

BUSINESS PLAN
METRO METALS LIMITED

**FOR THE ESTABLISHMENT OF MANUFACTURING
OF METAL PRODUCTS**

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY	1
1.1 About the Company	1
1.2 Description of Project/Business Idea	1
1.3 The Market Need	2
1.4 Market Overview	2
1.5 Investment Plan	2
1.6 Financing Plan	3
2. COMPANY DESCRIPTION	4
2.1 Background	4
2.2 Vision	4
2.3 Mission.....	4
2.4 Core Values	4
2.5 Objectives	5
3. BUSINESS DESCRIPTION	6
3.1 Description of the Business Idea	6
3.2 Products Description	6
3.3 Major Types of Products.....	8
3.4 Products Benefits.....	11
4. MANUFACTURING / OPERATION PLAN	12
4.1 Manufacturing Processes	12
4.2 Company Address & Location.....	12
4.3 Sources and Requirement of Raw Materials.....	12
4.4 Suppliers of Raw Materials	14
4.5 Production Plan & Capacity	15
4.5.2 Planned Capacity	15
4.5.2 Planned Imported Raw Materials (FOREIGN)	17

5. MARKET & COMPETITION	19
5.1 Target Market & Customer Base.....	19
5.2 Market Trends.....	20
5.3 Competition	21
5.4 Competitive Advantages	21
6. MARKETING & SELLING STRATEGIES.....	22
6.1 SWOT ANALYSIS	22
6.2 Marketing Strategy & Promotion	22
6.3 Pricing Strategies	23
6.4 The Price List of Products	24
6.5 Distribution Plan	25
7. MANAGEMENT & ORGANIZATION PLAN	26
7.1 Management Overview	26
7.2 The Proposed Management Team.....	26
7.3 Roles and Responsibility of key management Personnel.....	26
7.4 Number Staff and Salary Estimates	29
7.5 Organization Chart.....	30
8. INVESTMENT PLAN.....	31
8.1 Fund Requirements & Uses.....	31
8.2 Investment Plan - Detailed Breakdown	31
8.3 Plan for Funding	32
8.4 Break Even Analysis & Payback Period	32
9. FINANCIAL PROJECTIONS	33
9.1 Key Assumptions	33
9.2 Projected Income Statement (Profit & Loss Statement)	34
9.3 Projected Balance Sheet	35
9.4 Cash Flow Projections	37
9.5 Key Financial Ratios	39

10. DEVELOPMENT IMPACT 41

- 10.1 Employment Opportunities.....41
- 10.2 Taxation Revenues.....41
- 10.3 Multiplier Effects – Value Chain Analysis 41
- 10.4 Environmental Concerns41
- 10.5 Conclusion41

1. EXECUTIVE SUMMARY

1.1 About the Company

METRO METALS LIMITED is Private Company incorporated in Tanzania the year 2022 with the main objective being the establishment of a factory for manufacturing of metal products and other related products which have stable and growing demand in Tanzania construction market.

Apart from the manufacturing of metal products the company also intends to engage in other related manufacturing so as to capture the market opportunity in Tanzania.

1.2 Description of Project/Business Idea

The business idea is about the establishment of factory which will be dealing with the manufacturing of metal products. Currently most of people in Tanzania are encountering so many problems when it comes to purchase of metal products as the market is now full of local manufactured and imported ones which are of low standards and not durable. There are few big reliable Companies dealing with the Manufacturing of the metal products therefore the demand can be higher compared to supply hence high prices and below standards products. The economy of Tanzania is currently being led with the construction sector whereby both private sector and the government are implementing various construction activities/projects in which the use of metal products is undeniable. The abrupt increase in construction products has led to creation of huge demand for metal products.

Basing on that fact, **METRO METALS LIMITED** is intending to embark on the manufacturing of metal products to fill the gap and exploit the market potentials.

1.3 The Market Need

Metal products are very necessary in any construction project. The use of the metal products in the construction activities is construction undertakings.

METRO METALS LIMITED saw the opportunity of investing in the metal products which are currently having the high demand. The market for the metal products is very big in Tanzania as there are few established companies dealing with the manufacturing of these products. The Plastic Products are also very essential products in Tanzania market as they are also being in used in the construction and domestic activities.

1.4 Market Overview

The target market for our products is the entire population of Tanzania which is estimated to be around **61** million people. The economy of Tanzania is on the rise and that growth is mostly accompanying with the improved of construction sector both at individual and institutional level.

