

BEST POWDER INDUSTRY LIMITED

BUSINESS PLAN FOR PRODUCTION OF GYPSUM POWDER AND CALCIUM CARBONATE

Presented by:

BEST POWDER INDUSTRY LIMITED

P.O BOX 31299

DAR ES SALAAM

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EXECUTIVE SUMMARY

1.1 Introduction

BEST POWDER INDUSTRY LIMITED is privately owned companies incorporated for purposes of establishing a modern factory for the production of gypsum powder and calcium carbonate. The project will manufacture high quality products, with the aim of meeting increasing demand of gypsum powder and calcium carbonate and allied products

The Company is registered under Certificate of Incorporation No. 155420715 dated 19th March 2022.

1.2 The Project

The promoters of this project through BEST POWDER INDUSTRY LIMITED decided to invest on gypsum powder and calcium carbonate after taking into consideration of the following:

A: Self-assessment in order to understand their capabilities strengths, limitations and preferences of undertaking such a project.

B: Explored possible and suitable opportunities based on environment, current business scene, technology change and linkage related ideas.

C: Assessed the market potentiality available

D: Identified viable project location

E: Considers finances mobilization to suit the project requirement

G: Re assessed their managerial strengths and is in the process of pooling up human resources from local and foreign sources.

The project aims at manufacturing gypsum powder and calcium carbonate purposes which will be over a wide range of products, domestic and other uses. The project will therefore have a positive indirect impact on the environment as it will reduce waste from cooking oil.

The macro objectives of establishing the project is to support economic, social and administrative activities in the country .Also , to increase the competitiveness of Tanzania goods in the export markets and improve the manufacturing industry by offering competitive transport rates.

1.3 The Project Location

The Project will be located in Pwani Region. The location is well served by all the necessary infrastructures and environmental requirements and hence well suited to the nature of the envisaged project.

1.4 The Project Promoters

The Project is being promoted by BEST POWDER INDUSTRY LIMITED based in the Dar es Salaam. The shareholders to this project:

S/No	NAME OF SHAREHOLDER	NATIONALITY	SHAREHOLDING (%)
1	ZHOU JIANGUO	Chinese	98
2	GU XIAOLIN	Chinese	2

1.5 The Market

Recent reforms taking place in economy indicate that there is a continuous increase in demand for gypsum powder and calcium carbonate in the local market and in the international market.. This has brought about a concern in the market. It is the idea of this project to focus on the external market especially the EA countries which are in high demand of gypsum powder and calcium carbonate products and semi-finished products. The Asia market is also growing as well as demand.

1.6 Project Cost and Financing Plan

The total cost of the project is estimated as US Dollars 600,000

The following is the summary of the capital investment cost estimated.

PARTICULAR	AMOUNTS USD
Land and Buildings	135,000
Plant & Machines	154,000
Motor Vehicles	64,000
Furniture & Fixtures	22,000
Pre Expenses	25,000
Working Capital	200,000
TOTAL	600,000

1.6 Financing

The project's cost will be fully financed by shareholder's equity contribution by Usd 400,000 and a bank loan of Usd 200,000

1.7 Financial Indicators

The following are some of the financial analysis highlights:

1.7.1 Profitability

Profitability after tax over the years in US \$ is as follows:

1st Year 97,017.00

2nd Year 137,416.00
3rd Year 145,282.00
4th Year 155,266.00
5th Year 165,024.00

1.7.2 Liquidity

The projected net cash flow over the year shows a health position and demonstrates the ability of the company to meet financial commitments as they fall due. The drop in cash flow is due to the fact that the company will repay the Bank loan of 200,000

The Summary thereof in US \$ is as follows

1st Year 222,504.00
2nd Year 245,654.00
3rd Year 255,544.00
4th Year 66,769.00
5th Year 275,005.00

1.7.3 Payback period

The Investment recoups itself in 5 years

1.8 Social and Economic Impact

The proposed project will result into the following social and economic impacts:

