

**ROYAL ROAD VEHICLE COMPANY
LIMITED**

BUSINESSPLAN

FOR

**MANUFACTURING OF GALVANIZED
STEEL PIPE**

EXECUTIVE SUMMARY.

ROYAL ROAD VEHICLE COMPANY LIMITED is a private business company incorporated in the United Republic of Tanzania with Certificate of incorporation No.168907486 issued on 29TH SEPTEMBER 2023.

The proposed business plan is for manufacturing of Galvanized steel pipe .The proposed new project shall cost 750000 USD and creating new employment of 100 local people and 5 foreign people.

LEGAL STATUS AND COMPANY BACKGROUND BRIEF

ROYAL ROAD VEHICLE COMPANY LIMITED bears the certificate No.

168907486 issued in 2023 by BRELA.

The shareholders of **ROYAL ROAD VEHICLE COMPANY LIMITED** are HAIYANG WANG AND GANG LI.

The company is owned by two shareholders, namely:-

Name	%of Shares	Nationality
HAIYANG WANG	70%	China
GANG LI	30%	China

LOCATION.

Region Pwani, District Kibaha CBD, Ward Kibaha ,Street Saeni ,Misugusu Block D,plot 98-99

MISSION

Prompt and professionally high-quality service delivery to customers, aimed at ensuring that they realize the highest value for money, there by increasing the market share and seizure of every available opportunity for the company's growth.

Core Values

Service provision with commitment, integrity and creativity while treating each customer as if they were the company's only customer

BANKERS

The company is currently maintaining bank account of the following bank.

NMB BANK

AUDITEDREPORTS

ROYAL ROAD VEHICLE COMPANY LIMITED will maintain good financial reports which will be audited by reputable auditor firm

BASIS OF THE BUSINESS PLAN

A study based on rapid appraisal surveys was conducted prior to, and as the basis of preparation of this plan, the surveys were based on the following objectives and approach:

Study Objectives:

- a) To analyze the relevant market and other factors impacting up on the manufacturing of Galvanized Steel pipe.
- b) To examine the physical and operational characteristics of the existing market in order to determine the positioning of the proposed company's business in the market place.
- c) To conceptualize the proposed company's production and business operations, asses their economic viability, commercial profitability, social feasibility and provide a vision as to how the planned objectives should be realized.
- d) To provide supporting documentation required for manufacturing of Galvanized steel pipe.

Study Approach:

- a) Participatory: Semi- structured interview and discussion were held with the Company's Directors, stakeholders in packaging works and related businesses
- b) Physical visits to the company's main business premises
- c) Conduction of profitability/viability test of the investment, using the appropriate financial projections for the initial period of five years proposed for the business operations.

THE PROJECT

Project Concept

The project involves establishing a new MANUFACTURING OF GALVANIZED STEEL PIPE . Industry; this will include construction of and installations of modern machines, purchasing vehicles, new generator etc.

The planned production capacity is 3500 tons per year .

Project planned business project will entail the following main activities:

- Making shopping visit to Tanzania, China and other supplier countries to identify the suitable and appropriate machinery for the planned project.
- Ordering of the manufacturing material, motor vehicles and their assorted and equipment from China and other overseas suppliers and entering into agreements for the purchase/ acquisition of those assets.
- Consigning the purchased machinery and motor vehicles including all the equipment and accessories from countries of their origin to Tanzania
- Clearing of all the purchased goods from the ports of entry and transporting them to the company's premises in KIBAHA.
- Installation of the machinery, registration, insuring and licensing of the vehicles ready for deployment in the company's business.
- Obtaining Ewura licensed that will help the company to use natural resources like gas for their normal factory use, so they won't be able to outsource that gas.

Project Objectives

Development Objectives:

ROYAL ROAD VEHICLE COMPANY LIMITED aims at playing a significant role in the participation of the company in the efforts to maximize exploitation of the largely existing business potential in manufacturing industry particularly in Galvanized steel pipe.

Immediate Objectives:

- a) To manufacture Galvanized steel pipe
- b) Enhancing the country's capacity to utilize its products
- c) Reading employment opportunities to skilled and semi-skilled Tanzanians in industrial operations, including their supplies and distribution in the company's business.

OVER VIEW OF THE MANUFACTURING SECTOR AND GALVANIZED STEEL PIPE

The economy

Tanzania is one of the fastest growing economies in Africa, thanks to the sustained economic reforms which are being under taken since the late 1980's.

The country's economy has been constantly growing since mid-1990 by average of 5.9%, and now growing at average of 7% which make Tanzania economy to be among the fastest growing economy in Africa and world at large. The overall vision is to transform the sector of the economy from the present level of per capital GDP of about US\$867 to medium developed country with an average per capital GDP of around US\$2,500 (National Development Vision 2025), the GDP from manufacturing 926,333TZ\$million.

Manufacturing Industry

Tanzania manufacturing sector contributes 5.6% to the country GDP in 2014 with \$2.69bn compared to \$1.47bn in 2009, representing an increase of 82%.

Tanzania's manufactured goods imports tripled over the past 5 years increasing from US\$497.7m in 2010 to US\$1.4billion in 2015 accounting for 25% of Tanzania's total exports value.

GALVANIZED STEEL PIPE INDUSTRY

Hot-dip galvanized steel pipe is widely used in construction, machinery, coal mine, chemical industry, electric power, railway vehicles, automobile industry, highway, bridge, container, sports facilities, agricultural machinery, petroleum machinery, mining machinery, greenhouse construction and other manufacturing industries.

ROYAL ROAD VEHICLE COMPANY LIMITED is poised to exploit to the maximum, the anticipated development in this Sector for its own enhanced growth.

