

# **IMPERIAL ROAD HAULAGE LTD**

## **BUSINESS PLAN FOR TRAILER & HEAVY EQUIPMENT MANUFACTURING**

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## **1.0 INTRODUCTION**

### **1.1 Background**

Imperial Road Haulage Ltd (IRHL) is an established Tanzanian logistics and cargo transportation company with more than ten years of operational experience serving Tanzania and the East & Central African regional trade corridors. The Company has built its reputation through reliable cargo delivery, fleet management discipline, and strong customer relationships across high-demand routes linking the Port of Dar es Salaam with landlocked countries including Zambia and DRC.

IRHL proposes a strategic expansion to establish a local manufacturing plant for trailers and heavy transport equipment. The project is designed to manufacture trailers that are engineered for African road conditions and regional axle-load requirements, while creating a new revenue stream through sales to third-party transporters, mining companies, fuel distributors, and construction firms. The project supports Tanzania's industrialization agenda, promotes import substitution, and strengthens the local supply chain for the transport and logistics sector.

### **1.2 The Company**

Imperial Road Haulage Ltd is a private limited liability company engaged in cargo transportation, fleet management, and logistics services. The Company operates a sizeable fleet and maintains operational yards, workshops, and spares facilities to ensure high vehicle uptime and service delivery.

Under this manufacturing expansion, IRHL will diversify into industrial production while leveraging its strong market presence and existing demand base. The manufacturing plant will operate both as a strategic supply source for IRHL's own fleet requirements and as a standalone commercial unit serving domestic and regional markets.

### **1.3 Company History**

IRHL has operated in the logistics industry since 2012 and has grown through disciplined operations, customer retention, and continuous investment in fleet support systems. The manufacturing project builds on this history by transforming IRHL from a large-scale user of trailers into a producer of trailers and heavy equipment for the market.

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

The manufacturing facility will be developed on dedicated industrial land and will include fabrication and assembly halls, cutting and welding stations, painting bays, testing and inspection zones, a finished-goods yard, and supporting administrative offices. The facility has been planned with a linear workflow to improve productivity and quality control while enabling future expansion.

## 1.5 Mission and Vision Statement

### Our Vision

- To become one of the leading manufacturers of durable transport equipment in Tanzania and the East & Central Africa region.

### Our Mission

- To manufacture high-quality, cost-effective trailers and transport equipment that support trade, logistics efficiency, and industrial growth while creating employment and transferring skills locally.

### Our Values

- Strength
- Performance
- Passion

## 1.6 STATEMENT OF THE INVESTMENT OBJECTIVE, SECTOR AND PRODUCTS

This project's main objective is to establish a manufacturing plant for heavy-duty trailers and transport equipment in Tanzania, serving both internal IRHL fleet needs and the wider domestic and regional market. With this objective, the Company will strengthen supply chain control, reduce import dependency, and improve delivery lead times for equipment.

The project is in the Manufacturing Sector and will produce transport equipment that supports multiple productive sectors including logistics, mining, construction, and fuel distribution. IRHL's competitive advantage is built on years of operational experience, deep understanding of fleet requirements, and established customer relationships within the regional cargo ecosystem.

Generally, the IMPERIAL ROAD HAULAGE LTD has the following major objectives:

- To promote industrialization and import substitution by manufacturing trailers locally.
- To support regional trade by improving availability of reliable transport equipment.
- To procure foreign currency through exports and save foreign currency through reduced imports.
- To create employment and develop technical skills in fabrication and industrial production.

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

- Manufacture of 3-axle semi-trailers, 4-axle semi-trailers, tankers and tippers.
- Fabrication, welding, assembly, painting, testing and quality assurance of units.
- Customization based on customer specifications and after-sales service support.
- Distribution and potential export sales to regional markets (EAC and neighboring corridors).

## 2.0 INVESTMENT COSTS AND SOURCES OF FINANCES

The proposed investment will finance the acquisition of land and the development of a purpose-built manufacturing facility designed to support efficient, compliant, and scalable operations. The total project cost is estimated at **USD 3,000,000**, which covers all costs required to bring the facility to operational readiness.

