

5 ELEMENTS ENTERPRISES LIMITED

BUSINESS PLAN

FOR

MANUFACTURING OF CORRUGATED BOXES PACKAGING MATERIALS AND RELATED PRODUCTS

CONTENTS

1.INTRODUCTION

2.MARKETING STRATEG

3.PROJECT MANAGEMENT AND MANPOWER

4.MONITORING AND EVALUATION

5.PROJECT INVESTMENT COST

6.FINANCIAL ANALYSIS

7.CONCLUSION AND RECOMMENDATIONS

1.0. Introduction

5 ELEMENTS ENTERPRISES LIMITED was incorporated on 9th day of November 2017, with Certificate of Incorporation No. 139232 intending to establish a project for manufacturing full range of packaging materials and related products

5 ELEMENTS ENTERPRISES LIMITED Board of directors is committed to provide a wide range of clientele not just in Tanzania, but also the East African region and SADC. The Board is aware that there are several corrugated boxes manufacturing companies in Tanzania, East Africa and SADC Countries, which is why we spent time and resources to conduct a thorough feasibility studies and market survey so as to be well positioned to favorably compete with all our competitors.

5 ELEMENTS ENTERPRISES LIMITED will ensure that all the boxes that leaves of factory are of the highest quality and highly durable and affordable.

We want to build a business with a wide range of clientele base that cuts across all businesses in the fast-moving consumer goods (FMCG) sector including logistics companies. The board is planning to establish strong network that will enable the company to manage a one-on-one relationship with our customers no matter how large the numbers of our customers' base may grow to.

5 ELEMENTS ENTERPRISES LIMITED will at all times demonstrate her commitment to sustainability, both

individually and as a firm, by actively participating in our communities and integrating sustainable business practices wherever possible.

The company will ensure that we hold ourselves accountable to the highest standards by meeting our customers' needs precisely and completely whenever they patronize our products.

The company is will be headed by a Managing Director appointed by the Board of Directors and who has established himself as expert in manufacturing of packaging materials.

1.2 Location

The project will be located at **Plot No. 3, Lot 20 Nyerere Road, Vingunguti Industrial Area, Ilala, Dar es Salaam**

1.3 The Sponsors

5 ELEMENTS ENTERPRISES LIMITED will be sponsoring this project. The Company is currently jointly owned by two shareholders

Name of shareholders	% of shares	Nationality
Jaya Chowdary Kulla P.O. Box 12762 DAR ES SALAAM	0.99	India
Raja Mallampati	0.01	India

P.O. Box 12762 DAR ES SALAAM		
Unallotted shares	99	Tanzania

1.4 **Objective of the study**

The purpose of this study is to work out the technical and commercial viability of the project

2.0 **Industry Overview**

Corrugated boxes are made up of corrugated paperboard that contains rows of air columns. The columns make the paper stronger than average cardboard with the air acting as a cushion for any items Corrugated boxes inside of them. The ridges inside offer strength and flexibility, as usually intended in packaging.

It is a known fact that corrugated box is one commodity that is used mostly in the retailing, manufacturing, shipping and logistics industry. This goes to show that there is indeed a very large market for this product; hence loads of investors are pitching their tent in the carton box and container manufacturing industry.

Businesses in the Cardboard Box and Container manufacturing industry basically converts purchased paper, paperboard and old corrugated containers into cardboard boxes, containers and similar packaging solutions. Industry

operators produce corrugated and solid cardboard packaging for a range of sectors and industries, including manufacturing, agriculture, wholesale, shipping and retail, among others.

Industry operators produce cardboard boxes, containers and other packaging solutions, including shoe boxes, composite cans, mailing cases and milk cartons.

Cardboard continues to be one of the most widely used materials for packaging and shipping. Furthermore, demand for industry products from downstream markets has increased.

The Cardboard Box and Container Manufacturing industry is a profitable industry and that is why the management of 5 Elements Enterprises have decided to venture in in; The company will start with corrugated boxes and later on will expand into other packaging materials.

