

AL HUSHOOM INVESTMENT (T) LTD

PROPOSED BUSINESS PLAN

FOR

**THE ESTABLISHMENT OF TRASPORTATION AND
LOGISTIC PROJECT, DAR ES SALAAM REGION,
TANZANIA.**



Prepared by:
Kaswalala Benjamin Elisha
P O Box 119,
Mwanza
Tanzania
Phone 0766488398

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List of Abbreviations

CAPEX – Capital Expenditure
CIF- Central in Flight
EU – European Union
GDP – Growth Domestic Products
IRR – Internal rate of return
Kg – kilo gram
LTD - Limited
MT – Metric Ton
MW – Mega Watts
NBS – National Bureau of standard
NEMC – National Environment Management Council
OPEX – Operating Expenditure
SIDO- Small Development Organization
SWOC – Strength Weakness Opportunity Challenge
TANESCO – Tanzania Electric Supply Company
TIC- Tanzania Investment Centre
TZS – Tanzania Shilling
UK – United Kingdom
US\$ - United State Dollar
USA - United state of America
VAT – Value Added tax
VETA - Vocation Education Training Authority

EXECUTIVE SUMMARY

AL HUSHOOM INVESTMENT (T) LTD imports, distributes, and markets premium-quality good and petroleum products across East and Central Africa. AL HUSHOOM INVESTMENT (T) LTD was incorporated on the 06th August, 1991 as a company limited by shares under the Companies Ordinance. In the past years

AL HUSHOOM INVESTMENT (T) LTD has expanded rapidly in the sub regional good and petroleum business services The headquarters of AL HUSHOOM INVESTMENT (T) LTD is in Dar es Salaam, the main port and commercial capital of Tanzania, and from there the wings of investment spread out to the neighboring countries of Malawi, Rwanda, Zambia, Kenya, and the Democratic Republic of Congo. The main goal of AL HUSHOOM INVESTMENT (T) LTD is focused on commitment, efficiency and customer satisfaction.

AL HUSHOOM INVESTMENT (T) LTD is one of the Major Company in On-Shore Bunkering to various transportation and logistics hub in Tanzania. The company has recently wanted to purchase 300 trucks with trailer capacity 32MT per single entry in Tanzania aimed at transportations of good and petroleum products locally and internationally and has become one of the major players in the Tanzanian market in a very long time. The project will incorporate other related facilities for project establishment.

The proposed integrated project is estimated to cost a total of US\$ 24.4Milion this as proceeds from capital contribution of the project. The Current asset of US\$ 2,544,433 during the first year of operation and it increase as the project will be in full operation, fixed assets 24,353,130 US\$ and total liquidity of 4,190,057 US\$. The project will be implemented within 10 years.

The basis for pricing has been from observations and data collected from various parts of Tanzania, market value for exploration is estimated to local transport dry is 1,275,000US\$, Local transportations of liquid is estimated to 2, 870,000US\$, International transport of dry 3,070,000US\$, International transportations liquid 4,210,000US\$., Local return of dry 1,415,000 and international return of dry is 1,735,000US\$.The company anticipate to gain \$14,575,000 US\$ as sales for the above services per year;

The development of a large and complex project such as AL HUSHOOM INVESTMENT (T) LTD is necessarily accompanied by multiple risks during all the phases of the project development, construction, operation and maintenance. The right approach to manage the project in a manner which is fairly and adequately address the multiple risks in a comprehensive as well as systematic manner is very important.

Based on the Impact Investment Index analysis, the company can develop projections that the project can deliver both value for money in the context of broad socioeconomic impact and return on investment while complying with governance requirements. In this regard therefore, AL HUSHOOM INVESTMENT (T) LTD will promote the transportation and logistics services in Africa, create employment, attract new technologies, expand foreign exchange earnings and ultimately contribute substantially to the country's economic growth.

On the basis of all the analysis done on this Business Plan on all aspects of assessment on both SWOC Analysis, market analysis, risk analysis and the financial analysis, the proposed investment options in the drilling and exploration as prescribed on this business plan have shown that the project is commercially viable. Nonetheless, AL HUSHOOM INVESTMENT (T) LTD through professional consultative manner, will continue to find ways of implementing cost effective options given time and financial resources that will be

made available. Financial analysis results show that when the construction of project facility is financed using a combination of equity debt ratio (100:0), it gives an IRR of about 12.93%. The computed IRR is well above Dollar market of the annual loan interest rate of (8.00%) which is technically interpreted that the project is financially viable. The payback period for the project is estimated at 7 to 8years, which is within the range for this type of investment. Sensitivity analysis results also favor the project. The whole process of production lines is looking at providing direct employment to at least 332 permanent jobs on full implementation and operation of the project.

1.0. BUSINESS OVERVIEW AND BACK GROUND INFORMATION.

1.1. Overview – Transportation sector in Tanzania.

The transport system in Tanzania consists of five modes: roads, rail, water, air and pipelines. A high proportion of the infrastructure was not modernized over time due to limited resources to invest and a large amount of infrastructure and equipment is now beyond its economic life.

The transportation sector has delivered significant change to the structure of the economy through the introduction of market-based pricing and loosening controls on trade. The development of roads is urgently needed in rural areas where poor access to rural towns.

The economy of the future will be almost entirely buoyed by the services industry, experts say. Countries that will fail to adequately invest and put in place strategies to shore-up their services industry will remain mere consumers of services from others, experts add. In fact, the advanced economies have already moved to the service industry, leaving behind less advanced economies in Africa and elsewhere.

The Tanzanian economy is still largely characterized by the goods, but the service industry shows amazing potential. Data from the current account show that Tanzania's service economy consists almost entirely of transport and travel. Travel is normally referred to as tourism, but the two are so closely linked that they are referred to interchangeably. In addition, travel and transport sectors are also tightly linked. In the year ending August 2021 Tanzania earned \$2.4 billion from transport and travel, according to the monthly economic review of the Bank of Tanzania. The foreign currency inflows through transport and travel were only about 26 percent of total export receipts, but it used to be higher in the pre-pandemic period when it accounted for 40 percent of total foreign currency earnings. In the year ending August 2019, Tanzania earned \$3.8 billion, which is equivalent to 41 percent of total earnings.

