

# **KWARE INTERNATIONAL COMPANY LIMITED**

**BUSINESS PLAN FOR  
ESTABLISHMENT AND OPERATION OF MOTORCYCLE  
ASSEMBLING FACTORY AND SPARE PARTS PROJECT  
PROPOSED TO BE UNDERTAKEN IN MOSHI URBAN  
DISTRICT IN KILIMANJARO REGION, TANZANIA**

**27<sup>th</sup> November 2024**

## **1.0 EXECUTIVE SUMMARY**

**KWARE INTERNATIONAL COMPANY LIMITED**, a company incorporated in Tanzania is on the mission to establish a project for *motorcycle assembling factory and spare parts project proposed to be undertaken in Moshi urban district in Kilimanjaro region, Tanzania*. The project is expecting to produce motorcycle and spare parts that is expected to be selling mainly within the local market of Tanzania and in future to sell expand its sales to outside the country. The project will utilize the total investment is 2,000,000,000 TZS that will cater for procurement assets, tools and machinery and the working capital. The project has been revealed to be viable since cash accumulation in 2<sup>nd</sup> year is 2,072,761,500 TZS which is more than the initial investment by 72,000,000 TZS. Therefore, the project payback Period is exactly at the 2<sup>nd</sup> year. Therefore, the project has a relatively short time Payback period. The project will be managed by the Management of KWARE INTERNATIONAL COMPANY LIMITED who will be reporting directly to the shareholders and board of directors. Detailed information about the project is depicted in this main document

### **1.1 COMPANY DESCRIPTION**

KWARE INTERNATIONAL COMPANY LIMITED is a private joint venture company limited by shares and registered in Tanzania under the companies act with certificate of incorporation number 156548502 issued on 20th June 2022. Also, KWARE INTERNATIONAL COMPANY LIMITED is registered with Tanzania Revenue Authority (TRA) and provided with Tax Identification Number certificate.

The company is also registered to undertake the following activities: -

- I. Extraction of crude petroleum
- II. Extraction of natural gas
- III. Manufacture of other food products n.e.c.
- IV. Manufacture of motor vehicles
- V. Manufacture of parts and accessories for motor vehicles
- VI. Manufacture of motorcycles, Main activity
- VII. Other manufacturing n.e.c.
- VIII. Other telecommunications activities
- IX. Sale, maintenance and repair of motorcycles and related
- X. parts and accessories
- XI. Sale of motor vehicle parts and accessories
- XII. Maintenance and repair of motor vehicles
- XIII. Real estate activities with own or lea

## **1.2 VISION**

**KWARE INTERNATIONAL COMPANY LIMITED** vision is to become the largest and the best service provider company in Eastern, central Africa, Africa and to the international community.

## **1.3 MISSION**

**KWARE INTERNATIONAL COMPANY LIMITED** is to constantly seek for superiority in terms of assembling motorcycles and sales of spare parts and performing other activities through quality service provision to our customers

## **1.4 CORE VALUES**

The core values of the company are:-

- ❖ Traceability
- ❖ Sustainability
- ❖ Transparency
- ❖ Commitment
- ❖ Respect
- ❖ Community Support

