

# **MUSUMBA STEEL (TANZANIA) LIMITED**

**P.O.BOX 472  
KAHAMA SHINYANGA  
TANZANIA**



## **BUSINESS PLAN**

**FOR THE ESTABLISHMENT OF IRON & STEEL MAKING  
FACTORY**

October, 2022

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# 1. EXECUTIVE SUMMARY

## 1.1 About the Company

MUSUMBA STEEL (TANZANIA) LIMITED is Private Company incorporated in Tanzania the year 2022 with the main objective being the establishment of a factory for manufacturing of IRON and STEEL Products which have stable and growing demand in Tanzania construction market.

Apart from the manufacturing of steel and iron 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 small-scale factory which will be dealing with the manufacturing of steel and iron. Currently most of people in Tanzania are encountering so many problems when it comes to purchase of steel and iron as the market is now full of local manufactured iron and steel and imported ones which are of low standards and not durable. There are few big reliable Companies dealing with the Manufacturing of the iron and steel 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 iron and steel products is undeniable. The abrupt increase in construction products has led to creation of huge demand for iron and steel products.

Basing on that fact, **MUSUMBA STEEL (TANZANIA) LIMITED** is intending to embark on the manufacturing of Iron and Steel Products to fill the gap and exploit the market potentials.

### **1.3 The Market Need**

Iron and steel products are very necessary in any construction project. The use of the iron and steel products in the construction activities is construction undertakings.

MUSUMBA STEEL (TANZANIA) LIMITED saw the opportunity of investing in the manufacturing of iron and steel products which are currently having the high demand. The market for the iron and steel 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 **60** 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.

The main market focal point our market will start from KAHAMA- SHINYANGA and the while expanding to other regions of Tanzania. The main goal is to continue adding more product lines as the company expands. There is the potential for the export market especially moving to other East African Countries in the near future.

### **1.5 Investment Plan**

The Investment Budget for establishment of this Project is estimated to be Ten Million US dollar (**10,000,000.00 USD**). The funds will be spent in the Purchase of Fixed Assets (Machinery & Equipment and Other Assets) and financing initial working capital etc.

<b>S/N</b>	<b>Type of Investment</b>	<b>Amount (USD)</b>
1	Fixed Assets	1,885,000.00
2	Working Capital	8,115,000.00
	<b>TOTAL FINANCE NEEDED</b>	<b>10,000,000.00</b>

### **1.6 Financing Plan**

MUSUMBA STEEL (TANZANIA) LIMITED is planning to raise the finance needed through own contribution particularly the contribution from the Directors and Shareholders of Company. The company will also seek for the external funds especially loans from the Financial Institutions whenever it will be deemed necessary.

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

<b>S/N</b>	<b>NAME OF SOURCE</b>	<b>AMOUNT (USD)</b>
1	Contribution from Directors/Shareholders of MUSUMBA STEEL (TANZANIA) LIMITED	5,000,000.00
2	Loans from the Bank	5,000,000.00
	<b>TOTAL</b>	<b>10,000,000.00</b>

### **1.7 Payback Period**

The payback period for this investment is expected to be FIVE (5) Years.

## 2. COMPANY DESCRIPTION

### 2.1 Background

MUSUMBA STEEL (TANZANIA) LIMITED is Private Company incorporated in Tanzania the year 2022 with the main objective being the establishment of a factory for manufacturing of iron and steel products which have stable and growing demand in Tanzania construction market.

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

### 2.2 Vision

The vision is to become the leading company in manufacturing of Iron and steel products in East Africa.

### 2.3 Mission

“MUSUMBA's Mission is to manufacture the quality, durable and most attractive iron and steel products resulting to outstanding value to our customers and excellent opportunities for our employees”

### 2.4 Core Values

The Core Values for MUSUMBA STEEL (TANZANIA) LIMITED are:

- **Quality of Work & Products** – We make every effort to perform at an excellent level in everything we do. We are reliable. We are committed to producing and delivering products to the highest standard possible every time.
- **Teamwork** - We work together collectively to achieve our common vision and goals. We have one spirit of working as a team. We recognize positive efforts of others and praise them. We also encourage constructive criticism when it is needed, and esteem for the

contribution of each individual to the total team efforts of the members of the business.

- **Honesty & Integrity** - We are truthful and our actions are consistent with our words.
- **Respect & Dignity** - We demonstrate respect for and appropriate loyalty towards our customers, colleagues and the suppliers
- **Innovation & Improvement** – We drive change and challenge the status quo to exceed our customers' expectations.
  
