

**BUSINESS PLAN ON MANUFACTURING OF PLASTIC
AND PVC PIPES FOR PROJECT REGISTRATION
WITH TIC**

**PREPARED FOR;
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Contents

1.0 EXECUTIVE SUMMARY	4
1.1 INTRODUCTION	4
1.2 Project Description.....	4
1.3 Business Information and Contacts	5
1.4 Company Shareholders Information and Organization Structure	5
1.5 Company and Project Objectives	5
1.6 Project’s Mission and Vision	6
1.6.1 Vision.....	6
1.6.2 Mission.....	6
1.7 Manufacturing of Plastic and PVC Pipes Business	7
1.7.1 Raw-materials	7
1.7.3 Legality of the Business.....	8
1.8 Project/ Business Location	8
2.0 ECONOMIC ASPECTS AND SOCIAL IMPACT.....	8
2.1 Economic Aspect.....	8
2.2 Impact of Project to the Society	8
2.3 Employment Opportunities	9
3.0 SWOC ANALYSIS.....	9
3.1 Strength.....	9
3.2 Weakness	9
3.3 Opportunities.....	9
3.4 Challenges	10
4.0 MARKET ANALYSIS	10
4.1 Market Analysis and Trends of Plastic and PVC Pipes	10
4.2 Project Targeted Market.....	11
5.0 FINANCIAL AND INVESTMENT PLAN	11
5.1 Investment Plan	11
5.2 Financing plan	11
5.3 Revenue, Cost and Profit Projections	12
6.0 CORPORATE SOCIAL RESPONSIBILITY (CSR).....	12
6.1 Gender Considerations	12
6.2 Occupational Health and Safety	12

6.3 Anti-Corruption	12
6.4 Labour Rights	13
6.5 Corporate Social Responsibility	13
7.0 RISK, CONCLUSION AND RECOMMENDATIONS.....	13
7.1 Risks	13
7.2 Recommendations and Conclusion.....	13

1.0 EXECUTIVE SUMMARY

1.1 INTRODUCTION

Mkumbara Company Limited of P.O Box 16578 Dar Es Salaam, is a mixed owned company established and registered in day of 23rd March 2021 under the Companies act cap 12 of 2002 of the united republic of Tanzania with certificate of incorporation number 151294235 to carry out among other things the business of Manufacture of plastics products as main activity.

The company's operations and head offices are located in Dar es Salaam Region, Ubungo District at Mabibo Ward with Postal Code 16109, Street MABIBO, Road MANDELA ROAD, Plot number 114, Block number D, House number 01, operating various activities mainly based on manufacturing sector.

The company is currently in the process of registering a Plastic and PVC Pipes Manufacturing and Sales Project with TISEZA (TIC) and is also applying for a Certificate of Incentives offered to qualified investors. This initiative is intended to facilitate the smooth implementation and operation of the ongoing plastic and PVC pipes manufacturing project.

Leveraging its existing infrastructure, operational capacity, and established market presence, **Mkumbara Company Limited** seeks to expand into the manufacturing sector in order to meet the growing demand driven by Tanzania's rapidly expanding building and construction industry.

1.2 Project Description

As explained above; **Mkumbara Company Limited** is currently developing and implementing a Plastic and PVC Pipes Manufacturing and Sales Project aimed at supplying high-quality plastic and PVC piping solutions to Tanzania's fast-growing construction sector and other activities such as water supply, irrigation, sanitation and infrastructure sectors. In line with national investment facilitation frameworks, the company is in the process of registering the project with the Tanzania Investment Centre (TIC) / TISEZA and applying for a Certificate of Incentives available to qualifying investors. These incentives are expected to enhance project efficiency, reduce operational costs, and accelerate market penetration.

The project is designed to manufacture a wide range of plastic and PVC pipes of various diameters and specifications qualifying to Tanzanian and international quality standards to serve both public and private sector demand. The targeted markets include residential and commercial building projects, government infrastructure programs, water and sewerage authorities, agricultural irrigation schemes and industrial developments across Tanzania and the East African region.

