

**BUSINESS PLAN FOR ACQUISITION OF A
FLEET OF TRUCKS AND TRAILERS FOR
TRANSIT BUSINESS**

BY

FAZAL DAD TANZANIA LIMITED

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BASIC ASSUMPTIONS

Unless stated, all figures in the report are USD '000'

The assumed Tshs. Exchange Rates are as follows:

One USD = Tsh. 2,315/=

Cost and prices are assumed to remain constant over the period.

1.0 EXECUTIVE SUMMARY

1.1 FAZAL DAD TANZANIA LIMITED (FTL) has embarked on the modernization of its Transit fleet of trucks and trailers which entails acquiring new and or reconditioned trucks and trailers for long distances for delivery of goods from Dar es salaam port to the neighboring countries, such as Uganda, Burundi, Rwanda, DR Congo, Malawi and Zambia.

The project entails acquisition of Fifteen 38 metric tons trucks and trailers and ten 28 metric tons trucks and trailers.

The planned initial fleet of vehicle constitute of the following:

| SN | TYPE | NO. |
|----|---------------------------------|-----------|
| 1 | 38 metric tons trucks & trailer | 15 |
| 2 | 28 metric tons truck & trailer | 10 |
| 3 | Patrol pick-up -4WD Landcruiser | 2 |
| | TOTAL | 27 |

1.2 Ownership and Management

Fazal Dad Tanzania Ltd (FTL) is a limited liability company owned by two renowned businessmen, A Tanzanian and a German citizen, and are well trained with long experiences in running and managing transport operations. They are also well versed in motor vehicle industry both in cargo handling and maintenance.

The daily operations of the company are under a professional management team comprising of a Managing Director and experienced local professionals in the industry.

Since the vehicles will be imparted it is planned to implement the project within one year from the date of approval by both. Tanzania Investment Center and the commissioner of customs.

1.3 The market

The main market segments for the company will comprise most foreign cargo from institutions and individuals in Uganda, Malawi, Zambia, Ruanda, Burundi and the Democratic Republic of Congo.

Experiences from existing operations shows that many organizations in the neighboring countries importing through Dar es Salaam Port, and those importing Tanzanian products, prefers road transport than utilizing railway services for two major reasons:

- (i) Cargo lorries are readily available without going through birocratic channel and therefore serving time and money.
- (ii) Road transport is faster, safe and efficient with minimal loss of cargo and spoilage.

There is also a shortage of railway wagons both in Tanzania Railways Corporation (TRC) and Tanzania Zambia Railway Authority (TAZARA) due to poor maintenance and lack of spare parts, personnel incentive caused by uncertainty of privatization.

The improvement of security situations in the neighboring countries of Democratic Republic of Congo and Burundi have activated business and industries activities in those countries and therefore increasing import and export through Dar es salaam port. This situation has created demand for road transport which cannot be met by the railway organization even if they were operating on full capacity.

To ensure competitiveness, the company will carry a tariff similar to that of other operators most of who are using reconditioned and second hand vehicles.

1.4 Investment and Financing.

The cost for modernization of the project including working capital currently is estimated at USD 1.268 million out of which USD 1.194 million constitute foreign cost components and USD 0.074 million in local costs.

Initial working capital of USD 0.043 million will be required to enable sustained operation of the fleet during the early months of the first year. The amount will be required to over stocks of spare parts, tyres and to meet services rendered on credit.

The whole modernization programmer cost will be financed through self-generated funds by the company.

1.4.1 The capital outlay should be as summarized below: (USD 000)

| SN | Description | Existing | Addition Foreign | Addition Local | Total Addition | Total Cost |
|----|---------------------------|-----------|------------------|----------------|----------------|--------------|
| 1. | Trucks and Trailers | 80 | 1,140 | 29 | 1,169 | 1,249 |
| 2. | 4WD Land cruiser pickup | - | 54 | 2 | 56 | 56 |
| 3. | Working Capital | - | - | 43 | 43 | 43 |
| | TOTAL PROJECT COST | 80 | 1,194 | 74 | 1,268 | 1,348 |

The programmer is wholly financed by self generated funds from the company operations and if need arises, any shortfall will be financed from sister company M/S Biosustain Tanzania Limited.

1.4.2 FINANCING PLAN

(USD 000)

| SOURCE | LOCAL | FOREIGN | TOTAL |
|-----------------------------|--------------|----------|--------------|
| Equity Self-generated Funds | 1,268 | - | 1,268 |
| Term Loan | - | - | - |
| TOTAL FINANCING | 1,268 | - | 1,268 |

1.5 Financial Project and Analysis

Details of financial projections are contained in tables appended to this study supported by underlying assumptions. A summary of the main financial statements for the first four years of operation is presented as follows:

| Sn. | | Year 1 | Year 2 | Year 3 | Year 4 |
|-----|------------------------|--------|--------|--------|--------|
| 1. | Capacity utilization | 85% | 90% | 90% | 90% |
| 2. | Sales Revenue | 6,699 | 7,123 | 7,123 | 7,123 |
| 3. | Operating Expenses | 4,928 | 5,912 | 5,912 | 5,912 |
| 4. | Profit Before Tax | 1,771 | 2,020 | 2,020 | 2,020 |
| 5. | Profit After Tax | 1,240 | 1,414 | 1,414 | 1,414 |
| 6. | Net Cashflow | 1,455 | 1,177 | 1,742 | 1,142 |
| 7. | Closing Balance (Cash) | 1,455 | 2,632 | 4,374 | 5,516 |
| 8. | Net Fixed Assets | 977 | 1,249 | 921 | 1,193 |
| 9. | Current Assets | 1,568 | 2,710 | 4,452 | 5,072 |
| 10. | Current Liabilities | 693 | 779 | 779 | 1,301 |
| 11. | Net Current Assets | 1,568 | 2,710 | 4,452 | 5,072 |
| 12. | Net worth | 2,545 | 3,959 | 5,373 | 6,265 |

The internal rate of return is well above the prevailing cost of capital of 12-15%. The rate of return is fairly high and attractive confirming the financial viability of the Fazal Dad Tanzania Limited transport project in Tanzania.

1.6 Conclusion and Recommendations

Fazal Dad Tanzania Limited cargo vehicle modernization as analyzed in this study is technically feasible and financially viable. Owners of the project have good track record of performance as seen in the previous performance of the company profit and loss accountants and the balance sheets. The study recommends full support to the company in order to realize the envisaged benefits.

2.0 THE PROJECT

2.1 Introduction

While transport and communication are key to the success of the business undertaking in the world, the ever-increasing cost of purchase and maintenance of transport facilities has progressively led to the use of hired facilities.

In developed countries, it is a common phenomenon to run a major business operation without owning vehicles and maintenance facilities. This merging trend has been facilitated by the growth of efficiently run cargo transport companies.

To operate efficiently in Tanzania, local companies and individuals have realized the benefits associated with the used of cargo transport companies, an aspect that has led to the growth of numerous cargo transport companies.

The few cargo transport companies operating in the country are enjoying a lucrative business in view of the high demand against limited supply of vehicles to the extent that most of them are fielding second hand and reconditioned vehicles while charging rates above those charged in developed countries.

Fazal Dad Tanzania limited is a well established cargo transport company in Tanzania with the main base in Dar es salaam. The company intends to start the expanded operations with a fleet of twenty seven new vehicles consisting of 25 new trucks and trailers of 38 and 28 metric ton carrying capacities, two 4WD land cruiser pick up for patrol service.

