

**BUSINESS PLAN FOR THE
IMPLEMENTATION PROGRAMME**

OF

M/S NJOMBE FILLING STATION COMPANY LIMITED

IN

**ESTABLISHING AND OPERATING A PROJECT FOR
CARGO TRANSPORTATION**

**PREPARED BY
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M/S NJOMBE FILLING STATION COMPANY LIMITED
ESTABLISHING AND OPERATING A PROJECT FOR CARGO
TRANSPORTATION

1. INVESTMENT PROPOSAL

The Feasibility study has been prepared by **M/S NJOMBE FILLING STATION COMPANY LIMITED** for the company's cargo transportation project to cover Tanzania Mainland and neighboring & landlocked countries such as Kenya, Uganda, Rwanda, Burundi, DRC, Zambia, Malawi and Mozambique.

The Business Proposal was prepared to give an analysis of the financial, human, technical and other resources required for cargo transportation project and also assess its economic viability and commercial viability in order to allocate funds for cargo transportation Project especially in acquiring trucks, tractor, Horses, communication equipment, workshop equipment, security & cargo handling equipment, generators, transformer etc.

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

2. COMPANY'S BACKGROUND

M/S NJOMBE FILLING STATION COMPANY LIMITED is a private owned company incorporated in Tanzania by Registrar of Companies under company's ordinance on 08th day of July 2003 with Certificate of Incorporation No: 46383

M/S NJOMBE FILLING STATION COMPANY LIMITED was incorporated with a major objective of conducting business of cargo transportation. Currently the Company intends setting up facility for cargo transportation Project by importing cargo vehicles and other related facilities for making cargo transportation Project successful. The company will import trucks, tractors, horse, pickups, hardtops, trailers, forklifts, crane, reach stacker, security & Communication equipment, workshop equipment, generators etc.

The company determines to win and dominate the Market in East and Central Africa by having new trucks, tractor, horse, hardtop, pickups and workshop in order to service the trucks & supporting vehicles so that the trucks will be in good condition all the time.

The main purpose of the Intended cargo haulage project is to provide quality facility for cargo haulage business to correspond with the clients' demand especially in this competitive market. The quality of company's cargo haulage business will guarantee clients satisfaction in the proposed programme.

There is an extensive market in Tanzania Mainland as well as landlocked & neighboring Countries to absorb cargo haulage facility which will be efficiently provided by M/S NJOMBE FILLING STATION COMPANY LIMITED. It is on the basis of the above reasons the management resolved to establish cargo transportation project.

In the intended programme, the proposed cargo haulage project will import trucks, tractors, horse, pickups, hardtop, trailers, forklifts, crane, reach stacker, security & Communication equipment, workshop equipment, generators etc.

Hence the proposed programme of three years in setting up facilities for cargo transportation project is estimated to be USD 3,000,000. The estimated capital investment cost of USD 3,000,000 will be on trucks, tractors, horse, pickups, hardtop, trailers, forklifts, crane, reach stacker, security & communication equipment, workshop equipment, generators etc.

3. THE POTENTIAL MARKET

There is very big market potential for the cargo transportation business in Tanzania Mainland and landlocked & neighboring Countries. In Tanzania Mainland there are **regions / very remote with poor roads - poor infrastructure in far regions** and acute shortage of this facility especially for **increased trade**. And another reason is the **growth of business in remote areas**. They need merchandise from Dar es Salaam where the source of business is.

The **economic growth** influenced such movement of goods especially industries and businessmen as the demand is growing day by day for the increased imported goods, **transit and transshipment of containers to landlocked countries**

Land locked countries need cargo haulage services to transport fuel and containers from Dar es Salaam Port to their countries which do not have Ports. And the market is growing day by day due to growth of business, industries, oil marketing companies (OMC), mining companies etc.

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

growth of import & export business in the neighboring Countries.

High quality fleet, efficiency and goodwill are the factors which will make the cargo haulage project to dominate the market. There are few cargo haulage companies which can compete with the company's services due to Business strategy, Promotion, Budgetary Plan, efficiency, goodwill, promptness and fleet of vehicles.

The company also intends to increase cargo transport services such as Transit, Transshipment, Internal cargo transportation within Tanzania Mainland where there is acute shortage of such services due to remoteness and poor roads.

