

# STERLING INTERNATIONAL LIMITED



## FEASIBILITY STUDY FOR THE IMPLEMENTATION PROGRAMME OF ESTABLISHING AND OPERATING CARGO TRANSPORTATION PROJECT

PREPARED BY  
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DAR ES SALAAM

## TABLE OF CONTENTS

1. Introduction .....	3
2. Company's background .....	3
3. Market Potential .....	5
4. Reason for cargo transportation .....	6
5. The Company's Objectives .....	6
6. Plan/Prospects .....	7
7. Cargo Transport facilities .....	7
8. Project's shareholders/Promoters .....	8
9. Location .....	8
10. The company's implementation Schedule .....	9
11. Capacity .....	11
12. Environmental Aspect .....	11
13. Project Management .....	11
14. Capital Investment Cost .....	12
15. Source of Funds .....	12
17. Advertisement .....	12
18. Business Strategy .....	12
19. Financial Analysis.....	13
20. Appendix.....	17 - 21

## **M/S STERLING INTERNATIONAL LIMITED**

### **IMPLEMENTATION PROGRAMME OF THE CARGO TRANSPORT PROJECT**

#### **1. INVESTMENT PROPOSAL**

This business plan for the cargo transportation project was prepared by **M/S STERLING INTERNATIONAL LIMITED** for project's implementation programme in carrying on cargo transportation business. The proposed project expects to run its operations within Tanzania mainland and entire East and Central African Countries which has a very big potential market due to the improvement and economical growth especially in all economical sectors like agriculture, trade, industry, mining, transit, and export and import business.

The project's promoters/ shareholders resolved to set up facilities for cargo transportation by purchasing Heavy Duty Trucks, tractors, horse, flatbed/ skeleton, semi-trailers, Trailers, supporting vehicles (Pickups & Hardtop), cargo handling equipment, workshops facilities and other related equipment which make the proposed cargo haulage project successful and profitable and will solve the acute shortage of the modern and reliable cargo transport facilities.

The business plan also manifested and analyzed the financial, technical, human and economic resources required for the setting up the cargo haulage and also studying the market as well as assessing its economic and commercial viability. This will help the company's promoters (shareholders) in allocation of funds in acquiring the project's heavy-duty trucks, tractors, horse, flatbed/ skeleton, semi trailers, Trailers, supporting vehicles (Pickups & Hardtop), workshop facilities as well as related equipment to supplement the equity contribution.

The intended cargo haulage project is basically aimed at ensuring quality service to increasing business and clientele. The project's customers are mainly involved in commercial, import & export, agricultural and industrial activities.

#### **2. COMPANY'S BACKGROUND**

**M/S STERLING INTERNATIONAL LIMITED** is a private owned company incorporated in United Republic of Tanzania by Registrar of companies on **11<sup>th</sup> day of November, 2022** with certificate of incorporation **No 158848570**.

**M/S STERLING INTERNATIONAL LIMITED** was registered with objectives of carrying on business of cargo transportation in Tanzania mainland and the entire east and central Africa.

In its implementation plan, the cargo transportation project will import the fleet of cargo vehicles, workshop machinery & tools, weighing bridge, communication equipment and cargo handling equipment like forklifts and crane in order to facilitate loading and offloading and become more competitive in the cargo transportation sector in the country and the neighboring countries.

### **3. THE POTENTIAL MARKET**

There is a very big market potential for the proposed cargo haulage project due to the improvements and economic growth in various sectors like agriculture, industries, commerce, mining, imports & exports in Tanzania.

The improvements and economical growth in sector had become one of the factors which have led the shareholders (promoters) to invest in cargo haulage business (**Road Cargo Transportation**).

In addition to that the increased business with the neighboring countries such as imports & exports, transshipment, transit goods as neighboring landlocked countries are using the Tanzanian Ports. These signify high demand for road cargo transport. The following are the landlocked countries which are using our ports; Malawi, Zambia, Rwanda, Congo, Burundi, Uganda.

