

METROLINK CITY COMPANY LIMITED

BUSINESS PLAN FOR CITY RAPID BUS OPERATIONS IN DAR ES SALAAM



Amj Partners
P. O. Box 16357
Dar Es Salaam.

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0752366550

1.0 INTRODUCTION

1.1 PREAMBLE

Metrolink City Company Limited is a local private limited liability company by shares registered in Tanzania to carry on among others business of passengers' transportation services to complement the efforts of Dar Rapid Transit Agency (DART) master plan.

Metrolink City Company Limited has signed memorandum of understanding with DART for supply, operation and maintenance of a fleet of 350 buses for phase II of DART system.

DART projects plan to have 750 buses operate on the route. To accomplish this, DART is welcoming interested companies that will be interested in managing the operations of BRT Phase II.

Dar es Salaam is expected to have world-class reliable, and cost-efficient transport infrastructure to support continuous social and economic development. In order to minimize the traffic congestion and improve transportation infrastructure, the Government of Tanzania ("GoT") has secured funding to construct, develop, and operate the Bus Rapid Transit ("BRT").

The BRT, popularly known as "Mabasi yaendayo kwa kasi" is a six (6) phase, dedicated network of exclusive lanes, bus stations, and terminals to eliminate transportation problems in Dar es Salaam as indicated in the table below:

PHASE	IDENTIFIED ROADS	KILOMETERS
I	Morogoro (Kimara - Kivukoni) Kawawa (Morocco - Magomeni) Msimbazi (Fire - Kariakoo Gerezani) Sokoine, Zanaki and Mansfield	20.9
II	Kilwa, Sokoine, Gerezani, Bandari, Kawawa (Magomeni-Nyerere Road) and Chang'ombe	20.3
III	Nyerere, Uhuru, Bibi Titi, Azikiwe,	

	Shaurimoyo, Lindi and Maktaba	23.6
IV	Sam Nujoma to Bagamoyo up to Tegeta Bibi Titi including Ali Hassan Mwinyi	25.9
V	Mandera Road and T/Segerea	30.8
VI	Mwai Kibaki two new roads	27.6
	TOTAL KILOMETRERS	149.1

BRT Phase I cost USD 381.9 million and Phase II cost USD159.32 million. Further funding for Phase III and IV is USD 248 million. BRT Phase I is operational and transports approximately 150,000 commuters daily along Morogoro Road, from Mbezi-Mwisho to Kigamboni Ferry.

BRT Phase II construction is completed, and operations will commence soon. The route is expected to transport approximately 600,000 - 700,000 commuters daily along Kilwa Road, especially the Mbagala residential area.

In view of the above, Metrolink City Company Limited is submitting its proposal for the provision of transportation services for BRT Phase II ("the Project").

Metrolink City Company Limited is the local company that has pull of its members with vast expertise and working experience in passengers' transportation services with core values that promote teamwork, commitment, professionalism, honesty, customer service, result oriented and personal development.

Key Personnel

BOARD CHAIRMAN

Name Yusuf Khamis Yusuf

Place of birth Tanzania

Date of Birth: Adult

Nationality: Tanzanian

Marital Status: Married

Education and Training:

Diploma in Business management with various on job trainings within and outside the country.

Working Experience of 17 years in private business management.

MANAGING DIRECTOR

Name	Haruna Hussein Batenga
Place of birth	Dar es Salaam
Date of Birth:	06/06/1976
Nationality:	Tanzanian.
Marital Status:	Married + children.

Education and Training:

Degree in IT, Finance and management with various on job trainings in businesses.

Working Experience of 15 years in private business management.

Value Proposition:

Metrolink City Company Limited is well prepared to address Phase II of the BRT project, sharing its members longtime experience and enhance financial standing. The Company has a strong financial muscles and partnership from other stakeholders in the project. The company plans to finance the BRT project’s capital expenditures from equity and bank financing of which 30% equity and 70% external financing.

To ensure the timely availability of high-quality buses for the project, the company has signed memorandum of understanding with one of prominent bus manufacturers/suppliers in China, to supply and deliver 350 BRT buses within (four) months from the date of the agreement.

Buses manufacturers will supply gas powered buses which will significantly take care the surrounding environments. These gas powered buses will be designed to meet high efficiency and low emission standards, aligning with the project’s environmental objectives.



Metrolink City Company Limited proposes special purpose buses to operate under BRT phase II in conformity to the expected standard.

