



GOLDEN MILE
LOGISTICS LTD

Our Ref.: GMLL/DTB/001/04

Date: 20th April 2022

Branch Manager,
Diamond Trust Bank,
Iringa Branch
P.O. Box 782,
Iringa.



Dear Sir,

APPLICATION FOR A TERM LOAN OF US DOLLARS, 553,855(Equivalent to TZS 1,273,867,103.

Golden Mile Logistics Limited (GMLL) is a limited liability Company incorporated on 14th February 2022 under the Companies Act, 2002. It features an authorized share capital of TZS 2,000,000,000, divided into 200,000 shares of TZS 10,000,000/= each.

It is established with the objective, amongst others, to provide cargo handling and freight transport services throughout the Republic of Tanzania while offering import and export transportation services for clients in neighbouring countries, East and Southern Africa, such as Kenya, Uganda, Rwanda, Burundi, Zambia, Malawi and Congo. Their major transport business focuses on transit business.

The management and sponsors have vast experience and technical competence in transportation businesses, gained while running transport business in 1990s to 2010s. They delivered all kinds of goods across the country to client's satisfaction. They are still here, just a new Company, with new vehicles and new name.

The Company has recently secured massive business with E. AWADH AND CO. LTD, a private owned Overland Carriers and Forwarding Company, that has since 2006 been providing a top – notch Transport and Logistics Solutions to varied destination in East and Southern African Countries. Total requirement for the new contract is 10 tractor trucks and 10, 40ft 3 axles flatbed semi-trailers.

The contract calls for brand new vehicles that shall be deployed by the contractor while executing a massive delivery contract in various established destination.



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The Company is now seeking a term loan of the stated amount to partially finance the acquisition of delivery motor vehicles as detailed hereunder:

Table 1. Delivery Vehicles Costs

DELIVERY VEHICLES	USD'	TZS '000'
i) 10 Tractor Truck H77 Cabin	400,000	920,000
ii) Other Costs	60,000	138,000
iii) 10. 40Ft Bed Semi Trailer	180,000	414,000
iv) Other Costs	91,196	209,751
v) Pre-Operational Costs	7,278	16,739,
Total	738,474	1,698,490

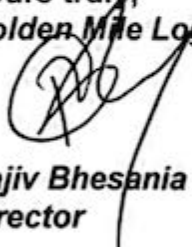
Total capital investment for the delivery trucks vehicles is USD 738,474, of which amounts to TZS 1,698,489. The Company is seeking to borrow from the Bank US\$ 553,855 (equivalent to TZS 1,261,313,100) which 75% of the total amount, at a rate of 8%, repayable 3 years, with a grace period of one (1) year. The other 25% which amounting to US\$ 184,618 (equivalent to TZS 424,622,368) will be paid by the applicant to cover its costs for purchasing brand – new assets.

Enclosed is a business plan with the financial aspects which shows, amongst other details, that the investment is technically sound, financially and economically viable. The indicators also show that the project's future cash flows will be adequate to compensate for the initial and subsequent investments.

Also enclosed, please find copies of the business plan, financial projections, Memorandum and Articles of Association, Certificate of Incorporation, TIN Certificate, LATRA Certificate of Registration, Freight Contract Agreement with E Awadh & Co Limited, Lease Agreement, quotation from Sinotruk Huawin (HK) LTD as well as the relevant Board Resolution.

We look forward to your considered response.

Yours truly,
Golden Mile Logistics Limited


Rajiv Bhesania
Director

P.O.BOX 253 IRINGA TANZANIA



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PROJECT HIGHLIGHTS

COMPANY BUSINESS : ROAD FREIGHT TRANSPORT SERVICES

PROJECT : CARGO HANDLING

PROJECT SITE : IPOGOLO, AREA-IRINGA MUNICIPALITY

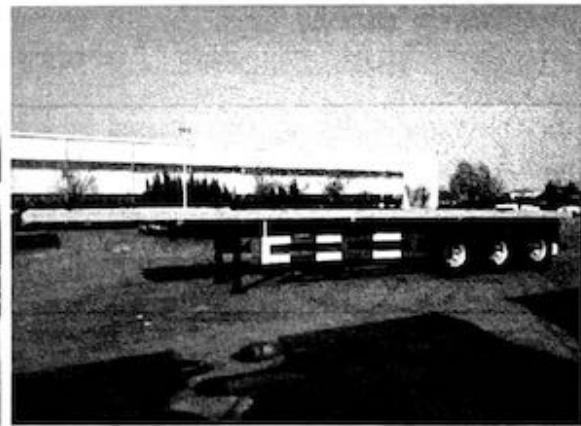
PROJECT NAME : GOLDEN MILE LOGISTIC LIMITED

LEGAL STATUS : PRIVATE LIMITED LIABILITY COMPANY
INCORPORATED IN TANZANIA IN 2022
UNDER THE COMPANIES ACT 2002.

PROJECT PROMOTERS : RAJIV BHARAT BHESANIA & BHARAT
RAMJI BHESANIA

TOTAL PROJECT COST : USD 1.167 MILLION

IMPLEMENTATION SCHEDULE **START DATE: MAY 2022**
END DATE: MAY 2029



1.0 Executive Summary

- Golden Mile Logistics Limited (GMLL) is a newly established private owned Company incorporated on 14th February 2022 as Limited Liability Entity, with an authorised share capital of Tshs 2,000,000,000 made up of 200,000 ordinary shares, each with a par value of Tshs 10,000/=
- It is established with the objective, amongst others, to provide cargo handling and freight transport services throughout the Republic of Tanzania while offering import and export transportation services for clients in neighbouring countries, East Africa, such as Kenya, Uganda, Zambia, Malawi and Congo. Their major transport business focuses on transit business.
- The management and sponsors have vast experience and technical competence in transportation businesses, gained while running transport business in 1990s to 2010s which operated a fleet of over 60 vehicles. They delivered all kinds of goods across the country to client's satisfaction. They are still here, just a new Company, with new vehicles and new name.
- It is expected that they will employ the same available people most of whom have same attitude towards services and care for clients' cargo.
- It was unfortunate that the previous transport company had to wind up and that due to disputes within the family members and personal reasons with the members agreeing to split and divide the assets. The Rajiv family ended up retaining a fully equipped and operational garage, which will be utilised to service the new fleet.
- The Company is seeking a term loan of USD 553,855.26 (TZS 1,273,867,103 to finance the acquisition costs of 10 brand new tractor trucks delivery vehicles with 10 – 40FT Bed Semi trailers. It is also in the process of registering their project with the Tanzania Investment Centre for TIC Certificate of Incentive in order to benefit from various investment incentives stipulated in investment Act, 1997.
- In projections, the financial structure is initially set at 25% equity (US\$ 184,618 equivalent to TZS 424,622,368 and 75% long-term loans (US\$ 553,855 equivalent to TZS 1,273,867,103 at the rate of 8% repayable over 3 years.
- When combined with existing investment and overdraft facility, the financial structure is set to stand at 55% equity (US\$ 672,799 equivalent to TZS 1,545,629,858.37) and 45% long term loan (US\$ 553,855 equivalent to TZS 1,273,867,103)

