

# **AFRICAN FOUNDRY GROUP LIMITED**

## **CASTING METALS, IRON AND STEELBUSINESS PLAN**

**15<sup>th</sup> November 2024**

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## **1. EXECUTIVE SUMMARY OF THE PROJECT**

### **1.1. Introduction**

African Foundry Group Limited (the Company) is a newly formed Company committed to establishing modern casting metal, iron and steel In Tanzania. African Foundry Group Limited will leverage the country's abundant natural resources and skilled workforce to produce high-quality cast iron and steel products for the rapidly growing construction, automotive, Agricultural and manufacturing sectors in Tanzania.

### **1.2. Company Description and shareholder**

African Foundry Group Limited is a private Company with registration number 170608356 Incorporated under the Tanzania Company Act, 2002 on 7<sup>th</sup> December 2023, owned by two shareholder namely, **Yan Guangjian owning 80%** and **Sun Qilong owning 20%** with primary objective to carry on business of casting metal, iron and steel, to deal with casting of non-ferrous metals and manufacture of machines for forming foundry mould and contributing to Tanzania's economic development. And the project mainly be sponsored through owner's equity from shareholders by providing a gradual injection of capital that may amount up to United States Dollars 2,500,000 as the company continues with operations and where the need arises, the company may apply for bank facilities from both local and international banks to boost the operations and investment within the company projects.

### **1.3. Economic and Social Benefits Expected from the Project**

- i. Increased visibility for the Dodoma Region as a casting metals, iron and steel destination, achieved through quality and professional casting standards and training initiated by our Company at local, regional, and global levels.
- ii. The Company's goal is to enhance the positive contribution to the economy of the Dodoma Region by providing a hub for various stakeholders to engage in casting mental iron and steel-related activities.
- iii. Creation of employment opportunities for residents of Manchali village specifically in Chamwino District within Dodoma Region, as the Company intends to recruit its workforce and management from the local population.
- iv. Contribution to the growth of the local economy through the payment of taxes and levies to local government and other government institutions.
- v. Commitment to environmental protection in the area through the implementation of sustainable casting practices aimed at minimizing the environmental footprint throughout the casting process.
- vi. Increasing awareness among stakeholders about the importance of responsible casting Metals practices for preserving the natural beauty and ecological balance of the region.

- vii. Engaging in Corporate Social Responsibility (CSR) projects to give back to the surrounding communities in the Dododma Region where the Company operates, supporting initiatives such as education, healthcare, infrastructure development, and other social developments.
- viii. Contribution to the growth of the local economy through the payment of taxes and levies to local government and other government institutions.
- ix. Commitment to environmental protection in the area through the implementation of sustainable casting practices aimed at minimizing the environmental footprint throughout the casting process.
- x. Increasing awareness among stakeholders about the importance of responsible casting Metals practices for preserving the natural beauty and ecological balance of the region.
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## **2. PROJECT DESCRIPTION AND LOCATION**

### **2.1 Project Name**

The name of the project African Foundry Group limited.

### **2.2 Design and Layout**

In light of Tanzania's support for casting activities our company aims to establish a casting metals, iron and steel project in Dodoma Region, specifically at Manchali village within Chamwino District.

Through our project, the company intends to dedicate space for quality inspection, testing and documentation.

The Company shall also comprise bays equipped with modern sand casting, investment casting, and die casting equipment, with adequate space for material handling and storage

The Company intends to establish administrative office which is spacious and well-equipped office for Management, accounting and sales teams.

Further to that, the company aims to develop sufficient storage space for finished products and raw materials with efficient inventory management system.

