

CHARAN SINGH AND SONS LTD

Business Plan

For

Cargo Transportation Project

13th August 2023

1.0 INTRODUCTION

CHARAN SINGH AND SONS LTD is a company incorporated in Tanzania with certificate No. 10648 dated 2nd February 1985 as a private limited company under the Tanzanian Companies Ordinance cap 212. CHARAN SINGH AND SONS LTD is engaged in the business of Transportation of all types of commercial transportation needs including containerized, loose and liquid cargo. The company is also involved in the production of high quality wooden furniture for commercial and domestic use.

1.1 CHARAN SINGH AND SONS LTD MISSION

CSSL's Mission is to offer high-quality heavy duty transportation services for the commercial industry at a competitive price in comparison to other premium quality commercial transporters in the market

1.2 CHARAN SINGH AND SONS LTD VISION

CSSL's vision is to provide affordable, quality, efficient and reliable services for all types for transportation needs in Tanzania and within the Eastern, Southern and Central African Countries. CSSL strives to be the most successful transportation and logistics company in the regional industry and to continually improve its market share by offering competitive rates in conjunction with superior service, optimal use of available resources, innovation and cost saving initiatives.

1.3 COMPANY OWNERSHIP AND BOARD OF DIRECTORS

CHARAN SINGH AND SONS LTD is owned by five shareholders who are very experienced in the transport and logistics business, the share capital of the company is Tanzania shillings 10,000,000,000/= which are Ordinary shares divided as follows:-

Share Holders	% of Share	Nationality
NAVTEJ S MUDHER	20	British
BALRAJ S MUDHER	20	Tanzanian
AMRITPAL S BHAMRA	20	Tanzanian
NAVRAJ S BHAMRA	20	Tanzanian
VARINDERPAL S BHAMRA	20	Tanzanian

1.4 PROJECT LOCATION

The transportation project by CHARAN SINGH AND SONS LTD will be located at Plot number 169/170, Block number 181/182 in Moshi District in Kilimanjaro Region Tanzania.

1.5 FLEET SIZE

CHARAN SINGH AND SONS LTD is planning to import the following for the project for starting the project.

NO	ITEM NAME	AVG COST PER ITEM IN USD	QTY	TOTAL EXPECTED COST
	TRUCKS/TRAILERS			
1	HEAVY DUTY TRUCKS/TRACTORS/RIGIDS	\$ 50,000	100	\$ 5,000,000
2	FLAT BED/SKELETAL TRAILERS	\$ 15,000	80	\$ 1,200,000
3	C.P.O TANKERS	\$ 15,000	20	\$ 300,000
3	RECOVERY TRUCKS	\$ 60,000	5	\$ 300,000
4	MOBILE CRANE	\$ 70,000	3	\$ 210,000
5	FORK LIFTS	\$ 50,000	3	\$ 150,000
	VEHICLES			
6	PICK-UPS / SINGLE CABIN	\$ 70,000	5	\$ 350,000
7	HARD TOP	\$ 70,000	5	\$ 350,000
	WORKSHOP EQUIPMENT			
8	MOBILE WORKSHOP	\$ 20,000	2	\$ 40,000
9	TOOL BOXES	\$ 250	75	\$ 18,750
10	WHEEL ALIGNERS	\$ 2,500	5	\$ 12,500
11	HYDRAULIC JACKS	\$ 1,500	25	\$ 37,500
12	WELDING MACHINES	\$ 500	10	\$ 5,000
13	GRINDER	\$ 1,000	10	\$ 10,000
14	DRILL MACHINES	\$ 1,500	10	\$ 15,000
15	LATH MACHINES	\$ 10,000	5	\$ 50,000
16	AIR COMPRESSOR	\$ 1,000	5	\$ 5,000

17	TROLLEY JACKS	\$ 250	5	\$ 1,250
18	GENERATORS	\$ 25,000	3	\$ 75,000
19	METAL PRESS MACHINES	\$ 20,000	2	\$ 40,000
20	PIPE BENDING MACHINE	\$ 15,000	2	\$ 30,000
	TRUCK TRACKING SYSTEM			
21	TRACKING UNITS	\$ 2,500	100	\$ 250,000
				\$ 8,450,000

1.6 PROJECT ESTIMATED REVENUE

The company has estimated that the projected revenue to be US\$ 3,500 per truck per month.

