

MAXI PRO COMPANY LIMITED

BUSINESS PLAN FOR EXPANSION PRODUCTION OF SOAP AND DETERGENTS AND POLISHING PREPARATION, PERFUMES AND TOILET PREPARATIONS AND COSMETICS

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EXECUTIVE SUMMARY

1.1 Introduction

MAXI PRO COMPANY LIMITED is privately owned companies incorporated for purposes of establishing an expansion of production of soap and detergents and polishing preparation, perfumes and toilet preparations and cosmetics. The project will manufacture high quality products, with the aim of meeting increasing demand of soaps and allied products

The Company is registered under Certificate of Incorporation No. 139373316 dated 25th June 2019.

1.2 The Project

The promoters of this project through MAXI PRO COMPANY LIMITED decided to invest on soap and other detergents after taking into consideration of the following:

A: Self-assessment in order to understand their capabilities strengths, limitations and preferences of undertaking such a project.

B: Explored possible and suitable opportunities based on environment, current business scene, technology change and linkage related ideas.

C: Assessed the market potentiality available

D: Identified viable project location

E: Considers finances mobilization to suit the project requirement

G: Re assessed their managerial strengths and is in the process of pooling up human resources from local and foreign sources.

The project aims at manufacturing soap and detergents and polishing preparation, perfumes and toilet preparations and cosmetics for domestic purposes which will be over a wide range of products, domestic and other uses. The project will therefore have a positive indirect impact on the environment as it will reduce waste from cooking oil.

The macro objectives of establishing the project is to support economic, social and administrative activities in the country .Also , to increase the competitiveness of Tanzania goods in the export markets and improve the manufacturing industry by offering competitive transport rates.

1.3 The Project Location

The Project will be located in Vingunguti Industrial Area, Ilala District. The location is well served by all the necessary infrastructures and environmental requirements and hence well suited to the nature of the envisaged project.

1.4 The Project Promoters

The Project is being promoted by MAXI PRO COMPANY LIMITED based in the Dar es Salaam. The shareholders to this project:

S/No	NAME OF SHAREHOLDER	NATIONALITY	SHAREHOLDING (%)
1	Frank Elia Mapunda	Tanzanian	9.09
2	Ahmad Ghaddar	Tanzanian	27.27
3	Ali Sarhini	Lebanese	27.27
4	Ahmad Abdo Atallah	Lebanese	9.09
5	Chadi Khalife	Lebanese	27.27

1.5 The Market

Recent reforms taking place in economy indicate that there is a continuous increase in demand for soap and detergents and polishing preparation, perfumes and toilet preparations and cosmetics in the local market and in the international market.. This has brought about a concern in the market. It is the idea of this project to focus on the external market especially the Asia countries which are in high demand of plastic finished products and semi-finished products. The Asia market is also growing as well as demand.

1.6 Project Cost and Financing Plan

The total cost of the project is estimated as US Dollars 500,000

The following is the summary of the capital investment cost estimated.

COST STRUCTURE

PARTICULAR	AMOUNT USD
Land and Buildings	54,000
Machinery & Equipment	207,000
Motor Vehicle	105,000
Furniture & Fixtures	4,000
Pre exp	20,000
Others	0
Working Capital	110,000
TOTAL	500,000

1.6 Financing

The project's cost will be fully financed by shareholder's equity contribution by Usd 400,000 and a bank loan of Usd 100,000

1.7 Financial Indicators

The following are some of the financial analysis highlights:

1.7.1 Profitability

Profitability after tax over the years in US \$ is as follows:

1 st Year	97,017.00
2 nd Year	137,416.00
3 rd Year	145,282.00
4 th Year	155,266.00
5 th Year	165,024.00

1.7.2 Liquidity

The projected net cash flow over the year shows a health position and demonstrates the ability of the company to meet financial commitments as they fall due. The drop in cash flow is due to the fact that the company will repay the Bank loan of 100,000

The Summary thereof in US \$ is as follows

1 st Year	222,504.00
2 nd Year	245,654.00
3 rd Year	255,544.00
4 th Year	66,769.00
5 th Year	275,005.00

1.7.3 Payback period

The Investment recoups itself in 5 years

1.8 Social and Economic Impact

The proposed project will result into the following social and economic impacts:

