

**MIKOANI EDIBLE OIL AND DETERGENTS LIMITED**

**Revised Business Plan**

**for**

**Manufacturing Detergents Powder and Other**

**Related Products**

## 1.0 EXECUTIVE SUMMARY

**MIKOANI EDIBLE OIL AND DETERGENTS LIMITED** is a private business company incorporated in the United Republic of Tanzania with Certificate of incorporation No.90413 issued on 20<sup>th</sup> April, 2012, the main line of businesses involves manufacturing detergents powder and other related products. Examples of powder soap include popular laundry brands like Tide, Persil, Ariel, and Surf, which offer various formulations for different cleaning needs. Other examples include specialized powders such as stain removers or high-efficiency laundry detergents, as well as multi-purpose powders. This project aims to expand by investing in a **modern detergent powder manufacturing plant** in Tanzania to produce high-quality household and industrial detergent products. The project will serve domestic markets and regional export destinations such as Kenya, Uganda, Rwanda, and Zambia.

The proposed expansion of business is therefore a result of knowledge and experience that directors have been accumulated over 20 years, the proposed production facility will be located at **Plot No. 56 Mbagala Industrial Area, Temeke District, Dar es Salaam Region**. The project estimated creating over 150 direct and 300 indirect jobs.

The company aims to reduce reliance on imports, create employment, and supply high-quality, affordable powder soap.

## 1.2 BUSINESS OBJECTIVES

- Establish a powder soap manufacturing.
- Capture at least 10–15% of the Dar es Salaam powder soap within 5 years.
- Create over **150** direct jobs and support thousands of indirect jobs.

## 2.0 PROJECT BACKGROUND AND JUSTIFICATION

### 2.1 BACKGROUND

Tanzania imports a significant amount of household detergents, yet local raw materials such as soda ash, salt, and sodium silicate are readily available. With rising hygiene awareness, urbanization, and disposable income, demand for detergent powder continues to grow at over **10% annually**.

### 2.2 JUSTIFICATION

- Reduces import dependency on detergents from Kenya and South Africa.
- Promotes local value addition using Tanzanian raw materials.
- Generates employment and supports local chemical industries.
- Meets government's industrialization goals (Tanzania Industrialization Agenda 2025).

## 2.3 PROJECT OBJECTIVES

- i. To manufacture and supply high-quality detergent powder for domestic and export markets.
- ii. To promote import substitution and increase Tanzania's manufacturing GDP contribution.
- iii. To provide affordable cleaning products for households and institutions.
- iv. To create employment and skills development opportunities.

## 2.3 COMPANY BACK GROUND BRIEF

**MIKOANI EDIBLE OIL AND DETERGENTS LIMITED** the company is owned by two shareholder who, the board of directors have decided to expand the investment in Tanzania.

The company is owned by two shareholders

Name	% of Shares	Nationality
FUAD EDHA AWADH	99.8	Tanzania
REDSEA COMPANY LIMITED	0.2	Tanzania

All the directors of the company are therefore well versed people in the business operations, having been engaged in the business for a period ranging between 20 to 25 years, Equiped with the wide experience in the business as explained above, the direcors of the company are optimistic of successful implementation of the proposed project.

## 2.4 LOCATION

The project is located at **Plot No. 56 Mbagala Industrial Area, Temeke District, Dar es Salaam Region**

## 2.5 MISSION

Prompt and professionally high-quality service delivery to customers, aimed at ensuring that they realize the highest value for money, thereby increasing the market share and seizure of every available opportunity for the company's growth.

## 2.6 CORE VALUES

Service provision with commitment, integrity and creativity while treating each customer as if they were the company's only customer.

## 3.0 MARKET ANALYSIS

### 3.1 INDUSTRY OVERVIEW

The Tanzanian detergent market is valued at **over TZS 250 billion** (approx. USD 95 million), dominated by imported brands. Local producers such as Nice, Bidco, and Kisafi serve parts of the market, but growing demand leaves space for new entrants.

