

EASTCAB ELECTRICAL TECHNOLOGY COMPANY LIMITED

BUSINESS PLAN

FOR

**SETTING UP AND CONSTRUCTING A POWER CABLE MANUFACTURING PLANT
AND DISTRIBUTION HUB**

**WITHIN THE SINOTAN KIBAHA INDUSTRIAL PARK LOCATED AT KWALA
KIBAHA- COASTAL REGION.**

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1. GENERAL PROJECT INFORMATION

1.1 PREAMBLE

This study covers the business plan of setting up a factory for manufacturing power cables and electrical wires. Basically, the activities will be geared towards the setting up of electrical wires and power cables manufacturing plant and distribution hub purposes. This report is for the purpose of obtaining an Incentive Certificate from the Tanzania Investment Centre.

1.2 THE PROJECT PROMOTERS

The project is being promoted by **EASTCAB ELECTRICAL TECHNOLOGY COMPANY LIMITED**; a limited liability company incorporated under the laws of Tanzania whose shareholders are as follow;

S/N	NAME OF SHAREHOLDERS	PERCENTAGE OF OWNERSHIP	NATIONALITY
1	CANGZHOU HUIYOU CABLE STOCK CO., LTD	80%	CHINESE
2	GROUP SIX INTERNATIONAL LIMITED	20%	CHINESE

1.3 LOCATION

The Power cable manufacturing factory will be set up and installed within the **SINOTAN KIBAHA INDUSTRIAL PARK** at Kwala, Kibaha – Pwani Region.

1.4 THE PROJECT JUSTIFICATION

Growing The electrical cable manufacturing industry is experiencing significant growth driven by increasing urbanization, industrialization, and demand for infrastructure development across various sectors. Tanzania, as well as other African countries, present lucrative opportunities for expansion due to their rapid economic growth and investment in infrastructure projects. EASTCAB targets a diverse market that includes construction companies, utility providers, wholesale distributors, and government agencies involved in electrification initiatives. The competitive landscape is composed of both local and international manufacturers,

making it imperative for EASTCAB to differentiate itself through product quality, competitive pricing, and exceptional customer service. Market trends indicate a rising demand for renewable energy solutions, increased electrification initiatives, and advancements in cable technology, positioning EASTCAB well for long-term growth.

1.5 PROPOSED DEVELOPMENT

The proposed development shall consist of a manufacturing plant, distribution hub, sales points, providing a gross floor area of approximately 2000m² at a rental consideration of USD 6000 per month for a period of 3 years.

1.6 REVENUE

Following an assessment of the market, the anticipated sale of power cables and electrical wires is expected to be **USD 5,147,877** for the first year and would increase to **USD 10,751,671** during the 5th year.

**Table 1.0 Estimated Revenue from
EASTCAB ELECTRICAL TECHNOLOGY LIMITED**

Year	No. of Consignments Sold (ton)	Sales Price (USD per Carton)	Gross Sales (USD)
Year 1	1,500	3,432	5,148,000
Year 2	2,000	3,800	7,600,000
Year 3	2,500	3,900	9,750,000
Year 4	2,750	3,910	10,752,250
Year 5	2,800	3,900	10,751,671

2. THE MARKET

2.1 Current Market for Power Cables and Electrical Wires

The demand for power cables and electrical wires is on the rise due to rapid industrialization, urbanization, and the expansion of infrastructure projects. The market is characterized by increasing investments in power distribution networks, renewable energy projects, and the construction sector.

Growing Demand: The expansion of electricity grids, coupled with the increasing adoption of renewable energy sources such as solar and wind power, has significantly boosted the demand for high-quality power cables. The construction industry, including residential, commercial, and industrial projects, remains a key consumer of electrical wires.

Urban and Rural Markets: The market caters to both urban and rural areas. In urban regions, the need for efficient electrical transmission and distribution systems has spurred demand for durable and high-performance cables. In rural areas, electrification projects and renewable energy initiatives drive demand for specialized electrical wiring solutions.

Diverse Applications: Power cables and electrical wires have applications across multiple industries, including construction, automotive, telecommunications, and industrial manufacturing. The demand is also increasing for smart grid solutions and energy-efficient wiring systems.

Competitive Landscape: The market is highly competitive, with both established multinational corporations and local manufacturers vying for market share. Key players differentiate themselves through product quality, compliance with international safety standards, competitive pricing, and technological innovation.

