

**BUSINESS PLAN TO TIB DEVELOPMENT BANK**

**LOAN REQUEST FOR PURCHASING A  
PACKAGING MACHINE**

**IN FAVOUR OF**

**DENELS PLASTICS & PACKAGING INDUSTRIES**

**SUBMITTED BY:**

**DENELS PLASTIC INDUSTRY  
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TANZANIA**

**MAY, 2024**

## 1. PROJECT DESCRIPTION

### i. Project introduction

The project to be undertaken is “PLASTICS PRODUCTION BUSINESS”

The project involves manufacturing of plastic products that will include but not limited to all plastic ware including food and beverage containers, household plastic products, water packaging plastic bottles, etc. The processing plant is located at Babati town, Manyara Region of Tanzania. The global plastic market size was valued at USD 579.7 billion in 2020 and is expected to expand at a compound annual growth rate (CAGR) of 3.4% from 2021 to 2028. Increasing plastic consumption in the construction, automotive, and electrical & electronics industries is projected to support market growth over the forecast period.

### ii. Economy and industry factors

The project area of location is very conducive for this business because of the fact that, it has got all the necessary economic factors for production and marketing of plastic products. Manyara Region is one of the main growers of sunflower hence one of the best producers of cooking oil, Babati is also borders Singida region the main growers of sunflower in Tanzania hence also making them the main producers of cooking oil. In addition, Manyara region is also near Tabora the main producers of honey as well as Arusha and other areas who produce all o of milk. All the above products will need packaging after processing. Denels Plastic Industry expects to utilize this advantage of availability of many cooking oil, honey and milk industries who will be some of their main customers for the packaging plastic products.

### iii. Company shareholders and business history

NAME	NATIONALITY	SHARES %
DENELS COMPANY LIMITED	TANZANIA	18,000
DEOGRTIUS LIBERATUS SHAYO	TANZANIAN	9,000
NEEMA FANUEL MDUMA	TANZANIAN	3,000

Denels Plastic industry is a new industry that is involved in plastic production established in 2021 in Babati Manyara region of Tanzania. The company has a capacity to manufacture various plastic containers for catering services. We also produce water bottles, and household containers. Below is a list of some of our products:

- Bottles 200 Mls
- Bottles 500 Mls
- Bottles 1 Ltrs
- Gallons 3 Ltrs
- Buckets 1 Ltr
- Buckets 10 Ltrs
- Buckets 20 Ltrs
- Plates
- Cups
- Dustbins

In beginning the project, the company is expecting to start by producing 200mls, 500mls and 1 Litre bottles. Production of these bottles requires raw materials, and Injection moulding machine and blowing machines for the process to complete.

#### ➤ Raw Materials

Bottles products that we are going to produce it will require High Density polyethylene (HDPE) plastic materials for its production.

High Density Poly Ethylene (HDPE) is a thermoplastic polymer made from petroleum. It is the most versatile plastic materials around, HDPE plastic is also used in a wide variety of applications, including plastic bottles, milk jugs, shampoo bottles, bleach bottles, cutting boards, and piping.

HDPE Plastic materials has the following benefits: Easily Meltable and Moldable, Corrosion Resistance, Large Strength to Density Ratio, and can easily be Recycled.

HDPE often replaces heavier materials which help companies and individuals alike pursue sustainable and affordable manufacturing and project goals. HDPE is the perfect combination of strength, cost-efficiency, and environmental friendliness.

### ➤ Injection Molding Machines

Injection molding is a forming process using molds. Raw materials HDPE (plastics) are heated and melted, and then sent to the mold where they are cooled to form the designed shape. Due to the resemblance to the process of injecting fluids using a syringe, this process is called injection molding. The flow of the process is as follows: Materials are melted and poured into the mold, where they harden, and then the products are taken out and finished.

With injection molding, diversely shaped parts, including those with complex shapes, can be continuously and quickly manufactured in large volumes.

Therefore, injection molding is used to manufacture commodities and products in a wide range of industries.

