

KASOAR LIMITED

Business Plan

For

**Manufacturing of Various
Packaging Materials**



1.0 Executive Summary

KASOAR LIMITED is a company incorporated in Tanzania with Certificate of Incorporation No. 180521445 dated 17th December, 2024. The location of the business will be **Mwaninga, Kisarawe II Industrial Area, Kigamboni, ar es Salaam Region** the area is strategically located near the Main Business Background of Promoters

The Shareholders are Chinese investors who have vast experience in paper based packaging materials; they have been in the sector for more than 10 years in China, now planning to expand to Africa in particular in Tanzania.

Shareholders	%of Shares	Nationality
LU ZHOU	60	Chinese
WANG XUEL	40	Chinese

2.0 Legal Status & License

It is proposed to operate the business through the legal entity of a limited liability company called **KASOAR LIMITED** with Certificate of Incorporation **No. 180521445 dated 17th December, 2024**

The company is planning to apply and get government approval to operate such business in Tanzania. Such as:

- Certificate of incentives
- Industrial license
- Business license
- Osha
- TBS
- Nemc etc.

3.0 Management & Organizational Structure

All aspects of the operations will be managed by the shareholders for the initial three years; there will be a requirement for **15** production staff. These employees will be primarily in production. The administration, marketing and finance functions will be managed by the key managers i.e. the promoters. The accountancy function will be outsourced initially. Books will be kept manually during year one but it is intended to invest in a computerized software accountancy package (e.g. Sage).

4.0 Market Analysis

The market analysis conducted indicates that there are no other high volume suppliers of rigid boxes in Tanzania. At present there are few companies which produce various packaging materials in Tanzania though the demand is increasing rapidly; this market requires the supply of a quality, volume fulfilment and pack off service.

Market Demand

As indicated in the previous section, a market has been identified. Market research indicates the market for various packaging materials is estimated to 20,000,000 units per year.

KASOAR LIMITED has set its sales target processing of 30tons per day equal to 1,000,000 units per year which is equal to 5% of market share

Competitive advantage over

Importers.

As previously stated, potential customers are purchasing mainly from the

China, Kenya etc. resulting in excessive lead times, high “minimum order quantities” and significant transportation costs

Current Local producers

Since the demand is greater than the supply, current local producers require the customer to place orders at least 5 five days before, this is gap which need to be fulfilled by **KASOAR LIMITED**

Target Market

KASOAR LIMITED has identified potential customers such as exporters, manufacturer, Transporters and wholesalers as key potential customers in each market segment. The intention is to target the materials/ purchasing departments in no more than four companies in each segment. Once the customer relationship develops, and credibility is assured, the offer will be extended to other customers

Competitive Environment

KASOAR LIMITED aim to offer a similar range of products as those offered by local producers and imported box competitors. However, with its proximity to its customer base

KASOAR LIMITED. Will be in a position to offer lower “minimum order quantities”, quicker lead times and reduced transport costs. The company will invest in the most up to date equipment, which will minimize labour costs, drive production yields and minimize unit production cost.

Product Proposition

The business will produce and supply a range of quality, low cost packaging materials, in real time to customers in its market segments. Furthermore, the company will emphasize its product quality by becoming accredited to ISO9002 as quickly as possible (ISO 9002 is an internationally recognized quality assurance system and will engender customer confidence in the quality of our products and also get TBS approval

Channels of Distribution

The geographic market area will be the Dar es Salaam
Potential customers will be sourced across all market segments; the company will establish 1 selling centers in each district in Dar es Salaam Region totaling 4 selling centers

Market strategy

To ensure customer specification / design is fully understood, face to face sales and service is required. By offering expert advice it will be possible to identify customer needs and find solutions to offer quality product at as low price as possible.

Advertising

An overall marketing budget has been agreed to ensure the target market are made aware of the product and its unique selling points. In terms of advertising, there will be limited, but focused ads and editorial placed in a selection of relevant trade journals. TV, Newspapers, and Radio

Personal Selling

The principle marketing tool that will be employed by **KASOAR LIMITED** will be direct and personal selling. Cold calling, comprising of telesales and customer visits, will be the main thrust of the sales effort. Sales calls will emphasize the advantages of using an Irish based supplier (including low cost production and unparalleled lead times

Manufacturing Process

KASOAR LIMITED will supply a range of packaging materials to meet the specifications and requirements of the targeted customer sectors.

