

METALWORKZ MULTI INDUSTRIES LIMITED

An Investment Proposal

JUNE 2022

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I. COMPANY PROFILE

Our Company, Metalworks Multi Industries Limited was incorporated in 24th August 2021. We are a professional company offering end to end logistics solutions covering the whole range of Logistics & Supply chain management solutions so that our clients can focus on their business with peace of mind.

We have target to be one of the leading logistics company in Tanzania, we are keeping our target on providing a professional and friendly service from our highly trained and competent team. Our services will include logistics services within Tanzania and also from Dar Es Salaam port to the neighboring countries in East and Central Africa. Our primary target to have minimum fifty semi trucks / trailers within one year for providing service to our clients.

II. MANAGEMENT

The company has following Directors who brings with them rich and varies experience in the Logistics industries over the last 10 years

- 1) Mr. Abjinderpal Singh Sethi
- 2) Mr. Inderjeet Singh Sethi

MANAGING DIRECTORS

Mr. Abjinderpal Singh Sethi - Managing Director

Mr. Abjinderpal Singh Sethi, the Managing director of Metalwork has 10 years of experience in logistics Industry. He has completed Graduation

from India and maintains professional knowledge by reviewing proficient publications, establishing personal networks and believes in continuous improvement.

He is a trained team player who stays focused on the development of 'best practice' logistical solutions to better suit today's demanding and accountable business environment.

He has excellent problem-solving and organizational abilities. He is well trained in Managing supply chain effectively, communication skills- A key to empowerment, Policies and procedures of foreign trade. He has proficiency in managing the entire Export / Import Operations encompassing negotiation of rates for reducing the logistics costs and to bring it within the budget.

Mr. Inderjeet Singh Sethi–Director

An Indian businessman and having vast experience of 40 years into various fields including logistics and manufacturing sectors will be added advantage for Metalworks to provide the efficient and world class service to its clients.

Mr. Inderjeet Singh possesses a unique combination of good interpersonal and communications skills coupled with a sharp business acumen. He builds company image by collaborating with customers, government officials, community organization and employees enforcing ethical business practices. He maintains quality and service by establishing enforcing organization standard and contributes to team by accomplishing related results as needed.

GENERAL MANAGEMENT

The Metalworks Multi Industries Limited would be managed by the General Manager under the guidance of Managing Director and would be assisted by senior managers well supported by a team of efficient and dedicated staff.

Mr. Aasif Chauhan - General Manager

He has 15 years of Experience in the field of Logistics and Supply chain Management. He has served as Logistics Operation manager to various companies in Tanzania and India that covers Export & Import Operations, ERP Implementation (SAP). He is in Tanzania since 2015 and having various industries experience will be an added advantage for the Metalworks. He is good trainer and has conducted various training program of ERP module to all end users

He has excellent organizing, communication, problem-solving and people development attributes. He is well trained in Managing supply chain effectively, communication skills- A key to empowerment, Policies and procedures of foreign trade. He has proficiency in managing the entire Export / Import Operations encompassing negotiation of rates for reducing the logistics costs and to bring it within the budget.

He is Master of Commerce and Company Secretary by profession, and he is upgrading his profession and maintains professional knowledge by reviewing proficient publications, establishing personal networks and believes in continuous improvement.

III. THE PROJECT / EXPANSION PLANS

1. Prelude

With the consistent surge in international trade volumes, the growth of the logistics sector will also be grow with the same pace. Due to the geographic location of Tanzania added advantage of port many East and Central African countries depends on Tanzania's logistics sector.

Onus of the port efficiency lies on the expeditious evacuation of containers from the port area. Tanzanian ports are not equipped with adequate space and infrastructure to handle the growing volume, the concepts of a Transport and Logistics is developing.

A Transport and Logistics is the process of planning and executing the efficient transportation and storage of goods from the point of origin to the point of consumption. The goal of logistics is to fill in this gap. In the past, the main mission of logistics was to deal with the spatial distance by increasing transportation efficiency and reducing the time to deliver goods.

2. Functions and Responsibilities of Transport and Logistics

A logistics company is an entity that designs, controls, and manages another company's supply chain. The logistics company can operate during supply procurement, storage, transportation, order fulfillment and distribution, depending on the commercial agreement between the two involved parties.

3. Transport and Logistics Revenue Model

In Tanzania, logistics companies revenue generate from transportation of transit cargo from the port to the neighboring countries (East and Central African Countries) which in land locked countries and also transportation revenue from the local cargo transportation from one part to another of Tanzania.

Apart from the logistics companies providing warehouses where they store the customer's goods and charge a reasonable amount for it. Nowadays logistics companies provided value-added services like packing, scanning, labelling, kitting and dispatching. Apart from that, they also are providing temperature control service via IoT. These are the way through which the logistics company makes a profit.

4. Proposal

Increased global trade and geographical dispersion of production has resulted in a phenomenal expansion in the volume of maritime freight transport over recent decades. Consequently, seaports face several challenges imposed by the huge volumes of goods that they deal with, including, congestion.

Seaports are an important hub in the intermodal exchange of goods between ocean shipping and land transportation modes. Tanzania has a readily accessible route to and from the landlocked neighboring countries of Malawi, Zambia, Burundi, Uganda, and Democratic Republic of Congo (DRC), which currently import and export cargo through Indian Ocean ports Dar Es Salaam.

Recognizing this need and requirement of Transport and Logistics Services, our company is in process to setup a Transport and Logistics Services facility at Dar Es Salaam Tanzania.