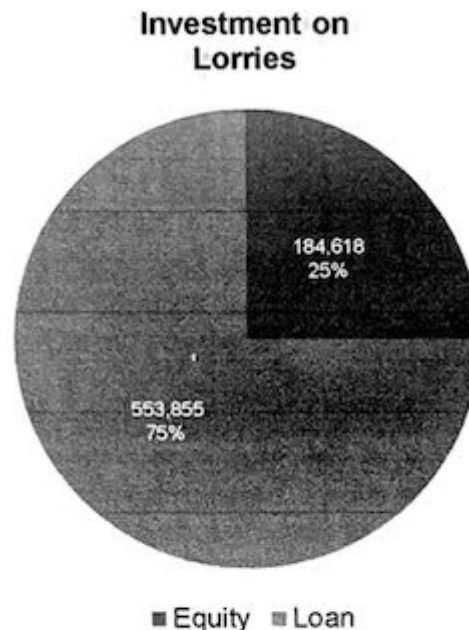
- **Financial Aspects:** The project costs, including existing facilities, are estimated at Tshs 2.819 billion, equivalent to USD 1.226 million at current exchange rate of 1US\$ equals to Tshs 2300, as itemized below:

Table 1 Indicates the Capital Structure and Financial Structure.

Item	TZS' 000'			USD
	Existing	Additional	Total	Equivalent
Land	87,740	0	87,740	38,147.83
Buildings	168,386		168,386	73,211.30
Machinery and Equipment	264,700		264,700	115,086.96
Furniture and Fixtures	20,000		20,000	8,695.65
Vehicles		1,698,489	1,698,489	738,473.42
Initial Working Capital		580,181	580,181	252,253
Pre-operation expenses				
Total Investment	540,826	2,278,670	2,819,497	1,225,868
Financing Plan		TZS' 000'		
Source	Existing	Additional	Total	
Sponsors' Contribution	540,826	424,622	965,448	419,760
Loan	0	1,273,867	1,273,867	553,855
Sub Total	540,826	1,698,489	2,239,315	973,615
O/D-Facility			580,181	252,253
Total			2,819,496	1,225,868
A	Total Combined Investment		%	USD
	Equity		55%	672,013
	Loan		45%	553,855
	Total		100%	1,225,868
B	Investment on lorries			
	Equity		25%	184,618
	Loan		75%	553,855
	Total		100%	738,474

The Pie Chart shows the equity & loan ratio for the loan of TZS 1,698,489,471 equivalent to USD 738,474 for tractor trucks vehicle procurement.

Figure 1 below provides the capital structure and financial structure of the loan.



- The gearing and interest rates used in the projections are indicative at this stage, and will have to be adjusted on the actual gearing and rates obtained.
- The Company has a secured, massive business with Overland Carriers, a Freight Transport Company based in Dar to transport goods to Rwanda, Burundi, DRC Congo, Malawi and Zambia.
- The contract calls for brand new delivery vehicles.
- The promoters are dedicated and determined to make this investment expansion successful and profitable business.

1.1 Financial Viability

Based on base case scenario projections to 2029 and using the parameters outlined above, and other assumptions detailed in the financial aspects, the financial projections show that the Transport Business is a worthwhile undertaking and financing it is recommended. The project shows positive results over the entire eight-year projection period. The overall average gross profit margin is 46.89% with a net profit of 18.56%.

Income projections indicate that the project will be profitable after full transport

operations commence in 2022 as shown below: -

Table 2 Shows the Projected Sales Revenue with ensued profits & margins

Year	Tshs '000'				
	2022	2023	2024	2025	2026
Revenue	2,362,904	2,527,154	2,804,215	3,205,459	3,774,561
Profit B.I.T	589,263	647,194	744,914	886,433	1,087,155
Profit After Tax	276,167	391,597	482,732	606,413	761,008
Net Margins	11.69%	15.50%	17.21%	18.92%	20.19%

The IRR for the project is 27.82% and projected cash flows indicate that the Company will have adequate liquidity throughout the planning period while making significant loan amortization payments.

The critical success factors for sustainable transport business will include:

- Raising the required capital. Projected results show that the business is profitable and could generate enough cash to repay returns on all sources of finance. However, in order to achieve the targeted production levels, timing for raising the finance is very crucial.
- Aligning strategies with operations: Financial projections assume that the management's strategic plan would be implemented within the period envisaged in this plan.

Overall conclusion for the new investments is that, long-term Golden Mile Logistics Business is financially sound. It is expected to remain a profitable undertaking right from the beginning of its operations in year 2022. The incremental benefit of increased capacity utilization shows an IRR of 27.82%, which is considered well above the assumed cost of the project's borrowed funds.

This indicates that, under the projection based on the base case scenario, the project would be viable.

The sensitivity analysis indicates that the project is sensitive in variables relating to key risk factors of freight charges, number of trips and operating costs.

1.2 Investment in Freight Services Decision

The decision to go on investing into freight services was based on a number of business factors, amongst them:

- 1 Driven by the experience and knowledge to understand that efficient mobility is dependent on successfully balancing the demand for transportation capacity and service with the quantity supplied of those services and capacities.
- 2 An assessment of transport and the costs and productivity of

transportation service required been made.

- 3 There is already a two (2) year contract with Overland Carrier, a reputable fleet management Company that supports our operational demand for freight business for its clients and had encouraged the Company to invest in freight business to cope with the increased volume of business.
- 4 Driving the demand for transportation is closely linked with the general economic growth, population growth and improved trading within the regions being among factors driving the need to invest.

1.3 Competition

The transport industry is a highly competitive industry and with ensuing globalization, increased competition and more demanding customer's companies are required to make complex decisions better and faster. To remain competitive and cost effective the Company has to:

- 1 be price competitive – scale the service to match transport needs while keeping transport charges/prices in line with the contract;
- 2 be highly dependable deliveries – the vehicle should be well maintained to ensure reliable deliveries are done as agreed –hence the need to have ready fuel and spares in stocks to be used when required.
- 3 guarantee – guarantee the reliability and timeliness of transport work and total control over how goods are to be handled.

To survive and compete in transportation business, the Company needs to continue to invest in operational equipment, train the staff well and plan its investment carefully while utilizing its management skills to reduce operational costs.

For efficient running of transport business and gearing up for competition, the Company needs transport vehicles that will reduce operational costs with less maintenance costs, it therefore requires vehicles;

- do not break down frequently,
- are reliable,
- reduce fuel cost. Cost of fuel in Tanzania is becoming significant on the balance sheet and managing transport fleets is an exercise itself.

The goal is to make customers feel secure that the goods they need to have transported will be done so quickly and reliably.

1.4 The Transport Business – Current Status

The transport sector is a critical and large part of the Tanzanian economy. It is not only an essential and integral element in social rural and urban development and regional integration. It is in fact an important source of employment, entrepreneurship and innovation.

East Africa's transport network comprises four major systems. Namely, roads, maritime, rail and air transport. Road transport is the main mode of transport that supports the majority of economic activities in Tanzania.

