BIBITI GINNERIES LTD

BUSINESS PLAN

Cotton Processing Ginnery Project

Meatu District, Simiyu Region, Tanzania

Total Investment:	USD 1,000,000
Processing Capacity:	30,000 Tonnes/Year
Project IRR:	23.4%

Payback Period:	4.3 Years

EXECUTIVE SUMMARY

Project Overview

BIBITI GINNERIES LTD is a strategically positioned cotton processing enterprise in Meatu District, Simiyu Region, Tanzania. The project establishes a modern cotton ginnery with an annual processing capacity of 30,000 tonnes of seed cotton, producing high-quality lint cotton and cottonseed for domestic and export markets.

Investment Highlights

- Total Investment: USD 1,000,000
- Processing Capacity: 30,000 tonnes per year
- Expected IRR: 23.4%
- Payback Period: 4.3 years
- Break-even Capacity: 58%
- Direct Employment: 45-60 jobs
- Farmers Benefiting: 10,000+

Strategic Rationale

Simiyu Region contributes over 70% of Tanzania's national cotton output yet faces a critical shortage of modern processing facilities. BIBITI GINNERIES addresses this gap while supporting smallholder farmers through improved market access and fair pricing mechanisms.

INDUSTRY & MARKET ANALYSIS

Tanzania Cotton Sector

Cotton ranks as Tanzania's second most important traditional export crop. The Lake Zone dominates national production with over 70% market share. Government initiatives under ASDP II prioritize value addition through local processing infrastructure.

Market Opportunity

- Strong domestic demand from expanding textile mills
- Growing Asian and regional African export markets
- Rising cottonseed demand for edible oil and animal feed
- Aging ginnery infrastructure creates supply gap
- Post-harvest losses of 15-20% due to inadequate facilities

Competitive Advantage

- Strategic location in Tanzania's cotton belt
- Modern saw-ginning technology ensuring superior quality
- Direct farmer sourcing agreements
- International grading standards
- Dual revenue from lint and cottonseed

TECHNICAL SPECIFICATIONS

Production Technology

State-of-the-art saw-ginning equipment optimized for East African cotton varieties.

Core Equipment

- Seed cotton pre-cleaners with dust extraction
- High-capacity gin stands (80-saw configuration)
- Multi-stage lint cleaning systems
- Hydraulic bale press (500kg capacity)
- Automated material handling systems

Production Capacity

Parameter	Annual Capacity	Yield %
Seed Cotton Processing	30,000 tonnes	100%
Lint Cotton Output	10,500 tonnes	35%
Cottonseed Output	18,600 tonnes	62%
Processing Loss	900 tonnes	3%

Raw Material Sourcing

- Direct farmer contracts in Meatu, Bariadi, Itilima, Maswa
- Partnerships with primary cooperative societies (AMCOS)

- Contract farming arrangements with farmer groups
- Spot market purchases during peak season

FINANCIAL PROJECTIONS

Investment Requirements

Cost Category	Amount (USD)	%
Land & Site Development	120,000	12.0%
Civil Works & Buildings	230,000	23.0%
Ginnery Machinery	420,000	42.0%
Power & Utilities	70,000	7.0%
Office Equipment	25,000	2.5%
Pre-operational Expenses	35,000	3.5%
Contingencies	50,000	5.0%
Fixed Investment	**950,000**	**95.0%**

Working Capital	50,000	5.0%
TOTAL	**1,000,000**	**100%**

Financing Structure

Source	Amount (USD)	%
Equity Contribution	600,000	60%
Term Loan (7 years @ 10%)	400,000	40%
Total	**1,000,000**	**100%**

5-Year Revenue Projections

Year	Capacity	Lint Revenue	Seed Revenue	Total
Year 1	60%	7,245,000	1,674,000	**8,919,000**

Year 2	70%	8,452,500	1,953,000	**10,405,500**
Year 3	80%	9,660,000	2,232,000	**11,892,000**
Year 4	90%	10,867,500	2,511,000	**13,378,500**
Year 5	100%	12,075,000	2,790,000	**14,865,000**

Key Financial Indicators

Indicator	Result
Internal Rate of Return (IRR)	23.4%
Equity IRR	27.8%
Payback Period	4.3 years
Break-even Capacity	58%
Debt Service Coverage Ratio	1.6x

OPERATIONS & MANAGEMENT

Production Process

1. Reception & Weighing of seed cotton
2. Pre-cleaning & Drying
3. Ginning (lint separation)
4. Lint Cleaning & Grading
5. Baling & Packaging
6. Storage & Dispatch