Tanzania is committed in development of transport corridors with view of facilitating transit trade with neighboring countries, including: - Infrastructure development and inter-modal linkages; Interconnection of railway systems; Development of container terminals; Rehabilitation and revamping; Maintenance of existing infrastructure; and Resources mobilization. There are four major development corridors which need to be developed, including Central corridor (Dar es Salaam - Kigoma railway network); Tanzania Zambia Railway (TAZARA) Mtwara corridor (extending from Mtwara port in the southern part of Tanzania and joins the Dar es Salaam Corridor at Tunduma in Mbeya region); and Tanga Corridor (extending from Tanga port in the Northern part of Tanzania to Uganda through Lake Victoria) The opportunity of harnessing gas resources for investing in growth

1.2. The company overviews

AL HUSHOOM INVESTMENT (T) LTD imports, distributes, and markets premium-quality petroleum products across East and Central Africa. AL HUSHOOM INVESTMENT (T) LTD was incorporated on the 06TH August, 1991 as a company limited by shares under the Companies Ordinance. In the past years. The company was incorporated under Companies Act 2002 with Certificate of Incorporation No: 19702 by Brela in Tanzania.

AL HUSHOOM INVESTMENT (T) LTD has expanded rapidly in the sub regional petroleum business. The headquarters of AL HUSHOOM INVESTMENT (T) LTD is in Dar es Salaam, the main port and commercial capital of Tanzania, and from there the wings of investment spread out to the neighboring countries of Malawi, Rwanda, Zambia, Kenya, and the Democratic Republic of Congo. The main goal of AL HUSHOOM INVESTMENT (T) LTD is focused on commitment, efficiency and customer satisfaction. The company is approximately 1.2 km from the port of the Dar es salaam being one of the ICD which is closer to the port that provides assurance to clients to delivery their cargo faster efficient and secured to and from the port meeting their expectation.

AL HUSHOOM INVESTMENT (T) LTD is one of the Major Company in On-Shore Bunkering to various Military Vessels, Offshore Drilling Rigs, Commercial Shipping Lines, Tug Boats, Marine Vessels, Speed Boats, Chase Boats, Seismic Survey Vessels, etc. The company directors are targeting to secure contracts with major import/export companies, construction companies and oil and marketing companies within the country and from neighboring countries operating in East and Central Africa to transport their general cargo, petroleum products, aviation fuel, LPG to Burundi, Congo, Zambia, Malawi, Rwanda and Inland Tanzania.

1.3. Project concept in Tabata industrial area

The proposed aimed to expand her transport and logistic operation by purchasing trucks for transportation of cargo and petroleum products in Tanzania, eastern and central Africa.

However, the company is already involved in purchasing of trucks and related facilities in transport and logistic services as will result of the significant investment in Tanzanian operations, the company is looking to register at the Tanzania investment Center. For that purpose, this business plan is prepared to outline the required information about the

company and the operations being conducted for the Tanzania Investment Centre only. It is to be considered private and confidential.

The plant will be located at Kurasini Industrial area, in Ilala District, Dar Es Salaam Region. Whereas the yard is already secured with necessary amenities for logistic services facilities. Other major capital expenditure will involve procurement of workshop tools and equipment, trucks, purchase of utility motor vehicles, furniture and fittings, and fencing of the project sites:

1.4 The company objectives include the followings;

This project is being established with micro-objectives of: Entering into transit cargo business and serve in Tanzania ports for their domestic cargo and transit cargo for neighboring landlocked countries of East and Central Africa namely: Rwanda, Burundi, Uganda, Zambia, Malawi, the Democratic Republic of Congo; as well as Kenya. Serving upcountry areas in general Mbeya, Mwanza, Bukoba, Shinyanga, Mara, Tabora, and Singida in particular by efficient distribution of products and the general cargo including agricultural inputs such as farm implements, fertilizers, insecticides and consumer goods to rural areas.

Transporting good and services in Tanzania and other countries and export outlets. The macro-objectives of establishing the project are to support economic, social and administrative activities in the mentioned areas. Also, to increase the competitiveness of Tanzania goods in the export markets and improve the building and construction industry by offering competitive transport rates.

Others includes, To carry on the business of manufacturers, wholesalers, retailers, and dealer in plastic products, plastic wares, plastic tiles, sanitary, all kind of producer, refinery, stores, supplies, and distributors of petroleum and its products and explore for, produce, refine, treat, distil, manufacture, smelt, store, transport, use, experiment with, market, distribute, exchange, purchase, sell and otherwise dispose of any kind of petroleum products, oil, gas and other volatile substance; To tender for and enter contracts of manufacturing, procurement, and supply of equipment and machinery in the industry and To carry on the business of importers and exporters of heavy plant and equipment.

2.0. PROJECT SHARE AND OWNERSHIP

2.1. The industry overviews

AL HUSHOOM INVESTMENT (T) LTD is a Tanzanian company registered in Tanzania with certificate of incorporation number 19702 of 06th August, 1991. AL HUSHOOM INVESTMENT (T) LTD has expanded rapidly in the sub regional petroleum business. The headquarters of AL HUSHOOM INVESTMENT (T) LTD is in Dar es Salaam, the main port and commercial capital of Tanzania, and from there the wings of investment spread out to the neighboring countries of Malawi, Rwanda, Zambia, Kenya, and the Democratic Republic of Congo. The main goal of AL HUSHOOM INVESTMENT (T) LTD is focused on commitment, efficiency and customer satisfaction.

The initial Authorized Share Capital of the company is TZS 500,000,000/= divided into 1000 ordinary shares of TZS 500,000 each and the company have the power to divide the original or any increased capital into several classes, and to attach thereto any preferential, deferred, qualified or other special rights privileges, restrictions or conditions. Unless the conditions of issues shall otherwise expressly declare, every issue of shares, whether preference or otherwise, or any such rights, privileges or conditions shall not be altered or modified except in accordance with the registered Articles or Association. The liability of the members is limited and the following names compromise the company ownership and principal shareholding as illustrated on Table 1 below.

