

# **MWANGAMKALI COMPANY LIMITED**

## **BUSINESS PLAN**

**FOR**

### **ELECTRONIC GOODS ASSEMBLING PROJECT**

**Plot No. 9-12, Block W, Mwanambaya street, Mkuranga District Pwani Region**

## Overview

MWANGAMKALI COMPANY LIMITED is the company incorporated in Tanzania with certificate of incorporation No.140691631 dated 31<sup>st</sup> December 2019. The Company is planning to set up assembling line for electronic goods such as television set, mobile phone, fan etc. based in **Plot No. 9-12, Block W, Mwanambaya street, Mkuranga District Pwani Region** Tanzania. The company will be importing CKD and SKD items from China and assemble in Tanzania.

MWANGAMKALI COMPANY LIMITED has vast experienced in assembling of electronic goods, being in business for more than 10 years in China. The rising popularity of usage of electronic goods such as television set, fan, and electronic goods has attracted the company to come and invest in Tanzania.

Internet-enabled electronic goods are more expensive than basic-feature phones and more likely to be repaired. The rapid market acceptance of electronic goods has created a need for more repair shops and the number of mobile internet connections will continue to strongly grow, the same apply for television set, electrical fan, etc.

Over the five years to 2018, the use of electronic goods in Tanzania According to the latest telecoms statistics for the period April – June 2018 published by the Tanzania Communications Regulatory Authority (TCRA), subscriptions to mobile networks reached a record high of 41,708,218 in June 2018.

Electronic items business is not a green business and despite the fact that the industry seems saturated, there is still room to accommodate new investors who are

ready to come up with innovative ideas as it relates to assembling different brands of electronic goods.

Some of the factors that encourage entrepreneurs to start their own electronic assembling plant could be that electronic goods can be sold not just in your Tanzania but all across the East Africa region.

Lastly, the electronic assembling industry is a profitable industry and it is open for accredited investors to come in and establish their plant and be ready to work.

#### Executive Summary

MWANGAMKALI COMPANY LIMITED is a registered company with certificate No.140691631 dated 31th December 2019.The Company is planning to set up assembling line for electronic goods such as television set, mobile phone, fan etc. based in **Plot No. 9-12, Block W, Mwanambaya street, Mkuranga District Pwani Region**, Tanzania. The company will secure the entire license and permits required and also a world class facility.

MWANGAMKALI COMPANY LIMITED is located in a full-service industrial park. We will be involved in the assembling of television set, electrical fan, electronic goods (Android smart phones, iOS smart phones, Windows Phone smart phones and other products). We want to assemble electronic goods that will be used not only in Tanzania but all across the East Africa.

We are quite optimistic that our values and quality of products will help us drive our electronic goods assembling plant business to enviable heights and also help us attract the number of clients that will make the business profitable.

We are quite aware that in order to get people and organizations to purchase and make use of the assembled goods brands that we assembled in our plant, we must continue to assemble quality electronic goods. We are open to the use of latest technology in our mobile phone assembling plant. Our excellent customer service and the quality of the electronic goods we assemble will position us to always welcome repeated customers and export our electronic goods to other countries of the world.

Our client’s best interest will always come first, and everything we do will be guided by our values and professional ethics. We will ensure that we hold ourselves accountable to the highest standards by meeting our client’s needs precisely and completely.

MWANGAMKALI COMPANY LIMITED is owned and managed by qualified and experienced team. The shareholders are an accredited investor and a notable figure in the technology industry. He will build the business with competent engineers and technicians from China.

Name of shareholders	% of shares subscribed	Nationality	Date of birth
ASLAN KSU ZHANGZHOU CITY, CHINA. Email: Tel:	98	Turk	18th Aug 1977
RUIZHOU LIN LAOHEKOU CITY, YOUYI, CHINA. Email: Tel:	2	Chinese	2nd Jan 1979

## **Our Product Offerings**

MWANGAMKALI COMPANY LIMITED was established with the aim of maximizing profits in the electronic goods. We want to compete favourably with other imported electronic goods which is why we have but in place a competent team of technicians that will ensure that every electronic good we roll out from our assembly plant meets and even surpasses our customers' expectations.

We will be involved in the assembling of;

- Television set
- Electrical fan
- Solar panel etc.
- switch socket,
- panel light etc

## **Our Vision**

We want to build leading electronic goods assembling plant in Tanzania.

## **Our Mission Statement**

Our mission as a electronic goods assembling plant is to develop a highly successful assembling plant that can assemble durable and affordable electronic goods that will be retailed both in Tanzania and other East Africa.

## Our Business Structure

We aware that the success of any business lies in the foundation on which the business is built on, which is why we have decided to build our assembling plant company on the right business foundation.

