BUSINESS PLAN FOR INVESTMENT IN MANUFACTURING STEEL AND IRON BARS

SHENQIANG NEW MATERIAL CO., LIMITED

EXECUTIVE SUMMARY

SHENQIANG NEW MATERIAL CO., LIMITED is limited Company incorporated in Tanzania under the Company act of 2002. The Company was incorporated 23, November 2010, and bears Certificate of Incorporation No. 185565246.

SHENQIANG NEW MATERIAL CO., LIMITED will be located an unsurvey plot of land located at Jonug'ha Street, Zogowale, Kibaha, Coast Region. The outreach Office is located near Mikocheni.

Company Goals and Objectives:

In Summary **SHENQIANG NEW MATERIAL CO., LIMITED** aims to;

- To conduct the business of manufacturing of construction materials, steel products, equipment and supply, construction of buildings, hardware, plumbing and heating equipment and supplies.
- Manage **SHENQIANG NEW MATERIAL CO., LIMITED** by human resource policies which encourage and reward individual and unified effort and achievement, provide training and personal development opportunities and create a working environment in which staff can feel a real sense of job involve
- Build relationships with investors in the sector and conducts the business of manufacture of engines and turbines, except aircraft, cycle engines and other retail sale of new goods in specialized stores.
- Represent persons at meetings of local, national and international organizations and bodies concerned with activities connected or associated with any of the business of the company, to provide services of all kinds to such organizations and bodies and to negotiate and enter into national and international agreements/standards relating to matter of concern or interest to the company.
- To enter into any commercial or other arrangements with authority, corporation, government, company or persons to obtain or enter into any legislation, orders, charters, contracts, decrees, rights, privileges, licenses, franchise, permits and concessions for any purpose and to carry out, exercise and comply with the same and to make prosecute and defend all steps, contacts, arrangements, negotiations, legal and other proceedings, compromises, arrangements and schemes and to do all other acts that shall at any time appear conducive or expedient for the advantage of the company.
- Adopt best commercial practice and ethical standards in dealing with clientele, suppliers of goods and services and other contacts.

The project will be managed and operated by **SHENQIANG NEW MATERIAL CO., LIMITED** is owned by Chinese citizens form China with the following share distribution;

	Names	Number of shares
	JIANG XUESHEN	80%
	GUO JIA	20%

PURPOSE OF BUSINESS PLAN

The investment objective of this business plan is to establish manufacturing of steel products and irons bars project in Mkuranga Pwani, Tanzania, which will produce high-quality manufacturing of Steel products and iron bars where by it is the basic need for the development of various other industries. Both are used for **bridges and used in the construction of various buildings and monuments**. The need of manufacturing of steel and iron in Tanzania has significant growth potential due to the increasing demand for manufacturing of steel and iron in the country and the East African region.

The products of the company will be conducted from sustainable sources, ensuring environmental sustainability and social responsibility. The company will target both domestic and international markets.

INDUSTRY OVERVIEW:

The Tanzania construction market is fragmented with domestic and international businesses, **SHENQIANG NEW MATERIAL CO., LIMITED** being one among them. The construction industry is characterized by a huge number of micro entrepreneurs, most of whom work in the country's informal economy. The country's formal construction business comprises indigenous and indigenized corporations as well as several big civil engineering and construction firms. However, the demand for manufacturing of steel and iron in Tanzania and the East African region is growing rapidly, driven by the growth of various industries. This presents an opportunity for manufacturing of steel and iron to capture a significant market share.

MARKET ANALYSIS:

The target market for the manufacturing of steel and Iron will be the industrial and commercial sectors, including buying, selling, importing, exporting, industrial, manufacturing of steel and iron and all other sectors manufacturing and producing company. Tanzania has a growing population of approximately 65 million people, and the demand for manufacturing of steel and iron is expected to grow at a compound annual growth rate of 8% over the next five years. The market is expected to be worth over $6.75 billion by 2028, providing many opportunities for growth and expansion.