The Company intends to fully finance the project through **equity contributions from shareholders**, ensuring strong capital adequacy, financial independence, and timely execution. This funding structure minimizes financing risk, avoids interest and repayment obligations, and provides flexibility during the construction and commissioning phase.

The investment is planned to be implemented within **6–8 months** from commencement, subject to statutory approvals and site readiness.

### 2.1 Project Investment Cost Breakdown

The table below summarizes the estimated capital expenditure for the project:

**Table 1: Project Investment Cost Breakdown**

Year	Expenditure (USD)
Land	1,000,000
Factory design & construction materials	2,000,000
Total	3,000,000

### 2.2 Sources of Finance

The entire project cost of **USD 3,000,000** will be financed through **shareholder equity**. The shareholders have committed sufficient funds to cover all project costs, demonstrating strong financial capacity and long-term commitment to the investment.

### 2.3 Capital Utilization and Financial Control

Funds will be disbursed in line with the project implementation schedule, with priority given to land acquisition followed by phased construction expenditures. The Company will implement strict financial controls, including budgeting, cost monitoring, and periodic reporting, to ensure efficient use of capital and adherence to the approved investment plan.

## 3.0 ECONOMIC DEVELOPMENT CONSIDERATIONS

### 3.1 Job/Employment Creation

The project will create direct and indirect employment opportunities. Direct jobs will include engineers, supervisors, welders, fabricators, electricians, mechanics, quality inspectors, warehouse staff, and administrative personnel. Indirect employment will be generated through supply chain activities including steel supply, components, logistics, service providers, and local SMEs.

Category	No. of Staff
Engineers & supervisors	15
Welders & fabricators	60
Electricians & fitters	20
Quality & testing	10
Administration & sales	15
<b>Total</b>	<b>120</b>

### 3.2 Foreign Exchange Earnings

By producing trailers locally, the project will save foreign exchange previously used to import fully-built units. In addition, sales to regional markets will generate foreign exchange earnings and strengthen Tanzania's role as a regional industrial and trade hub.

### 3.3 Economies of Scale

Profitability is strongly influenced by scale in manufacturing. As production volumes increase, unit costs are expected to decline due to improved utilization of labor, better purchasing terms for steel and components, and optimization of the production line. This will enable the Company to maintain competitive pricing while protecting margins.

### 3.4 Government Revenue

The Government and related agencies will benefit through corporate taxes, PAYE on wages, skills development levies, local authority fees, and other statutory contributions. The project also supports government priorities by increasing local manufacturing value addition.

## 4.0 SOURCE OF SUPPLY OF INPUTS

The manufacturing project will rely on a mix of locally sourced and imported inputs to ensure consistent quality, operational efficiency, and cost competitiveness. The input sourcing strategy has been designed to balance local content utilization with access to specialized components that are not readily available in the domestic market.

### 4.1 Key Raw Materials and Components

The principal input required for the manufacturing operations includes:

- **Structural steel, plates, beams, and sections** for chassis and frame fabrication
- **Axles, suspension systems, and braking components** for load bearing and safety performance
- **Electrical and pneumatic components**, including wiring, lighting systems, connectors, valves, and hoses
- **Paints, coatings, and surface treatment materials** for corrosion protection and product durability
- **Standard trailer accessories**, including couplings, landing legs, kingpins, mudguards, reflectors, and fastening hardware

### 4.2 Local Sourcing Strategy

Wherever possible, the Company will prioritize **local procurement** of inputs such as structural steel, standard fittings, fasteners, paints, and consumables. Local sourcing offers several advantages, including reduced lead times, lower logistics costs, and support for domestic suppliers. The Company will work with qualified Tanzanian suppliers that meet required technical specifications and quality standards.

As local manufacturing capacity continues to improve, the Company will progressively increase the proportion of locally sourced input in line with availability, quality, and pricing considerations.

