

COAL HAULAGE LIMITED

BUSINESS PLAN

FOR

CARGO TRANSPORTATION

Prepared By:

COAL HAULAGE LIMITED

Zakhem Plaza, Block A, Plot no 236 | Dar es Salaam, Tanzania
Nyerere Road opposite International Airport | Dar es Salaam, Tanzania
+255623222666 | roadmixtzltd@hotmail.com

FEBRUARY 2024

Table of Contents

1.0 INTRODUCTION	3
1.1 BACKGROUND	3
1.2 THE COMPANY	5
1.4 COMPANY LOCATION AND FACILITIES.....	6
1.5 MISSION AND VISION STATEMENT	6
<i>Vision</i>	6
<i>Mission</i>	7
<i>Core Values</i>	7
1.6 STATEMENT OF THE INVESTMANET OBJECTIVE, SECTOR AND PRODUCTS.....	7
2 INVESTSMENT COSTS AND SOURCES OF FINANCES	10
3 ECONOMIC DEVELOPMENT CONSIDERATIONS	10
3.1 JOB/EMPLOYMENT CREATION	10
3.2 FOREIGN EXCHANGE EARNINGS	11
3.3 ECONOMIES OF SCALE	11
3.4 GOVERNMENT REVENUE	11
4.0 INVESTMENT FUNDS EXPEBDITURE BREAKDOWN	11
5.0 SOURCE OF SUPPLY OF INPUTS.....	12
6.0 MARKET PLAN.....	13
7.0 IMPLEMENTATION SCHEDULE.....	15
8.0 FINANCIAL PROJECTION FOR AT LEATS 5 YEARS	17
8.1 FINANCIAL ANALYSIS	17
8.1.1 <i>Financial Variability</i>	17
8.1.1 <i>Basic Revenue Assumptions</i>	17
8.1.2 <i>Operating Costs and Assumptions</i>	18
8.1.3 <i>Freight Revenue</i>	19

8.2 FINANCIAL ASPECTS FOR THE PROJECT 19
 8.2.1 *PROJECTED PROFIT AND LOSS STATEMENT*..... 19
 8.2.2 *PROJECTED CASH FLOWS* 21
8.3 FINANCIAL REVIEW..... 22
8.3 DEVELOPMENT ASPECTS FOR THE PROJECT 22
9.0 CAPACITY OF THE PROJECT 23
10.0 CONCLUSION AND RECOMMENDATIONS..... 23

1.0 INTRODUCTION

1.1 Background

COAL HAULAGE LIMITED is a Tanzanian private company that was established in 2022 having certificate of incorporation No. 157204777 dated 4th August 2022 issued by BRELA. The Company intends to provide quality transpiration and logistic solutions within and outside the country through effective and safely moving cargo, goods, and mining products from the source to where it is intended to be. We focus on using cutting-edge technologies in dealing with the safety of the shipment for satisfactory guarantee of the delivery. COAL HAULAGE LIMITED intends to a fleet of more than 500 trucks in five years, currently the Company is expecting to start with a fleet of 5 trucks and their trailers providing transport services within the country and up-countries and in the long run to expand to the rest of Africa.

COAL HAULAGE LIMITED aims at providing a wide range of services because it recognizes the critical role that transportation and logistics play in promoting economic development. The Company through transportation and logistics operations will provide connection between the source and the destination areas such as markets, consumption areas in the country's economic sectors of agriculture, mining and tourism. The logistic facilitates the flow of goods and people along the import/export corridors that link the coastal ports and landlocked

countries. The transportation and logistics services also reduces the gaps of unemployment, provide access to health, education, recreation and other services. This has huge implications to the development of the country such that without a good transportation system the development of a country is stalled. The contribution of roads to the development of the country and her people is thus resembled to the system of blood into the vessel and veins of the human body. Our team is committed to devote skilled professionals to our customers by delivering dependable and prompt logistical solutions that are customized to meet the individual needs.

Customer satisfaction is the main mission of COAL HAULAGE LIMITED through having heavy commercial Trailers and Tippers for all the bulk haulage. To achieve the mission the Company emphasizes on open dialogue, quality, transparency, and teamwork in order to exceed the expectation of the set goals. Through using advanced technologies in the transportation and logistic operations we are able to provide consistently up to date and affordable solutions our intended customers. In addition the impeccable services the Company provides to its customers will position us into one of the reliable transportation service provider throughout the country and the neighbouring countries and the whole Africa at large.

