

# **KILUWA SANICARE LIMITED**

## **BUSINESS PLAN**

**FOR**

**MANUFACTURING OF SANITARY PRODUCTS &**

**RELATED PRODUCTS**

## **1.0 INTRODUCTION**

This report has been prepared for **KILUWA SANICARE LIMITED** a local registered company under Companies Act, 2002 with certificate of incorporation No.179454874 issued on 7<sup>th</sup> November, 2024 by BRELA. The project intends to engage in the business of manufacturing of toilet rolls, napkins and sanitary products and related products such as tissue paper, napkins, toilet rolls etc

### **1.1 THE PROJECT CONCEPT**

Most of us can't imagine living without sanitary products. The products are used for cleaning hands, wiping up spills, removing makeup, and small bathroom cleaning chores. Manufacturers estimate that an average single roll lasts five days.

Toilet paper, paper towels, napkins, and facial tissues are sanitary papers, personal products that need to be clean and hygienic. They're made from various proportions of bleached kraft pulps with relatively little refining of the stock, rendering them soft, bulky, and absorbent. Sanitary papers are further distinguished from other papers in that they are creped, a process in which the paper is dried on a cylinder then scraped off with a metal blade, slightly crimping it. This softens the paper but makes it fairly weak, allowing it to disintegrate in water.

Diapers also fell under same category of the sanitary for infants, maternity and adults especially when AIDS pandemic is affecting many adults.

Ladies sanitary and maternity pads are the most essential items women can not do without when the timings are bad. It is one of product that has a perfect inelastic demand.

**KILUWA SANICARE LIMITED** has decided to embark on manufacturing of toilet rolls, napkins and sanitary pads. The crux is to exploit the rich experience gathered during last decade and above, keeping in the view the current market trends in tissue papers, napkins and sanitary **KILUWA SANICARE LIMITED** has prompted to acquire machines from Turkey for investment in these products venture.

The machines are planned to be installed at Plot No.65 &67 Kibaha Industrial Area, Coast Region. This location is ideal for this kind of business as it easily accessible for delivering raw material to the factory and products to the market. And the location is situated as it is in the business area for the targeted market.

This business plan determines the benefits that will be derived from the proposed business plan. And also shows the promoter's capacity and commitment in financing and developing this proposal.

This document will guide the promoter on how to develop the project and shows his commitment and the benefit to be gained by the TIC accepting this proposal.

## **1.2 LOCATION**

The manufacturing facilities will be located at Kiparang'anda Village, Mkuranga District, Coastal Region. This location is suitable for this business. The location is suitable for this kind of production as the machines are environmentally friendly and the infrastructure for new factory and roads are good to connect to other areas of the city and upcountry.

The communications on the area are quite good to support the development of the business as the factory is close to the main road, spacious that it can accommodate large fleet of Lorries for deliveries of raw materials from the port and the delivery van. Its strategic location within the consumers' area increases the marketability of the products.

The plant will be powered by TANESCO and a 20 kVa stand by generator will be in place to support the erratic power supply from the giant utility supplier.

The Coast region is the most accessible area to locate a new factory. The growth of the city of the region over the last decade has

created a reliable road network to most major cities and towns in the northern and central parts of Tanzania (in fact, Dar es salaam is known as the Gate Way to all regions and neighbouring countries. In addition, it should be noted that the location of the company allows for a strong penetration strategy due to its close proximity the other regions and neighbouring countries.

The project will acquire some trucks and for the transportation of the raw materials to the factory and finished products to the markets.

The major products will be:

- Tissue papers of natura brand
- Napkins
- Other sanitary pads

The project promoter expects to serve domestic market and later will enter into export markets where they anticipate selling produced products in Malawi, Zambia and in other foreign markets.

### **1.3 THE SPONSORS**

**KILUWA SANICARE LIMITED** will be sponsoring this project. The Company is owned by Tanzanians.

### **1.4 PROJECT MANAGEMENT**

**KILUWA SANICARE LIMITED** will be under the Management of Managing Director, the Managing Director who has experience in managing various businesses over 10 years,

Under this management which are well qualified individuals in their area of specialization, **KILUWA SANICARE LIMITED** is expected to reach highest heights as per planned development proposal. Total 25 people will be employed

#### 1.5 **PRODUCT AND RAW MATERIAL BASE**

Since the sustainability and productivity of the project will highly depend on availability of raw materials, **KILUWA SANICARE LIMITED** will be manufacturing tissue paper, Toilet rolls and Table Napkins, and Sanitary Pads. These raw materials are processed by machine to be able to produce the required TP and Table napkins.

