

JAMBO MAISHA LIMITED

**BUSINESS PLAN
FOR
MOTORCYCLES ASSEMBLING LINE**

1.0 EXECUTIVE SUMMARY

JAMBO MAISHA LIMITED is a locally registered company with a Certificate of Incorporation issued by BRELA. The directors of this company are two Chinese with vast international business experience in assembling line projects.

Through years of research and innovation, the company shareholders have obviously created an advantage in the market network, product, technology and cost and established a unique enterprise culture. Having operated in China for many years the shareholders are ready to establish physical presence in Tanzania by establishing motorcycles assembling plant.

Shareholders have registered a new company in Tanzania and will work together with another very successful Chinese company in the automobile industry in China

1.1 The Project

JAMBO MAISHA LIMITED sets out a proposal for Investment in the establishment of a SKD motorcycle assembling plant in Tanzania to be located at Plot No. 83 Migeyo Road Chang'ombe, Temeke –Dar es Salaam Tanzania. The company will import Machinery, equipment, and other facilities from China to facilitate the establishment of the proposed project in the country. Depending on the market consumption rate, the Initial assembling capacity is proposed to be total units 4000 per year; this

capacity will increase gradually reaching **3000** units per year in the fifth year.

This project will make available quality products that will be used for the transportation of goods, people, and agricultural implements

The macro objectives of establishing the project is to support economic, social, and administrative activities in Tanzania and neighboring countries. Also,

1.2 The Project Promoters

The project is being promoted **JAMBO MAISHA LIMITED** a newly registered company in Tanzania whose shareholders are as follows:

SUBSCRIBERS	% OF SHARE	NATIONALITY
RONGHAO LU	33.3	Chinese
JIANGKE HU	33.3	Chinese
KABALI LYDIA	33.4	Ugandan

1.3 The Market

The Economic reforms which were undertaken in the economy in the mid-1980s increased the demand for transportation facilities and

improved power purchase among the Tanzania community have created a demand for motorcycles

The following are some of the factors that contributed to such an increase in demand for these services in the country.

- Increased transit trade between Tanzania and its neighbors especially Uganda, Rwanda, Malawi, Burundi, and the Democratic Republic of Congo.
- Increased level of rehabilitation and expansion of urban and truck roads by the Government and International assistance agencies which have subsequently resulted in increased kilometers of passable roads by small and heavy-duty vehicles.
- Rise in people's standard of living and change in people's consumption patterns;
- General improvement in the national economy, especially the balance of payment which has made it possible for the Government to achieve greater capability to import critical products into the country;
- Increase the general level of investments in industrial activities which are the major users of industrial inputs;

These factors have led to increasing demand for transportation services. Furthermore, these factors have created the impetus for an increased inflow of investment capital by foreign and local private investors who have in large numbers decided to establish motorcycles transportation projects.

The reforms, which were introduced in the sector, aimed at influencing the inflow of and increased supply of both capital goods and other industrial products and their distribution in the country and beyond the national border. Tanzania, therefore, has a potential market for motorcycles. But most motorcycles are imported from outside the country making them very expensive to be afforded in most of Tanzania. Furthermore, Importation has to go through difficult and bureaucratic clearance procedures at the port. It is on this background that **JAMBO MAISHA LIMITED** wishes to establish an assembling plant in the country in order to make available cheap, quality, and stress-free. The company targets both domestic and export market, particularly the East African market

2.0 THE PROJECT

2.1 Project Description

JAMBO MAISHA LIMITED sets out a proposal for Investment in the establishment of an SKD assembling plant in Tanzania

Specific requirements for the project include but not limited to;

- Mobilization of financial and Human resources for the project

- Renovation of industrial premises for assembling processes and a yard for keeping and displaying the finished products
- Acquisition of complete assembling machinery and Equipment from China
- Procurement of office equipment namely: telephones, facsimile machines, personal computers, air conditioners, and installation of local area network at head company's head office
- To import Semi knocked-down (SKD) parts from China

2.3 Project Location

The proposed project will be located at Plot No. 83 Migeyo Road Chang'ombe, Temeke –Dar es Salaam Tanzania **The company has a factory premise big enough to accommodate complete assembling machinery and Equipment together with a yard for keeping and display of finished products**

2.4 Marketing Strategies

The company's target is to be one of the biggest motorcycle assembling plant proving customers with cleaner, energy-saving, safer, and comforter transportation motorcycles. In order to realize this target the company insists on carrying out four strategies namely; Internationalization, technology ahead, high quality and low cost and regionalization to realize

the internalization of products, market capital, mechanism, brand and talent and establish an international sustainable company with self-motivation, capability and core competitiveness.

