

AFRICA INLAND CONTAINER DEPOT LIMITED

Business Plan

For

**DEVELOPING AREA FOR INLAND CONTAINER DEPOT
(ICD/CFS)**

1.0 INTRODUCTION

AFRICAN INLAND CONTAINER DEPOT LIMITED is a company incorporated in Tanzania with certificate No. 78973 dated 14th October 2002 as private limited company under the Tanzanian Companies Act, 2002. The objects for which the company is established to carry on the business and trade of developing, maintaining and operating inland container depot (ICD) and Central Freight Station (CFS),

1.1 COMPANY OWNERSHIP AND BOARD OF DIRECTORS

AFRICAN INLAND CONTAINER DEPOT LIMITED is promoted by two shareholders who are very experienced in business, the share capital of the company is Tanzania shillings (TZs 1,000,000,000/=)

Share Holders	% of Share
ALUWY MOHAMED AMAR	999
TAIBALI ABDULHAMID TAIBALL	1

1.6 PROJECT LOCATION

Registered office of the AFRICAN INLAND CONTAINER DEPOT LIMITED is located at plot No.302, Tazara, Temeke Tanzania

1.7 TARGET

AFRICAN INLAND CONTAINER DEPOT LIMITED is planning to develop area for inland container depot service (ICD) and Central freight station (CFS). Which will carry the activity of containers service warehousing and logistics related activity for import and export.

1.8 PROJECT ESTIMATED REVENUE

The company has estimated that the project revenue to be US\$ 436/ 20 feet container, US\$ 648 container 40 feet.

1.9 PROJECT OPERATING COST

The company has estimated that the project operating cost and other cost to be 70% of the total annual revenue

1.10 PROJECT FINANCING

The company has estimated that the project will be financed by long term loan amounting to US\$3,000,000 with interest rate of 6% repaid within 6 years and remaining US\$4,251,000 will be shareholders contribution and cash flows generated from business

1.11 PROJECT COST

The project has budgeted to cost the followings:

PARTICULAR	US\$
Land and Buildings	200,000.00
Machinery & Equipment	100,000.00
Motor Vehicles	4,420,000.00
Furniture & Fixtures	2,000.00
Pre exp	5,000.00
Others	4,000.00
Working Capital	2,520,000.00
TOTAL	7,251,000.00

2.0 ORGANISATION FLOW CHART

AFRICAN INLAND CONTAINER DEPOT LIMITED management is headed by **Zacky Faisal Nahdi** and **Heriolotu Boniface Sitayo** working as Managing Directors, the two will form Core management team to be assisted with, 1 HR and Admin Manager, 1 Logistics Manager, 1 Chief Accountant and 2 Junior accounting clerks. Operational team headed by 3 operational managers and includes drivers and cleaners.

Employees Distribution Summary

Employment	Foreign	Local	Total
Women	0	37	37
Men	5	182	187
TOTAL	5	219	224

3.0 TANZANIA INLAND CONTAINER SERVICE OVERVIEW

Tanzania logistics sector contributed 8.1% to the country's real GDP in 2018 with USD 3.8 billion, compared to USD 2.8 billion in 2014, representing an increase of 33%.

Main growth drivers include growth of Import and export accelerated by good government policy and efficient port operation.

According to Tanzania's 2025 Development Vision, investments in infrastructure, particularly in the development of the road network, are the Government's top priority.

The World Bank (WB) and the African Development Bank (AfDB) support Tanzania in achieving its infrastructure development goals by providing grants and credits for projects.

Tanzania Road Transport

Road transport is the most widely used form of transport in Tanzania, carrying over 90% of the passengers and 75% of the freight traffic in the country.

The road network in Tanzania currently comprises 86,472 kilometers of roads, of which 12,786 kilometers are trunk roads,

21,105 kilometers are regional roads and the remaining 52,581 kilometers are district, urban and feeder roads.

Tanzania's Ministry of Works, Transport, and Communication through the Tanzania National Roads Agency (TANROADS) is managing the national road network of about 33,891 kilometers,

Comprising 12,786 kilometers of trunk and 21,105 kilometers of regional roads.

