

**ABSOLUTE INFRA LIMITED**

**BUSINESSPLAN**

**FOR**

**LEASING OF HEAVY PLANT & MACHINERY EQUIPMENTS**

## 1.0 EXECUTIVE SUMMARY

**ABSOLUTE INFRA LIMITED** is a locally registered company with a Certificate of Incorporation No. 157723111 dated 06<sup>th</sup> September 2024.

Through the years of research and innovation, the company shareholders have obviously created an advantage in the market network, product, technology and cost and established a unique enterprise culture. Having operated in India for many years the shareholders are ready to establish leasing of heavy construction and mining equipment.

Shareholders have registered a new company in Tanzania and will work together with another very successful international brand known globally.

### 1.1 The Project

**ABSOLUTE INFRA LIMITED** sets out a proposal for Investment in the establishment of leasing of heavy construction and mining equipment in Tanzania to be located at **Plot No. 15 block B at Lodhia Street, ward Kisemvule Mkuranga District, Pwani Region**. The company will import Machinery, Equipment's and other facilities to facilitate establishment of the proposed project in the country. Depending on the market consumption rate.

The macro-objectives of establishing the project are to support economic, social and administrative activities in Tanzania.

## 1.2 The Project Promoters

The project is being promoted **ABSOLUTE INFRA LIMITED**, registered company in Tanzania whose shareholders are as follows:

Name of Shareholders	% of Ownership	Nationality
VIRENDRASINH BHIKUBHA VADHER	50	Indian
KRISNA SANJAYBHAI KUNDALIYA	25	Indian
ABHAY GULABBHAI KUNDALIA	25	Indian

## 1.3 Over view of Tanzania Infrastructure

Tanzania will become the third country in East Africa to start enjoying modern railway services after Kenya and Ethiopia. Kenya was the first country in the region to start the construction of an SGR line, completing over 500km between Mombasa and Nairobi, and also inaugurating its passenger services in June 2017. The Government is constructing a new electric railway line using domestic resources from Dar es salaam – Morogoro – Dodoma about 700 Km. The whole projects cover a distance of about 2,707 Km, with three branches from Dar es salaam – Tabora-Kigoma (1,251 kms); Tabora – Mwanza (379 kms) and Kaliua – Mpanda (210 kms).]

The project is expected to improve transportation of cargo and passengers in the central corridor. It is expected to reduce time and freight for cargo destined to neighboring countries like Rwanda, Burundi, Uganda and DRC

#### **1.4 Expansion of the Dar es salaam Port**

The Government is implementing a project to expand 7 berths depth from the current 8 meters to 15 meters. The expansion will allow the Port to receive larger vessels able to carry up to 19,000 containers.

The project will be completed by end of 2020, enabling the Tanzania Port Authority (TPA) to increase the container through output to 28 million tons a year from around 20 million containers currently. The port will be able to handle ships with more than 304 meters from the current 204 meters.

#### **1.5 New Likong'o-Mchinga Liquefied Natural Gas plant US \$30bn**

The LNG project worth US \$30bn has become the most valuable project in the region. Once completed, the LNG plant, is expected to contribute about 7% towards the country's economic growth.

#### **1.6 New international airport in Dodoma**

The project is part of programme to expand the East African nation's infrastructure. It will be built in Msalato, 12 km from

Dodoma. It will include a passenger terminal, runway and related infrastructure.

The new airport project which will take approximately four years for construction, will have a capacity to handle 1 million passengers annually and will have a runway of just over 2km in length. Project funding the funding package comprises a US \$198.6m loan from the AfDB, US \$23.52m from the African Development Fund, and US \$50m in co-financing from China's Africa Growing Together Fund, which the AfDB manages.

## **2.0 The Products and Services**

ABSOLUTE INFRA LIMITED is in the heavy construction and mining equipment business to lease a wide range of heavy construction and mining equipment for clients. We are set to service a wide range of clientele not just in construction and mining industry, but also to any specialized equipment according to customers' needs and specification, which is why we will ensure we give our clients and potential clients options. The company product offerings are listed below;

- Heavy construction equipment
- Heavy mining equipment
- Heavy building construction plant etc.