### 4.3 Imported Inputs

Certain specialized components—such as axles, braking systems, suspension assemblies, and selected electrical and pneumatic systems—will be imported from established international manufacturers to meet performance, safety, and durability requirements. Imports will be sourced from reputable suppliers with proven track records and compliance with applicable international standards.

Imported inputs will be scheduled and consolidated to optimize shipping costs and minimize supply disruptions. Where applicable, the Company will leverage available investment incentives for the importation of capital goods and production inputs.

#### 4.4 Supply Chain and Logistics Advantage

IRHL's existing logistics and transportation operations provide a strong strategic advantage in the procurement and supply of inputs. The Company has in-house experience in **freight forwarding, customs clearance, inland transportation, and warehousing**, which significantly reduces procurement risks and dependence on third-party logistics providers.

This internal logistics capability enables:

- Efficient handling of imported inputs from port to factory
- Improved control over delivery schedules and inventory levels
- Reduced transportation and demurrage costs
- Enhanced reliability and continuity of supply

#### 4.5 Supplier Management and Quality Assurance

The Company will establish long-term relationships with key suppliers through framework agreements and periodic performance evaluations. All suppliers will be subject to quality, delivery, and compliance assessments to ensure inputs meet required specifications and production standards.

Incoming materials will undergo inspection and verification prior to use, and any non-conforming inputs will be promptly addressed to avoid production delays and quality defects.

## 5.0 MARKET PLAN

### 5.1 Market Overview and Demand Drivers

Demand for heavy-duty trailers in Tanzania and the wider East and Southern African region is driven by sustained growth in **freight volumes, mining activities, construction and infrastructure development**, and **fuel and bulk liquid distribution**. Increased cross-border trade and large infrastructure projects continue to place pressure on transport and logistics operators to expand and modernize their fleets.

Despite this growing demand, the regional market remains **highly dependent on imported trailers**, which often involve long lead times, limited customization, and high acquisition and maintenance costs. There is a clear opportunity for **locally manufactured trailers** that are designed for African operating conditions and can be delivered faster to customers.

### 5.2 Target Market and Customers

IRHL will focus on supplying trailers to the following customer segments:

- Transport and logistics companies
- Mining and mineral processing operators
- Cement, clinker, and bulk cargo transporters
- Construction and infrastructure contractors
- Fuel and liquid bulk distributors
- Regional buyers in neighboring countries within East and Southern Africa

The Company will initially prioritize domestic demand while progressively expanding into regional export markets as production capacity and market presence grow.

### 5.3 Marketing and Sales Strategy

The market entry strategy will leverage IRHL's **existing client relationships** in the logistics and transport sector. Sales will be supported through direct engagement with fleet operators, corporate clients, and institutional buyers. Customized product offerings, competitive pricing, and reliable after-sales support will form the core of the value proposition.

### 5.4 Competitive Landscape

Competition in the market is mainly from **imported trailers** and a small number of **local fabrication workshops** with limited capacity and standardization. IRHL's manufacturing facility will compete effectively through the following key advantages:

- **Shorter delivery times** compared to imported units
- **Customization to client specifications**, including load type and operating environment
- **Reliable after-sales service**, spare parts availability, and maintenance support
- **Durable designs** tailored to African road and operating conditions
- **Strong brand credibility** supported by IRHL's established track record in logistics and fleet operations

## 6.0 IMPLEMENTATION SCHEDULE

The project will be implemented over a period of **6–8 months** from commencement. The implementation plan has been structured to allow efficient sequencing of activities, minimize delays, and ensure that construction, installation, and commissioning are completed in a timely and controlled manner.

The schedule covers **land preparation and statutory approvals, factory construction, installation of utilities and production bays**, followed by **testing, commissioning, and commencement of operations**. Several activities will be undertaken in parallel where possible to optimize timelines.

### 6.1 Key Implementation Phases

#### a) Land Preparation and Approvals (Month 1)

This phase includes site clearing, leveling, boundary demarcation, and finalization of statutory and local authority approvals. Early engagement with relevant authorities will ensure smooth progression to construction.

