KILIMANJARO ROLLING MILL LIMITED

BUSINESS PLAN

FOR SETTING UP

A PLANT FOR MANUFACTURING OF IRON AND STEEL IN KIGAMBONI, DAR ES SALAAM.

EFFECTIVE FROM: 2024/2029

Prepared by:
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KILIMANJARO ROLLING MILL LIMITED

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1. CHAPTER I: INTRODUCTION

This feasibility study report is being prepared for setting up a concrete pole plant and concrete products manufacturing at P.O. Box 1688 DAR ES SALAAM – TANZANIA. The promoters are well experienced in the envisaged line of business. The promoters have enough financial resources to see through the project and will bring in foreign exchange right from the inception stage of the project.

The purpose of this study is to assess the commercial viability and operational feasibility of the project being undertaken by Kilimanjaro Rolling Mill Limited. Most of the data has been complied by the promoters' own research and study in Tanzania and is first-hand information. The financials have also been worked out on the basis of market and cost information provided by the promoters of the project.

This report has additionally deliberated upon the social and related economic benefits (net) that will accrue to the nation and has given adequate weight age for the same in the conclusion & recommendation paragraph.

2. CHAPTER II: BRIEF INTRODUCTION TO THE COMPANY

Kilimanjaro Rolling Mill Limited is a limited liability private company based in Tanzania and dully registered at the Business Registration and Licensing Agency (BRELA) with the registration number **174-103-216-831** that was issued on **24th April, 2024**. The principal business for which the company was established is manufacturing of building materials. Nature of the Company: Private Owned Company and Industrial Category: Manufacturing, light industry.

Kilimanjaro Rolling Mill Limited will acquire high level technical staff and management team, complete and sophisticate productive processes and technologies which keep pace with world level development. The company will therefore be capable enough to execute effective control over production and execute efficiently according to market demand. Complete management system guarantees regular operation of the company. The company is capable enough to face any quality control system and obtain any certificate in quality control.

3. CHAPTER III. BUSINESS DEVELOPMENT PLAN

3.1 Environment Investment of Tanzania

Kilimanjaro Rolling Mill Limited is going to invest and set up a mixing plant in United Republic of Tanzania particularly Dar es Salaam, which is a beautiful city, with convenient transportation in terms of airport, berths and expressway rich human resources and complete infrastructure. Preferential investment policies, stable social order and friendly people combine to forge sound investment environment for us. It is for above mentioned factors that Dar es Salaam was selected to set up a factory therefore **Kilimanjaro Rolling Mill Limited** was established to operate a long-term business Projects to support the industrialization Policy of this beautiful land.

We invest in Tanzania for its optimistic market prospect. The government of Tanzania requires that high quality concrete products should be applied in all civil construction, which indicates great market potential. Our product, upon entrance into Tanzania market will meet such increase of demand.

We do believe that what makes investors more confident is that government of Tanzania through its industrialization policies providing preferential to foreign investment and has done a lot to ensure social-economic growth and political stability is achieved. We have learnt that many of inspected and approved enterprises may enjoy tax exemption subsidies and have a lot to gain from Tanzania Investment Centre with certain proportion of the investment.

3.2 Investment Program

Upon sufficient investigation in the Tanzanian market, we made the decision to invest in concrete products in Dar es Salaam to help those building contractors, civil contractors road contractors, dam contractors, and warehouse builders etc. always get high quality materials.

The total Amount of Investment

The total amount of investment is **USD 1,000,000** of which **all** will be foreign equity.
We are in the registration stage with the Tanzania Investment Center (TIC) and We anticipate to commence production of the building material once We have completed the TIC procedures and after obtaining all the required permits. We also expect to import some of the machinery and construction equipment from China.

3.3 Personnel Training Program

Currently, we engage in processing of concrete products, which is particular and professional in China. Our management and production staff can go into function only when they grasp certain professional skills. So professional training on different levels is necessary for management staff. All equipment, technology and skills will be imported from China. (Unavailable in Tanzania at present) Strict procedures and safety regulations must be observed in operating the equipment which requires special training of the operating team.