## 2.2 The Company Vision

The company vision is to become the leading brand in the heavy construction and mining equipment leasing in East Africa.

## 2.3 The Company mission

The Company mission is to establish a world – class heavy construction and mining equipment leasing company whose products will be used by both small and big corporations.

## 2.4 The Company Business Structure

Our intention of starting a heavy equipment leasing company is to build a standard heavy construction and mining leasing company in Tanzania.

We will make sure that we employ people that are qualified, honest, customer centric and are ready to work to help us build a prosperous business that will benefit all the stake holders.

As a matter of fact, bonuses arrangement will be made available to all our senior management staff and it will be based on their annual performance.

Employees Distribution Summary

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	2	4	4	10
Men	4	6	6	16
<b>TOTAL</b>	<b>6</b>	<b>10</b>	<b>10</b>	<b>26</b>

## 2.5 Competition

Tanzania has a limited heavy construction and mining equipment leasing companies. It is very expensive and most of medium companies cannot afford to buy new imported, that why the company **came** in to bridge the came

## 2.6 Special Strengths of Trinity Products Limited

- The customer care provided by the company
- New technology used by the company
- Directors experience in leasing business
- Outstanding reputation.
- Guarantee all of our work, using the highest quality equipment.

### **Weaknesses**

- Lack of funding to grow the business. Available finances money will be used to purchase equipment, company expansion, create website, advertise, and hire an employee.

### **Opportunities**

- Growing market with a significant percentage of our target market still not knowing we exist.
- Strategic alliances offering sources for referrals and joint marketing activities to extend our reach.

## **Threats**

- Downswings in the economy of Tanzania and neighboring countries

## **Our Target Market**

- Mining companies
- Construction companies
- Individual

The company understand that the customers within the construction and mining industry want exceptional quality, durability and affordable rates. We believe that our prospective customers will appreciate the quality service that we are hoping to offer, as well as the knowledgeable and experience of our owner.

ABSOLUTE INFRA LIMITED believe that customers have the option to go elsewhere, but they understand that giving their business to ABSOLUTE INFRA LIMITED will be of more advantage to them because the company will deliver the dedication that they desire. We know some company's sales heavy construction and mining companies but it is very expensive and most of companies cannot afford but with aggressive marketing efforts could expand company operations and reach many more markets ABSOLUTE INFRA LIMITED also plan to become a leading company in the industry. The board of directors believe that to achieve this, we have to invest in many

ways that will pay off in competitive advantages for our customers, by pre-job conferencing upon request and assisting in the technical or conceptual design.

### 3.0 MARKETING STRATEGY

- The company totally understand that satisfied customers will aid our business by referring our company to other clients who need our services. The company plan to serve the market segment. Our specific choice of target markets is based on an in-depth understanding of our prospective customer's needs.
- We believe that our skills and capabilities will allow us to very well compete and develop our reputation within our business area. This is the reason why we believe that obtaining funding and developing a marketing strategy will improve our profitability levels and help us in building a strong customer base.
- Plan to use a direct sales force and relationship selling to reach its target markets. These channels are most appropriate because of time to market, reduced capital requirements, and fast access to established distribution channels.
- Plan to advertise in Yellow Pages and local newspapers, and create a website with information, construction

background, and contact information will be available online. References to the website will be mentioned in all other forms of advertising once the website is in effect.

- Plan to use email marketing campaigns as an outreach to our prospective customers. We all know that technology that incorporates video with email and offers very powerful, robust and dynamic features. Another advantage is in communicating through the use of streaming video embedded within the email.
- Planning to incorporate an email drip campaign with video into our marketing efforts. We believe that this technology will more effectively market to our customer and potential customer base.