The manufacturing process will be guided by the philosophy of (JIT) Justin Time Manufacturing, thus ensuring the minimum amount of working capital is tied up in stock. The machinery sourced has the capability of finishing the product to the standard requirements of each of the targeted sectors. The products will be designed to match customer requirements with the company offering attractive, functional and unique solutions. The manufacturing strategy ensures that **KASOAR LIMITED** act as a technical design function to its customer base, thus ensuring customer satisfaction and profitable growth. The manufacturing equipment chosen is fully automated and requires limited la

bour involvement, thus ensuring a competitive unit production cost. The bulk of the raw materials required can be sourced in Ireland from a number of different suppliers.

5.0 Project's Investment Capital

The estimated capital investment cost of the project is US\$ 713,000 out of which US\$ 675,000 will be fixed investment costs

KASOAR LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	200,000.00
Machinery & Equipment	400,000.00
Motor Vehicles	70,000.00
Furniture & Fixtures	5,000.00
Pre exp	2,000.00
Others	8,000.00
Working Capital	28,000.00
TOTAL	713,000.00

5.1 Land and Building

The headquarters of the project and the printing factory will be located **Kisarawe II, Kigamboni, Dar es Salaam, Tanzania**. This will serve for both office accommodation and production premises.

The company has budgeted for US\$ 200,000 for land and building renovation.

5.2 Plant, Machinery and Equipment

The project intends to acquire a variety of machinery, equipment and accessories and install them at the site. The facilities that the company intends to install have advantage of incorporating state of the art technology in printing.

The company already purchased machines and currently are on way to Tanzania the Company has budgeted US\$400,000.

5.3 Motor Vehicles

Two (2) unit Light Truck will be required for the haulage of raw materials and finished products. One (1) unit of 4WD Pick Up has been budgeted for supervision.

Total estimated cost for above mentioned items is put at US\$ 70,000.

5.4 Furniture and Fittings

The company has budgeted US\$5,000 for this.

5.5 Working Capital

The company has set a budget of US\$28,000 as working capital

5.6 Pre-operation Expenses

This item includes items like investment studies, preparatory investigations, company formation and legal fees, initial recruitment and training of technical staff and miscellaneous pre-operation payments and leasing fee. The amount of US\$ 2,000 is considered sufficient for this category.

5.7 Other cost

It is estimated that other cost will be US\$8,000.

5.8 Project Financing Plan

The shareholders of this company will finance the project using 55% equity and 45% loans as shown below.

Source/Type of financing	Foreign US\$	Local US\$
Equity	245,000	255,000
Loans NIL	NIL	213,000

6.0 ASPECTS OF PROJECT SUSTAINABILITY

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be

able to operate undisturbed. The growing demand for quality textiles products locally and in neighboring countries gives them assurance of a steady market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

6.1 MONITERING AND EVALUATION

The monitoring and evaluation tools will be applied in running this project as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth business running.

7.0 FINANCIAL ANALYSIS

7.1 Considerations and Assumptions:

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight line method to depreciate the project's capital items has been applied.

It is assumed that the major raw material will be imported and few procured from local market. Revenues have been

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

7.3 Project Profit and Loss Account

For projection purposes, it is assumed that the economic life of the project is five (5) years and that production of the different types of printed products commence from the first year of operation

This is shown in the income statements. The project net income after tax increases from year 1 up to year 5 end of year cash flow from year 1 of operation to the 5th year.

KASOAR LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT (US\$)

	1	2	3	4	5
Sales Revenue	840,000.00	850,000.00	860,000.00	870,000.00	880,000.00
Cost of Sales	210,233.00	213,593.00	216,600.00	218,606.00	233,620.00
Gross Profit	629,767.00	636,407.00	643,400.00	651,394.00	646,380.00
Operating Expenses:					
Administrative Expenses	1,400.00	4,205.00	5,000.00	5,200.00	5,800.00
Motor vehicle running expenses	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
Salaries and Wages	22,000.00	22,000.00	22,000.00	22,000.00	22,000.00

Donation	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Depreciation	24,000.00	24,000.00	24,000.00	24,000.00	24,000.00
Marketing Costs	9,320.00	9,345.00	9,358.00	9,365.00	9,375.00
Maintenance & Repair	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00
Utility costs	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Insurance	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
Communication	5,400.00	5,406.00	5,410.00	5,415.00	5,418.00
Pension Contribution	2,200.00	2,200.00	2,200.00	2,200.00	2,200.00
Loan Interest (12%)	7,200.00	7,200.00	7,200.00	7,200.00	7,200.00
Total Expenses	110,520.00	113,356.00	114,168.00	114,380.00	114,993.00
Profit before tax	519,247.00	523,051.00	529,232.00	537,014.00	531,387.00
Tax (30%)	155,774.10	156,915.30	158,769.60	161,104.20	159,416.10
Profit After Tax	363,472.90	366,135.70	370,462.40	375,909.80	371,970.90

7.4 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year 1 of operation to the 5th year.

