

# BUSINESS PLAN

FOR MANUFACTURING OF TEXTILE PRODUCT

EXTRA POWER  
NECESSITIES  
COMPANY LIMITED  
P.O.Box 25630  
PWANI.

## 1.1 Executive summary

**EXTRA POWER NECESSITIES COMPANY LIMITED** is a private limited liability company. The company is embarking on industrial development for manufacturing of textile product.

This business plan details what the company is doing and what it intends to do in next five years.

## 1.2

### **Vision**

Our vision is to become a leading global player in sustainable in manufacturing of textile product, with a strong foothold in Tanzania and a significant presence in international markets. We aim to set new standards in the industry for environmental responsibility and innovation, contributing to a greener future. By harnessing Tanzania's potential and embracing sustainability, we envision creating a model that inspires and leads the way in eco-friendly practices, benefiting communities, economies, and the planet.

### **Mission**

Our commitment is to be the preferred providers of high quality products at competitive prices

### **Our Values**

**Excellence** - we act professionally and have gathered and employed all required technical expertise in the manufacturing business.

**Integrity** - We have built trust and respect to our customers in a way that we enhance transparency and reliability.

**Accountability** - we take all precaution regarding the security and safety of our client and their properties. We have high commitment and ownership of all processes and outcomes of our business. We make informed decisions, and in some instances employ experts in areas of weaknesses.

**Quality** - we strive to provide high quality products and effective service to our customer

**Team work** - we work together as a team to build our brand and fulfilling our duties and responsibilities for the growth of the company.

The company is owned by two shareholders, namely: -

<b>Name</b>	<b>% of Shares</b>	<b>Nationality</b>
HUANG YAJUN	50%	China
HUANG JIANJUN	50%	China

### **1.3 LOCATION.**

The new project is located at **Region Pwani, District  
Mkuranga, Ward Vikindu ,postal code 61506 , kitemvule near  
kitemvule bus stand, Vibura**

## **1.4 AUDITED REPORTS**

**EXTRA POWER NECESSITIES COMPANY LIMITED** will maintain good financial reports which will be audited by reputable auditor firm

## **2.0 BASIS OF THE BUSINESS PLAN**

A study based on rapid appraisal surveys was conducted prior to, and as the basis of preparation of this plan, the surveys were based on the following objectives and approach:

### **2.1 Study Objectives:**

- a) To analyze the relevant market and other factors impacting upon the supply and demand of textile materials in all sizes required. To examine the physical and operational characteristics of the existing market in order to determine the positioning of the proposed company's business in the market place.
- b) To conceptualize the proposed company's production and business operations, assess their economic viability, commercial profitability, social feasibility and provide a vision as to how the planned objectives should be realized.
- c) To provide supporting documentation required for manufacturing of textile product materials at Mkuranga and also in accessing credit facilities required in the financing of the investment capital.

## **2.2 Study Approach:**

- a) Participatory: Semi- structured interview and discussion were held with the Company's Directors, stakeholders in packaging works and related businesses
- b) Physical visits to the company's main business premises
- c) A brief market survey on textile industries in Tanzania, Characteristics of demand and the general market structure of building material products, competition among suppliers and producers in the market.
- d) Conduction of profitability/viability test of the investment, using the appropriate financial projections for the initial period of five years proposed for the business operations.

## **3.0 THE PROJECT**

### **3.1 Project Concept**

The project involves establishing a new MANUFACTURING OF TEXTILE PRODUCT MATERIALS industry; this will include construction of and installations of modern machines, purchasing vehicles, new generator etc.

The planned production capacity is 5000 metric tons per year.

Project planned business project will entail the following main activities:

- a) Manufacturing of Textile product.
- b) Sell all the product produced in the factory to customer.
- c) Provide employment opportunity.
- d) Buy car and other machines for the project.

## **3.2 Project Objectives**

### **3.2.1 Development Objectives:**

**EXTRA POWER NECESSITIES COMPANY LIMITED** aims at playing a significant role in the participation of the company in the efforts to maximize exploitation of the largely existing business potential in manufacturing industry particularly in textiles.