Advantages:

- Lower cost
- Flexible and high strength
- Can make different size depending on the moulding
- Can be stored for long time
- Long life due to durability
- Can be recycled so as to prevent environmental degradation
- The machines can work for long hours (24 hours non stop)

The raw materials for tissue paper are readily available in China. Also, the raw materials for sanitary pads are also available with machine manufacturers and also from China, Canada, and Turkey etc. This material is of very superior quality that fits well with the kind of machine being used for production. The suppliers of raw materials and toilet rolls machines are one and the same and this

presents a competitive and guarantee of timely supply and quality of raw materials being supply by them.

This raw material is prepared to fit into machines specifications and this make them to reduce production costs.

## **2.0 AN OVERVIEW OF SANITARY PRODUCTS INDUSTRY IN TANZANIA.**

Tanzania in general is in many aspects in short supply hygienic and sanitary products especially in the low-end street markets where most of the urban and rural dwellers reside. Regions like Rukwa, Lindi, Mtwara, Kigoma, Ruvuma present a very good business opportunity for these products as the current market supply is based on affluent to middle income earners who shop at the supermarket and department stores. Also on the upcountry areas where these products have been preserved exclusively for towns and township dwellers. As such any attempt to ameliorate the situation is highly recommendable.

Given the above details, it can reasonably be concluded that the demand for such products exceeds supply and hence whatever products is produced is consumed to the maximum.

## **2.2 TOILET ROLLS AND TABLE NAPKINS**

Toilet rolls are commodity one can do without, can not get old and it can not sell. In short toilet roll is the product that is used almost

around the clock. Also, Table Napkin is another product that is being used on almost daily use be it at the table or in the car.

This product will be produced by state-of-the-art machineries imported from China with capacity of producing the average of 5,280,000 pieces(unit).

In summary, this business opportunity is being pursued because of the following reasons:

- As the product is daily consumable in every day activity, its demand is inelastic.
- The production cost is low as the machines are capital intensive, does not involve many operators.
- Due to its unique production method the product is of superior quality hence competitive in the market.
- Raw materials for producing the rolls are available in the market

### **3.3 SANITARY AND MATERNITY PADS**

One of a very essential product a lady can not miss is the pad. Pads have no substitute and lady can not do without when the timings are bad. Any ladies at the age of puberty need pads to control menstruation period monthly and delivering period. The age group is between 13-55 years. Hence the product is one of much sought at product in the shops around the world.

Economies can go up or down but will never affect their sales.

The machinery for producing the pads has the capacity of producing about 240 pads per minutes

### **3.4 TRADING CONDITIONS AND LICENSE PROCEDURES FOR MANUFACTURING BUSINESS.**

The Government of Tanzania has simplified procedures for trading and manufacturing to encourage manufacturing sector.

Any trader basically is expected to have a business licence obtained from Ministry of Industry, Trade and Marketing, Tax Identification Number (TIN) from Tanzania Revenue Authority, Industrial Licence from BRELA, etc

## **4.0 MARKETING ASPECTS**

### **4.1 THE PRODUCTS**

The main products of the proposed project mainly involve different categories of hygienic products such as:

- Tissue papers brand known as Natura
- Napkin
- Other sanitary pads

### **4.2 SUPPLY POSITION AND COMPETITION**

For a country whose economy is heavily reliant on importation of industrial products from abroad developing an industry that deal with hygienic products does not only add to the economic

development of the country but also create employment and reduce dependence on importation and create a chance also for export markets Toilet rolls and table napkins, and sanitary pads help a great deal to household healthy improvement and businesses alike. As lack of cleanliness pose a great danger of one's health also pose a great danger of losing clients in hospitality industry for lack of having these papers. Currently, there are two main producers of tissue papers in Dar es Salaam (Tanpack Limited, and Saba Tissue which serve almost the country of Tanzania.

There are two main manufacturers of tissue paper in Dar es Salaam Tanpack and Saba Tissue. These are the main manufacturer of tissue in the market and there are other brands from South Africa, China and Kenya. **KILUWA SANICARE LIMITED** going to be producing **branded** tissue paper

We are going to be competitive in the market we can afford this because the transportation costs from our location in Dar es Salaam will be much less than our competitors who imports the same products.

In short, our proximity and new technology will enable us to provide a better service to our potential customers: high quality tissue papers delivered cheaply and faster due to the decrease in

transport costs. This is a strong incentive for buyers to switch to our product.

Due to the limited availability of high-quality hygiene products, no stiff competition is foreseen. However, it must be cautioned that the targeted market is very conscious regarding quality. Hence, production of sub-standard products or selling at prohibitive prices will immediately shift customers to competitors.

