

HD PACKAGING COMPANY LIMITED

BUSINESS PLAN

**TO SUPPORT THE OPERATION MMANUFACTURING
PACKAGING MATERIAL**

OCTOBER, 2024

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PROJECT AT GLANCE

Name of the Organization	HD Packing Company Limited
Type of Business	Manufacturing
Business Ownership	Private Limited Company
Name of Directors	David Amos Mbeleweta Prosper Okoka Chengula Amos Ezekiel Mbeleweta
Physical & Post Address	HD Packing Company Limited Sinza, Ubungo District P.O.Box 77773 Dar es Salaam TANZANIA Phone +255762332849 E.Mail hdpackingcoltd@gmail.com
Number of Employees	5
Accounting Year	1 st January to 31 st December
Project to be Undertaken	Manufacturing of bags using non-woven fabric Material
Financing Distribution	
Total Project Cost	TZS 200,000,000
Internal Financing Amount	TZS 150,000,000
External Financing	To be determined

EXECUTIVE SUMMARY

This business plan has been prepared for HD PACKAGING COMPANY LIMITED with primary objective of examining the possibilities of engaging in manufacturing of packing material in order to increasing the owner's income during and after the manufacturing.

HD PACKAGING COMPANY LIMITED is a legally registered Company registered in Tanzania with the registration number 177651346 as a private company limited by shares. The main objective of the Company is to produce and sell the packing material In line with the Company's objective, the Company is determined to transform itself into a powerful socio-economic organization; realize its potential by engaging and becoming active in the manufacturing industry with social impact. In realizing this task ahead HD PACKAGING COMPANY LIMITED has identified itself as one of the businesses that has both profitable opportunities and social economic impact to Tanzanians.

Manufacturing of packing material in Tanzania has been steady since 2016 when the Government of Tanzania banned the production and usage of plastic bags since then there is an increasing demand of the alternative packing material. One of the famous packing materials in the country is that which is using the bags made using the non-woven fabric Material. The company sees it as an opportunity for it to increase income and to support the government in its move to protect environment.

In order to kick start the project, the recommendation is for HD PACKAGING COMPANY LIMITED has allocated TZS 50 million as a seed capital. This will be raised through its shareholders. In the later stage, the new strategic investors will be invited to inject the capital in the business

The project as per projections is financially viable, economically feasible, and will provide meaningful sources of revenue for the government and shareholders as a whole. This business plan is specifically written to give out the details of HD PACKAGING COMPANY LIMITED project's concept and its underlying requirements;

INTRODUCTION

Overview Of This Business Plan

This business plan is written for HD PACKAGING COMPANY LIMITED to examine the possibility of setting up a packing material factory, operating it and finally sell the end product to the society as part of the implementation of the organization`s overall vision. The objective is to examine the concept of production in the context of Tanzania environment and provide a detailed feasibility study to determine the viability of manufacturing and marketing of packing material made by the company. Research and market analysis have been conducted to assess the viability and applicability of this business and prosperous target markets for the products, the outcome of the research provided concrete evidence to operate this business. Furthermore, preliminary financial and investment projections demonstrate the Organization will generate substantial income from this business because of having reliable markets to sell the RCN through the Warehouse Receipt system.

Purpose of the Business Plan

The specific objectives of this business plan are:

Assess the viability of the project proposed,

Assess the general viability of the proposed project, the supply and demand situation in the market, and the amount of financing required for the entire project,

Discuss the technical, management, and operational options of the entity,

Review the technical, structural, set-up, management and operational aspects of the operation to verify if HD PACKAGING COMPANY LIMITED management team is capable of handling a project of this nature,

Prepare a detailed business plan, financial projections, and financing plan for the selected project.

Scope of Work and Report

This business plan has undertaken the following summarized specific tasks:

A thorough review of what will be the HD PACKAGING COMPANY LIMITED' business operations,

Consideration for the technical aspect of the project,

Organizational structure and management of HD PACKAGING COMPANY LIMITED

Economic, social, and financial analysis associated with the project.

Approach and Methodology

Assess the suitability of the key credit items such as: capital, size of the project and workforce required to support this nature of business,

Review the project's requirements, financing, and commitment to meet the obligations necessary for the successful project implementation,

Analyze the market in terms of key players and level competition,

Collect data related to prices of the final products of the project,

Using the information gathered above, develop the base financial assumptions detailing varieties selected, production, market prices, and the cost structure so as to establish the economic viability of the project.