- 1.8.1 Increased availability of quality products alongside competitive prices of these products will result in increased healthy competition among all trading and manufacturing companies
- 1.8.2 The proposed project of the fleet of trucks investment in this sector will provide employment for about 30 people.
- 1.8.3 The proposed project will have apposite impact on the environment as it expects to use waste from cooking oil industries as inputs or raw material to produce good quality soap and detergents and polishing preparation, perfumes and toilet preparations and cosmetics.
- 1.8.4 The Government and other agencies will benefit from various taxes, fees and commissions that will be paid to the Treasury

1.9 Conclusion and Recommendations

The Executive Summary highlights indicate that the proposed project will be financially and economically viable. The project will generate significantly to the social and economic benefit by way of increasing the provision of quality soap and detergents and polishing preparation, perfumes and toilet preparations and cosmetics It is recommended that the project be accorded the required institutional and financial support to pave the way for its expeditious establishment and development.

2.0 THE PROJECT

MAXI PRO COMPANY LIMITED have invested on plastic after taking the following into consideration

- A. Self-assessment in order to understand their capabilities strengths, limitations and preferences of undertaking such a project
- B. Explored possible and suitable opportunities based on environment, current business scene, technology change an linkage related ideas.
- C. Assessed the market potentiality available
- D. Identified viable project location
- E. Considers finances mobilization to suit the project requirement
- F. Re assessed their managerial strengths and is in the process of pooling up human resources from local and foreign sources.

3.1 Machines technology capacity utilities

Detergent Powder Making Plant Setup & Machinery

You can initiate a small-scale detergent powder manufacturing unit with a 1000 Sq Ft area. However, the area requirement hugely depends on the desired quantity output.

In addition, you have to secure the factory location carefully. the location must have the availability of water, electricity, and transportation.

Detergent Powder Making Machine

The basic detergent powder manufacturing types of equipment needed are listed below:

- Reactors
- Neutraliser
- Pulveriser
- Blender
- Weighing scale etc.

Detergent Powder Making Formula

Different companies have their own customized formula. In addition, you have to craft the formula according to your target market demographic. You can source the manufacturing technology from Central Salt and Marine Chemicals Research Institute. Council of Scientific & Industrial Research. Gijubhai Badeka Marg, Waghawadi Road. Bhavnagar -364 002 However, here we put a basic formula with the ingredients in percentage for your ready reference.

Ingredients	Premium grade (Wt, %)	Popular grade (Wt, %)
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85% active LAB acid slurry	18	15
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Sodium carbonate (soda ash)	35	32
Sodium metasilicate	2	No
Alkaline sodium silicate	No	7
Sodium bicarbonate	10	10
Sodium Sulphate (anhydrous)	20	25
Sodium tripolyphosphate	10	7
Sodium carboxymethyl cellulose	1.5	1
Phthalocyanine blue color or oil-soluble yellow color	0.1	0.1
Optical whitener	0.3	0.2
Perfume	0.1	0.1
Water	3	2.6

Detergent Powder Manufacturing Process

First of all, you have to neutralize the acid slurry with soda ash. Then keep the mixture for one hour for completion of the reaction. Then mix the other ingredients such as STEP, TSP, Glauber's salt, CMC, Colours, Perfume etc. and blend to the neutralized acid slurry with continuous mixing. After this, you have to dry this mixture. Then pack the finished product in the suitable packing.

3.2 Source of technology & Capacity

The machines will be imported from China. The annual production capacity will be 1 million pieces annually. The pieces will be of various designs as per production schedules and demand.

3.3 Other inputs

These will include cars necessary for administration purpose and distribution:

- Civil works will include renovation of the existing workshop in and office buildings at the project site on the premises leased at Mkuranga District, Dar es Salaam.
The site has the entire necessary infrastructure required for the business, including a workshop
- Importation of office equipment namely, telephones, facsimile machines, personal computers and air conditioners at company's head office.

