

AIM STEEL LIMITED

BUSINESS PLAN

FOR

ESTABLISHMENT

OF

REINFORCED MESH PROJECT

Plot No. 4, Mbezi Industrial Area,
New Bagamoyo Road,
Kinondoni Municipality,
DAR ES SALAAM

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AIM STEEL LIMITED

SETTING UP FACILITIES FOR OPERATING A REINFORCED MESH PROJECT.

1 INVESTMENT PLAN

1.1 Executive Summary

AIM Steel Ltd is a domestic company limited by shares registered in Tanzania under the Companies Ordinance (CAP 212) now Companies Act, 2002 with Certificate of Incorporation number 38214 given in October 1999. The company has complied with all legal requirements and obtained all necessary certificates including, but not limited to Certificate of incorporation number 38214, TIN certificate number 1655582, Tax clearance certificate for the year 2023 number 401-0151-1499 and Business license number 3903076.

1.2 Company Background

1.2.1 AIM STEEL LIMITED is a private company based in Arusha, and was incorporated on Tanzania by Registrar of Companies under company ordinance on 28 day of October 1999 with certificate of incorporation No; 38214. The company has been incorporated with a major objective of establishing and operating a project for manufacturing iron and steel processing.

1.2.2 Currently the company intends to do manufacturing facilities for steel in this project such as manufacturing iron, steel, and other machinery etc.

1.2.3 The main purpose of the proposed project is to undertake the business to correspond with the clients of AIM STEEL LIMITED products especially in this competitive market. The quality of company business will guarantee clients satisfaction in proposed programmer.

1.2.4 There is a very big demand for such facility in Tanzania, East and central Africa to serve client needs, the project services will be efficiently provided by AIM STEEL LIMITED. It is on the basis of the above reasons the management resolved to invest in establishing and operating a project for the manufacturing business. In setting up the facility, the intended project will export manufactured products.

1.2.5 Hence the establishment programmer of three years, in setting up facilities for the project is estimated to be USD 5,500,000. The estimated capital investment cost of USD 5,500,000 will be on trucks, tractors, pickups, hardtop, fork lift, trailers, forklifts, crane, reach stacker, communication equipment, workshop equipment, generators etc.

1.3 Targeted Market

There is very big demand for the project business in Tanzania and the whole of East and central Africa especially in developing places that require this as materials for building.

1.4 Business with Far Region in Tanzania Mainland

In Tanzania Mainland there are far places or very remote with poor roads and acute shortage of this facility. And another reason is the growth of business in remote areas. There will need merchandise to reach them where the source of business is required.

1.5 Economic Growth

The economic growth influenced such movement of goods especially industries and businessmen as the demand is growing day by day for the increased imported goods.

The AIM STEEL LIMITED intends to increase the project production. The company is registered in the country under the companies Act, 2002. The project promoter is a well-established business personal who is to carry out various businesses majoring in iron and steel manufacturing. Having seen the opportunity of exercising in this business the directors are now prepared to establish a manufacturing project.

1.6 Manufacturing Transportation Facilities

- Fleet of trucks, tractors, fuel tankers, Tipper
- Supporting vehicles such as hardtops and pickups,
- Cargo handling equipment; forklift, reach stackers, cranes
- Communication equipment; Radio calls, Base station, GPS, car tracking systems.
- -workshop Equipment, generators.

2 THE COMPANYS OBJECTIVES

AIM STEEL LIMITED is a project for manufacturing business in Tanzania Mainland and the whole of East and Central Africa. The mission of proposed project is basically aimed at manufacturing business and marketing or promotion of the project in order to increase

customers from Tanzania Mainland and neighboring countries to achieve the object of carrying on the business of manufactures of iron, steel, agriculture implements and other machinery, tool makers, brass founders, iron founders, iron founders, metal fabricators, metal workers, iron and steel, convertors, mechanical engineers etc and to carry on the business as general traders, to import, export, to buy, sell and deal in all types of merchandise, goods, articles, commodities etc.

3 PLAN OR PROSPECTS

- a) Smooth running of the steel manufacturing business.
- b) For efficient and effectiveness in operation and increase of the project business to neighboring countries and hence resulting foreign earnings in addition to the prevailing local market.
- c) To increase more facilities for the project work machinery with introduction of new technology.
- d) To increase the volume of the project or capacity of the project to be processed in the manufacturing.

