

BUSINESS PLAN

FOR

TANGO VEHICLES COMPANY LIMITED

**(ESTABLISHING AND OPERATING A PROJECT FOR
TRAILERS & SEMI-TRAILERS ASSEMBY PLANT)**

PREPARED FOR

M/s TANGO VEHICLES COMPANY LIMITED

Dar es Salaam

EXECUTIVE SUMMARIES

M/s TANGO VEHICLES COMPANY LIMITED is a company registered in the country under the Companies Act, Cap 212, (R.E 2019) and bears Certificate of Incorporation No. 185641635 dated 6th June 2025.

The project promoters are well-established business in Tanzania majoring in Transportation and Logistics and the like. Having been in the business for 10 years, the directors are now well prepared for establishment and operating large project for trailers and semi-trailers plant assembly and they see a very bright future in the transport sector.

This document has been prepared to serve as a business plan for guidance for **M/s TANGO VEHICLES COMPANY LIMITED** to outlines the establishment of a state of the art assembly plant for semi-trailers and trailers in Tanzania. With an initial investment of TZS 12 Billion, the company aims capitalize on the growing demand for reliable and affordable transportation solutions in Tanzania and the wider East African region. By leveraging local raw materials where possible and employing s skilled workforce, the company will contribute to local industrialization, job creation, and technology transfer, while delivering high quality products to the market.

2.0 Company Description

The company will focus on assembling various types of semi- trailers and trailers, including:

- Flatbed semi-trailers (for general cargo, containers)\
- Skeletal semi-trailers (for containers)
- Side-wall semi-trailers (for loose cargo)
- Tipper trailers (for construction materials, mining)
- Low-bed trailers (for heavy equipment transport)

Our competitive advantage will stem from:

- Cost-effectiveness: Reduced import duties and logistics costs compared to fully imported units.
- Customization: Ability to tailor trailers to specific customer needs and local road conditions.
- After-sales support: Readily available spare parts and maintenance services.

- Local content: Promoting Tanzanian industries and creating employment.

3.0 Market Analysis

Demand: Tanzania's economic growth, driven by sectors like agriculture, mining, construction, and trade, fuels a continuous demand for heavy-duty transportation. The ongoing infrastructure development projects also require a significant number of trailers. Currently, a substantial portion of trailers is imported, indicating a strong market opportunity for local assembly.

Competition: Existing players include importers of fully built trailers (mainly from China) and a few local assemblers. The key is to differentiate through quality, localized solutions, competitive pricing, and superior after-sales service.

Target Market:

- Logistics and transport companies
- Mining companies
- Construction companies
- Agricultural sector
- Individual truck owners

4.0 Products and Services

Product Range: As listed above, with a focus on durability and suitability for Tanzanian and East African road conditions.

Services:

- Trailer assembly and sales
- After-sales service, maintenance, and repairs
- Spare parts sales
- Customization services

5.0 Production plan

Capacity:

- Number of units to sell per year: Based on the TZS 12 billion investment and market demand, a target of 2500 - 3,000 units per year is proposed. This figure is competitive with import volumes and allows for economies of scale.

Assembly Process: The assembly process will involve:

- Receiving and warehousing of raw materials and components.
- Chassis fabrication and welding.
- Axle and suspension assembly.
- Brake system and electrical wiring installation.
- Decking/body construction (for flatbeds, tippers, etc.).
- Painting and finishing.
- Quality control and testing.

Location: A suitable industrial plot in Dar es Salaam, specifically within a designated industrial zone (e.g., Kigamboni, Mapinga, Mlandizi), offering good connectivity to the port and national road networks. This facilitates both raw material import and finished product distribution.

The size of the plot would need to accommodate assembly lines, warehousing, offices, and a testing area.

6.0 Raw Materials

A blend of local and imported raw materials will be used to optimize cost and leverage local content.

6.1 Planned Local Raw Materials

Raw material type/Unit Type/Price per Unit (TZS)/Location (Source)/Number of Units (per Trailer)/

- i. | Mild Steel Plates (for decking, side walls, minor structural components) | Ton | 2,000,000 - 2,500,000 | Dar es Salaam, Arusha (local fabricators/importers) | 3 - 5 Tons |
- ii. | Square/Rectangular Hollow Sections (for cross beams, minor supports) | Ton | 2,000,000 - 2,500,000 | Dar es Salaam, Arusha (local fabricators/importers) | 1 - 2 Tons |
- iii. | Chequered Plates (for flooring) | Square Meter | 80,000 - 120,000 | Dar es Salaam (local fabricators/importers) | 10 - 20 Sq. M |
- iv. | Paint & Coatings | Liter | 15,000 - 30,000 | Dar es Salaam (local manufacturers/distributors) | 20 - 40 Liters |
- v. | Welding Rods/Consumables | Kg | 5,000 - 10,000 | Dar es Salaam (local suppliers) | 10 - 20 Kg |
- vi. | Fasteners (Bolts, Nuts) | Kg | 8,000 - 15,000 | Dar es Salaam (local suppliers) | 5 - 10 Kg |
- vii. | Timber/Plywood (for some flatbeds, if applicable) | Cubic Meter | 600,000 - 1,000,000 | Morogoro, Iringa (local sawmills) | 0.5 - 1 Cubic Meter |

Note: Prices are estimates and subject to market fluctuations and supplier negotiations.