Tanzania's heavy investment in building infrastructure has raised its indebtedness in recent years, as more infrastructure projects are being built around the country. Fiscal spending in 2021 was USD 15.7 billion with donors covering only 8% of the total. From 2021 to 2023, the government anticipates the economy to grow at a rate of 6.3%. Tanzania was promoted from a low-income country to a lower-middle-income status by 2030. The Tanzania's government is working to develop its infrastructure, energy and agriculture sectors to grow its economy and expand export opportunities.

INVESTMENT OBJECTIVE:

The primary investment objective of the business is to import and sale of manufacturing of steel and iron in Dar es Salaam, Tanzania with a mission of establishing world-class manufacturing of steel and iron that will make a wide range availability from top manufacturing brands at affordable prices. The structural of manufacturing of steel and iron account for more than 42.3 percent of sales, its types include glue-lam, laminated veneer, floor and roof trusses, connectors, joist hangers, tie-downs and framed wall panels.

PRODUCTS:

The proposed business will establish the following building materials:

Natural Construction Materials: This are those that are unprocessed or minimally processed by industry such as lumber or glass.

Ceramic: Clay is chemically similar to sand; in addition to silicon dioxide, it contains aluminum oxides and water; however, the size of its particles is much finer and when wet, it is plastic in consistency.

When mixed with dust and other elements from the soil, clay forms mud, when clay is heated at high temperatures (800C or higher) it hardens creating ceramic materials like brick, roofing tiles, stoneware, ceramic tiles etc.

Metallic: The popular metals are iron and aluminum, the former alloyed with carbon to make steel, which used in structures by itself or with concrete to create reinforced concrete. Other metals include copper, zinc and titanium.

Synthetic: mainly plastics derived from petroleum though they can also often be synthesized, these are widely used in construction due to their unchanging nature which also makes them very non-eco-friendly due to the difficulty in recycling them. Tars and other polymers as well as synthetic products of different kinds are also used. Synthetic materials used in products such as binders, sealants, waterproofing agents and insulators. They can as well be in form of paints, enamels and varnishes.

The basic process of manufacturing of steel and iron typically involves the following steps:

1. Planning and Designing

- The planning phase is critical to the construction project because it lays the foundation for project implementation. It involves an in-depth explanation of the project, with timelines and milestones established according to the project's scope and goals; it also involves estimating, outlining and approving a budget.
- Designing is where the assistance of architects comes into play. Designing takes into consideration the project objectives in addition to the regulations and building codes specific to the region.

2. Preconstruction

- The preconstruction phase is the period in which the bidding is completed and the contractor selected. A team selected for project execution and roles like project manager, field engineer, health and safety manager, contract administrator and superintendent are assigned.
- Project materials are also selected during the preconstruction phase, formal building contracts, finance applications, land settlement applications and building licenses applications are also submitted during this stage.
- During this phase, many contractors make use of technological solutions to ensure successful preconstruction e.g. it can be used to proactively plan and avoid the need for reconstruction and rebuilds. This headset allows users to layer and delayer large models for real-time clash detection minimizing the chance of costly delays and rework.

3. Procurement

- Procurement is the phase in which materials decided upon are purchased. This is one of the most important phase of construction as it involves necessary materials being ordered and collected. This is also a stage at which a project's main workforce is hired, it is mostly assigned to a general contractor.

