

# TIME TRUCKING (T) LIMITED

## BUSINESS PLAN

### FOR PURCHASE OF NEW SHACMAN TRUCK

2024



COMPANY

INFORMATION

REGISTERED OFFICE

TIME TRUCK TANZANIA LIMITED

P.O.BOX 61772

MAKUNGANYA STREET

DAR ES SALAAM

BANKERS

CROB BANK TANZANIA LIMITED

## EXECUTIVE SUMMARY

The business plan is meant to express the planned expansion to cereals procurement and sales together with fertilizers sales to different clients located in various regions of the country. The board of Directors for Time Trucking (T) Limited presents this proposal document for the purpose of requesting for bridging finance in terms of an overdraft that will be used for financing bulky purchase of cereals, storage in warehouses located in Sumbawanga and finally sale to our customers.

We have good number of high quality and modern trucks for cargo transportation and we have been able to offer transportation services to our customers for a number of years. We would like to sell increase cereals and fertilizer as we see great opportunity in this business line.

The facility will be secured by Directors property located in Dar es Salaam whose market value is more than the facility being applied for. Title deed for this property will be submitted to Equity Bank Limited.

The company generates sufficient profit per month for covering monthly interest and repayments and additional profit from Northmead at Tanzania Limited will be made available when the company sales fall below average.

We have strong management and competent staff at all levels of business operations and as we have been organizing the company in all dimensions from the beginning of the year 2016.

Revenue therefore will accumulate from two major business lines that are cereals and fertilizer sales and transportation of fuel to different client locations. We are dedicated to increase our trucks in the future in order to be able to carry on massive cargo and fuel transportation orders.

Our current request is an overdraft amounting to Tshs 1,000,000,000. This is a twelve month's facility and will be serviced by profits from business operations. We would want to utilize our strong network of customers for earning good return.

Corporate guarantee is available in terms of cash support from our sister company Northmead Tanzania Limited. Our deposits will be directed to Equity Bank Limited as we want to work with more efficient financial partner.

It is the hope of management that the facility will be approved.

## COMPANY ORIGIN

The company was registered in Tanzania under Business Registration and Licensing Agency on 31<sup>st</sup> December, 2014 but it began its operations on 1<sup>st</sup> January, 2016. The company was found by the Entrepreneur Mr. Khalfan Hilaly Amour who is the Company's Chairman. The Chairman has vast knowledge and experience with business as he has been dealing with the same for more than 20 years. The entrepreneur has been able to raise another company known as Northmead Tanzania Limited that deals with procurement and sale of cereals and fertilizers. The company also deals with transportation business both cargo and fuel transportation.

Time Trucking focuses at offering of fuel transportation business whereby fuel is transported from depots to different locations especially to retail stations located in Tanzania regions. The current plan is to have Time Truck dealing with cereals and fertilizers procurement and sales also. This will only be possible with the facility in place as our working capital in terms of Debtors amounting to more than Tshs 2,000,000,000 is locked in the government of United Republic of Tanzania. We would want to have enough funds for financing the said expansion because our current working capital is not sufficient.

## SALES LEVEL AND UNIQUENESS

Time trucking (T) Limited began its operations in the year 2016 and as such there were no sales earned in previous years. The Company sales level for 2016 was Tshs 1,212,560,000 out of which Net Profit Before Tax was Tshs 395,296,740 representing a margin of 33% of sales.

### Uniqueness

The company uniqueness emanates from strong entrepreneurial ability and experience of the managing director who has been dealing with cereals and fertilizers procurement, storage and sales business for more than 20 years to date, strong customer network and possession of trucks for carrying on fleet operations also forms part of the company's strength. The Directors are aiming at capitalizing on cereals procurement, sales and transportation as survey made indicates that the project has good potential in terms of profitability.

## PRODUCTS AND SERVICES

Time Trucking (T) Limited currently focuses at fuel transportation for clients but the Directors looking for additional working capital for financing bulky procurement, storage and sale of cereals and fertilizers as it has good potential. The products and services to be focused at therefore are:

- o Maize

- o Fertilizers
- o Offering of fuel transportation services for clients

## RESOURCES AND CAPACITY

Time trucking (T) Limited has no enough working capital for financing cereals and fertilizers sales business but has working capital for financing fuel transportation trucks for Northmead Tanzania Limited will be used to handle cereals transportation. Our requirement is only working capital for financing bulky purchase of cereals for Time Trucking (T) Limited.