As a matter of fact, we are set out to build a assembling plant business whose electronic goods brand will be well accepted in the Tanzania and other countries of the world. We want to build a dedicated workforce that will ensure that our customers are satisfied when they purchase electronic goods that are assembled in our plant.

We aware that it takes a business with the right employees and structure to achieve all what we have set to achieve, which is why will be putting structures and processes in place that will help us assemble durable electronic goods and run the business on auto pilot.

With the nature of the mobile phone assembling business, we are only expected to employ adequate number of employees. MWANGAMKALI COMPANY LIMITED will employ professionals and skilled people to occupy the following position;

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	0	1	10	11
Men	4	2	20	26
<b>TOTAL</b>	4	3	30	37

## SWOT Analysis

We are building standard electronic goods assembling plant that can compete with other finished imported electronic goods, which is why we have decided to subject our business idea (company) to SWOT Analysis.

MWANGAMKALI COMPANY LIMITED is in business to become one of the leading electronic goods assembling plants in the East Africa region and we are fully aware that it will take the right business concept, management and organizational structure to achieve our goal.

We are quite aware that there are finished imported electronic goods in Tanzania, which is why we are following the due process of establishing a business. We know that if a proper SWOT analysis is conducted for our business, we will be able to maximize our strength, leverage on the opportunities that will be available to us, mitigate our risks and be equipped to confront our threats.

MWANGAMKALI COMPANY LIMITED employed the services of an expert to help us conduct a thorough SWOT analysis and to help us create a business model that will help us achieve our business goals and objectives.

Here is a preview of the result we got from the SWOT analysis that was conducted on behalf of BWATECH ELECTRONICS LIMITED; **Strength:**

MWANGAMKALI COMPANY LIMITED can boast of establishing relationships with a electronic goods accessories manufacturing brand names, we have the ability to quickly adopt new technology and of course we have good strategy on effective product promotion. Another strength that counts for us is the power of our team.

We have a team of experts in the electronic goods assembling line of business, a team of hardworking, highly creative and dedicated individuals.

**Weakness:**

MWANGAMKALI COMPANY LIMITED is coming into an industry that is monopolized by finished imported electronic goods, and as a new entrant into the industry, we may likely struggle initially to get our footings in the industry.

**Opportunities:**

The fact that electronic goods are used by all and sundry gives us unlimited opportunities to retail electronic goods assembled in our plant. As a matter of fact, most electronic goods manufacturing giants are looking for partners to help them assemble their electronic goods and Tanzania is one of the destinations for such companies. We are positioned to take advantage of this.

**Threat:**

Some of the threats that are likely going to confront MWANGAMKALI COMPANY LIMITED is unfavourable government policies, and downturn in the economy and of course emergence of new competitors within the same location where our assembling plant is located.

## **MARKET ANALYSIS**

### Market Trends

If you have ever taken your time to study electronic goods patronage and usage in Tanzania and East Africa, you will have noticed that Tanzanians, especially the lower and middle class make use of electronic goods that are assembled in China. This goes to show that there is a thriving business for electronic goods assembling plants in Tanzania to replace the imported one.

Another notable trend in the electronic goods industry is in order to stay ahead of your competitors, you must continue to come up with products that are sleek, durable and comes with unique features amongst others. Please note that electronic goods assembling plant business responds to increase in household spending and also increase in the earning powers of people. The trend of the market can be predicted without stress.

### **Our Target Market**

The target market for this line of business is in two phases; they are electronic goods manufacturing companies who want to contract the assembling of their electronic goods to a third – party company and of course those who purchase and make use of electronic goods.

Those who purchase electronic goods cut across all male and female above 18 years with the financial means hence the target market for electronic goods assembling plant business is all encompassing.

In view of that, we have positioned our assembling plant to service the residents of the East Africa region and every country where our electronic goods will be sold. We have conducted our market research and feasibility studies and we have ideas of what our target market would be expecting from us.

### **Our Competitive Advantage**

Electronic goods assembling plant business is a highly creative industry. We are aware of this which is why we decided to come up with a business concept that will position us to work for electronic goods manufacturing giants.

Our competitive edge is that we are assembling plant that can boast of having low operating cost and expertise full of electronic engineers and technicians. we will ensure that only durable and efficient electronic goods are rolled out from our assembling plant.

We can confidently say that the location of our electronic goods assembling plant will definitely count as a positive for us.

Lastly, all our employees will be well taken care of, and their welfare package will be among the best within our category in the industry. It will enable them to be more than willing to build the business with us and help deliver our set goals and achieve all our business aims and objectives.

### **SALES AND MARKETING STRATEGY**

#### Marketing Strategy and Sales Strategy

The marketing strategy for MWANGAMKALI COMPANY LIMITED is going to be driven basically by solid electronic goods, excellent customer service, honesty and

efficiency. We want to drive sales via the output of our brands and via referral from our satisfied customers. We are quite aware of how satisfied customers drive business growth especially businesses like mobile phone assembling plant.

