

MARA - NILE GROUP LIMITED

PROJECT DOCUMENT

ON

ESTABLISHMENT

OF

TRANSPORTATION PROJECT

Prepared By:

MARA -NILE GROUP LIMITED

P.O.BOX 20831

DAR-ES -Salaam

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1.0 EXECUTIVE SUMMARY

1.1 Company Background

M/S Mara -Nile Group is limited liability company, incorporated in Tanzania under the Companies Act, 2002 under Certificate of Incorporation no: 156622648 dated 27th day of June 2022. It is licensed to carry out a variety of businesses including transportation of various cargo, manufacturing and management to clearing and forwarding. M/S Mara -Nile Group has varieties of projects and it is now intending to establish a large size trucking company mainly catering for transit liquid, cargoes from its various manufacturing plants and hard cargo of landlocked neighboring countries and the countries south of Tanzania. The company has its headquarters based in Kibaha, Coast region.

1.2 The Project

This project envisages acquiring transport fleet of 50 trucks and trailers. It will also establish supporting facilities in order to be more competitive both in the local, south and East African market. The company Intends to acquire, flatbeds, tankers, pick-ups and related handling service facilities. The company's competitive advantage is the experience gained over the years and the standing arrangements it has with international companies and agencies for providing bulk of cargo destined for the neighbouring countries.

1.3 The Market

Analysis of the demand of transit cargo and supply of trucks/trailers has revealed that there is a need to embark on the acquiring of 50 new trucks/trailers to facilitate movement on the company's own liquid product, and transit cargo by road system to and from landlocked neighbouring countries of Burundi, Rwanda, Uganda, Congo, Malawi and Zambia and other part of the southern Africa. In addition, the current shortage of wagons and locomotives in Tanzania Railways Corporation (TRC), the problem of TAZARA in the turnaround of wagons from

Zambia and the current construction of the standard gauge railway have created increase in demand for road transportation of transit cargo.

1.4 Investment Costs

The project cost is estimated at US\$ **2,570,000** which will be contributed by the sponsors. The Company will decide to look for the loan if a need arises.

INVESTMENT COST

US\$

	LOCAL	TOTAL
Land & Building	200,000	200,000
Motor vehicle	2,000,000	2,000,000
Workshop equipment's	100,000	100,000
Furniture and fixture	50,000	50,000
Pre-operation & Expenses	20,000	20,000
Others	100,000	100,000
Working capital	100,000	100,000
Total	2,570,000	2,570,000

1.5 Financing Plan

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

SOURCE	US \$
Equity	2,570,000
Sub total	2,570,000

The working capital of US\$ 100,000 is to be financed through shareholders equity contribution.

1.6 Financial Profitability

Based on a set of assumptions given here in the project, it demonstrates a profitable trend in its future operations. The project's Income Statement and Cash Flow indicate that M/S Mara -Nile Group Limited Transportation project would be able to recoup the planned investment funds for its investment programme. This indicates that the project is financially and economically viable.

1.7 The Implementation Plan:

It is planned that the project will be implemented in phases and it will take up to three years to be fully completed. The Phases will involve the buying of trucks as and when the business improves. Mara -Nile Group Limited shall appoint a team comprising of a competent employees in order to achieve the set implementation in time.

1.8 Developmental Linkages:

Upon completion of the Implementation programme of the Transportation company will be capable of creating the following:

- ◆ The Tanzania transport sector plays a crucial role in the growth of the Tanzanian economy; it facilitates domestic and international trade, contributes to national integration, and provides access to jobs, health, education and other essential facilities.
- ◆ Generating foreign exchange through transits goods
- ◆ Create employment for the local indigenous people of about 70 people;
- ◆ Promote inter-regional trade through transporting various cargo to neighboring Democratic Republic of Congo, Uganda and Burundi just to mention a few.
- ◆ Enable the creation of forward linkages between production and distribution sector.

2.0 INTRODUCTION

2.1 Background

Mara -Nile Group Limited intends to acquire 50 trucks of various types. Among other things this involves acquisition of cargo haulage trucks with Trailers and Tanks. The company will also construct a workshop and terminal comprising of container yard, truck parking places, go down and offices. The technical appraisal of the project has been prepared in a view to assessing the project's viability and to be used to obtain certificate of incentives. The appraisal will indicate the project's transport system and the infrastructure; establish projects costs estimates. Other issues include the management, infrastructure, developments, market and cargo haulage trend both inland and transit, price trends, capital and operating costs.

