

**BUSINESS PLAN FOR THE
IMPLEMENTATION PROGRAMME**

OF

M/S ADVENT CONSTRUCTION LIMITED

IN

**ESTABLISHING AND OPERATING A PROJECT FOR
PROVISION OF CIVIL & ENGINEERING WORKS FOR
VARIOUS CONSTRUCTIONS**

**PREPARED BY
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M/S ADVENT CONSTRUCTION LIMITED
ESTABLISHING A PROJECT FOR PROVISION OF CIVIL &
ENGINEERING WORKS FOR VARIOUS CONSTRUCTIONS

1. INVESTMENT PLAN

The investment plan has been prepared by **M/S ADVENT CONSTRUCTION LIMITED** for the company's Contractual civil & engineering works for various construction in the Country such as Kilombero expansion Project in extensive construction of Factory 420 TCH raw sugar factory, construction of satellite village at Dungu Farm Kigamboni-Temeke/ Dar Es salaam, construction of off- grid water supply distribution Network in Ilala and Part of Kigamboni Municipalities, construction of Transmission main from Kiverege Reservoir Mwanga to same Town, construction of Lyamalagwa Irrigation Scheme, supply and construction of architectural, civil and mep work for expansion project at Wilmar Rice Tanzania Limited in Morogoro, construction services in design and build (extension) of existing plasterboard production line, Design and Build of Mbezi Beach waste water treatment plan with capacity of 16,000m³/d.

The investment plan has also been prepared to give an analysis of the financial, human, technical and other resources required for the intended contractual civil works and also assess its economic viability and commercial viability in order to allocate funds for the implementation programme especially in acquiring material, equipment to the area of civil works.

The certificate of incentives will enable the project to enjoy TIC ONE STOP FACILITATION such as getting of approvals, licenses and permits such as resident / work permits, Business License, protection of investment, arbitration and transfer of foreign currency etc

2. COMPANY'S BACKGROUND

M/S ADVENT CONSTRUCTION LIMITED is a private owned company registered/ incorporated in Tanzania by Registrar of Companies under company's ordinance, on 05th day of May, 19974 with Certificate of Incorporation No: 9951

The company was initially incorporated with prime objectives of operating a project for constructing Commercial/ Residential Buildings and carrying out civil works. The Company was honored several contractual works for Kilombero expansion Project, as well as construction of Factory 420 TCH raw sugar factory, construction of satellite village at Dungu Farm Kigamboni- Temeke/ Dar Es salaam, construction of off- grid water supply distribution Network in Ilala and Part of Kigamboni Municipalities, construction of Transmission main from Kiverege Reservoir Mwanga to same Town, construction of Lyamalagwa Irrigation Scheme, supply and construction of architectural, civil and mep work for expansion project at Wilmar Rice Tanzania Limited in Morogoro, construction services in design and build (extension) of existing plasterboard production line, Design and Build of Mbezi Beach waste water treatment plan with capacity of 16,000m³/d to provide civil and engineering works to all constructions mentioned. **M/S Advent construction limited** being the big construction company with experienced professional engineers got many other important contracts.

The company determines to construct extended modern sugar factory to assist to increase the production. The company will provide the best and quality civil & engineering works according to signed contract without delay or damage the M/S Advent will also construct the off-grid water supply distribution network, kiverege reservoir, irrigation scheme, constructing Wilmer Rice factory, Plasterboard Production line and Mbezi waste water treatment Plan etc .

The main purpose of the proposed civil & engineering project is to provide quality facility/equipment and materials for the above mentioned constructions to correspond with the signed contracts without any delay to support the government emphasis on industrialization, urbanization/ growth of town, agriculture, sanitation, clean water programme. The quality of company's civil works will guarantee TSK satisfaction in proposed expansion programme.