To take advantage of the emerging market opportunities especially in the neighboring countries and the local mining sector, the company has identified prominent organizations and companies capable of hiring the fleet fully.

The main objective of the company is to provide reliable vehicles for long haulage needs for both local and foreign/ individuals at reasonably low and competitive hiring rates. Many companies and individuals expected to use the Fazal Dad (T) ltd services will reduce investment costs appreciably by not having to invest in their own fleets of vehicles. It is intended to gradually expand the Fazal Dad (T) limited fleet thereby emerging as one of the leading cargo vehicle operating company in Tanzania.

This study has been carried out to determine viability of the cargo vehicle project. The project study will be used for obtaining clearance and certification of the modernization from the Tanzania Investment Centre (TIC) and other licensing Authorities.

The Proposal

The company has embarked on a project envisaging the modernization of cargo vehicle hire based on a fleet of modern haulage cargo vehicle, consisting of heavy-duty Trucks and Trailers.

Heavy Duty long haulage Trucks and Trailers services are critical in any developing country. Such services call for special vehicles fitted with modern and resistant equipment to withstand the rough road conditions in Africa. The cargo transport service call for maximum reliability, efficiency and fast performance. Heavy Duty trucks are a basic facility for modern investors to Tanzania and the neighboring countries. In light of the sophistication and highly personalized services needed to meet the expectations of the modern day business and industrial institutions in many parts of the world, find it economical to utilize private companies to offer such services.

Tanzania and the neighboring countries have not yet been able to establish an efficient road cargo transport fleets, let alone air, sea and railway transport which are almost dieng.

As Tanzania is steadily becoming a focal pint for socio-economic and political activities in the region, the flow of cargo through its sea ports, cargo transport services is bound to grow faster.

A clear indication of the rising demand potential is the emergence of peace in the neighbouring countries of DRC and Burundi.

Maintenance and Back Up Service

One of the major drawbacks to efficient operation of both cargo and passenger service companies in Tanzania is the general lack of a maintenance and back-up service facilities. While all the vehicles will be fitted with HF or VHF Radio communication with head office, there is a well established maintenance workshop in Dar es salaam owned by our company for servicing its vehicles. The workshop is well equipped for both minor and major repairs and engine overhaul. The workshop is being manned by trained, qualified and experienced personnel. The company also provides mobile workshops well equipped with modern maintenance equipment. The mobile workshops offers extensive maintenance, rescue and repair service on site. Similarly, special breakdowns do exist and stationed in Dar es salaam to offer breakdown services where towing to workshops may be necessary.

Major scheduled services and repairs are undertaken by the workshop in Dar es Salaam.

Implementation Schedule

It is planned to implement the project over a maximum of twelve months period in order to commence operations by April, 2022

Since the vehicles will be imported from either Europe or China eight month lead time has been provided for ordering the vehicles.

The other critical and determining factors for timely completion of the project are granting of TIC certificate for the modernization and completion of tax exemption procedures, activities which are now expected to take a short time in the spirit to facilitate timely execution of development projects in Tanzania.

The implementation Schedule is as given below:

| S/No | ACTIVITIES | Number of Months | IMPLEMENTATION PERIOD |
|------|---------------------------------|------------------|----------------------------|
| 1 | Completion of Feasibility Study | 1 | April, 2021 |
| 2 | TIC and TRA Approvals | 1 | May, 2021 |
| 3 | Placement of order for trucks | 1 | June, 2021 |
| 4 | Shipment and clearing | 7 | July, 2021, February, 2022 |
| 5 | Registration | 1 | March, 2022 |
| 6 | Commissioning / Training | 1 | April, 2022 |

3.0

COMPANY PROFILE

3.1

Location and Physical Set-up

Fazal Dad Tanzania Limited is a private limited liability, company incorporated and registered in Tanzania on 17th October, 2006 under Certificate of incorporation No. 54204. The registered office of the company are in Dar es salaam situated on plot No. 7 block 38 along Kawawa road. The company is also registered by the Tanzania Revenue Authority as a tax -payer under Taxpayer Identification Certificate No. 104-016-448 with effect from 21st October 2005. VAT certificate (VRN) 40-011-012 E with effect from 20th January, 2012 and current Business Licence BL No. 20000007522 issued on 21/07/2020 for one year.

3.2

FAZAL DAD TANZANIA Limited

FTL is owned by two business entrepreneurs, a Tanzania citizen and a Germany citizen who have long experiences in various business management including cargo operation and cargo transfer and handling. For the past sixteen (16) years they have managed Fazal Dad Tanzania Ltd very successfully. The leading and majority shareholder Mr. Sajjad G. Haider has over twenty (20) years experience as a Managing Director of different transport companies in Tanzania and Mozambique owned and operating big fleets of cargo vehicles. He is well versed and experienced in both maintenance and cargo handling management.

3.3

Management and Organization Structures

Being a private Company, Fazal Dad Tanzania Ltd. is being management through a Bord of Directors representing the share holders. The Board has appointed a reputable and experienced Managing Director and Technical Personnel who are responsible for the day to day operations.

The Chairman of the Company is appointed by the shareholders to chair board meetings and to ensure that the top management implement the Company policies as directed by the Board.

The company is being managed by a professional management team headed by an experienced Managing Director with adequate experience in Cargo vehicle industry and with good track record in senior management level.

Fazal Dad Tanzania Ltd will employ about 94 people most of them being drivers, turn boys, mechanics and loaders.

3.4

The Company operating date

The company commenced its operations in January, 2005 as a personal entity and was officially registered in October, 2005 as a limited liability company. It has been Operating with fifteen Scania trucks and trailers. It has also acquired one Landcruiser pick up for service back-up and a Landcruiser station Wagon to provide transport to the management staff.

4.0

PERRFORMANCE FOR THE PREVIOUS YEAR

For the past sixteen years the company was engaged in business of cargo transport. During this period, the investors were able to ascertain the marketability of the cargo service in the country and the neighboring countries. The cargo transport sector realized an income of USD 127,650 in 2017, USD 154,955 in 2018 and USD 159,035 in 2019. Cargo transport sector requires close supervision to ensure that the cargo being transported reaches to their owners safely and on time.

5.0 **MARKETING AND MARKETING ASPECTS**

5.1 The products

There are varieties of cargos in the sectors, the main such include dry and liquid cargos. These products are classified in different categories of hazard and normal cargos. The hazard cargo carry a higher tariff as it involves logistic clearing with various authorities.

5.2 Targeted markets

Despite the existing transporters and overall capacities available in Tanzania and the neighbouring countries there is still huge market opportunities in those countries not yet served. The random market survey carried by the investors to establish their own assessment during the year 2019 and 2020 shows that the availability of opportunities for transporting cargo are ever increasing in all zones of the East, Central and the Southern Africa.

Thus in order to operate effectively the company will initially target to serve both the established markets locally and externally, then the future out look is to serve the export market as well including whole geographical coverage of the East African community and the SADIC/COMMESA. The envisaged market will focus the intensive use of commission representatives outside Tanzania to negotiate for the inward and outward cargo through Dar es Salaam/Tanga ports.