Trucks carry more than 80 percent of internal freight cargo in Tanzania. The share of freight on trucks is much higher as most high-value and time –sensitive cargo is carried on trucks. Expectations are that this will continue to remain the case. Even in the best of circumstances and countries, with very developed land waterway systems, trucks continue to carry a large share of freight, particularly for high value goods and most short- and medium-distance trips.

The sector dominates other modes of transport in terms of asset turnover, employment creation and contribution to GDP and capital formation. With improvements on road networks currently being undertaken, it complements the improvements envisaged in the business plan.

The objective is to further strengthen the efficiency freight mobility of transportation fleet and the state-of-the-art workshop facilities with further assets and a highly dedicated and motivated staff, equipped with the reliable vehicles.

1.5 Overview Golden Mile Logistics Limited Investments' Business Viability and Profitability

This is market driven business, with a good number of contacts with clients having been long established. The Company will cater for and satisfy its major client Overland Carriers with whom it has a contract to last for 2 years and other complex industrial and commercial requirements of expanding the economy thus making a vast country seem smaller through increased efficiency and timely delivery of goods. It aims at continuing to build long-term relationships with its new clients and working together with them for many years.

The projected profit and loss accounts for the transportation business show positive results over the entire projection period of five years and projections up to 8 years, using the assumptions outlined herein in the business plan:

1.6 Business Objectives

The objective of the Company is:

1. To ensure that its transport business is started, consolidated, continuously improved, modernized, made more competitive compared with similar transport businesses and is operated profitably, thereby increasing the capacity for revenue generation and collection.
2. To create and keep customers through continually sought better methods of delivering service that provide added value for the customers, timely delivery, profitability, and productivity reflecting

added value for the customers, a fair return for employees and improved opportunity for everyone. By achieving economic success, the Company gains resources to positively improve its business and benefits for its customers, employees, and shareholders.

3. To control costs and increase operational efficiency while coping with raised demand and the company is intent on controlling costs and increasing efficiency. The cost of fuel in Tanzania is becoming significant on the balance sheet and managing the transport fleet is an exercise.

In order to sustain the Company's level of operations and performance it has planned to:

- 1 Purchase 10 new tractor trucks delivery vehicles, including 10 new 40Ft Bed Semi Trailer,
- 2 Purchase and maintain fuel and oil stocks at optimum level,
- 3 Increase turnover by 10% annually.

1.6.1 Company's Vision

The Vision is to build long term, mutually beneficial relationships with its clients by:

- 1 Maintaining the highest standards of personal honesty and integrity,
- 2 Ensuring every transport job enjoys the benefits of highly trained staff,
- 3 Providing first-rate dependable transport service.

1.6.2 Mission

The mission is to provide safe, competitive and convenient transportation as well as storage services for various businesses. To this end, it will go an extra mile to get transport work done on time and with excellence.

1.6.3 Keys to Success

Golden Mile Logistics future success will depend on a continued handful of important assets that the company offers to clients. These are -

- 1 Very Competitive Pricing
- 2 Extensive Range of Vehicles
- 3 Experienced Drivers
- 4 Dependable Service
- 5 Assurance of customers' satisfaction

One of the reasons new customers use Golden Mile Logistics is the confidence they have from previous experience they have had with the Directors of the Company. The Sponsors have done transportation work for major Companies in the past with total professionalism.

1.7 Company Summary/Ownership

Golden Mile Logistics was established in 2022. Two members of the Bharat family, have taken 100% of shares as indicated below, own it:

- Mr. Rajiv Bharat Bhesania 99%
- Mr Bharat Ramji Bhesania 01%

1.7.1 Company Management

The Company is managed by the two family members who are also the Shareholders and Directors and responsible for overall policy direction of the Company.

The Board is made up of the Chairman and three Directors who are also Directors. The present Directors of the Company are:

- | | | |
|------------------------------|-------------------|-----------|
| 1. Mr. Rajiv Bharat Bhesania | Managing Director | Tanzanian |
| 2. Mr. Bharat Ramji Bhesania | Director | Tanzanian |

7.2 Company Vehicles

The Company is restarting its transport business with a fleet of 10 delivery trucks and 10-40FT bed semi-trailers. It has the capability of servicing all its vehicles in garage located in Iringa.

Over the period, the new management will be able to redevelop invaluable knowledge and experience and gain excellent reputation in the haulage business. The Company will cater and satisfy the industrial and commercial requirements of an expanding economy. The name "Golden Mile Logistics" is synonymous with its timely cargo deliveries through the transport system by going an extra mile to service its clients. Despite the contract, the Company will continue to offer all types of transport services, including general freight.

1.7.3 Company Location and Facilities

Golden Mile Logistics Limited offices are located in House No 3 on Plot No 1309/10 Chole Road, Dar es Salaam, while the workshop and go down are located in Iringa on Plot No 58. Block Industrial Area, Ipogoro Area, Iringa Municipality. Both offices and garage are strategically located in Dar and Iringa where they offer an extensive road network to destinations within the regions and across Tanzania, from Dar to Zambia.

In addition, the Company has a number of operating equipment such as motor vehicles, delivery trucks, garage with fully equipped service workshop situated in Iringa.

The plot is well developed and effectively linked with good transport and communication systems.

1.7.4 Company's Turnover

The projected turnover shown on the Table 2 below is a very conservative estimate, reasonable and achievable. It shows an average growth of 15.60%

Table 3 Projected Turnover & Growth for period 2022 – 2028

YEAR	SALES TSHS'	ANNUAL GROWTH
2022	2,362,903,795	0%
2023	2,527,154,746	6.95%
2024	2,804,215,095	10.96%
2025	3,205,459,571	14.31%
2026	3,774,560,929	17.35%
2027	4,578,650,262	21.30%
2028	5,721,385,522	24.96%
2029	7,355,004,001	28.55%

**** Eight Year Projected Performance**

Parallel with further growth in sale volume as demand dictates, the Company will continue to invest in its existing freight haulage business and operational equipment.