1.5 Investment Plan

The Investment Budget for establishment of this Project is estimated to be 17,700,000,000. The funds will be spent in the Purchase of Fixed Assets (Machinery & Equipment and Other Assets) and financing initial working capital etc.

S/N	Type of Investment	Amount (Tshs)
1	Fixed Assets	15,700,000,000
2	Working Capital	2,000,000,000
	TOTAL FINANCE NEEDED	17,700,000,000

1.6 Financing Plan

METRO METALS LIMITED is planning to raise the finance needed through own contribution particularly the contribution from the Directors and Shareholders of Company.

The structure of financing plan is given in the schedule below:

S/N	NAME OF SOURCE	AMOUNT (TSHS)
	Contribution from Directors/Shareholders of Metro Metals Limited	17,700,000,000

2. COMPANY DESCRIPTION

2.1 Background

METROL METALS LIMITED is Private Company incorporated in Tanzania the year 2022 with the main objective being the establishment of a factory for manufacturing of metal products which have stable and growing demand in Tanzania construction market.

Apart from the manufacturing of metal products the company also intends to engage in other related manufacturing so as to capture the market opportunity in Tanzania.

2.2 Vision

To provide quality products and services that exceeds the expectation of our esteemed customers by anticipating future trends and leveraging Talent, Skills & Technology.

2.3 Mission

We aim to provide products and services of superior quality and excellent value that meets or exceeds the expectations of our consumers in African Continent. Satisfying our customers with an appropriate level of quality is a primary goal and a fundamental element of our business mission.

2.4 Core Values

We believe in building a strong & trusted relationship amongst customers, stakeholders and employees. We trust on building the entire business on the foundation of honesty and integrity.

2.5 Objectives

We, **METRO METALS LIMITED**, we know that a satisfied customer will require our products to be of high standard, competitive prices and that are durable and unique, and in order for us to achieve the above vision, mission and

values, we are obliged to pursue among others, the following objectives:

- To build factory for manufacturing of metal products
- To acquire the best standard machinery
- To source quality raw materials from the reputable and reliable suppliers at affordable prices.
- To recruit competent workforce and management team.
- To create most efficient distribution channels to ensure our products reach customers on time.
- To boost local suppliers and distributors of raw materials by using the locally available raw materials in manufacturing of product

3. BUSINESS DESCRIPTION

3.1 Description of the Business Idea

The business idea is about the establishment and operate factory which will be dealing with the manufacturing of metal products. The economy of Tanzania is currently being led with the construction sector whereby the government and private sector is implementing various construction projects which create the huge demand for metal products.

There are few big industries which are dealing with manufacturing of metal products something which creates the scarcity of the metal products throughout the country. Basic market survey has identified that the customers are complaining about the quality and durability of most of metal products which are available in the market.

Basing on that fact, **METRO METALS LIMITED** is intending to embark on the manufacturing of the metal products to fill the gap and exploit the market potentials in Tanzania

3.2 Products Description

The Company will specialize in manufacturing metal products such Iron Sheets, Tubes, Pipes, Nails, Reinforcement bar, wire products and other allied products

3.3 Products Benefits

The main benefits of our products will be:

- Durability
- Rustproof
- Varieties
- Made using good quality raw materials
- Highly resistant to corrosion
- Reliability
- Affordable

4. MANUFACTURING / OPERATION PLAN

4.1 Manufacturing Processes

The manufacturing process will not involve the complicated procedures as the company will import the raw materials which are the plain sheets and then the corrugation takes place as per the customer requirement.

4.2 Company Address & Location

METRO METALS LIMITED offices and factory are expected to be located at Zegereni in Mlandizi District, Kibaha Region. There is assured availability of all utilities and Infrastructure which are already in the place. The company will construct gallery offices and sales point near to the client bases to easy transport

4.3 Sources and Requirement of Raw Materials

We expect to source the best quality raw material from the reputable suppliers from anywhere in the world to ensure the final product will be as per customer expectations and EAC standards

We shall prioritize the local supplier if they will be in capacity and willing to do so.

We are going to use the following Raw materials

- Aluminum zinc coated steel
- Pre painted coated steel
- Hot Rolled Coil
- Cold Rolled Coil
- Wire Rod

- Reinforcement Bar
- Plastics materials

The company will import steel coil and other iron materials for manufacturing of various products.

