

BUSINESS PLAN TO TANZANIA INVESTMENT CENTRE
(TIC)

IN FAVOUR OF

LECA INVESTMENT LIMITED



Strong foundation for tomorrow

AS

A PROPOSAL FOR REGISTRATION FOR THE
CERTIFICATE OF INCENTIVES

MARCH 2024

Leca Investment Limited Business Proposal to Tanzania
Investment Centre (TIC)

Basic Information

Leca Investment Limited

Mtumba & Ipagala Areas in Dodoma

Dodoma -Tanzania

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Bank Details of Leca Investment Limited

CRDB

015C448222900

LECA INVESTMENT LIMITED

1. Executive Summary of the Company

LECA is a leading manufacturer and retailer of high-quality hardwood furniture products. The company specializes in modern and contemporary designs of furniture for residential and commercial uses. The company is commonly focusing on higher-end local merchandise where both retail and wholesale timber product are being offered to both local and regional buyers. This put more emphasis on truly buying local, a rapidly growing trend in upscale and middle income market alike.

Leca investment limited offers our target market sustainable and carefully curated timber products such as beds, doors, office tables and chairs, wardrobe, executive tables and chairs, door frames, dressing tables, TV show cases, woods and other timber products. We have been a practical choice for our local residents by offering them a high quality furniture of numerous designs. We focus and covers the surrounding areas as well as public offices by giving high quality products where our ecological, ethical, and social responsibilities, not to mention an excellent customer experience. Furthermore, we are meshing with today's sensibilities and demand for excellence.

Additionally, demographic analysis reveals that the economic make up of Dodoma city is of substantial support to timber business. There is large number of public offices where we are having positive positive feedback from the residents about furniture products and their needs for a place to gather and enjoy comfortable shopping experience.

Moreover, this is an opportunity to develop timber industry that will be the catalyst for further community development particularly our surrounding community. With the scarce of timber products accompanying with few timber industries in the city. We believe that Leca investment limited is significantly contributing to both social as well as economic development of Dodoma city and Tanzania at large. Therefore, the company is currently

seeking formally registration and recognition from Tanzania investment centre (TIC).

2. Legal Formation of the Company

Leca Investment Limited is a registered company with registration number 157368117, registered on 15 August 2022, and holds Tax Identification Number (TIN) 157-368-117, effective from the same date. Although Leca Investment started operating as a business name 3 years prior, it became officially registered as a company in 2022. The company's main business is trading hardwood mninga and mkongo furniture products. The directors started business in the early 2020. Both Mr. Layson Ndwililako Mwanjisi and Esther Charles Gawile are entrepreneurs who commenced business from simple begin. Both have wide range of extensive business background, including over 20 years of experience developing a variety of businesses.

The company is applying and hopes to be registered by Tanzania Investment centre (TIC) so as to be eligible for various incentives offered by the government to various investors and other crucial benefits such as investment guarantees, transfer of capital, settlement of disputes and many others. Moreover, the company complies with all applicable laws and regulation of the country.

3. Company's Shareholding structure and Nationality

The company is jointly owned by Mr. Layson Ndwililako Mwanjisi who holds 80% of the total shares and Miss Esther Charles Gawile who holds 20% of total shares of Leca Investment Limited. Both owners are citizens of Tanzania and overall ownership of the company is well summarized under the table below;

Name	Number Of Share (%)	Citizenship
Mr. Layson Ndwililako Mwanjisi	80	Tanzanian
Esther Charles Gawile	20	Tanzanian
Total ownership	100	

Table 1: Shareholding structure
Source; Companies MEMAR

4. Location of the Company

Leca investment Limited is an exceptional company nestled in Mtumba and Ipagala areas in Dodoma City dedicated to provide customers with a remarkable wide range hardwood mninga and mkongo furniture for homes and offices accompanied with unforgettable services. The company was established to offer a unique hardwood mninga and mkongo furnitures making it the ideal solution for customers seeking comfortability while working in various offices and various daily home activities. According to the population census of 2022, Dodoma city has a population of 219,309 people, of which 104,342 are male, and 114,967 are female, while Mtumba Ward has a population of 6,886 of which 7,787 are male and 14,673 are female

5.0 Business Objectives

Leca investment limited have put in place the following objectives to be achieved for future endeavour.

