

TRANSPORTATION PROJECT

ACQUIRING TRUCKS & TRAILERS FOR COMMERCIAL TRANSPORT BUSINESS



Presented to
Tanzania Investment Centre (TIC)
P. O. Box 938, Dar es Salaam



Presented by
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P. O. Box 7283, Dar es Salaam

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1. Introduction

Project Report objective

This study is done with an objective of preparing an **Investment Plan and Detailed Project Report** for M/s Ruvuma Coal Limited, of Plot 2/3, Keko Mwanga, Gerezani, P. O. Box 7283, Dar es Salaam, Tanzania for a project for expansion of their Transportation Business by acquiring Trucks & Trailers at company's coal mines located at Mchuchuma and Ngaka coal fields in Ruhuhu Basin in South of Tanzania.

The management of Ruvuma Coal Limited has decided to implement the whole project in three phases. The implementation shall be done in Thirty-Six months.

The company's objective is to provide efficient dry cargo transportation services to business in and around Tanzania.

Scope of work

The scope of services for the proposed Investment Plan for development of manufacturing unit in Arusha includes:

- Market assessment (current industry status, growth rate, future demand forecast).
- Development program (project configuration, construction plan).
- Civil works (cost of building and civil works).
- Project Cost (Basis, Cost of Land and Building, Cost of Equipment, Furniture & Fixtures, Professional Consultancy Fees and other Pre-operative expenses, Total project cost, and Means of Financing). Financial Statements - Annual Expenses, Sales Revenue, Profit and Loss Statement, Cash Flow Statement, Balance Sheet.
- Conclusions and recommendations.

Approach and methodology

Approach

The overall approach comprised a combination of secondary and primary research. A multi-disciplinary team of appropriate personnel with experience in techno economic studies and market research were deployed for undertaking this assignment.

Methodology

The assignment commenced with a detailed planning for the primary and secondary research. Initially, our team interacted with Ruvuma Coal Limited management & officials to understand the requirements of the study. Later, the team continuously interacted with Ruvuma Coal Limited for

their inputs on the plan of acquiring mining equipment, commercial transport vehicles, overall project cost, financing etc.

➤ Secondary Research

A detailed desk research was undertaken to gain a fair understanding of the global coal mining & consumption, its trends, market size, best practices etc. The sources from which the secondary data was collected included in-house database, internet, and various periodicals. The secondary research was used for planning the primary research for the study and identifying the data to be collected by way of Primary research.

➤ Primary Research

Interview guidelines were developed for the compilation of the necessary information by way of interview.

Data Analysis and Report Preparation

The data obtained from the secondary and primary research has been analysed and incorporated in the report. A worksheet model has been prepared for feasibility calculations.

Report Format

The report is presented in 08 sections.

Section 1 Introduction

This chapter outlines the objectives, scope, approach & methodology for the study.

Section 2 Tanzania's Economic Outlook

This chapter discusses about the demography of Tanzania and the macro-economic developments that are taking place in the Country.

Section 3 Transportation Sector in Tanzania

The chapter presents the details of the trends in the various transportation sub-sectors in Tanzania and what are development trends in them.

Section 4 Genesis & Details of the Project

The chapter discusses the initiation of the project, the stakeholders, location, site details, components of the projects, employment details and other relevant details.

and benefits of the proposed project. This also includes the market for company's products.

Section 5 Project Cost and Means of Finance

The chapter presents the elements of the project cost and discusses the means of financing for the project.

Section 6 Financial Projections

Financial statements including projected income statement, projected cash flow statement and projected balance sheet for the first 06 years of operation are presented in this chapter.

Section 7 Project Benefits to Tanzania

This chapter enumerates how economy and community of Tanzania will be benefited as a result of the proposed project investment.

Section 8 Conclusions and Recommendations

The chapter discusses the conclusions derived from the study and recommendations how to go ahead.

Annexure

Limitations

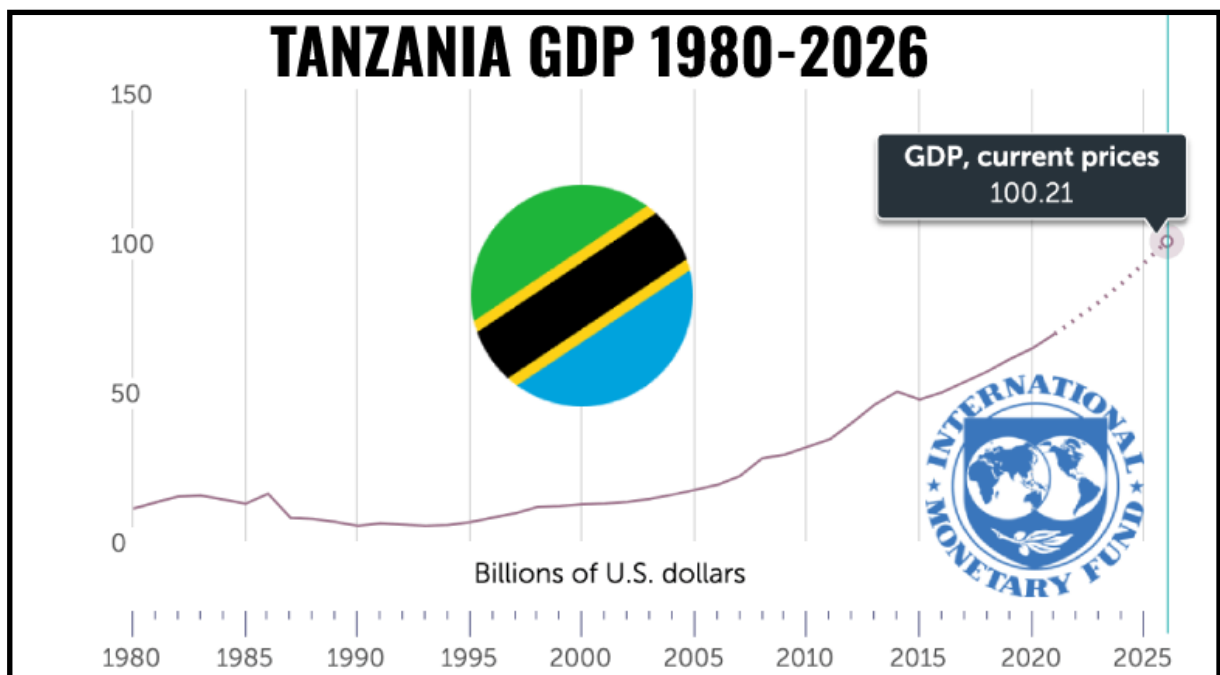
The report is prepared on the basis of best of the information provided by the various stakeholders and associations / agencies. The information in the report shall not be claimed and be used as evidence for any purpose.

2. Tanzania's Economic Outlook

Introduction to the Economy of Tanzania

With an average real GDP growth rate of +5.5% over the decade 2012-2021, Tanzania is among the fastest-growing economies in Africa and the world. During the same period, the average global GDP growth rate was +2.3% and the GDP growth rate in Sub-Saharan Africa was +2.7%. The Tanzanian economy even maintained a positive economic growth in 2020 of +2% while most of the economies were in a recession due to the impact of the Covid-19 pandemic. However, Tanzania's GDP growth rate has been slowing down in recent years, from a peak of 7.9% in 2011. In April 2021, Tanzania's new president Samia Suluhu Hassan gave her first speech to the parliament, mentioning the priorities of the Sixth Phase Government in the next five years to reach a GDP growth rate of at least 8% yearly.

