

**VAGELIS LOGISTICS LIMITED**

**BUSINESS PLAN  
FOR**

**ESTABLISHMENT OF**

**HOTEL AND TOURISM**

**VAGELIS LOGISTICS LIMITED**  
**SETTING UP FACILITIES FOR OPERATING A HOTEL, HOSPITALITY**  
**INVESTMENT STRATEGIES AND TOUR SITES**

**1. INVESTMENT PLAN**

The Business Plan was prepared by VAGELIS LOGISTICS LIMITED for setting up a hotel and rest investment for tourists project to recover the Tourism sector.

The investment proposal was prepared to show clearly an analysis of the financial, human resource, technical and other resources required for the project and also assess its economic viability and commercial viability in order to allocate funds for the Tourism Section in Tanzania for the flotation, electrostatic separation, gravity separation, workshop equipment etc.

The TIC certificate will enable the project to qualify for duty exemption Deemed capital Goods and VAT Deferment on Capital Goods. the Deemed Capital Goods such as impotation of heavy machines handling equipment, generators, transformer etc and enjoy services under one stop shop at Tanzania Investment Centre services under one stop shop such as approvals, license and permits such as residence and work permits, Business License, protection of investment, arbitration and transfer of foreign currency etc.

**2. COMPANY BACKGROUND**

VAGELIS LOGISTICS LIMITED is a private company based in LINDI, was incorporated on Tanzania by Registrar of Companies under company ordinance on 21 day of August 2022 with certificate of incorporation No; 157518321. The company has been incorporated with a major objective of establishing and operating a project for Tour Operation Project and is introduced the Tanzania Tour Operation project to the international markets. This is a big opportunity for our Country Tanzania to grow international, shine and rise to increase the GDP by importing more of the tourists in to the country

Hence the establishment programme of three years in setting up facilities for the project is estimated to be 1,000,000,000,000/= . The estimated capital investment cost of 5,000,000,000/= will be on Buildings, salon cars, pickups, hardtop, fork lift, forklifts, reachstacker, communication equipment, workshop equipment, generators etc.

**3. TARGETED MARKET**

There is very high Demand for the Tourist sector as the whole world in specific Tanzania wide GDP comes from Tourism thus us opting to switch to invest in the tourist sector. Following the call of the president of Tanzania having previous making a tourism Tour Film that has encouraged most the tourists to come from all parts of the world.

**ECONOMIC GROWTH**

The economic growth influenced such circulation of tourist activities especially the culture activities in Tanzania, traditional foods. Hence, attracting more of the people around the world.

**4. CARGO TRANSPORTATION FACILITIES;**

- Fleet of trucks, tractors, Tipper
- Supporting vehicles such as hardtops and pick ups,

- Cargo handling equipment; forklift, reach stackers, cranes
- Communication equipment; Radio calls, Base station, GPS, car tracking systems.
- workshop equipment, generators.
- etc

## **5. THE COMPANY'S OBJECTIVES**

VAGELIS LOGISTICS LIMITED is a project for Tourism, Hotel and Hospitality Strategic Sector processing business in Tanzania Mainland.

The mission of proposed project is basically aimed at Tourism Sector and processing business and marketing or promotion of the project in order to increase customers from Tanzania to achieve the following objectives;

- a) To transact or carry on all kinds of agency business and in particular in relation to the investment and transaction.
- b) To carry on the business of tourism tours in Tanzania to implement a new technology in the tourist sector.
- c) To carry on the business as tourist agents, consultant and contractors and to facilitate traveling and to provide for tourists and travelers, the provision of convenience of all kinds in the way of through tickets.
- d) To act as consultant and advisor in the field to tourism, travel, visa service and such other allied field.
- e) To undertake the business of holiday makers and arrange, organize or manage picnics, tours and travel and to facilitate traveling and to provide tourists and travelers all types of facilities.
- f) To own, create, operate and manage online market places website, portals, mobile applications and to provide a convenient, quick and affordable online platform for the common man and businesses to get world class tour and travel services, trips, guide tour packages and other allied services at one place.

## **6. PLAN OR PROSPECTS**

- (a) Running smooth Tour Operations Project business.
- (b) For efficient and effectiveness in operation and increase of the project business in competition with other neighboring countries and hence resulting foreign earnings in addition to the prevailing local market.
- (c) To increase more facilities for the project.
- (d) To increase the volume of the project or capacity of the project to be processed in the Tourism sector in Tanzania.

The investment proposal was prepared to show clearly an analysis of the financial, human, technical and other resources required for the project and also assess its economic viability and commercial viability in order to allocate funds for the Hotel and Tourism Sector project especially in attracting tourists in Tanzania.

