

DECO TRANSPORT COMPANY LIMITED

DAR ES SALAAM

BUSINESS PLAN

**PREPARED FOR:
DECO TRANSPORT COMPANY LIMITED.**

1. Statement of Purpose.

This Business Plan is drawn for the purpose of seeking a Credit Facility of TZS equivalent USD 568,000 for purchase of Ten brand new truck and trailers to service on going contracts

1.1. Purpose of the Loan

The purpose of the applied loan facility is to serve for asset finance for the business due to high hiring costs going on now. The facility will be self-secured

Summary of the Expected Results

At the end, Stanbic Bank can be proud that the loan intervention has achieved the following:

- Deco Transport Company limited will be able to operate smoothly in the business hence company growth.
- The loan will also enable the Company to upgrade its operations.
- This will build confidence to the customers within country.
- The trading results will expose the company to the public and the industry in general;
- Increase in employment benefits and employment opportunities level;
- Increased customer outreach of the company and best marketing study and products learning curve.

2. Business Description.

The company is dealing with transportation within and outside the country. The company main business comes from Bakhresa Group of Companies, private companies & individuals.

Currently the company owns fifteen trucks and trailers of which among of the tems are doing local transportation by moving containers from ICDS to the port and the other one are going in landlocked countries. There is increase in volume of business especially under Bakhressa group of companies which is necessitating additional fleet to cover this gap.

Background of the Company

2.1.1. Legal Status

Deco Transportation Company Limited is a limited liability company established and incorporated under the Tanzania Company's Ordinance Cap 212 Act No. 12 of 2002.

2.1.2. Mission and Vision

The company vision is to be the leading transporter by making sure that there is enough fleet to execute contracts signed.

The current mission of the company is to satisfy its existing market and execute on going contracts to the satisfactory levels. This can be achieved through:

- Ensured quality of the works executed.
- Quality controls on procurement and careful selection of materials to be used in construction.
- Continuing networking with our esteemed clients as well as good relationship with the stake holders.

2.1.3. Operations and Capacity.

The Company started its operation in 2015 with few trucks and trailers however currently the company has 15 trucks and trailers. Good enough the company is linked well with Bakhressa group of companies where by there is reliability of getting cargo.

2.2. Location and Address.

2.2.1. Physical Address

The offices are located on Plot No 61, House no 61, Chang'ombe street P.O.BOX 42086

Dar es Salaam, Tanzania.

2.2.2. Bankers

2.2.3.

CRDB Bank

2.2.4. Financial Consultants

DKL Consultants.

2.3. Core Activities of the company

As stated earlier , the core activities of the company are as follows;

- Local transportation especially moving containers from ICDS to the port.
- International transportation to the landlocked countries such as Zambia, Congo and other related land locked countries.

2.4 OVERALL OBJECTIVES

Overall objectives of the company among others include:

- (i) Expansion of the investment capital of the business so as to enable meet customers demand and in this regard the business will need either a bank facility or individual contribution from the promoters over the existing capital which is in adequate to meet proposed business needs.
- (ii) To increase sales volume to an unprecedented value through penetration into untapped market such as Zambia and Congo given the distance against rates charged to transport cargo.
- (iii) Be the first rated trucking company for East and Central Africa which offers very reliable services to its customers.

3 MANAGEMENT.

The company is well managed on its daily activities under supervision of the following management;

- (i) Managing Director: Omary Mahdy Mbarak . He has vast experience in Logistics business for the past ten years. Experience was gained from family business. His daily activities include business negotiations, contracts review and signing and overall performance of the company on daily basis
- (ii) Finance Manager –Mbarak Nahd. Is the well qualified accountant. He has been with the company since it was formed in 2015. His daily activities is supervising account department in terms of financial accounting, taxation and compliance as well as banking relationships.

Apart from the above top management, the company has got fifteen drivers and five mechanics running the garage.

5.0 MARKETING ANALYSIS

5.1 AN OVERVIEW OF THE MARKET

Given the land locked countries and Tanzania Location, there is huge market for the business, the limiting factor is limited numbers of trucks and trailers to execute the work. Current improvement of the port prompts increases in the number of trucks and trailers needed to transport goods upcountry and land locked countries.

The promoter would like to have a dual expansion of the business size and capital in order to become sustainable, to ensure constant supplies and meet customer satisfaction.

There is a big captive demand for the proposed venture of the market provided the facility is approved. As said earlier within Zambia and Congo there is great opportunities for transportation of dry and loose cargo within the country, so the company sighting this opportunity wants to exploit however the trucks need to be registered locally, therefore capital flight need to be done from Tanzania to Zambia.