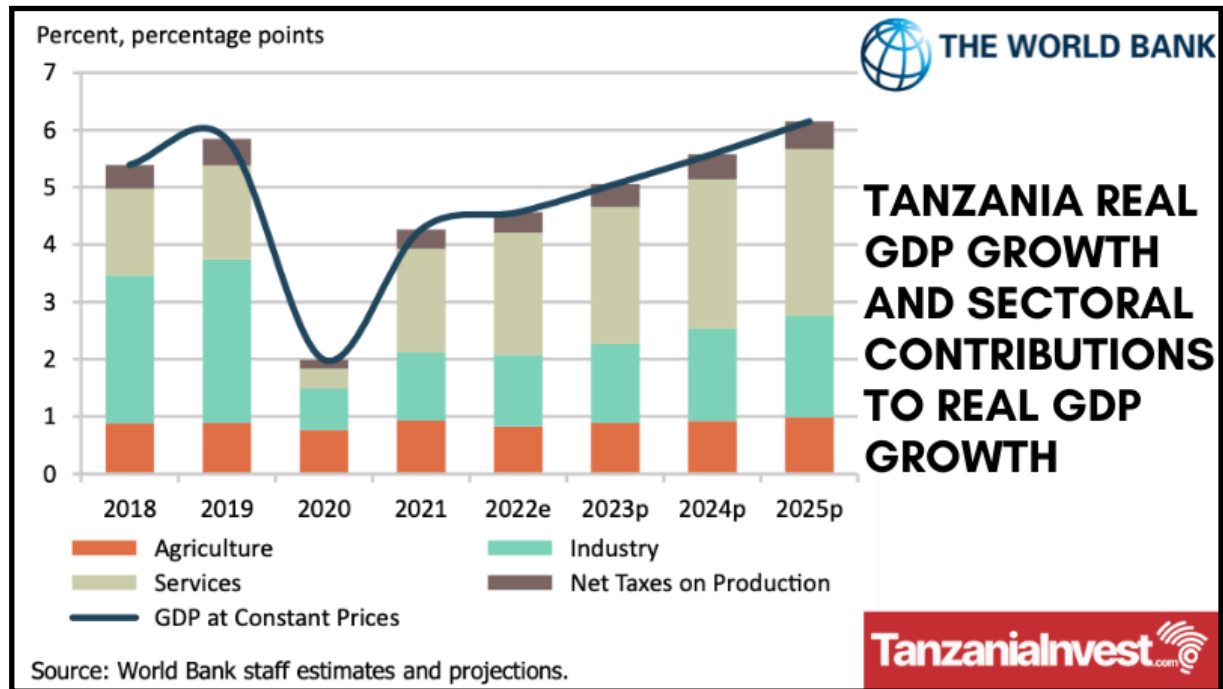
The Tanzanian Economy in 2022 and 2023



According to the World Bank (WB), the GDP of Tanzania expanded by 4.6% in 2022, up from 4.3% in 2021. The value of Tanzania's GDP at current prices reached USD 75.5 billion in 2022. The GDP per capita rose by 1.4% in 2022 and the international poverty rate dropped marginally by 0.3% points. Led by the services and industry sectors, the recovery remained broad-based as all subsectors surpassed their pre-pandemic production levels by Q3 2022. This is consistent with high-frequency indicators including cement production, electricity generation, and tourist arrivals, all of which grew substantially in 2022. The WB projects Tanzania's GDP growth to reach 5.1% in 2023—about 2.2% per capita—as investment increases and external terms of trade improve. However, Tanzania is only projected to reach its potential growth rate of 6% in 2025. Similarly,

according to the International Monetary Fund (IMF), the real GDP growth of Tanzania in 2022 was 4.7% in 2022, and it is projected to grow by 5.2% and 6.2% in 2023 and 2024 respectively. In its Africa's Macroeconomic Performance and Outlook – January 2023, the African Development Bank (AfDB) estimates that the GDP of Tanzania will grow by +5.1% in 2023, and by +6.1% in 2024.

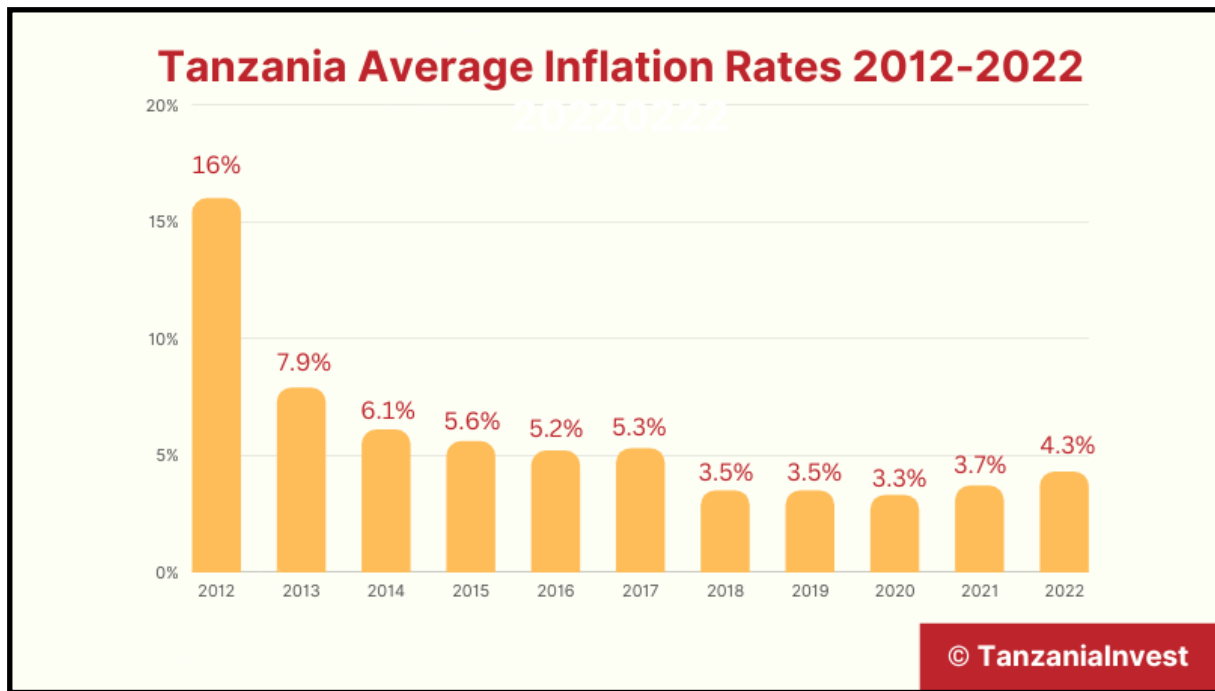
Tanzania Key Economic Sectors



According to the data from the Bank of Tanzania, in 2021 Agriculture (agriculture, forestry, and fishing) accounted for 27% of the country's GDP, Industry and Construction for 31%, and Services for 42%. The main sectors of the Tanzanian economy in terms of their contribution to the GDP are Construction which accounts for 16%, Crops (14%), Manufacturing (9%), Wholesale and retail trade; repairs (9%), Transport (8%), Livestock (8%), and Mining and Quarrying (5%). However, in the quarter ending September 2022, Mining and Quarrying reached 9.8% of the country's GDP. Another major sector of Tanzania's economy is tourism whose contribution to GDP fell from 10.6% in 2019 to 5.3% in 2020 due to the impact of the Covid-19 pandemic and climbed to 5.7% in 2021.

Tanzania Inflation

In 2022 (January to December) the average annual headline inflation in Tanzania was 4.3%. In 2021 it was 3.7% and 3.3% in 2020. In March 2023, the annual inflation rate reached 4.7%, which remained within the range set in the 3rd Tanzania Five-Year Development Plan (FYDP III) between 3.0% and 5.0% over the medium term.



Tanzania Exchange Rates

On 26th April 2023, the average market exchange rates (source bot.go.tz) for the Tanzanian shilling (TZS) against major currencies provided were: USD/TZS 2313.3707, GBP/TZS 2876.4486 EUR/TZS 2549.7983, CNY/TZS 334.2296. A year earlier, on 26th April 2022, the average market exchange rates (source bot.go.tz) for the Tanzanian shilling (TZS) against major currencies provided were: USD/TZS 2298.7733, GBP/TZS 2932.3175 EUR/TZS 2468.1941. In its Monthly Economic Review of March 2023, the Bank of Tanzania (BOT) explains that the shilling remained stable against currencies of major trading partners, trading at an average rate of TZS 2,321.13 per USD, compared with TZS 2,320.64 per USD in the preceding month. On an annual basis, the shilling depreciated by 0.5% from TZS 2,309.61 per USD which was recorded in February 2022.

Tanzania Balance of Trade

The current account of Tanzania recorded a deficit of USD 5,294.5 million in the year ending February 2023 compared with a deficit of USD 2,744.3 million recorded in the corresponding period in 2022, on the account of the challenges endured by high inflation coupled with effects of the war in Ukraine. The overall balance of payments also had a deficit balance of USD 1,294.2 million compared with a surplus of USD 801.9 million in the year to February 2022. Exports of goods and services increased to USD 12,383.1 million in the year ending February 2023 from USD 10,202.1 million in the corresponding period in 2022, mostly driven by non-traditional exports (particularly minerals and manufactured goods), and services receipts, mainly tourism. A notable increase was registered in the exports of minerals, particularly gold, coal, and diamonds. Gold exports registered an annual increase of 7% to USD 2,859.6 million. Exports of diamonds were USD 66.9 million, higher

than USD 9.6 million in the year to February 2022. Coal exports grew significantly to USD 228.6 million from USD 23.2 million. Likewise, the export of manufactured goods increased by 19.9% to USD 1,490.2 million, largely driven by fertilizer, iron and steel, and cement.

Tanzania National Debt

Tanzania's national debt stock, comprising the public and private sectors, was USD 40,738 million at the end of February 2023. Out of the debt stock, 71% was external debt. Multilateral institutions continued to account for the largest share of the debt stock, at 47.2%, followed by commercial creditors. The largest portion of the disbursed outstanding debt was in the hands of transport and telecommunication activities, followed by social welfare and education, and energy and mining activities. The structure of external debt by currency remained unchanged, where USD continued to dominate (68.9%), followed by the Euro.

