

NAHDY KENYA & TANZANIA SAFARIS LIMITED

**Business Plan for Development of Tour Operator at Plot No 40, Block
No. 21, Ngaramtoni Area, Arusha District, Arusha Region**

Prepared by:

NAHDY KENYA & TANZANIA SAFARIS LIMITED

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1.0. EXECUTIVE SUMMARY

1.1 Project Concept

NAHDY KENYA & TANZANIA SAFARIS LIMITED is a reputable company incorporated in Arusha, Tanzania. The company aims to establish a new tourism project. This project report outlines the ambitious plan to purchase motor vehicles for its tourism services. The main objective of this project is to provide high-quality, efficient, and cost-effective services that exceed customer expectations. This will help NAHDY KENYA & TANZANIA SAFARIS LIMITED strengthen its position as a tourist industry leader and enhance its market competitiveness.

The project document presents a proposal by NAHDY KENYA & TANZANIA SAFARIS LIMITED, a locally registered company with Certificate of Registration No. 175871608 Dated 28 June 2024. The project promoters are confident of mobilising financial resources through loans and equity

This study will be used as a guiding tool and presented to TIC for obtaining a certificate of incentives to facilitate the project's smooth implementation.

1.2 Location

The project will be located at **Plot No 40 Block No. 21, Ngaramtoni Area, Arusha, Region, Tanzania**

1.3 The Sponsors

NAHDY KENYA & TANZANIA SAFARIS LIMITED will be sponsoring this project. The Company is currently jointly owned by three shareholders

Share Holders	% of Share	Nationality
Nahdy Travel & Tours Ltd	30	Kenyan
Nuuman Abdallah Kassim	51	Tanzanian
Iyaman Said Swaleh	19	Kenyan

NAHDY KENYA & TANZANIA SAFARIS LIMITED

The company main business objectives include the following:

- To establish and operate tour operations business.
- To establish and operate tourist hotel business
- To establish and operate permanent tented camps etc.

1.4 Objective of Study

The purpose of this study is to work out the technical and commercial details and financial viability of a hotel project

1.7 Tourism Overview

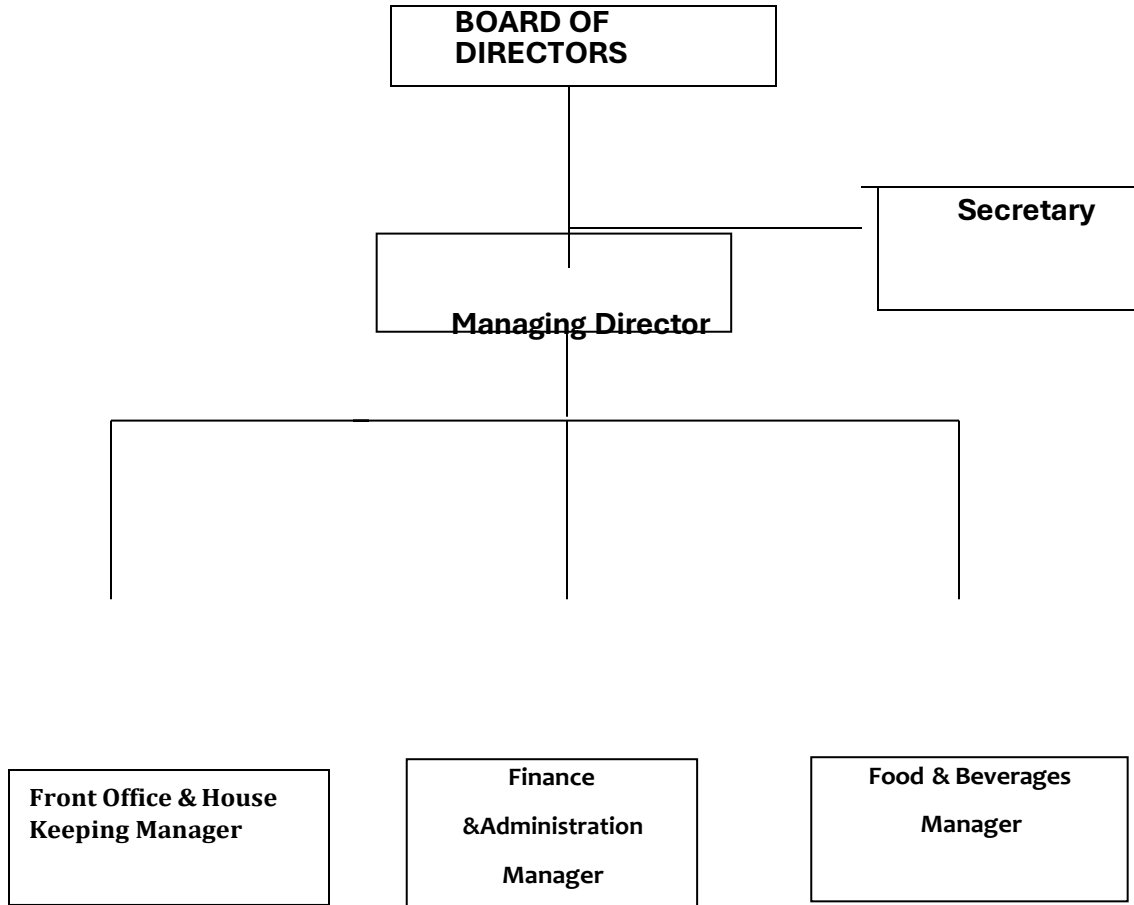
Tanzania is blessed with a wide variety of tourist attractions, including 13 national parks, 29 game reserves, 40 controlled conservation areas, and marine parks in the Northern and Southern regions. More than 25% of Tanzania's land, which covers about one million square kilometres, is dedicated to game reserves and national parks. Additionally, Tanzania is home to Mt. Kilimanjaro, stunning silver sand beaches, and the historically rich islands of Zanzibar.