3.4 Elementary Training

All recruited staff should be trained in a 10 day routine training course for the following contents: management program, which provides organizational structure and management process of the factory, function of each section, where to go for different issues and how; training on work discipline and regulations, which provides detailed information on discipline and regulations, personal acts should be regulated in the factor and disciplinary measures will follow up when violation occurs; training on security and environment protection to let the staff know connotation thereof, how to protect the environment of the factory and how to work in a good manners.

3.5 Intermediate Training

Special training courses will be offered to employees at different posts during 120 to 180 days.

3.5.1.1 Training on Technical Process

This is to let the employees know the overall technical process and know the role of each step. Training on how to operate should be given to major operators and operators at crucial posts. The trained worker is required to be able to grasp the technical skills of his post and should work on his own under the guidance of his trainer.

3.5.1.2 Training on Secured Operation and Equipment Maintenance

This is to let the workers completely grasp essentials of secured operation and know performance of the equipment as well as how to do regular maintenance for the equipment.

3.5.1.3 Training on Management

This is to train the new management staff in responsibility, standard, management process and so on to let them be able to do their work smoothly.

3.6 Advanced Training

We shall select some crucial local staff operators who have passed the intermediate training and who are smart and responsible to visit China for more systematic training to become completely independent, proficient and be able to work on demand as a group or a team. These will function as examples to promote the quality of the rest of staff members. We shall also select some mid-and-high level management workers to come to China for a training course so that they can shoulder the work of a department or certain sector and execute effective control over different steps of the whole process.

Kilimanjaro Rolling Mill Limited regards staff training, a very important part of management which is programmed work. Planned and scheduled training will be arranged in different stages of management. Contents and examination results will be recorded into profiles after each course to count in work position promotion.

3.7 Development Trend of the Enterprise

3.7.1.1 The Development Trend of Energy Saving, Environment Friendly and More Secure

Modern architecture of Tanzania has been greatly improved or say popularized. At present, color steel tile further processing is relatively backward. We enter the market with high tech equipment which is currently not available on the market.

Our company will have advanced equipment and unique technologies to produce concrete products to meet varied demands in the construction market for all parts of the country and we expect to have branches in various strategic regions.

Our development trend is to become more energy saving, environment protecting and secure.

3.7.1.2 Development Trend of Professional and Scaled Production

The construction industry is one of the most important sectors of the world. The development of construction market requires concrete products producers to become more professional and promote computerized level to accord with international market. China's concrete products manufacturing industry is keeping pace with world level. China production scale of concrete products ranks top in the world.

Our company keeps pace with domestic and international counterparts with advanced and professional equipment, characterized professional technologies and first class management team. We have the capacity of large scaled and professional production to satisfy the demand of development Tanzania's construction industry. Our company has matured technologies and concerning professional equipment in this sector. At the same time, the sales channel can be widened to other countries through present export channels and sales network.

The development trend of professionalized scaled production is the pillar of stable development of our company.

