

NAS TYRE SERVICES LIMITED

Business Plan

Project Plan / Feasibility Study

July 2020

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I. COMPANY PROFILE

Our Company, Nas Tyre Services Ltd was incorporated in 1994 and it is wholly Tanzanian Owned Company. It is the largest Retread Plant operators in the Country with 3 units, Dar es Salaam, Arusha & Mwanza and we are also one of the largest importers and distributor of Tyres and Automotive Batteries, with presence in the segments of light and Heavy commercial vehicles, trailers and construction Equipments and all kinds of passenger vehicles, Agricultural and mining Tyres. We have 4 operational offices in Dar es Salaam, Arusha, Mwanza & Dodoma to efficiently cover and service the length and breadth of th Country. We also operate through our vast network of 150 Dealers / Distributors and 765 Fleet Owner Transporters and Corporate Customers spread throughout Tanzania. Through our @The Wheel outlets, in Dar es Salaam alone, we service another 340 Corporate Customers. Due to the nature of our industry we have been associated with 'Transportation Sector'. Now using that valuable experience and expertise gained over the years, we intend to bring in a value added service for the Transportation Industry thus creating a 'Economic Infrastructure Service' which will be beneficial to all stake holders.

II. MANAGEMENT

The company has the following Directors who bring with them rich & varied experience in the Transportation, Tyres, Motor Vehicle parts and Automotive batteries, over the last 30 years :

- (1) Amin B. Lakhani
- (2) Navin P Kanabar

DIRECTORS

Mr. Amin B Lakhani - Director

The Director, Mr. Amin B Lakhani is a Chartered Accountant by profession from India & also a CPA in Tanzania. He has to his credit an excellent academic record and is a successful businessman in Tanzania since 1986. A person with sharp commercial acumen, coupled with the utilization of his professional skills and entrepreneurial abilities he has spearheaded the Company for nearly 3 Decades. As Managing Director he is responsible for the overall affairs of the Company and is instrumental in making strategic decisions for the Companies.

He is also a Director of a number of leading companies and organizations and is actively involved in various Philanthropic, Community Development & Social causes and has held and continues to hold several key and responsible positions on various Institutions and Bodies.

Mr. Navin P Kanabar - Director

A Graduate Degree in Commerce, Mr. Kanabar, is an entrepreneur par excellence and a respected name in business circles in East Africa. Under his stewardship the Company has grown from a humble beginning to the current stage, due to Leadership, business acumen and coupled with three decades of hard and dedicated work. He is also a Director of a number of leading companies and organizations and is one of the successful and well-respected businessmen in the country. He is actively involved in various Philanthropic, Community Development & Social causes and on Board of various Charitable Institutions and Social Bodies.

GENERAL MANAGEMENT

The Bosch Diesel Service and Car Services (BDS & BCS) Project would be managed by the General Manager under the guidance of Managing Director and would be ably assisted by senior managers well supported by a team of efficient and dedicated staff.

UNIT HEAD:

He is technically qualified, has Masters degree and 32 years experience and has undergone training at Bosch, Germany and Bosch India, has been designated as General Manager to head Bosch Division. The General Manager reports to the Managing director in all business aspects.

FINANCE:

The Finance Manager, would look after all the financial aspects of the Division. He is supported by his team of Cashier & Store Keeper.

Service Engineer:

He is a seasoned and thorough professional with technical qualifications. This is a highly sophisticated and specialized function. He reports to General Manager. He is assisted by Service Technicians.

Maintenance / Workshop Incharge:

All these positions are manned by people with thorough experience in the industry and have assistants with exposure to assist in their functioning.

