

ZAMZAM ROAD HAULAGE LIMITED

PROJECT DOCUMENT

ON

EXPANSION

OF

CARGO TRANSPORTATION

Prepared By:
ZAMZAM ROAD HAULAGE LIMITED
P.O.BOX 15604
DAR-ES-SALAAM

1.0 EXECUTIVE SUMMARY

1.1 COMPANY BACKGROUND

ZAMZAM ROAD HAULAGE LIMITED is a private limited liability company, established in 26 May 2008 under Certificate of Incorporation No.65725 to carry out a variety of businesses, related to transportation sector and clearing and forwarding. The main purpose of this particular project is to expand its fleet of vehicles in order to expand its cargo transportation operations to provide both for domestic and transit haulage services. The company headquarters is based in Dar-es-Salaam.

1.2 THE PROJECT

The company intends to expand its fleet of vehicles by acquiring **50 trucks with trailers** (semi/pull type). Also, it intends to purchase pickups, light trucks and workshop tools and related handling service facilities. The expansion of fleet of trucks will strengthen the distribution and marketing facilities in the Country specially to transport transit cargo for neighbouring landlocked Countries East and Central Africa namely: Rwanda, Burundi, Uganda, The Democratic Republic of Congo, Zambia, Malawi and Kenya.

1.3 Investment Costs

The project cost is estimated at **US\$4,235,000** which will be contributed by the sponsors.

	LOCAL	TOTAL
Land & Building	50,000	50,000
Plant/workshop facilities	50,000	50,000
Vehicles	4,000,000	4,000,000
Furniture and fixture	5,000	5,000
Pre-expenses	10,000	10,000
Others	20,000	20,000
Working capital	100,000	100,000
Total	4,235,000	4,235,000

1.4 FINANCING PLAN

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

SOURCE	US \$
Equity	4,235,000
Sub total	4,235,000

1.5 THE PROMOTERS

The promoter of the project is **ZAMZAM ROAD HAULAGE LIMITED** and its shareholders are as follows;

Name Of Share Holder	Nationality	%Share- Holding
Hasnain Abbas Taki	Tanzanian	40%
Muhamed Ebrahim Damji	Tanzanian	35%
Abbas Chiragali Walji	Tanzanian	25%

1.6 LOCATION

The company will be located at Plot No 27, Loliondo Street Kurasini, Temeke, Dar-es-Salaam which is easily assessable to the airport, harbours and up-country.

1.7 THE MARKET

The demand for transit cargo and supply of trucks/trailers has revealed that there is an excess demand in the transportation sector and the expansion of a company and purchasing a fleet of about **50** new trucks/trailers to facilitate movement of transit cargo by road system to

and from landlocked neighbouring countries is justifiable. The market indicates that there is an increase in demand for transit cargo both dry and wet, including white petroleum products namely: petrol, diesel, jet fuel, lubricants, liquefied gas (LPG) etc.

1.8 ENVIRONMENTAL ASPECT

The company will follow the environmental regulations governing the operation of garages, workshops, and storage of oil to ensure that during and in case if an accidental spillage or fire, damage to environment is limited to the minimum possible level.

1.9 Social and Economic Impact

The proposed project will result into the following social and economic impacts:

- Increase the provision of high-quality services in the transportation of transit cargo and distribution of industrial products in the country.
- The proposed project of the fleet of trucks investment in this sector will provide employment for more than 50 people.
- The government and other agencies will benefit from various taxes, fees and commissions .

1.10 CONCLUSION AND RECOMMENDATIONS

The executive summary indicate that the proposed project will be financially and economic viable. It is recommended that the project be accorded the required institutional support to be implemented.

2.0 THE PROJECT

2.1 THE COMPANY

ZAMZAM ROAD HAULAGE LIMITED is a private limited liability company, established in **26 May 2008** under Certificate of Incorporation **No.65725** to carry out a variety of businesses, related to transportation sector and clearing and forwarding. The main purpose of this particular project is to expand its fleet of vehicles in order to expand its cargo transportation operations to provide both for domestic and transit haulage services. The company headquarters is based in Dar-es-Salaam.

The shareholders have extensive and long-term exposure to the transport. Zamzam Road Haulage Limited main aim is to expand a transport fleet system by acquiring **50** cargo haulage trucks with trailers, rehabilitating workshops and terminal comprising of container yard, truck parking places, godowns and offices .

2.2 PROJECT CONCEPT

The project intends to expand a trucking company which deals with transportation of transit cargo to and from neighboring countries and will consists of the following;

- Purchasing 50 trucks /trailers,
- purchasing of light trucks and 4WD patrol vehicles to assist in highway patrols and maintenance services, mobile workshop and GPS equipment's
- Purchase of machinery and equipment/tools such as cranes, light forklifts and repair equipment to enhance smooth operation of its transport fleet.
- Acquiring new office furniture, fittings, computers and telecommunication system.

2.3 THE PROJECT PROMOTERS

The project is promoted by **ZAMZAM ROAD HAULAGE LIMITED**, incorporated as a Limited Liability Company. The company is based in Dar-es salaam with the registered office at PLOT NO 27, Loliondo street Kurasini, Temeke, Dar-es-Salaam.

