

BAI LI PAPER CO. LTD

**BUSINESS PLAN
FOR MANUFACTURING
PAPER**

1.0. SUMMARY

1.1 Project Concept

This project document presents a proposal by **BAI LI PAPER CO. LIMITED**, a locally registered company with Certificate of Incorporation No. **1681917115** dated **31 August, 2023**. The company's share capital is Tsh **10,000,000,000/=** with the main objective being the manufacturing of pulp paper 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 **BAI LI PAPER CO. 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. 230 Block No. 24 Mwanambaya - Mkuranga. Coast Region.

1.3 The Sponsors

BAI LI PAPER CO. LIMITED, will be sponsoring this project. The Company is jointly owned by the following shareholders.

Name of Shareholder	% Ownership	Nationality
Feng Ziyun	50	Chinese
Cheng Guang	50	Chinese
Total	100	

1.4 Project Management and Manpower Requirements

BAI LI PAPER CO. LIMITED, will be under the General Manager Mr. Pengfei Xie 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 two shareholders who are Chinese.

1.5 Project description

BAI LI PAPER CO. LIMITED, plans to set up production of Tissue, Toilet paper facilities, The production process involves ruling of lines on the pulp paper, Tissues paper, Toilet paper also known as light creeper paper is a thin lightweight paper, both virgin and recycled paper pulp can be used to make issue shops, markets, wholesale shops, retail shops, and even on the streets.

Tissue products are soft, thin, pliable, and absorbent paper made from wood or recycled paper. The tissues we think of are the ones we see and use every day, such as toilet paper, paper towels, napkins, and facial tissues.

Technology and Process Description

Tissue paper is produced on a paper machine that has a single large steam heated drying cylinder (Yankee dryer) fitted with a hot air hood. The raw material is paper pulp. The Yankee cylinder is sprayed with adhesives to make the paper stick. **BAI LI PAPER CO. LIMITED** will produce Tissue products are soft, thin, pliable, and absorbent paper made from wood or recycled paper. The tissues we think of are the ones we see and use every day, such as toilet paper, paper towels, napkins, and facial tissues. in your region is something that **BAI LI PAPER CO. LIMITED** are responsible for determining.

Raw Materials

Tissue paper is made from fresh fiber, or pulp, and recycled fiber. The wood raw material which pulp is made of, comes from sustainably grown and managed forests. The production of tissue paper from fresh fiber is part of the resource-efficient use of wood.

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.

Revenue Potential

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

PROJECT'S INVESTMENT COST

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

BAI LI PAPER CO. LIMITED COST STRUCTURE US\$

Land and Buildings	8,000,000
Machinery & Equipment's	260,000
Motor Vehicles	120,000
Furniture & Fixture	2,000
Pre Expenses	6,000
Others	12,000
Working Capital	120,000
TOTAL	528,000

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

Land and Building: Us \$8,000

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

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.

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.

BAI LI PAPER CO LIMITED PROJECTED REVENUE US \$

Revenue	1,872,000	1,965,600	2,063,880	2,167,704	2,389,199
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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 years

**BAI LI CO. LIMITED PROJECTED INCOME AND EXPENDITURE
STATEMENT**

Revenue	1,872,000	1,965,600	2,063,880	2,167,074.	2,275,427	2,389,199
Operating Expenses	1,497,600	1,572,480	1,651,104	1,733,659	1,820,342	1,911,359
Gross profit Before Interest and Depreciation	374,000	393,120	412,776	433,415	455,086	477,840
Depreciation	8960	8960	8960	8960	8960	8960
Gross Profit	365,440	384,160	403,816	424,455	446,126	468,880
Tax 30%	109,632	115,248	121,145	127,336	133,838	140,644
Profit After	255,808	268,912	282,671	297,118	312,288	328,216
Tax	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

BAI LI CO. LIMITED PROJECTED CASH FLOW

SOURCES:						
Profit before interest and Depreciation		374,400	393,120	412,776	433,415	455,086
Equity loan	528,000					
Total Sources	528,000	374,400	393,120	412,776	433,415	455,086
Applications:	390,000					
Capital expenditure						
working & Others Capital						
Cash		264,768	277,872	291,631	306,079	321,248
Tax		109,632	115,248	121,145	127,336	133,838
Sub total	528,000	374,400	393,120	412,776	433,415	455,086
Total applications	528,000	374,400	393,120	412,776	433,415	455,086
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 5th year.

		1	2	3	4	5
Fixed Assets		390,000	381,040	372,080	363,120	354,160
Opening balance						
Additions						
Total Long-term Assets		390,000	381,040	372,080	363,120	354,160
Less Depreciation		8,960	8,960	8,960	8,960	8,960
Closing balance		381,040	372,080	363,120	354,160	345,200
Working capital		138,000	138,000	138,000	138,000	138,000
Accumulated Cash		264,768	542,640	834,271	1,140,350	1,461,598
Total assets		138,000	783,808	1,052,720	1,335,391	1,632,516
Financed by						
Equity		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 2nd year is US\$ 542,640 which is greater than the value invested

YEAR	PROFIT AFTER TAX	DEPRECIATION	TOTAL CASH FLOW	ACCUMULATED CASH FLOW
1	255,808	8,960	264,768	264,768
2	268,912	8,960	277,872	542,640
3	282,671	8,960	291,631	834,271
4	297,118	8,960	306,078	1,140,349
5	312,288	8,960	321,248	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: -

SN	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	September 2023
2	Contract procurement	September – October 2023
3	Site preparation and Building permit	November 23-March 23

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.