

KAPA MANUFACTURING TZ LIMITED

**BUSINESS PLAN FOR SETTING UP A MANUFACTURING FACTORY OF SOAP AND
DETERGENTS, CLEANING AND POLISHING PREPARATIONS, PERFUMES AND
TOILET PREPARATIONS**

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PART I

1.0 EXECUTIVE SUMMARY

1.1 COMPANY AND PROJECT CONCEPT

The Company was incorporated in Tanzania under the Tanzania Companies Act, 2002, as a private limited liability company, through Certificate of Incorporation number 183932918, on 3 April 2025.

The principal activities of the company are manufacturing soap and detergents, cleaning and polishing preparations, perfumes, and toilet preparations.

Kapa Manufacturing Tanzania Limited believes that Tanzania, along with other countries of East Africa, has vast growth potential in the coming decades. After considering a strong socio-economic environment, proximity to port, and potential and existing market, Kapa Manufacturing Tanzania Limited has decided to set up its plant at Plot number 6 Block J, Kitopeni, Bagamoyo in the Coastal region for East African operations. With an experienced management team, strong long-term relations with key raw material suppliers, and technical know-how, management will enable the company to service its customers with superior quality and a strong focus on innovation.

The company has identified experienced senior management who will run and operate the Tanzania operations. They have successfully established and run a manufacturing of soap and detergents business in Tanzania as well as in East Africa. One of the shareholders and directors has also worked in Tanzania in the past and has vast experience working in the East African countries, including Tanzania, Kenya, Uganda, Malawi, Zambia, Zimbabwe, and DR Congo.

The company has the vision to be the largest and most technologically advanced manufacturer of soap and detergents, cleaning and polishing preparations, perfumes, and toilet preparations in East Africa. The company will deploy state-of-the-art machines, quality raw materials, and best-of-class production methodologies to provide quality packaging solutions to businesses in Tanzania and contribute to the development of the manufacturing industry in Tanzania.

Purpose of Business Plan

This document is prepared to serve the purpose as a business plan of Kapa Manufacturing Tanzania Limited for a new manufacturing facility for soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations, and other related packaging materials. The business plan shall be submitted to TIC for an award of Certificate of Incentives. The implementation of the project will comprise the following activities: -

- i) Acquire and optimize existing plants
To finalize the acquisition of Fresho's Bagamoyo facility and invest in essential **capex upgrades** to enhance plant efficiency and reliability.
- ii) Localize key brands
Transition production of Jamaa and Whitewash to Tanzania. This will enable a faster route to breakeven by leveraging brand equity and local demand.

- iii) Expand production capacity from day one
Invest in doubling current capacity to meet domestic demand and eliminate reliance on exports from other East African countries. Position Tanzania as a regional supply hub for exports
- iv) Build distribution infrastructure
Establish an agile distribution network to reach key urban and rural markets. Partner with local logistics and build distributors.
- v) Achieve breakeven
Drive high utilization of the existing plant. Optimize cost structures through better sourcing and manufacturing.
- vi) Diversify product portfolio
Invest in additional Fast-Moving Consumer Goods lines (e.g., detergent powders, personal care). Leverage existing infrastructure for future product development and growth.

Details of the project/business

Project name	Main Activity	Sector	Sub-sector
Chui Project	Manufacturing soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations	Manufacturing sector	Manufacturing

Project promoter

The proposed project will be managed and operated by Kapa Manufacturing Tanzania Limited. The company is owned by Global Investment Development Limited and Vision Investments Limited along with a renowned entrepreneur with diverse business in Tanzania and East Africa at large. Shareholding distribution is hereby shown below: -

Name of shareholders	Nationality	Number of shares	Shareholding
Global Investment Development Limited	Incorporated in British	827,761	27%
Vision Investments Limited	Incorporated in British	677,259	22%
Vicent Mark Laswai	Tanzania	1,566,470	51%

Note: the share price is Tshs. 2000 per share.

Company Legality

Kapa Manufacturing Tanzania Limited is a duly incorporated company as per the laws and regulations of Tanzania. The Company has also received various registrations and certificates including certificates of incorporation, Business License, Tax Identification Number, Value added Tax certificates, NSSF registrations, etc. The company has also applied for all other necessary licenses and registrations required as per the law of the Land.