5.3 Market share

The official data to describe the cargo market status for the period between 2014/15 and 2018/19 indicate that Dar es Salaam port handled the following cargo:

| YEAR | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|------|---------|---------|---------|---------|---------|
| | 15.745 | 14.983 | 14.425 | 15.873 | 16.001 |

It is expected that statistical status data for 2019/20 when completed will be even higher than those of year 2018/19 because the growth in 2018/19 was 0.80%. As we will be using modern equipment for loading and maintaining the vehicles, we will be able to cut down turn around period and deliver the cargo to the customer / port of export on / in time.

This will facilitate the products/goods reaching the market at lower price than the current situation dominating the markets.

Under similar circumstance gradual increase in market share is expected as a result of favourable operating atmosphere. The company will operate through such short turn around time of cargo of goods. This will make our customers reliable sources of supply hence such situation will ensure smooth running and stabilized steady production / distribution that will entice more customers and also build stronger markets for the company and its clients.

5.4 Market Strategies

In order to operate a successful cargo transport business, the established market for the company operations will be retained and also other strategies will be adopted to ensure winning new customers for the cargo transport as well. The strategies include:

- To procure adequate stocks of spares and tyres for effective maintenance to facilitate faster cargo transport operation and delivery to the customers
- To maintain the standard of good quality service that will always entice new customers in the market.
- To maintain reasonable number of serviceable trucks and trailers hence give assurance to the customers of the company capability to transport their cargo / goods promptly.
- To use promotional materials such as banners and wide media coverage to introduce the company services and entice new markets within the available coverage of Radio, Newspapers and TVs.

5.5 Future expansion

Through analytical procedure of the company performance the marketing observation will determine the range of expansion necessary to be carried out. It is therefore anticipated that after lapsing of every one year the management will give a performance report to shareholders/directors who will finally utilize their resources to expand and explore the new marketing opportunities

5.6 Quality Control

The services provided by the company will be of good quality and maintained at higher standards that comply to International forwarding and handing standards as set out by standard control organizations within the country and elsewhere.

5.7 Pricing and Pricing Policy

Besides the standard market forces of demand and supply the company's ruling Pricing policy takes into consideration the customers affordability and the operating costs involved before finally adding up a small profit margin to cushion part of the administration overheads.

The proposed pricing policy wholly aims at achieving the following goals:

- The resultant price be a component of the actual operating costs
- Increase and maintain the market share for the company cargo transport business.
- Meet customer's expectations by maintaining reliable and reasonable transport rates/tariffs.
- Build a stable base for the company revenues and profitability.
- Enforce alternatives to ensure the project withstand any competition posed by similar operators.

5.8 Competition

Our company is operating at the trade liberalization atmosphere where competition is inevitable. Thus, for successful operations the company will ensure a favourable competition against similar business operators through improved market situation basing on the adopted strategies in the areas of pricing, quality service control, location advantage, the adequate storage facilities and numerous marketing strategies already in force hence comfortably withstanding the competition posed in the cargo transport industry.

The adopted strategies includes improvement in the following areas:

- Ensure quality service and adequate number of serviceable trucks and trailers.
- Easy location and sufficient space for transit goods.
- Maintain good reliable pricing policy.

- Improve and ensure quicker delivery system to customers point of delivery.
- Effective cargo deliveries favoring the marketing force of demand and supply.

Some of competitors of the company are:

- Dhando Trucking Company Limited located in Dar es Salaam and Mbeya.
- Super Star located along Nyerere Road in Dar es Salaam.
- Kanji Lalji and Sons Limited located in Mbeya City.
- Abri and Company Ltd located both in Iringa and Dar es Salaam.
- Sai Transport Limited locate in Dar es Salaam and Arusha.
- Kugis Transport Company Limited based in Dar es Salaam and Bukoba.

6.0 CAPITAL INVESTMENT AND FINANCING

6.1 Capital Investment

The cost outlay for completion of the modernization is currently estimated at USD 1.225 million out of which 1.194 million constitute foreign cost components and USD 0.31 million local components.

The bulk of the cost outlay is towards purchase of vehicles and Trailers.

The selected vehicles are generally regarded as the most ideal for long safaris and rough roads. A part from providing the desired durability the models are easy to maintain and they constitute the bulk of cargo transport vehicles currently operating in the country.

It is intended to finance both foreign and local components through the self generated funds from the company operations.

The capital cost outlay and financing plan are presented in chapter 1.4.1 and 1.4.2 to this study.

6.2 Estimated Capital Cost

The capital of the project is currently estimated at about USD 1,225 million and summarized as follows:

(USD 000)

| Item | Existing | Addition Foreign | Addition Local | Total Additions | Total Cost |
|--------------------------|----------|------------------|----------------|-----------------|------------|
| Trucks and Trailers | 80 | 1,140 | 29 | 1,169 | 1,249 |
| 4 WD Landcruiser pickups | - | 54 | 2 | 56 | 56 |
| Working capital | - | - | 43 | 43 | 43 |
| TOTAL | 80 | 1,194 | 74 | 1,268 | 1,348 |

6.3 Financing Plan

The capital cost of USD 1,268 million will be financed as follows:

| SOURCE | EQUITY | LOAN | TOTAL |
|-----------|--------|------|-------|
| Equity | 1,268 | - | 1,268 |
| Term Loan | - | - | - |
| TOTAL | 1,268 | - | 1,268 |

6.4 Financing Analysis

6.4.1 Revenue Assumptions

The basic assumptions underlying the project cargo transport income and related motor vehicles management and expenses are explained below:

6.4.2 Basic Assumptions

The Company will have a total fleet of 27 Trucks and trailers of different classes as given below:

- (i) 15 38mt trucks and trailers
- (ii) 19 28mt trucks and trailers
- (iii) 2 4WD Landcruiser - pick up

6.4.3 Income Calculation

6.4.3.1 Cargo Transport Income

It is projected that each truck will operate 4 trips per month and 48 trips per annum. Income is therefore calculated as follows:

6.4.3.1 a. RWANDA

(USD 000)

| YEAR | 0 YEAR 100% | 1 YEAR 85% | 2 YEAR 90% | 3 YEAR 90% |
|-----------------------------|----------------|---------------|---------------|---------------|
| Number of Vehicle Available | 4 | 3.4 | 3.6 | 3.6 |
| Number of days per week | 7 | 7 | 7 | 7 |
| Number of weeks / Annum | 52 | 52 | 52 | 52 |
| Total Trips | 208 | 176.8 | 187.2 | 187.2 |
| Rate per Trip | 3,200 | 3,200 | 3,200 | 3,200 |
| TOTAL INCOME | 665.6 | 565.76 | 599.04 | 599.04 |

6.4.3.1 (b) RWANDA

(USD 000)

| YEAR | 0 YEAR 100% | 1 YEAR 85% | 2 YEAR 90% | 3 YEAR 90% |
|-----------------------------|----------------|---------------|---------------|---------------|
| Number of Vehicle Available | 3 | 2.55 | 2.7 | 2.7 |
| Number of days per week | 7 | 7 | 7 | 7 |
| Number of weeks per Annum | 52 | 52 | 52 | 52 |
| Total Trips | 156 | 132.6 | 140.4 | 140.4 |
| Rate per Trip | 2,700 | 2,700 | 2,700 | 2,700 |
| TOTAL INCOME | 421.20 | 350.02 | 379.08 | 379.08 |