MWANGAMKALI COMPANY LIMITED is strategically located and we are going to maximize the opportunities that is available which is why we spent more to locate the business where it can be visible and enable us to access our target market.

Our sales and marketing team will be recruited based on their vast experience in the industry and they will be trained on a regular basis so as to be to meet their targets.

MWANGAMKALI COMPANY LIMITED is set to make use of the following marketing and sales strategies to attract clients;

- Introduce our products by sending introductory letters alongside our brochure to all big electronic goods wholesale in Tanzania and key stake holders all across the globe
- Advertise our mobile phone assembling Plant Company in relevant phone magazines, newspapers, and TV and radio stations.
- Attend relevant expos, seminars, and mobile phone technology business fairs et al to market our mobile phone brands
- Engage in direct marketing approach

### **Sources of Income**

MWANGAMKALI COMPANY LIMITED is established with the aim of maximizing profits in the electronic goods and we are going to ensure that we do all it takes to

attract and retain all our clients. MWANGAMKALI COMPANY LIMITED will generate income by assembling electronic goods that will be used by a wide range of clientele.

### **Monitoring and Evaluation**

The Management has full commitment to ensuring goods produced maintain the safety and standards required in the market. The quality control unit will establish a system of routine checking and getting feedback from customers, management philosophy is through business process, managers will strive to ensure compliance to standards and safety of products and customers they serve.

### **PROJECT INVESTMENT COST**

The estimated capital investment cost of the project is US \$ 850,000

#### **MWANGAMKALI COMPANY LIMITED COST STRUCTURE**

<b>PARTICULAR</b>	<b>US\$</b>
Land and Buildings	50,000.00
Machinery & Equipment	100,000.00
Motor Vehicles	50,000.00
Furniture & Fixtures	5,000.00
Pre exp	40,000.00
Others	10,000.00
Working Capital	595,000.00

<b>TOTAL</b>	<b>850,000.00</b>
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For the project to be a reality a total investment amounting to US \$850,000,000 is needed for

### ***Financing pattern***

The project will be financed by shareholders equity US\$850,000

### **Aspect 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 Government support for industrialization and rises of middle income earners gives them assurance of a steady market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

### **Monitoring 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.

### **Financial Analysis**

#### **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.

Revenues have been conservatively estimated based on experience of the promoters and trends in general.

**Financial Statements:**

**Projected lodge Revenue**

For projection purposes, it is assumed that the economic life of the project is five years, and that revenue from bottled drinking water business from the first year of operation.

**MWANGAMKALI COMPANY LIMITED PROJECTED REVENUE LTD**

	1	2	3	4	5	6	7
Revenue	600,000	660,000	726,000	798,600	878,460	966,306	1,062,937

## Projected Profit and Loss Statement

The Income and Expenditure Statement shows the accumulated income rises in the first year from US\$ (5,500) to US\$ **1,190,395** in 7th year

### MWANGAMKALI COMPANY LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT (US\$)

	1	2	3	4	5	6	7
Revenue	600,000	660,000	726,000	798,600	878,460	966,306	1,062,937
<b>Operating costs</b>	594,000	653,400	435,600	479,160	527,076	579,784	637,762
<b>Profit before Depreciation &amp; Interest</b>	<b>6,000</b>	<b>6,600</b>	<b>290,400</b>	<b>319,440</b>	<b>351,384</b>	<b>386,522</b>	<b>425,175</b>
Depreciation	11,500	11,500	11,500	11,500	11,500	11,500	11,500
<b>Net Profit</b>	<b>(5,500)</b>	<b>(4,900)</b>	<b>278,900</b>	<b>307,940</b>	<b>339,884</b>	<b>375,022</b>	<b>413,675</b>
Tax (30%)	-	-	83,670	92,382	101,965	112,507	124,102
<b>Profit After Tax</b>	<b>(5,500)</b>	<b>(4,900)</b>	<b>195,230</b>	<b>215,558</b>	<b>237,919</b>	<b>262,516</b>	<b>289,572</b>
Accumulated Profit	(5,500)	(10,400)	184,830	400,388	638,307	900,822	1,190,395

## Projected Cash Flows

This is shown in the financial statements. The project accumulated cash grows from US\$ 6,000 of in the first year operation to US\$1,273,895 in 7<sup>th</sup> year