## 1.5 COMPANY OWNERSHIP AND BOARD OF DIRECTORS

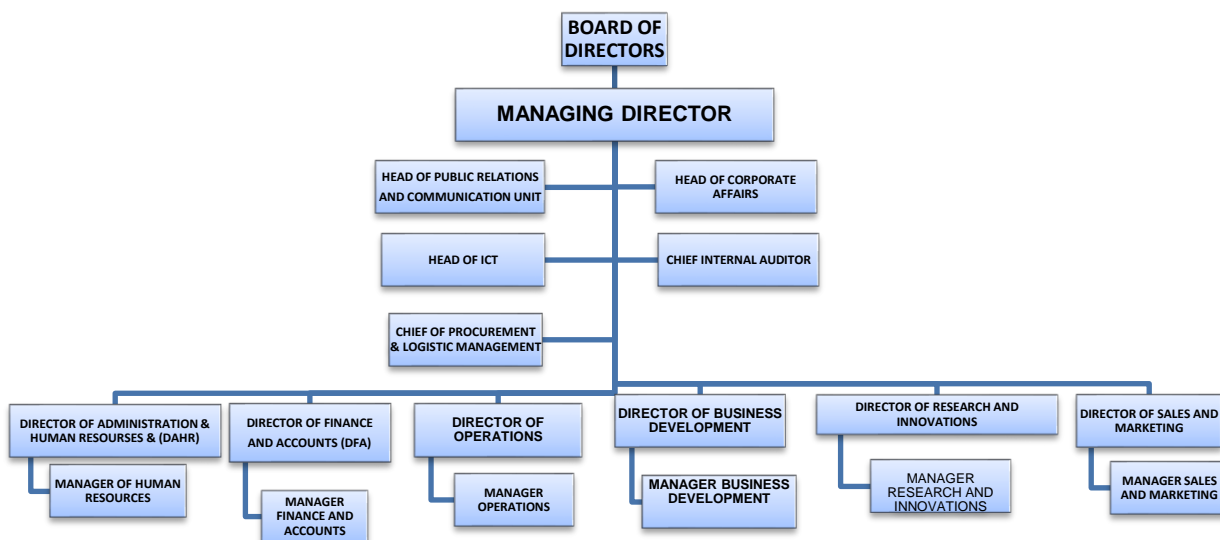
**KWARE INTERNATIONAL COMPANY LIMITED** is owned by five shareholders with experience in business, the share capital of the company is Tanzania shillings 2,000,000,000/= which are 400,000 Ordinary shares of 5,000 TZS each divided as follows: -

S/N	Share Holders	% of Share	Nationality
1.	WEIBO XIE	61	CHINESE
2.	LIN XIE	20	CHINESE
3.	NANMING ZHANG	6	CHINESE
4.	DINGFENG WU	3	CHINESE
5.	ISACK EBENI MASUNO	10	TANZANIAN

### 1.5.1 ORGANIZATION'S AND MANAGEMENT

The company is being run by the Management and the Board of Directors. Below Organization structure depicts the management and governance of the company.

### 1.5.1.2 Organization Structure of the company



## 1.6 THE PROJECT

**KWARE INTERNATIONAL COMPANY LIMITED** is planning to establish a project named “*establishment and operation of motorcycle assembling factory and spare parts project proposed to be undertaken in Moshi urban district in Kilimanjaro region, Tanzania*”.

This project is expecting to utilize the total investment of 2,000,000,000 TZS which include the working capital of 1,792,100,000 TZS

### 1.6.1 Project location

The project will be located in Moshi Urban District of Kilimanjaro region, Tanzania therefore in the Town Centre of the Moshi town.

### **1.6.2 Products to be produced**

The project to be registered with TIC will mainly be on assembling of motorcycles and sales of spare parts mainly to the local market so as to contribute to the increase of means of transport in the country therefore stimulation of economic activities in the country.

### **1.6.3 Source of raw materials**

The raw materials in this case the assembling materials for assembling of motorcycles will mainly be imported from China and other parts of the world, also spare parts for motorcycles will be mainly imported from China for sales in the Tanzania local market.

### **1.6.4 Technology to be utilized**

This project will utilize a high-tech technology tool for assembly of motorcycles and will also produce the high-quality motorcycle for selling to the local market and in a long run the company will also sell to the international market after securing reliable market within East Africa, Central Africa, Africa and to the global market.

### **1.6.5 Overview of Manufacturing sector in Tanzania**

According to TIC website publications, the manufacturing sector is at its infancy stage with few exploited areas whereby unprocessed agricultural commodities have dominated major exports.

The manufacturing sector has shown steady growth over the years, registering 8.3% annual growth rate and a small contribution of 8.1% to the GDP. The sector employs around 306,180 workers mainly in the urban areas. The sector contributes to the Tanzania economy through revenue collection of import

and export sales, corporate tax, and income tax, contributing about 18.1% foreign exchange to the government.