6.4.3.1 (c) BURUNDI

(USD 000)

| YEAR | 0 YEAR 100% | 1 YEAR 85% | 2 YEAR 90% | 3 YEAR 90% |
|-----------------------------|----------------|---------------|---------------|---------------|
| Number of Vehicle Available | 4 | 3.4 | 3.6 | 3.6 |
| Number of days per week | 7 | 7 | 7 | 7 |
| Number of weeks per Annum | 52 | 52 | 52 | 52 |
| Total Trips | 208 | 176.8 | 187.2 | 187.2 |
| Rate per Trip | 3,400 | 3,400 | 3,400 | 3,400 |
| TOTAL INCOME | 707.20 | 601.12 | 636.48 | 636.48 |

6.4.3.1 (d) BURUNDI

(USD 000)

| YEAR | 0 YEAR 100% | 1 YEAR 85% | 2 YEAR 90% | 3 YEAR 90% |
|-----------------------------|----------------|---------------|---------------|---------------|
| Number of Vehicle Available | 3 | 2.55 | 2.7 | 2.7 |
| Number of days per week | 7 | 7 | 7 | 7 |
| Number of weeks per Annum | 52 | 52 | 52 | 52 |
| Total Trips | 156 | 132.6 | 140.4 | 140.4 |
| Rate per Trip | 2,900 | 2,900 | 2,900 | 2,900 |
| TOTAL INCOME | 452.40 | 384.54 | 407.16 | 407.16 |

6.4.3.1 (e) MALAWI

(USD 000)

| YEAR | 0 YEAR 100% | 1 YEAR 85% | 2 YEAR 90% | 3 YEAR 90% |
|-----------------------------|----------------|---------------|---------------|---------------|
| Number of Vehicle Available | 3 | 2.55 | 2.7 | 2.7 |
| Number of days per week | 7 | 7 | 7 | 7 |
| Number of weeks per Annum | 52 | 52 | 52 | 52 |
| Total Trips | 156 | 132.6 | 140.4 | 140.4 |
| Rate per Trip | 3,400 | 3,400 | 3,400 | 3,400 |
| TOTAL INCOME | 530.40 | 450.84 | 477.36 | 477.36 |

6.4.3.1 (f) MALAWI

(USD 000)

| YEAR | 0 YEAR 100% | 1 YEAR 85% | 2 YEAR 90% | 3 YEAR 90% |
|-----------------------------|----------------|---------------|---------------|---------------|
| Number of Vehicle Available | 3 | 2.55 | 2.7 | 2.7 |
| Number of days per week | 7 | 7 | 7 | 7 |
| Number of weeks per Annum | 52 | 52 | 52 | 52 |
| Total Trips | 156 | 132.6 | 140.4 | 140.4 |
| Rate per Trip | 2,900 | 2,900 | 2,900 | 2,900 |
| TOTAL INCOME | 452.40 | 384.54 | 407.16 | 407.16 |

6.4.3.1 (g) ZAMBIA

(USD 000)

| YEAR | 0 YEAR 100% | 1 YEAR 85% | 2 YEAR 90% | 3 YEAR 90% |
|-----------------------------|----------------|---------------|---------------|---------------|
| Number of Vehicle Available | 3 | 2.55 | 2.7 | 2.7 |
| Number of days per week | 7 | 7 | 7 | 7 |
| Number of weeks per Annum | 52 | 52 | 52 | 52 |
| Total Trips | 156 | 132.6 | 140.4 | 140.4 |
| Rate per Trip | 5,000 | 5,000 | 5,000 | 5,000 |
| TOTAL INCOME | 780.00 | 663.00 | 702.00 | 702.00 |

6.4.3.1 (h) ZAMBIA

(USD 000)

| YEAR | 0 YEAR 100% | 1 YEAR 85% | 2 YEAR 90% | 3 YEAR 90% |
|-----------------------------|----------------|---------------|---------------|---------------|
| Number of Vehicle Available | 3 | 2.55 | 2.7 | 2.7 |
| Number of days per week | 7 | 7 | 7 | 7 |
| Number of weeks per Annum | 52 | 52 | 52 | 52 |
| Total Trips | 156 | 132.6 | 140.4 | 140.4 |
| Rate per Trip | 4,500 | 4,500 | 4,500 | 4,500 |
| TOTAL INCOME | 702.00 | 576.70 | 631.80 | 631.80 |

6.4.3.1 (i) DR CONGO

(USD 000)

| YEAR | 0 YEAR 100% | 1 YEAR 85% | 2 YEAR 90% | 3 YEAR 90% |
|-----------------------------|----------------|---------------|---------------|---------------|
| Number of Vehicle Available | 4 | 3.4 | 3.6 | 3.6 |
| Number of days per week | 7 | 7 | 7 | 7 |
| Number of weeks per Annum | 52 | 52 | 52 | 52 |
| Total Trips | 208 | 176 | 187.2 | 187.2 |
| Rate per Trip | 8,200 | 8,200 | 8,200 | 8,200 |
| TOTAL INCOME | 1,705.5 | 1,449.76 | 1,535.04 | 1,535.04 |

6.4.3.1 (j) DR CONGO

(USD 000)

| YEAR | 0 YEAR 100% | 1 YEAR 85% | 2 YEAR 90% | 3 YEAR 90% |
|-----------------------------|----------------|---------------|---------------|---------------|
| Number of Vehicle Available | 4 | 3.4 | 3.6 | 3.6 |
| Number of days per week | 7 | 7 | 7 | 7 |
| Number of weeks per Annum | 52 | 52 | 52 | 52 |
| Total Trips | 208 | 176.8 | 187.2 | 187.2 |
| Rate per Trip | 7,200 | 7,200 | 7,200 | 7,200 |
| TOTAL INCOME | 1,497.60 | 1,272.96 | 1,347.84 | 1,347.84 |

6.4.3.1 (k) INCOME SUMMARY

(USD 000)

| YEAR | 0 YEAR | 1 YEAR | 2 YEAR | 3-YEAR |
|--------------|----------|----------|----------|----------|
| (a)Rwanda | 665.60 | 565.76 | 599.04 | 599.04 |
| (b)Ruwanda | 421.20 | 350.02 | 379.08 | 379.08 |
| (c)Burundi | 707.20 | 601.12 | 636.48 | 636.48 |
| (d)Burundi | 452.40 | 384.54 | 407.16 | 407.16 |
| (e)Malawi | 530.40 | 454.84 | 477.36 | 477.36 |
| (f)Malawi | 452.40 | 384.54 | 407.16 | 407.16 |
| (g)Zambia | 780.00 | 663.00 | 702.00 | 702.00 |
| (h)Zambia | 702.00 | 576.70 | 631.80 | 631.80 |
| (i)DR.Congo | 1,705.60 | 1,449.76 | 1,535.04 | 1,535.04 |
| (j)DR. Congo | 1,497.60 | 1,272.96 | 1,347.84 | 1,347.84 |
| TOTAL INCOME | 7,914.40 | 6,699.24 | 7,122.96 | 7,122.96 |

6.5 Operation Cost Assumptions

Cargo and Service Vehicles

6.5.1 Fuel and Lubricants

6.51.1 Fuel

It is being assumed that each vehicle will cover a minimum of 4800 kilometres Per month. Fuel price has been taken at Tshs 2,200/- Per litre. However, consumption has been computed basing on each type of vehicle standard consumption as given below:

