

MANUFACTURING OF STEEL PIPES

BUSINESS PLAN ON

EVERBRIGHT STEEL MATERIALS COMPANY
LIMITED

EVERBRIGHT STEEL MATERIALS COMPANY

LIMITED

Business Profile

Table of Contents

1.0.EXCUTIVE SUMMARY	
2.0 STATEMENT OF PURPOSE	
2.1 Purpose of investment	
2.2 investment financing plan	
2.3 Summary of the Expected Results	
3. BUSINESS DESCRIPTION	
3.1 Background of the Company	
3.1.1 Legal Status	
3.1.2 Mission and Vision	
3.1.3 Operations	
3.1.4 Location and Address	
3.1.5 Postal Address	
3.1.6 Project location	
4.0 Core Business of the Company	
4.1 Manufacturing of steel pipes	
5.0. MANUFACTURING INDUSTRY	
5.1 Manufacturing sector in Tanzania	
5.1.1 Importance of Manufacturing Sector In Tanzania	
5.1.2.Manufacturing Projects in Tanzania	
5.1.3 Justification of the project	
5.1.3. Impact of the project	
5.1.4 Opportunity drivers	

6.0 ANALYSIS OF STRENGTHS, WEAKNESSES, OPPORTUNITY AND THREATS

7.0 MARKETING INFORMATION

7.1. Costing and Pricing

7.2. Sales Projection

7.3. Customers

7.4. Marketing Plan

8. MANAGEMENT & ADMINISTRATION

8.1. Management

9. FINANCIAL PROJECTIONS

LIST OF APPENDICES

1. Certificate of Incorporation

2. Tax Payer Identification Certificate

3. Memorandum and Articles of Association

4. Bank Reference Letter.

5. Evidence of Land

1. Executive Summary

Company & Project concept

EVERBRIGHT STEEL MATERIALS COMPANY LIMITED is a limited Company incorporated in Tanzania under the Company act of 2002. The Company was incorporated 23rd May 2017 and bears Certificate of Incorporation number 135355 Company implements project which is under manufacturing sector.

EVERBRIGHT STEEL MATERIALS COMPANY LIMITED will be located at **Mkuranga Coast Region**. The outreach Office will be located at Dar es Salaam.

Our goals and objectives are straightforward and seek to ensure we run a professional, profitable and ethical company, building relationships with customers, suppliers and investors.

Company Goals and Objectives:

In Summary aims to:

- Manufacturing of Steel pipes
- Management by human resource policies which encourage and reward individual and unified effort and achievement, provide training and personal development opportunities and create a working environment in which staff can feel a real sense of job involve.
- Build relationships with investors in Manufacturing sector,
- Achieve levels of profit sufficient to provide for reinvestment and suitable returns to shareholders and investors
- Seek to comply with all statutory legislation and other external relevant authorities. Define and keep under review Company policy, allowing flexibility for local requirements.
- Adopt best commercial practice and ethical standards in dealing with clientele, suppliers of goods and services and other contacts

Purpose of Business Plan

This document is prepared to serve the purpose as a business plan report for EVERBRIGHT STEEL MATERIALS COMPANY LIMITED for investment in Manufacturing of Steel pipes. The implementation of this project will compromise the following activities: -

the profits generated will be re-invested.

will be done through borrowing from banks. However a financial policy of the Company state that shareholders is 10000 0000equivalent to 50.%.The remaining part of 50% of investment financing Equipments, furniture and fittings, pre expenses and working Capital. The equity contributed by the building structures but also allocated fund include investment in, Building structure, Machineries and Investment Structure, the project is estimated to cost TZS 11,592,500,000 = the money covers

manufacturing of the products.

company accountant, a Production Manager who will be directly responsible for all matters pertaining General Manger who is responsible on the supervision on the entire operations of the Company, a COMPANY LIMITED constituted by the following organization set up:- Board of Directors, Project Organization Structure, the management of EVERBRIGHT STEEL MATERIALS

of the Land

Justify that EVERBRIGHT STEEL MATERIALS COMPANY LIMITED is operating within the ambit of the laws Association, certificate of incorporation, Tax Identification Number, and value added Tax Certificates Company Legality, the legal certificates and documents such as Memorandum and Article of

NAME OF SHAREHOLDERS	NATIONALITY	SHARES
EVERWELL CABLE AND ENGINEERING COMPANY LIMITED	CHINESE	42000
HT INTERNATIONAL (ASIA PACIFIC)	CHINESE	28000

contribution.

