

BUSINESS PLAN FOR VENEER PRODUCTION



TZPLY COMPANY LIMITED

Date Prepared

February 19, 2025

Contact

Chirag Thakkar

Tel: +255787900814

Email: tzplyltd@gmail.com

P.O.BOX 22120, DAR ES SALAAM

Table of Contents

1. EXECUTIVE SUMMARY	.....	3
2. BUSINESS/COMPANY DESCRIPTION	.....	3
2.1 Project Overview	.....	3
2.2 Company/business description	.....	3
2.3 2.2.1 Vision statement for the company/business	.....	3
2.4 2.2.2 Mission statement for the company/business	.....	3
2.5 2.2.3 Values and objectives of the company/business	.....	3
2.6 2.2.4 Company motto	.....	4
2.7 2.2.5 Commencement of the business	.....	4
2.8 2.2.6 Activity of the business	.....	4
2.9 Need for the business in the market	.....	5
2.10 Description of products/service	.....	4
2.11 Business Company Positioning	.....	4
2.12 Company/business pricing strategy	.....	4
3. PRODUCTION PLAN/SERVICE DESCRIPTION	.....	4
3.1 Production and operations processes	.....	4
3.2 labor requirements	.....	5
4. THE MARKET AND COMPETITION	.....	5
4.1 Customers	.....	5
4.2 Market size and trends	.....	5
4.3 Competition	.....	5
5. MARKETING AND SELLING STRATEGY/PLAN	.....	5
5.1 Marketing strategy	.....	5
5.2 Methods of sales	.....	5
5.3 Advertising and promotion	.....	6
6. MANAGEMENT ORGANIZATION	.....	6
6.1 Description	.....	6
6.2 Organizational structure	.....	6
6.3 Ownership	.....	6
6.4 Board of directors/board of advisors	.....	6
7. FINANCIAL SUMMARY	.....	7
7.1 Capital Cost Summary	.....	8
7.2 Depreciation Schedule	.....	9
7.3 Profit and Loss Account	.....	10
7.4 Projected Cashflow	.....	11

1. EXECUTIVE SUMMARY

TZPLY LIMITED will be dedicated to creating fine wood veneers for export and also for manufacturer of plywood and other value-added wood products to distributors. The industry creates a mixture of quality and unique veneer products. The purpose of this business plan is to procure investment funds of 2,000,000/- US Dollar by showing that a market exists for our products and that **TZPLY LIMITED** operations are economically viable over both the short and long terms. High grade veneers, demands a premium in the market place because they are rare and much sought after. The company is also devoted to a task of producing world high class veneers and looking forward to produce finished and value-added veneers and plywood products to feed both local market and for export.

2. BUSINESS/COMPANY DESCRIPTION

2.1. Project overview

The investment in veneer production involves setting up a production line with state-of-the-art equipment, training personnel, and securing raw material supply chains. The expected outcome includes a 40% increase in veneer output, reduced production costs, and 30% improvement in product quality.

Location:	MGOLOLO
Initial Budget:	2,000,000 US Dollar
Estimated Completion Time:	03 months
Production Capacity:	100,000cbm per year

Targets	Planned date	Status
Site Acquisition	Dec - 2024	Completed
Equipment Procurement	Jan - 2025	Completed
Construction Of Production line	Jan - 2025	25% Completed
Recruitment and Training	Jan - 2025	In Progress
Trial Production	Mar - 2025	Pending
Full-Scale Production Launch	Apr - 2025	Pending

2.2. Company/business description

2.2.1. Vision statement for the company/business

To commence and establish production of finished and value-added quality wood product, marine boards while creating more employment for Tanzanians.

2.2.2. Mission statement for the company/business

Producing veneer slides and exporting to various countries while preparing for more sophisticated production of finished wood products.