Figure 2. Provides graphically the trend in volume over the years

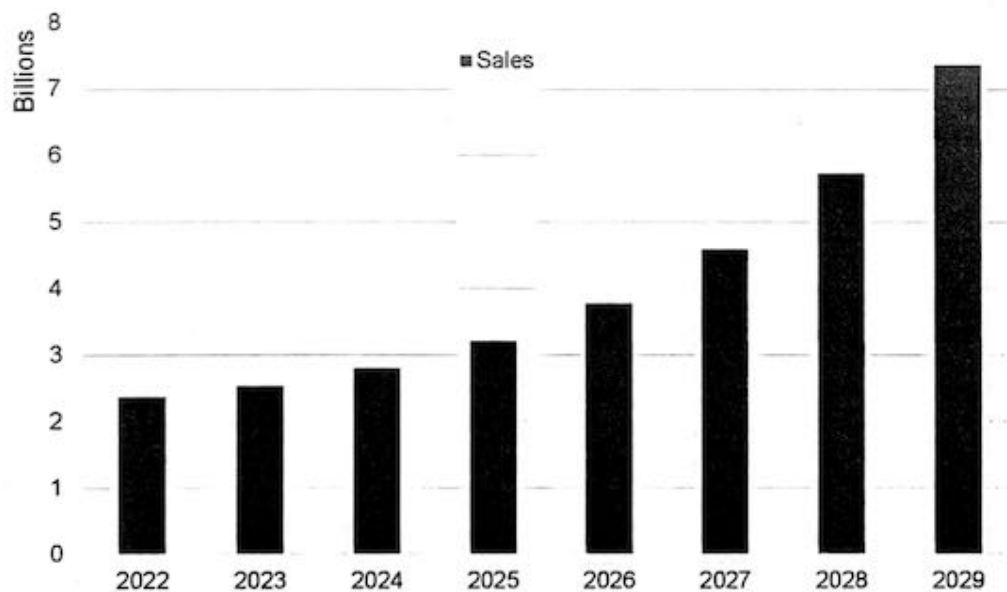
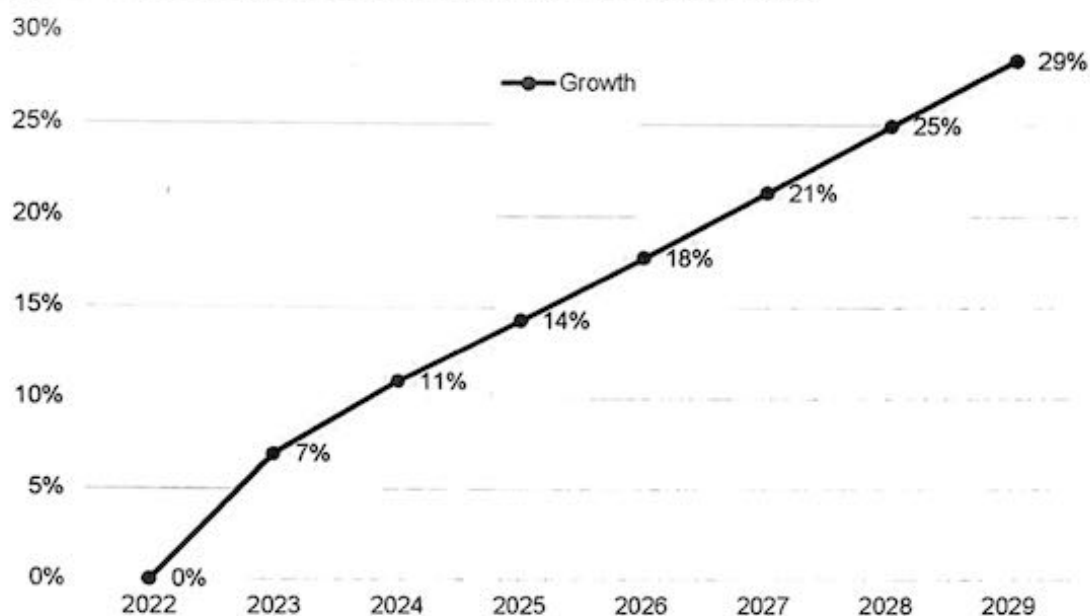


Figure 4. Shows the projected growth trend in percentage



1.7.5 Management team

A Board of Directors will manage Golden Mile Logistics. It comprises two officials Rajiv Bharat Bhesania and Bharat Ramji Bhesania. The Board formulates and determines the policy and strategic direction of the Company.

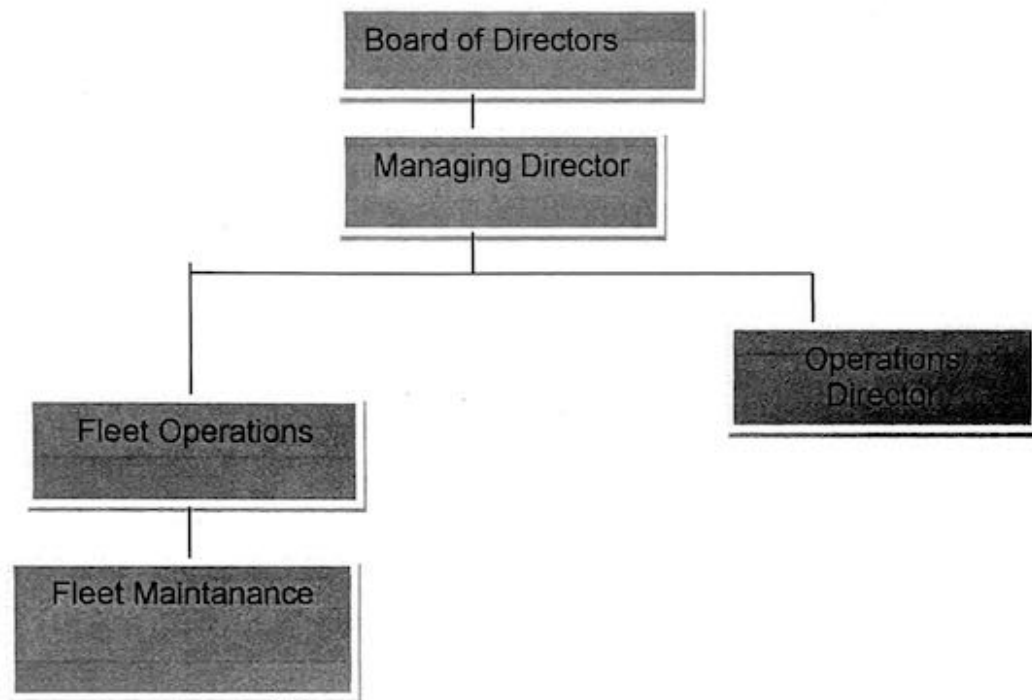
It will be supported by a lean team of well-experienced and professionally qualified mechanical personnel and drivers who are committed to providing quality service and on time delivery to client. They comprise of personnel who previously worked under the tutelage the Directors and are ready to join the Company. The Directors have vast knowledge and experience in road haulage and general business management.

The Company will greatly benefit from the combined experience of the two Directors and Shareholders. Together, they have extensive experience and knowledge of all aspects of transport business, marketing and trading thus optimizing the chances of expanding the business turnover.

It has also a wide range of discipline and skills to provide for across the board capability proper management for transport, and marketing.

The operations of the Company are under General Manager assisted closely by the Factory Manager.

The Organization Chart of Golden Mile is as shown here below.



As earlier noted, the Company has a wide range of discipline and skills to provide across the board capability, proper management inspiration and creativity for fleet management, business, and marketing. A dedicated management whose profiles are detailed hereunder manages the day-to-day affairs of the Company

A team of two Directors whose profiles is detailed hereunder manages the day-to-day affairs of the Company:

Mr. Rajiv Bharat Bhesania -
Managing Director

Managing Director since 2022 after the establishment of the New Company. Strongly believes in Ethics and goes beyond commercial considerations to reduce the cost for the customer by improving efficiency and bettering service. He is considered as a visionary who provides corporate guidelines. He is man with immense energy innovative also and dynamic. He has the responsibility of managing the Company and exploring new market opportunities in the logistics sector for the Company, which includes the expansion of services.