- **Accountability**- Working as one team means that we are competent in our actions. Our employees are professionals who use their expertise in making effective, efficient and reliable decisions which will result into quality service to our customers.

## 2.5 Objectives

We, MUSUMBA STEEL (TANZANIA) 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 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 of steel manufacturing factory which will be dealing with the manufacturing of steel and Iron products. Currently most of people in Tanzania are encountering so many problems when it comes to purchase of steel products for construction activities. There are few Companies dealing with the manufacturing of the steel and iron 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 iron and steel products.

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

Basing on that fact, **MUSUMBA STEEL (TANZANIA) LIMITED** is intending to embark on the manufacturing of the iron and steel products to fill the gap and exploit the market potentials in Tanzania

The company will manufacture high quality steel and other related products and the prices will be very competitive.

### 3.2 Products Description

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

The detailed categories of the products to be manufactured can be given hereunder:

**(a) Size of Corrugated Iron Sheets**

Corrugated iron sheets are classified according gauge. The British gauge sizes are 32, 30, 28, 26, 24, and 22. The company will be manufactured in standard length as per EAC Standards. The company will receive order of customized as per customer request. The width will be as per updated EAST AFRICA STANDARD only. *For Pre painted requirements, it's the same as other products we shall provide the material as per EAC Standards*

**(b) Size of Tubes & Pipes**

The pipes will be supplier as per EAC Standards updated currently such. Tubes are as per following as for square and rectangular.

- 12X12
- 16X16
- 20X20
- 25X25
- 30X30
- 40X20
- 40X40
- 50X50
- 60X40
- 60X60
- 80X40
- 80X80
- 100X50
- 150X100
- 200X200

The round furniture tubes are as follows

- 25.4mm
- 32.25mm
- 38.25mm
- 42.25mm
- 48.25mm
- 50.6mm
- 63.25mm
- 70.3mm

**(c) Size of Nails & Wire Products**

The size of nails and wire product will be as per EAC standards

**3.3 Major Types of Products**

The types of iron sheets to be manufactured can be given as follows:

- (i) Versatile Corrugated Iron Sheets



(ii) IT 5 Iron Sheets

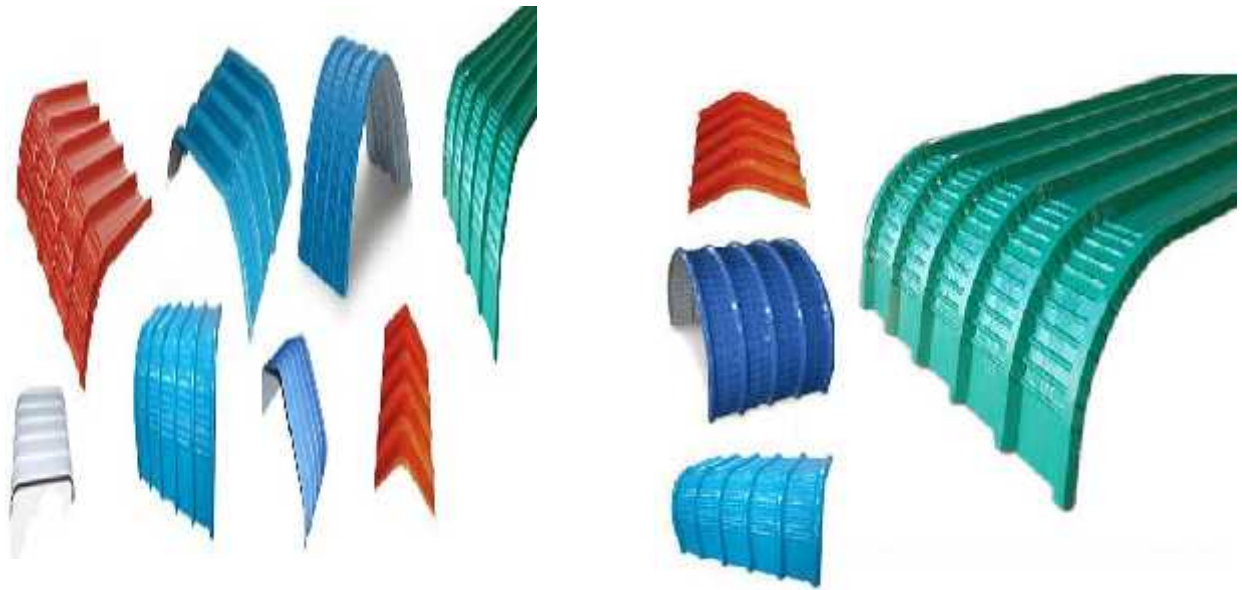


(iii) Corrugated Iron Sheets



(iv) Crimping Iron Sheets

These are kind of iron sheets which are mostly used for shading purposes



(v) Roofing Ridges



### **3.4 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. Corrugation is a process of deforming plain sheets in the uniform way or zigzag shapes pattern by rolling mills across their entire width.

### **4.2 Company Address & Location**

MUSUMBA STEEL (TANZANIA) LIMITED offices and factory are expected to be located in Plot no.71 Block no. A, Chapulwa Industrial Area in Kahama District, Shinyanga Region. This is the area where manufacturing and administrative activities will take place. 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

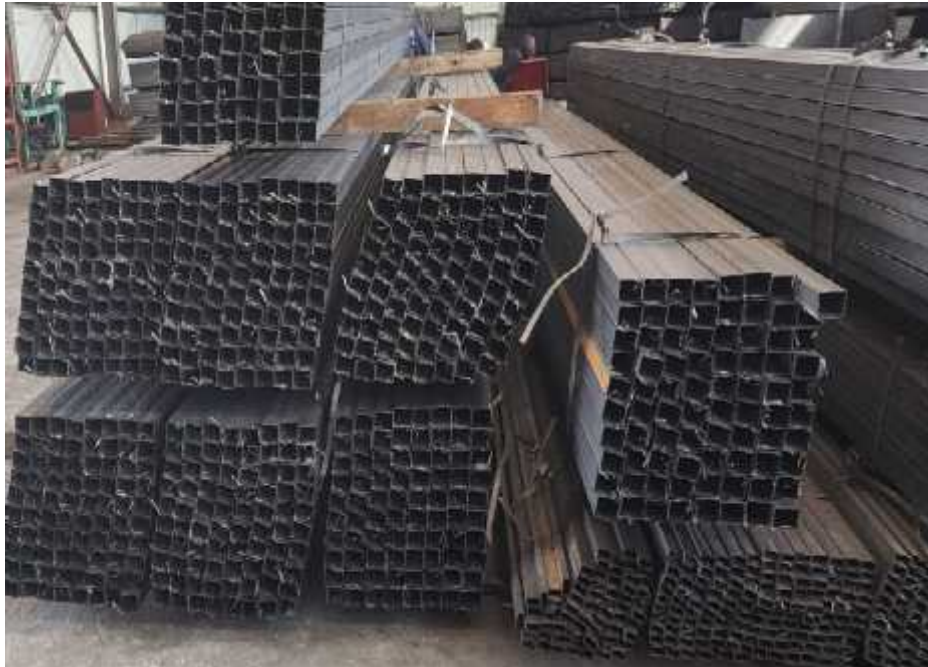
- Aluminum zinc coated steel
- Pre painted coated steel
- Hot Rolled Coil
- Cold Rolled Coil
- Wire Rod

- Reinforcement Bar
- Plastics materials

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

The sample of raw materials can be shown in the photos below:





#### **4.4 Suppliers of Raw Materials**

The raw materials will be acquired for the reliable and reputable suppliers from the following countries:

- i. **AFRICA** - Kenya and South Africa – For the supply of Wire Rod, HRC etc
- ii. **CHINA** - For Supply of Roofing Coils & HRC
- iii. **TURKIYE** - For Supply of Roofing Coils & HRC
- iv. **DUBAI (UAE)** - For Supply of Roofing Coils & HRC

## 4.5 Production Plan & Capacity

### 4.5.2 Planned Capacity per annum

<b>1. PRODUCT- ROOFING SHEETS</b>			
	<b>UNITY TYPE</b>	<b>CAPACITY PER YEAR (NUMBER OF UNITS)</b>	<b>PRICE PER UNIT FACTORY(TZS)</b>
1.1	TONS	20,000	380,000
<b>2. PRODUCT- TUBES</b>			
	<b>UNITY TYPE</b>	<b>CAPACITY PER YEAR (NUMBER OF UNITS)</b>	<b>PRICE PER UNIT FACTORY(TZS)</b>
2.1	TONS	7,000	37,200
<b>3. PRODUCT- WIRE PRODUCTS</b>			
	<b>UNITY TYPE</b>	<b>CAPACITY PER YEAR (NUMBER OF UNITS)</b>	<b>PRICE PER UNIT FACTORY(TZS)</b>
3.1	TONS	1500	80,000
<b>4. PRODUCT- ROOFING ACCESSORIES</b>			
	<b>UNITY TYPE</b>	<b>CAPACITY PER YEAR (NUMBER OF UNITS)</b>	<b>PRICE PER UNIT FACTORY(TZS)</b>
4.1	TONS	500	15000

