PRODUCTION HISTORY FOR TANZANIA BUREAU OF STANDARD

Project for Cargo Transport Logistics 2024-2029.

TWIGA LOGISTICS LIMITED

11/10/2023

EXECUTIVE SUMMARY

This is a project history for cargo transport logistics at Twiga Logistics Limited. These logistics are all kind of cargo transport. The project is located at Nguvumali, Tanga City Council District in Tanga. The project's period is projected to be 5 years, and the turnover at its full capacity, is projected to be **USD 470,980**. It is a project wholly owned by Tanzanians.

Through the marketing and financial analyses conducted, the investment cost of the project, which is estimated to be USD **698,000** will be a success. With an excellent team of experienced, knowledgeable and hardworking staff, plus expatriates, the project's products, which are mostly imported are expected to have their niche in the Tanzanian market.

This business plan has been prepared to establish the viability of the targeted products and guide the procurement, operational and marketing activities of the project. The plan establishes a strategic framework that provides a focus, direction and most importantly a common language that acts as a guide for all transportation, marketing/brand activities creating cohesive strategic alignment between the company mission, vision and goals.

The project is beneficial not only to the shareholders but also to the Tanzania economy. It will employ locals (not less than 50 directly employed people and 30 indirectly employed), it will pay taxes, it will source raw materials locally, it will participate in the development of the neighboring community through CSR programs, and it will add to import substitution of the products it is scheduled to produce.

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1.0 PREAMBLE

1.1 Company Details

TWIGA LOGISTICS LIMITED is a company registered under the Laws of the United Republic of Tanzania on 23RD OCTOBER 2023 and granted Certificate of Incorporation No. 169-528-012. For tax purposes the company is also registered and its TIN is 169-528-012. The company has a wide range of activities that it can embark upon but for this specific plan its focus is on Cargo Transport Logistics.

TWIGA LOGISTICS LIMITED is a local company owned by Tanzanians by 100%. The promoters of the company are all local as detailed under **Table 1** where key details are given. The company's authorized share capital is TShs. 20,000,000 divided into 1,000 shares of TShs. 20,000 each. The value of the share capital is equivalent to USD 8,550.

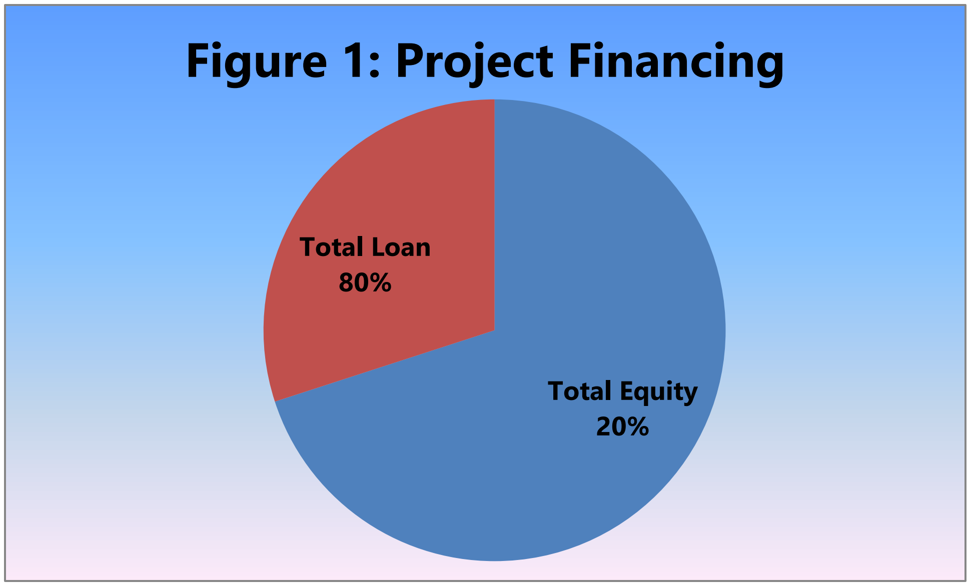
Table 1: Company Shareholding Details

S/No.	Names	Nationality	Shares Taken	Shareholding
1	MUSTAFA AMIR JANOOWALLA	Tanzanian	500	50%
2	TAHEL HUZAIFA ESSAJEE	Tanzanian	500	50%

2.0 PROJECT OVERVIEW

This is a project that ventures in the all-cargo Transport Logistics production. The company has been doing cargo transport logistics producing for 3 years now. It started cargo handling and transportation logistics before registration of the company. Upon attaining the full capacity level of transportation, the project will deal with cargo transport logistics.