6.2 Planned Imported Raw Materials

| Raw Material Type | Import Price per Unit (USD) | Unit Type | Country of Origin | Number of Units (per trailer) |

- i. | High-Strength Steel (Q345B/Q345D) (for main beams, chassis) | 600 - 800 | Ton | China, Turkey, South Africa | 4 - 6 Tons |
- ii. | Axles (complete with hubs & brakes) | 800 - 1,200 | Unit | China, Germany | 2 - 4 Units |
- iii. | Suspension Systems (Mechanical/Air) | 500 - 1,000 | Set | China, Germany | 1 Set |
- iv. | Tyres & Rims | 150 - 250 | Unit | China, India | 8 - 16 Units |
- v. | Brake Systems (ABS/EBS components) | 300 - 600 | Set | China, Germany | 1 Set |
- vi. | Landing Gears | 200 - 400 | Set | China | 1 Set |

- vii. | Kingpins | 50 - 100 | Unit | China | 1 Unit |
- viii. | Electrical Components (Lights, Wiring) | 100 - 200 | Set | China | 1 Set |
- ix. | Hydraulic Cylinders/Pumps (for tippers) | 500 - 1,500 | Unit | China, Europe | 1 Unit |

Note: Prices are CIF (Cost, Insurance, and Freight) to Dar es Salaam. Exchange rate: TZS 2,600 / USD 1 (approximate).

7.0 Pricing Strategy

Price per unit in Tanzania:

The pricing strategy will aim for competitiveness while ensuring profitability. Based on market research, imported 40ft flatbed semi-trailers in Tanzania currently range from \$9,500 to \$11,000. Considering local assembly advantages and import duties on finished products, our pricing would target:

- Flatbed Semi-trailer (40ft, 3-axle): TZS 30,000,000 - TZS 35,000,000 (approx. \$11,500 - \$13,500). This allows for a competitive margin while being slightly above current import prices to account for higher quality components and local support.
- Other trailer types: Prices will vary based on complexity and materials (e.g., tippers will be higher, skeletal trailers slightly lower).

This pricing takes into account the higher quality of locally assembled units (with better after-sales support and customization) compared to the lowest-priced imports.

8. Financial Projections (High-Level)

Total Investment: TZS 12 Billion

This will be allocated as follows:

- Land & Infrastructure (Factory building, office, storage): TZS 4.5 billion
- Machinery & Equipment (Welding machines, cutting machines, presses, painting booth, lifting equipment): TZS 4 billion
- Initial Working Capital (Raw materials, salaries, utilities, marketing): TZS 3 billion
- Contingency: TZS 0.5 billion

8.1. Revenue Projections (5 Years)

Revenue Projections						
"TZS"	Units	Price/Unit	Year 1	Units	Price/Unit	Year 2
Sale of Semi -Trailers	800	32,500,000	26,000,000,000	1,200	34,125,000	40,950,000,000
Net Revenue			26,000,000,000			40,950,000,000

Units	Price/Unit	Year 3	Units	Price/Unit	Year 4
1,800	35,831,250	64,496,250,000	2,500	37,622,813	94,057,031,250
		64,496,250,000			94,057,031,250

Units	Price/Unit	Year 5
3,000	39,503,953	118,511,859,375
		118,511,859,375

The reason behind the growth of the projected revenue is supported by the fact that the un limited demand for assembled vehicles taking into the level of massive investment in the operational efficiency of the project to curb all the opportunities as market potentials.