#### 4.5.2 Planned Imported Raw Materials (FOREIGN)

<b>1. RAW MATERIALS TYPE- WIRE ROD</b>					
	<b>UNITY TYPE</b>	<b>CAPACITY PER YEAR (NUMBER OF UNITS)</b>	<b>COUNTRY OF IMPORTED RAW MATERIALS</b>	<b>NUMBER OF UNITS</b>	<b>IMPORT PRICE PER UNIT (cif USD)</b>
1.1	TONS	1500	CHINA & DUBAI	1500	700 -1100
<b>2. RAW MATERIALS TYPE- ALLUMINUM ZINC- COATED STEEL</b>					
	<b>UNITY TYPE</b>	<b>CAPACITY PER YEAR (NUMBER OF UNITS)</b>	<b>COUNTRY OF IMPORTED RAW MATERIALS</b>	<b>NUMBER OF UNITS</b>	<b>IMPORT PRICE PER UNIT (cif USD)</b>
2.1	TONS	16000	CHINA & DUBAI	1600	800 -1200
<b>3. RAW MATERIALS TYPE- PRE PAINTED COATED STEEL</b>					
	<b>UNITY TYPE</b>	<b>CAPACITY PER YEAR (NUMBER OF UNITS)</b>	<b>COUNTRY OF IMPORTED RAW MATERIALS</b>	<b>NUMBER OF UNITS</b>	<b>IMPORT PRICE PER UNIT (cif USD)</b>
3.1	TONS	4000	CHINA, KENYA & DUBAI	4000	900 - 1300
<b>4. RAW MATERIALS TYPE- HOT ROLLED COIL</b>					
	<b>UNITY TYPE</b>	<b>CAPACITY</b>	<b>COUNTRY</b>	<b>NUMBER OF</b>	<b>IMPORT</b>

		<b>PER YEAR (NUMBER OF UNITS)</b>	<b>OF IMPORTED RAW MATERIALS</b>	<b>UNITS</b>	<b>PRICE PER UNIT (cif USD)</b>
4.1	TONS	7,000	CHINA, KENYA & DUBAI	7,000	700 -1100
<b>5. RAW MATERIALS TYPE- REINFORCEMENT BAR</b>					
	<b>UNITY TYPE</b>	<b>CAPACITY PER YEAR (NUMBER OF UNITS)</b>	<b>COUNTRY OF IMPORTED RAW MATERIALS</b>	<b>NUMBER OF UNITS</b>	<b>IMPORT PRICE PER UNIT (cif USD)</b>
5.1	TONS	500	CHINA, KENYA & DUBAI	500	500 - 1000
<b>6. RAW MATERIALS TYPE- PLASTIC MATERIALS</b>					
	<b>UNITY TYPE</b>	<b>CAPACITY PER YEAR (NUMBER OF UNITS)</b>	<b>COUNTRY OF IMPORTED RAW MATERIALS</b>	<b>NUMBER OF UNITS</b>	<b>IMPORT PRICE PER UNIT (cif USD)</b>
6.1	TONS	500	CHINA, KENYA & DUBAI	500	300 - 800

## 5. MARKET & COMPETITION

### 5.1 Target Market & Customer Base

MUSUMBA STEEL (TANZANIA) LIMITED is targeting local and export market. The construction sector will be the main drive in the market strategy. In the first phase of our investment, Lake Region will be highly targeted.

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 mostly 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 iron and steel 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 building materials especially the iron products is very high something which substantiate the success of the company.

The opening of the East African Market also creates an ample opportunity 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 Competition**

They are more reputable companies in Tanzania with the same mode of operation and manufacturing such as ALAF, GSM Group, Motisun Group (Kiboko), Roofing (UGANDA), Uganda Baati, MRM. They are also medium and small sizes companies such as Sunshine and Mwananchi

### **5.4 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 iron and steel products have not been met by all available company in the market, we have realized the following;

- The demand for Iron and steel 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 customer's/Target market.

