

**EAST AFRICAN REGION AND COMPANY  
LIMITED**

**Business Plan for Manufacturing of exercise Books**

**&  
Related Products,**

## **1.0. SUMMARY**

### **1.1 Project Concept**

This project document presents a proposal by **EAST AFRICAN REGION AND COMPANY LIMITED**, a locally registered company with Certificate of Incorporation No. 153267286 dated 3rd September 2021.

The company's share capital is Tsh 200,000,000/= with the main objective being the manufacturing of exercise books and related products

The project promoters are confident in mobilizing financial resources through equity financing and a long-term loan from financial institutions operating in Tanzania.

The objective of this study is to assess the commercial and operational feasibility of the project undertaken by **EAST AFRICAN REGION AND COMPANY LIMITED**. This study will be used as a guiding tool and will be presented to TIC for obtaining a certificate of incentives to facilitate the smooth implementation of the project.

### **1.2 Location**

The project will be located at Plot No. 37Keko Mwanga, Temeke Dar es Salaam Region.

### 1.3 The Sponsors

**EAST AFRICAN REGION AND COMPANY LIMITED** will be sponsoring this project. The Company is jointly owned by the following shareholders.

<b>Name of shareholders</b>	<b>% of ownership</b>	<b>Nationality</b>
Yesu Babu Talluri	34	India
Nazir Sidik Mohamed	33	Tanzania
Tarik Mohamed Sokwala	33	Tanzania

### 1.4 Project Management and Manpower Requirements

**EAST AFRICAN REGION AND COMPANY LIMITED** will be under the General Manager Mr. Siraji Yusuf Athuman assisted by Deputy General Manager will be in charge of Finance and Administration. 10 staff will be directly employed at the beginning

The company is locally registered and is owned by three shareholders who are Indian

### 1.5 Project description

**EAST AFRICAN REGION AND COMPANY LIMITED** plans to set up production of exercise books facilities, The production process involves ruling of lines on the paper in red & blue ink, folding of paper, cutting of paper, cutting of outer cover, the printing of outer cover, folding of the outer cover & stitching of cover and pages,

Inspection and packing. Exercise books are stationery items required for schools, offices, and other purposes. Their market structure and demand are high since they are used by all school pupils from primary to senior four. They are sold in stationery shops, markets, wholesale shops, retail shops, and even on the streets.

### 1.6 **Technology and Process Description**

Manufacturing of exercise books involves the use of Double Side Disc Ruling Machine size 915 mm Hand Feed with motor and starter, a Paper and Board Cutting Machine hand operated, and power-driven Cutting width 990 mm with mortar and starter, a Wire Stitching Machine power operated with motor and starter capacity 25mm, Press 460\*610mm, Offset Printing Machine complete with accessories & electrical. The production process involves ruling of lines on the paper in red & blue ink, folding of paper, cutting of paper, cutting of outer cover, printing of outer cover, folding of the outer cover & stitching of cover and pages, Inspection and packing.

EAST AFRICAN REGION AND COMPANY LIMITED will produce exercise books and other paper stationery that has the option of adopting any business process and structure that will guarantee efficiency and flexibility; the method for producing exercise books is not set in stone.

There is a wide selection of exercise books to choose from, each of which varies in terms of its format and purpose. The actual demand for the chosen notebooks in your region is something that EAST AFRICAN REGION AND COMPANY LIMITED are responsible for determining.

### **1.7 Types of exercise books**

Some of the various exercise books include the basic Exercise Book and notebook for students, graphing handbook or drawing book, an observational recording book notebook for making notes and keeping track of observations, scrapbooks, or a composition book that contains graph papers.

### **1.8 Equipment used in production**

First of all, a decision-making device in the form of a machine with a disc is required to set up and coordinate the entire production process. Paper-cutting shears that are mechanical in nature are required along with a machine capable of sewing as well as tools used to create holes in various materials.

### **1.9 Raw Materials**

A few examples of crucial raw materials include paper, printing ink, cover sheets, sewing wire, and many others. Every single one of the remaining components may be obtained locally, with the sole

exception of the thread for stitching. The covers can be crafted by a different printing firm.

