

SERENGETI SIMBA TANZANIA LIMITED

**BUSINESS PLAN FOR
ESTABLISHMENT OF TOUR OPERATOR, HOTEL, LODGE
AND TENTED CAMPS PROJECT PROPOSED TO BE
LOCATED AT SERENGETI DISTRICT, BABATI DISTRICT,
KARATU DISTRICT, MOSHI DISTRICT IN ARUSHA,
KILIMAJARO AND MANYARA REGIONS, TANZANIA**

02nd February, 2025

1.0 EXECUTIVE SUMMARY

SERENGETI SIMBA TANZANIA LIMITED, a company incorporated in Tanzania to carry out business activities such as tour operator, hotel, safari lodges, bar, restaurant, café, motel, car hire, tourism resort, carrying passenger goods and souvenir, Boat tours, fishing and other related business in a tourism industry. Also, the company is registered to carry other businesses such as export and imports, trading and general merchants, retail, wholesale, agents, moto vehicle spare parts, farming and horticulture. The company is planning to establish a project named “establishment of tour operator, hotel, lodge and tented camps project proposed to be located at Serengeti national park, Babati, Manyara Tanzania” and partly in Moshi town, Kilimanjaro. The project is expecting to create jobs amounting to 65 employees and operate the project with the use of high tech, quality and timely services which indirectly benefit the supply chain. The expected market of the project services is mostly international tourists with also minimum focus on local tourists and local citizens. The project is expecting to incur the total investment is 19,125,000,000 TZS whereby through financial analysis it was found that the cash accumulation in 5th year is 21,075,977,504 TZS which is more than the initial investment by 1,950,977,504 TZS therefore the project payback Period is exactly at the 5th year. Therefore, the project is viable and experiencing relatively a short time Payback period. Details of company and the main project description will be depicted in the main paper.

1.1 COMPANY DESCRIPTION

SERENGETI SIMBA TANZANIA LIMITED is a company incorporated in Tanzania with certificate No. 71903 dated 15th July, 2009 under the companies Act of 2002 and that the company is limited by shares. **SERENGETI SIMBA TANZANIA LIMITED** is registered to carry out business activities such as tour operator, hotel, safari lodges, bar, restaurant, café, motel, car hire, tourism resort, carrying passenger goods and souvenir, Boat tours, fishing and other related business in a tourism industry. Also, the company is registered to carry other businesses such as export and imports, trading and general merchants, retail, wholesale, agents, moto vehicle spare parts, farming and horticulture. The company is also registered with TRA as a Tax Payer with a TIN number 112-009-701 of 15th February 2011.

1.1.1 Company Products or services

Generally, the company is mainly engaged in tourism and hospitality services, import and export services and operating as a general commercial company

1.2 VISION

SERENGETI SIMBA TANZANIA LIMITED vision is to be the best in Eastern, Southern and Central African Countries by providing affordable, quality, efficient and reliable tourism and hospitality services and other related services to its customers.

1.3 MISSION

SERENGETI SIMBA TANZANIA LIMITED Mission is to offer high-quality tourism and hospitality services at a competitive price in comparison to others companies in the market

1.4 COMPANY OWNERSHIP AND BOARD OF DIRECTORS

SERENGETI SIMBA TANZANIA LIMITED is owned by five shareholders with experience in tourism and hospitality industry and related general businesses, the share capital of the company is Tanzania shillings 10,000,000,000 /= which are 100,000 Ordinary shares divided as follows:

Share Holders	% of Share	Nationality
NAVTEJ SINGH MUDHER	20	British
BALRAJ SINGH MUDHER	20	Tanzanian
AMRITPAL SINGH BHAMRA	20	Tanzanian
NAVRAJ SINGH BHAMRA	20	Tanzanian
VARINDERPAL SINGH BHAMRA	20	Tanzanian

1.4.1 ORGANIZATION'S AND MANAGEMENT

The company is being run by the Management and the Board of Directors where the management team report directly to the Board of Directors for enhancing performance and productivity of the organization.