### 2.3 Summary Sector Performance

The casting metals, iron and steel industry in Tanzania has demonstrated steady growth and resilience, contributing significantly to the country's economy. Key indicators of sector performance include:

- **Production Growth:** The Tanzania metal casting sector has witnessed a steady growth in recent years, driven by increasing demand for cast iron and steel products in various industries.
- **Contribution to GDP;** The metal casting sector is a significant contributor to Tanzania's gross domestic product (GDP), generating substantial revenue through metal exports and royalties. The sector plays a vital role in supporting economic development and diversification.
- **Investment Inflows:** Tanzania has attracted significant foreign direct investment (FDI) in the casting metal sector, with multinational companies investing in exploration, development, and production activities. The government's efforts to improve the investment climate and regulatory framework have facilitated increased investment inflows.
- **Employment Generation:** The metal casting industry provides employment opportunities for thousands of Tanzanians, both directly and indirectly, through casting metals operations, support services, and related industries. Efforts to promote local employment and skills development have contributed to job creation and socioeconomic empowerment.
- **Infrastructure Development:** the Tanzania government has been investing heavily in infrastructure development, including roads, railways, and ports. This has facilitated the growth of the metal casting sector by improving transportation links and reducing transportation costs.
- **Regulatory Environment:** The Tanzanian government has been putting in place a favorable regulatory environment for the metal casting sector including incentives for local production and investment. However, challenges remain, particularly in ensuring consistent enforcement and

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addressing regulatory uncertainties.

- **Environmental and Social Responsibility;** casting metal companies in Tanzania are increasingly focusing on environmental and social responsibility, implementing measures to minimize environmental impact, mitigate community grievances, and promote sustainable development. Efforts to align mining operations with environmental conservation and community development goals are gaining prominence.

## 2.4 Market Analysis

### 2.5 Target Market:

- **Construction:** focusing on the construction of infrastructure projects buildings and housing developments.
- **Automotives;** serving the automotive industry with high-quality castings for engine blocks exles and other components.
- **Manufacturing;** to manufacture machinery for producing foundry moulds tiles, bricks, shaped ceramic pastes, pipes, graphic electrodes and blackboard chalk..

### 2.6 Market strategy

- **Direct sales:** building strong relationship with key clients in target industries.
- **Distributors:** partnering with local distributors to expand market reach
- **Industrial exhibition:** participating in local and regional trade fairs to connect with potential client.
- **Competitive pricing:** offering competitive pricing strategies based on local production costs and market dynamics.

## 2.6 Location, Site Description, and Size of the Land

The project will be conducted at Manchila villadge , Chamwino District within Dodoma Region with an area of 5.22 hectares.

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## 2.7 Management and Supervision

The company is fully committed to operating its casting metal, iron, and steel activities with a focus on long-term success and plans for expansion, supported by the following key strategies:

**Operational Management-** Shareholders and directors of the company will actively oversee the management of the mining operations, ensuring prompt responses to any issues or maintenance requirements. Local resources will be utilized efficiently to address repairs and maintenance promptly, while also ensuring timely collection of fees and maintaining accurate accounting records.

**Innovative Services** -The company will enhance its profitability by introducing innovative practices aimed at adding value to its mining operations. This includes strategic partnerships with stakeholders, selective expansion of the business portfolio, and a focus on cost-effective and risk-managed growth. Emphasis will be placed on improving operational efficiency and exploring new opportunities for vertical and horizontal development. Collaboration with the local community and integration of sustainable practices will be prioritized, attracting environmentally and socially conscious stakeholders.

## 2.8 Staff and Training

**Staff Development and Training:** The human resources department of the company will invest in recruiting and retaining skilled and competent team. Competitive compensation packages will be offered to employees, along with ongoing training programs to enhance their proficiency.

The company will prioritize hiring locally to maintain a positive relationship with the community. Key positions will be identified, and employees will undergo training through a "train-the-trainer" program to impart their knowledge and skills to the team effectively.

Initially, the company plans to employ up to 15 staff members, with at least 1 staff member assigned to each operational area, such as mining operations, security, and maintenance. As the business expands, the company intends to increase its workforce and collaborate with other local service providers, suppliers, and professionals in the casting metal industry.

All staff will be compensated in accordance with statutory regulations, including taxes, social security subscriptions, and levies as required by the laws of Tanzania.

The Tanzanian casting metal industry offers substantial growth potential, backed by favorable geology, government backing, and continuous investment. However, addressing regulatory, infrastructural, and social challenges is vital for sustainable and inclusive sectoral advancement.