Metrolink City Company Limited will implement its plan where it requires a total of Tzs. 197,171,604,080 which is equivalent to Usd 72,225,496 to be used as shown here under in the table number 2:

Project viability has been summarized in the table below to indicate together with its critical success factors as shown in the attached table number 12.

Under this hire to purchase agreement the investor will provide and deliver the number of agreed buses with fully registered, comprehensively insured and all the required road permits ready to start working. The hiring party will meet all other running and maintenance of the buses including fuel, divers' allowances, repairs and maintenance and buses cleaning.

This report provides a techno-economic evaluation of the proposal so as to enable the company secure financial support in the form of capital investments for importing/hiring additional 5 buses of Scania make as listed in the table below:

Descriptions	Unit Price in Usd
250 buses -(which make) 175 passengers	22,000,000
100 buses -(Which make)100 passengers	35,000,000
Working Capital (Gas, oils and spare parts)	3,000,000
TOTAL	60,000,000

The business plan attempts to achieve the following objectives:

- (i) The business aims at providing proposals on how the Company's passengers' transportation project with DART (Mbagala route) in Dar es Salaam city is profitable to the Company.
- (ii) To provide key indicators in the proposal such as creation of revenue earning capacity, that will cover all costs, better servicing the short-term loan facility/ hire purchase arrangement from business partner from China and contribute to profit.

- (iii) To review the company's technical and market potential so as to match new requirements with the type of management team.
- (iv) To estimate the required levels of investing funds, working capital, other costs and input for proper investment decision.
- (v) To provide a forum through which the company can negotiate with financiers/suppliers for funding/hire purchase system.

1.2 SPONSORS

Metrolink City Company Limited, a private limited liability company incorporated in Tanzania is sponsoring the project.

1.3 LEGAL STATUS AND MANDATES:

Metrolink City Company Limited is a private company limited by shares and incorporated in Tanzania under the companies Act 2002 vide a certificate of registration number 177546062 dated 30th August, 2024.

The authorized share capital of the company is Tanzanian Shillings Three Hundred Million (Tshs.300,000,000/=) divided into 300,000 ordinary shares of shillings One Thousand (Tshs.1,000/=) each. The paid up share capital is Tzs.200,000,000/= as described in the table here under.

Name of shareholder	Number of shares	Percentage
Yussuf Khamis Yussuf	30,000	15%
Haruna Hussein Batenga	30,000	15%
William Mkude vitalis	30,000	15%
Dorcas Mohamed Mhina	60,000	30%
Charles Mussa Maungu	50,000	25%
Total	200,000	100%

1.4 PROJECT PROPOSAL

The company's main business is passengers' transportation services within the country and in particular Dar es Salaam under DART agreement.

With requested funds, the company is intending to buy 350 modern buses in order to maximize profit to be generated from the business sector.

The company has obtained all necessary statute authority to carry out the passengers' transportation services in Tanzania.

Since its inception, the company has been dealing among other duties in stimulating and developing economic undertakings from Ilala municipality in Dar es Salaam with emphasis on passengers' transportation services.

More specifically Metrolink City Company Limited focuses on the following activities:-

- Injecting capital investment and working capital for buying 350 buses,
- Introducing new modern buses to meet the need of marketing outreach and profitability,
- Improving life standard of the workforce engaged in the company's activities in Dar es Salaam by way of employments and contributions and levies paid to the Government.

Under this business plan the company intends to increase its income generating capacity and efficiency by arranging term loan facility/investor vehicle loan for implimating the company's transportation capacity by buying new modern buses conducive to Tanzania environments, topographic, efficiency and meet other administrative expenses.

At a meeting of the Board of Directors held at its Head Office on the 20/09/2024 a resolution was unanimously passed to negotiate and finalize arrangements for term loan/investors facility of Usd 50,000,000 (Tshs.136,500,000,000) from Bank/supplier from China and offer appropriate security acceptable by the Bank.

2:0 TECHNICAL ASPECTS:

2:1 Location

1. Company Headquarters:

Metrolink City Company Limited has its Head office located along the corner of Msimbazi/Uhuru street in Ilala Municipality in Dar es Salaam city.

The offices can be contacted through the following address:

POSTAL ADDRESS:

P. O. Box 16140.

DAR ES SALAAM.