2.2.3. Values and objectives of the company/business

- Production of world class quality wood products.
- Improving technology in wood processing business.
- Creating more sustainable jobs for to Tanzanians. (youths)
- Build trust with transparency.
- Affordable high-quality products and services.
- Boldness and move fast.
- Diligence and versatility.
- Accountability and fidelity to our business and wariness to the environment

Short- and long-term business objectives

The business aim is to grow from small to medium level dealing with manufacturing and supply of wood products to different clients and provisions of technical services to the related industries. More Specifically;

- To promote and develop mutually beneficially relationships with all surrounding communities.
- Generate profit become financially sustainable and be able to grow and operate in required standards.
- To win suppliers' discounts by purchasing various stuff for the factory.
- To use the applied term loan to operate and generate more cash so as to be able to meet the required standards together with interest payments.
- To expand the business to various customers Inside/outside Tanzania.

2.2.4. Company motto

Invest in the forest, the future invests in you

2.2.5. Commencement of the business

The industry will officially start operations on early May, 2025.

2.2.6. Activity of the business

The main activity of the business is currently production of quality veneer slides while looking forward to produce finished and value-added plywood products

2.3. Need for the business in the market

The reason for establishing such business in the area is due to

- Large customer base which will support the business both internal and external.
- The growing needs of the veneers and value-added wood products to the abroad market

2.4. Description of products/service

Our customers are guaranteed with a guarantee that our veneer comes from sustainably managed forests

2.5. Business Company Positioning

Region: Iringa
 District: Mufindi district council
 Ward: Makungu
 Street: S.L.P. 22

The reason for selecting this area for such business is due to;

- Proximity to the Labour source and materials availability.
- Easily accessible and friendly environment

2.6. Company/business pricing strategy

Producing quality veneer to charge competitive rates.

3. PRODUCTION PLAN/SERVICE DESCRIPTION

3.1. Production and operations processes

- Importation of advanced machine.
- Increase labor force/workers
- Lease lager production size

- Commence production of finished and value-added wood e.g veneer, marine boards, furniture boards, blockboard and plywood.

3.2. Labor requirements

Iringa region specifically in Mufindi district is excellent places for finding skilled laborers due to active industries in the respective areas. In general, higher skilled and more reliable laborers will be targeted. In order to secure this labor force, we will offer competitive wages, benefit packages and job security. This wage structure works well with the horizontally integrated management structure of our company

- Non skilled labors.
- Skilled managers
- Contractors/agencies.
- Permanent and temporary workers
- Consultants

4. THE MARKET AND COMPETITION

4.1 Customers

Customers for this product will be construction companies, furniture manufactures, wood working companies, whole sellers and retailers as well as cottage companies

4.2 Market size and trends

The market trends as it involves the wood paneling manufactures in Tanzania and abroad is as well dynamic and competitive. Also, the veneer market in Iringa and abroad is far from saturated and initial startup enterprises within the last 5 years have proved to succeed while demand has significantly increased.

4.3 Competition

The main competitive advantage is the vast is the vast industry experience and solid reputation of our operating officers of the company and our management team, this involves, Trust, quality products, good networking communities' involvement and transparency. Companies manufacturing veneer in Iringa region generally supply raw veneer for the production of structural and visual panel products. The leading companies in direct competition with us are those producing and selling raw veneer. To compete with these industry TZPLY COMPANY LIMITED will produce a fine quality product that is rare in the veneer market place, our raw logs will be obtained through an ecosystem enhancing intervention it is expected that the products yielded will have an increased marketability, dealing with a unique look (Producing tight grain, coupled with the presence of small, tight knots is a unique look that we will be supplied at a reasonable price.

5. MARKETING AND SELLING STRATEGY/PLAN

5.1 Marketing strategy

TZPLY LIMITED target market establishment will be in itself strategic. Our target market is wood products manufacturers produce high quality furnishing. We are not intending to satisfy all veneer consumers but, rather, those who are understand the benefits of using only the highest quality materials, in particular our veneer. We do not intend to target low quality wood products manufacturers who strive to produce products at the lowest cost possible. Our target customers will also be those wood products manufacturers who value environmentally responsible products. We are definitely out to address the needs of the high-end buyer, who is willing to pay a little more for quality. The target market for TZPLY COMPANY LIMITED is furnishing companies in Tanzania and neighboring countries and export to **India and China**.