INTERNATIONAL COMPANY LIMITED is owned by Tanzanians who share the following

The project promoter, the project will be managed and operated by KILIMA CITY

- Construction of a warehouse building which will accommodate Installation of Machines and Equipments for this project.
- Procurements Machineries and Equipments for this project.
- Equipping the project with all necessary modern furniture and facilities

Forecasted financial information of EVERBRIGHT STEEL MATERIALS COMPANY LIMITED is projected within five years. The company projected profit and Loss; account show a respectable turnover of more than 91,570\$ in the second year. The profits gained on fifth year are projected to be 112,455 \$. The projected balance sheet shows the net worth increase of more than 126,878\$ in the fifth year of operation and more than 742,103 \$ in the 3rd year of the usefully lifetime of the implementation during which the business will be evaluated again. The financial documents show that the business has a positive net cash flow.

2.0. Statement of Purpose

This Profile is drawn for the purpose of seeking INDUSTRIAL LICENSE from the BUSINESS REGISTRATION AND LICENSING AGENCY and a Business Plan for Manufacturing of Steel pipes

2.1. Purpose of Investment

This document is prepared to serve the purpose as a feasibility study for EVERBRIGHT STEEL MATERIALS COMPANY LIMITED. The implementation of this project will compromise the following activities:-

- Construction of a warehouse building which will accommodate Installation of Machines and Equipments for this project.
- Procurements of Equipments and Equipments for this project.
- Equipping the project with all necessary modern furniture and facilities
- Procurements semi-processed raw materials
- Employing eleven people or more.

2.2. Investment financing plan

The company expect to invest 11,592,000.00 million Tanzanian shillings from shareholders' funds and Loan from the Banks. Profits generated from business operation will be re-invested. There shall be a loan from commercial banks as the investor has set aside 50% of 100,000,000 Million Tanzanian shillings for the investment in phase one up to phase 3 and the rest 50% shall be finance by Project promoters' equity. Table below show the assumptions how the investment financing plan will look like.

	COST INVESTMENT STRUCTURE	\$
	Current assets	
	Working capital	600,000/-
	Opening inventory	400,000/-
	Other	
	Property and equipment	1,000,000/-
	Land	800,000/-
	Building	1,000,000/-
	Equipment	450,000/-
	Furniture and Fixtures	300,000/-
	Leasehold improvements	20,000/-
	Plant	5280,000/-

INVESTMENT COST PLAN

TABLE 2

	Financing	\$
	Long-term liabilities	
	Long-term loan	2,500,000/-
	Owner's equity	
	Cash	1,500,000/-
	Contributed asset value	1,000,000/-
	Total	5,000,000/-

FINANCING

TABLE 1

Legal certificates and documents such as Memorandum and Article of Association, certificate of incorporation, business license, Tax Identification Number, and value added Tax certificates justify that EVERBRIGHT STEEL MATERIALS COMPANY LIMITED is operating within the ambit of the laws of the Land.

3.1. Legal Status

The Company will be responsible among others activities, operating and managing manufacturing of Woven bags.

EVERBRIGHT STEEL MATERIALS COMPANY LIMITED is a limited Company incorporated in Tanzania under the Company act of 2002. The Company was incorporated on 23rd may 2017, and bears Certificate of Incorporation numbered 135355. Company implements project which is under manufacturing sector.

BUSINESS DESCRIPTION

- Provide an opportunity for availability of pipes.
- Increase 11 direct employment opportunities.
- Direct Domestic investment of more than 5 Million USD within 2017 -2020.
- Increase tax contributed to the government
- Generate foreign currency.

At the end, the project is expected to achieve the following: -

2.3. Summary of the Expected Results

Motor vehicle	780,000/-
Other	370,000/-
Total Assets	10,000,000/-

NAME OF SHAREHOLDERS	NATIONALITY	SHARES
EVERWELL CABLE AND ENGINEERING COMPANY LIMITED	CHINESE	42000
HT INTERNATIONAL (ASIA PACIFIC)	CHINESE	28000

The project promoter, the project will be managed and operated by EVERBRIGHT STEEL MATERIALS COMPANY LIMITED. The Company is owned by Chinese entrepreneurs with diverse business in Tanzania. Current shareholding status is hereby shown below.

3.3. Project Promoters

The company vision is to be one of the leading companies in producing high quality steel pipes in Tanzania for local markets and export purpose. The current mission of the company is to penetrate the markets within Steel manufacturer industry in Tanzania. The company can achieve this through

- Manufacturing of steel pipes
- Proper and reasonable remuneration of the personnel.
- Continuing networking with our esteemed clients.

