

RUNTO COMPANY LIMITED.

BUSINESS PLAN

455 Pearl Residency, Charambe Street, East Upanga, whose registered P.O. Box 42450 Dar Es Salaam Tanzania

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RUNTO COMPANY LIMITED

Business Profile

A. Executive Summary

1. Company& Project concept

RUNTO COMPANY LIMITED is a limited liability Company incorporated in Tanzania under the Company Act of 2002. The Company was incorporated on 10/12/2021 and bears a Certificate of Incorporation number **154388532** The Company implements a project which is under the construction sector in Tanzania.

RUNTO COMPANY LIMITED will be located at Dar es Salaam Tanzania. The outreach Office is located at the 455 Pearl Residency, Charambe Street, East Upanga, whose registered P.O. Box 42450 Dar Es Salaam Tanzania.

Our goals and objectives are straightforward and seek to ensure we run a professional, profitable, and ethical company, building relationships with customers, suppliers and investors. **RUNTO COMPANY LIMITED** aims to become one of the leading manufacturers of clay building material Tanzania.

2. Company Goals and Objectives:

In Summary **RUNTO COMPANY LIMITED** aims to:-

- Manufacturing of clay building materials in The United Republic of Tanzania and other parts of Africa.
- To prepare and implement human resource policies which encourage and reward individual and unified effort and achievement, provide training and personal development opportunities and create a working environment in which staff can feel a real sense of job involvement.
- Build relationships with investors in the construction Sector.
- Achieve levels of profit sufficient to provide for reinvestment and suitable returns to shareholders and investors
- Seek to comply with all statutory legislation and other external relevant authorities. Define and keep under review Company policy, allowing flexibility for local requirements.
- Adopt best commercial practice and ethical standards in dealing with clientele, suppliers of goods and services and other contacts.
- To provide a one- stop solution covering the entire spectrum of construction

3. Purpose of Business Plan

This document is prepared to serve the purpose as a business plan report for **RUNTO COMPANY LIMITED** for investment in manufacturing of clay building materials in the United Republic of Tanzania.

4. The project promoter

The project will be managed and operated by **RUNTO COMPANY LIMITED** which is owned by private individuals with the following shareholders percentages distribution is listed below;

| NAME OF SHAREHOLDERS | NATIONALITY | SHARES% |
|----------------------|-------------|---------|
| ZUO GUIZHEN | Chinese | 70% |
| YIN CHUANBIN | Chinese | 30% |

5. Intended investment Amount:

The investment amount is Tanzania Shillings One Billion Two Hundred Million (TZS 1,200,000,000/=).

6. Company Legality

The legal certificates, and documents such as Memorandum and Article of Association, Certificate of Incorporation and Tax Identification Number, justify that **RUNTO COMPANY LIMITED** is operating within the ambit of the law of the Land.

7. Project Organization Structure

The management of **RUNTO COMPANY LIMITED** is constituted by the following organization set up, the Board of Directors who are responsible on the supervision on the entire operations of the Company.

8. Investment Structure

The project is estimated to cost a total approximation of Tanzania Shillings **One Billion Two Hundred Million (TZS 1,200,000,000/=)** which will increase from time to time. The money will cover working Capital, material importation and other company expenses. However, a financial policy of the Company state that the profits generated will be re-invested.

B. Statement of Purpose

This Profile is drawn for the purpose of commencement of the business and application for the certificate of incentives from the Tanzania Investment Centre (TIC) and a Construction License.

C. Purpose of Investment

This document is prepared to serve the purpose as a feasibility study **for RUNTO LCOMPANY LIMITED** on the establishment of a manufacturing company in the United Republic of Tanzania.

D. Summary of the Expected Results

At the end, the project is expected to achieve the following: -

- Ensure the manufacturing of clay building materials in Tanzania, East Africa and the whole of Africa.
- Increase direct employment opportunities.
- Direct Domestic investment of more than USD 500.000 within 2022 -2027
- Increase tax contribution to the government
- Generate foreign currency.

E. Mission and Vision

The company vision is to be one of the leading companies in manufacturing of clay building materials in Tanzania for local markets and export purposes.

F. Operations

The project will be managed and operated by **RUNTO COMPANY LIMITED**. The Company is finalizing acquisition of operation permits to start the implementation of the manufacturing of clay building materials. Management will establish sound operating guidelines to conduct the day-to-day operations of this project.

