

ARUSHA WATER DRILLING COMPANY LIMITED

Business Plan

for

Providing Water Borehole Drilling Services

1.0. Project Concept

This project proposes the expansion of Providing Water Borehole Drilling Services.

The project aims to increase access to clean and safe water, especially in rural and peri-urban areas. With only around 64% of the population having access to improved water sources, the government and NGOs continuously demand reliable drilling services.

The project aims to address the gap by offering modern, efficient, and eco-friendly borehole drilling services, including:

- Hydrogeological surveys
- Borehole drilling and casing
- Pump installation
- Borehole rehabilitation and maintenance
- Water quality testing
- Solar pumping systems installation

The total project investment is USD 4 million, funded through a combination of equity (60%) and debt (40%).

2.2 Company Overview

ARUSHA WATER DRILLING COMPANY LIMITED, a registered Limited company incorporated under the Companies Act, 2002

on the 7th June, 2016 with registration No.126958 registered under BRELA.

2.3 Mission Statement

To provide reliable, affordable, and sustainable borehole drilling services to communities, industries, and institutions across Tanzania.

2.4 Vision Statement

To be Tanzania's leading and most trusted water drilling service provider by 2030.

2.5 Core Values

- Integrity and transparency
- Professionalism and innovation
- Environmental stewardship
- Community empowerment

2.6 Objectives

- Drill over 500 boreholes across Tanzania within 5 years.
- Achieve annual revenue exceeding USD 3.5 million by year 5.
- Contribute to rural water access programs under Tanzania's Vision 2025.

2.7 Location

The project will be located at an surveyed area of **Plot No.86, Kiranyi, Arusha Region-Tanzania**

2.6 The Sponsors

ARUSHA WATER DRILLING COMPANY LIMITED is being sponsoring this project. The Company is jointly owned by three shareholders

Share Holders	% of Share	Nationality
SHABIRAHMED IBRAHIM KHAN	90	Tanzania
NABEELA ALI KHAN	10	Tanzania

3.0 Market Analysis

3.1 Industry Overview

Tanzania's water sector has attracted major investment due to the National Water Policy and Water Sector Development Program (WSDP). Annual demand for borehole drilling is estimated at 3,000–5,000 boreholes, driven by:

- Rural water supply projects
- Agricultural irrigation
- Industrial and institutional needs
- Real estate developments

3.2 Target Market

- Government ministries and LGAs
- NGOs and donor-funded water programs
- Private estates and farms
- Mining and construction companies
- Hotels, schools, and hospitals

3.3 Competitive Advantage

- Use of modern drilling rigs (down-the-hole and rotary)
- In-house hydrogeological and geophysical survey team
- Skilled and certified drillers
- 24-hour rapid response maintenance unit
- Integration of solar-powered pumping systems

4.0 Technical Plan

4.1 Project Components

Component	Description	Estimated Cost (USD)
Drilling Rigs (2 units, truck-mounted)	300m–500m capacity	1,200,000
Support Trucks (water, compressor, service)	3 units	450,000
Geophysical Equipment & Tools	Resistivity meters, casing, etc.	250,000
Workshop & Office Setup	Administration, store, repair shop	350,000
Vehicles (4x4 pickups)	3 units	180,000
Working Capital	Initial operations & supplies	800,000
Staff Training & Certification	Technical & safety training	70,000
Contingency (10%)	Unexpected costs	400,000
Total Investment		4,000,000

4.2 Production Capacity

- Average boreholes per year: 120 (first year) → 150 (year 5)
- Average depth: 120–250 meters
- Average drilling cost per borehole: USD 12,000

5.0 Organizational and Management Structure

- Board of Directors
- General Manager
- Technical Manager – Drilling, Maintenance, Survey
- Finance & Admin Manager – Accounts, HR, Procurement
- Business Development Manager – Marketing, Client Relations
- Field Teams – Drilling operators, mechanics, electricians, helpers

Total of 40 employees (20 technical, 10 support, 10 management/admin)

6.0 Market Strategy

According to expert, personal selling is the most effective method for because the customers and institutions. In order to reduce sunk costs, the project will use marketing agents who will be paid commissions on successful deals. Marketing in all types of media and publicity will support and enhance personal selling

The project will use internet for advertising to potential customers in the world.