3.2. Mission and Vision

3.4. Operations
 The project will be managed and operated by EVERBRIGHT STEEL MATERIALS COMPANY LIMITED, the Company is finalizing acquisition of operation permits and Tax exemption clearance for machineries and equipment to start the implementation of the project. Management will establish sound operating guidelines to conduct the day to day operations of this project.

3.5. Project Location
 The project shall be implemented at constructed three warehouses which has 1000 square metres each which are very spacious to accommodate project of this nature. The project shall be located at Mukuranga

3.6. Postal Address

EVERBRIGHT STEEL MATERIALS COMPANY LIMITED
 PLOT NO 4-12 DUNDANI
 MKURANGA P.O.BOX 63149
 PWANI

4. Core Activities of the company

EVERBRIGHT STEEL MATERIALS COMPANY LIMITED will be dealing with establishing and operating the following facilities;

4.1. Manufacturing of Steel pipes.

EVERBRIGHT STEEL MATERIALS COMPANY LIMITED will be manufacturing Steel pipes

4.2. Technical requirements of the project

The project implementation shall require some of technical facilities among others include: -

- Steel pipes manufacturing machines
- Electrical Generators.
- Steel pipes Processing Machines
- Etc.

The company has the following investment structure unto this project

5. MANUFACTURING INDUSTRY

5.1. MANUFACTURING SECTOR IN TANZANIA

In the last 10 years, manufacturing activities in Tanzania have taken a steady growth, registering average annual growth of over 4 percent, with 10% contribution to GDP. Most activities concentrate on manufacture of simple consumer goods such as food, beverages, tobacco, textiles, furniture and wood allied products. After economic liberalization in the mid-1980s, many erstwhile public enterprises could not withstand free market competition. Some died and others underwent privatization. These measures helped enhance competitiveness of local industries and readied them for venturing into export markets. On the other hand, the sector is not a big employer (145,000 employees), compared to agriculture for example, but it is the most reliable source of government revenue in form of import, sales, corporate and income taxes, accounting for over half of government annual revenue collection. Manufacturing earns the country a fifth of total foreign exchange earnings, thus ranking third after agriculture and tourism. Most production is however concentrated in the Dares Salaam region.

Great prospects are pinned on development of a robust SME sector, whose promotion, as government has already realized still lacks appropriate policy backing. A strong and productive industrial structure can only be achieved where SMEs and large enterprises not only coexist but also function in a symbiotic relationship. In this regard, successful promotion of agro-businesses can be considered in the SME development context.

Among the comparative advantages of Tanzania's manufacturing sector are the availability of a potentially large domestic market and Tanzania's adhesion to the EAC and the SADC organization, as they are potentially important market destinations. But Kenya is proving to be competing better in the region.

5.2. IMPORTANCE OF MANUFACTURING SECTOR IN TANZANIA

The reason why Tanzania needs a vibrant manufacturing sector today is to ensure economic independence in the long-run. This can be achieved because of different advantages attached to the

manufacturing sector which include: Firstly, it helps to diversify the economy away from primary commodity terms of trade and the associated loss in the real income. Secondly, the sector has substantial forward and backward linkages with other sectors of the economy, especially agriculture. Thirdly, with proper choice of technology, the sector can create significant employment. Fourthly, large manufacturing sector can enable export diversification that is necessary to reduce Tanzania's vulnerability to external shocks. Fifthly, the sector provides opportunity to transfer and adapt and create new technology. Sixthly, a large manufacturing sector can enable income smoothing at the household level through the creation of non-farm jobs that are more stable and fetch higher incomes. On average, the monthly income from a manufacturing job is Tshs. 103,407 compared to 76,277 in mining, 49,693 in construction, 31,301 in trade and only 15,234 in agriculture, presently the largest source of livelihood for Tanzanians.

5.3. MANUFACTURERS OF STEEL PIPES IN TANZANIA.

Currently there several manufacturers of steel pipes in Tanzania, some of them include;

Stainless Steel Pipe Company being one of the biggest producer of steel pipes located in Dar es salaam.

Stainless Steel Pipe Company being the largest and the oldest factory, manufactures multi products and has a range of various products, they do both manufacturing and supplying of different sizes of Steel pipes in Tanzania.

