



BUSINESS PLAN

DERICK GLOBAL TRADING
COMPANY LIMITED

FOR

**MANUFACTURING OF GIN SPI
RIT AND BUDGET ALCOHOLIC
BEVARAGE**



FEBRUARY, 2023

BUSINESS PLAN

1.0 Project Concept

This project document presents a proposal by **DERICK GLOBAL TRADING COMPANY LIMITED**, a locally registered company with Certificate of Incorporation No. 74690 Dated 25th January, 2010. The Plan provides a roadmap for expansion of an integrated soft drinks and packing materials manufacturing plant in Moshi Municipality, Kilimanjaro Region.

The project will invest in additional buildings and civil works, plant and machinery, utilities including electricity and water infrastructures, motor vehicles and other support facilities.

Investment Costs

The total project capital investment cost is estimated at **USD 188,300**

Investment Structure	USD
Plant	152,200
Working capital	36,100
<u>Total</u>	<u>188,300</u>

Project Financial Plan	USD
Local Equity	52,200
Local Loan	136,100

The Company's Shareholders are:

Mr. Wilfred Lucas Tarimo	60%
Mrs. Irene Wilfred Tarimo	40%

Project Location:

BUSINESS PLAN- DERICK GLOBAL TRADING COMPANY LTD

The head office is located at Kiborloni, Moshi.

TIN Number:

109-810-444

VRN Number:

40-013-421-N

The Company's Contacts:

P.O. Box 919, Moshi.

Telephone Numbers:

Mob: +255 – 784 - 850880

Email Address:

tarimo.willy@gmail.com

3.0 GENERAL INDUSTRY OVERVIEW

The general overview of the business of Derick Global Trading Company Limited is manufacturing of hard drinks in bottles.

The promoters sell the products locally and also export them to the neighbouring countries.

The promoters deal in daily requirements products hence there is a ready market for the products within Tanzania and the surrounding countries.

The company is locally and internationally recognised in terms of quality services provided. The products sold and distributed by the company are of high quality and the company has never received any complains that its products are of low grade.

The company's added advantage is that the directors of the company are well respected businessman and woman. They have vast experience in the field of Petrol Stations, Transport, and now beverage business.

The directors also manage Sango Petrol Stations.

As the company is increasing its variety of products and efficiency in services, the numbers of customers are increasing since the demand for the products sold is increasing day by day. This shows the industry is demonstrating excellent long-term outlook.

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4.0 MARKET ASPECTS

4.1 THE PRODUCTS AND SERVICES

One of the most important strategies to succeed in the marketing of wholesale business is to know your customers requirements, time delivery, and availability of stocks, appropriate approach and personalised services.

As part of the marketing plans, Mr. Wilfred Lucas Tarimo, the Managing Director and the Chairman of the Company and his sales team focus has been on direct and clearly defined areas with potential development and growth.

Derick Global Trading Company Limited has more customers as it offers a variety of products round the clock at prime business locations.

Products handled are hard drinks in bottles. The brand name is Highlife Gin & Budget Banana Alcoholic Beverage.

Derick Global Trading Company Ltd. wants to expand its volume of sales by increasing its working capital. The more the working capital, the company will be able to buy more stock and hence will also be able to attend more customers.

4.2 MARKET

The main aim of the Company was to serve the population in Moshi, Manyara, Arusha, Dar-es-salaam, Tanga, and all parts of Tanzania together with the neighbouring countries.

As the company started to grow with more quality of goods, efficient services and availability of products at competitive prices, more customers were attracted and now it serves not only residents of Moshi, Manyara, Dar-es-salaam, Tanga, Arusha and other parts of Tanzania but also to companies of neighbouring countries,

Customers are attracted to the company as it has been a one stop centre for all main domestic requirements.

5.0 THE COMPANY

5.1 COMPANY'S VISION AND MISSION

To make use of the Company's existing liberalized economy and tap the unlimited market and trade legally, technically, and professionally within the ambit of the law.

The Company envisages contributing to the economic development of the country.

Derick Global trading Company Limited is a family-owned business incorporated on 25th January, 2010 Vide Certificate of Registration number 74690.