2.1 **The Products and Services**

5 ELEMENTS ENTERPRISES LIMITED is in the packaging materials industry to manufacture a wide range of corrugated boxes and casing for clients. We are set to service a wide range of clientele not just in Tanzania, but also EAC and SADC region, which is why we will ensure we give our clients and potential clients options. The company product offerings are listed below;

- Manufacturing corrugated and solid fiber boxes
- Manufacturing folding corrugated boxes

- Manufacturing rigid-sided setup corrugated boxes

2.2 The Company Vision

The company vision is to become the leading brand in the corrugated box and other packaging products manufacturing company in East Africa.

2.3 The Company mission

The Company mission is to establish a world – class corrugated box manufacturing company whose products will not only be used by both small and big corporations in the FMCG sector in Tanzania, but also be exported to other countries of the world.

2.4 The Company Business Structure

Our intention of starting a corrugated box manufacturing company is to build a standard corrugated box manufacturing company in Tanzania.

Although our corrugated box manufacturing company might not be as big as other international companies, but we will ensure that we put the right structures in place that will support the kind of growth that we have in mind while setting up the business.

We will make sure that we employ people that are qualified, honest, customer centric and are ready to work to help us build a prosperous business that will benefit all the stake holders.

As a matter of fact, bonuses arrangement will be made available to all our senior management staff and it will be based on their annual performance.

Employees Distribution Summary

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	2	4	6	12
Men	4	6	14	24
TOTAL	6	10	20	36

2.5 **Competition**

Tanzania has a good number of imported corrugated boxes auto parts used. It is very expensive and most of low-income earners cannot afford to buy new imported, that why the company **came** in to bridge the came

2.6 **Special Strengths of Trinity Products Limited**

- The customer care provided by the company
- New technology used by the company
- Directors experience in corrugated boxes manufacturing
- Outstanding reputation.
- Guarantee all of our work, using the highest quality materials available and the most experienced fabricator available.

Weaknesses

- Lack of funding to grow the business. Available finances money will be used to purchase equipment, company expansion, create website, advertise, and hire an employee.

Opportunities

- Growing market with a significant percentage of our target market still not knowing we exist.
- Strategic alliances offering sources for referrals and joint marketing activities to extend our reach.
- Increasing sales opportunities beyond domestic market

Threats

- Downswings in the economy of Tanzania and neighboring countries
- Cheap and low-quality imported products

Our Target Market

- Manufacturing companies
- Logistics companies
- Individual
- Hospital and schools
- Farmers etc.

The company understand that the customers within the corrugates boxes industry want exceptional quality,

durability and affordable rates. We believe that our prospective customers will appreciate the quality service that we are hoping to offer, as well as the knowledgeable and experience of our owner.

5 ELEMENTS ENTERPRISES LIMITED believe that customers have the option to go elsewhere, but they understand that giving their business to 5 ELEMENTS ENTERPRISES LIMITED will be of more advantage to them because the company will deliver the dedication that they desire. We know plastic packages have been banned by Tanzania Government since they are not environment friendly but with aggressive marketing efforts could expand company operations and reach many more markets 5 ELEMENTS ENTERPRISES LIMITED also plan to become a leading provider of corrugated boxes in the domestic market and neighboring countries. The board of directors believe that to achieve this, we have to invest in many ways that will pay off in competitive advantages for our customers, by pre-job conferencing upon request and assisting in the technical or conceptual design.

3.0 MARKETING STRATEGY

- The company totally understand that satisfied customers will aid our business by referring our company to other clients who need our services. The company plan to serve the corrugated boxes market

segment. Our specific choice of target markets is based on an in-depth understanding of our prospective customer's needs.

- We believe that our skills and capabilities will allow us to very well compete and develop our reputation within our business area. This is the reason why we believe that obtaining grant funding and developing a marketing strategy will improve our profitability levels and help us in building a strong customer base.
- Plan to use a direct sales force and relationship selling to reach its target markets. These channels are most appropriate because of time to market, reduced capital requirements, and fast access to established distribution channels.
- Plan to advertise in Yellow Pages and local newspapers, and create a website with information, construction background, and contact information will be available online. References to the website will be mentioned in all other forms of advertising once the website is in effect.
- Plan to use email marketing campaigns as an outreach to our prospective customers. We all know that technology that incorporates video with email and offers very powerful, robust and dynamic features. Another advantage is in communicating through the use of streaming video embedded within the email.