Quick and easy transport of Finished steel products

Reputation and Experience in Iron and steel 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

Rwanda export opportunities

Government support in Industrialization

#### **THREATS**

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

### **6.2 Marketing Strategy & Promotion**

The company is going to implement intensive marketing strategies to penetrate products to all described level. The following are the strategies;

- **Media Campaign**

We shall set a budget for running advertising in the television, Radios, Newspapers & magazines

- **Road Show**

We shall conduct continuous road show in Region, district, ward, villages and streets. We shall also focus on high dense areas to do road show.

- **Promotional Materials**

It will involve manufacturing and distribution of promotion materials like Product catalogues, Brochures, Business cards, T-shirts, cups, Umbrella, Tea drop and Roll ups

- **Online Marketing**

Online marketing is also our main marketing strategies. It involves the use of websites, blogs and social media like Face book, Instagram, Twitter etc.

- **Public Relation Activities**

In an effort to maintain our brand image, MUSUMBA STEEL (TANZANIA) LIMITED will be presented in all seminars, showcase, exhibitions, and public and government events to get media coverage to keep our brand relevant.

- **Corporate Social Responsibility**

MUSUMBA STEEL (TANZANIA) LIMITED will be having strong link to the communities to get engagement. Any corporate activities that will be linked to building materials, our company will be responsible.

- **Use of artists and influential people**

The use of most influence people in community will ease the penetration of the products to the community.

Our marketing strategy will focus heavily on sales promotion, niche positioning in the market and customer service with loyalty and retention in sales.

### **6.3 Pricing Strategies**

MUSUMBASTEEL (TANZANIA) LIMITED will follow modern and realistic pricing method of the products. The following are the pricing strategies.

- **Price will depend on the availability of raw materials:** Once we get the raw materials on lower price, then we lower the price of our products
- **Transport cost:** Local and international transport will affect the price of our products. Once it goes up price will raise, once down price will lower.
- **Operation cost:** We need to ensure that our operation costs are minimum in order not to affect the price of final product.
- **Dual diligence of supply:** We will be doing dual diligence worldwide to see where the price of raw material is minimum and affordable

#### 6.4 The Price List of Products

The price list of the products is given in the schedule below:

<b>MUSUMBA STEEL (TANZANIA) LTD</b>			
<b>S/N</b>	<b>ITEM</b>	<b>DESCRIPTION</b>	<b>PRICE (TZS/BUNDLE)</b>
1	ALUZINC	0.2 x 975	380,000
2	ALUZINC	0.25 x 975	380,000
3	ALUZINC	0.25 x1000	400,000
4	ALUZINC	0.32 x1000	420,000
	<b>PREPAINTED</b>		<b>TZS/Bundle</b>
1	CORRUGATED	0.25 x 975	440,000
2	CORRUGATED	0.25 x1000	460,000
3	CORRUGATED	0.32 x 1000	600,000
			<b>TZS/Bundle</b>
1	IT	0.25 x 975	440,000
2	IT	0.25 x 1000	460,000
3	IT	0.32 x1000	600,000

4	IT	0.4 x 1000	650,000
	<b>TILES PROFILE</b>		<b>TZS/RM</b>
1	TILES PROFILE	0.25 x 1000	19,500
2		0.32 x 1000	21,000
3		0.4 x 1000	23,000
<b>1</b>	<b>TUBES</b>		<b>TZS/PC</b>
2	Tube	16mm x 16mm	10,500
3	Tube	19mm x 19mm	13,200
4	Tube	20mm x 20mm	14,200
5	Tube	23mm x 23mm	15,500
6	Tube	25mm x 25mm	17,500
7	Tube	30mm x 30mm	22,000
8	Tube	32mm x 32mm	23,500
9	Tube	38mm x 38mm	28,000
10	Tube	40mm x 40mm	29,000
11	Tube	50mm x 50mm	38,000
12	Tube	40mm x 20mm	21,000
13	Tube	40mm x 25mm	23,200
14	Tube	38mm x 23mm	22,000
15	Tube	50mm x 25mm	30,000
16	Tube	60mm x 40mm	37,200
	<b>NAILS</b>		<b>TZS/BAG of 25Kg</b>
1	Nails	1 BAG	80,000

### 6.5 Distribution Plan

The distribution of MUSUMBA STEEL (TANZANIA) 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