Project Organization Structure, the management of Kapa Manufacturing Tanzania Limited will constitute by the following organization set up: -

- Board of Directors
Two directors are appointed as who will be responsible for the supervision of the entire operations of the Company.
- A qualified accountant as finance head.
- Human Resources head who will be responsible for employment management and labour compliance.
- Other managers, including the Production manager, quality manager, and head of engineering, etc., who will be responsible for the procurement of raw materials, manufacturing quality standards of the products, training of employees in the methods of production of packaging products, and control of the cost of production.

Investment Structure

The initial project cost is estimated at USD 13.8 million for the first line of production, which includes a capital expenditure of USD 7.5 million and a working capital requirement of USD 6.3 million. The total value of investment will cover upgrade costs of building and equipping the building with all necessary facilities, plant and machinery, furniture and fixtures, and other facilities.

The initial investment is funded by a mix of debt and equity. The capital expenditure of USD 7.5 million will be funded in a debt: equity mix of 1:1. Approximately USD 3.75 million will be invested by the shareholders in the form of equity, and the remaining capital cost of USD 3.75 million will be financed through debt from the bank. Working capital will be funded through equity finance. The shareholders have already invested an amount of approximately USD 7.5 million to date.

As per the projected financial statements, the Company is expected to generate a revenue of USD 36.3 million in its first full year of operations (FY 2026, i.e., for the period January - December 2026). The company expects to generate EBIDTA of USD 4.06 million in FY 26. The company expects to generate a revenue of USD 82.99 million by FY 30 (i.e., for the period January - December 2030) with EBIDTA of USD 10.88 million and PAT of USD 7.15 million. The company is expected to have a net worth of USD 15.3 million in FY 26, and the same is expected to increase to USD 20.7 million in FY 27. The financial documents show that the business will generate a positive net cash flow from FY26.

PART II

2.0 PROJECT INFORMATION

2.1 RATIONALE OF THE PROJECT

Tanzania like many other Sub-Saharan Africa countries achieved its independence with a severely underdeveloped economy and extremely limited infrastructure. However, Tanzania has made concerted efforts to improve its economy, raise living standard of its people and create a conducive environment for private sector development and investment. Since the 1980s, governments of developing countries have been supporting and implementing strategies for encouraging competitive free markets, privatization of state-owned enterprises (parastatals), moving from closed (no trade) to open (trading) economies and opening the domestic economy through free trade and attracting foreign direct investment. This was done as a way of recognizing the lead role that private sector can play in economic development. The ultimate outcomes of major reforms have led to the opening of Manufacturing Investment in large cities like Dar es – Salaam, Mwanza, Tanga and Arusha.

The manufacturers in these cities do import packaging materials from India and Kenya, South Africa and sometimes in Europe. In Tanzania there only few companies which has manufacturing facilities for packaging materials to be used for other local manufacturers and yet do not match with demand of these products in Tanzania for instance in Arusha Investors in Horticulture and floriculture Industry import packaging materials from Kenya and sometime from Holland.

The Company believes that Tanzania, along with other countries of East Africa, has vast potential in the coming decades. It is confident that with a world-class facility, it can support this growth and contribute to the development of quality and environmentally friendly products. The Company is impressed with the Government of Tanzania's realization of the important role played by the private sector in the country's economic and social development and the initiatives taken. As a result, the company has decided to base its operations in Tanzania, from where it can serve the industries both in Tanzania as well as neighboring East African countries.

2.2 FINANCING STRUCTURE

The initial investment is funded by a mix of debt and equity. The capital expenditure of USD 7.5 million will be funded in a debt: equity mix of 1:1. Approximately USD 3.75 million will be invested by the shareholders in the form of equity, and the remaining capital cost of USD 3.75 million will be financed through debt from the bank. Working capital will be funded through equity finance.