1.5 THE PROJECT

SERENGETI SIMBA TANZANIA LIMITED is planning to establish a project named “establishment of tour operator, hotel, lodge and tented camps project proposed to be located at Serengeti national park, Babati, Manyara Tanzania”. This project is expecting to generate monthly income of 1,260,000,000 TZS with the running cost of 925,000,000 TZS

1.4.1 Project location

The project will be located in Serengeti national park, Tarangire national ark Babati, Manyara and Moshi town, Kilimanjaro and Arusha region, Tanzania as a diversified projects including hotel, lodges, tour operator and tented camps

1.4.2 Products or service to be provided

The services to be provided by this company will be based on diversified projects including hotel, lodges, tour operator and tented camps services.

1.4.3 Technology used

This project will utilize a high-tech technology and materials made with modern technology especially furniture and other supplies of the hotel and lodges will be of high quality. Also, in terms of tour operator project the company will procure latest vehicles with high quality and comfortability for tourist who visit Tanzania for Safaris.

1.4.4 Overview of tourism and hospitality industry in Tanzania

The tourism sector in Tanzania has experienced staggering development in steering the Tanzanian economy. The tourism sector has grown significantly and contributed considerably to Tanzania’s economic growth. On average the tourism sector accounts for about 24.0 % of its exports and 17.2% of GDP. This is a fast-growing sector that offers plenty of investment opportunities.

Tanzania is a truly magnificent country, packed with unspoiled environments and a variety of national parks. The landscape of Tanzania is broad and fascinating. Ranging from humid rainforests to snowy mountain peaks and everything in between, it's a varied nation that plays host to so much biodiversity. Tanzanian people are friendly and welcoming, and their culture is rich and fascinating.

Two of the world's most famous natural landmarks are in Tanzania. These are Mount Kilimanjaro and the Serengeti. Each one is a unique world treasure, filled with amazing sights and experiences.

Between 2016 and 2019 International tourist arrivals increased by 18.9%, while foreign exchange receipts from international tourism grew by 25% during the same period. Statistics show that Tanzania is ranked tenth among fifty African countries in tourism growth. Until April 2020, tourism earnings accounted for more than 24% of the total share of exports, making tourism the second largest foreign exchange earner after agriculture. The major source markets for Tanzania's international tourism are the USA (13.2%) and the UK (9.5%). Other countries include: In the period between January to July 2022, Tanzania registered 742,133 tourists, a 62.7% increase compared to the same period last 2021. Below are the quick facts and figures about Tanzania Tourism sector.

- Average length of stay: 10-11 days
- Average Expenditure per tourist: US\$355 (package tours) and US\$247 (non-package tours)
- 22 National Parks,
- 1 Conservation Area
- 2 Game Reserves,
- 44 Game Controlled Areas,
- 4 Ramsar/Wetland Sites,
- 33 Wildlife Management Areas,
- 6 Nature Reserves
- Tourism icons:
- Kilimanjaro Mountain – 5,895 Meters High - is the highest free-standing mountain in the World and highest in Africa
- Ngorongoro Crater is among the World Heritage Sites
- Serengeti National Park with Animal Migration – the leading National Park in Africa in 2019, 2020 and 2021.

1.4.5 Expected Market

The project for hospitality and tourism will focus mostly on international tourist market and some of the local market for tourist of high end who want to utilize hotel, lodge and safaris services.

1.4.6 Marketing and sales strategy

The company will use Diversification strategy to ensure that it penetrates the market and acquire a fair share of the market share for the tourism and hospitality industry. In this case the company will utilize mixed methods to reach the market thus will use the 7Ps of the marketing strategy which are product, price, place, promotion, people, process and physical evidence. Therefore, the company will ensure that it develops a unique and quality product, set a good price for attracting tourists and other customers, will locate a place for business, will promote the services through various means, will be people centered reflecting people's needs and peoples feedback, will use a step-by-step process to meet the market but also will have a physical office for receiving its customers. It should be noted that Promotion of the company services will be the priority tool for expanding the market base and ensure more customers for the services provided therefore different medias will be used for promotion including TVs, newspapers and social medias therefore the company will set aside a good budget for promotional activities and media coverage for enhancing visibility and customers awareness of the services offered by the company.