1.7 PROJECT OPERATING COST

The company has estimated that the project operating cost and another cost to be 60% of the total annual revenue of the monthly income generated by on truck which is 1,800 USD

1.8 PROJECT FINANCING

The company has estimated that the project will be financed by the local equity amounting to 2,450,000 USD and local loan of 6,000,000 USD. Therefore the total of 8,450,000 project finance.

1.9 PROJECT INVESTMENT COST

The project has budgeted to cost the followings:

PARTICULAR	AMOUNT USD
Land and Buildings	
Machinery & Equipment	
Motor Vehicles	6,700,000.00
Office Furniture	
Pre expenses	
Others	1,500,000.00
Working Capital	250,000.00
TOTAL	8,450,000.00

2.0 PROJECT ORGANISATION CHART

- The project will be is headed by Mr. BALRAJ SINGH MUDHER who is currently the Director of CHARAN SINGH AND SONS LTD, The project will further be coordinated by other remaining four Directors of CHARAN SINGH AND SONS LTD. The expected project employment schedule are as follows:-

Employees Distribution Summary

Employment	Foreign	Local	Total
Women	0	2	2
Men	2	180	182
TOTAL	2	182	184

3.0 TANZANIA TRANSPORT SECTOR OVERVIEW

The Tanzanian transport sector comprises surface transport (including roads, and 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 kilometers of roads, of which 12,786 kilometers are trunk roads, 21,105 kilometers are regional roads and the remaining 52,581 kilometers 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 kilometers, comprising 12,786 kilometers of trunk and 21,105 kilometers of regional roads.

The remaining network of about 53,460 kilometers 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 kilometers 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 kilometers in length, of which 975 kilometers is in Tanzania and 885 kilometers 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 kilometers 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, 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.

4.0 TANZANIAN BUSINESS ENVIRONMENT

In the African continent, TANZANIA is among the top ten investment destinations in Africa, thanks to reforms and a conducive investment environment set by the government.

The Rand Merchant Bank (RMB) ranked the country tenth in investment attractiveness, in the Where to Invest in Africa 2021 report released recently.

4.1 THE TANZANIA DEVELOPMENT CORRIDORS

The development of transport corridors has been one of the main strategies adopted by the Government of Tanzania to facilitate trade. Tanzania serves as a transit country for the import and export of Malawi, Zambia, DR Congo, Burundi, Rwanda, and Uganda, using the port of Dar es Salaam. The main rail and road connections in Tanzania are, therefore, in an east-west direction, linking the ports with the hinterlands of those neighbouring countries. Tanzania is devoting much attention to the corridor concept in its development policy by concentrating efforts in the Mtwara Corridor, Dar-es-Salaam Corridor, Central Corridor and the Tanga Corridor. The major challenge is to link import, export and transit traffic from and to neighbouring countries with transport development efforts, making Tanzania a natural regional hub.

The geography of Tanzania, including its size, diversity and dispersion, give roads a special position in the integration of the national economy. In particular, roads serve rural areas, where the majority of the people live, more effectively than any other mode of transport. The current Tanzania Road Network length is about 85,000 km, which includes trunk and regional roads (35,000 km) managed by the Tanzania National Roads Agency (TANROADS), and

the urban, district and feeder roads with a total of 50,000 km, managed by Local Government Authorities (LGA). There are also some unclassified roads, such as those managed by the Tanzania Parks Authority (TANAPA), and by the Mining Companies and village authorities.

5.0 SWOT ANALYSIS

STRENGTHS

Strengths of the business are –

- The company has sound experience in this business and have talented Management.
- Rapid growth in sector due to effective management
- Influence & Networking of Directors in the Business Sector.
- Business location is at prominent place.
- Good roads and highway in Tanzania.
- Confirmed business due to market availability

WEAKNESSES

Weakness of the business are –

- Stiff competition from local market
- Limited market share growth

OPPORTUNITIES

Opportunities of the business are –

- Availability of potential market with Tanzania, EAC and Africa in general
- Increasing market share due to rail transport limitations
- Augmented demand for world-class logistics and warehousing services
- Increased use of logistics services in sectors such as technology, consumer retail, automotive and industrial

THREATS

Threats of the business are –

- Complex Tax Structure
- Sector and competition
- Different laws in different countries
- Increasing fuel rates, therefore, increasing transportation costs

6.0 SERVICES OFFERED BY CHARAN SINGH AND SONS LTD

CHARAN SINGH AND SONS LTD provides the services of Transportation of all types of commercial transportation needs including containerized, loose and liquid cargo. The company is also involved in the production of high quality wooden furniture for commercial and domestic use.

