

GSG OIL COMPANY LIMITED

BUSINESS PLAN

FOR

ESTABLISHMENT OF

OIL PROCESSING BUSINESS

GSG OIL COMPANY LIMITED SETTING UP OIL BUSINESS SECTOR

1. INVESTMENT PLAN

The Business Plan was prepared by GSG OIL COMPANY LIMITED for setting up an Oil processing project. GSG Oil Company Limited is a private company limited by shares. It is registered in the United Republic of Tanzania and issued with Certificate of Incorporation Number 168122195 dated 29th August, 2023. The company is expected to commence business as soon as possible in line with the requirements of CAP 432 of the Company Act.

The investment proposal was prepared to show clearly an analysis of the financial, human resource, technical and other resources required for the project and also assess its economic viability and commercial viability in order to allocate funds for the Oil sector.

The TIC certificate of incentives will enable the project to qualify for duty exemption Deemed capital Goods and VAT Deferment on Capital Goods. The Deemed Capital Goods such as importation of heavy machines handling equipment, generators, transformer, vehicles etc and enjoy services under one stop shop at Tanzania Investment Centre services under one stop shop such as approvals, license and permits such as residence and work permits, Business License, Protection of investment, Arbitration and transfer of foreign currency etc.

2. COMPANY BACKGROUND

GSG OIL COMPANY LIMITED is a private company based in DAR ES SALAAM, The Company shareholders are GULF STAR GLOBAL TRADING DMCC which a majority shareholder, MOHAMMED IBRAHIM ELHAJ BACKEET and Mr. ISMAIL ELAZHARI ABDELGADIR ELAGIB who are the minority shareholders. Mr. MOHAMMED IBRAHIM ELHAJ BACKEET and Mr. ISMAIL ELAZHARI ABDELGADIR ELAGIB together with MWAJUMA SALIM CHOOGY are the first directors of the company, who oversee its day to day operations. Currently the company intends to import facilities for processing in this project such as vehicles exemptions for the processing, machinery plants for mixed farming.

The main purpose of the proposed project is to undertake the Oil business to correspond with the clients of demand both local, regional and foreign market in the Oil sector. Products especially in this competitive market, the quality of company business will guarantee clients satisfaction in proposed programme.

The Oil sector is becoming the most needed project as it is the major component in the country, regional wide and the world. There is a very high demand for such commencement in all around the country.

GSG OIL COMPANY LIMITED will be one of the only few major Oil processing company's in the country. It is on the basis of the above reasons that the management resolved to invest in establishing and operating a project of Oil Processing business as a business. In setting up the facility, the intended project will be established in three years in setting up facilities for the project and is estimated to be at a cost of TSHS 5,000,000,000/= . as capital investment.

3. TARGETED MARKET

There is a very high demand for the Oil sector in Tanzania from the whole world. And GSG OIL COMPANY LIMITED wants to take this opportunity in investing in this sector for the benefits of the company, and country's economy.

4. ECONOMIC GROWTH

The economic growth influenced such movement of Oil growth especially industries and businessmen as the demand is growing everyday for the increased Oil in Africa and the world.

GSG OIL COMPANY LIMITED intends to maximise the Oil project production. The project promoters are well established business persons who are to carry out various businesses majoring in Oil sector project. Having seen the opportunity of exercising in this business the directors are now prepared to establish this project.

5. CARGO TRANSPORTATION FACILITIES;

- Fleet of trucks, tractors, Tipper.
- Truck heads.
- Barges
- Tankers.
- Over Land.
- Pipeline.
- Supporting vehicles such as pick ups,
- Communication equipment; machines, generators etc

6. THE COMPANYS OBJECTIVES

GSG OIL COMPANY LIMITED is a project for OIL PROCESSING Sector established in Tanzania Mainland.

The mission of a proposed project is basically aimed at OIL PROCESSING marketing or promotion of the project in order to increase customers need in Tanzania and around the world to achieve the following objectives;

- To carry on business as wholesale of solid, Liquid and gaseous fuels and related products and generally to importing, exporting, supplying, distrusting and trading in all types of petroleum products, liquefied petroleum gas.
- To carry on business as wholesale of metals and metal ores.
- To deal with non-specialized wholesale trade.
- To carry on business as retail sale of automotive fuel in specialized stores and to construct, own and manage petroleum product distribution 'Retail stations.
- To carry on business as retail sale via stalls and markets of other goods.
- To deal with extraction of crude petroleum.
- To deal with mining of hard coal.

