

JINSAM OIL COMPANY LIMITED

P.O. BOX 10201 DAR ES SALAAM

BUSINESS PLAN

**FOR COMPLETION OF THE FACTORY,
ACQUISITION AND INSTALLATION OF
MACHINERY AND EXPANSION OF CEREALS
BUSSINESS.**

PREPARED BY:

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1.0 EXECUTIVE SUMMARY

1.1 Business Profile

- 1.1.1 **Name:** Jinsam Oil Company Limited
- 1.1.2 **Ownership Type:** Private company Limited by shares
- 1.1.3 **Nature of Business:** Cereals Business
- 1.1.4 **Area of Business:** Mbagala at Mbagala kuu Street Dar Es Salaam
- 1.1.5 **Registration:** B.L. NO: **BL01396932024-2500012484**
TIN No. **156-730-866**
- 1.1.6 **Bankers:** NMB Bank

- 1.2 **Nature of Project:** Cereals Business

1.3 Financing Plan

- 1.3.1 **Financing:** Bank Overdraft Loan & Term loan
- 1.3.2 **Bank Loan Size:** TSHs 480 million overdraft & TSHs 418 million Term loan
- 1.3.3 **Repayment Terms:** Overdraft Payable in One year while term loan payable in three years
- 1.3.4 **Sources of Repayments:** Existing business.
- 1.3.5 **Collateral:** Legal mortgage on landed property located in Dar Es Salaam Region

2.0 BUSINESS

2.1 Nature of Business

The principal name is Jinsam Oil Company Limited. It was incorporated on 06th July, 2022 with certificate of incorporation number **156730866**. The company was licensed to carry the business of wholesale of Cereals. With the experience of more than 5 years, the Managing Director, Ally Mohammed Mbega and his team have been able to run the business successfully.

The business gradually grew, in turn, was able to compete with the most famous business dealers in the city by winning important orders from different customers.

The customer base has been expanding ever to include construction contractors and people from all corners of Dar Es Salaam Tanzania and the country at large. This increase of clients is supported by large flow of orders from different corners of Tanzania, such a need, calls for working capital supplement by the Term loan Amounting to 418 million and Overdraft loan amounting of TZS 480 million from the bank.

2.1 Business Objectives

The primary objectives of Jinsam Oil Company Limited are:

1. Provide customer's solutions with outstanding customer care which enhances company's customer's efficiency and to secure the long relationship via contracts and recurring projects.
2. Building and maintaining strategic alliances with our suppliers and other industry related business partners.
3. Adopting a customer- and market-focused sales and marketing paradigm; and,
4. Managing the business by implementing, and consistently measuring and adjusting the fundamentals of a Balanced Scorecard:
 - a. Financial Goals vs. Results
 - b. Internal Business Process Goals vs. Results
 - c. Employee Learning and Growth Goals vs. Results
 - d. Customer Satisfaction Goals vs. Results

2.2 Our Mission and Vision

2.2.1 Mission statement

To consistently provide affordable service to our clients while exceeding the value expectations of our shareholders and employees.

2.2.2 Vision

To be customer's first and best choice for Sub wholesale of Cereals.

2.3 Shared values

- Integrity

We will do what we say. We will keep our commitments to our customers, shareholders and employees.

- Truth

We will be honest and forthright in everything we do.

- Fairness

We will treat our customers, suppliers and employees fairly all the time.

- Performance

Above all, we value superior performance. We expect the highest levels of achievement from all team members every day.

Thanks to our loyal customers and to those who may choose us in the future.

2.4 Keys to Success

Jinsam Oil Company Limited considers the following factors to be the primary contributors of its success:

- A dedicated team of sales personnel and operational managers.
- Building and maintaining strategic alliances with our suppliers and other industry related business partners
- Working closely with each client to determine their specific needs and unique concerns, and recommending an integrated plan that meets all the qualifications required by the client.