Mr. Bharat Ramji Bhesania
Operation Director

He has hands on experience in transportation industry for over 40 years. He was a pioneer and Director of previous transport Company until the family decided to share the Company assets. He operates high class and modern garages in Iringa, which is equipped with sophisticated technology and expertise that is top in the market for vehicle repairs and services. From many years in management, he has developed expertise in Technical, Administrative and Finance Management. He has an in-depth knowledge of operation and maintenance of fleet and concentrates on cutting downtime and increasing capacity utilization. His practical and down to earth approach is primarily responsible for the prevailing fleet augmentation.

1.7.6 Investment in future

In response to market opportunities, the Company wants to increase the volume of its freight and haulage business by 10-15 per cent annually.

Investments shall be carried out in progressive manner with increased number of fleets through Self-Generated Funds. Subsequently, investments on operational equipment shall be made in such a way it commensurate with the level of business volume to match investment programmes such as:

1. 2022 purchase of vehicles and start of operations
2. 2023– 25 investment in spare parts for vehicles

The chain of adding value requires investments in:

- 1) Staff training,
- 2) Costs of operating equipment,
- 3) Investment in marketing.

Because of these improvements, the Company would need a working capital to a tune of TZS 580 million. A summarized cost estimate for the listed capital items required are contained in annexure 3 b.

The shareholders of Golden Mile Logistics Limited are fully committed to the investment and improvements of their transport business after starting to operate.

The financial means needed for future capital expenditure will be secured partly through internally generated funds (IGF) and partly through new equity contributions (direct investment) by the shareholders.

1.7.6 Remuneration policy

Management believes that good working conditions benefit both workers and the Company. Therefore, remuneration packages are designed to attract, motivate and retain employees of the right calibre and reward them for enhancing the value of the Company. The policy, which is determined in relation to remuneration of employees, is as follows:

1. To pay basic salaries which reflect the size, performance and contribution of individual jobholders. The Company will receive advice from external sources to help in assessing the salary levels paid in comparable organizations,
2. To operate an annual incentive plan. This relates the payment of cash bonuses to pre-determined performance goals,
3. Apply Health Insurance Scheme,
4. Start a credit and savings society.

The above incentives and schemes are already in place in some companies in in Dar es Salaam.

1.7.8 Economic impact:

The Company's main economic benefits to the country are as follows:

a) Employment

- i) The Company is expected to provide direct employment to about 10 drivers some of whom were working with the Company before. It is expected that numerous new positions will be created, especially in the areas of security, mechanics, yard staff and drivers. The overall staff will increase to 20, which means that the income and social well-being of the employees will improve through employment,
- ii) A general rise of living standard for the people who will be employed by the Company is planned,
- iii) Workers are likely to be beneficiaries of the project, with benefits including salaries, better than average Tanzanian conditions, social and health security and access to the credit and saving schemes,
- iv) The investment will generate commercial spin-off for hardware and auto spares traders,
- v) Government revenue: The government is expected to get various taxes from the operations of business.

b) Environmental impact:

This Transport Business will be implemented to meet the highest environmental standards. The location, site and environment of the office and garage are in harmony with the built up area for the garage and is in conformity with the building and development regulations applicable to town and country planning regulations, 1960 as amended in 1993.

The operations of the Company will have no negative impact on environmental, health, social and safety guidelines. In fact, business is carried out under the project is and will be in full compliance with the previously mentioned guidelines, regulations and or policies.

Liquid waste will be disposed of through the central sewerage system. Other wastes will be collected and periodically picked up by refuse collection service and dumped in their approved refuse dump pits.

2.0 An Overview of the Transport business

2.1 Introduction

Golden Mile Logistics Limited is a small transport Company specializing in road haulage services within East and South Africa. For many years to come, it will concentrate on regional road haulage within the East African and Southern African countries.

All vehicles and trailers will be covered by mandatory comprehensive insurance to protect it against damage, total loss, third party, fire and theft.

2.2 Cargo Vehicles

The 30-ton truck vehicles and container/break-bulk transport semi-trailer combinations will be used to transport cargo or equipment transports.

Drivers shall be assigned vehicles in accordance with the daily dispatch orders. They are required to observe rules and regulations governing vehicle operations, safety practices and rules of the road. They complete daily operational records, perform required maintenance services and assist workshop personnel in doing vehicle maintenance on assigned vehicles.

2.3 Maintenance Operations

The Company will employ experienced mechanics and workshop technicians along with fabrication and welding engineers based on the purpose, built maintenance and repair workshop. It will maintain a workshop with full maintenance back-up equipment, including spares parts for vehicles. Oil and lubricants are and will be available in sufficient quantities whenever required. Workshop supervisor directs and supervises all matters on vehicle repair, maintenance and availability.

The workshop staffs are responsible for the service and repair of our own fleet of 10 truck vehicles.

2.4 Services Operations

The Company's Transport services operations are oriented towards providing a form of transportation services to its clients with the anticipated aspirations of the customer that goes with total commitment and dedication, timely delivery, innovation and provision of value for money. The Company will offer a host of services including:

1 Bulk

The movement of commodities in bulk is legendary and is also one of the Company's specialties. Raw material, semi-finished, finished goods are transported through road in bulk for different destinations in the country or exported to Southern countries like Zambia, Malawi and Congo.

2 C and F Services

C & F services, as known are getting the formalities of the Excise and Custom, Completed and cleared from the borders and forwarding the materials to their appropriate destinations by appropriate, select trucks.

3 Container Handling Services

Containers of all types - 40', closed and open top are transported on trailers. The Company will have its own fleet of container vehicles. Company containers pass through the most stringent test before loading - like humidity check, leakage and floor check. Only after these tests, a container is loaded and set for the road.

4 Documentation

The Company undertakes and provides hassle free documentation for transportation work on all the inbound and outbound movement of cargo from within and beyond Tanzania. This includes the handling of Entry Tax and Tax formalities if sales are not involved in the transaction.

3.0 The Project Description and Business Plan

3.1 The Freight Transport Industry and Characteristics

The Road Freight Transport Industry is one of the largest "Service" industries in Tanzania; and it is one of the major National employers. It has thus a major effect on the country's economy. Available data suggest and serve to emphasise that: (Source Own study compilation)

- 1 82% of all inland freight is moved by road.
 - 2 97% of all goods in the Construction and manufacturing industries are moved by road.
 - 3 20-30% of all of Tanzanians industry's costs relate to the movement of Freight
 - 4 More than 0.5 million people work in jobs directly connected to the Road Haulage Industry.
- **Ownership structure.** Carriers range in size from individual owner-operators, to medium-sized Companies, to large professional trucking companies. The average trucking Company has up to 10 vehicles; the medium, large limited liability Company can have up to 30 vehicles; and the vast majority of the large could have more than 50 vehicles.
 - **Operational model.** There are operators that focus exclusively on urban markets and others on long-distance markets. Organizationally, some shippers use in-house fleets, while most contract freight to outside carriers. There are more than 500 private companies in Tanzania actively operating trucks either as shippers or as carriers.
 - **Fleet age.** The average age of the registered truck fleet may be over 13 years with the oldest trucks belonging to owner-operators. The average fleet age is about 8, 10 and 15 years for Companies, Cooperative and Owner-operators, respectively. The age of the vehicle has an important implication on the type of engine, efficiency and effectiveness. Golden Mile's trucks will all be brand new
 - **Type of vehicles.** The fleet includes tractor-trailers, fixed bed, bulk goods, and special goods vehicles such as tankers. The tare weight of a simple fixed-bed truck can range from 8 to 30 tons and as high as 50 tons for specially-authorized tractor-trailer combinations.

