

DELTA HAULIERS LIMITED

P.O. BOX 701

Tanga.

FEASIBILITY REPORT ON A MODERN ROAD HAULAGE.

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DELTA HAULIERS LIMITED

P.O. Box 701

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1.0 Introduction

1.1 Summary

M/S DELTA HAULIERS LIMITED is a privately owned company recently incorporated for purposes of carrying out cargo transport operations to provide both domestic and transit cargo haulage services. The company is registered under Certificate of Incorporation No: **184322900** dated 22nd April 2025. The registered office of the company is at Old Korogwe Road, Chumbageni - Tanga.

1.2 The Project

The feasibility study report sets out a proposal for the establishment of the company to operate a fleet of trucks. The trucks will be heavy duty complete with trailers and the total number is going to be 50 at full project implementation. Other motor vehicles to be included in this project are:

- Ten Units 4WD pickups for road patrol and general administration
- 5 Unit Delivery Van
- 8 Units Staff Mini Bus
- 1 (4x4) four-wheel drive, Pool Car

As stated, before this project will have the effect of strengthening of distribution and marketing facilities in the country and the fleet will also be used 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 The Project Promoters

The project is being promoted by M/S DELTA HAULIERS LIMITED, incorporated as a limited liability company with an authorised capital of **T.shs 600,000,000.00**. The company is based in Tanga with the registered office at Old Korogwe Road, Chumbageni - Tanga. The shareholders of the company are as indicated in the table below:

S/NO:	NAME AND ADDRESS OF SHAREHOLDERS	NATIONALITY	SHAREHOLDING (%)
1.	BALRAJ SINGH SOHANPAL MELBOURNE, 6 CROSSING ROAD, MERNDVIC 3754, AUSTRALIA	Australian	24%
2.	JASRAJ SINGH SOHANPAL MELBOURNE, 21 MASALA STREET MICKLEHAM VIC 3064, AUSTRALIA	Australian	24%
3.	ALBAIL SINGH SOHANPAL P.O.BOX 701 TANGA	Tanzanian	26%
4.	PARMINDAR KAUR SOHANPAL P.O.BOX 701 TANGA	Tanzanian	26%
	TOTAL		100%

The above-mentioned shareholders are people who are qualified in skills of business of Transport management and, both have vast business experience at the local and international arena.

1.4 The Market

Recent reforms taking place in economy indicate 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. The following are some of the factors that have contributed to such an increase in demand for these products in the country.

- Increased level of rehabilitation and expansion of urban and truck roads by the Government and international assistance agencies which has subsequently resulted in increased kilometres of passable roads by small and heavy-duty vehicles.
- Rise in people's standard of living and change in people's consumption patterns;
- General improvement in the national economy, especially the balance of payments which has made it possible for the Government to achieve greater capability to import critical products into the country;

- Increase general level of investments in industrial activities which are the major users of industrial inputs;
- Increased transit trade between Tanzania and its neighbours especially Uganda, Rwanda, Malawi, Burundi and the Democratic Republic of Congo.

The factors have lead to increase demand for transportation services for products in the country. Furthermore, these factors have created the impetus for increased inflow of investment capital by foreign and local private investors who now have decided to venture in the importation and industrial raw materials.

The reforms, which are now being introduced in the sector, aim at influencing the inflow of and increased supply of both capital goods and other industrial products and their distribution in the country and beyond the national borders.

1.5 Project Cost and Financing Plan

The total cost of the project is estimated at **US Dollars 3,970,000.**

The following is the summary of the capital investment cost estimated.

Capital Items	Cost (US\$)
Establishing Workshop and Renovation of Office Buildings	50,000
Plant, Machinery, Tools and Equipment	180,000
Motor Trucks, Trailers and other Vehicles	3,520,000
Office Furniture and Fixtures	30,000
Pre-operational Expenses	10,000
Initial Working Capital	160,000
Others (communication equipment)	20,000
Total	3,970,000

Financing

The project's cost will be fully financed by shareholders' equity contributions.

