

# **SSR POLYPLAST PRIVATE LIMITED**

## **BUSINESS PLAN FOR ESTABLISH AND OPERATE MANUFACTURING FACILITIES FOR PET BOTTLES, PET CHIPS AND POLYPROLINE**

Presented by:  
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## **EXECUTIVE SUMMARY**

### **1.1 Introduction**

SSR POLYPLAST PRIVATE LIMITED is privately owned companies incorporated for purposes of establish and operate manufacturing facilities for all types of polythene products. The project will manufacture high quality products, with the aim of meeting increasing demand of polythene (PET) products and allied products

The Company is registered under Certificate of Incorporation No. 155420715 dated 9<sup>th</sup> March 2021.

### **1.2 The Project**

The promoters of this project through SSR POLYPLAST PRIVATE LIMITED decided to invest on polythene (PET) products after taking into consideration of the following:

A: Self-assessment in order to understand their capabilities strengths, limitations and preferences of undertaking such a project.

B: Explored possible and suitable opportunities based on environment, current business scene, technology change and linkage related ideas.

C: Assessed the market potentiality available

D: Identified viable project location

E: Considers finances mobilization to suit the project requirement

G: Re assessed their managerial strengths and is in the process of pooling up human resources from local and foreign sources.

The project aims at manufacturing polythene (PET) products purposes which will be over a wide range of products, domestic and other uses. The project will therefore have a positive indirect impact on the environment as it will reduce waste from cooking oil.

The macro objectives of establishing the project is to support economic, social and administrative activities in the country .Also , to increase the competitiveness of Tanzania goods in the export markets and improve the manufacturing industry by offering competitive transport rates.

### **1.3 The Project Location**

The Project will be located at Vingunguti Industrial area, Dar es Salaam. The location is well served by all the necessary infrastructures and environmental requirements and hence well suited to the nature of the envisaged project.

#### 1.4 The Project Promoters

The Project is being promoted by SSR POLYPLAST PRIVATE LIMITED based in the Dar es Salaam. The shareholders to this project:

S/No	NAME OF SHAREHOLDER	NATIONALITY	SHAREHOLDING (%)
1	ROHIT MAHESHWARI	INDIAN	27.5
2	PRATEEK MAHESHWARI	INDIAN	27.5
3	RAKESH KUMAR SINGH	INDIAN	45

#### 1.5 The Market

Recent reforms taking place in economy indicate that there is a continuous increase in demand for polythene (PET) products in the local market and in the international market.. This has brought about a concern in the market. It is the idea of this project to focus on the external market especially the EA countries which are in high demand of polythene (PET) products products and semi-finished products. The Asia market is also growing as well as demand.

#### 1.6 Project Cost and Financing Plan

The total cost of the project is estimated as US Dollars 750,000

The following is the summary of the capital investment cost estimated.

PARTICULAR	AMOUNTS USD
Land and Buildings	138,000
Plant & Machines	320,000
Motor Vehicles	0
Furniture & Fixtures	0
Pre Expenses	192,000
Working Capital	100,000
<b>TOTAL</b>	<b>750,000</b>

#### 1.6 Financing

The project's cost will be fully financed by shareholder's equity contribution by Usd 750,000

#### 1.7 Financial Indicators

The following are some of the financial analysis highlights:

##### 1.7.1 Profitability

Profitability after tax over the years in US \$ is as follows:

1<sup>st</sup> Year 97,017.00

2<sup>nd</sup> Year 137,416.00

3<sup>rd</sup> Year 145,282.00

4<sup>th</sup> Year 155,266.00  
5<sup>th</sup> Year 165,024.00

### **1.7.2 Liquidity**

The projected net cash flow over the year shows a health position and demonstrates the ability of the company to meet financial commitments as they fall due. The drop in cash flow is due to the fact that the company will repay the Bank loan of 200,000

The Summary thereof in US \$ is as follows

1<sup>st</sup> Year 222,504.00  
2<sup>nd</sup> Year 245,654.00  
3<sup>rd</sup> Year 255,544.00  
4<sup>th</sup> Year 66,769.00  
5<sup>th</sup> Year 275,005.00

