

TABLE OF CONTENTS

1.0	INTRODUCTION.....	2
2.0	THE GROUP PROFILE	2
3.0	TANZANIA’S FACT FILE	3
3.1	Population	3
3.2	GDP	4
3.3	Inflation	4
3.4	Foreign Exchange.....	5
4.0	TANZANIA AS A DEVELOPING ECONOMY	6
5.0	PETROLEUM DEMAND AND SUPPLY	7
5.1	Demand & Supply	7
5.2	Current Player with Market Share	9
5.2.1	Market Share in Local (Tanzanian) Supplies	9
6.0	THE BUSINESS EXPANSION.....	10
6.1	Kurashini Depot.....	10
6.2	Financial Outlay	11
6.3	Commercial Operation	11
6.4	Organization Chart SOPCO	12
7.0	SWOT ANALYSIS.....	13
7.1	Strengths	13
7.2	Weakness	13
7.3	Opportunities	13
7.4	Threats	14
8.0	FINANCIAL ASSUMPTIONS.....	14
8.1	Sales QTY.....	14
8.2	Margin	15
8.3	Cost of Sales	15
8.4	Hospitality Expenses).....	16
8.5	Indirect Expenses.....	16
8.6	Finance Cost	17
8.7	Provision for Taxation	18
8.8	Share Capital/Promotor’s Contribution	18
8.9	Fixed Assets & Depreciation.....	18
8.10	Receivables.....	19
8.11	Payables	19
9.0	FINANCIAL RESULTS	19
9.1	Sales Turnover	19
9.2	Cost of Sales	19
9.3	Int. On Working Capital Facilities	20
9.4	Gross Profit.....	20
9.5	EBDITA	21
9.6	Current Assets & Current Liabilities	21
9.7	Trade Loans	21
9.8	Payback Period & IRR	22
9.9	Ratio Analysis.....	22
10.0	CONCLUSION	24
	PROJECTED FINANCIAL STATEMENTS.....	

1.0 INTRODUCTION

This project report has been prepared by M/s Super Oil Petroleum Company Limited (SOPCO) a company incorporated in Tanzania, under Super Group, whereby the SOPCO will be dealing in petroleum products whole sale, transit sale and retail, two currently running petrol stations will be transferred in the new venture, those petrol stations, both are in Dar es Salaam, located at Morogoro Road near Mwembechai and another in Masaki. SOPCO intends to enter into bulk and transit business, which would be operated from Tanzania, Dar es Salaam a depot which is acquired by a sister concern Super Star Forwarder Company Limited (SSFL) from Total Tanzania Limited located in Kurashini, whereby SOPCO will have a hospitality agreement and become full-fledged OMC.

Considering the competitive advantage and synergy with its existing business and business of fuel transportation and logistics of group company SSFL which has acquired a running Oil Depot from Total Tanzania Limited having approximate storage capacity of 29,000,000 liters of various fuel, made in state of art facility, we feel SOPCO has great USP to offer to the market.

Super Group also has interests' in different segment of business such as Selling & Distribution of Petroleum Product, Fuel Transportation and Logistics, Trailer manufacturing, Sugar Estates, Automobiles/Construction Equipment Trading Pipe manufacturing to name a few.

2.0 THE GROUP PROFILE

The Super Group is a private owned regional conglomerate with diversified business interests in Fuel Trading, Logistics, Fuel and other Transportation, manufacturing, automotive and related sectors and agriculture. The Group is wholly owned by Seif brothers. There is no non-family shareholding in the Group. The business was initially established in Tanzania over 30 years.

The key players of the members of family are highly experienced entrepreneurs and industrialists with vast commercial and industrial expertise. The family proactively manages the Group businesses as owners cum management. The predominant Group business activity is in Africa. The flagship presence is in Tanzania and Uganda, Zambia and the Democratic Republic of Congo (DRC).

The Group employs over 10,000 people across its various businesses.

Key Group companies include, **Superdoll Trailer Manufacture**, one of Tanzania's largest manufacturers of flatbed trailers. Superdoll fabricates and manufactures trailers under licence from **Doll** of Germany. In addition to trailers, the company is also the sole distributor of Michelin tires in Tanzania and represents important OEM names such as Hella, Bandag, BF Goodrich etc.

Another flagship company is **Superstar Forwarders**, one of Tanzania's leading logistics/transportation companies with a fleet of nearly 300 trucks. Super Star Forwarders is the exclusive logistics provider to the multinational **Total**

International covering an important and significant segment of its East and Central African fuel distribution network. This company intends to acquire the depot of Total Tanzania for better synergy with existing customer's business with whom the company is associated for over 20 years.

Other group companies include **Mtibwa Sugar Company**, the first sugar company in Tanzania to be privatised in 1999 and **Kagera Sugar Limited**. Kagera was also part of the Government's privatization program. The Group is the country's 2nd largest sugar producer. **Sucrierie du Kivu (DRC)** was also acquired under Government privatisation programme of DRC in 2013.

3.0 TANZANIA'S FACT FILE

Tanzania is one of the fastest growing countries in Africa in terms of economic development. Population of Tanzania as per latest census/estimate of Tanzania National Bureau of Statistics (NBS) 2015 is 49.36Million with an average growth rate of approximately 3.18% per annum since 2012.

Since its independence in 1961, Tanzania has grown and established itself as East Africa's one of largest economy driven by a comparatively skilled workforce, regional level port and a liberalized trade environment.

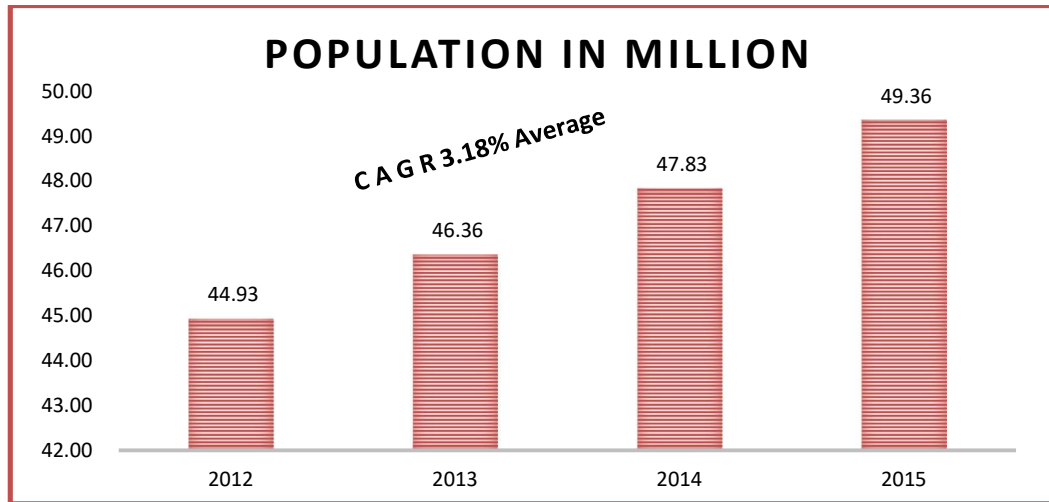
Following the weak economic performance since independence and fight with Uganda between mod 1980 to 85, country has liberalized it's the economy. With support of World Bank and International Monetary Fund (IMF) Tanzanian economy came on fast track and private sector have played a vital role in it growth story.

