

**BUSINESS PLAN FOR THE  
IMPLEMENTATION PROGRAMME**

**OF**

**M/S CT METAL WORKS LIMITED**

**IN**

**ESTABLISHING A PROJECT FOR MANUFACTURING OF  
HIGH QUALITY STEEL PIPES, ROOFING SHEETS,  
NAILS, WIRE MESH, ALUMINIUM PROFILES AND  
ALLIED STEEL PRODUCTS**

**PREPARED BY  
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**M/S CT METAL WORKS LIMITED  
TABLE OF CONTENTS**

	Page
1. Investment Plan.....	2
2. Company's Background .....	2
3. Market Potential.....	4
4. The Company's Objectives.....	5
5. Plan/Prospects .....	6
6. Shareholders (Promoters) .....	6
7. Location.....	7
8. Capital Investment Cost .....	8
10. Financial Plan (Source of Funds) .....	9
11. Submission.....	10
12. Economic Growth.....	10
13. Competition/Market .....	11
14. Advertisement .....	11
15. Business Strategy.....	11
16. Environmental Issue.....	11
17. Project Management .....	12
18. Manpower and Transfer of Technology.....	12
19. Conclusion and Economic Analysis.....	13
20. Financial and Economic Analysis .....	13
21. Sensitivity Analysis .....	14
22. Appendix I – III.....	16 - 19

**M/S CT METAL WORKS LIMITED**

# ESTABLISHING A PROJECT FOR MANUFACTURING OF HIGH QUALITY STEEL PIPES, ROOFING SHEETS, NAILS, WIRE MESH, ALUMINIUM PROFILES AND ALLIED STEEL PRODUCTS

## 1. INVESTMENT PLAN

The investment plan has been prepared by **M/S CT METAL WORKS LIMITED** for the company's establishment programme in extensive manufacturing of high quality steel pipes, roofing sheets, nails, wire mesh, aluminium profiles and allied steel products in Kihonda - Morogoro.

The investment plan has also been prepared to give an analysis of the financial, human, technical and other resources required for the intended steel products project and also assess its economic viability and commercial viability in order to allocate funds for the implementation programme especially in acquiring Plant & machinery such as tube mill, corrugated roofing sheets machines, wire mesh machines, equipment, furnace and molding machine, moulds, Extrusion Line, 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 like processing of approvals, licenses and permits such as resident / work permits, Business License, protection of investment, arbitration and transfer of foreign currency etc

## 2. COMPANY'S BACKGROUND

**M/S CT METAL WORKS LIMITED** is a private owned company registered/ incorporated in Tanzania by Registrar of Companies under company's ordinance, on 3<sup>rd</sup> day November, 2021 with Certificate of Incorporation No: 153991252

The company was incorporated with a prime objective of manufacturing high quality steel pipes, roofing sheets, nails, wire mesh, aluminium profiles and allied steel products.

The company determines to increase production capacity of high quality steel pipes, roofing sheets, nails, wire mesh, aluminium profiles and allied steel products by increasing production & marketing and at the same time improve the quality of company's steel products.

The main purpose of the proposed steel products project is to increase the production capacity to correspond with the growing demand especially to modern construction/ Real estate sector. The quality of company's steel products will guarantee customer satisfaction in proposed programme.

There is an extensive market to absorb all the steel products. It is on the basis of the above reasons the management resolved to invest in setting up Plant/ machinery (tube mill, corrugated roofing sheets machines, wire mesh machines) in manufacturing of high quality steel pipes, roofing sheets, nails, wire mesh, aluminium profiles and allied steel products.

In the establishment programme, the proposed steel products manufacturing project will import and install modern and sophisticated plant and machinery and use of new foreign technology.

Hence the establishment programme of three years in setting up facilities for manufacturing of high quality steel pipes, roofing sheets, nails, wire mesh, aluminium profiles and allied steel products is estimated to be USD 1,000,000. The estimated capital investment cost of USD 1,000,000 will be on new and modern plant, machinery, tube mill, corrugated roofing sheets machines, wire mesh machines, moulds, equipment, generators, utility vehicles and other expenses.

### **3. MARKET POTENTIAL**

There is very big market potential for the manufactured steel products which will be needed in the market. Therefore, there is high demand of the steel products to modern construction/ real estate sector. And the market is growing day by day especially by the contactors/ engineers, construction companies and individuals in urban as well as in rural area etc.

The steel pipes, roofing sheets, nails, wire mesh, aluminium profiles and allied steel products can be used in construction of houses, buildings, bridges etc.

