

LALA LOGISTICS COMPANY LIMITED

Business Plan

for

Vehicles Assembly Project

*PREPARED FOR*

*LALA LOGISTICS COMPANY LIMITED*

*Dar es Salaam*

## 1.0 EXECUTIVE SUMMARY

**LALA LOGISTICS COMPANY LIMITED** is a company registered in the country under the Companies Act 2002 and bears Certificate of Incorporation No.156799882 issued on 14th July, 2022.

The proposed project involves assembly of vehicles, the proposed project is projected to cost USD 3,800,000, the project modal is importing CKD & SKD and assembly locally, some of component will be sourced locally. the targeted markets are Tanzania, EAC, SADC

Products to be Assembled:

- Vehicles

The plant will serve domestic and regional markets with high-quality, competitively priced products that meet international standards (API, SAE, ISO).

The total estimated investment is USD 3.8 million, covering land, buildings, blending and filling machinery, laboratory equipment, working capital, and initial marketing. The project is expected to reach break-even within 3-4 years,

## 2.0 Mission

To provide reliable, efficient, and affordable Vehicles across Tanzania and the East African region.

## 2.1 Vision

To be a leading Vehicles assembling reliability, and customer satisfaction.

## 2.2 COMPANY OWNERSHIP

LALA LOGISTICS COMPANY LIMITED is promoted foreign investors who are very experienced in manufacturing, transport and logistic business

Shareholder Name	% of ownership	Nationality
JIANZHAN HOU	50	China
ZILAI CHEN	50	China

## 2.3 PROJECT LOCATION

The project head office will be located at Plot No. 284,283, and 282, Block B,Saeni Street, Misugusugu Ward Kibaha District, Coast Region

### 3.1 Business Overview

#### 3.1 Project Name

Vehicles assembling

#### 3.2 Business Model

The company will operate as a fully operational assembly plant for wholesale and export market.

#### 3.3 Product Range

- Vehicles (trucks, light trucks and station wagon)

### 4.0 MARKET ANALYSIS

#### 4.1 Industry Overview (Tanzania & EAC)

- Vehicles US\$416 million annually

#### 4.2 Target Customers

- Transporters
- Households

### 3.3 Competitive Advantage

Factor	Imported Appliances	Local Assembly
Import Duty	High	Reduced
Lead Time	Long	Short
Price	Higher	Competitive
Customization	Limited	Flexible
Aftersales	Weak	Strong

### 4.0 PRODUCTS & PRODUCTION CAPACITY

#### Annual Capacity

- Vehicles –300 units

### 5.0 TECHNOLOGY & PROCESS FLOW

#### Assembly Process

- Import CKD/SKD components
- Incoming inspection & QC
- Mechanical & electrical assembly
- Functional testing

- Branding & labeling
- Packaging & warehousing

### 5.1 Key Machinery

- Assembling line
- Assembly conveyor lines
- Vacuum charging machines (refrigeration)
- Electrical testing equipment
- Plastic welding & fastening machines
- Packaging machines

## 6.0 RAW MATERIALS & SUPPLIERS

### 6.1 Components

- SKD Components
- CKD Components

## 7.0 HUMAN RESOURCES

### Staffing Plan

Category	No.
Management & Engineers	20
Technicians	60

Category	No.
Assembly Workers	80
Admin & Sales	20
<b>Total</b>	<b>180</b>

## 9.0 MARKETING & SALES STRATEGY

### 9.1 Branding

- Affordable, durable, “Made in Tanzania”
- Warranty: 1–3 years

### 9.2 Sales Channels

- National distributors
- Retail chains
- Online platforms
- Institutional tenders

### 9.3 Promotion

- Dealer incentives
- Trade fairs
- After–sales service centers
- Extended warranty offers

## 10.0 LEGAL & REGULATORY

- Business Registration (BRELA)
- TISEZA Investment Certificate
- TBS Certification
- OSHA compliance
- NEMC environmental clearance
- EPZ/SEZ licensing (optional)

## 11.0 RISK ANALYSIS & MITIGATION

Risk	Mitigation
Forex fluctuations	Local sourcing, USD pricing
Power outages	Backup generators
Import delays	Multi-supplier strategy
Competition	Strong branding & pricing

## 12.0 IMPLEMENTATION TIMELINE

Phase	Duration
Feasibility & Licensing	3 months
Construction	6 months
Machinery Installation	3 months
Trial Production	2 months
Commercial Production	Month 14

## 13.0 Project Operating Cost

The company has estimated that the project operating cost and other cost to be 65% of the total annual revenue.