1.6 Financial Indicators

The following are some of the financial analysis highlights:

1.6.1 Profitability

Profitability after tax over the years in US \$ is as follows:

1 st Year	137,686
2 nd Year	385,988
3 rd Year	401,585
4 th Year	479,538
5 th Year	479,538

1.6.2 Liquidity

The projected net cash flow over the year shows a health position and demonstrates the ability of the company to meet financial commitments as they fall due. The summary thereof in US \$ is as follows:

1 st Year	233,116
2 nd Year	5,458
3 rd Year	14,107
4 th Year	349,371
5 th Year	351,093

1.6.1 Payback period

The investment recoups itself in 4 years.

1.7 Social and Economic Impact

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

- 1.7.1 Increase the provision of high-quality services in the distribution of industrial products in the country.
- 1.7.2 Increased availability of quality distribution and marketing products along side competitive prices of these products will result in increased healthy competition among all trading and manufacturing companies
- 1.7.3 The proposed project of the fleet of trucks investment in this sector will provide employment for more than 125 people
- 1.7.4 The Government and other agencies will benefit from various taxes, fees and commissions that will be paid to the Treasury etc. by DELTA HAULIERS LIMITED.

1.8 Conclusion and Recommendations

The Executive Summary highlights indicate that the proposed project will be financially and economically viable.

The project will generate significantly to the social and economic progress byway of increasing the provision of reliable sales and distribution of the various products in the country.

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 THE PROMOTERS

The promoter in this project is Messrs DELTA HAULIERS LIMITED.

Among the objects for which the company was established are to carry on the business of cargo transportation for both domestic and transit goods.

3.0 THE PROJECT

- DELTA HAULIERS LIMITED wants to buy 50 heavy-duty trucks complete trailers under this expansion programme.

3.1 Description

In summary the project entails the following

- Purchase of 50 used trucks and trailers at the cost of US\$ 3,520,000
- Workshop equipment will be needed to service the trucks as well as to generate income through servicing other transporters' vehicles on commercial basis. The investment will involve the acquisition and installation of Tyre Retreading Plant, Injector Pump, Clutch Brake Bonding Machine and other miscellaneous tools and equipment.
- Importation of office equipment namely: telephones, facsimile machines, personal computers, air conditioners and installation of local area network at head company's head office
- Importation of mobile communication equipment (Motorola) to monitor the movement of trucks

3.2 Location

As stated above, the company will be located at Old Korogwe Road, Chumbageni - Tanga, which is easily accessible to the airport, harbours and up-country and will provide transport services all over East and Central Africa.

3.3 Cargo Haulage Target

The proposed project aims to 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. The project's administrative and vehicle maintenance office will be based in Tanga.

3.4 Revenue Forecast.

PARTICULARS/ YEAR	2025	2026	2027	2028	2029
Fleet Plan Nos:					
Trucks (15-18 tons)	4	6	7	7	7
Semi – Trailers (40 tons)	5	10	15	15	15
Performance Targets:					
Load Factor	70%	75%	80%	80%	80%
Average Running Km Per Truck Per Month	4000	4500	5000	5000	5000
Average Rate Per Ton/Km (US\$)	0.060	0.060	0.060	0.060	0.060
Projected Operating Results:					
Transport Income (Us\$)	682,752	1,555,210	2,680,320	2,680,320	2,680,320
Operating Costs (Us\$)	512,064	1,166,408	2,010,240	2,010,240	2,010,240
Profit Form Transport Operations (Us\$)	170,688	388,802	670,080	670,080	670,080

3.5 Implementation Time Schedule

The proposed investment programme is expected to take a period of three years. The investment programme is shown under the Capital Investment Schedule appearing overleaf. The following is the summary of Implementation Time Schedule:

S/NO:	ACTIVITY	TIME SCHEDULE
	Mobilization of Funds	Dec, 2024
	Legal Documentation	Dec, 2024
	TIC Application and Approval of Certificate of Incentives	June 2025
	Renovation of Workshop and Office Buildings	July, 2025
	Ordering of the 1 st Batch of Trucks, other Vehicles, Communication and other Equipment	August 2025
	Delivery of the 1 st Batch of Trucks, other Vehicles and Equipment	Sept 2025
	Servicing & Trials of the 1 st Batch of Trucks and Equipment	Oct 2025
	Ordering of the 2 nd Batch of Truck Fleet and other Vehicles	Jan 2026

	Delivery of the 2 nd Batch	March 2026
	Servicing & Trial Runs of the 2 nd Batch of Trucks	June 2026
	Ordering of Tyre Retreading Plant, Injector Pump Servicing Machine, Clutch & Brake Bonding Machine and other Workshop Tools and Equipment	December 2026
	Installation of the Workshop Plant/ Machinery	February/March 2027
	Trial Runs of the Workshop	May 2027
	Ordering of the 3 rd and last Batch of Trucks	August 2027
	Delivery of the 3 rd Batch of Trucks	October 2027
	Servicing & Trial Runs of the 3 rd Batch of Trucks	October/November 2027
	Commencement of Full Commercial operation	December 2027

3.6 Environmental Aspects

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

3.7 Transportation Industry in Tanzania

3.7.1 Constraints

The road transport in Tanzania is heavily dependent on imported vehicles and related inputs. The road transport is however faced with the following problems:

- Lack of adequate transport and transport facilities;
- Poor infrastructure facilities particularly trunk roads;
- Lack of adequate transport services to land-locked neighbouring countries which would like to use our port facilities for enhancement of their international trade;

- Poor maintenance of roads and transport equipments;
- Lack of proper co-ordination between the transport sector and other sectors of the economy.

Government Policy on Transportation

The government has of late put a greater emphasis on the transport and communication sector so as to improve upon them and consequently lead to economic development.

The following are therefore the national transport policies among others:

- To improve the standard of trunk road network by maintaining the existing roads so as to ensure a satisfactory level of service and to expand the feeder roads in order to cover a wider area of agricultural production. Rehabilitation and maintenance of existing railway network is also given greater attention;
- To give assistance to the private sector so as to enable the sector provide transport services both in the country and neighbouring states. Hence, the private

transport sector provides over 70% of total road services.

From the brief outline mentioned above, the transport policy in all its intent is geared towards improving and encouraging all modes of transport whether private or public and run on strictly business principles in order to promote efficiency and raise the quality of the service rendered.

3.8 Road Transport in Tanzania

In Tanzania most of the country's total passenger and goods transport demand is met by the road transport sector. While rail and steamer services also play an important role in inter-regional transport, interregional transport is almost wholly catered for road transport. Road transport is a key link between sea and lake ports, rail heads, regions, district and villages where the majority of the population lives and also the neighbouring countries.

4.0 CAPITAL INVESTMENT FINANCING

4.1 Investment Plan

In order to sustain the viability and growth of DELTA HAULIERS LIMITED, a modest Investment plan has been drawn during the project period. It is planned that the company will buy the fleet of 50 units in the first three years at the cost of US\$ 3,520,000.00. No trucks replacement is envisaged during the 5-year project period.

The fleet development programme is indicated in Table below while the next Table indicate project investment in the trucks during the project period.

TRUCKS ACQUISITION PLAN (UNITS)

S/NO.	CATEGORY OF TRUCK/ YEAR OF ACQUISITION	2025	2026	2027	2028	2029	TOTAL
1	40 Semi-Trailers (40 tons)	10	8	10	11	11	50
	TOTAL UNITS	10	8	10	11	11	50

TRUCKS INVESTMENT PLAN (IN US\$)

	CATEGORY TRUCKS/ YEAR ACQUISITION	OF OF	2025	2026	2027	2028	2029
1	40 Ton Semi Trailers	-	400,000	240,000	160,000	-	-
	TOTAL COST		400,000	240,000	160,000		

