



BUSINESS PLAN – JEA STEEL COMPANY LTD

2024



1.0 PROFILE

Jea Steel Company Limited is a private limited company incorporated in Tanzania under the Company act of 2002. The company was registered in 2022 vide registration number 154779825 dated 19th January, 2022. They will trade in Manufacture Iron and steel Sheets under manufacturing sector.

Jea Steel Company Limited is located at Teua Juu, Koresa Village, Kirua vunjo, Moshi, Kilimanjaro – Tanzania. Our company goals and objectives seek to produce quality products which will satisfy customers need and to ensure we generate an income that benefits both Nationals and Non - Nationals so that we strengthen the economic status of the society. The company believes in customers, suppliers, and investors therefore it struggles to create good Relationship with both parties.

2.0 PURPOSE OF BUSINESS PLAN

The primary purpose of this document is be used as a Pre-feasibility study report for **Jea Steel Company Limited** for investment in Manufacturing of steel materials. The implementation of this project will compromise the following activities: - Construction of a warehouse building which will accommodate Installation of Machines and Equipment for this project. Procurements Machineries and Equipment for this project. Equipping the project will all necessary modern furniture and facilities Hiring employees who will operate the Machines for Production The project promoter The project will be managed and operated by Jea Steel Company Limited. This business project is estimated to cost Tshs. 2,200,000,000/-. The money covers building structures but also allocated fund include investment in, Machines and Equipment, furniture and fittings, expenses and working Capital. The equity contributed by the shareholder is 1,700,000,000/-. The remaining part of investment financing will be done through borrowing from banks. However, a financial policy of the Company state that the profits generated will be re-invested.

3.0 PURPOSE OF INVESTMENT

This document is prepared to the serve the purpose as a feasibility study for **JEA STEEL COMPANY LIMITED** for establishment of Manufacturing of steel products. The implementation of this project will compromise the following activities: -

- Construction of a warehouse building which will accommodate Installation of Machines and Equipment for this project.
- Procurement Machines and Equipment for this project.

Business Plan – Jea Steel Company Limited

- Equipping the project will all necessary modern furniture and facilities
- Procurement semi-processed raw materials and import steel coil
- Hiring employees

4.0 THE PROJECT PROMOTER

The project will be managed and operated by **JEA STEEL COMPANY LIMITED**. It is owned by Tanzanian. The shareholders and Directors of the Company are:

1. Elisabaot Marunda Kimambo
2. Adellah Elisabaoth Kimambo

Mr Elisabaot Marnda Kimambo is an Engineer with more than 20 year experience working in Tanzania and other countries such as Ethiopia, Kenya, Uganda, Burundi and more.

Mrs Adellah Elisabaoth Kimambo is a Businesswoman with more than 10 years of experience..

5.0 PROPERTIES OWNED

The promoters own Land & Buildings and Equipment's & Machines

6.0 PROJECT ORGANIZATION STRUCTURE

The management of **JEA STEEL COMPANY LIMITED** constituted by the following organization set up: -

- Board of Directors
- General Manager who is responsible on the supervision on the entire operations of the Company
- Company accountant
- Production Manager who will be directly responsible for all matters pertaining manufacturing of the products.
- Internal Auditors
- Sales Assistants
- Labourers for loading and offloading

Apart from the employees, the directors are also available full time at the business premises to oversee the transactions and normal flow of business on daily basis.

Business Plan – Jea Steel Company Limited

Apart from the internal business organization, the promoters also receive consultant services from qualified Auditors and Legal Advisors who assist them in tax, accounting matters and legal issues.

7.0 PROJECT DESCRIPTION

The Company will be responsible among other activities, operating and managing manufacturing of steel and iron material products.

8.0 INVESTMENT FINANCING PLAN

This business project is estimated to cost Tshs. 2,200,000,000/-. The money covers building structures but also allocated fund include investment in, Machines and Equipment, furniture and fittings, expenses and working Capital. The equity contributed by the shareholder is 1,700,000,000/-. The remaining part of investment financing will be done through borrowing from local banks. However, a financial policy of the Company state that the profits generated will be re-invested.

