

**BUSINESS PLAN FOR THE
IMPLEMENTATION PROGRAMME
OF
M/S MAISHA UNDERTAKING COMPANY LIMITED
IN
ESTABLISHING PRODUCTION PLASTIC PRODUCTS**

**PREPARED BY
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P. O. BOX 3496
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M/S MAISHA UNDERTAKING COMPANY LIMITED
TABLE OF CONTENTS

	Page
1. Investment Plan.....	2
2. Company's Background	2
3. Potential Market	3
4. The Company's Objectives.....	4
5. Future Plan	5
6. Shareholders (Promoters)	6
7. Location	6
8. Implementation Schedule.....	7
9. Capital Investment Cost.....	8
10. Financial Plan (Source of Funds)	8
11. The Company's Products & List of Machinery	9
12. Economic Growth.....	10
13. Competition/Market.....	11
14. Promotion/ Advertisement	11
15. Business Strategy	11
16. Environmental Issue	12
17. Project Management	12
18. Manpower and Transfer of Technology	13
19. Conclusion and Economic Analysis	13
20. Financial and Economic Analysis	14
21. Sensitivity Analysis	14
22. AppendixI–III.....	1-3

MAISHA UNDERTAKING CO. LIMITED
ESTABLISHING MANUFACTURING FACILITIES FOR PRODUCTION
OF HOUSEWARE ITEM

1. EXECUTIVE SUMMARY

M/S MAISHA UNDERTAKING CO. LIMITED is a private owned company registered/ incorporated in Tanzania by Registrar of Companies under company's ordinance Cap 212, on **13th of January, 2017** with Certificate of Incorporation **No: 132491**

The project promoters well established business in china carrying out various businesses but majoring manufacturing. Having been in the business for over 10 years the directors are now ell prepared for plastic manufacturing projects in Tanzania. The business plan has been prepared for nice ware co. Limited for plastic manufacturing project proposed is estimated cost about USD 600,000

2. COMPANY BACKGROUND

The company was incorporated with a prime objective of setting up manufacturing facilities for production of high quality household and office plastic products Le Plates CUPS and BOWLS, thereby promoting the growth of local processing industries etc. The Project will be of great importance to the country like reducing importation of low standard Le Plates CUPS and BOWLS. The Project aimed at saving the foreign currency by manufacturing the products which people used to import. The high quality products will make the Project to dominate the existing local and external market. The quality products will guarantee its customer satisfaction.

The main purpose of the project is to produce high quality products as well as to increase its production capacity to correspond with the growing demand (market).

There is an extensive market (local and external) to absorb all the Company's products which will be produced on commencement of the project. The company intends to set up such modern facilities: Plant & Machinery for the production

The market & demand reasons have influenced the management to decide to invest in production of high quality PLASTIC PRODUCTS by setting up manufacturing facilities.

The Project will import and install Plant & Machinery for production process as well as to use **new technology** for the purposes of production of the high quality Products.

3. THE COMPANY'S OBJECTIVES

M/S MAISHA UNDERTAKING CO. LIMITED is a project for establishing manufacturing facilities for Production of Household Items and related packaging materials for local and foreign market.

The proposed project will have a great advantage to the United Republic of Tanzania which are;-

- **PAYING TAXES–M/S MAISHA UNDERTAKING CO. LIMITED** will contribute to the government revenue through taxes and other levies .**RAW MATERIAL**
- **JOB CREATION/ EMPLOYMENT - M/S MAISHA UNDERTAKING CO LIMITED** will create more employment (more job opportunities from unskilled to professionals/technicians etc.)
- **TECHNOLOGY/ SKILL DEVELOPMENTS** - (human resources development) through on job training and use of new and modern machinery as well as application of new technology application.
- **INCOME GENERATION** - alleviation of poverty and improve their social welfare.
- To foster the growth of the industry for production of shopping bags and related packaging materials in Tanzania.
- To reduce dependence on external sources for importation of shopping bags and related packaging materials.

- To solve the shortage of quality House hold and related packaging materials. And make these products available at affordable price.
- To promote local markets for household items and related packaging materials.
- To promote growth and expansion of private sector.

7. SHAREHOLDERS (PROMOTERS)

The following sponsors are promoting the intended Project. These are the Directors and shareholders of **M/S MAISHA UNDERTAKING CO. LIMITED**. With their shareholder's position are:-

No	Name of Shareholders	% shareholding structure	Nationality
1.	Tian Yangfeng	95	CHINESE
2.	Hu Gaofei	5	CHINESE
	TOTAL	100	

Therefore, the authorized capital of the company is Tshs. 500,000,000= divided into 10,000 ordinary shares of Tshs. 50,000= each.

