

**BUSINESS PLAN FOR THE
IMPLEMENTATION PROGRAMME**

OF

M/S ELTON GROUP

IN

**ESTABLISHING AND OPERATING A PROJECT FOR
CONSTRUCTING TOURIST HOTEL IN
KIGAMBONI/DAR ES SALAAM**

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**M/S ELTON GROUP
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M/S ELTON GROUP
ESTABLISHING A PROJECT FOR CONSTRUCTING HIGH CLASS
TOURIST HOTEL IN KIGAMBONI/ DAR ES SALAAM

1. INVESTMENT PLAN

The investment plan has been prepared by **M/S ELTON GROUP** for the company's establishment programme in construction of high class tourist hotel in kigamboni/ Dar es salaam.

The investment plan has also been prepared to give an analysis of the financial, human, technical and other resources required for the intended Tourist Hotel project and also assess its economic viability and commercial viability in order to allocate funds for the implementation programme especially in acquiring Building materials such as steel structures, pre-fabricated buildings, electricals, Glazing/ glasses, Paints, related equipment, electricals, escalators, lightings, generators, transformer, utility vehicles etc.

The certificate of incentives will enable the project to enjoy fiscal incentives such as Tax exemptions on CAPITAL/ DEEMED CAPITAL GOODS and Non fiscal incentives such as 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 ELTON GROUP is a private owned company registered/ incorporated in Tanzania by Registrar of Companies under company's ordinance, on 08th day of February, 2022 with Certificate of Registration No: 508749

The company was registered with a prime objective of operating a Tourist Hotel project. The Company intends to construct modern and tourist hotel in Kigamboni/ Dares salaam.

The company determines to construct modern Tourist Hotel with 6 storeys and other four units of apartments each with 5 rooms. Total rooms will 80 rooms and 5 single apartments.

The main purpose of the proposed project is to provide quality hotel accommodation facility for tourist hotel to correspond with the growing demand especially for hospitality sector. The quality of company's Tourist Hotel will guarantee high class accommodation to local and foreign visitors to satisfaction in proposed programme.

There is an extensive market to absorb all the services which will be provided by the tourist hotel such as accommodation, food, beverages, conference and related services. It is on the basis of the above reasons the management resolved to invest in constructing the tourist/modern hotel in Kigamboni / Dar es salaam.

In the establishment programme, the proposed high class hotel project will Import Building materials such as steel structures, pre-fabricated buildings, electricals, Glazing/ glasses, Paints, related equipment, electricals, escalators, lightings, generators, transformer, utility vehicles etc.

Hence the establishment programme of three years in setting up the tourist hotel is estimated to be USD 1,000,000. The estimated capital investment cost of USD 1,000,000 will be on Building materials such as steel structures, pre-fabricated buildings, electricals, Glazing/ glasses, Paints, related equipment, electricals, escalators, lightings, generators, transformer, utility vehicles etc.

3. MARKET POTENTIAL

There is a very big market potential for the high-class tourist hotel in Kigamboni/ Dar es salaam. Therefore, there is high demand of the modern hotel accommodation, foods, beverages, conference facilities and allied services.

The modern tourist hotel target Tourism, business/ Trade, official visits, conferences, seminars, entertainments & leisure, weekend spending & holidays, wedding ceremonies, parties/ functions, corporate related issues etc

The recent market survey undertaken by the company has realized that there is high demand for Tourist hotel in Kgamboni whereby there is growth of tourism – beach near to Dar es salaam city centre.

High quality and goodwill are the factors which will make the Hotel project to dominate the market. There are great deal facilities which will suit local and foreign tourists.

The company also expects to expand, diversify and construct such intended facility in other key areas in other Regions.

4. TOURIST ATTACHIONS

- Beach and sea sports
- National parks and wildlife
- Scenic Beauty
- Mount Kilimanjaro
- Excursion
- Museum and Archives
- Conference, sports & cultural tourism
- etc

4. THE COMPANY'S OBJECTIVES

M/S ELTON GROUP is a project intended to construct High Class Tourist hotel in Kigamboni especially for local and foreign visitors for different purposes such as business/ Trade, official visits, conferences, seminars, entertainments & leisure, weekend spending & holidays, wedding ceremonies, honeymoon, parties/ functions, corporate related issues etc .

The mission of proposed project is basically aimed at construction and marketing of such hotel in order to achieve the following objectives.

- ❖ To foster the growth of Tourist Hotel in Tanzania.
- ❖ To reduce shortage of rooms/hospitality facility by constructing the hotel.
- ❖ To promote Tourism in the Country.
- ❖ To promote growth and expansion of private sector.
- ❖ The Company will create more employment (more job opportunities from unskilled to professionals/technicians etc.)
- ❖ Skill development (human resources development) through on job training on front office, booking, chef, room service, Laundry etc and new technology application.
- ❖ Income generation, alleviation of poverty and improve their social welfare employees.
- ❖ The Company contributes to the government revenue through taxes and other levies.

5. PLAN/PROSPECTS

- ❖ High production performance
- ❖ To increase construction of more tourist hotels in key areas in the Country.
- ❖ To construct more hotel rooms and related facilities.
- ❖ To increase quality services and capacity for attracting more visitors.

6. SHAREHOLDERS (PROMOTERS)

The following are the shareholders/ promoters of **M/S ELTON GROUP** and their shareholder's position are: -

No	Name of Shareholders	Nationality	% Shareholding structure
1.	Erasto Gaudence Ngamilaga	Tanzanian	100%
	TOTAL		100%

7. LOCATION

The company's business premises are located at Plot No. P63389, Saranga, Kigamboni- Kigamboni district in Dar es salaam. Postal Address P. O. Box 71072 Dar es salaam.

