

LAKE TRANS LIMITED

REVISED PROJECT DOCUMENT

ON

THE EXPANSION

OF

TRANSPORTATION COMPANY

Prepared By:
LAKE TRANS LIMITED
P.O. Box 5055
Dar-es-salaam

June 2025

1.0 EXECUTIVE SUMMARY

1.1 INTRODUCTION

Lake Trans Limited is a private limited liability company, established on 3rd June 2011 under Certificate of Incorporation No. 83667. It is licensed to conduct various businesses, ranging from the transportation sector and industry to management and clearing and forwarding. The company is a large trucking firm primarily focused on the transit of liquid and hard cargo for landlocked neighbouring countries as well as countries south of Tanzania. Its headquarters are located in Dar es Salaam.

1.2 The Project

This project report proposes that the company expand its cargo transportation project to add **600** trucks and trailers (semi/pull type), pick-ups, and warehouse, and related handling service facilities. The company's competitive advantage lies in the experience gained over the years and the established arrangements it has with international companies and agencies for providing bulk cargo destined for neighbouring countries. The trucks will be heavy-duty and complete with trailers. This project will strengthen distribution and marketing facilities in the country, and the fleet will also be used to transport transit cargo for neighbouring landlocked countries in East and Central Africa, namely Rwanda, Burundi, Uganda, the Democratic Republic of Congo, Zambia, and Malawi.

1.3 The Project Promoters

The project is promoted by **LAKE TRANS LIMITED**, incorporated as a Limited Liability Company. The company is based in Dar-es-salaam with the registered office at Vijibweni, Kigamboni. It is primarily a joint venture company with the following shareholders.

Shareholder	Nationality	Share%
Ally Edha Awadh,	Tanzanian	1
As Holdings Limited	Mauritanian	99

The shareholders have extensive and long-term exposure to the Transport industry.

1.4 The Market

Recent developments in the Tanzanian economy indicate that there is an increase in demand for local and transit cargo, both dry and wet, including white petroleum products, namely petrol, diesel, jet fuel, lubricants, liquefied gas (LPG), and others. Analysis of the demand for transit cargo and the supply of trucks and trailers has revealed a need to acquire **600** new trucks and trailers to facilitate the movement of transit cargo by road to and from the landlocked neighbouring countries of Burundi, Rwanda, Uganda, Congo, Malawi, and Zambia, as well as other parts of Southern Africa. Additionally, the current shortage of wagons and locomotives in the Tanzania Railways Corporation (TRC), issues with TAZARA regarding the turnaround of wagons from Zambia, and the ongoing construction of the standard gauge railway have led to an increased demand for road transportation of transit cargo.

1.5 Location

The company will be located at **Vijibweni, Kigamboni Dar-es-Salaam** which is easily accessible to the airport, harbours and up-country and will provide transport services all over East and Central Africa.

1.6 Project Cost and Financing Plan

The total cost of the project is estimated at US\$ **64,150,000**. The following is the summary of the capital investment cost estimated:

CAPITAL ITEMS	COST (USD)
Establishing a Workshop and building a warehouse	1,000,000
Motor trucks, Trailers, and Other Vehicles	63,000,000
Office Furniture and Fixtures	50,000
Pre-operational Expenses	100,000
Working capital	
Total	64,150,000

1.5 Financing Plan

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

SOURCE	US \$
EQUITY	7,450,000
LOAN	56,700,000
Sub total	64,150,000

1.6 Profitability

The business as indicated in the projected cash flow is commercially and financially viable. It will have revenue of **US\$ 35.9 Million** before tax profits and depreciation from the third year

1.7 Economic Development Considerations

1.7.1 Employment Creation

The project will create approximately **1200** jobs with the capacity to establish the employment levels in the later years upon.

1.7.2 Foreign Exchange Earnings

Due to the nature transit cargo business, all payments are made in foreign currency. This is a great contribution to the country in foreign exchange earnings.

1.7.3 Government revenue

The government and other agencies will benefit from various taxes, fees, and commissions that will be paid to the Treasury.

