



BUSINESS PLAN & FEASIBILITY STUDY

For the Establishment of a Manufacturing Plant in Tanzania

By **VIVA CHEM INDUSTRIES LIMITED**



INTRODUCTION:

Viva Chem Industries Limited is a company formed in Tanzania to manufacture Formaldehyde, Paraformaldehyde and Resins and for industries like wood processing, paints, coatings, foundries, rubber, tire, agrochemicals, adhesives and many more. The shareholders involved have a vast experience in same business and also currently running companies for the same purpose in India and Gabon (Central Africa). Being in the business for 25 years, the sister company Windson Chemicals is the largest producer of resins by capacity in India. The company in Gabon which is operational since 2021 has almost nullified the imports of products that it makes, which prior to its existence was entirely only imported in the country. This company aims to save a lot of foreign exchange while substituting the imports for its customers. Moreover, it will also export the products to all the neighboring countries where the technology and expertise to manufacture such products is nonexistent.

VISION & MISSION

VIVA CHEM INDUSTRIES continuously strives to be the benchmark for manufacturing and selling top tier quality of products gaining global recognition for the integrity of our people, the ethics of our business and the quality of our services. Our mission is to excel in our core competency of manufacturing Resin for a wider range of industries covering even wider geographical areas for our solutions. Our goal is to become a go to name in the world of Formaldehyde and its derivatives.

OUR CORE VALUES

At VIVA CHEM INDUSTRIES LIMITED, our core values are focused towards customer centricity, with the end user in mind, we are therefore guided by the below values:

- QUALITY
- INTEGRITY
- RELIABILITY
- TRUST
- TEAMWORK



IMPORT DATA:

Here are some numbers of import of products that we intend to make (The data is from OEC portal which is a trusted source and latest accurate data are available are only for 2023.

Moreover, neighboring countries in the data means Uganda, Kenya, Zambia, and Malawi)

Paraformaldehyde: - Tanzania Import 3.58 million USD, Neighboring countries 10 million USD

Resins: - Tanzania import 6 million USD, Neighboring countries 12.54 million USD

From our recent interactions with the customers, we have realized that the market has grown much higher than these 2023 numbers and currently it stands at least 1.5 times these numbers.

Resin manufacturing is globally considered as a support system or the backbone to various other industries. With our products we will provide local support to all the industries mentioned above which are currently relying on imports.



PRODUCT DESCRIPTION

FORMALDEHYDE

Formaldehyde is an organic compound with the chemical formula CH_2O . The compound is a pungent, colourless gas that polymerises spontaneously into paraformaldehyde. It is stored as aqueous solutions (formalin), which consists mainly of the hydrate $\text{CH}_2(\text{OH})_2$. It is the simplest of the aldehydes and one of the most important building blocks in chemistry.

Formaldehyde is used in many industries. It's used in glues and resins, dyes, textiles, disinfectants, building materials, automobile parts, embalming, and laboratories.

Formaldehyde is used in manufacturing of various organic products like Butanediol, Methylene diphenyl diisocyanate (MDI), Polyoxymethylene (POM), Pentaerythritol, Trimethylolpropane (TMP), hexamine, Neopentyl glycol (NPG), Superplasticizers etc.

MAJOR APPLICATIONS

- Paint industry
- Woodworking industry to produce amino resins, moulding compounds etc.
- Lamination industry
- Textile industry
- Plastic industry
- Water treatment chemicals
- Rubber industry
- Pharmaceutical industry
- Explosives

PACKING

- Polycans
- HDPE Drums
- IBC



INVESTMENT OBJECTIVE, SECTOR, AND PRODUCTS

The objective of this investment is to establish a state-of-the-art manufacturing facility in Tanzania, with the aim of reducing import dependence, enhancing industrial growth, serving regional markets.

The project falls within the chemical manufacturing/industrial sector, and will focus on the production of Formaldehyde, Paraformaldehyde and Resins. These products are essential for industries like wood processing, paints, coatings, foundries, rubber, tire, agrochemicals, adhesives and many more, and the plant will be positioned to meet both domestic demand and regional export opportunities.

INVESTMENT COST AND SOURCES OF FINANCE

The total investment cost of the project is estimated at USD 710,000.

Funding will be sourced through a combination of:

- Equity contributions from the shareholders amounting to USD 510,000.
- Debt financing from financial institutions amounting to USD 200,000.

