

GOODWILL (TANZANIA) CERAMIC CO. LIMITED



P.O.BOX 140, MKURANGA - PWANI

**GOODWILL (TANZANIA) CERAMIC CO
LIMITED
BUSINESS PLAN
FOR
PACKAGING PRODUCTS
MANUFACTURING**

GOODWILL (TANZANIA) CERAMIC CO. LIMITED



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1.0 EXECUTIVE SUMMARY.

GOODWILL (T) CERAMIC TANZANIA CO LTD is a private business company incorporated in the United Republic of Tanzania with Certificate of incorporation No.120132 issued on 9th September 2015, the main line of production/manufacturing ceramic tiles and they want to add manufacturing of packaging products such as boxes

The proposed business plan is therefore a result of knowledge and experience that has been accumulated over 15 years, the proposed new project of manufacturing packaging boxes at **Plot No. 1&2, Block A Mkiu, Mkuranga, Coast Region** is an ambitious undertaking the project of producing packaging products such as boxes

The proposed new project shall cost US\$ 300,000 and creating new employment of almost 100 local people.

1.1 LEGAL STATUS AND COMPANY BACK GROUND BRIEF

GOODWILL (T) CERAMIC TANZANIA CO LTD bears the certificate of incorporation No. 120132 issued on 9th September 2015 by BRELA and a tax Identification number 127-975-116

The shareholders of **GOODWILL (T) CERAMIC TANZANIA CO LTD**, the shareholder of this newly formed company is companies registered in China founder of the Company is Jian Sun and Xingwei Ma both residents and citizens of China, these are

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reputed international business men with vast experience in manufacturing industries.

The company is owned by two shareholders, namely:-

Name	% of Shares	Nationality
Jian Sun Hua Xian Street, Zouling, Shandongg Province, China	80	China
Xingwei Ma Plot No. 147, Huanl Street, San Mers Xia Henan Province, China	20	China

All the directors of the company are therefore well versed people in the business operations, having been engaged in the business for a period ranging between 10 to 20 years, Equiped with the wide experience in the business as explained above, the direcors of the company are optimistic of successful implementation of the proposed project.

1.2 LOCATION.

The new project is located at **Plot No. 1&2, Block A Mkiu, Mkuranga, Coast Region.**

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1.3 MISSION

Prompt and professionally high quality service delivery to customers, aimed at ensuring that they realize the highest value for money, thereby increasing the market share and seizure of every available opportunity for the company's growth.

1.4 Core Values

Service provision with commitment, integrity and creativity while treating each customer as if they were the company's only customer

1.5 BANKERS

The company is currently maintaining various banks in account by the following bank
NMB.

1.6 AUDITED REPORTS

GOODWILL (T) CERAMIC TANZANIA CO LTD has been maintaining good financial reports which are audited by reputable auditor firm

2.0 BASIS OF THE BUSINESS PLAN

A study based on rapid appraisal surveys was conducted prior to, and as the basis of preparation of this plan, the surveys were based on the following objectives and approach:

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2.1 Study Objectives:

- a) To analyze the relevant market and other factors impacting upon the supply and demand of packaging boxes in all sizes required.
- b) To examine the physical and operational characteristics of the existing market in order to determine the positioning of the proposed company's business in the market place.
- c) To conceptualize the proposed company's production and business operations, assess their economic viability, commercial profitability, social feasibility and provide a vision as to how the planned objectives should be realized.
- d) To provide supporting documentation required for box manufacturing at Mkiu for TIC and also in accessing credit facilities required in the financing of the investment capital.

2.2 Study Approach:

- a) Participatory: Semi- structured interview and discussion were held with the Company's Directors, stakeholders in packaging works and related businesses
- b) Physical visits to the company's main business premises
- c) A brief market survey on packaging box industries in Tanzania, Characteristics of demand and the general market structure of packaging products, competition among suppliers and producers in the market.
- d) Conduction of profitability/viability test of the investment, using the appropriate financial projections for the initial period of three years proposed for the business operations.

