

MERU INNOVATORS LIMITED

BUSINESS PLAN

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1.0 SUMMARY

1.1 Project Concept

This project document presents a proposal by **MERU INNOVATORS LIMITED**, a locally registered company with Certificate of Incorporation No.103452 Dated 30th October 2013 seeking to establish modern Digital printing facilities dealing with printing of paper- based materials and other related products

After recognizing that there are a lot of opportunities in printing business in Dar es Salaam and the country at large, the company has decided to establish modern printing facilities in Dar es Salaam, the company has already ordered machines of the state of art technology acquired from India and Japan. The company has identified markets from various corporate.

In essence, the project will involve ordering and setting printing machines of different model in **Plot No 1-65, Block KILTEX THEMI Arusha**

The project to be successful implemented and achieves expected results the following must be acquired:

- Long term leasing
- Renovation of business premises

- Printing machine
- Recruitment

This business plan report lays down the financial and economic viability of the intended project.

1.2 Location

The headquarters of the project and the printing factory will be located at **Plot No 1-65, Block KILTEX,THEMI, Arusha.**

The premises will serve as both the head office and storage yard for both finished products and raw materials arriving from the abroad.

1.3 The Sponsors

MERU INNOVATORS LIMITED will be sponsoring this project. The Company is jointly owned by the following shareholders.

Name Subscribers	% Shares subscribed	Nationality
BALAKRISHNAN K CHETTIAR	0.2 %	INDIAN
ARAVINDAN MUTHU	0.2 %	INDIAN
CHANDRAN VAITHIYANATHAN	2.2 %	INDIAN
BHARATHI BALAKRISHNAN	12.5 %	INDIAN

1.4 Project Management

MERU INNOVATORS LIMITED will be under the Management of CHANDRAN VAITHIYANATHAN, the Managing Director who has experience managing various printing businesses over 30 years and BHARATHI BALAKRISHNAN, who will take care all matters related to Financing and Administration, Has 10 years in printing business managing obtained various printing companies, the company intend to employ one local employees as Sales and Marketing Director, that employee will also act as company secretary.

Under this management, **MERU INNOVATORS LIMITED** is expected to grow steadily from Small Printing Factory serving local markets only to medium scale factory serving East Africa Region.

1.5 Raw Material Base

Since the sustainability and productivity of the project will highly depend on availability of raw materials, the company will be importing raw materials from India and China and some time from local market if available.

The project will strictly adhere to laws, rules and regulations of the land

2.0 AN OVERVIEW TO THE PRINTING INDUSTRY IN TANZANIA.

2.1 Printing Sector in General:

Tanzania's sector is still in its infancy stage as most of the crucial printing works is done overseas, like South Africa, China, Mauritius, and Dubai. The sector needs to be developed as most of the machines available are of 1980's which cannot meet the demand requirements of the fast-growing economy of new technology. Printing companies cannot afford to have modern printing equipment mainly because of financial constraints.

Most of printing houses are using outdated technology machines. As the country is trying to boost all sectors of economy such as education, tourism, communication, health, mining and many others, this gives printing industry a need to expand and use modern machines to meet the standards require in Tanzania market and East Africa at large.

Advertisements and information transfer through printed form have been increasing in Tanzania as the education sector which requires printed materials for daily uses. Companies are advertising through brochures and flyers in high volumes in Tanzania. The increasing number of schools shows bright future of printing business to cater for the demand of books and other materials

2.2 Commercial Printing

Following liberalization of Tanzania economy, Tanzania economy currently is dominated by private sector, there is a rapid and fundamental change in all sectors of economy, and the trend is projected to continue for many years to come.

These developments increase the opportunities for printing for commercial materials. In view of the above-mentioned developments, **MERU INNOVATORS LIMITED** is focusing on commercial printings as a strategic market segment.

The major customers range from firms to individuals, this is growing sector due to change in demand and customer's needs.

Customer's need for quality products have been increasing; however existing technology in Tanzania is limited to cope with the demand due to out dated technology used by most of printing companies in Tanzania

2.3 Book Publishing

Government has liberalized the marketing and distribution of books and decentralized the procurement powers to the head teachers of primary schools instead of central and local government officials, the new system came into operation in July 2004 forcing all books publishers and books sellers to developing their respective distribution and marketing strategies and networks to reach the target markets.

Book publishing industry in Tanzania is still at infant stage with few established publishing house, there are only 8 good book publishers in Tanzania with number of titles approved by Educational Material Accreditation Committee (EMAC)

2.4 Newspaper Printing

There are almost 52 registered newspapers in Tanzania of which 46 are printed regularly on a weekly basis. The rest are printed on a monthly or quarterly basis.

