

**BUSINESS PLAN FOR REGISTRATION OF PROJECT ON
TRANSPORTATION WITH TIC**

PREPARED FOR:
BIO-SUSTAIN TANZANIA LIMITED, P.O.BOX 15101,
Kinondoni, Dar Es Salaam.
Tel: +255 715 883 786

PREPARED BY:
BIO-SUSTAIN TANZANIA LIMITED

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EXECUTIVE SUMMARY

Bio-Sustain Tanzania Limited of P.O Box 15101 Dar es Salaam is a registered company and incorporated under the company Act, 2002. The company is limited with certificate of incorporation number 55089. This is a privately owned medium size company engaged in Transportation logistics, Cargo Transportation, procurement and other business.

The ownership structure is under two shareholders that form the Board of Directors. These are Mr. Riyaz Haider with 39,000 Shares and Mr. Sajjad Ghulam Haider who has 13,000 Shares. Both Mr. Riyaz Haider and Mr. Sajjad Ghulam Haider are directors of this company.

The management team has enough experience in cargo transportation, procurement, transportation facilities and other related products in the country. The company's primary objective is to maintain the highest level of customer satisfaction by provision of quality products and services.

The company currently is in the process of establishing cargo transportation project by procuring new trucks and trailers as part of its initiative to contribute country's social and economic development through Transportation sector. The company aim on purchasing fleet of trucks and trailers. The total number is going to be 80 trucks and trailers as the project capacity at full project implementation.

In order to enhance the operation, the company is applying for a Project registration facility from Tanzania Investment Centre (TIC) for purchase of equipment and facilities. This will simplify the company's implementation of transport activities hence quality and desirable objectives will be easily attained.

1.0 INTRODUCTION

1.1 The Business

Bio-Sustain Tanzania Limited of P.O Box 15101 Dar es Salaam; is a limited company based in Dar es Salaam region operating activities like procurement and transportation. The company's head offices are located in Kinondoni - Dar es Salaam city. The company has currently in the process of procuring new trucks as part of initiative to establish a transportation project. Leveraging its existing infrastructure and market presence, Bio-Sustain Tanzania limited aims to expand into the transport sector by procuring a fleet of trucks and trailers to meet the rising demand in Tanzania's infrastructure development.

The company sets out a proposal for the project by purchasing fleet of trucks and trailers. The total number is going to be 80 trucks and trailers as the project capacity at full project implementation.

1.2 Business information and contacts

- i. **Business Name:** Bio-Sustain Tanzania Limited
- ii. **Business Address:** P. O. Box 15101 – Dar es Salaam.
- iii. **Tel:** +255 715 883 786

1.3 Director's information

- iv. Mr Mr. Riyaz Haider – C.E.O
- v. Mr. Sajjad Ghulam Haider - Director of operations

Organizational Structure: A ranked structure with clear allocation of responsibilities to ensure efficient operations in the new transport division.

1.4 Company Overview

Company with its activities has its headquarters situated at Dar es Salaam City. The Company was registered incorporated on 03rd January 2006, with certificate of incorporation number 55089 to take over the business interests that had been in the past run by founding directors.

1.5 Company Objective

Bio-Sustain Tanzania limited, is recognizing the potential of transportation and procurement sectors to contribute to sustainable socio-economic development in Tanzania. Company's directors, they decided to team up with to start and later on incorporate the company with a view to scaling up its activities to other parts of the country. Within the period of its existence, the company has been able to grasp a large support from both the local communities, local government authorities, financial institutions as well as other stakeholders within and outside the country.

Capital equipment to be purchased will increase asset base of the company as well as facilitation of transportation of cargoes to our customers based in the remote areas.

1.6 Present Conditions and Future Plans

As noted above, the company has been able to achieve some important milestones on its way to becoming a leading transporter of products and raw materials with contribution to socio-economic development in Tanzania and beyond.

Bio-Sustain Tanzania Limited facilitates continuous trading by providing a strong platform that connects producers with global markets. The company's mission is to revolutionize the commodity exchange landscape by driving competitive pricing and facilitating access to financing, ultimately empowering partners and strengthening economic growth.

The company's investments aspires to be the leading regional commodity exchange, identical with innovation, efficiency, and inclusivity. The company's vision includes continuously expanding horizons, bringing new dimensions to commodity trading, and being a catalyst for progress and prosperity in the regions it serves.

1.7 THE VISION, MISSION, CORE VALUE AND GOALS

Vision

The vision of the company is to become a leading supplier and marketer of quality products in Tanzania and beyond through Transportation sector.

