

# **SIMBA SULLPY CHAIN SOLUTIONS LIMITED**

## **BUSINESS PLAN FOR AN ICD PROJECT FOR TIC REGISTRATION**

**7/15/2024**

**Simba Supply Chain Solutions Limited**

## **EXECUTIVE SUMMARY**

Simba Supply Chain Solutions Limited's Nguvumali Logistics Park is a project of an Inland Container Depot (ICD) to be located in Dar es Salaam, Tanzania. The project is expected to be invested with USD 13,801,700. Of this amount, USD 12,547,000 is fixed capital while USD 1,254,700 is planned to be working capital.

The project is expected to be a success as per the projections and analyses made. Its rationale is evident and thus enough justification for this local project to deserve TIC incentives. The project will create 85 direct jobs for locals, and 300 indirect jobs for the same. The project will also have fiscal, monetary, environmental and social benefits to the economy of Tanzania.

This business plan is presented in order that the project enjoys incentives and thereby find a soft landing in our economy.

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## 1.0 OVERTURE

This Business Plan serves as a document piloting the project of an Inland Container Depot (ICD). It covers all aspects of conception, analysis of the business idea and financial projections for the project. This section covers company details and business idea description.

### 1.1 Company Description

Simba Supply Chain Solutions Limited is a company registered under the laws of the United Republic of Tanzania on October 26<sup>th</sup>, 2018 and granted certificate of incorporation No. 138003256. For tax references the company has been granted tax payer identification number (TIN) 138-003-256.

The company is purely local with an initial share capital of TShs. 1,000,000,000/= (an equivalent of about USD 400,000) divided into 10,000 shares of TShs. 100,000 each. Of all the authorized 10,000 shares only 2,000 have been taken. Details on shareholding are given in **table 1 (a) and (b)** below.

**Table 1 (a): Distribution of the Authorized Shares**

S/N	Names	Nationality	Shares Taken	% Stake
1	Ally Azim Dewji	Tanzanian	5100	51%
2	Hussein Azim Dewji	Tanzanian	4900	49%
	<b>TOTALS</b>		<b>10,000</b>	<b>100%</b>

**Table 1 (b): Distribution of the Issued Shares (Effective Shareholding Structure)**

S/N	Names	Nationality	Shares Taken	% Stake (Allotted)
1	Ally Azim Dewji	Tanzanian	1020	51.00%
2	Hussein Azim Dewji	Tanzanian	980	49.00%
	<b>TOTAL</b>		<b>2000</b>	<b>100%</b>

Other aspects of the company include the following:-

**Vision:** To become the best ICD in the mid-eastern coast of Africa

**Mission Statement:** To provide a reliable, efficient, and customer-focused inland container depot that meets the needs of importers, exporters, and logistics service providers.

**Objectives:**

- i) To create a state of the art storage facility that is secure and efficient for containers.
- ii) To provide a range of services to support the movement of containers, including yard management and logistical solutions
- iii) To establish partnerships with key stakeholders in the supply chain.
- iv) To achieve financial sustainability through effective cost management and revenue generation

## 1.2 Business Description

This project, named Nguvumali Logistics Park, is aimed at establishing an ICD within the city of Dar es Salaam. It is focused on serving the country and the land-locked countries which it serves including Burundi, Rwanda, DRC, Malawi, Zambia, and Uganda.

## 2.0 MARKET ANALYSIS

### 2.1 Global Market Overview

The inland container depot market is growing rapidly due to increasing global trade volumes and the need for more efficient supply chain management. Here is an overview of the current global status of the inland container depot (ICD) business:

#### *a) Global ICD Market Overview*

The global ICD market is a significant part of the global logistics and supply chain industry, with thousands of ICDs operating worldwide. The ICD industry plays a crucial role in the efficient movement of goods between ports and inland destinations.

#### *b) Current Trends:-*

1. **Rapid growth:** The ICD market is growing rapidly due to the increasing demand for efficient and cost-effective logistics solutions.
2. **Consolidation and competition:** The market is experiencing consolidation, with larger players acquiring smaller ones to increase their market share. Competition is intense, driving prices down and forcing operators to focus on efficiency and customer service.
3. **Investment in technology:** ICDs are investing heavily in technology, including automation, digitalization, and data analytics, to improve operational efficiency, reduce costs, and enhance customer experience.
4. **Focus on sustainability:** There is a growing emphasis on sustainability, with many ICDs implementing green initiatives, such as using renewable energy sources, reducing waste, and increasing the use of digital documentation.
5. **Regionalization:** The market is becoming more regionalized, with ICDs focusing on specific regions or trade lanes to capitalize on local knowledge and expertise.