4 PLAN OBJECTIVES

The investment proposal was prepared to show clearly an analysis of the financial, human, technical and other resources required for the project and also assess its economic viability and commercial viability in order to allocate funds for the manufacturing in the project especially in selling of the manufacturing materials. The document has been prepared to serve as a business plan for AIM STEEL LIMITED for the operator project specializing in manufacturing processing. The implementation of the project will comprise of the following activities:

- Construction or renovation of buildings with enough space.
- The construction of a modern office and
- Purchasing CCTV and communication equipment.
- Equipping the company with relevant facilities.
- The purchasing of company vehicles.

The proposed project is estimated to cost about TZS 1,500,000,000. The project sponsors will provide full funding amounting TZS 1,000,000,000 in terms of equity contribution while the rest TZS 500, 000, 000 will be re investment of cash generated from operations.

5 THE PROJECT PROMOTERS

The shareholders of this project are all entrepreneurs with a diverse professional and business backgrounds. The company is owned by 4 shareholders, namely;

NAME, POSTAL ADDRESS AND DESCRIPTION OF SUBSCRIBERS	NUMBER OF SHARES TAKEN	NATIONALITY
KANUBHAI RAMESHWER PATEL P.O BOX 530 ARUSHA (TANZANIA)	500	TANZANIAN
KANAKLATA KANUBHAI PATEL P.O BOX 530 ARUSHA (TANZANIA)	300	TANZANIAN
VIRAN KANUBHAI PATEL P.O BOX 530 ARUSHA (TANZANIA)	100	TANZANIAN
NIKHIL KANUBHAI PATEL P.O BOX 530 ARUSHA (TANZANIA)	100	TANZANIAN

6 PROJECT LOCATION:

The project head quarter and the operation of a manufacturing plant location will be in Dar es Salaam at Plot No. 4, Mbezi Industrial Area, along New Bagamoyo Road, Kinondoni, Municipality, Dar es Salaam Region, Tanzania.

7 IMPLEMENTATION SCHEDULE

7.1 March - 2023

- a) Preparing feasibility study for the land space and the project area.
- b) Registration of the project with Tanzania Investment Centre i.e Application for the Certificate of Incentives.
- c) Getting the Certificate of Incentives.

7.2 April-2023

- a) Application for import Duty exemption on trucks, tractors, lorries, supporting vehicles, workshop equipment, communication equipment, cargo lifting-equipment after being awarded certificate of incentives in the establishment programmer.
- b) Ordering or exporting the graphite substance and importing of cargo lifting equipment, generators, transformers etc.

7.3 May-2023

- c) Recruiting new employees, turn boys, mechanics and other administration staff.
- d) Fully commencement of the project and the manufacturing process.

8 CAPITAL INVESTMENT COST

8.1 Costs and Estimate Value

SN	Item	Description	Amount (In USD)
1	Investment Costs	Investment Cost	1,500,000.00
		Working Capital	1,500,000.00
		Total	3,000,000.00
2	Cost & Estimate Revenue Loss	Estimate of total annual revenue	6,000,000.00
		Total Operational Expenses of Project (Annual)	1,500,000.00
		Interest of bankFacilities	7%
		Commissioning cost 10% materialTotal annual depreciation expenses	
		Annual Income Tax 30%	
		Total Profit & Loss: (Annual)	
3.	Project Fixed Capital	The costs before commissioning	1,500,000.00
		Land & Landscaping	1,500,000.00
		Civil & Building Implement	0.00
		Machinery, Office, Workshop & Lab Supplies	500,000.00
		Total	3,500,00.00

4.	The costs before commissioning	Costs before commissioning including feasibility study, periodical visits, acquiring investment permits, technology, TIC License of Incentive, Environment License, EWURA, Port Authority (TPA), Municipality, Road Administrative etc	250,000.00
		Training Before Commissioning	15,000.00
		Total	265,000.00
5.	Land and Land Scaping	Project Land	1,000,000.00
		Landscaping Technical & Production Area)	500,000.00
		Total	1,500,000.00
6.	Machinery, Workshop & Lab Supplies	Spare Part	1,100,000.00
		Electricity	1,100,000.00
		Total	2,200,000.00
7.	Salary and Wages	Engineers	20,000
		Operators	15000
		Other Staffs	80,000
		Total	115,000.00

8.2 Fixed capital depreciation

S/N	Description	Production (Estimated)	Unit Price (USD)	Amount (USD)
1.	Production Average	6000 T	1000	6,000,000
Total Cash Income				6,000,000
Deduction (Current Costs)				5,000,000
Deduction (Depreciation Costs)				5,000,000
Deduction (Banking Fees 12%)				250,000
Net Profit (USD):				250,000