## 2. SPONSORSHIP, GOVERNANCE AND TECHNICAL ASSISTANCE

### i. History and business record of sponsors

The main sponsor of Denels Plastic Industry is Denels Company Limited a civil building and Telecom works company with its offices in Arusha. The company has carried out many professional works within Tanzania mainland therefore it is financially strong. Denels Company Limited a civil building and Telecom works company will be injecting capital and other financial incentives and support in Denels Plastic Industry in case its needed

### ii. Governance structures

Denels Company Limited is the main sponsor of Denels Plastic Industry whereby Deogratius L.Shayo is the Director of both Companies. Mr. Deogratius L.Shayo is the Director of the Company with 9,000 shares and Mrs. Neema F.Mduma has 3,000 shares.

### iii. Technical arrangements

Rising demand for packaged food, trays, bottles for milk and fruit juices, crates, caps for food packaging, drums, and other liquid food packaging owing to restrictions on the movement of people to reduce the spread of COVID-19 across the world is expected to drive the demand for plastics in the coming years. The outbreak of COVID-19 is fueling the demand for plastics in the medical end-use industry. Companies are focusing on stepping up their resources and production capabilities to meet the rising demand. The competitive rivalry among producers is high owing to the presence of several players in the market in Tanzania. Strategic partnerships, capacity expansions, and new product

developments and innovations are popular strategies that we shall adopt as to be the best players operating in the market for plastics.

### **3. MANAGEMENT AND MANAGEMENT INFORMATION SYSTEMS**

#### **i. A Detailed Organization Chart**

Attached

#### **ii. Management arrangements**

The general management of Denel Plastic industry will be under the Deogratius L. Shayo as the managing Director and Mrs. Neema F. Mduma who is also a Director and his wife. The Managing Director Mr. Deogratius L. Shayo has experience in managing business with good leadership skills and commitment. He will work closely with Accountant, Sales and Marketing manager, and all the staff at the Industry. The involvement of his wife in running this industry is one of the successful strategies which are very crucial in ensuring business continuity in case the applicant is not there and stable flow and control of finances.

The Managing Director Mr. Deogratius L. Shayo is responsible for the complete operation and running of the industry.

A detailed description of his duties and responsibilities are as follows:

- Responsible for the supervision of the entire operations of the Industry
- Successfully implementing company policy
- Building and maintaining an effective management team.
- Maintaining a dialogue between shareholders and the board.
- Controlling finance.
- Manage resources, including the attracting, hiring and retention of personnel.
- Developing and executing the company's business strategies
- Oversee the company's financial performance, investments and other business ventures

iii. **Information of key personnel**

- **Operations Manager.**

This individual is the leader for the operation and has overall responsibility for the financial success of the business. The operation manager handles external relations with lenders, community leaders and vendors. Frequently, this individual also is in charge of either production or marketing for the business. This person will set in motion the vision, strategic plan and goals for the business.

- **Quality control, safety, environmental manager (SHEQ Officer).**

This is a key function in any industry. SHEQ Officer will be responsible for handling OSHA compliance, monitoring product quality, training of employees in each of these areas and filing all necessary monthly, quarterly and yearly reports.

- **Accountant, bookkeeper, controller.**

This is another key function. The individual has the responsibility for monthly income statements and balance sheets, collection of receivables, payroll and managing the cash. The key aspect here is managing the cash.

- **Human Resource Officer.**

This personnel has the ongoing duty of managing all the employee life cycle (i.e., recruiting, hiring, onboarding, training, termination) and administering employee benefits.

- **Sales and Marketing Manager.**

This personnel is responsible for promoting the company's existing brands and introducing new products to the market. Analyzing budgets, preparing annual budget plans, scheduling expenditures, and ensuring that the sales team meets their quotas and goals.

- **Procurement and Logistic Manager.**

This individual has the responsibility for supervising packaging, ordering transportation for delivery, receiving incoming material and warehousing of finished goods and stock.

