

# SHINNING STAR COMPANY LTD

## Business Plan

for

## LED light Manufacturing Factory

PO. BOX 6354,,DAR-ES-SALAAM –TANZANIA  
:MWANAMBAYA KILWA ROAD PLOT #1,2,3,4 & 20 BLOCK F HOUSE NUMBER

20 ,

MKURANGA DISTRICT- COAST REGION  
CELLPHONE:+255746723727,WHATSAPP:+491636764357  
6EMAIL: shinniing startz@gmail.com

### 1.0 Executive Summary

SHINNING STAR COMPANY LTD is a private company registered since the 5Th of December 2022, is involved in the establishment of led lights products as well to other lights in, TANZANIA.

SHINNING STAR COMPANY LTD had managed to lease a warehouse in **MKuranga mwanambaya ROAD PLOT #1,2,3 & 4, BLOCK F HOUSE NUMBER 20**, for factory establishment.

SHINNING STAR COMPANY LTD had started to import raw materials, as well as products for electrical home appliances and accessories for marketing while organizing for manufacturing LED lights products

Shareholders for SHINNING STAR COMPANY LTD had already made several efforts to enable managed project establishment, in Mkuranga, Mwanabaya ovation for long-term warehouse leasing in order to start machine installations.

Already there are efforts of impetrated several machines containers for LED LIGHTS assembly along with raw material, which soon will be at Dar-es-salaam port.

Thus this business plan for registration will unlock, timely project TIC registration, to enable the factory to start enjoying the provided stimulus packages.

The project in demand of TIC registration expects to introduce new Chinese LED lights technology in East

African blocks, for wide market penetration, starting with parts assembly, but later on, diversification will switch to manufacturing locally, that is why SHINNING STAR COMPANY LTD planned for TIC project registration.

“Zero percent (0%) Import Duty on project capital goods, computers and computer accessories, raw materials and replacement parts for agriculture, animal husbandry and fishing, human and livestock pharmaceuticals and medicaments, motor vehicle in Completely Knocked down (CKD) form and inputs for manufacturing pharmaceutical products”

Thus among TIC industrial stimulants, it allows land securing from the government’s land data bank. Therefore no problem with the land allocation as part of SHINNING STAR COMPANY LTD to ensure the land will be secured without a problem. This aspect had been in the TIC stimulant package as follows:

“TIC will provide foreign investment promotion packages on the following:-

- Grants land derivative rights to investors
- Monitoring the flow of foreign direct investment

- The recognition of private property and protection against any non-commercial risks. Tanzania is an active member of the World Bank Foreign Investment Insurance wing, MIGA (Multilateral Investment Guarantees Agency). Likewise, Tanzania is a member of The International Centre for Settlement of Investment Disputes (ICSID) also a body affiliated to the World Bank.

## **2.0 Project Location**

The project is a business that will be located in MKuranga mwanambaya ROAD PLOT #1,2,3 & 4, BLOCK F HOUSE NUMBER 20,

## **2.1 Objectives**

SHINNING STAR COMPANY LTD's objectives for the first year of operations are:

- Become selected as the LED lights products.
- Turn in profits from the first month of operations.
- Maintain a 65% gross margin.

## **2.2 Keys to Success**

The keys to success will be:

- Design that will be both visually attractive to customers and designed for fast and efficient operations.
- Employee training to insure the best food preparation techniques.
- Marketing strategies aimed to build a solid base of loyal customers, as well as maximize the sales of high-margin products, such as espresso drinks.

### **2.3 Mission Statement**

The company's mission is to establish a world-class manufacturing of LED light products that will make available a wide variety of LED light products at affordable prices to the residents and nonresidents of Dar es Salaam and other cities in the republic of Tanzania. The company plans to be opening chains of well - branded through Tanzania and other East African countries

### **3.0 Company Ownership**

SHINNING STAR COMPANY LTD is registered as a Limited Liability Corporation in the United Republic of Tanzania

**SHINNING STAR COMPANY LTD** will be sponsoring this project. The Company is owned by 5investors

Name of Shareholder	% of Shares	Nationality
CHENG RONG	40	CHINESE
CHEN YIJUN	60	CHINESE

### **3.1 Objective of the study**

The purpose of this study is to work out the technical and commercial viability of the project.

