

TANZANIA RUIDAR COMPANY LIMITED

BUSINESS PLAN FOR CONSTRUCTING INDUSTRIAL PARK FOR INDUSTRIAL PREMISES

AND

OPERATING WAREHOUSE FACILITIES FOR LEASE

Plot No. 194 Block A, Kisarawe II, Kigamboni District, Dar es Salaam

1.0. SUMMARY

1.1 Project Concept

This project document presents a proposal by **TANZANIA RUIDAR COMPANY LIMITED**, a locally registered company with Certificate of Incorporation No. 65153 registered on 17th April 2008 intending to construct industrial park for industrial premises and warehouse for lease. The project promoters are confident of mobilizing financial resources through equity financing and long term loan.

The objective of this study is to assess the commercial and operational feasibility of the project undertaken by **TANZANIA RUIDAR COMPANY LIMITED**. This study will be used as guiding tool and will be presented to TIC for obtaining certificate of incentives to facilitate smooth implementation of the project.

1.2 Location and Size

The project will be located at Plot No. 194 Block A, Kisarawe II, Kigamboni District, Dar es Salaam Region; the proposed warehouse will occupy 4000 square meter space for lease

1.3 Mission Statement

To own and operate industrial park for industrial premises and Warehouses facilities with customized services

1.4 Vision Statement

To be a leading company in operating industrial park for industrial premises and warehouses facilities in Tanzania

1.5 Audited Reports

TANZANIA RUIDAR COMPANY LIMITED is audited by a local reputable auditing firm based in Dar es salaam, Tanzania.

1.6 Company Values

- Competitive
- Efficiency
- Affordable
- Customized services

1.7 Objective of the study

The purpose of this study is to work out the technical and commercial viability of the project

1.8 The Sponsors

TANZANIA RUIDAR COMPANY LIMITED will be sponsoring this project. The Company is jointly owned by the following shareholders.

Name of Subscribers	% Shareholding	Nationality	Date of Birth
Weilin Chu Plot No. 7-28,Liyang,Ninghai, Zhejiang Province, China Email:1013746131@qq.com Tel:+255 719456789	25	Chinese	26 th Jan 1969
Junfeng Ye Plot No. 6-17,Liyang,Ningbo Zhejiang Province, China Email:kevin777@aliyun.com Tel:+255654887677	75	Chinese	15 th Sept 1979

The company is locally registered and is 100% owned by Chinese investors.

1.9 Project Management and Manpower requirements

TANZANIA RUIDAR COMPANY LIMITED will be under the Management of Weilin Chu, and Junfeng Ye who have international experience managing various businesses and will be directly managing the project. The Managing Director will be assisted by properly trained managers in areas of specialty, who will together comprise the management team. 17 staff will be directly employed.

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	1	2	2	5
Men	2	6	4	12
TOTAL	3	8	6	17

1.10 **Project description**

Significant measures have been taken to liberalize the Tanzania economy so that to encourage private sector to take a lead as engine of economic growth; The Government of Tanzania embarked on adjustment program to give the private sector the leading role.

It is in view of the above that **TANZANIA RUIDAR COMPANY LIMITED** came up with a proposal to construct and operate an industrial park and warehouse facilities for commercial uses. The project will involve among others acquiring necessary building materials, trucks, and pick up, the company plan to inject capital of USD \$ 1,160,000.

It is expected that the construction of a modern industrial park and warehouse will be completed within 3 years time and the company will apply to be exempted from paying import duty and VAT on Capital good and deemed capital good, the project will aid and contribute significantly toward the construction sector and manufacturing sector, because the ware house will be used as storage and industrial park for industrial premises as well.

2.0 **Definition of Warehouse**

A warehouse is a commercial building for storage of goods, warehouse by manufacturers, importers, exporters, whole sellers, transporters, customs etc, they are usually large plain buildings in industrial areas of cities and towns, they can be equipped with loading docks to load and unload trucks, or sometimes are loaded directly from railways, airports, or seaports. They often have cranes and fork lifts for moving goods, which are usually placed on ISO standard pallets loaded into pallets racks

2.1 **Types of Warehouse**

Some of the most common types of warehouse storage facilities are:

- Pallet rack including selective, drive-in, drive-through, double-deep, pushback, and gravity flow
- Cantilever rack including structural and roll formed
- Automated storage and retrieval system (ASRS) including vertical carousels, vertical lift modules, horizontal carousels, robotics, mini load and compact 3D
- Industrial shelving including metal, steel, wire, and formed
- Mezzanine including structural and roll formed

2.2 Storage Systems

Technological development taking place has contributed quite significantly in the development of warehouses systems in the world to day. Some warehouses are completely automated, with no workers working inside. The pallets and products are moved with a system of automated conveyors and automated storage and retrieval machines coordinated by programmable logic controllers and computer running logistics automation software. These systems are often installed in refrigerated warehouses where temperatures are kept very cold to keep the product from spoiling, and also where land is expensive, as automated storage systems can use vertical space efficiently. These high-bay storage areas are often more than 10 meters high, with some over 20 meters high.