	FY 25	FY 26	FY 26	FY 27	FY 28	FY 29	FY 30
	In millions						
Loan		3.3	3.9	3.5	3	2.4	1.95
Repayment (yearly)		0.75	0.75	0.75	0.75	0.75	0.75
Interest rate		8%	8%	8%	8%	8%	8%
FDR Cash at Bank		6%	6%	6%	6%	6%	6%
Equity	7.5	7.5	9.5	9.5	9.5	9.5	9.5

Financing Details (in USD)

Foreign Equity	USD 12,000,000
Foreign Loan	USD 3,750,000
Source of foreign loan	Corporate entity
Local loan	Not Applicable
Working capital	USD 6,300,000

INVESTMENT STRUCTURE

PARTICULAR	AMOUNT IN USD
Infra cost including Furniture and Fixtures	2,500,000
Plant and Machinery if any (edit where necessary), including equipment's	6,000,000
Vehicles	100,000
Pre expenses	NIL
Others	100,000
Working Capital	6,300,000
TOTAL	15,000,000

2.3 RAW MATERIAL SUPPLY

The major raw materials of the project include Palm Fatty Acid Distillate (PFAD), Hydrogenated PFAD, Crude Palm Kernel Oil (CPKO), Caustic, Perfume, Stearin, Optibright, Silicate, Whitepaste, and water etc. Kapa Manufacturing Tanzania Limited will use the best quality raw material to provide a quality product to its customers. Most of the raw materials used in production will be imported. The Company will also procure locally available raw material wherever possible.

PART III

3.0 MANAGEMENT TEAM

The management team of Kapa Manufacturing Tanzania Limited is planned to be as follows:

-

Board of Directors

Kapa Manufacturing TZ Limited shall be managed by the Board of Directors, which is the apex body for strategic decision-making of the project.

Managing Director

Immediately after the Board of Directors will be a Managing Director who will be responsible for the Marketing and Business Administration and will be responsible for developing and implementing selling strategies, developing strategic objectives related to sales and marketing functions, developing marketing plans, and creating and maintaining sales and marketing budgets. The financial and administrative duties are delegated to the General Manager of the Company.

Director of Operations

The Director of Operations will be employed, who expects to have an extensive background in operations and production management, and will be responsible for taking care of the matters pertaining to operations and managing daily activities of the project as well as other units like Human Resources, Accounts, Planning, and Production.

3.1 Management Agreements

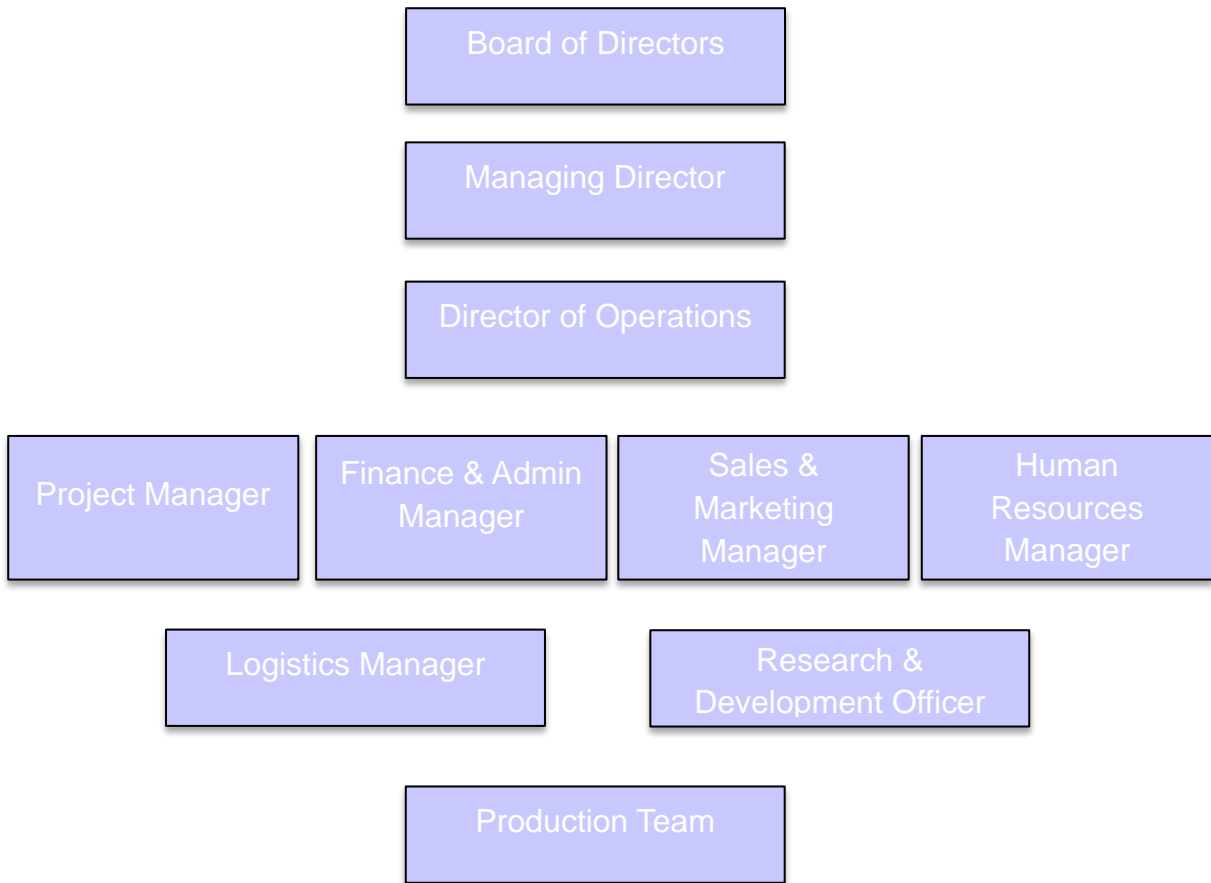
Management Agreements will be executed between Kapa Manufacturing Tanzania Limited and other team managers. The purpose of these agreements is to define the expectations of both parties, establish an incentive structure, and define the grounds under which the agreement may be terminated.

