

# **SEVDA COMPANY LIMITED**

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

Presented by:

**SEVDA COMPANY LIMITED**

P.O BOX 20386

DAR ES SALAAM

## **TABLE OF CONTENTS**

### **1.0 EXECUTIVE SUMMARY**

- 1.1 Introduction
- 1.2 The Project
- 1.3 The Project Location
- 1.4 The Project Promoters
- 1.5 The Market
- 1.6 Project Cost and Financing Plan
- 1.7 Financial Indicators
- 1.8 Social and Economic impact
- 1.9 Conclusion and Recommendations

### **2.0 THE PROMOTERS**

- 3.0 Description
- 3.1 Machines technology capacity and utilities
- 3.2 Source of technology and capacity
- 3.3 Other inputs
- 3.4 Project time table
- 3.5 Sales revenue forecast and direct & indirect cost estimates
- 3.6 Environmental Aspects

### **4.0 CAPITAL INVESTMENT AND FINACING**

- 4.1 Investment Plan
- 4.2 Financing Plan

### **5.0 MARKET AND MARKETING ASPECTS**

- 5.1 General Overview
- 5.2 Key success factors
- 5.3 Long term relationship

**6.0 MANAGEMENT AND ORGANIZATION STRUCTURE**

6.1 Management

6.2 Management Policy

6.3 Organizational Structure

6.4 Manpower requirement and emoluments

**7.0 FINANCIAL ANALYSIS**

7.1 Financial Viability

7.2 Fundamental Assumptions

7.3 Working Capital Requirements

7.4 Projected Profitability

7.5 Cash Flow Projections

7.6 Financial Review

7.7 Development Aspects

**8.0 CONCLUSION AND RECOMMENDATIONS**

FINANCIAL STATEMENTS PROJECTION

## **EXECUTIVE SUMMARY**

### **1.1 Introduction**

SEVDA COMPANY LIMITED is privately owned companies incorporated for purposes of establishing 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. 157430815 dated 18<sup>th</sup> August 2022.

### **1.2 The Project**

The promoters of this project through SEVDA 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 at Plot No. 16179 Mbagala 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 SEVDA COMPANY LIMITED based in the Dar es Salaam. The shareholders to this project:

S/No	NAME OF SHAREHOLDER	NATIONALITY	SHAREHOLDING (%)
1	KHALIL ISMAIL MAHMOUD LAMAA	SYRIAN	50
2	SALAH AHMADALI	TURKEY	50

#### 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	135,000
Plant & Machines	164,000
Motor Vehicles	44,000
Furniture & Fixtures	10,200
Pre Expenses	25,000
Working Capital	128,000
<b>TOTAL</b>	<b>506,200</b>

#### 1.6 Financing

The project's cost will be fully financed by shareholder's equity contribution by Usd 506,200

#### 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<sup>st</sup> Year 97,017.00

2<sup>nd</sup> Year 137,416.00

3<sup>rd</sup> Year 145,282.00

4<sup>th</sup> Year 155,266.00

5<sup>th</sup> 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<sup>st</sup> Year 222,504.00

2<sup>nd</sup> Year 245,654.00

3<sup>rd</sup> Year 255,544.00

4<sup>th</sup> Year 66,769.00

5<sup>th</sup> 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

SEVDA 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 and 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, %)
85% active LAB acid slurry	18	15

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 LITRES 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 Mbagala Industrial area, 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 2023

### **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 activities. 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 506,200.The promoters will contribute Usd 0.506 million. The capital investment breakdown is as indicated below:

## SCHEDULE 3

### COST STRUCTURE

<b>PARTICULAR</b>	<b>AMOUNT USD</b>
Land and Buildings	135,000
Plant & Machines	164,000
Motor Vehicles	44,000
Furniture & Fixtures	10,200
Pre Expenses	25,000
Working Capital	128,000
<b>TOTAL</b>	<b>506,200</b>

#### 4.2 Financing Plan

It is estimated that a total of US\$ 506,200 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	506,200
Total	506,200

#### 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 complete 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.

SEVDA 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. SEVDA 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
	<b>TOTAL USD \$</b>	<b>80</b>	<b>2,150</b>	<b>10,700</b>	<b>128,400</b>

**6.0 FINANCIAL ANALYSIS**

**7.1 Financial Viability**

The analysis of the proposed SEVDA 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\$ 506,200

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 <sup>st</sup> Year	97,017
2 <sup>nd</sup> Year	137,416
3 <sup>rd</sup> Year	145,282
4 <sup>th</sup> Year	155,266
5 <sup>th</sup> 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 SEVDA 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 form 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, SEVDA COMPANY LIMITED be availed with the required institutional assistance so as to enable them expand the propose project.