Besides the far inland regions need cargo haulage facilities due to the shortage of **internal cargo transport** and the **facility linking Regions** with Dar es Salaam such as Kigoma, Kagera, Mwanza, Mara, Tabora, Morogoro, Iringa, Mbeya, Rukwa, Lindi, Mtwara, Tanga, Kilimanjaro, Arusha.

#### **REASONS FOR INVESTING IN CARGO TRANSPORTATION PROJECT: -**

- Improvements & Economic growth in agricultural, Mining, industrial and commercial sectors
- International Trade Imports & Exports, Transit, Transshipments.
- Facilities Linking Dar es salaam to the other inland regions in Tanzania (Local Haulage)

#### 4. THE COMPANY'S OBJECTIVES

The company's shareholders resolved to register **M/S STERLING INTERNATIONAL LIMITED** with the prime objectives of carrying on cargo haulage business.

- a. To promote growth and expansion of private sector
- b. To reduce dependence on foreign cargo transporters
- c. To foster the growth of local cargo haulage company.
- d. In its implementation,

**M/S STERLING INTERNATIONAL LIMITED** will create **50** job opportunities to the local drivers and mechanic etc. The drivers who will get experience in driving new / modern trucks, tractors, horse, semi-trailers & trailers and the mechanic will also get experience in servicing them.

- a. Income generation programme
- b. Alleviate of poverty and
- c. Improvement of their social welfare
- d. The proposed cargo haulage project will contribute to the government revenues through taxes and levies.

#### 5. CARGO TRANSPORT FACILITIES

In order to make the project successful and profitable, the promoters/ shareholders decided to set up facilities which will make the cargo transportation project convenient and run smooth. These are;

- i. **Modern Workshop** for servicing our own vehicles just to make the vehicles in good condition all the time.
- ii. **Cargo handling equipment** to assist loading and unloading of the cargo.
- iii. **Weigh Bridge** in order to weigh the cargo before transporting.
- iv. **Communication equipment Etc**

#### 6. PROJECT'S SHAREHOLDERS/PROMOTERS

The following sponsors are promoting the proposed road Cargo haulage project. These are also shareholders and directors of **M/S STERLING INTERNATIONAL LIMITED** with their shareholders position.

<b>Name of Promoter</b>	<b>Number of Ordinary Shares</b>	<b>Percentage of shareholding (%)</b>
Ru Lin No. 33, Lane 838, Liang Cheng Road Shanghai, China	5,100	51%
Rahim Ismail Sadik Plot 55, Kalenga Street, Upanga Dar es Salaam, Tanzania	2,450	24.5%
Fayazali Zulfikar Meghji Plot 2093/5, House No. 2, Ali Hassan Mwinyi Road, Dar es Salaam, Tanzania	<b>2,450</b>	<b>24.5%</b>
<b>TOTAL subscribed shares</b>	<b>10,000</b>	<b>100%</b>

The share capital of the company is Tshs. 500,000,000/= divided into 50,000 ordinary shares of Tshs. 10,000/= each.

## **7. LOCATION**

**The company's business premises are located at** Plot no 2199/6 Samora/ Mkwepu street, Ilala district. Dar es salaam

## **8. THE COMPANY'S IMPLEMENTATION SCHEDULE**

The proposed cargo transportation of the project will be implemented within three years. The cargo haulage promoters and financiers have allocated funds for the establishment of the project and they are waiting for the registration with Tanzania investment Centre (TIC). The securing TIC certificate of incentives which will make the project qualify for Import Duty and VAT Exemption on Capital/ Deemed Capital Goods

### **8.1.1 APRIL - 2023**

- Preparation of the feasibility study for the implementation of the proposed programme on cargo transportation project.
- Registration with Tanzania Investment Centre (TIC) i.e. application for the certificate of Incentives.

- Getting the certificate of Incentives.

### **8.1.2 MAY – 2023**

- Application for the Import duty and VAT exemption on capital/deemed capital goods.
- Importation of Trucks/ trailers, machinery and other equipment.
- Clearing of goods – vehicles, machinery and other equipment from customs control (at the port and Airport).

