

BUSINESS PLAN

FOR

ALKEBULAN NOBLE INVESTMENT GROUP LIMITED

(EQUIPMENT HIRING PROJECT)

PREPARED FOR

ALKEBULAN NOBLE INVESTMENT GROUP LIMITED

Dar es Salaam

Table of content	Page
i. Executive Summaries.....	2-3
ii. The Project Promoters.....	4
iii. Location.	4
iv. Over view of Tanzania Economy.....	3-10
v. Tanzania Transportation sector Over view Tanzania Transport.....	10-14
vi. Targeted Markets.....	14-16
vii. Project Details.....	16-17
viii. Investment and Financing.....	17
ix. Financing Pattern.....	17
x. Implementation.....	18
xi. Manpower and Organization Structure.....	18-19
xii. Project Operating Costs.....	19
xiii. Market And Marketing.....	19
xiv. Revenue Assumptions.....	20
xv. Financial Aspects for The Project.....	20-21
xvi. Economic Aspects of The Projects.....	22
xvii. Conclusion and Recommendation.....	23
xviii. Appendix	24-30
xix. Abriviation.....	31-32

1.0 EXECUTIVE SUMMARIES.

ALKEBULAN NOBLE INVESTMENT GROUP LIMITED is a company registered in the country under the Companies Act 2002 and bears Certificate of Incorporation No. 169873259 issued on 7th Novembert 2023

The project promoters are well established business in Canada majoring in construction equipment hiring and the like. Having been in the business for many years the directors are now well prepared for establishment and operating large equipment hiring project of which will be followed by construction projects because they see a very bright future in the sector.

This document has been prepared to serve as a business plan for guidance for **ALKEBULAN NOBLE INVESTMENT GROUP LIMITED** for construction equipment hiring project. The implementation of this project will comprise of the following activities:

- The shipping of the already owned 4 plants of which the other 4 are already in place in Dar es salaam. Start with these 8 the other will be slowly added as time goes by according to business and need.
- The purchase 2 Hilux pickups for supervision and maintanance
- The purchase of one acre land for project yard construction.
- The purchase of communication sets radio
- Equipping the company with relevant facilities

The proposed project on completion is estimated to cost about **US\$ 1,480,000 Including the owned 8 plants**. The owner's equity and cash generated from business from Canada where is the original of the shareholders.

ALKEBULAN NOBLE INVESTMENT GROUP LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings (Rent)	28,560.00
Machinery & Equipment	1,026,440.00
Motor Vehicles	300,000.00
Furniture & Fixtures	10,000.00
Pre exp	15,000.00
Working Capital	100,000.00
TOTAL	1,480,000.00

1.1 THE PROJECT PROMOTERS

The shareholders of this project are all entrepreneurs with a diverse professional and business backgrounds. The company is owned by 2 shareholders, namely: -

Name	No of Shares	Nationality
VAT Global Investment Service Inc Ottawa, Corporation Canada, Edifice, C.D. Howe, 235 Rue, Ottawa On Kia Oh5	99	Canada
Dieudonne Vuningoma, Ottawa, Tapleyplace, Ottawa Ontario, K4A, 01.2	01	Canada

1.2 Location.

The project head office will be located at Plot No. Floor, Kaunda Drive, Oysterbay, Dar es Salaam region, Tanzania. The area is rented by paying fees after every month. The area will be the main office and yard for ALKEBULAN NOBLE INVESTMENT GROUP LIMITED.

1.3 Over view of Tanzania Economy

The Economy of Tanzania – 2023 Update

With an average real GDP growth rate of 6.3% over the past decade (2010-2019), Tanzania is among the fastest-growing economies in Africa and in the world. In 2019, the Tanzanian economy grew by 5.8% reaching a GDP of USD 55.5 billion, making it the 2nd largest economy in East Africa after Kenya and the 7th largest in Sub-Saharan Africa.