Table 2.1. Company Ownership and Principal Shareholders

S/No.	Shareholder's Name	Address	Occupation of Subscriber	Number of Shares
1.	AMEIR MUNIF ABDALLAH NAHDI, (TANZANIAN)	P.O.Box 20831 DAR ES SALAAM, TANZANIA	Private Company by Share, Domicile in Tanzania- Incorporate Number 19702	109,867
2.	SAID EDHA ABDALLAH, (TANZANIAN)	P.O.Box 20831 DAR ES SALAAM, TANZANIA	Private Company by Share, Domicile in Tanzania- Incorporate Number 19702	109,867
3.	KHALID MUNIF ABDALLA, (TANZANIAN)	P.O.Box 20831 DAR ES SALAAM, TANZANIA	Private Company by Share, Domicile in Tanzania- Incorporate Number 19702	109,866

2.2. Business Plan Objectives

The objectives of this study are two-fold. First is to determine the viability of the proposed project and serve as a business plan for the company's development program. Secondly, the business plan will act as a supporting document in the company's application for Tanzania Investment Centre (TIC) Certificate of Incentives so as to access exemptions on

duties, VAT deferments and other benefits and protections as statutorily provided for under Tanzania Investment Act (1997).

The project promoters have commissioned a reputable engineering and project planning consulting firm to advice on detailed technical and economic evaluation of the project and in determining its viability. As the report will be used to raise debt financing for the project, it is tailored to meet standard requirements of financial institutions in the region.

2.4. Project establishment Overview

2.4.1. Project description

AL HUSHOOM INVESTMENT (T) LTD, the project is about establishment of a fleet of heavy-duty trucks complete with trailers with a carrying capacity of 30 to 40 tons. The proposed project capacity is **100 heavy-duty trucks, 100 fuel tankers and 100 trailers**, which will be a combination of both semi-trailers/tanker trailers with tractor units and rigid trucks with drawbar trailers at full project implementation estimated at 10 years. 300 trucks are earmarked for transportation of dry cargo. The proposed project will establish a workshop with modern tools and equipment to service the fleet. It will also involve procurement of communication and truck monitoring and control facilities.

2.4.2. Improved Technology/Product Innovation

Only corporate bodies that have strong financial muscles are capable to invest in better technology and be able to attain product differentiation as a cutting edge against rival firms. The use of Global Positioning System (GPS) has by and large enabled certain transport firms to instantly locate their trucks in transit. Hence, it has become possible to identify problems that drivers are facing far away from the base. This implies that should there be some break down or accident then would be reported to the firms base upon which a solution would be identified and dispatched. This is critical as many clients are becoming conscious of a transportation firms' ability to meet delivery times.

2.4.3. Market Analysis Summary

Recent reforms taking place in economy indicate that there is an increase in demand for transit dry cargo. The following are some of the factors that have contributed to such an increase in demand for these products in the country.

- Increased level of rehabilitation and expansion of urban and trunk roads by the Government and international assistance agencies, which has subsequently resulted in increased kilometres of passable roads by small and heavy-duty vehicles.
- Increased level of engagement on transit trade and investment between Tanzania and its EAC and SADC counterpart regions especially Zambia, Uganda, Rwanda, Malawi, Burundi and the Democratic Republic of Congo.
- Rise in people's standard of living and change in people's consumption

- patterns;
- General improvement in the national economy, especially the balance of payments which has made it possible for the Government of Tanzania to achieve greater capability to import and export critical products into and off the country;
 - Increase general level of investments in industrial activities which are the major users of industrial inputs;

The factors have led to increase demand for transportation services for products in the country. Furthermore, these factors have created the impetus for increased inflow of investment capital by foreign and local private investors who now have decided to venture in the importation and industrial raw materials. The reforms, which are now being introduced in the sector, aim at influencing the inflow of and increased supply of both capital goods and other industrial products and their distribution in the country and beyond the national borders.

2.4.4. Market Segmentation

We have segmented our business into six main categories' which will apply to every country we be doing business with.

1. Local transportation Dry
2. International transportation Dry
3. Return Local transportation Dry
4. Return International transportation Dry

There is a wide market for domestic as well as transit cargo transport. Likewise, the market for transportation of building and construction materials is huge, especially for the rural road contractors and builders in general as well as the mining industry. Hence, it can be expected that the sponsors would not face marketing and operational problems in managing the proposed project.

The ports of Dar es Salaam and Mombasa have recently been undergoing major rehabilitation, modernization and expansion so as not only to be able to compete with South African ports in handling the East, Central and Southern African import and export trade but also, as a strategy for meeting the national demands for cargo handling that have grown steadily following expansion of agricultural, mining and industrial activities especially in Tanzania. These factors would provide the proposed freight haulage project the necessary condition for its soft establishment and expansion of its future operations.

AL HUSHOOM INVESTMENT (T) LTD, endeavor to achieve the projected sales for both domestic and transits business in the neighboring countries of Kenya, Rwanda Burundi and Eastern parts of the Democratic Republic of Congo, Uganda and Eastern parts of Zambia.

3.0. TECHNICAL CHARACTERISTIC OF THE PROJECT.

3.1. Project Location and site analysis

Based on physical inspection of the proposed site at keko/Kurasini industrial area, the availability of basic and essential industrial infrastructure such transport, water supply, effluent disposal, electric power supply, telecommunication system and security were all checked out and are ok for factory establishment. The realization of the project development requires successful completion of a number of necessary activities and facilities to enable a successful development of the project. The project location is already installed necessary utilities such as reliable supplies of energy, water, transportation, telecommunications services, waste disposal and other services are in place.