**iv. Planning, controlling**

There is a substantial demand for the plastic products as a replacement for metals and ferrous alloys, such as consumer goods, automotive, and industrial machinery. The growth of the market criticality lies in various factors, such as the ever-increasing requirement of end users in terms of product specification and versatility influencing consumption dynamics. Various strategic initiatives will be used in order to boost the growth of our market.

**4. TECHNICAL FEASIBILITY, MAN POWER RAW MATERIAL RESOURCES AND ENVIRONMENT**

**i. Brief description of production process**

Plastics are derived from natural, organic materials. Two main processes are used to produce plastics - polymerization and polycondensation - and they both require specific catalysts. In a polymerization reactor, monomers such as ethylene and propylene are linked together to form long polymer chains. Each polymer has its own properties, structure and size depending on the various types of basic monomers used. There are many different types of plastics, and they can be grouped into two main polymer families:

- Thermoplastics (which soften on heating and then harden again on cooling).
- Thermosets (which never soften once they have been moulded)

**ii. Special technical complexities**

At Denels Plastic Industry we use state of the art equipment's to manufacture our products, with extra emphasis given to quality. Our strict adherence to quality has won us favorable base of customers. We also have skilled manpower that has over 10 years' experience in plastic industries production.

At Denel Plastic industry, we are driven by core values which are customer focus, Integrity, Quality, honesty, stability, safety at work as well as creativity. Our products are extremely consistent and our staff has a reputation for reliability.

**iii. Possible suppliers of equipments**

The machines will be supplied by the following companies from China

Namely:

SHENZHEN NOBLE MACHINERY EQUIPMENT CO LTD

OFFICE ADDRESS; RM 401 BUILDING 2, 25 COMMUNITY, HONGHUA ROAD GONGMING COMMUNITY, GONGMING STREET, SHENZHEN CITY, GUANGDONG PROVINCE CHINA.

And

ZHANGJIAGANG ECENG MACHINERY CO LTD

BUILDING 26 SUZHOU ASSET MANAGEMENT PHOENIX INTELLIGENT MANUFACTURING INDUSTRIAL PARK, JIFU ROAD, ZHANGJIAGANG CITY, SUZHOU CITY, JIANGSU.

Proforma invoices have been attached

**iv. Availability of infrastructural facilities**

Infrastructure contributes to economic development by increasing productivity and also critical to industrial development. It's a key component of a good investment climate, reducing the cost of doing business and enabling people to access market, enabling entrepreneurs to get their goods and services to market in a secure timely manner and facilitating the movement of workers and goods.

Babati town is strategically located on main highway road and few kilometers from Arusha City.

**v. Availability of skilled and unskilled labour**

Skilled and unskilled labour is available in the project area of location. Babati is an urban area with a big population, skilled labour is recruited basing on qualifications, experience and professionalism whereas unskilled labour has been recruited mainly in the sections of production, packaging, loading and offloading of the products.

**vi. Projected operating costs**

The expenses of the business are mainly of a fixed nature and these include travel costs, procurement trips, communication costs with suppliers and customers and other procurement and distribution logistics, transport expenses and salaries. These are conveniently absorbed in the anticipated growth in the sales volume which will improve

the contribution margin. A keen eye will always be kept on overhead expenses to ensure that they are kept at absolute minimum level possible. Variable costs are very little and are considered when setting up the selling price of our products.

**vii. Source, cost, quantity, quality and sustainability of raw material supply**

The suppliers of the raw materials used in making plastic products are within Tanzania and China. The raw materials are available in plenty at any time needed. The suppliers have got large quantities of this raw material and are able to supply any quantity needed and of good quality at cheap prices.

There is sustainability of the raw material because of the fact that there are many suppliers of the raw material within Tanzania and also from China. HDPE Plastic Blow Moulding Lotrene 5502bn and HDPE H M A 016 supplied by Exxon Mobil are available in Tanzania in large quantities being supplied by many companies.

