



BUSINESS PLAN

For Project Registration with the TIC

C.C.L.E Rubber (T) Co. Limited is a Dar es Salaam based company of 500 issued and taken TShs. 100,000 shares whose value is TShs. 50,000,000. The company wants to embark on a project for manufacturing of various types of motorcycle tires and tubes for the Tanzanian and external market. It is a 5-year project expected to attain an annual production capacity of 12,884,080 pieces per annum, 795 direct jobs and 1,500 indirect jobs. Following the visceral analysis and projections made, this project promises to deliver to the expected levels and, as such, needs a soft landing in terms of incentives offered under the Tanzania Investment Act 2022. This business plan seeks the issuance of TIC Certificate for the project to enjoy the incentives.

C.C.L.E RUBBER (T) CO. LIMITED

4/21/2024



A EXECUTIVE SUMMARY

C.C.L.E RUBBER (T) CO. LIMITED is a foreign company registered under the laws of the United Republic of Tanzania with effect from July 27th, 2023. Its authorized share capital is **TShs. 50,000,000** divided into **500 shares** of **TShs. 100,000** each. The company is headquartered in Kinondoni, Dar es Salaam.

C.C.L.E Rubber (T) Co. Limited plans to invest in tires manufacturing and this 5-year project will be located in Chalinze, Coast Region of Tanzania. The manufacturing will commence with motorcycle tires and tubes. Later on, the company will consider extensions to vehicle tires. The expected value of the investment is **USD 30,700,000**. Of the investment capital, **USD 18,700,000** is fixed capital while **USD 12,000,000** is working capital. At full capacity (during year 5) the project is expected to be producing a total of 79,061 pieces of various types of tires.

The project is expected to add value to Tanzania's economy by directly employing a total of **760 locals** and **35 foreigners** and generate approximately **1,500 indirect jobs**. In addition, it will clean the environment by consuming used tires (raw materials), contribute to community development via CSR, and pay taxes to the government.

Upon thorough analysis of the business idea the Promoters have decided to invest in the manufacturing of tires and this plan is meant to be submitted to Tanzania Investment Centre for registration of the project.

B KEY SUMMARIES

S/N	ITEMS	DETAILS			
1	Company Name	C.C.L.E RUBBER (T) CO. LIMITED			
2	COI No.	167305520			
3	Company Reg. Date	27th July, 2023			
4	Company Location	Plot No. 1-3 Block No. V Sweet Coner Street, Chalinze District			
5	TIN/VRN No.	TIN		VRN	
		167-305-520		N/A	
6	Company Shareholding	Shareholder	Nationality	Shares Taken	% Share
	a.	C.C.L.E Rubber Co. Limited	Uganda	495	99%
	b.	Chen Fan	China	5	1%
	TOTAL			500	100%
7	Project Location	Plot No 1-3 Block 'V' Chamakweza, Chalinze - Coast Region			
8	Project Business	Manufacturing of Tires of various sizes			
9	JOBS	LOCAL		FOREIGN	
		(M)	(F)	(M)	(F)
		360	400	30	5
	TOTAL JOBS (L & FOREIGN)				795
10	Project Capacity (PCs)				12,884,080
11	Project Funding				
	<i>Local Equity</i>				-
	<i>Local Loan</i>				24,560,000
	<i>Foreign Equity</i>				9,210,000
	<i>Foreign Loan</i>				3,070,000
	Total Funding				36,840,000
12	Financing of Items				
	<i>Fixed Capital</i>				18,700,000
	<i>Working Capital</i>				12,000,000
	Total Financing				30,700,000

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1.0 COMPANY DESCRIPTION

1.1 Company Background

C.C.L.E RUBBER (T) CO. LIMITED is a company registered under the laws of the United Republic of Tanzania. It was issued with Certificate of Incorporation (COI) No. 167305520 of July 27th, 2023. For tax purposes the company has been issued with TIN No. 167-305-520. The offices of the company are now located within the Chamakweza, Chalinze District .

1.2 Vision

To become Tanzania’s Giant in Tire Manufacturing

1.3 Mission

To produce high-quality tires that meet international standards, provide reliable and safe performance for vehicles in various conditions, and contribute to the economic development of Tanzania by creating jobs and import substitution.

1.4 Shareholding

C.C.L.E Rubber (T) Co. Limited is purely a foreign company. It has no local shareholder. Its authorized share capital is **TShs. 50,000,000** divided into **500 shares** of **TShs. 100,000** each. The authorized share capital is equivalent to about **USD 19,391.10**. All the authorized **500 shares** have been taken as shown in **Table 1** below.

Table 1: Shareholding Structure

S/N	Names	Nationality	Shares Taken	% Stake
1	C.C.L.E Rubber Co. Limited	Uganda	495	99%
2	Chen Fan	China	5	1%
	TOTALS		500	100%

2.0 MARKET ANALYSIS

This section highlights on the market aspects of our products. It views the market trends, and the industry. It also analyses the company itself and the environment where C.C.L.E Rubber (T) Co. will be operating

2.1 Market Trends

The global trends in tires are focused on sustainability, performance, technology integration, and regulatory standards to meet the evolving needs of consumers and the automotive industry. In as far as sustainability is concerned concern over environmental impact increases and there is a growing focus on developing more sustainable tires. This includes using eco-friendly materials, reducing energy consumption in the manufacturing process, and increasing the lifespan of tires to reduce waste. The rise of electric and autonomous vehicles is impacting tire design and technology. Tires for electric vehicles need to provide lower rolling resistance to maximize range, while tires for autonomous vehicles need to offer high levels of grip and control for the sensitive sensors and systems.

