



Business Plan for:

- **Setting Up New Paint Manufacturing Plant**

Period: Oct 2023 – Sep 2028

Company Profile

Insignia Limited is an integrated manufacturer and supplier of Paints and Coatings for the Domestic, Industrial and Construction markets. The Company is firmly rooted in Tanzania with three manufacturing sites and five distribution centers across the country. The Insignia footprint has also grown to Zambia, Malawi, Rwanda, Burundi, Uganda, and the Democratic Republic of Congo (DRC).

To operate and manage the business over a large geographical span, Insignia employs local and international expertise that manages this diverse operation. Honesty and Integrity, Innovation, Knowledge-sharing, and Entrepreneurship is core values that we embrace and foster to grow a team of empowered employees. Specialized training programs are developed and conducted continuously to grow the organization and to empower our partners in the Paint and Coatings Application industry.

Safety, Health, and Environmental Responsibility is central to our management systems. We are QMS ISO-9001 and EMS ISO-14001 certified, and these Management Systems are the backbone to execute this responsibility. Employees are continuously trained in the management and execution of the Production Processes in a Safe and Environment Friendly manner. We do risk analyses on these processes to assess SHE risks and improve and manage these risks.

Insignia is proud to produce and sell quality products that are environment friendly and consumer safe. Our innovation and development resources spend considerable time and effort to improve existing products to suit customer demand and to develop new products for a continuous changing market. The business invests in the development of proprietary technology and has developed all its in-house formulations which gives us a competitive advantage in the markets we serve.

We serve our customers through a well-developed Sales and Marketing team. Our customer service delivery is supported by a complete Logistics and Supply Chain competency that is developed for the African Market. Insignia can claim that it reaches where competitors do not go.

Insignia's product range is developed and made in Africa for Africa.

Introduction

Insignia Limited, a Tanzanian Company formerly known as "Noble Chemicals and Packaging Limited" was incorporated as private company on 27th May 1998 under Cap 212 of the Companies Ordinance of United Republic of Tanzania. Basically, a closed company was formed under strategic restructuring plan of the two existing companies known as "Noble Chemicals Limited", incorporated as private Company on 17th June 1996 and "Friendship Packaging Limited", incorporated as Private Company on 8th November 1994.

Insignia Limited has, as part of its strategic plan, expanded its operations multi-folds in Tanzania with paint manufacturing facilities strategically located at Dar es Salaam, Mwanza and Moshi, and hundreds of dealers across Tanzania. Currently Insignia Limited is the largest manufacturer and distributor of paints and coatings in Tanzania with its flagship brands **"CORAL PAINTS"** and **"GALAXY PAINTS"**.

Vision, Mission, and Core Values at Insignia

Vision:

Insignia Limited is committed to being a Dynamic, Diversified, Global Group offering innovative solutions with a drive to excel in the interest of its Customers, Employees, Shareholders, Business Partners, and the Society at large.

Mission:

1. We will identify and invest in current and future high growth business to have leadership position by setting up World Class Facilities.
2. We will invest in our People, set time-bound goals for employees, and will recognize outstanding performers by evaluating and monitoring their performance at regular intervals.
3. We will encourage and promote open and continuous communication with our stakeholders by adhering to core elements of our culture.
4. We are committed to provide highest quality of products and services with affordable costs.
5. We are part of the society and are committed to be socially responsible.

Values:

- Knowledge
- Quality
- Innovation
- Integrity
- Speed of thought and action
- Passion and Commitment
- Execution
- Performance
- Transparency
- Teamwork

Project Objective

Insignia Limited is well established business household name in Tanzania and neighboring countries.

Considering the market expanse and demand for quality products, Insignia has developed a full-scale Research & Development facility over the years, to ensure production of superior quality products and innovation for continual improvement. It is important that it further expands its product base and operations to produce world-class products with the most modern technology and processes.

Continuing to seek excellence in the segment, and for catering to increasing demand of Paints in the region, Insignia has set forth following objectives for next five years:

- Setting up new paint manufacturing facility at Kibaha, Tanzania. For this purpose, company has secured land measuring approximately 50 acres at Kivulini Estate, Zegereni, Visiga, Kibaha district.
- Extend paint manufacturing facility to Mbeya, in Southern Highlands region.
- Explore diversification with possibilities of local manufacturing of following range of products to curb imports:
 - Manufacture of Coil Coatings
 - Manufacture of Solvent-based Resins
 - Manufacture of Water-based Resins
 - Manufacture of Emulsions
 - Manufacture of construction chemicals

Brands



Coral Paints is the largest selling paint brand in Tanzania where it gained across-the-board acceptance because of its proven quality and competitive advantages. Widely perceived as a value for money brand that adds an extra special touch to decorative projects, Coral has revolutionized the paint industry by pioneering a large-scale shift from lime whitewash to paint. It has a complete portfolio of high value products, designed especially for the local/international market, in an extremely wide range of colour, textures and finishes.