Therefore, it is noted from TIC that, under Manufacturing sector, Tanzania offers Opportunities for

- ***Establishing motor vehicle and motorcycle assembly plants and spare parts production facilities for domestic and regional markets,***
- Establishment of SEZs/EPZs, Industrial parks and logistics centres,
- Construction of a liquefied natural gas (LNG) plant and
- Construction, rehabilitation and providing requisite support to strategic pharmaceutical industries,
- Production of construction materials such as ceramics and cement,
- Development of iron and steel industries,
- Agro-industries and agro-processing to add value to agricultural, livestock, forestry and fisheries products.
- Sugar industry (considering a demand gap currently met through imports).
- Increasing domestic edible oil production (there is a need to reduce dependence on imports).
- Food and beverages manufacturing has a lot of potential and includes manufacturing, processing, and preservation of meat, fish, fruit, vegetables, oils and fats;
- Manufacture of dairy products; manufacture of grain mill products, starches and starch products and prepared animal feeds;
- Manufacture of other food products (e.g. bread, sugar, chocolate, pasta, coffee, nuts and spices)
- The manufacture of bottled and canned soft drinks, fruit juices, beer, and wines

### **1.6.6 Expected Market**

The project for assembly of motorcycles and sales of spare parts is targeting selling to the local market and in a long run the company will also sell to the international market after securing reliable market within East Africa, Central Africa, Africa and to the global market.

### **1.6.7 Marketing and sales strategy**

The company will use Diversification strategy to ensure that it penetrates the market and acquire a fair share of the market share for motorcycles and spare parts. In this case the company will utilize mixed methods to reach the market thus will use the 7Ps of the marketing strategy which are product, price, place, promotion, people, process and physical evidence. Therefore, the company will ensure that it develops a unique and quality product, set a good price for attracting buyers, will locate a place for business, will promote the product through various means, will be people centered reflecting people's needs and peoples feedback, will use a step-by-step process to meet the market but also will have a physical office for customers to come and buy products. It should be noted that Promotion of the company product will be the priority tool for expanding the market base and ensure more customers for the product produced therefore different medias will be used for promotion including TVs, newspapers and social medias therefore the company will set aside a good budget for promotional activities and media coverage for enhancing visibility and consumers awareness of the product produced by the company. Also, the company will utilize B2B marketing method to create awareness of the product it produces and also will utilize local and international exhibitions and targeted promotion to the local and international market in order to

make sure that it secures good market for its produce and also ensure securing good price for the products sold by the company.

#### **1.6.8 Project Land size**

The project is expected to utilize a land size of around about 2,209 square meters which is the Warehouse located in Moshi town in Kilimanjaro region where all activities for production, assembly of motorcycles and sales of spare parts will be done.

#### **1.6.9 Project risks**

Project risks may include changing of government policies, fluctuation of USD prices to TZS, changes of tax rates, labor turnover.

#### **1.6.10 Strategy to overcome risks**

Compliance and flexibility with the changing government policies, strengthening internal revenue and pricing mechanism in accordance to the market conditions, hiring good internal Auditor and Taxi consultants and enhancing labor retention policies or the company.

#### **1.6.11 Environmental aspects considerations**

Before commencing the project, the company will make sure that it follows all procedures and guidelines for environmental protection from NEMC before establishing the project and if Environmental Impact Assessment (EIA) is needed the project will undergo that assessment for certification before commencing the project.

### 1.7 PROJECT ESTIMATED REVENUE

The company has estimated that the projected revenue to be 250,000,000 TZS per month.

### 1.8 PROJECT OPERATING COST

The company has estimated that the project operating cost to be 54% of the total monthly revenue income expected to be generated per month. Therefore, the operating cost estimated is 135,875,000 TZS per month.

### 1.9 PROJECT FINANCING

The company has estimated that the project will be financed by the shareholders equity therefore amounting to **727,273 USD or 2,000,000,000 TZS**

### 1.10 PROJECT INVESTMENT COST

The project has budgeted to cost the followings:

<b>INVESTMENT COSTS AND ASSETS COSTS</b>			
	<b>ITEM</b>	<b>TZS</b>	<b>USD</b>
1	Land/Building	94,500,000	34,364
2	Plant/Machines	13,500,000	4,909
3	Vehicles	72,900,000	26,509
4	Furniture & Fittings	13,500,000	4,909
	<b>Sub Total</b>	<b>194,400,000</b>	<b>70,691</b>
5	Pre-expenses	10,800,000	3,927
6	Working Capital	1,792,100,000	651,673
7	Other costs	2,700,000	982
	<b>Sub Total</b>	<b>1,805,600,000</b>	<b>656,582</b>
	<b>TOTAL INVESTMENT COST</b>	<b>2,000,000,000</b>	<b>727,273</b>

