

**BUSINESS PLAN FOR ACQUISITION OF A
FLEET OF TRUCKS FOR TRANSIT
BUSINESS**

**BY
WILMAAR LOGISTICS(T) LIMITED.**

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BASIC ASSUMPTIONS

Unless stated, all figures in the report are USD '000'

The assumed Tshs. Exchange Rates are as follows:

One USD = Tsh. 2,500/=

Cost and prices are assumed to remain constant over the period.

1.0 EXECUTIVE SUMMARY

1.1 WILMAAR LOGISTICS (T) LIMITED has embarked on the modernization of its Transit fleet of trucks and trailers which entails acquiring new trucks for long distances for delivery of goods from Dar es salaam port to the neighboring countries, such as Uganda, Burundi, Rwanda, DR Congo, Malawi and Zambia.

The project entails acquisition of thirty five (35) NEW HOWO –NX6X4 TRUCKS

The planned initial fleet of vehicle constitute of the following:

SN	TYPE	NO.
1	35 metric tons trucks	35
	TOTAL	35

1.2 Ownership and Management

WILMAAR LOGISTICS (T) Limited is a limited liability company owned by two renowned businessmen, All Tanzanian citizen, and are well trained with long experiences in running and managing logistic operations. They are also well versed in motor vehicle industry both in cargo handling and maintenance.

The daily operations of the company are under a professional management team comprising of a Managing Director and experienced local professionals in the industry.

Since the vehicles will be imparted it is planned to implement the project within one year from the date of approval by both. Tanzania Investment Center and the Commissioner of Customs.

1.3 The market

The main market segments for the company will comprise most foreign cargo from institutions and individuals in Uganda, Malawi, Zambia, Ruanda, Burundi and the Democratic Republic of Congo.

Experiences from existing operations shows that many organizations in the neighboring countries importing through Dar es Salaam Port, and those importing Tanzanian products, prefers road transport than utilizing railway services for two major reasons:

- (i) Cargo lorries are readily available without going through birocratic channel and therefore serving time and money.
- (ii) Road transport is faster, safe and efficient with minimal loss of cargo and spoilage.

There is also a shortage of railway wagons both in Tanzania Railways Corporation (TRC) and Tanzania Zambia Railway Authority (TAZARA) due to poor maintenance and lark of spare parts, personnel incentive caused by uncertainty of privatization.

The improvement of security situations in the neighboring countries of Democratic Republic of Congo and Burundi have activated business and industries activities in those countries and therefore increasing import and export through Dar es salaam port. This situation has created demand for road transport which cannot be met by the railway organization even if they were operating on full capacity.

To ensure competitiveness, the company will carry a tariff similar to that of other operators most of who are using reconditioned and second hand vehicles.

1.4 Investment and Financing.

The cost for modernization of the project including working capital, currently is estimated at USD 1,301,300 out of which USD 1,183,000 constitute foreign cost components and USD 118,300 in local costs.

Initial working capital of USD 130,130 will be required to enable sustained operation of the fleet during the early months of the first year. The amount will be required to cover stocks of spare parts, tyres and to meet services rendered on credit.

The whole modernization programme cost will be financed through self-generated funds by the company.

1.4.1 The capital outlay should be as summarized below: (USD 000)

SN	Description	Existing	Addition Foreign	Addition Local	Total Addition	Total Cost
1.	Computer and Access	1.40	-	-	-	1.40
2	Furniture & fittings	5.00	-	-	-	5.00
3.	Generator	2.90	-	-	-	2.90
4.	Motorcycle	0.93	-	-	-	0.93
5.	Moto vehicles	74.34	1183.00	118.00	130.10	1375.34
6.	Working capital	--	-	130.00	130.00	130.00
	TOTAL	84.57	1,183.00	248.00	1,431.00	1,515.57

The programme is wholly financed by self generated funds from the company operations.