Private sector is main participants in key industries such as telecommunications, financial services and energy, mining, agriculture and tourism. Liberalization of economy have driven the growth of Tanzania's middle class and attracted Foreign Direct Investment into the country.

Past data of Tanzania growth would be demonstrated from below statics and graphical representation, and government has shown its intention to maintain the growth path to 2030 and beyond.

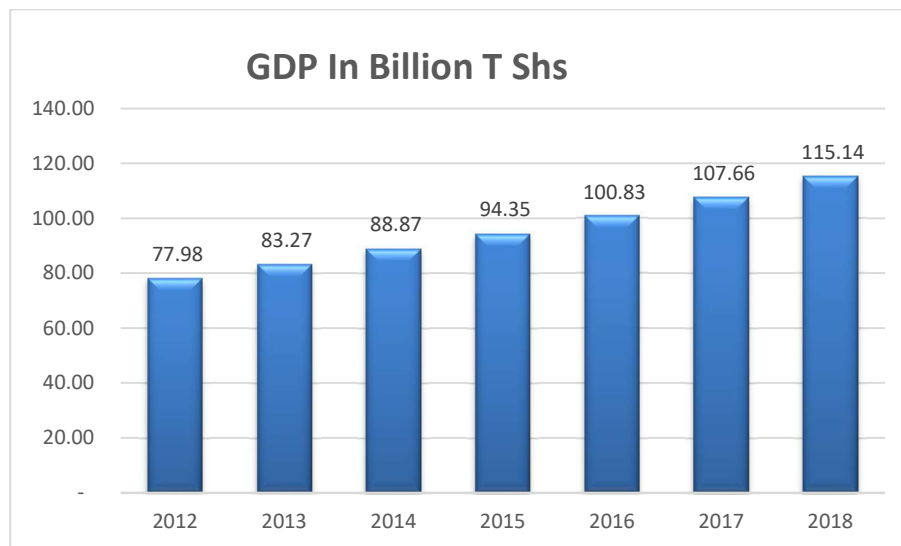
3.1 Population

Based on NBS data source, the Tanzania population is steadily growing @ 3.18% approximately. Tanzania has improved its medical facility. Below graph represents the pollution growth of Tanzania:



3.2 GDP

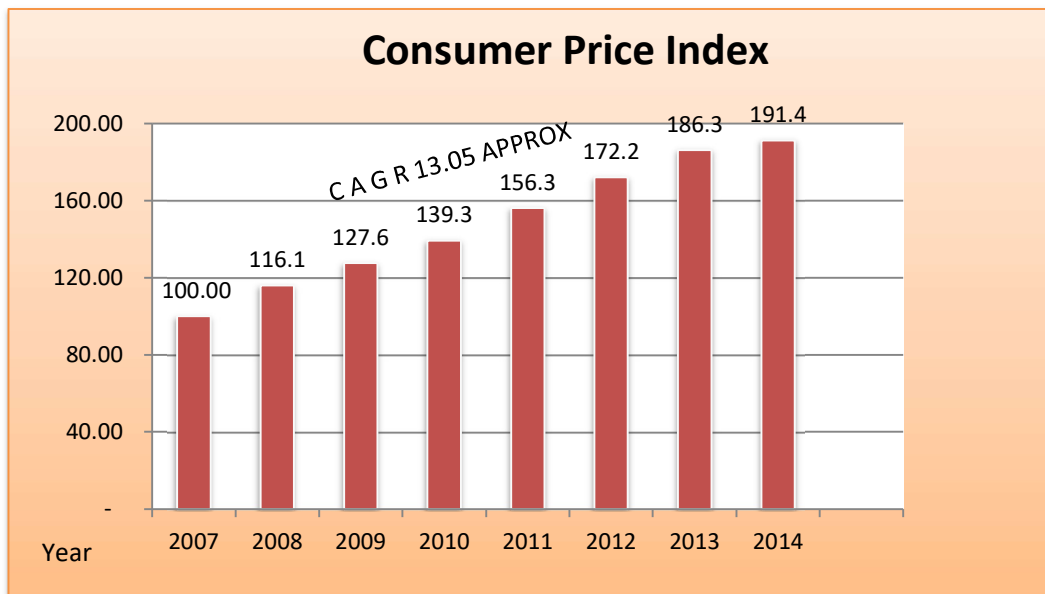
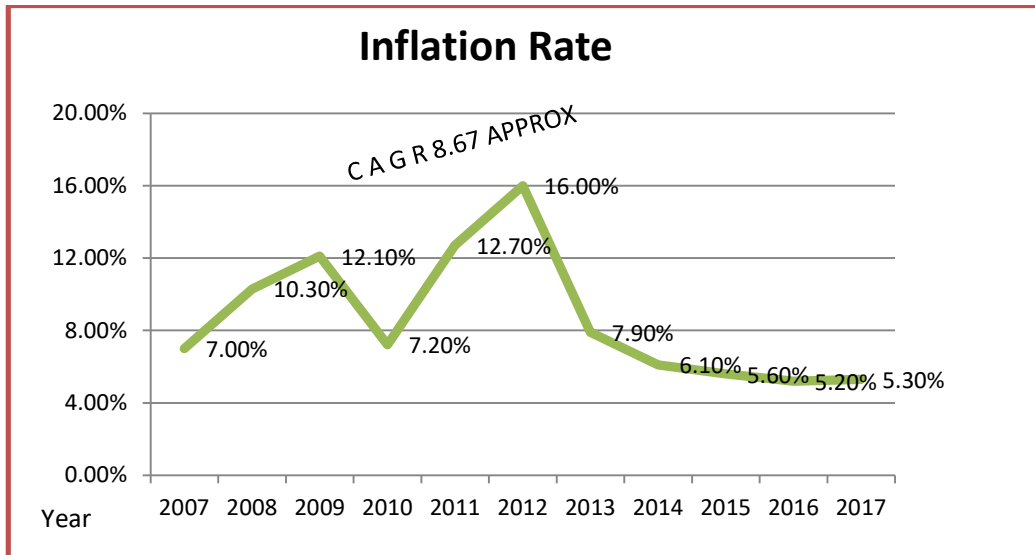
- ✓ Tanzania GDP Stands at T Shs 115.14 Trillion for the year 2018 whereby GDP has grown at an average rate of 7% in last 10 years (TNBS data source).



3.3 Inflation

- ✓ Rate of Inflation in the year 2017 was pegged at 5.3 % and an average 8.67% in last 11 years which is in detailed represented by below two graphs.