There is an extensive market for our civil & engineering works due to quality work done by our experienced civil laborers, best qualified engineers and company's goodwill, promptness, funds ; we always get contractual civil & engineering works because we make our clients satisfied, we now have many signed contracts such as;

- civil and Mep work for expansion projects at Wilmar Rice Tanzania limited & Wilmar rice factory extension, silos erection and office building- Msamvu Morogoro,
 - construct Lyamalagwa irrigation Scheme -Nzega District in Tabora,
 - construction of satellite village at Dungu Farm- Mwongozo-kigamboni,
 - construction of off grid water supply distribution networks-Chanikain ilala / Dar es salaam and Part of Kigamboni Municipalities,
 - construction of transmission main from kiverenge reservoir (Mwanga) to mgagao - Same district- Mwanga site kilimanjaro
 - knauf site project, Kisemvule- Mkuranga District-supply and construction of architectural, construction service in Design and Build- extension of existing plasterboard production line,
 - Design and Build Mbezi Beach waste water treatment plant with capacity of 16,000m³/d.
- Metito site- water treatment plant Limited, Mbezi, Uungo District- Dar es salaam

- Kimbiji site- Development of Kimbiji water Project, construction of sump, pumping station, transmission and pipeline and Reservoir.

It is on the basis of the above reasons the management resolved to invest in provision of civil works.

In the proposed programme, the proposed civil & engineering works for such Projects will acquire materials, Batching Plants, and other related equipment for the construction works.

Hence the civil & engineering Project is estimated to be USD 15,500,000.00 .The estimated capital investment cost of USD 15,500,000.00 will be on new and modern Batching Plants, equipment and materials and other expenses.

3. MARKET POTENTIAL

There is a very big market potential for the civil and engineering works in Tanzania due to development and growth of Town and business, construction of Industries, residential apartments, office space etc. Therefore, there is high demand of the modern residential and commercial buildings, factories, warehouses, Roads, bridges, playgrounds, irrigation schemes, water projects (reservoirs) etc. And the civil expansion works market is growing day by day especially due to the urbanization as well as industrialization.

M/S ADVENT CONSTUCTION LIMITED being one of the big construction company with qualified engineers and civil workers with capacity of fulfilling all civil contracts and complete within the agreed time. We have many contracts to fulfill such as Wilmar rice factory extension, off-grid water supply distribution network, kiverege reservoir, irrigation scheme, constructing Wilmer Rice factory, Plasterboard Production line and Mbezi waste water treatment Plan, silos

erection and office building, in addition to that another contract to construct Lyamalagwa irrigation canal on Isaka Tabora.

The recent market survey undertaken by the company has realized that there is high demand for civil & engineering works in Tanzania whereby there is growth of investments especially in construction sector.

High quality, skills, experience, funds, Promptness and goodwill are the factors which will make the project to dominate the civil & engineering works market.

The company also expects to expand, diversify and construct such intended facility in other key areas in other Regions in Tanzania.

4. THE COMPANY'S OBJECTIVES

M/S ADVENT CONSTRUCTION LIMITED is a project intended to provide civil & engineering works in various regions in Tanzania by constructing the factories, warehouses, apartment, irrigation scheme, water treatment projects, reservoirs, offices etc.

The mission of proposed civil & engineering works project is basically aimed at construction and marketing of such development. Advent construction Limited being the construction company constructs projects such as factories, industries, Roads, commercial & residential apartments, erection of silos, irrigation canal etc in order to achieve the following objectives.

- ❖ To foster the growth of civil & engineering works in Tanzania.
- ❖ To reduce shortage of experienced contractors in the country.

- ❖ To reduce dependence of civil & engineering works from foreign companies.
- ❖ To promote construction sector in the Country.
- ❖ To promote growth and expansion of private sector.
- ❖ The Company will create more employment (more job opportunities from unskilled to professionals, engineers/ technicians etc.)
- ❖ Skill development (human resources development) through on job training and use of modern Plant & machinery and new technology application.
- ❖ Income generation, alleviation of poverty and improve their social welfare employees.
- ❖ The Company contributes to the government revenue through taxes and other levies.

5. PLAN/PROSPECTS

- ❖ High production performance
- ❖ To increase contractual civil works due to quality, goodwill and promptness.
- ❖ To construct more factories, industries, residential & commercial buildings in Key areas.
- ❖ To increase the volume of civil works capacity.

6. SHAREHOLDERS (PROMOTERS)

The following are the shareholders/ promoters of **M/S ADVENT CONSTRUCTION LIMITED** and their shareholder's position are: -

No	Name of Shareholders	Nationality	shareholding structure %
1.	Ashutosh Mukund Jog	Tanzanian	45%
2.	Dhruv Jog	Indian	42%
3.	Veena Ashutosh Jog	Tanzanian	8%
4.	Tamish Jog	Indian	5%
	TOTAL		100%

Therefore, the authorized capital of the company is Tshs. 500,000/= divided into 1000 ordinary shares of Tshs. 500/= each. The Company shall have power to increase its capital and to divide the shares in its capital for the time being into several classes of stock or shares and to attach thereto respectively such preferential, deferred or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company.