An excellent service and distribution network ensures that the fast-moving brand is easily available even in remote towns through its dealers and distributors.



Galaxy Paints is a premium range of paints to international benchmarks of quality. Distinguished by a wider coverage and longer life, the brand has created a significant niche for itself at the top end of market.

The manufacture and marketing of specialty products is one area where Insignia Limited occupies a commanding share of the B2B market segment. Its top-of-the-line collection includes a wide assortment of interior and exterior wall coatings, superior paints for swimming pools, blackboards, floors, and roofs, among others.

The comprehensive range available in both Coral & Galaxy brands are:

- Decorative Coatings
- Automotive Refinishes
- Industrial Coatings
- Wood Care Products
- Adhesives
- Wall Fillers
- Thinners and Solvents
- Marine Finishes
- Textured Decorative Coatings

Another unique advantage of Coral and Galaxy paints is the availability of a tinting system that allows for the creation of a multitude of different shades. There are approximately 1,300 dealers across Tanzania that offer these tinting systems by utilizing in-store, computer supported DTS machines. Immensely popular with architects and contractors, this facility allows customers to make in-store shade selections which is prepared within minutes. Aside from mixing the exact shade the client requires, a visual simulation of the colour in 3-D is available.

Locations

The business currently has three manufacturing locations in Tanzania:

1) Head Office and Main Factory

Insignia Limited
P. O. Box 71449,
Plot Nos. 1-11, Block K, Vijibweni,
Kigamboni, Dar es Salaam, Tanzania
Email: info@insignia.co.tz
Web: www.insignia.co.tz

2) Moshi

Insignia Limited
P.O. Box 1647
Plot No. 11, Block - JJJ
Sukari Road,
Moshi, Tanzania
Tel: +255-27-2751531 / 2753082
Fax: +255-27-2752640
Email: moshi@insignia.co.tz

3) Mwanza

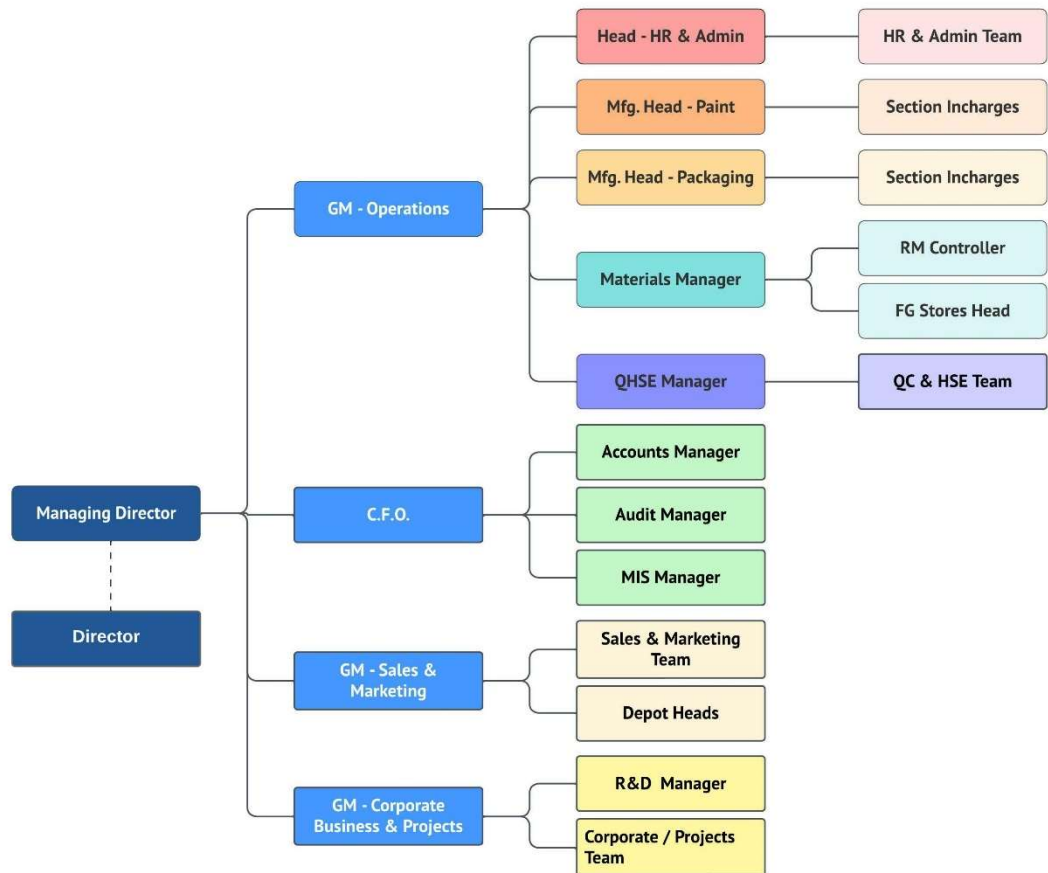
Insignia Limited
Plot No. 334, Block – A, Pasiansi,
Mwanza, Tanzania
Tel: +255-28-2561664 / 2561665
Email: mwanza@insignia.co.tz