7.0 Project Investment Cost

The estimated capital investment cost of the project is U US \$ 4.

ARUSHA WATER DRILLING COMPANY LIMITEDCOST

STRUCTURE US \$

Land and Buildings	250,000
Machinery & Equipment	2,400,000
Motor Vehicles	450,000
Furniture & Fixtures	10,000
Pre exp	20,000
Others	70,000
Working Capital	800,000
TOTAL	4,000,000

7.2 Financing Pattern

The project will be financed by equity by US\$ 1,600,000 and loan US\$2,400,000

7.3 Project Operating Costs

In order to realize its intended objective, the project will have to meet operating costs which will constitute 35% of total revenue.

8.0 Aspect of Project Sustainability

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed.

8.1 Monitoring and Evaluation

The monitoring and evaluation tools will be applied in running this project as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth business running.

8.2 Projected Risks

This is a Water Borehole Drilling Services investment; no major risks have been identified for this kind of project so far. Unless a change in the country's political and economic stability occurs, the project is more likely to prosper very fast for a very long period. However, the following risk needs to be mitigated accordingly

Risk Analysis & Mitigation

Risk	Description	Mitigation
•	Drilling permits	Prepare required documents properly
•	Market competition Price pressure	Offer specialized storage, IT integration
•	Utility disruptions Power issues	Backup generator
•	Security risks Theft/fire	CCTV, guards, fire systems

9.0 Financial Analysis

9.1 Considerations and Assumptions:

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied.

9.2 **Projected Profit and Loss Statement**

The Income and Expenditure Statement show the projected income for the 5 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. US \$ 577,500 in first year to US \$ 5,125,852 in the 6th year.

8.3 **Projected Cash Flows**

This is shown in the financial statements. The project has a positive accumulated cash flow, accumulated cashflows grows from 1st year US\$ 844,500 to the US \$ 6,228,652 in 6th year.

8.4 **Projected Balance Sheet**

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Shareholder's equity increases from US\$ 1,600,000 in the first year of operation to US \$ 6,725,852 **in** the 6th year.

8.5 **Projected payback period**

Total investment is US \$ 4,000,000 cash accumulation in 5th year is US\$ 4,963,558 which is more than the initial investment, the project payback Period is exactly 5 years, only

9.0 **Economic Aspects**

Implementation of this project will have the following social and economic values

- The project is an ideal option for utilization of investment opportunities available
- The project will increase number of quality water services and affordable available
- The project will create employment for 40 people on permanent
- It will create more business opportunities to local suppliers.
- It will generate substantial revenue to the government in the form of corporate tax; value added tax and pay as you earn.
- The project will transfer of knowledge and skills to Water Borehole Drilling industry

10.0 Implementation

Project implementation is expected to be relatively very short once project has been approved it is estimated that the project will be implemented as followings: -

S/N	Activity	Period
1	Processing TISEZA Certificate of Incentive	November 2025
2	Procurement equipment and other facilities	Jan-October 2026
4	Recruitment	February 2026
5	In house training	March 2026
6	Commercial operations	April 2026

11.0 Conclusion and Recommendations

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TISEZA Certificate of Incentives with its associated privileges and benefits as provided.

APPENDIX I**ARUSHA WATER DRILLING COMPANY LIMITED PROJECTED PROFIT AND LOSS STATEMENT US\$**

	1	2	3	4	5	6
Revenue -Industrial textiles	1,680,000	1,848,000	2,032,800	2,236,080	2,459,688	2,705,657
Total Cost	588,000	646,800	711,480	782,628	860,891	946,980
Profit before Depreciation &Interest	1,092,000	1,201,200	1,321,320	1,453,452	1,598,797	1,758,677
Interest	192,000	153,600	115,200	76,800	76,800	38,400
Depreciation	75,000	75,000	75,000	75,000	75,000	75,000
Gross Profit	825,000	972,600	1,131,120	1,301,652	1,446,997	1,645,277
Tax (30%)	247,500	291,780	339,336	390,496	434,099	493,583
Profit After Tax	577,500	680,820	791,784	911,156	1,012,898	1,151,694
Accumulated Profit	577,500	1,258,320	2,050,104	2,961,260	3,974,158	5,125,852