BUSINESS BACKGROUND- HD PACKAGING COMPANY LIMITED

Name of the Business

HD PACKING COMPANY LIMITED is the official Organization name given to an organization registered as Private Company limited by shares in Tanzania with Certificate of registration number 177651346

Business Focus

HD PACKAGING COMPANY LIMITED business focus is to manufacturing and marketing of Packing material to the society and increasing income to the shareholders and in most cases to protect environment

Location of the Business

HD PACKAGING COMPANY LIMITED offices are located at Sinza, Ubungo district in a Dar es Salaam Region in the United Republic of Tanzania

Vision

To become a leading provider of services which are aimed at improving usage of non- woven fabric packing material in Ubungo District, Dar es Salaam, Tanzania

Mission

We are committed to serve our clients in all activities pertaining packages and at the same time protect environment

3.4 investment objectives

Overall Objective:

To contribute to environmental conservation and economic development by manufacturing and distributing eco-friendly reusable bags in Tanzania.

Specific Objectives:

Produce 10,000–30,000 reusable bags per month by 2027.

Produce 10,000–30,000 Reusable Bags per Month by 2027

This is the core production goal of the project, where the factory starts with a capacity of 10,000 bags per month in 2025 and scales up to 30,000 by 2027.

Activities to Achieve This:

Phased purchase of more machinery.

Hiring and training additional staff.

Improving supply chain for raw materials.

Streamlining production processes to reduce downtime and defects.

Impact:

This will increase availability of quality alternatives to plastic and reduce dependency on imports.

Create 100+ jobs for Tanzanian youth and women.

Create 100+ Jobs for Tanzanian Youth and Women

Explanation:

The project aims to address unemployment, particularly among young people and women, by creating direct and indirect job opportunities.

Types of Jobs:

Machine operators

Tailors and finishers

Quality control staff

Marketing and delivery agents

Administrative roles

Supportive Measures:

Vocational training and internships

Equal opportunity hiring policies

Partnerships with youth and women-focused NGOs

Replace at least 500,000 plastic bags in the market by 2026.

Replace at Least 500,000 Plastic Bags in the Market by 2026**Explanation:**

This objective estimates the **environmental impact** of replacing half a million plastic bags with sustainable options through sales, partnerships, and public campaigns.

Approach:

Bulk supply of bags to supermarkets and retailers.

Distribution through environmental NGOs and community projects.

Launching “Bag-for-Plastic” exchange campaigns in local markets.

Monitoring:

Track distribution numbers, client reports, and waste reduction impact in pilot areas like Dar es Salaam, Morogoro, and Arusha.

Raise community awareness on sustainable alternatives.

This objective focuses on educating the public about the dangers of plastic pollution and encouraging the use of reusable bags as a safer, environmentally friendly option.

Activities Under This Objective:

School Campaigns: Partnering with primary and secondary schools to teach students about waste management and the benefits of reusable bags.

Community Workshops: Conducting training in local wards (kata) and villages (vijiji) about alternatives to plastic.

Media Campaigns: Using local radio, TV, and social media to spread messages in Swahili about eco-friendly living.

Promotional Giveaways: Distributing free sample bags during campaigns to increase public adoption.

3.5 Organization's Goals

Short-term Goals

- To ensure that the project generate income to its shareholders
- To ensure that all the society is benefiting from the service offered by the company
- To find a desirable market of packing material
- To enhance the relationship between all the stake holders in this business

Medium Term Goals

- To develop new markets by providing service to wide range of customers.
- To research and develop the manufacturing of packing material

Long Term Goals

- To ensure that the manufacturing of packing material is improved
- To ensure that the quality of production is improved
- To expand this business in other areas
- To establish a brand of HD Packing Company Limited in a country

3.6 Organization Ownership and Members Contribution

HD PACKAGING COMPANY LIMITED has 3 Directors who are all Tanzanian. The initial authorized share capital of the Organization is fifty Million Tanzanian Shillings (TZS: 50 Million/=) divided into 1000 ordinary shares of TZS: 10,000/= each.

The table below shows the List of Directors of a Board of HD PACKAGING COMPANY LIMITED.

S/No	Name of a Member	Number of shares held by each shareholder	Position within the company
1.	David Amos Mbeleweta	500	DIRECTOR
2.	Peter Okoka Chengula	200	DIRECTOR
3.	Amos Ezekiel Mbeleweta	300	DIRECTOR

Profile of Promoter of the Business

Promoter of the organization is Mr David Amos Mbeleweta who is the long team entrepreneur, he manages business for long time, all loans taken by his organization he managed to repay without delaying.

organization SWOT analysis

The purpose of this analysis is to determine both internal and external the key factors surrounding HD PACKAGING COMPANY LIMITED and its ability to sustainable grow and generate reasonable return to its shareholders.

