

**BUSINESS PLAN FOR MGANZE COMPANY LIMITED**

**FOR**

**THE IMPLEMENTATION PROGRAMME IN  
ESTABLISHING AND OPERATING A CARGO  
TRANSPORTATION PROJECT**



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# **MGANZE COMPANY LIMITED**

## **ESTABLISHING A PROJECT FOR CARGO TRANSPORTATION**

### **1. INVESTMENT PLAN**

The investment plan has been prepared by **MGANZE COMPANY LIMITED** for the company's in cargo transportation to cover Tanzania mainland and neighboring countries such as Kenya, Uganda, Rwanda, Burundi, DRC, Zambia, Malawi, Mozambique.

The investment plan has also been prepared to give an analysis of the financial, human, technical and other resources required for the cargo transportation project and also assess its economic viability and commercial viability in order to allocate funds for the cargo Project especially in acquiring fleet of vehicles, communication equipment, workshop equipment, cargo handling equipment, generators, transformer etc.

The certificate of incentives will enable the project to qualify for duty exemption on fleet of vehicles, communication equipment, workshop equipment, cargo handling equipment, generators, transformer etc and enjoy services under one stop shop at Tanzania investment Centre such as approvals, licenses and permits such as resident / work permits, Business License, protection of investment, arbitration and transfer of foreign currency etc.

### **2. COMPANY'S BACKGROUND**

**MGANZE COMPANY LIMITED** is a private owned company incorporated in Tanzania by Registrar of Companies under company's ordinance on 09<sup>th</sup> day of March 2022 with Certificate of Incorporation No: 155412615. The company has been incorporated with a major objective of conducting business of cargo transportation. Currently the Company intends to order facilities for cargo haulage Project such as trucks, tractors, horse, Tipper, pickups, hardtop, Fork lift, trailers, forklifts, crane, reach stacker, Communication equipment, workshop equipment, generators etc. The company determines to lease office, vehicle yard, workshop in order to facilitate the project for cargo haulage activities.

The main purpose of the Intended project is to provide quality facility for cargo haulage business to correspond with the clients' demand especially in this competitive market.

The quality of company's cargo haulage business will guarantee clients satisfaction in intended programme.

There is an extensive market in Tanzania Mainland as well as neighboring Countries to absorb cargo haulage facility which will be efficiently provided by **MGANZE COMPANY LIMITED**. It is on the basis of the above reasons the management resolved to invest in establishing and operating a project for cargo transportation. In the establishment programme, the proposed cargo haulage project will import trucks, tractors, Tipper, horse, pickups, hardtop, Fork lift, trailers, forklifts, crane, reach stacker, Communication equipment, workshop equipment, generators etc.

Hence the establishment programme of three years in setting up facilities for liquid and dry cargo transportation project is estimated to be **USD 740,740**. The estimated capital investment cost of **USD 740,740** will be on trucks, tractors, horse, pickups, hardtop, Fork lift, trailers, forklifts, crane, reach stacker, Communication equipment, workshop equipment, generators etc.

### **3. MARKET POTENTIAL**

There is very big market potential for the cargo transportation business in Tanzania Mainland and neighboring Countries. In Tanzania Mainland there are far places/ very remote with poor roads and acute shortage of this facility. And another reason is the growth of business in remote areas. They need merchandise from Dar es salaam where is the source of business. The economic growth influenced such movement of goods especially industries and businessmen as the demand is growing day by day for the increased imported goods, transit and transshipment of containers to landlocked countries. Land locked countries need cargo haulage services to transport fuel and containers from Dar es Salaam Port to their countries which do not have Ports. And the market is growing day by day due to growth of business, industries, oil marketing companies (OMC) etc.

The recent market survey undertaken by the company has realized that there is high demand for cargo transportation business in Tanzania as well as Land locked countries which do not have the ports to receive their imported goods. They get their containers of imported goods through Dar Es Salaam Port.

High quality, efficient and goodwill are the factors which will make the cargo haulage project to dominate the market. There are few cargo haulage companies which can compete with the company's services due to efficient, goodwill, promptness and having new fleet of vehicles. The company also expects to increase cargo transport services such as Transit, Transshipment, Internal cargo transportation within Tanzania Mainland where there is acute shortage of such services due to remoteness and poor roads.