## 1.10 Market analysis

Tanzania still imports exercise books from foreign markets such as India, some of the selected exercise books importers

### SCHOOL, ETC, EXERCISE BOOKS IMPORTERS IN TANZANIA

Company name	Address	Country	HS Code	Products
STAPLE CONNECTION	P O BOX 4220, DAR-ES-SALAAM TANZANIA,United Rep. of Tanzania	United Rep. of Tanzania	48202000	Exercise books of paper or paperboard
RADIANCE COSMETICS (T) LTD	MAGILA/DANDA STREET,NEAR EMILY HOTE,P.O.BOX - 21485 DAR-ES-SALAAM,United Rep. of Tanzania	United Rep. of Tanzania	48202000	Exercise books of paper or paperboard
TIME & TIMES ENTERPRISES	P.O. BOX NO. 36401LUSAKA, ZAMBIA.,United Rep. of Tanzania	United Rep. of Tanzania	48202000	Exercise books of paper or paperboard
ISSA RAMADHAN ISSA	P.O. BOX 1058, DARAJANI ZANZIBAR M:+255 777 197999CONTACT: MR. MOHAMMED SALIM ALI,United Rep. of Tanzania	United Rep. of Tanzania	48202000	Exercise books of paper or paperboard
TALHA	P O BOX 21391,NOYA SIMU,DAR-	United Rep.	48202000	Exercise

STATIONERY LIMITED	ES-SALAAM, TANZANIA, United Rep. of Tanzania	of Tanzania		books of paper or paperboard
NHMC	DAR-ES-SALAAM, TANZANIA, United Rep. of Tanzania	United Rep. of Tanzania	48202000	Exercise books of paper or paperboard
NABILY ALLY SAID	SALUM ALAWI SEIF STREET P.O. BOX 749 ZANZIBAR, TANZANIA, United Rep. of Tanzania	United Rep. of Tanzania	48202000	Exercise books of paper or paperboard
SALUM ALAWI SEIF	P.O. BOX 749 ZANZIBAREAST AFRICA TANZANIA, United Rep. of Tanzania	United Rep. of Tanzania	48202000	Exercise books of paper or paperboard
EDMARK TRADING CO LLC	TEXTILE WHOLESALERS MARKET ABOVE GARTEX 2 ND FLOOR DUBAI P.O. BOX NO 7238, United Rep. of Tanzania	United Rep. of Tanzania	48202000	Exercise books of paper or paperboard
SPERON INVO.CO.LTD	MAKAMBA / SWAHILI STREET P.O. BOX 15021 DSMTIN: 104-095-097, United Rep. of Tanzania	United Rep. of Tanzania	48202000	Exercise books of paper or paperboard
ZAMTRADE INVESTMENTS LTD	3521 MALATA ROAD KAMWALALUSAKA, LUSAKA PROVINCE, United Rep. of Tanzania	United Rep. of Tanzania	48202000	Exercise books of paper or paperboard
SENATOR INV CO.	TIN NO. 101-403-831 VRN NO. 10-	United Rep.	48202000	Exercise

LTD	015667-QBOX 15021 DAR-ES SALAAM,United Rep. of Tanzania	of Tanzania		books of paper or paperboard
JPL	DAR-ES-SALAAMTANZANIA,United Rep. of Tanzania	United Rep. of Tanzania	48202000	Exercise books of paper or paperboard
SOBI INDUSTRIES LIMITED.	PLOT NO - 5192, LUYANSHYA ROAD,LUSAKA, ZAMBIA.,United Rep. of Tanzania	United Rep. of Tanzania	48202000	Exercise books of paper or paperboard

### 1.11 Production Capacity

The business idea is based on three hundred working days, single shift of 8hr.per day. The annual production capacity is estimated to be 7,488,000 units at a sales Price of US\$0.25 each.

### 1.12 Revenue Potential

The revenue potential is estimated at US\$ 156,000 per month, translating into US\$ 1,872,000 per annum.

## 2.0 PROJECT'S INVESTMENT COST

The estimated capital investment cost of the project is US \$.

### **EAST AFRICAN REGION AND COMPANY LIMITED COST STRUCTURE**

**US\$**

<b>PARTICULAR</b>	
Land and Buildings	8,000.00
Machinery & Equipment	260,000.00
Motor Vehicles	120,000.00
Furniture & Fixtures	2,000.00
Pre expenses	6,000.00
Others	12,000.00
Working Capital	120,000.00
<b>TOTAL</b>	<b>528,000.00</b>

For the project to be a reality a total investment amounting to US \$528,000 is needed

#### **(i) Land and Building: Us \$8,000**

The project has opted for the long term lease of three years and rehabilitation of the industrial building.

