

Luxuris Company Limited

BUSINESS PLAN

Project of Paper bags Manufacturing

Luxuris Company Limited

04/04/2023

Executive Summary

Luxuris Company Limited is a paper bag manufacturer, aims to produce high-quality paper bags that are eco-friendly and cost-effective. The company has invested \$96,200 on the paper bag machine and \$13,000 on renting and setting the property in Vingunguti . The monthly operating costs, including raw materials, labor, marketing, property rent, and taxes, is \$1,500 per ton of paper bags. The company is expecting to sell per ton for \$1,715 at wholesale, with a target of 23 tons per month.

The plan is to outline the three-phased business approach for establishing a paper bag manufacturing company. The business will initially start with the installation of a paper bag machine, followed by the addition of another packaging machine in the second phase, and finally, in the third phase, a machine will be installed to make the primary materials.

Phase One: Installation of Paper Bag Machine

The initial phase of the business will involve the acquisition and installation of a paper bag machine.

This machine will be used to produce high-quality paper bags in various sizes.

The company plans to employ 7 full-time staff and 5 part-time workers and subcontract with other small local businesses. The total investment cost until the company is fully operational is \$130,000. Along with this, we will import cars for our employees to use for transportation and cars for delivering goods to our customers.

Phase Two: Addition of Another Packaging Machine

In the second phase of the business, we will add another packaging machine to increase production capacity. The additional packaging machine will allow us to produce not only paper bags but other packaging products.

The business will expand its target market to include restaurants, cafes, and other food establishments that require paper bags and packaging products.

Phase Three: Installation of a Machine for Making Primary Materials

In phase three of the business, we will install machines used to make primary materials for the paper bags and packaging materials. This installation will enable the business to produce high-quality paper bags and packaging materials while also reducing costs.

Executive Summary

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1.0 INTRODUCTION

Company Overview phase 1

Luxuris Company Limited by shares and registered under the Companies Ordinance (Cap. 212) of the Tanzania mainland. It was registered on 17th March 2023 and granted Certificate of Incorporation No. 155-520-329 issued by the Assistant Registrar of Companies pursuant to the quoted decree. It was registered on 17th March 2023. The project is located at Plot No. 83, Chang'ombe ', Temeke District, Dar es Salaam region.

Iscorpio Group of Companies Limited has 2 shareholders, as detailed under table 1 below.

Table 1: Shareholding Details

Shareholder	Nationality	Shares Taken	Shareholding
Shariff Ali Shariff	Tanzanian	6,000	60.00%
Ilham Said Omar	Tanzanian	4,000	40.00%
TOTALS		10,000	100.00%

Project Overview phase 1

The company will produce paper bags in different sizes and shapes, catering to different customers' needs.

The company will focus on producing eco-friendly bags, using recyclable materials without compromising on the durability and quality of the bags.

The company will also provide packaging solutions for custom orders and is open to producing bags customized to meet clients' specific requirements.



The initial investment cost is \$130,000 , including machine, property rent, operating costs, and contingency budget. The company aims to achieve a

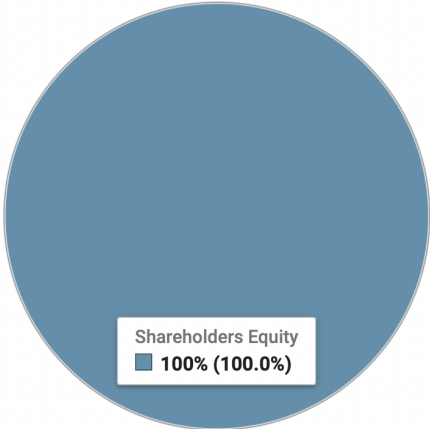
minimum of \$34,500, in monthly revenue, with a profit of \$4,945 per month.

The return on investment is expected to be achieved within three years, and the projected annual growth rate is 10%. The company's financial plan is to control costs, minimize waste, and increase revenue through customer acquisition and retention.

Financing of Items

The total investment in this project is \$130,000 coming from shareholder equity.