FRIMA SWOT analysis

<p>Strengths</p> <p>The organization is built on the strong and cohesive social and elite group of individuals.</p> <p>The group interconnections and networking provide almost a ready target market for the agricultural products.</p> <p>The diverse knowledge on the business management and experiences gained over many years of experience in various local organizations will be the most valuable asset which the Organization may optimize.</p> <p>Given the nature and size of HD PACKING COMPANY LIMITED, the ability to organize and raise reasonable capital is very possible and manageable.</p>	<p>Weaknesses</p> <p>New organization unknown to the public with no experience in Manufacturing Industry.</p> <p>Lack of the resources including capital and human resources to undertake the Manufacturing business.</p> <p>Other players like heavy industries are already in the business and will continue dominate in the market</p>
<p>Opportunities</p> <p>Government support on the environmental protection and industry through Industrial policy and allied economic policies including National</p>	<p>Threats</p> <p>Lack of capital to support start-ups hamper robust expansion of the business in the future.</p>

<p>development Vision 2025, and Poverty Reduction Strategy, National Strategy for Growth of Poverty.</p> <p>Existence of untapped gap between the production and demand of packing material of different sizes in the country.</p> <p>Willingness of the Government to support the expansion of private sector development in the country.</p>	<p>Lack of the modern manufacturing technology in Tanzanians may affect both growth and profitability of the Company</p> <p>Lack of human capital resources in Tanzania may hamper the envisaged expansion programs of the organization</p> <p>Possible regulatory policy change might create unnecessary stringent conditions including capital adequacy on the development and management of the Company.</p> <p>Present and future potential competitors including foreign investors with big capital.</p>
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3.7 Important Business Contacts

Registered Office

HD Packaging Company Limited Sinza Mapambano
Ubungo District P.O.Box 77773
Dar es Salaam

Auditors/Tax Consultant

PRIDE Business Consultancy ltd Post office Building
P.O.Box 77773
Dar es Salaam

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DESCRIPTION OF THE PROJECT

Overview of the development of packing material In Tanzania

In his speech during a budget session in the National Parliament of Tanzania the Prime Minister His Excellency Kassim Majaliwa announced that the last day to use plastic bags in Tanzania will be 31st May 2019 and from the 1st June no one will be allowed to produce, import, sell or use plastic bags. He called on the plastic producing industries in the country to diversify some other technology for carrying bags instead of plastics. He said he has directed the minister for environment and union from the Vice President's office to include the ban in the existing environment law and make it a legal ban.

WWF Tanzania was also impressed with the Tanzania government's decision to ban the use of plastic bags and carriers which will be a big boost in the bid to protect the environment and natural resources.

It is believed that Plastic is a number one polluter of environment and a silent killer of our natural environment and resources than most people understand. This is because it takes more than a hundred years for a single plastic bag to decay."

Tanzania joins about 13 countries in Africa that have either banned or introduced a levy on plastic bags to control and eventually stop its use. In East Africa Kenya introduced a complete ban on plastic last August while in Uganda In 2007, a ban of lightweight plastic bags was introduced and came into effect that year. However, the ban was never implemented.

Plastic which was introduced in Africa a generation ago has been reported to pollute both the seas and land at an alarming rate. According to Eco Watch Plastics affect all biological spectrum, including posing risks to human health and wildlife, the accumulation of these products has led to increasing amounts of environmental pollution around the world including Africa. About 90 percent of all trash floating on the ocean's surface is believed to be emanating from plastics.

According to the UN Environment Programme (UNEP), half of all plastic produced is designed to be used just once and then discarded, resulting in mass amounts of chemically-laden debris landing in oceans and littering landscapes.

In order to ensure packaging materials challenges addressed by Small and Medium Enterprises (SMEs) are taken on board; Small Industries Development Organization (SIDO) organized a stakeholder platform between packaging materials manufacturers and SMEs for the purpose of identifying needs, challenges and opportunities available at the packaging sector in Tanzania. The

platform was attended by more than 60 SMEs as well as 8 packaging materials manufacturers from Dar es Salaam and Coast regions.