The document has been prepared to serve as a business plan for VAGELIS LOGISTICS LIMITED for the operator project specializing in Tourist operations. The implementation of the project will comprise of the following activities:

- Completing the Construction of an existing building with enough space.
- The construction of a modern office and cottages for specific visitors.
- Purchasing CCTV and communication equipment.
- Equipping the company with relevant facilities.
- The purchasing of company vehicles.

The proposed project is estimated to cost about TZS 1,000,000,000. The project sponsors will provide full funding amounting TZS 500,000,000 in terms of equity contribution while the rest TZS 500, 000, 000 will be re investment of cash generated from operations.

### **7. THE PROJECT PROMOTERS**

The shareholders of this project are all entrepreneurs with a diverse professional and business backgrounds. The company is owned by 2 shareholders, namely;

Name	Shares%	Nationality
METHOD METHOD MROPE	400	TANZANIAN
LINUS METHOD MROPE	150	TANZANIAN
ADO METHOD MROPE	150	TANZANIAN

### **8. LOCATION:**

The project head quarter will be In Dar es salaam Kinodoni-Tanzania for the purpose of receiving the visitors from overseas. The operation project of Hotel and Tourism plant is located in Rahaleo Street Mingoyo Ward near Old Road Mosque Mnazimmoja, In Lindi Region and Mnazimmoja District. Postal Address P.O.BOX 527 Lindi

### **9. COMPANYS IMPLEMENTATION SCHEDULE**

#### 9.1 November- 2024

- (a) Preparing feasibility study for the land space and the project area at Mnazimmoja village
- (b) Registration of the project with Tanzania Investment Centre i.e Application for the Certificate of Incentives.
- (c) Getting the Certificate of Incentives.

#### 9.2 DECEMBER-2024

- (a) Application for import Duty exemption on Trucks, tractors, lorries, supporting vehicles, workshop equipment, communication equipment, cargo lifting equipment after being awarded certificate of incentives in the establishment programme.
- (b) Importing of cargo lifting equipment, generators, transformers ball mill, flotation machine, Ballon equipments etc.

#### 9.3 JANUARY-2025

- (a) Recruiting new employees, inputing of mechanics and other administration staff.

- (b) Construction of the factory, warehouse, and other necessary buildings.
- (c) Fully commencement of the Hotel project and the Tourist process.

**10. CAPITAL INVESTMENT COST**

**1 COSTS AND ESTIMATE VALUE**

**1.1 Investment costs and estimate value**

<b>SN</b>	<b>Item</b>	<b>Description</b>	<b>Amount (In USD)</b>
1	Investment Costs	Investment Cost	375,530.00
		Working Capital	219,770.00
		<b>Total</b>	<b>595,300.00</b>
2	Cost & Estimate Revenue Loss	Estimate of total annual revenue	1,100,000.00
		Total Operational Expenses of Project (Annual)	1,100,000.00
		Interest of bankFacilities	7%
		Commissioning cost 10% materialTotal annual depreciation expenses	
		Annual Income Tax 30%	
		Total Profit & Loss: (Annual)	
3.	Project Fixed Capital	The costs before commissioning	100,000.00

		Land & Landscaping	20,000.00
		Civil & Building Implement	0.00
		Machinery, Office, Workshop & Lab Supplies	5,000.00
		<b>Total</b>	<b>2,325,000.00</b>
4.	The costs before commissioning	Costs before commissioning including feasibility study, periodical visits, acquiring investment permits, technology, TIC License of Incentive, Environment License, EWURA, Port Authority (TPA), Municipality, Road Administrative etc	100,000.00
		Training Before Commissioning	15,000.00
		<b>Total</b>	<b>115,000.00</b>
6.	Transport, Work place & LSupplies	Truck	50,000.00

		Electricity	50,000.00
		<b>Total</b>	<b>100,000.00</b>
7.	Salary and Wages	Staff	10,000
		Operators	10,000
		Other Staffs	20,000
		<b>Total</b>	<b>40,000.00</b>

### 1.2 Fixed capital depreciation

S/N	Description	Production (Estimated)	Unit Price (USD)	Amount (USD)
1.	Production Average	1000 T per year	1000	1,000,000
<b>Total Cash Income</b>				<b>450,000</b>
Deduction (Current Costs)				200,000
Deduction (Depreciation Costs)				10,000
Deduction (Banking Fees 12%)				10,000
<b>Net Profit (USD):</b>				<b>180,000</b>

### 1.3 Period of Investment & Capital Return

1.	Period of Investment & Capital Return	Purchase of machinery, equipment, transport, set- up and putting into operation	1 year
		Commissioning, trial operation, financing & administrative affairs	1 year