#### *c) Regional Insights:*

1. **The Asia-Pacific:** The Asia-Pacific region is home to many of the world's largest ICDs, with China, Japan, and South Korea being major hubs.
2. **Europe:** Europe has a significant number of ICDs, particularly in the UK, Germany, France, and Italy.
3. **North America:** The US and Canada have a large number of ICDs, with many located along the East Coast and Gulf Coast.
4. **Latin America:** Latin America has a growing number of ICDs, particularly in Brazil, Mexico, and Argentina.
5. **Africa:** Africa has a smaller but growing number of ICDs, particularly in South Africa, Egypt, and Morocco.

**d) Challenges:**

1. Capacity constraints: Many ICDs face capacity constraints due to increasing demand and limited available space.
2. Regulatory hurdles: Operators must navigate complex regulatory environments, including customs clearance and compliance issues.
3. Security concerns: Security is a major concern for ICDs, with many operators investing in security measures to protect cargo and personnel.
4. Economic uncertainty: Economic uncertainty can impact demand for ICD services, making it essential for operators to be agile and responsive to changing market conditions.

**e) Opportunities:**

1. E-commerce growth: The growth of e-commerce is driving demand for efficient and cost-effective logistics solutions.
2. Trade agreements: Trade agreements like the USMCA (US-Mexico-Canada Agreement) and CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership) are creating new trade opportunities for ICDs.
3. Digitalization: Digitalization offers opportunities for ICDs to improve operations, reduce costs, and enhance customer experience.
4. Sustainability: The focus on sustainability creates opportunities for ICDs to differentiate themselves through green initiatives and environmentally friendly practices.

Overall, the global inland container depot business is a dynamic and rapidly evolving industry with significant opportunities for growth and development.

## 2.2 The Regional Market Overview

This sub-section focuses on the Tanzanian and regional perspectives of ICD business. The regional perspective focuses on the land-locked countries served by Tanzania as their gateway to the global supply destinations. The sub-section focuses on the SWOT analysis of the intra- and inter-organizational aspects of the business as shown below.

**a) Internal Analysis**

**Strengths:-**

1. Strategic Location: near the big port of Dar es Salaam and the minor seaports of Tanga and Mtwara. This provides a competitive advantage by reducing transit times and costs.
2. Ability to invest in State-of-the-Art Equipment and Technology increasing efficiency and productivity.
3. Skilled and Experienced Workforce that ensures smooth operations, reduced errors, and improved customer service.
4. Diversified Services including customs clearance, warehousing, and logistics increases revenue.
5. Strong Customer Relationships building through excellent customer service, reliability, and flexibility can lead to repeat business and referrals.

**Weaknesses:-**

None

## **b) Environmental Analysis**

### **Opportunities:-**

1. Presence of a big and more sophisticated seaport of Dar es Salaam that serves landlocked countries that neighbor Tanzania.
2. Completion of the SGR which will provide easier handling of containers into the hinterland and beyond the country.
3. The ever-growing market within the regional economic groups to which Tanzania belongs provides opportunity for more business.
4. Well-developed roads provide an avenue for timely and quality service provision in the business of ICDs.
5. Reliable communication system and network in Tanzania provides a chance for modernized logistics management with timely information on the status of consignments.
6. Increased reliability on power supply as the JNHPP has started production of hydroelectricity

### **Threats:-**

1. Existence of other ICD operators is a threat but the company uses skilled personnel and appropriate strategies to navigate through the sea of competition.
2. Complex business environment poses a threat but the company uses highly qualified consultants.

## **2.3 Market Strategies**

The company employs a number of strategies to secure a large portion of the market in the ICD business in Tanzania. These are as follows:-

1. **Competitive Pricing:** Offering competitive pricing without compromising on quality and service can attract new customers and retain existing ones.
2. **Environmental Sustainability:** Implementing eco-friendly practices such as using renewable energy sources, reducing waste, and increasing recycling can attract environmentally conscious customers and improve brand reputation.
3. **Collaborative Partnerships:** Partnering with other logistics companies, ports, or transportation providers can create a network effect, increasing capacity, reducing costs, and improving services.
4. **Investment in Innovation:** Continuously investing in research and development to improve processes, reduce costs, and develop new services can stay ahead of the competition.
5. **Adaptability and Flexibility:** Being able to adapt quickly to changing market conditions, customer needs, and regulations can help maintain competitiveness and respond to opportunities.
6. **Highly Secure Operations:** Implementing robust security measures to protect cargo, personnel, and facilities can ensure the safety of assets and reputation.
7. **Compliance with Regulations:** Maintaining compliance with local regulations, customs requirements, and industry standards can reduce risks and ensure smooth operations.
8. **Industry Certifications:** Obtaining industry certifications such as ISO 9001 (quality management) or ISO 14001 (environmental management) can demonstrate a commitment to quality and sustainability.
9. **Strong Financial Performance:** A stable financial performance can provide the necessary resources to invest in growth initiatives, employee development, and infrastructure upgrades.
10. **Reputation and Brand Recognition:** Establishing a strong reputation through excellent service, quality, and transparency can attract new customers and retain existing ones.