#### b) Factory Construction (Months 2–5)

Construction activities will involve civil works, foundations, structural erection, roofing, flooring, and basic internal layouts for fabrication and assembly areas. Construction will be carried out using phased milestones to allow early preparation for equipment and utilities installation.

#### c) Utilities and Production Bays Installation (Months 4–6)

Installation of electrical systems, compressed air lines, basic production utilities, fabrication bays, and safety systems will take place alongside the latter part of construction. This overlap shortens the overall implementation period.

#### d) Testing, Commissioning, and Start-Up (Month 6–8)

The final phase includes testing of utilities, trial production runs, quality checks, staff orientation, and commissioning of the facility. Upon successful commissioning, the plant will transition into full operational status.

## 6.2 Implementation Schedule Summary

**Table 2: Project Implementation Schedule**

<b>Phase</b>	<b>Key Activities</b>	<b>Duration</b>
<b>Land Preparation &amp; Approvals</b>	Site works, approvals, compliance requirements	1 month
<b>Factory Construction</b>	Civil works, structural works, building completion	4 months
<b>Utilities &amp; Production Bays Installation</b>	Electrical, utilities, fabrication bays setup	2 months
<b>Testing &amp; Commissioning</b>	Trial runs, quality checks, operational readiness	1 month
<b>Total Implementation Period</b>		<b>6–8 months</b>

## 6.3 Schedule Control and Risk Management

Project implementation will be overseen by a dedicated management team responsible for coordination, progress monitoring, and contractor supervision. Regular progress reviews and milestone tracking will be conducted to identify and address potential delays early, ensuring adherence to the planned timeline.

## 7.0 FINANCIAL PROJECTION FOR AT LEAST 5 YEARS

### 7.1 Financial Analysis

The financial projections are based on a designed capacity of 100 units per month (1,200 units per year) with phased capacity utilization as the plant ramps up to steady-state operations. Revenue assumptions are built from a blended product mix of 3-axle semi-trailers, 4-axle semi-trailers, tankers, and tippers, priced competitively for the regional market.

Cost of goods sold (COGS) reflects steel and component inputs, fabrication labor, consumables, and outsourced components. Operating expenses include payroll, utilities, maintenance, compliance, sales and marketing, and administration.

#### Revenue Assumptions

Designed capacity: 100 units per month (1,200 units per year).

Capacity utilization ramps from 60% in Year 1 to 90% by Year 5.

Product mix and indicative average prices used in projections are shown below.

**Table 3: Indicative Unit Prices (USD)**

Year	Unit Price (USD)
3-Axle Semi-Trailers	22000
4-Axle Semi-Trailers	28000
Tankers	32000
Tippers	24000

**Table 4: Production Plan (Units)**

Year	Total Units	3-Axle Semi-Trailers	4-Axle Semi-Trailers	Tankers	Tippers
Year 1	720	288	180	144	108
Year 2	840	336	210	168	126
Year 3	960	384	240	192	144
Year 4	1020	408	255	204	153
Year 5	1080	432	270	216	162

## 7.2 Financial Aspects for the Project

### 7.2.1 Projected Profit and Loss Statement

Table 5: Projected Profit and Loss (USD)

Year	Revenue	COGS	Gross Profit	Operating Expenses	EBITDA	De-precia-tion	EBIT	Tax (30%)	Net Profit
Year 1	18,576,000	12,074,400	6,501,600	2,707,600	3,794,000	200,000	3,594,000	1,078,200	2,515,800
Year 2	21,672,000	14,086,800	7,585,200	3,017,200	4,568,000	200,000	4,368,000	1,310,400	3,057,600
Year 3	24,768,000	16,099,200	8,668,800	3,326,800	5,342,000	200,000	5,142,000	1,542,600	3,599,400
Year 4	26,316,000	17,105,400	9,210,600	3,481,600	5,729,000	200,000	5,529,000	1,658,700	3,870,300
Year 5	27,864,000	18,111,600	9,752,400	3,636,400	6,116,000	200,000	5,916,000	1,774,800	4,141,200

### 8.2.2 Projected Cash Flows

Table 6: Projected Cash Flow Summary (USD)