### **3.2.2 Immediate Objectives:**

- a) To build and operate a textile machine and installed production capacity of 5000 metric tons per year.
- b) Design, production and distribution of textiles.
- c) Create an industry that respect human rights, has fair working conditions and has social responsibility.
- d) Increase operational efficiency by reducing costs and waste.
- e) Creating employment opportunities to skilled and semi-skilled Tanzanians in industrial operations, including their supplies and distribution in the company's business.

## **4.0 Overview of the Manufacturing Sector and Textile industry in Tanzania**

### **4.1 The economy**

Tanzania is one of the fastest growing economies in Africa, thanks to the sustained economic reforms which are being undertaken since the late 1980's.

The country's economy has been constantly growing since mid-1990 by average of 5.9%, and now growing at average of 7% which make Tanzania economy to be among the fastest growing economy in Africa and world at large. The overall vision is to transform the sector of the economy from the present level of per capita GDP of about US\$867 to medium developed country with an average per capital GDP of around US\$2,500 (National Development Vision 2025), the GDP from manufacturing 926,333TZSmillion.

### **4.2 Manufacturing Industry**

Tanzania manufacturing sector contributes 5.6% to the countryGDP in 2014 with \$2.69bn compared to \$1.47bn in 2009, representing an increase of 82%.

Tanzania's manufactured goods imports tripled over the past 5 years increasing from US\$497.7m in 2010 to US\$1.4billion in 2015 accounting for 25% of Tanzania's total exports value-

#### **4.2.1 Textile industry**

Since Tanzania's independence, when the government owned the bulk of the textile industry and other significant economic sectors, textile and fashion have played an important role in the country. There is little knowledge of the textile and apparel industry's potential to reduce poverty in Tanzania. This chapter provides an overview of many facets of the textile industry sector and its role in improving people's quality of life and contributing to the nation's GDP, in line with the significance of textiles and their extensive supply chain. However, it is important to recognize that higher education institutions play a crucial role in providing students with the knowledge, abilities, and skills they need to address the various issues facing our society. This chapter also looked at Tanzania's higher education institutions concentrating on textile and fashion, presenting an overview of them here. The prospects and difficulties in Tanzania's textile and apparel industries are also discussed. This study was developed from a qualitative point of view and is descriptive. Journals, websites, reports, emails, phone conversations, and talking application tools were used to gather information. Numerous attempts have been made to revitalize and promote the industry as a whole, according to the results in this chapter, but there are still significant obstacles that must be overcome throughout the entire supply chain. Even though the private sector and people are all working hard to seize chances to generate money and reduce poverty in society, support from government institutions and benevolent legislation are essential.

Tanzania's textile and garment sub-sector has great potential, with a significant and growing domestic market, substantial trade and infrastructure connections, and an abundant supply of cotton and labour. Tanzania has the ability to supply inputs of cotton, yarn and fabrics for each stage of the added value chain. The textile industry is the industry responsible for converting raw material into a finished product, and it includes textile developing, producing, manufacturing, and distributing. There are two major categories of fabric in the industry: natural are those that occur naturally and come from plants and animals.

**EXTRA POWER NECESSITIES COMPANY LIMITED** is poised to exploit to the maximum, the anticipated development in this Sector for its own enhanced growth.

## **5.0 BUSINESS ENVIRONMENT ANALYSIS;**

### **5.1 Internal Approach;**

#### **5.1.1 Management:**

**EXTRA POWER NECESSITIES COMPANY LIMITED** as a corporate entity is managed under the Board of Directors. Day to day management of its conducted under the company's Managing Director who will be assisted by directors, Managers, senior officers etc.

The Managing Director will be closely assisted by well qualified professionals in the Cleaning materials industry, industrial management and operations. The company managers, heads of departments and operational staff for the production machines will be recruited for their competence, experience and good track record in their respective fields and in previous employments.

