

HELPDESK ENGINEERING TANZANIA LIMITED

Business Plan

for

CONTRACTOR SERVICES

Executive Summary

HELPDESK ENGINEERING TANZANIA LIMITED is a company that has been incorporated in Tanzania with Certificate of Incorporation No.92857 dated 9th August 2012. The company shareholders are Indian nationality. Board of directors decided to register with Contractor Registration Board, Registration No.SPC1/357/05/2017 category foreign in the field of treatment plant and water works , The company is registered as Specialist contractor class one , the company is an international construction company and we will work for our clients (governments and private sectors) in any part of Tanzania.

HELPDESK ENGINEERING TANZANIA LIMITED is specialized in the area of treatment plant and water works. As a matter of fact, the company is well known for delivering world class civil constructions work. Creativity, excellence and timely completion of construction projects is the company signature.

HELPDESK ENGINEERING TANZANIA LIMITED has already penetrated Tanzania market where few projects are already completed and other on progress, but HELPDESK ENGINEERING TANZANIA LIMITED have a bigger picture – to have the presence in any part of Tanzania that our clients want us to work. We hope to achieve this feat within the first 15 years of launching the company.

As part of our plans to make our highly esteemed customers our number one priority and to become a number one construction brand, we have perfected plans and strategies that will enable us work with our clients in delivering projects that can favorably compete with the best in the industry at an

affordable and reasonable price within the stipulated completion date barring any unforeseen circumstance.

HELPDESK ENGINEERING TANZANIA LIMITED is fully aware that a construction business requires huge capital base, which is why we have perfected plans for steady flow of cash from private investors who are interested in working with us. We can confidently say that we have a robust financial standing and we are ready to take on any construction project that comes our way, as long as the project is duly commissioned by the required authority.

HELPDESK ENGINEERING TANZANIA LIMITED is owned by four shareholders from India named below:

Name of Shareholder	% of Shares	Nationality	Date of Birth
Umaaheswari Annadurai Annadurai Box 23250 Dar es Salaam Email: info@helpdesk-group.com Phone: +255762408738	0.7	India	1 st Sep 1986
Sudhir Prasad Jayaraj Box 23250 Dar es Salaam Email: info@helpdesk-group.com Phone: +255762408738	0.05	India	20th Feb 1972
Annadadurai Krishinasamy Box 23250 Dar es Salaam Email: info@helpdesk-group.com	0.45	India	14 th May 1977

Phone: +255762408738			
Subrat Kumar Patel Box 23250 Dar es Salaam Email: info@helpdesk-group.com Phone: +255762408738	0.3	India	21 st April 1977
Unallotted shares	95.5	Tanzania	

Our Service Offerings

HELPDESK ENGINEERING TANZANIA LIMITED is a construction company that is set to undertake both small construction projects and massive construction projects for governments, private sectors and for individuals which is why we do not intend to place limitations of the scope of the projects we handle and what we do. We know that if we are good at what we do, it will make it easier for our brand to grow beyond Tanzania Grand to other parts of the East Africa region and the rest of Africa.

Selected few completed projects:

- Transmission pipe line 6.5KMS, 1200mm dia mild steel-weld jointed water pipe line laying, jointing & testing works between intake and treatment plant
- Mechanical election of pumps, motors and clarifier & thickener installations in water treatment plant at Mlandizi

- Rehabilitation works & Cross connection to existing pipe line by changing valves and fittings between at raw water intake in water treatment plant at Mlandizi
- Mechanical works and internal piping works for new water treatment plant with DI (200 TO 1600) ,laying ,jointing and testing in Mlandizi Varies pipe and fittings like DI (150MM TO 1800MM)
- Construction of Sea protection concrete wall for Iran Embassy in Dar es Salaam
- Water supply to Chalinze-Distribution system laying, jointing & testing of PVC PIPE 75mm to 315mm

Our Vision Statement

Our vision is to build a first-class construction company that will have active presence in Tanzania, East Africa, Africa.

Our Mission Statement

At HELPDESK ENGINEERING TANZANIA LIMITED, our mission and values are to help governments, the private sector and individuals in the United Republic of Tanzania, East Africa and Africa and throughout the world realize their dreams of building a world class structure that can compete on a global stage with the best in the construction industry.

Business Structure

HELPDESK ENGINEERING TANZANIA LIMITED is located at **Plot No. 448 Haile Selassie Road, Oysterbay Area, Dar Es Salaam, Tanzania**

intend starting small , but with a vision of growing the business to becoming a one of the biggest company in East Africa region, we just have to position our company for growth and ensure that we hire dedicated and highly competent employees at all levels.

