



KARAN PETROLEUM LIMITED

Dar Es Salaam, Tanzania

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BUSINESS PLAN

About the Company

Karan Petroleum Ltd (hereinafter referred as “The Company”) is a private limited domestic company (Reg No 145321026) having core domain in the business of trading and transportation of Fuel and its related products with a registered office situated at Dar Es Salaam, Tanzania. The company has its own fleet of trucks, imports fuel for both local and transit and is planning to acquire new petrol stations in various parts of the country. The company was incorporated in 26/11/2020 with Hardik Manish Kumar Sheth as the Managing Director of the company.

The company imports fuel mainly under BPS (Bulk Procurement System) under PBPA (Petroleum Bulk Procurement Agency). As required from time to time, the company is also buying on a spot basis.

About Promoters

Karan Petroleum Group was founded by Mr. Himanshu Pannalal Shah, Mr. Hardik Manish Kumar Sheth and Mr. Utsav Agrawal. All three have vast experience working as Top-Level Executives in Oil Marketing Companies for almost 2 decades. They have played a vital role in making the companies they were affiliated with earlier succeed.

Mr. Himanshu Pannalal Shah: Shah is an Indian national who has been residing in Zambia for more than a decade now. Shah, who is an ex-director of Mount Meru Group of companies has guided the company from the very inception to its maturity where he played a vital role in expanding the roots of the Mount Meru Group in Southern Africa (Zambia, Zimbabwe, Mozambique and Botswana). Shah, who is also a Chartered Accountant, has gained a tremendous amount of experience in the fuel sector and transportation business. His presence in Africa for almost two decades has enabled him to understand the inside outs of the market. He knows how this place behaves, and he knows very well how to run the business in this type of market. With his guidance, Raj Ratna is destined to be one of the top market players in the fuel business and logistics business.

Mr. Hardik Manishkumar Sheth: Mr. Sheth is Ex- Managing Director of Mount Meru Petroleum Rwanda and Mount Meru Logistics Rwanda. Having worked for 8+ years as managing director of the company he has gained massive experience in trading and logistics of fuel. Under his leadership, Mount Meru became in the top three Oil Marketing companies in Rwanda. His presence in Rwanda for 8 years has enabled him to understand very well the market & the key drivers of the fuel market of Rwanda. Also, during his last employment, he had helped the company to expand in DRC, which is another big market connected with Rwanda.

He will be currently heading Karan Petroleum Rwanda Ltd. With his past experience and business network in Rwanda, he will set the roots of Karan Petroleum in the market of

Rwanda. Currently, He is the 100% shareholder of Karan Petroleum Rwanda Ltd.

Mr. Utsav Agrawal: Mr. Agrawal is also an Ex-CEO of Mount Meru Petroleum Tanzania and Mount Meru Mozambique. He has also been in this fuel industry for more than a decade now. He has already worked as a business leader and has led the company to success. He was a very successful CEO who helped the company to capitalize on the wide range of opportunities in Tanzania, a country with seaports and gateway for whole East Africa. The company grew massively during his leadership and Raj Ratna is very pleased to have such a dynamic leader in the team.

Road Map of Karan Petroleum

Having mentioned the core business line of the company being trading and transportation of fuel and related products, the company will work extensively in building strong retail stations outlets and selling the fuel in the bulk market.

The company targets to have following number of retail stations in Rwanda in next three years:

	Year 1	Year 2	Year 3	Year 4	Year 5
Self-Owned	1	3	4	4	5
Total Number of Stations	2	4	5	5	6

A) Below are our projected revenues from the station:

REVENUE ASSUMPTIONS	
FUEL INCOME:	
Average Sales Per Station	150,000
Average SP Per Ltr	\$ 1.12
Revenue (STATION per month) in USD	\$ 168,000.00
Revenue (STATION per year) in USD	\$ 2,016,000.00

B) **INVESTMENT PLANNED:**

By the end of the year 5 we are planning to invest total of TSH 10 billion in our Fixed Assets and TSH 3 billion on movable current assets.

C) **Employment Opportunities Created:**

We will hire at least 1 Station Manager, 10 Pump Attendants, 2 Security Staffs and 2 cleaners at each Station. So, at local level we will be giving direct employment to 14 people per station.

D) Proposed Financial Statements:

KARAN PETROLEUM LTD

Projected Profit & Loss Account

Amount in TSH

YEAR	Year 1	Year 2	Year 3	Year 4	Year 5
Average RW/ USD Ex Rate	2,600.00	2,860.00	3,146.00	3,460.60	3,806.66
No of Stations	1	3	4	4	5
INCOME :					
Revenue - Fuel Sales	5,241,600,000	17,297,280,000	25,369,344,000	27,906,278,400	38,371,132,800
TOTAL INCOME :	5,241,600,000	17,297,280,000	25,369,344,000	27,906,278,400	38,371,132,800
COST OF GOODS SOLD :					
	4,612,608,000	15,394,579,200	22,578,716,160	25,115,650,560	34,994,473,114
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Gross Profit- USD	628,992,000	1,902,700,800	2,790,627,840	2,790,627,840	3,376,659,686
GP%	12%	11%	11%	10%	9%
Admin Expenses					
Bank Charges	15,600,000	34,320,000	37,752,000	41,527,200	45,679,920
Head Office Other Mis Exp	31,200,000	32,760,000	34,398,000	36,117,900	37,923,795
Station Expenses	124,800,000	411,840,000	604,032,000	664,435,200	913,598,400
Depreciation Expenses	52,000,000	171,600,000	251,680,000	276,848,000	380,666,000
Forex Loss	26,208,000	86,486,400	126,846,720	139,531,392	191,855,664
Total Admin Expenses	249,808,000	737,006,400	1,054,708,720	1,158,459,692	1,569,723,779
Earning Before Interest	379,184,000	1,165,694,400	1,735,919,120	1,632,168,148	1,806,935,907
Finance Cost					
Interest Cost (Approx) on Asset Finance Loan	209,664,000	624,332,800	728,931,840	523,461,120	624,959,462
Interest Cost on Overdraaft	61,501,440	205,261,056	301,049,549	334,875,341	466,592,975
Loan Processing Fees	17,180,800	37,797,760	20,788,768	0	25,154,409
Total Finance Cost	288,346,240	867,391,616	1,050,770,157	858,336,461	1,116,706,847
NET Profit before TAX	90,837,760	298,302,784	685,148,963	773,831,687	690,229,061
Income Tax-30%	27,251,328	89,490,835	205,544,689	232,149,506	207,068,718
NET Profit - TSH	63,586,432	208,811,949	479,604,274	541,682,181	483,160,343
NET PROFIT - USD	\$ 24,456.32	\$ 73,011.17	\$ 152,448.91	\$ 156,528.40	\$ 126,925.01
Cash Profit -TSH	115,586,432	380,411,949	731,284,274	818,530,181	863,826,343
Cash PROFIT - USD	\$ 44,456.32	\$ 133,011.17	\$ 232,448.91	\$ 236,528.40	\$ 226,925.01