Project Financing



Employment Details phase 1

The Luxuris Company Limited is a business that is looking to employ a total of 7 full-time staff and 5 part-time staff across the company, sales and

marketing, and technical roles. Based in a local community, Luxuris Company is committed to creating employment opportunities that support the local economy and provide meaningful work for its staff.

Table 2: Employment Details

CATEGORY	MALE	FEMALE	TOTAL
Local	7	5	12
Foreign	0	0	0
TOTAL	7	5	12

Project Capacity

This is a project producing paper bags for the Tanzanian market. At full capacity we are looking to grow and produce 1 ton a day of finished goods.

Supplies and Targeted Market

This project has a special focus on the Tanzanian local market. The company plans to source its raw materials from within Tanzania but for those materials which are not available or not price

effective within the country they will be sourced from outside the country.

Project Implementation Plan

The project implementation plan aims to outline the steps and actions required to establish Luxuris Company Limited's paper bag manufacturing business successfully.

The project scope includes identifying the target market, establishing the manufacturing process, building relationships with customers, and creating an online presence.

Establishing a successful paper bag manufacturer requires a detailed implementation plan to ensure that all aspects of the project are addressed adequately. With the right resources, timelines, and strategies in place, Luxuris Company Limited is confident that it can successfully establish its paper bag manufacturing business while minimizing risk and maximizing returns.

2.0 MARKET ANALYSIS

The global demand for paper bags is witnessing significant growth due to the increasing awareness among consumers regarding environmental sustainability and the adverse effects of plastic on the planet. The market size for paper bags is expected to grow at a CAGR of 4.4% from 2021 to 2028. With the ban on single-use plastic bags gaining momentum globally, the demand for paper bags is expected to surge further. The paper bag market is segmented based on product type, end-use industry, and region.

In Tanzania, the paper bag market is still in its nascent stage. However, there is a growing trend towards sustainable packaging solutions, and the government is encouraging the use of paper bags instead of plastic bags. The market size for paper bags in Tanzania is estimated to be around \$500 million, and it is expected to grow at a CAGR of 7% in the next few years.

The major end-use industries for paper bags in Tanzania are food and beverage, healthcare, retail, and consumer goods. The food and beverage

industry is the largest consumer of paper bags due to the increasing demand for takeaway and delivery options. The healthcare and retail industries are also significant consumers of paper bags due to the need for hygienic and eco-friendly packaging solutions.

The paper bag market in Tanzania is fragmented, with a few major players dominating the market. However, there is a significant opportunity for new players to enter the market and capture a share of the growing demand. With the right product offering, marketing strategy, and cost-effective production, Luxuris Company Limited can carve out a niche in the Tanzanian paper bag market.

Challenges:

1. High cost of raw materials required to produce paper bags
2. Limited technical expertise and infrastructure for the efficient production of high-quality paper bags
3. Difficulty in accessing reliable and affordable sources of energy for production
4. Competition from cheaper imported paper bags

Market Strategy:

1. Target Market: Luxuris Company Limited will focus on targeting small businesses, grocery stores, and retail stores that are environmentally conscious and seeking to reduce their reliance on plastic bags. The company will also target customers who prefer eco-friendly paper bags for their personal use.

2. Promotional Strategy: The company will implement a combination of online and offline marketing strategies to increase brand awareness and attract potential customers. The online marketing strategy will involve optimizing the company's website for search engines, social media marketing, and email marketing. Offline marketing strategies will include attending trade shows and exhibitions, distributing flyers and brochures, and networking with other businesses in the industry.

3. Competitive Pricing: Luxuris Company Limited will offer competitive pricing to attract new customers while maintaining profitability. The company will achieve this by optimizing production costs, raw

material selection, and implementing a lean manufacturing process.

4. Product Customization: The company will offer customized paper bag solutions to meet customers' specific needs, such as size, shape, and design. The focus on providing customized solutions will differentiate the company from its competitors.

