BUSINESS PLAN FOR THE

IMPLEMENTATION PROGRAMME

OF

M/S ACER PETROLEUM (T) LIMITED

IN

ESTABLISHING AND OPERATING A PROJECT FOR CONSTRUCTING BULK PETROLEUM AND GAS STORAGE FACILITY

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ESTABLISHING AND OPERATING A PROJECT FOR BULK LIQUID STORAGE AND ITS OUTLET

1. INVESTMENT PLAN

The investment plan has been prepared by **M/S ACER PETROLEUM (T) LIMITED** for the company's establishment programme in construction of bulk petroleum and Gas Depot in VIJIBWENI/kigamboni.

The investment plan has also been prepared to give an analysis of the financial, human, technical and other resources required for the intended Bulk petroleum &gas storage project and also assess its economic viability and commercial viability in order to allocate funds for the implementation programme especially in acquiring Building materials for calibrated storage Tanks such as steel plates, pipes & fittings, coupling, office steel structures, pre-fabricated buildings, equipment, generators, transformer, utility and supporting vehicles etc.

The certificate of incentives will enable the project to enjoy Tax exemptions on CAPITAL/ DEEMED CAPITAL GOODS and TIC ONE STOP FACILITATION like processing 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 ACER PETROLEUM (T) LIMITED is a private owned company registered/ incorporated in Tanzania by Registrar of Companies under company's ordinance on 16th day of March, 2005 with Certificate of Incorporation No: 51843

The company was incorporated with a prime objective of operating a project for constructing the storage facility for bulk petroleum and Gas in vijibweni/ kigamboni.

The company determines to construct modern facility for warehousing/ storage of bulk petroleum & Gas in kigamboni which is going to be used to store petroleum and gas for Acer petroleum and indulgence/ hospitality services for other Oil marketing Companies (OMCs). The company will construct big storage tanks for warehousing bulk liquid & Gas. And at same time to do the marketing of the storage services which can be used by other OMCs and transporting to its sale outlets and customers in the country as well as transit to land locked countries.

The main purpose of the proposed bulk liquid storage project is to warehouse oil & Gas and transporting them to its sale outlets & customers and provide quality facility for storage to correspond with the growing demand especially by other Oil marketing companies (OMCs) for reducing the shortage of fuel and storage facility for other OMCs . Petroleum and Gas are very important in people's day to day activities and they provide the vital role in supporting industries, transportation, lighting and cooking, urban &rural activities. The quality of company's warehouses/ storage facilities with modern calibrated tanks will guarantee satisfaction to Customs operations and Tax collection puropses in proposed programme.

There is an extensive market to absorb all the facility which will be used by storing company's fuel and other OMCs in indulgence/ hospitality services. It is on the basis of the above reasons the management resolved to invest in constructing bulk petroleum & Gas storage facility (Petroleum &Gas Depot) for modern petroleum & Gas Terminal in Vijibweni/ Kigamboni.

In the establishment programme, the proposed storage of Bulk petroleum & Gas Project will import Building materials for calibrated storage Tanks such as steel plates, pipes & fittings, coupling, office steel structures, pre-fabricated buildings, machinery, equipment, generators, transformer, utility and supporting vehicles, fire fittings equipment and other related facilities for the calibrated storage Tanks etc.

Hence the establishment programme of three years in setting up the Terminal/ Depot is estimated to be USD 26,000,000.00 The estimated capital investment cost of USD 26,000,000.00 will be on new and modern Building materials for calibrated storage Tanks such as steel plates, pipes & fittings, coupling, office steel structures, pre-fabricated buildings, equipment, fire fitting equipment and other allied facilities.

3. MARKET POTENTIAL

There is a very big market potential for the bulk Petroleum & Gas storage in Tanzania. Therefore, there is high demand of the modern Depot especially for such Project as it is in the very convenient location- key location in Dar es salaam ; Vijibweni / Kigamboni where it is near to KOJ where ships Pump Petroleum and Gas to the Calibrated Tanks. The Intended Project do not need to Transport the Petroleum or Gas to the storage Tanks. And the Fuel market is growing day by day especially by the Industries, Transporters, Homes etc. M/S ACER PETROLEUM (T) LIMITED has a number of sale outlets under Mount Meru Limited.

The modern facility, the calibrated storage Tanks can be used by any other Oil Marketing Companies to store their Petroleum & Gas under Hospitality/ Indulgence agreement

The recent market survey undertaken by the company has realized that there is high demand for the facility in Dar es

Salaam and in the regions in Tanzania as well as Land Locked Countries.