3.2. Buildings and related fixed cost

The floor plan and elevation of buildings and other related structures will be rehabilitating to AL HUSHOOM INVESTMENT (T) LTD as rented at Kurasini New industrial area by the shareholders. However, the total major rehabilitation of the yard and buildings, Storage of raw materials and finished processing a structure, the estimated cost of buildings 30,000US\$, the cost includes Renting, rehabilitation of administration building and offices, Laboratories, storages of chemicals and spare parts, workshop, and camp. The industry also set budget as working capital which involves purchase of raw materials and factory overhead cost of 130,434US\$ The minor rehabilitations costs are inclusive of contingency and reflect prevailing cost of building materials and other cost.

3.3. Machinery and Equipment.

Proper machinery selection is one of the key problems in the development of an industry. The machinery must suit the two-fold requirements of the developing countries, i.e. it should be up-to-date to allow for competitive production. In view of the foregoing, an effort has been made to choose from modern technological alternatives, a level that strikes a balance between fixed costs based on depreciation and variable costs based essentially on wages.

The requirements of various items of equipment have been worked out taking into consideration the production programs, average equipment utilization and normal productivity level of an average worker etc. While working out details of equipment required, it has been assumed that the plant will be working in a double shift of 16 hours a day, 25 days a month or a total of 300 days a year.

The projects machinery and equipment will be sourced from Europe and Asia are estimated to cost 140.042US\$ this includes, Firefighting system; Electrical system and cubbing; Other utilities and accessories; generator, Filling shed equipment's. All these machines and equipment's will be imported from different countries in the world such as India/EUA, China, France and USA.

The total cost of machineries and equipment's is estimated to 140,042US\$ these cost assumptions are C.I.F Dar es Salaam and include installation, commissioning, consultancy, port charges and transport to the project site. Calculated depreciation of machines and other working facilities is estimated to cost 398,055US\$ and increases tremendously.

3.4. Motor Vehicles

300 heavy Trucks with trailers will be imported worth 80,000US\$ each for distribution purpose totaling to 24,000,000US\$

3.5. Furniture & Fittings and computers

This cost item includes the purchase of various office furniture: tables, chairs cabinets, safes, telecommunication gadgets, firefighting equipment, air conditioners etc. A budget of 4,347.83US\$ will be allocated from general administration budget for furniture fittings and computer accessories. The total budget for furniture and fittings is small due to nature of industry as few or minor requirement of furniture and fittings.

3.6. Pre-Operational Expenses

Under pre-operational expenses are considered costs like company formation, preliminary project studies, business plan preparation costs, licenses, permits and authorization, including processing of TIC Certificate of Incentives, and legal fees, travelling expenses, initial recruitment and training expenses, and interest accrued during project construction period. Budget allocated for this is 10,870US\$.

3.7. Initial Working Capital

This item will mainly cover initial imports of raw materials estimated to last for the first three months of operations. Otherwise, raw materials will generally be maintained at one month's stock and debtors at one month's sales volume constitute the biggest portion of current assets. Trade credits will be 15 days for the items listed. The initial working capital allocated budget is 130,434.78US\$.

3.8. Project Financing

The project costs, including fixed costs (machinery, equipment, building renovations, motor vehicles, office furniture and equipment and pre-operation expenses will be financed by a combination of bank term loan and shareholders own resources. Working capital requirements will be financed by short term bank financing in form of overdraft facility. The project promoters are planning to finance project cost in the following pattern:

3.9. Project Implementation

Full implementation of the project is planned to take place by end of September, 2022. Machineries and motor vehicles will be imported immediately while construction/renovation works are in process.

3.10. Auxiliary Materials/ services

Falling under this category is packing bags, paper for bags for bran, lubricants, grease and other miscellaneous items.

Utilities and service facilities that will need to be provided in this plant are as follows:

- (i) Workshop
- (ii) Electric power
- (iii) Water supply
- (iv) Miscellaneous facilities {Canteen; First Aid Kit, Storage and transport and Office Facilities }

(i) Workshop

It is necessary to make provision for a small workshop in the plant premises so that certain maintenance operations could be carried out following sudden breakdowns and major routine matters. The facility will comprise of necessary machines like small centre lathe, drilling machine, welding set, soldering and gas-cutting equipment including complete electrical kit to take care of necessary electrical maintenance as well as to replace worn-out parts and periodic oil and greases needs for the plant. Equipment provision has been restricted to the minimum

(ii) Electric Power and Generator

The proposed site will be supplied with industrial production 3-phase standard power supply from Tanzania Electric Supply Company (TANESCO), the electricity is available through the National Grid Line from Kinyerezi, Dar es Salaam the main power station distributor and electric transformer 2000KVA substation nearby the project site. There also a diesel generator with a capacity 1000KVA each. Lighting system well head Lamps, flamed enclosed with 40W led light will be installed. As part of an alternative power supply, the company will install UPS system in case of abruptly power cut off with a capacity of 10KVA minimum with a battery bank.

(iii) Water Supply

Apart from the needs of electric power, water is also required for the actual process and other social needs. The proposed site has close to DAWASCO - Dar es Salaam Urban water supply Authority water network, the agency is major supplier of water to urban and peri urban area in the region. The main line from this source will be tapped and let to the land site and water collected in an overhead reservoir provided at the top of the building of the plant. Adequate provision has been made in the project cost for the overhead tank and supply and laying of pipelines etc.

(iv) Miscellaneous Facilities e.g. First Aid Kit, Storage and Transport, Office Facilities etc

- Provision has been made in the project costs for necessary facilities for external telephones and fire alarm system;
- Sickness and ill-health are recognized to be among the cause of absenteeism and low morale leading to decreased production, increased waste and bad employee-management relations. Therefore, necessary provision has been made for the canteen and first aid facilities in case of accidents, sudden sickness etc.
- Necessary provision for furniture and office equipment has been made in the Capital Cost estimates.

- Provision has also been made for the various types of weighing equipment in various sections for material-handling equipment etc.

3.12. Warehousing and distribution

The AL HUSHOOM INVESTMENT (T) LTD's warehousing service is ready to meet 24/7/365 in provision of logistic and transportation service. The efficiency of on-site combined with focal lift is already accommodated all needs and reduce supply chain costs. The industry uses electronics inventory management system means will ready for the efficiently movements of goods to next level.