#### **4.3 DISTRIBUTION**

A well coordinated supply chain will be put in place to make sure all the products are pushed to the market once the production has taken place. The target customers are wholesalers, distributors and retailers. The company is planning to put in place delivery vans that will shuttle through the three municipalities of Dar es Salaam – Kinondoni, Ilala and Temeke. As the product is not seasonal and being used across the demographic setting then all the small shops and kiosk will be directly served as per their needs.

For up country market arrangement is in place to have their orders fulfilled once the payment has been received to our respective bank account. And in turn shipment will be delivery to their preferred logistic company's same day.

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#### 4.4 DISTRIBUTION PLAN

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Distribution will be done into 5 stages

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- Direct Distribution to retailers in Dar that will be accompanied by vigorous advertisement and marketing.
  - Distribution to major cities and municipalities (Zanzibar, Arusha, Mwanza, Tanga, Morogoro, Moshi, Dodoma, Mbeya and Iringa.
  - Rest of the major towns and municipals (Lindi, Mtwara, Songea, Sumbawanga, Kigoma, Musoma, Bukoba, Singida, Shinyanga, Tabora,
  - Districts towns across the country
  - Neighbouring countries
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#### 4.5 PROMOTION

Appropriate promotion means will be employed after consultations with promotion experts to enable the company properly promote its products to the target market. Generally, the company will put more efforts in promotion by participating in different trade fairs like Sabasaba, Nanenane and any other,

**KILUWA SANICARE LIMITED** will be sponsoring some activities as promotion strategy

#### **4.6 COSTING AND PRICING**

From the survey made in different supermarkets, wholesalers and retailers' shops, there are differences in pricing depending on quality of the product, since the company will be using new technology; **KILUWA SANICARE LIMITED** products will be market based priced after taking into consideration cost of production, the emphases will be on quality and customized services, the average price has been estimated to be US\$1per unit

#### **4.7 ADVERTISING**

The company will be using Fm radio and other radio, Television, billboard, Posters, T-shirt etc to promote company's products.

#### **4.8 PACKAGES**

The tissues paper, and sanitary pads will be produced and packed into different size and packages depending on the pre determine customer needs and requirements. The machines have the capability of producing the tissue and rolls on different size and packing them to different quantities.

### **5.0 MANAGEMENT AND MANPOWER REQUIREMENTS**

#### **5.1 MANAGEMENT**

A Board of Directors will closely supervising the proposed project as it has been mentioned above. The General Manager will be assisted by properly trained managers in areas of Sales and

Marketing, Finance and Administration and Production, who will together comprise the management team.

## **5.2 MANPOWER REQUIREMENTS.**

The management team will be supported by a team of **35** local permanent staff in various capacities. Casual laborers will also be employed on a daily or weekly payment basis.

## **6.0 ASPECTS OF PROJECT SUSTAINABILITY**

The project sponsors having studied market environment and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed taking into consideration that, the management has got vast knowledge and experiences in this sector. The growing demand for quality hygienic products gives them assurance of a steady market. The peace and tranquillity that exist in Tanzania is another aspect of assured business sustainability.

## **7.0 MONITORING AND EVALUATION**

The monitoring and evaluation tools that have been successful in various hygiene industry will be applied in this project expanded as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth business running.

## 8.0 PROJECT INVESTMENT COST

The estimated capital investment cost of the project is US \$ 1,500,000

### KILUWA SANICARE LIMITED COST STRUCTURE

<b>PARTICULAR</b>	<b>US\$</b>
Land and Buildings	400,000.00
Machinery & Equipment	700,000.00
Motor Vehicles	100,000.00
Furniture & Fixtures	5,000.00
Pre exp	10,000.00
Others	5,000.00
Working Capital	280,000.00
<b>TOTAL</b>	<b>1,500,000.00</b>

For the project to be a reality a total investment amounting to US \$1,500,000 is needed

**(i) Land and Building: Us \$400,000**

The project area is estimated to be 1500 square meter and budgeted as above, the board of directors has planned to construct a building and warehouse

**(ii) Machinery and Equipment: US\$ 700,000**

US \$700,000 is anticipated to be spent on the purchase of various factory tools and equipment which will accommodate new technology.

**(iii) Motor Vehicles:US\$100,000**

The project will need 2 heavy trucks, 2 light trucks and 1 double cabin pick. These vehicles will be used in transportation of final products and double cabin pick up for administrative purposes.

