

**BUSINESS PLAN FOR THE
IMPLEMENTATION PROGRAMME**

OF

M/S MOUNT MERU PETROLEUM LIMITED

IN

**ESTABLISHING AND OPERATING A PROJECT FOR
SETTING UP HIGH QUALITY CNG REFUELING
STATION FOR MOTOR VEHICLES AND BAJAJ**

**PREPARED BY
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M/S MOUNT MERU PETROLEUM LIMITED

TABLE OF CONTENTS

	Page
1. Investment Plan	2
2. Company's Background	2
3. Market Potential	3
4. The Company's Objectives	4
5. Plan/Prospects	5
6. Shareholders (Promoters)	5
7. Location.....	6
8. Capital Investment Cost	7
11.Submission.....	9
12.Economic Growth.....	10
13.Competition/Market	10
14.Advertisement	10
15.Business Strategy	10
16.Environmental Issue.....	11
17.Project Management	11
18.Manpower and Transfer of Technology.....	11
19.Conclusion and Economic Analysis	12
20.Financial and Economic Analysis.....	12
21.Sensitivity Analysis.....	13
22.Appendix I – III.....	16 -19

M/S MOUNT MERU PETROLEUM LIMITED

ESTABLISHING AND OPERATING A PROJECT FOR SETTING UP HIGH QUALITY CNG REFUELING STATIONS FOR MOTOR VEHICLES AND BAJAJ

1. INVESTMENT PLAN

The investment plan has been prepared by **M/S MOUNT MERU PETROLEUM LIMITED** for the company's establishment programme in extensive setting up high quality CNG refueling station for Motor Vehicles and Bajaj.

The investment plan has also been prepared to give an analysis of the financial, human, technical and other resources required for the intended project for Gas storage & CNG Refueling station and also assess its economic viability and commercial viability in order to allocate funds for the implementation programme especially in acquiring storage tanks, mother station, daughter booster station, online station, integrated CNG package, online station, variable online, storage cascades, LCV/ Mobile cascade, steel structures, pre-fabricated buildings, Forklift, cranes, allied equipment, generators, transformer, utility vehicles etc.

The certificate of incentives will enable the project to enjoy Tax exemptions on CAPITAL/ DEEMED CAPITAL GOODS and TIC ONE STOP FACILITATION like processing of approvals, licenses and permits such as resident / work permits, Business License, protection of investment, arbitration and transfer of foreign currency etc

2. COMPANY'S BACKGROUND

M/S MOUNT MERU PETROLEUM LIMITED is a private owned company registered/ incorporated in Tanzania by Registrar of Companies under company's ordinance, on 10th day of June, 1998 with Certificate of Incorporation No: 34128

The company was incorporated with objectives of setting up high quality CNG refueling station for Motor Vehicles and Bajaj. The CNG value chain facilities will be fitted to Motor Vehicles and Bajaj which will be using Gas instead of Petrol or fuel.

The company determines to construct Depot for value chain facilities which will comprise Gas Tanks- mother station, storage cascades, LCV/ Mobile cascade, hydraulic booster, variable online, online station, daughter booster station, integrated CNG package (Compressor + Dispenser + cascade)= cylinders will be specially fitted to Motor Vehicles and Bajaj.

The company will store Gas in a calibrated Tank and use CNG value chain facilities for Gas Compression purposes to Cylinders which will be specially fitted to Motor vehicles and Bajaj as in this modern world the vehicles and BAJAJ are using Gas instead of Petroleum and diesel.

The main purpose of the proposed project is to provide/ setting up high quality CNG value chain facility which is easier and cheaper than petrol and Diesel to correspond with the growing demand especially for motor vehicles and Bajaj. The quality of company's CNG refueling station will guarantee Customers satisfaction in proposed modern technology.

There is an extensive market to absorb all the Gas Refueling station facilities which will be fitted to refuel motor vehicles and Bajaj. It is on the basis of the above reasons the management resolved to invest in constructing the CNG value chain facility for Gas Tanks and Gas Cylinder which will be fitted to Motor vehicles and Bajaj. The CNG Value Chain will be Compressor + Dispenser + cascade+ to vehicles and Bajaj.

In the establishment programme, the proposed project will import Gas storage tanks, cylinders mother station, daughter

booster station, online station, integrated CNG package, online station, variable online, storage cascades, LCV/ Mobile cascade, steel structures, pre-fabricated buildings, Forklift, cranes, allied equipment, generators, transformer, utility vehicles, equipment, and other facilities for CNG Value chain.

Hence the establishment programme of three years in setting up the CNG Value chain facility for vehicles & Bajaj is estimated to be USD 1,000,000. The estimated capital investment cost of USD 1,000,000 will be on new and modern CNG Facilities and other expenses.