Stainless Steel Pipe Company has become another biggest manufacturer of steel pipes and other related products would be the biggest in terms of capacity in East Africa.

The business is booming because of banning plastic bags in the country. There has been a tremendous growth within a short span of time

As of now the number of companies which manufacture steel pipes and related products in Tanzania does not match with demand of these products in local market (Tanzania) which is highly consumed in domestic and other related activities in Tanzania. Most of steel pipes are imported from abroad to mitigate the supply gap in Local the market despite various companies manufacturing bags for carriage of goods due to the quality of the products.

5.4. PROJECT JUSTIFICATION

The proposed project is under management of KILIMA CITY INTERNATIONAL COMPANY LIMITED which is in line with Tanzania Government efforts in attempt to revamp the Manufacturing sector. This has also been noted of recent drive of attracting investors in Tanzania in order to maximize her annual earnings from investment and also compete effectively with regional competitors. This also has been complemented by following measures

i. The government is making a critical review of all existing laws and regulations, taxation and policies with ultimate aim of improving and creating conducive environment for private sector Investment, tourism sector is inclusive.

ii. In 2007/2008 the Government reviewed the existing Industry and trade Policy, taking into consideration the social economic base and the dynamism of Manufacturing industry in Tanzania.

iii. In depth studies have been carried out in the following area

- SMES development study

- Trade Integration Strategy, 2009-2013

Regarding the initiative undertaken by KILIMA CITY INTERNATIONAL COMPANY LIMITED sponsors, is justified by the following facts.

- The sponsors have a special invested interest in manufacturing of steel pipes and have been supplying the related products hence booming of the business.

- manufacturing facility will boost and at the same time strength manufacturing sector in the Tanzania. The Company's marketing strategy and intention is to have a wide products base which focuses both to Ordinary consumers and Industrial use.

5.5. SOCIAL AND ECONOMIC IMPACT OF THE PROJECT

The proposed project will result into the following social and economic impacts:

- Improve and increase manufacturing of woven bags and related products in Tanzania

- Increased competitiveness among manufacturer of steel pipes in Tanzania

- The project will provide employment for eleven people and more people
- The Government and other agencies will benefit from various taxes, fees and commissions that will be paid to the Treasury etc. by this Company.

6. OPPORTUNITY DRIVERS

6.1. Increased demand of Steel pipes in Tanzania
Tanzania now is witnessing the change from using Steel pipes for sustainable development. But also, existence of unmitigated supply gap of these products in Tanzania.

6.2. Uniqueness location of the project
KILIMA CITY INTERNATIONAL COMPANY LIMITED is located in Mkuranga Tanzania. The location of this project provides an opportunity to KILIMA CITY INTERNATIONAL COMPANY LIMITED to capture easily the market around Arusha, Kilimanjaro, Tanga, Manyara and Singida.

6.3. Government Policy
The Government of Tanzania has made the policy that intends to improve and promote Manufacturing Industry. This sector employs many people and it is a key driver towards transforming and developing the national economy.

6.4. Government Incentives package
In 1997 Tanzania Government enacted Investment law that offers and guaranteed reasonable incentives to both local and foreign investors

7. Analysis of Strengths, Weaknesses, Opportunity and Threats
Table below present the analysis of the company's Strengths, Weaknesses, Opportunities and Threats (SWOTS)

KILIMA CITY INTERNATIONAL COMPANY LIMITED will be achieved by providing high tech products, providing friendly service and employing an aggressive marketing plan to build

8. Marketing Information

8.1. Marketing Strategy

8.1.1. Overview

The company has prepared for the action plans by doing the following:

- In future if needs arises the Company may seek more funds from bank to finishing phase of this project.
- The company will employ expatriates for marketing of its products/services and develop marketing plan.

<p>Threats</p> <ul style="list-style-type: none"> • Unawareness of the new entrants in the Industry in the same location • Increment of inflation 	<p>Opportunities</p> <ul style="list-style-type: none"> • Good government suitable • Raising investments real estate • facilitative policy
<p>Weaknesses</p> <ul style="list-style-type: none"> • Not yet emphasize on the marketing 	<p>Strengths</p> <ul style="list-style-type: none"> • It has a strong equity financing • Strong management and well paid personnel • Has a will to expand

customer traffic. Today's market requires more than just products and service to make KILIMA CITY INTERNATIONAL COMPANY LIMITED win more customers by being proactive rather than reactive in our marketing efforts. Management will endeavour to create and maintain a positive, appealing image for the customers. This image will be consistently portrayed throughout all marketing channels and sales promotions. The following exemplifies some of the tactics we will use to drive more sales.

