

Project for Manufacturing of Box and other  
Packaging materials for 2025-2030

**THE BOX FACTORY LIMITED**

## EXECUTIVE SUMMARY

This is a Production history for manufacturing of box and other packing materials at THE BOX FACTORY LIMITED. The project is located at Mwasonga street, Kisarawe 11, Kigamboni, in Dar es Salaam. The project's period is projected to be 5 years. Tanzanians by 75% and 25% owned by foreigner.

Through the marketing and financial analyses conducted, the investment cost of the project, which is estimated to be USD **4,0750,000** will be a success. With an excellent team of experienced, knowledgeable and hardworking staff, plus expatriates, the project's products, which are mostly imported are expected to have their function in the Tanzanian marketplace.

This business plan has been prepared to establish the viability of the targeted products and guide the procurement, operational and marketing activities of the project. The plan establishes a strategic framework that provides a focus, direction and most importantly a common language that acts as a guide for all production, marketing/brand activities creating cohesive strategic alignment between the company mission, vision and goals.

The project is beneficial not only to the shareholders but also to the Tanzania economy. employ a minimum of 52 directly people, 27 indirectly of whom are local and 4 foreigners, it will pay taxes, it will source raw materials locally, it will participate in the development of the neighboring community through CSR programs, and it will add to import substitution of the products it is scheduled to produce.

## 1.0 PREAMBLE

### 1.1 Company Details

**THE BOX FACTORY LIMITED** is a company registered under the Laws of the United Republic of Tanzania on 20<sup>th</sup> July 2007 and granted Certificate of Incorporation No. 61260. For tax purposes the company is also registered and its TIN is 106-673-594. The company has a wide range of activities that it can embark upon but for this specific plan its focus is on manufacturing of packaging materials like boxes.

The Box Factory Industry is a local company owned by Tanzanians by 75% and 25% owned by foreigner. The promoters of the company are local and one foreigner as detailed under **Table 1** where key details are given. The company's authorized share capital is TShs. 500,000,000 divided into 500,000 shares of TShs. 1,000 each. The value of the share capital is equivalent to USD 191,554.25.

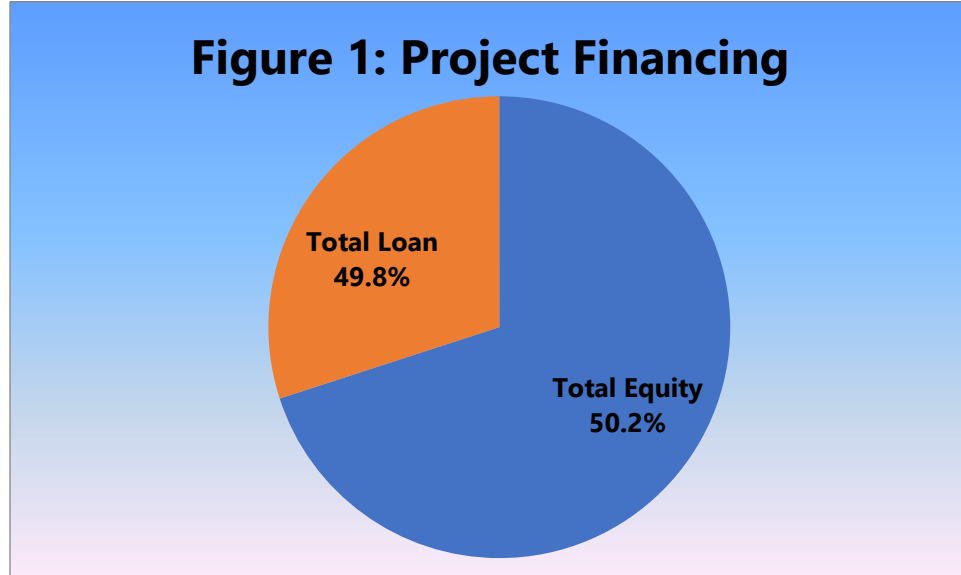
**Table 1: Company Shareholding Details**

S/No.	Names	Nationality	Shares Taken	Shareholding
1	KAZIM FAZAL KERMALI	Tanzanian	50,000	25%
2	SHABBAR FAZAL KERMALI	Tanzanian	50,000	25%
3	SHENI BANDALI	Tanzanian	50,000	25%
4	SAMIRA BANDALI	British	50,000	25%

## 2.0 PROJECT OVERVIEW

This is a project that ventures in the production of packaging materials like boxes. The company has been producing the boxes for 5 years now. It started production before registration of the company. Upon attaining the full capacity level of production.

The company's Project will be a Factory located at Kisarawe 11, Mwasonga Road, Kigamboni in the city of Dar es Salaam. This plot is owned by the majority shareholder. This project, as shown in **figure 1** will be financed by equity (50.2%) and loan (49.8%).