Various trainings provided by Small Industries Development Organization (SIDO), have inspired many Tanzanians to establish small industries through utilization of local resources available in the country. This leads to production of various processed products including food, soaps, cosmetics, leather, clothing and others. Despite the fact that these products are manufactured based on quality and safety for the consumer, various studies conducted by scholars have found that, few processed products made by SMEs are available in foreign markets such as AGOA compared to that of other countries. One of the reasons cited is poor packaging and selection of packaging materials which leads our products not appealing to the markets. Being services providers to SMEs, SIDO decided to come up with a strategy to convene a platform that will bring together packaging materials manufacturers and SMEs for easy identification of challenges encountered on both sides and come up with effective solution to reduce or eliminate those challenges and ultimately make SMEs products being accessed at local and international markets. In the platform, SMEs mentioned challenges they are face including limited varieties of packaging materials that leads different processed products being packed in the same packaging materials and sometimes makes it difficult to differentiate from one another. Poor quality to some packaging materials produced locally makes some SMEs order packaging materials from outside the country and thus adding cost to the final products produced. Fewer number of manufacturers in packaging materials industries, especially glass materials is another challenge raised, where currently we have one packaging materials manufacturer and it mainly deals with beverages companies dealing with soft drinks, breweries and wine industries. Another challenge is limited capital to some SMEs that limit their opportunity to purchase the packaging materials in bulk and enjoy its benefit.

Manufacturers of packaging materials also shared their challenges including high cost of investment that limit majority to invest in this sector; insufficient fund to some SMEs to afford the price set as minimum order; high costs of operation on electricity, water, labor and so on. Other challenges are high cost of acquiring new molds and the capacity of SMEs to own as the way of differentiate their products from other competitors; high cost of purchasing performs materials; and many governments permits in the whole process of setup of packaging industries such as OSHA, NEMC, GCLA, FIRE, BRELA etc

Despite the challenges identified by SMEs, SIDO continues with its strategies to serve SMEs on the packaging industries including inviting packaging manufacturers to come and invest in SIDO industrial estate available in some regions; provide packing services to entrepreneurs by purchasing materials in bulk and distributing them through SIDO Regional Offices located in all the regions of Tanzania mainland; to create a list of packaging materials producers within the

country and kind of materials produced for SMEs through organizational website, SIDO newsletters, social media and so on. Other are training and advisory services in the areas of Branding, Packaging and Labeling that will make SMEs products differentiated and easy identified in international market; continue ensuring smooth accessible of packaging materials at district level via SIDO service ambassadors (role model) and individual suppliers.

SIDO believes that through this platform, SMEs and manufacturers of various packaging materials will be minimized if not completely solved the challenges raised. This will help expanding the scope of SMEs products access reliable markets locally and internationally and thus lead to economic growth and make Tanzania an industrial country.

[Business Need for the Financial Resource](#)

The project will be financed internally by contribution of capital made by the shareholders themselves

Implementation Schedule of the Project

Based on the scope and magnitude of this business, the following implementation schedule should be followed:

S/No	Activity	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB
1.	Hiring an Industrial Plot	■	■												
2.	Buying and installing Machinery		■			■			■		■				
3.	Hiring machine operators and supervisors			■	■										
4.	Buying a starting raw material					■	■	■		■		■			
5.	Testing a machinery							■			■				
6.	Start producing													■	■
7.	Marketing and selling													■	■

OPERATION AND MANAGEMENT PLANS

Operation Plan

The operation plan will involve the hiring of a plot and building from the landlords, buying and fixing the machinery, employment of casual laborers, buying the raw material and other equipment like cutting tools. Buying lubricants and other important tool for processing.

Marketing plan

A marketing plan is a comprehensive blueprint that outlines a company's overall strategy to reach its target audience, promote its products or services, and achieve its business goals. For a manufacturing industry like non-woven bags, an effective marketing plan is essential to position the brand in a competitive market, attract business clients, and respond to the growing global demand for eco-friendly packaging solutions.

This marketing plan focuses on identifying market opportunities, defining clear objectives, and implementing strategic actions to increase brand awareness, generate qualified leads, and drive sustainable growth. It also takes into account current environmental trends, government regulations banning plastic bags, and the rising consumer preference for reusable and biodegradable alternatives.

By leveraging both traditional and digital marketing channels, this plan aims to build strong customer relationships, enhance brand visibility, and establish the company as a trusted supplier of high-quality non-woven bags in both domestic and international markets.

1. Market Research & Targeting

Objectives:

- Understand market trends
- Identify customer segments
- Analyze competitors

Key Actions:

- Study **local and international plastic bans**
- Identify **industries that need packaging** (retail, grocery, fashion, pharma, etc.)
- Analyze competitors' pricing, quality, and branding
- Conduct surveys to understand **buyer preferences** (color, size, customization)

2. Unique Selling Proposition (USP)

Possible USPs:

- 100% biodegradable, reusable, recyclable
- Custom printing & design options
- Bulk discounts for large orders
- Fast delivery & low MOQ (minimum order quantity)
- Make sure to communicate this USP in all channels.