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3.0 THE PROJECT

3.1 Project Concept

The project involves establishing a new box manufacturing industry; this will include construction and installations of modern machines, purchasing vehicles, new generator etc.

The planned production capacity is 3,000,000 packaging boxes per year.

3.2 Project planned business project will entail the following main activities:

- Making shopping visit to Tanzania, China, India and other supplier countries to identify the suitable and appropriate machinery for the planned project.
- Ordering of the box production machinery, motor vehicles and their assorted and equipment from China and other overseas suppliers and entering into agreements for the purchase/ acquisition of those assets.
- Consigning the purchased machinery and motor vehicles including all the equipment and accessories from countries of their origin to Tanzania
- Clearing of all the purchased goods from the ports of entry and transporting them to the company's premises in Mkiu, Mkuranga
- Installation of the machinery, registration, insuring and licensing of the vehicles ready for deployment in the company's business

3.3 Project Objectives

3.3.1 Development Objectives:

GOODWILL (T) CERAMIC TANZANIA CO LTD aims at playing a significant role in the participation of the company in the efforts to

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maximize exploitation of the largely existing business potential in manufacturing industry particularly in box manufacture processing.

3.3.2 Immediate Objectives:

- a) To build and operate a box manufacturing and installed production capacity of 3,000,000 packaging products per year, of various types of packaging products, mainly for packing different materials
- b) Enhancing the country's capacity to utilize its box manufacturing raw materials and related natural resources when their commercial exploitation begins,
- c) Creating employment opportunities to skilled and semi skilled Tanzanians in both the packaging (boxes) industrial operations, including their supplies and distribution in the company's business.

4.0 Overview of the Manufacturing Sector and Packaging Box industry in Tanzania

4.1 The economy

Tanzania is one of the fastest growing economies in Africa, thanks to the sustained economic reforms which are being undertaken since the late 1980's.

The country's economy has been constantly growing since mid 1990's by average of 5.9%, and now growing at average of 7% which make Tanzania economy to be among the fastest growing economy in Africa and world at large. The overall vision is to transform the sector of the economy from the present level of per capita GDP of about US\$867 to medium developed country with an average per capita GDP of around US\$2,500 (National

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Development Vision 2025), the GDP from manufacturing 926,333TZSmillion.

4.2 Manufacturing Industry

Tanzania manufacturing sector contributes 5.6% to the country GDP in 2014 with \$2.69bn compared to \$1.47bn in 2009, representing an increase of 82%.

Since agriculture is the mainstay of the Tanzanian economy, the manufacturing industry is centered on the processing of local agriculture goods.

The agriculture sector in Tanzania consists mainly of food processing (24%), Textile and clothing (10%), Chemicals (8.5%) and others.

Tanzania's manufactured goods exports tripled over the past 5 years increasing from US\$497.7m in 2010 to US\$1.4billion in 2015 accounting for 25% of Tanzania's total exports value-

4.2.1 Steel processing industry

Tanzania had around 10 packaging industries which used to produce approximately 30,000,000 of packaging products per annum. The industry uses mainly natural resources as its raw materials, most of which is obtained locally, However due to growing demand, producers are sometimes forced to import raw materials from neighboring countries, where there is excess of the materials, which can be obtained at competitive prices. Due to financial difficulties and lack of adequate supply of raw materials.

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GOODWILL (T) CERAMIC TANZANIA CO LTD is poised to exploit to the maximum, the anticipated development in this Sector for its own enhanced growth.

5.0 BUSINESS ENVIRONMENT ANALYSIS;

5.1 Internal Approach;

5.1.1 Management:

GOODWILL (T) CERAMIC TANZANIA CO LTD as a corporate entity is managed under the Board of Directors. Day to day management of its conducted under the company's Managing Director who will be assisted by directors, Managers, Senior officers etc

This project is his brain child. He is therefore well prepared to embark on implementation of the proposed project and in the successful operation of its business thereafter.

The Managing Director will be closely assisted by well qualified professionals in the packaging industry, industrial management and operations. The company managers, heads of departments and operational staff for the production machines will be recruited for their competence, experience and good track record in their respective fields and in previous employments.

