

**M.H.M LOGISTICS  
COMPANY LIMITED**

**BUSINESS PLAN**

**FOR**

**TRANSPORTATION PROJECT**

## 1.0. EXECUTIVE SUMMARY.

**M.H.M LOGISTICS COMPANY LIMITED** is a company registered in the country under the Companies Act 2002 section 15 and bears Certificate of Incorporation No. 186909003 issued on 15th July, 2025.

The project promoters are well-established businesses in Tanzania engaged in the transport logistics business and they see a very bright future in the transport sector.

This document has been prepared to serve as a business plan for M.H.M LOGISTICS COMPANY LIMITED for their transport project. The implementation of this project will comprise of the following activities: -

- The purchase of 300 trucks to be done in phases,
- The construction of a modern workshop and office
- The purchase of 2 cranes
- The purchase of 5 pick up
- The purchase of 2 Hardtop
- The purchase of 2 break down
- The purchase of 1 set of CCTV
- The purchase of 1 generator
- Equipping the company with relevant facilities

The proposed project comprising the purchase of **300 trucks** is estimated to cost about **US\$26,520,000**. The project sponsors will provide US\$ 7,956,000 of this investment while the US\$ 18,564,000 will be sought from financial resources institutions.

## **1.1 THE PROJECT PROMOTERS**

The shareholders of this project are all entrepreneurs with diverse professional and business backgrounds. The company is owned by 2 shareholders, namely: -

<b>Name</b>	<b>Nationality</b>	<b>No of Shares</b>
MOHAMED HAMOUD MOHAMED	Tanzania	7000
HAMZA HAMOUD MOHAMED	Tanzania	2000

## **1.2 Location.**

The project head office will be located at Kibugumo street, Kigamboni, Temeke District **Dar es Salaam**

## **1.3 Targeted Markets.**

The targeted markets of the project are the neighboring landlocked countries of Tanzania and to a small extent the hinterland of Tanzania. The neighboring countries that are the target of this project are specifically DRC, Malawi, Zambia, Burundi, Rwanda, and Uganda, including some hinterland parts of Tanzania.

It is in view of this that, despite poor road infrastructure linking these countries that **M.H.M LOGISTICS COMPANY LIMITED** has resolved to invest in the transport sector so as to provide a solution that would lead to stimulating the said intraregional trade. The project is expected to offer a challenge to the business community to enhance intraregional trade between Tanzania and these countries.

## **2 PROJECT DETAILS**

### **2.1 INTRODUCTION**

Tanzania is the largest country in East Africa that is geographically strategically located in relation to her neighbors. Because of the above mentioned factor, the country's transportation system is also used to serve landlocked neighbors, i.e. countries of Uganda, Rwanda, Burundi, Eastern D. R. of Congo, Northern parts of Zambia, Malawi and some northern part of Mozambique.

The transport sector plays a critical role in the social and economic development of a country. Transport provides links between centers of production and those of consumption, markets, in the economic sectors such as agriculture, industry mining and tourism. It facilitates the flow of goods and people along the import/export corridors that link the coastal ports and landlocked countries. Transport equally provides access to

employment, health, education, recreation and other services. Therefore, one is rightly justified to conclude that “without a good transportation system the development of a country is impossible. What roads and railways are to a country’s development is like what the blood system is to the human body’

It is quite gratifying to note that the Government of Tanzania realizes the role of the transport sector for its economic and social development, and as a result, has developed a Transport Sector Programme that will be very instrumental in improving the business and investment environment in the transport sector.

It is alleged that poor transport and communication infrastructure are the major causes of low levels of intraregional trade in Eastern Africa. It is given that, despite this poor infrastructure, **M.H.M LOGISTICS COMPANY LIMITED**. Has resolved to assist in providing a solution to stimulate the said intraregional trade.

In summary, we can say that **M.H.M LOGISTICS COMPANY LIMITED** has major objectives the following: -

- To promote trade between Tanzania and her neighbors
- To procure foreign currency for the country in the course of its business transactions.

- To provide extra employment to more people in the sector.

### **3.0 THE PROJECT**

The project's objective is to have a fleet of vehicles a total of **300 trucks** each with a trailer. The trucks will be sourced mostly CHINA. The trucks, together with their trailers will be procured in phases.