Company's investment is strongly aligned with Tanzania's industrialization agenda and the National Development Vision which emphasize value addition, local manufacturing and technology transfer as well as employment creation. Rapid urbanization, population growth

and increased public investment in housing, roads, water, and sanitation have significantly increased demand for durable and affordable piping products it a specific gap that this project seeks to address.

Mkumbara Company Limited aims to become a reliable local manufacturer, reduce dependence on imported plastic and PVC pipes and contribute to sustainable economic development. The project is also expected to generate employment opportunities, enhance government revenue through taxes and levies, and support downstream industries and suppliers within the Tanzanian economy.

1.3 Business Information and Contacts

- i. **Business Name:** Mkumbara Company Limited
- ii. **Business Address:** P. O. Box 16578 - Dar es Salaam.
- iii. **Tel:** +255 715 999 964
- iv. **Certificate of Incorporation number:** 151294235

1.4 Company Shareholders Information and Organization Structure

Mkumbara Company Limited has a ranked organization structure with clear allocation of responsibilities to ensure efficient operations in the production and administrative divisions. The current organization structure of the Company is operating its activities under two major departments namely administration and production departments, however the new line of business will influence the changes of company organization. The new company organization will comprise three departments includes business development department, sales department and Finance and administration department. The highest decision maker for the company is board of directors. The managing director oversee day-to-day operations of the company assisted by heads of units.

The Board is the strategic decision-making organ of the Company, the investment and financing decision is under the Board while the Executive Management is managing daily operations of the company. Below is the board of directors of **Mkumbara Company Limited**.

- A. Zhi Tong Xu- Director
- B. Ma Yu Lin – General Manager
- C. Ally Ramadhani Mahundi- Secretary

1.5 Company and Project Objectives

This project was established by the company with the following objectives;

1.5.1 To Establish a Sustainable Local Manufacturing Facility For Plastic and PVC Pipes in Tanzania.

This project aims to develop a modern manufacturing plant capable of producing high-quality plastic and PVC pipes locally, in this manner reducing reliance on imported products and strengthening Tanzania's domestic manufacturing base.

1.5.2 To Meet The Growing Demand of Plastic and PVC Pipes From The Construction and Other Related Sectors.

The project seeks to supply reliable and affordable piping solutions to support Tanzania's rapidly expanding building and infrastructure developments, including residential housing, commercial projects, government utilities and agricultural irrigation schemes.

1.5.3 To Contribute to Export and Foreign Exchange Savings.

Through locally manufacturing plastic and PVC pipes, the project will reduce the country's dependence on imports, conserve foreign currency and support the government's industrialization and trade balance objectives.

1.5.4 To Enrich Government Revenue and Support Socio-Economic Development.

Through payment of taxes, levies, and other legislative contributions, the project will contribute to national and local government revenues while supporting broader socio-economic development initiatives.

1.5.5 To Create Employment Opportunities and Develop Local Skills

The project intends to generate direct and indirect employment for Tanzanians across production, quality control, logistics, administration and sales, while also facilitating skills transfer and technical capacity building within the manufacturing sector.

1.6 Project's Mission and Vision

1.6.1 Vision

To become a leading and trusted manufacturer of high-quality plastic and PVC piping solutions in Tanzania and the East African region, contributing to sustainable infrastructure development, industrial growth and to improve living standards through reliable and affordable local produced products.

1.6.2 Mission

To manufacture and supply durable, cost-effective, and standards-compliant plastic and PVC pipes by exploiting modern technology, skilled human resources and efficient operations which turn into promoting local value addition, environmental responsibility, customer satisfaction and alignment with Tanzania's national industrialization and development goals.

