

# **GEOSYNTTETHICS COMPANY LIMITED**

**BUSINESS PLAN**

**FOR**

**ESTABLISHMENT OF MANUFACTURING OF FABRIC AND RELATED PRODUCTSPROJECT**

## 1.0. **Executive Summary**

**GEOSYNTTHERICS COMPANY LIMITED** registered in Tanzania under Certificate of Change of Name **No.179027712** issued on **10<sup>th</sup> March 2025**.

The project promoters are well established business in China, carrying out various businesses but majoring in fabric products manufacturing. Having been in the business for over 10 years the directors are now well prepared for expanding business to Tanzania by establishing manufacturing projects.

The business plan has been prepared for **GEOSYNTTHERICS COMPANY LIMITED** for fabric products manufacturing project. The implementation of this project will include following activities:

- Registration of project to TIC
- Obtaining various permit and license
- Repairing industrial building
- Ordering machines
- Recruiting
- The purchase of 1 Single Cabins Pick Up
- Purchasing 1 light trucks
- Purchasing of machines and equipments
- Equipping the company with relevant facilities

The proposed project is estimated to cost about US\$ 1m. The project sponsors will prove 100% of this investment.

### 1.1 The Project Promoters

The shareholders of this project are all entrepreneurs with a diverse professional and business backgrounds. The company is owned by 2 shareholders, namely: -

| <b>Name</b>                                  | <b>No Of Share</b> | <b>Nationality</b> |
|--|--------------------|--------------------|
| LI RUIZHAO<br>P.O.BOX 89137<br>DAR ES SALAAM | 70                 | Chinese            |
| ZHANG KUN<br>P.O.BOX 89137<br>DAR ES SALAAM  | 50                 | Chinese            |

### 1.2 Location

The project head office will be located at un surveyed Area at **Mlandizi, Kibaha District, Coastal Region.**

### 1.3 Objective Of Study

The purpose of this study is to work out the technical and commercial details and financial viability of a factory for fabric products manufacture project.

### 1.4 Market and Marketing Aspects

The market survey carried out reveals that the current demands for fabric products and fabrics products are higher than local production. There is wide gap between supply and demand and therefore, business

opportunities exist for setting up additional manufacturing facilities to satisfy the market requirement. With local production, country will save huge amount of foreign earnings which otherwise could be used for importing other essential needs at present.

Tanzania Textile Fabrics market currently, in 2023, has witnessed an HHI of 6250, Which has increased moderately as compared to the HHI of 3641 in 2017. The market is moving towards Highly concentrated. Herfindahl index measures the competitiveness of exporting countries. The range lies from 0 to 10000, where a lower index number represents a larger number of players or exporting countries in the market while a large index number means fewer numbers of players or countries exporting in the market.

## **1.5 Export Opportunities**

The domestic market in Tanzania exhibits a strong demand for fabric products and garments, offering a lucrative avenue for local producers to replace imports and cater to the burgeoning middle class. Moreover, Tanzania's membership in regional trading blocs such as the East African Community (EAC) and Southern African Development Community (SADC) opens doors to a broader regional market for apparel. Additionally, preferential trade agreements like the African Growth and Opportunity Act (AGOA) and Economic Partnership Agreements (EPAs) provide duty-free access to lucrative markets like the United States and European Union.

## 1.6 **Raw Material Base**

The Tanzanian textile and garment industry stand as a beacon of untapped potential, offering investors a lucrative opportunity to capitalize on its abundant resources and growing market demands. With a combination of favorable factors including extensive cotton production, strategic trade connections, and competitive labor costs, Tanzania emerges as a promising destination for textile and garment production.

Tanzania's cotton production is concentrated in two main zones: the Western Cotton Growing Area (WCGA) and the Eastern Cotton Growing Area (ECGA). These regions collectively produce the majority of Tanzania's cotton output, laying the foundation for a robust textile value chain. However, a significant portion of this cotton is exported unprocessed, presenting an opportunity for value addition and vertical integration within the domestic industry.

Tanzania produces approximately 350,000 tonnes of seed cotton annually.

About 80% of Tanzania's cotton production is exported unprocessed.

The WCGA comprises seven regions: Shinyanga, Mwanza, Tabora, Mara, Singida, Geita, and Simiyu, and accounts for 97% of Tanzania's cotton production.

