

**FEASIBILITY STUDY FOR THE  
IMPLEMENTATION PROGRAMME**

**OF**

**M/S AFRICA ENERGY LIMITED**

**IN**

**ESTABLISHING AND OPERATING A  
PROJECT FOR BULK LIQUID STORAGES  
AND ITS SALE OUTLETS**

**PREPARED BY  
M/S AFRICAN ENERGY LIMITED  
P. O. BOX 22786  
DAR ES SALAAM**

**M/S AFRICA ENERGY LIMITED**  
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**M/S AFRICA ENERGY LIMITED**  
**INVESTMENT PROPOSAL FOR THE ESTABLISHING AND OPERATING A**  
**PROJECT FOR BULK LIQUID STORAGES AND SALE OUTLETS**

**1. INVESTMENT PROPOSAL**

This feasibility study has been prepared by M/S AFRICA ENERGY LIMITED for the company's implementation programme in establishing and operating a project for setting up facilities for warehousing of bulk liquid storages and sale outlets in Dar es Salaam.

The business plan has been prepared to give an analysis of the all necessary resources required for the implementation programme and also assess its economic viability and commercial viability for presentation to the company's promoters (shareholders) in order to allocate funds and machinery as well as equipment to supplement the equity contribution.

**2. COMPANY'S BACKGROUND**

M/S AFRICA ENERGY LIMITED is a private owned company registered/ incorporated in Tanzania by Registrar of companies under company's ordinance on 23rd day of October, 2003 with Certificate of Incorporation No. 47260

The company was incorporated with prime objectives of carrying on business of warehousing bulk liquid and its sale outlets. The Company determines to warehouse bulk liquid storages and sale outlets with different kinds of fuel such as petrol, diesel, kerosene etc to increase storage capacity and its sales outlets. And later improve the quality of the fuel storage as well as sale outlets.

The main purpose of the project proposal is to establish and operate facilities for warehousing of petroleum products and setting up sale outlets to correspond with the growing demand. The quality of company's services will guarantee customer's satisfaction in this intended programme.

There is a very big market for the proposed business of warehousing petroleum products and its logistics/distribution (sales) which influenced the management of M/S AFRICA ENERGY LIMITED to invest in bulk liquid storages and sales outlets. The proposed project will import warehousing equipment, distribution/ logistics facilities and equipment for sales outlets and install them.

Hence, in its implementation the proposed project is estimated to cost USD \$ 3,585,000. The estimated capital investment cost will be on new and modern machinery, building materials

for the storages, workshop equipment, utility vehicles and other expenses.

### 3. MARKET POTENTIAL

There is an extensive market potential for the company's warehousing project of bulk liquid and its sale outlets. The Company will warehouse Petroleum products such as petrol, diesel, kerosene etc which will be brought to its sales outlets. The petroleum products have a very great use in our day to day life such as Motor vehicles, Plant and Machinery, household etc. The market is growing day by day especially in urban as well as rural areas. The intended project in its implementation programme will warehouse bulk liquid storages and setting up sale outlets also distribution and logistics of petroleum products.

A recent survey undertaken by M/S AFRICA ENERGY LIMITED has realized that there is high demand for high quality warehousing project and sale outlets. As Oil Companies will use such facility of storage and sale outlets which will make the project useful and advantageous.

There are number of factors which will make the proposed project to dominate the market such as storage quality and goodwill. There are few competitors such as PUMA, OILCOM,

NATOIL, ENGEN, TOTAL, GAPCO, GAPOIL etc who compete with the company's warehousing project and the sale outlets.

