

# BUSINESS PLAN

**FORTUNE PAPER GROUP**  

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**LIMITED**



## EXECUTIVE SUMMARY

FORTUNE PAPER GROUP LIMITED is limited Company incorporated in Tanzania under the Company act of 2002. The Company was incorporated 09th, November 2022, and bears Certificate of Incorporation No. 158827247.

FORTUNE PAPER GROUP LIMITED will be located at Kibaha Town Council, Coast Region. The outreach Office will be located at Dar Es Salaam.

### Company Goals and Objectives:

In Summary FORTUNE PAPER GROUP LIMITED aims to;

- Manufacture packing papers (High-Strength Corrugated Papers), paper napkins, and toilet papers.
- Manage FORTUNE PAPER GROUP LIMITED by human resource policies which encourage and reward individual and unified effort and achievement, provide training and personal development opportunities and create a working environment in which staff can feel a real sense of job involve
- Build relationships with investors in manufacturing sector,
- Achieve levels of profit sufficient to provide for reinvestment and suitable returns to shareholders and investors
- Seek to comply with all statutory legislation and other external relevant authorities. Define and keep under review Company policy, allowing flexibility for local requirements.
- Adopt best commercial practice and ethical standards in dealing with clientele, suppliers of goods and services and other contacts

**The project promoter**, the project will be managed and operated by FORTUNE PAPER GROUP LIMITED is owned by Chinese citizens from China with the following share

NAME OF SHAREHOLDERS	NATIONALITY	SHARES%
SHUANGQIANG LIU	Chinese	20%
ZHIQIANG JIE	Chinese	20%
WEI JIE	Chinese	0.1%
PENG JIE	Chinese	39.9%
XINBAO FANG	Chinese	20%

distribution.

## **PURPOSE OF BUSINESS PLAN**

The investment objective of this business plan is to establish a paper manufacturing company in Dar es Salaam, Tanzania, which will produce high-quality paper products including packaging paper, tissue and toilet papers. The paper manufacturing sector in Tanzania has significant growth potential due to the increasing demand for paper products in the country and the East African region.

The products of the company will be produced from sustainable sources, ensuring environmental sustainability and social responsibility. The company will target both domestic and international markets.

## **INDUSTRY OVERVIEW:**

The paper manufacturing industry in Tanzania is still in its nascent stages, with only a few established players. However, the demand for paper products in Tanzania and the East African region is growing rapidly, driven by the growth of various industries. The local paper market is currently dominated by imported paper, and there is a significant gap between demand and supply. This presents an opportunity for local paper manufacturers to capture a significant market share.

## **MARKET ANALYSIS:**

The target market for the paper products will be the industrial and commercial sectors, including printing, publishing, packaging, and all other sectors manufacturing and producing company. Tanzania has a growing population of approximately 60 million people, and the demand for paper products is expected to grow at a compound annual growth rate of 6% over the next five years. The market is expected to be worth over \$300 million by 2028, providing ample opportunities for growth and expansion.

## **INVESTMENT OBJECTIVE:**

The primary investment objective of the business is to establish a paper manufacturing plant in Dar es Salaam, Tanzania. The plant will have a production capacity of 60,000 tons per annum, producing high-quality paper products, including packaging paper, tissue paper and others. The plant will be equipped with the latest technology and equipment, ensuring high-quality output and efficient production processes.

## PRODUCTS:

The proposed business will produce the following paper products:

