

RELEVANCE ENTERPRISES LIMITED

**BUSINESS PLAN
FOR**

FOOTWEAR PRODUCTS

1.0. EXECUTIVE SUMMARY.

RELEVANCE ENTERPRISES LIMITED registered in Tanzania under with Certificate of Incorporation **No.187416566** issued on **31st July 2025**.

The project promoters are well established business specialized in footwear production. Having been in the business for over 10 years the directors are now well prepared for expanding business to Tanzania by establishing a project for footwear manufacturing with meets Tanzania standard, the raw materials to be imported from China and India.

The business plan has been prepared for **RELEVANCE ENTERPRISES LIMITED** for footwear products manufacturing. The implementation of this project will include following activities:

- Registration of project to TIC
- Obtaining various permit and license
- Construction of industrial building
- Ordering machines
- Recruiting
- The purchase of 02 Single Cabins Pick Up
- Purchasing 03 light trucks
- Purchasing of machines and equipments

- Equipping the company with relevant facilities

The proposed project is estimated to cost about US\$ 1m. The project sponsors will prove 100% of this investment.

1.1 THE PROJECT PROMOTERS

The shareholders of this project are all entrepreneurs with a diverse professional and business backgrounds. The company is owned by 02 shareholders, namely:-

Name	Nationality	No. of Share	Date of Birth
Xiaorong He P. O. Box 2988 DAR ES SALAAM Email:xiarongtz25@163.com Tel:+255766333666	Chinese	500	16 th June 1971
Liangcai Xu P. O. Box 2988 DAR ES SALAAM Email:liangcaixu@gmail.com Tel:+86-1590-771	Chinese	500	31 st Aug 1982

1.2 LOCATION.

The project head office will be located at...**PLOT NO.24801...KISARAWA II, INDUSTRIAL AREA, KIGAMBONI DISTRICT, 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 project for footwear manufacturing.

1.4 **MARKET AND MARKETING ASPECTS**

The market survey carried out reveals that the current demand for footwear is increasing. There is wide gap between supply and demand and therefore, business opportunities exist for setting up production 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.

RELEVANCE ENTERPRISES LIMITED the company's products are expected to have a good market in Tanzania.

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.

RELEVANCE ENTERPRISES LIMITED has come to assist by providing a solution and stimulating manufacturing sector by increasing supplies and productivity.

The project has major objectives as following: -

- To promote 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 produce high quality of ecofriendly footwear products where there is huge demand

3.0 **PROJECT MANAGEMENT**

RELEVANCE ENTERPRISES LIMITED will be under the skilled and professional Management who have experience in managing footwear designs and production businesses.

Under this management **RELEVANCE ENTERPRISES LIMITED** is expected to grow steadily from medium to big company producing high quality products serving domestic and foreign market.

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 **50** when operating at full capacity

The summary of employees is as following

Gender	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	2	05	10	17
Men	3	18	12	33
TOTAL	5	23	22	50

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

3.2 **MANUFACTURING SECTOR IN TANZANIA.**

Generally, Tanzania has environmental regulations governing the operation of manufacturing industries; operators are required to take 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.

Tanzania manufacturing sector contributed 5.6% to the country's GDP in 2014 with USD 2.69bn, compared to USD 1.47bn in 2009 representing increase of 82%. In Tanzania consists mainly of food processing (24%), textile (8.5%), and others including beverages, leather and leather products, paper and paper products, publishing and printing, and plastics

Export of Tanzanian manufactured goods includes cotton yarn, processed coffee and tobacco, sisal products, (yarn and twine), wheat flour, plastic items, textile apparel and cement

4.0 PROJECT'S INVESTMENT CAPITAL

The estimated capital investment cost of the project is US \$ 1m out of which US \$750,000 will be fixed investment costs. Pre-production expenditures have been budgeted at US \$30,000; other cost will be \$20,000, while working capital is put at \$200,000.

COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	40,000.00
Machinery & Equipment	600,000.00
Motor Vehicles	100,000.00
Furniture & Fixtures	10,000.00
Pre exp	30,000.00
Others	20,000.00
Working Capital	200,000.00
TOTAL	1,000,000.00

For the project to be a reality a total investment amounting to US \$1m is needed

(i) Land and Building: Us \$40,000

The project has opted for long term lease of five years and renovation of building estimated to cost US \$40,000

(ii) Machinery and Equipment: US\$ 600,000

Some US \$600,000 is anticipated to be spent on the purchase of various factory tools and equipment which will accommodate new

(iii) Motor Vehicles:US\$100,000

The project will need 2 heavy trucks, 2 light tucks and 1 double cabin pick. These vehicles will be used in transportation of final products and double cabin pick up for administrative purposes.

(iv) Office Furniture and Equipment: US \$10,000

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

(v) Pre-Operational Expenses: US\$ 30,000

They cover things like company registration, expenses spent by **RELEVANCE ENTERPRISES LIMITED** in exploring the viability of the project, especially the market/client identification exercise. This Pre-operational coast item also covers the architectural designs of project buildings and other engineering services. Also included under this item are issues like consultancy fees, legal fees and recruitment and training costs of personnel.

