

# **CHANDARIA INDUSTRIES (T) LIMITED**

**REVISED FEASIBILITY STUDY**

**FOR THE**

**CONSTRUCTION OF A COMERCIAL WAREHOUSING**

**CHANDARIA INDUSTRIES (T) LIMITED  
P.O. Box 21359  
DAR ES SALAAM**

**AUGUST 2025**

## **1.0 EXECUTIVE SUMMARY**

### **BACKGROUND**

Chandaria Industries (T) Limited plans to construct two modern, fully equipped warehouses in Dar es Salaam. Chandaria Industries (T) Limited sponsors this project, and its shareholders and directors have many of experience in initiating and managing various types of projects. The warehouses will be for their use, and some space will be leased at a later stage to various investors/companies that will carry out various activities in Tanzania. Warehousing facilities are a useful instrument for attracting investment, fostering technological learning and innovation, and creating jobs. These warehouses, when completed, will attract various businesses, leading to both more jobs and a larger tax base, and will also offer an environment where local and international firms can interact.

### **1.2 THE PROJECT**

This report is for Chandaria Industries (T) Limited, which plans to build two warehouse facilities in Dar es Salaam. The warehouses will feature modern, automated systems and equipment for their use, and some space will be rented out. The proposed Project will be constructed in an area that is estimated to be **7031** square meters. The warehouses will also be supported by a well-constructed yard with well-managed security.

### **1.3 THE PROMOTERS**

The promoter of the project is Chandaria Industries (T) Limited, and it is sponsored by its shareholders, who have several years of experience in initiating/running different types of projects. The shareholders are as follows;

<b>FULL NAME</b>	<b>NATIONALITY</b>	<b>SHAREHOLDING%</b>
Mahesh Maganlal Chandaria	Kenyan	51
Darshan Mahesh Chandaria	Kenyan	24.5
Neer Mahesh Chandaria	Kenyan	24.5

#### **1.4 MARKETING**

The government of Tanzania is promoting various economic activities of which will drive towards middle income economy by 2025 with the aim of job creation and economic growth. Chandaria Industries (T) Limited marketing objective as a fully serviced warehousing facility with a yard, is to appeal to potential private sector investors and the whole country as a desirable location in which to invest via either business establishment or relocation. Chandaria Industries (T) Limited will put in place a marketing strategy which will be comprehensive, cohesive, and cooperative to external and internal marketing, and also targeting both inward investment from business prospects outside the country, and internal investment from existing businesses, stakeholders, and allies within the area.

#### **1.5 LOCATIONS AND SITE**

The warehouse complex will be located at **plot no 7B, Vingunguti Nyerere Road, Ilala, Dar-es-salaam.**

#### **1.6 MANPOWER AND TRAINING PROGRAM**

The estimated manpower according to the proposed level setup has been estimated at 50 people. This again has been derived taking into account the types of activities that are intended to be undertaken. However, when the project is in full swing, the no of people to be employed will be reduced as major construction works will cease.

## 1.7 IMPLEMENTATION SCHEDULE

It is estimated that the project will take about 3 years for the project to be completed once the decision for implementation has been reached.

## 1.8 INVESTMENT STRUCTURE

The total initial investment in fixed assets and working capital is estimated at **USD 1.340 M** The breakdown of which is as follows:

### INVESTMENT STRUCTURE

ITEM	US\$
<b>Fixed Asset</b>	
Land and Building	850,000
Machinery and Equipment	150,000
Vehicles	100,000
Furniture and Fittings	50,000
Pre-Operational Expenses	20,000
Others	70,000
Sub total	<b>1,240,000</b>
<b>Initial working capital</b>	<b>100,000</b>
<b>GRAND TOTAL</b>	<b>1,340,000</b>

## 1.9 FINANCING PATTERN

The total initial investment of US \$ **1,340,000** will be financed from the funds generated within the group companies

SOURCE	US \$
Fixed Assets	
Equity	<b>1,340,000</b>
Total	<b>1,340,000</b>

## **1.10 Profitability**

The business, as indicated in the projected cash flow, is commercially and financially viable. It will earn the company an average revenue of **US\$ 0.554 million** annually from year 4 before tax profits and depreciation.

## **1.11 Economic Development Considerations**

### **1.11.1 Employment Creation**

The project will create approximately **50** jobs.

### **1.11.2 Government revenue**

The government and other agencies will benefit from various taxes, fees and commissions that will be paid to the Treasury.

### **1.11.3 Social and Economic Impact**

The proposed project will increase the provision of high-quality warehousing facilities in the country and will result in increased healthy competition among real estate companies.