### **8.1.3 JUNE - 2023**

- Recruiting new staff,
- Health checking and testing their capacity,
- Fully commencement of operation in planned programme.

## **8. FUTURE PLAN**

- a. The cargo haulage project will import MORE Heavy-Duty Trucks, Tractor Horse, Trailers, semi – Trailers, pick-ups (Road patrols), forklifts, crane, container Reach stacker for carriage & handling of cargo.
- b. The project will also increase the volume/ capacity of the cargo uplifted.
- c. To use new Trucks & Trailers and modern cargo handling equipment.
- d. Application of new/ modern vehicles and technology

## **9. CAPACITY**

The company will have the capacity of transport around **200,000 tonnes** of cargo per month.

## **10. ENVIRONMENTAL ASPECTS OF THE PROJECT**

The company will refrain from transporting hazardous chemical with negative impacts to the environment. All operations will be carried out in an environmentally friendly matter e.g. workshop and service operations.

## **11. PROJECT MANAGEMENT**

The overall management of **M/S STERLING INTERNATIONAL LIMITED** is vested in the board of directors. Ru Lin is the managing director of the company who oversees the day-to day operation of the company supported by a team of professionals well versed in cargo transport business. The other director is Mr.Rahim Ismail Sadik and Fayazali Zulfikar Meghji. **M/S STERLING INTERNATIONAL LIMITED** expects to create employment to about **50** in the establishment programme.

## 12. CAPITAL INVESTMENT COST

Land/building	USD \$	-
Plant/Machinery	USD \$	100,000
Vehicles	USD \$	4,600,000
Furniture	USD \$	-
Pre – expenses	USD \$	100,000
Other Expenses	USD \$	100,000
Working capital	USD \$	<u>100,000</u>
<b>TOTAL</b>	<b>USD \$</b>	<b><u>5,000,000</u></b>

## 13. SOURCE OF FUNDS (FINANCIAL PLAN)

**M/S STERLING INTERNATIONAL LIMITED** has allocated funds for the proposed cargo haulage project by:-

<b>a. Own Fund/Equity</b>	<b>USD \$</b>	<b>3,000,000</b>
<b>b. Local loan</b>	<b>USD \$</b>	<b><u>2,000,000</u></b>
<b>Total</b>	<b>USD \$</b>	<b><u>5,000,000</u></b>

## 14. BUSINESS STRATEGY

The Cargo haulage project has set the following strategies just to make the project financial and economic viable which are:

- Advertisement and promotion,
- Technology and quality – use of new trucks & modern cargo handling machinery,
- On job training in driving, cargo handling and servicing,
- Business discipline,
- Employing qualified and experienced driving, mechanic and supervisors in cargo haulage & handling.

## 16. CONCLUSION AND RECOMMENDATION

The company's financial evaluation presented indicates that this proposed cargo haulage project will be profitable both financially and economically viable venture.

The Company's promoters/ shareholders are the businessmen who have a lot of experience in cargo haulage business also have ample managerial capabilities in various business disciplines. Based on the above factors, it is recommended that the company should be granted the certificate of incentives so as to implement its cargo haulage activities, increase the cargo transport capacity and enjoy tax exemption on capital/deemed capital goods.

## **17. FINANCIAL AND ECONOMIC ANALYSIS**

### **17.1 Projected Profit and Loss Account**

The company envisages generating a profit of **USD \$ 500,000** this operating year. The profit amount is expected to steadily rise to **USD \$ 520,000** in year two, **USD \$ 540,000** in year three and **USD \$560,000** in year four.

### **17.2 Projected cash flows**

The projected cash flows for the next five years indicate that the company will have enough funds to service/repay the loan and interest payments. Hence the financial obligations will be met in a timely fashion.

### **17.3 Proposed Balance Sheet:**

The projected balance sheet shows healthy financial situation. Short term liabilities are at all times covered by fixed assets. Also, current liabilities are adequately covered by current assets.