5.1 Increase Annual Revenue by 20%:

The company intends to achieve a 20% year-over-year increase in total revenue through targeted marketing campaigns, new product launches, expanded distribution channels and through trade discount.

5.2 Expand Product Line with Eco-Friendly Furniture:

Also, the company aims to introduce a new line of eco-friendly furniture produced from sustainable materials, intending to capture environmentally conscious consumers and differentiate the brand in the market.

5.3 Enhance Customer Satisfaction to 90%:

Additionally, the company aims to boost the overall customer satisfaction ratings to 90% through implementing customer feedback system, addressing customer concerns promptly, and enhancing the shopping experience both online and in-store.

5.4 Optimize Supply Chain Efficiency:

Furthermore, the company aims to reduce lead time and production costs by 15% through process improvements, strategic supplier partnerships, and proper inventory management to reduce obsolescence.

5.5 Launch E-Commerce Platform and Increase Online Sales by 30%:

Moreover, the company intends to launch a more user-friendly e-commerce platform and increase online sales by 30% within the next year by leveraging digital marketing strategies, improving website functionality, expanding product offerings and through promotion in social media platforms such as Instagram, Facebook, twitter and many others

6 Performance of Timber industry in Tanzania

Commercial timber industry is crucial sector for Tanzania's economy and environment. This sector is critical for Tanzania's industrialisation agenda and its efforts to reduce poverty and build opportunities for its citizens – particularly in rural areas. It underpins rural electrification, construction and numerous energy-intensive industries.

However, Tanzania cannot currently meet demand for timber and fuel-wood, leading to US\$150m of imports a year plus the mining of natural forests, with deforestation running at 400,000 ha per year. But this does not have to be the case. Tanzania has among Africa's most favourable growing conditions and significant land available for planting. Opportunities exist to dramatically raise productivity, particularly through technology transfer and innovation – learning from other countries such as Vietnam and Chile who have undertaken similar journeys.

Furthermore, with a rising population, economic growth and industrialisation set to increase demand further, Tanzania needs to transform its forestry sector. By taking the right steps, the country can protect its natural forests, exploit compelling export opportunities, and ensure that hundreds of thousands of new jobs are created in a thriving

sector. More over by developing the right infrastructure and investment environment, by 2035 Tanzania could almost treble the number of jobs in wood product value chains to 400,000.00, Increasing the number of small-scale growers in the sector by 50% to 90,000.00, More than treble government revenue from forestry to TZS 300 billion and become a net exporter of wood products by bringing in at least US\$50m per year

7 Market Analysis

7.1 Potential Customers and Demand

The timber industry is a growing sector in Tanzania with various profiles of customers, from individuals, families, and public offices. After the government has shifted its operations in Dodoma, the population in Dodoma city has rapidly increased as well as the number visiting the city is increasing daily. Expected potential customers ranging from individuals, families, business people and various public offices.

7.2 Marketing and Sale Strategy

A dedicated team of sales personnel's duties are selling our furniture products such including beds, sofas, doors, cupboards and other products and managing existing relationships with customers, and continually looking for new customers and business opportunities. Additionally, we currently using online social media platforms such as Facebook, Instagram and other social media to advertise our furniture products. Furthermore, we are planning to initiate promotional campaigns through bus terminals. Additionally, we employ three different marketing tactics to increase customer awareness including our in-house furniture marketing, public relations marketing, and media marketing. Moreover, the marketing and sale strategy of the company is systematically well explained below; -

7.2.1 Design and Development:

LECA Furniture Company employs a team of experienced designers who conceptualize innovative furniture designs.

7.2.2. Manufacturing and Production

The company operates a state-of-the-art manufacturing facility equipped with advanced machinery for woodworking, upholstery, skilled craftsmen and technicians oversee production processes, ensuring precision and quality in every furniture piece.

7.2.3 Materials Sourcing and Procurement

LECA Furniture Company sources high-quality materials such as sustainably sourced hard wood, premium fabrics, from trusted suppliers. The procurement team negotiates contracts and maintains relationships with suppliers to ensure timely delivery and competitive pricing.

7.2.4 Quality Control and Assurance

The company implements rigorous quality control measures at every stage of the production process. Quality inspectors conduct thorough inspections of materials, components, and finished products to maintain the highest standards of craftsmanship and durability.

