

**BUSINESS PLAN FOR THE
IMPLEMENTATION PROGRAMME**

OF

M/S MOUNT MERU MILLERS LIMITED

IN

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

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M/S MOUNT MERU MILLERS LIMITED
ESTABLISHING AND OPERATING A PROJECT FOR CARGO
TRANSPORTATION

1. INVESTMENT PROPOSAL

The Investment Business Plan was prepared by **M/S MOUNT MERU MILLERS LIMITED** for the project in cargo transportation to cover the whole Tanzania Mainland and neighboring countries such as Kenya, Uganda, Rwanda, Burundi, DRC, Zambia, Malawi and Mozambique.

The Investment Proposal was also prepared to manifest clearly and analyzing the financial, human, technical and other resources required for setting up facilities for Road cargo haulage project and also assess its economic viability and commercial viability so as to allocate funds for the Intended Project especially in acquiring fleet of vehicles, communication equipment, workshop equipment, security & cargo handling equipment etc.

The Cargo Haulage project will qualify for Tax remissions on cargo vehicles such as Trucks, Tractors, supporting vehicles (hardtop and pickups), GPS & car tracking devices, CCTV cameras, radio base station and radio calls, crane, forklift, reach stacker, generators, transformer etc

The registered project will qualify for right and 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 MOUNT MERU MILLERS LIMITED is a private owned company incorporated in Tanzania by Registrar of Companies under company's ordinance on 2nd day of November 1998 with Certificate of Incorporation No: 35115

M/S MOUNT MERU MILLERS LIMITED was incorporated with many objectives such as farming, oil seed milling and conducting business of cargo transportation. Currently the Company intends to establish cargo haulage Project by importing cargo vehicles and other allied facilities for making intended Project successful. The company will import trucks, tractors, horse, pickups, hardtop, trailers, GPS & car tracking devices, CCTV cameras, radio base station and radio calls, crane, forklift, reach stacker, generators, transformer, workshop equipment etc.

M/S MOUNT MILLERS LIMITED determines to win/ dominate the Market in East and Central Africa by having new cargo vehicles, workshop in order to service the trucks & supporting vehicles so that the trucks will be in good condition all the time.

The Major objective of the cargo haulage project is to provide quality facility for Road cargo haulage business to correspond with the clients' demand especially in this competitive freight market. The quality of company's cargo haulage business will guarantee clients satisfaction in establishment programme.

There is an extensive market in Tanzania Mainland as well as neighboring Countries to absorb cargo transport facility which will be efficiently provided by **M/S MOUNT MERU MILLERS LIMITED**. It is on the basis of the above reasons the management resolved to set up the facility for cargo transportation.

The proposed cargo transportation project will import trucks, tractors, horse, pickups, hardtop, trailers, GPS & car tracking devices, CCTV cameras, radio base station and radio calls, crane, forklift, reach stacker, generators, transformer, workshop equipment etc.

Hence the project implementation period of three years in setting up facilities for cargo transportation project is estimated to be USD 11,000,000. The estimated capital investment cost of USD 11,000,000 will be on Trucks, tractors, horse, pickups, hardtop, trailers, GPS & car tracking devices, CCTV cameras, radio base station and radio calls, crane, forklift, reach stacker, generators, transformer, workshop equipment etc.

3. TARGETED MARKET

There is very big market potential for the cargo transportation business in Tanzania Mainland and the whole East and central Africa landlocked **Countries**.

In Tanzania Mainland there are **regions / very remote with poor roads and acute shortage of this facility. And another reason is the growth of business in remote areas.** They need various goods from Dar es Salaam where is the source of business.

The **economic growth** influenced such movement of goods especially industries and businessmen as the demand is growing day by day for the increased imported goods, **transit and transshipment of containers to landlocked countries**

Land locked countries need cargo transportation services to transport fuel and containers from Dar es Salaam Port to their countries which do not have Ports. And the market is growing day by day due to growth of business, industries, oil marketing companies (OMCs), mining companies etc.