Global advances in technology are leading to the development of smart tires that can communicate data about tire pressure, tread depth, and temperature to the vehicle and driver. This can help optimize performance, improve safety, and reduce maintenance costs. Also, there is a growing demand for performance tires that offer high levels of grip, handling, and durability for sports cars, luxury vehicles, and high-performance models. We are going to constantly work on improving tread compounds and designs to meet these demands as we move toward global markets, those markets beyond Tanzania and Africa.

Globally regarding tires trade, in 2022 rubber tires were the world's 34th most traded product, with a total trade of **USD 95.4 billion**. Between 2021 and 2022 the exports of Rubber Tires grew by **9.17%**, from **USD 87.4 billion** to **USD 95.4 billion**. Trade in Rubber Tires represent **0.4%** of total world trade.

Tanzania's Tire Trade

In 2022, Tanzania imported **USD 127 million** worth of new pneumatic tires of rubber for buses or lorries, mainly from China (**USD 113 million**), India (**USD 3.8million**), Turkey (**USD 2.78 million**), Thailand (**USD 1.9 million**), and South Africa (**USD 1.19 million**).

The fastest growing import markets in Pneumatic tyres new of rubber for buses or lorries for Tanzania between 2021 and 2022 were China (**USD 22.3 million**), Turkey (**USD 1.97 million**), and India (**USD 1.59 million**).

During the year 2022 Tanzania exported **USD 445,000** in Pneumatic tires new of rubber for buses or lorries, making it the 83rd largest exporter of Pneumatic tyres new of rubber for buses or lorries in the world. At the same year 2022, Pneumatic tyres new of rubber for buses or lorries was the 446th most exported product in Tanzania. The main destination of Pneumatic tires new of rubber for buses or lorries exports from Tanzania are: Democratic Republic of the Congo (**USD 262,000**), Kenya (**USD 108,000**), Zambia (**USD 44,800**), Costa Rica (**USD 24,800**), and Thailand (**USD 4,840**).

Tyres Trade for Tanzania's Neighbors

- i) **The DRC:** In 2022, the Democratic Republic of the Congo imported **USD 700,000** in retreaded tyres, mainly from South Africa (**USD 313,000**), United Arab Emirates (**USD 102,000**), Angola (**USD 82,700**), Rwanda (**USD 79,800**), and Tanzania (**USD 68,100**). In this regard, Tanzania is the least supplier of tires to the DRC.
- ii) **Zambia:** It imports new pneumatic tyres, of rubber from China with a share of **33%** (**USD 41 million**), Japan with a share of **22%** (**USD 27 million**), South Africa with a share of **9.76%** (**USD 12.1 million**), USA with a share of **8.42%** (**USD 10.5 million**), and Spain with a share of **6.26%** (**USD 7.81 million**)
- iii) **Malawi:** It imports new pneumatic tyres of rubber from China with a share of **66%** (**USD 4.54 million**), South Africa with a share of **12.2%** (**USD 838,000**), the United Arab Emirates with a share of **6.26%** (**USD 428,000**), India with a share of **5.99%** (**USD 409,000**), and Indonesia with a share of **1.59%** (**USD 109,000**). In this

regard, Tanzania which is adjacent to Malawi is superseded by Rwanda – a country non-border to Malawi.

- iv) Rwanda:** In 2022, Rwanda imported **USD 6.3 million** in Pneumatic tyres new of rubber for motor cars, mainly from China (**USD 3.69 million**), the United Arab Emirates (**USD 558,000**), Thailand (**USD 544,000**), South Korea (**USD 479,000**), and France (**USD 263,000**).
- v) Burundi:** The country imports of Rubber retreaded tires from China (**USD 2,510, 56 Item**), the United Arab Emirates (**USD 2,160, 306 Item**), India (**USD 1,150, 425 Item**), Uganda (**USD 520, 7 Item**), Rwanda (**USD 70, 7 Item**).
- vi) Uganda:** Uganda imports New pneumatic tires, of rubber from China with a share of **66% (USD 35 million)**, India with a share of **21% (USD 11.4 million)**, Thailand with a share of **2.31% (USD 1.21 million)**, Indonesia with a share of **2.12% (USD 1.12 million)**, and Japan with a share of **1.89% (USD 998,000)**.

In this regard, there is a big opportunity to be tapped by Tanzania and our company in the manufacturing and supply of tires to the neighboring countries that import tires through the port of Dar es Salaam. With duty free quota free market access to neighboring EAC member states C.C.L.E Rubber (T) Co. Limited sees a great opportunity to be exploited through this project.

2.2 The Industry

Tire manufacturing in Tanzania is not new at all. Back in the years the country had a German technology-backed factory for tires. This is the Arusha-based General Tyre plant. It was state-owned and it was intended to cater for the local demand for tires of various sizes. Following technological advances and, possible mismanagement as it was a public entity, the factory closed its operations during the years of trade liberalizations. This might have resulted as well from the opening of borders to more competitive products that flew into the Tanzanian market. With more competitive products from rivals and less competitive products by General Tyre the operations came to a dead end.

Tanzania does not currently have a notable local tire manufacturing industry. Most tires used in the country are imported from other countries such as China, India, and South Africa. There have been discussions about establishing a local tire manufacturing plant in Tanzania to reduce dependence on imports and create job opportunities. However, as of now, there are no operational tire manufacturing plants in the country.

Over the decades tire manufacturing technology has evolved to advanced levels. Currently, the process is so sophisticated that product quality is guaranteed. C.C.L.E Rubber (T) Co. Limited employs a modern technology that uses used tires for manufacturing of new ones. This will rid the environment of the non-rotting used tires.

2.3 SWOCT Analysis

This sub-section covers the analysis of the overall manufacturing business in the country, and where necessary it covers the analysis for the specific product – the various types of tyres. The analysis focuses on project’s internal *strengths* and *weaknesses* as well as environmental *opportunities*, *challenges* and *threats* as detailed in **Table 2** below.