Year	Net Profit	Deprecia-tion	Change in Working Capital	Operating Cash Flow	Free Cash Flow (no new capex)	Cumulative Cash Flow (after initial capex)
Year 1	2,515,800	200,000	-1,486,080	1,229,720	1,229,720	-1,770,280
Year 2	3,057,600	200,000	-247,680	3,009,920	3,009,920	1,239,640
Year 3	3,599,400	200,000	-247,680	3,551,720	3,551,720	4,791,360
Year 4	3,870,300	200,000	-123,840	3,946,460	3,946,460	8,737,820
Year 5	4,141,200	200,000	-123,840	4,217,360	4,217,360	12,955,180

### 8.2.3 Balance Sheet

Table 7: Projected Balance Sheet Summary (USD)

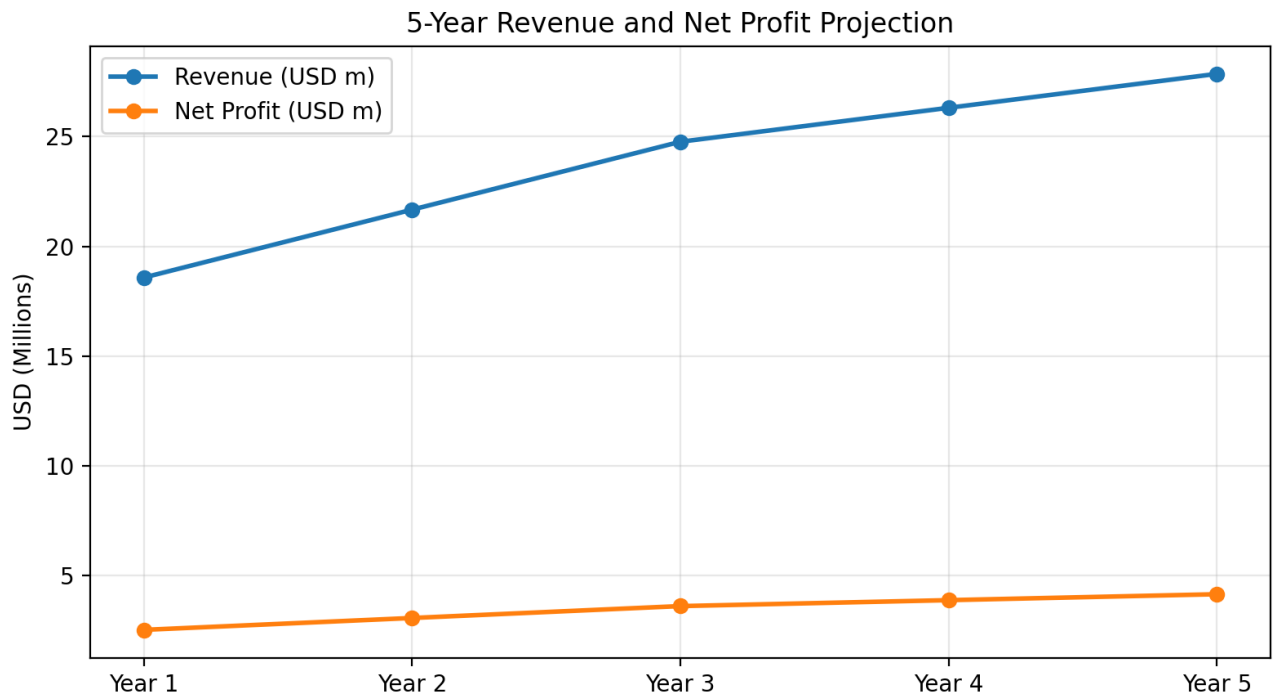
Year	Land	Net PP&E	Work-ing Capital	Cash	Total As-sets	Paid-in Equity	Re-tained Earnings	Total Equ-ity
Year 1	1,000,000	1,800,000	1,486,080	1,229,720	5,515,800	3,000,000	2,515,800	5,515,800
Year 2	1,000,000	1,600,000	1,733,760	4,239,640	8,573,400	3,000,000	5,573,400	8,573,400
Year 3	1,000,000	1,400,000	1,981,440	7,791,360	12,172,800	3,000,000	9,172,800	12,172,800
Year 4	1,000,000	1,200,000	2,105,280	11,737,820	16,043,100	3,000,000	13,043,100	16,043,100
Year 5	1,000,000	1,000,000	2,229,120	15,955,180	20,184,300	3,000,000	17,184,300	20,184,300