### 3.2 TANZANIA SOAP AND DETERGENT MARKET FUTURE OUTLOOK

Tanzania Soap and Detergent market is poised for steady growth in the coming years, driven by factors such as increasing urbanization, rising disposable incomes, and growing awareness of personal hygiene. With a growing population and a rising middle class, the demand for soap and detergent products is expected to increase. Manufacturers are likely to focus on product innovation, such as environmentally friendly formulations

and convenient packaging, to cater to evolving consumer preferences. Additionally, the expansion of distribution channels and marketing strategies to reach more rural areas will contribute to market growth. Overall, the Tanzania Soap and Detergent market is projected to expand as consumers prioritize cleanliness and hygiene in their daily routines

### 3.3 COMPETITIVE ADVANTAGE

- Use of local raw materials to reduce cost
- Modern production technology for consistent quality
- Attractive packaging and branding
- Proximity to port and logistic centers

### 4.0 LOCAL PRODUCTION OF POWDER SOAP IN TANZANIA

Several local companies produce powder soap in Tanzania, including large-scale manufacturers and smaller enterprises. The largest producers often have high-capacity, automated factories and also manufacture other detergents and cleaning products.

#### 4.1 MAJOR PRODUCERS OF POWDER SOAP

- **Royal Soap and Detergent Industries Ltd:** A subsidiary of the MeTL Group, Royal Soap and Detergent is one of the largest detergent manufacturers in East Africa. It has a fully automated spray-dried plant in Dar es Salaam with a production capacity of 10 tons of detergent powder per hour. The company

## MIKOANI EDIBLE OIL AND DETERGENTS LIMITED

manufactures popular brands such as Poa, Taifa, and Mo Detergent Powder.

- **Tarmal Industries Limited:** With origins dating back to 1909, Tarmal Industries has been active in the soap and detergent manufacturing sector for over a century. Based in Dar es Salaam, the company produces a wide range of cleaning materials, with brands like Jet and Tarmal.
- **Other notable companies:** Other significant local players include:
  - i. Azania Group (Mikoani Edible Oils and Detergents).
  - ii. Sabuni Detergents Limited.
  - iii. SIL Chemicals Ltd.
  - iv. Tradeco Soap Industries Ltd.
  - v. Multi Cable Limited (MCL).

### 4.2 PRODUCTION CAPACITY AND TECHNOLOGY

Large-scale manufacturers like Royal Soap and Detergent Industries use modern, fully automated technology to produce a variety of synthetic detergent powders, including high, medium, and low-density products. Many companies, particularly smaller ones, also offer Original Equipment Manufacturing (OEM) services to produce powder soap for other brands.

### 4.3 QUALITY AND STANDARDS

To ensure market acceptance and customer satisfaction, many local producers adhere to quality control policies and comply with standards set by the Tanzania Bureau of Standards (TBS). Brands are often tested at every production stage, from manufacturing to packaging.

### 5.0 CHALLENGES

The detergent powder industry in Tanzania faces challenges including **poor infrastructure**, which hampers production and distribution; **fierce competition** from both local and imported products; and evolving **consumer preferences** for eco-friendly, effective, and often more expensive solutions. Additionally, companies must contend with **financial constraints** and the need for **quality control**, while navigating an external environment with weak legal enforcement and potential supply chain issues.

#### 5.1 INFRASTRUCTURE AND LOGISTICS

- i. Poor road networks and inadequate transportation infrastructure make it difficult to move raw materials and finished goods efficiently.
- ii. Lack of good parking spaces and cooperation among transport players adds to logistical complexities.

## **5.2 MARKET COMPETITION**

- i. The market is highly competitive, with a vast array of both locally manufactured and imported products.
- ii. Market accessibility can be a challenge, particularly in reaching a wide customer base effectively.

## **5.3 CONSUMER DEMANDS AND PREFERENCES**

- i. Consumers increasingly demand high-performing products that are also eco-friendly and sustainable, creating a need for new product development.
- ii. The rise of social media has influenced consumer choices, with brands needing to align with lifestyle and environmental values.
- iii. There is a growing demand for convenient, time-saving, and quality solutions, particularly from dual-income households.

## **5.4 FINANCIAL AND OPERATIONAL CONSTRAINTS**

- i. Financing and investment can be limited, especially for smaller companies.
- ii. Companies face challenges with financial constraints, which can affect their ability to invest in technology, marketing, and distribution.
- iii. A lack of skilled labor or training can lead to issues with outdated technology and poor management practices.

## **5.5 EXTERNAL AND REGULATORY ENVIRONMENT**

- i. Weak legal enforcement and a lack of assistance from authorities can create an uneven playing field.
- ii. Supply chain issues can arise due to a lack of coordination between different actors in the market, from raw material suppliers to manufacturers.
- iii. Imported products can pose a significant competitive threat, often due to factors like price or the availability of raw materials.

## **5.6 PRODUCT QUALITY AND STANDARDIZATION**

- i. Maintaining consistent quality, including proper moisture content and effectiveness, is a constant challenge.
- ii. Ensuring products meet consumer expectations for both performance and safety is critical for brand loyalty and market positioning.