Tanzania Foreign Direct Investment (FDI)

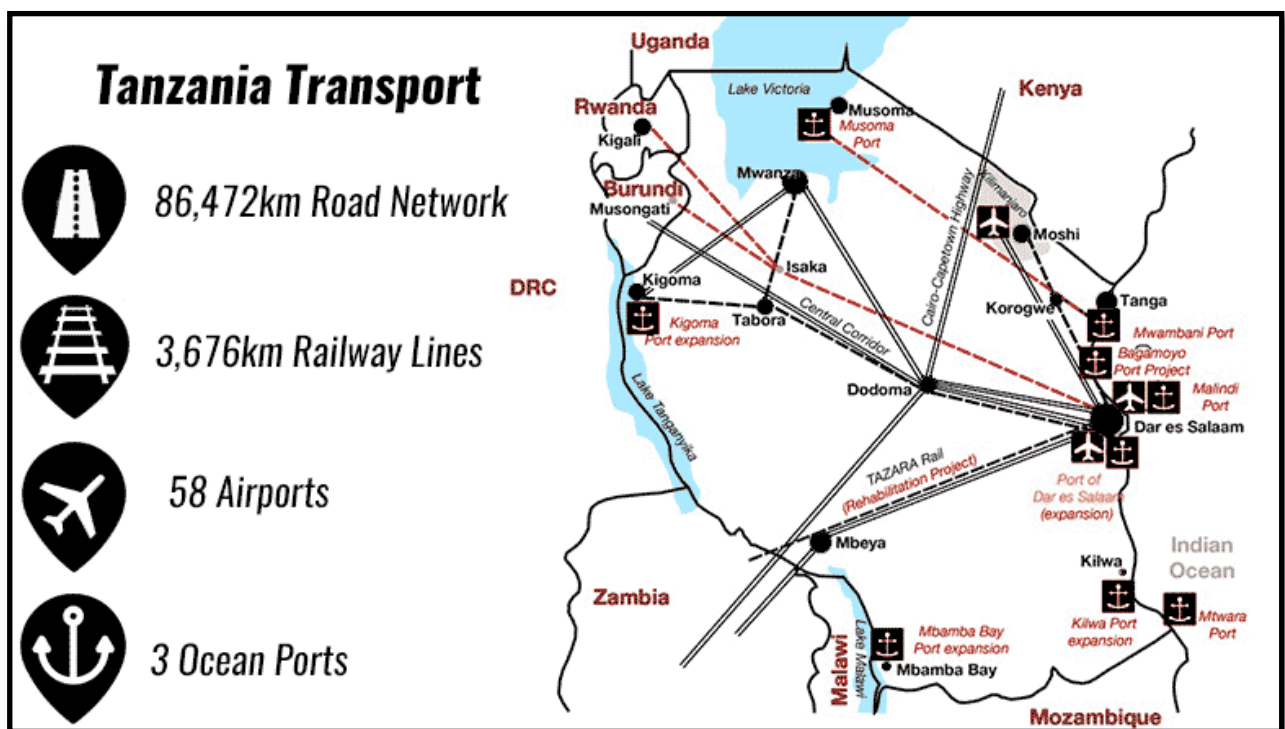
According to the World Investment Report of 2022 published by the United Nations Conference on Trade and Development (UNCTAD), foreign direct investment (FDI) to Tanzania rose by 35% to USD 922 million in 2021 from USD 695 million in 2020. According to the Monthly Investment Bulletin-March 2023 released by the Tanzania Investment Center (TIC), the top five leading sources of FDI to Tanzania are China, the USA, Mauritius, Spain, and India.

Sources: African Development Bank (AfDB), Bank of Tanzania (BoT), Foreign Service Institute of the US Department of State, International Monetary Fund (IMF), Tanzania Investment Centre (TIC), Tanzania National Bureau of Statistics, World Bank (WB).

3. Transportation Sector in Tanzania

Tanzania Transport

The Tanzanian transport sector comprises surface transport (including roads, railways), inland waterways (lakes and rivers), air transport, and sea transport. Tanzania's transport sector contributed 8.1% to the country's real GDP in 2018 with USD 3.8 billion, compared to USD 2.8 billion in 2014, representing an increase of 33%. Main growth drivers include the increase in the number of passengers carried and freight handled through road transport. According to Tanzania's 2025 Development Vision, investments in infrastructure, particularly in the development of the road network, are the Government's top priority. The World Bank (WB) and the African Development Bank (AfDB) support Tanzania in achieving its infrastructure development goals by providing grants and credits for projects.



Tanzania Road Transport

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 road network in Tanzania currently comprises 86,472 kilometres of roads, of which 12,786 kilometres are trunk roads, 21,105 kilometres are regional roads and the remaining 52,581 kilometres are district, urban and feeder roads.

Tanzania's Ministry of Works, Transport, and Communication through the Tanzania National Roads Agency (TANROADS) is managing the national road network of about 33,891 kilometres, comprising 12,786 kilometres of trunk and 21,105 kilometres of regional roads.

The remaining network of about 53,460 kilometres of urban, district and feeder roads is under the responsibility of the Prime Minister's Office Regional Administration and Local Government (PMO-RALG).

Tanzania Rail Transport

Railway transport is the second most important mode of transport after road and critical for long distance freight along the main transport corridors in Tanzania.

Tanzania has a total of 3,676 kilometres of railway lines operated by two railway systems, Tanzania Railways Corporation (TRC) and Tanzania – Zambia Railways (TAZARA).

The mainline of TRC comprises the central corridor between the port of Dar es Salaam in the east, linking central and western areas of the country and terminating at Kigoma on Lake Tanganyika in the west.

The TAZARA line is 1,860 kilometres in length, of which 975 kilometres is in Tanzania and 885 kilometres in Zambia.

Tanzania Air Transport

The total number of air passengers in Tanzania reached 6.2 million in 2019, compared to 5.2 million in 2015, representing an increase of 18%.

Currently (2020), there are 19 airline operators in Tanzania, including some of the leading international air carriers such as British Airways, KLM, Qatar Airways, and SWISS.

There are 58 airports in Tanzania and more than 300 private airstrips owned by mining companies and tour operators.

The Julius Nyerere International Airport (JNIA), located in Dar es Salaam, is the largest and busiest airport in Tanzania, accounting for over 70% of Tanzania's air passengers.

In August 2019, Tanzanian President John Magufuli inaugurated Terminal 3 of the JNIA. The new terminal, which cost USD 314 million set the airport capacity at 8 million passengers annually.

In 2019, the AfDB approved a USD 272.12 million loan to Tanzania for the construction of a new international airport in the capital Dodoma. The new airport will be built in the district of Msalato, 12 kilometres from the capital Dodoma.

The new facility is expected to handle at least 50,000 aircrafts and one million passengers per year.

Tanzania Water Transport

Tanzania has a coastline of about 720 kilometers on the Indian Ocean, and also borders Lake Victoria, Lake Nyasa, and Lake Tanganyika.

Both sea and inland waterways ports in Tanzania are managed and operated by the Tanzania Ports Authority (TPA). The TPA's main Indian Ocean ports are Dar es Salaam, Mtwara, and Tanga. Minor seaports serving coastal traffic include Lindi, Kilwa Masoko, Mafia Island, Bagamoyo, Pangani, and Kwale.

Dar es Salaam is Tanzania's principal port with intrinsic capacity of 10.1 tonnes per year. The port handles over 92% of the total maritime ports' throughput. The port serves land-linked countries of Malawi, Zambia, Democratic Republic of Congo, Rwanda, Burundi, and Uganda.

These countries are connected to the port through two railway systems (TRL-1.0 metre gauge and TAZARA-1.067 cape gauge), road network, as well as the TAZAMA oil pipeline to Zambia.

TPA also operates Tanzania's lake ports, maintaining around 20 ports on Lake Victoria. Some major ports include Bukoba, Kemono Bay, Musoma, and Nansio.

Principal lake ports on Tanganyika include Kigoma and Kasanga. Additionally, there are 15 smaller ports along the lake. These ports provide trade connections between Burundi, Eastern Democratic Republic of the Congo, and Zambia.

Lake Nyasa has 4 important ports, at Itungi, Mbamba Bay, Liuli, and Manda. There are up to 10 other smaller TPA ports on the lake that facilitate passenger movement along the lake and between the countries of Malawi, Mozambique, and Tanzania.

Sources (2020): African Development Bank (AfDB), Julius Nyerere International Airport (JNIA), Tanzania Airports Authority (TAA), Tanzania Ports Authority (TPA), Tanzania Railways Corporation (TRC), World Bank (WB).

4. Genesis & Details of the Project

Introduction

RCL is one of the first and largest private company engaged in Coal Mineral Processing. It has developed a strong network of buyers locally, among the landlocked neighbouring countries and the international markets.

Ruvuma Coal Limited is the owner of two coal mining licenses in the south of Tanzania that has been operating for almost five years and commenced its sales in 2020. A few notable things of RCL and the business are:

- Life of mine could exceed 70 years for the total reserves that are estimated to be around 150 million tons.
- RCL is privately owned by three shareholders with majority being Tanzanian.
- The company supplies to local clients with contracts ranging from 1 to 5 years.
- Current market share of RCL is above 30% and is expected to go above 40% in next few years.