5. MARKET & COMPETITION

5.1 Target Market & Customer Base

METRO METALS LIMITED is targeting local and export market. The construction sector will be the main drive in the market strategy.

We shall design proper and modern marketing strategies to ensure our market share will be more than 50 percent in the next five years. This will be done together with the creation of the most efficient distribution channel.

The following will be our distribution channel;

- Work in customers,
- Dealers,
- Distributors,
- Project and Institutional sales
- Export sales

The main categories of our target market can further be described as follows:

- 1) **Work in Customers/individuals** – It includes people in communities or client who are not in other channel and wish to buy our product
- 2) **Dealers** – These are the most prominent customer for the company. They will be at District and Region for redistribution. This will be several condition or rules to qualify to avoid business confusion. Also class will be adopted to classify and qualifies for advantages
- 3) **Distributors** -These are the second mostly prominent customer for the company. They will be at Street, Ward, Village, District and

Region for redistribution. This will be several condition or rules to qualify to avoid business confusion. Also classes will be adopted to classify and qualifies for advantages

- 4) **Project and Institutional sales** – The government is currently implementing various constructions projects where the metal are mostly demanded

5.2 Market Trends

The trend forth construction materials are rapid growing. Communities are on the verge of social development, they are constructing medium household with proper roofing materials. The government institutions also implement major construction projects such as:

- Railway Construction-Standard Railway
- Road Construction-Road Interchanges etc.
- School Construction
- Rehabilitation of Facilities
- Dispensaries Construction
- Administrative Building
- Dam Construction

Based on above fact, there demand for the metal products is very high something which substantiate the success of the company. The opening of the East African Market also create an ample opportunities for the exporting our products to the member countries. The East African market has the population of more than 120 million people. This is promising market with the positive growth trends.

5.3 Competitive Advantages

Despite of the stiff competitions that exist in the field, we have conducted an intensive market survey in the targeted areas and expected business expansion. We have concluded the demand of metal products have not been met by all available company in the market, we have realized the following;

- The demand for meta l product is huge and prominent.
- The available products are more less similar in all aspects
- They are sub standards with the same price and near to the same with standards
- The distribution Channel is not efficient
- There is high transport cost inquired by the customers
- Customers are uneducated

6. MARKETING & SELLING STRATEGIES

6.1 SWOT ANALYSIS

STRENGTHS

- Existence of the manufacturing company near to the customers/Target market.
- Quick and easy transport of Finished steel products
- Reputation and Experience in Metal Business.
- Affordable price
- Quality and durable products
- Best automated Machinery
- High Capacity of Production

WEAKNESSES

- New products in the market with no previous track records

OPPORTUNITIES

- Rapidly increasing demand
- Government support in Industrialization

THREATS

- Major competitors (local & imports) may react to our competing strategies.

6.2 Distribution Plan

The distribution of **METRO METALS LIMITED** will be done through the **direct delivery** whereby the products will be delivered directly to the dealers, distributors and to the government. The rest of distribution will be done from the dealers and distributors.

7. MANAGEMENT & ORGANIZATION PLAN

7.1 Management Overview

The overall organization structure of the company is going to dwell on the directors who will be formulating the strategies for the company and also overseeing overall management activities.

7.2 The Proposed Management Team

METRO METALS LIMITED will employ customer centric and skilled people to occupy the following position;

- Board of Directors
- Managing Director
- Operation Manager
- Accounting & Administration Manager
- Sales & Marketing Officer
- Sales & Marketing Personnel
- Office Secretary
- Drivers
- Security Guards

7.3 Roles and Responsibility of key management Personnel

The duties and responsibilities of each member of management team and staff can be described as follow:

a) Board of Directors

- Increases management's effectiveness by recruiting, selecting, orienting, training, coaching, counseling, and disciplining managers; communicating values, strategies, and objectives; assigning accountability; planning, monitoring, and appraising job results;

developing incentives; developing a climate for offering information and opinions; providing educational opportunities.

