

MANUFACTURING BUSINESS PLAN

1.0 EXECUTIVE SUMMARY

1.1 The Company

Quality Packaging Tanzania Ltd will be referred herein as QPTL is a metal and plastic packaging company which will have its operations and manufacturing facility in Dar es Salaam –Tanzania to cater for local demand for the same and also export to Zambia, Zimbabwe, Malawi, Rwanda and Mozambique. Our business will be customer-focused, and we aim to provide them with superior quality, unrivaled customer service and competitive prices.

1.2 Products and services

QPTL plans to do manufacturing of metal packaging for Paint and food industry. We will involve our customers in all the stages of design to ensure that the final product meets their needs. It will enable us to reduce flaws and errors in our designs by detecting them early enough. We intend to position ourselves as a forward-thinking and customer-focused company that invests and adopts new technologies and ideas. These initiatives will hopefully put us a step ahead of our competitors.

With the help of technology and state of art machinery we will compete on quality and price.

1.3 Market Analysis

Our understanding is the market needs a stable and reliable dependable supplier for the packaging who can bring new products and innovations to the market which we feel we can deliver.

1.4 Strategy and Implementation

We will use the latest technologies in our facility to help us achieve our goals. We will keep updating to catch up with our customers' varying demands. We will also implement operational processes that are highly efficient and aimed at producing quality products.

With an efficient team we expect to reach our targeted market and grow.

1.5 Management

Our management team currently has directors Dhruv Agarwal, Nikhil Sadhwani Operations Manager Atul Mehta, GM Rajesh, and Technical Head F. Kombo. We intend to add more key positions which include Finance, factory, Human resource and IT managers.

2.0 THE COMPANY

2.1 Company and Industry.

QPTL is a Tanzania based company shall have production for local and export markets for Zambia Zimbabwe Mozambique, Rwanda and Malawi for metal and plastic packaging.

2.2 Ownership

Mr. Dhruv Agarwal 90%

Mrs. Saumya Agarwal 10%

2.3 Company History

QPTL is a new company that will produce metal and plastic packaging using the latest technologies in design. The company will also employ the use of high-tech machines with innovative operational processes. The company's co-owners have a combined experience of over 40 years both in the manufacturing industry. The creation of QPTL came as a result of recognizing the need to add value to the customers and to change their experience for the best.

2.4 Facilities

The company will presently operate from a rented temporary site at Kifaru Textile Ltd - Mbagala Dar es Salaam. The space will accommodate production, tool-room, administration offices, quality lab, maintenance shop and warehousing. We are also in talks with Kibaha Town Council for purchase of industrial land for construction of our own plant.

2.5 Key Assets

Key assets for QPTL will include; high speed metal printing and coating line, slitting machines, guillotines, body maker-welding, flangers, seamers, ear welders, component presses, crown cap press, lining cyclone, compressors, chillers, air dryer, air receivers IML injection molders, forklifts and laboratory equipment.

3.0 PRODUCTS AND SERVICES

3.1 Description

We will manufacture a broad range of metal cans for paint, oil, chemicals, seeds, coffee etc. Aluminium caps for spirits, wines, pharmaceuticals and crown caps for beer and beverage bottlers. We will also produce diverse plastic containers.

Crown caps being primary packing in bottling industry will undergo elaborate in-house testing and bottler protocol trials prior to commercialization for blue chip companies. Other bottlers will rely on our established lab testing procedures and technical expertise.

3.2 Features and Benefits.

Flexibility, speed of execution, in-house design capability, well equipped lab for testing samples and prototype production provides us with exceptional advantage. We have overseas technical back up from our parent company. We use top quality approved raw material monitored By ERP system.

We endeavor to deliver On Time In Full - error free products. Where needed, will facilitate consignment stocking to avoid stock outs at customers' end. We will ensure we deliver beyond our customers' expectations and help them improving overall packaging efficiencies and reduce wastage.

3.3 Competition

Our unique designs of plastic products with In Mold Labeling technology will be attractive in the market. The technology we use is beyond 2010 with some equipment having LAN for interfacing with machine suppliers for remote assistance.

We are already exporting metal cans to some key paint manufacturers in Tanzania on a scheduled call off basis and have been assured of business with others including oil companies, beer and beverage companies among others.

3.4 Development

We intend to expand and continuously improve our manufacturing facility across the board as demand dictates.

We will also stay updated with the trends in technology and upgrade our machines, materials testing procedures and equipment as needed.

4.0 MARKET ANALYSIS

4.1 Market Size

There is only one company manufacturing our kind of metal packaging product range therefore there is monopoly and a void in supplies. We will localize supplies to reduce dependency on imported packaging products used in local industry.

4.2 Target Customer

Our target customers are those importing a high percentage of packaging materials. We also want to provide unique products in plastics etc.

4.3 Trends

Tanzania has been on an upward trajectory growth for industrialization more aggressively during the last five years. This growth has seen increase in demand for packing products which we would like to tap in.