Technological Advancements: Advancements in cable manufacturing technology have led to the development of fire-resistant, high-temperature-resistant, and low-loss power cables. The industry is witnessing innovations in materials and production techniques to enhance conductivity, durability, and environmental sustainability.

Sustainability and Environmental Considerations: With the increasing focus on sustainability, manufacturers are adopting eco-friendly production practices. The use of recyclable materials and lead-free insulation in cable manufacturing is becoming

more common. Additionally, the industry is moving towards energy-efficient solutions that reduce power loss during transmission.

Regional Variations: The demand for power cables and electrical wires varies across regions depending on factors such as infrastructure development, government policies, and industrial growth. Emerging markets in Africa, Asia, and Latin America are experiencing significant demand due to ongoing electrification projects and urban expansion.

In conclusion, the power cable and electrical wire market presents substantial growth opportunities, driven by infrastructure development, technological advancements, and the global push for energy efficiency. EASTCAB is strategically positioned to capitalize on this growing market by offering high-quality, reliable, and cost-effective solutions.

2.2 RISK FACTORS FACING THE PROJECT

There is always an element of risk in any investment. It is therefore important to identify risks and consider measures for their mitigation. Risks to the project have been identified as follows:

- **Fluctuating Raw Material Costs:** The cost of raw materials, such as copper, aluminum, and insulation materials, can be volatile due to factors like global supply and demand, currency fluctuations, and geopolitical tensions. Price fluctuations may affect profitability if increased costs cannot be passed on to customers.
- **Market Competition:** The power cable manufacturing industry is highly competitive, with numerous players offering similar products. Competition can lead to price wars, reduced profit margins, and the need for continuous innovation to differentiate the company's offerings.
- **Economic and Market Volatility:** Economic downturns and fluctuations in infrastructure spending may impact demand for power cables. Changes in government policies, trade restrictions, and interest rates could also pose financial risks.
- **Technological Advancements and Obsolescence:** Rapid advancements in electrical and fiber-optic cable technology could render existing products obsolete. Staying ahead of industry trends and investing in research and

development is essential to remain competitive.

- **Environmental and Regulatory Concerns:** The industry is subject to strict environmental and safety regulations, including restrictions on hazardous materials and energy efficiency standards. Compliance failures may lead to fines, legal actions, or operational disruptions.

3. SWOT ANALYSIS

Table 3.0

Strengths	Weaknesses
Experienced shareholders and consultants	Potential increase in raw material costs
Strong commitment from stakeholders	High initial capital investment required
Prime location for production and distribution	Dependence on external suppliers for key materials
High demand for power cables and electrical wires	Potential delays in regulatory approvals
Favorable regional trade policies	Limited brand recognition in the initial stages
Opportunities	
Opportunities	Threats
Expansion into Eastern and Southern Africa	Increase in cost of materials
Rising demand for infrastructure and electrification projects	Competition from established manufacturers and importers
Adoption of smart grid technologies and energy-efficient products	Currency fluctuations and economic instability
Potential government incentives for local manufacturing	Environmental regulations and sustainability challenges

4. TECHNICAL INFORMATION

4.1 Objectives of the Development

The objectives for the development are as follows:

- to establish a power cable and electrical wire manufacturing industry and distribution hub from which the company expects to generate a return on investment.

4.2 The Consultancy Team

The management has selected a team of experts with extensive experience in the electrical manufacturing sector, ensuring the production of high-quality, safe, and reliable products.

4.3 Work programme

Financial obligations must be met from the day funds are borrowed, yet revenue generation only commences after sales. The timing of expenditure and revenue will significantly impact the project; therefore, it is imperative that the project is completed within a short and reasonable timeframe, ideally within one (1) year. The company has already assembled a production team committed to meeting the set deadlines.

5. MARKETING AND SALES

The management acknowledges that the success of the power cable manufacturing business is heavily reliant on effective marketing and sales strategies. From the conceptual stage, the company has engaged a team of professionals to develop and implement a comprehensive marketing plan to maximize brand visibility, market penetration, and sales growth.

The company employs a modern multi-channel sales approach, collaborating with reputable distributors, construction firms, electrical contractors, government agencies, and key industry players. This strategy ensures broad market reach and enhances sales performance.