It is inevitable that, LED LIGHTS business operation without being registered by TIC, will take time for market penetration, capital reorganization and settlement for good cash flow, and attained early payback period.

Economies of scale easily to attained at maximum of factory and marketing operation through enjoyment for project stimulus packages,

Thus it is inevitable for dedication ensuring TIC is completing project registration for enabling SHINNING STAR LED LIGHTS factory in Mukranga Mwanabaya location manage enjoy Government investments projects stimulus packages through the expected investment capital of USD(\$) 2,000,000.00

There are many varieties of enjoyable stimulus packages through TIC, which must be acquired gained through registration fr enable project easy settlements

#### 4.0 Over View

Thus among TIC industrial stimulants, it allows land securing form the government land data bank. Therefore no problem forwithnd allocation as part of SHINNING STAR COMPANY LTD to ensure land will be secured without pra oblem. This aspect had been in TIC stimulant package as follows:

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Disputes (ICSID) also a body affiliated to the World Bank.

Working capital Is the amount of capital required to carry on a business: which accounts from Accounting for current assets minus current liabilities, this show the organization liquidity for immediate obligations

Foreign direct investment (FDI) is an investment in a business by an investor from another country for which the foreign investor has control over the company purchased.

Opportunity cost- benefit for-gone as result of alternative enterprise development

Entrepreneurship is a creative activity and the entrepreneur is therefore an innovator. In other terms, entrepreneurship is a creative and innovative response to the environment. Such responses result in the introduction of new products or services into the economy or in the improvement of existing methods of providing products or services.

Poverty: the status of a household that has fallen below a socially- defined minimum level of well-being, usually manifested in hunger, sickness,

powerlessness, illiteracy, or other factors. The measure of well-being is commonly based upon a household's consumption level (income poverty) and/or indicators such as literacy or health status. Vulnerability as the risk or probability of an individual, household or a community experiencing a decline in well-being.

What is service industry?

Services is (also known as "intangible goods") include attention, advice, access, experience, and discussion.

Entrepreneurship is considered as the driving force behind changes in the economy as well as business environment. The term entrepreneur has evolved over the years to be used to mean an individual (group of individuals) who has the ability to see and evaluate the business opportunity existing in the environment and take advantage of it. An entrepreneur is considered to be a person with ability to take risk of organizing resources into business venture and manage it with the aim of being successful partnership- is collaborative initiative that involves diverse Stakeholders

Financial Services; Financial services are the economic services provided by the financial institutions which encompass a broad range of organizations that manage money such as banks and SACCOs. These financial services include credit and deposit services.

SHINNING STAR COMPANY LIMITED is among of Chinese investors to LED lights and other lighting material investment venture expecting to invest, more than USD (\$ 2.0 million to manufacturing factory in Mkuranga coast region. Investment to expected manufacturing factory requires government support to enable flourish sustainable, enable provide many economic project benefits among of them big number employment of opportunities, to be good taxpayers after tax holiday as well to enable capital brought stabilize countries economy. Government of Tanzania through TIC against investment packages, is key fundamental for project implantation on capital flow stability through various taxes relief, which led to compelled project be registered to TIC in order qualify for investment stimulant package.

Tanzania investment center had be providing investment stimulant package for enabling zero import duties for industrial establishment projects this of similar kind. This had been stipulated as follows:

“Zero percent (0%) Import Duty on project capital goods, computers and computer accessories, raw materials and replacement parts for agriculture, animal husbandry and fishing, human and livestock pharmaceuticals and medicaments, motor vehicle in Completely Knocked Down (CKD) form and inputs for manufacturing pharmaceutical products”

Therefore it allowable and granted permission after project being registered by TIC, acquire special stimulant for industrial capital goods of the project.

SHINNING STAR COMPANY LTD is expected to spend big sum of sunk costs for investment and working capital which require relief from Investments stimulant package.

Such investment allowable relief package enable achieved stabilized cash flows, attainable ROI, and ROA This also provides project stability for reorganized working capital, for enable timely payback period

It is similar to SHINNING STAR COMPANY LTD to LED light manufacturing factory, which involve big amount of investment capital for effective capital management for appropriate ROI as well to payback period.