7. LOCATION

M/S Advent construction Limited office located at, Mikocheni, Plot No:,132, Block No: 132. House no:132 mikocheni Road, in Kinondoni. Postal Address P. O. Box 8702 Dar es salaam.

PROJECTS LOCATIONS:

- Kilombero Sugar Project at Mlabani, Kilombero District in Morogoro
- civil and Mep work for expansion projects at Wilmar Rice Tanzania limited & Wilmar rice factory extension, silos erection and office building- Msamvu Morogoro,
- construct Lyamalagwa irrigation Scheme -Nzega District in Tabora,
- construction of satellite village at Dungu Farm- Mwongozo-kigamboni,

- construction of off grid water supply distribution networks- Chanika in ilala / Dar es salaam and Part of Kigamboni Municipalities,
- construction of transmission main from kiverenge reservoir (Mwanga) to mgagao - Same district- Mwanga site kilimanjaro
- knauf site project, Kisemvule- Mkuranga District-supply and construction of architectural, construction service in Design and Build- extension of existing plasterboard production line,
- Design and Build Mbezi Beach waste water treatment plant with capacity of 16,000m³/d.
Metito site- water treatment plant Limited, Mbezi, Uungo District- Dar es salaam
- Kimbiji site- Development of Kimbiji water Project, construction of sump, pumping station, transmission and pipeline and Reservoir.

8. COMPANY'S IMPLEMENTATION SCHEDULE

8.1 SEPTEMBER - 2023

- ❖ Preparing Business Plan for establishing and operating a project for provision of civil & engineering works for various constructions.
- ❖ Registration of the proposed project with Tanzania Investment Centre i.e. Application for the Certificate of incentives.
- ❖ Getting Certificate of Incentives

8.2 OCTOBER - 2023

- ❖ Ordering and Importing materials, batching Plants and related equipment, utility vehicles etc.
- ❖ Clearing of equipment, machinery, Batching Plants and Allied equipment from Customs control (at the Port and Airport).

- ❖ Delivery of the materials and equipment to various projects locations in the regions

8.3 NOVEMBER- 2023

- ❖ Recruiting civil workers to assist the engineers and training them on new technology skills for construction of proposed Projects.
- ❖ Fully commencement of civil & engineering works.

9. CAPITAL INVESTMENT COST

Land/Building	USD \$	12,500,000.00
Plant/Machinery	USD \$	2,000,000.00
Vehicles	USD \$	500,000.00
Furniture and Fittings	USD \$	-
Pre-expenses	USD \$	150,000.00
Other expenses	USD \$	150,000.00
Working capital	USD \$	200,000.00
<u>TOTAL CAPITAL</u>	<u>USD \$</u>	<u>15,500,000.00</u>

The company's promoters (shareholders) have resolved to register the intended Project with Tanzania Investment Centre (TIC) and securing the certificate of incentives which will also benefit the project in non fiscal incentives.

10. FINANCIAL PLAN (SOURCE OF FUNDS)

M/S ADVENT CONSTRUCTION LIMITED has firmed up finances for the civil & engineering works for all signed Project by its own fund and loan:-

Own fund (equity)	USD \$	10,500,000.00
local loan	USD \$	5,000,000.00
TOTAL	USD \$	15,500,000.00

11. CIVIL & ENGINEERING WORKS FOR ALL SIGNED CONSTRUCTION PROJECTS:

- Project Requirement: -
 - i. -Materials,
 - ii. Machinery,
 - iii. Batching Plant
 - iv. Allied equipment & tools
 - v. safety gears,
 - vi. Etc...

12. PLANT LAYOUT

CONCRETE
I
PLAN +DESIGNING +ERECTION
I
CONSTRUCTION - CIVIL WORKS

I
FINISHING WORKS
I
FACTORY

13. SUBMISSION

M/S ADVENT CONSTRUCTION LIMITED wishes to submit its investment plan and application to the Tanzania Investment Centre (TIC) its proposal for registration and award of certificate of incentives in the establishment programme.

