

BUSINESS CONCEPT

&

FEASIBILITY PLAN

FOR

**PROPOSED CHELONGZI STEEL STRUCTURE
MANUFACTURE PROJECT**

PREPARED BY

**M/s CHELONGZI STEEL STRUCTURE COMPANY
LIMITED,**

DAR ES SALAAM, TANZANIA

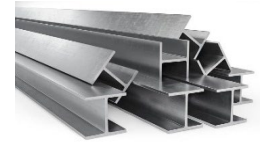
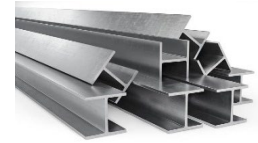


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ESTABLISHING AND OPERATING A STEEL STRUCTURES MANUFACTURING PLANT AT FARM NO. 271, VIKINDU, MKURANGA, PWANI REGION, TANZANIA

1. BUSINESS PROPOSAL

This Business Plan has been prepared by **M/s Chelongzi Steel Structure Company Limited** for a proposed Steel Structures Manufacturing Plant to be established and located at that property currently known and registered under Certificate of Title Number 34681 As Farm No. 271, Vikindu, Mkuranga, Pwani Region, Tanzania.

The Business Plan has been prepared to manifest and analyze the financial and other resources required for the implementation of the proposed business and also assess its economic viability and commercial viability for presentation to the Shareholders of M/s Chelongzi Steel Structure Company Limited and external parties including financial institutions, the revenue authority and potential investment partners. Key to this presentation is the allocation of funds so as to supplement the equity contribution.

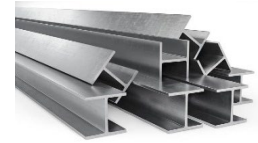
2. COMPANY'S BACKGROUND

M/S Chelongzi Steel Structure Company Limited is a private company registered / incorporated in Tanzania by Registrar of Companies.

The company's shareholders seek to invest in a steel structure manufacturing company to be set up under the auspices and guidance of the Tanzania Investment Center at premises to be constructed at Mkuranga, Pwani Region, Tanzania.

We expect to deliver a diverse range of quality steel structural solutions countrywide and in East and Central Africa in the near future. With the combination of creative innovation and the pursuit of excellence as a corporate objective, we expect to develop a remarkable reputation and continue to enjoy sustained growth and success.

Mkuranga is home to a variety of small and medium sized businesses, including wholesalers, retailer stores, milling equipment, restaurants, butchers, pharmacies, garages, gasoline stations, guest rooms, local bars, salt farms, hardware stores, slaughterhouses, and bars especially in the wards bordering Dar es Salaam



region. There has been a notable increase in investment of light industries in the region where investors have been attracted by favorable investment climate, nearness to Dar es Salaam and its Port leading to regional and international export

A fact sheet on the port of Dar es Salaam shows that Dar es Salaam port is the Tanzania principal port with a rated capacity of 14.1 million (MT) dry cargo and 6.0 million (MT) bulk liquid cargo. The Port has a total quay length of about 2,600 metres with eleven deep-water berths. Dar es Salaam port handles about 95% of the Tanzania international trade. The port serves the landlocked countries of Zambia, Democratic Republic of Congo, Burundi, Rwanda, Malawi, Uganda and Zimbabwe. The port is strategically placed to serve as a convenient freight linkage not only to and from East and Central Africa countries but also to middle and Far East, Europe, Australia and America.

Facilities available to support operations of Dar es salaam port are as follows:

General cargo Berth (0-5) for break bulk, dry bulk and one RORO berth to handle vehicles. Container Terminal Berths (Berth 5 -11) Grain Terminal facility (silos with storage capacity of 30,000 tons). Inland Container Deposits (ICDs) facilities with the capacity of 24,300 TEUs and CFs with the capacity of holding 6,000 vehicles at once. A 150,000 MT Single Point Mooring (SPM) – for handling refined and crude oil. Kurasini oil Jetty (KOJ) for handling refined products (tanker size 45,000MT for KOJ1 and 5,000 tons for KOJ2).

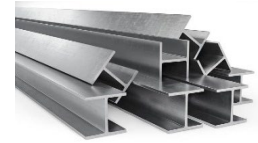
Generally, the intrinsic capacity of the port of Dar es salaam is to handle more than 18 million tons of cargo as follows: -

- General cargo 5.2 million tons.
- Container yard 6.8 million tons.
- Liquid bulk 6.0 million tons.

What does this mean for our company?