### 3. FINANCIAL EVALUATION INVESTMENT COST

#### 3.1. Proposed Financial Plans

In the initial two years, the company anticipates generating a profit of USD not less than 1,800,000 a year. This accounts for the high expenditures incurred at the beginning of the casting metal, iron and steel project, which may limit immediate profit-making opportunities. Subsequently, for the remaining three years, the company projects a significant increase in profitability, aiming to generate an annual profit of USD 1,800,000

Year	Revenues in USD	Activities and Reasons to:	Expense	Net Profit	Net Loss
1	2,500,000	Initial exploration and development phase	2,500,000	-	
2	3,000,000	Commencement of casting metal, iron and steel operations	1,200,000	1,800,000	
3	8,000,000	Increased production and efficiency gains	2,300,000	5,700,000	
4	11,000,000	Continued growth in production and market demand	4,500,000	6,500,000	
5	17,000,000	Optimization of operations and increased market share	5,300,000	11,700,000	

To sustain this type of operation, an initial 10 Tanzanian staff will be hired to set up and manage their respective departments. Department coordinators report to the Country Manager who oversees day-to-day operations.

Overall, positions include General Manager, Production Coordinator, Quality Control Coordinator, Logistics Coordinator, Accountant. To sustain the projected rapid growth of the company, an additional 15+ full-time positions will be hired for over the course of the next year.

The overall strategic and operational management as well as production increase and business development are the responsibility of the CEO and COO.

Employment and job creation projections 2024 – 2025

	By the end of 2024	By end of 2025
<b>Tanzanian Staff Employed</b>	37	100+
<b>Chinese Staff Employed</b>	2	7

<b>Jobs created for Tanzanian casting metal industry workers</b>	130	250+
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**Project investment plan:**

The project will be financed through an initial investment of \$2,500,000 which is comprised of the following Capital and Asset Particulars.

<b>Capital/Assets Particulars</b>	<b>USD</b>
Working Capital (Acquiring Land & Raising Site Buildings)	800,000
Product Inventory/Stock	120,000
Accounts Receivable	-
Equipment & Machinery	800,000
Vehicles	280,000
Startup Costs	500,000
<b>Total Investment Cost:</b>	

The initial investment provided is more than adequate to effectively execute the proposed business plan and growth trajectory detailed in the preceding sections of this document. Considering the nature of the project, manpower is essential for initiating the business, resulting in a high demand for laborers, machinery operators, and drivers to facilitate the start-up process.

Looking ahead, there will be a critical need for professionals such as casting metal engineers, environmental officers, land surveyors, geologists, and health professionals. This underscores the significant contribution this project is poised to make to socio-economic development.

Profits generated from sales will be reinvested into the company to implement and sustain all planned activities to scale the business and bring it to sustainability.

**4. Project Financing Plan;**

<b>Capital/Assets Particulars</b>	<b>USD</b>
Debt Financing	
Joint Venture Partnership	
Equipment & Machinery	
Export Credit Agencies	
<b>Total Investment Cost:</b>	

## 5. Project Implementation Schedule.

DATE	ACTIVITY
Pending	Acquiring/ Obtaining of Certificate of Incentives from the TIC
17 <sup>th</sup> April 2024	Exporting of Machines from China to Tanzania
21 <sup>st</sup> March 2024	Site Preparation, Clearing of Bushes, and site setting for machinery operation sketch
2 <sup>nd</sup> December 2024	Commencement of the project.

## 6. Conclusion

**AFRICAN FOUNDRY GROUP LIMITED**, presents as well- defined business plan with strong foundation for success in the Tanzania and East African metal casting markets. The company will leverage its strategic location, modern technology, skilled workforce, and sustainable practices to provide high-quality cast metal iron and steel products of competitive prices. The project financial performance is positive, indicating a promising return on investment and significance contribution to the Tanzania Economy. **AFRICAN FOUNDRY GROUP LIMITED** is committed to becoming leading player in the region, driving innovation and supporting the growth of the manufacturing sector

From legal formation to sector analysis, market assessment, and project description, every facet of our endeavor has been meticulously crafted to ensure alignment with industry standards and regulatory requirements. Our commitment to transparency, environmental stewardship, and socioeconomic development underscores our dedication to responsible mining practices.