1.7.4 Social and Economic Impact

The proposed project will increase the provision of high-quality services in the distribution of various products in the country. It will also increase the availability of quality distribution and marketing products, and will result in increased healthy competition among all trading and manufacturing companies

1.7.5 Economies of Scale

Profitability is greatly affected by economies of scale. The project will be profitable with the subsequent **600** trucks. It will increase profitability dramatically, hence guaranteeing higher returns in the long run.

1.8 Conclusion and Recommendations

The executive summary highlights indicate that the proposed project will be financially and economically viable. The project will contribute significantly to the social and economic progress by way of increasing the provision of an additional **600** trucks. It is recommended that the project be accorded the required institutional and financial support to pave the way for its expeditious establishment and development.

2.0 INTRODUCTION

2.1 Background

LAKE TRANS LIMITED intends to expand its activities by acquiring trucks and trailers. This involves the acquisition of **600** cargo haulage trucks with trailers, upgrading their existing workshops and terminal, comprising of container yard, truck parking places, go down, and offices. The proposed project development strategy is to acquire a fleet of trucks to increase the project's earnings capacity through handling more cargo, provide prompt cargo handling services as required, and be more competitive in the transport sector. The technical appraisal of the project has been prepared to assess the project's viability and to be used to obtain a certificate of incentives.

2.2 The project

The project envisages expanding its trucking company, which deals with the transportation of transit cargo to and from neighbouring countries. Among other things, the project component will include:

- Acquiring 600 trucks and 600 trailers. In addition, acquire 4WD patrol vehicles to assist in highway patrols and maintenance services.
- Construct warehouse and workshop facilities for the transport project.
- Acquiring new office furniture, fitting, computers and telecommunication system. This includes all trucks and patrol vans to be fitted with HF Radio system connected to the base station.
- Importation of mobile communication equipment to monitor the movement of trucks.

The proposed project aims to continue serving serve both Kenyan and Tanzania ports for their domestic cargo and neighbouring land-locked countries namely, Zambia, DRC, Uganda, Rwanda, Malawi, Zimbabwe and Burundi. Fleet routes

would depend on cargo availability destined to these countries at any given time.

2.3 The Promoters

The promoter of this expansion project is **LAKE TRANS LIMITED**.

2.3.1 The Company

LAKE TRANS LIMITED is a private liability company engaged in the transportation business. The company, incorporated on 3rd June 2011 under Certificate of Incorporation **No. 83667**. It is primarily a joint venture company with the following shareholders.

Shareholder	Nationality	Share%
Ally Edha Awadh,	Tanzanian	1
As Holdings Limited	Mauritanian	99

The shareholders have extensive and long-term exposure to the transport industry through his involvement in transporting cargo to landlocked countries. The company's good performance since its incorporation is the result of the shareholders sheer hard work and articulate management dynamism in the transport sector.

2.3.2 Location

The company headquarters is based in Dar-es-salaam

LAKE TRANS LIMITED.

P.O. Box **5055**

It is situated at Vijibweni, Kigamboni Dar es salaam

2.3.3 Implementation Time Schedule

The proposed investment programme is expected to take three years.

2.3.4 Environmental Aspect

Generally, Tanzania has environmental regulations governing the operation of garages, workshops, and the storage of oil. Nevertheless, each operator takes basic precautions to ensure that and in case if an accidental spillage or fire, damage to environment is limited to the minimum possible level.

3.0 CAPITAL INVESTMENT FINANCING

3.1 INVESTMENT PLAN

In order to sustain the viability and expansion of **LAKE TRANS LIMITED**, a modest Investment plan has been drawn during the project period. It is planned that the company will buy **600** heavy duty trucks and trailers in the first three years at the cost **US\$ 64,150,000**

CAPITAL ITEMS	COST (USD)
Establishing a Workshop and building a warehouse	1,000,000
Motor trucks, Trailers, and Other Vehicles	63,000,000
Office Furniture and Fixtures	50,000
Pre-operational Expenses	100,000
Working capital	
Total	64,150,000

3.2 Financing Plan

The company itself through loan will raise the bulk of the capital cost. The other major source of funding will be internally generated revenue from operations that will plough back. The other possible sources of finance are through supplier's credit.

