

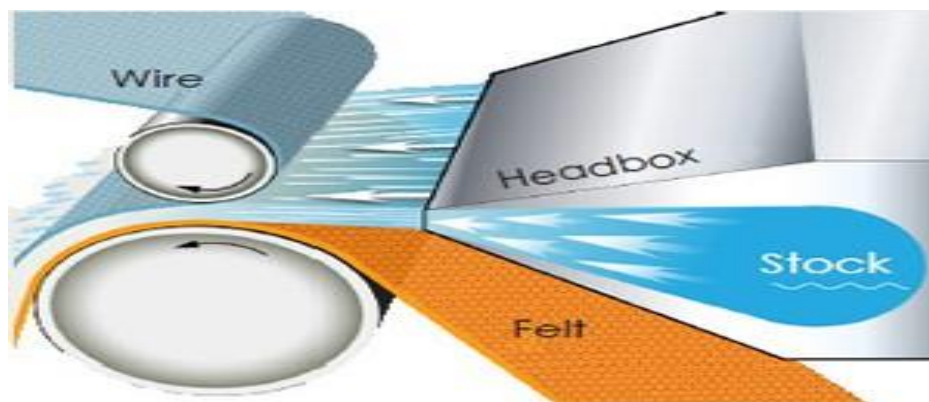
Figure 2 Creation of the stock



5.3 Head box

Here the stock is sprayed into the machine and distributed evenly along the entire width of the machine in the gap between two rolls. On one roll there is a wire (screen cloth) and on the other a felt.

Figure 3 Head box



5.4 Felt

The future paper attaches to the felt and follows it on into the machine. The felt is made of thick textile and absorbs some of the water.

Figure 4 Felt



5.5 Pressing - Press roll

Here the paper web is pressed between a suction press roll and the large Yankee dryer. The suction press roll is perforated and, together with the felt, removes the water from the paper web.

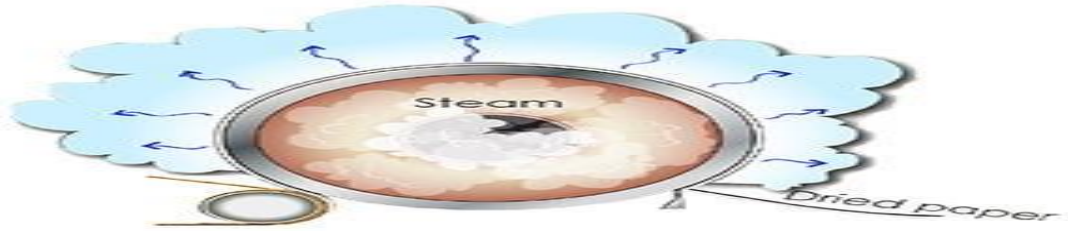
Figure 5 Pressing - Press roll



5.6 Drying cylinder - Yankee

The cylinder is heated up with steam under pressure. The paper web attaches to the hot surface of the drying cylinder. Water is now evaporated from the paper web.

Figure 6 Drying cylinder – Yankee



5.7 Creping

The creped structure of the tissue paper is achieved when the paper web is scraped away from the drying cylinder using a steel blade.

Figure 7 Creping



5.8 Rolling up

The finished tissue paper is rolled up onto large jumbo reels. The paper is now ready for processing in other machines, in order finally to be made into toilet rolls, kitchen rolls, paper tissues or paper towels.

5.9 Tissue Converting

The process of taking Raw Tissue Paper, made at Tissue Paper Mills around the world, and creating a finished product such as Toilet Paper Rolls, Napkins and Hand Towels.

Converting mainly involves cutting the jumbo reels which come off the Tissue Paper Machine into smaller rolls and folded products that go to the market. During the high speed and precise process, additional economic value and important functional properties can be added to the tissue products at the same time.

Figure 8 Tissue Converting



6.0 FINANCIAL AND ECONOMICAL ANALYSIS

6.1 Existing Investment

With the existing investment the company is experiencing operating losses in two consecutive years of 2017 and 2016 due to high operating cost compared to revenue generated.

6.2 Profit/ (Loss)generated for two (2) years

PARTICULARS	2017	2016
	TZS	TZS
Revenue	450,314,901	452,016,004
Cost of sales	<u>(353,596,340)</u>	<u>(369,873,357)</u>
Operating income	96,718,561	82,142,647
Other income (exchange gain)	428,790	0
Total Revenue	97,147,361	82,142,647
Operating expenses	(100,685,863)	(129,828,743)
Operating profit	<u>(12,538,502)</u>	<u>(47,686,096)</u>

6.3 New Plant

The additional of new plant worth **USD 2,926,400** with capacity of producing **12,500 tons** per year (based on 15gsm of web) the company is expected to have positive significance results. The company is expecting to increase its production by 12,500 tons per year which in turn will increase company revenue and reduce the cost of production. We plan to increase plant production capacity so as to maximize economies of scale.

6.3.2 SOCIAL AND ECONOMICAL BENEFIT

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

- The project will involve transfer of technology.
- The project will create employment to people on permanent contract
- The number of local employees will be 100 and number of non citizen employees will be 5.
- It will create more business opportunities to locals.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and pay as you earn.
- Assist in preserving environment

7.0 CORPORATE SOCIAL RESPONSIBILITY

7.1 Gender Considerations

The Company will have engaged several women in the investment as casual labor for cleaning and parking. That the company will base on equal ratio of number of employees for both male and females employees.

