



TOGABE COMPANY LTD

HEAD OFFICE

Kurasini, Plot No. 48, Near Immigration Head Office.

P.O. Box 68018, Dar es Salaam-Tanzania

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Business Plan For

TRUCKS AND TRAILERS FOR TRANSPORTATION



Prepared for:
TUGOBE Company Limited
P O Box 76501,
Dar Es Salaam.

00 SUMMARIES OF SALIENT FEATURES

- 0.1 **Name of Project:** TUGOBE Company Limited
- 0.2 **Project Concept:** Purchase of Trucks for transportation business.
- 0.3 **Project Owners:** TUGOBE Company Limited
P.O.Box 76501, Dar Es Salaam.
- 0.4 **Project Location:** Dar es salaam Port.
- 0.5 **Investment Cost:** In TZS

Particulars	Total
Investment amount	1,177,050,000
Total Amount	1,177,050,000

1.0 INTRODUCTION

1.1 About the company

Togabe Company Limited is a duly registered Tanzanian company with registration No.125757 incorporated on 22nd April 2016. Tax Identification number 130-658-164, the company is also VAT registered.

1.2 Share Capital

The Company's authorised share capital is TZS 50,000,000 divided into 1,000 ordinary shares of TZS 50,000 each

1.3 Shareholders:

Company's shareholders are listed in the table below:

Shareholder	Nationality
Dotto Samweli Rweikiza	Tanzanian
Bertha Greyson Ishengoma	Tanzanian
Gladnice Anold Ngowi	Tanzanian

1.4 Employment

Togabe Company limited has about 40 permanent staff carrying out day to day operations of the company, the number is expected to double with the expansion of the fleet by adding another 15 trucks and trailers.

1.5 Contacts details

Managing Director- Mr Dotto Rweikiza

Tel: 0714 891 890

P.O.Box 76501, Dar es salaam.

Tanzania.

Email: togabe@gmail.com

2.0 INVESTMENT OBJECTIVE

Togabe company limited has been trading mainly in the transportation sector since its incorporation in 2016, offering transport services ferrying dry cargo from the port of Dar es salaam to Inland container depots (ICDs) and back, also to various local destinations. The company manages its own fleet of 30 trucks and trailers operating at the port of Dar es salaam. The company has seen the growth and potential that port of Dar es salaam is offering by increasing cargo handling capabilities and hence more cargoes for Togabe to transport to the ICDs and back. With this type of investment constantly being done at the Dar es salaam port by the government the company decided to invest in more trucks and trailers so as to get in line with an increased cargo at the port as well as to offer timely service to its clients. With more trucks on the ground the more cargo transported in a day more the revenue to the company. Togabe company is looking at adding another 15 trucks and trailers in the course of the next 3 years, 5 trucks and trailers each year. With the certificate of incentive that the company is seeking will help in achieving its objective by saving on the cost of acquiring the trucks through import duty reduction hence enabling the company to purchase the trucks and import without so much financial constraints.

2.1 Transportation.

Transportation sector - **land transportation** particularly is one of the fast-growing sectors in the country with more than 900 companies offering more than 20000 trucks for dry and liquid cargo. Transport sector is mainly servicing the port of Dar es salaam, Tanga and Mtwara and at the borders for cargoes entering the country. Tanzania bordering 6 land locked countries whose cargoes enter through the port of Dar es salaam, Mtwara and Tanga create ever growing opportunity to transportation sector/industry as a means of conveyance to their destinations. Industrialization in the country has been one of the major catalysts to the growth of transportation business due to the flow of raw materials and the produce in and out of the country. The industrialization campaign has been very successful with a number of large and medium sized industries being opened in the course of the last 3 years creating thousands of jobs and creating opportunities to many other sectors including transportation.

Also, major strategic projects like SGR, Nyerere dam and many other provide the industry with so much cargo of materials to transport to the sites. Transportation sector is a very vibrant and fast paced industry in the country.