HELPDESK ENGINEERING TANZANIA LIMITED will ensure that we build a team that will work together towards achieving the company's vision. We will build a business that has the right structures and process in place that can support growth; a business that runs on auto pilot

Management Team

A full-time Director will be hired to oversee the daily operations., to assisted with qualified and experienced staff, the number being estimated to be as following;

The summary of employees is as following

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	2	5	10	17
Men	10	15	25	50
TOTAL	12	20	35	67

Objective of the study

The purpose of this study is to work out the technical and commercial viability of the project

Construction Sector Over View

As a direct beneficiary of the government's current economic strategy, which focuses on major infrastructure, housing and energy investment, and a key player in the ongoing shift of government functions from Dar es Salaam to Dodoma, the construction industry is undergoing significant expansion in both absolute and relative terms. The pace of growth has been fast, with the overall sector valuation jumping from \$1.6bn in 2010 to \$6bn by 2015, and its contribution GDP growing from 7.4% in 2006 to 13.6% in 2015 on mainland Tanzania, and from 7.7% to 9.5% on the Zanzibar archipelago. The government is betting that short-term struggles caused by rooting out corruption will pay dividends over the long term by providing a more predictable operating environment in which domestic builders can thrive. Tanzania has relatively young real estate sector, with large-scale commercial development only taking off in the 1990s. While public sector actors historically handled the largest projects in the country, private sector players are now playing an increasingly important role in developing residential, office and commercial space. However, the industry in mainland Tanzania is growing more slowly than the economy overall, with its contribution to GDP declining steadily in the past 10 years, from 6.1%

in 2006 to 3.2% in 2015. Cost sensitivity remains a significant concern, not only directly in terms of house sales, but also indirectly in terms of demand for formal retail and commercial space, since approximately three-quarters of the population live on \$2 or less per day. As a result, the country will most likely have to depend on government intervention and innovative financing to help address demand at the lower end of the real estate market, while higher-end residential and commercial spaces are left in the hands of private sector developers. This chapter contains an interview with Dhruv Jog, Managing Director, Advent Construction.

Classification of Contractors

Types of Contractors

- There are five types of contractors, namely:
- Building Contractors
- Civil Works Contractors
- Mechanical Contractors
- Electrical Contractors
- Specialist Contractors

Categories of Contractors

There are two main categories:

- Local Contractors
- Foreign Contractors

Local Contracting firms are those whose majority shares are owned by citizens of the United Republic of Tanzania. Firms not meeting these criteria will be registered as a foreign one.

Temporary Registration

CRB also allows in for a procedure called Temporary registration wherein foreign firms incorporated outside Tanzania wishing to undertake specific contracted jobs provided they meet the following conditions.

The firm has a Certificate of Compliance from the Registrar of Companies showing that, the firm is, or immediately prior to entering Tanzania was, trading as a contractor in the capacity that satisfies the board of the firm's fitness to serve the public as a qualified contractor.

The firm has in its employment, only those expatriates, whose qualifications and skills are not available in Tanzania.

The firm has lodged an affidavit with the Board, that once the firm has completed the specific contract shall wind-up its business and not engage in any other contracting business unless it applies for permanent registration.

Temporary registration of a firm shall entitle it to undertake work only for the duration or period of the contracted works, as directed by the board. On the expiration of the contractual works, that firm shall cease to have the registration status and shall return the Registration Certificate to the board.

Classification of Contractors

There are seven classes for Building, Civil, Electrical and Mechanical contractors. For the Specialist contractors there are only three classes. Foreign contractors are restricted to classes one and two in the former types and to one, two and three in the latter

SWOT Analysis

Surviving in the business world as a construction company requires more than knowing how to deliver standard projects but also how to network with key people that matter; decision makers that can decide who a project is given to and all that. We know that it will be a bit difficult to compete with already established construction companies in Tanzania especially because we are new in the industry. In order to properly position our company for growth and to favorably compete in the construction industry, we engaged conducted a SWOT analysis.

It is important that we know our strength, our weaknesses, and the opportunities that we can leverage on in the industry and the threats that we are likely going to

be confronted with. With that, we will be able to map out strategies that will not only help us to survive in the industry but also to build a global construction brand. Here is a summary from the result of the SWOT analysis that was conducted on behalf of Shannon Berg Construction Company;

Strength:

HELPDESK ENGINEERING TANZANIA LIMITED can confidently boast of having a competent and highly experienced management team who are regarded as some of the best hands in India. Although we are a foreign construction company, but our president and board of directors are respectable people in India and Tanzania; we are a construction company that has the right network that is suitable for the kind of business we are into.