5.1 Marketing strategy

The marketing strategies for **EASTCAB ELECTRICAL TECHNOLOGY COMPANY LIMITED** are designed to establish a strong presence in the industry, maximize sales revenue, and ensure sustainable market growth. The key elements of the marketing strategy include:

i. Identification of the Target Market

The company will focus on a well-defined market segment to ensure product-market fit and effective resource allocation. The target markets include:

- Electrical contractors and engineers
- Real estate developers and construction companies
- Government agencies and utility companies
- Manufacturing and industrial sectors
- Wholesale and retail electrical equipment suppliers

By identifying these market segments, the company will tailor its product offerings and marketing initiatives to meet specific industry needs.

ii. Competitive Pricing and Sales Terms

A competitive pricing strategy will be developed based on thorough market research and cost analysis. The pricing strategy will ensure that:

- Prices remain competitive compared to other brands in the market.
- Bulk purchase discounts and flexible payment terms are offered to major distributors and contractors.
- Seasonal promotions and introductory pricing strategies are used to attract new customers.

iii. Promotion Strategies

A mix of promotional strategies will be adopted to inform, attract, and persuade potential buyers. The promotional tools include:

- **Advertising:**
 - Print and digital media, including newspapers, industry magazines, billboards, and trade publications, will be used to create awareness about the company's products.
 - Television and radio commercials will be leveraged for brand reinforcement.

- **E-Marketing:**
 - The company will establish a strong digital presence through a dedicated website and active social media channels (LinkedIn, Facebook, Twitter, and Instagram).
 - Email marketing campaigns will be executed to provide product updates, promotional offers, and order processing assistance.
- **Personal Selling:**
 - Direct engagement with potential clients through trade fairs, exhibitions, and networking events will be a priority.
 - A dedicated sales team will conduct in-person meetings, presentations, and product demonstrations for major buyers.
- **Sales Promotion:**
 - Professionally designed marketing brochures and catalogs will be distributed to potential clients.
 - Discounted introductory offers will be provided to early adopters of the products.
 - Customer referral incentives will be introduced to encourage brand advocacy.

5.2 Sales Strategy

To ensure steady revenue generation, the company will implement a structured sales approach, which includes:

- **Direct Sales:** Engaging corporate clients, construction firms, and contractors through business-to-business (B2B) transactions.
- **Distributor Network:** Partnering with well-established electrical equipment wholesalers and retailers to ensure broad product availability.
- **Project-Based Sales:** Supplying cables for large-scale infrastructure and construction projects, including government contracts and industrial developments.
- **After-Sales Support:** Providing technical assistance, warranty services, and maintenance support to enhance customer satisfaction and brand loyalty.

By integrating these marketing and sales strategies, EASTCAB aims to position itself as a leading provider of power cables, ensuring long-term profitability and market dominance.

6. FINANCIAL PROPOSAL

6.1 Estimated Cost of the Project

The total project investment is estimated at **USD 5,000,000** including the land, manufacturing plant, distribution center, machines and equipment, raw materials and initial operation capital.

6.2 Mode of Project Financing

The development shall be entirely carried out by the Company shareholders who intend to seek financing from the financial institutions at a sharing of Equity 50%: Loan 50%. The developers propose to seek a loan payable in 5 (Five) years:

USD

Total Development Cost:	USD 5,000,000
Equity:	USD 2,500,000
Loan:	USD 2,500,000

6.3 Investment Cost Financing Pattern

The total investment cost is estimated at **USD 5,000,000.00** a summary of the breakdown is as indicated in the table below

ITEM	USD \$
Fixed Asset	1,000,000
Civil Works & Building	2,200,000
Machinery and Equipment	750,000
Vehicles	30,000
Furniture and Fittings	10,000
Raw materials	100,000
Pre-Operational Expenses	210,000
Sub total	4,300,000
Initial working capital	700,000
GRAND TOTAL	5,000,000

6.4 Financial Viability

Return on Investment

The project indicates a very healthy return on investment with a payback period of within 3.8 years. of the completion of construction.

7. MANPOWER REQUIREMENTS AND ORGANISATION

7.1 Management

This success of a venture of this kind depends on the competence of the personnel recruited to manage. It is assumed that relevant personnel with requisite skills shall be available within and outside the country.

In Order to streamline the manufacturing and sales operations, it is proposed to engage a team of qualified and experienced personnel to meet the Company target. These along with the Project Manager and Management will form the central operational core that will ensure the success of the project.