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The shareholders of the Company are:

Mr. Wilfred Lucas Tarimo 60%
Mrs. Irene Wilfred Tarimo 40%

5.2 DEMAND

The increase of the population in Kilimanjaro, Dar-es-salaam, Tanga, Manyara and Arusha has resulted to more demand of hard drinks in bottles.

5.3 COMPETITION

The increase in population has also increased the demand for the products supplied by the Company.

As the demand increases, there is also a trend of increase in supply as more businessmen desire to do the same business as they also want to take advantage of the increase in demand.

Currently there are big competitors in the industry like:

- Konyagi
- Kilimanjaro Manufacturers Ltd
- Mega Trade

and others who bring their products in vast quantities and get big discounts due to the quantities bought and availability of huge working capitals.

The competitive advantages of the company are:

- Vast variety of products are available at all times
- Products are available of high quality at competitive prices
- Well trained staff are available to offer services and advice round the clock
- Well organized display of goods is available

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- Free transport is available for delivery of goods

5.4 CUSTOMERS AND SUPPLIERS

The main suppliers in of the Company are:

- Kilimanjaro Biochem Ltd

All purchases are cash on delivery terms except for flour where the company receives credit of 15 to 45 days.

The main Customers of the Company amongst others are as follows:

- Various dealers at food Markets
- Various owners of supermarkets
- Various dealers in the neighbouring countries

Most of the above Customers enjoy credit facilities of 30 – 45 days.

Around 80% of the transactions are done in Cash (Buying & Selling) and 20% are being deposited to the Bank being either companies' cheques or extra money not needed to pay any obligation at that time,

The Bankers of the Company are CRDB BANK (Tanzania) Limited & NMB Tanzania Limited. If the Loan facility requested is financed by National Bank of Commerce Bank, then the company will transfer all its transactions to National Bank of Commerce (NBC) Ltd.

5.5 SALES

PARTICULARS	2022	2023	2024	2025
	T.SHS	T.SHS	T.SHS	T.SHS
Turnover	4,397,378,425	9,088,662,484	9,842,458,825	27,627,492,500
Cost of Sales	3,576,446,013	7,562,733,605	7,915,516,530	24,972,142,061
Gross Profit	820,932,412	1,525,928,879	1,926,942,294	2,655,350,439
Expenses	349,934,582	722,835,455	744,361,628	1,230,584,564
Profit before Tax	470,997,830	803,093,455	1,182,580,666	1,424,765,875
Non-Current Assets	672,299,078	996,649,919	1,192,279,819	1,026,049,209

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Current Assets	332,364,830	567,202,139	2,027,773,105	2,526,483,104
Current Liabilities	158,391,497	154,857,093	982,838,272	317,666,413
Net Current Assets	173,973,333	412,345,046	1,044,934,833	2,208,816,691
Capital & Reserves	846,272,411	1,408,994,965	2,237,214,652	3,234,865,901

Source: Financial Statements

6.0 SWOT ANALYSIS

6.1 STRENGTH OF THE COMPANY

The strength of the company lies in the personality of the Chairman and Managing Director. He is a well-known person in the Beverage Business Petrol Stations and Transport Business. He is a respected person of high calibre in all spheres of life. He is also the Managing Director of Sango Petrol Stations Limited which operates 5 Petrol Stations within Moshi and Arusha regions.

The Management Team also consists of experienced and credible people in the line of expertise and duty.

6.2 WEAKNESS OF THE COMPANY

The weakness of the Company lies in the fact that, the exportation of Hard Drinks and Duties cannot be controlled by the Company. Changes in Government policies will highly affect the exportation of the produce.

6.3 OPPORTUNITIES OF THE COMPANY

The demand for Business is increasing daily in Kilimanjaro, Manyara, Dar-es-salaam, Tanga, Arusha and the Neighbouring areas. The requirement of increased working capital is highly needed since there is an increase of customers and would be customers who can not be accommodated as the working capital is limited and the new customers request for credit facilities.

6.4 THREAT

The company is most threatened by the illegal traders who evade paying Government Taxes, thus resulting the illegal exporters selling the products at a reduced price compared to the market prices.

