

TIMBER SALES (E.A) LIMITED

BUSINESS PLAN FOR ESTABLISHMENT OF INTEGRATED
TIMBER PROCESSING AND FURNITURE MANUFACTURING
PROJECT

TIMBER SALES (E.A) LIMITED

P. O. Box 1321, DARES SALAAM, Email: timsale@timbersalesltd.com, Mob no: 255765433275

1.0 Introduction

TIMBER SALES (E.A) LIMITED is a company incorporated in Tanzania with certificate No. 1469 dated 1st August, 1952 as private limited company under the Tanzanian Companies Act, 2002. TIMBER SALES (E.A) LIMITED is planning to establish an integrated timber processing and furniture manufacturing project. The investment aims to add value to locally available timber resources through treatment, kiln drying, processing, and furniture production for domestic and regional markets.

Key Project Facts

Item	Details
Project Title	Timber Processing and Furniture Manufacturing Plant
Project Location	Dar es Salaam, Tanzania
Total Investment Cost	USD 2,000,000
Ownership Structure	100% Private
Equity Contribution	USD 500,000
Loan Financing	USD 1,500,000
Employment Creation	30 direct jobs; 80 indirect
Payback Period	3 years
Target Markets	Tanzania, Kenya, Zambia, Mozambique
Main Products	Treated Timber, Furniture (home, office, school)

1.2 Our Mission

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To become a leading integrated Timber Processing and Furniture Manufacturing company in East Africa providing business enabling solutions and exceeding customer expectations.

1.3 Our Vision

To deliver customized and unique Timber Processed and Furniture, ensuring time and cost savings in a responsible and sustainable manner.

1.4 Our VALUES

At TIMBER SALES (E.A) LIMITED, we believe the customer comes first; we are focused to ensure customer delight, superior quality of delivery and increased customer profitability.

At TIMBER SALES (E.A) LIMITED, we practice an enduring value system based on an open culture, honest and fair business and personal conduct, earning the confidence and trust of our Associates and Customers.

At TIMBER SALES (E.A) LIMITED, we practice transparency with all agencies that we are involved with.

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At TIMBER SALES (E.A) LIMITED, we value the importance of our colleagues, evolving a sense of togetherness and passion to deliver.

1.5 Company Ownership

TIMBER SALES (E.A) LIMITED is promoted by two shareholders who are very experienced in minerals business.

Name of shareholders	% of shares	Nationality
HARMEET SINGH GREWAL	70.38	British
MANPREET KAUR GREWAL	0.9	British
HARJEET SINGH GREWAL	23.13	British
MANJEET KAUR GREWAL	5.59	British

1.6 Project Location

Project is located at **Plot No. 32 Sanza Road Chang'ombe Industrial Area, Temeke, Dar es Salaam Region–Tanzania**

2.0 Project Background and Rationale

Tanzania's forestry sector contributes significantly to GDP, yet most timber is sold untreated or exported raw. Simultaneously, Tanzania imports large quantities of finished furniture, particularly from Asia.

This project seeks to **localize value addition** through the establishment of a fully integrated plant — from **timber**

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treatment to furniture finishing — addressing both local demand and export opportunities while supporting the government's Industrialization Agenda (Vision 2025).

2.1 The project Rationale

- Promote **import substitution** by producing quality local furniture.
- Encourage **sustainable forestry** by sourcing certified timber.
- Generate **employment and technical skills** for Tanzanian youth.

2.2. Project Objectives

- To establish a medium-scale timber treatment and furniture production facility in Dar es Salaam.
- To process 4,000 m³ of treated timber and produce 8,000 units of furniture annually.
- To promote sustainable timber utilization and reduce wastage.
- To create at least **35 direct jobs** and **80 indirect jobs**.
- To supply high-quality, affordable furniture for local and export markets.

