



BUSINESS PLAN- DERICK
GLOBAL TRADING COMPANY
LIMITED



FEBRUARY, 2023

BUSINESS PLAN- DERICK GLOBAL TRADING COMPANY LTD

BUSINESS PLAN

1.0 This business plan has been prepared to enable Derick Global Trading Company Limited to apply for credit facility from **National Bank of Commerce (NBC) Limited**.

2.0 INTRODUCTION

Derick Global Trading Company Limited is a private limited company which was registered on **25th January, 2010** vide Certificate of Registration number **74690**.

The Company's Shareholders are:

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

Physical Location:

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

Bankers:

CRDB Bank (T) Ltd
National Microfinance Bank

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3.0 GENERAL INDUSTRY OVERVIEW

The general overview of the business of Derick Global Trading Company Limited is selling 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.

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.

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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.

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.

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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
- 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

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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	2019	2020	2021	2022
	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
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.

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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.

7.0 BANK FACILITY

Due to rapid increase in demand for the Business, the company sought it would be useful if they look for bank support which will assist to increase the working capital for the business.

7.1 COMPANY REQUIREMENT

7.1.1 Amount: Tshs. Three Billion from NBC Bank Ltd as Loan Facility and Tshs.

One Billion as Overdraft Facility to increase the capital of the company.

From the amount requested of Tshs. Four Billion, we would also like National Bank of Commerce Limited to buy the Loan and Overdraft Facility which is with CRDB Bank of roughly Tshs. One Billion Seven Hundred Thousands Only.

The balance of the facility requested after paying off CRDB Bank is expected to be utilised as follows:

- Tzs. 320 Million for Blowing Machine
- Tzs. 110 Million for Motor Vehicles
- Tzs. 200 Million for High Pressure pipes & fittings
- Tzs. 230 Million for Storage Tanks
- Tzs. 440 Million for 2nd line of Production
- Total 1.3 Billion + 1.7 Billion (CRDB Facility) =3 Billion Loan Facility for 3 years
- The other 1 Billion is requested as Overdraft Facility for 1 Year

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7.1.2 Repayment: The main source of repayment is from the normal course of business and the applicant wishes to pay the Loan of Tzs. 3 Billion within 36 months and Overdraft Facility Of Tzs. 1 Billion over a period of 1 year.

8.0 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

9.0 MARKET RISKS

9.1 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.

9.2 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.

9.3 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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10.0 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.

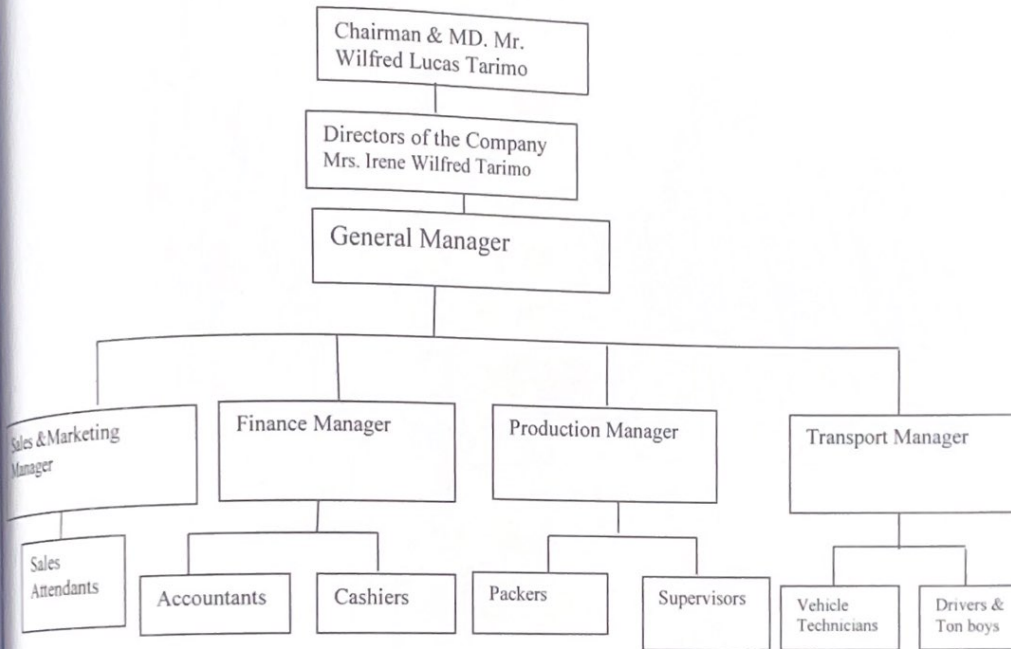
Operations Manager is in charge of day-to-day operations of the Company. The company also has store keepers under him. He also heads the security personnel.

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.

10.1 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.

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11.0 RECOMMENDATIONS:

Market analysis shows that the investment is viable for being financed. There are opportunities to be exploited if the working capital is increased.

Based on the Business Plan Analysis, the project is weighted to be feasible by any serious financier. The finance structure is proposed as follows:

Finance Amount: Overdraft Facility for Tshs. 1 Billion for 12 Months and Loan Facility of Tshs. 3 Billion for a period of 36 months.