M/S MOUNT MERU LIMITED conducted the market survey and revealed that there is high demand for cargo transportation business in Tanzania as well as Land locked countries which do not have the ports to receive their imported goods. They get their containers of imported goods through **Dar Es Salaam Port**.

High quality fleet, efficiency and goodwill are the factors which will make the proposed cargo project to dominate the market. There are few cargo transport companies which can compete with the company's services due to efficiency, goodwill, promptness and having new fleet of vehicles.

M/S MOUNT MERU LIMITED also intends to increase cargo transport services such as Transit, Transshipment, Internal cargo transportation within Tanzania Mainland where there is acute shortage of such services due to remoteness and poor roads.

4. CARGO TRANSPORTATION FACILITIES:

- I/Trucks, tractors, Tankers, horse,
- ii/- supporting vehicles such as hardtops & Pickups,
- iii/ Cargo handling equipment; forklift, reach stackers, crane,
- iv/ Radio calls, Base Station, GPS, car tracking systems.
- V/Workshop equipment, generators ETC

5. THE COMPANY'S OBJECTIVES

M/S MOUNT MERU MILLERS LIMITED is a project for Road cargo transportation business to Tanzania Mainland, neighboring and Land Locked countries.

The mission of proposed cargo transport project is basically aimed at transportation business and marketing of the cargo transportation facility in order to increase customers from Tanzania and East & Central Africa especially landlocked countries to achieve the following objectives.

- ❖ The Company contributes to the government revenue through taxes and other levies like Corporate taxes, PAYE etc
- ❖ To promote movement of goods, business, transit, transshipment, agriculture and industries by cargo transportation services.
- ❖ Income generation, alleviation of poverty and improve their social welfare employees such as drivers, turnboys, mechanics and other staffs etc.
- ❖ To foster the growth of Road cargo transportation industry in Tanzania.
- ❖ To solve the acute shortage of facility and reduce dependence on cargo transporters from other countries.
- ❖ To promote growth and expansion of private sector.
- ❖ The Company will create more employments (drivers. Turnboys, mechanic, accountants, managers etc.)
- ❖ Skill development (human resources development) through on job training and use of vehicles and new technology application.

6. PLAN/PROSPECTS

- ❖ To expand the cargo transport facility and High performance in road cargo transportation business.
- ❖ To increase cargo transport services to neighboring & landlocked countries and hence resulting foreign earnings in addition to the prevailing local market.

- ❖ To increase new cargo and supporting vehicles with introduction of new technology.
- ❖ To increase the volume/ capacity of cargo to be transported.

7. SHAREHOLDERS (PROMOTERS)

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

No	Name of Shareholders	Nationality	Shares	Percent %
1.	Atul Mittal	Tanzanian	10	25
2.	Arvindkumar Mittal	Indian	10	25
3.	Kantadevi Mittal	Indian	10	25
4.	Tarseemchand Aggarwal	Indian	10	25
	TOTAL		40	100%

Therefore, the authorized capital of the company is Tshs. 10,000,000/= divided into 100 ordinary shares of Tshs. 100,000/= 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 2 & 3 Block F Njuki Area - Singida Municipality in Singida Region. Postal Address P. O. Box 7094 Arusha.

9. COMPANY'S IMPLEMENTATION SCHEDULE

9.1 AUGUST - 2023

- ❖ Preparing Business Plan for setting up Cargo transportation Project.
- ❖ Registration of cargo transportation project with Tanzania Investment Centre (TIC) which is application for the Certificate of incentives.
- ❖ Getting Certificate of Incentives

9.2 SEPTEMBER - 2023

- ❖ Application for Tax remissions on trucks, tractors, horse, pickups, hardtop, trailers, GPS & car tracking devices, CCTV cameras, radio base station and radio calls, crane, forklift, reach stacker, generators, transformer, workshop equipment etc after being awarded certificate of incentives in the proposed Programme.
- ❖ Importing trucks, tractors, horse, pickups, hardtop, trailers, GPS & car tracking system, CCTV cameras, Radio station Radio base station, crane, forklift, reach stacker, workshop equipment, generators, transformer etc.
- ❖ Clearance of cargo haulage vehicles and related facilities from customs control.