- Creating, communicating, and implementing the organization's vision, mission, and overall direction – i.e. leading the development and implementation of the overall organization's strategy.
- Responsible for fixing prices and signing business deals
- Responsible for providing direction for the business
- Creates, communicates, and implements the organization's vision, mission, and overall direction – i.e. leading the development and implementation of the overall organization's strategy.
- Responsible for signing checks and documents on behalf of the company
- Evaluates the success of the organization

b) Managing Director

- Responsible for overseeing the smooth running of the firm
- Map out strategy that will lead to efficiency amongst workers
- Responsible for training, evaluation and assessment of workers
- Ensures operation of equipment by completing preventive maintenance requirements; calling for repairs.
- Ensures that the firm meets the expected safety and health standard at all time.

c) Accounting & Administration Manager

- Responsible for preparing financial reports, budgets, and financial statements for the organization
- Provides managements with financial analyses, development budgets, and accounting reports; analyses financial feasibility for the most complex proposed projects; conducts market research to forecast trends and business conditions.
- Responsible for financial forecasting and risks analysis.

- Performs cash management, general ledger accounting, and financial reporting
- Responsible for developing and managing financial systems and policies
- Responsible for administering payrolls
- Ensures compliance with taxation legislation
- Handles all financial transactions for the organization
- Serves as internal auditor for the organization
- Enhances department and organization reputation by accepting ownership for accomplishing new and different requests; exploring opportunities to add value to job accomplishments.

d) Manufacturing /Operation Managers

- Responsible for the products designing
- Supervising all manufacturing /manufacturing activities
- Preparation of manufacturing Reports

e) Security Guards

- Ensures that the facility is secured at all time
- Controls traffic and organize parking
- Gives security tips to staff members from time to time
- Patrols around the building on a 24 hours basis
- Submits security reports weekly
- Handles any other duty as assigned by the Factory manager

f) Technicians

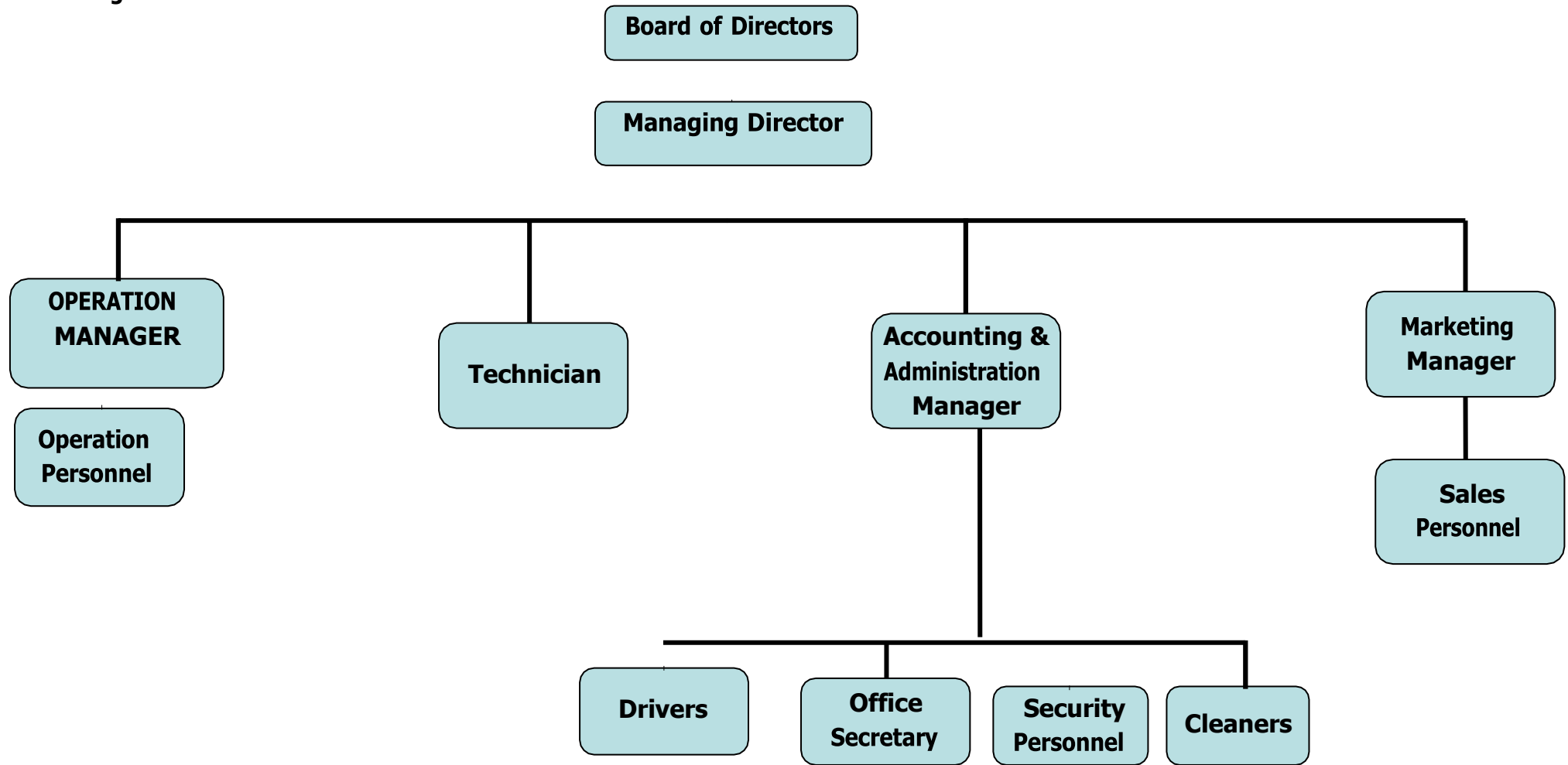
- Ensuring that all machines are working properly

