

# **AFRISTAR LOGISTICS LIMITED**

Business Plan

for

Establishment and Operating Cargo

Transportation Project

*PREPARED FOR*

*AFRISTAR LOGISTICS LIMITED*

## 1.0 Executive Summary

AFRISTAR LOGISTICS LIMITED is a company registered in the country under the Companies Act, Cap. 212 (No. 12 of 2002) which is administered by the Business Registrations and Licensing Agency (BRELA) with Certificate of Change of Name No. 156895393 dated 8<sup>th</sup> January, 2025

The project involves establishing a professional petroleum logistics company operating 70 dry and wet cargo trucks for transportation.

The company will provide:

- Bulk fuel haulage
- Cross-border petroleum transport
- Oil marketing company (OMC) logistics contracts
- Emergency fuel supply services
- Storage-to-station distribution
- Cement
- Fertilizer
- Containers
- Mining inputs
- Agricultural commodities
- Consumer goods

The company will operate along major corridors:

- Central Corridor (Dar–Dodoma–Mwanza–Rwanda/Burundi)
- Dar–Zambia corridor
- Dar–DRC corridor
- Tanga & Mtwara regional routes

Key logistics hubs include:

- Dar es Salaam Port
- Isaka Inland Container Depot
- Tunduma Border Post
- Rusumo Border Post

## 2.0 Business Description

### 2.1 Vision

To become a leading integrated transport and logistics service provider in East and Central Africa.

### 2.2 Mission

To deliver safe, reliable, and cost-efficient multimodal cargo transport services using a diversified fleet and digital fleet management.

### 2.3 Core services

- Fuel and liquid bulk transport

- Container transport
- General cargo transport
- Cross-border logistics
- Mining logistics
- Agricultural commodity haulage
- Contract fleet outsourcing

#### 2.4 Company Ownership

AFRISTAR LOGISTICS LIMITED is promoted by local investors who are very experienced in the industry

Shareholder Name	% of ownership	Nationality
Sultan Abdallah Said	90	Tanzania
Farida Salumu Nassoro	10	Tanzania

#### 2.5 Project Location

The project head office will be located at Kurasin-TEC, Mariam Hauliers, Temeke District, Dar es Salaam Region

#### 3.0 Industry Overview

The Tanzanian logistics sector is expanding due to:

- Port expansion and cargo growth
- Mining and construction boom
- Regional transit trade growth
- Industrialization agenda

Regulators include:

- Tanzania Ports Authority
- Surface and Marine Transport Regulatory Authority
- Energy and Water Utilities Regulatory Authority

#### 4.0 Market Analysis

##### Target clients

- Oil marketing companies
- Cement manufacturers
- Fertilizer importers
- Mining companies
- FMCG distributors
- Container freight forwarders
- Government projects

#### 4.1 Market demand drivers

- Transit cargo growth from Dar port
- Mining expansion in Tanzania & DRC
- Agricultural commercialization
- Infrastructure projects

## 5.0 Fleet Plan (100 trucks)

Category	Units
Dry cargo	50
Wet cargo	20
TOTAL	70

## 6.0 Operations Plan

Head office

Dar es Salaam

Satellite yards

- Dodoma
- Mwanza
- Mbeya
- Kigoma

### 6.1 Operational flow

- Customer booking
- Dispatch allocation
- Cargo pickup
- GPS monitoring
- Delivery confirmation
- Billing

### 6.2 Technology

- Fleet management system
- Driver performance analytics
- Electronic delivery system
- Maintenance management system

### 6.3 Licensing & Compliance

- Transport business license
- EWURA permit (for wet cargo)
- Hazardous goods permit
- Cross-border permits
- Vehicle registration & insurance
- Driver professional certification

### 7.0 Organization Structure

- CEO
- Operations Director
- Fleet Manager
- Safety & Compliance Manager
- Commercial Manager
- Finance Manager
- Workshop Manager
- Dispatch team

Staff: 80 employees

### 8.0 Risk Analysis

#### 8.1 Operational

- Road accidents
- Cargo theft
- Breakdown

- Driver shortages

## 8.2 Market

- Competition
- Freight rate pressure
- Border delays

## 8.3 Mitigation

- Telematics
- Insurance
- Driver retention programs
- Route diversification
- Preventive maintenance

## 9.0 Implementation Timeline

<b>Phase</b>	<b>Duration</b>
Financing	3 months
Procurement	5 months
Licensing	2 months
Recruitment	2 months
Pilot operations	1 month
Full operation	Month 10

## 10.0 Project Financing

The company has estimated that the project will be financed by long term loan amounting to US\$2,000,000 with interest rate of 9% repaid within 5 years and remaining US\$1,500,000 will be shareholders contribution and cashflows generated from business.