1.7 Manufacturing of Plastic and PVC Pipes Business

The manufacturing of plastic and PVC pipes in Tanzania is an important business activity supported by rapid urban growth and increasing construction works across the country. Cities such as Dar es Salaam, Dodoma, Mwanza, Arusha and Mbeya continue to experience expansion in residential housing, commercial buildings as well as industrial developments which require reliable piping systems for water supply, drainage and electrical installations. Local manufacturing of plastic and PVC pipes helps ensure steady availability of products, reduces delivery time and provides cost-effective solutions compared to imported alternatives.

Demand for plastic and PVC pipes is further driven by government infrastructure and utility projects. Public institutions such as DAWASA, RUWASA and local government authorities regularly use PVC pipes for water supply, sanitation, and drainage projects in both urban and rural areas. In addition, agricultural irrigation schemes in regions such as Morogoro, Coast and Dodoma depend on plastic pipes to support efficient water distribution. Locally manufactured pipes are designed to meet Tanzanian Bureau of Standards (TBS) requirements and are suitable for local environmental and operating conditions.

The plastic and PVC pipes manufacturing business also supports Tanzania's industrialization and import substitution goals. Producing pipes locally reduces dependence on imports, saves foreign exchange, and strengthens the local manufacturing sector. Local manufacturers are able to respond quickly to market demand and public tenders, while creating employment opportunities and supporting related industries such as transport, raw material supply, and equipment maintenance. As a result, plastic and PVC pipes manufacturing is a sustainable and high-impact business that contributes to national economic development.

1.7.1 Raw-materials

The production of plastic and PVC pipes primarily requires Polyvinyl Chloride (PVC) resin, High Density Polyethylene (HDPE) or Polypropylene (PP) (depending on product specifications), together with additives such as stabilizers, lubricants, pigments and impact modifiers. These raw materials are essential for achieving the required strength, flexibility, durability and resistance to pressure and environmental conditions. All materials used in the manufacturing process are selected to comply with Tanzanian Bureau of Standards (TBS) and relevant international quality standards to ensure product safety and long service life.

In Tanzania; most PVC and plastic raw materials are imported as local production of polymer resins is limited. However, the country benefits from well-established import systems through major ports, particularly the Port of Dar es Salaam which serves as the main gateway for industrial raw materials. The availability of reliable shipping routes, customs clearance facilities, and bonded warehousing ensures consistent and timely supply of raw materials required for continuous production.

Mkumbara Company Limited has established strong and long-term business relationships with reputable raw material suppliers from the People's Republic of China one of the world's leading producers of PVC resin and plastic compounds. These partnerships enable the company to secure high-quality raw materials at competitive prices, with stable supply schedules and technical support. Through these relationships, the company benefits from assured availability of raw materials, reduced procurement risks and the ability to maintain consistent product quality, thereby supporting smooth and sustainable operation of the plastic and PVC pipes manufacturing project in Tanzania.

1.7.3 Legality of the Business

The company has been registered and offered all required legal documents includes certificate of incorporation, business license, Tax identification number and all mandatory authorities' certifications.

1.8 Project/ Business Location

Mkumbara Company Limited, is a registered Company headquartered in Dar es Salaam, Tanzania. The specific project location is on Plot number 2010, Block number D at Sinza, Ubungo District in Dar Es Salaam Region, Tanzania where is the project location.

2.0 ECONOMIC ASPECTS AND SOCIAL IMPACT

2.1 Economic Aspect

The Plastic and PVC Pipes Manufacturing Project will have a positive economic impact on Tanzania by supporting industrial growth, reducing import dependency and creating employment opportunities. Local production of plastic and PVC pipes will save foreign exchange previously spent on imports, lower construction and infrastructure costs through improved product availability, and strengthen domestic supply chains. The project will generate direct and indirect jobs in manufacturing, logistics, sales and maintenance, while also supporting related sectors such as transport, raw material importation, and equipment services.

In addition, the project will contribute to government revenue through taxes, duties and statutory levies and support national development priorities by enhancing the availability of essential infrastructure inputs for housing, water supply, sanitation, and agricultural development.

