

**VAGELIS LOGISTICS LIMITED**

**BUSINESS PLAN  
FOR**

**ESTABLISHMENT OF**

**TRANSPORT & LOGISTICS**

## **VAGELIS LOGISTICS LIMITED**

### **SETTING UP FACILITIES FOR OPERATING A TRANSPORT &, LOGISTICS**

#### **INVESTMENT STRATEGIES.**

##### **1. INVESTMENT PLAN**

The Business Plan was prepared by VAGELIS LOGISTICS LIMITED for setting up a Transport and Logistic investment for the project to recover the Transportation 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 Transportation Sector in Tanzania for the modern technology, electrostatic 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 Transport Operation Project and is introduced to the Tanzania Transport and Logistic 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 transit of cargo to landlocked countries neighbouring Tanzania.

Hence the establishment programme of three years in setting up facilities for the project is estimated to be 5,000,000,000/= . The estimated capital investment cost of 2,500,000,000/= 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 Cargo Transport sector as the whole world in specific Tanzania part of its GDP comes from Tourism thus this opting to switch to invest in the Logistic and transport sector. Following the call of the president of Tanzania to allow even local personals to invest through TIC.

##### **ECONOMIC GROWTH**

The economic growth influenced such circulation of transport activities especially the easy accessibility in Tanzania, the good roads, the stability politically thus attracting people to invest in Tanzania.

##### **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 COMPANYS OBJECTIVES**

VAGELIS LOGISTICS LIMITED is a project for Transport and Logistic, Strategic Sector processing business in Tanzania Mainland.

The mission of proposed project is basically aimed at Transport Sector and Logistic 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 transport and logistic in Tanzania to implements a new technology in the transportation sector.
- c) To carry on the business as transport and logistic agents, consultant and contractors and to facilitate traveling and to provide for transportation companies, the provision of convenience of all kinds in the way of through tickets.
- d) To act as consultant and advisor in the field to transport, travel, visa service and such other allied field.
- e) To Freight rail transport.
- f) Passenger rail transport, interurban
- g) Urban and suburban passenger land transport.
- h) Transport via pipeline.
- i) Cargo handling.
- j) Carrier activities.
- k) Renting and leasing of motor vehicles.
- l) Sea and Coastal freight water transport.
- m) Service activities incidental to land transportation.

## **6. PLAN OR PROSPECTS**

- (a) Running smooth Transport and logistic 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 Transport and Logistic 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 Transport and Logistic Sector project especially in attracting investors interest in Transportation in Tanzania.

The document has been prepared to serve as a business plan for VAGELIS LOGISTICS LIMITED for the Transport project specializing in Transport and Logistic 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 5,000,000,000. The project sponsors will provide full funding amounting TZS 2,500,000,000 in terms of equity contribution while the rest TZS 2,500,000,000 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. COMPANY'S 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, machine, etc.

9.3 JANUARY-2025

- (a) Recruiting new employees, inputing of mechanics and other administration staff.
- (b) Constraction of the factory, werehouse, and other neccessary buildings.
- (c) Fully commencement of the Transport project and the Logistic 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	939,419
		Working Capital	939,419
		<b>Total</b>	<b>1,878,838</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	200,000.00
		Land & Landscaping	500,000.00
		Civil & Building Implement	0.00
		Machinery, Office, Workshop & Lab Supplies	50,000.00
		<b>Total</b>	<b>750,000.00</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	200,000.00
		Training Before Commissioning	15,000.00
		<b>Total</b>	<b>215,000.00</b>

6.	Transport, Work place & LSupplies	Truck	1,000,000.00
		Electricity	50,000.00
		<b>Total</b>	<b>105,000.00</b>
7.	Salary and Wages	Staff	70,000
		Operators	50,000
		Other Staffs	30,000
		<b>Total</b>	<b>150,000.00</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>939,419</b>
Deduction (Current Costs)				200,000
Deduction (Depreciation Costs)				30,000
Deduction (Banking Fees 12%)				30,000
<b>Net Profit (USD):</b>				<b>260,000</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
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		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	939,419.00	0	1000
Cost of Circulating Capital 15% of Current Expenses	-	-	-
<b>Total</b>	<b>939,419.00</b>	<b>0</b>	<b>1000</b>

### 11. CAPITAL INVESTMENT COST

Land and Building	USD \$ 500,000
Plant and Machinery	USD \$ 50,000
Vehicles	USD \$ 105,000
Furniture and Fittings	USD \$ 110,000
Pre- expenses	USD \$ 64,419
Other expenses	USD \$ 110,000
<u>Working Capital</u>	<u>USD \$ 219,770</u>
<b>TOTAL CAPITAL</b>	<b>USD \$ 1,878,633</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.

<b>Own fund (equity)</b>	<b>USD \$ 939,316.5</b>
<b>Local loan</b>	<b><u>USD \$ 939,316.5</u></b>
<b>TOTAL</b>	<b>USD \$ 1,878,633</b>

### **13. TRANSPORT & LOGISTIC PROJECT SECTOR PROCESS**

- (i) Head Trucks.
- (ii) Trucks
- (iii) Vans
- (iv) Weigh bridge, Generators, Transformers
- (v) Pickups
- (vi) Forklift.
- (vii) Moblie workshop, Tool boxes
- (viii) GPS AND car Tracking system

### **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 Head trucks, 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, Transport and Logistic operations have attracted more investments as well as processing companies in Tanzania such as the intended Cargo Delivering 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 giant transport nad logistic companies in Tanzania, still the comodity is not enough compared to the level of demand of cargo delivery needed in the country and to the neighbouring countries mostly the landlocked countries. Therefore, the inteneded 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 it's own hardwork, street banners and later on in the televisions in a manner benefiting the promotional role of any company or private institutions.

## **18. BUSINESS STRATEGY**

Inorder to meet the current demand and high productivity the management of the company will develop and implement additional straegies 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 enviromental 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 Dirctors. 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 Transport and Logistic Operator 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, labouratoyr technitians, 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 \$ 550,000 this operating year. The profit amount is expected to steadily rise to USD \$ 500, 000 in year two, USD \$570,000 in year three and USD \$700,000 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 \$)

<b>INCOME</b>	<b>COSTS</b>	<b>INCREASE</b>	<b>PROFIT BEFORE DEPRECIATION</b>
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 \$)

<b>INCOME</b>	<b>INCOME DECREASE</b>	<b>COST</b>	<b>PROFIT BEFORE DEPRECIATION</b>
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')

<b>INCOME</b>	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