Tanzania Key Economic Sectors

According to the economic data included in the National Data of Tanzania Mainland of 2013-2019 by the National Bureau of Statistics, at current market prices, Services made the highest shares of GDP (40.0%) followed by Industry and Construction (31.1%) and Agriculture, Forestry and Fishing (28.9%) Notable sectors of the Tanzanian economy are tourism, mining, construction, agriculture, and manufacturing. In November 2020, President Magufuli announced that in the next five years its government will put great emphasis on key economic sectors, especially agriculture, livestock, fisheries, industry, mining, trade, tourism and construction. The higher the population the higher the need in infrastructure development

The Tanzanian Economy in 2021 - 2023

Real GDP growth slowed to 4.7% in 2022 from 4.9% in 2021 due in part to the impact of Russia's invasion of Ukraine, notably on food and energy prices. Growth was driven by services and agriculture on the supply side and by investment and consumption on the demand side. The accommodative monetary policy was tapered in June 2022 to contain inflationary pressures while supporting the growth recovery. But rising food and fuel prices pushed inflation to 4.3% in 2022 from 3.7% in 2021. Exchange rates remained stable, supported by high gold exports and tourism receipts. The fiscal deficit narrowed to an estimated 3.4% of GDP in 2022 from 3.8% in 2021, in line with the pickup in revenue performance, and was financed by external and domestic borrowing. Public debt remains sustainable and stabilized at 40.4% of GDP in 2021 and 40.9% in 2022.

Tanzania Construction Industry to keep Economic growth In 2023/24,

- We have maintained Tanzania's real economic growth forecast at 5.5% in 2023 (up from 4.7% in 2022), following the Q123 growth print of 5.6% y-o-y.
- We expect growth to slow in Q223, before picking up in H223 as economic growth is supported by rising private investment.
- In 2024, we expect growth to slow slightly to 5.4%, but remain strong on robust construction activity.
- That said, we flag downside risks to consumer activity should price pressures increase sharply on the back of rising global grain prices.

Tanzania Foreign Direct Investment (FDI)

Tanzania is one of the most preferred destinations for foreign investment in Africa (it counts among the 10 biggest recipients of FDI in Africa). According to UNCTAD's [2022 World Investment Report](#), FDI inflows to Tanzania reached USD 922 million in 2021 and showed an increase from the previous year (USD 685 million). In the same period, the total stock of FDI stood at USD 17.1 billion, around 24.4% of the country's GDP. The manufacturing, mining, and energy sectors are the primary recipients of FDI in Tanzania. Other sectors such as agriculture, tourism, and infrastructure have also been attracting FDI in recent years. The country's primary investors are China, India, Kenya, the United Kingdom, Mauritius, Oman, the United Arab Emirates, Canada, the United States, the Netherlands, South Africa, and Germany (data Invest Tanzania).

1.4 Tanzania Construction Industry Over view

The Tanzania Construction Market size is expected to grow from USD 5.37 billion in 2023 to USD 6.75 billion by 2028, at a CAGR of 4.67% during the forecast period (2023-2028).

- According to the Bank of Tanzania's (BoT) quarterly economic bulletin, commercial banks' lending to the private sector declined by 2.3% in March 2021, owing to the impact of the COVID-19 outbreak on the demand and supply of various products. Building and construction, trade, agriculture, manufacturing, mining, and quarrying were among the economic activities that saw negative growth rates. Construction credit declined at 11.9%, while commerce credit and farm credit declined at 10.3% and 8.1%, respectively.

- Tanzania's heavy investment in building infrastructure has raised its indebtedness in recent years, as more infrastructure projects are being built around the country. Fiscal spending in 2021 was USD 15.7 billion, with donors covering only 8% of the total. From 2021 to 2023, the government anticipates the economy to grow at a rate of 6.3%. Tanzania was promoted from a low-income country to a lower-middle-income country in July 2020, with the government hoping to reach middle-income status by 2030. Tanzania's government is working to develop its infrastructure, energy, and agriculture sectors to grow its economy and expand export opportunities.
- Tanzania's industrial construction has played a key role in boosting national self-sufficiency and enhancing the domestic market for agriculture, livestock, fishery, forestry, minerals, and precious raw materials. Industrial construction is critical for job creation, technological transfer, and increased processed goods exports, in addition to enhancing self-sufficiency and boosting the domestic raw materials market. Through the TEMDO initiative, the value chain for several commodities and products has increased over the last decade, particularly for sugar and hemp. The TEMDO project entails the creation of cutting-edge technology for the manufacturing and processing of sugarcane and hemp products.