The remaining network of about 53,460 kilometers of urban, district and feeder roads is under the responsibility of the Prime Minister's Office Regional Administration and Local Government (PMO-RALG).

Tanzania Rail Transport

Railway transport is the second most important mode of transport after road and critical for long distance freight along the main transport corridors in Tanzania.

Tanzania has a total of 3,676 kilometers of railway lines operated by two railway systems, Tanzania Railways Corporation (TRC) and Tanzania – Zambia Railways (TAZARA).

The mainline of TRC comprises the central corridor between the port of Dar es Salaam in the east, linking central and western areas of the country and terminating at Kigoma on Lake Tanganyika in the west.

The TAZARA line is 1,860 kilometers in length, of which 975 kilometers is in Tanzania and 885 kilometers in Zambia.

Tanzania Air Transport

The total number of air passengers in Tanzania reached 6.2 million in 2019, compared to 5.2 million in 2015, representing an increase of 18%.

Currently (2020), there are 19 airline operators in Tanzania, including some of the leading international air carriers such as British Airways, KLM, Qatar Airways, and SWISS.

There are 58 airports in Tanzania and more than 300 private airstrips owned by mining companies and tour operators.

The Julius Nyerere International Airport (JNIA), located in Dar es Salaam, is the largest and busiest airport in Tanzania, accounting for over 70% of Tanzania's air passengers.

In August 2019, Tanzanian President John Magufuli inaugurated Terminal 3 of the JNIA. The new terminal, which cost USD 314 million set the airport capacity at 8 million passengers annually.

In 2019, the AfDB approved a USD 272.12 million loan to Tanzania for the construction of a new international airport in the capital Dodoma. The new airport will be built in the district of Msalato, 12 kilometers from the capital Dodoma.

The new facility is expected to handle at least 50,000 aircrafts and one million passengers per year.

Tanzania Water Transport

Tanzania has a coastline of about 720 kilometers on the Indian Ocean, and also borders Lake Victoria, Lake Nyasa, and Lake Tanganyika.

Both sea and inland waterways ports in Tanzania are managed and operated by the Tanzania Ports Authority (TPA).

The TPA's main Indian Ocean ports are Dar es Salaam, Mtwara, and Tanga. Minor seaports serving coastal traffic include Lindi, Kilwa Masoko, Mafia Island, Bagamoyo, Pangani, and Kwale.

Dar es Salaam is Tanzania's principal port with intrinsic capacity of 10.1 tonnes per year. The port handles over 92% of the total maritime ports' throughput.

The port serves land-linked countries of Malawi, Zambia, Democratic Republic of Congo, Rwanda, Burundi, and Uganda.

These countries are connected to the port through two railway systems (TRL-1.0 metre gauge and TAZARA-1.067 cape gauge), road network, as well as the TAZAMA oil pipeline to Zambia.

TPA also operates Tanzania's lake ports, maintaining around 20 ports on Lake Victoria. Some major ports include Bukoba, Kemono Bay, Musoma, and Nansio.

Principal lake ports on Tanganyika include Kigoma and Kasanga. Additionally, there are 15 smaller ports along the lake. These ports provide trade connections between Burundi, Eastern Democratic Republic of the Congo, and Zambia.

Lake Nyasa has 4 important ports, at Itungi, Mbamba Bay, Liuli, and Manda. There are up to 10 others smaller TPA ports on the lake that facilitate passenger movement along the lake and between the countries of Malawi, Mozambique, and Tanzania.

4.0 TANZANIAN BUSINESS ENVIRONMENT

In the African continent, TANZANIA is among the top ten investment destinations in Africa, thanks to reforms and a conducive investment environment set by the government.

The Rand Merchant Bank (RMB) ranked the country tenth in investment attractiveness, in the Where to Invest in Africa 2021 report released recently.

4.1 THE TANZANIA DEVELOPMENT CORRIDORS

Development of transport corridors has been one of the main strategies adopted by the Government of Tanzania to facilitate

Trade. Tanzania serves as a transit country for the import and export of Malawi, Zambia, DR Congo, Burundi, Rwanda and Uganda, using the port of Dar es Salaam. The main rail and road connections in Tanzania are, therefore, in an east-west direction, linking the ports with the hinterlands of those neighboring countries. Tanzania is devoting much attention to the corridor concept in its development policy by concentrating efforts in the

Mtwara Corridor, Dar-es-Salaam Corridor, Central Corridor and the Tanga Corridor. The major challenge is to link import, export and transit traffic from and to neighbouring countries with transport development efforts, making Tanzania a natural regional hub.