Table 2: SWOCT Analysis

INTERNAL SCANNING	
STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ✚ Assured liquidity: Promoters of the company have enough muscle to fund the project by 30%. Also, the company can be lent funds from local and foreign banks to the tune of USD 21,490,000. ✚ The management is well acquainted with the general Tanzanian market and specifically with tires. ✚ The company has engaged seasoned staff, both local and foreign in order to have more expertise onboard 	<ul style="list-style-type: none"> ✚ Novelty in the market: The company has been registered less than a year ago and so it is new in the market.
ENVIRONMENTAL SCANNING	

OPPORTUNITIES	CHALLENGES
<ul style="list-style-type: none"> ✚ Tanzania has a large and growing number of motorbikes or “bodaboda” which use tires. ✚ Growth of the transportation sector provides more market opportunities for the company to exploit. ✚ Integration of African nations reduces trade and transport hurdles and provides a wider market. The tires we will produce can reach markets of the EAC, SADC and COMESA countries, especially those landlocked countries importing tires from the Middle and Far East regions. ✚ Tanzania provides incentives for investment projects ✚ Availability of enough raw materials 	<ul style="list-style-type: none"> ✚ Existence of environmental regulatory hurdles. ✚ Business procedures are somehow complicated in Tanzania. ✚ Multiple charges on top of taxes jeopardize business growth ✚ Power cuts are common in Tanzania. The company is set to buy a heavy duty standby generator as a backup ✚ Inter-regime unpredictability is possible in the Tanzanian economy
	<p data-bbox="730 577 1559 619">THREATS</p> <ul style="list-style-type: none"> ✚ Existence of seasoned manufacturers of tires in Tanzania ✚ Market access for imported relatively cheaper tires from outside the country ✚ Stiffening competition from other regional groups members whose companies manufacture tires

2.4 PESTEL Analysis

This sub-section analyzes the business environment of Tanzania in the *political, economic, socio-economic, technological, environmental and legal* aspects. The scanning elucidates on the viability of the project in the country. Through our analysis we have been convinced that Tanzania is the place to invest in the manufacturing of tires as detailed under **Table 3**.

Table 3: PESTEL Analysis

ISSUE	AN OVERVIEW
Political	<p>Political factors such as government regulations and policies, tax laws, and trade laws all influence the manufacturing of tires and their markets. Government regulations and policies related to the manufacturing of tires, as well as the export of the products, may limit the potential for growth in the market. Tanzanian context is currently very favorable and the company has decided to establish this project – manufacturing of tires</p>

<p><i>Economic</i></p>	<p>Economic factors such as GDP growth, inflation, purchasing power and the cost of raw materials have an impact on the tires market. The cost of raw materials will influence the cost of production and, in turn, the price and competitiveness of the finished product. Additionally, the level of disposable income among consumers in different markets can affect the demand for tires. Tanzania is doing well in the economic aspects as the middle-income tier of the population is growing thus providing market for our products which implies higher demand for the products. This is due to the rise in the number of vehicles in the country. Moreover, Tanzania is linked to other economies of the neighboring countries which import tires from abroad. In this regard the country is the best promising economy for the manufacturing of tires.</p>
<p><i>Socio-cultural</i></p>	<p>Socio-cultural factors such as consumer preferences, lifestyle trends, and religious beliefs can influence the market. Different markets may have different preferences for certain types of tires, so producers must be aware of these differences in order to better target their products. The society of Tanzania and those of her neighboring countries are promising as markets in the manufacturing of tires. The social-cultural aspects of Tanzania and her neighbors are pro our business/ products as locals take cars not as luxuries but basic needs, a scenario that provides market for building materials.</p>
<p><i>Technological</i></p>	<p>Technological advances in the manufacturing of tires have a positive effect on the market. Additionally, technological advances in the areas of transportation, communication, and marketing can enable producers to better reach target markets and promote their products. This makes Tanzania the appropriate location for the project</p>
<p><i>Environmental</i></p>	<p>Environmental factors such as resource availability, climate change, and waste management can also influence the manufacturing and the market for building materials. The availability of resources, water, and energy can</p>

	<p>affect the cost of production and the cost of the final product. Tanzania is the best country in the region in these regards. Also, as raw materials for the project come from used tires, this implies the usefulness of the project as part of the way to relieve the surroundings of used tires.</p>
Legal	<p>Legal factors such as labor laws, environmental laws, and health and safety regulations can also impact the manufacturing and general business of tires. Labor laws may affect the cost of production, as well as the availability of skilled workers. Additionally, consumer protection laws and health and safety regulations can affect the production process and the marketing of the finished materials. In legal aspects Tanzania is the best place in the region.</p>

2.5 Target Market

C.C.L.E Rubber (T) Co. Limited focuses, initially, on the Tanzanian market. In the due course it will advance frontiers into the neighboring countries’ markets. The move to other countries will be done basing on careful analysis of the markets.

3.0 THE PRODUCT



3.1 The Product and its Development

The project is set to manufacture tires of various sizes for the Tanzania and external markets as the project advances in the production of tires. Modern tire production facilities often utilize advanced automation, robotics, and quality control systems to improve efficiency, precision, and consistency in the manufacturing process. Continuous research and development efforts also drive innovation in tire technology, leading to the introduction of new materials, designs, and manufacturing techniques to meet evolving market demands for performance, sustainability, and safety in tires.