A recent market survey indicates that there is a higher demand for hotel rooms than the current supply. Consequently, a business opportunity exists for establishing additional hotel facilities to meet the market's needs.

2.0 Project Management and Manpower requirements

Experienced professionals will manage NAHDY KENYA & TANZANIA SAFARIS LIMITED with a strong background in tourist hospitality. The board of directors, overseen by the Managing Director, is responsible for policy and business strategy. The Managing Director will be supported by well-trained managers in Sales and Marketing, Finance, Administration, and Operations, who will form the management team. The company will employ 16 staff directly.

ORGANIZATION CHART



The summary of employees is as following

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	1	4	-	5
Men	1	6	4	11
TOTAL	2	10	4	16

2.1 Project description

The project entails the purchase of Motor vehicles to establish tourism that will proficiently produce diversified service offerings, enhancing customer experience and increasing revenue streams, hence increasing government income. The Motor vehicles to a tourism business through meticulous planning and resource allocation can lead to a more versatile and customer-focused operation, contributing to increased revenue, customer satisfaction, and a stronger market position.

It is expected that the construction of a hotel will be completed within one year, and the

company will apply to be exempted from paying import duty and VAT on Capital goods and deemed capital goods. The project will contribute significantly to the tourism and construction sectors.

2.2 Targeted Markets.

The project targets the upper budget and middle market segment, both foreigners and locals who are visiting Arusha and Manyara to visit various tourist attractions. It also targets the corporate market, especially for conferences, package accommodation, parties, shop space, holiday makers, business travellers, etc.

According to available statistics, Tourism is Tanzania's leading foreign currency earner and a critical economic sector, accounting for 25% of its revenues. The country earned \$2.2 billion from 1.3 million tourists in 2017. 15 Top-Rated Tourist Attractions in Tanzania:

- Mount Kilimanjaro. Mount Kilimanjaro
- Serengeti National Park. Serengeti National Park
- Zanzibar Beaches. Zanzibar Beaches
- Ngorongoro Conservation Area
- Ngorongoro Conservation Area
- Lake Manyara National Park
- Lake Manyara National Park
- Mafia Island. Mafia Island
- Tarangire National Park.
- Pemba Island.