2.2 The Company and Sponsors

2.2.1 The Company

Mara -Nile Group Limited is a private liability company engaged in various projects including the transportation business. The shareholders have extensive and long-term exposure in various businesses among which is transportation through his involvement in transporting cargo to landlocked countries. The company is having certificate of incorporation **156622648 dated 27th day of June 2022** with the following shareholders.

Sr. No	Name of the Shareholders	Holding %
1	Pravinchandra Vithaldas Shah	51
2	Magan Meghji Patel	49
		100

3.0 THE PROJECT

3.1 Project Concept

The project intends to acquire 50 trucks of various types. Among other things this involves acquisition of cargo haulage trucks with trailers and tanks. The company will also construct a workshop and terminal comprising of container yard, truck parking places, godown and offices therefore in summary, the project components include.

- Purchasing of cargo haulage trucks/trailers. This involves acquiring 50 cargo haulage trucks with trailers, and tankers. In addition, it will also acquire 4WD patrol vehicles to assist in highway patrols and maintenance services.
- Purchase of machinery and equipment/tools such as cranes, forklifts and repair equipment to enhance smooth operation of its transport fleet. Acquiring office furniture, fittings, computers and telecommunication system. This includes all trucks and patrol vans to be fitted with HF Radio system connected to the base station.
- It will construct workshops, office and container yards. Parking of trucks/trailers and storage of containers, etc.

At present there is a huge demand of trucks for the cargoes from the port and also from its own manufacturing plants and does not suffice to handle available transit and inland cargo. Therefore, the trucks/trailers are intended partly to alleviate this problem.

3.2 Location

M/S Mara -Nile Group Limited has identified land in Tanzania at Kibaha District, Coast Region. This piece of land is considered as being ideal for the establishment of sugar by -Products manufacturing factory. The integrated Agro-processing facility will be located in Coast Region, Kibaha District. *Mlandizi Ward, 117 Kikongo near Lupunga Primary School*

3.3 The Trucks, Trailers and Tankers requirements

The company proposes to acquire a total of 50 trucks which will comprise of Tractors, tankers and trailers, to 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. The total loading capacity for the 50 trucks inclusive of trailers at 100% load factor is approximately 5,000 Tons.

3.4 Other Equipment

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

	Handling Equipment	Quantity
i)	Crane 30 tons capacity& Fork lift 10 tons capacity	1 unit 2 unit
ii)	Workshop equipment and Tools	2 sets
iii)	Mechanics Equipment	
	Hand Tools	Sets
	Battery charger 12/240v	1 unit
	Welding machine 3 phase	1 unit
	Compressor 500 litre capacity	1 unit
	Acetylene gas tanks 2.8t capacity	4 unit
	Oxygen Gas tanks 2.8t capacity	4 unit
iv)	Communication equipment	
	GPS system for 50 trucks	
	Radio call for 50 trucks	

v) **Office Equipment**

Furniture, air conditioners, computers, fuel installations, generators

vi) **Service Vehicles**

In order to strengthen monitoring performance and maintenance of transport fleet the company requires:

2,4WD Pick up – for highway patrol

4.0 INFRASTRUCTURE DEVELOPMENT IN TANZANIA

Transport in Tanzania includes road, rail, air and maritime networks. The road network is 86,472 kilometres (53,731 mi) long, of which 12,786 kilometres (7,945 mi) is classified as trunk road and 21,105 kilometres (13,114 mi) as regional road. The rail network consists of 3,682 kilometres (2,288 mi) of track.

Currently, the road network accounts for about 70 percent of internal freight traffic and contributes 5 percent of the total GDP. Road transport is the most widely used form of transport in Tanzania, carrying over 90% of the passengers and 75% of the freight traffic in the country. The major advantage of road transport is that it can enable door-to-door delivery of goods and materials and can provide a very cost-effective means of cartage, loading and unloading

As of to date the Government is continuing implementing construction of roads including the upgrading of a 144km road section connecting Dar es salaam to Chalinze. It will include the construction of a six-lane expressway for the first 50km from Dar es salaam, reducing to a four-lane expressway for the remaining way to Chalinze. The project also includes the construction of eight interchanges, seven toll plazas, weighbridges as well as a number of bridges as depicted, service roads, amenities for road users, and the installation of toll gates, traffic signals and information boards. The rehabilitation of the road system should greatly ease the transport problems in the country and facilitate road transportation of transit cargo to neighbouring countries. With the above upgrades the project will run smoothly as there will be reduction of wear and tear on his trucks.