3.4 The Project time table

The plant should be in fully operational with two production lines and a diversified product range by December of the year 2018

3.5 Sales revenue forecast and direct& indirect cost estimates

3.5.1 Sales Forecast

First year operation is schedules to begin Jan 2024 after completion of machinery installation and pre-production activites. The sales generation will be as of

3.5.2 OPERATING COSTS

Since the production will be done for the last quarter in the first operating year the cost will be less to being with and will substantially rise to reflect normal production in the following years

3.6 Environmental Aspects

Generally, Tanzania has environmental regulations governing the operation of garages and workshops. Nevertheless each operator takes basic precautions to ensure that during operations and in case of an accidental spillage or fire, damage to environment is limited to the minimum possible level. The company has taken into consideration environmental aspect in the factory and will put all necessary required facilities.

3.0 CAPITAL INVESTMENT AND FINANCING PLAN

4.1 Investment Plan

The total capital investment of the project is Usd 500,000.The promoters will contribute Usd 0.4 million and Usd 0.1 million will be financed by loan. The capital investment breakdown is as indicated below:

SCHEDULE 3

COST STRUCTURE

PARTICULAR	AMOUNT USD
Land and Buildings	54,000
Machinery & Equipment	207,000
Motor Vehicle	105,000
Furniture & Fixtures	4,000
Pre exp	20,000
Others	0
Working Capital	110,000
TOTAL	500,000

4.2 Financing Plan

It is estimated that a total of US\$ 500,000 will required price to the first year of the project to acquire the various assets as shown in the Table above

The bulk of the capital cost will be raised by the company itself through equity contribution. The other major source of funding will be internally generated revenue from operations which will be ploughed back.

Taking into account acceptable financial rations will be financed through the following sources of finance:

Financing Source	USD
Equity	400,000
Long term loans	100,000
Total	500,000

Interest rates for the loan are assumed to be at 8% with a grace period of 5 years and will be paid back in the fifth year of operation.

4.0 MARKET AND MARKETING ASPECTS

5.1 General Overview

There is a wide market for soap and detergents and polishing preparation, perfumes and toilet preparations and cosmetics in Tanzania. Likewise, there is external market and the demand is increasing .Hence, it can be expected that the sponsors would not face marketing and operational problems in managing the proposed project

The existing market is supplied by importation of the products from overseas .Based on the nature of the products and its users; the company's product has a good market in Tanzania.

The ports of Dar es Salaam have undergone major rehabilitation, modernization and expansion so as not only to be able to compete with South Africa ports in handling of the cargo and this will substantially enhance cargo handling in all phases of the project. The port would also provide the proposed freight haulage project necessary condition for its soft establishment and expansion of its future operations.

MAXI PRO COMPANY LIMITED will endeavor to achieve the projected sales for both domestic and transits business in the neighboring eastern Africa countries and Asia

5.2 **Key Success Factors**

Following are Key Success Factors of the manufacturing industry:

- Financial Resources
- Working Capital
- Use of Technology
- Proper logistics to meet demand

The importance of having huge funds to finance the use of latest technology which will yield a quality product which is important in project success operation. Further with a quality product there must be proper delivery of the product to the customers to meet their demand. All this depends on financial resources which the owner has to achieve desired result.

5.3 **Long Term Relationships**

Established transport firms enjoy the advantage of long- term relationships with corporate clients. Such corporate firms include among others, armies, huge mining companies using thermal power, etc, clearing and forwarding companies, just to mention a few. Again the proposed project would use its Synergy of its relation with parent companies in securing huge cargo.

However, it should be clearly understood that as time changes some industry forces have tended to re- modify these key success factors, Hence, generally it is the ability of a transport company to design and implement its business strategies that may suit building of a company's success in this sector.

5.0 **MANAGEMENT AND ORGANIZATION STRUCTURE**

6.1 **Management**

The Company policy is to have adequate manpower to manage its operations efficiently. MAXI PRO COMPANY LIMITED believes in keeping on board only the very essential manpower strength, to develop them into highly motivated and sincere company team for the best and efficient operations of the company.

The company will have a team of qualified and experienced functional managers in the areas of Operations/Marketing, Workshop Operations and Finance & Administration. Other senior and

middle level staff will be available for the startup and subsequent operations of the company. The personnel will be qualified, well-seasoned and most possessing considerable industrial experience.

6.2 Management Policy

The day to day operations will be managed by the General Manager, to be assisted by the Operations Manager who will be the overall in charge of the fleet, a Sales & Marketing Manager whose major responsibility will be marketing and a Finance & Administrative Manager who will manage finance and administrative issues. The Company's fleet pool will therefore be professionally managed.