Mission statement

The Mission of Bio-Sustain Tanzania Limited is contributing to sustainable socio-economic development in Tanzania and beyond by providing quality service at all-time even in remote areas.

Core values

In conducting our activities, we shall always attempt to uphold the values of honesty, integrity, and business ethics. We shall treat all people with dignity and respect.

Goals

- i. To expand operations by procuring trucks and trailers for transportation services, enhancing logistics capabilities, and capitalizing on Tanzania's growing infrastructure sector.
- ii. To scale up the procurement and supply quality local produce like agricultural products, inputs and other related products to facilitate sustainable projects in our communities.
- iii. To increase the variety of services provided on transportation sector so as activities conducted in smooth way.

1.8 Location

Bio-Sustain Tanzania Limited, is a registered Company headquartered in Dar es Salaam, Tanzania, the company aims to expand into the transport and procurement sectors by procuring a fleet of trucks to meet the rising demand in Tanzania's infrastructure development.

1.9 Our Business Structure

Bio-Sustain Tanzania Limited has grew from its initial focus on bridging smallholder farmers to global markets to a multi-layered organization encompassing various services.

- **Commodity Exchange:** Facilitating trading of agricultural and related commodities locally, regionally, and internationally.
- **Logistics Services:** Providing comprehensive logistics solutions, including land, sea, and airfreight, customs clearance, and warehousing.
- **Export and Import Services:** Managing the exportation and importation processes to ensure efficient trade operations.

The company employs over 30 experienced professionals committed to delivering flexible, suitable solutions for customer satisfaction.

2.0 DESCRIPTION OF SERVICES

2.1 Transportation logistics

- Provision of trucks for cargo transportation services.
- Support services for trading activities including material transportation.
- Cargo transportation for agricultural and mineral commodities.
- Logistics solutions for regional trade corridors.

2.2 Car services

Bio-Sustain Tanzania Limited proposes to procure an excellent set of servicing equipment that will be used by qualified technician hired for servicing company vehicles. Equipment include tire changer for small cars and trucks, Air compressors, oil drainer, 3D wheel balance, grease machine, car lifting machine and digital air gauge. These will enable technicians and their assistants to undertake quick services of small cars and trucks in shortest possible time.

2.3 Car Washing

To undertake car washing service effectively the company proposes to procured set of washing machines with equipment like high pressure car wash, foam washing machine, vacuum cleaner and fiber car wash bay to enable staff and customers undertake their task effectively.

2.4 Environment Sustainability

The Company's activities will not have any adverse effect to the environment according to environmental impact assessment report that has been prepared. Further, it will transfer sustainable technologies of environmental conservation skills to employees and customers. The improved designs of storage facilities will help to reduce the amount of waste space for keeping customer cargoes.

2.5 Economic Sustainability

The Company plans to give the community a proper scientific basis for planning future interventions. It will also save the community from making wrong investments; economic gains from effectively planned interventions will give impetus to the community to continue the same activities in future. The environment conservation measures will help to improve the quality of products and conserve environment properly around. It will also unleash the scope of alternative income.

3.0 SWOT Analysis

A proper SWOT analysis is necessary in order to position the business to maximize our strength, advantage on the opportunities that will be available to us, mitigate our risks and be equipped to confront our threats. In order to achieve this, Bio-Sustain Tanzania Limited employed the service of an expert Human Resource and Business Analyst with preference in the transportation logistics industry to help the company to conduct a detailed SWOT analysis and to help us create a business model that will help us achieve our business goals and objectives.

Here below is a summary from the result of the SWOT analysis that conducted on behalf of Bio-Sustain Tanzania Limited:

3.1 Strength

Company's strength as a Transportation logistics company is in the fact that has healthy relationships with loads of major players (Transporters) within and outside of the country and Headquartered in Dar es Salaam, Tanzania—a key trade and logistics hub in East Africa.

Bio-Sustain Tanzania Limited has some of the trucks with high capacity that can bring large amount of cargo at the shortest period and satisfy customer demands.

Employs over 30 professionals with expertise in logistics, trade, and commodity markets.

3.2 Weakness

Our weakness could be that upon receiving the incentive from TIC we could expand too fast and exceed the demand of our customers and suppliers, and perhaps the fact that we decided to diversify our Transportation logistics activities could count against us initially. However, we are aware of this and from our projections; we will overcome this weakness with time and turn it to a major advantage for the business.