2.5 SKD Assembling Process

- Set the two main assembly lines, an interior assembly, final assembly, and installation assembly line; interior by plate transmission line assembly, chassis, and final assembly line preceding use of land towline conveyor, later adopted tow-plate conveyor.
- With advanced technology and by function modular assembly principles set production line, using dashboards, doors, bumper, engine and front suspension, rear suspension first-packing, then the cable to reduce the main line of labor, there will be mainline working hours drop to a minimum to make use of the mainline working digits
- After the painting, the tricycle is pushed back to the ground manpower vehicle body lines by hanging lifting; the interior body assembled to end with their own lifting equipment hoist assembly area
- Packed boxes by hanging hoisting installation
- Brake fluid, air-conditioning hoisting installation

- Brake fluid, air –conditioning fluid filling the vacuum cycle using quantitative methods

3.0 **MANAGEMENT AND ORGANIZATION STRUCTURE**

3.1 Management

The company policy is to have adequate manpower to manage its operations efficiently.

JAMBO MAISHA LIMITED believes in keeping on board only the very essential manpower strength, to develop them into a highly motivated and sincere company team for the best and most efficient operations of the company.

The company will have a team of qualified and experienced functional staff in the areas of Operations, Marketing, Finance & Administration.

3.2 Management Policy

The day-to-day operations will be managed by General Manager, to be assisted by production Engineers who will be in charge of truck assembling operations. The Company will employ other professionals in the areas of marketing, Finance, Human Resources, logistics, and supplies and others for the smooth Implementation of the project

The General Manager will manage the company under the policy guidance of the Board of Directors

3.3 Organizational Structure

It is proposed that the company's operations be headed by a General Manager who will assist the Production Engineer and other professionals in the areas of Marketing, Finance, Human Resources, Logistics, and Supplies, The General Manager will be functionally responsible for achieving the Business plan prepared every after five years. He will also be responsible for the entire function of the company subject to the policy guidance set. The Marketing officers will be responsible for both domestic and export sales and marketing. The job responsibilities will include market planning and development, sales promotion and sales coordination.

3.4 Manpower Requirement and Emoluments

The estimated manpower requirement for the project is **25** people including **5** Chinese Engineers/Technician as shown below;

4.0 Project Investment Cost

The estimated capital investment cost of the project is **US\$ 905,000**

JAMBO MAISHA LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	100,000.00
Machinery & Equipment	400,000.00
Motor Vehicles	40,000.00
Furniture & Fittings	5,000.00
Pre exp	100,000.00
Others	50,000.00
Working Capital	200,000.00
TOTAL	905,000.00

5.0 Financial Analysis

5.1 Considerations and Assumptions:

The corporate tax charged is 30% of the profits. The capital investment allowance is 50%. The capital assets are exempted from customs duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied, it is assumed to be 5% annual depreciation.

5.2 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 8 years period. The position depicted is that the project earns profit throughout its life. Accumulated after-tax profits grow from. US \$ **96,600** in the first year to US \$ **1,794,898.01** in the 5 years, refer to Appendix (I)

5.3 Projected Cash Flows

The project's cash flows depict a good liquid position right from the first year. Cash accumulation builds up from US \$ **79,134** in the first year to US \$ 1,345,761.00 at the end of 5 years of the project's operations, refer to appendix (II)

5.4 Projected Balance Sheet

Project total assets increase from US \$ 905,000 at the end of the first year to US \$ 3,114,255.00 at the end of the 5th year which is a significant increase as you can see, refer to appendix (III)

6.0 Implementation Schedule

Project implementation is expected to be relatively very short once the project has been approved it is estimated that construction of serviced furnished apartment will be completed within two years:-

Project Implementation

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	May 2023
2	Processing Exemptions	July-August 2023
3	Mobilizing Fund	July –October 2023
3	Renovation of building	October -December 2023
4	Ordering Machines and other equipment	January -March 2024
5	Testing business and in-house training	May –August 2023
6	Commercial operations	October 2024

The proposed project will result in the following social and economic impacts:

- Make available cheap, quality, and tress free motorcycles
- Increase the provision of high-quality services in the transportation sector
- Increased availability of quality distribution and marketing products alongside competitive prices of these products will result in increased healthy competition among all trading and manufacturing companies
- The project will result in the direct employment creation of 25 people many more indirectly

- The Government and other agencies will benefit from various taxes, fees, and commissions that will be paid by the company

8.0 Conclusion

JAMBO MAISHA LIMITED set out a proposal to Invest in the establishment of an SKD motorcycle assembling project to be located in Dar es Salaam.

The Executive Summary highlights indicate that the proposed project will be financially and economically viable, The project will generate significantly to social and economic progress by way of increasing the provision of quality transportation services in the country. It is recommended that the project be accorded the required institutional support to pave the way for its expeditious establishment and development.

In that regard; we strongly 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 Tanzania Investment Act, 1997 to enable smooth implementation

9.0 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.

