

TENAICH COMPANY LIMITED
BUSINESS PLANS
FOR
ASSEMBLING OF ELECTRIC MOTOR VEHICLES
(ELECTRIC BIKE AND BAJAJI)

1. INTRODUCTION

TENAICH COMPANY LIMITED is a private company dealing with assembling of electric motor vehicles such as bike, motorcycle and bajaji in Tanzania. We are striving to supplying products that will meet international standards and be distributed and recognized in and out of Tanzania, as the leading go to products.

PROJECT CONCEPT

the proposed project will involve renovation of building to be used as industrial premises and installation of machines to be used for the project. The company is targeting in and out of Tanzania market. Proposed project intends to assemble electric motor vehicles such as electric bike, motorcycle and bajaji. The products produced to be packed and distributed at affordable price. The project will employ adequately trained and experienced management and employees.

The business plan by **TENAICH COMPANY LIMITED** a locally registered company, the project promoters are confident of mobilizing financial resources through equity contribution and long-term loan from financial institutions.

1. RAW MATERIALS PLAN

Spare parts imported from China

2. OBJECTIVES OF COMPANY

Strategic objectives

Our strategy at blue tree as a company is to always ensure that our customers receive the best product, and that meets or exceed their expectations. To achieve this, we have a number of metrics that we use to measure our success, below are some of the metrics;

- Customer satisfaction: A happy customer is the most important aspect of our business, as they will dictate the survival of our business. Apart from the primary objective

of knowing how well we are serving our customers, this metric and its trending overtime helps in identifying the functions or products that need the most attention, hence helping us improve and becoming better.

- . Employee Satisfaction: An unhappy workforce will ultimately cause a number of issues in trying to meet the company's goals. The measure of the mood of our workers will help provide guidance on how best to improve performance by focusing on areas that matter most to our staff.
- . productivity: As a company, we want to measure our success based on our strategic goal for a particular time by deciding the numerator and denominator for the output per unit (productivity). Four goals is the launch of a new product offering — measure Return on Investment (ROI). If our new business exceeds our sales and marketing expenses, then we know that we are on the path to success. Raw materials using to produce those products its follow the quality by doing that it help to get more quality output product.
- . Cash flow: As a lifeblood of any business, ensuring that we have a good cash flow statement is very important, to ensure that we have enough cash to run the business by paying wages and salaries , paying suppliers etc, as part of business knowing what client s to extend credit lines and for how long will be very essential.
- . Gross margins: This is like the mother of all business metrics and the best indicator of a business's health at least in our view. The higher the gross margin, the more the indication that we are on the right track every operational aspect. We do not have to wait for the quarterly or annual financial results to determine profitability, productivity and customer satisfaction. Managing and monitoring gross margin on a regular basis goes along way in reducing unpleasant surprises in the long run and also in deciding critical strategic initiatives for pricing, investments and sales efforts.

Apart from the list of key metrics described above, other metrics that we use are as follows:

- . Referrals from current clients
- . Payment
- . Growth failures
- . Progress
- . Client preference changes
- . Repeat clients

3. MARKETING STRATEGY

According to expert, personal selling is the most effective method for marketing. In order to reduce sunk costs, the project will use various marketing strategies such as:

Using best advertising modal

- . Internet
- . Specialized magazine, newspaper
- . Radio
- . Television
- . Posters
- . Sponsorship etc.

Customer Attraction

By identifying our ideal customer using repeating customers as ambassador to testify on the quality and effectiveness of our products, using good system of Advertise our products, Approach and provide free samples of our products in trade fairs, or festivals, using sales promotion technique to attract more customers.

4. OUR COMPETITION

Tanzania has a good number of electric motor vehicles produced domestically and mainly imported from China, India, America, Kenya, South Africa, UAE, etc the big challenge for the above mentioned is price charged. It is very expensive and most of people are low income earners cannot afford the price. Thus price and quality questions made the **TENAICH COMPANY LIMITED** came into bridge which have been left by existing brand within and outside of Tanzania. With the Tanzanian government goal to support and transform the country to a more industrial based economy, more and more people are venturing into entrepreneurship, with the majority of them focusing on production/manufacturing of motor vehicles.

Our Product

We have three products and both of them are useful and friendly to the environment, its environmental protection product thus will not harm the nature rather will be helpful in transporting human power and goods from one place to another, mostly in our home place but some product is the best for home and offices uses. Our product produced by looking the quality and people demand thus we wants to make sure the customer satisfaction.

