

FEEHON COMPANY LIMITED

BUSINESS PLAN FOR PRODUCTION OF SOAPS, DETERGENTS, INSECT REPELLENTS, AIR FRESHENERS, AND OTHER HOUSEHOLD COSMETICS

Presented by:

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DAR ES SALAAM

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EXECUTIVE SUMMARY

1.1 Introduction

FEEHON COMPANY LIMITED is privately owned companies incorporated for purposes of establishing of production of Soaps, Detergents, Insect Repellents, Air Fresheners, And Other Household 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 29th January, 2025.

1.2 The Project

The promoters of this project through FEEHON 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 Soaps, Detergents, Insect Repellents, Air Fresheners, And Other Household 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. 2 Block B, Visiga Mwaleni, Kibaha, Coast Region. 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 FEEHON COMPANY LIMITED based in the Dar es Salaam. The shareholders to this project:

S/No	NAME OF SHAREHOLDER	NATIONALITY	SHAREHOLDING (%)
1	LIN XIN	CHINESE	50
2	LIN JIANHONG	CHINESE	25
3.	LIU XIUHUA	CHINESE	25

1.5 The Market

Recent reforms taking place in economy indicate that there is a continuous increase in demand for Soaps, Detergents, Insect Repellents, Air Fresheners, And Other Household 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	564,000
Motor Vehicles	44,000
Furniture & Fixtures	10,200
Pre Expenses	25,000
Working Capital	128,000
TOTAL	906,200

1.6 Financing

The project's cost will be fully financed by shareholder's equity contribution by Usd 906,200

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:

1st Year 97,017.00

2nd Year 137,416.00

3rd Year 145,282.00

4th Year 155,266.00

5th 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

1st Year 222,504.00

2nd Year 245,654.00

3rd Year 255,544.00

4th Year 66,769.00

5th 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 60 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 Soaps, Detergents, Insect Repellents, Air Fresheners, And Other Household 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 Soaps, Detergents, Insect Repellents, Air Fresheners, And Other Household 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

FEEHON 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

A manufacturing unit with a 5000 Sq Ft area is needed. However, the area is adequate for the desired quantity output.

In addition, security at the factory location is a must. 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 Kibaha area, Coast Region
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 2025

3.5 Sales revenue forecast and direct& indirect cost estimates

3.5.1 Sales Forecast

First year operation is schedules to begin Jan 2026 after completion of machinery installation and pre-production activites. 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 906,200.The promoters will contribute Usd 0.906 million. The capital investment breakdown is as indicated below:

SCHEDULE 3

COST STRUCTURE

PARTICULAR	AMOUNT USD
Land and Buildings	135,000
Plant & Machines	564,000
Motor Vehicles	44,000
Furniture & Fixtures	10,200
Pre Expenses	25,000
Working Capital	128,000
TOTAL	906,200

4.2 Financing Plan

It is estimated that a total of US\$ 906,200 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	906,200
Total	906,200

4.0 MARKET AND MARKETING ASPECTS

5.1 General Overview

There is a wide market for Soaps, Detergents, Insect Repellents, Air Fresheners, And Other Household 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.

FEEHON 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. FEEHON 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 so 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
	TOTAL USD \$	80	2,150	10,700	128,400

6.0 FINANCIAL ANALYSIS

7.1 Financial Viability

The analysis of the proposed FEEHON 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\$ 906,200

7.2.3 All the calculations throughout the economic lifetime of the project are constant with January 2026 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 st Year	97,017
2 nd Year	137,416
3 rd Year	145,282
4 th Year	155,266
5 th 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 5th 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 FEEHON 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 from 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, FEEHON COMPANY LIMITED be availed with the required institutional assistance so as to enable them expand the propose project.

FINANCIAL PROJECTIONS

COST STRUCTURE

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	
Total Costs	128,000	138,580	150,350	163,412	177,879	

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
Total		353,200	304,215	258,390	212,565	166,740
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
ANNUAL DEPRECIATION		48,985	45,825	45,825	45,825	45,825
CLOSING FIXED ASSETS		304,215	258,390	212,565	166,740	120,915

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
Total long term assets		304,215	258,390	212,565	166,740	120,915
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
Total Current Assets		153,000	153,000	153,000	153,000	153,000
Total Assets		457,215	411,390	365,565	319,740	273,915
Current Liabilities						
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
Subtotal Current Liabi		154,000	1,616,700	169,785	178,274	187,188
Long term Liabilities						
Long term Liabilitie		1,820,000	1,820,000	1,820,000	1,820,000	1,820,000
Total Liabiities		304,215	258,390	212,565	166,740	120,915
Net Assets		820,810	877,633	951,268	1,044,516	1,157,656
Captil and Reserves						
Owners Contribution		780,000	780,000	780,000	780,000	780,000
Retained Earning		40,810	97,633	171,268	264,516	377,656
Total Capital		457,215	411,390	365,565	319,740	273,915

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
Gross Profit			587,192	733,990	910,148	1,121,537	1,375,204
Operating Expenses							
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
Total Expenses			92,040	92,960	93,890	94,829	95,777
Profit before Tax			495,152	641,030	816,258	1,026,708	1,279,426
Tax (30%)			148,546	192,309	244,877	308,012	383,828
Profit After Tax			346,606	448,721	571,380	718,695	895,599