- 1) Cargo Trucks 0.625 km per liter
- 2) Landcruiser 8km per litre

6.5.1 FUEL CONSUPTION -38MT TRUCKS

6.5.1 (a) Rwanda (USD 000)

| YEAR | 1 | 2 | 3 |
|--|------------|------------|------------|
| Total number of Trips | 176.8 | 187.2 | 140.4 |
| Return Distance per trip | 2300 | 2300 | 2300 |
| Total Distance/Kilometres covered | 406,640 | 430,560 | 430,560 |
| Fuel consumption Litres / kilometre | 0.625 | 0.625 | 0.625 |
| Total Litres Consumed | 254,150 | 269,100 | 269,100 |
| Price per litre (Tzs 2,200/-÷ USD 2,315) | 0.950 | 0.950 | 0.950 |
| TOTAL COST OF FUEL | 241,442.50 | 255,645.00 | 255,645.00 |

FUEL CONSUPTION -28MT TRUCKS

7.5.1 (b) Rwanda (USD 000)

| YEAR | 1 | 2 | 3 |
|--|------------|------------|------------|
| Total number of Trips | 132.6 | 140.4 | 140.4 |
| Return Distance per trip | 2,300 | 2,300 | 2,300 |
| Total Distance/Kilometres covered | 304,980 | 322,920 | 322,920 |
| Fuel consumption Litres / kilometre | 0.625 | 0.625 | 0.625 |
| Total Litres Consumed | 190,612.5 | 201,825 | 269,100 |
| Price per litre (Tzs 2,200/-÷ USD 2,315) | 0.950 | 0.950 | 0.950 |
| TOTAL COST OF FUEL | 181,081.87 | 191,733.75 | 191,733.75 |

6.5.1 (c) Burundi (USD 000)

| YEAR | 1 | 2 | 3 |
|--|------------|------------|------------|
| Total number of Trips | 176.8 | 187.2 | 187.2 |
| Return Distance per trip | 2,324 | 2,324 | 2,324 |
| Total Distance/Kilometres covered | 410,883.3 | 435,052.8 | 435,052.8 |
| Fuel consumption Litres / kilometer | 0.625 | 0.625 | 0.625 |
| Total Litres Consumed | 256,802.0 | 271,908.0 | 271,908.0 |
| Price per litre (Tzs 2,200/-÷ USD 2,315) | 0.950 | 0.950 | 0.950 |
| TOTAL COST OF FUEL | 243,961.90 | 258,312.60 | 258,312.60 |

6.5.1 (d) Burundi (USD 000)

| YEAR | 1 | 2 | 3 |
|--|------------|------------|------------|
| Total number of Trips | 132.6 | 140.4 | 140.4 |
| Return Distance per trip | 2,324 | 2,324 | 2,324 |
| Total Distance/Kilometres covered | 308,162.4 | 326,289.6 | 326,289.6 |
| Fuel consumption Litres / kilometer | 0.625 | 0.625 | 0.625 |
| Total Litres Consumed | 192,601.50 | 203,931 | 203,931 |
| Price per litre (Tzs 2,200/-÷ USD 2,315) | 0.950 | 0.950 | 0.950 |
| TOTAL COST OF FUEL | 182,971.43 | 193,734.45 | 193,734.45 |

6.5.1 (e)

Malawi

(USD 000)

| YEAR | 1 | 2 | 3 |
|---|------------|------------|------------|
| Total number of Trips | 132.6 | 140.4 | 140.4 |
| Return Distance per trip | 3,044 | 3,044 | 3,044 |
| Total Distance/Kilometres covered | 403,634.44 | 427,377.6 | 427,377.6 |
| Fuel consumption Litres / kilometre | 0.625 | 0.625 | 0.625 |
| Total Litres Consumed | 252,271.5 | 267,111 | 267,111 |
| Price per litre (Tzs 2,200/- ÷ USD 2,315) | 0.950 | 0.950 | 0.950 |
| TOTAL COST OF FUEL | 239,657.93 | 253,755.45 | 253,755.45 |

6.5.1 (f)

Malawi

(USD 000)

| YEAR | 1 | 2 | 3 |
|---|------------|------------|------------|
| Total number of Trips | 132.6 | 140.4 | 140.4 |
| Return Distance per trip | 3,044 | 3,044 | 3,044 |
| Total Distance/Kilometres covered | 403,634.4 | 427,377.6 | 427,377.6 |
| Fuel consumption Litres / kilometre | 0.625 | 0.625 | 0.625 |
| Total Litres Consumed | 252,271.5 | 267,111 | 267,111 |
| Price per litre (Tzs 2,200/- ÷ USD 2,315) | 0.950 | 0.950 | 0.950 |
| TOTAL COST OF FUEL | 239,657.93 | 253,755.45 | 253,755.45 |

6.5.1 (g)

Zambia

(USD 000)

| YEAR | 1 | 2 | 3 |
|---|------------|------------|------------|
| Total number of Trips | 132.6 | 140.4 | 140.4 |
| Return Distance per trip | 3,880 | 3,880 | 3,880 |
| Total Distance/Kilometres covered | 514,488 | 544,752 | 544,752 |
| Fuel consumption Litres / kilometre | 0.625 | 0.625 | 0.625 |
| Total Litres Consumed | 321,555 | 340,470 | 340,470 |
| Price per litre (Tzs 2,200/- ÷ USD 2,315) | 0.950 | 0.950 | 0.950 |
| TOTAL COST OF FUEL | 305,477.25 | 323,446.50 | 323,446.50 |

6.5.1 (h)

Zambia

(USD 000)

| YEAR | 1 | 2 | 3 |
|---|------------|------------|------------|
| Total number of Trips | 132.6 | 140.4 | 140.4 |
| Return Distance per trip | 3,880 | 3,880 | 3,880 |
| Total Distance/Kilometres covered | 514,488 | 544,752 | 544,752 |
| Fuel consumption Litres / kilometre | 0.625 | 0.625 | 0.625 |
| Total Litres Consumed | 321,555 | 340,470 | 340,470 |
| Price per litre (Tzs 2,200/- ÷ USD 2,315) | 0.950 | 0.950 | 0.950 |
| TOTAL COST OF FUEL | 305,477.25 | 323,446.50 | 323,446.50 |

6.5.1 (i)

DR Congo

(USD 000)

| YEAR | 1 | 2 | 3 |
|---|------------|------------|------------|
| Total number of Trips | 176.8 | 187.2 | 187.2 |
| Return Distance per trip | 3,670 | 3,670 | 3,670 |
| Total Distance/Kilometres covered | 648,856 | 687,024 | 687,024 |
| Fuel consumption Litres / kilometre | 0.625 | 0.625 | 0.625 |
| Total Litres Consumed | 405,535 | 429,390 | 429,390 |
| Price per litre (Tzs 2,200/- ÷ USD 2,315) | 0.950 | 0.950 | 0.950 |
| TOTAL COST OF FUEL | 385,258.25 | 407,920.50 | 407,920.50 |

6.5.1 (j) DR Congo (USD 000)

| YEAR | 1 | 2 | 3 |
|--|-------------------|-------------------|-------------------|
| Total number of Trips | 176.8 | 187.2 | 187.2 |
| Return Distance per trip | 3,670 | 3,670 | 3,670 |
| Total Distance/Kilometres covered | 648,856 | 687,024 | 687,024 |
| Fuel consumption Litres / kilometre | 0.625 | 0.625 | 0.625 |
| Total Litres Consumed | 405,535 | 429,390 | 429,390 |
| Price per litre (Tzs 2,200/-÷ USD 2,315) | 0.950 | 0.950 | 0.950 |
| TOTAL COST OF FUEL | 385,258.25 | 407,920.50 | 407,920.50 |