III. THE PROJECT

Prelude :

Transportation is one of the mainstay sectors for the Tanzanian economy because of the importance role played by transport sector due to strategic importance Dar es Salaam port for not only Tanzania but as an entry port for all landlocked countries in the East African region. For the Transportation sector to thrive and grow the ancillary infrastructure and services has to develop, else it may falter. One of the key services essential to maintain the Fleet of Trucks in proper condition is the highly specialized diesel injection pump diagnostics, OE spares and servicing and repairs. All the modern Trucks are becoming more and more complex and sophisticated with inbuilt electronics systems. Today there is a huge gap there in the country where authentic, genuine Diesel injection pumps /spares and also Common Rail Injector pump/ spares are not available and the Fleet owners / Transporters are forced to buy spurious spare parts use unskilled workshop for Diesel pump services and risk serious damage to the truck and resultant loss of downtime in handling cargo.

PROPOSAL

Recognizing this need and requirement to provide Authentic and Authorized world class Diesel Injection Service to Tanzanian Transport Industry, Our Company Nas Tyres has tied up with "BOSCH" Germany which is the one of the largest OE Spares and Diesel Injection Pump Diagnostics in the World with presence in 130 Countries around the Globe, to bring their 'Bosch Diesel Services' Diagnostics centre in to Tanzania. Bosch technologies are used worldwide in almost all vehicles as OE fitment.

Once the vehicle is on the roads, the customer seeks a quality repair and that is where the Bosch service partners engage in. Modern Vehicles have a lot of electronics in them and one can call it as a computer on wheels. To help provide proper repair and service Bosch has a range of diagnostics equipment and special tools. The two main service workshop concepts are the “Bosch Car Service” and the “Bosch Diesel Service”.

PROJECT RATIONALE

The key rationale of the envisaged project is the significance of the creation of Economically important Infrastructure services in the Country which can value add and contribute in growth of the key sectors of the economy which in turn will result in generation of more employment opportunities and tax revenues to the Country. The Bosch Diesel Center, will specialize in the diagnosis and repair of in-line pumps. It is also a Bosch Authorized Common Rail Injector Rebuilder and provides drive in vehicle service at their facility. The BDC is highly technically qualified and is the most complete specialist for diesel systems. Vehicles are becoming ever more complex and challenging to repair. By pairing Bosch’s technology and innovation with highly skilled technicians, Bosch Car Service is uniquely equipped for these challenges and offers the best solutions in the industry.

Bosch Diesel Service: BDS

Diesel engines are powerful yet are seen to break down frequently if not properly maintained and serviced; causing hardships to the fleet operators who mostly use the diesel vehicles.

It is this requirement which is taken care of by the Bosch Diesel Service in correct repairs, using the latest measuring technology and spares to repair the fuel injection pump and injectors for a proper engine functioning.

The following are the service offerings planned to be carried out at the Bosch Diesel Service (BDS) Repair of the Fuel Injection Systems (Pump and Injector) using advance measuring technology and machinery / equipment from Bosch

Importance of BDS as Economic Infrastructure Service :

The Bosch Service therefore helps in building up the vehicle parts to give the customer value for money also optimum vehicle performance.

- ▶ They offer the highest quality replacement parts from Bosch, the largest quality replacement parts manufacturer in the world.
- ▶ Every service is carried out as per vehicle manufacturer's guidelines.
- ▶ Extended service intervals means less visits to a workshop by the customer.
- ▶ Growing complexity of automotive systems and parts which only a well-trained workshop can service.
- ▶ Replacement of parts often only possible by using diagnostic tools and software.
- ▶ Higher qualification, and continuous learning by workshop staff is made possible with the help of Bosch experts who train technicians on a continuous basis
- ▶ Considerable investment in diagnostic tools and continuous technical training.

The Bosch Center in Dar es Salaam will be a great Support and Service Center for all Fleet Owners and Large Corporates where these Tanzanian Companies will have Authentic and Authorized Bosch spare parts and world class services at affordable costs, **which means less breakdown, better vehicle utility, value for money to the Transporter / Fleet Owner**, which is crucial for the economic betterment of the Transportation Industry and for the Country.

This Bosch division is expected to generate employment for additional 50 skilled Tanzanians and also contribute revenues and taxes to the economy.

