

# **KYENTALE TRANSPORT AND CONSTRUCTION COMPANY LIMITED**

## **BUSINESS PLAN**

**FOR**

## **CARGO TRANSPORTATION**

**Prepared By:**

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## **1.0 INTRODUCTION**

### **1.1 Background**

KYENTALE TRANSPORT AND CONSTRUCTION COMPANY LIMITED is a reputable Tanzanian private company that was established in 2021 having certificate of incorporation No. 154524762 dated 24<sup>th</sup> December 2021 issued by BRELA. The Company focuses on providing first-rate logistical solutions and the primary focus is on safely and effectively moving cargo, goods, mining chemicals, and raw materials throughout Tanzania, the SADC, and the rest of Africa. We place a high priority on security and use sophisticated escort procedures to guarantee the delivery of goods in safety and security. KYENTALE TRANSPORT AND CONSTRUCTION COMPANY LIMITED intends to a fleet of more than 100 trucks in five years, currently the Company is expecting to start with a fleet of 10 trucks and their trailers providing transport services within the country and up-countries of Democratic Republic of Congo (DRC), Zambia, Malawi, South Africa and in the future to expand to the rest of Africa.

KYENTALE TRANSPORT AND CONSTRUCTION COMPANY LIMITED aims at providing a wide range of services because it recognizes the critical role that logistics play in promoting economic growth. As one of the logistics, the efficient cargo handling for all forms of transportation, provides links between centers of production and those of

consumption, markets, in the economic sectors such as agriculture, industry mining and tourism. It facilitates the flow of goods and people along the import/export corridors that link the coastal ports and landlocked countries. Transport also provides access to employment, health, education, recreation and other services. Therefore, without a good transportation system the development of a country is doomed. The contribution of roads and railways to the development of the country is similar to the blood system is to the human body. Delivering dependable and prompt logistical solutions that are customized to meet the individual needs of our esteemed clients is the commitment of our devoted team of skilled professionals.

Customer satisfaction is what drives KYENTALE TRANSPORT AND CONSTRUCTION COMPANY LIMITED. With our clients, we place a high value on open communication, teamwork, and transparency to make sure their unique needs are not only met but also exceeded. We consistently offer affordable and dependable logistical solutions by combining our broad network with cutting-edge technology and business best practices. For businesses in Tanzania, the East African Community, and the SADC countries, our unwavering dedication to integrity, professionalism, and innovation positions us as a reliable partner as we help them achieve their operational goals.

## 1.2 The Company

KYENTAKE TRANSPORT AND CONTRUCTION COMPANY LIMITED is a private liability Company engaged in the running Transport business, mainly fleet managements, cargo movements transporting raw materials, containerized and loose cargo and abnormal/wide loads to within and up-countries (East, Central and south Africa). The Company has been registered under Company law in 2012 and is primarily a business with the following shareholders.

**Table1.** Distribution of shares

<b>S/N</b>	<b>Directors/Shareholders</b>	<b>Shares</b>
1	Danstan Daud Mtajura	80
2	Justa Byela Lobozi	20

The directors with the highly qualified team successfully will complete projects of various complexity and scale thanks to their extensive knowledge, experience, and resources. The Shareholders have identified an opportunity that would enable them to utilize their new facilities to offer modern and international standard Logistics services.

#### **1.4 Company Location and Facilities**

The company's principal Location is at Kitunda Roads, Plot no 166 within Dar es Salaam city. The Company has its office located in Msasani Ward, Kinondoni District, Oysterbay Road, near St. Peter Church in Dar es Salaam, Tanzania. We effectively serve clients across the nation from this strategic location, which also keeps us close to important transportation hubs like seaports, airports, and significant road systems. Due to Dar es Salaam's strategic significance, we are able to ensure efficient supply chain operations and provide prompt logistical solutions. We have one Yard equipped with state of the art Garage, and a store for spares.

#### **1.5 Mission and Vision Statement**

##### **Vision**

To establish ourselves as Tanzania's top construction and logistics firm that connects the countries of the East African Community and SADC countries in the transportation/transit of goods in a timely and reliable manner that promotes economic growth, improve the lives and contribute to sustainable development of member countries.

