

# **KENMARK LIMITED**



**BUSINESS PLAN FOR DEVELOPMENT  
OF MODERN WAREHOUSE FACILITIES WITH TRUCK  
WEIGHING SCALES  
PLOT NO. 27, BLOCK 'D' PEMBA MVITA AREA, MTWARA  
DISTRICT, MTWARA REGION**



## **1.0. SUMMARY**

### **1.1 Project Concept**

This project document presents a proposal by **KENMARK LIMITED**, a locally registered company with Certificate of Incorporation No. 168774036 Dated 23rd September 2023 intending to construct 3 modern warehouses for lease. The project promoters are confident of mobilizing financial resources through equity financing and long-term loans.

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

The proposed warehouses will be used for leasing to various stakeholders including in the following areas:

- i. **Inland Container Depot or ICD Operators:** ICD is a dry port located in an inland part of a country that handles full and empty containers. These containers are moved from ICD to a ship and vice versa via road or rail transport. An ICD is recognized by customs and port authorities as an extended part of the seaport
- ii. **A CFS (container freight station)** is a warehouse that specializes in the consolidation and deconsolidation of cargo. An LCL (less than container load) shipment will be taken to a CFS at the origin to be consolidated into a container with other cargo.

- iii. **Industrial sheds** are structural buildings used by businesses to store raw materials or to produce goods. These industrial sheds are used for storage facilities, factories, godowns, and warehouses, among other things

## 1.2 Location

The project will be located at Plot No. 27, Block 'D' Pemba Mvita Area, Mtwara District, Mtwara Region. This industrial plot has been allocated to KENMARK LIMITED by the Mtwara District Council. The size of the plot is 33,270 square meters and has been designated for industrial purposes by authorities.

## 1.3 The Sponsors

**KENMARK LIMITED** will be sponsoring this project. The Company is jointly owned by two shareholders.

Names	% Of Shares	Nationality
<b>Samuel Robert Ramesh Kennedy</b>	90	India
<b>Annie Cecilia Samuel</b>	10	India

## 1.4 Project Overview

KENMARK LIMITED has several objectives that it can carry out in the market. For purposes of this business idea and business plan, the focus is on the construction and operationalization of a warehouse project, through leasing

of the facilities to various operators. The company looks forward to erecting 3 warehouses, 2 weighbridges, and 3 equipment stackers in Mtwara. These warehouses will be used as storage facilities for various purposes such as an Inland Container Depot (ICD), a container freight station (CFS), industrial sheds, etc. In addition, to renting warehouses, KENMARK will also provide collateral Management services, manage stocks and records, and provide insurance cover. Other services include weigh-bridge and on-wheel stuffing, container storage, logistics and transportation of goods, quality inspection, and assurance facilities.

The following items which are crucial for the project will be procured in phases: -

- i. Pre-fabricated steel structures – steel Beams and sections, roofing sheets, bolts and connectors
- ii. Building Materials – Cement, paints, formwork, steel bars, etc.
- iii. Equipment and Tools – 4 folk lift, 2 pick-stackers, 2 cranes, Grader, Compactor, Wheel loader, welding machines, cutting machines, drilling machines, safety gears, Cranes, Generators, Dump trucks, Excavator, Grader, wheel loader, compactor, etc.
- iv. Utilities - Welding rods, cutting and grinding discs, and general tools
- v. Furniture and fittings – Furniture, Electrical items, Plumbing items, office A/C s, and general fittings
- vi. Trucks and Trailers, low bed trailers and pickups

## **1.5 Project description**

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

It is given the above that KENMARK LIMITED came up with a proposal to construct modern warehouse facilities with truck weighing scales for commercial uses. The project will involve among others acquiring necessary building materials, trucks, and pick up, the company plans to inject capital of US \$5m.

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

The project will be implemented in phases, starting with the construction of warehouses, which is estimated to cost \$ 1 million. The second phase is expected to cost another \$ 1 million for the development of the CFS facilities. The remaining funds will be used to implement the following phases.

The Warehouse facility covers the following:

- Closed Storage: 12000 SQM
- Drying Yard 10000 SQM Open
- Loading & Empty Containers storage Yard 4000 sqm Shed
- Trucks Parking 4000 Sqm
- Weigh Bridge (Scale) 2 Nos
- Area: 2000 SQM
- Office: 300 SQM
- Car parking: 300 Sqm
- Housing: 600 Sqm
- Empty Containers stacker 2

## **1.6 Definition of Warehouse**

A warehouse is a commercial building for the storage of goods, warehouse by manufacturers, importers, exporters, whole-sellers, transporters, and 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 forklifts for moving goods, which are usually placed on ISO standard pallets loaded into pallet racks

### **Types of Warehouses**

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



## **Storage Systems**

Technological development has contributed significantly to the development of warehouse systems in the world today. 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 are 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 pathways and maintaining accurate inventory by recording warehouse transactions.