Source: <https://www.mordorintelligence.com/industry-reports/construction-sector-in-tanzania-industry>.

2.0 Targeted Markets.

The targeted markets of the project are different contractors with tendered construction projects to execute. The directors already negotiated contracts with various companies in the mentioned categories.

Increase of production activities for development in different areas in the country and poor transport and communication infrastructure are said to be the major causes of construction industry boom. To integrate the economic means of transport and to reduce the higher cost of transport, lead the government to plan for many transport infrastructure which need construction. It is in view of this that, despite little start in Initiating the project, **ALKEBULAN NOBLE INVESTMENTART GROUP LIMITED** has decided to invest in the construction sector so as to provide a solution that would lead to stimulating the infrastructure development. The project is expected to offer a challenge to the business community to enhance means of construction and Technology in Tanzania.

Why is it important to hire equipments/plants

- **Cost reduction and convenience;**

Big companies reduce overheads during idle times where few plants are in need by having a reasonable number of equipment which goes simultaneously with reasonable number of man power. They tend to hire more plants during high season as productivity need is higher than they can afford by themselves

- **Reasonable maintenance and quality of equipments**

It is very reasonable for a contractor to hire plants which are taken care of by maintaining quality and assurance of performance. Specialized hiring entity have to make sure that their equipment are well kept with qualified mechanics any time breakdown or fault occur different to a contractor who spend a lot of resources in using plants and not maintaining them

- **Productivity**

Now the hiring entity is renowned for its security, efficient and reliability in maintaining plants while a contractor productivity is measured by his infrastructure product quality and quantity .

- **Capacity**

Many local contractors in the country are small contractors with small capital but skilled. In to promote local contractors to participate in construction of their country, the government policy favour them by allowing them to execute their works using hired plants as long as they are available. This is another area where ALKEBULAN NOBLE INVESTMENT GROUP LIMITED has seen opportunities

In recent years local contractors are being handled a lot of TARURA works. This is good news for ALKEBULAN NOBLE INVESTMENT GROUP LIMITED which is planning to embark in the plants hiring businesses

3.0 PROJECT DETAILS

The project's objective is to purchase more equipments by starting with a total of 8 plants equipment from 2023 -2027. And continuing to add one plant every single year of business

This study is based on equipments. Some of selected items highlighted below for starting with ;

- 2 Pick Up
- 2 Office cars for administration activities
- Communication sets radio
- 3 graders (CAT) expected revenue for each per day is US\$ 400
- 3 excavators (2CAT) and (1VOLVO) expected revenue per day US\$400
- 1 Bulldozer (CAT) expected revenue per day US\$400
- 1 Backhoe (CAT) expected revenue a day US\$ 300
- Total hiring days per year estimated to be 280 days remaining with 85 days for services and mobilization
- Total working hours per day is 8 hrs which is equivalent to 2,240 hours per plant hence making 17,920 hrs of production in a year

4.0 INVESTMENT AND FINANCING US\$ 1.48 MILLION

For the project to be a reality a total investment amounting to US\$1.48m is needed to start financing the project in phases

5.0 FINANCING PATTERN

The financing pattern being considered is that involving the owned 8 units of plant equipment and other items. The project will be financed both by equity US\$ 1.48 Million, owners' plants of US\$ 1,026,440 value of plants equipments and the remaining cash generated from business from Canada id going to be for other investment

6.0 IMPLEMENTATION

Project implementation is expected to be relatively very short once TIC approval is received. Currently, 4 equipments are at the place while the other 4 are on the way to being shipped from Canada, from the project promoters.

Table 1.1: Implementation Schedule

NO	ACTIVITIES	PHASE ONE Dec2023 - Dec,2024	PHASE TWO Dec2024 - Dec,2026	PHASE THREE Dec2026 - Dec2027
1	Site preparations and resource Mobilization			
2	Preparation of project facilities and procurement of requirement			
3	Operation Starts			
4	Operational starts			
5	Operational and distribution continue			

7.0 MANPOWER AND ORGANIZATION STRUCTURE

The project will be managed by a Board of Directors of **ALKEBULAN NOBLE INVESTMENT GROUP LIMITED**. The Board, like all other boards is responsible for the formulation and supervision of company policies and guidelines. The project's day to day operations will be under the supervision of Managing Director

The project's employee requirement is estimated to be people in number, as shown below: -

Employees Distribution Summary

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	0	6	2	8
Men	5	17		22
TOTAL	5	23	02	30

To ensure efficient in production of the plants the technical team will provide on the job training in the field for operators and mechanics and immediately maintenance service when breakdown appears.

