

BUSINESS PLAN

Investment in Dry Port (ICD), Container Freight Station (CFS), Vehicle Inland Depot (VID) & Empty Container Depot (ECD)

1. Executive Summary (TIC Requirement)

Extra Mileage Cargo Company Limited proposes to invest in the establishment of an **integrated inland logistics hub** comprising a **Dry Port (ICD), Container Freight Station (CFS), Vehicle Inland Depot (VID), and Empty Container Depot (ECD)** at **Chamakweza Village, Chalinze District, Pwani Region – Tanzania**.

The project is aligned with Tanzania's national objectives of **decongesting Dar es Salaam Port**, strengthening **Kwala Government Dry Port**, maximizing utilization of the **Standard Gauge Railway (SGR)**, and positioning Tanzania as a **regional trade and transit gateway** for landlocked countries including **DRC, Zambia, Rwanda, Burundi, and Zimbabwe**.

The initial investment capital is **USD 2,000,000**, with planned phased expansion.

The project will generate **300 direct jobs, 1,000 indirect jobs**, and employ **5 foreign technical specialists** with a structured skills-transfer program, in line with **Tanzania Investment Centre (TIC)** investment and local content priorities.

2. Company Profile

2.1 Company Details

- **Company Name:** Extra Mileage Cargo Company Limited
- **Incorporation Date:** 11 October 2018
- **TIN:** 137868105
- **Registration:** BRELA (United Republic of Tanzania)

2.2 Ownership Structure

The company is **100% Tanzanian-owned**, with shareholders:

- **Mr. Alawi Abdallah Rwegoshora**
- **Mr. Sama Alex Maletto**

2.3 International Presence

To support sourcing, partnerships, and technology transfer, the company has overseas registrations in:

- **Guangzhou, Sanyuanli, Guangdong Province – China**
- **Tokyo, Kanagawa – Japan**

These overseas entities support procurement of capital goods, logistics coordination, and collaboration with potential electronics and vehicle assembly investors.

3. Description of the Investment Project

3.1 Project Location

- **Land Size:** Approximately 50 acres (company-owned)
- **Location:** Chamakweza Village, Chalinze District, Pwani Region
- **Distance from Dar es Salaam:** ~80 km
- **Distance from Kwana Government Dry Port:** ~12 km

3.2 Components of the Logistics Hub

1. **Dry Port (ICD):** Inland customs clearance, bonded storage, container handling
2. **Container Freight Station (CFS):** Consolidation, deconsolidation, storage, inspection
3. **Vehicle Inland Depot (VID):** Storage, clearance, inspection of imported/exported vehicles
4. **Empty Container Depot (ECD):** Storage, repositioning, cleaning, and minor repairs of empty containers

4. Strategic Justification for Investment at Chalinze District

The Chalinze location offers strong strategic advantages that meet TIC's

investment evaluation criteria:

- Proximity to **Kwala Government Dry Port**, enabling parallel operations and overflow support
 - Close access to the **Standard Gauge Railway (SGR)** for efficient container movement
 - Location along **Morogoro Road**, the main transit corridor for cargo to Central and Southern Africa
 - Ideal point for aggregation of **agricultural produce and minerals** from upcountry regions
 - Safe distance from residential areas, suitable for heavy logistics and future assembly factories
 - Near the planned **Bagamoyo Port**, offering long-term growth and expansion opportunities
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5. Capital Investment and Equipment Plan

The initial capital investment of **USD 2,000,000** will be deployed in phases. Major capital goods to be sourced primarily from **China and Japan** include:

5.1 Security and Fencing Infrastructure

- 500 tons of fence wire
- 200 tons of razor barbed wire
- 300 tons of welded wire mesh
- 300 tons of barbed wire
- 250 tons of hot-dip galvanized pipes (fencing poles)

5.2 Transport and Handling Equipment

- 150 container trucks (horse heads and trailers)
- 100 dump trucks
- 20 office vehicles
- 10 forklifts for terminal operations
- 2 excavators and bulldozers for site development

5.3 ICT, Safety, and Office Equipment

- CCTV cameras and access control systems
- Computers and networking equipment
- Office furniture and fittings

5.4 Construction and Yard Development

- Roofing sheets, nails, and fittings
- Warehouses, paved yards, drainage systems

- Weighbridge, gate automation, and yard lighting
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6. Employment and Local Content Plan (TIC Focus)

6.1 Employment Projections

- **Direct Employment:** 300 Tanzanians
- **Indirect Employment:** Approximately 1,000 people
- **Foreign Employment:** 5 technical and managerial specialists

6.2 Direct Employment Breakdown (300)

- Management & Administration – 20
- Operations & Terminal Staff – 130
- Drivers & Fleet Operations – 70
- Security & Access Control – 40
- Maintenance & Workshops – 20
- Sales, Customer Service & Documentation – 20

6.3 Indirect Employment (1,000)

- Transport subcontractors
- Casual labor and loaders
- Local suppliers and service providers

- Construction workers and artisans
- Catering, security, and maintenance contractors

6.4 Foreign Specialists (5)

Foreign experts will be engaged in specialized roles such as terminal commissioning, equipment setup, and technical training. A **skills-transfer and localization plan** will ensure that Tanzanians progressively assume these roles within 24–36 months.

6.5 Local Content Commitment

- Minimum **60% local procurement** in Year 1
 - Increase to **80% local procurement** by Year 3
 - Structured training, apprenticeships, and internships for Tanzanian youth
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7. Market Analysis

The demand for inland logistics services in Tanzania is driven by:

- Increasing container volumes at Dar es Salaam Port
- Government policy to decongest ports through dry ports
- Growth in regional transit trade
- Rising imports of vehicles and machinery

Target customers include shipping lines, freight forwarders, vehicle importers, exporters, clearing agents, and regional transit traders.