2.2 Demand for transport at the port.

Dar es Salaam port is the Tanzania principal port with a rated capacity of 4.1 million (dwt) dry cargo and 6.0 million (dwt) bulk liquid cargo. The Port has a total quay length of about 2,600 metres with eleven deep-water berths. Dar es Salaam port handles about 95% of the Tanzania international trade. The port serves the landlocked countries of Malawi, Zambia, Democratic Republic of Congo, Burundi, Rwanda and Uganda. The port is strategically placed to serve as a convenient freight linkage not only to and from East and Central Africa countries but also to middle and Far East, Europe, Australia and America.

Dar es salaam port is designed to handle more than 10million tonnes of cargo annually including approximately 4 million tonnes of dry general cargo, 6 million tonnes of liquid bulk and 1 million tonnes of containers.

Dar es salaam maritime gateway programme (DMGP) is being implemented by Tanzania Ports Authority to improve efficiency in handling cargo, after the completion of the project the port will have the capacity of handling about 25 million tonnes of cargo a year, more than double the current size of cargo being handled in a year.

Togabe company limited has positioned itself as a contractor to carry the dry cargo to and from the port and ICDs such as Malawi cargo, DICD, etc. An average of 4 trips per vehicle per day is achieved, with such a demand for vehicles to ferry the containers to and from the ICDs called for the need to add more vehicles to the fleet to maximize the company's potential to the opportunity.

3.0 INVESTMENT FUND

INVESTMENT COST: IN TZS "000"

CAPITAL ITEMS NON CURRENT ASSETS:	INVESTMENT			FUNDING	
	TOTAL COST "000"	EXISTING "000"	FUTURE "000"	OWN FUNDS "000"	LOAN "000"
Trucks and Trailers	3,403,912	1,950,000	1,453,912	290,782	1,163,130
Tools and equipments	47,500	12,500	35,000		35,000
Total Non Current Assets	3,451,412	1,962,500	1,488,912	290,782	1,198,130
Pre-operational Costs					
Professional Consultancy fees 1%	11,981	-	11,981	11,981	
Loan Commitment Fee =1% Loan amount	11,981	-	11,981	-	11,981
Total Pe-operational Expenses	23,963	-	23,963	11,981	11,981
TOTAL NON CURRENT / PROJECT COST	3,475,375	1,962,500	1,512,875	302,764	1,210,111
INITIAL WORKING CAPITAL	24,429		24,429	24,429	
TOTAL INVESTMENT COST	3,499,803	1,962,500	1,537,303	327,192	1,210,111

EQUITY Particulars	APPENDIX II		
	Owners Equity	Term Loan	Total
Capital Cost	2,265,264	1,210,111	3,475,375
Initial Working Capital	24,429		24,429
Total Investment	2,289,692	1,210,111	3,499,803
Percentage	65%	35%	100%

The company capital expenditure on the trucks is Tshs 1,453,912,000 (USD 498,750) for 15 new Howo brand trucks and trailers over the next 3 years. As shown on the above table, the funds will be sourced from the financial institutions as well equity of the company in the manner of 20-80%. Therefore, the company is expected to contribute its share of Tshs 290,782,000 (USD 99,750) and seek term loan of Tshs 1,163,130 (USD 399,000) from banking institutions to fund the acquisition.

A China based company SINOTRUCK SALES & SERVICE CO.LTD will be the supplier of the said trucks and trailers as per the proforma invoice attached.

For Togabe company limited to be competitive in the market the buying of brand-new trucks and trailer is of outmost important as it increases the efficiency of the company operations and maximizes profitability due to low maintenance costs.

4.0 PROJECT FINANCIERS

The Board of Directors has resolved that the project will be financed partly by equity and credit facility from a financial institution with favorable lending terms.

5.0 MARKETING.

Togabe company limited has established its self at the port of Dar es salaam as one of the transport contractors with good relations with ICDs for many years that it has been operating. The company has strong foothold at the port that guarantee its business operations for as long as the port is operating, adherence to ports safety regulations and policies is of the highest priority to the company as well as its staff members. The cargo at the port of Dar es salaam keeps on increasing every year because of the ongoing expansion projects at the port prompting the port to increase its efficiency as well its contractors including transporters. The expansion projects guarantee more than enough cargo to be transported in and out of the port throughout the year with a great demand for more trucks and trailers to keep up with the pace of the port cargo handling.

