

BUSINESS PLAN

TAZPACK INDUSTRIES LIMITED



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Executive Summary

TAZPACK INDUSTRIES LIMITED, plans to be a one stop shop for all packaging material, where our customers do not need to look elsewhere because all their industrial packing needs would be fulfilled in one firm. The firm incorporated in Tanzania with certificate of incorporation no. 152042809 dated 25th May 2021. The location of the factory will be plot 770, Mwandenge, Mkuranga District, Dar Es Salaam, Tanzania, the area is strategically located near the main business hub where we can accommodate all clients with the preeminent services with timely manner and along with our clients, our suppliers are located in the same area which will help in easier dealings for raw materials.

The shareholder are Tanzanian and Indian investors who have immense experience in paper-based and packaging materials, they have been in this sort of industry for ten plus years, and now they want to expand their line of business and bring their experience to Tanzania to help the market to grow.

Shareholder	Number of Shares taken	Nationality	Date of Birth
Chandni Nihar Ahuja +255758691653 Villa 1, Bella Vista, mohando street, Dar Es Salaam, Tanzania. P.O. BOX- 21045	51200	Tanzania	26-06-1989
Nihar Suresh Ahuja +255754628000 Villa 1, Bella Vista, mohando street, Dar Es Salaam, Tanzania. P.O. BOX- 72060	39200	Indian	06-12-1991
Anil Kumar Manukonda +916303999537 Ramanagar Colony, Eluru, India.	9600	Indian	13-02-1983

Legal Status and License

It is proposed to operate the business through the legal entity of a limited liability company called “TAZPACK INDUSTRIES LIMITED” with a certificate of incorporation no. 152042809 dated 25th May 2021.

The company is planning to apply for government approvals to operate such kind business in Tanzania,

- Certificate of incentives
- Industrial License
- Business License
- Occupational Safety and Health Authority (Osha)
- Tanzania Bureau of Standards (TBS)
- National Environment Management Council (NEMC)

Management and Organizational Structure

All aspects of the operations will be managed by the shareholders along with creating local employment of around hundred plus production staff. These employees will contribute towards production and alongside there will be key managers (local and expats) and staff in administration, marketing, accounting and finance departments. Furthermore, there will be certain things which would be outsourced such as ERP (Enterprise Resource Planning) management, auditing, transport, port clearing, repair and maintenance and etc.

Tazpack Industries Limited Employee Structure

Expats – Skilled	Local – Skilled	Local – Unskilled	Total
15	15	100	130

Market Analysis

The market research done conducted indicates that these are few other high-volume suppliers of high-quality packaging materials specially supplying corrugated boxes in Tanzania. The few other suppliers who are producing and supplying are finding it hard to keep up with the rapidly increasing demand of packaging materials for the industries which are already established and the countries industries are only going to grow which equals to a very good opportunity to set up a one stop shop for packaging industry.

Market Demand

As mentioned, in the market analysis, there is a major opportunity in Tanzania as there is already an overall shortage of quality packaging suppliers and on top of that the industries in Tanzania are growing rapidly which settles to move in swiftly the satisfy the market.

Tazpack Industries Limited will be looking for a production and sale target of 50 tons per day, 1500 tons a month, 18,000 tons a year, which equals to near about 10% of the current market.

Competitive Advantage Over importers

As seen in the market there are some potential customers who are purchasing and importing their packaging materials from Kenya, China, UAE, Saudi Arabia, etc. resulting in excessive lead time, minimum order quantity fulfillment requirements, significant transportation cost and not to forget the import duty and VAT on importation is an additional cost to the businesses and adds to their cost. We plan to convert them to our customers by showing them the benefits of buying their packaging materials locally from us.

Current Local Competition

There is no company currently operating in Tanzania which would express themselves as one stop shop for all packaging needs, where a client can get all their needs under one roof. Since the demand is higher than the supply, at the moment the customers have a lead time of their orders of 5 days, which is a lot of ahead planning for an industry. And the current suppliers operate almost 10-15 years old machinery, which also make their production lower in speed and in quality. Tazpack Industries Limited will fill that gap seamlessly.