**viii. Import restrictions**

There are no import restriction on the HDPE Plastic Blow Moulding Lotrene 5502bn and HDPE H M A 016 machines from the Tanzanian government. The machines and raw material is used for making plastics and its environmental friendly. We buy the products and raw materials through a right and legal channel whereby taxes are paid and all the other required terms and conditions are fulfilled.

**ix. Proposed plant location**

Denels Plastic Industry is located in Babati Urban Town Council Manyara Region of Tanzania. Babati Urban District is surrounded by District. Babati town is strategically located on main highway road and few kilometers from Arusha City and a main highway that goes to Singida, Dodoma, Kondo, Mwanza and Geita. Singida region is the main producer of cooking oil in Tanzania having 1,000 Sunflower Industries, Manyara region has 93 cooking oil processing and packing Industries. Tabora region is the main producer of honey having many processing packaging honey industries. All these industries need packing products and Denels Plastic industry will exploit these already available markets for plastic products.

**x. Proposed plant size**

Denels Plastic Industry is a medium industry that produces plastic products located in Babati town in Manyara region of Tanzania. It's the only Industry producing plastic products. The two (2) other industries located in Arusha namely A-Z and Leo plastic industry.

**xi. Present and potential environment issues**

Plastic materials are mainly recyclable material. The traditional recycling method involves melting plastics and processing them into new plastic products. After recyclers melt the plastic, they make them into new products through a process called injection molding. Plastic recycling can reduce dependence on landfill, conserve resources and protect the environment from pollution and greenhouse gas emissions.

Therefore, plastic industries don't have any potential environmental issues because of the fact that will happen.

**5. Investment requirement, project financing and expected returns**

**Proposed financial plan**

**i. Proposed financial structure of venture**

The machine will be procured and purchased from China. The loan will be repaid in a period of one forty eight (48) months.

The security offered for this loan is the Land on which the industry is located and Buildings at the land housing the industry with a market value of TSH 302,000,000/= (Three Hundred two Million Only) and a forced sale value of TSHS 226,000,000/= (Two Hundred twenty Six Million Only)

**ii. Types and timing of financing required and amounts**

We are requesting for Bank term loan from TIB Bank amounting to TSHS 200,000,000.00 for purchasing a Molding machine from China that will be repaid after a period of one forty eight (48) months.

**iii. Projected financial statements, sensitivity, profitability and return to investment**

The business is expected to make good profits as the trend and market history shows currently concerning plastic products, this trend is expected to continue and even improve further after the loan funds are deployed into the business to purchase the molding machine that will make a variety of plastic products that will be of high quality.

The liquidity position of the business is sound; most of the funds generated from the business will be reinvested back into the business in pursuit of the desired growth. The business will however be able to service the loan and interest thereon within a period of one forty eight (48) months, while at the same time meeting all the other financial obligations of operating the business.

**ATTACHED PROJECTED FINANCIALS**

**iv. Critical factors determining viability and profitability**

Plastic products have become an inseparable and integral part of our lives. The amount of plastics consumed annually has been growing steadily. Its low density, strength, user-friendly designs, fabrication capabilities, long life, low weight and low cost are the factors behind such phenomenal growth. Plastics clearly constitute an important component of the range of materials used in modern society. Almost all aspects of daily life involve plastics or rubber in some form or the other, owing to their light weight, plastics reduce transportation costs

Many industries use plastic packaging of their products throughout the whole world. Plastic products have more advantages over other types of packing products, therefore we expect our business to grow more and stay longer into the production. There is no competition also from other industries within our area of operation so we have 100% of the market base. The industry is also located in a busy town with a big population of which forms a high market for the products. Honey packing, milk packaging, cooking oil industries will also be our customers who are many in the project area of operation.