## 2.4 Target Market

The project targets various players in the cargo handling chain. These include importers, exporters, logistics providers, and other stakeholders in the supply chain who require containerized cargo storage and handling services.

## 3.0 PROJECT OPERATIONALIZATION

### 3.1 The Services

The project will provide a variety of services linked with the operations of ICDs. These services include the following:-

- i) Container Storage: This involves provision of secure storage for containers in a controlled environment
- ii) Yard Management: This involves effective management of containers in the yard, including stacking, labeling, and tracking
- iii) Transportation Solutions: Arranging transportation of containers between ports and inland destinations, both within Tanzania and beyond borders
- iv) Value-Added Services: These include optional services such as customs clearance, documentation, and inventory management

### 3.2 The Operations

For effective operationalization of the project the implementation will be anchored on three main pillars as follows:-

- i) Project Capacity (Facility Design): At full capacity during year 5 the ICD is designed to be accommodating 878,460 containers, with adequate parking for trucks and staff facilities.
- ii) Security Measures: Advanced security systems will be implemented to ensure the safety and integrity of containers and cargo.
- iii) Equipment: The ICD will have all the required sophisticated equipment and systems for containers handling. The list of items will be presented to the Customs Offices.

### 3.3 The Team

#### *Management Team*

The Management Team includes the Chairman, the Managing Director, and the Services Director as part of the Senior Management Team (SMT). Others include the Finance Manager, the Marketing Manager, the Services Manager, and the HR Manager. Detailed information on the Management Team is given in *Appendix 1*.

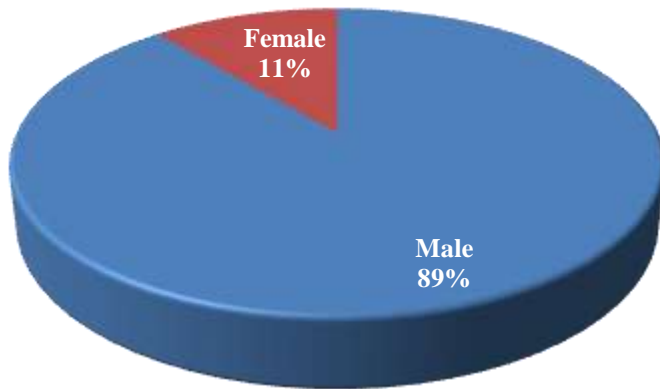
#### *Overall Project Manning:*

Generally the project expects to employ a total of 90 people, including the Management Team. Planned indirect jobs are estimated to be 300. Details of the direct jobs are given under *Appendix 2* while other summaries are given in *table 2* and *figures 1 (a) and (b)* below

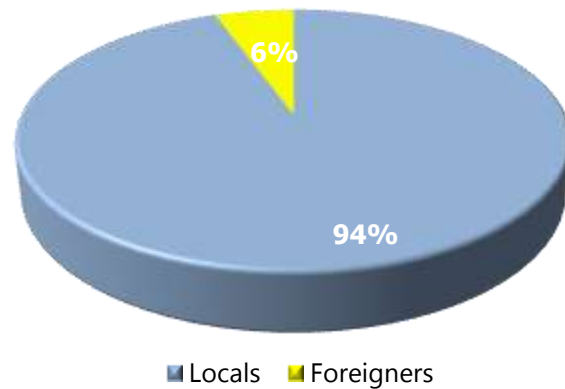
**Table 2: Projected Direct Jobs**

GENDER	LOCALS	FOREIGNERS	TOTALS
M	76	4	80
F	9	1	10
<b>TOTALS</b>	<b>85</b>	<b>5</b>	<b>90</b>

**Figure 1 (a): Gender Distribution of Jobs**



**Figure 1 (b): Jobs by Nationality**



### 3.4 Implementation Plan

This is a five-year project. Its implementation plan is detailed in **figure 2** below.

**Figure 2: Implementation Plan**

S/No.	ACTIVITY	TIMING															
		2024												2025	2026	2027	2028
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC				
1	Planning and registrations																
2	Land Acquisition																
3	Facilities Installation																
4	Staff and Consultants engagements																
5	Loan securing																
6	Planning for expansions																
7	Marketing Campaign																
8	Performance assessment																

## 4.0 FINANCIAL PROJECTIONS

This section covers projections on financing, investment, and on financials of operations of the project. It covers the first five years of operation of the project.