Target Market

Tazpack Industries Limited has recognized potential customers such as exporters, manufacturers, farmers and wholesalers as key potential customers. The intention is to target the procurement department and bring them attractive pricing and at the same time keep the quality and service high, after growing with them as clients, make proper relationship and understand more from them where we can grow more and provide better service.

Competitive Environment

Tazpack Industries Limited as mentioned earlier, intends to offer all packaging materials under one roof, unlike other suppliers as they only supply each product of the packaging industry and which makes it harder for the client to look for other suppliers. However, Tazpack Industries Limited will in the position to offer the customers attractive prices in addition to utmost quality and services such as lower minimum order quantity, quicker lead time, reduced transport charges. Tazpack Industries Limited is planning on investing in the most up to date equipment, which works in high speed and minimizes the labor cost, human error and makes the production more efficient, which in result drives the production yield and assists in minimizing production cost.

Product Proposition

Tazpack Industries Limited will produce and supply a range of quality, low-cost products in packaging material segment with a lower lead time and lower minimum order quantity. Furthermore, Tazpack Industries Limited plans on receiving ISO 9002 very soon after establishing to provide the market with more standardized products.

*ISO 9002 is an internationally recognized quality assurance certificate and will engender customer confidence in the quality of our products and also help getting TBS approvals

Channel of Distribution

The geographic location for the factory will be Dar Es Salaam, Tanzania, major channel of distribution would be through road transportation. Dar Es Salaam is the business hub of the country with an international port where it makes it easier for raw materials importation and Tanzania as a country connected to eight neighboring where the final products can also be exported which helps other countries where there are not many well established packaging industries.

Marketing Strategy

Tazpack Industries Limited believes in forming relationships with our clients by giving the best services and repeat business is the key to success. We plan on meeting the customers face to face to understand with their exact specification and designs and along with that offering them expert advice and try to find solutions to offer quality products yet with attractive prices.

Advertising

In terms of advertising, we will be relying mostly towards telesales and door to door knocks advertising through our sales teams and also, we plan on focusing parts of our annual budget towards more of traditional marketing formats such as relevant trade journals, newspaper adverts and online promotions.

Personal Selling

The main direct and personal tool for sales used by Tazpack Industries Limited would be telesales and customers visits, because that is the best way to understand the customers direct requirements and specification and provide them with expert sales advice.

Manufacturing Process

Tazpack Industries Limited will be enforcing Justin Time Manufacturing (JIT) philosophy, which describes the minimum amount of working capital is tied up in stock and the machine sources has the capability of finishing the products to the required standard for each target market. The products will be manufactured to each customers specifications along the expertise advices given by our designers and sales team. The manufacturing strategy used guarantees that Tazpack Industries Limited act as a technical design function agent for ensuring customer satisfaction among with product and profit growth. The manufacturing process plant is planned to be highly automated and efficient which in return yields the best returns. The machinery requires minimum human touch as it helps in ensuring the best output, competitive prices and low human errors. The raw material is planned to be ordered from various different countries such as, South Africa, Ireland, Sweden, Saudi Arabia, UAE, China, India and etc.

Project Investment Capital

The estimate capital investment cost of the project is expected to touch is US Dollar \$ five million.

Tazpack Industries Limited Cost Structure

Particulars	Cost In US Dollar (USD \$)
Land	\$200,000
Building	\$2,000,000
Machinery and Equipment's	\$800,000
Raw Material	\$600,000
Motor Vehicles	\$200,000
Furniture and Fixtures	\$50,000
Pre-Expenses	\$50,000
Others	\$100,000
Working Capital	\$869,656
Total	\$4,869,656

Financing Pattern

The project will be hundred percent financed by the three shareholders, bringing their funds after their earnings gained in Dubai, UAE.

Aspects of Project Sustainability

After a positive result from research in the Tanzanian packaging market, the shareholders are satisfied and enthusiastic that the project will be able to operate and succeed. The rising demand of packaging materials locally and neighboring countries gives them assurance of a growing market. The stability and safety aspect of Tanzania is also another reason for the shareholders to be more attracted towards investing in the company.

