

BUSINESS PLAN FOR THE

IMPLEMENTATION PROGRAMME

OF

SERIN SPAREPARTS TANZANIA LIMITED

IN

**ESTABLISHING AND OPERATING A PROJECT FOR THE
MANUFACTURING OF BODIES (COACHWORK)FOR MOTOR VEHICLES
AND TRAILERS AND SEMI-TRAILERS**

**PREPARED BY
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SERIN SPAREPARTS TANZANIA LIMITED
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**SERIN SPAREPARTS TANZANIA LIMITED ESTABLISHING
AND OPERATING A PROJECT FOR
MANUFACTURING OF BODIES (COACHWORK)FOR MOTOR
VEHICLES AND TRAILERS AND SEMI-TRAILERS**

1. INVESTMENT PROPOSAL

The investment plan has been prepared by **SERIN SPAREPARTS TANZANIA LIMITED** for the company's implementation programme in carrying on business of manufacturing of bodies (coachwork) for motor vehicles and manufacturing of trailers and semi-trailers

The feasibility study has been prepared to show clear picture of the implementation programme and analyze the financial and other resources required for the implementation of the proposed project for manufacturing of bodies (coachwork) for motor vehicles and manufacturing of trailers and semi-trailers

The investment proposal was also to assess its economic viability and commercial viability for presentation to the company's promoters (shareholders) for allocation of funds and machinery as well as equipment to supplement the equity contribution. The company will install the modern factory plant for manufacturing bodies (coachwork) for motor vehicles and

all kinds of semi-trailers, like flatbed semi-trailers, low bed semi-trailers, cargo semi-trailers, etc. in its implementation program.

2. **COMPANY'S PROFILE**

SERIN SPAREPARTS TANZANIA LIMITED is a private company registered and incorporated in Tanzania by Registrar of Companies under company's ordinance **Cap 212**, on **1st** day of **JUNE 2019** with Certificate of Incorporation Number **139252373**

The company was incorporated with a major objective of carrying on the business of manufacturing of bodies (coachwork) for motor vehicles and trailers and semi-trailers. **SERIN SPAREPARTS TANZANIA LIMITED** basically aims at increasing the production capacity of bodies (coachwork) for motor vehicles, trailer and semi-trailer by increasing and at the same time dominating the entire market by improving the quality of the company's products.

Knowing the above market reasons the management has thought it is important to establish and operate a manufacturing plant for the proposed project by importing and installing a modern and sophisticated plant and machinery and use of new technology.

3. TARGETED MARKET

Since our commencement of operations and based on our Research done, we found that the market within the country and East and Central Africa is big especially in the trailers market segment, we focusing on internal and external markets, where by our projection we targeting on selling of about 35% within a Country and 15% out of the Country mainly Zambia, Congo, Rwanda, Burundi, Mozambique, and so forth. The marketing research and tailored marketing strategy described in this business plan projected to get revenue worth \$ 260,000.00 and above annually.

In Tanzania Trailers manufacturing industry includes about 8 company's Major companies in specialty segments covers about only twenty-five percent (25%) of entire internal market, customers' demands are higher compared to manufactured trailers. Demand is driven largely by the needs of other industrial companies and is therefore linked to economic growth. The profitability of individual companies depends on technical expertise and efficient manufacturing; large companies have economies of scale in purchasing raw materials

4. THE COMPANY'S OBJECTIVES

SERIN SPAREPARTS TANZANIA LIMITED is a project for manufacturing bodies (coachwork) for motor vehicles and all

kinds of semi-trailers, like flatbed semi-trailers, low bed semi-trailers, cargo semi-trailers.

The mission of the company is to manufacture the best quality trailers, with value pricing and provide exceptional customer service after the sale of the trailers, (Customer satisfaction is our vital Philosophy). We wish to establish a successful partnership with our customers, our employees, and our suppliers that respect the interests and goals of each part

5. SHAREHOLDERS (PROMOTERS)

The following are the promoters/ shareholders of **SERIN SPAREPARTS TANZANIA LIMITED** with their shareholder's position are:-

No	Name of Shareholders	No. of Shares	Nationality	shareholding structure
1.	FARAJ JAFFAR AHMED	51	TANZANIA	51%
2.	IDRIS BINGOL	49	TURKEY	49%
	TOTAL	100		100%

6. LOCATION

The project is located at Plot No. **19** Temeke Area, Kurasini Ward, Temeke District in Dar es Salaam. This location affords us good visibility along with convenient access for customers wishing to stop at our location.