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5.2 External Environment:

5.2.1 The market:

GOODWILL (T) CERAMIC TANZANIA CO LTD's marketing policy aim at two objectives:

- further penetration/ entrenchment into the market's main segments to increase and retain a larger market share
- Early investment cost recovery to enhance economic viability of the company's business and expedite its growth.

The policy will be hinged on continual conduction of market surveys as a way of establishing current market situations and also as the means of enabling the company to develop marketing strategies which will facilitate achievement of set out sales goals, on monthly and annual basis. Surveys will enable the company to identify the potential market for its products and plan strategies for its penetration. The aim is to maximize penetration of new market and retain the market segments which the company shall have already won.

The box products market situation in the country is characterized by about 70% of the demand being supplied by internal manufacturers, while the remaining 30% is supplied by imports. Currently there are about 10 box packaging processing factories in the country, 6 are concentrated in Dar es Salaam, 2 are in Arusha and other 2 are in Coast Region

Products Manufacturing industries which is estimated to consume between 80%-85% of all packaging boxes products in the local market, has been also growing over years.

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The market surveys conducted during feasibility study for this project established that, demand for box products in the country is growing with each passing year.

5.2.1.1 Market Potential:

As explained in the topic above, the demand for packaging box products is on the rise, while the consumer goods manufacturing sector is one of fastest growing sectors in the country, with new rise consumer goods industries and products every day, the fifth phase Government initiative of industrialization, construction of economic infrastructure such as standard gauge, improvement of ports, fly over, etc all these create the demand for packaging box products in the country.

5.2.1.2 Competition:

GOODWILL (T) CERAMIC TANZANIA CO LTD is expecting to face completion from existing packaging industry which controls a sizeable market share of packaging box products in Tanzania, the company plan to increase market share by investing in a new and bigger packaging box machines with production capacity of 3,000,000 metric tons per year

6.0 PROJECT OPERATING COSTS

In order to realize its intended objective of the project operating costs will be 60% of total revenue.

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7.0 REVENUE ASSUMPTIONS

- For the purpose of this project all revenue will come from packaging box products produced at the factory
 - The annual revenue to grow by 10% annually
 - Revenue projections are based on experiences gained by the firm for being in the market for six years now.
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8.0 CONCLUSION AND RECOMMENDATION

8.1 Conclusion

The project is viable and profitable throughout the project period, after the foregoing economic and financial evaluation of the project; we strongly recommend that **GOODWILL (T) CERAMIC TANZANIA CO LTD** Board of Directors approval and accept the business proposal. The new project deserves this support because of its viability, since it is technical feasible, economically viable and socially acceptable

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Appendix I

GOODWILL (T) CERAMIC TANZANIA CO LTD COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	40,000.00
Machinery & Equipment	150,000.00
Motor Vehicles	50,000.00
Furniture & Fixtures	10,000.00
Pre exp	15,000.00
Others	7,000.00
Working Capital	128,000.00
TOTAL	400,000.00

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CASH FLOWS PROJECTION SUMMARY FROM 2021 TO 2025

