

**BUSINESS PLAN FOR THE  
IMPLEMENTATION PROGRAMME  
OF  
M/S CASPIAN LTD  
IN  
ESTABLISHING AND OPERATING TRANSPORT SERVICES**

**PREPARED BY  
M/S CASPIAN LIMITED  
P. O. BOX40954  
DAR ES SALAAM**

## TABLE OF CONTENTS

|   | Page |
|---|------|
| 1. Company's Background .....                 | 2    |
| 2. The Company's Objectives .....             | 2    |
| 3. Shareholders (Promoters .....              | 2    |
| 4. Location .....                             | 3    |
| 5. Project Description .....                  | 3    |
| 6. Potential Markets .....                    | 4    |
| 7. Financial Plan (Source of Funds) .....     | 4    |
| 8. Business Strategy .....                    | 4    |
| 9. Promotion/ Advertisement.....              | 5    |
| 10. Competition.....                          | 5    |
| 11. Economic Growth.....                      | 5    |
| 12. Environmental Issue .....                 | 6    |
| 13. Project Management.....                   | 6    |
| 14. Project's implementation schedule.....    | 7    |
| 15. Manpower and Transfer of Technology ..... | 8    |
| 16. Advantages of the Project.....            | 8    |
| 17. Prospects/ Future Plan .....              | 9    |
| 18. Conclusion and Recommendations .....      | 9    |
| 19. Financial Projections .....               | 10   |

**CASPIAN LTD**

# ESTABLISHING OF TRANSPORTATION SERVICE.

## 1 COMPANY'S BACKGROUND

Caspian Ltd is a private owned company incorporated in Tanzania by Registrar of Companies under company's ordinance Cap 212, on 8<sup>th</sup> of December 1987 with Certificate of Incorporation No: 14577

The company was incorporated with a prime objective of to establish a project for transportation of mineral, chemical and various good available for transport. High quality, technology and goodwill will make the Project to dominate the existing local market and the growing International demand.

The Project is estimated to cost 18.5mil on new and modern Trucks & Machinery and equipment's etc to produce high quality service.

## 2 THE COMPANY'S OBJECTIVES

**Caspian Ltd** is company which was establish with an objective to establish a project for transportation of mineral, chemical and various good available.

## 3 SHAREHOLDERS (PROMOTERS)

The following are the owners/shareholders and promoters of the intended Project.

| No | Name of Shareholders         | No. of shares | Nationality | % shareholding structure |
|----|------------------------------|---------------|-------------|--------------------------|
| 1. | AKRAM AZIZ<br>ABDULRASOOL    | 90            | Tanzanian   | 89.1%                    |
| 2. | JEHANGIR AZIZ<br>ABDULRASOOL | 9             | Tanzanian   | 9.9%                     |
| 3  | HALID AHMED<br>MWASUMILWE    | 1             | Tanzanian   | 1.0%                     |

|  |              |  |  |             |
|--|--------------|--|--|-------------|
|  | <b>TOTAL</b> |  |  | <b>100%</b> |
|--|--------------|--|--|-------------|

The authorized capital of the company is Tshs. 1,000,001,000/= divided into 1,000,001 ordinary shares of Tshs. 1000/.= each.

#### **4 LOCATION**

The Project is located at PLOT 77 KIPAWA, KIWALANI, ILALA, DAR ES SALAAM REGION

#### **5 PROJECT DESCRIPTION**

Caspian Ltd was established with a main objective of Transport Various Goods to different area in Tanzania. The Business plan for this project was prepared to give an analysis of the financial, human, technical and other resources required for the implementation of the Proposed Project.

The Plan also assess the economic and commercial viability to invest heavily in terms of trucks, machinery and equipment's, working capital, management and workforce training.

#### **6 POTENTIAL MARKET**

The market research conducted by the consultant in collaboration with the promoters/shareholders of the company has revealed that there is potential market for transporting minerals, chemicals, and other goods available for transportation. Our local customers will include individual customers, firms, institutions, construction firms etc. The Company will also supply to the external market especially in the neighboring countries.