6.3 Organization Structure

Once the company has well established the market its organizational structure will have to change sp as to give it a corporate structure of freight Haulage Company. Therefore, the shareholders will have to embark on a meticulous manpower planning and recruitment, which will be preceded by a manpower consultant's report.

It is proposed that the company's operations then be headed by the General Manager under whom there will be functional managers, that is : Personnel & Administration Manager, Sales & Marketing Manager, Finance & Administration manager, and Production manager.

The Marketing Manager will be responsible for both the countrywide and regional wide sales and marketing for the service .The job responsibilities will include market planning and development, sales promotion and sales co- ordination.

6.4 Manpower requirement and emoluments

SCHEDULE 5

SALARIES & WAGES

No	DEPARTMENTS/DESIGNATION	NO	SALARY PER MONTH	SUBTOTAL MONTHLY SALARY	ANNUAL GROSS SALARY
1	Managing Director	1	750	750	9,000
2	General Manager	1	700	700	8,400
3	Personnel Administration Department	10	150	1500	18,000
4	Finance Department	5	150	750	9,000
5	Marketing Department	10	150	1500	18,000
6	Laboratory	4	150	600	7,200
7	Production Department	49	100	4900	58,800
	TOTAL USD \$	80	2,150	10,700	128,400

6.0 FINANCIAL ANALYSIS

7.1 Financial Viability

The analysis of the proposed MAXI PRO COMPANY LIMITED transport project shows that the project can generate a fairly good profit and that it generates sufficient cash to meet its financial obligations

7.2 **Fundamental Assumptions:**

The preparation of the financial projections took into account the following main assumptions:

7.2.1 The operation period under which the viability of the project is being evaluated is 5 years

7.2.2 The capital of the proposed project is US\$ 500,000

7.2.3 All the calculations throughout the economic lifetime of the project are constant with January 2024 being the base date.

7.2.4 The projected operational costs are shown

7.2.5 Capital Expenditure has been assumed to be incurred for a period of 1 year

7.2.6 The financial plan is for the shareholders to finance the project from own sources by ploughing back profits

7.3 **Working Capital Requirements**

Ideally, working capital requirements are directed by the volume and business tempo

7.4 **Projected Profitability**

The projected profit and loss account is shown in the *Financial Analysis Schedule*. On the basis of the operating assumptions and cost the proposed investment is expected to be profitable throughout the project period of five years. The after tax profits (US\$) are as follows:

1 st Year	97,017
2 nd Year	137,416
3 rd Year	145,282
4 th Year	155,266
5 th Year	185,024

7.5 **Cash Flow Projection**

The liquidity performance of the project is shown in the Financial Analysis Schedules. The projections take into account the assumed sources and applications of funds over the planned period and show the ability of the project to meet financial obligations and capital expenditure requirements.

Cash flow on the 5 the year will be used to pay back the loan and this reflects the small balance at the end of the year but the activities will be performed as usual

7.6 Financial Review

The financial review of the proposed MAXI PRO COMPANY LIMITED shows that:

7.6.1 The project is profitable

7.6.2 The liquidity position is sound and that is should be able to meet its financial commitments without any undue difficulty.

7.6.3 The operations are financially viable

7.6.4 The key ratios are acceptable with Internal Rate of Return (IRR) of 20%, Net Present Value of US\$ 199,476 and a Payback Period of 5 years.

7.7 Development Aspects

The following are the major economic and social benefits, which will be generated by the proposed project.

7.7.1 Revenue to the government Treasury and other organs in the form of taxes, fees and levies.

7.7.2 Increase in employment opportunities

7.7.3 Savings/earnings of foreign exchange because of the project's active engagement in the transit trade

7.7.4 Facilitate in increased improvement and availability of the freight Haulage services especially in the transportation of raw materials, crops, building, materials and finished products to and from markets.

With the liberalization of the economy in fully swing the resultant industrial growth is expected to push up the demand for the transportation of industrial and consumer goods services considerably.

7.0 CONCLUSION AND RECOMMENDATIONS

The foregoing discussion highlights on the social, economic and financial dimensions which the envisaged project is set to generate in this country. The brief financial analysis indicates that the project will be financially viable. Therefore, it is strongly recommended that the sponsors, MAXI PRO COMPANY LIMITED be availed with the required institutional assistance so as to enable them expand the propose project.