Here are five reasons why Tanzania is your destination for an Africagetaway next year:

- **Density of Wildlife**

For experiencing a ton of wildlife in a little time, Tanzania wins. Here, you will see the Great Wildebeest Migration and the single largest concentration of large predators on Earth (Serengeti National Park). There are reports of 430 species and four million wild animals in Tanzania. Four million! Life-changing encounters at every turn? Guaranteed



Access and Infrastructure

Tanzania has long benefitted from commitments to infrastructure and transportation. The international airports, highways, and ferries are all well-positioned to shuttle you right into the action. When every minute counts on safari, Tanzania's highlights are all within a day or two's drive (or flight).

Political Stability

A recent Pew Research poll stated that nearly 80% of the Tanzanian population is satisfied with the way democracy is working in their country.

Reasonable Prices

Because the safari economy is a significant economic driver in Tanzania, you will find many tour operators and experiences at all levels of quality, amenities, and price. Because of this, Tanzania might be your best choice for maximising the quality of experience at reasonable costs.

Variety of Experience

Committing to Tanzania means you've got options (and pssst...they're all world-class.) From scraping the ceiling of Africa with a climb up Mount Kilimanjaro, to wildlife watching in Serengeti or a week of island life in Zanzibar, let's call 2019 the Year of Unparalleled Adventure. And let's name Tanzania for what it is: the single best destination on Earth to

make next year exceptional.

2.3 Supply and Competition

The proposed hotel will compete with all hotels and hotels in Kilimanjaro and Arusha regions currently classified to include; town hotels, hotels, vocation hotels, restaurants, motels and tented camps, within 8km radius from proposed hotel no hotel of high quality is available, According to National Bureau of Statics, the occupancy rates fluctuate around 50%

2.4 Market Strategy

According to expert, personal selling is the most effective method for marketing packaging accommodation, training and conference services because the customers and institutions. In order to reduce sunk costs, the project will use marketing agents who will be paid commissions on

successful deals. Marketing in all types of media and publicity will support and enhance personal selling

The project will use internet for advertising to potential customers in the world.

2.5 Pricing

The pricing policy for the project will be based on the service cost and competition levels considering various variables namely:

- Service positioning
- Gain market share from competitors
- Stimulating and increasing demand and
- Achieving profitability and liquidity financial performance goals

The recommended market entry tariffs for rooms are US\$180, per room.

2.6 Monitoring and Evaluation

The Management has full commitment to ensuring good use of the resourced and sustainable environment and wellbeing of the community with which they do business. Thus, the management philosophy is through business process; managers will strive to ensure compliance with standards and the safety of the products and customers they serve.

3.0 Project Investment Cost

The estimated capital investment cost of the project is US \$ 1,500,000.

NAHDY KENYA & TANZANIA SAFARIS LIMITED

PARTICULAR	US\$
Land and Buildings	40,000.00
Machinery & Equipment	20,000.00
Motor Vehicles	1,300,000.00
Furniture & Fixtures	20,000.00
Pre exp	NIL
Others	NIL
Working Capital	120,000.00
TOTAL	1,500,000.00

For the project to be a reality, a total investment amounting to US \$1,530,000 is needed

(i) Land and Building: Us \$ 40,000

The project has opted for construction of hotel estimated to cost US \$500,000.00.

(ii) Machinery and Equipment: US\$ 20,000

(iii) Motor Vehicles: US\$1,300,000

The project will need 1 minibus, 1 heavy truck, and 1 double-cabin pick-up. These vehicles will facilitate hotel business and double-cabin pick-up for administrative purposes.

(iv) Furniture and Equipment: US \$20,000

This investment cost item has been estimated to cost US \$100,000. It will consist of tables, chairs, telephones, fax machines, file cabinets, sofa chairs, etc.

(v) Pre-Operational Expenses: US\$ 5,000

They cover things like company registration and expenses spent exploring the viability of the project, especially the market/client identification exercise. This pre-operational cost item also covers the architectural designs of project buildings and other engineering services. Also included under this item are issues like consultancy fees, legal fees, and personnel recruitment and training costs.

(vi) Other Expenses: US\$ NIL

The company expects to incur other general expenses that have been budgeted as

above.