3. Branding & Positioning

- Create a **memorable brand name**, logo, and tagline (e.g., "*GreenPack – Carry the Future*")
- Emphasize **sustainability, durability, and cost-effectiveness**
- Use **eco-friendly packaging** for your own shipments

4. Digital Marketing Strategy

Website:

Create a professional website with:
Product catalog (sizes, colors, designs)
Pricing and quote request form
Custom order options
Case studies and testimonials
SEO-optimized product descriptions

SEO & Content Marketing:

Write blog articles: *“Why Non-Woven Bags Are the Future of Packaging”*
Target keywords: *eco-friendly bags wholesale, custom printed non-woven bags, etc.*

Social Media:

Focus on **LinkedIn** (for B2B) and **Instagram/Facebook** (for showcasing products)
Share:
Videos of the production process
Eco-awareness posts
Customer success stories
Promotions or new designs

Email Marketing:

Send newsletters to businesses: retail chains, grocery stores, events companies
Offer **introductory discounts** and product samples

5. Sales Strategy**B2B Sales:**

Identify key industries and approach:
Retailers, grocery chains
Corporate gifting companies
Event organizers
NGOs, government bodies
Offer:
Custom branding
Tiered pricing for volume
Long-term supply agreements
Attend **trade shows** and **exhibitions**

B2C Sales (if applicable):

Sell via e-commerce platforms (Amazon, Flipkart, Etsy)
Run **Google & Facebook Ads** targeting environmentally-conscious buyers

6. Offline Marketing

Distribute brochures in industrial areas and business parks
Offer **free samples** to local stores or events
Partner with eco-conscious NGOs for awareness campaigns

Get listed in **local business directories**

7. Strategic Partnerships

Partner with:

Retail chains (for private labeling)

Packaging companies (as a sustainable alternative)

Government/local municipalities (for promotional campaigns)

8. Customer Retention

Offer loyalty discounts to repeat buyers

Provide excellent after-sales service

Run referral programs for clients

9. Monitoring & KPIs

Track:

Website traffic and lead conversions

Sales volume and repeat customers

Customer acquisition cost (CAC)

Return on marketing investment (ROMI)

10. Budget Allocation

Allocation based on our target market:

30% Digital Marketing (SEO, website, ads)

25% Sales Team & Lead Generation

15% Trade Shows & Offline Promotion

10% Product Sampling & Promotional Materials

20% Branding & Packaging

Beneficiaries of this project

The most important benefit is that the company will generate income through the operation. Secondly the company will increase employment by offering working opportunities to the society

On top of that the company will encourage the use of alternative packing material instead of plastic bags. This will lead to the environmental protection

Quantities of a support to the society

The support will be determined by members of Directors from time to time during their Annual General Meeting.

5.8 Organization Structure

The organization operates under a structured and efficient hierarchy designed to support smooth workflow, accountability, and collaborative growth. At the helm is the Chief Executive Officer (CEO), who provides strategic direction and oversees the overall management of the company. Reporting directly to the CEO is the Operations Manager, responsible for coordinating daily activities across all departments to ensure seamless production and delivery. The Sales & Marketing Department focuses on market outreach, client engagement, and brand positioning to drive business growth and customer retention. The Finance and Administration Department manages the organization's financial planning, budgeting, and administrative functions, ensuring compliance and operational sustainability. Creative development is led by a team of Designers, who conceptualize and develop eco-friendly bag designs tailored to client needs and market trends. The production process is executed by skilled Machine Operators, who handle the technical aspects of manufacturing. To maintain high product standards, the Quality Control Unit ensures that all bags meet established specifications before reaching the market. Supporting all departments is a team of dedicated Support Staff, who provide essential services that keep the organization running smoothly.

The structure is briefly shown in the below table.

Position	Number of Staff
CEO	1
Operations Manager	1
Sales & Marketing	3
Finance/Admin	2
Designers	2
Machine Operators	10
Quality Control	2
Support Staff	5
Total	26

5.8 JOB CREATION

As part of our strategic vision, HD PACKAGING COMPANY LIMITED is committed to driving inclusive economic growth through meaningful job creation. The establishment of our non-woven manufacturing facility will play a significant role in generating employment opportunities, both directly and indirectly, across the value chain.

Direct Employment

In the initial phase of operations, we project the creation of over **200 direct jobs**. These roles will span across production, quality control, machine operation, packaging, logistics, maintenance, and administrative support. As production capacity increases, additional workforce requirements are expected, leading to further expansion in employment.