The Proposed Steel Structure Manufacturing plant will therefore be taking advantage of the intrinsic factors mentioned above while at the same time leveraging on the exciting environment located at Mkuranga for investment purposes.

The management has therefore thought it is prudent to establish and operate high quality and modern facility that will serve this clientele who will invariably need our high quality products.



3. MARKET POTENTIAL

This clearly represents an opportunity for our organization to not only do profitable business but also provide high quality steel structure product to all our esteemed clientele.

This is also informed by below key factors as analyzed by the company.

Strategic Location

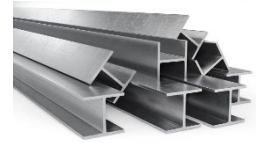
- **Port of Dar es Salaam:** As one of the largest and busiest ports in East Africa, Dar es Salaam handles a significant volume of cargo. A warehouse and logistics center in close proximity to the port can streamline import and export activities, reducing costs and improving efficiency.
- **Regional Trade Hub:** Dar es Salaam serves as a gateway to several landlocked countries in East Africa, including Uganda, Rwanda, Burundi, and the Democratic Republic of Congo. Efficient logistics facilities can attract businesses from these countries looking for reliable access to international markets.

Economic Growth

- **Tanzania's Growing Economy:** Tanzania has been experiencing steady economic growth, driven by sectors such as mining, agriculture, and tourism. Increased economic activity generates higher demand for steel structures and related services.
- **Infrastructure Development:** The Tanzanian government is investing in infrastructure improvements, including road networks, railways, and port facilities. These investments enhance the viability of logistics operations.

Business Environment

- **Ease of Doing Business:** Tanzania has been making efforts to improve its business environment. Simplified regulatory procedures, investment incentives, and a stable political climate can attract both local and international businesses to set up operations.
- **Industrialization Agenda:** Tanzania's industrialization agenda aims to boost manufacturing and processing activities. This shift will increase the demand for storage, handling, and distribution services.



4. THE COMPANY'S OBJECTIVES

Proposed Design Plan for the Steel Structure Manufacture Plant

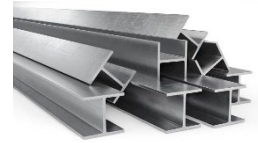
The proposed facility is designed to be located at that property currently known and registered under Certificate of Title Number 34681 As Farm No. 271, Vikindu, Mkuranga, Pwani Region, Tanzania.

The proposed infrastructure development for Chelongzi Steel Structure Company Limited aims to create a state-of-the-art facility that supports diverse industrial activities while promoting regional economic growth. The development will focus on creating winning steel structure solutions as listed below:

Heavy Gauge Steel Building Solutions

- Pre – Engineered Buildings
- Hot rolled Structures
- Multi story Steel Buildings

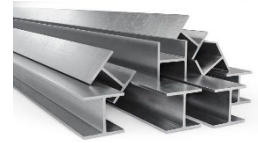




Light Gauge Steel Buildings

- Light gauge steel frames and trusses
- Light gauge Prefabricated Metal Buildings

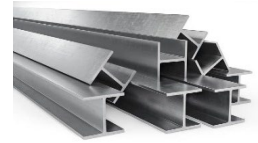




Standard Product Solutions

- Steel Water Tanks
- Steel Racking Solutions

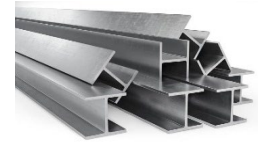




Ultimately, the Chelongzi Steel Structure Company aims to be a catalyst for economic transformation, creating employment opportunities and attracting both local and foreign investments. With a strategic focus on export-led growth, the development is set to position the steel structure manufacturing plant as a key player in enhancing Tanzania's industrial output and increasing its competitiveness in the global market

M/S Chelongzi Steel Structure Company Limited has the following objectives in the setting up of this steel structure manufacturing plant.

- ❖ To provide high quality industrial steel solutions for customers in the United Republic of Tanzania;



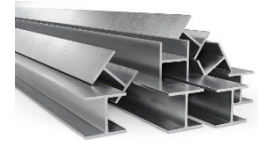
- ❖ To provide high quality industrial steel solutions for customers in East and Central Africa;
- ❖ To promote the availability of high quality steel solutions at affordable pricing to all our clientele;
- ❖ **Job creation as the company will create employment opportunities;**
 - **Contract for Design and Build of the facility will be given to local Tanzania company to ensure 100% use of local labor, 100% use of local raw material and local 100% use of local content;**
 - **Top priority on employment will be given to Tanzanian Citizens as we seek to provide jobs and opportunities locally.**
- ❖ Skill development (Transfer of knowledge/human resources development) through on job training;
- ❖ Income generation;
- ❖ Improve their social welfare equally important the company contribute to the government revenue through taxes and other levies.

