

TOSHA TRANSPORT LIMITED

PROJECT DOCUMENT

ON

ESTABLISHMENT

OF

CARGO TRANSPORTATION PROJECT

Prepared By:

TOSHA TRANSPORT LIMITED

P.O BOX 14300,

DAR ES SALAAM.

1.0 EXECUTIVE SUMMARY

1.1 Company Background

TOSHA TRANSPORT LIMITED is a private limited liability company, established in 10TH September, 2018 under certificate of incorporation No: 137600862 it is licensed to carry out a variety of businesses, ranging from transportation sector, spare parts and car dealers and management to clearing and forwarding. The company has its headquarters based in Dar es Salaam.

1.2 The Project

This project envisages to start cargo transportation business. The company intends to acquire about 30 trucks with trailers (semi/pull type), pick-ups and related handling service facilities.

1.3 The Market

Analysis of the demand of transit cargo and supply of trucks / trailers has revealed that there is an excess demand on transportation sector and therefore a company purchasing a fleet of about 30 new trucks / trailers will facilitate movement of transit cargo by road system to and from landlocked neighboring countries of Burundi, Rwanda, Uganda, Congo, Malawi, and Zambia.

2.0 INVESTMENT COSTS

The project cost is estimated at US\$1,000,000 which will be contributed by the sponsors.

2.1 Investment Cost

US\$

	LOCAL	FOREIGN	TOTAL
Land & Building	50,000		50,000
Motor vehicles	800,000		800,000
Furniture and fixture	50,000		50,000
Others	100,000		100,000
Total	1,000,000		1,000,000

2.2 Financing Plan

The promoters propose to finance the above investment costs in the following manner:

SOURCE	US\$
Equity	1,000,000
Sub total	1,000,000

3.0 INTRODUCTION

3.1 Background

TOSHA TRANSPORT LIMITED intends to establish transport fleet system. Among other things this involves acquisition of cargo haulage trucks with trailers, establishing workshops and terminal comprising of container yard, truck parking places.

3.2 The Company, **TOSHA TRANSPORT LIMITED** is a private liability company engaged in the transportation business. The company was incorporated on 10TH September, 2018 under Certificate of Incorporation No:137600862.

The shareholding structure of the Company is as follows:

NAME AND ADDRESS OF SHAREHOLDERS	NATIONALITY	SHAREHOLDING STRUCTURE
Mahad Abdulahi Nur P.O.Box 14300 DAR ES SALAAM	Tanzanian	5,500 (55%)
Khadar Hersi Hussein P.O.Box 14300 DAR ES SALAAM	British	4,500 (45%)

The shareholders have extensive and long-term exposure to the transport industry.

4.0 THE PROJECT

4.1 Project Concept

The project envisages establishing a trucking company to deal with transportation of transit cargo to and from neighboring countries among other things, the project components include.

- Purchasing the number of cargo haulage trucks/ trailers. This involves acquiring 30 trucks and 30 trailers.
- Acquiring 4WD patrol vehicles to assist in highway patrol's and maintenance services.
- Purchase of machinery and equipment / tools such as cranes, forklifts and repair equipment to enhance smooth operation of its transport fleet.
- Purchase new office furniture, fittings computers and telecommunication system.

4.2 Location

The company headquarters is based in Dar es salaam

TOSHA TRANSPORT LIMITED

P.O Box 14300

Dar es salaam.

It is situated at Plot No: 38, Buza Area, Temeke, Dar es salaam.

4.3 Trucks and Trailers Requirement

The company proposes to acquire 30 new trucks and 30 trailers that will have average load carrying capacity of 30 tons per truck/ trailers. The trucks will operate from Tanzania and therefore follow Tanzania highway codes pertaining to maximum load factor per axle depending on the configuration. The total loading capacity for the 30 trucks inclusive of trailers at 100% load factor is approximately 14,400 tons per annum.

4.4 Other Equipment

The following equipment is to be acquired as part of the project to enhance efficient operations:

		Quantity
i)	Handling Equipment Crane 30 tons capacity Fork lift 10 tons capacity	1 unit 1 unit
ii)	Workshop Equipment and Tools	2 sets
iii)	Mechanics Equipment Hand Tools Battery charger 12/240V Welding machine 3 phase Compressor 500 litre capacity Acetylene gas tanks 2.8t Capacity Oxygen Gas tanks 2.8t capacity	Sets 1 unit 1 unit 1 unit 4 unit 4 unit
iv)	Communication equipment GPS system for 30 trucks Radio call for 30 trucks	
v)	Office Equipment Furniture, air conditioners, computers, fuel installation, generation	

5.0 THE MARKET ANALYSIS

5.1 Demand for Trucking Facilities

Trend of Imports and Exports

The demand for transit transport facilities is made up of neighboring countries imports and exports passing mainly through Dar es salaam, which is the major port for international traffic.

Main commodities being transported comprise consumer goods, agricultural inputs, food vegetable oil, gas oil and various types of minerals. Cargo transported by Road accounts for a substantial share of between 80% of the transport facilities utilized.

5.2 Future Prospects:

On the strength of the following positive business environmental factors/economic indicators, there are good prospects for the sizes of both transit and local cargo to rise.