High quality and goodwill are the factors which will make the proposed project to dominate the Oil Marketing sector. There are few such quality storage facilities which can compete with our bulk liquid warehousing facility. Other importers of Petroleum & Gas in their operations can benefit with this facility.

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

4. THE COMPANY'S OBJECTIVES

M/S ACER PETROLEUM (T) LIMITED is a project intended to construct modern bulk petroleum & Gas Depot/ Terminal in Vijibweni/ Kigamboni.

The mission of proposed project is basically aimed at construction and marketing of such development- modern Calibrated storage facility for petroleum & Gas for the company's sale outlets under the name of Mount Meru, transit, other Oil marketing Companies in order to achieve the following objectives.

- ❖ To foster the growth of quality calibrated storage facilities for petroleum & gas in Tanzania.
- ❖ To reduce shortage of fuel and storage facility by setting up Depot in Key Location near to Pumping Station.
- ❖ To promote Business, Trade, Industries, Transit and transportation in the Country.
- ❖ To promote growth and expansion of private sector.

- ❖ The Company will create more employment (more job opportunities from unskilled to professionals/technicians etc.)

- ❖ Skill development (human resources development) through on job training and use of modern 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 quality warehousing & production performance

- ❖ To increase development of other bulk petroleum & gas storage facilities in key areas in the Country.

- ❖ To construct more storage facilities and sale outlets.

- ❖ To increase the volume of storage capacity.

6. SHAREHOLDERS (PROMOTERS)

The following are the shareholders/ promoters of **M/S ACER PETROLEUM (T) LIMITED** and their shareholder's position are: -

No	Name of Shareholders	No. of Shares	Nationality	% shareholding structure
1.	Atul Mittal	6000	Tanzanian	51.9%

2.	Sarvesh Jain	1910	Indian	16.5%
3.	Kantadevi Mittal	1600	Indian	13.9%
4.	Tarsem Chand	1600	Indian	13.9%
5.	Sima Jain	440	Indian	3.8%
	TOTAL	2		100%

Therefore, the authorized capital of the company is Tshs. 3,000,000,000/= divided into 30,000 ordinary shares of Tshs. 100,000/= 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

The company's business premises are located at Plot No. P16697, vijibweni Area, kigamboni district in Dar es salaam. Postal Address P. O. Box 78845 Dar es salaam. Office at GMC building kamata/ ilala

8. COMPANY'S IMPLEMENTATION SCHEDULE

8.1 JULY - 2023

- Preparing feasibility study to establish and operating a project for constructing bulk petroleum & gas storage facility/ Depot in vijibweni/ kigamboni.
- Registration of the proposed bulk storage facility project with Tanzania Investment Centre i.e. Application for the Certificate of incentives.
- Getting Certificate of Incentives

8.2 AUGUST - 2025

- ❖ Application for Tax exemption on CAPITAL/ DEEMED CAPITAL GOODS after being awarded certificate of incentives in the Establishment Programme.

- ❖ Building materials for calibrated storage Tanks such as steel plates, pipes & fittings, coupling, office steel structures, pre-fabricated buildings, equipment, fire fitting equipment, machinery, generators, transformer, utility and supporting vehicles and allied equipment etc.

- ❖ Clearance of imported CAPITAL/DEEMED CAPITAL GOODS from customs control (at the Port and Airport).

- ❖ Development/ construction of storage facility; calibrated tanks for petroleum & Gas

- ❖ Constructing and upgrading sale outlets (petrol filling stations)

8.3 SEPTEMBER- 2023

- ❖ Recruiting new staffs and training them on new technology skills in operations and construction of calibrated storage tanks for petroleum & Gas.

- ❖ Fully commencement of operations in the Terminal under this implementation programme

9. CAPITAL INVESTMENT COST

Land/Building	USD $	12,182,466.88
Plant/Machinery	USD $	2,008,547.00
Vehicles	USD $	5,494,390.51
Furniture and Fittings	USD $	-
Expenses	USD $	895.802.45
Working Capital	USD $	5,418,793.16
TOTAL CAPITAL	**USD $**	**26,000,000.00**

The proposed programme in extensive construction of modern petroleum & Gas calibrated tanks is to be implemented within 3 years. The company's promoters (shareholders) have resolved to register the intended Project with Tanzania Investment Centre (TIC) and securing the certificate of incentives.