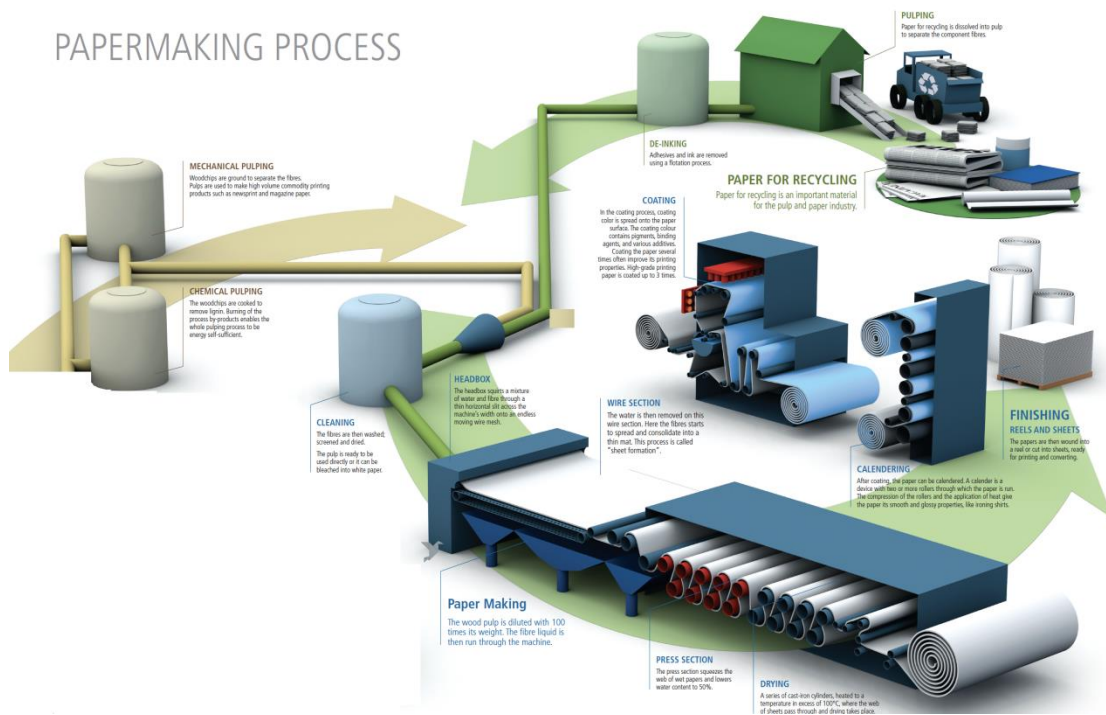
**Packaging Paper:** High-quality packaging paper for use in the packaging industry, including corrugated boxes, cartons, and bags.

**Tissue Paper:** High-quality tissue paper for use in the hygiene industry, including toilet paper, facial tissues, and paper towels.

The basic process of packing paper manufacture typically involves the following steps:

1. **Collection and Sorting:** The first step in the process is to collect and sort the cardboard. The cardboard is usually collected from various sources, including households, offices, and industries. Once collected, it is sorted to remove any contaminants such as plastic or metal.
2. **Shredding:** After sorting, the cardboard is shredded into small pieces, usually in a machine called a shredder. This helps to break down the cardboard into small fibers, which can be processed more easily.
3. **Pulping:** The shredded cardboard is then mixed with water in a large container called a pulper. The pulper churns the mixture, breaking down the fibers further and creating a slurry-like substance called pulp.
4. **Screening:** The pulp is screened to remove any remaining contaminants or impurities. This is typically done using a series of screens of different sizes, which filter out unwanted materials.
5. **Cleaning:** The pulp is then cleaned to remove any remaining contaminants or impurities. This is usually done using a series of chemicals that help to break down and remove unwanted materials.
6. **Bleaching:** The pulp is then bleached to remove any remaining color and improve its brightness. This is usually done using a combination of chemicals such as hydrogen peroxide or sodium chlorite.
7. **Refining:** The pulp is then refined to improve its quality and consistency. This is typically done using a machine called a refiner, which grinds and compresses the pulp to remove any remaining impurities.
8. **Papermaking:** Finally, the refined pulp is fed into a papermaking machine, which presses and dries the pulp into sheets of paper. The sheets are then cut into the desired size and shape, and packaged for shipment.

## PAPERMAKING PROCESS



### Investment Costs and Sources of Finances:

The total investment required for the project is estimated around \$4 million. The funding will be a equity financing from shareholders.