The recent market survey undertaken by the company has realized that there is high demand for steel pipes, roofing sheets, nails, wire mesh, aluminium profiles and allied steel products in urban as well as rural areas. Now days people are constructing modern houses.

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

The company also expects to increase export of the steel products to the neighboring countries such as Kenya, Uganda, Malawi, Burundi, Zambia, Rwanda, Mozambique etc especially in this establishment programme.

### **4. THE COMPANY'S OBJECTIVES**

**M/S CT METAL WORKS LIMITED** is a project for manufacturing high quality steel pipes, roofing sheets, nails, wire mesh, aluminium profiles and allied steel products.

The mission of proposed project is basically aimed at production and marketing of the steel products for local and export market in order to achieve the following objectives.

- ❖ Export will bring foreign earnings,
- ❖ To foster the growth of steel industry in Tanzania.
- ❖ To reduce dependence on external sources for importation of steel products.
- ❖ To promote local markets for locally steel pipes, roofing sheets, nails, wire mesh, aluminium profiles and allied steel products
- ❖ To promote construction/ real estate sector in modern ways.
- ❖ 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 of steel products.

### 6. SHAREHOLDERS (PROMOTERS)

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

No	Name of Shareholders	No. of Shares	Nationality	% shareholding structure
1.	CT Group Limited	1500	Tanzanian	30%
2.	You Zhou	2000	Chinese	40%
3.	Mhoja Nkwabi Kabalo	1000	Tanzanian	20%
4.	Sunil Ramanlal Mistry	500	Tanzanian	10%
	<b>TOTAL</b>	<b>5000</b>		<b>100%</b>

Therefore, the authorized capital of the company is Tshs. 1,000,000,000/= divided into 10,000 ordinary shares of Tshs. 100,000/= 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 Plot No. 975 , Block E. Kihonda Industrial Area - Morogoro Urban District/ Morogoro. Postal Address P. O. Box 38678 Dar Es Salaam.

## **8. COMPANY'S IMPLEMENTATION SCHEDULE**

### **8.1 JANUARY - 2022**

- Preparing feasibility study for the manufacturing of high quality steel pipes, roofing sheets, nails, wire mesh, aluminium profiles and allied steel products.
- Registration of the proposed steel products project with Tanzania Investment Centre i.e. Application for the Certificate of incentives.
- Getting Certificate of Incentives

### **8.2 FEBRUARY - 2022**

- Application for Tax exemption on CAPITAL/ DEEMED CAPITAL GOODS after being awarded certificate of incentives in the Establishment Programme.
- Ordering/Importing Plant and machinery such as Tube Mill, moulds, equipment, tools, generators, transformer, utility vehicles and raw materials etc.
- Clearing the CAPITAL/DEEMED CAPITAL GOODS from customs control (at the Port and Airport).

### **8.3 MARCH- 2022**

- Installing the plant and machinery.
- 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 \$	150,000
Plant/Machinery	USD \$	450,000
Vehicles	USD \$	150,000
Furniture and Fittings	USD \$	-
Pre-expenses	USD \$	100,000
Other expenses	USD \$	50,000
Working Capital	USD \$	100,000
<b>TOTAL CAPITAL</b>	<b>USD \$</b>	<b><u>1,000,000</u></b>

The proposed programme in extensive manufacturing of high quality steel pipes, roofing sheets, nails, wire mesh, aluminium profiles and allied steel products suitable for construction/ real estate will be implemented within 3 years. The company's promoters (shareholders) have resolved to register the steel Project with Tanzania Investment Centre (TIC) and securing the certificate of incentives.

## 10. FINANCIAL PLAN (SOURCE OF FUNDS)

**M/S CT METAL WORKS LIMITED** has firmed up finances for the implementation programme by its own foreign fund and loan: -

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

TOTAL

USD \$ 1,000,000

11. LIST OF MACHINERY & EQUIPMENT

- STEEL PRODUCTS MANUFACTURING PLANT & ACCESSORIES such as tube mill, corrugated roofing sheets machines, wire mesh machines,
- Furnace, extruding machines, moulds
- Transformer,
- Generators,
- Folklifts,
- etc