7.2 Manpower Requirements

Based on the proposed organization structure the project will initially employ a total of 65 persons.

7.3 Job Roles and Responsibilities.

a) Chief Executive Officer – CEO:

- Increases management’s effectiveness by recruiting, selecting, orienting, training, coaching, and disciplining managers; strategies, and objectives; assigning accountabilities; planning, monitoring, appraising job results and developing incentives
- Responsible for fixing prices and signing business deals
- Responsible for providing direction for the business
- Responsible for signing checks and documents on behalf of the company
- Evaluates the success of the organization
- Reports to the board

b) Admin and HR Manager

- Responsible for overseeing the smooth running of HR and administrative tasks for the organization
- Maintains office supplies by checking stocks; placing and expediting orders; evaluating new products.
- Ensures operation of equipment by completing preventive maintenance requirements; calling for repairs.
- Defines job positions for recruitment and managing interviewing process
- Accountable for training, evaluation and assessment of employees
- Oversees the smooth running of the daily office activities.

c) Sales and Marketing Manager

- Manages external research and coordinate all the internal sources of information to retain the organizations' best customers and attract new ones
- Identifies development opportunities; follows up on development leads and contact
- Responsible for supervising implementation, advocate for the customer's needs, and communicate with clients
- Documents all customer contact and information
- Represents the company in strategic meetings
- Helps to increase sales and growth for the company

d) Accountant/Cashier:

- Responsible for preparing financial reports, budgets, and financial statements for the organization
- Provides managements with financial analyses, development budgets, and accounting reports
- Responsible for financial forecasting and risks analysis.
- Performs cash management, general ledger accounting, and financial reporting
- Responsible for developing and managing financial systems and policies
- Responsible for administering payrolls
- Ensures compliance with taxation legislation
- Handles all financial transactions for the organization
- Serves as internal auditor for the organization

8. CONCLUSION

We are of the opinion that the project is viable and the proposed marketing strategies will achieve maximum exposure for the achievement of 100% sales as summarized hereunder:

- The proposed sales prices for the power cables and other Electric equipment are reasonably priced and competitive comparative pricing which will ensure availability of the products in the market and accessibility to the final consumer.

**Showing the cash flows and financial projection for
EASTCAB ELECTRICAL TECHNOLOGY COMPANY LIMITED- (TZS)
(Note: The Revenue line represents Earnings Before Interest, Tax,
Depreciation and Amortization Cashflow)**

Item	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Cash Inflows						
Equity	5,753,075,000					
Loan	5,753,075,000					
Revenue (EBITDA)	3,243,119,016	4,142,415,566	4,651,437,814	5,289,846,207	5,747,192,341	6,187,326,515
Total Cash Inflows	14,749,269,016	4,142,415,566	4,651,437,814	5,289,846,207	5,747,192,341	6,187,326,515
Cash Outflows						
Machines, furniture, vehicles purchase	5,522,952,000				460,246,000	
Construction work	3,912,091,000			460,246,000		230,123,000
Loan Repayment		1,150,615,000	1,150,615,000	1,150,615,000	1,150,615,000	1,150,615,000
Investment in working capital	2,871,107,000	1,500,000,000	2,000,000,000	2,200,000,000	2,700,000,000	3,000,000,000
Financial Charge						
Loan interest paid	836,113,567	652,015,167	467,916,767	283,818,367	99,719,967	

Taxes and fees	290,621,010	615,639,495	823,575,689	1,070,327,727	1,262,761,087	1,769,901,829
Total Cash Out Flows	13,432,884,576	3,918,269,661	4,442,107,456	5,165,007,094	5,673,342,054	6,150,639,829
Net Cash Flows	1,316,384,439	224,145,904	209,330,358	124,839,113	73,850,287	36,686,685
Cum.(Deficit)/Excess	1,316,384,439	1,540,530,343	1,749,860,701	1,874,699,815	1,948,550,102	1,985,236,788

EASTCAB ELECTRICAL TECHNOLOGY COMPANY LIMITED FINANCING PATTERN

(Note: Borrowing assumed to be local borrowing in Tanzanian hence interest rate of 16%)

		USD
Equity		2,500,000
Debt		2,500,000
TOTAL LOAN		2,500,000
Interest rate p.a.	16%	
Loan Period	Years	5
Capital Repayment	Years	1