

VIRA 2018 COMPANY LIMITED
P.O. BOX 896
MWANZA

BUSINESS PLAN FOR THE BANK
LOAN FACILITY

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1.0.EXECUTIVE SUMMARY

1.1.Business Background

VIRA 2018 COMPANY LIMITED is the company engaging in manufacturing industry for cotton seed- cooking oil and plastic Rope as the main business operating in Mwanza region.

Industrialization in Tanzania is the most target sector and governmental emphasis to the growth of national economy. It is undeniable fact that manufacturing sector plays key role in growth of any economy and it is from this sector developing countries can catch-up with the rest of the world. While other countries are struggling in upgrading the level of their industrialization to accommodate the concept of sustainability by going for more advanced technology hence increase productivity, others are still on the ground struggling to take off and catch-up with industrialized world, Tanzania being one of them. In spite of various strategies proposed and implemented, the sector contribution has remained low, and currently statistics shows a decline.

From analysis, it is evidently that manufacturing sector remain to be significant for the growth of Tanzania's economy despite her small GDP share relative to other sector like agriculture and service. The stagnant contribution share of sector is linked with; implementation lags on ambitious uncoordinated plans, slow transforming economic structure which is dominated by agriculture, and competition from low priced manufactured import from Asian economies. Thus, the best way to go is for a country to centrally coordinate all development policies to ensure connectivity and progressive monitoring of policies' implementations, and attention should be paid on emphasis for more investment from local citizen.

The business plan is seeking for the bank loan facility in term of Project financing, Stock loan and Bank overdraft for working capital to enhance the business carry a new project of opening and completing construction for cotton ginnery located at Magu and also to manage efficiency operation of business.

The company is amongst successful companies in this line of business in Mwanza region .Demand for cooking oil, Plastic Ropes and cotton ginnery business is growing due to increase in population. Lake Zone regions are populated area to attract high demand for business service and contributes to the business growth and expansion. The area is strategic for this kind of business and hence demand has been rising day after another. Business is well known and therefore, most of the people prefer to visit premises rather than other premises due to good customers care, reasonable prices affordable by all classes of people regardless to the level of their incomes, customer royalties, comfortable services etc. The overall objective of the business is to maximize returns, as well as to promote both social and economic development of a Tanzanian community through participating in this business line.

1.2.Purpose of the Business Plan

The major intention of the business is to expand the business line by securing a wide market share in entire region of Mwanza and lake zone at large. In order to attain this ambition, business is looking for the bank loan facility to support the completion

of ginnery construction and working capital to facilitate proper and effective operation.

There are several economic activities in Lake Zone regions like Tourism activities, Agricultural activities, Individual investments, Private and Government institution. Economic activities have necessities of expanding business to meet customer demand and increase in investment for profit maximization. With due respects, this business plan is prepared as a basis for supporting the company in seeking for the loan facility from **AZANIA** BANK, which will be used to complete and open the ongoing ginnery construction as well as to support existing business of cotton seed-cooking oil and Plastic Rope for loan products of Stock loan and Bank Overdraft facilities which directly support in boosting business working capital base toward the stocking of enough stocks for resale, to support the allocation of business resource effectively, handle unexpected business problems and make good business decisions, to guide the business with regard to viability of the business and to assist the management in reviewing business line and to seek further strategies to secure a widely market share.

1.3.Location and Infrastructure:

The business premise of the company is located at Ilemela municipal council and Magu district. The location is favourable for this type of business with the fact that, it is reachable and communicable. The location is therefore opportune for the customers to visit at reasonable service price.

1.4.Markets and Marketing

The companies' businesses are good business with the fact that it involves basic human needs and requirements which are almost demanded daily by different classes of people. The demand is therefore very big given the continuing growth of the population surrounding the entire Lake zone region.

1.5.Distribution and pricing

The distribution of goods being traded by the company is being done within the premises located at Ilemela municipal council in Mwanza region. The pricing of the goods for resale is done on cost plus basis.

1.6.Areas of Operation and Technical Aspects

The business is selling its products at Mwanza region and entire Lake Zone. The transportation of the products to the business' premises at Mwanza is organized through proper delivery systems between the company himself and his suppliers.

1.7.Establishment and Management

The entire company business establishment is managed by Mr Ravi Bhanubhai Sodha and Vishai Bhanubhai Sodha. The business maintains proper records which are used for the preparation of final accounts.

1.8.Conclusion

The proposed business plan is technically feasible, financially attractive and economically sound. The financial support required, if availed will enable the business to sustain and increase its markets shares.

2.0.THE BUSINESS

2.1.Introduction

2.1.1. Business Location

The business is located along Musoma road, Nyakato Street –MWATEX industry in Mwanza city and Magu town all in Mwanza region. The business is strategically located to meet environmental standards as well as efficient and accessibility to operation.

2.1.2. Legally

The business is legally trading with all valid certificates for compliance including Tax payer Identification number, VAT and Business license.

2.1.3. Nature of Business

It is a merchandised business as well as service business. The business is focusing to stock enough stock for resale.