8. Revenue Streams

The project will generate revenue from:

1. ICD container handling and storage charges
 2. CFS consolidation and deconsolidation fees
 3. Vehicle storage and handling fees (VID)
 4. Empty container storage and repositioning fees
 5. Inland transportation and trucking services
 6. Equipment rental and value-added logistics services
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9. Financial Projections and Profit Calculation (Year 1 – Conservative)

9.1 Key Assumptions

- Average throughput: **1,200 TEU per month** (14,400 TEU per year)
- Average net ICD/CFS revenue: **USD 130 per TEU**
- Vehicle handling: **300 vehicles per month** at USD 50 per vehicle
- Empty container and other services: USD 250,000 per year

9.2 Projected Annual Revenue

- Container services: $14,400 \times 130 = \text{USD } 1,872,000$
- Vehicle depot services: $3,600 \times 50 = \text{USD } 180,000$
- Empty container & other services: **USD 250,000**

Total Annual Revenue: USD 2,302,000

9.3 Projected Annual Costs

- Staff costs (300 employees): **USD 900,000**
- Fuel, maintenance, utilities, security, ICT: **USD 200,000**
- Depreciation: **USD 350,000**
- Financing & interest: **USD 120,000**
- Taxes and reserves: **USD 180,000**

Total Annual Costs: USD 1,750,000

9.4 Projected Profit

- **Net Profit (Year 1):** $\text{USD } 2,302,000 - 1,750,000 = \text{USD } 552,000$
- **Net Profit Margin:** ~24%

With increased utilization of SGR, Kwala Dry Port, and future Bagamoyo Port, profitability is expected to exceed **USD 1 million annually** within 3–5 years.

9.5 Financial Projections (6 Years)

9.5.1 Key Growth Assumptions (Conservative & TIC-Aligned)

- ✓ TEU throughput growth driven by:
 - Increased SGR uptake

- Dar es Salaam Port decongestion policy
- Growth in regional transit cargo
- ✓ Average annual growth rates:
 - Container volumes: **15% per year**
 - Vehicle handling volumes: **10% per year**
 - Empty container & value-added services: **10% per year**
 - Operating costs: **8% per year** (efficiency gains offset inflation)
 - ✓ No major tariff increases assumed (pricing remains stable)

9.5.2 Throughput Growth Forecast

Year	TEU Volume	Vehicles Handled
Year 1	14,400	3,600
Year 2	16,560	3,960
Year 3	19,044	4,356
Year 4	21,901	4,792
Year 5	25,186	5,271
Year 6	28,964	5,798

9.5.3 Revenue Projections (USD)

A. Annual Revenue by Stream

Year	Container Services	Vehicle Depot	ECD & Other Services	Total Revenue
Year 1	1,872,000	180,000	250,000	2,302,000
Year 2	2,152,800	198,000	275,000	2,625,800
Year 3	2,475,720	217,800	302,500	2,996,020
Year 4	2,847,130	239,600	332,750	3,419,480
Year 5	3,274,200	263,550	366,025	3,903,775
Year 6	3,765,320	289,900	402,628	4,457,848

9.5.4 Operating Cost Projections (USD)

Year	Operating Costs
Year 1	1,750,000
Year 2	1,890,000
Year 3	2,041,200
Year 4	2,204,500
Year 5	2,380,900
Year 6	2,571,400

(Includes staff, fuel, maintenance, security, ICT, insurance, depreciation, finance & taxes)

9.5.5 Net Profit Projections (USD)

Year	Total Revenue	Total Costs	Net Profit	Net Margin
Year 1	2,302,000	1,750,000	552,000	24%
Year 2	2,625,800	1,890,000	735,800	28%
Year 3	2,996,020	2,041,200	954,820	32%
Year 4	3,419,480	2,204,500	1,214,980	36%
Year 5	3,903,775	2,380,900	1,522,875	39%
Year 6	4,457,848	2,571,400	1,886,448	42%

9.5.6 Cumulative Profit & Investment Payback

Year	Annual Profit	Cumulative Profit
Year 1	552,000	552,000
Year 2	735,800	1,287,800
Year 3	954,820	2,242,620
Year 4	1,214,980	3,457,600
Year 5	1,522,875	4,980,475
Year 6	1,886,448	6,866,923

- **Payback Period:**

Between Year 2 and Year 3

Initial USD 2 million investment fully recovered within **30–34 months**

9.5.7 Financial Strength Summary (For TIC Evaluation)

- Strong cash flow from Year 1
- High employment-to-investment ratio
- Early payback period (low investment risk)
- Profitability exceeds USD 1 million from Year 4 onward
- Scalable model aligned with SGR, Kwala Dry Port & Bagamoyo Port

10. Regulatory and Compliance Framework

The project will comply with all relevant Tanzanian laws and regulations:

- **Tanzania Investment Centre (TIC):** Project registration and Certificate of Incentives
 - **TASAC:** Dry Port / ICD / ECD licensing
 - **TRA:** Customs bonded operations and tax compliance
 - **NEMC:** Environmental Impact Assessment (EIA)
 - **Local Government Authorities:** Construction and operational permits
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11. Conclusion

The proposed investment by **Extra Mileage Cargo Company Limited** represents a strategic, financially viable, and nationally aligned logistics infrastructure project.

It will support port decongestion, enhance regional trade, promote industrial development, and create substantial employment opportunities for Tanzanians.

The project meets **TIC investment criteria** through significant capital investment, job creation, technology transfer, and local content development, positioning it as a strong candidate for TIC registration and investment incentives.