3.3 Opportunities

The opportunities that are available to us cannot be quantified; we know that there are loads of individuals who needs transportation logistics services in Tanzania. The government policies of empowering local companies will enable us achieve this goal.

3.4 Threats

Some of the threats and challenges that we are likely going to face when we start operation effectively are global economic downturn that can affect negatively on government spending on projects and environment effects. To mitigate the impacts of such threats the Company will put in place strategies such as collaborating with private investors and strengthening relations with local suppliers with few trucks to support us during crisis.

4.0 MARKET ANALYSIS

4.1Market Trends

One of the common trends in the transportation logistics line of business is that most players in the industry are no longer concentrating only on quality of the services. They now find it easier to

procure services low quality providers that do not meet the standards of the market. It is fact that despite that, high quality services are expensive, their sale is on the increase and it is indeed profitable.

Despite the fact that transportation logistics business has been in existence since time immemorial, this does not in any way make the industry to be over saturated; businesspersons are exploring new technology to continue to improve the practices. The fact that there is always a ready market for products makes the business highly profitable.

4.2 List of Buyers

It is a known fact that the target markets are those end consumers of cargo transportation services and who benefit from the business value chain of transportation logistics. Our proposed buyers consume services in different forms. In essence, suppliers should be able to sell services to as many people as possible including agriculturalists, local transporters and other people around the center depending on their points of interest.

5.0 SALES AND MARKETING STRATEGY

We are quite aware that the reason why some Transportation logistics business hardly makes good profit is their inability to sell off their services to right customers.

Our sales and marketing team will be recruited based on their massive experience in the industry and they will be trained on a regular basis to be well equipped to meet their targets and the overall goal of the company. We want to sell a standard and excellent transportation services that will influence on word of mouth advertisement from satisfied clients (both individuals and businesses).

Over and above, we have perfected our sales and marketing strategies first by networking with manufacturing industries, suppliers and transportation entities and organizations that rely on services regularly. In summary, Bio-Sustain Tanzania Limited will adopt the following strategies in marketing our Transportation logistics services:

- i. Direct outreach to potential clients.
- ii. Participation in industry exhibitions and trade fairs.
- iii. Digital marketing through the company's website and social media platforms.

5.1 Sources of Income

Bio-Sustain Tanzania Limited has established transportation logistics business for the purpose of

contributing to the income of stakeholders and directors. They plans to concentrate on few but quality services to our customers in the early stage of operation. In order to achieve this, it is very important that the Company has diverse and reliable sources of income. The main sources of income that will be used to generate revenue to our Company is Sales of transportation services.

5.2 Sales Forecast

We conducted a thorough market survey and feasibility studies and we were able to discover that the sales to be generated by a Transportation logistics business depends on the quality of the services from a specific supplier.

We will achieved our sales and marketing strategies and we are quite optimistic that we will meet or even surpass our set sales target of generating enough income/profits from the first year of operation and build the business to sustainability.

6.0 FINANCIAL EVALUATION

6.1 Profitability

According to the projected income statement, the project will start generating profit in the 1st year of operation. Important ratios such as profit to total sales, net profit to equity (Return on equity) and net profit plus interest on total investment (return on total investment) show an increasing trend during the lifetime of the project.

The income statement and the other indicators of profitability show that the project is viable.

6.2 Break-even Analysis

The Break-even Analysis show that if the costs stay at the current, or relatively stable level, we will be able to make an increased profit by the second year. Also the break-even point of the project including cost of finance when it starts to operates at full capacity (year 3) is estimated by using income statement projection.

$$BE = \frac{\text{Fixed Cost}}{\text{Sales} - \text{Variable cost}} = 12\%$$

6.3 PROJECT COST AND FINANCING PLAN

The total cost of the project is estimated to be US Dollars 9, 000,000. This amount will be used as a part of capital to be invested on the project. In these project costs of land/building, furniture and fitting, vehicles like trucks, pre expenses and other expenditures are inevitable. Through this fact, the following is the summary of the capital investment cost estimated.

CAPITAL INVESTMENT COST SUMMARY (US\$) COST STRUCTURE

| INVESTMENT BREAK DOWN | (US\$) |
|-----------------------|------------------|
| Land/ Building | 400,000 |
| Vehicles | 8,230,000 |
| Furniture and Fitting | 40,000 |
| Pre-expenses | 60,000 |
| Others | 20,000 |
| Working Capital | 250,000 |
| TOTAL | 9,000,000 |

6.4 FINANCING PLAN

It is estimated that a total of US \$ 9,000,000 will be required to acquire the various assets as shown in the table above. The bulk of the capital cost will be raised by the company itself through equity contribution. The other major source of funding will be internally generated revenue from operations that will be ploughed back.