To be registered to TIC, provides capital goods zero tax charged, as well provision of tax holiday as among of project government stimulus packages, required for gained stimulus packages benefit for enable good return of investment (ROI) of efficient cash flow, as well to settled comfortable project maximization.

#### 5.0 PROJECT SUSTAINABILITY DIVERSIFICATION

This project is among of recent acquired technological innovation factories, Project will start for assembly of imported led light parties through installed machines in the factory, with application of new technological acquired from China light technological industry.

Thus, after establishment, will start for diversified project for producing all imported parts in vertical or horizontal diversification to ensure that, project capital harmonization is maintained for manufacturing all involved projects parts in the factory locally produced.

Such diversification is mostly advantageous, gaining government investment stimulus packages, which easily be acquired through being registered by TIC

## 5.1 INVESTMENT STIMULUS PACKAGES

This project obviously requires allocated land, either through own land purchasing or through government land allocation from land bank.

It is difficult according to URT, for foreigner became allocated land. But through TIC registration, can be allowed for land allocation for project development.

Also this factory is of new technological innovation, such will be imported of technology as well to technological expertise. It is unacceptable for allowed working permits for technical staffs without being registered by TIC. Thus, registration to TIC will enable easy and timely issuing of working permits for technical staffs for project implementation.

## 5.2 SIGNIFICANCES

Investment project stimulus packages, are key fundamental for enable harmonized settled big and sustainable investment capital which, is inevitable acquired through, being registered by TIC, therefore

major significances of this project to be registered are as follows:

### 5.3 HARMONIZED INVESTMENT COSTS THROUGH STIMULUS PACKAGES.

Many buyers demand seller be with adequate proof of quantities, available at operations centers along with good purities.

That is outmost significance demand, without proof of quantities, and qualities, buyer hastate to confirm purchasing orders and issuing financial instruments for enabling shipment process and and maintenances for sustainable operation performance's

Is too important, for secured financing for purchasing big mineral ore quantities and or establish own mineral ore extraction, which will enable maintained good capacity of proof of quantities for secured financial instruments or swift transfer for managing export demand operations.

### 5.4 JUSTIFICATION

Registration to TIC, enables project investor to enjoy, government project stimulus packages. Stimulus packages are among of tax holidays. Tax relief for zero

charged capital imported goods. From economic and financial analysis point of view, is too advantageous, enjoying stimulus packages, for many reasons among of them, can enable to manage working capital for easy market penetration, to maintain harmonies for capital settlement for acquired stable return of capital (ROI) and attained early pay-back period.

**5.5 PROPOSED INVESTMENT CAPITAL FOR LED LIGHT FACTORY FIGURES USD \$**

PARTICULAR	
Land and Buildings	50,000.00
Machinery & Equipment	800,000.00
Motor Vehicles	200,000.00
Furniture & Fixtures	20,000.00
Pre expenses	15,000.00
Others	5,000.00
Working Capital	910,000.00
<b>TOTAL</b>	<b>2,000,000.00</b>

## 5.6 MANAGEMENT BY OBJECTIVES (MBO)

Board of directors is the supreme project functional organ for final supreme decision making. Board of directors will be supreme aspect for preserved project motto for "work efficient for project expansion": Board of directors are due obliged to ensure other lights and assembly lights parts are manufactured locally for enabled six months project expansion.

Thus, board of director's manifesto will be for six (6) months project expansion.

Board of directors is supreme project organ for policy management protection and final organization decision making. Despite of scheduled board meeting, timely called special board meeting will be held to enable diversified enhanced rational and timely decision making. Experience for untimely for cost conscious minimization of costs for held special board meeting can be factor for caused prolonged bureaucracies and red tapes.

This project must comprehend to scientifically approaches for number of reasons as follows

Proper organization structure is key for achievement of desired objectives and set targeted goals.

This project as well will adhere for concrete nomenclature organization structure for evolved relevant outcomes and achieving shareholders planned objectives for earning good profits and acquiring timely payback period.

This project will be comprised by board members, which is top supreme structure who will be formed by the following cadres:

These are directors contributed project capital from China for LED LIGHTS' manufacturing factory.

The will be board member invited to board meeting both on schedule of articles of association and or special held board meeting.