5.2 Methods of sales

- Selling veneers to nearby wood processing industries for more value addition to produce marine boards and plywood.
- Advertising and feeding the abroad market especially India.

5.3 Advertising and promotion

Promotion of TZPLY COMPANY LIMITED Wood products will target its efforts through

- A commitment to a sales personal and relationship building. A dedicating marketing team and sales with an intensive knowledge and training about veneer will be assembles to introduce our product to our customers. Successful sales will only be achieved through exceptional customer services and relationship building.
- On top of the local sales, efforts will be made to introduce our product to potential customers within the furniture industry through displays at high-profile value- added trade shows by our sales and marketing staff.
- TZPLY COMPANY LIMITED will commit a portion of the advertising budget to advertisements in targeted industry magazines, journals and Leaflets
- Mass media, i.e. Tv Radio, social media, banners, and websites.

6. MANAGEMENT ORGANIZATION

6.1 Description

TZPLY COMPANY LIMITED will operate using a horizontal management structure. This infrastructure will increase the ease of communication throughout the company. Figure outlines the hierarchy of the company.

6.2 Organizational structure

- Board of Directors
- Chief Operating officer
- HR and administrators
- Accountants
- Translators
- Other employees/workers

6.3 Ownership

- | | |
|---------------------------------|---------------|
| 1. GOPAL BANSAL | - Shareholder |
| 2. SUMIT AGARWAL | - Shareholder |
| 3. ARUNIMA AHUJA | - Shareholder |
| 4. MANISH GOYAL | - Shareholder |
| 5. JAI VARDHAN GOYAL | - Shareholder |
| 6. HARVINDER KHURANA | - Shareholder |
| 7. CHIRAG SURESHCHANDRA THAKKAR | - Shareholder |

6.4 Board of directors/board of advisors

1. HARVINDER KHURANA
2. CHIRAG SURESHCHANDRA THAKKAR

PROJECT COST AND FINANCING

To minimize initial capital investment, TZPLY will start its operations in rented premises in industrial area which will:

- Reduce initial capital investment for land procurement
- Save time to construction of civil work
- Save capital investment for civil work – approach road, shed, boundary wall, entrance.
- Provide secured premises
- Easy access to utilities like water, electricity
- Premises are already grouped under Industrial category for land usage.

The total investment budget for the proposed project is estimated to be 3,070,000,000 Tshs and it will be utilized. Provided in Annexure A the breakdown of capital summary.

Operating expenses

It is anticipated to keep salary expenses consistent from initial 2 year till company well stabilized and overcome initial hurdles related to issues of availability of raw material, logistics etc. 3rd year on ward its anticipated that salary will rise by 5% annually and subsequent statutory contributions like PAYE, NSSF, SDL etc.

It is anticipated that the cost of the product will be directly linked to raw material and packing material cost i.e. as increase in cost of raw material & packing material, there will be proportionate increase in product to mitigate additional expenses.

Depreciation

The provision for the depreciation is calculated on reducing balance basis and show in Annexure B

Profit and Loss Account

Variable operating expenses is approx. 83.46 % while Fixed operating expenses is approx.5.27% of sales price due to higher raw material and packing material prices. Annexure C as provided.

Cash Flow Projection

The Cash flow is positive from first year, with net cash flow of 3,386,306,130.00 TZS in first year to 14,249,182,675.87 TZS in the tenth year.

Management and Organization

Any employee joining an organization will have to go through orientation and training practice for understanding of standard operating procedure.

On job training will be a continues process in production, repair & maintenance, sales & marketing, while employees in administration, accounts will be encourage to attain external training programs including conducted by statutory authorities.

