

CEVO LUBRICANTS COMPANY LIMITED

BUSINESS PLAN

FOR ESTABLISHING

**LUBRICANTS BLENDING AND
PACKAGING PLANT**

**AT PLOT NO. 194, BLOCK A,
KICHANGANI STREET, KISARAWA II,
KIGAMBONI, DAR ES SALAAM-
TANZANIA**

1.0. EXECUTIVE SUMMARY.

1.1. THE PROJECT PROMOTERS

The Shareholders of this project are all entrepreneurs with a diverse professional and business backgrounds. The Company is owned by 2 shareholders namely: -

Name of Shareholder	% Share	Nationality
FANGXU GUO	90	CHINESE
WEI LI	10	CHINESE

1.2. LOCATION

The project location will be at PLOT NO. 194, BLOCK A, KICHANGANI STREET, KISARAWA II, KIGAMBONI, DAR ES SALAAM.

1.3. TARGETED MARKETS

The targeted markets of the project are domestic and neighbouring market.

The limited number of Lubricants manufacturing facilities in Tanzania is the primary factor leading to the insufficient supply of high-quality Lubricants within Tanzania. In response to this challenge, our company has resolved to invest in Lubricants manufacturing sector. This initiative aims not only to reduce the reliance on imported lubricants but also to promote environmental sustainability by incorporating advanced, eco-friendly technologies in the production process.

The project is expected to present a significant opportunity to the business community to improve lubrication products produced locally and exported. The project will pave a way for export the surplus and enhance economic intraregional between Tanzania and East African region and its neighboring countries.

The Company marketing strategy has will be developed to enable the company competitive edge and acquires large market share. The Company will use the below strategy:

- Domestic Market

- Mid and Lower income Market in East Africa, SADC

2.0. PROJECT DETAILS

2.1. INTRODUCTION

Tanzania is geographically strategically located in relation to her neighbours. Because of the above-mentioned factor, the country's manufacturing sector has a great potential in contributing to economic growth of Tanzania Economy.

Sector plays a critical role in the social and economic development of a country. There is a wide market for lubrication products in Tanzania and in other neighbouring countries, hence the project is not expecting to face operational challenges.

It is quite gratifying to note that the Government of Tanzania realizes the role of manufacturing sector for its economic and social development, and as a result has developed fiscal and non-fiscal incentives which are very instrumental in improving the business and investment environment in the manufacturing sector.

It is alleged that limited availability of quality lubrication products produced within Tanzania is the major causes of importation of low-quality lubrication products in Tanzania. It is in view of this that, Cevo Lubricants Company Limited has resolved to assist by providing a solution to stimulate manufacturing sector by increasing productivity.

Objectives as follows: -

- To promote manufacturing in Tanzania and East African Community at Large
- To bring new technology and technical knowledge on in the country in the course of its business transactions.
- To provide extra employment to more people in the sector.
- To bring foreign currency in the country
- To manufacture lubrication products of high quality
- To protect environment by using technology that is environmentally friendly to produce lubricants.

3.0. THE PROJECT

3.1. PROJECT SPONSORS

3.2. Project Costs

The project is expected to cost just over USD 500,000/= all to be financed by owner's equity.

PARTICULAR	AMOUNT IN USD
Land and Building	120,000
Machinery and Equipment	150,000
Motor Vehicle	40,000
Furniture and Fixtures	20,000
Pre exp	20,000
Others	10,000
Working capital	140,000
Total	500,000

3.3. Raw Materials

The production of lubricants requires several key raw materials which will be sourced from both local and international suppliers.

The major raw materials required for the production process include:

- Base oils
- Additives for lubricant blending
- Grease thickeners
- Packaging materials including plastic containers, metal drums and cartons
- Labels and sealing materials

It is planned that a portion of these raw materials will be procured from local suppliers, while specialized additives and base oils may be imported from international suppliers.

3.4. Machinery And Equipment

The project will utilize modern blending and packaging equipment designed to ensure efficiency, product consistency and environmental compliance.