**MUSUMBA STEEL (TANZANIA) 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**

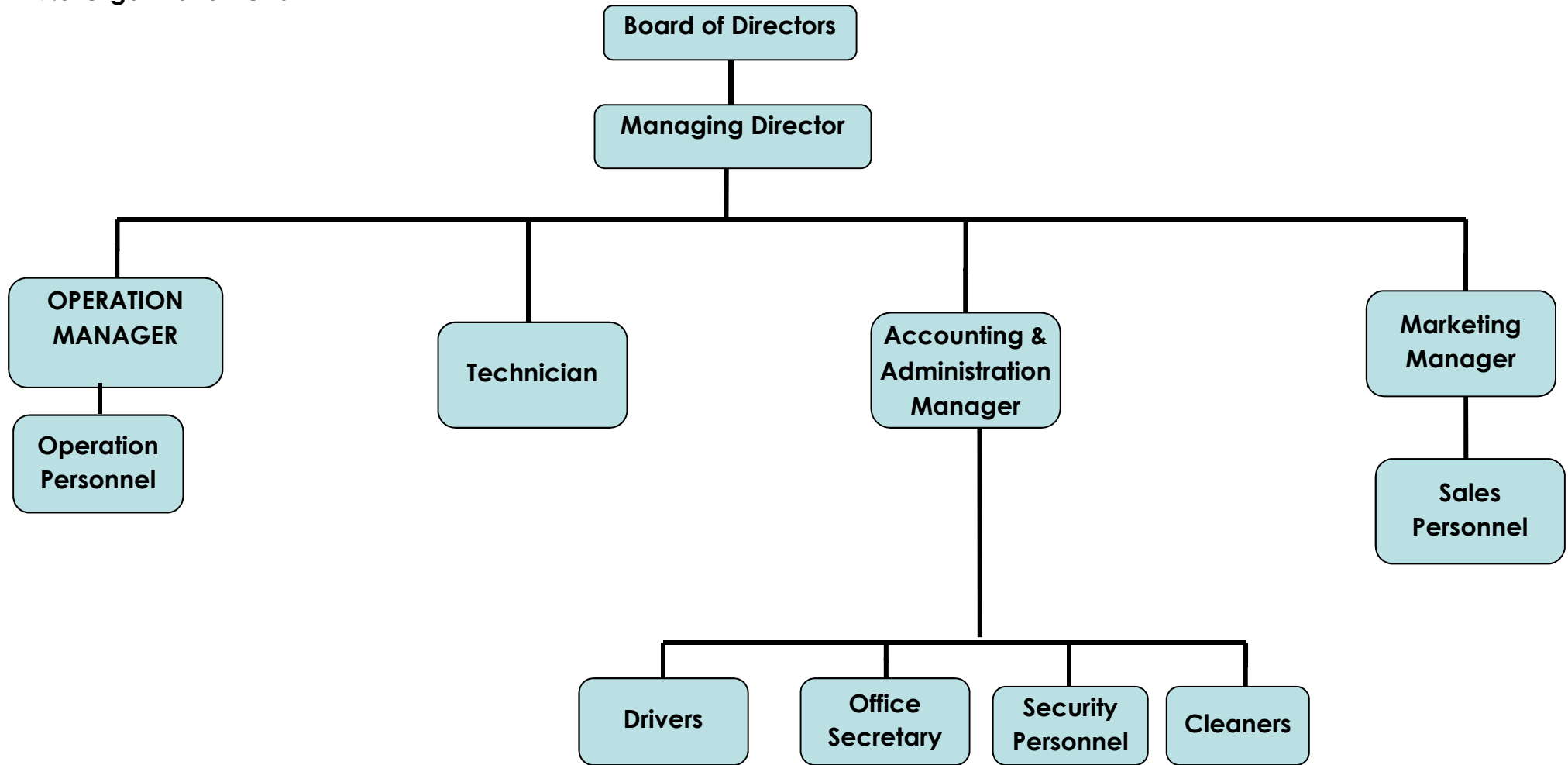
- Responsible for overseeing the smooth running of HR and administrative tasks for the organization

- 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 Number Staff and Salary Estimates