2.1.4. Banking Relationship

VIRA 2018 COMPANY LIMITED has been banking with different banks. Company is honest and loyal customer who always look to maintain business relationship with her partners especially banker.

2.1.5. Amount in Application and ownership

VIRA 2018 COMPANY LIMITED is applying for the Bank loan facilities in a tune of Tshs 500 million as Bank Overdraft-Working capital, 1 Billion as Project financing to complete ginnery construction and 5 Billion Stock loan to be used for cotton procurements and cotton seed-cooking oil.

Purpose of the Facility, Period of the facility, Suppliers and Target Market

This facility in application will be solely used to support the business as prescribed. This facility is for a period of One year for Bank Overdraft and Stock loan also five years for project loan as it is indicated by the Projected Cash Flow statement attached herewith. The local market within the country especially Lake zone regions are the only targeted local markets of our business.

2.1.6. Mortgage Security

For the purpose of this loan, the company offers ginnery in Magu as collateral security.

2.1.7. (a) Business Past sales trends

The historical performance of the business shows the remarkable success over the customer's satisfaction and business's mission, vision and objective fulfilment. However the momentary value remains the keys indicator on measuring the business performance and thus the historical financial performance for the four years shows the tremendous performance as illustrated below:-

Tshs.

Year	Sales/Turnover
2019	2,047,684,000.00/=
2020	2,847,684,752.86/=
2021	3,548,500,500.00/=

2.1.8. Business Strategic Framework

2.1.9. (a) Vision

To become a leading seller business regional wide.

2.1.9. (b) Mission

To provide high quality service through quality and modern service delivery systems managed by motivated staff, operating with, manufacturing, government institutions, non-governmental organizations and others.

2.1.9. (c) Goal

- a) To have a sustainable working capital base that will enable the business to flourish.
- b) Increase annual sales turnover
- c) Increase gross profitability
- d) Increase market share

2.1.9. (d) Core values

- a) Consistent High Product Quality Standards
- b) Reliability in partnership with customers
- c) Social responsibility
- d) Financial transparency and accountability
- e) Eco-friendly services

2.10. Business Objectives

2.10.1. Operational objectives

- a) To ensure that the business procures, process and stocks adequate goods to meet customer demands.
- b) To increase and sustain the business market share around the lake Region.

2.10.2. Financial objectives

- a) To ensure that the business liquidity position remains sound so as to be able to meet its financial obligations without any distress.
- b) To ensure that the business operates profitably and generates reasonable returns to its owners.

2.11. Business Strategies

- a) To engage and motivates sales force to increase efficiency in the sales activity.
- b) To undertake aggressive, but targeted advertisement, promotion and publicity programs.
- c) To establish and continue to improve the contact and source of reliable suppliers of items we sell at the premises.
- d) To extend market penetration into the rest of region through agency arrangements and using economy packs.
- e) To seek other sources of funds to raise the initial capital so as to expand the business.

2.12. Business Situational Analysis

2.12. (a) Strengths, Weaknesses, Opportunities and Threats

2.12.1. Strengths(S)

- a) Good administration and leadership
- b) Good customers reputation
- c) Knowledge of the local market
- d) Favourable access to distribution networks
- e) Cost advantages from customary know-how
- f) Established customer base and contacts

2.12.2. Weakness (W)

- a) Inadequate business capital that hinders the business's capability to place larger orders and enjoy economies of scale.
- b) Competitor activity in a price sensitive market
- c) Concocted reputation among some of the customers and competitions.

2.12.2. (a) Internal Factor Analysis Summary (IFAS)

From the analysis of the strengths and weaknesses above, it can be observed the business strengths weigh more as compared to its weaknesses. Therefore, we conclude that the business is viable. I.e. $S > W$

2.12.3. Opportunities:

- a) Country's political stability which creates a conducive environment for investment and operations of the business.
- b) Availability and accessibility of funds from financial institutions.
- c) A good infrastructure system that facilitates operation of business.
- d) The business location favours easy purchases and supply of the goods.
- e) An unfulfilled customer demands.
- f) Improved technology

2.12.4. Threats

- a) Presence of competitors in the market with the same goods and services and others with close substitutes.
- b) Unpredictable change in weather and climate conditions which distort demand and supply trends.

2.12.5. (a) External Factor Analysis Summary (EFAS)

From the analysis above we have observed that the opportunities of the business are more as compared to its Threats. Therefore we conclude that the business is viable. I.e. O>T

2.12.6. Political, Environmental, Social and Technical Analysis

(a) Political

The business does not face any serious political threat as the country is in peace and the company is paying all of the required taxes on time hence the business has a good relationship with the tax and city authorities.

(b) Environment

The business has no negative impact on the environment and has better procedures for waste disposal.

(c) Social

The business offers employment to the surrounding community and facilitates the availability of services through payment of Tax to the government via Tanzania Revenue Authority (TRA).

(d) Technical

Technically the business is well equipped with modern facilities like, Telephone, etc. to facilitate business transactions.

3.0.PROFILE OF THE TARGET MARKETS

3.1.Market Segments

The business currently operates into one market segment which is domestic market. The applied facility is for expansion of the business and manages to operate another market like regional market segments and international specifically Kenya and Uganda.