8. LOCATION

The Company's business premises are located at LULANZI STREET, KIBAHA INDUSTRIAL AREA, and COAST REGION Postal Address P. O. Box 3496. The Project will import Plant & Machinery and installation will be done at COAST Region, where production/manufacturing of House Hold and Plastic will be done.

9. POTENTIAL MARKET

The targeted markets of the project are domestic and Asia market etc. limited plastic manufacturing facilities available in Tanzania is said to be the major

causes of low supplies of high quality plastic products within Tanzania. It is in view of this that, **MAISHA UNDERTAKING CO. LIMITED** has resolved to invest in the plastic manufacturing sector so as to provide a solution that would lead to reducing importation of plastic products at the same time to protect environment by using waste plastic as put.

The project is expected to offer a challenge to the business community to improve plastic products produced and imported from abroad, the project will provide a room for export the surplus and enhance economic intraregional between Tanzania and rest of East African Countries.

The company marketing strategy has been developed to enable the company competes and more market share part of new strategy of **MAISHA UNDERTAKING CO. LIMITED** is to target the following market

- Domestic market
- Mid and lower income market in east Africa SADC and Asia

10. **PROJECT DETAILS** **INTRODUCTION**

Tanzania is geographically strategically located in relation to her neighbors because the above mentioned factor, the country's manufacturing sector has a great potential in contributing in economic growth of Tanzania economy. Sector pays a critical role in the social and economic development of a country. There in a wide market for plastic products in Tanzania and in other neighboring countries. hence the project is not expecting to face operational problems Tanzania market is supplied by imported products from Asia based on the quality of products which will be supplied by **MAISHA UNDERTAKING CO. LIMITED** he company products is expected to have a good market in Tanzania and other countries. It is quite gratifying to note that the Government of Tanzania and other countries it is quite gratifying to note that the Government of Tanzania realizes the rote of manufacturing sector for its economic and social development, and as a result has developed fiscal and non-fiscal incentives which are very instrumental in improving the business and investment environmental in the manufacturing sector.

It is alleged that limited availability of quality plastic products produced within Tanzania is the major causes of importation of low quality plastic products in Tanzania. It is in view of this of this that, **MAISHA UNDERTAKING CO. LIMITED** has resolved to assist by providing a

solution to stimulate manufacturing sector by increasing productivity. **MAISHA UNDERTAKING CO. LIMITED** has major objectives as following:

- To promote manufacturing in Tanzania and East African Community at large
- To bring technology and technical knowhow in the country in the course of its business transactions.
- To provide extra employment to more people in the sector.
- To bring foreign currency in the country
- To manufacture plastic products of high quality
- To recycling plastic waste
- To protect environment by recycling plastic waste

11. THE PROJECT MANAGEMENT

MAISHA UNDERTAKING CO LIMITED will be under the management of Mr. Tian Yangfeng who has experiences managing various business. Under his management Mr Hu Gaofei is expected to grow steadily from small to medium company producing high quality plastic products serving domestic and neighboring states at the same time expecting to use plastic waste produced in Coast Region at least 35%.

The Company will have a team of qualified and experienced functional managers in the areas of operations/marketing, workshop finance and Administration. Other senior and middle level staff will be available for the startup and subsequent operations of the company, the number of employees are expected to be 20

12. PROJECT MANAGEMENT POLICY

The day to day operations will be managed by the General Manager, to the assisted by the operations Manager who will be overall in charge of the fleet, a sales, financing and administration manager who will take care all matters related to finance resources and human resources of the Company.

13. RAW MATERIAL BASE

The plastics manufacturing project will strictly adhere to the law of the land, particular environmental issues, and all plastics waste materials will be collected and stored in proper manner in designated warehouse.

The Company will subcontract to various Company to collect plastics waste and other will be purchase directly from individuals, the company intend to put sustainable supply chain so as to maintain the quality of final products.

14. PLASTICS MANUFACTURING AND PLASTICS WASTE RECYCLING CONDITIONS

Generally, Tanzania has environmental regulations governing the operation of manufacturing industries; operators are required to takes environmental impacts assessment to ensure environmental impacts is minimal.

The Government of Tanzania has simplified procedures for manufacturing to encourage value addition, that why Tanzania through TIC has in place fiscal and non-fiscal incentives to enable investors to have soft landing, procedure and rules are fair and transparent.