1.4.2 FINANCING PLAN

(USD 000)

SOURCE	LOCAL	FOREIGN	TOTAL
Equity Self-generated Funds	1,301.00	-	1,301.00
Working Capital	130.00	-	130.00
TOTAL FINANCING	1,431.00	-	1,431.00

1.5 Financial Project and Analysis

Details of financial projections are contained in tables appended to this study supported by underlaying assumptions. A summary of the main financial statements for the first four years of operation is presented as follows:

Sn.		Year 1	Year 2	Year 3	Year 4
1.	Capacity utilization	85%	90%	90%	90%
2.	Sales Revenue	10,895.30	11,536.20	11,536.20	11,536.20
3.	Operating Expenses	8,083.95	8,471.68	8,471.68	8,471.68
4.	Profit Before Tax	2,811.35	3,064.52	3,064.52	3,064.52
5.	Profit After Tax	1,967.94	2,145.16	2,145.16	2,145.16
6.	Net Cashflow	1,797.35	2,542.11	1,991.76	641.76
7.	Closing Balance (Cash)	1,927.35	4,469.46	6,461.22	7,102.98
8.	Net Fixed Assets	1,018.57	651.57	284.57	1,267.57
9.	Current Assets	3,383.35	6,011.46	8,003.22	8,644.98
10.	Current Liabilities	1,132.98	1,769.33	1,769.33	1,769.33
11.	Net Current Assets	2,250.37	4,242.13	6,233.89	6,875.65
12.	Net worth	3,268.94	4,893.70	6,518.46	8,143.22

The internal rate of return of way above 60% is well above the prevailing cost of capital borrowing of 12-15%. The rate of return is fairly high and attractive confirming the financial viability of the Wilmaar Logistics(T) Limited transport project in Tanzania.

1.6 Conclusion and Recommendations

Wimaar Logistics(T) Limited cargo vehicle modernization as analyzed in this study is technically feasible and financially viable. Owners of the project have good track record of performance as seen in the previous performance of the company profit and loss accounts and the balance sheets. The study recommends full support to the company in order to realize the envisaged benefits.

2.0 THE PROJECT

2.1 Introduction

While transport and communication are key to the success of the business undertaking in the world, the ever-increasing cost of purchase and maintenance of transport facilities has progressively led to the use of hired facilities.

In developed countries, it is a common phenomenon to run a major business operation without owning vehicles and maintenance facilities. This merging trend has been facilitated by the growth of efficiently run cargo transport companies.

To operate efficiently in Tanzania, local companies and individuals have realized the benefits associated with the use of cargo transport companies, an aspect that has led to the growth of numerous cargo transport companies.

The few cargo transport companies operating in the country are enjoying a lucrative business in view of the high demand against limited supply of vehicles to the extent that most of them are fielding second hand and reconditioned vehicles while charging rates above those charged in developed countries.

WILMAAR LOGISTICS (T) LIMITED is a well established cleaning , forwarding and cargo transport company in Tanzania with the main base in Dar es salaam. The company intends to start the expanded operations with a fleet of thirty five new vehicles.

To take advantage of the emerging market opportunities especially in the neighboring countries and the local mining sector, the company has identified prominent organizations and companies capable of hiring the fleet fully.

The main objective of the company is to provide reliable vehicles for long haulage needs for both local and foreign/ individuals at reasonably low and competitive hiring rates. Many companies and individuals expected to use the company services will reduce investment costs appreciably by not having to invest in their own fleets of vehicles. It is intended to gradually expand the company fleet thereby emerging as one of the leading cargo vehicle operating company in Tanzania.

This study has been carried out to determine viability of the cargo vehicle project. The project study will be used for obtaining clearance and certification of the modernization from the Tanzania Investment Centre (TIC) and other licensing Authorities, such as exemption of taxes by Tanzania revenue authority.

The Proposal

The company has embarked on a project envisaging the modernization of cargo vehicle hire based on a fleet of modern haulage cargo vehicle, consisting of heavy-duty Trucks and Trailers.

Heavy Duty long haulage Trucks and Trailers services are critical in any developing country. Such services call for special vehicles fitted with modern and resistant equipment to withstand the rough road conditions in Africa. The cargo transport service call for maximum reliability , efficiency and fast performance. Heavy Duty trucks are a basic facility for modern investors to Tanzania and the neighboring countries. In light of the sophistication and highly personalized services needed to meet the expectations of the modern day business and industrial institutions in many parts of the world, find it economical to utilize private companies to offer such services.