5.0 THE MARKET ANALYSIS

5.1 Demand for Trucking Facilities

The demand for transport facilities is made up the activities with the country , neighbouring countries imports and exports passing mainly through Dar es Salaam, which is the major port for international traffic. Tanzania imports are mostly transport equipment, machinery, constructions materials, oil, fertilizers, industrial raw materials and consumer goods. Main imports partners are: China, India, South Africa, Kenya and United Arab Emirates.

Transits bound cargo to Tanzania's neighboring landlocked countries increased by more than 60% in 2019 as compared to 2016. The growth has been driven by significant increases in commodity prices such as copper pushing growth for exports and imports, overall economic growth in the landlocked countries resulting in more imports, and the removal of VAT on transit cargo ancillary services by the Government of Tanzania. Tanzania largest container terminal, Tanzania International Container Terminal Services (TICTS), has handled a record annual throughput of 501,690 TEUS cargo units in 2017. (Source: *Internat&Tanzainvest*)

5.2 Local Demand for Trucking Facilities

Importance of Road Transport

Over 75% percent of the country's freight movement (1.75 billion ton-km) is by road transport. It is further estimated that 80 to 70 percent of the bulk of agricultural crops is handled through road transport system. 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.

Increased Port performance/efficiency

The increased efficiency of Dar port has been able to increase the number of ship calls involving mainly deep-sea ship at the port of Dar es Salaam. A rise in

the number of ship calls is bound to push up the volume of cargo handled which in turn requires more transshipment which in turn requires more tranship facilities inclusive of trucking facilities.

5.3 Supply of Trucking Facilities

5.3.1 Supply of Road Transport

The current traffic growth rate is 6-7%. Road transport accounts for 75% of total freight volume and 90 % of passenger transport. There are about more than 2000 trucks registered in Tanzania. The survey showed that most of the trucks were rather old and unreliable and needed to be urgently replaced. Each truck on average makes 1½ return trip to neighbouring countries per month. Assuming a load factor of 70% and that 50% of the trucks carry a return cargo, the existing fleet is able to carry about 201,600 tons per annum which represents 42.8% of estimated annual demand for road transport of transit cargo.

5.4 Competition

Leading clearing and forwarding companies prefer to give business to transporters with sizeable own fleet of reliable trucks/trailers. MARA -NILE GROUP LIMITED with 50 new trucks/trailers is therefore poised to emerge as one of the major transporters of transit cargo in Tanzania with no serious competition since demand for road transport is already higher than supply of trucks for transit cargo. In addition. MARA -NILE GROUP LIMITED will be looking for the lucrative business in neighbouring countries and will utilise the trucks to carry most products from their other companies .

6.0 PROJECT IMPLEMENTATION SCHEDULE

The critical activities are securing finance to purchase or acquiring more transport trucks/trailers and port clearance formalities

7.0 MANAGEMENT AND ORGANISATION STRUCTURE

7.1 Organisation Structure

MARA -NILE GROUP LIMITED is organised directly under the Shareholders, who form part of Board of Directors. The Board of Directors is responsible in formulating policies, rules, regulations and planning aspects to ensure that transport system and the related activities meet the requirements the company and that it is operating on profitable basis. The company will have two directors who will be reporting to the Chairman and Board of Directors through the Managing Director (MD) on targets and performance of the company in their respective sections. One of the Directors deals in sales and marketing and the other one involved in operations and logistics. The Managing Director will be appointed by the Board of Directors will be the overall in charge of day-to-day operations of the Company.

7.2 Manpower Requirements

To improve its transport system the company expects to employ staff of 70 people. There will be truck drivers and turn boys and the administrative staffs.

7.3 Recruitment and Training

The company will recruit truck drivers and turn boys. All are expected to have strong background in transportation. Other news staff especially in the Operation Department is also expected to have some knowledge in transportation sector. However, all the new employees are expected to receive on-the-job training.

8.0 FINANCIAL ANALYSIS

8.1 Estimated Project Cost

The total project cost is estimated as **USD 2,570,000**. The breakdown of these investments are as outlined below.