## 10.1 Project Cost

The project has budgeted to cost the followings:

Land and Buildings	200,000
Machinery & Equipment	200,000
Motor Vehicles	2,200,000
Furniture & Fixtures	2,500
Pre exp	5,000
Others	2,500
Working Capital	890,000
<b>TOTAL</b>	<b>3,500,000</b>

## 10.2 Project Operating Cost

The company has estimated that the project operating cost and other cost to be 65% of the total annual revenue.

	1	2	3	4	5	6	7	8
<b>Total Cost</b>	2,912,000	3,057,600	3,210,480	3,371,004	3,539,554	3,716,532	3,902,359	4,097,476

### 10.3 Project Revenue

The company has estimated that the project revenue in first year to be US\$ 4,480,000 increasing by 5% annually.

	1	2	3	4	5	6	7	8
Revenue	4,480,000	4,704,000	4,939,200	5,186,160	5,445,468	5,717,741	6,003,628	6,303,810

### 11.0 Financial Aspects for The Project

- **Projected Profit and Loss Statement**

The attached Appendix I shows the projected income for the 8years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. **US\$ 827,225** in the 1<sup>st</sup> year to **US\$ 8,781,327** in the 8<sup>th</sup> year.

- **Projected Cash Flows**

The project's cash flows are shown in Appendix II. They depict a good liquid position right from the first year. Cash accumulation builds up from **US\$ 1,219,400** in the first year to **US\$ 11,215,502** at the end of 8<sup>th</sup> years of the project's operations.

- **Projected Balance Sheet**

The project's assets cash flows are shown in Appendix III. Owners' equity grows from **US\$1,500,000** in the first year to **US\$ 10,281,327** at the end of 8<sup>th</sup> years of the project's operations based

- **Payback Period**

Total investment is **US\$ 3,500,000** cash accumulation in 3<sup>rd</sup> year **US\$ 3,796,784 which** is more than the initial investment.

The project payback Period is exactly within 3years. The project has a relatively short payback period.

- **Loan repayment**

Total investment loan is **US\$2,000,000** to be repaid within 5 years with interest of 9% annual.

## 12.0 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.

- **Employment Opportunities**

Employment and poverty reduction are among the major concern of the Central and the Local Government authorities. It is gratifying to note that the company, is going to provide additional employment to 80 people. This is a significant contribution coming from investors.

- **Revenue to the Government**

The Project is expected to pay a substantial annual amount in the form of corporation tax and other taxes

- **Foreign Exchange Earning**

Project is planning to export to neighbouring countries the project will thus earn foreign currency for the United Republic of Tanzania.

### 13.0 Conclusion

- The project is profitable and contributes to government revenue by way of taxes.
- The project provides employment to 80 people.
- The project is an encouraging sign to prove that we have good business environments and we have investors who have confidence in their country. Tanzania so much so that they are ready to invest such large sums of investment despite the odds of the sector in question.

### 14.0 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 TISEZA. The project deserves this support because of its viability, since it is technical feasible, economically viable and socially acceptable.

APPENDIX I

AFRISTAR LOGISTICS LIMITED PROFIT AND LOSS STATEMENT US\$

	1	2	3	4	5	6	7	8
Revenue	4,480,000	4,704,000	4,939,200	5,186,160	5,445,468	5,717,741	6,003,628	6,303,810
Total Cost	2,912,000	3,057,600	3,210,480	3,371,004	3,539,554	3,716,532	3,902,359	4,097,476
Profit before Depreciation & Interest	1,568,000	1,646,400	1,728,720	1,815,156	1,905,914	2,001,209	2,101,270	2,206,333
Interest	160,000	128,000	96,000	64,000	32,000	-	-	-
Depreciation	246,000	246,000	246,000	246,000	246,000	246,000	246,000	246,000
Gross Profit	1,162,000	1,272,400	1,386,720	1,505,156	1,627,914	1,755,209	1,855,270	1,960,333
Tax (30%)	348,600	381,720	416,016	451,547	488,374	526,563	556,581	588,100
Profit After Tax	813,400	890,680	970,704	1,053,609	1,139,540	1,228,647	1,298,689	1,372,233
Accumulated Profit	827,225	1,717,905	2,688,609	3,742,218	4,881,758	6,110,405	7,409,093	8,781,327