Transportation is second major business vertical of the company. Under the certificate of incentive number 202012225 awarded by Tanzania Investment Centre (TIC) on 2 December 2020, Ruvuma Coal Limited has acquired and operates 65 Trucks & Trailers. As a result of the positive experience of the transportation business, the Company's management has decided to propose an expansion of the transportation project and seek extension of existing certificate of incentive by three more years. The company intends to acquire and operate 500 trucks & trailers in a span of three years.

Company's Vision

To become the largest transporter of East and Central Africa for local and Transit business for Dry cargo, Containers etc. The Company will consistently deliver convenience, quality services and add values that are Teamwork, Reliability, and integrity & customer Satisfaction.

Company's Mission

To constantly exceed customer expectations by providing superior freight forwarding and global transportation solutions in a safe, efficient and cost-effective manner without damaging the environment, to identify and enter new areas of business thereby expanding the company, to create a work environment where an employee can exceed his personal best in job performance and in customer service, to operate the group in a manner of continuous improvement thereby expanding market share in all its diversified businesses.

To be oriented towards adaptation and to take advantage of windows of opportunity, to make a contribution to various communities as individuals and as a group and finally to succeed in business and to provide a sufficient return on investment to the stakeholders.

Company Values

Ruvuma Coal Limited will maintain a high standard of efficiency in terms of service to clients, tracking systems with latest technology to ensure safety of Cargo, trained staff and drivers to drive and deliver cargo as per standards required internationally.

Incorporation of the company

M/s. Ruvuma Coal Limited is a private limited liability company registered under the Companies Act 2002, on 21 July 2016 with the registration number 128019. The registered office of the company is located at Plot 2/3, Block 4, Keko Mwanga, Keko Industrial Area, Gerezani, Dar es Salaam, Tanzania.

The principal business of the company is exploration, mining and supplying of coal. The company has responded to Tanzania's call for industry for establishment of central economy whereas decided to engage in mining of coal in Ruvuma region.

Ownership

According to the present records of Registrar of Companies in Tanzania the Paid-Up Capital of the company is TZS. 150,000,000/- divided in 20,000 equity shares of TZS. 7,500/- each with the shareholding pattern as follows: -

No.	Name of Shareholder	No. of Shares	Nationality	% Shareholding
01.	Mr. Ali Afif Fawaz	8,000	Tanzanian	40%
02.	Mrs. Fatma Hassan Abdulbari	8,000	Tanzanian	40%
03.	Mr. Ryan Wienand	4,000	South African	20%
	TOTAL	20,000		100%

- 80% of shares are held by Tanzanian citizens and thus is a Tanzanian company.

Experienced & Qualified Directors

Mr Ali Afif Fawaz is a renowned businessman of Dar es Salaam. He is having a vast experience of decades of successfully establishing and conducting businesses in Mining & Exploration, Plastics,

Recycling of Scrap Metals, Clearing & Forwarding, Inland Container Depot, Transit Cargo, Domestic Courier Service, Online E-commerce Services etc. in Tanzania. He is on Board of Directors in many companies.

With his invaluable experience he has gained expertise as and in the fields of Director, International Transportation Supply Chain, and Mining & Explorations. He is professional and licensed Customs Broker with proven track record with adequate experience in the field of operation management, revenue, pricing, and strategy performance. He demonstrates strong, healthy leadership skills managing and implementing projects, coordinator and solutions, decisions resulting in both cost savings and revenue growth.

Mr. Ryan Wienand is a results-driven Founder & C-Suite leader with over a decade of experience constructing growth and customer-centric business initiatives with complete oversight and execution of operations. As founder and managing director of four companies throughout Africa, it has been his passion to locate and utilize opportunities to set up and grow new businesses. Experienced in dynamic working environments, he is dedicated to cultivating sustainable growth and development for both businesses and stakeholders alike. As an entrepreneur, he is self-motivated, and goal orientated with a fervent aspiration to foster career opportunities and help people harness their talent to their best abilities.

His areas of expertise include:

- Leader of Multi-Cultural Teams
- Project Management
- Financial Management
- Supply Chain Management
- Tender Evaluation and Analysis
- Marketing
- Mining Management and field support
- Inter-African Transport & Logistics
- Wildlife Area Management & Logistics
- Lodge and Camp building

Location

While the registered office of RCL is located in Keko Industrial Area, Gerezani, Dar es Salaam, the company's coal mine projects areas are located in the Mchuchuma and Ngaka coal fields in the Ruhuhu basin in the South of Tanzania.

The company have been granted two mining licenses ML 617/2019 and 618/2019 on August 01 2019, under which they have been conducting the exploration and mining activities.

Day to day management

Mr. Ali Fawaz is the CEO and all operations are executed under his able leadership. The company has an adequate organization structure that is complex but efficient.

Mr. Woensdrecht Henn is the CFO and manages finances and books for the company.

The management of the company has the required expertise in-house. The day-to-day activities would be managed by individuals appointed for the said purpose, respectively.

Employment

Mining is a labour-intensive business and hence RCL has a large work force. RCL directly employs 747 Tanzanians and 14 expatriate staff. The payroll is segregated into functional areas of mining, transport and administration.

Strategies

In order to achieve the objectives, it is planned to implement the following strategies.

- Establish an effective preventive maintenance program of the equipment, which will ensure sustainable equipment availability for operation.
- Establish a quality assurance and control system that will ensure provision of quality products and services.
- Conduct regular evaluations of production and servicing processes to ensure optimum costs of products and services.
- Device and implement productivity improvement measures.
- Develop and implement an effective international marketing policy.
- Develop and implement an advertising and promotion program.

Commitment to Corporate Social Responsibilities

Ruvuma Coal Limited is committed to provide support to local authority services and to reform the livelihood of Ruvuma region by enhancing development of the mining area through increased

business activities to provide direct employment and adequate training being provided in mining sector

Furthermore, in collaboration with the local government bodies the project at Paradiso – Mbinga at Songea, with well renowned, efficient management team of experts are committed to provide infrastructure and support to various village government development programs

5. Project Cost and Means of Finance

Cost of Project

The capital cost of the entire expansion of transportation business project has been estimated to be around US\$ 33.7 million. The major factors contributing towards the cost of the project is the cost of commercial transport vehicles. The table below indicates the detailed cost of project:

Cost of Project				
				Units: USD
No.	Description	Unit Price	No. of Units	Total
1	FAW Trucks	41,277	385	15,891,000
2	CMIC - FAW Trailers	30,638	35	1,072,000
3	CMIC - FAW Trailers	24,531	350	8,586,000
4	Scania Trucks	89,700	50	4,485,000
5	Superdoll - Scania Trailers	39,000	50	1,950,000
6	Spares and Equipment	120,000	1	120,000
7	Contingencies	1,605,200	1	1,605,000
TOTAL COST OF PROJECT				33,709,000

Considering the size of this project, and also keeping in mind the **36 months** of implementation period, the contingencies have been estimated at US\$ 1,605,000/-.

Means of Finance

The finance for the project is already arranged for by the promoters. The table below indicates in detail the manner in which the investment is going to be arranged:

Source of Funds / Financed By		
		Units: USD
No.	Particulars	Amount
1	Long Term Loan from RCL	2,517,000
2	Long Term Loan from Exim Bank (T) Limited	23,050,000
3	Term Loan from Directors / Shareholders	3,000,000
4	From Internal Fund Generation from Operations	5,142,000
TOTAL FINANCING		33,709,000

6. Financial Projections

Details of financial projections are attached as appendices to this report. However, in brief the annexed project financials show that the project will be one with a full proof financing scheme.

The financing is so prudently designed that the smooth cash flow position is guaranteed throughout the period of operations of next 6 years.