Since the company also plans to diversify business during the project period, it is planned to establish a workshop and acquire plants/machinery and equipment. These investments will include:

- Tyre Retreating Plant..... US\$
100,000
- Injector Pump Servicing Machine..... 70,000
- Clutch and Brake Bonding Machine..... 50,000
- Workshop Renovations
15,000

Other assets to be acquired during the project will include:

- Workshop tools and equipment
US\$100,000
- Office furniture, fixtures and equipment 20,000
- Communication equipment
10,000

4.2 Financing Plan

The bulk of the capital cost will be raised by the company itself through equity contribution. The other major source of funding will be internally generated revenue from operations which will be ploughed back. The other possible sources of finance are through supplier's credit and donor funds for import support programme made available through the Treasury; although the company do not bank much in these last two options.

5.0 DEMAND AND MARKETING ASPECTS

5.1 A General Overview

There is a wide market for domestic as well as transit cargos transport. Hence, it can be expected that the sponsors would not face marketing and operational problems in managing the proposed project.

The ports of Tanga and Mombasa have recently being undergoing major rehabilitation, modernisation and expansion so as not only to be able to compete with South African ports in handling the East, Central and Southern African import and export trade but also, as a strategy for meeting the national demands for cargo handling that have grown steadily following expansion of agricultural, mining and industrial activities especially in Tanzania. These factors would provide the proposed freight haulage project the necessary condition for its

soft establishment and expansion of its future operations.

M/S DELTA HAULIERS LIMITED will endeavour to achieve the projected sales for both domestic and transits business in the neighbouring countries of Kenya, Rwanda Burundi and Eastern parts of the Democratic Republic of Congo, Uganda and Eastern parts of Zambia.

5.2 Facts About Cargo Haulage Service in Tanzania

5.2.1 Capacity in cargo Handling (Country Overview)

Tanzania surface transport system consists approximately 44,000 km of earth, gravel and tarmac road. The road also contributes about 65% of ton-kilometres in the country. In view of this, there is need for improving the road haulage industry and hence enhancement of economic well being of the country.

One major problem of road transport in the country is still poor condition of many roads. However, the government alongside World Bank funding, has begun to rehabilitate main trunk roads in the country at the moment and this move

is expected to alleviate the existing problems. At 18% of roads are tarmac, 21% gravelled, the rest are earth roads.

Hence, there is a great potential for development of road haulage in the country due to limited slow growth potential railways. Development of road transport is therefore essential for purposes of enhancing easy movement of inputs and consumer goods in the country. Road transport is also important in so far as transport of transit cargo is concerned particularly as regards south, north and central corridors for containerised goods.

The project aims at capturing the transit cargo passing through Tanga corridor DRC, Burundi, Uganda and Rwanda and later on to other land locked neighbouring countries. The major users of the Tanga transit corridors are Zambia, DRC, Malawi, Rwanda, Burundi and recently Uganda. The transit and inter-regional goods can be segmented as follows:-

- Transit goods destined for southern corridors of Malawi and Zambia, north and central corridors of DRC, Rwanda, Burundi and Uganda;
- Inter-regional goods which include Southern highlands of Mbeya, Iringa, Ruvuma and Rukwa;
- Central Zones of Morogoro, Dodoma, Mwanza, Tabora and Mara;

- Northern zones of Mwanza, Arusha and Kilimanjaro
- Inter-regional Demand

Inter-regional demand refers to all goods crossing regions in all directions. Inter regional transport demand for southern zone is served by trunk roads and Tanzania Zambia Railways Authority (TAZARA) while the north and central zones are served by Tanzania Railway Corporation (TRC) and trunk roads. The major commodities that are transported by road to these regions include consumer goods, fuel, farm inputs and industrial inputs. The annual tonnage of inter-regional goods for the period 1996/1997 is as follows:

Inward	Average Tonnage
Southern Zone	25,800
Northern Zone	27,500
Central Zone	38,650
Sub total	91,950
Outward	Average Tonnage
Southern Zone	49,570
Northern Zone	98,560

Central Zone	78,450
Sub total	226,580
Total tons	318,530

Source: National Transport Corporation

Demand for transport to haul goods to the regions is highly seasonal. High demand normally occurs from July to December during harvesting, crop collection and supply of farm inputs transportation demand declines in January and remains low up to June.