2.5 COMPANY OWNERSHIP AND ORGANIZATIONAL STRUCTURE.

2.5.1 Company Ownership:

The company is privately held, owned in majority by **Ally Mohammed Mbega** and **Joha Shamte Mbega** with share distribution of **600, 50** respectively.

2.5.2 Organizational Structure:

Jinsam Oil Company Limited is operating in a very well-organized management to simplify the operation of different duties in the enterprise. The company comprises of various departments, the departmental divisions are sales and marketing, Technical Service and support, and financial and administration. The following are profiles of the selected few managers:

1. **Managing director:** Oversees all operations, with primary responsibilities for sales and marketing. Functioning as the MD, he spends a great deal of time in the field assisting the team and helping to build and maintain client relationships.

Name:	Ally Mohammed Mbega
Education:	College
Experience:	More than 5 years
Responsibilities:	Senior in charge of day-to-day activities of the business.

2. Sales and Marketing Manager

Name:	Joha Shamte Mbega
Education:	College
Experience:	More than 3 years
Responsibilities:	Responsible for Technical service and support.

3.0 INDUSTRY AND MARKETING ANALYSIS

This section sets out product descriptions, market analysis, pricing strategy, competition analysis and Key success factors.

3.1 Product Description

The business offers varieties of Cereals.

3.2 Marketing Analysis

In recent years, there has been an influx in a number of dealers registered for the same business in Tanzania.

The increase in dealers has been in line with an increase in number of customers from many parts of Tanzania and East Africa at large. However, the challenge that exists is ability to meet orders in time and at right quantities as most of traders have limited capacity. So bulk stocking will help Jinsam Oil Company Limited to tape clients who are in demand for the service.

The clients of Jinsam Oil Company Limited are a mixture of different classes ranging from individuals to companies. The enterprise has developed business ties with many big and reliable clients.

3.3 Marketing and Pricing Strategy

Its market is segmented into direct consumers and companies from various regions of Tanzania including Arusha, Dar es Salaam and the nearby countries. Special discount rates are offered to prominent customers especially for major clients who have been in business relationship for long time. Its pricing strategy is mainly cost-plus with due care to market forces. Very narrow margins are added to its assortment to remain competitive and attract more customers. This has been its strong marketing tool in business and market growth.

3.4 Competition Analysis

There are a number of competitors doing similar line of business in the region. They offer stiff competition to the supply's dealers. However, Jinsam Oil Company Limited is striving to compete and be ahead of competition. A technique in place is to ensure availability of varieties, bulk storage of assortments, quality supplies, and one-stop centre in blocks supplies business. This positions the enterprise strategically in the market. For instance, some of the competitors have turned to be the business's customers especially when they run out of stock.

The enterprise also keeps its prices competitively reasonable. The combination of reasonable prices, favorable trade discounts and quality services ensures that the enterprise makes huge sales and keeps well ahead of the competition.

3.5 Suppliers.

The suppliers of Jinsam Oil Company Limited are manufacturers' agents and distributors from within the country. The main suppliers of the company are:

- Mkulima Co. Ltd
- Green house Ltd
- Hill

3.6 Competitive edge

Our key competitive advantages with regards to competition are set out below: -

- Favorable trade discounting policy
- Large buffer stocks and reliability in delivery
- Presence of varieties ensures the business to be one-stop centre for construction activities
- Good rapport and customer services. E.g. advice to customer on best quality supplies and brands ensures good relationship with the customers as well as publicity

4.0 FINANCIAL PLAN

This section sets out proposed expansion, financing needs. Generally, the applied loan will be used to expand the business to be able to expand the production.

4.1 FINANCING ARRANGEMENTS

The main financing arrangement is to seek TZS 480 million One years' overdraft loan facilities from NMB Bank for capital enhancement, also a term loan facility amounting to TZS 418 million for completion of the factory, acquisition and installation of machinery.

4.2 4.3 Financial Forecasts

4.3.1 Profitability

The business is expected to make good profits as can be seen in the following projections for the year affected by the anticipated term loan.