The geography of Tanzania, including its size, diversity and dispersion, give roads a special position in the integration of the national economy. In particular, roads serve rural areas, where the majority of the people live, more effectively than any other mode of transport. The current Tanzania Road Network length is about 85,000 km, which includes trunk and regional roads (35,000 km) managed by the Tanzania National Roads Agency (TANROADS), and the urban, district and feeder roads with a total of 50,000 km, managed by Local Government Authorities (LGA). There are also some unclassified roads, such as those managed by the Tanzania Parks Authority (TANAPA), and by the Mining Companies and village authorities.

5.0 SWOT ANALYSIS

STRENGTHS

Strengths of the business are –

- Promoters have sound experience in this business and have talented Management.
- Rapid growth in sector due to effective management
- Influence & Networking of Directors in the Business Sector.
- Business location is at prominent place.
- Good roads and highway in Tanzania.

WEAKNESSES

Weakness of the business are –

- Stiff competition from local market
- Limited market share growth

OPPORTUNITIES

Opportunities of the business are –

- Potential market encourages foreign investors
- Increasing market share due to increasing in import and export.

- Augmented demand for world class logistics and warehousing services
- Increased use of logistics services in sectors such as technology, consumer retail, automotive and industrial

THREATS

Threats of the business are –

- Complex Tax Structure
- Unorganized sector and competition

7.0 **COMPETITION**

According to data available there are more than 10 inland container depot (ICD) and warehousing service provider registered in Tanzania.

8.0 **FINANCIAL ASPECTS FOR THE PROJECT**

(i) Projected Profit and Loss Statement

The attached Appendix I shows the projected income for the 8years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. **US\$ 471,660** in the 1st year to **US\$ 11,351,996.78** in the 8th year.

(ii) Projected Cash Flows

The project's cash flows are shown in Appendix II. They Depict a good liquid position right from the first year. Cash

Accumulation builds up from **US\$ 877,860** in the first year to **US\$ 10,364,389.14** at the end of 8th years.

(iii) Projected Balance Sheet

The project's assets cash flows are shown in Appendix III. Owners' equity grows from **US\$ 4,251,000** in the first year to **US\$ 15,602,996** at the end of 8th years of the project's operations based

(iv) Payback Period

Total investment is **US\$7,251,000** cash accumulation in 2nd year **US\$8,467,860.00**, which is more than the initial investment by **US\$1,216,860**, the project payback Period is exactly 2 years. The project has a relatively short payback period.

(v) Loan repayment

Total investment loan is **US\$3,000,000** to be repaid within 6 years.

9.0 ECONOMIC ASPECTS OF THE PROJECTS

Besides the financial/monetary returns to the owners, there are other benefits to be derived for the whole country viz.

(i) Employment Opportunities

Employment and poverty reduction are among the major concern of the Central and the Local Government authorities. It is gratifying to note that the company, is going to provide

Additional employment to 80 people. This is a significant contribution coming from local investors.

(ii) Revenue to the Government

The Project is expected to pay a substantial annual amount in the form of corporation tax and other taxes

CONCLUSION

- (i) The project is profitable and contributes to government revenue by way of taxes.
- (ii) The project provides employment to 224 people.
- (iii) The project is an encouraging sign to prove that we have good business environments and we have investors who have confidence in their country. Tanzania so much so that they are ready to invest such large sums of investment despite the odds of the sector in question.