G. Project Location

- The project shall be located at town planning drawing no: 52/CH/07/0108 B, with a total Area of 40 Acres identified as Plot 12, 13, 16 and 17 of a registered Surveyed Plan No: 99770 and 99768 located at PINGO in Chalinze Urban area COSTAL REGION – TANZANIA.

H. Postal Address

RUNTO COMPANY Limited,

P.O. Box 42450,

Dar es Salaam

I. Manufacturing Industry

a. Manufacturing Industry in Tanzania

Tanzania's construction sector contributed 8.1% to the country's real GDP and 4% annual growth rate. Most of the manufacturing activities is centered on simple consumer products and also building materials representing an increase of 33%. Main growth includes the increase in the number of manufacturers in the manufacturing industry.

According to Tanzania's 2025 Development Vision, investments in manufacturing products and raw materials, particularly in the development of the manufacturing industry, are the Government's top priority.

b. Manufacturing Industry in Tanzania

This mainly involves the manufacturing of different materials in Dar es Salaam. There are believed to be about 49 private Tanzanian companies operating in this sector. The manufacturing industry in Tanzania consists mainly food processing (24%), textiles and clothing (10%), chemicals (8.5%) and others including beverages, leather and leather products, paper and paper products, publishing and printing, and plastics

c. Project Justification

The proposed project is under management of **RUNTO COMPANY LIMITED** and is in line with Tanzania Government efforts in attempt to revamp that manufacturing sector. This also has been complemented by the fact that the government is making a critical effort in improving the manufacturing sector, by implementing manufacturing policies with ultimate aim of improving business environment for manufacturing Companies.

Regarding the initiative undertaken by **RUNTO COMPANY LIMITED**, is justified by the following facts: -

- The Company have a special invested interest in the manufacturing industry therefore, the establishment of a manufacturing company.
- The involvement of the company in the manufacturing sector will boost and at the same time strengthen the manufacturing sector in Tanzania. The Company's marketing strategy and intention is to have a wide customer base both locally and internationally which focuses on solving private and public companies' manufacturing issues.

d. Social and Economic Impact of the Project

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

- Improve and increase the construction sector through the manufacturing of clay building materials within and outside the United Republic of Tanzania.
- Increased competitiveness among local manufacturers and export markets in Tanzania.
- The project will provide employment for people in Tanzania and training the employees to further their knowledge on the industry.
- The Government and other agencies will benefit from various taxes, fees and commissions that will be paid to the Treasury etc. by this Company

e. Industry Analysis

a. Sales Literature, Sourcing and Technology

i. Sales Literature

The company shall use different materials and trainings about their services to customers including but not limited to specification sheets, brochures, catalogs, and other materials.