2.2 Impact of Project to the Society

The company investing part of the premiums to social projects like schools, health facilities and learning centers as part of giving back to the community. On other hand, during project implementations, the company will continue training workers in order to acquire new skills which finally turn into their income maximization hence social-economic development attained.

2.3 Employment Opportunities

During implementation of this project, both direct and indirect employment opportunities will be created. The following table below, indicate direct employment opportunities generated by this project to the community.

Gender	Locals	Foreigners
M	35	0
F	50	0
TOTAL	85	0

3.0 SWOC ANALYSIS

A proper SWOC analysis is necessary in order to position the business to maximize our strength, leverage on the opportunities that will be available to us, mitigate our risks and be equipped to confront our threats. In order to achieve this, **Mkumbara Company Limited** employed the service of an expert Human Resource and Business Analyst with bias in the transportation logistics industry to help the company to conduct a detailed SWOT analysis and to help us create a business model that will help us achieve our business goals and objectives. Here below is a summary from the result of the SWOC analysis that was conducted on behalf of the company:

3.1 Strength

The project benefits from a clear market need driven by rapid construction and infrastructure development in Tanzania, a strategic location in Dar es Salaam with access to major transport routes and the port, and strong supply relationships with experienced raw material manufacturers from China. Additional strengths include local market knowledge, alignment with national industrialization and import substitution policies and the ability to supply products that comply with Tanzanian Bureau of Standards (TBS) which builds customer confidence and market acceptance.

3.2 Weakness

The project depends largely on imported raw materials, which exposes operations to foreign exchange fluctuations and international logistics timelines. Initial capital investment requirements for machinery, utilities and skilled technical personnel are relatively high and as a growing manufacturing operation the company may require time to reach optimal production capacity and economies of scale.

3.3 Opportunities

The project can benefit from increasing government and private sector investment in housing, water supply, sanitation, irrigation and industrial infrastructure across Tanzania. Opportunities also exist for expanding product ranges, supplying regional markets within

East Africa, participating in public procurement programs and benefiting from investment incentives offered by TIC and TISEZA that support manufacturing growth.

3.4 Challenges

The project may face competition from established local manufacturers and imported products, changes in government policies or tax regimes and fluctuations in raw material prices and exchange rates. Operational challenges such as power supply reliability, transportation costs and compliance with environmental and regulatory requirements also require careful management to ensure long-term sustainability.

4.0 MARKET ANALYSIS

4.1 Market Analysis and Trends of Plastic and PVC Pipes

Tanzania's construction and infrastructure sectors are expanding steadily driven by public investment in roads railways water and housing and by private real estate development. This growth is increasing demand for piping products used in water supply sanitation drainage irrigation and building services. Local manufacturing can substitute imports and capture a growing share of public and private procurement.

- There many factors for an increased demand for Plastic materials and PVC pipes. The following are some of them;
- Urban housing and commercial construction in cities like Dar es Salaam, Arusha, Dodoma Mwanza, and Mbeya.
- Agricultural irrigation projects that require reliable piping for smallholder and commercial farms.
- Government's water programs implemented by authorities such as DAWASA and other regional water authorities.
- Infrastructure projects such as roads, bridges and railways that use pipes for drainage and utilities. These programs create both large-volume tenders and steady retail demand.

On the other hand; the market requires institutional sales via public tenders and contracts with utilities contractors and developers as well as trade or retail sales through hardware's merchants, building material yards and regional distributors as market distribution channels. Price competitiveness depends on raw material costs, freight and foreign-exchange exposure.

Also, Tanzania Bureau of Standards (TBS) maintains compulsory standards for plastic piping systems used in water supply drainage and sewage. Meeting these standards is essential for winning government contracts and building trust with large contractors and utilities. Certification and product testing should be built into the project plan and budget.

4.2 Project Targeted Market

Mkumbara Company Limited prioritized two complementary market segments; first will be institutional and project procurement where large repeat orders are placed by contractors and government bodies such as DAWASA, other regional water authorities, municipal councils, large construction firms and irrigation project implementers.