#### **4. CARGO TRANSPORTATION FACILITIES**

- Fleet of trucks, tractors, fuel tankers, horse, Tipper
- Supporting vehicles such as hardtops & Pickups,
- Cargo handling equipment; forklift, reach stackers, crane,
- Communication equipment; Radio calls, Base Station, GPS, car tracking systems.
- Workshop equipment, generators, etc

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

**MGANZE COMPANY LIMITED** is a project for setting up facilities for cargo transportation business to Tanzania Mainland and neighboring Land Locked countries.

The mission of intended cargo haulage project is basically aimed at transportation business and marketing/ promotion of the cargo transportation in order to increase customers from Tanzania Mainland and neighboring countries to achieve the following objectives.

- ❖ To reduce dependence on external cargo hauliers for cargo transportation. Two decades ago Tanzania depended on foreign cargo hauliers – Somalis from Kenya
- ❖ To foster the growth of cargo haulage industry in Tanzania.
- ❖ To promote business, transit, transshipment, agriculture and industries by cargo transportation services.
- ❖ To promote growth and expansion of private sector.
- ❖ The Company will create more employments (drivers, turnboys, mechanic, accountants, managers etc.)
- ❖ Skill development (human resources development) through on job training and use of modern vehicles and new technology application.

- ❖ Income generation, alleviation of poverty and improve their social welfare employees such as drivers, turnboys, mechanics and other staffs etc
- ❖ The Company contributes to the government revenue through taxes and other levies like Corporate taxes, PAYE etc

## 6. PLAN/PROSPECTS

- ❖ High performance of transportation of liquid and dry cargo
- ❖ To increase liquid and dry transport business to neighboring landlocked countries and hence resulting foreign earnings in addition to the prevailing local market.
- ❖ To increase new fleet of vehicles with introduction of new technology.
- ❖ To increase the volume/ capacity of cargo to be transported.

## 7. SHAREHOLDERS (PROMOTERS)

**MGANZE LIMITED** is a project for cargo transportation. The following are the shareholders/ promoters of **MGANZE COMPANY LIMITED** and their shareholder's position are: -

No	Name of Shareholders	Shareholding structure %		
1.	Emmanuel Nguno Nzellah	600	-	60%
2.	Asha Haji Mgalla	200	-	20%
	<b>TOTAL</b>	<b>800</b>		<b>80%</b>

Therefore, the authorized capital of the company is Tshs. 300,000,000/= divided into 1,000 ordinary shares of Tshs. 300,000/= each. The Company shall have power to increase its capital and to divide the shares in its capital for the time being into several classes of stock or shares and to attach thereto respectively such preferential, deferred or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company.

## 8. LOCATION

The company's business premises are located at Kijitonyama street. Road New Bagamoyo, Plot No. 1&50, Block number 45A, 12<sup>th</sup> Floor Dar es salaam – DSM. Postal Address P. O. Box 79720 Dar es salaam.

## 9. COMPANY'S IMPLEMENTATION SCHEDULE

### 9.1 SEPTEMBER - 2024

- ❖ Preparing feasibility study for the Cargo transportation Project.
- ❖ Registration of the cargo haulage project with Tanzania Investment Centre i.e. Application for the Certificate of incentives.
- ❖ Getting Certificate of Incentives

### 9.2 OCTOBER - 2024

- ❖ Application for Import Duty exemption on trucks, tractors, Tipper, supporting vehicles, workshop equipment, communication equipment, cargo lifting equipment after being awarded certificate of incentives in the establishment programmed.
- ❖ Ordering/Importing trucks, tractors, supporting vehicles, workshop equipment, communication equipment, cargo lifting equipment, generators, transformer etc.
- ❖ Clearing the Fleet of cargo haulage vehicles from customs control.

### 9.3 NOVEMBER- 2024

- ❖ Recruiting new Drivers. Turn boys, Mechanics and other administration staffs.
- ❖ Fully commencement of cargo transportation

## 10. CAPITAL INVESTMENT COST

Land/Building	USD \$ 35,185
Plant/Machinery	USD \$ 35,185
Vehicles	USD \$ 600,000
Furniture and Fittings	USD \$ -
Pre-expenses	USD \$ 35,185
Working Capital	<u>USD \$ 35,185</u>
<b>TOTAL CAPITAL</b>	<b><u>USD \$ 740,740</u></b>

The proposed project for cargo transportation is to be implemented within 3 years. The company's promoters (shareholders) and the board of directors have resolved to register the intended Project with Tanzania Investment Centre (TIC) and securing the certificate of incentives so as to benefit from fiscal and non-fiscal incentives.