g) Human Resource Manager

- Responsible for overseeing the smooth running of HR and administrative tasks for the organization

- Updates job knowledge by participating in educational opportunities; reading professional publications; maintaining personal networks; participating in professional organizations.
- Defines job positions for recruitment and managing interviewing process
- Carrying out staff induction for new team members.
- Responsible for training, evaluation and assessment of employees

7.4 Organization Chart



8. INVESTMENT PLAN

8.1 Fund Requirements & Uses

The company will invest 17,700,000,000Tshs. The funds will be spent in purchasing of Machinery & Equipment and Other Assets and financing initial working capital etc.

8.2 Investment Plan – Detailed Breakdown

The detailed breakdown of the needs for this business can be analyzed as follows:

INVESTMENT BREAKDOWN

No.	INVESTMENT COSTS	Tshs (Billion)
1	Land and Building	1.5
2	Plant	12
3	Vehicles	1
4	Furniture & Fittings	0.3
5	Pre – expenses	0.5
6	Others	0.4
7	Working capital	2
	Total Investment cost	17.7

8.3 Plan for Funding

The funds are expected to be secured from the following sources:

S/N	NAME OF SOURCE	AMOUNT (TSHS)
	Contribution from Directors/Shareholders of METRO METALS LIMITED	17,700,000

8.4 Break Even Analysis & Payback Period

The payback period of the project is expected to be FIVE years.

9. FINANCIAL PROJECTIONS

9.1 Key Assumptions

Many businesses in Tanzania are affected by fluctuations of prices and demands but since the products to be produced have the high and stable demand; the company does not expect the drastic changes which can affect our normal business operations.

The construction sector is fast growing in Tanzania therefore we expect the stable market for Corrugated Iron Sheets.

In the calculations of financial estimations, the following assumptions were:

<u>Item</u>	<u>Assumption Made</u>
Tax Rates	30%
Projections Period	1Year
Currency Used	Tanzania Shilling
Projected Payback Period	5 Years
Sales Projections Rate	60%
Projection of Operating Expense	40%

DEPRECIATION ASSUMPTIONS

Depreciation has been calculated on the following basis:

<u>Item</u>	<u>Depreciation Rates (in %)</u>
Land	0%
Building/Premise	2%
Equipment & Machinery	25.5%
Motor Vehicle	12.5%
Furniture & Fittings	12.5%