	LOCAL	TOTAL
Land & Building	200,000	200,000
Motor vehicle	2,000,000	2,000,000
Workshop equipment's	100,000	100,000
Furniture and fixture	50,000	50,000
Pre-operation & Expenses	20,000	20,000
Others	100,000	100,000
Working capital	100,000	100,000
Total	2,570,000	2,570,000

8.2 Proposed Financing Plan

It is proposed that the project be financed as follows:

	US\$'000
Sponsors equity	2,570,000
Total Financing	2,570,000

8.3 Revenue Assumptions

The basic revenue underlying the projected revenue are detailed below:

8.4 Basic Revenue Assumptions

- 1) The project will operate extra total fleet of 50trucks/trailers of various type with total carrying capacity of 12,000Tons P.A

- 2) The entire fleet is deployed to haul mainly international transit cargo only with 59% return cargo.
- 3) Due to the long distances involved and condition of roads, the load factor is assumed at 70% only.
- 4) Freight rates have been conservatively estimated at **US\$ 5000** per trip.
- 5) The operating costs has been estimated to be 70% of the total revenue
- 6) The revenue and operating cost assumptions have been projected at constant prices, and it is being assumed that any increase in costs will be offset by a corresponding increase in freight rate.

8.5 Freight Revenue

Based on the above revenue assumptions, the trucks will realise earnings for the company of about US\$ 24.0million in the first year This is expected to increase to US\$ 60.0 million in year 5 onwards.

8.6 Operating Costs and Assumptions

8.6.1 Direct Cost

The major direct operating costs are as follows:

i) Fuel and Lubricants

All the running trucks are diesel propelled. Fuel and lubricants accounts on average about 62% of the total direct cost.

ii) Tyres and Tubes

Periodic replacements of worn-out tyres will be necessary because of the long distances to be covered. We estimate a replacement at the rate of 2 sets of tyres per annum.

iii) Other Direct Cost

Other direct costs the company incurs include drivers/turn boys' allowances, road toll or borders fees, PTA Insurance, loading and offloading costs.

iv) Repairs and Maintenance

The costs of normal repairs and maintenance of the assets has been estimated on the basis of the costs of assets

v) Administrative Overheads

This includes the following items: Road Fines and Penalties, NSSF and pay Advertising, Telephone/Fax/Telex, Furniture and Equipment, Printing, stationery and postage, Auditors & Accountants' Fees, Travelling Expenses, Wages and Salaries, Directors Fees/Board Meetings ,Cars Roll, Levy, VETA, Business Promotion and Pick Ups running expenses, Office repair and other office expenses, Training expenses and Staff Welfare, Miscellaneous Expenses.

8.7 Projected Profit and Loss Accounts

The projected profit and loss accounts are presented in this study. The accounts clearly demonstrates that the project will be very profitable after acquiring trucks with pre-tax profits of about USD 4.6 million from year 1 to USD 12.6 million from year 6 of operation onwards.

8.8 Projected Cashflow

- . The strong liquidity position shown by cash flow projection confirms the project's ability to meet all financial obligations.

9.0 Economic Development Considerations

The Tanzania transport sector plays a crucial role in the growth of the Tanzanian economy; it facilitates domestic and international trade, contributes to national integration, and provides access to jobs, health, education and other essential facilities.

9.1 Employment Creation

The project will create more than 70 jobs with capacity to expand the employment levels in the later years upon expansion.

9.2 Foreign exchange Earnings

Due to the fact that the project will also involve itself in transit cargo business all payments will be made in foreign currency. This is great contribution to the country in foreign exchange earnings.

9.3 Economies of Scale

Profitability is greatly affected by economies of scale. The project will be profitable with subsequent introduction of 50 trucks, improved communication and infrastructure. It will increase profitability dramatically hence guaranteeing higher returns in the long run.

10.0 CONCLUSION

This business plan has attempted to highlight the main elements of the business plan in preparation for an investment decision of a total of **US\$. 2,570,000** is being anticipated pursuant to this report. It is the strong opinion of the Consultants, Directors and management alike that this business is worth serious consideration by TIC; the project is commercially, financially and economically viable.