(vii) Initial Working Capital: US\$ 120,000

4.0 Financing pattern

5.0 Project operating costs

To realize its intended objective, the project will have to meet the operating costs, which have been budgeted to be 60% of total revenue, to cover expenses such as Salaries and Wages, Utilities, Motor vehicle running Expenses, Insurance Marketing costs, Depreciation cost, Pension, Communication, Administrative cost, Maintenance cost, Donation etc.

6.0 Aspect of Project Sustainability

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

7.0 Monitoring and Evaluation

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

8.0 Financial Analysis

8.1 Considerations and Assumptions:

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

It is assumed that the significant building raw materials will be procured from the local market and others imported. Revenues have been conservatively estimated based on the promoters' experience and trends in the hospitality industry.

8.2 Financial Statements:

8.3 Projected Hotel Revenue

For projection purposes, the economic life of the project is assumed to be five years, and revenue from the hotel business commences in the first year of operation.

Summary Of Revenue “ Us\$”

-	1	2	3	4	5	6	7.00
Revenue	900,000	915,000	916,500	916,650	916,665	916,666	916,666

8.4 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 8 years period. The position depicted is that the project earns profit throughout its life.

Accumulated after-tax profits grow from. US

\$ **199,955** in the first year to US **1,553,166** in the seven years

NAHDY KENYA & TANZANIA SAFARIS LIMITED **PROJECTED INCOME & EXPENDITURE STATEMENT (US\$)**

-	1	2	3	4	5	6	7.00
Revenue	900,000.00	915,000.00	916,500.00	916,650.00	916,665.00	916,666.50	916,666
Operating Expenses:	540,000.00	549,000.00	549,900.00	549,990.00	549,999.00	549,999.90	549,999
Profit before Depreciation & Interest	360,000.00	366,000.00	366,600.00	366,660.00	366,666.00	366,666.60	366,666
Interest	4500 0	36000	27000	18000	9000	-	-
Depreciation	29,350.00	29,350.00	29,350.00	29,350.00	29,350.00	29,350.00	29,350
Gross Profit	285,650.00	300,650.00	310,250.00	319,310.00	328,316.00	337,316.60	337,316
Tax (30%)	85,695.00	90,195.00	93,075.00	95,793.00	98,494.80	101,194.98	101,195
Profit After Tax	199,955.00	210,455.00	217,175.00	223,517.00	229,821.20	236,121.62	236,121
Accumulated Profit	199,955.00	410,410.00	627,585.00	851,102.00	1,080,923.20	1,317,044.82	1,553,166

8.5 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year 1st, i.e., US\$**274,305** of operation to the 5th year i.e., US \$**1,893,615** in the 7t year

NAHDY KENYA & TANZANIA SAFARIS LIMITED PROJECTED CASH FLOW US\$

SOURCES:		1	2	3	4	5	6	7
Profit before interest and depreciation	0	360,000.00	366,000.00	366,600.00	366,660.00	366,666.00	366,666.60	366,666
Equity	750,000.00							
Loan	750,000.00							
Total Sources	1,500,000.00	360,000.00	366,000.00	366,600.00	366,660.00	366,666.00	366,666.60	366,666.00
Applications:								
Capital expenditure	835,000.00	-	-	-	-	-	-	
working Capital & Others	665,000.00							
Cash	0	274,305.00	275,805.00	273,525.00	270,867.00	268,171.20	265,471.62	265,471.00
Tax	-	85,695.00	90,195.00	93,075.00	95,793.00	98,494.80	101,194.98	101,195
Sub total	1,500,000.00	360,000.00	366,000.00	366,600.00	366,660.00	366,666.00	366,666.60	366,666.00
Accumulated cash		274,305.00	550,110.00	823,635.00	1,094,502.00	1,362,673.20	1,628,144.82	1,893,615.82

8.6 Projected Balance Sheet

The projected Balance Sheet is shown in the financial statements under the same heading. Owner equity of the project increases from US\$ **750,000** in the first year of operation to US\$ **2,303,166** in the 7th year