- To deal with mining of lignite.
- To deal with support activities for petroleum and natural gas extraction.
- To deal with transport via pipeline.
- To deal with inland freight water transport.
- To deal with freight air transport.
- To deal with cargo handling.
- To deal with other transportation support activities.

7. PLAN OR PROSPECTS

- Smooth running of the GSG OIL COMPANY LIMITED sector project process business.
- For efficient and effectiveness in operation.
- To increase more facilities for the project i.e work machines with introduction of new technology.
- To increase the volume of the project or capacity of the project to be processed in the OIL PROCESSING sector.

The investment proposal was prepared to show clearly an analysis of the financial, human, technical and other resources required for the project and also assess its economic visibility and commercial visibility in order to allocate funds for OIL PROCESSING sector.

The document has been prepared to serve as a business plan for GSG OIL COMPANY LIMITED for a project specializing in OIL PROCESSING as a project. The implementation of the project will comprise on the following activities:

- Construction or Setting up Of Site with enough space for the business project.
- The Setting up of a modern office and
- Purchasing CCTV and communication equipment at the Site.
- Equipping the company with relevant facilities.

The proposed project is estimated to cost about TZS 5,000,000,000/=, the project sponsors will provide full funding amounting TZS 5,000,000,000/= the terms of equity contribution while the rest TZS 5,000, 000, 000 /= will be re investment of cash generated from operations.

8. THE PROJECT PROMOTERS

The shareholders of this project are all entrepreneurs with a diverse professional and business backgrounds. The company is owned by 3 shareholders, namely;

Name	Shares%	Nationality
GULF STAR GLOBAL TRADING DMCC	98	UNITED ARAB EMIRATES
MOHAMMED IBRAHIM ELHAJ BACKEET	1	SUDAN
ISMAIL ELAZHARI ABDELGADIR ELAGIB	1	SUDAN

9. LOCATION:

The project head quarter will be In Dar es Salaam.

10. COMPANYS IMPLEMENTATION SCHEDULE

10.1 JULY- 2024

- a) Preparing feasibility study for the land space and the project area at the sited places.
- b) Registration of the project with Tanzania Investment Centre i.e Application for the Certificate of Incentives.
- c) Getting the Certificate of Incentives.
- d) Application for import Duty exemption on trucks, tractors, lorries, supporting vehicles, workshop equipment, communication equipment, equipment after being awarded the certificate of incentives in the establishment programme.
- e) Purchasing land for yard and Refinery plan.

10.1 AUGUST-2024

- (a) Importing of cargo lifting equipment, generators, transformers ball mill, flotation machine etc.

10.2 SEPTEMBER-2024

- (a) Recruiting new employees, mechanics and other administration staff.
- (b) Other necessary buildings.
- (c) Fully commencement of the Oil project.
- (d) Purchasing/ lease of Petrol Stations.

11. CAPITAL INVESTMENT COST

1 COSTS AND ESTIMATE VALUE

1.1 Investment costs and estimate value

SN	Item	Description	Amount (In USD)
1	Investment Costs	Investment Cost	1,883,416.00
		Working Capital	1,883,416.00
		Total	3,766,832.00
2	Cost & Estimate Revenue Loss	Estimate of total annual revenue	1,000,000.00
		Total Operational Expenses of Project (Annual)	1,100,000.00
		Interest of bankFacilities	8%
		Commissioning cost 10% material Total annual depreciation expenses	
		Annual Income Tax 30%	
		Total Profit & Loss: (Annual)	
3.	Project Fixed Capital	The costs before commissioning	1,000,000.00
		Land & Landscaping	1,000,000.00
		Civil & Building Implement	1,000,000.00