The industry will use quick dispatch for fast distribution of final products and packed by manual means or by semi-automatic machines. The industry will take Extra care is therefore taken to make it hygienic so that the products do not get spoiled during storage.

3.13. Waste management for industry

In order to create a sustainable society, it is necessary to develop effective utilization of all sorts of wastes. One of the major wastes from our living is fiber wastes. Fiber wastes are generally divided to nonindustrial (organic chemicals) and industrial wastes (inorganic Chemicals)

In his strategic management for AL HUSHOOM INVESTMENT (T) LTD (T) Limited's; the industry has to move from an understanding of improvement at all costs to an understanding of continuous and balanced improvement once established. In modern times, environmental protection is being implemented not because it is enforced law, but as an administrative philosophy.

Rapid degradation in environmental conditions has changed at attitude of industrial managers toward ecological environment and had them consider ecology a significant factor while taking decisions related to industrial management. Parameters responsible for environmental pollution include chemicals discharged into air, water and soil as well as energy pollution all these will be taken into consideration of the proposed project.

Noise pollution caused by poorly planned settlement programs is also included in this plan. Furthermore, safety and health of those working in production will be also taken into account by installing modern machines free from noise pollution.

4.0. MANPOWER AND SALARY BUDGET

4.1. Employment

The whole process of production lines is looking at providing direct employment to at least 278 permanent jobs on full implementation and operation of the project. The industry is divided into 4 Departments; Administration and finance (9), Management (9), Maintenance (14), Operation (283) and store and logistic (17)

4.2. Recruitment

Recruitment of the operation department personnel's will be carried out by giving first preference to ex-technician from our local technical institutes such as Vocation Education Training Authority "VETA" and employees of AL HUSHOOM INVESTMENT (T) LTD in Tanzania, based on demonstration of skills and aptitude basis and their willingness to work for AL HUSHOOM INVESTMENT (T) LTD (T) LIMITED. Careful methodology is being worked out by a competent management consultant who will set the job descriptions. To ensure that the right calibre is recruited. Recruitment of expatriate personnel will be carried out in consultation with the relevant authorities in Government and the collaborating agencies.

4.3. Training and the use of consultants

The Company plans to initially carry out on the job training for most of the technical staff to be dispatched to the project site by the suppliers of the plant which will be specified under sales agreement. In general, the company will ensure that employees acquire new skills and procedures to increase their productivity fourfold. Educational materials will be subsidized or paid for to motivate the workers to develop themselves.

Whereas the company will endeavor to obtain the best talents to fill the permanent posts in the organization, it is intended where necessary, to continue with the policy of hiring out some specialized skills by way of consultants. Alternatively, those skills not required throughout the year will be left to consultants. These include legal counsels, systems and management consultants. To ensure efficient and scientific management, operational manuals will be prepared for the core functions of the company.

4.4. Organization and Management

The project will be managed by qualified professionals given the vast experience that the promoters have acquired over years in running and managing similar businesses. The Board of Directors formulates policy and offer strategic business guidance to management and regularly monitor and evaluate performance of the company.

All the production line will be under the administrator under which the day-to-day leader/management of production line will be vested in the management team headed by a Administrator. The Administrator is to be assisted by qualified and experienced personnel.

Table 4.1. Proposed organization and manpower requirement for the plant is as follows:

S/No.	DEPARTMENT	STRENGTH /NUMBERS	MONTHLY SALARY US\$	ANNUAL BUDGET US\$
A	ADMINISTRATION AND FINANCE			
	HR Coordinator (based in Dar es salaam)	1	782.61	9,391.32
	Office Administrator	1	382.61	4,591.32
	Drivers	2	134.78	3,234.72
	Marketing officer	5	291.30	17,478.00
	SUB TOTAL	9	1,591.30	34,695.36
B	MANAGEMENT			
	Chief Financial Officer (based in DAR)	1	617.00	7,404.00
	Project manager	1	573.91	6,886.92
	Accountant	2	652.17	15,652.08
	asst. Accountant	5	521.74	31,304.40
	SUB TOTAL	9	2,364.82	61,247.40
C	MAINTAINANCE			
	Mechanics	5	913.00	54,780.00
	Electrician	1	913.00	10,956.00
	Laboratory Technician	2	783.00	18,792.00
	Maintenance Planners	3	761.00	27,396.00
	Drivers	2	326.09	7,826.16
	Senior ICT	1	348.00	4,176.00
D	SUB TOTAL	14	4,044.09	123,926.16

OPERATION				
Supervisors	2	243.00	5,832.00	
Project coordinators	2	609.00	14,616.00	
Drivers	270	326.00	1,056,240.00	
Quality controller	2	274.00	6,576.00	
Tank filling personals	2	274.00	6,576.00	
Utility worker	5	122.00	7,320.00	
SUB TOTAL	283	1,848.00	1,097,160.00	
E	STORE AND LOGISTIC			
	Logistic Liaison	2	957.00	22,968.00
	Store supervisor	5	252.00	15,120.00
	Store person	10	152.00	18,240.00
	SUB TOTAL	17	1,361.00	56,328.00
GRAND TOTAL		332	11209.21	1,373,356.92

5.0. PROJECT FINANCING AND CAPITAL INVESTMENT SUMMARY

5.1. Project Cost & Financing Pattern

The proposed integrated project is estimated to cost a total of US\$ 24,353,129.92 this including, own equity of 100% US\$ as proceeds from capital contribution of the project. The Current asset of US\$ 2,544,433 during the first year of operation and it increase as the project will be in full operation (see income statement), fixed assets 24,353,130 US\$ and total liquidity of 4,190,057 US\$. The project will be implemented within 10 years.