## AFRISTAR LOGISTICS LIMITED PROJECTED CASH FLOWS US\$

<b>SOURCES:</b>		1	2	3	4	5	6	7	8
Profit before interest and depreciation	-	1,568,000	1,646,400	1,728,720	1,815,156	1,905,914	2,001,209	2,101,270	2,206,333
Equity	1,500,000								
Loan	2,000,000								
<b>Total Sources</b>	3,500,000	1,568,000	1,646,400	1,728,720	1,815,156	1,905,914	2,001,209	<b>2,101,270</b>	<b>2,206,333</b>
<b>Applications:</b>									
Capital expenditure	2,800,000	-	-	-	-	-			
working Capital & Others	700,000								
Cash	-	1,219,400	1,264,680	1,312,704	1,363,609	1,417,540	1,474,647	1,544,689	1,618,233
Tax	-	348,600	381,720	416,016	451,547	488,374	526,563	556,581	588,100
<b>Sub total</b>	3,500,000	1,568,000	1,646,400	1,728,720	1,815,156	1,905,914	2,001,209	<b>2,101,270</b>	<b>2,206,333</b>
<b>Total applications</b>	3,500,000	1,568,000	1,646,400	1,728,720	1,815,156	1,905,914	2,001,209	<b>2,101,270</b>	<b>2,206,333</b>
Accumulated cash		1,219,400	2,484,080	3,796,784	5,160,393	6,577,933	8,052,580	9,597,268	11,215,502

## AFRISTAR LOGISTICS LIMITED PROJECTED BALANCE SHEET US\$

		1	2	3	4	5	6	7	8
<b>Fixed Assets</b>									
Opening balance	-	2,800,000	2,554,000	2,327,750	2,101,500	1,875,250	1,649,000	1,422,750	1,196,500
Additions	-						-	-	-
Total Long-term Assets	-	2,800,000	2,554,000	2,327,750	2,101,500	1,875,250	1,649,000	1,422,750	1,196,500
Less depreciation	-	246,000	246,000	246,000	246,000	246,000	246,000	246,000	246,000
Closing balance	-	2,554,000	2,308,000	2,081,750	1,855,500	1,629,250	1,403,000	1,176,750	950,500
Working capital	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Accumulated cash	-	1,219,400	2,484,080	3,796,784	5,160,393	6,577,933	8,052,580	9,597,268	11,215,502
Total assets	700,000	4,473,400	5,492,080	6,578,534	7,715,893	8,907,183			
Financed by									
Equity	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Accumulated profit	-	827,225	1,717,905	2,688,609	3,742,218	4,881,758	6,110,405	7,409,093	8,781,327
Total equity	1,500,000	2,327,225	3,217,905	4,188,609	5,242,218	6,381,758	7,610,405	8,909,093	10,281,327
Long term loan	2,000,000	1,600,000	1,200,000	800,000	400,000	-	-	-	-
Bank overdraft	-	-	-	-	-	-			
Total debts	2,000,000	1,600,000	1,200,000	800,000	400,000	-			
Total equity and debts	3,500,000	3,927,225	4,417,905	4,988,609	5,642,218	6,381,758	7,610,405	8,909,093	10,281,327

## AFRISTAR LOGISTICS LIMITED DEPRECIATION SCHEDULE US\$

NAME OF ASSETS	1	2	3	4	5	6	7	8
Land And Buildings	200,000	196,000	192,000	188,000	184,000	180,000	176,000	172,000
Machinery, Tools & Equipment	200,000	198,000	196,000	194,000	192,000	190,000	188,000	186,000
Motor Vehicles	2,200,000	1,980,000	1,760,000	1,540,000	1,320,000	1,100,000	880,000	660,000
Furniture & Fixtures	200,000	180,000	160,000	140,000	120,000	100,000	80,000	60,000
Total	2,800,000	2,554,000	2,308,000	2,062,000	1,816,000	1,570,000	1,324,000	1,078,000
DEPRECIATION	160000	2	3	4	5	6	7	8
Land and buildings	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Machinery tools & Equipment	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Motor Vehicles	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000
Furniture & Fixtures	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
ANNUAL DEPRECIATION	246,000	246,000	246,000	246,000	246,000	246,000	246,000	246,000

## AFRISTAR LOGISTICS LIMITED PROJECTED LONG TERM LOAN REPAYMENT

Year	Principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
1	400,000	160,000.00	560,000.00	2,000,000.00
2	400,000	128,000.00	528,000.00	1,600,000.00
3	400,000	96,000.00	496,000.00	1,200,000.00
4	400,000	64,000.00	464,000.00	800,000.00
5	400,000	32,000.00	432,000.00	400,000.00