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7.0 ECONOMIC JUSTIFICATION

Kilimanjaro, Manyara, Dar-es-salaam, Tanga and Arusha Regions are expanding due to increased population. Every day more and more people migrate to areas like Kilimanjaro, Manyara and Arusha Region for greener pastures. The availability of International Organizations and African Union Court has also resulted to the expansion of Arusha.

With the expansion of Population, there is also an increased demand for goods supplied by the company.

The operation of the Company's business has the following economic impact to the Country:

- Creation of employment, the company
- Income to the Government by way of Corporation Tax, Directors' Taxes and the related
- Other indirect Government Income through Import and Excise Duties

8.0 MARKET RISKS

8.1 FOREIGN EXCHANGE RISKS

Most of the Company's exports prices are set according to the market value of foreign currencies. High fluctuations of Tshs. against major Foreign Currencies can have an adverse impact on the business.

8.2 CANCELLATION OF KEY CONTRACT

Mitigation: Once an order is received, the customer has to make down payment of 25% of the total costs. If the order is cancelled after the purchase of the goods, the company pays back the deposit received after it sells the purchased goods.

8.3 COMPETITORS CUT OFF PRICES

Mitigation: The Company has permanent customers who are not after price but after the Service and Quality of Products.

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9.0 MANAGEMENT AND ORGANIZATION

Management of the Company is being controlled under the leadership of Mr. Wilfred Lucas Tarimo and assisted by well experienced personnel in each department according to the functions and laid down procedures.

To make sure management procedures are carried out accordingly, each department is staffed with Qualified and Experienced Managers operating directly under the supervision of the Managing Director.

Sales and marketing Manager is responsible for all Sales and Marketing Activities. The Manager also has sales attendants under him.

In the absence of the Directors, he is appointed as Acting Director. He takes care of Customers Demands and Complains, attends Corporate & New Customers, and frequently visits new and big companies to persuade them to buy products from the Company.

Finance Manager is responsible for all Cash and Bank transactions of the Company. He also makes sure that Cash and Cheques collected are banked and all usage of funds is properly accounted for in the books. All accountants and cashiers are under him.

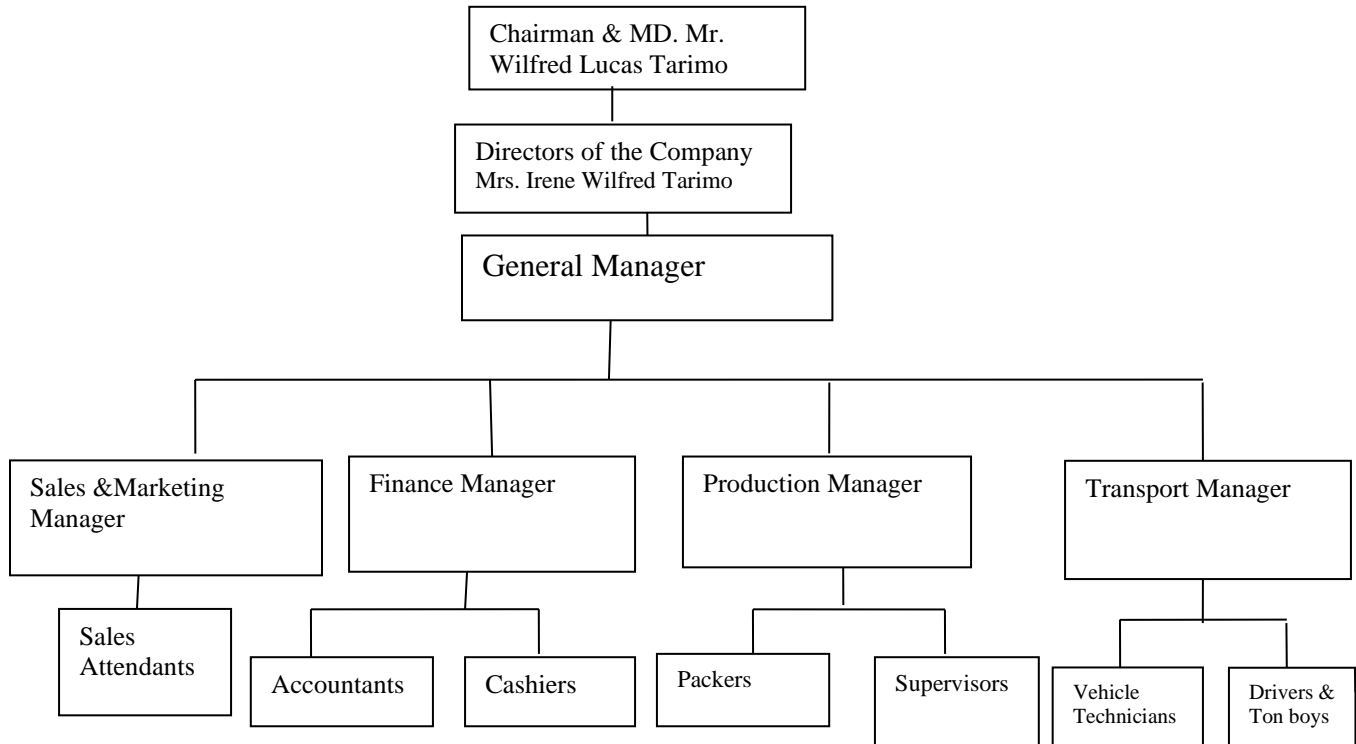
Operations Manager is in charge of day-to-day operations of the Company. The company also has store keepers under him. He also heads the security personnel.