Monitoring and Evaluation

The monitoring and evaluation tools will be applied in running this project as the shareholders plan on running the business by themselves, overlooking the whole project very closely with help of management and ERP systems to make sure the whole project is running smoothly. The shareholders are determined to corporate completely with the government bodies and regulations to make sure the project is in line with the guidelines.

Financial Analysis

Considerations and Assumptions

Tazpack Industries Limited shareholders are aware of the taxes Implied during doing business in Tanzania,

- Corporate Taxes - 30%
- Import Taxes - 25%
- Value Added Taxes (VAT) - 18%

Considering that the capital assets are exempted from the custom duties and value added tax (VAT). The straight-line method of depreciate the project's capital items will be applied. It is also planned that first choice to procure the raw-materials would be locally which would help to save on the cost added from importation duties. Revenues have also been estimated conservatively on experiences of the shareholders and trend seen in the packaging industry of Tanzania.

Projected Sales Revenue

For the projection purposes it would be assumed that the production of corrugated boxes commences first followed by different types of packaging materials will embark over 10 years of time. The projected life for the project is assumed to be 30 years.

Tazpack Industries Limited Projected Revenue Over Ten Years (in USD \$)

Year	1	2	3	4	5	6	7	8	9	10
Revenue	6270000	7150000	8250000	9900000	11550000	13200000	14300000	15400000	17600000	19800000

Projected Profit and Loss

The below Income and Expenditure statement expresses the projects estimated income for the next ten years, keeping in mind that the project would take at least of three years to settle into the market and make them establish to get suitable client portfolio. Accumulated profits after tax grows from **USD -\$475,293-00** in the first year to **USD \$ 4,243,572-00** in the tenth year.

Tazpack Industries Limited Projected Income and Expenditure Over Ten Years (in USD \$)

Year	1	2	3	4	5	6	7	8	9	10
Revenue	6270000	7150000	8250000	9900000	11550000	13200000	14300000	15400000	17600000	19800000
Cost of Sales	6635610	7297450	8304750	9696700	10870650	12381600	13465900	14246200	16148800	17823400
Profits Before Depreciation and Interest	5885610	6597450	7554750	8946700	10170650	11631600	12615900	13456200	15298800	17033400
Depreciation	250000	225000	250000	250000	225000	250000	300000	270000	300000	270000
Net Profit	-365610	-147450	-54750	203300	679350	818400	834100	1153800	1451200	1976600
Tax (30%)	-109683	-44235	-16425	60990	203805	245520	250230	346140	435630	592980
Profit After Tax	-475293	-191685	-71175	142310	475545	572880	583870	807660	1015840	1383620
Accumulated Profit	-475293	-666978	-738153	-595843	-120298	452582	1036452	1844112	2859952	4243572

Projected Cash Flow

The projected accumulated cash grows from US Dollar \$ -475,393-00 in the first year to US Dollar \$ 4,243,572-00 in the tenth year.

Tazpack Industries Limited Projected Cash Flow Over Ten Years (in USD \$)

Year	1	2	3	4	5	6	7	8	9	10
Profit Before interest and Depreciation	384390	552550	695250	953300	1379350	1568400	1684100	1943800	2301200	2766600
Loan	365610	147450	54750	0	0	0	0	0	0	0
Total Source	750000	700000	750000	953300	1379350	1568400	1684100	1943800	2301200	2766600
Application	ERP	ERP	ERP	ERP	ERP	ERP	ERP	ERP	ERP	ERP
Capital Expenditure	250000	200000	200000	200000	200000	200000	350000	290000	350000	290000
Working Capital and Others	500000	500000	550000	550000	500000	550000	500000	500000	500000	500000
Cash	-365610	-147450	-54750	203300	679350	818400	834100	1153800	1451200	1976600
Tax	-109683	-44235	-16425	60990	203805	245520	250230	346140	435630	592980
Sub-Total	-475293	-191685	-71175	142310	475545	572880	583870	807660	1015840	1383620
Total Application	ERP	ERP	ERP	ERP	ERP	ERP	ERP	ERP	ERP	ERP
Accumulated Cash	-475293	-666978	-738153	-595843	-120298	452582	1036452	1844112	2859952	4243572