Assumptions

For the purpose of calculations and projections the following assumptions were made:

Assumption for Calculation of Projected Financial Statements for Transportation Business			
No.	Description	Units	Value / Amount
1	Exchange Rate 1 USD =	TZS	2,320.00
2	Number of months of operation per year	Months	12.00
3	Interest Rate on Term Loan from RCL		6.00%
4	Interest on Term Loan from Exim Bank (T) Ltd		9.00%
5	Interest in Term Loan from Directors / Shareholders		7.50%
6	Amount of Coal transported in one trip in Tons	Tons	30.50
7	Shorter Distance Transportation Charges of Coal in USD per Ton	USD	52.00
8	Number of Short Distance Trips a Truck does in a month		8.00
9	Longer Distance Transportation Charges of Coal in USD per Ton	USD	120.00
10	Number of Long-Distance Trips a Truck does in a month		3.00
11	Trucks engaged in Shorter Distance Transport in % of total trucks	%	48%
12	Trucks engaged in Longer Distance Transport in % of total trucks	%	52%
13	Annual increase in Transportation Changes		10.00%
14	Contingencies as % of total cost		5.00%
15	Annual increase in Administrative Expenses		8.00%
16	Annual increase in Salaries & Wages of employed staff		8.00%
17	No. of Days of Debtors / Creditors for Working Capital Requirement		
	Stock of Consumables	Days	60.00
	Sundry Debtors	Days	30.00
	Other Payables	Days	30.00
	Sundry Creditors	Days	45.00

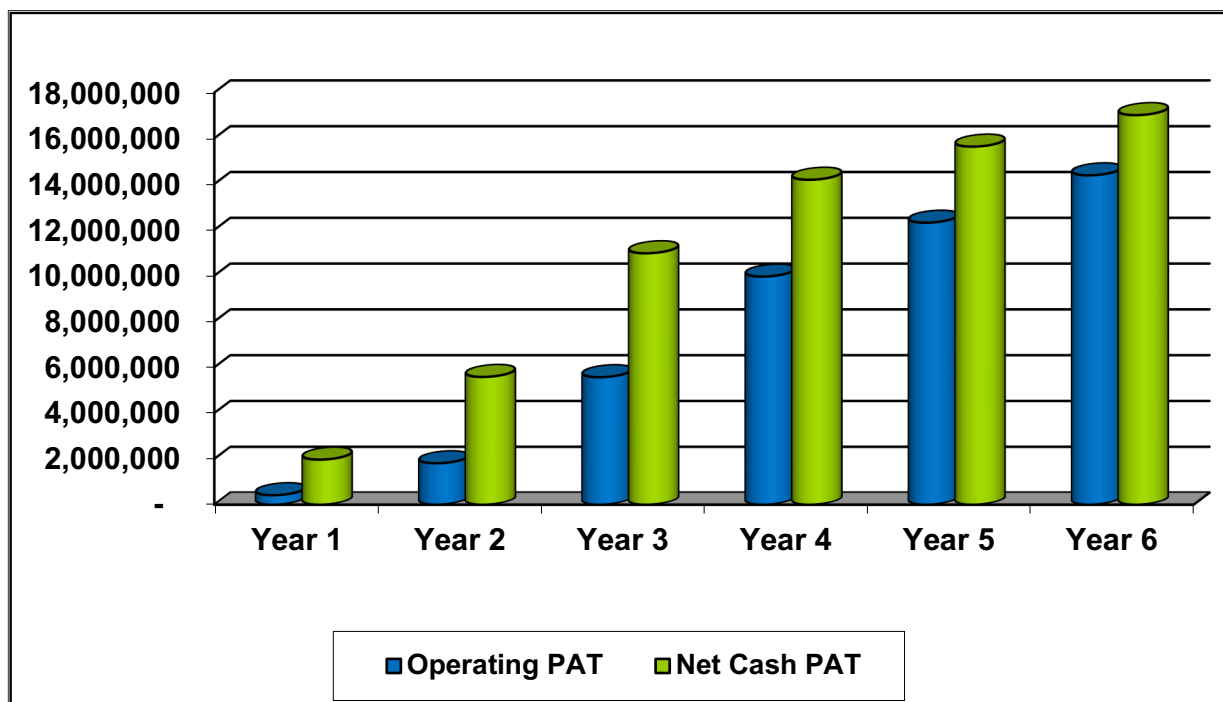
Financial Indicators

Considering the consumption and demand of dry cargo transportation services in Tanzania, it is evident that RCL will successfully operate a fleet of 5 trucks. It is assumed that a truck will be able to transport 30.5 tons of materials in one trip. The projected financials are calculated with this as the base assumption. The detailed calculations of the projected financials are given in the annexure.

The detailed financials annexed herein affirm that the business will have comfortable cash flow and hence there won't be any hiccups with regards to either working capital requirement or repayment of long-term loan. With the continuous increase in efficiency of the operations the project is expected to have gross profit margins ranging from 20% up to 21%.

The chart below indicated the summary of the projected profits of the company from the first six years of the operations:

Table: Projected Profits for the Company (USD)



Over a period of four years operations the total amount of Reserves generated shall be to the tune of US24.43/-. It indicates a comfortable position for the company.

7. Project Benefits to Tanzania

Ruvuma Coal is one of the largest private coal mining & commercial transportation company in Tanzania. With the proposed additional investment for expansion of transportation business, Ruvuma Coal Limited intends to achieve multi-faceted benefits to the Tanzanian communities and to the nation.

Benefits of such project

This project would be beneficial not only for nation's economic growth but also in many other ways. A few significant advantages can be summarised as follows: -

- The project will bring in a total investment of USD 33.70/- million over a period of just three years.
- Since 40% of the transportation services is expected to be for neighbouring countries, it will generate a significant amount of Forex Revenues.
- RCL already employs 747 Tanzanians and has offered indirect employment to may thousands. As a result of the additional investment and expansion of transportation project RCL is estimated to provide direct employment to more than 1,291 Tanzanians and indirect employment to more than 5000 Tanzanian.
- RCL is expected to contribute an estimated amount of USD 12.86 million by way of employment taxes in a period of 6 years.
- RCL is expected to contribute an estimated amount of USD 10.0 million by way of Royalties in extraction, sales and exports of Coal, as its other business vertical.
- The transportation of Coal from the mine to the port or to any neighbouring is one important component of the business. As a result of which fuel happen to be a major expense. RCL is expected to contribute a large sum in form of Fuel Levy as well.
- The project will support and increase economic activities in Ruvuma and regions around it.
- The rich mineral deposits will be extracted and converted to economic benefits to the national by multiple folds.
- RCL is committed to develop and maintain medical and educational infrastructure in surrounding areas of the project site, as their CSR.
- Access to financial services.
- Better rural infrastructure hindering effective rural-urban linkages.

8. Conclusions & Recommendations

The economic impact from implementing and operating it is extremely positive.

Benefits should arise from capital inflows, technology transfer leading to innovation and productivity increase, upgrading domestic production, quality improvement, employment creation, backward and forward linkages and multiplier effects through local sourcing of staff.

Since the project is technically feasible, financially and economically viable, socially and from nation's point of view desirable a fast implementation thereof is recommended. It is important that there are no cost overruns to enable the realization of the benefits as outlined above.

It may be mentioned here that total investment of US\$ 33.7 million will play a humungous role in boosting the economy of the nation. The project would bring high technology in the field of coal mining. This would generate additional foreign exchange reserves in the country.

The study's outcome indicates that this is a project of major significance to provide impetus to overall economy of Tanzania. The present need of the country, to engage itself in international trade, would also be met through this project. It is recommended that the financial institutions should come forward with positive outlook and provide finance for this innovative and hi-tech project.

Annexures

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Projected Financial Statements

Assumption for Calculation of Projected Financial Statements for Transportation Business			
No.	Description	Units	Value / Amount
1	Exchange Rate 1 USD =	TZS	2,320.00
2	Number of months of operation per year	Months	12.00
3	Interest Rate on Term Loan from RCL		6.00%
4	Interest on Term Loan from Exim Bank (T) Ltd		9.00%
5	Interest in Term Loan from Directors / Shareholders		7.50%
6	Amount of Coal transported in one trip in Tons	Tons	30.50
7	Shorter Distance Transportation Charges of Coal in USD per Ton	USD	52.00
8	Number of Short Distance Trips a Truck does in a month		8.00
9	Longer Distance Transportation Charges of Coal in USD per Ton	USD	120.00
10	Number of Long-Distance Trips a Truck does in a month		3.00
11	Trucks engaged in Shorter Distance Transport in % of total trucks	%	48%
12	Trucks engaged in Longer Distance Transport in % of total trucks	%	52%
13	Annual increase in Transportation Changes		10.00%
14	Contingencies as % of total cost		5.00%
15	Annual increase in Administrative Expenses		8.00%
16	Annual increase in Salaries & Wages of employed staff		8.00%
17	No. of Days of Debtors / Creditors for Working Capital Requirement		
	Stock of Consumables	Days	60.00
	Sundry Debtors	Days	30.00
	Other Payables	Days	30.00
	Sundry Creditors	Days	45.00

<i>Cost of Project</i>				
				Units: USD
No.	Description	Unit Price	No. of Units	Total
1	FAW Trucks	41,277	385	15,891,000
2	CMIC - FAW Trailers	30,638	35	1,072,000
3	CMIC - FAW Trailers	24,531	350	8,586,000
4	Scania Trucks	89,700	50	4,485,000
5	Superdoll - Scania Trailers	39,000	50	1,950,000
6	Spares and Equipment	120,000	1	120,000
7	Contingencies	1,605,200	1	1,605,000
TOTAL COST OF PROJECT				33,709,000

<i>Source of Funds / Financed By</i>		
		Units: USD
No.	Particulars	Amount
1	Long Term Loan from RCL	2,517,000
2	Long Term Loan from Exim Bank (T) Limited	23,050,000
3	Term Loan from Directors / Shareholders	3,000,000
4	From Internal Fund Generation from Operations	5,142,000
TOTAL FINANCING		33,709,000