The company's Project will be a located Nguvumali, Tanga City Council District in Tanga. This plot is owned by the majority shareholder. This project, as shown in ***figure 1*** will be financed by equity (20%) and loan (80%).



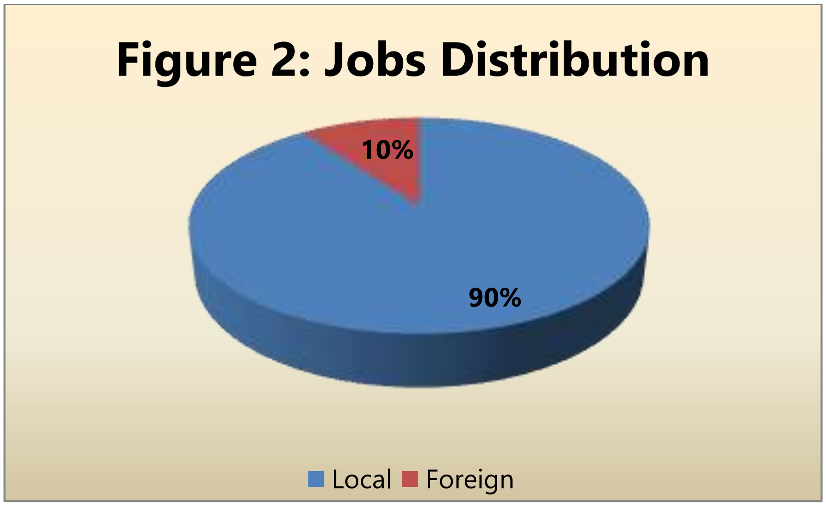
2.1 Manning Plan

At full capacity the project will directly employ a minimum of 50 people 45 of whom are local and 5 foreigners. The foreigners are experts in the manufacturing of the planned products they will mentor locals to their level of expertise. **Table 2** provides the details on the number of employees to be engaged in this project. Besides the direct employment the project is expecting to produce at least 50 indirect jobs when at full capacity

Table 2: Employment Plan

CATEGORY	MALE	FEMALE	TOTAL
Local	40	5	**45**
Foreign	3	2	**5**
TOTAL	**43**	**7**	**50**

Of all the direct employees of the project at full capacity, the project will hire foreigners amounting to 10% while locals will amount to 90% as shown in ***figure 2*** below.



2.2 Product description

Cargo transport Logistics by truck

Cargo Transport Logistics refers to the transportation of goods or freight that being shipped or carried by ocean, air or land from one place to another. Also, Cargo is a general term often used regarding commercial inventory and can include any type of product or good. As an example, the freight carried in the back of a trailer from a warehouse to a commercial business would be considered cargo. The project of cargo transport logistics involves the use of several trucks and trailers so as to ensure effective cargo transportation.

Freight Transport

Trailer

A trailer is a container on wheels pulled by a car or another vehicle used to transport large or heavy cargo. In basic term, the trailer is an unpowered vehicle usually towed by powered vehicle.

This type of vehicle is mostly used to transport large quantity of goods by road.

2.3 Supplies Plan

The company will import the trucks and trailers that cannot be sourced within Tanzania. The imported trucks and trailers include the transportation lines for the different trucks and trailers that are going to be used by the project. Some of the Vehicle and Lorries (including small Lorries) will be imported.

2.4 Transport Logistics Plan

At full capacity the factory is estimated to generating a monthly turnover of TShs 250,000,000. This is an equivalent of about USD 106,900 per month. Annually this is a turnover of USD 1,282,800. The turnover is projected to grow by 40% per annum. **Table 3** shows the projected turnovers over the first five years of operation. Capacity wise the project is planned to varying tonnage of the products. Annual transport logistics of goods is projected to be 464.435 Metric Ton.

Table 3: Sales Projections

Details	Years				
	Y1	Y2	Y3	Y4	Y5
Sales Revenue	122,600	171,640	240,296	336,414	470,980

2.5 Roll-Out Plan

Production is planned to commence within the month of January 2024 and full capacity to be attained in 2027. The project's life is expected to be 5 years.

3.0 MARKET SCRUTINY

3.1 Status-Quo of the Market

As per Volza's Tanzania Import data, green paper and HSN Code 48025690 import shipments in Tanzania stood at 2, imported by 1 Tanzania Importers from 1 Supplier. Tanzania imports most of its green paper and HSN Code 48025690 from India and is the largest importer of green paper and HSN Code 48025690 in the World. Top 1 Product Categories of Green paper and HSN Code 48025690 Imports in Tanzania are HSN Code 48025690 HS weighing 40 g/m^2 or more but not more than 150 g/m^2 in sheets with one side not exceeding 435 mm and the other side not exceeding 297 mm in the unfolded state.