9.3 OCTOBER- 2023

- ❖ Recruiting new Drivers. Turn boys, Mechanics and other administration staffs.
- ❖ Fully commencement of cargo transportation business.

10. CAPITAL INVESTMENT COST

Land/Building	USD \$	1,000,000
Plant/Machinery	USD \$	1,250,000
Vehicles	USD \$	8,250,000
Furniture and Fittings	USD \$	-
Pre-expenses	USD \$	250,000
Working Capital	USD \$	<u>250,000</u>
TOTAL CAPITAL	USD \$	<u>11,000,000</u>

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

11. FINANCIAL PLAN (SOURCE OF FUNDS)

M/S MOUNT MERU MILLERS LIMITED has firmed up finances for the implementation programme by its own fund and loan: -

Own fund (equity)	USD \$	3,000,000
Local loan	USD \$	<u>8,000,000</u>
TOTAL	USD \$	<u>11,000,000</u>

12. ROAD CARGO TRANSPORTATION 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, CCTV.
- x. - Mobile workshop, Tool boxes

- xi. - Weigh bridge, Generators, Transformers
- xii. Communication & security system
- xiii. Cargo Handling Equipment etc

13. SUBMISSION

M/S MOUNT MERU MILLERS LIMITED wishes to submit its investment proposal and application to the Tanzania Investment Centre (TIC) for registration and award of certificate of incentives for the commencement of cargo haulage Project.

The cargo transportation Project will soon commence after the Company is registered by Tanzania Investment Centre and being issued the Certificate of incentives. Thereafter the Company will import trucks, tractors, horse, pickups, hardtop, trailers, GPS & car tracking devices, CCTV cameras, radio base station and radio calls, crane, forklift, reach stacker, generators, transformer, workshop equipment

The Project will qualify for Tax remissions on Capital/Deemed Capital Goods which are trucks, tractors, supporting vehicles, workshop equipment, communication equipment, cargo lifting equipment, generators, transformer etc.

14. ECONOMIC GROWTH

Positive economic growth which had been registered in Tanzania, have attracted more investments in Tanzania such as import & export, business, Industries, Mining all these require the facility of Road cargo transportation.

The economic growth influenced such movement of goods especially industries and businessmen as the demand is growing day by day for the increased imported goods, transit and transshipment of containers to neighboring countries.

15. COMPETITION/MARKET

In spite of having many of cargo transporters of goods/containers in Tanzania still the facility is not enough compared to the level of demand.

However, the proposed project for cargo transportation intends to provide effective, efficient and quality services to dominate the local and foreign market because the project ensures high quality, promptness and goodwill.

16. PROMOTION

Business Promotion is one of the best marketing strategy to bring more clients to business. Advertisement will be embarked upon in the yellow pages, Television, street banners and newspapers in a manner benefiting the promotional role of any company or private institutions.

17. BUSINESS STRATEGY

The management of the company have developed and implemented additional business strategies to capture markets and in order to provide the best services, effectively and quality services and meet the current demand and high productivity Technology/quality fleet of vehicles as follows;

- ❖ Advertisement/promotion,
- ❖ Employing qualified and experienced drivers, mechanics,
- ❖ On job training,
- ❖ Business Discipline.