IV. CAPITAL INVESTMENT & MEANS OF FINANCE

The Company plans the following capital investment over the next 5 years:

ASSET Type	Tshs	US\$
Land / Building	550,000,000	233,001
Machinery & Equipment		800,000
Vehicles		150,000
Furniture & Fittings	125,000,000	52,000
Pre-op Expenses		50,000
Miscellaneous		25,000
Working Capital		250,000
TOTAL INVESTMENT	US\$	1,560,000

The specialized machines, diagnostic tools and other specialized equipments are intended to be mainly imported from Germany, South Africa, India according to the requirements / technical specs/ feasibility and of course the best price.

The investment would be financed by the Company, Nas Tyre Services Limited through internal accruals and own funds and no borrowing is envisaged for this project.

V. IMPLEMENTATION SCHEDULE

The setting up of the BOSCH Diesel Service Centre is planned to be implemented within 12-24 months of the roll out and is most likely expected to be commissioned within the first year and the planned capital investment of approx.. US\$ 1.30 Million other than working capital for the project is envisaged to be spent within 1 year Period.

VI. CAPACITY

The BOSCH Diesel Services and Car services Centre will initially have capacity to handle 6 Trucks & approx. 8 other Vehicles per day working in General shift only., which can be increased by either working more shifts or with a nominal amount of capital investment.

VII. EMPLOYMENT

This Project is expected to generate employment initially for additional 50 skilled Tanzanians and 5 non-citizens so total 55, which may increase in the subsequent years.

VIII. SOURCES OF INPUTS

We will be sourcing spares and consumables required for proper handling and servicing the diesel injector pumps and vehicles from mainly Germany, South Africa, or any other reputed brands as per need from around the globe.

IX. PROSPECTS – MARKET

As highlighted earlier Transportation Sector is one of the mainstay sectors for the Country and the Economic Infrastructure Service in form of Bosch Diesel Services Centre has a ready market because the Fleet Owners and Large Corporates (who already are Nas Tyres Customers) will have Authentic and Authorized Bosch spare parts and world class services at affordable costs, which means less breakdown, better vehicle utility, value for money to the Transporter / Fleet Owner.

X. FINANCIALS

The financial attractiveness of the proposal has been evaluated and summarized in the financials annexed herewith for the years 2021 through 2025.

Projected Revenues

The revenues show a rising trend as indicated in the grid below. The consistency and profitability shown in the Profit & Loss Account reflects the commercial attractiveness of the proposed investment. The Revenues projected for the years 2021 to 2025 are as follows:

Particulars	Projected – Tshs '000				
	2021	2022	2023	2024	2025
Sales Revenue from Operations	4,177,853	6,686,073	8,199,204	9,162,745	10,310,578
Total Sales	4,177,853	6,686,073	8,199,204	9,162,745	10,310,578

NET PROFITS:

The projected profitability, is estimated to post a healthy growth rate and the trend is positive from 2nd year which is quite healthy for a project of this size and this sector. The figures for period 2021 to 2025 is detailed below :

YEAR	GROSS PROFIT TSHS'000	OPERATING PROFIT TSHS'000
2021	1,821,628	(383,325)
2022	2,955,202	607,580
2023	3,618,826	1,036,392
2024	4,043,875	1,283,496
2025	4,561,330	1,603,292

CASH FLOWS:

The estimated cash flows generation for the next five years would comfortably cater to the working capital requirement of the Company and would be sufficient to take care of the funding requirements of the Company. The Initial investment brought in by the parent 'Nas Tyre Services Limited' is sufficient for the capital investment. The details of the projected estimated cash flows for the Years 2020 through 2025 are set out in Annexure.

The Current Ratio of Current Assets to Current liabilities and also the liquid ratios for each of the years are quite comfortable and reflect the ability of the Company to meet its working capital needs.

INTERNAL RATE OF RETURN – IRR

The Feasibility and Viability of any project is evaluated and indicated by the IRR. In the present case the IRR computed on Cash flows shows an extremely healthy 22% over a 5 year period.

The payback period for the Investment, again taken at Present Value i.e. Discounted is only 5 years which is very favorable and an indicator for positive investment.