### MWANGAMKALI COMPANY LIMITED PROJECTED CASH FLOW " US\$"

	-	1	2	3	4	5	6	7
<b>SOURCES:</b>								
Profit before interest and depreciation	-	6,000	6,600	290,400	319,440	351,384	386,522	425,175
Equity	850,000	-	-	-	-			
<b>Total Sources</b>	<b>850,000</b>	<b>6,000</b>	<b>6,600</b>	<b>290,400</b>	<b>319,440</b>	<b>351,384</b>	<b>386,522</b>	<b>425,175</b>
<b>Applications:</b>								
Capital expenditure	205,000	-	-	-	-			
working Capital & Others	645,000							

Cash	-	6,000	6,600	206,730	227,058	249,419	274,015	304,073
Tax	-	-	-	83,670	92,382	101,965	112,507	124,102
<b>Sub total</b>	<b>850,000</b>	<b>6,000</b>	<b>6,600</b>	<b>206,730</b>	<b>319,440</b>	<b>351,384</b>	<b>386,522</b>	<b>428,175</b>
<b>Total applications</b>	<b>850,000</b>	<b>6,000</b>	<b>6,600</b>	<b>206,730</b>	<b>319,440</b>	<b>351,384</b>	<b>386,522</b>	<b>428,175</b>
Accumulated cash		6,000	12,600	219,330	446,388	695,807	969,822	1,273,895

### Projected Balance Sheet

The projected Balance Sheet of the project is shown in the financial statements under same heading. Equity of the project increases from US\$ **850,000** in the first year of operation to US\$ **2,035,395** in the 7<sup>th</sup> year

#### MWANGAMKALI COMPANY LIMITED PROJECTED BALANCE SHEET " US \$"

	-	1	2	3	4	5	6	7
<b>Fixed Assets</b>								
Opening balance	-	205,000	197,500	191,000	184,500	178,000	171,500	165,000
<b>Total Long-term Assets</b>	-	205,000	197,500	191,000	184,500	178,000	171,500	165,000

<b>Less depreciation</b>	-	<b>11,500</b>	<b>11,500</b>	<b>11,500</b>	<b>11,500</b>	<b>11,500</b>	<b>11,500</b>	<b>11,500</b>
Working capital	645,000	645,000	645,000	645,000	645,000	645,000	645,000	645,000
Accumulated cash	-	6,000	12,600	219,330	446,388	695,807	969,822	1,273,895
<b>Total assets</b>	<b>645,000</b>	<b>651,000</b>	<b>657,600</b>	<b>864,330</b>	<b>1,091,388</b>	<b>1,340,807</b>	<b>1,614,822</b>	<b>1,918,895</b>
Financed by								
Equity	845,000	845,000	845,000	845,000	845,000	845,000	845,000	845,000
Accumulated Net profit	-	-5,500	-10,400	184,830	400,388	638,307	900,822	1,190,395
Total equity	845,000	839,500	834,600	1,029,830	1,245,388	1,483,307	1,745,822	2,035,395
<b>Total equity and debts</b>	<b>845,000</b>	<b>839,500</b>	<b>834,600</b>	<b>1,029,830</b>	<b>1,245,388</b>	<b>1,483,307</b>	<b>1,745,822</b>	<b>2,035,395</b>

### Projected payback period

Total investment is US \$ 850,000 cash accumulation 5<sup>th</sup> year is US \$1,265,125.00 which is more than the initial investment by US\$ 415,125 the project payback Period is within 5 years,

**MWANGAMKALI COMPANY LIMITED PAYBACK PERIOD**

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	-5,500	<b>11,500</b>	6,000.00	6,000.00
2	-10,400	<b>11,500</b>	1,100.00	7,100.00
3	184,830	<b>11,500</b>	196,330.00	203,430.00
4	400,388	<b>11,500</b>	411,888.00	615,318.00
5	638,307	<b>11,500</b>	649,807.00	1,265,125.00
6	900,822	<b>11,500</b>	912,322.00	2,177,447.00
7	1,190,395	<b>11,500</b>	1,201,895.00	
	<b>5,659,920</b>	<b>11,500</b>	5,671,420.00	

**ECONOMIC ASPECTS**

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

- The project is an ideal option for utilization of Government support for industrialization
- The project will create employment for **29 people** on permanent basis.
- It will create more business opportunities to local suppliers which will also have a trickledown effect in the environmental issues.
- 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 have transfer of knowledge and skills to manufacturing sector
- The project will generate foreign earnings

## IMPLEMENTATION

Project implementation is expected to be relatively very short once project has been approved it is estimated that implementation of the project will take hardly 9 months be completed within one year:

### MWANGAMKALI COMPANY LIMITED IMPLEMENTATION

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	April 2020
2	Renovation of building	May – July 2020
3	Placing order of machines	June – October 2020
4	Installing machines	October-November 2020
4	Recruitment	December 2020
5	In house training	December 2020-February 2021
4	Testing production	March - May 2021
6	Commercial operations	June 2021

## 9.0 CONCLUSION & 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, 1997.