## 11. FINANCIAL PLAN (SOURCE OF FUNDS)

**MGANZE COMPANY LIMITED** has firmed up finances for the implementation programme by acquiring a local based long-term loan: -

<b>LOAN</b>	USD \$ 740,740
<b>EQUITY</b>	<u>USD \$ -</u>
<b>TOTAL</b>	<b><u>USD \$ 740,740</u></b>

## 12. CARGO HAULAGE FACILITIES

- Trucks.
- Tractors,
- Horse,
- Hard Top,
- Pickups.
- Forklift.
- Crane,
- Radio Calls and Radio Base Station.
- GPS & Car tracking Systems.
- Mobile workshop, Tool boxes
- Weigh bridge, Generators, Transformers etc
- Trailers
- Vans
- Cars
- Plows and Combines

## 13. SUBMISSION

**MGANZE COMPANY LIMITED** wishes to submit its investment plan and application to the Tanzania Investment Centre (TIC) for registration and award of certificate of incentives for the commencement of cargo haulage Project.

The cargo transportation Project will soon commence after the Company is registered by Tanzania Investment Centre and being issued the Certificate of incentives. Thereafter the Company will order and import trucks, tractors, Tipper, supporting vehicles, workshop equipment, communication equipment, cargo handling equipment, generators, transformer. The Project will qualify for tax exemption on Capital/Deemed Capital Goods which are trucks, tractors, Tipper, supporting vehicles, workshop equipment, communication equipment, cargo lifting equipment, generators, transformer etc.

#### **14. ECONOMIC GROWTH**

Positive economic growth which had been registered in Tanzania, have attracted more investments, transportation and business in the Tanzania like the proposed cargo transportation project in business of liquid and dry cargo haulage. The economic growth influenced such movement of goods especially industries and businessmen as the demand is growing day by day for the increased imported goods, transit and transshipment of containers to landlocked countries.

#### **15. COMPETITION/MARKET**

Despite there being numbers of cargo transporters of containers still the facility is not enough compared to the level of demand. However, the proposed project for cargo transportation intends to provide trustworthy, efficient and quality services to dominate the local and export market because the project ensures high quality, promptness and goodwill.

#### **16. 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.

#### **17. 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

- ❖ Technology/quality fleet of vehicles,
- ❖ Advertisement/promotion,
- ❖ Employing qualified and experienced drivers, mechanics,
- ❖ On job training,
- ❖ Business Discipline.

#### **18. ENVIRONMENTAL ISSUE**

The cargo transportation business and the whole vehicle servicing is environmentally friendly. The workshop activities of services vehicles will not cause any harm to people.

## **19. PROJECT MANAGEMENT**

The overall management of the company is vested in the Board of Directors. Mr. **Emmanuel Nguno Nzellah** is the Managing Director of the Company; he is well versed in liquid and dry transportation. The other Director is **Asha Haji Mgalla**

### **19.1 Project Capacity**

The proposed cargo haulage project anticipates an impressive cargo volume, with the potential to achieve 6,000 tons each month. Over the course of a year, this translates to a total annual capacity of over 60,000 tons. This calculation is based on an average load of 30 tons per trip and assumes efficient truck utilization across 300 operational days, allowing us to effectively meet substantial cargo demands and deliver consistent, high-quality service to our clients.

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

This project being the cargo transportation in its establishment programme will usher in the technology (Transfer of knowledge/technology) by using modern vehicles and workshop activities. The advantages to the country are quite significant, and will get the advantage of value addition due to such incoming technology.

Further the country can reduce its dependence on cargo transporters from neighboring countries. Hence Tanzania business men, farmers, miners. Oil marketing companies, importers and industries will be able to get the service from local hauliers at affordable price.

### **20.1 Employment Structure**

The Proposed cargo haulage project will cause more people to be employed in as drivers, turn boys, mechanic, security Guards, accountant, logistic manager and about 100 local people and 5 foreigners' people will increase their income, improve their social welfare and pay taxes; it is poverty alleviation programme to them. Local employees will get on training and in a long run will improve the technical competence in the cargo transportation

## **21. CONCLUSION AND RECOMMENDATION**

The financial evaluation of the intended cargo transportation 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 proposed cargo transportation project so that the project will import and enjoy tax exemption on Capital/Deemed Goods and increase its production capacity.