7. **THE COMPANY'S INVESTMENT PROGRAMME**

The proposed investment will be implemented within a period of 3 years. The company's promoters /shareholders) have resolved to register the proposed project with **Tanzania Investment Centre (TIC)** and securing the certificate of incentives. The TIC approved project are allowed tax exemption on Capital/ deemed Capital goods i.e. Duty and VAT exemption on modern plant/ machinery, equipment, building materials (for construction of factory and showrooms), generators, commercial vehicles, computers, fax, telephones, copiers, CCTV system for security/monitoring the factory etc. These are capital and deemed capital goods for the project.

8. THE COMPANY'S IMPLEMENTATION SCHEDULE
PROJECT IMPLEMENTATION SCHEDULE

ACTIVITY	PERIOD
1. Processing TIC Certificate of Incentive	Dec 2022
2. Funds Mobilization	Jan – June 2023
3. Construction of factory and showroom	July 2023 – Dec 2025
4. Trial Operations	Jan 2026 – June 2026
5. Commercial Operations	July 2026

9. CAPITAL INVESTMENT COST

Land/Building	USD \$	45,000.00
Plant/Machinery	USD \$	400,000.00
Vehicles	USD \$	50,000.00
Furniture and Fittings	USD \$	50,000.00
Working Capital	USD \$	<u>155,000.00</u>
TOTAL CAPITAL	USD \$	<u>700,000.00</u>

10. FINANCIAL PLAN (SOURCE OF FUNDS)

SERIN SPAREPARTS TANZANIA LIMITED has resolved to register the proposed project and allocated funds for the projects implementation programme by its own fund (equity) and foreign loan:-

Own fund (equity)	USD \$	100,000.00
Foreign loan	USD \$	<u>600,000.00</u>
TOTAL	USD \$	<u>700,000.00</u>

11. SUBMISSION

SERIN SPAREPARTS TANZANIA LIMITED wishes to submit its plan and application to the **Tanzania Investment Centre (TIC)** its proposal for registration and award of certificate of incentives in the implementation programme, which enables the project to enjoy Duty and VAT exemption on project's capital/deemed capital goods.

12. ECONOMIC GROWTH

Positive economic growth which had been registered in Tanzania, have attracted more investments in the country, which resulted an increase in purchasing power of people, hence increase in demand for motor cycles.

13. **COMPETITION / MARKET**

Although there are reasonable number of importers of motor cycles in Tanzania and few local assembling industries still the supply is not enough compared to the level of demand and their quality are below standard.

Furthermore, the company expects to dominate the local and export market because the project ensures the high quality of all kinds of motor vehicles that will be manufactured by the project. Other factors are goodwill and promptness.

14. **PROMOTION/ ADVERTISEMENT**

Promotion/ Advertisement, which forms a very important part in advertising the business. It is one of elements in marketing strategy. The proposed project will be advertising its business in the newspapers, street banners and later on in the televisions in a manner benefiting the promotional role of any company or private institutions.

15. **BUSINESS STRATEGY**

SERIN SPAREPARTS TANZANIA LIMITED has pointed out some business strategies in order to dominate the market and meet the growing demand and high productivity. The following

business strategies have been implemented by the proposed project to capture markets.

- Technology/product quality
- Advertisement/promotion
- Employing qualified and experienced personnel
- On job training
- Business Discipline

16. ENVIRONMENTAL ISSUE

The project is environmental friendly, it does not produce any waste products at the result of its activities, the project will also establish another line for recycling of the products which have already been used and lost its shape.

17. PROJECT MANAGEMENT

The overall management of the company is vested in the Board of Directors. Mr. Faraj Jaffar Ahmed is the Managing Director of the Company; he is well versed in manufacturing of the motor vehicle industry. The other Director is Mr. Idris Bingol

By the management system, such as the quality responsibility system, cost check system, performance encouragement system will be introduced into this project, and encouragement mechanism and competitive mechanism will be also be implemented in Tanzania.

18. MANPOWER AND TRANSFER OF TECHNOLOGY

This project being the motor vehicle manufacturing industry in its implementation programme will usher in the country technology (Transfer of knowledge/technology). The advantages to the country are quite significant, and will get the advantage of value addition due to such incoming technology.

Further the country can reduce its dependence on importation of manufacturing of motor vehicles trailer and semi - trailer. Hence Tanzanian will be able to purchase high quality motor vehicles. The proposed project will cause more people to be employed about **30** local people and **2** foreigners raise their income, improve their social welfare and pay taxes, it is poverty alleviation programme to them. Local employees will get on job

training and in long run will improve the technical competence of the production.