- 1.8.1 Increased availability of quality products alongside competitive prices of these products will result in increased healthy competition among all trading and manufacturing companies
- 1.8.2 The proposed project of this sector will provide employment for about 30 people.
- 1.8.3 The Government and other agencies will benefit from various taxes, fees and commissions that will be paid to the Treasury

1.9 Conclusion and Recommendations

The Executive Summary highlights indicate that the proposed project will be financially and economically viable. The project will generate significantly to the social and economic benefit by way of increasing the provision of gypsum powder and calcium carbonate. It is recommended that the project be accorded the required institutional and financial support to pave the way for its expeditious establishment and development.

2.0 THE PROJECT

BEST POWDER INDUSTRY LIMITED have invested on gypsum powder and calcium carbonate after taking the following into consideration

- A. Self-assessment in order to understand their capabilities strengths, limitations and preferences of undertaking such a project
- B. Explored possible and suitable opportunities based on environment, current business scene, technology change and linkage related ideas.
- C. Assessed the market potentiality available
- D. Identified viable project location
- E. Considers finances mobilization to suit the project requirement
- F. Re assessed their managerial strengths and is in the process of pooling up human resources from local and foreign sources.

3.1 Machines technology capacity utilities

Stone Powder Grinding Mill

Liming® stone grinding mill is suitable for processing various non-flammable and non-explosive mineral materials with Mohs hardness less than 6 and humidity less than 6%, it is widely used in the fields of metallurgy, construction, chemical industry, mining, highway construction etc.,. The granularity of the finished powder size can be adjusted between 20 and 2500 meshes. Examples of processing materials include quartz, feldspar, barite, calcite, carbonate, limestone, talc and other materials, total about 400 kinds of materials.

Gypsum Making Formula

At some gypsum plants, **drying, grinding, and calcining are performed in heated impact mills**. In these mills hot gas contacts gypsum as it is ground. The gas dries and calcines the ore and then conveys the stucco to a product cyclone for collection.

3.2 Source of technology & Capacity

The machines will be imported from China. The annual production capacity will be 1 million pieces annually. The pieces will be of various designs as per production schedules and demand.

3.3 Other inputs

These will include cars necessary for administration purpose and distribution:

- Civil works will include renovation of the existing workshop and office buildings at the project site on the premises leased at Pwani Region.

The site has the entire necessary infrastructure required for the business, including a workshop

- Importation of office equipment namely, telephones, facsimile machines, personal computers and air conditioners at company's head office.

3.4 The Project time table

The plant should be in fully operational with two production lines and a diversified product range by December of the year 2023

3.5 Sales revenue forecast and direct& indirect cost estimates

3.5.1 Sales Forecast

First year operation is schedules to begin Jan 2024 after completion of machinery installation and pre-production activites. The sales generation will be as of

3.5.2 OPERATING COSTS

Since the production will be done for the last quarter in the first operating year the cost will be less to being with and will substantially rise to reflect normal production in the following years

3.6 Environmental Aspects

Generally, Tanzania has environmental regulations governing the operation of garages and workshops. Nevertheless each operator takes basic precautions to ensure that during operations and in case of an accidental spillage or fire, damage to environment is limited to the minimum possible level. The company has taken into consideration environmental aspect in the factory and will put all necessary required facilities.

3.0 CAPITAL INVESTMENT AND FINANCING PLAN

4.1 Investment Plan

The total capital investment of the project is Usd 600,000.The promoters will contribute Usd 0.4 million and Usd 0.2 million will be financed by loan. The capital investment breakdown is as indicated below:

PARTICULAR	AMOUNTS USD
Land and Buildings	135,000
Plant & Machines	154,000
Motor Vehicles	64,000
Furniture & Fixtures	22,000
Pre Expenses	25,000
Working Capital	200,000
TOTAL	600,000

4.2 **Financing Plan**

It is estimated that a total of US\$ 600,000 will required price to the first year of the project to acquire the various assets as shown in the Table above

The bulk of the capital cost will be raised by the company itself through equity contribution. The other major source of funding will be internally generated revenue from operations which will be ploughed back.