TELEPHONE LINES/Email:ceo@metrolink.co.tz:

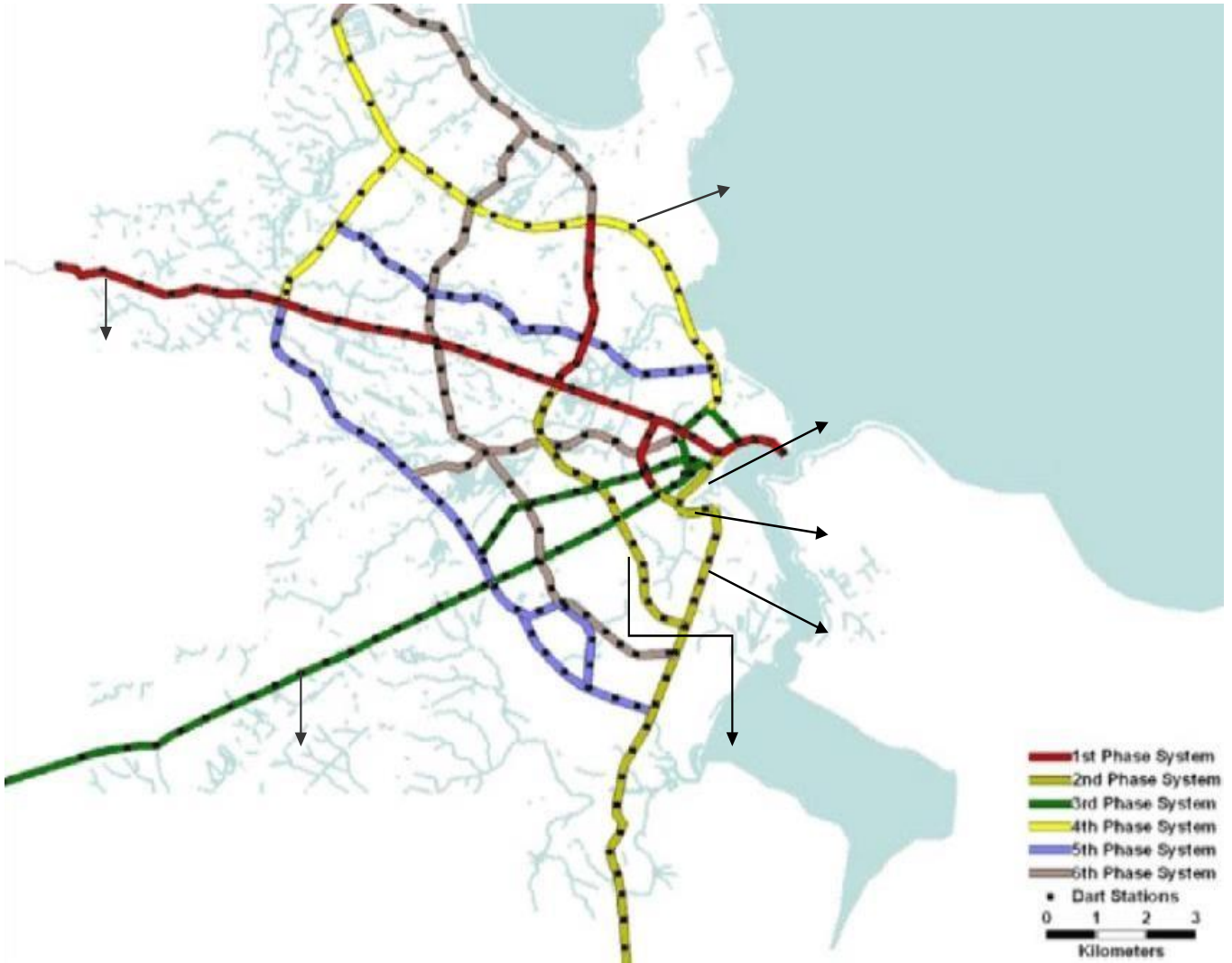
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The location of the company headquarters provides the following advantages:

- Situated at possible Centre in Ilala Municipality, which enable access to business information and customers who are mainly based in Dar es Salaam.
- The city is furnished with all necessary utilities: Electricity, water, internet and telecommunications. The company will operate its business with added efficiency using these facilities.

2.2 Operational Area:

The Company will operate its passengers' transportation activities from its head office along the Msimbazi/Uhuru street Kariakoo area in Ilala Municipality in Dar es Salaam city whose buses will be playing within the country as can be viewed from the route map.