Tanzania and the neighboring countries have not yet been able to establish an efficient road cargo transport fleets, let alone air, sea and railway transport which are almost dieng.

As Tanzania is steadily becoming a focal point for socio-economic and political activities in the region, the flow of cargo through its sea ports, cargo transport services is bound to grow faster.

A clear indication of the rising demand potential is the emergence of peace in the neighbouring countries of DRC and Burundi.

Maintenance and Back Up Service

One of the major drawbacks to efficient operation of both cargo and passenger service companies in Tanzania is the general lack of a maintenance and back-up service facilities. While all the vehicles will be fitted with HF or VHF Radio communication with head office, there is a well established maintenance workshop in Dar es salaam owned by our company for servicing its vehicles. The workshop is well equipped for both minor and major repairs and engine overhaul. The workshop is being manned by trained, qualified and experienced personnel. The company also provides mobile workshops well equipped with modern maintenance equipment. The mobile workshops offers extensive maintenance, rescue and repair service on site. Similarly, special breakdowns do exist and stationed in Dar es salaam to offer breakdown services where towing to workshops may be necessary.

Major scheduled services and repairs are undertaken by the workshop in Dar es Salaam.

Implementation Schedule

It is planned to implement the project over a maximum of twelve months period in order to commence operations by January,2025.

Since the vehicles will be imported from China eight month lead time has been provided for ordering the vehicles.

The other critical and determining factors for timely completion of the project are granting of TIC certificate for the modernization and completion of tax exemption procedures, activities which are now expected to take a shorter time in the spirit to facilitate timely execution of development projects in Tanzania.

The implementation Schedule is as given below:

S/No	ACTIVITIES	Number of Months	IMPLEMENTATION PERIOD
1	Completion of Feasibility Study	1	January, 2024
2	TIC and TRA Approvals	1	February, 2024
3	Placement of order for trucks	1	March, 2024
4	Shipment and clearing	7	April, 2024 / October, 2024
5	Registration	1	November,2024.
6	Commissioning / Training	1	December,2024.

3.0 COMPANY PROFILE

3.1 Location and Physical Set-up

WILMAAR LOGISTICS (T) LIMITED is a private limited liability, company incorporated and registered in Tanzania on 3rd October, 2017 under Certificate of incorporation No. 138255. The registered office of the company are in Dar es salaam situated on plot No. 1009 block 147 Bridge street. The company is also registered by the Tanzania Revenue Authority as a tax -payer under Taxpayer Identification Certificate No. 134-879-858 with effect from 12th October 2017. VAT certificate (VRN) 40-034502 E with effect from 17th December, 2017 and current Business Licence BL No. 2000000 28250 issued on 17/03/2023 for one year.

3.2 WILMAAR LOGISTICS (T) LIMITED.

WLT is owned by two business entrepreneurs, all Tanzanian citizen who have long experiences in various business management including cargo operation and cargo transfer and handling. For the past Five (5) years they have managed WILMAAR LOGISTICS (T) LTD very successfully. Both shareholders have over twenty (20) years' experience as Managing Directors of different transport and logistics companies in Tanzania operating big fleets of cargo vehicles. They are well versed and experienced in both maintenance and cargo handling management.

3.3 Management and Organization Structures

Being a private Company, Wilmaar Logistics (T) Ltd, is being managed through a Board of Directors representing the shareholders. The Board has appointed a reputable and experienced Managing Director and Technical Personnel who are responsible for the day to day operations.

The Chairman of the Company is appointed by the shareholders to chair board meetings and to ensure that the top management implement the Company policies as directed by the Board.

The company is being managed by a professional management team headed by an experienced Managing Director with adequate experience in logistic and Cargo vehicle industry and with good track record in senior management level.

WILMAAR LOGISTICS (T) LTD will employ about 94 people most of them being drivers, turn boys, mechanics and loaders.

4.0

PERFORMANCE FOR THE PREVIOUS YEARS.

