

KEDS TANZANIA COMPANY LIMITED

BUSINESS PLAN FOR LOGISTICS CENTER

Represented by

KEDS TANZANIA COMPANY LIMITED

Logistics Center project

PROJECT HIGHLIGHTS

Project name:	Logistics Center.
Enterprise:	KEDS TANZANIA COMPANY LIMITED
Project Site :	Nyamhongolo,Mwanza City
Total Investment:	USD 4,000,000
Project Liaison:	Mr. Denis Hyera
Tel:	+255 756 883696

1.1 Summary of the Project

KEDS Tanzania Company Limited, established in March 2016, has made significant strides in the manufacturing and distribution of washing powder detergent and bar soap (both for bathing and laundry). With a strong commitment to improving the living standards and quality of life for people in emerging markets, KEDS has built a robust research and development team to meet the needs of daily FMCG (Fast-Moving Consumer Goods) products.

Key Objectives of the Expansion:

1. **Improved Distribution Coverage:**
 - By setting up a hub in northern Tanzania, KEDS can improve its reach and ensure that its products are readily available to more customers, particularly in regions like Mwanza, Arusha, and the surrounding areas.
 - The expansion will also allow KEDS to distribute its products more effectively to neighboring countries such as Uganda, Kenya, Rwanda, and Burundi, where demand for daily FMCG products is increasing.
2. **Customer-Centric Approach:**
 - KEDS places high importance on customer satisfaction, and this expansion will be focused on improving product availability and reducing lead times, ensuring that customers in northern Tanzania and neighboring countries receive their products in a timely manner.
3. **Commitment to Quality of Life:**

- KEDS' core business philosophy revolves around enhancing the quality of life for people in emerging markets. By increasing its production and distribution capacity, KEDS can provide more households in northern Tanzania and neighboring countries with affordable and high-quality FMCG products, thus contributing to improved living standards.

Strategic Considerations for the Hub in Northern Tanzania:

1. Location Selection:

- Identifying the optimal location for the storage and distribution hub is crucial for ensuring efficient logistics. Mwanza, being a major city on Lake Victoria and a transport hub, could be an ideal candidate for this expansion due to its connectivity to road, rail, and lake transport routes, facilitating easier access to northern Tanzania and neighboring countries.

2. Logistics and Transportation:

- Given the need for rapid and cost-effective distribution, KEDS will need to invest in a well-connected distribution network. This includes transportation infrastructure (trucks, warehouses, port facilities) to ensure smooth and timely delivery of products to both domestic and international markets.

3. Warehousing and Inventory Management:

- The expansion would require investment in modern storage solutions, including **warehouse management systems (WMS)** to ensure real-time tracking of stock levels and streamlined product distribution. Automated solutions and efficient inventory management would be key to minimizing costs and improving service delivery.

4. Local Workforce Development:

- Expanding operations in northern Tanzania will create employment opportunities, and KEDS could look into training and employing local talent in areas such as warehousing, logistics, and customer service, further contributing to local economic development.

5. Market Research and Customer Insights:

- Conducting a comprehensive market study for the northern Tanzania region and neighboring countries will be important to understand customer preferences, regional demand, and competitive dynamics. This data will enable KEDS to tailor its product offerings and improve sales strategies.

1.2 Name of the Project

Project name: Logistics Center.

Project liaison: Denis Hyera

Investor: KEDS TANZANIA COMPANY LIMITED

1.3 Project site

Nyamhongolo, Mwanza.

1.4 Production Scale and Product Varieties

The construction scale of this project shall be 50,000 tons of washing powder annually. It is expected to achieve an estimated output value of 24.6 million USD yearly after construction.

1.5 Necessity and Feasibility of the Project

15.1 Background and Necessity

(1) Kleesoft and Doffi washing powder has gained its position and market share with high class quality embodied by the license of TBS and the good cost-effectiveness. It has been popular for the household product in Tanzania for a long time.

(2) With a population of 62.4 million, 74% of it is the rural population;

Tanzania has a great active demand of outstanding technical staff. After the establishment of the Logistics Center, there will be about 160 local job opportunities that will be offered by KEDS Logistics Center. The project is geared to empower local workers with skills for the industrial development.

(3) The project will import advanced equipment and technology for warehousing operations like conveyor belts.