3. MARKET POTENTIAL

There is a very big market potential for the CNG refueling stations facilities in Tanzania as it is new technology which is easier and cheaper to use Gas instead of petrol or Diesel. Therefore, there is high demand of the modern technology of CNG Value chain facilities. And the market is growing day by day especially in the Urban whereby owners of Motor vehicles and Bajaj will use CNG refueling station facilities.

The modern technology of vehicles and Bajaj using compressed Natural Gas is very useful and convenient and does not pollute the air. It is also easy and cheaper.

The recent market survey undertaken by the company has realized that there is high demand for CNG value chain facilities in Tanzania whereby there is growth of demand for Technology especially for Vehicles and Bajaj.

High quality, technology and goodwill are the factors which will make the project to dominate the market. There are few similar Projects which can compete with our modern and high quality CNG Value chain facilities which are intended to be fitted and used by vehicles and Bajaj.

-The Proposed Project intends to expand, Diversify and set up CNG Value chain facilities in other Key areas in other Big Regions in Tanzania.

4. THE COMPANY OBJECTIVES.

M/S MOUNT MERU PETROLEUM LIMITED is a project intended to construct modern Gas storage and Setting up CNG refueling stations and CNG equipment which will technically be fitted to vehicles and Bajaj for use of Gas instead of Petroleum and Diesel.

The Mission of Proposed Project is Basically aimed at constructing/ Setting up CNG refueling stations and marketing of such facilities, modern technology for compressed Natural Gas cylinder to be fitted to vehicles & Bajaj. CNG is cheaper and easier instead of using petroleum or diesel in order to achieve the following objectives:-

1. To foster the Growth of CNG value chain facilities in Tanzania.
2. To reduce use of petrol/sometimes acute shortage of petroleum and diesel by using CNG refueling facilities to vehicles and Bajaj.
3. To promote the use of CNG refueling stations to vehicles and Bajaj in Tanzania.
4. To promote the growth and expansion of private sector.
5. The Company will create more employment (more job opportunities from unskilled to professionals/ technicians in CNG Stations and sale outlets) etc.
6. Skills development (human resources development) through on job training due to use of modern machinery and new technology application.

7. Income generation, alleviation of poverty and improve their social welfare employees.
8. The Company contributes to the government revenue through taxes and other levies.

5. PLAN/PROSPECTS

- ❖ High production performance
- ❖ To increase the use of Compressed Natural Gas instead of petroleum or Diesel in the Country.
- ❖ To construct more CNG value chain facilities.
- ❖ To increase the Clients using CNG and sale outlets.

6. SHAREHOLDERS (PROMOTERS)

The following are the shareholders/ promoters of **M/S MOUNT MERU PETROLEUM LIMITED** and their shareholder's position are: -

No	Name of Shareholders	Nationality	Shares	Percent %
1.	Atul Mittal	Tanzanian	1	25
2.	Arvind kumar Mittal	Indian	1	25
3.	Kantadevi Mittal	Indian	1	25
4.	Tarseem chand Aggarwal	Indian	1	25
	TOTAL		4	100%

Therefore, the authorized capital of the company is Tshs. 20,000,000/= divided into 100 ordinary shares of Tshs. 200,000/= each. The Company shall have power to increase its capital and to

divide the shares in its capital for the time being into several classes of stock or shares and to attach thereto respectively such preferential, deferred or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company.

7. LOCATION

The company's business premises are located at Plot No. 58/2, Mabibo Area, Kinondoni district in Dar es Salaam. Postal Address P. O. Box 7094 Arusha.

8. COMPANY'S IMPLEMENTATION SCHEDULE

8.1 JANUARY - 2025

- ❖ Preparing feasibility study for the establishing and operating a project for setting up CNG refueling stations for motor vehicles and Bajaj.
- ❖ Registration of the proposed project with Tanzania Investment Centre i.e. Application for the Certificate of incentives.
- ❖ Getting Certificate of Incentives

8.2 FEBRUARY - 2025

- ❖ Application for Tax exemption on CAPITAL/ DEEMED CAPITAL GOODS after being awarded certificate of incentives in the Establishment Programme.
 - ❖ Ordering/Importing mother station, daughter booster station, online station, integrated CNG package, online station, variable online, storage cascades, LCV/ Mobile cascade, steel structures, pre-fabricated buildings, Forklift, cranes, allied equipment, generators, transformer, utility

vehicles, overhead cranes, tools, generators, transformer, utility vehicles etc.

- ❖ Clearing the CAPITAL/DEEMED CAPITAL GOODS from customs control (at the Port and Airport).
- ❖ Development of DEPOT for CNG Project.