Traditional warehouses have been declining since the last decades of the 20th century with the gradual introduction of the 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 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 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 a 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 that can be used as a sharp tool by original manufacturers to reach out directly to consumers leaving aside or bypassing importers or any other agencies or persons.

#### **1.4 Project Management and Manpower Requirements**

**KENMARK LIMITED** will be under the Management of SAMUEL ROBERT RAMESH KENNEDY and ANNIE CECILIA SMUEL who have international experience managing various businesses 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.

The project expects to employ mostly local Tanzanians at this point. If there will be a need to employ more foreigners the company will do so. The board of directors plans to employ **30** people of whom **5** will be foreigners.

## 2.0 **PROJECT'S INVESTMENT COST**

The estimated capital investment cost of the project is US **\$5, 374,000** out of which **US \$5,060,000** will be fixed investment costs. Pre-production expenditures have been budgeted at US \$4,000; other costs will be \$10,000 while working capital is put at \$300,000 as shown on the table below.

### **KENMARK LIMITED COST STRUCTURE**

<b>Particular</b>	<b>Amount</b>
Land and Buildings	3,000,000
Machinery & Equipment	1,500,000
Motor Vehicles	500,000
Furniture & Fixtures	60,000
Pre exp	4,000
Others	10,000
Working Capital	300,000
<b>TOTAL</b>	<b>5,374,000</b>

For the project to be a reality a total investment amounting to US \$5,374,000 is needed.

### **3.0 FINANCING PATTERN**

The project will be financed by 20% equity of US\$ 1,064,000 and a loan 80% that is US \$ 4,299,200.00

### **4.0 PROJECT OPERATING COSTS**

To realize its intended objective the project will have to meet operating costs estimated to be 15% of total revenue.

### **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 warehouses due to the growth of the manufacturing and transportation sectors assures them of a steady market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

### **6.0 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.

## **7.0 FINANCIAL ANALYSIS**

### **7.1. Considerations and Assumptions:**

The corporate tax charged is 30% of the profits. The capital investment allowance is 50%. The capital assets are exempted from customs 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 the local market and others will be imported. Revenues have been conservatively estimated based on the experience of the promoters and trends in the real estate businesses.

### **7.2 Financial Statements:**

### **7.3 Projected Warehouse Revenue**

For projection purposes, it is assumed that the economic life of the project is 12 years and that revenue from the warehouse commences from the first year of operation.

### **7.4 Projected Profit and Loss Statement**

The Income and Expenditure Statement shows the projected income for the 12 years. The position depicted is that the project earns profit

throughout its life. Accumulated profits grow from. US \$ **1,010,048** in the first year to US \$ **5,751,976 in** the 12-years period.

### 7.5 **Projected Cash Flows**

This is shown in the financial statements. The project has a positive end-of-year cash flow from the 1<sup>st</sup> year i.e. US \$ **1,399,000** of operation to the 12th year i.e. **US \$18,496,391.**

### 7.5 **Projected Balance Sheet**

The projected Balance Sheet of the projected is shown in the financial statements under the same heading. The shareholders' equity Net worth increases from US\$ **1,074,800 in** the first year of operation to US \$ **6,826,776 in** the 12<sup>th</sup> year.

### 7.6 **Projected payback period**

Total investment is US \$ **5,374,000**, and cash accumulation in year 5<sup>th</sup> year is US\$. **5,645,347** which is more than the initial investment costs by **US\$ 27137** the project payback period is within 5 years.

The project has a relatively short payback period. It is remarkably impressive for a project whose investment is as big as **US\$5,374,000** to be recovered within 8 years as shown above

## **7.7 Projected loan repayments**

The loan borrowed from a financial institution is expected to be fully paid within 7 years.

## **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 warehousing 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 in Mtwara and reducing congestion of warehouses in Dar es Salaam.
- The project will involve the transfer of technology in warehousing facilities.
- The project will create direct employment for 35 people on a permanent contract basis as well as temporarily.

- It will create more business opportunities for local transporters, and farmers which will also have an economic trickledown effect in the Tanzania economy.
- It will generate substantial revenue for the government in the form of corporate tax, value-added tax, and pay-as-you-earn.