Tire production is a complex process involving technology and many steps in producing high-quality products. These are the select steps:-

- i) **Raw Material Preparation:** The primary raw materials used in tire production are natural rubber, reclaimed rubber, carbon black, fabric cords, Sulphur and various chemicals. These materials are carefully selected, mixed, and processed to create the rubber compounds needed for different tire components. For this project natural rubber will be replaced with used tires.
- ii) **Tire Building:** The tire building process involves layering and assembling the various components of the tire, including the inner liner, carcass plies, sidewalls, and tread. The tire building machine uses an assembly drum to shape and mold the layers into the desired tire structure.

- iii) Curing: The green tire assembly is then placed in a curing press, where it is subjected to heat and pressure to vulcanize the rubber compounds and cure the tire. This process gives the tire its final shape, strength, and durability.
- iv) Inspection and Quality Control: After curing, the tires undergo rigorous inspection and testing to ensure they meet quality standards. This includes checks for uniformity, balance, appearance, dimensions, and performance characteristics.
- v) Finishing and Testing: Once the tires pass quality control, they go through finishing processes such as trimming the excess rubber, applying labels and markings, and preparing them for shipping. Some tires may also undergo additional testing for performance metrics, such as wet and dry traction, rolling resistance, and noise emissions.
- vi) Packaging and Distribution: The finished tires are packed and stored in warehouses before being shipped out to distribution centers, retailers, or directly to customers. Efficient logistics management is essential to ensure timely delivery and meet market demand.

3.2 Product Pricing

Tires are priced basing our brand, size, type, quality, and features of the tire. The company will work to ensure competitive pricing for our tires as imported ones tend to be cheaper. The imported may be cheaper because of dumping or efficiency among competitors abroad. Definitely the price of an SUV will not be equal to the price of a bus or lorry tire. The pricing will also consider the roles of and rewards to wholesalers and retailers to ensure competitive prices to ultimate consumers.

Considering the fact of price sensitivity among consumers C.C.L.E Rubber (T) Co. Limited will work to develop competitive prices as part of the strategy to enhance sales, revenue, and profitability.

3.3 Targeted Selling Points

C.C.L.E Rubber (T) Co. Limited will create target selling points by identifying and highlighting the unique features, benefits, and value propositions of tires that resonate with the target

audience and differentiate it from competitors. It will leverage on understanding our target audience, identification of key features and benefits of our tires, focusing on differentiation of our tires, addressing pain points faced by our clientele, communicating value proposition of our tires, using persuasive messaging to our target audience, leveraging social proof in the form of customer testimonials, prioritizing and tailoring selling points by identifying the most important selling points that are likely to appeal to our tires, and testing and iterating our selling points basing on customer feedback in order to refine our points.

By using this approach and focusing on creating compelling, customer-centric, and differentiated selling points, C.C.L.E Rubber (T) Co. Limited can effectively communicate the value of its products – the tires to their target audience and drive sales and customer loyalty.

4.0 MARKETING AND SALES STRATEGY

Marketing strategies are essential plans of action that businesses use to promote their products, reach their target audience, and achieve their business objectives. This section focuses on entry, retention and expansionary strategies for tires manufacturing in Tanzania.

4.1 Entry Strategy

This strategy to penetrate the market is a plan outlining how we will enter the new market. It involves identifying opportunities, assessing risks, conducting market research, and developing a strategy to successfully establish a presence and compete in the target market. Here are our adopted market entry strategies:

- i) **Greenfield Investment:** the shareholders all being foreigners have resorted to building a new facility from the ground up in the Tanzanian and initial market. This is the facility for manufacturing of tires. The project offers full control and the promoters have organized significant investment financing and have dedicated time to establish it.
- ii) **Exporting:** in the long run the company will be selling tires to customers in the neighboring countries through direct exporting (selling to distributors in the target market) or indirect exporting (using intermediaries such as agents or trading companies).
- iii) **Strategic Alliances:** the company forms alliances with local companies, suppliers, distributors, and industry associations to access new markets, share resources, and collaborate on marketing, distribution, or R&D.
- iv) **E-commerce and Online Marketplaces:** The company will be selling tires online through e-commerce platforms, marketplaces, or digital channels to reach international customers without the need for physical presence or local operations.
- v) **Licensing and Distributorship:** the company will be partnering with a local agent, distributor, or licensee to sell and distribute its products in the target market. This allows the company to leverage local market knowledge, networks, and resources.

4.2 Retention Strategy

Our market retention strategy focuses on retaining existing customers, building loyalty, and maximizing customer lifetime value. It involves tactics and initiatives to keep customers engaged, satisfied, and coming back for repeated purchases. Some key components of our market retention strategy include Customer Relationship Management (CRM), Customer Segmentation (basing on purchase frequency, order value, loyalty status, preferences, and behavior), Loyalty Programs (including creation and implementation of loyalty programs rewarding customers for repeated purchases, referrals, engagement, and loyalty), Personalization, Customer Service Excellence, Feedback and Surveys, Retargeting and Remarketing, Customer Education and Engagement, Customer Satisfaction Metrics, and Customer Experience Enhancement.

Through these strategies C.C.L.E Rubber (T) Co. Limited will build long-term relationships with existing customers, increase customer loyalty, induce repeated purchases, minimize customer churn and maximize customer lifetime value. As a result our business will grow sustainably and profitability will be assured.