## Proposed project costs

Estimated Project cost '000,000'				
Item	Existing	Proposed		Total
		Local	Foreign	
Land and buildings	300			300
Plant & equipment		200		200
Ancillary vehicles	7.2			7.2
Commercial vehicles		25		25
Office equipment	7.2			7.2
<b>Total fixed assets</b>	<b>314.4</b>	<b>225</b>		<b>539.4</b>
Working capital		50		50
<b>Total project cost</b>	<b>314.4</b>	<b>275</b>		<b>589.4</b>

## Proposed financing plan

Financing plan of TZS 589,000,400					
Source	Existing	New funding		Total	Gearin g
		Local	Foreign		
Promoters equity	300,000,000			300,000,000	
TIB Loan		200,000,000		200,000,000	
TIB O/D					
Additional Equity from existing asset granted by Investors	89,000,400			89,000,400	
<b>Total Finance</b>				<b>589,000,400</b>	

## **6. Market and Sales**

The business prospect of the industry is very promising as the market demand indicates.

### **i. Basic market orientation**

The market for our products is expanding very fast as the local population of Babati is growing very fast. Our products will also be sold to other regions mainly bordering Manyara who are the main producers of cooking oil, honey and milk. Singida region is the main producer and processor of cooking oil in Tanzania having more than 1000 industries who need packing materials for the cooking oil. Tabora region is the main producer of honey and also processes cooking oil also needing packing materials. Arusha produces milk in large quantities which will also act as a market for our plastic packing products.

Countries that include Rwanda and Burundi encourage importation of finished plastic products instead of putting up plastic manufacturing industries. Denels Plastic industries will use therefore export plastic bottles to Water bottling companies to Rwanda, Burundi and Uganda who are within the East African Community export zone.

### **ii. Production volumes, unit prices, sales objectives, market share**

Since we have market for our products, we shall produce large quantities of products so as to meet and satisfy the high demand. Milk processors, Honey processors, cooking oil processors need packaging bottles and jerry cans in large quantities because of the high demand of their products which are consumed on a daily basis, therefore our main objective is to sale and produce as many products as we can so as to meet the high demand and satisfaction of our customers.

Each product will be sold differently in accordance to its size and use, so prices will range and vary according the respective product.

**iii. Potential users of the products**

The business is expected to record steady growth in sales volumes and value because of the availability of market due to the demand of plastic products. There are many sunflower cooking oil processing industries in Babati, Singida and Dodoma.

Tabora and Singida regions are the leading producers of honey in Tanzania which also need plastic bottles for packing honey. Milk processing entrepreneurs will also be our customers as they need plastic bottles. All these will be our immediate customers who make orders in large quantities. We also produce household products for domestic use, we expect many customers from babati

**iv. Future competition and product substitute anticipation**

We anticipate staying in production for a longtime since our product is on demand and user friendly. We carried out a visibility study and identified that Babati is the ideal location for our industry with less competition as here is no other industry involved in plastic production. By the time in future other industries come up, we would have already captured the market and trust from our customers

Plastic products have great versatility and combine excellent strength to weight ratio, durability, cost effectiveness, low maintenance and corrosion resistance which make plastics an economically attractive choice throughout. Plastics may be the most polarizing material of modern times.

Most industries use plastic packing for their products, therefore we don't expect any substitute for plastic precuts. Plastic are used in packaging medicine, food containers, water and many other products that are used in daily life.

**v. Tariff protection or import restrictions**

There are no import restrictions on any plastic making machine or products. We shall follow legal means and procedures of procuring the expected machine. All tariffs, terms and conditions will be adhered to.

vi. **Factors that determine market potential**

Our industry is located in a town with many people who form our market base. The town is also located at a major highway to Dodoma, Mwanza, Singida, Geita, Tabora and Kahama. There are many cooking oil processing and packaging industries in Singida and Tabora. Honey processing and packaging industries are in Tabora and Singida also who also need packaging materials. Milk processing factories in these towns also will use our packaging products.

Our industry is also the only one located in this area so we have no competition from any other player.

7. **Industry dynamics**

i. **Project comparative advantages**

- **Location**

The business is strategically and conveniently located in the city centre, where there is heavy human traffic, we expect to get many drop-in customers as well. We are also located at the main highway that goes to major towns that include Mwanza, Tabora, Geita, Singida, Kahama who are main market potentials due to the many industries that exist in these areas which need packaging material.