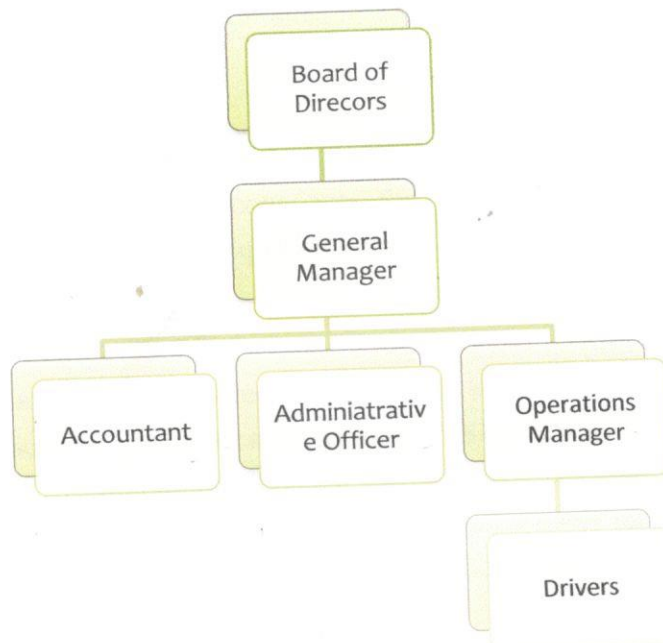
### Warehouse

We have an ample space as warehouse for keeping massive tones of cereals. The warehouse is located at Sumbawanga Tanzania. The space will be leased at Tshs 2,500,000 per month.

### Human Resources

The company has total of 16 people including 2 Directors. There are 15 drivers with experience and skills in long way transportation consignment. There is an organized and efficient human resource team for transportation business. The human resource team composes of competent and experienced people in business management and supervision. We have General Manager who oversees overall company operations, Administrative Officer who is uncharged of all office operations, Operation Officer and an Accountant. We usually work in an organized team.

### Organization Chart



## TRUCKS

We have total of 10 units of Tankers for fuel transportation. The same are in the name of Northmead Tanzania Limited but are also used in Time Trucking Limited. For cereals we will use trucks for Nothmead Tanzania Limited. There are total of 15 cargo transportation trucks. These will be employed when transporting cereals from farms to the warehouse and ill also be used as and when customers request for transportation services.

## CORPORATE STRUCTURE

Time Truck (T) Limited is owned by to Directors who are:

Name	Nationality	Share
Khalfan Hilaly Amour	Tanzanian	80%
Nassor Khalfan Amour	Tanzanian	20%

## INTEREST IN OTHE COMPANIES

The Managing Director is the founder of another company that have been in operation for over 11 years and has been earning attractive profit per annum consistently. The company is known as Northmead Tanzania Limited. The company was registered in the year 2006 and deals with procurement and sale of cereals and fertilizers. It also deals with transportation business as there are both cargo transportation trucks and fuel tankers. The Managing Director is the majority shareholder in this company as he own **50% of the company's net worth**. The other directors are family basically family members.

## CORPORATE GUARANTEE

Northmead Tanzania Limited is guaranteeing Timetruck (T) Limited for this facility, in the event of delays in meeting facility covenants the company will be ready to facilitate in settlement of monthly installments to Equity Bank.

## INTEGRITY AND REPUTATION

The Managing Director has vast knowledge in business, he has been able to raise Northmead to a point of earning reasonable profit per annum with little borrowing and as such he has massive Entrepreneurial skills. The Managing Director has potential network of clients who purchase cereals, the same have been visited to establish the actual cereals requirement per month. We have good network of clients who require cereals and subsequently being offered with transportation services.

## CAPACITY TO ASSUME THE LIABILITY

Time truck (T) Limited is registered under the registrar of companies and the companies law recognizes the company as a legal person with ability to sue, be sued and assume liabilities. The company can borrow in the eyes of the law. Strong security for pledging in this loan is available; the business generates sufficient revenue enough to cover facility repayment and interest. Corporate guarantee is available for the company in the event of failure to meet loan settlements cash from Northmead Tanzania Limited will be made available for this purpose.