NAHDY KENYA & TANZANIA SAFARIS LIMITED PROJECTED BALANCE SHEET US \$

	0	1	2	3	4	5	6	7.00
Fixed Assets								
Opening balance	-	835,000.00	805,650.00	776,300.00	746,950.00	717,600.00	688,250.00	658,900.00
Total Long-term Assets	-	835,000.00	805,650.00	776,300.00	746,950.00	717,600.00	688,250.00	658,900.00
Less depreciation	-	29,350.00	29,350.00	29,350.00	29,350.00	29,350.00	29,350.00	29,350.00
Closing balance	-	805,650.00	776,300.00	746,950.00	717,600.00	688,250.00	658,900.00	629,550.00
Working capital	610,000	610,000	610,000	610,000	610,000	610,000	610,000	610,000
Accumulated cash	-	274,305	550,110	823,635	1,094,502	1,362,673	1,628,145	1893615.82
Total assets	610,000.00	1,689,955.00	1,936,410.00	2,180,585.00	2,422,102.00	2,660,923.20	2,897,044.82	3,133,165.82
Financed by					4,251,000.00			
Equity	750,000.00	750,000	750,000.00	750,000.00	750,000.00	750,000.00	750,000.00	750,000.00
Accumulated profit	-	199,955	410,410.00	627,585	851,102	1,080,923	1,317,045	1,553,166
Total equity	750,000.00	949,955.00	1,160,410.00	1,377,585.00	1,601,102.00	1,830,923.20	2,067,044.82	
Bank overdraft	750,000	600,000.00	450,000.00	300,000.00	150,000.00	-	-	-
Total equity and debts	1,500,000.00	1,399,955.00	1,610,410.00	1,677,585.00	1,751,102.00	1,830,923.20	2,067,044.82	2,303,166.48

8.7 Projected payback period

Total investment is US \$1,500,000, cash accumulation in year 7th is US\$. 1,758,615, Which is more than the initial investment by US\$ US\$258,615; the project payback Period is precisely seven years, only.

NAHDY KENYA & TANZANIA SAFARIS LIMITED PROJECTED PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1.00	199,955.00	29,350.00	229,305.00	229,305.00
2.00	210,455.00	29,350.00	239,805.00	469,110.00
3.00	217,175.00	29,350.00	246,525.00	715,635.00
4.00	223,517.00	29,350.00	252,867.00	968,502.00
5.00	229,821.20	29,350.00	259,171.20	1,227,673.20
6.00	236,121.62	29,350.00	265,471.62	1,493,144.82
7.00	236,121.00	29,350.00	265,471.00	1,758,615.82

8.8 Projected loan repayments

The loan borrowed from the financial institution is expected to be fully paid within seven years of the projection operation

PROJECTED LONG TERM LOAN REPAYMENT

Year	Principle	Loan Interest (6%)	Total Amount Paid	Loan Balance
0				
1	150,000.00	45,000.00	195,000.00	750,000.00
2	150,000.00	36,000.00	186,000.00	600,000.00
3	150,000.00	27,000.00	177,000.00	450,000.00
4	150,000.00	18,000.00	168,000.00	300,000.00
5	150,000.00	9,000.00	159,000.00	150,000.00

8.9 Projected Risks

This is a tourism investment; the major risks identified for this kind of project so far are an outbreak of pandemic disease and economic collapse.

9.0 Economic Aspects

Implementation of this project will have the following social and economic values

- The project is an ideal option for utilization of the recently acquired prime site
- The project will increase number of accommodation available for tourists in the country
- The project will create employment for 36 people on permanent contract basis as well as on temporary basis.
- It will create more business opportunities to local suppliers and transporters, which will also have economic trickle down effect in.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and pay as you earn.
- The project will have transfer of knowledge and skills in tourism industry

10.0 Implementation

Project implementation is expected to be relatively very short once the project has been approved, it is estimated that the construction of the hotel will be completed within one year:-

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	July 2024
2	Construction of office	Dec 2024- Jan 2025
3	Procurement of vehicles, and Hotel furniture, and other facilities	Feb -April 2025
3	Recruitment	April 2025
4	Testing business and in-house training	May -June 2025
6	Commercial operations	July 2025

11.0 Conclusion and Recommendations

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the Tanzania Investment Centre approve the project and grant the TIC Certificate of Incentives with its associated privileges and benefits as provided under the Tanzania Investment Act, 2022.