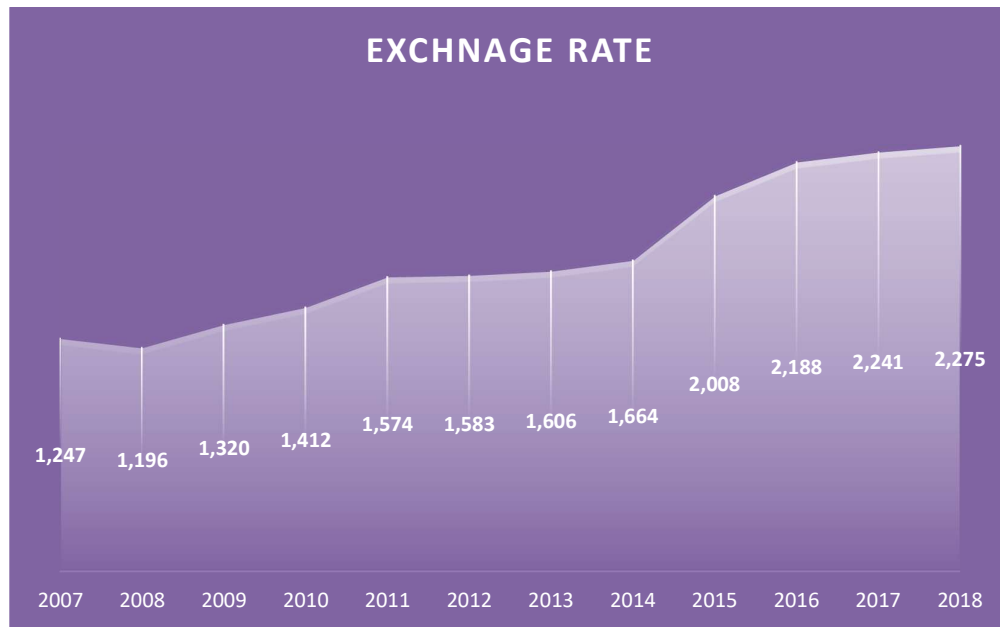
Government of TANZANIA has targeted Inflation for vision 2030 pegged at 5%. Considering the past trends are seems achievable (NBS data source).



3.4 Foreign Exchange

- ✓ The Tanzanian shilling has been weakening against United States Dollar continuously, with few exceptions like in the year 2008.

However, compare to other neighboring countries, Ugandan Shilling it is much stable. Below graphical representation will show the trend (Source: Bank of Tanzania).



Vital sectors contributing to the country's GDP are Agriculture, Mining, Tourism Hotels & Trade, Construction, Financial & Business Services etc.

Tanzania has 40 Commercial Banks, 3 Development Financial Institutions 11 Community Banks, 5 Micro Finance Banks, 1 Finance leasing company and two credit reference bureau, still leaving a lot of potential for growth and development.

Tanzania as a country is a member of South African Development Community & East African Community which gives Tanzania an advantage of participation in regional customs union made up of Tanzania, Uganda, Rwanda, Burundi, South Sudan, Angola, Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe.

With these facts and figures, Tanzania is one of the preferred destinations for investment compared to other African countries.

4.0 TANZANIA AS A DEVELOPING ECONOMY

With the liberalization route followed by Tanzania's government, the economy has witnessed increase in GDP growth rate and per capita income. In the past 35 – 38 years, foreign investors have invested heavily in preferred sectors like mining, Energy Sector, IT, Telecommunication, Agriculture Sector, Natural Gas, Tourism etc.

Some of the prerequisites for development of any economy are:

✓ **Constant power supply**

Tanzania has all source of Electric Generation, Energy Supply right from Hydro Power, Biomass, Natural gas, Solar & Wind Energy, Geothermal

(under implementation) etc. Current power situation in Tanzania is better than that in the neighboring countries in the East African region.

✓ **Developed communication facilities**

Telecommunications infrastructure in Tanzania has improved in the past 15 to 20 years. With the increase in cellular service providers from three to seven currently with adequate potential for more operators, several modern communication services have been introduced in the recent past. A recent survey in the communication sector has identified Tanzania as one of the leading countries with the highest number of per capita mobile subscribers.

✓ **Developed infrastructure**

Tanzania has enjoyed uninterrupted development since liberalization in 1985 and is a strong local market.

During last over twenty years, Tanzania has witnessed an upward trend in the construction sector and infrastructure development. The real estate market has witnessed appreciation in terms of market prices. Road network in Tanzania has improved drastically compared to the past and the development trend continues. It has advanced state of art port facilities, Road and Rail Network together with Aviation Transportation Network in development mode.

5.0 **PETROLEUM DEMAND AND SUPPLY**

5.1 **Demand & Supply**

We intend to deal in mainly following petroleum products such as: for Transit Supply AGO, PMS, Jet A, HFO and for Institutional whole sale AGO, PMS, Jet A, HFO, Kerosene and Lubes. Therefore, for our Business Plan we have limited our analysis for those products only.

Total demand of the fuel is met by the importation, using Bulk Procumbent System. Complete demand of the current petroleum product is depending on Import.

The Imports of four major products in which we intend to deal has been growing and average of @ 9% in last 6 years between 2012 to 2017, whereby Transit Imports grew by 19% and Domestic imports grew by 4% within the same period as per EWURA Reports.

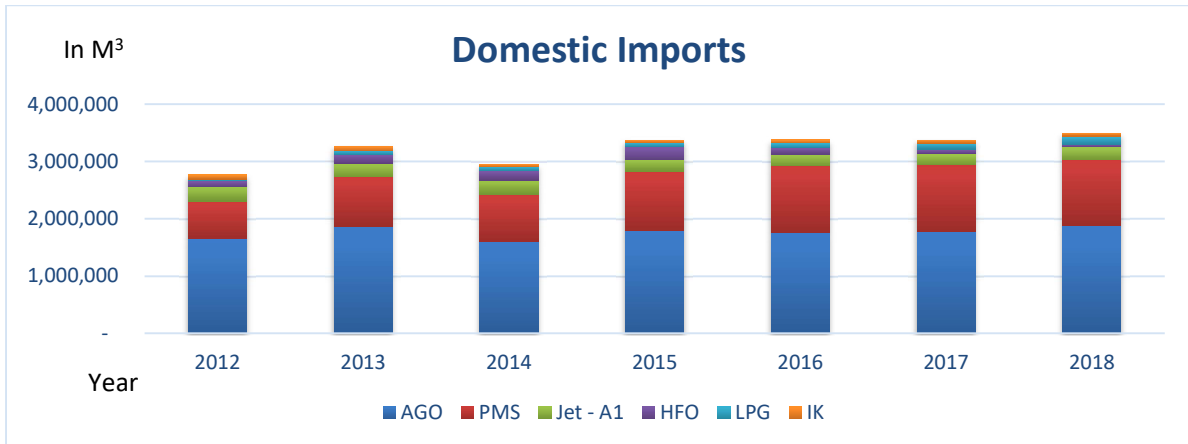
Domestic Imports

The imports for above mentioned six products has grown from 2,768,388,000 liters in the year 2012 to 3,490,600,000 liters by the year 2018. We submit the graphical representation of product wise year wise growth in volume here below.