ANNEXTURE AND APPENDICES

MARA -NILE GROUP LIMITED

Investment Cost

US\$

	LOCAL	TOTAL
Land & Building	200,000	200,000
Motor vehicle	2,000,000	2,000,000
Workshop equipment's	100,000	100,000
Furniture and fixture	50,000	50,000
Pre-operation & Expenses	20,000	20,000
Others	100,000	100,000
Working capital	100,000	100,000
Total	2,570,000	2,570,000

MARA -NILE GROUP LIMITED

PROJECTED CARGO HANDLING AND FREIGHT REVENUE US\$000

Item/year	1	2	3	4	5	6	7	8	9	10
PERCENTAGES	40	50	70	80	90	100				
ACHIEVEABLE CAPACITY										
Number of Trucks										
New Trucks/Trailers	20	25	35	40	45	50	50	50	50	50
Various Cargo Haulage per year in Tonnes	4,800	6000	8,400	9,600	10,800	12,000	12,000	12,000	12,000	12,000
Freight Revenue in us\$000	24,000	30,000	42,000	48,000	54,000	60,000	60,000	60,000	60,000	60,000
Various cargo haulage usd 5000 per trip										
GRAND TOTAL FREIGHT REVENUE in US\$000	24,000	30,000	42,000	48,000	54,000	60,000	60,000	60,000	60,000	60,000

MARA -NILE GROUP LIMITED

PROJECTED DEPRECIATION SCHEDULE

US\$

Item/year	Amount	%	1	2	3	4	5	6	7	8	9	10
Land and Buildings	200,000	5	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Motor Vehicles	2,000,000	25	500,000	500,000	500,000	500,000	-	-	-	-	-	-
Machinery & Equipment	100,000	12.5	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	-	-
Furniture & Fixtures	50,000	12.5	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	-	-
Pre Operational Expenses	20,000	20	4,000	4,000	4,000	4,000	4,000	-	-	-	-	-
TOTAL			532,750	532,750	532,750	532,750	32,750	28,750	28,750	28,750	10,000	10,000

MARA -NILE GROUP LIMITED

PROJECTED INCOME STATEMENT

US\$000

Item/year	1	2	3	4	5	6	7	8	9	10
Sales Revenue	24,000	30,000	42,000	48,000	54,000	60,000	60,000	60,000	60,000	60,000
Cost Of Sales	16,800	21,000	29,400	33,600	37,800	42,000	42,000	42,000	42,000	42,000
Gross Profit	7,200	9000	12,600	14,400	16,200	18,000	18,000	18,000	18,000	18,000
Gross Operating Profit	7,200	9000	12,600	14,400	16,200	18,000	18,000	18,000	18,000	18,000
CAPITAL & FINANCE CHARGES										
Depreciation	534	531	531	531	33	29	29	29	10	10
Sub Total	534	531	531	531	33	29	29	29	10	10
PROFIT BEFORE TAX	6,666	8,469	12,069	13,869	16,167	17,971	17,971	17,971	17,990	17,990
Taxable Income	2000	2541	3,621	4,161	4,850	5,391	5,391	5,391	5397	5397
Corporation Tax at 30%										
PROFIT AFTER TAX	4,666	5,928	8,448	9,708	11,317	12,580	12,580	12,580	12,599	12,599
Profit Brought Forward	4,666	10,594	19,042	28,750	40,067	52,647	65,227	77,807	90,406	103,005

MARA -NILE GROUP LIMITED

PROJECTED CASHFLOWS

US\$ 000

Item/year		1	2	3	4	5	6	7	8	9	10
CAPITAL INFLOW											
Present Equity Capital	2,570-	-	-	-	-	-	-	-	-	-	-
Additional Equity	-	-	-	-	-	-	-	-	-	-	-
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-
Bank Loan	-	-	-	-	-	-	-	-	-	-	-
Sub Total Capital Inflow	2,570	-	-	-	-	-	-	-	-	-	-
OPERATING INFLOW		7,200	9000	12,600	14,400	16,200	18,000	18,000	18,000	18,000	18,000
Profit before tax											
Depreciation											
Sub Total Operating Inflow		7,200	9000	12,600	14,400	16,200	18,000	18,000	18,000	18,000	18,000
TOTAL INFLOW		7,200	9000	12,600	14,400	16,200	18,000	18,000	18,000	18,000	18,000
CAPITAL OUTFLOW											
Investment	2,570	-	-	-	-	-	-	-	-	-	-
Sub Total Capital Outflow	2,570	-	-	-	-	-	-	-	-	-	-
OPERATING OUTFLOW											
Taxation		2000	2541	3,621	4,161	4,850	5,391	5,391	5,391	5397	5397
Sub Total Operating Outflow		2000	2541	3,621	4,161	4,850	5,391	5,391	5,391	5397	5397
TOTAL OUTFLOW	2,570	2000	2541	3,621	4,161	4,850	5,391	5,391	5,391	5397	5397
NET CASHFLOW	-	5200	6459	8,979	10,239	11,350	12,609	12,609	12,609	12,603	12,603