The direction and tracking of materials in the warehouse is coordinated by VMS, or Warehouse Management System, a database driven computer program. The WMS is used by logistics personnel to improve the efficiency of the warehouse by directing put ways and maintaining accurate inventory by recording warehouse transactions. Traditional warehouse has been declining since the last decades of the 20th century with the gradual introduction of just In Time (JIT) technique designated to improve the return on investment of a

business by reducing in-process inventory. The JIT system promotes the delivery of products directly from the factory to the retail merchant or from parts manufacturers directly to a large scale factory such as an automobile assembly plant, without the use of warehouses. However, with the gradual implementation of offshore outsourcing and offshoring in about the same time period, the distance between the manufacturer and retailer (or the parts manufacturer and the industrial plant) grew considerably in many domains, necessitating at least one warehouse per country or per region in any typical supply chain for a given range of products.

Recent developments in marketing have led to the development of warehouse-style retail stores with extremely high ceilings where decorative shelving is replaced by tall heavy duty industrial racks, with the items ready for sale being placed in the bottom parts of the racks and the crated or palletized and wrapped inventory items being usually placed in the top parts. In this way the same building is used both as a retail and warehouse.

Modern warehouses are also used at large by exporters/ manufacturers as a point of developing retail outlets in particular region or country. This concept reduces the end cost of the product to the consumer and thus enhances the production sale ratio. Warehousing is an age old concept which can be used as sharp tool by original manufacturers to reach out directly to consumers leaving aside or bypassing importers or any other agencies or person

3.0 Project Investment Cost

The estimated capital investment cost for the all project is estimated to cost USD \$ 1,160,000.

TANZANIA RUIDAR COMPANY LIMITED COST STRUCTURE

PARTICULAR	USD \$
Land and Buildings	400,000.00
Machinery & Equipment	420,000.00
Motor Vehicles	200,000.00
Furniture & Fixtures	60,000.00
Pre exp	20,000.00
Others	10,000.00
Working Capital	50,000.00
TOTAL	1,160,000.00

For the project to be a reality a total investment amounting to USD \$ 1,160,000 is needed

3.1 Aspect of Project Sustainability

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. The growing demand for quality warehouse for storage of goods to be used in domestic and foreign markets gives them assurance of a steady market. The growing of manufacturing sector and economic activities in Dar es Salaam City gives them assurance of a steady market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

3.2 Monitoring and Evaluation

The monitoring and evaluation tools will be applied in running this project as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth business running.

4.0 Project's Investment Capital

The estimated capital investment cost of the project is USD \$ 1,160,000.

4.1 Financing Pattern

The project will be financed by equity by 100%; constituting USD \$ 1,160,000

5.0 Financial Analysis

5.1 Considerations and Assumptions:

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight line method to depreciate the project's capital items has been applied.

It is assumed that the major raw material will be procured from local market. Revenues have been conservatively estimated based on experience of the promoters and trends in the industry.

5.2 Projected Sales Revenue

For projection purposes, it is assumed that the economic life of the project is 8 years, and that the use of warehouse space commence from the first year of operation.

TANZANIA RUIDAR COMPANY LIMITED PROJECTED REVENUE

	1	2.	3	4	5	6	7	8
Revenue	1,630,800	1,793,880	1,973,268	2,170,594	2,387,654	2,626,419	2,889,061	3,177,967

5.2 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 8 years period. The position depicted is that the project commence earns profit in 4th year. Accumulated after tax profits grow from. USD \$(22,384) in first year to USD \$ 2,495,644 in the 8th year

**TANZANIA RUIDAR COMPANY LIMITED PROJECTED
INCOME & EXPENDITURE STATEMENT**

	1	2.	3	4	5	6	7	8
Revenue	1,630,800	1,793,880	1,973,268	2,170,594	2,387,654	2,626,419	2,889,061	3,177,967
Cost of Sales	1,598,184	1,775,941	1,953,535	1,519,416	1,671,358	1,838,493	2,022,343	2,224,577
Profit before Depreciation & Interest	32,616	17,938	19,732	651,178	716,296	787,925	866,718	953,390
Depreciation	55,000.	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Net Profit	(22,384)	(37,061)	(35,267)	596,178	661,296	732,925	811,718	898,390
Tax (30%)	-	-	-	178,853	198,388	219,877	243,515	269,517
Profit After Tax	(22,384)	(37,061)	(35,267)	417,324	462,907	513,048	568,202	628,873
Accumulated Profit	(22,384)	(59,445)	(94,712)	322,612	785,519	1,298,567	1,866,770	2,495,644

5.4 Projected Cash Flows

This is shown in the financial statements. The project accumulated cash from grow from USD\$ (76,784) in the 1st year to USD \$ 2,445,088 in the 8th year.