As part of marketing strategy Togabe company limited has its officers placed in the ICDs where most of the cargo are transferred to ease the flow of information to and from the ICD to the port and vice versa, this increases the efficiency in the operations of the company as no delays are expected when the correct information and documentations flow together. The minimum time the cargo spends on one truck the better for the company the more trips per day the truck can do. Logistical support personnel placed in ICDs form crucial part of the company sales team as well.

6.0. FINANCIAL ANALYSIS

6.1 PAST PERFORMANCE OF THE COMPANY.

The business has performed well in the last three years. Only in the year 2020 business took a downturn due to a big loss suffered from the agribusiness of coffee beans, the past three years were profitable even with acute downturn of the business as the world suffered from Corona virus.

The past operating results of the company are given in the table below:

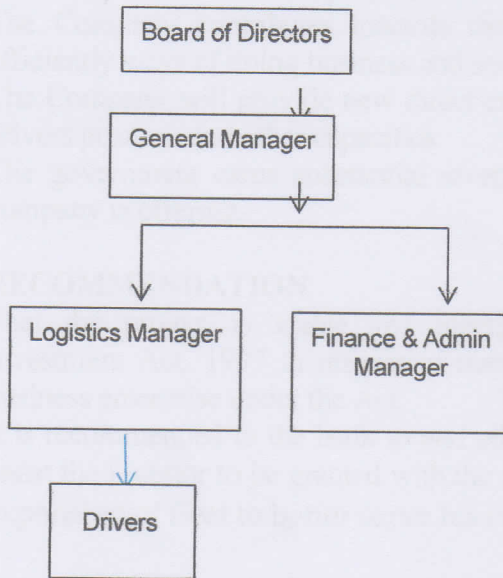
IN TZS.

PARTICULARS/YEARS	2021	2020	2019
INCOME	4,099,872,760	4,678,493,722	5,137,664,616
GROSS PROFIT	3,899,995,620	3,206,705,850	4,956,860,088
NET PROFIT BEFORE TAXATION	736,039,065	278,265,508	1,202,483,212
Less: PROVISION FOR TAXATION	220,811,720	83,479,650	360,744,960
NET PROFIT AFTER TAX	515,227,345	194,785,858	841,738,252

With the above financial information, Togabe company limited demonstrates sound financial capabilities in executing its daily operations at the port of Dar es salaam without an immediate need of working capital to run the trucks on a daily hence giving the customer (ICDs) volumes of transactions by making payments on every trip the trucks deliver instead it is done in bulk.

ORGANISATION CHART:

This is schematically shown below: -



7.0. CONCLUSION AND RECOMMENDATIONS:

a. CONCLUSION

Analysis of viability of the proposed investment in transportation vehicles indicates that the transportation of cargo to and from the port of Dar es salaam to ICDs is financially viable and economically attractive.

- The Company contributes towards the efforts of port of Dar es salaam in efficiently ways of doing business and serve its customers timely and diligently.
- The Company will provide new direct employment to over 30 Tanzanians in the drivers position and other capacities.
- The government earns substantial revenue from the transportation services the company is offering.

b. RECOMMENDATION

That the project is viable and meets necessary requirements of Tanzania Investment Act, 1997 in respect of matters precedent to the registration of the business enterprise under the Act.

It is recommended to the bank to and other stakeholders approve the project and assist the investor to be granted with the necessary credit facility to facilitate his expansion of fleet to better serve his customers.

INVESTMENT- TABLES

PROJECTED INVESTMENT COST: IN TSH.