. The directors and share holdings are as follows: -

Name Of Share Holder	Nationality	%Share- Holding
Hasnain Abbas Taki	Tanzanian	40%
Muhamed Ebrahim Damji	Tanzanian	35%
Abbas Chiragali Walji	Tanzanian	25%

The promoters have vast experience in cargo transportation especially in the areas of transits business.

2.4 COMPANY VISION

The project promoters wish to see **ZAMZAM ROAD HAULAGE LIMITED** as the reliable and leading cargo transporter in Tanzania. The customers should associate the company's name with high quality transport services to the international standards. This includes positioning **ZAMZAM ROAD HAULAGE LIMITED** clearly in relation to the competitors and placing the company as a leading and reliable cargo Transporter

3.0 THE MARKET ANALYSIS

3.1 DEMAND AND SUPPLY FOR TRUCKING FACILITIES

There is a very high demand for the cargo transportation in neighboring countries. Road transport is the most widely used form of transport in Tanzania, Tanzania transport sector has contributed 14.2% to the country real GDP with the growth rate of 9.4%.in the year 2022. The growth drivers include the increase in cargo tonnage and passengers transported by road. Road transport is the most widely used form of transport in Tanzania, carrying over 90% of the passengers and 80% of the freight traffic in the country. (www.tanzaniainvest.com) Most of the land locked countries imports and exports are passing mainly through Dar-es-Salaam, which is the major port for international traffic. Dar es Salaam is Tanzania's principal port. The port serves land-linked countries of Malawi, Zambia, Democratic Republic of Congo, Rwanda, Burundi, and Uganda. The port handles over 92% of the total maritime ports' throughput. (*Tanzania invest*). **ZAMZAM ROAD HAULAGE LIMITED** will achieve the transportation contracts for domestic and transit business in the neighboring countries. Therefore, it can be expected that there is a high demand for cargo transportation in the east African region.

3.2 COMPETITION

ZAMZAM ROAD HAULAGE LIMITED with **50** new trucks/trailers is therefore poised to emerge as one of the major transporters of transit cargo in Tanzania with no serious competition since demand for road transport is already higher than supply of trucks for transit cargo.

3.3 PROJECT IMPLEMENTATION SCHEDULE

The project promoter intends to take five years to purchase the intended 50 trucks.

4.0 INVESTMENT PLAN

4.1 Investment cost

In order to sustain the viability and growth **M/S ZAMZAM ROAD HAULAGE LIMITED**, a modest Investment plan has been drawn during the project period and the investment cost of the project is **US\$4,235,000**.

	LOCAL	TOTAL
Land & Building	50,000	50,000
Plant/workshop facilities	50,000	50,000
Vehicles	4,000,000	4,000,000
Furniture and fixture	5,000	5,000
Pre-expenses	10,000	10,000
Others	20,000	20,000
Working capital	100,000	100,000
Total	4,235,000	4,235,000

4.2 FINANCING PLAN

The company through equity contribution will raise the bulk of the capital cost.

4.3 MANPOWER REQUIREMENTS

To improve its transport system the company expects to employ 60 people. Out of these 50 will be truck drivers. The company will recruit the truck drivers and all are expected to have strong background in transportation. All the new employees are expected to US\$

5.0 FINANCIAL ANALYSIS

5.1 REVENUE ASSUMPTIONS

The basic revenue underlying the projected revenue is detailed below:

5.1.1 Basic Revenue Assumptions

- 1) The project will operate total fleet of **50** trucks/trailers by the sixth year.
- 2) Due to the long distances involved and condition of roads, the load factor is assumed at 90%.
- 3) About 10% of the trucks will be grounded on account of mechanical breakdowns, overhaul, accidents, etc. at any one time
- 4) Freight rates have been conservatively estimated at ***US\$ 12,000 per Truck per month***
- 5) The revenue and operating cost assumptions have been projected at constant prices and assumed that any increase in costs will be offsetted by a corresponding increase in freight rate.
- 6) The major direct operating costs have been estimated to be 65 % of the total revenue:
- 7) The capacity utilization of the truck starts from 60% in the 1st Year to 70% in the 2nd year and 80%, in the 3rd year and other subsequent years

5.2 PROJECTED PROFIT AND LOSS ACCOUNTS

From the foregoing freight revenue and operating cost assumptions, the accounts clearly demonstrates that the project will be very profitable from year one

5.3 PROJECTED CASH FLOW

Substantial cash surpluses will accrue to the project right from year one. The strong liquidity position confirms the project's ability to meet all financial obligations.

5.4 PROFITABILITY

The projected profitability levels compare well the profit levels being achieved by other transit cargo transporters of a similar scale. The project's long-term retained earnings started rising from year one.

6.0 ECONOMIC DEVELOPMENT CONSIDERATIONS

6.1 Employment Creation

The project will create approximately 60 jobs with capacity to expand the employment levels in the later years.