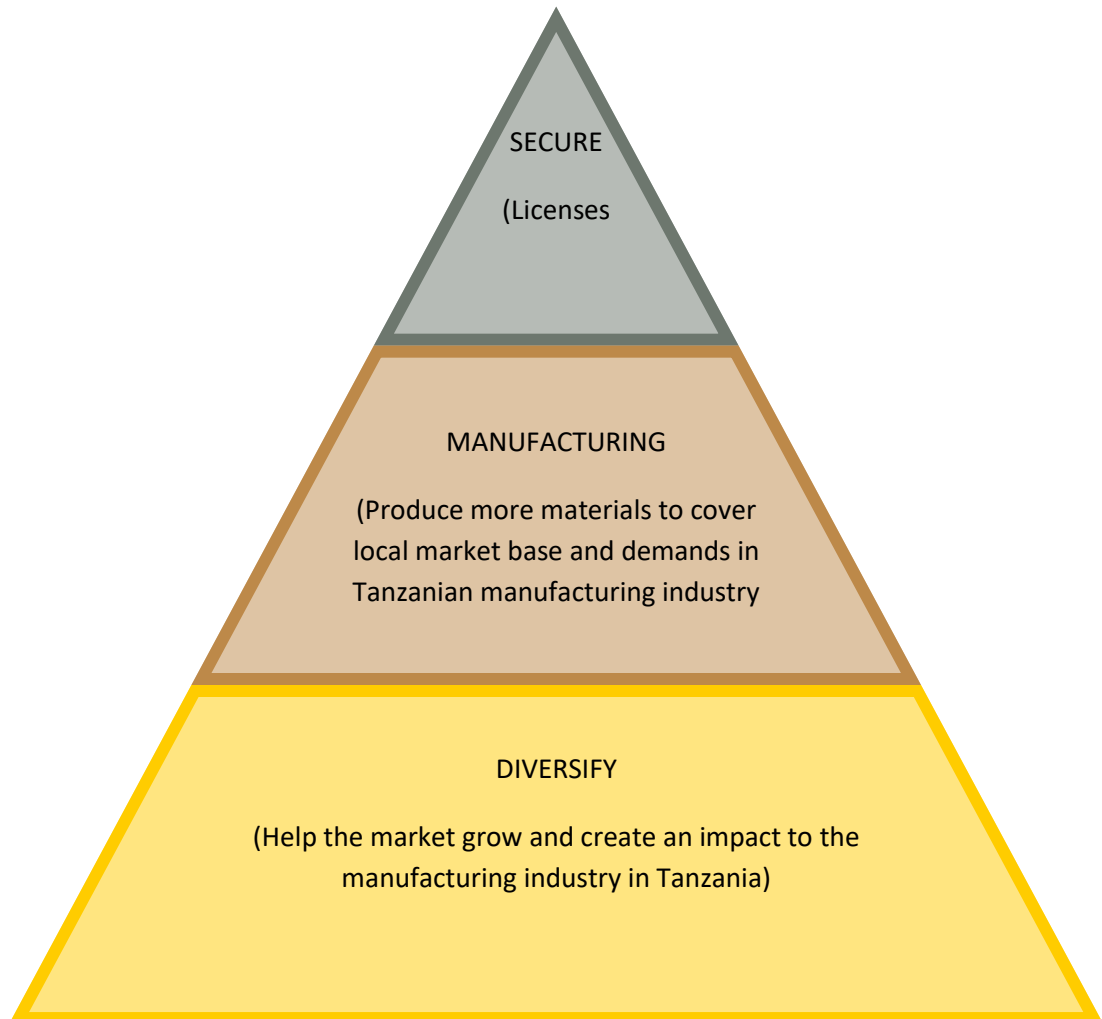
ii. Technology

The company aims to manufacture clay building materials that the technology that is expected to be used shall include raw materials both imported and locally obtained materials together with advanced machinery for manufacturing purposes.

iii. Future Services

The company aims at broadening the business by engaging in other businesses in the future such as Manufacturing of plastic products, wholesale of other machinery and equipment, manufacture of other electrical equipment, manufacture of batteries and accumulators and businesses relating to the aforementioned. The services will be provided in Tanzania and shall target to provide the same port to customers in the neighboring countries including Kenya, Uganda and whole of Africa.

Strategy Pyramid



b. Competitive Edge

The Company will have a rather bigger advantage from their competition due to the following reasons: -

- The clay building materials used by the company will be advanced and with higher capacity compared to the competitors.
- Most manufacturing companies provide services at a very high price and whereas the company will provide services at a much and more affordable prices
- The opening of Tanzania for international investment will create a huge demand for manufacturing projects which will create a huge market for the company and ensure the return of investment in a short period of time.

f. Opportunities

a. Increased demand for manufacturing activities

Tanzania now is witnessing the increase in manufacturing due to increased demands and better facilities. Despite that Tanzania has also executed several international agreements e.g., the recently established industrial park which creates more opportunities for the manufacturing sector.

b. Uniqueness location of the project

RUNTO COMPANY LIMITED's project will be one of the manufacturing industries, with its industry located at Pingu, Chalinze, Pwani, Tanzania. The location of this project provides an opportunity to **RUNTO LOGISTICS COMPANY** Limited to capture easily the market around Pwani Region together with Dar es Salaam Region and even extending its borders to the new road that connects to Morogoro and other central regions of other parts of Tanzania.

c. Government Policy

The Government of Tanzania has made the policy that intends to improve and promote the manufacturing industry locally and across borders.

d. Government Incentives package

The Government has enacted laws that offer reasonable incentives example removal of taxes on some importations and deferment.