5. SALES STRATEGIES

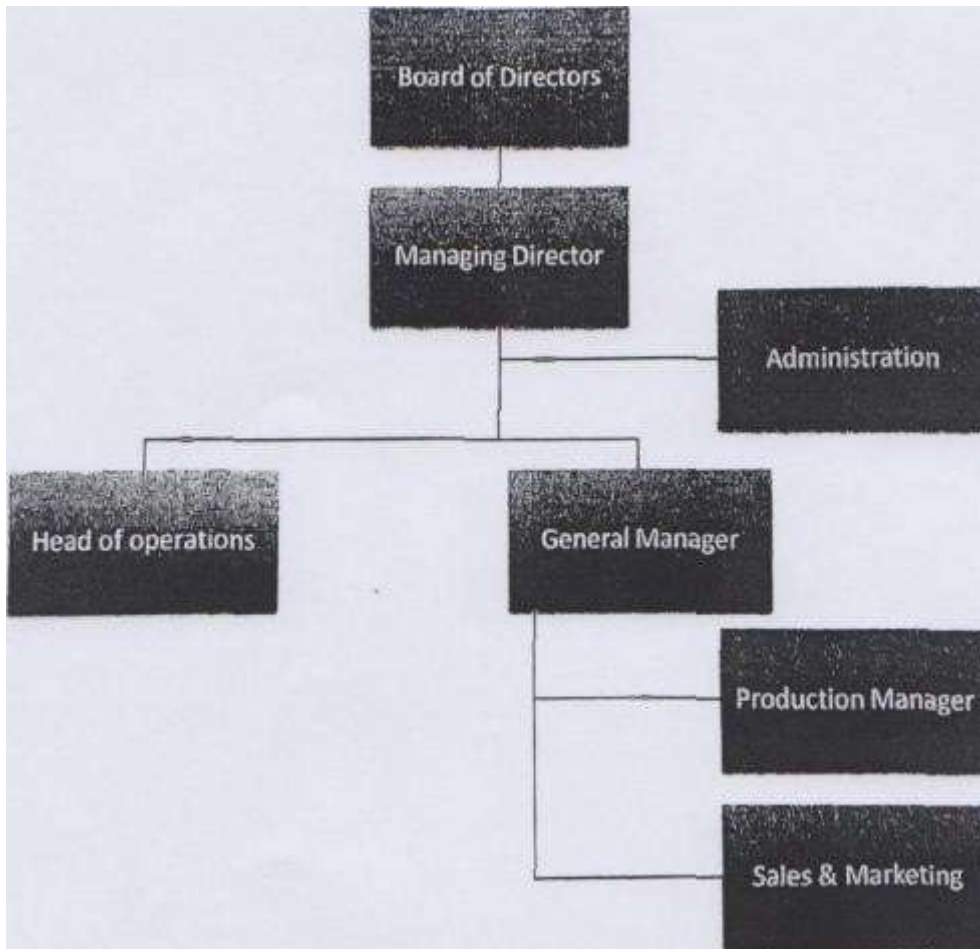
To ensure that we can increase sales to our current and future costumers we have come up with a number of strategies that we think if applied, can make a great impact in increasing sales.

Defining the right way of assembling our products so that our customers will have access to them easily. Being innovative in our process of making our products in term of quality.

By Approach wholesalers of our products and be able to know the products, which are in trend.

6. ORGANIZATION STRATEGY

Organizational Chart



The Different roles and departments will help as the company grows and become a larger corporation to run smoothly, efficiency and ultimately meet our overall object. Some of the reasons of the different routes area follow:

- . Enable the clear identification of the required human resources, and specialties
- . Ease management of responsibilities and activities
- . Reduce room for errors by assigning tasks to qualified staff
- . Easy to set strategic goals for particular functions or areas in the company

7. PROJECT MANAGEMENT AND MANPOWER REQUIREMENTS

TENAICH COMPANY LIMITED will be under the Management with vast experience in managing assembling of electric motor vehicles such as bike, motorcycle, bajaji, and various businesses. The project will be directly managed by Managing Director assisted by Managers who will comprise the management team and **20** elite staff will be directly employed.

Monitoring and Evaluation

The Management has full commitment to ensuring goods produced maintain the safety and standards required in the market. The quality control unit will establish a system of routine checking and getting feedback from customers, management philosophy is through business process, managers will strive to ensure compliance to standards and safety of products and customers they serve.