4. Construction

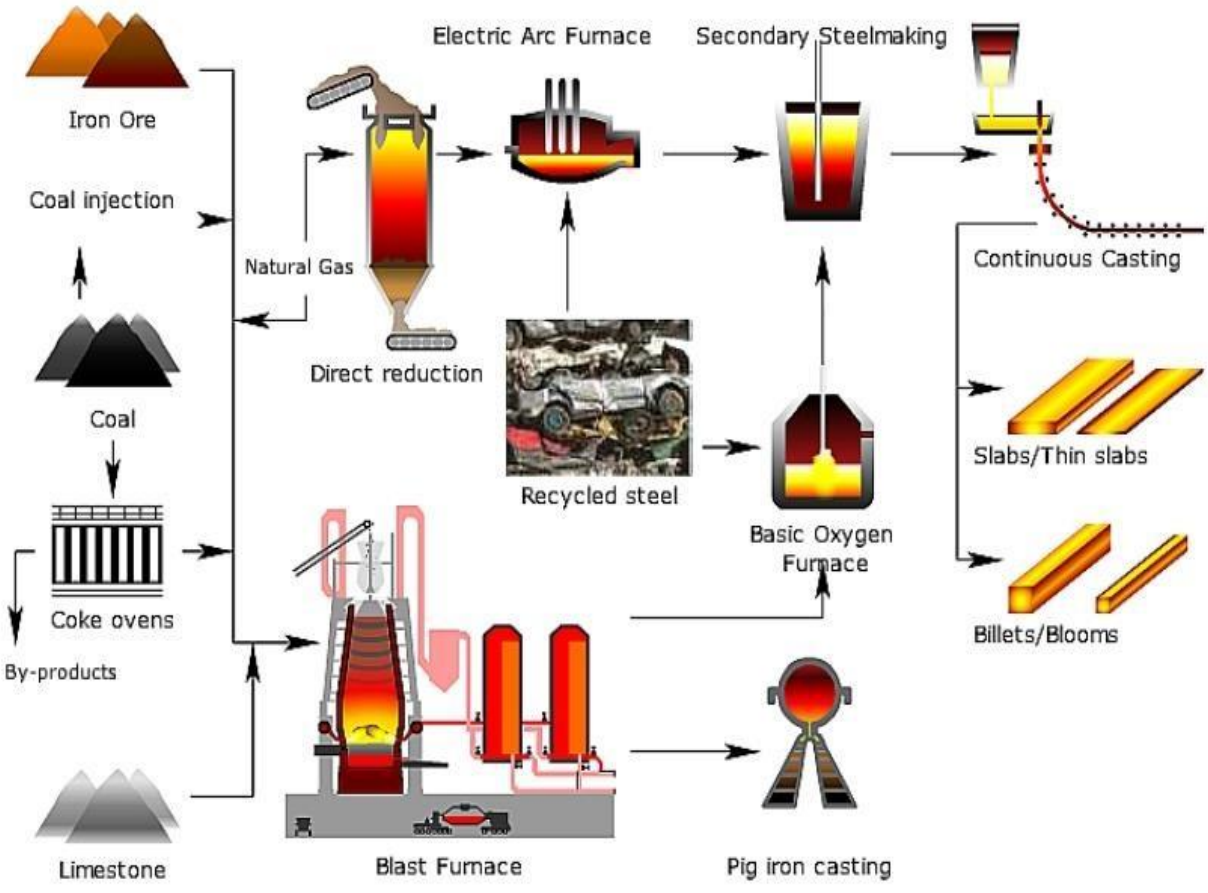
- The construction phase sees all the materials prepared being used to bring blueprints to reality. The work carried out during this phase will determine the quality of the project once its completed.
- During this phase, subcontractors collaborate with general contractors to ensure every aspect of the project is completed according to plan, working according to a schedule and a set of instruction assigned to them.