### 13.1 PROJECT FINANCING

The company has estimated that the project will be financed by long term loan amounting to US\$2,000,000 with interest rate of 8% repaid within 4 years and remaining US\$ 1,800,000 will be shareholders contribution and cashflows generated from business.

## 13.2 PROJECT COST

The project has budgeted to cost the followings:

Land and Buildings	900,000
Machinery & Equipment	1,600,000
Motor Vehicles	100,000
Furniture & Fixtures	15,000
Pre exp	50,000
Others	135,000
Working Capital	1,000,000
<b>TOTAL</b>	<b>3,800,000</b>

## 14.0 FINANCIAL ASPECTS FOR THE PROJECT

- **Projected Profit and Loss Statement**

The attached Appendix I shows the projected income for the 8years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. **US\$ 679,350** in the 1<sup>st</sup> year to **US\$ 7,270,026** in the 8<sup>th</sup> year.

- **Projected Cash Flows**

The project's cash flows are shown in Appendix II. They depict a good liquid position right from the first year. Cash accumulation builds up from **US\$ 884,850** in the

first year to **US\$ 8,114,026** at the end of 8<sup>th</sup> years of the project's operations.

- **Projected Balance Sheet**

The project's assets cash flows are shown in Appendix III. Owners' equity grows from **US\$ 1,800,000** in the first year to **US\$ 24,683,693** at the end of 8<sup>th</sup> years of the project's operations based

- **Payback Period**

Total investment is **US\$ 3,800,000** cash accumulation in 5th year **US\$4,760,950** which is more than the initial investment. The project payback Period is exactly 5years. The project has a relatively short payback period.

- **Loan repayment**

Total investment loan is **US\$2,000,000** to be repaid within 5 years.

## 15.0 ECONOMIC ASPECTS OF THE PROJECTS

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

- **Employment Opportunities**

Employment and poverty reduction are among the major concern of the Central and the Local Government authorities. It is gratifying to note that the company, is going to provide additional employment to 180 people. This is a significant contribution coming from investors.

- **Revenue to the Government**

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

- **Foreign Exchange Earning**

Project is planning to export to neighbouring countries the project will thus earn foreign currency for the United Republic of Tanzania.

## 16.0 CONCLUSION

- The project is profitable and contributes to government revenue by way of taxes.
- The project provides employment to 180 people.
- The project is an encouraging sign to prove that we have good business environments and we have investors who have confidence in their country. Tanzania so much so that they are ready to invest such large sums of investment despite the odds of the sector in question.

## 17.0 RECOMMENDATION

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implement and be given all the support required by all the concerned Government Ministries and Agencies, including the Tanzania

Revenue Authority, TRA and the TISEZA. The project deserves this support because of its viability,

since it is technical feasible, economically viable and socially acceptable.

## APPENDIX I

## LALA LOGISTICS COMPANY LIMITED PROJECTED PROFIT AND LOSS STATEMENT US\$

	1	2	3	4	5	6	7	8
Revenue –Industrial textiles	3,360,000	3,528,000	3,704,400	3,889,620	4,084,101	4,288,306	4,502,721	4,727,857
Total Cost	2,184,000	2,293,200	2,407,860	2,528,253	2,654,666	2,787,399	2,926,769	3,073,107
Profit before Depreciation &Interest	1,176,000	1,234,800	1,296,540	1,361,367	1,429,435	1,500,907	1,575,952	1,654,750
Interest	160,000	128,000	96,000	64,000	32,000	–	–	–
Depreciation	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500
Gross Profit	970,500	1,061,300	1,155,040	1,251,867	1,351,935	1,455,407	1,530,452	1,609,250
Tax (30%)	291,150	318,390	346,512	375,560	405,581	436,622	459,136	482,775
Profit After Tax	679,350	742,910	808,528	876,307	946,355	1,018,785	1,071,317	1,126,475
Accumulated Profit	679,350	1,422,260	2,230,788	3,107,095	4,053,450	5,072,235	6,143,551	7,270,026