### **1.7.3 Payback period**

The Investment recoups itself in 5 years

## **1.8 Social and Economic Impact**

The proposed project will result into the following social and economic impacts:

- 1.8.1 Increased availability of quality products alongside competitive prices of these products will result in increased healthy competition among all trading and manufacturing companies
- 1.8.2 The proposed project of this sector will provide employment for about 30 people.
- 1.8.3 The Government and other agencies will benefit from various taxes, fees and commissions that will be paid to the Treasury

## **1.9 Conclusion and Recommendations**

The Executive Summary highlights indicate that the proposed project will be financially and economically viable. The project will generate significantly to the social and economic benefit by way of increasing the provision of polythene (PET) products. It is recommended that the project be accorded the required institutional and financial support to pave the way for its expeditious establishment and development.

## **2.0 THE PROJECT**

SSR POLYPLAST PRIVATE LIMITED have invested on polythene (PET) products after taking the following into consideration

- A. Self-assessment in order to understand their capabilities strengths, limitations and preferences of undertaking such a project
- B. Explored possible and suitable opportunities based on environment, current business scene, technology change and linkage related ideas.
- C. Assessed the market potentiality available
- D. Identified viable project location
- E. Considers finances mobilization to suit the project requirement
- F. Re assessed their managerial strengths and is in the process of pooling up human resources from local and foreign sources.

### **3.4 The Project time table**

The plant should be in fully operational with two production lines and a diversified product range by December of the year 2023

### **3.5 Sales revenue forecast and direct & indirect cost estimates**

#### **3.5.1 Sales Forecast**

First year operation is scheduled to begin May 2024 after completion of machinery installation and pre-production activities. The sales generation will be as of

#### **3.5.2 OPERATING COSTS**

Since the production will be done for the last quarter in the first operating year the cost will be less to begin with and will substantially rise to reflect normal production in the following years

### **3.6 Environmental Aspects**

Generally, Tanzania has environmental regulations governing the operation of garages and workshops. Nevertheless each operator takes basic precautions to ensure that during operations and in case of an accidental spillage or fire, damage to environment is limited to the minimum possible level. The company has taken into consideration environmental aspect in the factory and will put all necessary required facilities.

## **3.0 CAPITAL INVESTMENT AND FINANCING PLAN**

### **4.1 Investment Plan**

The total capital investment of the project is Usd 750,000. The promoters will contribute Usd 0.75 million and Usd 0.2 million will be financed by loan. The capital investment breakdown is as indicated below:

<b>PARTICULAR</b>	<b>AMOUNTS USD</b>
Land and Buildings	138,000
Plant & Machines	320,000
Motor Vehicles	0
Furniture & Fixtures	0
Pre Expenses	192,000
Working Capital	100,000
<b>TOTAL</b>	<b>750,000</b>

## 4.2 **Financing Plan**

It is estimated that a total of US\$ 750,000 will required price to the first year of the project to acquire the various assets as shown in the Table above

The bulk of the capital cost will be raised by the company itself through equity contribution. The other major source of funding will be internally generated revenue from operations which will be ploughed back.

Taking into account acceptable financial rations will be financed through the following sources of finance:

Financing Source	USD
Equity	750,000
Total	750,000

Interest rates for the loan are assumed to be at 8% with a grace period of 5 years and will be paid back in the fifth year of operation.

## 4.0 **MARKET AND MARKETING ASPECTS**

### 4.1 **General Overview**

There is a wide market for polythene (PET) products in Tanzania. Likewise, there is external market and the demand is increasing .Hence, it can be expected that the sponsors would not face marketing and operational problems in managing the proposed project

The existing market is supplied by importation of the products from overseas .Based on the nature of the products and its users; the company's product has a good market in Tanzania.

The ports of Dar es Salaam have undergone major rehabilitation, modernization and expansion so as not only to be able to complete with South Africa ports in handling of the cargo and this will substantially enhance cargo handling in all phases of the project. The port would also provide the proposed freight haulage project necessary condition for its soft establishment and expansion of its future operations.