The vast majority of the products used and consumed daily will have come into contact with the Road Haulage Industry. With the collapse of the rail system in Tanzania and improvement of road system, most haulage business will be tied to movement by road for the foreseeable future. Ideas on reducing road use centres on limiting the use of the car user rather than haulage vehicles, a tacit admission of the importance of this form of freight distribution.

Transport business is therefore a huge industry, with many and varied opportunities for the service provider.

3.2 Company's Freight Operations

The Company's routes and scheduling are based on the prior established routes and costs per kilometre that have been agreed with the Client. The routes are detailed in Table 4 below.

Table 4 Showing the established routes, kilometres and costs

Transit Cargo	Lane/Route Name	Return KM	No of Trips Annual	Rate /Km in Tshs'000'
			Volume (drops)	
Zambia	Dar to Ndola	3592	12	3,970
	Dar to Ndola	3504	12	3,970
	Dar to Lusaka	3882	12	3,970
	Dar to Lusaka	4276	12	3,970
	Dar to Kasama	2324	12	3,970
	Dar to Kasama	2888	12	3,970
Malawi	Dar to Mzuzu	2360	12	2,368
Kigali	Dar to Kigali	2914	12	3,314
Burundi	Dar Bujumbura	3024	12	2510
DRC Congo	Dar to Kolwezi	4266	12	4044
	Dar to Likasi	3916	12	4053
	Dar to Lubumbashi	3676	12	3879

3.3 Customers

Apart from the main customer Overland Carriers, the Company will contact other customers who were known to them and are spread across all over Tanzania, Uganda, Malawi, Zambia and DRC Congo. They encompass a number of private companies, manufacturing industries, steel companies, food industries, oils refinery companies, chemical industries. These guarantee return cargo trips after main client deliveries.

3.4 Customer Retention

One of the major Company policy and strategy is to ensure customer retention in order to grow the business and achieve related goals. It will need to set a process in place to bring in new customers and thereafter set up strategies to encourage existing customers to make repeat orders. The goal is to be first

choice for most of its reputed clients. It needs to be one of the few logistics service providers with the versatility to ensure greater customer satisfaction.

3.5 Operational Plan

The Company transportation planning system starts with determining what must be moved, where and when to do so and the best means (transport) thereto. Proper transportation planning ensures timely delivery to planned destinations.

After receiving requests for transportation requirements, the transportation officer provides plans and the order of priorities to the management that in turn authorises movement and the use of motor transport resources assigned for particular logistics support.

Before the authority is given, management checks on vehicle transport availability and capability, which is assessed against transport requirements and priorities. Although most of the current transport businesses undertaken by the Company is based on standing, long term contracts with the customers, the procedure the management keeps in support of transport operations is as follows:

- Receiving and screening requests/orders for transportation requirements.
- Preparing and forwarding documentation to support movement.
- Providing the daily vehicle availability for transport operations
- Collecting and disseminating current road data/information.
- Collecting and reporting transportation information.
- Reviewing transportation capabilities in context of existing orders
- Receiving and reviewing cargo distribution instructions.
- Agreeing with the customers on the terms and conditions of deliveries.

Where transport requirements/orders exceed Company transport capabilities, the management can hire additional vehicles from other transport Companies.

Drivers who are certified, endorsed, insured and fully trained to handle any load, including hazardous materials, would be assigned vehicles according to daily despatch orders.

Once the all conditions are fulfilled / met, the goods are transported to destination with dispatch, full time tracking communication and vehicles covering the greater part of the Country, East and South Africa countries, the Company will keep track of the fleet to ensure increased efficiency, timely delivery of client's goods and provide up to the minute status reports.

Clients are invoiced immediately after delivery for full payment. Some contracts, especially short-term contracts provide provisions for part payment in advance and or full payment after delivery.

3.6 Transport Fleet Investment Programme

Golden Mile Logistics Limited's Directors have over 30 years of combined experience in development and implementation of advanced planning and decisions that supported transportation and logistics. Over the years, their routing and dispatch programmes has evolved into serving more than 10 customers in different countries in East and South Africa.

For the Company to continue to meet existing demand and cope with the increased demand of its transport business, the strategy will be to judiciously plan to increase a number of vehicles at the right time and replace some of its old vehicles with modern and efficient vehicles and so accelerate the turnover as newer trucks improve the average fleet fuel efficiency to ensure a sustained market while satisfying customers.

Over the years, the Company will gradually increase the number of vehicles at the same time replacing the old. Increased vehicles will have a corresponding increase in tonnage carriage.

3.7 Marketing

The Company's sense of commitment and expertise in transportation gained through years of experience in transport business will have earned it the constant support of reputed clients. Commitment towards skilled execution in all operations remains its primary focus.

Approval and recognition gathered over the years will further be confirmed by getting back our previous customers. As part of its marketing strategy, the Company aims to build long-term relationships with its clients and work together with them for many years.

Commitment to customer satisfaction and reliable deliveries are the two things that will set Golden Mile Logistics Limited apart from many others in the transport industry

Improving customer service provided to the customer during and after the movement of their freight while offering customers a higher level of transport service than would otherwise be available from many other companies in the transport industry, will be another strategy to this end.

Other measures will include:

- 1 Developing flexible and competitive terms for the customer's short- and long-term needs.
- 2 Maintaining the quality of fleets and steadily expanding operations.
- 3 Maximizing the load factor, meaning that every truck shall have a return load to minimize costs, making it more attractive to more customers.
- 4 Focusing on three key areas; vehicle technology, drivers and management.

4.0 Implementation Schedule

The plan and allocations of budget and resources and organization of the proposed project are presented in the Table below:

4.1 Work Plan

The total implementation period of one (1) month (April 2022 till 10 May 2022) is indicative at the time being as its success will depend on a carefully planned sequence of activities as well as raising the required finances to realistically achieve the expected results. The resulting work plan, with approximate timing of activities is shown on the following Table and can be adjusted in the course of implementation.

Summary of Implementation Schedule

	Activity	Due dates
i	Preparation of Business Plan	April 2022
ii.	Submission of the Loan & OD application to the Financial Institution	April 2022
iii.	Loan & OD application appraisal	April/May 2022
iv.	Loan & OD approval & Fund utilised	May 2022
v.	Continue with the Business	June 2022

5.0 Financial Plan

5.1 Financial Requirements for investment into Transport Business

The cost of implementing the proposed investment is given at Tshs 2 685bil

A summary of these investment costs is summarized below:

Fixed Capital investment	TZS,'000'		US Dollars	
	Existing	Additional	Total	USD Equivalent
Land	87,740	0	87,740	38,147.83
Buildings	168,386		168,386	73,211.30
Machinery and Equipment	264,700		264,700	115,086.96
Furniture and Fixtures	20,000		20,000	8,695.65
Vehicles		1,698,489	1,698,489	738,473.42
Initial Working Capital		580,181	580,181	252,253
Pre-operation expenses				
Total Investment	540,826	2,278,670	2,819,497	1,225,868

Detailed costs of the investment program are shown in attached Annex 1(a) to 1(b).