### **3.1 Product Pricing**

The pricing policy for the project will be based on the service cost and competition levels from substitute services available in Tanzania market considering various variables namely:

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

- Average price for leasing of heavy equipment is US\$350 per day

### **3.2 Production capacity**

The company plan to start with 33 units of equipment

### **3.3 Monitoring and Evaluation**

The Management has full commitment to ensuring goods produced maintain the safety and standards required in the market. The quality control unit will establish a system of routine checking and getting feedback from customers, management philosophy is through business process, managers will strive to ensure compliance to standards and safety of products and customers they serve.

### **3.4 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 peace and tranquility that exist in Tanzania and neighboring countries is another aspect of assured business sustainability.

## 1.7 The Market

The Economic reforms which were undertaken in the economy from the mid 1980s increased the demand for transportation facilities for domestic and transit cargo.

These factors have led to increase demand for construction and mining sectors in Tanzania Furthermore, these factors have created the impetus for increased inflow of investment capital by foreign and local private investors who have in large numbers decided to establish such project.

The reforms, which were introduced in the sector, aimed at influencing the inflow of and increased supply of both capital goods and other industrial products and their distribution in Tanzania therefore has a potential market for heavy construction and mining equipment. It is on this background that **ABSOLUTE INFRA LIMITED**, wishes to establish the project in the country in order to make available affordable, quality and stress free.

## 4.0 Project Description

**ABSOLUTE INFRA LIMITED**, sets out a proposal for Investment in the establishment of leasing heavy construction and mining equipment plant in Tanzania Specific requirements for the project includes but not limited to;

- Mobilization of financial and Human resources for the project
- Importing of equipment
- Procurement of office equipment namely: telephones, facsimile machine, personal computers, air conditioners and installation of local area network at head company's head office

## 4.2 Project Location

The proposed project will be located at **Plot No. 15 block B at Lodhia Street, Ward Kisemvule Mkuranga District, Pwani**

**Region.** The company has rented a office and show room premise big enough to accommodate all equipment

## 5.0 Project Investment Cost

### ABSOLUTE INFRA LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	30,000.00
Machinery & Equipment	5,000,000.00
Motor Vehicles	80,000.00
Furniture & Fixtures	7,000.00
Pre exp	0.00
Others	60,000.00
Working Capital	100,000.00
<b>TOTAL</b>	<b>5,277,000.00</b>

## **5.0 Financing Pattern**

The project will be financed foreign loan by US \$3,000,000 equity  
US\$ 2,277,000

## **6.0 Financial Analysis**

### **6.1 Considerations and Assumptions:**

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

Revenues have been conservatively estimated based on experience of the promoters and trends in the industry.

### **6.2 Financial Statements:**

### **6.3 Projected Sales Revenue**

For projection purposes, it is assumed that the economic life of the project is five years, and that production commence from the first year of operation.

### **6.4 Projected Profit and Loss Statement**

The Income and Expenditure Statement shows the projected income for the 5 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. US \$**1,564,290** in first year to US \$**9,847,124.43** in the 5<sup>th</sup> year

## **6.5 Projected Cash Flows**

This is shown in the financial statements. The project has a positive end of year cash flow from year1 US\$2,059,590 of operation to the 8th year US \$11,795,624

## **6.6 Projected Balance Sheet**

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Shareholders equity increases from US\$2,277,000 in the first year of operation to US\$ 4,698,184 in the 5<sup>th</sup> year.

## **6.7 Projected Payback Period**

The projected payback period is 3years where the accumulated cash flow is US\$ 6,030,440 which is greater than the total initial investment by US \$ 753,440.

## **6.7 Projected Loan Repayment**

The projected loan is US\$ 3,000,000 which is to be repaid within 4 years with the interest of 8%.