This study is based on the **300trucks**. It has been estimated that full-scale operations of the **300 trucks** are expected to meet at least **6,600 trips** annually, their destinations being Tanzania's landlocked neighboring countries of Malawi, Zambia, Burundi, Rwanda the Democratic Republic ofCongo, etc.

### **3.1 PROJECT SPONSORS**

**M.H.M LOGISTICS COMPANY LIMITED** is owned by Two individuals, all of whom are Tanzanians. **M.H.M LOGISTICS COMPANY LIMITED** shareholders have adequate experience in running the business of motor vehicles as such are well versed in this line of business.

### **4.0 INVESTMENT AND FINANCING US\$ 26,520,000.00**

For the project to be a reality a total investment amounting to **US\$26,520,000** the summary is found in the schedule.

#### M.H.M LOGISTICS COMPANY LIMITED COST STRUCTURE US\$

Land and Buildings	500,000.00
Machinery & Equipment	1,000,000.00
Motor Vehicles	24,000,000.00
Furniture & Fixtures	5,000.00
Pre expenses	10,000.00
Others	5,000.00
Working Capital	1,000,000.00
<b>TOTAL</b>	<b>26,520,000.00</b>

#### 4.1 FINANCING PATTERN

The financing pattern being considered is that involving the purchasing of **300 trucks** and their trailers. The project will be financed both by equity and loan. Equity contribution will constitute US\$ 7,956,000, while the remaining US\$ 18,564,000 will be in the form of a loan.

The asset loan will be negotiated and acquired from one of the foreign company in CHINA. The project sponsors expect to procure this asset loan on the following terms and conditions: -

Loan Amount: **US\$ 18,564,000**

Interest Rate: 8% annually

## **5.0 TECHNICAL ASPECTS**

### **5.1 Location**

The proposed project offices will be established on **Plot No.124, Block No. N Street Magomeni Kondo, Road Magomeni Kondo, Kinondoni District, Dar es Salaam and Kigugumo Kigamboni, Temeke District**

### **5.2 Sources of Technology**

All the project's trucks will be procured from the China. The envisaged trucks will be either Scania trucks with trailers.

### **5.3 IMPLEMENTATION**

Project implementation is expected to be relatively very short once TIC approval is received. Currently, the supplier of the trucks has already been identified and supply is awaiting instructions from the project promoters. In this respect, delivery can be done in less than 18 months once we finalize financing sources.

## **6.0 MANPOWER AND ORGANIZATION STRUCTURE**

The project will be managed by a Board of Directors of **M.H.M LOGISTICS COMPANY LIMITED**. The Board, like all other boards, is responsible for the formulation and supervision of company policies and guidelines. The

project's day-to-day operations will be under the supervision of the Managing Director.

The project's employee requirement is estimated to be **320** people in number, as shown below: -

As can be seen above the Company handsomely remunerates its workers. To ensure timely delivery of consignments and provision of goods service to customers, Management will provide on-the-job training in the field of motor vehicle maintenance and will provide bonuses and other incentives as a means of instilling and boosting employee work morale.

## **6.1 ORGANIZATION STRUCTURE**

The project's operations will be managed through the Board of Directors, while the day-to-day activities of the project will be supervised by the Managing Director. Assisted by Finance & Administration Director and Director of Technical & Operations

## **7.0 PROJECT OPERATING COSTS**

To realize its intended objective, the project will have to meet the operating costs estimated to be 75% of total revenue and the company depreciation charged at 25% of the book value of any asset see Annex Five.

## 8.0 MARKET AND MARKETING

The project's earmarked clientele is in the landlocked neighboring countries of Malawi, Zambia, Democratic Republic of Congo, Burundi, Rwanda, and even Uganda. Management has already explored these markets and is confident it can conduct profitable business with them.

The project management plans for all vehicles several trips per month. The number of trips and the cost of the trip are determined by both the trip's destination and the nature of the road involved. All in all, a total of **6,600 trips** will be made. Each truck will transport a minimum of **28 tons** per trip. The routes are priced according to distance and the status of the road in question. It has however been conservatively assumed that all foreign destinations will have a flat rate charge of US \$ 5000 per trip.