4.3 Expansionary Strategy

The market expansion strategy for C.C.L.E Rubber (T) Co. Limited seeks to enhance business growth by tapping into new markets starting from the neighborhood of Tanzania in order to increase revenue and reach a broader audience. The strategy embraces market research, identification of target markets, development of a marketing plan, product adaptation, distribution channels, pricing strategy, market entry approach, building partnerships, regulatory compliance, and M&E

5.0 ORGANIZATION AND MANAGEMENT

5.1 Organizational Structure

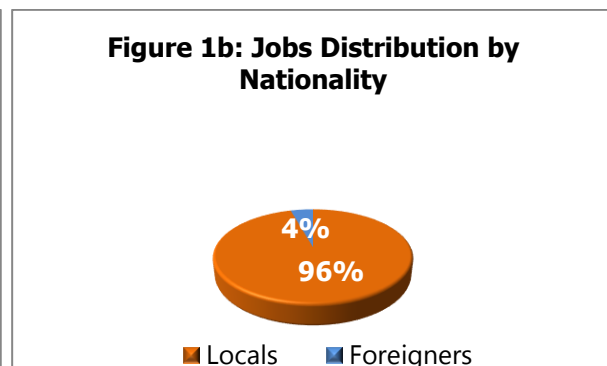
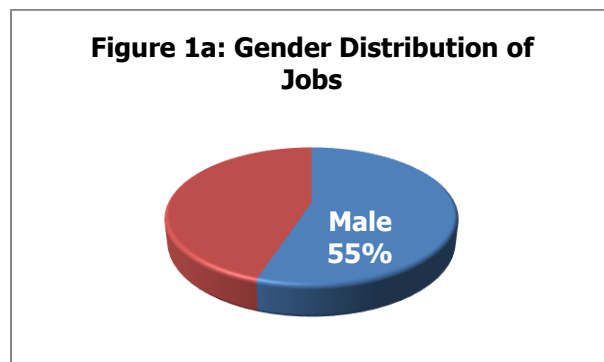
C.C.L.E Rubber (T) Co. Limited's team is tiered into the senior management team, the management team, production lines supervisors, production lines operators, and laborers and drivers as detailed under *appendix 3*.

5.2 Project Manning

This project expects to directly employ a total of 795 people 760 of whom are locals as shown in **table 4** below. The gender and nationality distributions of jobs are shown in the **figures 1 (a)** and **(b)** as well.

Table: 4: Planned Direct Jobs

GENDER	LOCALS	FOREIGNERS	TOTALS
M	360	30	390
F	400	5	405
TOTALS	760	35	795



6.0 OPERATIONS PLAN

6.1 Project Location

This project is located within the Coast region of Tanzania. The operational area of the project is Plots No 1-3 Block 'V' Chamakweza, Vigwaza Ward, within Chalinze area - Coast Region. This location provides easy access to the mainland Tanzania, and to the regional and global markets via the seaport and airport of Dar es Salaam as well as the roads and SGR.

6.2 Key Suppliers

C.C.L.E Rubber (T) Co. Limited expects to source its supplies from Tanzania, save for those which can in no way be sourced from within the economy. Supplies of machineries are expected to be sourced from outside the country, from China or India. Part of the loan will be sourced from outside Tanzania as well.

As of raw materials, these will be sourced mainly from Tanzania. These will be in the form of used tires. These tires are scattered in the environment so the company will take its time collecting and using them in the manufacturing of tires. The used tires will be sourced via local SMEs.

6.3 Key Distributors

Locally C.C.L.E Rubber (T) Co. Limited expects to use local wholesalers and retailers in getting the products to the final consumers. The wholesalers include those in the private sector and TEMESA (including government's Ministries, Departments, and Agencies). When encroaching to neighboring and other markets the company will use local agencies/ distributors in the respective countries.

6.4 Project Assets

The company expects to invest a total of **USD 30,700,000** in this project. Injection of the capital will be in the form of various items as summarized in **table 5** below. A detailed list of items will be shared via the proposed list for exemptions.

Table 5: Assets

ITEM	AMOUNT IN USD
Land & Buildings	5,200,000
Plant	12,450,000
Vehicles	500,000
Furniture & Fittings	50,000
Pre Expenses	450,000
Others	50,000
Working Capital	12,000,000
TOTALS	30,700,000

6.5 Project Roll-Out Plan

This is a 5 years plan by design but can need more time in order to attain the desired goals. The roll-out plan is shown in **Figure2**

Figure 2: Implementation Plan

S/No.	ACTIVITY	TIMING																	
		2024												2025	2026	2027	2028		
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC						
1	Planning and registrations	■	■	■	■														
2	Land Acquisition	■	■	■	■														
3	Plant Installment			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
4	Staff and Consultants engagements		■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
5	Loan securing				■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
6	Planning for expansions															■	■	■	■
7	Marketing Campaign			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
8	Company assessment	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■

7.0 FINANCIAL PROJECTIONS

This section covers projections in terms of production and sales, profit and loss, and cash flow projections for the first five years of implementation of the project.

7.1 Production and Sales

This sub-section focuses on production and sales projections under key assumptions that inflation rate is 4% and sales stand at 90% of the existing stock during the year under consideration.

Production is expected to grow gradually over the first five years of operation. Maximum level of production is expected to be attained during the fifth year and it will hit a 12,884,080 pieces production level as shown in **table 6 below**.

Table 6: Production Projections

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Production Line 1: Motor Cycle Tire PCS	2,000,000	2,200,000	2,420,000	2,662,000	2,928,200
Production Line 2: Motor Cycle Tubes PCS	6,800,000	7,480,000	8,228,000	9,050,800	9,955,880
TOTAL PRODUCTION IN PCS	8,800,000	9,680,000	10,648,000	11,712,800	12,884,080

Sales are assumed to be 90% of the existing stock during the specific year. The stock for the year includes the year's production plus part of previous year(s) stock that was not sold. The price is adjusted accordingly to the 4% inflation rate. Sales for products from the different production lines show steady growth over the year, peaking at Year 5 as shown in **table 7 below**.