1.2 The Company

COAL HAULAGE LIMITED is a private liability Company engaged in the running Transport business, mainly fleet managements, and cargo movements transporting raw materials, containerized and loose cargo to within and up-countries. The Company has been registered under Company law in 2012 and is primarily a business with the following shareholders.

Table1. Distribution of shares

S/N	Directors/Shareholders	Shares
1	Wallecy Mohamedi Brown	50
2	Raymond Dennis Mushi	40
3	Harun Mboka Mapondela	10

The directors make a complete highly qualified team with extensive knowledge, experience, and resources that will be able to handle projects of various scale and complexity. The Shareholders will use this opportunity that will enable them to utilize their new facilities to offer modern and international standard Logistics services.

1.4 Company Location and Facilities

The company's principal Location is at Zakhem Plaza, Block A, Plot number 236, Ilala within Dar es Salaam city. The Company has its office located in Kiwalani Ward, Ilala District, Nyerere road opposite International airport, in Dar es Salaam, Tanzania. We expect to have one Yard equipped with state of the art Garage, one large office to accommodate administrative activities and a store for spares. From this strategic location, we effectively and efficiently serve clients across the nation, which also keeps us close to important transportation hubs like seaports, airports, and significant road systems.

1.5 Mission and Vision Statement

Vision

To establish us as Tanzania's top transportation Company that connects different parts within and outside the country in the transportation/transit of goods in an effective and efficient ways that accentuate country's economic growth, improve the life for all by integrating the world as one planet.

Mission

To provide professional transportation and logistic services that satisfy the customers within and outside the country with focus on improving life of people and contribute to the economy of the countries involved in the business through observing professionalism, quality, integrity, transparency and punctuality.

Core Values

Our values inspire us to do better in a constantly changing world and see how they guide us every day.

Improving life for all by integrating the world

There is a reason we strive to go all the way, every day to deliver a more connected agile and sustainable future for global logistics. It is our purpose and sees why it gets us up in the morning.

1.6 STATEMENT OF THE INVESTMANET OBJECTIVE, SECTOR AND PRODUCTS

The main objective of the Company is to carry on the business of transportation of raw materials from the source to various end users in the country by land, container agents within the hinterland Tanzania and up-countries. This objective will be most effectual through

modernizing the Company's supporting facilities for establishing the competitiveness in the current market. The Company's competitive advantage will strengthen the planned business and eventually make the Company a reliable whose services will clinch for the top-notch in the transportation and logistic sector. We provide unmatched value to our customers with our specialized expertise, dedication to excellent customer service, cutting-edge technology solutions, and integrated capabilities.

The project intends to assist good flow of cargo from all big ports available in the country one of which is Dar es Salaam port other parts in the country and the land locked neighboring Countries. The Company is also expecting to serve local business by creating a local transport services within Tanzania.

In general, COAL HAULAGE LIMITED has the following specific objectives through which the main objective will be effectual:

- To advance the trade within the country and outside between Tanzania and her neighbor landlocked countries.
- To promote revenue through procuring foreign currency for the economy of the country in the course of its business transactions.
- To reduce the worldwide unemployment problem through creation of job to more people in the sector.

In concurrence with the aforementioned objectives, the Company will also work on the following activities:

- Importation of trucks and associated equipment used for transportation
- Transport of raw materials, containerized and loose cargo and abnormal/wide loads within and up-countries
- Storage and distribution.
- Import of merchandised goods

COAL HAULAGE LIMITED has specialized knowledge in both the transportation and logistics industries. Our team is made up with people who are professional, with extensive knowledge and experience in managing transportation and logistical operations. The integration of these two areas operated in a professional way enables the customers to get comprehensive solutions throughout the supply-demand chain.

Our company's foundation is built on the satisfaction of our customers through providing the service within the required time frame. This will also be achieved through the provision of open dialogues, dedication and transparency. Our client will enjoy the service through meeting a committed team that work with love and engage on the business throughout the duration to its final destination. The Company will make sure that the customer enjoy the service through providing

updates, willingness to solve issues that may rise and been flexible to changing situations.

COAL HAULAGE LIMITED will use the most advanced technological solutions. The Company will utilize the most advanced system of software for tracking and tracing all movements of our trucks for giving confidence to our customers and real-time data on their shipments.

2 INVESTMENT COSTS AND SOURCES OF FINANCES

The invested capital will fund various items in the project. The project cost is estimated at US\$ 22,800,000 as indicated in Table 2. The Company will use loan equity in order to make their project successful.