8.0 PROJECT OPERATING COSTS

In order to realize its intended objective, the project will have to meet operating cost. The following are the cost of operating the project.

(a) Direct labor requirement

Description	Qty	Unit price \$	Monthly Salary	Annual Salary
			\$	\$
Managing Director	1	2000	2,000	24,000
Operational/Technical Manager	1	1,500	1,500	18,000
Section Supervisors	3	1,000	3,000	36,000
Plant Operators	8	300	2,400	28,800
Administrator	1	500	500	6,000
Sales Officers	1	600	600	7,200
Finance Manager	1	1,500	1,500	18,000
Accountants	1	500	500	6,000
Cashier	1	500	500	6,000
Store Keeper	1	500	500	6,000
Personal Secretary	1	300	300	3,600
Drivers	4	300	1,200	14,400
Security Officers	1	200	200	2,400
Mechanics	4	400	1,600	19,200
Office Attendant	1	200	200	2,400
	30		16,500	198,000

(b) Operational Cost for the Project

Item	Monthly Expenses	Estimated Annual Costs
Postage& Telephone	1,200	14,400
Electricity bills	200	2,400
Water bills	100	1,200
Rent	2,380	28,560
Maintenance & services	15,000	180,000
Fuel	2,600	31,200
Others	200	2,400
Total Costs	21,680	260,160

9.0 MARKET AND MARKETING

The targeted markets of the project are different contractors with tendered construction projects to execute. The directors already negotiated contracts with various companies in the mentioned categories. He will be accompanied by the sales and marketing personnel

9.1 SWOT ANALYSIS

Alkebulan Noble Investment Group Limited has conducted a thorough SWOT analysis that will help to achieve our business goals and objectives. This is the summary of the SWOT analysis that was conducted. The analysis is carried out to assess the strength that the business can leverage on, and then assess its weaknesses that need to be improved. In this part also potential opportunities are identified and how the business can utilize these opportunities. Lastly, the business has identified potential threats and challenges that are likely to face the business and the workable mitigation plans.

Strengths: Part of what is going to count as positives *Alkebulan Noble Investment Group Limited* is the vast experience and knowledge of our management team; we have people on board and the company intend to hire people who are highly experienced in the oil

sector and who understand how to grow business from the scratch to profitability. So also, our distribution network and of course our excellent customer service culture will definitely count as a strong strength for the business.

Weakness: A major weakness that may count against us is the fact that we are still at infancy stage of service provision of plants and equipments in the country; and we have not yet engaged in the kind of publicity that we intend giving the business.

Opportunities: Rising economic activities attracts rise in demand for fuel, thus filling station in the country opens up a huge opportunity to our business. We only need to position our business to take advantage of the existing market of fuel and also to create our own new market. We know that it is going to require hard work, but we are determined to achieve it.

Challenges/Threats: We are quite aware that just like any other business, one of the major threats that we are likely going to face is economic downturn and unfavourable government policies. It is a fact that economic downturn affects purchasing power. Another threat that may likely confront us is the likelihood of other companies to start manufacture of same products in similar locations where we are. However, we understand on how to position ourselves in the market, at the same time making sure that our products meet the demand requirements.

9.2 Marketing, Distribution and Communication Strategy

Various methods of marketing mix will be used to curb the existing and potential weaknesses and challenges/threats while utilizing the arising opportunities and leveraging on the key strengths of the company.

Pricing: The objectives of price strategy depend on a number of factors such as business economic and marketing objectives. Price setting can be based on cost or market based. With demand and competition orientation concepts, a fair price can be set which customers are willing to pay at the same time covers operational costs with some profit

margin. Our products will be competitively priced in relation to the dictates of the market. Due to the introductory nature of our products we intend to implement a penetration pricing strategy which will ensure that potential customers are not frightened away by our prices, up until our products are appreciated and fully operational. In this case our products will be priced a bit cheaper. However, this will dictate that our costs are prudently kept so as to ensure our financial goals come to fruition.