## **FINANCIAL PROJECTIONS**

### COST STRUCTURE

INVESTMENT BREAKDOWN			
PARTICULAR			AMOUNTS USD
Land and Buildings			135,000
Plant & Machines			164,000
Motor Vehicles			44,000
Furniture & Fixtures			10,200
Pre Expenses			25,000
Working Capital			128,000
<b>TOTAL</b>			<b>506,200</b>

OTHER OPERATING COST						
Other Operations Cost		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Motor Vehicle running expens		9,000	9,400	9,800	10,200	10,600
Salaries and Wages		13,800	15,180	16,698	18,368	20,205
Administrative Overhead Costs		6,800	7,480	8,228	9,051	9,956
Utility Costs		8,000	8,800	9,680	10,648	11,713
Interest on Loan		8,600	7,740	6,966	6,269	5,642
Raw Materials		81,800	89,980	98,978	108,876	119,763
<b>Total Costs</b>		<b>128,000</b>	<b>138,580</b>	<b>150,350</b>	<b>163,412</b>	<b>177,879</b>

FIXED ASSETS SCHEDULE						
NAME OF ASSETS		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings		135,000	128,250	121,500	114,750	108,000
Plant & Machines		164,000	131,200	98,400	65,600	32,800
Motor Vehicle		44,000	35,840	30,840	25,840	20,840
Furniture & Fixtures		10,200	8,925	7,650	6,375	5,100
<b>Total</b>		<b>353,200</b>	<b>304,215</b>	<b>258,390</b>	<b>212,565</b>	<b>166,740</b>
Depreciation		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings		6,750	6,750	6,750	6,750	6,750
Plant & Machines		32,800	32,800	32,800	32,800	32,800
Motor Vehicles		8,160	5,000	5,000	5,000	5,000
Furniture & Fixtures		1,275	1,275	1,275	1,275	1,275
<b>ANNUAL DEPRECIATION</b>		<b>48,985</b>	<b>45,825</b>	<b>45,825</b>	<b>45,825</b>	<b>45,825</b>
<b>CLOSING FIXED ASSETS</b>		<b>304,215</b>	<b>258,390</b>	<b>212,565</b>	<b>166,740</b>	<b>120,915</b>

PROJECTED BALANCE SHEET						
		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Fixed Assets		353,200	304,215	258,390	212,565	166,740
Long term Assets						
Depreciation		48,985	45,825	45,825	45,825	45,825
<b>Total long term assets</b>		<b>304,215</b>	<b>258,390</b>	<b>212,565</b>	<b>166,740</b>	<b>120,915</b>
Current Assets						
Cash		406,100	684,700	979,050	1,292,735	1,625,723
Account Receivable		105,000	110,250	216,535	421,763	527,628
Inventory		214,710	376,383	438,469	402,292	467,493
<b>Total Current Assets</b>		<b>153,000</b>	<b>153,000</b>	<b>153,000</b>	<b>153,000</b>	<b>153,000</b>
<b>Total Assets</b>		<b>457,215</b>	<b>411,390</b>	<b>365,565</b>	<b>319,740</b>	<b>273,915</b>
<b>Current Liabilities</b>						
Accounts Payable		84,000	88,200	92,610	97,241	102,103
Other Current Liablit		70,000	73,500	77,175	81,034	85,085
<b>Subtotal Current Liabi</b>		<b>154,000</b>	<b>1,616,700</b>	<b>169,785</b>	<b>178,274</b>	<b>187,188</b>
<b>Long term Liabilities</b>						
Long term Liabilitie		1,820,000	1,820,000	1,820,000	1,820,000	1,820,000
<b>Total Liabiities</b>		<b>304,215</b>	<b>258,390</b>	<b>212,565</b>	<b>166,740</b>	<b>120,915</b>
<b>Net Assets</b>		<b>820,810</b>	<b>877,633</b>	<b>951,268</b>	<b>1,044,516</b>	<b>1,157,656</b>
<b>Captil and Reserves</b>						
Owners Contribution		780,000	780,000	780,000	780,000	780,000
<b>Retained Earning</b>		<b>40,810</b>	<b>97,633</b>	<b>171,268</b>	<b>264,516</b>	<b>377,656</b>
<b>Total Capital</b>		<b>457,215</b>	<b>411,390</b>	<b>365,565</b>	<b>319,740</b>	<b>273,915</b>

PROJECTED INCOME STATEMENT							
			YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEARS5
Sales Revenue			733,990	880,788	1,056,946	1,268,335	1,522,002
Cost of Sales			146,798	146,798	146,798	146,798	146,798
<b>Gross Profit</b>			<b>587,192</b>	<b>733,990</b>	<b>910,148</b>	<b>1,121,537</b>	<b>1,375,204</b>
<b>Operating Expenses</b>							
Administrative Overhead							
Costs			6,800	6,868	6,937	7,006	7,076
Motor Vehicle running			9,000	9,090	9,181	9,273	9,365
Salaries and Wages			13,800	13,938	14,077	14,218	14,360
Depreciation			48,985	49,475	49,970	50,469	50,974
Utility Costs			8,000	8,080	8,161	8,242	8,325
Insurance			12,655	12,782	12,909	13,038	13,169
Interest on Loan			8,600	8,686	8,773	8,861	8,949
<b>Total Expenses</b>			<b>92,040</b>	<b>92,960</b>	<b>93,890</b>	<b>94,829</b>	<b>95,777</b>
<b>Profit before Tax</b>			<b>495,152</b>	<b>641,030</b>	<b>816,258</b>	<b>1,026,708</b>	<b>1,279,426</b>
Tax (30%)			148,546	192,309	244,877	308,012	383,828
<b>Profit After Tax</b>			<b>346,606</b>	<b>448,721</b>	<b>571,380</b>	<b>718,695</b>	<b>895,599</b>