**ANNEXURE "A" CAPITAL
COST SUMMARY**

Item	Project Cost (TZS)
Machinery	2,850,000,000
Vehicles	120,000,000
Furniture and Fittings	25,000,000
Pre-operative expenses	25,000,000
Working Capital	50,000,000
Total Investment	3,070,000,000

ANNEXURE "B"
DEPRECIATION SCHEDULE

Item	Rate	Year									
		1	2	3	4	5	6	7	8	9	10
Machinery	12.50%	356,250,000.00	311,718,750.00	272,753,906.25	238,659,667.97	208,827,209.47	182,723,808.29	159,883,332.25	139,897,915.72	122,410,676.26	107,109,341.72
Vehicles	25.00%	30,000,000.00	22,500,000.00	16,875,000.00	12,656,250.00	9,492,187.50	7,119,140.63	5,339,355.47	4,004,516.60	3,003,387.45	2,252,540.59
Furniture and Fittings	12.50%	3,125,000.00	2,734,375.00	2,392,578.13	2,093,505.86	1,831,817.63	1,602,840.42	1,402,485.37	1,227,174.70	1,073,777.86	939,555.63
Total		389,375,000.00	336,953,125.00	292,021,484.38	253,409,423.83	220,151,214.60	191,445,789.34	166,625,173.09	145,129,607.02	126,487,841.57	110,301,437.94

ANNEXURE "C"
PROJECTED PROFIT AND LOSS ACCOUNT

											(TZS)
S.no	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1	Packing Material	669,502,500.00	714,136,000.00	803,403,000.00	848,036,500.00	848,036,500.00	893,296,875.00	893,296,875.00	893,296,875.00	893,296,875.00	893,296,875.00
2	Raw Materials	1,558,060,200.00	1,661,930,880.00	1,869,672,240.00	1,973,542,920.00	1,973,542,920.00	2,072,220,066.00	2,072,220,066.00	2,072,220,066.00	2,072,220,066.00	2,072,220,066.00
3	Salary	297,471,000.00	297,471,000.00	312,344,550.00	327,961,777.50	344,359,866.38	168,469,166.25	176,892,624.56	185,737,255.79	195,024,118.58	34,129,220.75
4	Utility-Power	18,000,000.00	18,000,000.00	18,000,000.00	18,000,000.00	18,000,000.00	18,000,000.00	18,000,000.00	18,000,000.00	18,000,000.00	18,000,000.00
5	Rent	54,600,000.00	54,600,000.00	54,600,000.00	54,600,000.00	54,600,000.00	54,600,000.00	54,600,000.00	54,600,000.00	54,600,000.00	54,600,000.00
6	Statutory Fees	3,860,649,000.00	4,573,108,800.00	5,000,346,000.00	5,292,729,000.00	5,292,729,000.00	5,555,277,000.00	5,555,277,000.00	5,712,805,800.00	5,712,805,800.00	5,817,825,000.00
7	City Service Levy	22,136,400.00	26,409,240.00	28,779,300.00	30,472,200.00	30,472,200.00	33,481,800.00	33,481,800.00	34,539,120.00	34,539,120.00	35,244,000.00
8	Other Statutory Expenses	15,140,000.00	15,140,000.00	15,140,000.00	15,140,000.00	15,140,000.00	15,140,000.00	15,140,000.00	15,140,000.00	15,140,000.00	15,140,000.00
9	Marketing Expen	30,000,000.00	30,000,000.00	30,000,000.00	30,000,000.00	30,000,000.00	30,000,000.00	30,000,000.00	30,000,000.00	30,000,000.00	30,000,000.00
10	Mics Expen	12,000,000.00	12,000,000.00	12,000,000.00	12,000,000.00	12,000,000.00	12,000,000.00	12,000,000.00	12,000,000.00	12,000,000.00	12,000,000.00
11	Depreciation	389,375,000.00	336,953,125.00	292,021,484.38	253,409,423.83	220,151,214.60	191,445,789.34	166,625,173.09	145,129,607.02	126,487,841.57	110,301,437.94
	Total	6,926,934,100.00	7,739,749,045.00	8,436,306,574.38	8,855,891,821.33	8,839,031,700.98	9,043,930,696.59	9,027,533,538.65	9,173,468,723.81	9,164,113,821.15	9,092,756,599.69
	Revenue	7,378,800,000.00	8,803,080,000.00	9,593,100,000.00	10,157,400,000.00	10,157,400,000.00	11,160,600,000.00	11,160,600,000.00	11,513,040,000.00	11,513,040,000.00	11,748,000,000.00
	Gross Profit / Loss	451,865,900.00	1,063,330,955.00	1,156,793,425.63	1,301,508,178.67	1,318,368,299.02	2,116,669,303.41	2,133,066,461.35	2,339,571,276.19	2,348,926,178.85	2,655,243,400.31
12	Corporate Tax	135,559,770.00	318,999,286.50	347,038,027.69	390,452,453.60	395,510,489.71	635,000,791.02	639,919,938.40	701,871,382.86	704,677,853.66	796,573,020.09
	Net Profit	316,306,130.00	744,331,668.50	809,755,397.94	911,055,725.07	922,857,809.31	1,481,668,512.39	1,493,146,522.94	1,637,699,893.33	1,644,248,325.20	1,858,670,380.22