The above cost estimates are based on estimates made by the Company.

5.2 Proposed Financial Plan

The cost for implementing the proposed investment is planned to be financed as indicated below:

Financing Plan	TZS' 000'		Total	
	Existing	Additional		
Sponsors' Contribution	540,826	424,622	965,448	419,760
Loan	0	1,273,867	1,273,867	553,855
Sub Total	540,826	1,698,489	2,239,315	973,615
O/D-Facility			580,181	252,253
Total			2,819,497	1,225,868

The proposed financial structure is shown on the Table below:

A	Total Combined Investment	%	USD
	Equity	55%	672,013
	Loan	45%	553,855
	Total	100%	1,167,654
B	Investment on lorries		
	Equity	25%	184,618
	Loan	75%	553,855
	Total	100%	738,474

Further reinvestment shall be financed by combination of retained earnings/current profits and new equity from the shareholders.

5.3 Operating Assumptions

The Tables below summarize the key operating metrics of the operating plan that reflects what the Company believes to be a conservative outlook.

Inflation Index

Year	1	2	3	4	5	6	7	8
Income	1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23

5.4 Financial Projections

Tsh:'000'

Year	2022	2023	2024	2025	2026
Turnover	2,362,904	2,527,155	2,804,215	3,205,459	3,774,560
P/after tax	276,167	391,597	482,732	606,413	761,008

Year	1	2	3	4	5
Tax payments	118,357	167,827	206,885	259,891	326,146
Net cash flow					
Loan Interest	194,738	87,770	55,296	20,128	
Loan Repayment		391,250	423,724	458,893	

Details of the Company's financial performance and assumptions are in Annex 2 to 3 and Appendix 1 to 6. Comments on main features of the above-expected performance are given hereunder.

a) Profit and Loss accounts – Appendix 1

Over the projected period, from the beginning of 2022 to end of 2029, the turnover of Golden Mile Logistics Limited's is expected to grow from Tshs 2.362bln in 2022 to Tshs 7.355bln by 2029. Profit after tax is also expected to

rise from Tshs 276 million in 2022 to Tshs 1.644bln in 2029.

b) Cash flow statements – Appendix 2

The Company's closing cash balance is expected to grow from Tshs 382 million at the end of 2022 to Tshs 1.163 bln at the end of 2029. The operating cashflow is expected to generate positive cashflow due to rise in volume of transport activity and increasing steadily over the ensuing years. This shows that business will generate sufficient cash to meet all its financial obligations.

c) Balance Sheet statements – Appendix 3

The projected Balance Sheets shows that the proposed transport business indicates a strong financial position, in both the short and long-term. Net tangible assets are expected to grow from Tshs 3.004 bln at the end of year 1 to Tshs 8.058 bln at the end of the last year.

5.5 Internal Rate of Return – Appendix 4

Based on assumptions mentioned above, the proposed transport's operations indicate that this investment will have an after tax internal Rate of Return of 27.82%. This is considered acceptable, as the current cost of borrowed funds is apt to be 8% p.a. on dollar account for the procured loans.

6.0 Risk Factors Market Risk and Management Risk

Like any other business operating entity, Golden Mile Logistics will continue to face various risks that threaten its successful performance. These risks are of four types, namely, (a) Market Risks, (b) Management & Operational Risks, (c) More Government Oversight and (d) Deteriorating Infrastructure.

A brief description of each type of risk follows here below.

(a) Market Risks

Golden Mile Logistics operates high class and modern garage in Iringa, which guarantees the serviceability of the vehicle considering the fact that it is equipped with sophisticated technology and expertise that is top in the market for vehicle repairs and services. Besides, the Company is contracted by a major reputable and experienced transport and clearing & handling service Company that serves a huge transit business. It will also cover the top class market segment as well as individuals. Therefore, there is minimal market risk as the Directors of the Company have built a strong name and reputation in the market. Competition is fairly minimal compared to the level of operation, technology, expertise, price and service compared to other operators.

(b) Management & Operational Risks,

There is minimal management risk considering Corporate Management and ownership structure as detailed previous chapter. The Board of Directors is responsible for control and direction of the Company

The Board under the ownership and control of Rajiv Bharat Ramji Bhesana and Bharat Kumar Ramji, who both have vast experience in business management. Each department will be well managed by professional and qualified management team that ensures effective and efficient business operations.

(c) More Government Oversight and

Registrations that are meant to facilitate the transportation industry could also be one of the greatest risks. Various and many unreasonable stoppage barriers impede company's deliveries in goods on time.

This could be mitigated through joining the Transport Association that would engage the policy makers to provide researched solutions to address the current and future challenges faced by the transportation industry

(d) Deteriorating of Road Infrastructure.

The national's trunk roads are increasing dangerous for vehicle because of deterioration and delays in repairs could impede the expedient delivery of the goods to destination, which is out of control of Transport Industry. This could mitigation in the same way as above

7.0 Conclusion & Recommendations

The Sponsors of Golden Mile Logistics Limited's are committed and dedicated to the future development of its business and are helping to contribute towards maintaining a strong Tanzanian Economy.

As part of this commitment, the Company is working to establish strong business ties within the community, by reviving its businesses to meet the ever-changing needs and demands of its customers. As Tanzania economy continues to develop, the Company wants to be an integral part of the expansion and change in process.

7.1 Conclusion

The overall conclusion is that the long-term outlook for transport business is exceedingly bright, as its financial status appears to be sound, provided it is implemented according to its business plans. There are good transport business prospects in future to justify the investment of transport business and to continue with the business. The transport business market presents compelling opportunities for growth and expansion within and outside the East and Southern African Market.

Meantime, the Company does not see any management challenges beyond their capacity while it continues with its transport business now and thereafter with its shareholders are fully committed to long-term success of the Company.

Considering all the above and the results contained herein in the Business Plan, Golden Mile Logistics Limited's Shareholders are convinced that the project is both viable and sustainable and are looking for financial support from the financiers.

7.2 Conclusion

Given that the Business Plan is based on conservative assumptions , more so than many well regarded forecast and still the financial analysis shows that the proposed business is technically sound, commercially, economically and financially viable as well as environmentally friendly, it is financially recommended.