## DUE DILIGENCE PROCEDURES

### Legal Due Diligence

Time Trucking (T) Limited exist legally as was registered under the companies law and subsequently certified by being issued with incorporation certificate **No. 118407 of 26<sup>th</sup> June, 2015**. The valid business license number **B2088296** was issued by respective municipality. This bears the company's name. The company is registered under Tanzania Revenue Authority TIN 128-976-388.

### Financial Diligence

The company currently deals with fuel transportation business, sales for the year ended 31.12.2016 amounted to Tshs 1,212,560,000, Net Profit Before Tax Tshs 395,296,740. The company Banker is CRDB Bank Limited Account Number 0150390645200 in TZS and 02500390645200 in USD. Total Bank Account Turnover 2016 was Tshs 632,735,464 and USD 180,143.80. There is no Loan outstanding in the name of Time Trucking (T) Limited at any Commercial Bank.

### Market Due Diligence

The company is connected to potential clients who procure cereals and fertilizers for resale on retail basis. Cereals will actually be procured in bulky, stored in warehouse and sold to our customers. Transportation service will form part of business lines. The potential company customer's includes:

- National Food Reserve Agency (NFRA), we also have customers located in
- Food flour millers as they purchase in bulky
- Democratic Republic of Congo
- Burundi
- Mwanza
- Musoma

Our business operations are focused at both Tanzania regions and other countries as we have potential customers in all these places. Cereals will also be transported to clients located in other countries if transportation service is needed subsequent to sale of cereals and fertilizers.

## **DISTRIBUTION AND MARKETING**

15 units of cargo transportation trucks are available and may be used in this project as and when required. We also have 10 units of tankers and as such we will be offering fuel transportation business in line with sale of cereals. Basically marketing is done through networking with potential clients and dealers in cereals and fuel in Tanzania. Retail stations forms good market for fuel transportation business. We have been dealing with cereals for over 20 years and as such our network is big and reliable. We supply maize and fertiliser to the government, private institutions, wholesalers locally and different individuals and companies located in other countries as well.

### **Customer Concentrations**

Most of our customers are concentrated in Tanzania regions but we have some clients in other countries as well. We will be selling cereals to customers located in different regions of the country. Fuel transportation income will be earned in addition to income from sale of cereals and fertilizers.

### **Locations**

The office location is at TIRA building Makunganya Street, Dar es Salaam. We will be storing cereals in warehouses located in Sumbawanga Tanzania. Our warehouse is located in a conducive environment and the facility has ample space for accommodating massive tones of cereals.

## **BUSINESS OPERATING MODEL**

### **Roles**

The board of Directors is responsible for setting strategic direction of the company and initiate corporate strategies including financing plans.

General Manager is responsible for supervision and overseeing of all operations. He is responsible for making decisions that are relevant to operation activities in line with the company policy.

Administrative officer is responsible for office administrative activities and provides support to others.

Operations officer is responsible for arrangement of business operations, documentation and communication with drivers and warehouse keeper for correct execution of orders. Drivers are supervised by operations manager and are responsible for moving fuel tankers to different client locations.

### **Assets**

The major asset is transportation trucks. We have 10 units of tankers for fuel transportation and we also have 15 units of cargo movers. We employ reasonable technology in our business. Our trucks are designed to hit global standards and we are ensuring that the same are in good condition at all times.

### **Industry and Sources for Industry Analysis**

We operate in agriculture products procurement and sales and transportation and logistics industry specifically fuel transportation. Fuel transportation industry has many players who have strong abilities. There are many competitors but we are focusing at specific market strata. Our operations are based on actual number of clients we have and potential of each of these. We are making more survey to identify and acquire more clients so as to be able to operate at higher levels as compared to our current operations.

### **Managing Director's Business Expertise**

Mr. Khalfan Hilaly Amour has been dealing with cereals procurement and sales business for more than 20 year to date. Fuel transportation formally began in the year 2013 under Northmead Tanzania Limited when tankers were bough. Prior to this period the managing directors was engaging in fuel transportation in terms of commissioning and connecting transporters with clients who needed to transport fuel to different locations. The Managing Director therefore has over 7 years experience in fuel transportation and as such he has been able to develop good network with clients.