3 ECONOMIC DEVELOPMENT CONSIDERATIONS

3.1 Job/Employment Creation

The project is expecting to create approximately 200 jobs with capacity to expand the employment levels in the later years upon expansion to 800 jobs making a total of at least 1000 jobs to be created. The jobs offered include the following categories drivers, conductors, accounts and finances, Tracking officers (Operations, liaisons, operation managers etc.) and agents.

3.2 Foreign exchange Earnings

Due to the nature transit cargo business, the payments are made in local and foreign currency. This will in turn generate foreign currency, which will contribute to the country economy in foreign exchange earnings.

3.3 Economies of Scale

Profitability is greatly affected by economies of scale. The project will be profitable with 100 trucks and trailers annually. Improved communication, infrastructure facilities and maximize operational effectiveness will increase transport logistics significantly; which will eventually increase profits dramatically hence guaranteeing higher returns in the long run.

3.4 Government revenue

The government and other agencies will earn substantial revenue from operation of the project in the form of taxes.

4.0 INVESTMENT FUNDS EXPEBDITURE BREAKDOWN

Table 2 shows the estimated breakdown of investment costs for all expected activities to be done:

Table 2: Expected initial expenditure of fund for the Company

Particular	Expenditure breakdown (US\$)
Land and Building	50,000
Vehicles/trucks	22,500,000
Plant/workshop facilities	40,000
Furniture and fittings	30,000
Pre-expenses	30,000
Others	50,000
Working capitals	100,000
Total	22,800,000

5.0 SOURCE OF SUPPLY OF INPUTS

The expected trucks and other related equipment and spare parts will be imported directly from China and will be procured in phases to a total of 100 trucks per year. With this plan in hand the future projection of the project is to have a fleet of vehicles in a total of at least 500 trucks in five years to come.

This project is based on more than 500 trucks to be purchased within 5 years of project implementation period from 2024-2028. The first phase will start with 100 trucks per year. It has been estimated that full-scale operations the 500 trucks are expected to meet at least 1,200 trips annually, their destinations being domestic trips and landlocked neighboring countries that will enquire the service.

6.0 MARKET PLAN

The market for transportation and logistics has been widely available domestically as well as transit cargo as many transportation Companies have been established and are still in operation. In the business of the freight movement over 90 percent of the country's operation is done through road transport, which is the most widely used form of transport within the country and to the neighbouring landlocked countries. With this in mind there is a need to strengthen the transportation sector to cover all the needs of the society in their daily transpiration activities. The transportation business is therefore highly needed/in demand for transportation of fuel, as well as building and construction materials, especially for the rural road contractors and builders in general. The growth/expansion of the mining sector in the country, like coal mining, has also increased the demand for mining products transportation in the country from the source to the

where it is needed to be. This has triggered the many investors to invest in transportation in order to cover any transpiration problem facing the sector. Hence, this increase enables sponsors to freely support various transportation projects, as there would be no facing marketing and operational problems in managing the proposed project. COAL HAULAGE LIMITED will endeavor to achieve the projected sales for both domestic and transit business in the landlocked countries.

COAL HAULAGE LIMITED has established a chain of clients who are regular customers for transportation services. The Company expects to receive enquiries for the services from all over the country and the rest of Africa as we base on transporting of all kinds of goods, including loose cargo, containerized cargo, and raw materials thus covering the whole aspect of logistics. The targeted markets of the project have been the hinterland of Tanzania (domestic market) the neighboring landlocked countries of Tanzania and other parts of Africa.

COAL HAULAGE LIMITED, despite some minor challenges that might face on the course, has determined to invest in the transportation sector aimed at providing solutions that would lead to revitalizing the aforementioned intraregional trade.

Competition

There are many transportation companies that have been established in Dar es Salaam some of which have been well established and they are operating in various countries. This is well understood which provides competition in the business through which will help our company to be established in a way that the services provided meet the world standard for taking over in the market. This will start with providing a reliable, safe transportation service and maintaining our fleets in a standard that will not demoralize our customers. COAL HAULAGE LIMITED will make sure that the already well-established market is maintained and opening new networks and so within five years of operation will make sure that we have fleets of at least 500 in 2028 year to come. With this vision the Company is 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.

7.0 IMPLEMENTATION SCHEDULE

The expected project implementation will immediately commence once the Company receives the approval from TIC and the implementation will be done within five years of projection. The Company will start with purchasing or acquiring 100 trucks every year and the directors

have identified the source of the supply of trucks only waiting for further actions. With everything onboard the delivery of the trucks will be done within 12 months.