The project’s investment financing plan will mainly base on company’s local equity as illustrated on the table below.

| Foreign Equity (US\$) | Local Equity (US\$) | Foreign Loan (US\$) | Local Loan (US\$) |
|-----------------------|---------------------|---------------------|-------------------|
| 0 | 9,000,000 | 0 | 0 |

6.7 REVENUE AND COST PROJECTION

The company expert to start generating revenue from the first five (5) years of the project implementation as shown on the table below which demonstrate the revenue generating projection from 2025 to 2030 year respectively.

REVENUE PROJECTION

| | YEARS | | | | |
|---------------|------------------|------------------|------------------|------------------|------------------|
| PRODUCTION | YEAR 1 USD | YEAR 2 USD | YEAR 3 USD | YEAR 4 USD | YEAR 5 USD |
| Sales Revenue | 5,750,000 | 6,158,200 | 6,557,600 | 7,056,000 | 7,450,185 |
| TOTAL | 5,750,000 | 6,158,200 | 6,557,600 | 7,056,000 | 7,450,185 |

Direct and indirect costs for the cargo transportation project are summarized in the following schedule.

OPERATING COSTS

| OPERATING COST | YEAR 1 USD | YEAR 2 USD | YEAR 3 USD | YEAR 4 USD | YEAR 5 USD |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|
| Motor vehicle running expenses | 528,000 | 554,400 | 582,120 | 611,226 | 641,787 |
| Salaries and wages | 696,000 | 730,800 | 767,340 | 805,707 | 845,992 |
| Depreciation | 1,286,400 | 1,286,400 | 1,286,400 | 1,286,400 | 1,286,400 |
| Administrative Overhead Costs | 345,600 | 362,880 | 381,024 | 400,075 | 420,079 |
| Marketing Costs | 144,000 | 151,200 | 158,760 | 166,698 | 175,033 |
| Utility costs | 120,000 | 126,000 | 132,300 | 138,915 | 145,861 |
| Insurance | 279,625 | 293,606 | 308,287 | 323,701 | 339,886 |
| Communication | 12,000 | 12,600 | 13,230 | 13,892 | 14,586 |
| Total Costs | 3,411,625 | 3,517,886 | 3,629,461 | 3,746,614 | 3,869,624 |

7.0 PROJECTED FINANCIAL STATEMENTS

The projected financial statements and analysis are as follows;

- i. Sales Revenues relate to the sales obtained through wholesale and retail sales of products and services to our clients.
- ii. Cash at year-end represents cash that could be used to finance any replacement of defected equipment or additions to equipment.
- iii. Projected cash flow was calculated over a ten years basis. We used the indirect method, which adds all non-cash basis items to net income.
- iv. Net Income has been added back those expenses, previously deducted to arrive at Net income that did not require an outlay of cash in that year. These include depreciation which is simply a write-down of the book value of the related assets.
- v. Investing activities includes the cost of equipment purchased

8.0 EMPLOYMENT OPPORTUNITIES

During implementation of this project, it is projected that more than 115 employment opportunities will be created including both direct and indirect employment. The following table shows employment opportunities to be created.

| GENDER | LOCAL | FOREIGNERS |
|---------------|--------------|-------------------|
| Male | 100 | 2 |
| Female | 13 | 0 |
| TOTAL | 113 | 2 |

9.0 RISKS & MITIGATION MEASURES

- i. Business risks include fluctuation of prices at world market, hazards from natural calamities like fire and earthquake, unreliable markets and infrastructure like power.
- ii. The project has already introduced safety regulations at Dar es Salaam to protect against any risk arising from above mentioned risks. Already a consulting firm has undertaken feasibility study and identified risk areas for staff and properties.

10.0 BANK RELATIONSHIP

GSK Investments Company Limited has good relationship with the bank. The Company operates accounts at NMB bank, which is useful for normal operation with maximum discipline which has built our credibility with the bank. Annual turnover with the bank for past twelve months is

reasonable based on our working capital.

11.0 CONCLUSION AND RECOMMENDATION

The foregoing discussion highlights on the social, economic and financial dimensions, which the foreseen project is set to generate in this country. The brief financial analysis indicates that the project will be financially viable. Therefore, it is strongly recommended that the sponsors, BIO-SUSTAIN TANZANIA LIMITED be available with the required institutional assistance so as to enable them expand the cargo transportation project.