Weakness:

Well the fact that we are a foreign construction company could count as a weakness. It is normal for clients to think twice before awarding construction contracts to foreign company. Another weakness that can count against us in the industry is the fact that we may not have the financial muscles to drive the business the way we ought to drive it. We require huge financial base to be able to acquire some of the latest heavy duty construction equipment.

Opportunities:

Our business concept, our mission and vision puts us at an advantage in the industry. We will start small to build trust within Tanzania and there are loads of opportunities for us there simply because we are well positioned to work with both the state government and the highly organized private sector.

Threat:

Generally in the construction industry, both the already established construction companies and start – up construction companies are subject to threat from government policies, global economic downturn and unforeseen natural disasters (disasters that may cause setback). These are the threats that we are likely going to face as a construction company in Tanzania. Another threat that we are likely going to face is the arrival of a big construction company in Tanzania where our business has strong presence.

MARKET ANALYSIS**Market Trends**

The trend in the construction industry is that construction companies are always coming out with processes that will help them achieve more within a short period; construction jobs can be time consuming especially the construction of massive infrastructures. Most players in the construction industry are fully aware that the government of any country or state is the biggest clients they can get and they do all the lobbying and horse trading to ensure that they get government contracts.

No doubt there are loads of big time investors that have stakes in the construction industry, but one thing is certain, there is room big enough to accommodate both the big construction companies and the small construction companies. What smaller construction companies need to do to survive in the industry is to concentrate on developing estates, schools, hospitals and hotels et al before

bidding for big construction contracts like road construction, bridge construction, dam construction and skyscrapers et al.

Another obvious trend in the construction industry is subletting of contracts. It is now obvious that construction giants leverage on their brands to win contracts and in some cases after they have won the contract, they will go ahead to sublet the contract to smaller construction company that they trust can deliver to execute the project at an agreed fee that will be good enough for both parties to make profits. Smaller construction companies position themselves to be able to leverage on such opportunities once it present itself.

Target Market

Our target market cuts across governments at all levels and countries, the organized private sector and people of different class and from all walks of life. We know that our selling points will be our excellent and timely delivery of construction projects using global best practices.

We will start with the local market, people, organizations and the government in Tanzania, but we hope to spread our nets to clients from other regions and East Africa region. HELPDESK ENGINEERING TANZANIA LIMITED will be known for working with smaller clients (various individuals) as well as working for bigger clients (various governments and organized private sector). Below is a list of the people and organizations that we have specifically designed our services for;

Competitive Advantage

We are quite aware that there are big – time investors and construction companies who are well recognized in the construction industry, and we maybe

have to compete with them when it is time to bid for juicy government contracts. It might be challenging competing as a newbie in the construction industry, which is why we were deliberate in choosing our board members. Our competitive advantage is not limited to the crop of highly experienced professions that are members of our management team but also our board members.

Another positive for HELPDESK ENGINEERING TANZANIA LIMITED is the fact that our Chief Executive Officer / President is a renowned Civil Engineer, he has robust experience in the construction industry, and he has worked extensively as a senior project manager for one of the world's leading construction companies. He is sure going to bring his experience, expertise and network (connections) to make HELPDESK ENGINEERING TANZANIA LIMITED one of the leading construction brands in Tanzania.

SALES AND MARKETING STRATEGY

We have been able to clearly define our target market and have documented this in our construction marketing plan. We know how to get them to hire our services which is why we have decided to adopt some of the winning formula that construction giants utilize to win major construction contracts.

We know that it will take different marketing and sales strategies to win small clients and bigger clients. For example; there are requirements a construction company would have to meet before they can be awarded a government contract. We have put all these factors in place before creating a workable marketing and sales strategy for Shannon Berg Construction Company.

HELPDESK ENGINEERING TANZANIA LIMITED is fully aware of the bureaucracy and horse trading that exists in bidding for construction contracts from the government and even the organized private sector, which is why we were able to put protocols in place to hire some of the best business developer to handle our sales and marketing.