APPENDIX II

ARUSHA WATER DRILLING COMPANY LIMITED PROJECTED CASH FLOWS US\$

SOURCES:		1	2	3	4	5	6
Profit before interest and depreciation	-	1,092,000	1,201,200	1,321,320	1,453,452	1,598,797	1,758,677
Equity	1,600,000						
Loan	2,400,000						
Total Sources	4,000,000	1,092,000	1,201,200	1,321,320	1,453,452	1,598,797	1,758,677
Applications:							
Capital expenditure	3,110,000	-	-	-	-	-	
working Capital & Others	890,000						
Cash	-	844,500	909,420	981,984	1,062,956	1,164,698	1,265,094
Tax	-	247,500	291,780	339,336	390,496	434,099	493,583
Sub total	4,000,000	1,092,000	1,201,200	1,321,320	1,453,452	1,598,797	1,758,677
Total applications	4,000,000	1,092,000	1,201,200	1,321,320	1,453,452	1,598,797	1,758,677
Accumulated cash		844,500	1,753,920	2,735,904	3,798,860	4,963,558	6,228,652

APPENDIX III

ARUSHA WATER DRILLING COMPANY LIMITED PROJECTED BALANCE SHEET US\$

Fixed Assets		1	2	3	4	5	6
Opening balance	-	3,110,000	3,035,000	2,960,000	2,885,000	2,810,000	2,735,000
Total Long-term Assets	-	3,110,000	3,035,000	2,960,000	2,885,000	2,810,000	2,735,000
Less depreciation	-	75,000	75,000	75,000	75,000	75,000	75,000
Closing balance	-	3,035,000	2,960,000	2,885,000	2,810,000	2,735,000	2,660,000
Working capital	890,000	890,000	890,000	890,000	890,000	890,000	890,000
Accumulated cash	-	844,500	1,753,920	2,735,904	3,798,860	4,963,558	6,228,652
Total assets	890,000	4,769,500	5,603,920	6,510,904	7,498,860	8,588,558	
Financed by							
Equity	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Accumulated profit	-	577,500	1,258,320	2,050,104	2,961,260	3,974,158	5,125,852
Total equity	1,600,000	2,177,500	2,858,320	3,650,104	4,561,260	5,574,158	6,725,852
Long term loan	2,400,000	1,920,000	1,440,000	960,000	480,000	-	-
Total debts	2,400,000	1,920,000	1,440,000	960,000	480,000	-	
Total equity and debts	4,000,000	4,097,500	4,298,320	4,610,104	5,041,260	5,574,158	6,725,852

APPENDIX IV

NEW JARIFASHION LIMITED FIXED ASSETS US\$

NAME OF ASSETS	1	2	3	4	5	6
Land And Buildings	250,000	245,000	240,000	235,000	230,000	225,000
Machinery, Tools & Equipment	2,400,000	2,376,000	2,352,000	2,328,000	2,304,000	2,280,000
Motor Vehicles	450,000	405,000	360,000	315,000	270,000	225,000
Furniture & Fixtures	10,000	9,000	8,000	7,000	6,000	5,000
Total	3,110,000	3,035,000	2,960,000	2,885,000	2,810,000	2,735,000
DEPRECIATION	1	2	3	4	5	6
Land and buildings	5,000	5,000	5,000	5,000	5,000	5,000
Machinery tools & Equipment	24,000	24,000	24,000	24,000	24,000	24,000
Motor Vehicles	45,000	45,000	45,000	45,000	45,000	45,000
Furniture & Fixtures	1,000	1,000	1,000	1,000	1,000	1,000
ANNUAL DEPRECIATION	75,000	75,000	75,000	75,000	75,000	75,000

ARUSHA WATER DRILLING COMPANY LIMITED PROJECTED LONG TERM LOAN REPAYMENT

Year	Principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
1	480,000	192,000.00	672,000.00	2,400,000.00
2	480,000	153,600.00	633,600.00	1,920,000.00
3	480,000	115,200.00	595,200.00	1,440,000.00
4	480,000	76,800.00	556,800.00	960,000.00
5	480,000	38,400.00	518,400.00	480,000.00