5.2.2 Supply of Transport Equipment

According to the market survey, there has been a shift of ownership in recent times of transport projects from those owned by Parastatal Organisations and Co-operative Unions such as Regional Transport Companies (RETCOs) to those operated and owned privately. The supply of goods transport in the region is represented by a fleet of commercial cargo carrying vehicles with average capacities of 35 tons and above operating within the regions, intra-regional and inter regional routes.

5.3 Transit Traffic

Tanzania acts as a transit country for the landlocked countries of DRC, Zambia, Rwanda, Burundi, Uganda, and Malawi. General cargo (that is excluding bulk petroleum and other bulk liquids) handled through the Tanga port between 1994 and 1997 ranged between 1,875,395 and 2,345,700 tons. The bulk of transit cargo that traffics through Tanzania is that of Zambia with largest proportion being carried out by TAZARA.

Malawi has similarly shown a dramatic increase in passing its transit cargo through the Tanga port in recent years. The bulk of its cargo is carried by road. Recent efforts by heads of state of Malawi and Tanzania gear towards establishing and exploiting the so called Mtwara Corridor as a potential link between the two countries. Of course, it might take some time before actual implementation of the current plans are put into reality and trucks start rolling across borders of the two states.

5.3.1 Individual Country Prospectus

5.3.1.1 Rwanda and Burundi

Most of Burundi's exports are already passing through the Tanga port. Rwanda's transit traffic keeps on changing from time to time. During the period 1995 and 1996 an estimated 45,000 tonnes of overseas trade passed through Tanga. Between 1986 and 1994 traffic has been reduced due to Rwanda's poor economic performance and civil war and economic embargo against Burundi between 1996 and early 1999. However, now the embargo has been lifted in Burundi and increased political stability in Rwanda should increase regional cargo traffic through Tanga port from and to these two states.

5.3.1.2 Uganda

Uganda has of late substantially increased its international trade through Tanga. Most trade is handled by rail from Mwanza to Tanga and vice versa and through Lake Victoria to and from Uganda. Road transport ranks second in this route

5.3.1.3 Democratic of Congo (DRC)

DRC uses Tanzania as their transit country mainly for exports of their copper and other minerals plus imports of consumer and semi finished goods.

There are five principal routes available to DRC copper exports:

- Lobito in Angola
- Matadi in DRC
- Tanga via Kigoma
- Beira and Maputo via Zambia and Rwanda
- East London in South Africa via Zambia and Rwanda

The Tanga port accounts for 10% of DRC's foreign trade. Road transport ranks first in so far as goods destined to DRC are concerned. Main products handled include oil products and general cargo namely; industrial chemicals, foodstuffs, cotton and machinery.

5.3.1.4 Malawi

Malawi depended heavily on the ports of Macala and Beira in Mozambique but civil war disrupted the flow of traffic from the two ports since 1982. As a result Malawi transit goods have been diverted to Tanga, with the subsequent

construction of container depots and other goods (both imports and exports) near Tanga port and in Mbeya.

However, because of the ravages of civil war in Mozambique, it can be assumed that the Nacala and Beira route would not be used by Malawi in the foreseeable future. In view of this fact, it is possible that around 40% of Malawi's overseas trade would be routed through Tanga port and the rest through Durban in South Africa. Even in a situation in which the traditional routes become available again, it is anticipated that around 20% of the overseas trade would continue to be allocated to Malawi's northern corridor.