ANNEXURE "D"
PROJECTED CASH FLOW

	Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
Cash Inflow										
Initial Inflow										
	3,070,000,000.00									
Operational Inflow										
Profit Before Tax	451,865,900.00	1,063,330,955.00	1,156,793,425.63	1,301,508,178.67	1,318,368,299.02	2,116,669,303.41	2,133,066,461.35	2,339,571,276.19	2,348,926,178.85	2,655,243,400.31
(-)Depreciation	389,375,000.00	336,953,125.00	292,021,484.38	253,409,423.83	220,151,214.60	191,445,789.34	166,625,173.09	145,129,607.02	126,487,841.57	110,301,437.94
Total Operational Inflow	62,490,900.00	726,377,830.00	864,771,941.25	1,048,098,754.84	1,098,217,084.42	1,925,223,514.08	1,966,441,288.26	2,194,441,669.17	2,222,438,337.28	2,544,941,962.37
Initial Cash Inflow										
Revenue	7,378,800,000.00	8,803,080,000.00	9,593,100,000.00	10,157,400,000.00	10,157,400,000.00	11,160,600,000.00	11,160,600,000.00	11,513,040,000.00	11,513,040,000.00	11,748,000,000.00
Operational Outflow	6,926,934,100.00	7,739,749,045.00	8,436,306,574.38	8,855,891,821.33	8,839,031,700.98	9,043,930,696.59	9,027,533,538.65	9,173,468,723.81	9,164,113,821.15	9,092,756,599.69
Taxation	135,559,770.00	318,999,286.50	347,038,027.69	390,452,453.60	395,510,489.71	635,000,791.02	639,919,938.40	701,871,382.86	704,677,853.66	796,573,020.09
Total Cash Outflow	7,062,493,870.00	8,058,748,331.50	8,783,344,602.06	9,246,344,274.93	9,234,542,190.69	9,678,931,487.61	9,667,453,477.06	9,875,340,106.67	9,868,791,674.80	9,889,329,619.78
Net Cash flow	3,386,306,130.00	524,056,130.00	915,386,356.00	949,357,937.00	1,023,629,821.75	1,012,151,159.54	1,550,868,064.93	1,544,971,644.11	1,674,478,118.25	1,667,977,314.29
Opening Balance	0.00	3,386,306,130.00	3,910,362,260.00	4,825,748,616.00	5,775,106,553.00	6,798,736,374.75	7,810,887,534.29	9,361,755,599.22	10,906,727,243.33	12,581,205,361.58
Closing Balance	3,386,306,130.00	3,910,362,260.00	4,825,748,616.00	5,775,106,553.00	6,798,736,374.75	7,810,887,534.29	9,361,755,599.22	10,906,727,243.33	12,581,205,361.58	14,249,182,675.87