11.0 **RECOMMENDATION**

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implemented and be given all the support required by all the concerned Government Ministries and Agencies, including the Tanzania Revenue Authority (TRA) and the Tanzania Investment Centre (TIC)

**AFRICAN INLAND CONTAINER DEPOT LIMITED PROJECTED PROFIT AND LOSS
STATEMENT US\$**

-	1	2	3	4	5	6	7	8
Revenue	3,600,000.00	7,200,000.00	7,560,000.00	7,938,000.00	8,334,900.00	8,751,645.00	9,189,227.25	9,648,688.61
Operating Expenses:	2,520,000.00	5,040,000.00	5,292,000.00	5,556,600.00	5,834,430.00	6,126,151.50	6,432,459.08	6,754,082.03
Profit before Depreciation &Interest	1,080,000.00	2,160,000.00	2,268,000.00	2,381,400.00	2,500,470.00	2,625,493.50	2,756,768.18	2,894,606.58
Interest	180,000.00	160,000.00	120,000.00	90,000.00	60,000.00	30,000.00	-	-
Depreciation	226,200.00	226,200.00	226,200.00	226,200.00	226,200.00	226,200.00	226,200.00	226,200.00
Gross Profit	673,800.00	1,773,800.00	1,921,800.00	2,065,200.00	2,214,270.00	2,369,293.50	2,530,568.18	2,668,406.58
Tax (30%)	202,140.00	532,140.00	576,540.00	619,560.00	664,281.00	710,788.05	759,170.45	800,521.98
Profit After Tax	471,660.00	1,241,660.00	1,345,260.00	1,445,640.00	1,549,989.00	1,658,505.45	1,771,397.72	1,867,884.61
Accumulated Profit	471,660.00	1,713,320.00	3,058,580.00	4,504,220.00	6,054,209.00	7,712,714.45	9,484,112.17	11,351,996.78

APPENDIX II

AFRICAN INLAND CONTAINER DEPOT LIMITED PROJECTED CASH FLOWS US\$

SOURCES:									
Profit before interest and depreciation	0	1,080,000.00	2,160,000.00	2,268,000.00	2,381,400.00	2,500,470.00	2,625,493.50	2,756,768.18	2,894,606.58
Equity	4,251,000.00								0.00
Loan	3,000,000.00								0.00
Total Sources	7,251,000.00	1,080,000.00	2,160,000.00	2,268,000.00	2,381,400.00	2,500,470.00	2,625,493.50	2,756,768.18	2,894,606.58
Applications:									0.00
Capital expenditure	4,822,000.00	-	-	-	-	-			0.00
working Capital & Others	2,429,000.00								0.00
Cash	0	877,860.00	1,627,860.00	1,691,460.00	1,761,840.00	1,836,189.00	1,914,705.45	1,997,597.73	2,094,084.60
Tax	-	202,140.00	532,140.00	576,540.00	619,560.00	664,281.00	710,788.05	759,170.45	800,521.98
Sub total	7,251,000.00	1,080,000.00	2,160,000.00	2,268,000.00	2,381,400.00	2,500,470.00	2,625,493.50	2,756,768.18	2,894,606.58
Total applications	7,251,000.00	1,080,000.00	2,160,000.00	2,268,000.00	2,381,400.00	2,500,470.00	2,625,493.50	2,756,768.18	2,894,606.58
Accumulated cash		877,860.00	2,505,720.00	4,197,180.00	5,959,020.00	7,795,209.00	2,625,493.50	8,270,304.54	10,364,389.14