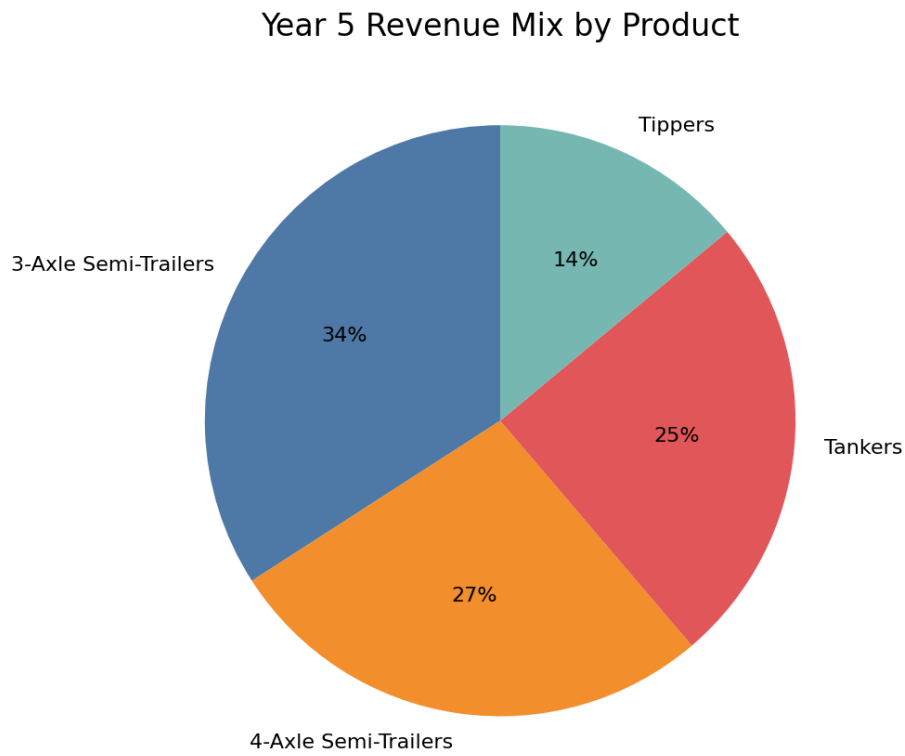
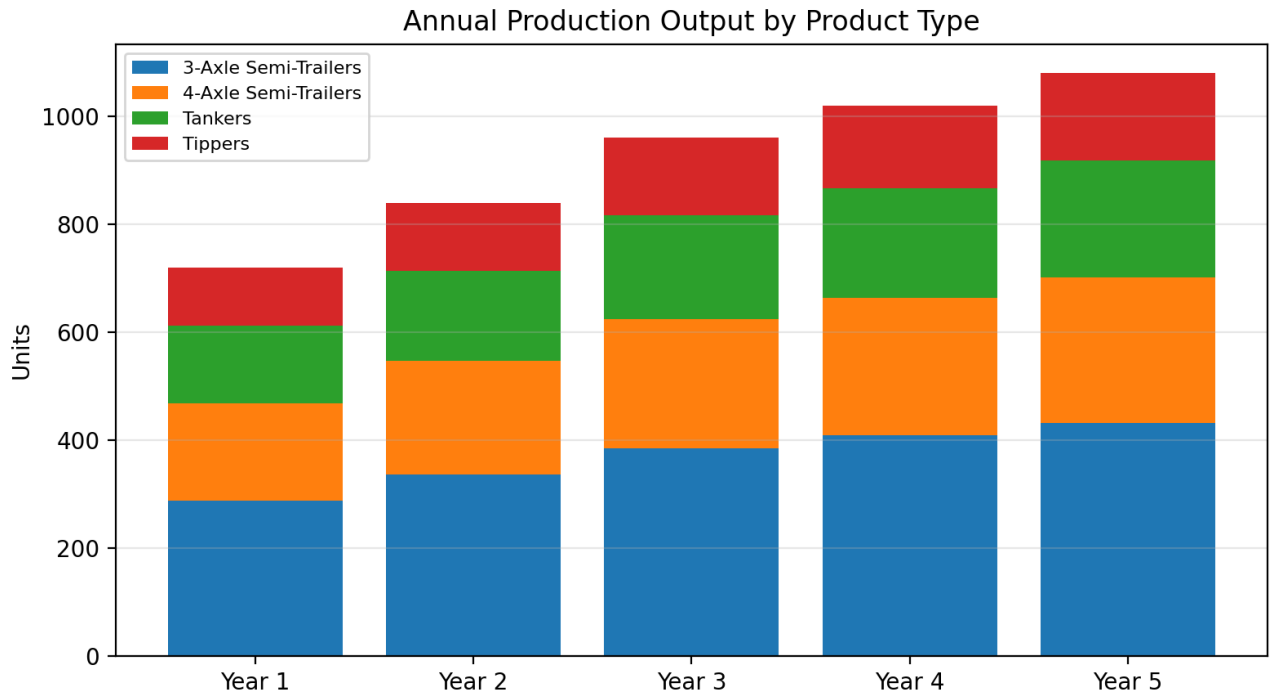
### 8.2.4 Payback Period