### **1.11.4 Economies of Scale**

Profitability is greatly affected by economies of scale. The project will be profitable and will also be able to support other sectors, such as manufacturing and transport, as it will need a lot of building materials and transportation facilities. It will increase profitability dramatically, hence guaranteeing higher returns in the long run.

## **1.12 Conclusion and Recommendations**

The executive summary highlights indicate that the proposed project will be financially and economically viable. It is recommended that the project be accorded the required institutional and financial support to pave the way for its expeditious establishment and development.

## **2.0 THE PROJECT**

### **2.1 PROJECT DESCRIPTION**

*Chandaria Industries (T) Limited* intends to construct two warehouses in Dar es Salaam. Warehouses will be for their use, and some space will be leased at later stages to various investors/companies who will be carrying out various activities in Tanzania.

The proposed warehouses will be built on an area estimated to be **7031 square meters**. The warehouse will comprise pre-fabricated structures and also other important building materials such as cement, iron bars, windows etc. windows, doors, electrical and plumbing fixtures, ironmongery, glazing, and ceiling, and modern machinery and equipment for the operation of the warehouses. Security will be of prime importance; surveillance cameras and access control will be installed. The envisaged project site will be easily accessible and can be easily reached through the tarmac road. The warehouse will also consist of the following;

### **2.2 POWER SUPPLY SYSTEM**

An independent transformer will be provided to cater for the whole Complex, and also a standby generator will be provided to supply the essential loads in the event of TANESCO power failure. The Power distribution through the state will be via underground cables installed with TANESCO requirements.

### **2.3 FIRE PROTECTION**

It is proposed to provide a fire detection and firefighting system with consists of automatic and manual detection devices, an alarm and communication system, whereas the firefighting system will feature portable extinguishers, hose reels, wet and dry rises, and an automatic sprinkler system.

## **2.4 AIR CONDITIONING & VENTILATION**

An individual/separate air conditioning system, mainly split units and window type, is proposed for the complex

## **2.5 WATER SUPPLY**

The source of water for the proposed complex will be from the nearest main supply line serving the area. There will be a Provision for both group and overhead storage tanks to boost the water pressure and for availability whenever the pipes go dry. The tank's capacity will depend on the number of users, which will be determined by the design concept and scheme.

## **2.6 SEWERAGE SYSTEM**

Waste and foul water will be collected from each building by means of UPVCP pipes of different sizes.

## **2.7 MACHINERY/EQUIPMENT**

These will be in the form of air conditioners, ceiling fans, warehouse, complete steel structure facilities, and various warehousing equipment.

## **FURNITURE AND FITTINGS**

These will comprise office furniture's etc. Such furnishing with proper interior finishing touches will make the warehouses for rent assume an acceptable international standard.

## **3.0 SITE AND LOCATION**

M/S Chandaria Industries (T) Limited contemplates the construction of two modern warehouses for leasing. The warehouses will be located at plot no 7B, Vingunguti Nyerere Road, Ilala, Dar-es-salaam.

## **4.0 ENVIRONMENTAL CONSIDERATIONS**

The design of the warehouse complex will be carried out with maximum consideration of environmental impact assessment. The buildings will be

designed to receive maximum natural ventilation and light. Environmental consideration shall also be given priority during landscaping so that maximum protection of soil erosion is observed.

## **5.0 MARKET ANALYSIS**

### **5.1 Introduction**

There is a high demand for warehouses to meet the needs of local and international businesses. Warehouse operations in Tanzania vary significantly in size and complexity. Some warehouses are small and focus on the storage of goods and materials, while larger warehouses take on a more complex role. Warehousing and its related facilities are crucial in supply chain management, offering benefits beyond just storing goods. With strategic placement and efficient inventory management systems, warehousing helps businesses reduce transportation costs, improve delivery times, and ensure accurate shipments.

### **5.2 THE MARKET**

**5.2.1** The project will be designed to meet all warehousing demands. Dar es Salaam, which remains the country's commercial and industrial town. Because of the growing business population, efforts are now directed towards the construction of modern warehousing facilities to keep pace with the economic activities.

**5.2.2** The target market for M/S Chandaria Industries (T) Limited is transporters, clearing and forwarding companies, farmers, and other various types of businesses. The proposed project faces the risk of low occupancy in the initial months; however, extensive marketing, sales promotion, and direct contact will mitigate this with potential clients. It is therefore reasonable to conclude that M/S Chandaria Industries (T) Limited warehouses facility will not face any marketing problems due its location. However, the evaluation assumes occupancy level of 70% during the first year rising to 80% during the second year and a maximum

of 90% by the third and 100% in the fourth year for planning and contingency purposes.