### 4.1 Project Financing

The project will be financed by equity (30%) and loan (70%). All the financing is expected to be local. Total planned investment capital is USD 13,801,700.

**Table 3: Project Financing**

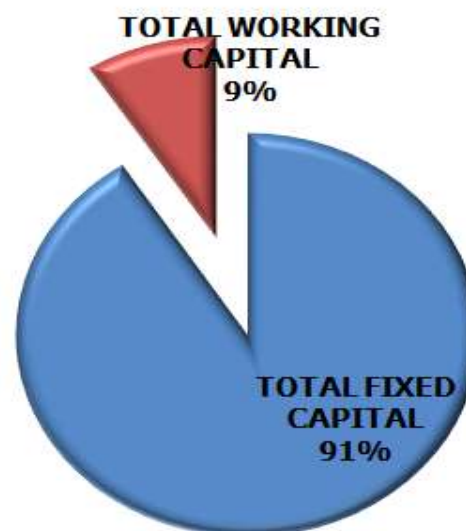
CATEGORIES	AMOUNT (USD)	Proportion
<b>EQUITY</b>		
<i>Local Equity</i>	4,140,510	30%
<i>Foreign Equity</i>	-	-
<b>Total Equity</b>	4,140,510	30%
<b>LOAN</b>		
<i>Local Loan</i>	9,661,190	70%
<i>Foreign Loan</i>	-	-
<b>Total Loan</b>	9,661,190	70%
<b>TOTAL FINANCING</b>	<b>13,801,700</b>	<b>100%</b>

### 4.2 Investment Projections

The planned investment capital of USD 13,801,700 for the project is expected to finance various items under fixed and working capital as shown on **Table .....** The planned investment timing over the first five years is shown on **Table .....** below.

**Table 4: Investment Breakdown**

INVESTMENT BREAKDOWN	
ITEM	AMOUNT IN USD
Land & Buildings	110,000
Plant	12,000,000
Vehicles	300,000
Furniture & Fittings	34,000
Pre Expenses	60,000
Others	43,000
Working Capital	1,254,700
<b>TOTALS</b>	<b>13,801,700</b>
<b>TOTAL FIXED CAPITAL</b>	<b>12,547,000</b>
<b>TOTAL WORKING CAPITAL</b>	<b>1,254,700</b>



**Table 5: Investment Plan**

ITEM S	INVESTMENT PLAN					TOTAL INVESTMENT
	Y1	Y2	Y3	Y4	Y5	
Land & Buildings	100,000	10,000				110,000
Plant	8,000,000	2,500,000	1,500,000			12,000,000
Vehicles	100,000	150,000	50,000			300,000
Furniture & Fittings		20,000	14,000			34,000
Pre Expenses	60,000					60,000
Others	43,000					43,000
Working Capital	254,000	100,700	900,000			1,254,700
<b>TOTALS</b>	<b>8,557,000</b>	<b>2,780,700</b>	<b>2,464,000</b>	-	-	<b>13,801,700</b>

### 4.3 Operational Financials

The project’s operational financials cover projections in revenue streams, expenses and cash flow projections. The revenue streams come from container storage fees, transportation services, and value-added services. Expenses on the other hand imply operating expenses i.e. salaries, equipment maintenance, utilities, insurance, and other costs. The financials include also cash flow projections.

#### 4.3.1 Production Projections

The main activity for this project as an ICD is storage or holding of containers arriving from within Tanzania bound for destinations abroad and those from sources abroad bound for Tanzania. At year 5 the holding capacity of the project is expected to be 878,460 40ft containers per annum. As for the other services – transportation and value added

services – capacities will be 878,460 40ft containers and 219,615 consignments respectively. A combined number of items creates a combined production capacity for the project

**Table 6: Production Projections**

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Container Storage/ Holding Capacity P.A.	600,000	660,000	726,000	798,600	878,460
Container Transportation Capacity P.A.	600,000	660,000	726,000	798,600	878,460
Value-Added-Services Capacity (Consignments P.A.)	150,000	165,000	181,500	199,650	219,615
<b>TOTAL PRODUCTION IN PCS</b>	<b>1,350,000</b>	<b>1,485,000</b>	<b>1,633,500</b>	<b>1,796,850</b>	<b>1,976,535</b>

### 4.3.2 Sales Projections

Sales projections show a growing trend over the first five years for each of the revenue sources as shown in **table 7** below.