CAPITAL ITEMS	INVESTMENT		FUNDING		
	TOTAL COST	EXISTING	FUTURE	OWN FUNDS	LOAN
NON CURRENT ASSETS:	"000"	"000"	"000"	"000"	"000"
Trucks and Trailers	3,403,912	1,950,000	1,453,912	290,782	1,163,130
Tools and equipments	47,500	12,500	35,000		35,000
Total Non Current Assets	3,451,412	1,962,500	1,488,912	290,782	1,198,130
Pre-operational Costs	-	-	-	-	-
Professional Consultancy fees 1%	11,981	-	11,981	11,981	11,981
Loan Commitment Fee = 1% Loan amount	11,981	-	11,981	-	-
Total Pre-operational Expenses	23,963	-	23,963	11,981	11,981
TOTAL NON CURRENT / PROJECT COST	3,475,375	1,962,500	1,512,875	302,764	1,210,111
INITIAL WORKING CAPITAL	24,429		24,429	24,429	
TOTAL INVESTMENT COST	3,499,803	1,962,500	1,537,303	327,192	1,210,111

APPENDIX II

EQUITY	Owners Equity	Term Loan	Total
Particulars			
Capital Cost	2,265,264	1,210,111	3,475,375
Initial Working Capital	24,429		24,429
Total Investment	2,289,692	1,210,111	3,499,803
Percentage	65%	35%	100%

INVESTMENT - TABLES

APPENDIX III

ESTIMATED WORKING CAPITAL REQUIREMENT: IN TSH

PARTICULARS/YEARS	1	2	3	4	5	6
CURRENT ASSETS						
Receivables: 0.5% of Income	52,889	68,328	72,599	84,556	94,271	218,918
TOTAL ASSETS	52,889	68,328	72,599	84,556	94,271	218,918
CURRENT LIABILITIES						
PAYABLES:						
Repair and maintenance 10% of Cost	1,060	1,370	1,450	1,690	1,890	2,190
Trade creditors 1 Month	14,180	15,600	17,160	18,880	20,770	22,840
Fleet Management 1 month	13,220	14,540	16,000	17,600	19,360	21,300
TOTAL CURRENT LIABILITIES	28,460	31,510	34,610	38,170	42,020	46,330
NET CURRENT ASSETS	24,429	36,818	37,989	46,386	52,251	172,588
Increase/(Decrease) in Working Capital	24,429	12,390	1,171	8,397	5,865	120,337

INVESTMENT- TABLES

ASSETS, DEPRECIATION AND AMORTIZATION SCHEDULE: IN TSH - (REDUCING BALANCE)

PARTICULARS/YEARS	COST	DEPRE. RATE	1	2	3	4	5	6
Trucks and Trailers	3,403,912	25.0%	850,978	51,060	50,040	49,040	48,060	47,090
Tools and equipments	47,500	12.5%	5,938	5,200	4,550	3,980	3,480	3,040
	-	12.5%	-	-	-	-	-	-
	-	12.5%	-	-	-	-	-	-
PRE OPERATIONAL COSTS	23,963	20.0%	4,793	2,400	2,100	1,830	1,610	1,400
TOTAL COST	3,475,375							
DEPRECIATION FOR THE YEAR			861,708	58,660	56,690	54,850	53,150	51,530
ACCUMULATED DEPRECIATION			861,708	920,368	977,058	1,031,908	1,085,058	1,136,588
NET BOOK VALUE			2,613,667	2,555,007	2,498,317	2,443,467	2,390,317	2,338,787

INVESTMENT- TABLES

APPENDIX VI

	1	2	3	4	5	6
	T.SHS	T.SHS	T.SHS	T.SHS	T.SHS	T.SHS
OPERATING EXPENSES						
Office rent 0.1% of Income	10,578	13,666	14,520	16,911	18,854	21,892
Utilities 1% of Income	1,058	1,367	1,452	1,691	1,885	2,189
Levies 0.5% of Revenue	52,889	68,328	72,599	84,556	94,271	109,459
Licence	170,196	187,215	205,937	226,530	249,183	274,102
Trucks tyres and services 1% of Revenue	158,670	174,537	191,990	211,190	232,310	255,540
TOTAL OPERATING EXPENSES	393,390	445,112	486,497	540,879	596,504	663,182
ADMINISTRATIVE EXPENSES						
Salaries and wages	317,331	409,968	435,591	507,335	565,626	656,754
TOTAL ADMINISTRATIVE COSTS	317,331	409,968	435,591	507,335	565,626	656,754
FINANCIAL AND PROFESSIONAL CHARGES						
Audit and Accounting	10,000	12,000	14,400	17,280	20,736	23,846
Bank and Financial Charges	193,039	57,748	54,127			
Consultancy Fee	10,000	12,000	14,400	17,280	20,736	22,810
Sub Total	213,039	81,748	82,927	34,560	41,472	46,656
Depreciation	861,708	58,660	56,690	54,850	53,150	51,530
TOTAL	1,785,467	995,488	1,061,705	1,137,624	1,256,752	1,418,121