Projected Sales from Transportation Business							
							Units: USD
No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Total Operating Trucks at Beginning of the Year	65	160	360	500	500	500
	Number of Trucks Purchased During the Year	95	200	140	-	-	-
2	Amount of Coal transported in one trip by one truck in Tons	30.50	30.50	30.50	30.50	30.50	30.50
Local Transport Business - Shorter Distance							
3	Number of Trucks engaged for Shorter Distance Transport	54	124	206	240	240	240
4	Shorter Distance Transportation Charges in USD per Ton	52.00	57.20	62.92	69.21	76.13	83.75
5	Number of short distance trips made by a truck in a month	8	8	8	8	8	8
6	Number of months of operation / year	12	12	12	12	12	12
	Total Revenue from Shorter Distance Transportation Services	8,221,824	20,767,718	37,951,331	48,636,657	53,500,322	58,850,355
Local Transport Business - Longer Distance							
7	Number of Trucks engaged for Longer Distance Transport	58	135	223	260	260	260
8	Longer Distance Transportation Charges in USD per Ton	120.00	132.00	145.20	159.72	175.69	193.26
9	Number of longer distance trips made by a truck in a month	3	3	3	3	3	3
10	Number of months of operation / year	12	12	12	12	12	12
	Total Revenue from Longer Distance Transportation Services	7,642,080	19,566,360	35,552,801	45,596,866	50,156,552	55,172,207
	Total Annual Projected Sales from Transportation	15,863,904	40,334,078	73,504,131	94,233,522	103,656,874	114,022,562

Projected Administrative Expenses for Transportation Business							
							Units: USD
No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
A	Administrative Expenses						
1	Accommodation and Traveling Expenses	23,967	25,884	27,955	30,191	32,606	35,215
2	Advertising	3,966	4,283	4,625	4,995	5,395	5,827
3	Audit Fee	5,500	5,940	6,415	6,928	7,483	8,081
4	Casual Labour - HQ	112,500	121,500	131,220	141,718	153,055	165,299
5	Casual Labour Related Taxes	56,250	60,750	65,610	70,859	76,528	82,650
6	General Expenses	25,000	27,000	29,160	31,493	34,012	36,733
7	Immigration Exp	15,000	16,200	17,496	18,896	20,407	22,040
8	ICT, Internet & Telecom Services	18,000	19,440	20,995	22,675	24,489	26,448
9	LATRA(Land Transport Regulatory Authority)	8,500	9,180	9,914	10,708	11,564	12,489
10	Legal Expenses	15,000	16,200	17,496	18,896	20,407	22,040
11	Loading & Offloading Border Fee	15,000	16,200	17,496	18,896	20,407	22,040
12	Office Expenses	26,000	28,080	30,326	32,753	35,373	38,203
13	Permission & Subscription & CSR	53,879	58,190	62,845	67,872	73,302	79,166
14	Printing & Stationary & Courier	26,000	28,080	30,326	32,753	35,373	38,203
15	Rental Container Office	60,000	64,800	69,984	75,583	81,629	88,160
16	Security, Parking & Waiting Chgs	22,000	23,760	25,661	27,714	29,931	32,325
17	Vehicle Hire	125,000	135,000	145,800	157,464	170,061	183,666
18	Weight and Measure	12,000	12,960	13,997	15,117	16,326	17,632
19	Other Misc Expenses	50,000	54,000	58,320	62,986	68,024	73,466
	Total Annual Administrative Expenses	673,561	727,446	785,642	848,493	916,373	989,683

Projected Salaries and Wages for Transport Business Staff							
Units: USD							
No.	Salaries & Staff Details	Annual Salary of the Employee					
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	General Manager Transport	12,414	13,407	14,479	15,638	16,889	18,240
	Number of Staff	1	1	1	1	1	1
2	Logistics Support	3,000	3,240	3,499	3,779	4,081	4,408
	Number of Staff	1	1	1	1	1	1
3	Documentation Officer	2,597	2,804	3,029	3,271	3,533	3,815
	Number of Staff	2	2	2	2	2	2
4	Logistics Manager	12,372	13,362	14,431	15,586	16,833	18,179
	Number of Staff	1	1	1	1	1	1
5	Logistics Officers	3,466	3,743	4,042	4,366	4,715	5,092
	Number of Staff	4	4	4	4	4	4
6	Fleet/Transport Executive	11,752	12,692	13,707	14,804	15,988	17,267
	Number of Staff	1	2	2	2	2	2
7	Assistant Finance and Operations Manager	18,114	19,563	21,128	22,818	24,644	26,615
	Number of Staff	1	1	1	1	1	1
8	Fleet Tracker	4,138	4,469	4,826	5,213	5,630	6,080
	Number of Staff	1	1	1	1	1	1
9	Accounts Payable Clerk	2,586	2,793	3,017	3,258	3,519	3,800
	Number of Staff	1	1	1	1		1
10	Drivers	1,034	1,117	1,207	1,303	1,407	1,520
	Number of Staff	81	320	720	1,000	1,000	1,000
11	Heavy Duty Mechanic	12,931	13,966	15,083	16,289	17,593	19,000
	Number of Staff	1	3	5	5	5	5
12	Mechanic	5,172	5,586	6,033	6,516	7,037	7,600
	Number of Staff	13	38	48	48	48	48
13	Assistant Mechanic	2,333	2,519	2,721	2,939	3,174	3,428
	Number of Staff	7	22	32	32	32	32

Projected Salaries and Wages for Transport Business Staff							
Units: USD							
No.	Salaries & Staff Details	Annual Salary of the Employee					
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
14	Auto- Electrician	5,819	6,284	6,787	7,330	7,917	8,550
	Number of Staff	6	21	31	31	31	31
15	Fuel Attendant & Operator	2,509	2,709	2,926	3,160	3,413	3,686
	Number of Staff	6	10	10	10	10	10
16	Grease Man & Assistant Mechanic	1,924	2,078	2,244	2,424	2,618	2,827
	Number of Staff	8	28	38	38	38	38
17	Trip Checker	2,845	3,072	3,318	3,584	3,870	4,180
	Number of Staff	8	10	12	12	12	12
18	Tyre man	3,621	3,910	4,223	4,561	4,926	5,320
	Number of Staff	3	20	25	25	25	25
	Total Number of Direct Transportation Business Staff	146	486	935	1,215	1,214	1,215
	Total Annual Salaries & Wages for Direct Transportation Business Staff	362,964	1,096,098	1,902,207	2,419,266	2,609,289	2,821,832
	NSSF, PAYE, SDL, NHIF, WCF & Other Staff Related Statutory Payments	181,482	548,049	951,104	1,209,633	1,304,644	1,410,916

Projected Salaries and Wages for Administrative Staff

Units: USD

No.	Salaries & Staff Details	Annual Salary of the Employee					
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Documentation Officer	3,274	3,536	3,819	4,124	4,454	4,811
	Number of Staff	1	1	1	1	1	1
2	Management Accountant	17,338	18,725	20,223	21,841	23,588	25,475
	Number of Staff	1	1	1	1	1	1
3	Executive Assistant	15,517	16,759	18,099	19,547	21,111	22,800
	Number of Staff	1	1	1	1	1	1
4	Driver	3,574	3,860	4,169	4,502	4,863	5,252
	Number of Staff	5	10	10	10	10	10
5	Financial Controller	6,217	6,715	7,252	7,832	8,458	9,135
	Number of Staff	1	1	1	1	1	1
6	Data Capture	3,993	4,313	4,658	5,030	5,433	5,867
	Number of Staff	2	2	2	2	2	2
7	HR Assistant	2,131	2,302	2,486	2,684	2,899	3,131
	Number of Staff	1	3	5	5	5	5
8	Assistant Accountant	3,879	4,190	4,525	4,887	5,278	5,700
	Number of Staff	3	4	4	4	4	4
9	Receptionist	3,879	4,190	4,525	4,887	5,278	5,700
	Number of Staff	1	1	1	1	1	1
10	Cleaner	1,034	1,117	1,207	1,303	1,407	1,520
	Number of Staff	1	1	1	1	1	1
11	Administration Clerk	3,621	3,910	4,223	4,561	4,926	5,320
	Number of Staff	1	2	2	2	2	2
12	Administration Officer Asst	3,269	3,530	3,813	4,118	4,447	4,803
	Number of Staff	1	2	2	2	2	2
13	Assistant Cook	1,500	1,620	1,750	1,890	2,041	2,204
	Number of Staff	2	2	2	2	2	2