## 9.0 IMPLEMENTATION

Project implementation is expected to be relatively very short once the project has been approved it is estimated that the company will start immediately to implement the project.

<i><b>S/N</b></i>	<i><b>ACTIVITY</b></i>	<i><b>PERIOD</b></i>
<b>1</b>	Processing TIC Certificate of Incentive	<b>February 2024</b>
<b>2</b>	Finalizing land issues	<b>January-February 2024</b>
<b>3</b>	Contractor Procurement	<b>Aug-Dec 2024</b>
<b>4</b>	Site preparation and building permit approval	<b>Jan 2025</b>
<b>5</b>	Construction of warehouse	<b>Apr 2025-August 2026</b>
<b>6</b>	Equipping warehouse	<b>September -December 2026</b>
<b>7</b>	<b>Commercial operations</b>	<b>January 2027</b>

## **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 the 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.



## ANNEXIES



**KENMARK LIMITED PROJECTED CASH FLOW US\$**

<b>SOURCES:</b>		1	2	3	4	5	6	7	8	9	10	11	12
Profit before interest and depreciation	-	<b>1,530,000</b>	<b>1,606,500</b>	<b>1,686,825</b>	<b>1,771,166</b>	<b>1,859,725</b>	1,952,711	2,050,346	2,152,864	2,260,507	2,373,532	2,492,209	2,616,819
Equity	1,074,800												
Loan	4,299,200												
<b>Total Sources</b>	<b>5,374,000</b>	<b>1,530,000</b>	<b>1,606,500</b>	<b>1,686,825</b>	<b>1,771,166</b>	<b>1,859,725</b>	<b>1,952,711</b>	<b>2,050,346</b>	<b>2,152,864</b>	<b>2,260,507</b>	<b>2,373,532</b>	<b>2,492,209</b>	<b>2,616,819</b>
<b>Applications:</b>													
Capital expenditure	5,060,000	-	-	-	-	-							
working Capital & Others	314,000												
Cash	-	1,399,000	1,230,181	1,275,353	1,323,337	1,389,504	1,458,979	1,531,928	1,608,524	1,688,950	1,773,398	1,862,068	1,955,171
Tax	-	131,000	376,319	411,472	447,830	470,221	493,732	518,419	544,340	571,557	600,134	630,141	661,648
<b>Subtotal</b>	<b>5,374,000</b>	<b>1,530,000</b>	<b>1,606,500</b>	<b>1,686,825</b>	<b>1,771,166</b>	<b>1,859,725</b>	<b>1,952,711</b>	<b>2,050,346</b>	<b>2,152,864</b>	<b>2,260,507</b>	<b>2,373,532</b>	<b>2,492,209</b>	<b>2,616,819</b>
<b>Total applications</b>	<b>5,374,000</b>	<b>1,530,000</b>	<b>1,606,500</b>	<b>1,686,825</b>	<b>1,771,166</b>	<b>1,859,725</b>	<b>1,952,711</b>	<b>2,050,346</b>	<b>2,152,864</b>	<b>2,260,507</b>	<b>2,373,532</b>	<b>2,492,209</b>	<b>2,616,819</b>
Accumulated cash		1,399,000	2,629,181	3,904,533	5,227,870	6,617,374	8,076,352	9,608,280	11,216,804	12,905,754	14,679,152	16,541,220	18,496,391