4. PROJECTS FACILITIES:

- Trucks, tractors, fuel tankers, horse,
- Hardtops & Pickups,
- Forklift, reach stackers, crane,
- Radio calls, Base Station, GPS, car tracking systems & security equipment.
- Workshop equipment, generators, compressors etc

5. THE COMPANY'S OBJECTIVES

M/S NJOMBE FILLING STATION COMPANY LIMITED is a project for setting up facilities for cargo transportation business in Tanzania Mainland and will be operating in Tanzania and neighboring Land Locked countries.

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

- ❖ To foster the growth of wet and dry cargo transportation industry in Tanzania.
- ❖ To reduce dependence on external cargo transporters from other countries
- ❖ To promote local business, import & export, transit, transshipment, agriculture, mining, and industries by cargo transportation services.
- ❖ To promote growth and expansion of private sector.
- ❖ The Company will create more employments (drivers. Turnboys, mechanic, accountants, managers etc.)
- ❖ Skill development (human resources development) through on job training and use of vehicles and new technology application.
- ❖ Income generation, alleviation of poverty and improve their social welfare employees such as drivers, turnboys, mechanics and other staffs etc.
- ❖ The Company contributes to the government revenue through taxes and other levies like Corporate taxes, PAYE etc

6. FUTURE PLANS

- ❖ High performance in cargo transportation business
- ❖ To increase cargo transport services in Tanzania and neighboring & landlocked countries and hence resulting foreign earnings in addition to the prevailing local market.

- ❖ To increase new fleet of vehicles with introduction of new technology.
- ❖ To increase the volume/ capacity of cargo to be transported.

7. SHAREHOLDERS /PROMOTERS

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

No	Name of Shareholders	Nationality	Shares	Percent %
1.	James Malika Mwinuka	Tanzanian	200	40
2.	Alubentina Adam Mlowe	Tanzanian	200	40
4.	Miriam James Mwinuka	Tanzanian	50	10
5.	Marko James Mwinuka	Tanzanian	50	10
	TOTAL			100%

Therefore, the authorized capital of the company is Tshs. 100,000,000,000/= divided into 10,000 ordinary shares of Tshs. 10,000,000/= each. The Company shall have power to increase its capital and to divide the shares in its capital for the time being into several classes of stock or shares and to attach thereto respectively such preferential, deferred or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company.

8. LOCATION

The company's business premises are located at Plot No. 315, 317 and 319, Block Z, Njombe Urban Area - Iringa Region. Postal Address P. O. Box 411 Iringa.

9. COMPANY'S IMPLEMENTATION SCHEDULE

9.1 APRIL - 2025

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

9.2 MAY - 2025

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

9.3 JUNE- 2025

- ❖ Recruiting new Drivers. Turn boys, Mechanics and other administration staffs.

❖ Fully commencement of cargo transportation business.

10. CAPITAL INVESTMENT COST

Land/Building	USD \$	50,000
Plant/Machinery	USD \$	250,000
Vehicles	USD \$	2,500,000
Furniture and Fittings	USD \$	-
Pre-expenses	USD \$	100,000
Working Capital	<u>USD \$</u>	<u>100,000</u>
TOTAL CAPITAL	<u>USD \$</u>	<u>3,000,000</u>

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

11. FINANCIAL PLAN (SOURCE OF FUNDS)

M/S NJOMBE FILLING STATION COMPANY LIMITED has firmed up finances for the implementation programme by its own fund and loan: -

Own fund (equity)	USD \$	2,000,000
Local loan	<u>USD \$</u>	<u>1,000,000</u>
TOTAL	<u>USD \$</u>	<u>3,000,000</u>

12. CARGO HAULAGE FACILITIES

- i. -Trucks.
- ii. - Tractors,
- iii. - Horse,
- iv. - Hard Top,
- v. - Pickups.
- vi. - Forklift.
- vii. - Crane,
- viii. - Radio Calls and Radio Base Station.
- ix. - GPS & Car tracking Systems, CCTV.

- x. – Mobile workshop, Tool boxes
- xi. – Weigh bridge, Generators, Transformers
- xii. Communication & security system
- xiii. Cargo Handling Equipment etc

13. SUBMISSION

M/S NJOMBE FILLING STATION COMPANY LIMITED wishes to submit its investment proposal and application to the Tanzania Investment Centre (TIC) for registration and award of certificate of incentives for the commencement of cargo haulage Project.