- **Goodwill**

The business has trust of its customers; our quality products will continue to add us new customers

- **Price**

Prices for our products will be lowered a bit, so as to win a big market share and hearts of our customers

- **Service**

Denel Plastic industry, we are driven by core values which are customer focus, Integrity, Quality, honesty, stability, safety at work as well as creativity. We use state of the art equipments to manufacture our products, with extra emphasis given to quality

- **Business acumen**

The Managing Director is a learned person with vast knowledge and experience in running business. Financial management, good policy of fair pricing, proper records of business transactions are vital assets in operating business and give him an edge over expected competitors

**ii. List of major competitors and their market shares**

Denels plastic industry is the only plastic manufacturing industry in Babati, Manyara region. Therefore locally it enjoys a 100% market share in this area as there no other competitors.

There are only two plastic manufacturing industries in Arusha which is 164Km away from Babati namely Leo Plastic Industry and A-Z plastic Industry. There are no plastic manufacturing industries in Singida, Kondoa, Tabora, Geita and Dodoma which are same of our expected major market bases.

**iii. Present and future market share**

At present there are no other industries manufacturing plastic products in Babati and other nearby areas; the applicant feels he has a comparative advantage over the lack of competition. Therefore Denels Plastic Industry enjoys 100% local market of plastic industries.

In the future by the time other plastic manufacturing industries are set up, Denels plastic Industry would have captured the market so it will be able to outstand the competition on the market share. This will be also because of the fact that we shall be producing quality plastic products hence being able to meet and maintain our customer's satisfaction.

**iv. Major buyers with details of their selling terms**

- The demand of plastic product is in boom stage throughout the year compared to supply. This is due to the fact that Plastic products can be used different areas at the time etc Hospitals, Homes, Hotels and etc The best Denels company will do to beat the competition is by Increase The quality of the product with affordable price and Insure the client utility at high level.

- Our Main Target Market are: Beverage industries, Cooking Oil Industries, Milk Industries, Peanut butter Industries, Soap Industries, Paint Industries etc. and Household ware.
- Denels will reach target markets through, advertising in, (TV, radios & social media), creating targeted advertisement, which will delivers promotional messages to a customer according to their specific traits, interests, and preferences. Surveying target customers and members of the market, which will help to give a better idea about our products, what's missing from it and how we can improve it to make our customers more satisfied.
- The current local market for plastic products (bottles) is high for Plastic industrial users and Plastic packaging products. For plastic household ware the local market is about 90% as the demand for buckets in too high in different aspects of life. Buckets are used in hospitals, At home and etc. Generally Plastic packaging product like Buckets are also of high demand as packaging products in Tanzania. Examples of packaging customers are Cooking Oil Industries, Milk Industries, Peanut butter Industries, Soap Industries, and Paint Industries etc.
- Due to the research that have been conducted, In Singida there are 108 cooking oil Industries, where by Large Industries are 10, Medium Industries are 45, and small Industries are 53 and both of them are using Plastic packaging products
- **For International Market** the demand for plastic products is huge for both plastic household ware and plastic packaging products. Where by 95% of cooking oil industries, lubricants oils companies, painting industries are using plastic buckets for packaging of their products.
- **™Detailed information about the prices of plastic products (locally, regionally and internationally);**

Product(bottles)	Wholesale Market price per each (tshs)
200mls	160
500mls	200
1 L	230

- Denels price strategy to penetrate the market is Through reducing the price to at least 2.4% for larger quantity cash sales and offering a discount for wholesalers who will buy a large quantity of the products, at the beginning of production so that we can create market base and capturing targeted customers.
- **Product Distribution Strategy**
  - Retail Outlets  
The company will set retail outlets in 5 Regions, at the beginning of the business which are; Singida, Dodoma, Shinyanga, Tabora and Kigoma.
  - Wholesaler Customers and Industrial  
The company will deliver the products to the wholesalers located near production factory.