- Planning to incorporate an email drip campaign with video into our marketing efforts. We believe that this technology will more effectively market to our customer and potential customer base.

3.1 Product Pricing

The pricing policy for the project will be based on the service cost and competition levels from substitute services available in Tanzania market considering various variables namely:

- Service positioning
- Gain market share from competitors
- Stimulating and increasing demand and
- Achieving profitability and liquidity financial performance goals
- Selling price per kg. US\$0.87

3.2 Production capacity

The company plan to start with machines with production capacity of 3000 tons per year

3.3 Monitoring and Evaluation

The Management has full commitment to ensuring goods produced maintain the safety and standards required in the market. The quality control unit will establish a system of routine checking and getting feedback from customers, management philosophy is through business process,

managers will strive to ensure compliance to standards and safety of products and customers they serve.

3.4 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 peace and tranquility that exist in Tanzania and neighboring countries is another aspect of assured business sustainability.

4.0 Financial Analysis

4.1 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.

Revenues have been conservatively estimated based on experience of the promoters and trends in the packaging materials products industry.

4.2 Project Investment

The estimated capital investment cost of the project is US\$ **505,000** out of which US\$**325,000** will be fixed investment costs.

5 ELEMENTS ENTERPRISES LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	25,000.00
Machinery & Equipment	220,000.00
Motor Vehicles	75,000.00
Furniture & Fixtures	5,000.00
Pre exp	0.00
Others	5,000.00
Working Capital	175,000.00
TOTAL	505,000.00

For the project to be a reality a total investment amounting to US \$505,000 is needed

4.3 Financing pattern

The project will be financed by equity **US\$375,000** and loan **US\$ 125,00**

4.4 Project operating costs

In order to realize its intended objective, the project will have to meet operating cost not exceeding 15% of annual total revenue and 75% of total revenue is cost of sales

4.5 Projected Revenue

For projection purposes, it is assumed that the economic life of the project is five years, and that revenue from the project commence from the first year of operation.

5 ELEMENTS ENTERPRISES LIMITED SUMMARY OF REVENUE "US\$"

	1	2	3	4	5
Revenue	2,610,000.00	2,818,800.00	3,044,304.00	3,287,848.32	3,550,876.19

4.6 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 5 years' period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. US\$ in first year **154,875 to** US\$ in the year 5th **858,503**

**5 ELEMENTS ENTERPRISES LIMITED PROJECTED INCOME & EXPENDITURE
STATEMENT (US\$)**

	1	2	3	4	5
Revenue	2,610,000.00	2,818,800.00	3,044,304.00	3,287,848.32	3,550,876.19
Cost of Sales	1,957,500.00	2,114,100.00	2,283,228.00	2,465,886.24	2,663,157.14
Operating Expenses	391,500.00	422,820.00	456,645.60	493,177.25	532,631.43
Profit before Depreciation & Interest	261,000.00	281,880.00	304,430.40	328,784.83	355,087.62
Interest	24,000.00	180,000.00	16,000.00	6,000.00	-
Depreciation	15,750.00	15,750.00	15,750.00	15,750.00	15,750.00
Gross Profit	221,250.00	86,130.00	272,680.40	307,034.83	339,337.62
Tax (30%)	66,375.00	25,839.00	81,804.12	92,110.45	101,801.29
Profit After Tax	154,875.00	60,291.00	190,876.28	214,924.38	237,536.33
Accumulated Profit	154,875.00	215,166.00	406,042.28	620,966.66	858,503.00

5.7 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year 1 US\$**194,625.** of operation to the 5th year US\$ **1,183,252**