15. PROJECT INVESTMENT

The estimated capital investment cost of the project is USD 600,000 out of which USD 489,200 will be fixed investment costs, pre-production expenditures have been budgeted at USD 60,000 other cost USD 20,800 while working Capital is put USD 30,000

MAISHA UNDERTAKING CO. LIMITED COST

PARTICULAR	USD
Land & Building	89,200
Machinery & Equipment	250,000
Motor Vehicles	90,000
Furniture & fixtures	20,000
Pre Expenses	60,000
Electrical Equipment	30,000
Water Supply Equipment	10,000

Others	20,800
Working Capital	30,000
TOTAL	600,000

For project to be a reality a total investment amounting to USD 600,000 is needed

i. LAND AND BUILDING (INDUSTRIAL PREMISES) USD 89,200

The project has opted for long term leasing of industrial premises; the total cost has been estimated to be USD 89,200 for the first year project implementation.

ii. MACHINERY AND EQUIPMENT – USD 250,000

Some USD 250,000 is anticipated to be spent on the purchase of different types of machines, working tools and equipment's accommodating new technology.

iii. MOTOR VEHICLES USD 90,000

The project will need 1 truck, 1 land cruise and 1 double cabin pick up. These vehicles will be used to facilitate project business and double cabin pick up for administration purpose.

iv. FURNITURE USD 20,000

This investment cost item has been estimated to cost USD 20,000 it will consist of office furniture such as table, chairs, telephone fax machines, file cabinets, sofa chairs etc.

v. PRE OPERATIONAL EXPENSES USD 60,000

They cover things like company registration, expenses spent in exploring the viability of the project, especially the market/client identification exercise. This pre operational cost item also covers the architectural designs of project buildings and other engineering services. Also included under this item are issues like consultancy fees, legal fees and recruitment and training cost of personnel.

vi. WATER SUPPLY EQUIPMENT USD 10,000

This investment cost items has been estimated to cost US 10,000 where by the construction of large water well consist of constructions materials such as electric pumps, electric cables and contractor payments

vii. ELECRCITY EQUIPMENT USD 30,000

The project will need high voltage electricity power supply in order to operate the industrial machines. The investments cost in terms of electricity has been estimated to USD 30,000 where by the installation of electricity needs a 1000KVA electric transformer which will enable to run the industrial machines, plus other charges such as contractors and TANESCO payments.

viii. INITIAL WORKING CAPITAL USD 30,000

Assumption for working capital requirements have been estimated that it will cost USD 30,000. This will involve purchasing of raw materials daily operating cost etc.

ix. FINANCING PATTERN

The project will be financed by equity USD 425,000 and loan 175,000

x. PROJECT OPERATING COST

In order to realize its intended objectives the project will have to meet the following operating cost.

xi. SALARIES AND WAGES USD 220,000

The project will engage 30 employees and the total cost of annual salaries have been estimated to cost USD 220,000

xii. UTILITIES USD 15,000

Considered here are water and electricity annually

xiii. MOTOR VEHICLE RUNNING EXPENSES USD 6000

Petrol/diesel and fabricant requirement for the projects motor vehicle, this cost element will amount to USD 6000 annually

xiv. INSUARANCE USD 6000

Insurance estimated cost USD 6000 annually

- xv. **MARKETING COST USD 9,320**
- xvi. A portion of USD 9320 is to be used in advertising the project
- xvii. **DEPRECIATION COST USD 41920**

For the day to day depreciation of fixed asset of the project USD 41,920 will be required annually for depreciation cost.

16. SUBMISSION

M/S MAISHA UNDERTAKING CO. LIMITED wishes to submit the intended Project to the TIC for registration and award of certificate of incentives.

16. ECONOMIC GROWTH

Positive economic growth which had been registered in Tanzania, have attracted more investments in the Tanzania such as the proposed project.

The economic growth resulted by various economic activities has influenced the demand of the high quality shopping bags and related packaging materials which are going to be produced by the Company. These products will be sold to people's homes, shops, supermarkets, hotels, businesses etc.

The Company will also supply to the external market especially the neighboring countries. In actual facts the demand is growing day by day for both local and external market.

17. COMPETITION/MARKET

There are a number of manufacturers & importers in Tanzania; however few can compete with our high quality shopping bags and related packaging materials. The Company has set some business strategies in order to compete with other manufacturers & importers of these products.