### **5.2.3 CURRENT SUPPLY**

The supply of warehouses with leasing facilities is affected by three main factors, namely availability of surveyed plots, availability of masons, and lack of a well-developed real estate warehouses industry in Tanzania. The Government controls the delivery system of urban plots, and they are delivered without the development of infrastructure and utilities, making the newly surveyed plots a long and cumbersome process.

The number of warehouses is very low due to limited resource as the Ministry of Lands and Human Settlements Development can supply very few plots and the local business community is also unable to implement large warehouses projects for leasing or outright sale due to the absence of finance institutions at a time as interest rate for loans from existing commercial banks are exorbitantly high.

However, these also have their financial limitations, and at times, they may have other priority projects to implement other than real warehouse development.

### **5.2.4 COMPETITION**

There are very few up-to-date warehousing facilities with workshops in Dar es Salaam or, for that matter, in the country. This situation limits the supply of modern warehouses for hire or outright purchase. On the whole, the supply of warehouses for leasing faces little competition, especially in the planned prime areas where no empty plots for the development of new modern warehouse units. The high cost of purchasing an old building, demolishing it, and constructing modern warehouses put off many would-be investors. Furthermore, since the warehouses business

in Tanzania is still young, participants are few and therefore competition is low. Successful implementation of the proposed project will therefore increase the availability of quality warehousing facilities in Dar es Salaam. M/S Chandaria Industries (T) Limited is seen as an additional and more affordable outlet in Dar es Salaam.

### **5.2.3 Conclusion**

Considering the location of M/S Chandaria Industries (T) Limited and the complementary nature of the concept, it can be concluded that the overall proposal is unlikely to face significant competition that would threaten its viability, and that the facility will be highly attractive to the business community in Tanzania.

## **. 6.0 MANPOWER REQUIREMENTS AND ORGANISATION**

### **6.1. MANAGEMENT**

The success of this kind of venture depends on the competence of the personnel recruited to manage it. It is expected that the proposed manpower structure will provide effective control of the activities. The Board of Directors will oversee the warehouses. This board will operate through the project director, who will serve as the Chief Executive of the warehouse operations. In Order to streamline the warehouse's operations, it is proposed to also engage two key figures: the Operational Officer and the Project Accountant. These two, along with the Project Manager, will form the central operational core that will ensure the success of the project

### **6.2 MANPOWER REQUIREMENTS**

Based on the proposed organization structure, the project will initially employ a total of **50** people. All new staff will be recruited as construction activities are ongoing, while permanent staff will be hired at least one month before the warehouse's operations commence.

## **7.0. IMPLEMENTATION SCHEDULE**

Both local and external factors have been taken into account when drawing out the proposed schedule of implementation. Factors such as finalization of civil works, survey, acquisition of machinery and equipment, recruitment of qualified personnel, and other factors have been looked into.

### **7.1.2 Construction of the warehouse**

This undertaking will require three years to complete.

### **7.1.3 Ordering of Steel Structures, Machinery, and Equipment's**

Timely ordering will have to be executed to match the rate of development of the warehouse.

### **7.1.4 Plot Development Undertakings**

These will comprise activities such as plot clearing. The carrying out of the construction of drainage channels, etc.

### **7.1.5 Construction of Building/Related Civil Works**

The construction of buildings for various purposes. These will be done in phases

### **7.1.6 Leasing Advertisement Efforts**

These will be carried out when 10 percent of the civil works are completed.

### **7.1.7 Installation of Machinery/Equipment/Furniture**

Once the buildings are constructed and then will follow the installation of machinery/equipment/furniture and fittings will follow upon arrival at the project site.

### **7.1.8 Commercial leasing**

This will be done as and when the warehouses are completed.

## 8.0 INVESTMENT AND FINANCING

### 8.1 ASSUMPTIONS

- The project construction time is assumed to be three years.
- The economic life of the project is 10 years
- The currency exchange rate of Tshs. 2500/- to one US\$ has been adopted
- Re-investment in vehicles shall be done after every four years.