#### **7. FINANCIAL PLAN (SOURCE OF FUNDS)**

**The Shareholders/ Promoters of Caspian Ltd** have allocated funds for the Proposed Project by its **own local fund and local loan: -**

|                     |                      |
|---------------------|----------------------|
| Local fund (equity) | USD \$1mil           |
| Bank OD             | USD \$1mln           |
| Local loan          | <u>USD \$16.5</u>    |
| <b>TOTAL</b>        | <u>USD \$18.5mln</u> |

#### **INVESTMENT BREAK DOWN**

|                        |                              |
|------------------------|------------------------------|
| Land/Building          | USD \$2mil                   |
| Plant/Machinery        | USD \$ 13mil                 |
| Vehicles               | USD \$ 2.4mil                |
| Furniture and Fittings | USD \$ 100k                  |
| Working Capital        | <u>USD \$ 1mil</u>           |
| <b>TOTAL CAPITAL</b>   | <b><u>USD \$ 18.5mil</u></b> |

#### **8. BUSINESS STRATEGY**

**CASPIAN LTD** has also gone further in setting up some business strategies to meet the current demand, high productivity of service, and capture the local markets. Therefore, the management of the Company has developed and implemented the following business strategies which are Technology/Quality, Advertisement/promotion, employing qualified and experienced personnel, On the job training and business Discipline.

#### **9. PROMOTION/ ADVERTISEMENT**

**CASPIAN LTD has** set up some strategies to promote its well packed high-quality transport service which will be for local market. The Major strategy is advertisement which forms part of the marketing strategy; this will be embarked upon in the newspapers, website and in the televisions and a strong marketing team.

#### **10. COMPETITION/MARKET**

There are a number of transporters in Tanzania; however, few can compete with our high-quality transport service. The Company has

set some business strategies to compete with other transporter of these transport service.

Though there is extensive market for high quality transport service is not enough compared to the level of the market. As the demand/Market size is increasing day by day due to usage in different places (to **individual customer, firms, institutions, construction Projects and etc.**)

**CASPIAN LTD** will employ staff with experiences and specialized in transportation sector. therefore, they had been in that field for many years. The company anticipates dominating the local and export market because the Company has set up business and marketing strategies and determined to provide high quality transport service.

## **11. ECONOMIC GROWTH**

Capacity of the Project is to carry 500containers estimated per year of chemical, mineral and charcoal.

Positive economic growth which had been registered in Tanzania, have attracted more investments in the Tanzania such as the proposed project.

The economic growth resulted by various economic activities has influenced the demand of the high-quality transport service which are going to be provided by Caspian Ltd. This service will be sold to individual customer, firms, institutions, construction Projects and etc.

In actual facts the demand is growing day by day for both local and foreign I markets.