However, expansion of the Tanga port container handling facility, improvement of the Dar-Mbeya highway and construction of the new cross border road between Tanzania and Malawi may still filter the traffic towards Tanga. This refers to such traditional exports traffic such as sugar, Tea and tobacco which are expected to be routed through Tanga in preference to shipment via Durban in South Africa. Tea and tobacco exports are containerised whilst sugar is assumed to continue to travel as break-bulk. Presently 10% of Malawi's overseas trade passes through its northern corridor to Tanzania and is expected to increase overtime. The proposed project is mainly base on the Tanga Kigali and

Mombasa Kigali routes. Although the Dar-Malawi-Dar is considered to be the main route, cargo destined or originating to/from other neighbouring countries would also be handled depending on the situation at any point in time.

5.3.1.5 Zambia

The level of transit traffic handled by Zambia through the Tanga port has reasonably been constant over the previous years. A big portion of north bound traffic is handled by TAZARA while less than 10% of transit traffic is handled by road.

5.4 Market Base

The proposed project has an open eye on the vast opportunities that exist in the regional and domestic transport business. As a matter of fact operating projections assume that the project would operate on the Mombasa and Tanga routes to Kigali, Bujumbura and Lubumbashi. However, initially the project will mainly operate on the Tanga – Mwanza - Kigali –Lubumbashi and the Mombasa - Kampala and Mombasa-Tanga routes where the promoters have managed to establish contacts with a view to secure contracts to transport refugee, mining and agricultural

requisite. Response from the would - be customers has so far been very encouraging.

Also, there is scope for securing transportation contracts from UN bodies such as the World Food Programme, United Nations High Commission for Refugees, etc.

The mining equipment and other supplies that are to be moved are generally containerised due to a number of factors, not the least of which would be to avoid “shrinkage” in transit, but it does imply that loading and offloading should be considerably easier which in turn, would ensure a quicker turnaround time. As for local cargo, there are no borders to be crossed on the run for example; from Tanga to Nzega, however, there is poor stretch of road which would slow the operation down.

5.4 Freight Charges

The rates offered for standard transportation are on a per tone basis, hence the more one carries per load, the more earnings are. There is currently no legislation restricting the amounts one can carry therefore, for the Tanga to Nzega routes basis has been made the firms’ expected revenue from carrying forty (40) ton loads. Should legislation come

into effect and limit the project to the standard twenty eight (28) to thirty (30) tons that is in effect in SADCC countries, the rates would be adjusted accordingly so that the transporters do not lose out.

The rates currently being offered are as follows:

Average rate per km per ton is US Dollar Cent 95 or as follows:

Tanga to Nzega	US \$ 110/ton
Tanga to Kigali	US \$ 165/ton
Mombasa Kampala	US \$ 160/ton

Return Loads – average 50% quoted rate.

Rates for low bed work are determined on volume rather than tonnage and for the purposes of our budgets and projections we have taken an average of US Dollar Cent .95 per Ton per km. These rates are conservative as the bulk of machinery to be moved has a higher volume and would therefore attract a higher rate.

5.5 Key Success Factors

Following are Key Success Factors of the transportation industry;

Financial Resources

Working Capital

The importance of having huge funds to finance large transportation operations means that the need to have strong relationships with banks is equally important. The ability of banks to advance huge funds at short notice and at preferential bank rates depends largely on such long-term relationships established after long periods of time. New entrants may find it difficult to achieve this relationship. This requirement is crucial for successful operations of a transport firm. This will involve: personnel emoluments (especially for drivers); purchase of tyres, spares and parts, fuel and lubricants; and instant replacement of transport units in case of bread-down or serious vehicle accidents.

Hence, only those firms that are able to mobilize large sums of operating capital can achieve greater operating parameters and therefore, higher profit margins. No wonder that entry barriers are quite high in this regard.