8.3 PERIOD OF INVESTMENT & CAPITAL RETURN

1.	Period of Investment & Capital Return	Purchase of machinery, equipment, transport, set-up and putting into operation	1 year
		Commissioning, trial operation, financing & administrative affairs	1 year
		Settling the principal with interest	1 year
		Capital Annual Rate	1 year

9 PROJECT FINANCING

Description	Total (USD)	Banking Loan	Customer Share
Fixed Costs of Project	3,000,000.00	2,000,000.00	1,000,000.00
Cost of Circulating Capital 15% of Current Expenses	-	-	-
Total	3,000,000.00	2,000,000.00	1,000,000.00

The intended project is to be implemented within 1 year. The company promoters (shareholders) have resorted to register the project with Tanzania Investment Center (TIC) and securing the certificate of incentives.

10 FINANCIAL PLAN (SOURCE OF FUNDS)

AIM STEEL LIMITED has firmed up finances for the implementation programmer by its fund and Loan.

Own fund (equity)	USD \$ 8,000,000
Local loan	<u>USD \$ 5,000,000</u>
TOTAL	USD \$ 1,300,000

11 IRON AND STEEL MANUFACTURING PROCESS

- a) Trucks and Cranes
- b) Weigh bridge, Generators, Transformer
- c) Pickups and Folk-lift.
- d) Mobile workshop, Tools boxes
- e) GPS AND car Tracking system

f) Earth-boring and Smelting of iron

g) Refining of iron and steel

12 SUBMISSION

12.1 AIM STEEL LIMITED submits the investment proposal and application to the Tanzania Investment Centre (TIC) for registration and award of certificate of Incentives for the commencement of the manufacturing project.

12.2 The project will soon commence after the company is registered by Tanzania Investment Centre and being issued the Certificate of Incentives. Thereafter the company will import the project facilities such as, trucks and lorries, heavy duty machines, cargo handling equipment, generators, transformer, Certificate of Incentives will enable the project to qualify for Duty exemptions on Capital and Deemed Capital Goods etc.

13 ECONOMIC GROWTH

The current economic growth which had been registered in Tanzania, as the result of investment, business and manufacturing have attracted more investments as well as processing and business in the Tanzania such as the intended manufacturing project. The economic growth influenced such movement of goods especially industries and business as the demand is growing day by day for the increased production.

14 COMPETITION OR MARKET

Despite there being numbers of other steel manufacturing companies in Tanzania, still the facility is not enough compared to the level of demand.

However, the intended project will provide trustworthy, efficient and quality services to dominate the local and export market. Because the project is to ensure high quality, promptness and goodwill.

15 ADVERTISEMENT

Advertisement which forms part of the marketing-strategy will be embarked upon in the newspapers, street banners and later on in the television in a manner benefiting the promotional role of any company or private institutions.

16 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.

- (i) Technology and quality fleet of vehicles.
- (ii) Advertisement and Promotion,
- (iii) Employing qualified and experienced drivers, mechanics,
- (iv) On job training,
- (v) Business Discipline.

17 ENVIRONMENTAL ISSUE

The manufacturing project business and the whole project implementation is environmentally friendly. The workshop activities of services will not cause any harm to people.

18 PROJECT MANAGEMENT

The overall management of the company is vested in the Board of Directors. Mr. KANUBHAI RAMESHWER PATEL, KANAKLATA KANUBHAI PATEL, VIRAN KANUBHAI PATEL and NIKHIL KANUBHAI PATEL are the shareholders of the company. They are well versed in distribution of the business.

19 MANPOWER AND TRANSFER OF TECHNOLOGY

19.1 AIM STEEL LIMITED being the manufacturing project in its commencement will usher in the technology by using modern workshop activities. The advantages to the country are quite significant, and will get the advantage of value addition due to such in coming technology.

19.2 Further the country can reduce its dependence on the manufacturing project from neighboring countries, hence Tanzania business men, famers.

19.3 The proposed project will cause more people to be employed in as drivers, turn boys, mechanic, security guards, accountant, logistic manager and about 100 local people and 2 foreigners will increase their income, improve their social welfare and pay-taxes; it is poverty alleviation programmer to them.

19.4 Local employees will get on training for manufacturing in a long run will improve the technical competence in the project.

20 CONCLUSION AND RECOMMENDATION

20.1 The financial evaluation of the project done so far indicates that this project will be profitable both economically and financially viable venture. There are many other benefits directs and indirect of this project.

20.2 The management being experienced businessmen possesses ample managerial capabilities in various business disciplines.

20.3 Based on the above factors, it is recommended that the company should be granted the certificate of incentives for the implementation of the project so that the project will operate and enjoy tax exemption on capital and deemed goods and increase its production capacity.