**(iv) Office Furniture and Equipment: US \$5000**

This investment cost item has been estimated to cost US \$2,000. It will consist of office tables, chairs, telephone, fax, machines, file cabinets, sofa chairs etc.

**(v) Pre-Operational Expenses: US\$ 10,000**

They cover things like company registration, expenses spent by KILUWA **SANICARE LIMITED** in exploring the viability of the project, especially the market/client identification exercise. This pre-operational cost item also covers the architectural designs of project buildings and other engineering services. Also included under this item are issues like consultancy fees, legal fees and recruitment and training costs of personnel.

**(vi) Initial Working Capital: US\$280,000**

Calculations as well as assumptions for working capital requirements, it is estimated that it will cost US \$ 280,000.

## **6.1 FINANCING PATTERN**

The project will be financed by equity constituting US\$ 500,000 and loan US \$1,000,000.

## **6.2 PROJECT OPERATING COSTS**

In order to realize its intended objective, the project will have to meet the following operating costs which have been estimated to be 80% of total revenue.

## **9.0 CONSIDERATIONS AND ASSUMPTIONS**

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied.

It is assumed that the major raw material will be procured from local market. Safety, security, military and school shoes products will be manufactured at the factory. Revenues have been conservatively estimated based on experience of the promoters and trends in the industry.

## **9.2 PROJECTED PROFIT AND LOSS STATEMENT**

The Income and Expenditure Statement shows the projected income for the 8 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. **US \$ 666,400** in first year to **US \$ 3,860,547** in the 5<sup>th</sup> year

### **9.3 PROJECTED CASH FLOWS**

This is shown in the financial statements. The project has a positive end of year cash flow from 1<sup>st</sup> year **US\$ 770,400** of operation to the 5th year **US \$ 4,180,547**.

### **9.4 PROJECTED BALANCE SHEET**

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Shareholders equity increases from **US\$ 500,000** in the first year of operation to **US \$ 4,360,547** in the 5<sup>th</sup> year.

### **9.5 PROJECTED LONG TERM LOAN REPAYMENT**

The projected loan is projected to be **US\$1,000,000** to be repaid within 4 years with bank interest of 8% annual.

### **9.6 PROJECT PROJECTED PAYBACK PERIOD**

The projected Investment Cost is **US\$1,500,000**, Accumulated cash flow in year 3 is **US\$ 2,225,928**, which is greater than initial investment cost, therefore project payback period is within three years

## **10.0 ECONOMIC ASPECTS**

Implementation of this project will have the following social and economic values

- The project is an ideal option for import substitution project

- The project will create employment for **35 people**.
- It will create more business opportunities to local suppliers which will also have a trickledown effect in the environmental issues.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and pay as you earn.
- The project will have transfer of knowledge and skills to manufacturing sector
- The project will generate foreign earnings.

## 11.0 IMPLEMENTATION

Project implementation is expected to be relatively very short once project has been approved it is estimated that renovation and installation of machines will be completed within one year:

### Implementation

S/N	ACTIVITY	PERIOD
1	Processing TIC industrial license	January 2025
2	Placing order of machines	June– September 2025
3	Installing machines	October-November 2025
4	Recruitment	December 2025
5	In house training	December -February 2026
4	Testing production	March - May 2026
6	Commercial operations	June 2026

## **12.0 CONCLUSION & RECOMMENDATIONS**

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be issued with industrial license with its associated privileges and benefits.

**KILUWA SANICARE LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT**

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Revenue	5,280,000	5,544,000	5,821,200	6,112,260	6,417,873
<b>Operating Expenses:</b>	4,224,000	4,435,200	4,656,960	4,889,808	5,134,298
<b>Profit before Depreciation &amp;Interest</b>	<b>1,056,000</b>	<b>1,108,800</b>	<b>1,164,240</b>	<b>1,222,452</b>	<b>1,283,575</b>
<b>Interest</b>	80,000	60,000	40,000	20,000	-
<b>Depreciation</b>	24,000	24,000	24,000	24,000	24,000
<b>Gross Profit</b>	<b>952,000</b>	<b>1,024,800</b>	<b>1,100,240</b>	<b>1,178,452</b>	<b>1,259,575</b>
Tax (30%)	285,600	307,440	330,072	353,536	377,872
<b>Profit After Tax</b>	<b>666,400</b>	<b>717,360</b>	<b>770,168</b>	<b>824,916</b>	<b>881,702</b>
Accumulated Profit	666,400	1,383,760	2,153,928	2,978,844	3,860,547