Delivery: *Alkebulan Noble Investment Group Limited* has arranged to start operations by looking at the most convenient market segment. The main targeted market is hiring the plants literary in selected regions. After plants expansion in numbers, delivery shall be done throughout the country any time needed and regular follow-up shall be made. While for other customer segments, online marketing shall be fully applied to contact potential customers. However, the company shall mainly focus to engage in delivery for its Plants in all strategic areas in Tanzania.

Promotion: A word of mouth has been the major promotion strategy for the business. This strategy is cheap and the product can effectively describe itself as it is clean and self-sufficient. The company shall make use of the media that will help to promote the products. The company will also be printing t-shirts and fliers as a communication strategy and promotional tools. The official website will be launched and maintained by the company. This strategy will help to promote the company in both local and foreign markets

Marketing expenses

S/N	Promotional tool	Qty	Price per unit (\$)	Amount per Year (\$)
1	T-shirts	300	8	2,400
2	Fliers	300	0.4	120
3	TV and radio advertisements			5,000
4	Website and maintenance			2,000
	Total			9,520

10.0 FINANCIAL ASPECTS FOR THE PROJECT

(i) Projected Profit and Loss Statement

The attached Appendix below shows the projected income for the period of five years. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. **US\$ 43,768** in the 1st year to **US\$934,387** in the 5th year

	Notes	2023 USD'	2024 USD'	2025 USD'	2026 USD'	2027 USD'
Revenue	4	896,000	1,108,800	1,293,600	1,494,108	1,711,433
Direct costs		<u>(474,828)</u>	<u>(569,794)</u>	<u>(683,752)</u>	<u>(820,503)</u>	<u>(984,603)</u>
		421,172	539,006	609,848	673,605	726,829
Expenses						
Operating expenses	5	(276,824)	(304,506)	(365,408)	(438,489)	(526,187)
Depreciation	6	(81,822)	(81,822)	(81,822)	(81,822)	(81,822)
Operating Loss		<u>(358,646)</u>	<u>(386,328)</u>	<u>-447,230</u>	<u>-520,311</u>	<u>-608,009</u>
Finance Costs		-	-	-	-	-
Loss/profit before tax		<u>62,526</u>	<u>152,678</u>	<u>1,057,077</u>	<u>1,193,916</u>	<u>1,334,839</u>
Taxation		(18,758)	(45,803)	(317,123)	(358,175)	(400,452)
Loss/profir for the year after tax		<u><u>43,768</u></u>	<u><u>106,875</u></u>	<u><u>739,954</u></u>	<u><u>835,742</u></u>	<u><u>934,387</u></u>

(ii) Projected Cash Flows

The project's cash flows are shown in below. They depict a good liquid position right from the first year.

	2023 USD'	2024 USD'	2025 USD'	2026 USD'	2027 USD'
CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES					
Loss before taxation	62,526	152,678	1,057,077	1,193,916	1,334,839
Add: Non-cash items					
Depreciation	81,822	81,822	81,822	81,822	81,822
Change In Working Capital					
Increase in trade and other receivables	(358,400)	(85,120)	(73,920)	(80,203)	(86,930)
Increase in trade and other payables	1,500	150	330.00	396.00	475.20
	-212,552	149,530	1,065,309	1,195,931	1,330,206
Tax		(18,758)	(45,803)	(317,123)	(358,175)
Net cash outflow from operating activities	212,552.00	130,772	1,019,506	878,808	972,031
INVESTING ACTIVITIES					
Purchase of fixed assets	(1,336,440)	-	-	-	-
Net cash used in investing activities	(1,336,440)	-	-	-	-
FINANCING ACTIVITIES					
capital injection	1,336,440	-	-	-	-
Net cash inflow from financing activities	1,336,440.00	-	-	-	-
Net movement in cash and equivalents	-212,552	130,772	1,019,506	878,808	972,031
Cash balance at the beginning of the year	-	(212,552)	(81,780)	937,726	1,816,534
Cash and cash equivalent at the end of the year	-212,552	-81,780	937,726	1,816,534	2,788,565