Job Creation and Value Addition to the Community

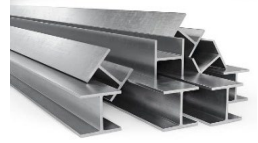
The Executive Management of M/s Chelongzi Steel Structure Company Limited strongly believes in job creation as well as value addition in the supply chain for the benefit of Tanzanian Citizens.

This has been achieved as below:

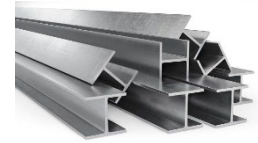
S/No	Item	Detailed Statement and Status to date
01	Job Creation	Since its inception, the shareholders and executive management of Chelongzi Steel Structure Company Limited believes in job creation and empowerment of Tanzanian Citizens in jobs and opportunities available at the Chelongzi Steel Structure Manufacture Poject.



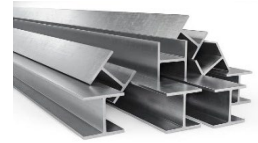
		<p>To this end we have devised clear policy that our employment policy should always consider local Citizens at all times.</p>
<p>02</p>	<p>Training and Development</p>	<p>The provision of education, training and personal development is one of those areas of our business where we have an opportunity to put something back into the local community by increasing the overall level of industry skills and knowledge and thereby increasing job prospects for individuals; thus creating increased wealth and prosperity for the longer term. Of course, this is not purely altruistic on the part of Chelongzi Steel Structure Company Limited Limited, there is also a need to bring-on, young, well trained people into the industry who can help Chelongzi Steel Structure Company Limited, grow its own business for the future.</p> <p>We have here an opportunity to utilise some of the revenues gained from the Chelongzi Steel Structure Manufacture Project to develop this training facility; which will directly support local communities and local businesses through an increased potential for higher skilled, higher paying careers for a significant number of young people from those local communities, thereby creating wealth and reducing local unemployment.</p>
<p>03</p>	<p>Taxes and Duties as a Responsible Corporate Citizen</p>	<p>We believe a real opportunity exists here to establish a new high quality Steel Structure Manufacturing Center. A strong local presence which will focus on the highest levels of Service Delivery for both local, regional and international customers, ensure ongoing investment in the latest equipment, technology and processes and a provider with the ability to introduce a new era in quality within the Tanzanian steel structures industry.</p> <p>As a responsible Corporate Citizen, this will generate both direct and indirect taxes as well as levies such as Service Levy, WHT, Billboard Revenues, PAYE, SDL, Corporate taxes which leads to added revenue to Government and Local Municipality</p>



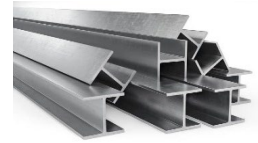
**5. PROPOSED IMPLEMENTATION SCHEDULE FOR THE STEEL
STRUCTURE MANUFACTURE PLANT**



PHASE I (Comprising of Plant Manufacture and Road/Utility Infrastructure)	
Period	Activity Schedule
Quarter 1 Year 2025 (January to March)	Project Mobilization – Lease Signing, Contractor, Local Authorities, Work force mobilization
Quarter 2 Year 2025 (April to June)	Project Implementation – Construction Phase I
Quarter 3 Year 2025 (July to September)	Project Implementation – Construction Phase I
Quarter 4 Year 2025 (October to December)	Project Implementation – Construction Phase I
Quarter 1 Year 2026 (January to March)	Project Implementation – Construction Phase I
Quarter 2 Year 2026 (April to June)	Handover by Contractor
Quarter 3 Year 2026 (July to September)	Plant is ready for Equipment installation
Quarter 1 Year 2027 (January to March)	Project Phase I is fully 100% operational
READY FOR PLANT INSTALLATION	
PHASE II (Comprising of Machinery Installation)	
Period	Activity Schedule
Quarter 2 Year 2027 (April to June)	Plant Machinery Installation