5.2. Project investment summary

Investment Summary	
Fixed Assets	
A. Land and Buildings	
Land	30,000.00
B. Motovehicles	
300 Heavy Vehicles 32MT @80,000	24,000,000.00
Subtotal - Motovehicles	24,000,000.00
C. Machineries and Equipments	
Laboratory + equipment's	19,565.22
Generator	108,695.00
Flight charges	18,782.65
Sub Total Machineries	147,042.87
D. Funitures and other cost	
Furniture and fittings	4,347.83
Continges	30,434.78
Subtotal Fixed Assets	30,434.78
Total Fixed asset	24,211,825.48
E. Curent Asset	
Pre operational expenses	10,869.57
Initial working capital	130,434.78
Sub total current Assets	141,304.35
Total Investment	24,353,129.82
Equity + Loan	
Equity 100%	24,353,129.82
Loan 0%	-
Total Equity	24,353,129.82

6.0. RISK ANALYSIS

6.1. Risk Analysis

Risk is the probability that an event or action will adversely affect the organization. Risk assessment is the identification and analysis of risks associated with the achievement of operations, financial reporting and compliance goals and objectives. Risk management is a central part of the AL HUSHOOM INVESTMENT LIMITED. The industry's management will determine the level of operations, financial and compliance risk they are willing to assume. Risk assessment is one of the Company's management responsibilities.

6.2. Macroeconomic risk analysis

Since early 1986, the government of Tanzania has launched a comprehensive economic policy and stabilization plan with the aim to enhance the amount of infrastructure construction and improve the lives of the poor. During this time the main economic indicators significantly improved. However, uneven development of various region in the country, lack of relevant infrastructure in transportation, telecommunications, networking, health facilities, electricity and water supplies have proven to be investment barriers. Overall, Tanzania has a weak economic foundation but the project can achieve a greater impact in attaining social and economic goals for the country.

5.3. Finance risk analysis

- a) **Supply Risk:** The risk in Primary production relates to reliable transportation orders and price fluctuations. There is no assurance of enough supply of raw materials in the local market instead mostly of raw materials are imported.
- b) **Sales/market risk:** Placing value added products on the consumer markets bears risk of demand fluctuations and rejections through retailers. Furthermore, distributor is not aware of the selling price mostly are controlled by world market.

5.4. Other potential external risk

- a) **Lack of Governance:** the governance mechanism in the value chain is underdeveloped, actors operate in an uncoordinated and unorganized fashion, and if rules exist, they are often ignored;
- b) **Lack of market coordination:** No lead organization has a coordinating role in relation to markets, technology and information such that producers and processors have no incentives for improving neither their product nor the chain process to promote sustainable income earning opportunities;
- c) **Unclear and conflicting roles regulatory authorities:** Regulatory Agencies are responsible for quality control as well as enforcing TBS, NEMC etc, are regulatory role in issuing licensing in Tanzania
- d) **Industry associations:** Associations are weak at all levels of the chain;
- e) **Operating procedures:** Standard procedures are inadequately enforced, or not enforced at all, because of relaxed production and trade regulations; and

f) Integration: there is little vertical integration of importers, mid chain actors and processors.

5.4. Mitigating potential risk

The development of a large and complex project such as AL HUSHOOM INVESTMENT (T) LTD is necessarily accompanied by multiple risks during all the phases of the project development, construction, operation and maintenance. The right approach to manage the project in a manner which is fairly and adequately address the multiple risks in a comprehensive as well as systematic manner is to use the risk analysis and management methodology which identifies the risk issues and their instrumental cause. In this regard, the risk is eliminated or effectively managed by the party best suited with capacity to handle or deal with the risk factors.

7.0. ECONOMIC AND SOCIAL ASPECTS

The project is also likely to have a positive impact on the economy of coastal regions and Tanzania as a whole by creating employment, and contributing to Government revenues through various taxes, which will be paid. It also has potential for substantial exporting to foreign markets specially to neighboring countries in the Great Lakes countries. In summary the following table will show impact investment index framework

7.1. Impact Investment Index Framework

Impact Investment Index		
Frame Work for AL HUSHOOM INVESTMENT (T) LTD (T) LIMITED		
Performance Area	Quantitative Indicator	Remarks
Investment Capital	Total investment capital, CAPEX and OPEX US\$ 24,.35Million US\$	Substantial amount of capital invested into the domestic economy.
Export Earnings	Indicative Annual sales of earnings of 14,575,000US\$ out of annual average collection	Increased foreign earnings.
Job requirements	Job creation after plant in operation 2022-2027. DIRECT TANZANIAN JOBS 332 local employed workers	<ul style="list-style-type: none"> • Reasonable number of direct jobs created to local Tanzanians with direct impact on poverty reduction through enhanced income generation; and • Improving skills development for Industrial production
Technology applied	High Tech Environmentally friendly machinery	<ul style="list-style-type: none"> • Enhancing technological transfer; and • Applied technology which is free from environmental pollution,
Other Implied Project Benefits		
<ul style="list-style-type: none"> ▪ Increased sales to the Utility Companies providing services of electricity, water and sewerage, telecommunications; ▪ Increased business transacted by local banks and institutions providing financial services; ▪ Business opportunities for local entrepreneurs in market distribution channels, ▪ Business opportunities to contractors and sub-contractors during the minor construction phase; ▪ Increased regional intra-trade and international trade due to better infrastructure facility and links to markets; ▪ Increase of technology transfer & expertise to local employed staff, ▪ Capital spends in local economy over 24.353 million US\$ Millions and ▪ Contribution to GDP growth through increased economic activities 		

Based on the Impact Investment Index analysis, the company can develop projections that the project can deliver both value for money in the context of broad socioeconomic impact and return on investment while complying with governance requirements. In this regard therefore, AL HUSHOOM INVESTMENT (T) LTD will promote the industrialization process in the country, create employment, attract new technologies, expand foreign exchange earnings and ultimately contribute substantially to the country's economic growth.