APPENDIX III

AFRICAN INLAND CONTAINER DEPOT LIMITED PROJECTED BALANCE SHEET US\$

Fixed Assets									
Opening balance	-	4,722,000.00	4,495,800.00	4,269,600.00	4,043,400.00	3,817,200.00	3,591,000.00	3,364,800.00	3,138,600.00
Total Long-term Assets	-	4,722,000.00	4,495,800.00	4,269,600.00	4,043,400.00	3,817,200.00	3,591,000.00	3,364,800.00	3,138,600.00
Less depreciation	-	226,200.00	226,200.00	226,200.00	226,200.00	226,200.00	226,200.00	226,200.00	226,200.00
Closing balance	-	4,495,800.00	4,269,600.00	4,043,400.00	3,817,200.00	3,591,000.00	3,364,800.00	3,138,600.00	2,912,400.00
Working capital	2,429,000.00	2,429,000.00	2,429,000.00	2,429,000.00	2,429,000.00	2,429,000.00	2,429,000.00	2,429,000.00	2,429,000.00
Accumulated cash	-	877,860.00	2,505,720.00	4,197,180.00	5,959,020.00	7,795,209.00	2,625,493.50	8,270,304.54	10,364,389.14
Total assets	2,429,000.00	7,802,660.00	9,204,320.00	10,669,580.00	12,205,220.00	13,815,209.00	8,419,293.50	13,837,904.54	15,705,789.14
Financed by									
Equity	4,251,000.00	4,251,000.00	4,251,000.00	4,251,000.00	4,251,000.00	4,251,000.00	4,251,000.00	4,251,000.00	4,251,000.00
Accumulated profit	-	471,660.00	1,713,320.00	3,058,580.00	4,504,220.00	6,054,209.00	7,712,714.45	9,484,112.17	11,351,996.78
Total equity	4,251,000.00	4,722,660.00	5,964,320.00	7,309,580.00	8,755,220.00	10,305,209.00	11,963,714.45	13,735,112.17	15,602,996.78
Bank overdraft	3,000,000.00	2,500,000.00	2,000,000.00	1,500,000.00	1,000,000.00	500,000.00	-	-	-
Total debts	3,000,000.00	2,000,000.00	2,000,000.00	1,500,000.00	1,000,000.00	500,000.00	-	-	-
Total equity and debts	7,251,000.00	6,722,660.00	7,964,320.00	8,809,580.00	9,755,220.00	10,805,209.00	11,963,714.45	13,735,112.17	15,602,996.78

AFRICAN INLAND CONTAINER DEPOT LIMITED PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	471,660.00	226,200	697,860	7,000,000
2	1,241,660.00	226,200	1,467,860	8,467,860.
3	1,345,260.00	226,200	1,571,460	10,039,320
4	1,445,640.00	226,200	1,671,840	11,711,160
5	1,549,989.00	226,200	1,776,189	13,487,349

AFRICAN INLAND CONTAINER DEPOT LIMITED PAYBACK PERIOD

LOCAL LOAN	LOCAL EQUITY
3,000,000	4,251,000.00

AFRICAN INLAND CONTAINER DEPOT LIMITED PAYBACK PERIOD

US\$

NAME OF ASSETS	1	2	3	4	5	6	7	8
Land And Buildings	200,000	196,000	192,000	188,000	184,000	180,000	176,000	172,000
Machinery, Tools & Equipment	200,000	99,000	98,000	97,000	96,000	95,000	94,000	93,000
Motor Vehicles	4,420,000	4,199,000	3,978,000	3,757,000	3,536,000	3,315,000	3,094,000	2,873,000
Furniture & Fixtures	2,000	1,800	1,600	1,400	1,200	1,000	800	600
Total	4,822,000	4,495,800	4,269,600	4,043,400	3,817,200	3,591,000	3,364,800	3,138,600
DEPRECIATION	1	2	3	4	5	6	7	8
Land and buildings	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Machinery tools & Equipment	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Motor Vehicles	221,000	221,000	221,000	221,000	221,000	221,000	221,000	221,000
Furniture & Fixtures	200	200	200	200	200	200	200	200
ANNUAL DEPRECIATION	226,200	226,200	226,200	226,200	226,200	226,200	226,200	226,200

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AFRICAN INLAND CONTAINER DEPOT LIMITED PAYBACK PERIOD

	ACTIVITY	PERIOD
1.	Processing TIC Certificate of Incentive	Nov 2022
2.	Funds Mobilization	May – Dec 2022
3.	Ordering of Vehicles	Jan 2022 – Dec 2025
5.	Arrival of Vehicles	Feb 2022– Jan 2025
6.	Trial Operations	March 2023
7.	Commercial Operations	May 2023

AFRICAN INLAND CONTAINER DEPOT LIMITED PAYBACK PERIOD

Year	principle	Loan Interest (6%)	Total Amount Paid	Loan Balance
0				
1	500,000.00	180,000.00	680,000.00	3,000,000.00
2	500,000.00	150,000.00	650,000.00	2,500,000.00
3	500,000.00	120,000.00	620,000.00	2,000,000.00
4	500,000.00	90,000.00	590,000.00	1,500,000.00
5	500,000.00	60,000.00	560,000.00	1,000,000.00
6	500,000.00	30,000.00	530,000.00	500,000.00