Though there is extensive market for high quality shopping bags and related packaging materials as the supply is not enough compared to the level of the

market. As the demand/ Market size is increasing day by day due to usage in different places homes, shops, supermarkets, hotels, businesses etc.

M/S MAISHA UNDERTAKING CO. LIMITED has staffs with experiences and specialized in production of House Hold Items therefore they had been in that field for many years. The company anticipates to dominate the local and export market because he Company has set up business and marketing strategies, and also determined to manufacture high quality products.

18. PROMOTION/ ADVERTISEMENT

M/S MAISHA UNDERTAKING CO LIMITED has set up some strategies in order to promote its well packed high quality shopping bags and related packaging materials which will be for local and foreign market. The Major strategy is advertisement which forms part of the marketing strategy; this will be embarked upon in the newspapers, street banners and in the televisions.

19. BUSINESS STRATEGY

M/S MAISHA UNDERTAKING CO LIMITED has also gone further in setting up some business strategies so as to meet the current demand, high productivity of shopping bags and related packaging materials and capture the both local and export Markets. Therefore the management of the Company has developed and implemented the following business strategies which are Technology/Quality, Advertisement/promotion, employing qualified and experienced personnel, On job training and business Discipline.

20. ENVIRONMENTAL ISSUE

All operations of industrial activities and the whole process of production of high quality shopping bags and related packaging materials are environmental friendly. The pieces and unwanted materials will be recycled.

22. MANPOWER AND TRANSFER OF TECHNOLOGY

M/S MAISHA UNDERTAKING CO LIMITED in manufacturing of high quality products will usher in the Country new **technology** (Transfer of knowledge/technology). The advantages to the Country are quite significant, and will get the advantage of value addition due to such incoming technology.

Further the country can reduce its dependence on importation of these products. These will be available in the Country at reasonable price and in a good quality.

The production of high quality shopping bags and related packaging materials are of great use in the country such as employment, technology, government revenues etc.

The Project will cause more people to be employed in the Company about 30 local people, they will be trained how to operate the machinery (Transfer of knowledge/ skills)–New technology. Their employment will raise their income and improve their social welfare and pay taxes; it is poverty alleviation programme to them.

Local employees will get on job training and in a long run will improve the technical competence of the production of high quality shopping bags and related packaging materials.

23. CONCLUSION AND RECOMMENDATION

The financial evaluation of the proposed project done so far indicates that the project will be profitable both economically and financially viable venture. There are also many other benefits direct to this project like taxes, employment, availability of products, technology etc

The management being experienced businessmen possesses ample managerial capabilities in various business disciplines. Based on the above factors, it is recommended that the company should be granted the certificate of incentives so as to commence the proposed project by importing and installing Plant & Machinery and increase its production capacity.

24. FINANCIAL AND ECONOMIC ANALYSIS

24.1 PROJECTED PROFIT AND LOSS ACCOUNT:

The company envisages generating a profit of USD \$ 740,000 in year one. The profit amount is expected to steadily rise to USD 140,000 per year.

24.2 PROJECTED CASH FLOWS:

The projected cash flows for the next five years indicate that the company will have enough funds to service/repay the loan and interest payments. Hence the financial obligations will be met in a timely fashion.

24.3 PROJECTED BALANCE SHEET:

The projected balance sheet shows healthy financial situation. Short term liabilities are at all times covered by fixed assets. Also current liabilities are adequately covered by current assets.

25. SENSITIVITY ANALYSIS

To assess further the viability of the implementation project, sensitivity analysis has been worked out on the basis of several unfavorable conditions that might negatively affect the operations of **M/S MAISHA UNDERTAKING CO LIMITED**

Appendix I

**M/S MAISHA UNDERTAKING CO LIMITED
COST STRUCTURE**

PARTICULAR	US\$
LAND & BUILDINGS	89,200
MACHINERY & EQUIPMENT	250,000
MOTOR VEHICLES	90,000
FURNITURE & FIXTURES	20,000
PRE –EXPENSES	60,000
ELECTRICAL EQUIPMENT	30,000
WATER SUPPLY EQUIPMENT	10,000
OTHERS	20,800
WORKING CAPITAL	30,000
TOTAL	600,000



M/S MAISHA UNDERTAKING CO LIMITED SUMMARY OF REVENUE “USD”

