

Business Plan Highlights

(TIC Requirements)

1. THE COMPANY.

Kirobe Investment Limited is a Company Incorporated on 24th day of November 2004 With **Certificate No. 50939** under the Company Act of the Law of Tanzania. It is licensed to carryout leather businesses including processing for Internal market as well as External Markets through Exports. The company is in progressive Strategy on establishment the **“Leather Processing Plant”** in Dodoma Tanzania.

2. THE PROJECT

The project is titled: **“Booming the Leather Industry in Tanzania”**. The main goal of this project is Invest in Leather Products manufacturing business so as to enable easily creation of market for hides and skins from rural farmers for improved social economic developments and livelihoods through leather industry in Tanzania.

- **Products**

Products of this Company will not only be sold in Tanzania but also throughout East Africa and overseas countries specifically Italy where the venture business is in agreement pipeline. We are in the leather tanning and finishing industry to make profits and also to create market to our poor farmers in villages, create employment to youth, enhance good livelihoods and improved social economic developments to communities in Tanzania.

The startup products shall be various leather and types of Shoe Soles from Rubber Materials for high demand in Market Segment. *(Project plan 3.2, Pg 5-7)*

3. INVESTMENT COSTS & SOURCE OF FINANCES

M/S. Kirobe Investment Leather Processing Project financial analysis suggests that; the total **Initial Investment Cost** of the project including working capital is estimated at **USD\$: 612,500.00** equivalent to **TZS: 1,378,125,000=**. This fund will be in terms of **Equity, Debt or Grants funding** from **Italy** and our Local Banks in Tanzania especially the **“Tanzania Agricultural Development Bank (TADB)”**. *(Project Plan 5.2, Pg 10)*

Investment Costs with the cash flow forecasting will be conducted in five years consecutively from year 2021 to 2025. Additionally, in the subsequent year after 2025, the value of the business will be estimated and put into account in the year end for forecasting 2025 in order to get more accuracy of **IRR** and **NPV** calculation.

From the cash flow analysis in the table 5.3, the Initial Investment Cost from **“Debt Financing”** is **USD \$ 500,000.00** equals to **Tshs. 1,125,000,000=**. However, the calculation of **IRR (Internal Rate of Return)**, **NPV (Net Present Value)**, and **Payback** period can be summary as following

- Internal Rate of Return (**IRR**) = **15,8%**
- Net Present Value (**NPV**) = **TZS 827,457,000/=**. **USD\$: 367759.00**
- Payback period = **4.0 years (year 2024)**

From the results, the return is very satisfying because the **IRR** is quite much high and also the **NPV** is also high and the **Payback** period quite a bit long and cash at the ending balance in the fifth

year is very high. Therefore, the scenario in financial situation of the business shows that, the **Payback** period is still in five years and **IRR** is still pleasing. (*P.Plan 5.3, Pg 10-11*)

4. JOB CREATION

Kirobe Investment Limited Company, expect to recruit experts in Human Resources and Business Analysts with bias in startup businesses to help us conduct SWOT analysis and to help us create a business model that will help us achieve our business goals and objectives. At the initial stage of the project; we expect to start with 20 direct employments and more the 200 indirect jobs will be created through Value Chain. (*P.Plan 3.3, Pg 7-8*)

5. INVESTMENT FUND EXPENDITURE

The Profit Forecast and Projection for **the project** from the manufacturing cost is shown on the Projected Income Statement as per table 5.4 in Five Years.

The revenue in the forecast year 2021 is at **TZS: 238,624,000** with Net Profit at **TZS: 20,660,000**; and **Gross Profit Margin** rate of **29.5%**

- **Sales Growth** from the forecast year to year 2022 is at **TZS 326,369,000** in 2023 **TZS: 474,756,000.00 (USD\$: 211003.0)**; in 2024 **TZS 742,517,000.00 (USD\$: 330,008.0)**; and in 2025 is at **TZS 1,215,500,000.00 (USD\$: 540,222.0)**; respectively.
- The **Net Profit** is at **TZS: 134,863,000.00 (USD\$: 59,939.0)** in 2022, **TZS: 170,243,000.00 (USD\$: 66,762.0)** in 2023; **TZS: 236,249,000.00 (USD\$: 105,000.0)** in 2024 and **TZS: 352,485,000.00 (USD\$: 156,660.0)** in 2025 respectively. (*P.Plan 5.4 Pg 12*)

6. MARKETING PLAN

Target Market(4.2): Booming the Hides and Skins Processing Project once it comes in full production of Intended leather products, there is indeed a wide range of available customers. In view of that, we have conducted our market research and we have ideas of what our target market would be expecting from us. We are in Investment Venture with processed leather to Italy abroad. However, we generally target retail markets in a wide range to the following groups of customers;

- Leather belts, shoes, bags, luggage and wallets manufacturers
- Leather car seat manufacturers
- Every other manufacturing companies that make use of tanned and finished leather as raw materials

Competitive Advantage (4.3): A close study of the industry reveals that the market has become much more intensely competitive over the last decade due to the high importation of leather finished products. As a matter of fact, we have to be highly creative, customer centric and proactive if we need to survive in this industry. We are aware of the stiff competition and we are prepared to compete favorably with other companies in Tanzania and throughout East Africa.

In view of that, **Kirobe Investment Limited** is launching a standard leather processing brand that will indeed become the preferred choice for manufacturers that make use of processed leather in every region where our product will be retailed. (*P.Plan, Pg 8-9*)

7. CAPACITY OF THE PROJECT

Sales Value Forecast of the Company's Products at startup year will be at **Tzs. 238,624,000/= (USD\$: 106,055.0)** increasing to **Tzs. 1,215,500,000/= (USD\$: 540,222.0)** making a total value of

Tzs. 2,999,265,000/= (USD\$: 1,333,007.0) in 5 years Production Capacity. One thing is certain when it comes to leather processing and manufacturing business, our products is expected to be well – packaged and branded regarding that our production plant shall be centrally positioned and easily accessible, we will always attract customers cum sales that will translate to increase in revenue generation for the business.

8. CONCLUSION AND RECOMMENDATIONS

We recommend this project to adopt the **Economics Rate of Return (ERR)** in order to be relevant.

The concept of **ERR** to be applied to this project shall be more relevant because it involve medium capital development. In other ways, this project is technically feasible, financially productive and socially desirable. We therefore call upon the Financial Institutions and other Agencies to join our hands for funding this project **of Booming the Leather Processing Industry in Tanzania.**

With thanks

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