8.3 MARCH- 2025

- ❖ Recruiting new staffs and training them on new technology skills for setting up high quality CNG value chain/ refueling stations for vehicles and Bajaj to use Gas instead of petrol and diesel.
- ❖ Fully commencement of operation in its implementation programme

9. CAPITAL INVESTMENT COST

Land/Building	USD \$	50,000
Plant/Machinery	USD \$	750,000
Vehicles	USD \$	100,000
Furniture and Fittings	USD \$	-
Pre-expenses	USD \$	50,000
Working Capital	USD \$	<u>50,000</u>
TOTAL CAPITAL	USD \$	<u>1,000,000</u>

The proposed project in CNG refueling station in its extensive programme of setting up high quality CNG Value chain facilities for vehicles and Bajaj to use Gas. The Project will be implemented within 3 years. The company's promoters (shareholders) have resolved to register the intended Project with Tanzania Investment Centre (TIC) and securing the certificate of incentives.

10. FINANCIAL PLAN (SOURCE OF FUNDS)

M/S MOUNT MERU PETROLEUM LIMITED has firmed up finances for the implementation programme by its own fund and loan:-

Own fund (equity)	USD \$ 800,000
local loan	<u>USD \$ 200,000</u>
TOTAL	<u>USD \$ 1,000,000</u>

11. CNG VALUE CHAIN:

- CNG mother station, daughter booster station, online station, integrated CNG package, online station, variable online, storage cascades, LCV/ Mobile cascade, steel structures, pre-fabricated buildings, Forklift, cranes, allied equipment, generators, transformer, utility vehicles etc.

12. SUBMISSION

M/S MOUNT MERU PETROLEUM LIMITED wishes to submit its investment plan and application to the Tanzania Investment Centre (TIC) its proposal for registration and award of certificate of incentives in the establishment programme.

The Proposed Project will soon commence after the Company is registered with Tanzania Investment Centre and being issued the Certificate of incentives. Thereafter the Company will order and import the CNG mother station, daughter booster station, online station, integrated CNG package, online station, variable online, storage cascades, LCV/ Mobile cascade, steel structures, pre-fabricated buildings, Forklift, cranes, allied equipment, generators, transformer, utility vehicles, overhead cranes, compressors, generators, forklifts. The Project will enjoy tax exemptions on CAPITAL/ DEEMED CAPITAL GOODS

The certificate of incentives will enable the project to enjoy TIC FACILITATION like processing of approvals, permits and licenses such as resident / work permits, Business license, protection of investment, arbitration and transfer of foreign currency etc.

12. ECONOMIC GROWTH

Positive economic & technology growth which had been registered in Tanzania, have attracted more investments in the Tanzania like the proposed CNG value chain project for use of CNG in vehicles and Bajaj. The economic growth influenced establishment of such high quality CNG value chain facilities to make possible use of Gas to vehicles and Bajaj and the demand for CNG is growing day by day because its use is easy and cheaper than petrol and diesel.

13. COMPETITION/MARKET

Despite there being few companies which is doing CNG Refueling still the facility is not enough compared to the level of current demand on the use of compressed Natural Gas.

However, the proposed CNG refueling station project expects to dominate the market because the facility is new, Modern, easy and cheaper. The project ensures goodwill and high quality.

14. 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 or private institutions.

15. 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

- ❖ Technology/CNG Value Chain facilities with high quality CNG stations and equipment,
- ❖ Advertisement/promotion,
- ❖ Employing qualified and experienced technicians,
- ❖ On job training,
- ❖ Business Discipline.

16. ENVIRONMENTAL ISSUE

The construction/ Setting up the CNG value chain facility and the processes, refueling stations and the whole project is environmental friendly. The project's activities and all processes will not cause any harm to people.

17. PROJECT MANAGEMENT

The overall management of the company is vested in the Board of Directors. Mr. Atul Mittal is the Managing Director of the Company; he is well versed in Industries and various Businesses. The other Directors are Arvind Kumar Mittal, Kantadevi Mittal and Tarseem Chandi Aggrawal.

THE
CHART

COMPANY'S

ORGANIZATION



18. MANPOWER AND TRANSFER OF TECHNOLOGY

This project being setting up high quality CNG refueling station for Motor Vehicles and Bajaj for the use of Gas instead of petroleum and diesel and during its Establishment programme will usher in the country a new CNG technology (Transfer of knowledge/technology). The advantages to the country are quite significant both in setting up facilities and its operation, the Technicians will get the advantage of value addition due to such incoming technology.

The project will solve the acute shortage of petrol and diesel to vehicles and Bajaj as CNG refueling is cheaper and Easy. Furthermore, the country can reduce its dependence on importation of Petrol and Diesel which are expensive than Gas. Tanzanian will be able to use CNG refueling in the Vehicles & Bajaj at a reasonable price.

The Proposed CNG Value Chain programme will cause more local people to be employed about 50 in the course of establishment and they will increase their income, improve their social welfare and pay taxes; also it is poverty alleviation programme to them.

Local employees will get on job training and in a long run will improve the technical competence in their technical work.