## **7.0 Implementation Schedule**

Project implementation is expected to be relatively very short once project has been approved it is estimated that construction of serviced furnished apartment will be completed within two years: -

## Project Implementation

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	December 2024
2	Processing work and residency permit	December-January 2025
3	Mobilizing Fund	March 2025 –July 2026
3	Renovation of building	July -December 2025
4	Ordering Machines and other equipment	January -March 2026
5	Testing business and in house training	December 2025
6	Commercial operations	April 2026

The proposed project will result into the following social and economic impacts:

- Make available cheap, quality and tress free heavy construction equipment
- Increase the provision of high-quality services in construction and mining sector
- Increased availability of quality distribution and marketing products along side competitive prices of these products will result in increased healthy competition among market players
- The project will result in direct employment creation o 24 people many more indirectly

- The Government and other agencies will benefit from various taxes, fees and commissions that will be paid by the company

## 8.0 Conclusion

**ABSOLUTE INFRA LIMITED** set out a proposal to invest in the establishment of leasing of heavy construction and mining equipment a project to be located in Dar es Salaam.

The Executive Summary highlights indicate that the proposed project will be financial and economically viable, the project will generate significantly to the social and economic progress by way of increasing the provision of quality construction equipment in the country. It is recommended that the project be accorded the required institutional support to pave the way for its expeditious establishment and development.

In that regard; we strongly recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under Tanzania Investment Act, 2022 to enable smooth implementation

## 9.0 **Recommendations**

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

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 2024.

**ABSOLUTE INFRA LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT " US \$"**

	1	2	3	4	5
Revenue	4,200,000	4,536,000	4,898,880	5,290,790	5,714,053

**ABSOLUTE INFRA LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT**

	1	2	3	4	5
Revenue	4,200,000.00	4,536,000.00	4,898,880.00	5,290,790.40	5,714,053.63
<b>Operating Expenses</b>	1,470,000.00	1,587,600.00	1,714,608.00	1,851,776.64	1,999,918.77
<b>Profit before Depreciation &amp;Interest</b>	<b>2,730,000.00</b>	<b>2,948,400.00</b>	<b>3,184,272.00</b>	<b>3,439,013.76</b>	<b>3,714,134.86</b>
<b>Interest</b>	240,000.00	192,000.00	144,000.00	96,000.00	-
<b>Depreciation</b>	255,300.00	255,300.00	255,300.00	255,300.00	255,300.00
<b>Gross Profit</b>	<b>2,234,700.00</b>	<b>2,501,100.00</b>	<b>2,784,972.00</b>	<b>3,087,713.76</b>	<b>3,458,834.86</b>
Tax (30%)	670,410.00	750,330.00	835,491.60	926,314.13	1,037,650.46
<b>Profit After Tax</b>	<b>1,564,290.00</b>	<b>1,750,770.00</b>	<b>1,949,480.40</b>	<b>2,161,399.63</b>	<b>2,421,184.40</b>
Accumulated Profit	1,564,290.00	3,315,060.00	5,264,540.40	7,425,940.03	9,847,124.43

**ABSOLUTE INFRA LIMITED PROJECTED CASH FLOW US\$**

	0	1	2	3	4	5
<b>SOURCES:</b>						
Profit before interest and depreciation	0	2,730,000.00	2,948,400.00	3,184,272.00	3,439,013.76	3,714,134.86
Equity	2,277,000.00					
Loan	3,000,000.00					
<b>Total Sources</b>	<b>5,277,000.00</b>	<b>2,730,000.00</b>	<b>2,948,400.00</b>	<b>3,184,272.00</b>	<b>3,439,013.76</b>	<b>3,714,134.86</b>
<b>Applications:</b>						
Capital expenditure	5,117,000.00		-	-	-	-
working Capital & Others	160,000.00	-	-	-	-	-
Cash	0	2,059,590.00	2,198,070.00	2,348,781.00	2,512,699.00	2,676,484.00
Tax	-	670,410.00	750,330.00	835,491.60	926,314.13	1,037,650.46
<b>Sub total</b>	<b>5,277,000.00</b>	<b>2,730,000.00</b>	<b>2,948,400.00</b>	<b>3,184,272.60</b>	<b>3,439,013.13</b>	<b>3,714,134.46</b>
<b>Total applications</b>	<b>5,277,000.00</b>	<b>2,730,000.00</b>	<b>2,948,400.00</b>	<b>3,184,272.60</b>	<b>3,439,013.13</b>	<b>3,714,134.46</b>
Accumulated cash		2,059,590.00	4,257,660.00	6,606,441.00	9,119,140.00	11,795,624.00