The operational areas are wide enough to enable the company operate its activities for many years to come. The routes/ roads to and or from Mbagala town centre are all tarmac providing easy accessibility to various destinations within the route.

2.3 Land/Building/Civil Works:

The company's Head office is in rented flat which is located along the corner of Msimbazi and Uhuru street in Ilala Municipality in Dar es Salaam city .

All immovable properties/ assets totaling Tshs.1,501,500,000 million financed by the company's shareholders.

2.4 Buses

Metrolink City Company Limited is planning to buy a total of 350 new modern buses with varying carrying capacities (175 Pax and 100 Pax) to be used by the company in its day-to-day passengers' transportation services for sale to various clients within the country.

2.5: Furniture and Fittings

The company use standard office and furniture for its operations e.g.

- ◆ Office Tables
- ◆ Office Chairs
- ◆ Cabinets
- ◆ Computers
- ◆ Scanners
- ◆ Photocopiers
- ◆ Refrigerator
- ◆ Tool boxes
- ◆ Standby generator

There is no need to procure additional furniture and fittings at the moment.

2.6 Buses, Tools & Equipment

In future, the company is planning to introduce new types of buses which are more capacity and more comfortability in compatible with whether in Africa and in particular Tanzania with the aim of expanding business and profitability effectively and efficiently.

2.7 Implementation Programme

The passengers' transportation services activities under DART agreement will be operational at minimum capacity of 1 million passengers per day using company's finance with support from shareholder's and bank loans.

Subject to availability of adequate additional investment capital as stated in section 1.1 above, the maximum yield will be achieved.

After careful survey, which was conducted by the DART, the proposed business will enhance more profit to Metrolink City Company Limited for many years.

3.0 FINANCING PLAN AND PROJECTIONS:

3.1 Investment Programme and Capitalization

The total investment cost of the project in terms of buses and other assets are estimated at Usd.72,225,496 (Tshs.197,175,604,080). Therefore promoters have already injected funds to the tune of Usd 22,225,496 (Tshs.60,675,604,080). The execution of the project will necessitate extra funding to Metrolink City Company Limited of Usd 50,000,000 (Tshs.136,500,000,000) as investments capital requirement.

3.2 Investor Facility

External financing of Usd 50,000,000 (Tshs.136,500,000)/vehicle financing is being sought from suppliers from China.

The company pledges the following assets as collateral to the facility:

- (i) Chattel mortgage over new buses to be purchased,
- (ii) Company debenture over all company assets, and
- (iii) Directors' personal guarantee

3.3 Operating Costs:

The total direct have been estimated between Usd 66,849,978 (Tshs.182,500,442,432) in 2024 and Usd 69,550,718 (Tshs.189,670,340,103) in 2026 while indirect costs have been estimated between Usd 1,224,781 (Tshs.3,343,653,600) in 2024 and Usd1,273,995 (Tshs.3,478,006,405) in 2026. Please refer to the attached table number 7C

3.4 Projected Sales Revenue

The main sources of revenue will be from main two sources one being passengers fare and advertisement fees charged to clients as narrated in the attached table number 6. The projected revenue is expected ranging from Usd 133,718,864 (Tshs.365,052,500,000) in 2024 and Usd.278,222,205 (Tshs.759,546,621,000) in 2026.

The projected sales have been determined on the basis of existing carrying capacity in terms of number of buses and the available reputable regular customers.

The estimated annual profit is estimated ranging from Usd 51,949,261 (Tshs.141,821,483,784) in 2024 and Usd.163,466,202 (Tshs.446,262,733,055) in 2026 as reflected in the attached table number 11.

3.5 Working Capital Requirements

Working capital projections for the project are as presented in the attached cash flow statement. According to the said cash flow statement, working capital requirement has been estimated basing on the following assumptions:

- a) Total of total 365,000,000 passengers per annum to be covered/done and sold per annum. The estimation has considered number of buses involved with available regular passengers used at its minimum achievable capacity.
- b) An average transportation charge of Tshs.1,000 per trip per each passenger have been used in the calculation. The used bus fare are paged at an average distance of 22 kilometres.
- c) An average operating cost of Tshs.500/= per trip per passenger have been used in the calculation. The used prices are at an average distance of 22 kilometres.