YEAR	1	2	3	4	5
SALES REVENUE	740,000	750,000	760,000	770,000	780,000

M/S MAISHA UNDERTAKING CO LIMITED - FIXED ASSETS SCHEDULE – USD

NAME OF ASSETS	2020	2021	2022	2023	2024
Land & Buildings	79,200	71,280	63,360	55,440	47,520
Machinery, Tools & Equipment	250,000	225,000	200,000	175,000	150,000
Motor Vehicles	80,000	72,000	64,000	56,000	48,000
Furniture & Fixtures	10,000	9000	8,000	7,000	6,000
TOTAL	419,200	377,280	335,360	293,440	251,520
DEPRECIATION	2023	2024	2025	2026	2027
Land & Buildings	7,920	7,920	7,920	7,920	7,920
Machinery, Tools & Equipment	25,000	25,000	25,000	25,000	25,000
Motor Vehicles	8,000	8,000	8,000	8,000	8,000
Furniture & Fixtures	1,000	1,000	1,000	1,000	1,000
Annual depreciation	41,920	41,920	41,920	41,920	41,920
Closing fixed assets	377,280	335,360	293,440	251,520	209,600

INCOME EXPENDITURE

Year	1	2	3	4	5
Sales Revenue	740,000.00	750,000.00	760,000.00	770,000.00	780,000.00
Cost of sales	210,233.00	213,593.00	216,600.00	218,606.00	220,620.00
Gross profit operating expenses	529,767.00	536,407.00	543,400.00	551,394.00	559,380.00
Administrative expenses	1400.00	4,205.00	5000.00	5200.00	5,800.00
Motor vehicle running expenses	6000.00	6000.00	6000.00	6000.00	6000.00
Salaries and wages	220,00.00	220,00.00	220,00.00	220,00.00	220,00.00
Donation	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Depreciation	41,920.00	41,920.00	41,920.00	41,920.00	41,920.00
Marketing costs	9,320.00	9,320.00	9,320.00	9,320.00	9,320.00
Maintenance & repair	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00
Interest	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00
Utility costs	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Insurance	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
Communication	5,400.00	5,406.00	5,410.00	5,415.00	5,418.00
Pension contribution	2,200.00	2,200.00	2,200.00	2,200.00	2,200.00
Total expenses	326,740.00	329,576.00	330,388.00	330,600.00	331,213.00
Profit before tax	203,027.00	206,831.00	213,012.00	220,794.00	228,167.00
Tax (30%)	60,908.10	62,049.30	63,903.60	66,238.20	68,450.10
Profit after tax	142,118.90	144,781.70	149,108.40	154,555.80	159,716.90

CASH FLOW

	1	2	3	4	5
Cash flow from operation					
Cash sales	605,500.00	613,00.00	621,000.00	628,900.00	636,700.00
Vat receipt	133,200.00	135,000.00	136,800.00	138,600.00	140,400.00
Sub-total cash received	738,700.00	748,000.00	757,800.00	767,500.00	777,100.00
Expenditure from Operations					
Cash spent	170,000.00	172,647.00	174,812.00	176,257.00	177,609.00
Vat Payments	37,841.00	38,446.00	38,988.00	39,349.00	39,711.00
Sub-total cash payment	207,841.00	211,093.00	213,800.00	215,606.00	217,320.00
OPERATIONS	630,859.00	636,907.00	644,000.0	651,894.00	659,780.00

Cash flow from Investments Purchase of assets (489,200.00)

Working Capital pre - Expenses and others (80,800.00)

Cash flow from Investments (600,000.00)

Cash flow from financing

Loan 125,000.00

Owner equity contribution 375,000.00

Cash flow from financing 600,000.00

Net cash flow for period 630,859.00 636,907.00 644,000.00 651,894.00 659,780.00

Cash flow start of year 630,859.00 1,167,766.00 1,711,766.00 2,263,660

Projected long term loan repayment

Year	Principle	Loan interest (6%)	Total amount paid	Loan balance
0				125,000
1	31,250	7,500	38,750	93,750
2	31,250	7,500	38,750	62,750
3	31,250	7,500	38,750	31,250
4	31,250	7,500	38,750	0

Payback period

Year	tax	Depreciation	Flow	Accumulative cash flow
1	142,118.00	24,000.00	166,118.00	166,118.00
2	144,781.50	24,000.00	168,781.00	334,899.00
3	149,108.00	24,000.00	173,108.00	508,007.00
4	154,555.00	24,000.00	178,555.00	686,562.00
5	159,716.00	24,000.00	183,716.00	870,278.00

Initial investment cost US\$ 600,000 payback period within 3 year