DETAILS	2021	2022	2023	2024	2025	TOTAL
CASH INFLOWS						
SALES	2,844,460,062.00	2,987,820,849.12	3,017,699,057.62	3,047,876,048.19	3,078,354,808.67	14,976,210,825.61
TOTAL INFLOW	2,844,460,062.00	2,987,820,849.12	3,017,699,057.62	3,047,876,048.19	3,078,354,808.67	14,976,210,825.61
CASH OUTFLOWS						
Raw materials	1,592,897,634.72	1,608,826,611.07	1,624,914,877.18	1,641,164,025.95	1,657,575,666.21	8,125,378,815.12
Direct labour	227,556,804.96	229,832,373.01	232,130,696.74	234,452,003.71	236,796,523.74	1,160,768,402.16
Overheads	455,113,609.92	459,664,746.02	464,261,393.48	468,904,007.41	473,593,047.49	2,321,536,804.32
COST OF SALES	2,275,568,049.60	2,298,323,730.10	2,321,306,967.40	2,344,520,037.07	2,367,965,237.44	11,607,684,021.61
GROSS PROFIT	568,892,012.40	689,497,119.03	696,392,090.22	703,356,011.12	710,389,571.23	3,368,526,804.00
	0.00	0.00	0.00	0.00	0.00	0.00
OPERATING EXPENSES						
SKILLS DEVELOPMENT LEVY	10,062,272.20	10,162,894.92	10,264,523.87	10,367,169.11	10,470,840.80	51,327,700.90
WORKERS COMPENSATION FUND	2,515,568.05	2,540,723.73	2,566,130.97	2,591,792.28	2,617,710.20	12,831,925.22
SOCIAL SECURITY FUND	25,155,680.50	25,407,237.30	25,661,309.67	25,917,922.77	26,177,102.00	128,319,252.24
SALARIES AND WAGES (ADMIN)	24,000,000.00	24,240,000.00	24,482,400.00	24,727,224.00	24,974,496.24	122,424,120.24
REPAIR OF OFFICE EQUIPMENTS	6,000,000.00	6,060,000.00	6,120,600.00	6,181,806.00	6,243,624.06	30,606,030.06
ELECTRICITY	17,030,435.47	17,200,739.83	17,372,747.23	17,546,474.70	17,721,939.45	86,872,336.67
FUEL FOR MOTORVEHICLES	10,200,000.00	10,302,000.00	10,405,020.00	10,509,070.20	10,614,160.90	52,030,251.10
STAFF WELFARE & RECREATIONS	3,600,000.00	3,636,000.00	3,672,360.00	3,709,083.60	3,746,174.44	18,363,618.04
STAFF PERMITS/BUSINESS VISA	15,600,000.00	15,756,000.00	15,913,560.00	16,072,695.60	16,233,422.56	79,575,678.16
OFFICE RENT	48,000,000.00	48,480,000.00	48,964,800.00	49,454,448.00	49,948,992.48	244,848,240.48
PUBLICATIONS	1,268,250.30	1,280,932.80	1,293,742.13	1,306,679.55	1,319,746.35	6,469,351.14
MARKETING	14,400,000.00	14,544,000.00	14,689,440.00	14,836,334.40	14,984,697.74	73,454,472.14
ACCOUNTING AND AUDITING FEES	12,000,000.00	12,120,000.00	12,241,200.00	12,363,612.00	12,487,248.12	61,212,060.12
SECURITY SERVICES	14,400,000.00	14,544,000.00	14,689,440.00	14,836,334.40	14,984,697.74	73,454,472.14
LEGAL FEES	24,000,000.00	24,240,000.00	24,482,400.00	24,727,224.00	24,974,496.24	122,424,120.24
STAFF TRANSPORTATION & TAXI/CAB HIRE	3,000,000.00	3,030,000.00	3,060,300.00	3,090,903.00	3,121,812.03	15,303,015.03
PRINTING & STATIONERY	3,840,000.00	3,878,400.00	3,917,184.00	3,956,355.84	3,995,919.40	19,587,859.24
CAR INSURANCE	720,000.00	727,200.00	734,472.00	741,816.72	749,234.89	3,672,723.61
TRAVEL & ACCOMMODATION	28,800,000.00	29,088,000.00	29,378,880.00	29,672,668.80	29,969,395.49	146,908,944.29
CAR MAINTENANCE & REPAIRS	1,200,000.00	1,212,000.00	1,224,120.00	1,236,361.20	1,248,724.81	6,121,206.01
TELEPHONE, CELLPHONE & INTERNET	2,400,000.00	2,424,000.00	2,448,240.00	2,472,722.40	2,497,449.62	12,242,412.02
TOTAL OPERATING EXPENSES	268,192,206.52	270,874,128.58	273,582,869.87	276,318,698.57	279,081,885.55	1,368,049,789.10
	0.00	0.00	0.00	0.00	0.00	0.00
PROFIT FOR THE YEAR	300,699,805.88	418,622,990.44	422,809,220.35	427,037,312.55	431,307,685.68	2,000,477,014.90