XI. CONCLUSIONS & RECOMMENDATIONS

Based on the above it can be concluded that the envisaged development of Bosch Diesel Service Centre as an 'Economic Infrastructure Service' is technically, environmentally and economically viable and beneficial to the economy at large.

The Bosch Center in Dar es Salaam will be a great Support and Service Center for all Fleet Owners and Large Corporates where these Tanzanian Companies will have Authentic and Authorized Bosch spare parts and world class services at affordable costs, which means less breakdown, better vehicle utility, value for money to the Transporter / Fleet Owner, which is crucial for the economic betterment of the Transportation Industry and for the Country.

Hence TIC can favorably evaluate this proposal and register this project under TIC thereby granting a Certificate of Incentives.

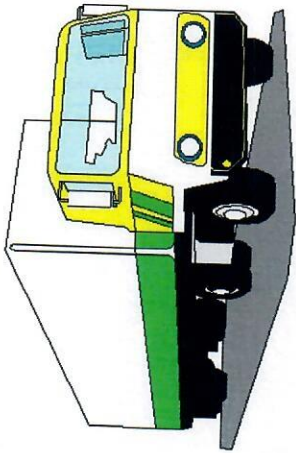
Nas Tyre Services Limited
 (BDS & BCS Project)
 Projected Profitability Statement

	(Tshs ' 000)				
INCOME	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Sales	4,929,866	7,889,566	9,675,060	10,812,039	12,166,483
Net of VAT Sales	4,177,853	6,686,073	8,199,204	9,162,745	10,310,578
Less : Cost of Goods Sold	2,356,225	3,730,871	4,580,377	5,118,870	5,749,248
Gross Margin	1,821,628	2,955,202	3,618,826	4,043,875	4,561,330
EXPENSES					
Overheads	1,983,570	2,119,969	2,350,998	2,526,534	2,721,324
Financial Costs	10,445	16,715	20,498	22,907	25,776
EBDTA	(172,387)	818,518	1,247,330	1,494,434	1,814,229
Depreciation	210,938	210,938	210,938	210,938	210,938
PBT	(383,325)	607,580	1,036,392	1,283,496	1,603,292

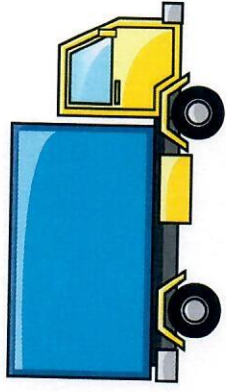
Projected Cash Flow Statement - BDS & BCS Division

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Receipts						
Own Funds	3,100,000	5,177,853	5,936,073	6,999,204	7,662,745	8,510,578
Collections from Receivables	3,100,000	1,000,000	(750,000)	(1,200,000)	(1,500,000)	(1,800,000)
		4,177,853	6,686,073	8,199,204	9,162,745	10,310,578
Total Cash Inflow	3,100,000	5,177,853	5,936,073	6,999,204	7,662,745	8,510,578
Outflows						
Payment to suppliers		2,354,358	2,611,609	3,206,264	3,583,209	4,024,474
Consignment Expenses		824,679	1,119,261	1,374,113	1,535,661	1,724,774
Prodn Overheads		1,983,570	2,119,969	2,350,998	2,526,534	2,721,324
Subtotal Cash Paid	-	5,162,607	5,850,840	6,931,376	7,645,404	8,470,573
Fixed Assets	3,080,850					
Financial Charges		10,445	16,715	20,498	22,907	25,776
Total Cash Outflow	3,080,850	5,173,051	5,867,555	6,951,874	7,668,311	8,496,349
Net Surplus/ Shortfall	19,150	4,801	68,518	47,330	(5,566)	14,229
Op Bal	-	19,150	23,951	92,469	139,799	134,234
Cash Balance C/f	19,150	23,951	92,469	139,799	134,234	148,463

Challenges facing the Transport Industry



- ⚡ New technology
More complex diesel systems
- ⚡ Where can I get
the Fuel Injection System serviced