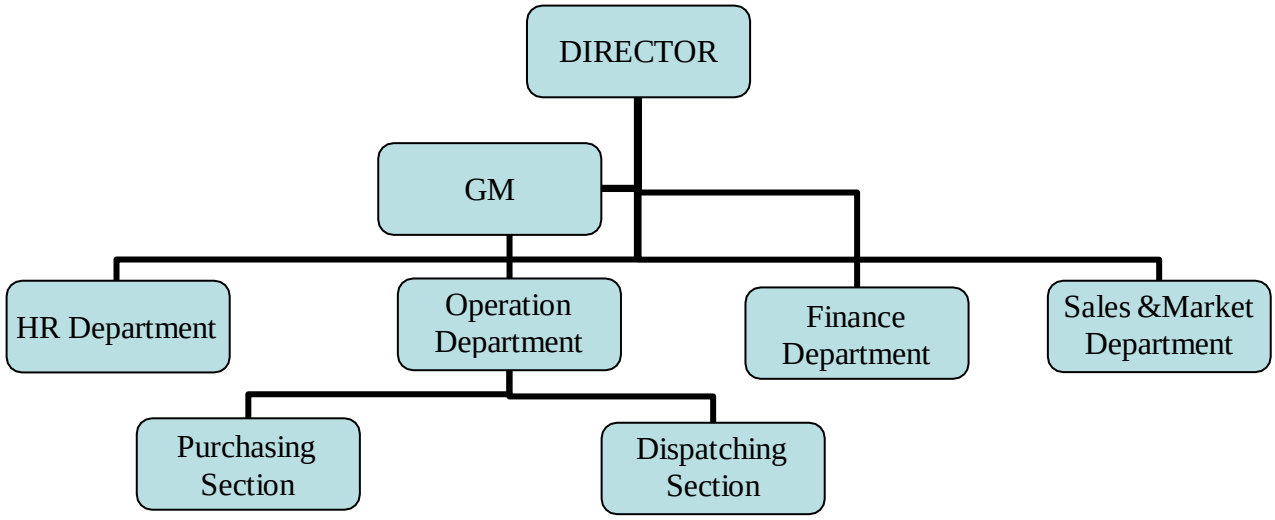
3.7.1.3 High Speed and Sustainable Development Trend

As can be seen through history of concrete products development that the developing speed is faster and faster, the ways to process concrete products are experiencing more technological advancements. And the advanced equipment and unique technologies of our own may guarantee larger and wider color steel tile and higher efficiency, which is sure to improve the architecture style to a completely new height. Variety of our products in Tanzania will satisfy demands of different level in other fields of Tanzania because we have very strong capacity and following investment in fund, equipment and human resources.

All these factors will ensure us to keep a high speed and sustainable development trend. Such high speed and sustainable development trend is a natural trend of development of our company.

4. CHAPTER IV MANAGEMENT OF THE COMPANY

4.1 Chart of Management Structure



4.2 Human Resources

Kilimanjaro Rolling Mill Limited will have set up a plant for manufacturing building materials factory in Tanzania with its headquarter in Dar es salaam while expanding to branch levels in all major Cities including Arusha, Mbeya, Mwanza and Dodoma. In order to sustain a steady business and work in Professional manner, we will employ people from all walks of life in various positions while engaging some experts in various technical positions in order to impart skills and train locals to work with the newly established machines.

The following is the allocation table of Newly Recruited Tanzanian employees.

Table 4:1 Allocation Table of the Local Employees to set up the Factory in Tanzania

S/N	Year	Total	Expert Female	Expert Male	Tanzania Female	Tanzania Male
1	The first year	60	2	6	6	46
2	The second Year	80	4	8	8	60
3	The Third Year	100	6	10	10	74

Development and allocation of human resources are the most fundamental ingredients for the development of an enterprise. We would mainly consider human resource market of Tanzania in developing and allocating our human resource by a combined manner of recruiting and training to foster necessary personnel.

4.3 Management System

Through the business experience gained by Mr. Sun in Tanzania that the BG/T19001—2000 quality control certificate and the state CNCA—O4C—O28：2001***Tanzania compulsory Certificate (3C)*** namely ***Executive Rules of Color steel tile Compulsory Certificate, Color steel tile Products***.

At present, the company operates a standardized quality control system according to Director's instructions.

The application of standardized quality control system is comprehensively reflected from controlled documents, which mainly include the following:

4.3.1 Program Document

This is a guiding document which presents clear and explicit regulations that are made on purpose, responsibility, scope of application, work procedure and quality recording.
Contents of this document mainly include 19 program documents as listed below:

a) Management and commentary program,
b) Document control program,
c) Quality recording control program,
d) Training control program,
e) Controlling program relating customers,
f) Procurement control program,

g) Control program of production and service,
h) Inspection and experiment control program,
i) Product labeling and tracing control program,
j) Product protection control program,
k) Crucial and particular process control program,
l) Supervising and measure device control program,
m) Customer sincerity investigation and analysis program,
n) Internal inspection and verification program,
o) Supervision and measure program of course and product,
p) Control program of unqualified products,
q) Control program of data analysis,
r) Control program on quality improvement and correctness,
s) Control program of key components and materials.

