

OASIS INDUSTRY (TANZANIA)CO. LIMITED

BUSINESS PLAN

FOR

FOOT WEAR AND RELATED PRODUCTS MANUFACTURING PROJECT

1.0. EXECUTIVE SUMMARY.

OASIS INDUSTRY (TANZANIA) CO. LIMITED registered in Tanzania under with Certificate of Incorporation No. 168162901 issued on 30th August 2023.

The project promoters are well established business in China, carrying out various businesses but majoring in foot wear and related products trading. Having been in the business for over 12 years the directors are now well prepared for expanding business by establishing foot wear and related products manufacturing projects.

The business plan has been prepared for OASIS INDUSTRY (TANZANIA) CO. LIMITED for foot wear 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\$ 500,000.

1.1 THE PROJECT PROMOTERS

The shareholders of this project are all entrepreneurs with a diverse professional and business backgrounds.

1.2 LOCATION.

The project head office will be located at Plot No.127, Block U, Bughudad Street Mbagala Mission Temeke - Dar es Salaam

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 foot wear and related products manufacturing project.

1.4 MARKET AND MARKETING ASPECTS

The market survey carried out reveals that the current demands for foot wear and related products are higher than local production. There is wide gap between supply and demand and therefore, Tanzania with estimated population of 55,000,000 people with an average of one shoe per person then 30m shoes are needed to cater the local demand, 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.

2.0. PROJECT DETAILS

2.1. INTRODUCTION

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 foot wear and related 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 **OASIS INDUSTRY (TANZANIA) CO. 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 environment in the manufacturing sector.

It is alleged that limited availability of high-quality foot wear and related products produced within Tanzania is the major causes of importation of low-quality products in Tanzania. It is in view of this that, OASIS INDUSTRY (TANZANIA) CO. LIMITED has resolved to assist by providing a solution to

stimulate manufacturing sector by increasing supplies and productivity.

OASIS INDUSTRY (TANZANIA) CO. LIMITED has major objectives as following: -

- To promote foot wear 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
- To increase Government revenue

3.0 PROJECT MANAGEMENT

OASIS INDUSTRY (TANZANIA) CO. LIMITED will be under the skilled and professional Management who have experience in managing international businesses.

Under this management **OASIS INDUSTRY (TANZANIA) CO. 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 **28**

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

Employees Distribution Summary

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	2	3	10	15
Men	3	3	7	13
TOTAL	5	10	17	28

In order to ensure timely delivery of consignments, provision of goods service to customers, Management will provide on the job training in the field of motor vehicle maintenance and will provide bonus and

3.2 LIVESTOCK SECTOR IN TANZANIA.

OVERVIEW

The livestock sector in Tanzania is one of the African countries known for livestock resources. It ranks third in Africa after Sudan and Ethiopia in livestock population (NBS, 2017). The main livestock types are cattle, goats, sheep, pigs, chickens, ducks, turkeys, rabbits, and donkeys, cattle are the first in population followed by goats. There are 30.5million heads of cattle and 18.9 million heads of goats. 5.56 million Sheep are the third, with 5,715,549 heads while pigs are the fourth with 1,584,411 heads. Above these all Tanzania has very large number of chickens totaling to 43,745,505 which is almost equal to the total population of the major livestock types (cattle, goats, sheep and pigs). Shinyanga, Mwanza and Tabora are the best three in order of their rank where most of the country's livestock including chicken are found¹. A total of 2,329,942 households are keeping livestock in Tanzania. 99.9% of

the country's livestock is kept by small holder farmers leaving the contribution of large scale farms very insignificant. Compared to the 2002/03 census, there has been an increase in the number of all major livestock species. The total number of livestock units (weighted with TLU) was 25,977,665 in 2007/08 representing 43.8 million livestock of different species. This shows a 30% increase from 20,353,866 livestock units in the 2002/03. Cattle showed an annual growth rate of 4% over the period 2002/03 to 2007/08. The annual growth rates of goats, sheep, pigs and chicken over the same period were 5.1%, 7.7%, 10.2% and 5.1%, respectively. However, there were virtually no growth in the number of layers and broilers. Most of the livestock species were of indigenous type. Milk production from cows during 2007/08 was 1.6 billion and 0.9 billion litres during wet and dry seasons, respectively. Average milk production per cow per day was 3 litres during the wet season and 2 litres during the dry season, a difference of about 33.3%. The leading regions in terms of milk production during the wet season were Shinyanga (13%), Arusha (12%), Tabora (9%) and Mbeya (10%). The number of eggs produced by smallholders during the 2007/08

Generally, Tanzania has environmental regulations governing the operation of manufacturing industries.

The Government of Tanzania has simplified procedures for manufacturing to encourage value addition, that is why Tanzania through EPZA has in place fiscal and non-fiscal incentives to enable investors to have soft landing, procedure and rules are fair and transparent.

3.3 RAW MATERIAL BASE

The manufacturing project will strictly adhere to the law of the land, particularly environmental issues, and raw materials will be sourced locally and other imported from China.