At the beginning company expected to use hired vehicle for delivery and selling of product will be in both ways at the factory and outlets selected

**v. List of major suppliers with details of their terms of purchase**

Main Suppliers/ producers of plastic buckets in Tanzania includes: A to Z Company Limited, Sili Africa, Jambo Plastic Products, Leo Plastics Company, Cello Plastic Products, Azania Packaging Products, Azam Packaging.

Main Importers of plastic buckets in Tanzania Includes: Future Ventures Ltd, Noor Investment, N.R Investment Ltd, Sparkle Investment Ltd, Happy Future Trading LLC, Princeware Africa

**vi. Key industry risks and how to mitigate them**

Running a business takes hard work, which can reap the rewards of customers, revenue and satisfaction. While success is the ultimate goal, business risk may stop you from achieving the goals you set.

But when it comes to risk management, there are steps that should be taken. Here are key industry risk and how to mitigate them:

**a) Economic Risk**

The economy is constantly changing as the markets fluctuate. Some positive changes are good for the economy, which lead to booming purchase environments, while negative events can reduce sales. Hence, it's important to watch changes and trends to potentially identify and plan for economic downturn.

**How to mitigate the risk:**

To counteract economic risk, saving as much money as possible will help to maintain a steady cash flow. Also operating with a lean budget with low overhead through all economic cycles.

### **b) Compliance Risk**

There are abundance government laws and regulations which must be followed and well complied. Non compliance may result in significant fines, penalties and even lawsuit against the organization.

#### **How to mitigate the risk:**

Staying well versed in applicable government laws like Occupational Safety and Health Administration (OSHA) or the Environment Protection Agency (EPA) as well as state and local agencies can help minimize compliance risk.

### **c) Financial Risk**

This risk may involve credit extended to customers or company debt loan. Interest rate fluctuations can also be a threat. Relying on all income from one or two clients, may lead to significant financial risk if one or both clients no longer use your products.

#### **How to mitigate the risk:**

Keeping debts in minimum and creating a plan that will start lowering debt loan as soon as possible. Marketing the products and services in order to diversify the base so the loss of one won't devastate the bottom line of the business.

### **d) Reputation Risk**

There is a risk that unhappy customer, product failure, negative press or lawsuit can adversely impact a company's brand reputation. However, social media has amplified the speed and scope of reputation risk. Just one negative tweet or bad review can decrease customer following and cause revenue to plummet.

#### **How to mitigate the risk:**

Leveraging reputation management strategies to regularly monitor what others are saying about the company online and offline. Also being ready to respond to those comments and help to address any concerns immediately. Keeping Quality top of mind to avoid lawsuits and products failures that can damage company reputation.

#### **e) Operational Risk**

This business risk can happen internally, externally or involve a combination of factors. Unexpected events could happen and also might cause losing business continuity. That unexpected event could be a natural disaster or fire that damages or destroys the physical business. Or, it might involve server outage caused by technical problems, people or power cut. Many operational risks are also people related. An employee might make mistakes that cost time and money. Whether it's people or process failure, operational risks can adversely impact business in terms of money, time and reputations.

##### **How to mitigate the risk:**

Addressing each of these potential operational risks through staff trainings and a business continuity plan. Providing a way to think about what could go wrong and establish a backup system or proactive measures to ensure operations are not affected.

#### **f) Competition Risk**

This risk involves becoming so comfortable with business success and status quo that company leaders don't even look for ways to pivot or make continual improvements. Increasing competition combined with an unwillingness to change may result in loss of customers.

##### **How to mitigate the risk:**

Continually reassess performance, refine business strategies and maintaining strong, interactive relationships with the customers. Also keeping an eye on the competition by regularly researching how they use online and social media channels.

### **v. Production Capacity**

Production capacity for the plastic products depends on the capacity of the Injection Molding Machine. The higher the machine capacity the higher the productivity capacity and vice versa.