21 FINANCIAL AND ECONOMIC ANALYSIS

21.1 Projected Profit and Loss Account;

The company envisages generating a profit of USD \$ 250,000 this operating year. The profit amount is expected to steadily rise to USD \$ 260, 000 in year two, USD \$270,000 in year three and USD \$280,000 in year four.

21.2 Projected cash flows;

The projected cash flows for the next five years indicate that the company will have enough funds to service and repay the loan and interest payments. Hence the financial obligations will be met in a timely fashion.

21.3 Proposed balanced sheet;

The projected balance sheet shows healthy financial situation. Short term liabilities are all times covered by fixed assets. Also, current liabilities are adequately covered by current assets.

22 SENSITIVITY ANALYSIS

22.1 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 AIM STEEL LIMITED.

22.2 Effect of cost increase on profitability (on the basis of year II AIM STEEL LIMITED. INCOME in “.....” USD \$)

INCOME	COSTS	INCREASE	PROFIT BEFORE DEPRECIATION
760,000	500,000	5%	260,000
760,000	525,000	5%	235,000
760,000	550,000	10%	210,000

22.3 Effect of AIM STEEL LIMITED. INCOME decrease/ drop on profitability (on the basis of year II costs in “.....” USD \$)

INCOME	INCOME DECREASE	COST	PROFIT BEFORE DEPRECIATION
760,000	%	500,000	260,000
722,000	5%	500,000	222,000
684,000	10%	500,000	184,000

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.

APPROVED with the SIGNATURE of the Managing Director and OFFICIAL STAMP this 02nd January, 2023.

Sincerely Yours,


 MANAGING DIRECTOR
 AIM STEEL LIMITED



AIM STEEL LIMITED
PROJECTED INCOME STATEMENT

(Fig. USD \$ '000')

INCOME	1 st year	2 nd year	3 rd year	4 th year	5 th year
Sales Income	720.0	760.0	800.0	850.0	900.0
Total Income	720.0	760.0	800.0	850.0	900.0
Utilities	150.0	150.0	150.0	150.0	150.0
Salaries and wages	80.0	85.0	90.0	100.0	110.0
Transportation/fuel	100.0	105.0	110.0	120.0	130.0
Administrative					
Expenses	100.0	110.0	120.0	130.0	140.0
Other Expenses	40.0	50.0	60.0	70.0	80.0
Total Expenditure	470.0	500.0	530.0	570.0	610.0
Net Profit (pre tax and depreciation)	250.0	260.0	270.0	280.0	290.0

AIM STEEL LIMITED
PROJECTED CASHFLOW STATEMENT

(Fig. USD \$ '000')

YEAR	I	II	III	IV	V	TOTAL
Cash inflow						
Income from operation	250.0	260.0	270.0	280.0	290.0	1350.0
Cash outflow	250.0	260.0	270.0	280.0	290.0	1350.0
Interest payments	50.0	45.0	40.0	35.0	30.0	200.0
Loan re-payment	50.0	50.0	50.0	50.0	50.0	250.0
Wear and 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
	120.0	117.0	114.0	111.0	108.0	570.0
Surplus cash generated	130.0	143.0	156.0	169.0	182.0	780.0

AIM STEEL LIMITED
PROJECTED LONG TERM LOAN REPAYMENT

(Fig. in USD \$'000')

YEAR	PRINCIPAL	INTEREST	TOTAL	AMOUNT
0				500.0
I	50.0	50.0	100.0	450.0
II	50.0	45.0	95.0	400.0
III	50.0	40.0	90.0	350.0
IV	50.0	35.0	85.0	300.0
V	50.0	30.0	80.0	250.0
VI	50.0	25.0	75.0	200.0
VII	50.0	20.0	70.0	150.0
VIII	50.0	15.0	65.0	100.0
IX	50.0	10.0	60.0	50.0
X	50.0	5	55.0	00.0

AIM STEEL LIMITED
PROJECTED BALANCE SHEET

(Fig. in USD \$ '000')

NO.	ITEM	YEAR I	YEAR II	YEAR III	YEAR IV	YEAR V
	Source of Funds					
1.	Shareholders' funds	100.0	150.0	200.0	250.0	350.0
2.	Long Term Loan	100.0	95.0	90.0	85.0	80.0
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
		500.0	595.0	690.0	785.0	930.0
	Application of funds					
1.	Fixed Assets	300.0	300.0	300.0	300.0	300.0
2.	Current Assets	200.0	295.0	390.0	485.0	630.0
		500.0	595.0	690.0	785.0	930.0