8.1.2. Customer Database

KILIMA CITY INTERNATIONAL COMPANY LIMITED will aggressively seek to build a database of Customers. Customers will have an opportunity to be included in the database so they can participate in sales promotions such as birthday or anniversary cards; email notification of upcoming specials; coupons; etc. The database will be gathered and maintained on special software, KILIMA CITY INTERNATIONAL COMPANY LIMITED will gather names in a variety of manners including staff requests; business card drop for free lunch; guests' sign up book with promotional signage; menu insert promotion; etc

8.1.3. Advertising

KILIMA CITY INTERNATIONAL COMPANY LIMITED will adopt an aggressive advertising strategy. Outdoor signage KILIMA CITY INTERNATIONAL COMPANY LIMITED will describe outdoor and changeable copy advertisement and elaborate design signage depends upon lease space restrictions; designed within allowable limits to achieve maximum exposure. KILIMA CITY INTERNATIONAL COMPANY LIMITED will utilize both traditional non-traditional methods of advertising. Management's viewpoint on advertising is state in your own words, the philosophy Bongo Life Limited will adopt towards the use of traditional advertising such as radio, newspaper, billboards or television.

8.1.4. Costing and Pricing

The costing and pricing is done by the management of KILIMA CITY INTERNATIONAL COMPANY LIMITED. The costing takes into consideration various aspects depending on the cost which has already been incurred, inflation factor and Operating costs. The project promoters of the company are in business for long time i.e. they are business oriented personnel.

8.1.5. Customers

KILIMA CITY INTERNATIONAL COMPANY LIMITED is targeting to all regions in Tanzania specifically targeting the following customers.

8.1.6. Products.

As it has been explained in preamble chapters, KILIMA CITY INTERNATIONAL COMPANY LIMITED will set project which will be indulging in production of steel pipes, also to purchase or otherwise acquire, set up, erect, maintain, reconstruct and adapt any offices, workshops, plant, machinery and other things found necessary or convenient for the purpose of the Company.

8.2. Marketing Plan

The company has both short term and long-term marketing plan:

The short term marketing plan includes:

- Participating in business show case exhibitions
- Building sustainable long-term relationship with contractors and real estate developers.
- Training of sales staff sales and Marketing.

Long Term Plans includes:

- Join to the network of industrial networking and companies to market to exploit more business opportunities
- Investing Market Research and Development

9. Management & Administration

9.1. Management

The management team of KILIMA CITY INTERNATIONAL COMPANY LIMITED planned to be constituted by the following management team:-

9.1.1. Board of Directors

KILIMA CITY INTERNATIONAL COMPANY LIMITED be managed by the board of Directors which is the apex body for strategic decision making of the project. Directors of the Company are the

ones who having shares in KILIMA CITY INTERNATIONAL COMPANY LIMITED, The Company which shall manage this project.

9.1.2. General Manager

Immediate after Board of Director the shall be a General Manager who will be responsible to take care of mater pertaining operation and managing daily activities of the project as well as other staffs welfares and report them to the board of directors.

9.1.3. Production Manager

Production Manager will be employed who expected to have an extensive background in the manufacturing industry. As the production Manager will be directly responsible for all production functions including manufacturing all types of steel related products, maintenance of quality standards of the products; training of employees in methods of producing these products, etc. Under production manager there shall be reasonable number of technical staffs who will be involved in daily production within this project.

9.1.4. Accountant

An accountant will be employed who expected to have good experience in accounting system as well as he will be responsible in managing cash of KILIMA CITY INTERNATIONAL COMPANY LIMITED, but also keeping books of accounts properly.

9.1.5. Management Agreements

Management Agreements will be executed between KILIMA CITY INTERNATIONAL COMPANY LIMITED and other team managers. The purpose of these agreements is to define the expectations of both parties, establish an incentive structure, and define the grounds under which the agreement may be terminated.

9.1.6. Confidentiality Agreements

KILIMA CITY INTERNATIONAL COMPANY LIMITED will enforce that all employees sign a confidentiality agreement. Confidentiality agreements with our employees and partners will protect our products, operating systems, policies and procedures. Having a confidentiality agreement in place is essential to protect the company's trade secrets, and show our employees that we take our business seriously.

9.1.7. Organization Structure
 The management of KILIMA CITY INTERNATIONAL COMPANY LIMITED is planning to have the following organization structure.