**Table 7: Sales Projections**

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
No. of Containers generating income P.A.	600,000	660,000	726,000	798,600	878,460
No. of Containers Transported P.A.	600,000	660,000	726,000	798,600	878,460
No. of Consignments granted VA Services P.A.	150,000	165,000	181,500	199,650	219,615
Price of holding a container (4% Inflation) USD	50.00	52.00	54.08	56.24	58.49
Price of transporting a Container (4% Inflation) USD	5.00	5.20	5.41	5.62	5.85
Price for VA Services per Consignment (4% Inflation) USD	80.00	83.20	86.53	89.99	93.59
Container Holding Revenue	30,000,000	34,320,000	39,262,080	44,915,820	51,383,698
Container Transportation Revenue	3,000,000	3,432,000	3,926,208	4,491,582	5,138,370
Value-Added-Services Revenue	12,000,000	13,728,000	15,704,832	17,966,328	20,553,479
<b>TOTAL SALES / GROSS REVENUE</b>	<b>45,000,000</b>	<b>51,480,000</b>	<b>58,893,120</b>	<b>67,373,729</b>	<b>77,075,546</b>

### 4.3.3 Gross Profit Projections

Projections show that gross profit for this project will be high and increasing for about ten per cent each year, over the first five years of operation. This implies that the project promises to be a success.

**Table 8: Gross Profit Projections**

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
<b>Projected Sales</b>	<b>45,000,000.00</b>	<b>51,480,000.00</b>	<b>58,893,120.00</b>	<b>67,373,729.28</b>	<b>77,075,546.30</b>
<b>Cost of Sales</b>					

<b>Power Utilities</b>					
Container Holding	6,000.00	6,240.00	6,489.60	6,749.18	7,019.15
Container Transport	6,000.00	6,240.00	6,489.60	6,749.18	7,019.15
Container Value-Added Services	4,000.00	4,160.00	4,326.40	4,499.46	4,679.43
<b>Total Cost of Power Utilities</b>	<b>16,000.00</b>	<b>16,640.00</b>	<b>17,305.60</b>	<b>17,997.82</b>	<b>18,717.74</b>
<b>Water Utilities</b>					
Container Holding	1,200.00	1,248.00	1,297.92	1,349.84	1,403.83
Container Transport	600.00	624.00	648.96	674.92	701.92
Container Value-Added Services	300.00	312.00	324.48	337.46	350.96
<b>Total Cost of Water Utilities</b>	<b>2,100.00</b>	<b>2,184.00</b>	<b>2,271.36</b>	<b>2,362.21</b>	<b>2,456.70</b>
<b>Wages</b>					
Administrative and others	24,000.00	24,960.00	25,958.40	26,996.74	28,076.61
Container Holding	12,000.00	12,480.00	12,979.20	13,498.37	14,038.30
Container Transport	48,000.00	49,920.00	51,916.80	53,993.47	56,153.21
Container Value-Added Services	12,000.00	12,480.00	12,979.20	13,498.37	14,038.30
<b>Total Wages</b>	<b>72,000.00</b>	<b>74,880.00</b>	<b>77,875.20</b>	<b>80,990.21</b>	<b>84,229.82</b>
<b>Supplies</b>	<b>54,000.00</b>	<b>56,160.00</b>	<b>58,406.40</b>	<b>60,742.66</b>	<b>63,172.36</b>
Container Holding	36,000.00	37,440.00	38,937.60	40,495.10	42,114.91
Container Transport	12,000.00	12,480.00	12,979.20	13,498.37	14,038.30
Container Value-Added Services	6,000.00	6,240.00	6,489.60	6,749.18	7,019.15
<b>Total Supplies</b>	<b>54,000.00</b>	<b>56,160.00</b>	<b>58,406.40</b>	<b>60,742.66</b>	<b>63,172.36</b>
<b>Total Cost of Sales</b>	<b>144,100.00</b>	<b>149,864.00</b>	<b>155,858.56</b>	<b>162,092.90</b>	<b>168,576.62</b>
<b>GROSS PROFIT</b>	<b>44,855,900.00</b>	<b>51,330,136.00</b>	<b>58,737,261.44</b>	<b>67,211,636.38</b>	<b>76,906,969.68</b>

#### 4.3.4 Projected Income Statement

Projections for this project show that retained earnings will be positive throughout the first five years of operation. This implies an impending successful business as it will break-even within the first year of operation.