Domestic Imports

(in M3/MT)

Particulars	2012	2013	2014	2015	2016	2017	2018
AGO	1,650,395	1,864,919	1,600,499	1,789,795	1,756,588	1,777,994	1,877,394
PMS	658,094	871,555	833,167	1,039,515	1,171,947	1,162,895	1,156,093
Jet - A1	255,531	233,992	240,011	205,734	202,799	195,739	224,264
HFO	103,239	155,222	170,517	223,890	104,300	75,163	42,791
LPG	26,475	64,333	65,611	70,063	90,296	107,263	142,940
IK	74,653	72,884	47,765	45,718	53,086	51,129	47,119
Total	2,768,388	3,262,906	2,957,571	3,374,717	3,379,016	3,370,182	3,490,600



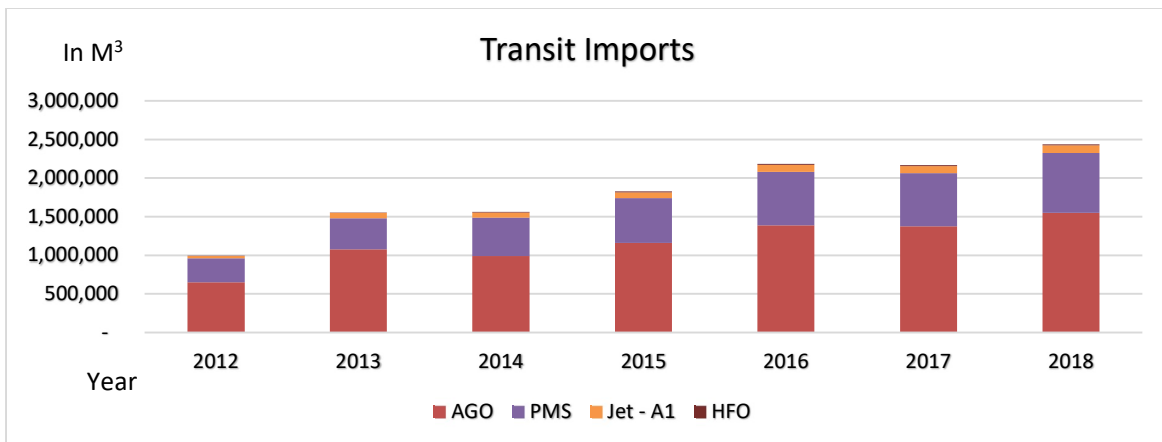
Transit Imports

The imports for above mentioned four products has grown from 994,425,000 liters in the year 2012 to 2,440,025,000 liters by the year 2018. We submit the graphical representation of product wise year wise growth in volume here below.

Transit Imports

(in M3/MT)

Particulars	2012	2013	2014	2015	2016	2017	2018
AGO	646,995	1,077,478	992,710	1,159,714	1,388,220	1,377,446	1,550,141
PMS	314,057	401,345	495,798	579,206	693,331	687,950	774,200
Jet - A1	32,034	72,084	66,110	77,231	92,449	91,731	103,232
HFO	1,339	1,534	7,975	9,316	11,152	11,065	12,453
Total	994,425	1,552,441	1,562,592	1,825,468	2,185,151	2,168,193	2,440,025



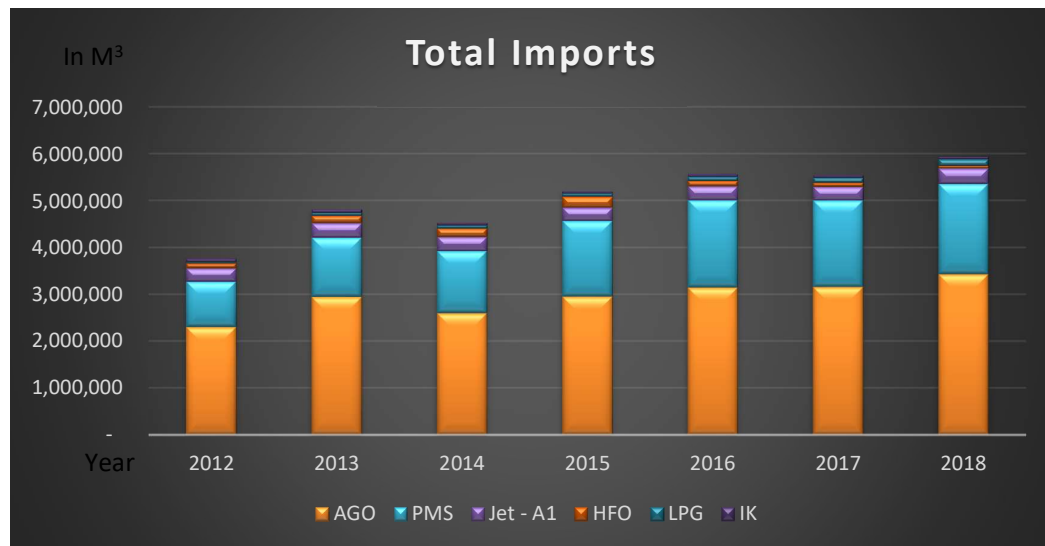
Total Imports

The imports for above mentioned four products has grown from 3,762,813,000 liters in the year 2012 to 5,538,375 liters by the year 2017. We submit the graphical representation of product wise year wise growth in volume here below.

Total Imports

(in M3/MT)

Particulars	2012	2013	2014	2015	2016	2017	2018
AGO	2,297,390	2,942,398	2,593,209	2,949,510	3,144,808	3,155,440	3,427,534
PMS	972,151	1,272,900	1,328,965	1,618,722	1,865,278	1,850,845	1,930,293
Jet - A1	287,565	306,076	306,121	282,966	295,247	287,470	327,495
HFO	104,578	156,756	178,492	233,206	115,452	86,228	55,243
LPG	26,475	64,333	65,611	70,063	90,296	107,263	142,940
IK	74,653	72,884	47,765	45,718	53,086	51,129	47,119
Total	3,762,813	4,815,347	4,520,163	5,200,185	5,564,167	5,538,375	5,930,625



Source: EWURA Reports.

5.2 Current Player with Market Share

Based on the latest Market Share and storage data available from EWURA Reports 2018 are as under:

5.2.1 Market Share in Local (Tanzanian) Supplies

Current Market share of Oil Marketing Company (OMC) for the period January to December 2017 (As per EWURA reports) are given below:

OMC Name	AGO	PMS	IK	HFO	JET A1	IDO	Total	Market Share
PUMA	245,702,772	89,374,374	991,200	3,046,000	167,924,023	-	507,038,369	15.10%
ORYX	303,227,009	142,003,834	10,361,945	13,249,804	-	520,939	469,363,531	14.00%
GBP	254,463,929	185,213,396	6,644,315	5,023,500	-	-	451,345,140	13.50%
TOTAL	160,643,995	90,203,134	7,750,420	15,937,000	26,531,464	50,000	301,116,013	9.00%
MOIL	114,745,497	95,289,960	-	-	-	-	210,035,457	6.30%
CAMEL OIL	101,767,927	75,770,518	-	5,534,207	-	-	183,072,652	5.50%
OILCOM	70,406,580	66,135,621	13,988,874	-	23,168,649	-	173,699,724	5.20%
GAPCO	60,788,621	68,298,210	2,427,050	-	6,253,347	-	137,767,228	4.10%
ACER	65,630,216	54,300,736	-	-	-	-	119,930,952	3.60%
STAR OIL	65,499,299	49,956,391	-	-	-	-	115,455,690	3.40%
MT.MERU	60,457,795	45,768,337	1,933,081	-	-	-	108,159,213	3.20%
LAKEOIL	61,799,000	45,604,571	-	-	-	-	107,403,571	3.20%
MOGAS	34,419,437	31,636,468	188,938	-	-	-	66,244,843	2.00%
ENGEN	39,092,843	18,588,918	248,000	-	-	-	57,929,760	1.70%
BARREL PETRO ENERGY	29,727,572	17,844,195	-	-	-	-	47,571,767	1.40%
PETROFUEL	44,300,860	-	-	-	-	-	44,300,860	1.30%
HASS	27,182,463	11,620,987	-	-	-	-	38,803,450	1.20%
AFROIL INVESTMENT	26,898,220	12,935,445	-	-	-	-	39,833,665	1.20%
APEL	18,784,500	14,439,500	-	-	-	-	33,224,000	1.00%
DALBIT	16,627,976	14,724,562	2,413,967	-	-	-	33,766,505	1.00%
OLYMPIC	18,684,400	15,940,000	-	-	-	-	34,624,400	1.00%
PETROAFRICA	23,601,000	1,657,000	-	-	-	-	25,258,000	0.80%
NATOIL	2,706,659	3,281,163	171,197	-	-	-	6,159,019	0.20%
PRIME REGIONAL	2,468,651	187,290	-	-	386,134	-	3,042,075	0.10%
OTHERS	27,195,571	5,318,672	-	-	-	-	32,514,243	1.00%
TOTAL	1,876,822,793	1,156,093,281	47,118,987	42,790,511	224,263,617	570,939	3,347,660,127	100.00%

