

INVESTMENT PROPOSAL & FEASIBILITY REPORT

FOR HONEST EXPEDITORS LIMITED

1. COMPANY PROFILE

Honest Expeditors Ltd, incorporated in 2022, is a fully Tanzanian-owned logistics and supply chain company providing end-to-end solutions across customs clearing, forwarding, freight management, warehousing, consolidation, and regional transport. Headquartered in Dar es Salaam with border offices in Tunduma and Rusumo, the company also maintains associate operations in Rwanda, Burundi, Zambia, Malawi, DRC, UAE, China, and India.

Forecasting over **500+ containers cleared per month**, the company will be ranked among the Top 10 clearing and forwarding service providers in Tanzania within 5 years.

2. MANAGEMENT

The business is driven by a strong leadership team with over two decades of logistics industry experience.

Directors & SHARE HOLDERS DETAILS:

- **Hanif Amir Bhandali** – 20 years' experience in logistics, supply chain management, foreign trade, and operational optimization.
- **Zishaan Khan** – First-Class graduate in Accounting & Finance with a proven track record in logistics planning, operational leadership, and process improvement.
- **Najat Mohamed Omar** – Director with extensive management experience within logistics operations.

Business Management:

Led by the General Manager supported by Senior Management.

- **Benzen Varghese – COO**
 - 24 years' experience in logistics, supply chain, SAP implementations, and export/import operations.
- **Aasif Chauhan – General Manager**
 - 13+ years' experience in logistics strategy, transportation planning, regulatory compliance, and operational coordination.

3. THE PROJECT – HONEST EXPEDITORS LIMITED

Project Background

Due to rising demand for efficient supply chain solutions, Honest Expeditors plans to expand its logistics and clearing & forwarding operations by investing in a strengthened infrastructure, enhanced technology, and improved service capabilities.

Industry Need

- Tanzania is the main gateway for Malawi, Zambia, DRC, Rwanda, Burundi, and Uganda.
- Port congestion and growing trade volumes have increased demand for reliable clearing, forwarding, inland transportation, and warehousing services.
- Clients require integrated logistics partners capable of handling documentation, customs, transportation, warehousing, and distribution under one platform.

Objective of the Project

To upgrade and expand Honest Expeditors' logistics capacity by investing in:

- Modern logistics equipment (Trucks and Trailers, forklifts, reach stackers, weighbridge, etc.)
- Additional warehousing facilities
- IT and ERP systems (SAP-based)
- Dedicated Transit trucks handling areas
- Value-added services including packaging, consolidation, distribution, and express clearance

Core Services Under Expansion

1. Customs Clearing and Forwarding
2. Local and Transit Cargo Handling
3. Freight Forwarding (Sea & Air)
4. Consolidation and Deconsolidation
5. Warehousing & Storage Facilities
6. Transportation & Distribution
7. Project Cargo & Special Cargo Handling
8. Documentation, Permits, and Regulatory Compliance Management

4. PROJECT RATIONALE

The expansion addresses critical national and regional logistics needs:

- Rising import and export volumes

- Growing transit cargo for neighboring countries
- Need for faster and more efficient cargo movement
- Increased demand for warehousing and value-added logistics services
- High dependency on third-party service providers

The project will **reduce operational costs**, increase efficiency, and expand Honest Expeditors' service capacity, leading to long-term growth and profitability.

Economic Impact

- Employment creation more than **500+ Tanzanians** (Directly or indirectly)
- Contribution to tax revenues
- Support to agriculture, mining, and manufacturing sectors
- Increased throughput for Tanzania's gateway corridors

5. SOCIAL AND ECONOMIC BENEFITS

1. Economic Benefits

a) Employment Creation and Skills Development

The project will directly create over **250 employment opportunities** for Tanzanians across logistics operations, transport, warehousing, customs documentation, IT systems, and administration. In addition, indirect employment will be generated through subcontractors, fuel suppliers, maintenance services, insurance providers, and port-related services. Through exposure to modern logistics equipment and SAP-based ERP systems, Tanzanian employees will gain **advanced technical and managerial skills**, contributing to long-term human capital development in the logistics sector.

b) Increased Government Revenue

The expansion will contribute significantly to government revenues through:

- Corporate income tax
- PAYE and statutory contributions
- VAT on logistics services
- Customs duties and port-related charges
- Fuel levies and vehicle licensing fees

As cargo volumes increase, the project will enhance overall tax collections from trade activities routed through Tanzania.

c) Strengthening Tanzania as a Regional Trade Hub

By improving clearing, forwarding, warehousing, and inland transportation efficiency, the project supports Tanzania's strategic role as the **main gateway for landlocked countries** including Zambia, DRC, Malawi, Rwanda, Burundi, and Uganda. Efficient logistics services will reduce cargo dwell time at ports and borders, improve corridor competitiveness (Central and Southern Corridors), and increase transit trade volumes through Tanzanian ports.

d) Support to Key Productive Sectors

The project will directly support national priority sectors such as:

- **Mining** (copper, minerals, project cargo)
- **Agriculture and agro-processing**
- **Manufacturing and FMCG**
- **Energy and infrastructure projects**

Reliable logistics services lower supply chain costs, improve export competitiveness, and attract further private investment into these sectors.

2. Social Benefits

a) Improved Trade Efficiency and Cost Reduction

Enhanced logistics capacity will reduce delays, demurrage, and inefficiencies in cargo handling. Faster clearance and distribution translate into **lower costs of goods**, ultimately benefiting consumers and businesses across Tanzania.

b) Technology Transfer and Local Capacity Building

The introduction of modern logistics equipment, ERP systems, and international best practices will facilitate **technology and knowledge transfer** to local professionals, strengthening Tanzania's logistics ecosystem and reducing reliance on foreign expertise over time.

c) Youth and Gender Inclusion Opportunities

The project provides employment and training opportunities for **youth and women** in logistics administration, documentation, customer service, IT systems, and warehouse management, supporting inclusive economic growth.

d) Enhanced National and Regional Supply Chain Resilience

By investing in owned infrastructure and integrated logistics solutions, the project enhances supply chain reliability during peak seasons, emergencies, and regional trade disruptions—supporting national economic stability.

3. Alignment with National Development Goals

The Honest Expeditors Limited expansion is aligned with:

- **Tanzania Development Vision 2025**
- Industrialization and trade facilitation agendas
- Regional integration objectives under **EAC and SADC**
- Public-private sector collaboration in infrastructure and logistics development

Overall Impact Statement

The project will deliver measurable social and economic benefits by creating jobs, enhancing trade efficiency, increasing government revenues, supporting productive sectors, and reinforcing Tanzania's position as a regional logistics and trade hub in East and Central Africa.

6. CAPITAL INVESTMENT & MEANS OF FINANCE

Estimated Investment Cost

The investment focuses on logistics infrastructure for Honest Expeditors Limited.

Particulars	Amount (USD)	Amount (TSH)
Vehicle	11,268,085	28,117,211,864
Equipment (Forklifts, Generator etc.)	181,915	454,787,500
Working Capital	350,000	875,000,000
Total Estimated Cost	11,800,000	29,499,999,364

Financing Structure

- **Company Equity:** 20%
- **Bank Loan:** 80%

Equipment will be imported mainly from China and India.

7. FINANCIAL PROJECTIONS & FEASIBILITY

Projected Revenue (TSH '000)

Year	Revenue
2026	12,822,750
2027	27,038,340
2028	29,810,025
2029	30,783,506
2030	31,048,500

Revenue growth is driven by increased logistics volumes, higher throughput, enhanced warehousing, and improved operational capacity.

Projected Gross & Operating Profit (TSH '000)

Year	Gross Profit	Operating Profit
2026	5,147,649	133,294
2027	11,532,213	1,160,245
2028	12,626,383	2,113,672
2029	13,409,511	3,185,020
2030	13,178,550	3,234,947

The trend demonstrates strong financial viability.

Cash Flow Feasibility

Projected cash flows indicate:

- Full coverage for working capital
- Positive operational liquidity
- Healthy current and quick ratios
- Stable ability to service bank financing

8. CONCLUSION & RECOMMENDATION

The Honest Expeditors Limited Project is **financially feasible, commercially attractive, and strategically aligned** with Tanzania's role as a regional trade hub.

Implementation Timeline

1-5 years for full completion.