## **6.0 TANZANIA SOAP AND DETERGENT MARKET INVESTMENT OPPORTUNITIES**

Investment opportunities in the Tanzania soap and detergent market include capitalizing on the growing demand for hygiene products due to increasing awareness of personal health and cleanliness. Investors can consider expanding existing manufacturing facilities or establishing new ones to meet the rising consumer needs. Additionally, there is potential for

innovation in product development to cater to specific customer preferences, such as eco-friendly or natural ingredients. Strategic partnerships with local suppliers for raw materials sourcing can also enhance cost-efficiency. Furthermore, tapping into the expanding distribution networks across urban and rural areas can help reach a wider customer base. Overall, the Tanzania soap and detergent market present opportunities for investors to benefit from a growing industry driven by changing consumer lifestyles and hygiene practices.

## **6.1 GOVERNMENT POLICIES**

The Tanzanian government has implemented various policies related to the soap and detergent market to promote local production and protect consumers. These policies include import restrictions and tariffs on foreign products to support domestic manufacturers, as well as quality standards and regulations to ensure the safety and efficacy of products in the market. Additionally, the government has introduced initiatives to promote sustainability and environmental protection within the industry, encouraging the use of eco-friendly ingredients and packaging materials. Overall, these policies aim to stimulate growth in the local soap and detergent market, create job opportunities, and safeguard consumer health and environmental well-being.

## 7.0 TECHNICAL AND PRODUCTION PLAN

### 7.1 RAW MATERIALS

<b>Item</b>	<b>Source</b>	<b>Annual Cost (USD)</b>
Soda ash	Local (Engaruka / import)	700,000
Sodium silicate	Local/Import	300,000
Acid slurry (LABSA)	Import	1,200,000
STPP	Import	600,000
Perfume & color	Import	200,000
Sodium tripolyphosphate	Import	750,000
Packaging material	Local	250,000

### 7.2 MACHINERY AND EQUIPMENT

- Spray Drying Tower System
- Slurry Preparation Unit
- Automatic Mixer & Blender
- Pulverizer and Sieve System
- Injection & Blending Unit
- Fully Automatic Packing Line (Sachet, 500g, 1kg, 5kg)
- Laboratory & Quality Control Equipment
- Utilities: Boilers, Air Compressors, Pumps, Water Treatment Unit

### 7.3 UTILITIES

## MIKOANI EDIBLE OIL AND DETERGENTS LIMITED

- Power: 250 kVA three-phase supply
- Water: 20,000 liters/day
- Industrial wastewater treatment plant (ETP)
- Standby generator (250 kVA)

### 7.4 PRODUCTION PROCESS

- **Raw Material Preparation** – weighing and mixing of base chemicals.
- **Slurry Formation** – mixing in a reactor.
- **Spray Drying** – moisture removal for powder formation.
- **Blending & Perfuming** – adding fragrance and color.
- **Sieving & Packaging** – final screening and packing into 500g, 1kg, and 5kg units

### 8.0 MANAGEMENT

**MIKOANI EDIBLE OIL AND DETERGENTS LIMITED**, as a corporate entity is managed under the Board of Directors. Day to day management of its conducted under the company's Managing Director who will be assisted by directors, Managers, Seniors officers etc.

- Board of Directors
- General Manager
- Production Manager
- Quality Assurance Officer
- Finance & Accounts Department

## MIKOANI EDIBLE OIL AND DETERGENTS LIMITED

- Procurement & Logistics
- Sales & Marketing Department
- Technical and Maintenance Team
- HR and Administration

### 8.1 HUMAN RESOURCE PLAN

<b>Category</b>	<b>No. of Employees</b>
Management & Admin	10
Production & Technical	50
Sales & Distribution	50
Quality & Lab	10
Support Staff	30
<b>Total</b>	<b>150</b>

### 9.0 ANNUAL PRODUCTION OUTPUT

PROJECTED PRODUCTION OUTPUT (MT)

Year	1	2	3	4	5
Production (MT)	7,000	8,500	10,000	10,000	10,000

### 9.1 PROJECTED PRODUCTION COSTS

Production cost has been estimated to be

PROJECTED PRODUCTION COST US\$

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Year	1	2	3	4	5
Cost	4,200,000	5,100,000	5,300,000	5,300,000	5,300,000

**9.2 PROJECTED REVENUES**

- For the purpose of this project all revenue has been estimated to be US\$900 per ton
- Revenue projections are based on experiences gained by the firm

**10.0 PROJECT INVESTMENT COST**

The project is estimated cost **\$8,000,000** to cover for the acquisition modern machineries, equipment and motor vehicles, working capital and others, Breakdown of the total investment is as proved here below.