## **Mission**

To offer top-notch construction, logistical and Clearing & Forwarding services that will help businesses flourish and contribute to the economic development of Tanzania as well as the larger East African Community and SADC countries with emphasis on Integrity, Quality, Skills, Professionalism, and Timeliness.

## **Core Values**

### **Excellence**

From providing first-rate logistical services to carrying out construction projects to the highest standards, we aim for excellence in everything we do. We are dedicated to pursuing continuous improvement, welcoming innovation, and going above and beyond for our clients.

### **Integrity**

We operate with the utmost integrity, honesty, and openness. By conducting business fairly and ethically, we uphold laws and industry standards, prioritize ethical behaviour, and foster trust with our customers, suppliers, and partners.

### **Collaboration**

We have faith in the efficacy of cooperation and teamwork. We promote an atmosphere of mutual respect, free exchange of ideas, and teamwork both internally and externally. To deliver the best

solutions, we collaborate to take advantage of our team's wide range of expertise and build solid relationships.

### **Safety and Security**

The security and safety of our clients' belongings and assets are of the utmost importance to us. To ensure the security of the goods during transit and storage, we make investments in cutting-edge security measures, hire highly qualified personnel, and strictly abide by industry best practices.

### **1.6 STATEMENT OF THE INVESTMANET OBJECTIVE, SECTOR AND PRODUCTS**

This project's main objective is to carry on the business of clearing and forwarding agents, courier and cargo handlers, handling and haulage contractors, warehousemen, common carriers by land, rail, water and air, container agents within the hinterland Tanzania and up-countries (eastern, central and southern Africa). With this objective the Company envisages modernizing its supporting facilities in order to be more competitive in the current market. The Company's competitive advantage is our distinctive selling points not only set us apart from rivals but also establish us as a reliable partner for customers looking for top-notch construction and logistical solutions. We provide unmatched value to our customers with our specialized expertise,

dedication to excellent customer service, cutting-edge technology solutions, and integrated capabilities.

KYENTALE TRANSPORT AND CONSTRUCTION COMPANY LIMITED has specialized knowledge in both the construction and logistics industries. Professionals with extensive knowledge and experience in managing logistical operations and carrying out construction projects make up our team. Our ability to seamlessly combine these two areas of expertise enables us to offer comprehensive solutions that cover the entire supply chain. We are able to provide customized solutions that maximize efficiency and foster success because we are aware of the complexities and special requirements of both industries.

Our company's foundation is built on our dedication to providing first-rate customer service. To comprehend the unique logistical and construction needs of our clients, we place a high value on open dialogue, cooperation, and transparency. Our committed team provides clients with close attention and support throughout the duration of the engagement. We go above and beyond to make sure that clients are satisfied by promptly resolving issues, giving frequent updates, and adjusting to changing demands. Long-lasting relationships are fostered by our customer-focused strategy and are based on dependability, reliability, and superior service.

To improve customer experience and streamline operations, KYENTALE TRANSPORT AND CONSTRUCTION COMPANY LIMITED uses cutting-edge technological solutions. We use cutting-edge software systems for real-time tracking and tracing, giving clients access to the most recent data and the ability to keep track of their shipments. Modern project management tools are utilized in our construction projects, enabling effective planning, coordination, and execution. By utilizing technology, we improve the logistics and construction processes' efficiency, visibility, and accuracy, resulting in seamless integration and the best possible results.

Generally, KYENTALE TRANSPORT AND CONSTRUCTION COMPANY LIMITED has the following major objectives:

- To promote trade within the country and between Tanzania and her neighbor landlocked countries
- To procure foreign currency for the country in the course of its business transactions.
- To provide extra employment to more people in the sector.

In conjunction with the aforementioned objectives, the activities of the Company are:

- Construction, import trucks and associated equipment used for transportation

- Transport of raw materials, containerized and loose cargo and abnormal/wide loads to up-countries
- Storage and distribution.
- Import of merchandised goods

## **2 INVESTMENT COSTS AND SOURCES OF FINANCES**

The invested capital will fund various items in the project. The project cost is estimated at US\$ 900,000 as indicated in Table 2. The Company will use loan equity in order to make their project successful.