Total initial investment is USD 3,000,000. Based on projected free cash flows, the project achieves payback within approximately Year 2 of operations, subject to performance against the stated assumptions.

### Financial Charts

The following charts summarize key financial trends over the 5-year projection period.





## 8.0 CAPACITY OF THE PROJECT

The proposed trailer and heavy equipment manufacturing plant has been designed as a **scalable industrial facility**, capable of meeting both Imperial Road Haulage Ltd's (IRHL) internal fleet requirements and growing third-party market demand in Tanzania and the wider East and Central African region.

The factory is configured to operate initially under a **single-shift production model**, with built-in flexibility to scale output through improved utilization and the introduction of additional shifts without significant new capital investment.

### 8.1 Installed Production Capacity

Under normal operating conditions, the plant has the following installed capacity:

- **Monthly capacity (single shift):** 100 units
- **Annual installed capacity:** 1,200 units
- **Operating days:** 26 days per month
- **Average daily output:** Approximately 4 units per day

This capacity has been determined based on factory floor space, machinery throughput, labor availability, quality assurance requirements, and material flow efficiency.

### 8.3 Capacity Utilization Ramp-Up

During the initial years of operation, the plant will operate at phased utilization levels to allow for workforce stabilization, quality assurance, and market penetration.

**Table 10: Projected Capacity Utilization**

Year	Utilization Rate	Estimated Annual Output (Units)
Year 1	60%	720
Year 2	70%	840
Year 3	80%	960
Year 4	85%	1,020
Year 5	90%	1,080

This phased approach minimizes operational risk while allowing the Company to progressively improve efficiency and unit cost economics.

## 9.0 RISK ANALYSIS AND MITIGATION

The establishment and operation of a trailer and heavy equipment manufacturing plant involves a range of operational, financial, market, regulatory, and environmental risks. Imperial Road Haulage Ltd (IRHL) has identified the key risks associated with the project and has developed mitigation strategies to minimize their potential impact. The Company’s existing experience in logistics, fleet operations, procurement, and regulatory engagement provides a strong foundation for effective risk management.

