BUSINESS PLAN FOR THE

IMPLEMENTATION PROGRAMME

OF

M/S KDG (AFRICA) LIMITED

IN

ESTABLISHING AND OPERATING A PROJECT FOR DRY & LIQUID CARGO TRANSPORTATION

PREPARED BY
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P. O. BOX 78845
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M/S KDG (AFRICA) LIMITED
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M/S KDG (AFRICA) LIMITED
ESTABLISHING AND OPERATING A PROJECT FOR CONTAINERS AND FUEL CARGO TRANSPORTATION

1. INVESTMENT PROPOSAL

The Investment Business Plan was prepared by **M/S KDG (AFRICA) LIMITED** for the project in dry and liquid 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, Tankers, 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 the 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 KDG (AFRICA) LIMITED is a private owned company incorporated in Tanzania by Registrar of Companies under company's ordinance on 25th day of May 2023 with Certificate of Incorporation No: 165806522

M/S **KDG (AFRICA) MILLERS** LIMITED was incorporated with objectives of 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, tankers, 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 KDG (AFRICA) 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 KDG (AFRICA) 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, Tankers, 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 2,000,000. The estimated capital investment cost of USD 2,000,000 will be on Trucks, Tractors, Tankers, 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 **KDG (AFRICA)** 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 **KDG (AFRICA)** 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. <u>CARGO TRANSPORTATION FACILITIES:</u>

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 KDG (AFRICA) 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/Fuel, business, transit, transshipment, agriculture and industries by cargo transportation services.

- Income generation, alleviation of poverty and improve their social welfare employees such as drivers, turn boys, 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/fuel to be transported.

7. SHAREHOLDERS (PROMOTERS)

M/S **KDG (AFRICA)** LIMITED is a project for cargo transportation. The following are the shareholders/ promoters of **M/S KDG (AFRICA)** LIMITED and their shareholder's position are:-

No	Name of Shareholders	Nationality	Shares	Percent %
1.	Shveta Lohia	Indian	117,600	98
2.	Manav Lohia	Indian	1200	1
3.	Vikrant Kapoor	Indian	1200	1
	TOTAL		120,000	100%

Therefore, the authorized capital of the company is Tshs. 1,200,000,000/= divided into 120,000 ordinary shares of Tshs. 10,000/= 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 58/2 along Mandela Road- Ilala in Dar es Salaam. Postal Address P. O. Box 78845 Dar es Salaam.

9. COMPANY'S IMPLEMENTATION SCHEDULE

9.1 JANUARY - 2024

- ❖ Preparing Business Plan for setting up containers &fuel 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 FEBRUARY - 2024

- ❖ 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.

  - ❖ The company will import trucks, tractors, tankers, 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 MARCH- 2024

- ❖ Recruiting Drivers, Turn boys, Mechanics and other administration staffs.

- ❖ Fully commencement of cargo transportation business.

10. CAPITAL INVESTMENT COST

Land/Building	USD $	50,000
Plant/Machinery	USD $	250,000
Vehicles	USD $	1,500,000
Furniture and Fittings	USD $	-
Pre-expenses	USD $	100,000
Working Capital	USD $	100,000
TOTAL CAPITAL	**USD $**	**2, 000,000**

The proposed 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 KDG (AFRICA) LIMITED has firmed up finances for the implementation programme by its own fund : -

Own fund (equity)	USD $	2,000,000
Local loan	USD $	-
TOTAL	**USD $**	**2,000,000**

12. ROAD CARGO TRANSPORTATION FACILITIES

i. -Trucks.
ii. - Tractors,
iii. - Tankers
iv. - Horse,
v. - Hard Top,
vi. - Pickups.
vii. - Forklift.
viii. - Crane,
ix. - Radio Calls and Radio Base Station.
x. - GPS & Car tracking Systems, CCTV.
xi. - Mobile workshop, Tool boxes

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

13. SUBMISSION

M/S KDG (AFRICA) 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, tankers, 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 Duty 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, Oil Marketing, 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 fuel/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.