**Table 9: Projected Income Statement**

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Total Sales Revenue	45,000,000.00	51,480,000.00	58,893,120.00	67,373,729.28	77,075,546.30
Less: Cost of Sales	144,100.00	149,864.00	155,858.56	162,092.90	168,576.62
<b>Gross Profit</b>	<b>44,855,900.00</b>	<b>51,330,136.00</b>	<b>58,737,261.44</b>	<b>67,211,636.38</b>	<b>76,906,969.68</b>
Less: Operating Expenses	538,000.00	520,904.00	589,350.40	635,312.74	757,167.09
<b>EBIT</b>	<b>44,317,900.00</b>	<b>50,809,232.00</b>	<b>58,147,911.04</b>	<b>66,576,323.64</b>	<b>76,149,802.59</b>
Less: Loan Interest	251,190.94	251,190.94	251,190.94	251,190.94	251,190.94
EBT	44,066,709.06	50,558,041.06	57,896,720.10	66,325,132.70	75,898,611.65
Less: Taxes (30%)	13,220,012.72	15,167,412.32	17,369,016.03	19,897,539.81	22,769,583.50
<b>Net Profit/(Loss)</b>	<b>30,846,696.34</b>	<b>35,390,628.74</b>	<b>40,527,704.07</b>	<b>46,427,592.89</b>	<b>53,129,028.16</b>
Dividend (5%)	1,542,334.82	1,769,531.44	2,026,385.20	2,321,379.64	2,656,451.41
<b>Retained Earnings</b>	<b>29,304,361.52</b>	<b>33,621,097.30</b>	<b>38,501,318.87</b>	<b>44,106,213.24</b>	<b>50,472,576.75</b>

#### 4.3.5 Projected Ratios

Projections show that for this project the margin, profitability and solvency ratios will be positive and very high. This is, though just projection, an indication of success to the project as shown in **table 10** below.

**Table 10: Projected Ratios**

<b>Margin Ratios</b>	<b>Y1</b>	<b>Y2</b>	<b>Y3</b>	<b>Y4</b>	<b>Y5</b>
Gross Profit Margin	99.68%	99.71%	99.74%	99.76%	99.78%
Operating Profit Margin	98.80%	98.99%	99.00%	99.05%	99.02%
Net Profit Margin	98.48%	98.70%	98.73%	98.82%	98.80%
<b>Profitability Ratios</b>	<b>Y1</b>	<b>Y2</b>	<b>Y3</b>	<b>Y4</b>	<b>Y5</b>
Gross Profit Margin: (Gross Profit/Total Revenue)	99.68%	99.71%	99.74%	99.76%	99.78%
Net Profit Margin: (Net Income/Total Revenue)	68.55%	68.75%	68.82%	68.91%	68.93%
Return on Assets (ROA): (Net Income/Total Assets)	360.48%	312.15%	293.64%	336.39%	384.95%
Return on Equity (ROE): (Net Income/Shareholders' Equity)	745.00%	854.74%	978.81%	1121.30%	1283.15%
<b>Solvency Ratios</b>	<b>Y1</b>	<b>Y2</b>	<b>Y3</b>	<b>Y4</b>	<b>Y5</b>
Debt-to-Equity Ratio: Total Debt/Shareholders' Equity	52.73%	52.73%	52.73%	52.73%	52.73%
Interest Coverage Ratio: Earnings Before Interest and Taxes (EBIT)/Interest Expense	17543.11%	20127.33%	23048.89%	26404.27%	30215.51%

#### 4.3.6 Projected Cash Flow Statement

Projections show that this project will have positive cash flows during the first five years of operation. This signifies liquidity and profitability for the project which imply a success.

**Table 11: Projected Cash Flow Statement**

<b>DETAILS</b>	<b>YEARS</b>				
	<b>Y1</b>	<b>Y2</b>	<b>Y3</b>	<b>Y4</b>	<b>Y5</b>
Net Income	30,846,696.34	35,390,628.74	40,527,704.07	46,427,592.89	53,129,028.16
Add: Depreciation and Amortization					
(Increase)/ Decrease in Operating Working Capital					
<b>Cash Flow from Operating Activities</b>	<b>30,846,696.34</b>	<b>35,390,628.74</b>	<b>40,527,704.07</b>	<b>46,427,592.89</b>	<b>53,129,028.16</b>
(Capital Expenditure)	-8,557,000.00	-2,780,700.00	-2,464,000.00	-	-
<b>Cash Flow from Investing Activities</b>	<b>-8,557,000.00</b>	<b>-2,780,700.00</b>	<b>-2,464,000.00</b>	<b>-</b>	<b>-</b>
Increase (decrease) in long-term debt					
(Dividend)	-1,542,334.82	-1,769,531.44	-2,026,385.20	-2,321,379.64	-2,656,451.41
Issuance of Equity					
<b>Cash Flow from Financing Activities</b>	<b>-1,542,334.82</b>	<b>-1,769,531.44</b>	<b>-2,026,385.20</b>	<b>-2,321,379.64</b>	<b>-2,656,451.41</b>
Beginning Cash	1,254,700.00	-19,492,661.52	-50,333,058.83	-86,370,377.70	-130,476,590.94
Net Cash Flow	20,747,361.52	30,840,397.30	36,037,318.87	44,106,213.24	50,472,576.75

## 5.0 PROJECT RATIONALE

This section covers the justification aspect of the project. It elucidates on the fiscal, monetary, social and environmental aspects of the benefits of the project.