This financial structure ensures adequate capitalization for the successful implementation of the project.

JOB CREATION

The project is expected to create significant employment opportunities for Tanzanian citizens. Through various phases of development of this project, multiple job opportunities shall be created. Upon completion, it will directly employ approximately 50-118 workers, across positions such as engineers, technicians, administrative staff, operators.

Direct employment

- Management and Administration; 15 Employees
General Manager, Production Manager, Finance Manager, Human Resources, Accountants and Auditors, Marketing and Administrative Staffs.
- Operational Staff; 35-100 Employees
Factory Maintenance and Support, Security, Utilities, Drivers and Operators.

Indirect employment;

Indirect Employment will also be generated through the supply chain, logistics, distribution, and service providers, benefiting the broader community.



INVESTMENT FUNDS BREAKDOWN

Since we operate similar factories in 4 other locations and being in the field for 25 years we know very well where to buy the equipment from saving us hundreds of thousands of dollars compared to a new venture entering this field.

The investment funds will be allocated as follows:

- Land acquisition and development: USD 50,000
- Construction and civil works: USD 150,000
- Machinery and equipment: USD 300,000
- Working capital: USD 200,000

- Other miscellaneous expense: USD 10,000

This allocation ensures a balanced and efficient use of financial resources.

Sources of Finance

Equity Financing; 710,000 USD provided entirely by the shareholders.

SOURCES OF SUPPLY OF INPUTS / RAW MATERIALS

The raw materials required for the project will be sourced from both local and international suppliers.

Major raw materials required for this project are Methanol and Urea.

Priority will be given to sourcing locally whenever feasible, in order to strengthen the domestic economy and reduce import dependence.

MARKETING PLAN

The marketing strategy will target both domestic and regional markets. Key components include:

- Domestic sales: Supplying to industries within Tanzania that require formaldehyde, paraformaldehyde, resins, etc.
- Regional exports: Targeting markets in Kenya, Uganda, Rwanda, DRC and other neighboring countries
- Market positioning: Emphasizing quality, reliability, and cost competitiveness.
- Distribution strategy: Establishing partnerships with distributors, wholesalers, and direct customers.

The company will also invest in building strong customer relationships and after-sales support to secure long-term market share.



IMPLEMENTATION SCHEDULE

The project will be implemented over a period of 12 -18 months.

Phase 1: Land acquisition, regulatory approvals, and design finalization.

Phase 2: Construction of facilities and infrastructure.

Phase 3: Procurement, delivery, and installation of equipment.

Phase 4: Recruitment, training, and trial production.

Phase 5: Full commercial operations.

Regular monitoring and evaluation will be undertaken to ensure timely completion.

FINANCIAL PROJECTIONS (5 YEARS)

The project's financial outlook is strong, with detailed projections prepared for the first five years of operation.

Key highlights include:

- Projected revenues: USD 10,000,000 by Year 5.
- Profitability: Break-even anticipated in 3 years.

These projections demonstrate the financial viability and long-term sustainability of the project.

Income Statement

Year	Revenue (USD in thousands)	Operating Expenses (USD in thousands)	Gross Profit (USD in thousands)	Net Profit (USD in thousands)
1	3976.67	3789.1	209.4	81.13
2	7647.17	7455.51	219.31	83.09
3	8877.01	8568.85	330.1	160.74
4	10610.62	10131.3	492.58	274.35
5	12335.62	11696.2	652.62	386.05

Cash Flow Statement

Year	Operating Cash Flow (USD in thousands)	Investing Cash Flow (USD in thousands)	Financing Cash Flow (USD in thousands)	Net Cash Flow (USD in thousands)
1	184.32	710	509.09	200.91
2	200.92	-	-	92.27
3	290.69	-	-	89.32
4	442.46	-	-	194.33



5	592.24	-	-	397.64
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Balance Sheet

Year (USD in thousands)	Assets (USD in thousands)	Liabilities (USD in thousands)	Equity (USD in thousands)
1	762.38	171.25	591.13
2	815.88	141.66	674.22
3	938.11	103.15	834.96
4	1174.32	65.01	1109.31
5	1522.26	26.9	1495.36

CAPACITY OF THE PROJECT

The plant will be designed with an annual production capacity of 50,000 tons per year of Formaldehyde, 75000 tons of liquid resin, scalable depending on future market growth.

This capacity will be sufficient to meet current domestic demand and provide a surplus for exports to regional markets.