**ABSOLUTE INFRA LIMITED PROJECTED BALANCE SHEET US\$**

<b>Fixed Assets</b>	-					
Opening balance	-	<b>5,117,000</b>	<b>5,081,700</b>	<b>5,046,400</b>	<b>5,011,100</b>	<b>4,975,800</b>
<b>Total Long-term Assets</b>	-	<b>5,117,000.00</b>	<b>5,081,700.00</b>	<b>5,046,400.00</b>	<b>5,011,100.00</b>	<b>4,975,800.00</b>
<b>Less depreciation</b>	-	255,300.00	255,300.00	255,300.00	255,300.00	255,300.00
<b>Closing balance</b>	-	<b>4,861,700.00</b>	<b>4,826,400.00</b>	<b>4,791,100.00</b>	<b>4,755,800.00</b>	<b>4,720,500.00</b>
Working capital	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00
Accumulated cash	-	2,059,590.00	4,257,660.00	6,606,441.00	9,119,140.00	11,795,624.00
<b>Total assets</b>	<b>160,000.00</b>	<b>7,081,290.00</b>	<b>9,244,060.00</b>	<b>11,557,541.00</b>	<b>14,034,940.00</b>	<b>16,676,124.00</b>
Financed by						
Equity	2,277,000.00	2,277,000.00	2,277,000.00	2,277,000.00	2,277,000.00	2,277,000.00
Net profit	-	<b>1,564,290.00</b>	<b>1,750,770.00</b>	<b>1,949,480.40</b>	<b>2,161,399.63</b>	<b>2,421,184.40</b>
Total equity	2,277,000.00	3,841,290.00	4,027,770.00	4,226,480.40	4,438,399.63	4,698,184.40
Long term loan	<b>3,000,000</b>	2,400,000	1,800,000	1,200,000	600,000	0
Bank overdraft	0	0		0	0	0
<b>Total debts</b>	<b>3,000,000.00</b>	<b>2,400,000.00</b>	<b>1,800,000.00</b>	<b>1,200,000.00</b>	<b>600,000.00</b>	<b>-</b>
<b>Total equity and debts</b>	<b>5,277,000.00</b>	<b>6,241,290.00</b>	<b>5,827,770.00</b>	<b>5,426,480.40</b>	<b>5,038,399.63</b>	<b>4,698,184.40</b>

**ABSOLUTE INFRA LIMITED PROJECTED PAYBACK PERIOD US\$**

<b>Year</b>	<b>Profit After Tax</b>	<b>Depreciation</b>	<b>Total Cash Flow</b>	<b>Accumulated Cash Flow</b>
1	<b>1,564,290.00</b>	255,300.00	1,819,590.00	1,819,590.00
2	<b>1,750,770.00</b>	255,300.00	2,006,070.00	3,825,660.00
3	<b>1,949,480.40</b>	255,300.00	2,204,780.40	6,030,440.40
4	<b>2,161,399.63</b>	255,300.00	2,416,699.63	8,447,140.03
5	<b>2,421,184.40</b>	255,300.00	2,676,484.40	11,123,624.43

**ABSOLUTE INFRA LIMITED LOAN REPAYMENT SCHEDULE**

<b>Year</b>	<b>principle</b>	<b>Loan Interest (8%)</b>	<b>Total Amount Paid</b>	<b>Loan Balance</b>
<b>0</b>				
1	600,000	240000	840,000	<b>3,000,000</b>
2	600,000	192000	792,000	2,400,000
3	600,000	144000	744,000	1,800,000
4	600,000	96000	696,000	1,200,000
5	600,000	48000	648,000	600,000