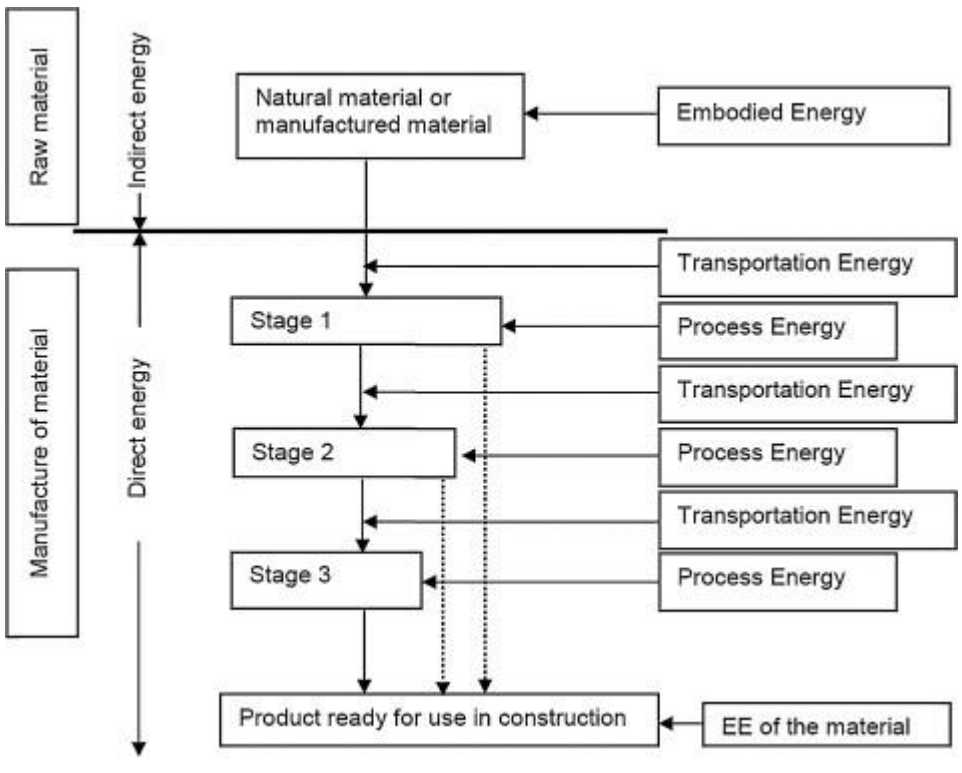
5. Closeout

- The closeout phase sees ensuring that the project is completed correctly and that it's ready for occupancy. Here, building inspectors will conduct a safety examination to evaluate whether the building meets all the specifications and regulatory requirements.
- Project managers often conduct a post-project review during this phase to tick all the checkboxes from the contract; this ensures all the developmental plans are met according to the agreement to prevent the possibility of legal issues.

6. Post-Construction

- The post-construction phase involves builders providing new occupants a set frame in which they will perform necessary maintenance checks. Problems are not always apparent immediately after the completion of a construction project so a particular revisit time frame helps to identify any problems so they can be addressed.
- If there are any issues with the building's electrical systems, plumbing or the structure overall, a maintenance team will be sent out to conduct repairs or contact relevant subcontractors to address the problem.





Investment Costs and Sources of Finances:

The total investment required for the project is estimated around $3 million. The funding will be an equity financing from shareholders.

JOB CREATION:

The proposed business of import and sale of manufacturing of steel and iron is expected to create over 150 direct jobs and an additional 300 indirect jobs in the supply chain and related industries. The business will employ skilled and experienced personnel, including engineers, technicians, economist, production staff and local people to ensure smooth operations and adherence to quality standards. Additionally, indirect employment opportunities will be created in the supply chain, including transportation, raw material suppliers, and other support services.

Investment Funds Expenditure Breakdown:

The funds raised from the equity will be utilized as follows (USD):

Land/Building:	$600,000
Plants:	$400,000
Vehicles:	$200,000
Furniture & Fittings:	$14,000
Pre-expenses:	$16,000
Others:	$170,000
Working capital:	$600,000
TOTALS	**$2,000,000**

OPERATIONS PLAN:

Location: **SHENQIANG NEW MATERIAL CO., LIMITED** will be headquarter in a strategic urban location that offers easy access to construction sites and client meetings.

Premises: Our office space will be designed with sustainability in mind, incorporating energy-efficient features and eco-friendly materials.

Equipment: We will invest in state-of-the-art construction equipment to ensure efficient project execution and maintain high standards of quality.

Staffing: Our team will consist of experienced architects, engineers, project managers and skilled laborers who share our passion for innovation and sustainability.