10. FINANCIAL PLAN (SOURCE OF FUNDS)

M/S ACER PETROLEUM (T) LIMITED has firmed up finances for the implementation programme by its own fund and loan:-

Own fund (equity)	USD $ 26,000,000.00
local loan	-
TOTAL	**USD $ 26,000,000.00**

11. CONSTRUCTING OF MODERN CALIBRATED TANKS FOR STRORAGE OF PETROLEUM & GAS:

- Project Requirement: -
- Building materials for calibrated storage Tanks such as steel plates, pipes & fittings, coupling, office steel structures, pre-fabricated buildings, equipment, generators, transformer, utility and supporting vehicles
- etc.

12. PLANT LAYOUT

- Several calibrated Storage Tanks for Petrol, Diesel, Jet, Kerosene IK, Industrial Oils IDO, HFO And Gas

- Safety equipment & Fire fitting Equipment & big water reservoir for firefighting purposes

- Administration Block

11. SUBMISSION

M/S ACER PETROLEUM (T) 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 Project 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 Building materials for constructing calibrated storage Tanks such as steel plates, pipes & fittings, coupling, office steel structures, pre-fabricated buildings, equipment, generators, transformer, utility and supporting vehicles
The Project will enjoy tax exemptions on CAPITAL/ DEEMED CAPITAL GOODS

The certificate of incentives will enable the project to enjoy TIC FACILITATION like processing of approvals, permits and licenses such as resident / work permits, Business license, protection of investment, arbitration and transfer of foreign currency etc.

12. ECONOMIC GROWTH

Positive economic growth which had been registered in Tanzania, have attracted more investments in Tanzania like the proposed project in construction of bulk petroleum & Gas storage facility in addition to that Fuel and Gas are very important in Peoples day to day activities such as transportation, lighting, kitchen etc in rural and urban activities..Industries also need fuel for providing Power when there is no electricity.

13. COMPETITION/MARKET

Despite there being numbers of Oil Marketing Companies-OMCs still the Quality storage facility is not enough compared to the level of demand and economic activities in the market.

However, the proposed project expects to dominate the market because the calibrated storage Tanks/ Depot is in the Key Location ensures goodwill and high quality.

14. ADVERTISEMENT

Advertisement, which forms part of the marketing strategy, will be embarked upon in the newspapers, street banners and later on in the televisions in a manner benefiting the promotional role of any company or private institutions.

15. 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/ safety calibrated quality storage tanks,
- Advertisement/promotion,
- Employing qualified and experienced personnel,
- On job training,
- Business Discipline.

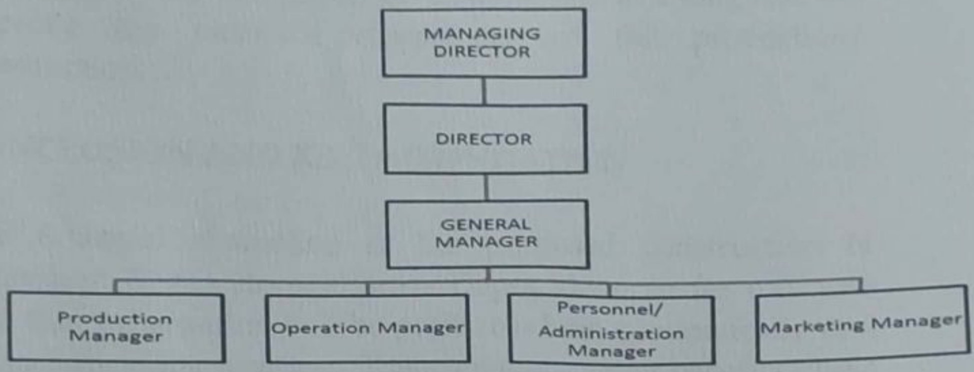
16. ENVIRONMENTAL ISSUE

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

17. PROJECT MANAGEMENT

The overall management of the company is vested in the Board of Directors. Mr. Mohamed Madhani. is the Managing Director of the Company; he is well versed in Tourism and various Business. The other Director is Shemim Madhani

THE COMPANY'S ORGANIZATION CHART



18. MANPOWER AND TRANSFER OF TECHNOLOGY

This project being a constructing bulk liquid storage(OMC) in its establishment programme will usher in the country a new construction technology (Transfer of knowledge/technology). The advantages to the country are quite significant both in rural and urban use, employment in the Fuel Depot, available of Fuel which is important in transportation, power, light and employees in the Depot will get the advantage of value addition in working in the Depot operations due to such incoming technology.