5 ELEMENTS ENTERPRISES LIMITED PROJECTED CASH FLOWS STATEMENT
(US\$)

	0	1	2	3	4	5
SOURCES:						
Profit before interest and depreciation	0	261,000.00	281,880.00	304,430.40	328,784.83	355,087.62
Equity	205,000.00					
Loan	300,000.00					
Total Sources	505,000.00	261,000.00	281,880.00	304,430.40	328,784.83	355,087.62
Applications:						
Capital expenditure	325,000.00	-	-	-	-	-
working Capital & Others	180,000.00	-	-	-	-	-
Cash	0	194,625.00	256,041.00	222,626.00	256,674.00	253,286.00
Tax	-	66,375.00	25,839.00	81,804.12	92,110.45	101,801.29
Sub total	505,000.00	261,000.00	281,880.00	304,430.12	348,784.45	355,087.29
Total applications	505,000.00	261,000.00	281,880.00	304,430.12	348,784.45	355,087.29
Accumulated cash		194,625.00	450,666.00	673,292.00	929,966.00	1,183,252.00

4.8 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Shareholders equity increases from US\$**205,000** in the first year of operation to US\$ **547,536 in** the 5th year.

**5 ELEMENTS ENTERPRISES LIMITED PROJECTED BALANCE SHEET
STATEMENT (US\$)**

Fixed Assets	-	1	2	3	4	5
Opening balance	-	325,000	290,250	255,500	220,750	186,000
Total Long-term Assets	-	325,000.00	290,250.00	255,500.00	220,750	186,000
Less depreciation	-	15,750.00	15,750.00	15,750.00	15,750	15,750
Closing balance	-	309,250.00	274,500.00	239,750.00	205,000	170,250
Working capital	180,000	180,000.00	180,000.00	180,000.00	180,000	180,000
Accumulated cash	-	194,625.00	450,666.00	673,292.00	929,966	1,183,252
Total assets	180,000	683,875.00	905,166.00	1,093,042.00	1,314,966	1,533,502
Financed by						
Equity	205,000	310,000.00	310,000.00	310,000.00	310,000	310,000
Net profit	-	154,875.00	60,291.00	190,876.28	214,924	237,536
Total equity	205,000	464,875.00	370,291.00	500,876.28	524,924	547,536
Long term loan	300,000	225,000	150,000	75,000	0	0
Total debts	300,000	225,000.00	150,000.00	75,000.00	-	-
Total equity and debts	505,000	689,875.00	520,291.00	575,876.28	524,924	547,536

4.9 Projected payback period

Total investment is **US\$505,000** cash accumulation in 54th years is **US\$683,966** which is more than the initial investment by **US\$ US\$ 17,8966**, the project payback Period is within **3 years**.

**5 ELEMENTS ENTERPRISES LIMITED PROJECTED PAYBACK PERIOD
STATEMENT (US\$)**

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	154,875.00	15,750.00	170,625.00	170,625.00
2	60,291.00	15,750.00	76,041.00	246,666.00
3	190,876.28	15,750.00	206,626.28	453,292.28
4	214,924.38	15,750.00	230,674.38	683,966.66
5	237,536.33	15,750.00	253,286.33	937,252.99

4.10 Projected loan repayment

Total loan is **US\$505,000** to be repaid within 4years with interest of 8%

**5 ELEMENTS ENTERPRISES LIMITED PROJECTED LONG TERM LOAN
REPAYMENT**

Year	principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
0				
1	75,000	24000	99,000	300,000
2	75,000	18000	93,000	225,000
3	75,000	12000	87,000	150,000
4	75,000	6000	81,000	75,000
5	0	0	0	0
6	0	0		0

5.0 Economic Aspects

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

- The project will create employment for **36** people 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 pay as you earn.
- The project will have transfer of knowledge to locals

6.0 Implementation

Project implementation is expected to be relatively very short once project has been approved it is estimated that construction and operations will be commenced within one year: -

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	Feb 2021
2	Resources mobilization	April –July 2021
3	Ordering plant and machine	October-January 2022
3	Machine installation	February to May 2022
4	Testing business and in-house training	May- August 2022
	Commercial operations	September 2022

7.0 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 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.