6.5.1 (k) 4WD STATION WAGON PICK UP

It is being assumed that the vehicle will be covering 100 kilometres per day for 300 working days.

| YEAR | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 |
|------------------------------|------------|------------|------------|------------|
| Number of Vehicles | 1 | 1 | 1 | 1 |
| Kilometers per day | 100 | 100 | 100 | 100 |
| Working days per annum | 300 | 300 | 300 | 300 |
| Kilometers per annum | 30,000 | 30,000 | 30,000 | 30,000 |
| Running kilometers per/litre | 8 | 8 | 8 | 8 |
| Number of litres per annum | 240,000 | 240,000 | 240,000 | 240,000 |
| Price per litre (Tshs) | 0.950 | 0.950 | 0.950 | 0.950 |
| TOTAL FUEL COST/ANNUM | 228 | 228 | 228 | 228 |

6.5.1 (m)

| FUEL COST SUMMARY | | | USD. 000 |
|--|---------------------|---------------------|---------------------|
| (a)RUWANDA -38MT TRUCKS | 241,442.50 | 255,645.00 | 255,645.00 |
| (b)RUWANDA -28MT TRUCKS | 181,081.87 | 191,733.75 | 191,733.75 |
| (c)BURUNDI -38MT TRUCKS | 243,961.90 | 258,312.60 | 258,312.60 |
| (d)BURUNDI -28MT TRUCKS | 182,971.43 | 193,734.45 | 193,734.45 |
| (e)MALAWI -38MT TRUCKS | 239,657.93 | 253,755.45 | 253,755.45 |
| (f)MALAWI -28 MT TRUCKS | 239,657.93 | 253,755.45 | 253,755.45 |
| (g)ZAMBIA -38MT TRUCKS | 305,477.25 | 323,446.50 | 323,446.50 |
| (h)ZAMBIA -28MT TRUCKS | 305,477.25 | 323,446.50 | 323,446.50 |
| (i)DR.CONGO -38MT TRUCKS | 385,258.25 | 407,920.50 | 407,920.50 |
| (j) DR.CONGO -28MT TRUCKS | 385,258.25 | 407,920.50 | 407,920.50 |
| (k)4WD STATION WAGON PICK UP | 228.00 | 228.00 | 228.00 |
| SUB TOTAL | 2,710,472.56 | 2,869,898.70 | 2,869,898.70 |
| ADD 10% OF FUEL COST AS OF LUBRICANTS | 271,047.26 | 286,989.57 | 286,989.87 |
| TOTAL COST OF FUEL AND LUBRICANTS | 2,981,519.82 | 3,156,888.57 | 3,156,888.57 |
| Add: Repair and maintenance 7.5.1 (v) | 392 | 392 | 392 |
| TOTAL COST OF TRANSPORTATION | 2,981,911.00 | 3,157,280.07 | 3,157,289.07 |

6.6.1

SALARIES AND WAGES

| No. | COST CENTRE | ESTABLISHMENT | SALARY | (USD) | |
|-----|---------------------------------|---------------|--------|------------------|--------------|
| | | | | SALARY PER MONTH | SALARY ANNUM |
| 1 | General Manager | 1 | 3,000 | 3,000 | 36,000 |
| 2 | Transport and Logistics Manager | 1 | 2,750 | 2,750 | 33,000 |
| 3 | Chief Accountant | 1 | 2,750 | 2,750 | 33,000 |
| 4 | Personnel Manager | 1 | 2,500 | 2,500 | 30,000 |
| 5 | Cashier | 1 | 1,200 | 1,200 | 14,400 |
| 6 | Works Clerk | 1 | 1,200 | 1,200 | 14,400 |
| 7 | Secretary | 1 | 1,200 | 1,200 | 14,400 |
| 8 | Assistant Accountant | 1 | 1200 | 1,200 | 14,400 |
| 9 | Cargo Officer | 1 | 800 | 800 | 9,600 |
| 10 | Drivers | 34 | 360 | 12,240 | 146,880 |
| 11 | Turn Boys | 34 | 200 | 6,800 | 81,600 |
| 12 | Technicians | 10 | 360 | 3,600 | 43,200 |
| 13 | Loaders | 3 | 150 | 450 | 5,400 |
| 14 | Storekeepers | 2 | 360 | 720 | 8,640 |
| 15 | Logistic Assistants | 2 | 360 | 720 | 8,640 |
| | | 94 | | 41,130 | 493,560 |
| | | | | (000) | 493.6 |

6.6.2

ADMINISTRATIVE EXPENSES

| COST CENTRE | PER MONTH | PER ANNUM |
|--|-----------|-----------|
| Labor charges | 342 | 4,104 |
| Traveling allowance | 5,000 | 60,000 |
| Printing and Stationary | 100 | 1,200 |
| Telephone / Postage / Email | 2,000 | 24,000 |
| Business licence | 10 | 120 |
| Electricity and Water | 2,000 | 24,000 |
| Office Rent | 1,000 | 12,000 |
| Repair and Maintenance -office | 50 | 600 |
| Road Toll | 4,000 | 48,000 |
| Insurance | 5,438 | 65,256 |
| Bank charges | 8,904 | 106,848 |
| Audit Fees | 500 | 6,000 |
| Legal charges | 600 | 7,200 |
| Parking charge | 700 | 8,400 |
| Clearing / Forwarding and customs Doc. | 590 | 7,080 |
| Visa | 50 | 600 |
| Staff Welfare | 940 | 11,280 |
| Marketing and Advertising | 500 | 6,000 |
| Clearing Expenses | 100 | 1,200 |
| NSSF 10% employers Contribution | 4,113 | 49,356 |
| Medical Expenses | 784 | 9,408 |
| 4% SDL on Gross Salary / Wages | 1,646 | 19,752 |
| | 39,367 | 472,404 |

6.6.3 Depreciation and Amortisation

The capital cost, depreciation rate and depreciation charges have been calculated As follows:

| ITEM | COST | RATE | DEPRECIATION CHARGE |
|------------------------------|-------|-------|---------------------|
| Motor vehicles | 1,305 | 25% | 326.25 |
| Office Equipment & Furniture | 10 | 12.5% | 1.25 |
| TOTAL | 1,315 | - | 327.50 |

7.1 Project Profit and Loss Accounts: (Appendix I)

Based on capital utilization level as outlined above, the company should realize a total turnover of about USD 6.690 million during the first year of operation after modernization to USD 7:123 million during the second year and USD 7:123 million in the third year of operation and onwards.

The company should realize a pre tax profit of USD 1.771 million at the end of the first year of operation after modernization and rising to USD 2.020 million by the second year of operation and onwards.

Profits generated by the cargo operation business should enable the company declare maximum dividends of 40% during the fourth year of operation and 50% in the fifth year and onwards.

Revenue reserves should accumulate constantly from USD 1.240 million to USD 8.008 million over the period under review. The assessment indicates, therefore, that the proposed modernization of the project is highly profitable.

7.2 Cashflow Projections (Appendix II)

Cashflow projections indicate that the Company will post a surplus of USD 1.455 million in the first year rising to a cumulative of USD 9.406 million by the end of year eight of operations. The Company with such surplus will be in a position to refinance its future expansion without reverting to the shareholders for provision of further finances.

Re investment in vehicles and other fixed assets during the year two four and seven confirm self sustainability perpetuation of the cargo transport operation business. Cashflow projections confirm further that the proposed modernization is highly commercially attractive.