Transport Manager is in charge of the fleet of Trucks and Trailers. Technicians, Drivers and Ton boys are under him. His main duty is to make sure that all vehicles are properly maintained and well serviced so that when they are on safari, there are minimal inconveniences due to vehicles breakdown.

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9.1 ORGANIZATION STRUCTURE

The company's organization structure is based on the Company's operational activities and manpower displacement. Though each activity is operated independently, the organization structure has been planned to take into consideration each activity under the supervision of the section head Managers as provided in the Organization Chart.



10.0 CONCLUSION AND RECOMMENDATIONS

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 2022.

DERICK GLOBAL TRADING COMPANY LIMITED

PROJECTED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED

	YEAR 1 T.Shs	YEAR 2 T.Shs	YEAR 3 T.Shs	YEAR 4 T.Shs	YEAR 5 T.Shs
TURNOVER	30,390,241,750	33,429,265,925	36,772,192,518	40,449,411,769	44,494,352,946
COST OF SALES					
Stock as at 1st January,	182,365,200	1,932,149,913	2,264,541,071	2,547,916,580	3,031,886,930
Manufacturing Cost	29,222,563,254	30,552,447,554	33,525,436,542	37,050,236,589	40,055,325,145
	29,404,928,454	32,484,597,467	35,789,977,613	39,598,153,170	43,087,212,075
Stock as at 31st December,	1,932,149,913	2,264,541,071	2,547,916,580	3,031,886,930	2,864,318,013
COST OF GOODS SOLD	27,472,778,541	30,220,056,396	33,242,061,033	36,566,266,239	40,222,894,062
GROSS INCOME	2,917,463,209	3,209,209,529	3,530,131,485	3,883,145,530	4,271,458,884
OPERATING EXPENSES					
Advertisement	13,191,360	13,850,928	14,543,474	15,270,648	16,034,181
Auditing Fee	6,000,000	6,000,000	6,000,000	7,000,000	7,000,000
Bank Charges	20,060,207	20,461,411	20,870,640	21,288,052	21,713,813
Business Licence	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000
Cleaning and Sanitation	3,741,719	3,779,136	3,816,928	3,855,097	3,893,648
Donation	300,000	300,000	350,000	400,000	500,000
Electricity and Water	3,012,545	3,102,921	3,196,009	3,291,889	3,390,646
Motor Vehicle Running	380,452,365	399,474,983	419,448,732	440,421,169	462,442,227
NSSF Contribution	27,033,709	27,574,384	28,125,871	28,688,389	29,262,156
Printing and Stationery	4,201,452	4,243,467	4,285,901	4,328,760	4,372,048
Rent	3,960,000	3,960,000	3,960,000	3,960,000	3,960,000
Repairs & Maintenance	68,517,083	69,202,254	69,894,277	70,593,219	71,299,152
Salaries	270,337,093	275,743,835	281,258,712	286,883,886	292,621,564
Security	8,200,000	8,500,000	8,500,000	9,000,000	9,000,000
Service Leavy	3,500,000	3,850,000	4,235,000	4,658,500	5,124,350
Skills & Development Levy	10,813,484	11,029,753	11,250,348	11,475,355	11,704,863
Staff Canteen	8,000,000	8,080,000	8,160,800	8,242,408	8,324,832
Staff Medical	3,850,000	4,042,500	4,244,625	4,456,856	4,679,699
Staff Uniform	1,800,000	1,980,000	2,178,000	2,395,800	2,635,380
Staff Wealfare	712,500	719,625	726,821	734,089	741,430
Subscription	7,125,420	7,267,928	7,413,287	7,561,553	7,712,784
Telecommunication	5,500,000	6,050,000	6,655,000	7,320,500	8,052,550
Transport & Distribution Charges	62,365,400	65,483,670	68,757,854	72,195,746	75,805,533
Travelling & Accommodation	48,254,125	48,736,666	49,224,033	49,716,273	50,213,436
Workers Compansation Fund	1,622,023	1,654,463	1,687,552	1,721,303	1,755,729
	963,700,485	996,237,926	1,029,933,864	1,066,609,495	1,103,390,022
DEPRECIATION	300,145,235	285,137,973	270,881,075	257,337,021	244,470,170
TOTAL EXPENSES	1,263,845,720	1,281,375,899	1,300,814,939	1,323,946,515	1,347,860,191
PROFIT BEFORE TAX	1,653,617,489	1,927,833,630	2,229,316,546	2,559,199,015	2,923,598,693
TAX	496,085,247	578,350,089	668,794,964	767,759,704	877,079,608
PROFIT AFTER TAX	1,157,532,242	1,349,483,541	1,560,521,582	1,791,439,310	2,046,519,085