## **3 ECONOMIC DEVELOPMENT CONSIDERATIONS**

### **3.1 Job/Employment Creation**

The project is expecting to create approximately 100 jobs with capacity to expand the employment levels in the later years upon expansion to 200 jobs making a total of at least 300 jobs to be created. The jobs offered are in the following categories drivers, conductors, accounts and finances, Tracking officers (Operations, liaisons, operation managers etc.) and agents.

### **3.2 Foreign exchange Earnings**

Due to the nature transit cargo business, the payments are made in local and foreign currency. This is a great contribution to the country in foreign exchange earnings.

### **3.3 Economies of Scale**

Profitability is greatly affected by economies of scale. The project will be profitable with 100 trucks and trailers/tankers. Improved communication, infrastructure facilities and maximize operational effectiveness will increase transport logistics significantly; which will eventually increase profits dramatically hence guaranteeing higher returns in the long run.

### **3.4 Government revenue**

The government and other agencies will benefit from various taxes, fees and commissions that will be paid to the Treasury.

### **4.0 INVESTMENT FUNDS EXPEBDITURE BREAKDOWN**

The estimated breakdown of investment costs is as shown in the Table below:

**Table 2:** Company's expected initial expenditure of fund

<b>Particular</b>	<b>Expenditure breakdown (US\$)</b>
Land and Building	25,000
Plant/workshop facilities	5,000
Vehicles/trucks	800,000
Furniture and fittings	5,000
Pre-expenses	20,000
Others	5,000
Working capitals	40,000
<b>Total</b>	<b>900,000</b>

## **5.0 SOURCE OF SUPPLY OF INPUTS**

The project's future projection is to have a fleet of vehicles in a total of 100 trucks in the year 2028. The trucks and other related equipment and spare parts will be sourced directly from China and United Kingdoms (UK) and will be procured in phases of 10 trucks every six months.

This project is based on more than 100 trucks to be purchased within 5 years of project implementation period from 2024-2028. The first phase will start with 10 trucks. It has been estimate that full-scale operations the 100 trucks are expected to meet at least 2,400 trips annually, their destinations being domestic trips and landlocked neighboring countries of DRC Congo and Zambia. The Company will open branches in other significant Tanzania cities such as Dodoma, Mbeya, and Mwanza and also looking to expand the operation abroad in East African Community (EAC) neighboring nations such as Kenya, Uganda, Rwanda, and South Sudan. Other targeted nations, in addition to the EAC, are the Southern African Development Community (SADC), which include nations like Zimbabwe, Zambia, and Malawi.

## **6.0 MARKET PLAN**

There is a wide market for transportation of domestic as well as transit cargo. Over 90 percent of the country's freight movement is by road transport where road transport is the most widely used form of transport in Tanzania to the landlocked countries. Likewise, the market for transportation of fuel, as well as building and construction materials is huge, especially for the rural road contractors and builders in general. Hence, it can be expected that the sponsors would not face marketing and operational problems in managing the proposed

project. The ports of Dar es Salaam, Tanga, Mtwara and Mombasa have undergone major rehabilitation, modernization and expansion so as to be able to compete with South Africa ports in handling the East, Central and Southern African import and export trade. The ports have also been improved as a strategy for meeting the national demands for cargo handling that have grown steadily following expansion of agricultural, mining and industrial activities especially in East and Central Africa. These factors would provide the proposed freight haulage project the necessary condition for its soft establishment expansion of its future operations. **KYENTALE TRANSPORT AND CONSTRUCTION COMPANY LIMITED** will endeavor to achieve the projected sales for both domestic and transit business in the neighboring countries of Kenya, Rwanda, Burundi and Eastern parts of the Democratic Republic of Congo, Uganda and Eastern parts of Zambia.

Recent reforms taking place in economy indicate that there is an increase in demand for transit cargo both dry and wet, including white petroleum product namely: petrol, diesel, jet fuel, lubricants, liquefied gas (LPG) etc. Some of the factors that have contributed to such an increase in demand for these products in the country are as follows.