The cargo transportation Project will soon commence after the Company is registered by Tanzania Investment Centre and being issued the Certificate of incentives. Thereafter the Company will import trucks, tractors, Horse, pickups, hardtop, workshop equipment, forklift, crane, security & communication equipment, generators, and transformer etc.

The Project will qualify for Duty exemption on Capital/Deemed Capital Goods which are trucks, tractors, supporting vehicles, workshop equipment, communication equipment, cargo lifting equipment, generators, transformer etc.

14. ECONOMIC GROWTH

Positive economic growth which had been registered in Tanzania, have attracted more investments such as Industry, mining, agriculture, Trade/ Business, tourism, export & imports, natural resources such as fishing, bee keeping & timber processing in Tanzania led the need for the cargo transportation facility which has influenced the promoters of the intended cargo project to invest in the proposed cargo transportation project in to facilitate the above mentioned sectors.

The economic growth influenced such movement of goods especially industries and businessmen as the demand is growing day by day for the increased imported goods, transit and transshipment of containers to landlocked countries.

15. COMPETITION/MARKET

Despite there being numbers of cargo transporters of containers in Tanzania still the facility is not enough compared to the level of demand.

However, the proposed project for cargo transportation intends to provide trustworthy, efficiency and quality services to dominate the local and export market because the project ensures high quality, promptness and goodwill.

16. ADVERTISEMENT

Advertisement, which forms part of the marketing strategy, will be embarked upon in the newspapers, street banners and later on in the televisions in a manner benefiting the promotional role of any company or private institutions.

17. BUSINESS STRATEGY

In order to meet the current demand and high productivity the management of the company will develop and implement additional strategies which will capture markets

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

18. ENVIRONMENTAL ISSUE

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

19. PROJECT MANAGEMENT

The overall management of the company is vested in the Board of Directors. Mr. James Malika Mwinuka is the Managing Director of the Company; he is well versed in cargo transportation. The other Directors are Alubentina Adam Mlowe, MIRIAM James Mwinuka and Marko James Mwinuka.

20. MANPOWER AND TRANSFER OF TECHNOLOGY

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

Further the country can reduce its dependence on cargo transporters from neighboring countries. Therefore Tanzanian businessmen, farmers, miners, Oil marketing companies, importers and industries will be able to get the services from cargo transportation project at affordable price.

The cargo haulage project will cause more people to be employed in as drivers, turn boys, mechanic, security Guards, accountant, logistic manager and about 100 local people and 5 foreigners people will increase their income, improve their social welfare and pay taxes; it is poverty alleviation programme to them.

Local employees will get on training and in a long run will improve the technical competence in the cargo transportation.

21. CONCLUSION AND RECOMMENDATION

The financial evaluation of cargo transportation done so far indicates that this project will be profitable both economically and financially viable venture. There are many other benefits direct and indirect of this project.

The management being experienced businessmen possesses ample managerial capabilities in various business disciplines. Based on the above factors, it is recommended that the company should be granted the certificate of incentives for the implementation of the cargo transportation project so that the project will import and enjoy tax exemption on Capital/Deemed Goods and increase its production capacity.

22. FINANCIAL AND ECONOMIC ANALYSIS

22.1 Projected Profit and Loss Account

The company envisages generating a profit of USD \$ 340,000 this operating year. The profit amount is expected to steadily rise to USD \$ 345,000 in year two, USD \$ 350,000 in year three and USD \$ 355,000 in year four. 5TH YEAR - 360,000

22.2 Projected cash flows

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

23.3 Proposed Balance Sheet:

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

24. SENSITIVITY ANALYSIS

To assess further the viability of the implementation project, sensitivity analysis has been worked out on the basis of several unfavorable conditions that might negatively affect the operations of M/S NJOMBE FILLING STATION COMPANY LIMITED

24.1 Effect of cost increase on profitability (on the basis of year II CARGO TRANSPORTATION INCOME in "000" USD \$)

Income	Costs	Increase	Profit before depreciation
1,260.0	915.00	%	345.00
1,260.0	960.75	5%	299.25
1,260.0	1,006.50	10%	253.50

24.2 Effect of CARGO TRANSPORTATION INCOME decrease/drop on profitability (on the basis of year II costs in "000" USD \$)

Income	Income Decrease	Cost	Profit before depreciation
1,260.0	%	915.0	345.0
1,197.0	5%	915.0	282.0
1,134.0	10%	915.0	219.0

The viability/profitability of the company operations appears more sensitive to sale income/revenue than increase in the

operating costs. This implies that the company should strive to maintain the existing market and undertake an aggressive marketing strategy to hire more clients and expand its market or clients base.