The project will solve the acute problem of having facility-storage tanks, sale outlets will be able to get petroleum & gas all the time. Furthermore, the country will have full supply of petroleum and Gas there will be no shortage in the country. Etc. Hence Tanzanian will be able to purchase petroleum & gas at a reasonable price.

The Proposed Project will initially cause more local people to be employed about 100 in the course of construction and 100 people during operations of Depot; the project 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.

19. CONCLUSION AND RECOMMENDATION

The financial evaluation of the proposed construction of Petroleum & gas storage tanks- Depot; 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 project so that the project will import and enjoy tax exemption on CAPITAL/ DEEMED CAPITAL GOODS and increase its production & storage capacity.

20. FINANCIAL AND ECONOMIC ANALYSIS

20.1 Projected Profit and Loss Account

The company envisages generating a profit of USD $ 1,332,000 this operating year. The profit amount is expected to steadily rise to USD $ 1,335,000 in year two, USD $ 1,358,000 in year three and USD $ 1380,000 in year four. And in the fifth year 1,400,000

20.2 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.

20.3 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.

21. 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 ACER PETROLEUM (T) LIMITED**

21.1 Effect of cost increase on profitability (on the basis of year II BULK LIQUID STORAGE INCOME in **"000" USD $)**

Income	Costs	Increase	Profit before depreciation
4,550.0	3,215.0	%	1,335.00
4550.0	3,375.75	5%	1,174.25
4550.0	3,536.50	10%	1,1013.50

21.2 Effect of BULK LIQUID STORAGE income decrease/drop on profitability (on the basis of year II costs in "000" USD $)

Income	Income Decrease	Cost	Profit before depreciation
4,550.0	%	3215.0	1,335.00
4,322.5	5%	3215.0	1,107.0
4,095.0	10%	3215.0	880.00

The viability/profitability of the company operations appears more sensitive to sale 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 ACER PETROLEUM (T) LIMITED

PROJECTED INCOME STATEMENT (ESTIMATED)

(Fig. USD $ '000')

Income	Years				
	I	II	III	IV	V
Sales Income	4,500.0	4,550.0	4,600. 0	4,650.0	4,700.0
Total Income	**5,450.0**	**5,500.0**	**5,550.0**	**5,600.0**	**5,650.0**
Utilities	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0
Salaries and wages	18.0	20.0	22.0	25.0	30.0
Transportation/fuel	20.0	25.0	30.0	35.0	40.0
Administrative Expenses	110.0	120.0	130.0	140.0	150.0
Other Expenses	20.0	50.0	60.0	70.0	80.0
Total Expenditure	**3,168.0**	**3,215.0**	**3,242.0**	**3,270.0**	**3,300.0**
Net Profit (pre tax and depreciation)	1332.0	1,335.0	1,358.0	1,380.0	1,400.0

Appendix II

M/S ACER PETROLEUM (T) LIMITED

PROJECTED CASHFLOW STATEMENT (ESTIMATED)

(Fig. USD $ '000')

Year	I	II	III	IV	V	
Cash inflow						
Income from operation	1,332.0	1,335.0	1,358.0	1,380.0	1400.0	
	1,332.0	**1,335.0**	**1,358.0**	**1,380.0**	**1400.0**	
Cash outflow						
Wear & tear	20.0	25.0	30.0	35.0	40.0	
Taxes	40.0	45.0	50.0	55.0	60.0	
	60.0	**70.0**	**80.0**	**90.0**	**100.0**	
Surplus cash generated	1,272.0	1,265.0	1,278.0	1,290.0	1,300.0	

Appendix 1V

M/S ACER PETROLEUM (T) LIMITED

PROJECTED BALANCE SHEET (ESTIMATED)

(Fig. in USD $ '000')

No.	ITEM	YEAR 1	YEAR II	YEAR III	YEAR IV	YEAR V
	Source of funds					
1.		1500.0	2000.0	2500.0	3000.0	3500.0
2.	Shareholders fund	5000.0	5000.0	5000.0	5000.0	5000.0
3.	Associated Cos/ Directors					
4.	Current Liabilities	2000.0	2500.0	3000.0	3500.0	4000.0
		8,500.0	**9500.0**	**10,500.0**	**11,500.0**	**12500.0**
	Application of funds					
1.	Fixed Assets	5000.0	5000.0	5000.0	5000.0	5000.0
2.	Current Assets	3500.0	4500.0	5500.0	6500.0	7500.0
		8,500.0	**9,500.0**	**10,500.0**	**11,500.0**	**12,500.0**