4.3.2 Quality Manual

This is the legal document of quality control system of the company including concrete requirement and detailed regulations on guiding principles of quality control, target of quality control, quality management system, management responsibilities, resource management, production realization, survey analysis and improvement. This document is the criteria of establishing and executing quality control system.

4.3.3 Management Standard

Management standard takes management affairs as its object. It is a regulation and criteria of all activities of the whole staff. This standard extends detailed criteria for operation and awarding and punishing in 15 aspects including discipline, salary system, secured production rules, education and training, energy saving and so on.

4.3.4 Work Standard

A work standard is a standard in quality of work taking people as its object. It regulates responsibility and task of every post, clarifies task amount and quality requirement and time limitations, work process and method of work.

This document includes four chapters.
Chapter one is scope of responsibilities on management staff.
Chapter two is work standard on execution of work of all management department, production department and auxiliary department. Standards on foundation, course and results of each task of different department are clarified and elaborated.
Chapter three is quality responsibilities which extends detailed standard on quality responsibilities of all management staff on all levels and very worker on his/her post.
Chapter four is an assessment standard which extends the standard to assess the result of all work including time, scope, process and course of assessment. Sustainable improvement, correctness and

prevention measures are also regulated. This is a document with high practical value.

It is not the purpose to compile a document. It is an activity to increase value. To increase value, we carefully programmed all progress of work and put each step under supervision. Through the operation of the standard quality system, the increase of profit is rather evident.

5. CHAPTER V. MARKET ANALYSIS

I. Market Demand

In 2020, The Tanzania Electric Supply Company Limited (TANESCO) started new policy of using concrete poles to replace wooden poles. By the year 2020, all the concrete pole standards from 9m to 14m were confirmed by TANESCO hence the use of concrete poles started in Tanzania. To meet increasing demand for concrete poles in Tanzania from TANESCO mainly, reduce environment damage because of huge use of wooden poles for power transmission lines and the demand is getting higher and higher every year, by end of 2024, the use of concrete poles had grown to 20% for the whole market.

Tanzania has a number of companies producing concrete products, but only five companies are producing concrete poles. This shows the potential in the industry to meet the growing demand.

With Tanzania focusing mainly on infrastructure development with emphasis on power, Railway and Road construction there is more than enough room for all producers of concrete poles to satisfy this development trend.

6. CHAPTER VI: PROCESS OF PRODUCTION

6.1 Construction Scale and Technology

Kilimanjaro Rolling Mill Limited is a factory producing precast concrete electric poles for power transmission lines required by REA and TANESCO plus other potential clients. The concrete poles have prestressed concrete poles and reinforced concrete pole with length from 9m to 18m. It depends on needs of Clients. Our concrete poles are produced with standards of TBS, fully meeting the requirements on quality. We can also provide design service of new type concrete poles for new demand of power transmission lines for the future. We have first class engineering team from China to manage the concrete pole plant and provide any service for concrete poles required by our clients.

6.2 The Production Process

Basic Iron and Steel Manufacturing Process

The basic steps in the manufacturing of Basic Iron and Steel are generally as follows:

- **Iron ore Extraction**
- **Raw Material Preparation**
- **Iron Smelting**
- **Refining**
- **Shaping process**
- **Further processing**

6.21. Iron Ore Extraction

Iron ore is mined from the earth's crust in large open-pit or underground mines. The ore is typically a mixture of iron oxides, such as hematite (Fe_2O_3) and magnetite (Fe_3O_4), along with impurities like silica, alumina, and limestone.

6.2.2 Raw Material Preparation

The mined iron ore is crushed into smaller pieces and then ground to a fine powder. This powdered iron ore is called iron ore concentrate or simply "concentrate."