The ECGA comprises three regions: Coast, Morogoro, and Tanga.

## **1.7 Textile Mills and Garment Factories**

Textile mills and garment factories are scattered across Tanzania, with key clusters located in cotton-growing regions and major port cities like Tanga and Dar es Salaam. Despite existing infrastructure, there remains a gap in the production of fabrics to meet the demands of downstream garment producers. Yet, with investments in modern machinery and capacity enhancements, the industry is poised for growth and self-sufficiency.

## **1.8 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.

## **1.9 The Products**

Various fabric products as:

- Geotextile
- Towel
- Bed sheet etc.

## **1.10 Supply Position**

Apparently, there is limited production of fabric products of the quality targeted by the company. State of the art technology to be employed will enable the company produce very high-quality products

### **1.11 Competition**

Due to the limited and insufficient supply as aforementioned, no stiff competition is foreseen. However, it must be cautioned that the targeted market is very conscious regarding quality. Hence, production of sub-standard products or selling at prohibitive prices will immediately shift customers to substitute products.

### **1.12 Distribution**

The company expects to establish its own show rooms to facilitate distribution of its products. This will include setting up of a special unit which will be provided with resources to enable it efficiently undertakes the distribution function of the company. The company will also consider appointing wholesalers in regions and districts level and dealers in neighboring countries when it reaches the stage of exporting products to such countries.

### **1.13 Promotion**

Appropriate promotion means will be employed after consultations with promotion experts to enable the company properly promote its products to the target mark

### **1.14 Pricing Strategy**

The company intend to offer best quality services that comply to the price charged as indicated earlier, there is a market segment that has spending power and can afford this pricing. Therefore, this pricing will reflect the targeted market segment in focus.

#### 1.14 **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.

#### 2.0. **Project Details**

Tanzania is geographically strategically located in relation to her neighbors. Because of the above-mentioned factor, the country's manufacturing sector has a great potential in contributing in economic growth of Tanzania Economy.

Sector plays a critical role in the social and economic development of a country. There is a wide market for various fabric products in Tanzania and in other neighboring countries, Hence the project is not expecting to face operational problem.

Tanzania market is supplied by imported products from Asia based on the quality of products which will be supplied by **GEOSYNTTETHICS COMPANY LIMITED** the company's products is expected to have a good market in Tanzania and other countries

It is quite gratifying to note that the Government of Tanzania realizes the role of manufacturing sector for its economic and social development, and as a result has developed fiscal and non fiscal incentives which are very instrumental in improving the business and investment environmental in the manufacturing sector.

It is alleged that limited availability of switches boxes products produced within Tanzania is the major causes of importation of low-quality products in Tanzania. It is in view of this that, **GEOSYNTTHETICS COMPANY LIMITED** has resolved to assist by providing a solution to stimulate manufacturing sector by increasing supplies and productivity.

**GEOSYNTTHETICS COMPANY LIMITED** has major objectives as following: -

- To promote manufacturing in Tanzania
- To bring new technology and technical know how in the country in the course of its business transactions.
- To provide extra employment to more people in the sector.
- To manufacture products of high quality

### 3.0 **Project Management**

**GEOSYNTTHETICS COMPANY LIMITED** will be under the skilled and professional Management who have experience in managing international businesses.

Under this management **GEOSYNTTHETICS COMPANY LIMITED** is expected to grow steadily from small to medium company producing high quality products serving domestic to neighboring states.

The company will have a team of qualified and experienced functional managers in the areas of operations/Marketing, workshop Finance and Administration. Other senior and middle level staff will be available for the start up and subsequent operations of the company, the total number of employees are expected to be **25**

### 3.1 Project Management Policy

The day-to-day operations will be managed by the Managing Director, to be assisted by Directors of Production and Technical Director who will be the overall in charge of production, a sales & marketing Director whose major responsibility will be marketing and sales, financing and administration Director who will take care all matters related to finance resources and human resources of the company.