For the past five years the company was engaged in business of logistics and cargo transport. During this period, the investors were able to ascertain the marketability of the cargo and logistic service in the country and the neighboring countries. The logistic and cargo transport sector realized an income of USD 405,507 in 2021, USD 373,405 in 2022 . Cargo transport sector requires close supervision to ensure that the cargo being transported reaches to their owners safely and on time.

5.0 **MARKETING AND MARKETING ASPECTS**

5.1 The products

There are varieties of cargos in the sectors, the main such include dry and liquid cargos. These products are classified in different categories of hazard and normal cargos. The hazard cargo carry a higher tariff as it involves logistic clearing with various authorities.

5.2 Targeted markets

Despite the existing transporters and overall capacities available in Tanzania and the neighboring countries there is still huge market opportunities in those countries not yet served. The random market survey carried by the investors to establish their own assessment during the year 2022 and 2023 shows that the availability of opportunities for transporting cargo are ever increasing in all zones of the East, Central and the Southern Africa.

Thus in order to operate effectively the company will initially target to serve both the established markets locally and externally, then the future out look is to serve the export market as well including whole geographical coverage of the East African community and the SADIC/COMMESA. The envisaged market will focus the intensive use of commission representatives outside Tanzania to negotiate for the inward and outward cargo through Dar es Salaam/Tanga ports.

5.3 Market share

The official data to describe the cargo market status for the period between 2021 and 2022 indicate that Dar es Salaam port handled the following cargo:

YEAR	2021	2022
	4,679,145	5,970,580

It is expected that statistical status data for 2023 when completed will be even higher than those of year 2022 because the growth in 2022 was 27.6%.. As we will be using modern equipment for loading and maintaining the vehicles, we will be able to cut down turn around period and deliver the cargo to the customer / port of export on / in time.

This will facilitate the products/goods reaching the market at lower price than the current situation dominating the markets.

Under similar circumstance gradual increase in market share is expected as a result of favourable operating atmosphere. The company will operate through such short turn around time of cargo of goods. This will make our customers reliable sources of supply hence such situation will ensure smooth running and stabilized steady production / distribution that will entice more customers and also build stronger markets for the company and its clients.

5.4 Market Strategies

In order to operate a successful cargo transport business, the established market for the company operations will be retained and also other strategies will be adopted to ensure winning new customers for the cargo transport as well. The strategies include:

- To procure adequate stocks of spares and tyres for effective maintenance to facilitate faster cargo transport operation and delivery to the customers
- To maintain the standard of good quality service that will always entice new customers in the market.
- To maintain reasonable number of serviceable trucks and trailers hence give assurance to the customers of the company capability to transport their cargo / goods promptly.
- To use promotional materials such as banners and wide media coverage to introduce the company services and entice new markets within the available coverage of Radio, Newspapers and TVs.

5.5 Future expansion

Through analytical procedure of the company performance the marketing observation will determine the range of expansion necessary to be carried out. It is therefore anticipated that after lapsing of every one year the management will give a performance report to shareholders/directors who will finally utilize their resources to expand and explore the new marketing opportunities

5.6 Quality Control

The services provided by the company will be of good quality and maintained at higher standards that comply to International forwarding and handling standards as set out by standard control organizations within the country and elsewhere.

5.7 Pricing and Pricing Policy

Besides the standard market forces of demand and supply the company's ruling Pricing policy takes into consideration the customers affordability and the operating costs involved before finally adding up a small profit margin to cushion part of the administration overheads.

The proposed pricing policy wholly aims at achieving the following goals:

- The resultant price be a component of the actual operating costs
- Increase and maintain the market share for the company cargo transport business.
- Meet customer's expectations by maintaining reliable and reasonable transport rates/tariffs.
- Build a stable base for the company revenues and profitability.
- Enforce alternatives to ensure the project withstand any competition posed by similar operators.

5.8 Competition

Our company is operating at the trade liberalization atmosphere where competition is inevitable. Thus, for successful operations the company will ensure a favourable competition against similar business operators through improved market situation basing on the adopted strategies in the areas of pricing, quality service control, location advantage, the adequate storage facilities and numerous marketing strategies already in force hence comfortably withstanding the competition posed in the cargo transport industry.