FINANCIAL PROJECTIONS

SCHEDULE 3**COST STRUCTURE**

INVESTMENT BREAKDOWN			
PARTICULAR			AMOUNTS USD
Land and Buildings			54,000
Plant & Machines			207,000
Motor Vehicles			105,000
Furniture & Fixtures			4,000
Pre Expenses			20,000
Working Capital			110,000
TOTAL			500,000

OTHER OPERATING COST						
Other Operations Cost		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Motor Vehicle running expens		18,000	19,620	21,386	23,311	25,408
Salaries and Wages		10,600	11,660	12,826	14,109	15,519
Administrative Overhead Costs		49,000	53,900	59,290	65,219	71,741
Utility Costs		14,000	15,400	16,940	18,634	20,497
Interest on Loan		12,400	11,160	10,044	9,040	8,136
Communication Exepnses		6,000	6,600	7,260	7,986	8,785
Total Costs		110,000	118,340	127,746	138,298	150,086

PROJECTED BALANCE SHEET						
		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Fixed Assets		370,000	322,200	309,600	255,500	201,400
Long term Assets						
Depreciation		47,800	49,600	49,600	49,600	49,600
Total long term assets		322,200	272,600	260,000	205,900	151,800
Current Assets						
Cash		3,528,730	4,058,040	2,632,581	4,941,437	7,570,679
Account Receivable		110,000	126,500	145,475	167,296	192,391
Inventory		0	0	0	0	0
Total Current Assets		3,638,730	4,184,540	2,778,056	5,108,733	7,763,070
Total Assets		3,960,930	4,457,140	3,038,056	5,314,633	7,914,870
Current Liabilities						
Accounts Payable		27,500	31,625	36,369	41,824	48,098
Other Current Liabilit		3,500	4,025	4,629	5,323	6,122
Subtotal Current Liabi		31,000	35,650	40,998	47,147	54,219
Long term Liabilities						
Long term Liabilitie		0	0	0	0	0
Total Liabilities		31,000	35,650	40,998	47,147	54,219
Captil and Reserves						
Owners Contribution		500,000	588,890	771,139	1,026,666	1,370,121
Retained Earning		57,890	146,599	214,530	296,307	394,703
Total Capital		588,890	771,139	1,026,666	1,370,121	1,819,042

PROJECTED INCOME STATEMENT							
		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	
Sales Revenue		225,000	270,000	324,000	388,800	466,560	
Cost of Sales		45,000	45,000	45,000	45,000	45,000	
Gross Profit		180,000	225,000	279,000	343,800	421,560	
Operating Expenses							
Administrative Overhead							
Costs		49,000	49,490	49,985	50,485	50,990	
Motor Vehicle running		18,000	18,180	18,362	18,545	18,731	
Salaries and Wages		10,600	10,706	10,813	10,921	11,030	
Depreciation		47,800	48,278	48,761	49,248	49,741	
Utility Costs		14,000	14,140	14,281	14,424	14,568	
Insurance		12,500	12,625	12,751	12,879	13,008	
Interest on Loan		12,400	12,524	12,649	12,776	12,903	
Total Expenses		97,300	98,273	99,256	100,248	101,251	
Profit before Tax		82,700	126,727	179,744	243,552	320,309	
Tax (30%)		24,810	38,018	53,923	73,066	96,093	
Profit After Tax		57,890	88,709	125,821	170,486	224,216	

FIXED ASSETS SCHEDULE						
NAME OF ASSETS		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings		54,000	51,300	48,600	45,900	43,200
Plant & Machines		207,000	165,600	124,200	82,800	41,400
Motor Vehicle		105,000	101,800	96,800	91,800	86,800
Furniture & Fixtures		4,000	3,500	40,000	35,000	30,000
Total		370,000	322,200	309,600	255,500	201,400
Depreciation		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings		2,700	2,700	2,700	2,700	2,700
Plant & Machines		41,400	41,400	41,400	41,400	41,400
Motor Vehicles		3,200	5,000	5,000	5,000	5,000
Furniture & Fixtures		500	500	500	500	500
ANNUAL DEPRECIATION		47,800	49,600	49,600	49,600	49,600
CLOSING FIXED ASSETS		322,200	272,600	260,000	205,900	151,800