### JOB CREATION:

The proposed paper manufacturing plant is expected to create over 220 direct jobs and an additional 400 indirect jobs in the supply chain and related industries. The plant will employ skilled and experienced personnel, including engineers, technicians, and production staff and local people to ensure smooth operations and adherence to quality standards. Additionally, indirect employment opportunities will be created in the supply chain, including transportation, raw material suppliers, and other support services.

### Investment Funds Expenditure Breakdown:

The funds raised from the equity will be utilized as follows (USD):

Land and construction:	\$800,000.00
Plant:	\$2,000,000.00
Vehicles:	\$250,000.00
Furniture & Fittings:	\$300,000.00
Pre-expenses:	\$100,000.00
Others:	\$200,000.00
Working capital:	\$ 350,000.00

### **SOURCES OF SUPPLY OF INPUTS:**

The primary inputs required for the paper manufacturing process include recycled cardboard and paper, wood pulp, chemicals, and energy. The recycled cardboard and paper will be sourced from local suppliers, with quality control measures in place to ensure compliance with international standards. The wood pulp will be sourced from local and international suppliers, while the chemicals will be procured from local suppliers. The energy requirements of the plant will be met through the installation of a captive power plant, utilizing renewable energy sources such as solar and biomass, and also the natural gas from local supplier.

### **MARKETING PLAN:**

The marketing plan for the paper manufacturing plant will focus on the following strategies:

**Target Market:** The plant will primarily target the local and regional markets in Tanzania and neighboring countries. The target customers will include printing and packaging companies, educational institutions and businesses.

**Product Differentiation:** The plant will differentiate itself by offering high-quality paper products that meet international standards, competitive pricing, reliable and efficient delivery, and excellent customer service.

**Advertising and Promotion:** The plant will implement a comprehensive advertising and promotional campaign that includes print media, radio, television, and social media.

The campaign will aim to create awareness of the brand and products, generate interest among potential customers, and drive sales.

Distribution Channels: The plant will establish efficient distribution channels to ensure timely delivery of products to customers. This will include establishing partnerships with local distributors and logistics providers to reach different regions in Tanzania and neighboring countries.

### **IMPLEMENTATION SCHEDULE:**

The implementation schedule for the paper manufacturing plant is estimated to be 15 months, as follows:

Pre-construction phase: 2 months. This will involve site selection, land acquisition, and obtaining necessary permits and approvals.

Design and engineering phase: 2 months. This phase will involve the design and engineering of the plant, including the layout, equipment and machinery selection, and other technical aspects.

Construction phase: 10 months. This phase will involve the construction of the plant and installation of equipment and machinery.

Testing and commissioning phase: 1 months. This phase will involve testing and commissioning of the plant and equipment to ensure proper functioning before the start of production.

### **FINANCIAL PROJECTION:**

The financial projections for the paper manufacturing plant are as follows:

<b>FORTUNE PAPER GROUP LIMITED</b>					
<b>FINANCIAL PROJECTION SUMMARY FROM 2023 TO 2027</b>					
<b>PROJECTED STATEMENT OF FINANCIAL POSITION FOR 5 YEARS FROM 2023 - 2027</b>					
<b>DETAILS</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
<b>CURRENCY</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
PPE	2,922,000	2,980,440	3,040,049	3,100,850	3,162,867
<b>TOTAL NON-CURRENT ASSET</b>	<b>2,922,000</b>	<b>2,980,440</b>	<b>3,040,049</b>	<b>3,100,850</b>	<b>3,162,867</b>
<b>CURRENT ASSET</b>					
Inventory	306,958,052	454,672,452	681,262,516	911,900,784	907,854,091
Working Capital	350,000	350,000	350,000	350,000	350,000
Cash and Cash Equivalent	1,950,000	1,951,950	1,953,902	1,955,856	1,957,812
<b>TOTAL CURRENT ASSET</b>	<b>309,258,052</b>	<b>456,974,402</b>	<b>683,566,418</b>	<b>914,206,640</b>	<b>910,161,903</b>
<b>TOTAL ASSETS</b>	<b>312,180,052</b>	<b>459,954,842</b>	<b>686,606,467</b>	<b>917,307,490</b>	<b>913,324,769</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share Capital	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Retained Earnings	960,302	2,581,478	4,349,134	6,273,042	8,363,582
<b>TOTAL EQUITY</b>	<b>4,960,302</b>	<b>6,581,478</b>	<b>8,349,134</b>	<b>10,273,042</b>	<b>12,363,582</b>
<b>LIABILITIES</b>					
Trade and Other Payables	307,219,750	453,373,364	678,257,333	907,034,447	900,961,187
<b>TOTAL LIABILITIES</b>	<b>307,219,750</b>	<b>453,373,364</b>	<b>678,257,333</b>	<b>907,034,447</b>	<b>900,961,187</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>312,180,052</b>	<b>459,954,842</b>	<b>686,606,467</b>	<b>917,307,490</b>	<b>913,324,769</b>