12. PLANT LAYOUT

*RAW MATERIALS*

*I*

*FURNACE HEATING*

*I*

*EXTRUDING-MOULDING -PRODUCTION*

*I*

*CUTTING & GRADING*

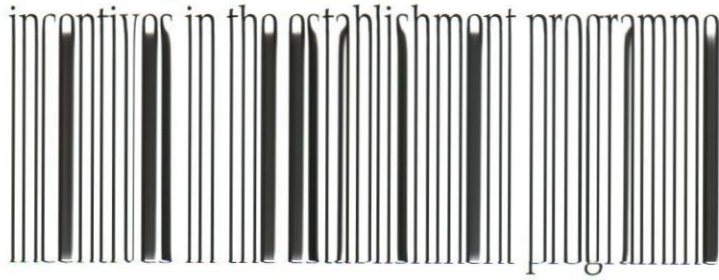
*I*

*PACKING UNIT*

13. SUBMISSION

M/S CT METAL WORKS LIMITED wishes to submit its investment plan and application to Tanzania Investment Centre

(TIC) its proposal for registration and award of certificate of



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 pipes, roofing sheets, nails, wire mesh, aluminium profiles and allied steel products. The Project will enjoy tax exemption on CAPITAL/ DEEMED CAPITAL GOODS

#### **14. ECONOMIC GROWTH**

Positive economic growth which had been registered in Tanzania, as well as investment in Real estate, commercial building and construction of bridges have resulted more investments in manufacturing of high quality steel pipes, roofing sheets, nails, wire mesh, aluminium profiles and allied steel products which are suitable for construction, Real Estate sector& commercial building. The economic growth has influenced establishment of steel industries. The demand for steel products for construction (Real Estate) is growing day by day.

#### **15. COMPETITION/MARKET**

Despite there being numbers of manufacturers and importers of steel pipes, roofing sheets, nails, wire mesh, aluminium profiles and allied steel products still the supply is not enough compared to the level of demand.

However, the proposed steel products project intends to dominate the local and export market because of goodwill & high quality products .

## **16. 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.

## **17. 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.

## **18. ENVIRONMENTAL ISSUE**

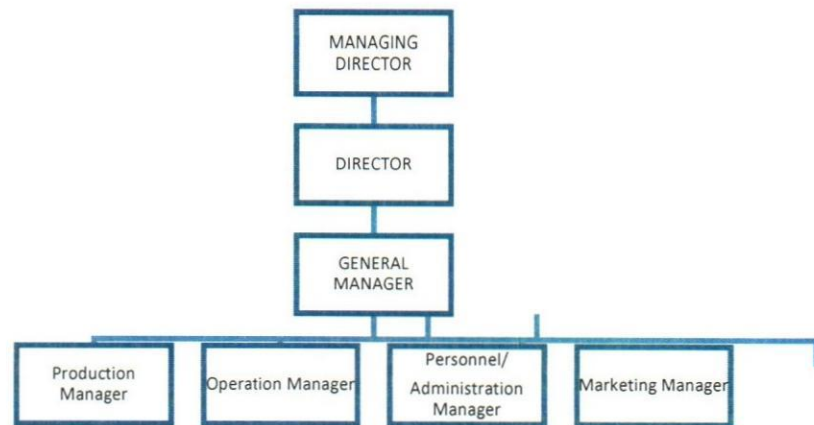
The manufacturing processes and the whole project is environmental friendly. The manufacturing process of high quality steel pipes, roofing sheets, nails, wire mesh, aluminium profiles and allied steel products will not cause any harm to people or environment. The pieces or unwanted materials will be recycled in the process.

## **19. PROJECT MANAGEMENT**

The overall management of the company is vested in the Board of Directors. Mr. Mhoja Nkwabi Kabalo is the Managing Director of the Company assisted by Mr. Hai Guo They are

both well versed in business especially the manufacturing of high quality steel products. The other Directors are You Zhou and Sunil Ramanlal Mistry.

## THE COMPANY'S ORGANIZATION CHART



### 20. MANPOWER AND TRANSFER OF TECHNOLOGY

This project being a manufacturing of high quality steel products in its establishment programme will usher in the country technology (Transfer of knowledge). 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 pipes, roofing sheets, nails, wire mesh, aluminium profiles and allied steel products etc. Hence Tanzanian will be able to purchase high quality steel products at affordable price.

The Proposed steel products manufacturing programme will cause more people to be employed in the factory initially about 30 local people who will increase 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.

## **21. CONCLUSION AND RECOMMENDATION**

The financial evaluation of the proposed steel products project 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.

## **22. FINANCIAL AND ECONOMIC ANALYSIS**

### **22.1 Projected Profit and Loss Account**

The company envisages generating a profit of USD \$ 120,000 this operating year. The profit amount is expected to steadily rise to USD \$ 140,000 in year two, USD \$ 160,000 in year three and USD \$ 180,000 in year four.

