

LUCKY SPACE INVESTMENT LIMITED

**BUSINESS PLAN FOR
MANUFACTURING OF MATTRESSES**

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EXECUTIVE BUSINESS PLAN-LUCKY SPACE INVESTMENT LIMITED

COMPANY PROFILE SUMMARY

1.1 LUCK SPACE INVESTMENT LIMITED is registered company under the Companies Act No. 12 of 2002 with one of its core business as manufacturing of.

1.2 Project Concept

This project document presents a proposal by **LUCKY SPACE INVESTMENT LIMITED**, registered company with Certificate of Incorporation No.139497570 Dated 16thJuly 2019 intending to invest in manufacturing of mattresses. The project promoters are confident of mobilizing financial resources through its own capital.

The objective of the company is to assess the commercial and operational feasibility of the project undertaken by **LUCKY SPACE INVESTMENT LIMITED**. This study will be used as guiding tool and will be presented to Tanzania Investment Center for obtaining certificate of incentives to facilitate smooth implementation of the project.

1.3 Location

The project will be located at Plot No. 29, 30 Block “A” Zegereni Area, Kibaha district, Coastal region.

1.4 The Sponsors

LUCKY SPACE INVESTMENT LIMITED will be sponsoring this project. The Company is jointly owned by the following shareholders.

S/N	Name of shareholders	Percentage of ownership
1	YONGGANG CHANG	50
2	XIA SUN	50

1.5 Project Management and Manpower requirements

LUCKY SPACE INVESTMENT LIMITED will be under the General Manager **YONGGANG CHANG** assisted by Deputy General Manager **XIA SUN** who will be in charge of Finance and Administration and will have marketers who will be responsible with Marketing Department. The company also expects to have 50 staff on permanent basis and more than 100 employees on temporary basis

1.5 Market Analysis

Significant measures have been taken to liberalize the Tanzania economy so that to encourage private sector to take a lead as engine of 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 that **LUCKY SPACE INVESTMENT LIMITED** came up with a proposal of producing and marketing

mattresses which are currently used widely across the country locally boosting both the local economy and being in line with the 5th Government policy of industrialization in Tanzania.

The project will involve among others acquiring necessary building materials, construction of industrial building, installation of production machines and other equipments the company (shareholders) plan to inject capital of Tshs. 5,000,000,000 with the intention to continuously increase the owner's equity.

It is expected that the construction of the mattress manufacturing facilities will be completed within 1 years time and the company will apply to be exempted from paying import duty and VAT on Capital goods and deemed capital goods, the project will aid and contribute significantly towards the manufacturing of mattresses and growth of other sectors.

1.6 Project Description

The company plans to invest in manufacturing of all kinds mattresses. This will involve construction of premises to accommodate manufacturing operations.

2.0 COMPANY CAPITAL

The company has a total capital of Tanzania Shilling Five Billion (Tshs. 5,000,000,000/=) divided into Ten Thousand (10,000) ordinary shares of Five Hundred Thousand (Tshs. 500,000/=) each.

3.0 PROJECT'S INVESTMENT COST

The estimated capital investment cost of the project is US \$2,500,000, out of which US \$2,230,000, will be fixed investment costs. Pre-production expenditures have been budgeted at US \$200,000.; other cost will be \$ 20,000, while working capital is put at \$50,000

LUCKY SPACE INVESTMENT LIMITED

PARTICULAR	US\$/TSH
Land and Buildings	USD 300,000.00
Machinery & Equipment	USD 1,800,000.00
Motor Vehicles	USD 80,000.00
Furniture & Fixtures	USD 50,000.00
Pre expenses	USD 200,000.00
Others	USD 20,000.00
Working Capital	USD 50,000.00
TOTAL	USD 2,500,000.00

4.0 ASPECTS OF PROJECT SUSTAINABILITY

The project sponsors having studied market and micro economic conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. The growing demand for quality mattresses due to growth of economy, urbanization and population size gives them assurance of a steady market. The peace, tranquility and government respect of property rights in Tanzania is another aspect of assured business sustainability.

5.0 MONITERING AND EVALUATION

The monitoring and evaluation tools will be applied in terms of regular financial consultancy that will allow for transparency of transactions and compliance to statutory liabilities. In running the project the sponsor (company) is determined to cooperate fully with the government and other statutory stakeholders for smooth business running.

6.0 FINANCIAL ANALYSIS

7.0 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 shall be applied. It is assumed that the major manufacturing 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 manufacturing industry.

8.0 ECONOMIC ASPECTS

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

- The project will provide high quality mattresses with state of the art and company office to meet international standards required by the company and targeted clients

- The project is an ideal option for utilization of the recently acquired prime site
- The project will involve transfer of technology in mattresses industry and manufacturing
- The project will initially create employment for 30 people on permanent contract basis and more than 100 people on temporary basis.
- It will create more business opportunities to local transporters which will also have a trickle down effect in the environmental issues.
- 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 earn substantial amounts of foreign exchange.

9.0 ENVIRONMENTAL ISSUES

The proposed project is not expected to raise serious environmental concerns. The industry facilities and services will be operated within the established guidelines and rules of the Coastal region and the National Environmental Management Council (NEMC).

10.0 CONCLUSION AND RECOMMENDATIONS

The project is technically feasible, financially viable, and economically sound, provided the company 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.

Below are the approximate volume expected to be produced in a Period of three (3) years.

Sales Forecast for three (3) years

July 2021-June 2022	200,000.00
July 2022-June 2023	260,000.00
July 2023- June 2024	320,000.00

Expected proceeds for three (3) years projections

	Volume	proceeds
Year 1	200,000.00	TZS 22,000,000,000.00
Year 2	260,000.00	TZS 31,000,000,000.00
Year 3	320,000.00	TZS 38,000,000,000.00