8.2 Personnel Plan Cost Summary

"TZS"	Year 1	Year 2	Year 3	Year 4	Year 5
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Net Revenues	26,000,000,000	40,950,000,000	64,496,250,000	94,057,031,250	118,511,859,375
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		<u>Monthly</u> <u>Income</u>					
Staff Salaries							
Chief Executive Officer	1	18,500,000	222,000,000	227,550,000	233,238,750	239,069,719	245,046,462
Production Manager	1	15,000,000	180,000,000	184,500,000	189,112,500	193,840,313	198,686,320
Chief Engineer	1	13,000,000	156,000,000	159,900,000	163,897,500	167,994,938	172,194,811
Marketing Manager	1	10,000,000	120,000,000	123,000,000	126,075,000	129,226,875	132,457,547
Finance Manager	1	10,000,000	120,000,000	123,000,000	126,075,000	129,226,875	132,457,547
Human Resources Manager	1	8,000,000	96,000,000	98,400,000	100,860,000	103,381,500	105,966,038
Mechanical Staff	10	6,500,000	780,000,000	799,500,000	819,487,500	839,974,688	860,974,055
Operation Staff	150	2,500,000	4,500,000,000	4,612,500,000	4,727,812,500	4,846,007,813	4,967,158,008
Accountants	5	4,000,000	240,000,000	246,000,000	252,150,000	258,453,750	264,915,094
ICT Officers	5	4,500,000	270,000,000	276,750,000	283,668,750	290,760,469	298,029,480
Total Salary			6,684,000,000	6,851,100,000	7,022,377,500	7,197,936,938	7,377,885,361

Benefits

Percent (%)	10%	10%	10%	10%	10%
Total benefit costs	668,400,000	685,110,000	702,237,750	719,793,694	737,788,536

**Total S & M
Compensation**
% of Revenue

7,352,400,000	7,536,210,000	7,724,615,250	7,917,730,631	8,115,673,897
28.3%	18.4%	12.0%	8.4%	6.8%

The projected staff costs are in consideration from the investment in the newly expansion phase of the project with experienced staff team which will yield the maximum output in the coming phases of productions

The staff budget is in line with the expected levels of operating income and we are comfortable.

At full capacity, the plant will have 176 staff with different disciplines with vast experiences in the manufacturing, finance and marketing and strategic business experts.

8.3 Direct Cost Summary

"TZS"	Year 1	Year 2	Year 3	Year 4	Year 5
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Revenue	26,000,000,000	40,950,000,000	64,496,250,000	94,057,031,250	118,511,859,375
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Cost of Revenue

Importation + Purchases of raw materials	15,600,000,000	24,570,000,000	38,697,750,000	56,434,218,750	71,107,115,625
Other overhead costs	2,600,000,000	4,095,000,000	6,449,625,000	9,405,703,125	11,851,185,938
Total Direct Costs at 100% capacity	18,200,000,000	28,665,000,000	45,147,375,000	65,839,921,875	82,958,301,563

Gross Profit	7,800,000,000	12,285,000,000	19,348,875,000	28,217,109,375	35,553,557,813
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% of Revenue **30.00%** **30.00%** **30.00%** **30.00%** **30.00%**

Salaries and wages	6,684,000,000	6,851,100,000	7,022,377,500	7,197,936,938	7,377,885,361
Insurance	50,000,000	55,000,000	60,500,000	66,550,000	73,205,000
Utilities	135,000,000	148,500,000	163,350,000	179,685,000	197,653,500
Miscellaneous expenses	100,000,000	110,000,000	121,000,000	133,100,000	146,410,000
Total Administrative and Operating costs	6,969,000,000	7,164,600,000	7,367,227,500	7,577,271,938	7,795,153,861

Other Expenses

Loan repayments	-	-	-	-	-
Depreciation	520,000,000	819,000,000	1,289,925,000	1,881,140,625	2,370,237,188
Total Cost of Revenues	7,489,000,000	7,983,600,000	8,657,152,500	9,458,412,563	10,165,391,048
% of Revenue	28.8%	19.5%	13.4%	10.1%	8.6%

Allocation of Cost of Revenue between:

Variable	18,200,000,000	28,665,000,000	45,147,375,000	65,839,921,875	82,958,301,563
Fixed	6,969,000,000	7,164,600,000	7,367,227,500	7,577,271,938	7,795,153,861
Total	25,169,000,000	35,829,600,000	52,514,602,500	73,417,193,813	90,753,455,423

The components of direct costs (costs of revenue) are in line with the targeted levels of production revenue, which give us comfort in the generation of strong operating income, which will lead to sustainable profitability. The projected operating income are promising which will be able to cover both short-term and long-term obligations on time immediately.

8.4 Comprehensive Income Summary

"TZS"	Year 1	Year 2	Year 3	Year 4	Year 5
NET REVENUES	26,000,000,000	40,950,000,000	64,496,250,000	94,057,031,250	118,511,859,375
DIRECT COSTS	18,200,000,000	28,665,000,000	45,147,375,000	65,839,921,875	82,958,301,563
% of Revenues	70%	70%	70%	70%	70%
EARNINGS FROM OPERATION	7,800,000,000	12,285,000,000	19,348,875,000	28,217,109,375	35,553,557,813
% of Revenues	30%	30%	30%	30%	30%
ADMINISTRATIVE AND OPERATING COSTS	7,489,000,000	7,983,600,000	8,657,152,500	9,458,412,563	10,165,391,048
% of Revenues	29%	19%	13%	10%	9%
PROFIT BEFORE TAX	311,000,000	4,301,400,000	10,691,722,500	18,758,696,813	25,388,166,764
% of Revenues	0%	0%	0%	0%	0%
TAXES	93,300,000	1,290,420,000	3,207,516,750	5,627,609,044	7,616,450,029
NET EARNINGS	217,700,000	3,010,980,000	7,484,205,750	13,131,087,769	17,771,716,735
% of Revenues	1%	7%	12%	14%	15%
Cumulative Earnings	217,700,000	3,228,680,000	10,712,885,750	23,843,973,519	41,615,690,254