SOURCE	US \$
EQUITY	7,450,000
LOAN	56,700,000
Sub total	64,150,000

4.0 THE MARKET

4.1 TANZANIA TRANSPORT SECTOR REVIEW

Road transport is the most dominant mode of transport in Africa, accounting for 90 per cent of the goods traffic and 90 per cent of the passenger traffic on the continent. With the exception of North Africa, railways in Africa generally have a low level of traffic. The railways carry only one per cent of the global railway passenger traffic and two per cent of goods. All goods vehicles comprise the bulk of the fleet, the growth is high and well above Gross domestic product (GDP) growth. In the year 2021 the growth of fleet reached 325,352 with the annual growth of 14.7%. (Internet)

4.2 Demand and supply

At present, most of the network traffic volumes are relatively light and generally below 1,000 vehicles a day and often substantially less. The highest flows are registered in and adjacent to Dar es Salaam on the central corridor where traffic of almost 50,000 annual average daily traffic (AADT) is measured dropping to about 35,000 AADT close to Ubungu and 27,000 AADT at about 27 km where the dual carriageway terminates. Beyond this section, traffic rapidly falls to about 12,000 AADT which remains above the capacity of the road and is a well-known congested location and traffic is below 1,000 AADT. The demand for transit transport facilities is made up of neighbouring countries imports and exports passing mainly through Dar es Salaam, which is the major port for international traffic. Main commodities being transported comprise petroleum products, consumer goods, agricultural inputs, food vegetable oil, gas oil ,coal and various types of minerals.

4.3 Modes of Transport

Tanzania is the international gateway for several of its landlocked neighbouring countries. Burundi, Rwanda, Uganda, DR Congo, Zambia and Malawi are all

dependent to some extent on the country's transport network for their access to global markets. The transport system in Tanzania consists of five modes which are roads, rail, water, air and pipelines.

4.3.1 Road transport

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

4.3.2 The sea port

On the side of seaport network, Tanzania harbour in Dar-es-salaam and Tanga serves a large market which includes the whole of the country's hinterland and the neighbouring landlocked countries of Burundi, Rwanda, DR Congo, Uganda, Zambia and Malawi. The main seaports, especially Dar es Salaam, provide vital access to world markets for this region.

4.3.3 Rail Network

The rail subsector in Tanzania is under improvement and the country is busy constructing new standard gauge railway which will offer stiff competition to the existing road transport network and with SGR, the transport network can contribute effectively to the transport needs of the economy.

4.4 Competition

Given the volume of business activities that are conducted within the SADC region, leading forwarding and clearing companies together with individual customers prefers to give transporters with a sizeable own fleet of reliable trucks that values time. **M/S LAKE TRANS LIMITED** with 400 new trucks therefore poised to emerge as one of the major transporters of transit cargo in the SADC and COMESA region with no serious competition, since the demand for fuel cargo transport is already higher than the supply of transit cargo

4.5 Future Prospects

On the strength of the following positive business environmental factors/economic indicators, there are good prospects for the sizes of both transit and local cargo to rise.

- Rise in International Deep Sea ship calls

A rise in the number of ship calls is bound to push up the volume of cargo handled which in turn requires more transshipment which in turn requires more tranship facilities inclusive of trucking facilities.

- Economic Growth Rates

With a population of over 60 million and rising by nearly 3%, Tanzania GDP is also recording an upward trend %.

4.6 Major Transit Point for road Transportation

Main transit point on Tanzania boarder with neighbouring countries includes:

Country		Boarder point
Kenya	-	Namanga & Sirari
Burundi	-	Kabanga
Rwanda	-	Rusumo
Malawi	-	kasumulu
	-	Uyole-Ibanda
Zambia	-	Tunduma

The road infrastructure serving international traffic consists of TANZAM Highway Chalinze – Arusha roads and others: e.g., Karonga – Mbeya that provides access to TAZAM Highway. Uyole – Ibanda highway has become important for transit export and import cargo for neighbouring Malawi.