6.0 THE BUSINESS EXPANSION

As mentioned in first Para, SOPCO, Tanzania (hereinafter referred to as the Company), is one of Group company of Super Group, which in expanding its operation.

Considering the existing expertise of dealing the company intends to expand the business of Oil supply mainly to add Transit Sale and Institutional Sales.

6.1 Kurashini Depot

We intend to use our Kurashini Depot for hospitality (storing the product) arrangements. The depot is situate in the City of Dar es Salaam in the Kurashini Area 32,000 Sq Meters approximately,

It contains the following:

- 3 Buildings such as Lube warehouse (726 Sq Mtrs), Office Block (672 Sq Mtrs) and Operation Office (224 Sq meters) along with various amenities, together with Guard house, Generator Room and power house etc.
- PMS Tank 5,834,000, we will convert tank 11 (currently used for storing AGO) and tank 12 (currently used for storing JetA-1) suitable for PMS.
- AGO Tank 15,210,000, we will convert tank 4 (currently used for HFO 180 suitable for AGO).
- IK Tank 794,000 tank 7 of HFO 125 will be converted suitable for storing kerosene oil (IK)

- Receiving pipeline from the vessel (KOJ & SBM) and pipeline with four dedicated pipelined for (AGO,PMS,HFO, and JetA1.) installed with hammer build. Pipe lines ate JV with Oryx.
- Total 11 numbers of Loading and Transfer Pumps (AGO – 2, PMS – 2, HFO – 4, Jet A1 – 1, AGO+ transfer -1 and IDO – 1).
- 4 Loading Gantries, having 7 loading bays (for 7 trucks at a time) having 9 loading arms, protected with falling protection.
- Complete firefighting systems with total water storage capacity of over 850,000 liters of water and two foam tanks having capacity of 7,000 liters.
- The Fuel tanks are protected by concrete wall for any direct seepage, entire facility is connected with oil water drainage system which is duly connected to separator to protect environment and avoid any direct discharge of spillage to the environment.
- All tanks are connected an online system to monitor the storage and pilferage.
- All gantries are also connected with online system of monitoring loading.
- CCTV camera is installed within the premises and fenced with barbed wire.
- There is also railway siding for loading of petroleum product together with gantries are installed, currently it is nonoperational.

6.2 Financial Outlay

The entire capital requirements for working capital as below:

✓	Equity Capital	T Shs 2 Billion
✓	Working Capital facility from the Bank	
	- LC/BG and Post Import Loan	USD 10.00 Million
	- Bank Overdraft Facility	T Shs 5.00 Billion

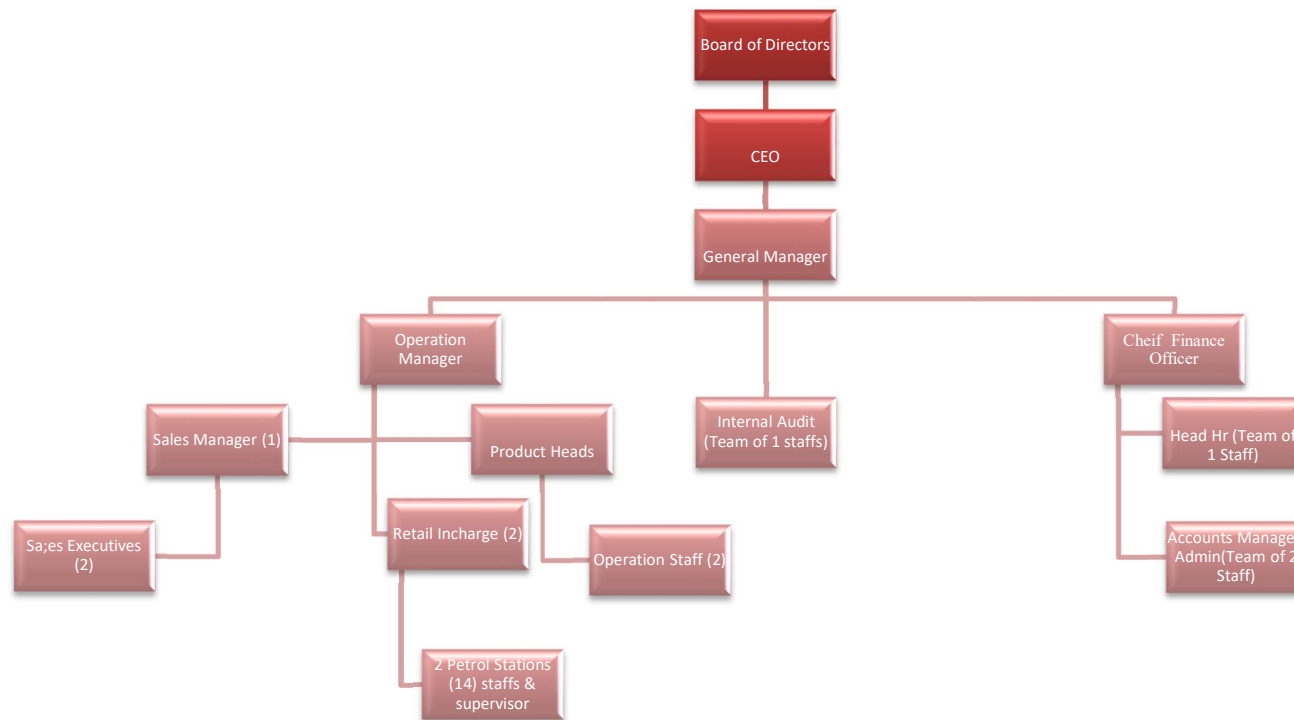
6.3 Commercial Operation

The Acquisition will start operation immediately as we already have our team ready.

The entire operations will be headed by the General Manager and assisted by Deputy General Manager & Chief Finance Officer, followed by a team of 44 staffs members. The General Manager Officer will report to the SOPCO CEO, (Mr. N. Seif) and Board of Directors.

Organization chart for the operational team is given here below:

6.4 Organization Chart SOPCO



7.0 SWOT ANALYSIS

SWOT analysis for the Acquisitions is given below –

7.1 Strengths

✓ **Strategic Decision**

We at SOPCO Tanzania wanted expand its business to enter the market of bulk sale and transit sale, by using depot in Dar es Salaam with all the facility up and running will reduce our turnaround time of this business around the country for institutional supply and Fuel supply Transit Business in Bordering Countries where company is having strong hold due to its current business within the group companies, now we can immediately enter into the market without waiting for wasting time of developing the infrastructure.