#### 4. THE COMPANY'S OBJECTIVES

M/S AFRICA ENERGY LIMITED is a project for carrying on business of warehousing of bulk liquid and sale outlets. The mission of project is basically aimed at warehousing of petroleum products and marketing through its sale outlets-distribution and logistics in order to achieve the following objectives: -

- To foster the growth of warehousing of bulk liquid storages and sale outlets industry in Tanzania.
- To reduce the shortage of petroleum products as well as to enhance petroleum business.
- To promote local markets for petroleum products.
- To promote brand and quality of petroleum products.
- To promote growth and expansion of private sector.
- The company will create more employment (more job opportunities from unskilled to professionals/technicians etc.)

- Skill development (human resources development) through on job training and use of modern machinery and application of new technology.
- Income generation, alleviation of poverty and improve their social welfare
- The company contributes to the government revenue through taxes- corporate tax, SDL, PAYE, WITHHOLDING Taxes and other levies.
- Etc

5. **PLAN/PROSPECTS**

- High quality warehousing facility of petroleum products.
- To increase the facility which will make more oil marketing company (OMC) to use the facility hence resulting more earnings in addition to its sale outlet.
- To purchase/ import new plant & machinery and workshop equipment with introduction of new technology.
- To increase the volume of storage capacity of petroleum products

6. **SHAREHOLDERS (PROMOTERS)**

The following sponsors are promoting the proposed project M/S AFRICA ENERGY LIMITED. These are Directors and

shareholders of M/S AFRICA ENERGY LIMITED with their shareholders position.

No	Name of Shareholders	No. of Shares	Nationality	% shareholding structure
1.	EDHA ABDALLAH MUNIF	10	Tanzanian	10%
2.	CAMEL OIL (T) LIMITED	90	Tanzanian.	90%
	<b>TOTAL</b>	<b>100</b>		<b>100%</b>

The share capital of the company is Tshs.10, 000,000/= divided into 1,000 shares of Tshs. 10,000/= each, and the Company shall have the power to increase its capital and to divide the shares in its capital for the time being into several classes of stock or shares and to attach thereto respectively such preferential, deferred or special rights, privileges, or conditions as may be determined by or in accordance with the Articles of Association of the Company.

## 7. LOCATION

The company's business premises are located at Plot No. 365 & 366, Kurasini road / Kurasini Road – Temeke DISTRICT/ DSM. The Postal Address: P. O. Box 22786 Dar es Salaam/ Tanzania,

(Project location see)  
Appendix V

## 8. IMPLEMENTATION SCHEDULE

### 8.1 MARCH - 2021

- Preparing feasibility study for the implementation programme in setting up facilities for warehousing of bulk liquid and its sale outlets.
- Registration with Tanzania Investment Centre (TIC) in implementation programme for the proposed project i.e. application for the Certificate of Incentives.

### 8.2 APRIL - 2021

- Application for Import Duty exemption on capital/deemed capital goods after being awarded certificate of incentives.
- Ordering/Importing new bulk liquid storage building materials, machinery, workshop equipment, tools, generators, related equipment, utility vehicles etc.
- Clearing the goods from the customs control (at the Port and Airport)

### 8.3 MAY- 2021

- Installation of the storage facilities, equipment, as well as machinery
- Recruiting new staffs and training them on new technology skills (on how to operate new plant and machinery).

#### 8.4 JUNE – 2021

- Fully commencement of warehousing of bulk liquid and sale outlets in establishment programme.

### 9. CAPITAL INVESTMENT COST

Land/Building	USD \$	2,500,000
Plant/Machinery	USD \$	500,000
Vehicles	USD \$	200,000
Furniture and Fittings	USD \$	50,000
Pre-expenses	USD \$	25,000
OTHER EXPENSES	USD \$	10,000
Working Capital	USD \$	<u>300,000</u>
<b>TOTAL CAPITAL</b>	<b>USD \$</b>	<b><u>3, 585,000</u></b>

### 10. FINANCIAL PLAN (SOURCE OF FUNDS)

M/S AFRICA ENERGY LIMITED is a project for warehousing of bulk liquid and sale outlets. The proposed project has firmed up finances for the intended programme by its own funds (equity) and loan:-

Own foreign fund (equity)	USD \$	2,085,000
Loan	USD \$	<u>1,500,000</u>
TOTAL	USD \$	<u>3,585,000</u>

#### 11. SUBMISSION

M/S AFRICA ENERGY LIMITED wishes to submit its business plan and application to the Tanzania Investment Centre (TIC) its proposal for registration and award of Certificate of Incentives in the proposed programme of investing in warehousing of bulk liquid and sale outlets. This will enable the project to qualify for Tax exemption on Capital/ Deemed Capital Goods.