**(ii) Machinery and Equipment: US\$ 260,00**

Some US \$260,000 is anticipated to be spent on the purchase of various machines, equipment, etc. Which will accommodate new technology

**(iii) Motor Vehicles: US\$120,000**

The project will need 1 heavy trucks, 2 light trucks, and 1 double cabin pick. These vehicles will be used in the transportation of cargo

**(iv) Office Furniture and Equipment: US \$12,000**

This investment cost item has been estimated to cost US \$12,000. It will consist of office tables, chairs, telephone, fax, machines, file cabinets, sofa chairs, etc.

**(v) Pre-Operational Expenses: US\$ 6,000**

They cover things like company registration, and expenses spent in exploring the viability of the project, especially the market/client identification exercise. This Pre-operational cost item also covers the architectural designs of project buildings and other engineering services. Also included under this item are issues like consultancy fees, legal fees, and recruitment and training costs of personnel.

**(vi) Initial Working Capital: US\$120,000**

Calculations as well as assumptions for working capital requirements, it is estimated that it will cost US \$ 120,000.

**3.0 FINANCING PATTERN**

The project will be financed by the equity and cash generated from business

**4.0 PROJECT OPERATING COSTS**

In order to realize its intended objective the project will have to meet the operating costs estimated to be 80% of total annual revenue

**5.0 ASPECTS OF PROJECT SUSTAINABILITY**

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

**6.0 MONITORING AND EVALUATION**

The monitoring and evaluation tools will be applied in running this project 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:**

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. 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.

It is assumed that the major building raw material will be procured from local market and other will be imported. Revenues have been conservatively estimated based on experience of the promoters

### **7.2 Financial Statements:**

#### **7.3 Projected Revenue**

For projection purposes, it is assumed that the economic life of the project is five years and that revenue from the business commences from the first year of operation.

**EAST AFRICAN REGION AND COMPANY LIMITED PROJECTED REVENUE US \$**

-	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Revenue	1,872,000	1,965,600	2,063,880	2,167,074	2,275,427	2,389,199

#### **7.4 Projected Profit and Loss Statement**

The Income and Expenditure Statement shows the projected income for the 5 years period. The position depicted is that the project earns

profit throughout its life. Accumulated after-tax profits grow from. US \$ **255,808** in the first year to **US \$ 1,745,013** in the 5 year

**EAST AFRICAN REGION AND COMPANY LIMITED PROJECTED INCOME AND EXPENDITURE STATEMENT**

-	1	2	3	4	5	6
Revenue (	1,872,000.00	1,965,600.00	2,063,880.00	2,167,074.00	2,275,427.70	2,389,199.09
<b>Operating Expenses:</b>	1,497,600	1,572,480	1,651,104	1,733,659	1,820,342	1,911,359
<b>Gross Profit Before Interest and Depreciation</b>	374,400	393,120	412,776	433,415	455,086	477,840
<b>Depreciation</b>	8,960	8,960	8,960	8,960	8,960	8,960
<b>Gross Profit</b>	365,440	384,160	403,816	424,455	446,126	468,880
Tax (30%)	109,632	115,248	121,145	127,336	133,838	140,664
<b>Profit After Tax</b>	255,808	268,912	282,671	297,118	312,288	328,216
Accumulated Profit	255,808	524,720	807,391	1,104,510	1,416,797	1,745,013

**7.5 Projected Cash Flows**

This is shown in the financial statements. The project has a positive end-of-year cash flow from year1, i.e. e US\$264,768 of operation to the 5th year i.e. US \$ 1,461,598