## 9.0 REVENUE ASSUMPTIONS

- 300 trucks each make two trips per month. Each trip will cost **US \$ 5000**, The number of trips assumed here, is just a conservative estimate. With the expected improvement of the roads and in general operations coupled with the driver's gaining experience in long-distance travels, the number of trips per truck will be raised. This will have a tremendous impact on the Company's expenditure and earnings. However, this scenario is not the subject of the current study.

## **10.0 FINANCIAL ASPECTS OF THE PROJECT**

### **(i) Projected Profit and Loss Statement**

The schedule below shows the projected income for the 8 years. The position depicted is that the project earns profit throughout its life. Accumulated after-tax profits grow from. **US\$ 40,166** to **US\$ 25,403,010** in the 8<sup>th</sup> year see Annex 1

### **(ii) Projected Cash Flows**

The project's cash flows depict a good liquid position right from the first year. Cash builds up from **US\$ 198,947** in the first year to **US\$ 7,499,033** at the end of the 8th year of the project's operations based on the 300 trucks.

### **(iii) Projected Balance Sheet**

The project's owners' equity grew from **US\$ 9,006,166** in the first year to **US\$ 34,369,010** at the end of the 8th year of the project's operations based on the 50 trucks.

### **(iv) Payback Period**

Total investment is **US\$26,520,000** cash accumulation in year 5 is **US\$ 32,758,207** which is more than the initial investment by **US\$6,238,207**. The project payback Period is within four years, for and half months only. See Annex Four

## **11.0 ECONOMIC ASPECTS OF THE PROJECTS**

Besides the financial/monetary returns to the owners, there are other benefits to be derived for the whole country viz.

### **(i) Employment Opportunities**

Employment and poverty reduction are among the major concerns of the Central and Local Government authorities. It is gratifying to note that **M.H.M LOGISTICS COMPANY LIMITED** is going to provide additional employment to **320** people. This is a significant contribution coming from local investors.

**(ii) Revenue to the Government**

The Project is expected to pay a substantial annual amount in the form of corporation tax during the project's eight years covered under our project review.

**(iii) Foreign Exchange Earning**

Since the project's clientele is mostly towards neighboring countries the project will thus earn foreign currency for the United Republic of Tanzania. Out of all project expected cargo overhauling transactions will be settled in foreign currencies

## **12.0 CONCLUSION AND RECOMMENDATION**

### **12.1 Conclusion**

- (i) The project is profitable and contributes to government revenue by way of taxes.
- (ii) The project has a sound after-tax internal rate of return
- (iii) The project employs **320** people all of whom are national Tanzanians.
- (iv) The project is an encouraging sign to prove that we have investors who have confidence in this country. Tanzania so

much so that they are ready to invest such large sums of investment despite the odds of the sector in question.

### **13.0 RECOMMENDATION**

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implemented and be given all the support required by all the concerned Government Ministries and Agencies, including the Tanzania Revenue Authority, TRA, and the Tanzania Investment Centre – (TIC). The project deserves this support because of its viability since it is technically feasible, economically viable, and socially acceptable.

## ANNEX

**Annex One: M.H.M LOGISTICS COMPANY LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT US\$**

ALL FIGURE IN "USD"	0	1	2	3	4	5	6	7	8
	Revenue		33,000,000	34,650,000	36,382,500	38,201,625	40,111,706	42,117,292	44,223,156
<b>Operating Expenses:</b>		25,080,000	26,334,000	27,650,700	29,033,235	30,484,897	32,009,142	33,609,599	35,290,079
<b>Profit before Depreciation &amp; Interest</b>		<b>7,920,000</b>	<b>8,316,000</b>	<b>8,731,800</b>	<b>9,168,390</b>	<b>9,626,809</b>	<b>10,108,150</b>	<b>10,613,557</b>	<b>11,144,235</b>
<b>Interest</b>		1,485,120	1,272,960	1,060,800	848,640	636,480	424,320	212,160	-
<b>Depreciation</b>		6,377,500	4,783,125	3,587,344	2,690,508	2,017,881	1,513,411	8,150,308	6,112,731
<b>Profit before tax</b>		<b>57,380</b>	<b>2,259,915</b>	<b>4,083,656</b>	<b>5,629,242</b>	<b>6,972,449</b>	<b>8,170,419</b>	<b>2,251,089</b>	<b>6,865,863</b>
Tax (30%)		17,214	677,975	1,225,097	1,688,773	2,091,735	2,451,126	675,327	2,059,759
<b>Profit After Tax</b>		<b>40,166</b>	<b>1,581,941</b>	<b>2,858,559</b>	<b>3,940,470</b>	<b>4,880,714</b>	<b>5,719,294</b>	<b>1,575,763</b>	<b>4,806,104</b>
Accumulated Profit		40,166	1,622,107	4,480,666	8,421,135	13,301,849	19,021,143	20,596,906	25,403,010