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2.3 Products and Services

The board of Management of TIMBER SALES (E.A) LIMITED is planning to concretes in the following area of production

S. N	Product	Description	Targeted Customers
1	Treated Timber	Anti-termite treated planks and poles	Construction and hardware suppliers
2	Kiln-Dried Timber	Moisture-controlled wood for processing	Furniture workshops and carpenters
3	Furniture Products	Beds, chairs, wardrobes, office desks	Homes, schools, hotels, offices
4	Custom Joinery	Cabinetry and interior woodwork	Contractors, architects, developers

2.4 Legal and Regulatory Compliance

The project will comply with all relevant Tanzanian laws and standards including:

- Tanzania Investment and Special Economic Zones Authority (TISEZA)
- Forest Act (2002) – Timber harvesting and sourcing
- Environmental Management Act (2004) – NEMC EIA compliance
- Occupational Safety and Health Act (2003)
- Local Government (Business Licensing) Act

2.5 Risk Analysis & Mitigation

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- **Timber Supply Risk:** Secure contracts with TFS.
- **Price Fluctuations:** Hedge with long-term off-take agreements.
- **Technical Risk:** Modern plant design, experienced operators.
- **Environmental Risk:** ISO standards.
- **Regulatory Risk:** Compliance with Tanzanian Regulatory authorities and beneficiation policies.

2.6 Sustainability & CSR

- Employ and train local workforce.
- Community development programs near project.
- Eco-friendly timber processing machines.

3.0 Market Analysis

3.1 Market Overview

- Tanzania's furniture market is valued at **over USD 500 million** annually.
- **Dar es Salaam** represents 40% of national demand.
-
- Rising construction and hospitality industries sustain steady growth in treated wood and furniture consumption.

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3.2 Market Opportunities

- Government and private construction projects requiring treated timber.
- Rapidly growing **hospitality industry** demanding hotel furniture.
- Regional markets in **Kenya, Zambia, Malawi, and Mozambique** accessible via road and port networks.

3.3 Competitive Advantage

- Local sourcing = cost advantage.
- In-house treatment, kiln drying, and CNC furniture machining ensure **high quality and durability**.
- Modern designs for the middle-income and institutional market segments.

4.0 Technical Description

4.1 Process Flow

- i. Timber Procurement
- ii. Saw Milling

- iii. Chemical Treatment (CCA)

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- iv. Kiln Drying
- v. Machining & Shaping
- vi. Furniture Assembly
- vii. Finishing (Painting, Varnishing)
- viii. Packaging & Distribution

4.2 Major Equipment

Project is planning to import the following machines which is required for project to take off, mostly of machines will be sources from China or India

S. N	Equipment
1	Sawmill (Bandsaw & Conveyor)
2	Timber Treatment Plant (CCA System)
3	Kiln Dryer (10 m ³ Capacity)
4	Planer, Jointer, Sanders-
5	CNC Router (3-Axis)
6	Drilling & Cutting Machines
7	Spray Booth & Finishing Line
8	Forklift & Handling Tools
9	Generator & Compressor

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4.3 Infrastructure and Utilities

- **Factory area:** Saza Roa, Chang'ombe Industrial Area, Temeke
- **Buildings:** Production hall, treatment area, kiln shed, furniture workshop, offices, and showroom
- **Power:** TANESCO 3-phase, 300 kVA
- **Water:** Borehole and storage tanks
- **Waste management:** Sawdust converted to briquettes

5.0 Management and Human Resources

TIMBER SALES (E.A) LIMITED management is headed by General manager assisted by followings:

Position	Number	Key Responsibilities
General Manager	1	Overall management
Production Supervisor	1	Plant operations
Mechanical Operator	3	Equipment handling
Furniture Designers	2	Product design
Carpenters/Joiners	10	Assembly and finishing
Marketing Officer	2	Sales and customer service
Accountant/Admin	1	Finance and administration
Support Staff	5	Security, drivers, cleaners
Total Staff	30	

6.0 Implementation Suggestions

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- Phased construction: first establish basic timber processing capabilities, then gradually expand the service scope
- Focus on qualification acquisition: obtain quality standard certification and other international certifications as soon as possible to improve market recognition
- Strengthen international cooperation: establish cooperative relations with internationally renowned markets
- Localization of talents: train local technicians, reduce operating costs, and promote technology transfer

The successful implementation of this project will fill the gap in timber value additions for Tanzania's timber products, provide reliable and efficient value-added timber related products for international traders, and at the same time promote the upgrading of Tanzania's timber value chain, thus achieving a win-win situation for investors, the local economy and international traders.

7.0 Revenue Projections (Annual at Full Capacity)

- The project will process 4,000 m³ of timber per year
- Manufacture about 8,000 units of furniture annually.

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- The facility will include a treatment plant, kiln dryer, machining line, furniture workshop, and sales showroom
- Expected Annual Turnover of USD 4,000,000
- Increasing by 5% every year

7.1 Operating Costs (Annual)

The project has estimated the operating cost and cost of sales to be 80% of total revenue.