Improved Technology/Product Innovation

Only corporate bodies that have strong financial muscles are capable to invest in better technology and be able to attain product differentiation as a cutting edge against rival firms. The use of Global Positioning System (GPS) has by and large enabled certain transport firms to instantly locate their tracks in transit. Hence, it has become possible to identify problems that drivers are facing far away from the base. This implies that should there be some break down or accident then would be reported to the firms base upon which a solution would be identified and despatched. This is critical as many clients are becoming conscious of a transportation firms ability to meet delivery times.

Ability to offer Credit Facilities Downstream

Corporate clients such as UN bodies and some of the multinational companies may require the transporters first to ferry the assigned cargo and get paid later, after some time say on delivery, after an agreed time, or after delivery of a series of group consignments. Only corporate transporters with large fleets of trucks and other sources of revenue can afford to operate on a flexible basis as it is backed by strong shareholders.

Long Term Relationships

Established transport firms enjoy the advantage of long-term relationships with corporate clients who deal with large supplies of fuel oil, equipment, machinery etc. Such corporate firms include among others; armies, huge mining companies using thermal power, etc. clearing and forwarding companies, just to mention a few. Again, the proposed project would use its Synergy of its relation with parent companies in securing huge cargo.

However, it should be clearly understood that as time changes some industry forces have tended to re-modify these key success factors. Hence, generally it is the ability of a transport company to design and implement its business strategies that may suit building of a company's success in this sector.

6.0 MANAGEMENT AND ORGANIZATION STRUCTURE

6.1 Management

The company policy is to have adequate manpower to manage its operations efficiently. DELTA HAULIERS LIMITED believes in keeping on board only the very essential manpower strength, to develop them into highly motivated

and sincere company team for the best and efficient operations of the company.

The company will have a team of qualified and experienced functional managers in the areas of Operations/Marketing, Workshop Operations and Finance & Administration. Other senior and middle level staff will be available for the start up and subsequent operations of the company. The personnel will be qualified, well-seasoned and most possessing considerable industrial experience.

6.2 Management Policy

The day to day operations will be managed by the General Manager, to be assisted by the Technical Manager. The Company's fleet pool will be professionally managed and will be headed by Operations Manager who will work under the Technical Manager. Other Management Staff under the Technical Manager will be: Workshop Manager, two Maintenance Engineers and Finance & Administration Manager.

The General Manager will manage the company under the policy guidance of the Board of Directors.

6.3 Organizational Structure

Once the company has well established the market its organizational structure will have to change so as to give it a corporate structure of freight Haulage Company. Therefore, the shareholders will have to embark on a meticulous manpower planning and recruitment, which will be preceded by a manpower consultant's report.

It is proposed that the company's operations then be headed by the Managing Director under whom there will be a General Manager. Functional managers will assist the General Manager, that is: Operations Manager, Workshop Manager, and Finance & Administration

The General Manager will be functionally responsible for achieving the Business plan prepared every year. He will also be responsible for the entire function of the company subject to policy guidance set. The Operations Manager will be responsible for both the countrywide and regional wide sales and marketing for the service. The job responsibilities will include market planning and development, sales promotion and sales co-ordination.

**PROJECT MANPOWER REQUIREMENT AND EMOLUMENTS
(US\$)**

POSITION	NO. OF PERSONS	MONTHLY SALARY	TOTAL ANNUAL SALARIES
General Manager	1	1500	18,000
Technical Manager	1	1200	14,400
Operations Manager	1	1000	12,000
Maintenance Engineer	2	750	18,000
Workshop Manager	1	750	9,000
Administration Manager	2	600	7,200
Personal Secretary	1	150	1,800
Mechanics	6	200	14,400
Finance & Administration Manager	1	600	7,200
Accounts Assistants	2	200	4,800
Storage Superintendent	1	150	1800
Office Assistant	1	60	720
Drivers	22	300	79,200
Helpers	22	120	31,680
Security Officer	1	250	3000
Supplies Officer	1	200	2400
Watchmen	6	60	4320
TOTAL	71		229,920