## **18. SENSITIVITY ANALYSIS**

To assess further the viability of the implementation project, sensitivity analysis has been worked out on the basis of several unfavorable conditions that might negatively affect the operations of **M/S STERLING INTERNATIONAL LIMITED**.

The viability/ profitability of the company operations appears more sensitive to Cargo Transport income/revenue than increase in the operation costs. This implies that the company should strive to maintain the existing clients and undertaken an aggressive marketing strategy to hire clients and expand its market or client base.

**19.1 Effect of cost increase on profitability (on the basis of year II Cargo transport income USD \$ '000')**

Cargo Transport Income	Costs	Increase	Profit before Depreciation
2,250.0	1,730.0	%	520.0
2,250.0	1,816.5	5%	433.5
2,250.0	1,903.0	10%	347.0

**19.2 Effect of Cargo transport income decrease on profitability (on the basis of costs in USD \$ '000')**

Cargo Transport Income	Increase Decrease	Cost	Profit before Depreciation
2,250.0	%	1,730.0	520.0
2,137.5	5%	1,730.0	407.5
2,025.0	10%	1,730.0	295.0

**M/S STERLING INTERNATIONAL LIMITED  
THE LIST OF THE GOODS FOR CARGO TRANSPORT PROJECT**

No:	Items	Quantity
1.	Heavy Duty Trucks/Horse/Tractor	50 Units
2.	Trailers	50 Units
3.	Semi trailers	50 Units
4.	Pick ups	5 Units
5.	Recovery trucks	3 Units
6.	Mini Buses	3 Units
7.	Land Cruiser Hard Top	3 Units
8.	Low bed	10 Units
9.	Low loaders	10 units
10.	Forklift	5 Units
11.	Crane	5 Units
12.	Generators	5 Units
13.	Radio calls	50 Units
14.	Radio Base Station	2 sets
15.	GPS Systems/ Car Tracking Systems	100 sets
16.	Firefighting Equipments	10 sets
17.	<u>Workshops Equipment</u>	

	Tools boxes	50
	Lathe Machines	5
	Weigh Bridge	2
	Air Compressor	5
	Electric Arc welding Machine & ACC	5
	Jack	20
	Wheel Aligners	5
	Wheel Balancers	5
18.	Tyre Changing	5
19.	Computer & accessories	5
20.	Fax	2
21.	Alarm System	1

### Appendix I

#### M/S STERLING INTERNATIONAL LIMITED PROJECTED INCOME STATEMENT

(Fig. In USD \$ '000')

INCOME	I	II	III	IV	V
Cargo Transport & other facilities	2,110.0	2,250.0	2,390.0	2,530.0	2,660.0
<b>Total</b>	<b>2,110.0</b>	<b>2,250.0</b>	<b>2,390.0</b>	<b>2,530.0</b>	<b>2,660.0</b>
<b>EXPENDITURE</b>					
Utility	400.0	400.0	400.0	400.0	400.0
Other Expenses	200.0	200.0	200.0	200.0	200.0
Salaries and wages	50.0	50.0	50.0	50.0	50.0
Transportation/fuel	800.0	900.0			1,200.0
Administrative expenses	100.0 50.0	110.0 60.0	1,000.0 120.0	1,100.0 130.0	140.0 80.0
Clearing & Forwarding			70.0	80.0	

Charges	10.0	10.0			10.0
Promotion/ Advertisement			10.0	10.0	
<b>Total expenditure</b>	<b>1,610.0</b>	<b>1,730.0</b>	<b>1,850.0</b>	<b>1,970.0</b>	<b>2,080.0</b>
<b>Net profit (pre - tax and Depreciation)</b>	<b>500.0</b>	<b>520.0</b>	<b>540.0</b>	<b>560.0</b>	<b>580.0</b>

**M/S STERLING INTERNATIONAL LIMITED  
PROJECTED CASHFLOWS STATEMENT**

(Fig. In USD \$ '000')