8.0. FINANCIAL MODELLING AND ANALYSIS

The Financial Modelling and analysis, is the main source of information for assessing the potential financial viability of the AL HUSHOOM INVESTMENT (T) LTD. The analysis is based on the assumptions that have been taken for the implementation of the site development, demand and the associated potential investment requirements for a 10-year time period. The purpose of establishing this project is to speed up the country's economic development by being a catalyst for restructuring the existing local industrial set up and attracting new, both foreign and domestic entrepreneurs to a liberalized legal business framework.

8.1. Project investment inputs and revenue projects

Expected quantities for production	
Sales projection	Unit/Kg/M Cubic
Local transport dry	\$1,275,000
Local transport liquid	\$2,870,000
International transport dry	\$3,070,000
International transport liquid	\$4,210,000
Local return dry	\$1,415,000
International return dry	\$1,735,000
sales in USD	\$14,575,000

Selling price per tonne is 10US\$, average capacity 1,475,700MT

8.2. Production, Revenue and project viability

- ✦ The estimated revenue gain in provision of logistic and transport service annually 14,575,000US\$ in the first year of project implementation and increases positively.
- ✦ Net profit before tax is 4,190,057US\$, second year earning is ten times to 4,607,259 US\$, which show the profit is increasing, (see Income statement)
- ✦ Net profit after tax for the first years in production is 2,544,433 and second year of the project the net profit 2,820,967US\$ for remaining year increasing positively, (see Income statement).
- ✦ Gross sales contribution in the first year of service is quietly promising (see Income statement)
- ✦ The expected sales increase in a second year over 5%, this is due to the company will utilize all necessary machine and equipment during the operation of the project after imposed
- ✦ Total investment cost of the project is 24,353,130US\$ whereas the own equity is 100% and loan-able amount 0US\$ (see investment summary)
- ✦ The end balance of project in cash flow statement is positive and increases tremendous. (see cash flow statement)

- ✚ Testing the project viability is positive whereas IRR is positive 12.93% which is above bank assumed loan interest of 8%, and payback period of project is within 7 to 8 years. Which is project economic life
- ✚ Return on investment is positive and increases tremendously (see balance sheet)
- ✚ Breakeven point is positive from the first year of operation.

8.3. Objective and Scope of Financial Model

8.3.1. Objective

The main objective of the financial modelling and analysis is to setup a financial model framework for potential generated revenues and operational & maintenance costs for the full operation of AL HUSHOOM INVESTMENT (T) LTD based on the assumptions taken for the Market Analysis, the plan for the facility development, unit production costs and other overhead and operational charges.

8.3.2. Scope

The scope consists of a financial model that will be used to analyse the potential financial viability of the project based on the assumptions taken for the concept and scope of the project on the Market Analysis. The financial model has been developed in excel spread sheet and include information on costs, expenses and the subsequent sales revenue based on the average market prices and linked to the financial cash flow.

8.3.3. Project financial plan.

The project financial plan primarily consists of income statement, cash flow projection and balance sheet. From these 3 financial statements the project will derive Break even points, internal rate of returns, loan payment schedules, payback period and other financial ratios. These reports constitute reasonable estimate of company financial future. More importantly, the process of thinking through the financial plan improves insight into inner financial working of company.

Repair and Maintenance		1,878,261	1,934,609	1,992,647	2,052,426	2,052,426	2,113,999	2,113,999	2,177,419	2,177,419	2,242,742	20,735,948
		1,173,913	1,209,130	1,245,404	1,282,766	1,282,766	1,321,249	1,321,249	1,360,887	1,360,887	1,401,714	12,959,967
Insurance/licensing/other charges		391,304	403,043	415,135	427,589	427,589	440,416	440,416	453,629	453,629	467,238	4,319,989
Other Costs		3,478,261	3,582,609	3,690,087	3,800,790	3,800,790	3,914,813	3,914,813	4,032,258	4,032,258	4,153,225	38,399,903
Other Costs		-	-	-	-	-	-	-	-	-	-	-
Total Operating Costs		10,384,943	10,696,491	11,033,508	11,381,441	11,381,441	11,740,658	11,740,658	12,111,541	12,111,541	12,494,483	115,076,707
Operational Net Earnings before Depreciation, Interest & Tax		4,190,057	4,607,259	5,035,430	5,490,943	5,490,943	5,975,345	5,975,345	6,490,263	6,490,263	7,037,411	56,783,258
<i>%age Gross Contribution</i>		29	30	31	33	33	34	34	35	35	36	1
Depreciation at 5% (mostly civil works)		398,055	403,135	440,600	480,458	480,458	522,843	522,843	567,898	567,898	615,773	5,110,493
Net Earnings before Tax & Interest		3,792,001	4,204,123	4,594,830	5,010,486	5,010,486	5,452,502	5,452,502	5,922,365	5,922,365	6,421,637	51,672,765
Interest Paid (Bank Loan)		-	-	-	-	-	-	-	-	-	-	-
Tax (30%)		1,247,568	1,383,157	1,511,699	1,648,450	1,648,450	1,793,873	1,793,873	1,948,458	1,948,458	2,112,719	17,036,705
Net Earnings		2,544,433	2,820,967	3,083,131	3,362,036	3,362,036	3,658,629	3,658,629	3,973,907	3,973,907	4,308,919	34,746,593

Net cash flow from investing activities	0	0	0	0	0	0	0	0	0	0
CASH FLOW FROM FINANCING ACTIVITIES										
Proceeds from capital contributed	0	0	0	0	0					0
Proceeds from loan	0	0	0	0	0					0
Payment of loan	0	0	0	0	0	0	0	0	0	0
Net cash flow from financing activities	0	0	0	0	0	0	0	0	0	0
<u>NET INCREASE/DECREASE IN CASH</u>	0	3,224,102	3,523,731	3,842,494	3,842,494	4,181,472	4,181,472	4,541,805	4,541,805	4,924,692
Cash at the beginning of the period	2,544,433	2,820,967	3,083,131	3,362,036	3,362,036	3,658,629	3,658,629	3,973,907	3,973,907	4,308,919
Cash at the end of the period	2,544,433	6,045,069	6,606,861	7,204,530	7,204,530	7,840,101	7,840,101	8,515,711	8,515,711	9,233,610

ANNEX IV - IRR

IRR for the Project

(All numbers in USD)

	Initial Investment	-24,353,130
Year 1	Additional Annual Net Profit	2,544,433
Year 2	Additional Annual Net Profit	2,820,967
Year 3	Additional Annual Net Profit	3,083,131
Year 4	Additional Annual Net Profit	3,362,036
Year 5	Additional Annual Net Profit	3,362,036
Year 6	Additional Annual Net Profit	3,658,629
Year 7	Additional Annual Net Profit	3,658,629
Year 8	Additional Annual Net Profit	3,973,907
Year 9	Additional Annual Net Profit	3,973,907
Year 10	Additional Annual Net Profit	4,308,919
	IRR (in 10 years)	12.93%

The IRR above indicates that the expected return on the US\$ 24,353,130 initial investment after 10 years is 12.93%.