New Proposed Location:

Insignia Limited
Kivulini Estate, Zegereni Ind. Area,
Visiga,
Kibaha District
Tanzania

Management Structure

The organization of Insignia Limited is well managed team of experienced professionals in all disciplines that carry out the business affairs and its activities within the framework of corporate policy. Team is committed to doing job right the first time, exceeding the customer's requirements, everyone is contributing to quality and having a positive commitment to continual improvement. The company's Apex Management structure is as follows:



Business Outlook, Plans and Needs Assessment

Business Outlook:

Tanzania has been benefitting from the economic growth in the East African region which has averaged at 5.54% over the last 10 years. Expansion plans is on the forefront due to upcoming commercial and residential building projects, infrastructure projects national highways, mining sector and overall growth plan of all the sector. Additional to that the population growth estimate is at 3 % per annum.

This leads to demand for paint in the country at high rise day by day, and our current manufacturing base needs to be modernized and expanded to cater to the rising demands in the country.

The potential demand for paint manufacturing is not only for local market but export markets also as there is rising demand in the neighboring countries like DRC, Rwanda, Burundi, and Uganda.

This scenario demands for expanding the current capacities of manufacturing, along with technology upgrade to cater to the rising potential demand for local market as well as exports to neighboring countries.

Market Demand:

The demand for the Paint Market is from:

- a. Painters and Contractors
- b. Builders & Architects
- c. Government Institutes
- d. Corporate holdings Infrastructural projects
- e. Industrial Buildings like Mining Infrastructure, Petrol station, Refineries, Factories, Hotels etc.

f. Export Market to neighboring countries

In comparable markets, approximately 1.23 liter of Paint is consumed per capita per annum. Thus, for approximately 62 million population of Tanzania, there an approximate demand for 76 million liters of paint per annum. Considering the population growth in the region with the accompanying housing needs growth, the demand for paints and coatings is expected to grow by approximately 7% per annum.

Supply

Current paint supply in Tanzania is dependent on both local production and imports, most of the imports being from Middle East.

Local Supply

The major local manufacturers and suppliers for Paint are as follows:

- Insignia
- Goldstar
- Plascon
- Berger
- Crown
- Kiboko

Insignia is the current market leader in the region with maximum market share across Tanzania.

Imports

A considerable amount of paint is being imported from Middle East, South Africa, and Kenya.

Setting Up New Paint Manufacturing Unit

Insignia Limited has decided to set up a new Paint manufacturing facility located at Kibaha, Tanzania. This project will involve the use of modern technologies for processes and bulk storage and handling facilities for major raw materials. An addition to this, there will be addition of higher capacity tanks for increasing the overall capacity of plant and improve on delivery times to the market.

Project Investments:

A) Initial for Land, and Basic Utilities

| S. No. | Particulars | Tentative Quantity | Amount (USD) |
|---------------|-------------------------------------|---|---------------------|
| 1 | Land Purchase | 50 Acres | 530,000 |
| 2 | Legal, and other statutory fees | - | 60,000 |
| 3 | Boundary Wall | 2,040 meters | 400,000 |
| 4 | Utilities - Electricity, Water etc. | a) Transformer b) Borehole c) Pipelines d) Cabling | 205,000 |
| 5 | Residences Block | 800 SQM | 200,000 |
| 6 | Internal Roads | Various widths and lengths | 305,000 |
| Total | | | 1,700,000 |