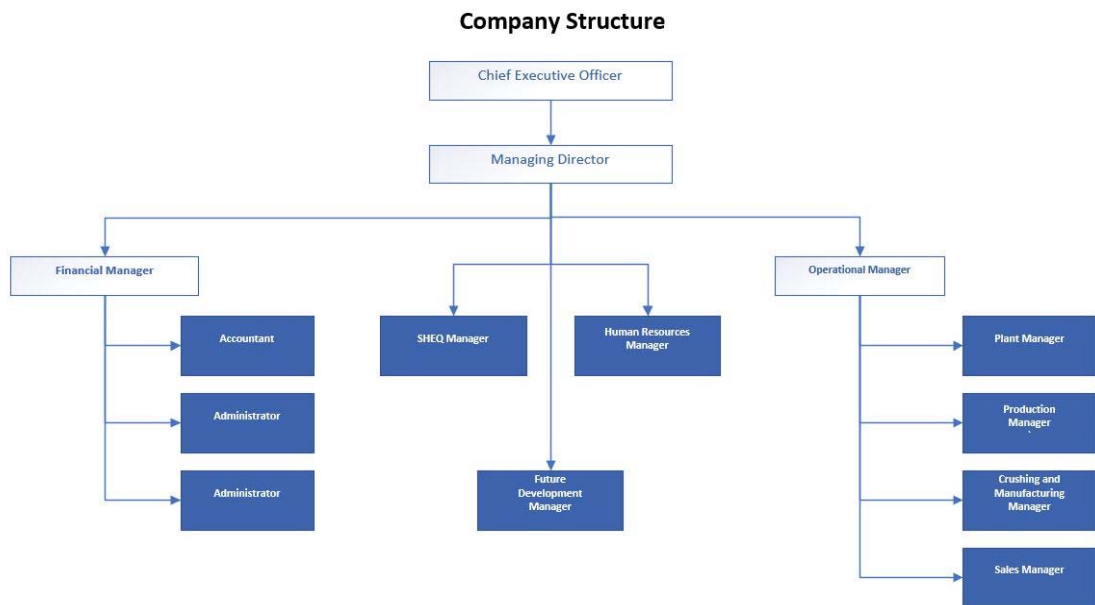
## **12. ENVIRONMENTAL ISSUE**

All operations of transportation activities of mineral, chemicals and various goods the whole process of services will be of high-quality are environmental friendly. Transportation services will be conducted according to the rules and regulation set by Government.

### 13. PROJECT MANAGEMENT

**CASPIAN LTD** is professionally managed and headed by the Managing Director and supporting managers. Mr. Akram Aziz is the Managing Director of the Company; He is well versed in construction, mining, manufacturing industry, etc. The other Director is Mr. Jehangir Aziz who is also assisted by managers.

#### THE COMPANY'S ORGANIZATION CHART



### 14. PROJECT'S IMPLEMENTATION SCHEDULE

#### 14.1 January 2021

- Preparing the Business Plan and all other documentation for establishing and operating a transportation Services.

- Registration of the Proposed Project with Tanzania Investment Centre.
- Getting Certificate of Incentives.
- Application for Import Duty exemption on Deemed Capital Goods.
- Ordering/Importing the new and modern Trucks, Machinery, Equipment etc.

#### **14.2 FEBRUARY 2021**

- Recruiting new staffs and training them on new technology skills (new Trucks).

#### **14.3 March 2021**

- Fully commencement of transport services

### **15. MANPOWER AND TRANSFER OF TECHNOLOGY**

**M/S CASPIAN LTD** in transportation service will usher in the Country new technology (Transfer of knowledge/technology). The advantages to the Country are quite significant and will get the advantage of value addition due to such incoming transport technology.

The Project will cause more people to be employed in the Company about 200 local people and 10 Foreign people, local people will be trained how to operate the trucks equipment and machinery (Transfer of knowledge/ skills)–New technology. Their employment will raise their income and improve their social welfare and pay taxes; it is poverty alleviation programme to them.

Local employees will get on job training and in a long run will improve the technical competence of transport services.

### **16. ADVANTAGES OF THE PROJECT**

The proposed project will have a great advantage to the United Republic of Tanzania which are;-

- **PAYING TAXES-** **Caspian Ltd** will contribute to the government revenue through taxes and other levies.
- **JOB CREATION/ EMPLOYMENT - Caspian Ltd** will create more employment (more job opportunities from unskilled to professionals/technicians etc.)
- **TECHNOLOGY/ SKILL DEVELOPMENTS-** (human resources development) through on job training and use of new and modern machinery as well as application of new technology application.
- **INCOME GENERATION** - alleviation of poverty and improve their social welfare.
- will foster the growth of the Industrial sector in Tanzania.
- Will solve the insufficient supply, substandard quality of service.
- To promote growth and expansion of private sector.

## 17 PROSPECTS/ FUTURE PLAN

- To import new and sophisticated modern machinery
- To introduce new technology.
- To increase quality and production performance.
- To increase the volume of transport capacity.

## 18. CONCLUSION AND RECOMMENDATION

The financial evaluation of the proposed project done so far indicates that the project will be profitable both economically and financially viable venture. There are also many other benefits direct to this project like taxes, employment, technology etc

The management being experienced businessmen possesses ample managerial capabilities in various business disciplines. Based on the above factors, it is recommended that the company should be

granted the certificate of incentives so as to commence the proposed project by importing Trucks and installing Plant & Machinery and increase its service capacity.