INVESTMENT - TABLES

APPENDIX VII

PROJECTED INCOME STATEMENTS - IN TSH

PARTICULARS/YEARS	1	2	3	4	5	6	TOTAL
GROSS INCOME	10,577,700	13,665,600	14,519,700	16,911,180	18,854,192	21,891,812	96,420,183
COST OF SALES	6,875,505	8,882,640	9,437,805	10,992,267	12,255,225	15,324,268	
GROSS PROFIT	3,702,195	4,782,960	5,081,895	5,918,913	6,598,967	6,567,544	
Less EXPENSES							
ADMINISTRATIVE EXPENSES	317,331	409,968	435,591	507,335	565,626	656,754	2,892,605
OPERATING EXPENSES	393,390	445,112	486,497	540,879	596,504	663,182	3,125,563
FINANCIAL AND PROFESSIONAL CHARGES	213,039	81,748	82,927	34,560	41,472	46,656	500,401
DEPRECIATION	861,708	58,660	56,690	54,850	53,150	51,530	1,136,588
TOTAL EXPENDITURE	1,785,467	995,488	1,061,705	1,137,624	1,256,752	1,418,121	7,655,157
NET PROFIT BEFORE TAXATION	1,916,728	3,787,472	4,020,190	4,781,289	5,342,215	5,149,422	24,997,316
Less PROVISION FOR TAXATION	575,020	1,136,240	1,206,060	1,434,390	1,602,660	1,544,830	7,499,200
NET PROFIT AFTER TAX	1,341,708	2,651,232	2,814,130	3,346,899	3,739,555	3,604,592	17,498,116
GROSS MARGINS	18%	28%	28%	28%	28%	24%	26%
NET MARGINS (AFTER TAX)	13%	19%	19%	20%	20%	16%	18%
RETAINED EARNINGS B/F	-	1,341,708	3,992,940	6,807,070	10,153,969	13,893,524	
RETAINED EARNINGS C/F	1,341,708	3,992,940	6,807,070	10,153,969	13,893,524	17,498,116	17,498,116

INVESTMENT - TABLES

APPENDIX VIII

PROJECTED BALANCE SHEETS - IN TSH

PARTICULARS/YEARS	1	2	3	4	5	6
CAPITAL EMPLOYED:						
NET FIXED ASSETS	2,613,667	2,555,007	2,498,317	2,443,467	2,390,317	2,338,787
CURRENT ASSETS						
Receivables	52,889	68,328	72,599	84,556	94,271	218,918
Cash and Bank Balances	2,754,007	5,814,009	8,518,215	11,861,370	15,486,734	18,964,693
TOTAL CURRENT ASSETS	2,806,896	5,882,337	8,590,813	11,945,926	15,581,005	19,183,611
TOTAL ASSETS	<u>5,420,562</u>	<u>8,437,344</u>	<u>11,089,130</u>	<u>14,389,392</u>	<u>17,971,322</u>	<u>21,522,398</u>
EQUITY AND LIABILITIES						
EQUITY						
CAPITAL	2,265,264	2,265,264	2,265,264	2,265,264	2,265,264	2,265,264
RETAINED EARNINGS	1,509,562	4,160,794	6,974,924	10,321,823	14,061,378	17,665,970
TOTAL EQUITY	<u>3,774,825</u>	<u>6,426,057</u>	<u>9,240,188</u>	<u>12,587,087</u>	<u>16,326,642</u>	<u>19,931,234</u>
TERM LOAN	1,042,257	843,536	608,273	329,746	-	-
CURRENT LIABILITIES						
Payables and Accruals	28,460	31,510	34,610	38,170	42,020	46,334
Provision for Taxation	575,020	1,136,240	1,206,060	1,434,390	1,602,660	1,544,830
TOTAL CURRENT LIABILITIES	<u>603,480</u>	<u>1,167,750</u>	<u>1,240,670</u>	<u>1,472,560</u>	<u>1,644,680</u>	<u>1,591,164</u>
TOTAL EQUITY AND LIABILITIES	<u>5,420,562</u>	<u>8,437,344</u>	<u>11,089,130</u>	<u>14,389,393</u>	<u>17,971,322</u>	<u>21,522,398</u>
Debt Equity Ratio	0.28	0.13	0.07	0.03	-	-