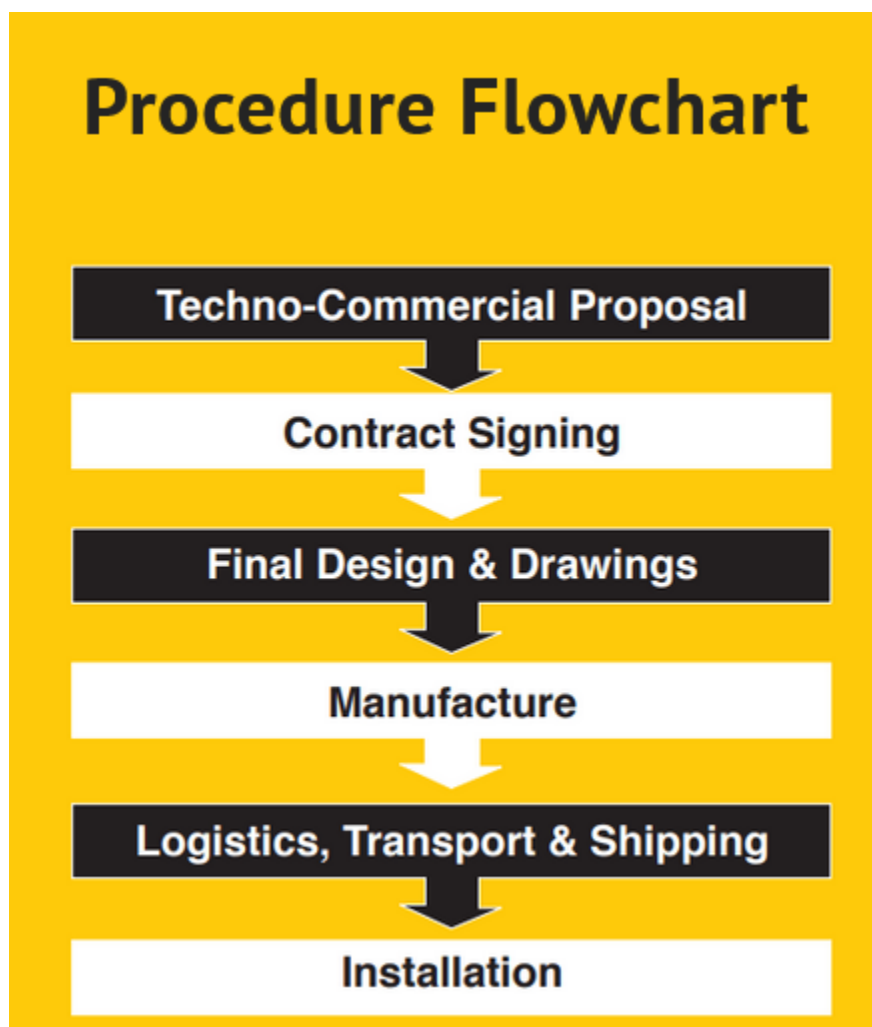


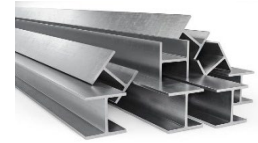
Quarter 3 Year 2027 (July to September)	Handover by Contractor
Quarter 4 Year 2027 (October to December)	Systems review, testing and review. Fine-tuning of operational systems.
Quarter 1 Year 2028 (January to March)	Full facility functional status Operations Commence. Open for business
Project is fully 100% operational	
READY FOR PRODUCTION	



6. PROPOSED DESIGN PLAN FOR STEEL STRUCTURE MANUFACTURE PLANT TO BE CONSTRUCTED ON SITE

Our scheme of work is as detailed below for production facilities to be constructed for our Steel Structure Manufacture Plant.





7. CAPITAL INVESTMENT COST

Projected capital requirements for Phase I and II of the project are highlighted below. We envisage a balanced mix of shareholder equity and external financing if required from banks.

Our expected capital to asset ratio is within desired capital adequacy ratio designed to promote adequacy of the operations.

These projections are highlighted below.

S/No	Source of Capital	Projected Amount (In USD)
01	Shareholders' Equity - Lease and Construction	500,000.00
02	Equity Mix/ Capital Equipment Lease	900,000.00
Total Projected Equity/Capital for the Project		1,400,000.00
		United States Dollar One Million, Four Hundred Thousand Only

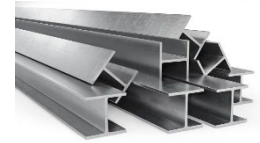
8. FINANCIAL PLAN AND USE OF FUNDS

Projected expenditure for the project inclusive of startup costs are highlighted as structured below:

GENERAL ASSUMPTIONS

The Company has the following key assumptions which guide this investment decision.