⚡ What about
Genuine spares

⚡ Authorized Diesel Diagnostics

Bosch is the leading Global supplier of Diesel Injection Systems in most of the vehicles

Economic Infrastructure Service setup to Cater to the Transport Sector

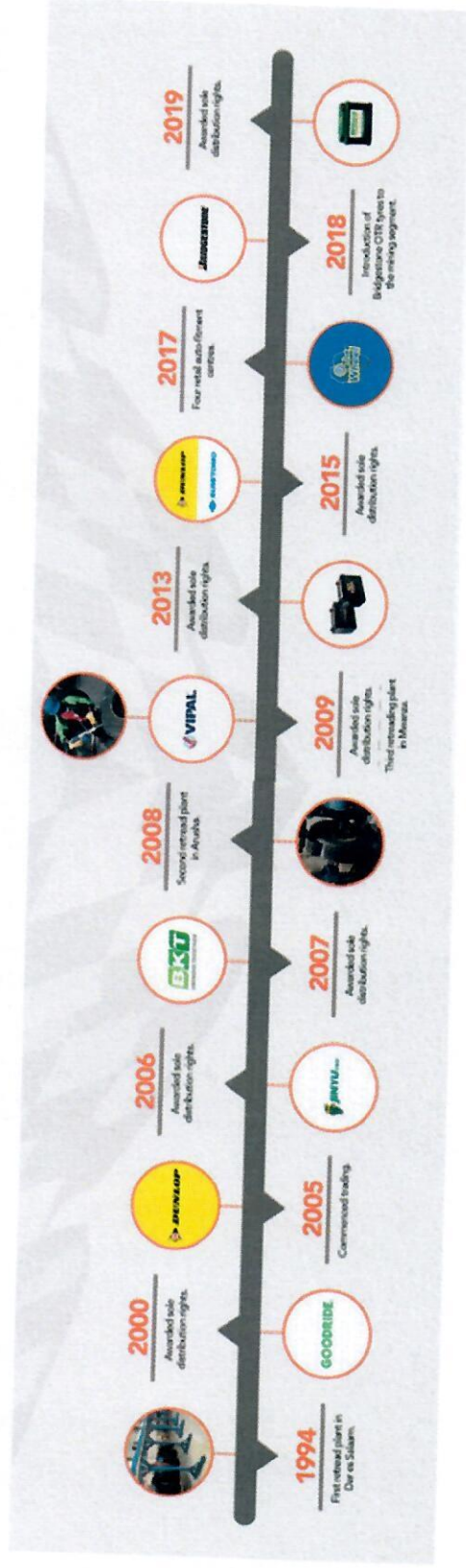
Heralding A New Partnership in Tanzania

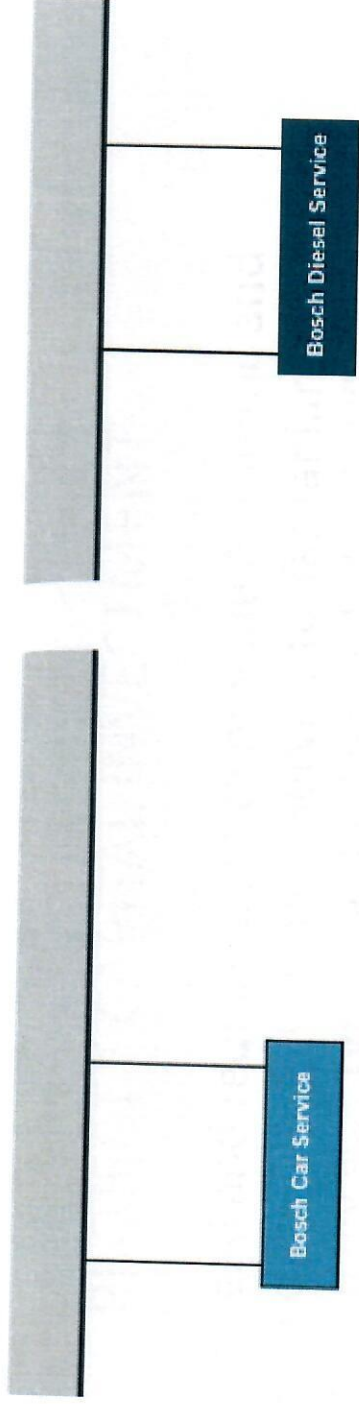




NAS Tyre Services Limited or NTS as it is commonly referred, had humble beginnings in 1994 when it set up a small Tyre Retreading unit in Dar es Salaam. Over the years it has grown to become the largest Retread company in Tanzania with three Retread plants operating in Dar es Salaam, Arusha and Mwanza.