For the Injection Molding Machine that we are expecting to purchase, it has 200 Tones and blowing machines, and its productivity capacity is as shown in the table below:

Product (Buckets)	Weight (Grams)	Production/Hour	Production/24hrs	Production/672hrs
200mls	19g	1300	31200pcs	873600 pcs
500mls	19g	1100	26400pcs	739200 pcs
1 Litre	19g	900	21600 pcs	604800 pcs

Based on research analysis that have been conducted, our machine capacity (2000 T and blow), will require 1 Tonnes of raw materials for production per day. The below table shows raw materials required per day/month & year and its price information.

	Raw Materials/ Day	Raw materials/ Month	Raw materials/Year
Raw materials (T)	1T	20T	240T
Price/T (TSHS))	3,500,000	3,500,000	3,500,000
Raw materials costs (TSHS)	3,500,000	70,000,000	840,000,000

#### Cost per unit

Item	Gram required per	Raw materials in	Price of raw materials	Cost of bottles
	Bottles	gram	per 1ton equivalent to 1,000,000	
Bottles 200mls	19g	1,000,000	3,500,000	100
Bottles 500mls	19g	1,000,000	3,500,000	160
Bottles 1 litre	19g	1,000,000	3,500,000	180

Transportation of materials from suppliers to the factory will be through hiring vehicles for delivery or paying suppliers delivery cost and at the beginning we will pay by cash until we have a good chemistry with supply for soft credit to be allowable.

- Statistical/numerical Information about availability and sourcing of raw-materials for production of plastic products;

For availability and sourcing of raw materials, there are Internal Suppliers and External suppliers.

Internal Suppliers of raw materials are as follows: A to Z Company, and Harsho Company. The price for 1 kilogram of raw materials = 3500 TSH for clear materials, and 3000 TSHS for coloured materials.

External Suppliers of raw materials are available in South Africa, United Kingdom, China, America & Soud Arabia.

The price of raw materials for external suppliers varies from 750\$ to 950\$ for 1 tonne of raw materials.

For Denels Company we will base on internal suppliers of raw materials for production of plastic products.

## **8. Government/donor support and regulations**

Industrialization is a key priority to the government of Tanzania; Industries producing goods for mass consumption and packaging are being encouraged. The provision of efficient industrial extension services is one of the most important forms of assistance offered by the government and some financial institutions like commercial banks. This type of assistance is primarily oriented towards servicing existing production capacity. It is concerned with improving the organization of production and the technologies of both product and production processes. The overall objective is to improve efficiency and increase production, quality and product design.

In level of economic development is an important ingredient to the growth of the lending function. For borrowers the level of technological development positively influences performance of their business, similarly, for banks, operation becomes good, efficient and delivery of banking operations improves.

## **9. Security and risk mitigation**

There are normally mainly two main risks foreseen in this business, these are fire and burglary. An insurance cover will be taken against these risks as will be advised by the bank and the insurance consultants. On security, there are night and day watchmen who guard the industry premises

### **Fire protection**

The property will put in place adequate fire protection systems. Portable fire extinguishers will also be installed. Firefighting equipments are regularly inspected to keep them active all the time. The above risks notwithstanding, its hoed that Denels Plastic Company will continue to steer operations of the industry either off or through any risk that will face in the future. This optimism arises out of the fact that the owners and management are astute business persons who have managed many different businesses. To mitigate the risks of theft, fire accidents, etc the proprietor is planning to take a comprehensive insurance to all the industry assets.

## **10. Economic benefits and environment issues**

The expansion and consolidation of this project venture will contribute greatly towards creating indigenous class of investors, particularly in the area of small and medium sized industries which forms the majority of investors in the country. This class of investors is expected to spear-head the future of economic development in the country and will contribute in generating government revenue through taxes and levies paid out of its profits and salaries of employees.

The project will also foster the development of the nation and will contribute towards raising the standards of living of Tanzanians.

## **CONCLUSION**

The proposal is in line with the national policy of self-reliance, eradicating poverty by empowering the people economically and the creation of employment. It is financially viable, socially and economically justifiable and therefore deserves the support of favorable consideration of your Bank

**“TOGETHER WE BUILD THE NATION”**