5.2 MARKET SIZE.

The demand for transport is very high such that the supply side is inadequate to meet the demand. Transportation services is with high demand in the months of August through December hence, timing and availability is quite important to cater for the growing demand for the period.

Whatever the amount is available will be absorbed by the market and sometimes at the hiked price.

Major customers are landlocked countries as mentioned in the previous pages. Given good improvements of the Tanzania Port, most of the landlocked countries are using Tanzania port to import their goods of which in return gives good business opportunities to Tanzania transporters.

5.3 SUPPLY SOURCES

Supply sources are reliable and there are stable prices of the products which the promoting is dealing with and price fluctuations are expected but not so much as to affect supply side. The company has got big contracts with reputable organization as presented in loan application pack. They are good payers almost 30 days in arrears. Also, to overcome the issue of underperformance

the company outsources some trucks from other transporters so as to make sure that all goods are being handled in time.

5.4 COMPETITION

Like any other business, Deco Transport Company Limited will face competition from other transport operators and dealer's due to special characteristics and attributes that surround the business but are prepared well to face that particular competition given the existing demand of transport in Tanzania.

Also, the company's management, having been in the business for more than fifteen years and gain necessary business experience with well-established goodwill is well equipped to cope with the competitive environment.

5.5 MARKETING STRATEGIES

The marketing strategies which will be in force and will be used in future by the owner in expanding the market include product strategy, channel strategy and price strategy, having reliable trucks, trucks tracking to ensure goods are not lost,

5.6 PRODUCTS AND SERVICES STRATEGY

The main strategy is to upgrade the business image by expanding and providing customers with what is needed in terms of quality and affordability transport facility. In order to safeguard its market share, the management will always be careful to offer products and services that are most desired by the customers in terms of quality and timing. This strategy enables the Company to offer products and services most appealing to the customers. This in turn helps to generate more orders, more business and more profits as a result of high sales turnover. The company is always adhering to the contracts standard terms when executing its duties. The logistic manager ensures that all terms stipulated under contracts are being met to avoid disputes with the offtakers.

5.7 PRICE STRATEGY

The price differs from one supplier/service provider to another. However, special arrangements will be made between the company and the customers through signing contracts where by the price will be stipulated. If need arise in this respect the company will continue using reasonable prices to attract

customers. If need be if there is variations on the contracts prices may be reviewed for the benefits of both parties.

5.8 DISCUSSION WITH THE PROMOTER.

The report started with the discussion on the current status of the promoter's business activities followed by an analysis for the proposed business expansion/diversification programme which include capital investment expansion, management market analysis, demand and supply, financial and economic matters, all these aspects indicate that the firm's/proprietor's future business is economically sound, feasible and financially viable.

6 FINANCIAL AND ECONOMIC ANALYSIS

6.2 FINANCIAL ANALYSIS

The objective is to get sum of USD 568,000 from the bank to acquire ten trucks and trailers in order to execute on going contracts. Audited accounts for past three years have been attached with the application pack, and shows that the company is able to accommodate the requested facility.

6.3 BASIC ASSUMPTIONS:

These have been attached with CF.

6.4 CASHFLOW PROJECTIONS

Attached at the back of this proposal

6.4.1 BASIC ASSUMPTIONS

- 1 The request is for ten trucks and trailers
- 2 Invoice Value is for USD 710,000 however the customer request is USD 568,000
- 3 Loan repayment will be for three years
- 4 Interest rate is assumed at 16%
- 5 Current Fleet is 15 Trucks and trailers

- 6 Revenue will be growing at 10% per annum year on year
- 7 Provisional Tax will be paid on current year on quarterly basis
- 8 Arrangement fees is estimated at 1.2% Plus VAT
- 9 Insurance is assumed at 4.25% per annum on the total Invoice value
- 10 Loan will be disbursed in April 2025 while first instalment will start in May 2025.

(1) PROFITABILITY

Income statement is shown in the financial statements attached with this application. On the basis of the income generated and operation of expenses the business shows that it is profitable.

Cash flow projections are shown at the back of this application. Net Cash flow shows a healthy situation over the period of the facility.

7 ECONOMIC AND FISCAL BENEFITS

7.1. ECONOMIC ANALYSIS

The company will stimulate business interaction with other people with similar or different activities in the economy and hence increase employment opportunities.

7.2 FISCAL BENEFIT

The Government will receive revenue in the form of licences, corporation taxes etc.

7.3 The Lender Bank will benefit in the form of interest charged on the Loan.

8 CONCLUSION

The analysis in this business plan revealed that the project is financially, economically sound and socially feasible. The business will stimulate economic activities in the overall economy.

5.0 Conclusion

Given the company's current and future economic & financial analysis plus the management commitment and experience, we request the favourable and timely consideration for financial accommodation.