

SHENG YUAN INVESTMENT COMPANY LIMITED

Business Plan

For

**Manufacturing of Various
Packaging Materials**



1.0 Executive Summary

SHENG YUAN INVESTMENT COMPANY LIMITED is a company incorporated in Tanzania with Certificate of Incorporation No. 175947493 dated 1st July 2024. The location of the business will be the Industrial Park at Plot No. 100 Block B Misugusugu Area, Kibaha Township, Coastal Region the area is strategically located near the Main

1.2 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
LONGFEI XIE	45	Chinese
JIE CHEN	40	Chinese
GUNAN MU	15	Chinese

2.0 Legal Status & License

It is proposed to operate the business through the legal entity of a limited liability company called **SHENG YUAN INVESTMENT COMPANY LIMITED** with Certificate of Incorporation No.175947493 dated 1st July2024.

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 **55** 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)

The summary of employees is as following

Gender	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	1	5	10	16
Men	4	8	27	39
TOTAL	5	13	37	55

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.

4.1 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.

SHENG YUAN INVESTMENT COMPANY 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

4.2 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

4.3 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 **SHENG YUAN INVESTMENT COMPANY LIMITED**

4.4 Target Market

SHENG YUAN INVESTMENT COMPANY 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

4.5 Competitive Environment

SHENG YUAN INVESTMENT COMPANY 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 **SHENG YUAN INVESTMENT COMPANY 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.

4.6 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

4.7 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

5.0 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.

5.1 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.

5.2 Personal Selling

The principle marketing tool that will be employed by **SHENG YUAN INVESTMENT COMPANY 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

6.0 Manufacturing Process

SHENG YUAN INVESTMENT COMPANY 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 **SHENG YUAN INVESTMENT COMPANY 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.

7.0 Project's Investment Capital

The estimated capital investment cost of the project is US \$ 1,160,000.

SHENG YUAN INVESTMENT COMPANY LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	400,000.00
Machinery & Equipment	420,000.00
Motor Vehicles	200,000.00
Furniture & Fixtures	60,000.00
Pre exp	20,000.00
Others	10,000.00
Working Capital	50,000.00
TOTAL	1,160,000.00

For the project to be a reality a total investment amounting to US \$1,160,000 is needed

7.1 Financing Pattern

The project will be financed by equity by 100%; constituting US\$ 1,160,000

8.0 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.

8.1 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.

9.0 Financial Analysis

9.1 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 procured from local market. Textiles products will be manufactured at the factory. Revenues have been conservatively estimated based on experience of the promoters and trends in the industry.

9.2 Projected Sales Revenue

For projection purposes, it is assumed that the economic life of the project is 8 years, and that production of the different types of packaging materials commence from the first year of operation.

SHENG YUAN INVESTMENT COMPANY LIMITED PROJECTED REVENUE

	1	2.	3	4	5	6	7	8
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Revenue	1,630,800	1,793,880	1,973,268	2,170,594	2,387,654	2,626,419	2,889,061	3,177,967
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9.3 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 8 years period. The position depicted is that the project commence earns profit in 4th year. Accumulated after tax profits grow from. US \$(22,384) in first year to US \$ **2,495,644** in the 8th year.

9.4 Projected Cash Flows

This is shown in the financial statements. The project accumulated cash from grow from US\$ (76,784) in the 1st year to US \$ 2,445,088 in the 8th.

9.5 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\$ 1,160,000 in the first year of operation to US \$ 3,655,644 in the 8th year.

10.1 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 **55** 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.

10.2 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 16 months: -

	ACTIVITY	PERIOD
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1	Processing TIC Certificate of Incentive	January 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

11.0 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.

SHENG YUAN INVESTMENT COMPANY LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT

	1	2.	3	4	5	6	7	8
Revenue	1,630,800	1,793,880	1,973,268	2,170,594	2,387,654	2,626,419	2,889,061	3,177,967
Cost of Sales	1,598,184	1,775,941	1,953,535	1,519,416	1,671,358	1,838,493	2,022,343	2,224,577

Profit before interest and depreciation	-	32,616	17,938	19,732	651,178	716,296	787,925	866,718	953,390
Loan	-								
Total Sources	-	32,616	17,938	19,732	651,178	716,296	787,925	866,718	953,390
Applications:									
Capital expenditure	1,080,000	0	0	0	0	-	0	0	0
working Capital & Others	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Cash	-	(76,784)	(62,067)	(60,268)	571,178	437,905	488,048	543,203	603,873
Tax	-	-	-	-	178,853	198,388	219,877	243,515	269,517
Sub total	1,160,000	3,216	17,933	19,732	651,178	716,293	787,925	866,718	953,390
Total applications	1,160,000	3,216	17,933	19,732	651,178	716,293	787,925	866,718	953,390
Accumulated cash		(76,784)	(138,851)	(199,119)	372,059	809,964	1,298,012	1,841,215	2,445,088

SHENG YUAN INVESTMENT COMPANY LIMITED PROJECTED BALANCE SHEET USD

	0	1	2	3	4	5	6	7	8
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Fixed Assets	-								
Opening balance	-	1,080,000	1,345,000	1,734,450	1,844,700	2,269,250	2,229,600	2,190,750	2,152,700
Total Long-term Assets	-	1,080,000	1,345,000	1,734,450	1,844,700	2,269,250	2,229,600	2,190,750	2,152,700
Less depreciation	-	55,000	55,000.00	55,000.00	55,000.00	55,000.00	55,000.00	55,000.00	55,000
Closing balance	-	1,025,000	1,290,000	1,679,450	1,789,700	2,214,250	2,174,600	2,135,750	2,097,700
Working capital	80,000	80,000	80,000.00	80,000	80,000	80,000.00	80,000.00	80,000.00	80,000
Accumulated cash	-	-76,784	-138,851	-199,119	372,059	809,964	1,298,012	1,841,215	2,445,088
Total assets	80,000	1,028,216	1,231,149	1,560,331	2,241,759	3,104,214	3,552,612	4,056,965	4,622,788
Financed by									
Equity	1,160,000	1,160,000	1,160,000	1,160,000	1,160,000	1,160,000	1,160,000	1,160,000	1,160,000
Net profit	-	-22,384	-59,445	-94,712	322,612	785,519	1,298,567	1,866,770	2,495,644
Total equity	1,160,000	1,137,616	1,100,555	1,065,288	1,482,612	1,945,519	2,458,567	3,026,770	3,655,644
Total equity and debts	1,160,000	1,137,616	1,100,555	1,065,288	1,482,612	1,945,519	2,458,567	3,026,770	3,655,644