ANNEX V PAY BACK PERIOD

Payback Period Analysis

	Year	Beginning Balance	Net Cash Flows	Ending Balance
Cost of investment	0.00	24,353,129.82	0.00	24,353,129.82
	1.00	24,353,129.82	2,544,432.98	21,808,696.84
	2.00	21,808,696.84	2,820,966.84	18,987,730.00
	3.00	18,987,730.00	3,083,130.60	15,904,599.41
	4.00	15,904,599.41	3,362,036.01	12,542,563.40
	5.00	12,542,563.40	3,362,036.01	9,180,527.39
	6.00	9,180,527.39	3,658,629.16	5,521,898.22
	7.00	5,521,898.22	3,658,629.16	1,863,269.06
	8.00	1,863,269.06	3,973,906.71	2,110,637.65
	9.00	2,110,637.65	3,973,906.71	6,084,544.35
	10.00	6,084,544.35	4,308,918.52	10,393,462.87

Payback Period =	8.00	Years
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9.0. CONCLUDING REMARKS AND WAY FORWARD

9.1. Evidence of project viability based on financial model and policy Framework support

On the basis of all the analysis done on this Business Plan on all aspects of assessment on both SWOC Analysis, market analysis, risk analysis and the financial analysis, the proposed investment options in the project as prescribed on this business plan have shown that the project is commercially viable. Nonetheless, AL HUSHOOM INVESTMENT (T) LTD through professional consultative manner, will continue to find ways of implementing cost effective options given time and financial resources that will be made available. Financial analysis results show that when the construction of plant facility is financed using a combination of equity debt ratio (100:0), it gives an IRR of about 12.93%. The computed IRR is well above Dollar market of the annual loan interest rate of (8.00%) which is technically interpreted that the project is financially viable. The payback period for the project is estimated at 7 to 8 years, which is within the range for this type of investment. Sensitivity analysis results also favor the project. Financial analysis for the project has shown feasible returns. Based on the investment scope and the assumptions taken in this Business Plan, the project will not face any difficulties during establishment, according to the projected cash flow be in a position to accomplish repayment of the loan and start generating profit.

9.2. Policy Framework Support

The development of the AL HUSHOOM INVESTMENT (T) LTD is designed to take advantages of the current Tanzanian market-oriented reforms. The Project will be developed and established to accelerate the industrialization process. The vision 2025 emphasizes the importance of the allocation of public funds for strategic investments and private sector financing for development investments.

The 15 years Perspective Plan (2020-2025); Prioritize private investment in the context of Public Private Partnership. The First Five Years Development Plan (2020-2025) recognizes the fundamental role of the private sector in enabling the government to allocate its fund to strategic projects to facilitate a higher level of development. MKUKUTA III (2020-2025) identifies Public Private Partnership as a means of increasing the level of stakeholder participation and of easing the financial burden on the government. It should be noted that existing public resources are clearly insufficient to meet Tanzanian's huge development needs. The increased use of private enterprises participation in development projects can help alleviate the financing gap. This approach is now applied by AL HUSHOOM INVESTMENT (T) LTD to ensure development of one among the ultra-modern plant in Dar es Salaam Region. Private sector and investment have been recognized as the most significant potential source of additional funding required to facilitate development projects.

9.3. Conclusive Remarks and Way Forward

The development of this project will be funded by private finances. The company acting through its various shareholders and structures will provide the initial risk capital amounting to 24,353,130 US\$. The company will fund the development of the project minor rehabilitations of factory building, business offices, bulk storage facilities and purchasing machines as stated on this business plan. Before the Company engages into the development of this project as a private enterprise, it needs to accomplish the pre development activities to make way for the development of the designated project. The company has to accomplish the following;

a) Apply for TIC certificate

The company by using this Business Plan and other required supporting documents should apply for the TIC Certificate at Tanzania investment centre Office. With this certificate, the company will be able to access tax reliefs which to a large extent will help to in reducing project costs, particularly in the purchasing of machineries and minor building of area of proposed industrial area.

b) Conduct Environmental Impact Assessment.

The company has to engage a consultant to conduct EIA in order to ensure that environmental and possibly other sustainability aspects are considered effectively in policy, plan and project development. The EIA Directive aims at introducing systematic assessment of the environmental effects of strategic land use related plans and programs. It typically applies to regional and local, development, waste and transport plans, within the country. EIA ensures that plans and programs take into consideration the environmental effects they cause.

c) Minor rehabilitation to suit project Industrial requirement

The company should engage a firm to make minor rehabilitation of existing structure that will suit project manufacturing requirements. The structure should include all vital service facilities described in this business plan. When possible, the process of design of the facility should be consultative insomuch that it should allow and incorporate ideas from experienced professionals from the industry.

d) Mobilizing Funds

As previously discussed on the Financial Analysis of this business plan, financing mechanism for plant should be scrutinized well before commencing the project implementation. There may be several options of financing the project development but the company will find the best option. The investment team should do consultation with relevant financial institutions (Banks and non-bank Financial Institutions), both within and outside the country. This exercise should be more effective if the team works closely with central government agencies, particularly

TIC and the Ministry of Industry & Trade and Ministry of Investment.