The adopted strategies includes improvement in the following areas:

- Ensure quality service and adequate number of serviceable trucks and trailers.
- Easy location and sufficient space for transit goods.
- Maintain good reliable pricing policy.
- Improve and ensure quicker delivery system to customers point of delivery.
- Effective cargo deliveries favoring the marketing force of demand and supply.

Some of competitors of the company are:

- Dhando Trucking Company Limited located in Dar es Salaam and Mbeya
- Super Star located along Nyerere Road in Dar es Salaam.
- Kanji Lalji and Sons Limited located in Mbeya City.
- Abri and Company Ltd located both in Iringa and Dar es Salaam.
- Sai Transport Limited locate in Dar es Salaam and Arusha.
- Kugis Transport Company Limited based in Dar es Salaam and Bukoba.

6.0 CAPITAL INVESTMENT AND FINANCING

6.1 Capital Investment

The cost outlay for completion of the modernization is currently estimated at USD 1.301 million out of which 1.183 million constitute foreign cost components and USD 0.118 million local components.

The bulk of the cost outlay is towards purchase of vehicles and Trailers.

The selected vehicles are generally regarded as the most ideal for long safaris and rough roads. A part from providing the desired durability the models are easy to maintain and they constitute the bulk of cargo transport vehicles currently operating in the country.

It is intended to finance both foreign and local components through the self generated funds from the company operations.

The capital cost outlay and financing plan are presented in chapter 1.4.1 and 1.4.2 to this study.

6.2 Estimated Capital Cost

The capital of the project is currently estimated at about USD 1.515 million and summarized as follows:

(USD 000)

Item	Existing	Addition Foreign	Addition Local	Total Additions	Total Cost
Trucks and Trailers	7,434.00	1,183.00	118.00	1,301.00	1,375.34
Equipment	10.23	-	-	-	10.23
Working capital	-	-	130.00	130.00	130.00
TOTAL	84.57	1,183.00	248.00	1,431.00	1,515.57

6.3 Financing Plan

The capital cost of USD 1,301 million will be financed as follows:

SOURCE	EQUITY	LOAN	TOTAL
Equity	1,301.00	-	1,301.00
Term Loan	-	-	-
TOTAL	1,301.00	-	1,301.00

6.4 Financial Analysis

6.4.1 Revenue Assumptions

The basic assumptions underlying the projected cargo transport income and related motor vehicles management and expenses are explained below:

6.4.2 Basic Assumptions

The Company will have a total fleet of 50 Trucks and trailers of different classes as given below:

- (i) 50 -35mt trucks and trailers

6.4.3 Income Calculation

6.4.3.1 Cargo Transport Income

It is projected that each truck will operate 4 trips per month and 48 trips per annum. Income is therefore calculated as follows:

6.4.3.1 a. RWANDA (USD 000)

YEAR	0 YEAR 100%	1 YEAR 85%	2 YEAR 90%	3 YEAR 90%
Number of Vehicle Available	5	4.25	4.5	4.5
Number of days per week	7	7	7	7
Number of weeks / Annum	52	52	52	52
Total Trips	260	221	234	234
Rate per Trip	3,400	3,400	3,400	3,400
TOTAL INCOME	884.0	751.4	795.6	795.6

6.4.3.1 (b) BURUNDI (USD 000)

YEAR	0 YEAR 100%	1 YEAR 85%	2 YEAR 90%	3 YEAR 90%
Number of Vehicle Available	10	8.5	9	9
Number of days per week	7	7	7	7
Number of weeks per Annum	52	52	52	52
Total Trips	520	442	468	468
Rate per Trip	3,400	3,400	3,400	3,400
TOTAL INCOME	1,768.0	1,502.8	1,591.2	1,591.2

6.4.3.1 (c) MALAWI (USD 000)

YEAR	0 YEAR 100%	1 YEAR 85%	2 YEAR 90%	3 YEAR 90%
Number of Vehicle Available	10	8.5	9	9
Number of days per week	7	7	7	7
Number of weeks per Annum	52	52	52	52
Total Trips	520	442	468	468
Rate per Trip	3,500	3,500	3,500	3,500
TOTAL INCOME	1,820.0	1,547.0	1,638.0	1,638.0