5.3 Major Transit Point for road Transportation

Main transit point on Tanzania boarder with neighboring countries includes:-

Country	Boarder point
Kenya	- Namanga & Sirari
Burundi	- Kabanga
Rwanda	- Rusumo
Malawi	- Kasumulu
Uyole - Ibanda	
Zambia	- Tunduma

International Destination Points

International destination points for the trucking companies carrying transit cargo to the neighboring countries include:

Country	Destination / Town	Distance from DSM (in kms)
Zambia	Lusaka	1988
Burundi	Bujumbura via Kigali	1728
Rwanda	Kigali	1508
Uganda	Kampala	1771
Congo	Lubumbashi - Bukuvi	2051
Malawi	Lilongwe	1654
	Mbeya - Lilongwe	853

Competition:

TOSHA TRANSPORT LIMITED with 30 new trucks / trailers is therefore poised to emerge as one of the major transporter of transit cargo in Tanzania with no serious competition since demand for road

transport is already higher than supply of trucks for transport for transit cargo.

A range of freight rate is between US\$ 5,000 per container for containerized cargo and for loose cargo is between US\$200 and US\$400 per ton. However, in the financial projections contained in this report a freight rate of US\$ 4,500 per ton has been used.

6.0 PROJECT IMPLEMENTATION SCHEDULE

The critical activities are securing finance to purchase or acquiring transport trucks / trailers.

6.1 MANAGEMENT AND ORGANISATION STRUCTURE

6.1.1 Organization

TOSHA TRANSPORT LIMITED is organized directly under the shareholders, who form part of Board of Directors.

The Managing Director appointed by the Board of Directors is the overall in charge of day -to -day operations of the Company. The following heads of sections - the Manager of Operations, Administrative officer, financial Controller, Chief Mechanics, Container Terminal Manager and Senior Logistics Officer, assists him.

6.1.2 Manpower Requirements

To improve its transport system, the company expects to employ 50 people. Out of these 60 will be truck drivers and turn boys. Therefore, under the proposed programme will have a total workforce of 70.

Recruitment and Training

The company will use the same criteria in recruiting the additional truck drivers and turn boys. All are expected to have strong background in transportation. All the new employees are expected to receive on -the- job training.

7.0 FINANCIAL ANALYSIS

7.1 Revenue Assumptions

The basic revenue underlying the projected revenue is detailed below:

Basic Revenue Assumptions

The project will operate a total fleet of 30 trucks/ trailers with total carrying capacity of 1,200 tons per month.

The entire fleet is deployed to haul mainly international transit cargo only with 60% return cargo.

Due to the long distances involved and condition of roads, the load factor is assumed at 70% only.

Freight rates have been conservatively estimated as US\$ 4,500 per ton.

About 15% of the trucks will be grounded on account of mechanical breakdowns, overhaul, accidents, etc. at any one time i.e. 3 trucks/trailers.

The revenue and operating cost assumptions have been projected at constant prices, it is being assumed that any increase in costs will be offset by a corresponding increase in freight rate.

7.2 Freight Revenue

Based on the above revenue assumptions, the trucks will realize earnings for the company of about US\$ 5.4 million in the first year. This is expected to increase to US\$21.6million in year 4 and onwards.

7.3 Operating Costs and Assumptions

Direct Cost

The major operating costs are estimated to be 60% of the total Revenue.

Projected Profit and Loss Accounts

The accounts clearly demonstrate that the project will be very profitable after acquiring new trucks with pre-tax profits of about 9.0 million from year 3 of operation onwards.

Projected Cash flow

Substantial cash surpluses will accrue to the project right from year 2017 of operation accumulating to over US\$ 23.8 million by the sixth year. The strong liquidity position confirms the project's ability to meet all financial obligations.

Profitability

The projected profitability levels compare well the profit levels being achieved by other transit cargo transporters of a similar scale. The project's long-term retained earnings are considerably high due to the gains from the current establishment.

8.0 PROJECT COST AND FINANCING PLAN

8.1 Estimated Project Cost

The total project cost is estimated as US\$1,000,000. This covers the investments required to cover the Establishing programme. The breakdown of these investments is as outlined below.

	US\$		
	LOCAL	FOREIGN	TOTAL
Land & Building	50,000		50,000
Motor vehicles	800,000		800,000
Furniture and fixture	50,000		50,000
Others	100,000		100,000
Total	1,000,000		1,000,000

8.2 Proposed Financing Plan

It is proposed that the project be financial as follows:-

	US\$
Sponsors equity	1,000,000
Total Financing	1,000,000

9.0 ECONOMIC DEVELOPMENT CONSIDERATIONS

9.1 Employment Creation

The project will create approximately 50 additional jobs with capacity to expand the employment levels in the later years.

9.2 Foreign exchange Earnings

Due to nature transit cargo business all payments are made in foreign currency. This is great contribution to the country in foreign exchange earnings.

10.00 CONCLUSION AND RECOMMENDATION

Analysis of the proposed project indicates that the project is viable. The project will create employment, increase foreign currency earnings, and also financially viable as it will result into a profitable venture. The project is highly economically attractive.