

**BUSINESS PLAN FOR THE
IMPLEMENTATION PROGRAMME**

OF

M/S TANUK AFRICA LIMITED

IN

**ESTABLISHING AND OPERATING A PROJECT FOR
MANUFACTURING OF STEEL PLATES AND ROOFING Z
PURLINS FOR CONSTRUCTION INDUSTRY**

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**M/S TANUK AFRICA LIMITED
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M/S TANUK AFRICA LIMITED
ESTABLISHING A PROJECT FOR MANUFACTURING OF STEEL
PLATES AND ROOFING Z PURLINS FOR CONSTRUCTION
INDUSTRY.

1. INVESTMENT PLAN

The investment plan has been prepared by **M/S TANUK AFRICA LIMITED** for the company's establishment programme in extensive manufacturing of steel plates and roofing Z purlins for construction Industry in Mwanza.

The investment plan has also been prepared to give an analysis of the financial, human, technical and other resources required for the intended manufacturing project and also assess its economic viability and commercial viability in order to allocate funds for the implementation programme especially in acquiring steel structures, pre-fabricated buildings, plant & machinery, equipment, generators, transformer, utility vehicles etc.

The certificate of incentives will enable the project to enjoy Duty exemption on CAPITAL/ DEEMED CAPITAL GOODS and TIC ONE STOP FACILITATION such as 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 TANUK MINING SERVICES LIMITED is a private owned local company registered/ incorporated in Tanzania by Registrar of Companies under company's ordinance, on 17th

day of August 2001 with Certificate of Incorporation No: 41989 and later had a change of name to TANUK AFRICA LIMITED on 15th JUNE, 2012.

The company was initially incorporated with a prime objective of operating a project for Mining activities. However currently after the change of name, the Company intends to manufacturing of steel plates and roofing Z purlins for construction Industry.

The company determines to manufacture steel Plates and roofing Z purlins which is going to be used by construction industry and at the same time improve the quality of company's products.

The main purpose of the proposed project is to provide quality steel plates and roofing Z purlins for construction Industry to correspond with the growing demand especially in this modern construction to support the government emphasis on Industrialization. The quality of company's products will guarantee customers satisfaction in proposed programme.

There is an extensive market to absorb all the products which will be manufactured by the Intended Project. It is on the basis of the above reasons the management resolved to invest in Manufacturing of steel plates and roofing Z purlins for construction industries.

In the establishment programme, the proposed factory will import steel structures, pre-fabricated building, plant & machinery, equipment, machinery and other facilities for the manufacturing of high quality steel plates and roofing Z purlins for construction industry.

Hence the establishment programme of three years in setting up facilities for manufacturing of high quality steel plates & Roofing Z purlins is estimated to be USD 500,000. The

estimated capital investment cost of USD 500,000 will be on plant, machinery - such as Cold forming line, cut to length, equipment, generators, utility vehicles and other expenses.

3. MARKET POTENTIAL

There is very big market potential for the manufactured steel plates and roofing Z purlins which will be needed in market which is construction industry. The Intended Project will manufacture steel plate/ fabrication for doors, gates, roofing, workshop items for construction by using Hot Rolled Steel Coils. There is high demand of the steel plates and roofing Z purlins to construction industry. And the market is growing day by day especially in modern construction.

The fabricated steel plates and roofing Z purlins will be used by construction industry in different stages of construction in the modern construction and occasions or events.

The recent market survey undertaken by the company has realized that there is high demand for fabricated steel plates and roofing Z purlins in modern construction in urban as well as rural areas which are good and strong and can be used in different places and events.

High quality and goodwill are the factors which will make the steel plates and roofing Z purlins project to dominate the market. There are few manufacturers and importers who can compete with the company's high quality designed fabrication.

The company also expects to increase export of the fabricated steel plates and roofing Z purlins to the neighboring countries especially in this establishment programme.

4. THE COMPANY'S OBJECTIVES

M/S TANUK AFRICA LIMITED is a project for setting up facilities for manufacturing of high quality steel plates and roofing Z purlins for construction Industry for both local and foreign market.