- A steady exponential growth curve based on market demand for our steel and related products in East and Central Africa;
- Fixed facilities costs which do not fluctuate with more than 10% deviation;
 - a) New age technological tools and equipment designed to meet and match space utilization and capacity needs.



- **SALES FORECAST**

The company envisages a conservative sales forecast of 74% capacity utilization within a 7-day work week. This is well within Steel and Related Project Manufacture industry estimates of eighty (80%) percent capacity utilization.

We however estimate that we shall start at a conservative figure of twenty (20) percent gradually increase reaching peak occupancy of eighty-eight (88%) percent peak average daily.

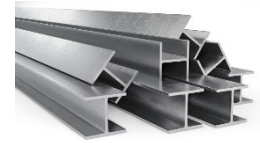
Based on performance metrics we believe we can incorporate a wholly automated design department with CNE Engineering capability within our facility in a span of 3 years based on the strength of in-house experience, production stabilization and economies of scale.

This translates to estimated sales unit of

**Capacity of facility based on design of facility and production systems installed:
1200 tonnes available**

**Utilization at 70% capacity = 70 tons available per Month X 12 Months = 840 tonnes
Capacity sold Annually**

Units Produced Annually	Sale Price Per Unit	Projected Annual Revenue
840 tons Capacity	2,760,000 Tshs. Per Tons	2,318,400,000.00
Projected Annual Revenue		2,318,400,000.00
		Tanzania Shillings Two Billion, Three Hundred and Eighteen Million, Four Hundred Thousand Shillings Only

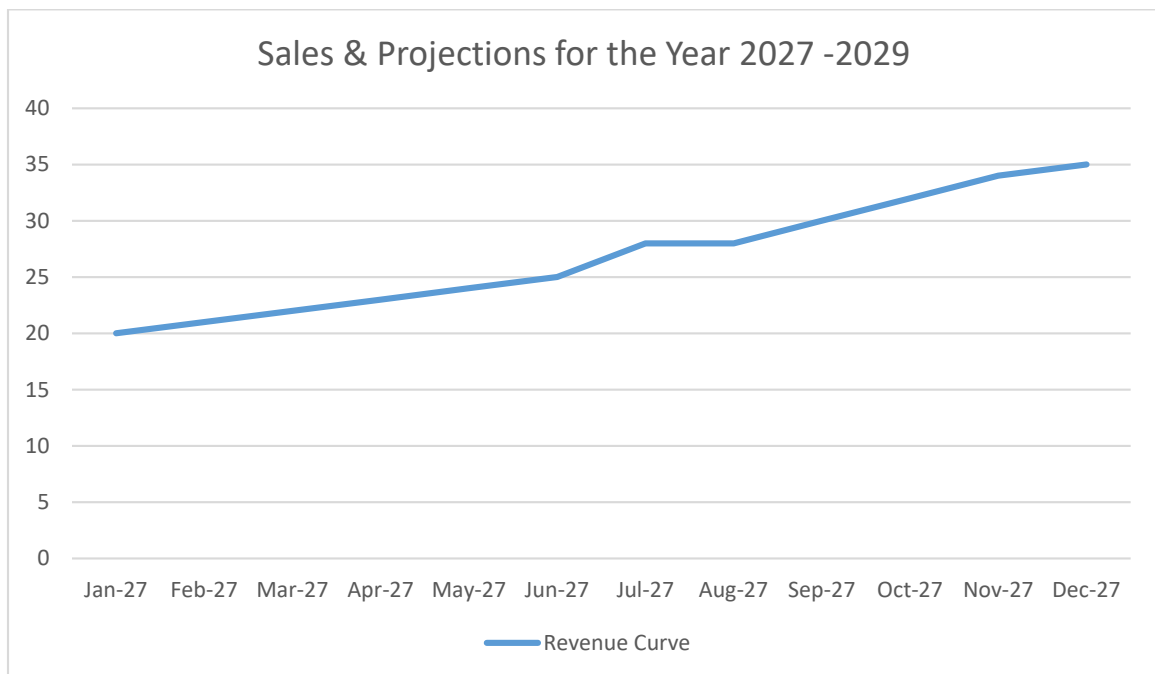


This projection also does not quantify expected revenue from the below streams of income namely:

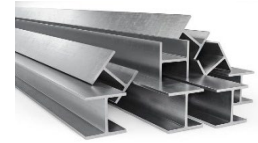
- Industrial Park Clients situated near our premises
- Support Industries who rely on the manufacturing component from the industries located on site
- Design and Related Consultation Revenue
- Installation and related Revenue
- Specialized Cargo
- E- Commerce clients who can use our facility for inventory management

These are conservatively expected to bring in at least and extra 15% of total revenue for the establishment.