Confidentiality Agreements

The company will enforce that all employees sign a confidentiality agreement. Confidentiality agreements with our employees and partners will protect our recipes, operating systems, policies, and procedures. Having a confidentiality agreement in place is essential to protect the company's trade secrets and show our employees that we take our business seriously.

3.2 Organization Chart

Kapa Manufacturing Tanzania Limited proposes to adopt the following organizational structure as shown in the Organization Chart below.



PART IV

4.0 MARKET DESCRIPTIONS

4.1 Demand/Supply Gap

According to Volza's Tanzania Import data, Tanzania imported 202 shipments of Detergent Powder during Oct 2023 to Sep 2024 (TTM). These imports were supplied by 38 foreign exporters to 45 Tanzania buyers, marking a growth rate of 2% compared to the preceding twelve months. Within this period, in Sep 2024 alone, Tanzania imported 19 Detergent Powder shipments. This marks a year-on-year growth of 90% compared to Sep 2023, and a 19% sequential increase from Aug 2024.

Tanzania imports most of its Detergent Powder from Kenya, China, and United Arab Emirates. According to the Ministry of Industry and Trade, 30% of soap and detergents, cleaning and polishing preparations, perfumes, and toilet preparations are locally manufactured, whereas 70% are imported.

Production capacity

Volumes in Tonnes	Y 1	Y 2	Y 3	Y 4	Y 5
Monthly volumes	2,756	3,150	3,150	4,750	6,300
Yearly volumes	33,075	37,800	37,800	57,000	75,600

The Tanzanian manufacturers of soap and detergents, cleaning and polishing preparations, perfumes, and toilet preparations include Royal Soap & Detergent Industries Ltd, Soap and Allied Industries (SAIL), Azania Group, and Multi Cable Limited (MCL). Demand for soap and detergents, cleaning and polishing preparations, perfumes, and toilet preparations remained high account to increased production in user industries.

A national survey has brought out certain challenges under which the manufacturing industry is operating; the top challenges common to both the public and private enterprises are related to Technology, Power, energy, utilities, Laws, and regulations.

Kapa Manufacturing Tanzania Limited is equipped to meet the current domestic and export demands. However, because of the infrastructure and operational constraints enumerated previously, user industries often find it more convenient and cost-effective to import packaging from neighboring countries.

Product

Kapa Manufacturing Tanzania Limited combines its technical expertise with market insights to deliver customized solutions that exceed customer expectations. We engage with brand owners early in the development process to understand their specific needs` and partner with them to create products that stand out in consumer experiences. Kapa Manufacturing Tanzania Limited will redefine the manufacturing industry by offering unbeatable soap and detergents, cleaning and polishing preparations, perfumes, and toilet preparations products to customers by giving the best in terms of quality, service, and products at economical prices.

Soap and detergents, cleaning and polishing preparations, perfumes, and toilet preparations.