The mission of proposed project is basically aimed at fabrication/production and marketing of the PVC shoes for construction Industry for local and export market in order to achieve the following objectives.

- ❖ To foster the growth of steel plates and roofing Z purlins for construction industry in Tanzania.
- ❖ To reduce dependence on external sources for importation of steel plates and roofing Z purlins for construction Industry.
- ❖ To promote local markets for locally fabricated/manufactured steel plates and roofing Z purlins.
- ❖ To promote modern construction/ urbanization
- ❖ 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 and use of modern machinery 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 increasing export market in neighboring countries and hence resulting foreign earnings in addition to the prevailing local market.
- ❖ To purchase/import new plant/machinery with introduction of new technology.
- ❖ To increase the volume of production capacity.

6. SHAREHOLDERS (PROMOTERS)

The following are the shareholders/ promoters of **M/S TANUK AFRICA LIMITED** and their shareholder's position are:-

No	Name of Shareholders	No. of Shares	Nationality	% shareholding structure
1.	Nishaz Hussein	8000	British	40%
2.	Mohamed Farid Hussein	4000	British	20%
3.	Nurmohamed Hussein	8000	British	40%
	TOTAL	20,000		100%

Therefore, the authorized capital of the company is Tshs. 5,000,000,000/= divided into 100,000 ordinary shares of Tshs. 50,000/= each. The Company shall have power to increase its capital and to divide the shares in its capital for the time being into several classes of stock or shares and to attach thereto respectively such preferential, deferred or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company.

7. LOCATION

The company's business premises are located at Farm(Plot) No. 2841, Block Farm Vikindu, Vikindu, Mkuranga District/ Coast Region. Postal Address P. O. Box 336 MWANZA.

8. COMPANY'S IMPLEMENTATION SCHEDULE

8.1 SEPTEMBER - 2022

- ❖ Preparing feasibility study for the manufacturing of high quality Steel Plates and Roofing z purlins for construction Industry.
- ❖ Registration of the proposed Steel Plates & Roofing Z Purlins project with Tanzania Investment Centre i.e. Application for the Certificate of incentives.
- ❖ Getting Certificate of Incentives

8.2 OCTOBER - 2022

- ❖ Application for Tax exemption on CAPITAL/ DEEMED CAPITAL GOODS after being awarded certificate of incentives in the Establishment Programme.
- ❖ Ordering/Importing Steel plates & Roofing Z Purlins Manufacturing Plant/machinery such as Cold Forming Line and Cut to Length, Raw materials such as Hot Rolled Steel Coils, equipment, tools, generators, transformer, utility vehicles etc.
- ❖ Clearing the CAPITAL/DEEMED CAPITAL GOODS from customs control (at the Port and Airport).

8.3 FEBRUARY- 2019

- ❖ Installing the manufacturing plant /machinery (Cold forming Line, Cut to Length).
- ❖ Recruiting new staffs and training them on new technology skills (new machinery).
- ❖ Fully commencement of production in its implementation programme

9. CAPITAL INVESTMENT COST

Land/Building	USD \$	50,000
Plant/Machinery	USD \$	300,000
Vehicles	USD \$	20,000
Furniture and Fittings	USD \$	-
Pre-expenses	USD \$	20,000
Other Expenses	USD \$	10,000
Working Capital	USD \$	100,000
TOTAL CAPITAL	USD \$	<u>500,000</u>

The proposed programme in extensive manufacturing of high quality steel plates and roofing Z purlins for construction Industry is

to be implemented within 3 years. The company's promoters (shareholders) have resolved to register the Intended Project with Tanzania Investment Centre (TIC) and securing the certificate of incentives.

10. FINANCIAL PLAN (SOURCE OF FUNDS)

M/S TANUK AFRICA LIMITED has firmed up finances for the implementation programme by its own foreign fund:-

Own fund (equity)	USD \$ 500,000
loan	<u>USD \$ -</u>
TOTAL	<u>USD \$ 500,000</u>

11. STEEL PLATES AND ROOFING Z PURLINS MANUFACTURING PROCESSES Raw materials are -Hot Rolled Steel Coils

- i. - PLANT & MACHINERY: -
- ii. - Cold Forming Production Line
- iii. - Cut to Length

12. LIST OF MACHINERY & EQUIPMENT

- PLANT & MACHINERY FOR MANUFACTURING-
- Cold Forming Production Line
- - Cut to Length
- etc

PACKING UNIT

11. SUBMISSION

M/S TANUK AFRICA LIMITED wishes to submit its investment plan and application to the Tanzania Investment

Centre (TIC) its proposal for registration and award of certificate of incentives in the establishment programme.