NTS is also largest importer and distributor of Tyres and Automotive Batteries, with presence in the segments of light and Heavy commercial vehicles, trailers and construction Equipments and all kinds of passenger vehicles, Agricultural and mining Tyres. We operate through our vast network of 150 Dealers / Distributors and 765 Fleet Owner Transporters and Corporate Customers spread throughout Tanzania. Through our @The Wheel outlets which is a B2C service, in Dar es Salaam alone, we have another 340 Corporate Customers. Due to the nature of our industry we have been associated with 'Transportation Sector'.





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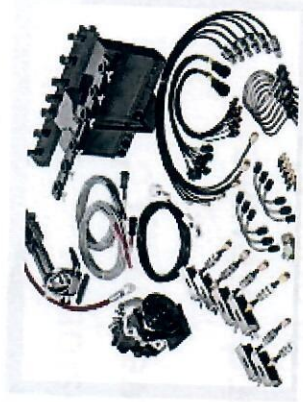
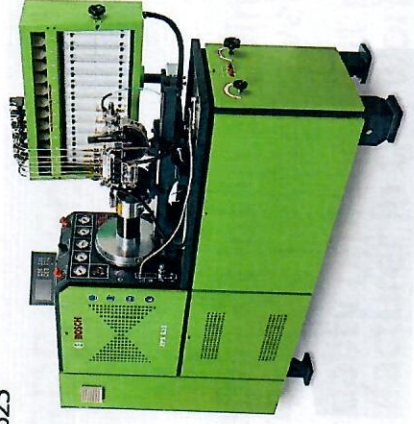
Once the vehicle is on the roads, the customer seeks a quality repair and that is where the Bosch service partners engage in.

The two main service workshop concepts are the "Bosch Car Service" and the "Bosch Diesel Service".

Hardware for testing/servicing + Software + Services completes the solution being provided for the customer

