

AL- SAWAR ENERGY TANZANIA LIMITED

BUSINESS PLAN

LUBRICANT OIL MANUFACTURING PROJECT

PREPARED FOR

AL SAWAR ENERGY TANZANIA

Dar es Salaam

1.0 EXECUTIVE SUMMARY

AL- SAWAR ENERGY TANZANIA LIMITED is a company registered in the country under the Companies Act 2002 and bears Certificate of Incorporation No.182063495 issued on 11th February 2025.

The proposed project involves establishing a lubricant oil manufacturing plant to produce automotive and industrial lubricants, including engine oils, gear oils, hydraulic oils, transmission fluids, and greases. 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 3.5 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, with strong growth potential driven by increasing vehicle ownership, industrialization, mining, construction, and agricultural mechanization

2.0 Mission

To provide reliable, efficient, and cost-effective oil lubricants products across Tanzania and the East African region.

2.1 Vision

To be a leading oil lubricants manufacturer renowned for oil lubricant's reliability, and customer satisfaction.

2.2 COMPANY OWNERSHIP

AL- SAWAR ENERGY TANZANIA LIMITED is promoted by local and foreign investors who are very experienced in transport and logistic business

Shareholder Name	% of ownership	Nationality
SANTOSH RAMBHAU POTE	85	India
MURUGAN CHIDAMBARAM	15	India

2.3 PROJECT LOCATION

The project head office will be located at Plot No. 181, Block E, Kibaha District, Coast Region

3.1 Business Overview

3.1 Project Name

Lubricant Oil Manufacturing Plant

3.2 Business Model

The company will operate as a **blending and packaging facility**, importing base oils and additives and blending them locally into finished lubricants for wholesale and export market.

3.3 Product Range

- Automotive Engine Oils (Petrol & Diesel)
- Gear Oils
- Hydraulic Oils
- Automatic & Manual Transmission Fluids
- Industrial Lubricants
- Greases

3.4 Target Markets

- Automotive service centers & garages
- Transport and logistics companies
- Mining and construction firms
- Manufacturing industries
- Agricultural enterprises
- Government and institutional fleets

4.0 Market Analysis

4.1 Industry Overview

- Tanzania consumed 30 million liters of lubricants annually
- 20 million liters produced locally,
- 10 million liters imported
- 12% annual growth in lubricant consumption
- Demand for lubricants is closely linked to vehicle population growth, industrial activity, mining, power generation, and infrastructure development. Local blending provides cost advantages compared to fully imported finished lubricants.

4.2 Market Drivers

Demand for lubricants in Tanzania is significant and growing, driven primarily by the automotive sector (passenger cars, commercial vehicles), industrial applications (machinery, manufacturing), and agricultural needs, with market growth projected at over 5% CAGR through 2031, despite being an import-dependent market where local blending is increasing. Key drivers include a rising vehicle fleet, industrial expansion, and infrastructure projects, while the market features branded and private labels, with heavy duty motor oils, hydraulic fluids, and greases being popular types.

4.3 Key Market Segments & Drivers

- **Automotive:** The largest segment, covering passenger cars, motorcycles, and commercial vehicles, fueled by a growing vehicle population.
- **Industrial:** Covers machinery, manufacturing, mining, and construction, with increasing industrialization driving demand for engine oils, hydraulic fluids, and process oils.
- **Agriculture:** Although not detailed in snippets, Tanzania's strong agricultural sector likely contributes significantly to lubricant demand for tractors and farm equipment.

4.4 Market Trends

- **Growth:** The East African lubricants market, including Tanzania, is expected to see strong growth, with Tanzania expanding at over 5% compound annual growth rate (CAGR) through 2031.
- **Import Dependency:** Tanzania imports all its refined petroleum products, including lubricants, making it a key import market.
- **Local Blending:** The Petroleum Bulk Procurement Agency (PBPA) oversees the market, and local blending of imported base oils is a significant part of supply.

- **Quality Focus:** Regulatory bodies like TBS (Tanzania Bureau of Standards) actively crack down on substandard imported lubricants, pushing for quality products.