6.4.3.1 (d) ZAMBIA

(USD 000)

YEAR	0 YEAR 100%	1 YEAR 85%	1 YEAR 90%	2 YEAR 90%
Number of Vehicle Available	10	8.5	9	9
Number of days per week	7	7	7	7
Number of weeks per Annum	52	52	52	52
Total Trips	520	442	468	468
Rate per Trip	4,800	4,800	4,800	4,800
TOTAL INCOME	2496.0	2121.6	2246.4	2246.4

6.4.3.1 (e) DR CONGO

(USD 000)

YEAR	0 YEAR 100%	1 YEAR 85%	2 YEAR 90%	3 YEAR 90%
Number of Vehicle Available	15	12.75	13.5	13.5
Number of days per week	7	7	7	7
Number of weeks per Annum	52	52	52	52
Total Trips	780	663	702	702
Rate per Trip	7,500	7,500	7,500	7,500
TOTAL INCOME	5,850.0	4,972.5	5,265.0	5,265.0

6.4.3.1 (k) INCOME SUMMARY

(USD 000)

YEAR	0 YEAR	1 YEAR	2 YEAR	3-YEAR
(a)Rwanda	884.0	751.4	795.6	795.6
(b)Burundi	1768.0	1502.8	1591.2	1591.2
(c)Malawi	1820.0	1547	1638.0	1638.0
(d)Zambia	2496.0	2121.6	2246.4	2246.4
(e) D.R Congo	5850.0	4972.5	5265.0	5265.0
TOTAL INCOME	12,818.0	10,895.3	11,536.2	11,536.2

6.5 Operational, Cost Assumptions

Cargo Vehicles

6.5.1 Fuel and Lubricants

6.5.1.1 Fuel

It is being assumed that each vehicle will cover a minimum of 4800 kilometres Per month. Fuel price has been taken at Tshs 3,400/- Per litre. However, consumption has been computed basing on each type of vehicle standard consumption as given below:

- 1) Cargo Trucks 0.625 km per liter

6.5.1 FUEL CONSUMPTION -35MT TRUCKS

6.5.1 (a) Rwanda (USD 000)

YEAR	1	2	3
Total number of Trips	221	234	234
Return Distance per trip	2300	2300	2300
Total Distance/Kilometres covered	508,300	538,200	538,200
Fuel consumption Litres / kilometre	0.625	0.625	0.625
Total Litres Consumed	317,687.5	336,375.0	336,375.0
Price per litre (Tzs 2,200/- ÷ USD 2,315)	1.36	1.36	1.36
TOTAL COST OF FUEL	432,055.0	457,470.0	457,470.0

6.5.1 (b) Burundi (USD 000)

YEAR	1	2	3
Total number of Trips	442	468	468
Return Distance per trip	2,324	2,324	2,324
Total Distance/Kilometres covered	1 027 208	1 087 632	1 087 632
Fuel consumption Litres / kilometer	0.625	0.625	0.625
Total Litres Consumed	642,005.0	679,770.0	679,770.0
Price per litre (Tzs 2,200/- ÷ USD 2,315)	1.36	1.36	1.36
TOTAL COST OF FUEL	873,126.8	924,487.2	924,487.2

6.5.1 (c) Malawi (USD 000)

YEAR	1	2	3
Total number of Trips	442	468	468
Return Distance per trip	3,044	3,044	3,044
Total Distance/Kilometres covered	1,345,448	1,424,592	1,424,592
Fuel consumption Litres / kilometre	0.625	0.625	0.625
Total Litres Consumed	840,905	890,370	890,370
Price per litre (Tzs 2,200/- ÷ USD 2,500)	1.36	1.36	1.36
TOTAL COST OF FUEL	1,143,630.8	1,210,903.2	1,210,903.2

6.5.1 (d) Zambia (USD 000)