(vi) Initial Working Capital: US\$200,000

Calculations as will as assumptions for working capital requirements, it is estimated that it will cost US \$ 200,000.

5.0 FINANCING PATTERN

The project will be financed by equity by 100%.

6.0 PROJECT OPERATING COSTS

In order to realize its intended objective the project will have to meet the following operating costs.

(i) Salaries and Wages US \$320,000

The project will engage 80 employees.

(ii) Utilities US \$32,000

Considered here are water and electricity which together will cost US \$32,000 annually respectively.

(iii) Motor vehicle running Expenseus\$20,000

Petrol/diesel and lubricant requirement for the project's motor vehicles, this cost element will amount to US\$20,000 annually.

(iv) Insurance: US\$5,800

Each vehicle will be covered by third party insurance of US\$ 5,800 annually

(v) Marketing cost US \$2815

A portion of US\$39,216 is to be used in advertising the project and also for marketing purposes, for instance, Public Relations' contributions, charity donations, etc.

(vi) Depreciation cost US \$162,966

For the day to day depreciation of fixed asset of the project US \$162,966 will be required annually for depreciation cost.

(vii) Pension contribution US \$ 31,000

The company has set a side US \$ 31,000 as pension contribution

(vii) Communication cost US\$ 5,500 and Administration cost US\$ 5200.

(viii)

7.0 MARKETING ASPECTS

7.1 The Products

Footwear products

7.2 The Markets

The products are for 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 quality footwear 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

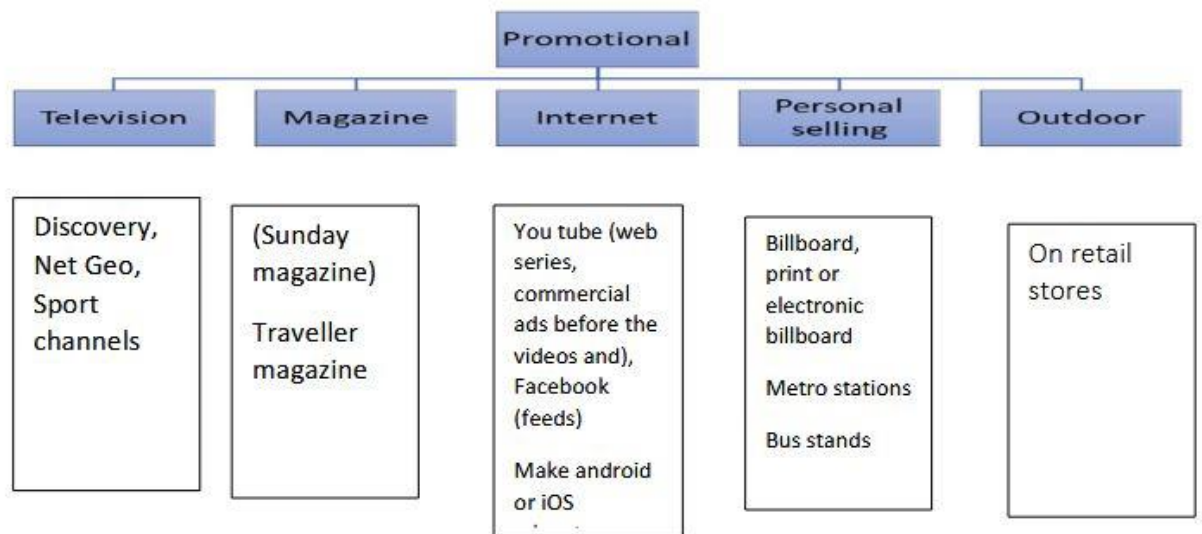
Due to the limited and insufficient supply as aforementioned, no stiff competition is foreseen. However, it must be cautioned that the targeted market is very conscious regarding quality. Hence, production of sub-standard products or selling at prohibitive prices will immediately shift customers to substitute 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 mark as shown below:



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.

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 footwear 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 30% of the profits. 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.

It is assumed that the major raw material will be procured from local market. The footwear products will be manufactured at the factory.

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

9.2 Financial Statements:

9.3 Projected Sales Revenue

For projection purposes, it is assumed that the economic life of the project is five years, and that production of the different types of footwear products commence from the first year of operation.