BUSINESS ENVIRONMENT ANALYSIS;

ROYAL ROAD VEHICLE COMPANY LIMITED as a corporate entity is managed under the Board of Directors. Day to day management of its conducted under the company's Managing Director who will be assisted by directors, Managers, senior officers etc.

The Managing Director will be closely assisted by well qualified professionals in this industry, industrial management and operations. The company managers, heads of departments and operational staff for the production machines will be recruited for their competence, experience and good track record in their respective fields and in previous employments.

External Environment:

The market:

ROYAL ROAD VEHICLE COMPANY LIMITED policy aim at two objectives:

- Further penetration/entrenchment to the market's main Segments to increase and retain larger market share.
- Early investment cost recovery to enhance economic viability Of the company's business and expedite its growth.

The policy will be hinged on continual conduction of market surveys As a way of establishing current market situations and also as the means of enabling the company to develop marketing strategies which will facilitate achievement of set out sales goals, on monthly and annual basis .Surveys will enable the company to identify the potential market.

Market Potential:

Manufacturing sector is one of fastest growing sectors in the country, with new rise consumer goods industries and products every day ,the sixth phase Government initiative of industrialization, construction of economic infrastructure such as standard gauge, improvement of ports, flyover, etc all the secrete the demand for building materials products in the country.

Competition:

ROYAL ROAD VEHICLE COMPANY LIMITED, is expecting to face competition from existing manufacturing industries conducting business activities like us which controls a size able market share of paper products in Tanzania, the company plan to increase market share by investing in a new and bigger industry manufacturing machines with production capacity of 3500 tons per year

6.0 PROJECT OPERATING COSTS

In order to realize its intended objective, the project operating costs will vary based on total revenue.

REVENUE ASSUMPTIONS

- For the purpose of this project all revenue will come from Galvanized steel pipe produced at the factory.
- The annual revenue to grow by different percentages depending on market demand annually.
- Revenue projections are based on experiences gained by the firm for being in the market for five years now.

CONCLUSION AND RECOMMENDATION

Conclusion

The project is viable and profitable throughout the project period, after the foregoing economic and financial evaluation of the project; we strongly recommend that **ROYAL ROAD VEHICLE COMPANY LIMITED** Board of Directors approval and accept the business proposal. The new project deserves this support because of its viability, since it is technical feasible, economically viable and socially acceptable.

ROYAL ROAD VEHICLE COMPANY LIMITED

PARTICULAR	US\$
LandandBuildings	100,000.00
Machinery&Equipment	100,000.00
MotorVehicles	60,000.00
Furniture&Fixtures	40,000.00
Preexp	50,000.00
Others	100,000.00
WorkingCapital	300,000.00
TOTAL	750,000.00

ROYAL ROAD VEHICLE COMPANY LIMITED
 FINANCIAL PROJECTIONS SUMMARY FROM 2025 TO 2029
 PROJECTED STATEMENT OF FINANCIAL POSITION FOR 5 YEARS FROM 2025-2029

	2025	2026	2027	2028	2029
DETAILS					
CURRENCY	USD	USD	USD	USD	USD
ASSETS					
NON-CURRENT ASSETS					
PPE	74,000	75,000	76,000	77,000	80,000
TOTAL NON-CURRENT ASSET	74,000	75,000	76,000	77,000	80,000
CURRENT ASSET					
Inventory	230,460	250,689	256,000	299,890	340,000
Trade Receivables	60,000	64,000	65,000	66,800	67,780
Working Capital	300,000	300,000	300,000	300,000	300,000
Cash and Cash Equivalent	30,000	35,600	35,800	36,900	37,000
TOTAL CURRENT ASSET	620,460	650,289	656,800	703,590	744,780
TOTAL ASSETS	694,460	725,289	732,800	780,590	824,780
EQUITY AND LIABILITIES					
EQUITY					
Share Capital	255,000	255,000	300,000	300,000	300,000
Retained Earnings	90,909	92,455	93,100	125,000	126,890
TOTAL EQUITY	390,909	392,455	393,100	425,000	426,890
LIABILITIES					
Trade Payables	118,382	133,340	142,540	155,800	197,910
Other Payables	185,169	199,494	197,160	199,790	199,980
TOTAL LIABILITIES	303,551	332,834	339,700	355,590	397,890
TOTAL EQUITY AND LIABILITIES	694,460	725,289	732,800	780,590	824,780

ROYAL ROAD VEHICLE COMPANY LIMITED
FINANCIAL PROJECTIONS SUMMARY FROM 2025 TO 2029
PROJECTED STATEMENT OF PROFIT/(LOSS) AND OTHER COMPREHENSIVE INCOME FOR 5 YEARS

	2025	2026	2027	2028	2029
DETAILS					
CURRENCY	USD	USD	USD	USD	USD
SALES					
TOTAL INFLOW	770,000	912,000	923,00	1,229,300	1,230,000
COST OF SALES					
Opening Inventory	0	330,260	350,689	356,000	299,890
Add: Production Cost	532,650	536,230	588,700	600,890	680,000
Less: Closing Inventory	-330,260	-350,689	-356,000	-299,890	-370,000
	202,390	515,801	583,389	657,000	609,890
GROSS PROFIT	567,610	296,199	589,800	572,300	620,110
OPERATING EXPENSES					
Administration Expenses	120,000	123,005	110,200	195,000	190,000
Sales and Distribution Expenses	109,200	110,000	107,850	108,000	90,985
Finance Cost	120,210	123,100	120,000	124,000	100,000
Depreciation Expense	12,000	12,055	10,008	10,009	10,100
-	0	0	0	0	0
TOTAL OPERATING EXPENSES	361,410	368,160	348,058	437,009	391,085
-					
PROFIT FOR THE YEAR	206,200	206,229	241,742	135,291	229,025

