

GSG OIL COMPANY LIMITED

BUSINESS PLAN

FOR

ESTABLISHMENT OF

TRANSPORTATION (LIQUID AND DRY CARGO TRANSPORT)

GSG OIL COMPANY LIMITED SETTING UP TRANSPORTATION SECTOR

1. INVESTMENT PLAN

The Business Plan was prepared by **GSG ENERGIES TRANS LIMITED** for setting up an **TRANSPOTATION (LIQUID AND DRY CARGO TRANSPORT)**. **GSG ENERGIES TRANS LIMITED** is a private company limited by shares. It is registered in the United Republic of Tanzania and issued with Certificate of Incorporation Number **177670391** dated 04/09/2024C. 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 **TRANSPORT** 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 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 ENERGIES TRANS LIMITED is a private company based in **DAR ES SALAAM**, The Company shareholders are **GULF STAR GLOBAL TRADING DMCC** and **GSG ENERGIES COMPANY LIMITED**, which equal ownership of shares, **ISMAIL ELAZHARI ABDELGADIR ELAGIB** together with **MWAJUMA SALIM CHOGGY** are the first directors of the company, who oversee its day-to-day operations. Currently the company intends to import vehicles (trucks/ trucks head/ tanker and Trailer) qualify exemptions for **TRANSPOTATION (LIQUID AND DRY CARGO TRANSPORT)**.

The main purpose of the proposed project is to undertake the **TRANSPOTATION of (LIQUID AND DRY CARGO TRANSPORT)**, correspond with the clients of demand both local, regional and foreign market in the Transportation sector. Products especially in this competitive market, the quality of company business will guarantee clients satisfaction in proposed programme.

The Oil transportation 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 ENERGIES TRANS LIMITED will be one of the only few major transportation 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 transportation 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 transportation sector in Tanzania from the whole world, and **GSG ENERGIES TRANS 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 transportation growth especially industries and businessmen as the demand is growing everyday for the increased oil transportation in Africa and the world.

GSG ENERGIES TRANS LIMITED intends to maximise the oil transportation. The project promoters are well established business persons who are to carry out various businesses majoring in oil sector project and transportation of oil. 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, truck heads, tractors, Tipper.
- Barges
- Tankers.
- Trailers
- Over Land.
- Pipeline.
- Supporting vehicles such as pick ups,
- Communication equipment; machines, generators etc

6. THE COMPANYS OBJECTIVES

GSG ENERGIES TRANS LIMITED is a project for transportation Sector established in Tanzania Mainland.

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

- To deal with freight transport by road and generally to deal 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 deal with other passenger land transport.
- To deal with urban and suburban passenger land transport.
- To deal with inland freight water transport.
- To deal with sea and coastal freight water transport.
- To deal with sea and coastal passenger water transport.
- To deal with freight air transport.
- To deal with passenger air transport.
- To deal with warehousing, storage and yard.
- To deal with service activities incidental to land transportation.
- To deal with service activities incidental to water transportation.
- To deal with service activities incidental to air transportation.

- To deal with cargo handling.
- To deal with other transportation support activities.
- To deal with postal activities.
- To deal with courier activities.
- To deal with sale of motor vehicle parts and accessories.
- To deal with sale of motor vehicles.
- To deal with other personal service activities n.e.c.
- To deal with other professional, scientific and technical activities n.e.c.
- To deal with maintenance and repair of motor vehicles.
- To deal with sale, maintenance and repair of motorcycles and related parts and accessories.
- To deal with repair of transport equipment, except motor vehicle

7. PLAN OR PROSPECTS

- (a) Smooth running of the **GSG ENERGIES TRANS LIMITED** sector oil transportation business.
- (b) For efficient and effectiveness in operation.
- (c) To increase more facilities for the project i.e work machines with introduction of new technology.
- (d) To increase the volume of the project or capacity of the project to be processed in the oil transportation 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 TRANSPORTATION** sector.

The document has been prepared to serve as a business plan for **GSG ENERGIES TRANS LIMITED** for a project specializing in **OIL TRANSPORTATION** 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 yard.
- 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	50	UNITED ARAB EMIRATES
GSG ENERGIES COMPANY LIMITED	50	TANZANIA

9. LOCATION:

The project head quarter will be In **DAR ES SALAAM**.

10. COMPANYS IMPLEMENTATION SCHEDULE

10.1 SEPTEMBER- 2024

- Preparing feasibility study for the land space and the project area at the sited places.
- Registration of the project with Tanzania Investment Centre i.e Application for the Certificate of Incentives.
- Getting the Certificate of Incentives.
- Application for import Duty exemption on trucks, tractors, tanker, trailers, lorries, supporting vehicles, workshop equipment, communication equipment, equipment after being awarded certificate of incentives in the establishment programme.
- Purchasing land for yard.
- Recruiting new employees, mechanics and other administration staff.

10.2 OCTOBER -2024

- Other necessary buildings.
- Fully commencement of the Oil transportation business.
- Purchasing 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 years. 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 ENERGIES TRANS LIMITED has firmed up finances for the implementation programme by its fund and Loan.

Own fund (equity)	USD \$ 1,883,416.000
Foreign equity	<u>USD \$ 1,883,416.000</u>
TOTAL	USD \$ 3,766,832.00

13. GRAPHITE PROJECT OIL SECTOR

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

14. SUBMISSION

GSG ENERGIES TRANS LIMITED submits the investment proposal and its 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; trucks and 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 transportation 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 ENERGIES TRANS 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 **GSG ENERGIES TRANS LIMITED**, **ISMAIL ELAZHARI ABDELGADIR ELAGIB** together with **MWAJUMA SALIM CHOOGY** are the directors of the company, who oversee its day to day operations and they are well versed in distribution of the business.

21. MANPOWER AND TRANSFER OF TECHNOLOGY

GSG ENERGIES TRANS LIMITED being an oil transportation 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	2nd year	3rd year	4th year	5th 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