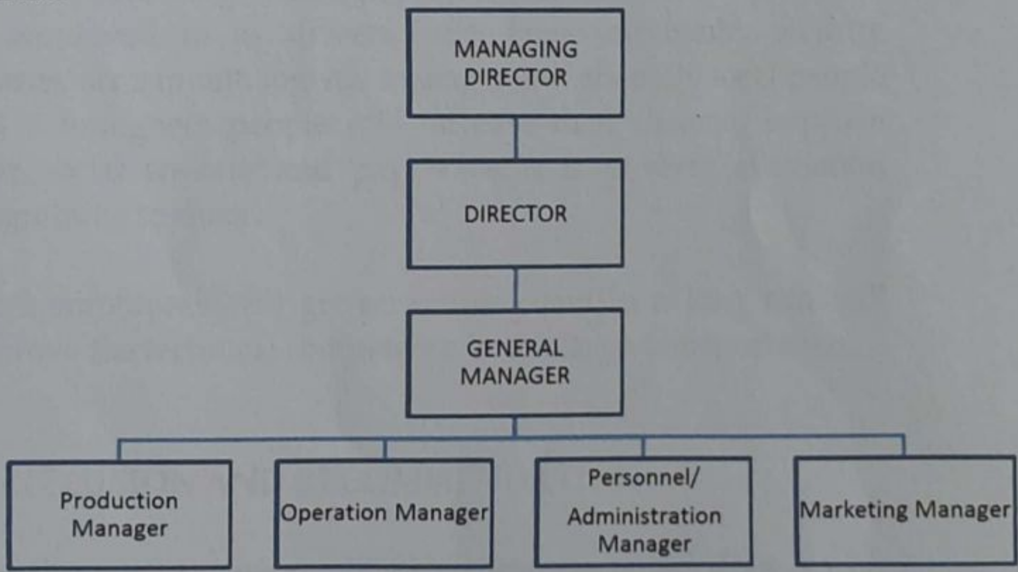
18. ENVIRONMENTAL ISSUE

The fuel/ container 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. Shveta Lohia is the Chairman and Managing Director of the KDG (AFRICA) Limited and she is well versed in Road Cargo transportation. The other Directors are Manav Lohia and Vikrant Kapoor.

THE COMPANY'S ORGANIZATION CHART



20. MANPOWER AND TRANSFER OF TECHNOLOGY

KDG (Africa) 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 fuel/ container 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 30 local people and 5 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 $ 200,000 this operating year. The profit amount is expected to steadily rise to USD $ 250,000 in year two, USD $ 300,000 in year three and USD $ 350,000 in year four.5TH YEAR - 400,000

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 KDG (AFRICA) 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
890,000	640,000	%	250,000
890,000	672,000	5%	218,000
890,000	704,000	10%	186,000

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
890,000	%	640,000	250,000
845,500	5%	640,000	205,500
801,000	10%	640,000	161,000

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 KDG (AFRICA) LIMITED

PROJECTED INCOME STATEMENT

(Fig. USD $ '000')

Income	Years				
	I	II	III	IV	V
Sales Income	820.0	890.0	960. 0	1,030.0	1,100.0
Total Income	**820.0**	**890.0**	**960.0**	**1,030.0**	**1,100.0**
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	80.0	85.0	90.0	95.0	100.0
Administrative Expenses	160.0	170.0	180.0	190.0	200.0
Other Expenses	80.0	85.0	90.0	95.0	100.0
Total Expenditure	**620.0**	**640.0**	**660.0**	**680.0**	**700.0**
Net Profit (pre tax and depreciation)	200.0	250.0	300.0	350.0	400.0

Appendix II

M/S KDG (AFRICA) LIMITED

PROJECTED CASHFLOW STATEMENT

(Fig. USD $ '000')

Year	I	II	III	IV	V	TOTAL
Cash inflow						
Income from operation	200.0	250.0	300.0	350.0	400.0	1500.0
	200.0	**250.0**	**300.0**	**350.0**	**400.0**	**1500.0**
Cash outflow						
Wear & tear	20.0	22.0	24.0	26.0	28.0	120.0
Taxes	15.0	20.0	25.0	30.0	35.0	125.0
	35.0	**42.0**	**49.0**	**56.0**	**63.0**	**245.0**
Surplus cash generated	**165.0**	**208.0**	**251.0**	**294.0**	**337.0**	**1,255.0**

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M/S KDG (AFRICA) 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	250.0	300.0	350.0	400.0
2.	Associated Cos/ Directors	100.0	100.0	100.0	100.0	100.0
3.	Current Liabilities	200.0	250.0	300.0	350.0	400.0
		500.0	**600.0**	**700.0**	**800.0**	**900.0**
	Application of funds					
1.	Fixed Assets	400.0	400.0	400.0	400.0	400.0
2.	Current Assets	100.0	200.0	300.0	400.0	500.0
		500.0	**600.0**	**700.0**	**800.0**	**900.0**