**EAST AFRICAN REGION AND COMPANY LIMITED PROJECTED CASH FLOW**

<b>SOURCES:</b>						
Profit before interest and depreciation	-	374,400	393,120	412,776	433,415	455,086
Equity	528,000					
Loan	-					
<b>Total Sources</b>	<b>528,000</b>	<b>374,400</b>	<b>393,120</b>	<b>412,776</b>	<b>433,415</b>	<b>455,086</b>
<b>Applications:</b>						
Capital expenditure	390,000		-	-	-	-
working Capital &Others	138,000					
Cash	-	264,768	277,872	291,631	306,079	321,248
Tax	-	109,632	115,248	121,145	127,336	133,838
<b>Sub total</b>	<b>528,000</b>	<b>374,400</b>	<b>393,120</b>	<b>412,776</b>	<b>433,415</b>	<b>455,086</b>
<b>Total applications</b>	<b>528,000</b>	<b>374,400</b>	<b>393,120</b>	<b>412,776</b>	<b>433,415</b>	<b>455,086</b>
Accumulated cash		264,768	542,640	834,271	1,140,350	1,461,598

**7.6 Projected Balance Sheet**

The projected Balance Sheet of the projected is shown in the financial statements under the same heading. The net worth of

the project increases from **US\$528,000** in the first year of operation to **US\$ \$1,944,797** in the 5<sup>th</sup> year.

**EAST AFRICAN REGION AND COMPANY LIMITED PROJECTED BALANCE SHEET**  
**"US\$"**

<b>Fixed Assets</b>	<b>1</b>	1	2	3	4	5
Opening balance	-	<b>390,000</b>	<b>381,040</b>	<b>372,080</b>	<b>363,120</b>	<b>354,160</b>
Additions	-					
<b>Total Long-term Assets</b>	-	<b>390,000</b>	<b>381,040</b>	<b>372,080</b>	<b>363,120</b>	<b>354,160</b>
<b>Less depreciation</b>	-	<b>8,960</b>	<b>8,960</b>	<b>8,960</b>	<b>8,960</b>	<b>8,960</b>
<b>Closing balance</b>	-	<b>381,040</b>	<b>372,080</b>	<b>363,120</b>	<b>354,160</b>	<b>345,200</b>
Working capital	138,000	138,000	138,000	138,000	138,000	138,000
Accumulated cash	-	264,768	542,640	834,271	1,140,350	1,461,598
<b>Total assets</b>	<b>138,000</b>	<b>783,808</b>	<b>1,052,720</b>	<b>1,335,391</b>	<b>1,632,510</b>	<b>1,944,798</b>
Financed by						
Equity	528,000	528,000	528,000	528,000	528,000	528,000
Accumulated profit	-	255,808	524,720	807,391	1,104,510	1,416,797
Total equity	528,000	783,808	1,052,720	1,335,391	1,632,510	1,944,797

## 7.7 Projected Payback Period

The projected fixed schedule is shown in the schedule under the same heading. The investment cost is US\$ 528,000 while the accumulated cash in 2<sup>nd</sup> year is US\$ 542,640 which is greater than the value invested

EAST AFRICAN REGION AND COMPANY LIMITED				PAYBACK PERIOD
Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	255,808	<b>8,960</b>	<b>264,768</b>	264,768
2	268,912	<b>8,960</b>	<b>277,872</b>	542,640
3	282,671	<b>8,960</b>	<b>291,631</b>	834,271
4	297,118	<b>8,960</b>	<b>306,078</b>	1,140,349
5	312,288	<b>8,960</b>	<b>321,248</b>	1,461,597

## 7.8 Projected Risks

This is an manufacturing sector investment; no major risks have been identified for this kind of project so far. Unless a change in the country's political and economic stability occurs the project is more likely to prosper very fast for a very long period.

## 8.0 ECONOMIC ASPECTS

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

- The project will provide high-quality exercise books
- The project will create employment for 10 people on a permanent contract basis as well as on a temporary basis in the first phase.
- It will create more business opportunities for local traders
- It will generate substantial revenue for the government in the form of corporate tax, value-added tax, and pay-as-you-earn.
- The project will earn substantial amounts of foreign exchange.

## 9.0 IMPLEMENTATION

Project implementation is expected to be relatively very short once the project has been approved:-

<b>S/N</b>	<b>ACTIVITY</b>	<b>PERIOD</b>
1	Processing TIC Certificate of Incentive	July 2023
2	Contractor Procurement	August-October2023
3	Site preparation and building permit approval	November 2023
4	Construction	December - March 2023
5	Equipping bulk storage facilities	March 2023-June 2023
6	Commercial operations	August 2023

## **10.0 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 under the Tanzania Investment Act, 1997.