**TANZANIA RUIDAR COMPANY LIMITED PROJECTED CASH
FLOW UNITED STATE DOLLARS (USD)**

	-	1	2	3	4	5	6	7	8
SOURCES:									
Profit before interest and depreciation	-	32,616	17,938	19,732	651,178	716,296	787,925	866,718	953,390
Loan	-								
Total Sources	-	32,616	17,938	19,732	651,178	716,296	787,925	866,718	953,390
Applications:									
Capital expenditure	1,080,000	0	0	0	0	-	0	0	0
working Capital & Others	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Cash	-	(76,784)	(62,067)	(60,268)	571,178	437,905	488,048	543,203	603,873
Tax	-	-	-	-	178,853	198,388	219,877	243,515	269,517
Sub total	1,160,000	3,216	17,933	19,732	651,178	716,293	787,925	866,718	953,390
Total applications	1,160,000	3,216	17,933	19,732	651,178	716,293	787,925	866,718	953,390
Accumulated cash		(76,784)	(138,851)	(199,119)	372,059	809,964	1,298,012	1,841,215	2,445,088

5.5 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Net worth of the

project increases from USD \$ 1,160,000 in the first year of operation to USD \$ 3,655,644 in the 8th year.

**TANZANIA RUIDAR COMPANY LIMITED PROJECTED
BALANCE SHEET UNITED STATE DOLLARS USD**

	0	1	2	3	4	5	6	7	8
Fixed Assets	-								
Opening balance	-	1,080,000	1,345,000	1,734,450	1,844,700	2,269,250	2,229,600	2,190,750	2,152,700
Total Long-term Assets	-	1,080,000	1,345,000	1,734,450	1,844,700	2,269,250	2,229,600	2,190,750	2,152,700
Less depreciation	-	55,000	55,000.00	55,000.00	55,000.00	55,000.00	55,000.00	55,000.00	55,000
Closing balance	-	1,025,000	1,290,000	1,679,450	1,789,700	2,214,250	2,174,600	2,135,750	2,097,700
Working capital	80,000	80,000	80,000.00	80,000	80,000	80,000.00	80,000.00	80,000.00	80,000
Accumulated cash	-	-76,784	-138,851	-199,119	372,059	809,964	1,298,012	1,841,215	2,445,088
Total assets	80,000	1,028,216	1,231,149	1,560,331	2,241,759	3,104,214	3,552,612	4,056,965	4,622,788
Financed by									
Equity	1,160,000	1,160,000	1,160,000	1,160,000	1,160,000	1,160,000	1,160,000	1,160,000	1,160,000
Net profit	-	-22,384	-59,445	-94,712	322,612	785,519	1,298,567	1,866,770	2,495,644
Total equity	1,160,000	1,137,616	1,100,555	1,065,288	1,482,612	1,945,519	2,458,567	3,026,770	3,655,644
Total equity and debts	1,160,000	1,137,616	1,100,555	1,065,288	1,482,612	1,945,519	2,458,567	3,026,770	3,655,644

6.0 Projected Risks

This is a real estate investment; no major risks have been identified for this kind of project so far. Unless a change in the country's political and economic stability occurs the project is more likely to prosper very fast for a very long period

7.0. Economic Aspects

Implementation of this project will have the following social and economic values

- The project will significantly contribute in increase of quality warehouses good in Dar es Salaam region
- The project will create direct employment for 17 people on permanent contract basis leave alone temporary employees.
- It will create more business opportunities to local suppliers, which will also have a trickledown effect in the Tanzania economy as whole.
- It will generate substantial revenue to the government in the form of corporate tax paid for 8 years, value added tax and pay as you earn etc.
- The project will have transfer of knowledge and skills as far as managing of real estate

8.0 Implementation Schedule

Project implementation is expected to be implemented in phases; the company will develop industrial park and warehouses facilities. Once project has been approved it is estimated that construction and equipping them with full facility the all project will take 4 years

9.0 Conclusion and Recommendations

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 1997.

Signed at Dar es Salaam this 30th April 2020

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Weilin Chu
 (Director)