The Proposed Project will soon commence after the Company is registered by Tanzania Investment Centre and being issued the Certificate of incentives. Thereafter the Company will order and import the Plant & machinery for manufacturing of high quality steel plates and roofing Z purlins for construction Industry. The Project will enjoy tax exemption on CAPITAL/ DEEMED CAPITAL GOODS which are Plant, machinery, generators, forklifts, computers, transformer, utility vehicles etc. These are CAPITAL/ DEEMED CAPITAL GOODS for the proposed Project.

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

Thereafter the Company will order and import the Plant & machinery for manufacturing of high quality steel plates and roofing Z purlins for construction Industry. Hence the Proposed Project will enjoy import duty exemption on deemed capital goods which are Plant/ machinery, equipment, generators, forklifts, computers, transformer, utility vehicles etc.

12. ECONOMIC GROWTH

Positive economic growth which had been registered in Tanzania, have attracted more investments in the Tanzania like the proposed project in manufacturing of high quality steel plates and roofing Z purlins for construction Industry. The economic growth influenced such industries as the demand is

growing day by day for the increased population and modern construction.

13. COMPETITION/MARKET

Despite there being numbers of manufacturers and importers of steel plates and roofing Z purlins for construction Industry still the supply is not enough compared to the level of demand.

However, the proposed project for manufacturing of high quality steel plates and roofing Z purlins for construction Industry expects to dominate the local and export market because the project ensures high quality fabrications of all kinds and designs.

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.

16. ENVIRONMENTAL ISSUE

The manufacturing processes and the whole project is environmental friendly. The manufacturing process of high quality steel plates and roofing Z purlins for construction Industry will not cause any harm to people. The unused steel pieces and related materials will be recycled in the process.

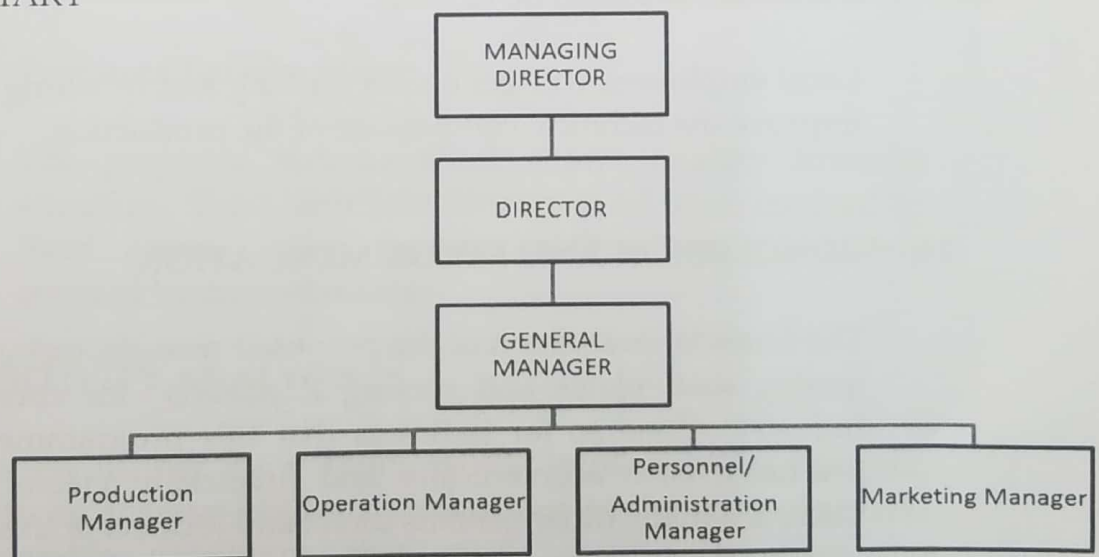
17. PROJECT MANAGEMENT

The overall management of the company is vested in the Board of Directors. Mr. Nishaz Hussein is the Managing Director of the Company; he is well versed in manufacturing of high quality steel plates and roofing Z purlins for construction Industry. The other Directors Mr. Nurmohamed Hussein and Mohamed Farid Hussein.