### **Key Issues Affecting the Cereals Industry**

Issues related to this industry includes;

- Competition
- Cereals price variation
- Farmers do not grade products into different qualities
- Lack of high quality physical and information infrastructure
- Working capital for bulky purchase may be challenging

## **Drivers and Trends in the Industry**

Cereals and fertiliser sales industry was affected to some extent in the year 2016 due to changes in country's economic conditions driven by many factors including changes in political perspectives and policies. Industries were affected by the movement but demand for food products is stable. We project good sales from cereals and fertilizers business.

The business has resumed to normal and we are experiencing an increase in demand for the service. We project and increase in fuel transportation service demand as business operations has turned normal. Our focus is to grow as business organisations grow. Food is vital to human lives and as such we are dealing with reliable business.

### **Niche Focus**

We are focusing at regional markets. We have clients located in different regions of the country and neighbouring countries as well. The government of the united republic of Tanzania have been our largest customer though we face delays in collection of proceeds from the same. We have decided to capitalise of private sector customers in Tanzania and other countries as we would want to be assured of our collections on timely basis.

### **Product Substitution and Obsolescence**

Cereals are needed on daily basis. Maize is not easily substitutable with other products. We are considering substitution in terms of competition that clients may procure cereals from other suppliers and not from us. We are focusing at increasing our supply capacity, quality, timely delivery and accuracy with little delivery errors. Marketing strategies basically networking with company key officials especially owners will increase our chance of selling more volumes in the niche.

### **Opportunities in the Industry**

- Food is vital product in human life
- Increase in population increases demand for foods products
- Production factories for food flours are increasing and as such we are in good chance to more.
- Good government policies on agriculture and business

### **Competition**

#### **Basis of competition**

- Network

- Strong working capital
- Delivery efficiency
- Enough storage capacity

### **List of Competitors**

Relevant competitors includes;

- Janes Enterprises Limited
- Green Tanzania Limited
- Agro base Limited
- Kisanji Stores
- Quality millers
- Individuals

### **List of Fertilisers Suppliers**

- Yara Tanzania Company Limited
- ABM Equipment Service Company
- ABM Equipment Service Limited
- Chess International.
- Amson Industries
- Lalago Exotic Farm Company Limited
- Agrokibiti Limited

### **Suppliers of Cereals**

- Farmers located in Rukwa region

### **Inventory Turn Days and Procurement**

Our proposed cereals re-buy period is 90 days but we will not wait until the stock is exhausted. We need enough funds for constant supply of cereals in order to avoid shortages. We are aiming at procurement of massive bags of maize (17,500 bags each 100kg) and fertilisers (5,455 bags) each and every time we press orders. We will be procuring maize from April, 2017 and sell the same from August, 2017. Fertilizers will be bought from July 2017.

### **FACILITY REQUIRED AND PURPOSE**

The Directors are requesting for an overdraft facility amounting to **Tshs 1,000,000,000**. This will be serviced in a period of 1 year. The purpose of this facility is to finance bulky procurement of

cereals and fertilisers for selling sale the same to customers located in different regions of Tanzania and other countries.

This will enable the company to earn additional income from two more different sources that is from cereals and fertilizers. Impact of the facility is as shown herein below;

#### Facility Utilization Allocation Schedule

Products	Bags	Purchase Price	Total Cost
		Tshs	Tshs
Maize	17,500	40,000	700,000,000
Fertilizers	5,455	55,000	300,000,000
<b>Total</b>	<b>22,955</b>	<b>-</b>	<b>1,000,000,000</b>

#### Profitability Analysis

Products	Total Cost	Revenue	Gross Margin
	Tshs	Tshs	%
Maize	700,000,000	1,400,000,000	100%
Fertilizers	300,000,000	354,575,000	18%
<b>Total</b>	<b>1,000,000,000</b>	<b>1,754,575,000</b>	

#### Dispersion of Debtors as at 31.12.20

Total	up to 30 Days	31-60 Days	61-90 Days	Over 90 Days	TOTAL
Tshs (000)	108324	75,356	51,807	0	235,488
%	46	32	22	0	100