1.4.7 Project risks

Project risks may include changing of government policies, fluctuation of USD prices to TZS, changes of tax rates, labor turnover and fuel price fluctuation.

1.4.8 Strategy to overcome risks

Compliance and flexibility with the changing government policies, strengthening internal revenue and pricing mechanism in accordance to the market conditions, hiring good internal Auditor and Tax consultants and enhancing labor retention policies or the company.

1.4.9 Environmental aspects considerations

Before commencing the project, the company will make sure that it follows all procedures and guidelines for environmental protection from NEMC before establishing the project and if Environmental Impact Assessment (EIA) is needed the project will undergo that assessment for certification before commencing the project.

1.5 PROJECT ESTIMATED REVENUE

The company has estimated that the projected revenue to be 1,260,000,000 TZS per month.

1.6 PROJECT OPERATING COST

The company has estimated that the project operating cost to be 73.4% of the total monthly revenue income expected to be generated per month. Therefore, the operating cost estimated is 925,000,000 TZS per month.

1.7 PROJECT FINANCING

The company has estimated that the project will be financed by the shareholders equity amounting to 2,290,000 USD and loan of 5,360,000 USD

1.8 PROJECT INVESTMENT COST BREAKDOWN

The project has budgeted to cost the followings:

INVESTMENT COSTS AND ASSETS COSTS			
	ITEM	TZS	USD
1	Land/Building		
2	Plant/Machines	4,600,000,000	1,840,000
3	Vehicles	7,850,000,000	3,140,000
4	Furniture & Fittings	4,175,000,000	1,670,000
	Sub Total	16,625,000,000	6,650,000
5	Pre-expenses		
6	Working Capital	2,500,000,000	1,000,000
7	Other costs		
	Sub Total	2,500,000,000	1,000,000
	TOTAL INVESTMENT COST	19,125,000,000	7,650,000
SOURCE OF CAPITAL FOR INVESTMENT/BUSINESS			
		TZS	USD
1	EQUITY-LOCAL	5,725,000,000	2,290,000
2	LOAN-LOCAL	13,400,000,000	5,360,000
	TOTAL INVESTMENT	19,125,000,000	7,650,000
	TOTAL ASSETS	16,625,000,000	6,650,000

Estimates was done at exchange rate of 2,500 TZS per 1USD

2.0 PROJECT MANAGEMENT SCHEDULE

The project will be headed by five shareholders who is currently the main shareholders of **SERENGETI SIMBA TANZANIA LIMITED**. The expected project employment schedule are as follows:-

Employees Distribution Summary

Employment	Foreign	Local	Total
Women	1	40	41
Men	1	64	65
TOTAL	2	104	106

3.0 OVERVIEW OF TANZANIA BUSINESS ENVIRONMENT

Tanzania's business environment presents a mix of opportunities with a large market size and growing economy.

In the African continent, TANZANIA is among the top ten investment destinations in Africa, thanks to reforms and a conducive investment environment set by the government. The Rand Merchant Bank (RMB) ranked the country tenth in business and investment attractiveness, in the Where to Invest in Africa report released recently.

The World Bank ranking it relatively medium globally in ease of doing business; and that, the government is actively working to improve more on the investment climate for investors through reforms aimed at streamlining processes and attracting foreign direct investment (FDI)

4.0 SWOT ANALYSIS

STRENGTHS

Strengths of the business are –

- The shareholders have own equity and access to loan for starting and financing the project
- The company has sound, experienced and talented management for Business management.
- Rapid growth in sector due to effective management
- Influence & Networking of Directors in the business sector
- Business location is at prominent place
- Good roads and highway in Tanzania
- Confirmed business due to market availability.

WEAKNESSES

Weakness of the business are –

- Local competition from local market
- Struggle for market share growth

OPPORTUNITIES

Opportunities of the business are –

- Availability of potential market with Tanzania, EAC and Africa in general.

THREATS

Threats of the business are –

- Complex Tax Structure
- Sectorial competition
- Changing business, investment laws and policies
- Fuel price fluctuations
- Fluctuation of USD vs TZS-currency devaluation.