d. Analysis of Strengths, Weaknesses, Opportunity, and Threats

Table below present the analysis of the company's Strengths, Weaknesses, Opportunities and Threats (SWOTS)

| | |
|---|--|
| <p>Strengths</p> <ul style="list-style-type: none"> • Availability of Markets • Connection to stakeholders • Access to reliable high technology such as GPS tracking systems and client | <p>Weaknesses</p> <ul style="list-style-type: none"> • Capital Injection |
| <p>Opportunities</p> <ul style="list-style-type: none"> • Good government suitable facilitative policy. • Government development of the sectors and huge demand of the services | <p>Threats</p> <ul style="list-style-type: none"> • Unawareness of the new entrants in the industry in the same location • Increment of inflation |

The company has prepared for the action plans by doing the following: -

e. Marketing Information

The company will employ qualified people to conduct the marketing of the manufacture product.

g. Marketing Strategy

i. Overview

The success of **RUNTO COMPANY LIMITED** will be achieved by providing high quality services, providing friendly service, and employing an aggressive marketing plan to build customer traffic. Today's market requires more than just manufacturing services to make **RUNTO COMPANY LIMITED** successful. **RUNTO COMPANY LIMITED** will constantly strive to enthusiastically win more customers by being proactive rather than reactive in our marketing efforts. Management will endeavor to create and maintain a positive, appealing image for the customers. This image will be

consistently portrayed throughout all marketing channels and sales promotions. The following exemplifies some of the tactics we will use to drive more sales and distribution.

ii. Customer Database

RUNTO COMPANY LIMITED will aggressively seek to build a database of Customers. Customers will have an opportunity to be included in the database so they can participate in sales promotions such as birthday or anniversary cards; email notification of upcoming specials; discounts; etc. The database will be gathered and maintained in the system. **RUNTO COMPANY LIMITED** will gather names in a variety of manners including staff requests; business card drop for free lunch; guests' signup book with promotional signage; promotion; etc.

iii. Advertising

RUNTO COMPANY LIMITED will adopt an aggressive advertising strategy. **RUNTO COMPANY LIMITED** will process outdoor and changeable copy advertisement and elaborate design signage depends upon lease space restrictions; designed within allowable limits to achieve maximum exposure. **RUNTO COMPANY LIMITED** will utilize both traditional non-- traditional methods of advertising. Management's viewpoint on advertising is state in your own words, the philosophy **RUNTO COMPANY LIMITED** will adopt towards the use of traditional advertising such as radio, newspaper, billboards, or television.

iv. Costing and Pricing

The costing and pricing are done by the management of **RUNTO COMPANY LIMITED**. The costing takes into consideration various aspects depending on the cost which has already been incurred, inflation factor and Operating costs. The project promoters of the company are in business for long time i.e., they are business-oriented personnel and thus they are competent to ensure the project is implemented with maintainable costs and attractive profits.

v. Customers

RUNTO COMPANY LIMITED is targeting to all regions in Tanzania and whole of East Africa specifically targeting the companies, businesses, and individual customers.

As it has been explained in preamble chapters, **RUNTO COMPANY LIMITED** will set project which will be indulging in Manufacturing business.

vi. Marketing Plan

The company has both short term and long-term marketing plan:

The short-term marketing plan includes:

- Building sustainable long-term relationships with customers, suppliers, and investors.

- Training of sales staff sales, and Marketing.

Long Term Plans includes:

- Join to the network of manufacturing companies to market to exploit more business opportunities.
- Investing in Market Research and Development

g. Management & Administration

a. Management

The management team of **RUNTO COMPANY LIMITED** planned to be constituted by the following management team: -

i. Board of Directors

RUNTO COMPANY LIMITED will be managed by the board of Directors which is the apex body for strategic decision making of the project in line with the resolutions from the shareholders.

ii. Accountant

An internal accountant will be employed to work with the existing external accountant who is expected to have good experience in accounting system as well as he will be responsible in managing cash of **RUNTO COMPANY LIMITED** but also keeping books of accounts properly.