**Table 8: Comprehensive Risk Register**

Risk Category	Risk Description	Potential Impact	Mitigation Measures
Supply Chain & Input Risk	Volatility in prices of steel, axles, and imported components	Increased production costs, margin erosion	Enter into long-term supplier agreements; bulk purchasing; diversify suppliers (local & international); periodic price reviews and cost pass-through where feasible
Market Risk	Variability in market demand during initial ramp-up period	Under-utilization of capacity, delayed cash inflows	Prioritize captive demand from IRHL fleet expansion; phased production ramp-up; diversify customer base across transport, mining, construction, and fuel sectors
Operational Risk	Power interruptions and utility instability	Production downtime, delayed deliveries	Install backup generators; schedule high-energy activities during stable supply periods; preventive maintenance of electrical systems
Human Capital Risk	Skills gap in specialized fabrication, welding, and quality control roles	Reduced productivity, quality defects	Structured training programs; hiring of experienced supervisors; on-the-job mentorship; gradual localization of technical roles
Quality & Technical Risk	Manufacturing defects leading to rework, warranty claims, or reputational damage	Increased costs, customer dissatisfaction	Robust quality assurance framework; use of jigs and fixtures; staged inspections; final testing and customer acceptance before delivery
Financial Risk	Credit risk from customers due to late or non-payment	Cash flow pressure	Clear credit policy; deposits for custom builds; defined payment milestones; active receivables monitoring
Regulatory & Compliance Risk	Delays in permits, licenses, or inspections	Project delays, cost overruns	Early engagement with regulators; compliant documentation; dedicated compliance and project management team
Environmental Risk	Improper handling of paints, welding fumes, and waste	Environmental non-compliance, penalties	Environmental management procedures; waste segregation; controlled ventilation; adherence to environmental regulations

Health & Safety Risk	Workplace accidents during fabrication and assembly	Injury, lost productivity, reputational damage	Strict safety protocols; PPE provision; regular safety training; incident reporting and corrective actions
ESG & Social Risk	Community or labor-related grievances	Operational disruptions, reputational risk	Fair labor practices; transparent HR policies; community engagement; grievance handling mechanisms
Macroeconomic Risk	Exchange rate fluctuations affecting imported inputs	Cost escalation	Partial local sourcing; price buffers in costing; gradual localization of components
Competition Risk	Aggressive pricing from imported trailer suppliers	Margin pressure	Compete on delivery time, customization, after-sales support, and durability tailored to African road conditions

### Risk Management Framework

IRHL will implement an internal risk management framework that includes:

- Periodic risk reviews by management
- Assignment of risk ownership at departmental level
- Monitoring of key risk indicators (KRIs) such as downtime, defect rates, and receivables aging
- Continuous improvement based on operational experience

Overall, the risk profile of the project is considered **manageable and acceptable**, particularly given IRHL's existing operational scale, captive demand from its logistics business, and phased implementation approach. With the mitigation measures outlined above, the Company is confident in its ability to manage risks effectively and ensure sustainable manufacturing operations.

## **10.0 ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) PLAN**

### **10.1 Environmental Management**

IRHL will implement environmental controls appropriate for a fabrication and painting facility, including safe handling of paints and chemicals, proper waste segregation, controlled ventilation for welding and painting bays, and compliance with applicable environmental regulations. The Company will promote efficient material use and recycling of steel off-cuts where feasible.

### **10.2 Social Impact**

The project will create skilled and semi-skilled employment opportunities and provide structured training for welders, fabricators, and technicians. IRHL will maintain strong workplace health and safety standards, provide appropriate PPE, and implement safety training and incident reporting systems. The Company will also prioritize local procurement to stimulate SMEs and local service providers.

### **10.3 Governance**

IRHL will maintain strong corporate governance through clear management accountability, financial controls, procurement procedures, and compliance oversight. Transparent reporting, ethical business practices, and supplier due diligence will be applied to reduce operational and reputational risk.

## **11.0 CONCLUSION**

The proposed trailer and heavy equipment manufacturing plant is technically feasible, commercially attractive, and aligned with Imperial Road Haulage Ltd's strategic direction. The project enhances supply security for IRHL's fleet, generates new revenues through third-party sales, supports Tanzania's industrialization agenda, creates employment, and strengthens local value addition.

Based on the projected financial performance and strong strategic rationale, it is recommended that the project be implemented as planned and supported through relevant institutional facilitation where applicable.