### 8.2 INVESTMENT STRUCTURE

The total initial investment in fixed assets is estimated at **US\$1,340,000**, and its breakdown of is as follows;

ITEM	US\$
<b>Fixed Asset</b>	
Land and Building	850,000
Machinery and Equipment	150,000
Vehicles	100,000
Furniture and Fittings	50,000
Pre-Operational Expenses	20,000
Others	70,000
Sub total	<b>1,240,000</b>
<b>Initial working capital</b>	<b>100,000</b>
<b>GRAND TOTAL</b>	<b>1,340,000</b>

#### 8.2.1 Civil Works

The ultimate building to house the project is estimated at a cost of US\$ 850,000

#### 8.2.2 Vehicles

These are estimated at US \$100,000

#### 8.2.3 Furniture & Fittings

These are estimated at US\$50,000

#### **8.2.4 Pre-operational**

These are estimated at US\$20,000

#### **8.3 FINANCING PATTERN**

The total initial investment of US\$ **1,340,000** shall be financed as follows.

<b>SOURCE</b>	<b>US \$</b>
<b>Fixed Assets</b>	
Equity	<b>1,340,000</b>
<b>Total Financing</b>	<b>1,340,000</b>

## **9.0 OPERATION COSTS**

### **9.1. ASSUMPTIONS**

The prices of inputs are assumed to remain constant over the ten years because, under rising inflation, the prices and services will rise, including those of outputs, hence having the profit margin unchanged.

### **9.2 OPERATION COST STRUCTURE**

The cost items to be handled by the landlord include general maintenance of the warehouses for rent, insurance of the building against fire, etc., salaries and wages, electricity and water, security, management fees, and other general administrative responsibilities.

#### **9.2.1 Repairs and Maintenance**

General repairs and maintenance costs for building and civil works vehicles and equipment are going to be undertaken by the landlord

#### **9.2.2 Energy and Water**

Electricity for general lighting/security will be used

#### **10.2.4 Salaries and Wages**

A total of **50** people will be employed to cater for the overall, construction, administrative, financial, security, and cleaning functions of the complex.

#### **9.2.3 Depreciation**

Depreciation rates have been calculated as follows:

Land, Building, and Civil Works	5% Straight line
Vehicle	25% Straight line
Pre-operational Expenses	20% Straight line
Equipment	12.5 % Straight line

## **10.0 FINANCIAL AND ECONOMIC ANALYSIS**

### **10.1. ASSUMPTION**

- The prices of inputs and outputs are assumed to remain constant over the life of the project, i.e., 10 years
- However, in case of changes in the costs of inputs, to maintain the desired profit margin, the prices of the outputs will be accordingly adjusted
- The assumed capacity utilization levels are at 70%, 80%,90 % and 100% for years 1-4 and onwards to year 10, respectively.
- The operation costs are assumed to be **70 %** of the total revenue.

### **10.2 INCOME**

The project's income at full capacity utilization is estimated to average at **US\$.0.554 per** Year as presented in the income statement.

### **10.3 PROJECTED CASH FLOWS**

The project has a positive net cash flow from the year of operation to the tenth year, when the long-term loan will have been paid in full.

### **10.4 FINANCIAL REVIEW**

The Financial review of the project demonstrates that: -

The project is profitable

The liquidity position of the project is sound, and it should be able to meet its financial obligations easily.

## **11.0.CONCLUSION AND RECOMMENDATIONS**

Analysis of the viability of the Chandaria Industries (T) Limited project aimed at constructing two warehouses is financially viable and commercially attractive. From a national point of view, the timely implementation of the project will lead to the following economic benefits: The project will contribute towards the establishment of high-class warehousing facilities in Dar es Salaam.

- Chandaria Industries (T) Limited will provide indirect and direct employment;
- The government will earn substantial revenue from the operation of the project in the form of various taxes

This study recommends the timely implementation of the project proposal.

## **ANNEXTURES AND APPENDICES**

# CHANDARIA INDUSTRIES (T) LIMITED.

## INVESTMENT COST

ITEM	US\$
<b>Fixed Asset</b>	
Land and Building	850,000
Machinery and Equipment	150,000
Vehicles	100,000
Furniture and Fittings	50,000
Pre-Operational Expenses	20,000
Others	70,000
Sub total	<b>1,240,000</b>
<b>Initial working capital</b>	<b>100,000</b>
<b>GRAND TOTAL</b>	<b>1,340,000</b>

## **CHANDARIA INDUSTRIES (T) LIMITED FINANCING PLAN**

SOURCE	US \$
<b>Fixed Assets</b>	<b>1,340,000</b>
Equity	
<b>Total Financing</b>	<b>1,340,000</b>