The leather industry is an important segment of the evolving industry in developing countries including Tanzania. The leather industry contributes to growth of the domestic production and adds to foreign currency reserve. Several countries including China, India and Ethiopia their economies through export of leather products such as coaches, clothes and foot wear although the later faced a number of challenges.

Tanzania is endowed with large number of cattle and goats, but animal by-products are underutilized for economic purposes. Cattle hides, sheep and goat skins are poorly handled and exploited due to the low level of

processing technologies including application of hazardous chemical such as sodium sulphide and chromium that are toxic and cause pollution of water bodies and are hazardous for all kinds of organisms. All these processes release waste and render leather as one of the most polluting industries due to high amount of chemical and solid wastes especially hair and chrome released into environment

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Leather processing involves multiple processes such as soaking, liming, delimiting, tanning bating and degreasing and use of a considerable amount of chemicals and water to produce leather.

Tannery effluents (TE), which result from bovine skin processing (for leather production) conducted in tannery industries mainly located in South American and Asian countries , stand out among these effluents. The

aforementioned industries have great economic importance in these countries, since the leather they produce is used as raw material by different sectors such as automobile, clothing, footwear, furniture, among others. However, this activity has great pollutant potential, since the effluents produced at different bovine skin processing stages contain several compounds, which are harmful to the health of distinct species.

Finished leather from tanneries is employed in the leather manufacturing industries for making leather goods such footwear, upholstery, garments, gloves, bags and other leather products. About 40 SMEs and 2 large enterprises involved in leather goods manufacturing are existing in Tanzania. The production of leather good from these factories is still very low due to lack of machines, skilled personnel and investment capital constraints.

3.4 MANUFACTURING SECTOR IN TANZANIA.

Generally, Tanzania has environmental regulations governing the operation of manufacturing industries; operators are required to takes environmental impacts assessment to ensure environmental impacts is minimal.

The Government of Tanzania has simplified procedures for manufacturing to encourage value addition, that is why Tanzania through TIC has in place

fiscal and non fiscal incentives to enable investors to have soft landing, procedure and rules are fair and transparent.

4.0 PROJECT'S INVESTMENT CAPITAL

The estimated capital investment cost of the project is US\$ 267,000

FEDERAL FOOTWEAR INC LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	180,000.00
Machinery & Equipment	120,000.00
Motor Vehicles	80,000.00
Furniture & Fixtures	2,500.00
Pre exp	15,000.00
Others	2,500.00
Working Capital	100,000.00
TOTAL	500,000.00

For the project to be a reality a total investment amounting to US \$500,000 is needed

(i) Land and Building (industrial premises): US\$180,000

The project has identified and purchased suitable area for the project at Plot No.127, Block U, Mbagala Mission Bughudad Street Temeke-Dar Es Salaam to accommodate machineries and also to be used as project

office. The cost of the land and building estimated to be 150,000

(ii) Machinery and Equipment: US\$ 120,000

Some US\$120,000 is anticipated to be spent on the purchase of different types of machines, working tools and equipments accommodating new technology

(iii) Motor Vehicles:US\$80,000

The project will need 1 truck, 1 Land Cruiser, and 1double cabin pick. These vehicles will be used to facilitate project business and double cabin pick up for administrative purposes.

(iv) Furniture: US\$10,000

This investment cost item has been estimated to cost US \$10,000. It will consist of office furniture such as tables, chairs, telephone, fax, machines, file cabinets, sofa chairs etc.

(v) Pre-Operational Expenses: US\$ 15,000

They cover things like company registration, expenses spent in exploring the viability of the project, especially the market/client identification exercise. Also included under this item are issues like consultancy fees, legal fees and recruitment and training costs of personnel.

(vi) Initial Working Capital: US\$100,000

Assumptions for working capital requirements have been estimated that it will cost US\$100,000. This will involve purchasing of raw materials, daily operating costs etc

5.0 Financing pattern

Project will be financed by equity with US \$ 200,000 and foreign loan US \$ 300,000 with interest of 4% paid within 4 years

5.1 Capacity

The company is planning to install machines of production capacity of 40,000pairs of shoes pear year and one pair of shoes estimated to be sold at US\$ 12 wholesale price.

6.0 Project operating costs

In order to realize its intended objective, the project will have to meet the operating costs estimated to be 70 of total revenue.

7.0 MARKETING ASPECTS

7.1 The Products

Foot wear and related products

7.2 The Markets

The products are for both the local and export market in neighboring countries. As mentioned above, the promoters are well versed in the business with well-established market contacts.

7.3 Supply Position

Apparently, there is limited production of foot wear 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

7.4 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.

7.5 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.

7.6 Promotion

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

7.7 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. one pair of foot wear estimated to be sold at US\$ 10 wholesale price

8.0 ASPECTS OF 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. The growing demand for quality foot wear and related products locally and in neighboring countries gives them assurance of a steady

market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

8.1 MONITERING 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.

9.0 FINANCIAL ANALYSIS

9.1 Considerations and Assumptions:

The corporate tax charged is 0% of the profits for 8 years. 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.

Revenues have been conservatively estimated based on experience of the promoters and trends in the foot wear industry.