DERICK GLOBAL TRADING COMPANY LIMITED**PROJECTED BALANCE SHEET
AS AT 31ST DECEMBER,**

	<u>YEAR 1</u> T.Shs	<u>YEAR 2</u> T.Shs	<u>YEAR 3</u> T.Shs	<u>YEAR 4</u> T.Shs	<u>YEAR 5</u> T.Shs
NON CURRENT ASSETS	4,754,236,525	4,159,956,959	4,389,075,885	4,231,738,864	3,987,268,694
<u>CURRENT ASSETS</u>					
Stocks	3,082,149,913	2,784,541,071	3,047,916,580	3,531,886,930	2,864,318,013
Trade Receivable	825,365,145	433,618,796	255,299,736	268,064,723	241,467,959
Cash & Cash Equivalent	125,365,365	126,619,019	201,453,652	355,123,652	478,365,254
	4,032,880,423	3,344,778,886	3,504,669,969	4,155,075,305	3,584,151,226
TOTAL ASSETS	8,787,116,948	7,504,735,845	7,893,745,854	8,386,814,169	7,571,419,920
EQUITY AND LIABILITIES					
CAPITAL AND RESERVE					
Share capital	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Retained Profit	6,982,058,291	8,331,541,832	9,892,063,414	11,683,502,724	12,560,582,332
Share Premium	70,000,000	70,000,000	70,000,000	70,000,000	70,000,000
	7,252,058,291	8,531,541,832	10,092,063,414	11,883,502,724	12,760,582,332
<u>CURRENT LIABILITIES</u>					
Trade Creditors & Payable	30,926,311	25,149,717	24,206,930	36,444,086	33,503,298
Bank Loan	2,000,000,000	1,000,000,000	0	0	0
Bank Overdraft	896,254,254	761,816,116	522,452,365	444,084,510	377,471,834
Tax payable	(1,392,121,908)	(2,813,771,819)	(2,744,976,856)	(3,977,217,151)	(5,600,137,543)
	1,535,058,657	(1,026,805,987)	(2,198,317,561)	(3,496,688,555)	(5,189,162,412)
TOTAL EQUITY AND LIABILITIES	8,787,116,949	7,504,735,845	7,893,745,854	8,386,814,169	7,571,419,920