✓ **Experienced Promoters**

As discussed above we already have experience in dealing in same products and also our group company Superstar Forwarder Company Limited has experience is Fuel Transportation and logistics transporter for TOTAL to African Countries in Africa such as Tanzania, Uganda Mozambique, DRC, and Zambia

It is evident from the above that, we have good experience and presence in the market to start the operation quickly.

7.2 Weakness

✓ **Competitive Market**

In Tanzania over 25 Oil Marketing Companies are present and dealing in petroleum products. Therefore, it is a competitive market.

Our Experience is the Petroleum product, and Transportation business and in-depth knowledge of our African Experience will help us handling the operation profitably.

Therefore, we do not competition as weakness for the Business.

7.3 Opportunities

Opportunities for the project are given below –

✓ **Tapping the market potential in growing Market**

Tanzania is being targeted by many global corporate houses due to its growth. Currently, the oil segment in which have entered are growing over 9% therefore we see the market potential.

7.4 Threats

✓ New Segment

Tanzania Petroleum Oil market is relatively new for SOPCO.

Since over last 20 years we are established company and have excellent relations with institutional customers within Tanzania and neighboring countries and handle the transportation of petroleum product for Total Exclusively. Therefore, we have knowledge of the market. Our experience of dealing in petroleum product locally and logistics business in dealing other part of Africa, would help us establishing our distribution network. Therefore, we do not consider new segment as threat.

8.0 FINANCIAL ASSUMPTIONS

The financial projects are prepared in Tanzania Shilling. Financial assumptions for compilation of this Business Plan are given below in detail:

8.1 Sales QTY

Old Petrol Stations

Average sales in the year 2018 by Old Petrol Station are PMS 170,000 Liters, AGO 300,000 Liters and Kerosene 3,000 Liters. It will grow at least by 5% (conservatively) on year to year basis, although fuel market is also growing by average over 10% currently. The volume is based on as per current average sale by the stations. However, in long run from 3rd year onwards we assumed that average sales by Petrol Station will be PMS 80,000 Liters, AGO 100,000 Liters and Kerosene 1,000 Liters

New Petrol Stations

New Petrol Station in 2019, will sale 20% and after 2022 will be 35% volume, of old station. After first year the new stations are categorized as old Petrol Stations.

Bulk Sales

We have considered that 2019 onwards company will be able to operate 12 months whereby we will be able to sell the following quantity monthly.

Type of Product	Qty (in Ltrs.)
PMS	1,000,000
AGO	1,800,000
Kerosene	200,000

From 2021onwards, it will by 5% annually against average growth of 10% of total imports.

Transit Sales

We have considered that 2019 onwards company will be able to operate 12 months whereby we will be able to sell the following quantity monthly.

Type of Product	Qty (in Ltrs.)
PMS	1,000,000
AGO	2,000,000

From 2021 onwards, it will be 5% annually against average growth of 10% of total imports.

Lube

Lube sale we have only considered for the local institutional supply which is 5% of Local Purchases at 25% Gross Profit.

8.2 Margin

We have very conservatively considered a Retail Margin of 4.79% and Bulk Margin of 5.36% of Cost of sales for Institutional Sales (against 5.5%-6.5% recommended whole sale margin by EWURA) and 8.73% of Cost of Sales for Transit Sales which is lower than current market rate.

Gross Margin in lube is taken as 25% as most of the lubes are sold on petrol stations of the company and currently at over 30%.

Considering the price adjustment by EWURA based formula, whereby, every month price is automatically adjusted for any fluctuation on account of product price or on account of exchange rate.

We have fixed the margin in percentage which normally remains constant.

8.3 Cost of Sales

Assumptions for Cost of Sales are given below:

As mentioned above pricing of petroleum products are regularized and therefore it is standardized as well.

There are two types of procurement like (1) Local and (2) Transit as under:

1. Local - it is bifurcated into two parts Retail & Bulk

Retail Cost of Sales are arrived by adding the following:

Product Cost/Landed Cost

Excise Duty
Fuel Levy
Petroleum Levy
Storage
Local Transportation

These costs are also considered in valuing the retail stock

Bulk Cost of Sales is arrived by adding the following:

Product Cost/Landed Cost
Excise Duty
Fuel Levy
Petroleum Levy
Storage

These costs are also considered in valuing the Bulk Stock

2. Transit

Transit Cost of Sales is arrived by adding the following:

Product Cost/Landed Cost
Storage
International Transportation

International Transportation Cost are excluded while valuing the Transit Stock

8.4 Hospitality Expenses)

With our business we will use our storage facility for our business hence and consider USD 7 M³ per month for our analysis, however it will actually cost USD 5 M³ per month (for each liter stored).

8.5 Indirect Expenses

✓ Indirect Expenses

Indirect Expenses are based on current level of expenses incurred, which will grow by 7% on year to year basis. Whereby, Salary and associated costs will increase by 12% per annum on year to year basis.

✓ Selling & Distribution Expenses

Selling & Distribution Expenses are based on current level of expenses incurred, which will grow by 10% on year to year basis.

✓ **Staff Costs**

- The General Manager will report to the SOPCO CEO and the Board of Directors and will be the person in charge of commercial operations. The General Manager will be heading a team of 44 members in order to manage and business of the Company. Detailed organization chart is given in Para 6.4 for reference.
- Details of monthly staff costs (cost to company) are given in the table below –

Department	Designation	No. of personnel	Cost to company per person per month (T Shs)
Management	General Manager	1	30,000,000
	Chief Finance Officer	1	15,000,000
	Operation Manager	1	10,000,000
Supervisory Level	Sales Manager	1	5,000,000
	Internal Auditor (Head)	1	3,000,000
	Product Head	1	3,000,000
	HR Head	1	3,000,000
	Sales Executive	2	1,200,000
	Depot/Retail Supervisor	4	1,200,000
	Internal Audit Executive	1	1,000,000
	Accounts & Admin	2	1,000,000
	Depot & Station Staff	28	750,000

Staff costs are expected to increase by 12% in year 2 onwards on year to year basis.

8.6 Finance Cost

Finance costs comprise of:

✓ **Bank Charges**

It is assumed that facility charges will be 0.25% of facility offered and 25,000,000 of the facility charges is presumed for other bank charges.

✓ **Interest on Working Capital Facilities**

We request the following banking facilities

- Trade Loan of USD 10 Million consisting of LC/BG/SBLC/PIL (interchangeable) for Import of the Products. Conditions of financing are assumed to be:
 - Rate of interest for Fund based Limit – 5 %
 - For Non-Fund based limit (LC/BG/SBLC) – 0.25% per quarter

- Bank Overdraft of T Shs 5,000,000,000 for Tax, duties, clearing charges, and other working capital requirements. Conditions of financing are assumed to be:
 - Rate of interest for Fund based in T Shs– 12 %

Finance costs will be settled during the year and no amount will remain as outstanding as at the end of the financial year.