The Proposed civil & engineering works Projects will soon commence after the Company is registered with Tanzania Investment Centre and being issued the Certificate of incentives. Thereafter the Company will order and import the

Batching Plants, equipments and materials etc for civil & engineering for all signed contracts/ project. The Project will enjoy VAT DERFERMENT on CAPITAL GOODS as they are 0 import duty

The certificate of incentives will enable the project to enjoy TIC ONE STOP SHOP such as getting approvals, Resident & working permits, licenses, protection of investment, arbitration and transfer of foreign currency etc.

14. ECONOMIC GROWTH

Positive economic growth which had been registered in Tanzania, have attracted more investments in the Country like the proposed civil & engineering works projects especially in construction of Industries, factories, reservoirs, irrigation schemes, commercial & residential Buildings, apartments, warehouses, Roads, Bridges etc. The economic growth influenced establishment of such development to facilitate manufacturing and growth of town and Government emphasis on Industrialization.

15. COMPETITION/MARKET

Despite there being numbers of construction companies still the facility is not enough compared to the level of demand-Development and economic activities.

However, the proposed civil works project expects to dominate the market because of goodwill, promptness, experience, skilled/ qualified engineers, funds, capacity and provision of high quality work.

16. ADVERTISEMENT

Advertisement, which forms part of the marketing strategy, will be embarked upon in the newspapers, street banners,

yellow page and later on in the televisions in a manner benefiting the promotional role of any company or private institutions.

17. BUSINESS STRATEGY

In order to meet the current demand and high productivity the management of the company will develop and implement additional strategies which will capture markets

- ❖ Technology/product quality and design,
- ❖ Advertisement/promotion,
- ❖ Employing qualified and experienced personnel,
- ❖ Funds,
- ❖ Business Discipline.
- ❖ etc

18. ENVIRONMENTAL ISSUE

The construction processes and the whole civil works project is environmental friendly. The project's activities and all processes will not cause any harm to people.

19. PROJECT MANAGEMENT

The overall management of the company is vested in the Board of Directors. Mr. Ashutosh Mukund Jog is the Managing Director of the Company; he is well versed in civil works & Residential & Commercial Buildings Business. The other Directors are Dhruv Jog, Veena Ashutosh Jog, Tamish Jog.

THE CHART

COMPANY'S

ORGANIZATION



20. MANPOWER AND TRANSFER OF TECHNOLOGY

This project being provision of civil & engineering works for various constructions in the country in its implementation programme will usher in the country a new construction technology (Transfer of knowledge/technology). The advantages to the country are quite significant both in construction and value addition in Industrial project too due to such incoming technology.

The project will solve the acute problem of having quality facility for sugar Industry, reservoirs, irrigation schemes, water treatment project, waste water projects, plasterboard production line, satellite village, off grid water supply distribution network etc. Furthermore, the country can reduce its dependence on using foreign contractors because of having the best and reliable local contractors etc.

The intended civil works project will cause 37 local people to be employed and 120 indirect employments and about 13 foreigners in the course of construction in different projects; these employees will increase their income, improve their social welfare and pay taxes; also it is poverty alleviation programme to them.

Local employees will get on job training and in a long run will improve the technical competence of the production/construction.

21. CONCLUSION AND RECOMMENDATION

The financial evaluation of the proposed civil & engineering works indifferent locations done so far indicates that this programme will be profitable both economically and financially viable venture. There are many other benefits direct and indirect of this project.

The management being experienced businessmen possesses ample managerial capabilities in various business disciplines. Based on the above factors, it is recommended that the company should be granted the certificate of incentives for the implementation of the proposed civil works project so that the project enjoys non fiscal incentives run the operation smoothly and increases its production capacity.

22. FINANCIAL AND ECONOMIC ANALYSIS

22.1 Projected Profit and Loss Account

The company envisages generating a profit of USD \$ 1.160,000 this operating year. The profit amount is expected to steadily rise to USD \$ 1,175,000 in year two, USD \$ 1,190,000 in year three and USD \$ 1,205,000 in year four And usd dollar 1,230,000 In the fifth year.

22.2 Projected cash flows

The projected cash flows for the next five years indicate that the company will have enough funds to service/repay the loan and interest payments. Hence the financial obligations will be met in a timely fashion.

22.3 Proposed Balance Sheet:

The projected balance sheet shows healthy financial situation. Short term liabilities are at all times covered by fixed assets. Also current liabilities are adequately covered by current assets.