SSR POLYPLAST PRIVATE LIMITED will endeavor to achieve the projected sales for both domestic and transits business in the neighboring eastern Africa countries and Asia

### 4.2 **Key Success Factors**

Following are Key Success Factors of the manufacturing industry:

- Financial Resources
- Working Capital

- Use of Technology
- Proper logistics to meet demand

The importance of having huge funds to finance the use of latest technology which will yield a quality product which is important in project success operation. Further with a quality product there must be proper delivery of the product to the customers to meet their demand. All this depends on financial resources which the owner has to achieve desired result.

#### **4.3 Long Term Relationships**

Established transport firms enjoy the advantage of long- term relationships with corporate clients. Such corporate firms include among others, armies, huge mining companies using thermal power, etc, clearing and forwarding companies, just to mention a few. Again the proposed project would use its Synergy of its relation with parent companies in securing huge cargo.

However, it should be clearly understood that as time changes some industry forces have tended to re- modify these key success factors, Hence, generally it is the ability of a transport company to design and implement its business strategies that may suit building of a company's success in this sector.

### **5.0 MANAGEMENT AND ORGANIZATION STRUCTURE**

#### **5.1 Management**

The Company policy is to have adequate manpower to manage its operations efficiently. SSR POLYPLAST PRIVATE LIMITED believes in keeping on board only the very essential manpower strength, to develop them into highly motivated and sincere company team for the best and efficient operations of the company.

The company will have a team of qualified and experienced functional managers in the areas of Operations/Marketing, Workshop Operations and Finance & Administration. Other senior and middle level staff will be available for the startup and subsequent operations of the company. The personnel will be qualified, well-seasoned and most possessing considerable industrial experience.

#### **5.2 Management Policy**

The day to day operations will be managed by the General Manager, to be assisted by the Operations Manager who will be the overall in charge of the fleet, a Sales & Marketing Manager whose major responsibility will be marketing and a Finance & Administrative Manager who will manage finance and administrative issues. The Company's fleet pool will therefore be professionally managed.

#### **5.3 Organization Structure**

Once the company has well established the market its organizational structure will have to change sp as to give it a corporate structure of freight Haulage Company. Therefore, the shareholders will have to embark on a meticulous manpower planning and recruitment, which will be preceded by a manpower consultant's report.

It is proposed that the company's operations then be headed by the General Manager under whom there will be functional managers, that is : Personnel & Administration Manager, Sales & Marketing Manager, Finance & Administration manager, and Production manager.

The Marketing Manager will be responsible for both the countrywide and regional wide sales and marketing for the service .The job responsibilities will include market planning and development, sales promotion and sales co- ordination.

#### 5.4 Manpower requirement and emoluments

NO	EMPLOYEE DESIGNATION	NO	SALARY PER MONTH	SUBTOTAL MONTHLY SALARY	ANNUAL GROSS SALARY
1	Managing Director	1	900	900	10,800
2	Management	1	600	600	7,200
3	Transport Manager	0	2500	0	0
4	Accounts Assistants	1	300	300	3,600
5	Supervisor	1	200	200	2,400
6	Drivers	1	150	150	1,800
7	Assistant Drivers	0	400	0	0
8	Mechanics	1	300	300	3,600
9	Secretary	0	300	0	0
10	Casual labors	24	50	1200	14,400
	<b>TOTAL USD \$</b>	<b>30</b>	<b>5700</b>	<b>3650</b>	<b>43,800</b>

## **6.0 FINANCIAL ANALYSIS**

### **6.1 Financial Viability**

The analysis of the proposed SSR POLYPLAST PRIVATE LIMITED transport project shows that the project can generate a fairly good profit and that it generates sufficient cash to meet its financial obligations

### **6.2 Fundamental Assumptions:**

The preparation of the financial projections took into account the following main assumptions:

7.2.1 The operation period under which the viability of the project is being evaluated is 5 years

7.2.2 The capital of the proposed project is US\$ 600,000

7.2.3 All the calculations throughout the economic lifetime of the project are constant with March 2023 being the base date.