### 5.1 Fiscal Rationale

Fiscally, this project will generate incomes that will create direct taxes amounting to USD 148,388,043.49 over the first five years of operation, ceteris paribus. This figure includes an income tax of USD 88,423,564.37 and a VAT of USD 59,964,479.12. This is at a firm level. More taxes will be generated as the goods flow into or through the economy of Tanzania. *Appendix 1* gives details on the fiscal rationale of the project.

### 5.2 Monetary Rationale

Monetarily the project will create cash and income for firms (including suppliers SMEs, households and banks). This cash will be in the form of payments to supplier SMEs, interest to the banks and wages to the directly employed workers. The first two, as shown in *appendix 1*, will total to USD 3,578,069.03 within the first five years of operation.

### 5.3 Social Rationale

Socially this project will create 90 direct jobs, 85 of which are locals. It will also create 300 indirect jobs. All of the indirect jobs are for locals. Also, as part of its corporate social responsibility plan, the project will contribute a total of USD 5,894,904.29 to the hosting community as shown in *appendix 1*.

### 5.4 Environmental Rationale

Environmentally the project will abide by all the environment laws. It will do as much as possible consider environmental impact of any and all of its activities. In the long run the company will employ clean energy as part of using environmental-friendly technology.

## 6.0 CONCLUSION

From the analyses conducted this is a promising project. All the financials point to this. Also, it is a rational project fiscally, monetarily, socially and environmentally. Following major development of infrastructure in the country (ports, roads, railways and communication) this project will make the best use of the infrastructure generating incomes and values along value chains within the country and beyond. As such, TIC incentives are sought in order for this local project to enjoy a soft landing.

**APPENDICES**

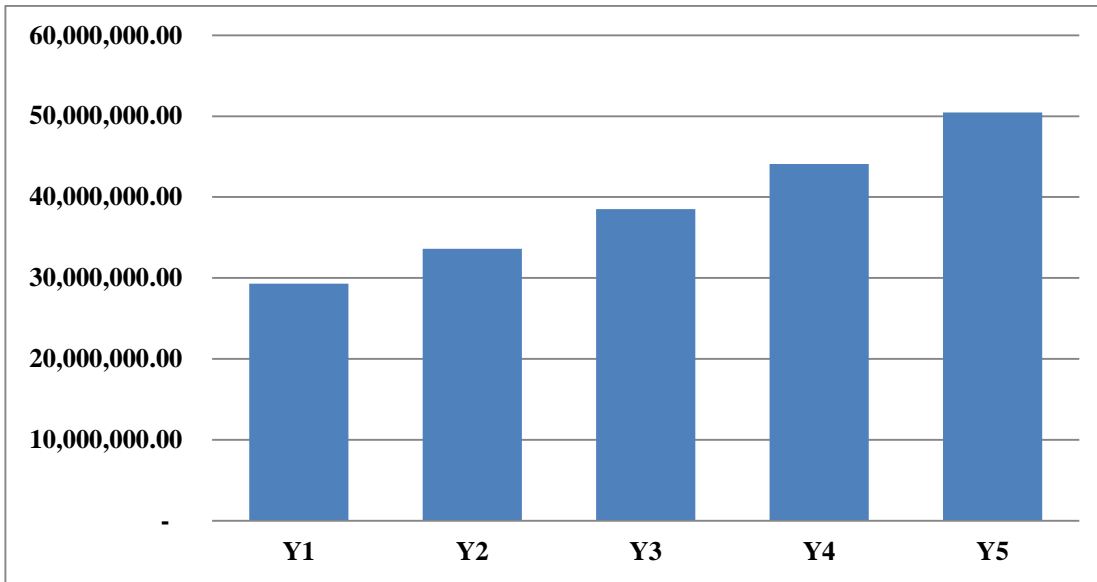
**Appendix 1: Project Rationale**

DETAILS	YEARS					TOTAL
	Y1	Y2	Y3	Y4	Y5	
Interest to the local banking sector	251,190.94	251,190.94	251,190.94	251,190.94	251,190.94	<b>1,255,954.70</b>
Payment to supplier SMEs	457,100.00	413,368.00	450,743.36	460,537.00	540,365.97	<b>2,322,114.33</b>
Income Tax	13,220,012.72	15,167,412.32	17,369,016.03	19,897,539.81	22,769,583.50	<b>88,423,564.37</b>
VAT	9,000,000.00	10,296,000.00	11,778,624.00	13,474,745.86	15,415,109.26	<b>59,964,479.12</b>
CSR	881,334.18	1,011,160.82	1,157,934.40	1,326,502.65	1,517,972.23	<b>5,894,904.29</b>
<b>SUMMARIES</b>	<b>Y1</b>	<b>Y2</b>	<b>Y3</b>	<b>Y4</b>	<b>Y5</b>	<b>TOTAL</b>
To the Private Sector	708,290.94	664,558.94	701,934.30	711,727.94	791,556.91	<b>3,578,069.03</b>
To the Government	22,220,012.72	25,463,412.32	29,147,640.03	33,372,285.66	38,184,692.75	<b>148,388,043.49</b>
To the Hosting Community	881,334.18	1,011,160.82	1,157,934.40	1,326,502.65	1,517,972.23	<b>5,894,904.29</b>