23. SENSITIVITY ANALYSIS

To assess further the viability of the implementation project, sensitivity analysis has been worked out on the basis of several unfavorable conditions that might negatively affect the operations of M/S ADVENT CONSTRUCTION LIMITED

23.1 Effect of cost increase on profitability (on the basis of year II CIVIL& ENGINEERING WORKS INCOME in "000" USD \$)

Income	Costs	Increase	Profit before depreciation
2,180,000	1,005,000	%	1,175,000
2,180,000	1,055,250	5%	1,124,750
2,180,000	1,105,500	10%	1,075,500

23.2 Effect of CIVIL& ENGINEERING WORKS income decrease/drop on profitability (on the basis of year II costs in "000" USD \$)

Income	Income Decrease	Cost	Profit before depreciation
2,180,000	%	1,005,000	1,175,000
2,071,000	5%	1,005,000	1,066,000
1,962,000	10%	1,005,000	957,000

The viability/profitability of the company operations appears more sensitive to civil works income/revenue than increase in the operating costs. This implies that the company should strive to maintain the existing market and undertake an aggressive marketing strategy to hire more clients and expand its market or clients base.

Appendix I

M/S ADVENT CONSTRUCTION LIMITED

PROJECTED INCOME STATEMENT (ESTIMATED)

(Fig. USD \$ '000')

Income	Years				
	I	II	III	IV	V
Sales Income	2160.0	2180.0	2200.0	2220.0	2250.0
Total Income	2160.0	2180.0	2200.0	2220.0	2250.0
Utilities	500.0	500.0	500.0	500.0	500.0
Salaries and wages	100.0	100.0	100.0	100.0	100.0
Transportation/fuel	50.0	55.0	60.0	65.0	70.0
Admin Expenses	150.0	150.0	150.0	150.0	150.0
Other Expenses	200.0	200.0	200.0	200.0	200.0
Total Expenditure	1000.0	1005.0	1010.0	1015.0	1020.0
Net Profit (pre tax and depreciation)	1160.0	1175.0	1190.0	1205.0	1230.0

Appendix II

M/S ADVENT CONSTRUCTION LIMITED

PROJECTED CASHFLOW STATEMENT (ESTIMATED)

(Fig. USD \$ '000')

Year	I	II	III	IV	V	
Cash inflow						
Income from operation	1160.0	1175.0	1190.0	1205.0	1230.0	
	1160.0	1175.0	1190.0	1205.0	1230.0	
Cash outflow						
Interest payments	500.0	450.0	400.0	350.0	300.0	
Loan re-payment	500.0	500.0	500.0	500.0	500.0	
Wear & tear	50.0	55.0	60.0	65.0	70.0	
Taxes	10.0	20.0	30.0	40.0	50.0	
	1060.0	1025.0	990.0	955.0	920.0	
Surplus cash generated	100.0	150.0	200.0	250.0	310.0	

ESTEMATED (Fig. USD \$ '000')

Year	VI	VII	VIII	IX	X	Total
Cash inflow						
Income from operation	1235.0	1250.0	1265.0	1280.0	1295.0	12285.0
	1235.0	1250.0	1265.0	1280.0	1295.0	12285.0
Cash outflow						
Interest payments	250.0	200.0	150.0	100.0	50.0	2750.0
Loan re-payment	500.0	500.0	500.0	500.0	500.0	5000.0
Wear & tear	75.0	80.0	85.0	90.0	95.0	725.0
Taxes	60.0	70.0	80.0	90.0	100.0	550.0
	885.0	850.0	815.0	780.0	745.0	9025.0
Surplus cash generated	350.0	400.0	450.0	500.0	550.0	3,260.0

Appendix III**M/S ADVENT CONSTRUCTION LIMITED****PROJECTED LONG TERM LOAN REPAYMENT (ESTIMATED)****(Fig. in USD \$ '000')**

Year	Repayment			
	Principal	Interest	Total	Amount
O				5000.0
I	500.0	500.0	120.0	4500.0
II	500.0	450.0	114.0	4000.0
III	500.0	400.0	108.0	3500.0
IV	500.0	350.0	102.0	3000.0
V	500.0	300.0	96.0	2500.0
VI	500.0	250.0	90.0	2000.0
VII	500.0	200.0	84.0	1500.0
VIII	500.0	150.0	78.0	1000.0
IX	500.0	100.0	72.0	500.0
X	500.0	50.0	66.0	0.0