Recommendation

The investment is strongly recommended based on:

- Positive profitability indicators
- Strong market demand
- Competitive advantages from owning logistics infrastructure
- Reduced dependency on outsourcing
- Capacity to service multiple regional markets

The expansion will position Honest Expeditors Ltd as a top-tier integrated logistics provider in East and Central Africa.

HONEST EXPEDITORS LIMITED

PROJECTED CASH FLOW STATEMENT - For the Year 2026 - 2030

	PROJECTED CASH FLOW				
	Jan-Dec'26 Amount Tsh'000	Jan-Dec'27 Amount Tsh'000	Jan-Dec'28 Amount Tsh'000	Jan-Dec'29 Amount Tsh'000	Jan-Dec'30 Amount Tsh'000
Receipts					
Receipts from Business Operation					
Collections from Clients - Sales A/c	11,754,188	25,853,708	27,094,883	29,338,613	29,699,605
Payments					
Operational Activities					
Operating Exp Direct	(7,044,271)	(14,862,481)	(17,045,764)	(17,358,350)	(17,829,187)
Staff Cost	(288,000)	(1,082,400)	(1,260,996)	(1,342,961)	(1,430,253)
Finance Cost	(794,344)	(1,662,635)	(1,507,583)	(1,049,583)	(591,583)
Other Operating Exp - Indirect	(983,303)	(1,901,975)	(2,019,174)	(2,106,989)	(2,196,809)
Operating Cash Flow - A	2,644,269	6,344,216	5,261,365	7,480,730	7,651,774
Financing Activities					
Bank Loan Repayments	(1,717,500)	(4,007,500)	(4,580,000)	(4,580,000)	(4,580,000)
Trucks Purchases on (20% cont)	2,862,500	(1,145,000)	(572,500)	(1,145,000)	-
Working Capital from Bank	875,000	-	-	-	-
Loan from Bank - Purchases New Assets	11,450,000	11,450,000	-	-	-
Financing Cash Flow - B	13,470,000	6,297,500	(5,152,500)	(5,725,000)	(4,580,000)
Investing Activities					
Assests Purchases	(14,312,500)	(13,881,250)	-	-	-
Trucks Purchases on (20% cont)	-	-	-	-	-
Payment to Truck Supplier	-	-	-	-	-
Other Assets Purchases	(431,038)	-	-	-	-
Investing Cash Flow - C	(14,743,538)	(13,881,250)	-	-	-
Net Cash Flow (A+B+C)	1,370,732	(1,239,534)	108,865	1,755,730	3,071,774
Opening Balance of Cash Flow	49,338	1,420,070	180,536	289,401	2,045,131
Closing Balance of Cash Flow	1,420,070	180,536	289,401	2,045,131	5,116,905

HONEST EXPEDITORS LIMITED						
BALANCE SHEET as at						
	Audited A/cs	Projected A/cs	Projected A/cs	Projected A/cs	Projected A/cs	Projected A/cs
	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29	31-Dec-30
	Tsh'000	Tsh'000	Tsh'000	Tsh'000	Tsh'000	Tsh'000
ASSETS						
NON - CURRENT ASSETS						
Property, plant and equipment	-	11,794,830	19,951,123	14,226,165	8,501,208	2,776,250
CURRENT ASSETS						
Trade and other receivables	-	1,068,563	2,253,195	4,968,338	6,413,230	7,762,125
Cash & Cash Equivalents	49,338	1,420,070	180,536	289,401	2,045,131	5,116,905
	49,338	2,488,632	2,433,731	5,257,738	8,458,362	12,879,030
TOTAL ASSETS	49,338	14,283,462	22,384,853	19,483,903	16,959,569	15,655,280
EQUITY AND LIABILITY						
Share Capital	50,000	50,000	50,000	50,000	50,000	50,000
Retained Income	(662)	132,632	1,292,877	3,406,549	6,591,570	9,826,517
	49,338	182,632	1,342,877	3,456,549	6,641,570	9,876,517
LIABILITIES						
NON - CURRENT LIABILITIES						
Bank Finance	-	9,732,500	17,175,000	12,595,000	8,015,000	3,435,000
	-	9,732,500	17,175,000	12,595,000	8,015,000	3,435,000
CURRENT LIABILITIES						
Trade and Other Payables	-	630,830	1,274,476	1,412,354	1,428,000	1,468,763
Trucks Purchases on (20% cont)		2,862,500	1,717,500	1,145,000	-	-
Bank OD		875,000	875,000	875,000	875,000	875,000
	-	4,368,330	3,866,976	3,432,354	2,303,000	2,343,763
TOTAL LIABILITY	-	14,100,830	21,041,976	16,027,354	10,317,999	5,778,763
TOTAL EQUITY AND LIABILITY	49,338	14,283,462	22,384,853	19,483,903	16,959,569	15,655,280