MARKETING PLAN:

The marketing plan for the import and sale of manufacturing of steel and Iron will focus on the following strategies:

Use word of mouth marketing: This marketing strategy is quite common and simple however; besides the influencers, customers also depend on hear-say when making their decisions on where to purchase materials, therefore, it is essential to control what is said by other customers, employees and even the influencers thus market share will definitely decrease. One effective way of controlling word of mouth is by maintaining close follow up with the customers.

Impress the Influencers: Influencers include architects, contractors and builders while the consumers are your actual customers having the influencers at your corner. This is because most of the time, actual customers depend on the influencers to decide on their behalf or advise them on which materials to use therefore, demonstrating the quality and affordability of the products.

Building a business name: This is the most significant bit of marketing, as far as manufacturing of steel and iron are concerned. While customers depend hugely on influencers and word of mouth, it is also essential to build a reputable name so that it can speak for itself because of the good quality and reasonable pricing.

Utilize online marketing: The internet has become the core of everything, under the construction industry it has no exception. Building material retailers are also adapting to these changes. In order to keep up, we are active in social media platforms like Facebook, Twitter, Instagram, LinkedIn, Email and YouTube.

IMPLEMENTATION SCHEDULE:

The implementation schedule for the manufacturing of steel and iron is estimated to be 15 months, as follows:

Pre-construction phase: 2 months. This will involve site selection, land acquisition, and obtaining necessary permits and approvals.

Design and engineering phase: 2 months. This phase will involve the design and engineering of the materials, including the layout, equipment and machinery selection, and other technical aspects.

Construction phase: 10 months. This phase will involve the construction of the materials and installation of equipment and machinery.

Testing and commissioning phase: 1 months. This phase will involve testing and commissioning of the material and equipment to ensure proper functioning before the start of production.

FINANCIAL PROJECTION:

The financial projections for the Steel and iron manufacturing primary input are as follows:

SHENQIANG NEW MATERIAL CO., LIMITED

CASH FLOWS PROJECTION FOR FIVE YEARS FROM 2024 TO 2029

	Pre-Startup EST	,2025	2026	2027	2028	2029	Total
Cash on Hand (beginning of month)	$ -	$ 1,000,000,000	$ 1,000,000,000	$ 2,400,000,000	$ 3,840,000,000	$ 5,424,000,000	$ 13,664,000,000
CASH RECEIPTS							
Cash Sales			$ 1,000,000,000	$ 1,000,000,000	$ 1,100,000,00	$ 1,210,000,000	$ 4,310,000,000
Collections from CR accounts		$ -	$ 400,000,000	$ 440,000,000	$ 484,000,000	$ 532,400,000	$ 1,856,400,000
Estimated Capital for startup	$ 500,000,000		$ -	$ -	$ -	$ -	$ 500,000,000
Loan	$ 500,000,000						$ 500,000,000
TOTAL CASH RECEIPTS	$1,000,000,000	$ -	$ 1,400,000,000	$ 1,440,000,000	$ 1,584,000,000	$ 1,742,400,000	$ 7,166,400,000
Total Cash Available (before cash out)	$1,000,000,000	$ 1,000,000,000	$ 2,400,000,000	$ 3,840,000,000	$ 5,424,000,000	$ 7,166,400,000	$ 20,830,400,000
CASH PAID OUT							
Purchases other fixed		$ -	$ 7,200,000	$ 7,920,000	$ 8,712,000	$ 9,583,000	$ 33,415,000
Purchases vehicles		$ 80,000,000	$ -	$ 41,000,000	$ -	$ -	$ 121,000
Gross wages (exact withdrawal)		$ 15,000,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 255,000
Payroll expenses (taxes,		$ 4,500,000	$ 20,400	$ 20,400	$ 20,400	$ 20,400	$ 86,100
Supplies (office & operation.)		$ 1,000,000	$ 1,100	$ 1,210	$ 1,331	$ 1,464	$ 6,105
Repairs & maintenance		$ 1,250,000	$ 5 M1,37	$ 1,513	$ 1,664	$ 1,830	$ 7,631
Advertising		$ 150,000	$ 165	$ 182	$ 200	$ 220	$ 916
Car, delivery & travel		$ 1,800,000	$ 1,980	$ 2,178	$ 2,396	$ 2,635	$ 10,989
Accounting & legal		$ 4,500,000	$ 4,950	$ 5,445	$ 5,990	$ 6,588	$ 27,473
Rent		$ 360,000	$ 36,000	$ 36,000	$ 36,000	$ 36,000	$ 180,000