Second will be the trade and retail channel made up of national and regional building material merchant's hardware, chains developers and plumbing contractors who buy smaller frequent consignments.

5.0 FINANCIAL AND INVESTMENT PLAN

5.1 Investment Plan

Mkumbara Company Limited plan to invest a total capital of USD 760,500. The following is the summary of the capital investment cost estimated.

Type of Asset	Amount of Investment in USD
Land and Buildings	63,528
Plant and Machinery	423,472
Vehicles	89,000
Furniture and Fittings	15,000
Pre-Expenses	10,500
Others	9,000
Working Capital	150,000
TOTAL	760,500

5.2 Financing plan

The project's cost will be financed by shareholder's local equity contributions as shown below.

Equity in USD	760,500
Loan in USD	0
TOTAL	760,500

5.3 Revenue, Cost and Profit Projections

Five-Year Revenue, Cost, and Gross Profit Projection (USD)

Year	Revenue (USD)	Total Operating Cost (USD)	Gross Profit (USD)
Year 1	650,000	480,000	170,000
Year 2	820,000	580,000	240,000
Year 3	1,020,000	700,000	320,000
Year 4	1,260,000	850,000	410,000
Year 5	1,520,000	1,000,000	520,000

The projections indicate that the project is financially viable with revenue and gross profit increasing progressively over the five-year period as production efficiency improves and market share expands. Gross profit margins strengthen over time due to optimized use of plant and machinery, stable raw material sourcing and growing demand from construction, water and infrastructure sectors. The projected performance demonstrates the project's capacity to sustain operations, recover the initial investment and generate long-term economic value.

6.0 CORPORATE SOCIAL RESPONSIBILITY (CSR)

6.1 Gender Considerations

The Promoter's project engages both male and female in various operations.

6.2 Occupational Health and Safety

The promoter is aware of Occupational Safety and Health Authority (OSHA); however, the company has not yet registered by OSHA, but the promoter will be registered.

6.3 Anti-Corruption

According to the promoter, the company does not entertain corruption behavior and activities. The promoter seems to be genuine as he is having all documents required and follow all procedures in his activities. This gives a picture that the promoter is playing a fair game in the business as well as out of the business. The issue of corruption is very difficult to address as both parties involved would like to cover it however the promoter will prepare policies and operation procedures so that there will be no room to entertain corruptions.

6.4 Labour Rights

The promoter adhering to labour law, the business is also in preparation of human resource policy and human resources manual. Employees will be allowed to form their organ that will be speaking on behalf of employees to the management, furthermore the employees will be allowed to join trade unions. There will be posters around the area portraying rights and responsibilities of employees.

6.5 Corporate Social Responsibility

The promoter plans to give part of the profit made to the society through CSR, the fund that back to the society will be used to improve infrastructures such as building of schools, contribution of desks, improving health services.

7.0 RISK, CONCLUSION AND RECOMMENDATIONS

7.1 Risks

The main risks associated with the Plastic and PVC Pipes Manufacturing Project include fluctuations in foreign exchange rates due to reliance on imported raw materials, variations in global raw material prices and potential delays in international logistics. Additional risks may arise from competition with established local manufacturers and imported products, changes in government policies, taxation, or regulatory requirements, and operational challenges such as power supply reliability and rising utility or transportation costs. These risks will be managed through long-term supply agreements, maintaining adequate working capital, compliance with regulatory standards, diversification of customers, and adoption of efficient production and cost-control measures.

7.2 Recommendations and Conclusion

Plastic and PVC Pipes Manufacturing Project by **Mkumbara Company Limited** is technically feasible, financially viable and well aligned with Tanzania's industrialization and infrastructure development priorities. The project addresses a clear market demand, supports import substitution, creates employment and contributes to government revenue and economic growth. It is therefore recommended that the project be registered with TIC/TISEZA and supported through applicable investment incentives.