		Machinery, Office, Workshop & Lab Supplies	1,000,000.00
		Total	5,100,000.00
4.	The costs before commissioning	Costs before commissioning including feasibility study, periodical visits, acquiring investment permits, technology, TIC License of Incentive, Environment License, EWURA, Port Authority (TPA), Municipality, Road Administrative etc	1,000,000.00
		Training Before Commissioning	170,000.00
		Total	1,175,000.00
6.	Transport, Work place & LSupplies	Truck	500,000.00
		Electricity	50,000.00
		Total	550,000.00
7.	Salary and Wages	Staff	100,000
		Operators	100,000
		Other Staffs	50,000
		Total	250,000.00

1.2 Fixed capital depreciation

S/N	Description	Production (Estimated)	Unit Price (USD)	Amount (USD)
1.	Production Average	1000 T per year	1000	1,000,000
Total Cash Income				1,883,416
Deduction (Current Costs)				500,000
Deduction (Depreciation Costs)				100,000
Deduction (Banking Fees 12%)				40,000
Net Profit (USD):				640,000

1.3 Period of Investment & Capital Return

1.	Period of Investment & Capital Return	Purchase of machinery, equipment, transport, set-up and putting into operation	1 year
		Commissioning, trial operation, financing & administrative affairs	1 year

		Settling the principal with interest	1 year
		Capital Annual Rate	1 year

2 COMPANY FINANCING

Description	Total (USD)	Banking Loan	Customer Share
Fixed Costs of Project	1,883,416.000	0	10000
Cost of Circulating Capital 15% of Current Expenses	-	-	-
Total	1,883,416.000	0	10000

The intended project is to be implemented within 3 year. The company promoters (shareholders) have resorted to register the project with Tanzania Investment Center (TIC) and securing the certificate of incentives.

12. FINANCIAL PLAN (SOURCE OF FUNDS)

GSG OIL COMPANY LIMITED has firmed up finances for the implementation programme by its fund and Loan.

Own fund (equity)	USD \$ 1,883,416.000
Local loan	<u>USD \$ 1,883,416.000</u>
TOTAL	USD \$ 376,683,162,000

13. GRAPHITE PROJECT OIL SECTOR

- (i) Trucks
- (ii) Barges.
- (iii) tankers
- (iv) Generators
- (v) pipelines
- (vi) Pickups
- (vii) workshops.

14. SUBMISSION

GSG OIL COMPANY LIMITED submits the investment proposal and it's application to the Tanzania Investment Centre (TIC) for registration and award of certificate of Incentives for the commencement of the processing project.

The project will soon commence after the company is registered under Tanzania Investment Centre (TIC) and being issued the Certificate of Incentives. Thereafter the company will import the project facilities such as; machinery plants, trucks, spare parts .

15. ECONOMIC GROWTH

The current economic growth which had been registered in Tanzania, as the result of investment, business, constructing have attracted more investments as well as processing and business in the Tanzania such as the intended Oil processing sector project. The economic growth influenced such movement of goods especially

business are in demand and are growing day by day for the increased production in oil.

16. COMPETITION OR MARKET

Despite there being a numbers of oil based companies in Tanzania, still the commodity is not enough compared to the level of demand. Our main competitors are established oil business companies who have been in the business for many years and established monopoly and dominance of the market share in this line of business in the country. However, our transport fleet will be new; hence will have a sustainable competitive advantage as the goods will be delivered fast as mechanical problems will be minimal and since we do own our transportation line. Therefore, we do not expect delay in delivering our customers cargo to their respective destinations.

17. 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 products.

18. 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.

- (i) Advertisement and Promotion,
- (ii) Employing qualified and experienced operators at the site,
- (iii) On job training,
- (iv) Business Discipline.

19. ENVIRONMENTAL ISSUE

The GSG OIL COMPANY LIMITED project and implementation is environmental friendly. The workshop activities of services will not cause any harm to people.

20. PROJECT MANAGEMENT

The overall management of the company is vested in the Board of Directors. GULF STAR GLOBAL TRADING DMCC, MOHAMMED IBRAHIM ELHAJ BACKEET and ISMAIL ELAZHARI ABDELGADIR ELAGIB are the shareholders of the company and they are well versed in distribution of the business.

21. MANPOWER AND TRANSFER OF TECHNOLOGY

GSG OIL COMPANY LIMITED being an oil processing sector/ project will base in the using of modern teachings or workshop activities. The advantages to the country are quite significant, and will get the advantage of value addition due to such a natural sources in the country.