3.2 SWOC Analysis

3.2.1 Strengths

The promoters of the company owning the project have some muscle to fund the project as their equity amounts to 20% of the financing. The company also can be lent funds from a local commercial bank about 80%. As such the company's liquidity is assured.

The company also has got staffs who are experienced in the trade of transport logistics of the intended project. So far, they are doing transportation of cargo and have ordered some of the required trucks and trailers.

The management is acquainted with the general Tanzanian market and has developed insight into the specific products.

3.2.2 Weaknesses

The company is not a giant in the industry of transportation. As such it might be lacking some levels of experience in the market. However, through consulting experts in the business arena it is expected to take off and pick its niche in the market.

3.2.3 Opportunities

In some of the cargo transport logistics there are no many transporters of the same products as mostly are using agents. With a population of 62 million people the country provides assurance of a local market.

Tanzania being a member of the EAC has duty-free-quota-free market access to Burundi, DRC, Kenya, Rwanda, South Sudan and Uganda.

In terms of power utilities Tanzania has got relatively lower tariffs and has less power cuts. Tanzania is expecting to be exporting electricity which will be generated from the Julius Nyerere Hydro Electric Power plant.

In governance Tanzania is characterized by peace and tranquility for there has been no havoc in the country. This is strength as it provides our business with assurance that we will operate smoothly resting assured that the promoters' property is secured.

3.2.4 Challenges

The procedures in the country are many and relatively complex. The company engages experienced business consultants.

Some cargo transport logistics may face competition as Tanzania has other transports transporting the same goods. The company has taken this into account via the marketing strategy.

The open doors for Tanzania into the rest of EAC member countries imply the same for the other EAC members into Tanzania. This implies stiffer intra-regional competition where there is duty-free quota-free market access intra-regionally.

3.3 Market Worthiness

From the SWOC analysis conducted of the company and of the operating environment the promoters are confident that the project will be a success. Following the analysis, we have developed a market strategy for our products.

3.4 Marketing Strategy

Considering the fact of many players in the cargo transport logistics of ours the company has developed a special focus on the 4Ps mix in order to have a good share of the market. Here is the company's view on the mix: -

Product: The project will produce best cargo transport logistics. This will make the services unique in the market by being very appealing. Through R&D the company will know more about the changing needs of the consumers and adjust the products accordingly in order to capture more market and retain its share of the market.

Price: Through the Marketing and logistics Departments the company will develop a pricing mix that will make the products price-competitive in order to gain a larger share of the market starting with Tanzanian market and in the neighboring countries' markets.

Place: The project is strategically located within the city of Tanzania and neighboring countries. In this regard the distribution channels are designed to see to it that delivery of the products is effective and appealing to customers. In the initial stage we will deal with wholesalers and large institutions. In the course of operations, we can move on to have our outlets.

Promotion: Through the qualified marketing personnel, the company will design excellent promotion campaigns that will pull consumer toward the products. We will use social awareness teaser campaigns by leveraging on information communication technology.

4.0 FINANCIAL ANALYSIS

This part covers project financing and financial projections. Project financing includes source of funding and financing of items in the project. Financial projections, on the other hand, cover sales projections, income projections, projected retained earnings and projected cash flow.

4.1 Project Financing

4.1.1 Sources of Financing

The project will be financed by equity by 20%, to the tune of **USD 139,600** and by 80% local loan which will total to **USD 558,400** as shown on **Table 4**. All the equity and the loan are local i.e., Tanzanian.

Table4: Project Financing

Details	Amount	Percentage
Local		
Equity	139,600	20.00%
Loan	558,400	80.00%
Sub-total	**698,000**	**100.00%**
Foreign		
Equity	0	0.00%
Loan	0	0.00%
Sub-total	***0***	***0.00%***
GRAND TOTAL	**698,000**	
Total Equity	139,600	20.00%
Total Loan	558,400	80.00%

4.1.2 Financing of Project Items

The invested capital will fund various items in the project. These include, vehicles, trailers, buildings, plant, and other items as shown on **Table 5** below.