Taking into account acceptable financial rations will be financed through the following sources of finance:

Financing Source	USD
Equity	400,000
Long term loans	200,000
Total	600,000

Interest rates for the loan are assumed to be at 8% with a grace period of 5 years and will be paid back in the fifth year of operation.

4.0 **MARKET AND MARKETING ASPECTS**

4.1 **General Overview**

There is a wide market for gypsum powder and calcium carbonate in Tanzania. Likewise, there is external market and the demand is increasing .Hence, it can be expected that the sponsors would not face marketing and operational problems in managing the proposed project

The existing market is supplied by importation of the products from overseas .Based on the nature of the products and its users; the company's product has a good market in Tanzania.

The ports of Dar es Salaam have undergone major rehabilitation, modernization and expansion so as not only to be able to complete with South Africa ports in handling of the cargo and this will substantially enhance cargo handling in all phases of the project. The port would also provide the proposed freight haulage project necessary condition for its soft establishment and expansion of its future operations.

BEST POWDER INDUSTRY LIMITED will endeavor to achieve the projected sales for both domestic and transits business in the neighboring eastern Africa countries and Asia

4.2 **Key Success Factors**

Following are Key Success Factors of the manufacturing industry:

- Financial Resources
- Working Capital
- Use of Technology
- Proper logistics to meet demand

The importance of having huge funds to finance the use of latest technology which will yield a quality product which is important in project success operation. Further with a quality product there must be proper delivery of the product to the customers to meet their demand. All this depends on financial resources which the owner has to achieve desired result.

4.3 **Long Term Relationships**

Established transport firms enjoy the advantage of long- term relationships with corporate clients. Such corporate firms include among others, armies, huge mining companies using thermal power, etc, clearing and forwarding companies, just to mention a few. Again the proposed project would use its Synergy of its relation with parent companies in securing huge cargo.

However, it should be clearly understood that as time changes some industry forces have tended to re- modify these key success factors, Hence, generally it is the ability of a transport company to design and implement its business strategies that may suit building of a company's success in this sector.

5.0 **MANAGEMENT AND ORGANIZATION STRUCTURE**

5.1 **Management**

The Company policy is to have adequate manpower to manage its operations efficiently. BEST POWDER INDUSTRY LIMITED believes in keeping on board only the very essential manpower strength, to develop them into highly motivated and sincere company team for the best and efficient operations of the company.

The company will have a team of qualified and experienced functional managers in the areas of Operations/Marketing, Workshop Operations and Finance & Administration. Other senior and middle level staff will be available for the startup and subsequent operations of the company. The personnel will be qualified, well-seasoned and most possessing considerable industrial experience.

5.2 **Management Policy**

The day to day operations will be managed by the General Manager, to be assisted by the Operations Manager who will be the overall in charge of the fleet, a Sales & Marketing Manager whose major responsibility will be marketing and a Finance & Administrative Manager who will manage finance and administrative issues. The Company's fleet pool will therefore be professionally managed.

5.3 Organization Structure

Once the company has well established the market its organizational structure will have to change sp as to give it a corporate structure of freight Haulage Company. Therefore, the shareholders will have to embark on a meticulous manpower planning and recruitment, which will be preceded by a manpower consultant's report.

It is proposed that the company's operations then be headed by the General Manager under whom there will be functional managers, that is : Personnel & Administration Manager, Sales & Marketing Manager, Finance & Administration manager, and Production manager.

The Marketing Manager will be responsible for both the countrywide and regional wide sales and marketing for the service .The job responsibilities will include market planning and development, sales promotion and sales co- ordination.