6.2 Foreign exchange Earnings

The project will earn foreign exchange through its operation of transit goods

6.3 Economies of Scale

The project will be profitable with subsequent to 50 trucks and will improve communication and infrastructure facilities.

6.4 Development Aspects

The following are the major economic and social benefits, which will be generated by proposed project.

- Revenue to the Government and other organs in the form of taxes, fees and levies.
- Increase in employment opportunities.
- Earnings of foreign exchange because of the project's active engagement in the transit trade

7.0 CONCLUSION AND RECOMMENDATION

The brief financial analysis indicates that the project will be financially viable. Therefore, it is strongly recommended that the sponsors of **ZAMZAM ROAD HAULAGE LIMITED** availed with the required institutional assistance so as to enable them expand the proposed project.

APPENDICES

ZAMZAM ROAD HAULAGE LIMITED

INVESTMENT COST

	LOCAL	TOTAL
Land & Building	50,000	50,000
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Furniture and fixture	5,000	5,000
Pre-expenses	10,000	10,000
Others	20,000	20,000
Working capital	100,000	100,000
Total	4,235,000	4,235,000

ZAMZAM ROAD HAULAGE LIMITED
PROJECT'S FINANCING PLAN

US\$

Item/Funds	Equity	TOTAL
Equity	4,235,000	4,235,000
Total	4,235,000	4,235,000

ZAMZAM ROAD HAULAGE LIMITED
PROJECTED DEPRECIATION SCHEDULE

USD

Item/year			1	2	3	4	5	6	7	8	9	10
Land & Building	4%	50,000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
Machinery & equipment's	12.5%	50,000	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	-	-
Vehicles	25%	4,000,000	1,000,000	1,000,000	1,000,000	1,000,000	-	-	-	-	-	-
Furniture & Fixtures	12.5%	5,000	625	625	625	625	625	625	625	625	-	-
Pre-Operational expenses	20%	10,000	2,000	2,000	2,000	2,000	-	-	-	-	-	-
TOTAL DEPRECIATION			1,010,875	1,010,875	1,010,875	1,010,875	8,875	8,875	8,875	8,875	2000	2000

ZAMZAM ROAD HAULAGE LIMITED

PROJECTED INCOME STATEMENT

US\$000

Item/year	1	2	3	4	5	6	7	8	9	10
Sales Revenue	2,880	3,360	3,840	4,800	4,800	4,800	4,800	4,800	4,800	4,800
COST OF SALES										
Direct Operating Costs	1,728	2,016	2,304	2880	2880	2880	2880	2880	2880	2880
Sub Total Cost of Sales	1,728	2,016	2,304	2880	2880	2880	2880	2880	2880	2880
	1,152	1,344	1,536	1,920	1,920	1,920	1,920	1,920	1,920	1,920
GROSS PROFIT										
Gross Operating Profit	1,152	1,344	1,536	1,920	1,920	1,920	1,920	1,920	1,920	1,920
<u>CAPITAL & FINANCE CHARGES</u>	1,011	1,011	1,011	1,011	9	9	9	9	2	2
Depreciation										
PROFIT BEFORE TAX	141	333	525	909	1,911	1,911	1,911	1,911	1918	1918
Corporation Tax (30%)	42.3	101.4	158	273	573.3	573.3	573.3	573.3	575.4	575.4
PROFIT AFTER TAX	99	232	367	636	1,338	1,338	1,338	1,338	1344	1344
Profit Brought Forward	-	99	331	698	1,334	2,627	4,015	5,353	6,691	8035
Accumulated Profit	99	331	698	1,334	2,627	4,015	5,353	6,691	8,035	9,379

ZAMZAM ROAD HAULAGE LIMITED

PROJECTED CASHFLOWS

US.\$ 000

Item/year		1	2	3	4	5	6	7	8	9	10
CAPITAL INFLOW											
Present Equity Capital	4,235	-	-	-	-	-	-	-	-	-	-
Sub Total Capital Inflow	4,235	-	-	-	-	-	-	-	-	-	-
OPERATING INFLOW											
Profit before tax		141	333	525	909	1,911	1,911	1,911	1,911	1918	1918
Depreciation		1011	1011	1011	1011	8,875	8,875	8,875	8,875	2000	2000
Sub Total Operating Inflow	4,235	1,152	1,344	1,536	1,920	10,786	10,786	10,786	10,786	3,918	3,918
TOTAL INFLOW	4,235	1,152	1,344	1,536	1,920	10,786	10,786	10,786	10,786	3,918	3,918
CAPITAL OUTFLOW	4,235										
Investment		-									
Sub Total Capital Outflow	4,235	-	-	-	-	-	-	-	-	-	-
OPERATING OUTFLOW											
Taxation		42.3	101.4	158	273	573.3	573.3	573.3	573.3	575.4	575.4
Sub Total Operating Outflow		42.3	101.4	158	273	573.3	573.3	573.3	573.3	575.4	575.4
TOTAL OUTFLOW	4,235	42.3	101.4	158	273	573.3	573.3	573.3	573.3	575.4	575.4
NET CASHFLOW	-	1,110	1,243	1,378	1,647	10,213	10,213	10,213	10,213	3,343	3,343