

MANUFACTURING OF HYGIENE PRODUCTS I.E DIAPERS, PANTS, SANITARY TOWELS, WIPES AND TISSUE PAPERS PROJECT BUSINESS PLAN

PRANCE INTERNATIONAL TRADE CO. LIMITED

1. Executive Summary:

Hygiene products production is a booming industry in Tanzania, driven by the constant demand for sanitary materials in both the commercial and personal setting. Prance intends to revolutionize the sanitary products industry by providing sustainable, high-quality hygiene products that meet the evolving needs of our customers.

Prance intends to invest approximately US\$1,7 mil in the Kibaha hygiene products project in phase one of the project, this is expected to be followed by a US\$1,8 mil investment in year 3 and a further US\$6,7 mil investment in year 5.

2. The Project Promoters/Sponsors/Shareholders of the Company:

The share holders of Pyxus Agriculture Tanzania Limited are:

SHAOHUA SUN – 240 shares

LONG ZHANG – 360 shares

Bordar Group Limited - 1999400 shares

Prance International Trade Co. Limited intends to inject capital to the value of \$500,000 on the expansion of the project once TIC approval for the project is received.

3. Location of the Project as indicated in the title deed and other areas

The location on which the manufacturing of hygiene products will take place is Plot No. 1, Block A, Zogowali, Kibaha Township, Pwani.

4. Business Structure

Prance will ensure that the right structures are put in place that will support the kind of growth that we have in mind while setting up the business. We will ensure that we hire people that are qualified, honest, customer centric and are ready to work to help us build a prosperous business that will benefit all our stakeholders.

5. Project Management

This project will be managed by the Managing Director of Prance who will be assisted by the management team as well as Consultants and Researchers.

6. Management and Organizational Structure of the Company

- Board of Directors
- Managing Director
- Chief Executive Officer
- Manufacturing Manager
- Lead Engineer
- Human Resources and Admin Manager
- Merchandize Manager
- Sales and Marketing Manager
- Information Technologist
- Accountants/Cashiers
- Customer Services Executive
- Truck and Van Drivers

7. Project Details

This section will give an overview of the Kibaha facility, including the infrastructure, workflow and workforce requirements.

Infrastructure

The factory is on a 12,390 square meter plot on the Kibaha, Pwani Region, and includes:

- An office block
- A Sanitary/hygiene products factory.











8. Market Analysis:

Demand for hygiene products is growing rapidly, of which at least 70% is serviced by imports. Prance will target the supply of hygiene products to the local market as the primary target market.

the rising demand for both hygiene products, as a result of increasing disposable income and consumer sentiment will result in revenue growth, but profit margins will stagnate as hygiene products supply stores keep prices low to attract more sales amid growing competition.

A close watch on industry activities reveals that, the market for hygiene products was hit hard by the economic downturn experienced in recent time. As part of marketing strategies, hygiene products supply stores partner with key players in the hygiene products industry. They are in the best position to offer you hygiene products supply contract.

We have conducted our market research and feasibility studies and we have ideas of what our target market would be expecting from us. We are in business to manufacture and supply a wide range of building materials to the following;

- Construction Companies
- Plumbers
- Home Remodeling Companies
- Small Building Material Retail Stores

Our Competitive Advantage

A close study of the hygiene products manufacturing industry reveals that the market has become much more intensely competitive over the last decade. As a matter of fact, you have to be highly creative, customer centric and proactive if you must survive in this industry.

We are aware of the stiff competition and we are well prepared to compete with other leading hygiene products manufacturers and suppliers in Tanzania.

Prance is launching a standard hygiene products supply store that will indeed become the preferred choice for key players in the hygiene products industry Production

9. Financial Analysis

An extensive financial feasibility has been carried out to justify the entry of Prance into the Tanzania hygiene products market. Below is a summary of the forecasted Financial Statements of the company over the next 5 years of operation

Income statement for building material project						
	\$ 000					
	Y1	Y2	Y3	Y4	Y5	
Revenue	2,914.5	8,951.0	18,810.2	23,434.0	26,158.4	
Material CoG's	1,550.0	4,760.4	10,011.1	12,765.0	14,041.5	
Material Margin	1,364.5	4,190.6	8,799.1	10,669.0	12,116.9	
Inbound Costs	438.8	1,475.3	2,946.1	3,521.0	3,950.5	
Production Costs	239.1	786.4	1,553.7	1,982.0	2,430.2	
Gross Margin	686.6	1,928.9	4,299.3	5,166.1	5,736.2	
SG&A	283.7	536.5	1,004.2	1,206.0	1,359.8	
EBITDA	402.9	1,392.4	3,295.1	3,960.1	4,376.5	
Deprec	67.2	134.3	304.9	304.9	304.9	
EBIT	335.7	1,258.1	2,990.2	3,655.2	4,071.6	
Interest	254.5	803.5	1,371.3	1,571.9	1,562.3	
EBT	81.2	454.6	1,618.9	2,083.3	2,509.3	
Tax	24.4	136.4	485.7	625.0	752.8	
Net Earning	56.9	318.2	1,133.2	1,458.3	1,756.5	
Average Working Capital	1,844.2	8,302.5	13,126.7	15,486.1	15,373.0	
Capex	1,700.0	-	-	1,856.8	-	6,652.5

10. Competitive Analysis:

There are several established players in the hygiene products industry, offering sanitary products such as pads and toilet paper. However Prance intends to make its product more affordable to the public at the same time ensuring the best quality.

11. Conclusion and Recommendation

Prance was formally registered in Tanzania in November 2016 with the intension of investing in the hygiene products industry, leveraging on the existing knowledge. It is the intension to invest over \$. 10 mil in the next five years assuming the financial results achieved are in line with the projection.