

**BUSINESS PLAN FOR THE
IMPLEMENTATION PROGRAMME**

OF

M/S BULK DISTRIBUTORS LIMITED

IN

**ESTABLISHING AND OPERATING A PROJECT FOR
CARGO TRANSPORTATION**

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**M/S BULK DISTRIBUTORS LIMITED
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M/S BULK DISTRIBUTORS LIMITED
SETTING UP FACILITIES FOR OPERATING CARGO
TRANSPORTATION PROJECT

1. INVESTMENT PLAN

The Business Plan was prepared by **M/S BULK DISTRIBUTORS LIMITED** for setting up cargo transportation Project to cover the whole East and central Africa.

The investment proposal was prepared to show clearly an analysis of the financial, human, technical and other resources required for the cargo transportation project and also assess its economic viability and commercial viability in order to allocate funds for the cargo haulage Project especially in importation of Trucks, tractors, Horse, supporting vehicles, communication equipment, workshop equipment, cargo handling equipment, generators, transformer etc.

The TIC certificate will enable the project to qualify for duty exemption Deemed capital Goods and VAT Deferment on Capital Goods. The Deemed capital Goods such as utility vehicles, communication equipment, workshop equipment, cargo handling equipment, generators, transformer etc and enjoy services under one stop shop at Tanzania investment Centre such as approvals, licenses and permits such as resident / work permits, Business License, protection of investment, arbitration and transfer of foreign currency etc

2. COMPANY'S BACKGROUND

M/S BULK DISTRIBUTORS LIMITED is a private company based in Arusha, was incorporated in Tanzania by Registrar of Companies under company's ordinance on 1st day of December 2000 with Certificate of Incorporation No: 40466

The company has been incorporated with a major objective of establishing and operating a project for cargo transportation. Currently the Company intends to import facilities for cargo haulage Project such as trucks, tractors, horse, Tipper, pickups, hardtop, Fork lift, trailers, forklifts, crane, reach stacker, Communication equipment, workshop equipment, generators etc.

The company intends to lease office, vehicle yard and will have modern workshop in order to service and maintain the vehicles for cargo haulage activities.

The main purpose of the proposed project is to provide quality facility for cargo transportation business to correspond with the clients' demand especially in this competitive market. The quality of company's cargo haulage business will guarantee clients satisfaction in proposed programme.

There is a very big demand for such facility in Tanzania, East and central Africa to serve cargo haulage clients. The Project services which will be efficiently provided by M/S BULK DISTRIBUTORS LIMITED. It is on the basis of the above reasons the management resolved to invest in establishing and operating a project for cargo transportation.

In setting up the facility, the intended cargo transportation project will import trucks, tractors, Tipper, horse, pickups, hardtop, Fork lift, trailers, forklifts, crane, reach stacker, Communication equipment, workshop equipment, generators etc.

Hence the establishment programme of three years in setting up facilities for cargo transportation project is estimated to be USD 5,500,000. The estimated capital investment cost of USD 5,500,000 will be on trucks, tractors, horse, pickups, hardtop, Fork lift, trailers, forklifts, crane, reach stacker, Communication equipment, workshop equipment, generators etc.

7. SHAREHOLDERS (PROMOTERS)

M/S BULK DISTRIBUTORS LIMITED is a project for cargo transportation. The following are the shareholders/ promoters of **M/S BULK DISTRIBUTORS LIMITED** and their shareholder's position are:-

No	Name of Shareholders	Nationality	Number of shares	Shareholding %
1.	Rajab R. Nurbhai	Tanzanian	306,000	51%
2.	Mrs Rashida R. Nurbhai	Tanzanian	90,000	15%
3.	Taher R. Nurbhai	Tanzanian	114,000	19%
4.	Miss Rukaiya R. Nurbhai	Tanzanian	90,000	15%
	TOTAL		600,000	100%

Therefore, the authorized capital of the company is Tshs. 500,000,000/= divided into 500,000 ordinary shares of Tshs. 1,000/= each. The Company shall have power to increase its capital and to divide the shares in its capital for the time being into several classes of stock or shares and to attach thereto respectively such preferential, deferred or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company.

8. LOCATION

The company's business premises are located at Plot No. 56, Block W situated at Levolosi / Arusha Municipality – Arusha Region. Postal Address P. O. Box 3091 Arusha.

10. CAPITAL INVESTMENT COST

Land/Building	USD \$	500,000
Plant/Machinery	USD \$	600,000
Vehicles	USD \$	4,100,000
Furniture and Fittings	USD \$	-
Pre-expenses	USD \$	100,000
Other expenses	USD \$	100,000
Working Capital	<u>USD \$</u>	<u>100,000</u>
TOTAL CAPITAL	<u>USD \$</u>	<u>5,500,000</u>

The Intended cargo transportation Project is to be implemented within 3 years. The company's promoters (shareholders) have resolved to register the cargo haulage Project with Tanzania Investment Centre (TIC) and securing the certificate of incentives.