7.2.4 The projected operational costs are shown

7.2.5 Capital Expenditure has been assumed to be incurred for a period of 1 year

7.2.6 The financial plan is for the shareholders to finance the project from own sources by ploughing back profits

### **6.3 Working Capital Requirements**

Ideally, working capital requirements are directed by the volume and business tempo

### **6.4 Projected Profitability**

The projected profit and loss account is shown in the *Financial Analysis Schedule*. On the basis of the operating assumptions and cost the proposed investment is expected to be profitable throughout the project period of five years. The after tax profits (US\$) are as follows:

1 <sup>st</sup> Year	97,017
2 <sup>nd</sup> Year	137,416
3 <sup>rd</sup> Year	145,282
4 <sup>th</sup> Year	155,266
5 <sup>th</sup> Year	185,024

## 6.5 Cash Flow Projection

The liquidity performance of the project is shown in the Financial Analysis Schedules. The projections take into account the assumed sources and applications of funds over the planned period and show the ability of the project to meet financial obligations and capital expenditure requirements.

**Cash flow on the 5 the year will be used to pay back the loan** and this reflects the small balance at the end of the year but the activities will be performed as usual

## 6.6 Financial Review

The financial review of the proposed SSR POLYPLAST PRIVATE LIMITED shows that:

7.6.1 The project is profitable

7.6.2 The liquidity position is sound and that is should be able to meet its financial commitments without any undue difficulty.

7.6.3 The operations are financially viable

7.6.4 The key ratios are acceptable with Internal Rate of Return (IRR) of 20%, Net Present Value of US\$ 199,476 and a Payback Period of 5 years.

## 6.7 Development Aspects

The following are the major economic and social benefits, which will be generated by the proposed project.

6.7.1 Revenue to the government Treasury and other organs in the form of taxes, fees and levies.

6.7.2 Increase in employment opportunities

6.7.3 Savings/earnings of foreign exchange because of the project's active engagement in the transit trade

6.7.4 Facilitate in increased improvement and availability of the freight Haulage services especially in the transportation of raw materials, crops, building, materials and finished products to and from markets.

With the liberalization of the economy in fully swing the resultant industrial growth is expected to push up the demand for the transportation of industrial and consumer goods services considerably.

## **7.0 CONCLUSION AND RECOMMENDATIONS**

The foregoing discussion highlights on the social, economic and financial dimensions which the envisaged project is set to generate in this country. The brief financial analysis indicates that the project will be financially viable. Therefore, it is strongly recommended that the sponsors, SSR POLYPLAST PRIVATE LIMITED be availed with the required institutional assistance so as to enable them establish the propose project.

## **FINANCIAL PROJECTIONS**

### COST STRUCTURE

PARTICULAR	AMOUNTS USD
Land and Buildings	138,000
Plant & Machines	320,000
Motor Vehicles	0
Furniture & Fixtures	0
Pre Expenses	192,000
Working Capital	100,000
<b>TOTAL</b>	<b>750,000</b>

### OTHER OPERATING COST

Other Operations Cost	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Motor Vehicle running expens	12,000	12,400	12,800	13,200	13,600
Salaries and Wages	40,000	44,000	48,400	53,240	58,564
Administrative Overhead Costs	16,000	17,600	19,360	21,296	23,426
Utility Costs	21,000	23,100	25,410	27,951	30,746
Interest on Loan	0	0	0	0	0
Communication Exepnses	11,000	12,100	13,310	14,641	16,105
<b>Total Costs</b>	<b>100,000</b>	<b>109,200</b>	<b>119,280</b>	<b>130,328</b>	<b>142,441</b>

### FIXED ASSETS SCHEDULE

NAME OF ASSETS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings	138,000	131,100	124,200	117,300	110,400
Plant & Machines	320,000	256,000	192,000	128,000	64,000
Motor Vehicle	0	0	-5,000	-10,000	-15,000
Furniture & Fixtures	0	0	0	0	0
<b>Total</b>	<b>458,000</b>	<b>387,100</b>	<b>311,200</b>	<b>235,300</b>	<b>159,400</b>
Depreciation	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings	6,900	6,900	6,900	6,900	6,900
Plant & Machines	64,000	64,000	64,000	64,000	64,000
Motor Vehicles	0	5,000	5,000	5,000	5,000
Furniture & Fixtures	0	0	0	0	0
<b>ANNUAL DEPRECIATION</b>	<b>70,900</b>	<b>75,900</b>	<b>75,900</b>	<b>75,900</b>	<b>75,900</b>
<b>CLOSING FIXED ASSETS</b>	<b>387,100</b>	<b>311,200</b>	<b>235,300</b>	<b>159,400</b>	<b>83,500</b>