B) Additional Capital Goods

Refer "Annexure- A" Total USD 13,392,000

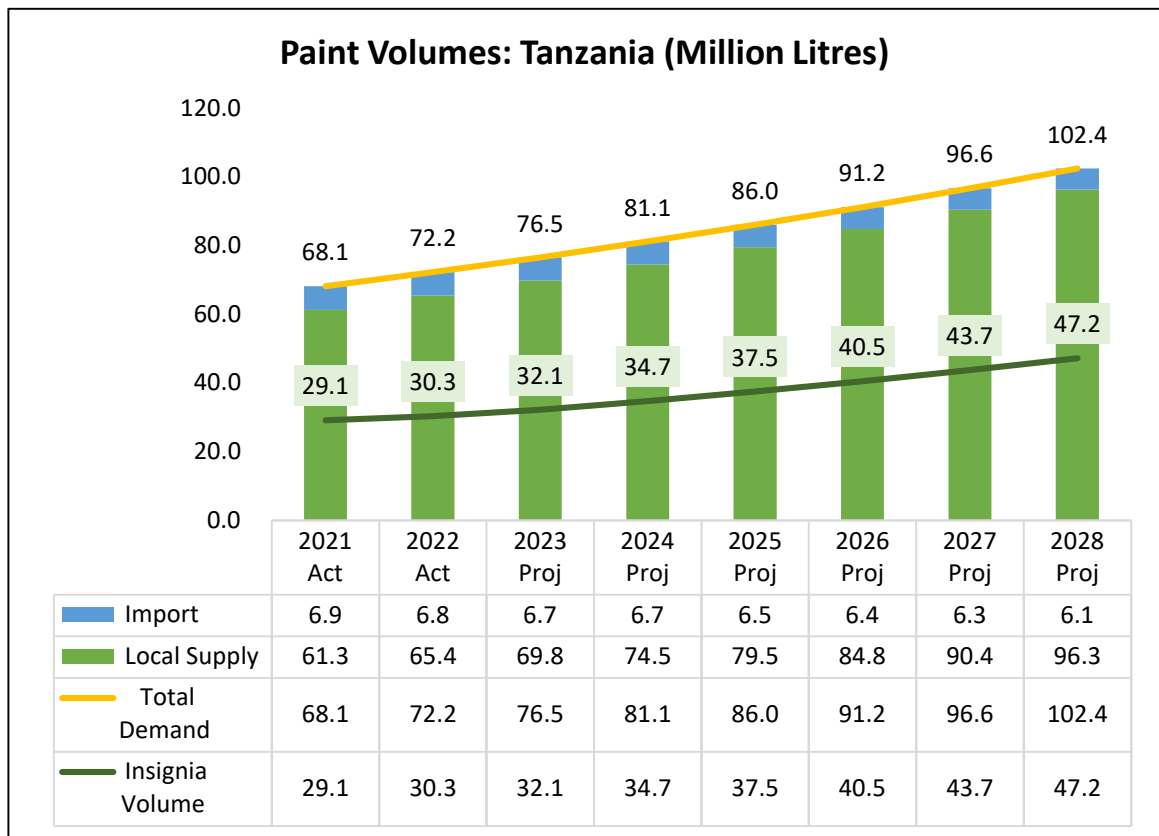
Grand Total Investment (A+B) = USD 15,092,000

Project Analysis

Economic benefits

Bridge the Gap between Demand and Supply

With the above referred Investment, the Company will be able to meet market demand in more efficient way and with improved service in terms of availability and delivery.



Total demand growth for paint is approximately 6% per annum.

Targeted local supplies volume growth @ 7% per annum.

Targeted Insignia volume growth @ 8% per annum.

Over 5 Year Period

Total demand growth @ 34%

Local supply growth @ 38%

Import Contribution reduction @ - 9%

International quality products:

With the improved and automated manufacturing processes, Insignia will deliver world class quality paints and coatings at affordable prices that will offer value for the money to Tanzanian market.

With planned technology upgrades, along with capacity augmentation, Insignia will deliver best in class products to customers across the region.

Thus, Insignia will create more opportunities for exporting their products to neighboring countries, bringing in more Forex into the country.