S/N	Personnel/Staff	Number of Staffs	Salary Per Month (USD)	Total Per Month (USD)	Per Annum(USD)
1	Managing Director	1	1,200	1,200	14,400
2	Operation Manager	1	1,000	1,000	12,000
3	Accounting & Admin Manager	1	900	900	10,800
4	Marketing Manager	1	800	800	9,600
5	Operational Personnel	10	400	4,000	48,000
5	Sales & Marketing Personnel	8	400	3,200	38,400
6	Technician	2	500	1,000	12,000
7	Office Secretary	1	300	300	3,600
8	Cleaners	2	300	600	7,200
9	Security Personnel	4	150	600	7,200
10	Drivers	4	200	800	9,600
	<b>TOTAL</b>	<b>35</b>		<b>14,400</b>	<b>172,800</b>

7.5 Organization Chart



## 8. INVESTMENT PLAN

### 8.1 Fund Requirements & Uses

The company will invest Ten Millions USD Dollar **(10,000,000 USD)**. 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

INVESTMENT COSTS		
<b>A</b>	<b>MACHINERY &amp; EQUIPMENT</b>	
<b>No</b>	<b>Item</b>	<b>Amount (USD)</b>
1	Normal Corrugation Machine	404,000
2	Versatile Machine	46,500
3	Super Machine	45,800
4	Sitting Line Machine	360,000
5	Autoportant Machine	98,000
6	Overhead Crane	65,000
7	Forklift	110,000
8	Air Compressor	55,000
9	Motor Vehicles	74,000
	<b>Sub-total</b>	<b>1,258,300</b>
<b>B</b>	<b>LAND &amp; BUILDING</b>	
1	Warehouse Construction	500,000
2	Other Buildings	120,000
3	Land Acquisition	6,700

	<b>Sub-total</b>	<b>626,700</b>
<b>C</b>	<b>WORKING CAPITAL</b>	
1	Initial Raw Materials	8,000,000
2	Other initial Operating Expenses	115,000
	<b>Sub-total</b>	<b>8,115,000</b>
	<b>TOTAL INVESTMENT</b>	<b>10,000,000.00</b>

### 8.3 Plan for Funding

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

S/N	NAME OF SOURCE	AMOUNT (USD)
1	Contribution from Directors/Shareholders of MUSUMBA STEEL (TANZANIA) LIMITED	5,000,000.00
2	Loans from the Bank	5,000,000.00
	<b>TOTAL</b>	<b>10,000,000.00</b>

### 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:

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

### **DEPRECIATION ASSUMPTIONS**

Depreciation has been calculated on the following basis:

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

## 9.2 Projected Income Statement (Profit & Loss Statement)

**MUSUMBA STEEL (TANZANIA) LIMITED**  
**PROJECTED INCOME STATEMENT**  
**AS AT 31<sup>ST</sup> DECEMBER**

ITEM/YEAR	YEAR 1
<b>REVENUE:</b>	<b>AMOUNT(USD)</b>
<b>SALES</b>	
Revenue	7,520,000
Others	0
<b>TOTAL REVENUE</b>	<b>7,520,000</b>
<b><u>LESS: EXPENSES</u></b>	
Salaries & Wages	172,800
Materials Purchase	6,002,000
Other Purchases	134,000
Fuel Costs	62,800
Electricity Expenses	56,700
Water Expenses	8,600
Internet & Telephone Expenses	2,200
Machines & Equipment Repairs	5,000
Building Repair & Maintenance	12,000
Transport & Travel Costs	9,000
Insurance Expenses	4,000
Staff Affairs	6,800
Licenses & Permits	3,500
Stationery Expenses	2,000
Professional Fees	6,500
Miscellaneous	5,000
<b>Sub Total</b>	<b>6,492,900</b>
<b>Profit Before Tax</b>	<b>1,027,100</b>
<b>LESS: Corporate Tax (30%)</b>	<b>308,130</b>
<b>NET PROFIT</b>	<b>718,970</b>

### 9.3 Projected Balance Sheet

**MUSUMBA STEEL (TANZANIA) LIMITED**  
**PROJECTED BALANCE SHEET**  
**AS AT 31<sup>ST</sup> DECEMBER**

ITEM/YEAR	YEAR 1
<b>CURRENT ASSETS:</b>	
Cash	23,579
Accounts Receivable	13,124
Less: <i>Reserve for Bad Debts</i>	340
	<b>36,363</b>
Stock	21,670
Prepaid Expenses	6,870
Notes Receivable	0
<b>Total Current Assets</b>	<b>64,903</b>
<b>FIXED ASSETS:</b>	
<b>Fixed Assets (Depreciation Schedule)</b>	2,390,770
<b>Other Assets:</b>	
Intangible Assets	10,000
Goodwill	100,000
<b>Total Other Assets</b>	<b>100,000</b>
<b>TOTAL ASSETS</b>	<b>2,555,673</b>
<b>LIABILITIES &amp; CAPITAL</b>	
<b>Current Liabilities</b>	
Accounts Payable	7,200
Sales Taxes Payable	3,325