Projected Salaries and Wages for Administrative Staff							
Units: USD							
No.	Salaries & Staff Details	Annual Salary of the Employee					
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
14	Assistant Public Relation	2,509	2,709	2,926	3,160	3,413	3,686
	Number of Staff	1	1	1	1	1	1
15	Bus Driver	2,586	2,793	3,017	3,258	3,519	3,800
	Number of Staff	6	9	9	9	9	9
16	Cleaners	1,924	2,078	2,244	2,424	2,618	2,827
	Number of Staff	17	20	20	20	20	20
17	Documentation Officer	3,145	3,396	3,668	3,962	4,279	4,621
	Number of Staff	2	2	2	2	2	2
18	HR Officer	7,759	8,379	9,050	9,774	10,556	11,400
	Number of Staff	1	1	1	1	1	1
19	ICT Officer	4,500	4,860	5,249	5,669	6,122	6,612
	Number of Staff	1	1	1	1	1	1
20	Informational Clark officer	2,933	3,167	3,421	3,694	3,990	4,309
	Number of Staff	1	1	1	1	1	1
21	Cleaners and Hygine Staff	1,500	1,620	1,750	1,890	2,041	2,204
	Number of Staff	9	9	9	9	9	9
	Total Number of Direct Transportation Business Staff	59	75	77	77	77	77
	Total Annual Salaries & Wages for Direct Transportation Business Staff	182,493	247,240	271,990	293,750	317,250	342,630
	NSSF,PAYE, SDL, NHIF, WCF & Other Staff Related Statutory Payments	91,247	123,620	135,995	146,875	158,625	171,315
	Total Employees for Transportation Business	205	561	1,012	1,292	1,291	1,292
	Total Annual Salaries & Wages for Transportation Business	545,457	1,343,338	2,174,198	2,713,016	2,926,538	3,164,461
	Annual Employee Taxes for Transportation Business	272,728	671,669	1,087,099	1,356,508	1,463,269	1,582,231

Projected Profit & Loss Statement

Units: USD

No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Total annual sales from Transport Business	15,863,904	40,334,078	73,504,131	94,233,522	103,656,874	114,022,562
2	Other Income	111,000	122,100	134,310	147,741	162,515	178,767
	Total Annual Sales	15,974,904	40,456,178	73,638,441	94,381,263	103,819,390	114,201,329
	Direct Operational Expenses						
3	Truck Fuel Expenses	9,518,342	24,200,447	44,102,479	56,540,113	62,194,125	68,413,537
4	Oil and Lubricants	119,812	303,421	552,288	707,859	778,645	856,510
5	Service & Maintenance for Trucks	1,230,068	3,115,126	5,670,160	7,267,357	7,994,093	8,793,502
6	Service & Maintenance for Trailers	271,573	687,755	1,251,854	1,604,481	1,764,930	1,941,423
7	Tyres	798,745	2,022,809	3,681,922	4,719,063	5,190,969	5,710,066
	Direct Fixed Costs						
8	Vehicle Licensing Costs	4,763	11,724	26,379	36,638	36,638	36,638
9	Vehicle Tracking Costs	2,662	6,552	14,741	20,474	20,474	20,474
10	Insurance Expenses	22,694	55,862	125,690	174,569	174,569	174,569
	Direct Labour Costs						
11	Salaries and Wages of Operations Staff	362,964	1,096,098	1,902,207	2,419,266	2,609,289	2,821,832
12	NSSF, PAYE, SDL, NHIF, WCF & Other Staff Related Statutory Payments	181,482	548,049	951,104	1,209,633	1,304,644	1,410,916
	Total Annual Direct Expenses	12,513,105	32,047,842	58,278,824	74,699,455	82,068,376	90,179,467
	Gross Profit	3,461,799	8,408,336	15,359,617	19,681,808	21,751,013	24,021,861
	Other Operating Costs						
13	Administrative Expenses	673,561	727,446	785,642	848,493	916,373	989,683
14	Interest On Term Loans	596,381	1,632,258	1,803,360	811,656	208,406	-
15	Bank Charges	93,103	103,345	114,713	127,331	141,338	156,885
16	Admin Staff Salaries & Wages	182,493	247,240	271,990	293,750	317,250	342,630
17	NSSF, PAYE, SDL, NHIF, WCF & Other Staff Related Statutory Payments	91,247	123,620	135,995	146,875	158,625	171,315
18	Depreciation on All Assets	1,237,894	2,994,578	4,297,945	3,225,244	2,420,495	1,816,738

Projected Profit & Loss Statement

Units: USD

No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	Total Operating Expenses	2,874,679	5,828,487	7,409,645	5,453,349	4,162,486	3,477,250
19	Operating Profits Before Tax	587,120	2,579,849	7,949,972	14,228,459	17,588,527	20,544,611
20	Corporate Tax @ 30%	176,136	773,955	2,384,992	4,268,538	5,276,558	6,163,383
	Operating Profits After Tax	410,984	1,805,894	5,564,980	9,959,921	12,311,969	14,381,228
	Proposed Dividends	-	-	-	-	-	-
21	Cumulative Net Profit / (Loss) CF to BS	410,984	2,216,879	7,781,859	17,741,780	30,053,749	44,434,977
22	Net Cash Profits After Tax	1,965,304	5,575,875	10,976,567	14,187,443	15,634,514	17,009,811

Projected Cash Flow Statement							
							Units: USD
No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Cash Inflow						
	Additional Equity Capital	-	-	-	-	-	-
	Long Term Loan from RCL	2,517,000	-	-	-	-	-
	Long Term Loan from Exim Bank (T) Ltd	3,948,450	13,161,500	5,940,050	-	-	-
	Long Term Loan from Directors / Shareholders	1,000,000	-	2,000,000	-	-	-
	Cash Profits from Operations	1,965,304	5,575,875	10,976,567	14,187,443	15,634,514	17,009,811
2	Total Inflow for the period	9,430,754	18,737,375	18,916,617	14,187,443	15,634,514	17,009,811
	Cash Outflow						
	Purchase of Trucks	4,876,954	8,255,300	8,199,885	-	-	-
	Purchase of Trailers	3,164,257	4,906,200	4,157,790	-	-	-
	Purchase of Spares & Equipment	149,246	-	-	-	-	-
	Change in Working Capital Requirement	1,080,191	1,693,732	2,327,094	1,451,475	663,093	729,084
	Repayment of Term Loan from RCL	-	503,400	503,400	503,400	503,400	503,400
	Repayment of Term Loan from Exim Bank (T) Ltd	-	1,316,150	5,703,317	7,683,333	6,367,183	1,980,017
	Repayment of Term Loan from Directors	-	-	-	3,000,000	-	-
	Payment of Dividend	-	-	-	1,000,000	7,000,000	12,000,000
3	Total Outflow for the Period	9,270,649	16,674,782	20,891,486	13,638,208	14,533,676	15,212,500
4	Surplus / (Deficit)	160,105	2,062,593	(1,974,869)	549,235	1,100,838	1,797,311
5	Opening Cash Balance	-	160,105	2,222,698	247,829	797,065	1,897,903
6	Closing Cash Balance	160,105	2,222,698	247,829	797,065	1,897,903	3,695,213
	Cash Balance as per Balance Sheet	160,105	2,222,698	247,829	797,065	1,897,903	3,695,213

<i>Projected Balance Sheet</i>							
							Units: USD
No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Non-Current Assets (Net Value)						
	Trucks	3,657,716	8,934,762	12,850,985	9,638,239	7,228,679	5,421,509
	Trailers	2,847,831	6,978,628	10,022,776	9,020,499	8,118,449	7,306,604
	Spares & Equipment	130,590	114,267	99,983	87,485	76,550	66,981
	Total Non-Current Assets	6,636,137	16,027,657	22,973,745	18,746,223	15,423,678	12,795,094
2	Current Assets						
	Stocks & Inventory of Consumables	64,337	162,933	296,571	380,111	418,122	459,934
	Sundry Debtors	1,969,509	4,987,748	9,078,712	11,636,046	12,799,651	14,079,616
	Cash & Bank Balances	160,105	2,222,698	247,829	797,065	1,897,903	3,695,213
	Total Current Assets	2,193,951	7,373,379	9,623,112	12,813,222	15,115,676	18,234,763
3	Current Liabilities						
	Sundry Creditors	857,827	2,180,275	3,972,879	5,093,181	5,602,499	6,162,749
	Salaries & Wages Payable	44,832	110,411	178,701	222,988	240,537	260,093
	Taxes & Duties on Salaries & Wages Payable	22,416	55,206	89,351	111,494	120,269	130,046
	Other Payables / Liabilities	28,579	30,866	33,335	36,002	38,882	41,992
	Total Current Liabilities	953,655	2,376,758	4,274,265	5,463,664	6,002,187	6,594,881
	Net Current Assets	1,240,296	4,996,622	5,348,847	7,349,558	9,113,489	11,639,882
4	TOTAL ASSETS	7,876,434	21,024,278	28,322,592	26,095,781	24,537,166	24,434,977
	Liabilities						
	Additional Equity Share Capital	-	-	-	-	-	-
	Retained Earnings / Reserves	410,984	2,216,879	7,781,859	16,741,780	22,053,749	24,434,977
	Long Term Loan from RCL	2,517,000	2,013,600	1,510,200	1,006,800	503,400	-
	Long Term Loan from Exim Bank (T) Ltd	3,948,450	15,793,800	16,030,533	8,347,200	1,980,017	-
	Long Term Loan from Directors / Shareholders	1,000,000	1,000,000	3,000,000	-	-	-
5	TOTAL LIABILITIES	7,876,434	21,024,279	28,322,592	26,095,780	24,537,166	24,434,977