4.7 International Destination Points

International destination points for the trucking companies carrying transit cargo to the neighbouring countries include:

Country	Destination/Town	Distance from DSM (in kms)
Zambia	Lusaka	1988
Burundi	Bujumbura via Kigali	1728
Rwanda	Kigali	1508
Uganda	Kampala	1771
Congo	Lubumbashi – Bukuvi	2051
Malawi	Lilongwe	1654
	Mbeya – Lilongwe	853

Source: Consultant's survey

4.8 Supply of Trucking Facilities

Supply of Road Transport

The current traffic growth rate is 6-7%. Road transport accounts for 90% of total freight volume and 90% of passenger transport.

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5.0 MANAGEMENT AND ORGANISATION STRUCTURE

5.1 Management

The company policy is to have adequate manpower to manage its operations efficiently. **LAKE TRANS LIMITED** believes in keeping on board only the very essential manpower strength, to develop them into high motivated and sincere company team for the best and efficient operations of the company. The company is having a team of qualified and experience functional managers in the areas of operation/marketing, workshop operations and finance & administration. The personnel will be qualified, well-seasoned and most possessing considerable industrial experience.

5.2 Manpower Requirements

To improve its transport system the company expects to employ staff of **1200** people. Mostly will be truck drivers and turn boys.

5.3 Recruitment and Training

The company will recruit truck drivers and turn boys. All are expected to have strong background in transportation. Other news staff especially in the Operation Department is also expected to have some knowledge in transportation sector. However, all the new employees are expected to receive on-the-job training. All key staff is to be employed 1-2 months before the Company acquires the additional trucks and trailers.

7.0 FINANCIAL ANALYSIS

7.1 Financial viability

The analysis of the proposed **LAKE TRANS LIMITED** Transport project shows that the project can generate a fairly good profit and that it generates sufficient cash to meet its financial obligations.

7.2 Fundamental Assumptions

The preparation of the financial projections took into account the following main assumptions:

1. The Operating period under which the viability of the project is being evaluated in 10 years
2. The capital cost of the proposed project is **US\$ 64,150,000**
3. All calculations throughout the economic lifetime of the project and constant with October, 2025 being the base date.
4. The main revenue source in from the charging freight rates. In the estimation of the revenue income, we have adopted an average tariff rate of US\$ 5,000 per trip thought the project period for both domestic and transit cargo destined to the land locked countries of Rwanda, Burundi, Democratic Republic of Congo, and Northern Zambia and Malawi. Each truck is expected to cover a maximum of 5,000 kms per month.
5. The capacity utilization of the truck starts from 50% in the 1st Year to 80% in the 2nd year and 95%, in the 3rd year and other subsequent years.
6. Capital Expenditure has been assumed to be incurred for a continuous period of 3 years.
7. The financial plan is for the shareholders to finance the project from the term loan. Otherwise, the manufacturers of the trucks

are prepared to arrange for a financial package including supplier credit.

8. Economic depreciation rates based on useful lifetimes of the various capital items have been adopted. The following facts apply for the depreciation rates in this project:

- Building and Civil works are depreciated at 4% straight line.
- Office equipment is depreciated at 12.5% and therefore replacement is due in the 8th year of operation.
- Furniture and fittings are depreciated at 12.5%
- Pre-operational expenses are amortized and written off after 5 years the write off therefore is 20%.

7.3 Working Capital Requirements

Ideally, working capital requirements are directed by the volume and business tempo.

7.4 Projected Profitability

The projected profit and loss account is shown in the Financial Analysis Schedules. On the basis of the operating assumptions and cost the proposed investment is expected to be profitable throughout the project.