The proposed project will cause more people to be employed in, different types of personnels, operators, security guards, accountants, and about 1000 local people and foreigners will increase their income, improve their social welfare and pay taxes; it is poverty alleviation programme to them. Local employees will get on job training in a long run will improve the technical competence in the project.

22. CONCLUSION AND RECOMMENDATION

The financial evaluation of the project done so far indicates that this project 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 project so that the project will operate and enjoy tax exemption on capital and deemed goods and increase its production capacity.

23. FINANCIAL AND ECONOMIC ANALYSIS

23.1 Projected Profit and Loss Account

The company envisages generating a profit of USD \$ 1,000,000 this operating year. The profit amount is expected to steadily rise to USD \$ 10,000,000, 000 in year two, USD \$27,000,000 in year three and USD \$28,000,000 in year four.

23.2 Projected cash flows

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

23.3 Proposed Balanced Sheet

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

Appendix 1
GSG OIL COMPANY LIMITED
PROJECTED INCOME STATEMENT

(Fig. USD \$ '000')

INCOME	1 st year	2 nd year	3 rd year	4 th year	5 th year
Sales Income	720.0	760.0	800.0	850.0	900.0
Total Income	720.0	760.0	800.0	850.0	900.0
Utilities	150.0	150.0	150.0	150.0	150.0
Salaries and wages	80.0	85.0	90.0	100.0	110.0
Transportation/fuel	100.0	105.0	110.0	120.0	130.0
Administrative					
Expenses	100.0	110.0	120.0	130.0	140.0
Other Expenses	40.0	50.0	60.0	70.0	80.0
Total Expenditure	470.0	500.0	530.0	570.0	610.0
Net Profit (pre tax and depreciation)	250.0	260.0	270.0	280.0	290.0

Appendix II GSG OIL COMPANY LIMITED
PROJECTED CASHFLOW STATEMENT
(Fig. USD \$ '000')

YEAR	1	11	111	1V	V	TOTAL
Cash inflow						
Income from operation	250.0	260.0	270.0	280.0	290.0	1350.0
	250.0	260.0	270.0	280.0	290.0	1350.0
Cash outflow						
Interest payments	50.0	45.0	40.0	35.0	30.0	200.0
Loan re-payment	50.0	50.0	50.0	50.0	50.0	250.0
Wear and tear	10.0	12.0	14.0	16.0	18.0	70.0
Taxes	10.0	10.0	10.0	10.0	10.0	50.0
	120.0	117.0	114.0	111.0	108.0	570.0
Surplus cash generated	130.0	143.0	156.0	169.0	182.0	780.0

Appendix III
GSG OIL COMPANY LIMITED
PROJECTED LONG TERM LOAN REPAYMENT
(Fig. in USD \$'000')

YEAR	PRINCIPAL	INTEREST	TOTAL	AMOUNT
0				500.0
I	50.0	50.0	100.0	450.0
II	50.0	45.0	95.0	400.0
III	50.0	40.0	90.0	350.0
IV	50.0	35.0	85.0	300.0
V	50.0	30.0	80.0	250.0
VI	50.0	25.0	75.0	200.0
VII	50.0	20.0	70.0	150.0
VIII	50.0	15.0	65.0	100.0
IX	50.0	10.0	60.0	50.0
X	50.0	5	55.0	00.0

Appendix IV
GSG OIL COMPANY LIMITED
PROJECTED BALANCE SHEET
(Fig. in USD \$ '000')

NO.	ITEM	YEAR I	YEAR II	YEAR III	YEAR IV	YEAR V
	SOURCE OF FUNDS					
1.	Shareholders funds	100.0	150.0	200.0	250.0	350.0
2.	Long Term Loan	100.0	95.0	90.0	85.0	80.0
3.	Associated Cos/ Directors	100.0	100.0	100.0	100.0	100.0
4.	Current liabilities	0.0	0.0	0.0	0.0	0.0
		0.0	0.0	0.0	0.0	0.0
	Application of funds					
1.	Fixed Assets	300.0	300.0	300.0	300.0	300.0
2.	Current Assets	200.0	295.0	390.0	485.0	630.0
		500.0	595.0	690.0	785.0	930.0