Our workforce development plan includes:

On-the-job training for semi-skilled and unskilled Labor

Technical upskilling programs for machine operators and quality inspectors

Opportunities for career advancement within the organization

Indirect Employment

In addition to direct jobs, our operations will contribute to **indirect employment** through supply chain and service linkages. These include:

Raw material suppliers and transportation partners

Equipment servicing and maintenance providers

Local vendors and business services

We are particularly focused on hiring from the local community and empowering underrepresented groups, including women and youth, through accessible employment and skill-building initiatives.

By fostering a safe, inclusive, and growth-oriented workplace, HD PACKAGING COMPANY LIMITED aims to be a catalyst for sustainable job creation and long-term economic impact in the region.

Summary of Administrative Expenses

Type of Advertisement	Budget Allocated
Rent 300,000 X 12	3,600,000
Electricity 120,000 x 12	2,400,000
Registration	2,700,000
Water	80,000
Salary	5,000,000
Consumables	80,000
Total Budget for 2024	13,860,000

FINANCIAL PROJECTION:

The financial projections for the first three years indicate a steady growth trajectory, driven by increased market penetration, production capacity, and brand recognition. In 2025, the project is expected to generate TZS 120,000,000 in revenue against TZS 110,000,000 in operating expenses, resulting in a net profit of TZS 10,000,000. As operations stabilize and customer demand grows, revenue is projected to more than double in 2026 to TZS 250,000,000, with expenses rising proportionately to TZS 200,000,000, yielding a net profit of TZS 50,000,000. By 2027, the company is expected to reach full operational efficiency, with projected revenues of TZS 400,000,000 and expenses of TZS 300,000,000, leading to a strong net profit of TZS 100,000,000. These forecasts demonstrate the project's profitability potential and its capacity to deliver sustainable returns within a short period of time.

5 YEAR PROJECTION TABLE

Year	Revenue	Expenses	Net Profit
2025	120,000,000	110,000,000	10,000,000
2026	250,000,000	200,000,000	50,000,000
2027	400,000,000	300,000,000	100,000,000
2028	560,000,000	420,000,000	140,000,000
2029	728,000,000	546,000,000	182,000,000

REVENUE & COST OF SALES

It is assumed that the company will sell 4,000 bags per day and the assumed days of the year is 365 days. The average price per bag will be TZS 70 per bag. It is assumed that the quantity and price will be increased by 10%

The material used is non-woven fabric which will be bought on average price of TZS 40 per unit and it is assumed a yield of 0.5% in this case the material required will be 3,800 per day. This will equally increase by 10% on every year

Financial Requirements

S/No	Particulars	Amount Needed	Percentage
1	Equity	50,000,000	100%
2	Loan	N/A	N/A
	Total Project Cost	50,000,000	100%

8.2 General Financial Assumptions

Sales are Vat exclusive	
Inventory turnover is 30 days	
There is an option of investing idle cash	
Taxes are paid in installments for PAYE and SDL	
The organization is not subjected to income tax	
Depreciation rates and method	
Rate Method	
- Land	
1% Straight line	
- Computer & office equipment	33%
Written down value	
- Furniture and fittings	25%
Written down value	

APPENDINCES

Table 9.1.1 Four Years Projected Income Statements

	2025	2026	2027	2028
REVENUE				
Sales of A 5 Bags	77,562,500.00	59,905,625.00	60,504,681.25	62,049,877.73
Sales of A 4 Bags	34,675,000.00	27,648,750.00	27,925,237.50	28,580,549.74
Sales of A 3 Bags	20,075,000.00	15,667,625.00	15,824,301.25	16,170,574.20
TOTAL	132,312,500.00	103,222,000.00	104,254,220.00	106,801,001.66
PRODUCTION COSTS				
Opening stock of Material				
A 5 Bags	-	600,000.00	612,060.00	624,362.41
A 4 Bags	-	3,440,000.00	3,509,144.00	3,579,677.79
A 3 Bags	-	1,720,000.00	1,754,572.00	1,789,838.90
TOTAL	-	5,760,000.00	5,875,776.00	5,993,879.10
Purchases of material				
A 5 Bags	36,800,000.00	37,539,680.00	38,294,227.57	39,063,941.54
A 4 Bags	16,000,000.00	16,321,600.00	16,649,664.16	16,984,322.41
A 3 Bags	8,000,000.00	8,160,800.00	8,324,832.08	8,492,161.20
TOTAL	60,800,000.00	62,022,080.00	63,268,723.81	64,540,425.16
Material available for processing	60,800,000.00	67,782,080.00	69,144,499.81	70,534,304.25
Closing stock of Material				
A 5 Bags	600,000.00	612,060.00	624,362.41	636,912.09
A 4 Bags	3,440,000.00	3,509,144.00	3,579,677.79	3,651,629.32
A 3 Bags	1,720,000.00	1,754,572.00	1,789,838.90	1,825,814.66
TOTAL	5,760,000.00	5,875,776.00	5,993,879.10	6,114,356.07
COST OF MATERIAL CONSUMED	55,040,000.00	61,906,304.00	63,150,620.71	64,419,948.19
Factory wages and salary	5,000,000.00	12,000,000.00	12,000,000.00	12,000,000.00
Electricity	1,200,000.00	1,260,000.00	1,323,000.00	1,389,150.00