7.5 Cash Flow Projection

The liquid performance of the project is shown in the financial analysis schedules. The projections take into account the assumed sources and applications of funds over the planned period and shows the ability of the project to meet financial obligations and capital expenditure requirements.

8.0 Economic Development Considerations

8.1 Employment Creation

The project will create approximately **1200** jobs with capacity to establish the employment levels in the later years upon.

8.2 Foreign exchange Earnings

Due to nature transit cargo business all payments are made in foreign currency. This is great contribution to the country in foreign exchange earnings.

8.3 Government revenue

The government and other agencies will benefit from various taxes, fees and commissions that will be paid to the Treasury.

8.3.1 Social and Economic Impact

The proposed project will result into the Increase the provision of high-quality services in the distribution of industrial products in the country

8.3.4 Economies of Scale

Profitability is greatly affected by economies of scale. The project will be profitable with subsequent to **600** trucks. It will increase profitability dramatically hence guaranteeing higher returns in the long run.

8.4 Conclusion and Recommendations

The brief financial analysis indicates that the proposed project will be financially and economic viable. . Therefore, it is strongly recommended that the sponsors of **LAKE TRANS LIMITED** be availed with the required institutional assistance so as to enable them to implement the intended expansion the propose project.

M/S LAKE TRANS LIMITED
CAPITAL INVESTMENT COSTS

CAPITAL ITEMS	COST (USD)
Establishing a Workshop and building a warehouse	1,000,000
Motor trucks, Trailers, and Other Vehicles	63,000,000
Office Furniture and Fixtures	50,000
Pre-operational Expenses	100,000
Working capital	
Total	64,150,000

M/S LAKE TRANS LIMITED
Project's financing Plan

SOURCE	US \$
EQUITY	7,450,000
LOAN	56,700,000
Sub total	64,150,000

M/S LAKE TRANS LIMITED

DEPRECIATION SCHEDULE

Depreciation Schedule

Item/year			1	2	3	4	5	6	7	8	9
Land & Building	4%	1,000,000	40,000	38,400	36,864	35,389	33,974	32,615	31,310	30,058	28,856
Vehicles	25%	63,000,000	15,750,000	11,812,500	8,859,375	6,644,531	4,983,398	3,737,549	2,803,162	2,102,371	1,576,778
Furniture & Fixtures	12.50%	50,000	6,250	5,469	4,785	4,187	3,664	3,206	2,805	2,454	2,148
Pre-Operation Expenses	20%	100,000	20,000	16,000	12,800	10,240	8,192	6,554	5,243	4,194	3,355
TOTAL DEPRECIATION		64,150,000	15,816,250	11,872,369	8,913,824	6,694,348	5,029,228	3,779,923	2,842,520	2,139,078	1,611,137

M/S LAKE TRANS LIMITED

PROJECTED CARGO HANDLING

Item/year	1	2	3	4	5	6	7	8	9	10
PERCENTAGES	50%	80%	95%	95%	95%	95%	95%	95%	95%	95%
ACHIEVEABLE CAPACITY										
Number of Trucks	600	600	600	600	600	600	600	600	600	600
New Trucks/Trailers	300	480	570	570	570	570	570	570	570	570
Various Cargo Haulage per month	450	720	855	855	855	855	855	855	855	855
Various Cargo Haulage per year	5,400	8,640	10,260	10,260	10,260	10,260	10,260	10,260	10,260	10,260
Freight Revenue	5	5	5	5	5	5	5	5	5	5
Various cargo haulage Revenue in US\$000'										
GRAND TOTAL FREIGHT REVENUE US\$000'	27,000	43,200	51,300	51,300	51,300	51,300	51,300	51,300	51,300	51,300