The company produces high quality products. The company's domain knowledge across industries allows us to work with clients to understand their specific product needs and industry requirements to deliver customized solutions. The company has a team that possesses deep knowledge in chemistry and product formulation, enabling the creation of high-quality, effective, and safe products that meet diverse consumer needs—from gentle skin-friendly soaps to powerful cleaning agents and luxurious perfumes. Continuous research and development allow the company to innovate with natural ingredients, sustainable formulas, and eco-friendly technologies, keeping pace with global trends and regulatory standards. The company will focus on the ability to tailor products for specific market segments, including hypoallergenic, fragrance-free, or premium luxury lines, broadening market reach and consumer appeal.

Pricing

The company's pricing policy is set with the objectives of achieving profitability and growth and achieving a reasonable share of the market without necessarily pricing the company out of competition. The company will maintain a wide set of packages on offer with different terms and prices to suit different interests and pocket sizes.

4.2 SWOT ANALYSIS

Strengths

The strengths of Kapa Manufacturing Tanzania Limited will be the same as those that have served the project promoters in other businesses in Tanzania and EAC. These are:

- Sound and credible management and financial policies.
- A well skilled, committed and efficient labour force.
- A quality product of the proposed project.

Vicent Mark Laswai is the majority shareholder and director Kapa Manufacturing Tanzania Limited has extensive business experience in Tanzania, having worked with both local and international companies across various sectors, including agriculture, tourism, and financial services. He also owned Kibo Palace Hotel & resort and Trust Bureau de changes. He navigated Tanzania's regulatory and business landscape, ensuring full compliance with legal and tax obligations.

Weaknesses

The shortcomings that are likely to hold the company back from progress, the following rank highest:

- Power, energy and utilities
- Water

Opportunities

The company is focused on taking optimum possible advantage on the following:

- Market liberalization
- Reasonable investment incentives package from TIC for both capital and deemed goods
- Unrestricted repatriation of profits
- A stable economic and political environment

Threats

The most profound threats that are likely to threaten the operation of the project include: -

- Bureaucracy and corruption, factors which should not be ignored might affect government facilitation particularly among public servants who are supposed to support the private sector.
- High electricity rate
- Credit risk – High foreign exchange fluctuations and interest rate
- Increase in custom duty for import of Raw Material

PART V

5.0 ECONOMIC ASPECTS OF THE PROJECT

Besides the financial/monetary returns to the project owners, there are other benefits to be derived for the whole country-wise.

Employment Opportunities

Employment and poverty reduction are among the major concerns of the Central and Local Government authorities. It is gratifying to note that in the first year of operations, Kapa Manufacturing Tanzania Limited is going to employ more than 202 people at this expansion plant of this project, out of which 200 of them will be local Tanzanians. This is a significant contribution coming from outside the country to creating employment opportunities for our people.

Employment details

Foreign	Men	2
	Women	NIL
Local	Men	120
	Women	80

Revenue to the Government

The project is expected to pay a substantial annual amount in the form of corporation tax. The Company is expected to contribute a corporation tax of around USD 908,045 in FY26. This excludes the revenue of the Government through workers' income tax and VAT that the Government is expected to earn.

Foreign Exchange Earning

Currently, most of the raw materials required in Tanzania are imported. This is leading to a foreign exchange outflow for the country. Kapa Manufacturing Tanzania Limited will start its operations by providing import replacement for the imported Soap and detergents, cleaning and polishing preparations, perfumes, and toilet preparations. It will also start exporting to East African countries and expects around 40% of its revenue to come from exports in the next 2-4 years.

PART VI

6.0 CONCLUSION AND RECOMMENDATION

6.1 CONCLUSION

The project is profitable and contributes to government revenue by way of taxes. In the first year of operations, the project will employ more than 100 people, and during the fifth year, the project is anticipating employing over 200 employees, of whom 95% will be local Tanzanians. The project is an encouraging sign of the confidence shareholders of Kapa Manufacturing Tanzania Limited have in this country, Tanzania, to the extent that they are ready to expand their investment again despite the odds of the sector in question.

6.2 RECOMMENDATION

After the foregoing economic and financial evaluation of the project, there is a strong justification for implementing this project and for the relevant Government organs to give it the encouragement and support it deserves. Management strongly recommends that this project be implemented and be given all the support required by all the concerned Government Ministries and agencies, including the Tanzania Revenue Authority and the Tanzania Investment Centre. The project deserves this support because of its viability, since it is technically and financially feasible, economically viable, and socially acceptable.