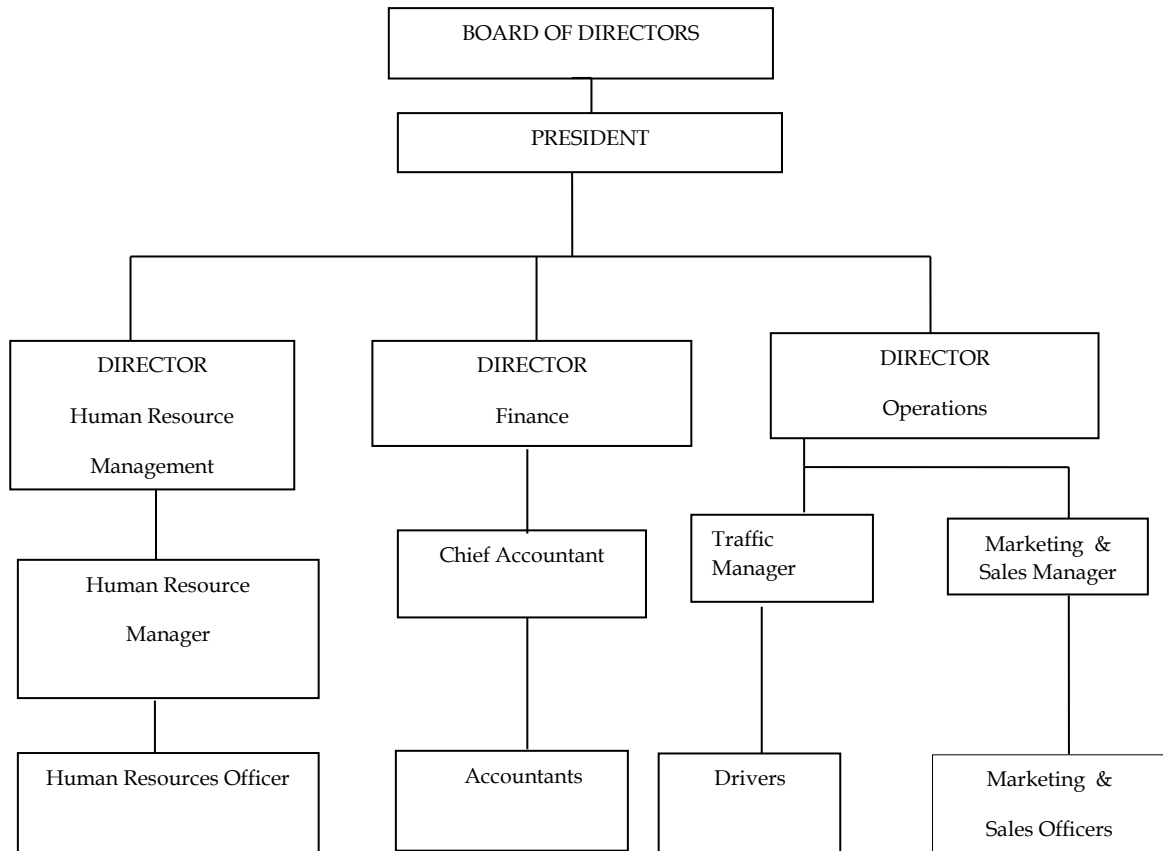
- d) Sales will mostly be on cash basis that is orders with cash, hence only 2% debtor's collection has been provided in the working capital projection.
- e) Wage total per month is Tshs.819,000,000 for all casual and salaries while salaries for some of permanent employee per month are as shown in the respective table.

4.0 MANAGEMENT

4.1 Management and Organisational Structure

All major decision and planning to the project are done by the company Board of Directors presented by Managing Director. The day to day activities is under the Director of Operations who is working in close collaboration with traffic Manager, Accountant and other workers. The company is expected to hire 400 permanent staff employed by Metrolink City Company Limited.

ORGANIZATION STRUCTURE OF THE COMPANY



The curriculum vitae of other personnel of Metrolink City Company Limited can be provided on request.

4.2 Labour Availability:

There is plenty of manpower at all levels in Tanzania; as such labour availability does not pose any difficulty to the proposed project. The company recruits its personnel from the labour market. Apart from the administrative staff the company main productive cadre includes professional staff (learned). Due to high unemployment rates in the country the company is able to hire workers easily from the labour market.

5.0 MARKETS AND MARKET ANALYSIS

5:1 The products (Reliable passengers' transportation)

The project will make available timely delivery passengers' transportation services ready for being marketed.