		Settling the principal with interest	1 year
		Capital Annual Rate	1 year

## 2 COMPANY FINANCING

Description	Total (USD)	Banking Loan	Customer Share
Fixed Costs of Project	450,000.00	0	1000
Cost of Circulating Capital 15% of Current Expenses	-	-	-
<b>Total</b>	<b>450,000.00</b>	<b>0</b>	<b>1000</b>

### 11. CAPITAL INVESTMENT COST

Land and Building	USD \$ 20,000
Plant and Machinery	USD \$ 5,000
Vehicles	USD \$ 100,000
Furniture and Fittings	USD \$ -10,000
Pre- expenses	USD \$ 10,000
Other expenses	USD \$ 10,000
<u>Working Capital</u>	<u>USD \$ 219,770</u>
<b>TOTAL CAPITAL</b>	<b>USD \$ 374,770</b>

The intended project is to be implemented within 2 years. The company promoters (shareholders) have resolved to register the project with Tanzania Investment Center (TIC) and securing the certificate of incentives in order to enjoy the incentives from the reputable institution.

### 12. FINANCIAL PLAN (SOURCE OF FUNDS)

VAGELIS LOGISTICS LIMITED has firmed up finances for the implementation programme by its fund and Loan.

Own fund (equity)	USD \$ 187,384
Local loan	<u>USD \$ 187,386</u>
<b>TOTAL</b>	<b>USD \$ 374,770</b>

### **13. HOTEL & TOURISM PROJECT SECTOR PROCESS**

- (i) Salon cars
- (ii) Trucks
- (iii) Vans
- (iv) Weigh bridge, Generators, Transformers
- (v) Pickups
- (vi) Forklift.
- (vii) Mobile workshop, Tool boxes
- (viii) GPS AND car Tracking system
- (ix) Ballon carriers

### **14. SUBMISSION**

VAGELIS LOGISTICS LIMITED submits the investment proposal and application to the Tanzania Investment Centre (TIC) for registration and award of certificate of Incentives for the commencement of the processing project.

The 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 the project facilities such as Ballon carriers, Truckers, Heavy duty machines for building, cargo handling equipment, generators, transformer, Certificate of Incentives will enable the project to qualify for Duty exemptions on Capital and Deemed Capital Goods etc.

### **15. ECONOMIC GROWTH**

The current economic growth which had been registered in Tanzania, as the result of investment, business, Tour operations has attracted more investments as well as processing and business in the Tanzania such as the intended Tourism processing project. The economic growth influenced such movement of goods especially industries and business as the demand is growing day by day for the increased production.

### **16. COMPETITION OR MARKET**

Despite there being numbers of Hotel and Tourist agents in Tanzania, still the commodity is not enough compared to the level of demand.

However, the intended project will provide trustworthy, efficient and quality services to dominate the local and foreign market because the project ensure high quality, promptness and goodwill.

### **17. ADVERTISEMENT**

Advertisement which forms part of the marketing strategy, will be embarked upon in the newspapers, street banners and later on in the televisions in a manner benefiting the promotional role of any company or private institutions.

## **18. BUSINESS STRATEGY**

In order to meet the current demand and high productivity the management of the company will develop and implement additional strategies which will capture markets.

- (i) Technology and quality fleet of vehicles.
- (ii) Advertisement and Promotion,
- (iii) Employing qualified and experienced operators,
- (iv) On job training,
- (v) Business Discipline.

## **19. ENVIRONMENTAL ISSUE**

The Tourist Sector process project business and the whole project implementation is environmental friendly. The workshop activities of services will not cause any harm to people.

## **20. PROJECT MANAGEMENT**

The overall management of the company is vested in the Board of Directors. Mr. METHOD METHOD MROPE, LINUS METHOD MROPE and ADO METHOD MROPE are the shareholders of the company They are well versed in distribution of the business.

## **21. MANPOWER AND TRANSFER OF TECHNOLOGY**

VAGELIS LOGISTICS LIMITED being a Hotel and Tourist Operation in its commencement will usher in the opportunities by using modern workshop activities. The advantages to the country are quite significant, and will get the advantage of value addition due to such incoming details for local people.

The proposed project will cause more people to be employed in as operators, labouratory technicians, different types of personnels, security guards accountant, logistic manager and about 100 local people and 2 foreigners will increase their income, improve their social welfare and pay taxes; it is poverty alleviation programme to them.

Local employees will get on job training in a long run will improve the technical competence in the project.

## **22. CONCLUSION AND RECOMMENDATION**

The financial evaluation of the project done so far indicates 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 project so that the project will operate and enjoy tax exemption on capital and deemed goods and increase its production capacity.

### **23. FINANCIAL AND ECONOMIC ANALYSIS**

#### **23.1 Projected Profit and Loss Account**

The company envisages generating a profit of USD \$ 110,000 this operating year. The profit amount is expected to steadily rise to USD \$ 100, 000 in year two, USD \$270,000 in year three and USD \$300,000 in year four.