7.0 COMPETITION

According to data available, there are more than 15,000 trucks registered in Tanzania and CHARAN SINGH AND SONS LTD plans to continue competing through its expansion project in Transport

sector by importing more trucks and become giant in the market for enhancing completion and quality service delivery

8.0 FINANCIAL ASPECTS OF THE PROJECT

(i) 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 cycle. Accumulated after-tax profits growfrom. **US\$ 623,000 in** the 1st year to **US\$ 2,203,561** in the 8thyear.

(ii) 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\$ 3,903,000** in the first year to **US\$ 11,310,673** at the end of the 8th year of the project's operations based on the 100 trucks and other assets obtained.

(iii) Projected Balance Sheet

The project's assets' cash flows are shown in Appendix III. Owners' equity grows from US\$ **2,450,000** in the first year to **US 14,400,673\$** at the end of the 8th year of the project's operations

(iv) Payback Period

Total investment is US\$ **8,450,000** cash accumulation in 5th year is **US\$ 9,333,467** which is more than the initial investment by **US\$ 883,467**. The project payback Period is exactly 5 years. Therefore the project has a relatively short time Payback period.

(v) Loan repayment

The total investment loan is **US\$ 6,000,000** to be repaid within 8 years.

9.0 ECONOMIC ASPECTS OF THE PROJECTS

Besides the financial/monetary returns to the owners, there are other benefits to be derived for the whole country.

(i) Employment Opportunities

Employment and poverty reduction are among the major concern of the Central and Local Government authorities. It is gratifying to note that the company will provide additional employment to 182 people. This is a significant contribution coming from local investors.

(ii) Revenue to the Government

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

(iii) Foreign Exchange Earning

Since the project's clientele is mostly towards neighboring countries the project will thus earn foreign currency for the United Republic of Tanzania.

10.0 CONCLUSION

- (i) The project is profitable and contributes to government revenue by way of taxes.
- (ii) The project provides employment to 182 people.
- (iii) The project is an encouraging sign to prove that we have good business environments and we have investors who have confidence in their country so that they are ready to invest such large sums of capital investment.

11.0 RECOMMENDATION

After undergoing economic and financial evaluation of the project, we strongly recommend that this project be approved for implementation and be granted the Certificate of Incentives from TIC so that the company enjoys the benefits of incentives and work more towards improving the economy of Tanzania and enhancing employment in Transport sector.

FORECASTED STATEMENT OF PROFIT & LOSS IN USD											
CURRENCY USD											
	Monthly	Number of Trucks	Monthly Income	Year 1	Year 2	Year 3	Year4	Year 5	Year 6	Year 7	Year 8
Revenue	3,500	100	350,000	4,200,000	4,830,000	5,554,500	6,387,675	6,512,651	7,364,573	7,617,337	8,507,173
Operating Cost	1,800	100	180,000	2,160,000	2,376,000	2,613,600	2,874,960	3,162,456	3,478,702	3,826,572	4,209,229
Gross profit before depreciation and interest			170,000	2,040,000	2,454,000	2,940,900	3,512,715	3,350,195	3,885,871	3,790,765	4,297,944
Loan Interest @8%				480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000
Depreciation 10%				670,000	670,000	670,000	670,000	670,000	670,000	670,000	670,000
				1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000
Gross profit				890,000	1,304,000	1,790,900	2,362,715	2,200,195	2,735,871	2,640,765	3,147,944
Tax(30%)				267,000	391,200	537,270	708,815	660,059	820,761	792,229	944,383
Profit after tax				623,000	912,800	1,253,630	1,653,901	1,540,137	1,915,110	1,848,535	2,203,561
Accumulated profit				623,000	1,535,800	2,789,430	4,443,331	5,983,467	7,898,577	9,747,112	11,950,673