No doubt, our sales and marketing team will be recruited based on their vast experience in the construction industry and their ability to fit into our business model. We are going to pay more emphasis in the training of all our employees so as to give them all they would need to help the company achieve its aim and objectives. Our goal is to become one of the leading construction companies in Tanzania and we know we can achieve this by ensuring that our sales and marketing team are delivering on set targets. HELPDESK ENGINEERING TANZANIA LIMITED will adopt the following marketing and sales strategies;

Introduce our business by sending introductory letters alongside our brochure to all the corporate organizations and government offices in Tanzania.

- Promptness in bidding for contracts
- Advertise our business in real estate / properties magazines and websites
- List our business on yellow pages
- Promote our business on satellite TV stations and radio stations.
- Attend expos, seminars, and business fairs et al

- Create different packages for different category of clients in order to work with their budgets and still deliver quality housing/ property to them
- Leverage on the internet (social media platforms and our official websites) to promote our business

Sources of Income

HELPDESK ENGINEERING TANZANIA LIMITED was established with the aim of maximizing profits through delivering quality and standard construction works for our highly esteemed clients. We will ensure that we generate income from every available means within the construction industry such as field of treatment plants, water works, Construction Consultancy and Advisory Services etc.

PROJECT'S INVESTMENT CAPITAL

The estimated capital investment cost of the project is US \$ 1,542,000

HELPDESK ENGINEERING TANZANIA LIMITED COST STRUCTURE

Land and Building	24,000
Plant and Machinery	760,000
Motor vehicles	200,000
Furniture and Fittings	8,000
Others	50,000
Working capital	500,000
Total	1,542,000

For the project to be a reality a total investment amounting to US \$1,542,000 is needed

FINANCING PATTERN

The project will be financed by equity constituting US\$ 842,000 and loan being US \$700,000

PROJECT OPERATING COSTS

In order to realize its intended objective the project will have to meet the following operating costs which have been estimated to be 75% of total revenue.

ASPECTS OF PROJECT SUSTAINABILITY

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

MONITERING AND EVALUATION

The monitoring and evaluation tools will be applied in running this project as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth business running.

FINANCIAL ANALYSIS

Considerations and Assumptions:

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight-line method to depreciate the project's capital items has

been applied. Revenues have been conservatively estimated based on experience of the promoters and trends in the industry.

Financial Statements:

Projected Sales Revenue

For projection purposes, it is assumed that the economic life of the project is 6 years, and that production of the different types of plastics products commence from the first year of operation

HELPDESK ENGINEERING TANZANIA LIMITED PROJECTED REVENUE

	1	2	3	4	5	6
Revenue	1,170,000	1,345,500	1,547,325	1,779,424	2,046,337	2,353,288

Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 6 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from US \$ **169,204** in first year to US \$ **1,664,802** in the 6 year

**HELPDESK ENGINEERING TANZANIA LIMITED PROJECTED INCOME &
EXPENDITURE STATEMENT**

	1	2	3	4	5	6
Revenue	1,170,000	1,345,500	1,547,325	1,779,424	2,046,337	2,353,288
Operating cost	877,500	1,009,125	1,160,494	1,334,568	1,534,753	1,764,966
Profit before Depreciation & Interest	292,500	336,375	386,831	444,856	511,584	588,322
Interest	35,000	26,250	17,500	8,750	0	0
Depreciation	15,780	15,780	15,780	15,780	15,780	15780
Net Profit before Tax	241,720	294,345	353,551	420,326	495,804	572,542
Tax (30%)	72,516	88,304	106,065	126,098	148,741	171,763
Profit After Tax	169,204	206,042	247,486	294,228	347,063	400,779
Accumulated Profit	169,204	375,246	622,731	916,960	1,264,023	1,664,802

Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year 1st US\$ 219,984 of operation to the 8th year i.e. US \$1,836,981

HELPDESK ENGINEERING TANZANIA LIMITEDDPROJECTED CASH FLOW US\$

	-	1	2	3	4	5	6
SOURCES:							
Profit before interest and depreciation	-	292,500	336,375	386,831	444,856	511,584	588,322
Owners' Equity	842,000						
Loan	700,000	-	-	-	-	-	
Total Sources	1,542,000	292,500.00	336,375.00	386,831.00	444,856.00	511,584.00	588,322.00
Applications:							
Capital expenditure	992,000	-	-	-	-	-	
working Capital &Others	550,000	-	-	-	-	-	
Cash	-	219,984.00	248,071.00	280,766.00	318,758.00	352,843.00	416,559
Tax	-	72,516	88,304	106,065	126,098	148,741	171,763
Sub total	1,542,000	292,500.00	336,375.00	386,831.00	444,856.00	501,584.00	588,322.00
Total applications	1,542,000	292,500.00	336,375.00	386,831.00	444,856.00	501,584.00	588,322.00
Accumulated cash		219,984.00	468,055.00	748,821.00	1,067,579.00	1,420,422.00	1,836,981.00

Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements owners' equity of the project increases from US\$842,000 in the first year of operation to US \$ 1,242,779 in the 6th year.