THE
CHART

COMPANY'S

ORGANIZATION



18. MANPOWER AND TRANSFER OF TECHNOLOGY

This project being a manufacturing of high quality steel plates and roofing Z purlins for construction Industry in its establishment programme will usher in the country new technology (Transfer of knowledge/technology). The advantages to the country are quite significant, and will get the advantage of value addition due to such incoming technology.

Further the country can reduce its dependence on importation of steel plates and roofing Z purlins etc. Hence Tanzanian will be able to purchase high quality & designs of steel plates and roofing Z purlins at a reasonable price.

The Proposed manufacturing programme will cause more people to be employed in the factory about 50 local people and these local people will benefit by increasing their income, improve their social welfare and pay taxes; 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 production.

19. CONCLUSION AND RECOMMENDATION

The financial evaluation of the proposed manufacturing of high quality steel plates and roofing Z purlins for construction Industry done 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 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 \$ 210,000 this operating year. The profit amount is expected to steadily rise to USD \$ 220,000 in year two, USD \$ 230,000 in year three and USD \$ 240,000 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 TANUK AFRICA LIMITED**

21.1 Effect of cost increase on profitability (on the basis of year II STEEL PLATES & ROOFING Z PURLINS INCOME in "000" USD \$)

Income	Costs	Increase	Profit before depreciation
615,000	395,000	%	220,000
615,000	414,750	5%	200,250
615,000	434,500	10%	180,500

21.2 Effect of STEEL PLATES & ROOFING Z PURLINS INCOME decrease/drop on profitability (on the basis of year II costs in "000" USD \$)

Income	Income Decrease	Cost	Profit before depreciation
615,000	%	395,000	220,000
584,250	5%	395,000	189,250
553,500	10%	395,000	158,500

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

M/S TANUK AFRICA LIMITED
PROJECTED INCOME STATEMENT

(Fig. USD \$ '000')

Income	Years				
	I	II	III	IV	V
Sales Income	560.0	615.0	650.0	685.0	720.0
Total Income	560.0	615.0	650.0	685.0	720.0
Utilities	150.0	150.0	150.0	150.0	150.0
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	350.0	395.0	420.0	445.0	470.0
Net Profit (pre tax and depreciation)	210.0	220.0	230.0	240.0	250.0

Appendix II

M/S TANUK AFRICA LIMITED

PROJECTED CASHFLOW STATEMENT

(Fig. USD \$ '000')

Year	I	II	III	IV	V	Total
Cash inflow						
Income from operation	210.0	220.0	230.0	240.0	250.0	1150.0
	210.0	220.0	230.0	240.0	250.0	1150.0
Cash outflow						
Wear & tear	21.0	22.0	23.0	24.0	25.0	115.0
Taxes	42.0	44.0	46.0	48.0	50.0	230.0
	63.0	66.0	69.0	72.0	75.0	345.0
Surplus cash generated	147.0	154.0	161.0	168.0	175.0	805.0

Appendix 1V

M/S TANUK AFRICA LIMITED

PROJECTED BALANCE SHEET

(Fig. in USD \$ '000')

No.	ITEM	YEAR 1	YEAR II	YEAR III	YEAR IV	YEAR V
	Source of funds					
1.	Shareholders funds	100.0	150.0	200.0	250.0	350.0
3.	Associated Cos/ Directors	60.0	100.0	100.0	100.0	100.0
4.	Current Liabilities	200.0	250.0	300.0	350.0	400.0
		360.0	500.0	600.0	700.0	850.0
	Application of funds					
1.	Fixed Assets	200.0	200.0	200.0	200.0	200.0
2.	Current Assets	160.0	300.0	400.0	500.0	650.0
		360.0	500.0	600.0	700.0	850.0