7.2.5 Distribution and Logistics

LECA Furniture Company operates a network of distribution center strategically located to our retail store, wholesale partners, and online customers efficiently. The logistics team manages transportation, warehousing, and inventory to ensure timely delivery and optimal stock levels.

7.2.6 Sales and Marketing

The company employs a dedicated sales and marketing team to promote its furniture products through various channels. This includes advertising campaigns, participation in trade shows, and digital marketing initiatives to reach target audiences and drive sales.

7.2.7 Retail Operations

LECA Furniture Company operates showroom located in key metropolitan area (ipagala), offering customers an immersive shopping experience. Knowledgeable sales associates assist customers with product selection, customization options, and interior design advice.

7.2.8 Wholesale and Business to Business (B2B) Sales

The company also caters to wholesale customers, including government tenders and private sector tenders where we aim to establish long-term partnerships and secure contracts for furniture procurement.

7.2.8.1 Market Analysis

- We conduct thorough market research to identify opportunities in the wholesale and B2B segments of the furniture industry.
- Analysis of government procurement processes and private sector project requirements.
- Examination of market trends, demand drivers and competitive landscape.

7.2.8.2 Target Customers

- Government agencies issuing tenders for furniture procurement.
- Private sector entities, including commercial developers, hospitality businesses and residential projects.
- Interior designers, architects and other professionals involved in specifying furniture for projects.

7.2.8.3 Financial Projections

- Revenues forecasts based on anticipated sales volume from government tenders and private sector contracts.

- Analysis of cost structures, including production costs, marketing expenses and overhead.
- Break-even analysis and profitability projections for the wholesale and B2B sales segment.

7.2.8.4 Risk management

- Identification of potential risks and challenges, such as regulatory compliance issues, supply chain disruptions and market volatility.
- Mitigation strategies to minimize risks and uncertainties associated with wholesales and B2B sales operations.

7.3 Potential products and Prices

The company is recently offering high quality timber inputs as well as offering high quality and sophisticated furniture products. The existing price of furniture products are stated at a reasonable cost that are affordable to many target customers.

7.4 Potential business competitors.

Within Mtumba and Ipagala area there are few timber industries offering variety of furniture. However due to the scarcity of these industries they currently don't meet the daily demand to accommodate the current number of customers. Despite this challenge, our high-quality services and customers care, online marketing and sales personnel will be promoting around the city especially in the city centre. This positions us with advantages over our competitors, such as Madiba furniture and decoration, Marcelo Arts and Décor, Furniture Centre Limited and other in the retail sector and Jaffrey Ind. Saini Ltd (JISL) in the wholesale sector.

8.0 The Description of the Business, Employment Creation Including the Number of Foreign and Local Skilled and non-

Skilled and Gender and the Technology Used and Skills Transfer

The commercial forestry sector in Tanzania has significant potential to increase the incomes of small tree growers as well as drive industrialization and employment in primary and secondary value chains. Timber demand is driven largely by the construction, furniture and paper sectors. The annual production capacity of the company has been increasing year by year where by currently the company is producing more than one thousand logs of mninga and mkongo hardwoods. From those logs high quality furniture with authentic designs are being producing causing high annual revenue growth.

8.1 Employment Creation

Leca Investment Company have significant contribution towards economic development of the country including employment creation and many others. Currently, the company is having twenty (20) employees who are both skilled and non-skilled who are all Tanzanian in different department and unit. The summary of employment creation is well shown below; -

Gender	Nationality	Number of Employee	Skilled or Unskilled
Female	Tanzanian	6	Skilled
Male	Tanzanian	5	Skilled
Male	Tanzanian	9	Unskilled
Total		20	

Table 2: summary of employment creation
Source; Company's database

9.0 Business Investment Costing Including Land and Building, Plant and Machinery, Vehicles, Furniture, Others and Working Capital

The main funding sources are equity capital, debt capital and retained earnings obtained from business operations to expand the business. The mobilized funds are being used for various expenditures as presented in the table below;

S/N	Description (item)	Cost Amount
1.	Share Capital	100,000,000.00
3.	Plant and machinery	500,000,000.00
5.	Furniture	5,000,000.00
6.	Working capital	100,000,000.00
	Total	705,000,000.00

Table 3: Investment costing
Source; Company’s data base

10. Business Financing Pattern Including Foreign /Local Equity, Foreign/Local Loan

The business is both financed by local equity and local loan by having this form of financing the company have been benefiting by having access to a large pool of capital, Flexible spending and Potential for industry connections and networking opportunities, also retaining full control of business, Interest rates are typically lower than equity investments, Interest rates are tax-deductible, Flexible loan terms and access to funds when you need them respectively.