Table below show the assumptions how the investment financing plan will be,

FINANCING	TSHS.
Long – Term Liabilities	
Long – term loan	500,000,000/-
Cash	1,700,000,000/-
Total	2,200,000,000/-

8.1 Investment costs plan

COST INVESTMENT STRUCTURE	TSHS
Land and Building	240,000,000/-
Plant	1,500,000,000/-
Vehicles	160,000,000/-
Pre-expenses	100,000,000/-
Working Capital	200,000,000/-
Total	2,200,000,000/-

9.0 MANUFACTURING INDUSTRY

9.1 MANUFACTURING SECTOR IN TANZANIA

Economy The Government of Tanzania conceives industrialization as the main catalyst to transform the, generate sustainable growth and reduce poverty. The Government of Tanzania introduced its Sustainable Industrial Development Policy (SIDP) in 1996 to phase itself out of investing directly in productive activities and let the private sector take

that role. The main purpose of the Government's SIDP is to design a plan for industrializing Tanzania so that the country becomes semi-industrialized by 2025. In order for Tanzania to become a semi-industrialized country, the contribution of manufacturing to the national economy must reach a minimum of 40% of the GDP by 2025. Foreign Direct Investments (FDIs) are expected to provide the capital for desired industrial development. On the other hand, the sector is not a big employer, compared to agriculture, but it is the most reliable source of government revenue in form of import, sales, corporate and income taxes, accounting for over half of government annual revenue collection. Manufacturing earns the country a fifth of total foreign exchange earnings, thus ranking third after agriculture and tourism. Most production is however concentrated in the Dar Es Salaam region. Great prospects are pinned on development of a robust SME sector, whose promotion, as government has already realized, still lacks appropriate policy backing. A strong and productive industrial structure can only be achieved where SMEs and large enterprises not only coexist but also function in a symbiotic relationship. In this regard, successful promotion of building material businesses can be considered in the SME development context. Among the comparative advantages of Tanzania's manufacturing sector are the availability of a potentially large domestic market and Tanzania's adherence to the EAC and the SADC organization, as they are potentially important market destinations. But Kenya is proving to be competing better in the region.

9.2 IMPORTANCE OF MANUFACTURING SECTOR IN TANZANIA

The primary objective because Tanzania needs a vibrant manufacturing sector today is to ensure economic independence in the long-run. This can be achieved through investing in manufacturing sector to reduce the import of goods and products. Once products are manufactured within the land, people will afford to purchase the products; hence the income will increase due to decrease in spending. Moreover, it helps to diversify the economy away from primary sector towards manufacturing and hence reduce risks and vulnerability to the long-term deteriorating commodity terms of trade and the associated loss in the real income. Manufacturing sector has also substantial forward and backward linkages with other sectors of the economy, particularly agriculture. Also, with proper choice of technology, the sector is determined to create a large number of employments to both skilled and unskilled. Fourthly, large manufacturing sector can enable export diversification that is necessary to reduce Tanzania's vulnerability to

external shocks. However, the sector provides opportunity to transfer, adapt and create new technology.

9.3 MANUFACTURERS OF STEEL PRODUCTS TANZANIA

Currently there are few manufacturers of steel products in Tanzania, Some of them include;

- M.M.I STEEL LIMITED
- SITA STEEL ROLLINGS LTD
- ALAF LIMITED
- TANUK AFRICA LIMITED
- LODHIA INDUSTRIES LIMITED

As there are few companies which manufacture steel related products in Tanzania, the competitive advantage for **JEA STEEL COMPANY LIMITED** is reasonable. The production of steel products does not match with demand of these products in local market (within Tanzania) which is highly consumed.

9.4 PROJECT JUSTIFICATION

The proposed project is under management of **JEA STEEL COMPANY LIMITED** It is in line with Tanzania Government efforts in attempt to revamp the Manufacturing sector. This has also been noted of recent drive of attracting investors in Tanzania in order to maximize Tanzania annual earnings from investment and also compete effectively with regional competitors. This also has been complemented by following measures; i. The government is making a critical review of all existing laws and regulations, taxation and policies with ultimate aim of improving and creating conducive environment for private sector Investment, tourism sector is inclusive. ii. In 2007/2008 the Government reviewed the existing Industry and trade Policy, taking into consideration the social economic base and the dynamism of manufacturing industry in Tanzania.

9.5 SOCIAL AND ECONOMIC IMPACT OF THE PROJECT

The proposed project will result into the following social and economic impacts in Tanzania:

- The society around the premises will benefit from infrastructures made
- Improve and increase production of steel related products in Tanzania
- Increased competitiveness among manufacturer of shoes products in Tanzania.
- The project will provide employment for more than 50 people.