## **5.2 External Environment:**

### **5.2.1 The market:**

**EXTRA POWER NECESSITIES COMPANY LIMITED marketing** policy aim at two objectives:

- further penetration/ entrenchment into the market's main Segments to increase and retain a larger market share
- Early investment cost recovery to enhance economic viability Of the company's business and expedite its growth.

The policy will be hinged on continual conduction of market surveys as a way of establishing current market situations and also as the means of enabling the company to develop marketing strategies which will facilitate achievement of set out sales goals, on monthly and annual basis. Surveys will enable the company to identify the potential market for its products and plan strategies for its penetration.

#### **5.2.1.1 Market Potential:**

As explained in the topic above, the demand for textile materials is on the rise, while the consumer goods manufacturing sector is one of the fastest growing sectors in the country, with new consumer goods industries and products every day, the sixth phase Government initiative of industrialization, construction of economic infrastructure such as standard gauge, improvement of ports, fly over, etc .

#### **5.2.1.2 Competition:**

**EXTRA POWER NECESSITIES COMPANY LIMITED** is expecting to face competition from existing textile industries which controls a sizeable market share of paper products in Tanzania, the company plan to increase market share by investing in a new and bigger cleaning materials manufacturing machines with production capacity of 5000 metric tons per year

### **6.0 PROJECT OPERATING COSTS**

In order to realize its intended objective, the project operating costs will vary based on total revenue.

## **7.0 REVENUE ASSUMPTIONS**

- For the purpose of this project all revenue will come from materials produced at the factory
- The annual revenue to grow by different percentages depending on market demand annually
- Revenue projections are based on experiences gained by the firm for being in the market for five years now.

## 8.0 CONCLUSION AND RECOMMENDATION

### 8.1 Conclusion

The project is viable and profitable throughout the project period, after the foregoing economic and financial evaluation of the project; we strongly recommend that **EXTRA POWER NECESSITIES COMPANY LIMITED** Board of Directors approval and accept the business proposal. The new project deserves this support because of its viability, since it is technical feasible, economically viable and socially acceptable feasible, economically viable and socially acceptable.

The project is very profitable and viable venture. Its capable of generating sufficient fund to meets its maturity obligation and it aligned with ruling part manifesto of making our country and industrial country

**EXTRA POWER NECESSITIES COMPANY LIMITED**

<b>PARTICULAR</b>	<b>US\$</b>
Land and Buildings	250,000.00
Machinery & Equipment	200,000.00
Motor Vehicles	20,000.00
Furniture & Fixtures	10,000.00
Pre exp	10,000.00
Others	10,000.00
Working Capital	500,000.00
<b>TOTAL</b>	<b>1,000,000.00</b>

# PROJECTIONS

EXTRA POWER NECESSITIES COMPANY LIMITED  
 FINANCIAL PROJECTION SUMMARY FROM 2024 TO 2028  
 PROJECTED STATEMENT OF FINANCIAL POSITION FOR 5 YEARS FROM 2024 - 2028

DETAILS	2024	2025	2026	2027	2028
<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	455,000	462,000	471,240	480,665	500,064
<b>TOTAL NON-CURRENT ASSET</b>	<b>455,000</b>	<b>462,000</b>	<b>471,240</b>	<b>480,665</b>	<b>500,064</b>
<b>CURRENT ASSET</b>					
Inventory	9,034,308	9,125,290	9,308,701	9,409,802	9,597,998
Trade Receivables	400,300	417,950	490,194	539,214	566,174
Working Capital	500,000	500,000	500,000	500,000	500,000
Cash and Cash Equivalent	215,600	215,916	215,232	216,548	216,864
<b>TOTAL CURRENT ASSET</b>	<b>10,150,208</b>	<b>10,259,156</b>	<b>10,514,127</b>	<b>10,470,564</b>	<b>10,881,036</b>
<b>TOTAL ASSETS</b>	<b>10,605,200</b>	<b>10,721,156</b>	<b>10,985,367</b>	<b>10,951,229</b>	<b>11,381,100</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share Capital	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Retained Earnings	1,099,133	1,220,300	915,226	1,335,500	1,050,800
<b>TOTAL EQUITY</b>	<b>4,099,133</b>	<b>4,220,300</b>	<b>3,915,226</b>	<b>4,335,500</b>	<b>4,050,800</b>
<b>LIABILITIES</b>					
Trade Payables	3,890,180	2,783,126	2,727,263	2,672,500	2,750,770
Other Payables	2,615,887	3,717,730	4,342,878	3,943,229	4,579,530
<b>TOTAL LIABILITIES</b>	<b>6,506,067</b>	<b>6,500,856</b>	<b>7,070,141</b>	<b>6,615,729</b>	<b>7,881,724</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,605,200</b>	<b>10,721,156</b>	<b>10,985,367</b>	<b>10,951,229</b>	<b>11,381,100</b>