5.0 FINANCIAL PROJECTIONS ASPECT OF THE PROJECT

(i) Projected Profit and Loss Statement

The attached table shows the projected income for the 10 years period. The position depicted is that the project earns profit throughout its life cycle. Accumulated after-tax profits grows from **1,572,083,333TZS** in the 1st year to **44,715,496,455 TZS** in the 10th year.

(ii) Projected Cash Flows

The project's cash flows are shown in the attached table. They depict a good liquid position right from the first year. Cash accumulation builds up from **3,234,583,333TZS** in the first year to **61,340,496,455TZS** at the end of the 10th year of the project's operations

(iii) Projected Balance Sheet

The project's assets' cash flows are shown in attached table. Owners' equity grows from **7,297,083,333** TZS in the first year to **50,440,496,455** TZS at the end of the 10th year of the project's operations

(iv) Payback Period

Total investment is **19,125,000,000** TZS, cash accumulation in 5th year is **21,075,977,504** TZS which is more than the initial investment by **1,950,977,504** TZS. The project payback Period is exactly at the 5th year. Therefore, the project has a relatively short time Payback period.

6.0 ECONOMIC ASPECTS OF THE PROJECTS

Besides the financial/monetary returns to the owners, there are other benefits to be derived for the whole country.

I. Employment Opportunities

Employment and poverty reduction are among the major concern of the Central and Local Government authorities. It is gratifying to note that the company will provide additional employment to 106 people. This is a significant contribution coming from this project.

II. Revenue to the Government

The Project is expected to pay a substantial annual amount in the form of corporation tax and other taxes.

III. Benefiting in terms of growing the tourism industry in Tanzania

The project will contribute to the growth of tourism and hospitality industry in Tanzania and especially in the northern corridor.

7.0 CONCLUSION

After undergoing economic and financial evaluation of the project, it is of view that this project is viable, profitable and contributes to company revenue and to the government revenue by way of taxes, therefore it is recommended that the project should be given enough considerations for its establishment, take off and expansion.

8.0 LIST OF APPENDICES

Appendix I

FORECASTED STATEMENT OF PROFIT & LOSS IN TZS													
CURRENCY TZS													
	number of vehicles	sales per vehicle	Monthly Income	Year 1	Year 2	Year 3	Year4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue from vehicles	20	15,750,000	315,000,000	3,780,000,000	4,347,000,000	4,999,050,000	5,748,907,500	6,611,243,625.00	7,602,930,169	8,743,369,694	10,054,875,148	11,563,106,420	13,297,572,383.46
Operating Cost(utility etc)	20	12,500,000	250,000,000	3,000,000,000	3,450,000,000	3,967,500,000	4,562,625,000	5,247,018,750.00	6,034,071,563	6,939,182,297	7,980,059,641	9,177,068,588	10,553,628,876
Revenue from lodges			945,000,000	11,340,000,000	13,041,000,000	14,997,150,000	17,246,722,500	19,833,730,875.00	22,808,790,506	26,230,109,082	30,164,625,445	34,689,319,261	39,892,717,150.37
Operating Cost(utility etc)			675,000,000	8,100,000,000	9,315,000,000	10,712,250,000	12,319,087,500	14,166,950,625.00	16,291,993,219	18,735,792,202	21,546,161,032	24,778,085,187	28,494,797,965
Gross profit before depreciation and interest			335,000,000	4,020,000,000	4,623,000,000	5,316,450,000	6,113,917,500	7,031,005,125	8,085,655,894	9,298,504,278	10,693,279,919	12,297,271,907	14,141,862,694
Loan Interest 10%				111,666,667	111,666,667	111,666,667	111,666,667	111,666,667	111,666,667	111,666,667	111,666,667	111,666,667	111,666,667
Depreciation 10%				1,662,500,000	1,662,500,000	1,662,500,000	1,662,500,000	1,662,500,000	1,662,500,000	1,662,500,000	1,662,500,000	1,662,500,000	1,662,500,000
				1,774,166,667	1,774,166,667	1,774,166,667	1,774,166,667	1,774,166,667	1,774,166,667	1,774,166,667	1,774,166,667	1,774,166,667	1,774,166,667
Gross profit				2,245,833,333	2,848,833,333	3,542,283,333	4,339,750,833	5,256,838,458	6,311,489,227	7,524,337,611	8,919,113,253	10,523,105,241	12,367,696,027
Tax(30%)				673,750,000	854,650,000	1,062,685,000	1,301,925,250	1,577,051,538	1,893,446,768	2,257,301,283	2,675,733,976	3,156,931,572	3,710,308,808
Profit after tax				1,572,083,333	1,994,183,333	2,479,598,333	3,037,825,583	3,679,786,921	4,418,042,459	5,267,036,328	6,243,379,277	7,366,173,669	8,657,387,219
Accumulated profit				1,572,083,333	3,566,266,667	6,045,865,000	9,083,690,583	12,763,477,504	17,181,519,963	22,448,556,291	28,691,935,568	36,058,109,236	44,715,496,455