Table 5: Financing Items

ITEMS	FINANCING IN USD
Land & Buildings	40,000.00
Vehicles	600,000.00
Furniture & Fittings	10,000.00

Pre-Expenses	15,000.00
Others	0
Working Capital	33,000.00
TOTAL	**698,000.00**
FIXED CAPITAL	665,000.00
WORKING CAPITAL	33,000.00

4.2 Financial Projections

4.2.1 Sales Projections

The company has projections of steadily growing sales over the first five years of operation of the project. From year 1 to year 5 the company expects to sell sales amounting to USD 122,600; 171,640; 240,296; 336,414 and 470,980 respectively. The growth in sales is projected to be 40% per annum. The costs of transport facilitations and services are projected to be USD 40,000; 42,000; 44,200; 46,620 and 49,282 for the first respective years of operation of the project. **Table** 6 below gives the details, including those of projected gross profit for the first five years.

Table 6: Gross Profit Projections

Details	Years				
	Y1	**Y2**	**Y3**	**Y4**	**Y5**
Sales	122,600	171,640	240,296	336,414	470,980
Cost of transportation	40,000	42,000	44,200	46,620	49,282
Gross Profit/ (Loss)	**82,600**	**129,640**	**196,096**	**289,794**	**421,698**

The project promises to yield gross profit through the first five years. In Year 1 the profit is expected to be the lowest as it is the year of investment which implies much spending while the products are relatively new in the market and thus sales are picking up the pace.

4.2.2 Income Projections

Through the first five years of operation the project is expected to be making profits. In year 1 the profits will be the lowest because of the heavy spending in investment in the first year of operation. The profits, as shown on **Table 7**, are USD 331,576; 2,771,552; 2,991,072; 3,300,136 and 3,655,868

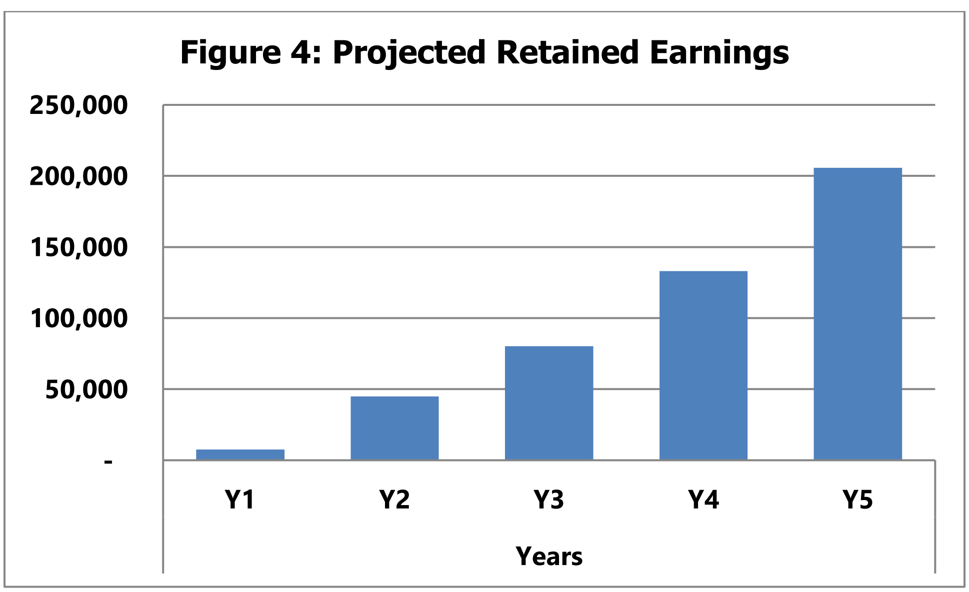
Table 7: Projected Income Statement

Details	Years				
	Y1	Y2	Y3	Y4	Y5
Total Sales	22,600	171,640	240,296	336,414	470,980
Less: Cost of Sales	40,000	42,000	44,200	46,620	49,282
Gross Profit	82,600	129,640	196,096	289,794	421,698
Less: Operating Expenses	41,992	22,273	25,646	25,068	27,260
EBIT	40,608	107,367	170,450	264,726	394,439
Less: Loan Interest	27,222	27,222	27,222	27,222	27,222
EBT	13,386	80,145	143,228	237,504	367,217
Less:Taxes (30%)	4,016	24,044	42,968	71,251	110,165
Net Profit/(Loss)	9,370	56,102	100,260	166,253	257,052
Dividend (20%)	1,874	11,220	20,052	33,251	51,410
Retained Earnings	**7,496**	**44,881**	**80,208**	**133,002**	**205,641**

4.2.3 Projected Retained Earnings

Retained earnings projections show a positive trend for the project. This will give the company an edge in the market as it can re-adjust the price mix in order to keep more competitive. **Figure 4** gives the picture.