### 4.0 Project Investment Coast

The project will be implemented in phases for 5 years, the project value is estimated to be as explained below

#### **GEOSYNTTHETICS COMPANY LIMITED COST STRUCTURE**

| <b>PARTICULAR</b>     | <b>US\$</b>       |
|-----------------------|-------------------|
| Land and Buildings    | 79,200.00         |
| Machinery & Equipment | 250,000.00        |
| Motor Vehicles        | 80,000.00         |
| Furniture & Fixtures  | 10,000.00         |
| Pre exp               | 50,000.00         |
| Others                | 10,800.00         |
| Working Capital       | 150,000.00        |
| <b>TOTAL</b>          | <b>630,000.00</b> |

For the project to be a reality a total investment amounting to US \$630,000 is needed

#### 4.1 Financing pattern

The project will be financed by equity **US\$630,000**

#### 4.2 Project operating costs

In order to realize its intended objective, the project will have to meet the following operating costs.

**(i) Salaries and Wages US \$220,000**

The project will engage 60 employees and the total cost of annual salaries have been estimated to cost US\$220,000.

**(ii) Utilities US \$15,000**

Considered here are water and electricity annually.

**(iii) Motor vehicle running Expenses\$6,000**

Petrol/diesel and lubricant requirement for the project's motor vehicles, this cost element will amount to US\$6,000 annually.

**(iv) Insurance: US\$6,000**

Insurance estimated to cost US\$ 6,000 annually

**(v) Marketing cost US\$9320**

A portion of US\$9320 is to be used in advertising the project

**(vi) Depreciation cost US\$41,920**

For the day-to-day depreciation of fixed asset of the project US\$41,920 will be required annually for depreciation cost.

**(vii) Pension contribution US\$2,200**

The company has set aside US\$2,200 as pension contribution

**(vii) Communication cost US\$ 5,400**

**(viii) Administrative cost US\$1,400**

- (ix) Maintenance cost US\$7,000
- (x) Donation US\$5,000

## 5.0 Financial Analysis

### 5.1 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 building raw material will be procured from local market and other will be imported. Revenues have been conservatively estimated based on experience of the promoters and trends in the industry.

### 5.2 Projected Revenue

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

SUMMARY OF REVENUE "US\$"

| Year          | 1       | 2       | 3       | 4       | 5       |
|---------------|---------|---------|---------|---------|---------|
| Sales Revenue | 740,000 | 750,000 | 760,000 | 770,000 | 780,000 |

### 5.3 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 5 years period. The position depicted is that the project earns profit

throughout its life. Accumulated after tax profits grow from. US\$ in first year **147,368** to US\$ in the year 5<sup>th</sup> **164,966; for the detail refer appendix (IV)**

#### **5.4 Projected Cash Flows**

This is shown in the financial statements. The project has a positive end of year cash flow from year 1 US\$**530,859** of operation to the 5th year US\$ **2,723,440; for the detail refer appendix (V)**

#### **5.5 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\$**647,368** in the first year of operation to US\$ **664,966** in the 5<sup>th</sup> year; **for the detail refer appendix (VI).**

#### **5.6 Projected payback period**

Total investment is **US\$500,000** cash accumulation in 3 years is **US\$577,517** which is more than the initial investment by **US\$ US\$ 77,517**, the project payback Period is within 3 **years.**

The project has a relatively short payback period; **for the detail refer appendix (VII)**

#### **6.0 Economic Aspects**

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

- Processing of cotton raw into final products will greatly add value.

- The project will involve transfer of technology.
- The project will create employment for **25** 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.

## 7.0 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 short time: -

| <b>ACTIVITY</b>                                | <b>PERIOD</b>        |
|--|----------------------|
| Processing TIC Certificate of Incentive        | March 2025           |
| Ordering of plant and machineries and Vehicles | July 2025            |
| Arrival of Plant, Machinery and Vehicles       | August 2025          |
| Assembling and fixing machines                 | August-December 2025 |
| Testing machines                               | January- March 2026  |
| Commercial production                          | August 2026          |

## 8.0 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.

**Appendix (I)****GEOSYNTTHETICS COMPANY LIMITED COST STRUCTURE**

| <b>PARTICULAR</b>     | <b>US\$</b>       |
|-----------------------|-------------------|
| Land and Buildings    | 79,200.00         |
| Machinery & Equipment | 250,000.00        |
| Motor Vehicles        | 80,000.00         |
| Furniture & Fixtures  | 10,000.00         |
| Pre exp               | 50,000.00         |
| Others                | 10,800.00         |
| Working Capital       | 150,000.00        |
| <b>TOTAL</b>          | <b>630,000.00</b> |