Beer and beverage industry is growing with a new brewery being built in Dodoma. Approximately 50% Crown caps used in this industry are imported. We will produce locally thereby saving the country foreign exchange.

4.4 SWOT Analysis

Strengths

- QPTL's potential for local and regional customer base.
- We have the expertise in metal packaging design, development and manufacturing.
- Our patented unique plastic designs.
- We have the expertise in manufacturing.
- Deep understanding of emerging technologies.
- Competitively priced products.
- Target market understanding.
- Unrivalled technical customer service.

Weaknesses

- New in the market.
- Narrow customer base.
- New employees.
- New Culture

Opportunities

We are introducing a new technology into the manufacturing industry.

- We have a chance to build a reputation.
- We are bringing new talents in packaging.
- Our technology brings into the industry innovations and applications.

Threats

- The competitors could develop new technologies.
- Unprecedented fluctuations in market demand.
- Acquiring and retaining talented staff members.
- Increase capacity

5.0 STRATEGY AND IMPLEMENTATION

5.1 Philosophy

Implementation of this plan will be helpful in achieving our goal of being the leader in packaging industry. We will invest in the latest machinery once our manufacturing facility is ready for expansion. We will also set the highest quality control standards and benchmark to relevant TBS, ISO and GFSI quality certifications.

5.2 ERP Strategy

ERP will continue to be embraced for management systems in all our processes, i.e. procurement, stock control, manufacturing quality control.

5.3 Marketing Strategy

QPTL recognizes the critical role played by marketing. Our sales and marketing team is working on an extensive marketing plan that will ensure our products penetrate the market. Our team will have necessary technical support to ensure our products perform as intended.

We will appeal to clients based on quality services, unrivalled customer service, and fast turn-round. We will also position ourselves as the market leaders in integrating technology into manufacturing.

We will execute and plan business to business strategies by sending our targeted customers direct emails, visits and offer our products and services.

5.4 Sales Strategy

QPTL intends to have a focused sales team that will help secure and maintain relationships and businesses. The team will be highly motivated with performance-based key indicators. The staff will be trained to handle customer service duties. The sales team will help to secure deals and attend expos as well as get referrals.

5.5 Strategic Alliance

We intend to build relationships and form alliances with both local and regional companies. We have already partnering with Plascon (T) as their sole metal cans supplier and are in discussion with other companies.

5.6 Operations

The plant facilities that we have acquired will be used proportionately to serve all the company's needs for the time being. We will have production space for metal cans, plastics, Tool-room, plant services, warehousing, laboratories, and administrative offices. We will have trained staff in all the areas. The administrative offices will have space for the marketing and sales, IT, maintenance, human resource and the executive.

To enable ease of operations, we will require the following equipment and software:

Machines

- Metal Printing/Coating Line.
- Slitters
- Guillotine
- Body welders
- Flangers
- Seamers
- Component presses
- Crown Cap press
- Lining Cyclones
- In-mold labeling Injection machines
- Chillers
- Compressors
- Air dryers
- Air receivers
- Tool-room equipment: Lathes, miller, surface grinder and accessories.

Software

Statistical Process Control (SPC)

5.7 Goals

We have laid a list of goals and milestones that we hope to accomplish in the next five years

- Secure enough funds for the start up
- Build suitable manufacturing facilities. (Short Term)
- Purchase equipment, machinery and supplies.
- Target and penetrate the market.
- Hire talented staff.
- Become a value-adding company with customers at the center of all activities.
- Purchase own parcel of land for expansion
- Achieve sales goals.

Our priority goal at the moment is to secure enough funds for the start-up. QPTL will establish itself as a leading packaging supplier in industry.

5.8 Exit Strategy

In case the management, partners or investors seek an exit from the company, we will be ready to pursue various options. We would favor selling the company to a manufacturing company dealing in related products. Once we are well-established, we would also explore other strategies.

6.0 MANAGEMENT STRUCTURE

6.1 Organizational Structure

At QPTL we understand the importance of an enthusiastic and loyal team to increase productivity and reduce turnover. The management of the company encourages mutual respect and responsibility. We will present our employees with an atmosphere of open communication and genuine appreciation.

6.2 Leadership

The company will be managed by the CEO Mr. Nikhil Sadhwani with assistance from the other executive staff members. The company will establish a team of senior managers to oversee its general running.

As stated earlier, we will bring in more talent into our team. These will include human resources, in joining our company. Finance, sales and marketing directors. There are several suitable candidates who have expressed interest. At the beginning, we will fill the gaps in our management team before proceeding to mid-level management and administrative personnel.

6.3 Board Members

The board of directors will consist of the shareholders of the company, managers and officers and will be chaired by MD Mr. Dhruv Agarwal. The board will among other roles handle:

- Establishment of objectives and policies for the company.
- Ensuring there is sufficient finance and drafting and approving budgets annually.
- Being accountable for the performance of the company at all times.