7.3 **Projected Balance Sheets (Appendix III)**

The liabilities of the company will be adequately covered by both net current and net fixed assets over the period under review. Similarly, the contribution of the cargo operation business to the company's net worth should reach about USD 9.313 million over the period under review.

7.4 **Internal Rate of Return (IRR) (Appendix IV)**

The cargo transport expansion proposal should yield a financial rate of return (pre-tax) of way above 48%. As a key factor in project viability assessment, the rate of return is considered as highly attractive as it is above the prevailing cost of capital borrowing in Tanzania of about 18%.

7.5 **Economic Analysis and Economic Rate of Return (ERR)**

7.6 **Value Added**

The project contribution to the gross domestic product (GDP) as measured by the value added method is about USD 2.842 million and 39.90% of the annual income. This is worked out as follows:

(USD 000)

| | | |
|---|---------------------------|-------|
| 1 | Annual Salaries and Wages | 494 |
| 2 | Profit Before Tax | 2,020 |
| 3 | Depreciation | 328 |
| | 39.90 of Annual income | 2,842 |
| | Annual Income | 7,123 |

7.7 **Employment effects**

The modernization project will provide permanent employment to 94 people and several casual employment to associated industries.

7.8 **Other financial Indicators**

7.9 **Payback Period (Appendix VII)**

The payback period of the initial investment in the modernization project of USD 1.305 million works out to about ten months.

7.10 **Breakeven analysis (Appendix VI)**

The breakeven point for the project has been calculated at 49.07%.

7.11 **Ratio Analysis (Appendix V)**

All indicators show that the project modernization is viable and return on both investment and equity are within the acceptable perimeters.

8.0 **CONCLUSION AND RECOMMENDATIONS**

Analysis of the viability of the modernization proposal to modernize the cargo transport company in Dar es Salaam proves that the proposal is financially viable and highly economically attractive. The project is promoted by strong sponsors with ability to manage the vehicles and other activities of the company efficiently.

The short implementation period combined with the fact that the proposed vehicle can be delivered over a short period of time makes the FAZAL DAD TANZANIA LTD proposal highly attractive and ideal for supporting.

From a national point of view, the timely implementation of the project will lead to following economic benefits: -

- The cargo operation business will contribute towards the expansion of the country's road transport/cargo transport service capacity;
- Efficient operation of the company will increase foreign exchange earning capacity of the nation.
- The company will provide direct employment to more than 94 people in the country; and several others in the associated industries.
- The government will earn substantial revenue from the operation of the cargo company in the form of cooperate tax and also in the form of local levies.

Conclusively, it is recommended to offer a certificate of approved enterprises to the company to enable timely implementation of the cargo transport modernization under the investment promotion and protection act.

Prepared by:

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DAR ES SALAAM.

April, 2021

=====~~XXXX~~=====

FAZAL DAD TANZANIA LIMITED
PROJECT PROFIT AND LOSS STATEMENTS

APPENDIX I

(USD 000)

| YEAR | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|-----------------------------------|-------|--------|-------|-------|-------|-------|-------|-------|
| CAPACITY UTILIZATION | 85% | 90% | 90% | 90% | 90% | 90% | 90% | 90% |
| INCOME : | | | | | | | | |
| Transportation Income | 6,699 | 7,123 | 7,123 | 7,123 | 7,123 | 7,123 | 7,123 | 7,123 |
| LESS: Cost of Transportation | 2,982 | 3,157 | 3,157 | 3,157 | 3,157 | 3,157 | 3,157 | 3,157 |
| GROSS PROFIT | 3,717 | 3,966 | 3,966 | 3,966 | 3,966 | 3,966 | 3,966 | 3,966 |
| OPERATING AND CAPITAL COSTS | | | | | | | | |
| Salaries and Wages | 494 | 494 | 494 | 494 | 494 | 494 | 494 | 494 |
| Administrative Expenses | 472 | 472 | 472 | 472 | 472 | 472 | 472 | 472 |
| Repair and Maintenance | 652 | 652 | 652 | 652 | 652 | 652 | 652 | 652 |
| Depreciation | 328 | 328 | 328 | 328 | 328 | 328 | 328 | 328 |
| TOTAL OPERATING AND CAPITAL COSTS | 1,946 | 1,946 | 1,946 | 1,946 | 1,946 | 1,946 | 1,946 | 1,946 |
| PROFIT BEFORE TAX | 1,771 | 2,020 | 2,020 | 2,020 | 2,020 | 2,020 | 2,020 | 2,020 |
| TAXATION AT 30% | 531 | 606 | 606 | 606 | 606 | 606 | 606 | 606 |
| PRFIT AFTER TAX | 1,240 | 1,414 | 1,414 | 1,414 | 1,414 | 1,414 | 1,414 | 1,414 |
| PROFIT BROGHT FORWARD | - | 1,240 | 2,654 | 4,068 | 4,960 | 5,722 | 6,484 | 7,246 |
| PROFIT FOR APPROPRIATION | 1,240 | 26,454 | 4,068 | 5,482 | 6,374 | 7,136 | 7,898 | 8,660 |
| APPROPRIATION ACCOUNT | | | | | | | | |
| Dividends -Rate | - | - | - | 40% | 50% | 50% | 50% | 50% |
| -Amount | - | - | - | 522 | 652 | 652 | 652 | 652 |
| ACCUMULATED RETAINED PROFITS | 1,240 | 2,654 | 4,068 | 4,960 | 5,722 | 6,484 | 7,246 | 8,008 |
| TOTAL APPROPRIATION AMOUNT | 1,240 | 2,654 | 4,068 | 5,482 | 6,374 | 7,136 | 7,898 | 8,660 |

APPENDIX II

FAZAL DAD TANZANIA LIMITED
PROJECT CASH FLOW STATEMENTS

| YEAR | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| INFLOW | | | | | | | | | |
| CAPITAL INFLOW | | | | | | | | | |
| Shareholder Equity Contributions | | | | | | | | | |
| Self Generated Fund | 1,305 | | | | | | | | |
| OPERATIONAL INFLOW | - | | | | | | | | |
| Profit Before Tax | - | | | | | | | | |
| Depreciation | - | 1,771 | 2,020 | 2,020 | 2,020 | 2,020 | 2,020 | 2,020 | 2,020 |
| | - | 328 | 328 | 328 | 328 | 328 | 328 | 328 | 328 |
| TOTAL CAPITAL AND OPERATIONAL INFLOW | 1,305 | 2,099 | 2,348 | 2,348 | 2,348 | 2,348 | 2,348 | 2,348 | 2,348 |
| OUTFLOWS | | | | | | | | | |
| CAPITAL OUTFLOWS | | | | | | | | | |
| Investment | | | | | | | | | |
| Re-Investment | 1,305 | | | | | | | | |
| Taxation | - | | 600 | | 600 | | | 600 | |
| Dividends -Rate | - | | 531 | 606 | 606 | 606 | 606 | 606 | 606 |
| Change in working capital | - | | - | - | - | 522 | 652 | 652 | 652 |
| | | 644 | 40 | - | - | - | - | - | - |
| TOTAL CAPITAL AND OPERATIONAL OUTFLOWS | 1,305 | 644 | 1,171 | 606 | 1,206 | 1,128 | 1,258 | 1,858 | 1,258 |
| NET CASH FLOW | | | | | | | | | |
| | - | 1,455 | 1,177 | 1,742 | 1,142 | 1,220 | 1,090 | 490 | 1,090 |
| OPENING BALANCE | | | | | | | | | |
| | - | - | 1,455 | 2,632 | 4,374 | 5,516 | 6,736 | 7,826 | 8,316 |
| CLOSING BALANCE | | | | | | | | | |
| | - | 1,455 | 2,632 | 4,374 | 5,516 | 6,736 | 7,826 | 8,316 | 9,406 |