HELPDESK ENGINEERING TANZANIA LIMITED ROJECTED BALANCE SHEET USD

Fixed Assets	0	1	2	3	4	5	6
Opening balance	-	992,000	976,220	950,440	924,660	898,880	873,100
Additions	-						
Total Long-term Assets	-	992,000.00	976,220.00	950,440.00	924,660.00	898,880.00	873,100
Less depreciation	-	15,780.00	15,780.00	15,780.00	15,780.00	15,780.00	15,780
Closing balance	-	976,220.00	960,440.00	934,660.00	908,880.00	883,100.00	857,320
Working capital	550,000.00	550,000.00	550,000.00	550,000.00	550,000.00	550,000.00	550,000
Accumulated cash	-	219,984.00	468,055.00	748,821.00	1,067,579.00	1,420,422.00	1,836,981.00
Total assets	550,000.00	1,746,204.00	1,978,495.00	2,233,481.00	2,526,459.00	2,853,522.00	
Financed by							
Equity	842,000.00	510,000.00	510,000.00	510,000.00	510,000.00	842,000.00	842,000
Net profit	-	169,204	206,042	247,486	294,228	347,063	400,779
Total equity	842,000.00	679,204.00	716,042.00	757,486.00	804,228.00	1,189,063.00	1,242,779.00
Long term loan	700,000.00	525,000.00	350,000.00	175,000.00	-	-	
Bank overdraft	0	0	0	0	0	0	-
Total debts	700,000.00	525,000.00	350,000.00	175,000.00	-	-	-
Total equity and debts	1,542,000.00	1,204,204.00	1,066,042.00	932,486.00	804,228.00	1,189,063.00	1,242,779.00

Projected Long Term Loan Repayment

The projected loan is projected to be US\$700,000 to be repaid within four years with bank interest of 5% annual.

HELPDESK ENGINEERING TANZANIA LIMITED PROJECTED LONG-TERM LOAN REPAYMENT US\$

Year	Principle	Loan Interest (5%)	Total Amount Paid	Loan Balance
0				700,000
1	175,000	35,000	210,000	525,000
2	175,000	26,250	201,250	350,000
3	175,000	17,500	192,500	175,000
4	175,000	8,750	183,750	0
TOTAL	700,000	87,500	787,500	

Project Projected Payback Period

The projected Investment Cost is US\$1,542,000, Accumulated cash flow in year 5th is US\$ 1,759,482.00, which is greater than initial investment cost by US\$217,402, therefore project payback period is within six years

HELPDESK ENGINEERING TANZANIA LIMITED PROJECT PROJECTED PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	169,204	15,780.00	184,984.00	184,984.00
2	206,042	15,780.00	221,822.00	406,806.00
3	247,486	15,780.00	263,266.00	670,072.00
4	294,228	15,780.00	310,008.00	980,080.00
5	347,063	15,780.00	362,843.00	1,342,923.00
6	400,779	15,780.00	416,559.00	1,759,482.00

IMPLEMENTATION SCHEDULE

Project implementation is expected to be relatively very short once project has been approved it is estimated that construction of serviced furnished apartment will be completed within two years:-

Project Implementation

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	July 2020
3	Mobilizing Fund	Done
3	Renovation of office	Done
4	Ordering Machines and other equipment	Done
5	Testing business and in-house training	Done
6	Commercial operations	On going

The proposed project will result into the following social and economic impacts:

- Make available quality construction services
- Increase the provision of reliable construction services
- Improvement of skills and technical level of local employees
- Increased revenue for local suppliers
- in increased healthy competition among contractors' companies

- The project will result in direct employment creation of 67 people many more indirectly
- The Government and other agencies will benefit from various taxes, fees and commissions that will be paid by the company

CONCLUSION

The Executive Summary highlights indicate that the proposed project will financial and economically viable, The project will generate significantly to the social and economic progress by way of increasing the provision of quality contractor services in the country. It is recommended that the project be accorded the required institutional support to pave the way for its expeditious establishment and development.