5:2 Markets

The clientele is largely expected from the local market walk in walk out reliable customers who buys our services in targeting the Dar es Salaam business community which is approximately to 1,000 individuals/passengers per day. The number of which is enough to give the company maximum profitability.

5:3 Contact Channels

[a] Promotion and Publicity

The company uses the existing mass media to promote its business. These include but not limited to Television, radio, newspapers etc. However, this achievement provides a fast reliable means for external communication, the company has launched a web site for easy communication and marketing in a wider scope.

[b] Payment Terms

All passengers will be paying in advance prior using transportation services through prepaid cards or cash at the counters at bus stops acceptable in exchange for passengers' transportation services. The mode of operations is on cash basis or prepaid cards.

5:4 Demand and Supply:

5:4:1 Trend in Demand

As pointed out in para 5.2, the passengers' transportation services have steady and ready market locally provided reliable and well-maintained buses is added advantage. The main local market for passengers' transportation in Dar es Salaam (Mbagala route) as listed above in section 5.2.

5:4:2 Trend in Supply

According to the number of buses (350 buses) the company will be having enough vessels to handle Mbagala population which are wide enough to meet the maximum efficiency for many years to come.

5:5 Pricing Mechanism

Prices for passengers' transportation per trip vary depending with respective high peak or low peak time and distance covered. As such, in preparing the projected cash flow statement, the project management has decided to use average selling price of Tshs. 1,000/= per trip per passenger in the calculation.

5.6 Competition

The passengers' transportation business is widely sparsely in the country and depend very much how close to the clients, customer care, delivery time and the reliable buses used to transportation services. The shorter the distance the less operating costs hence more profitability.

5.7 SWOT Analysis

5.7.1 The Strength

The strength on the project relies heavily on the capacity and experience of the Directors and other staff earmarked to be employed especially the Director of operations, traffic Manager who have passengers' transportation experience for more long time (more experienced in the field). The business office location at the corner of Msimbazi/Uhuru Street in Ilala Municipality also adds advantage to the Company and create goodwill to the public as they provide employment directly and indirectly. In addition, demand for the company's services and products are always on increase as population increases.

5.7.2 Weakness

The company's main limitation is non-availability of adequate investing capital funds to finance buying adequate number of buses and meeting other operating expenses related to the passengers' transportation services. As such, the decision to approach their financiers/Investor from China for Usd.50,000,000 (Tshs136,500,000,000) term loan facility/hire purchase arrangement is the Director's deliberate strategy to overcome this weakness.

5.7.3 Opportunity

The company has a room to expand as the demand is on increasing trend provided buses used in passengers' transportation will always maintained and timely delivery whose demand of passengers transportation services is on increasing trend.

5.7.4 The threat

The passengers' transportation services are threatened by competitors mostly the big players in the market. However, clients are targeting niche market with best quality, competitive price and timely delivery.

Well maintained buses, readily available always, timely delivery and competitive price is added advantage for company's efforts to overcome market competition.

6.0 ENVIRONMENTAL EFFECT **(Environmental Impact Assessment):**

The passengers' transportation services especially gas engine buses do take care about the environment and does not have direct environmental degradation/hazard and it is therefore environmentally friendly. The smokes are prevented by high standard repairs and maintenance of buses which seem to affect environment.

7.0 SOCIO - ECONOMIC CONSIDERATIONS

7.1 Government Revenue:

The cargo transport will greatly benefit the Nation in the form of various forms of taxation that Metrolink City Company Limited pays to the Government. These are Development levy, Royalty, PAYE and payroll levy and other form of taxes paid to the local and central main Government. The company will also earn more as a result of increased population and sales supported by bank finance in the form of term loan facility.

The project will also be a source of income to various people who are/will be employed on permanent and/or casual terms. Permanent employees include The Managing Director, Director of operations, Traffic Manager, Accountant, Inspectors, Technicians and Drivers. Thus financing and developing the passengers' transportation activities from Ilala Municipality will substantially improve standard of living of various people in Tanzania as a whole.

7.2 Employment Effect:

Supporting the project will create not less than 400 new jobs excluding the permanent employees mentioned in paragraph 2.1 above. Several other

casual labourers will be employed as need arises especially maintenance time.

The company employs a total of 12 individuals (10 on permanent and 2 on temporary basis). The proposed business will create 400 more jobs. In an economy such as Tanzania where unemployment rates have reached alarming levels any effort, which creates employment, is highly appreciated.