	1 US\$	2 US\$	3 US \$	4 US\$	5 US\$
Revenue	1,630,800,	1,640,800	1,649,805	1,655,901	1,700,000

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 tax profits grow from. US \$ **419,499** in first year to US \$ **456,299** in the 5 year

PROJECTED INCOME & EXPENDITURE STATEMENT

	US \$				
	1	US\$ 2	US\$ 3	US\$ 4	US\$ 5
Sales Revenue	1,630,800	1,640,800	1,649,805	1,655,901	1,700,000
Cost of Sales	510,000	512,000	518,000	520,000	525,000
Gross Profit	1,120,800	1,128,800	1,131,805	1,135,901	1,175,000
Operating Expenses:					

Administrative Expenses	5,200	5,205	6,000	6,200	6,800
Motor vehicle running expenses	20,000	20,000	20,000	20,000	20,000
Salaries and Wages	320,000	320,000	320,000	320,000	320,000
Donation	1,200	1,200.00	1,200	1,200	1,200
Depreciation	75,000	75,000	75,000	75,000	75,000
Marketing Costs	2,815	2,815	2,820	2,822	2,825
Utility costs	32,000	32,000	32,000	32,000	32,000
Insurance	5,800	5,800	5,800	5,800	5,800
Communication	5,500	5,506	5,510	5,515	5,518
Pension Contribution	48,000	48,000	48,000	48,000	48,000
Loan Interest (3%)	6,000	6,000	6,000	6,000	6,000
Total Expenses	521,515	521,526	522,330	522,537	523,143
Profit before tax	599,285	607,274	609,475	613,364	651,857
Tax (30%)	179,785	182,182.20	182,842	184,009	195,557
Profit After Tax	419,499	425,091	426,632	429,354	456,299

9.4 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year1, i. e US\$ 2,845,818 of operation to the 5th year i.e. US \$ 6,686,521

PROJECTED CASH FLOW US\$

	1	2	3	4	5
Cash Sales	1,625,100	1,635,050	1,643,805	1,649,651	1,693,700
VAT Receipt	292,518	294,309	295,885	296,937	304,866
Subtotal cash Received	1,917,618	1,929,359	1,939,690	1,946,588	1,998,566
Expenditures from Operations:					
Purchases	510,000	512,000	518,000	520,000	525,000
VAT Payments	91,800	92,160	93,240	93,600	94,500
Subtotal Cash Payment	601,800	604,160	611,240	613,600	619,500

CASH FLOW FROM OPERATIONS:	1,315,818	1,325,199	1,328,450	1,332,988	1,379,066
CASH FLOW FROM INVESTMENTS:					
Purchase of Assets	750,000				
Working Capital and pre-expenses	-220,000				
CASH FLOW FROM INVESTMENTS:	530,000				
CASH FLOW FROM FINANCING:					
Loan	200,000				
Owners Equity Contribution	800,000				
CASH FLOW FROM FINANCING:	1,000,000				
NET CASH FLOW FOR PERIOD	2,845,818	1,325,199	1,328,450	1,332,988	1,379,066
CASH FLOW START OF YEAR	-	1,320,818	2,646,017	3,974,467	5,307,455
CASH FLOW AT THE END OF YEAR	2,845,818	2,646,017	3,974,467	5,307,455	66,865,210

9.5 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Net worth of the project increases from US\$ 1,261,548 in the first year of operation to US \$ 1,297,691 in the 5th year.

PROJECTED BALANCE SHEET USD

	1	2	3	4	5
<u>Fixed Assets</u>					
Long-term Assets	750,000	675,000	600,000	525,000	450,000
Depreciation	75,000	75,000	75,000	75,000	75,000
Total Long-term Assets	675,000	600,000	525,000	450,000	375,000
<u>Current Assets</u>					
Cash	1,320,818	2,646,017	3,974,467	5,307,455	6,685,521

Accounts Receivable	5,700	5,750	6,000	6,250	6,300
Total Current Assets	1,326,518	2,651,767	3,980,467	5,313,705	6,691,821
Total Assets	2,001,518	3,251,767	4,505,467	5,763,705	7,066,821
Current Liabilities					
Accounts Payable	5,000	5,200	5,200	5,300	5,500
Other Current Liabilities	0	0	0	0	0
Subtotal Current Liabilities	5,000	5,200	5,200	5,300	5,500
Long-term Liabilities					
Long-term Liabilities	200,000	200,000	200,000	200,000	200,000
Total Liabilities	205,000	205,200	205,200	205,300	205,500
Net Assets	1,796,518	3,046,567	4,300,267	5,558,405	6,861,321
Capital and Reserves					
Owners Contribution	800,000	800,000	800,000	800,000	800,000
Retained Earnings	461,548	467,140	468,310	470,889	497,691
Total Capital	1,261,548	1,267,140	1,268,310	1,270,889	1,297,691

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ECONOMIC ASPECTS

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

- Processing of leather and plastic raw into final products will greatly add value.
- The project will involve transfer of technology.
- The project will create employment for **50** people on permanent contract basis as well as on temporary basis.

- It will create more business opportunities to local suppliers.
- 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 earn substantial amounts of foreign exchange.

11.0 IMPLEMENTATION

Project implementation is expected to be relatively very short once project has been approved it is estimated that ordering and assembling of machines will take approximately 8 months:-

	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	March 2026
2	Ordering of plant and machineries and Vehicles	March-July 2026
3	Arrival of Plant, Machinery and Vehicles	July –August 2026
4	Assembling and fixing machines	Aug-Sept 2026
5	Testing machines	Sept 2026
6	Commercial production	October 2026

12.0 CONCLUSION AND 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.