## LALA LOGISTICS COMPANY LIMITED PROJECTED CASH FLOWS US\$

<b>SOURCES:</b>		1	2	3	4	5	6	7	8
Profit before interest and depreciation	–	1,176,000	1,234,800	1,296,540	1,361,367	1,429,435	1,500,907	1,575,952	1,654,750
Equity	1,800,000								
Loan	2,000,000								
<b>Total Sources</b>	<b>3,800,000</b>	<b>1,176,000</b>	<b>1,234,800</b>	<b>1,296,540</b>	<b>1,361,367</b>	<b>1,429,435</b>	<b>1,500,907</b>	<b>1,575,952</b>	<b>1,654,750</b>
<b>Applications:</b>									
Capital expenditure	2,615,000	–	–	–	–	–			
working Capital &Others	1,185,000								
Cash	–	884,850	916,410	950,028	985,807	1,023,855	1,064,285	1,116,817	1,171,975
Tax	–	291,150	318,390	346,512	375,560	405,581	436,622	459,136	482,775
<b>Sub total</b>	<b>3,800,000</b>	<b>1,176,000</b>	<b>1,234,800</b>	<b>1,296,540</b>	<b>1,361,367</b>	<b>1,429,435</b>	<b>1,500,907</b>	<b>1,575,952</b>	<b>1,654,750</b>
<b>Total applications</b>	<b>3,800,000</b>	<b>1,176,000</b>	<b>1,234,800</b>	<b>1,296,540</b>	<b>1,361,367</b>	<b>1,429,435</b>	<b>1,500,907</b>	<b>1,575,952</b>	<b>1,654,750</b>
Accumulated cash		884,850	1,801,260	2,751,288	3,737,095	4,760,950	5,825,235	6,942,051	8,114,026

## LALA LOGISTICS COMPANY LIMITED PROJECTED BALANCE SHEET US\$

<u>Fixed Assets</u>		1	2	3	4	5	6	7	8
Opening balance	–	2,615,000	2,569,500	2,524,000	2,478,500	2,433,000	2,387,500	2,342,000	2,296,500
Additions	–						–	–	–
Total Long-term Assets	–	2,615,000	2,569,500	2,524,000	2,478,500	2,433,000	2,387,500	2,342,000	2,296,500
Less depreciation	–	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500
Closing balance	–	2,569,500	2,524,000	2,478,500	2,433,000	2,387,500	2,342,000	2,296,500	2,251,000
Working capital	1,185,000	1,185,000	1,185,000	1,185,000	1,185,000	1,185,000	1,185,000	1,185,000	1,185,000
Accumulated cash	–	884,850	1,801,260	2,751,288	3,737,095	4,760,950	5,825,235	6,942,051	8,114,026
Total assets	1,185,000	4,639,350	5,510,260	6,414,788	7,355,095	8,333,450			
Financed by									
Equity	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Accumulated profit	–	1,984,500	4,238,500	6,769,875	9,586,894	12,698,238	16,113,025	19,840,827	22,883,693
Total equity	1,800,000	3,784,500	6,038,500	8,569,875	11,386,894	14,498,238	17,913,025	21,640,827	24,683,693
Long term loan	2,000,000	1,600,000	1,200,000	800,000	400,000	–	–	–	–
Bank overdraft	–	–	–	–	–	–			
Total debts	2,000,000	1,600,000	1,200,000	800,000	400,000	–			
Total equity and debts	3,800,000	5,384,500	7,238,500	9,369,875	11,786,894	14,498,238	17,913,025	21,640,827	24,683,693

## LALA LOGISTICS COMPANY LIMITED DEPRECIATION SCHEDULE US\$

NAME OF ASSETS	1	2	3	4	5	6	7	8
Land And Buildings	900,000	882,000	864,000	846,000	828,000	810,000	792,000	774,000
Machinery, Tools & Equipment	1,600,000	1,584,000	1,568,000	1,552,000	1,536,000	1,520,000	1,504,000	1,488,000
Motor Vehicles	100,000	90,000	80,000	70,000	60,000	50,000	40,000	30,000
Furniture & Fixtures	15,000	13,500	12,000	10,500	9,000	7,500	6,000	4,500
Total	2,615,000	2,569,500	2,524,000	2,478,500	2,433,000	2,387,500	2,342,000	2,296,500
DEPRECIATION	160000	2	3	4	5	6	7	8
Land and buildings	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Machinery tools & Equipment	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
Motor Vehicles	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Furniture & Fixtures	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
ANNUAL DEPRECIATION	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500

## LALA LOGISTICS COMPANY LIMITED PROJECTED LONG TERM LOAN REPAYMENT

Year	Principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
1	400,000	160,000.00	560,000.00	2,000,000.00
2	400,000	128,000.00	528,000.00	1,600,000.00
3	400,000	96,000.00	496,000.00	1,200,000.00
4	400,000	64,000.00	464,000.00	800,000.00
5	400,000	32,000.00	432,000.00	400,000.00