**KENMARK LIMITED PROJECTED BALANCE SHEET US \$**

<b>Fixed Assets</b>	-	1	2	3	4	5	6	7	8	9	10	11	12
Opening balance	-	<b>5,060,000</b>	<b>4,929,000</b>	<b>4,798,000</b>	<b>4,667,000</b>	<b>4,536,000</b>	4,405,000	4,274,000	4,143,000	4,012,000	3,881,000	3,750,000	3,619,000
<b>Total Long-term Assets</b>	-	<b>5,060,000</b>	<b>4,929,000</b>	<b>4,798,000</b>	<b>4,667,000</b>	<b>4,536,000</b>	<b>4,405,000</b>	<b>4,274,000</b>	<b>4,143,000</b>	<b>4,012,000</b>	<b>3,881,000</b>	<b>3,750,000</b>	<b>3,619,000</b>
<b>Less depreciation</b>	-	<b>131,000</b>	<b>131,000</b>	<b>131,000</b>	<b>131,000</b>	<b>131,000</b>	131,000	131,000	131,000	131,000	131,000	131,000	131,000
<b>Closing balance</b>	-	<b>4,929,000</b>	<b>4,798,000</b>	<b>4,667,000</b>	<b>4,536,000</b>	<b>4,405,000</b>	<b>4,274,000</b>	<b>4,143,000</b>	<b>4,012,000</b>	<b>3,881,000</b>	<b>3,750,000</b>	<b>3,619,000</b>	<b>3,488,000</b>
Working capital	314,000	314,000	314,000	314,000	314,000	314,000	314,000	314,000	314,000	314,000	314,000	314,000	314,000
Accumulated cash	-	1,399,000	2,629,181	3,904,534	5,227,870	6,617,374	8,076,353	9,608,280	11,216,804	12,905,754	14,679,152	16,541,220	18,496,391
<b>Total assets</b>	<b>314,000</b>	<b>6,642,000</b>	<b>7,741,181</b>	<b>8,885,534</b>	<b>10,077,870</b>	<b>11,336,374</b>	<b>12,664,353</b>	<b>14,065,280</b>	<b>15,542,804</b>	<b>17,100,754</b>	<b>18,743,152</b>	<b>20,474,220</b>	<b>22,298,391</b>
Financed by													
Equity	1,074,800	1,074,800	1,074,800	1,074,800	1,074,800	1,074,800	1,074,800	1,074,800	1,074,800	1,074,800	1,074,800	1,074,800	1,074,800
Accumulated profit	-	1,010,048	1,888,127	2,848,228	3,893,164	4,087,822	4,292,213	4,506,824	4,732,165	4,968,773	5,217,212	5,478,073	5,751,976
Total equity	1,074,800	2,084,848	2,962,927	3,923,028	4,967,964	5,162,622	5,367,013	5,581,624	5,806,965	6,043,573	6,292,012	6,552,873	6,826,776
Long term loan	4,299,200	3,685,028	3,070,856	2,456,684	1,842,512	614,168	0	0	0	0	0	0	0
<b>Total debts</b>	<b>4,299,200</b>	<b>3,685,028</b>	<b>3,070,856</b>	<b>2,456,684</b>	<b>1,842,512</b>	<b>614,168</b>	-	-	-	-	-	-	-
<b>Total equity and debts</b>	<b>5,374,000</b>	<b>5,769,876</b>	<b>6,033,783</b>	<b>6,379,712</b>	<b>6,810,476</b>	<b>5,776,790</b>	<b>5,367,013</b>	<b>5,581,624</b>	<b>5,806,965</b>	<b>6,043,573</b>	<b>6,292,012</b>	<b>6,552,873</b>	<b>6,826,776</b>



Machinery tools & Equipment	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Motor Vehicles	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Furniture & Fixtures	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
<b>ANNUAL DEPRECIATION</b>	<b>131,000</b>	<b>131,000</b>	<b>131,000</b>	<b>131,000</b>	<b>131,000</b>	<b>131,000</b>	<b>131,000</b>	<b>131,000</b>	131,000	131,000	131,000	131,000

**KENMARK LIMITED PROJECTED REPAYMENTS US\$**

<b>Year</b>	<b>principle</b>	<b>Loan Interest (6%)</b>	<b>Total Amount Paid</b>	<b>Loan Balance</b>
1	614,172.00	257,952.00	872,124.00	4,299,200.00
2	614,172.00	221,101.68	835,273.68	3,685,028.00
3	614,172.00	184,251.36	798,423.36	3,070,856.00
4	614,172.00	147,401.04	761,573.04	2,456,684.00
5	614,172.00	110,550.72	724,722.72	1,842,512.00
6	614,172.00	73,700.40	687,872.40	1,228,340.00
7	614,172.00	36,850.08	651,022.08	614,168.00

**KENMARK LIMITED PROJECTED PAYBACK PERIOD**

<b>Year</b>	<b>Profit After Tax</b>	<b>Depreciation</b>	<b>Total Cash Flow</b>	<b>Accumulated Cash Flow</b>
1	<b>1,010,048</b>	<b>131,000</b>	<b>1,141,048</b>	1,141,048
2	<b>878,079</b>	<b>131,000</b>	<b>1,009,079</b>	2,150,127
3	<b>960,102</b>	<b>131,000</b>	<b>1,091,102</b>	3,241,229
4	<b>1,044,936</b>	<b>131,000</b>	<b>1,175,936</b>	4,417,165
5	<b>1,097,182</b>	<b>131,000</b>	<b>1,228,182</b>	5,645,347
6	1,209,644	131,000	<b>1,340,644</b>	6,985,991