**KILUWA SANICARE LIMITED PROJECTED CASH FLOW US\$**

<b>SOURCES:</b>		1	2	3	4	5
Profit before interest and depreciation	-	<b>1,056,000</b>	<b>1,108,800</b>	<b>1,164,240</b>	<b>1,222,452</b>	<b>1,283,575</b>
Equity	500,000					
Loan	1,000,000					
<b>Total Sources</b>	<b>1,500,000</b>	<b>1,056,000</b>	<b>1,108,800</b>	<b>1,164,240</b>	<b>1,222,452</b>	<b>1,283,575</b>
<b>Applications:</b>						
Capital expenditure	1,210,000	-	-	-	-	-
working Capital &Others	290,000					
Cash	-	770,400	801,360	834,168	868,916	905,702
Tax	-	285,600	307,440	330,072	353,536	377,872
<b>Sub total</b>	<b>1,500,000</b>	<b>1,056,000</b>	<b>1,108,800</b>	<b>1,164,240</b>	<b>1,222,452</b>	<b>1,283,575</b>
<b>Total applications</b>	<b>1,500,000</b>	<b>1,056,000</b>	<b>1,108,800</b>	<b>1,164,240</b>	<b>1,222,452</b>	<b>1,283,575</b>
Accumulated cash		770,400	1,571,760	2,405,928	3,274,844	4,180,547

**KILUWA SANICARE LIMITED PROJECTED BALANCE SHEET USD**

<b>Fixed Assets</b>	-	1	2	3	4	5
Opening balance	-	<b>1,210,000</b>	<b>1,186,000</b>	<b>1,162,000</b>	<b>1,138,000</b>	<b>1,114,000</b>
<b>Total Long-term Assets</b>	-	<b>1,210,000</b>	<b>1,186,000</b>	<b>1,162,000</b>	<b>1,138,000</b>	<b>1,114,000</b>
<b>Less depreciation</b>	-	<b>24,000</b>	<b>24,000</b>	<b>24,000</b>	<b>24,000</b>	<b>24,000</b>
<b>Closing balance</b>	-	<b>1,186,000</b>	<b>1,162,000</b>	<b>1,138,000</b>	<b>1,114,000</b>	<b>1,090,000</b>
Working capital	290,000	290,000	290,000	290,000	290,000	290,000
Accumulated cash	-	770,400	1,571,760	2,405,928	3,274,844	4,180,547
<b>Total assets</b>	<b>290,000</b>	<b>2,246,400</b>	<b>3,023,760</b>	<b>3,833,928</b>	<b>4,678,844</b>	<b>5,560,547</b>
Financed by						
Equity	500,000	500,000	500,000	500,000	500,000	500,000
Accumulated profit	-	<b>666,400</b>	<b>1,383,760</b>	<b>2,153,928</b>	<b>2,978,844</b>	<b>3,860,547</b>
Total equity	500,000	1,166,400	1,883,760	2,653,928	3,478,844	4,360,547
Long term loan	1,000,000	750,000	500,000	250,000	-	-
<b>Total debts</b>	<b>1,000,000</b>	<b>750,000</b>	<b>500,000</b>	<b>250,000</b>	-	-
<b>Total equity and debts</b>	<b>1,500,000</b>	<b>1,916,400</b>	<b>2,383,760</b>	<b>2,903,928</b>	<b>3,478,844</b>	<b>4,360,547</b>

**KILUWA SANICARE LIMITED PROJECTED LONG TERM LOAN REPAYMENT US\$**

<b>Year</b>	<b>principle</b>	<b>Loan Interest (8%)</b>	<b>Total Amount Paid</b>	<b>Loan Balance</b>
1	250,000.00	80,000.00	330,000.00	1,000,000.00
2	250,000.00	60,000.00	310,000.00	750,000.00
3	250,000.00	40,000.00	290,000.00	500,000.00
4	250,000.00	20,000.00	270,000.00	250,000.00

KILUWA SANICARE LIMITED PROJECT PROJECTED PAYBACK PERIOD US\$

<b>Year</b>	<b>Profit After Tax</b>	<b>Depreciation</b>	<b>Total Cash Flow</b>	<b>Accumulated Cash Flow</b>
1	<b>666,400</b>	<b>24,000</b>	<b>690,400</b>	690,400
2	<b>717,360</b>	<b>24,000</b>	<b>741,360</b>	1,431,760
3	<b>770,168</b>	<b>24,000</b>	<b>794,168</b>	2,225,928
4	<b>824,916</b>	<b>24,000</b>	<b>848,916</b>	3,074,844
5	<b>881,702</b>	<b>24,000</b>	<b>905,702</b>	3,980,547