Other raw materials, such as limestone, coke (derived from coal), and additives

(e.g., scrap iron or recycled steel), are also prepared and mixed in specific proportions to create the desired chemical composition

6.2.3 Iron Smelting

The prepared raw materials are fed into a blast furnace, a large vertical cylindrical furnace made of steel. Hot air is blown into the furnace from the bottom, raising the temperature to around 2,000 degrees Celsius (3,600 degrees Fahrenheit). The iron ore reacts with carbon monoxide (produced by the combustion of coke) to form molten iron, known as hot metal, and carbon dioxide. The limestone acts as a flux, removing impurities to form a liquid slag.

6.2.4 Refining

The hot metal obtained from the blast furnace typically contains impurities like sulfur, phosphorus, and excess carbon. It is further processed in a basic oxygen furnace (BOF) or an electric arc furnace (EAF) to refine and adjust its composition. In the BOF process, oxygen is blown onto the hot metal to remove impurities, while in the EAF process, recycled steel and other additives can be used to achieve the desired composition.

6.2.5 Shaping Process

Once the molten metal has been refined, it is cast into various shapes. The most common method is continuous casting, where the molten steel is poured into a water-cooled mold to form a solidified strand. This strand is then cut into desired lengths or rolled into plates, sheets, or various profiles.

6.2.6 Further Processing

The shaped steel products may undergo additional processes like heat treatment, surface finishing (e.g., milling, grinding, or plating), and mechanical working (e.g., forging or machining) to enhance their properties and achieve the desired final product.

7. CHAPTER VII: FINANCIAL PROGRAM

7.1 Financial Management

Kilimanjaro Rolling Mill Limited has complete financial staff and adopts divided system in account and cash management. Business accounting is operated according to the standard of ISO 9000 quality management system. The internal financial management system is complete with strict work standards in terms of assets supervision, fund operation, contract fulfillment, and financial procedures etc.

In the course of setting up the factory in Tanzania, we shall further standardize our financial system in accordance with laws and administrative regulations of Tanzania, setting up and use accountant items to do business accounting. We shall compile financial reports at the end of each fiscal year and extend the report to the accountant's office to be audited for the auditor's report as per the country's regulations.

7.2 Source of Fund, Estimation of Use and Pay off period.

All investment comes direct from the investor and owner of the company, namely YIN RONG CHEN Our planned investment is USD 1,000,000/= of which USD 900,000/= goes to land purchase and building, equipment procurement, technical design, installation and trial operation the remaining 100,000 USD is taken as preparation fund for production cost and other unforeseeable expenses. The estimated payoff period is 5 years.

Financial Distribution/Breakdown

Description	USD
Land and building	250,000/=
Equipment	360,000/=
Vehicles	210,000/=
Furniture and Fittings	50,000/=
Pre-expenses	40,000/=
Other	60,000/=
Working Capital	30,000/=
Total	1,000,000/=

7.3 Financial Projection

According to our market strategy, market investigation and comprehensive analysis on prices, through accounting of several items, we made the following forecast on financial results as shown in the tables:

Table 7.1 Estimated Gains and Losses in US $ (1,000)

SN.	Item	2024	2025	2026	2027	2028
1	Qty(9m)	2,000	2,200	2,500	2,800	2,900
2	Qty(10m)	2,000	2,200	2,500	2,800	3,000
3	Qty(12m)	2,500	2,750	3,025	3,328	3,660
4	Qty(13m)	2,000	2,300	2,600	3,000	3,400
5	Qty(15m)	2,000	2,300	2,600	3,100	3,400
6	Qty(17m)	1,000	1,300	1,500	1,600	1,800
7	Quantity	11,500	13,050	14,725	16,628	18,160
8	Price (USD/PCS)	300	291	283	275	267
9	Sales Amount	3,450	3,797	4,167	4,572	4,848
10	Total Cost	3,278	3,608	3,959	4,344	4,606
11	Profit before Tax	173	190	209	229	242
12	Income Tax	52	57	63	69	73

Table 7.2 Cash Flow Statement in US $ (1,000)

Sl No.	Item	2024	2025	2026	2027	2028
1	Investment	800	240	264	290	319
2	Cash in	3450	3797	4167	4572	4848
3	Purchase Payment	2760	3038	3334	3658	3878
4	Salary	104	114	125	137	145
5	Operation Expenses	414	456	500	549	582
4	Tax	52	57	63	69	73
5	Fix Assets Investment	400	120	132	145	160
6	Cash Surplus	121	133	146	160	169