Currently Tanzania has the largest number of newspaper publications in East Africa and there seems to be room for more publications to be introduced in the market. However the average circulation of serious Kiswahili newspapers is almost 35,000 copies and about 10,000 for English dailies. The average weekly is 60,000 copies. These circulation figures are a small fraction of potential demand. The main reasons for this situation include the still nascent state of journalism in Tanzania, low reading culture among majority of Tanzanians, poor communication infrastructure in several rural areas and imbalances in the distribution of income, studies indicate that on average one newspaper is read by about 8 to 10 people, this imply that demand for newspaper in the country is well above 400,000 although the purchasing power is currently limited to a total about 230,000 copies.

It is good to note that the on-going social economic reforms provide innovative publishers with new opportunities to increase their circulation volumes or introduce new newspapers.

These opportunities will consequently lead to an increase in the printing business.

2.5 Trading conditions and license procedures for printing business.

The Government of Tanzania has simplified procedures for trading and printing to encourage printing sector.

Any trader basically is expected to have a business license obtained from municipal council, Tax Identification Number (TIN) from Tanzania Revenue Authority, Industrial License from BRELA, and evidence of working premises

1.1.1 PROJECT'S INVESTMENT CAPITAL INVESTMENT

The estimated capital investment cost of the project is US\$ 700,000

MERU INNOVATORS LIMITED COST STRUCTURE

Land and Building	\$ 100,000
Plant and Machinery	\$ 250,000
Motor vehicles	\$ 120,000
Furniture and Fittings	\$ 30,000
Others	\$ 30,000
Working capital	\$ 170,000
Total	\$ 700,000

3.1 Land and Building

The headquarters of the project and the printing factory will be located at Plot No.1-65, Block KILTEX, THEMI, Arusha

This will serve for both office accommodation and production premises.

The company has budgeted for US\$100,000 for land and building leasing and renovation.

3.2 Plant, Machinery and Equipment

The project intends to acquire a variety of printing machinery, equipment and accessories and install them at the site. The facilities that the company intends to install have advantage of incorporating state of the art technology in printing.

The company has a budget of **US\$250,000** for machines and its accessories

3.3 Motor Vehicles

One (1) unit Light Truck will be required for the haulage of raw materials and finished products. One (1) unit of 4WD Pick Up has been budgeted for supervision.

Total estimated cost for above mentioned items is put at **US\$ 120,000.**

3.4 Furniture and Fittings

The company has budgeted US\$ **30,000** for this

3.5 Working Capital

The company has set a budget of US\$ **170,000** as working capital

3.6 Other cost

It is estimated that other cost will be **US\$ 30,000.**

3.7 Project Financing Plan

The project financing pattern is shown below.

Source/Type of financing	Foreign US\$	Local US\$
Equity (100%)		\$450,000
Loans		\$ 250,000
TOTAL		\$ 700,000

4.0 MARKETING ASPECTS

4.1 The Products

The main products of the proposed project mainly involve different categories of printing such as:

- Corrugated Custom made Boxes
- Lunch Boxes
- Pizza Boxes
- Posters
- Labels
- Stickers
- Diaries

- Calendars
- Brochures
- CD covers/booklets
- Flyers
- Menus
- Name tags
- Point of sale/display
- Postcards
- Greeting cards
- Letter heads
- Manuals
- Leaflets
- Other printed based products etc

4.2 Supply Position

Apparently, there is limited printing factory of the high quality which meets local demand targeted by the company. The company intends to employ State of the art technology which will enable the company produce very high quality of products and in large quantities, in order for project to be sustainable and economically viable, the project plan to produce 30000 – 50000 boxes per day.

4.3 Competition

Due to the limited availability of high quality printing, no stiff competition is foreseen. However, it must be cautioned that the

targeted market is very conscious regarding quality. Hence, production of sub-standard products or selling at prohibitive prices will immediately shift customers to competitors.

4.4 Distribution

MERU INNOVATORS LIMITED depend on the following as distribution strategies to reach company's clients

Its Customer Care Service Centre and delivery center located at Plot No.1-65, Block KILTEX, THEMI, Arusha.