Lubricants	500,000.00	500,000.00	525,000.00	551,250.00
Setup and machine repair and Maintenance	2,000,000.00	1,000,000.00	1,050,000.00	1,102,500.00
Factory overheads Costs	8,700,000.00	14,760,000.00	14,898,000.00	15,042,900.00
TOTAL PRODUCTION COSTS	63,740,000.00	76,666,304.00	78,048,620.71	79,462,848.19
COST OF SALES				
Opening stock of finished goods				
A 5 Bags	-	787,500.00	450,000.00	450,000.00
A 4 Bags	-	2,025,000.00	900,000.00	900,000.00
A 3 Bags	-	787,500.00	1,350,000.00	1,350,000.00
TOTAL	-	3,600,000.00	2,700,000.00	2,700,000.00
Production of finished goods				
A 5 Bags	41,850,000.00	4,500,000.00	4,500,000.00	4,500,000.00
A 4 Bags	18,450,000.00	4,500,000.00	4,500,000.00	4,500,000.00
A 3 Bags	9,000,000.00	11,250,000.00	11,250,000.00	11,250,000.00
TOTAL	69,300,000.00	20,250,000.00	20,250,000.00	20,250,000.00
Cost of Goods available for sale	69,300,000.00	23,850,000.00	22,950,000.00	22,950,000.00
Closing stock of finished goods				
A 5 Bags	787,500.00	450,000.00	450,000.00	450,000.00
A 4 Bags	2,025,000.00	900,000.00	900,000.00	900,000.00
A 3 Bags	787,500.00	1,350,000.00	1,350,000.00	1,350,000.00
TOTAL	3,600,000.00	2,700,000.00	2,700,000.00	2,700,000.00
COST OF SALES	65,700,000.00	21,150,000.00	20,250,000.00	20,250,000.00
Production and sales costs	129,440,000.00	97,816,304.00	98,298,620.71	99,712,848.19
Gross profit	2,872,500.00	5,405,696.00	5,955,599.29	7,088,153.47
Electricity Office	240,000.00	264,000.00	290,400.00	319,440.00

Rent	3,600,000.00	3,600,000.00	3,600,000.00	3,600,000.00
Depreciation	150,000.00	650,000.00	150,000.00	150,000.00
Office consumables	80,000.00	80,000.00	80,000.00	100,000.00
Registration and license	2,700,000.00	500,000.00	500,000.00	500,000.00
Water	80,000.00	88,000.00	96,800.00	106,480.00
TOTAL ADMINISTRATION COSTS	6,850,000.00	5,182,000.00	4,717,200.00	4,775,920.00
NET PROFIT BEFORE TAX	(3,977,500.00)	223,696.00	1,238,399.29	2,312,233.47
ACCUMULATED PROFIT	(3,977,500.00)	(3,753,804.00)	(2,515,404.71)	(203,171.24)

Table 9.1.2 Four Years Projected Balance Sheets

	2025	2026	2027	2028
ASSETS				
NON-CURRENT ASSETS				
PPE	550,000.00	400,000.00	250,000.00	100,000.00
TOTAL NON-CURRENT ASSETS	550,000.00	400,000.00	250,000.00	100,000.00
CURRENT ASSETS				
Inventory	9,360,000.00	8,575,776.00	8,693,879.10	8,814,356.07
Cash and cash equivalent	112,500.00	270,420.00	40,716.19	882,472.70
TOTAL CURRENT ASSETS	9,472,500.00	8,846,196.00	8,734,595.29	9,696,828.77
TOTAL ASSETS	10,022,500.00	9,246,196.00	8,984,595.29	9,796,828.77
LIABILITIES AND CAPITAL				
CURRNT LIABILITIES				
Trade Creditor	4,000,000.00	3,000,000.00	1,500,000.00	
TOTAL LIABILITIES	4,000,000.00	3,000,000.00	1,500,000.00	
Capital employed	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00
Retained earnings	(3,977,500.00)	(3,753,804.00)	(2,515,404.71)	(203,171.24)
TOTAL CAPITAL AND RETAINED EARNINGS	6,022,500.00	6,246,196.00	7,484,595.29	9,796,828.76
TOTAL LIABILITIES AND CAPITAL	10,022,500.00	9,246,196.00	8,984,595.29	9,796,828.76