These members will be CEO, or managing director to attend for management and operation clarification

These will be members from credible society of Tanzanian, being important figures, either from professional careers, top ranked political parties leaders, or retired civil servant leaders.

This top-ranked internal board members has important role to ensure, project is being implemented accordingly, through formulated policies. Supervision for set project objectives, supervision for set targets, supervision for management operation strategies.

To this project for LED lights, there will be proper designed and implementable employee compensation benefits to ensure, employees are satisfied. The total of 40 employees to be employed

## 6.0 MARKETING ANALYSIS

### Economic Market Analysis and Development

Competitive environment's compels inevitability for market demand management, for reasons on managing, equitable marketing objectives for better LED lights project achievement. Despite had been identified high LED lights market demand , but market demand analysis for critical identification of customers buyers behaviors particularly for competitive other normal manufacturers in East Africa and Europe who are fundamental major aspect for marketing objectives.

Market demand analysis is essential for market influx for market forces as well management for enable maintaining potential expanded customers in due circumstances of switch and change of market demand influx.

LED LIGHTS Market demand is of perfect inelasticity of demand which leads to search for market potential stability for harmonized market prices.

Despite that fairly affordable normal lights had been predominantly in the market new LED LIGHTS manufacturing technology, had enabled acquired expanded market demand which is growing tremendously leading for enforce effective marginal utility drawing for customers' demands, More expanded distribution ,especial have market due to following reasons:-

Demand:

LED LIGHTS Technological advancement from China, had evolved establishment for factory manufacturing in Tanzania. In Mkuranga Mwanambaya location

There are number of declarations for justifiable reasons among of them are:

## 6.1 RELEVANT TECHNOLOGICAL ASPECTS

LED LIGHTS is not a new technology in this global world, but recent Chinese technology had been justified to manufacture better and acceptable competitive standards products.

Thus, this technology, evolved high market demand, to ensure that, market penetration for loyal potential customers will be maintained...

## 6.2 AFFORDABLE MARKET PRICES

Through TIC registration, most of the imported raw materials will be zero rated tax charged, such aspect provides easy marginal costs reorganization for charged market price, which can be easily enjoyed by the factory.

Demand easily to easily identified, due to harmonized market price through TIC stimulus package.

Demand through TIC registration, easily to be justified against other competitors.

## 7.0 FINANCIAL ANALYSIS

### 7.1 Considerations and Assumptions:

The corporate tax charged is 30% of the profits. The capital investment allowance is 50%. The capital assets are

exempted from customs duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied.

Revenues have been conservatively estimated based on the experience of the promoters and trends in the industry.

## 9.2 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 \$393,841 in the first year to US \$ 2,213,382 in the 5 year,

### SHINNING STAR COMPANY LIMITED INCOME & EXPENDITURE STATEMENT "US \$"

-	1	2	3	4	5
Revenue	<b>2,212,100</b>	2,322,705.00	2,438,840.25	2,560,782.26	2,688,821.38
Operating Expenses:	1,548,470	1,625,894	1,707,188	1,792,548	1,882,175

Gross Profit Before Interest and Depreciation	663,630	696,812	731,652	768,235	806,646
Interest	80,000	80,000	80,000	80,000	80,000
Depreciation	21,000	21,000	21,000	21,000	21,000
Gross Profit	562,630	595,812	630,652	667,235	705,646
Tax (30%)	168,789	178,743	189,196	200,170	211,694
Profit After Tax	393,841	417,068	441,456	467,064	493,952
Accumulated Profit	393,841	810,909	1,252,366	1,719,430	2,213,382

## 6.5 PROJECTED CASH FLOWS

This is shown in the financial statements. The project has a positive end-of-year cash flow from year 1st, i.e. US\$ 494,841 of operation to the 5th year i.e. US\$ 2,718,382

