

BUSINESS PROPOSAL

FOR

AARSAL STEEL MILL LIMITED









About Us

The PALAK group of companies has been established in Kenya since 1999. Out of our three main business units – Palak Steel Mill Limited, Palak Developers, Palak Elevators & Escalators Limited, Palak Steel Mill Ltd is a flagship company of the Palak group. It was established in 2007 to manufacture steel products. Palak Steel has set up Hot Rolling Mills, located at Nairobi, Kenya.

We would like to introduce us as a “one-stop” solution for our customers, ranging from distribution services to downstream and value-added activities. Equipped with strong sourcing capability from Japan, India, China, Turkey, Russia, Ukraine, and other European countries, we carry all types of steel products, of various dimensions and for a wide range of industries and applications.

Through our three main business units, we provide:

- One-stop supply and production for all construction and steel requirements, including deformed bars, and TMT bars.
- Competitively priced and extensive product portfolio for all industries.
- Wide range of building materials, and hardware materials.
- Supply and installation of passenger lift, goods lift, car lift and escalators.
- Manufacturing of Battery Acid and Battery water and domestic chemicals.

Today, our group of industries has about 500 customers from diversified industries, who are located predominantly in Kenya, Rwanda, Burundi, and Tanzania.

Mr. Rajesh Patel

FOUNDER

Mr Rajesh Patel is the founder of our group of companies. He develops and monitors strategies for ensuring the long-term financial viability of the organisation. Mr Rajesh has over 40 years of experience in the trading business, and more than 15 years of experience in manufacturing and construction business. His skills to manage, and his vision for the future makes him the backbone and true strength of our company.

Mr. Mautik Patel

EXECUTIVE DIRECTOR

Mr. Mautik Patel is the director in charge of Finance and Administration. A business administration graduate, Mautik is the son of Mr. Rajesh Patel and has been involved in the growth of family business over the last 5 years and was jointly responsible for the acquisition and the upgrade of the present steel Mill. Mr Mautik is also managing buy-outs and direct investments in Asian Companies in the chemical, engineering, manufacturing, industrial and technology sectors.

Ms. Palak Patel

Financial Controller

Ms. Palak Patel, daughter of Mr. Rajesh Patel has more than 7 years of Experience in accounting and finance. Her management, accounting and innovative skills together with the dedication and discipline gives the company a complete balance and strength which is ideal for any business unit.

BUSINESS PROPOSAL

We are planning to establish a Hot rolling mill with melting furnace generating 150 TPD and amounting to a huge investment of about 15,000,000 USD.

To set up a mega plant like this we require 14 acres of land at the Industrial Park 3, Block 1, at Bagamoyo Eco-Maritime City (BEMC), Pwani Region, near Bagamoyo town towards north of Dar Es Salaam.

Out of the 14 acres we are planning to produce TMT bars in 7 acres land, another 3 acres land is required for producing Z section, Angel line, Flat bar, T-bars, and another 2 acres land we will be using for manufacturing wire products.

We would also request TISEZA to grant us the land and corporate income tax holiday of up to Ten (10) years.

Investment Plan

We are planning to utilize the funds of 15,000,000 USD for plant & machinery, vehicles, land and development, office equipment, etc.

FINANCIAL STRUCTURE IN USD \$

	LOCAL SOURCE	FOREIGN SOURCE	TOTAL FUNDS
EQUITY		1,000,000.00	
BANK LOAN FOR PLANT & MACHINERY	5,000,000.00		
MOTHER COMPANY INVESTMENT		5,000,000.00	
BANK LOAN FOR CONSTRUCTION	2,000,000.00		
MOTHER COMPANY INVESTMENT		2,000,000.00	
TOTAL	7,000,000.00	8,000,000.00	15,000,000.00

INVESTMENT AND FINANCIAL SCHEDULE: USD \$

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
CONSTRUCTION	3,800,000.00	500,000	50,000.00	80,000.00	100,000.00
PLANT & MACHINERY	10,000,000.00	2,000,000	2,500,000.00	3,000,000.00	3,000,000.00
OTHER ASSETS	200,000.00	50,000	70,000.00	100,000.00	100,000.00
WORKING CAPITAL	1,000,000.00	1,000,000	2,500,000.00	3,000,000.00	3,500,000.00
TOTAL	15,000,000.00	3,550,000.00	5,120,000.00	6,180,000.00	6,700,000.00

NUMBER OF LOCAL EMPLOYEES

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TOP MANAGEMENT	15	15	15	15	15
TECHNICAL PROFESSIONAL	20	20	20	20	20
SKILLED LABOUR	30	30	30	30	30
OTHERS(CASUAL)	250	300	300	350	350
TOTAL	315	365	365	415	415

NUMBER OF FOREIGN EMPLOYEES

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TOP MANAGEMENT	15	15	15	15	15
TECHNICAL PROFESSIONAL	10	10	10	15	15
SKILLED LABOUR	10	10	10	20	20
OTHERS(CASUAL)	X	X	X	X	X
TOTAL	35	35	35	40	40

SOCIAL IMPACT

Nearly 500 employees will be employed out of which 300 will be direct and 200 indirect and will be continuously increasing with implementations to our future plans. This steel industry shall be playing a huge role in creating a social and economic growth for the country and its people as:

- Giving maximum employment opportunities.
- Giving training and educating the employees.
- Creating skilled workmanship.
- Creating more opportunities for export and earning more foreign exchange.
- To strengthen the housing and building industry because of the high quality steel manufactured.

VISION:

To attain a leadership position in Steel Industry through performance excellence by providing cost effective metal products and producing a high quality infrastructure materials.

MISSION:

Value creation by means of best management practices, empowered workforce and safeguarding corporate social responsibility.

CORE VALUES:

- Excellence
- Ethical Values
- Transparency
- Team work
- Continual Improvement

CUSTOMERS: We are committed to exceed the expectations of our customers by providing high quality products & services.

EMPLOYEES: Human capitals are the primary assets of Palak Group, and they will be developed to their maximum potential and committed to working and growing together.

BUSINESS: Trust, Respect, Transparency and Teamwork are our essential attributes in building up a successful and prosperous business.

EXCELLENCE AND QUALITY: We aim to excel in everything we do.

OUR KEY PRODUCTS



Round / Square Bars/TMT Bars

Industry Information

The value of the annual global steel production is way over US\$ 800 billion. World crude steel production for the 64 countries reporting to the World Steel Association (world steel) was 154.9 million tonnes (Mt) in May 2018, a 6.6% increase compared to May 2017. Over the past twenty years, in the industrialized countries, i.e., Japan, U.S.A., Germany among others, there has been massive investment in new products, new plants and technology. The result has been a considerable improvement in the performance of steel products and a related reduction in energy use and consumption of raw materials in their manufacture. In Kenya, steel is mainly used in the construction industry and in the manufacture of wire products such as barbed wire, chain link and nails. The main sources of steel in the country are imports and local scrap. The main sub-sectors in Kenya's metal industry are steel smelting and hot

rolling, manufacture of wire and wire products, pipes, galvanized and cold rolled steel products. These sub-sectors are interrelated as they depend upon each other for the supply of inputs. With the current economic growth in Kenya and other African countries, many opportunities will be created for investors. Since steel is a major raw material for most industries, high growth in the steel industry is expected. This makes it important to investigate the dynamics of the steel industry in the country.

Development and Present Growth