# **FINANCIAL PROJECTIONS**

## Forecast 5 Year: Income Statement (Fig. USD \$ '000')

| Year                                  | 1            | 2             | 3             | 4             | 5             |
|---------------------------------------|--------------|---------------|---------------|---------------|---------------|
|                                       | Forecast     | Forecast      | Forecast      | Forecast      | Forecast      |
| Currency                              | US\$         | US\$          | US\$          | US\$          | US\$          |
| Income                                | 5,578        | 13,399        | 13,954        | 13,954        | 14,890        |
| <b>Total Income</b>                   | <b>5,578</b> | <b>13,399</b> | <b>13,954</b> | <b>13,954</b> | <b>14,890</b> |
| -                                     |              |               |               |               |               |
| <b>TOTAL</b>                          |              |               |               |               |               |
| Operational Cost                      | 2,231        | 5,360         | 5,582         | 5,582         | 5,956         |
| <b>Total Contract Costs</b>           | <b>2,231</b> | <b>5,360</b>  | <b>5,582</b>  | <b>5,582</b>  | <b>5,956</b>  |
| -                                     |              |               |               |               |               |
| <b>GP</b>                             | <b>3,347</b> | <b>8,040</b>  | <b>8,373</b>  | <b>8,373</b>  | <b>8,934</b>  |
| <b>Total GP</b>                       | <b>3,347</b> | <b>8,040</b>  | <b>8,373</b>  | <b>8,373</b>  | <b>8,934</b>  |
| <b>GP% on cost (mark-up)</b>          | <b>60%</b>   | <b>60%</b>    | <b>60%</b>    | <b>60%</b>    | <b>60%</b>    |
|                                       |              |               |               |               |               |
|                                       |              |               |               |               |               |
| <b>OPERATING EXPENSES</b>             |              |               |               |               |               |
| Administrative expenses               | 335          | 804           | 837           | 837           | 893           |
| Personnel expenses                    | 558          | 1,340         | 1,395         | 1,395         | 1,489         |
| Exchange (Gain)/Loss                  | 14           | 33            | 35            | 35            | 37            |
| Interest Paid - Bank Overdraft        | 592          | 979           | 722           | 466           | 209           |
| Marketing other expenses              | 265          | 636           | 663           | 663           | 707           |
| Depreciation                          | 903          | 1,656         | 1,475         | 1,315         | 1,173         |
| (Profit)/Loss on sale of Fixed Assets | -            | -             | -             | -             | -             |
| <b>TOTAL</b>                          | <b>2,666</b> | <b>5,449</b>  | <b>5,128</b>  | <b>4,711</b>  | <b>4,509</b>  |
|                                       |              |               |               |               |               |
| <b>PBT</b>                            | <b>681</b>   | <b>2,591</b>  | <b>3,244</b>  | <b>3,661</b>  | <b>4,425</b>  |
|                                       |              |               |               |               |               |
| <b>TAX</b>                            |              |               |               |               |               |
| Provision for income tax              | 204          | 777           | 973           | 1,098         | 1,327         |
| 3 or 5% Withholding Tax Paid          | -            | -             | -             | -             | -             |
|                                       |              |               |               |               |               |
| <b>NET PROFIT</b>                     | <b>477</b>   | <b>1,813</b>  | <b>2,271</b>  | <b>2,563</b>  | <b>3,097</b>  |
| <b>NP% on cost (mark-up)</b>          | <b>21%</b>   | <b>34%</b>    | <b>41%</b>    | <b>46%</b>    | <b>52%</b>    |
| <b>NP% on revenue (margin)</b>        | <b>9%</b>    | <b>14%</b>    | <b>16%</b>    | <b>18%</b>    | <b>21%</b>    |
|                                       |              |               |               |               |               |
| <b>PBT% on cost (mark-up)</b>         | <b>31%</b>   | <b>48%</b>    | <b>58%</b>    | <b>66%</b>    | <b>74%</b>    |
| <b>PBT% on revenue (margin)</b>       | <b>12%</b>   | <b>19%</b>    | <b>23%</b>    | <b>26%</b>    | <b>30%</b>    |
|                                       |              |               |               |               |               |
| Accum profits B/FWD                   |              | 477           | 2,290         | 4,561         | 7,124         |
| NET                                   | 477          | 1,813         | 2,271         | 2,563         | 3,097         |
| <b>Accum profits C/FWD</b>            | <b>477</b>   | <b>2,290</b>  | <b>4,561</b>  | <b>7,124</b>  | <b>10,221</b> |

