

LUBEVO CO., LIMITED

BUSINESS PLAN

FOR ESTABLISHING

**LUBRICANTS BLENDING AND
PACKAGING PLANT**

**AT PLOT NO. 45, LAND OFFICE NO.
152958, MANDELA EXPRESSWAY
BUGURUNI INDUSTRIAL AREA, DAR ES
SALAAM CITY**

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
MOHAMED ALI HIJAZI	50	GRENADIAN
SALEM YOUSSEF	50	FRENCH

1.2. LOCATION

The project location will be at PLOT NO. 45, LAND OFFICE NO. 152958, MANDELA EXPRESSWAY BUGURUNI INDUSTRIAL AREA, DAR ES SALAAM CITY.

1.3. TARGETED MARKETS

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

The limited number of Lubricants manufacturing facilities in Tanzania has been identified as a primary factor contributing 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 imported, 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 been developed to enable the company competitive edge and acquires large market share. The Company will use the below new 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 problem.

Tanzania market is supplied by imported products from Asia based on the quality of products which will be produced by Lubevo Co., Limited. Its products are expected to have a good market in Tanzania and other countries.

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, Lubevo Co., 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

LUBEVO CO., LIMITED

3.1. PROJECT SPONSORS

3.2. Project Costs

The project is expected to cost just over USD\$ 5,780,000/= all to be financed by owner's equity.

NAME OF THE COMPANY

PARTICULAR	AMOUNT IN USD
Land and Building	462,000
Machinery and Equipment	450,000
Motor Vehicle	150,000
Furniture and Fixtures	90,000
Pre exp	2,800,000
Others	200
Working capital	1,628,000
Total	5,780,000

For the project to be a reality a total investment amounting to US\$ 5,780,000 is needed

4.0. Financing Pattern

The project will be financed by equity US\$ 5,780,000

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 7.1: SUMMARY OF REVENUE “US\$”

year	1	2	3	4	5
Revenue \$	1,500,000	2,000,000	2,250,000	2,400,000	2,500,000

7.2. PROJECTED PROFIT AND LOSS STATEMENT

The Income and expenditure Statement shows the projected income for the 5th year period. The position depicted is that the project earns profit through its life. Accumulated after tax profits grow from US\$ 234,500 in the first year to US\$ 619,500 in the 5th year.

7.3. PROJECTED CASH FLOWS

This is shown in the financial statements. The project is expected to generate a negative(loss) end of year free cash flow of US\$ 499,500 in the 1st year of operation to a positive free cash flow of US\$ 884,500 in the 5th year of operation.

8.0. ECONOMIC ASPECTS

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

- The project will create employment for 95 people on permanent contract basis as well as more others on temporary basis including unskilled labourers and supply chain.
- 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	February 2026
2	Warehouse Construction	March to August 2026
3	Machines Importation	September to December 2026
4	Factory Fit Out & Equipment Installation	January to March 2027
5	Testing, Commissioning & Staff Training	March to May 2027
6	Testing production	June-July 2027
7	Commercial Operation	November to December 2027

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.

Indicative 5-Year Financial Projection (TISEZA Review Purpose)

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Revenue	USD 1,500,000	USD 2,000,000	USD 2,250,000	USD 2,400,000	USD 2,500,000
Operating & Production Costs	USD 900,000	USD 1,150,000	USD 1,250,000	USD 1,300,000	USD 1,350,000
EBITDA	USD 600,000	USD 850,000	USD 1,000,000	USD 1,100,000	USD 1,150,000
Depreciation	USD 265,000	USD 265,000	USD 265,000	USD 265,000	USD 265,000
Profit Before Tax	USD 335,000	USD 585,000	USD 735,000	USD 835,000	USD 885,000
Corporate Tax (30%)	USD 100,500	USD 175,500	USD 220,500	USD 250,500	USD 265,500
Net Profit After Tax	USD 234,500	USD 409,500	USD 514,500	USD 584,500	USD 619,500
Operating Cashflow	USD 499,500	USD 674,500	USD 779,500	USD 849,500	USD 884,500