5. **PROJECT RATIONALE**

The key rationale of the envisaged project is the significance of the creation of the economically important infrastructure services in the country which can value add and contribute in growth of the key sectors of the economy which in turn will result in generation of more employment opportunities and tax revenues to the Country.

The Dar es Salaam Port (DSM Port) is a multi-purpose Port with 11 berths and a number of Jetties. It is the country's principal Port that handles over 90% of country's imports and export volume and is the gateway to the Central and Northern parts of Tanzania and to the countries of Malawi, Zambia, D.R Congo, Rwanda, Burundi and Uganda. The Dar es Salaam Port is under modernization project to improve the effectiveness and efficiency of the DSM Port and support the economic development of Tanzania and the countries of the East Africa region. This project is expected to increase the capacity of the Port to 28 million tons by 2025.

Post COVID pandemic the global economy is poised to stage its most robust post recession recovery in 80 years in 2021. Global growth is accelerated 5-6% and growth for almost every region of the world has been revised upward for 2021.

As we have seen that during pandemic metal prices were gone down and in consequence of which many mines were stopped operation. However after pandemic period many mines which were closed before are now reviving its operations. As a result of the above transit cargo from Dar Es Salaam port has increased.

If we compare the TPA revenue for the period 2021 & 2022 which is also increased 18.8% higher compare to last year. “These successes are due to the economic diplomatic relations established by H.E.President SamiaSuluhu Hassan through overseas visits in line with the port infrastructure improvements while the security and safety environment contributes to customer trust as well,”

The rise in global demands of agriculture products and minerals creating an opportunity for Tanzania.Our neighboring countries and Tanzania are the rich soil for agriculture products and minerals. In consideration of the above statement Tanzania have huge opportunities in upcoming period.

This Metalworkz multi Industries Limited is expected to generate employment for additional 100 Tanzanian employees and also contribute revenues and taxes to the economy.

IV. CAPITAL INVESTMENT AND MEANS OF FINANCE

The Company plans the following capital investment over the period of one year:

Cost estimate of Transport and Logistics are made of the following:

Particulars	Unit	Rate	Amount - USD
Trucks	50	40,000	2,000,000
Trailers	50	18,000	900,000
Spare Parts & Tyres			75,000
Pick Up	1	40,000	40,000
Office Equipment		25,000	25,000
Office & Yard Constructions		75,000	75,000
Import Clearing Charges			753,750
Expected Capital Investment			3,868,750
Working Capital			518,350
Total Projected Investment			4,387,100

Truck, Trailers, Spare Parts and Pickup are intended to be mainly imported from China according to the requirements / technical specs / feasibility and of course the best price.

The investment for this project would be financed by the company own source and foreign supplier credit. Below is the summary of source of financing:

Details	USD – Amount
Investment	
Assets Purchases	3,868,750
Working Capital	518,350
Total Investment	4,387,100
Source of Funds	
A. Own Source	1,487,100
B. Supplier Credit	2,900,000

V. FINANCIAL SUMMARY

The Financial attractiveness of the proposal has been evaluated and summarized in the financial statement annexed herewith for the years 2022 through 2026.

Projected Revenues

The revenues show a rising trend as indicate in the grid below. The consistency and profitability shown in the Profit and Loss Account reflects the commercial attractiveness of the proposed investment. The revenues projected for the years 2022 to 2026 as a below:

Particulars	Projected - Tshs '000				
	2022	2023	2024	2025	2026
Number of Trucks	15	25	35	45	50
Number of Trips	2	8	8	8	8
Average Transport Charge (including Return Load)	9,500	9,500	9,500	9,500	9,500
Sales Revenue from Operations – USD	285	1,900	2,660	3,420	3,800
Sales Revenue from Operations – TSH	664,050	4,427,000	6,197,800	7,968,600	8,854,000

Net Profits:

The Projected profitability is estimated to post a healthy growth rate and the trend is positive from 2nd year which is quite healthy for the project of this size and the sector. The figures for the period 2022 to 2026 are detailed below:

Year	Gross Profit	Operating Exp	Operating Profit
	Tshs '000	Tshs '000	Tshs '000
2022	188,730	224,440	(35,710)
2023	1,258,200	1,195,846	62,354
2024	1,761,480	1,554,421	207,059
2025	2,264,760	2,024,856	239,904
2026	2,516,400	2,272,094	244,306

CASH FLOWS

The estimated cash flows generations for the next five years would comfortably cater to the working capital requirements of the Company and would be sufficient to take care of the funding requirements of the Company. The initial investment brought by the Company for the initial working capital requirements and other assets development however for the trucks and trailers buying from the foreign supplier credit finance is sufficient for the capital investment. The details of the project estimated cash flows for the years 2022 through 2026 are set out in Annexure.

The Current ratio, Current Assets to Current liabilities and also the liquid ratios, for each of the years are quite comfortable and reflect the ability of the Company to meet its working capital needs.

VI. CONCLUSIONS & RECOMMENDATION

IMPLEMENTATION SCHEDULE

The setting up of the Transport and Logistics project is planned to be implemented within 3 months, and is most likely expected to be start from October 2022. Planned capital investment of approx. USD 2 million other than working capital for the project is envisaged to be spent within the year 1 period.

PROSPECTS – MARKET

Our Company Metalworkz Multi Industries Limited licensed Transport and Logistics and will provide Transport and Logistics services from Oct 2022. We will give our services to many clients for Transportation and logistics facility. Our prospect markets are our current clients and we are targeting clients those who are exporting cargo from Tanzania.