## Forecast 5 Year: CASH FLOW (Fig. USD \$ '000')

| Year  | 1              | 2             | 3             | 4             | 5             |
|---|----------------|---------------|---------------|---------------|---------------|
| Currency  | US\$           | US\$          | US\$          | US\$          | US\$          |
| <b>Operating profit/(loss)</b>                            | 477            | 1,813         | 2,271         | 2,563         | 3,097         |
| Depreciation  | 903            | 1,656         | 1,475         | 1,315         | 1,173         |
| Remove profit on sale of fixed assets                     |                |               |               |               |               |
| <b>Operating cash flow before working capital effects</b> | <b>1,380</b>   | <b>3,470</b>  | <b>3,746</b>  | <b>3,878</b>  | <b>4,271</b>  |
| (In)/decrease in inventories                              | -20            | 0             | 0             | 0             | 0             |
| (In)/decrease in contract accounts receivable             | 0              | -266          | -46           | 1163          | 294           |
| (In)/decrease in other receivables                        |                |               |               |               |               |
| In/(decrease) in trade creditors                          | 478            | 216           | 26            | (0)           | 49            |
| In/(decrease) in Other accruals                           | -2175          | -5226         | -5442         | -5442         | -5807         |
| <b>Working capital effects</b>                            | <b>-1,718</b>  | <b>-5,275</b> | <b>-5,462</b> | <b>-4,280</b> | <b>-5,464</b> |
| <b>Operating cash flow</b>                                | <b>-338</b>    | <b>-1,806</b> | <b>-1,716</b> | <b>-402</b>   | <b>-1,193</b> |
| <b>Returns on investment and servicing of finance</b>     |                |               |               |               |               |
| Interest paid on overdraft                                | 592            | 979           | 722           | 466           | 209           |
| Exchange (gain)/loss                                      |                |               |               |               |               |
| Dividends paid  |                |               |               |               |               |
| <b>Net cash flow from servicing finance</b>               | <b>592</b>     | <b>979</b>    | <b>722</b>    | <b>466</b>    | <b>209</b>    |
| Corporation tax paid                                      | 204            | 777           | 973           | 1,098         | 1,327         |
| Withholding tax suffered                                  | -              | -             | -             | -             | -             |
| <b>Tax paid</b>   | <b>204</b>     | <b>777</b>    | <b>973</b>    | <b>1,098</b>  | <b>1,327</b>  |
| <b>Investing activities</b>                               |                |               |               |               |               |
| Payments to acquire property, plant & equipment           | -16,597        | 1,656         | 1,475         | 1,315         | 1,173         |
| Proceeds on sale of property, plant & equipment           | -              |               |               |               |               |
| <b>Net cash flow from investing activities</b>            | <b>-16,597</b> | <b>1,656</b>  | <b>1,475</b>  | <b>1,315</b>  | <b>1,173</b>  |
| <b>Net cash flow before financing</b>                     | <b>-16,139</b> | <b>1,607</b>  | <b>1,455</b>  | <b>2,478</b>  | <b>1,517</b>  |
| <b>Financing - drawdown / (repayment)</b>                 |                |               |               |               |               |
| Bank  | 14,667         | -3,667        | -3,667        | -3,667        | -3,667        |
| Equity  | 1,250          | -             | -             | -             | -             |
| In/(decrease) in other short-term borrowings              | 477            | 1,813         | 2,271         | 2,563         | 3,097         |
| <b>Net cash flow from financing</b>                       | <b>16,393</b>  | <b>-1,853</b> | <b>-1,396</b> | <b>-1,104</b> | <b>-569</b>   |
| <b>Net cash flow</b>                                      | <b>254</b>     | <b>-247</b>   | <b>60</b>     | <b>1,374</b>  | <b>947</b>    |
| Cash & overdrafts brought forward                         |                | 254           | 7             | 67            | 1,441         |
| <b>Cash &amp; overdrafts carried forward</b>              | <b>254</b>     | <b>7</b>      | <b>67</b>     | <b>1,441</b>  | <b>2,388</b>  |
| Analysed:   |                |               |               |               |               |
| Cash at bank and in hand                                  | 1,254          | 1,007         | 1,067         | 2,441         | 3,388         |
| Bank overdrafts   | -1,000         | -1,000        | -1,000        | -1,000        | -1,000        |
| <b>Cash &amp; overdrafts carried forward</b>              | <b>254</b>     | <b>7</b>      | <b>67</b>     | <b>1,441</b>  | <b>2,388</b>  |