<b>SOURCE OF CAPITAL FOR INVESTMENT/BUSINESS</b>			
		<b>TZS</b>	<b>USD</b>
1	EQUITY	2,000,000,000	727,273
2	LOAN		
	<b>TOTAL INVESTMENT</b>	2,000,000,000	727,273
	<b>TOTAL ASSETS</b>	<b>207,900,000</b>	<b>75,600</b>
	At 2750 exchange rate		

## 2.0 PROJECT MANAGEMENT SCHEDULE

The project will be headed by the Management of **KWARE INTERNATIONAL COMPANY LIMITED** who will be reporting to the five company shareholders and the Board of Directors. The expected project employment schedule are as follows: -

### Employees Distribution Summary

Employment	Foreign	Local	Total
Women	1	2	2
Men	3	2	6
<b>TOTAL</b>	<b>4</b>	<b>4</b>	<b>8</b>

## 3.0 OVERVIEW OF TANZANIA BUSINESS ENVIRONMENT

In the African continent, TANZANIA is among the top ten investment destinations in Africa, thanks to reforms and a conducive investment environment set by the government.

The Rand Merchant Bank (RMB) ranked the country tenth in business and investment attractiveness, in the Where to Invest in Africa report released recently.

## 4.0 SWOT ANALYSIS

### STRENGTHS

Strengths of the business are –

- The shareholders have own equity to establish and operate the project
- The company has sound, experienced and talented management for Business management
- Effective management
- Influence & Networking of Directors in the Business sector.
- Project location is at prominent place.
- Good roads, ports and air infrastructure in Tanzania for transporting raw materials and finished products
- Confirmed business due to market availability to the local and international market.

### WEAKNESSES

Weakness of the business are –

- Owners are new to the local market
- Stiff competition from local and international market
- Limited market share growth

## OPPORTUNITIES

Opportunities of the business are –

- Availability of potential market with Tanzania, EAC and Africa in general and the Global international market.

## THREATS

Threats of the business are –

- Complex Tax Structure
- Sectorial competition
- Changing business and investment laws
- Electricity power cut and power rationing
- Changes in fuel prices(fluctuations)
- Changing prices of raw materials and spare parts
- Fluctuation of USD vs TZS-currency devaluation.

## 5.0 FINANCIAL PROJECTIONS ASPECT OF THE PROJECT

### (i) Projected Profit and Loss Statement

The attached table shows the projected income for the 10 years period. The position depicted is that the project earns profit throughout its life cycle. Accumulated after-tax profits grows from **945,042,000TZS** in the 1<sup>st</sup> year to **30,383,819,887TZS** in the 10<sup>th</sup> year.

### (ii) Projected Cash Flows

The project's cash flows are shown in the attached table. They depict a good liquid position right from the first year. Cash accumulation builds up from **964,482,000TZS** in the first year to **19,516,647,489TZS** at the end of the 10<sup>th</sup> year of the project's operations

### **(iii) Projected Balance Sheet**

The project's assets' cash flows are shown in attached table. Owners' equity grows from 2,000,000,000 TZS in the first year to 21,341,687,489 TZS at the end of the 10<sup>th</sup> year of the project's operations

### **(iv) Payback Period**

Total investment is **2,000,000,000** TZS, cash accumulation in 2<sup>nd</sup> year is **2,072,761,500** TZS which is more than the initial investment by 72,000,000 TZS. The project payback Period is exactly at the 2<sup>nd</sup> year. Therefore, the project has a relatively short time Payback period.

## **6.0 ECONOMIC ASPECTS OF THE PROJECTS**

Besides the financial/monetary returns to the owners, there are other benefits to be derived for the whole country.

### **I. Employment Opportunities**

Employment and poverty reduction are among the major concern of the Central and Local Government authorities. It is gratifying to note that the company will provide additional employment to 8 people with the possibility of expansion. This is a significant contribution coming from this project.