Our projected Year on Year growth curve once the project is fully operational would be as below:



- **STARTUP COSTS**



Envisaged start-up costs for the project are highlighted as below.

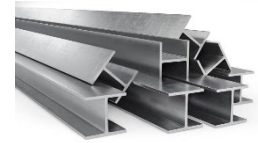
S/No	Detailed Start Up Costs	Projected Amount (In USD)
01	Long term land lease	350,000.00
02	Buildings Construction	250,000.00
03	Vehicles	45,000.00
04	Operational Equipment & Fittings	375,000.00
05	Pre- Expenses	50,000.00
06	Others	30,000.00
07	Working Capital	200,000.00
Detailed Start Up Costs for the Project		1,400,000.00
		United States Dollar One Million, Four Hundred Thousand Only

- **RUNNING COSTS**

Envisaged running costs for the project once operational are highlighted as below per month

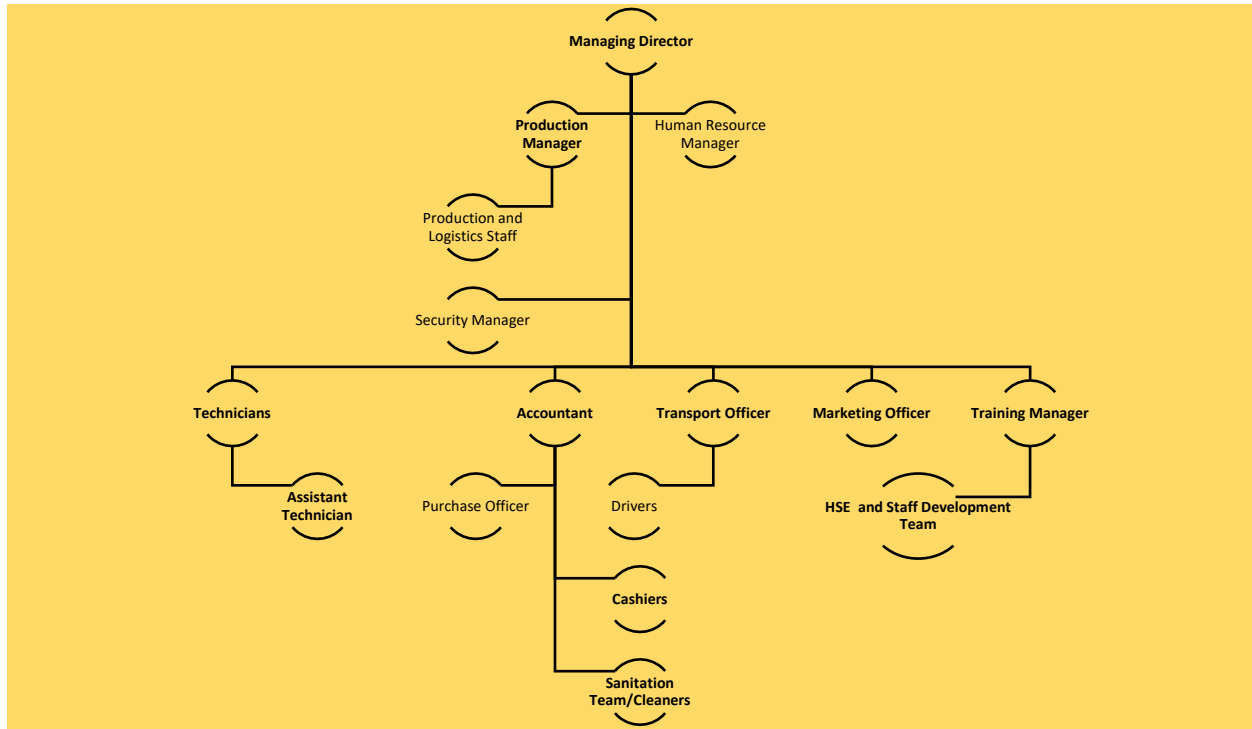
PROFORMA RUNNING COSTS

S/No	Description	Projected Expenditure per Month (In Tanzania Shillings)
Production Costs	Electricity	5,000,000.00
Production Costs	Security Services, Plant Management Services	63,000,000.00
Administrative Costs	Admin Expenses	2,500,000.00
Administrative Costs	Finance Costs	4,000,000.00
Payroll Expenses	Salaries and Wages	32,200,000.00
Total Monthly Running Costs for the Project		106,700,000.00
		Tanzania Shillings One Hundred and Six Million, Seven Hundred Thousand Only