#### 12. LIST OF MACHINERY & EQUIPMENT

- warehousing building materials (petroleum storages) such as steel plates, pipes etc
- Calibrated tanks & fittings,
- Machine, tools, Forklifts and equipment,
- Firefighting equipments

- Generators & transformers
- Fuel Dispensers.
- etc.

### 13. PLANT LAYOUT

- WAREHOUSING FACILITY/ BULK LIQUID STORAGE
- SALE OUTLETS.
- DISTRIBUTION/ LOGISTICS.

### 14. ECONOMIC GROWTH

The positive economic growth which had been registered in Tanzania have attracted more investments in the country, which resulted an increase in developments, use of petroleum for energy- running up plant & machinery, motor vehicles and household use, hence increase in demand for warehousing of bulk liquid and sale outlets for petroleum products.

### 15. COMPETITION/MARKET

Though there are number of competitors in warehousing of petroleum products and sale outlets- distribution & logistics in Tanzania, still the supply is not enough compared to the level of demand.

However, the company expects to dominate the local market because of the many years' experience from the mother company ie CAMEL OIL (T) LIMITED, quality of facility for warehousing & sale outlets for petroleum products.

The other factors which the company is proud of in dominating the markets are promptness and goodwill.

**16. PROMOTION/ ADVERTISEMENT**

Promotion/ advertisement, is one of the marketing strategies and aids to trade. The company will advertise its products in the newspapers, street banners and later on in the televisions.

**17. BUSINESS STRATEGY**

Management of the company has developed and implemented some strategies in order to increase productivity, meet the growing demand and dominate the entire market. These business strategies are technology/ product quality, Advertisement/ promotion, employing qualified and experienced personnel, on job training, business discipline etc

**18. ENVIRONMENTAL ISSUE**

All the project's operations will be carried out in environmental friendly matter; the wastes will be recycled. It will have good sewerage and drainage system.

## 19. PROJECT MANAGEMENT

The overall management of the M/S AFRICA ENERGY LIMITED is vested in the Board of directors of CAMEL OIL who is the major shareholders- Mr. Abdallah Munif Nahdi. is the Managing Director of the company; He is well versed in Oil Marketing Company (OMC). He runs Camel Oil Before he was with Oilcom. The other Director is: Mr. Edha Abdallah Munif

## 20. MANPOWER AND TRANSFER OF TECHNOLOGY

This project being warehousing of bulk liquid and sale outlets, in its implementation programme will usher in the country great technology (Transfer of knowledge/technology). The advantages to the country are quite significant, and will get the advantage of warehousing bulk liquid due to such incoming technology for warehousing/ logistics/ distribution & sale outlets in various places in the City.

Further the country can reduce the shortage of safe and quality warehousing projects for petroleum products.

On commencement the Project will employ 20 local Tanzanians, but later the programme in three years plan will cause more people to be employed about 300 local people and

raise their income, improve their social welfare and pay taxes; it is poverty alleviation programme to them.

Local employees will get on job training and in long run will improve the technical competence in warehousing of bulk liquid and sale outlets.

## 21. CONCLUSION AND RECOMMENDATION

The financial evaluation of the proposed project done so far indicates that this programme will be profitable both economically and financially viable venture.

The management being experienced businessmen possess ample managerial capabilities in various business disciplines. Based on the above factors, it is recommended that the company should be granted the certificate of incentives for the proposed programme so as to enjoy tax exemption on capital/deemed capital goods and increase its warehousing capacity.