## **II. Revenue to the Government**

The Project is expected to pay a substantial annual amount in the form of corporation tax and other taxes.

## **III. Foreign Exchange Earning**

Since the project aims at selling in Tanzania, EAC and the general world therefore the project will thus earn foreign currency for the United Republic of Tanzania.

## **7.0 CONCLUSION**

After undergoing economic and financial evaluation of the project, it is of view that his project is viable, profitable and contributes to company revenue and to the government revenue by way of taxes, therefore it is recommended that the project should be given enough considerations for its establishment, take off, expansion and receiving incentives from Government through Certificate of Incentives from TIC.

## **8.0 LIST OF APPENDICES**

## Appendix 1: FORECASTED STATEMENT OF PROFIT& LOSS

CURRENCY TZS													
	cost/price per Motorcycle	Sales per Motorcycle per month	Monthly Income	Year 1	Year 2	Year 3	Year4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	2,500,000	100	250,000,000	3,000,000,000	3,450,000,000	3,967,500,000	4,562,625,000	5,247,018,750.00	6,034,071,563	6,939,182,297	7,980,059,641	9,177,068,588	10,553,628,875.76
Operating Cost(utility etc)	1,358,750	100	135,875,000	1,630,500,000	1,875,075,000	2,156,336,250	2,479,786,688	2,851,754,690.63	3,279,517,894	3,771,445,578	4,337,162,415	4,987,736,777	5,735,897,294
<b>Gross profit before depreciation and interest</b>			<b>114,125,000</b>	<b>1,369,500,000</b>	<b>1,574,925,000</b>	<b>1,811,163,750</b>	<b>2,082,838,313</b>	<b>2,395,264,059</b>	<b>2,754,553,668</b>	<b>3,167,736,719</b>	<b>3,642,897,226</b>	<b>4,189,331,810</b>	<b>4,817,731,582</b>
Loan Interest 10%				-	-	-	-	-	-	-	-	-	-
Depreciation 10%				19,440,000	19,440,000	19,440,000	19,440,000	19,440,000	19,440,000	19,440,000	19,440,000	-	19,440,000
				19,440,000	19,440,000	19,440,000	19,440,000	19,440,000	19,440,000	19,440,000	19,440,000	-	19,440,000

<b>Gross profit</b>				<b>1,350,060,000</b>	<b>1,555,485,000</b>	<b>1,791,723,750</b>	<b>2,063,398,313</b>	<b>2,375,824,059</b>	<b>2,735,113,668</b>	<b>3,148,296,719</b>	<b>3,623,457,226</b>	<b>4,189,331,810</b>	<b>4,798,291,582</b>
Tax(30%)				405,018,000	466,645,500	537,517,125	619,019,494	712,747,218	820,534,100	944,489,016	1,087,037,168	1,256,799,543	1,439,487,475
Profit after tax				945,042,000	1,088,839,500	1,254,206,625	1,444,378,819	1,663,076,842	1,914,579,568	2,203,807,703	2,536,420,058	2,932,532,267	3,358,804,107
<b>Accumulated profit</b>				<b>945,042,000</b>	<b>2,033,881,500</b>	<b>3,288,088,125</b>	<b>4,732,466,944</b>	<b>6,395,543,785</b>	<b>8,310,123,353</b>	<b>10,513,931,056</b>	<b>13,050,351,114</b>	<b>15,982,883,382</b>	<b>19,341,687,489</b>

## Appendix 2: PROJECTED STATEMENT OF CASHFLOW

PROJECTED STATEMENT OF CASHFLOW IN TZS											
	0	1	2	3	4	5	6	7	8	9	10
<b>SOURCES</b>											
Profit after interest and depreciation	-	945,042,000	1,088,839,500	1,254,206,625	1,444,378,819	1,663,076,842	1,914,579,568	2,203,807,703	2,536,420,058	2,932,532,267	3,358,804,107
Equity		2,000,000,000									
Loan		0	0	0	0	0	0	0	0	0	0
<b>Total Sources</b>		<b>2,945,042,000</b>	<b>1,088,839,500</b>	<b>1,254,206,625</b>	<b>1,444,378,819</b>	<b>1,663,076,842</b>	<b>1,914,579,568</b>	<b>2,203,807,703</b>	<b>2,536,420,058</b>	<b>2,932,532,267</b>	<b>3,358,804,107</b>
<b>Applications:</b>											
Capital expenditure		194,400,000									
Working Capital & Others		1,805,600,000									
Cash	-	945,042,000	1,088,839,500	1,254,206,625	1,444,378,819	1,663,076,842	1,914,579,568	2,203,807,703	2,536,420,058	2,932,532,267	3,358,804,107