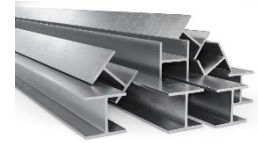


- **ORGANIZATION STRUCTURE & PROJECTED PAYROLL COSTS**

A detailed Organization Structure inclusive of payroll details is listed below



S/No	Position	Number of Employees	Gross Salary	Total Gross Salary
01	Managing Director	1	2,000,000	2,000,000.00
02	Production & Logistics Manager	1	1,000,000	1,000,000.00
03	Human Resource Manager	1	1,000,000	1,000,000.00
04	Training Manager	1	1,000,000	1,000,000.00
05	Security Manager	1	800,000	800,000.00
06	Technicians	6	600,000	3,600,000.00
07	HSE and Staff Development Team	9	600,000	4,500,000.00
08	Production and Logistics Team	15	500,000	7,500,000.00
04	Assistant Technicians	4	400,000	1,600,000.00
05	Cashiers	2	200,000	400,000.00
06	Accountant	1	1,000,000	1,000,000.00
07	Drivers	2	500,000	1,000,000.00



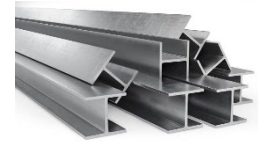
08	Marketing Officer	1	500,000	500,000.00
09	Sanitation/Cleaners	7	300,000	2,100,000.00
	Gross Salary Expenses			28,000,000.00
	NSSF Liability			2,800,000.00
	WCF Liability			280,000.00
	SDL Liability			1,120,000.00
			Total Salary and Wages Cost	32,200,000.00

- CASH FLOW FORECAST ONCE OPERATIONAL**

Based on projected production figures; our cash flow forecast for the project in its initial year of operations has been split into 4 stages to match production capacity.

Quarter 1 – Year 2028 (January to March)

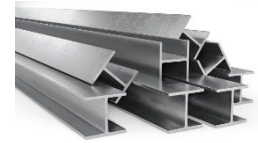
CHELONGZI STEEL STRUCTURE COMPANY LIMITED						
PROJECTED CASHFLOW FOR FINANCIAL YEAR 2028 – QUARTER 1 (JAN - MARCH 2028)						
SPACE UTILIZATION – 35% CAPACITY						
	Quarter 1 Year 2028 January	Quarter 1 Year 2028 February	Quarter 1 Year 2028 March			QUARTER 1 YEAR 2028 YTD
Revenue						
Unit Selling Price	2,760,000.00	2,760,000.00	2,760,000.00			2,760,000.00
Production Capacity	24.5	24.5	24.5			48,300
Expected Sales p/month	67,620,000	67,620,000	67,620,000			202,860,000.00
LESS: Direct Costs Allocation	63,000,000	63,000,000	63,000,000			189,000,000.00
Gross Profit	4,320,000	4,320,000	4,320,000			13,860,000.00



Payroll	32,200,000	32,200,000	32,200,000		96,600,000.00
Admin Costs	2,500,000	2,500,000	2,500,000		7,500,000.00
Electricity	5,000,000	5,000,000	5,000,000		15,000,000.00
Finance Costs	4,000,000	4,000,000	4,000,000		12,000,000.00
Net Profit before Tax	(39,080,000.00)	(39,080,000.00)	(39,080,000.00)		(117,240,000.00)
Corporate Tax @ 30 Percent					
Net Loss	(39,080,000.00)	(39,080,000.00)	(39,080,000.00)		(117,240,000.00)

Quarter 2 – Year 2028 (March to June)

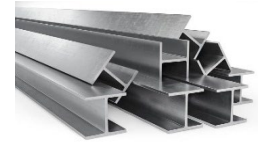
CHELONGZI STEEL STRUCTURE COMPANY LIMITED					
PROJECTED CASHFLOW FOR FINANCIAL YEAR 2028 – QUARTER 2 (MARCH TO JUNE 2028)					
SPACE UTILIZATION – 55% CAPACITY					
	Quarter 2 Year 2028 March	Quarter 2 Year 2028 April	Quarter 1 Year 2027 March		QUARTER 1 YEAR 2027 YTD
Revenue					
Unit Selling Price	2,760,000.00	2,760,000.00	2,760,000.00		2,760,000.00
Capacity in CBM	38.5	38.5	38.5		115.5
Expected Sales p/month	106,260,000	106,260,000	106,260,000		318,780,000.00
LESS: Direct Costs Allocation	63,000,000	63,000,000	63,000,000		189,000,000.00
Gross Profit	43,260,000	43,260,000	43,260,000		129,780,000.00