M/S LAKE TRANS LIMITED

ESTIMATED WORKING CAPITAL

Item/year	Assumptions	1	2	3	4	5	6	7	8	9	10
A. CURRENT ASSETS											
STOCKS											
Direct Cost	1-month costs	945	1,512	1,796	1,796	1,796	1,796	1,796	1,796	1,796	1,796
Fuel & Lubricants	3 months stock	1,890	3,024	3,591	3,591	3,591	3,591	3,591	3,591	3,591	3,591
Spares & Parts	3 months supply	473	756	898	898	898	898	898	898	898	898
Total Stocks		3,308	5,292	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284
B. DEBTORS											
Trade debtors	1 month Revenue	2,250	3,600	4,275	4,275	4,275	4,275	4,275	4,275	4,275	4,275
Total Current Assets		5,558	8,892	10,559	10,559	10,559	10,559	10,559	10,559	10,559	10,559
C. CURRENT LIABILITIES											
CREDITORS											
Salaries	1 Month	1575	2520	2992.5	2992.5	2992.5	2992.5	2992.5	2992.5	2992.5	2992.5
	1 month	350	210	210	210	210	210	210	210	210	210
Total Current Liability		1925	2730	3202.5	3202.5	3202.5	3202.5	3202.5	3202.5	3202.5	3202.5
Working Capital		3,633	6,162	7,357	7,357	7,357	7,357	7,357	7,357	7,357	7,357
Change in W/Capital			2,530	1,195	-	-	-	-	-	-	-

M/S LAKE TRANS LIMITED

PROJECTED INCOME STATEMENT

US\$000

Item/year	1	2	3	4	5	6	7	8	9	10
Sales Revenue	27,000	43,200	51,300	51,300	51,300	51,300	51,300	51,300	51,300	51,300
COST OF SALES	18,900	30,240	35,910	35,910	35,910	35,910	35,910	35,910	35,910	35,910
GROSS PROFIT	8,100	12,960	15,390	15,390	15,390	15,390	15,390	15,390	15,390	15,390
CAPITAL & FINANCE CHARGES										
Other Operational Expenses	500	300	300	300	300	300	300	300	300	300
Depreciation	15,816	11,872	8,914	6,694	5,029	3,780	2,843	2,139	1,611	1,215
Interest	5,103	4,250	3,321	2,308	1,204					
Sub Total	21,419	16,423	12,535	9,302	6,533	4,080	3,143	2,439	1,911	1,515
PROFIT BEFORE TAX	-13,319	-3,463	2,855	6,088	8,857	11,310	12,247	12,951	13,479	13,875
Corporation Tax	-	-	857	1,826	2,657	3,393	3,674	3,885	4,044	4,163
PROFIT AFTER TAX	-13,319	-3,463	1,999	4,261	6,200	7,917	8,573	9,066	9,435	9,713
Profit Brought Forward	0	-	-	-14,783	-10,522	-4,322	3,595	12,168	21,234	30,669
Revenue Reserve	-13,319	-	-	-10,522	-4,322	3,595	12,168	21,234	30,669	40,382
		16,782	14,783							

M/S LAKE TRANS LIMITED

PROJECTED CASHFLOWS

US\$ 000

Item/year	1	2	3	4	5	6	7	8	9	10
CAPITAL INFLOW	-									
Equity Capital	7,450									
Loan	56,700									
Sub Total Capital Inflow	64,150	-	-	-	-	-	-	-	-	-
OPERATING INFLOW										
Profit before tax	-	-								
	13,319	3,463	2,855	6,088	8,857	11,310	12,247	12,951	13,479	13,875
Depreciation	15,816	11,872	8,914	6,694	5,029	3,780	2,843	2,139	1,611	1,215
TOTAL INFLOW	2,497	8,410	11,769	12,782	13,886	15,090	15,090	15,090	15,090	15,090
CAPITAL OUTFLOW										
Investment	64,150									
Loan EMI	14,577	14,577	14,577	14,577	14,577					
Taxation	-	-	857	1,826	2,657	3,393	3,674	3,885	4,044	4,163
TOTAL OUTFLOW	78,727	14,577	15,434	16,403	17,234	3,393	3,674	3,885	4,044	4,163
NET CASHFLOW	-	-	-	-	-	-	-	-	-	-
	12,080	6,167	3,665	3,621	3,348	11,697	11,416	11,205	11,046	10,927