5.4 Manpower requirement and emoluments

NO	EMPLOYEE DESIGNATION	NO	SALARY PER MONTH	SUBTOTAL MONTHLY SALARY	ANNUAL GROSS SALARY
1	Managing Director	1	900	900	10,800
2	Management	1	600	600	7,200
3	Transport Manager	0	2500	0	0
4	Accounts Assistants	1	300	300	3,600
5	Supervisor	1	200	200	2,400
6	Drivers	1	150	150	1,800
7	Assistant Drivers	0	400	0	0
8	Mechanics	1	300	300	3,600
9	Secretary	0	300	0	0
10	Casual labors	24	50	1200	14,400
	TOTAL USD \$	30	5700	3650	43,800

6.0 FINANCIAL ANALYSIS

6.1 Financial Viability

The analysis of the proposed BEST POWDER INDUSTRY LIMITED transport project shows that the project can generate a fairly good profit and that it generates sufficient cash to meet its financial obligations

6.2 Fundamental Assumptions:

The preparation of the financial projections took into account the following main assumptions:

7.2.1 The operation period under which the viability of the project is being evaluated is 5 years

7.2.2 The capital of the proposed project is US\$ 600,000

7.2.3 All the calculations throughout the economic lifetime of the project are constant with March 2023 being the base date.

7.2.4 The projected operational costs are shown

7.2.5 Capital Expenditure has been assumed to be incurred for a period of 1 year

7.2.6 The financial plan is for the shareholders to finance the project from own sources by ploughing back profits

6.3 Working Capital Requirements

Ideally, working capital requirements are directed by the volume and business tempo

6.4 Projected Profitability

The projected profit and loss account is shown in the *Financial Analysis Schedule*. On the basis of the operating assumptions and cost the proposed investment is expected to be profitable throughout the project period of five years. The after tax profits (US\$) are as follows:

1 st Year	97,017
2 nd Year	137,416
3 rd Year	145,282
4 th Year	155,266
5 th Year	185,024

6.5 Cash Flow Projection

The liquidity performance of the project is shown in the Financial Analysis Schedules. The projections take into account the assumed sources and applications of funds over the planned period and show the ability of the project to meet financial obligations and capital expenditure requirements.

Cash flow on the 5 the year will be used to pay back the loan and this reflects the small balance at the end of the year but the activities will be performed as usual

6.6 Financial Review

The financial review of the proposed BEST POWDER INDUSTRY LIMITED shows that:

7.6.1 The project is profitable

7.6.2 The liquidity position is sound and that is should be able to meet its financial commitments without any undue difficulty.

7.6.3 The operations are financially viable

7.6.4 The key ratios are acceptable with Internal Rate of Return (IRR) of 20%, Net Present Value of US\$ 199,476 and a Payback Period of 5 years.

6.7 Development Aspects

The following are the major economic and social benefits, which will be generated by the proposed project.

6.7.1 Revenue to the government Treasury and other organs in the form of taxes, fees and levies.

6.7.2 Increase in employment opportunities

6.7.3 Savings/earnings of foreign exchange because of the project's active engagement in the transit trade

6.7.4 Facilitate in increased improvement and availability of the freight Haulage services especially in the transportation of raw materials, crops, building, materials and finished products to and from markets.

With the liberalization of the economy in fully swing the resultant industrial growth is expected to push up the demand for the transportation of industrial and consumer goods services considerably.

7.0 CONCLUSION AND RECOMMENDATIONS

The foregoing discussion highlights on the social, economic and financial dimensions which the envisaged project is set to generate in this country. The brief financial analysis indicates that the project will be financially viable. Therefore, it is strongly recommended that the sponsors, BEST POWDER INDUSTRY LIMITED be availed with the required institutional assistance so as to enable them establish the propose project.