## 2.1 Manning Plan

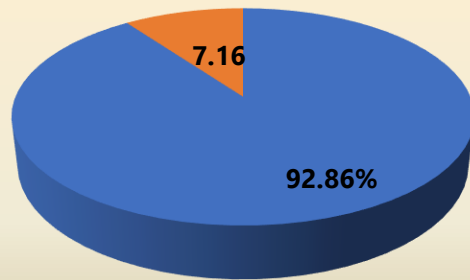
At full capacity the project will directly employ a minimum of 52 people 27 of whom are local and 4 foreigners. The foreigners are experts in the manufacturing of the planned products they will mentor locals to their level of expertise. **Table 2** provides the details on the number of employees to be engaged in this project. Besides the direct employment the project is expecting to produce at least 50 indirect jobs when at full capacity.

**Table 2: Employment Plan**

<b>CATEGORY</b>	<b>MALE</b>	<b>FEMALE</b>	<b>TOTAL</b>
Local	46	6	<b>52</b>
Foreign	4	0	<b>4</b>
<b>TOTAL</b>	<b>50</b>	<b>6</b>	<b>56</b>

Of all the direct employees of the project at full capacity, the project will hire foreigners amounting to 7.14% while locals will amount to 92.86% as shown in **figure 2** below.

**Figure 2: Jobs Distribution**



■ Local ■ Foreign

## 2.2 Product description

### **Boxes**

A box is a container, typically rigid and rectangular, used for storage or transportation. They are made from various materials like cardboard, wood, or plastic, and come in a wide range of sizes and shapes depending on their purpose. Boxes can be simple containers or sophisticated structures with specialized features for specific needs as they can be used for storing and transporting items, protecting goods, or even for decorative purposes. Boxes come in various shapes and sizes, from small matchboxes to large shipping containers.

### **Types of boxes**

here are many types of boxes, including:

- a. Cardboard boxes: Made from corrugated fiberboard or paperboard, often used for packaging and shipping.



- b. Wooden boxes: More durable and used for heavier items or for specialized storage.
- c. Folding cartons: Made from paperboard and designed to fold flat when empty.



- d. Set-up boxes: Made from non-bending paperboard and delivered fully constructed.



- e. Drink boxes: Made from paperboard laminates for packaging liquid



### 2.3 Supplies Plan

The company will import the machineries and other materials that cannot be sourced within Tanzania. The imported machineries include the production lines for the different products that are going to be manufactured by the project. Some of the Vehicle and Lorries (including small Lorries) will be imported and others will source from local suppliers in order to hedge against any unnecessary risks. As for the raw

materials, mostly will be imported as they are not readily available in large quantities. The plan is to be able to obtain raw materials locally in the long-run.

#### 2.4 Production Plan

At full capacity the factory is estimated to be producing items generating a monthly turnover of Tsh 794,547.255.39 This is an equivalent of about USD 317,440.39 per month. Annually this is a turnover of USD 3,808,800. Capacity wise the project is planned to produce varying tonnage of the products. Annual production of **boxes** is projected to be 1,368 tons.

#### 2.5 Roll-Out Plan

Production is planned to commence within the month of October 2025 and full capacity to be attained in 2030. The project's life is expected to be 5 years.

### 3.0 MARKET SCRUTINY

#### 3.1 Status-Quo of the Market

As per Volza's Tanzania Import data, Green paper and HSN Code 48025690 import shipments in Tanzania stood at 2, imported by 1 Tanzania Importers from 1 Supplier. Tanzania imports most of its Green paper and HSN Code 48025690 from India and is the largest importer of Green paper and HSN Code 48025690 in the World. Top 1 Product Categories of Green paper and HSN Code 48025690 Imports in Tanzania are HSN Code 48025690 HS weighing 40 g/m<sup>2</sup> or more but not more than 150 g/m<sup>2</sup> in sheets with one side not exceeding 435 mm and the other side not exceeding 297 mm in the unfolded state.

#### 3.2.2 Weaknesses

The company is not too much giant in the industry. As such it might be lacking some levels of experience in the market and strong competition from other manufacturers. However, through consulting experts in the business arena it is expected to take off and pick its niche in the market.

#### 3.2.3 Opportunities

In some of the products there are no many producers of the same products as mostly are imported. With a population of 62 million people the country provides assurance of a local market.

Tanzania being a member of the EAC has duty-free-quota-free market access to Burundi, DRC, Kenya, Rwanda, South Sudan and Uganda.

In terms of power utilities Tanzania has got relatively lower tariffs and has less power cuts. Tanzania is expecting to be exporting electricity which will be generated from the Julius Nyerere Hydro Electric Power plant.

In governance Tanzania is characterized by peace and tranquility for there has been no havoc in the country. This is strength as it provides our business with assurance that we will operate smoothly resting assured that the promoters' property is secured.

### 3.2.4 Challenges

The procedures in the country are many and relatively complex. The company engages experienced business consultants.

Some products such as boxes may face competition as Tanzania has other factories manufacturing the same products. The company has taken this into account via the marketing strategy.