Appendix II

PROJECTED STATEMENT OF CASHFLOW IN TZS											
	0	1	2	3	4	5	6	7	8	9	10
SOURCES:											
Profit after interest and depreciation	-	1,572,083,333	1,994,183,333	2,479,598,333	3,037,825,583	3,679,786,921	4,418,042,459	5,267,036,328	6,243,379,277	7,366,173,669	8,657,387,219
Equity		5,725,000,000									
Loan		13,400,000,000	0	0	0	0	0	0	0	0	0
Total Sources		20,697,083,333	1,994,183,333	2,479,598,333	3,037,825,583	3,679,786,921	4,418,042,459	5,267,036,328	6,243,379,277	7,366,173,669	8,657,387,219
Applications :											
Capital expenditure		16,625,000,000		0							
Working Capital & Others		2,500,000,000		-							
Cash	-	1,572,083,333	1,994,183,333	2,479,598,333	3,037,825,583	3,679,786,921	4,418,042,459	5,267,036,328	6,243,379,277	7,366,173,669	8,657,387,219
Depreciation	-	1,662,500,000	1,662,500,000	1,662,500,000	1,662,500,000	1,662,500,000	1,662,500,000	1,662,500,000	1,662,500,000	1,662,500,000	1,662,500,000
Sub total		3,234,583,333	3,656,683,333	4,142,098,333	4,700,325,583	5,342,286,921	6,080,542,459	6,929,536,328	7,905,879,277	9,028,673,669	10,319,887,219
Total applications	0	3,234,583,333	6,891,266,667	11,033,365,000	15,733,690,583	21,075,977,504	27,156,519,963	34,086,056,291	41,991,935,568	51,020,609,236	61,340,496,455

Appendix III

FORECASTED STATEMENT OF FINANCIAL POSITION IN TZS											
ASSETS	Initial Outlays/Years	1	2	3	4	5	6	7	8	9	10
Opening Balance			14,962,500,000	13,300,000,000	11,637,500,000	9,975,000,000	8,312,500,000	6,650,000,000	4,987,500,000	3,325,000,000	1,662,500,000
Total Long term assets	16,625,000,000	16,625,000,000	14,962,500,000	13,300,000,000	11,637,500,000	9,975,000,000	8,312,500,000	6,650,000,000	4,987,500,000	3,325,000,000	1,662,500,000
Less Depreciation		1,662,500,000	1,662,500,000	1,662,500,000	1,662,500,000	1,662,500,000	1,662,500,000	1,662,500,000	1,662,500,000	1,662,500,000	1,662,500,000
Closing Balance		14,962,500,000	13,300,000,000	11,637,500,000	9,975,000,000	8,312,500,000	6,650,000,000	4,987,500,000	3,325,000,000	1,662,500,000	-
Working Capital	2,500,000,000	2,500,000,000	2,500,000,000	2,500,000,000	2,500,000,000	2,500,000,000	2,500,000,000	2,500,000,000	2,500,000,000	2,500,000,000	2,500,000,000
Accumulated Cash		3,234,583,333	6,891,266,667	11,033,365,000	15,733,690,583	21,075,977,504	27,156,519,963	34,086,056,291	41,991,935,568	51,020,609,236	61,340,496,455
Total Assets	19,125,000,000	20,697,083,333	22,691,266,667	25,170,865,000	28,208,690,583	31,888,477,504	36,306,519,963	41,573,556,291	47,816,935,568	55,183,109,236	63,840,496,455
Finance d By											
Equity	5,725,000,000	5,725,000,000	5,725,000,000	5,725,000,000	5,725,000,000	5,725,000,000	5,725,000,000	5,725,000,000	5,725,000,000	5,725,000,000	5,725,000,000
Accumulated Profits		1,572,083,333	3,566,266,667	6,045,865,000	9,083,690,583	12,763,477,504	17,181,519,963	22,448,556,291	28,691,935,568	36,058,109,236	44,715,496,455
Total Equity	5,725,000,000	7,297,083,333	9,291,266,667	11,770,865,000	14,808,690,583	18,488,477,504	22,906,519,963	28,173,556,291	34,416,935,568	41,783,109,236	50,440,496,455
Foreign & Local Loan	13,400,000,000	13,400,000,000	13,400,000,000	13,400,000,000	13,400,000,000	13,400,000,000	13,400,000,000	13,400,000,000	13,400,000,000	13,400,000,000	13,400,000,000