**MIKOANI EDIBLE OIL AND DETERGENTS LIMITED COSTSTRUCTURE US\$**

Land and Buildings	2,440,000
Machinery & Equipment	3,500,000
Motor Vehicles	400,000
Furniture & Fixtures	10,000
Pre exp	100,000
Others	50,000
Working Capital	1,500,000
<b>TOTAL</b>	<b>8,000,000</b>

**10.1 INVESTMENT PATTERN**

The investment financing pattern is provided below.

<b>Source</b>	<b>Value (\$)</b>
Equity	3,000,000

## MIKOANI EDIBLE OIL AND DETERGENTS LIMITED

Loan	5,000,000
Total	8,000,000

### 11.0 FINANCIAL ANALYSIS AND PROJECTIONS

#### 11.1 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 to be 5% annual depreciation.

5 years financial projections have been worked out.

#### 11.2 PROJECTED PROFIT AND LOSS STATEMENT

The Income and Expenditure Statement show the projected income for the 5 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. **US \$1,102,640** in first year to **US \$ 9,748,200** in the 5th years, refer appendix (I)

#### 11.3 PROJECTED CASH FLOWS

The project's cash flows depict a good liquid position right from the first year. Cash accumulation builds up from **US \$ 1,627,440** in the first year to **US\$ 11,572,200** at the end of 5th years of the project's operations, refer appendix (II)

#### 11.4 PROJECTED BALANCE SHEET

The company owners' equity increases from US \$ **3,000,000** at the end of first year to **US\$ 12,748,200** at the end of 5<sup>th</sup> year which is significance increase as you can see, refer appendix (III)

#### 11.5 RISK ASSESSMENT & MITIGATION

<b>Risk</b>	<b>Mitigation</b>
Raw material price fluctuations	Long-term supplier agreements
Market competition	Continuous product innovation and branding
Currency fluctuation	Maintain partial local sourcing and forward contracts
Power and water interruptions	Standby generator and water storage
Regulatory changes	Continuous engagement with TISEZA and TBS

#### 11.6 ENVIRONMENTAL MANAGEMENT PLAN

- Establishment of **Effluent Treatment Plant (ETP)**.
- Safe chemical storage and handling procedures.
- Air and dust filtration systems.
- Full compliance with **NEMC** and **OSHA** standards.
- Regular environmental audits and waste reduction measures.

#### 11.7 IMPLEMENTATION SCHEDULE

Project implementation is expected to be relatively very short once project has been approved it is estimated that renovation and expansion of will be completed within two years: -

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### Project Implementation

<b>S/N</b>	<b>ACTIVITY</b>	<b>PERIOD</b>
1	Processing TISEZA Certificate of Incentive	October 2025
2	Processing Exemptions	November-October 2027
3	Mobilizing Fund	October -May 2026
4	Renovation of building	December 2025 -August 2027
5	Ordering Machines and other equipment	November -December 2027
6	Testing business and in-house training	December –March 2027
7	Commercial operations	April 2027

## 12.0 CONCLUSION & RECOMMENDATION

### 12.1 CONCLUSION

- The project is profitable and contributes to government revenue by way of taxes.
- The project is an encouraging sign to prove that we have investors who have confidence with Tanzania and are ready to invest such large sums of investment.
- Creates over 150 direct and 300 indirect jobs.
- Promotes import substitution and local value addition.
- Generates tax revenues (VAT, corporate tax, PAYE).

## MIKOANI EDIBLE OIL AND DETERGENTS LIMITED

- Stimulates growth of packaging, transport, and chemical sub-sectors.
- Promotes Tanzania's industrial self-sufficiency and exports.

### **12.2 RECOMMENDATION**

After the foregoing economic and financial evaluation of the project, we strongly recommend 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, TRA and the TISEZA. The project deserves this support because of its viability, since it is technical feasible, economically viable and socially acceptable.