**EXTRA POWER NECESSITIES COMPANY LIMITED**  
**FINANCIAL PROJECTION SUMMARY FROM 2024 TO 2028**  
**PROJECTED STATEMENT OF PROFIT/(LOSS) AND OTHER COMPREHENSIVE INCOME FOR 5 YEARS**

DETAILS	2024	2025	2026	2027	2028
CURRENCY	USD	USD	USD	USD	USD
SALES	12,965,650	15,339,811	16,973,792	17,872,481	18,061,206
<b>TOTAL INFLOW</b>	<b>12,965,650</b>	<b>15,339,811</b>	<b>16,973,792</b>	<b>17,872,481</b>	<b>18,061,206</b>
<b>COST OF SALES</b>					
Opening Inventory	0	8,044,408	8,225,296	8,409,802	8,597,998
Add: Production Cost	14,860,720	10,172,504	10,749,054	10,630,073	10,703,080
Less: Clsoing Inventory	(8,044,408)	(8,225,296)	(8,409,802)	(8,597,998)	(8,689,958)
	<b>6,816,312</b>	<b>9,991,616</b>	<b>10,564,528</b>	<b>10,441,877</b>	<b>10,611,120</b>
<b>GROSS PROFIT</b>	<b>6,019,338</b>	<b>5,348,195</b>	<b>6,409,264</b>	<b>7,430,604</b>	<b>7,450,086</b>
<b>OPERATING EXPENSES</b>					
Adminstration Expenses	1,793,130	1,737,267	1,792,013	2,736,172	2,681,449
Sales and Distribution Expenses	1,296,565	1,537,981	2,596,069	2,720,872	1,806,121
Finance Cost	41,510	42,360	43,227	44,112	45,014
Depreciation Expense	17,000	17,360	17,727	18,102	18,484
-	0	0	0	0	0
<b>TOTAL OPERATING EXPENSES</b>	<b>3,148,205</b>	<b>3,330,968</b>	<b>4,449,036</b>	<b>5,518,455</b>	<b>4,551,068</b>
-					
<b>PROFIT FOR THE YEAR</b>	<b>3,001,133</b>	<b>2,017,227</b>	<b>1,960,228</b>	<b>1,912,149</b>	<b>2,899,018</b>

**EXTRA POWER NECESSITIES COMPANY LIMITED  
FINANCIAL PROJECTION SUMMARY FROM 2024 TO 2028**

<b>Cost of Sales Analysis</b>				
<b>Cost of Raw Material Produced</b>				
<b>Particular</b>	<b>Units (TONES)/MONTH</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>
MATERIAL	500	2050	1,025,000	12,300,000
<b>Total Cost of Raw material produced</b>		<b>2050</b>	<b>1,025,000.00</b>	<b>12,300,000</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>
Foreign employees	355.06	10,651.8	10	106,518	1,278,216
Direct and Indirect Labours	125.22	3,756.6	200	751,320	9,015,840
					<b>10,294,056</b>

**Closing stock**

	<b>Year 1</b>
<b>Particular</b>	<b>Amount in USD\$</b>
Opening Stock	-
Add: Production Cost	14,760,000
Less: Cost of Sales	22,594,056
Closing Stock	8,044,408