### **22.2 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.

### **22.3 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.

### 23. 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 CT METAL WORKS LIMITED

#### 23.1 Effect of cost increase on profitability (on the basis of year II STEEL PRODUCT INCOME in "000" USD \$)

Income	Costs	Increase	Profit before depreciation
535,000	395,000	%	140,000
535,000	414,750	5%	120,250
535,000	434,500	10%	100,500

#### 23.2 Effect of STEEL PRODUCT income decrease/drop on profitability (on the basis of year II costs in "000" USD \$)

Income	Income Decrease	Cost	Profit before depreciation
535,000	%	395,000	140,000
508,250	5%	395,000	113,250
481,500	10%	395,000	86,500

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 CT METAL WORKS LIMITED  
PROJECTED INCOME STATEMENT**

**(Fig. USD \$ '000')**

Income	Years				
	I	II	III	IV	V
Sales Income	470.0	535.0	580.0	625.0	670.0
<b>Total Income</b>	<b>470.0</b>	<b>535.0</b>	<b>580.0</b>	<b>625.0</b>	<b>670.0</b>
Utilities	150.0	150.0	150.0	150.0	150.0
Salaries and wages	40.0	50.0	50.0	50.0	50.0
Transportation/fuel	20.0	25.0	30.0	35.0	40.0
Administrative Expenses	100.0	120.0	130.0	140.0	150.0
Other Expenses	40.0	50.0	60.0	70.0	80.0
<b>Total Expenditure</b>	<b>350.0</b>	<b>395.0</b>	<b>420.0</b>	<b>445.0</b>	<b>470.0</b>
Net Profit (pre tax and depreciation)	120.0	140.0	160.0	180.0	200.0

## Appendix II

### M/S CT METAL WORKS LIMITED

### PROJECTED CASHFLOW STATEMENT

(Fig. USD \$ '000')

<b>Year</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>	<b>Total</b>
<b>Cash inflow</b>						
Income from operation	120.0	140.0	160.0	180.0	200.0	800.0
	<b>120.0</b>	<b>140.0</b>	<b>160.0</b>	<b>180.0</b>	<b>200.0</b>	<b>800.0</b>
<b>Cash outflow</b>						
Interest payments	20.0	16.0	12.0	8.0	4.0	60.0
Loan re-payment	40.0	40.0	40.0	40.0	40.0	200.0
Wear & tear	10.0	12.0	14.0	16.0	18.0	70.0
Taxes	10.0	10.0	10.0	10.0	10.0	50.0
	<b>80.0</b>	<b>78.0</b>	<b>76.0</b>	<b>74.0</b>	<b>72.0</b>	<b>380.0</b>
<b>Surplus cash generated</b>	<b>40.0</b>	<b>62.0</b>	<b>84.0</b>	<b>106.0</b>	<b>128.0</b>	<b>420.0</b>

### Appendix III

#### M/S CT METAL WORKS LIMITED

#### PROJECTED LONG TERM LOAN REPAYMENT

(Fig. in USD \$ '000')

	<b>Repayment</b>			
<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Amount</b>
<b>O</b>				200.0
<b>I</b>	40.0	20.0	60.0	160.0
<b>II</b>	40.0	16.0	56.0	120.0
<b>III</b>	40.0	12.0	52.0	80.0
<b>IV</b>	40.0	8.0	48.0	40.0
<b>V</b>	40.0	4.0	44.0	0

**Appendix 1V**

**M/S CT METAL WORKS LIMITED**

**PROJECTED BALANCE SHEET**

**(Fig. in USD \$ '000')**

<b>No.</b>	<b>ITEM</b>	<b>YEAR 1</b>	<b>YEAR II</b>	<b>YEAR III</b>	<b>YEAR IV</b>	<b>YEAR V</b>
	<b>Source of funds</b>					

1.	Shareholders funds	100.0	150.0	200.0	250.0	350.0
2.	Long term Loan	60.0	56.0	52.0	48.0	44.0
3.	Associated Cos/ Directors	100.0	100.0	100.0	100.0	100.0
4.	Current Liabilities	200.0	250.0	300.0	350.0	400.0
		<b>460.0</b>	<b>556.0</b>	<b>652.0</b>	<b>748.0</b>	<b>894.0</b>
	<b>Application of funds</b>					
1.	Fixed Assets	300.0	300.0	300.0	300.0	300.0
2.	Current Assets	160.0	256.0	352.0	448.0	594.0
		<b>460.0</b>	<b>556.0</b>	<b>652.0</b>	<b>748.0</b>	<b>894.0</b>