

CHANDARIA INDUSTRIES (T) LIMITED

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 intends to construct two warehouses facility in Dar es Salaam. The warehouses will be constructed with modern 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 **1200** square meters. The warehouses to be constructed will be equipped with up-to-date equipment and will 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;

FULL NAME	NATIONALITY	SHAREHOLDING%
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 20 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 **605,000**. The breakdown of which are as follows:

INVESTMENT STRUCTURE

ITEM	US\$
Fixed Asset	
Civil Works	530,000
Machinery and Equipment	--
Vehicles	20,000
Furniture and Fittings	15,000
Pre-Operational Expenses	10,000
Others	10,000
Sub total	585,000
Initial working capital	20,000
GRAND TOTAL	605,000

1.9 FINANCING PATTERN

The total initial investment of US \$ **605,000** will be financed from the funds generated within the group companies

SOURCE	US \$
Fixed Assets	
Equity	605,000
Total	605,000

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\$ 0.250 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 **20** 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 facility 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 also will be able to support other sectors such as in 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 various activities in Tanzania. The proposed warehouses will be built in an area that is estimated to be **1200 square meters**. The warehouse will comprise of 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. 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 fire detection and firefighting system with consist of automatic and manual detection devises, alarm and communication system whereas firefighting system will feature portable extinguishers, hose reels, wet and dry rises and 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 tanks 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 structures facilities and various warehousing equipment's.

FURNITURE AND FITTINGS

These will comprise of office furniture's etc. Such furbishing 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 construction of two modern warehouse 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. Warehouses 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 demand. Dar es salaam which remains the country's commercial and industrial town. Because of the growing business population, efforts are now directed towards construction of modern warehousing facilities to keep pace with the economic activities' expulsions.

5.2.2 The target market for M/S Chandaria Industries (T) Limited are transporters, clearing and forwarding companies, farmers and other various types of business. The proposed project faces the risk of low occupancy in the initial months; however, extensive marketing, sales promotion and direct contract will mitigate this with potential clients. It is therefore reasonable to conclude that M/S Chandaria Industries (T) Limited warehouses facilities 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 facility for leasing is affected by three main factors namely availability of surveyed plots, availability of masons and lack of a well development real warehouses industry in Tanzania. The Government controls the delivery system of urban plots and are delivered without development of infrastructure and utilities making newly surveyed plots 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 project to implement other than real warehouses 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 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 development of new modern warehouses units. The high cost of purchasing an old building, demolishing it and construction modern and 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 complimentary nature of the concept, it can be concluded that the overall proposal would not face any serious competition that would threaten its viability and that the facility would be highly sought by 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 **20** 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 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\$605,000**, **and** its breakdown of is as follows;

ITEM	US\$
Fixed Asset	
Civil Works	530,000
Machinery and Equipment	--
Vehicles	20,000
Furniture and Fittings	15,000
Pre-Operational Expenses	10,000
Others	10,000
Sub total	585,000
Initial working capital	20,000
GRAND TOTAL	605,000

8.2.1 Civil Works

The ultimate building to house the project is estimated at a cost of US\$ 530,000

8.2.2 Vehicles

These are estimated at US \$20,000

8.2.3 Furniture & Fittings

These are estimated at US\$ 15,000

8.2.4 Pre-operational

These are estimated at US\$10,000

8.3 FINANCING PATTERN

The total initial investment of US\$ **605,000** shall be financed as follows.

SOURCE	US \$
Fixed Assets	
Equity	605,000
Total Financing	605,000

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 **20** 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 **65%** of the total revenue.

10.2 INCOME

The project's income at full capacity utilization is estimated to average at **US\$.0.250 M** 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 obligation 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:

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- The project will contribute towards the establishment of high-class warehousing facilities in Dar es Salaam;
- Chandaria Industries (T) Limited will provide indirect 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\$
Fixed Asset	
Civil Works	530,000
Machinery and Equipment	--
Vehicles	20,000
Furniture and Fittings	15,000
Pre-Operational Expenses	10,000
Others	10,000
Sub total	585,000
Initial working capital	20,000
GRAND TOTAL	605,000

CHANDARIA INDUSTRIES (T) LIMITED

FINANCING PLAN

SOURCE	US \$
Fixed Assets Equity	605,000
Total Financing	605,000

CHANDARIA INDUSTRIES (T) LIMITED

DEPRECIATION SCHEDULE US\$

	Value	Rate %	1	2	3	4	5	6	7	8	9	10
Land and Civil Works	530,000	5	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500
Vehicles	20,000	25	5,000	5,000	5,000	5,000	-	-	-	-	-	-
Furniture & fittings	15,000	12.5	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875	-	-
Pre operational Expenses	10,000	20	2000	2000	2000	2000	-	-	-	-	-	-
Total			35,175	35,175	35,175	35,175	28,375	28,375	28,375	28,375	26,500	26,500

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	125,000	150,000	200,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Less Operating Cost	81,250	97,500	130,000	162,500	162,500	162,500	162,500	162,500	162,500	162,500
Profit before interest and depreciation	43,750	52,500	70,000	87,500	87,500	87,500	87,500	87,500	87,500	87,500
Depreciation	35,175	35,175	35,175	35,175	28,375	28,375	28,375	28,375	26,500	26,500
Sub-total	35,175	35,175	35,175	35,175	28,375	28,375	28,375	28,375	26,500	26,500
Profit before tax	8,575	17,325	34,825	52,325	52,325	52,325	52,325	52,325	61,000	61,000
Tax (30%)	2,572	5,198	10,448	15,698	15,698	15,698	15,698	15,698	18,300	18,300
Profit after tax	6,003	12,127	24,377	36,627	36,627	36,627	36,627	36,627	42,700	42,700
Accumulated Profit	6003	18,130	42,507	79,134	115,761	152,388	189,015	225,642	231,715	274,415

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

	0	1	2	3	4	5	6	7	8	9	10
Sources											
Profit before interest and depreciation		43,750	52,500	70,000	87,500	87,500	87,500	87,500	87,500	87,500	87,500
Equity	605,000	-	-	-	-	-	-	-	-	-	-
Total sources	605,000	43,750	52,500	70,000	87,500	87,500	87,500	87,500	87,500	87,500	87,500
Applications											
Capital expenditure	605,000	-	-	-	-	-	-	-	-	-	-
Tax		2,572	5,198	10,448	15,698	15,698	15,698	15,698	15,698	18,300	18,300
Sub-Total	605,000	2,572	5,198	10,448	15,698	15,698	15,698	15,698	15,698	18,300	18,300
Total Applications	605,000	2,572	5,198	10,448	15,698	15,698	15,698	15,698	15,698	18,300	18,300
Net cash flows		41,178	47,302	59,552	71,802	71,802	71,802	71,802	71,802	69,200	69,200