HONEST EXPEDITORS LIMITED

PROJECTED INCOME STATEMENT - For the Year 2026 - 2028

Particulars	REF	Projected A/c	Projected A/c	Projected A/c	Projected A/c	Projected A/c
		Jan-Dec 2026	Jan-Dec 2027	Jan-Dec 2028	Jan-Dec 2029	Jan-Dec 2030
		Tsh'000	Tsh'000	Tsh'000	Tsh'000	Tsh'000
		31.12.2026	31.12.2027	31.12.2028	31.12.2029	31.12.2030
Revenue	A	12,822,750	27,038,340	29,810,025	30,783,506	31,048,500
Cost of Sales	B	7,675,101	15,506,127	17,183,642	17,373,995	17,869,950
Gross Profit		5,147,649	11,532,213	12,626,383	13,409,511	13,178,550
Operating Expenses	C	5,014,354	10,371,968	10,512,711	10,224,491	9,943,603
EARNING BEFORE TAX		133,294	1,160,245	2,113,672	3,185,020	3,234,947

A) REVENUE

Income from Transit Business Transport		9,810,000	20,601,000	23,206,838	23,323,781	24,018,750
Income from Return Cargo Business Operations		3,012,750	6,437,340	6,603,188	7,459,725	7,029,750
TOTAL		12,822,750	27,038,340	29,810,025	30,783,506	31,048,500

B) COST OF SALES (Direct Expenses)

TRUCK FUEL		3,021,480	6,633,522	7,423,776	7,614,130	8,011,500
TRANSPORT COST (Driver Allowance, Road Toll Etc)		2,841,300	1,323,000	1,455,300	1,455,300	1,470,000
TRUCK REPAIR MAINT.		810,000	4,643,730	5,108,103	5,108,103	5,159,700
PORT & WHARFAGE		573,750	1,701,000	1,871,100	1,871,100	1,890,000
BOND & OTHER INSURANCE		428,571	1,204,875	1,325,363	1,325,363	1,338,750
TOTAL		7,675,101	15,506,127	17,183,642	17,373,995	17,869,950

C) OPERATING EXPENSES

BANK CHARGES AND INTEREST		794,344	1,662,635	1,507,583	1,049,583	591,583
PRINTING AND STATIONERY		128,453	161,337	170,372	179,913	189,988
STAFF COST		288,000	1,082,400	1,260,996	1,342,961	1,430,253
DEPRECIATION ON FA		2,948,708	5,724,958	5,724,958	5,724,958	5,724,958
CONVEYANCE EXP AND PARKING FEE		20,408	41,296	43,505	44,527	45,574
LICENCE, MEMBERSHIP FEE		89,855	182,630	192,218	198,465	204,916
INSURANCE & MOTOR VEH INSURANCE		225,000	450,000	475,020	491,931	509,443
FUEL EXPENSES		96,380	199,073	216,094	230,248	245,329
OFFICE EXPENSES		26,265	54,236	57,762	61,516	65,515
CITY SERVICE LEVY		38,468	81,115	89,430	92,351	93,146
REPAIRS & MAINTAINANCE		91,837	185,970	196,198	201,103	206,131
COMPUTER AND IT EXP		59,154	122,153	130,093	138,549	147,555
NETWORK AGENCY FEE		96,126	195,615	206,374	213,597	221,073
TELEPHONE AND INTERNET EXP		38,687	79,138	84,330	88,175	92,196
TRANSPORT & TRAVELLING EXP		72,671	149,412	157,779	166,614	175,945
TOTAL		5,014,354	10,371,968	10,512,711	10,224,491	9,943,603