(iii) Projected Balance Sheet

From the balance sheet it shows that owners equity is growing from 1.4 Million USD to 4Million USD in the fifth year so the business is viable

	Notes	2023 USD'	2024 USD'	2025 USD'	2026 USD'	2027 USD'
ASSETS						
Non-current assets						
Property Plant and Equipment	6	1,254,618	1,172,796	1,090,974	1,009,152	927,330
		1,254,618	1,172,796	1,090,974	1,009,152	927,330
Current assets						
Trade and other receivables	7	358,400	443,520	517,440.00	597,643	684,573
Cash and bank balance	9	(212,553)	-81,779	937,726	1,816,534	2,788,565
		145,847	361,741	1,455,166	2,414,177	3,473,138
TOTAL ASSETS		1,400,465	1,534,537	2,546,140	3,423,329	4,400,468
EQUITY AND LIABILITIES						
Equity attributable to shareholders						
Issued capital		1,336,440	1,336,440	1,336,440	1,336,440	1,336,440
Retain Earnings		43,768	150,643	890,597	1,726,338	2,660,725
		1,380,208	1,487,083	2,227,037	3,062,778	3,997,165
Current liabilities						
Other payables						
Income tax payable	#	1,500	1,650.00	1,980.00	2,376.00	2,851.20
		18,758	45,803	317,123	358,175	400,452
		20,258	47,453	319,103	360,551	403,303
TOTAL EQUITY AND LIABILITIES		1,400,466	1,534,536	2,546,140	3,423,329	4,400,468

- (iv) Change in equity has shown positivity of the business that from the equity the promoter invested there is a very good change due to business environment

	Share Capital USD'	Accumulated Loss USD'	Total equity USD'
At 1 December 2023	1,336,440	-	1,336,440
Loss for the year	-	43,768	43,768
At 31 December 2023	1,336,440	43,768	1,380,208
At 1 January 2024	1,336,440	43,768	1,380,208
Loss for the year	-	106,875	106,875
At 31 December 2024	1,336,440	150,643	1,487,083
At 1 January 2025	1,336,440	150,643	1,487,083
Loss for the year	-	739,954.15	739,954.15
At 31 December 2025	1,336,440	890,597	2,227,037
At 1 January 2026	1,336,440	890,597	2,227,037
Loss for the year	-	835,741.50	835,741.50
At 31 December 2026	1,336,440	1,726,338	3,062,778
At 1 January 2027	1,336,440	1,726,338	3,062,778
Loss for the year	-	934,386.96	934,386.96
At 31 December 2027	1,336,440	2,660,725	3,997,165

11.0 ECONOMIC ASPECTS OF THE PROJECTS

Besides the financial/monetary returns to the owners, there are other benefits to be derived for the whole country viz.

(i) Employment Opportunities

Employment and poverty reduction are among the major concern of the Central and the Local Government authorities. It is gratifying to note that **ALKEBULA NOBLE INVESTMENT GROUP LIMITED**

is going to provide additional employment to 80 people. This is a significant contribution coming from local investors.

(ii) Revenue to the Government

The Project is expected to pay a substantial annual amount in the form of corporation tax of **USD 782,136** Equivalent to **Tshs 2,033,553,600** and other taxes

(iii) Foreign Exchange Earning

Since the project's clientele is mostly towards neighboring countries the project will thus earn foreign currency for the United Republic of Tanzania. Out of all project expected cargo overhauling transactions will be settled in foreign currencies. In this study we have assumed that the project will be paid in foreign currency

12.0 CONCLUSION AND RECOMMENDATION

12.1 Conclusion

- (i) The project is profitable and contributes to government revenue by way of taxes.
- (ii) The project provides employment to 30 Direct employees and other 100 in connection to the working areas all of whom are national Tanzanians.
- (iii) The project is an encouraging sign to prove that we have conducive investment condition for any one who have confidence in this country.

13.0 RECOMMENDATION

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implement and be given all the support required by all the concerned Government Ministries and Agencies, including the Tanzania Revenue Authority, TRA and the Tanzania Investment Centre – (TIC). The project deserves this support because of its viability, since it is technical feasible,