The key machinery required for the project includes:

- Lubricant blending tanks
- Mixing reactors
- Heating and cooling systems
- Storage tanks
- Automatic filling machines
- Packaging and labeling machines
- Quality control laboratory equipment
- Forklifts and material handling equipment

3.5. Production Capacity

The planned production capacity is 2,000 metric tons per year of finished lubricants and related products.

3.6. Production Process

The lubricant production process will involve several stages including blending, quality control, packaging and distribution.

The process will generally involve the following steps:

(i) Receiving and storage of raw materials

Base oils and additives will be received and stored in dedicated storage tanks.

(ii) Blending and mixing

The base oils and additives will be blended using automated mixing systems to produce the required lubricant formulation.

(iii) Quality testing

Samples of blended lubricants will undergo laboratory testing to ensure compliance with quality standards.

(iv) Packaging

The finished lubricants will be filled into containers of various sizes including bottles, drums and bulk containers.

(v) Labeling and storage

Products will be labeled and stored in warehouses awaiting distribution.

3.7. Product Range

The company intends to produce a range of lubricant products including:

- Automotive engine oils
- Industrial lubricants
- Hydraulic oils
- Gear oils
- Grease products

3.8. Quality Control

The company will implement a strict quality control system to ensure that the produced lubricants meet national and international standards.

Quality control procedures will include:

- Laboratory testing of raw materials
- Monitoring of blending processes
- Testing of finished lubricant products
- Compliance with Tanzania Bureau of Standards (TBS) requirements

3.9. Market Analysis

The demand for lubricants in Tanzania continues to grow due to several factors including:

- Expansion of the automotive industry
- Growth of the construction sector
- Increasing industrial activities
- Expansion of transportation and logistics sectors

Currently, a significant portion of lubricants consumed in Tanzania are imported.

This presents an opportunity for local manufacturing companies such as CEVO Lubricants Company Limited to supply high quality lubricants to the domestic market while reducing reliance on imported products.

3.10. Marketing and Distribution Strategy

The company intends to distribute its lubricant products through the following channels:

- Direct supply to industrial clients
- Automotive service centers
- Authorized distributors and wholesalers
- Regional export markets within East Africa and SADC

The company will develop strategic partnerships with distributors and industrial customers to ensure wide market coverage.

3.11. Environmental and Safety Considerations

The project will comply with environmental and occupational safety regulations applicable in Tanzania.

The company will ensure:

- Proper handling and storage of petroleum products
- Waste management systems
- Safe working environment for employees
- Compliance with environmental guidelines issued by relevant authorities

3.12. Utilities and Infrastructure

The project will require essential utilities including:

- Electricity supply
- Water supply
- Storage facilities
- Transportation and logistics infrastructure

4.0. FINANCING PATTERN

The project will be financed by equity **USD 500,000/=**.

The company has not obtained any foreign loan.

5.0. PROJECT SUSTAINABILITY

The project sponsors having studied the market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. Several key factors contribute to this assurance:

1. Tanzania has a favorable regulatory environment for investment in manufacturing, especially in sectors such as lubricants. The government is focused on encouraging local production to reduce reliance on imports, and there are incentives for projects that aim to enhance domestic supply chains.
2. Tanzania has made significant investments in improving infrastructure, including transportation networks (roads, ports, and railways), reliable power supply, and modern communication systems. This robust infrastructure will ensure the smooth operation of the manufacturing process and product distribution.
3. The demand for high-quality lubricants in Tanzania and the broader East African market is growing, driven by increased industrial activity and a growing automotive sector. This creates a solid foundation for consistent demand, ensuring the project remains sustainable.

4. Tanzania’s increasing focus on technical education and vocational training ensures a growing pool of skilled labor in manufacturing sectors, which will support the efficient operation of the project.
5. The project's use of advanced, eco-friendly technology aligns with the country’s environmental goals, which is likely to gain both regulatory and public support, further safeguarding the project’s operation.