YEAR	1	2	3
Total number of Trips	442	468	468
Return Distance per trip	3,880	3,880	3,880
Total Distance/Kilometres covered	1,714,960	1,815,840	1,815,840
Fuel consumption Litres / kilometre	0.625	0.625	0.625
Total Litres Consumed	1,071,850	1,134,900	1,134,900
Price per litre (Tzs 2,500/- ÷ USD 2,500)	1.36	1.36	1.36
TOTAL COST OF FUEL	1,457,716.0	1,543,464.0	1,543,464.0

6.5.1 (e) DR Congo (USD 000)

YEAR	1	2	3
Total number of Trips	663	702	702
Return Distance per trip	3,670	3,670	3,670
Total Distance/Kilometres covered	2,433,210	2,576,340	2,576,340
Fuel consumption Litres / kilometre	0.625	0.625	0.625
Total Litres Consumed	1,520,756.25	1,610,212.5	1,610,212.5
Price per litre (Tzs 2,500/- ÷ USD 2,500)	1.36	1.36	1.36
TOTAL COST OF FUEL	2,068,228.5	2,189,889.0	2,189,889.0

6.5.1

FUEL COST SUMMARY			USD. 000
(a)RUWANDA -35MT TRUCKS	432,055.0	457,470.0	457,470.0
(c)BURUNDI -35MT TRUCKS	873,126.8	924,487.2	924,487.2
(e)MALAWI -35MT TRUCKS	1,143,630.8	1,210,903.2	1,210,903.2
(g)ZAMBIA -35MT TRUCKS	1,457,716.0	1,543,464.0	1,543,464.0
(i)DR.CONGO -35MT TRUCKS	2,068,228.5	2,189,889.0	2,189,889.0
SUB TOTAL	5,973,757.10	6,326,213.4	6,326,213.4
ADD 10% OF FUEL COST AS OF LUBRICANTS	597,375.71	632,621.34	632,621.34
TOTAL COST OF FUEL AND LUBRICANTS	6,571,132.81	6,958,834.74	6,958,834.74
Add: Repair and maintenance 20% of motorvehicle cost	2936	2936	2936
TOTAL COST OF TRANSPOTATION	6,574,068.81	6,961,770.74	6,961,770.74

6.6.1 SALARIES AND WAGES

(USD)

No.	COST CENTRE	ESTABLISHMENT	SALARY	SALARY PER MONTH	SALARY ANNUM
1	General Manager	1	3,000	3,000	36,000
2	Transport and Logistics Manager	1	2,750	2,750	33,000
3	Chief Accountant	1	2,750	2,750	33,000
4	Personnel Manager	1	2,500	2,500	30,000
5	Cashier	1	1,200	1,200	14,400
6	Works Clerk	1	1,200	1,200	14,400
7	Secretary	1	1,200	1,200	14,400
8	Assistant Accountant	1	1200	1,200	14,400
9	Cargo Officer	1	800	800	9,600
10	Drivers	50	360	18,000	216,000
11	Turn Boys	50	200	10,000	120,000
12	Technicians	20	360	7,200	86,400
13	Loarders	3	150	450	5,400
14	Storekeepers	2	360	720	8,640
15	Logistic Assistants	2	360	720	8,640
	TOTAL	136		53,690	644,280

6.6.2

ADMINISTRATIVE EXPENSES

COST CENTRE	PER MONTH	PER ANNUM
Labor charges	342	4,104
Traveling allowance	5,000	60,000
Printing and Stationary	100	1,200
Telephone / Postage / Email	2,000	24,000
Business licence	10	120
Electricity and Water	2,000	24,000
Office Rent	1,000	12,000
Repair and Maintenance –office	50	600
Road Toll	4,000	48,000
Insurance	5,438	65,256
Bank charges	8,904	106,848
Audit Fees	500	6,000
Legal charges	600	7,200
Parking charge	700	8,400
Clearing / Forwarding and customs Doc.	590	7,080
Visa	50	600
Staff Welfare	940	11,280
Marketing and Advertising	500	6,000
Clearing Expenses	100	1,200
NSSF 10% employers Contribution	5,369	64,428
Medical Expenses	784	9,408
4% SDL on Gross Salary / Wages	2,577	30,925
	41,534	498,649