<i>Projected Working Capital Requirement</i>								
								Units: USD
No.	Particulars	No. of Days	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Current Assets							
	Stock of Consumables	60	64,337	162,933	296,571	380,111	418,122	459,934
	Sundry Debtors	45	1,969,509	4,987,748	9,078,712	11,636,046	12,799,651	14,079,616
	Sub-total		2,033,846	5,150,681	9,375,283	12,016,157	13,217,773	14,539,550
2	Current Liabilities							
	Sundry Creditors							
	Fuel Suppliers	30	782,330	1,989,078	3,624,861	4,647,133	5,111,846	5,623,030
	Suppliers of Spares & Other Stocks	30	75,498	191,197	348,017	446,048	490,653	539,719
	Salaries & Wages Payable	30	44,832	110,411	178,701	222,988	240,537	260,093
	Taxes & Duties on Salaries & Wages Payable	30	22,416	55,206	89,351	111,494	120,269	130,046
	Other Payables / Liabilities	30	28,579	30,866	33,335	36,002	38,882	41,992
	Sub-total		953,655	2,376,758	4,274,265	5,463,664	6,002,187	6,594,881
3	Net Working Capital Requirement		1,080,191	2,773,924	5,101,018	6,552,493	7,215,586	7,944,669

<i>Projected Schedule for Availing & Repayment of Term Loan from RCL</i>							
							Units: USD
No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Opening Balance	-	2,517,000	2,013,600	1,510,200	1,006,800	503,400
2	Term Loan Availed during the year	2,517,000	-	-	-	-	-
3	Repayment of Term Loan in the year	-	503,400	503,400	503,400	503,400	503,400
4	Closing Balance	2,517,000	2,013,600	1,510,200	1,006,800	503,400	-
5	Interest on Term Loan	151,020	120,816	90,612	60,408	30,204	-
6	Bank Charges	31,034	34,448	38,238	42,444	47,113	52,295

<i>Projected Schedule for Availing & Repayment of Term Loan from Exim Bank (T) Ltd</i>							
							Units: USD
No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Opening Balance	-	3,948,450	15,793,800	16,030,533	8,347,200	1,980,017
2	Term Loan Availed during the year	3,948,450	13,161,500	5,940,050	-	-	-
3	Repayment of Term Loan in the year	-	1,316,150	5,703,317	7,683,333	6,367,183	1,980,017
4	Closing Balance	3,948,450	15,793,800	16,030,533	8,347,200	1,980,017	-
5	Interest on Term Loan	355,361	1,421,442	1,442,748	751,248	178,202	-
6	Bank Charges	31,034	34,448	38,238	42,444	47,113	52,295

<i>Projected Schedule for Availing & Repayment of Term Loan from Directors / Shareholders</i>							
							Units: USD
No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Opening Balance	-	1,000,000	1,000,000	3,000,000	-	-
2	Term Loan Availed during the year	1,000,000	-	2,000,000	-	-	-
3	Repayment of Term Loan in the year	-	-	-	3,000,000	-	-
4	Closing Balance	1,000,000	1,000,000	3,000,000	-	-	-
5	Interest on Term Loan	90,000	90,000	270,000	-	-	-
6	Bank Charges	31,034	34,448	38,238	42,444	47,113	52,295

<i>Projected Schedule for Assets and Depreciation Thereof</i>								
								Units: USD
No.	Asset categories	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Trucks	Value as of beginning of the year	-	3,657,716	8,934,762	12,850,985	9,638,239	7,228,679
		Purchase / Sale of Assets	3,921,268	8,255,300	8,199,885	-	-	-
		Allocation of Contingencies	955,687	-	-	-	-	-
		Value at year end	4,876,954	11,913,016	17,134,647	12,850,985	9,638,239	7,228,679
		Depreciation Rate (%)	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
		Depreciation for the Year	1,219,239	2,978,254	4,283,662	3,212,746	2,409,560	1,807,170
		Asset Value after Depreciation	3,657,716	8,934,762	12,850,985	9,638,239	7,228,679	5,421,509
2	Trailers	Value as of beginning of the year	-	2,847,831	6,978,628	10,022,776	9,020,499	8,118,449
		Purchase / Sale of Assets	2,544,190	4,906,200	4,157,790	-	-	-
		Allocation of Contingencies	620,067	-	-	-	-	-
		Value at year end	3,164,257	7,754,031	11,136,418	10,022,776	9,020,499	8,118,449
		Depreciation Rate (%)	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
		Depreciation for the Year	316,426	775,403	1,113,642	1,002,278	902,050	811,845
		Asset Value after Depreciation	2,847,831	6,978,628	10,022,776	9,020,499	8,118,449	7,306,604
3		Value as of beginning of the year	-	130,590	114,267	99,983	87,485	76,550

		Purchase / Sale of Assets	120,000	-	-	-	-	-
		Allocation of Contingencies	29,246	-	-	-	-	-
	Spares & Equipment	Value at year end	149,246	130,590	114,267	99,983	87,485	76,550
		Depreciation Rate (%)	12.50%	12.50%	12.50%	12.50%	12.50%	12.50%
		Depreciation for the Year	18,656	16,324	14,283	12,498	10,936	9,569
		Asset Value after Depreciation	130,590	114,267	99,983	87,485	76,550	66,981

CALCULATION OF FINANCIAL INDICATORS

<i>Projected Internal Rate of Return (IRR) & Net Present Value (NPV)</i>						
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Capital Outflow/Investment	(8,190,458)	(13,161,500)	(12,357,675)	-	-	-
Cash Balance	160,105	2,222,698	247,829	797,065	1,897,903	3,695,213
Increase in Current Assets	1,080,191	1,693,732	2,327,094	1,451,475	663,093	729,084
Residual value current assets after 6 yrs	-	-	-	-	-	18,234,763
Residual value fixed assets after 6 yrs	-	-	-	-	-	12,795,094
Total	(6,950,161)	(9,245,069)	(9,782,751)	2,248,539	2,560,996	35,454,154

IRR =	12.44%
NPV =	305,561 @ 12%

<i>Projected Pay Back Period</i>						
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Operating Cash Profit After Tax	1,965,304	5,575,875	10,976,567	14,187,443	15,634,514	17,009,811
Interest on Long Term Loan	596,381	1,632,258	1,803,360	811,656	208,406	-
Gross Operating Profit	2,561,685	7,208,133	12,779,927	14,999,099	15,842,920	17,009,811
Cumulative Gross Operating Surplus	2,561,685	9,769,818	22,549,745	37,548,844	53,391,764	70,401,575

Net CoP (US\$) = 33,709,000

Pay Back Period = 2.87 years

Projected Break-Even Analysis						
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Revenue						
Total Revenue	15,974,904	40,456,178	73,638,441	94,381,263	103,819,390	114,201,329
Variable Cost						
	12,482,986	31,973,704	58,112,014	74,467,774	81,836,695	89,947,786
Fixed Cost						
Operating Costs	1,070,523	1,275,789	1,475,151	1,648,130	1,765,266	1,892,193
Interest on Long Term Loans	596,381	1,632,258	1,803,360	811,656	208,406	-
Sub-Total	1,666,904	2,908,047	3,278,511	2,459,786	1,973,671	1,892,193
Break Even Revenue (Rent)	1,666,904	2,908,047	3,278,511	2,459,786	1,973,671	1,892,193
Margin of Safety	14,308,000	37,548,131	70,359,931	91,921,477	101,845,718	112,309,136

Return on Investment (ROI) per year						
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
ROI before Tax	1.74%	7.65%	23.58%	42.21%	52.18%	60.95%
ROI after Tax	1.22%	5.36%	16.51%	29.55%	36.52%	42.66%

Particulars	Average
ROI before Tax	25.47%
ROI after Tax	17.83%

<i>Projected DSCR</i>						
USD						
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Profit After Tax	410,984	1,805,894	5,564,980	9,959,921	12,311,969	14,381,228
Add: Depreciation	1,237,894	2,994,578	4,297,945	3,225,244	2,420,495	1,816,738
Interest on Term Loan	596,381	1,632,258	1,803,360	811,656	208,406	-
Sub Total	2,245,259	6,432,730	11,666,285	13,996,822	14,940,870	16,197,966
Interest on Term Loan	596,381	1,632,258	1,803,360	811,656	208,406	-
Installments of Term Loan	-	1,819,550	6,206,717	11,186,733	6,870,583	2,483,417
Sub Total	596,381	3,451,808	8,010,077	11,998,389	7,078,989	2,483,417
DSCR	3.765	1.864	1.456	1.167	2.111	6.522
Average DSCR	2.814					