7.0 FINANCIAL ANALYSIS

7.1 Financial Viability

The analysis of the proposed DELTA HAULIERS LIMITED transport project shows that the project can generate a fairly good profit and that it generates sufficient cash to meet its financial obligations. The review is given below under the following sub – sections:

- Fundamental Assumptions;
- Capital Expenditure and Financing
- Operating Costs;
- Working Capital Requirements
- Projected Profitability
- Projected Balance Sheets;
- Projected Cash Flow;
- Discounted Cash Flow
- Projected Balance Sheets;
- Net Present Value; and
- The Pay Back Period

7.2 Fundamental Assumptions:

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

- 7.2.1 The operating period under which the viability of the project is being evaluated is 5 years.
- 7.2.2 The capital cost of the proposed project is US\$ 3,970,000.
- 7.2.3 All the calculations throughout the economic lifetime of the project are constant with December 2008 being the base date
- 7.2.4 The projected operational costs are shown the Table overleaf.

The main revenue source is from the charging freight rates. In the estimation of the revenue income we have adopted an average tariff rate of US \$ 0.060 per ton per km throughout 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.

The capacity utilization of the trucks starts from 70%, in the 1st year to 75%, in the 2nd year and 80%, in the 3rd year and other subsequent years.

7.2.5 Capital Expenditure has been assumed to be incurred for a continuous period of 3 years.

7.2.6 The financial plan is for the shareholders to finance the project from own sources by ploughing back profits. Otherwise the manufacturers of the trucks are prepared to arrange for a financial package including supplier credit.

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

- Building and Civil Works are depreciated at 4% Straight line. Most buildings are supposed to last for about 25 years.

- Workshop equipment, plant, machinery and operating equipment 15% and therefore replacement is after 7 years.
- Office equipment is depreciated at 12.5% and therefore replacements are due in the 8th year of operation
- Furniture and fittings are depreciated at 12.5% and due for replacement in the 8th year; and
- Pre-operational expenses are amortized and written off after 5 years the write off therefore is 20%

The computation for depreciation is shown in the *Capital Assets Depreciation And Amortization Schedule* above while appendix I in the investment and re-investment schedule.

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 the proposed investment is expected to be profitable throughout the project period of five years. The after tax profits (US\$) are as follows:

1 st Year	137,686
2 nd Year	385,988
3 rd Year	401,585
4 th Year	479,538
5 th Year	479,538

7.5 Cash Flow Projection

The liquidity 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 show the ability of the project to meet financial obligations and capital expenditure requirements.

Over the projected period of five year the cumulative cash flow is US \$ 2,319,619

7.6 Financial Review

The financial review of the proposed DELTA HAULIERS LIMITED shows that:

7.6.1 The project is profitable

7.6.2 The liquidity position is sound and that it should be able to meet its financial commitments without any undue difficulty

7.6.3 The operations are financially viable

7.6.4 The key ratios are acceptable with Internal Rate of Return (IRR) of 75.03%, NPV Ratio of 1.21, Net Present Value of US\$ 1,618,712 and a Payback Period of 4 years.

It is therefore recommended that the project should go ahead as conceived in this report.

7.7 Development Aspects

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

7.7.1 Revenue to the government Treasury and other organs in the form of taxes, fees and levies

7.7.2 Increase in employment opportunities

7.7.3 Savings/earnings of foreign exchange because of the project's active engagement in the transit trade

7.7.4 Facilitate in increased improvement and availability of the freight haulage services especially in the transportation of raw materials, crops and finished products to and from markets.

With the liberalization of the economy in fully swing the resultant industrial growth is expected to push up the demand for the transportation of industrial and consumer goods services considerably.

8.0 CONCLUSION AND RECOMMENDATIONS

The foregoing discussion highlights on the social, economic and financial dimensions which the envisaged project is set to generate in this country. The brief financial analysis indicates that the project will be financially viable. Therefore, it is strongly recommended that the sponsors, M/S DELTA HAULIERS LIMITED be availed with the required institutional assistance so as to enable them establish the propose project.