Figure 4: Projected Retained Earnings



4.2.4 Projected Cash Flows

The project is a promising venture as projections show a positive cash flow as shown on **Table 8**. This is a muscle giving the company an edge in the market as cash flow implies liquidity which helps the project operate smoothly.

Table 8: Projected Cash Flow

Details	**Years**				
	Y1	**Y2**	**Y3**	**Y4**	**Y5**
Cash from Operations					
Profit Before Tax	13,386	80,145	143,228	237,504	367,217
Adjustment for Non-cash Items:					
Change in Working Capital:					
Receivables (-ve)	- 23,000	- 25,000	- 26,000	- 28,000	- 27,000
Trade Payables and Accruals					
Capital Additions	425,000	58,000	23,000	-	-
Total	402,000	33,000	- 3,000	- 28,000	- 27,000
	402,000	33,000	- 3,000	- 28,000	- 27,000
Tax Payments	4,016	24,044	42,968	71,251	110,165
Total Cash Inflow from Operating Activities	406,016	57,044	39,968	43,251	83,165
Cash from Investing Activities:	96,324	96,324	96,324	96,324	96,324
Land Rent and development of Property					
Net Cash Outflow from Investing Activities	309,692	- 39,280	- 56,356	- 53,073	- 13,159

Cash from Financing Activities:					
Dividends	1,874	11,220	20,052	33,251	51,410
Change in Cash and Cash Equivalents	307,818	- 50,501	- 76,408	- 86,323	- 64,569
Opening Cash Balance	5,000	3,500	7,500	8,000	7,500
Closing Cash Balance	3,500	7,500	8,000	7,500	7,500

5.0 PROJECT RATIONALE

This project's rationale can be viewed in monetary, fiscal and social aspects. From the financial analysis conducted this project is worth a green light in the Tanzanian economy. Monetarily it will create income for supplier and distributor SMEs, fiscally it will pay taxes (both Income Tax and VAT), and socially it will contribute to social development as detailed under subsequent items.

5.1 Monetary Rationale

The project is expected to incur a total of **USD 364,341** on production and operating expenses through its first five years. This money will go to supplier SMEs and other companies that will be supplying raw materials to the plant. ***Annex 1*** gives the details.

5.2 Fiscal Rationale

Fiscally the project projects to pay a total of **USD 520,830** as taxes to the government in its first five years of operation. Of this amount income tax is projected to be **USD 252,444** while VAT is projected to total to **USD 268,386**. The VAT projections are for the sales at the company's level and will multiply as products change hands. The same applies for the income tax. ***Annex 1*** gives the details.

5.3 Social Rationale

Socially the project will participate in various engagements as part of its CSR program. Over the first five years it is expected to incur a total amount of **USD 942** on CSR as shown on ***Index 1***. In addition, the project will directly employ a total of at least 37 locals. Other locals amounting to 50 will enjoy indirect employment via the project. The indirect jobs will be for those supplying raw materials, and service providers.

6.0 POST SCRIPT

This is a project aiming cargo transport logistics. The analyses conducted on the business idea – from financial to marketing analyses – pinpoint to imminent success of the project. This success is not limited to the benefit of the shareholders but also to the economy of Tanzania. The project will help reduce cargo transport logistics problems in Tanzania and help the country improve its balance of payments. On the other hand, there are financial benefits to the private sector suppliers, tax revenue to the government, direct employment of at least 45 locals and indirect employment of 50 locals. More so, CSR to the local community in the vicinity of the project will benefit the society.

Annex 1: Project Rationale

Details	**Years**					
	Y1	**Y2**	**Y3**	**Y4**	**Y5**	**TOTALS**
Total Transportation Cost	40,000	42,000	44,200	46,620	49,282	**222,102**
Total Operating Expenses	41,992	22,273	25,646	25,068	27,260	**142,239**
Income Tax	4,016	24,044	42,968	71,251	110,165	**252,444**
VAT on Sales	24,520	34,328	48,059	67,283	94,196	**268,386**
Provision for CSR	15	90	160	266	411	**942**
TOTALS	**110,543**	**122,734**	**161,034**	**210,488**	**281,314**	**886,113**
SUMMARIES						
To the Government	28,536	58,372	91,028	138,534	204,361	**520,830**
To the Private Sector (SMEs)	81,992	64,273	69,846	71,688	76,542	**364,341**
To the Society (CSR)	15	90	160	266	411	**942**
TOTALS	**110,543**	**122,734**	**161,034**	**210,488**	**281,314**	**886,113**