PROJECT INVESTMENT COST

The estimated capital investment cost of the project is Tsh.500, 000,000 out of which Tsh.355, 000,000 will be fixed investment costs. Pre-production expenditures have been budgeted at Tsh.70, 000, 0000; other cost will be Tsh.20, 000,000, while working capital is put at Tsh.55, 000,000.

TENAICH COMPANY LIMITED COST STRUCTURE

PARTICULAR	AMOUNT (usd)
Land and Buildings	15,000
Machinery & Equipment	250,000
Motor Vehicles	80,000
Furniture & Fixtures	10,000
Pre expenses	70,000
Others	20,000
Working Capital	55,000
TOTAL	500,000

For the project to be a reality a total investment amounting to USD.500, 000 is needed

Aspect of Project Sustainability

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. The Government support for industrialization and rises of middle-income earners gives them assurance of a steady market. The peace and tranquility that exists in Tanzania is another aspect of assured business sustainability.

Monitoring and Evaluation

The monitoring and evaluation tools will be applied in running this project as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth business running.

8. Financial Analysis

Considerations and Assumptions:

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied.

Revenues have been conservatively estimated based on experience of the promoters and trends in motor vehicles industry.

Financial Statements:

Projected lodge Revenue

For projection purposes, it is assumed that the economic life of the project is five years, and that revenue from business commence from the first year of operation.

TENAICH COMPANY LIMITED REVENUE FROM THE PROJECTED LTD (TZS)

	1	2	3	4	5
Revenue	600,000,	640,000	685,000	700,000	720,000

Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 5 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from usd .128, 800in first year to Usd .770, 660 in the 5 years

TENAICH COMPANY LIMITED

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

NO. OF YEARS (TZSH)	1	2	3	4	5
Sales Revenue	600,000,000	640,000,000	685,000,000	700,000,000	720,000,000
Cost of Sales	270,000,000	275,000,000	287,000,000	300,000,000	310,000,000
Gross Profit	330,000,000	365,000,000	398,000,000	400,000,000	410,000,000
Operating Expenses:					
Administrative Expenses	20,000,000	25,000,000	28,000,000	29,000,000	32,000,000
Motor vehicle running expenses	18,000,000	20,000,000	22,000,000	17,000,000	20,000,000
Salaries and Wages	55,000,000	55,000,000	55,000,000	60,000,000	60,000,000
Depreciation	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Marketing Costs	5,000,000	3,000,000	3,500,000	1,500,000	1,000,000
Maintenance & Repair	5,000,000	6,000,000	7,000,000	8,100,000	9,000,000
Utility costs	7,000,000	7,500,000	6,800,000	7,000,000	8,200,000
Insurance	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Communication	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Pension Contribution	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Total Expenses	146,000,000	152,500,000	158,300,000	158,600,000	156,200,000
Profit before tax	184,000,000	212,500,000	239,700,000	241,400,000	253,800,000

Tax (30%)	55,200,000	63,750,000	71,910,000	72,420,000	76,140,000	
Profit After Tax	128,800,000	148,750,000	167,790,000	168,980,000	177,660,000	

Projected Cash Flows

This is shown in the financial statements trending of inflow and outflow of cash balances. The project has a positive end of year cash flow from year 1st, i.e. TZS.244,000,000 of operation to the 5th year i.e. TZS.124,200,000

TENAICH COMPANY LIMITED

BUDGETED CASH FLOW STATEMENT FOR THE PERIOD OF FIVE YEARS (TZS)

CASH FLOW FROM OPERATIONS	1	2	3	4	5
ACTIVITIES					
Cash from sales	550,000,000	540,000,000	650,000,000	670,000,000	690,000,000
VAT Receipt 18%	99,000,000	97,200,000	117,000,000	120,600,000	124,200,000
Subtotal cash Received	649,000,000	637,200,000	767,000,000	790,600,000	814,200,000
Cash outflow from Operations:					
Cash spent for expenses	210,000,000	230,000,000	250,000,000	270,000,000	300,000,000
VAT Payments	95,000,000	103,000,000	112,000,000	122,000,000	130,000,000
Payments to suppliers	100,000,000	190,000,000	200,000,000	220,000,000	260,000,000
Subtotal Cash Payment	405,000,000	523,000,000	562,000,000	612,000,000	690,000,000
CASH FLOW FROM OPERATIONS:	244,000,000	114,200,000	205,000,000	178,600,000	124,200,000
CASH FLOW FROM INVESTMENTS:					
Purchase of Assets	355,000,000				
Working Capital ,pre-expenses and Others	(145,000,000)				
CASH FLOW FROM INVESTMENTS:	(500,000.00)				
CASH FLOW FROM					