6.6.3

Depreciation and Amortisation

The capital cost, depreciation rate and depreciation charges have been calculated As follows:

ITEM	COST	RATE	DEPRECIATION CHARGE
Motor vehicles	1,468	25%	367
TOTAL	1,468	-	367

7.0 Projection of Financial Statements

7.1 Projected Profit and Loss Statements: (Appendix I)

Based on capital utilization level as outlined above, the company should realize a total turnover of about USD 10.895 million during the first year of operation after modernization from second year and onwards the turnover will rise to USD 11.536 million

The company should realize a pre tax profit of USD 2.811 million at the end of the first year of operation after modernization and rising to USD 3.064 million by the second year of operation and onwards.

Profits generated by the cargo operation business should enable the company declare maximum dividends of 50% from sixth year of operation and onwards.

Revenue reserves should accumulate constantly from USD 3.593 million to USD 12.952 million over the period under review. The assessment indicates, therefore, that the proposed modernization of the project is highly profitable.

7.2 Cashflow Projections (Appendix II)

Cashflow projections indicate that the Company will post a surplus of USD 1.927 million in the first year rising to a cumulative of USD 13.450 million by the end of year eight of operations. The Company with such surplus will be in a position to refinance its future expansion without reverting to the shareholders for provision of further finances.

Re-investment in vehicles and other fixed assets during the year four and eight confirm self sustainability perpetuation of the cargo transport operation business. Cashflow projections confirm further that the proposed modernization is highly commercially attractive.

7.3 Projected Balance Sheets (Appendix III)

The liabilities of the company will be adequately covered by both net current and net fixed assets over the period under review. Similarly, the contribution of the cargo operation business to the company's net worth should reach about USD 14.253 million over the period under review.

7.4 **Internal Rate of Return (IRR) (Appendix IV)**

The cargo transport expansion proposal should yield a financial rate of return (pre-tax) of way above 60%. As a key factor in project viability assessment, the rate of return is considered as highly attractive as it is above the prevailing cost of capital borrowing in Tanzania of about 15%-18%.

7.5 **Economic Analysis and Economic Rate of Return (ERR)**

7.6 **Value Added**

The project contribution to the gross domestic product (GDP) as measured by the value added method is about USD 40.75 million and 35.32% of the annual income. This is worked out as follows:

(USD 000)		
1	Annual Salaries and Wages	644
2	Profit Before Tax	3064
3	Depreciation	367
4	Total Added Value(35.32%)	40.75
	Annual Income	11,536

7.7 **Employment effects**

The modernization project will provide permanent employment to 136 people and several casual employment to associated industries.

7.8 **Other financial Indicators**

7.9 **Payback Period (Appendix VI)**

The payback period of the initial investment of the modernization project of USD 1.301 million works out to about less than one year.

7.10 **Breakeven analysis (Appendix V)**

The breakeven point for the project has been calculated at 23.54%. in the first year and 22.02% in the second year and onwards.

All indicators show that the project modernization is viable and return on both investment and equity are within the acceptable perimeters.

8.0 CONCLUSION AND RECOMMENDATIONS

Analysis of the viability of the modernization proposal to modernize the cargo transport company in Dar es Salaam proves that the proposal is financially viable and highly economically attractive. The project is promoted by strong sponsors with ability to manage the vehicles and other activities of the company efficiently.

The short implementation period combined with the fact that the proposed vehicle can be delivered over a short period of time makes the WILMAAR LOGISTICS (T) LTD proposal highly attractive and ideal for supporting.

From a national point of view, the timely implementation of the project will lead to following economic benefits: -

- The cargo operation business will contribute towards the expansion of the country's road transport/cargo transport service capacity;
- Efficient operation of the company will increase foreign exchange earning capacity of the nation.
- The company will provide direct employment to more than 136 people in the country; and several others in the associated industries.
- The government will earn substantial revenue from the operation of the cargo company in the form of cooperate tax and also in the form of local levies.

Conclusively, it is recommended to offer a certificate of approved enterprises to the company to enable timely implementation of the cargo transport modernization under the investment promotion and protection act.

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