8. COMPANY'S IMPLEMENTATION SCHEDULE

8.1 AUGUST - 2025

- ❖ Preparing feasibility study for the Construction of tourist hotel in Kigamboni/ Dar es salaam.
- ❖ Registration of the proposed hotel project with Tanzania Investment Centre i.e. Application for the Certificate of incentives.
- ❖ Getting Certificate of Incentives

8.2 SEPTEMBER - 2025

- ❖ Application for Tax exemption on CAPITAL/ DEEMED CAPITAL GOODS after being awarded certificate of incentives in the Establishment Programme.
- ❖ Ordering/Importing Building materials such as steel structures, Pre-fabricated Buildings, glazing/ glass, electricals, escalators/ lift, allied equipment, transformer, utility vehicles etc.
- ❖ Clearing the CAPITAL/DEEMED CAPITAL GOODS from customs control (at the Port and Airport).
- ❖ Contracting construction company and start of construction of the tourist hotel

8.3 OCTOBER- 2025 - DECEMBER 2025

- ❖ Commencement of hotel services and operations
- ❖ Recruiting hotel staff

9. CAPITAL INVESTMENT COST

Land/Building	USD \$	800,000
Plant/Machinery	USD \$	100,000
Vehicles	USD \$	25,000
Furniture and Fittings	USD \$	25,000
Pre-expenses	USD \$	25,000
Working Capital	USD \$	25,000
TOTAL CAPITAL	USD \$	<u>1,000,000</u>

The proposed programme in construction of Tourist hotel suitable for local and foreign visitors to be implemented within 3 years. The company's promoters (shareholders) have resolved to register the intended hotel Project with Tanzania Investment Centre (TIC) and securing the certificate of incentives.

10. FINANCIAL PLAN (SOURCE OF FUNDS)

M/S ELTON GROUP has firmed up finances for the implementation programme by its own fund and loan: -

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

11. CONSTRUCTING OF HIGH-CLASS TOURIST HOTEL:

- Project Requirement: -
 - i. -Steel Structure buildings. ...
 - ii. - Pre-fabricated Buildings. ...
 - iii. - Equipment & Tools. ...
 - iv. - Generators & Transformer ...
 - v. - Escalators, lift, Glazing, Glasses, Electricals, Windows, Doors
 - vi. - Lights etc. ...

13. PLANT LAYOUT

The company determines to construct modern Tourist Hotel with 6 storeys and other four units of apartments each with 5 rooms. Total rooms will 80 rooms and 5 single apartments.

11. SUBMISSION

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

The Proposed hotel 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 Building materials such as steel structures, pre-fabricated buildings, electricals, Glazing/ glasses, Paints, related equipment, electricals, escalators, lightings, generators, transformer, utility vehicles etc. The hotel 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 growth which had been registered in Tanzania, have attracted more investments in the Tanzania like the proposed hotel project that is construction of high-class tourist hotel. The economic growth influenced establishment of such tourist hotel to overcome shortage of hotel rooms as the demand is growing day by day due to increased local and foreign tourists, corporate issues such as meeting, seminars, functions, parties, honeymoon etc.

13. COMPETITION/MARKET

Despite there being numbers of tourist hotel in Dar es salaam still the facility is not enough compared to the level of demand (economic activities).

However, the proposed tourist hotel project expects to dominate the market because intended 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/product quality and design,
- ❖ Advertisement/promotion,
- ❖ Employing qualified and experienced personnel,
- ❖ On job training,
- ❖ Business Discipline.
- ❖ Etc

16. ENVIRONMENTAL ISSUE

The construction processes and the whole Tourist Hotel project is environmentally 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. Erasto Gaudence Ngamilaga is the Managing Director of the Company- ELTON GROUP; he is well versed in Tourism and various Business.

THE
CHART

COMPANY'S

ORGANIZATION



18. MANPOWER AND TRANSFER OF TECHNOLOGY

This project being tourist hotel in its establishment programme will usher in the country a new construction/ operational technology (Transfer of knowledge/technology). The advantages to the country are quite significant both in construction and service provision, and will get the advantage of visitor's satisfaction due to such incoming technology.

The project will solve the acute problem of having facility/ hotel rooms for local and foreign visitors. Furthermore, the country can reduce shortage of hotel rooms especially during hosting big international conferences and football tournament. Hence Tanzanian will be able to host big international tournaments and conferences.

The Proposed tourist hotel programme will cause more local people to be employed about 50 in the course of construction and 50 on hotel operations and the project 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 of the hotel services/ construction.

19. CONCLUSION AND RECOMMENDATION

The financial evaluation of the proposed tourist hotel 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 hotel 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 DOLPHIN TOURS AND SAFARIS LIMITED**

21.1 Effect of cost increase on profitability (on the basis of year II TOURIST HOTEL INCOME in "000" 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 PVC TOURIST HOTEL income decrease/drop on profitability (on the basis of year II costs in "000" 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

*ELTON GROUP***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 ELTON GROUP
ROJECTED CASHFLOW STATEMENT (ESTIMATED)**

(Fig. USD \$ '000')

Year	I	II	III	IV	V	
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	10.0	12.0	14.0	16.0	18.0	70.0
Taxes	10.0	10.0	10.0	10.0	10.0	50.0
	80.0	78.0	76.0	74.0	72.0	380.0
Surplus cash generated	70.0	82.0	94.0.0	106.0	118.0	470.0

Appendix III

M/S ELTON GROUP

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 ELTON GROUP

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