KASOAR LIMITED PROJECTED CASH FLOW " US\$ "

	1	2	3	4	5
CASH FLOW FROM OPERATIONS:					
Cash Sales	688,800.00	697,000.00	705,200.00	713,400.00	721,600.00
VAT Receipt	151,200.00	153,000.00	154,800.00	156,600.00	158,400.00
Subtotal cash Received	840,000.00	850,000.00	860,000.00	870,000.00	880,000.00
Expenditures from Operations:					
Cash spent	172,391.06	170,813.74	177,612.00	179,256.92	191,568.40
VAT Payments	37,841.94	38,446.74	38,988.00	39,349.08	42,051.60
Subtotal Cash Payment	210,233.00	209,260.48	216,600.00	218,606.00	233,620.00
CASH FLOW FROM OPERATIONS:	629,767.00	640,739.52	643,400.00	651,394.00	646,380.00
CASH FLOW FROM INVESTMENTS:					
Purchase of Assets	(355,000.00)				
Working Capital , pre-expenses and Others	(145,000.00)				
CASH FLOW FROM INVESTMENTS:	(500,000.00)				
CASH FLOW FROM FINANCING:					
Loan	-				
Owners Equity Contribution	500,000.00				

CASH FLOW FROM FINANCING:	500,000.00				
NET CASH FLOW FOR PERIOD	629,767.00	640,739.52	643,400.00	651,394.00	646,380.00
CASH FLOW START OF YEAR	-	629,767.00	1,270,506.52	1,913,906.52	2,565,300.52
CASH FLOW AT THE END OF YEAR	629,767.00	1,270,506.52	1,913,906.52	2,565,300.52	3,211,680.52

7.5 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Net worth of the project increases from US\$ 863,472 in the first year of operation to US\$ 871,970 in the 5th year.

KASOAR LIMITED PROJECTED BALANCE SHEET " US \$ "

	1	2	3	5	6
Fixed Assets					
Long-term Assets	355,000	319,500	288,000	248,500	213,000
Depreciation	35,500	35,500	35,500	35,500	35,500
Total Long-term Assets	319,500	284,000	252,500	213,000	177,500
Current Assets					
Cash	688,800	697,000	705,200	7,134,000	721,600
Accounts Receivable	27,174	33,440	39,336	37,523	74,350
Total Current Assets	715,974	730,440	744,536	7,171,523	795,950
Total Assets	1,035,474	1,014,440	997,036	7,384,523	973,450
Current Liabilities					

Accounts Payable	9,999	10,000	10,000	10,000	10,000
Subtotal Current Liabilities	9,999	10,000	10,000	10,000	10,000
Long-term Liabilities					
Total Liabilities	9,999	10,000	10,000	10,000	10,000
Net Assets	1,025,475	1,004,440	987,036	7,374,523	963,450
Capital and Reserves					
Owners Contribution	500,000	500,000	500,000	500,000	500,000
Retained Earnings	363,472	366,135	370,462	375,909	371,970
Total Capital	863,472	866,135	870,462	875,909	871,970

8.0 Economic Aspects

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

- The project will involve transfer of technology.
- The project will create employment for **15** people on permanent contract basis as well as on temporary basis.
- It will create more business opportunities to local suppliers.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and pay as you earn.
- The project will earn substantial amounts of foreign exchange.

9.0 Implementation

Project implementation is expected to be relatively very short once project has been approved it is estimated that ordering and assembling of machines will take approximately 12 months: -

	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	June 2025
2	Ordering of plant and machineries and Vehicles	April –July 2026
3	Arrival of Plant, Machinery and Vehicles	September 2026
4	Assembling and fixing machines	Sept-Nov 2026
5	Testing machines	January -2027
6	Commercial production	April -2027

10.0 CONCLUSION AND RECOMMENDATIONS

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 2022.