3.2.The Business differential advantages over others

- a) Commitments to customers
- b) Team working sprit
- c) Quality goods and services

3.3.Market analysis

- a) The market is of moderate competitions.

3.4.Entry strategy

The business employs the following strategies to enter into the market

- a) Emphasizing quality services and reliable to reduce customers price sensitivity.
- b) Simple advertisement and promotional strategy were also employed.
- c) Customer satisfactions were taken as a core value of the business together with selling of goods of high qualities

3.5.Competitive Analysis

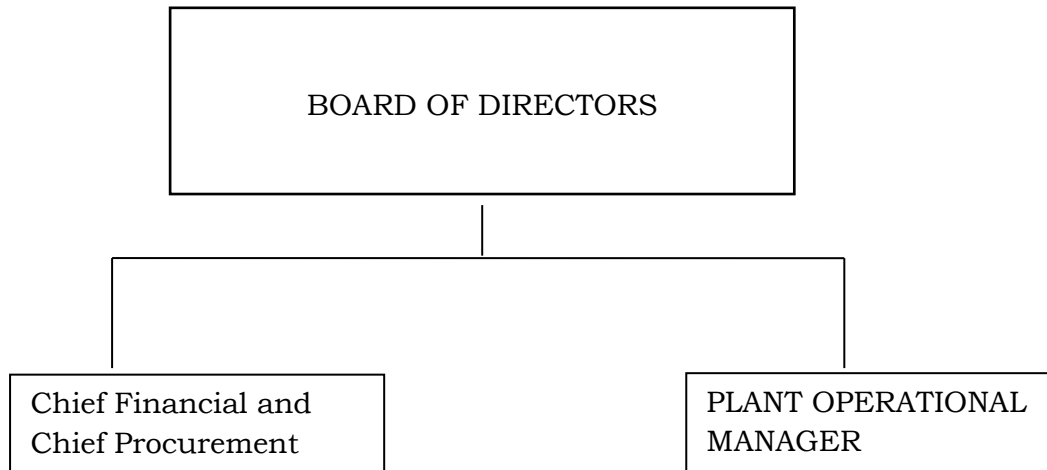
The business intention is to become the leading seller in cotton seed – cooking oil, Plastic Ropes and cotton business in Lake Zone regions. The market is surely one of the most competitive within the Lake Zone. The currently existing competitors of the company are;

- a) Company/ Business with similar and close substitute goods
- b) Retails with the same line of business
- c) Another agent
- d) A hawker who tends to sells the products at lower prices.

4.0.MANAGEMENT OF THE BUSINESS

The overall management of the businesses is managed by Mr Ravi Bhanubhai Sodha and Vishai Bhanubhai Sodha, they control and supervise the day to day activities of the business including sales, purchasing and banking, does record keeping of all income and expenditure of her business.

4.4.1. Business Management Structure



5.0.OPERATIONAL PLANS

The business is expecting to expand its business line by procuring and stocking enough goods to meet customer demands. Also, is expecting to sustain and increase the business market share around the Lake Regions and national and international wise.

6.0.RISK ASSOCIATED WITH THE BUSINESS

Theirs is slightly degree of competition from traders from interior but their low capital ability ought to weigh them from competition.

The main market risks which associate with the business is price fluctuation due to oversupply and under supply. During over supply, the price becomes low to both buyers and sellers and vice versa.

To stabilize the situation; the business buys in large quantity when the price is at minimum and store them while continue to buy and sell at prevailing market price however the profit is low. The goods in store will be sold off season when the price is high thus enjoying supernormal profit. Other business risks include theft, buying materials of low quality. Through good management all the identified risks can be minimized or controlled not to happen at all.

7.0.LOAN MANAGEMENT

The company will utilize the proposed facilities for the purposes as described in this business plan only.

8.0.CONCLUSIONS AND RECOMMENDATIONS

8.1.CONCLUSIONS:

What the Plan intends to achieve

The objective of this business plan is to boost the business working capital in order to solve the financial constraints of the business. More specifically the objectives are intended to achieve the following:

- a) The business will increase its level of operations and profitability.
- b) Become a useful business centre for the sales of cotton seed- cooking oil and Plastic Rope to the domestic and regional market.
- c) Serve simultaneously the domestic and regional market with high quality products to replace imports and to gain as much regional revenue as possible.

Why it will succeed

- a) This plan sets out especially to address and correct the working capital constraints and make the business more profitable and sustainable.
- b) The business has committed staff, trained and experienced in the same line of business.

Why it should be financed by **AZANIA BANK**

The major objective of this business plan is to boost working capital in the business into a way which through its own operations will generate enough profit for growth and sustainability.

8.2.RECOMMENDATION

The analysis made in this business plan reveals that the business is financially viable, commercially attractive and economically sound. Based on the above conclusion, it is therefore recommended that, the business to be financed the named facilities amounting to Tshs 500 million Bank Overdraft, 5 Billion Stock loan and 1 Billion project financing from CRDB BANK.