Payroll Taxes Payable	1,702
Salaries & Wages (Advances)	6,500
Unearned Revenue	0
Short term loan payable	0
<b>Total Current Liabilities</b>	<b>18,727</b>
<b>Long-Term Liabilities</b>	
Long-Term Loans Payable	0
Mortgage Payable	0
<b>Total Long-term Liabilities</b>	<b>0</b>
<b>TOTAL</b>	<b>18,727</b>
<b>Capital</b>	
Owners Equity	1,817,976
Net Profit	718,970
<b>Total Capital</b>	<b>2,536,946</b>
<b>TOTAL LIABILITIES &amp; CAPITAL</b>	<b>2,555,673</b>

## 9.4 Cash Flow Projections

**MUSUMBA STEEL (TANZANIA) LIMITED**  
**CASH FLOW PROJECTION**  
**AS AT 31<sup>ST</sup> DECEMBER**

ITEM/YEAR	YEAR 1
	<b>Amount (TZS)</b>
Beginning Cash Balance	0
<b>CASH INFLOWS:</b>	
Accts Rec Collection	13,124
Loan Proceeds	0
Sales & Receipts	7,520,000
<b>Total Cash in</b>	<b>7,533,124</b>
<b>Available Cash Balance</b>	<b>7,533,124</b>
<b>CASH OUTFLOWS:</b>	
Salaries & Wages	172,800
Materials Purchase	6,002,000
Other Purchases	134,000
Fuel Costs	62,800
Electricity Expenses	56,700
Water Expenses	8,600
Internet & Telephone Expenses	2,200

Machines & Equipment Repairs	5,000
Building Repair & Maintenance	12,000
Transport & Travel Costs	9,000
Insurance Expenses	4,000
Staff Affairs	6,800
Licenses & Permits	3,500
Stationery Expenses	2,000
Professional Fees	6,500
Miscellaneous	5,000
<b>Subtotal</b>	<b>6,492,900</b>
<b>Other Cash Outflows</b>	
Increase of Stock and Other Working Capital	0
Purchase of Fixed Assets	930,000
Loan Repayment (Principal)	0
<b>Subtotal</b>	<b>930,000</b>
<b>Total Cash Outflow</b>	<b>7,422,900</b>
<b>Ending Cash Balance</b>	<b>110,224</b>

## 9.5 Key Financial Ratios

**MUSUMBA STEEL (TANZANIA) LIMITED**  
**PROJECTED KEY FINANCIAL RATIOS**  
**AS AT 31<sup>ST</sup> DECEMBER**

S/NO	ITEM/YEAR	YEAR 1
<b>1</b>	<b>Return on Assets (ROA)</b>	
	Operating Profit	1,027,100
	Total Assets	2,555,673
	<b>ROA in %</b>	<b>40</b>
<b>2</b>	<b>Net Profit Margin</b>	
	Net Profit	1,027,100
	Gross Sales	7,520,000
	<b>Net Profit Margin (in %)</b>	<b>14</b>
<b>3</b>	<b>Current Ratio</b>	
	Current Assets	64,903
	Current Liabilities	18,727
	<b>Current Ratio</b>	<b>3</b>

<b>4</b>	<b>Return on Equity (ROE)</b>	
	Profit after taxes	1,027,100
	Average total Equity	1,817,976
	<b>ROE in %</b>	<b>56</b>
<b>5</b>	<b>Debt to Asset Ratio</b>	
	Total Debt	0
	Total Assets	2,555,673
	<b>Debt to Asset Ratio</b>	<b>0</b>

## **10. DEVELOPMENT IMPACT**

### **10.1 Employment Opportunities**

According to projections, MUSUMBA STEEL (TANZANIA) LIMITED will provide more than 35 full time employment opportunities and casual labors by the end of first year after the establishment of the factory.

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 MUSUMBA STEEL (TANZANIA) 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. The business like those of Mama Ntilie (Women Food Vendors) and other related business will flourish as result of establishment this factory.

### **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.