4.3.2 Projected Statement of Comprehensive Income for the years 2025 through 2026.

The following is the management's projections of financial performance (income statement) for the year 2025/2026 with the effect of the term loan. Revenues are expected to be growing at an average of 20% and operating expenses as well. Basing on the above projections, here is the year's projected income statement of the business.

DESCRIPTIONS	2026	2025
	TSHS	TSHS
Revenues	4,652,364,040	4,229,421,854
Cost of Sales	2,977,512,985	2,706,829,987
Gross Profit	1,674,851,054	1,522,591,868
Expenses:		
Operating Expenses	76,653,874	87,972,613
Interest on Loan	71,752,088	6,966,667
Depreciation	90,916,239	103,339,952
Total Expenses	239,322,201	198,279,231
Profit Before tax	1,435,528,854	1,324,312,636
Income Tax	(430,658,656)	(397,293,791)
Profit After Tax	1,004,870,198	927,018,845

4.4 Liquidity

The projected liquidity position of the business is quite healthy such that it will be able to liquidate the loans being applied within a period of Three years, while at the same time meeting all its other financial obligations of operating the business.

5.0 STRENGTH AND WEAKNESS OF THE PROJECT.

The table below presents the business's (SWOT) analysis

<p>Strengths</p> <ul style="list-style-type: none"> • It has strong clientele base and trustworthy clients • Experienced in business for more than 10 years • High quality products supplied. • Motivational will to expand • Large customer base from all regions of Tanzania 	<p>Weakness</p> <ul style="list-style-type: none"> • Lack of enough working capital to expand.
<p>Opportunities.</p> <ul style="list-style-type: none"> • Government policy encourages private investment through various programs. • Growing population, per capital income. • Demand for the product facilities in the country 	<p>Threats.</p> <ul style="list-style-type: none"> • Competition from other rivals within the same industry. • Changes in government policies especially tax

5.1 FORESEEN RISKS:

Due to the reality that, the business operates in the fragile economy of Tanzania, the business is unavoidably subject to different financial and operational risks some of which are analyzed as follows:

1. **Competition**

There is competition from other business dealing with the same business. Due to growing economy, new entrants are threat and also competition from existing expanding competitors

Remedies;

The owners are prepared to face the competition by offering the best services and products they can in order to build a good customer loyalty. It will also make sure that it supplies the products that are quality and charge affordable prices relative to competitors in order to win customer interests and satisfaction.

2. **Price fluctuations.**

This has currently marked a big problem; prices keep on rising and affect the business performance. This is mainly due to instability of Tanzanian Shilling as compared to US Dollar

Remedies;

The company is planning to make long term agreements with suppliers from abroad to hedge against price changes; moreover, the proprietor has diversified its business

6.0 ECONOMIC JUSTIFICATION

Given the demand, business of this nature is of interest for the nation as it offers self-employment spirit; promote local entrepreneurs, income-generation, and employment provision as well.

The business will also widen the Tax base and benefit the nation with tax paid out of profit earned. Therefore, securing financing/loan from bank will help Jinsam Oil Company Limited to achieve its goals and complement towards government efforts in trade, employments and poverty reduction.

7.0 COLLATERALS

The applied Overdraft loan facility of TZS 480 million and term loan of TZS 418 will be secured by the residential property located in Dar Es Salaam Region.

8.0 CONCLUSION & RECOMMENDATIONS

- Technical analysis of this business shows that it is financially viable and justifiable economically.
- Managerial analysis also shows the Managing Director is a well experienced businessman in the industry with sound character, unquestionable credibility, and goodwill in the product supplies industry.
- Socio-economic analysis depicts the business is of interest to the owners and economy at large as analyzed above.

It is therefore recommended that **Jinsam Oil Company Limited** be granted favorable financing consideration in the number of Tanzanian Shillings **Four Hundred Eighteen Million (418,000,000/=)** to facilitate completion of the factory, acquisition and installation of a machinery. , but also, an overdraft of **Four Hundred Eighty Million (TZS 480,000,000/=)** to boost the working Capital.