

Baharan Lda.

Mozambique

Overview

Baharan is a manufacturing company specialized in the production of office furniture, in particular in the education sector. The company is the national leader in this sector and covers all the ten provinces of the country. In addition to the education sector, the company supplies the healthcare and army sectors. The company seeks a partner to invest in new machinery and modernize the factory to face new competition and remain market leader. The company is located in an industrial zone par excellence and occupies an area of 3 ha, with 3 industrial buildings comfortable and covered.

The product

The company produces a wide variety of products. The main ones are school benches, cabinets, cabinets, hospital beds, shelves, water tanks, fuel tanks, wheelbarrow, trays, scaffolding, rotary bench, trash can with pedal, ambulance bicycle etc. The company does not intend to develop new products, but to make them more attractive for customers. In addition, Baharan provides after sales, guarantees, and maintenance services that improve trust and loyalty of its clients.

The market

Baharan currently focuses on the national market where it sells across all regions, however the quality of its products meet international standards. Main client is the public sector, namely the Ministries of Education, Health, Defense and Interior. The company serves also the private sector, but on a much more limited scale. Public hospitals, schools, and army that are reached through public procurement processes. After the investment, the company expects to reach out to the regional market. Demand for its products should grow in line with the high demographic growth rate (10%) of the region.

The competition

The company owns 60 percent of the national market; this makes it by far the market leader. The competitive advantage of Baharan's products lies on better quality and prices versus national competition. International competitors represent a threat due to the comparable quality and affordable prices.

The company can leverage a number of factors that make their products the most competitive in the market, such as the location of the factory in an industrial area par excellence, the availability of modern facilities and infrastructure suitable for industry, being a reputable market leader in the national territory, skilled labor and adherence to control of ISO quality (ISO 9001 2008).

Key facts

Name of Organization	Baharan Lda.
Country of operations	Mozambique
Headquarters	Matola City (Industrial Zone)
Website	N/a
Year operational	2005
Sector	Light manufacturing
Legal structure	LLC (Mozambique) owned 90% by the founder
Number of employees	145
Revenues	USD 4 million

Proposed investment structure

Proposed investment amount	USD 6,125,000
Type of investment	Mix of Equity and Debt
Type of investor needed	Long-term investor with experience in light manufacturing.
Use of proceeds	<ul style="list-style-type: none"> Equipment and machinery Know-how and technical consultancy

Management & Advisors

- **Medhi Gambari, Founding Partner** – Medhi is the company's top manager and is responsible for managing the entire organization, coordinating all departments, taking key decisions and actively participating in strategic planning. He has more than 30 years of experience in the management of several metal-mechanical companies, all of them have been successful.
- **2 Engineers,** - They directly supervise the manufacturing sector and the technical office. Their responsibilities include increasing productivity, reducing production costs and certifying the quality of the final products through a dedicated computerized system.
- **Herminio António Matavel, Head of Administration and Finance** – Herminio leads the Administrative and Finance operations leading a team of in-house technicians and deals with external financial advisors. He is responsible of contributing to the strategic planning and financial management, overseeing investments, preparing management reports, budget, and annual reports. He holds a Master in Accounting and Auditing and he is a PhD student in Management.

Investment Proposal

The company is raising USD 6,125,000 mix in equity and debt to:

- Partner for technology and processes improvements;
- Supply Chinese equipment for the factory improvement;
- Upgrade of the current factory to keep up with competition;
- Contract of supply raw materials, logistics, etc.;
- Access to new markets for Baharan;
- Access to African markets for Chinese partner;
- Open to further explore other mutually advantageous proposals for potential partnerships.

The ideal partner should be an equity/debt investor already active in the light manufacturing space and willing to share know-how of processes and equipment. Baharan expects an engagement of at least 7 years. An investor could expect a return of around 12% p.a., with payback of the investment in 4 years' time. Exit strategy should be negotiated taking into account the requirements of the partner and the realities of the company.

Social Impact

The company social impact lies on providing access to basic educational products to the youth of Mozambique. In addition, we provide employment opportunities to 145 people.

Financial details

Company's financials are available upon request.



Fig. 1 Raw material



Fig. 2. Production



Fig. 3. Inventory



Fig. 4. Final product

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