Table 7: Sales Projections

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Line 1 Sales (PCS): 90% of the Stock	1,800,000	2,160,000	2,214,000	2,581,200	2,708,100
Line 2 Sales (PCS): 90% of the Stock	6,120,000	7,344,000	7,527,600	8,776,080	9,207,540
Line 1 Unit Price (4% Inflation) USD	6	6	6	7	7
Line 2 Unit Price (4% Inflation) USD	2	2	2	2	2
Sales Revenue Line 1	10,800,000	13,478,400	14,367,974	17,420,994	19,008,564
Sales Revenue Line 2	12,240,000	15,275,520	16,283,704	19,743,793	21,543,039
TOTAL SALES	23,040,000	28,753,920	30,651,679	37,164,787	40,551,603

7.2 Profit and Loss

This is a viable project ceteris paribus. Retained earnings are assured from the starting of the project, implying that the project will breakeven during the first year of operation as shown in **Table 8**.

Table 8: Projected P&L

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Total Sales Revenue	23,040,000.00	28,753,920.00	30,651,678.72	37,164,786.65	40,551,602.77
Less: Cost of Sales	29,200.00	30,368.00	31,582.72	32,846.03	34,159.87
<i>Gross Profit</i>	<i>23,010,800.00</i>	<i>28,723,552.00</i>	<i>30,620,096.00</i>	<i>37,131,940.62</i>	<i>40,517,442.90</i>
Less: Operating Expenses	501,500.00	295,157.60	314,791.99	357,247.97	615,885.00
<i>EBIT</i>	<i>22,509,300.00</i>	<i>28,428,394.40</i>	<i>30,305,304.01</i>	<i>36,774,692.65</i>	<i>39,901,557.90</i>
Less: Loan Interest	564,880.00	564,880.00	564,880.00	564,880.00	564,880.00
EBT	21,944,420.00	27,863,514.40	29,740,424.01	36,209,812.65	39,336,677.90
Less: Taxes (30%)	6,583,326.00	8,359,054.32	8,922,127.20	10,862,943.80	11,801,003.37
Net Profit/(Loss)	15,361,094.00	19,504,460.08	20,818,296.80	25,346,868.86	27,535,674.53
Dividend (5%)	768,054.70	975,223.00	1,040,914.84	1,267,343.44	1,376,783.73
Retained Earnings	14,593,039.30	18,529,237.08	19,777,381.96	24,079,525.41	26,158,890.80

7.3 Cash Flow

Table 9: Projected Cash Flow

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Net Income	15,361,094.00	19,504,460.08	20,818,296.80	25,346,868.86	27,535,674.53
Add: Depreciation and Amortization					
(Increase)/ Decrease in Operating Working Capital					
Cash Flow from Operating Activities	15,361,094.00	19,504,460.08	20,818,296.80	25,346,868.86	27,535,674.53
(Capital Expenditure)	-	-	-	-	-
860,000.00	5,620,000.00	7,675,000.00	10,230,000.00	6,315,000.00	
Cash Flow from Investing Activities	-860,000.00	5,620,000.00	7,675,000.00	10,230,000.00	6,315,000.00
Increase (decrease) in long-term debt					
(Dividend)	-	-	-	-	-
768,054.70	975,223.00	1,040,914.84	1,267,343.44	1,376,783.73	

Issuance of Equity					
Cash Flow from Financing Activities	-	-	-	-	-
	768,054.70	975,223.00	1,040,914.84	1,267,343.44	1,376,783.73
Beginning Cash		-	-	-	-
	12,000,000.00	1,733,039.30	14,642,276.38	26,744,658.34	40,594,183.75
Net Cash Flow					
	13,733,039.30	12,909,237.08	12,102,381.96	13,849,525.41	19,843,890.80
Ending Cash					
	1,733,039.30	14,642,276.38	26,744,658.34	40,594,183.75	60,438,074.55

7.4 Projected Ratios

The projections show that the project will be a success as the margin, profitability and solvency ratios show a positive trend for the first five years of operation of the project. **Table 10** gives the details

Table 10: Projected Ratios

Margin Ratios	Y1	Y2	Y3	Y4	Y5
Gross Profit Margin	99.87%	99.89%	99.90%	99.91%	99.92%
Operating Profit Margin	97.82%	98.97%	98.97%	99.04%	98.48%
Net Profit Margin	97.70%	98.87%	98.87%	98.95%	98.40%

Profitability Ratios	Y1	Y2	Y3	Y4	Y5
Gross Profit Margin	99.87%	99.89%	99.90%	99.91%	99.92%
Net Profit Margin	66.67%	67.83%	67.92%	68.20%	67.90%
Return on Assets (ROA)	1786.17%	300.99%	147.07%	103.94%	89.69%
Return on Equity (ROE)	166.79%	211.77%	226.04%	275.21%	298.98%

Solvency Ratios	Y1	Y2	Y3	Y4	Y5
Debt-to-Equity Ratio	52.80%	52.80%	52.80%	52.80%	52.80%
Interest Coverage Ratio	3884.79%	4932.64%	5264.91%	6410.18%	6963.72%

8.0 PROJECT FINANCIALS

8.1 Funding Sources

This is a **USD 30,700,000** project. Its sources of funding include both loans and equity. The loans are both foreign and local while the equity is foreign only. The details are given in **table 11** below and other aspects are depicted in subsequent **figures 3 (a) – (c)**.