Projected Balance Sheet

The projected balance sheet will depict the standings of the project after ten years, net worth of the project will grow from US Dollar **\$4,869,656-00** to US Dollar **\$ 10,193,572-00**

Tazpack Industries Limited Projected Balance Sheet Over Ten Years (in USD \$)

Year	1	2	3	4	5	6	7	8	9	10
Fixed Assets	2200000	2500000	2800000	3100000	3400000	3700000	4000000	4300000	4600000	4900000
Opening Balance	4000000	3950000	4000000	4050000	4125000	4175000	4175000	4300000	4900000	4900000
Addition	0	0	0	0	0	0	0	500000	0	0
Total Long-Term Assets	1800000	1450000	1200000	950000	725000	475000	175000	500000	300000	0
Less Depreciation	250000	225000	250000	250000	225000	250000	300000	175000	200000	300000
Closing Balance	3750000	3725000	3750000	3800000	3900000	3925000	3875000	4125000	4700000	4700000
Working Capital	1119656	1150000	1250000	1350000	1450000	1550000	1650000	1650000	1450000	1250000
Accumulated Cash	-475293	-666978	-738153	-595843	-120298	452582	1036452	1844112	2859952	4243572
Total Assets	4869656	4875000	5000000	5150000	5350000	5475000	5525000	5775000	6150000	5950000
Financed By	Investors	Investors	Investors	Investors	Investors	Investors	Investors	Investors	Investors	Investors
Equity	4394363	4208022	4261847	4554157	5229702	5927582	6561452	7619112	9009952	10193572
Net Profit	-475293	-666978	-738153	-595843	-120298	452582	1036452	1844112	2859952	4243572
Total Equity	4394363	4208022	4261847	4554157	5229702	5927582	6561452	7619112	9009952	10193572
Total Equity and Debts	4869656	4875000	5000000	5150000	5350000	5927582	6561452	7619112	9009952	10193572

Economics Aspects

Accomplishment of TAZPACK INDUSTRIES LIMITED will have the following social and economics values

- TAZPACK INDUSTRIES LIMITED will support in growing the share of Tanzania's presence as a packaging industry country.
- TAZPACK INDUSTRIES LIMITED will support in help in developing the infrastructure of Tanzania.
- TAZPACK INDUSTRIES LIMITED will generate over 130 people permanent employment, out of which 115 for local citizens.
- TAZPACK INDUSTRIES LIMITED will generate more business opportunities for local suppliers.
- TAZPACK INDUSTRIES LIMITED will generate substantial revenue to the government in the form of corporate taxes, value added taxes, import taxes, income taxes, etc.
- TAZPACK INDUSTRIES LIMITED will attract considerable capital from foreign establishments.

Implementation

TAZPACK INDUSTRIES LIMITED, plans to implement towards the project as soon as possible once after getting all the approvals from all the government bodies. Soon after receiving all the approvals and the certificates, the construction of the building will commence, shortly after that the machinery order will be placed.

Tazpack Industries Limited Projected Implementation Timeline

Activity	Time Period
Government Approvals and Certificates	January – February 2022
TIC Certificates of Incentives	January – February 2022
Construction of the Building	February – August 2022
Placing the Order of the Machinery and Vehicles	February 2022
Arrival and Assembling of the Machinery	August 2022
Testing Machinery	September 2022
Commercial Production	October 2022

Conclusion and Recommendation

To conclude, TAZPACK INDUSTRIES LIMITED project is theoretically, financially, and economically appealing to the shareholders to manage it efficiently. From the research the project appears to be beneficial to the country, packaging industry, local suppliers and clients and local population. If all parties work together professionally as one then it has to be a guaranteed success.

It would be highly recommended that the “TAZPACK INDUSTRIES LIMITED” project be approved by the Tanzania Investment Center (TIC) and be granted the Certificate of Incentive with its associated privileges and benefits as provided under the Tanzania Investment Act, 1997.

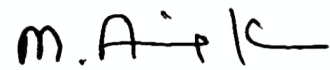
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