Total Debt	13,400,000,000	13,400,000,000	13,400,000,000	13,400,000,000	13,400,000,000	13,400,000,000	13,400,000,000	13,400,000,000	13,400,000,000	13,400,000,000	13,400,000,000
Total Equity and Debt	19,125,000,000	20,697,083,333	22,691,266,667	25,170,865,000	28,208,690,583	31,888,477,504	36,306,519,963	41,573,556,291	47,816,935,568	55,183,109,236	63,840,496,455

Appendix IV

ACCUMULATED CASHFLOW				
Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	1,572,083,333	1,662,500,000	3,234,583,333	3,234,583,333
2	1,994,183,333	1,662,500,000	3,656,683,333	6,891,266,667
3	2,479,598,333	1,662,500,000	4,142,098,333	11,033,365,000
4	3,037,825,583	1,662,500,000	4,700,325,583	15,733,690,583
5	3,679,786,921	1,662,500,000	5,342,286,921	21,075,977,504
6	4,418,042,459	1,662,500,000	6,080,542,459	27,156,519,963
7	5,267,036,328	1,662,500,000	6,929,536,328	34,086,056,291
8	6,243,379,277	1,662,500,000	7,905,879,277	41,991,935,568
9	7,366,173,669	1,662,500,000	9,028,673,669	51,020,609,236
10	8,657,387,219	1,662,500,000	10,319,887,219	61,340,496,455
TOTAL	44,715,496,455	16,625,000,000	61,340,496,455	273,564,500,601

Appendix V

LOAN REPAYMENT SCHEDULE				
Year	<i>Principle</i>	Year Loan Interest (10%)	Total Amount Paid	Loan Balance
0	13,400,000,000	1,340,000,000.00	14,740,000,000.00	14,740,000,000
1	1,116,666,667	111,666,667	1,228,333,333	13,511,666,667
2	1,116,666,667	111,666,667	1,228,333,333	12,283,333,333
3	1,116,666,667	111,666,667	1,228,333,333	11,055,000,000
4	1,116,666,667	111,666,667	1,228,333,333	9,826,666,667
5	1,116,666,667	111,666,667	1,228,333,333	8,598,333,333
6	1,116,666,667	111,666,667	1,228,333,333	7,370,000,000
7	1,116,666,667	111,666,667	1,228,333,333	6,141,666,667
8	1,116,666,667	111,666,667	1,228,333,333	4,913,333,333
9	1,116,666,667	111,666,667	1,228,333,333	3,685,000,000
10	1,116,666,667	111,666,667	1,228,333,333	2,456,666,667
11	1,116,666,667	111,666,667	1,228,333,333	1,228,333,333
12	1,116,666,667	111,666,667	1,228,333,333	- 0
	13,400,000,000	1,340,000,000	14,740,000,000	