Organizational Structure

- **Board of Directors:** Strategic oversight and governance
- **General Manager:** Overall operations and strategy
- **Production Manager:** Ginning operations and maintenance
- **Finance & Admin Manager:** Financial control and HR
- **Quality Control Officer:** Standards compliance
- **Operations Staff:** Machine operators and technicians

Employment

- Permanent Staff: 45-60 employees
- Seasonal Workers: 100+ during harvest season

DEVELOPMENT IMPACT

Economic Impact

- 10,000+ smallholder farmers supported
- Improved farm-gate pricing
- Reduced transportation costs
- Strengthened cotton value chain
- Export revenue generation

Environmental Management

Full compliance with Environmental Management Act (EMA 2004) and NEMC regulations:

- Dust extraction and control systems
- Noise reduction measures
- Cotton waste recycling
- Water conservation systems
- Energy-efficient equipment

Social Responsibility

- Comprehensive worker safety protocols
- Fair labor practices and competitive wages
- Community development support
- Farmer extension services

RISK ANALYSIS

Risk	Mitigation Strategy
Market price volatility	Export contracts with hedging; diversified customers; cottonseed revenue
Supply fluctuations	Multi-district sourcing; contract farming; buffer stocks
Equipment breakdown	Preventive maintenance; spare parts inventory; trained staff
Working capital	Seasonal credit facilities; advance customer payments
Quality issues	Automated systems; trained graders; contamination controls

IMPLEMENTATION TIMELINE

Phase	Activities	Duration
Phase 1	Land acquisition, permits, detailed design	3 months
Phase 2	Civil works and building construction	4 months
Phase 3	Equipment procurement and installation	3 months
Phase 4	Commissioning and staff training	2 months
Total Implementation Period		**12 months**

BIBITI Ginneries Ltd

Five-Year Financial Projections (USD)

These financial statements are prepared based on the projected income statement provided, with an initial equity capital of USD 1,000,000 and no external debt financing.

1. Projected Income Statement

Item	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Margin	1050000	1275000	1500000	1500000	1500000
Operating Expenses	-750000	-850000	-950000	-980000	-1000000
EBITDA	300000	425000	550000	520000	500000
Depreciation	-100000	-100000	-100000	-100000	-100000
EBIT	200000	325000	450000	420000	400000
Tax (30%)	-60000	-97500	-135000	-126000	-120000
Net Profit	140000	227500	315000	294000	280000

2. Projected Cash Flow Statement

Item	Year 1	Year 2	Year 3	Year 4	Year 5
Net Profit	140000	227500	315000	294000	280000
Depreciation	100000	100000	100000	100000	100000
Operating Cash Flow	240000	327500	415000	394000	380000
Closing Cash Balance	240000	567500	982500	1376500	1756500

3. Projected Balance Sheet

Item	Year 1	Year 2	Year 3	Year 4	Year 5
Cash	240000	567500	982500	1376500	1756500
Net Fixed Assets	900000	800000	700000	600000	500000
Total Assets	1140000	1367500	1682500	1976500	2256500
Share Capital	1000000	1000000	1000000	1000000	1000000
Retained Earnings	140000	367500	682500	976500	1256500
Total Equity	1140000	1367500	1682500	1976500	2256500

CONCLUSIONS & RECOMMENDATIONS

The BIBITI GINNERIES LTD cotton ginnery project represents a compelling investment opportunity that combines strong financial returns with significant development impact.

Key Strengths

- **Technically Feasible:** Proven technology and adequate infrastructure
- **Financially Viable:** Strong IRR (23.4%) and manageable payback period (4.3 years)
- **Economically Beneficial:** Value addition and export revenue generation
- **Socially Desirable:** Farmer support and job creation (10,000+ farmers, 45-60 jobs)
- **Environmentally Manageable:** Full compliance with regulatory requirements

Strategic Alignment

The project aligns with Tanzania's:

- Industrialization and value addition agenda
- Agriculture Sector Development Programme II (ASDP II)
- Export diversification strategy
- Rural economic transformation objectives

Recommendation

The project is strongly recommended for implementation and financing. The combination of favorable market conditions, strategic location, modern technology, and strong financial projections provides a solid foundation for success.

The conservative financial assumptions, diversified revenue streams, and comprehensive risk mitigation strategies position BIBITI GINNERIES LTD as a bankable investment opportunity suitable for commercial banks, development finance institutions, and private investors.

END OF BUSINESS PLAN

BIBITI GINNERIES LTD

January 2026