# MIKOANI EDIBLE OIL AND DETERGENTS LIMITED

**APPENDIX I**

## **MIKOANI EDIBLE OIL AND DETERGENTS LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT " US \$**

	1	2	3	4	5
Revenue	6,300,000	7,650,000	9,000,000	9,000,000	9,000,000
Total Cost	4,200,000	5,100,000	5,300,000	5,300,000	5,300,000
Profit before Depreciation & Interest	2,100,000	2,550,000	3,700,000	3,700,000	3,700,000
Interest	400,000	320,000	240,000	160,000	80,000
Depreciation	124,800	124,800	124,800	124,800	124,800
Gross Profit	1,575,200	2,105,200	3,335,200	3,415,200	3,495,200
Tax (30%)	472,560	631,560	1,000,560	1,024,560	1,048,560
Profit After Tax	1,102,640	1,473,640	2,334,640	2,390,640	2,446,640
Accumulated Profit	1,102,640	2,576,280	4,910,920	7,301,560	9,748,200

# MIKOANI EDIBLE OIL AND DETERGENTS LIMITED

APPENDIX II

MIKOANI EDIBLE OIL AND DETERGENTS LIMITED PROJECTED CASH FLOW US\$

<b>SOURCES:</b>		1	2	3	4	5
Profit before interest and depreciation	-	2,100,000	2,550,000	3,700,000	3,700,000	3,700,000
Equity	3,000,000					
Loan	5,000,000					
Total Sources	8,000,000	2,100,000	2,550,000	3,700,000	3,700,000	3,700,000
Applications:						
Capital expenditure	6,350,000	-	-	-	-	-
working Capital &Others	1,650,000					
Cash	-	1,627,440	1,918,440	2,699,440	2,675,440	2,651,440
Tax	-	472,560	631,560	1,000,560	1,024,560	1,048,560
Sub total	8,000,000	2,100,000	2,550,000	3,700,000	3,700,000	3,700,000
Total applications	8,000,000	2,100,000	2,550,000	3,700,000	3,700,000	3,700,000
Accumulated cash		1,627,440	3,545,880	6,245,320	8,920,760	11,572,200

# MIKOANI EDIBLE OIL AND DETERGENTS LIMITED

## APPENDIX III

### MIKOANI EDIBLE OIL AND DETERGENTS LIMITED PROJECTED BALANCE SHEET US \$

Fixed Assets		1	2	3	4	5
Opening balance	-	6,350,000	6,225,200	6,100,400	5,975,600	5,850,800
Total Long-term Assets	-	6,350,000	6,225,200	6,100,400	5,975,600	5,850,800
Less depreciation	-	124,800	124,800	124,800	124,800	124,800
Closing balance	-	6,225,200	6,100,400	5,975,600	5,850,800	5,726,000
Working capital	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
Accumulated cash	-	1,627,440	3,545,880	6,245,320	8,920,760	11,572,200
Total assets	1,650,000	9,502,640	11,296,280	13,870,920	16,421,560	18,948,200
Financed by						
Equity	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Accumulated profit	-	1,102,640	2,576,280	4,910,920	7,301,560	9,748,200
Total equity	3,000,000	4,102,640	5,576,280	7,910,920	10,301,560	12,748,200
Long term loan	5,000,000	4,000,000	3,000,000	2,000,000	1,000,000	-
Total debts	5,000,000	4,000,000	3,000,000	2,000,000	1,000,000	-
Total equity and debts	8,000,000	8,102,640	8,576,280	9,910,920	11,301,560	12,748,200

## APPENDIX IV

### MIKOANI EDIBLE OIL AND DETERGENTS LIMITED PROJECTED LONG-TERM LOAN REPAYMENT US\$

# MIKOANI EDIBLE OIL AND DETERGENTS LIMITED

<b>Year</b>	<b>Principle</b>	<b>Loan Interest (8%)</b>	<b>Total Amount Paid</b>	<b>Loan Balance</b>
1	1,000,000	400,000.00	1,400,000.00	5,000,000.00
2	1,000,000	320,000.00	1,320,000.00	4,000,000.00
3	1,000,000	240,000.00	1,240,000.00	3,000,000.00
4	1,000,000	160,000.00	1,160,000.00	2,000,000.00
5	1,000,000	80,000.00	1,080,000.00	1,000,000.00

**APPENDIX V**

**MIKOANI EDIBLE OIL AND DETERGENTS LIMITED COST STRUCTURE US\$**

# MIKOANI EDIBLE OIL AND DETERGENTS LIMITED

Land and Buildings	2,440,000
Machinery & Equipment	3,500,000
Motor Vehicles	400,000
Furniture & Fixtures	10,000
Pre exp	100,000
Others	50,000
Working Capital	1,500,000
<b>TOTAL</b>	<b>8,000,000</b>