GOLDEN MILE LOGISTICS LIMITED										
PROPOSED INVESTMENT										
INVESTMENT CAPITAL COST ESTIMATES										
OPERATING ASSUMPTIONS										
INVESTMENT YEARS										
INFLATIONARY INDEX										
Annual Inflation										
Inflationary Index	5%									
1. USD/TSHS Exchange rate										
USD 1	2300									
	EXISTING		INVESTMENT AS AT 2022				CONSOLIDATED			
Investment	No. of units	Total cost: TSHS,000,	No. of units	Area/unit: M ²	area - M ²	Unit cost: TSHS'000"	Total cost: TSHS'000'	No. of units	Total cost: Tshs'000'	
2. LAND & BUILDINGS										
(1) Land		87,740					87,740		87,740	
(2) Building										
(i) Administration		74,215					74,215		74,215	
(ii) Milling Building		28,241					28,241		28,241	
(iii) Workshop Building		54,251					54,251		54,251	
(iv) Stores		11,679					11,679		11,679	
Sub Total									168,386	
TOTAL: LAND AND BUILDINGS		161,955					161,955		256,126	
3. PLANT AND EQUIPMENT										
(1) Cran Shaft Machine	1	70,000,000		-			70,000,000		70,000	
(2) Block Re Boring Machine	1	30,000,000					30,000,000		30,000	
(3) Lathe Machine	1	10,000,000					10,000,000		10,000	
(4) Cran Shaft Straighten Machine	1	8,000,000					8,000,000		8,000	
(5) CYL. Head Re Surface Machinery	1	8,000,000					8,000,000		8,000	
(6) Car Lift	1	10,000,000					10,000,000		10,000	
(7) Trol Jacks	2	4,000,000					4,000,000		4,000	
(8) Engine Lift Crane	1	4,500,000					4,500,000		4,500	
(9) Drill Machine	2	5,000,000					5,000,000		5,000	
(10) Pipe Bending Machine	2	5,000,000					5,000,000		5,000	
(11) Welding Machine	2	6,000,000					6,000,000		6,000	
(12) Hydraulic Pipe Machine	1	3,500,000					3,500,000		3,500	
(13) Iron Sheet Bending Machine	1	3,500,000					3,500,000		3,500	
(14) Power Saw Cutting Machine	1	5,000,000					5,000,000		5,000	
(15) Set Gas - Welding Machine	2	5,000,000					5,000,000		5,000	
(16) Aluminum Welding Machine	1	6,000,000					6,000,000		6,000	
(17) Press Machine	1	5,000,000					5,000,000		5,000	
(18) Bench Grander	2	1,200,000					1,200,000		1,200	

GOLDEN MILE LOGISTICS LIMITED								Appendix 2
PROPOSED EXPANSION								
PROJECTED CASH FLOWS FOR YEARS ENDED 31ST DECEMBER ..								TSHS
Year	1	2	3	4	5	6	7	8
Cash Inflows								
Capital Inflows								
Equity	965,448,368							
Term Loan	1,273,867,103							
Working Capital Loan	580,181,491							
Sub total	2,819,496,962							
Revenue Inflows								
Profit before tax	394,524,726	559,424,413	689,617,184	866,304,989	1,087,154,604	1,370,756,911	1,773,789,638	2,349,976,875
Depreciation	244,133,036	244,133,036	244,133,036	244,133,036	244,133,036	244,133,036	244,133,036	244,133,036
Sub total	638,657,762	803,557,449	933,750,220	1,110,438,025	1,331,287,640	1,614,889,947	2,017,922,674	2,594,109,911
Total cash Inflows	3,458,154,723	803,557,449	933,750,220	1,110,438,025	1,331,287,640	1,614,889,947	2,017,922,674	2,594,109,911
Cash Outflows								
Capital outflows								
Investments	1,814,693,103	-	-	-	-	-	-	-
Reinvestments	-	-	-	-	-	-	-	350,145,089
Working Capital loan repayment	580,181,491	-	-	-	-	-	-	-
Loan Repayment		391,250,351	423,723,937	458,892,815	-	-	-	350,145,089
Sub total	2,394,874,594	391,250,351	423,723,937	458,892,815	-	-	-	350,145,089
Revenue outflows								
Corporation tax	100,603,805	160,406,838	201,026,481	251,940,545	316,208,148	398,464,970	514,002,869	679,065,087
Changes in working capital	580,181,491	40,329,768	68,026,706	98,520,565	139,735,725	197,434,085	280,584,359	401,114,597
Sub total	680,785,296	200,736,606	269,053,186	350,461,111	455,943,873	595,899,054	794,587,328	1,080,179,684
Total cash outflows	3,075,659,890	591,986,957	692,779,123	809,353,926	455,943,873	595,899,054	794,587,328	1,430,324,773
Net cashflows	382,494,834	211,570,492	240,971,097	301,084,099	875,343,767	1,018,990,893	1,223,345,346	1,163,785,138
Beginning cash balance	-	382,494,834	594,065,326	835,036,423	1,136,120,522	2,011,464,288	2,011,464,288	3,234,809,634
Closing cash balance	382,494,834	594,065,326	835,036,423	1,136,120,522	2,011,464,288	3,030,455,181	3,234,809,634	4,398,594,772

GOLDEN MILE LOGISTICS LIMITED

Appendix 3

PROPOSED EXPANSION

PROJECTED BALANCE SHEETS AS AT 31ST DECEMBER ..

TSHS

Year	1	2	3	4	5	6	7	8
ASSETS								
Net Fixed assets	1,978,443,764	1,734,310,728	1,490,177,692	1,246,044,656	1,001,911,620	757,778,584	513,645,548	619,657,601
CURRENT ASSETS								
Stocks	250,093,676	267,478,270	296,802,799	339,271,183	399,505,820	484,611,975	605,560,979	778,465,882
Debtors	393,817,299	421,192,458	467,369,183	534,243,262	629,093,488	763,108,377	953,564,254	1,225,834,000
Cash in hand/bank	382,494,834	594,065,326	835,036,423	1,136,120,522	2,011,464,288	3,030,455,181	4,270,539,198	5,434,324,336
Sub total: Current assets	1,026,405,809	1,282,736,054	1,599,208,405	2,009,634,967	3,040,063,596	4,278,175,533	5,829,664,431	7,438,624,218
TOTAL NET ASSETS	3,004,849,573	3,017,046,782	3,089,386,097	3,255,679,623	4,041,975,216	5,035,954,117	6,343,309,979	8,058,281,819
FINANCED BY								
EQUITY AND LIABILITIES								
SHAREHOLDERS FUNDS								
Paid up share capital	965,448,368	965,448,368	965,448,368	965,448,368	965,448,368	965,448,368	965,448,368	965,448,368
Advances toward share capital	424,622,368	424,622,368	424,622,368	424,622,368	424,622,368	424,622,368	424,622,368	424,622,368
Retained earnings	276,167,308	667,764,397	1,150,456,426	1,756,909,918	2,517,918,141	3,477,447,978	4,719,107,725	6,364,091,537
Sub total: Shareholders' funds	1,666,238,044	2,057,835,133	2,540,567,162	3,146,980,653	3,907,988,876	4,867,518,714	6,109,178,460	7,754,162,273
CURRENT LIABILITIES								
Term Loan	1,273,867,103	882,616,752	458,892,815	69,715,245	85,064,383	106,751,342	154,310,535	198,370,587
Creditors	46,990,813	51,420,798	58,893,347	58,993,724	48,921,957	61,684,061	79,820,984	105,748,959
Tax payable	17,753,613	25,174,099	31,032,773	38,993,724	48,921,957	61,684,061	79,820,984	105,748,959
Sub total: Current liabilities	1,338,611,529	959,211,649	548,818,935	108,698,969	133,986,340	168,435,403	234,131,519	304,119,546
TOTAL EQUITY AND LIABILITIES	3,004,849,573	3,017,046,782	3,089,386,097	3,255,679,623	4,041,975,216	5,035,954,117	6,343,309,979	8,058,281,819