INVESTMENT - TABLES

PROJECTED CASHFLOW STATEMENTS - IN TZS

PARTICULARS/YEARS	1	2	3	4	5	6
OPERATING ACTIVITIES						
Net Income before Tax	1,916,728	3,787,472	4,020,190	4,781,289	5,342,215	5,149,422
Adjustments for non cash items						
Add Depreciation	861,708	58,660	56,690	54,850	53,150	51,530
Change in Working Capital						
Receivables and Prepayments	(52,889)	(15,440)	(4,271)	(11,957)	(9,715)	(124,647)
Payables and Accrued Charges	28,460	3,050	3,100	3,560	3,850	4,314
Total	(24,429)	(12,390)	(1,171)	(8,397)	(5,865)	(120,333)
Total Cash Inflow from Operating Activities	2,754,007	3,833,743	4,075,710	4,827,742	5,389,500	5,080,619
Less Tax Paid	-	(575,020)	(1,136,240)	(1,206,060)	(1,434,390)	(1,602,660)
Net Cash Inflow From Operating Activities	2,754,007	3,258,723	2,939,470	3,621,682	3,955,110	3,477,959
INVESTING ACTIVITIES						
Acquisition of Fixed Assets	(3,475,375)	-	-	-	-	-
Disposals of Assets	-	-	-	-	-	-
Net Cash Outflow From Investing Activities	(3,475,375)	-	-	-	-	-
FINANCING ACTIVITIES						
Paid up Capital	2,265,264	-	-	-	-	-
Loan	1,210,111	-	-	-	-	-
Loan Repayment	-	(198,721)	(235,264)	(278,527)	(329,746)	-
Net Cash Inflow (Outflow) From Financing Activities	3,475,375	(198,721)	(235,264)	(278,527)	(329,746)	-
CASH AND CASH EQUIVALENTS						
Increase / (Decrease) In Cash And Cash Equivalents	2,754,007	3,060,002	2,704,206	3,343,155	3,625,364	3,477,959
Cash and Cash Equivalents at the Beginning of Year	-	2,754,007	5,814,009	8,518,215	11,861,370	15,486,734
Cash and Cash Equivalents at the End of Year	2,754,007	5,814,009	8,518,215	11,861,370	15,486,734	18,964,693

CTIN: 0084982



TANZANIA REVENUE AUTHORITY

CERTIFICATE OF REGISTRATION FOR TAXPAYER IDENTIFICATION NUMBER (TIN)

(ISSUED UNDER SECTION 23 OF THE TAX ADMINISTRATION ACT 2015)

THIS IS TO CERTIFY THAT
TOGABE CO. LIMITED

HAS BEEN REGISTERED WITH THE TANZANIA REVENUE AUTHORITY
AND ASSIGNED THE TAXPAYER IDENTIFICATION NUMBER

130-658-164

WITH EFFECT FROM: 11 July 2016

TRA LOCATION: TEMEKE

TAX OFFICE: TEMEKE

PHYSICAL LOCATION:

STREET / AREA: MWEMBE YANGA

ELIJAH G. MWANDUMBYA

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

NOTE: THE REQUIREMENTS UNDER WHICH THIS CERTIFICATE IS ISSUED ARE STATED OVERLEAF

TANZANIA



Certificate of Incorporation

Section 15

No 125757

I HEREBY CERTIFY THAT

TOGABE CO. LIMITED

is this day incorporated under the Companies Act, 2002 and that the Company is Limited.

Given under my hand at Dar es salaam

this 22ND day of APRIL

TWO THOUSAND AND SIXTEEN.

A handwritten signature in black ink, appearing to read 'K. K. K.', written over a dotted line.

Senior Asst. Registrar of Companies