The open doors for Tanzania into the rest of EAC member countries imply the same for the other EAC members into Tanzania. This implies stiffer intra-regional competition where there is duty-free quota-free market access intra-regionally.

### 3.3 Market Worthiness

From the SWOC analysis conducted of the company and of the operating environment the promoters are confident that the project will be a success. Following the analysis we have developed a market strategy for our products.

### 3.4 Marketing Strategy

Considering the fact of many players in the manufacturing of the packaging materials like boxes of ours the company has developed a special focus on the 4Ps mix in order to have a good share of the market. Here is the company's view on the mix:-

**Product:** The project will produce best quality boxes. This will make the products unique in the market by being very appealing. Through R&D the company will know more about the changing needs of the consumers and adjust the products accordingly in order to capture more market and retain its share of the market.

**Price:** Through the Marketing and Production Departments the company will develop a pricing mix that will make the products price-competitive in order to gain a larger share of the market starting with Tanzanian market and in the neighboring countries' markets.

**Place:** The project is strategically located within the city of Dar es Salaam which is the commercial capital of Tanzania. In this regard the distribution channels are designed to see to it that delivery of the products is effective and appealing to customers. In the initial stage we will deal with wholesalers and large institutions. In the course of operations, we can move on to have our outlets.

**Promotion:** Through the qualified marketing personnel, the company will design excellent promotion campaigns that will pull consumer toward the products. We will use social awareness teaser campaigns by leveraging on information communication technology.

#### 4.0 FINANCIAL ANALYSIS

This part covers project financing and financial projections. Project financing includes source of funding and financing of items in the project. Financial projections, on the other hand, cover sales projections, income projections, projected retained earnings and projected cash flow.

#### 4.1 Project Financing

##### 4.1.1 Sources of Financing

The project will be financed by equity by 50.2%, to the tune of **USD 2,075,000** and by 49.8% local loan which will total to **USD 2,000,000** as shown on **Table 4**. All the equity and the loan are local i.e. Tanzanian.

**Table4: Project Financing**

Details	Amount	Percentage
<b>Local</b>		
Equity	2,075,000	50.2%
Loan		
<b>Sub-total</b>	<b>4,075,000</b>	<b>100.00%</b>
<b>Foreign</b>		
Equity	2,000,000	49.8%
Loan	0	0.00%

<b><i>Sub-total</i></b>	<b><i>0</i></b>	<b><i>0.00%</i></b>
<b>GRAND TOTAL</b>	<b>4,075,000</b>	
<b>Total Equity</b>	2,075,000	50.2%
<b>Total Loan</b>	2,000,000	49.8%

#### 4.1.2 Financing of Project Items

The invested capital will fund various items in the project. These include buildings, plant, vehicles and other items as shown on **Table 5** below.

***Table 5: Financing Items***

<b>ITEMS</b>	<b>FINANCING IN USD</b>
Land & Buildings	500,000.00
Plant	2,000,000.00
Vehicles	110,000.00
Furniture & Fittings	300,000.00
Pre Expenses	200,000.00
Others	0
Working Capital	965,000
<b>TOTAL</b>	<b>4,075,000</b>
FIXED CAPITAL	3,110,000
WORKING CAPITAL	965,000

## 4.2 Financial Projections

### 4.2.1 Sales Projections

The company has projections of steadily growing sales over the first five years of operation of the project. The project promises to yield gross profit through the coming five years.

### 4.2.2 Projected Retained Earnings

Retained earnings projections show a positive trend for the project. This will give the company an edge in the market as it can re-adjust the price mix in order to keep more competitive.

#### 4.2.4 Projected Cash Flows

The project is a promising venture as projections show a positive cash flow as shown on **Table 8**. This is a muscle giving the company an edge in the market as cash flow implies liquidity which helps the project operate smoothly.

### 5.0 PROJECT RATIONALE

This project's rationale can be viewed in monetary, fiscal and social aspects. From the financial analysis conducted this project is worth a green light in the Tanzanian economy. Monetarily it will create income for supplier and distributor SMEs, fiscally it will pay taxes (both Income Tax and VAT), and socially it will contribute to social development as detailed under subsequent items.

#### 5.2 Fiscal Rationale

Fiscally the project projects to pay a total of **USD 855,950** as taxes to the government in its operation.

#### 5.3 Social Rationale

Socially the project will participate in various engagements as part of its CSR program. Over the first five years it is expected to incur a total amount of **USD 150,000**. In addition, the project will directly employ a total of at least 52 locals. Other locals amounting to 27 will enjoy indirect employment via the project. The indirect jobs will be for those supplying raw materials, and service providers.

### 6.0 POST SCRIPT

This is a project aiming at producing packaging materials like boxes. The analyses conducted on the business idea from financial to marketing analyses pinpoint to imminent success of the project. This success is not limited to the benefit of the shareholders but also to the economy of Tanzania. The production of these products will help reduce importation of packaging materials and help the country improve its balance of payments. On the other hand, there are financial benefits to the private sector suppliers, tax revenue to the government, direct and indirect employment to the people.