# CHANDARIA INDUSTRIES (T) LIMITED

## DEPRECIATION SCHEDULE

**US\$**

	<b>Value</b>	<b>Rat e%</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
Land and Civil Works	850,000	5	42,500	42,500	42,500	42,500	42,500	42,500	42,500	42,500	42,500	42,500
Machinery & equipment	150,000	12.5	18,750	18,750	18,750	18,750	18,750	18,750	18,750	18,750	-	-
Vehicles	100,000	25	25,000	25,000	25,000	25,000	-	-	-	-	-	-
Furniture & fittings	50,000	12.5	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	-	-
Pre operational Expenses	20,000	20	4,000	4,000	4,000	4,000	4,000	-	-	-	-	-
<b>Total</b>			<b>96,500</b>	<b>96,500</b>	<b>96,500</b>	<b>96,500</b>	<b>71,500</b>	<b>67,500</b>	<b>67,500</b>	<b>67,500</b>	<b>42,500</b>	<b>42,500</b>



## CHANDARIA INDUSTRIES (T) LIMITED

### PROJECTED INCOME AND EXPENDITURE STATEMENT

	1	2	3	4	5	6	7	8	9	10
Occupancy rate (%)	50	60	80	100						
Income	276,860	332,232	444,296	553,720	553,720	553,720	553,720	553,720	553,720	553,720
Less Operating Cost	124,587	232,562	311,007	387,604	387,604	387,604	387,604	387,604	387,604	387,604
<b>Profit before interest and depreciation</b>	<b>83,057</b>	<b>149,504</b>	<b>139,953</b>	<b>174,422</b>	<b>174,422</b>	<b>174,422</b>	<b>174,422</b>	<b>174,422</b>	<b>174,422</b>	<b>174,422</b>
Depreciation	96,500	96,500	96,500	96,500	71,500	67,500	67,500	67,500	42,500	42,500
<b>Sub-total</b>	<b>(13,443)</b>	<b>53,004</b>	<b>43,153</b>	<b>43,153</b>	<b>102,922</b>	<b>102,922</b>	<b>102,922</b>	<b>102,922</b>	<b>131,922</b>	<b>131,922</b>
Profit before tax	(13,443)	53,004	43,153	43,153	102,922	102,922	102,922	102,922	131,922	131,922
Tax (30%)	-	15,901	12,946	12,946	30,877	30,877	30,877	30,877	39,577	39,577
Profit after tax	109,943	37,103	30,207	30,207	72,045	72,045	72,045	72,045	92,345	92,342
<b>Accumulated Profit</b>	<b>109,943</b>	<b>147,046</b>	<b>177,253</b>	<b>207,460</b>	<b>279,505</b>	<b>351,550</b>	<b>423,595</b>	<b>495,640</b>	<b>587,985</b>	<b>680,327</b>

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**CHANDARIA INDUSTRIES (T) LIMITED**  
**CASHFLOWS PROJECTION**                      **US\$**

	0	1	2	3	4	5	6	7	8	9	10
<b>Sources</b>											
Profit before interest and depreciation		(13,443)	53,004	43,153	43,153	102,922	102,922	102,922	102,922	131,922	131,922
Equity	1,340,000	-	-	-	-	-	-	-	-	-	-
<b>Total sources</b>	<b>1,340,000</b>	<b>(13,443)</b>	<b>53,004</b>	<b>43,153</b>	<b>43,153</b>	<b>102,922</b>	<b>102,922</b>	<b>102,922</b>	<b>102,922</b>	<b>131,922</b>	<b>131,922</b>
<b>Applications</b>											
Capital expenditure	1,340,000	-	-	-	-	-	-	-	-	-	-
Tax		2,572	5,198	10,448	15,698	15,698	15,698	15,698	15,698	18,300	18,300
<b>Sub-Total</b>	<b>1,340,000</b>	<b>2,572</b>	<b>5,198</b>	<b>10,448</b>	<b>15,698</b>	<b>15,698</b>	<b>15,698</b>	<b>15,698</b>	<b>15,698</b>	<b>18,300</b>	<b>18,300</b>
<b>Total Applications</b>	<b>1,340,000</b>	<b>2,572</b>	<b>5,198</b>	<b>10,448</b>	<b>15,698</b>	<b>15,698</b>	<b>15,698</b>	<b>15,698</b>	<b>15,698</b>	<b>18,300</b>	<b>18,300</b>
<b>Net cash flows</b>		<b>41,178</b>	<b>47,302</b>	<b>59,552</b>	<b>71,802</b>	<b>71,802</b>	<b>71,802</b>	<b>71,802</b>	<b>71,802</b>	<b>69,200</b>	<b>69,200</b>