Appendix I

M/S NJOMBE FILLING STATION COMPANY LIMITED

PROJECTED INCOME STATEMENT

(Fig. USD \$ '000')

Income	Years				
	I	II	III	IV	V
Sales Income	1,230.0	1,260.0	1,290.0	1,320.0	1,350.0
Total Income	1,230.0	1,260.0	1,290.0	1,320.0	1,350.0
Utilities	500.0	500.0	500.0	500.0	500.0
Salaries and wages	100.0	100.0	100.0	100.0	100.0
Transportation/fuel	80.0	85.0	90.0	95.0	100.0
Administrative Expenses	150.0	160.0	170.0	180.0	190.0
Other Expenses	60.0	70.0	80.0	90.0	100.0
Total Expenditure	890.0	915.0	940.0	965.0	990.0
Net Profit (pre tax and depreciation)	340.0	345.0	350.0	355.0	360.0

Appendix II

M/S NJOMBE FILLING STATION COMPANY LIMITED

PROJECTED CASHFLOW STATEMENT

(Fig. USD \$ '000')

Year	I	II	III	IV	V
Cash inflow					
Income from operation	340.0	345.0	350.0	355.0	360.0
	340.0	345.0	350.0	355.0	360.0
Cash outflow					
Interest payments	100.0	90.0	80.0	70.0	60.0
Loan re-payment	100.0	100.0	100.0	100.0	100.0
Wear & tear	10.0	12.0	14.0	16.0	18.0
Taxes	10.0	11.0	12.0	13.0	14.0
	280.0	270.0	260.0	250.0	240.0
Surplus cash generated	60.0	75.0	90.0	105.0	120.0

Appendix III
(Fig. USD \$ '000')

Year	IV	VII	VIII	IX	X	Total
Cash inflow						
Income from operation	365.0	370.0	375.0	380.0	885.0	3,625.0
	365.0	370.0	375.0	380.0	385.0	3,625.0
Cash outflow						
Interest payments	50.0	40.0	30.0	20.0	10.0	550.0
Loan re-payment	100.0	100.0	100.0	100.0	100.0	1,000.0
Wear & tear	20.0	22.0	24.0	26.0	28.0	190.0
Taxes	15.0	16.0	17.0	18.0	19.0	145.0
	230.0	220.0	210.0	200.0	190.0	1,885.0
Surplus cash generated	135.0	150.0	165.0	180.0	195.0	1,275.0

M/S NJOMBE FILLING STATION COMPANY LIMITED

PROJECTED LONG TERM LOAN REPAYMENT

(Fig. in USD \$ '000')

Year	Repayment			
	Principal	Interest	Total	Amount
O				1,000.0
I	100.0	100.0	200.0	900.0
II	100.0	90.0	190.0	800.0
III	100.0	80.0	180.0	700.0
IV	100.0	70.0	170.0	600.0
V	100.0	60.0	160.0	500.0
VI	100.0	50.0	150.0	400.0
VII	100.0	40.0	140.0	300.0
VIII	100.0	30.0	130.0	200.0
IX	100.0	20.0	120.0	100.0
X	100.0	10.0	110.0	0.0

Appendix 1V

M/S NJOMBE FILLING STATION COMPANY LIMITED

PROJECTED BALANCE SHEET

(Fig. in USD \$ '000')

No.	ITEM	YEAR 1	YEAR II	YEAR III	YEAR IV	YEAR V
	Source of funds					
1.	Shareholders funds	100.0	150.0	200.0	250.0	350.0
2.	Long term Loan	200.0	190.0	180.0	170.0	160.0
3.	Associated Cos/ Directors	100.0	100.0	100.0	100.0	100.0
4.	Current Liabilities	200.0	250.0	300.0	350.0	400.0
		600.0	690.0	780.0	870.0	1,010.0
	Application of funds					
1.	Fixed Assets	500.0	500.0	500.0	500.0	500.0
2.	Current Assets	100.0	190.0	280.0	370.0	510.0
		600.0	690.0	780.0	870.0	1,010.0