APPENDIX I

PROJECTED INCOME & EXPENDITURE STATEMENT

" US \$

	1	2	3	4	5
Revenue	840,000.00	907,200.00	979,776.00	1,058,158.08	1,142,810.73
Cost of Raw material	310,800.00	335,664.00	362,517.12	391,518.49	422,839.97
Cost of Goods Sold	529,200.00	571,536.00	617,258.88	666,639.59	719,970.76
Operating Expenses:					
Fuel and lubricants	24,000.00	25,440.00	26,966.40	28,584.38	30,299.45

Utility	12,000.00	12,600.00	13,230.00	13,891.50	14,586.08
Electricity	24,000.00	25,200.00	26,472.00	27,820.32	29,249.54
Donation	8,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Salary and Wages	90,000.00	94,500.00	99,225.00	104,186.25	109,395.56
Insurance	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00
Maintenance	20,000.00	22,000.00	24,200.00	26,620.00	29,282.00
Communication	10,000.00	10,500.00	11,025.00	11,576.25	12,155.06
Total Expenses	208,000.00	215,240.00	226,118.40	237,678.70	249,967.69
Profit before Interest and	321,200.00	691,960.00	753,657.60	820,479.38	892,843.04

Depreciation					
Interest on loan	84,000.00	84,000.00	84,000.00	84,000.00	84,000.00
Depreciation	99,200.00	99,200.00	99,200.00	99,200.00	99,200.00
Profit before Tax	138,000.00	508,760.00	570,457.60	637,279.38	709,643.04
Tax (30%)	41,400.00	152,628.00	171,137.28	191,183.81	212,892.91
Profit After Tax	96,600.00	356,132.00	399,320.32	446,095.56	496,750.13
Accumulated Profit	96,600.00	452,732.00	852,052.32	1,298,147.88	1,794,898.01

APPENDIX II

PROJECTED CASH FLOW US\$

	0	1	2	3	4	
SOURCES:						
Profit before interest and depreciation	0	321,200.00	691,960.00	753,657.00	820,479.00	892,843.00
Loan	700,000.00					
Equity	817,000.00	-	-	-	-	
Total Sources	1,517,000.00	321,200.00	691,960.00	753,657.00	820,479.00	892,843.00
Applications:						
Capital expenditure	1,142,000.00	-	-	-	-	

working Capital and others	375,000.00	-	-	-	-	
Cash	0	79,134.00	338,666.00	381,854.00	66,822.00	479,285.00
Tax	-	41,400.00	152,628.00	171,137.00	191,183.00	212,892.00
Sub total	1,517,000.00	120,534.00	491,294.00	552,991.00	258,005.00	692,177.00
Debt service						
Interest	-	84,000.00	84,000.00	84,000.00	84,000.00	84,000.00
Principal	-	116,666.00	116,666.00	116,666.00	116,666.00	116,666.00
Total debt service	-	200,666.00	200,666.00	200,666.00	200,666.00	200,666.00

Total applications	1,517,000.00	321,200.00	691,960.00	753,657.00	458,671.00	892,843.00
Accumulated cash		79,134.00	417,800.00	799,654.00	866,476.00	1,345,761.00
Necessary working capital	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00

APPENDIX III

PROJECTED BALANCE SHEET US \$

	0	1	2	3	4	5
Fixed Assets	-					
Opening balance	-	1,142,000.00	1,042,800.00	943,600.00	844,400.00	745,200.00
Additions	1,142,000.00	0	0	0	0	0
Total Long-term Assets	1,142,000.00	1,142,000.00	1,042,800.00	943,600.00	844,400.00	745,200.00
Less depreciation	-	99,200.00	99,200.00	99,200.00	99,200.00	99,200.00
Closing						

balance	1,142,000.00	1,042,800.00	943,600.00	844,400.00	745,200.00	646,000.00
Debtors	-	-	-	-	-	-
Working capital	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00
Accumulated cash	-	79,134.00	417,800.00	799,654.00	866,496.00	1,345,761.00
Total assets	1,517,000.00	1,496,934.00	1,736,400.00	2,019,054.00	1,986,696.00	2,366,761.00
Financed by						
Equity	817,000.00	817,000.00	817,000.00	817,000.00	817,000.00	817,000.00
Profit	-	96,600.00	356,132.00	399,220.00	446,085.00	2,297,255.00
Total equity	817,000.00	913,600.00	1,173,132.00	1,216,220.00	1,263,085.00	3,114,255.00

Long term loan	700,000.00	583,334.00	466,668.00	350,002.00	116,670.00	-
Creditors	-	-	-	-	-	-
Total debts	700,000.00	583,334.00	466,668.00	350,002.00		
Total equity and debts	1,517,000.00	1,496,934.00	1,639,800.00	1,566,222.00	1,263,085.00	3,114,255.00

APPENDIX IV

PROJECTED LONG TERM LOAN REPAYMENT

Repayments US\$				
Year	principle	Loan Interest (12%)	Total Amount Paid	Loan Balance
0				700,000
1	116,666	84,000	200,666	583,334
2	116,666	84,000	200,666	466,668
3	116,666	84,000	200,666	350,002
4	116,666	84,000	200,666	233,336
5	116,666	84,000	200,666	116,670

6	116,666	84,000	200,666	4
TOTAL	699,996	504,000	1,203,996	