The implementation of this project will comprise of the following activities:

- The purchase of 100 trucks and their trailers to be done yearly.
- Equipping the Company with relevant and modern facilities for efficiency operation of the business to accommodate the increase of fleet. The Company will acquire new communication equipment that includes GRPR and GPS trucking systems, modern garage equipment and truck diagnostics system.
- Establishing a modern network of transportation and logistics, which meets the international standard, to continue serve in an easy, effective and efficiency ways various regions of the country and in the future to expand and accommodate other neighboring countries.

The Company will also continue to improve good flow of cargo from where the resources are to the where they are needed in various parts of the country as well as the neighboring countries through establishing a strong fleet of Lorries and Tippers, well conditioned and operated by highly qualified workers to make sure the haulage is done in a professionally.

8.0 FINANCIAL PROJECTION FOR AT LEAST 5 YEARS

8.1 FINANCIAL ANALYSIS

8.1.1 Financial Variability

The analysis of the proposed transport project of COAL HAULAGE LIMITED shows that the project can generate a fairly good profit and that it will generate sufficient cash to meet its financial obligations.

8.1.1 Basic Revenue Assumptions

- (i) The project will operate a total fleet of at least 500 trucks in 5 years by purchasing 100 trucks and their trailers every year.
- (ii) The entire fleet is deployed to haul mainly cargo only with 59% return cargo.
- (iii) Due to the long distances involved and condition of roads, the load factor is assumed at 70% only.
- (iv) Freight rates have been conservatively estimated at US\$ 5000 per trip.
- (v) The revenue and operating cost assumptions have been projected at constant prices; being assumed that any increase in costs would be offset by a corresponding increase in freight rate.

8.1.2 Operating Costs and Assumptions

(i) Fuel and Lubricants

All the imported 100 trucks will be diesel propelled and the addition 100 trucks every year will also use diesel.

(ii) Tyres and Tubes

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

(iii) Other Direct Cost:

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

(iv) Repairs and Maintenance

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

(v) Administrative Overheads

There will be also administrative costs to include roads and fine, wages, Printing, stationery and postage, Auditors and Accountants'

Fees, Travelling Expenses, Wages and Salaries, Office repair and other office expenses.

8.1.3 Freight Revenue

Based on the above revenue assumptions, the trucks will realize earnings for the company of about US\$ 12,000,000 million in the first year after acquiring the trucks/trailers/tankers. This is expected to increase to US\$ 60,000,000 million at the end of the fifth year as shown in the Table 3.

Table 3. Projected Cargo handling and freight revenue in US\$

Item/year	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
ACHIEVEABLE CAPACITY Number of Trucks	100	200	300	400	500
Freight Revenue	12,000,000	24,000,000	36,000,000	48,000,000	60,000,000
Various average cargo haulage trip per month per truck =USD 10000					
GRAND TOTAL FREIGHT REVENUE	12,000,000	24,000,000	36,000,000	48,000,000	60,000,000

8.2 FINANCIAL ASPECTS FOR THE PROJECT

8.2.1 PROJECTED PROFIT AND LOSS STATEMENT

Tables below show the Depreciations and the projected income for the 5 years period. The position depicted is that based on the operating

assumptions and cost, the proposed investment project earns profit throughout the project period of five years. Accumulated after tax profits grow from US\$ 1,773,275 to US\$ 39,316,375 in the 5th year as shown in Table 5.

Table 4. Projected Depreciation for the five years

Item/year	Amount	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings	50,000	2,000	2,000	2,000	2,000	2,000
Motor Vehicles	22,500,000	2,250,000	3,375,000	4,500,000	5,625,000	-
Machinery & Equipment	40,000	5,000	5,000	5,000	5,000	5,000
Furniture & Fixtures	30,000	3,750	3,750	3,750	3,750	3,750
Pre Operational Expenses	30,000	6,000	6,000	6,000	6,000	6,000
TOTAL		2,266,750	3,391,750	4,516,750	5,641,750	16,750

