

CAMEL GAS (T) LIMITED

BUSINESS PLAN FOR BULK LIQUID STORAGE FACILITY

1.0. SUMMARY

1.1 Project Concept

This project document presents a proposal by **CAMEL GAS (T) LIMITED**, a locally registered company with Certificate of Incorporation No. **163106329 Dated 10th February 2023** intending to establish a bulk liquid storage facility. The project promoters are confident of mobilizing financial resources through equity financing and long term loan from financial institutions operating in Tanzania. The objective of this study is to assess the commercial and operational feasibility of the project undertaken by **CAMEL GAS (T) 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

The project will be located at Dar es Salaam region.

1.3 The Sponsors

CAMEL GAS (T) LIMITED will be sponsoring this project. The Company is jointly owned by the following shareholders.

S/N	Name of shareholders	Percentage of ownership
1	EDHA ABDALLAH MUNIF	80
2	HASSAN ABDALLAH NAHDI	10
3	YASSER ABDALLAH NAHDI	10

1.4 Project Management and Manpower requirements

CAMEL GAS (T) LIMITED will be under the General Manager assisted by Deputy General Manager who will be in charge of Finance and Administration, and will have managers responsible with Marketing Departments, sales, logistics, procurements and other several staff.

The company is locally registered and is all owned by three shareholders who are Tanzanians

1.5 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 **CAMEL GAS (T) LIMITED** came up with a proposal to establish a liquid storage facility in Dar es Salaam city of Tanzania, the facilities will be used for fuel storage.

The project will involve among others acquiring necessary building materials, tanks, pumps, trucks, and pick up, and other equipments the company plan to invest the project which cost US \$150,000,000.

It is expected that the establishment of the premises facilities 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.

1.6 Project Description

A company plan to establish a bulk liquid storage facilities which aims to store fuel and this is due to high demand of the product.

1.7 Storage Systems

Technological development taking place has contributed quite significantly in the development of storage systems in the world to day. Some depots are completely automated, with no workers working inside. This storage will have a unit for accommodating the storage facilities for different and related products. Automated storage and retrieval machines coordinated by programmable logic controllers and computer running logistics automation software.

Traditional storage 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 suppliers to the retail merchant or from directly to importer, however by any case the need of depot facilities will remain necessitating at least one storage facility per country or per region in any typical supply chain for a given range of products.

Modern storage 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.

2.0 PROJECT'S INVESTMENT COST

The estimated capital investment cost of the project is US \$ 150,000,000 out of which US \$ 110,000,000 will be fixed investment costs. Pre-production expenditures have been budgeted at US 250,000; while working capital is put at \$15,449,600.

CAMEL GAS (T) LIMITED

PARTICULAR	US\$
Land and Buildings	82,000,000
Plant & Machines	28,000,000
Motor Vehicles	24,000,400
Furniture & Fixtures	300,000
Pre Expenses	250,000
Working Capital	15,449,600
TOTAL	150,000,000

For the project to be a reality a total investment amounting to US \$ 150 m is needed

(i) Land and Building: Us \$82,000,000

The project has opted for construction of facility estimated to cost US \$82,000,000

(ii) Machinery and Equipment: US\$ 28,000,000

Some US \$28,000,000 is anticipated to be spent on the purchase of various storage facility tools and equipment which will accommodate new technology

(iii) Motor Vehicles:US\$ 24,000,400

The project will need 40 Tankers, 50 heavy trucks, 20 light trucks and 8 double cabin pick ups. These vehicles will be used in transportation of cargo/fuel to the facility and double cabin pick up for administrative purposes.

(iv) Office Furniture and Equipment: US \$300,000

This investment cost item has been estimated to cost US \$300,000. It will consist of office tables, chairs, telephone, fax, machines, file cabinets, sofa chairs etc.

(v) Pre-Operational Expenses: US\$ 250,000

They cover things like company registration, expenses spent in exploring the viability of the project, especially the market/client identification exercise. This Pre-operational coast item also covers the architectural designs of project buildings and other engineering services. Also included under this item are issues like consultancy fees, legal fees and recruitment and training costs of personnel.