5. Referral Programs and Discounts: To incentivize customers to refer new business to the company, Luxuris Company Limited will offer referral programs and provide discounts for bulk orders. This strategy will increase brand awareness and revenue.

6. Building Relationships: The company will focus on building relationships with customers to ensure repeat business. The customer service team will be trained to address customer complaints promptly and professionally. The management team will maintain communication channels with customers to gather feedback and make improvements to the product and services.

7. Sustainable Packaging: The company will adopt sustainable packaging practices, such as using

recyclable raw materials, reducing waste, and implementing a waste management plan. This strategy will appeal to environmentally conscious customers and differentiate the company from its competitors.

In conclusion, Luxuris Company Limited's market strategy will focus on building relationships with customers, offering customized solutions, implementing sustainable practices, and adopting a competitive pricing strategy to attract new customers while maintaining profitability.

3.0 FINANCIAL PROJECTIONS

Starting up any type of company requires a strong financial plan which includes detailed budgeting for all aspects of the business. The same is true for a paper bag company. In this business plan, we will explore the allocations and expenses that a start-up paperbag company will incur.

Capital / operating Expenses

- Factory Building rent
- Machinery purchase,

- The total fee for incorporating the Business
- Raw material purchasing
- The cost for equipping the office (computers, printers, fax machines, furniture, telephones, filing cabins, safety gadgets and electronics).
- The amount needed to acquire a suitable office facility with enough parking space for our trucks/cars
- The amount required to finance the purchase of the first set of trucks/cars.
- The budget for liability insurance, permits and license
- Additional Expenditure (Business cards, Signage, Adverts and Promotions
- The cost of accounting software and Payroll Software
- Contingency Fund Allocation

Every start-up is likely to face unplanned or unforeseeable expenses. Therefore, a contingency fund should be included in the budget. This fund will help cover expenses, including breakdowns, product malfunction, changes in raw material prices, and other unpredicted disturbances.

Sales & Gross Profit Projection of phase 1

Details	Y1	Y2	Y3	Y4	Y5
Annual Sales in Tons	\$276	\$300	\$324	\$336	\$348
Estimated Charge per one ton (10% inflation)	\$1715	\$1886.5	\$2075.15	\$2282.665	\$2510.9315
Sales Revenue p.a.	\$473340	\$565950	\$672348.6	\$766,975.44	\$873,804.162

Cost of Sales					
Details	Y1	Y2	Y3	Y4	Y5
cost of goods	\$310500	\$371250	\$441045	\$503,118	\$573,195.15
operating expenses	\$103500	\$123750	\$147015	\$167706	\$191065.05
total production cost	\$414000	\$495000	\$588060	\$670,824	\$764,260.2
Gross profit projections					
Sales	\$473340	\$565950	\$672348.6	\$766,975.44	\$873,804.162
Cost of sales	\$414000	\$495000	\$588060	\$670824	\$764,260.2
Gross profit	\$59340	\$70950	\$84288.6	\$96151	\$109,543.962

Projected Income Statement of phase 1

Details	Y1	Y2	Y3	Y4	Y5
Total sales	\$473340	\$565950	\$672348.6	\$766975	\$873804.162
Less; Cost of sales	\$310500	\$371250	\$441045	\$503118	\$573195.15
Gross Profit	\$162840	\$194100	\$231303	\$263857	\$300609.012
Less; Operating Expenses	\$103500	\$123750	\$147015	\$167706	\$191065.05
EBIT	\$59340	\$70350	\$84288.6	\$96151	\$109543.962
Less; Taxes(30%)	\$17802	\$21105	\$25286.58	\$28845.3	\$32,863.188 6
Net Profit	\$41538	\$49245	\$59002.02	\$67305.7	\$76680.7734

Details	Y1	Y2	Y3	Y4	Y5
Dividend (20%)	\$8307.6	\$9849	\$11800.40 4	\$13461.1 4	\$15336.1546 8
Retaines	\$33230. 4	\$39396	\$47201.61 6	\$53844.5 6	\$61344.6187 2