Table 11: Project Funding

CATEGORIES	AMOUNT (USD)	%
EQUITY		
<i>Local Equity</i>	-	-
<i>Foreign Equity</i>	9,210,000	30%
Total Equity	9,210,000	30%
LOAN		
<i>Local Loan</i>	18,420,000	60%
<i>Foreign Loan</i>	3,070,000	10%
Total Loan	21,490,000	70%
TOTAL FINANCING	30,700,000	100%

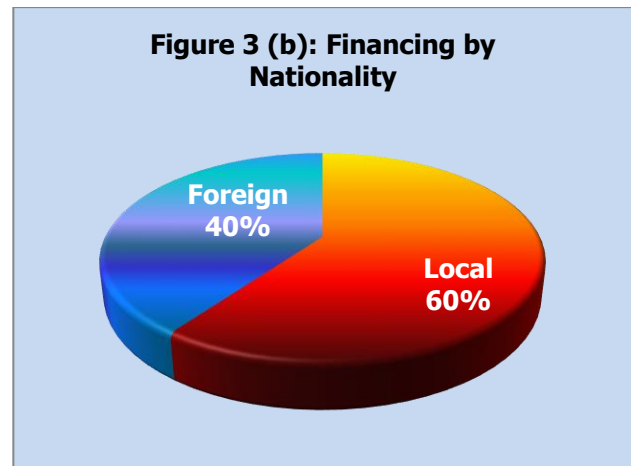
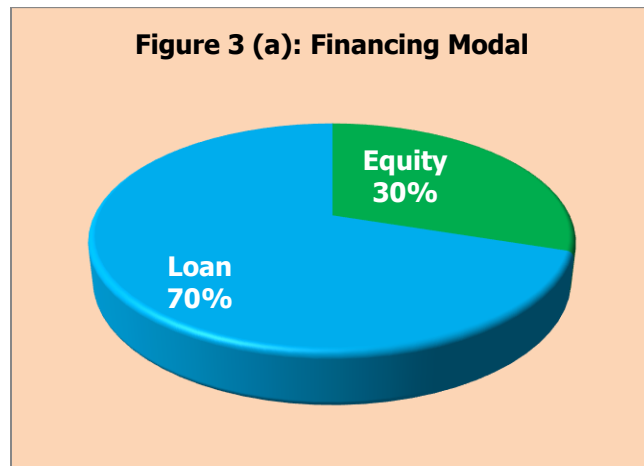
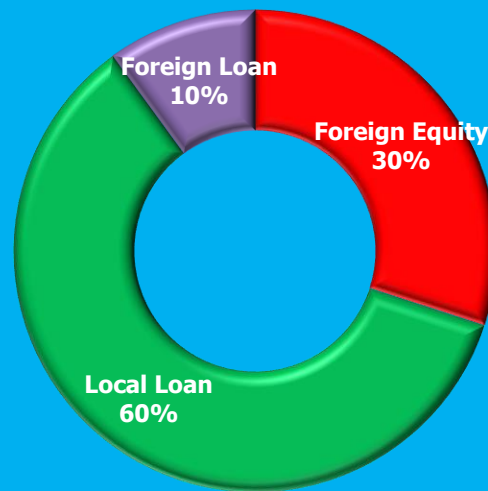


Figure 3 (c): Financing by Categories



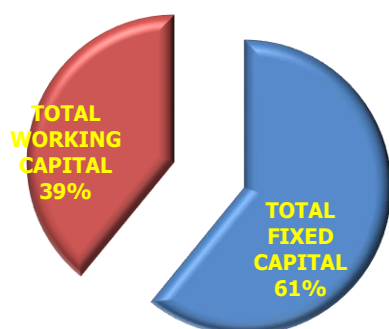
8.2 Financing of Items

The **USD 30,700,000** planned investment will finance the project in terms of fixed assets to the tune of **USD 18,700,000** and Working capital of **USD 12,000,000** as shown under **table 12** and **Figure 4** below.

Table 12: Items Financing

INVESTMENT BREAKDOWN	
ITEM	AMOUNT IN USD
Land & Buildings	5,200,000
Plant	12,450,000
Vehicles	500,000
Furniture & Fittings	50,000
Pre Expenses	450,000
Others	50,000
Working Capital	12,000,000
TOTALS	30,700,000
TOTAL FIXED CAPITAL	18,700,000
TOTAL WORKING CAPITAL	12,000,000

Figure 4: Summarized Financing of Items



8.3 Investment Plan

The planned investment capital will be injected into the project over the years as implementation goes on. By the end of the 5th year all the capital will be injected and the project is expected to be operating at its full capacity. **Table 13** below gives the details

Table 13: Capital Injection Plan

INVESTMENT BREAKDOWN		INVESTMENT PLAN					TOTAL INVESTMENT
ITEM	AMOUNT IN USD	Y1	Y2	Y3	Y4	Y5	
Land & Buildings	5,200,000	200,000	5,000,000	-	-	-	5,200,000
Plant	12,450,000	-	200,000	7,000,000	5,000,000	250,000	12,450,000
Vehicles	500,000	-	100,000	150,000	200,000	50,000	500,000
Furniture & Fittings	50,000	-	10,000	15,000	20,000	5,000	50,000
Pre Expenses	450,000	450,000	-	-	-	-	450,000
Others	50,000	10,000	10,000	10,000	10,000	10,000	50,000
Working Capital	12,000,000	200,000	300,000	500,000	5,000,000	6,000,000	12,000,000
TOTALS	30,700,000	860,000	5,620,000	7,675,000	10,230,000	6,315,000	30,700,000

9.0 PROJECT RATIONALE

This section covers the justification for the project. It covers the fiscal, socio-economic, monetary and environmental rationale. This coverage provides apologetics for green-lighting of the project for both fiscal and non-fiscal incentives from the government side.

9.1 Fiscal Rationale

Fiscally this project will contribute to taxes to the government. This contribution is in the form of income tax and value added tax. As such the project will fill the government's coffer with money to the tune of **USD 23,517,301.52** as shown under **appendix 1**. This amount includes Income Tax (**USD 13,156,822.92**) and VAT (**USD 10,360,478.61**). These amounts will degenerate themselves as the products and services change hands.