7.3 Foreign Exchange Effect:

All exports will be done and payments are in foreign currency which is readily convertible. As such, Metrolink City Company Limited produce quality passengers' transportation services from Ilala Municipality, hence the project is not foreign exchange earner as the service is offered locally.

7.4 Encourage Sectoral Linkages:

The implementation of the project provides an opportunity for linkages in trade, health, mining and agricultural sectors. Efficiency in any of these sectors creates more markets to others thus increasing the need of more production.

8.0 RECOGNITION OF RISKS

8.1 Assessment:

There are various risks against the achievement of the planned objective. The major ones being:

- (i) Exhaustion/worn out of the passengers buses
- (ii) Non - availability of gas and spares for the buses, and.
- (iii) Lack / fall of market place.

8.2 Mitigation

To encounter the negative effects of the above scenarios when happen, the management is advised to apply the following measures:

- (i) In the short -run there is a remote chance that all buses will be inoperative or worn out. However in the long run the management should always be prepared to buy other new buses to replace the old buses.
- (ii) Gas and spares may not be a problem as the management will be buying and installation of storage/gas station with huge storage capacity in case of gas problem. Regarding the issue of spare parts management should always keep in store all important spare parts for use when break down happen.
- (iii) Management is urged to expand the current market. It is thus imperative that market will always be there.

9.0 CONCLUSION

Analysis has revealed that the proposed project is technically feasible, financially and economically viable, and socially beneficial. As such, the management should therefore strive to execute the company's board decision to seek financial assistance from a bank and expand operations.

Prospective financiers are advised to support the company's efforts by way of providing the necessary bridging finance.

1. Financial Summary

- **Initial Funding Requirement:** 45,265,000.00 USD
- **Expected Return:** Expected to achieve profitability in the seventh year, with a total return on investment of 280%.
- **Main Revenue Sources:** Bus ticket revenue and advertising revenue.
- **Break-even Point:** Expected to reach break-even in the second year.

2. Initial Investment Budget

S/N	Category	Amount (USD)	Proportion (%)	Description
1	Vehicle Procurement Costs	45,000,000.00	99.41%	Purchase of [324] buses
2	Infrastructure Construction Costs	60,000.00	0.13%	[Offices, maintenance centers, etc.]
3	IT System Development Costs	70,000.00	0.15%	Development and maintenance of IT systems
4	Personnel Recruitment and Training Costs	50,000.00	0.11%	Recruitment of drivers and operations staff
5	Marketing and Promotion Costs	35,000.00	0.08%	Marketing campaigns and advertising
6	Other Costs	50,000.00	0.11%	Includes licensing fees and taxes
	总计	45,265,000.00	100%	

3. Revenue Forecast

Revenue Category	2025	2026	2027	2028	2029	Remarks
Ticket Revenue	7,571,961	12,980,504	13,369,919	13,637,318	14,046,437	

(USD)

Advertising	250,000	300,000	390,000	546,000	655,200
Revenue (USD)					
Total	7,821,961	13,280,504	13,759,919	14,183,318	14,701,637

4. Cost Structure

Cost Category	2025	2026	2027	2028	2029	Remarks
Bus Costs	3,079,688	3,071,157	3,071,157	3,071,157	3,071,157	
Government Access Fee	1,046,548	2,840,630	2,840,630	2,840,630	2,840,630	
Personnel Costs	344,400	952,800	1,000,440	1,030,453	1,081,976	
Fuel Costs	818,975	1,637,950	1,637,950	1,637,950	1,637,950	
Maintenance Costs	153,984	163,795	163,795	163,795	163,795	
Office Expenses	150,000	120,000	120,000	120,000	120,000	
Marketing Expenses	70,000	84,000	92,400	97,020	101,871	
Financial Costs	2,100,000	1,890,000	1,795,500	1,705,725	1,620,439	Bank loan interest
Total Costs	7,763,595	10,760,332	10,721,872	10,666,730	10,637,818	

5. Financial Forecast Income Statement

Year	Revenue (USD)	Cost (USD)	Net Profit (USD)	Remarks
2025	7,821,961	7,763,594.98	58,365.80	
2026	13,280,504	10,760,332.05	2,520,172.15	

2027	13,759,919	10,721,872.05	3,038,047.27
2028	14,183,318	10,666,730.25	3,516,587.46
2029	14,701,637	10,637,817.66	4,063,819.58