Telephone & internet		$ 120,000	$ 132	$ 145	$ 160	$ 176	$ 733
Utilities		$ 150,000	$ 165	$ 182	$ 200	$ 220	$ 916
Insurance		$ 212,000	$ 21,412	$ 21,626	$ 21,842	$ 22,061	$ 108,141
Taxes (real estate, etc.)		$ 240,000	$ 240	$ 240	$ 240	$ 240	$ 1,200
Interest		$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 375,000
Miscellaneous		$ 200	$ 220	$ 242	$ 266	$ 293	$ 1,221
SUBTOTAL	$ -	$ 241,110	$ 230,339	$ 273,282	$ 234,400	$ 236,710	$ 1,215,840
Loan principal payment		$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 2,431,681
Capital purchase (land)		$ 100,000					$ 4,829,946
Capital purchase (excavators)		$ -	$ 1,000,000	$ 100,000	$ -	$ -	$ 9,538,892
Owners' Withdrawal			$ -	$ -	$ 10,000,000	$ 12,500,000	$ 18,736,684
TOTAL CASH PAID OUT	$ -	$ 1,091,110,000	$ 1,980,339	$ 1,123,282	$ 10,984,400	$ 13,486,710	$ 36,753,042
Cash Position (end of month)	**$ 1,000,000,000**	**$ (91,110,000)**	**$ 419,661,000**	**$ 2,716,718,000**	**$ (5,560,400)**	**$ (6,320,310)**	**$ (15,922,642)**

As shown in the cash flow statement, we expect to have a steady inflow of cash from sales in the next three years. Our outflow will mainly consist of inventory costs, employee salaries, rent and utilities and marketing and advertising expenses. The net cash flow and cumulative net cash flow are expected to increase annually due to the growth in sales and efficient operation of the business. We aim to achieve profitability within the first five years of operations and this projected cash flow statement shows that we are on track to achieving

These projections assume that the company will gradually increase production capacity and expand its customer base over the years. It also assumes that the cost of raw materials and operating expenses might have slightly variation.

It is important to note that these projections are only estimates and are subject to change based on market conditions, operating costs, and other factors.

CAPACITY OF THE PROJECT:

The proposed manufacturing of steel and iron will have a production capacity of 60000 tons per annul. This will be achieved through the installation of modern machinery and equipment, utilizing the latest technology in the manufacturing of furniture's industry. The plant will operate 24 hours a day, seven days a week, ensuring efficient production processes and meeting the growing demand for paper products in Tanzania and the East African region.

CONCLUSION:

Sustainable manufacturing of Steel and Iron is those which are produced or sourced locally, these materials are containing recycled & industrial waste materials and by-products, sustainable materials have a lower impact on the environment & are thermally efficient. The production of these manufacturing of steel and iron requires considerably less amount of energy in production when compared to modern or traditional construction materials. The advantages in the selection of sustainable manufacturing of steel and iron lie in the fact that they are not only economically viable but also reduce toxic emissions thereby reducing overall environmental impact.

Sustainable construction should be considered as an important component in creating a sustainable development to the country. Therefore, a need to make a proper selection of construction materials, which have minimum environmental burdens, is of great significance in order to boost a building environmental performance. One important consideration is to integrate building design and manufacturing of steel and iron from the design process stage.

As the business grows, we intend to hire knowledgeable and experienced staff that can provide exceptional customer service and technical advice. We will offer competitive hourly wages and benefits that include health and dental insurance, paid time off and retirement plans. Our employees will be an integral part of our business operations, working together to provide a seamless shopping experience for our customers.