FORTUNE PAPER GROUP LIMITED						
FINANCIAL PROJECTION SUMMARY FROM 2023 TO 2027						
PROJECTED STATEMENT OF PROFIT/(LOSS) AND OTHER COMPREHENSIVE INCOME FOR 5 YEARS						
	2023	2024	2025	2026	2027	TOTAL
<b>DETAILS</b>						
<b>CURRENCY</b>	USD	USD	USD	USD	USD	USD
SALES	13,450,000	14,257,000	15,112,420	16,019,165	16,980,315	75,818,900
<b>TOTAL INFLOW</b>	<b>13,450,000</b>	<b>14,257,000</b>	<b>15,112,420</b>	<b>16,019,165</b>	<b>16,980,315</b>	<b>75,818,900</b>
						0
<b>COST OF SALES</b>						0
Opening Inventory	0	306,958,052	454,672,452	681,262,516	911,900,784	2,354,793,805
Add: Production Cost	318,240,000	159,120,000	238,680,000	243,453,600	248,322,672	1,207,816,272
Less: Closing Inventory	(306,958,052)	(454,672,452)	(681,262,516)	(911,900,784)	(1,146,639,204)	(3,501,433,009)
	11,281,948	11,405,600	12,089,936	12,815,332	13,584,252	61,177,068
<b>GROSS PROFIT</b>	<b>2,168,052</b>	<b>2,851,400</b>	<b>3,022,484</b>	<b>3,203,833</b>	<b>3,396,063</b>	<b>14,641,832</b>
<b>OPERATING EXPENSES</b>						
Administration Expenses	336,250	341,294	348,120	355,082	362,184	1,742,929
Sales and Distribution Expenses	403,500	411,570	419,801	428,197	436,761	2,099,830
Finance Cost	40,000	40,800	41,616	42,448	43,297	208,162
Depreciation Expense	428,000	436,560	445,291	454,197	463,281	2,227,329
-	0	0	0	0	0	0
<b>TOTAL OPERATING EXPENSES</b>	<b>1,207,750</b>	<b>1,230,224</b>	<b>1,254,828</b>	<b>1,279,925</b>	<b>1,305,523</b>	<b>6,278,250</b>
<b>PROFIT FOR THE YEAR</b>	<b>960,302</b>	<b>1,621,176</b>	<b>1,767,656</b>	<b>1,923,908</b>	<b>2,090,540</b>	<b>8,363,582</b>