6.0. FINANCIAL ANALYSIS

6.1. 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.

It is assumed that the major raw material will be procured from local market and other will be imported. Revenues have been conservatively estimated based on experience of the promoters and trends in the industry.

7.0. FINANCIAL STATEMENTS:

7.1. PROJECTED LODGE REVENUE

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

SCHEDULE: SUMMARY OF REVENUE “US\$”

year	1	2	3	4	5
Revenue \$	500,000	358,491	528,302	698,113	867,925

7.2. PROJECTED CASH FLOWS

This is shown in the company’ summary revenue evidenced by the company’s bank statement attached in this business plan.

8.0. ECONOMIC ASPECTS

Implementation of this project will have the following social and economic values

- The project will employ **45 staff members**, broken down as:

Category	Male	Female	Total
Tanzania Citizens	11	30	41
Foreign Employees	2	2	4
Total	13	32	45

- It will create more business opportunities to local suppliers which will also have a trickledown effect in the environmental issues.
- It will generate substantial revenue to the government in the form of corporate tax, Value added tax and pay as you earn
- The project will generate foreign earnings

9.0. IMPLEMENTATION

Project implementation is expected to be relatively very short once the project has been approved it is estimated that construction of the factory will be completed within one year:

IMPLEMENTATION

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	March 2026
2	Warehouse Construction	April to September 2026
3	Machines Importation	November 2026 to January 2027
4	Factory Fit Out & Equipment Installation	February to April 2027
5	Testing, Commissioning & Staff Training	April to June 2027
6	Testing production	July-September 2027

7	Commercial Operation	December 2027 to January 2028
---	----------------------	----------------------------------

10.0. CONCLUSION & RECOMMENDATIONS

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently. It is recommended that the project be approved and granted the Certificate of Incentives.

CEVO LUBRICANTS

CASH FLOWS PROJECTIONS FOR FIVE YEARS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Cash Inflows:	2026	2027	2028	2029	2030
Amount in	USD	USD	USD	USD	USD
Authorized Shared Capital	500,000				
Sales Revenue	-	358,491	528,302	698,113	867,925
Total Cash Inflows	500,000	358,491	528,302	698,113	867,925
Cash Outflows:					
Land Purchase	56,604	-	-	-	-
Factory Construction	113,208	18,868	-	-	-
Plant & Blending Machinery	94,340	18,868	-	-	-
Storage Tanks	45,283	-	-	-	-
Packaging Equipment	30,189	3,774	3,774	3,774	3,774
Laboratory Equipment	15,094	1,887	1,887	1,887	1,887
Warehouse & Storage Facilities	15,094	3,774	-	-	-
Raw Materials (Base Oil & Additives)	-	132,075	188,679	245,283	301,887
Packaging Materials	-	37,736	56,604	75,472	94,340
Transport & Distribution	7,547	26,415	37,736	49,057	60,377
Import Duties & Clearing Costs	15,094	7,547	9,434	11,321	13,208
Salaries & Wages	18,868	60,377	75,472	90,566	105,660
Utilities (Electricity, Water, Fuel)	7,547	18,868	26,415	33,962	52,830
Repair & Maintenance	-	5,660	9,434	16,981	28,302
Marketing & Distribution Promotion	-	22,642	11,321	7,547	11,321
Licenses & Regulatory Permits	7,547	3,019	3,019	3,774	3,774
Insurance	3,019	3,774	4,528	5,660	6,792
Professional Fees	3,774	3,774	4,528	5,283	6,038
Office Administration Expenses	3,774	4,528	5,660	6,792	7,547
Miscellaneous	1,887	3,019	3,774	4,528	5,660
Total Cash outflows	438,868	376,604	442,264	561,887	703,396
Net cash inflow/(outflow)	61,132	(18,113)	86,038	136,226	164,528
Balance b/f	-	61,132	43,019	129,057	265,283
Balance C/f	61,132	43,019	129,057	265,283	429,811