PROJECTED STATEMENT OF CASHFLOW IN USD									
Year	0	1	2	3	4	5	6	7	8
SOURCES:									
Profit after interest and depreciation									
	-	623,000	912,800	1,253,630	1,653,901	1,540,137	1,915,110	1,848,535	2,203,561
Equity		2,450,000							
Loan		8,610,000	-	-	-	-	-	-	-
			1,230,000	1,230,000	1,230,000	1,230,000	1,230,000	1,230,000	1,230,000
Total Sources		11,683,000	317,200	23,630	423,901	310,137	685,110	618,535	973,561
Applications:									
Capital expenditure		6,700,000							
Working Capital & Others		1,750,000							
Cash	-	3,233,000	-	23,630	423,901	310,137	685,110	618,535	973,561
			317,200						
Depreciation	-	670,000	670,000	670,000	670,000	670,000	670,000	670,000	670,000
Sub total		3,903,000	352,800	693,630	1,093,901	980,137	1,355,110	1,288,535	1,643,561
Total applications	0	3,903,000	4,255,800	4,949,430	6,043,331	7,023,467	8,378,577	9,667,112	11,310,673

FORECASTED STATEMENT OF FINANCIAL POSITION IN USD-BALANCE SHEET

ASSETS	Initial Outlays/Years	1	2	3	4	5	6	7	8
Opening Balance		-	6,030,000	5,360,000	4,690,000	4,020,000	3,350,000	2,680,000	2,010,000
Total Long term assets	6,700,000	6,700,000	6,030,000	5,360,000	4,690,000	4,020,000	3,350,000	2,680,000	2,010,000
Less Depreciation		-670,000	-670,000	-670,000	-670,000	-670,000	-670,000	-670,000	-670,000
Closing Balance		6,030,000	5,360,000	4,690,000	4,020,000	3,350,000	2,680,000	2,010,000	1,340,000
Working Capital	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
Accumulated Cash		3,903,000	4,255,800	4,949,430	6,043,331	7,023,467	8,378,577	9,667,112	11,310,673
Total Assets	1,750,000	11,683,000	11,365,800	11,389,430	11,813,331	12,123,467	12,808,577	13,427,112	14,400,673
Financed By									
Equity	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000
Accumulated Profits		623,000	1,535,800	2,789,430	4,443,331	5,983,467	7,898,577	9,747,112	11,950,673
Total Equity	2,450,000	3,073,000	3,985,800	5,239,430	6,893,331	8,433,467	10,348,577	12,197,112	14,400,673
Bank Loan	9,840,000	8,610,000	7,380,000	6,150,000	4,920,000	3,690,000	2,460,000	1,230,000	
Total Debt	9,840,000	8,610,000	7,380,000	6,150,000	4,920,000	3,690,000	2,460,000	1,230,000	-
Total Equity and Debt	12,290,000	11,683,000	11,365,800	11,389,430	11,813,331	12,123,467	12,808,577	13,427,112	14,400,673

PAYBACK PERIOD CALCULATIONS				
Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	623,000	670,000	1,293,000	1,293,000
2	912,800	670,000	1,582,800	2,875,800
3	1,253,630	670,000	1,923,630	4,799,430
4	1,653,901	670,000	2,323,901	7,123,331
5	1,540,137	670,000	2,210,137	9,333,467
6	1,915,110	670,000	2,585,110	11,918,577
7	1,848,535	670,000	2,518,535	14,437,112
8	2,203,561	670,000	2,873,561	17,310,673
TOTAL	11,950,673	5,360,000	17,310,673	69,091,390

LOAN REPAYMENT SCHEDULE				
Year	<i>Principle</i>	Loan Interest (8%)	Total Amount Paid	Loan Balance
0	<i>9,840,000</i>	-	-	9,840,000
1	750,000	480,000	1,230,000	8,610,000
2	750,000	480,000	1,230,000	7,380,000
3	750,000	480,000	1,230,000	6,150,000
4	750,000	480,000	1,230,000	4,920,000
5	750,000	480,000	1,230,000	3,690,000
6	750,000	480,000	1,230,000	2,460,000
7	750,000	480,000	1,230,000	1,230,000
8	750,000	480,000	1,230,000	-
	6,000,000	3,840,000	9,840,000	

IMPLEMENTATION SCHEDULE

	ACTIVITY	PERIOD
1.	Processing TIC Certificate of Incentive	September 2023
2.	Funds Mobilization	September 2023
3.	Ordering of Vehicles	September 2023
4.	Arrival of Vehicles	December 2023– Jan 2024
5.	Trial Operations	February 2024
6.	Commercial Operations	March 2024