(USD 000)

FAZAL DAD TANZANIA LIMITED

PROJECTED BALANCE SHEET STATEMENTS

APPENDIX III

| YEAR | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--|-------|-------|-------|-------|-------|-------|-------|--------|
| FIXED ASSETS | | | | | | | | |
| Gross Fixed Assets | 1,305 | 1,905 | 1,905 | 2,505 | 2,505 | 2,505 | 3,105 | 3,105 |
| Less: Accumulated Depreciation | 328 | 656 | 984 | 1,312 | 1,640 | 1,968 | 2,296 | 2,624 |
| NET FIXED ASSETS | 977 | 1,249 | 921 | 1,193 | 865 | 537 | 809 | 481 |
| CURRENT ASSETS | | | | | | | | |
| Trade Stocks | 248 | 263 | 263 | 263 | 263 | 263 | 263 | 263 |
| Trade Debtors/Receivables | 558 | 594 | 594 | 594 | 594 | 594 | 594 | 594 |
| Cash and Balances | 1,455 | 2,632 | 4,324 | 5,516 | 6,736 | 7,826 | 8,316 | 9,406 |
| TOTAL CURRENT ASSETS | 2,261 | 3,489 | 5,231 | 6,373 | 7,593 | 8,683 | 9,173 | 10,263 |
| CURRENT LIABILITIES | | | | | | | | |
| Trade Creditors and Deposits | 162 | 173 | 173 | 173 | 173 | 173 | 173 | 173 |
| Taxation Payable | 531 | 606 | 606 | 606 | 606 | 606 | 606 | 606 |
| Dividends Payable | - | - | - | 522 | 652 | 652 | 652 | 652 |
| TOTAL CURRENT LIABILITIES | 693 | 779 | 779 | 1,301 | 1,431 | 1,431 | 1,431 | 1,431 |
| NET CURRENT ASSETS/ (LIABILITIES) | 1568 | 2710 | 4452 | 5072 | 6162 | 7252 | 7742 | 8832 |
| TOTAL NET ASSETS / (LIABILITIES) | 2,545 | 3,959 | 5,373 | 6,265 | 7,027 | 7,789 | 8,551 | 9,313 |
| FINANCED BY: | | | | | | | | |
| SHARE CAPITAL | | | | | | | | |
| Accumulated Retained Profits (LOSSES) | 1,305 | 1,305 | 1,305 | 1,305 | 1,305 | 1,305 | 1,305 | 1,305 |
| | 1,240 | 2,654 | 4,068 | 4,960 | 5,722 | 6,484 | 7,246 | 8,008 |
| INVESTORS NETWORTH | | | | | | | | |
| Term Loans | 2545 | 3959 | 5373 | 6265 | 7027 | 7789 | 8551 | 9313 |
| | - | - | - | - | - | - | - | - |
| TOTAL FINANCING | 2545 | 3959 | 5373 | 6265 | 7027 | 7789 | 8551 | 9313 |

(USD 000)

FAZAL DAD TANZANIA LIMITED
PROJECTED DISCOUNTED CASHFLOWS STATEMENTS

(USD 000)

| YEAR | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| INFLOW | | | | | | | | | |
| Net Profit After Tax | - | 1,240 | 1,414 | 1,414 | 1,414 | 1,414 | 1,414 | 1,414 | 1,414 |
| Interest | - | - | - | - | - | - | - | - | - |
| Depreciation | - | 328 | 328 | 328 | 328 | 328 | 328 | 328 | 328 |
| Residual Assets + 0.5% of W.C | - | - | - | - | - | - | - | - | 470 |
| TOTAL INFLOW | 1,568 | 1,742 | 1,742 | 1,742 | 1,742 | 1,742 | 1,742 | 1,742 | 2,212 |
| OUTFLOWS | | | | | | | | | |
| Investments | 1,305 | | | | | | | | |
| Re-Investments | - | - | 600 | - | 600 | - | - | 600 | - |
| Increase in Working Capital | - | 644 | 40 | - | - | - | - | - | - |
| TOTAL OUTFLOWS | 1,305 | 644 | 640 | - | 600 | - | - | 600 | - |
| NET CASHFLOWS | (1,305) | 924 | 1,102 | 1,742 | 1,142 | 1,742 | 1,742 | 1,142 | 2,212 |
| Discounting Factor at 48% | 1.0000 | 0.6757 | 0.4565 | 0.3085 | 0.2084 | 0.1408 | 0.0952 | 0.0642 | 0.0434 |
| Present Value | (1,305) | 624 | 503 | 537 | 238 | 245 | 166 | 73 | 76 |
| Net Present Value | + | | | | | | | | |
| THE INTERNAL RATE OF RETURN (IRR) IS WAY ABOVE 48% | | | | | | | | | |

FAZAL DAD TANZANIA LIMITED

APPENDIX VIII

| YEAR | TOTAL COSTS | PROFIT AFTER TAX | DEPRECIATION | TOTAL | (USD 000) | CUMMULATIVE |
|------|-------------|------------------|--------------|-------|-----------|-------------|
| 0 | 1,305 | - | - | 1,305 | | (1,305) |
| 1 | | 1,240 | 328 | 1,568 | | |
| 2 | | 1,414 | 328 | 1,742 | | 263 |
| 3 | | 1,414 | 328 | 1,742 | | |
| 4 | | 1,414 | 328 | 1,742 | | |
| 5 | | 1,414 | 328 | 1,742 | | |
| 6 | | 1,414 | 328 | 1,742 | | |
| 7 | | 1,414 | 328 | 1,742 | | |
| 8 | | 1,414 | 328 | 1,742 | | |

PAYBACK PERIOD IS ABOUT TEN MONTHS

FAZAL DAD TANZANIA LIMITED
WORKING CAPITAL SCHEDULE

APPENDIX I

(USD 000)

| YEAR - ITEM | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|-----|-----|-----|-----|-----|-----|-----|-----|
| CURRENT ASSETS | | | | | | | | |
| Debtors (One Month) | 558 | 594 | 594 | 594 | 594 | 594 | 594 | 594 |
| Stocks (One Month) | 248 | 263 | 263 | 263 | 263 | 263 | 263 | 263 |
| TOTAL CURRENT ASSETS | 806 | 857 | 857 | 857 | 857 | 857 | 857 | 857 |
| CURRENT LIABILITIES | | | | | | | | |
| Trade Creditors | 124 | 132 | 132 | 132 | 132 | 132 | 132 | 132 |
| Utilities & Other Costs (15 Days) | 38 | 41 | 41 | 41 | 41 | 41 | 41 | 41 |
| TOTAL CURRENT LIABILITIES | 162 | 173 | 173 | 173 | 173 | 173 | 173 | 173 |
| NET CURRENT ASSETS | 644 | 684 | 684 | 684 | 684 | 684 | 684 | 684 |
| INCREASE (Decrease) IN WORKING CAPITAL | 644 | 40 | - | - | - | - | - | - |