8.7 Provision for Taxation

Taxes are provided for on profits at the rate of 30 %. Method of depreciation and rates for applying depreciation considered for this Business Plan is similar to that of application income tax act so as to avoid any difference in depreciation between the books of accounts and tax computation.

The entire amount of provisional income tax is assumed to have been paid in four equal quarterly installments.

8.8 Share Capital/Promotor's Contribution

We will contribute T Shs 2,000,000,000 fresh capital into business for this project. Kindly note that SOPCO has strong balance sheet for its existing business which will be attached for reference.

8.9 Fixed Assets & Depreciation

Block of fixed assets which is acquired under the said acquisition and subsequent addition to the fixed assets are as under:

Projected Fixed Assets Additions

Location: Tanzania		Amount in T Shs				
Particulars	2019	2020	2021	2022	2023	2024
<i>Rates of Depreciation</i>						
Land & Building (petrol tanks)	-	400,000,000	420,000,000	441,000,000	463,050,000	486,202,500
Motor Vehicles	300,000,000	750,000,000	750,000,000	375,000,000	375,000,000	375,000,000
Office Equipments & Furniture	100,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Petrol Tanks and Equipments	-	320,000,000	336,000,000	352,800,000	370,440,000	388,962,000
Computers Servers etc	166,500,000	-	83,250,000	-	83,250,000	-
Total Additions	566,500,000	1,520,000,000	1,639,250,000	1,218,800,000	1,341,740,000	1,300,164,500

Depreciation:

Depreciation is charges as follows:

Land & Building (5% on 40% of value as building)	5.00%
Motor Vehicles	25.00%
Office Equipment & Furniture	12.50%
Plant & Machinery	25.00%
Computers	37.50%

8.10 Receivables

Credit sales are considered total of the following:

- Retail Sales - Two days equivalent
- Bulk Sales - Five days equivalent
- Transit sales - Seven days equivalent

8.11 Payables

Credit purchases are considered total of the following:

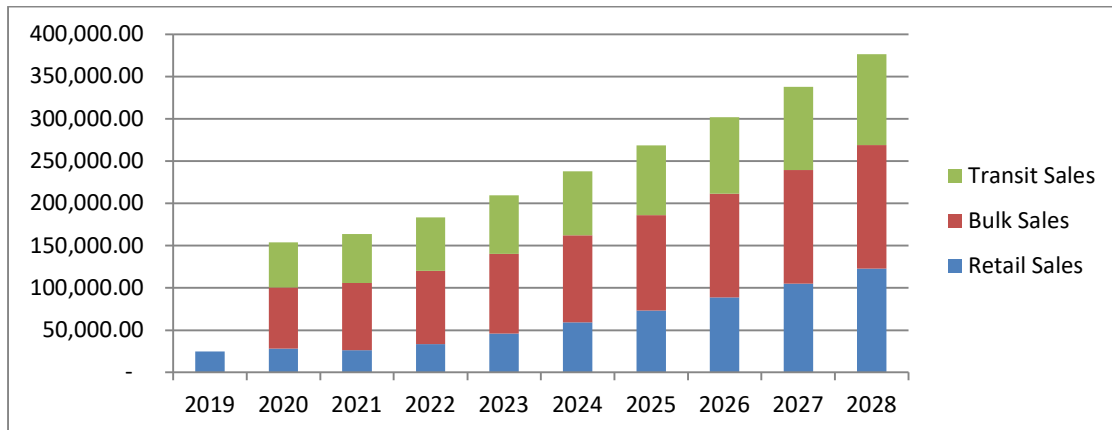
- Operating Expenses - Seven days equivalent
- Purchases - Seven days equivalent
- Hospitality Charges - Seven days equivalent

9.0 FINANCIAL RESULTS

Projected financial results based on the assumptions enumerated in paragraph 7 are explained below in detail –

9.1 Sales Turnover

Gross turnover in year 2020 is estimated to be T Shs 153,696 Million. Gross revenue is expected to increase to a level of T Shs 376,819 Million per annum at the end of 2028. A graphical presentation giving year wise gross revenues (with data labels) is given below –



9.2 Cost of Sales

Operating expenses in the year 2020 is estimated to be T Shs 142,515 Million. These expenses are expected to increase to a level of T Shs 346,407 Million per annum at the end of the year 2028.

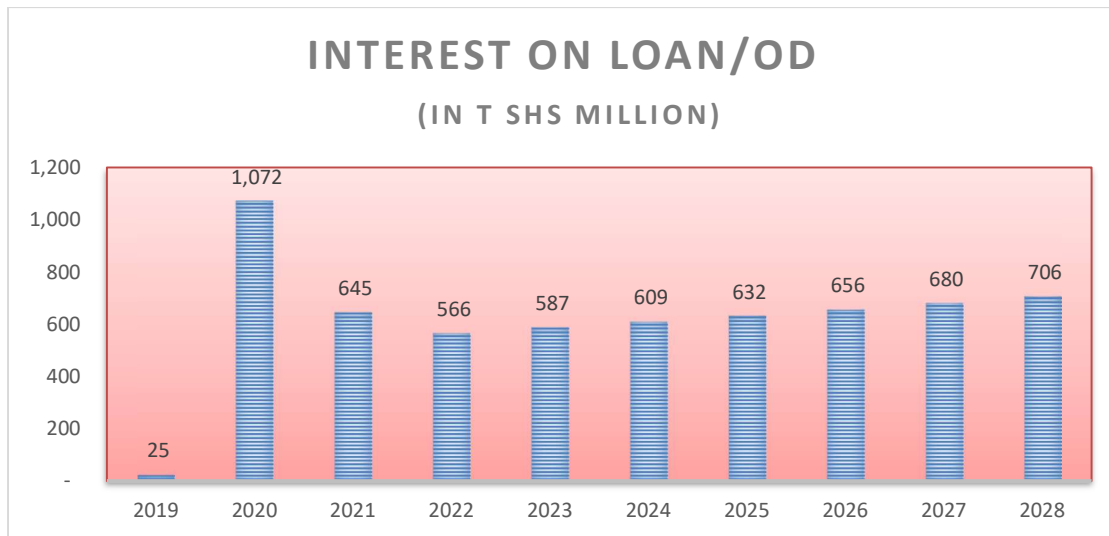
9.3 Int. On Working Capital Facilities

Interest costs comprise of:

- ✓ Bank Charges
- ✓ Facility fees
- ✓ Interest on LC/OD

Interest costs in the year 2020 are estimated to T Shs 1072 Million which will reduce to T Shs 706 million by the year 2028.