<b>Years</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
Cash inflow	500.0	520.0	540.0	560.0	580.0
<b>Income from operation</b>	<b>500.0</b>	<b>520.0</b>	<b>540.0</b>	<b>560.0</b>	<b>580.0</b>
Cash outflow					
Interest Payment	200.0	180.0	160.0	140.0	120.0
Loan repayment	200.0	200.0	200.0	200.0	200.0
Wear & Tear	40.0	40.0	40.0	40.0	40.0
Taxes	10.0	10.0	15.0	20.0	25.0
<b>TOTAL</b>	<b>450.0</b>	<b>430.0</b>	<b>415.0</b>	<b>400.0</b>	<b>385.0</b>
<b>Surplus cash generated</b>	<b>50.0</b>	<b>90.0</b>	<b>125.0</b>	<b>160.0</b>	<b>195.0</b>

<b>Years</b>	<b>VI</b>	<b>VII</b>	<b>VIII</b>	<b>IX</b>	<b>X</b>	<b>TOTAL</b>
Cash inflow	620.0	640.0	680.0	700.0	720.0	8,060.0
<b>Income from operation</b>	<b>620.0</b>	<b>640.0</b>	<b>680.0</b>	<b>700.0</b>	<b>720.0</b>	<b>6,060.0</b>
Cash outflow						
Interest Payment	100.0	80.0	60.0	40.0	20.0	1,100.0
Loan repayment	200.0	200.0	200.0	200.0	200.0	2,000.0
Wear & Tear	40.0	40.0	40.0	40.0	40.0	400.0
Taxes	30.0	30.0	30.0	35.0	35.0	240.0
	<b>370.0</b>	<b>350.0</b>	<b>330.0</b>	<b>315.0</b>	<b>295.0</b>	<b>3,740.0</b>
<b>Surplus cash generated</b>	<b>250.0</b>	<b>290.0</b>	<b>350.0</b>	<b>385.0</b>	<b>425.0</b>	<b>2,320.0</b>

**M/S STERLING INTERNATIONAL LIMITED**  
**PROJECTED LONG TERM LOAN REPAYMENT**  
 (Fig. In USD \$ '000')

<b>Repayments</b>				
<b>Year</b>	<b>Principle</b>	<b>Interest</b>	<b>Total</b>	<b>amount</b>
0				2,000.0
I	200.0	200.0	400.0	1,800.0
II	200.0	180.0	380.0	1,600.0
III	200.0	160.0	360.0	1,400.0
IV	200.0	140.0	340.0	1,200.0
V	200.0	120.0	320.0	1,000.0
VI	200.0	100.0	300.0	800.0
VII	200.0	80.0	280.0	600.0
VIII	200.0	60.0	260.0	400.0
IX	200.0	40.0	240.0	200.0
X	200.0	20.0	220.0	0.0

## Appendix 1V

### M/S STERLING INTERNATIONAL LIMITED

#### PROJECTED BALANCE SHEET

(Fig. in USD \$ '000')

No.	ITEM	YEAR I	YEAR II	YEAR III	YEAR IV	YEAR V
	<b>Source of funds</b>					
1.	Shareholders funds	500.0	500.0	500.0	500.0	500.0
2.	Long term Loan	400.0	380.0	360.0	340.0	320.0
3.	Associated Cos/ Directors	200.0	200.0	200.0	200.0	200.0
4.	Current Liabilities	300.0	350.0	400.0	450.0	500.0
		<b>1,400.0</b>	<b>1,430.0</b>	<b>1,460.0</b>	<b>1,490.0</b>	<b>1,520.0</b>
	<b>Application of funds</b>					
1.	Fixed Assets	800.0	800.0	800.0	800.0	800.0
2.	Current Assets	600.0	630.0	660.0	690.0	720.0
		<b>1,400.0</b>	<b>1,430.0</b>	<b>1,460.0</b>	<b>1,490.0</b>	<b>1,520.0</b>