**Appendix (II)****SUMMARY OF REVENUE "US\$"**

|               | <b>1</b>          | <b>2</b>          | <b>3</b>          | <b>4</b>          | <b>5</b>          |
|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Sales Revenue | <b>740,000.00</b> | <b>750,000.00</b> | <b>760,000.00</b> | <b>770,000.00</b> | <b>780,000.00</b> |

## Appendix (III)

## GEOSYNTHETICS COMPANY LIMITED FIXED ASSETS SCHEDULE

| <b>NAME OF ASSETS</b>        | <b>1 USD</b>   | <b>2 USD</b>   | <b>3 USD</b>   | <b>4 USD</b>   | <b>5 USD</b>   |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| Land And Buildings           | 79,200         | 71,280         | 63,360         | 55,440         | 47,520         |
| Machinery, Tools & Equipment | 250,000        | 225,000        | 200,000        | 175,000        | 150,000        |
| Motor Vehicles               | 80,000         | 72,000         | 64,000         | 56,000         | 48,000         |
| Furniture & Fixtures         | 10,000         | 9,000          | 8,000          | 7,000          | 6,000          |
| <b>Total</b>                 | <b>419,200</b> | <b>377,280</b> | <b>335,360</b> | <b>293,440</b> | <b>251,520</b> |
|                              |                |                |                |                |                |
| <b>DEPRECIATION</b>          | <b>1 USD</b>   | <b>2 USD</b>   | <b>3 USD</b>   | <b>4 USD</b>   | <b>5 USD</b>   |
| Land and buildings           | 7,920          | 7,920          | 7,920          | 7,920          | 7,920          |
| Machinery tools & Equipment  | 25,000         | 25,000         | 25,000         | 25,000         | 25,000         |
| Motor Vehicles               | 8,000          | 8,000          | 8,000          | 8,000          | 8,000          |
| Furniture & Fixtures         | 1,000          | 1,000          | 1,000          | 1,000          | 1,000          |
| <b>ANNUAL DEPRECIATION</b>   | <b>41,920</b>  | <b>41,920</b>  | <b>41,920</b>  | <b>41,920</b>  | <b>41,920</b>  |
| <b>CLOSING FIXED ASSETS</b>  | <b>377,280</b> | <b>335,360</b> | <b>293,440</b> | <b>251,520</b> | <b>209,600</b> |

**Appendix (IV)**

**GEOSYNTHETICS COMPANY LIMITED PROJECTED INCOME & EXPENDITURE  
STATEMENT**

|                                | <b>1</b>          | <b>2</b>          | <b>3</b>          | <b>4</b>          | <b>5</b>          |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Sales Revenue                  | 740,000.00        | 750,000.00        | 760,000.00        | 770,000.00        | 780,000.00        |
| Cost of Sales                  | 210,233.00        | 213,593.00        | 216,600.00        | 218,606.00        | 220,620.00        |
| <b>Gross Profit</b>            | <b>529,767.00</b> | <b>536,407.00</b> | <b>543,400.00</b> | <b>551,394.00</b> | <b>559,380.00</b> |
| <b>Operating Expenses:</b>     |                   |                   |                   |                   |                   |
| 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             | 220,000.00        | 220,000.00        | 220,000.00        | 220,000.00        | 220,000.00        |
| Donation                       | 5,000.00          | 5,000.00          | 5,000.00          | 5,000.00          | 5,000.00          |
| Depreciation                   | 41,920.00         | 41,920.00         | 41,920.00         | 41,920.00         | 41,920.00         |
| 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          |
| Interest                       | 7,500.00          | 7,500.00          | 7,500.00          | 7,500.00          | 7,500.00          |
| 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          |
| <b>Total Expenses</b>          | <b>326,740.00</b> | <b>329,576.00</b> | <b>330,388.00</b> | <b>330,600.00</b> | <b>331,213.00</b> |
| <b>Profit before tax</b>       | <b>203,027.00</b> | <b>206,831.00</b> | <b>213,012.00</b> | <b>220,794.00</b> | <b>228,167.00</b> |
| Tax (30%)                      | 60,908.10         | 62,049.30         | 63,903.60         | 66,238.20         | 68,450.10         |
| <b>Profit After Tax</b>        | <b>142,118.90</b> | <b>144,781.70</b> | <b>149,108.40</b> | <b>154,555.80</b> | <b>159,716.90</b> |