7.2 HIV & AID

The Company plan to conduct the National HIV/AIDS program to permanent and

casual employees. However, the Company will go beyond and provide this vital information on HIV/AIDS to the surrounding community.

7.3 Occupational Health and Safety

The Company is aware of the presence of Occupational Safety and Health Authority and the company is trying in its level best to create good environment to its workers to avoid accidents which can reduce performance of the workers.

7.4 Anti-Corruption

The company does not support/entertain corruption activities and behavior. The company seems to be genuine in endeavor to discourage corrupt behavior as all documents required and follow all the procedures in activities. This gives the company a picture that we are playing a fair game in the business as well as out of the business. The issue of corruption is very difficult to address as the both parties involved would like to cover it. However, through probing we can see the client is genuine.

8.0 IMPLEMENTATION, CONCLUSION AND RECOMMENDATION

Project implementation is expected to be relatively very short as once project has been approved by relevant authorities: -

8.1 Implementation schedule

	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	March 2020
2	Ordering of plant	April-June 2020
3	Arrival of Plant	August 2020

4	Installation	September-October 2020
5	Testing machines	November 2020
6	Commercial production	January 2021

8.2 Conclusion and Recommendations

The additional of a new plant to our premises is technically feasible, financially viable, and economically sound so we recommended that the purchases of a plant 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, 1997.

9. Financial Projections

Table 1: Balance sheet

	Year 1 (USD)	Year 2 (USD)	Year 3 (USD)	Year 4 (USD)	Year 5 (USD)
ASSETS					
1. Non-Current Assets					
a)Property, plant and equipment	425	445	475	480	575
b)Capital work in progress	940	970	990	1000	1100
c)Other intangible Assets	600335	589985	580035	571020	569925
d)Financial Assets	0	0	0	0	0
e)Other Current Assets	0	0	0	0	0
Total Non-Current Assets	601700	591400	581500	572500	571600
2. Current Assets					
a)Inventories	1600	1800	1600	1400	1300
b)Financial Assets	0	0	0	0	0
i) Trade receivables	0	0	0	0	0
Total Current Assets	1600	1800	1600	1400	1300
Total Assets	603300	593200	583100	573900	572900
EQUITY AND LIABILITIES					
Equity					
a)Equity share capital	3300	3200	3100	2900	2900
b)Other Equity	0	0	0	0	0

Total Equity	3300	3200	3100	2900	2900
LIABILITIES					
1)Non-Current Liabilities					
Financial Liabilities	600000	590000	580000	571000	570000
Total Equity and Liabilities	603300	593200	583100	573900	572900

Table 2: Profit and Loss Statement

	Year 1 (USD)	Year 2 (USD)	Year 3 (USD)	Year 4 (USD)	Year 5 (USD)
Revenue					
Revenue from operations	740.000	742.000	744.000	745.000	746.000
Other Income	4000	3000	2500	2000	1000
Total Income	744.000	745.000	746.500	747.000	747.000
Expenses					
Cost of materials	234000	232000	232000	231000	230000

consumed					
purchase of stock in trade	34000	36000	33000	32000	31000
Employee benefits expense	75000	75000	79000	69000	70000
Finance costs	15000	19000	21000	22000	23000
Depreciation and amortization expense	13000	13100	13200	13500	14000
Excise duty	37000	38000	39000	40000	41000
Other expenses	350000	300000	250000	206000	200000
Total Expenses	758000	713100	667200	613500	609000
Profit/loss before exceptional items and tax	-14.000	31.900	79.300	133.500	138.000
Total Tax Expense	3500	7975	19825	33375	34500
Net Income	-17.500	23.925	59.475	100.125	103.500

Table 3: Cash Flow

	Year 1 (USD)	Year 2 (USD)	Year 3 (USD)	Year 4 (USD)	Year 5 (USD)
A. Cash flow from operating activities					
Net loss/profit	-14.000	31.900	79.300	133.500	138.000

before tax					
Depreciation	15000	15500	16000	17000	18000
Profit/loss on disposal assets	0	0	0	0	0
Interest Income	-1400	3190	7930	13350	13800
Finance Costs	0	0	0	0	0
Operating profit before working capital changes	-400	50.590	103.230	163.850	169.800
Adjustments for movement in working capital	-1900	1600	1300	1200	1000
Increase/decrease in inventories	-500	480	450	420	400
Cash generated from operations	-2400	2080	1750	1620	1400
Direct taxes paid	240	520	437.5	405	350
Net cash generated from operations before exceptional and extraordinary items	-2640	1560	1312.5	1215	1050
Exceptional Items	0	0	0	0	0
Extraordinary Items	0	0	0	0	0

Net cash generated from operating activities	-2640	1560	1312.5	1215	1050
B. Cash flow from Investing activities					
Purchase of fixed assets	582680	582680	582680	582680	582680
Sale of fixed assets (Net)	0	0	0	0	0
Interest Income	0	0	0	0	0
C. Cash flow from financing activities					
Increase/decrease in secured loans	440000	430000	420000	410000	400000
Interest and other finance costs	0	0	0	0	0
Net cash used in financing activities	440000	430000	420000	410000	400000