**Appendix 2: Detailed Jobs**

S/N	Category	Local		Foreigners		TOTAL
		M	F	M	F	
<b>A.</b>	<b>Senior Management Team</b>					
1	Chairman	1				1
2	Managing Director	1				1
3	Services Director			1		1
<b>B.</b>	<b>Management Team</b>					
1	Finance Manager		1			1
2	Marketing Manager				1	1
3	Services Manager			1		1
4	HR Manager	1				1
<b>C.</b>	<b>Supervisors</b>					
1	Container Storage Supervisors	1		1		2
2	Yard Supervisors	2				2
3	Transportation Supervisors	1		1		2
4	Value-Added-Services Supervisors	1	1			2
<b>D.</b>	<b>Laborers</b>					
1	Container Storage Workers	22	3			25
2	Yard Workers	7				7
3	Transportation Workers	12				12
4	Value-Added-Service Workers	8	4			12
<b>E.</b>	<b>Drivers</b>					
1	Vehicles Drivers	3				3
2	Lorries Drivers	10				10
3	Operators	6				6
	<b>TOTAL</b>	<b>76</b>	<b>9</b>	<b>4</b>	<b>1</b>	<b>90</b>

**Appendix 3: Retained Earnings**



**Appendix 4: Operating Expenses**

ITEMS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Marketing Expenses	41,600.00	36,384.00	40,022.40	44,024.64	48,427.10
Bank Charges	3,600.00	3,744.00	4,118.40	4,530.24	4,983.26
Insurance	45,400.00	47,216.00	51,937.60	57,131.36	62,844.50
Office Expenses	42,000.00	42,000.00	42,000.00	42,000.00	42,000.00
Permits and Licenses	40,400.00	800.00	800.00	1,800.00	39,300.00
Vehicle Expenses	104,000.00	108,160.00	112,486.40	116,985.86	121,665.29
Professionals Fees	24,000.00	12,000.00	29,000.00	16,000.00	35,000.00
Provision for Bad Debts	225,000.00	257,400.00	294,465.60	336,868.65	385,377.73
Miscellaneous Expenses	12,000.00	13,200.00	14,520.00	15,972.00	17,569.20
<b>TOTAL OPERATING EXPENSES</b>	<b>538,000.00</b>	<b>520,904.00</b>	<b>589,350.40</b>	<b>635,312.74</b>	<b>757,167.09</b>

**Appendix 5: Loan Details**

DETAILS	LOAN SECURED	INTEREST RATE	ANNUAL PRINCIPAL PAYBACK					TOTAL
			Y1	Y2	Y3	Y4	Y5	
Local Loan	9,661,190.00	0.13	1,932,238.00	1,932,238.00	1,932,238.00	1,932,238.00	1,932,238.00	9,661,190.00
Foreign Loan	-	N/A	-	-	-	-	-	-
<b>TOTAL PRINCIPAL REPAYMENT</b>			<b>1,932,238.00</b>	<b>1,932,238.00</b>	<b>1,932,238.00</b>	<b>1,932,238.00</b>	<b>1,932,238.00</b>	<b>9,661,190.00</b>
INTEREST DETAILS								
DETAILS	LOAN SECURED	INTEREST RATE	ANNUAL INTEREST PAYBACK					TOTAL
			Y1	Y2	Y3	Y4	Y5	
Local Loan	9,661,190.00	0.13	251,190.94	251,190.94	251,190.94	251,190.94	251,190.94	1,255,954.70
Foreign Loan	-	N/A	-	-	-	-	-	-
<b>TOTAL INTEREST REPAYMENT</b>			<b>251,190.94</b>	<b>251,190.94</b>	<b>251,190.94</b>	<b>251,190.94</b>	<b>251,190.94</b>	<b>1,255,954.70</b>
<b>TOTAL REPAYMENT</b>			<b>2,183,428.94</b>	<b>2,183,428.94</b>	<b>2,183,428.94</b>	<b>2,183,428.94</b>	<b>2,183,428.94</b>	<b>10,917,144.70</b>