Depreciat ion	-	19,440,00 0	19,440,00 0	19,440,00 0	19,440,00 0	19,440,00 0	19,440,00 0	19,440,000	19,440,000	0	19,440,000
<b>Sub total</b>		<b>964,482,0 00</b>	<b>1,108,279 ,500</b>	<b>1,273,646 ,625</b>	<b>1,463,818 ,819</b>	<b>1,682,516 ,842</b>	<b>1,934,019 ,568</b>	<b>2,223,247, 703</b>	<b>2,555,860, 058</b>	<b>2,932,532, 267</b>	<b>3,378,244, 107</b>
<b>Total applicati ons</b>	<b>0</b>	<b>964,482,0 00</b>	<b>2,072,761 ,500</b>	<b>3,346,408 ,125</b>	<b>4,810,226 ,944</b>	<b>6,492,743 ,785</b>	<b>8,426,763 ,353</b>	<b>10,650,011 ,056</b>	<b>13,205,871 ,114</b>	<b>16,138,403 ,382</b>	<b>19,516,647 ,489</b>



<b>Financed By</b>											
Equity	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
Accumulated Profits		945,042,000	2,033,881,500	3,288,088,125	4,732,466,944	6,395,543,785	8,310,123,353	10,513,931,056	13,050,351,114	15,982,883,382	19,341,687,489
Total Equity	2,000,000,000	2,945,042,000	4,033,881,500	5,288,088,125	6,732,466,944	8,395,543,785	10,310,123,353	12,513,931,056	15,050,351,114	17,982,883,382	21,341,687,489
Foreign & Local Loan	-	-	-	-	-	-	-	-	-	-	-
Total Debt	-	-	-	-	-	-	-	-	-	-	-
<b>Total Equity and Debt</b>	<b>2,000,000,000</b>	<b>2,945,042,000</b>	<b>4,033,881,500</b>	<b>5,288,088,125</b>	<b>6,732,466,944</b>	<b>8,395,543,785</b>	<b>10,310,123,353</b>	<b>12,513,931,056</b>	<b>15,050,351,114</b>	<b>17,982,883,382</b>	<b>21,341,687,489</b>

#### Appendix 4: PAYBACK PERIOD CALCULATIONS

ACCUMULATED CASHFLOW				
Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	945,042,000	19,440,000	964,482,000	964,482,000
2	1,088,839,500	19,440,000	1,108,279,500	2,072,761,500
3	1,254,206,625	19,440,000	1,273,646,625	3,346,408,125
4	1,444,378,819	19,440,000	1,463,818,819	4,810,226,944
5	1,663,076,842	19,440,000	1,682,516,842	6,492,743,785
6	1,914,579,568	19,440,000	1,934,019,568	8,426,763,353
7	2,203,807,703	19,440,000	2,223,247,703	10,650,011,056
8	2,536,420,058	19,440,000	2,555,860,058	13,205,871,114
9	2,932,532,267	19,440,000	2,951,972,267	16,157,843,382
10	3,358,804,107	19,440,000	3,378,244,107	19,536,087,489
<b>TOTAL</b>	<b>19,341,687,489</b>	<b>194,400,000</b>	<b>19,536,087,489</b>	<b>85,663,198,748</b>

## Appendix V

### TENTATIVE PROJECT IMPLEMENTATION SCHEDULE

	<b>ACTIVITY</b>	<b>PERIOD</b>
1.	Processing of land for project	November 2024
2.	Funds Mobilization	December 2024
4.	Ordering of vehicles, tools, spare parts	December 2024
5.	Arrival of vehicles, tools, spare parts	January 2025
6.	Project implementations	January 2025
7.	Commercial Operations	February 2025