Financial Benefits

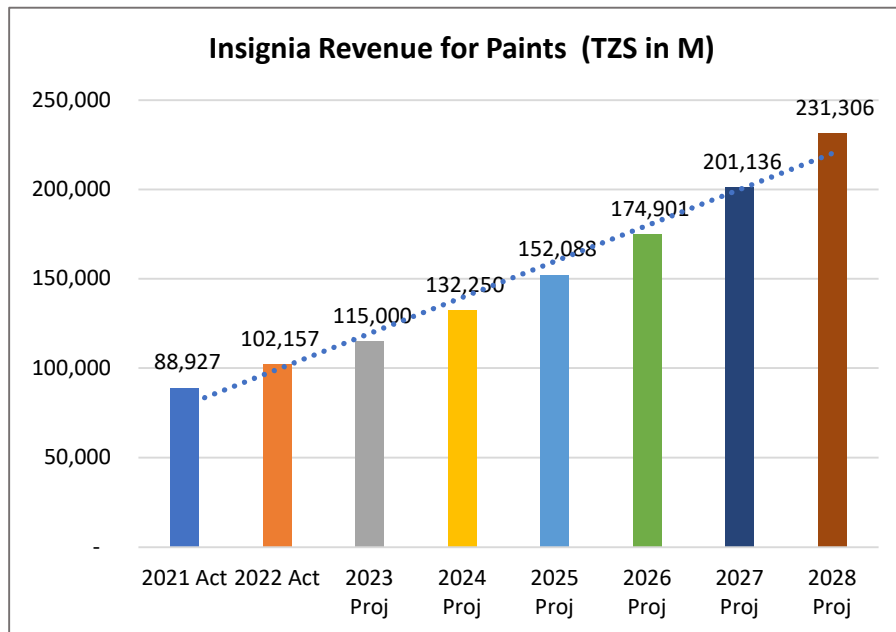
Increased revenue

This project will earn steadily increasing revenue which will also contribute to government income by way of various taxes, duties and levies and support the economic development of the country.

Project evaluation

With the current market demand and limitation on supplies this Project will bring benefits to all and ensure to give world class products and services at affordable price and give value for the money.

Business Financial Projections



Project Management and Implementation

This project is started with the support of an internal technical team at Insignia Limited, with outsourcing of certain activities as need be. All work is coordinated at the Head Office in Tanzania.

Detail Project Management Team are as follows:

- Project Leader : Mr. Manoj Sharma (General Manager)
- Project Engineer : Mr. Amol Bhingarde (Engineering Manager)
- Project Accountant : Mr. Parikshit Nandwana (Accounts Manager)

Strengths and Weaknesses:

| Competitors | Insignia |
|---|--|
| <p>Strengths:</p> <ul style="list-style-type: none"> • Growing Market Presence • Brand name and recognition • Localised Manufacturing • Technology support from Kansai (Plascon) | <p>Strengths:</p> <ul style="list-style-type: none"> • Established brands with market leadership. • In-house R&D facility. Thus, own technology for localized Manufacturing • Well established competency for penetration and capturing markets in Africa. • Own fleet for local / export logistics • Well established Supply Chain for Input Materials – Bulk Imports • Cost Competitive Manufacturing with Integrated Packaging Manufacturing ability. • Competency to reach city and rural markets. • Marketing and Branding Focus • Well experienced Leadership team • Well-developed Technical and Customer Service process and competency |

| | |
|--|--|
| <p>Weaknesses:</p> <ul style="list-style-type: none">• Limited experience• Limited reach in rural markets• Limited Customer Service ability | <p>Weaknesses:</p> <ul style="list-style-type: none">• Smaller market share for Premium range• Higher inventory carrying costs.• Dependency on expatriates for core technical expertise |
|--|--|

Risk Assessment

Demand

The Demand situation will be influenced by consumer liquidity. Seen against the GDP growth prediction this is not seen as a medium to long term risk – rather as an opportunity.

Market competition

The project may be affected by the current/future competition. Any new entrant in the market or expansion of the existing capacity by the current manufacturers may influence the business. Insignia believes that its strength in locally developed products for the African market combined with its supply chain know-how to reach customers in Africa will give the business an advantage over any competition.

Government Policies

Project likely to be affect by change in Government Fiscal policy like VAT, other taxes and levies, Tanzanian Investment Policies, General Trade Agreement of EAC, SADC, or COMESA. Tanzania is one of the most stable East African countries in terms of Government policy and this is not seen as a major risk.

Financial Risk

Exchange rate fluctuations may affect costs involved in the project.

Viability of the Project:

The important financial indicators and ratios are significantly positive for this project. Together with the business knowledge and understanding that made Insignia the largest Paint and Coatings Manufacturer and Distributor in Tanzania, these projects will perform to expectation and are viable as an undertaking. Insignia's strengths in the industry will support its growth expectation and turn the weaknesses into significant strengths.