Table 7.3 Liabilities Chart of Assets	in USD (1,000)				
	2024	**2025**	**2026**	**2027**	**2028**
Current Assets	800	840	882	926	972
Fixed Assets	400	520	652	797	957
Depreciation Accumulated	80	104	130	159	191
Equity	400	420	441	463	486
Liability	80	84	88	93	97
Total Assets	640	752	874	1,008	1,155

Table 7.4 Profit & Loss Statement in USD (1,000)

	The 1st Year	**the 2nd Year**	**the 3rd Year**	**the 4th Year**	**the 5th Year**
Indicated Fiscal Year	2024	2025	2026	2027	2028
Total Sales Amount	3450	3797	4167	4572	4848
Cost of Sales	3278	3608	3959	4344	4606
Initial Inventory	660	813	1002	1235	1523
Purchase	627	772	952	1173	1447
Ending Balance	550	678	835	1029	1269
Total Investment	800	240	264	290	319
Productive Salary	84	92	102	112	123
Operation Fee	414	456	500	549	582
Salary of Management Staff	36	40	44	48	53
Management Cost	124	137	150	165	175
Other Cost	33	41	50	62	76
Operation Income (Loss)	173	190	208	229	242
Profit at the End of the Year/(Loss)	121	133	146	160	169

8. CHAPTER VIII: SOCIAL & DEVELOPMEN BENEFITS

8.1 Employment creation

As has been observed earlier this project will provide direct employment opportunities to more than 100 locals inclusive of skilled, semi- skilled and un-skilled class. A few expatriates will also be employed as per the requirement of the project.

This direct employment of more than 100 individuals will generate indirect employment for more than 1,000 individuals. It can be concluded that this project will have a very positive impact on the level of employment in the country and will be a welcome change.

8.2 Transfer of technology

This project, being a manufacturing project will usher in the country technology. Although the technology is simple the advantages to the country are quite significant. The country will get the advantage of value addition due to such incoming technology. Further the country can reduce its dependence on imports for the finished products manufactured by this project. Local employees will get on-the-job training from the experts (expatriates) employed and in the long run will improve the technical competence of the local population.

8.3 Inflow of foreign currency

The majority of the output will be exported out of the country. This will have two positive effects on the foreign exchange reserves of the country. In the first place the imports of similar products will be reduced, which will enable the country to save on the outgo of foreign currency and secondly the output produced will be exported, which will bring in the country's foreign currency. Thus, this project will have positive impact on the foreign currency reserves of the country.

8.4 Positive cascading impact on the nation's economy.

This project will have an overall positive impact on society. It will not only save the precious foreign currency reserves of the country by producing import substitute products, and by exporting the final product, but will also generate direct employment to more than 100 individuals and will provide means of livelihood to more than 1000 individuals. The cascading positive impact on society will be too great. This project will lead to the creation of national wealth. Its contribution to the exchequer will also be quite significant in terms of NSSF, PAYE, VAT and direct taxation apart from skills and development levy.

9. CHAPTER IX: CONCLUSION

The foregoing write-up indicates the following benefits to the country, which in turn pleads for immediate acceptance of this project as a feasible project.

The country will get a manufacturing unit, which will add to its scarce manufacturing base. As of this date the country's manufacturing base is very low with a contribution of 9% to the GDP and thereby making the economy pre-dominantly agriculture oriented. The project will bring in the latest technology in the relevant field and will ensure training or development of skilled labor force in the country. The labor force will get on –job training and will thus make them more and more competent.

All products envisaged to be manufactured are basically import substitute and will therefore save the scarce foreign currency for the country. Apart from that the country will save in terms of lowering of cost of manufacture and lower construction cost which will again lead to lower cost of other manufactured items.

The project, when implemented in full over a period of 24 months, will ensure that there will be a direct flow of foreign currency in the country to the tune of US $ 1.5. million which is considerable by any standard.