Payroll	32,200,000	32,200,000	32,200,000		96,600,000.00
Admin Costs	2,500,000	2,500,000	2,500,000		7,500,000.00
Electricity	5,000,000	5,000,000	5,000,000		15,000,000.00
Finance Costs	4,000,000	4,000,000	4,000,000		12,000,000.00
Net Profit before Tax	(440,000.00)	(440,000.00)	(440,000.00)		(1,320,000.00)
Corporate Tax @ 30 Percent	13,650,000	13,650,000	13,650,000		40,950,000.00
Net Profit	(440,000.00)	(440,000.00)	(440,000.00)		(1,320,000.00)

Quarter 3 – Year 2028 (July to August)

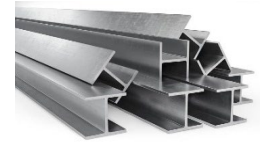
CHELONGZI STEEL STRUCTURE COMPANY LIMITED					
PROJECTED CASHFLOW FOR FINANCIAL YEAR 2028 – QUARTER 3 (JULY TO AUGUST 2028)					
SPACE UTILIZATION – 65% CAPACITY					
	Quarter 3 Year 2028 July	Quarter 3 Year 2028 August	Quarter 3 Year 2028 September		QUARTER 3 YEAR 2028 YTD
Revenue					
Unit Selling Price	2,760,000.00	2,760,000.00	2,760,000.00		2,760,000.00
Capacity in CBM	45.5	45.5	45.5		136.5
Expected Sales p/month	125,580,000	125,580,000	125,580,000		376,740,000.00
LESS: Direct Costs Allocation	63,000,000	63,000,000	63,000,000		189,000,000.00



Gross Profit	62,580,000	62,580,000	62,580,000			187,740,000.00
Payroll	32,200,000	32,200,000	32,200,000			96,600,000.00
Admin Costs	2,500,000	2,500,000	2,500,000			7,500,000.00
Electricity	5,000,000	5,000,000	5,000,000			15,000,000.00
Finance Costs	4,000,000	4,000,000	4,000,000			12,000,000.00
Net Profit before Tax	18,880,000.00	18,880,000.00	18,880,000.00			56,640,000.00
PROJECT BREAK EVEN BY QUARTER 3 YEAR 2028						
Corporate Tax @ 30 Percent	5,664,000	5,664,000	5,664,000			16,992,000.00
Net Profit	13,216,000	13,216,000	13,216,000			39,648,000.00

Quarter 4 – Year 2028 (October to December)

CHELONGZI STEEL STRUCTURE COMPANY LIMITED						
PROJECTED CASHFLOW FOR FINANCIAL YEAR 2028 – QUARTER 4 (OCTOBER TO DECEMBER 2028)						
SPACE UTILIZATION – 75% CAPACITY						
	Quarter 4 Year 2028 October	Quarter 4 Year 2028 November	Quarter 4 Year 2028 December			QUARTER 4 YEAR 2028 YTD
Revenue						
Unit Selling Price	2,760,000.00	2,760,000.00	2,760,000.00			2,760,000.00
Capacity in CBM	52.5	52.5	52.5			157.5
Expected Sales p/month	144,900,000	144,900,000	144,900,000			434,700,000.00



LESS: Direct Costs Allocation	63,000,000	63,000,000	63,000,000			189,000,000.00
Gross Profit	81,900,000	81,900,000	81,900,000			245,700,000.00
Payroll	32,200,000	32,200,000	32,200,000			96,600,000.00
Admin Costs	2,500,000	2,500,000	2,500,000			7,500,000.00
Electricity	5,000,000	5,000,000	5,000,000			15,000,000.00
Finance Costs	4,000,000	4,000,000	4,000,000			12,000,000.00
Net Profit before Tax	38,200,000.00	38,200,000.00	38,200,000.00			114,600,000.00
Corporate Tax @ 30 Percent	11,460,000	11,460,000	11,460,000			34,380,000.00
Net Profit	26,740,000	26,740,000	26,740,000			80,220,000.00