18. ENVIRONMENTAL ISSUE

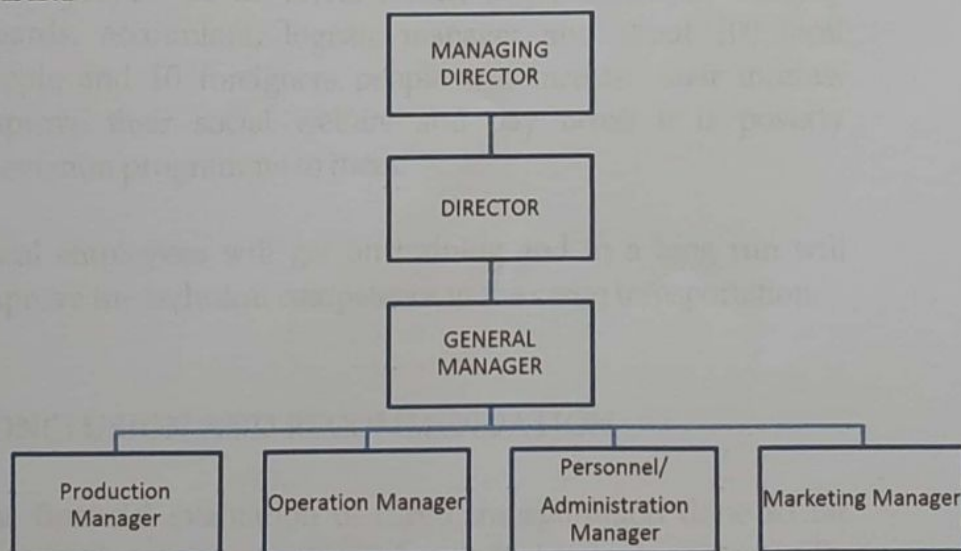
The Road cargo transportation business and the whole workshop activities of vehicle servicing is environmental

friendly. The workshop activities of servicing vehicles will not cause any harm to people or environment.

19. PROJECT MANAGEMENT

The Management of the company is vested in the Board of Directors. Mr. Atul Mittal is the Chairman and Managing Director of the Mount Meru Millers Limited and Group of Companies; he is well versed in Road Cargo transportation and Industries. The other Directors are Arvinkumar Mittal, Kantadevi Mittal and Tarseemchand Aggatwal.

THE COMPANY'S ORGANIZATION CHART



20. MANPOWER AND TRANSFER OF TECHNOLOGY

Mount Meru Millers Limited being a project for Road cargo transportation in its establishment programme will usher in the country - technology (Transfer of knowledge/technology) by using modern vehicles and workshop activities.

The advantages to the country are quite significant, and will get the advantage of value addition due to such incoming technology.

Furthermore the country can reduce acute shortage of cargo transportation in far regions/ remote areas and its dependence on cargo transporters from neighboring countries. The facility will help business, industries, mining, agriculture, import & export, transshipment, Transit etc hence Tanzania businessmen, farmers, miners. Oil marketing companies, farmers, importers and industries will be able to get the service from local cargo transporters at affordable price.

The proposed cargo haulage project will cause more people to be employed in as drivers, turn boys, mechanic, security Guards, accountant, logistic manager and about 100 local people and 10 foreigners people will increase their income, improve their social welfare and pay taxes; it is poverty alleviation programme to them.

Local employees will get on training and in a long run will improve the technical competence in the cargo transportation.

21. CONCLUSION AND RECOMMENDATION

The financial evaluation of cargo transportation done so far proves that this project will be profitable both economically and financially viable venture. There are many other benefits direct and indirect of this project.

The management being experienced businessmen possesses ample managerial capabilities in various business disciplines. Based on the above factors, it is recommended that the company should be granted the certificate of incentives for the implementation of the cargo transportation project so that the project will import and enjoy tax remissions on

Capital/Deemed Goods and increase its cargo transportation capacity.

22. FINANCIAL AND ECONOMIC ANALYSIS

22.1 Projected Profit and Loss Account

The company envisages generating a profit of USD \$ 1,735,000 this operating year. The profit amount is expected to steadily rise to USD \$ 1,758,000 in year two, USD \$ 1,761,000 in year three and USD \$ 1,770,000 in year four. 5TH YEAR - 1,800,000

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 MOUNT MERU MILLERS LIMITED**

24.1 Effect of cost increase on profitability (on the basis of year II CARGO TRANSPORTATION INCOME in "000" USD \$)

Income	Costs	Increase	Profit before depreciation
2,358.0	600.0	%	1758.0
2,358.0	630.0	5%	1728.0
2,358.0	660.0	10%	1,698.0

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
2,358.0	%	600.0	1758.0
2,240.0	5%	600.0	1640.0
2,122.20	10%	600.0	1,522.20