19. CONCLUSION AND RECOMMENDATION

The financial evaluation of the proposed project done so far indicates that this programme will be profitable both economically and financially viable venture. There are many other benefits direct and indirect of this project.

The management being experienced businessmen possesses ample managerial capabilities in various business disciplines. Based on the above factors, it is recommended that the company should be granted the certificate of incentives for the proposed project so as to qualify for import duty and VAT exemption on capital/deemed capital goods and increase its production capacity.

20. FINANCIAL AND ECONOMIC ANALYSIS

20.1 Projected Profit and Loss Accounts

The company envisages generating a profit of **USD \$ 240,000** this operating year. The profit amount is expected to steadily rise to **USD \$ 300,000** in year two, **USD \$ 370,000** in year three and **USD \$ 390,000** in year four.

21. SENSITIVITY ANALYSIS

To assess further the viability of the implementation project, sensitivity analysis has been worked out on the basis of several unfavorable conditions that might negatively affect the operations of **SERIN SPAREPARTS TANZANIA LIMITED.**

Appendix I**SERIN SPAREPARTS TANZANIA LIMITED****PROJECTED INCOME STATEMENT****(Fig. USD \$ '000')**

Income	Year s			
	1	2	3	4
Sales Income	400.0	480.0	550.0	600.0
Total Income	400.0	480.0	550.0	600.0
Utilities	150.0	200.0	245.00	250.0
Salaries and wages	50.0	50.0	60.0	70.0
Transportation/fuel	15.0	20.0	25.0	30.0
Administrative expenses	45.0	50.0	50.0	60.0
Total Expenditure	260.0	320.0	380.0	410.0
Net Profit (pre tax and depreciation)	140.0	160.0	170.0	190.0

Appendix II

**SERIN SPAREPARTS TANZANIA LIMITED
PROJECTED CASHFLOW STATEMENT**

(Fig. USD \$ '000')

Year	1	2	3	4	5	Total
Cash inflow						
Income from operation	140.0	160.0	170.0	190.0	220.0	880.0
	140.0	160.0	170.0	190.0	220.0	880.0
Cash outflow						
Interest payments	40.0	32.0	24.0	16.0	8.0	120.0
Loan re-payment	80.0	80.0	80.0	80.0	80.0	400.0
	120.0	112.0	104.0	96.0	88.0	520.0
Surplus cash generated	20.0	48.0	66.0	94.0	132.0	360.0

PROJECTED PROFIT AND LOSS

SERIN SPAREPARTS TANZANIA LIMITED

INCOME					
	2023	2024	2025	2026	2027
Revenue	US\$	US\$	US\$	US\$	US\$
Trailers sales	262,500.00	317,625.00	384,326.25	465,034.76	562,692.06
Total revenue	262,500.00	317,625.00	384,326.25	465,034.76	562,692.06

Cost of Sales					
Raw Materials	183,750.00	187,425.00	194,922.00	206,617.32	223,146.71
Cost of goods sold	183,750.00	187,425.00	194,922.00	206,617.32	223,146.71

Gross Profit	78,750.00	130,200.00	189,404.25	258,417.44	339,545.36
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EXPENSES

Operating expenses					
Sales and marketing	10,000.00	10,200.00	10,608.00	11,244.48	12,144.04
Depreciation	21,100.00	3,315.00	3,380.00	3,445.00	3,510.00
Insurance	3,200.00	3,264.00	3,394.56	3,598.23	3,886.09
Payroll and Payroll Tax	3,000.00	3,060.00	3,182.40	3,373.34	3,643.21
Property taxes	500.00	510.00	530.40	562.22	607.20
Maintenance, repair, and overhaul	10,400.00	10,608.00	10,816.00	11,024.00	11,232.00
Utilities	5,000.00	5,100.00	5,304.00	5,622.24	6,072.02
Administrative fees	300.00	306.00	318.24	337.33	364.32
Interest expense on long-term debt	2,243.50	1,791.06	1,316.00	817.19	293.44
Other	1,000.00	1,020.00	1,060.80	1,124.45	1,214.40
Total operating expenses	56,743.50	39,174.06	39,910.40	41,148.50	42,966.73

TOTAL EXPENSES	56,743.50	39,174.06	39,910.40	41,148.50	42,966.73
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TAXES

Income Tax	6,601.95	27,307.78	44,848.15	65,180.68	88,973.59
TOTAL TAXES	6,601.95	27,307.78	44,848.15	65,180.68	88,973.59

NET PROFIT	15,404.55	63,718.16	104,645.69	152,088.26	207,605.04
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Trailers assembling process