Business Plan – Jea Steel Company Limited

- The Government and other agencies will benefit from various taxes, fees and commissions that will be paid to the Treasury etc. by this Company

10.0 CUSTOMERS AND SUPPLIERS

The main customers of the promoters will be Local Hardware Shops.

They also have various other retail customers who visit them frequently whenever they want to buy Metal related products.

11.0 MARKETING ASPECTS.

10.1 MARKET

There is a ready market for the products provided by the promoters but the working capital is not enough to expand their business.

If the finance requested is provided, than the promoters can expand their business and accept new clients who require goods on credit.

10.2 MARKETING STRATEGY

Currently the promoters are providing their services to a limited number of customers due to the financial constraints but once the finance has been approved, the promoters will offers their services to the new clients immediately.

Fivestar Hardware Ltd is studying the current market and aims to penetrate the market by being close to its customers.

It controls a large share of Moshi & Arusha customers as it has outlets in both towns.

Fivestar Hardware Ltd has future plans to penetrate to Dodoma and Dar-es-Salaam customers by opening new branches in the above named cities.

Dodoma being the capital of Tanzania and hosting all Government Ministries has a great scope of business.

Dar-es-Salaam which is highly populated has also great scope for business.

10.3 COMPETITION

Competition in Iron Rods, Iron Sheets, and Hardware items Businesses are difficult for those who have small working capital. All those companies/firms who have large capital can offer discounts to their clients as they also get special discounts from the suppliers as their purchase quantity is high.

12.0 CONCLUSION & RECOMMENDATIONS

12.1 PROJECT RISKS

There are minimal risks involved in the business.

12.2 BUSINESS OPPORTUNITIES

Iron Rods, Iron Sheets and Hardware items Businesses have a wide market especially with the ongoing urbanization in Tanzania where everyone desires to construct new / repair buildings frequently. The promoters have great scope in expanding their business and they will create employment opportunities for the Locals and the nearby community in Kilimanjaro Region.

12.3 CONCLUSION

Market Analysis shows that the investment is viable for being financed. There are opportunities to be exploited if the working capital is increased and they need incentives for the project from TIC. The promoters promise to meet the terms and conditions of the finance for the betterment of their business.

Business Plan – Jea Steel Company Limited

PROJECTED CASH FLOW (2024 JANUARY-2028 DECEMBER)

TZS

	BY END OF YEAR 2024	YE4AR 2025	YEAR 2026	YE4AR 2027	YEAR 2028
Cash	1,700,000,000	172,104,001.00	-705,371,197.80	1,025,393,916.48	-1,473,393,916.48
Cash Inflows from Operation					
Cash Sales	12,104,001	14,524,801.20	15,977,281.32	60,000,000.00	82,000,000.00
Received from previous debtors					
Subtotal Inflows from Operation	12,104,001	14,524,801.20	15,977,281.32	60,000,000.00	82,000,000.00
Cash Inflows from Financing					
Loan	500,000,000				500,000,000.00
Subtotal Inflows from Financing	500,000,000				
Total Inflows	512,104,001	14,524,801.20	15,977,281.32	60,000,000.00	82,000,000.00
Cash Outflows from Operation					
Land & Buildings	240,000,000	192,000,000	36,000,000	72,000,000	60,000,000
Plant	1,500,000,000	300,000,000	150,000,000	150,000,000	375,000,000
motor vehicles		160,000,000	0	160,000,000	110,000,000
Pre-expenses	100,000,000	80,000,000	30,000,000	30,000,000	25,000,000
Working Capital	200,000,000	160,000,000	120,000,000	96,000,000	72,000,000
Subtotal Outflow from Operation	2,040,000,000	892,000,000.00	336,000,000.00	508,000,000.00	642,000,000.00
Cash Outflows from Financing					
Repayments for Loans					
Subtotal Outflow from Financing	0	0.00	0.00	0.00	0.00
Total Outflows	2,040,000,000	892,000,000.00	336,000,000.00	508,000,000.00	642,000,000.00
Ending Cash Balance	172,104,001	705,371,197.80	1,025,393,916.48	1,473,393,916.48	-2,033,393,916.48