- Increased level of rehabilitation and expansion of urban and

- trunk roads by the Government and international assistance agencies, which has subsequently resulted in increased kilometers of passable roads by small and heavy-duty vehicles.
- Rise in people's standard of living and change in people's consumption patterns;
  - General improvement in the national economy, especially the balance of payments which has made it possible for the Government to achieve greater capability to import critical products into the country;
  - Increase general level of investments in industrial activities which are the major users of industrial inputs;
  - Increased general level of investments in industrial activities which are the major users of industrial inputs;
  - Increased transit trade between Tanzania and its neighbours especially Uganda, Rwanda, Malawi, Burundi and the Democratic Republic of Congo (DRC). The factors have led to increased demand for transportation services for products in the country. Furthermore, these factors have created the impetus for increased inflow of investment capital by foreign and local private investors who now have decided to venture in the

importation and industrial raw materials business.

- The reforms, which are now being introduced in the sector, aim at influencing the inflow of and increased supply of both capital goods and other industrial products and their distribution in the country and beyond the national borders.

KYENTALE TRANSPORT AND CONSTRUCTION COMPANY LIMITED has established a chain of clients who are regular customers for transportation services. The Company expects to receive enquiries for the services from all over the whole EAC and SADC nations as we base on transport of all kinds of goods, including loose cargo, containerized cargo, dangerous cargo and raw materials thus covering the whole aspect of logistics.

The targeted markets of the project have been the hinterland of Tanzania (domestic market) the neighboring landlocked countries of Tanzania and other parts of Africa. The neighboring countries that have been served and are the target of this project are specifically DRC, Zambia, Burundi, Rwanda and Malawi, Kenya, Uganda, South Sudan, Zambia and Zimbabwe.

It is in view of this that, despite some minor challenges facing, KYENTALE TRANSPORT AND CONSTRUCTION COMPANY LIMITED has resolved to invest in the transport sector so as to provide a solution

that would lead to stimulating the said intraregional trade. The project is expected to offer a challenge to the business community to enhance intraregional trade between Tanzania and these countries.

### **Competition**

The leading clearing and forwarding companies prefer to offer business to transporters with a sizeable fleet of reliable trucks/trailers. KYENTALE TRANSPORT AND CONSTRUCTION COMPANY LIMITED already has well-established market and is also expecting to have fleets of at least 100 in 2028 year to come. Therefore the Company is poised to emerge as one of the major transporters of transit cargo in Tanzania with no serious competition since demand on road transport is already higher than supply of trucks for transit cargo.

### **7.0 IMPLEMENTATION SCHEDULE**

Project implementation is expected to be relatively very short once TIC approval is received. The project is expected to be implemented within five years. The critical activities are to purchase or acquiring 10-15 transport trucks every six months. Currently, the supplier of the trucks has already been identified and supply is awaiting instructions from the project directors. In this respect, delivery can be done in less than 12 months once we finalize financing sources.

The implementation of this project will comprise of the following activities:

- The purchase of 10 trucks and their trailers to be done in phases of every six months
- Equipping the Company with relevant facilities

The project also intends to establish a modern international standard transport and logistics, to continue serve various parts of the country and DRC and Zambia and in the future expand to accommodate the whole of EAC and SADC regions. In addition the Company will continue to improve good flow of cargo from port of Dar es Salaam to the land locked neighboring Countries through fast and efficient delivery, cost effective, providing reliable service, and professionalism. Our primary focus is on safely and effectively moving cargo, goods, mining chemicals, and raw materials throughout Tanzania, the SADC, and the rest of Africa.

The project, due to increasing more trucks every six months, also intends to acquire new communication equipment such as modern GRPR & GPS tracking systems, modern garage equipment and truck diagnostics systems.

## **8.0 FINANCIAL PROJECTION FOR AT LEATS 5 YEARS**

### **8.1 FINANCIAL ANALYSIS**

#### **8.1.1 Financial Variability**

The analysis of the proposed transport project of KYENTALE'S TRANSPORT AND CONSTRUCTION COMPANY LIMITED indicates that the project can generate a fairly good profit and that it generates sufficient cash to meet its financial obligations.

#### **8.1.1 Basic Revenue Assumptions**

- (i) The project will operate a total fleet of 100 trucks in 5 years by purchasing 10 trucks and their trailers every six months
- (ii) The entire fleet is deployed to haul mainly cargo only with 59% return cargo.
- (iii) Due to the long distances involved and condition of roads, the load factor is assumed at 70% only.
- (iv) Freight rates have been conservatively estimated at US\$ 5000 per trip.
- (v) The revenue and operating cost assumptions have been projected at constant prices; being assumed that any increase in costs will be offset by a corresponding increase in freight rate.