9.2 Financial Statements:

9.3 Projected Revenue

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

PROJECTED REVENUE LTD

	1	2	3	4	5	6
Revenue	480,000.00	528,000.00	580,800.00	638,880.00	702,768.00	773,044.80

9.4 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 profits grow from. US\$ **155,505** in first year to US \$1,287,874.73 in the 6th year

**OASIS INDUSTRY (TANZANIA) CO. LIMITED
PROJECTED INCOME & EXPENDITURE**

STATEMENT (US\$)

	1	2	3	4	5	6
Revenue	480,000	528,000	580,800	638,880	702,768	773,044
Operating Expenses:	216,000	237,600	261,360	287,496.00	316,245	347,870
Profit before Depreciation &Interest	264,000	290,400	319,440	351,384.00	386,522	425,174
Interest	18000	14400	10800	7200	3600	-
Depreciation	23,850	23,850	23,850	23,850	23,850	23,850
Gross Profit	222,150	252,150	284,790	320,334	359,072	401,324
Tax (30%)	66,645	75,645	85,437	96,100	107,721	120,397
Profit After Tax	155,505	176,505	199,353	224,233	251,350	280,927
Accumulated Profit	155,505	332,010	531,363	755,596	1,006,947	1,287,874

9.5 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year 1st, i.e., US\$197,355 of operation to the 6th year i.e., US\$ 1,484,974

OASIS INDUSTRY (TANZANIA) LIMITED PROJECTED CASH FLOW " US\$"

SOURCES:		1	2	3	4	5	6
Profit before interest and depreciation	0	264,000	290,400	319,440	351,384	386,522	425,174
Equity	200,000						
Loan	300,000						
Total Sources	500,000	264,000	290,400	319,440	351,384	386,522	425,174
Applications:							
Capital expenditure	382,500	-	-	-	-	-	
working Capital & Others	117,500						
Cash	0	197,355	214,755	234,003	255,283	278,800	304,777
Tax	-	66,645	75,645	85,437	96,100	107,721	120,397
Sub total	500,000	264,000	290,400	319,440	351,384	386,522	425,174
Total applications	500,000	264,000	290,400	319,440	351,384	386,522	425,174
Accumulated cash		197,355	412,110	646,113	901,396	1,180,197	1,484,974

9.6 Projected Balance Sheet Statement

The projected shareholders equity increases from US\$200,000 in 1st year to loan US \$480,927 in 6th

PROJECTED BALANCE SHEET " US \$ OASIS INDUSTRY (TANZANIA) LIMITED

	-	1	2	3	4	5	6
Opening balance	-	382,500	358,650	334,872	311,164	287,526	263,955
Total Long-term Assets	-	382,500	358,650	334,872	311,164	287,526	263,955
Less depreciation	-	23,850	23,850	23,850	23,850	23,850	23,850
Closing balance	-	358,650	334,800	311,022	287,314	263,676	240,105
Working capital	117,500	117,500	117,500	117,500	117,500	117,500	117,500
Accumulated cash	-	197,355	412,110	646,113	901,396	1,180,197	1,484,974
Total assets	117,500	673,505	864,410	1,074,635	1,306,211	1,561,373	1,842,580
Financed by							
Equity	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Net profit	-	155,505	176,505	199,353	224,233	251,350	280,927
Total equity	200,000	355,505	376,505	399,353	424,233	451,350	480,927
Long term loan	-	300,000	24,000,000	180,000	120,000	60,000	-
Total debts	-	300,000	24,000,000	180,000	120,000	60,000	-
Total equity and debts	200,000	655,505	24,376,505	579,353	544,233	511,350	480,927

9.7 Projected payback period

Total investment is US \$ 500,000 cash accumulation third year is US\$602,484 which is more than the initial investment by US\$ 102,484 the project payback Period is within 3years,

The project has a relatively short payback period. It is remarkably impressing for a project whose investment is as big as US\$ 500,000 being recovered within 3years.

PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	155,505.00	23,707	179,212.00	179,212.00
2	176,505.00	23,707	200,212.00	379,424.00
3	199,353.00	23,707	223,060.00	602,484.00
4	224,233.80	23,707	247,940.80	850,424.80
5	251,350.68	23,707	275,057.68	1,125,482.48
6	280,927.25	23,707	304,634.25	1,430,116.73

10.0 ECONOMIC ASPECTS

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

- The project is an ideal option for utilization of available market
- The project will create employment for **28** people on permanent contract basis as well as on temporary basis.
- It will create more business opportunities to local suppliers which will also have a trickledown effect in the environmental issues.
- 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 have transfer of knowledge and skills to manufacturing sector
- The project will generate foreign earnings

11.0 IMPLEMENTATION

Project implementation is expected to be relatively very short once project has been approved it is estimated that construction of hotel will be completed within one year: -

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	November 2023
2	Placing order of machines	May-September 2024
3	Installing machines	October -December 2024
4	Recruitment	January 2025
5	In house training	February - June 2025
6	Testing production	July 2025
7	Commercial operations	August 2025

12.0 CONCLUSION & 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, 1997.