**ANNEX TWO: M.H.M LOGISTICS COMPANY LIMITED PROJECTED CASH FLOW**

ALL FIGURE IN "USD"									
SOURCES:		1	2	3	4	5	6	7	8
Cash generated from/(used in) operations	-								
Profit before tax	-	57,380	2,259,915	4,083,656	5,629,242	6,972,449	8,170,419	2,251,089	6,865,863
Adjustments for:	-								
Add Depreciation	-	6,377,500	4,783,125	3,587,344	2,690,508	2,017,881	1,513,411	8,150,308	6,112,731
Changes in working capital:									
Trade and other Receivables		- 5,586,719	- 3,596,973	- 2,353,795	- 4,397,251	- 3,122,014	- 2,618,646	16,832,117	- 3,688,503
Trade and other Payables									

Trade and other										
<b>Cash generated from/(used in) operations</b>	-	848,161	3,446,067	5,317,205	3,922,499	5,868,315	7,065,184	27,233,514	9,290,091	
Tax paid and withholding tax suffered	-	17,214	677,975	1,225,097	1,688,773	2,091,735	2,451,126	675,327	2,059,759	
<b>Net cash generated from/(used in) operating activities</b>	-	830,947	2,768,093	4,092,108	2,233,726	3,776,581	4,614,058	26,558,188	7,230,332	
<b>Investing activities</b>										
Purchase of Asset	-25,510,000	-	-	-	-	-	-	-28,061,000	-	
<b>Net cash used in investing activities</b>	-25,510,000	-	-	-	-	-	-	-28,061,000	-	
<b>Financing activities</b>										
Equity	7,956,000									
Capital & Others	1,010,000									
Loan	18,564,000									
Loan repayment	-	2,652,000	2,652,000	2,652,000	2,652,000	2,652,000	2,652,000	2,652,000		
<b>Net cash (used in)/generated from financing activities</b>	27,530,000	-2,652,000	-2,652,000	-2,652,000	-2,652,000	-2,652,000	-2,652,000	-2,652,000	-	
<b>(Increase)/decrease in cash and cash equivalents</b>	2,020,000	-1,821,053	116,093	1,440,108	-418,274	1,124,581	1,962,058	-4,154,812	7,230,332	
At start of year	-	2,020,000	198,947	315,040	1,755,148	1,336,874	2,461,455	4,423,513	268,701	
At end of period	2,020,000	198,947	315,040	1,755,148	1,336,874	2,461,455	4,423,513	268,701	7,499,033	