iii. Management Agreements

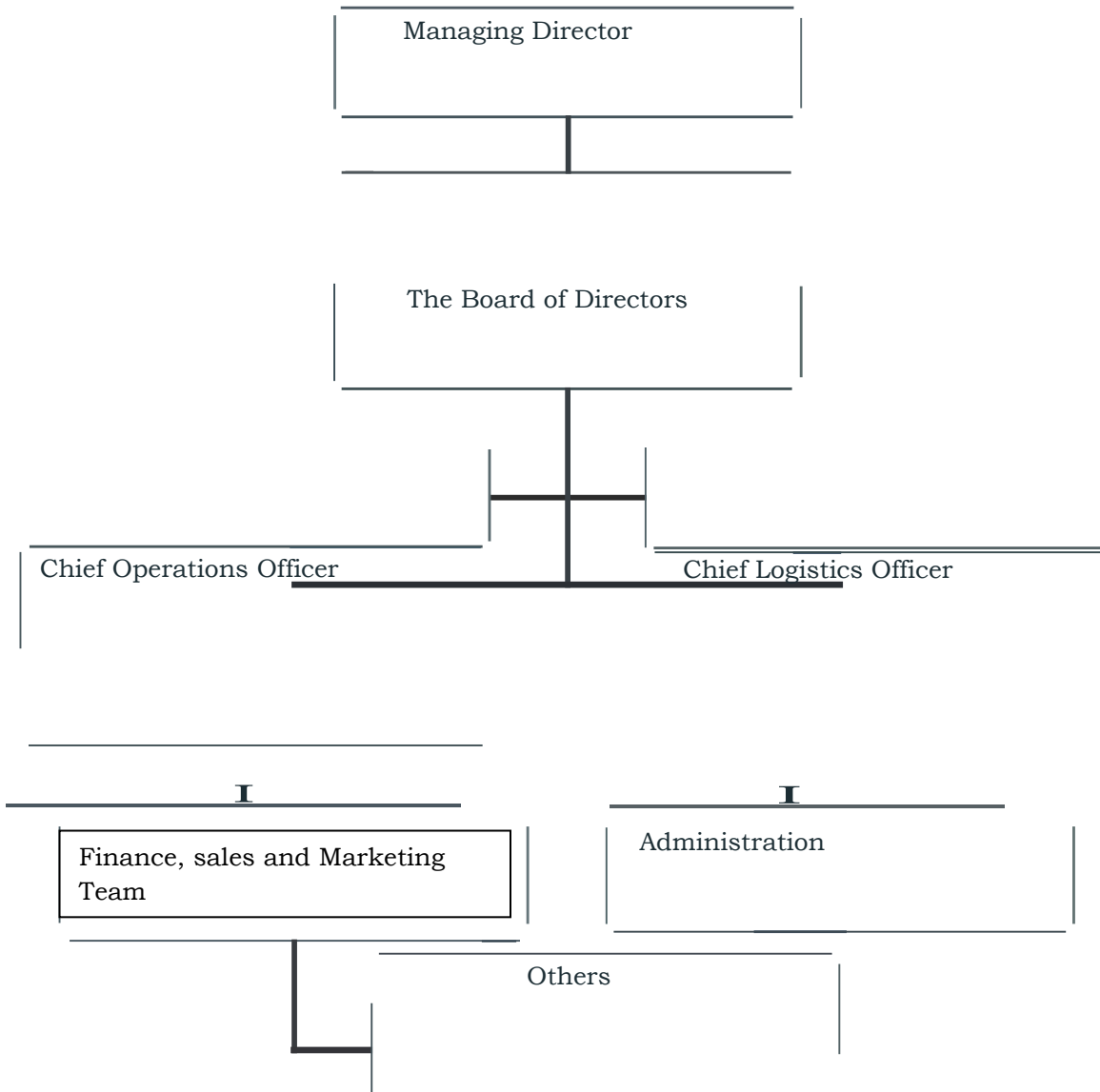
Management Agreements will be executed between **RUNTO COMPANY LIMITED** and other team managers. The purpose of these agreements is to define the expectations of both parties, establish an incentive structure, and define the grounds under which the agreement may be terminated.

iv. Confidentiality Agreements

RUNTO COMPANY LIMITED will enforce that all employees sign a confidentiality agreement. Confidentiality agreements with our employees and partners will protect our manufacturing business, operating systems, policies, and procedures. Having a confidentiality agreement in place is essential to protect the company's trade secrets and show our employees that we take our business seriously.

v. Organization Structure

The management of **RUNTO COMPANY LIMITED** is planning to have the following organization structure.