PROJECTED BALANCE SHEET						
		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Fixed Assets		458,000	387,100	311,200	235,300	159,400
Long term Assets						
Depreciation		70,900	75,900	75,900	75,900	75,900
<b>Total long term assets</b>		<b>387,100</b>	<b>311,200</b>	<b>235,300</b>	<b>159,400</b>	<b>83,500</b>
Current Assets						
Cash		406,100	684,700	979,050	1,292,735	1,625,723
Account Receivable		105,000	110,250	216,535	421,763	527,628
Inventory		214,710	376,383	438,469	402,292	467,493
<b>Total Current Assets</b>		<b>292,000</b>	<b>292,000</b>	<b>292,000</b>	<b>292,000</b>	<b>292,000</b>
<b>Total Assets</b>		<b>679,100</b>	<b>603,200</b>	<b>527,300</b>	<b>451,400</b>	<b>375,500</b>
<b>Current Liabilities</b>						
Accounts Payable		84,000	88,200	92,610	97,241	102,103
Other Current Liablit		70,000	73,500	77,175	81,034	85,085
<b>Subtotal Current Liabi</b>		<b>154,000</b>	<b>1,616,700</b>	<b>169,785</b>	<b>178,274</b>	<b>187,188</b>
<b>Long term Liabilities</b>						
Long term Liabilitie		1,820,000	1,820,000	1,820,000	1,820,000	1,820,000
<b>Total Liabiities</b>		<b>387,100</b>	<b>311,200</b>	<b>235,300</b>	<b>159,400</b>	<b>83,500</b>
<b>Net Assets</b>		<b>820,810</b>	<b>877,633</b>	<b>951,268</b>	<b>1,044,516</b>	<b>1,157,656</b>
<b>Captil and Reserves</b>						
Owners Contribution		780,000	780,000	780,000	780,000	780,000
<b>Retained Earning</b>		<b>40,810</b>	<b>97,633</b>	<b>171,268</b>	<b>264,516</b>	<b>377,656</b>
<b>Total Capital</b>		<b>679,100</b>	<b>603,200</b>	<b>527,300</b>	<b>451,400</b>	<b>375,500</b>

PROJECTED INCOME STATEMENT						
		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEARS 5
Sales Revenue		1,087,500	1,305,000	1,566,000	1,879,200	2,255,040
Cost of Sales		217,500	217,500	217,500	217,500	217,500
<b>Gross Profit</b>		<b>870,000</b>	<b>1,087,500</b>	<b>1,348,500</b>	<b>1,661,700</b>	<b>2,037,540</b>
<b>Operating Expenses</b>						
Administrative Overhead						
Costs		16,000	16,160	16,322	16,485	16,650
Motor Vehicle running		12,000	12,120	12,241	12,364	12,487
Salaries and Wages		40,000	40,400	40,804	41,212	41,624
Depreciation		70,900	71,609	72,325	73,048	73,779
Utility Costs		21,000	21,210	21,422	21,636	21,853
Insurance		18,750	18,938	19,127	19,318	19,511
Interest on Loan		0	0	0	0	0
<b>Total Expenses</b>		<b>150,650</b>	<b>152,157</b>	<b>153,678</b>	<b>155,215</b>	<b>156,767</b>
<b>Profit before Tax</b>		<b>719,350</b>	<b>935,344</b>	<b>1,194,822</b>	<b>1,506,485</b>	<b>1,880,773</b>
Tax (30%)		215,805	280,603	358,447	451,946	564,232
<b>Profit After Tax</b>		<b>503,545</b>	<b>654,740</b>	<b>836,375</b>	<b>1,054,540</b>	<b>1,316,541</b>