## M/S CASPIAN LTD

## PROJECTED LONG TERM LOAN REPAYMENT

(Fig. in USD \$ '000')

| Year | Repayment |          |       | Amount<br>(000) |
|------|-----------|----------|-------|-----------------|
|      | Principal | Interest | Total |                 |
| 0    |           |          |       | 16,500          |
| I    | 1,833     | 551      | 2,384 | 14,667          |
| II   | 3,667     | 909      | 4,576 | 11,000          |
| III  | 3,667     | 652      | 4,319 | 7,333           |
| IV   | 3,667     | 396      | 4,062 | 3,667           |
| V    | 3,667     | 139      | 3,806 | 0               |

Appendix 1V

M/S CASPIAN LIMITED

Forecast 5 Year: BALANCE SHEET (Fig. in USD \$ '000')

| Year   | 1             | 2             | 3             | 4             | 5             |
|--|---------------|---------------|---------------|---------------|---------------|
|  | Forecast      | Forecast      | Forecast      | Forecast      | Forecast      |
| Currency                                     | US\$          | US\$          | US\$          | US\$          | US\$          |
| <b>NON-CURRENT ASSETS</b>                    |               |               |               |               |               |
| Property, plant & equipment                  | 16,597        | 14,941        | 13,466        | 12,150        | 10,977        |
| Assets Revaluation                           | -             | -             | -             | -             | -             |
| Investments                                  | -             | -             | -             | -             | -             |
|  |               |               |               |               |               |
| <b>CURRENT ASSETS</b>                        |               |               |               |               |               |
| Cash at bank & in hand                       | 1,254         | 1,007         | 1,067         | 2,441         | 3,388         |
| Inventories                                  | 20            | 20            | 20            | 20            | 20            |
| Accounts receivable & Other Assets           | -             | 266           | 312           | (851)         | (1,145)       |
| Loans receivable                             | -             | -             | -             | -             | -             |
| <b>Total current assets</b>                  | <b>1,274</b>  | <b>1,293</b>  | <b>1,399</b>  | <b>1,610</b>  | <b>2,263</b>  |
|  |               |               |               |               |               |
| <b>CURRENT LIABILITIES</b>                   |               |               | -             |               |               |
| Accounts payable                             | 478           | 694           | 720           | 720           | 769           |
| Bank overdrafts                              | 1000          | 1000          | 1000          | 1000          | 1000          |
| <b>Total current liabilities</b>             | <b>1,478</b>  | <b>1,694</b>  | <b>1,720</b>  | <b>1,720</b>  | <b>1,769</b>  |
|  |               |               |               |               |               |
| <b>NET CURRENT ASSETS</b>                    | <b>-204</b>   | <b>-401</b>   | <b>-321</b>   | <b>-110</b>   | <b>494</b>    |
|  |               |               |               |               |               |
| <b>Total assets less current liabilities</b> | <b>16,393</b> | <b>14,540</b> | <b>13,145</b> | <b>12,041</b> | <b>11,471</b> |
|  |               |               |               |               |               |
| Long-term loans                              | 14,667        | 11,000        | 7,333         | 3,667         | 0             |
|  |               |               |               |               |               |
| <b>NET ASSETS</b>                            | <b>1,727</b>  | <b>3,540</b>  | <b>5,811</b>  | <b>8,374</b>  | <b>11,471</b> |
|  |               |               |               |               |               |
| Share capital                                | 1,250         | 1,250         | 1,250         | 1,250         | 1,250         |
| Shareholder loan                             | -             | -             | -             | -             | -             |
| Revaluation reserve                          | -             | -             | -             | -             | -             |
| FX revaluation reserve                       | -             | -             | -             | -             | -             |
| Accumulated profits                          | 477           | 2,290         | 4,561         | 7,124         | 10,221        |
|  |               |               |               |               |               |
| <b>SHAREHOLDER'S FUNDS</b>                   | <b>1,727</b>  | <b>3,540</b>  | <b>5,811</b>  | <b>8,374</b>  | <b>11,471</b> |