vi. Job creation

The following table illustrates the forecasted job creation throughout the coming five years

| Job Title /Year | 2022 | 2023 | 2024 | 2025 | 2026 | Total |
|-----------------------|------|------|------|------|------|-------|
| Country Manager | 1 | 0 | 0 | 0 | 0 | 1 |
| Finance Manager | 1 | 0 | 0 | 0 | 0 | 1 |
| Office Manager | 1 | 0 | 0 | 0 | 0 | 1 |
| Sales Manager | 1 | 0 | 0 | 0 | 0 | 1 |
| Operations Manager | 1 | 0 | 0 | 0 | 0 | 1 |
| Contractors | 10 | 5 | 5 | 5 | 5 | 30 |
| Mechanical Technician | 2 | 0 | 1 | 1 | 1 | 5 |
| Grand Total | 17 | 5 | 6 | 6 | 6 | 40 |

Appendix I

RUNTO COMPANY LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT (US\$)

| | 1 | 2 | 3 | 4 | 5 | 6 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenue | 1,415,232.00 | 1,429,384.32 | 1,443,678.16 | 1,458,114.94 | 1,472,696.09 | 1,487,423.06 |
| Operating Expenses: | 1,202,947.20 | 1,214,976.67 | 1,227,126.44 | 1,239,397.70 | 1,251,791.68 | 1,264,309.60 |
| Profit before Depreciation &Interest | 212,284.80 | 214,407.65 | 216,551.72 | 218,717.24 | 220,904.41 | 223,113.46 |
| Interest | 18,000 | 14,400 | 10,800 | 7,200 | 3,600 | - |
| Depreciation | 14,025.00 | 14,025.00 | 14,025.00 | 14,025.00 | 14,025.00 | 14,025.00 |
| Net Profit | 180,259.80 | 185,982.65 | 191,726.72 | 197,492.24 | 203,279.41 | 209,088.46 |
| Tax (30%) | 54,077.94 | 55,794.79 | 57,518.02 | 59,247.67 | 60,983.82 | 62,726.54 |
| Profit After Tax | 126,181.86 | 130,187.85 | 134,208.71 | 138,244.57 | 142,295.59 | 146,361.92 |
| Accumulated Profit | 126,181.00 | 256,368.85 | 390,577.56 | 528,822.13 | 671,117.72 | 817,479.64 |

RUNTO COMPANY LIMITED PROJECTED CASH FLOW US\$

| | 0 | 1 | 2 | 3 | 4 | 5 | 6 |
|--|------------|------------|------------|------------|------------|------------|-----------|
| SOURCES: | | | | | | | |
| Profit before interest and depreciation | 0 | 212,284.80 | 214,407.65 | 216,551.72 | 218,717.24 | 220,904.41 | 223,113.4 |
| Equity | 200,000.00 | | | | | | |
| Loan | 300,000.00 | - | - | - | - | - | |
| Total Sources | 500,000.00 | 212,284.80 | 214,407.65 | 216,551.72 | 218,717.24 | 220,904.41 | 223,113.4 |
| Applications: | | | | | | | |
| Capital expenditure | 375,000.00 | - | - | - | - | - | |
| working Capital &Others | 125,000.00 | 125,000.00 | 125,000.00 | 125,000.00 | 125,000.00 | 125,000.00 | 125,000.0 |
| Cash | 0 | 87284 | 89,407.00 | 91,551.00 | 93,717.00 | 95,904.00 | 98,114.00 |
| Tax | - | 54,077.94 | 55,794.79 | 57,518.02 | 59,247.67 | 60,983.82 | 62,726.54 |
| Sub total | 500,000.00 | 212,284.00 | 214,407.00 | 216,551.00 | 218,717.00 | 220,904.00 | 223,114.0 |
| Total applications | 500,000.00 | 212,284.00 | 214,407.00 | 216,551.00 | 218,717.00 | 220,904.00 | 223,114.0 |
| Accumulated cash | | 87,284.00 | 176,691.00 | 268,242.00 | 361,959.00 | 457,863.00 | 555,977.0 |

Appendix III

FINANCING PLAN FOR RUNTO COMPANY LIMITED FOR NEXT 5 YEAR TERM

| | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | TOTAL |
|-------------------------------------|---------|---------|---------|-----------|-----------|-----------|
| N Number of Trucks | 10 | 5 | 5 | 5 | 5 | 30 |
| Revenue (USD) | 500,000 | 700,000 | 900,000 | 1,100,000 | 1,300,000 | 4,500,000 |
| Debt (USD) | 400,000 | 200,000 | 200,000 | 200,000 | 200,000 | 1,200,000 |
| Self-Financing (USD) | 600,000 | 300,000 | 300,000 | 300,000 | 300,000 | 1,800,000 |