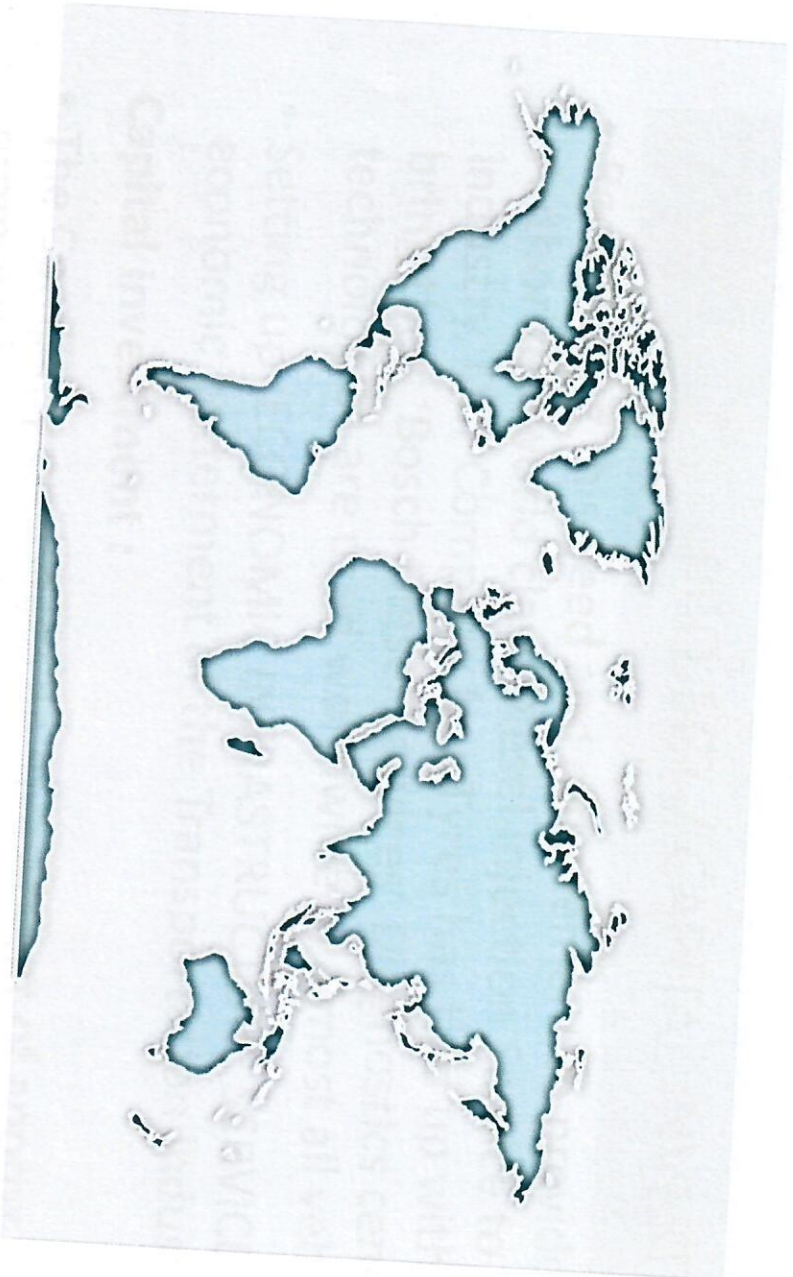


EPS 625



NTS is equipping with the best of the tools and equipment to offer the quality services

Thank You



About BOSCH

- Leading global supplier of Technology and Services
- World wide presence in more than 130 countries
- Four business sectors
 1. Mobility Solutions
 2. Industrial Technology
 3. Energy & Building Technology
 4. Consumer Goods

- Tagline : Invented for Life

Bosch is present in Africa since 1906 through its network of partners and distributors. In 1965, Bosch established its first own subsidiary in Africa in Johannesburg (South Africa).

Since 2010, Bosch has expanded in Africa with offices in 13 countries in Africa. **NTS association with BOSCH in Tanzania would create lot of opportunities.**

PROJECT / CAPITAL INVESTMENT

- Recognizing this need and requirement to provide Authentic and Authorized world class Diesel Injection Service to Tanzanian Transport Industry, Our Company Nas Tyres has tied up with “BOSCH” Germany to bring their ‘Bosch Diesel Services’ Diagnostics centre in to Tanzania. Bosch technologies are used worldwide in almost all vehicles as OE fitment.
- Setting up ‘ECONOMIC INFRASTRUCTURE SERVICE’ which is crucial for the economic betterment of the Transportation Industry and for the Country.

Capital Investment :

- The Company envisages an investment of approx.. US\$ 1,550,000 for this project which would be a great boost to the services sector in the country.

Employment : Provide Employment to 50 skilled Tanzanians.

Importance of BDS as Economic Infrastructure Service

- The Bosch Service therefore helps in building up the vehicle parts to give the customer value for money also optimum vehicle performance.
- They offer the highest quality replacement parts from Bosch, the largest quality replacement parts manufacturer in the world.
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- Higher qualification, and continuous learning by workshop staff is made possible with the help of Bosch experts who train technicians on a continuous basis
- Considerable investment in diagnostic tools and continuous technical training.

RATIONALE/ CONCLUSION

The Bosch Center in Dar es Salaam will be a great Support and Service Center for all Fleet Owners and Large Corporates where these Tanzanian Companies will have Authentic and Authorized Bosch spare parts and world class services at affordable costs **which means less breakdown, better vehicle utility, value for money to the Transporter / Fleet Owner**, which is crucial for the economic betterment of the Transportation Industry and for the Country.