(vi) Initial Working Capital: US\$15,449,600

Calculations as well as assumptions for working capital requirements, it is estimated that it will cost US \$ 15,449,600.

3.0 FINANCING PATTERN

The project will be financed by equity by; constituting US\$ 105,000,000 and loan being US \$45,000,000

4.0 PROJECT OPERATING COSTS

In order to realize its intended objective the project will have to meet the following operating costs.

(i) Salaries and Wages US \$ 1,131,600

The project will engage 80 employees.

(ii) Utilities US \$ 322,000

Considered here are water and electricity which together will cost US \$ 322,000 annually respectively.

(iii) Motor vehicle running Expenses\$ 2,800,000

Petrol/diesel and lubricant requirement for the project's motor vehicles, this cost element will amount to US\$2,800,000 annually.

(iv) Communication cost US\$ 178,000

5.0 ASPECTS 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 fuel storage facility due to growth of manufacturing and transportation sectors gives them assurance of a steady market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

6.0 MONITERING 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.

7.0 FINANCIAL ANALYSIS

7.1. 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 building raw material will be procured from local market and other will be imported. Revenues have been conservatively estimated based on experience of the promoters and trends in the manufacturing industry.

7.2 Financial Statements:

7.3 Projected bulk storage facilities Revenue

For projection purposes, it is assumed that the economic life of the project is five years, and that revenue from fuel storage facility commence from the first year of operation.

7.4 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 5 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from first year to fifth year

PROJECTED INCOME STATEMENT						
		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEARS5
Sales Revenue		217,500,000	261,000,000	313,200,000	375,840,000	451,008,000
Cost of Sales		43,500,000	43,500,000	43,500,000	43,500,000	43,500,000
Gross Profit		174,000,000	217,500,000	269,700,000	332,340,000	407,508,000
Operating Expenses						
Administrative Overhead						
Costs		518,000	523,180	528,412	533,696	539,033
Motor Vehicle running		2,800,000	2,828,000	2,856,280	2,884,843	2,913,691
Salaries and Wages		1,131,600	1,142,916	1,154,345	1,165,889	1,177,547
Depreciation		9,977,500	10,077,275	10,178,048	10,279,828	10,382,627
Utility Costs		322,000	325,220	328,472	331,757	335,074
Insurance		3,750,000	3,787,500	3,825,375	3,863,629	3,902,265
Interest on Loan		10,500,000	10,605,000	10,711,050	10,818,161	10,926,342
Total Expenses		25,681,100	25,937,911	26,197,290	26,459,263	26,723,856
Profit before Tax		148,318,900	191,562,089	243,502,710	305,880,737	380,784,144
Tax (30%)		44,495,670	57,468,627	73,050,813	91,764,221	114,235,243
Profit After Tax		103,823,230	134,093,462	170,451,897	214,116,516	266,548,901

7.6 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 US\$ **140,022,500** in the first year of operation to US \$**169,200,076** in the 5th year.

PROJECTED BALANCE SHEET						
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	
Fixed Assets	134,300,400	141,015,420	148,066,191	155,469,501	163,242,976	
Long term Assets						
Depreciation	9,977,500	9,742,500	9,742,500	9,742,500	9,742,500	
Total long term assets	124,322,900	131,272,920	138,323,691	145,727,001	153,500,476	
Current Assets						
Cash	406,100	684,700	979,050	1,292,735	1,625,723	
Account Receivable	105,000	110,250	216,535	421,763	527,628	
Inventory	214,710	376,383	438,469	402,292	467,493	
Total Current Assets	15,699,600	15,699,600	15,699,600	15,699,600	15,699,600	
Total Assets	140,022,500	146,972,520	154,023,291	161,426,601	169,200,076	
Current Liabilities						
Accounts Payable	84,000	88,200	92,610	97,241	102,103	
Other Current Liablit	70,000	73,500	77,175	81,034	85,085	
Subtotal Current Liabi	154,000	1,616,700	169,785	178,274	187,188	
Long term Liabilities						
Long term Liabilitie	1,820,000	1,820,000	1,820,000	1,820,000	1,820.00	
Total Liabiities	124,322,900	131,272,920	138,323,691	145,727,001	153,500,476	
Net Assets	820,810	877,633	951,268	1,044,516	1,157,656	
Captil and Reserves						
Owners Contribution	780,000	780,000	780,000	780,000	780,000	
Retained Earning	40,810	97,633	171,268	264,516	377,656	
Total Capital	140,022,500	146,972,520	154,023,291	161,426,601	169,200,076	