Table 5. Projected Income and Expenditure Statement

Item/year	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Sales Revenue	12,000,000	24,000,000	36,000,000	48,000,000	60,000,000
COST OF SALES	7,200,000	14,400,000	21,600,000	28,800,000	36,000,000
Sub Total Cost of Sales	7,200,000	14,400,000	21,600,000	28,800,000	36,000,000
GROSS PROFIT	4,800,000	9,600,000	14,400,000	19,200,000	24,000,000
Gross Operating Profit	4,800,000	9,600,000	14,400,000	19,200,000	24,000,000
Capital & Finance Charges					
Depreciation	2,266,750	3,391,750	4,516,750	5,641,750	16,750
Sub Total	2,266,750	3,391,750	4,516,750	5,641,750	16,750
PROFIT BEFORE TAX	2,533,250	6,208,250	9,883,250	13,558,250	23,983,250
Taxable Income					
Corporation Tax at 30%	759,975	1,862,475	2,964,975	4,067,475	7,194,975
PROFIT AFTER TAX	1,773,275	4,345,775	6,918,275	9,490,775	16,788,275
Profit Brought Forward	1,773,275	6,119,050	13,037,325	22,528,100	39,316,375

8.2.2 PROJECTED CASH FLOWS

The project's cash flows are shown in the last row of Table 6. The flows depict a good liquidity position right from the first year. Cash accumulation builds up from US\$ 4,800,261 in the first year to US\$ 24,001,306 at the end of 5th year of the project's operations based on the 100 trucks purchased every year.

Table 6. Projected Cash Flows

Item/year		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
CAPITAL INFLOW						
Present Equity Capital	460,000	-	-	-	-	-
Sub Total Capital Inflow	460,000	-	-	-	-	-
OPERATING INFLOW						
Profit before tax		2,533,250	6,208,250	9,883,250	13,558,250	23,983,250
Depreciation		2,266,750	3,391,750	4,516,750	5,641,750	16,750
Sub Total Operating Inflow		4,800,000	9,600,000	14,400,000	19,200,000	24,000,000
TOTAL INFLOW		4,800,000	9,600,000	14,400,000	19,200,000	24,000,000
CAPITAL OUTFLOW						
Investment	460,000	-	-	-	-	-
Sub Total Capital Outflow	460,000	-	-	-	-	-
OPERATING OUTFLOW						
Taxation		759,975	1,862,475	2,964,975	4,067,475	7,194,975
Sub Total Operating Outflow		759,975	1,862,475	2,964,975	4,067,475	7,194,975
TOTAL OUTFLOW	460,000	759,975	1,862,475	2,964,975	4,067,475	7,194,975
NET CASHFLOW	-	4,800,261	9,600,522	14,400,783	19,201,044	24,001,306

8.3 FINANCIAL REVIEW

The financial review of the transportation project of the COAL HAULAGE LIMITED indicates that:

- The project is feasible and profitable
- The liquidity position is sound and that is should be able to meet its financial commitments without any undue difficulty.
- It is therefore recommended that the project should go ahead so conceived in this report.

8.3 DEVELOPMENT ASPECTS FOR THE PROJECT

The following are the major economic and social benefits, which the COAL HAULAGE LIMITED will generate through the proposed project.

- Revenue to the government Treasury and other organs in the form of fees, taxes, and levies.
- Increase in employment opportunities whereby at the end of five years at least 1000 people will be employed by the project.
- Since the project will actively engage in the transit trade then the Company will contribute towards savings or earnings of foreign exchange.
- Facilitate in increased improvement and availability of the freight haulage services especially in the transportation of minerals such as coals, raw materials, crops, building materials and

finished products to and from markets.

With the ongoing campaign on the establishment of industries in the country aimed at liberation of the economy, the demand for the transportation of industrial and consumer goods services will be significantly increased as a result of industrial growth.

9.0 CAPACITY OF THE PROJECT

The capacity of the Company to own trucks is expected to increase with time and currently it is expecting to start its purchase of 100 trucks per year and having a fleet of 500 trucks by the year 2028. The Company is expecting to operate the cargo transportation within the country and to neighbouring landlocked countries, and later on is expecting to expand the transportation service to other countries in Africa whenever the service is needed. From the planned capacity of the project, the Company will create at least 200 job opportunities and at the end of five years will increase to at least 1000 jobs.

10.0 CONCLUSION AND RECOMMENDATIONS

The proposed investment on transportation and logistics is in line with the Government objective of encouraging proper development of infrastructure and transport system to encourage more cargo through the port of Dar es Salaam and also other sources such as mining

sector, agricultural sector and construction industries. The brief financial analysis indicates that the proposed project will be financially and economic viable. The project will generate significantly to the social and economic progress by purchasing 100 trucks annually. Therefore, it is strongly recommended that the project directors be availed with the required institutional assistance so as to enable them to implement the proposed project. The project deserves this support because of its viability, since it is technical feasible, economically viable and socially acceptable.