11. FINANCIAL PLAN (SOURCE OF FUNDS)

M/S BULK DISTRIBUTORS LIMITED has firmed up finances for the implementation programme by its own fund and Loan: -

Own fund (equity)	USD \$	5,000,000
Local loan	<u>USD \$</u>	<u>500,000</u>
TOTAL	<u>USD \$</u>	<u>5,500,000</u>

12.CARGO HAULAGE FACILITIES

- i. -Trucks.
- ii. - Tractors,
- iii. - Horse,
- iv. - Hard Top,
- v. - Pickups.
- vi. - Forklift.
- vii. - Crane,
- viii. - Radio Calls and Radio Base Station.
- ix. - GPS & Car tracking Systems.
- x. - Mobile workshop, Tool boxes
- xi. - Weigh bridge, Generators, Transformers etc

implementation of the cargo transportation project so that the project will import and enjoy tax exemption on Capital/Deemed Goods and increase its production capacity.

22. FINANCIAL AND ECONOMIC ANALYSIS

22.1 Projected Profit and Loss Account

The company envisages generating a profit of USD \$ 250,000 this operating year. The profit amount is expected to steadily rise to USD \$ 260,000 in year two, USD \$ 270,000 in year three and USD \$ 280,000 in year four.

22.2 Projected cash flows

The projected cash flows for the next five years indicate that the company will have enough funds to service/repay the loan and interest payments. Hence the financial obligations will be met in a timely fashion.

23.3 Proposed Balance Sheet:

The projected balance sheet shows healthy financial situation. Short term liabilities are at all times covered by fixed assets. Also current liabilities are adequately covered by current assets.

24. SENSITIVITY ANALYSIS

To assess further the viability of the implementation project, sensitivity analysis has been worked out on the basis of several unfavorable conditions that might negatively affect the operations of **M/S BULK DISTRIBUTORS LIMITED**

24.1 Effect of cost increase on profitability (on the basis of year II CARGO TRANSPORTATION INCOME in “.....” USD \$)

Income	Costs	Increase	Profit before depreciation
760,000	500,000	%	260,000
760,000	525,000	5%	235,000
760,000	550,000	10%	210,000

24.2 Effect of CARGO TRANSPORTATION INCOME decrease/drop on profitability (on the basis of year II costs in “.....” USD \$)

Income	Income Decrease	Cost	Profit before depreciation
760,000	%	500,000	260,000
722,000	5%	500,000	222,000
684,000	10%	500,000	184,000

The viability/profitability of the company operations appears more sensitive to sale income/revenue than increase in the operating costs. This implies that the company should strive to maintain the existing market and undertake an aggressive marketing strategy to hire more clients and expand its market or clients base.

Appendix I

M/S BULK DISTRIBUTORS LIMITED

PROJECTED INCOME STATEMENT

(Fig. USD \$ '000')

Income	Years				
	I	II	III	IV	V
Sales Income	720.0	760.0	800.0	850.0	900.0
Total Income	720.0	760.0	800.0	850.0	900.0
Utilities	150.0	150.0	150.0	150.0	150.0
Salaries and wages	80.0	85.0	90.0	100.0	110.0
Transportation/fuel	100.0	105.0	110.0	120.0	130.0
Administrative Expenses	100.0	110.0	120.0	130.0	140.0
Other Expenses	40.0	50.0	60.0	70.0	80.0
Total Expenditure	470.0	500.0	530.0	570.0	610.0
Net Profit (pre tax and depreciation)	250.0	260.0	270.0	280.0	290.0

Appendix II

M/S BULK DISTRIBUTORS LIMITED

PROJECTED CASHFLOW STATEMENT

(Fig. USD \$ '000')

Year	I	II	III	IV	V	Total
Cash inflow						
Income from operation	250.0	260.0	270.0	280.0	290.0	1350.0
	250.0	260.0	270.0	280.0	290.0	1350.0
Cash outflow						
Interest payments	50.0	45.0	40.00	35.0	30.0	200.0
Loan re-payment	50.0	50.0	50.0	50.0	50.0	250.0
Wear & tear	10.0	12.0	14.0	16.0	18.0	70.0
Taxes	10.0	10.0	10.0	10.0	10.0	50.0
	120.0	117.0	114.0	111.0	108.0	570.0
Surplus cash generated	130.0	143.0	156.0	169.0	182.0	780.0

Appendix III

M/S BULK DISTRIBUTORS LIMITED

PROJECTED LONG TERM LOAN REPAYMENT

(Fig. in USD \$ '000')

Year	Repayment			
	Principal	Interest	Total	Amount
O				500.0
I	50.0	50.0	100.0	450.0
II	50.0	45.0	95.0	400.0
III	50.0	40.0	90.0	350.0
IV	50.0	35.0	85.0	300.0
V	50.0	30.0	80.0	250.0
VI	50.0	25.0	75.0	200.0
VII	50.0	20.0	70.0	150.0
VIII	50.0	15.0	65.0	100.0
IX	50.0	10.0	60.0	50.0
X	50.0	5	55.0	0.0