Table 9.1.3 Four Years Projected Cash flow statements

	2025	2026	2027	2028
CASHFLOW FROM OPERATING ACTIVITIES				
Profit for the year	(3,977,500.00)	223,696.00	1,238,399.29	2,312,233.47
Add Non-cash Items - Depreciation	150,000.00	650,000.00	150,000.00	150,000.00
TOTAL	(3,827,500.00)	873,696.00	1,388,399.29	2,462,233.47
Movement of the working capital				
(Increase)/Decrease of Receivables	-	-		
Increase/(Decrease) of Payables	4,000,000.00	(1,000,000.00)	(1,500,000.00)	(1,500,000.00)
(Increase)/Decrease of inventory	(9,360,000.00)	784,224.00	(118,103.10)	(120,476.97)
NET Movement of working Capital	(5,360,000.00)	(215,776.00)	(1,618,103.10)	(1,620,476.97)
NET CASH FLOW FROM OPERATING ACTIVITIES	(9,187,500.00)	657,920.00	(229,703.81)	841,756.50
CASHFLOW FROM INVESTING ACTIVITIES				
Purchase of Fixes Assets	(700,000.00)	(500,000.00)		
NET CASH FLOW FROM INVESTING ACTIVITIES	(700,000.00)	(500,000.00)	-	-
CASH FLOW FROM FINANCING ACTIVITIES				
Capital Contribution	10,000,000.00			
NET CASH FLOW FROM FINANCING ACTIVITIES	10,000,000.00	-	-	-
Net cash and cash equivalent	112,500.00	157,920.00	- 229,703.81	841,756.50
Cash at the beginning of the year	-	112,500.00	270,420.00	40,716.19
CASH AND CASH EQUIVALENT AT THE YEAR END	112,500.00	270,420.00	40,716.19	882,472.70

9.2 Financial Projections Interpretation

Income Statement Projections

The projected Income Statements show positive trends over the period of 4 years as the Company is expected to record an accumulated total revenue of TZS:446.6 million and net profit of TZS:2.3 million at the end of the year 2028. This revenue will be realized based on the assumptions that, the Company will be able to sell packing bags for 4 years and earn an average mark up of 25% to get an average gross margin of 20%. The income inflator has been assumed to be 5% and operating expenses inflator between 3% and 5% over the period. Financial projections which show how the Company will arrive in the above figures are shown in Table 9.1.1 presented above.

Balance Sheet Projections

An observation of the balance sheet shows the Company will have current assets amounting to TZS: 36.8 million at the end of year 2028 which will be attributed by proceeds from sales. Financial projections which show how the Company will arrive in the above figures are shown in table 9.1.2 presented above.

Cash Flow Projections

The analysis of 4 years of operations shows the business will generate a healthy cash flow.

Financial Ratios

Liquidity Ratios

Both Current and Quick Ratios show the financial position of the business will be stable over the period of four years and will be able to meet all its short term obligations. Consider the table below for more details:

	Projections			
	2025	2026	2027	2028
Current ratio	2.3	2.9	5.1	13.1
Quick ratio	2.3	2.8	5.8	10.9

Profitability Ratios

The Company's returns compare to its sales, assets investments, and equity are good from year to year except in the first and second years where there was a loss since it was a beginning of the business and the amount was utilized to buy some assets. In consecutive years it is reflecting the increase in selling prices due to income inflator of 5%. Consider the table below for more details:

	Projections			
	2025	2026	2027	2028
Gross profit margin	N/A	N/A	20.1%	20.1%
Net Profit Margin	N/A	N/A	12.3%	12.4%
Return on Equity	N/A	N/A	43.9%	32.8%
Return on Assets	N/A	N/A	39.8%	30.5%

CONCLUSION AND RECOMMENDATIONS

Viability of the Project

The analysis of the project demonstrates that the project is financially viable and technically attainable, economically feasible, and would provide a good opportunity for Tanzanian Private Sector entrepreneurs to participate in meaningfully vital sector of the country's economy.

Social and Economic Benefits of the Project

Apart from job creation, Company earning, and taxes, there are other possible social and economic impacts associated with the project. Just to a name few, possible gains include; building relationships and poverty alleviation. These additional values cannot be easily quantified, it is clear to say they have impact when translated into economic terms; and would be quite substantial. They may very well equal or exceed the financial impact we can estimate from known sources of information.