FINANCIAL PROJECTIONS

COST STRUCTURE

PARTICULAR	AMOUNTS USD
Land and Buildings	135,000
Plant & Machines	154,000
Motor Vehicles	64,000
Furniture & Fixtures	22,000
Pre Expenses	25,000
Working Capital	200,000
TOTAL	600,000

OTHER OPERATING COST

Other Operations Cost	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Motor Vehicle running expens	60,000	60,400	60,800	61,200	61,600
Salaries and Wages	43,800	48,180	52,998	58,298	64,128
Administrative Overhead Costs	51,800	56,980	62,678	68,946	75,840
Utility Costs	23,000	25,300	27,830	30,613	33,674
Interest on Loan	8,600	7,740	6,966	6,269	5,642
Communication Exepnses	12,800	14,080	15,488	17,037	18,740
Total Costs	200,000	212,680	226,760	242,363	259,625

FIXED ASSETS SCHEDULE						
NAME OF ASSETS		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings		135,000	128,250	121,500	114,750	108,000
Plant & Machines		154,000	123,200	92,400	61,600	30,800
Motor Vehicle		64,000	46,400	41,400	36,400	31,400
Furniture & Fixtures		22,000	19,250	16,500	13,750	11,000
Total		375,000	317,100	271,800	226,500	181,200
Depreciation		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings		6,750	6,750	6,750	6,750	6,750
Plant & Machines		30,800	30,800	30,800	30,800	30,800
Motor Vehicles		17,600	5,000	5,000	5,000	5,000
Furniture & Fixtures		2,750	2,750	2,750	2,750	2,750
ANNUAL DEPRECIATION		57,900	45,300	45,300	45,300	45,300
CLOSING FIXED ASSETS		317,100	271,800	226,500	181,200	135,900

PROJECTED BALANCE SHEET						
		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Fixed Assets		375,000	317,100	271,800	226,500	181,200
Long term Assets						
Depreciation		57,900	45,300	45,300	45,300	45,300
Total long term assets		317,100	271,800	226,500	181,200	135,900
Current Assets						
Cash		406,100	684,700	979,050	1,292,735	1,625,723
Account Receivable		105,000	110,250	216,535	421,763	527,628
Inventory		214,710	376,383	438,469	402,292	467,493
Total Current Assets		225,000	225,000	225,000	225,000	225,000
Total Assets		542,100	496,800	451,500	406,200	360,900
Current Liabilities						
Accounts Payable		84,000	88,200	92,610	97,241	102,103
Other Current Liablit		70,000	73,500	77,175	81,034	85,085
Subtotal Current Liabi		154,000	1,616,700	169,785	178,274	187,188
Long term Liabilities						
Long term Liabilitie		1,820,000	1,820,000	1,820,000	1,820,000	1,820,000
Total Liabiities		317,100	271,800	226,500	181,200	135,900
Net Assets		820,810	877,633	951,268	1,044,516	1,157,656
Captil and Reserves						
Owners Contribution		780,000	780,000	780,000	780,000	780,000
Retained Earning		40,810	97,633	171,268	264,516	377,656
Total Capital		542,100	496,800	451,500	406,200	360,900

PROJECTED INCOME STATEMENT						
		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEARS5
Sales Revenue		870,000	1,044,000	1,252,800	1,503,360	1,804,032
Cost of Sales		174,000	174,000	174,000	174,000	174,000
Gross Profit		696,000	870,000	1,078,800	1,329,360	1,630,032
Operating Expenses						
Administrative Overhead						
Costs		51,800	52,318	52,841	53,370	53,903
Motor Vehicle running		60,000	60,600	61,206	61,818	62,436
Salaries and Wages		43,800	44,238	44,680	45,127	45,578
Depreciation		57,900	58,479	59,064	59,654	60,251
Utility Costs		23,000	23,230	23,462	23,697	23,934
Insurance		15,000	15,150	15,302	15,455	15,609
Interest on Loan		8,600	8,686	8,773	8,861	8,949
Total Expenses		148,300	149,783	151,281	152,794	154,322
Profit before Tax		547,700	720,217	927,519	1,176,566	1,475,710
Tax (30%)		164,310	216,065	278,256	352,970	442,713
Profit After Tax		383,390	504,152	649,263	823,596	1,032,997