4.5 Product Types in Demand

- Passenger Car Motor Oils (PCMO)
- Heavy Duty Motor Oils (HDMO)
- Hydraulic Fluids
- Greases
- Industrial Engine Oils

4.6 Competitive Analysis

Competitors include international oil brands, regional blenders, and importers. Competitive advantage will be achieved through:

- Competitive pricing
- Consistent quality
- Strong distribution network
- Custom formulations for industrial clients

5.0 Products and Standards

5.1 Quality Standards

- API (American Petroleum Institute)
- SAE viscosity grades
- ISO standards for industrial oils

5.2 Packaging Sizes

- 0.5L, 1L, 4L, 5L
- 20L pails
- 210L drums
- Bulk supply for industrial customers

6.0 Production Process

- Procurement of base oils and additives
- Storage in bulk tanks
- Automated blending according to formulations
- Quality testing in laboratory
- Filling and packaging
- Labeling and warehousing

7.0 Plant & Technology

7.1 Key Machinery

- Base oil storage tanks
- Additive dosing system
- Lubricant blending unit
- Heating and mixing systems
- Filling and capping machines
- Labeling and packaging lines
- Quality control laboratory equipment

7.2 Production Capacity

- Initial capacity: 800,000 liters per year
- Price is projected to be 2.5US\$ per liters

8.0 Regulatory & Compliance

- Business registration and industrial license
- Environmental Impact Assessment (EIA)
- Standards certification (e.g., national standards authority)
- Occupational health and safety compliance

9.0 Marketing & Sales Strategy

9.1 Branding

- Develop strong local brand identity
- Emphasize quality, reliability, and value

9.2 Distribution Channels

- Distributors and wholesalers
- Direct sales to fleets and industries
- Service stations and retailers

9.3 Promotion

- Trade promotions and discounts
- Technical support to garages and industries
- Fleet supply contracts

10.0 **Management & Staffing**

10.1 Key Personnel

- Managing Director
- Production Manager
- Quality Control Chemist
- Sales & Marketing Manager
- Finance & Administration Manager

10.2 Total Employees

- 35 staff in initial phase

11.0 Risk Analysis & Mitigation

Risk	Mitigation
Raw material price volatility	Long-term supplier contracts
Strong competition	Competitive pricing & quality
Regulatory delays	Early compliance & approvals
Market penetration challenges	Strong distribution & branding

11.1 Implementation Timeline

- Feasibility & approvals: 3 months
- Equipment procurement: 4–6 months
- Installation & testing: 3 months
- Commercial production: Month 12

12.0 Project Operating Cost

The company has estimated that the project operating cost and other cost to be 45% of the total annual revenue.

12.1 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\$ 1,500,000 will be shareholders contribution and cashflows generated from business

12.2 PROJECT COST

The project has budgeted to cost the followings:

Land and Buildings	1,000,000
Machinery & Equipment	1,200,000
Motor Vehicles	300,000
Furniture & Fixtures	10,000
Pre exp	100,000
Others	90,000
Working Capital	800,000
TOTAL	3,500,000

13.0 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\$ 613,900** in the 1st year to **US\$ 3,754,236** in the 5th 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\$ 836,900** in the first year to **US\$ 4,469,236** at the end of 5th 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\$ 1,500,000** in the first year to **US\$ 5,254,236** at the end of 5th years of the project's operations based

- **Payback Period**

Total investment is **US\$ 3,500,000** cash accumulation in 4th year **US\$ 4,469,236** which is more than the initial investment. The project payback Period is exactly 4years. The project has a relatively short payback period.

- **Loan repayment**

Total investment loan is **US\$2,000,000** to be repaid within 4 years.

14.0 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 35 people. This is a significant contribution coming from local 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.

15.0 CONCLUSION

- The project is profitable and contributes to government revenue by way of taxes.
- The project provides employment to 35 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.

16.0 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 the Tanzania

Revenue Authority, TRA and the TISEZA. The project deserves this support because of its viability, since it is technically feasible, economically viable and socially acceptable.

