

A strong regional player

By **SHARAD NAGESH SALGAR**

CHIEF EXECUTIVE OFFICER, ALAF LIMITED



SHARAD NAGESH SALGAR

has worked in the steel and aluminium industries for three decades. He was educated in India, holds a law degree and is a qualified chartered accountant. He moved to Tanzania in 1975, working for the Tanzania Audit Corporation as Chief Auditor. In 1980, he joined the SAFAL Group, working his way up from Financial Controller to Regional Chief Executive Officer. Among other posts, he is Chairman of the Steel Manufacturers Association of Tanzania.

Established in 2003, the Safal Group is the leading manufacturer of flat and long steel products in Africa.

The origins of the group date back to 1960 with the founding of ALAF Ltd in Tanzania. Over the years, the group has expanded its presence on the continent, establishing operations throughout eastern and southern Africa.

Currently the Safal Group boasts three metal coating facilities within Africa, in Kenya, Tanzania and South Africa, with presence in over 12 countries on the continent and 25 operations.

In 1995, Safal Investments was set up to consolidate operations in Kenya, Uganda, and Tanzania and to launch its strategic initiative to expand the company's roofing activities into eastern and southern Africa; by 2003 the group companies were restructured into the holding company. The group manufactures a wide range of metal roofing and allied building products across eastern and southern Africa, and supplies these to over 40 countries worldwide. It currently has over 4,500 employees and will soon open its doors in Djibouti, Burundi and Madagascar.

The group's roll forming operations manufacture profiled roofing sheets and accessories across eastern and southern Africa and offer complete solutions to the roofing industry through technical expertise available within the group. Safal also provides value added solutions such as cut and bend of reinforcing steel, and the design and supply of lightweight steel frame buildings.

Reflecting its commitment to all stakeholders, group companies including ALAF have incorporated best business practices through the application of Kaizen techniques and innovative solutions to achieve world-class manufacturing standards.

The group plays a big role in improving living standards in the communities in which it works, and is fully committed to its internal and external stakeholders. The main focus of our activities is on health and education, focusing on staff, youth, women, children, prevention of HIV/Aids, and community improvement. The group also pays attention to the environment in which its companies operate and supports campaigns to sustain the natural environment. We are continuously initiating a range of corporate social responsibility initiatives.

All of the group's companies have also incorporated best business practices and are committed to the Kaizen principles. Such practices include modern production techniques and innovation solutions to achieve world-class manufacturing.

Regional role

Despite strong growth in the sector, a gap in local supplies of coated steel roofing materials has emerged in eastern and southern Africa. Steel roofing materials form an integral component of the construction of lower-cost solid buildings – whether for residential housing or for the construction of business, manufacturing and agricultural buildings.

In order to expand its operations, Safal is developing a US\$170 million package of projects in South Africa, Kenya and Tanzania. These projects will increase the group's existing coated steel production capacity by 225,000 tonnes per year.

GuarantCo, along with the International Finance Corporation (IFC), have participated in the projects for Kenya and Tanzania, providing guarantees of US\$16 million each for a total local currency bond issue of US\$32 million by the Safal Group. The projects include: a 75 per cent guarantee of a US\$11 million equivalent bond issue for the funding of an extension to a cold rolling steel mill in Kenya; and a 75 per cent guarantee of a US\$5 million equivalent bond issue with similar tenure to construct a new galvanising plant in Tanzania.

In Kenya and Tanzania, both low-income countries, these investments will lead to improved quality and durability and a reduced cost of thin-gauge roofing sheets. Both general consumers and agricultural users will benefit from greater affordability and better quality, while farm output will be enhanced through better storage units.

The investment in the steel roofing sector will enhance the productivity of local manufacturing and will allow firms to compete in regional and international markets, facilitating exports of value-added products and boosting Safal's operations. This will provide employment to approximately 1,300 local people.

By facilitating transactions for innovative firms such as Safal's subsidiaries, ALAF and Mabati Rolling Mills, which pioneered steel roofing products in Africa, GuarantCo is boosting local business development and regional manufacturing and trade. Furthermore, the

project also dovetails with local strategies to provide better, lower cost housing.

Furthermore, in 2008, the Safal group launched an aggressive growth strategy that resulted in the opening of a new plant in Cato Ridge, Kwazulu-Natal in April 2010. The Cato Ridge plant in Kwazulu-Natal was a result of a lengthy feasibility study conducted in 2006 that showed a need for an alternative steel supplier to the industry and lead to an investment of US\$100 million. The 30,000 square metres new production facility boasts a pickling line, cold rolling mill and metal coating line for the aluminium-zinc technology and a colour coating line. Situated in Cato Ridge, the plant is central for distribution to all major regions, as well as the port for exports to Europe, central and South America, the Indian Ocean Islands and Australasia. The Safal group will also import the bulk of its raw materials from Japan.

ALAF, a strong Tanzanian presence

Celebrating its golden jubilee year in 2010, ALAF has a long and successful association with Tanzania. ALAF became the first and is still the only company in its category in Tanzania to be accredited with ISO 9001:2000 and ISO 14001:2005 based on its quality standards and commitment towards the environment.


ALAF has won the President's best Manufacturer of the Year Award (in the large industries category) instituted by the Confederation of Tanzania Industries (CTI), for the last four years in succession.

ALAF provides complete roofing solutions for all types of homes and other buildings in Tanzania. Reflecting its commitment to the country, Alaf has undertaken extensive social responsibility obligations. The company does this by sharing some of its profit with the community. I believe it makes moral sense of the company to give something back to the community because without the community our existence would not have been possible.

Among recent initiatives has been the provision of mosquito nets to its staff to help them in the protection against Malaria, along with HIV/AIDS education programmes. The company has also built a dispensary in its compound where company staff and their families can receive treatment when they get sick.

ALAF has also made a substantial donation direct to the society by providing roofing materials; further the company has made sure not to forget the Tanzanian child by donating to the World Food Program.

In order to play its role in the protection of the environment, ALAF has answered the government's call and has planted hundreds of trees in their business compound, a project that will continue in the future. The company has at the same time donated some money to Kilimanjaro region and to Dar es Salaam region for tree planting projects.

The Safal group continues to provide leadership, resources, and training; all needed to create an environment in which every stakeholder and member can contribute toward growth and success. 

**Celebrating
its golden
jubilee year
in 2010, ALAF
has a long
and successful
association
with Tanzania**



Good infrastructure
is vital for regional
businesses