9.2 Socio-Economic Rationale

Socio-economically this project has many benefits to the economy of Tanzania. It will directly employ a total of 795 peoples, where only 35 are foreigners. As of indirect employments, the project expects to generate 1,500 indirect jobs. Payment to the employees will create a trickle-down effect in the economy giving an impetus for growth among households.

Through its CSR policy the company expects to spend a total of about **USD 877,121.53** on the surrounding community over the first 5 years of operation. **Appendix 1** gives the details.

9.3 Monetary Rationale

Monetarily this project will create flows that will nourish our economy. The money spent on supplier SMEs, on wages and on other supplier firms will create taxes, revenues and other benefits along the value chains. To the supplier firms, other things remaining equal, cash amounting to **USD 7,257,504.68** will flow to supplier SMEs and other entities like banks.

9.4 Environmental Rationale

This project expects to manufacture tires of various sizes in order to cater for the ever growing demand for tires. Among the raw materials to be uses are the used tires available all over the country. These used tires are otherwise polluting the environment so using of them as raw

materials provides a mechanism for their recycling, a scenario that relieves the environment of the “pollutants”.

10.0 CONCLUSION

This is a tire manufacturing project. It expects to use used tires as raw materials in producing the final product thus relieving the environment of the used tires around. This project will reduce use of foreign exchange in importing the almost-all-imported tires. Also, the project will create a total of 795 direct jobs, 35 jobs being for foreigners, and 1,500 indirect jobs to locals. This implies job creation to Tanzanians as 760 of all direct employees and 100% of all the indirect employees are Tanzanian.

Considering the rationale for this project, having analyzed the market and developed strategies for the tires to be produced locally and the impending success in this project the promoters present it for consideration in the form of registration with the TIC and enjoyment of the incentives that will provide a soft landing for this project.

D APPENDICES

1. Project Rationale

DETAILS	YEARS					TOTAL
	Y1	Y2	Y3	Y4	Y5	
Interest to the local banking sector	478,920.00	478,920.00	478,920.00	478,920.00	478,920.00	2,394,600.00
Payment to supplier SMEs	1,044,400.00	840,512.00	877,068.64	915,379.16	1,185,544.88	4,862,904.68
Income Tax	1,741,638.00	2,354,461.06	2,526,715.26	3,144,037.23	3,389,971.38	13,156,822.92
VAT	1,490,400.00	1,860,019.20	1,982,780.47	2,404,097.14	2,623,181.80	10,360,478.61
CSR	116,109.20	156,964.07	168,447.68	209,602.48	225,998.09	877,121.53
SUMMARIES	Y1	Y2	Y3	Y4	Y5	TOTAL
To the Private Sector	1,523,320.00	1,319,432.00	1,355,988.64	1,394,299.16	1,664,464.88	7,257,504.68
To the Government	3,232,038.00	4,214,480.26	4,509,495.72	5,548,134.36	6,013,153.18	23,517,301.52
To the Hosting Community	116,109.20	156,964.07	168,447.68	209,602.48	225,998.09	877,121.53

2. Loan Details

LOAN DETAILS								
DETAILS	LOAN SECURED	INTEREST RATE	ANNUAL PRINCIPAL PAYBACK					TOTAL
			Y1	Y2	Y3	Y4	Y5	
Local Loan	18,420,000.00	0.13	3,684,000.00	3,684,000.00	3,684,000.00	3,684,000.00	3,684,000.00	18,420,000.00
Foreign Loan	3,070,000.00	0.14	614,000.00	614,000.00	614,000.00	614,000.00	614,000.00	3,070,000.00
TOTAL PRINCIPAL REPAYMENT			4,298,000.00	4,298,000.00	4,298,000.00	4,298,000.00	4,298,000.00	21,490,000.00
INTEREST DETAILS								
DETAILS	LOAN SECURED	INTEREST RATE	ANNUAL INTEREST PAYBACK					TOTAL
			Y1	Y2	Y3	Y4	Y5	
Local Loan	18,420,000.00	0.13	478,920.00	478,920.00	478,920.00	478,920.00	478,920.00	2,394,600.00
Foreign Loan	3,070,000.00	0.14	85,960.00	85,960.00	85,960.00	85,960.00	85,960.00	429,800.00
TOTAL INTEREST REPAYMENT			564,880.00	564,880.00	564,880.00	564,880.00	564,880.00	2,824,400.00
TOTAL REPAYMENT			4,862,880.00	4,862,880.00	4,862,880.00	4,862,880.00	4,862,880.00	24,314,400.00

3. Project Manning

S/N	Category	Local		Foreigners		TOTAL
		M	F	M	F	
A.	Senior Management Team					
1	Managing Director			1		1
2	Director of Production			1		1
3	P&C (Manpower) Director				1	1
B.	Management Team					
1	Finance Manager				1	1
2	Marketing Manager		1			1
3	Production Manager			1		1
4	HR Manager	1				1
C.	Supervisors					
1	Production Line 1 Supervisor	1	1	4	2	8
2	Production Line 2 Supervisor	1	0	4	3	8
3	Production Line 3 Supervisor	1	1	3	3	8
4	Production Line 4 Supervisor	1	0	4	3	8
D.	Operators					
1	Line 1 Operators	4	4	1		9
2	Line 2 Operators	5	3		1	9
3	Line 3 Operators	6	2	1		9
4	Line 4 Operators	6	2		1	9
E.	Laborers					
1	Line 1 Laborers	85	80			165
2	Line 2 Laborers	88	77			165
3	Line 3 Laborers	89	88			177
4	Line 4 Laborers	93	79			172
F.	Drivers					
1	Vehicles Drivers	9	4			13
2	Lorries Drivers	15				15
3	Forklifts Operators	13				13
	TOTAL	418	342	20	15	795