ANNEX THREE: M.H.M LOGISTICS COMPANY LIMITED PROJECTED BALANCE SHEET US \$

ALL FIGURE IN "USD"									
<b>ASSET</b>									
Opening balance	-	25,510,000	19,132,500	14,349,375	10,762,031	8,071,523	6,053,643	4,540,232	24,450,924
<b>Total Long- term Assets</b>	<b>25,510,000</b>	<b>25,510,000</b>	<b>23,089,000</b>	<b>20,668,000</b>	<b>18,247,000</b>	<b>15,826,000</b>	<b>13,405,000</b>	<b>10,975,000</b>	<b>8,545,000</b>
Less depreciation	-	6,377,500	4,783,125	3,587,344	2,690,508	2,017,881	1,513,411	8,150,308	6,112,731
<b>Non-current Assets</b>	<b>25,510,000</b>	<b>19,132,500</b>	<b>14,349,375</b>	<b>10,762,031</b>	<b>8,071,523</b>	<b>6,053,643</b>	<b>4,540,232</b>	<b>24,450,924</b>	<b>18,338,193</b>
<b>Current asset</b>									
Cash	2,020,000	198,947	315,040	1,755,148	1,336,874	2,461,455	4,423,513	268,701	7,499,033
Receivable		5,586,719	9,183,692	11,537,487	15,934,738	19,056,752	21,675,398	4,843,281	8,531,784
<b>Total current asset</b>	<b>2,020,000</b>	<b>5,785,666</b>	<b>9,498,732</b>	<b>13,292,635</b>	<b>17,271,612</b>	<b>21,518,207</b>	<b>26,098,911</b>	<b>5,111,982</b>	<b>16,030,817</b>
<b>Total assets</b>	<b>27,530,000</b>	<b>24,918,166</b>	<b>23,848,107</b>	<b>24,054,666</b>	<b>25,343,135</b>	<b>27,571,849</b>	<b>30,639,143</b>	<b>29,562,906</b>	<b>34,369,010</b>
<b>EQUITY</b>									
Share capital	7,956,000	7,956,000	7,956,000	7,956,000	7,956,000	7,956,000	7,956,000	7,956,000	7,956,000
Advance to ward share capital	1,010,000	1,010,000	1,010,000	1,010,000	1,010,000	1,010,000	1,010,000	1,010,000	1,010,000
Accumulated profit	-	40,166	1,622,107	4,480,666	8,421,135	13,301,849	19,021,143	20,596,906	25,403,010
<b>Total equity</b>	<b>8,966,000</b>	<b>9,006,166</b>	<b>10,588,107</b>	<b>13,446,666</b>	<b>17,387,135</b>	<b>22,267,849</b>	<b>27,987,143</b>	<b>29,562,906</b>	<b>34,369,010</b>
<b>LIABILITY</b>									
Long term loan	18,564,000	15,912,000	13,260,000	10,608,000	7,956,000	5,304,000	2,652,000	-	-
<b>Total Liability</b>	<b>18,564,000</b>	<b>15,912,000</b>	<b>13,260,000</b>	<b>10,608,000</b>	<b>7,956,000</b>	<b>5,304,000</b>	<b>2,652,000</b>	<b>-</b>	<b>-</b>
<b>Total equity and debts</b>	<b>27,530,000</b>	<b>24,918,166</b>	<b>23,848,107</b>	<b>24,054,666</b>	<b>25,343,135</b>	<b>27,571,849</b>	<b>30,639,143</b>	<b>29,562,906</b>	<b>34,369,010</b>

**ANNEX FOUR: M.H.M LOGISTICS COMPANY LIMITED PAYBACK PERIOD: US\$**

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	40,166	6,377,500	6,417,666	6,417,666
2	1,581,941	4,783,125	6,365,066	12,782,732
3	2,858,559	3,587,344	6,445,903	19,228,635
4	3,940,470	2,690,508	6,630,977	25,859,612
5	4,880,714	2,017,881	6,898,595	32,758,207
6	5,719,294	1,513,411	7,232,704	39,990,911
7	1,575,763	8,150,308	9,726,071	49,716,982

**ANNEX FIVE: M.H.M LOGISTICS COMPANY LIMITED DEPRECITION TABLE US\$**

Depreciation expenses Description	1	2	3	4	5	6	7	8
Depreciation rate	25%	25%	25%	25%	25%	25%	25%	25%
Opening Balance	-	19,132,500	14,349,375	10,762,031	8,071,523	6,053,643	4,540,232	24,450,924
Addition	25,510,000	-	-	-	-	-	28,061,000	-
Disposal	-	-	-	-	-	-	-	-
<b>Depreciation base</b>	<b>25,510,000</b>	<b>19,132,500</b>	<b>14,349,375</b>	<b>10,762,031</b>	<b>8,071,523</b>	<b>6,053,643</b>	<b>32,601,232</b>	<b>24,450,924</b>
Charges for the year	6,377,500	4,783,125	3,587,344	2,690,508	2,017,881	1,513,411	8,150,308	6,112,731
<b>Book Value</b>	<b>19,132,500</b>	<b>14,349,375</b>	<b>10,762,031</b>	<b>8,071,523</b>	<b>6,053,643</b>	<b>4,540,232</b>	<b>24,450,924</b>	<b>18,338,193</b>