S/ N	Description	Amount (TSH)
1.	Equity	505,000,000.00
2.	Local loan	200,000,000.00
	Total Investment	705,000,000.00

Table 4: summary of Business financing
Source; Company’s financial statements

10.1 Business implementation schedule

The company's implementation schedules of various daily tasks accompanied with resources needed to accomplish such task, the responsible person, priority to be given to such task and eventually timeline for accomplishment of various tasks is well demonstrated under the table below; -

s/n	Task	Resources	Responsible person	Priority	Schedule Finish Date	Schedule Comments
1.	Ensuring timely transportation of wood from forest areas	Lorries and finance	Driver and procurement personnel	Low	30/08/2024	Implemented
2.	Undertaking research on customer's product appetite	Finance	Sales and marketing team	High	31/12/2024	Work-in progress
3.	Organize processes for preparing deliveries	Delivery van	Sales and marketing team	High	23/9/2024	Implemented
4	Make space for preparing orders for the delivery	Work force	Sales and marketing team	High	31/11/2024	Work-in progress
5	Creating flyers to spread the message of the new furniture design	Finance	Sales and marketing team	High	N/A	Work-in progress
6	Timely procuring of logs	Finance	Finance team and procurement team	High	N/A	Work-in progress
7	Ensuring compliance of various laws and regulation	Finance and expertise	HR team and legal personnel	High	N/A	Work-in progress
8	Timely payment of all dues	Finance	Finance team	High	N/A	Work-in progress

Table 5: Business implementation schedule
Source; Company's SP

11 Business Financial Projections at Least for Five Years Including Income Statements, Cash Flows, Balance Sheet, and Loan Repayment Schedule Payback Period Etc.

Projected Income statement

The revenues have been projected for five years. The revenue will come from wide range of furniture designs and from wood logs. In addition, the revenues have been projected using the current market price of the services. As a result, the revenue has been projected to be TZS 89.28m during year one and increase to TZS 135.65m during year five.

Years	2024	2025	2026	2027	2028
Revenue	89,250,600.00	98,175,660.00	107,993,226.00	120,952,413	135,466,702.69
Total Revenue	89,250,600.00	98,175,660.00	107,993,226.00	120,952,413.12	135,466,702.69
Expenses	10,200,000.00	11,260,000.00	11,260,000.00	12,840,000.00	15,840,000.00
Wages and salaries	4,200,000.00	4,320,000.00	4,320,000.00	4,560,000.00	4,560,000.00
Water charges	4,200,000.00	4,560,000.00	4,584,000.00	4,800,000.00	4,920,000.00
Electricity charges	4,800,000.00	5,376,000.00	5,760,000.00	6,144,000.00	6,720,000.00
Repair and maintainance	2,400,000.00	2,400,000.00	2,400,000.00	3,000,000.00	3,000,000.00
Security cost	2,277,200.00	4,856,000.00	6,750,000.00	7,200,000.00	7,200,000.00
other expenses	2,277,200.00	4,856,000.00	6,750,000.00	7,200,000.00	7,200,000.00
Total expenses	30,354,400.00	37,628,000.00	41,824,000.00	45,744,000.00	49,440,000.00
EBITD	58,896,200.00	60,547,660.00	66,169,226.00	75,208,413.12	86,026,702.69
Depreciation	13,452,000.00	13,452,000.00	13,452,000.00	13,452,000.00	13,452,000.00
EBIT	45,444,200.00	47,095,660.00	52,717,226.00	61,756,413.12	72,574,702.69
Interest Expense	- 5,450,000.00	- 5,450,000.00	- 5,450,000.00	- 5,450,000.00	- 5,450,000.00
PBT	39,994,200.00	41,645,660.00	47,267,226.00	56,306,413.12	67,124,702.69

11.1 Projected Statement of Financial Position (Balance Sheet)

The statement of financial position has been projected for five years. The analysis results show the increase of total assets from TZS 255.13m in year one to TZS 471.90m in year five. The projected statement of financial position also shows that cumulative net earnings in year one will be TZS 45.52m, then slight decrease to TZS 180m in year five.