(4) Meeting demands for the expansion of markets in Tanzania, the local manufacture and sales will save transportation time and importation of goods to Tanzania. Raising the turnover efficiency of capital and inventory.

(5) The great location of Northern Tanzania will help expanding the markets to countries around, such as Uganda, Kenya, Sudan, Ethiopia.

1.5.2 Steady investment environments in Tanzania

Tanzania is stable in politics and has strong ties with major investing and developed countries. Capital investment in Tanzania boasts favorable conditions such as favorable policies, sufficient labor, abundant high-quality talents, stable production elements and cheap prices, etc. There will be entitlement to favorable import tariff for imported raw materials, equipment and parts and components for the plant established in the country.

1.5.3 Compliance with the requirement for local economic development

The Government of Tanzania has actively pushed forward open policy over the recent years, and encourages foreign investment dedicated to the development of national economy and improvement of people's living standards. Currently, the living standard is being constantly improved. People are paying more attention to personal hygiene, so washing powder will be in greater need. Therefore, this project has a very good marketing prospect.

This project takes the production of high quality washing powder as the target, with products adaptable to market requirements and with stronger market competence.

1.6 Major construction conditions

1.6.1 Construction site

The proposed Logistics Center is located at Nyamhongolo area in Mwanza.

1.6.2 Traffic and transportation

The current site of the project is conveniently within the city of Mwanza only 12 kilometers from the city center.

1.6.3 Weather information

Climate and Temperature

The locations of the project features natural tropical climate with average temperature. According to the records over the past five years, the average temperatures are 25.6 degrees centigrade.

Rainfall:

The average annual rainfall is 1100mm, with plentiful rainfall and surface water. Raining season is from April to September. Dry season is from October to next March. The most rainfall is from March to June. The temperature is hot and thunder day is about 31 to 49 days.

1.6.4 Regional Environmental Status

Due to advanced and reliable environment friendly dust removal equipment to be used in the design, after this project is put into operation, the concentration of emission of powder and dust from the Logistics Center will be actively compliant with the set environmental standards.

1.7 Organization and labor staffing

The total staffing for the Logistics Center will be 180 employees including two foreigners for overseeing the operations.

1.8 Estimation of total investment in the project

The total investment in the works will be USD 4,00,000.

Table 1: Constitution of fixed assets investment

Project name	Total	Construction works	Equipment purchase	Land
Amount (expressed in US\$ '000)	4,000	3,100	662	238
(%)	100	77.5	16.55	0.059

1.9 Capital financing

The total investment in this project shall be USD 4000.

1.10 Project implementation progress

Based on overall deployment and arrange of the Company, and by referring to the actual operation of domestic similar works, it is recommended that this project be put into operation

within 12 months.

Table 2: Project Implementation Plan [12 Months Plan]

Events	Construction phase											
	Mon 1st	Mon 2nd	Mon 3rd	Mon 4th	Mon 5th	Mon 6th	Mon 7th	Mon 8th	Mon 9th	Mon 10th	Mon 11th	Mon 12th
Recruitment and organization of personnel from project team	▲	▲										
Land purchase	▲	▲	▲									
Land use certificate procedures		▲	▲	▲								
Plant drawing planning		▲	▲	▲								
Equipment survey	▲	▲										
Civil works tender, construction permit procedures and environmental protection assessment					▲	▲	▲					
Civil works construction							▲	▲	▲			
Equipment shipping								▲	▲			
Equipment commissioning test and installation									▲	▲	▲	
Plant personnel recruitment and training									▲	▲		
Formal operation											▲	▲

1.11 Financials

(Please see the detailed breakdown attached- Annex 3)

Working Capital: It is planned that all operation and capital expenses will be provided by Shareholders equity. capital injection is estimated at USD 4,000,000.

Estimated Capital expenditure ('000 USD) during the construction phase:

1.12 Conclusion and Summary of the Business Plan

(1) This project has very ideal factory building conditions. There is good traffic and transportation conditions, guaranteed water and power supply for the plant. The construction site can meet the requirements for the Logistics center to be built. The company initiating this project has advantages in technology, management and funds, which lay a foundation for the successful implementation of the project.

(2) The design plan recommended by this report is based on the achievement of economic benefits for the enterprise. Under the precondition of guaranteed reliable production, it is required to use technically mature equipment made in technologically developed countries to further reduce costs and to increase economic benefits.