## **8.1.2 Operating Costs and Assumptions**

### **(i) Fuel and Lubricants**

All the imported 10 trucks will be diesel propelled and the addition 10 trucks every six months will also use diesel.

### **(ii) Tyres and Tubes**

Periodic replacements of worn-out tyres will be necessary because of the long distances to be covered in and outside the country. We estimate a replacement at the rate of 2 sets of tyres per annum.

### **(iii) Other Direct Cost:**

Other direct costs the company incurs include drivers/turn boys' allowances, road toll or borders fees, Insurance, loading and offloading costs.

### **(iv) Repairs and Maintenance**

The costs of normal repairs and maintenance of the assets has been estimated on the basis of the costs of assets.

### **(v) Administrative Overheads**

There will be also administrative costs to include roads and fine, wages, Printing, stationery and postage, Auditors & Accountants' Fees,

Travelling Expenses, Wages and Salaries, Office repair and other office expenses.

### 8.1.3 Freight Revenue

Based on the above revenue assumptions, the trucks will realize earnings for the company of about US\$ 2,400,000 million in the first year after acquiring the trucks/trailers/tankers. This is expected to increase to US\$ 12,000,000 million at the end of the fifth year as shown in the Table 3.

**Table 3.** Projected Cargo handling and freight revenue in US\$

Item/year	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
ACHIEVEABLE CAPACITY Number of Trucks	20	40	60	80	100
Freight Revenue					
Various average cargo haulage trip per month per truck =USD 10000	2,400,000	4,800,000	7,200,000	9,600,000	12,000,000
GRAND TOTAL FREIGHT REVENUE	2,400,000	4,800,000	7,200,000	9,600,000	12,000,000

## 8.2 FINANCIAL ASPECTS FOR THE PROJECT

### 8.2.1 PROJECTED PROFIT AND LOSS STATEMENT

Tables below show the Depreciations and the projected income for the 5 years period. The position depicted is that based on the operating assumptions and cost, the proposed investment project earns profit throughout the project period of five years. Accumulated after tax profits grow from US\$ 611,625 to US\$ 9,666,125 in the 5<sup>th</sup> year.

**Table 4.** Projected Depreciation for the five years

Item/year		Amount	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings	4%	25,000	1000	1000	1000	1000	1000
Motor Vehicles	10-25%	800,000	80,000	120,000	160,000	200,000	-
Machinery & Equipment	12.5%	5,000	625	625	625	625	625
Furniture & Fixtures	12.5%	5,000	625	625	625	625	625
Pre Operational Expenses	20%	20,000	4,000	4000	4000	4000	4000
<b>TOTAL</b>			86,250	126,250	166,250	206,250	6,250

**Table 5.** Projected Income and Expenditure Statement

Item/year	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Sales Revenue	2,400,000	4,800,000	7,200,000	9,600,000	12,000,000
COST OF SALES	1,440,000	2,880,000	4,320,000	5,760,000	7,200,000
Sub Total Cost of Sales	1,440,000	2,880,000	4,320,000	5,760,000	7,200,000
<b>GROSS PROFIT</b>	<b>960,000</b>	<b>1,920,000</b>	<b>2,880,000</b>	<b>3,840,000</b>	<b>4,800,000</b>
<b>Gross Operating Profit</b>	<b>960,000</b>	<b>1,920,000</b>	<b>2,880,000</b>	<b>3,840,000</b>	<b>4,800,000</b>
<b>Capital &amp; Finance Charges</b>					
Depreciation	86,250	126,250	166,250	206,250	6,250
<b>Sub Total</b>	<b>86,250</b>	<b>126,250</b>	<b>166,250</b>	<b>206,250</b>	<b>6,250</b>
<b>PROFIT BEFORE TAX</b>	<b>873,750</b>	<b>1,793,750</b>	<b>2,713,750</b>	<b>3,633,750</b>	<b>4,793,750</b>
Taxable Income					
Corporation Tax at 30%	262,125	538,125	814,125	1,090,125	1,438,125
PROFIT AFTER TAX	611,625	1,255,625	1,899,625	2,543,625	3,355,625
<b>Profit Brought Forward</b>	<b>611,625</b>	<b>1,867,250</b>	<b>3,766,875</b>	<b>6,310,500</b>	<b>9,666,125</b>