### SHINNING STAR COMPANY LIMITED PROJECTED CASH FLOW US\$

	0	1	2	3	4	5
<b>SOURCES:</b>						
Profit before interest and depreciation	-	663,630	696,812	731,652.08	768,235	806,646
Equity	1,000,000					
Loan	1,000,000					
<b>Total Sources</b>	<b>2,000,000</b>	<b>663,630</b>	<b>696,812</b>	<b>731,652</b>	<b>768,235</b>	<b>806,646</b>
<b>Applications:</b>						
Capital expenditure	1,070,000		-	-	-	-

working Capital & Others	930,000					
Cash	–	494,841	518,068	542,456	568,064	594,952
Tax	–	168,789	178,743	189,196	200,170	211,694
<b>Sub total</b>	<b>2,000,000</b>	<b>663,630</b>	<b>696,812</b>	<b>731,652</b>	<b>768,235</b>	<b>806,646</b>
<b>Total applications</b>	<b>2,000,000</b>	<b>663,630</b>	<b>696,812</b>	<b>731,652</b>	<b>768,235</b>	<b>806,646</b>
Accumulated cash		494,841	1,012,909	1,555,366	2,123,430	2,718,382

## 9.6 PROJECTED BALANCE SHEET

The projected Balance Sheet of the projected is shown in the financial statements under the same heading. Total shareholders' equity increases from US\$ 1,000,000 in the first year of operation to US \$ 3,213,382 in the 5<sup>th</sup> year.

### SHINNING STAR COMPANY LIMITED PROJECTED BALANCE SHEET US \$

<b>Fixed Assets</b>	1	1	2	3	4	5
Opening balance	-	1,070,000	1,049,000	1,028,000	1,007,000	986,000
Additions	-					
<b>Total Long-term Assets</b>	-	<b>1,070,000</b>	<b>1,049,000</b>	<b>1,028,000</b>	<b>1,007,000</b>	<b>986,000</b>
<b>Less depreciation</b>	-	<b>21,000</b>	<b>21,000</b>	<b>21,000</b>	<b>21,000</b>	<b>21,000</b>
<b>Closing balance</b>	-	<b>1,049,000</b>	<b>1,028,000</b>	<b>1,007,000</b>	<b>986,000</b>	<b>965,000</b>
Working capital	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000
Accumulated cash						

	-	494,841	1,012,909	1,555,366	2,123,430	2,718,382
<b>Total assets</b>	<b>1,070,000</b>	<b>2,613,841</b>	<b>3,110,909</b>	<b>3,632,366</b>	<b>4,179,430</b>	<b>4,753,382</b>
Financed by						
Equity	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Accumulated profit	-	393,841	810,909	1,252,366	1,719,430	2,213,382
Total equity	1,000,000	1,393,841	1,810,909	2,252,366	2,719,430	3,213,382
	0	-	-	-	-	-
Bank Loan	1,000,000	800,000	600,000	400,000	200,000	-
<b>Total debts</b>	<b>1,000,000</b>	<b>600,000</b>	<b>600,000</b>	<b>400,000</b>	<b>200,000</b>	<b>-</b>
<b>Total equity and debts</b>	<b>2,000,000</b>	<b>1,993,841</b>	<b>2,410,909</b>	<b>2,652,366</b>	<b>2,919,430</b>	<b>3,213,382</b>

## 9.7 PROJECTED PAYBACK PERIOD

Total investment is US \$ 2,000,000 cash accumulation in the 6 year is US\$ 2,028,260 which is more than the initial investment of US\$28,260 the project payback period is within 3 years,

The project has a relatively short payback period. It is remarkably impressive for a project whose investment is as big as US\$ 505,000 to be recovered within 3 years.

Appendix IV

### PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	393,841	<b>21,000</b>	<b>414,841</b>	414,841
2	417,068	<b>21,000</b>	<b>438,068</b>	852,909
3	441,456			1,315,366

		<b>21,000</b>	<b>462,456</b>	
4	467,064	<b>21,000</b>	<b>488,064</b>	1,803,430
5	203,831	<b>21,000</b>	<b>224,831</b>	2,028,260
6	493,952	21,000	<b>514,952</b>	2,543,213

## 10.0 ECONOMIC ASPECTS

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

- The project is an ideal option for the utilization business opportunities available in the local and international market
- The project will create employment for 40 people on a permanent basis.
- 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 have the transfer of knowledge and skills as far as the tourist industry is concerned

## 11.0 IMPLEMENTATION

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

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	March 2023
2	Rehabilitation of premises	Jan-March 2023
4	Furniture and fittings ordering	Jan-April 2023
6	Testing operations	April-May 2023
7	Commercial Operations	June 2023

## 12.0 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 be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 1997