#### Dispersion of Creditors as at 31.12.20

	Up to 30 Days	31-60 Days	61-90 Days	Over 90 Days	TOTAL
Tshs (000)	4597.75	3,990.5	86	0	8,675
%	53	46	1	0	100

## Analysis of projections

### Base case scenario

The management is of the opinion that given projected 17,500 bags of cereals to be sold per month sales will be average to **Tshs 1,400,000,000** on exhaustion of stock. Gross profit to be earned from cereals sales per 17,500 bags is **Tshs700,000,000**. Sales and purchase were derived from market prices and projection for August, 2025. Gross profit margin from cereals sales is 100%. Fertilizers will be bought from July, 2025 And sold from the same month. Total of 5,455 bags of fertilizers will be bought at once and total purchase cost will be **Tshs 354,575,000**. Gross profit from fertilizers sales is **Tshs 54,575,000** per month.

### Break-even case scenario

Every moment *fuel* is sold and funds profit enough to cover operation costs is earned. The proposed monthly interest from the overdraft facility is **Tshs 17,135,000**. Net profit per month covers operating expenses and interest to be charged on the overdraft facility.

### Down case Scenario

Down seasons will be covered by cash from sister company Northmead Tanzania Limited. This is owned by similar Directors who are willing to take use corporate guarantee from the same.

## PROJECTIONSASSUMPTJONS

The following assumptions applying cash flow projections

- 17,500 bags of cereals will be bought at once from April, 2024
- 5455 bags of fertilizers will be bought at once from July, 2024  
:Cereals sales will begin from August, 2024
- Fertilizer sales will begin from July, 2024
- Inventory day's averages to 90 days for cereals and 45 days for fertilizers.
- Fuel Transportation income will be increasing at 1% per month
- No capital expenditure
- Overdraft amounts to **Tshs1,000,000,000**
- Interest on overdrafts 22% per annum.

## **RISK ANALYSIS AND MITIGANTS**

### **Business Risk**

We are procuring cereals and fertilisers from local suppliers and sell in Tshs and as such we may be facing some little exchange rate effects. Cereals prices variation is advantageous to us. We buy cheap and sell when price goes high.

### **Business Continuity and Insurance**

Stocks will be insured by reputable insurer. We want to be assured of business continuity whether it occur an event leading to business disruptions or not. Our trucks are insured.

### **Industry and Market Risk**

There is risk of competition and substitution of products as we face observe an increase in the number of operators. We have posed ourselves to increase our reliability, product quality, bulky supply, more network and consistency. We want to be reliable supplier of cereals, fertilisers and the best fuel transportation service provider in Tanzania. Our marketing intelligence will increase market share and we will be able to sell more volumes of our products.

### **Government Regulation**

We comply with statutory requirements to avoid losses and business interruption.

### **Social and Environmental Risk**

The businesses have no serious dangerous environmental impacts as cereals is an organic product and is stored in good packages that ensures its quality for human health. Our operations incorporate environmental concern and we are sensitive to protect our environment.

### **Management Risk**

The company has strong and efficient management that operates under high corporate governance principals. The Managing Director has strong experience in business management and has been managing Northmead successfully for 17 years and be able to rise capital for investment in Time Trucking (T) Limited.

### **Managing Director's bio**

#### **Experience and qualifications**

Mr.Khalfan Hilaly Amour is the company's Managing Director. Mr. Amour is an alumni of University of Dar es Salaam School of Business and he graduated with flying colors. He holds

Bachelor Degree in Finance but also he completed Masters Degree in Business Administration and Entrepreneurship from Mzumbe University Dar es Salaam Campus. He worked for a number of companies including agricultural food products supply companies. He also worked as high official of the government of United Republic of Tanzania.

Given his entrepreneurial talent he has also been able to raise another company that operates at good profit levels named **Northmead Tanzania Limited** that deals with bulky purchase of cereals storage and sales and sale of fertilizers. It also deals with transportation services.