### 8.2.2 PROJECTED CASH FLOWS

The project's cash flows are shown in the last row of Table 6. The flows depict a good liquidity position right from the first year. Cash accumulation builds up from US\$ 960,052 in the first year to US\$ 4,800,261 at the end of 5<sup>th</sup> year of the project's operations based on the 10 trucks purchased every six months, which is equivalent to 20 tracks per year.

**Table 6. Projected Cash Flows**

Item/year		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>CAPITAL INFLOW</b>						
Present Equity Capital	900,000	-	-	-	-	-
<b>Sub Total Capital Inflow</b>	900,000	-	-	-	-	-
<b>OPERATING INFLOW</b>						
Profit before tax		873,750	1,793,750	2,713,750	3,633,750	4,793,750
Depreciation		86,250	126,250	166,250	206,250	6,250
<b>Sub Total Operating Inflow</b>		960,000	1,920,000	2,880,000	3,840,000	4,800,000
<b>TOTAL INFLOW</b>		<b>960,000</b>	<b>1,920,000</b>	<b>2,880,000</b>	<b>3,840,000</b>	<b>4,800,000</b>
<b>CAPITAL OUTFLOW</b>						
Investment	900,000	-	-	-	-	-
<b>Sub Total Capital Outflow</b>	900,000	-	-	-	-	-
<b>OPERATING OUTFLOW</b>						
Taxation		262,125	538,125	814,125	1,090,125	1,438,125
<b>Sub Total Operating Outflow</b>		262,125	538,125	814,125	1,090,125	1,438,125
<b>TOTAL OUTFLOW</b>	<b>900,000</b>	<b>262,125</b>	<b>538,125</b>	<b>814,125</b>	<b>1,090,125</b>	<b>1,438,125</b>
<b>NET CASHFLOW</b>	-	<b>960,052</b>	<b>1,920,104</b>	<b>2,880,157</b>	<b>3,840,209</b>	<b>4,800,261</b>

### 8.3 FINANCIAL REVIEW

The financial review of the transportation project of the KYENTALE TRANSPORT AND CONSTRUCTION COMPANY LIMITED indicates that:

- The project is feasible and profitable
- The liquidity position is sound and that is should be able to meet its financial commitments without any undue difficulty.

- It is therefore recommended that the project should go ahead so conceived in this report.

### **8.3 DEVELOPMENT ASPECTS FOR THE PROJECT**

The following are the major economic and social benefits, which the Company will generate through the proposed project.

- Revenue to the government Treasury and other organs in the form of taxes, fees and levies
- Increase in employment opportunities whereby at the end of five years at least 300 people will be employed by the project
- Savings/earnings of foreign exchange because of the project's active engagement in the transit trade
- Facilitate in increased improvement and availability of the freight haulage services especially in the transportation of minerals such as copper, graphites, Nickel, raw materials, fuel, crops, building materials and finished products to and from markets.

With the fully emphasis on the liberation of the economy the resultant industrial growth is expected to push up the demand for the transportation of industrial and consumer goods services considerably.

## **9.0 CAPACITY OF THE PROJECT**

The Company currently expects to start its purchase of 10-15 trucks every six months and having a fleet of 100 trucks by the year 2028. The Company is expecting to operate the cargo transportation within the country and to DRC and Zambia, and later on it is expecting to expand the transportation service to other East African Community (EAC) and SADC countries whenever the service is needed. From the planned capacity of the project, the Company will create at least 100 job opportunities and at the end of five years will increase to at least 300 jobs.

## **10.0 CONCLUSION AND RECOMMENDATIONS**

The brief financial analysis indicates that the proposed project will be financially and economic viable. The project will generate significantly to the social and economic progress by purchasing 10 trucks including trailers/tankers. Therefore, it is strongly recommended that the project directors be availed with the required institutional assistance so as to enable them to implement the intended expansion of the proposed project. The project deserves this support because of its viability, since it is technical feasible, economically viable and socially acceptable.