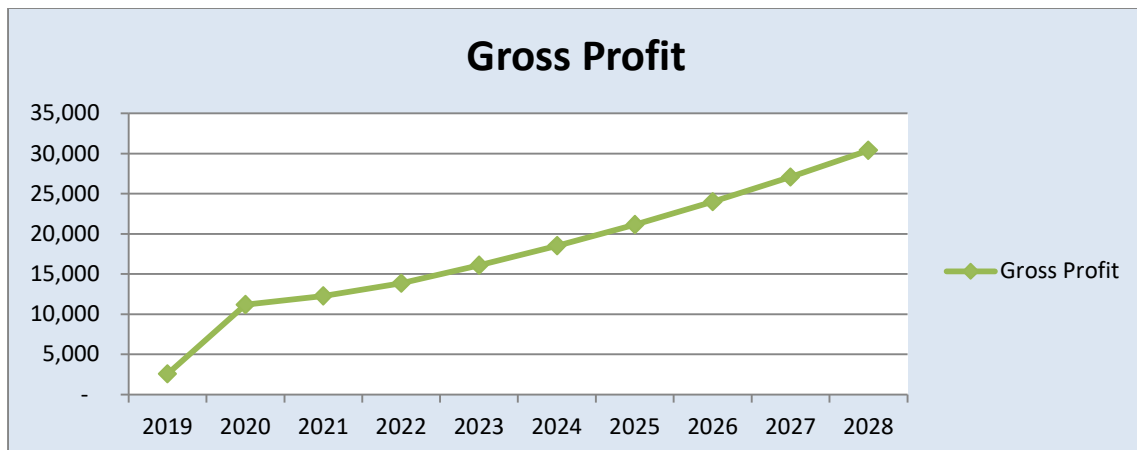
A graphical presentation giving year wise finance costs (with data labels) is given below:



9.4 Gross Profit

Gross profit expected to increase from a level of T Shs 11,180 Million in the year 2020 to a level of T Shs 30,401 Million by the year 2028.

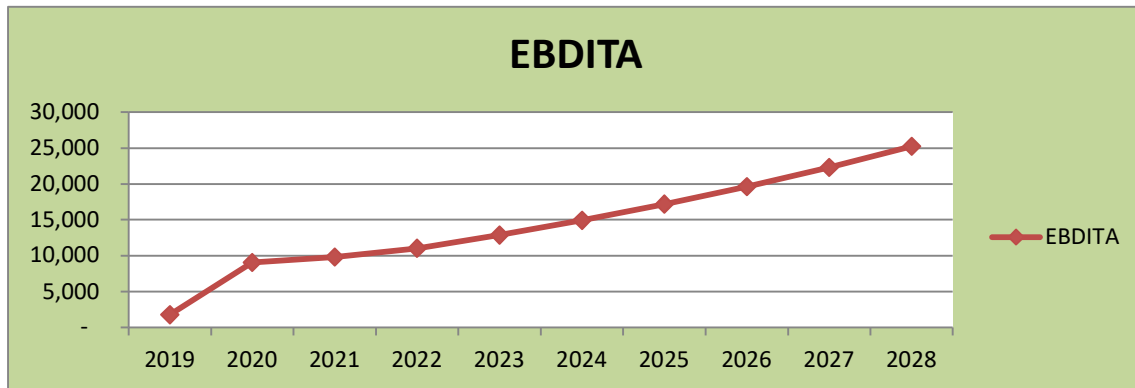
A graph showing year wise increasing trend of Gross Profit is given below:



9.5 EBDITA

EBDITA is expected to increase from a level of T Shs 9,083 Million in the year 2020 to a level of T Shs 22,228 by the year 2028.

A graph showing year wise increasing trend of Gross Profit is given below:



9.6 Current Assets & Current Liabilities

From the projection it is observed that liquidity position of the company is anticipated to remain positive. Current ratio in all the years in projection is more than 1 in all 6 years.

Year	Current Assets (in T Shs M)	Current Liabilities (in T Shs M)	Net Working Capital (in T Shs M)	Current Ratio
2019	907	217	690	4.19
2020	8,879	2,022	6,857	4.39
2021	8,872	1,931	6,941	4.59
2022	9,422	1,703	7,720	5.53
2023	10,135	1,435	8,700	7.06
2024	10,911	869	10,042	12.55
2025	11,904	283	11,621	42.06
2026	13,885	291	13,594	47.68
2027	16,160	300	15,860	53.95
2028	18,897	308	18,589	61.36

9.7 Trade Loans

Trade Loan of USD 10 Million and Overdraft of T Shs 5 Billion equivalent would be taken from the bank as follows:

Trade Loan (LC/BG/SBLC/PIL interchangeable)	-	USD 10 Million
Over Draft Account	-	T Shs 5 Billion

Security:

The above Loans and will be secured by Prime Assets located in Dar es Salaam Tanzania.

Further Corporate Guarantee will be given by the company SOPCO.

Personal Guarantee by the Directors.

9.8 Payback Period & IRR

Projected payback period @7% discounted cash flow for the project is worked out to be less than 1 year. Considering the type of investment which requires huge infrastructure investment less than 1 year.

9.9 Ratio Analysis

Kindly find below tabular presentation of Ratio Analysis:

RATIO ANALYSIS

Sr. No.	Description	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Average
1	Return on Capital Employed	100.00%	63.26%	61.84%	61.66%	63.52%	64.78%	65.26%	65.40%	65.03%	64.47%	67.52%
2	EBDITA Revenue	7.24%	5.91%	5.99%	6.01%	6.15%	6.28%	6.40%	6.51%	6.60%	6.70%	6.38%
3	Asset Turnover	21.30	17.92	16.72	16.43	16.39	16.19	15.90	15.53	15.13	14.70	16.62
4	Return on Fixed Assets	249.98%	382.53%	273.49%	266.10%	264.13%	273.07%	282.52%	298.73%	314.26%	335.28%	294.01%
5	Debt Equity Ratio	0.00	0.21	0.17	0.13	0.09	0.04	0.00	0.00	0.00	0.00	0.06
6	Interest Coverage Ration	71.00	8.48	15.20	19.48	21.96	24.53	27.19	29.95	32.79	35.73	28.63
7	Current Ratio	4.19	4.39	4.59	5.53	7.06	12.55	42.06	47.68	53.95	61.36	24.34

1. Return on Capital Employed:

Return of capital is in the range of 100% in year 2019 which is 64.47% by year 2028 with average of 67.52% in 10 years shows the project capacity to pay back the investment with decent return.

2. EBDITA Revenue

EBIDITA margin in improving consecutively, from 7.24% in year 2019 to 6.7% by year 2028. Return on capital employed with EBDITA Revenue ration it is evident that even with lower EBDITA margin business has capacity to give decent return on capital employed due to its volume & turnover.

3. Assets Turnover

Assets turnover ratio is 21.30 in the year 2019, which will be 14.70 in the year 2028, with an average of 16.6232 in 10 years.

4. Return on Fixed Assets

Return on Fixed Assets (profit after tax) is 249.98% in year 2019, which grows to 335.28% by the year 2028, with an average of 294.01%.

5. Debt Equity ratio

Debt Equity Ratio for the project in the year 2019 is NIL which again becomes nil by the year 2021 due to cash accruals and non use of fund-based limit.

6. Interest Coverage Ratio

EBDITA is covering 71 time of interest in the year 2019, which remains at 37.73 times by the year 2028. Therefore, it shows project worthiness of interest service and extra gap for repayment of working capital uses.

7. Current Ratio

Current ratio is 4.19 in the year 2019 (whereby current assets is 4.19 times of current assets) which grown to 61.36 by the year 2028, it shows that business will not have any liquidity problem.

10.0 CONCLUSION

This 10 years Business Plan prepared for exclusive use of SOPCO for its petroleum Bulk Institutional Sales and Transit Sales business from its Oil depot located in Kurashini area of Dar es Salaam, Tanzania.

The project will generate additional direct employment of 44 persons and over 500 indirect. Increased level of transit sales (export) will generate forex for the country.

The project, based on financial assumptions highlighted above, and appears to be viable and is recommended positively.