FORTUNE PAPER GROUP LIMITED					
FINANCIAL PROJECTION SUMMARY FROM 2023 TO 2027					
<b>Cost of Sales Analysis</b>					
<b>Cost of Raw Material Produced</b>					
<b>Particular</b>	<b>Units (TONES)</b>	<b>Cost per Unit in USD per month</b>	<b>Total Cost of production in USD per month</b>	<b>Total Cost of production in USD Annually</b>	
PAPERS	60000	442.00	26,520,000	318,240,000	
<b>Total Cost of Raw material produced</b>		<b>442.00</b>	<b>26,520,000.00</b>	<b>318,240,000</b>	
<b>Labour Cost</b>					
<b>Particular</b>	<b>Rate per day per labour USD\$</b>	<b>Rate per month per labour in USD\$</b>	<b>No of Labours</b>	<b>Total Cost per month in USD\$</b>	<b>Total Cost Annually in USD\$</b>
Direct Labour	3.04	79.13	220	17,408.70	208,904.35
Indirect Labours	2.51	65.22	400	26,086.95	313,043.44
					<b>521,947.78</b>
<b>Closing stock</b>					
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Particular</b>	<b>Amount in USD\$</b>	<b>Amount in USD\$</b>	<b>Amount in USD\$</b>	<b>Amount in USD\$</b>	<b>Amount in USD\$</b>
Opening Stock	-	306,958,052.22	454,672,452.22	681,262,516.22	911,900,784.06
Add: Production Cost	318,240,000	159,120,000.00	238,680,000.00	243,453,600.00	248,322,672.00
Less: Cost of Sales	(11,281,948)	(11,405,600.00)	(12,089,936.00)	(12,815,332.16)	(13,584,252.09)
Closing Stock	306,958,052	454,672,452	681,262,516	911,900,784	1,146,639,204

FORTUNE PAPER GROUP LIMITED						
PPE MOVEMENT						
PROJECTED PPE NOTES TO THE FINANCIAL STATEMENT FOR YEAR 1 2023						
	<b>LAND</b>	<b>BUILDING</b>	<b>PLANT AND MACHINERY</b>	<b>FURNITURE &amp; FITTINGS</b>	<b>MOTOR VEHICLES</b>	<b>Total</b>
	<b>USD</b>		<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>TZS</b>
<b>Rate</b>	<b>1</b>	<b>5%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	
<b>Cost</b>						
At 1 January 2023	-	-	-	-	-	-
Additions	140,000.00	660,000.00	2,000,000.00	300,000.00	250,000.00	<b>3,350,000</b>
Disposals				-	-	-
At 31 December 2023	<b>140,000</b>	<b>660,000</b>	<b>2,000,000</b>	<b>300,000</b>	<b>250,000</b>	<b>3,350,000</b>
<b>Depreciation</b>						
At 1 January 2023	-	-	-	-	-	-
For the year	140,000	33,000	200,000	30,000	25,000	<b>428,000</b>
Disposals				-	-	-
At 31 December 2023	<b>140,000</b>	<b>33,000</b>	<b>200,000</b>	<b>30,000</b>	<b>25,000</b>	<b>428,000</b>
<b>Net book value</b>						
At 31 December 2023	-	<b>627,000</b>	<b>1,800,000</b>	<b>270,000</b>	<b>225,000</b>	<b>2,922,000</b>

These projections assume that the company will gradually increase production capacity and expand its customer base over the years. It also assumes that the cost of raw materials and operating expenses might have slightly variation.

It is important to note that these projections are only estimates and are subject to change based on market conditions, operating costs, and other factors.

#### **CAPACITY OF THE PROJECT:**

The proposed paper manufacturing plant will have a production capacity of 60000 tons per annul. This will be achieved through the installation of modern machinery and equipment, utilizing the latest technology in the paper manufacturing industry. The plant will operate 24 hours a day, seven days a week, ensuring efficient production processes and meeting the growing demand for paper products in Tanzania and the East African region.

#### **CONCLUSION:**

The proposed paper manufacturing plant in Dar es Salaam, Tanzania, presents a lucrative investment opportunity in an industry with high growth potential. With the right financing, resources, and management, the business has the potential to become a significant player in the local and regional paper market, providing high-quality paper products and creating employment opportunities. The business plan outlined above provides a comprehensive framework for the establishment of the paper manufacturing plant, and with careful implementation, the business can achieve significant success in the years to come.