APPENDIX I

AL- SAWAR ENERGY TANZANIA LIMITED PROJECTED PROFIT AND LOSS STATEMENT US\$

	1	2	3	4	5
Revenue –Industrial textiles	2,000,000	2,100,000	2,205,000	2,315,250	2,431,013
Total Cost	900,000	945,000	992,250	1,041,863	1,093,956
Profit before Depreciation &Interest	1,100,000	1,155,000	1,212,750	1,273,388	1,337,057
Interest	160,000	120,000	80,000	40,000	–
Depreciation	63,000	63,000	63,000	63,000	63,000
Gross Profit	877,000	972,000	1,069,750	1,170,388	1,274,057
Tax (30%)	263,100	291,600	320,925	351,116	382,217
Profit After Tax	613,900	680,400	748,825	819,271	891,840
Accumulated Profit	613,900	1,294,300	2,043,125	2,862,396	3,754,236

AL- SAWAR ENERGY TANZANIA LIMITED PROJECTED CASH FLOWS US\$

SOURCES:		1	2	3	4	5
Profit before interest and depreciation	-	1,100,000	1,155,000	1,212,750	1,273,388	1,337,057
Equity	1,500,000					
Loan	2,000,000					
Total Sources	3,500,000	1,100,000	1,155,000	1,212,750	1,273,388	1,337,057
Applications:						
Capital expenditure	2,510,000	-	-	-	-	-
working Capital &Others	990,000					
Cash	-	836,900	863,400	891,825	922,271	954,840
Tax	-	263,100	291,600	320,925	351,116	382,217
Sub total	3,500,000	1,100,000	1,155,000	1,212,750	1,273,388	1,337,057
Total applications	3,500,000	1,100,000	1,155,000	1,212,750	1,273,388	1,337,057
Accumulated cash		836,900	1,700,300	2,592,125	3,514,396	4,469,236

AL- SAWAR ENERGY TANZANIA LIMITED PROJECTED BALANCE SHEET US\$

Fixed Assets		1	2	3	4	5
Opening balance	–	2,510,000	2,447,000	2,384,000	2,321,000	2,258,000
Additions	–					
Total Long-term Assets	–	2,510,000	2,447,000	2,384,000	2,321,000	2,258,000
Less depreciation	–	63,000	63,000	63,000	63,000	63,000
Closing balance	–	2,447,000	2,384,000	2,321,000	2,258,000	2,195,000
Working capital	990,000	990,000	990,000	990,000	990,000	990,000
Accumulated cash	–	836,900	1,700,300	2,592,125	3,514,396	4,469,236
Total assets	990,000	4,273,900	5,074,300	5,903,125	6,762,396	7,654,236
Financed by						
Equity	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Accumulated profit	–	613,900	1,294,300	2,043,125	2,862,396	3,754,236
Total equity	1,500,000	2,113,900	2,794,300	3,543,125	4,362,396	5,254,236
Long term loan	2,000,000	1,500,000	1,000,000	500,000	–	–
Bank overdraft	–	–	–	–	–	–
Total debts	2,000,000	1,500,000	1,000,000	500,000	–	–
Total equity and debts	3,500,000	3,613,900	3,794,300	4,043,125	4,362,396	5,254,236

AL- SAWAR ENERGY TANZANIA LIMITED DEPRECIATION SCHEDULE US\$

NAME OF ASSETS	1	2	3	4	5
Land And Buildings	1,000,000	980,000	960,000	940,000	920,000
Machinery, Tools & Equipment	1,200,000	1,188,000	1,176,000	1,164,000	1,152,000
Motor Vehicles	300,000	270,000	240,000	210,000	180,000
Furniture & Fixtures	10,000	9,000	8,000	7,000	6,000
Total	2,510,000	2,447,000	2,384,000	2,321,000	2,258,000
DEPRECIATION	1	2	3	4	5
Land and buildings	20,000	20,000	20,000	20,000	20,000
Machinery tools & Equipment	12,000	12,000	12,000	12,000	12,000
Motor Vehicles	30,000	30,000	30,000	30,000	30,000
Furniture & Fixtures	1,000	1,000	1,000	1,000	1,000
ANNUAL DEPRECIATION	63,000	63,000	63,000	63,000	63,000

AL- SAWAR ENERGY TANZANIA LIMITED PROJECTED LONG TERM LOAN REPAYMENT

Year	principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
1	500,000	160,000.00	660,000.00	2,000,000.00
2	500,000	120,000.00	620,000.00	1,500,000.00
3	500,000	80,000.00	580,000.00	1,000,000.00
4	500,000	40,000.00	540,000.00	500,000.00