**Appendix (V)**

**GEOSYNTHETICS COMPANY LIMITED PROJECTED CASH FLOW US\$**

|  | <b>1</b>            | <b>2</b>            | <b>3</b>            | <b>4</b>            | <b>5</b>            |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>CASH FLOW FROM OPERATIONS:</b>        |                     |                     |                     |                     |                     |
| Cash Sales                               | 605,500.00          | 613,000.00          | 621,000.00          | 628,900.00          | 636,700.00          |
| VAT Receipt                              | 133,200.00          | 135,000.00          | 136,800.00          | 138,600.00          | 140,400.00          |
| <b>Subtotal cash Received</b>            | <b>738,700.00</b>   | <b>748,000.00</b>   | <b>757,800.00</b>   | <b>767,500.00</b>   | <b>777,100.00</b>   |
| <b>Expenditures from Operations:</b>     |                     |                     |                     |                     |                     |
| Cash spent                               | 170,000.00          | 172,647.00          | 174,812.00          | 176,257.00          | 177,609.00          |
| VAT Payments                             | 37,841.00           | 38,446.00           | 38,988.00           | 39,349.00           | 39,711.00           |
| <b>Subtotal Cash Payment</b>             | <b>207,841.00</b>   | <b>211,093.00</b>   | <b>213,800.00</b>   | <b>215,606.00</b>   | <b>217,320.00</b>   |
| <b>CASH FLOW FROM OPERATIONS:</b>        | <b>530,859.00</b>   | <b>536,907.00</b>   | <b>544,000.00</b>   | <b>551,894.00</b>   | <b>559,780.00</b>   |
| <b>CASH FLOW FROM INVESTMENTS:</b>       |                     |                     |                     |                     |                     |
| Purchase of Assets                       | (419,200.00)        |                     |                     |                     |                     |
| Working Capital, pre-expenses and Others | (80,800.00)         |                     |                     |                     |                     |
| <b>CASH FLOW FROM INVESTMENTS:</b>       | <b>(500,000.00)</b> |                     |                     |                     |                     |
| <b>CASH FLOW FROM FINANCING:</b>         |                     |                     |                     |                     |                     |
| Loan                                     | 125,000.00          |                     |                     |                     |                     |
| Owners Equity Contribution               | 375,000.00          |                     |                     |                     |                     |
| <b>CASH FLOW FROM FINANCING:</b>         | <b>500,000.00</b>   |                     |                     |                     |                     |
| <b>NET CASH FLOW FOR PERIOD</b>          | <b>530,859.00</b>   | <b>536,907.00</b>   | <b>544,000.00</b>   | <b>551,894.00</b>   | <b>559,780.00</b>   |
| <b>CASH FLOW START OF YEAR</b>           | <b>-</b>            | <b>530,859.00</b>   | <b>1,067,766.00</b> | <b>1,611,766.00</b> | <b>2,163,660.00</b> |
| <b>CASH FLOW AT THE END OF YEAR</b>      | <b>530,859.00</b>   | <b>1,067,766.00</b> | <b>1,611,766.00</b> | <b>2,163,660.00</b> | <b>2,723,440.00</b> |

## Appendix (VI)

## GEOSYNTHETICS COMPANY LIMITED PAYBACK PERIOD

| Year   | Profit After Tax | Depreciation | Total Cash Flow | Accumulative Cash Flow |
|--|------------------|--------------|-----------------|------------------------|
| 1  | 142,118.00       | 24,000.00    | 166,118.00      | 166,118.00             |
| 2  | 144,781.00       | 24,000.00    | 168,781.00      | 334,899.00             |
| 3  | 149,108.00       | 24,000.00    | 173,108.00      | 508,007.00             |
| 4  | 154,555.00       | 24,000.00    | 178,555.00      | 686,562.00             |
| 5  | 159,716.00       | 24,000.00    | 183,716.00      | 870,278.00             |
| <b>Initial Investment Cost</b><br><b>US\$ 630,000.00, Payback period is within 3 years</b> |                  |              |                 |                        |