## **22. FINANCIAL AND ECONOMIC ANALYSIS**

### **22.1 Projected Profit and Loss Account**

The company envisages generating a profit of USD \$ 120,000 this operating year. The profit amount is expected to steadily rise to USD \$ 160,000 in year two, USD \$ 200,000 in year three, USD \$ 240,000 in year four and USD \$ 280,000 in year five.

### **22.2 Projected Cash flows**

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

### **23.3 Proposed Balance Sheet**

The projected balance sheet shows healthy financial situation. Short term liabilities are at all times covered by fixed assets. Also, current liabilities are adequately covered by current assets.

## **24. SENSITIVITY ANALYSIS**

To assess further the viability of the implementation project, sensitivity analysis has been worked out on the basis of several unfavorable conditions that might negatively affect the operations of **MGANZE COMPANY LIMITED**

**24.1 Effect of cost increase on profitability (on the basis of year II CARGO TRANSPORTATION INCOME in “.....” USD \$)**

<b>Income</b>	<b>Costs</b>	<b>Increase</b>	<b>Profit before depreciation</b>
900,740	740,740	%	160,000
900,740	777,777	5%	114,963
900,740	814,814	10%	69,926

**24.2 Effect of CARGO TRANSPORTATION 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>
900,740	%	740,740	160,000
855,703	5%	740,740	114,963
810,666	10%	740,740	69,926

The viability/profitability of the company operations appears more sensitive to sale income/revenue than increase in the operating costs. This implies that the company should strive to maintain the existing market and undertake an aggressive marketing strategy to hire more clients and expand its market or clients base.

**Appendix I**

**PROJECTED INCOME STATEMENT**

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

<b>Income</b>	<b>Years</b>				
	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
Sales Income	590.0	640.0	690.0	750.0	810.0
<b>Total Income</b>	<b>590.0</b>	<b>640.0</b>	<b>690.0</b>	<b>750.0</b>	<b>810.0</b>
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	50.0	55.0	60.0	70.0	80.0
Administrative Expenses					
Other Expenses	150.0	160.0	170.0	180.0	190.0
	40.0	50.0	60.0	70.0	80.0
<b>Total Expenditure</b>	<b>470.0</b>	<b>500.0</b>	<b>530.0</b>	<b>570.0</b>	<b>610.0</b>
Net Profit (pre-tax and depreciation)	120.0	140.0	160.0	180.0	200.0

## MGANZE COMPANY LIMITED

## PROJECTED CASHFLOW STATEMENT

(Fig. USD \$ '000')

Year	I	II	III	IV	V	Total
<b>Cash inflow</b>						
Income from operation	120.0	160.0	200.0	240.0	280.0	1000.0
	<b>120.0</b>	<b>160.0</b>	<b>200.0</b>	<b>240.0</b>	<b>280.0</b>	<b>1000.0</b>
<b>Cash outflow</b>						
Wear & tear	10.0	14.0	18.0	22.0	26.0	<b>90.0</b>
Taxes	10.0	10.0	10.0	10.0	10.0	<b>50.0</b>
	<b>20.0</b>	<b>24.0</b>	<b>28.0</b>	<b>32.0</b>	<b>36.0</b>	<b>140.0</b>
<b>Surplus cash generated</b>	<b>100.0</b>	<b>136.0</b>	<b>172.0</b>	<b>208.0</b>	<b>244.0</b>	<b>860.00</b>

**Appendix III**

**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
3.	Associated Cos/ Directors	100.0	100.0	100.0	100.0	100.0
4.	Current Liabilities	200.0	250.0	300.0	350.0	400.0
		<b>400.0</b>	<b>500.0</b>	<b>600.0</b>	<b>700.0</b>	<b>850.0</b>
	<b>Application of funds</b>					
1.	Fixed Assets	300.0	300.0	300.0	300.0	300.0
2.	Current Assets	100.0	200.0	300.0	400.0	550.0
		<b>400.0</b>	<b>500.0</b>	<b>600.0</b>	<b>700.0</b>	<b>850.0</b>