## 22. FINANCIAL AND ECONOMIC ANALYSIS

Projected Profit and Loss Account

The company envisages generating a profit of USD \$ 250,000 this operating year. The profit amount is expected to steadily rise to USD \$ 260,000 in year two, USD \$ 270,000 in year three and USD \$ 280,000 in year four.

### Projected cash flows

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

## 23. SENSITIVITY ANALYSIS

To assess further the viability of the implementation project, sensitivity analysis has been worked out on the basis of several unfavourable conditions that might negatively affect the operations of M/S AFRICA ENERGY LIMITED

### 23.1 Effect of cost increase on profitability (on the basis of year II oil warehousing & sale outlets income in USD \$)

Income	Costs	Increase	Profit before depreciation
655,000	395,000	%	260,000
655,000	414,750	5%	240,250
655,000	434,500	10%	220,500

23.2 Effect of Oil warehousing and sale outlets income decrease/drop on profitability (on the basis of year II costs in USD \$)

Income	Income Decrease	Cost	Profit before depreciation
655,000	%	395,000	260,000
622,250	5%	395,000	227,250
589,500	10%	395,000	194,500

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

## Appendix I

**M/S AFRICA ENERGY LIMITED**  
**PROJECTED INCOME STATEMENT**

(Fig. USD \$ '000')

Income	Years				
	I	II	III	IV	V
Sales Income	600.0	655.0	690.0	725.0	760.0
<b>Total Income</b>	<b>600.0</b>	<b>655.0</b>	<b>690.0</b>	<b>725.0</b>	<b>760.0</b>
Utilities	150.0	150.0	150.0	150.0	150.0
Salaries and wages	50.0	50.0	50.0	50.0	50.0
Transportation/fuel	20.0	25.0	30.0	35.0	40.0
Administrative Expenses	110.0	120.0	130.0	140.0	150.0
Other Expenses	40.0	50.0	60.0	70.0	80.0
<b>Total Expenditure</b>	<b>350.0</b>	<b>395.0</b>	<b>420.0</b>	<b>445.0</b>	<b>470.0</b>
Net Profit (pre tax and depreciation)	250.0	260.0	270.0	280.0	290.0

## Appendix II

## M/S AFRICA ENERGY LIMITED

## PROJECTED CASHFLOW STATEMENT

(Fig. USD \$ '000')

Year	I	II	III	IV	V	
<b>Cash inflow</b>						
Income from operation	250.0	260.0	270.0	280.0	290.0	
	250.0	260.0	270.0	280.0	290.0	
<b>Cash outflow</b>						
Interest payments	15.0	13.5	12.0	10.5	9.0	
Loan re-payment	150.0	150.0	150.0	150.0	150.0	
Wear & tear	10.0	12.0	14.0	16.0	18.0	
Taxes	10.0	11.0	12.0	13.0	14.0	
	185.0	186.5	188.0	189.5	191.0	
<b>Surplus cash generated</b>	65.0	73.5	82.0	90.5	99.0	

(Fig. USD \$ '000')

Year	I	II	III	IV	V	Total
<b>Cash inflow</b>						
Income from operation	300.0	310.0	320.0	330.0	340.0	2950.0
	300.0	310.0	320.0	330.0	340.0	2950.0
<b>Cash outflow</b>						
Interest payments	7.5	6.0	4.5	3.0	1.5	82.5
Loan re-payment	150.0	150.0	150.0	150.0	150.0	1500.0
Wear & tear	20.0	22.0	24.0	26.0	28.0	190.0
Taxes	15.0	16.0	17.0	18.0	19.0	145.0
	192.5	194	195.5	197	198.5	1917.5
<b>Surplus cash generated</b>	<b>107.5</b>	<b>116.0</b>	<b>124.5</b>	<b>133.0</b>	<b>141.5</b>	<b>1032.5</b>