19. CONCLUSION AND RECOMMENDATION

The financial evaluation of the proposed CNG project of setting up CNG Value chain facility done so far indicates that this programme 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 proposed project so that the project will import and enjoy tax exemption on CAPITAL/ DEEMED CAPITAL GOODS and increase its production capacity.

20. FINANCIAL AND ECONOMIC ANALYSIS

20.1 Projected Profit and Loss Account

The company envisages generating a profit of USD \$ 150,000 this operating year. The profit amount is expected to steadily rise to USD \$ 160,000 in year two, USD \$ 170,000 in year three and USD \$ 180,000 in year four.

20.2 Projected cash flows

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

20.3 Proposed Balance Sheet:

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

21. SENSITIVITY ANALYSIS

To assess further the viability of the implementation project, sensitivity analysis has been worked out on the basis of several unfavorable conditions that might negatively affect the operations of **M/S MOUNT MERU PETROLEUM LIMITED**

21.1 Effect of cost increase on profitability (on the basis of year II CNG INCOME in “...” USD \$)

Income	Costs	Increase	Profit before depreciation
605,000	445,000	%	160,000
605,000	467,250	5%	137,750
605,000	489,500	10%	115,500

21.2 Effect of CNG INCOME decrease/drop on profitability (on the basis of year II costs in “.....” USD \$)

Income	Income Decrease	Cost	Profit before depreciation
605,000	%	445,000	160,000
574,750	5%	445,000	129,250
544,500	10%	445,000	99,500

The viability/profitability of the company operations appears more sensitive to sale income/revenue than increase in the operating costs. This implies that the company should strive to

maintain the existing market and undertake an aggressive marketing strategy to hire more clients and expand its market or clients base.

Appendix I

M/S MOUNT MERU PETROLEUM LIMITED

PROJECTED INCOME STATEMENT (ESTIMATED)

(Fig. USD \$ '000')

Income	Years				
	I	II	III	IV	V
Sales Income	570.0	605.0	640.0	675.0	710.0
Total Income	570.0	605.0	640.0	675.0	710.0
Utilities	200.0	200.0	200.0	200.0	200.0
Salaries and wages	50.0	50.0	50.0	50.0	50.0
Transportation/fuel	20.0	25.0	30.0	35.0	40.0
Administrative Expenses	110.0	120.0	130.0	140.0	150.0
Other Expenses	40.0	50.0	60.0	70.0	80.0
Total Expenditure	420.0	445.0	470.0	495.0	520.0
Net Profit (pre tax and depreciation)	150.0	160.0	170.0	180.0	190.0

Appendix II

M/S MOUNT MERU PETROLEUM LIMITED

PROJECTED CASHFLOW STATEMENT (ESTIMATED)

(Fig. USD \$ '000')

Year	I	II	III	IV	V	Total
Cash inflow						
Income from operation	150.0	160.0	170.0	180.0	190.0	850.0
	150.0	160.0	170.0	180.0	190.0	850.0
Cash outflow						
Interest payments	20.0	16.0	12.0	8.0	4.0	60.0
Loan re-payment	40.0	40.0	40.0	40.0	40.0	200.0
Wear & tear	20.0	22.0	24.0	26.0	28.0	120.0
Taxes	10.0	10.0	10.0	10.0	10.0	50.0
	90.0	88.0	86.0	84.0	82.0	430.0
Surplus cash generated	60.0	72.0	84.0	96.0	108.0	420.0

Appendix III

M/S MOUNT MERU PETROLEUM LIMITED

PROJECTED LONG TERM LOAN REPAYMENT (ESTIMATED)

(Fig. in USD \$ '000')

	Repayment			
Year	Principal	Interest	Total	Amount
O				200.0
I	40.0	20.0	60.0	160.0
II	40.0	16.0	56.0	120.0
III	40.0	12.0	52.0	80.0
IV	40.0	8.0	48.0	40.0
V	40.0	4.0	44.0	0.0

Appendix 1V

M/S MOUNT MERU PETROLEUM LIMITED
PROJECTED BALANCE SHEET (ESTIMATED)

(Fig. in USD \$ '000')

No.	ITEM	YEAR 1	YEAR II	YEAR III	YEAR IV	YEAR V
	Source of funds					
1.	Shareholders funds	150.0	200.0	250.0	300.0	350.0
2.	Long term Loan	60.0	56.0	52.0	48.0	44.0
3.	Associated Cos/ Directors	100.0	100.0	100.0	100.0	100.0
4.	Current Liabilities	200.0	250.0	300.0	350.0	400.0
		510.0	606.0	702.0	798.0	894.0
	Application of funds					
1.	Fixed Assets	400.0	400.0	400.0	400.0	400.0
2.	Current Assets	110.0	206.0	302.0	398.0	494.0
		510.0	606.0	702.0	798.0	894.0