**KARAN
PETROLEUM
LTD**

Amount in TSH

**Projected Statement of
Financial Position**

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Assets					
Non-Current Assets					
Property, Plants & Equipment	1,768,000,000	5,600,400,000	7,550,920,000	7,274,072,000	9,558,068,000
Current Assets					
Trade & other receivables	430,816,438	1,421,694,247	2,085,151,562	2,293,666,718	3,153,791,737
Cash & Cash Equivalents	230,135,499	526,426,510	435,137,244	193,571,297	41,322,044
Total of Current Assets	660,951,938	1,948,120,756	2,520,288,806	2,487,238,015	3,195,113,781
Total Assets	2,428,951,938	7,548,520,756	10,071,208,806	9,761,310,015	12,753,181,781
Equity & Reserves					
Share Capital	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Retained Earnings					
Opening Balance	0	63,586,432	272,398,381	752,002,655	1,293,684,836
For the current year	63,586,432	208,811,949	479,604,274	541,682,181	483,160,343
Closing Balance	63,586,432	272,398,381	752,002,655	1,293,684,836	1,776,845,179
Total of Equity & Reserves	113,586,432	322,398,381	802,002,655	1,343,684,836	1,826,845,179
Liabilities					
Non-Current Liabilities					
Loans from Promoters (Quasi Equity)	364,000,000	1,164,800,000	1,605,240,000	1,605,240,000	2,408,172,400
Bank Loans	1,164,800,000	3,436,160,000	3,813,728,000	2,529,536,000	2,550,727,680
Total of Non-Current Liabilities	1,528,800,000	4,600,960,000	5,418,968,000	4,134,776,000	4,958,900,080

Current Liabilities					
Trade Payables	379,118,466	1,265,307,879	1,855,784,890	2,064,300,046	2,876,258,064
Other Payable	23,063,040	76,972,896	112,893,581	125,578,253	174,972,366
Bank Overdraft Account	384,384,000	1,282,881,600	1,881,559,680	2,092,970,880	2,916,206,093
Total of Current Liabilities	786,565,506	2,625,162,375	3,850,238,151	4,282,849,179	5,967,436,522
Total Equity & Liabilities	2,428,951,938	7,548,520,756	10,071,208,806	9,761,310,015	12,753,181,781

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Amount in TSH

Projected Statement of Cash Flow

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
<u>A. Cash Flow from Operating Operation</u>					
Profit from Operating Activities	63,586,432	208,811,949	479,604,274	541,682,181	483,160,343
Add: Depreciation	52,000,000	171,600,000	251,680,000	276,848,000	380,666,000
Adjustment to Changes in Working Capital:					
Change in Trade Receivables	- 430,816,438	- 990,877,808	- 663,457,315	- 208,515,156	- 860,125,019
Change in Trade Payables	379,118,466	886,189,414	590,477,010	208,515,156	811,958,018
Change in Other Payables	23,063,040	53,909,856	35,920,685	12,684,672	49,394,113
Change in Bank Overdraft	384,384,000	898,497,600	598,678,080	211,411,200	823,235,213
A. Cash Flow from Operating Operation-TOTAL	471,335,499	1,228,131,010	1,292,902,734	1,042,626,053	1,688,288,667
<u>B. Cash from Financing Activities</u>					
Loan from Promoters	364,000,000	800,800,000	440,440,000	-	802,932,400
Net Proceeds from Bank Term Loan	1,164,800,000	2,271,360,000	377,568,000	1,284,192,000	21,191,680
Proceeds from Share Capital	10,000,000	-	-	-	-
B. Cash from Financing Activities	1,538,800,000	3,072,160,000	818,008,000	1,284,192,000	824,124,080
<u>C. Cash from Investing Activities</u>					
Increase in Property Plant & Equipment	- 1,768,000,000	- 3,832,400,000	- 1,950,520,000	276,848,000	- 2,283,996,000
Depreciation	- 52,000,000	- 171,600,000	- 251,680,000	276,848,000	- 380,666,000
C. Cash from Investing Activities	- 1,820,000,000	- 4,004,000,000	- 2,202,200,000	-	- 2,664,662,000
Total Cash Inflow during the year	190,135,499	296,291,010	91,289,266	241,565,947	152,249,253
Opening Balance	-	190,135,499	486,426,510	395,137,244	153,571,297
Closing Balance	190,135,499	486,426,510	395,137,244	153,571,297	1,322,044