7.2 Project Financing

The company has estimated that the project will be financed by equity **US\$ 500,000** and long-term loan US\$ 1,500,000

7.3 Project Cost

The project has budgeted to cost the followings:

Land and Buildings	700,000
Machinery & Equipment	200,000
Motor Vehicles	60,000
Furniture & Fixtures	20,000
Working Capital	150,000
TOTAL	1,130,000

8.0 SWOT Analysis

Strenghts

Strengths of the business are –

- Promoters have sound experience in this business and have talented Management.
- Rapid growth in sector due to effective management

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- Influence & Networking of Directors in the Business Sector.
- Business location is at prominent place.
- Confirmed business via agreement entered with few companies.

Weaknesses

Weakness of the business are –

- New entry in market
- Fluctuation of price of raw minerals from local suppliers
- Limited availability of raw materials

Opportunities

Opportunities of the business are –

- Potential market encourages foreign investors
- Increasing market share

Threats

Threats of the business are –

- Complex Tax Structure
- Unorganised sector and competition
- Different laws in different countries

9.0 Competitive Advantages

- Localized services: Compared with exporting raw minerals
- Cost advantage: saving international transportation and tariff costs.

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- Professional qualifications
- Policy support: In line with the Tanzanian government's strategic direction of increasing the added value of timber related products

10.0 Financial Aspects for The Project

(i) Projected Profit and Loss Statement

The attached Appendix I shows the projected income for the 8years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. **US\$ 330,184** in the 1st year to **US\$ 5,277,875** in the 8th year.

(ii) Projected Cash Flows

The project's cash flows are shown in Appendix II. They depict a good liquid position right from the first year. Cash accumulation builds up from **US\$ 765,550** in the first year to **US\$ 2,823,866** at the end of 8th years of the project's operations.

(iii) Projected Balance Sheet

The owners' equity is shown in Appendix III. Owners' equity grows from **US\$ 800,000** in the first year to **US\$ 6,077,875** at the end of 8th years of the project's operations based

(iv) Payback Period

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Total investment is **US\$ 2,000,000** cash accumulation in 5th year **US\$ 2,147,682** which is more than the initial investment, the project payback Period is exactly 5years.

13.0 Economic Aspects of The Projects

Besides the financial/monetary returns to the owners, there are other benefits to be derived for the whole country viz.

- **Employment Opportunities**

Employment and poverty reduction are among the major concern of the Central and the Local Government authorities. It is gratifying to note that the company, is going to provide additional employment to **30** people. This is a significant contribution coming from investors.

- **Revenue to the Government**

The Project is expected to pay a substantial annual amount in the form of corporation tax and other taxes

- **Foreign Exchange Earning**

Since the project's products will be exported, the project will thus earn foreign currency for the United Republic of Tanzania.

- **Increase the added value of minerals**

Help Tanzania shift from resource exports to value enhancement, in line with the government's economic development strategy

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- Promote the standardized development of the timber industry

Enhance the international reputation of Tanzanian timber products

14.0 Conclusion

Conclusion on the feasibility of the project

Comprehensive analysis shows that it is highly feasible to establish a professional timber product in Tanzania:

- Clear market demand: With the development of Tanzania's timber industry and the growth of international trade, the demand for local value addition continue to increase
- Favourable policy environment: The government is promoting timber value-added enhancement, and timber value addition project is in line with this direction
- Considerable economic benefits: The investment payback period is expected to be about 5 years, and the medium- and long-term profitability is good
- The project is profitable and contributes to government revenue by way of taxes.
- The project provides employment to 30 people.
- The project is an encouraging sign to prove that we have good business environments and we have investors who have confidence in their country. Tanzania so much so

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that they are ready to invest such large sums of investment despite the odds of the sector in question.

15.0 Recommendation

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implement and be given all the support required by all the concerned Government Ministries and Agencies, including the Tanzania

Revenue Authority, TRA and the TISEZA. The project deserves this support because of its viability, since it is technical feasible, economically viable and socially acceptable.