- Government tender
- NGOs
- International Organizations
- Private companies
- Individuals
- Agents etc

4.5 Promotion

Appropriate promotion means will be employed after consultations with promotion experts to enable the company properly promote its products to the target market. Generally, the company will put more efforts in promotion by participating in different trade fairs like Sabasaba, Nane nane and any other,

MERU INNOVATORS LIMITED will be sponsoring some activities as promotion strategy

4.5 Production Capacity and pricing

From the survey made in different printing houses, there are differences in pricing depending on whether printing is done using new technology or old technology, the company will base on market price, the emphases will be on quality and customized services

The project has estimated to produce various printing products of **10,000,000 units**, and the average price is **US\$ 0.2** per unit

4.6 Advertising

The company will be using Fm radio and other radio, Television, billboard, Posters, T-shirt, News papers, internet etc to promote company's products

4.7 Sales representatives

The company will be having sales representatives that will be paid on commission basis and been budgeted at the rate of 5% for all sales that will be made as the result of representatives

5.0 MANPOWER REQUIREMENTS

5.1 Manpower Requirements.

The management team will be supported by a team of 100 **local** and **8 Foreigners' experts'** permanent staff in various capacities. Casual laborers will also be employed on a daily or weekly payment basis.

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	2	10	60	72
Men	6	10	20	36
TOTAL	8	20	80	108

6.0 ASPECTS OF PROJECT SUSTAINABILITY

The project sponsors having studied market environment and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed taking into consideration that, the company has been in this business for 10 years and the management has got vast knowledge and experiences in this sector. The growing demand for quality printing materials gives them assurance of a steady market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

6.1 Monitoring and evaluation

The monitoring and evaluation tools that have been successful in previous projects, will be applied in the project expanded as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth business running.

7.0 FINANCIAL ANALYSIS

7.1 Considerations and

Assumptions:Exchange Rate

The exchange rate for the financial analysis has been taken at Tshs. 2,300 = US\$ 1.00 for all the period.

Taxation and Depreciation

The corporate tax charged is 30% of the profits. The capital assets are exempted from custom duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied.

Production and Revenue Assumptions

It is assumed that the major raw material will be imported from abroad and sometimes from local dealers. Revenues have been conservatively estimated based on experience of the promoters and trends in printing industry in general

7.2 Financial Statements:

Project Profit and Loss Account

For projection purposes, it is assumed that the economic life of the project is five (5) years and that production of the different types of printed products commence from the first year of operation

7.3 Projected net income

This is shown in the income statements. The project net income after tax increases from **US\$ 118,913** in the 1st year up to **US\$369,592.** in 5th year of project operation.

MERU INNOVATORS LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT (US\$)

PARTICULARS	2023	2024	2025	2026	2027
SALES	\$ 2,173,913	\$ 2,717,391	\$ 3,396,739	\$ 4,245,924	\$ 5,307,405
PURCHASES	\$ 1,304,348	\$ 1,630,435	\$ 2,038,043	\$ 2,547,554	\$ 3,184,443
DIRECT EXPENSES	\$ 326,087	\$ 407,609	\$ 509,511	\$ 636,889	\$ 796,111
ADMIN EXPENSES	\$ 369,565	\$ 461,957	\$ 577,446	\$ 721,807	\$ 902,259
LOAN REPAYMENT	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000
NET PROFIT	\$ 118,913	\$ 162,391	\$ 216,739	\$ 284,674	\$ 369,592

7.4 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow, the accumulated cash flows grow from **US\$ 118,913** in the 1st year to **US\$. 1,152,310** in 5th year of project operation

MERU INNOVATORS LIMITED PROJECTED CASH FLOW " US\$"

PROJECTED CASH FLOW FOR THE NEXT FIVE YEARS					
	2023	2024	2025	2026	2027
OPENTING BALANCE	\$ -	\$ 118,913	\$ 281,304	\$ 498,043	\$ 782,717
<u>INFLOW</u>					
SALES	\$ 2,173,913	\$ 2,717,391	\$ 3,396,739	\$ 4,245,924	\$ 5,307,405
TOTAL INFLOW	\$ 2,173,913	\$ 2,836,304	\$ 3,678,043	\$ 4,743,967	\$ 6,090,122
<u>OUTFLOW</u>					
PURCHASES	\$ 1,304,348	\$ 1,630,435	\$ 2,038,043	\$ 2,547,554	\$ 3,184,443
<u>OVERHEADS</u>					
RENT,POWER & WAGES	\$ 217,391	\$ 271,739	\$ 339,674	\$ 424,592	\$ 530,740
TRANSPORT CHARGES AND OTHER	\$ 108,696	\$ 135,870	\$ 169,837	\$ 212,296	\$ 265,370
ADMIN AND SALARIES	\$ 369,565	\$ 461,957	\$ 577,446	\$ 721,807	\$ 902,259
LOAN REPAYMENT	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000
TOTAL OUTFLOW	\$ 2,055,000	\$ 2,555,000	\$ 3,180,000	\$ 3,961,250	\$ 4,937,813
NET FLOW	\$ 118,913	\$ 281,304	\$ 498,043	\$ 782,717	\$ 1,152,310

7.5 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Owner's equity rises

from US\$ 568,913 in the 1st year to US\$ 1,602,310 in 5th year of project operation.