The company will also appoint professionals such as accountants, auditors the board of directors.

7.0 FINANCIAL PLAN

7.1 Requirements

Quality Packaging Tanzania Ltd needs USD 3,000,000 to start up. We are in the process of negotiating for business loans from our bank besides exploring other financial options.

Currently, the company has raised USD 1,000,000 from the shareholders contribution and are seeking the remaining funds to kick off its operations.

7.2 Use of Funds

The funds raised for start-up will be used in covering the operating costs, payroll and related taxes and other utilities. We will also purchase equipment and machinery, software and raw materials with the funds. About 33% of the funds will go to assets while the other 67% will go to operational costs/working capital.

7.3 Income Statement Projections

We have attached an income statement that clearly demonstrate our ability to earn profitability within the projected time. The company projects a gross profit margin of 20% and 8% net profit.

7.5 Balance Sheet

Our sources of capital will determine our balance sheet. We intend to raise over USD 2,000,000 through loans and another USD 1,000,000 through equity capital. Our assets will consist of plant and machinery, cash, equipment, software and tangible assets.

7.6 Assumptions

We base our projections on the current trends in the manufacturing industry and hoping that they will continue. We hope that government and industry regulations will not interfere with our business projections. However, we remain positive having seen no indications of any negative interferences. Moreover, the company will not rely on any regulation or legislation to achieve its projections.

Quality Packaging Tanzania Ltd

Projected Profit and Loss		
	Yr 1	Yr 2
	TZS	TZS
Expected Annual Turnover		
Sale of Metal Products	6,021,000,000.00	6,171,525,000.00
Sale of Plastic Products	2,676,000,000.00	2,742,900,000.00
	8,697,000,000.00	8,914,425,000.00
Expenses		
Cost of Goods Sold		
Purchases of Tinplates	3,568,000,000.00	3,657,200,000.00
Purchases of Copolymers	1,766,160,000.00	1,810,314,000.00
Purchases of Consumables	677,760,000.00	694,704,000.00
Electricity and Water	652,275,000.00	668,581,875.00
Labour	260,910,000.00	267,432,750.00
Factory Rent	18,000,000.00	18,450,000.00
Total	6,943,105,000.00	7,116,682,625.00
Gross Profit	1,753,895,000.00	1,797,742,375.00
Operating Expenses		
Administration Expenses	434,850,000.00	445,721,250.00
Selling and Distribution Expenses	391,365,000.00	401,149,125.00
Finance Costs	217,425,000.00	222,860,625.00
Total	1,043,640,000.00	1,069,731,000.00
Depreciation		401,940,000.00
Net Profit Before Tax	710,255,000.00	326,071,375.00

Quality Packaging Tanzania Ltd
Projected Balance Sheet

	Yr 1	Yr 2
	TZS	TZS
EQUITY		
Share Capital	500,000.00	500,000.00
Revenue Reserve	-	710,755,000.00
Profit for the period	710,255,000.00	326,071,375.00
Total Equity	710,755,000.00	1,037,326,375.00
Non Current Liabilities		
Bank Loans	3,929,745,000.00	3,467,053,193.70
Shareholders Loans	2,319,500,000.00	2,520,000,000.00
	6,249,245,000.00	5,987,053,193.70
	6,960,000,000.00	7,024,379,568.70
REPRESENTED BY		
Non Current Assets		
Property, Plant & Equipment	2,296,800,000.00	1,894,860,000.00
Total Non Current Assets	2,296,800,000.00	1,894,860,000.00
Current Assets		
Inventories	1,305,000,000.00	1,317,071,169.13
Trade & Other Receivables	3,132,000,000.00	3,687,799,273.57
Cash and Cash Equivalents	783,000,000.00	623,506,893.00
Total Current Assets	5,220,000,000.00	5,628,377,335.70
Current Liabilities		
Trade & Other Payables	289,536,000.00	248,592,347.00
Bank Overdraft	267,264,000.00	250,265,420.00
Total Current Liabilities	556,800,000.00	498,857,767.00
Net Current Assets	4,663,200,000.00	5,129,519,568.70
	6,960,000,000.00	7,024,379,568.70

Property, Plant and Equipment

	Plant and Machinery	Fittings & Office Equipment	Motor Vehicles	Computers	Total
Balance at the Start	1,148,400,000.00	344,520,000.00	689,040,000.00	114,840,000.00	2,296,800,000.00
Depreciation Rate	1,148,400,000.00	344,520,000.00	689,040,000.00	114,840,000.00	2,296,800,000.00
	12.50%	12.50%	25.00%	37.50%	
Depreciation Amount	143,550,000.00	43,065,000.00	172,260,000.00	43,065,000.00	401,940,000.00
Balance C/F	1,004,850,000.00	301,455,000.00	516,780,000.00	71,775,000.00	1,894,860,000.00