The Comprehensive Income analysis of the project is one among the things showing the going concern of this business and likelihood survival in next three decades. The Company's projected numbers are showing consistency in the making profitability. This will be tremendous increasing a year-to-year thus showing business efficiency and prosperity in the coming phases of production.

Note: Detailed financial modeling, including profitability, cash flow, and return on investment, would be conducted during the feasibility study phase.

9.0 Management Team and Employment Plan

The company will foster a strong local workforce development program while strategically employing foreign expertise for specialized roles and initial setup.

9.1. Planned Employment

Total Estimated Employment (initial phase): 150 - 200 employees

A. Tanzanian Employees (Approximately 90% of workforce)

- Production & Assembly Staff (120 - 180 employees):
 - Welders, Fabricators, Fitters, Electricians, Painters, Quality Control Technicians.
- Supervisory Staff (10 - 15 employees):
 - Production Supervisors, Workshop Managers.
- Administrative & Support Staff (15 - 20 employees):
 - Procurement, Logistics, HR, Finance, Sales & Marketing, Office Administration, Drivers, Cleaners, Security.

B. Foreign Employees (Approximately 10% of workforce)

Foreigners will be employed in critical technical and managerial roles where local expertise may initially be limited, with a clear plan for knowledge transfer and localization.

- General Manager/CEO (1): Oversees overall operations and strategy.
- Production Manager (1): Directly manages assembly operations, quality, and efficiency.
- Chief Engineer/Technical Lead (1-2): Specializes in trailer design, material science, and advanced manufacturing techniques.
 - Sales & Marketing Manager (1): Develops market entry and sales strategies.
- Specialized Technicians/Trainers (2-3, as needed): For initial setup, training on specific machinery or complex processes.

Note: Foreign employee salaries are gross and do not include potential benefits like housing, international school fees, and travel allowances, which would be standard for expat packages.

10.0 Marketing and Sales Strategy

Direct Sales: Establishing a dedicated sales team to engage with transport companies, logistics firms, and other large-scale buyers.

- Dealership Network: Developing a network of authorized dealers across key regions in Tanzania.
- Digital Marketing: Utilizing online platforms, social media, and industry-specific websites to reach potential customers.
- Trade Fairs & Exhibitions: Participating in relevant local and regional trade shows to display products.
- Demonstrations & Trials: Offering product demonstrations and trial periods to key clients.
- Customer Relationship Management (CRM): Building strong relationships with clients through excellent after-sales service and ongoing support.

11.0 Social and Economic Impact

The establishment of this assembly plant will have significant positive impacts:

Job Creation: Direct and indirect employment opportunities for Tanzanians.

- Skills Development: Transfer of technical knowledge and skills to the local workforce.
- Industrialization: Boosting local manufacturing capacity and reducing reliance on imports.
- Economic Growth: Contributing to GDP through production, sales, and tax revenues.
- Local Content Development: Stimulating local suppliers for raw materials and services.
- Improved Logistics: Providing high quality, locally available trailers to enhance the efficiency of the transport sector.

12.0 Risk Assessment

- Raw Material Price Volatility: Mitigate by diversifying suppliers and hedging where possible.
- Import Duty Fluctuations: Closely monitor government policies and engage with relevant bodies.
- Competition: Differentiate through quality, customization, and after-sales service.
- Skilled Labor Shortage: Implement robust training programs and collaborate with vocational training institutions.
- Regulatory Changes: Maintain compliance with all Tanzanian laws and regulations.
- Market Acceptance: Conduct thorough market research and launch targeted marketing campaigns.

13.0 Implementation Schedule

Implementation Schedule

Activity	Timeline
Land acquisition	Months 1–2
Factory design & construction	Months 2–8
Machinery purchase & install	Months 6–9
Recruitment & training	Months 8–10
Raw material supply contracts	Months 9–10
Pilot production & testing	Month 11
Commercial production	Month 12

Total implementation period: **12 months**

14.0 Conclusion

The proposed semi-trailer and trailer assembly plant in Tanzania presents a lucrative investment opportunity with significant potential for growth and positive socio-economic impact. With a well-defined strategy, a focus on quality, local content, and a strong management team, the TZS 12 billion investments can yield substantial returns while contributing to Tanzania's industrial development.