FINANCING:					
Owners' Equity Contribution	500,000,000				
CASH FLOW FROM FINANCING:	500,000,000				
NET CASH FLOW FOR PERIOD	244,000,000	114,200,000	205,000,000	178,000,000	124,200,000
CASH FLOW START OF YEAR	-	244,000,000	358,200,000	563,200,000	742,200,000
CASH FLOW AT THE END OF YEAR	244,000,000	358,200,000	563,200,000	741,200,000	865,400,000

Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Net worth of the project increases from in the 5th year.

TENAICH COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION FOR THE PERIOD OF FIVE YEARS

(TZS)

YEARS	1	2	3	4	5
<u>Fixed Assets</u>					
Long-term Assets	355,000,000	355,000,000	355,000,000	355,000,000	355,000,000
Depreciation	10,000,000	20,000,000	30,000,000	40,000,000	50,000,000
Total Long-term Assets	345,000,000	335,000,000	325,000,000	315,000,000	305,000,000
<u>Current Assets</u>					
<u>Inventory</u>	120,000,000	147,050,000	154,000,000	261,000,000	273,050,000
Accounts Receivable	28,000,000	30,000,000	67,000,000	73,000,000	91,000,000
Cash	244,000,000	358,200,000	563,200,000	741,200,000	865,400,000
Total Current Assets	392,000,000	535,250,000	784,200,000	1,075,200,000	1,229,450,000
Total Assets	737,000,000	870,250,000	1,109,200,000	1,390,200,000	1,534,450,000
<u>Current Liabilities</u>					
Accounts Payable	108,200,000	92,700,000	163,860,000	275,880,000	333,470,000
Other Current Liabilities	0	0	0	0	0
<u>Long-term Liabilities</u>					
Long-term Liabilities	0	0	0	0	0
Total Liabilities	108,200,000	92,700,000	163,860,000	275,880,000	333,470,000
Net Assets	628,800,000	777,550,000	945,340,000	1,114,320,000	1,291,980,000
EQUITY					
Owners Contribution	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Retained Earnings	128,800,000	277,550,000	445,340,000	614,320,000	791,980,000
Total Equity	628,800,000	777,550,000	945,340,000	1,114,320,000	1,291,980,000

Projected payback period

The project has a relatively short payback period. It is remarkably impressive for a project whose investment is as big TZS.500,000 ,000 being recovered within 3 years.

TENAICH COMPANY LIMITEDPAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulative Cash Flow
1	128,800,000	10,000,000	138,800,000	138,800,000
2	148,750,000	10,000,000	158,750,000	297,550,000
3	167,790,000	10,000,000	177,790,000	475,340,000
4	168,980,000	10,000,000	178,980,000	654,320,000
5	177,660,000	10,000,000	187,660,000	841,980,000
Initial Fixed Investment and Working capital for Expansion= TZS			500,000,000	
From above table, payback period is within 3years				

9. ECONOMIC ASPECTS

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 TENAICH COMPANY LIMITED is going to provide employment of more than 20 people and number will increase by expansion of production. This is a significant contribution coming from investors.

(ii) Revenue to the Government

The project is expected to pay a substantial annual amount in the form of corporate tax and other taxes and levies.

(iii) Foreign market

Since the projects clients are mostly manufacturing of electric motor vehicles, the project provide surplus products which can sell outside of the country thus encourage foreign market for exportation of those goods

9.0 IMPLEMENTATION

Project implementation is expected to be relatively very short once project has been approved, it is estimated that implementation of the project will take hardly 9months be completed within one year:

	ACTIVITY	PERIOD
1.	Processing TIN number and business license	November 2024
2.	machines installation	November 2024
3.	Arrival of Sponges	November 2024

4.	Trial operations	March2025
5.	Commercial operations	March2025

10. CONCLUSION AND RECOMMENDATION

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implemented and be given all the support required by all the concerned Government ministries and agencies, including, Business Registration and Licensing Agency and Tanzania Revenue Authority etc. The project deserves this support because of its viability, since it is technically feasible, economically viable and socially acceptable.