#### **23.2 Projected cash flows**

The projected cash flows for the next five years indicate that the company will have enough funds to service and repay the loan and interest payments. Hence the financial obligations will be met in a timely fashion.

#### **23.3 Proposed Balanced Sheet**

The projected balance sheet shows healthy financial situation. Short term liabilities are 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 of the company , sensitivity analysis has been worked out on the basis of several unfavorable conditions that might negatively affect the operations of VAGELIS LOGISTICS LIMITED.

24.1 Effect of cost increase on profitability (on the basis of year II Choice Motors Limited . INCOME in “ .....” USD \$)

INCOME	COSTS	INCREASE	PROFIT BEFORE DEPRECIATION
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760,000	500,000	%	260,000
760,000	525,000	5%	235,000
760,000	550,000	10%	210,000

24.2 Effect of VAGELIS LOGISTICS LIMITED. INCOME decrease/ drop on profitability (on the basis of year II costs in “.....” USD \$)

INCOME	INCOME DECREASE	COST	PROFIT BEFORE DEPRECIATION
760,000	%	500,000	260,000
722,000	5%	500,000	222,000
684,000	10%	500,000	184,000

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 1

#### VAGELIS LOGISTICS LIMITED PROJECTED INCOME STATEMENT

(Fig. USD \$ '000')

INCOME	1 <sup>st</sup> year	2 <sup>nd</sup> year	3 <sup>rd</sup> year	4 <sup>th</sup> year	5 <sup>th</sup> year
Sales Income	720.0	760.0	800.0	850.0	900.0
Total Income	720.0	760.0	800.0	850.0	900.0
Utilities	150.0	150.0	150.0	150.0	150.0
Salaries and wages	80.0	85.0	90.0	100.0	110.0
Transportation/fuel	100.0	105.0	110.0	120.0	130.0
Administrative Expenses	100.0	110.0	120.0	130.0	140.0
Other Expenses	40.0	50.0	60.0	70.0	80.0
Total Expenditure	470.0	500.0	530.0	570.0	610.0
Net Profit (pre tax and depreciation)	250.0	260.0	270.0	280.0	290.0

#### Appendix II

#### VAGELIS LOGISTICS LIMITED PROJECTED CASHFLOW STATEMENT

(Fig. USD \$ '000')

YEAR	1	11	111	1V	V	TOTAL
<b>Cash inflow</b>						
Income from operation	250.0	260.0	270.0	280.0	290.0	1350.0
	250.0	260.0	270.0	280.0	290.0	1350.0
<b>Cash outflow</b>						
Interest payments	50.0	45.0	40.0	35.0	30.0	200.0
Loan re-payment	50.0	50.0	50.0	50.0	50.0	250.0
Wear and tear	10.0	12.0	14.0	16.0	18.0	70.0
Taxes	10.0	10.0	10.0	10.0	10.0	50.0
	120.0	117.0	114.0	111.0	108.0	570.0
<b>Surplus cash generated</b>	130.0	143.0	156.0	169.0	182.0	780.0

**Appendix III**

**VAGELIS LOGISTICS LIMITED  
PROJECTED LONG TERM LOAN REPAYMENT**

**(Fig. in USD \$'000')**

YEAR	PRINCIPAL	INTEREST	TOTAL	AMOUNT
0				500.0
I	50.0	50.0	100.0	450.0
II	50.0	45.0	95.0	400.0
III	50.0	40.0	90.0	350.0
IV	50.0	35.0	85.0	300.0
V	50.0	30.0	80.0	250.0
VI	50.0	25.0	75.0	200.0
VII	50.0	20.0	70.0	150.0
VIII	50.0	15.0	65.0	100.0
IX	50.0	10.0	60.0	50.0
X	50.0	5	55.0	00.0

Appendix IV

**VAGELIS LOGISTICS LIMITED  
PROJECTED BALANCE SHEET**

(Fig. in USD \$ '000')

NO.	ITEM	YEAR 1	YEAR II	YEAR III	YEAR IV	YEAR V
	<b>SOURCE OF FUNDS</b>					
1.	Shareholders funds	100.0	150.0	200.0	250.0	350.0
2.	Long Term Loan	100.0	95.0	90.0	85.0	80.0
3.	Associated Cos/ Directors	100.0	100.0	100.0	100.0	100.0
4.	Current liabilities	0.0	0.0	0.0	0.0	0.0
		0.0	0.0	0.0	0.0	0.0
	<b>Application of funds</b>					
1.	Fixed Assets	300.0	300.0	300.0	300.0	300.0
2.	Current Assets	200.0	295.0	390.0	485.0	630.0
		500.0	595.0	690.0	785.0	930.0