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APPENDIX I

TIMBER SALES (E.A) LIMITED PROJECTED PROFIT AND LOSS STATEMENT US\$

	1	2	3	4	5
Revenue	2,000,000	2,100,000	2,205,000	2,315,250	2,431,013
Operating Expenses:	1,300,000	1,365,000	1,433,250	1,504,913	1,580,158
Profit before Depreciation &Interest	700,000	735,000	771,750	810,338	850,854
Interest	66,400	53,120	39,840	26,560	13,280
Depreciation	24,000	24,000	24,000	24,000	24,000
Gross Profit	609,600	657,880	707,910	759,778	813,574
Tax (30%)	182,880	197,364	212,373	227,933	244,072
Profit After Tax	426,720	460,516	495,537	531,844	569,502
Accumulated Profit	426,720	887,236	1,382,773	1,914,617	2,484,119

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APPENDIX II

TIMBER SALES (E.A) LIMITED PROJECTED CASH FLOWS US\$

SOURCES:		1	2	3	4	5
Profit before interest and depreciation	-	700,000	735,000	771,750	810,338	850,854
Equity	300,000					
Loan	830,000					
Total Sources	1,130,000	700,000	735,000	771,750	810,338	850,854
Applications:						
Capital expenditure	980,000	-	-	-	-	-
working Capital & Others	150,000					
Cash	-	517,120	537,636	559,377	582,404	606,782
Tax	-	182,880	197,364	212,373	227,933	244,072
Sub total	1,130,000	700,000	735,000	771,750	810,338	850,854
Total applications	1,130,000	700,000	735,000	771,750	810,338	850,854
Accumulated cash		517,120	1,054,756	1,614,133	2,196,537	2,803,319

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APPENDIX III

TIMBER SALES (E.A) LIMITED PROJECTED BALANCE SHEET US\$

Fixed Assets		1	2	3	4	5
Opening balance	–	980,000	956,000	932,000	908,000	884,000
Additions	–					
Total Long-term Assets	–	980,000	956,000	932,000	908,000	884,000
Less depreciation	–	24,000	24,000	24,000	24,000	24,000
Closing balance	–	956,000	932,000	908,000	884,000	860,000
Working capital	150,000	150,000	150,000	150,000	150,000	150,000
Accumulated cash	–	517,120	1,054,756	1,614,133	2,196,537	2,803,319
Total assets	150,000	1,623,120	2,136,756	2,672,133	3,230,537	3,813,319
Financed by						
Equity	300,000	300,000	300,000	300,000	300,000	300,000
Accumulated profit	–	426,720	887,236	1,382,773	1,914,617	2,484,119
Total equity	300,000	726,720	1,187,236	1,682,773	2,214,617	2,784,119
Long term loan	830,000	664,000	498,000	332,000	166,000	–
Bank overdraft	–	–	–	–	–	–
Total debts	830,000	664,000	498,000	332,000	166,000	–
Total equity and debts	1,130,000	1,390,720	1,685,236	2,014,773	2,380,617	2,784,119

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APPENDIX IV

TIMBER SALES (E.A) LIMITED PROJECTED DEPRECIATION SCHEDULE US\$

NAME OF ASSETS	1	2	3	4	5
Land And Buildings	700,000	686,000	672,000	658,000	644,000
Machinery, Tools & Equipment	200,000	198,000	196,000	194,000	192,000
Motor Vehicles	60,000	54,000	48,000	42,000	36,000
Furniture & Fixtures	20,000	18,000	16,000	14,000	12,000
Total	980,000	956,000	932,000	908,000	884,000
DEPRECIATION	1	2	3	4	5
Land and buildings	14,000	14,000	14,000	14,000	14,000
Machinery tools & Equipment	2,000	2,000	2,000	2,000	2,000
Motor Vehicles	6,000	6,000	6,000	6,000	6,000
Furniture & Fixtures	2,000	2,000	2,000	2,000	2,000
ANNUAL DEPRECIATION	24,000	24,000	24,000	24,000	24,000

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APPENDIX V

TIMBER SALES (E.A) LIMITED PROJECTED INVESTMENT COST US\$

Land and Buildings	700,000
Machinery & Equipment	200,000
Motor Vehicles	60,000
Furniture & Fixtures	20,000
Working Capital	150,000
TOTAL	1,130,000

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APPENDIX VI

TIMBER SALES (E.A) LIMITED PROJECTED LONG TERM LOAN REPAYMENT

Year	Principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
1	166,000.00	66,400.00	232,400.00	830,000.00
2	166,000.00	53,120.00	219,120.00	664,000.00
3	166,000.00	39,840.00	205,840.00	498,000.00
4	166,000.00	26,560.00	192,560.00	332,000.00
5	166,000.00	13,280.00	179,280.00	166,000.00