	2024	2025	2026	2027	2028
	TZS	TZS	TZS	TZS	TZS
ASSETS					
Non-Current Assets					
Plant and Machinery	510,564,500.00	505,564,500.00	455,564,500.00	401,564,500.00	348,314,500.00
Furniture and Equipment	12,570,000.00	10,890,000.00	9,210,000.00	7,530,000.00	5,850,000.00
Total Non-Current Assets	523,134,500.00	516,454,500.00	464,774,500.00	409,094,500.00	354,164,500.00
Current Assets					
Cash and Cash Equivalent	13,702,800.00	35,506,800.00	107,312,800.00	183,424,800.00	272,832,800.00
Total Current Assets	13,702,800.00	35,506,800.00	107,312,800.00	183,424,800.00	272,832,800.00
TOTAL ASSETS	536,837,300.00	551,961,300.00	572,087,300.00	592,519,300.00	626,997,300.00
LIABILITIES					
Non-Current Liabilities					
Borrowings	200,000,000.00	-	-	-	-
Current Liabilities					
Trade payables	1,109,200.00	2,178,400.00	3,267,600.00	4,356,800.00	5,446,000.00
Owners Capital					
Equity Capital Fund	100,000,000.00	100,000,000.00	100,000,000.00	100,000,000.00	100,000,000.00
Accumulated Surplus	235,728,100.00	449,782,900.00	468,819,700.00	488,162,500.00	521,551,300.00
TOTAL LIABILITIES	536,837,300.00	551,961,300.00	572,087,300.00	592,519,300.00	626,997,300.00

11.2 Projected Cash Flow Statement

The cash flow comprises operating activities, investing activities and financing activities. The statement captures the current operating results and the accompanying changes in the balance sheet. Thus, it provides a dynamic picture of the ultimate changes in cash resulting from the combined decisions made during a given period. The project analysis shows positive cash at the end of year one, TZS 13.7 million and the cash at year five is TZS 272.83 million. This means that the project will generate enough cash to run the business

	2024	2025	2026	2027	2028
	TZS	TZS	TZS	TZS	TZS
Cash Flow from Operating Activities					
Profit for the year	45,444,200.00	47,095,660.00	52,717,226.00	61,756,413.12	72,574,702.69
Adjustments for non-cash income and expenses:					
Depreciation expense	13,452,000.00	13,452,000.00	13,452,000.00	13,452,000.00	13,452,000.00
Net cash flow from operating activities	58,896,200.00	60,547,660.00	66,169,226.00	75,208,413.12	86,026,702.69
Cash Flow from Investing Activities					
Acquisition of PPE	- 87,020,000.00	-	-	-	-
Net cash from (used in) investing activities	- 87,020,000.00	-	-	-	-
Cash flow from financing activities					
Proceeds from loan borrowings	87,020,000.00				
Loan Repayment	- 12,500,000.00	- 12,500,000.00	- 12,500,000.00	- 12,500,000.00	-
Net cash from (used in) financing activities	43,520,000.00	- 43,520,000.00	-	-	-
Net increase (decrease) in cash and cash equivalents	13,702,800.00	21,804,000.00	71,806,000.00	76,112,000.00	89,408,000.00
Cash and cash equivalents as at the beginning of the year	-	13,702,800.00	35,506,800.00	107,312,800.00	183,424,800.00
Cash and cash equivalents as at the year-end	13,702,800.00	35,506,800.00	107,312,800.00	183,424,800.00	272,832,800.00

11.3 Loan Repayment Schedule (Payback Period)

The projected loan repayment schedule under loan repayment schedule of TZS 200,000,000.00 with repayment period of 48 months with an interest rate of 13% per annum is well demonstrated under the table below;

12 Conclusion

The foresaid business profile has attempted to highlight the all the business requirements for the company or business to registered with Tanzania investment centre (TIC) as well as for any further investment decision.

Also, from the thorough analysis done it is observed that in order for LECA INVESTMENT LIMITED to meet all of its regulatory requirements, still there is a significant need of assistance from the Tanzania investment centre (TIC) for the company to be registered and formally recognized.

Moreover, it is the strong opinion of the, Proprietor, Consultants, and Management at large that this business is worth serious consideration by regulatory authorities and other stake holders such as financiers and investors that the business is commercially, financially and economically viable.

Esther Charles Gawile.

Proprietor