## Appendix III

## M/S AFRICA ENERGY LIMITED

## PROJECTED LONG TERM LOAN REPAYMENT

(Fig. in USD \$ '000')

Year	Repayment			Amount
	Principal	Interest	Total	
O				1500.0
I	150.0	15.0	165.0	1350.0
II	150.0	13.5	163.5	1200.0
III	150.0	12.0	162.0	1050.0
IV	150.0	10.5	160.5	900.0
V	150.0	9.0	159.0	750.0
VI	150.0	7.5	157.5	600.0
VII	150.0	6.0	156.0	450.0
VIII	150.0	4.5	154.5	300.0
IX	150.0	3.0	153.0	150.0
X	150.0	1.5	151.5	0.0

Appendix 1V

M/S AFRICA ENERGY LIMITED

PROJECTED BALANCE SHEET

(Fig. in USD \$ '000')

No.	ITEM	YEAR 1	YEAR II	YEAR III	YEAR IV	YEAR V
	<b>Source of funds</b>					
1.	Shareholders funds	200.0	200.0	200.0	200.0	200.0
2.	Long term Loan	165.0	163.0	162.0	160.0	159.0
3.	Associated Cos/ Directors	100.0	100.0	100.0	100.0	100.0
4.	Current Liabilities	200.0	250.0	300.0	350.0	400.0
		<b>665.0</b>	<b>713.0</b>	<b>762.0</b>	<b>810.0</b>	<b>859.0</b>
	<b>Application of funds</b>					
1.	Fixed Assets	400.0	400.0	400.0	400.0	400.0
2.	Current Assets	265.0	313.0	362.0	410.0	459.0
		<b>665.0</b>	<b>713.0</b>	<b>762.0</b>	<b>810.0</b>	<b>859.0</b>

## APPENDIX V

### Other Project locations;

- Plot no. 2083, Block D chamazi area- temeke- DSM
- Plot no. 72, Block B Vikindu area- temeke- DSM
- Plot no. 9, Block 14 Kibada Municipality - DSM
- Plot no. 2044 & 2045, Block 3 kurasini area- temeke- DSM
- Plot no. 2083, Block D chamazi area- temeke- DSM
- 
- Plot 167/1 & 167/1 & 170 BLOCK A. Makangarawe- Temeke-DSM
- Plot no. 6, Block L Mbezi area- Kinondozi- DSM
- Plot no. 176, Block G temeke Municipality- DSM
- Plot no. 1082, Block H Tegeta - Kinondoni- DSM
- Plot no. 1, Block EE Mbagala- temeke- DSM
- Plot no. 1, Block A Kiboroloni area- Moshi- Knjaro
- Plot no. 28015, Block D Msamvu- Morogoro
- Plot no. 672, Mikocheni area- Kinondoni- DSM
- Plot no. 39, Kibwabwa area- Iringa
- Plot no. 1108, Block E Namanga area- Kino- DSM
- Plot no. 477, Ikwiriri area- Rufiji
- Plot no. 12, Block P Gairo Township
- Plot no. 4, Block U Kahama- Shinyanga
- Plot no. 142, Uganda Road Area- Bukoba
- Plot no. 138 & 139, Block D Nyegezi area- Mwanza
- Plot no. 200, Tanu Road area- Mtwara

- Plot no. 47 & 53, Block C Ngarenaro area- Arusha
- Plot no. 699 & 700, Nyakato- Mwanza
- Plot no. 2083, Block D chamazi area- temeke- DSM
- Farm no. 1512 title no. 17891Ngaramtoni- Arusha
- Plot no. 1920, Block K Mbwanga area- Dodoma
- Plot no. 44 & 45,Sokota area- temeke- DSM
- Land with title no. 18150 Mikumi area- Morogoro
- Plot no. 15c, Block CC, Mabatini- Mwanza
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II