#### **Strengths of the Company**

- Strong inter organisational network
- Availability of security for securing loans from financiers
- Strong corporate guarantee from sister company, Northmead (T) Limited
- Availability of strong management and experienced employees

#### **Weaknesses of the Business**

- Insufficient working capital for meeting planned expansion

#### **Opportunities**

- Expansion in business operations
- Increase in number demand for food products, expansion of large scale commercial plantation requiring bulky supply of fertilisers.
- Increase in food flour milling factories leading to increase in demand for maize

#### **Challenges**

- Reshuffle of business industry performance

TIME TRUCKING TANZANIA LIMITED		YEAR 1												
CASHFLOW PROJECTION		TSHS'000												
Details		Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	TOTAL
Inflow														
Cereals Sales		-	-	-	-	-	-	396,667	398,321	399,982	401,650	403,325	405,066	2,405,011
fertilizer Sales		-	-	-	-	-	200,926	201,605	202,605	203,450	204,298	205,150	206,006	1,424,040
Fuel Transportation	85,890	86,248	86,607	86,969	87,331	87,695	88,059	88,428	88,797	89,167	89,539	89,913	89,913	1,055,381
Debtors	12,883	12,937	12,991	13,045	13,100	13,154	13,208	13,262	13,316	13,370	13,424	13,478	13,532	733,428
<b>Total Inflow</b>	<b>98,773</b>	<b>99,185</b>	<b>99,598</b>	<b>100,014</b>	<b>100,431</b>	<b>331,914</b>	<b>790,472</b>	<b>793,188</b>	<b>796,063</b>	<b>799,382</b>	<b>802,716</b>	<b>806,124</b>	<b>806,124</b>	<b>5,617,860</b>
Outflow														
Cereals Purchases	-	-	700,000	-	-	355,000	300,000	687,000	312,500	345,000	600,000	359,375	365,875	3,658,875
fertilizer purchases	-	-	-	-	300,000	-	345,000	-	396,750	-	456,263	-	1,498,013	
spares and parts	31,741	31,787	31,834	31,881	31,928	31,975	32,022	32,069	32,116	32,163	32,210	32,258	32,305	383,984
repairs	25,000	25,037	25,074	25,111	25,147	25,184	25,221	25,258	25,296	25,333	25,370	25,407	25,444	302,438
Direct salaries	6,667	6,676	6,686	6,696	6,706	6,716	6,726	6,736	6,745	6,755	6,765	6,775	6,785	80,649
Other direct cost	1,667	1,669	1,672	1,674	1,676	1,679	1,681	1,684	1,686	1,689	1,694	1,694	1,694	20,155
Administration cost	2,849	2,853	2,857	2,861	2,866	2,870	2,874	2,878	2,882	2,887	2,891	2,895	2,899	34,463
Taxes	-	29,647	-	-	29,647	-	-	29,647	-	-	29,647	-	118,588	
Interest payment	-	-	12,088	11,479	17,182	18,936	17,480	17,777	18,150	10,760	17,509	11,097	152,458	
capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Outflow</b>	<b>67,924</b>	<b>97,669</b>	<b>780,211</b>	<b>79,702</b>	<b>415,152</b>	<b>442,360</b>	<b>731,004</b>	<b>803,049</b>	<b>796,130</b>	<b>424,591</b>	<b>1,172,353</b>	<b>439,478</b>	<b>6,249,623</b>	
<b>Net Cash Flow</b>	<b>30,849</b>	<b>1,516</b>	<b>(680,613)</b>	<b>20,312</b>	<b>(314,721)</b>	<b>(110,446)</b>	<b>59,468</b>	<b>(9,861)</b>	<b>(67)</b>	<b>374,791</b>	<b>(369,637)</b>	<b>366,646</b>	<b>(631,763)</b>	
Opening Balance	5,469	36,319	37,834	(642,778)	(622,466)	(937,187)	(1,047,632)	(989,171)	(999,463)	(999,525)	(624,729)	(994,360)	5,469	
<b>Closing Balance</b>	<b>36,319</b>	<b>37,834</b>	<b>(642,778)</b>	<b>(622,466)</b>	<b>(937,187)</b>	<b>(1,047,632)</b>	<b>(989,171)</b>	<b>(999,463)</b>	<b>999,525</b>	<b>624,729</b>	<b>994,360</b>	<b>(698,234)</b>	<b>(627,798)</b>	