Projected Cash Flow of phase 1

Details	Y1	Y2	Y3	
Cash from operations				
Profit Before Tax	\$59340	\$70350	\$84288.6	

Adjustment for non cash items				
Capital Additions				
Total				
Tax payments				
Total cash inflow from operating activities				
Cash from investing activities				
Land rent				
Net cash flow from investing activities				
dividends				

First Year: 23 tons per month

- Monthly revenue: \$34,500
- Monthly cost of goods sold: \$25,875
- Monthly operating expenses: \$8625
- Monthly profit: \$4,945
- Annual profit: \$59,340

Second Year: 25 tons per month

- Monthly revenue: \$47162.5
- Monthly cost of goods sold: \$30,937.5
- Monthly operating expenses: \$10,312.5
- Monthly profit: \$ 5,912.5
- Annual profit: \$70,950

Third Year: 27 tons per month

- Monthly revenue: \$56,029.05
- Monthly cost of goods sold: \$36,753.75
- Monthly operating expenses: \$12,251.25
- Monthly profit: \$7,024.05
- Annual profit: \$84288.6

Forth Year: 28 tons per month

- Monthly revenue: \$63914.62
- Monthly cost of goods sold: 47935.965
- Monthly operating expenses: 15978.655
- Monthly net profit:\$8012.583
- annual profit: \$96151

Fifth Year: 29 tons per month

- Monthly revenue: \$72,817.0135
- Monthly cost of goods sold: \$54,612.760125
- Monthly operating expenses: \$18,204.253375
- Monthly net profit: \$9,128.6635
- Annual profit: \$109,543.962

Sales Assumptions:

- Wholesale price per ton: \$1,715
- Target production per month: 23 tons
- Monthly operating costs per ton: \$1,500
- Full-time staff: 7
- Part-time staff: 5

Yearly Projections



- The financial projections are based on conservative estimates and assumptions.
- The company's revenue is expected to grow by 10% annually.
- The cost of goods sold includes raw materials, labor, and manufacturing costs.
- The operating expenses include rent, marketing, and administrative expenses.

- The projections assume that the company will operate at full capacity and sell 25 tons of paper bags per month.

4.0 PROJECT RATIONALE

Monetary Rationale:

The production and demand for eco-friendly paper bags have been increasing due to growing concerns about environmental pollution caused by plastic bags. Luxuris Company Limited seeks to capitalize on this trend by providing high-quality paper bags that cater to customers' needs. With an initial investment cost of \$130,000, the company aims to achieve a minimum monthly revenue of \$34,300, with a profit of \$4,300 per month. The projected annual growth rate is 10%, which will add value to the investors' investment.

Fiscal Rationale:

Luxuris Company Limited seeks to provide employment opportunities for the local community by

employing seven full-time staff and five part-time workers. Additionally, the company will subcontract other small local businesses, further boosting the local economy. The company's eco-friendly paper bags will also contribute to environmental conservation by replacing plastic bags that have adverse effects on the environment. So, the government will support the project due to its contribution to environmental conservation and job creation.

Social Rationale:

Luxuris Company Limited's primary focus is on producing eco-friendly paper bags that are both durable and cost-effective. The paper bags' eco-friendliness will contribute to minimizing plastic pollution that has adverse effects on the environment and marine life. The company will also participate in waste management strategies to minimize environmental impact, contributing to environmental conservation. Creating local job opportunities will also contribute to the social welfare of the community by reducing unemployment and improving the community's living standards.

5.0 CONCLUSION

Overall, Luxuris Company Limited is poised to meet the growing demand for high-quality, eco-friendly paper bags in the market. The three-phased approach outlined in this business plan will enable the establishment of a successful paper bag manufacturing company at phase 1 and continue with phase 2 and 3 in the future. With a robust operational and financial plan, a talented management team, and a focus on customer satisfaction, the company is well-positioned for success. The company's commitment to responsible manufacturing and reducing environmental impact is also admirable and aligns well with the current global trend of sustainability. The potential for growth and profitability is significant, and the company's plans to support the local economy and create employment opportunities are also commendable.