MERU INNOVATORS LIMITED PROJECTED BALANCE SHEET " US \$"

PROJECTED BALANCE SHEET FOR 5 YEARS					
Assets :					
Fixed Assets					
Land and Building	\$ 100,000	\$ 100,000	\$ 100,000	\$ 158,000	\$ 204,000
Plant & Machinery	\$ 250,000	\$ 293,750	\$ 345,156	\$ 405,559	\$ 476,531
Motor vehicle	\$ 120,000	\$ 90,000	\$ 93,500	\$ 70,125	\$ 122,594
<u>Current Assets</u>					
Debtors	\$ 326,087	\$ 407,609	\$ 509,511	\$ 636,889	\$ 796,111
Stock	\$ 217,391	\$ 271,739	\$ 339,674	\$ 424,592	\$ 530,740
Cash and Cash Equivalent	\$ 66,304	\$ 94,294	\$ 117,811	\$ 147,064	\$ 159,222
Total	\$ 1,079,783	\$ 1,257,392	\$ 1,505,652	\$ 1,842,229	\$ 2,289,198
Liabilities :					
Share Capital	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000
Loans (Liability)	\$ 250,000	\$ 200,000	\$ 150,000	\$ 100,000	\$ 50,000
<u>Current Liabilities</u>					
Creditors	\$ 260,870	\$ 326,087	\$ 407,609	\$ 509,511	\$ 636,889
Retained Earning	\$ 118,913	\$ 281,304	\$ 498,043	\$ 782,717	\$ 1,152,310
Total	\$ 1,079,783	\$ 1,257,391	\$ 1,505,652	\$ 1,842,228	\$ 2,289,198

7.6 Projected Payback Period

The projected initial investment Cost is **US\$ 700,000** and cash accumulated in 1st year is **US\$ 118,913** the project payback period is within 3 year of project operations.

MERU INNOVATORS LIMITED PROJECTED PAYBACK PERIOD

INITIAL INVESTMENT LESS BANK LOAN (700,000\$ - 250,000 \$) = 450,000\$

YEAR	CASH INFLOW	CUMULATIVE CASH INFLOW
1	\$ 118,913	\$ 118,913
2	\$ 162,391	\$ 281,304
3	\$ 216,739	\$ 498,043
4	\$ 284,674	\$ 782,717
5	\$ 369,592	\$ 1,152,310

Payback Period for this project would be after 2 year and 10 months.

7.7 Projected Loan Repayment Schedule

The Board of directors has planned to apply a loan amounting to US\$ 250,000 from local financial institutions, the loan to be repaid within 5 year with interest rate of 10% (on the higher side)

MERU INNOVATORS LIMITED PROJECTED LOAN REPAYMENT SCHEDULE

BANK LOAN FOR THIS PROJECT 250,000

YEAR	PRINCIPAL	BALANCE
1	\$ 50,000	\$ 200,000
2	\$ 50,000	\$ 150,000
3	\$ 50,000	\$ 100,000
4	\$ 50,000	\$ 50,000
5	\$ 50,000	\$ -

7.8 Projected Investment Cost

The estimated capital investment cost of the project is US\$ 700,000

MERU INNOVATORS LIMITED PROJECTED US\$

Plant and Machinery	250,000 \$
Motor vehicles	120,000 \$
Furniture and Fittings	30,000 \$
Others	30,000 \$
Working capital	170,000 \$
Land and Buildings	100,000 \$
Total	700,000 \$

8.0 ECONOMIC ASPECTS

Implementation of this project will have the following social and economic values:

- The project will involve transfer of technology in printing industry.
- The project will add more employments direct and indirect; 7 people will be employed on permanent contract basis as well as on temporary basis.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and levies.
- Increase the availability of quality printing services

9.0 IMPLEMENTATION

Project implementation is expected to be relatively very short once project has been approved; it is estimated to be as follows:

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	JULY 2023
2	Importation of machines	OCTOBER 2023
5	Installation of machines	NOVEMBER 2023
6	Testing operations	DECEMBER 2023
7	Commercial Operations	JANUARY 2024

10.00 CONCLUSION AND RECOMMENDATIONS

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 2022 and other laws of the land.