7.7 Projected fixed schedule

The projected fixed schedule is shown in the schedule under same heading. Net worth of the fixed assets decreases from

US\$ **124,322,900** in the first year of operation to US \$**85,352,900** in the 5th year.

FIXED ASSETS SCHEDULE						
NAME OF ASSETS		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings		82,000,000	77,900,000	73,800,000	69,700,000	65,600,000
Plant & Machines		28,000,000	22,400,000	16,800,000	11,200,000	5,600,000
Motor Vehicle		24,000,400	23,760,400	23,755,400	23,750,400	23,745,400
Furniture & Fixtures		300,000	262,500	225,000	187,500	150,000
Total		134,300,400	124,322,900	114,580,400	104,837,900	95,095,400
Depreciation		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings		4,100,000	4,100,000	4,100,000	4,100,000	4,100,000
Plant & Machines		5,600,000	5,600,000	5,600,000	5,600,000	5,600,000
Motor Vehicles		240,000	5,000	5,000	5,000	5,000
Furniture & Fixtures		37,500	37,500	37,500	37,500	37,500
ANNUAL DEPRECIATION		9,977,500	9,742,500	9,742,500	9,742,500	9,742,500
CLOSING FIXED ASSETS		124,322,900	114,580,400	104,837,900	95,095,400	85,352,900

7.8 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.

8.0 ECONOMIC ASPECTS

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

- The project will provide high quality storage facilities with state of the art and company office to meet international standards required by the company and targeted clients
- The project is an ideal option for utilization of the recently acquired prime site
- The project will involve transfer of technology in bulk storage industry and manufacturing

- The project will create employment for 80 people on permanent contract basis as well as on temporary basis.
- It will create more business opportunities to local transporters, which will also have a trickledown effect in the environmental issues.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and pay as you earn.
- The project will earn substantial amounts of foreign exchange.

10.0 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.

FINANCIAL STATEMENTS

CAMEL GAS (T) LIMITED
INVESTMENT BREAKDOWN

INVESTMENT BREAKDOWN			
PARTICULAR			AMOUNTS USD
Land and Buildings			82,000,000
Plant & Machines			28,000,000
Motor Vehicles			24,000,400
Furniture & Fixtures			300,000
Pre Expenses			250,000
Working Capital			15,449,600
TOTAL			150,000,000

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Total Assets		140,022,500	130,280,000	120,537,500	110,795,000	101,052,500
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Other Current Liabilit		70,000	73,500	77,175	81,034	85,085
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Net Assets		820,810	877,633	951,268	1,044,516	1,157,656
Capital and Reserves						
Owners Contribution		780,000	780,000	780,000	780,000	780,000
Retained Earning		40,810	97,633	171,268	264,516	377,656
Total Capital		140,022,500	130,280,000	120,537,500	110,795,000	101,052,500

OTHER OPERATING COST						
Other Operations Cost		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Motor Vehicle running expens		2,800,000	2,800,400	2,800,800	2,801,200	2,801,600
Salaries and Wages		1,131,600	1,244,760	1,369,236	1,506,160	1,656,776
Administrative Overhead Costs		518,000	569,800	626,780	689,458	758,404
Utility Costs		322,000	354,200	389,620	428,582	471,440
Interest on Loan		10,500,000	9,450,000	8,505,000	7,654,500	6,889,050
Communication Exepnses		178,000	195,800	215,380	236,918	260,610
Total Costs		15,449,600	14,614,960	13,906,816	13,316,818	12,837,879