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 MOUNT MERU MILLERS LIMITED

PROJECTED INCOME STATEMENT

(Fig. USD \$ '000')

Income	Years				
	I	II	III	IV	V
Sales Income	910.0	945.0	980.0	1,015.0	1,050.0
Total Income	2305.0	2358.0	2391.0	2430.0	2490.0
Utilities	200.0	200.0	200.0	200.0	200.0
Salaries and wages	100.0	100.0	100.0	100.0	100.0
Transportation/fuel	70.0	80.0	90.0	100.0	110.0
Administrative Expenses	150.0	160.0	170.0	180.0	190.0
Other Expenses	50.0	60.0	70.0	80.0	90.0
Total Expenditure	570.0	600.0	630.0	660.0	690.0
Net Profit (pre tax and depreciation)	1735.0	1758.0	1761.0	1770.0	1800.0

Appendix II

M/S MOUNT MERU MILLERS LIMITED

PROJECTED CASHFLOW STATEMENT

(Fig. USD \$ '000')

Year	I	II	III	IV	V
Cash inflow					
Income from operation	1735.0	1758.0	1761.0	1770.0	1800.0
	1735.0	1758.0	1761.0	1770.0	1800.0
Cash outflow					
Interest payments	800.0	720.0	640.0	560.0	480.0
Loan re-payment	800.0	800.0	800.0	800.0	800.0
Wear & tear	20.0	22.0	24.0	26.0	28.0
Taxes	15.0	16.0	17.0	18.0	19.0
	1635.0	1558.0	1481.0	1404.0	1327.0
Surplus cash generated	100.0	200.0	280.0	366.0	473.0

Appendix III
(Fig. USD \$ '000')

Year	VI	VII	VIII	IX	X	Total
Cash inflow						
Income from operation	365.0	370.0	375.0	380.0	885.0	3,625.0
	365.0	370.0	375.0	380.0	385.0	3,625.0
Cash outflow						
Interest payments	400.0	320.0	240.0	160.0	80.0	4400.0
Loan re-payment	800.0	800.0	800.0	800.0	800.0	8000.0
Wear & tear	30.0	32.0	34.0	36.0	38.0	290.0
Taxes	20.0	21.0	22.0	23.0	24.0	195.0
	1250.0	1173.0	1096.0	1019.0	942.0	12,885.0
Surplus cash generated	150.0	160.0	170.0	180.0	190.0	1,275.0

M/S MOUNT MERU MILLERS LIMITED

PROJECTED LONG TERM LOAN REPAYMENT

(Fig. in USD \$ '000')

Year	Repayment			Amount
	Principal	Interest	Total	
O				8000.0
I	800.0	800.0	1600.0	7200.0
II	800.0	720.0	1520.0	6400.0
III	800.0	640.0	1440.0	5600.0
IV	800.0	560.0	1360.0	4800.0
V	800.0	480.0	1280.0	4000.0
VI	800.0	400.0	1200.0	3200.0
VII	800.0	320.0	1120.0	2400.0
VIII	800.0	240.0	1040.0	1600.0
IX	800.0	160.0	960.0	800.0
X	800.0	80.0	880.0	0.0

Appendix 1V

M/S MOUNT MERU MILLERS LIMITED

PROJECTED BALANCE SHEET

(Fig. in USD \$ '000')

No.	ITEM	YEAR 1	YEAR II	YEAR III	YEAR IV	YEAR V
	Source of funds					
1.	Shareholders funds	200.0	200.0	200.0	200.0	200.0
2.	Long term Loan	1,600.0	1,520.0	1,440.0	1,360.0	1,280.0
3.	Associated Cos/ Directors	150.0	200.0	250.0	300.0	350.0
4.	Current Liabilities	200.0	250.0	300.0	350.0	400.0
		2,150.0	2,170.0	2,190.0	2,210.0	2,230.0
	Application of funds					
1.	Fixed Assets	1,300.0	1,300.0	1,300.0	1,300.0	1,300.0
2.	Current Assets	850.0	870.0	890.0	910.0	930.0
		2,150.0	2,170.0	2,190.0	2,210.0	2,230.0