DEPRECIATION SCHEDULE in USD

ITEM	RATE	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Land & Building	4.00%	-	-	-	-	-	-	-	-	-	-
Opening Banlance		420,000	403,200	387,072	371,589	356,726	342,457	328,758	315,608	302,984	410,864
Additions	-	-	-	-	-	-	-	-	-	120,000	-
Annual Depreciation	4.00%	16,800	16,128	15,483	14,864	14,269	13,698	13,150	12,624	12,119	16,435
Closing Banlance		403,200	387,072	371,589	356,726	342,457	328,758	315,608	302,984	410,864	394,430
Plant(facorty and Equipment)	10.00%	-	-	-	-	-	-	-	-	-	-
Opening Banlance		1,120,000	1,008,000	907,200	816,480	1,134,832	1,021,349	919,214	827,293	1,144,563	1,030,107
Additions		-	-	-	400,000	-	-	-	400,000	-	-
Annual Depreciation	10.00%	112,000	100,800	90,720	81,648	113,483	102,135	91,921	82,729	114,456	103,011
Closing Banlance		1,008,000	907,200	816,480	1,134,832	1,021,349	919,214	827,293	1,144,563	1,030,107	927,096
Vehicles	25.00%	-	-	-	-	-	-	-	-	-	-
Opening Banlance		130,000	97,500	73,125	124,844	93,633	70,225	122,668	92,001	69,001	121,751
Additions		-	-	70,000	-	-	70,000	-	-	70,000	-
Annual Depreciation	25.00%	32,500	24,375	18,281	31,211	23,408	17,556	30,667	23,000	17,250	30,438
Closing Banlance		97,500	73,125	124,844	93,633	70,225	122,668	92,001	69,001	121,751	91,313
Furniture and Fittings	10.00%	-	-	-	-	-	-	-	-	-	-
Opening Banlance		80,000	72,000	64,800	80,320	72,288	65,059	80,553	72,498	65,248	80,723
Additions		-	-	22,000	-	-	22,000	-	-	22,000	-
Annual Depreciation	10.00%	8,000	7,200	6,480	8,032	7,229	6,506	8,055	7,250	6,525	8,072
Closing Banlance		72,000	64,800	80,320	72,288	65,059	80,553	72,498	65,248	80,723	72,651

Project cash flow In USD

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cash in flow	2,000,000	2,130,316	2,271,437	2,396,104	2,504,299	2,552,236	2,534,465	2,563,764	2,546,379	2,601,495	2,607,552
Equity	2,000,000	-	-	-	-	-	-	-	-	-	-
Revenue	0	2,524,500	2,692,800	2,861,100	3,029,400	3,029,400	3,029,400	3,029,400	3,029,400	3,029,400	3,029,400
Total Cash In flow	2,000,000	2,524,500	2,692,800	2,861,100	3,029,400	3,029,400	3,029,400	3,029,400	3,029,400	3,029,400	3,029,400
Depreciatoin	0	128,800	141,303	124,484	127,723	151,160	133,389	135,739	118,354	143,826	149,883
Total Cash out flow	1,800,000	2,130,316	2,271,437	2,396,104	2,504,299	2,552,236	2,534,465	2,563,764	2,546,379	2,601,495	2,607,552
Net Cah flow	200,000	394,184	421,363	464,996	525,101	477,164	494,935	465,636	483,021	427,905	421,848
Cum.Deficit/Excess	200,000	594,184	1,015,547	1,480,543	2,005,644	2,482,808	2,977,742	3,443,378	3,926,399	4,354,304	4,776,152

10. DEVELOPMENT IMPACT

10.1 Employment Opportunities

According to projections, **METRO METALS LIMITED** will provide total of 100 employees. There will also be indirect employment opportunities which will be created by the operation of the business activities. This includes the working with suppliers and service providers.

10.2 Taxation Revenues

The government will get tax revenues as a result of business operation of **METRO METALS LIMITED**. The suppliers and hardware and distributors will be in the position to pay their income tax.

10.3 Multiplier Effects – Value Chain Analysis

The organization expects to have direct and indirect positive impacts to both local community economy and national economy in general. Taking the local community economy in particular, our business is going to improve the life standard of the people through multiplier effects. The company business is going to open the opportunities for other small business to run along with our business- mutually supporting each other.

10.4 Environmental Concerns

The organization is going to make sure that that its operations are not going to have adverse effects to the environment. The organization is the frontline in the campaign of environment protection and it is will engaged in joint efforts of environmental protection activities.

The company will use machines and equipment which cannot pollute the environment hence positive environmental impact.

10.5 Conclusion

The company is therefore seeking for a Certificate of Incentives from the Tanzania Investment Centre (TIC) under Section 17 of the Tanzania Investment Act and Part IV of the Investment Regulations 2002, for the importation of the metal production machinery and equipment of the proposed factory.

Through the various parameters, which have been considered in the study, it has been established that the proposed project is technically feasible, financially viable, economically and socially beneficial.

It is therefore recommended that the Tanzania Investment Centre (TIC) provide the necessary support to the company by approving this application for Certificate of Incentives.